



**GS MINING COMPANY, LLC**

**Bates Hunter Mine Project  
Mining Operations Inventory Report**

## **Abstract**

This document outlines the Mining Operations gold bearing material inventory currently available from the Bates Hunter Mine Project.

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October 18, 2021

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# Mining Operations Gold Bearing Material Inventory

The Bates Hunter Mine Operation currently has two sources of gold bearing material, stope fill material mined from the rehabilitation of drifts and stope fill material contained in remnant stopes left behind from previous mining.

## Drift Rehabilitation Gold Bearing Material Inventory

Stope fill material has been mined in the process of rehabilitating the old 240 Level drift in the Bates Hunter Mine and has produced a total of 309 tons. Assays of this material has averaged 0.37 ounce per ton (opt) Au. Additionally, rehabilitating the 500 Level connection between the Bates Hunter and the Becker Bates mines has produced 238 tons of gold bearing stope fill material. Assays of this material has averaged about 0.4 opt Au. The rehabilitation of this 500 Level is ongoing and further tonnage of gold bearing material will continue.

This gold bearing stope fill material has been stored in super sacks which have been stockpiled on the surface.

The total drift rehabilitation gold bearing stope fill material mined to date is 547 tons.

## Remnant Stope Gold Bearing Stope Fill Material Inventory

In a large area of the mine above the 240 level a considerable amount of gold bearing material exists in previously mined areas as stope fill. Additional gold bearing material exists between the 240 and 500 levels of the mine, between the 500 and 630 levels of the mine and further gold bearing material is expected to be present in un-explored stopes below the 630 level;

This gold bearing stope fill material is located in known remnant stopes in the Bates Hunter and Becker Bates mines and to date eight remnant stopes have been explored.

Physical inspection of these stopes shows that they contain stope fill – gold bearing broken material that was left behind by historic mining. The previous miners broke the material by hand, hand sorted the best gold bearing material and left the lesser gold bearing material behind in the stopes. What was “lesser gold bearing material” over a hundred years ago is now commercially viable.

The cost of extraction of this gold bearing stope fill material is less than mining in-situ vein material as the cost to develop stopes and to drill and blast the stope fill material for extraction has already been borne by the previous mining of these stopes.

From physical observations and measurements undertaken to date, it is conservatively estimated there is at least approximately 10,000 tons of gold bearing stope fill material available. Further tonnage of the gold bearing stope material is expected to be uncovered as the rehabilitation of the mine continues.

### Stope Areas Explored to Date

Stope Area	Location	Approximate Volume (cubic ft)	Tonnage (tons)
<b>240 Level BH</b>	1	14,400	1,310
	2	6,160	560
	3	14,400	1,310
	4	9,900	900
	5	9,600	873
	<b>Total</b>		<b>54,460</b>
<b>500 Level1 BH</b>	1	34,875	3,170
	<b>Total</b>	<b>34,875</b>	<b>3,170</b>
<b>500 Level1 BB</b>	1	1,305	119
	2	19,096	1,736
	<b>Total</b>	<b>20,401</b>	<b>1,855</b>
<b>Grand Total</b>		<b><u>111,136</u></b>	<b><u>9,976</u></b>

**Table 1: Estimated Tonnage of "Stope Fill"**

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## 240 Level Stope Areas Explored to Date Tonnage and Assay results

Grab samples have been taken from five of the remnant stopes on the 240 Level and have returned an average grade of 0.41 opt Au for a tonnage of 4,953 tons.

Stope Area	Stope Location	Approximate Volume (cubic ft)	Tonnage (tons)	Number of Grab Samples	Au Assay Values (opt)
<b>240 Level BH</b>	1	14,400	1,310	3	0.68 ^
	2	6,160	560	3	0.36 ^
	3	14,400	1,310	3	0.43 ^
	4	9,900	900	3	0.17 ^
	5	9,600	873	3	0.25 ^
<b>Total</b>		<b>54,460</b>	<b>4,953</b>	<b>15</b>	<b>0.41 *</b>

^ Calculated Arithmetic Average based on the number of Grab Samples

\* Calculated Weighted Average based on Tonnage

**Table 2: 240 Level Remnant Stopes Estimated Tonnage and Grade of Stope Fill**

It is expected that the other remnant stope gold bearing material will be at least at a similar Au grade as the material assayed from the 240 Level remnant stopes.

## Combined Total of Gold Bearing Stope Fill Material Inventory

Inventory Type	Tonnage (tons)	Au Grade (opt)	Ounces Au
<b>Rehabilitated Stope Fill</b>	547	0.38	208
<b>Remnant Stope Fill</b>	10,000	0.41 ^	4,100
<b>Total</b>	<b>10,547</b>	<b>0.41 *</b>	<b>4,308</b>

\* Calculated Weighted Average based on tonnage

^ Au grade of the remnant stopes is expected to be at least similar to the 240 Level remnant stopes

**Table 3: Combined Total of Gold Bearing Stope Fill Material Inventory**

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## Value of Gold Bearing Stope Fill Material Inventory

The processing of the gold bearing stope fill material will provide early revenue to offset the cost of rehabilitating and developing the Bates Hunter and Becker Bates mines below the 500 level.

The estimated operating costs to mine and mill the gold bearing stope fill material whilst continuing the rehabilitation and development of the Bates Hunter and Becker Bates mines below the 500 Level is shown in the table below.

<b>Operating Costs</b>	<b>Per Ounce</b>	<b>Total Cost</b>
<b>Cost to Mine #</b>	\$279	\$1,201,932
<b>Cost to Mill</b>	\$72	\$310,176
<b>Cost Mine plus Mill</b>	<b>\$351</b>	<b>\$1,512,108</b>
<b>Overhead Cost ^</b>	\$168	\$723,744
<b>Total Cost including Overhead Costs</b>	<b>\$519</b>	<b>\$2,235,852</b>

# These costs are based on the premise that the Golden Gilpin mill is in operation and the mining of the gold bearing stope fill material is done in whilst continuing the rehabilitation and development of the Bates Hunter and Becker Bates mines below the 500 Level.

^ The overhead costs include all the on-site costs associated with the Bates Hunter Project.

The sale value of the gold bearing stope fill material is shown in the table below.

<b>Inventory Type</b>	<b>Tonnage</b>	<b>Au Grade</b>	<b>Ounces</b>	<b>Recovered Ounces</b>	<b>Sale Value</b>
Rehabilitated Stope Fill	547	0.38	208	197	\$313,854
Remnant Stope Fill	10,000	0.41	4,100	3,895	\$6,190,713
<b>Total</b>	<b>10,547</b>	<b>0.41</b>	<b>4,308</b>	<b>4,092</b>	<b>\$6,504,567</b>

**Assumptions;**

1. Spot price is \$1,766 per ounce
2. Recovered ounces is based on 95% recovery through the mill.
3. Payment for the sale of Au is 90% of spot price

The total sales value of the stope fill gold bearing material would be \$6,505,567 based on the current Au spot price of \$1,766 per ounce.

The cost to mine and mill the stope fill gold bearing material in combination of rehabilitating and developing the Bates Hunter and Becker Bates mines would \$1,512,108 returning a net value of \$4,992,459.

If the overhead costs are taken into account, the net value of the stope fill gold bearing material in combination of rehabilitating and developing the Bates Hunter and Becker Bates mines would be \$4,268,715.

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