

Red Cloud Mine Executive Summary

Introduction and Disclaimer:

A person knowledgeable in the mining world would expect to see this summary as a realistic overview in terms of potential profits for processed ores once production starts at the Red Cloud Mine. Any investor will find that the average costs for basic equipment as well as services to put the mine into production to be relative as to the amount of ore that is to be processed per day. There are various scenarios which calculations may be based on the amount of gold taken from the historical reports and Assay's completed over the years with numbers using the average current price of gold today. It is advised to base a scenario on the possible discovery of quartz pockets as well. These values reflect a dilution in the high grade ores that normally occur due to the mining methods used. Since the geology is free milling gold in quartz, the operational costs for processing the ore to get the first block of ore developed and ready for production is relatively inexpensive relative to other mine processing methods with much less need to use chemicals. The shrink stope method does tie up capital until the block has been mined.

Physical Location

- The mine should be a year round operation, operating 250 days a year
- Mine temperature is moderate inside the mine
- Good roads are maintained yearlong all the way to the site
- Ventilation will be established according to mine regulations
- The water table in the vicinity is excellent and water is available year round.
- There will be a water pumping station setup to keep mine clear
- There is a permit for logging in the area so timber is available to shore up mine
- All mining is free gold mining non chemical processing
- Quartz Pockets may be found on the patented mine and surrounding claims
- Mining can run 250 miles underground in any direction to follow all veins
- Many veins exist that can be cross cut down to the 3,600ft level and more

Mining

- Large proven reserves of 510,000 tons of ore at a minimum of .5 opt gold
- Inferred reserves and of possible pocket mines may yield a considerable increase in gold
- All previous mining done before 1932 used old technology and mining methods
- Miners will can be hired and trained locally and paid by salary only.
- **50 tons per day** ore can possibly be processed **within 12 months**
- **150 tons per day** ore can possibly be processed **within 24 months**
- **450 tons per day** ore can possibly be processed **within 48 months**

Tailings: Millable Ore

- **Vast amounts of neglected tailing's** containing .50 opt gold **covers the mine location**
- **High Grade concentrates** from previous mining is **located between 100 - 500ft level**
- **Tailing's** of .50 opt gold have been **used to shore up the stopes** inside the mine
- **Tailing's** were **not processed due to the limitation of milling technology at the time.**

Values of Mine Ore

- All **values** are **based on \$1,800 per ounce, gold** only
- **Average** historical recorded **value** was a minimum of **.50 oz/ton of gold**

- **Some values** from assays are 5oz/ton or more but are **subject to dilution from mining method**. It should be noted that the **success of the mill recovery depends** on a large degree **on constant head values**.
- **1885 to 1895 Mined estimate of 75,000 oz Au @ 18.94/oz**
(Today's value 75,000 oz AU @ todays spot price of \$1,800 = \$ 135,000,000)

- **2/20/1905 C.L. Mast Report**

Mr. Mast writes about a 700ft deep shaft with 500ft drifts and a stamping mill which has been processing about 10 tons of ore every 24 hours paying \$30 a ton. That multiplied by 6 tons a day times 250 days = 76,500 tons of ore processed every year. This would validate that from 1885 to 1895 @ \$20.66 an ounce that around 1.5 ounces of gold was found per ton and 114,750 ounces of gold was reclaimed at a value of over \$2,295,000 a year till 1888 when reclaimed gold equaled 3opt gold. These values for five years from can be verified at the public libraries in the bound volumes of 1885 to 1888.

(Today's value 114,750 oz AU @ todays spot price of \$1,800 = \$ 206,550,000)

- **1906 Stanton Report from files of the Stanislaus Office of US Forest Service**

Red Cloud Mine on same belt as most famous gold mines in California having produced millions of dollars in the 1800's which were closed down due to inadequate facilities for handling of ore concentrates and limitations due to non-existence of power drills so that only High Grades were mined. In the Hopkins map only 1/3rd is stoped out and 42,000 tons of ore is still standing in the mine. According to Mr. McCarthy, a Wells Fargo Agent said the amount of free gold recovered was known at \$800,000 which at \$40pt would equal 20,000 tons of ore. The waste dumps on the property assayed at \$8 per ton would yield \$160,000 or, 7,600 ounces of gold @ .38opt gold which was mostly overlooked like .50opt gold values to focus on Higher Grade free gold. In addition the vein can be realistically followed to the 2,100ft level and below yielding more than 189,000 tons of ore with a minimum .50 oz AU per ton.

(Today's value 7,600 oz AU @ todays spot price of \$1,800 = \$13,680,000)

(Today's value 21,000 oz AU @ todays spot price of \$1,800 = \$37,800,000)

- **10/13/1970 Assay Report For U.S. Forest Service**

The 3 unknown samples assayed which totaled .27opt gold, Trace and 5.85opt gold

- **10/5/1973 J.J. Silva Report**

21,666 tons of ore calculated at inspected vein going down only 100ft valued at over \$389,988 and assayed at \$18opt (with gold at \$100 oz Au) which would rate the ore at 5.55 opt gold.

(Today's value 120,246 oz AU @ today's spot price of \$1,800 = \$216,442,800)

- **12/20/1974 Robert E. Craig & Co. Assay Report**

Assays done on 3 samples taken from the inspected vein of the J.J. Silva Report were sampled and the totals came to 3.21 oz/ton, .658 oz/ton and .29 oz/ton. Analysis done by Robert E. Craig

- **7/8/1975 Metallurgical Laboratories, INC. Assay Report by Mr Ronald V. Terrill taken from the strike and dip of the mining project North of the Mill Site**

3 mineral samples assayed at .09 oz/ton, .10 oz/ton, 6.33 oz/ton and .13 oz/ton of gold

7/17/1975 Assay of mineral sample done yields .64 oz/ton of gold

8/25/1976 Assay of 4 mineral samples yielded the following results of .07 oz/ton gold, .07 oz/ton

gold, 1.62 oz/ton gold and .07 oz/ton of gold

- **Vern Foster Report**

- **6/27/1980 Robert E. Craig & Co. Assay Report**

Assays were done on 2 samples yeilding .307 oz/ton and .198 oz/ton gold

- **7/1980 EM-16 Electromagnetic Survey Report By Mr. J.N. Lindsey**

Strong ore bodies found in EM-16 line 10, 11 and 12 all 75ft to 100ft depth and moderate indications of ore at line 16 at 100ft depth.

- **2/3/1981 DMEX International Geologic Log of Drill Hole down to 150ft Level**

Hole No 1 is from the location of the EM-16 Survey logged by Licari

Hole No 2 is from the location of the EM-16 Survey logged by Licari

- **8/7/1981 U.S. METALS Company Core Hole Analysis done**

Assay of Geologic Drill Hole No 1 Logged by DMEX International shows an average of 1.233 oz/ton gold by fire Assay Chloride Bake (03/ton) down to the 100ft level and an average of .55 oz/ton by x-ray (03/ton) down to the 150ft level.

Assay of Geologic Drill Hole No 2 Logged by DMEX International shows an average of 2.55 oz/ton gold by fire Assay Chloride Bake (03/ton) down to the 160ft level and an average of .65 oz/ton by x-ray (03/ton) down to the 160ft level.

- **12/30/1985 NEVADA PLATINUM CORP. Assay Report by Robert E. Craig**

Assays done on 13 sample materials taken from the new 110ft verticle shaft that were submitted by Aurum Technology Inc. show High Grade gold and the Spectrograph Analysis of Sample 1-cc shows over 16 different elements including but not limited to various rare earth elements like Lithium, Tellurium and Titanium in low grade.

- **12/1987 Yung Sam Kim, PH. D of Nevada Institute of Technology Report**

Page 7, reports 40,000 tons at 2opt total 80,000 ozs Au. 96,000 tons at 1oz/ton Au total 96,000 oz Au. and 400,000 tons at .50 opt total 200,000 ozs Au. for a grand total of 536,000 tons of proven ore. @ the price of \$450 per ounce.

(Today's value 536,000 oz AU @ todays spot price of \$1,800 = \$964,800,000)

Page 8, reports 3,330,000 tons at .50 opt total 1,660,000 ozs Au in place probable ore @ \$450 per ounce

(Today's value 1,660,000 oz AU @ todays spot price of \$1.800 = \$ 2,988,000,000)

- **1/31/1988 Assay Report by Metalurgist Robert D. Back of Aurum Technonogy**

Confirms complete 5.55 opt gold as calculated in **1973 J.J. Silva Report** by use of all products available for the reclamation of gold from ore sample taken from the 100ft shaft. Additional assay shows remaining .57opt gold retained in tailing's left behind.

- **4/11/1992 Assay Report done by Metalurgist Gene Phillips**

Assay reports done on samples from the North Shaft and the 110ft shaft mined on the Red Cloud Property via different properties, including ore flotation and the use of different mesh. Assays show extreme high grades from the samples taken of 1.85 oz/ton, 34.99 oz/ton, 4.39 oz/ton and 9.3 oz gold per ton as seen in Table T-1.

- **10/30/2008 Whitney & Whitney Scoping Study Report**

Use of the 1987 Kim Report as well as the EM-16 Survey

- Geologists experience, numerous workings, maps and reports substantiate these values.
- Experts expect the value of gold will rise after it bottoms due to the rise in the value of the US dollar.
- Due to the collapse of commodity prices, numerous mines have been either sold off or closed.
- Reduction in supply over the next few years will lead to a deficit in the amount of gold mined.
- The governments in Japan, Europe and China continue to implement a policy of quantative easing, printing more currency to create inflation to spur economic growth.
- As currency debasement increases, world governments and banks purchase gold, increasing their reserves

- **3/8/16 Dana Durgin NI 43-101 Geological Report**

Use of previous mining history as well as personal on the ground surveying and research shows validation of previous reporting and historical facts of mining done on the Red Cloud Mine Property.

- Red Cloud Mine Resource Memo shows Dana Durgin own professional opinion of the Mine
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Proven: 255,000 ounces of gold at \$1,800 an ounce = \$459 million USD

Probable: 330,000 ounces of gold at \$1,800 an ounce = \$594 million USD

Inferred: 1,815,000 ounces of gold at \$1,800 an ounce = \$3.267 billion USD

Total of 2,400,000 ounces of gold at \$1,800 an ounce = \$4,320,000,000 USD

- Red Cloud Mine Pocket Mine Memo shows Dana Durgin observation and explanation of the pocket mine geology that is prevalent in the Sierra Madre Gold District where the Red Cloud Mine is located including reference to other mines located in the vicinity on similar geology.