

PRELIMINARY REPORT ON RICO PROPERTIES

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In view of the urgency of the submittal on the Expectation Mining Company's holdings, it is thought a brief preliminary letter report is in order. First, the property as it now stands cannot be operated as a profitable mine because of the small size of the underground opening and the seeming lack of proven ore. This last questioning statement will be clarified after receipt of assay results next week. There is pyrite, lead, and zinc mineralization present, but especially in the case of gold, it is impossible to visually estimate the gold content of an ore.

The so-called "placer" on the surface is not a placer (a placer is a stream concentration of heavy minerals in alluvium) but is simply slump material on the hillside. If the sample taken on this hillside shows any gold, it could be indicative of a potentially very interesting gold deposit.

Certain data indicating problems concerning the title of this property were found and it seems to us that you may wish to start investigating some of these items while waiting for our final report. For want of better information, it was assumed the claims shown on the map in the Jahnke report are the claims included in the Expectation holdings. The Bangroft, St. Louis, and Ironclad are all patented claims with all taxes currently paid. The ownership, as listed in the county courthouse is as follows:

OWNER	RELATIONSHIP	FRACTIONAL INTEREST
Myron Jones	brother	5/16
Laura Sue Hannigan	sister	1/32
Freda Davis	sister	1/8
Paul Jones	brother	5/16
Hancock & Sitten	?	1/4
	Total	33/32

You will note that this division of interest, apparently after probating the estate of the father, Louis Jones, has resulted in an ownership greater than the whole. This problem should be resolved and all attendant legal documents should be examined by your firm.

The Rico Boy claim was apparently located quite early and a patent applied for under the 6515 patent survey number. For some reason the patent did not issue. On December 15, 1947 Mr. Ernest M. Lill located a Rico Boy claim, apparently the same location with the same name. Since 1949 the proof-of-labor forms have been filed on this claim by Mr. Myron Jones, except for 1962 when the form was filed by Mr. Max Sitten. The 1963 form was filled out by Mr. Myron Jones. In the rapid examination of the records, there was no indication of a recorded conveyance of ownership from Mr. Lill to Mr. Jones. There could be an outstanding interest on this property.

The Rainbow claim was located on July 22, 1949 by Mr. Louis M. Jones, Mr. Myron L. Jones, and Mr. Ernest Lill. There is no stated subdivision of interest. Since this date, all Proof-of-Labor forms have been filed to 1963 by Mr. Myron Jones except for 1962 when the form was filed by Mr. Max Sitten. Mr. Louis M. Jones is now dead. No indication of the disposition of his ownership in this claim was found. If it was the same as for the patented claims, it is possible his ownership is now 33/32 of the original unit.

PRELIMINARY REPORT OF THE RICO PROPERTIES (continued)

The Red Dog claim was located on July 22, 1949 by Mr. Louis M. Jones, Mr. Paul R. Jones, and Mr. Ernest Lill. Again there is no indication of subdivision of original interest, and again the estate of Mr. Louis Jones is involved. All necessary Proof-of-Labor forms through 1963 have been filed by Mr. Myron Jones except for 1962 when the form was filed by Mr. Max Sitton.

The Special #1 and #2 claims were located on August 8, 1951 by Mr. Frank J. Koenig. The Proof-of-labor form dated June 16, 1954 was signed by Myron L. Jones for Frank Koenig. From 1955 to 1963 the forms have been filed by Mr. Myron Jones except for 1962 when the form was filed by Mr. Max Sitton. On rapid record examination, there was no indication of transfer of title from Mr. Koenig to Mr. Jones and no indication of possible retained interests.

The location notices for the Girda 1-5 claims were all signed by Mr. Myron L. Jones and Mr. Paul R. Jones. These documents were dated July 11, 1955. All Proof-of-labor forms have been filed since that date by Mr. Myron Jones, again excepting 1962 when the forms were filed by Mr. Max Sitton.

It is suggested that before your group makes any agreements with Expectation Mining Company, the title questions raised here, and any others you may find, should be clarified to your satisfaction.