

KARL H. GRIESBAUM & ASSOCIATES, INC.

A Professional Law Corporation
7724 Girard Avenue, Suite 303
La Jolla, California 92037-4424
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March 23, 1989

Mr. Edward A. Tovrea, Jr.
President

MECA CORPORATION
7734 Herschel Avenue
Suite J
La Jolla, CA 92037

HAND-DELIVERED


Re: Consulting Agreement in re
People's Republic of China

Dear Ed:

For your records, enclosed please find a fully signed and notarized copy of the Consulting Agreement, as signed by all parties.

Best regards,

KARL H. GRIESBAUM & ASSOCIATES, INC.
A Professional Law Corporation

By: 
Karl H. Griesbaum, Trustee

KHG:jcc
Enclosures

CONSULTING AGREEMENT

1. Introduction.

1.1 This Consulting Agreement ("AGREEMENT") between MECA CORPORATION, a Nevada corporation ("COMPANY"), located at 7734 Herschel Avenue, Suite J, La Jolla, CA 92037, and HU'S INVESTMENT, LTD., an Arizona Corporation, at 8114 East Appaloosa Trail, Scottsdale, Arizona 85258 and JAMES C. HARROD, MAINLAND CONSULTANTS, LTD., a sole proprietorship, at 4831 East Capistrano, Phoenix, Arizona 85044; HU'S INVESTMENT, LTD. and MAINLAND CONSULTANTS, LTD. are hereinafter collectively referred to as "CONSULTANTS". This AGREEMENT is being entered into this 15TH day of March, 1989 at La Jolla, California.

1.2 The purpose of this AGREEMENT is to set forth the conditions and terms by which CONSULTANTS agree to provide to COMPANY the consulting services as set out in Section 2 below.

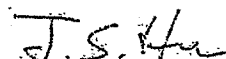
2. Services of Consultants.

2.1 CONSULTANTS agree that they shall make their services available to COMPANY to advise and consult with COMPANY in at least the following areas:

A. CONSULTANTS shall serve as COMPANY's exclusive agent and representative to make appropriate contacts with governmental officials, governmental agencies and departments thereof within the People's Republic of China ("CHINA") for purposes of determining what minerals may be available for foreign exploration and exploitation; and


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B. CONSULTANTS shall furnish as needed or requested summary reports of all such contacts made in furtherance of the objective set forth in subparagraph A of this paragraph and submit the same to MECA; and

C. CONSULTANTS shall determine the existence of all statutes, ordinances, regulations, or other writings as pertain to or govern the exploration and exploitation of minerals located within and subject to the jurisdiction of CHINA; and

D. CONSULTANTS shall further advise and assist COMPANY in obtaining any required licenses, permits, or other written consents from the cognizant governmental officials, governmental agencies, or governmental departments thereof to permit COMPANY, or its designated engineering agent, to conduct field surveys, field exploratory work, field testing and other similar activities to determine the indicated viability of any mineral claim believed to have potential for commercial exploitation by COMPANY; and

E. CONSULTANTS shall confer with, investigate and otherwise determine the most favorable terms by which COMPANY will be permitted to extract commercially mineable minerals from within CHINA and determine all requirements appurtenant thereto, including tax consequences, export fees, license fees and any and all other costs and fees and expenses attendant therewith of whatsoever type, kind or description as could be or will be charged to COMPANY in connection with such mineral exploitation; and


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F. Appurtenant to all of the foregoing, CONSULTANTS shall provide such english translation services to COMPANY as may be appropriate to facilitating company and its agents in understanding the advice and information given, including the translation of documents and writings of any type, kind or description whatsoever into english.

3. Payment of Consultants Costs of Services and Royalties.

3.1 Costs. COMPANY shall pay to CONSULTANTS on a monthly basis as consideration for CONSULTANTS' services hereunder such amount as required to pay all reasonable expenses incurred by CONSULTANTS in performance of this AGREEMENT, but only to the extent approved by COMPANY, including but not necessarily by way of limitation, transportation, accommodation, per diem daily travel expenses, entertainment expenses, and related out of pocket expenses; CONSULTANTS and COMPANY agree that such payments by COMPANY to CONSULTANTS shall be on a case by case basis and agreed to, in advance. CONSULTANTS shall submit to COMPANY written invoices and other substantiation for all such expenses as so mutually approved within 30 days of expenditure.

3.2 Royalties. At such time as COMPANY commences to commercially exploit any mineral claims within CHINA, which claims are resultant from or otherwise based on the services of CONSULTANTS herein, COMPANY shall pay to CONSULTANTS royalties as follows: 6.3% to HU's INVESTMENT, LTD. and 2.7% to MAINLAND CONSULTANTS, LTD. of COMPANY's gross royalties and any related earnings received by COMPANY by reason of the sale of such minerals. At such time as these royalties are paid to COMPANY,


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COMPANY agrees to forthwith pay the above agreed to percentages thereof to CONSULTANTS on a calendar quarterly basis.

3.3 The computation of royalties to CONSULTANTS shall be before taxes and any other overhead expenses of the COMPANY whatsoever.

3.4 Recoupment. COMPANY shall recoup and recover all expenses previously paid to CONSULTANTS under paragraph 3.1 hereof occurring either prior to or subsequent to the commencement of commercial extraction of any minerals from CHINA from any sums as hereafter actually paid to COMPANY as royalties by offsetting hereunder the approved expenses against the otherwise required percentage royalties payable to CONSULTANTS hereunder. The parties recognize that CONSULTANTS may incur certain approved expenses which are not appropriate to the recoupment provisions hereof such as, by way of example and without limitation, the payment of professional fees or the payment of certain government fees and the like; agreement as to which expenses may be excluded from the recoupment provisions hereof shall be mutually agreed to and established on a case by case basis.

4. Term of Agreement.

4.1 The within AGREEMENT shall continue for a period of 20 years from that date or for the duration of any resulting mineral exploitation contracts or rights granted by the government of CHINA in favor of COMPANY, whichever date is later.

4.2 Either Party shall have the right to terminate this AGREEMENT upon thirty days written notice; or, upon notification that the other Party has been adjudicated bankrupt or that its


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corporate charter has been revoked or suspended for any reason. The Parties acknowledge that the services provided by CONSULTANTS are by way of a personal services nature and, in the event of the inability of CONSULTANTS for any reason whatsoever to perform the services required of CONSULTANTS hereunder, COMPANY shall have the right to forthwith terminate this Contract on ten days written notice. However, on such date of termination, to the extent COMPANY has perfected any rights to the exploitation of minerals within CHINA or otherwise so perfected such rights within five years from the date of termination of this AGREEMENT based on contacts or assistance previously furnished by CONSULTANTS hereunder, CONSULTANTS' right to receive its royalty share above defined shall be deemed vested, which right shall survive all other terms and conditions of this AGREEMENT.

5. Covenant For Exclusive Representation by Consultants and Covenant for Right of First Refusal.

5.1 During the term of this AGREEMENT, CONSULTANTS covenant, promise, warrant and agree with COMPANY that they will not render or provide similar or like services to any other entity or third person in re the same subject matter of this contract as it relates to CHINA.

5.2 If this Contract is terminated for any reason hereunder, the parties agree that a right of first refusal in favor of COMPANY shall be deemed to survive such termination for a period of one year; the opportunity for such right of first refusal shall be documented in writing, and if not accepted by COMPANY within 30 days of receipt, shall be deemed rejected and


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CONSULTANTS shall thereafter be free to deal with any other third parties or entities with respect to the exploitation of same; if COMPANY exercises its right of first refusal in any event, then all the other terms and conditions hereof shall be deemed fully applicable thereto in all respects, including the payment of costs and royalties.

5.3 In the course of this AGREEMENT, either Party may have access to certain confidential information and trade secrets relating to the other Party's business. Except as required in the course of this AGREEMENT, neither Party shall, without the prior written consent of the other Party, either during the period of this AGREEMENT or for a period of five years thereafter, directly or indirectly disclose to any third person any such confidential information or trade secrets.

6. Negotiations.

6.1 All negotiations with the government of CHINA or any official of such government, or any governmental departments thereof, shall be exclusively conducted in behalf of COMPANY by CONSULTANTS; COMPANY shall not directly participate in such negotiations unless expressly requested by CONSULTANTS in writing.

6.2 All negotiations on all other matters related to this AGREEMENT, including any contracts with international engineering firms, investment bankers, or any other third parties whatsoever other than the parties identified in paragraph 6.1 above, shall be exclusively between COMPANY and the said third parties unless otherwise requested in writing by COMPANY to CONSULTANTS.


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7. Assignments.

7.1 No duties, interests, obligations, or rights of CONSULTANTS to this AGREEMENT may be assigned or transferred without the prior written consent of COMPANY, except CONSULTANTS may assign any of its duties, interests, obligations, or rights to any affiliate or successor corporation of which CONSULTANTS owns at least fifty-one percent (51%).

8. Headings.

8.1 The headings to the sections of this AGREEMENT have been inserted for convenience or reference only and shall not be deemed a part or affect the construction or interpretation of any provision of this AGREEMENT.

9. Severability.


9.1 In the event that any provision of this AGREEMENT is deemed to be prohibited, unenforceable, or invalid for any reason, the validity of the remaining provisions of the AGREEMENT shall not be affected thereby and shall remain effective to the extent permitted by applicable law. The Parties hereto specifically hereby waive any provision of law that renders any provision of this AGREEMENT prohibited or unenforceable in any respect.

10. Recovery of Expenses.

10.1 In the event a dispute arises with respect to this AGREEMENT, the Party prevailing in such a dispute shall be entitled to recover all expenses including, without limitation, reasonable attorneys' fees and expenses incurred in ascertaining such Party's right in preparing to enforce, or in enforcing, such


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Party's rights under this AGREEMENT, whether or not it was necessary for such Party to institute suit.

11. Entire Agreement.

11.1 This AGREEMENT sets forth the entire understanding between the parties and cannot be changed, modified, or cancelled except by an instrument in writing duly executed by all parties to this AGREEMENT.

12. Counterparts.

12.1 This AGREEMENT may be executed in several counterparts, and each counterpart shall constitute a duplicate original of the same instrument.

13. No Waiver of Rights.

13.1 No waiver of any provision of this AGREEMENT or of any default hereunder shall affect the waiving Party's rights thereafter to enforce such provision or to exercise any right or remedy in the event of any other default, whether or not similar.

14. Notices.

14.1 Any notice required or permitted to be given to either Party pursuant to this AGREEMENT shall be sufficiently given if sent by certified mail, return receipt requested, to the address set out in Section 1.1 of this AGREEMENT or to any address which the Party may from time to time designate by written notice to the other Party.

15. Amendments.

15.1. No amendment or modification of this AGREEMENT shall be valid or binding unless made in writing and signed by all of the signatories to this AGREEMENT.


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16. Governing Law.

16.1 This AGREEMENT shall be construed in accordance with the laws of the State of California, and CONSULTANTS agrees that any and all actions which might be brought to enforce any of the conditions and terms of this AGREEMENT shall be brought in the county and state in which COMPANY maintains its principal office.

16.2 COMPANY shall be responsible for the actions of its employees, agents and subcontractors other than CONSULTANTS herein while in CHINA and agree to hold CONSULTANTS harmless in the event of any problems which may arise from the actions of COMPANY's said employees, agents or subcontractors.

Executed this 14th day of March, 1989 in La Jolla, California.

MECA CORPORATION
A Nevada Corporation

By


Edward A. Tovrea, Jr.
Chief Executive Officer

HU'S INVESTMENT, LTD.
An Arizona Corporation

By


Ji Sheng Hu, President

MAINLAND CONSULTANTS, LTD.
A Sole Proprietorship

By


James C. Harrod


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STATE OF CALIFORNIA)
)SS:
COUNTY OF SAN DIEGO)

On March 14, 1989 before me, the undersigned, a Notary Public in and for the State, personally appeared EDWARD A. TOVREA, JR., personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the duly elected and acting President, and EDWARD A. TOVREA, JR., personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the duly elected and acting Secretary of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Witness my hand and official seal.



Naomi J. Klatt
Notary Public

STATE OF ARIZONA)
)SS:
COUNTY OF Maricopa)

On March 16th, 1989 before me, the undersigned, a Notary Public in and for the State, personally appeared JI SHENG HU, personally known to me or proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument as the duly elected and acting President, and JI SHENG HU, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument as the duly elected and acting Secretary of the Corporation that executed the within instrument and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its board of directors.

Witness my hand and official seal.

My Commission Expires March 9, 1990

James M. Bissler
Notary Public

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[Signature]
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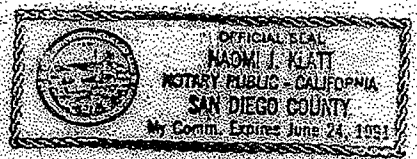
[Signature]
MECA

J. S. Hu
HU

STATE OF CALIFORNIA)
COUNTY OF SAN DIEGO) SS:

On March 15, 1989 before me, the undersigned, a Notary Public in and for the State, personally appeared JAMES C. HARROD, personally known to me or proved to me on the basis of satisfactory evidence to be, the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

Witness my hand and official seal.



Naomi J. Klatt
Notary Public

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LETTER OF INTENT

Oct. 6, 1989

China National Chemical Construction Corporation (hereinafter referred to as Chinese side), Hu's Investment Corporation and M.E.C.A. Corporation (hereinafter referred to as American side) held a discussion on the cooperation of developing the natural sulphur in Tai an Shandong, China, in Mar. 1989. Based on this discussion both sides agree to sign the following Letter of Intent.

1. American side has the intention to cooperate with Chinese side to develop the natural sulphur in Tai an, Shandong, China. Chinese side warmly welcomes this intention.
2. Chinese side hopes American side to send at the earliest convenience its technical specialists to China to hold the technical exchange on natural sulphur in Tai an, Shandong with China National Chemical Construction Corporation and the Bureau of Chemical Mine.

China National Chemical
Construction Corporation

Hu's Investment Corporation

M.E.C.A. Corporation

Minerals Exploration Corporation
of the Americas
M.E.C.A.

August 23, 1989

Shearson Lehman Hutton
Level 38-39 One Pacific Place
88 Queensway, Hong Kong

Attn: Simon M. Chiu

Dear Mr. Chiu:

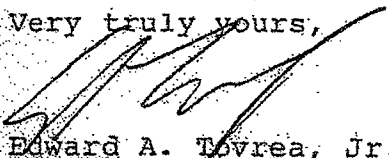
I would like to take this opportunity to thank you again for giving me your valuable time while I was there to see you back in April of this year.

This letter will serve to keep you up to date concerning our intentions to joint venture with the People's Republic of China on a sulfur project. We have been proceeding at a snails pace with Mr. Wang Shi-Tong, Deputy Director at the CNCCC.

Enclosed you will find our correspondence to date with him. At this point we have been informed it is time for ourselves and the PRC to file a registered letter of intent. We are proceeding along these lines. This letter and the enclosures are for your files.

Thank you.

Very truly yours,



Edward A. Tovea, Jr.
President

EAT/kz

Enclosures

ED,

As you can see, we have quite a bit of room to move in this letter of intent. One thing that Jason and I suggest is to create a document that will allow us to obtain further information before we send anybody to China.

In the second paragraph the Chinese refer to a technical exchange, by having more information prior to going to China, our team (Parsons or Hal) would be able to save time by first reviewing the data and forming an opinion thereby saving time and money.

Our intent is to secure as much data up front as possible. One other thing we thought about was including an expert on oil to examine the fields just to cover our tails.

Bill, don't let this letter of intent fool you, it may not look like much but it contains the whole basis for the project in China. This is a put up or shut up situation. By responding to their letter with a modified letter with our proposal of receiving more data prior to an on site visit should work. At this time it might not be in our best interest to mention the oil purification, this is a card we should hold until the time is right.

We have to respond to this letter as soon as possible, so put your ideas down and perhaps confer with Bill for additional input.

Butch

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山东泰安自然硫磺矿基本情况

一、地质概况

山东泰安朱家庄自然硫磺矿，位于泰安市东南15公里，矿床赋存于第三系湖相沉积的薄层状泥灰岩及含泥钙质、白云质、石膏质页状泥灰岩中，由厚度不一的含硫矿层与夹层互层。自然硫磺矿区普查面积13.5平方公里，以朱家庄为中心，东南长11公里，南北宽3公里。矿层埋深111--111米，矿化厚度111米，矿层累计厚度约11米，平均含硫品位1.1%，纯硫地质储量1.1亿吨，是我国目前发现的最大自然硫磺矿床。

按含硫岩系的沉积韵律和矿层富集程度可自下而上划分为三个含矿带。第一矿带分布面积最高，矿层累积厚度最大；第二矿带次之；第三矿带只有少量分布。矿区西南边缘的埠上地段零勘探线以111孔为中心的1.11平方公里范围内（试采区），十字剖面七个地质勘探孔共揭露11层矿，单层厚度1.11--1.11米，品位较高的工矿带第1--11矿层，构造以层状似层状为主，稳定性差，厚薄不一。矿石以晶质硫为主，含有较多的稠油和沥青等烃类物质。矿层含泥质很高，泥质成份为伊利石、蒙脱石和高岭土。

矿区水文地质条件简单，矿带顶板为微承压裂隙含水层、矿带为微承压含水层，平均孔隙度11.7%，东部211孔抽水试验测得渗透系数为1.1113米/日。底板为隔水层。

二、开采试验概况

一九八零年十月开始了试验工作，其主要内容包括：

- (1) 地质研究, 包括地质构造和水文条件的研究; 矿物鉴定与物性测定;
- (2) 室内试验: 地下冷融物试验; 地下排出水的处理与利用的研究以及防腐蚀材料的研究; 成品硫的提纯; 井下流体热力平衡的研究;
- (3) 现场半工业试验, 包括冷注试验和热注试验并进行了开采工艺研究、工程研究和产品加工试验研究。

伊拉克、美国、波兰等国的专家到现场进行考察。一九八四年、一九八五年, 波兰专家两次到现场帮助试采, 一九八四年九月成功地采出粗硫 771.5 吨。由于存在稠油对地层的粘阻等问题和资金不足, 一九八六年试验工作中止。

CAUSTIC SODA-RELATED CONDITIONS

IN

SHAN-DONG TAI-AN CHEMICAL PLANT HEADQUARTERS

No.	Description	Unit	Index
1	Product type and quantity		
	42% liquid caustic (Diaphragm caustic soda)	Ton/Yr	3.00
	Caustic chips (Ionic [2 illegible words])	"	3.00
	[2 illegible words] (31%)	"	3.45
	Liquid [1 illegible word] (99.9%)	"	1.15
	Trichloromethane	"	1.50
	Tetrachloromethane	"	1.50
2	Equipment and facilities		
	Caustic soda	Ton/Yr	6.00
	Where: Metallic diaphragm anodic caustic soda	"	3.00
	Ionic diaphragm caustic soda	"	3.00
	Hydrochloric acid	"	4.10
	Where: Absorbed HCl	"	3.50
	Synthesized HCl	"	0.60
	Liquid [1 illegible word]	"	3.00
	Chlorinated methanes	"	3.00

山东泰安化工总厂烧碱项目有关情况

序号	项 目	单 位	指 标
一、	产品品种与产量		
	42% 液碱 (隔膜碱)	万吨/年	3.0
	片碱 (离子膜碱)	"	3.0
	盐酸 (31%)	"	3.45
	液氯 (99.9%)	"	1.15
	三氯甲烷	"	1.5
	四氯化碳	"	1.5
二、	装置规模		
	烧碱	万吨/年	6.0
	其中: 隔膜金阳膜碱	"	3.0
	离子膜碱	"	3.0
	盐酸	"	4.1
	其中: 吸收盐酸	"	3.5
	合成盐酸	"	0.6
	液氯	"	3.0
	甲烷氯化物	"	3.0

Description	Unit	Index
Investment analysis		
Total investment	10K (Chinese \$)	39445.50
Where: construction capital	"	31700.00
Where: foreign exchange	10K (US\$)	1505.00
Floating capital	10K (Chinese \$)	2204.10
Interest payment during construction	"	5541.40
Where: foreign exchange	10K (US\$)	186.30
Financial analysis		
Annual factory expenses	10K / Year	8816.30
Annual sales	"	18251.90
Total annual profit	"	7418.80
Total annual tax	"	9574.95
Profit-to-investment ratio	%	18.81
Tax on investment earning	"	24.27
Total earning on investment	"	21.78
Investment pay-back period (dynamic, including construction period)	Year	9.27
Loan amortization period (pay by Chinese \$)	"	10.00
Foreign debt amortization	"	10.00

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序号	项 目	单 位	指 标
十、	投资估算		
	总投资	万元(人民币)	39445.5
	其中: 建设投资	"	31700
	其中: 外汇	万美元	1605
	流动资金	万元	2204.1
	建设期利息	"	5541.4
	其中外汇	万美元	186.3
十一、	财务分析指标		
	年工厂成本	万元/年	8816.3
	年销售收入	"	18251.9
	年利润总额	"	7418.8
	年利税总额	"	9574.95
	投资利润率	%	18.81
	投资利税率	"	24.27
	全部投资内部收益率	"	21.78
	投资回收期(动态 包括建设期)	年	9.27
	借款偿还期(人民币)	"	10
	外汇偿还期	"	10

