

AMERICAN MINERAL CONSULTANTS
166 Smithridge
Reno, Nevada 89502
(702) 825-2712

Preliminary Property Review
of the
Emerson Property
Washoe County
Nevada

for
Mr. William Fuchs
Whitney & Whitney, Inc.
Reno, Nevada

by
Austin A. Dunn, Jr.
American Mineral Consultants

January 2, 1988

CONFIDENTIAL REPORT

Introduction:

This Preliminary Property Review is for the area surrounding the patented mining claims of Mr. Mark Emerson and more specifically sections 14 through 17 and 20 through 23 of T. 23 N., R. 21 E. located in Washoe County, Nevada. The property is adjacent to State Highway 445 approximately 25 miles from the cities of Reno and Sparks and approximately 3 miles West of the Pyramid Lake Indian Reservation, access is ideal.

The property owned by Mr. Emerson is the majority of the land in the area, however there are also patented, fee lands to the West of the Emerson target area. These properties are on the opposite side of the mountain ridge and protected from any possible disturbance from any exploration or mine development project it appears. Information regarding the current ownership of these properties will be found in Section I.

Section II deals with the ownership of the patented mining claims in the area. Mr. Emerson is the owner of the majority of the claims with the exception of a small group of claims comprising approximately 61 acres owned by a Mr. Roger Gash of Reno, Nevada. In fact this small area is the only property inside the project target area that is not owned or controlled by Mr. Emerson at this time.

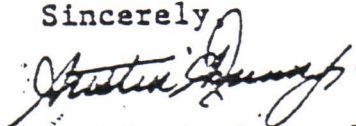
Section III covers the unpatented mining claim situation in the area, however, both are on the borders of the project area and do not pose a threat at this time.

Section IV will cover recommendations and suggestions for the property from a land standpoint. This will include any requirements for title and suggestions for property acquisitions in the future.

Please bear in mind that this is a preliminary property review only, and is not a title report or a title opinion for any property reviewed in the report. It should not be used in the acquisition phase with regard to legal ownership.

Should you have any questions or comments or if I can be of any further assistance, please call on me.

Sincerely,



Austin A. Dunn, Jr.
American Mineral Consultants, Inc.

PROPERTY SECTIONS SUMMARY

Section 14 - This section is under the jurisdiction of the Bureau of Land Management and is presently controlled, in the most part by the location of the Bluebird unpatented mining claims. A portion of the southern and southeastern boundary of the section is open for mineral location.

Section 15 - The NE $\frac{1}{4}$ SW $\frac{1}{4}$ (40 acres) is owned in fee simple title by the Amdec Corporation. Amdec acquired title via a Corporation Grant Deed from North American Rockwell Corp. on July 2, 1971. This property was first patented in September 1884 under a patent issued by the State of Nevada. The State acquired the land from the United States under the State Select property at the time of statehood. The mineral estate has not been reserved by either the United States or the State of Nevada. I could not find any deed of record which reserved the mineral interest to a third party.

Amdec Corp. also owns patented mining claims situated in the southwest quarter and a smaller portion in the southeast quarter. The remainder of the section is under the jurisdiction of the Bureau of Land Management and is located by the Bluebird unpatented lode claims except for a portion of the southwest quarter adjacent to the Amdec patented claims which is located by claims owned by Mark Emerson. Also, a portion of the southeast quarter is open for mineral location.

An area containing 7.49 acres, known as the Juniper Lode, is owned by Roger Gash. This area is in the extreme south half and is situated next to the patented claims owned by Amdec Corp.

Section 16 - A small area in both the southwest and southeast boundaries is controlled by the patented claims owned by Amdec Corp. The rest of the section is under BLM jurisdiction. The majority of the open ground is controlled by the location of unpatented mining claims owned by Mark Emerson, except for a small area extending along the east boundary of the section line which is controlled by the Bluebird claims.

- Section 17 - State Highway 445 runs through the section from southwest to northeast and has a 200 foot Right-of-way. The state also has a Material Site located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$ (80 acres) along the north side of the road. In the SE $\frac{1}{4}$ is a private parcel of land comprising 75.83 acres. The majority of the SE $\frac{1}{4}$ is covered by patented mining claims owned by Mr. Emerson and a small group owned by Mr. Gash. Portions of the north half and the southeast quarter are open for location.
- Section 20 - The entire west half is privately owned and divided into five parcels. Also, the west half of the southeast quarter is also privately held. A portion of the NE $\frac{1}{4}$ is covered by the patented claims of Mr. Emerson. The rest is controlled by the BLM and is open for claim location.
- Section 21 - The NE $\frac{1}{4}$ SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ S $\frac{1}{4}$ are privately owned. Patented claims of Mr. Emerson extend from the NW corner southeasterly to the northeast corner of the southwest quarter. The rest of the section is open for claim location with the exception of a small group of claims in the south half.
- Section 22 - An 80 acre parcel is located in the S $\frac{1}{2}$ SW $\frac{1}{4}$. Several patented claims are in the north half and a portion of the southeast quarter. The remainder of the section is open for location.
- Section 23 - The central portion of the section is covered by patented claims owned by Mr. Emerson. These claims also extend into the NW $\frac{1}{4}$ and the SW $\frac{1}{4}$. The remainder of the section is open for mineral entry.

SECTION I

The only areas which have privately owned fee land are sections 15, 17, 20 and 21. The following is a list of the current owners according to the Washoe County Assessors office. The list is by parcel number and section starting with 15.

Section 15

Parcel No.	Current Owner	Acreage
077-380-09	Amdec Corp. C/O Mark Emerson 131 West 69th Street New York, NY 10023	40.00

Section 17

077-370-15	Samuel D & Phyllis K. Elder 7204 Clysdale Highland, CA 92346	75.83
------------	--	-------

Section 20

077-370-08 077-370-09	Arthur & Stephanie Molina, etal 1626 North Avalon Blvd. Wilmington, CA 90744	78.90
077-370-10	C&M Music Center 1845 Prater Way Sparks, NV 89431	67.27
077-370-11	Leland C. Loquist C/O D. Goda 2530 Leeds Ct. Livermore, CA 94550	72.28
077-370-12	John L. & Lina Schostag 5600 GGrass Valley Rd Reno, NV 89510	61.75
077-370-13	Areas West Inc. 100 North Arlington Ave #102 Reno, NV 89501	30.84

Section 20 (con't)

Parcel No.	Current Owner	Acreage
077-370-14	Monika A. Byington 8670 Dixon Drive Reno, NV 89511	47.29

Sections 21 and 28

076-430-01	Monte Cristo Ranch	792.78
076-430-02	Unit No. 1	141.64
076-430-03		111.14
076-430-04		111.82
076-430-05		112.48

SECTION II

There are several patented mining claims in the area and the majority belong to the Amdec Corp. and Mr. Mark Emerson. A small group consisting of four claims or fractional parts, plus one millsite, totaling 60.98 acres belongs to Mr. Roger Gash of Reno, Nevada.

Mr. Gash disputes the total acreage of his property based on the mineral survey completed prior to the patent being issued by the United States. However, Mr. Gash is in error based on the evidence of the field notes from the surveyor that laid out the survey and also by a BLM employee that works in the Survey Department and is the person responsible for the mineral surveys, Mr. Larry Stewart

Mr. Gash claims that his claim, the Juno, is senior to the Ruth, owned by Mr. Emerson based on the original date of location prior to the patent being issued. He is right in regard to the earlier location date for his Juno claim, August 12, 1899, being the senior as far as unpatented claims. The Ruth claim was not located until January 1, 1905. However, both claims, plus the Juno millsite, Lyda and Whittaker claim, were all patented by the Pyramid Consolidated Mines on June 8, 1908 under Patent Number 46993. The following is taken from the Official Notes for Mineral Survey 3018 A and B.

"Total area of Juno lode	20.661 acres
Less area in conflict with	
Ruth lode of this survey	- 3.239 acres
Lyda lode of this survey	- 0.031 acres
	<hr/> = 3.270 acres
Net area Juno Lode	17.391 acres"

Mr. Stewart stated that the date of location for the claims did not determine which claim would be considered senior when two or more claims are patented together under the same patent number or survey. The deciding factor is the field surveyor and his ability to locate the proper tie-in for the starting point of the survey.

Based on the Official Survey Notes, as well as Mr. Stewart's definition of the procedure used in the field, I consider the Ruth claim to be the full 20.66 acres and the Juno claim to be 17.39.

Listed below are the patented claims, the current owner, the patent number and date and the acreage.

1. Ruth claim MS 3018 A&B	Mark Emerson 131 West 69th New York, NY 10023	46993	06-08-1908	20.66
2. Crescent Millsite MS 3019 A&B	Mark Emerson	46992	06-08-1908	5.0
3. Crescent Claim MS 3019 A&B	Mark Emerson	46992	06-08-1908	20.66
4. Golden West MS 3019 A&B	Mark Emerson	46992	06-08-1908	20.66
5. Vista MS 3019 A&B	Mark Emerson	46992	06-18-1908	20.66
6. Pioneer MS 3019 A&B	Mark Emerson	46992	06-18-1908	20.66
7. Scorpion Millsite MS 3175 A&B	Mark Emerson			4.83
8. Scorpion MS 3175 A&B	Mark Emerson			18.83
9. Bell Isle Millsite MS 3176	Mark Emerson			5.0
10. Bell Isle Claim MS 3176	Mark Emerson	105636	01-24-1910	20.65
11. Old Pacific MS 3177	Mark Emerson	105636	01-24-1910	20.66
12. New Eldorado MS 3177	Mark Emerson	105636	01-24-1910	18.47
13. Liberty MS 3177	Mark Emerson	105636	01-24-1910	20.66
14. Last Chance MS 3177	Mark Emerson	105636	01-24-1910	19.72
15. Wichita MS 3177	Mark Emerson	105636	01-24-1910	20.66
16. Golden Rule MS 3177	Mark Emerson	105636	01-24-1910	20.36

16. Golden Rule MS 3177	Mark Emerson	105636	01-24-1910	20.36
17. Griff MS 3177	Mark Emerson	105636	01-24-1910	14.76
18. Old Pacific Millsite MS 3177	Mark Emerson	105636	01-24-1910	4.69
19. New York MS 3177	Mark Emerson	105636	01-24-1910	17.83
20. St. George MS 3177	Mark Emerson	105636	01-24-1910	20.65
21. Brooklyn MS 3177	Mark Emerson	105636	01-24-1910	20.65
22. Good Luck MS 3177	Mark Emerson	105636	01-24-1910	20.42
23. Montenegro MS 3177	Mark Emerson	105636	01-24-1910	20.42
24. Lucky Bob MS 3177	Mark Emerson	105636	01-24-1910	20.09
25. Nevada Millsite MS 3174	Mark Emerson	105635	01-24-1910	4.80
26. Nevada Claim MS 3174	Mark Emerson	105635	01-24-1910	20.08
27. Crown Prince MS 37	Mark Emerson	11778	1887	20.66
28. Crown Prince Millsite MS 37	Mark Emerson	11778	1887	5.0
29. Long Ear Millsite MS 39	Mark Emerson	25641	05-24-1895	5.0
30. Long Ear Lode MS 39	Mark Emerson	25641	05-24-1895	17.40
31. Lena Lode MS 3465	Mark Emerson	90636	11-22-1909	13.14
32. Lena Millsite MS 3465	Mark Emerson	90636	11-22-1909	5.0

Total Acreage for the Emerson patented claims 508.73

SECTION III

Unpatented Mining Claims

There are only two Unpatented claim owners in the area other than Mr. Mark Emerson. Mr. Emerson had some claims located for him by Whitney and Whitney in November 1987. These claims are not addressed in this report.

The two other claim owners consist of the Bluebird group, the Red Cloud and the Morning Star owned by Walter R. Lawscha and H.J. Minerals and the Owl Group, owned by A.C. Wilson.

The Bluebird group is comprised of 34 claims in Sections 14 and 15 and were located in November 1979 and in March 1981. The Red Cloud and Morning Star are also located in Section 15. The BLM microfiche indicated that the 1986 Assessment Affidavits were filed, however, the BLM is about 10 weeks behind on the 1987 filing. I will check with the BLM periodically in the next few weeks to see if the 1987 filings have been made on the claims.

The Owl group is located in Section 21, just north of the fee land in the south half. It consists of the Owl and the Owl 1 through 4. The Owl was located in June 1957; Owl #1 located June 1962; Owl #2 located June 1966; Owl #3 located August 1973; and Owl #4 located April 1966. Like the Bluebird claims, these also appear valid on the BLM microfiche and a future check will be required to determine if the 1987 Proof of Labor has been filed. This small group of claims are the oldest in the area and prior to acquisition, I strongly suggest a complete background review from location date to the present.

The following unpatented claims can be considered valid at this time.

Bluebird #1-3,8-12,14,16-20,33-35,
37-46,59-62,70,71,84

located by: Walter L. Lawscha
Box 1737
Oakland, CA 94601

Red cloud and Morning Star

located by: Walter L. Lawscha

Owl, Owl #1-4

located by: A.C. Wilson
address unknown

SECTION IV

Recommendations:

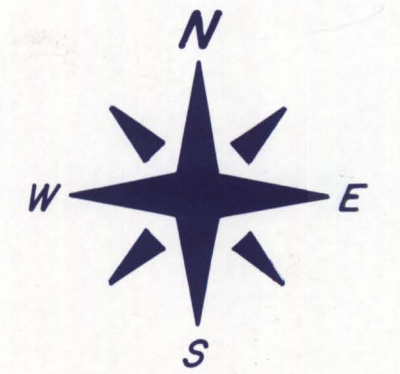
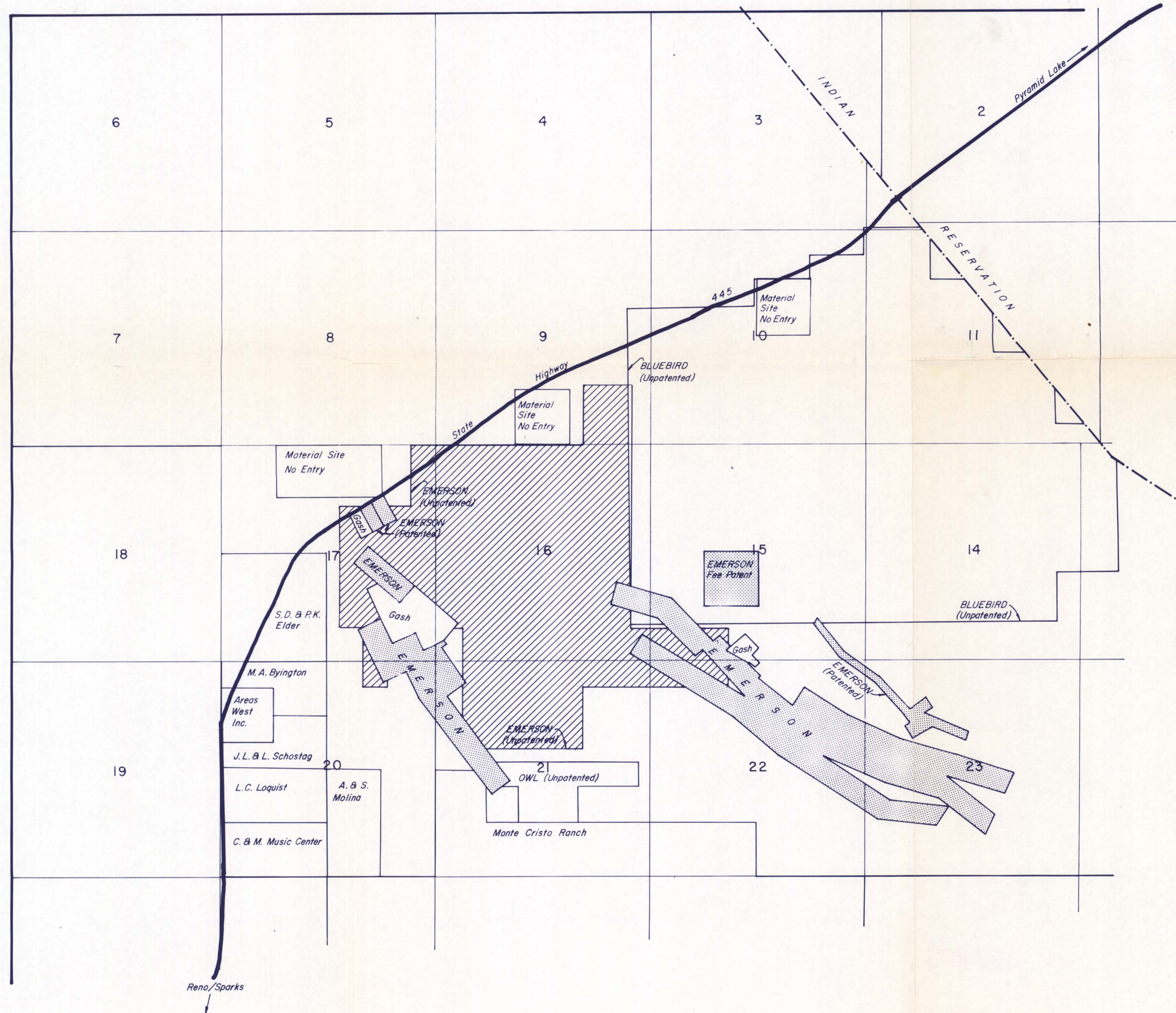
From a land viewpoint, Mr. Emerson appears to have a very nice mining property. There are no apparent title problems on the property he controls based on the deeds he received from North American Rockwell Corp. Again, keep in mind that this is a preliminary point of view.

As I said earlier I feel this is an excellent prospect with regard to the land situation. With the ridge to the immediate west of the project, you should have a natural shield protecting the adjacent fee lands to the west from your mining operations. With the highway next to the property and the close proximity to both Reno and Sparks to the southwest and the Indian Reservation to the northeast you could not ask for a better location. It is hard to understand that you could have a operating mine within a twenty-five minute drive from Reno, it's like having it in your backyard.

I have heard some people say it would be impossible to get a mine into production in Washoe County. I don't see it that way. You are far enough away from any populated area not to cause harm. As far as the permits required to conduct mining, that may be a little difficult, but certainly not impossible. The main thing to concentrate on is putting together a nice, tidy project package that would be attractive to a major mining company. They will have the resources to handle the permits.

I wish you and Mr. Emerson the best of luck on your project and may it be the start of a very profitable year for you both.

T. 23 N. - R. 21 E.



EMERSON PATENTED LAND
(Mining Claims & Fee)

EMERSON UNPATENTED
MINING CLAIMS

2000' 0' 2000'

PYRAMID PROJECT

EMERSON MINERAL PROPERTY

WASHOE COUNTY NEVADA

JAN. 19, 1988 SCALE: 1" = 2000'

DATA and American Mineral Consultants
DRAFTING By Austin A. Dunn Jr.

3720 0058