

# **Business Resources, LLC**

## **Consultants in Mining and Minerals**

### **Prospective Operating Partner For the Anderson Creek Mine**

**February 2005**

#### **Table Of Contents**

<b>Section I</b>	<b>Overview Of Business Resources</b>	<b>Page 2</b>
<b>Section II</b>	<b>Due Diligence Report - AC Mine</b>	<b>Page 3-9</b>
<b>Section III</b>	<b>Operator Agreement</b>	<b>Page 10-11</b>
<b>Section IV</b>	<b>Operating Plan - AC Mine</b>	<b>Page 12-13</b>
<b>Section V</b>	<b>Financial Projections - AC Mine</b>	<b>Page 14-17</b>
<b>Section VI</b>	<b>Implementation Schedule</b>	<b>Page 18-21</b>
<b>Section VII</b>	<b>Conclusions and Final Recommendations</b>	<b>Page 22</b>

#### **CONFIDENTIAL INFORMATION**

Please do not contact any of the parties mentioned in this report without notifying Business Resources LLC. Please do not copy or distribute this information without the written permission of Business Resources LLC.

# **Section I**

## **Overview of Business Resources**

Business Resources, LLC provides a diverse range of services in the Mining and Minerals industry. Business Resources, LLC has an excellent team of professionals on staff with expertise in Mining and Minerals, which includes mining and mill processing, facility planning, engineering and design, operations, and sales. The professional staff also has experience in business start-up, facility construction and operations, management and leadership. Members of the team have consulted with companies in over 30 countries, including Europe, China, and the Middle East.

Business Resources, LLC also provides administrative and management consulting services to businesses. Business Resources, LLC has an excellent team of professionals on staff with expertise in all areas of administration and management. The company also maintains relationships with other professionals such as bankers, attorneys, investment planners, engineers, and accountants, all whom enable the company to provide a wide range of services.

### **B. About Business Resources**

#### **1. Professionals at Business Resources**

Leonard S. Fullagar, Owner, Manager, Business Consultant  
Sam Cooper, Owner, Manager, Business & Technical Consultant  
George S. Cowan, Jr., Owner, Business Consultant  
Scott S. Fullagar, Information Technology Consultant  
Tammy Walker, Business Consultant  
Andrea Poe, Business Consultant

#### **2. Mailing Address and Telephone/Fax Numbers:**

Business Resources, LLC  
P.O. Box 75  
Mill Creek, OK 74856  
Telephone: (405) 485-3174  
Fax: (405) 485-3174

# **Section II - Phase I**

## **DUE DILIGENCE REPORT ANDERSON CREEK GOLD MINE Completed November 17, 2004**

Business Resources has concluded two phases of our due diligence and overview of the Anderson Creek Mine Operation owned by Aurora Mines, Inc. The study has confirmed the information submitted to us by the Owner and we have confirmed the accuracy of that information including but not limited to the following topics:

### **A. Reserves**

The Geology and the Geophysical report submitted to us by Mr. Greg Oppenheimer, Director, Aurora Mines, Inc. and prepared by Frontier Geosciences, Inc., Mr. Russell A. Hillman, P.Eng., indicates large amounts of gold reserves in the Anderson Creek Claims area. This information also concurs with the reports we received while talking to the Mines Inspector for the Mayo District and the printed documents related to the Mayo Mining District. Therefore, we are convinced that the Anderson Creek Property has reserves with a value in excess of \$ 150,000,000. using a price for Gold of \$300.00./oz.

(Verify: Frontier Geosciences Inc. Phone: (604) 987-3037

### **B. Mining Permit**

A new mining permit is being processed and will be issued before the next operating season. The new permit will be valid for a period of 10 years, and allows for adding additional equipment to increase capacity to 500 tons (+) per hour. The permit is actually based on the gallons of water used in the operation. Mr. David Creighton advised me that there are no known problems with the permitting and that once issued; the permit is transferable to a new owner.

(Verify: Mr. David Creighton, Yukon Territory Water Board, Phone (867) 456-3980

## **C. Management & Employees**

We have interviewed the following persons for positions to be filled at the Anderson Creek Mine.

### **1. Manager:**

Mr. Jack Huggins– Mr. Huggins comes with good references and experience in operating mines in the Yukon. Mr. Huggins has expressed his desire to return to Anderson Creek as the Mine Manager in the next operating season.

Business Resources will appoint an experienced mine operator to be present “on-site” at the Anderson Creek Operation during the full operating season. In that regard, Business Resources (BR) has selected Mr. Jack Huggins to manage the day-to-day operations of the Anderson Creek Gold Mine should BR be selected as the “Operator” for the Buyer. Mr. Huggins is an experienced placer mine operator with extensive experience in all phases of a placer mining operation, including mining and processing, machinery and equipment operations and maintenance, exploration, management of the personnel and security. Mr. Huggins is familiar with all regulatory agency rules and reporting and his expertise in operating placer mines in the Yukon region over the past several years is a real benefit to BR and the Anderson Creek operation. In addition to having placer mining experience in the Yukon and in Canada, Mr. Huggins has operated placer operations in several other countries including Argentina, Zimbabwe, and Guyana. Mr. Huggins has agreed to work with BR as manager of the Anderson Creek operation.

(Verify) Phone: (705) 749-9230

### **2. Maintenance Supervisor:**

Mr. Carlos Munez– Carlos has expressed his desire to return to Anderson Creek next operating season to resume his position of Maintenance Supervisor. (Verify) Greig Oppenheimer (212) 222-0318

### **3. Operators, Dozer, Loader, etc.:**

The following persons have expressed their desire to work at Anderson Creek when the next mining season begins.

Ryan Brosseuk (Verify with Mr. Greig Oppenheimer)

Darrel Shears (705) 292-7409

Cindy Roulston (867) 633-5078

Ken Bennit (Contact Mr. Jack Huggins to verify.)

*Note:* Mr. Huggins has a list of other good operators and maintenance type personnel that have expressed a desire to work at Anderson Creek next season. A good pool of laborer type personnel is available through the Employment Service at Whitehorse, Yukon.

### **4. Camp Cook:**

Flaure Munez, (Carlos wife) will return to Anderson Creek next season to resume her responsibilities of Camp Cook. (Verify) Greig Oppenheimer (212) 222-0318

### **D. Mine Inspector**

The Anderson Creek Property has been operated in a professional manner and has not been fined, nor have they received any citation during the past 5 years. The mine inspector reports that Anderson Creek has a good reputation for properly mining and reclaiming the land. (Verify) Mines inspector, Mr. Bill Leary or Chad, Phone (867) 996-2568

### **E. Mine Recorders Office**

The Anderson Creek Property consists of 39 Placer Claims for a total of 895.31 acres. All claims are in good standing with the Mining Recorders office and are in affect through October 2021. Mining Recorders Office, Mr. Trevor Ellis or Lorilee, Phone (867) 996-2256

### **F. Gold Purchaser**

The gold extracted from the Anderson Creek Mine has historically been sold to Technic Canada, located near Dawson City, Yukon. (Verify) Technic Canada, Mr. Alex Brodie or Evan, Phone (604) 270-8778

### **G. Spare Parts Vendor**

I have contacted Mr. Don Cox at Northern Metallic Sales in Whitehorse, Yukon regarding their ability to supply spare parts and equipment to the Anderson Creek Operation. Northern Metallic has a good stock of spare parts for machinery and equipment and they have a rental department to cover breakdowns of major pieces of machinery or equipment.  
(Verify) Northern Metallic Sales, Mr. Don Cox, (867) 667-4215

### **H. Gold Extraction and Sales 2000-2002**

Business Resources has obtained a “Gold Disposal” report from the owner that includes receipts for sales along with other information that confirms the amounts of gold extracted during the testing periods. In addition, Business Resources has obtained a legally binding affidavit from the President of Aurora Mines, Inc. confirming the extraction and disposition of the gold extracted from Anderson Creek during the Test Periods.

# Section II - Phase II

## DUE DILIGENCE REPORT ANDERSON CREEK GOLD MINE Completed December 7, 2004

Between December 03, 2004 and December 07, 2004, Sam Cooper made a trip to the Yukon Territories and Vancouver, Canada. The purpose of the trip was to personally verify all of the information regarding the Anderson Creek Mine property and the operations of the mine.

### **A. Management and Employees**

1. During the trip, Cooper personally interviewed the mine manager, 2 operators, and the maintenance mechanic, all key people for the success of the operation. In addition, Cooper met with Mr. Rob Thompson at Employment Central in Whitehorse. Mr. Thompson had been contacted prior to Cooper's arrival about locating qualified applicants that would want to work at the Anderson Creek Mine during the next mining season. Mr. Thompson submitted more than 20 names and resumes to Cooper for consideration. The 2 operators and the maintenance mechanic interviewed by Cooper and highly recommended by the owner are:  
Cindy Roulston - Operator Phone (867) 633-5078  
Ryan Brousseau - Operator Phone (604) 534- 2882  
Carlos Munez - Maintenance mechanic Phone (867) 688-6181  
Mr. Thompson advised Cooper that he could get several additional resumes for all positions given a little more time.
2. Flaure Munez, Carlos's wife, also expressed her interest in the position of camp cook and Carlos Jr. requested that he be considered in filling one of the operator positions, either loader or excavator operator.
3. Mr. Thompson and other members of the staff at Employment Central advised Cooper that operations like the Anderson Creek Mine are needed to help supply jobs to the available work force in the Yukon, and they are very confident that we can get a very good, dependable, and qualified work force.  
Rob Thompson Phone (867) 393-8270

4. Cooper met with Jack Huggins, Mine Manager, and Ray Broussek, part owner of Aurora Mines. The purpose of the meeting was to interview Jack Huggins and to discuss details of the mine and the operation with Mr. Broussek. Following my interview of Mr. Huggins, I am confident that Mr. Huggins has the experience to operate the mine efficiently. Mr. Huggins experience in operating placer gold mining operations, not only in the Northwest Territories but in other countries gives him well rounded experience in operating a placer mine, but it also gives him good experience in managing different types of people, the use of a variety of machinery and equipment types, and knowledge of a variety of gold extraction processes. Jack Huggins Phone (705) 749-9230

### **B. Mining Permit**

During the trip, Cooper met with Mr. David Creighton, Yukon Territory Water Board, 419 Range Road in Whitehorse. Mr. Creighton discussed the license application (Mining Permit) with Cooper, and assured Cooper that the license will be issued well in advance of the start of the next mining season. This license covers the mining on nine (9) of the 39 claims, an area 2,000 feet wide by 4,500 feet in length. The license is good for 10 years and it is transferable to a new owner. If additional mining area is required before 10 years, the license can be amended. David Creighton Phone (867) 456-3980

### **C. Mining Recorders Office**

Cooper met with Maxine at the Mining Recorders Office, Room 201, The Elijah Smith Building in Whitehorse. Maxine supplied Cooper with a "Claims Status Report" on the 39 claims of the Anderson Creek Property and showing the Registered Owner to be Aurora Mines, Inc. All claims are effective through October 10, 2019, with the exception of the Cassie, 1-10, and the Kyle 1-9. These claims have an expiration date of September 21, 2005. These claims can be renewed at a cost of CN \$10.00 per claim, a total of CN \$190.00. This will keep these claims in effect for an additional 10 years.

Maxine Phone (867) 669-2691

#### **D. Mines Inspector**

Mr. Bill Leary, Mines Inspector in Mayo, advised Cooper that the Anderson Creek Mine has been operated in compliance with all regulations and there has not been a need to require any performance bond to assure proper reclamation of the mined areas. Mr. Leary said that he would look forward to working with us in the future mining of the property. Bill Leary Phone (867) 996-2568

#### **E. Local Businesses**

Cooper visited several businesses in Whitehorse that have served, or would appreciate the opportunity to serve the Anderson Creek Mining operation. Businesses visited are as follows:

- **Klaune Trucking Co.** - This company makes daily deliveries to Mayo from Whitehorse. They can pick up parts at the Whitehorse Airport and deliver them to Mayo the same day. Phone (867) 667-7447
- **Northern Metallic Sales** - Owner, Mr. Don Cox has been in business, with several locations in the Yukon and N.W. Territories for many years. Their company offers a wide variety of parts, supplies and services to the mining industry as well as other industries. Mr. Cox has also been involved in mining to some degree and he advised Cooper that the Anderson Creek property is the most exciting property in the Mayo district. Northern Metallic does major repairs. Mr. Cox also advised Cooper that Aurora Mines, Inc. is in good standing with his company.
- **Grainger** - Industrial and electrical supplies Phone (867) 667-4255
- **Coneco Industrial Supply Company** - Welding and various industrial supplies
- **Auto Parts Plus** - Automotive Parts Supply
- **Fuel and oils suppliers** - There are major suppliers of fuel and oils that deliver to Mayo

# Section III

## Operator Agreement - AC Mine

Business Resources agrees to function as Operator & Partner of the Anderson Creek Mine according to the following framework.

### A. Operator Responsibilities

1. Operator shall be responsible for acquiring all regulatory agency permits required for operating the Gold Mine, including mining permits, air quality permits, water usage permits, drilling permits, etc.
2. Operator shall be responsible for hiring and managing all personnel required to operate the Gold Mine, including those persons assigned to the project as special representatives of the Owner. Operator shall cause all employees to be trained as required by law to work in a gold mine in Canada.
3. Operator shall be responsible for paying all production costs out of the Gold Mine's budget including all personnel costs such as salary, workers compensation, training, fringe benefits, and other costs as may apply.
4. Operator shall operate the Gold Mine in a professional and efficient manner.
5. Operator shall operate the Gold Mine in compliance with all local, state, and federal rules and regulations as may apply to this operation.
6. Operator shall maintain a clean and safe work facility for all employees and Operator shall comply with all record keeping as may apply to employee safety and health.
7. Operator shall operate the Gold Mine for and in the best interest of Owner, and comply with all rules and regulations as may be established and made a part of this agreement.
8. Operator shall maintain accurate, current accounting for the operation using accepted accounting practice. Operator will be using accounting software that will be network accessible to the Owner.
9. Operator shall submit all accounting information to a Certified Public Accountant (CPA) as specified by Owner, by the 15<sup>th</sup> days of each month, for the previous monthly accounting period.
10. Operator shall prepare and submit a budget for all startup and operational cost to Owner each month. No funds will be expended without the approval of the Owner.

11. Operator shall, on behalf of Owner, sell, cause to be sold, or transfer to Owner the precious metals extracted from the Gold Mine as directed by Owner.
12. Operator shall show proof to the Owner that the Operator has secured commercial liability insurance and fidelity bonding as may be required by Owner.

**B. Compensation to Business Resources as Operator & Partner**

1. Owner shall compensate Operator \$25,000 per month for the startup and operation of the Gold Mine. The first three months shall be due and payable upon execution of the Operator Agreement. Thereafter, said compensation of \$25,000 shall be due and payable from the Gold Mine budget on the 1<sup>st</sup> day of each month. The expenses shall be made part of the Gold Mine budget.
  
2. Owner shall reimburse Operator for travel expenses related to travel to and from the Gold Mine. These expenses shall be made a part of the Gold Mine budget. In addition to the \$25,000 monthly fee and travel expenses, Business Resources shall be paid 15% of the net profits each month, payable by the 10th day of the following month.

# Section IV

## Operating Plan - AC Mine

### A. First Operating Season

The first operating season would start on April 15, 2005 by sending the mine manager, a mechanic and 2 operators to the site to make preparation for the commencement of operations. The work to be accomplished between April 15th, and when full production starts on June 15th, is as follows:

1. Two pieces of equipment (a 988 Cat Loader and a 4 cubic yd. Excavator) will need to be acquired by the Buyer prior to startup. Expense for these two pieces of equipment will include the purchase of the equipment, plus shipping and handling charges to get this equipment delivered to the mine site.
2. There are a few machinery repair items that will be accomplished at the cost of the seller as follows:
  - a. A newly rebuilt engine will be installed in a D-41 dozer
  - b. A new injector pump installed in one of the haul trucks
  - c. A turntable part on the excavator will be replaced
  - d. Other routine maintenance.
3. A 988 Cat loader is at a neighboring mine and it will be returned to the property, plus maintenance as required.
4. All equipment will be de-winterized and made ready for operation.
5. After studying the configuration of the current process, it will make the operation more profitable to move both gold machines up-stream about 500 yards to a site where the mining is being done. This will eliminate almost all truck hauling and the associated cost of operating 3 trucks. It will take about 7 to 10 days to prepare a pad, move and set up the gold machines.
6. The road from the campsite to the mining area will be graded and crowned.
7. The living quarters will be de-winterized and readied for the other employees to be moved in by June 1, 2005.

## **B. Mining Operations**

We have used the historical production rates furnished by the current owner to arrive at projected financial estimates. Due to the delivery of some new equipment and fuel supply via barge across Mayo Lake, the first mining season will be 18 to 20 weeks. This is shorter than the average mining season, which is projected at 26 weeks. We have confirmed these projections by using production rates of each piece of machinery and equipment in the production chain as well as taking in climatic conditions. We are confident that our production and profit projections, at minimum, can be obtained given these factors.

# Section V

## Financial Projections - AC Mine

We have carefully analyzed the financial data presented to us by Aurora Mining and concur with their financial projections based upon historical production rates. The following is a summary:

### **A. Three Options are presented with different number of cubic yards per hour**

#### **Option #1**

- The operation can produce at minimum, 252 cubic yards per hour, 144 hours per week, for an average of 26 weeks per year, and with a productivity rate of 75%, the total yield would be 707,616 cubic yards of ore processed in a typical mining season
- At a conservative gold price of \$400 per ounce, with a purity of 86%, the average gold recovered per cubic yard, based upon historical data is \$6.86 per cubic yard.
- If the total yield is 707,616 cubic yards of ore, at an average recovery value of \$6.86 per cubic yard the estimated gross revenue is projected at \$4,851,359.
- Expenses, excluding fees paid to Business Resources, are estimated at \$884,520
- Therefore Net Profit, before taxes, is projected at \$3,966,839.
- If all other parameters stay the same, but the price of gold sold were increased to \$450 per ounce the Net Profit, before taxes, would be \$4,573,259

#### **Option #2**

- With planned operating efficiencies, the operator can produce 320 cubic yards per hour, 144 hours per week, for an average of 26 weeks per year, and with a productivity rate of 75%, the total yield would be 898,560 cubic yards of ore processed in a typical mining season
- At a conservative gold price of \$400 per ounce, with a purity of 86%, the average gold recovered per cubic yard, based upon historical data is \$6.86 per cubic yard.
- If the total yield is 898,560 cubic yards of ore, at an average recovery value of \$6.86 per cubic yard the estimated gross revenue is projected at \$6,160,455.
- Expenses, excluding fees paid to Business Resources, are estimated at \$1,123,200
- Therefore Net Profit, before taxes, is projected at \$5,037,255.
- If all other parameters stay the same, but the price of gold sold were increased to \$450 per ounce the Net Profit, before taxes, would be \$5,807,312.

### Option #3

- By adding an additional HPC 400 Gold Machine\*, the operator can produce 640 cubic yards per hour, 144 hours per week, for an average of 26 weeks per year, and with a productivity rate of 75%, the total yield would be 1,797,120 cubic yards of ore processed in a typical mining season
  - At a conservative gold price of \$400 per ounce, with a purity of 86%, the average gold recovered per cubic yard, based upon historical data is \$6.86 per cubic yard.
  - If the total yield is 1,797,120 cubic yards of ore, at an average recovery value of \$6.86 per cubic yard the estimated gross revenue is projected at \$12,320,911
  - Expenses, excluding fees paid to Business Resources, are estimated at \$2,246,400.
  - Therefore Net Profit, before taxes, is projected at \$10,074,511.
- If all other parameters stay the same, but the price of gold sold were increased to \$450 per ounce the Net Profit, before taxes, would be \$11,614,625.

*\*To feed the HPC 400 Gold Machine, additional earth moving equipment would also have to be purchased. This is estimated at \$ 600,000. We have had good success in dealing with an equipment company in Phoenix with offices also in Salt Lake City. Over the past several years, we have purchased several pieces of equipment from this company at very competitive prices and with excellent results.*

## Anderson Creek Mine, Financial Projections

### Option #1

<u>CuYd</u> /hr	<u>hrs</u> /wk	<u>wks</u> /yr	<u>Total</u> CuYd	<u>%</u> Prod.	<u>Net</u> CuYd	<u>Au</u> /yd	<u>Au \$</u> /oz	<u>%</u> purity	<u>Revenue</u>	<u>\$ Au</u> /CuYd	<u>Cost</u> /ton	<u>Total</u> cost	<u>Net</u> Profit
252	144	26	943,488	0.75	707,616	0.0199	\$ 400	0.86	\$ 4,851,359	\$ 6.86	\$ 1.25	\$ 884,520	\$ 3,966,839
252	144	26	943,488	0.75	707,616	0.0199	\$ 450	0.86	\$ 5,457,779	\$ 7.71	\$ 1.25	\$ 884,520	\$ 4,573,259

### Option #2

<u>CuYd</u> /hr	<u>hrs</u> /wk	<u>wks</u> /yr	<u>Total</u> CuYd	<u>%</u> Prod.	<u>Net</u> CuYd	<u>Au</u> /yd	<u>Au \$</u> /oz	<u>%</u> purity	<u>Revenue</u>	<u>\$ Au</u> /CuYd	<u>Cost</u> /ton	<u>Total</u> cost	<u>Net</u> Profit
320	144	26	1,198,080	0.75	898,560	0.0199	\$ 400	0.86	\$ 6,160,455	\$ 6.86	\$ 1.25	\$1,123,200	\$ 5,037,255
320	144	26	1,198,080	0.75	898,560	0.0199	\$ 450	0.86	\$ 6,930,512	\$ 7.71	\$ 1.25	\$1,123,200	\$ 5,807,312

### Option #3

<u>CuYd</u> /hr	<u>hrs</u> /wk	<u>wks</u> /yr	<u>Total</u> CuYd	<u>%</u> Prod.	<u>Net</u> CuYd	<u>Au</u> /yd	<u>Au \$</u> /oz	<u>%</u> purity	<u>Revenue</u>	<u>\$ Au</u> /CuYd	<u>Cost</u> /ton	<u>Total</u> cost	<u>Net</u> Profit
640	144	26	2,396,160	0.75	1,797,120	0.0199	\$ 400	0.86	\$12,320,911	\$ 6.86	\$ 1.25	\$2,246,400	\$10,074,511
640	144	26	2,396,160	0.75	1,797,120	0.0199	\$ 450	0.86	\$13,861,025	\$ 7.71	\$ 1.25	\$2,246,400	\$11,614,625

## **B Incentive Plan**

1. We are convinced that a group of managers and workers can exceed the base numbers shown if the operation is run effectively and efficiently. Our management team will work diligently to continually improve productivity and strive to maximize the benefits of the operation, both from a manpower standpoint and from an equipment standpoint. With this in mind, we believe that an incentive compensation plan be implemented so that management and employees alike are rewarded when operations exceed the base projections as cited in the financial projections.
2. This incentive plan is recommended for levels of personnel below the management provided by Business Resources.

## **C. Startup Cost**

1. There are additional pieces of equipment that we recommend be purchased in order to improve the efficiency of operations:
2. There are periods of time between the spring thaw and the winter freeze when Lake Mayo cannot be crossed by boat or by snowmobile. The cost of helicopter is prohibitive. During these periods the operation needs a 4-man hovercraft on site to be used to cross the lake in case of a medical emergency, or simply for access from Mayo to the mine. Cost \$12,500
3. The company needs a 4-wheel drive pickup truck to be stationed on the Mayo side of the lake. This vehicle is used for transportation to Whitehorse for emergency parts, supplies, etc. Cost \$24,000
4. The company will need a used 4-wheel drive pickup truck (not licensed) to be used at the mine site to move tools and parts as may be required for repairs, etc. Cost \$6,000.
5. In addition to the equipment, the operation will need startup operating capital for payroll, supplies and other expenditures until the Anderson Creek Mine starts generating income. This startup cost is based upon 2 months operating expense without income. This is estimated at \$275,000.
6. A loader and excavator were in bad repair used in the testing phase and are not suitable for full-scale production. Replacement earth moving equipment has to be purchased by Buyer. This is estimated at \$600,000.

**D. Total startup capital is shown below:**

• Hovercraft	\$ 12,500
• Road Truck	\$ 24,000
• Mine Truck	\$ 6,000
• Startup operating capital	\$ 275,000
• Earth Moving Equipment	\$ 600,000
• <u>Contingency</u>	<u>\$ 50,000</u>
Total	\$ 967,500

**E. Security**

We have been working on a security system related to the safe handling of gold once the gold has been recovered by the gold machines, the storage of the gold retrieved, and the transfer of the gold to the purchaser. This is a suggested security system:

1. The gold collector will be fitted with locking covers. The covers will each have 3 separately keyed locks. Each cover will also be secured with a numbered seal each time the covers are opened.
2. The mine manager and one employee, plus the security person representing the owner will each have one key that will open one lock only. The cover cannot be opened until all three are present.
3. When all three locks have been opened it will be necessary to break the numbered seal before the covers can be opened.
4. When the cover is opened, the gold will be gathered and weighed. The date, time, seal number and the weight will be recorded on a prepared 3-part form. Each of the 3 individuals will sign and retain a copy. The gold will then be placed into a lock box and the mine manager will be responsible for keeping the lock box secured.
5. When the covers are closed and the 3 locked have been closed, a new numbered seal will be attached to the cover.
6. A mine manager and employee can deliver the gold to the refiner at Dawson City, or have the buyer in Mayo come to the mine and pick up the gold. In this latter case, the gold is weighed again and the total weight is recorded and checked against all of the gold collection records. The buyer immediately pays 70% of the weight per the published market price on that day. The buyer then refines the gold at his location in Mayo, calculates the purity, and pays the difference in the 70% and the actual.

In addition to the security measures listed above, a closed circuit security camera that shows time and date and connected to a recorder can be installed at the collection points.

# Section VI

## Implementation Schedule

It is highly recommended that the following schedule be adhered to in order for a full-scale mining and production operation to begin no later than June 15, 2005.

### **1. Before February 28, 2005**

- Buyer makes decision to purchase the Anderson Creek Mine
- Buyer and Seller sign binding agreement and Buyer place funds in Escrow account, as required by Seller, to bind both parties until closing occurs.
- Purchase Agreement is drafted reviewed and approved by Buyer and Seller.
- “Operator” Agreement is drafted, reviewed and approved by Buyer, Seller and Operator.
- Closing of the sale occurs.

### **2. Between February 15, 2005 and March 15, 2005**

- Operator and Buyer will work out plans related to the startup and operation of the mining project. The timeline may change during this time period based upon Buyer’s input.

### **3. Between March 15, 2005 and April 15, 2005**

- Operator will locate and travel to inspect the equipment to be purchased for the mining operation. This exercise may require more than one trip to inspect equipment based on the discovery of condition and price. The equipment type, condition and final price will be reported to Buyer and Seller for their consideration and approval. Upon approval, the equipment will be purchased and scheduled for delivery to Mayo Lake no later than June 1, 2005. Operator will make arrangements for a trucking company to deliver the equipment.
- During this same period, Operator will be working to set up the computer accounting program, production report forms, gold

collection report forms, drafting and printing the employee hand books, as well as attending to other administrative duties.

- Operator will travel to the Yukon. At Whitehorse, Operator will open the operating business bank account; secure workers comp insurance and other required insurance. Accounts will be established with all prime suppliers that will serve the mining operation.
- Operator will check prices and availability of a new pick-up truck to be purchased by the company. A used truck will also be shopped for as well as making arrangements to purchase the 4-man Hovercraft.
- Operator will contact the barge owner at Mayo to discuss and schedule the use of the barge immediately after the ice breaks up on Mayo Lake. The barge will be used to transport the new loader, excavator, and to deliver the initial supply of approximately 12,000 gal. of diesel fuel to the camp.
- Operator will establish a relationship with Technic, Englehard, Scotia Bank and others regarding the sale of the fine gold from the Anderson Creek operation.
- On the return trip, Operator will stop off in Van Couver to meet with and establish a working relationship with the buyer of jewelry quality gold nuggets.
- Jack Huggins will be officially hired as Mine Manager. During this period, Huggins will hire the Maintenance Mechanic, a laborer and an operator. Huggins, Cooper and these employees will arrive at the mine site on April, 15, 2005 to begin preparations for opening the camp and preparing for start up.

#### **4. Between April 15, 2005 and June 1, 2005**

- Cooper and Huggins will travel from home bases to Whitehorse.
- Cooper and Huggins will take delivery of the new company pick-up truck, purchase groceries and supplies for the preliminary work period prior to start up and make arrangements to have the Hovercraft delivered to Mayo Lake.
- Cooper, Huggins, and the other three employees will travel from Whitehorse to Mayo Lake; transfer the supplies to the Hovercraft and travel across the lake to the mine/camp site. Upon arrival at the site the following work will begin.

- The satellite phone and internet system will be activated
- The living quarters will be opened, cleaned and prepared for employees
- The cooks quarters and facilities will be opened, cleaned and prepared for use
- Employees will check out and service as required all generator sets, pumps, hoses and belts. The camp generator will require some repair.
- Using the rented D-9 Dozer (on site) an operator will grade and clean up the area around the gold machines and grade the pad for the ore stockpile adjacent to the gold machines.
- The settling ponds will be dredged or graded to clean out the old settlings and prepare the ponds for full production.
- The road through the narrows will be graded and repaired using the D-9 Dozer and a haul truck. The west bank of the narrows sluffs off during the winter months depositing material on the road. This will continue to happen through 2006 when the angle of repose will flatten to a point where sluffing will no longer occur. The area of the road affected is about 300 meters in length.

**Note:** While this work is being done, the Seller will have other service personnel to come in and complete the work and maintenance as outlined in Section IV, 2.a. through 2.d.

- Huggins will interview applicants for all other positions. As employees are selected, we will commit to that employee that he/she will have a job starting no later than June 15, 2005.
- While the road work is being accomplished, the other employees will be servicing all of the other mobile and stationary machinery and equipment.
- The security cover for the gold collection machines will be fabricated and installed to meet “Operators” specifications.
- When the road repair is completed, the area to be mined will be opened and, using the D-9 and the Hatchi, the operators will start lifting and stockpiling ore. The ore will then be hauled to the pad adjacent to the gold machines. This work will continue until the pad area is filled with ore.

**Note:** If this work is completed prior to arrivals of the barge and the new equipment, the Hatchi will be used to feed the gold machines, and limited production will begin.

**5. June 1, 2005**

- The ice breaks up on Mayo Lake and the first barge arrives with equipment. On the first barge load, the new engine for the D-41 Dozer will be delivered.

**6. Between June 1, 2005 and June 15, 2005**

- Seller will have service personnel arrive to install the D-41 engine. (Seller's Cost)
- Other equipment and fuel will be delivered by barge.
- The balance of the work crew will arrive
- Crew will settle in to their living quarters, attend orientation, safety training and review the employee hand book

**7. June 15, 2005**

- Full Scale Production Will Begin.

**Special Notice**

Items included in the listing above are not limited to only those items cited. After a meeting between the Operator and Buyer, noted in Section 3, this listing will be revised. However, this listing is intended to give the prospective buyer an appreciation of the tight time schedule necessary to get the mine into full production by June 15, 2005. Any delay in starting this schedule will make it difficult to reach full production by this target date.

# Section VII

## Conclusions and Recommendations

In consideration of the due diligence on the Anderson Creek property, the positive response we received from professionals and regulatory agencies, and the attitude of all person concerned, including past employees, Business Resources concludes that:

- A. The mine, and the status of the claims are as represented by the current owner
- B. The production rates given by the current owner are easily achievable
- C. The Yukon Water Board is processing a 10 year license for mining that will be issued prior to the start of the 2005 mining season
- D. There is a good supply of qualified personnel in the area to fill all positions for the operation, and certain key personnel have confirmed their desire to work at Anderson Creek
- E. There are suppliers and organizations in Whitehorse to serve the needs of the operation
- F. There are qualified buyers for the gold located in the areas of Mayo and Dawson City.

Business Resources is very confident that we can manage this operation profitably as an Operator and Partner. We believe that if the “Buyer” wants to get into the gold business, this is a great opportunity to purchase an operation that has large reserves and high profit potential.

Respectfully submitted:  
Sam Cooper, Manager  
Business Resources, L.L.C.