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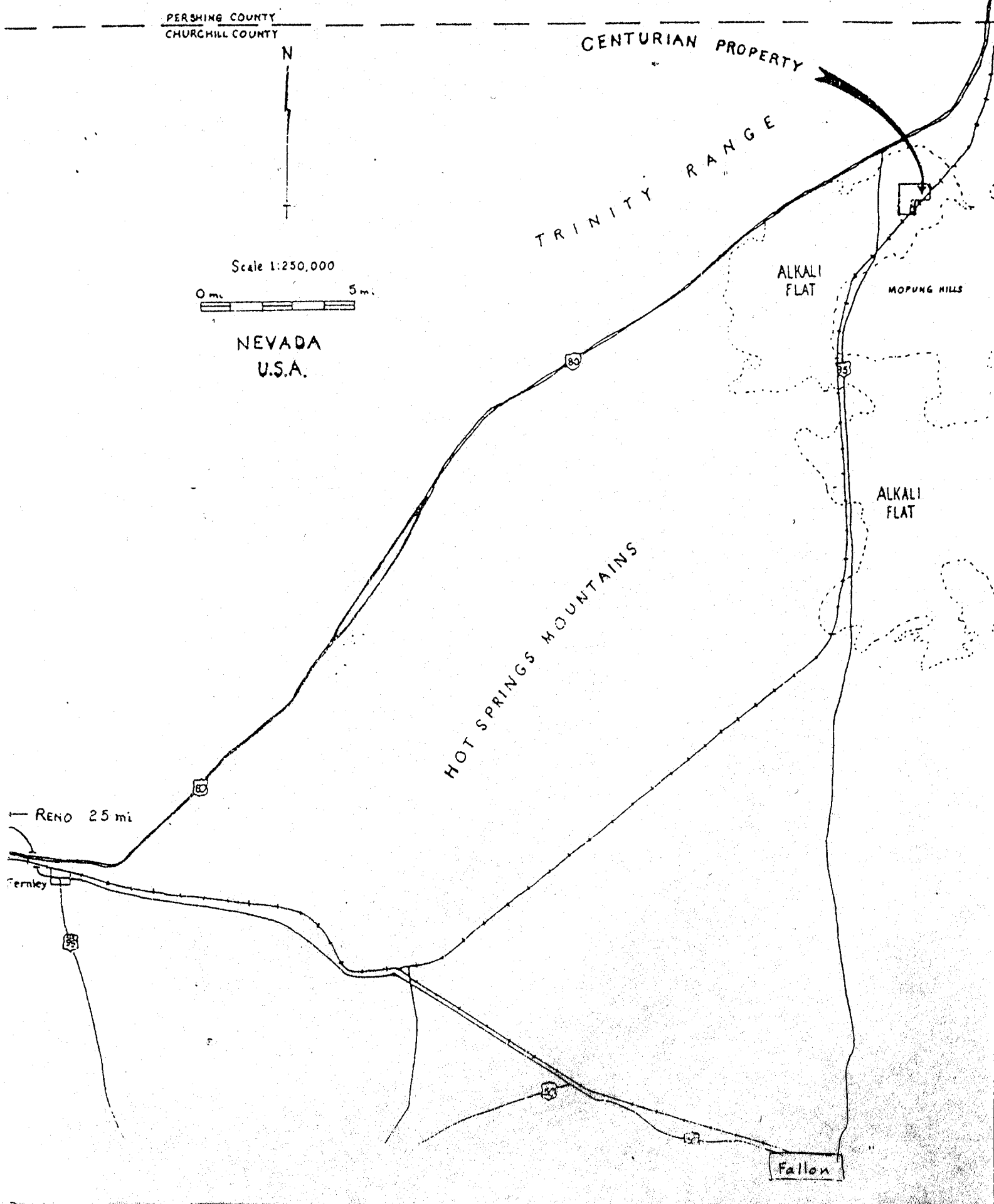
(11)

Item 5

LOCATION MAP



Option Requirements
Section 28

Township 24 N Range 29 E
Churchill County

Purchase Price
- $2,200,000 for 3/4 of Section 28

Down Payment
- $100,000

Term
- 1 year to pay balance

Conditions:

The $100,000 both holds the ¾ section and allows one to view and share the technology of the pilot plant, (the pilot plant will handle 1 Ton of material per day and is expected to come on stream late in 1983) Until the pilot plant can process your ore and show it to contain values in excess of 1/4 oz/ton in gold values no further payments are required to maintain the option.

INFERRED RESERVES

Over 40,000,000 Tons grading in excess of 1/4 oz/ton in gold values, assuming a minable depth of 80 feet.

CALL MELVIN DEBRISKE 682-0781

SUNLITE PROPERTIES

type The Sunlite Properties are an unusaal deposit of minerals. The immediate area is classed as a sink. The operation of minning and milling could bother no one as the location is at the bottom of the ecologey ladder.

LOCATION

The property is located just off an oil highway and three miles from a freeway. Thirty miles from Fallon, Nevada and sixty miles from Reno. The terrain where the values are is flat with the rise of foothills for the location of a recovery plant. A good gravel road goes through the property.

Severces

A good location for the plant is on the property. Water is available. electricity is near.

WEATHER

Weather conditions are of Desert type, ranging from mild to hot. Rainfall is 6 to 8 inches per year. Operation is year around.

METALURGY

The values in these ores are masked by mineral salts and sulphates. This masking creates a problem with standard fire assaying. Sometimes showing no values, but a controlled and corrected assay will show some of the value. Using laboratory bench proceedures to simulate mill operation recovers from .20 oz. Gold and 10 oz silverto 4.0 oz Gold and 10 oz silver with the expected recoveries to be not less than .40 ox Gold and 3.0 oz Silver from a mill operation.
A mill can now be constructed to recover these values. Some additional research would be desirable for higher recoveries and reduced cost per ton of capacity of a benificiation plant.

Reserves

The ore reserves will supply a 1,000 ton per day or more mill in excess of twenty years from either section.
The value per ton togther with the available tonnage make this a very viable project.

Labor

A superintendent for the construction of a mill is available. Labor for construction is adiquate. The workers can live in Lovelock, 26 miles or Fallon 30 miles.

Availability

Two sections, 640 acres) are availabilite now, additional property could be made available if desired.

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history

The Sunlight Mine is located in the Carson Sink area approximately 30 miles North of Fallon, Nevada. The Carson Sink was part of Pleistocene Lake Lahontan and this particular area was inundated until recent historic times. In fact, the water table here is only 15-16 feet beneath the surface and just 5-10 feet beneath the surface you have your typical lake bottom mud.

Surrounding the Carson Sink area to the North and West are the Trinity Mountains, which were formerly a very active gold and silver mining area.

It wasn't until recent times that anyone suspected gold and silver values in the mud of this former lakebed. There was some activity in this area during the late 1930's, but the low price of gold and what then would have been the difficulty of extraction did not make this area attractive for exploration.

There are two other very important reasons why nobody has paid much attention tothis type of deposit. The first is that since 1935, when it became illegal for Americans to own gold, the entire gold mining industry has been in a semi-coma. The interest, the people, the know-how and the capital to develop this type of project have been non-existent. The second reason is that several generations of American Geologists were trained to believe that this type of deposit could not exist because gold, being a noble metal, would not go into solution (they assumed) to be then precipitated and redeposited elsewhere as a 'secondary enrichment'. This opinion was dogma for many years.

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reports

Jack Jutzy is a highly regarded consulting Geological Engineer with over 40 years experience in various aspects of gold and silver mining. At present Mr. Jutzy is semi-retired but is an active public speaker and lectures to various professional societies and frequently testifies at various state and federal governmental hearings. Mr. Jutzy's geological evaluations follow.

William Copley has had over 30 years experience as an assayer, mine operator and mining consultant. At the moment he is in the process of winding down his assay lab and is commencing operations in what appears to be a highly successful placer mine at Ely, Nevada. Mr. Copley's assay results are included herewith.

Note- We would like to point out at this time that the assays show smaller gold concentrations than do 1 - 4 pound bulk samples. We do not know the reason for this but other operators have had the same experience. When working with larger samples we pull anywhere from .5 - 2.2 ounces of gold per ton.

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potential

The numbers are so big when one begins computing potential values that there is a natural tendency to reduce even the most conservative estimates for fear of eliciting immediate disbelief.

There have been approximately 70 holes drilled in all. They have shown that this property has approximately 340 acres that contain values. The depth of the deposit varies from 80' -- 140' with the value bearing strata beginning at a depth of approximately 10 feet. This would give us an approximate tonnage of 45,000,000 tons (by the most conservative computation).

Using the tonnage computed above, and a price of gold at $160:
If the values are-

.5 oz Au/ton then the gross value = $3,600,000,000

.75 oz Au/ton then the gross values = $5,400,000,000

If one were to examine this in terms of operating profit assume an extraction cost of $10/ton.
If one processes:

500 tons a day @ .503 Au/ton then the net profit would be $35,000/day or $10,500,000/year.

At 1,000 tons per day the net profit per year would be 21 million dollars.

We do have a viable extraction process. Approximately 50 tests have been run on samples ranging from 2 to 10 pounds each. The tests have pulled values ranging from .4 ounces gold Au/ton to as high as 2.3 ounces gold Au/ton, and as high as 18 ounces of silver oer ton or ore

We have had our method verified and examined by two independent experts (see attached reports) and they have duplicated our results perfectly. The exact process is of course confidential and will be guarded closely.

However, what works in the laboratory does not always work on the mill size operation. A pilot plant test handling 500 - 2000 pounds of ore a day for a period of at least 30 days is definitely in order. This will give us a definitive answer as to the viability of our method and also give us a chance to experiment and perhaps improve it. Our process is not extremely complicated and we feel that we have a good chance of success.

We do have one great advantage - the ore is a finely divided alluvial material so that it requires no crushing or grinding whatever before treatment. This reduces processing cost greatly and also initial capitalization - no need to build or buy expensive crushers and grinders.

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extraction process

The key, obviously, is an economical method of extracting the gold and silver from the ore or host mud. The values are fairly evenly distributed horizontally and increase with depth. The deeper you go the more gold there is and no matter where you drill a hole you'll find values.

The gold and silver were apparently washed down from the surrounding mountains since tertiary times. Gold is not ordinarily soluable in water, but in the form of Chlorides and bromides it is soluable to the extent of several hundred ounces per ton of water. Lake Lahontan was a salt lake. The density of gold compounds is quite high, therefore one would expect to find greater concentrations or values the deeper you go, and this is exactly the case.

The ambient solution present in the host mud is chemically quite complex since it contains everything washed down from an area of intense mineralization over millions of years, and this solution might accurately be called a witches brew, at least from a metallurgical point of view. The host mud contains nickel and cobalt, which effectively mask the presence of gold in your standard fire assay. (This is another factor in the delay in developing this property - it takes a trained chemist to pull the values from this ore, and few assayers have either the training or equipment necessary.)

However, Europeans and South American Geologists, not hampered by this training, went about their business happily making money in their state of ignorance. Work recently published by the United States Geological Survey (Bulletin #1330 The Geochemistry of Gold in the Weathering Cycle) has cleared away a lot of these beliefs, so that we too can now make money and still be respectable.

We have gone into the nuances of academic geology in such detail because without some understanding in this area our project doesn't make sense. It is hard to conceive that a project of such amazing potential could be overlooked in a time of rapidly rising gold prices. However, we are not alone. At least one sizable company that we know of has worked out an extraction process and is getting involved in this area.

TABLE 1-2

Results of Cyanidation Assays by J. Peterson, Fallon, Nevada

Test No.	Type	Result, oz/ton of Au
4-12-40-(2)	Cyanide	0.145
4-12-40-(3)	Cyanide/Charcoal	0.251
4-12-40-(4)	Cyanide/NaBr	0.227
4-12-40-(5)	Cyanide/Dow	0.235
4-12-40-(6)	Cyanide/Calgonite	0.287
4-12-40	Hg Amalgamation	1.17
4-15 Mill Feed	Hg Amalgamation	0.312
	Avg.	0.375

SCHEDULE A

COMPARITIVE TEST RESULTS

(values expressed in ounces per ton)

PROCEDURE UTILIZED	MILL FEED	SEC 8-1	SEC 8-2	OTHER	AVERAGE
Lower & Andersen (Simple cyanide)	.375 Au	.315 Au	-----	----	.375 Au
W.Copley (Controlled Assay)	this work based on previous sampling			1.13Au 5.72Ag	1.13 Au 5.72 Ag
Rogers Research (X-Ray Fluoresence)	1.41 Au 4.64Ag	.81Au 4.23Ag	2.02 Au 5.06Ag	.054 Plat.	1.46 Au 4.64Ag
J. Henderson * (aqua regia extr.)	2.12Au 4.35Ag	2.62Au 6.50Ag	2.1Au 7.20Ag	4.35Au 7.35Ag	2.45Au 5.35Ag
R.Beyer (reduct. roast)	4.43Au 4.17Ag	6.15Au 11.32Ag	8.11Au 9.81Ag	3.95Au 7.24Ag	4.92Au 5.33Ag
M.White (enhanced cyanide)	1.45 Au 3.81Ag	2.25Au 4.51Ag	2.15Au 3.90Ag	-- ---	1.70Au 4.07Ag
ACS report ** (Argon Plasma)	this work based on sample taken from Sec 8 -15'depth			0.43Au 3.65Ag	0.43Au 3.65Ag
				OVERALL AVERAGE	1.78Au 4.79Ag

*On one sample J.Henderson actually extracted 11.55 oz/ton of gold and 55.76 oz/ton of silver. The methods he used are not commercially practical and are therefore not included in this report, but it does indicate what could be hiding in this ore.

**The sample worked on by ACS was from a shallow strata which other work indicates an unusually low value.