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Technical Report
on the
Bates Hunter Project

Central City, Gilpin County, Colorado, U.S.A.

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Executive Summary

The author was commissioned to prepare this NI 43-101 compliant Technical Report on the Bates Hunter Project for internal corporate use to solicit and secure project funding and to qualify the Bates Hunter Project as a "Property of Merit" for submission to the TSX Venture Exchange. The author is a "Qualified Person" as defined in NI 43-101 and has worked in various consulting capacities on the project since December 2003 and is knowledgeable regarding the Hunter Bates Project and is confident that the technical data pertaining to it were properly collected and documented, and that they are representative of the geology and resource potential of the property. In preparing this report, the author has relied upon data, observations, interpretations, and conclusions of previous workers on the property and on consultants employed by the company. The provenance of technical data is clearly indicated within the text of this report; the respective authors are listed in the bibliography which forms part of this report.

The Bates Hunter Project is located in the historic Central City mining district in Gilpin County, Colorado, USA, approximately 35 miles west of Denver. Central City, Colorado is the oldest mining district in Colorado and the most important mining district in the Front Range mineral belt. The Central City district has produced about 4,134,000 ounces of gold and 118,900,000 ounces of silver, with the vast majority of gold production (3,397,000 ounces) occurring between 1859 and 1903.

The Mine consists of 30 patented lode mining claims and 6 parcels of land within the town limits of Central City and Black Hawk, Colorado under two separate agreements which provide the Mine with mineral and surface rights encompassing areas of 34.12 and 25.16 acres respectively.

The project is located in the Front Range of the Southern Rocky Mountain physiographic province, characterized at the project area by rugged mountainous terrain at about 8,500 feet elevation with relatively steep slopes and narrow drainages. The project's climate is characterized by cold snowy winters, and warm summers. The Bates Hunter Mine site is located in an area of excellent infrastructure in a residential district within the city limits of Central City and adjacent to a modern large casino/hotel complex. It is currently served by municipal electricity and potable water services. Access to the Project is excellent, by good paved roads and the city streets of Central City. The project location within the Central City town limits prohibits open pit mining activities although small scale underground mining is possible. The surface land area surrounding the mine site is small and fragmented.

The Central City mining district is part of the 400-square mile Central City/Clear Creek Superfund site. Historic mining activities in the area have left waste rock and tailings from which acid drainage has leached heavy metals into the surface water and groundwater of the Clear Creek watershed. Newfield's performed a Phase I environmental site assessment on the claims being acquired from Hunter

Gold, and reported no environmental liens or other known significant environmental issues on these properties.

Permits for operations at the Bates Hunter Mine and water treatment plant were reviewed by the author and by permitting consultant Frank Filas, P.E. The mine permit status was investigated at the Colorado Division of Reclamation Mining and Safety in Denver, which issued Permit M-90-041 for the Bates Hunter Mine. The permit is currently active. Exploration activities at the Bates Hunter Mine were approved by Central City in a Special Exception Use Permit dated April 14, 1986. It is important to note that the Central City permit does not allow for full-scale mine production or disposal of waste rock and debris on the surface. The Water Discharge Permit was investigated at the Colorado Department of Public Health in Denver; Permit #0043168 is in good standing and allows the Bates Hunter to discharge up to a 30-day average of 300 gpm. The State of Colorado Division of Reclamation, Mining, and Safety have approved Notice of Intent Mineral Prospect Permit numbers P-2006-018 and P-2006-033, authorizing surface exploration drilling on the Bates Hunter Project.

The Bates Vein was close to the center of early mining activity in the area. Production records indicate that the Bates Hunter Mine produced approximately 154,000 ounces of gold. Although the Bates Vein was one of the richest and most productive in the early history of the area, it was never consolidated and mined to any great depth. Large-scale mine development of the Bates Hunter Project has been greatly inhibited by the fragmented nature of land ownership created by many small 1860's era lode claims. The Bates Hunter shaft is reported to extend to a depth of 745 feet and has been dewatered and rehabilitated to about 420 feet from the collar. The shaft is equipped with a 2-compartment 85-foot-tall steel head frame and a single-drum 5-foot hoist suitable for exploration and/or small-scale production at a rate of 200 tons per day or less. Other mine-site facilities include compressors, hydro and minimal support infrastructure such as a small office, a mine dry, toilet facilities with showers, and a small shop. A water treatment plant has been constructed adjacent to the mine head frame. Its practical throughput has been approximately 100 gpm which is approximately equal to the mine water inflow. It may be possible to upgrade this facility to handle substantially more discharge and accelerate dewatering and rehabilitation activities. Fred Jones, Colorado Commissioner of Mines from 1943-1950, was probably one of the last men to see the lower levels of the Bates Hunter Mine. Jones described ore shoots occurring on the 300, 700 and 800 (745??) foot levels. On the 300 foot level, samples taken over a 40 feet strike length ranged from 0.34 to 1.8 opt Au. On the 700-foot level, he states that the "ore stopes 4 feet wide" and that 50 feet of the ore is exposed near the shaft that assayed from 0.4 to 4.60 opt Au.

The Buell mine on the Leavitt vein was one of the major producers in the Central City District and is included in the Hunter Gold mineral claims. Fosset (1876) described the Buell *"The ore body was generally four to ten feet wide, but at a depth of 400 feet widened to 16 feet. Great pockets and seams of smelting ore were found".*

Technology at that time was primitive compared to today's standards. Mining was accomplished by hand. Once mining reached the water table, sulfide ores were hand cobbed in the stopes and only the high grade, direct-smelting ores were brought to surface. Prior to 1869, miners were only able to recover gold from oxidized "free gold ores" which had been weathered to remove base metals and sulfides leaving a enriched gold bearing iron-oxide-filled quartz vein that could be easily separated; high-grade, direct smelting ore was sent across the ocean to Swansea, Wales for smelting. Professor Hill established the Colorado Smelting Works at Black Hawk in 1867-8 and became the first successful local smelter to treat the sulfide-bearing ores.

The Central City mining district lies within a terrain of Precambrian rocks that comprise the core of the Front Range portion of the Rocky Mountains in Colorado. Initial greenschist metamorphism and deformation produced mostly upright, tight isoclinal folds with a penetrative fabric and associated bodies of pegmatite. Intrusion of the Silver Plume biotite-muscovite granite was accompanied by thermal metamorphism, minor deformation, and intrusion of pegmatites. Uplift and erosion of the Precambrian rocks resulted in a beveled surface upon which terrestrial and marine sediments were deposited. Tertiary-aged igneous activity and related mineralization occurred throughout the Front Range region. After a lull in plutonism and volcanism, tectonism was dominated by basaltic magmatism related to the development of the Rio Grande Rift. Extensive erosion has exposed the mineralization and caused supergene enrichment of gold, silver, and copper near the surface. The Precambrain rocks in the Central City district are an inter-layered and generally conformable sequence of gneiss, migmatite, and intrusive igneous rocks. Tertiary through Oligocene-aged igneous rocks of the Central City district consists of leucocratic granodiorite porphyry, quartz monzonite porphyry, bostonite porphyry and quartz-bostonite porphyry. Precious and base-metal deposits in the Central City area are mesothermal vein-type deposits formed at 220° to 380° C in the early Tertiary under 2,600 to 4,600 feet of cover possibly above an alkaline porphyry molybdenum system. Vein textures suggest passive infilling of fractures. Veins range in thickness from hairline to 8 feet, and are surrounded by wall-rock alteration envelopes as thick as 80 feet. Grades of vein mineralization detected during the exploration program range up to 5.9 opt Au. Four distinct stages of mineralization have been identified in the Central City district based on crosscutting relations among intrusions and various vein types. The veins grade into one another but can be classified according to the distinctive mineralogy and geochemistry of each stage of mineralization. Vein structure and orientation is a separate issue from the temporal paragenesis of mineralization: veins of different stages do not necessarily have unique orientations and may share the same orientation as other mineralization stages. Mineralization at Central City has been dated in Laramide times of the late Cretaceous and early Tertiary.

Stage 1 mineralization consists of pitchblende and local secondary uranium minerals that occur sporadically in small pods or lenses along pyrite and composite veins associated with early uraniferous quartz bostonite porphyry dikes.

Stage 2 mineralization consists of braided networks of 0.1 to 0.8 foot wide sub-parallel quartz-pyrite veins surrounded by quartz-sericite wall-rock alteration envelopes up to 80 feet thick. Although gold is the predominant economic metal in the quartz-pyrite veins, the gold grade of Stage 2 veins is spotty at best and ranges from 0 0 to 0.8 opt Au, with the majority of values around 0.15 to 0.25 opt Au.

Stage 3 composite base-metal sulfide mineralization consists of gray, dark gray, and black quartz veins 0.1 to 6 feet wide with variable amounts of coarse-grained chalcopyrite and pyrite, fine-grained tennantite, coarse-grained enargite, fine-grained marcasite, and a very fine-grained black mineral with lesser bornite, chalcocite, sphalerite, galena, and possibly goldfieldite(?) or sylvanite. Gold content is highly variable within the composite base-metal sulfide veins. Typically, the higher gold grades are found within irregular streaks and lenses of the more chalcopyrite-rich portions of coarse sulfide veins.

Stage 4 Telluride mineralization consists of braided networks of hairline to 0.5-foot-thick veinlets of blue-gray cherty silica/chalcedony, ferruginous calcite, white clays, and sometimes purple fluorite with variable amounts of Au and Ag-bearing telluride minerals, primarily sylvanite ($AuAgTe_4$) and hessite (AgTe). The telluride-bearing veins in the Central City district occur in separate veins that are parallel to and crosscut the earlier vein stages. Gold in the telluride-bearing veins can be coarse and extremely high grade, but the grades are notoriously erratic. Current assays show that Stage 4 telluride veins contain from 0.3 to 0.5 opt Au, and 2 to 6.5 opt Ag.

Three orientations of veins have been identified in the area of the Bates Hunter project. The highly productive northeast-trending veins (azimuth ~055º) contain abundant coarse sulfides and have complex geochemistry; they contain high gold, silver, copper, base metals, trace elements, and uranium. The veins and minor stockworks of Central City are best described as undulatory veins. Undulatory veins are faults (and to a lesser extent joints) that propagated as curviplanar surfaces and commonly exhibit undulating or corrugated shapes.

Through surface geologic mapping, compilation of old mine maps, drilling, and three-dimensional computer modeling, the complex nature of the undulatory veins characteristic of the Bates Hunter Mine is becoming clearer. The most productive veins are not a single vein but a complex network of branching undulatory vein segments between major parallel vein branches spatially located 30 to 60 feet apart. Ore shoots coincide with undulations in both strike and dip of master veins. Ore shoots generally have well-defined visual boundaries, high-grade gold and silver concentrations coinciding with the readily visible base-metal sulfides. Ore shoots in pyrite veins without the presence of base metals, are less readily visible.

Management has been conducting exploration of the Bates Vein and adjacent veins since 2004. The company is currently engaged in a Phase II surface drilling program, planned for 6,000 feet in three holes to test the depth potential of vein intersections beneath the historic Bates Hunter Mine workings. Management geologist

Brian Alers conducted geologic mapping and sampling which included extensive compilation and integration of pre-existing and recent geologic work. Brian Alers also conducted detailed surface and underground mapping and sampling.

Underground muck sample assays taken in the Bates Hunter workings suggest that stope fill in this mine may be rich: twelve muck samples averaged 1.3 opt Au, 2.9 opt Ag, and 0.28% Cu. Neither the recent sampling by Alers nor the historical sampling and anecdotal information are adequate to support that an economic mine can be established. However, the indicated high grade nature and vein widths up to 24 inches or more, imply that further exploration is warranted.

GSR Goldsearch Resources drilled two reverse-circulation holes on the property in 1990 beneath the Bates Hunter shaft bottom, and intercepted a zone of 0.48 opt Au over 10 feet. Phase I drilling consisted of 7,739 feet of core drilling in seven holes ranging in depth from 50 to 2,265 feet. Management has completed two holes in their Phase II drilling totaling 4,289 feet. These mine holes intersected more than 16 different veins all of which were narrow but assayed anomalous gold ranging from 0.004 opt Au to 3.43 opt Au. A number of vein intersections were significant. In BH-06-04 a 4.0 foot section of the Hartford vein averaged 0.81 opt. In BH-07-08 a 0.6-foot section of the Leavitt vein assayed 3.43 opt Au. In BH-08-09 the Groundhogg vein averaged 0.68 opt Au over 3.6 feet.

During the author's recent site visit to the property (July 2nd to 3rd, 2008), independent chip samples were taken by the author from the underground workings and select sections of drill core were quartered under the author's supervision. All samples were in the author's personal possession until they were delivered to ACME Labs in Vancouver for analysis. The author's independent sampling confirms the presence of high grade gold. The reproducibility of the silver assays is good while gold assays were quite variable. Given that the quantity of sample obtained by quartering very short core intervals was only about 150 grams per sample, it is not unreasonable to see significant differences between the author's and Management's assay results for gold and silver over the same interval.

The Bates Hunter Project is surrounded by numerous adjacent properties. Many of these adjacent claims have had historic gold production. In addition to the approximately 154,000 ounces of gold produced from seven mines on the Bates Vein, compilations of historic production records indicate that the immediate vicinity around the Bates Hunter Project encompasses approximately 16,100 linear feet of past producing veins that have historically produced about 1,135,000 ounces of gold from six veins to an average depth of 670 feet, or in excess of 1,700 ounces Au per vertical foot.

No modern mineral processing or metallurgical testing has been done on the Bates Hunter Project. Based on historical methods of processing, it is expected that the mineralization would be amenable to recovery by sulfide flotation followed by smelting of the flotation concentrates to remove gold. The presence of sporadic but appreciable amounts of copper in the veins (in the 0.50% Cu range) precludes using cyanide leaching as a recovery technique since copper is a voracious cyanide consumer that would make cyanidation cost prohibitive. The nearby Cash Mine at Gold Hill in Boulder County is producing a gold-in-sulfides flotation concentrate which they are shipping to Juarez, Mexico for smelting.

Past Production – Bates Hunter Project

Vein	# Mines	Gold Produced (Ounces)	Mined Depth (Ft.) (Averages)	Au Ounces per Vertical Foot	Potential Ounces to 2000' Depth
Bates	7	154,000	476	323	490,000
Fisk	7	448,000	1,050	427	400,000
Gregory	2	342,000	843	406	470,000
German	1	113,000	745	152	190,000
Leavitt	5	63,000	487	129	200,000
Gaston	1	15,000	400	38	60,000
Totals	23	1,135,000	667	1,702	1,810,000

The author has reviewed Management's sampling methods and approach, sample preparation, analysis, data verification and security procedures, carried out by Management, during its exploration program and is of the opinion that they are sufficient and that the data produced is valid for the mineralization being explored.

There are currently no mineral reserves or resources of any category on the Bates Hunter claim group. However, historical data leaves no doubt that a significant amount of high-grade gold still remains on the claim group. Information gleaned from historical Bates Hunter reports indicate that there were several known and defined ore shoots in the mine prior to closure. Samples taken during the recent dewatering efforts to the 163 foot depth in the shaft range from trace to 6.0 opt Au.

It is the author's opinion that from 20% to 80% of the known vein systems could result in exploration success. The Bates vein produced 154,000 ounces to an average depth of 476 feet or 323 ounces per vertical foot. A rule of thumb for underground mining is that one can mine comfortably at a rate of approximately 50% to 65% of the reserves tonnage (or ounces) per vertical foot. Based on this, historical data suggests that the Bates Vein alone could produce between 160 and 210 ounces of gold daily (55,000 to 75,000 ounces annually). Based on historic records, it is roughly estimated that the Bates vein alone represents an exploration target that could host approximately 500,000 ounces of gold to a depth of 2,000 feet. The 16,100 feet strike lengths of all the veins covered by the project claims could increase this potential substantially. Acquisition of other contiguous properties could again multiply this potential. If one extrapolates the historical production data to 2,000 feet depth, the Bates Hunter Project could host 1.8 million ounces of gold. Given that historical records are very fragmented, incomplete and not NI 43-101 compliant, it is the author's opinion that the project may eventually discover 1 to 3 million ounces of gold on the property. Based on the historical 1,702 ounces of gold per vertical foot, gold production at a rate of 850 to 1,100 ounces daily (300,000 to 400,000 ounces annually) is theoretically possible. Based on historical data and recent "remnant" and muck sampling underground, it is expected that "mineable" vein segments may be narrower than 5 feet but with correspondingly higher grades. What will ultimately be discovered is unknown and unpredictable; the potential for discovering and developing an economic gold mine on the Bates Hunter Project is a distinct possibility.

The small claim sizes, metallurgical complexities, and production constraints were the historically limiting factors that caused previous operations mines to close. Past production data and reported grades and widths indicate that the project may be able to support a production rate of around 400 TPD at a grade of about 0.50 oz/ton Au. The long-term potential of the Bates Hunter Project is the depth and strike continuation of known veins and others that may be discovered from underground exploration activities. Through June 30, 2008, Management has spent almost $5 million in diamond drilling, geological sampling, mapping, data compilation, rehabilitation, operation and maintenance on the project.

Although the project currently has no reserves, it is the author's opinion that the project presents an excellent exploration target. Judging from past production, historic mine maps and assays, modern assay results, and recent exploration by Management, the Project could find as much as 500,000 additional ounces of gold above the present bottom of the Bates Hunter shaft. The results from recent drilling indicate that the veins on the Bates Hunter Project continue to depth. The Bates Hunter Project is a "Property of Merit" that would qualify a junior resource company for listing on the TSX Venture Exchange.

Assessing a value for the Bates Hunter Project is very subjective since it is based on either assumed reserves or resources or the value a willing buyer wishes to assign to the project. It is the author's opinion that the Bates Hunter Project has a value of $50 to $100 million in today's market based on the resource POTENTIAL. Assuming successful completion of dewatering and underground resource definition whereupon a feasibility study could be completed, this value could increase substantially.

The Bates Hunter Project represents a real exploration target that could yield significant gold production. A staged systematic approach should be used to establish mineable reserves prior to attempting to develop the property through to commercial production. Management should continue to dewater and rehabilitate the shaft and explore the property with both surface and underground drilling to confirm the existence of mineralization near the abandoned workings and undertake metallurgical test work. Priority should be given to dewatering activities.

The assay results from BH 08-10 indicate that low cost underground bulk tonnage mining may be conceivable and heretofore neither contemplated nor investigated. It is recommended that Management assay a number of 100 foot intervals of drill core straddling the Bates Vein to determine if there is potential for bulk mining.

A Phase II Budget of $2 million (in progress) encompassing a 6,000 foot drilling program of three or more deep holes along with continuation of dewatering activities is recommended. The Phase II Budget includes a recommended expenditure allowance of $500,000 to undertake upgrading of the water treatment plant to increase its throughput and accelerate dewatering activities. Contingent upon successful completion of Phase II activities further exploration in Phase III, budgeted at $1.5 million, should concentrate on underground definition drilling and exploration. If successful, upon completion of Phase III activities, Management could be in a position to conduct a feasibility study and consider making a production decision.

Phase II – 2008 Budget

Item	Cost
Diamond Drilling (6,000 feet @ $100/ft)	$600,000
Dewatering Plant Upgrades Allowance	$500,000
Dewatering and Rehabilitation (12 months @ $60,000/mo)	$720,000
Miscellaneous and Contingency	$180,000
Total Phase II	$2,000,000

Phase III – Budget

Item	Cost
Crosscut on 745 ft level (150' feet @ $1000/ft)	$150,000
Underground Diamond Drilling (40 holes @ 200 ft @ $50/ft)	$400,000
Project Overheads (12 months @ $60,000/mo)	$720,000
Metallurgical Test Work	$100,000
Miscellaneous and Contingency	$130,000
Total Phase III	$1,500,000

1.0 Introduction and Terms of Reference

1.1 Introduction

The author was commissioned by Mr. Stephen D. King to prepare this NI 43-101 compliant Technical Report on the Bates Hunter Project located in Central City, Gilpin County, Colorado, USA for internal corporate use to solicit and secure project funding. Management intends to also use this report to qualify the Bates Hunter Project as a "Property of Merit" for submission to the TSX Venture Exchange. Glenn R. O'Gorman, P. Eng., President of Orem Inc., is the "Independent Qualified Person" as defined in NI 43-101 responsible for the preparation and content of this Report.

1.2 Terms of Reference

In preparing this report, the author has followed the guidelines and formats to comply with the Canadian Securities Administrators National Instrument 43-101 (NI 43-101) "Standards of Disclosure for Mineral Projects" and form 43-101 FI (NI 43-101 FI) "The Technical Report." It is based, in part, on previous reports by the author dating from January 15, 2004 to April 15, 2008 as itemized in the References to this report. The author is familiar with the project and has worked as a consultant for both the previous and present Optionors of the project in various consulting capacities on the project since December 2003 and has undertaken no less than 7 site visits, the most recent being July 2nd to 3rd, 2008.

1.3 Scope of Work

This Technical Report has considered the following in its compilation and preparation:

- Property Ownership, Land Title and Option Agreements
- Regional and local geology, structure, alteration, mineralization, historical production records and archived data dating back to the 1860's
- Quality control and assurance (QA/QC)
- Sample collection, preparation, security and assaying
- Data collection and management procedures
- Environmental and permitting issues

1.4 Reliance on Other Experts

The author is knowledgeable regarding the Bates Hunter project and is confident that the technical data pertaining to it were properly collected and documented, and that they are representative of the geology and resource potential of the property. In preparing this report, the author has relied upon data, observations, interpretations, and conclusions of previous workers on the property and on consultants employed by the company. The author has not independently verified the historical data pertaining to past production, and cannot accept responsibility for them. The provenance of technical data is clearly indicated within the text of this report; the respective authors are listed in the bibliography which forms part of this report.

In addition, the following people have been relied upon or have provided significant technical input in the preparation of this report.

Mr. David S. Smith, B.A. (Geol.), M.Sc. (Geol.), MBA
3803 NE 120th Street, Seattle, Washington
USA 98125
Tel: (206) 390-2575
Resume attached in Appendix 7

Mr. Smith is a Consulting Exploration Geologist who is employed as a Consulting Geologist and the Project Manager for the Bates Hunter Project. He is responsible for directing and supervising all geological activities on the property and has provided a significant portion of the technical reports and factual current data included in or appended to this report or cited in the bibliography and whose geological opinions and interpretations of the Bates Hunter Project have been relied upon by the author of this report. Such data, opinions and interpretations have been reviewed and accepted by the author as having been prudently collected and presented and are considered to be reliable. In addition, Mr. Smith's views, opinions and recommendations were relied upon for planning the work program contained in this report.

Mr. Brian Alers, B.A. (Geol.), M.Sc. (Geol.), P. Geo. (PG-2951)
P.O. Box 775, Nederland, Colorado
USA 80466
Tel: (303) 258-7242
Resume attached in Appendix 7

Mr. Alers is a Consulting Geologist employed as the Project Geologist for the Bates Hunter Project and is responsible for the collection and assembly of all geological mapping, core logging, sampling and assay data included in this report and appended to it. Mr. Alers is a "Qualified Person" as defined in NI 43-101. The author has independently viewed and re-sampled some of the drill core and underground workings described in this report and concurs that the data presented herein is reasonably accurate and verifiable and has been relied upon by the author as factual.

Mr. John M. Shallow, B.A. (Geol.), M.Sc. (Geol.)
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Tel: (303) 444-0947
Resume attached in Appendix 7

Mr. Shallow is a specialized Geological Consultant employed for the preparation of 3-D Models, geological database management and compilation and production of all maps and figures used in this report. The author has reviewed these documents and accepts them as reliable and factually representative.

In addition, the author has relied upon the reports of specialized consultants hired to investigate specific aspects of this report. In particular:

- Bensing and Associates of Franktown, Colorado is a land management company that has investigated land and claim tenure issues; a land title report for the Bates Hunter Property prepared for Bensing by First American Heritage Title Company is attached in Appendix 1

- Mr. Frank Filas, P.E. was contracted to investigate and report on the status of all project permits; his report is attached in Appendix 2
- Mr. Brian Hanson of Newfield is an environmental engineer who has investigated environmental issues pertaining to the Bates Hunter project; their report is attached in Appendix 3

2.0 Property Description and Location

2.1 Property Location

The Bates Hunter Project is located in the historic Central City mining district in Gilpin County, Colorado, USA. Central City lies in the central Front Range region of the Rocky Mountains, approximately 35 miles west of Denver, Colorado (Figures 1 and 2). The property is specifically located within Section 12, Township 3 South, Range 72 West, 6th Principal Meridian, centered at 39°48'02" North Longitude, 105°30'11" West Latitude. The Project's UTM metric coordinates are approximately 456,900E, 4,405,500N (North American Datum 1927, zone 13). The project falls on both the Central City and the Black Hawk U.S. Geological Survey 7.5-minute topographic maps.

2.2 Mineral Claims and Agreements

Management has acquired an interest in 30 patented lode mining claims and 6 parcels of land within the town limits of Central City and Black Hawk, Colorado, as shown on Figures 3 and 4 and listed in Table 1. Management is also pursuing acquisition of additional claims and surface land packages through agreements with owners of adjacent claims. A land title insurance company was engaged to verify ownership of all claims acquired in the area based on the final negotiated property acquisition terms in order to specifically define limitations that exist with respect to land use and mining issues. Mineral title and surface ownership issues are complex in the project area: claims date back to the 19th century, and surface lots of Central City and Black Hawk have been platted over pre-existing mineral claims. In some cases, mining is restricted to that portion of the vein commencing at 300 feet or 400 feet below surface depending on restrictions imposed by the State County or Municipality on each specific title. These are not considered to be critical mining issues but they do need to be well defined. The Bates Hunter Project lands within the City Limits are generally zoned for mining or industrial use.

2.2.1 Hunter Gold Agreement

Management entered into an agreement dated September 20, 2006 with Central City Consolidated Mining Corp., Hunter Gold Mining Inc., Hunter Gold Mining Corp. and George Otten to purchase all of the shares of Hunter Gold Mining Corporation and/or acquire all of George Otten's and these companies assets, consisting of the Bates Hunter Mine and associated infrastructure, water rights, a water treatment plant, 17 mining claims encompassing an area of 21.23 acres and 4 surface land tenure parcels plus patented mineral claims surface rights covering approximately 14.09 acres, along with all associated permits and all ancillary equipment. The acreages as defined on Table 1 and on Figures 3 and 4 represent the net acreages owned after incorporating all exceptions, exclusions and rights of way. Land Titles and Mining Rights in Colorado are exceptionally complex and although Tables 1 and 2 and Figures 3 and 4 have been diligently assembled, minor errors or misinterpretations may exist. All mining claims have been patented, surveyed and are recorded in the Gilpin County and Central City registers and plans and are subject to the State Apex Laws, vested and accrued water rights and easements.

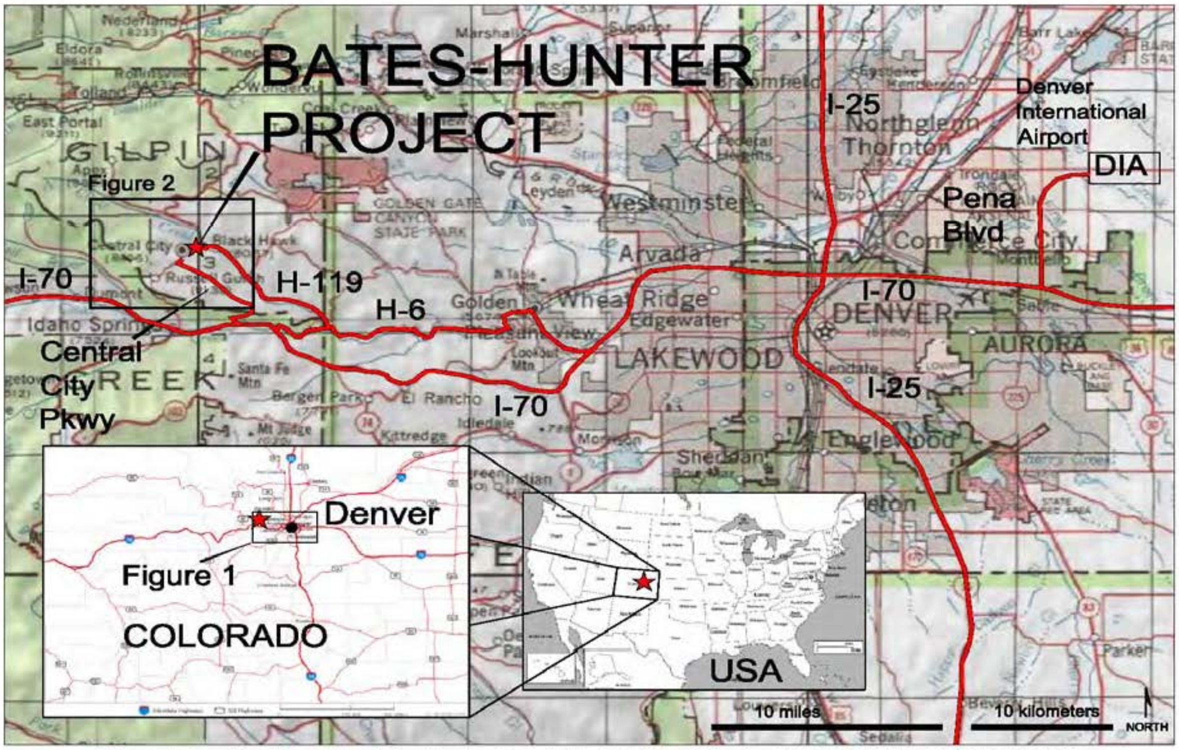

Figure 1. Location Map of the Bates-Hunter Project, Central City, Colorado. 39° 48' 1.42" N, 105° 30' 13.0" W

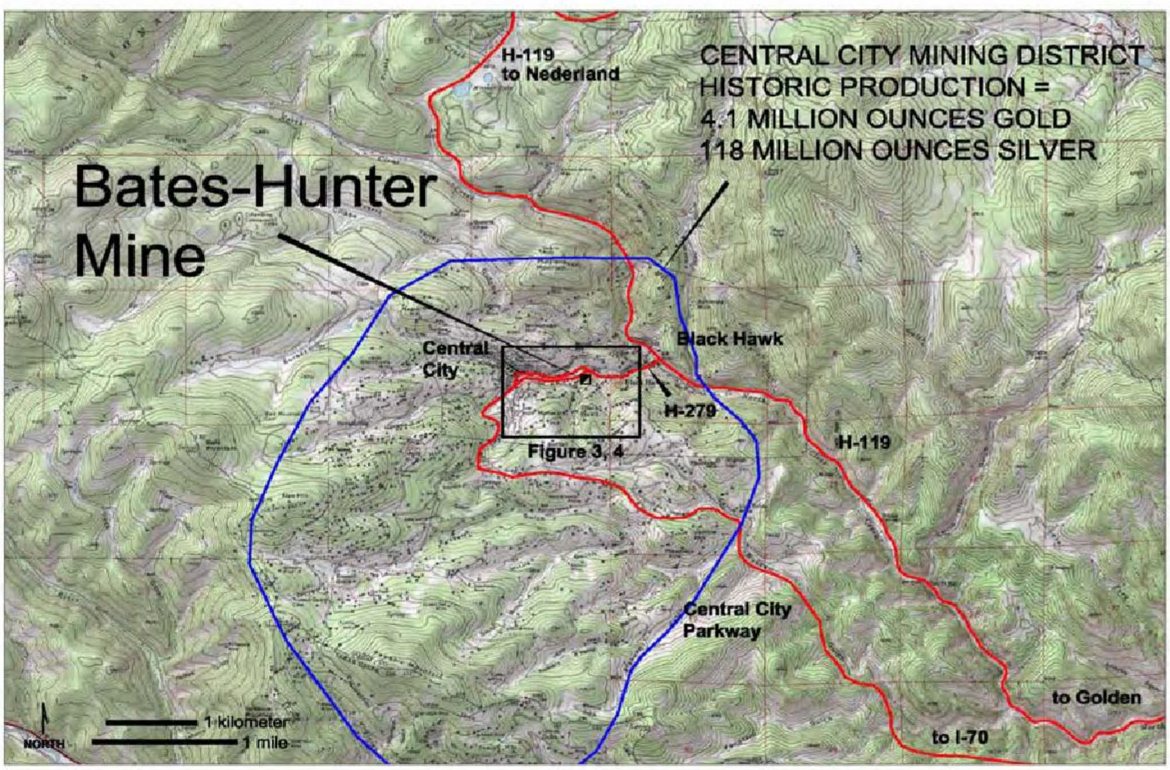

Figure 2. Location map of the Bates-Hunter Mine Project, Central City, Colorado.

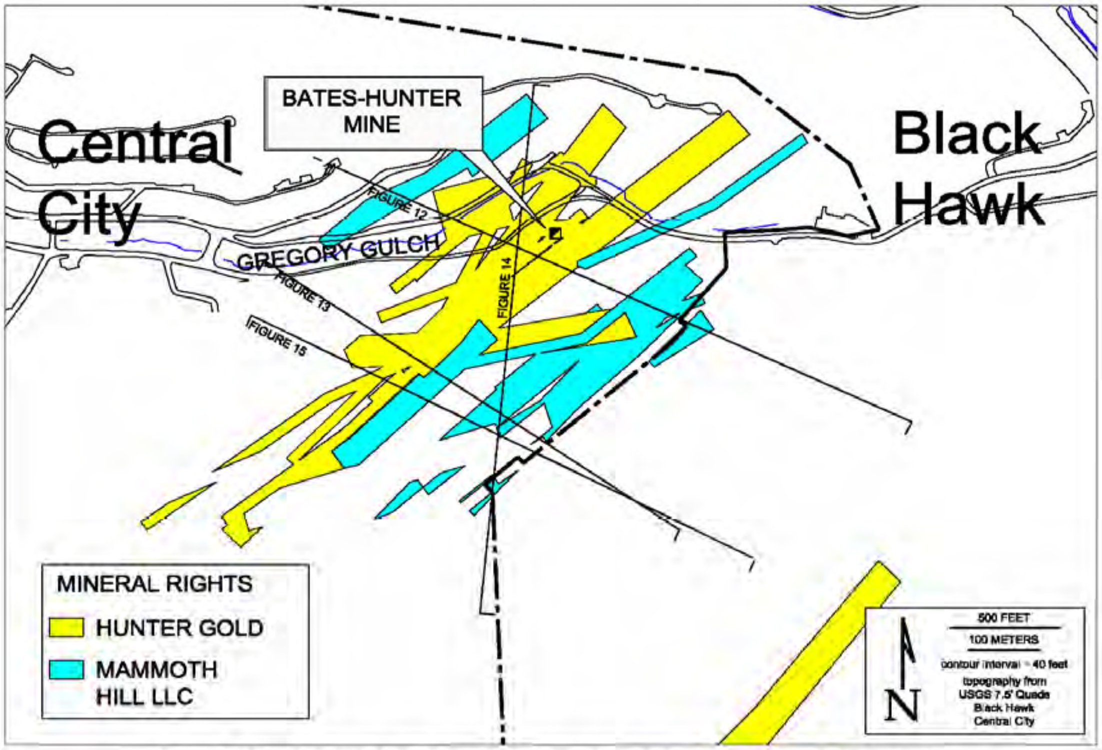

Figure 3. Mineral Rights of the Bates-Hunter Project (most claims are approximately located).

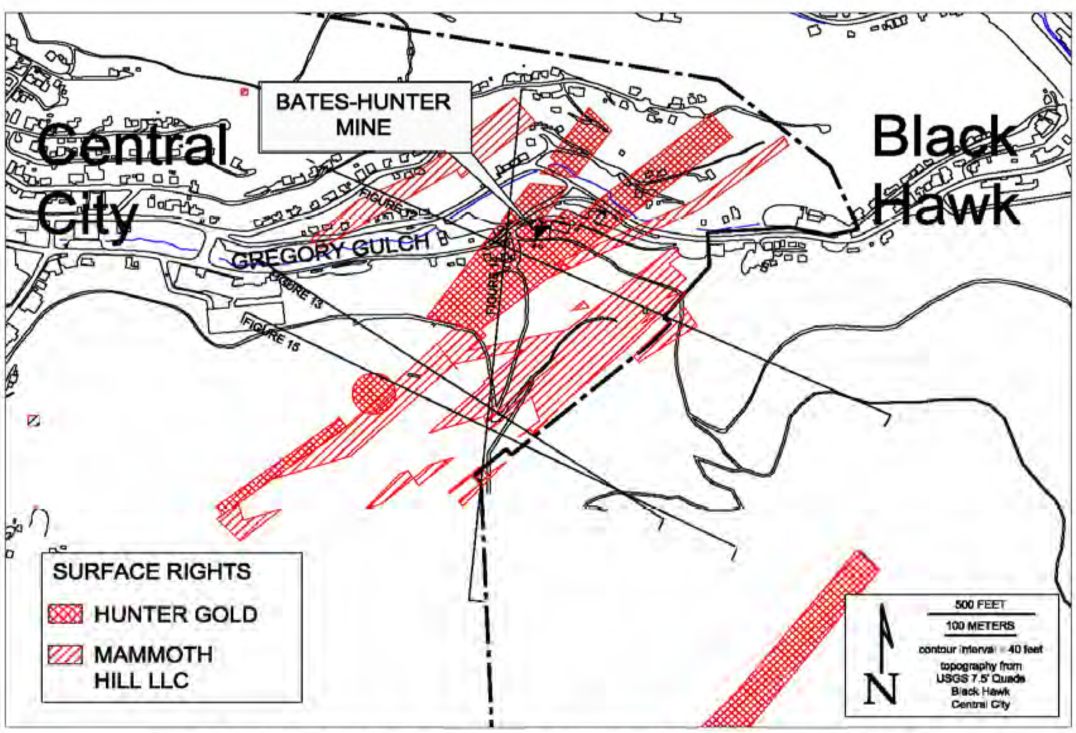

Figure 4. Surface Rights of the Bates-Hunter Project, (some claims are approximately located).

Management exercised their option to acquire a 100% beneficial ownership of the Bates Hunter Project and consummated the Agreement during the period of June 6th to 11th, 2008.

Land titles for the Hunter Gold claims were investigated by the author at the Gilpin County Courthouse in Central City in December 2003. The claims and properties at that time were found to be owned in whole or in part by Hunter Gold Mining Inc. or by George Otten personally as a result of Otten having paid tax arrears on particular parcels. Tax sale ownership is subject to being returned to the original owner upon payment of all tax arrears within specified times and conditions. It is understood from discussions with Otten that land owned by him personally under these terms was previously owned by Hunter Gold and was acquired by him in order to keep the land package intact. At least one minor clerical error existed in these records at that time that according to the Courthouse clerical staff could easily be rectified.

Land title for these mineral claims and land tenures has subsequently been reviewed by company personnel and by personnel of the land management company Bensing and Associates of Franktown, Colorado, whose report is appended hereto in Appendix 1.

Table 1. Project Land Holdings

Acquired from George Otten, Hunter Gold et al.

Patented Claim	Surface Land Tenure Parcel	Ownership Percent	Claims Acreage	Surface Acreage	Notes
#37 Ellieth		100	0.57		Mineral Rights Only
#73 Kip		100	0.36	0.36	Surface and Mineral Rights with Exclusions
#76 Leavitt		100	0.67		Mineral Rights Only
#77 Elliot		100	0.03		Mineral Rights Only with Exclusions
#204 Discovery		67	0.14	0.14	Surface Rights Patented with Claim
#204 German		100	2.09	2.09	Surface Rights Patented with Claim
#204 German				0.73	Surface Rights Easement to access and Erect a Headframe and Hoisting Facilities
#224 Bates		100	0.21	0.21	Surface Rights Patented with Claim with Exclusions
#235 McCallister		100	1.05		Mineral Rights Only
#252 Hope #2		100		0.11	Surface Rights Only
(See Hope #2 Mammoth Hill also)					
#266 Hunter		100	0.32	0.32	Surface Rights Patented with Claim with Exclusions
#442 Carr		100	5.12	5.12	1% NSR to Goldsearch Resources
					Surface Rights Exclude Claim #173
#506 Ontonagon		100	0.48		Mineral Rights Only
#507 Hunter		100	0.09		Mineral Rights Only
#675 Mosell		100	1.01	1.01	Surface and Mineral Rights with Exclusions
#730 Saxon		100	2.92	2.92	Surface and Mineral Rights with Exclusions
#734 Kitty		34	4.35		Mineral Rights Only with Exclusions
#742 Hartford		100	1.72		Mineral Rights Only
	Parcel: Block 47, lot 3, 4, 5, Central City	100		0.26	Surface Rights Only
	Parcel: Block 48, lot 1-11, Central City	100		0.64	Surface Rights Only
	Parcel: Block 49, lot 1, Central City	100		0.08	Surface Rights Only
	Conrad Lot	100	0.10	0.10	
Total George Otten - Hunter Gold Acreages			**21.23**	**14.09**	

2.3 Site Facilities

2.3.1 Mine

The Bates Hunter Mine site is located in a residential district within the city limits of Central City and adjacent to a modern large casino/hotel complex.

The Bates Hunter Shaft is reported to extend to a depth of 745 feet and has been dewatered and rehabilitated to about 420 feet from the collar. The shaft has been examined in detail underground to about the 400 foot depth by the author during a recent visit. The shaft is equipped with a 2-compartment 85-foot-tall steel head frame and a single-drum 5-foot hoist capable of using a 7/8-inch diameter rope to hoist 2-ton skips from at least 1,000 feet depth. The vertical to inclined shaft, driven down the vein, dips at an average of about 82 degrees and has been rehabilitated and re-timbered to the 400-foot level. Stoping was conducted adjacent to both sides of the shaft without leaving any lateral pillar support. The shaft is suitable for exploration and/or small-scale production at a rate of 200 tons per day or less. Speed limitations due to a few jogs in alignment and dip variations due to having driven the shaft down the vein make it unsuitable for mining to depth.

Historical information indicates that some difficulty was encountered at the 300-foot and 500-foot levels when the mine was last dewatered in the mid 1930's; however, rehabilitation undertaken to the 400-foot level to date has not encountered any serious difficulties. Rehabilitation work undertaken in the mid 30's should still be in good condition since the shaft has been flooded ever since. Other mine-site facilities include compressors, hydro and minimal support infrastructure such as a small office, a mine dry, toilet facilities with showers, and a small shop all incorporated into the hoist house (Figure 5).

2.3.2 Water Treatment Plant

A water treatment plant has been constructed adjacent to the mine head frame. Although designed for 300 gallons per minute (432,000 gallons per day) of mine water discharge, its practical throughput has been approximately 100 gpm (144,000 gallons per day) due to the presence of more sludge in the mine water than was anticipated by the plant design. Mine water inflow is approximately 100 gpm which means that dewatering is proceeding very slowly. The plant has been in operation since August, 2005. This is a significant asset given the mine site location and environmental concerns. Nearby similar plants being constructed by the State of Colorado are reported to cost in the range of $8 million. It may be possible to upgrade this facility to handle substantially more discharge and accelerate dewatering and rehabilitation activities.

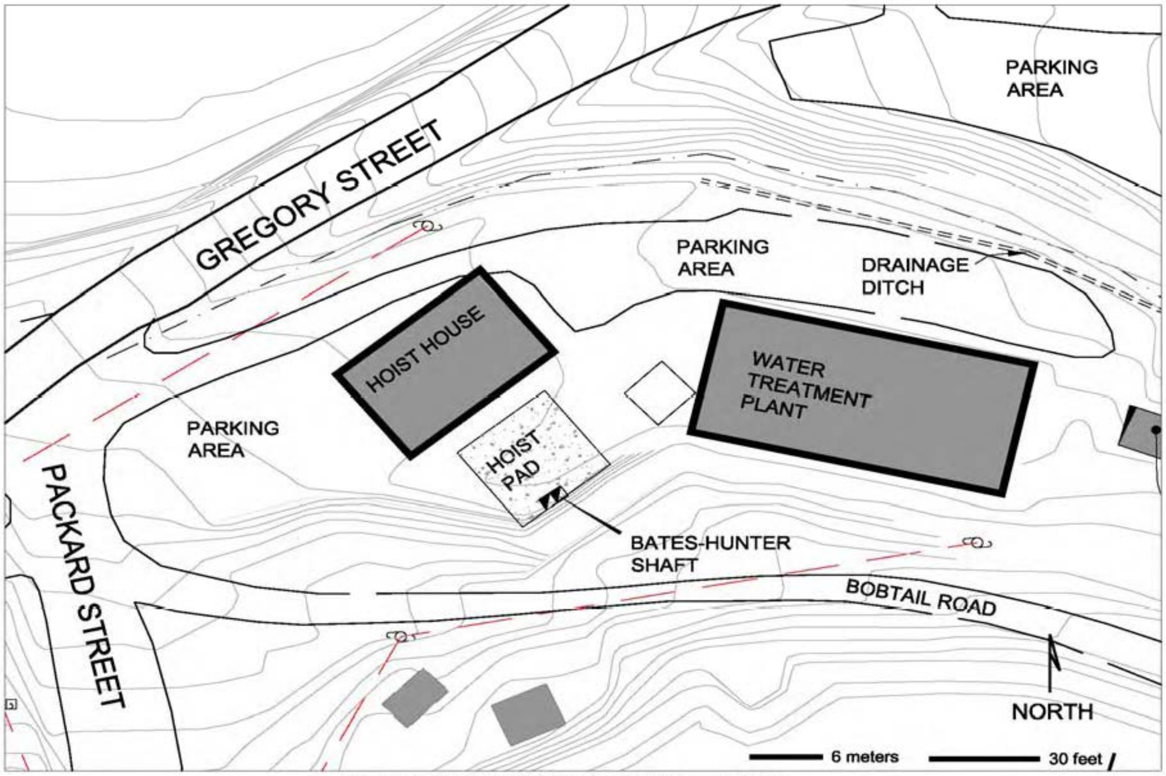

Figure 5. General Facilities Map, Bates Hunter Mine.

Discussions are in progress whereby the State of Colorado and Environmental Protection Agency are considering operating the plant themselves (and paying all operating costs) to clean up local stream water and undertaking to treat any waters pumped from the mine in return for providing the State and EPA with the right to use the plant. Their engineering consultants have inspected the plant and have concluded that unless its throughput capacity is increased or mine dewatering ceases there is no excess capacity available for their use. Management is in the process of investigating how to increase the plant capacity to accelerate dewatering efforts so that once dewatering is complete, the excess capacity would be available for State use and discussions could resume.

3.0 Environmental and Permitting Issues

3.1 General Environmental Issues

The Central City mining district is part of the 400-square mile Central City/Clear Creek Superfund site. Superfund is the federal government program that cleans up the country's abandoned hazardous waste sites. The Central City/Clear Creek site is administered by a partnership between the Colorado Department of Public Health and the Environmental Protection Agency. Historic mining activities in the area have left waste rock and tailings from which acid drainage has leached heavy metals into the surface water and groundwater of the Clear Creek watershed which serves as a drinking water source for Denver. Contaminants of concern for humans are arsenic and lead, and for aquatic life are zinc, copper, cadmium, and manganese. Appendix 3.3 includes a 2006 fact sheet on the Central City/Clear Creek Superfund site.

Waste rock from historic mines is present on the Bates Hunter project claims, and could be a potential source of acid drainage and heavy metals. As part of the Superfund effort, several old mine shafts on the project have been capped for safety and to minimize water inflow and outflow. Tailings in Gregory Gulch, likely on portions of project claims, have been capped (Newfields, 2008).

Newfields performed a Phase I environmental assessment in 2008 on the claims being acquired from Hunter Gold et al. and reported no environmental liens or other known significant environmental issues on these properties. Newfields' Phase I Environmental Assessment Report is included in Appendix 3.1.

3.2 Permit Status

Permits for operations at the Bates Hunter mine and water treatment plant were reviewed by the author and by permitting consultant Frank Filas, P.E. in 2006. His report is included as Appendix 2.1.

3.2.1 Mine Permit

The mine permit status was investigated at the Colorado Division of Reclamation Mining and Safety in Denver, which issued Permit M-90-041 for the Bates Hunter Mine. According to Filas, "The permit is for a limited impact operation at the Bates Hunter Mine (1 acre). The permit does not require the removal of buildings during reclamation and allows for the extraction of up to 70,000 tons of ore and waste per year. The permit provides for protection of structures owned by adjacent landowners and has a reclamation bond of $5,000." The permit is currently active and is included in Appendix 2.2.

Colorado permitting regulations allow for transfer of ownership or relocating the mine site. The process is the same whether applying for a transfer or a new permit. The state is obligated to grant the permit based on technical considerations only. The Colorado Division of Reclamation, Mining, and Safety advised that permits for using cyanide have been granted recently with the codicil that the tailings pond must be lined with an impermeable synthetic liner and that cyanide destruction must be incorporated into the process. They also advised that they have not refused to issue a permit and that any permit application which has failed has been due to the applicant abandoning the permitting process. Metallurgical information is insufficient to predict the actual process flow sheet that will ultimately be adopted. If the project does go into production, it is probable that froth flotation will be used to produce metal sulphide (gold) concentrates which will be sent to a smelter.

3.2.2 Special Exception Use Permit

Filas reports that, "Exploration activities at the Bates Hunter Mine were approved by Central City in a Special Exception Use Permit dated April 14, 1986" (Appendix 2.3). The permit allows for shipping or handling of up to 25 tons of ore/waste per day. Blasting is limited to clearing of debris from the shaft. It also requires that all state permits be obtained including an exploration permit from the Mined Land Reclamation Board. The term of the Special Exception Use Permit was for one year but the permit states that a 'Permit extension will not be denied except for cause.' The permit was to be reviewed on a semiannual basis by the city's planning commission, but George Otten stated that this has never been done. It is important to note that the Central City permit does not allow for full-scale mine production or disposal of waste rock and debris on the surface. The permit can also be revoked for cause (i.e., noncompliance or perceived noncompliance with the terms of the permit)."

3.2.3 Water Discharge Permit

The Water Discharge Permit was investigated at the Colorado Department of Public Health in Denver; Permit #0043168 is in good standing until March 31, 2013 and allows the Bates Hunter to discharge up to a 30-day average of 300 gpm (432,000 gpd; Appendix 2.4). The Stormwater Permit was investigated at the Colorado Department of Public Health in Denver (Appendix 2.5); Permit #COR-040229 is in good standing until December 2008, and is renewed annually. Transfer of permit ownership requires an amendment showing the new owner and takes about 30 days to process.

The Bates Hunter Mine wastewater treatment facility (WWTF) discharges into Gregory Gulch at a point approximately 0.75 mile upstream from the confluence of Gregory Gulch and North Clear Creek. This area of Colorado has been heavily mined in the past and the mainstem of North Clear Creek is currently listed in the Colorado's 303(d) list of water quality impacted streams for the parameters cadmium, iron, manganese, and zinc. The Water Quality Control Division of the Colorado Department of Public Health in Denver has determined that Gregory Gulch has a low flow of zero and that the Bates Hunter Mine WWTF is the sole known point source contributor to Gregory Gulch upstream of the confluence with North Clear Creek. Therefore there is no dilution, no other sources of pollutants of concern, and the assimilative capacities are equal to the in-stream standards applied to the Bates Hunter Mine WWTF effluent discharge.

3.2.4 Surface Drilling Permits

The State of Colorado Division of Reclamation, Mining, and Safety has approved Notice of Intent Mineral Prospect Permit numbers P-2006-018 and P-2006-033, authorizing surface exploration drilling on the Bates Hunter Project. Both permits and associated correspondence can be found in Appendices 2.6 and 2.7.

3.2.5 Water Rights

Substantial water rights are attached to the mine permits. Any water pumped out of the mine can be used by the project prior to discharging to the environment; the mine currently produces about 100 gpm (110,000 gal/day). There is ample water to meet both present and future project needs.

3.2.6 Permitting Issues

Several issues present challenges to permitting a modern mining operation in the Central City district. These may or may not impede permitting progress but should be accounted for in an assessment of project risk.

- The project's location within the city limits of Central City and Black Hawk
- Local, regional, and state land-use planning and zoning, including resolutions that may apply directly to mining
- Historic designations in Central City and Black Hawk
- Superfund site status and water quality issues in the Clear Creek watershed
- Local, state, and federal environmental regulations
- Local, state, and federal political realities, including a public sentiment against mining in Colorado and the local focus on tourism and gambling

4.0 Accessibility, Climate, Local Resources, and Infrastructure

4.1 Topography, Vegetation, and Climate

The project is located in the Front Range of the Southern Rocky Mountain physiographic province, characterized at the project area by rugged mountainous terrain with relatively steep slopes and narrow drainages. Elevations at the project range from 8,400 to 8,800 feet above sea level. The project straddles Gregory Gulch approximately 0.75 mile upstream from its confluence with North Clear Creek. Gregory Gulch is an intermittent stream, carrying substantial flows of water during snow melt or heavy rains and running dry during several months of the year.

Vegetation on the project is Rocky Mountain Montane Forest, dominated by Douglas fir and quaking aspen trees. The Central City first-growth forests were denuded in the late 19th century to provide timbers for mining; because of this and slow growth due to the high altitude, the existing trees are relatively small.

The project's climate is characterized by cold snowy winters, with January temperatures averaging 30°F, and warm summers averaging 72°F in July. Annual precipitation is 16 inches per year. The geological field season is typically April through November and although snow and freezing temperatures pose a challenge in the winter, mining work and exploration drilling can be conducted year-round.

4.2 Access, Transportation, Infrastructure and Local Resources

The Bates Hunter Mine is in an area of excellent infrastructure. It is currently served by municipal electricity and potable water services. Access to the Bates Hunter Mine is excellent, by good paved roads and the city streets of Central City. Dirt roads serve other portions of the project and allow access for drilling and exploration work. Interstate 70 is approximately 8 miles by paved road from the project. Existing paved roads are capable of handling semi-trailers to the mine site. Central City is a small town (population 514); the nearest full-service community is Denver, a major metropolitan area about one hour's drive east that serves as the projects' support hub for supplies and equipment.

The Central City area was a major centre of historical mining activities in Colorado during the late 1800's and early 1900's and although mining activity is currently being conducted on a much reduced scale, skilled mining labor and technical staff are locally available.

The project location within the Central City town limits, the limited surface acreage of the project and complicated land ownership issues prohibits considering any open pit mining activities without anticipating a long and possibly prohibitive permitting, land acquisition and public approval process. Small scale underground mining is possible.

5.0 History

5.1 Central City Mining District History

Central City, Colorado is the oldest mining district in Colorado and the most important mining district in the Front Range mineral belt. The Central City district produced about 4,134,000 ounces of gold and 118,900,000 ounces of silver, with the vast majority of gold production (3,397,000 ounces) occurring between 1859 and 1903 (Simms, Drake, and Tooker, 1963). The total annual production for the Central City district exceeded $1,000,000 (50,000 ounces of gold) from 1868 to 1913 and peaked at a little less than $3.3 million dollars (165,000 ounces of gold) in 1871 (Bastin and Hill, 1917).

The Gregory vein, 750 feet southeast of the Bates vein, was the first lode gold discovery in the state of Colorado and was located on May 6, 1859. This discovery started a frenzy of mining activity in the summer of 1859; by June 1859, some 100 sluices were operating in the vicinity of the Gregory vein and men reportedly made from $100 to $400 per day (5 to 20 ounces gold per day; Bastin and Hill, 1917). In September 1859, some 890 men worked in Gregory Gulch. Early placer gravels and weathered sub-crops of vein material were said to have yielded $100/day (5 ounces gold per day) for months (Bastin and Hill, 1917). The amount of creek and gulch mining steadily declined as time passed and the easily accessible pockets and pay streaks were worked out. In a year or two the more productive gulches had been worked over, and the decomposed vein matter in the leading lodes had been exhausted (Fossett, 1876, pg. 287).

Technology at that time was primitive compared to today's standards. Prior to 1869, miners were only able to recover gold from oxidized "free gold ores" which had been weathered to remove base metals and sulfides leaving a enriched gold bearing iron-oxide-filled quartz vein that could be easily separated. Processing technology of that era incorporated wet crushing, gravity separation and mercury amalgamation of "free gold ore", and direct smelting of high-grade ores. Prior to 1869, high-grade, direct smelting ore was sent across the ocean to Swansea, Wales for smelting. From 1859 to 1869, primitive mills were only recovering between 15% and 40% of the gold from sulfide ore being processed and none of the silver or copper (Fossett, 1880, pg. 143). At these recoveries, nothing less than $100 per ton (5 ounces per tone gold) could be mined (Bastin and Hill, 1917). Professor Hill established the Colorado Smelting Works at Black Hawk in 1867-8 and became the first successful local smelter to treat the sulfide-bearing ores. From 1869-1877 recoveries improved to between 50% to70% of the value in the sulfide ore and ore paying $15 to $20 per ton (0.75-1 opt Au) could be mined with success (Fossett, 1876).

Mining was accomplished by hand. Once mining reached the water table, sulfide ores were hand cobbed in the stopes and only the high-grade, direct-smelting ores were brought to surface. As a result, stope fill in many of these old mines can grade as high as 0.5 opt Au and is commonly in the 0.25 opt Au range. Two assays found by the author on an old map of the 475 level of the Becker-Bates showed that the waste fill assayed 0.16 and 0.24 opt Au. Underground muck sample assays from the Bates Hunter workings are shown on Figure 6. The average of 12 muck samples is 1.3 opt Au, 2.7 opt Ag, and 277 ppm Cu. A sample of muck from the 112 foot Bates Hunter mine (sample # BH-5050) contained 5.9 opt Au, 15 opt Ag, and 2.5% Cu.

Large-scale development has been greatly inhibited by the fragmented nature of land ownership created by many small lode claims. The 1859 Miner's Law of Central City allowed the discoverer of a vein to claim 200 feet along the vein, and any other person 100 feet along the vein (Fossett, 1876). The division of the vein into so many small claims was good for the division of wealth within the mining camp, but it eventually restricted the growth of the district once underground mining was required. The substantial outlay of capital required to purchase steam powered hoisting equipment required the consolidation of many claims for a mine to turn a profit. It did not help the situation when veins regularly migrated off claim boundaries at depth, or worse, intersected at depth leading to many disagreements and lawsuits over ownership. The most successful consolidation of a land position in the area was done by the Fifty Gold Mines Co., on the Gregory (700 feet deep), O'Neal (986 feet deep), Fisk (1,250 feet deep), Cook (1,450 feet deep), Bobtail, and Mammoth veins. The venture became one of the most productive in the district and resulted in production of over $5,138,837 (256,941 ounces) of gold before 1887 (Bastin and Hill, 1917). The group of veins belonging to the Fifty Gold Mines Co. lies about 2,000 feet southeast of the Bates Hunter mine.

Central City production increased gradually after the Civil War in 1864 and reached its peak in 1871. A steady decline in production began in 1914 and continued until 1921 and remained at a low level until 1935. Annual production in 1935 and 1936 reached levels the district hadn't seen since 1913, ($800,000 or 40,000 ounces of gold). Annual production declined until 1942 when restrictions were placed on the mining of gold during World War II (Simms, Drake, and Tooker, 1963).

5.2 Bates Hunter Mine History

The Bates vein was the second vein discovered in the Central City district. It was located by John H. Gregory on May 19, 1859, 13 days after his discovery of the Gregory vein, (Fossett, 1876). The Bates vein was close to the center of early activity, it is parallel to and 750 ft to the northwest of the Gregory vein. Production from the Gregory vein is estimated at 500,000 ounces of gold (Fossett, 1876; Callbreath, 1899). Although the Bates vein was one of the richest and most productive in the early history of the area, it was never consolidated and mined to any great depth and has only been operated in intervals. In 1863-4 ten Eastern companies were formed on different parts of the Bates, but little work has been done since 1869-70 (Fossett, 1876). "The surface dirt was extremely rich and so was much of the vein" (Fossett, 1876). Production records indicate that the Bates Hunter Mine produced approximately 153,651 ounces of gold: 30,000 ounces were mined prior to 1880, another 120,000 ounces from 1880-1899, and 3,651 ounces from 1908-1918 (Fossett, 1876; Callbreath, 1899). The Bates shaft was sunk to 745 feet before 1910. During 1930-35, the mine was dewatered and the lower stopes opened up; no production records have been found from this period.

Published and unpublished geologic information has been compiled into a longitudinal vein section map for the Bates Hunter Mine (Figure 6). This longitudinal vein section shows gold assay values for 64 rock samples taken by Harry Williams from sometime during 1930-35 (Williams, 1934?). The locations and grades are presented as they were shown on Mr. Williams' map with little information on the thickness of the veins sampled. The average gold assay for the 64 vein samples shown on the Harry

Williamson map is 1.141 opt Au, ranging from 0.13 to 8.6 opt Au with a few in the range of 3 to 5 opt Au.

Fred Jones, who was the Colorado Commissioner of Mines from 1943-1950, was probably one of the last men to see the lower levels of the Bates Hunter Mine. Jones wrote a report dated June 15, 1939 on the condition of the Bates Hunter Group of Mines (Jones, 1939). In this report, he noted that 3 ore shoots were open in the lower levels of the mine and mentions the importance of cross-cutting veins in localizing ore. These ore shoots appear to be the same ones shown on Figure 6, and his assay values are comparable to those reported by Harry Williams. Jones described ore shoots occurring on the 300, 700 and 800 (745??) foot levels. On the 300 foot level, samples taken over a 40 feet strike length ranged from 0.34 to 1.8 opt Au. On the 700-foot level, he states that the “ore stopes 4 feet wide” and that 50 feet of the ore is exposed near the shaft, in the bottom of the drift, that assayed from 0.4 to 4.60 opt Au. Figure 6 also shows assay values from United States Geological Survey publications, previous drill programs and samples taken during the current drilling and exploration program. This figure was adapted from several generations of material from both published and unpublished sources.

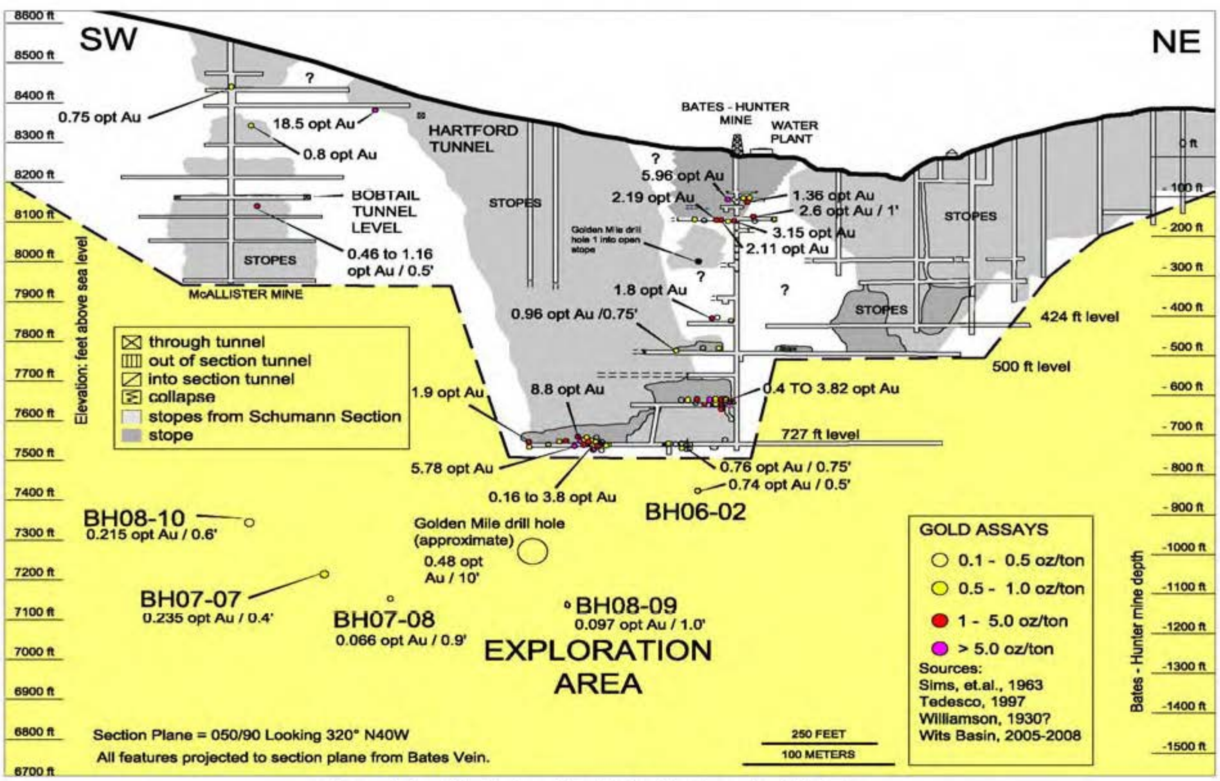

Figure 6. Longitudinal section, Bates-Hunter and related mines.

In 1984, George Otten purchased the Bates Hunter Mine and surrounding claims, and added several contiguous claims over the next few years. Otten installed the present mine headframe and hoist, built the hoist house, and rehabilitated the mine shaft to a depth of 217 feet. In 1993 he commissioned the construction of the present water treatment plant. On September 20, 2006, Management entered into an agreement with George Otten, and a group of companies either owned or controlled by him, to purchase the physical assets, mineral claims and land tenure parcels held by

George Otten et al. Closing on this agreement occurred on June 12th, 2008 **Adjacent Mining History**

In addition to the approximately 154,000 ounces of gold produced from seven mines on the Bates Vein, compilations of historic production records indicate that the immediate vicinity around the Bates Hunter project has produced 1,135,000 ounces of gold from six veins. These include the Fisk vein (448,000 ounces of gold from seven mines), the Gregory vein (342,000 ounces from two mines), the German vein (113,000 ounces from one mine), the Leavitt vein (63,000 ounces from five mines), and the Gaston vein (15,000 ounces from one mine).

The Buell mine on the Leavitt vein was one of the major producers in the Central City District and is included in the Hunter Gold mineral claims. The Leavitt vein is parallel to, and 150 feet northwest of the Bates vein. Complete production records have not been located. Pockets of very high grade ore were frequently encountered during mining activities and stoping widths up to 16 feet were encountered as described by Fossett, 1876, pg. 319.

> *"The Leavitt was reopened in 1871, at a point beneath Gregory street and gulch, Central City. At a depth of 50 feet an ore body of soft gangue rock was entered, ten feet wide, of an average value of $10 a ton. Subsequent work continued in the ore, the vein widening and closing, but never giving out for long distances. At a depth of 130 feet a rich body of black, decomposed sulphurets was entered having a width of four feet. Thousands of dollars were obtained at the Black Hawk smelting works for single lots of this ore-there being many tons in each shipment. Several tons were sent across the ocean to Swansea, and brought $300 per ton. The gangue rock, lying beside this in the vein, was worth $80 a cord. In one place there were over four feet of ore carrying 15% of copper. The ore body was generally four to ten feet wide, but at a depth of 400 feet widened to 16 feet, averaging $10 under the stamps. Great pockets and seams of smelting ore were found. Unbroken masses of ore, weighing over one thousand pounds each and assaying $200, were occasionally raised."*

To put this into perspective, the price of gold at that time was $18.93/oz. The gangue rock (waste) described above graded approximately 0.30 oz. Au/ton. Run of mine ore processed through the stamp mills using gravity and amalgamation recovery techniques RECOVERED about 0.53 oz Au/ton.

The German mine on the German vein, part of the Bates vein system, is located 1,500 feet southwest of the Bates Hunter mine and is included in the Hunter Gold mineral claims. The German mine is 745 feet deep and produced approximately 113,170 ounces of gold: 112,500 ounces were mined prior to 1899 (Fossett, 1876; Callbreath, 1899).

6.0 Geologic Setting

6.1 Regional Geology

The Central City mining district lies within a terrane of Precambrian rocks that comprise the core of the Front Range portion of the Rocky Mountains in Colorado. The 1,800 to 1,750 Ma sequence of bimodal volcanic and clastic sedimentary rocks accumulated on the southern edge of a 2,200 Ma Archean craton along what is now the Wyoming-Colorado border. Initial greenschist metamorphism and deformation produced mostly upright, tight isoclinal folds with a penetrative fabric and associated bodies of pegmatite. Rootless folds and boudinage features are characteristic of this deformation. This sequence of rocks was then deformed and metamorphosed to upper amphibolite grade during syn- and post-tectonic intrusion of the Boulder Creek granodiorite at 1,750 to 1,700 Ma, resulting in large-scale northeast trending upright open parallel folds.

Intrusion of the 1,400 Ma Silver Plume biotite-muscovite granite was accompanied by thermal metamorphism, minor deformation, and intrusion of pegmatites. The northeast trending Idaho Springs-Ralston ductile shear zone (trending 055°), which lies just southeast of Central City, most likely is related to this event. Later in Proterozoic time, long northwest and north-northeast trending faults or “breccia reefs” were developed (Tweto and Simms, 1963; Lovering and Goddard, 1950).

Uplift and erosion of the Precambrian rocks resulted in a beveled surface upon which terrestrial and marine sediments were deposited. Kimberlites, carbonatites, and other mafic intrusions were emplaced sporadically prior to an erosional period during the Silurian. Extensional block faulting occurred during the Permian, creating the Ancestral Front Range. This was followed by the complete erosion of the uplift and the transgression of the Intercontinental Cretaceous Seaway, resulting in the deposition of more than 15,000 feet of terrestrial and marine sediments. Uplift of the current Front Range began in Late Cretaceous time (Tweto, 1975), creating a series of north-northwest trending uplifts and basins that reactivated pre-existing north-northwest trending faults in Colorado (Chapin and Cather, 1981).

Tertiary-aged igneous activity and related mineralization occurred throughout the Front Range region from 54.4 to 66.5 Ma (Rice, Lux, and Macintyre, 1982). Various porphyry dikes and small plutons were emplaced along pre-existing weaknesses in the Precambrian rocks. The location of these Tertiary intrusives defines the northern portion of the northeast-trending Colorado Mineral Belt. Principle stress directions in the Central City area during Laramide time were oriented northeast-southwest at 068° (Caine et al., 2006).

After a lull in plutonism and volcanism during the Oligocene (55-38 Ma), tectonism was dominated by basaltic magmatism related to the development of the Rio Grande Rift in the Eocene (Lipman, 1983). Wide-scale regional uplift brought the area to its current elevation. Repeated cycles of alpine glaciation occurred during the Pliestocene. Extensive erosion has exposed the mineralization and caused supergene enrichment of gold, silver, and copper near the surface.

6.2 Regional Rock Units

The Precambrain rocks in the Central City district are an inter-layered and generally conformable sequence of gneiss, migmatite, and intrusive igneous rocks (Simms and Gable, 1964; Figure 7). The lithologic succession in the area consists dominantly of an inter-layering of thick units of biotite gneiss and microcline-bearing gneiss (Moench and Drake, 1966). These gneisses are deformed into a broad, northeast trending, open asymmetric fold that verges to the southwest, called the Central City anticline. Numerous sub-parallel asymmetric folds with the same asymmetry can be found at every scale. A major unit of microcline gneiss, about 1,500 feet thick, is exposed along the axis of the Central City anticline. It is overlain and underlain by biotite gneiss units and contains thin units of biotite gneiss, amphibolite, biotite-sillimanite gneiss, garnet-biotite gneiss, quartzite, granodiorite, and biotite-quartz gneiss. The lower biotite gneiss unit was penetrated in some of the deeper mines in the district.

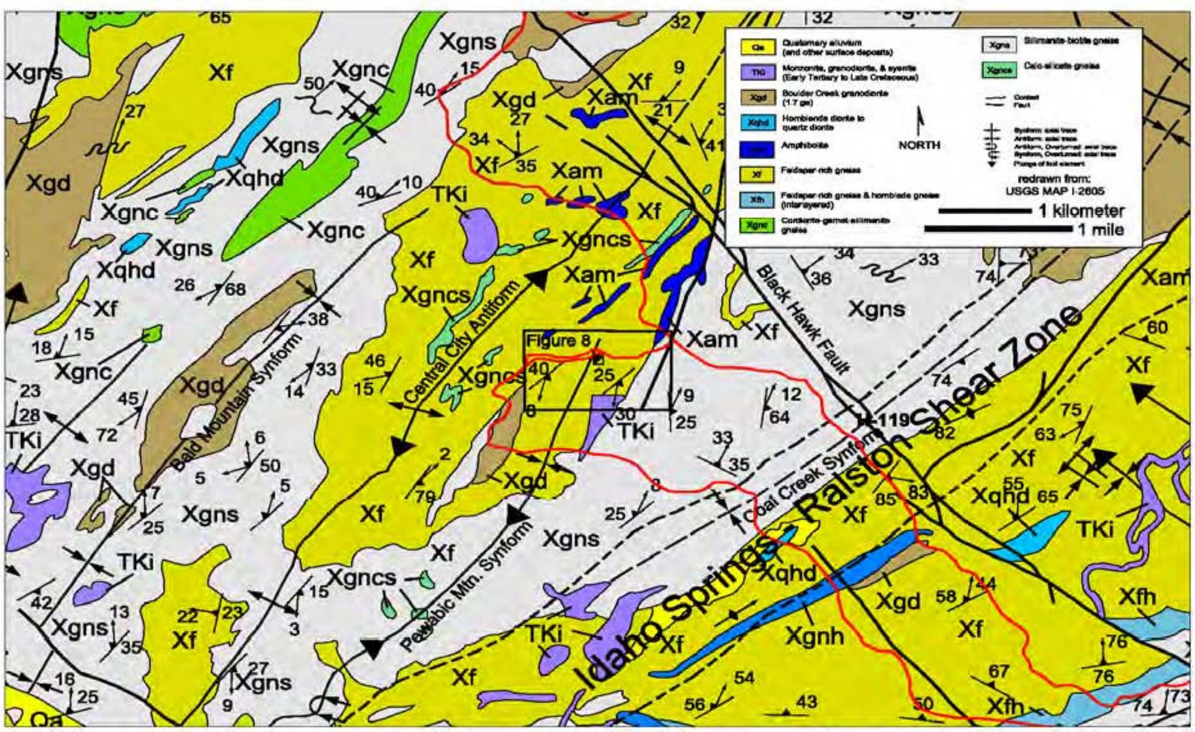

Figure 7, Regional Geology of the Bates-Hunter Mine Project, Central City, Colorado.

Tertiary through Oligocene-aged igneous rocks of the Central City district consist of leucocratic granodiorite porphyry, quartz monzonite porphyry, bostonite porphyry and quartz-bostonite porphyry (Sims, Drake and Tooker, 1963). The older intrusions tend to form small irregular stocks and the younger ones form long thin dikes that trend northwest, northeast, and due east. Field relations clearly indicate that the quartz bostonite porphyry and bostonite porphyry are the oldest Tertiary intrusive rock, and these early bostonites show a close spatial association with uranium mineralization that dates at 58±1 Ma (Phair, 1979). The Laramide intrusive rocks of the region are among the most radioactive igneous rocks in the world (Larsen and Phair, 1954); the quartz bostonite porphyry, for example, is about 15 times as radioactive as the average granitic rock (Sims, 1982).

6.3 Deposit Types

Precious and base-metal deposits in the Central City area are mesothermal vein-type deposits formed at 220° to 380° C in the early Tertiary under 2,600 to 4,600 feet of cover (Lovering and Goddard, 1950), possibly above an alkaline porphyry molybdenum system (Rice et al., 1985). Vein textures suggest passive infilling of fractures. Angular clasts of previous vein stages are common inclusions within vein breccias. Vein mineralogy is dominated by quartz with base-metal sulfides (pyrite, chalcopyrite, chalcocite, bornite, tennantite, and enargite); four stages of mineralization have been identified. Veins range in thickness from hairline to 8 feet, and are surrounded by wall-rock alteration envelopes as thick as 80 feet. Grades of vein mineralization detected during the exploration program range up to 5.9 opt Au. A project geology map is included as Figure 8.

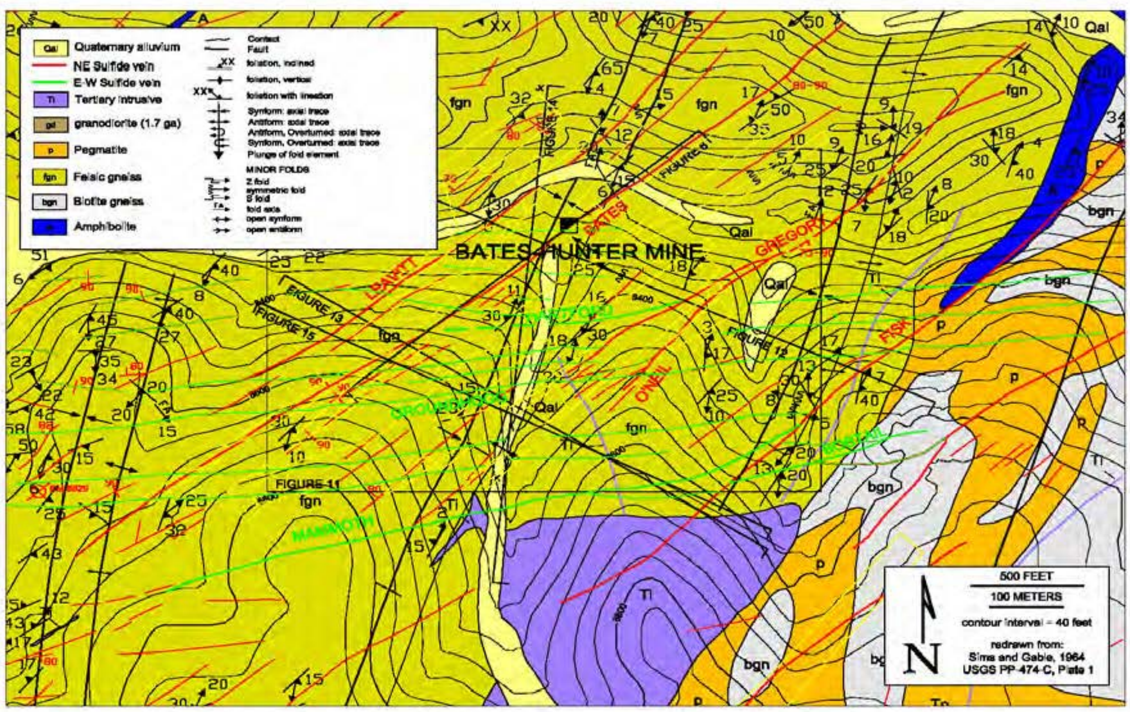

Figure 8, Generalized Geologic Map of the Bates-Hunter Project Area. From Sims and Gable, 1964.

6.4 Mineralization

The discussion of mineralization below is the work of project geologists Brian Alers, a "qualified person" and John Shallow, a consulting geologist. The author has not personally corroborated all of the evidence presented, but it is consistent with his observations and knowledge of the project's geology.

Four distinct stages of mineralization have been identified in the Central City district based on crosscutting relations among intrusions and various vein types (Tables 3 and 4; Sims, Drake and Tooker, 1963). The veins grade into one another but can be classified according to the distinctive mineralogy and geochemistry of each stage of mineralization. They are referred to below as Stages 1 through 4. Further refinement of the vein paragenesis was achieved by identifying specific structural relationships and defining the mineralogy and trace element geochemistry of each of the three main post-uranium vein stages. Note that vein structure and orientation is a separate issue from the temporal paragenesis of mineralization: veins of different stages do not necessarily have unique orientations and may share the same orientation as other mineralization stages.

Table 3. Stages and Characteristics of Bates Hunter Mineralization

Stage	Vein Type	Thickness (ft)	Vein Minerals	Anomalous Elements
Stage 1	Pitchblende	--	pitchblende, secondary U minerals	U
Stage 2	Quartz-pyrite	0.1 – 0.8	quartz, pyrite, chalcopyrite, tennantite, sphalerite	Au, Ag, Cu (Pb, Zn, As, Bi, Sb)
Stage 3	Base-metal sulfide	0.1 - 6	quartz, chalcopyrite, pyrite, tennantite, enargite, marcasite, bornite, chalcocite, sphalerite, galena, goldfieldite(?)/sylvanite	Au, Ag, Cu, Te, Pb, Zn, As, Bi, Mo, U, Vn
Stage 4	Telluride	hairline – 0.5	chert/chalcedony, calcite, clay, fluorite, sylvanite, hessite	Au, Ag, Cu, Pb, Zn, As, Bi, Sb

Table 4. Average Geochemistry of Mineralization Stages from Selected, Representative Samples

Stage	Number of Samples	Au opt	Ag opt	Au/Ag	Cu ppm	Te ppm	Pb ppm	Zn ppm	As ppm	Bi ppm	Sb ppm	Mo ppm	U ppm	V ppm
Stage 2 Quartz-pyrite	17	0.710	1.04	0.87	2804	<5	206	181	171	61	17	4	0	4
Stage 3 Base-metal sulfide	18	1.500	3.78	0.66	9225	0	1229	441	531	394	164	21	25	9
Stage 4 Telluride	7	0.289	3.53	0.03	6839	18	902	1236	376	340	73	10	3	9

6.5 Ages of Mineralization

Mineralization at Central City has been dated at between 65 and 58 Ma, placing it squarely in Laramide times (70 to 55 Ma) of the late Cretaceous and early Tertiary. Recent age dates on sericite related to precious and base metal mineralization (Stages 2 and 3) range from 65.4±1.5 to 61.9±1.3 Ma (Caine et al., 2006) and 59±1 Ma (Rice, Lux, and Macintyre, 1982). Although the age date of 58±1 Ma (Phair 1979) suggests that uranium mineralization is later, cross-cutting relations clearly indicate that uranium predates precious and base-metal mineralization (Sims, Drake and Tooker, 1963).

6.5.1 Pitchblende: Stage 1

Stage 1 mineralization consists of pitchblende and local secondary uranium minerals that occur sporadically in small pods or lenses along pyrite and composite veins associated with early uraniferous quartz bostonite porphyry dikes, (Phair 1979). The largest known ore shoots are rarely larger than 50 tons, but they can grade as high as 10% uranium (Sims, Drake, and Tooker, 1963). The pitchblende deposits are all clustered on the Quartz Hill and upper Russell Gulch area (Sims, Drake, and Tooker, 1963); the deposits on Quartz Hill were of national importance prior to World War I. Management is not targeting uranium mineralization in its exploration.

6.5.2 Quartz-Pyrite Veins: Stage 2

Stage 2 mineralization consists of braided networks of 0.1 to 0.8 foot wide sub-parallel quartz-pyrite veins surrounded by quartz-sericite wall-rock alteration envelopes up to 80 feet thick. Stage 2 veins contain light gray to clear quartz with variable amounts of coarse to fine-grained pyrite alone, or with variable quantities of fine-grained chalcopyrite, very-fine-grained “black-tar” tennantite, and fine-grained sphalerite. Stage 2 veins rarely contain any galena or enargite. Open-space filling, crustiform textures, and clear euhedral quartz crystals are characteristic vein textures. Pervasive quartz-sericite wall-rock alteration accompanied this stage of mineralization, and wall-rock alteration style and intensity are strongly influenced by the host rock composition. Stage 2 quartz-pyrite veins are found in the hangingwall of composite-type veins or as distinct braided networks of veins that trend northeast. Examples include the Bates, German, McAllister, Gregory, O’Neil, Branch, Mosell, and Cousin Jack veins, as shown in red on Figure 8.

Although gold is the predominant economic metal in the quartz-pyrite veins (Au/Ag ratios range from 0.2 to 0.8), and were an important source of gold ore in the Central City district, the gold grade of Stage 2 veins is spotty at best and ranges from 0 to 0.8 opt Au, with the majority of values around 0.15 to 0.25 opt Au. The higher gold grades accompany increases in chalcopyrite and tennantite content of the veins. Lead, zinc, arsenic, bismuth, and antimony are weakly anomalous in Stage 2 mineralization; tellurium, molybdenum, uranium, and vanadium are not anomalous (Table 4).

6.5.3 Composite Base-Metal Sulfide Veins: Stage 3

Stage 3 composite base-metal sulfide mineralization consists of gray, dark gray, and black quartz veins 0.1 to 6 feet wide with variable amounts of coarse-grained chalcopyrite and pyrite, fine-grained tennantite, coarse-grained enargite, fine-grained marcasite, and a very fine-grained black mineral with lesser bornite, chalcocite, sphalerite, galena, and possibly goldfieldite(?) or sylvanite. Coarse-grained sulfides, sharp vein margins, and silicificaton are characteristic vein textures. Stage 3 alteration is limited to silicification adjacent to veins because of the intense earlier quartz-sericite alteration of wall rocks related to Stage 2 quartz-pyrite mineralization. The composite base-metal sulfide veins occupy the footwall of many Stage 2 quartz-pyrite braided vein networks. Examples include the Bates, German, McAllister, Gregory, O’Neil, Branch, Mosell, and Cousin Jack veins, as shown in red on Figure 8. Stage 3 base-metal-sulfide veins were the primary source of the gold, silver, and copper ore mined in the Central City district. This vein type was termed “composite ores” by Bastin and Hill (1917), because they felt that it represented two superimposed stages of mineralization: Stage 2 quartz-pyrite veins cut and filled by base-metal sulfides characteristic of Stage 3 veins.

Gold content is highly variable within the composite base-metal sulfide veins. Typically, the higher gold grades are found within irregular streaks and lenses of the more chalcopyrite-rich portions of coarse sulfide veins. Locally, Stage 3 veins contain broken coarse chalcopyrite or pyrite grains that have been re-healed by black very fine-grained sulfides, tennantite, and quartz of Stage 4 mineralization. The composite base-metal sulfide veins can contain up to 5.89 opt Au, 15.36 opt Ag, and 2.58% copper (Table 4). Au/Ag ratios in Stage 3 mineralization are variable and range from 0.2 to 1. Many trace elements in Stage 3 composite base-metal sulfide mineralization are anomalous including tellurium, lead, zinc, arsenic, bismuth, molybdenum, uranium, and vanadium (Table 4).

6.5.4 Telluride: Stage 4

Stage 4 Telluride mineralization consists of braided networks of hairline to 0.5-foot-thick veinlets of blue-gray cherty silica/chalcedony, ferruginous calcite, white clays, and sometimes purple fluorite with variable amounts of Au and Ag-bearing telluride minerals, primarily sylvanite ($AuAgTe_4$) and hessite (AgTe). The telluride-bearing veins in the Central City district occur in separate veins that are parallel to and crosscut the earlier vein stages (Bastin and Hill, 1917). The Ag-telluride veins have been observed parallel to and cross-cutting thin dikes of a younger tan to buff-colored Tertiary intrusive. The telluride-bearing veins of Central City are subtle in appearance, and their role in boosting gold grades in many of the older mines may not have been fully recognized by the old-time miners. Examples of Stage 4 veins include the Hartford, Groundhog, Simmons, and North Maine veins, as shown in green on Figure 8.

Gold in the telluride-bearing veins can be coarse and extremely high grade, but the grades are notoriously erratic. Ag-telluride bearing veins have not been described anywhere in the Central City District literature, but the Ag telluride hessite (AgTe) has been found in diamond drill core from the Bates Hunter Mine area. Current assays show that Stage 4 telluride veins contain from 0.3 to 0.5 opt Au, and 2 to 6.5 opt Ag. The veins are silver rich with low Au/Ag ratios that range from 0.01 to 0.1. Copper, lead, zinc, arsenic, bismuth and antimony are anomalous; molybdenum, uranium and vanadium are not anomalous (Table 4).

Telluride mineralization occurs in many other sites in the region. The largest producers of telluride ores in the Central City district were the War Dance and East Notaway mines. In the War Dance mine production came from two distinct veins: sulfide ore averaged 0.2 opt Au and 30 opt Ag, while the telluride ore nearby ran 20 opt Au and 3.5 opt Ag (Bastin and Hill, 1917). The telluride veins at the War Dance mine are included in a 3-foot-wide massive purple fluorite vein. The telluride veins of the East Notaway mine (about 2 miles south of the Bates Hunter mine) are characteristically 1 to 3 inches wide and consist of dark-gray cherty silica, fine-grained pyrite, some antimoniacal tennantite, and varying amounts of telluride, probably sylvanite (Bastin and Hill, 1917). Small amounts of tellurides have been found in the Casino, Gem, Kokomo, Sleepy Hollow, and Gregory mines. Pierce (1890) first noted the presence of tellurium in certain ores from the Gregory Mine, but the nature of the tellurium mineral from which it came is unknown (Bastin and Hill, 1917). Sims, Drake, and Tooker, (1963) determined that the tellurides may be more widespread than previously recognized, but they note that their only source of information is limited to that reported by Bastin and Hill (1917). They do cite additional telluride mineral occurrences at the New Brunswick, Powers, and Pittsburgh mines. The Treasure Vault and Gem mines produced significant amounts of telluride ore from the Idaho Springs district, 10 miles southwest of Central City, and some ore contained coarse sylvanite crystals. At the Boulder County telluride mines, some 20 miles northeast of the Bates Hunter project, hessite (AgTe) is considered to be the latest-stage telluride mineral, often encrusting earlier telluride minerals such as sylvanite ($AuAgTe_4$). Banded hessite and petzite ($AuAg_3Te_2$) was a common ore type in the Boulder County telluride mines.

6.6 Vein Structure and Ore-Shoot Geometry

Three orientations of veins have been identified in the area of the Bates Hunter project (Figure 9). As mentioned above, vein structure and orientation is a separate issue from the temporal paragenesis of mineralization: veins of different stages do not necessarily have unique orientations and may share the same orientation as other mineralization stages.

The highly productive northeast-trending veins (azimuth ~055º) contain abundant coarse sulfides and have complex geochemistry, implying that they were open during all stages of mineralization: they contain high gold, silver, copper, base metals, trace elements, and uranium. Examples include the Bates, German, McAllister, Gregory, O'Neil, Branch, Mosell, and Cousin Jack veins, as shown in red on Figure 9.

There are two varieties of generally east-west trending veins. The first type contains high-grade gold, some silver, and anomalous copper, arsenic, and molybdenum. Examples include the Hartford and Simmons veins. The other east-west trending vein type are thin veins of generally Stage 4 mineralization containing very fine-grained black Ag-telluride (hessite) and anomalous copper, bismuth, arsenic, antimony, molybdenum, and lead. These Ag-telluride veins occur next to and parallel with thin tan Tertiary intrusive dikes with tan banded chalcedonic quartz. Examples include the Groundhog, North Maine, and Hartford veins (shown in green on Figure 9).

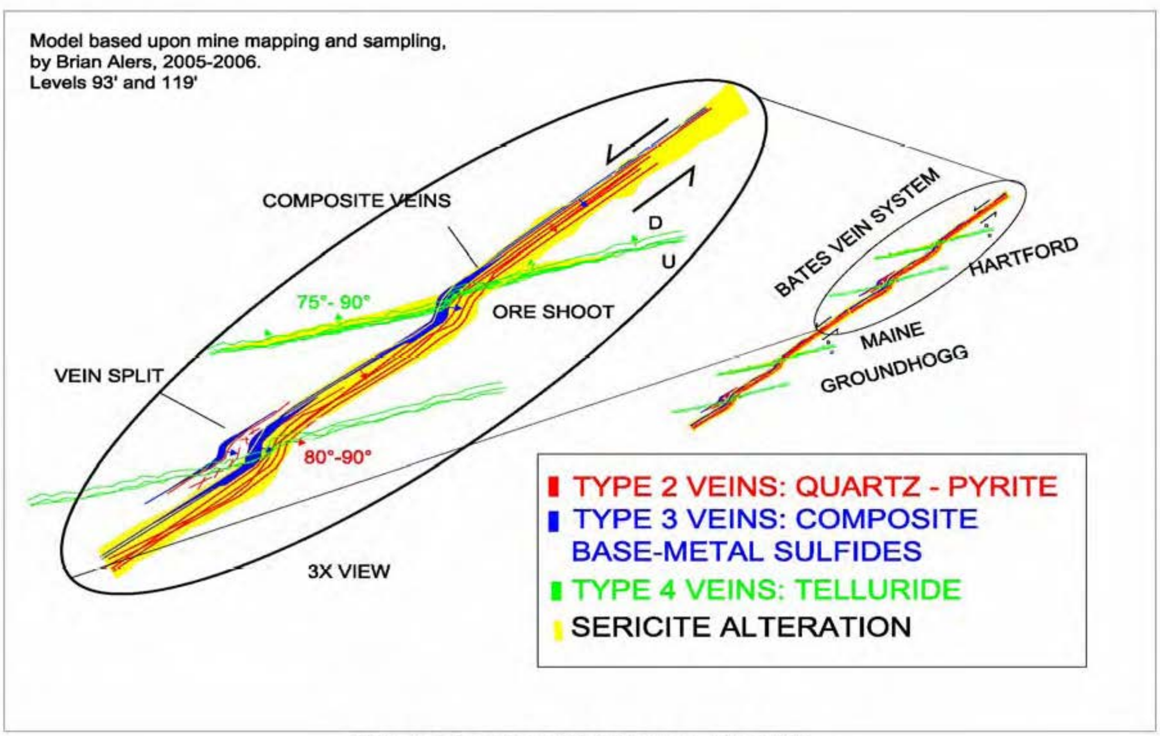

Figure 9. Schematic model of vein types. Alers, 2008

The veins and minor stockworks of Central City are best described as undulatory veins, as discussed by Wise (2005). Undulatory veins are faults (and to a lesser extent joints) that propagated as curviplanar surfaces and commonly exhibit undulating or corrugated shapes. They result from local stress field variations related to the interaction of propagating parallel braided fractures. In these systems, ore shoots generally constitute only a small part of any given vein, occupying what were the open parts of the faults during vein formation. The observed vein patterns in Central City are not the result of a simple conjugate set of fractures, but are braided segments of low-displacement left-lateral faults with less than 3 feet of oblique slip.

Through surface geologic mapping, compilation of old mine maps, drilling, and three-dimensional computer modeling, the complex nature of the undulatory veins characteristic of the Bates Hunter Mine is becoming clearer. The most productive veins are not a single vein but a complex network of branching undulatory vein segments between major parallel vein branches spatially located 30 to 60 feet apart (Figure 9). Ore shoots consist of a series of smaller dilational en-echelon vein sets (ladder veins) between and at acute angles to two major parallel master veins. The dilational jogs and resulting ore shoots were localized by undulations in the master veins due to changes in rock type, folds in host rock, vein intersections, and local stress field variations. Ore shoots coincide with undulations in both strike and dip of master veins. Important examples of two master vein branches that interact with each other to create a braided vein network include the Gregory/O'Neal veins and the Bates/German Veins.

Within any given braided vein network at Central City, the vein in the footwall generally has higher gold grades than the vein in the hanging wall. Ore shoots generally have well-defined visual boundaries, high-grade gold and silver concentrations coinciding with the readily visible base-metal sulfides. In contrast, ore shoots in pyrite veins without the presence of base metals, are less readily visible; historic miners based cutoff on assays rather than visual mineralogy (Collins, 1904).

7.0 Exploration

7.1 General

Management has been conducting exploration of the Bates Vein and adjacent veins since 2004. This exploration program has included:

- surface mapping and sampling of the project and surrounding area
- underground mapping and sampling in accessible workings of the Bates Hunter Mine
- researching historic mining and production records
- researching academic literature on the geology of the Central City mining district and surrounding region
- detailed research and interpretation of structural geology of the precious-metals vein systems in the district
- computer modeling of veins, vein intersections, and structural geology to generate exploration targets
- surface diamond drilling and associated core logging, assaying, and interpretation of data
- surveying mineral claims, mine workings, and physical features of the project
- dewatering the Bates Hunter shaft in anticipation of underground drilling
- permitting activities and water sampling/analysis requirements related to the water treatment plant

The company is currently engaged in a Phase II surface drilling program, planned for 6,000 feet in three or more holes to test the depth potential of vein intersections beneath the historic Bates Hunter Mine workings. Exploration mapping and sampling results to date are outlined below.

7.2 Surface Mapping and Sampling

Geologist Brian Alers has conducted geologic mapping and sampling on a scale of 1 inch to 200 feet. This mapping included extensive compilation and integration of pre-existing and recent geologic work. Sample notes and analytical results for surface samples are included in Appendix 4; assay certificates for all surface assays are included in Appendix 5.

7.3 Underground Mapping and Sampling

Brian Alers has also conducted detailed surface and underground mapping and sampling by tape and Brunton survey on a scale of 1 inch to 10 feet for the 93, 112, 120, 130 and 163 foot levels of the Bates Hunter mine. Selected analytical results from underground samples are tabulated on Table 5 and shown on Figure 10. Sample notes and analytical results are included in Appendix 4, and assay certificates for all underground assays are included in Appendix 5.

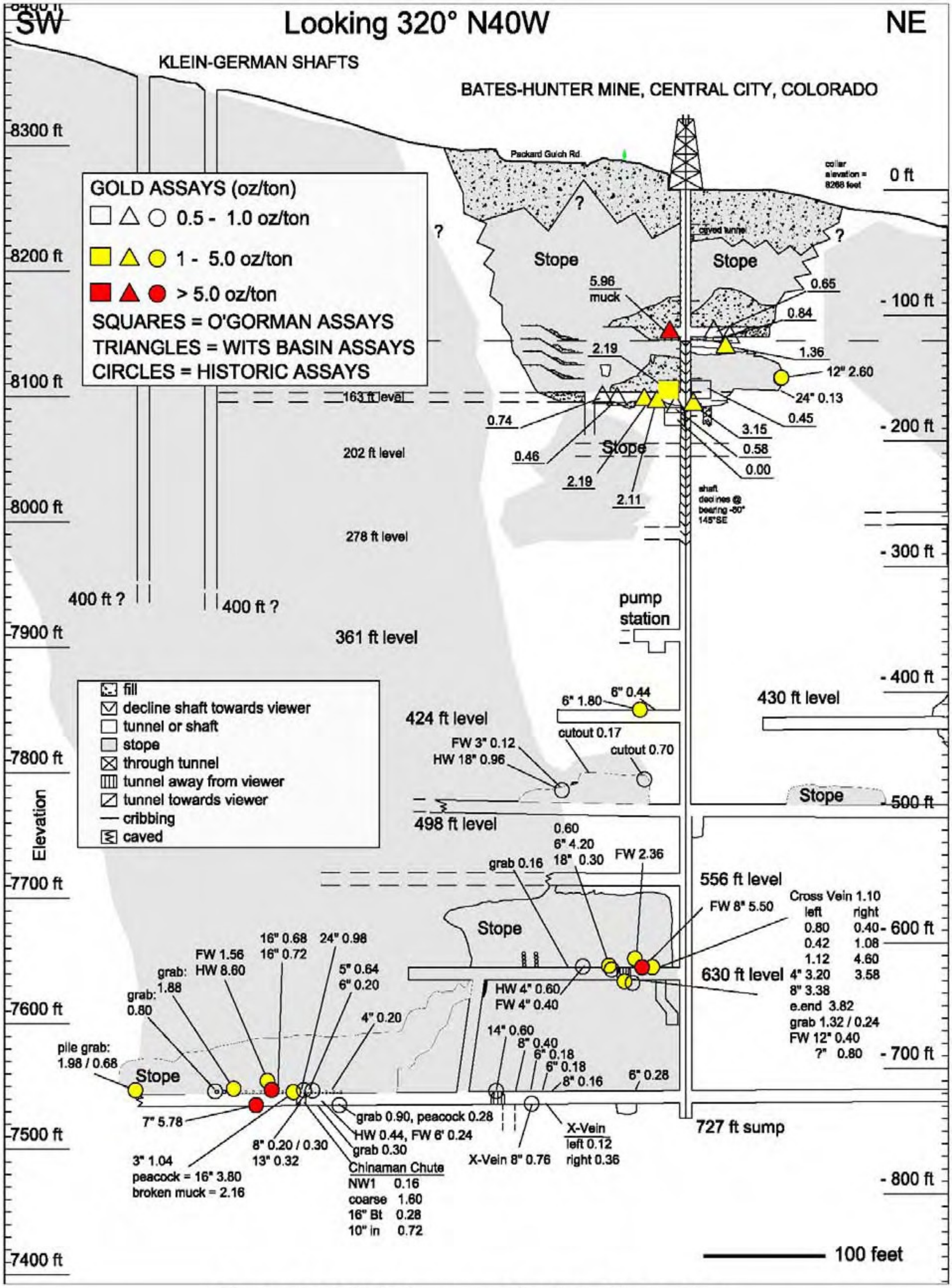

Figure 10. Gold (Au) assays of the Bates-Hunter Mine.

Underground muck sample assays taken in the Bates Hunter workings suggest that stope fill in this mine may be rich as suggested by historical records: twelve muck samples averaged 1.3 opt Au, 2.9 opt Ag, and 0.28% Cu; the highest-grade sample was from the 112-foot level, and assayed 5.9 opt Au, 15 opt Ag, and 2.6% Cu (Table 5).

Table 5. Muck Samples from Bates Hunter Underground Workings

Sample #	Location	Type	Au (opt)	Ag (opt)	Cu (%)
BH-5055	Bates 163 level west	muck	2.071	2.46	0.092
BH-5080	Bates 163 level west	muck	0.003	0.03	0.019
BH-5050	Bates 112 level west	muck	5.898	15.36	2.576
BH-5052	Bates 163 level west	muck	2.046	3.18	0.107
BH 5082	Bates 163 level west	muck	1.631	3.36	0.069
BH 5083	Bates 163 level west	muck	0.878	2.63	0.259
BH 5081	Bates 163 level west	muck	0.377	0.82	0.022
BH-5007	Bates 112 level east	muck	0.090	0.41	0.021
BH-5014	Bates 112 level east	muck	0.340	0.30	0.032
BH-5017	Bates 112 level east	muck	<0.01	<0.01	0.002
BH-5046	Bates 130 level west	muck	0.148	0.44	0.026
BH-5052	Bates 163 level west	muck	2.046	3.18	0.107
Average			1.294	2.92	0.278

Figure 10 illustrates that vein sampling by Alers from un-mined remnants of the historical workings confirms the presence of high grade but variable gold content in the veins. Alers' limited sampling, of the upper 163 feet of the mine, generally corroborate historical sampling data for these levels and add credibility to the potential for defining "mineable" high grade shoots on the lower levels indicated by historic documentation and assays as shown on Figure 10. Neither the recent sampling by Alers nor the historical sampling and anecdotal information are adequate to support that an economic mine can be established. However, the indicated high grade nature and vein widths up to 24 inches or more, imply that further exploration is warranted.

7.4 Mine Dewatering and Rehabilitation

The Bates Hunter mine workings, which extend to a depth of about 745 feet, are currently flooded to a depth of about 420 feet. Management has been dewatering the workings in order to provide access for further underground mapping and sampling, and ultimately underground drilling. At the time of the author's visit on July 3rd, 2008 dewatering had reached and exposed the floor of the 424-foot level shown on Figure 10. This level is open in both directions from the shaft and may provide Management with their first opportunity to acquire substantial underground sampling data. The company has been rehabilitating the Bates shaft as the water level lowers, adding timbers, ladders, lighting, ventilation, communication, safety features, and other improvements as necessary.

8.0 Drilling

8.1 GSR Goldsearch Drilling

GSR Goldsearch Resources drilled two reverse-circulation holes on the property in 1990. The first hole intersected the Bates Hunter mine workings at approximately the 230 foot level just west of the Bates shaft, as verified by current Bates Hunter miners (Figure 6). The second hole was targeted beneath the Bates Hunter shaft bottom, and intercepted a zone of 0.48 opt Au over 10 feet. There is some confusion about the location of this intercept; previous reports indicate that the hole pierced the Bates vein at a depth of 900 feet below surface, either below the shaft or below the Bates "workings." Based on the surveyed location of the drill collar, as identified by George Otten, and the description of the orientation of the hole in GSR Goldsearch's report, Current 3-D modeling shows that this hole appears to have intersected the Bates vein at a depth of about 1,000 feet below surface and about 600 feet west of the shaft (Figure 5).

8.2 Phase I and Phase II Surface Drilling

Phase I drilling consisted of 7,739 feet of core drilling in seven holes ranging in depth from 50 to 2,265 feet (Table 6). The seven holes were drilled from two surface drill setups southeast and southwest of the Bates Hunter Mine. Drilling for Phase I began on September 8, 2006 and ended on December 20, 2007. Drilling was performed by G&O Diamond Drilling Contractors Ltd., of Hay Lakes, Alberta.

Core sizes included HQ, NQ, and BTK. In order to maintain drill circulation after drilling through old mine workings, drilling contractors reduce rod diameters in successive stages. Drillers also used wedges to keep drill holes on target. All holes were abandoned by grouting with neat cement grout from total depth to the surface as specified in the drilling permit authorized by the Colorado Division of Reclamation, Mining, and Safety.

The intention of the Phase I surface drilling program was to test the mineralization below the existing Bates Hunter Mine workings. Holes were aimed at several targets approximately 1,000 feet below the Bates Hunter Mine collar elevation, and about 300 feet beneath the deepest levels of the mine workings. Due to difficult drilling conditions, several holes were lost or stopped before hitting their targets; five (5) of the seven holes hit their intended targets.

As of the date of this report Phase II surface drilling is underway, with 6,000 feet of core planned in three holes targeted at locations where the Bates Vein system is interpreted to intersect other cross-cutting veins. As in Phase I, target depths are 1,000 feet below the Bates Hunter Mine shaft collar. Two of the planned three holes have been completed for a total of 4,289 feet and their results have been included in this report. Drilling is being performed by Advanced Drilling Inc., the American subsidiary of Cabo Drilling Corporation of Vancouver, British Columbia, and began on February 27, 2008 and temporarily stopped on July 3, 2008.

A long section (Figure 6), plan map (Figure 11), and four cross sections of the Bates vein system Figures 12 through 15 (BH-06-02 x-section; BH-07-07 and BH-07-08 x-section; BH-08-09 x-section; BH-08-10 x-section) show all completed Phase I and Phase II drill holes. Table 7 lists selected assay results for Phase I and Phase II surface drilling. Sample notes and analytical results for drill samples are included in Appendix 4; assay certificates for all drill samples are included in Appendix 5 and drill logs are in Appendix 6.

Table 6. Phase I and Phase II Surface Drill Hole Information

Hole	Setup	E	N	Elev	Az	Dip	Start Date	End Date	Depth	Notes
Phase I										
BH-06-01	Gregory	50623	49556	8353	292	-52	9/8/06	9/23/06	405	Twisted off drill string at 405
BH-06-02	Gregory	50648	49557	8353	292	-52	9/26/06	11/24/06	2025	
BH-06-02A	Gregory	--	--	--						Abandoned part of BH-06-02 Created by wedge at 520
BH-06-03	Gregory N	50626	49621	8356	280	-62	11/25/06	11/27/06	50	Down-hole survey off target; called hole at 50
BH-06-04	Gregory N	50626	49621	8356	280	-62	11/28/06	12/11/06	291	Wedge set wrong; called hole, moved to E. Mammoth
BH-07-05	Mammoth E	50338	48755	8613	305	-60	2/11/07	2/14/07	51	Down-hole survey off target; called hole at 51
BH-07-06	Mammoth E	50338	48755	8613	305	-60	2/15/07	2/23/07	184	Down-hole survey off target; called hole at 184
BH-07-07	Mammoth E	50338	48755	8613	302	-58	2/23/07	9/1/07	1945	Twisted off drill string at 1945
BH-07-08	Mammoth E	50338	48755	8613	302	-58	9/28/07	12/20/07	2265	Wedged off BH-07-07 at 823 feet
Phase II										
BH-08-09	Packard Gulch	49742	49060	8427	6	-62	2/27/08	5/20/08	2353	Completed
BH-08-10	Packard Gulch	49755	49044	8427	295	-59	5/24/08	7/3/08	1936	Completed

Note: E/N coordinates are in feet relative to the Bates Hunter Mine shaft collar at E50,000/N50,000.

Surface drilling results to date indicate good potential for developing a resource on the Bates Hunter Project. These results show anomalous gold in the Branch, Hartford German, Foot & Simmons, Groundhogg, Gregory, Dump, Leavitt and Mosell veins (Figures 12 - 15). It is characteristic of the deposits at Central City and vein deposits in general, to be variable in grade and width. Although not all these intercepts are of "ore grade" or mineable widths, they do indicate that these veins are mineralized at the locations drilled and that they may have potential ore grades elsewhere, warranting more exploration of these veins.

Table 7 shows that many potential "ore grade" intercepts were identified in the Phase I and II drilling programs. These results confirm that the high-grade historical samples at the bottom of the Bates Hunter workings (Figure 10) may extend to depth below the workings and that mineralization on all veins appears to extend to depth as well. Although other vein intercepts were below ore grade, this is not unexpected given the variable nature of the Central City veins.

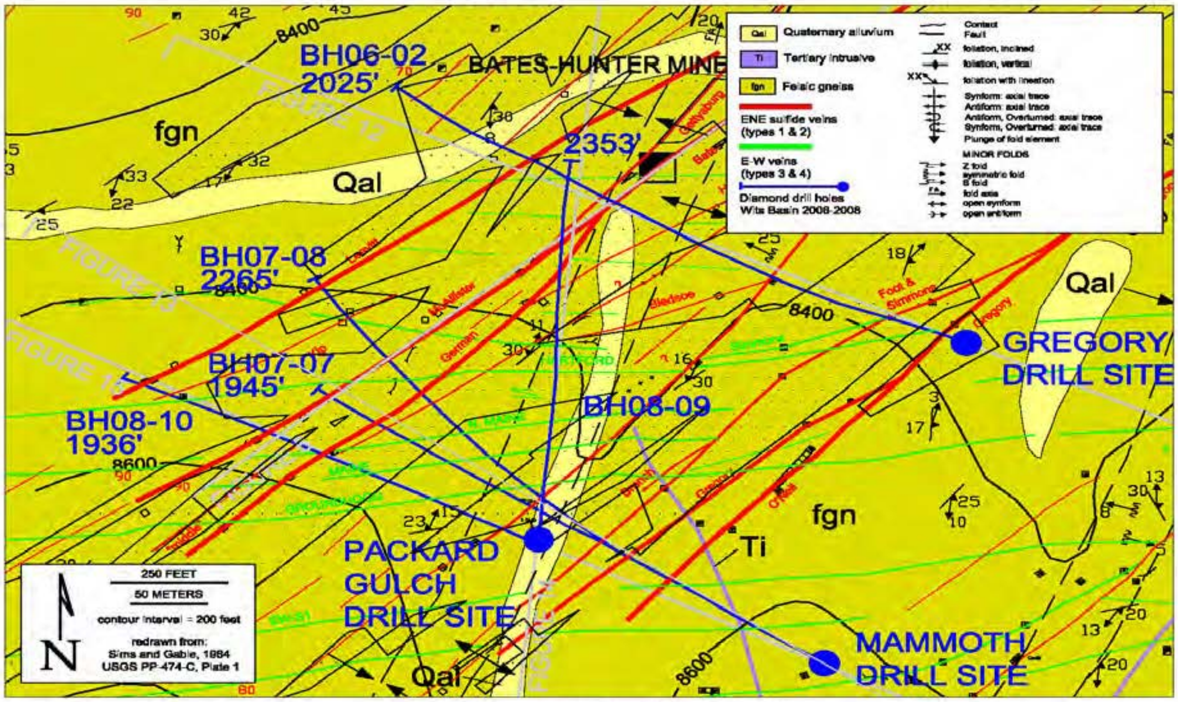

Figure 11, Plan map of Wits Basin drill holes.

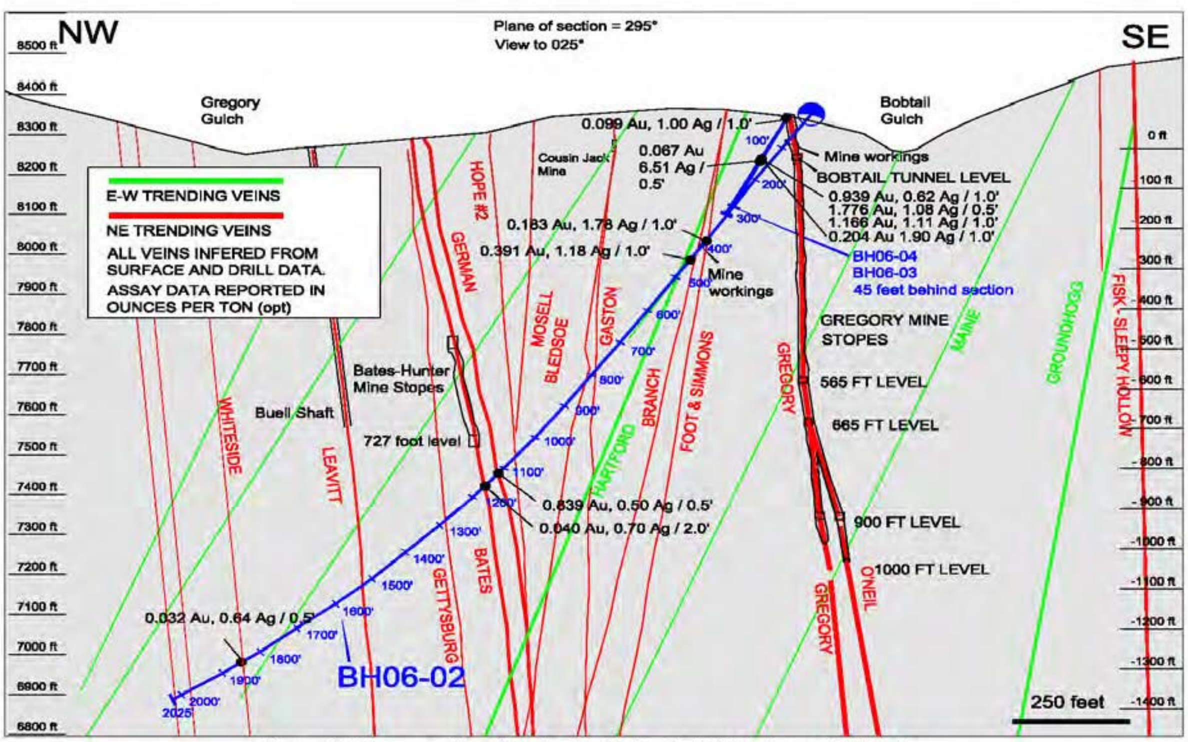

Figure 12. Cross-section of Bates Hunter Project 2006 diamond drill holes.

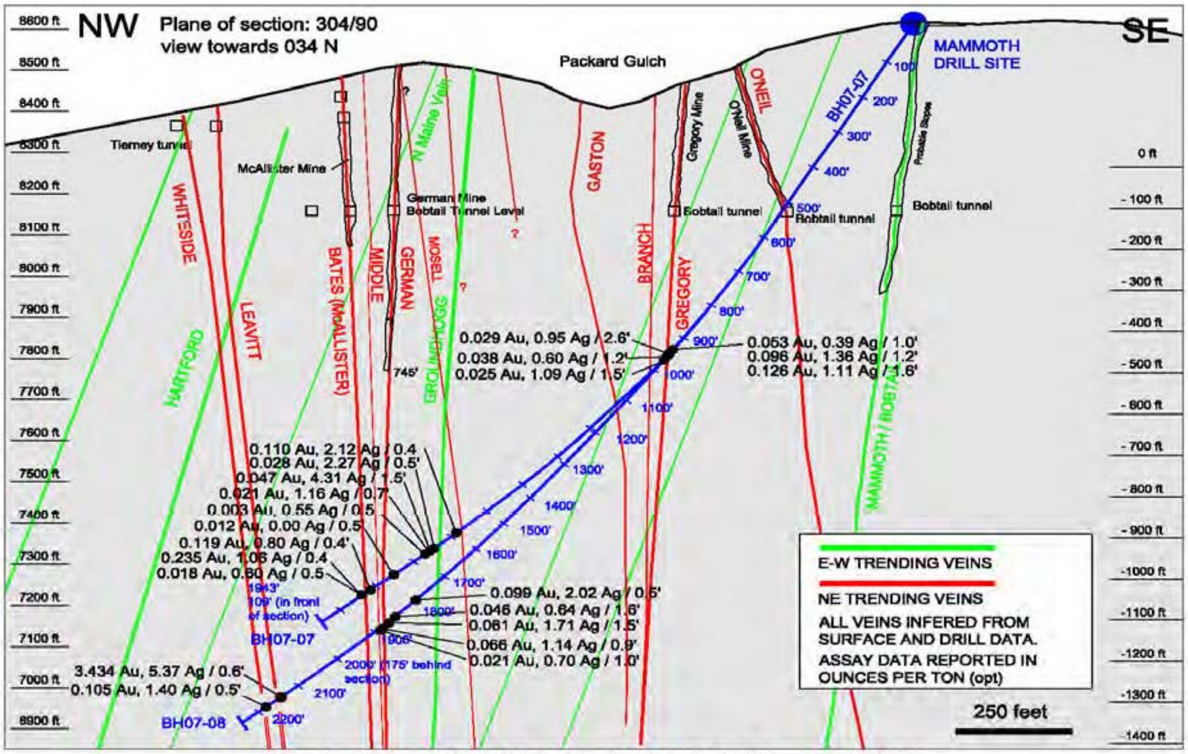

Figure 13. Cross-section of Bates Hunter Project 2007 diamond drill holes.

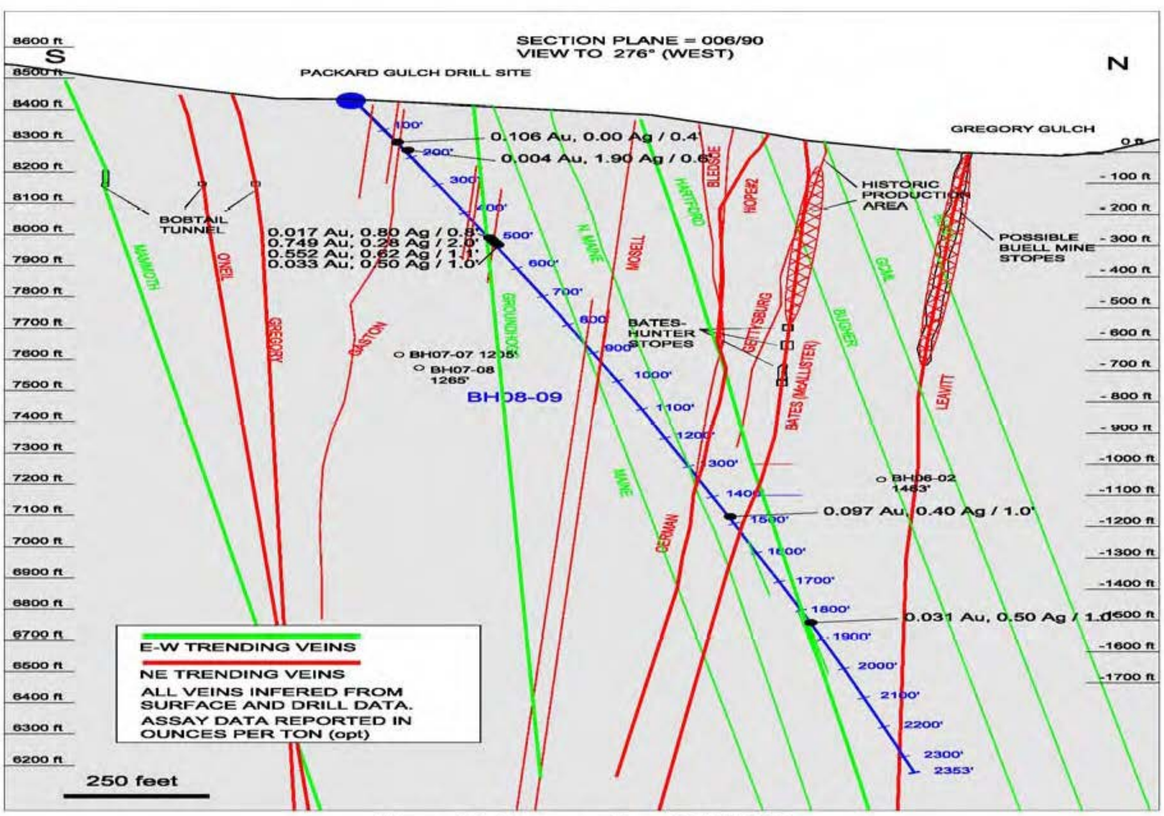

Figure 14. Cross-section of BH08-09

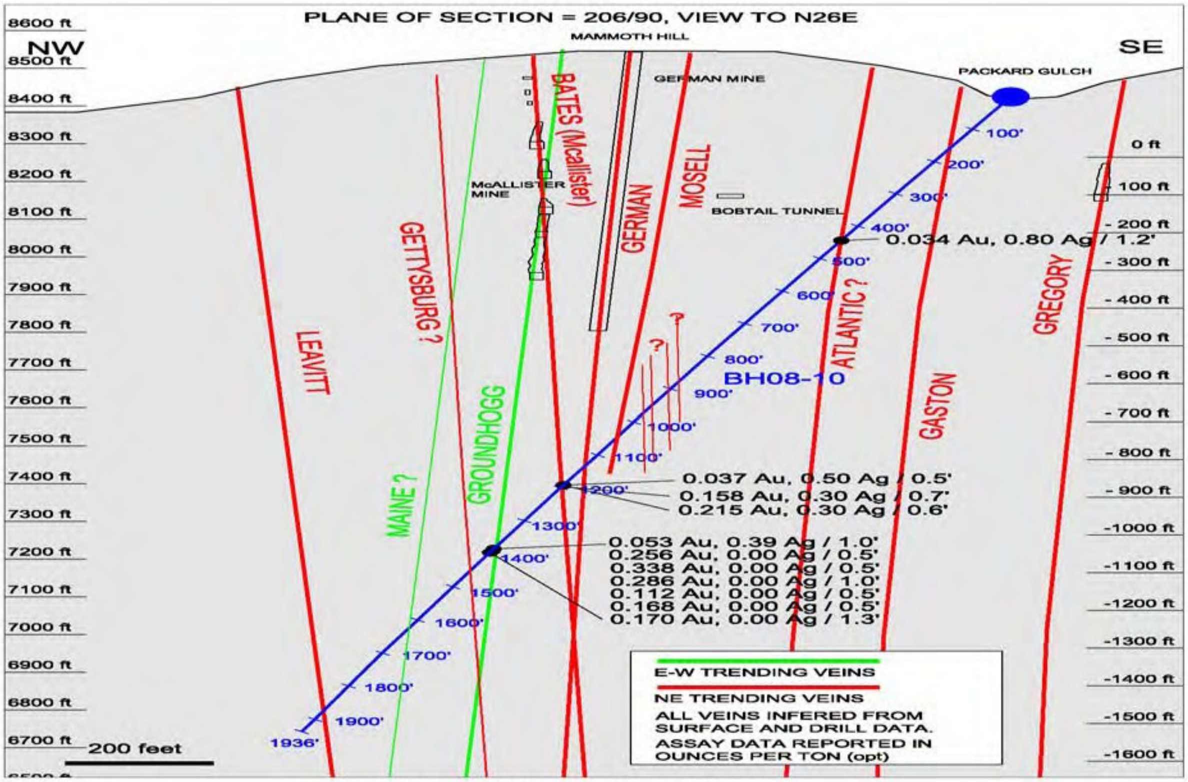

Figure 15. Cross-section of BH08-10

Three drill intercepts on the project contain “ore grade” Au over “mineable widths”. The first is in the Hartford vein, encountered in drill hole BH-06-04 with a weighted average of 0.81 opt Au over 4 feet. The second is the Leavitt, which was drilled in BH-07-08 and returned 3.43 opt Au over 0.6 feet, which dilutes to a weighted average of 0.54 opt Au over 3.9 feet. The third is in the Groundhogg vein drilled in BH-08-09 which returned 0.68 opt over 3.6 feet. These are good early-stage results and suggest that the project shows promise for containing an economically viable precious-metal resource.

The Phase II surface drilling program further defined the location, nature, and continuity of the Groundhogg Vein. The Groundhogg vein was intersected in both Phase II drill holes, BH-08-09 and BH-08-10. The two intersections are 645 feet apart. The Groundhogg vein in BH-08-09 contained 0.401 ounces per ton gold over a sampled width of 5 feet and the Groundhogg vein in BH-08-10 contained 0.27 ounces per ton gold over a sampled width of 2.5 feet. The BH-08-09 intercept correlates geologically, geochemically, and texturally with the BH-08-10 intercept indicating that the Groundhogg vein may contain significant gold mineralization over at least 645 feet of strike length. Phase II drilling provided further evidence that the east-west trending structures are continuous at depth, and have a role in the boosting of gold grades in the northeast trending composite veins such as the Bates or Gaston/Cousin Jack veins. Detailed computer modeling of the Phase II drill data indicates that the intersection of the Groundhogg vein with the Bates vein exists approximately 150 feet northeast of the intersection of the Groundhogg vein in BH-08-10.

Table 7. Selected Surface Drilling Assay Results

Drill Hole	Vein	Depth (ft)	Width (ft)	True Width (ft)	Au (opt)	Ag (opt)	Cu (%)
BH-06-02	Branch	388.2-389.2	1.0		0.183	1.78	1.58
	Hartford	459-460	1.0		0.391	1.18	0.23
	Mosell	1121-1121.5	0.5		0.839	0.50	0.01
	Bates	1159-1161	2		0.040	0.70	0.04
BH-06-03	Dump	19-20	1		0.099	1.00	0.03
BH-06-04	Hartford	145-146	1		0.939	0.62	0.64
	"	146-146.5	0.5		1.776	1.08	1.09
	"	146.5-147.5	1		1.166	1.11	1.01
	"	147.5-148.5	1		0.204	1.90	1.19
	Foot & Simmons	148.5-149	0.5		0.067	6.51	2.27
Weighted Average		**145-149**	**4.0**		**0.81**	**9.19**	**0.49**
BH-07-07	Gregory	958-960.5	2.5		0.029	0.95	1.40
	Branch	964.5-966	1.5		0.025	1.09	0.07
	??	1582.6-1583	0.4		0.110	0.40	0.05
	??	1647.8-1648.5	0.7		0.110	2.13	0.01
	Groundhogg	1655.5-1656	0.5		0.028	2.27	0.40
	Groundhogg	1656-1657.5	1.5		0.047	4.31	0.02
	German	1815-1815.4	0.4		0.119	0.80	0.98
	McAllister/Bates	1844.1-1844.6	0.5		0.235	1.06	0.71
BH-07-08	Gregory	951.2-954	2.8		0.113	1.23	0.01
	Mosell	1797.5-1798	0.5		0.099	2.02	1.19
	Middle	1867.5-1869	1.5		0.061	1.71	1.90
	McAllister/Bates	1871.4-1872.3	0.9		0.066	1.14	1.48
	Leavitt	2146.4-2147	0.6		3.434	5.37	4.48
BH-08-09	Cousin Jack	130-130.4	0.4		0.106	-0.20	0.000
	Cousin Jack	160.2-161.8	0.6		0.004	1.90	1.780
	Groundhogg	493-493.8	0.8		0.017	0.80	0.003
	Groundhogg	501.5-503.5	2.0		0.749	0.28	0.020
	Groundhogg	503.5-504.6	1.1		0.552	0.62	0.070
Weighted Average		**501.5-504.6**	**3.6**		**0.679**	**0.40**	**0.038**
	Atlantic	508.8-509.8	1.0		0.033	0.50	0.078
	McAllister	1479.5-1480.5	1.0		0.097	0.40	0.150
	Hartford	1844.5-1845.5	1.0		0.031	0.50	0.055
BH-08-10	Atlantic	442.8-444	1.2		0.034	0.80	0.290
	German	1197-1197.5	0.5		0.037	0.50	0.002
	Middle	1197.5-1198.2	0.7		0.158	0.30	0.002
	McAllister/Bates	1198.2-1198.8	0.6		0.215	0.30	0.002
Weighted Average		**1197.0-1198.8**	**1.8**		**0.143**	**0.356**	**0.002**
	Groundhogg	1389.5-1390	0.5		0.228	0.58	0.007
	Groundhogg	1395-1395.5	0.5		0.256	-0.20	0.022
	Groundhogg	1395.5-1396	0.5		0.388	-0.20	0.015
	Groundhogg	1396-1397	1.0		0.286	-0.20	0.050
	Groundhogg	1397-1397.5	0.5		0.112	-0.20	0.030
Weighted Average		**1395.0-1397.5**	**2.5**		**0.266**	**-0.20**	**0.033**
	Groundhogg	1400-1400.5	0.5		0.168	-0.20	0.060
	Groundhogg	1406.5-1407.8	1.3		0.170	-0.20	0.020

9.0 Sampling Method and Approach

9.1 General

The author has reviewed Management's sampling methods and approach, which are summarized below. The author is of the opinion that they are suitable for the mineralization being explored and finds them acceptable.

9.2 Surface and Underground Samples

Consulting project geologist, Brian Alers, took 99 samples in an initial surface and underground sampling program in 2006. Samples included continuous channel samples up to 4 feet in extent and grab samples from both surface outcrops and underground workings.

9.3 Drill Core Samples

Since 2006, Management has drilled seven diamond-drill core holes on the project during the Phase I drilling program. Phase II drilling is currently underway with two holes completed to date. Drill core samples for both phases were taken directly from the drill rig by the Project Geologist Brian Alers, Professional Geologist #2951, and a "Qualified Person" as defined in NI 43-101, and transported to a steel cargo crate at the Golden Gilpin Mill site about 1.5 miles northeast of the Bates Hunter Mine. There, the core was logged, sample intervals selected, and the core cut onsite by Brian Alers using a diamond tile saw.

Drill core sample intervals were selected based on visual inspection of the core by the project geologist. All suitable vein intercepts were sent for gold and silver fire assay with 69-element geochemical analysis, along with samples of intense wall-rock alteration and apparently barren sections between or adjacent to veins in order to check for possible disseminated mineralization.

9.4 Independent Sampling

During the author's recent site visit to the property from July 2nd to 3rd, 2008 three (3) independent chip samples were taken by the author from the underground workings in an attempt to replicate previous sampling by Mr. Alers for. In addition, seven (7) select sections of drill core were quartered under the author's supervision and personally collected, bagged, tagged and tied by the author. All samples were in the author's personal possession at all times until they were delivered to ACME Labs in Vancouver for analysis. The samples were analyzed using acid digestion followed by ICP analysis. Gold and Silver assays were undertaken using 30 gram samples for fire assay coupled with a gravimetric finish. The certification for ACME Labs along with their assay certificates are appended hereto as Appendix 8.

The results of the author's independent check sampling are tabulated on Table 8 along with coincident sampling results. The author's samples #01 to #03 attempted to replicate previous underground sampling by Alers; samples #04 to #10 represent duplicate sampling by quartering the remaining core from previous sampling. The author's independent sampling confirms the presence of high grade gold. The reproducibility of the silver assays is good while gold assays were quite variable. Given that the quantity of sample obtained by quartering very short core intervals was only about 150 grams per sample, it is not unreasonable to see significant differences between the author's and Management's assay results for gold and silver over the same interval. While the individual assays for BH 06-04 vary considerably, the weight averages over the 4.0-foot interval sampled is very good; the author's assays averaged 0.78 opt Au and 1.50 opt Ag over 4.0 feet while the Management assays averaged 0.81 opt Au and 1.86 opt Ag over the same interval. It is not clear if the variability of the individual gold assays is the result of the small sample not being representative or is the result of nugget effect. The limited quantity of check assaying undertaken by the author is insufficient to statistically confirm or deny either of the above. It is the author's opinion that sample representivity is the most likely culprit responsible for the gold grade variability between duplicate samples. However, the wide discrepancies in gold grades between some of the duplicate samples suggest that nugget effect may be present as well.

					Author's Results *			**Management Results**			
No	***Sample Description***	***From (ft.)***	***To (ft.)***	***Interval (ft.)***	***Au (oz/t)***	***Ag (oz/t)***	***Cu (ppm)***	***No.***	***Au (oz/t)***	***Ag (oz/t)***	***Cu (ppm)***
01	Shaft 177'-12West Pillar 4" Vein							BH 5085 grab-HG	1.69	1.75	4,760
	Channel Sample							BH 5087 grab-HG	2.48	2.63	3,740
	AVERAGES				**2.19**	**7.73**	**6,016**		**2.09**	**2.19**	**4,250**
02	Shaft 163' SW Wall Stringers							BH 5067 grab	0.01	0.13	448
	Chip-Channel Sample							BH 5068 grab	0.13	0.46	1,830
								BH 5069 grab	0.16	0.28	399
								BH 5070 grab	0.18	0.31	539
								BH 5071 grab	0.60	0.76	990
	AVERAGES				**0.00**	**0.09**	**44**		**0.21**	**0.39**	**841**
03	Shaft 163' SE of Shaft HG Vein				0.45	2.01	2,067	BH 5051 grab	3.21	2.91	691
04	BH 07-07	1844.1	1844.6	0.5	0.07	0.73	5,854		0.24	1.06	7,100
05	BH 06-04	145.0	146.0	1.0	0.25	0.44	1,246		0.94	0.62	6,400
06	BH 06-04	146.0	146.5	0.5	1.27	1.14	6,499		1.78	1.08	10,900
07	BH 06-04	146.5	147.5	1.0	0.44	0.76	7,110		1.17	1.11	10,100
08	BH 06-04	147.5	148.5	1.0	0.61	1.66	3,370		0.20	1.90	11,900
09	BH 06-04	148.5	149.0	0.5	2.39	5.16	>10,000		0.07	6.51	22,700
	AVERAGES			**4.0**	**0.78**	**1.50**	**>4,994**		**0.81**	**1.86**	**11,300**
10	BH 07-08	2146.4	2147.0	0.6	9.21	7.44	>10,000		3.43	5.37	44,800

Table 8. Comparison of Check Sampling Results with Management Results

***Note: The Author's Results have utilized ICP assays for Ag and FA-Gravimetric for Au. Over limit Cu assays were not re-run**

10.0 Sample Preparation, Analysis, and Security

10.1 General

The author has reviewed the sample preparation, analysis, and security procedures, carried out by Management, during its exploration program and finds them to be acceptable for the mineralization being explored.

10.2 Sample Preparation

Selected intervals of drill core were cut onsite by the Project Geologist, Brian Alers using a diamond tile saw, and one-half of the sawed core from the sampled intervals was shipped for analysis by commercial carrier to American Assay Laboratories Inc. in Sparks, Nevada. American Assay Labs' sample preparation included drying, crushing, pulverizing, and splitting, all done in American Assay's facility in Sparks, Nevada. Coarse rejects and pulps are in storage at American Assay. American Assay Labs is an accredited assayor; their certification documents can be found in Appendix 5.

10.3 Analysis

10.3.1 Gold Analysis

All hand and drill-core samples were analyzed for gold with a standard fire assay on 30-gram samples with atomic absorption spectrophotometry (AAS) or inductively coupled plasma (ICP) finish. Samples with grades higher than approximately 10 parts per million Au (0.29 opt) were re-assayed with gravimetric finish. Results were generally reported in ounces per ton.

10.3.2 Silver Analysis

Silver analysis was performed by aqua regia digestion with AAS determination. Results were generally reported in ounces per ton.

10.3.3 Multi-Element ICP Analysis

Most samples were analyzed for 69 major and trace elements using aqua regia digestion with ICP determination. Early in the exploration program, some samples were analyzed for 30 elements by the same method; this was later expanded to the full 69-element suite. Results were reported in parts per million.

10.4 Analytical Results and Assay Certificates

Analytical results were emailed to Management personnel and consultants, followed by hard copy assay certificates mailed to David Smith, a consulting geologist. Mr. Smith then forwarded the original assay certificates to the company's main office in Minneapolis, where they are on file. Assay results for selected samples on the project are included in Appendix 4; assay certificates can be found in Appendix 5.

10.5 Core Storage

Core was transported from the drill rig by the Project Geologist, Brian Alers to a steel cargo crate secured by multiple padlocks, located at the Golden Gilpin Mill site about 1.5 miles northeast of the Bates Hunter Mine. Until recently, only the Project Geologist, Brian Alers has had access to the core; a junior geologist was recently hired who now also has access. All core is stored at this location, including the one-half remaining core in the sampled intervals.

11.0 Data Verification

11.1 General

The author has reviewed the data verification procedures used at the Bates Hunter Project, and is of the opinion that they are sufficient and that the data produced is valid.

11.2 Drill Hole Location

All drill holes were surveyed by a professional survey company, RCMS Surveying of Boulder, Colorado, to within 0.1 foot accuracy.

11.3 Drill Hole Orientation

The orientation of drill holes was determined using a digital down-hole survey instrument at intervals of 50 to 100 feet in all holes. Apart from some measurements that suffered magnetic interference in selected rock types, down-hole surveys are generally accurate to less than 1 degree. Drill-hole orientation data were used to plot drill-hole directions on longitudinal and cross-sections and to guide holes to their intended targets.

11.4 Down-Hole Geology and Drill Logs

Project consulting geologist Brian Alers logged all drill core and has produced written logs at a scale of 1 inch to 10 feet for all holes. Alers gathered information on rock type; vein mineralogy, width, morphology, texture, angle relative to core, and age relations; sample intervals; structure, including faults, breccias, and stockworks; wall-rock alteration mineralogy, style, texture, and intensity; and selected drilling information such as wedge locations. Drill logs can be found in Appendix 6.

11.5 Core Photographs

A photographic record of all drill core was made to accompany the drill logs.

12.0 Adjacent Properties

The Bates Hunter Project is surrounded by numerous adjacent properties, and the land situation in Central City is complex. Being the oldest mining camp in Colorado, the district contains hundreds of small, fractional, and overlapping claims. The Bates Hunter Project claims are bordered on all sides by adjacent mineral claims, many of which Management is negotiating to acquire. Many of these adjacent claims have had historic gold production.

13.0 Mineral Processing and Metallurgical Testing

No modern mineral process or metallurgical testing has been done on the Bates Hunter Project. Based on historical methods of processing, it is expected that the mineralization would be amenable to recovery by sulfide flotation followed by smelting of the flotation concentrates to remove gold. The nearby Cash Mine at Gold Hill in Boulder County is producing a gold in sulfides flotation concentrate which they are shipping to Juarez, Mexico for smelting.

Historical production records for some of the veins on the Bates Hunter Project cite significant by-product base metal production, copper in particular. The presence of sporadic but appreciable amounts of copper in the veins (in the 0.50% Cu range) precludes using cyanide leaching as a recovery technique since copper is a voracious cyanide consumer that would make cyanidation cost prohibitive.

14.0 Mineral Resource and Mineral Reserve Estimates

14.1 Existing Mineral Reserves and Resources

There are currently no mineral reserves or resources of any category on the Bates Hunter claim group. However, historical data leaves no doubt that a significant amount of high-grade gold still remains on the claim group.

14.2 Exploration Potential

The Bates-Hunter Project claim group encompasses approximately 16,100 linear feet of past producing veins that have historically produced about 1,135,000 ounces of gold to about 667 feet average depth below surface, or in excess of 1,700 ounces Au per vertical foot as shown on Table 9.

Table 9. Past Production – Bates Hunter Project

Vein	# Mines	Gold Produced (Ounces)	Mined Depth (Ft.) (Averages)	Au Ounces per Vertical Foot	Potential Ounces to 2000' Depth
Bates	7	154,000	476	323	490,000
Fisk	7	448,000	1,050	427	400,000
Gregory	2	342,000	843	406	470,000
German	1	113,000	745	152	190,000
Leavitt	5	63,000	487	129	200,000
Gaston	1	15,000	400	38	60,000
Totals	23	1,135,000	667	1,702	1,810,000

The gold production cited on Table 9 represents only the RECOVERED and REPORTED production subsequent to initiation of smelting activities in 1868. Production data from 1859 to 1968 representing early production from non-sulfide ores was never recorded. In addition, the above gold production ounces only represent what the author has been able to glean from historical literature and is incomplete. Figure 16 shows that the Bates Hunter Project includes 11 additional veins that were mined to varying extents for which production data has NOT been found.

Historical and current exploration data suggests that there is exploration potential for high-grade gold on the claim group. Information gleaned from historical Bates Hunter reports indicate that there were several known and defined ore shoots in the mine prior to closure. The Bates Hunter mine was last opened in the late 1930's. Fred Jones, M.E., who later became the Colorado Commissioner of Mines, worked at the Bates Hunter in 1936. He stated in a letter dated 1939 that "there were three shoots of ore opened on the 300, 700 and 800 (745??) levels. One shoot on the lower level was continuous for a length of 440 feet with the west breast still in ore averaging 0.58 oz. Au over a 4 foot width." Samples taken during the recent dewatering efforts to the 163 foot depth in the shaft range from trace to 6.0 opt Au (Figure 10). Sampling by Fred Jones and the author is shown on Figure 10 as well, showing comparable grades. His notation of a zone about 60 feet long indicates that it consists of parallel veins averaging about 10 feet wide and assaying between 0.80 to 8.6 opt Au.

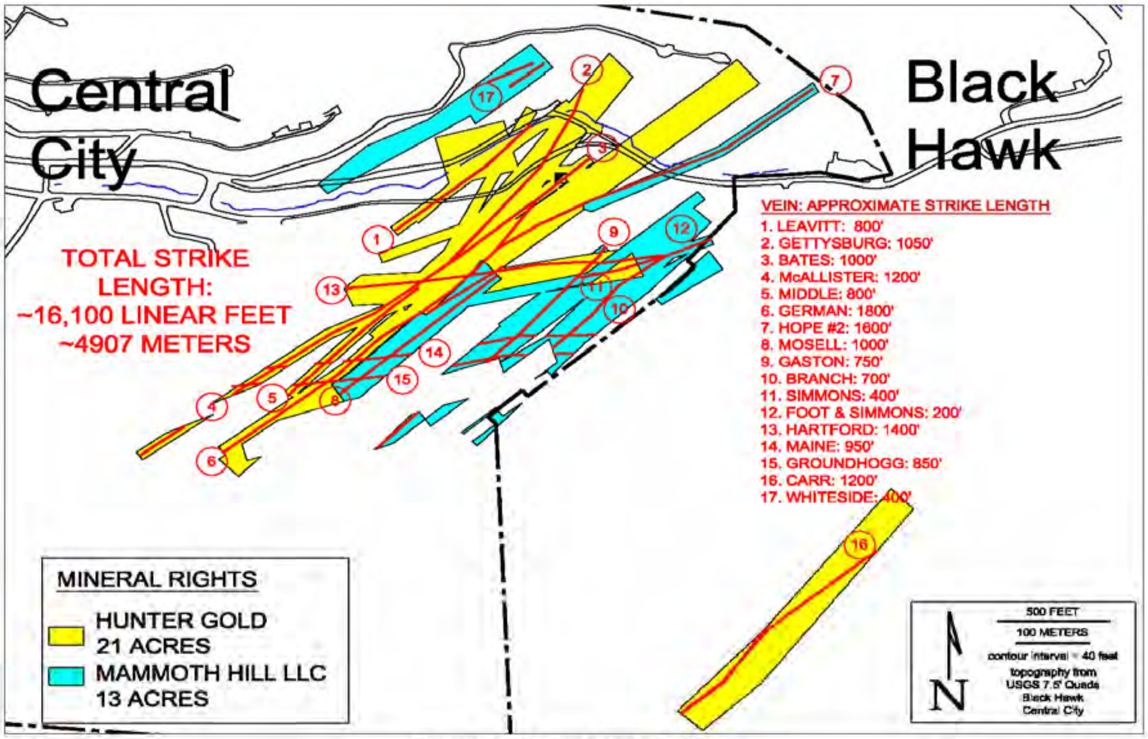

Figure 16. Wits Basin controlled veins.

Past production records and reports indicate mineable shoots on the veins might average in the range of 5 feet wide and grade from 0.50 to 1 opt Au or better. The longitudinal section on Figure 6 was used as a rough measure to estimate open potential. Based on historical information it appears that a large percentage of the strike lengths of the veins were mined. It is unknown what percentage would be economic today. It is the author's opinion that from 20% to 80% of the known vein systems could result in exploration success. The Bates vein produced 154,000 ounces to an average depth of 476 feet (Table 9) or 323 ounces per vertical foot. A rule of thumb for underground mining is that one can mine comfortably at a rate of approximately 50% to 65% of the reserves tonnage (or ounces) per vertical foot. Based on this, historical data suggests that the Bates Vein alone could produce between 160 and 210 ounces of gold daily (55,000 to 75,000 ounces annually). Based on historic records, it is roughly estimated that the Bates vein alone represents an exploration target that could host approximately 500,000 ounces of gold to a depth of 2,000 feet. The 16,100 feet strike lengths of all the veins covered by the project claims could increase this potential substantially. Acquisition of other contiguous properties could again multiply this potential. If one extrapolates the historical production data to 2,000 feet depth, the Bates Hunter Project could host 1.8 million ounces of gold (Table 9). Given that historical records are very fragmented, incomplete and not NI 43-101 compliant, it is the author's opinion that the project may eventually discover 1 to 3 million ounces of gold on the property. Based on the historical 1,702 ounces of gold per vertical foot, gold production at a rate of 850 to 1,100 ounces daily (300,000 to 400,000 ounces annually) is theoretically possible.

Based on historical data and recent “remnant” and muck sampling underground, it is expected that “mineable” vein segments may be narrower than 5 feet but with correspondingly higher grades. What will ultimately be discovered is unknown and unpredictable; the potential for discovering and developing an economic gold mine on the Bates Hunter Project is a distinct possibility.

Consolidation of the claims is the key to profitability. Economics of scale will allow one to mine and process much more tonnage at much lower costs. The veins and high-grade shoots apparently still exist at the bottom of the mine, and they apparently did not die out at depth as has been confirmed by recent drilling. The small claim sizes, metallurgical complexities, and production constraints were the historically limiting factors that caused previous operations to close. Based on the above, it should be possible to develop and access about 500,000 ounces of gold above the present bottom of the Bates-Hunter shaft by exploring beneath the other shallower producers. Further exploration and development to depth could provide an additional 1 million ounces or more. Acquisition of more mining claims covering past producers could significantly increase this potential by multiple factors. The nearby Fifty Mines property ceased production at a depth of 1,400 feet; it is still open to depth and could possibly be reached and mined from the Bates Hunter workings.

Past production data and reported grades and widths indicate that the project may be able to support a production rate of around 400 TPD at a grade of about 0.50 oz/ton Au. Should the actual in-situ grades prove to be substantially higher (as is suspected), a much smaller production rate could be considered upon completion of detailed underground drilling. There is a potential in the short term of developing about 500,000 ounces of mineable reserves above the present Bates-Hunter shaft bottom which would be sufficient for at least 3 years production at 400 TPD. The down dip potential and lateral expansion possibilities is many times larger. Lateral and depth extension possibilities exist within the current claim holdings along with the possibility of discovering additional and previously unknown veins. The recent acquisition of additional past producing mines adjacent to the existing holdings will provide an excellent opportunity to significantly expand the operation and/or increase the mine operating life.

The long-term potential of the Bates-Hunter Project is the depth and strike continuation of known veins and others that may be discovered from underground exploration activities. If the known veins continue to the 2,400 foot level as they did on the adjacent Fifty Mines Property which produced over 1 million ounces, the Bates Hunter Project could produce in the order of 1 to 3 million ounces of gold to that depth as well.

15.0 Other Relevant Data and Information

Through March 31, 2008, Management has spent almost $5 million in diamond drilling, geological sampling, mapping, data compilation, rehabilitation, operation and maintenance on the project as summarized below:

Table 10. Exploration Expenditures

Year	**Expenditures**
2004	$70,380
2005	$415,775
2006	$1,236,965
2007	$1,943,012
2008	$1,064,055
Total	**$4,666,887**

16.0 Interpretation and Conclusions

The Bates Hunter Project is located in the oldest mining district in Colorado, the Central City district, which produced over 4 million ounces of gold and almost 120 million ounces of silver. Although the project currently has no reserves, it is the author's opinion that the project presents an excellent exploration target. Judging from past production, historic mine maps and assays, modern assay results, and recent exploration, the Bates Vein alone could host as much as 500,000 additional ounces of gold worth approximately $450 million at today's gold price. Other veins covered by the project could increase this potential by a factor of two to ten. Acquisition of other contiguous properties could again double or triple this potential.

Management has completed a Phase I exploration program that consisted of 7,739 feet of drilling and has recently completed another 2 holes for a total of 4,289 feet of a 6,000- foot diamond drilling program designed to provide information regarding the continuity of mineralization to depth and to test an important concept developed by Mr. Alers and Mr. Shallow that may help define the locations of potential high grade vein intersections and other priority targets. Alers and Shallow have identified that the intersection of Type 4 (East-West) Telluride Veins with Types 2 and 3 veins may localize "ore" shoots. This information may have a significant impact regarding targeting mineralized areas.

The results from recent drilling indicate that the veins on the Bates Hunter Project continue to depth. The Bates Hunter Project is a "Property of Merit" that would qualify a junior resource company for listing on the TSX Venture Exchange. Expenditures on the project ($1,064,055 in 2008) have exceeded the minimum of $100,000 expenditure requirement over the preceding 12 month period and the recommended exploration program included herein (Phase II $2,000,000 and Phase III $1,500,000) is in excess of the minimum $200,000 required by the Exchange to meet listing requirements.

17.0 Project Valuation

Assessing a value for the Bates Hunter Project is very subjective since it is based on either assumed reserves or resources or the value a willing buyer wishes to assign to the project.

Case A - Production Scenario

Assume that Management is able to define 1 million ounces of reserves and resources as described in previous sections of this report and also assume that Management is able to place the property into production at a rate of 300 to 500 tons per day. Assuming that the "ore" grades 0.50 oz Au/ton or better, the author estimates that the operating costs at this rate would be in the order of about $200 to $250 per ounce. At present gold prices, the gross value of "operating profit" over the life of the operation could be in the range of $500 to $700 million spread out over a 10 to 20 year mine life (assuming favourable metallurgical recoveries, etc).

Case B - Sale to a Willing Buyer

Assume that Management is able to sell the project to a willing buyer based on the POTENTIAL in-ground gold content. In today's market, a willing buyer will pay anywhere from $50 to $100 per ounce of POTENTIAL Reserves and Resources. On this basis, a willing buyer would pay somewhere from $50 to $100 Million for the project.

Case C - Share Value Basis

Another common methodology for evaluating a property is to assign a value of 5% to 10% of the gross value of the in-ground resource POTENTIAL to the value of the company's stock. On this basis, the assumed 1 million ounces at the present gold price equates to about $45 to $90 million.

Based on the above, it is the author's opinion that the Bates Hunter Project has a value of $50 to $100 million in today's market based on the resource POTENTIAL. Assuming successful completion of dewatering and underground resource definition whereupon a feasibility study could be completed, this value could increase substantially.

18.0 Recommendations

18.1 General Recommendation

The Bates Hunter project represents a real exploration target that could yield significant gold production. A staged systematic approach should be used to establish mineable reserves prior to attempting to develop the property through to commercial production. Management should continue to dewater and rehabilitate the shaft and explore the property with both surface and underground drilling to confirm the existence of mineralization near the abandoned workings and undertake metallurgical test work. During this phase, Management should pursue investigations in preparation for production such as locating and acquiring additional surface rights in the immediate area around the mine site for constructing new processing facilities. Tailings disposal will be an issue. Most of the tailings can be sent back underground as stope fill but about 30% will need to be disposed of in other old workings on the property or at a new tailings site.

Very few samples have been assayed from the Bates Hunter drill core: essentially only very short lengths of vein material. Because of this, there is limited data on which to evaluate nugget effect on assaying. It is recommended that metallics screening of pulps be initiated as standard procedure for all future assaying. In addition, it is recommended that all stored pulps be re-assayed utilizing metallics screening as well. The cost to undertake this study will be minor and may resolve the nugget effect uncertainty.

The assay results from BH 08-10 indicate that, while the general consensus is that the alteration halo flanking the veins is not mineralized, it may be weakly so. BH 08-10 averaged 0.084 opt Au over 19.3 feet from 1389.5 to 1407.8 feet. At prevailing gold prices, this represents a gross contained metal value in the $80 to $85 per ton range. Low cost underground bulk tonnage mining may be conceivable and heretofore neither contemplated nor investigated. It is recommended that approximately 200 to 300 feet of "altered" core flanking one of the veins be sampled in 10 foot increments and assayed using metallics screening and fire assaying. The cost and effort to undertake this investigation is minimal and will provide definitive data.

The author recommends continuing the exploration program that Management is currently performing on the project. Priority should be given to dewatering activities.

- Continue to dewater the Bates Hunter mine workings and rehabilitate the shaft in preparation for further underground mapping, sampling, and drilling.
- Prepare a station for and begin underground drilling to test the potential of veins nearby and adjacent to the Bates vein.
- Complete the current Phase II of surface exploration drilling consisting of 6,000 feet in three holes; based on results, develop additional drill targets and perform Phase III drilling on an additional 10,000 feet of core drilling. The objectives of the surface drilling programs are to drill sufficient holes and obtain sufficient vein intersects to be able to develop a statistical confidence in the potential grades and widths that could be developed for mining. Drill testing at shallower depths beneath the McAllister, German and other veins is encouraged.
- Continue to acquire mineral claims and surface rights adjacent to the current land package in order to enlarge the prospective area of the project.

- Undertake metallics screening of all existing pulps and incorporate it as standard procedure for all future assaying until sufficient data has been acquired to rule out nugget effect.
- Assay a number of 100 foot intervals of drill core straddling the Bates Vein (utilizing metallics screening) to determine if there is a potential for bulk mining.

18.2 Budget

A Phase II Budget of $2 million (Table 11) encompassing a 6,000 foot drilling program of 3 deep holes along with continuation of dewatering activities is recommended. The Phase II Budget includes a recommended expenditure allowance of $500,000 to undertake upgrading of the water treatment plant to increase its throughput and accelerate dewatering activities.

Table 11. Phase II – 2008 Budget

Item	Cost
Diamond Drilling (6,000 feet @ $100/ft)	$600,000
Dewatering Plant Upgrades Allowance	$500,000
Dewatering and Rehabilitation (12 months @ $60,000/mo)	$720,000
Miscellaneous and Contingency	$180,000
Total Phase II	$2,000,000

Contingent upon successful completion of Phase II activities further exploration in Phase III should concentrate on underground definition drilling and exploration. This would include driving an exploration crosscut approximately 150 feet into the hanging wall of the Bates Vein on the 745 foot level from which underground definitional drilling of Bates Vein ore shoots (and other veins) could be undertaken. A budget of $1.5 million for Phase III is itemized on Table 12.

Table 12. Phase III – Budget

Item	Cost
Crosscut on 745 ft level (150' feet @ $1000/ft)	$150,000
Underground Diamond Drilling (40 holes @ 200 ft @ $50/ft)	$400,000
Project Overheads (12 months @ $60,000/mo)	$720,000
Metallurgical Test Work	$100,000
Miscellaneous and Contingency	$130,000
Total Phase III	$1,500,000

If successful, upon completion of Phase III activities, Management could be in a position to conduct a feasibility study and consider making a production decision.

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Certificate of Qualifications
Glenn R. O'Gorman, B. Sc., P. Eng., FCIM

I, Glenn R. O'Gorman, President of OREM Inc., do hereby certify that:

1. I am an Independent Consulting Professional Mining Engineer and a "qualified person" as defined in Canadian Securities Administrators National Instrument 43 – 101 (NI 43 - 101), residing at 8952 - 216A Street, Langley, B.C., Canada V1M 4C7.

2. I am a graduate of Queen's University of Kingston, Ontario, 1974, with the degree of Bachelor of Applied Science in Mining Engineering.

3. I have been practicing mining engineering and have worked as a miner, Mine Operator, Consulting Engineer and Corporate Executive over a span of 35 years since 1974. I have been a Registered Member in good standing of the British Columbia Association of Professional Engineers and Geoscientists since 1995, (Member #18191), a member of the Association of Professional Engineers of Ontario since 1974, (Member #34599506) and a Member of the Order of Engineers of the Province of Quebec since 1979 (Member #34442). I have been a member of both the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) (Member #96091) and the Society of Mining Engineers of the American Institute of Mining Engineers (Member #2406590) for over 30 years and am a Fellow of the CIM.

4. This report is based on a number of field visits made to the Bates-Hunter Gold Project from December 2003 to July 2008, and on reports, maps, and other documents examined or acquired while examining the Bates-Hunter operations and in various state and county archives in the State of Colorado.

5. This report has been prepared as an Independent Engineers Report of the Bates-Hunter Project.

6. No limitation has been imposed upon my access to the property or to persons, information, data or documents relevant to the subject matter of this report.

7. As of the date of this certificate, I have disclosed all relevant material of a technical nature which to the best of my knowledge might have a bearing on the viability of the project or the recommendations contained within this report. I am not aware of any material fact or material change not reflected in this report, the omission to disclose which makes this report misleading.

8. I neither have any interest or securities, directly or indirectly, nor do I expect to receive any direct or indirect interest or securities in Hunter Gold Mining Inc. or any affiliate thereof that is the subject of this report.

9. I am responsible for all sections of this report entitled "Technical Report on the Bates Hunter Project" dated July 15, 2008. Geological interpretations, geological mapping, core logs, assaying and underground sampling data and information have been provided by Brian Alers, Project Geologist for the Bates Hunter Project, a "qualified person" as defined in Canadian Securities Administrators National Instrument 43 – 101 (NI 43 - 101). Mr. Alers interpretations and data were reviewed by an independent geological consultant (Mr. Dave Smith, M. Sc., P. Eng., P. Geo.), Project Manager of the Bates Hunter Project. Mr. Smith's views, opinions and recommendations were relied upon for planning the work program contained in this report. All maps and figures have been provided by Management or third parties and have been verified for accuracy and the sources are duly noted on them.

10. I consent to the filing of this Report with any stock exchange or other regulatory authority and any publication by Management including electronic publication in publicly accessible company files or websites.

11. This report may be used in a Statement of Material Facts, Prospectus or similar document, but may not be abbreviated or excerpted without my written consent.

12. In my professional opinion, the Bates Hunter Project is a property of merit that warrants undertaking the exploration program recommended in this report.

13. I have read Canadian Securities Administrators National Instrument 43-101 “Standards of Disclosure for Mineral Projects” and have prepared this report in compliance with NI 43-101 with NI form 43 – 101 F1. This report may be used as a “Property of Merit Report” to qualify the Bates Hunter Project for meeting stock exchange listing requirements.

Signed at Vancouver B.C. this 15th day of July, 2008.

Glenn R. O’Gorman, B. Sc., P. Eng., FCIM

8952 – 216 A Street, Langley, B.C. V1M 4C7
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Letter of Authorization
Glenn R. O'Gorman, B. Sc., P. Eng., FCIM

Management has the Author's consent to the filing of this NI 43-101 compliant Technical Report on the Bates Hunter Project dated July 15, 2008 with any stock exchange or other regulatory authority and any publication by Management including electronic publication in publicly accessible company files or websites. This report may be used in a Statement of Material Facts or similar document, but may not be abbreviated or excerpted without my written consent.

Signed at Vancouver, B.C., this 15th day of July, 2008.

PROFESSIONAL
PROVINCE OF
G. R. O'GORMAN
BRITISH COLUMBIA
ENGINEER

Glenn R. O'Gorman, B.Sc., P. Eng., F.C.I.M.
President, OREM INC.

Certificate of Qualifications
Brian Alers

ARIKAREE EXPLORATION

Brian Alers, Professional Geologist, PG-2951
P.O. Box 775, Nederland, Colorado, 80466 USA (303) 258-7242 smugglerexp@yahoo.com

Certification of Qualification
Brian K Alers, B. A., PG-2951

I, Brian K. Alers, President of Arikaree Exploration, do hereby certify that:

1. I am an Independent Consulting Professional Geologist and a "qualified person" as defined in Canadian Securities Administrators National Instrument 43-101 (NI –101), residing at P. O. Box 775, Nederland, Colorado 80466 USA.

2. I am a graduate of the University of Colorado, Boulder, Colorado, 1982 with a Bachelor of Arts in Geology/Geochemistry, and attended the Master of Science of Program at the Colorado School of Mines, Golden, Colorado from 1999-2002.

3. I have been a practicing geologist and have worked as a consulting geologist, mine geologist, project geologist, exploration geologist, field geologist and surveyor over a span of 27 years since 1981. I have been a Registered Professional Geologist in good standing for the State of Wyoming since 1991 (PG-2951), a member of the Society of Economic Geologists since 1989, a member of the Denver Region Exploration Geologists Society since 1981, and a member of the Rocky Mountain Association of Geologists since 2007.

4. This report is based on a continuous presence at the Bates-Hunter Project from September 2005 to present, and numerous reports, maps and other documents examined or acquired while examining the Bates-Hunter operations and in various state and county archives in the State of Colorado.

5. This report has been prepared as an Independent Geologic Report of the Bates-Hunter Project for Wits Basin Precious Minerals Inc.

6. No limitation has been imposed upon my access to the property or to persons, information, data or documents relevant to the subject matter of this report.

7. As of the date of this certificate, I have disclosed all relevant material of a technical nature which to the best of my knowledge might have a bearing on the viability of the project or the recommendations contained within this report. I am not aware of any material fact or material change not reflected in this report, the omission to disclose which makes this report misleading.

8. I neither have any interest or securities, directly or indirectly, nor do I expect to receive any direct or indirect interest or securities in Wits Basin Precious Minerals Inc., Hunter Gold Mining Inc. or any affiliate thereof that is the subject of this report.

9. I am responsible for all geological interpretations provided in this report entitled "Technical Report on the Bates Hunter Project" dated July 15, 2008. The geological interpretations and geological mapping, core logs, assaying and underground sampling data and compilations included herein were reviewed by an independent geological consultant (Mr. Dave Smith, M. Sc., P. Eng., P. Geo) whose views, opinions and recommendations were relied upon for planning the work program contained in this report. All maps and figures have been provided by Wits Basin or third parties and have been verified for accuracy and the sources are duly noted on them.

10. I consent to the filing of this report with any stock exchange or other regulatory authority and any publication by Wits Basin including electronic publication in publicly accessible company files or websites.

11. This report may be used in a Statement of Material Facts, Prospectus or similar document, but may not be abbreviated or excerpted without my written consent.

12. In my professional opinion, the Bates Hunter Project is a property of merit that warrants undertaking the exploration program recommended in this report.

13. I have read Canadian Securities Administrators National Instrument 43-101 "Standards of Disclosure for Mineral Projects" and have prepared this report in compliance with NI 43-101 and NI form 43-101 F1.

Signed at Nederland, Colorado, this 15th day of July 2008.

Brian K. Alers, B. A., PG-2951

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Letter of Authorization
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Letter of Authorization

Brian K Alers, B. A., PG-2951

Wits Basin Precious Minerals Inc. has the Author's consent to the filing of this Technical Report on the Bates Hunter Project dated July 15, 2008 with any stock exchange or other regulatory authority and any publication by Wits Basin including electronic publication in publicly accessible company files or Websites. This report may be used in a Statement of Material Facts or similar document, but may not be abbreviated or excerpted without my written consent.

Signed at Nederland, Colorado, this 15th day of July 2008.

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PG-2951
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		Brian Hansen, Newfields	
		David S. Smith	

Frank Filas
Glenn O'Gorman
John M. Shallow

8: Acme Analytical Laboratories Ltd. Certificates

Certificate of Registration
Certificate of Analysis
Quality Control Report

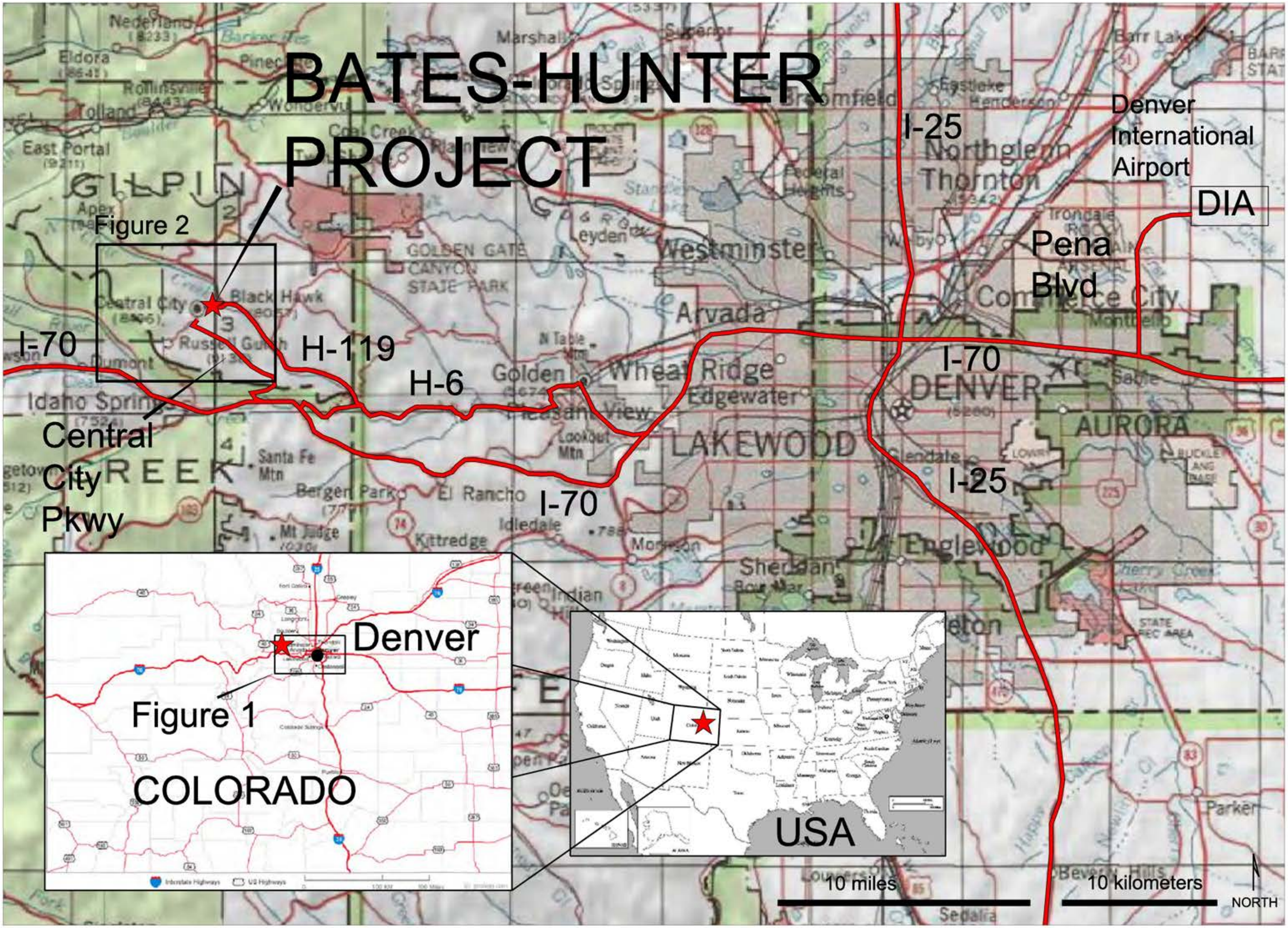


Figure 1. Location Map of the Bates-Hunter Project, Central City, Colorado. 39° 48' 1.42" N, 105° 30' 13.0" W

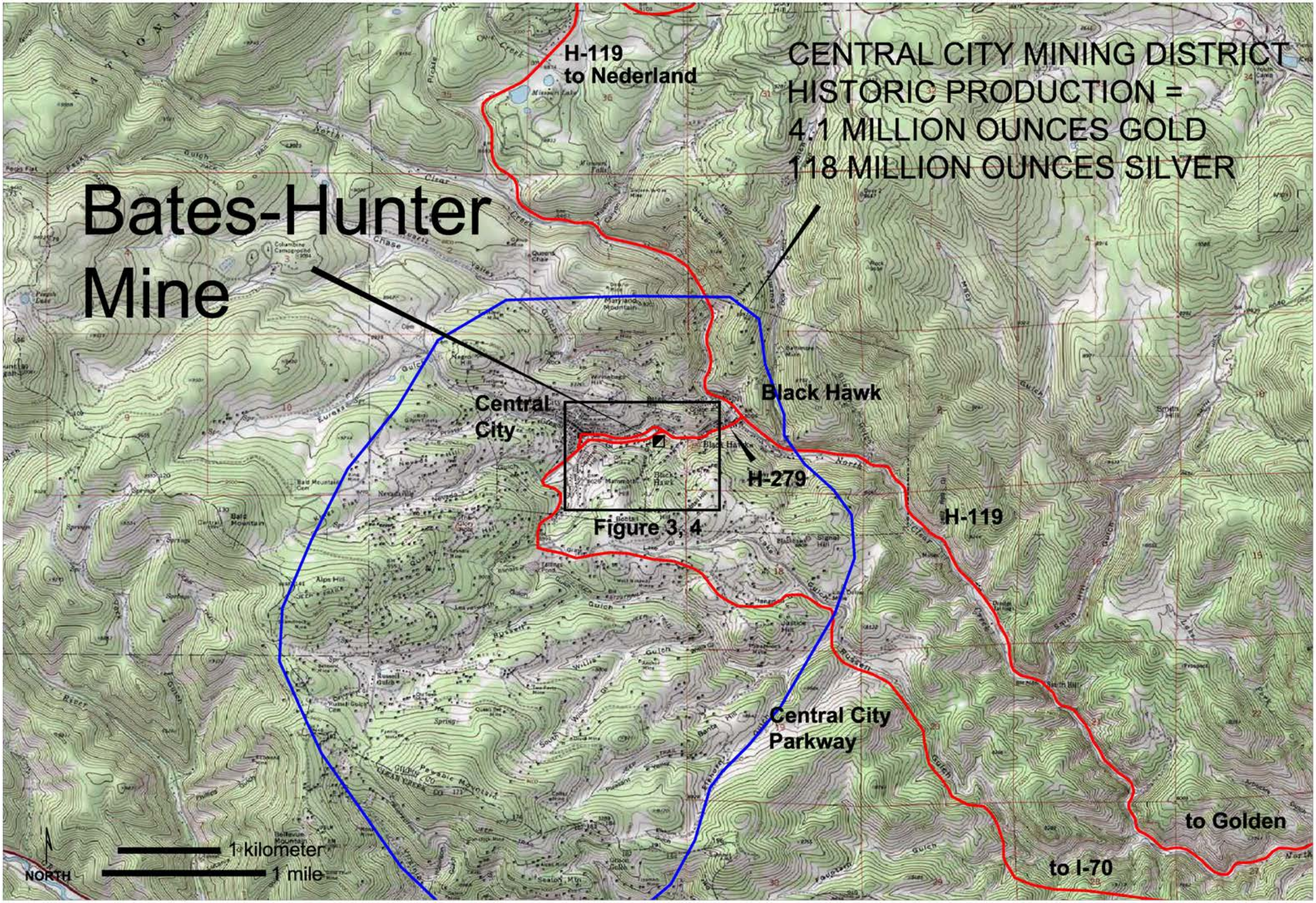


Figure 2. Location map of the Bates-Hunter Mine Project, Central City, Colorado.

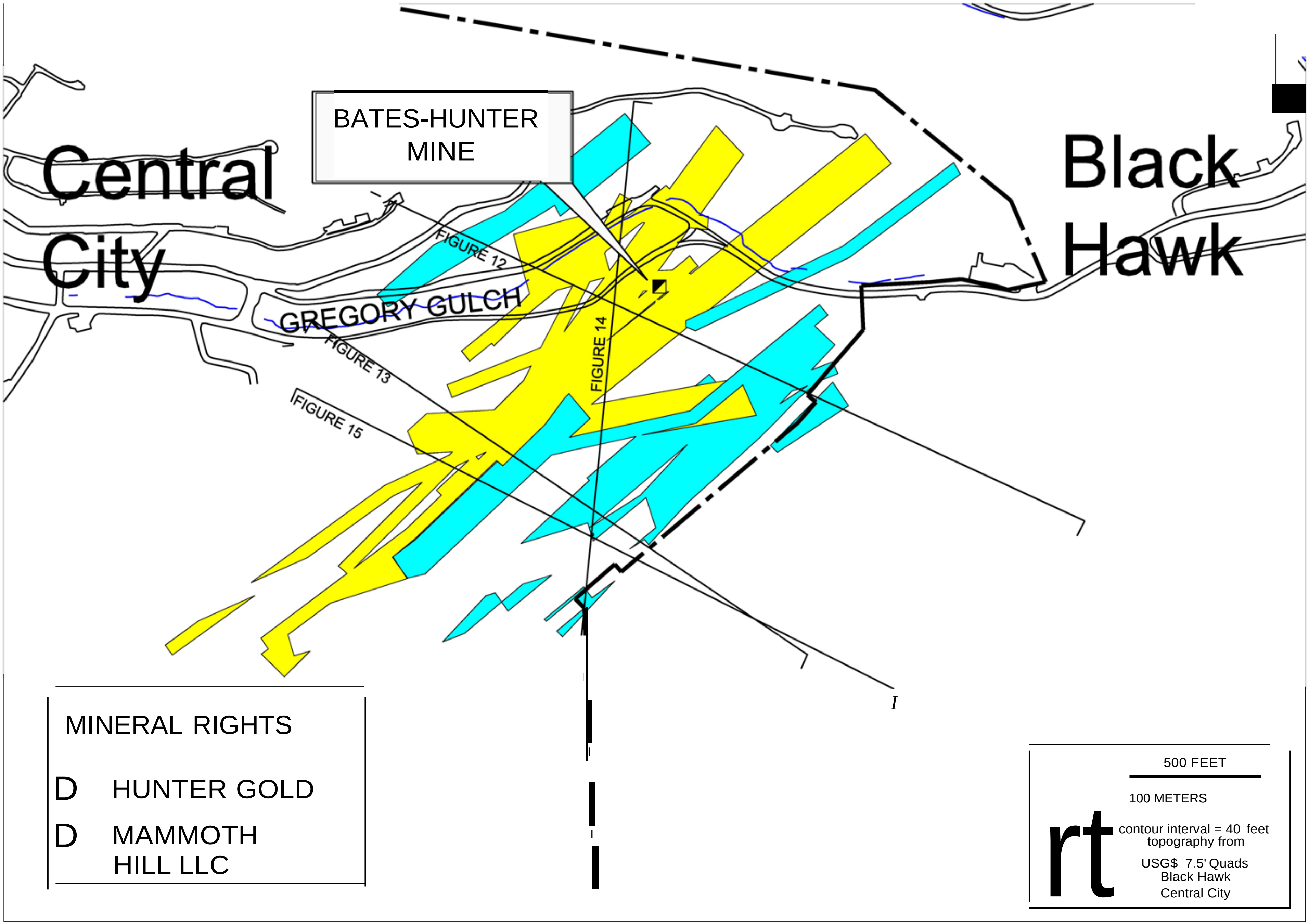


Figure 3. Mineral Rights of the Bates-Hunter Project (most claims are approximately located).

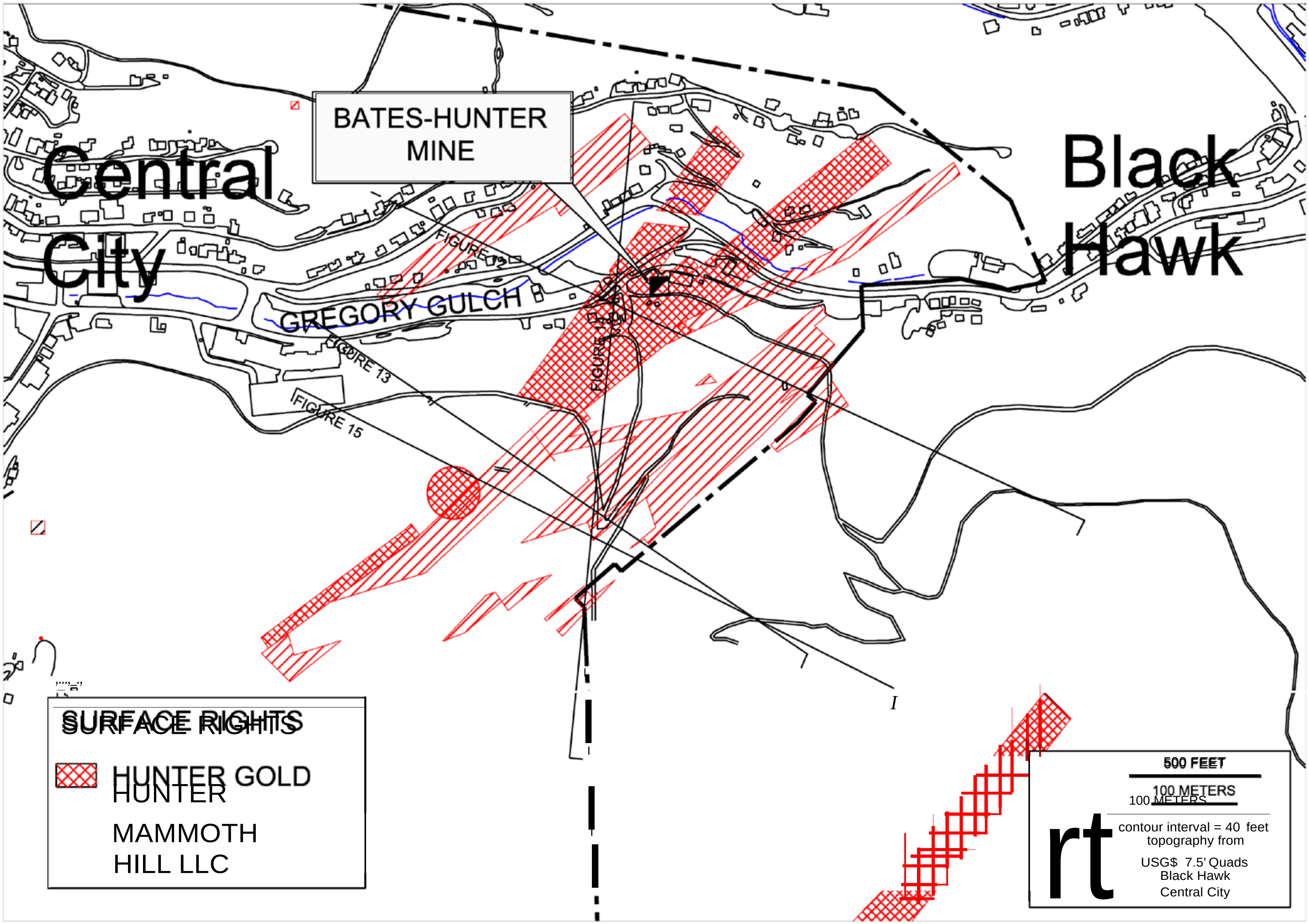


Figure 4. Surface Rights of the Bates-Hunter Project, (some claims are approximately located).

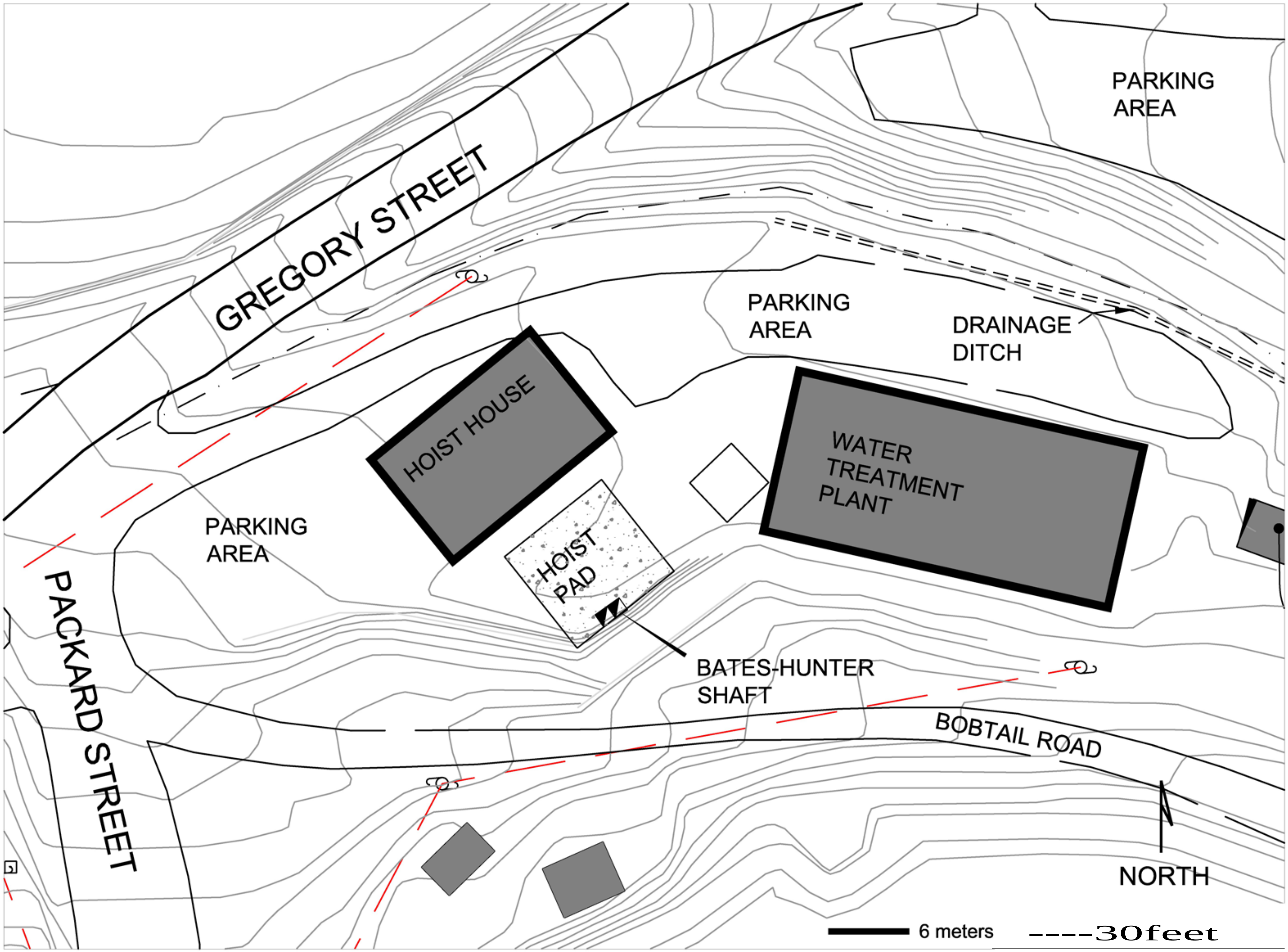


Figure 5. General Facilities Map, Bates Hunter Mine.

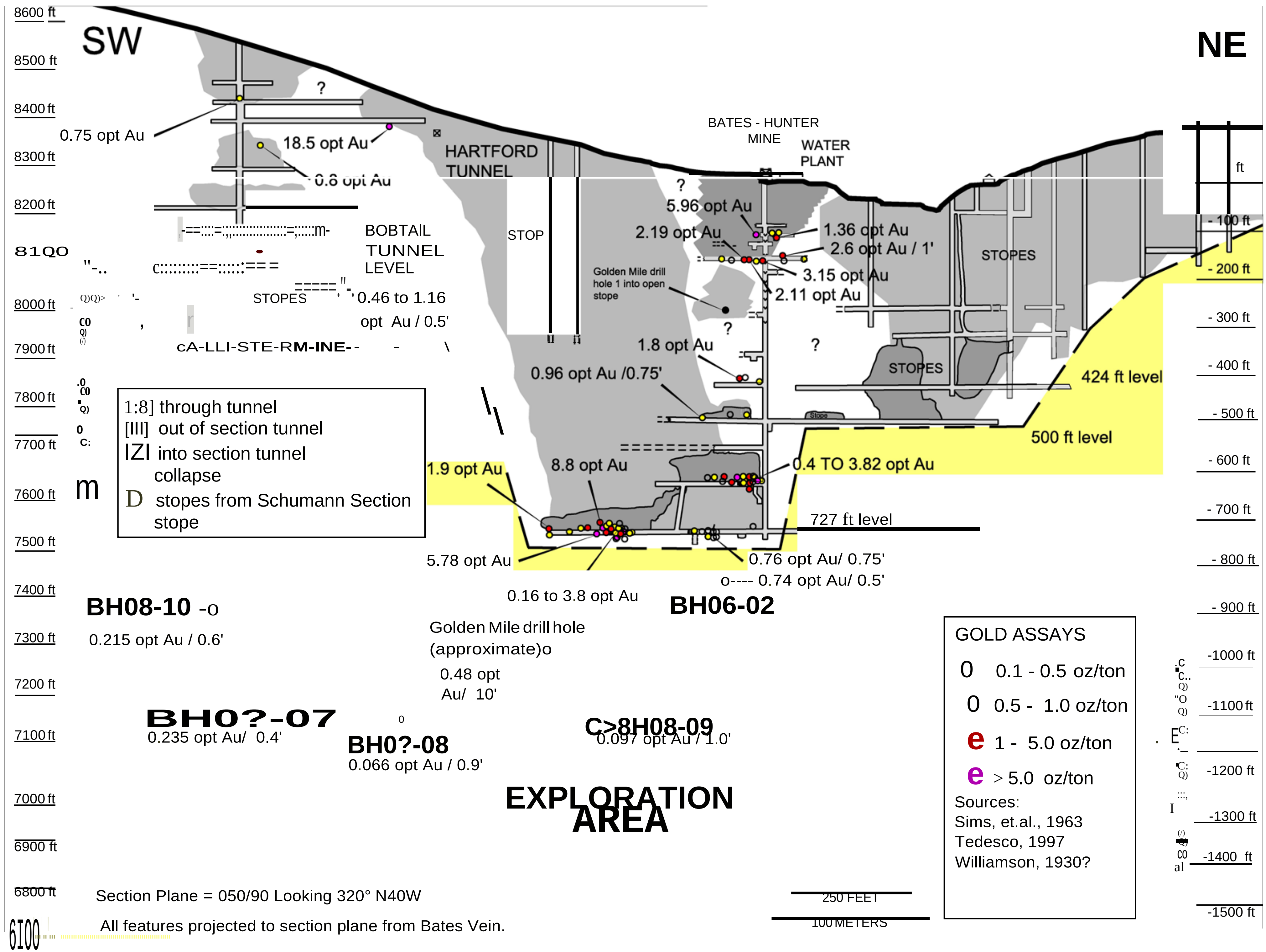


Figure 6. Longitudinal section, Bates-Hunter and related mines.

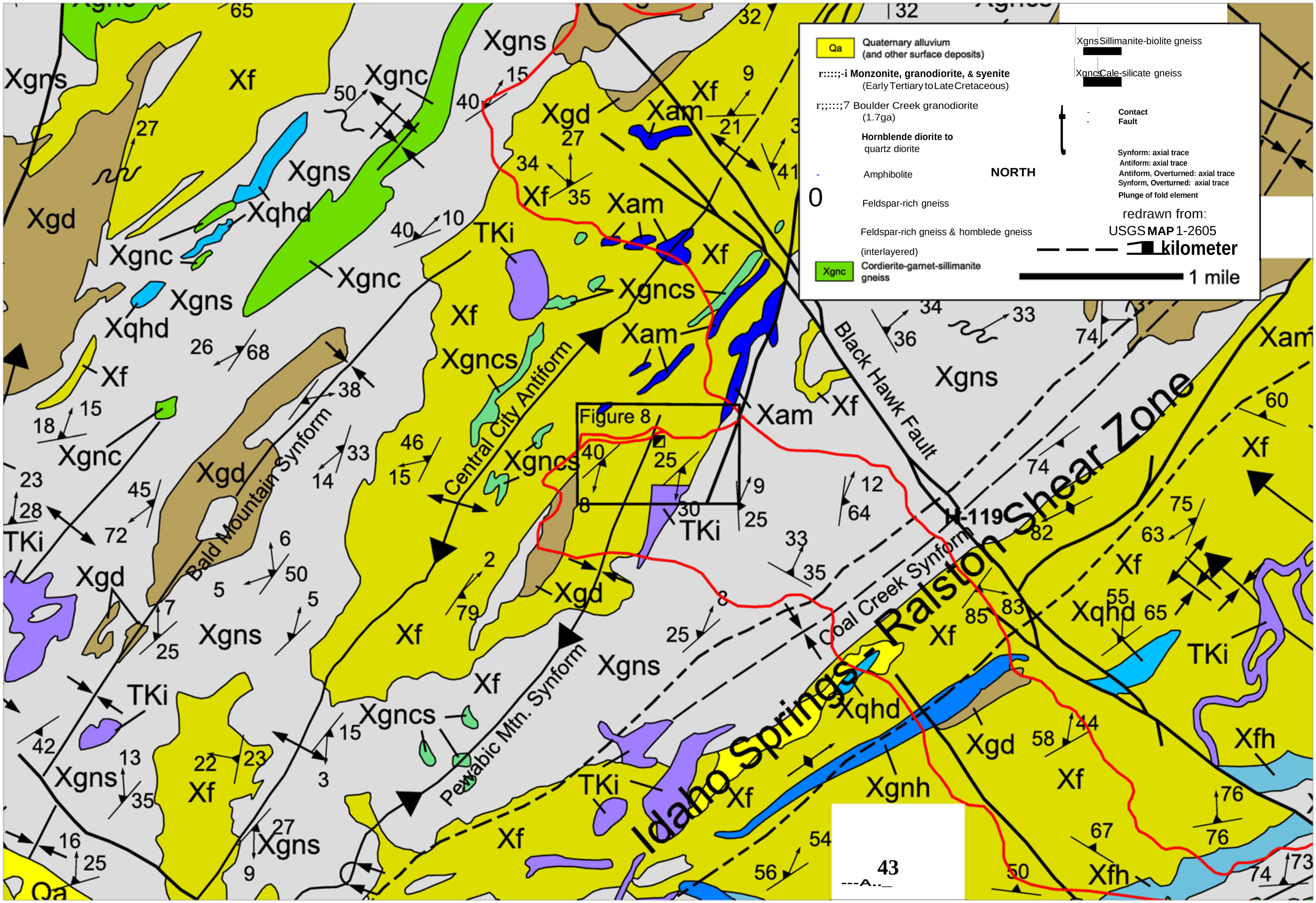
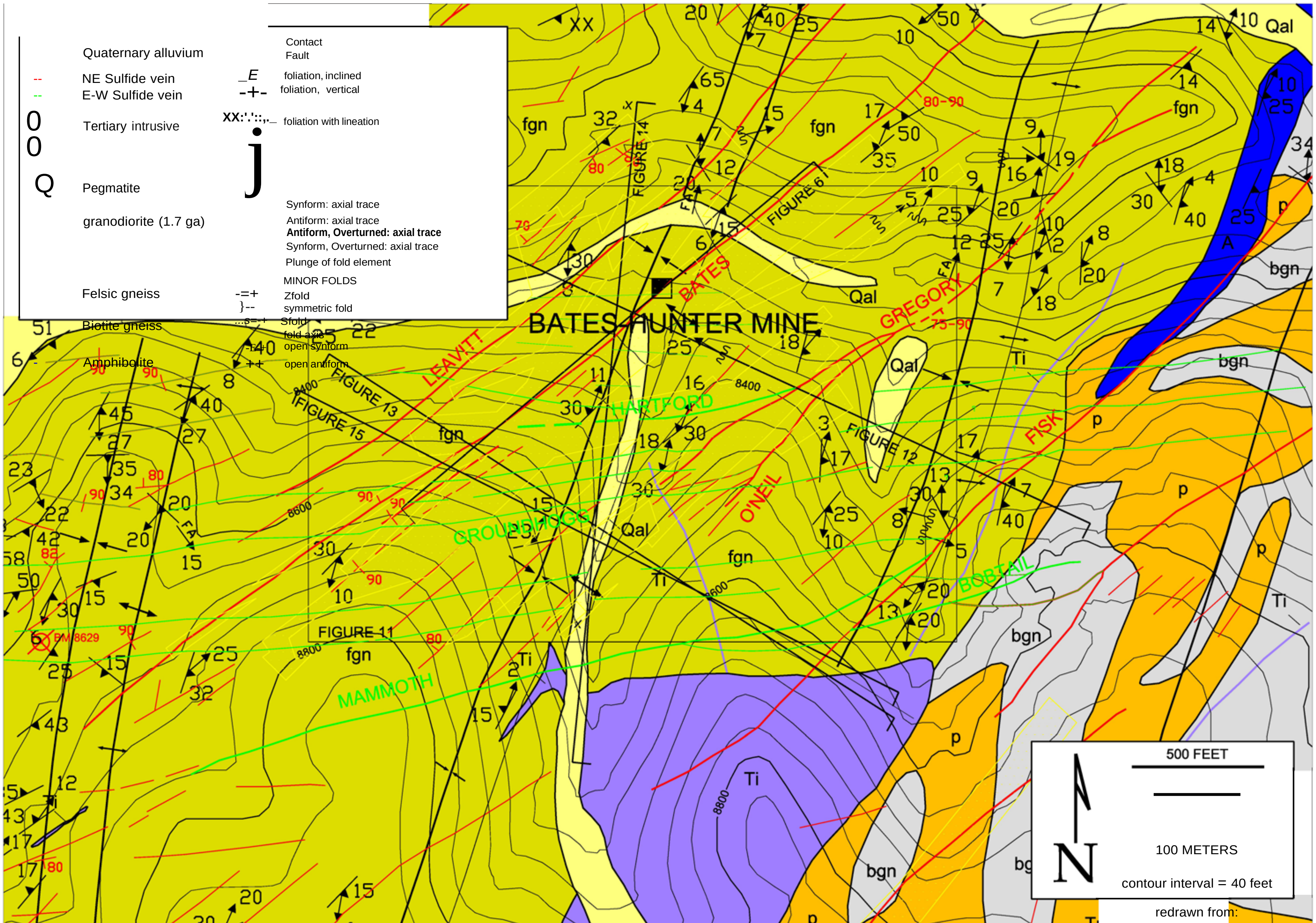


Figure 7, Regional Geology of the Bates-Hunter Mine Project, Central City, Colorado.



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Sims and Gable, 1964
USGS PP-474-C, Plate 1

Figure 8, Generalized Geologic Map of the Bates-Hunter Project Area. From Sims and Gable, 1964.

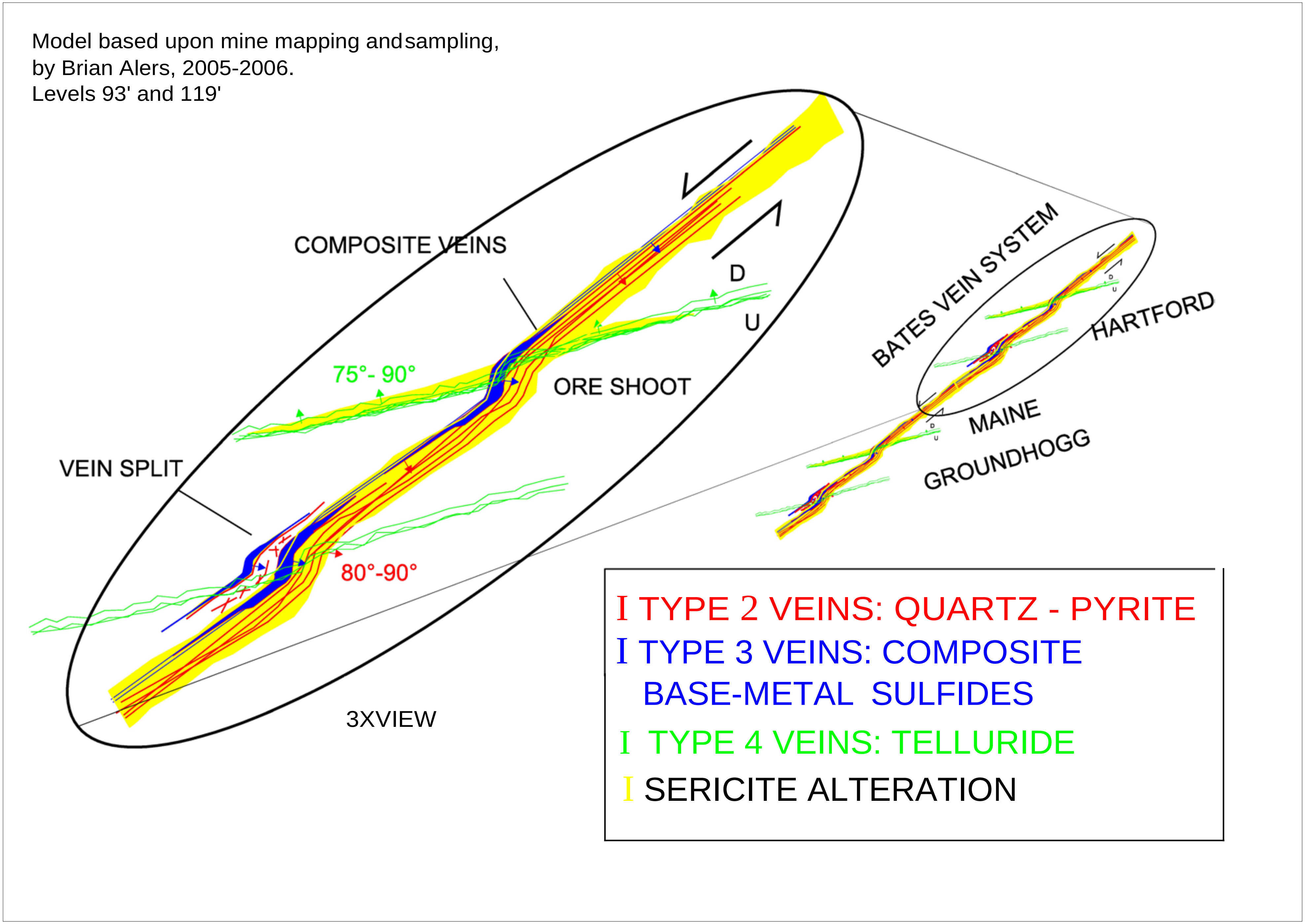

Figure 9. Schematic model of vein types. Alers, 2008

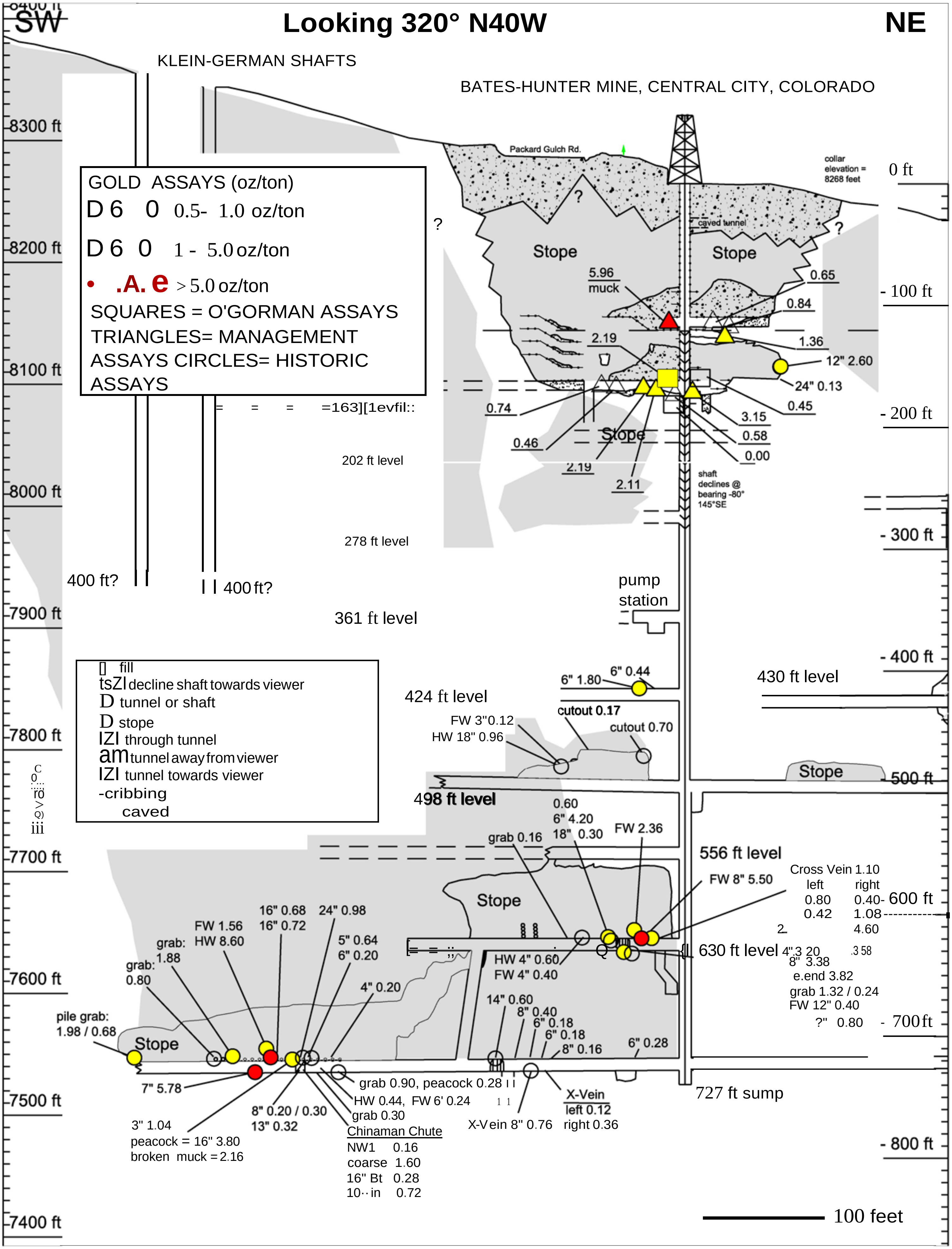

Figure 10. Gold (Au) assays of the Bates-Hunter Mine.

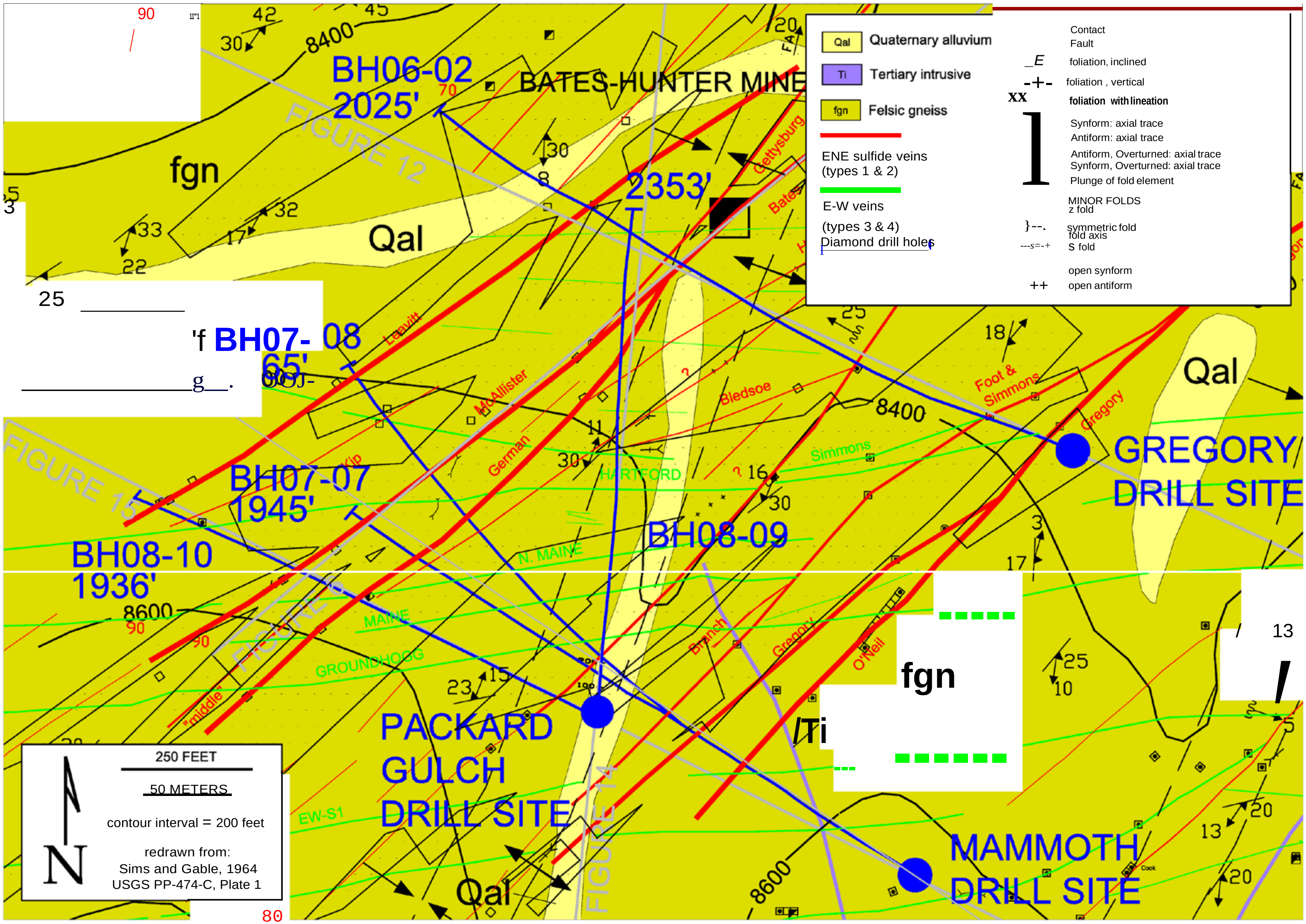

Figure 11, Plan map of drill holes.

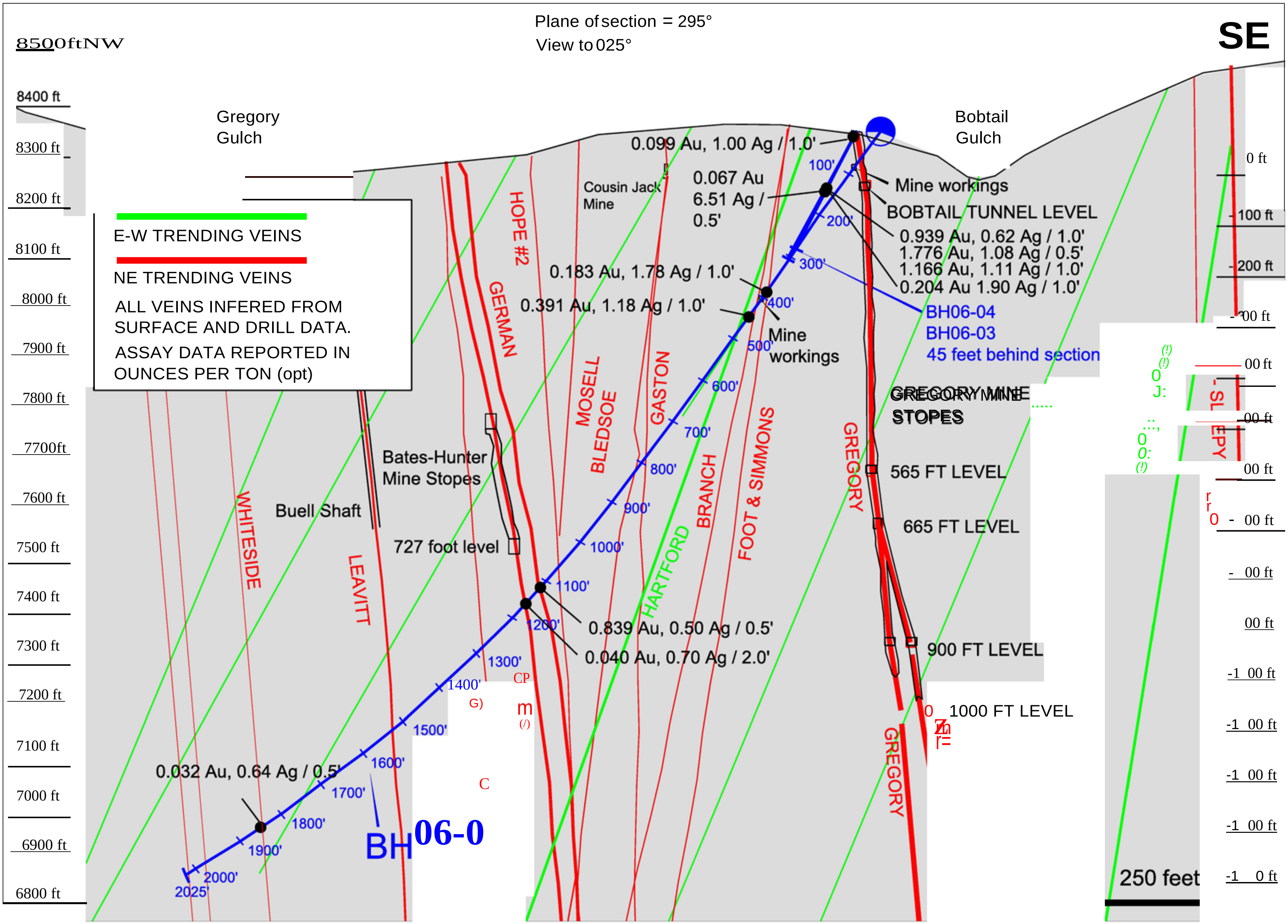

Figure 12. Cross-section of Bates Hunter Project 2006 diamond drill holes.

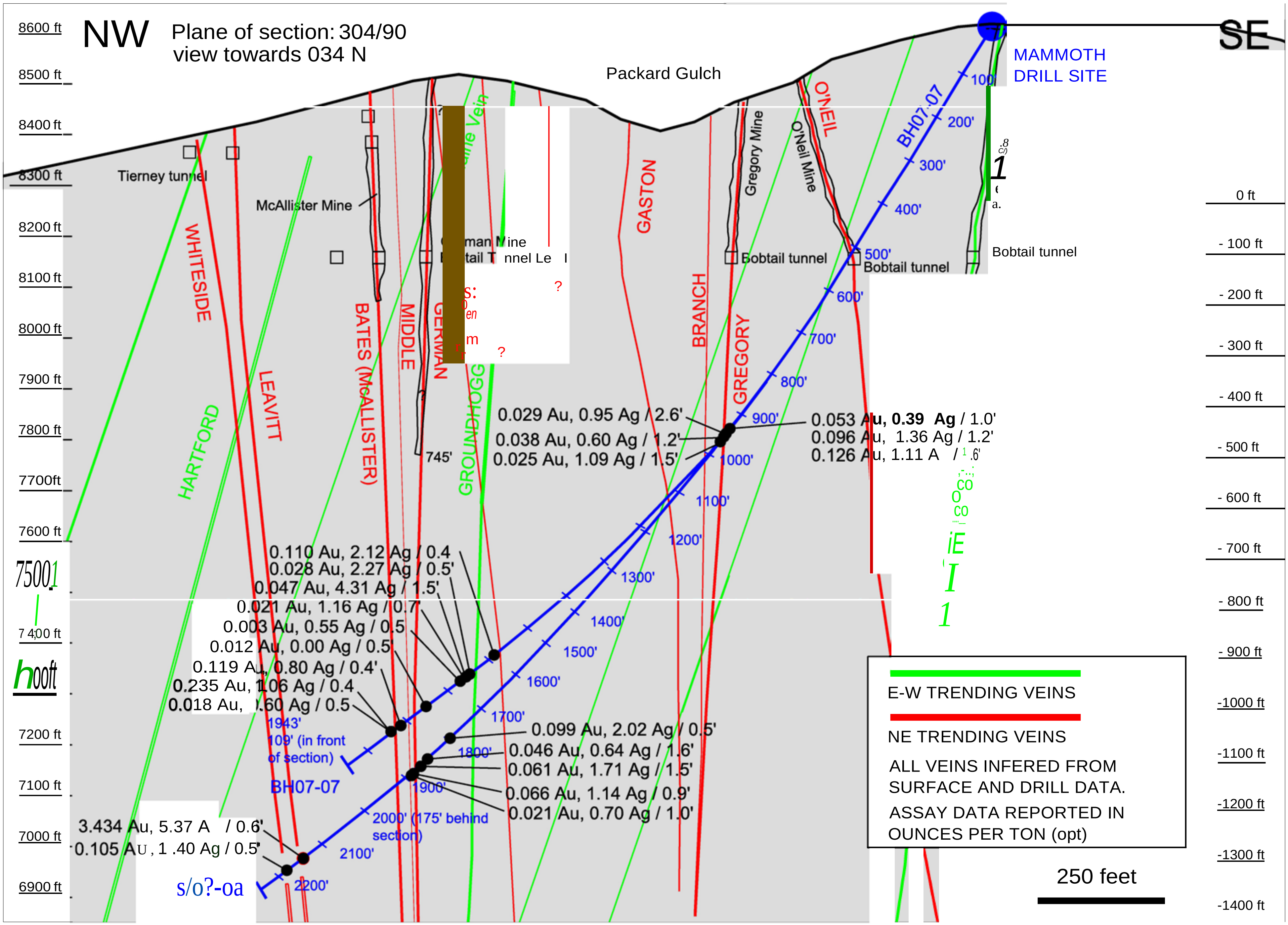

Figure 13. Cross-section of Bates Hunter Project 2007 diamond drill holes.

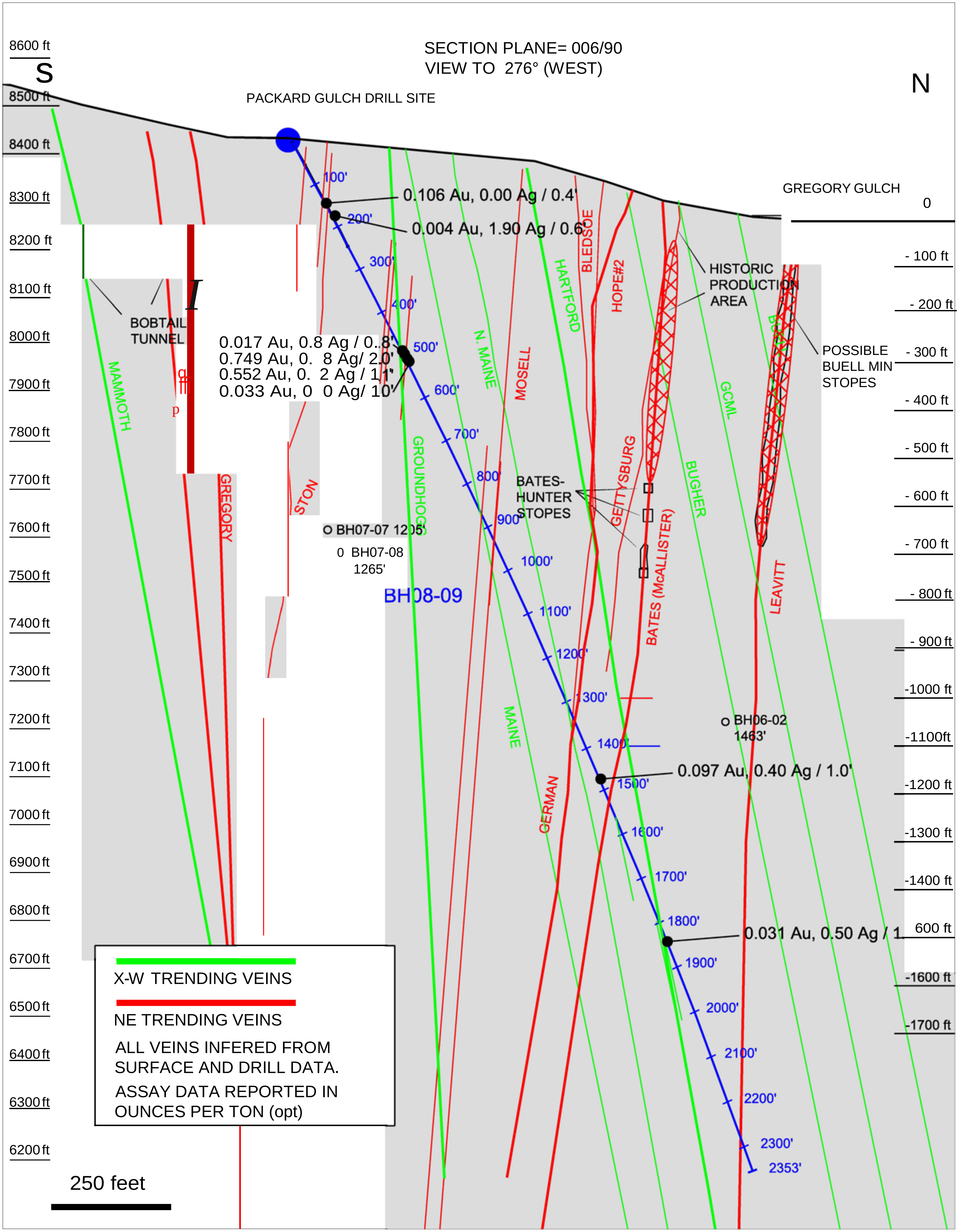

Figure 14. Cross-section of BH08-09

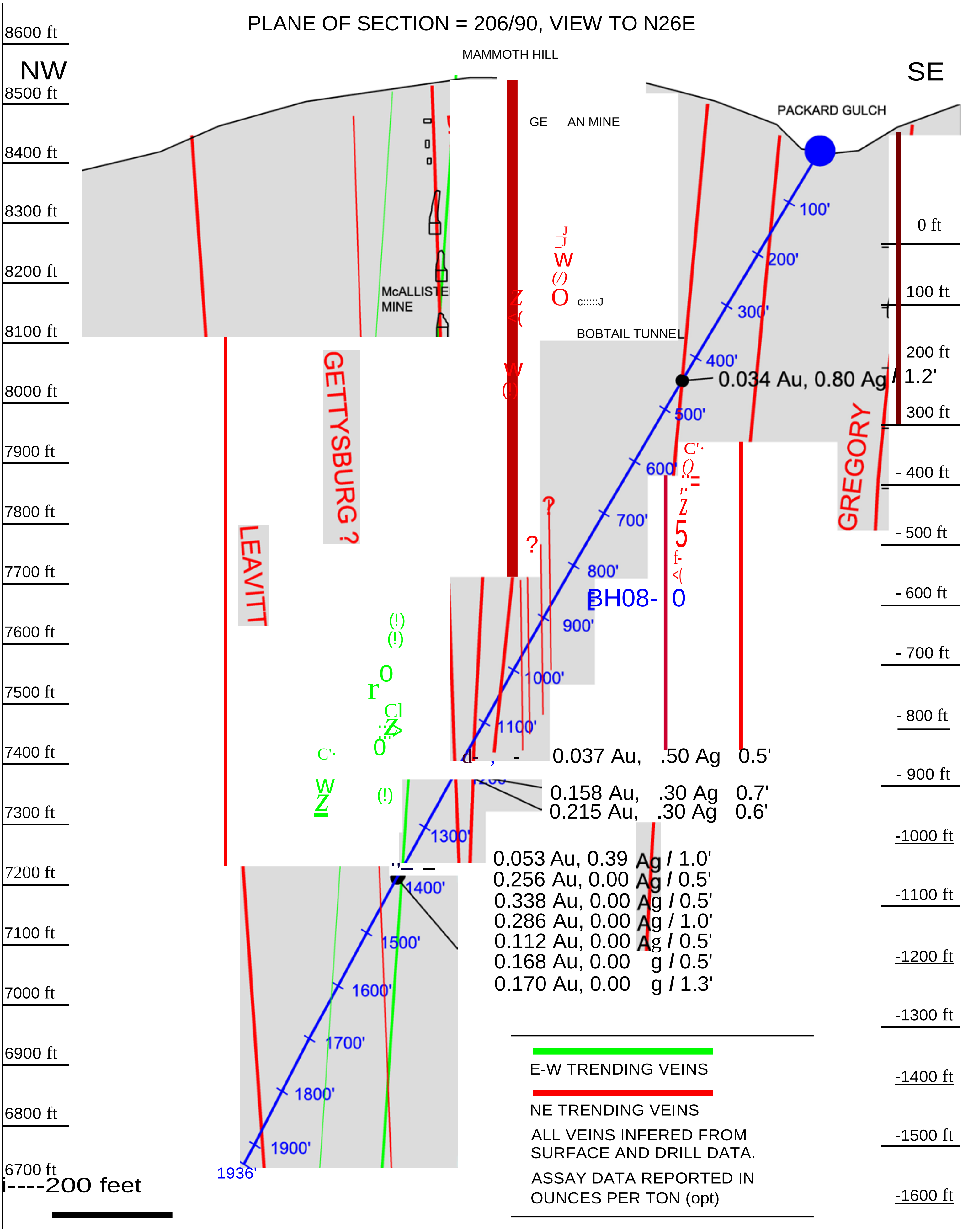

Figure 15. Cross-section of BH08-10

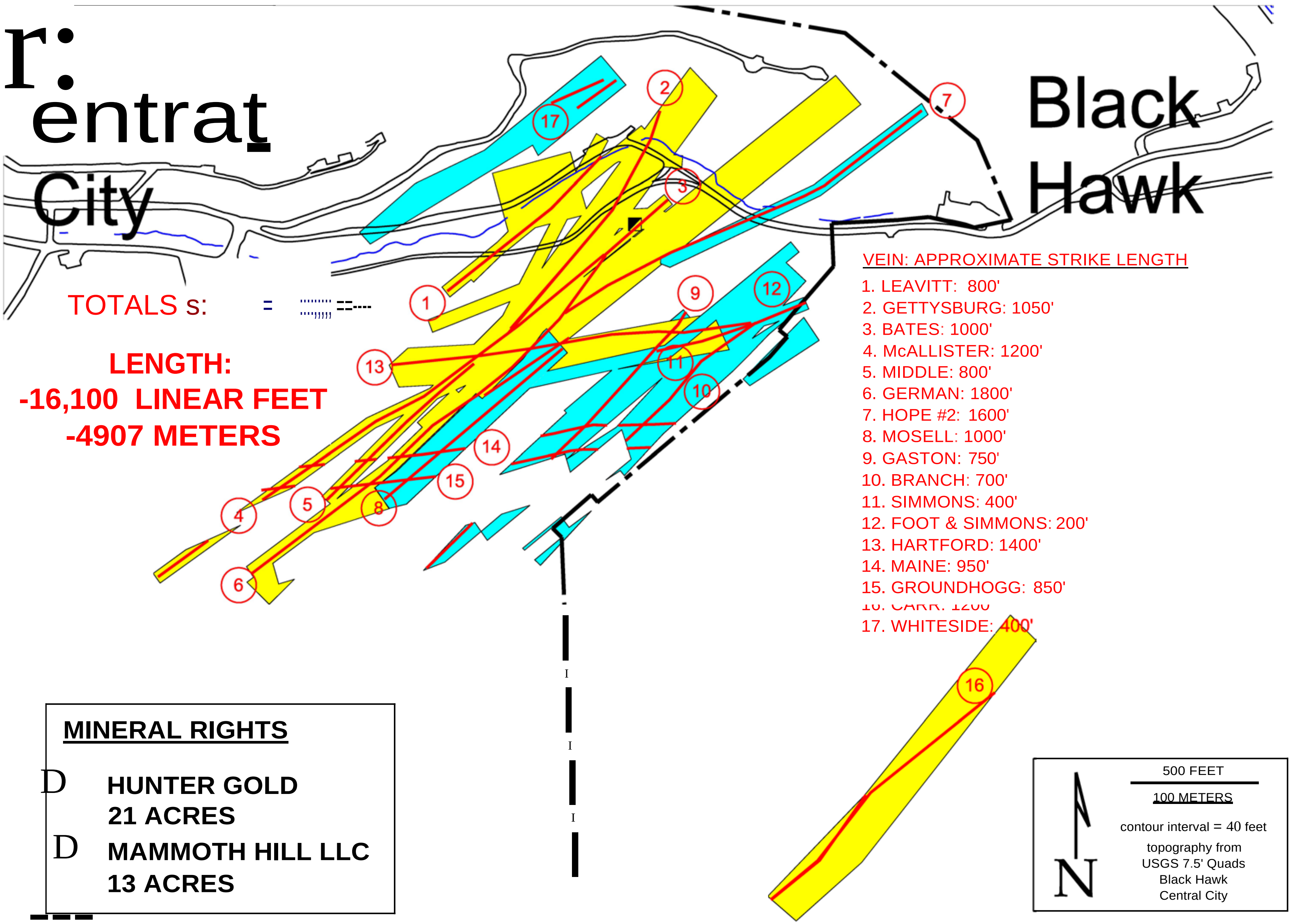

Figure 16. controlled veins.