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**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

December 27, 1991

Donna Dabney, Attorney  
Reynolds Metals Company  
6603 W. Broad Street  
Richmond, VA 23230

Re: Black Wonder Prospect  
Mohave County, Arizona

Dear Donna:

A title examination has been completed on certain unpatented mining claims, "Subject Claims," situated in Mohave County, Arizona. A Mining Claim Take-Off and Land Status Investigation of lands encompassing the subject claims, "Prospect Area," was also conducted.

Subject Claims:

USM 4, 4A, 5, 6, 7, 7A, 8-12, 12A, 13, 13A, 36-39, 50, 53-56

as further described in Exhibit 'A' included with this report.

Prospect Area:

The Subject Claims are located within the following lands:

TOWNSHIP 19 NORTH, RANGE 20 WEST, G&SRM

Section: 5

TOWNSHIP 20 NORTH, RANGE 20 WEST, G&SRM

Section: 31

TOWNSHIP 20 NORTH, RANGE 21 WEST, G&SRM

Sections: 25 and 36

Ownership:

Possessory Interest 100%: United Southern Mines, Inc.  
110-12761- 16th Avenue  
White Rock, B.C. Canada, V4A-IN2

**Encumbrances:**

No encumbrances including liens, *lis pendens*, unreleased mortgages, deeds of trust, leases, options or other encumbrances were found of record pertaining to the Subject Claims.

**Scope of Examination:**

The records of the following agencies were utilized during the course of this examination.

The Arizona State Office of the Bureau of Land Management, "BLM", on December 16, 1991, with the Geographic Index dated August 8, 1991.

The Mohave County Recorder's Office, "County," in Kingman, Arizona, with the General Computer Index and the Index to Surveys and Mining #3 (new locations) current to December 17, 1991.

The Clerk of Court's Office, Superior Court, Mohave County, Kingman, Arizona, with Index to Civil Actions current to December 17, 1991.

At the BLM, the Geographic Index and corresponding case files were examined for valid unpatented mining claims within the Prospect Area. Copies of location certificates, affidavits of labor, and other pertinent documents were obtained from the case files and are included with this report.

Copies of Master Title Plats, Historical Indexes, and Computer Printout Updates were examined for the land status within the Prospect Area and were enclosed in my report dated December 9, 1991.

At the County, the Subject Claims were examined in the indexes from the date of location through December 17, 1991, for all parties found in the chain of title. The specific parties and indexes examined are set out in the enclosed "Chart of Indexes Searched."

No civil actions or judgments were found of record in the Clerk of Court's Office, Superior Court, Mohave County under the name of United Southern Mines, Inc. that pertain to the Subject Claims.

**Taxes:**

Unpatented mining claims are not taxed in Arizona.

**Land Status:**

The Master Title Plat, Historical Index, and Computer Update indicate the lands within the Prospect Area are federal surface and minerals managed by the BLM. These lands are presently open and were open for the location at the time the Subject Claims were located.

The Mount Nutt Wilderness Area, shown on the Computer Printout for T20N—R20W, does not fall within the Prospect Area.

**Locations:**

Location notices and amended notices for the Subject Claims have been timely recorded/filed at the County and BLM. Although only examined in a cursory manner, these certificates appear to substantially comply with state and federal statutes.

Relocations for USM 10 and USM 11 were recorded in the County at Book 934, Page 681-684 on June 7, 1983, but were not filed with the BLM. It appears that since the relocations were not filed at the BLM within the 90-day time limit, as prescribed by the Federal Land Policy Management Act, the relocations and the original locations are probably void. I have attached the "relocation" notices for both the USM 10 and USM 11 with the original location notices for your review.

**Mining Claim Maps:**

In accordance with Arizona Statutes, mining claim maps that appear to substantially comply with the statutes were timely recorded in the County with the location notices. Copies of these maps were also recorded at the BLM.

**Claim Conflicts:**

The USM 7A appears to be in conflict on the south side with Auction MS3399 patented claim.

The USM 11 appears to be in conflict on the south side with West End MS3399 patented claim.

The USM 4, 5, 6, 7, 9, 10, 11, 36, and 37 claims appear to be in conflict with the junior Black Wonder 1 claims (located October 1, 1987). A 1991 Affidavit of Labor for the Black Wonder 1-4 claims was not found in the County and these claims may later be declared void. See separate memorandum to Ray Irwin dated December 27, 1991.

The USM 6, 10, 36, and 37 appear to be in conflict with the senior Montana Claim (located April 24, 1975).

The USM 37, 38, and 39 appear to be in conflict with the Goldroad Ext. 10 and 11. The USM claims are senior in date of location to the Goldroad Ext. 10 and 11 located February 22, 1989.

The USM 39 appears to be in conflict with Big Jim 1. The USM 39 is senior in date of location to the Big Jim 1 located December 28, 1988.

The Notice of Location as well as all amendments for all USM claims do not accurately describe the exact location of the location monuments which makes it difficult to determine if these claims are valid. If the location monuments are actually within the boundaries of a valid senior unpatented claim or a potential claim, then the entire claim would be invalid. It appears the majority, if not all, of the Subject Claims do lie on open ground, but a field survey would be necessary to make a determination. Both Arizona and federal statutes require that the position of the location monuments be accurately described.

The map previously forwarded to you shows the approximate location of all subject USM claims and the various conflicting claims discussed above. An exception to this would be the USM #50 which lies just south of the southern boundary of the map in the N $\frac{1}{2}$  of Section 5, T19N—R20W.

We are in the process of preparing an updated map of the entire prospect area and will forward a copy to you upon completion.

#### Affidavits of Labor:

A Notice of Intent to Hold and all Affidavits of Labor have been timely recorded/ filed at the County and BLM for the years 1983 through 1990. An Affidavit of Labor for 1991 has been recorded in the County, but was not found in the Case Files at the BLM.

Examined in a cursory manner, these affidavits appear to substantially comply with State and Federal Statutes. The affidavits state that an adequate amount of money was expended in accordance with the \$100.00 per claim requirement.

Even though a 1991 Affidavit of Labor was not found at the BLM, a copy may have already been filed, as often a time lag occurs between the time of filing and when an affidavit appears in the Mining Claim Case Files. Riviera Exploration Ltd. may be able to provide a copy of the 1991 Affidavit of Labor for the Subject Claims showing the BLM filing stamp, or at least they should be able to advise whether it has been sent for filing.

The 1987 Amended Affidavit of Labor was filed at the BLM on December 31, 1987, but notations show it was "postmarked timely."

USM 53 through 56 were declared abandoned for failure to file a 1988 Affidavit of Labor in a letter dated June 23, 1989. This decision was vacated when proof of a timely-filed Affidavit of Labor was furnished to the BLM. This decision was vacated in a letter dated January 11, 1990. Note correspondence from lead file 198587.

I have also enclosed a "Summary of Affidavits of Labor for USM Claims" which reflects the yearly summary of all Affidavits of Labor from 1983 to 1991. This includes a summary of each claim as well as the County recording and BLM filing.

Affidavits for 1984, 1988, 1989, and 1990 are of a geophysical, geological, and geochemical nature in accordance with Public Law 85-876 (Act of September 2, 1958; 72 stat. 1701), 30 USC 28-2 and 43 CFR 3851.2 (b)-1. This statute allows for assessment work of this nature to be utilized for not more than two consecutive years for a total of no more than five years during the life of the claim.

**Comments — Discussions:**

We were informed that Riviera Explorations Ltd. has acquired either the assets or entire ownership of the United Southern Mines, Inc., the record title owner of the Subject Claims. No transfer of interest was found of record from United Southern Mines to Riviera.

In a call to the Arizona Corporate Commission, it was determined that United Southern Mine, once a valid Arizona corporation, was declared invalid in June of

Donna Dabney, Attorney  
December 27, 1991

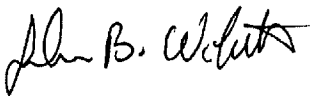
Black Wonder Prospect  
Page 6

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1991 for failure to file an annual report. A six-month redemption period to file the annual report expired December 12, 1991.

Thank you for the opportunity to be of service. If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

cc: Ray Irwin

**EXHIBIT A**  
**SUMMARY OF NOTICE OF LOCATION FOR USM CLAIMS**

USM Claim	AMC #	Lead File #	Bk/Pg	Loc. Date Amend Date	Mohave County Recording	BLM Filing
USM 4 USM 4 Amendment	191007	191007	900/989 930/905	01/21/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 4A	197695	197695	930/261	05/18/83	05/18/83	05/20/83
USM 5 USM 5 Amendment	191008	191007	900/991 930/907	01/23/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 6 USM 6 Amendment	191009	191007	900/993 934/556	01/24/83 05/29/83	01/28/83 06/06/83	02/14/83 06/08/83
USM 7 USM 7 Amendment	191010	191007	900/995 930/909	01/26/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 7A	197696	197695	930/263	05/18/83	05/18/83	05/20/83
USM 8 USM 8 Amendment	191969	191969	903/835 935/722	02/10/83 05/20/83	02/11/83 06/10/83	03/07/83 06/15/83
USM 9	198037	198037	930/911	05/19/83	05/23/83	05/24/83
USM 10	192647	192647	907/930	02/25/83	03/03/83	03/22/83
USM 11	192648	192647	907/932	02/18/83	03/03/83	03/22/83
USM 12	198038	198037	930/913	05/15/83	05/23/83	05/24/83
USM 12A	198030	198030	930/915	05/20/83	05/23/83	05/24/83
USM 13	198031	198030	930/917	05/15/83	05/23/83	05/24/83
USM 13A	198032	198030	930/919	05/21/83	05/23/83	05/24/83
USM 36	199670	199668	938/425	06/18/83	06/20/83	06/22/83
USM 37	199671	199668	938/427	06/18/83	06/20/83	06/22/83
USM 38	199932	199930	938/840	06/17/83	06/21/83	06/24/83
USM 39	199933	199930	938/842	06/18/83	06/21/83	06/24/83
USM 50	196373	196373	928/947	05/12/83	05/13/83	05/16/83
USM 53	198587	198587	933/458	05/28/83	06/02/83	06/03/83
USM 54	198588	198587	933/460	05/31/83	06/02/83	06/03/83
USM 55	198589	198587	933/462	06/01/83	06/02/83	06/03/83
USM 56	198590	198587	933/464	06/01/83	06/02/83	06/03/83



SCHEDULE I

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA


<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	192647	907/932	2-18-83
12	198038	198037	930/913	5-15-83
13	198031	198030	930/917	5-15-83
4A	197695	197695	930/261	5-18-83
7A	197696	197695	930/263	5-18-83
12A FRAC	198030	198030	930/915	5-20-83
13A	198032	198030	930/919	5-21-83
36	199670	199668	938/425	6-18-83
37	199671	199668	938/427	6-18-83
38	199932	199930	938/840	6-17-83
39	199933	199930	938/842	6-18-83
53	198587	198587	933/458	5-28-83
54	198588	198587	933/460	5-31-83
55	198589	198587	933/462	6-01-83
56	198590	198587	933/464	6-01-83
50	196373	196373	928/947	5-12-83

That certain Arizona State prospecting permit #0898357, effective 5/16/90 obtained by Mr. Donald Newsom, located in the S 1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.



LAW DEPARTMENT MEMORANDUM

December 12, 1991

TO: R. Irwin  
FROM: D. C. Dabney   
CC: D. D. Jinks  
RE: Black Wonder Agreement

The enclosed draft agreement has been revised to incorporate the following provisions of the FB Mineral Lease:

<u>FB Mineral Lease</u>	<u>Black Wonder Earn-in Agreement</u>
8.01	16./16.1/16.2
8.03	17
8.04	18
8.05	19./19.1/19.2/19.3
7.03	21.

Clause 2.1 of the Agreement provides that Riviera will give a deed to RMEX of the Black Wonder claims upon the execution of the Agreement. The deed will provide that the claims will revert back to Riviera if RMEX terminates the Agreement before earning its interest. This arrangement is identical to the procedure used under the West Oatman agreement with Compass as to the AL and ALX claims.

Please call me if you have any questions concerning the enclosed.





## LAW DEPARTMENT MEMORANDUM

December 5, 1991

TO: D. D. Jinks  
 FROM: D. C. Dabney *Dabney*  
 CC: R. Irwin  
 RE: Black Wonder (USM) Claims

Enclosed is a copy of a memorandum which I received this afternoon. This memorandum confirms my earlier research that Riviera's title is voidable, not void, and that transfer of title to a U. S. citizen will cure the defect.

The draft Black Wonder agreement provides for the transfer of title to Reynolds Exploration upon the execution of the agreement, subject to the right of Riviera to divest title if Reynolds Exploration fails to pay the amounts required to earn its interest. Thus, the title defect should be cured upon transfer to Reynolds Exploration.

Please call me if you have any questions concerning this matter.

Post-It™ brand fax transmittal memo 7671		# of pages	4
To	R. Irwin	From	D. Dabney
Co.	RWC/Reno	Co.	
Dept.		Phone #	
Fax #	702.829.8026	Fax #	

LAW OFFICES OF  
GUST, ROSENFELD & HENDERSON

3300 VALLEY BANK CENTER  
201 NORTH CENTRAL AVENUE  
PHOENIX, ARIZONA 85073-3300  
(602) 257-7422  
TELECOPIER (602) 254-4670

REPLY TO PHOENIX OFFICE

TUCSON OFFICE  
1660 SECURITY PACIFIC BANK PLAZA  
33 NORTH STONE AVENUE  
TUCSON, ARIZONA 85701-1413  
(602) 626-7070  
TELECOPIER (602) 624-3040

December 5, 1991

Ms. Donna C. Dabney  
Attorney  
Reynolds Metals Company  
Post Office Box 27003  
Richmond, Virginia 23261

Dear Ms. Dabney:

We understand that a joint venture comprised of Reynolds Metals and Compass Minerals is considering the purchase of unpatented mining claims situated in Mohave County, Arizona. We further understand that these mining claims were located by a U.S. corporation and that the claims have been transferred to and are presently held by Riviera Exploration Limited, a Canadian corporation. You wish to know whether the fact that title is held by an alien corporation affects the validity of the mining claims or permits the validity of the claims to be attacked by an adverse locator.

Based on our research, we conclude that as a matter of both Arizona and federal law unpatented mining claims, title to which is held by an alien corporation, are voidable, not void. The claims are voidable only by the United States government and citizenship of the locator or claim holder may not be raised by a private individual, except in an adverse proceeding in support of an application for mineral patent. Any infirmity which exists in the location or later holding of title by an alien appears to be cured by a conveyance of the claims to a U. S. citizen.

The mining law of 1872 provides that lands of the United States are open to occupation and purchase by citizens of the United States and those who have declared their intention to become such. 30 U.S.C.A. § 22. The United States Supreme Court has held that the incapacity of an alien to locate or hold an unpatented mining claim can be raised only in an action to which the United States is a party. Manuel v. Wulff, 152 U.S. 505 38 L.Ed. 532, 14 S.Ct.

Ms. Donna C. Dabney

-2-

December 5, 1991

651 (1894). This ruling was subsequently construed by the United States Supreme Court in McKinley Creek Mining Co. v. Alaska-United Mining Co., 183 U.S. 563, 46 L. Ed. 331, 22 S. Ct. 84 (1902), to mean that the location of a mining claim by an alien is voidable, not void, and is free from attack by anyone except the government.

The most recent federal case which I have found on the issue is Vevelstad v. Flynn, 230 F.2d 695 (9th Cir. 1956), cert. denied, 352 U.S. 827, 1 L. Ed.2d 49, 77 S. Ct. 40 (1956). This was a suit to quiet title brought by a Canadian citizen who located unpatented mining claims in Alaska. The defendant raised several allegations as to the invalidity of the plaintiff's claims including his alienage. The court said, "As this was not an action in support of an adverse claim and the United States was not a party to the suit, the contention [that an alien is not qualified to locate a mining claim] is without merit under the rule of [McKinley Creek], that the location by an alien is 'free from attack by anyone except the government.'" 230 F.2d at 703.

Arizona is in the Ninth Circuit and the Vevelstad case appears to be the law of the Circuit. The Arizona Supreme Court has also applied the rule of McKinley Creek in a suit brought to prevent trespass on a mining claim. Perley v. Goar, 22 Ariz. 146, 195 P. 532 (1921). In response to the defendant's contention that the plaintiff failed to prove his citizenship, the court ruled that in a case which is not an adverse suit in support of a patent application and to which the United States is not a party, the question of citizenship is immaterial. The court cited Manuel v. Wulff, *supra*, and McKinley Creek, *supra*, and quoted approvingly from Holdt v. Hazard, 10 Cal. App. 440, 102 P. 540 (1909), as follows:

Notwithstanding the fact that the contrary has been held in some jurisdictions, it is now well settled by the decisions of the courts of the United States that the question of qualification of the locator of a mining claim, so far as validity thereof is affected by his alienage, is one which cannot be raised or determined in actions between private individuals wherein the United States is not made a party." 102 P. at 541.

**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

December 27, 1991

Donna Dabney, Attorney  
Reynolds Metals Company  
6603 W. Broad Street  
Richmond, VA 23230

Re: State of Arizona  
Prospecting Permit No. 08-98357-00  
S $\frac{1}{2}$  Section 32, T20N—R20W, G&SRM

Dear Donna:

A title examination has been completed on the above referenced State of Arizona, Prospecting Permit No. 08-98357-00 located in Section 32: S $\frac{1}{2}$ , Township 20 North, Range 20 West, G&SRM.

**Ownership:**

Surface:	USA
Minerals:	State of Arizona
Lessee/Permittee:	Donald L.C. Newsom — 100%
	P. O. Box 1754
	Ferndale, WA 98248
	Phone: (206) 384-1265

**Encumbrances:**

No encumbrances including liens, *lis pendens*, unreleased mortgages, deeds of trust, leases, options or other encumbrances were found of record pertaining to the Prospecting Permit No. 08-98357-00.

**Scope of Examination:**

The State of Arizona, Non-Renewable Resources and Minerals Natural Resource Division file was reviewed for Prospecting Permit No. 08-98357-00.

The Mohave County Recorder's Office, "County," in Kingman, Arizona, with the General Computer Index current to December 16, 1991, was also examined.

The Clerk of Court's Office, Superior Court, Mohave County, Kingman, Arizona, with Index to Civil Actions current to December 17, 1991, were reviewed.



The following names were examined in all of the above records.

- 1.) Donald L.C. Newsom
- 2.) Riviera Exploration Ltd.
- 3.) Tatjana K. Pessl

The above Prospecting Permit No. 08-98357-00 was approved April 5, 1990, began May 16, 1990, and will expire May 15, 1995. The current term of this lease is from May 16, 1991, to May 15, 1992. The payment has been made for this term to the State of Arizona and is valid and in full effect for this term.

The computer which is a general index for all records in Mohave County was reviewed for the above three names from January 1, 1990 through December 16, 1991. No additional documents were found of record.

No civil actions or judgments were found of record in the Clerk of Court's Office, Superior Court, Mohave County, under the above three names that pertain to the state prospecting permit.

**Land Status:**

Surface rights for the Section 32: S<sup>1</sup>/<sub>2</sub>, T20N—R20W, G&SRM, are owned by the USA. The minerals appear to be owned by the State of Arizona based on a review of the Master Title Plat, Historical Index and records at the State Land Office.

**Comments — Discussions:**

Copies of the enclosed letters, etc. were all made from the Prospecting Permit No. 08-98357-00 file at the Arizona State Land Department, Non-Renewable Resources and Minerals. No documents were found of record in the Mohave County Recorder's Office.

Some of the documents found in my review of the Prospecting Permit No. 08-98357-00 are signed by "Tatjana K. Pessl on behalf of Donald L.C. Newsom." The State of Arizona records still reflect Donald L.C. Newsom as Lessee/Permittee.

I have also enclosed a letter dated September 11, 1990, from Riviera Explorations Ltd. signed by Tatjana K. Pessl to Mr. Donald L.C. Newsom confirming the assignment of Prospecting Permit No. 08-98357 from Donald L.C. Newsom to Riviera Exploration Ltd. This letter was given to us from the file of Ray Irwin and is enclosed for your review.

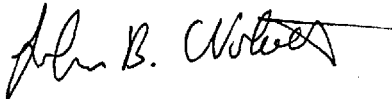
Donna Dabney, Attorney  
December 27, 1991

Prospecting Permit No. 08-98357-00  
Page 3

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Thank you for the opportunity to be of service. If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

Enclosures

cc: Ray Irwin



## REYNOLDS METALS EXPLORATION, INC.

6601 WEST BROAD STREET • RICHMOND, VA 23230

April 2, 1992

Black Wonder Mines, Inc.  
12761 16th Avenue, Suite 110  
White Rock, British Columbia  
Canada V4A 1N2

Attention: Mr. Murray Moxley, President

**Black Wonder Prospect  
(USM Claim Group)**

Gentlemen:

This letter sets forth and confirms the terms and conditions upon which Reynolds Metals Exploration, Inc. ("RME~~X~~") will explore and develop the mining claims described in Exhibit A (the "Properties") for gold and other minerals. Subject to the terms and conditions hereof, RME~~X~~ agrees with Black Wonder Mines, Inc. ("BWMI") as follows:

1. **Earn In Agreement.** RME~~X~~ shall explore the Properties for economically minable gold and other minerals in accordance with the following:

1.1 Subject the provisions of this Agreement, (a) RME~~X~~ shall commit to spend not less than \$300,000 on Exploration Expenditures (as defined in Exhibit B) within four years of the date of this Agreement, at least \$100,000 of which shall be made in the first two years of this Agreement; and (b) RME~~X~~ shall make the following property payments to BWMI:

\$25,000 upon the later of (i) the full execution of this agreement or (ii) the satisfaction of the conditions set forth in Clause 1.2 below;

\$25,000 upon the first anniversary of the date of this agreement;

\$50,000 upon the second anniversary of the date of this agreement; and

\$50,000 upon the third anniversary of the date of this agreement.

1.2 The obligation of RMEX to make the payments and expenditures referred to in Clause 1.1 are conditioned upon the receipt and review by RMEX of evidence satisfactory to RMEX that (a) the Properties were properly laid out and monumented; (b) all required location and validation work was properly performed; (c) location notices and certificates were properly recorded and filed with appropriate governmental agencies; (d) all assessment work required to hold the unpatented mining claims constituting the Properties has been performed through the assessment year ending September 1, 1991; (e) all affidavits of assessment work and other filings required to maintain the Properties in good standing have been properly and timely recorded or filed with appropriate governmental agencies; (f) the Properties are free and clear of defects, liens and encumbrances; (g) there are no conflicting claims which cannot be resolved to the satisfaction of RMEX; (h) the claims are not void and are not voidable except by the federal government, because they are, or at any time were, held in the name of a corporation not organized under the laws of any State of the United States, and (i) the Properties have been properly transferred to BWMI and all appropriate notices and approvals have been obtained. Payments required under Clause 1.1 shall be made within 10 days after the foregoing conditions are satisfied.

1.3 The timing, methods and extent of all such exploration shall be determined solely by RMEX. The provisions for property payments set forth in Clause 1.1 exclude and negate any express or implied duty to perform exploration or development work, to mine the Properties at any rate or in any manner, or to market minerals produced from the Properties. The activities of RMEX, if any, shall be only to the extent and at the locations, times, and methods, and in the manner that RMEX in its sole discretion may determine.

1.4 If RMEX elects to perform work on the Properties, such work shall be performed as follows:

1.4.1 RMEX shall conduct all exploration of the Properties in a good and workmanlike manner, in accordance with applicable industry standards and practices, and in accordance with the terms and provisions of this Agreement;

1.4.2 RMEX will comply with applicable provisions of federal, state, and local laws and regulations; and

1.4.3 RMEX shall indemnify, protect, save, and hold harmless BWMI, from and against all liens or claims arising out of RMEX's activities.

1.5 RMEEX may withdraw from this Agreement and terminate all of its rights and obligations under this Agreement at any time by 90 days written notice to BWMI, and upon such withdrawal, RMEEX shall be relieved of all obligations under this Agreement except that RMEEX shall provide to BWMI, the noninterpretive data and quitclaim deed in accordance with Clause 7.3.

1.6 Within 15 days after the end of each calendar quarter during the term of this Agreement, RMEEX shall provide to BWMI (a) a report outlining the exploration activities which took place during the preceding quarter and describing briefly any proposed exploration activities for the next quarter; and (b) copies of all non-interpretive data (defined to include drill logs, assays, drill hole and sample location maps and geophysical data) compiled by or in the possession of RMEEX with respect to the Properties not previously furnished to or in the possession of BWMI. All such information shall be kept strictly confidential in accordance with Clause 6 of this Agreement.

1.7 For the assessment year commencing at noon, September 1, 1991, and each year thereafter during the term of this earn-in Agreement, RMEEX shall, with respect to the Properties, endeavor in good faith to perform the assessment work required by law for the maintenance of same, and to file such reports and affidavits as may be required. RMEEX shall have no duty to perform assessment work if this Agreement is terminated prior to June 1 of any assessment year, or for any mining claim that is no longer subject to this Agreement on June 1 of any assessment year, for any reason, including without limitation, the abandonment of the Properties after RMEEX's interest in them has vested absolutely. Notwithstanding the foregoing, should RMEEX elect to abandon the Properties, it shall notify BWMI in accordance with the provisions of Clause 3.4.

1.8 RMEEX shall conduct a pre-feasibility study of the Properties before the fifth anniversary of the date of this Agreement. The foregoing covenant, however, shall not be construed to imply that RMEEX or its successors and assigns shall have any obligation whatsoever to develop the Properties regardless of the results of the study. The cost of a pre-feasibility study shall constitute an Exploration Expenditure which RMEEX may incur in order to earn an absolute vested interest in the Properties. RMEEX may conduct the pre-feasibility study without the use of outside consultants.

2. **Vesting of Interest.** RMEX shall acquire its interest in the Properties and all minerals in the Properties in accordance in the following:

2.1 Upon the execution of this Agreement, BWMI shall convey a 100% interest in the Properties to RMEX, subject to a right reserved to BWMI to divest and terminate RMEX's interest in the Properties if RMEX fails (a) to incur Exploration Expenditures of at least \$300,000 in accordance with Clause 1.1 of this Agreement; or (b) to make payments to BWMI of \$150,000 in accordance with Clause 1.1 of this Agreement; or (c) to conduct a pre-feasibility study in accordance with Clause 1.8 of this Agreement. The interest of RMEX in the Properties shall be further subject to a production royalty interest equal to 6% of Net Smelter Returns (defined in Clause 3.6) reserved by BWMI which shall be set forth in the deed to RMEX (the "Production Royalty").

2.2 RMEX's right, title and interest in and to the Properties and all minerals in the Properties shall vest absolutely upon the satisfaction of the conditions set forth in Clause 2.1; subject to the Production Royalty reserved by BWMI, and BWMI shall execute a document in recordable form confirming the same.

2.3 RMEX shall have the right to assign its interest in this Agreement and to convey its interest in the Properties, in whole or in part, to Compass Minerals, Ltd., or to a joint venture of which Compass Minerals, Ltd. is a participant at any time prior to the date that the right, title, and interest of RMEX in the Properties has vested absolutely; and upon such assignment, Compass Minerals, Ltd. shall be entitled to the benefits and shall assume the obligations of RMEX under this Agreement. Without limiting the generality of the foregoing, upon such assignment, Compass Minerals, Ltd. shall be credited with having made all expenditures and payments previously made by RMEX under this Agreement. RMEX shall have the right to transfer its interest in the Properties, in whole or in part, to any party after the date the right, title and interest of RMEX in the Properties has vested absolutely.

3. **Term of Earn-In Agreement/Provisions of Production Royalty.** Upon the absolute vesting in RMEX of its interest described in Clause 2, this Agreement shall terminate, and all further exploration and development, if any, shall be conducted, and all mineral deposits in the Properties shall be mined and all ore processed by RMEX individually, for its own account, subject only to the Production Royalty to be retained by BWMI. BWMI reserves the right to receive the Production Royalty equal to 6% of

Net Smelter Returns (as defined below), subject to the following terms, conditions and covenants:

3.1 The Production Royalty shall be binding on RMEX and its successors and assigns.

3.2 RMEX shall keep accurate records of any minerals and mineral products derived from the Properties and sold by RMEX and of all calculations relative to Production Royalty payments hereunder. The records may be inspected by BWMI or a duly authorized representative of BWMI once each calendar quarter during business hours upon providing to RMEX 48 hours' prior written notice. The records may be audited by BWMI or a duly authorized representative of BWMI within 60 days of receipt of the annual audit, during business hours, upon providing to RMEX 48 hours' prior written notice. Unless BWMI provides RMEX with written notice of corrections to such records within 60 days after the end of the calendar year, the records for such calendar year shall be conclusively presumed to be correct.

3.3 RMEX shall have the right, at any time and from time to time, at its sole discretion, to commingle ore from the Properties (hereinafter called "Subject Ore") with ore mined from real property in the Oatman District other than the Properties (hereinafter called "other ore") on the following terms and conditions:

3.3.1 Subject Ore and other ore will be separately weighed, sampled, and analyzed to estimate mineral content. "Mineral content" for purposes of this Agreement means all ore, metals and minerals contained in Subject Ore and other ore as estimated by RMEX using (i) head grade or assays taken prior to entering mill or heap leach facilities, (ii) mill or heap leach operation recovery levels, and (iii) adjustments at the refinery as key components in the calculation of mineral content. Measurements to estimate the total weight of all ore mined will be made by weighing or by volumetric measurements or by alternate methods as determined at RMEX's sole discretion. All calculations employed to estimate total weight shall be based upon dry weight. RMEX shall keep records of the total weight and mineral content of all ore mined and beneficiated for each property owner and the aggregate thereof.

3.3.2 RMEX shall estimate the average percent recovery of the mineral content of all ore beneficiated by dividing the mineral content recovered, credited to or sold by RMEX (which figure represents the basis upon which the Production Royalty is calculated) by the total mineral content of all ore mined prior to

beneficiation. Payment of the Production Royalty to BWMI shall be based on the mineral content of all Subject Ore multiplied by the average percent recovery.

3.3.3 All sampling, measuring, analyzing, weighing, assaying and calculating shall be performed in accordance with procedures generally accepted in the mining industry.

3.4 If RMEX elects to abandon the Properties, RMEX shall notify BWMI on or before June 1 of the year in which the abandonment will occur, and at BWMI's election, RMEX shall quitclaim its interest in the claims to BWMI. The foregoing provision shall in no way be construed to limit the right of RMEX to transfer the Properties to another party (subject to the Production Royalty) including without limitation, the right of RMEX to transfer the Properties, in whole or in part, to Compass Minerals, Ltd. or to a joint venture of which Compass Minerals, Ltd. is a participant; nor shall the withdrawal of RMEX from a joint venture arrangement and the relinquishment of its interest in the venture to the remaining venture participants be deemed to be an "abandonment" of the Properties within the meaning of this Clause 3.4.

3.5 The Production Royalty shall be calculated to include RMEX's interest in claims open for location on the date of this Agreement or which become open for location after the date of this Agreement and which adjoin a boundary line of the Properties. The foregoing provision is not intended to include any claims or interests in property under the control of RMEX as of the date of this Agreement or which are leased or purchased by RMEX from any third party.

3.6 "Net Smelter Returns" or "NSR" means the Mineral Price Quotation (defined below) for gold, and in the case of minerals other than gold, the price listed in Metals Week for such minerals, on the date the gold or other minerals produced from the Properties are delivered to a smelter, refiner or other bona fide purchaser.

3.7 "Mineral Price Quotation" means the final London gold quotation known as the second London fixing or the final London gold quote (a/k/a "London fixing p.m."), as published each business day by Metals Week, The Wall Street Journal or a similar publication.

3.7.1 If publication of the London fixing p.m. (or Metals Week in the case of minerals other than gold) shall be discontinued, RMEX, with the approval of BWMI shall select a



comparable gold (or other minerals) commodity quotation for purposes of calculating the Production Royalties. For any month for which such selection has not been made, the last computed mineral price quotation shall be used on an interim basis, pending such selection.

3.8 In calculating the amount of the Production Royalty, RMEX shall be entitled to deduct the following costs, to the extent incurred and borne by RMEX:

3.8.1 All charges, costs and penalties, if any, for transportation of minerals to a shipper, smelter, refiner or bona fide purchaser from RMEX or its agent;

3.8.2 All charges, costs and penalties, if any, for refining and marketing the minerals;

3.8.3 All taxes imposed on production of minerals (including, without limitation, severance taxes); and

3.8.4 All costs of insuring mineral concentrates or gold dore.

3.9 All Production Royalty payments will be due within 30 days after each calendar quarter in which proceeds were received by RMEX from the sale of gold or other minerals derived from the Properties, or at such other times as BWMI and RMEX may otherwise agree.

3.10 The following adjustments shall be taken into account in determining Production Royalty payments:

3.10.1 Any adjustments in the number of troy ounces of gold or appropriate units of measurement of other minerals, previously credited to RMEX by the shipper, smelter, refiner or bona fide purchaser of minerals shipped or sold by RMEX; and

3.10.2 Any adjustments in mineral content calculated pursuant to Clause 3.3.

3.11 Payment of the Production Royalty shall be made by check to BWMI at the address set forth in this agreement for notices. The payee named above shall continue to receive Production Royalty payments hereunder, regardless of any assignment or other transfer of BWMI's rights until RMEX has received (i) a recordable instrument causing such change or transfer in ownership or (ii) a certified copy of such an instrument which has been

recorded in the land records of the county or counties in which the Properties are situated. If at any time one or more persons who are not parties hereto claim to be entitled to any part of the royalties hereunder, RMEX may withhold such payments until such person or persons, together with BWMI, shall deliver to RMEX a recordable instrument, satisfactory in form and substance to counsel for RMEX, wherein, among other provisions thereof, such person or persons and BWMI designate a mutually acceptable person or bank as agent for such person or persons to receive all royalty payments due hereunder, and execute division and transfer orders on behalf of BWMI and all of such persons and their respective successors in title.

4. Representation, Warranties and Covenants of BWMI.  
BWMI represents, warrants and covenants to RMEX that:

4.1 BWMI has the capacity to enter into and perform this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

4.2 BWMI is the sole beneficial and record owner of the Properties, is in exclusive possession of the Properties and has good and marketable title to the same, subject to the paramount title of the United States, free of all liens, claims or encumbrances;

4.3 BWMI shall not grant or convey any rights or interests associated with, or create or permit to be created any liens, claims or encumbrances of any kind or nature affecting, the Properties during the term of, and except as provided in, this Agreement;

4.4 BWMI shall, within 15 days of the date of this Agreement, use its best efforts to provide to RMEX copies of all material information and data relating to the Properties in the possession or control of BWMI;

4.5 With respect to the Properties, there are no pending or threatened actions, suits, claims or proceedings;

4.6 BWMI is a corporation duly incorporated and in good standing in the state of Arizona;

4.7 BWMI will not breach any other agreement or arrangement by entering into or performing this Agreement; and

4.8 This Agreement has been duly executed and delivered by BWMI and this Agreement is valid and binding upon BWMI in accordance with its terms.

**5. Representations and Warranties of RMEX.** RMEX represents and warrants to BWMI that:

5.1 RMEX has the capacity to enter into and perform this Agreement and all transactions contemplated herein and all corporate and other actions required to authorize it to enter into and perform this Agreement have been properly taken;

5.2 Subject to Clause 2.3, RMEX shall not grant or convey any rights or interests associated with, or create or permit to be created any liens, claims or encumbrances of any kind or nature affecting, the Properties prior to the vesting of its interest in the Properties;

5.3 RMEX is a corporation duly incorporated and in good standing in the state of Delaware, and it is duly qualified to do business in the state of Arizona;

5.4 RMEX will not breach any other agreement or arrangement by entering into or performing this Agreement; and

5.5 This Agreement has been duly executed and delivered by RMEX and this Agreement is valid and binding upon RMEX in accordance with its terms.

**6. Confidentiality.** All information obtained by or related to the exploration and development of the Properties and all other information related to this Agreement shall be kept confidential except as required by law or the rules of any stock exchange on which the shares of BWMI, RMEX or their affiliates (as defined in Clause 9) are quoted. Notwithstanding the foregoing, a party required by law or the rules of a stock exchange to disclose any such information shall provide notice of each such disclosure sufficiently in advance of such disclosure as may be necessary to permit the other parties to approve the content of such disclosure and/or coordinate a similar disclosure.

**7. Termination of Agreement.** This Agreement may be terminated in accordance with the following:

7.1 By RMEX in accordance with Clause 1.5.

7.2 Either party may terminate this Agreement if the other is in material default hereunder; provided, however, that

the terminating party has first delivered to the other written notice of the default and the other has not, within 30 days of the date of receipt of such notice, (a) remedied such monetary default, (b) undertaken, and is proceeding expeditiously, to cure such other default or (c) in the event of a default not capable of cure, indemnified and held harmless the other party from all costs, claims, liabilities, damages and expenses arising out of or associated with such default.

7.3 In the event of the termination of this Agreement, RMEX shall, at no cost to BWMI if RMEX terminates the Agreement pursuant to Clause 1.5 or if BWMI terminates the Agreement pursuant to Clause 7.2, deliver to BWMI within 60 days of such termination (a) copies of all noninterpretive data (as defined in Clause 1.6) compiled by or in the possession of RMEX with respect to the Properties not previously furnished to or in the possession of BWMI; and (b) a quitclaim deed conveying to BWMI, all of RMEX's right, title and interest in and to the Properties.

8. **Notices.** All notices required or permitted hereunder shall be given, in writing or other permanently recorded form, to the parties at the addresses set forth below:

to BWMI --	12761 16th Avenue, Suite 110 White Rock, British Columbia Canada V4A 1N2 Attention: Mr. Murray Moxley Facsimile number: 604-538-5223
to RMEX --	6601 West Broad Street Richmond, Virginia 23230 USA Attention: Corporate Secretary Facsimile number: (804) 281-3740
with a copy to --	5301 Longley Lane, Suite 157 Reno, Nevada 89511-1805 USA Attention: Exploration Manager Facsimile 702-829-8026

and shall be deemed given on the date received or, if receipt is refused, on the date of such refusal.

9. **Assignment.** Except as permitted by this Agreement, no party hereto shall, directly or indirectly, transfer, sell or assign its rights or interests in the Properties or this Agreement, except with the prior written consent of the other party, which consent shall not be withheld unreasonably.

9.1 Notwithstanding the foregoing, any party may transfer, sell or assign all its rights and interests in the Properties or this Agreement, in whole or in part, to an affiliate, provided such affiliate will be bound by and will and does enter into an agreement with the other party to be bound by the provisions of this Agreement. For purposes of this Agreement, an "affiliate" of a party means a corporation, a partnership or other entity which is controlled by, which controls, or which is under common control with that party. For purposes of the foregoing definition, an entity shall be deemed to be "controlled by" the party if the party possesses, directly or indirectly, power either to direct or cause the direction of the management and policies of such entity whether by contract or otherwise.

10. **Force Majeure.** Neither party shall be liable to the other party and neither party shall be deemed in default hereunder for any failure or delay to perform any of its covenants and agreements caused or arising out of any act not reasonably within the control of such party or its agents or contractors, excluding lack of funds but including, without limitation, acts of God, strikes, lockouts or other industrial disputes, acts of the public enemy, war, insurrection, riots, fire, storm, flood, explosion, government restriction, the inability to obtain governmental approvals or unavailability of equipment. The party asserting the existence of any such event shall give prompt notice to the other party of the commencement and termination of one of the same. No right of a party shall be affected by failure or delay of that party to meet any condition of this Agreement if the failure or delay is caused by one of the events referred to above. All times provided for in this Agreement shall be extended for a period commensurate with the period of the delay and, so far as possible, the party affected shall take all reasonable steps to remedy the delay caused by the events referred to above; provided, however, that nothing contained in this paragraph shall require any party to settle any industrial dispute or to test the constitutionality of any law or governmental regulation.

11. **Exhibits.** The exhibits attached to this Agreement are incorporated herein and deemed to form part of this Agreement.

12. **Further Assurances.** Each party shall do all such acts, provide all such things, execute all such deeds, bills of sale, assignments, endorsements, instruments, evidences of transfer and other documents and give all such assurances as shall be necessary or appropriate in connection with the performance of this Agreement.

13. **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Arizona. This Agreement contains the entire agreement and understanding between the parties, and supersedes all prior agreements, negotiations and understandings, with respect to the subject matter hereof.

14. **Interpretation.** All monetary references herein are to United States dollars. Headings are for reference purposes only and are not intended to affect the meaning of this Agreement.

15. **Binding Effect/Amendment.** This Agreement shall be binding upon the parties and their successors and permitted assigns, and shall not be amended other than by a written amendment executed by the parties.

16. **Preemptive Right.** A party shall not have the right to transfer to any third party all or any part of its interest in the Properties except as provided below.

16.1 No transfer of all or any part of the interest of a party in the Properties shall be valid unless and until the transferring party has provided to the other party notice of the transfer, and the transferee, as of the effective date of the transfer, has committed in writing to be bound by this Agreement to the same extent as the transferring party.

16.2 Except as otherwise provided below, if a party desires to transfer all or any part of its interest in the Properties or in the event of a foreclosure sale or other exercise of possessory rights by the holder of a security interest, the other party shall have a preemptive right to acquire such interests as provided below:

16.2.1 A party intending to transfer all or any part of its interest in the Properties shall promptly notify the other party of its intentions. The notice shall state the price and all other pertinent terms and conditions of the intended transfer, and shall be accompanied by a copy of the offer or contract for sale. The other party shall have 60 days from the date such notice is delivered to notify the transferring party whether it elects to acquire the offered interest at the same price and on the same terms and conditions as set forth in the notice. If it does so elect, the transfer shall be consummated promptly after notice of such election is delivered to the transferring party.

16.2.2 If the other party fails to so elect within the period provided for above, the transferring party shall be free at any time following the expiration of such period to consummate the transfer to a third party at a price and on terms generally no less favorable than those offered by the transferring party to the other party in the notice referred to above.

16.3 The foregoing preemptive rights shall not apply to a transfer by a party of all or any part of its interest in the Properties to an affiliate or as contemplated in Clause 2.3.


16.4 A party shall not effect a transfer by grant of a security interest by mortgage, deed of trust, pledge, lien or other encumbrance of any interest in the Properties.

16.5 The preemptive rights set forth in this Clause 16 shall terminate and be of no further force and effect when RMEX acquires a vested interest in the Properties pursuant to Clause 2.

If this offer is acceptable to you, please sign where indicated and return one copy to us. Upon execution, this document will constitute a legal binding agreement between RMEX and BWMI.

We look forward to working with you.

Sincerely yours,



Douglas D. Jinks  
Vice President

Accepted and agreed:

Black Wonder Mines, Inc.

By: 

Title: President

Date: May 5, 1992

**EXHIBIT A**  
**SUMMARY OF NOTICE OF LOCATION FOR USM CLAIMS**

USM Claim	AMC #	Lead File #	Bk/Pg	Loc. Date Amend Date	Mohave County Recording	BLM Filing
USM 4 USM 4 Amendment	191007	191007	900/989 930/905	01/21/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 4A	197695	197695	930/261	05/18/83	05/18/83	05/20/83
USM 5 USM 5 Amendment	191008	191007	900/991 930/907	01/23/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 6 USM 6 Amendment	191009	191007	900/993 934/556	01/24/83 05/29/83	01/28/83 06/06/83	02/14/83 06/08/83
USM 7 USM 7 Amendment	191010	191007	900/995 930/909	01/26/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 7A	197696	197695	930/263	05/18/83	05/18/83	05/20/83
USM 8 USM 8 Amendment	191969	191969	903/835 935/722	02/10/83 05/20/83	02/11/83 06/10/83	03/07/83 06/15/83
USM 9	198037	198037	930/911	05/19/83	05/23/83	05/24/83
USM 10	192647	192647	907/930	02/25/83	03/03/83	03/22/83
USM 11	192648	192647	907/932	02/18/83	03/03/83	03/22/83
USM 12	198038	198037	930/913	05/15/83	05/23/83	05/24/83
USM 12A	198030	198030	930/915	05/20/83	05/23/83	05/24/83
USM 13	198031	198030	930/917	05/15/83	05/23/83	05/24/83
USM 13A	198032	198030	930/919	05/21/83	05/23/83	05/24/83
USM 36	199670	199668	938/425	06/18/83	06/20/83	06/22/83
USM 37	199671	199668	938/427	06/18/83	06/20/83	06/22/83
USM 38	199932	199930	938/840	06/17/83	06/21/83	06/24/83
USM 39	199933	199930	938/842	06/18/83	06/21/83	06/24/83
USM 50	196373	196373	928/947	05/12/83	05/13/83	05/16/83
USM 53	198587	198587	933/458	05/28/83	06/02/83	06/03/83
USM 54	198588	198587	933/460	05/31/83	06/02/83	06/03/83
USM 55	198589	198587	933/462	06/01/83	06/02/83	06/03/83
USM 56	198590	198587	933/464	06/01/83	06/02/83	06/03/83



EXHIBIT A

Page 2 of 2

That certain Arizona State prospecting permit #0898357, effective 5/16/90. located in the S1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.

## EXHIBIT B

### EXPLORATION EXPENDITURES

"Exploration Expenditures" include all costs and expenses incurred for the purpose of exploration or mine development limited in each case solely to the exploration and development of the Properties, including, without limitation, all amounts in respect of:

1. Reconnaissance, sampling, drilling, trenching, assays, laboratory fees, earth moving, clearing, transportation, equipment and all prospecting, exploration and mine development activities of every nature.

2. Expenditures incurred under applicable laws and statutes to maintain the Properties and to comply with all applicable laws and statutes regarding exploration and development of the Properties.

3. Legal expenses and all other costs and expenses incurred in negotiating and obtaining clear title to, and in resolving any claim conflicts or encumbrances with respect to the Properties.

4. Rental of equipment.

5. Insurance, fuel and taxes (except income tax).

6. Temporary site offices and living accommodation on site and telephone, electricity, water, catering, sanitary and other services therefor.

7. Air and road transport for personnel.

8. Salaries and wages paid by RMEX to its employees, prorated, if necessary, for time actually spent on the exploration and mine development, plus an amount equal to 35% of such salaries and wages to cover fringe benefits and other costs attributable to such employees.

9. Contracts with contractors for any of the foregoing.

10. Outside consultants' fees and charges.

11. Expenses incurred in performing a pre-feasibility study of the Properties.

12. An amount equal to 10% of the foregoing except for amounts paid under items 8 and 11 hereof.



## REYNOLDS METALS EXPLORATION, INC.

Reynolds Metals Company • 5301 Longley Lane • Suite 157 • Reno, Nevada 89511-1805  
Telephone (702)829-8018 • Facsimile (702)829-8026

DATE: July 29, 1992  
TO: Dr. Douglas Jinks  
FROM: Ray Irwin *RI*  
RE: Proposed lease terms for the Spanish Treasure and  
Golden Eagle Claims, Mohave County, Arizona

As a result of the ore grade intercept in drill hole BW92-15, which is located in the extreme southeastern corner of the Black Wonder Property, it will be necessary to lease the Spanish Treasure and Golden Eagle patented claims from Mrs. Bobby Drager. These claims are located on the Black Wonder structure in the NE1/4 Sec 5, T19N, R20W and the NW 1/4 Sec 4, T19N, R20W.

Listed below are the proposed terms for this agreement.

Type of Agreement:	Lease
Term:	10 years with an option to renew for an additional five years at \$20,000 per year
Royalty:	3% NSR
Advance Royalty Schedule:	Year 1-2           \$ 7,500 Year 3-5           \$10,000 Year 6-10          \$15,000



RECEIVED JUN 24 1992

June 6, 1992

Mary Muse  
P.O. B. 1642  
Cambria, Ca. 93428 - 1642

Mr. Mudon, I was recently  
at Dept. BLM, Phoenix  
and I reviewed my file  
and noticed you had also  
reviewed my file. Is there  
something I can do for you?

Since you have been to Phoenix  
I have filed a mill site  
claim, in the next section.

I understand you are  
a land man. Apparently  
you are familiar with  
the property

June 17, 1992

1662 L $\frac{1}{2}$  Road  
Fruita, Colorado 81521

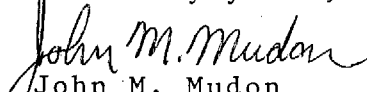
Dear Mary:

Thank you for your letter dated June 6, 1992 concerning your possible sale of unpatented mining claims or millsites in Mohave County, Arizona.

I check large areas for ownership reports and presently have no interest in purchasing your property.

If in the near future there is any change, I will be sure to contact you.

Sincerely yours,

  
John M. Mudon  
Mineral Landman

I'm thinking of putting it up  
for sale.

I would like to know of your  
interest in these claims.

Contact me with above  
address

Regards,  
Mary Muse

RECEIVED JUN 6 1992

**JOHN B. WOLCOTT AND ASSOCIATES**

INDEPENDENT LANDMAN

820 HALL AVENUE, GRAND JUNCTION, COLORADO 81501

FAX: (303) 242-5957 • TEL: (303) 242-5957

June 2, 1992

Ray Irwin  
Reynolds Metals Exploration  
5301 Longley Lane - Suite 157  
Reno, NV 89511

Dear Ray:

I called the State Land Office in Arizona on May 15, 1992, regarding Prospecting Permit 08-98357 (Exp. 5-15-95), in your Black Wonder Project, S $\frac{1}{2}$  Sec. 32, T20 N, R20W.

The Prospecting Permit payment was due 5-15 and has been paid.

If you have any questions please call this office.

Sincerely,



Roxana Hickman  
Landman



BLACK WONDER MINES, INC.  
c/o P.O. Box 1914  
Ferndale, WA 98248

*OK*  
CC: R. Irwin  
via FAX  
Ray - Note  
para 3 -

May 28, 1992

BY PRIORITY MAIL

REYNOLDS METALS EXPLORATION, INC.  
P.O. Box 27003  
Richmond, VA 23261-7003

Attention: ~~Donna C. Dabney~~  
Law Dept., E-2-2

Gentlemen:

Re: Assignment of Prospecting Permit No. 08-98357

As recently discussed by telephone, enclosed please find "Application for Assignment of Lease or Permit and Assumption of Interest" of the Arizona State Land Department.

Please review the information carefully, particularly with regard to the "Assignee" portion. Should questions arise, do not hesitate to contact the undersigned at (604)538-6601.

Upon completion of the document on behalf of Reynolds Metals Exploration, Inc., please return same to us for further processing. Include a check in the amount of \$200.00 made payable to the Arizona State Land Department in respect of the applicable filing fee.

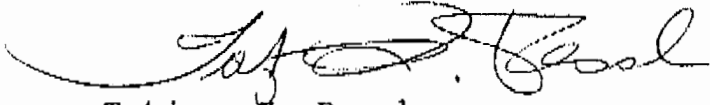
The Arizona State Land Department, in most cases also requires a copy of the Articles of Incorporation of the Applicant/Assignee, as well as verification that the Applicant/Assignee is in good standing with the Arizona Corporation Commission.

Upon receipt of the above we will be able to make the necessary submissions to the Arizona State Land Department.

Further, we wish to acknowledge receipt of your check in the amount of \$25,000.00 in payment of the initial amount due under Clause 1.1 (b) of the Black Wonder Prospect earn in agreement. Thank you.

If we can be of assistance please let us know.

Yours truly,



Tatjana K. Pessl  
Secretary & Director  
BLACK WONDER MINES, INC.

xc:✓Dr. Douglas D. Jinks

encls

000 MAY 23 1992



# REYNOLDS METALS COMPANY

8601 W. BROAD STREET • RICHMOND, VIRGINIA 23230-1701  
MAILING ADDRESS: P.O. BOX 27003 • RICHMOND, VIRGINIA 23201-7003

LAW DEPARTMENT

PANAFAX UF-400AD  
(804) 281-3740

## FACSIMILE TRANSMISSION

TO: Douglas D. Jinks

FAX NO.: 2467

OFFICE NO.: 4670

DATE: April 23, 1992

FROM: Donna C. Dabney

OFFICE NO.: (804) 281-2283

Post-It™ brand fax transmittal memo 7671 # of pages = 3

To: <i>Ray Terwin</i>	From: <i>Doug. Jinks</i>
Co. <i>REMX</i>	Co. <i>RMC</i>
Dept. <i>REDO</i>	Phone <i>804/281-4670</i>
Fax #	Fax # <i>804/281-2467</i>

TOTAL NUMBER OF PAGES (INCLUDING THIS PAGE): 3

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IF ANY PAGES ARE INCOMPLETE OR NOT RECEIVED, PLEASE CALL  
(804) 281-4804 OR 281-3503

COMMENTS TO RECIPIENT: Black Wonder/Update to Title Report

I have reviewed two title reports from John Wolcott and Associates both dated April 15, 1992, and believe the first property payment due under the Black Wonder earn-in agreement in the amount of \$25,000 is in order for payment, subject to the following comments:

1. You should obtain a fully executed, original of the Black Wonder earn-in agreement before the payment is made.
2. In your letter to Murray Moxley you indicated that the cost of relocating USM Claim #10 and #11 would be deducted from the property payment.
3. You should be satisfied that the claim conflicts listed in Wolcott's report are not significant. The page listing these conflicts is attached for your information.

4. As noted previously, it is not possible to confirm solely from a records search that the claims are located on open ground. A field survey would be necessary to establish this fact.

5. The mineral deed transferring the claims to Black Wonder Mines, Inc. needs to be recorded with the BLM.

Please call me if you have any questions.

  
Donna Dabney

DONNA DABNEY, ATTORNEY  
APRIL 15, 1992

USM CLAIMS  
PAGE 5

Claim Conflicts:

The Black Wonder 1 through 4 appear to be invalid. The Montana, Goldroad Ext. 10 and 11, Big Jim 1, AL 81 through 85, AL 92 through 96 have all filed a 1991 Proof of Labor and appear to be partially in conflict with some of the USM claims as mentioned below. The Square Deal #7 and #8 located February 14, 1991, are also partially in conflict with the USM 50 and is mentioned below.

JUNIOR TO  
USM  
CLAIMS

The USM 7A appears to be partially in conflict on the south side with Auction MS3399 patented claim. SOUTH OF BLACK WONDER STRUCTURE WHICH DIPS NORTHWARD. NOT A PROBLEM.

The USM 11 appears to be partially in conflict on the south side with West End MS3399 patented claim. SOUTH OF BLACK WONDER STRUCTURE - NOT A PROBLEM.

THIS IS  
GOOD SINCE  
THIS WAS THE  
MOST SERIOUS  
TITLE PROBLEM

In my December 27, 1991, report, I mentioned conflicts between USM 4, 5, 6, 7, 9, 10, 11, 36, and 37 and the Black Wonder 1 through 4 claims. There was no 1991 Affidavit of Labor filed at the BLM or recorded at the County so the Black Wonder 1 through 4 appear to be invalid.

The USM 6, 10, 36, and 37 appear to be partially in conflict with the senior Montana Claim (located April 24, 1975). A copy of the 1991 Proof of Labor for the Montana claim is enclosed. THE EXACT LOCATION OF THE MONTANA CLAIM IS NOT KNOWN BUT IT LIES SOUTHWEST OF OUR PROPOSED DRILLING. NOTHING OF INTEREST HAS BEEN FOUND IN THIS AREA. NOT A PROBLEM AT THIS TIME.

The USM 37, 38, and 39 appear to be partially in conflict with the Goldroad Ext. 10 and 11. The USM claims are senior in date of location to the Goldroad Ext. 10 and 11 located February 22, 1989. A copy of the 1991 Proof of Labor for the Goldroad Ext. 10 and 11 claims is enclosed. THE GOLD ROAD EXTENSION CLAIMS LIE SOUTHWEST OF OUR PROPOSED DRILLING AND ARE JUNIOR TO THE USM CLAIMS.

The USM 39 appears to be partially in conflict with Big Jim 1. The USM 39 is senior in date of location to the Big Jim 1 located December 28, 1988. A copy of the 1991 Proof of Labor for the Big Jim 1 is enclosed. THIS CLAIM IS 1/2 MILE WEST OF THE PROPOSED DRILLING AND APPEARS TO HAVE NO GEOLOGIC INTEREST BASED ON LIMITED WORK TO DATE. IT IS NOW COVERED BY OUR PEN CLAIMS.

The USM 50 appears to be partially in conflict with the junior Square Deal #7 and #8 which were both located February 14, 1991. THIS IS CLOSE TO WHERE WE PROPOSE TO DRILL BUT USM 50 IS THE SENIOR CLAIM. WE PLAN TO DO PHYSICAL LABOR ON THIS CLAIM.

The USM 53 through 56 appear to be partially in conflict with the junior AL 81 through 85 and AL 92 through 96 located February 8 and 9, 1988. THE USM CLAIMS ARE SENIOR TO THE AL CLAIMS AND NEITHER GROUP IS CONSIDERED TO BE OF GEOLOGIC SIGNIFICANCE.

The Notice of Location as well as all amendments for all USM claims do not accurately describe the exact location of the location monuments which makes it difficult to determine if these claims are valid. If the location monuments are

Ray Irwin  
4/23/92

# JOHN B. WOLCOTT AND ASSOCIATES

INDEPENDENT LANDMAN

820 HALL AVENUE, GRAND JUNCTION, COLORADO 81501

FAX: (303) 242-5957 • TEL: (303) 242-5957

April 20, 1992

Donna Dabney, Attorney  
Reynolds Metals Company  
6603 W. Broad Street  
Richmond, VA 23230

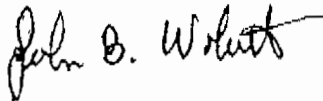
Dear Donna:

Enclosed for your review are two Title Examination reports for the USM claims and also the State of Arizona Prospecting Permit No. 08-98357-00 located in S½ Section 32, T20N—R20W, G&SRM.

These are both updates to Title Examination reports dated December 27, 1991.

Thank you for the opportunity to be of service. If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

Enclosures

cc: Ray Irwin



**JOHN B. WOLCOTT AND ASSOCIATES**

INDEPENDENT LANDMAN

820 HALL AVENUE, GRAND JUNCTION, COLORADO 81501

FAX: (303) 242-5957 • TEL: (303) 242-5957

April 15, 1992

Donna Dabney, Attorney  
Reynolds Metals Company  
6603 W. Broad Street  
Richmond, VA 23230

Re: State of Arizona  
Prospecting Permit No. 08-98357-00  
S½ Section 32, T20N—R20W, G&SRM

Dear Donna:

A Title Examination has been completed on the above referenced State of Arizona, Prospecting Permit No. 08-98357-00 located in Section 32: S½, Township 20 North, Range 20 West, G&SRM. This is an update to the earlier report address to you dated December 27, 1991, and referenced as above. This report is current to April 3, 1992.

**Ownership:**

Surface:	USA
Minerals:	State of Arizona
Lessee/Permittee:	Black Wonder Mines, Inc. 2525 E. Broadway #200 Tucson, AZ 85716-5303

**Encumbrances:**

No encumbrances including liens, *lis pendens*, unreleased mortgages, deeds of trust, leases, options or other encumbrances were found of record pertaining to the Prospecting Permit No. 08-98357-00.

**Scope of Examination:**

The State of Arizona, Non-Renewable Resources and Minerals Natural Resource Division file was reviewed for Prospecting Permit No. 08-98357-00 on April 2, 1992.



Donna Dabney, Attorney  
April 15, 1992

Prospecting Permit No. 08-98357-00  
Page 2

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The Mohave County Recorder's Office, "County," in Kingman, Arizona, with the General Computer Index current to April 3, 1992, was also examined.

The Clerk of Court's Office, Superior Court, Mohave County, Kingman, Arizona, with Index to Civil Actions current to April 3, 1992, were reviewed.

The following names were examined in all of the above records.

- 1.) Donald L.C. Newsom
- 2.) Riviera Exploration Ltd.
- 3.) Tatjana K. Pessl
- 4.) Murray Moxley
- 5.) T.R. Tough
- 6.) Richard F.J. Newsom
- 7.) Black Wonder Mines, Inc.

The above Prospecting Permit No. 08-98357-00 was approved April 5, 1990, began May 16, 1990, and will expire May 15, 1995. The current term of this lease is from May 16, 1991, to May 15, 1992. The payment has been made for this term to the State of Arizona and is valid and in full effect for this term.

The computer which is a general index for all records in Mohave County was reviewed for the above seven names from December 16, 1991, to April 3, 1992. No additional documents were found of record.

No civil actions or judgments were found of record in the Clerk of Court's Office, Superior Court, Mohave County, under the above seven names that pertain to or could possibly have an interest in the state prospecting permit to April 3, 1992.

#### Land Status:

Surface rights for the Section 32: S $\frac{1}{2}$ , T20N—R20W, G&SRM, are owned by the USA. The minerals appear to be owned by the State of Arizona based on a review of the Master Title Plat, Historical Index and records at the State Land Office.

#### Comments — Discussions:

Copies of the enclosed letters, etc. were all made from the Prospecting Permit No. 08-98357-00 file at the Arizona State Land Department, Non-Renewable Resources





Donna Dabney, Attorney  
April 15, 1992

Prospecting Permit No. 08-98357-00  
Page 3

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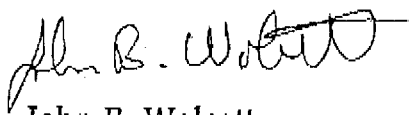
and Minerals. Copies of documents that were included in my report dated December 27, 1991, were not recopied. None of the enclosed documents were found of record in the Mohave County Recorder's Office.

Some of the documents found in the review of the Prospecting Permit No. 08-98357-00 are signed by "Tatjana K. Pessl on behalf of Donald L.C. Newsom." The State of Arizona records show Donald L.C. Newsom assigned Prospecting Permit No. 08-98357-00 to Black Wonder Mines, Inc. and the assignment was approved March 26, 1992. Black Wonder Mines, Inc. is presently the Lessee/Permittee of Prospecting Permit No. 08-98357-00.

Enclosed are Articles of Incorporation for Black Wonder Mines, Inc. which were filed December 12, 1991, and published on January 21, 1992, and were obtained from the Arizona Corporation Commission.

Thank you for the opportunity to be of service. If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

Enclosures

cc: Ray Irwin



# JOHN B. WOLCOTT AND ASSOCIATES

INDEPENDENT LANDMAN

820 HALL AVENUE, GRAND JUNCTION, COLORADO 81501

FAX: (303) 242-5957 • TEL: (303) 242-5957

April 15, 1992

Donna Dabney, Attorney  
Reynolds Metals Company  
6603 W. Broad Street  
Richmond, VA 23230

Re: USM Claims and  
Black Wonder 1-4 Claims  
Mohave County, Arizona

Dear Donna:

A Title Examination has been completed on certain unpatented mining claims, "Subject Claims," situated in Mohave County, Arizona. This is an update to the earlier report addressed to you dated December 27, 1991, and referenced "Black Wonder Prospect," Mohave County, Arizona.

## Subject Claims:

USM 4, 4A, 5, 6, 7, 7A, 8-12, 12A, 13, 13A, 36-39, 50, 53-56  
as further described in Exhibit "A" included with this report.  
Black Wonder 1 through 4

## Location of Claims:

The Subject Claims are located within the following lands:

TOWNSHIP 19 NORTH, RANGE 20 WEST, G&SRM  
Section: 5

TOWNSHIP 20 NORTH, RANGE 20 WEST, G&SRM  
Section: 31

TOWNSHIP 20 NORTH, RANGE 21 WEST, G&SRM  
Sections: 25 and 36



DONNA DABNEY, ATTORNEY  
APRIL 15, 1992

USM CLAIMS  
PAGE 2

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The first portion of this report will address only the Black Wonder 1 through 4 Lode Claims.

The Black Wonder 1 through 4 claims (AMC #275714 through #275717) are located in T20N—R20W, G&SRM, Section 31. These claims were located October 1, 1987, and are owned by Pab Oil and Mining. I have enclosed a copy of the Geographic Index dated February 10, 1992, from the BLM which lists the latest year for assessment filing as 1990. The Black Wonder 1 through 4 lead file #275714 was reviewed at the BLM and a 1991 Proof of Labor was not found. The Black Wonder 1 through 4 were listed on a computer printout at the BLM for claims not filing a 1991 Proof of Labor and Pab Oil and Mining will be notified by the BLM in the near future declaring the Black Wonder 1 through 4 abandoned and void for not filing evidence of annual assessment work by December 30, 1991.

The County records were also checked for the claim name Black Wonder 1 through 4 and also Pab Oil and Mining and a 1991 Proof of Labor was not found.

It appears the Black Wonder 1 through 4 claims are no longer valid for failure to file evidence of annual assessment work by December 30, 1991, although the final decision will have to be issued by the BLM.

A further search regarding the title to the Black Wonder 1 through 4 was not conducted.

The following portions of this report address only the USM claims listed on the attached Exhibit "A".

Ownership:

Possessory Interest 100%: Black Wonder Mines, Inc.  
2525 E. Broadway #200  
Tucson, Arizona 85716-5303

Encumbrances:

No encumbrances including liens, *lis pendens*, unreleased mortgages, deeds of trust, leases, options or other encumbrances were found of record pertaining to the USM claims.



DONNA DABNEY, ATTORNEY  
APRIL 15, 1992

USM CLAIMS  
PAGE 3

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Scope of Examination:

The records of the following agencies were utilized during the course of this examination.

The Arizona State Office of the Bureau of Land Management, "BLM", on April 2, 1992, with the Geographic Index dated February 10, 1992.

The Mohave County Recorder's Office, "County," in Kingman, Arizona, with the General Computer Index and the Index to Surveys and Mining #3 (new locations) current to April 3, 1992.

The Clerk of Court's Office, Superior Court, Mohave County, Kingman, Arizona, with Index to Civil Actions current to April 3, 1992.

At the BLM, the Geographic Index and corresponding case files were examined for all the USM claims. Copies of Affidavits of Labor for 1991 and any other pertinent documents were obtained from the case files and are included with this report.

Copies of Master Title Plats, Historical Indexes, and Computer Printout Updates were examined for the land status for the USM claims and were enclosed in my report dated December 9, 1991.

At the County, the USM claims were examined and all parties found in the chain of title were examined from December 17, 1991, through April 2, 1992. The specific parties examined are set out in the enclosed "Chart of Indexes Searched."

No civil actions or judgments were found of record in the Clerk of Court's Office, Superior Court, Mohave County under the following names that pertain to or could possibly have an interest in the USM claims:

United Southern Mines, Inc.  
Riviera Exploration Ltd.  
Donald L.C. Newsom  
Murray Moxley  
Tatjana K. Pessl  
T.R. Tough  
Richard F.J. Newsom  
Black Wonder Mines, Inc.



DONNA DABNEY, ATTORNEY  
APRIL 15, 1992

USM CLAIMS  
PAGE 4

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Taxes:

Unpatented mining claims are not taxed in Arizona.

Land Status:

The Master Title Plat, Historical Index, and Computer Update indicate the lands located by the USM claims are federal surface and minerals managed by the BLM. These lands are presently open and were open for the location at the time the USM claims were located.

The Mount Nutt Wilderness Area listed in T20N—R20W, G&SRM, does not fall within the USM claim area.

Locations:

Location notices and amended notices for the USM claims have been timely recorded/filed at the County and BLM. Although only examined in a cursory manner, these certificates appear to substantially comply with state and federal statutes.

Relocations for USM 10 and USM 11 were recorded in the County at Book 934, Page 681-684 on June 7, 1983, but were not filed with the BLM. It appears that since the relocations were not filed at the BLM within the 90-day time limit, as prescribed by the Federal Land Policy Management Act, the relocations and the original locations are probably void. I had enclosed copies of the locations and relocations for the USM 10 and USM 11 in my December 27, 1991, report for your review. There have been no new locations or relocations recorded at the County or filed with the BLM for the USM 10 and USM 11 as of April 2, 1992.

Mining Claim Maps:

In accordance with Arizona Statutes, mining claim maps that appear to substantially comply with the statutes were timely recorded in the County with the location notices. Copies of these maps were also filed at the BLM.



DONNA DABNEY, ATTORNEY  
APRIL 15, 1992

USM CLAIMS  
PAGE 5

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### Claim Conflicts:

The Black Wonder 1 through 4 appear to be invalid. The Montana, Goldroad Ext. 10 and 11, Big Jim 1, AL 81 through 85, AL 92 through 96 have all filed a 1991 Proof of Labor and appear to be partially in conflict with some of the USM claims as mentioned below. The Square Deal #7 and #8 located February 14, 1991, are also partially in conflict with the USM 50 and is mentioned below.

The USM 7A appears to be partially in conflict on the south side with Auction MS3399 patented claim.

The USM 11 appears to be partially in conflict on the south side with West End MS3399 patented claim.

In my December 27, 1991, report, I mentioned conflicts between USM 4, 5, 6, 7, 9, 10, 11, 36, and 37 and the Black Wonder 1 through 4 claims. There was no 1991 Affidavit of Labor filed at the BLM or recorded at the County so the Black Wonder 1 through 4 appear to be invalid.

The USM 6, 10, 36, and 37 appear to be partially in conflict with the senior Montana Claim (located April 24, 1975). A copy of the 1991 Proof of Labor for the Montana claim is enclosed.

The USM 37, 38, and 39 appear to be partially in conflict with the Goldroad Ext. 10 and 11. The USM claims are senior in date of location to the Goldroad Ext. 10 and 11 located February 22, 1989. A copy of the 1991 Proof of Labor for the Goldroad Ext. 10 and 11 claims is enclosed.

The USM 39 appears to be partially in conflict with Big Jim 1. The USM 39 is senior in date of location to the Big Jim 1 located December 28, 1988. A copy of the 1991 Proof of Labor for the Big Jim 1 is enclosed.

The USM 50 appears to be partially in conflict with the junior Square Deal #7 and #8 which were both located February 14, 1991.

The USM 53 through 56 appear to be partially in conflict with the junior AL 81 through 85 and AL 92 through 96 located February 8 and 9, 1988.

The Notice of Location as well as all amendments for all USM claims do not accurately describe the exact location of the location monuments which makes it difficult to determine if these claims are valid.

actually within the boundaries of a valid senior unpatented claim or a potential claim, then the entire claim would be invalid. It appears the majority, if not all, of the USM claims do lie on open ground, but a field survey would be necessary to make a determination. Both Arizona and federal statutes require that the position of the location monuments be accurately described.

We are in the process of preparing an updated map of the entire prospect area including the USM claims and will forward a copy to you upon completion.

### Affidavits of Labor:

A Notice of Intent to Hold and all Affidavits of Labor have been timely recorded/ filed at the County and BLM for the years 1983 through 1991. The Affidavits of Labor for 1991 have been recorded in the County and filed at the BLM on December 17, 1991. Copies of the three 1991 Affidavits of Labor for 1991 covering all USM claims have been enclosed for your review.

I enclose a "Summary of Affidavits of Labor for USM Claims" which reflects the yearly summary of all Affidavits of Labor from 1983 to 1991. This includes a summary of each claim as well as the County recording and BLM filing. This summary, which has not been updated, was included in my report dated December 27, 1991.

Examined in a cursory manner, these affidavits appear to substantially comply with State and Federal Statutes. The affidavits state that an adequate amount of money was expended in accordance with the \$100.00 per claim requirement.

The 1987 Amended Affidavit of Labor was filed at the BLM on December 31, 1987, but a notation shows it was "postmarked timely."

USM 53 through 56 were declared abandoned for failure to file a 1988 Affidavit of Labor in a decision dated June 23, 1989. This decision was vacated when proof of a timely-filed Affidavit of Labor was furnished to the BLM. This decision was vacated in a decision dated January 11, 1990. A copy of this decision was enclosed in my report dated December 27, 1991.

Affidavits for 1984, 1988, 1989, and 1990 are of a geophysical, geological, and geochemical nature in accordance with Public Law 85-876 (Act of September 2, 1958; 72 stat. 1701), 30 USC 28-2 and 43 CFR 3851.2 (b)-1. This statute allows for



DONNA DABNEY, ATTORNEY  
APRIL 15, 1992

USM CLAIMS  
PAGE 7

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assessment work of this nature to be utilized for not more than two consecutive years for a total of no more than five years during the life of the claim.

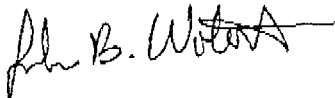
Comments — Discussions:

I have enclosed a copy of a Mining Deed recorded in Book 2005, Page 462-463, dated December 20, 1991, and recorded February 7, 1992. This mining deed from United Southern Mines to Black Wonder Mines, Inc. conveys all of the USM claims listed on the attached Exhibit "A". This mining deed was not filed with the BLM in the appropriate lead files as of April 2, 1992. This mining deed is the basis for a change in ownership from United Southern Mines, Inc. in my report dated December 27, 1991, to Black Wonder Mines, Inc.

A review of the corporate files at the Arizona Corporation Commission shows that United Southern Mines, Inc. was reinstated as a valid Arizona corporation on December 23, 1991 and that those documents were received on December 11, 1991. The Articles of Incorporation for Black Wonder Mines, Inc. were filed December 12, 1991, and publication of articles on January 21, 1992. I have enclosed copies of these documents and others for your review.

Thank you for the opportunity to be of service. If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

cc: Ray Irwin





**EXHIBIT A**  
**SUMMARY OF NOTICE OF LOCATION FOR USM CLAIMS**

USM Claim	AMC #	Lead File #	Bk/Pg	Loc. Date Amend Date	Mohave County Recording	BLM Filing
USM 4 USM 4 Amendment	191007	191007	900/989 930/905	01/21/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 4A	197695	197695	930/261	05/18/83	05/18/83	05/20/83
USM 5 USM 5 Amendment	191008	191007	900/991 930/907	01/23/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 6 USM 8 Amendment	191009	191007	900/993 934/556	01/24/83 05/29/83	01/28/83 06/06/83	02/14/83 06/08/83
USM 7 USM 7 Amendment	191010	191007	900/995 930/909	01/26/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 7A	197696	197695	930/263	05/18/83	05/18/83	05/20/83
USM 8 USM 8 Amendment	191969	191969	903/835 935/722	02/10/83 05/20/83	02/11/83 06/10/83	03/07/83 06/15/83
USM 9	198037	198037	930/911	05/19/83	05/23/83	05/24/83
USM 10	192647	192647	907/930	02/25/83	03/03/83	03/22/83
USM 11	192648	192647	907/932	02/18/83	03/03/83	03/22/83
USM 12	198038	198037	930/913	05/15/83	05/23/83	05/24/83
USM 12A	198030	198030	930/915	05/20/83	05/23/83	05/24/83
USM 13	198031	198030	930/917	05/15/83	05/23/83	05/24/83
USM 13A	198032	198030	930/919	05/21/83	05/23/83	05/24/83
USM 36	199670	199668	938/425	06/18/83	06/20/83	06/22/83
USM 37	199671	199668	938/427	06/18/83	06/20/83	06/22/83
USM 38	199932	199930	938/840	06/17/83	06/21/83	06/24/83
USM 39	199933	199930	938/842	06/18/83	06/21/83	06/24/83
USM 50	196373	196373	928/947	05/12/83	05/13/83	05/16/83
USM 53	198587	198587	933/458	05/28/83	06/02/83	06/03/83
USM 54	198588	198587	933/460	05/31/83	06/02/83	06/03/83
USM 55	198589	198587	933/462	06/01/83	06/02/83	06/03/83
USM 56	198590	198587	933/464	06/01/83	06/02/83	06/03/83



April 9, 1992

Mr. Murray Moxley, President  
Black Wonder Mines, Inc.  
12761 16th Avenue, Suite 110  
White Rock, British Columbia  
Canada V4A 1N2

Dear Mr. Moxley:

Enclosed find six originals of the agreement between Black Wonder Mines and Reynolds Metals Exploration covering mining claims located in Mohave County, Arizona, as described in Exhibit A of the agreement.

Please execute and return one original to my attention in Richmond.

Reynolds Metals Exploration intends to commence drilling no later than the end of April and will keep you fully informed of our progress.

Reynolds appreciates the opportunity to explore the Black Wonder claims and thanks you for your patience during negotiation of the agreement.

Kindest regards.

Sincerely,

REYNOLDS METALS COMPANY

Douglas D. Jinks  
Operations Manager  
Precious Metals and Geology

DDJ:pj

Enclosures

Post-It™ brand fax transmittal memo 7671

# of pages	
To R. Lewin	From D. Jinks
Co. RMEK	Co. RMC
Dept.	Phone #

# BLACK WONDER

## EXHIBIT A SUMMARY OF NOTICE OF LOCATION FOR USM CLAIMS

USM Claim	AMC #	Lead File #	Bk/Pg	Loc. Date Amend Date	Mohave County Recording	BLM Filing
USM 4 USM 4 Amendment	191007	191007	900/989 930/905	01/21/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 4A	197695	197695	930/261	05/18/83	05/18/83	05/20/83
USM 5 USM 5 Amendment	191008	191007	900/991 930/907	01/23/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 6 USM 6 Amendment	191009	191007	900/993 934/556	01/24/83 05/29/83	01/28/83 06/06/83	02/14/83 06/08/83
USM 7 USM 7 Amendment	191010	191007	900/995 930/909	01/26/83 05/15/83	01/28/83 05/23/83	02/14/83 05/24/83
USM 7A	197696	197695	930/263	05/18/83	05/18/83	05/20/83
USM 8 USM 8 Amendment	191969	191969	903/835 935/722	02/10/83 05/20/83	02/11/83 06/10/83	03/07/83 06/15/83
USM 9	198037	198037	930/911	05/19/83	05/23/83	05/24/83
USM 10	192647	192647	907/930	02/25/83	03/03/83	03/22/83
USM 11	192648	192647	907/932	02/18/83	03/03/83	03/22/83
USM 12	198038	198037	930/913	05/15/83	05/23/83	05/24/83
USM 12A	198030	198030	930/915	05/20/83	05/23/83	05/24/83
USM 13	198031	198030	930/917	05/15/83	05/23/83	05/24/83
USM 13A	198032	198030	930/919	05/21/83	05/23/83	05/24/83
USM 36	199670	199668	938/425	06/18/83	06/20/83	06/22/83
USM 37	199671	199668	938/427	06/18/83	06/20/83	06/22/83
USM 38	199932	199930	938/840	06/17/83	06/21/83	06/24/83
USM 39	199933	199930	938/842	06/18/83	06/21/83	06/24/83
USM 50	196373	196373	928/947	05/12/83	05/13/83	05/16/83
USM 53	198587	198587	933/458	05/28/83	06/02/83	06/03/83
USM 54	198588	198587	933/460	05/31/83	06/02/83	06/03/83
USM 55	198589	198587	933/462	06/01/83	06/02/83	06/03/83
USM 56	198590	198587	933/464	06/01/83	06/02/83	06/03/83

**T E L E C O P I E R**

**TO:** M. Moxley/T. Tough - Black Wonder Mines  
**FROM:** Douglas D. Jinks - Reynolds Metals Exploration  
**CC:** ✓ R. E. Irwin  
**DATE:** April 3, 1992  
**SUBJ:** **BLACK WONDER AGREEMENT**

**PAGES TRANSMITTED: 17**

Find attached an executed copy of the agreement between Black Wonder Mines and Reynolds Metals Exploration covering the Black Wonder leases located in Mohave County, Arizona.

We believe that the agreement now incorporates all the points discussed and agreed to during our phone conversation of March 23. Please note that Black Wonder's final interest is changed from 15% of the net profits to a 6% net smelter return.

If the agreement, as written, meets with your approval, please sign and return it to me via FAX. We will then overnight pouch to you, six originals for execution by Black Wonder Mines. Kindly return one fully executed original to my attention in Richmond.

It has been a pleasure to do business with you, and we sincerely hope that the Black Wonder properties prove to be prospective.

Regards,



D. D. Jinks



## REYNOLDS METALS EXPLORATION, INC.

Reynolds Metals Company • 5301 Longley Lane • Suite 157 • Reno, Nevada 89511-1805  
Telephone (702)829-8018 • Facsimile (702)829-8026

DATE: March 18, 1992  
TO: Dr. Douglas Jinks  
FROM: Ray Irwin *RI*  
RE: Black Wonder Mine Title Deficiencies

Following our telephone conversation of March 18, I reviewed Mr. John Wolcott's preliminary title report dated December 27, 1991, to refamiliarize myself with the various title discrepancies on the Black Wonder mine property.

### PAB Oil and Mining Claim Conflict

The Black Wonder 1 through 4 claims are in conflict with, but junior to the USM claims. Affidavits of assessment were filed for 1988, 1989 and 1990. At the time that John Wolcott checked for the 1991 proof of labor, it had not been recorded. When he finalizes his title work in about two weeks, he plans to determine if the 1991 assessment was filed by PAB Oil and Minerals. If not, the Black Wonder claims are invalid. If filed, they are still junior to the USM claims, and I recommend that Reynolds try to prove discovery.

### USM #10 and 11 Claims

As stated in the preliminary title report, the recordation of the relocated USM 10 and 11 claims was not accomplished within the 90 day time limit and are, therefore, not valid. Geologically, neither of these partial claims have any exploration significance. However, it would be very simple and inexpensive to have John Wolcott record amended claims during his upcoming visit to Phoenix to complete his title work.

### USM Claim Monuments

At some point in time, if the first round of drilling on the Black Wonder claims is successful, it would be advisable to tie the USM claims to a section corner and repaper and remonument any claims requiring such maintenance. Although there are many unmarked claim monuments scattered throughout the property, Mike Winston has found enough of the USM claim posts to confirm that they are roughly as they are portrayed on the map.

Again, at this stage of exploration, this is not a serious problem, since no one else is going to determine if inadequacies exist on the claims without surveying the claims themselves.

#### USM Affidavits of Labor

The mining regulations allow geological, geochemical and geophysical work to be applied as assessment work for no more than 5 years during the life of a claim and for not more than 2 consecutive years. As reported in John Wolcott's preliminary title report, Riviera filed this type of assessment for 3 consecutive years (1988, 1989 and 1990). Although this is a title defect, it can simply be cured by physical work such as our proposed drilling. During John Wolcott's upcoming title work, he plans to make certain that the 1991 affidavits of assessment for the USM claims were filed and timely recorded.

#### State of Arizona Prospecting Permit 08-98357-00

The Arizona State prospecting permit covering the S 1/2 Sec. 32, began May 16, 1990. On May 15, 1992 a \$640 lease payment needs to be paid to the State of Arizona and the affidavit showing exploration expenditures for the year filed, in this case, \$3240. I am currently having John Wolcott check into this, but I believe that the geologic mapping and sampling performed by Mike Winston this year will be more than adequate to cover the required exploration expenditure. Again, it would be a simple matter to have John Wolcott file this expenditure affidavit on Black Wonder's behalf at little, if any, cost to Reynolds Metals. As regards the lease payment, if it has not already been paid by Black Wonder, I suggest that Reynolds Metals pay the rental and deduct this amount from the initial lease payment to Black Wonder.

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	192647	907/932	2-18-83
12	198038	198037	930/913	5-15-83
13	198031	198030	930/917	5-15-83
4A	197695	197695	930/261	5-18-83
7A	197696	197695	930/263	5-18-83
12A FRAC	198030	198030	930/915	5-20-83
13A	198032	198030	930/919	5-21-83
36	199670	199668	938/425	6-18-83
37	199671	199668	938/427	6-18-83
38	199932	199930	938/840	6-17-83
39	199933	199930	938/842	6-18-83
53	198587	198587	933/458	5-28-83
54	198588	198587	933/460	5-31-83
55	198589	198587	933/462	6-01-83
56	198590	198587	933/464	6-01-83
50	196373	196373	928/947	5-12-83

That certain Arizona State prospecting permit #0898357, effective 5/16/90 obtained by Mr. Donald Newsom, located in the S 1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.

SCHEDULE I

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	192647	907/932	2-18-83
12	198038	198037	930/913	5-15-83
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That certain Arizona State prospecting permit #0898357, effective 5/16/90 obtained by Mr. Donald Newsom, located in the S 1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.





DDI FEB 03 1992

# Compass Resources NL

ACN. 010 536 020

cc: D. Dabney 03/1992  
R. Irwin  
Let's discuss

3 February 1992

Mr. D. D. Jinks,  
Vice President,  
Reynolds Metals Exploration,  
6601 West Broad Street,  
RICHMOND VIRGINIA 23230

Fax: 0011 1 804 281 2467

Dear Doug,

## West Oatman and Mohave Block/Boulder Batholith Projects

Thank you for your letter of 28 January explaining RMEI's position on a number of matters relating to the joint venture between Compass Minerals Limited (CML) and Reynolds Metals Exploration (RMEX).

- \* We note your intention to withdraw from West Oatman effective 28 February and appreciate your early advice. As this is a joint venture with CML we note that effective withdrawal from it will require notice to the management of that Company. We look forward to receiving a copy of your final work and expenditure report under that agreement.

RMEX's withdrawal from the West Oatman Agreement will simplify future arrangements under the Mohave/Boulder Batholith Agreement. However further to your letter we see a number of areas requiring consideration and clarification.

- \* We understand it is RMEX's intention to cease general reconnaissance exploration expenditure under the Mohave/Boulder Batholith Agreement. According to our understanding this agreement should continue until February 29. We believe that it is in RMEX's interests, as well as CML's to have individual project agreements in place for all projects that RMEX believes justify an evaluation programme prior to withdrawal. We would be pleased to work with you to get these agreements in place as soon as possible. Again if RMEX wishes to withdraw, notification should be provided to the management of CML to be effective.
- \* Our understanding of Clause 10 of the Mohave agreement is that it contemplates a number of separate joint venture projects arising out of the general exploration area, whereas we note RMEI proposes consolidating all current areas into a single joint venture. We do not think the original agreement envisaged this amalgamation nor that it is effective to try and work separate projects under the one joint venture obligation, as our respective companies may have different priorities between ventures.

70% HAVE  
ALL WORK  
SUMMARY

-2-

For example after RMEX funding an initial programme at Twin, RMEX may elect to dilute whilst CML funds the next programme, whereas in the Oatman area this may not be the case.

- \* Following from the above point, when the formal joint venture agreements are prepared, we see the need for exploration to proceed at a rate that is sufficient to realistically advance evaluation of a project. We believe that if the majority party does not wish to progress the property at an appropriate rate, possibly because of other priorities, then the minority party should be able to propose an alternate plan and budget for a project. Of course any such programme would be subject to a test of good industry practice. A party would also have the option of contributing or diluting per an agreed formula.
- \* We would be pleased to supply you with a draft of certain clauses (including those described above) that we believe are essential for the separate project joint ventures so that the new JVs can be in place as quickly as possible.
- \* Regarding the last 2 signed amendment proposals sent by RMEX these are with CML and Mike will attend to their return to you.

We continue to encourage RMEX to conclude at the earliest possible time the acquisition of the Black Wonder property as we remain concerned that Magma Copper could become a competitor for this land. If RMEX would like to handle this acquisition and the subsequent evaluation programme on a 50:50 basis CML would be pleased to respond promptly to the proposal. In the event of any budget priority constraints being considered by RMEX, this alternative would allow a more effective overall exploration programme for the Oatman areas to the benefit of both parties.

We remain enthusiastic of the potential of the Oatman area and are optimistic that given an appropriate budget a discovery could well eventuate in 1992. We look forward to working effectively with RMEX to achieve that outcome.

Yours sincerely,



Malcolm Humphreys  
Managing Director

SCHEDULE B cont.

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA

Black Wonder Area:

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	192647	907/932	2-18-83
12	198038	198037	930/913	5-15-83
13	198031	198030	930/917	5-15-83
4A	197695	197695	930/261	5-18-83
7A	197696	197695	930/263	5-18-83
12A FRAC	198030	198030	930/915	5-20-83
13A	198032	198030	930/919	5-21-83
36	199670	199668	938/425	6-18-83
37	199671	199668	938/427	6-18-83
38	199932	199930	938/840	6-17-83
39	199933	199930	938/842	6-18-83
53	198587	198587	933/458	5-28-83
54	198588	198587	933/460	5-31-83
55	198589	198587	933/462	6-01-83
56	198590	198587	933/464	6-01-83
50	196373	196373	928/947	5-12-83

That certain Arizona State prospecting permit #0898357, effective 5/16/90 obtained by Mr. Donald Newsom, located in the S 1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.

Any other land acquired by RMEI or CML in Secs. 29-32, T20N, R20W or the N 1/2 Secs. 4 and 5, T19N, R20W.



SCHEDULE B cont.

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA

Black Wonder Area:

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
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Any other land acquired by RMEI or CML in Secs. 29-32, T20N, R20W or the N 1/2 Secs. 4 and 5, T19N, R20W.

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
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USM CLAIMS, T20N, R20W AND T20N, R21W  
 MOHAVE COUNTY, ARIZONA

CLAIM NAME	<sup>30</sup> SERIAL	<sup>48</sup> LEAD FILE	<sup>61</sup> BK/PG	<sup>74</sup> LOC. DATE
USM 4	191007	191007	900/989	1-21-83
5	191008	"	900/991	1-23-83
6	191009	"	900/993	1-24-83
7	191010	"	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	"	907/932	2-18-83
12	198038	198037	930/913	5-15-83
13	198031	198030	930/917	5-15-83
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39	199933	199930	938/842	6-18-83
53	198587	198587	933/458	5-28-83
54	198588	"	933/460	5-31-83
55	198589	"	933/462	6- <sup>0</sup> / <sub>1</sub> -83
56	198590	"	933/464	6- <sup>0</sup> / <sub>1</sub> -83
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That certain Arizona State prospecting permit #0898357, effective 5/16/90 obtained by Mr. Donald Newsom, located in the S 1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.

USM CLAIMS, T20N, R20W and T20N, R21W  
MOHAVE COUNTY, ARIZONA

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
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5	191008	191007	900/991	1-23-83
6	191009	191007	900/993	1-24-83
7	191010	191007	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
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That certain Arizona State prospecting permit #0898357, effective 5/16/90 obtained by Mr. Donald Newsom, located in the S 1/2 Sec. 32, T20N, R20W of Mohave County, Arizona.

**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

RECEIVED DEC 30 1991

**MEMORANDUM**

To: Ray Irwin  
From: John B. Wolcott  
Dated: December 27, 1991  
Subject: Black Wonder 1 through 4

Dear Ray,

I reviewed the BLM lead file for the Black Wonder 1 through 4 (Lead File 275714) and copied the Affidavit of Labor as well as Location Notices. I also reviewed the same County records as I reviewed for the USM Claims and no additional documents were found of record in any of those indexes.

The Black Wonder 1 through 4 are junior to the USM 4, 5, 6, 7, 9, 10, 11, 36, and 37 and in conflict with those USM Claims.

The 1988, 1989, and 1990 Affidavits of Labor were timely recorded at the County and filed with the BLM. In the past three years, PAB Oil and Mining, Inc., the owner of the Black Wonder 1 through 4 claims always filed their Affidavit of Labor in the County in August or September of each year. However, a 1991 Affidavit of Labor for these claims was not found of record as of December 16, 1991. This may be an indication that PAB Oil and Mining, Inc. plans to drop those claims. A follow-up check should be performed on these claims at the County and BLM after December 30, 1991. The BLM usually prints a list of all delinquent affidavits by February or March and that may be as soon as a determination can be made on these claims.

You may want to refrain from contacting PAB Oil until we can confirm the status of these claims or until at least after the first of the year when they would not be able to revive the claims if they did not file.

The land status is the same for the Black Wonder 1 through 4 as for the USMs.

I also checked the Clerk of Courts' records for Civil Actions on PAB Oil and Mining, Inc. current to December 16, 1991, and no actions were found of record. The current record title owner is:



Memo to Ray Irwin  
December 27, 1991

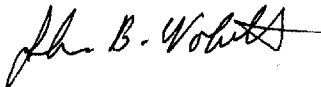
Re: Black Wonder 1 through 4  
Page 2

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PAB Oil and Mining, Inc.  
John P. Boganich, President  
10 West 300 South, Suite 702  
Salt Lake City, UT 84101  
Phone: (801) 521-3254

If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

cc: Donna Dabney

**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

RECEIVED DEC 30 1991

**MEMORANDUM**

To: Ray Irwin  
From: John B. Wolcott  
Dated: December 27, 1991  
Subject: Snow Lode Claims, Mohave County, Arizona

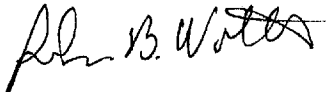
Dear Ray,

The Snow Lode Claims have been timely recorded at the Mohave County Recorder's Office and filed at the BLM in Lead File 317802.

I am returning to you two money orders, one for \$100.00 and one for \$40.00 being the total of \$140.00 that was to be used to pay for the BLM filing.

If you should have any questions, please contact this office.

Sincerely,



John B. Wolcott  
Landman  
JBW:jsw

Ms. Donna C. Dabney

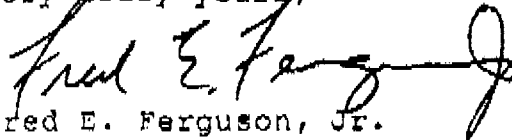
-3-

December 5, 1991

In an earlier case, citizenship of one of the locators of conflicting claims was raised in an adverse suit filed in support of an application for patent. Since the government is an indirect party to such an adverse suit, citizenship may be raised. However, even in that situation, the conveyance of title to the claim by the alien cured the defect. Providence Gold Mining Co. v. Burke, 6 Ariz. 323, 57 P. 641 (1899).

The rule stated in Perley v. Goar, *supra*, appears to continue to be good law in Arizona. In Rundle v. Republic Cement Corp., 86 Ariz. 96, 341 P.2d 226 (1959), the court considered whether a party in a possessory action between conflicting claim owners could assert that the use of "dummy" locators in locating association placer claims constitutes a fraud on the United States. The court held that only the government can raise such a claim reasoning by analogy to Perley v. Goar and McKinley Creek.

Very truly yours,



Fred E. Ferguson, Jr.  
For the Firm

FEF:lgj  
LET09055  
Telecopy



## REYNOLDS METALS EXPLORATION, INC.

Reynolds Metals Company • 5301 Longley Lane • Suite 157 • Reno, Nevada 89511-1805  
Telephone (702)829-8018 • Facsimile (702)829-8026

DATE: November 21, 1991  
TO: Dr. Douglas Jinks  
FROM: Ray Irwin *RI*  
RE: Black Wonder Prospect - Option Agreement

As discussed in our telephone conversations before your departure to Brazil, I have summarized the terms of the proposed earn-in terms for Reynolds acquisition of the Black Wonder prospect from Riviera Exploration, Ltd.

### Property Description:

The Black Wonder prospect, when acquired, will become part of the West Oatman project. The subject property consists of:

- 1) The USM unpatented mining claims #53-56 located in Sec. 25, T20N, R21W
- 2) The USM unpatented mining claims #4-13, 4A, 7A, 12A and 13A and 36-39 located in Sec. 31, T20N, R20W and a portion of Sec. 36, T20N, R21W
- 3) The USM unpatented claim #50 located in Sec. 5, T19N, R20W
- 4) The Arizona State prospecting permit #0898357, effective 5/16/90, located in the S 1/2 Sec. 32, T20N, R20W held by Mr. Donald Newsom.

### Property Owner:

Mr. Murray Moxley, President  
**Riviera Explorations, Ltd.**  
12761 16th Avenue, Suite 110  
White Rock, British Columbia  
Canada V4A 1N2

Telephone: 604/538-6601



Type of Agreement:

The proposed agreement would permit Reynolds Metals Exploration, Inc. to earn an 85% interest in the Black Wonder property by making payments totaling \$150,000 U.S. (as outlined below), and by carrying out an exploration program designed to evaluate the potential of the property.

Under this agreement, Riviera Explorations, Inc. would retain a 15% undivided net profits interest in the property and Reynolds Metals Exploration, Inc. would carry Riviera through exploration and mine development until commercial production is achieved.

Payment Schedule:

\$25,000 U.S. Upon signing of the option agreement  
 \$25,000 U.S. Payable on first anniversary  
 \$50,000 U.S. Payable on second anniversary  
 \$50,000 U.S. Payable on third anniversary

Exploration Expenditures:

During the term of the option agreement, Reynolds Metals Exploration, Inc. will diligently explore and evaluate the Black Wonder land package to determine its economic potential. During the first two years of this agreement, Reynolds Metals Exploration, Inc. will guarantee to spend a total of \$100,000 U.S. on exploration. After the first two years, Reynolds Metals will continue its exploration at a pace that will be based on the results of the first two years of exploration and its own internal budget constraints and priorities.

Release of Exploration Results to Riviera Explorations, Ltd:

Reynolds Metals Exploration, Inc. would release to Riviera Explorations, Ltd., copies of all noninterpretive data (i.e. drill logs, assays, drill hole and sample location maps and geophysical data) at the end of each quarter of a calendar year.

Production:

Due to the rapidly changing mining and environmental regulations in the United States, as well as the volatility of metal prices, Reynolds Metals cannot commit, nor become locked into, a schedule on production or a formal feasibility study. Reynolds Metals Explorations, Inc. would be willing, however, to prepare, or have prepared, a pre-feasibility study after the fourth anniversary of this agreement that would give an approximate idea of the economic viability of the property.

Termination and/or Assignment:

Reynolds Metals Exploration, Inc. would have the right to terminate this agreement at any time, with 30 days written notice. Should Reynolds Metals terminate this agreement before completing the \$150,000 property payments to Riviera Exploration, Ltd. and completing the minimum \$100,000 exploration commitment, Reynolds Metals Exploration, Inc. will have no retained interest in the Black Wonder property.



Once Reynolds Metals Exploration, Inc. has completed its payments of \$150,000 to Riviera Exploration, Ltd. and fulfilled its minimum \$100,000 exploration commitment on the property, Reynolds Metals Exploration, Inc. will have earned a full 85% interest in the property with Riviera possessing a 15% retained net profits interest. Once Reynolds Metals Exploration, Inc. has earned its 85% interest in the Black Wonder property, it shall be free, with written notice to Riviera, to assign or sell its interest to another party. It would probably be advisable to have a provision that Reynolds Metals would be willing to give Riviera Explorations a first right of refusal on Reynolds interest in the property and that Reynolds would, in return, have a first right of refusal should Riviera Explorations decide at a later date to sell or lease their interest in the Black Wonder property.

Claim Maintenance:

Reynolds Metals must have a clause in this agreement allowing it to do whatever is necessary to rehabilitate or correct claim deficiencies or conflicts to protect the interests of Reynolds Metals and Riviera Explorations.

For protection we should include that this agreement is subject to a thorough title check and Reynolds' ability to resolve the claim conflict with PAB Oil and Minerals (Black Wonder #1-4 claims) in Sec. 31, T20N, R20W.



Property:

The U.S.M. claims cover approximately 390 acres and consist of 23 lode mining claims and fractions held by location as follows:

<u>Claim Name</u>	<u>Book</u>	<u>Page</u>	<u>AMC Number</u>
U.S.M. #4	900	989	191007
U.S.M. #4a	930	261	197695
U.S.M. #5	900	991	191008
U.S.M. #6	900	993	191009
U.S.M. #7	900	995	191010
U.S.M. #7a	930	263	197696
U.S.M. #8	903	835	191969
U.S.M. #9	930	911	198037
U.S.M. #10	907	930	192647
U.S.M. #11	934	683	192648
U.S.M. #12	930	913	198038
U.S.M. #12a	930	915	198030
U.S.M. #13	930	917	198031
U.S.M. #13a	930	919	198032
U.S.M. #36	938	425	199670
U.S.M. #37	938	427	199761
U.S.M. #38	938	840	199932
U.S.M. #39	938	842	199933
U.S.M. #50	928	947	196373
U.S.M. #53	933	458	198587
U.S.M. #54	933	460	198588
U.S.M. #55	933	462	198589
U.S.M. #56	933	464	198590





## REYNOLDS METALS EXPLORATION, INC.

Reynolds Metals Company • 5301 Longley Lane • Suite 157 • Reno, Nevada 89511-1805  
Telephone (702)829-8018 • Facsimile (702)829-8026

November 7, 1991

Mr. Murray Moxley, President  
**Riviera Explorations, Ltd.**  
12761 16th Avenue, Suite 110  
White Rock, British Columbia  
Canada V4A 1N2

RE: Option Agreement Terms Between Reynolds Metals Exploration, Inc. and  
Riviera Explorations, Ltd. - Black Wonder Project, Arizona

Dear Mr. Moxley:

I have reviewed your proposed option agreement terms, as stated in your November 5th letter, and have discussed them with our operations manager in our Richmond, Virginia office. I have summarized our comments below.

### Type of Agreement:

Option agreement in which Reynolds Metals Exploration, Inc. can earn an 85% interest in the Black Wonder property by making payments totaling \$150,000 (as outlined below), and by carrying out an exploration program designed to evaluate the potential of the property. Under this type of agreement, Riviera Explorations, Ltd. would retain a 15% undivided interest in the property. If Riviera elects this option, once Reynolds Metals Exploration, Inc. has paid \$150,000 to Riviera and expended the \$100,000 work commitment for the initial two year term of this agreement, Riviera would be obligated to proportionately fund exploration or development costs.

As an alternative to this proposal, Reynolds Metals Exploration, Inc. can earn a 100% interest in the Black Wonder property by making payments totaling \$150,000 (as outlined below) and by carrying out an exploration program designed to evaluate the potential of the property. Under this type of agreement, Riviera Explorations, Ltd. would retain a 5% NSR royalty based on a standard industry definition and Reynolds Metals Exploration, Inc. would bear all exploration and development costs.

Reynolds Metals is willing to consider either arrangement, but prefers that Riviera select the preferred option now, rather than decide at a later date.



Payment Schedule:

\$25,000 U.S. Upon signing of the option agreement  
\$25,000 U.S. Payable on first anniversary  
\$50,000 U.S. Payable on second anniversary  
\$50,000 U.S. Payable on third anniversary

Exploration Expenditures:

During the term of the option agreement, Reynolds Metals Exploration, Inc. will diligently explore and evaluate the Black Wonder land package to determine its economic potential. During the first two years of this agreement, Reynolds Metals Exploration, Inc. will guarantee to spend a total of \$100,000 U.S. on exploration. After the first two years, Reynolds Metals will continue its exploration at a pace that will be based on the results of the first two years of exploration and its own internal budget constraints and priorities.

Release of Exploration Results to Riviera Explorations, Ltd:

Reynolds Metals Exploration, Inc. would release to Riviera Explorations, Ltd., copies of all noninterpretive data (i.e. drill logs, assays, drill hole and sample location maps and geophysical data) at the end of each quarter of a calendar year.

Production:

Due to the rapidly changing mining and environmental regulations in the United States, as well as the volatility of metal prices, Reynolds Metals cannot commit, nor become locked into, a schedule on production or a formal feasibility study. Reynolds Metals Explorations, Inc. would be willing, however, to prepare, or have prepared, a pre-feasibility study after the fourth anniversary of this agreement that would give an approximate idea of the economic viability of the property.

Termination and/or Assignment:

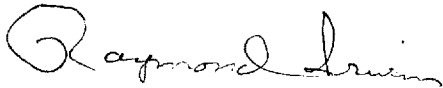
Reynolds Metals Exploration, Inc. would have the right to terminate this agreement at any time, with 30 days written notice. Should Reynolds Metals terminate this agreement before completing the \$150,000 property payments to Riviera Exploration, Ltd. and completing the minimum \$100,000 exploration commitment, Reynolds Metals Exploration, Inc. will have no retained interest in the Black Wonder property.

Once Reynolds Metals Exploration, Inc. has completed its payments of \$150,000 to Riviera Exploration, Ltd. and fulfilled its minimum \$100,000 exploration commitment on the property, Reynolds Metals Exploration, Inc. will have earned a full 85% interest in the property with Riviera possessing a 15% retained interest or, under the second option, Reynolds will have earned a 100% interest in the property subject to a 5% NSR royalty to Riviera Explorations, Ltd. Once Reynolds Metals Exploration,

Inc. has earned either its 85% or 100% interest in the Black Wonder property, it shall be free, with written notice to Riviera, to assign or sell its interest to another party. If so desired, Reynolds Metals would be willing to give Riviera Explorations a first right of refusal on Reynolds' interest in the property and would like a first right of refusal should Riviera decide at a later date to sell or lease their interest in the Black Wonder property.

As stated before, this offer is subject to a thorough title check and Reynolds' and/or Riviera's ability to resolve any claim conflict with PAB Oil and Minerals (Black Wonder #1-4 claims) in Sec. 31, T20N, R20W.

Sincerely,

A handwritten signature in cursive script, appearing to read "Raymond Irwin".

Raymond Irwin  
Regional Exploration Manager

RECEIVED NOV 8 1991

**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

November 6, 1991

Ray Irwin  
Reynolds Metals Exploration  
5301 Longley Lane - Suite 157  
Reno, NV 89511

**RE: BLACK WONDER PROSPECT  
MOHAVE COUNTY, ARIZONA**

Dear Ray:

A Preliminary Land Status and Cursory Mining Claim Take-off for your Black Wonder Prospect, Mohave County, Arizona (as described below) has been completed. This report is a continuation of two previous reports for the Black Wonder Prospect dated August 12, 1991 and October 25, 1991.

Area of Interest:

TOWNSHIP 19 NORTH, RANGE 20 WEST  
SECTIONS 4, 5, 6

TOWNSHIP 20 NORTH, RANGE 20 WEST  
SECTIONS 31, 32, 33

TOWNSHIP 20 NORTH, RANGE 21 WEST  
SECTION 36

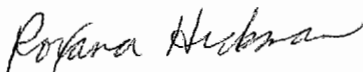
From a cursory examination, with the exception of patented claims, state land and valid unpatented mining claims, the above described lands appear to be open for location.

Unpatented mining claims have been plotted on the enclosed map in their approximate locations using location certificates and maps obtained from the Arizona BLM. Apparent ownership was determined from the August 8, 1991 Geographical Index and the most recent Affidavits of Labor. The validity of the unpatented mining claims has not been determined.

Patented claims are also plotted on the map, however, ownership is not shown. To provide complete information regarding the ownership of patented claims, a trip to the Mohave County Recorder's Office in Kingman and the BLM in Phoenix would be needed.

Thank you for the opportunity to be of service. If you have any questions, please call this office.

Sincerely,



Roxana Hickman

**RIVIERA EXPLORATIONS LTD.**

Suite 110-12761-16th Avenue  
 White Rock, British Columbia  
 Canada, V4A 1N2  
 Tel: (604)538-6601  
 Fax: (604)538-5223

Post-It™ brand fax transmittal memo 7671 # of pages ▶ 2

To <i>DR. DOUGLAS JINKS</i>	From <i>RAY IRWIN</i>
Co.	Co.
Dept.	Phone #
Fax #	Fax #

November 5, 1991

Mr. Raymond Irwin  
 Regional Exploration Manager  
 Reynolds Metals Exploration, Inc.  
 5301 Longley Lane, Suite 157  
 Reno, NV 89511-1805

RE: Option Agreement Terms between Reynolds Metals Exploration, Inc. and Riviera Explorations Ltd. - Black Wonder Project, Arizona.

Dear Mr. Irwin:

The following are proposed option agreement terms for the Black Wonder land package consisting of the USM Claims, which occupy portions of Sections 25 and 36, T20N, R21W, Section 31, T20N, R20W and Section 5, T19N, R20W and the Arizona State Prospecting Permit covering the S 1/2 of Section 32, T20N, R20W.

Type of Agreement:

Option to earn an 85% interest in the Black Wonder Property by making payments totalling \$150,000.00US over a period of three years, and by carrying out exploration and placing the deposit into production when economically feasible. Riviera Explorations Ltd. will retain an undivided 15% interest in the property.

Payment Schedule:

- \$25,000US upon signing of option agreement
- \$25,000US first anniversary
- \$50,000US second anniversary
- \$50,000US third anniversary



Exploration Expenditures:

During the term of the option agreement Reynolds Metals Exploration, Inc. will diligently explore and evaluate the Black Wonder Land Package to determine the economic potential. Reynolds Metals Exploration, Inc. will guarantee a minimum expenditure of \$100,000.00US on exploration during each of the first two years of the option followed by amounts required to determine the parameters that would render the property viable for production.

Reynolds Metals Exploration, Inc. will submit to Riviera Explorations Ltd. timely disclosures of exploration results, including drill hole and surface assays and any other significant exploration data.

Production:

Understanding, and well aware of the results of the rapidly changing mining and environmental regulations, as well as the volatility of metal prices, Riviera Explorations Ltd. would require that Reynolds Metals Explorations, Inc. prepare a pre-feasibility study after the fourth anniversary year of the option agreement to determine the economic viability of the property. (ie. To determine at what level the environmental and mining regulations, and metal prices it would be feasible to place the deposit into production).

The option agreement would remain in effect until such time as the economic factors warrant placing the property into production.

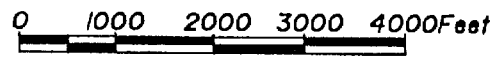
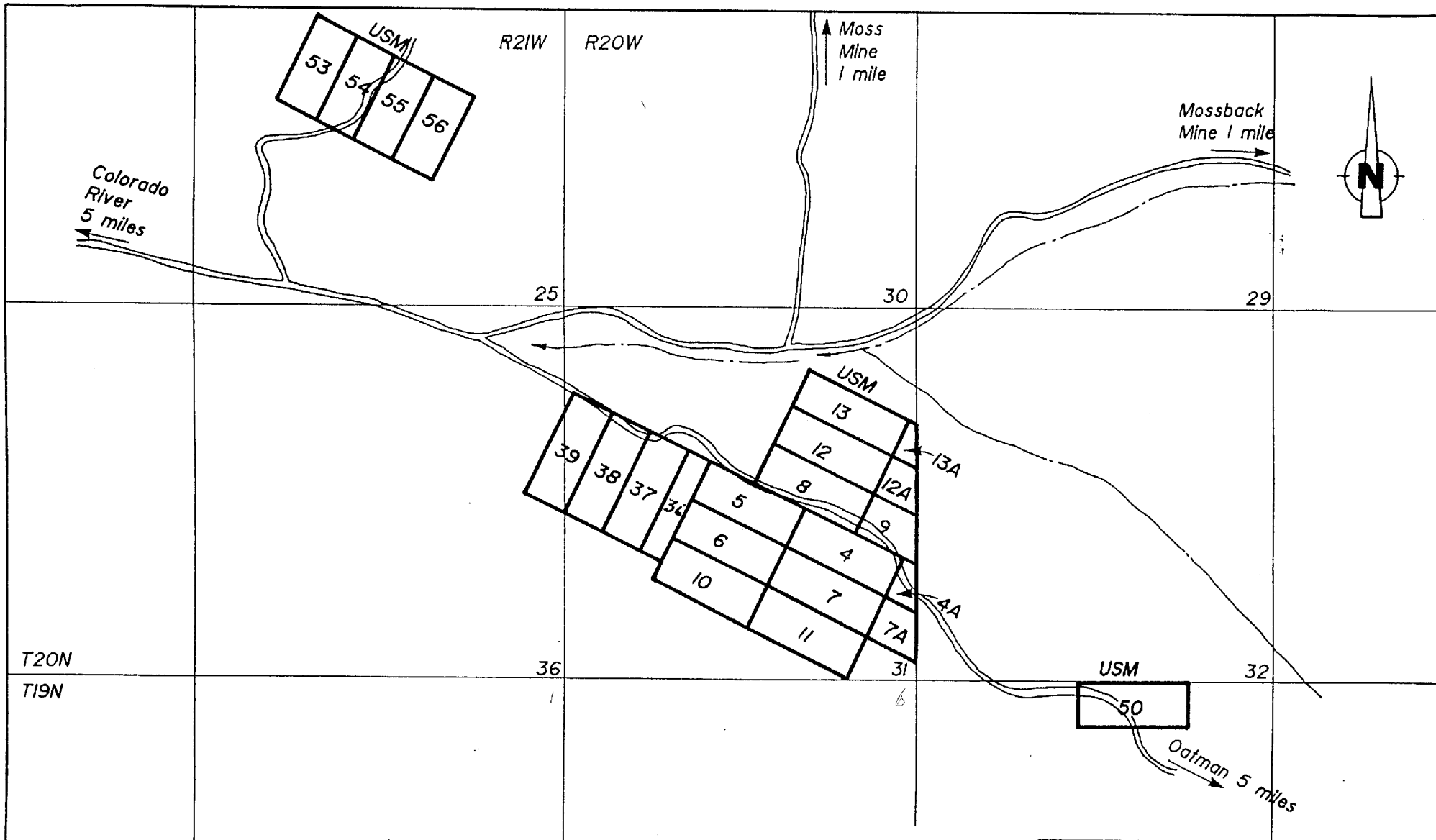
Termination:

Reynolds Metals Exploration, Inc. would have the right to terminate the option agreement at any time with 30 days written notice, assuming that its annual obligations have been met. Should Reynolds Metals Explorations, Inc. terminate the option agreement prior to placing the property into production, Reynolds Metals Explorations, Inc. will forfeit any and all interests in the property to Riviera Explorations Ltd.

This offer is subject to a thorough title check and Reynolds' and/or Riviera's ability to resolve any claim conflict with PAB Oil and Minerals (Black Wonder #1-4 claims) in Section 31, T20N, R20W.

Your very truly,

Murray Moxley,  
President.



<b>RIVIERA EXPLORATIONS LTD.</b>	
OATMAN PROJECT, ARIZONA	
CLAIMS MAP	
DATE	SEPT.90
SCALE	NOTED

\* Note: After J.C. Snell B.Sc. P. Eng



# REYNOLDS METALS EXPLORATION, INC.

Reynolds Metals Company • 5301 Longley Lane • Suite 157 • Reno, Nevada 89511-1805  
Telephone (702)829-8018 • Facsimile (702)829-8026

October 31, 1991

Mr. T.R. Tough, President  
**Yellow Point Mining Corporation**  
12761 16th Avenue, Suite 110  
White Rock, British Columbia  
Canada V4A 1N2

RE: Proposed Joint Venture Terms for the Land Package Consisting of the  
USM Claims and the Arizona State Prospecting Permit covering  
the S 1/2 Sec. 32, T20N, R20W

Dear Tom:

As discussed in our telephone conversation of October 31, 1991, I have listed the proposed joint venture terms for the land package consisting of the USM claims, which occupy portions of Secs. 25 and 36, T20N, R21W, Sec. 31, T20N, R20W and Sec. 5, T19N, R20W and the Arizona State Prospecting Permit covering the S 1/2 of Sec. 32, T20N, R20W.

Type of Agreement:

Joint venture with 4 year earn-in period. Upon payment of \$150,000 (U.S.) to Riviera Explorations, Ltd., Reynolds Metals Exploration, Inc. would hold an 85% interest in the above described property.

Payment Schedule:

- \$20,000 (U.S.) upon signing
- \$30,000 (U.S.) first anniversary
- \$40,000 (U.S.) second anniversary
- \$60,000 (U.S.) third anniversary

Upon Reynolds Metals Exploration, Inc. meeting the earn-in obligation of \$150,000 (U.S.), Reynolds Metals Exploration, Inc. and Riviera Explorations, Ltd. would proportionately share exploration and development costs or suffer dilution by an accepted industry formula to a minimum retained interest equating to a 5% NSR royalty.

Post-It™ brand fax transmittal memo 7671		# of pages ▶ 2
To	DR. DOUGLAS J. NKS	
Co.	RAY IRWIN	
Dept.	Phone #	
Fax #	Fax #	



Exploration Expenditure:

During the earn-in period, Reynolds Metals Exploration, Inc. will diligently explore and evaluate the subject land package to determine the property's economic potential. Reynolds Metals Exploration, Inc. would guarantee a minimum of \$100,000 (U.S.) during the first two years of the earn-in period.

Production:

As a result of the rapidly changing mining and environmental regulations, as well as the volatility of metals prices, it is not possible nor good business practice for Reynolds Metals to become locked into a schedule on production or a feasibility study.

Termination:

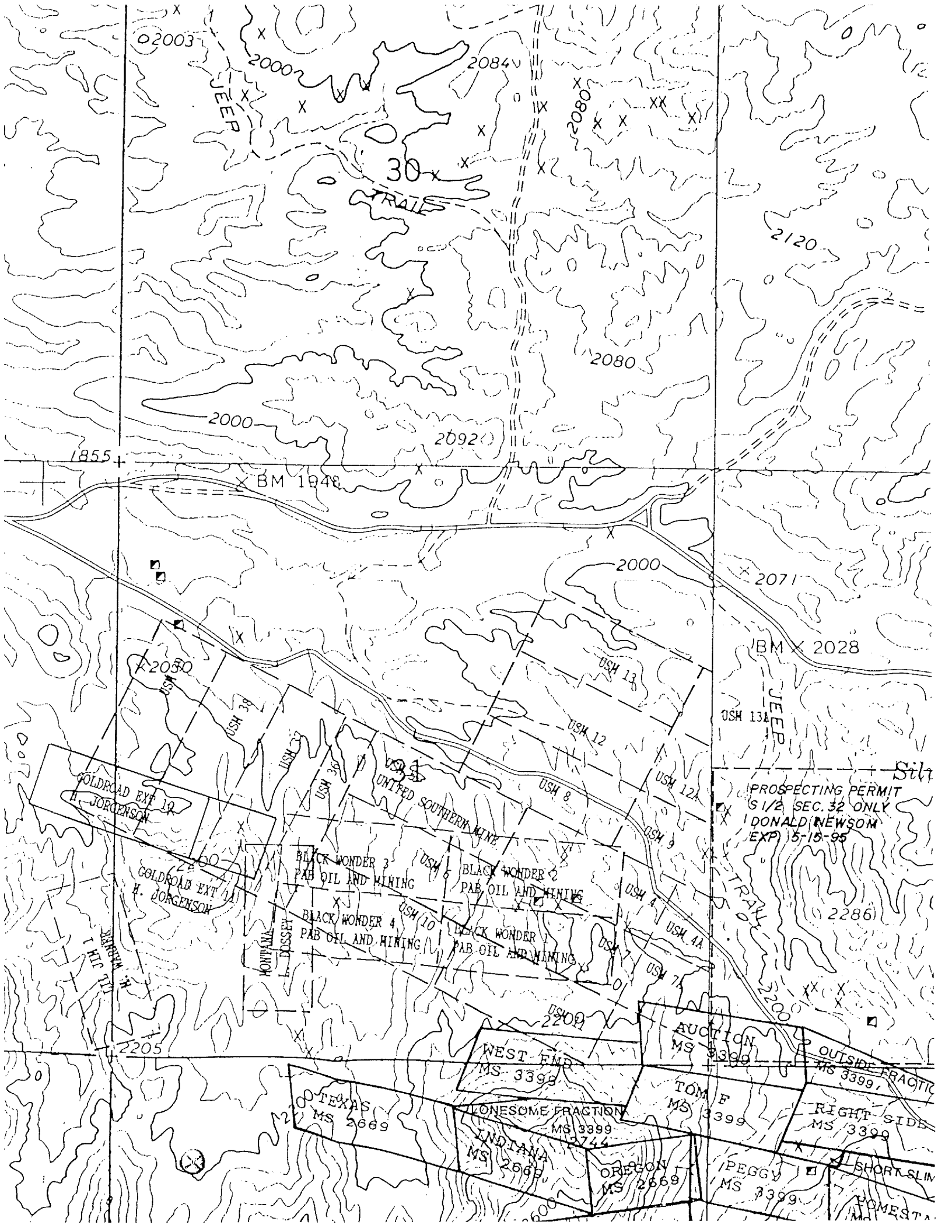
Reynolds Metals Exploration, Inc. would have the right to withdraw from the joint venture at any time with 30 days prior written notice, assuming that its annual obligations have been met. Should Reynolds Metals withdraw from the joint venture prior to paying the full \$150,000 (U.S.) earn-in amount, Reynolds Metals would have no retained interest in the project.

Obviously, this offer is subject to a thorough title check and Reynolds' and/or Riviera's ability to resolve the claim conflict with PAB Oil and Minerals (Black Wonder claims #1-4) in Sec. 31, T20N, R20W.

*Ray Lamin*







02003

2000

2084

2080

30

2080

2000

2092

1855

BM 1948

2000

2071

BM 2028

2030

2000

USH 13A

PROSPECTING PERMIT  
1/2 SEC. 32 ONLY  
DONALD NEWSOM  
EXP 5-15-95

Silt

GOLDROAD EXT 10  
H. JORGENSEN

GOLDROAD EXT 11  
H. JORGENSEN

BLACK WONDER 3  
P&O AND MINING

BLACK WONDER 2  
P&O AND MINING

BLACK WONDER 4  
P&O AND MINING

BLACK WONDER 1  
P&O AND MINING

UNITED SOUTHERN MINE

1 MILE  
SERRA

MONTANA  
LOSSEY

2205

WEST END  
MS 3399

AUCTION  
MS 3399

OUTSIDE FRACTURE  
MS 3399

TEXAS  
MS 2669

ONESOME FRACTURE  
MS 3399

TOM F  
MS 3399

RIGHT SIDE  
MS 3399

INDIANA  
MS 2669

OREGON  
MS 2669

PEGGY  
MS 3399

SHORT SLIM  
DOMESTIC

# Black Wonder

## PROPERTY

The property covers approximately 390 acres and is comprised of 23 lode mining claims and fractions held by location as follows:

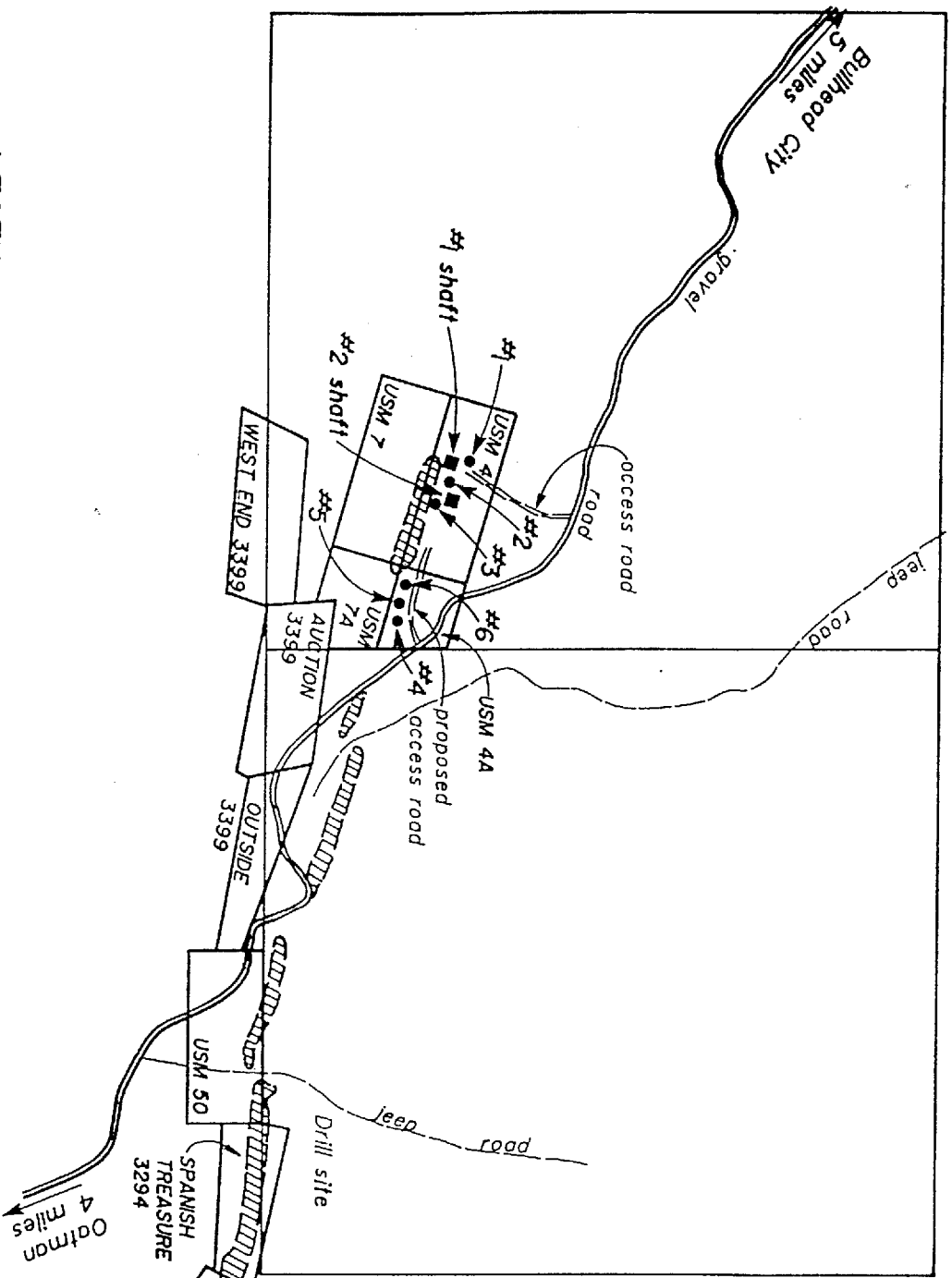
<u>CLAIM NAME</u>	<u>BOOK</u>	<u>PAGE</u>	<u>AMC. NUMBER</u>
U.S.M. #4	900	989	191007
U.S.M. #4a	930	261	197695
U.S.M. #5	900	991	191008
U.S.M. #6	900	993	191009
U.S.M. #7	900	995	191010
U.S.M. #7a	930	263	197696
U.S.M. #8	903	835	191969
U.S.M. #9	930	911	198037
U.S.M. #10	907	930	192647
U.S.M. #11	934	683	192648
U.S.M. #12	930	913	198038
U.S.M. #12a	930	915	198030
U.S.M. #13	930	917	198031
U.S.M. #13a	930	919	198032
U.S.M. #36	938	425	199670
U.S.M. #37	938	427	199761
U.S.M. #38	938	840	199932
U.S.M. #39	938	842	199933
U.S.M. #50	928	947	196373
U.S.M. #53	933	458	198587
U.S.M. #54	933	460	198588
U.S.M. #55	933	462	198589
U.S.M. #56	933	464	198590

## OWNERSHIP

The claims are held by Riviera Explorations Ltd. The writer has not personally carried out a title search of the claims.



Bullhead City  
5 miles



**LEGEND**

- drill hole location
- shaft
- ▨ mineralized zone



**RIVERA EXPLORATIONS LTD.**

OATMAN PROJECT, ARIZONA

**DDH LOCATION MAP**

DATE	SEPT. 90	SCALE	NOTED
DRAWN	RNC	CHECKED	

\* Note: After J.C. Snell B.Sc., P. Eng.

**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

RECEIVED OCT 29 1991

October 25, 1991

Ray Irwin  
Reynolds Metals Exploration  
5301 Longley Lane - Suite 157  
Reno, NV 89511

Dear Ray:

Enclosed is an incomplete, but updated, map of the Black Wonder Prospect, Mohave County, Arizona for Sections 31, 32, 33, Township 20 North, Range 20 West, and Sections 4, 5, 6, Township 19 North, Range 20 West.

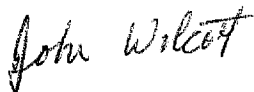
We have added approximate locations of unpatented mining claims in Sections 31, 32, Township 20 North, Range 20 West. All claims found to be valid, according to the Geographical Index, within the area of interest are shown. These have been plotted according to location certificates and maps, obtained from the BLM in Phoenix on my visit October 21, 1991. Apparent ownership information is based on the August 8, 1991 Geographical Index.

Lands in Section 31 and 32 appear to be BLM and are open for location with the exception of valid unpatented mining claims.

Please refer to the August 12, 1991 Memorandum for more information regarding this prospect.

If you have any questions, please call this office.

Sincerely,



John Wolcott

Enclosure

MAY 18  
1983

SE 1/4 USM @ 18 claims  
UNITED SOUTHERN MINES  
Filed 1990 ASSESSMENT

MARION WARNER

~~SARATOGA MINES~~

NW 1/3 31 BAND B PLACE  
BEDFORD AND BROWN

SE 1/4 31 BLACK WONDER CLAIMS  
PAB OIL AND MINING  
4 CLAIMS LODE ~~IN~~ 1987  
HAVE FILED 1990 ASSESSMENT

LITTLE GEN LODGE CLAIMS

USM CLAIMS, T20N, R20W AND T20N, R21W  
MOHAVE COUNTY, ARIZONA

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	"	900/991	1-23-83
6	191009	"	900/993	1-24-83
7	191010	"	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	"	907/932	2-18-83
12	198038	198037	930/913	5-15-83
13	198031	198030	930/917	5-15-83
4A	197695	197695	930/261	5-18-83
7A	197696	197695	930/263	5-18-83
12A FRAC	198030	198030	930/915	5-20-83
13A	198032	"	930/919	5-21-83
36	199670	199668	938/425	6-18-83
37	199671	199668	938/427	6-18-83
38	199932	199930	938/840	6-17-83
39	199933	199930	938/842	6-18-83
53	198587	198587	933/458	5-28-83
54	198588	"	933/460	5-31-83
55	198589	"	933/462	6-1-83
56	198590	"	933/464	6-1-83
50	196373	196373	928/947	5-12-83

USM CLAIMS, T20N, R20W AND T20N, R21W  
MOHAVE COUNTY, ARIZONA

<u>CLAIM NAME</u>	<u>SERIAL</u>	<u>LEAD FILE</u>	<u>BK/PG</u>	<u>LOC. DATE</u>
USM 4	191007	191007	900/989	1-21-83
5	191008	"	900/991	1-23-83
6	191009	"	900/993	1-24-83
7	191010	"	900/995	1-26-83
8	191969	191969	903/835	2-10-83
9 FRAC	198037	198037	930/911	5-19-83
10	192647	192647	907/930	2-25-83
11	192648	"	907/932	2-18-83
12	198038	198037	930/913	5-15-83
13	198031	198030	930/917	5-15-83
4A	197695	197695	930/261	5-18-83
7A	197696	197695	930/263	5-18-83
12A FRAC	198030	198030	930/915	5-20-83
13A	198032	"	930/919	5-21-83
36	199670	199668	938/425	6-18-83
37	199671	199668	938/427	6-18-83
38	199932	199930	938/840	6-17-83
39	199933	199930	938/842	6-18-83
53	198587	198587	933/458	5-28-83
54	198588	"	933/460	5-31-83
55	198589	"	933/462	6-1-83
56	198590	"	933/464	6-1-83
50	196373	196373	928/947	5-12-83



RECEIVED AUG 15 1991

**JOHN B. WOLCOTT**  
INDEPENDENT LANDMAN  
820 Hall Avenue  
Grand Junction, Colorado 81501  
303-242-5957

MEMORANDUM

TO: Ray Irwin  
FROM: John B. Wolcott  
DATE: August 12, 1991  
SUBJECT: Black Wonder Prospect, Mohave County, Arizona

Enclosed is an incomplete map of the Black Wonder Prospect, Mohave County, Arizona for Sections 31, 32, 33, Township 20 North, Range 20 West, and Sections 4, 5, 6, Township 19 North, Range 20 West.

Thus far this map shows only patented claims and state ownership. We would need to visit the Mohave county Recorder's office in Kingman and the BLM in Phoenix to provide complete information regarding the location and ownership of unpatented claims, the ownership of patented claims, and detailed land status.

Per a phone call to the Arizona state land office, we were told that the state owns all the minerals in Section 32. The S½ of Section 32 has a Prospecting Permit held by Donald Newsom, P.O. Box 1844, Fern Dale, WA 98248, and it expires 5-15-95.

From a cursory examination, with the exception of patented claims, state lands, and valid unpatented mining claims yet to be platted, the above described lands appear to be open for location. The State of Arizona Wilderness Map shows the Mount Nutt Wilderness Area to lie within a few miles of the east boundary of the above lands (see enclosed map).

We have not platted the USM claims, as shown on the Riviera Explorations map to be mostly in Section 31, T20N, R20W (where the squatters with the dogs are located), as we do not have sufficient information for accuracy. The BLM Geographic Index shows that the USM claims are valid and owned by United Southern Mines. No reference was found to the name "Mt. Tipton Mining Company".

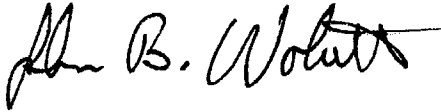
If the squatters are in fact in Section 31, then they are on BLM land and should have filed a permit with the BLM. In a visit to the BLM we could determine if the squatters and their trailers are there legally and who owns what claims.

Ray Irwin  
August 12, 1991

Black Wonder Prospect  
Page 2

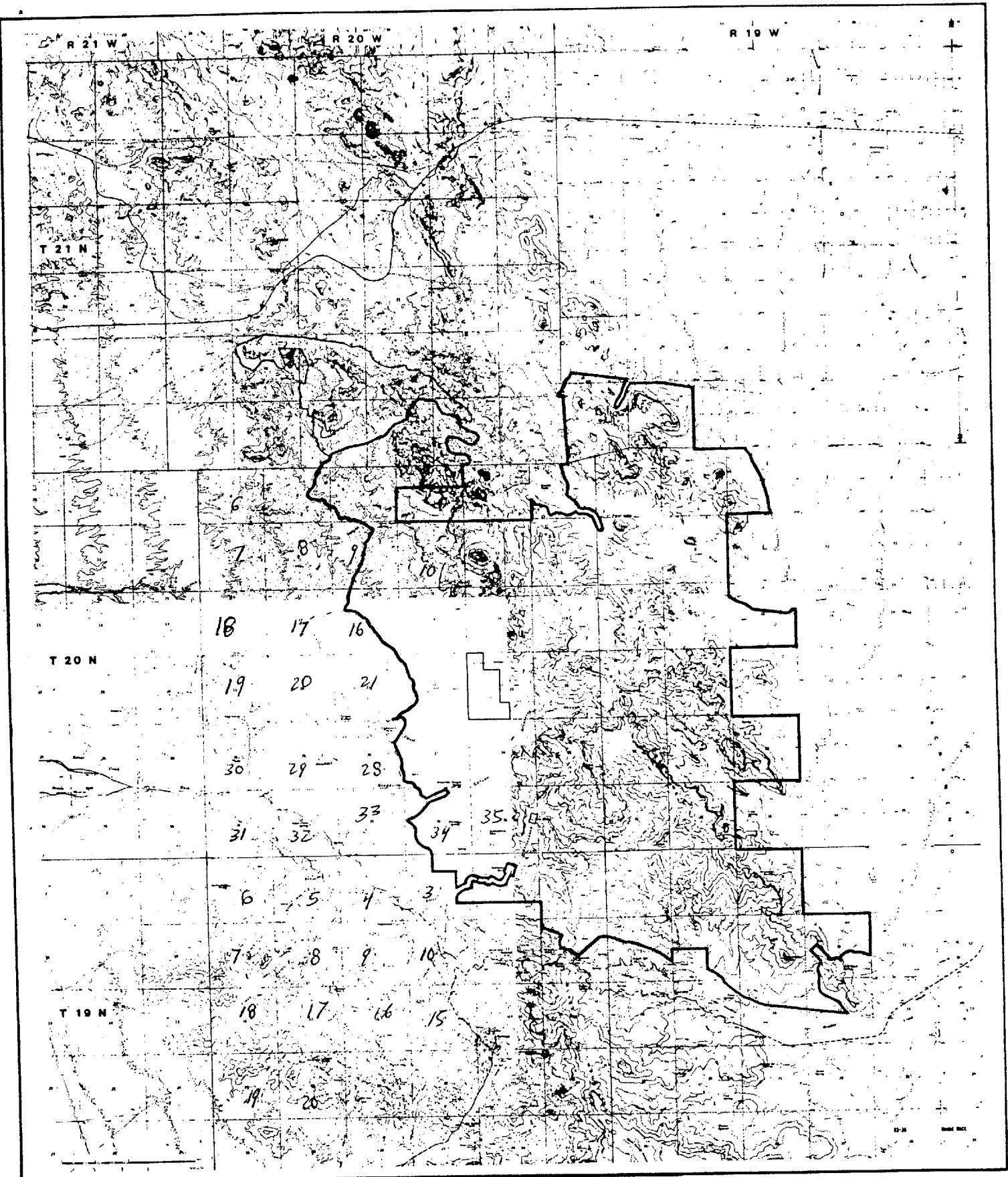
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A "cloud map" overlay based the BLM Geographic Index could be prepared for this map to be used in the interim pending an eventual trip to Arizona.

A handwritten signature in black ink, appearing to read "John B. Wolcott". The signature is written in a cursive style with a horizontal line extending from the end.

John B. Wolcott  
Landman

Copy: Mike Winston



R 20 W WILDERNESS AREA MAP

02-024 MOUNT NUTT

U.S. DEPARTMENT OF INTERIOR  
BUREAU OF LAND MANAGEMENT  
FEBRUARY 1990



LEGEND:

- WILDERNESS STUDY AREA BOUNDARY
- - - WILDERNESS AREA BOUNDARY



SCALE: ONE MILE

COMPILED BY THE BUREAU OF LAND MANAGEMENT, ARIZONA STATE OFFICE, PHOENIX, ARIZONA

RECEIVED NOV 30 1991

RIVIERA EXPLORATIONS LTD.  
Suite 110, 12761 - 16th Avenue  
White Rock, B.C., V4A 1N2

Tel (604)538-6601 Fax (604)538-5223

September 11, 1990

Mr. Donald L. C. Newsom  
P.O. Box 1844  
Ferndale, Washington  
U.S.A. 98248

Dear Sir:

Re: Prospecting Permit No. 08-98357  
S1/2 Section 32, T20N, R20W


With reference to our previous discussions pertaining to the above, this confirms our offer to acquire from you by way of assignment the above captioned prospecting permit for a total consideration of 100,000 free-trading common shares of Riviera Explorations Ltd.

It is agreed that the assignment shall be made to the wholly-owned US subsidiary of Riviera Explorations Ltd.

Please confirm your acceptance of this offer by signing the enclosed copy of this letter and returning same at your earliest convenience.


Thank you.

Yours truly,

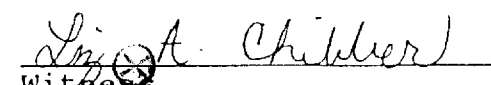
  
Tatjana K. Pessl  
Secretary & Director  
Riviera Explorations Ltd.

encl.

I, Donald L. C. Newsom, hereby acknowledge, confirm, agree to and accept the offer of Riviera Explorations Ltd. as outlined above.

  
Donald L. C. Newsom

  
Date

  
Witness

  
Date