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PRINTED: 10-25-2006

ARIZONA DEPARTMENT OF MINES AND MINERAL RESOURCES AZMILS DATA

PRIMARY NAME: CARRY NATIONS GOLD MINES

ALTERNATE NAMES:  
CHASTAIN

LA PAZ COUNTY MILS NUMBER: 227

LOCATION: TOWNSHIP 5 N RANGE 12 W SECTION 28 QUARTER C  
LATITUDE: N 33DEG 44MIN 46SEC LONGITUDE: W 113DEG 30MIN 56SEC  
TOPO MAP NAME: HOPE - 15 MIN

CURRENT STATUS: PAST PRODUCER

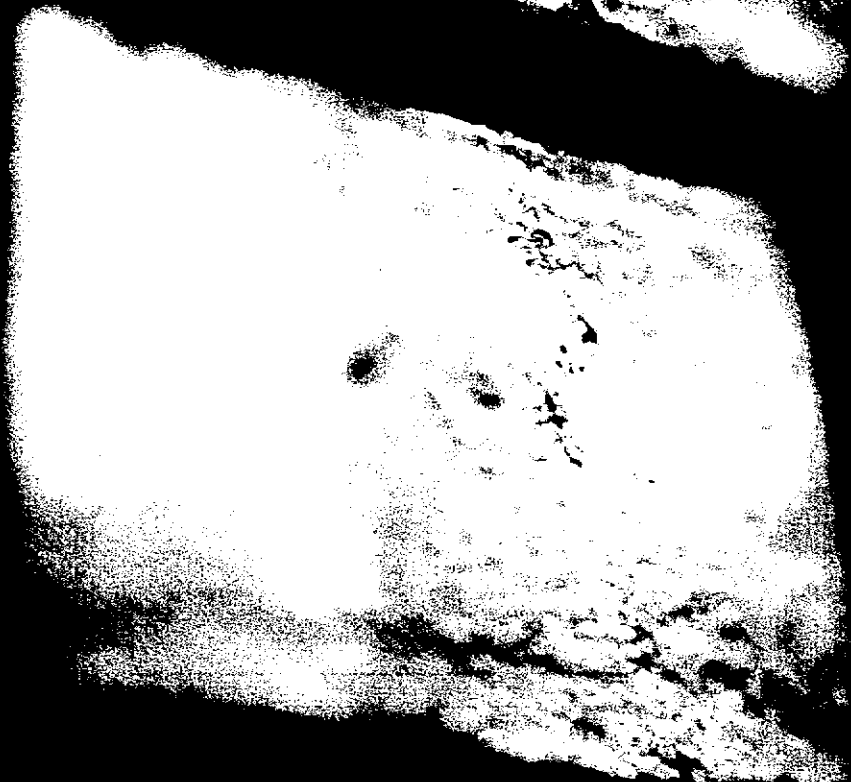
COMMODITY:  
GOLD LODE  
SILVER

BIBLIOGRAPHY:  
AZBM FILE DATA  
ADMMR CARRY NATIONS GOLD FILE #2

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INTERNATIONAL

1911



The

50 pages

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# IER, Inc.

*A wholly-owned subsidiary of USAR, Inc.*

*I*nternational Energy and Resources is an exploration and development company focused on the recovery of precious metals. Our team of expert managers, geologists, environmentalists, mining engineers, and metallurgical engineers work together with integrity and skill to explore, discover, and develop precious metal-bearing properties.



## *IER Premier Property Highlights*

- .40 ounces of gold-per-ton average
  - Assays as high as 2.21 ounces-per-ton
  - Resources valued at \$1.4 billion +
  - Low capital and operating costs
  - Mother Lode-type vein structures
  - Gold visible to the naked eye
- 12 million dollars invested for production on 7-claim EW Target



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**IER, Inc.**

A wholly-owned subsidiary of USAR, Inc.

The following overview of the Chastain Mine is confidential. All information and economic projections set forth in this overview were prepared by IER's corporate staff. It is possible that estimates of price, quantity, and cost may change at any time and may be significantly higher or lower than projected. This overview is not an offering, it is not an offer to sell or a solicitation to buy any securities, as any offer or solicitation will be made solely through a private placement memorandum or other disclosure document. The overview is intended for informational purposes only. It does not constitute an offer, nor is it complete. Any and all additional information may be requested at info@ier.com. All of the information within this overview is the property of International Energy and Resources, Inc. and may not be used or copied by any person or company without the consent of International Energy and Resources, Inc.

- IER's consultants will continue to help direct development and exploration at the Chastain Mine.
- Through subsidiary, Quail Mining, IER will begin production at the EW Target. Projected income from gold production is 1.4 million-per-quarter.
- IER will continue gravel production and reclamation at the Chastain Mine. IER's on-site screening plant is geared to produce 30,000 tons of gravel, along with various other rock products.

*IER is very excited about the progress made at the Chastain Mine in 2004. We have achieved our goals, strengthened our structure, and increased our value. We are also very pleased to be working with some of the most qualified consultants in our field. Our team looks forward to great development in 2005 and the next decade.*

*John D. Owen*  
JOHN D. OWEN, FOUNDER & CEO



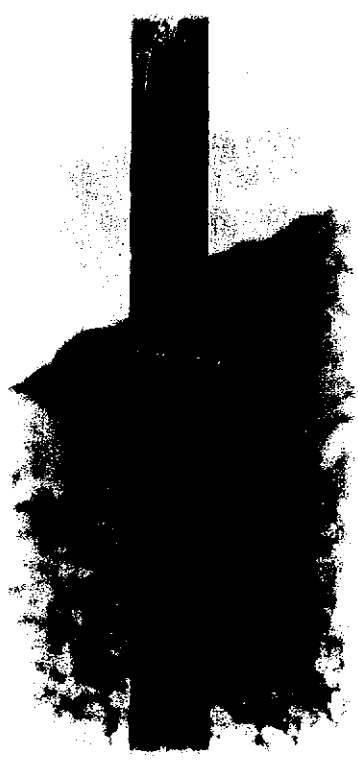
# Exploration

The Chastain Mine consists of 102 lode-mining claims in the Ellsworth Mining District, La Paz County, east of Salome, Arizona. It is a property rich in history, with evidence of exploration dating back to the time of the Spanish gold conquests in Arizona. Cabeza de Vaca's fabled Cities of Gold led many Spanish explorers to the area in the 1500s through 1700s. There is also evidence in La Paz County of mining by the local Indians for hematite, cinnabar, and turquoise.

In the 1800s, gold prospectors used long wooden claim stakes with metal tobacco cans attached in which they would leave messages to fellow miners staking their claims. These claim stakes can still be found on the Chastain property.



HISTORIC CLAIM MARKER, CHASTAIN MINE



1800s CLAIM STAKE  
CHASTAIN MINE

Modern exploration began in the area in 1861 with Arizona's first gold rush along the Gila River near Yuma. In 1862, Paulino Weaver discovered the La Paz placer deposits along the Colorado River. In 1863, Joseph Rutherford Walker led a party of 30 prospectors into the area along the Hassayampa River where they discovered numerous gold finds, including the famous Rich Hill Strike. The Rich Hill strike was unusual in that there was so much gold in the cracks and crevices, the prospectors were able to dig it out with knives and spoons. More than half a million dollars in gold was produced from the deposit.

# Mining

The Chastain property was mined consistently throughout the 1800s and into the 1900s as indicated by the numerous adits and mill sites, as well as an old rock house. In the early 1900s, Sam Robison mined the area which is now IER claims #3-#5, #8-#12, #14-#18, #20-#24, #26-#30, #32-#35, #37-#40, #42-#45, #47-#49, #52, and #53.

REMAINS OF A ROCK HOUSE



Some time after Robison mined the property, Robert Chastain interviewed Alice Robison, one of Robison's surviving daughters. She recalled carrying buckets of ore down to her house for her father to process and sell. He made \$43 a week at the time when the average household brought in only \$16.

Alice also recalled her father driving to El Paso with 12 tons of ore and returning with \$3,800, which means he was extracting nine ounces-per-ton at a time when gold was selling for \$34 per ounce. Robison used part of the money to buy each of his ten daughters a new pair of shoes.



ROBERT CHASTAIN

Robert Chastain has engineered and consulted for Newmont Mining, Telluride Co. (Mineral Services), Anaconda Company, Idaho, and Grubstake Mining, where he was President for four years and Chief Engineer of Operations in Sweden. Familiar with gold-bearing properties in Arizona, he set up a mill site and a leaching pad at what is now a portion of IER's claims area. He found assays of up to 6 ounces-per-ton (opt). He continued to mine the property until 1999, but lack of funding prevented Mr. Chastain from fully developing the property. He believes the property has the potential to be one of the largest gold mines in the United States.

# Geology

The Chastain Mine area is part of the Basin and Range Physiographic Province, best described as north to south trending mountain ranges with intervening valleys resulting from regional extensional tectonics.

According to the U.S. Bureau of Mines, this general area has been subjected to detachment faulting. The movement of the detachment fault has caused the rocks on the upper plate to become severely fractured and brecciated, making them ideal conduits for mineralized fluids.

Mineralization and alteration occurs in the severely fractured and brecciated rocks over the entire claim's group. Mineralization is found on the property in quartz veins and pods of brecciated quartz and carbonate. These veins have bonanza-grade pockets carrying visible free-milling gold. These high grade pockets with visible gold have been found across the site.

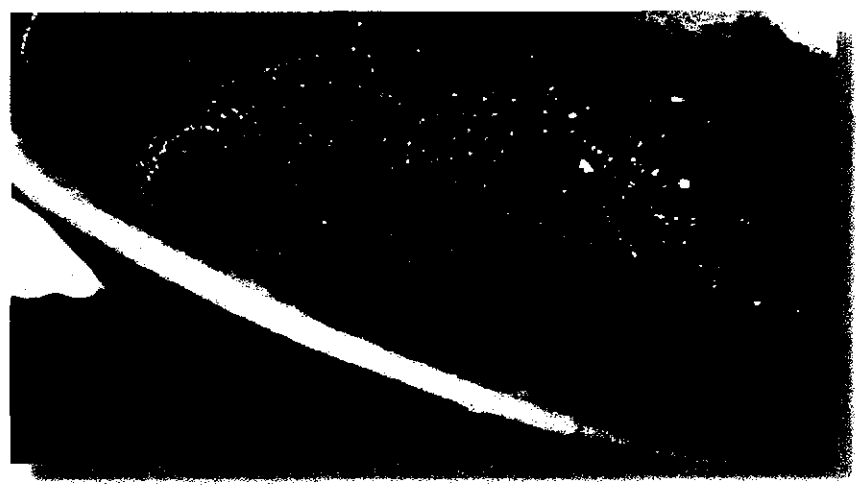


# Modern Exploration

The Chastain Mine property has undergone extensive mineral exploration, with numerous roads and dozer cuts exposing mineralization over the entire area. A large pit was excavated to remove approximately 50,000 tons of ore for processing. In the mid 1980s, an exploration-drilling program was conducted on the claims. Twenty-five holes were drilled by a reverse-circulation rotary drill to a depth of approximately 200 feet. All drill holes intersected mineralized zones. A magnetometer survey study, which extended beyond the boundary of the mining claims, was conducted on the property in 1986. The resistivity readings revealed presence of a massive highly-mineralized subsurface body of ore.

In 2001 IER began conducting assays that were panned for free gold. All samples revealed free-milling gold in sizes ranging from 0.3 to 0.5 millimeter (mm).

GOLD PANNED FROM THE UPPER PIT



# IER Evaluation

IER has conducted extensive testing to define the extent and quality of the ore on the site. Research and geological surveys of three locations were successful in proving the value of the property. Assays from these areas ranged from .03 ounces-per-ton to 6 ounces-per-ton. Of the numerous adits and shafts on the Chastain property, IER elected to start with areas of the Rex Curtiss, Jr. Mountain based on accessibility and prior excavation.

An initial evaluation of the site was completed by consulting geologists with over 40 years of combined experience. The evaluation found that the Chastain Mine is unique in the number of high-grade vein structures containing visible gold that is exposed in numerous locations. Based upon the degree of alteration mineralization seen in the sheer zones, it is likely that mineable gold reserves extend outward beyond the high-grade vein structures.

**B**ulk samples for certified assay were collected from the Upper Pit mine face at the uppermost level of the Upper Pit, from the eastern section of the lower level at the main rock face, and the western and central section of the lower main rock face. Additional samples were taken from several quartz veins, the top of mine shafts, and other existing and old prospect locations. During the field reconnaissance, structural data, such as the strike, dip, orientations, and quartz outcrops, were located and mapped.



THE REX CURTISS, JR. MOUNTAIN, UPPER PIT ADIT

This work confirmed the base geological model and that the mineralization and geology of the Chastain Mine continues to demonstrate the characteristics of a low-sulfide gold quartz vein system. These structures are also known as Mother Lode Veins, or Mesothermal Quartz Veins based on the U.S. Geological Survey classification. IER also found that several historic mines (Golden Eagle, Harquahala, Empire) in the district had the same high-yield deposits, further indicating the potential of the Chastain Mine.

The overall Chastain Property includes several high-potential gold and silver resources with indicated reserves of 560,000 oz. Au and 130,000 oz. Ag, with additional inferred reserves of 600,000 oz. Au (figure 2). In general, the zone from surface to 70' to 90' below surface is oxidized mineralization with sulfide mineralization at greater depth. Exploration by other companies have inferred sulfide reserves containing 2,500,000 oz. Au.

IER contracted the completion of an independent review of resources and reserves and an exploration plan and bankable feasibility study to take the Chastain Mine from exploration to commercial production.

With guidance from the BLM, IER began a reclamation plan. This reclamation work addresses historical impacts, while preparing the site for mining and generating additional cash flow for the project. IER Mining Notice was then submitted to the BLM and approved.



The results of field work, which covered approximately 10 percent of the claim block, continued to show widespread gold mineralization. Gold was present in all of the 76 collected samples, with the highest concentration, 2.21 opt, found in the northernmost sample, and 0.58 opt in the southernmost sample.

Plotting of the data demonstrated an open halo of gold mineralization extending outward from the high-grade veins in the center of the property (The Rex Curtiss, Jr. Mountain). IER will also continue to work in the under-explored areas of the property to north, east, and west of the central core of the claim block (see maps). Recent reconnaissance into these areas has identified additional high-grade gold targets.

## UPPER PIT, REX CURTISS, JR. MOUNTAIN

In July of 2004, Dick Sloan (see Associates), whose extensive experience includes working with Newmont Exploration, Anaconda Minerals, Arco, and Phelps Dodge, confirmed the previous work by IER and their consultants. In summary the independent evaluation found:



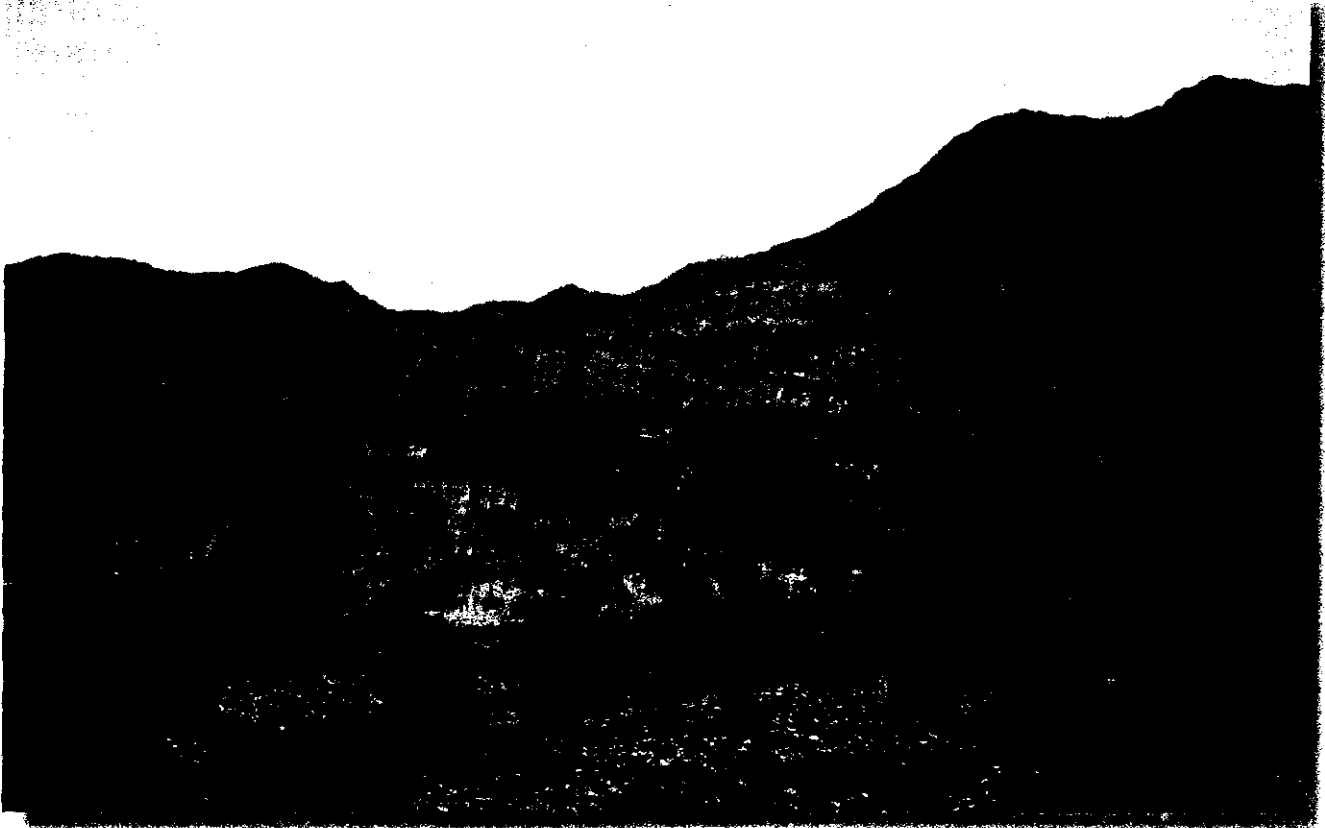
- IER's land position is well laid-out, very solid, and a significant claim block that could potentially hold multiple operations.
- The mineral deposit models, primary oxide higher tonnage, lower grade deposits, and high-grade low-sulfide vein structures (Mother Lode type) used by IER in previous evaluations is valid. Initial emphasis would be on the higher tonnage deposits because of the ease of mining processing.
- A phased exploration program should be implemented on the remaining claim block.
- There is an area of oxide ore between the west vein and the east vein with approximately 4,000,000 tons of 0.1 ounce per ton gold on six claims.

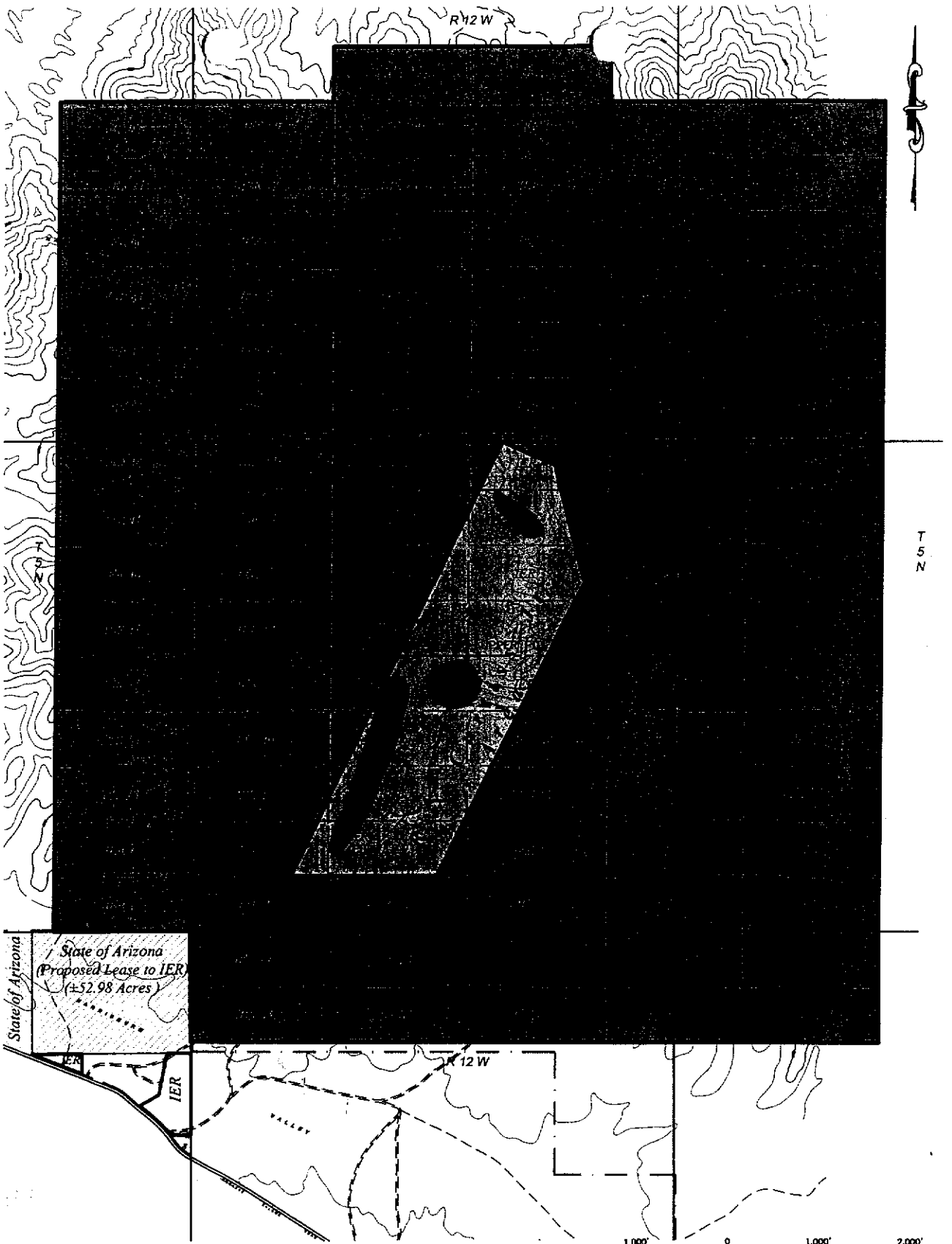
The preliminary mine plan for this area will have a very low stripping ratio (most of the rock excavated will be processed). Four mining faces will be worked at the same time to produce an even ore grade to feed a semi-portable counter-current leach facility that would include the production of dore bars. The preliminary recoverable resource/reserve is approximately 325,000 oz gold in the seven-claim block, with an additional resource of 500,000-600,000 oz. of Au in the shallow oxide and deeper sulfide.



*B* By October of 2004, Dick Sloan of Chickadee Mining had confirmed previous workings done by several major gold companies as well as IER at the 7 claims group known as the EW Target. Chickadee Mining prepared a proposal that was accepted by IER and Meadowlark Mining of Montana. Meadowlark agreed to invest 12 million dollars into IER subsidiary, Quail Mining, to put the EW Target into production in 2005.

The project was estimated to be 1.4 billion dollars.





State of Arizona  
 State of Arizona  
 (Proposed Lease to IER)  
 (±52.98 Acres)

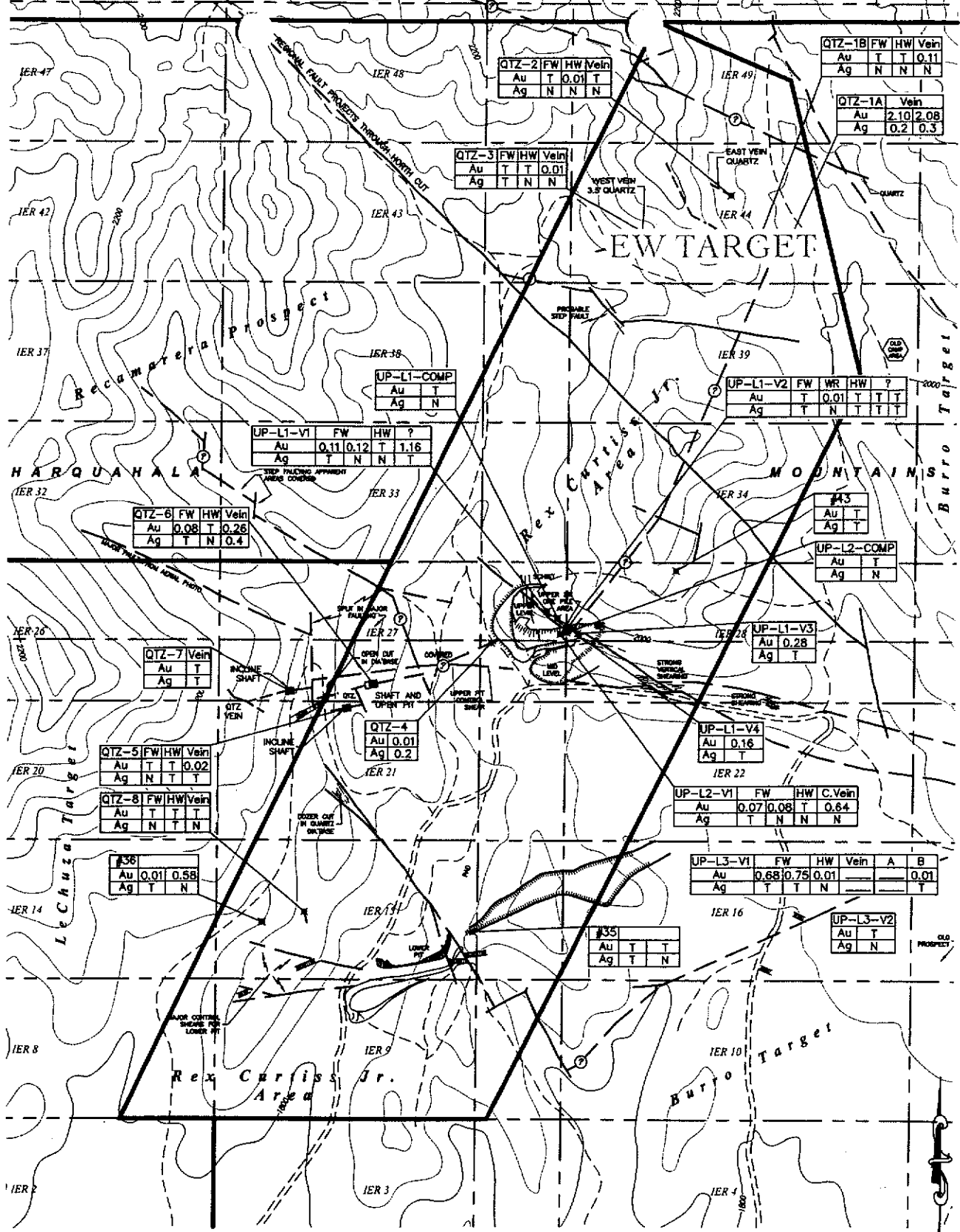
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—	SECTION LINES	▬	TARGET BOUNDARY
- - - -	EXISTING UNPAVED ROADS	▬	KNOWN AREAS OF HIGH GOLD VALUES BASED ON NOVEMBER '03 ASSAYS
- - - -	EXISTING 4wd TRAILS	▬	AREAS WITH GOLD MINERALIZATION BASED ON NOVEMBER '03 ASSAYS
▬	IER LODE CLAIM BOUNDARIES	▬	SUSPECT GOLD MINERALIZATION BASED ON RECONNAISSANCE GEOLOGY
IER 4	NAME OF LODE CLAIM		
☐	EXISTING SHAFT LOCATIONS		

**INTERNATIONAL ENERGY AND RESOURCES, INC.**  
 DALLAS, TEXAS  
 CHASTAIN MINE - SALOME, ARIZONA

**TARGET AREAS AND  
 AREAS OF MINERALIZATION**

**INTERNATIONAL  
 ENERGY AND RESOURCES**

ECM	1/15/03	INITIAL ISSUE				CADD FILE	0500\	CURRENT DATE	01-15-2003
NO. DRAWING	DATE	REVISION	BY	DATE	APPROVED	DRAWING NO.	0500-02d		

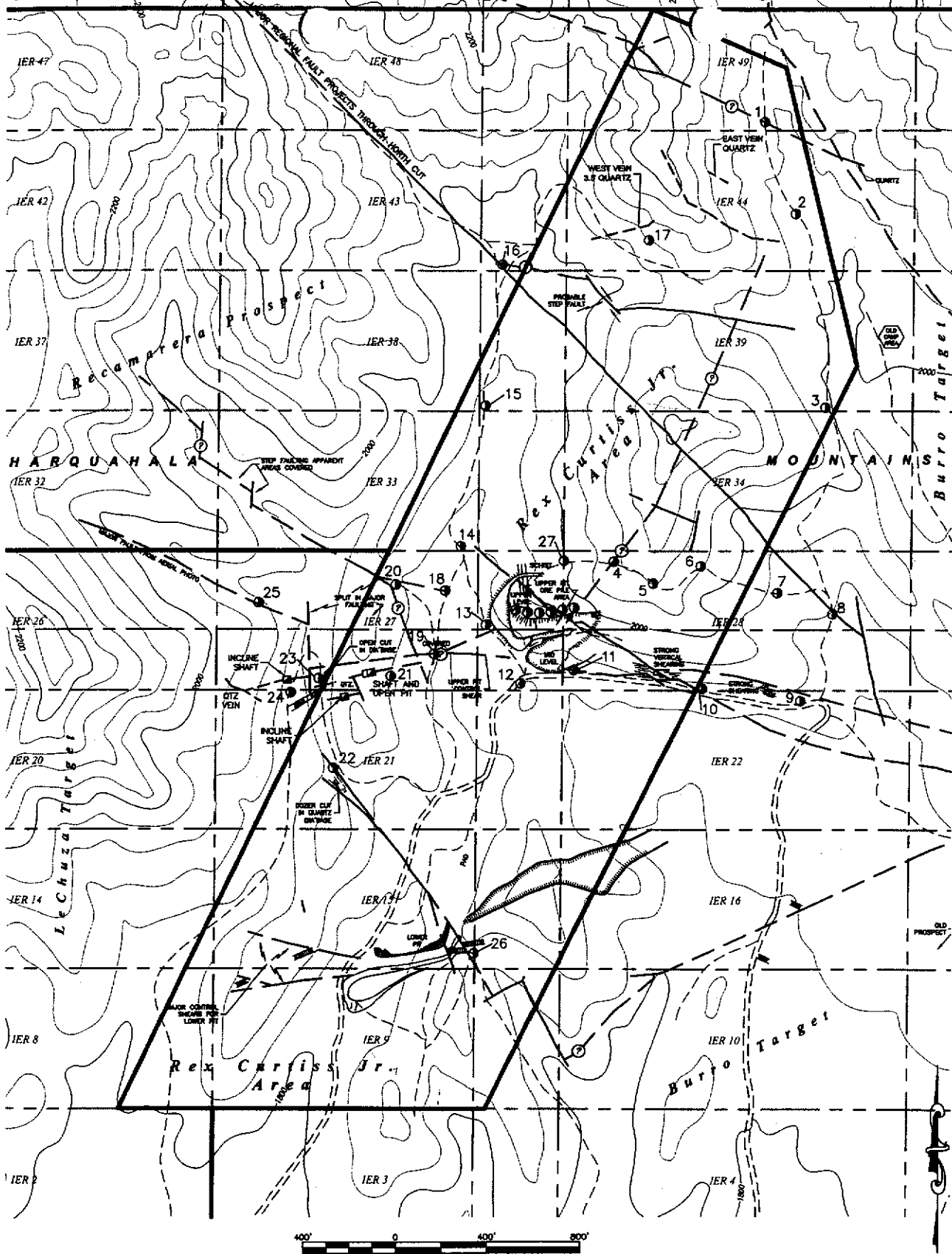


**NOTES:**  
 1. ASSAY RESULTS BY DR. RALPH E. PRAY, MINERAL RESOURCE LABORATORY, NOVEMBER 2003.

**LEGEND:**

- CENTER LINES SECTION 28
- - - EXISTING UNPAVED ROADS
- · - · EXISTING 4WD TRAILS
- IER LODE CLAIM BOUNDARIES
- NAME OF LODE CLAIM
- EXISTING SHAFT LOCATIONS
- ▬ TARGET BOUNDARY

IER 4



**LEGEND:**

- |      |                            |       |                             |
|------|----------------------------|-------|-----------------------------|
| —    | CENTER LINES SECTION 28    | IER 4 | NAME OF LODGE CLAIM         |
| ---- | EXISTING UNPAVED ROADS     | ■     | EXISTING SHAFT LOCATIONS    |
| ---- | EXISTING 4wd TRAILS        | —     | TARGET BOUNDARY             |
| ---- | IER LODGE CLAIM BOUNDARIES | ○     | PROPOSED DRILLING LOCATIONS |

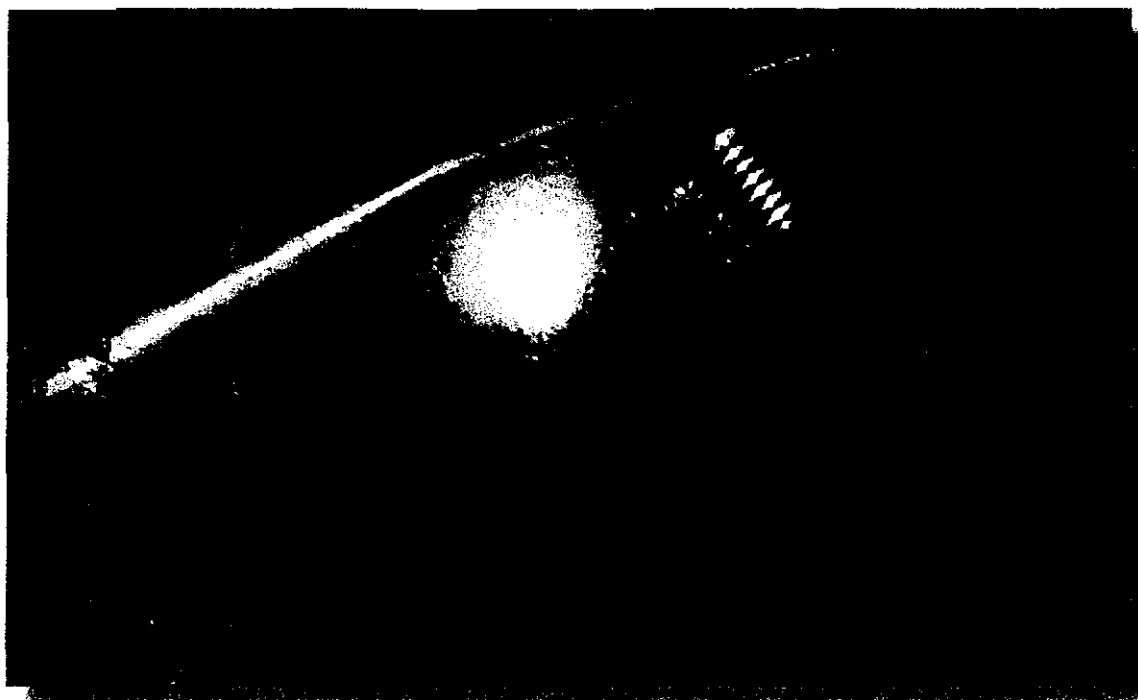


**INTERNATIONAL ENERGY AND RESOURCES, INC.**  
 DALLAS, TEXAS  
 CHASTAIN MINE - SALOME, ARIZONA

**PROPOSED DRILLING LOCATIONS**

**INTERNATIONAL**  
**ENERGY AND RESOURCES**

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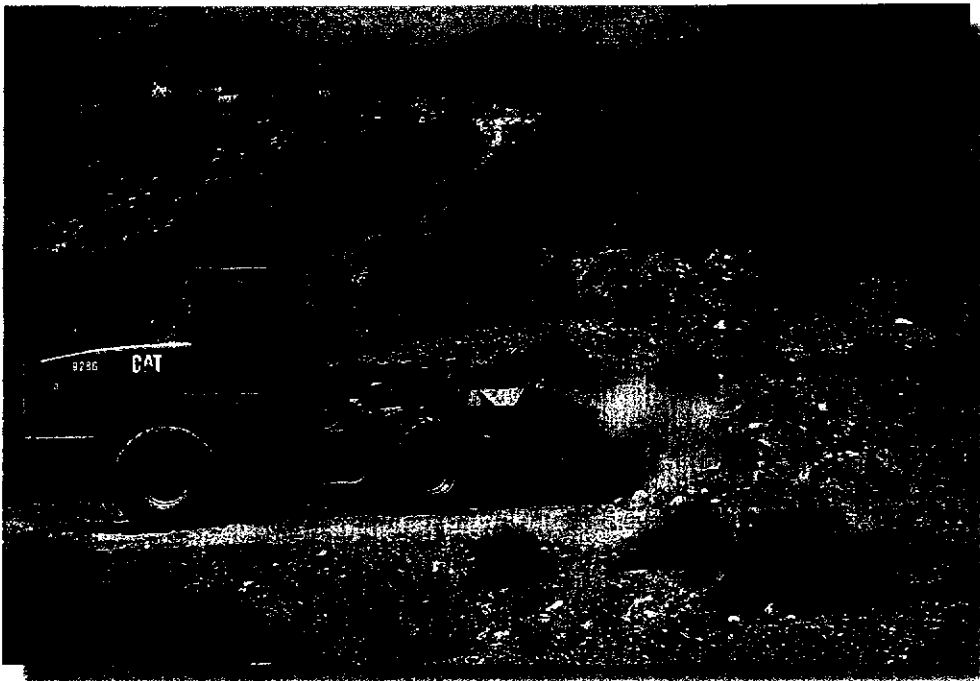


POLISHED CHRYSOCOLLA (COPPER SILICATE) & 1 OZ. GOLD BUTTON FROM THE CHASTAIN MINE

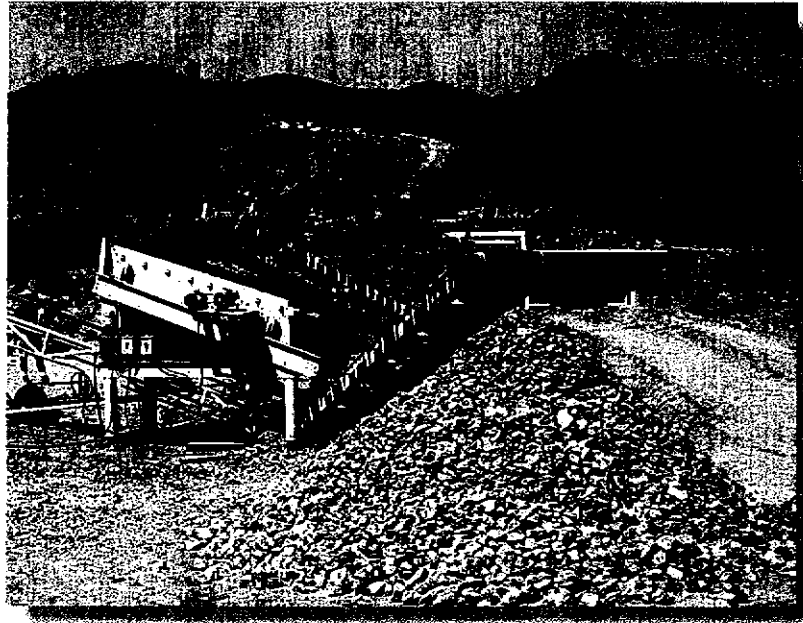
*I*n addition to more traditional methods of recovery, IER is currently working to treat bulk ore with a new and novel non-cyanide technology for the recovery of gold from the ore at the Chastain Mine. This technology promises to be relatively inexpensive to implement. Time-to-production should be dramatically decreased from several years to a minimal period. The extraction technology is a result of two decades of development by major U.S. companies, and utilizes some novel technology that may be submitted for patent. In addition, a unique method of gold recovery will be implemented utilizing a proprietary technology patented by a major U.S. company. When successfully deployed, this technology has the potential to dramatically change the equation in gold recovery. Greatly reduced environmental risks, reasonable costs, and dramatically shortened gold recovery time are a few of the benefits of this state-of-the-art technology. Another benefit is that remaining ore will be cleaner than raw ore and will be suitable for sale in the sand and gravel marketplace, providing an additional income stream for the Chastain Project. Pincock Allen and Holt (PAH, see IER Consultants) will assist IER in the continuation of metallurgical testing, as well as the most accelerated method for gold recovery at the Chastain Mine.

## Rock Products

The Arizona Rock Products Association reported a \$1.8 billion direct value of output, production, and deliveries of rock products in 2003. The Chastain property, one and a half hours from Phoenix and two hours from California, is in a prime location to participate in this billion-dollar industry. In addition, being 25 miles from Hwy 10 and six miles from the railway makes it easy to transport products. IER has leased a screening plant at the Chastain Mine capable of processing 500 tons of gravel per day, and another to do 2,500 tons-per-day. The plants will assist with reclamation, and will bring in additional income to fuel the Chastain Mine Project:



Forty-five minutes from the Chastain Mine is the town of Buckeye, Arizona. Buckeye is expecting a 72% to 138% increase in population by 2005, and a 198% to 885% increase by 2015. A variety of rock products will be needed to support this expansion. Every home with septic will require 15 tons of 2" leach rock selling for \$12 per ton. Rock will also be needed for home and business landscaping, substituting for the limited amount of grass that can be grown. The price of landscape rock can sell for up to \$18 per ton. Other rock products needed in Buckeye and throughout Arizona include: 3/4" rock for concrete which sells for \$18 per ton; 1/2" chip rock for \$18 per ton; 1" minus for \$12 per ton; washed sand for \$25 per ton; and 6"-12" rip rap for up to \$35 per ton. IER has the capability and the intention to provide these products to Arizona and California. (All prices are listed without delivery by IER, products are picked-up).



*I*n 2005 IER will produce approximately 180,000 tons of gravel per quarter.

The size of rock that can be produced:

- 10% rip rap
- 30% 1/2" minus (sand)
- 20% 3/4"
- 20% 2" (leach rock)

*Income from Screening Plant 1st Quarter:*

	\$360,000.00
	\$1,950,000.00
	\$648,000.00
	\$432,000.00

	\$2,790,000.00
	\$360,000.00
	\$2,430,000.00

# IER 5 Year Plan

OPERATION FOR EW TARGET  
TONS OF ORE/DAY  
PROVE ADDITIONAL RESERVES

BACK OUT RESERVES

BACK OUT RESERVES

BACK OUT RESERVES

IER will continuously drill and prove reserves throughout the property. It is IER's goal to have five years of reserves throughout years 2006-2010 to support the size of plant up-scale.



IER is a company incorporated under the laws of the State of Texas. IER currently owns a 90% net revenue interest in 102 lode-mining claims known as The Chastain Mine. IER is offering a 1% working interest for 5 million dollars to accredited investors, with a minimum participation of \$100,000 for a 2% working interest of the offering.

It is projected the investor will receive their principle back by the 2nd quarter of 2006.

In 2006 IER projects to increase production to 10,000 tons-per-day, and continue production of 10,000 tons-per-day through 2007. In 2008 IER estimates an increase in production to 50,000 tons-per-day, at which time the working interest drops from 1% to .5%.

IER intends to continue producing 50,000 tons-per-day through 2013. Based on current geological studies, the estimated return on the investment would be 15.26:1 after 10 years of production. And, based on completed geological studies and the size of the property, it is anticipated that the life of the project will exceed 50 years.

Being that IER is in the exploration phase, up to 98% will have certain tax benefits for the investor, including a 15% depletion allowance. Investors should consult with tax advisors to determine tax implications.

For purposes of financial projections, IER has used an amount of \$400 per ounce for gold, but anticipates prices will continue to rise. An average of .40 ounces-per-ton has been calculated for the Chastain Mine site. It is possible that all estimates of price, quantity, and cost may change once production starts and may be significantly higher or lower than projected.

The above summary is not an offering. It is intended for informational purposes only.

To receive your full memorandum of offering and disclosure, please contact IER at

info@ierinc.net or Toll Free 1-866-543-GOLD

# Production Summary

## Year 1

### Income Gold

350,000 tons per year x .40 oz. gold per ton = 140,000 oz. gold

140,000 oz. gold @ \$400 per oz. = \$56,000,000.00

\$56,000,000.00 x 90% N.R.I = \$50,400,000.00

### Income Gravel

1,500,000 tons per year x \$15.50 = \$23,250,000.00

23,250,000.00 x 90% N.R.I \$20,925,000.00

Total gross income = \$71,325,000.00

### Cost

140,000 oz. gold x 61.872 = \$8,662,000.00

1,500,000 tons gravel = \$4,162,500.00

G & A costs = \$10,698,750.00


Total Costs = \$23,523,250.00

Net Profit = \$47,801,750.00

It is IER's intention to take up to 60% of its income to pay the investor back their principal investment. Once the investor is paid back, the working interest goes back to the appropriate percentage.

Income Gold 10 x year 2005 =	\$504,000,000.00
Income Gravel 5 x year 2005 =	\$104,625,000.00
Total Gross Income =	\$608,625,000.00
<b>Cost</b>	
Gold 10 x year 2005=	\$86,620,000.00
Gravel 10 x year 2005 =	\$41,625,000.00
G & A costs =	\$91,293,750.00
Total Costs =	\$219,538,750.00
Net Profit Per Year=	\$389,086,250.00
2% minimum working interest (\$100,000.00) =	\$77,817.00

Income Gold 5 x year 2007 =	\$2,520,000,000.00
Income Gravel 2 x year 2007 =	\$209,250,000.00
Total Gross Income =	\$2,729,250,000.00
<b>Cost</b>	
Gold 5 x year 2007=	\$433,100,000.00
Gravel 5 x year 2007 =	\$208,125,000.00
G & A costs =	\$272,925,000.00
Total Costs =	\$914,150,000.00
Net Profit Per Year =	\$1,815,100,000.00
1% minimum working interest (\$100,000.00) =	\$181,510.00



## *Projected Return on Minimum Investment*

Based on \$100,000.00 minimum investment

### **Year 1**

\$100,000.00

### **Years 2 & 3**

\$155,634.00

### **Years 4 -10**

\$1,270,570.00

### **Total 10 year Projected Return**

on minimum investment of \$100,000.00

\$1,526,204.00

15.26:1R.O.I.

John D. Owen, Founder/CEO\*

John has a lifetime of experience in construction and business management. He was part owner and operator of a successful highway construction and safety company in the New York metropolitan area for 18 years, employed and managed up to 100 field employees, and completed over 200 jobs, among which was the largest sign structure project of its time. His company was also involved in the 64-million-dollar Northern State Pkwy-Meadowbrook Pkwy Interchange; the Brookhaven Labs Project; the rebuilding of the Brooklyn Queens Expressway; the Long Island Expressway; and the FDR Drive. John founded IER in 2001, and has since overseen all IER and consultant operations.

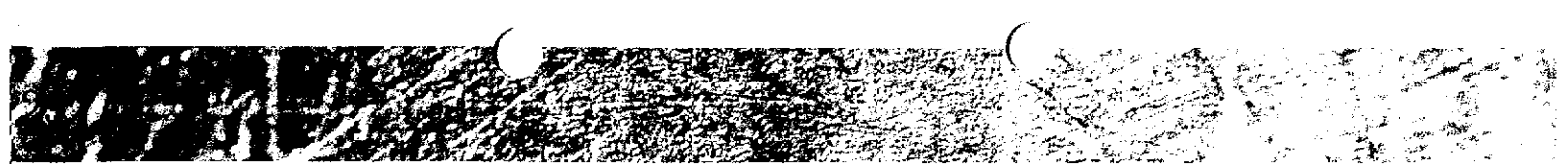
Don E. Brown, President\*

Don has over 20 years experience in the construction industry and 14 years in financing, management, and public relations for resource-based companies. He has been a major factor in bringing new companies into existence. He founded two successful construction companies; D.E. Brown Construction in Buffalo, New York, which he ran for 10 years, and the acclaimed Custom Cabinets and Interiors in Dallas, Texas, for seven years. Prior to working with IER, Don served as Vice President for several oil and gas producers.

Misti M. Mathis, VP/Director of Marketing\*

Misti has ten years of promotional, marketing, and administrative experience. She began as a professional in promotions, industrial video, commercials, and commercial print for major companies such as Nokia, JC Penney, and Footlocker. Prior to IER, Misti worked with Archon and Lincoln Properties. Since 2001, she has coordinated the marketing tools of IER's management team, identifying and implementing the promotional and administrative needs of the company.

\* Director & Partner



James Somma, CFO\*

James is a Certified Public Accountant licensed in Texas and Alabama and registered with the Public Company Accounting Oversight Board. He has held several executive positions for mid-cap companies, as well as a seven year position as President of the Institute For Tax & Financial Services, Inc. James has experience as Audit Manager with Price Waterhouse & Co., and is currently a member of the Texas and the Alabama Society of CPAs, the American Institute of CPAs, and the National Association of Tax Professionals.

Tiffany Wrench, Executive Administrator

Tiffany has over ten years experience in the construction industry scheduling jobs, acquiring permits, drafting, managing field superintendents, and performing all functions of administrative work. She has also worked with high-level executives, including four years as an executive administrator for the VP of MCI Network Operations planning executive meetings, presentations, and event coordination.

David Clark, VP of Sales/Chief Compliance Officer

David has extensive management, sales, and marketing experience. For the past five years he has been involved in sales and marketing in the financial services industry. Prior, he was Vice President in charge of the San Antonio office for NESCO, an environmental consulting, remediation, and construction firm where he worked for eight years. There he managed a field staff of 25 and completed major contracts for ExxonMobil, Corps of Engineers, and the Department of Defense. David has also worked for both a U.S. Congressman and a Texas State Senator as a campaign manager and consultant.

Pincock Allen and Holt (Chastain Mine General Project Consultant)

PAH has earned a reputation as a premier international consulting and engineering firm. One of the oldest and most respected organizations within the mining and energy consulting community, PAH has an unparalleled reputation for integrity and for technical, commercial, and engineering excellence. PAH's corporate resume includes over 3,500 successfully completed assignments for many of the world's foremost precious metal, base metal, industrial mineral, coal, and energy operations. [www.pincock.com](http://www.pincock.com)

Cardinal Resources, Inc.


Cardinal is an environmental consulting, engineering, and natural resource firm with a tradition of responsiveness, professionalism, and service. They are staffed with highly-qualified personnel, all with an average of 20 years experience in the engineering and environmental industries. Since 1996, Cardinal has been providing environmental and engineering services throughout the U.S. and 7 other countries. [www.cardinalres.com](http://www.cardinalres.com)

Gordon Cheniae, GLC Consulting Services

GLC Consulting Services provides quality liason/consulting services to municipalities, mining, and utility companies who interact with the federal government and Native American Tribes. Services provided include technical, organizational, and political consultation regarding permitting issues as well as negotiation services. Major clients include Phelps Dodge Corporation, Northern Pipeline Company, and Arizona Public Service. Prior to GLC, Mr. Cheniae worked for the U.S. Department of Interior, BLM Arizona, for 26 years. There he received eight Special Achievement Awards, a Superior Accomplishment Award, and a Superior Service Honor Award.

Hilbrands and Western Mining Co.

H & W drilling, mining, and machinery experts have 30 years of experience exploring and producing precious metals, with extensive knowledge and experience in land survey, mine management, leaching, and mill construction. H & W assists in various projects for companies such as Del Tierra Engineering, the U.S Army Corp of Engineers, and the U.S. Mineral Surveyor.



### ECM Cadd and Grapics

ECM provides CAD, Modeling, and GIS services to many local and national engineering and consulting firms, including the United States Corps of Engineers, and the Department of Defense at Fort Polk, Louisiana. ECM work entails all phases of field surveying, as well as operating software required to perform survey/ volume calculations, civil and structural design, chemical plant design, and database management.

### ABE Services

ABE provides years of experience in machinery operation and field management for various construction and mining projects. Diligent and reliable, ABE is present for on-site equipment repair, general maintenance, and supervision and management assistance.



### Richard Sloan

Richard has over 40 years experience in the precious metals and coal mining industry. He began at White Pine Copper Company as a smelter/refining manager where he was responsible for operations, maintenance, quality control, health and safety, environmental control, and remediation for a 200-million lb-per-year copper smelter and refinery. He was smelter manager for Newmont Mining Corporation for six years, where he supervised a work force of 700, increased productivity over a two year period, established effective employee training and development programs, and decreased lost-time frequency over a four year period. He was at Atlantic Richfield Company (Coal and Minerals Division) for 14 years, where he managed Engineering and Technology for Thunder Basin Coal and managed project engineering for Anaconda Minerals Company. There he completed design and construction of three underground facilities, designed and built three large surface coal mines, completed the design and construction of eleven precious metal mines and recovery plants, and developed nine major mineral projects. He is an expert in Environmental Compliance and Remediation, and is currently President and General Manager of Chickadee Remediation and Chickadee Mining Co.

*Chickadee Mining Co. Finding, acquiring, developing, and operating mineral properties in the U.S. and Europe*

Chickadee management has extensive experience in evaluation, process design, project design, construction, operation, and maintenance of metal and mineral projects worldwide. Chickadee projects are consistently completed on time, within budget, and the overall goals of projects are met.

### Quail Mining

Quail was Incorporated in Arizona in 2004 to develop various mining projects. Quail's significant capitilization facilitates putting a portion of IER's claims into production. (IER is a majority stock holder of Quail.) Directors of Quail include John Owen from IER and Richard Sloan from Chickadee Mining.

HEADQUARTERS

USAR, Inc.

IER, Inc.

Dallas, Texas

1-866-543-GOLD (4653)

fax: 214-853-5981

info@ierinc.net

www.usarinc.com

The IER Foundation

It is IER's corporate commitment to ensure that our projects are conducted with the utmost attention to safety and environment. It is also our commitment to be active in various causes. The IER Foundation is dedicated to contributing to a strong community and environment.

For more information contact:

Rogers Carrington, *Foundation Director*

foundation@ierinc.net.

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Charles Cruise *Local Counsel*

Parker, Arizona

www.cruiselawoffice.com

( Notes (



A wholly...



# International Energy and Resources, Inc.

3839 BRIARGROVE LANE #6307, DALLAS, TX 75287  
TOLL FREE 1-866-543-GOLD (4653)  
FAX 214-853-5981

## Participant Agreement

Chastain Mine Joint Venture I  
c/o International Energy and Resources, Inc.  
3839 Briargrove Lane, Suite 6305  
Dallas, Texas 75287

Re: Chastain Mine Joint Venture I

Gentlemen and Ladies:

In consideration for a \$ \_\_\_\_\_ investment, International Energy and Resources, Inc. (IER), the Managing Venturer, will assign a \_\_\_\_\_% joint interest in the Chastain Mine Joint Venture I to \_\_\_\_\_ SS/FIN No. \_\_\_\_\_.

The undersigned understand that the Interests in the Chastain Mine Joint Venture I are not intended or considered by IER, the Managing Venturer, to be "securities," as that term is used in state and federal securities regulation; that participation in the Joint Venture is an active business venture requiring the exercise of experience and knowledge in business affairs while participating as a Venturer, and that participation in this Venture is not a passive investment or activity.

As a condition to participating as a Venturer, and knowing that you will rely upon the statements made herein in determining the suitability of the undersigned as a Venturer in the Joint Venture:

The undersigned warrants and represents that he or she is relying solely on the unique entrepreneurial or managerial ability of IER for the success of the captioned Venture, and that his or her limited experience and knowledge in gold mining precludes the undersigned from replacing IER as Managing Venturer and operator and otherwise exercise meaningful joint venture powers. The undersigned understands and stipulates that this agreement is a "Turnkey Contract" and as such the undersigned is not responsible for any and all costs either past or present over the amount subscribed to and paid for under this Agreement.

(Initial and complete the appropriate paragraph 1 below)

\_\_\_\_\_ 1a. (If an individual) I am \_\_\_\_\_ years of age and am a bona fide resident of the State of \_\_\_\_\_, with my principal residence in that state as set forth below my signature hereto. I am

married  single  dependents.

\_\_\_\_\_ 1b. (If a business entity) The undersigned is a business entity incorporated or organized under the laws of the State of \_\_\_\_\_ [and (if a partnership) all of its general partners are residents of the State(s) of \_\_\_\_\_]. The undersigned was formed on \_\_\_\_\_, \_\_\_\_\_, and is engaged in a regular business not solely related to the Joint Venture contemplated hereby.

\_\_\_\_\_ 2. If the undersigned decides to participate in the Joint Venture and his or her Subscription Agreement is accepted, the Interests acquired by the undersigned will be acquired for the account of the undersigned only, and not for the account or benefit, in whole or in part, of any other person or business entity, and the undersigned has no present intention of selling or distributing the same or any part thereof. The undersigned understands that the Interests may be sold only in accordance with the provisions contained in the Joint Venture Agreement (the "Agreement") of the Joint Venture and in the Subscription Agreement.

\_\_\_\_\_ 3. Any funds which may be tendered for participation in the Joint Venture will not represent funds borrowed by the undersigned from any person or lending institution except to the extent that the undersigned has a source of repaying such funds other than from the sale of the Interests so subscribed. Such Interests will not have been pledged or otherwise hypothecated for any such borrowing. (Initial the appropriate paragraph 4 below and all applicable subparagraphs)

\_\_\_\_\_ 4a. The undersigned meets the definition of an "accredited investor" for securities law purposes and satisfies the standard(s) set forth below, which have been checked. (To be an "accredited investor," you need to satisfy only one of the standards listed; however, if you satisfy more than one of the standards, please so indicate by checking opposite each applicable standard.)

The undersigned is:

\_\_\_\_\_ (i) An individual whose net worth, individually, or in addition to that of his or her spouse, at the present time, exceeds \$1,000,000; or;

\_\_\_\_\_ (ii) An individual who has had individual income in each of the two most recent years in excess of \$200,000 or joint income with his or her spouse in excess of \$300,000 in each of those years and who reasonably expects the same income level in the present year; or,

\_\_\_\_\_ (iii) An entity, all of the equity owners of which are "accredited investors"; or,

\_\_\_\_\_ (iv) An individual or entity who may otherwise be deemed an "accredited investor" as that term is defined in Rule 501(a) of Regulation D as promulgated by the Securities and Exchange Commission; or

\_\_\_\_\_ (v) An accredited investor under either subparagraph (i) and/or (ii) above; however, for reasons of financial privacy, hereby elects not to specify the precise basis for qualification.

\_\_\_\_\_ 4b. The undersigned is a person who has such knowledge and experience in financial business matters so that he or she is capable of evaluating the merits and risks of participating in the Joint Venture as shown by the following:

(Please initial and complete each applicable paragraph below)

\_\_\_\_\_ (i) The undersigned graduated from \_\_\_\_\_ (college or university) and received a \_\_\_\_\_ degree.

\_\_\_\_\_ (ii) The undersigned is presently \_\_\_\_\_ (job title or description) of/with \_\_\_\_\_ (name of employer) located at \_\_\_\_\_

(business address). Previously the undersigned has been employed: (list job titles and employers for the last five years and attach additional sheets, if necessary.)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ (iii) As part of one or more of the jobs listed above, the undersigned was responsible for: (list one or more particular responsibilities that you believe demonstrate your ability to analyze and evaluate the risks of participating in the Joint Venture and/or familiarity with business and financial matters, and use additional sheets, if needed).

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_ (iv) The undersigned intends to rely upon a "representative" who has such knowledge and experience as set forth in this paragraph 4b. His name, address, telephone number and qualifications are as follows:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone Number(s): (\_\_\_\_) \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_

Licensed as: (check appropriate line)

- \_\_\_\_\_ Attorney
- \_\_\_\_\_ C.P.A.
- \_\_\_\_\_ Investor/Advisor
- \_\_\_\_\_ Other

Qualifications: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If you use a representative, please have him complete the Representative Questionnaire attached hereto.

The undersigned meets the financial suitability requirements set forth in the Confidential Information Memorandum, and the exhibits attached thereto, indicated below (initial appropriate paragraph below):

5a. The undersigned (together with his or her spouse, if any) has a net worth of not less than \$200,000 (excluding home, furnishings and automobiles); or

5b. The undersigned (together with his or her spouse, if any) has a net worth of not less than \$100,000, excluding home, furnishings and automobiles) and some portion of taxable income for the previous year or some portion of estimated taxable income for the current year will be subject to federal income taxation at the highest marginal tax bracket applicable so such year.

The undersigned's estimated annual income is \$ \_\_\_\_\_ primarily from (check one)  employment  investments  other, and an estimated liquid net worth (cash, marketable securities, etc.) of \$ \_\_\_\_\_.

6. The undersigned warrants and represents that notwithstanding his/her age, financial position and general health that he/she is capable of and has made an independent investment decision that participation in the Joint Venture is a suitable investment for him/her.

7. The undersigned will rely solely upon the independent investigations made by the undersigned or the undersigned's representative indicated in 4b(iv) above, in making the decision to participate in the Joint Venture. The undersigned has been advised that there has not been and is not now a public market for the interests and that there is little possibility that such a market will develop in the future. The undersigned understands and realizes that the Interests cannot be readily sold or liquidated in case of an emergency or other financial need and further that in any event, the transfer of the Interests is restricted in such a manner so that any proposed sale could be significantly delayed since the sale of Interests is subject to the first refusal of the other Venturers. The undersigned hereby represents and warrants to the Joint Venture that sufficient liquid assets are otherwise available to the undersigned so that participation in the Joint Venture will cause no undue financial difficulties.

8. The undersigned is aware that IER (the Managing Venturer) and its Affiliates are and may in the future be engaged in businesses which are competitive with the business of the Joint Venture and agrees and consents to such activities, even though there are conflicts of interest inherent therein.

9. The undersigned acknowledges and understands that Interests in the Joint Venture are not intended or considered by the Managing Venturer to be "securities" as that term is used in state and federal securities regulation; that notwithstanding the foregoing, the Managing Venturer may nevertheless seek to qualify the offer and sale of Interests as transactions exempt from the registration requirements of federal and state securities laws and regulations, as if the Interests were securities; that the Managing Venturer will rely upon the representations of the undersigned, as herein contained and as may be contained in other documents provided to the undersigned, in the application or qualification of any such aforementioned exemption.

10. The undersigned recognizes that the acceptance of his or her participation will be based upon his or her representations and warranties set forth hereinabove and the statements made by him or her herein or elsewhere in any document or instrument relating to the Joint Venture, and he or she hereby agrees to indemnify and defend the Managing Venturer and its Affiliates and the Joint Venture and to hold such firms and each officer, director, partner, agent and attorney thereof harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, to which they may be put or which they may incur by reason of, or in connection with, any misrepresentation made by him or her herein, any breach by the undersigned of his or her warranties and/or failure by him or her to fulfill any of his or her covenants or agreements set forth herein or arising out of his or her participation or acceptance in the Joint Venture in violation of state or federal laws.



**Provided the terms and conditions above are acceptable, please fully execute this Participation Agreement and return it with your check for the appropriate amount to International Energy and Resources, Inc. at the following address:**

**International Energy and Resources, Inc.  
3839 Briargrove Lane, Suite 6305  
Dallas, Texas 75287  
972-662-9070**

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_

\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Applicant's Printed Name

\_\_\_\_\_  
Applicant's Social Security No.

\_\_\_\_\_  
Applicant's Address

\_\_\_\_\_  
Applicant's Home Phone Number

\_\_\_\_\_  
Applicant's Business Phone Number

\_\_\_\_\_  
Applicant's Cell Phone Number

\_\_\_\_\_  
Applicant's Email Address

\_\_\_\_\_  
Accepted By

\_\_\_\_\_  
Date

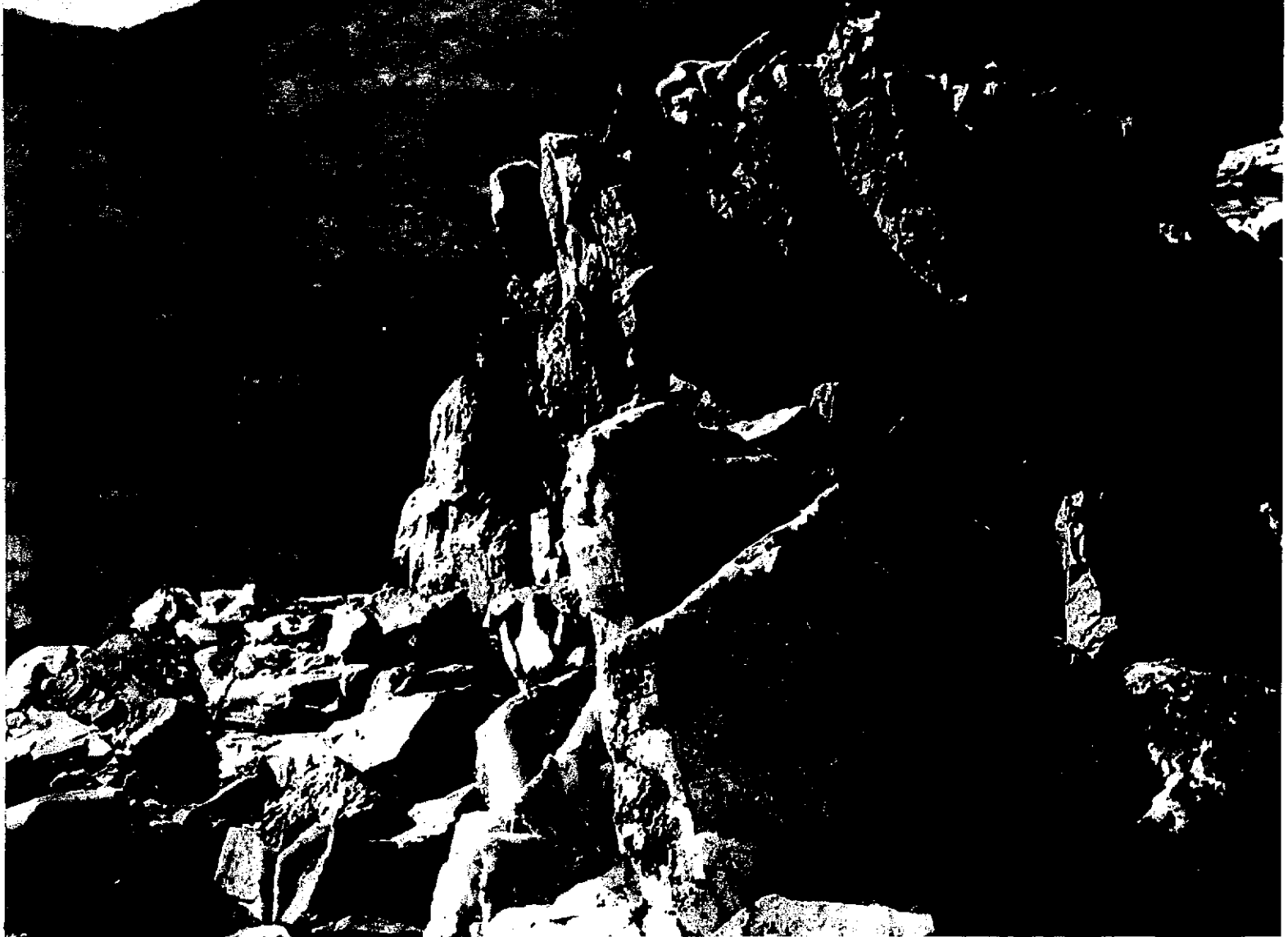
\_\_\_\_\_  
Title

International Energy & Resources, Inc.



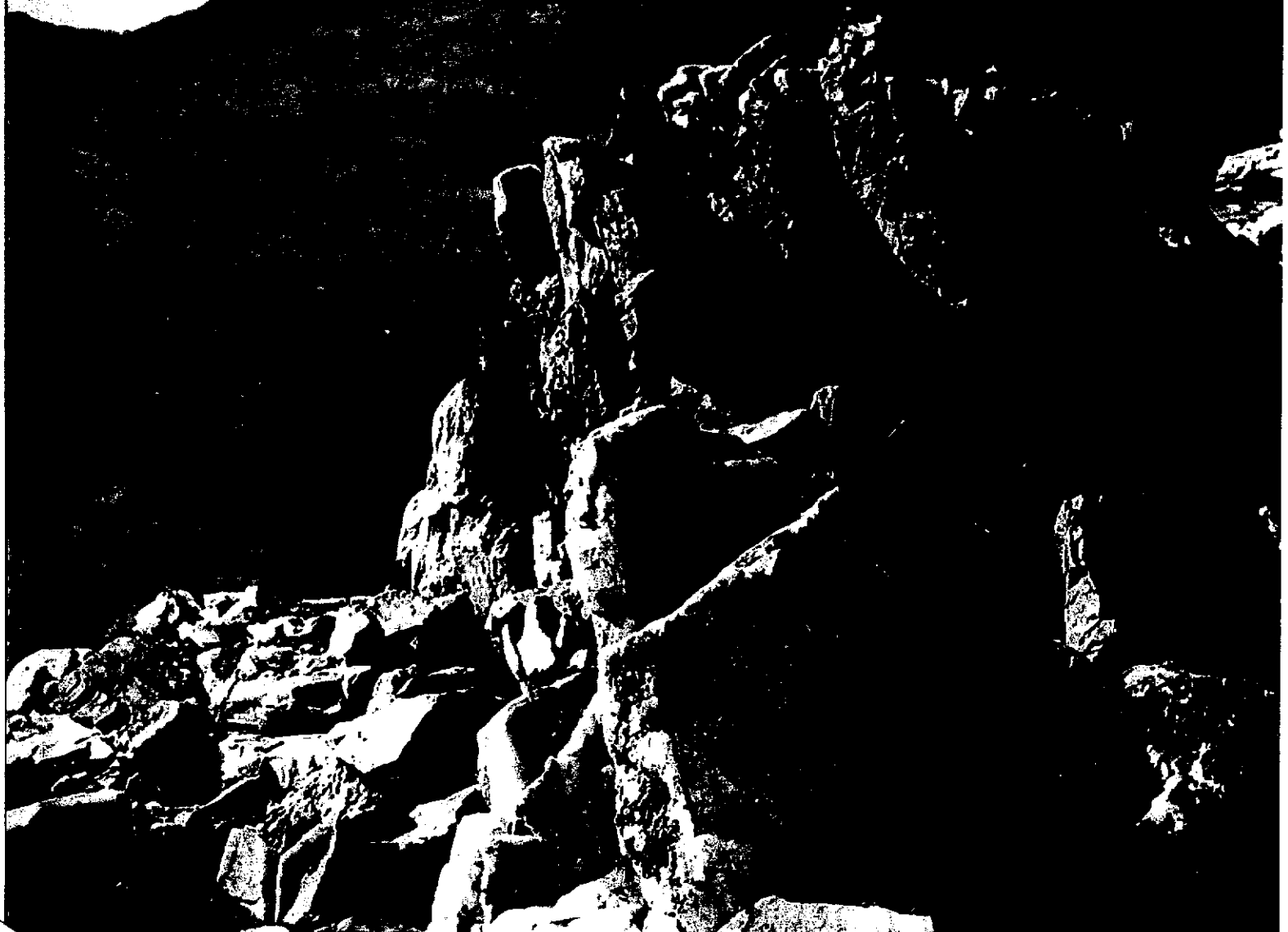
# The Chastain Mine

## Overview



# The Chastain Mine

## Overview

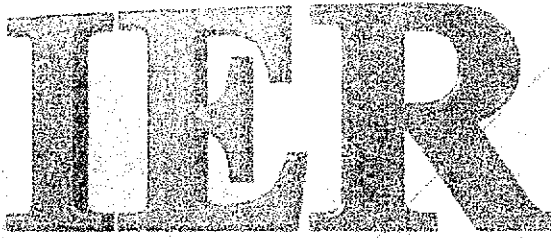


International Energy and Resources, Inc. (IER) is a technology-driven company focused on the recovery of precious metals through environmentally safe methods. Our team of expert managers, geologists, mining engineers, precious metals chemists, and environmentalists work together with integrity and skill to discover and recover precious metals.

## IER's Premier Property

# The Chastain Mine

- .40 ounces of gold per ton average
- Assays as high as 2.21 ounces per ton
- Resources at \$400 million +
- Mother Lode type vein structures
  - Gold visible to the naked eye
- Environmentally safe technology used to recover gold from ore



The Following overview of the Chastain Mine is confidential. All information and economic projections stated within this overview were prepared by IER's corporate staff. It is possible that all estimates of price, quantity, and cost may change once production starts and may be significantly higher or lower than projected. This overview is not an offering. It is not an offer to sell or a solicitation to buy any securities as any offer or solicitation will be made solely through a private placement memorandum or other disclosure document. This overview is intended for informational purposes only. It does not include all of the work completed by IER & their consultants. Additional information may be requested at [info@ierinc.net](mailto:info@ierinc.net). All of the information within this overview is the property of International Energy and Resources, Inc. and may not be used or copied by any person or company without the consent of International Energy and Resources, Inc.

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**IER FOCUS 2004**

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# IER Focus 2004

- IER's mineral resource consultants will continue to help direct IER in development at the Chastain Mine as well as reclamation of previous disturbances made at the Chastain property prior to IER's involvement.
- IER has leased a screening plant geared to produce 18,000 tons of gravel in 2004, as well as various other rock products. The Chastain Mine is in a prime location to participate in the reported \$1.8 billion annual rock products industry (according to 2003 figures of the Arizona Rock Products Association).
- IER will continue to maximize recovery and develop a safe alternative to cyanide leaching. This proprietary technology is 20 years in the making. IER will utilize this technology to process ore from the Chastain Mine.
- IER will donate up to 10% of income from the Chastain Mine to the IER Foundation. One of the main focuses of the foundation will be reclamation on locations designated by the Bureau of Land Management.

We are extremely excited about the progress made at the Chastain Mine in 2003.

We look forward to great development in 2004 & the next decade.





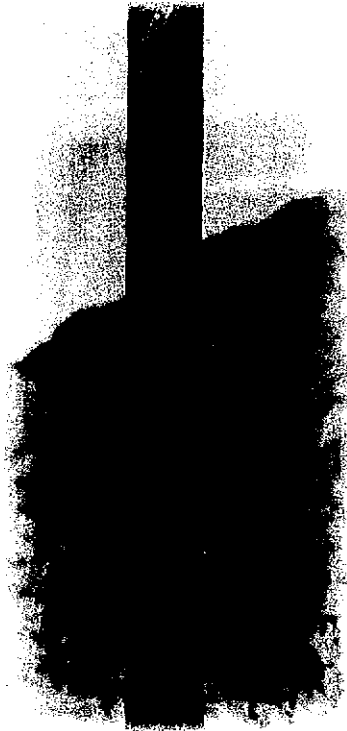
# History

The Chastain Mine consists of 102 lode-mining claims in the Ellsworth Mining District, La Paz County, east of Salome, Arizona. It is a property rich in history, with evidence of exploration dating back to the time of the Spanish gold conquests in Arizona. Cabeza de Vaca's fabled *Cities of Gold* led many Spanish explorers to the area in the 1500s through 1700s. Spanish prospectors reported areas of rich mineralization that they would mark with stacks of cut rock. These monuments can be found throughout the Chastain property. There is also evidence in La Paz County of mining by the local Indians for hematite, cinnabar, and turquoise.

In the 1800s, gold prospectors used long wooden claim stakes with metal tobacco cans attached in which they would leave messages to fellow miners staking their claims. These claim stakes can still be found on the Chastain property.



*Spanish monument, Chastain Mine*



*1800s claim stake*

*Chastain Mine*

Modern exploration began in the area in 1861 with Arizona's first gold rush along the Gila River near Yuma. In 1862, Paulino Weaver discovered the La Paz placer deposits along the Colorado River. In 1863, Joseph Rutherford Walker led a party of 30 prospectors into the area along the Hassayampa River where they discovered numerous gold finds, including the famous Rich Hill Strike. The Rich Hill strike was unusual in that there was so much gold in the cracks and crevices, the prospectors were able to dig it out with knives and spoons. More than half a million dollars in gold was produced from the deposit.

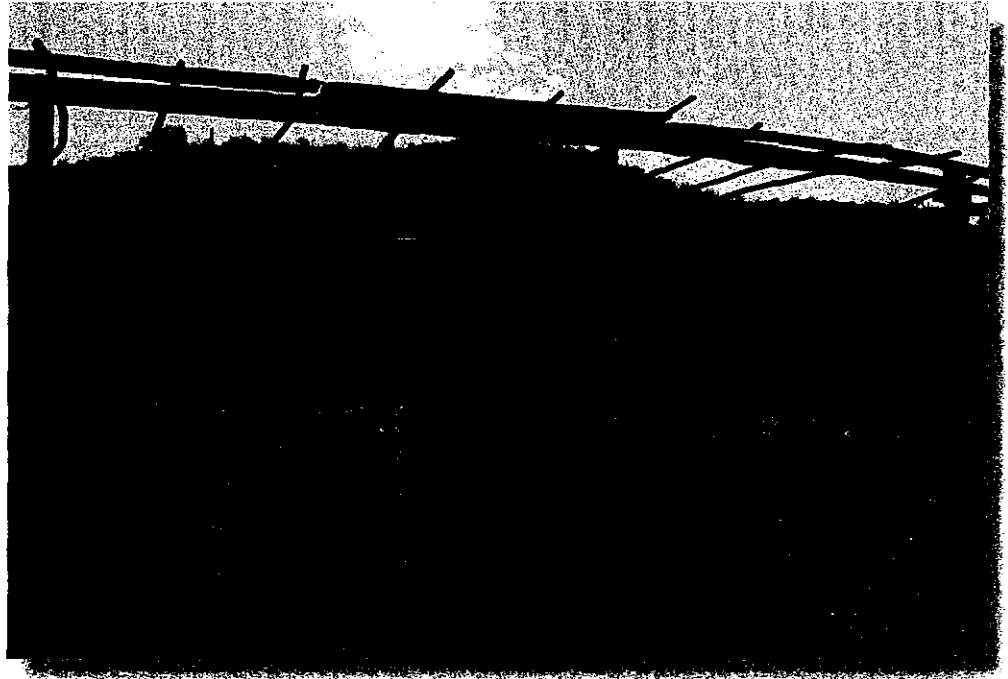
The Chastain property was mined consistently throughout the 1800s and into the 1900s as indicated by the numerous adits and mill sites, as well as an old rock house. In the early 1900s, Sam Robison mined the area which is now International Energy and Resources, Inc. (IER) claims #3-#5, #8-#12, #14-#18, #20-#24, #26-#30, #32-#35, #37-#40, #42-#45, #47-#49, #52, and #53.



*Remains of an old rock house, Chastain Mine*

Some time after Robison mined the property, Robert Chastain (see IER Corporate Staff) interviewed Alice Robison, one of Robison's surviving daughters. She recalled carrying buckets of ore down to her house for her father to process and sell. He made \$43 a week at the time when the average household brought in only \$16.

Alice also recalled her father driving to El Paso with 12 tons of ore and returning with \$3,800, which means he was extracting nine ounces per ton at a time when gold was selling for \$34 per ounce. Robison used part of the money to buy each of his ten daughters a new pair of shoes.



*Old mill site, Chastain Mine*

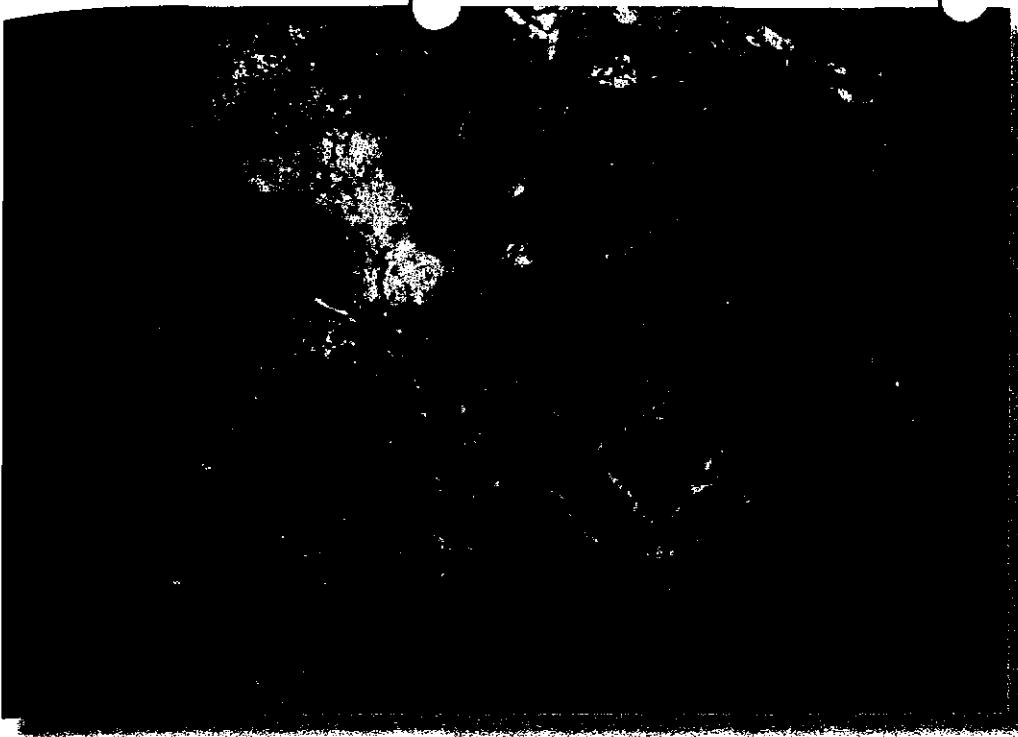


*Robert Chastain*

Robert Chastain subsequently set up a mill site and a leaching pad where he found assays of up to 6 ounces per ton (opt). He continued to mine the property until 1999, and maintained the claims until IER took over in the later part of 2001. Lack of funding has prevented Mr. Chastain from fully developing this property. He believes it could well be one of the largest gold mines in the United States.

# Geological Survey

The Chastain Mine area is part of the Basin and Range Physiographic Province, best described as north to south trending mountain ranges with intervening valleys resulting from regional extensional tectonics.



*Inside the West Vein Adit, Chastain Mine*

According to the U.S. Bureau of Mines, this general area has been subjected to detachment faulting. The movement of the detachment fault has caused the rocks on the upper plate to become severely fractured and brecciated, making them ideal conduits for mineralized fluids.

Mineralization and alteration occurs in the severely fractured and brecciated rocks over the entire claim's group. Mineralization is found on the property in quartz veins and pods of brecciated quartz and carbonate. These



veins have bonanza grade pockets carrying visible free-milling gold. These high grade pockets with visible gold have been found across the site.

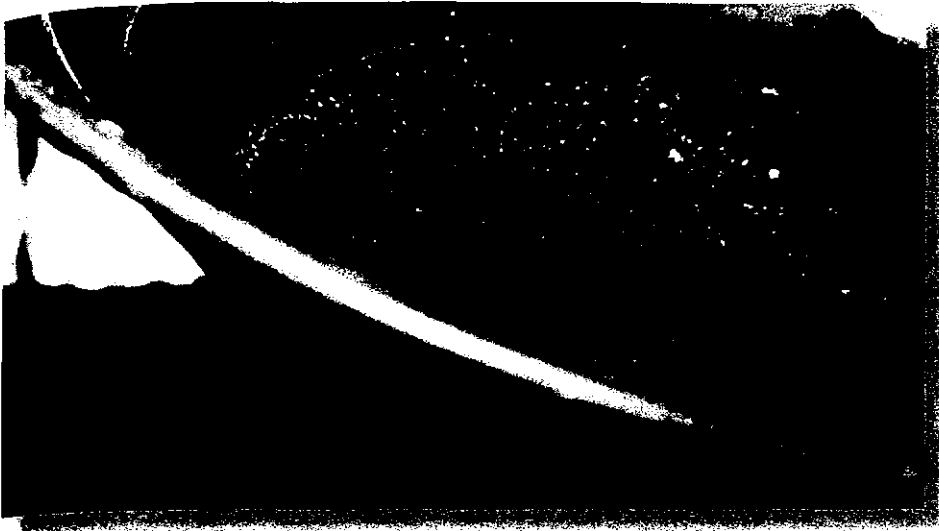
In 1988, Mr. Chastain conducted a cyanide-leaching project. The recovery of the precious metals from leaching was minimal; however, 280 ounces of gold were shipped to Handy and Harman refineries. In another pilot project conducted in 1992, Mr. Chastain milled 300 tons of ore in a ball mill and passed it over a Wilfley concentrating table. Gold became visible as the Wilfley table gravity separated the precious metals from the gangue. The gold appeared as a shining solid thin line on the table's edge.

*Gold visible on the gravity table, IER Pilot Mill, Chastain Mine*



The property has undergone extensive mineral exploration, with numerous roads and dozer cuts exposing mineralization over the entire area. A large pit was excavated to remove approximately 50,000 tons of ore for processing.

In the mid 1980s, an exploration-drilling program was conducted on the claims. Twenty-five holes were drilled by a reverse-circulation rotary drill to a depth of approximately 200 feet. All drill holes intersected mineralized zones. A magnetometer survey study, which extended beyond the boundary of the mining claims, was conducted on the property in 1986. The resistivity readings of this survey revealed the presence of a massive highly-mineralized subsurface body of ore.



In the fall of 2001, IER conducted assays that were panned for free gold. All samples revealed free-milling gold in sizes ranging from 0.3 to 0.5 millimeter (mm).

*Free gold panned from the Upper Pit*

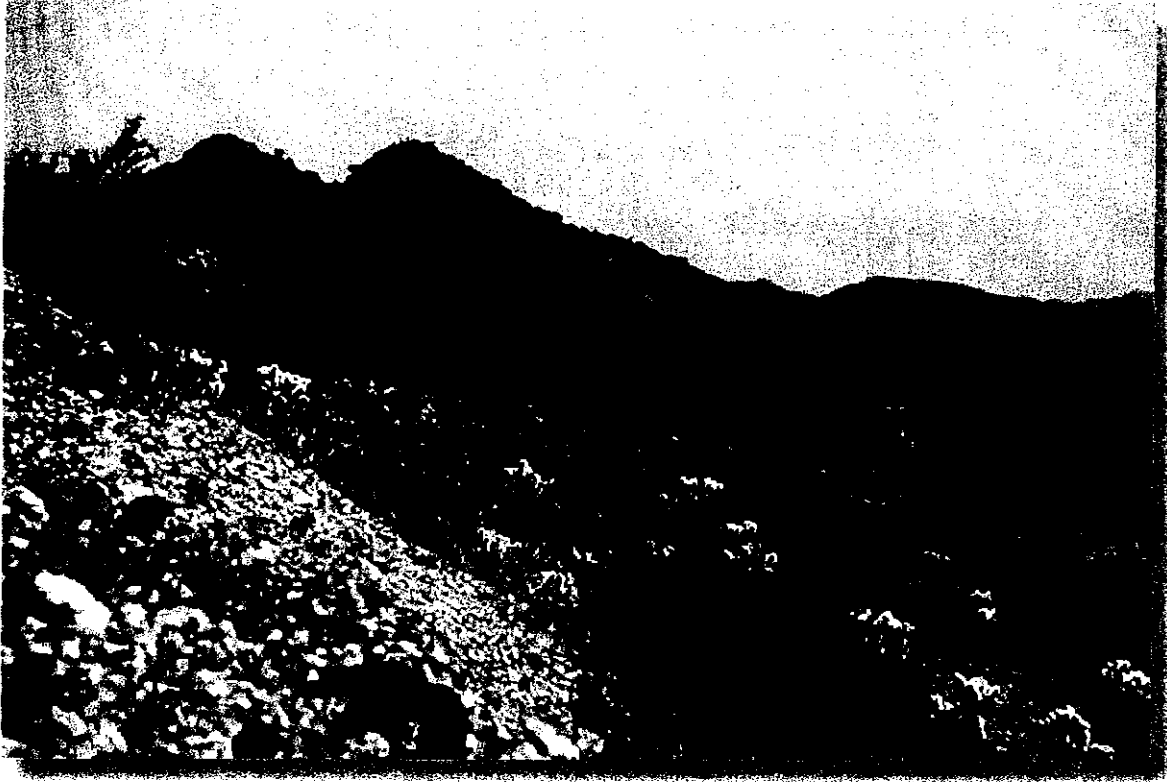
IER conducted extensive testing during 2001 to define the extent and quality of the ore on the site. Research and geological surveys of three locations were successful in proving the value of the property. Assays from these areas ranged from 6 ounces per ton to .03 ounces per ton. Based upon assay data, there are probable reserves of 66,500,000 short tons.

There are numerous adits and shafts on the Chastain property. IER elected to start with areas of the Rex Curtiss, Jr. Mountain based on accessibility and prior excavation. The Upper Pit has measured and indicated reserves of 213,333 tons of ore, and the Lower Pit has measured and indicated reserves of 162,963 tons of ore.



*The Rex Curtiss, Jr.  
Mountain  
Upper Pit Adit*

In September of 2003 an initial evaluation was completed by consulting geologists with over 40 years of combined experience. They found that the Chastain Mine is unique in the number of high-grade vein structures containing visible gold that is exposed in numerous locations. Based upon the degree of alteration mineralization seen in the sheer zones, it is likely that mineable gold reserves extend outward beyond the high-grade vein structures.



IER entered into a contract to develop an independent review of resources and reserves, and to develop an exploration plan and bankable feasibility study to take the Chastain Mine from exploration to commercial production. With added expertise in this field, the project jumped quickly to the next level. IER met with the U.S. Bureau of Land Management (BLM), and began preparing a Voluntary Reclamation Plan. This reclamation work addresses historical impacts, while preparing the site for mining and generating cash flow for IER. This plan was verbally approved, as was a contract for IER to buy the gravel produced from this reclamation from the BLM. IER quickly prepared the Mining Notice and submitted it to the BLM. It was approved in December of 2003.

In October of 2003 IER and their consultants continued to aggressively work on the site. Bulk samples for certified assay were collected from the Upper Pit mine face at the uppermost level of the Upper Pit, from the eastern section of the lower level at the main rock face, and the western and central section of the lower main rock face. Additional samples were taken from several quartz veins, the top of mine shafts, and other existing and old prospect locations. During the field reconnaissance, structural data, such as the strike, dip, orientations, and quartz outcrops, were located and mapped.

This work confirmed the base geological model and that the mineralization and geology of the Chastain Mine continues to demonstrate the characteristics of a Low-Sulfide Gold Quartz vein system. These structures are also known as Mother Lode Veins, or Mesothermal Quartz Veins based on the U.S. Geological Survey classification. IER also found that several historic mines (Golden Eagle, Harquahala, Empire) in the district had the same high-yield deposits, further indicating the potential of the Chastain Mine.



*Upper Pit,  
Rex Curtiss, Jr. Mountain,  
Chastain Mine*

The results of the fall 2003 field work, which covered approximately 10 percent of the claim block, showed widespread gold mineralization. Gold was present in all of the 76 collected samples, with the highest concentration, 2.21 opt, found in the northernmost sample, and 0.58 opt in the southernmost sample. Plotting of the data demonstrated an open halo of gold mineralization extending outward from the high-grade veins in the center of the property (The Rex Curtiss, Jr. Mountain). IER will also begin working in the under-explored areas of the property to north, east, and west of the central core of the claim block (see maps). Recent reconnaissance into these areas has identified additional high grade gold targets.



In July of 2004 an independent mining consultant, whose extensive experience includes working with Newmont Exploration, Anaconda Minerals, Arco, and Phelps Dodge, confirmed the previous work by IER and their consultants. In summary the independent evaluation found:

- IER's land position is well laid-out, very solid, and a significant claim block that could potentially hold multiple operations.
- The mineral deposit models, primary oxide higher tonnage, lower grade deposits, and high grade low sulfide vein structures (Mother Lode type) used by IER in previous evaluations is valid. Initial emphasis would be on the higher tonnage deposits because of the ease of mining processing.
- A phased exploration program should be implemented on the remaining claim block.
- There is an area of oxide ore between the west vein and the east vein with approximately 4,000,000 tons of 0.1 ounce per ton gold on six claims.

The preliminary mine plan for this area will have a very low stripping ratio (most of the rock excavated will be processed). Four mining faces will be worked at the same time to produce an even ore grade to feed a semi-portable counter-current leach facility that would include the production of dore bars. Based on the preliminary equipment and production estimates, gold production costs would be approximately \$100/oz with 80% recovery. This results in a preliminary recoverable resource/reserve of approximately 320,000 oz gold in the six-claim block.

Three years of work by IER and their consultants estimate the value of the project to be \$537,375,355.00, with proven reserves of \$128,400,000.00 (this total was calculated with gold at \$370 per oz and silver at \$5 per oz).



*Gold Buttons from fire assay  
The Chastain Mine*

R42 W

T 5 N

State of Arizona  
State of Arizona  
Proposed Lease to IER  
(±52.98 Acres)

R 12 W

VALLEY



LEGEND:

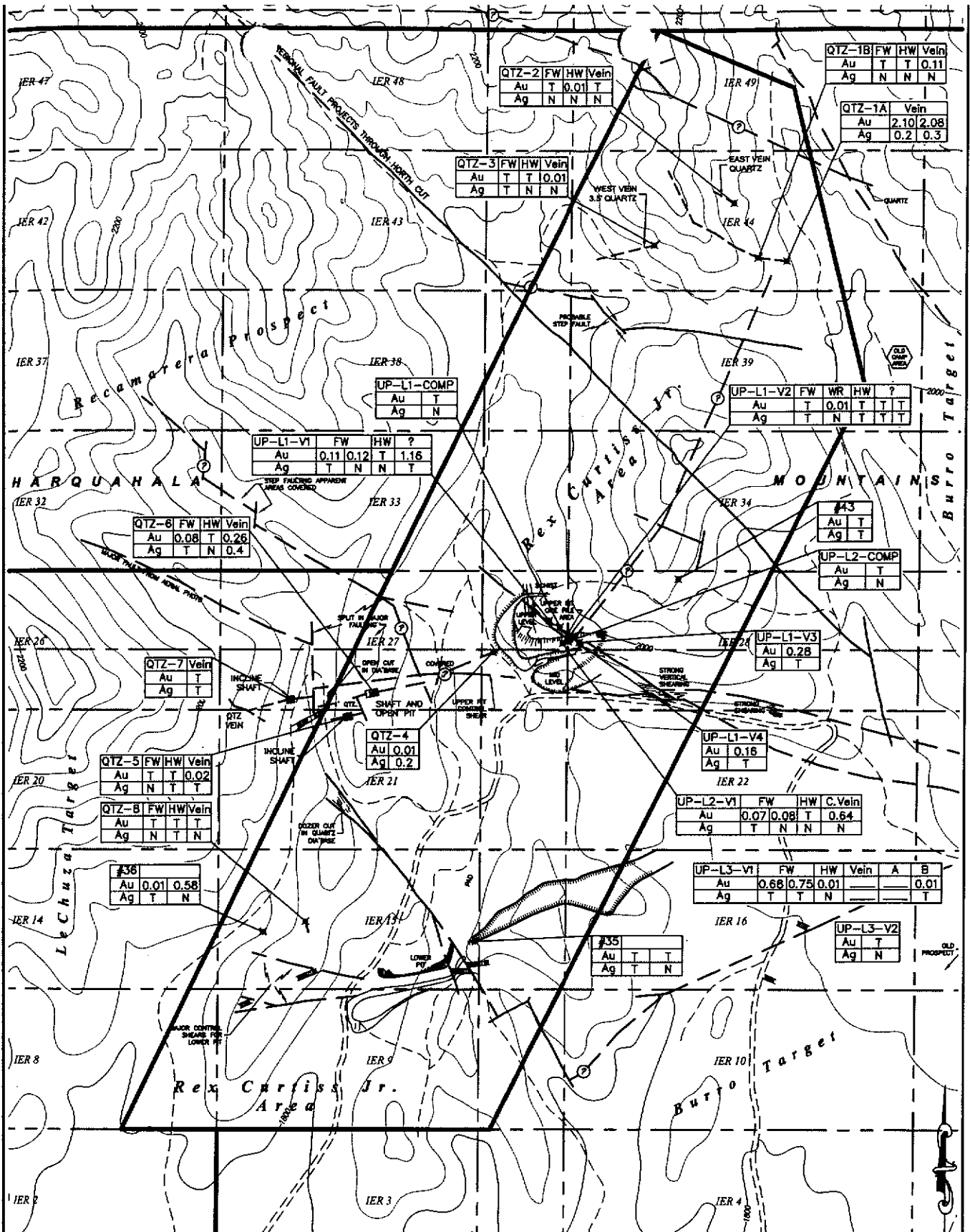
- |              |                           |  |   |
|--------------|---------------------------|--|---|
|              | SECTION LINES             |  | TARGET BOUNDARY   |
|              | EXISTING UNPAVED ROADS    |  | KNOWN AREAS OF HIGH GOLD VALUES<br>BASED ON NOVEMBER '03 ASSAYS |
|              | EXISTING 4wd TRAILS       |  | AREAS WITH GOLD MINERALIZATION<br>BASED ON NOVEMBER '03 ASSAYS  |
|              | IER LODE CLAIM BOUNDARIES |  | SUSPECT GOLD MINERALIZATION<br>BASED ON RECONNAISSANCE GEOLOGY  |
| <b>IER 4</b> | NAME OF LODE CLAIM        |  |   |
|              | EXISTING SHAFT LOCATIONS  |  |   |



INTERNATIONAL ENERGY AND RESOURCES, INC.  
DALLAS, TEXAS  
CHASTAIN MINE - SALOME, ARIZONA

TARGET AREAS AND  
AREAS OF MINERALIZATION

International  
Energy and Resources, Inc.



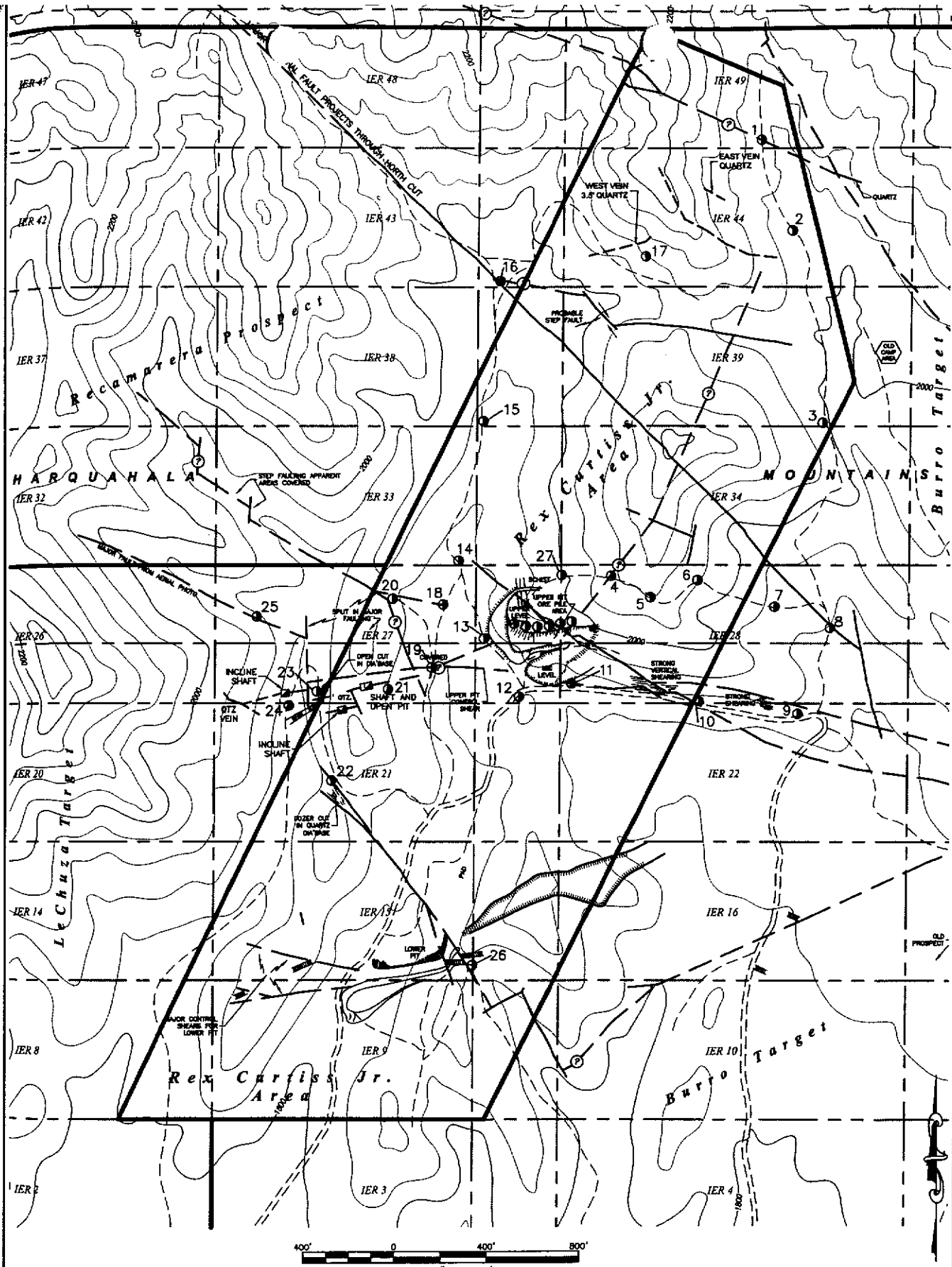
**NOTES:**  
 1. ASSAY RESULTS BY DR. RALPH E. PRAY, MINERAL RESOURCE LABORATORY, NOVEMBER 2003.

**LEGEND:**  
 ——— CENTER LINES SECTION 28  
 - - - - - EXISTING UNPAVED ROADS  
 - - - - - EXISTING 4WD TRAILS  
 - - - - - IER LODE CLAIM BOUNDARIES  
 IER 4  
 ■ EXISTING SHAFT LOCATIONS  
 ——— TARGET BOUNDARY

**INTERNATIONAL ENERGY AND RESOURCES, INC.**  
 DALLAS, TEXAS  
 CHASTAIN MINE - SALOME, ARIZONA

NOVEMBER 2003 SAMPLING EVENT  
 WITH FIRE ASSAY RESULTS

**International**  
 Energy and Resources, Inc.



**LEGEND:**

- |           |                           |           |                             |
|-----------|---------------------------|-----------|-----------------------------|
| — — — — — | CENTER LINES SECTION 28   | IER 4     | NAME OF LODE CLAIM          |
| - - - - - | EXISTING UNPAVED ROADS    | ■         | EXISTING SHAFT LOCATIONS    |
| - - - - - | EXISTING 4wd TRAILS       | — — — — — | TARGET BOUNDARY             |
| — — — — — | IER LODE CLAIM BOUNDARIES | ●         | PROPOSED DRILLING LOCATIONS |



INTERNATIONAL ENERGY AND RESOURCES, INC.  
 DALLAS, TEXAS  
 CHASTAIN MINE - SALOME, ARIZONA

PROPOSED DRILLING LOCATIONS

International  
 Energy and Resources, Inc.

# Gold Recovery Technology

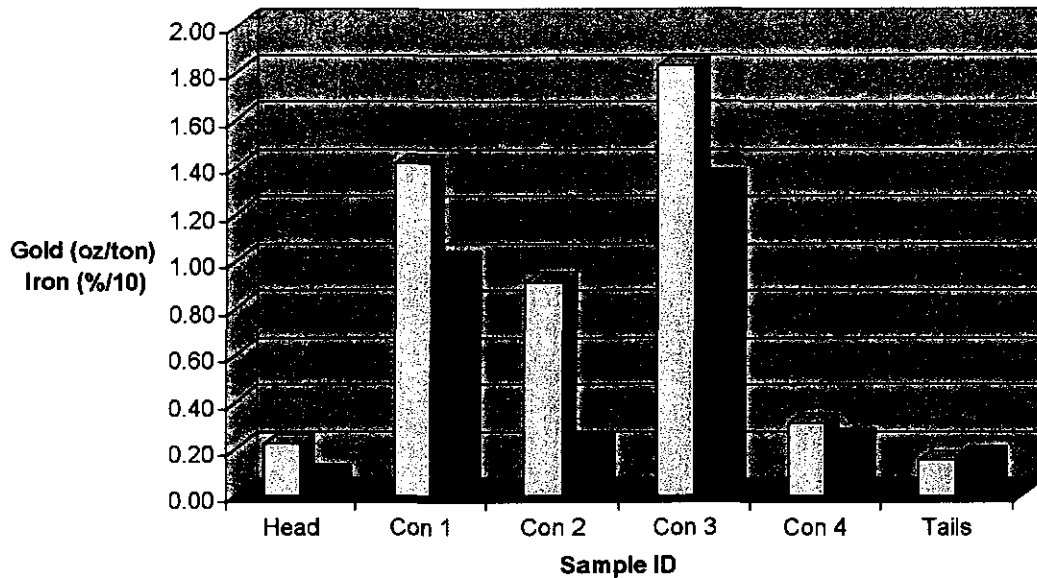


In the spring of 2003 IER set up a mass balance system to track where the gold was going in the gravity separation pilot mill. The results of the test were as follows:

Detailed gold analysis of two two-ton samples of ore taken from the Upper Pit has been completed. Sample one was taken from the rock face containing visible gold mineralization, and sample two was taken from the adjacent rock showing little or no visible gold mineralization. Both samples were ground to 30 mesh and passed over a gravity concentration table. Prior to reaching the table, samples were taken from the grinding stream on a regular basis. Composite samples one and two analyzed 0.24 and 0.02 oz gold per ton, respectively. Since these samples are large, the resulting assays are considerably more representative than any other assay performed to date, and the reliability in predicting overall average gold content is much higher. Conclusions derived from this study are: the bulk-gold assay performed provides a more reliable measure of gross gold content; the rock structure containing visible gold mineralization is the most valuable ore; the adjacent rock is appropriate for low grade processing or rejection.

Gravity concentration of sample one was attempted using a standard vibrating concentration table. Sample one was split into four concentrates differing by relative density. Graph I shows the relative concentration of gold and iron in each of the concentrates.

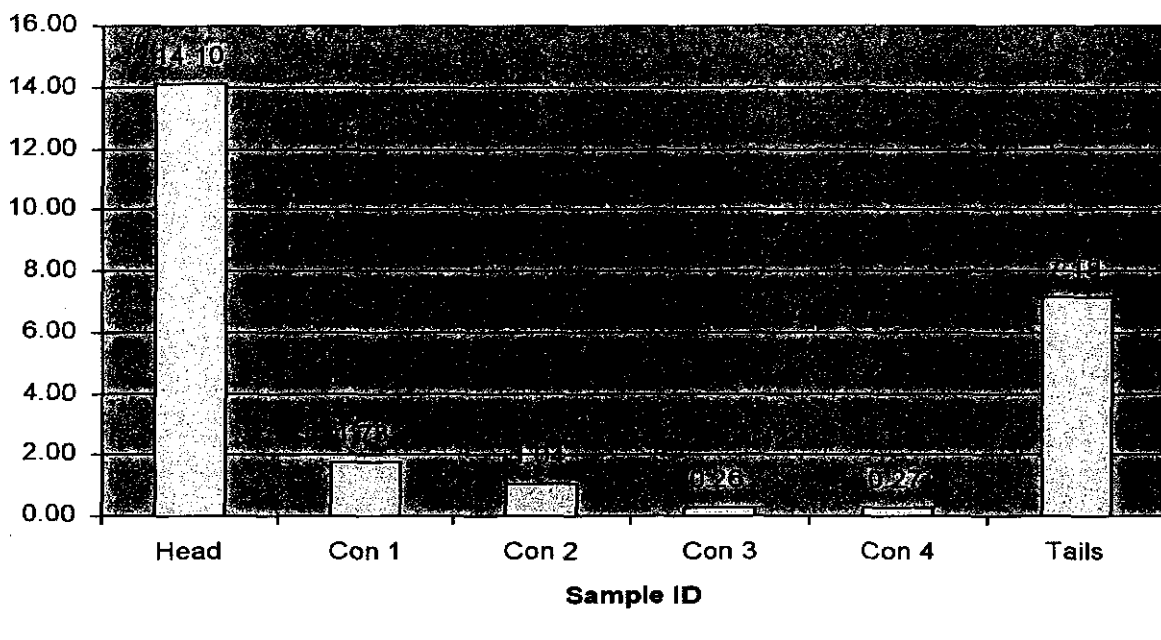
Graph I. Gold and Iron Concentrations in Head Ore, Gravity Concentrates, and Tails from Upper Pit, Location One.



Concentrates 1, 2, and 3 show a successful concentration of gold into fractions containing approximately 1-2 ounces of gold per ton of concentrate. Concentrate four has about the same gold concentration as the head ore, displaying no relative concentration. Iron is a major fraction of these concentrates with concentrations ranging from 2-10 percent of the samples. This is probably the result of relatively-dense iron oxides traveling with the dense gold particles. Concentrate three is approximately ten times more concentrated than the raw ore, while concentrates one and two are less concentrated. Finally, gold concentration in the head ore and the final tails shows a relatively small difference, indicating most of the gold remains in the tails and is not collecting in the concentrate.

Graph II shows the total amount of gold in the original head ore, the total amount of gold found in each concentrate derived from this head ore, and the total amount of gold remaining in the tails after the attempted concentration.

**Graph II. Total Gold Content in Head Ore, Concentrates and Tails after Concentration. Sample from Upper Pit, Location One; 2.1 Ton Bulk Sample; Overall Assay 0.24 Oz Au/ton**



Two conclusions can be drawn from this graph: First, only 30% of the gold is captured in the concentrate, with the remainder reporting to the tails, suggesting a significant improvement in concentration technique is required. Second, the amount of gold estimated in the head ore is in adequately good agreement with the totals found in concentrates 1-4 plus the tails. This means all the gold present is being effectively tracked, lending further confidence in the gold concentrations reported here.

One solution to the concentration problem is to add a new filtration system in the current circuit to further concentrate and gather the remaining 70% of gold reporting to the tails. IER intends to set up this test to verify the system's ability to gather the gold. Another solution IER is currently working to treat the bulk ore with a new and novel non-cyanide technology for the recovery of gold from the ore at the Chastain Mine. This technology promises to be relatively inexpensive to implement, avoiding the excessive regulatory challenges of a cyanide plant. Time-to-production should be dramatically decreased from several years to a minimal period. The extraction technology is a result of two decades of development by major U.S. companies, and utilizes some novel technology that may be submitted for patent. In addition, a unique method of gold recovery will be implemented utilizing a proprietary resin technology patented by a major U.S. company. When successfully deployed, this technology has the potential to dramatically change the equation in gold recovery. Greatly reduced environmental risks, reasonable costs, and dramatically shortened gold recovery time are a few of the benefits of this state-of-the art technology. Another benefit is that remaining ore will be cleaner than raw ore and will be suitable for sale in the sand and gravel marketplace, providing an additional income stream for the Chastain Mine.



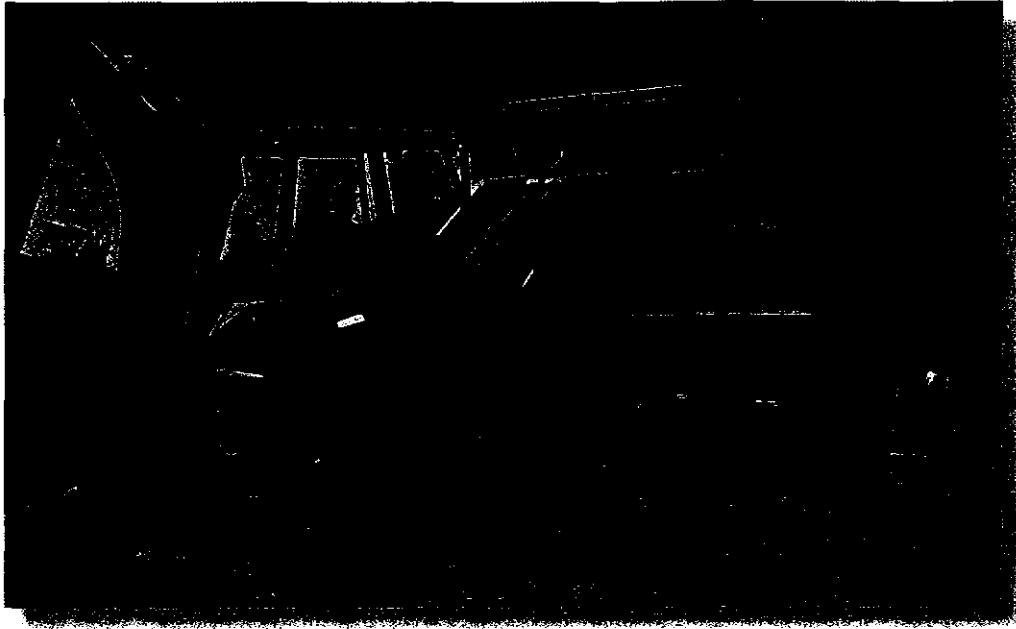


# Rock Products

The Arizona Rock Products Association reported a \$1.8 billion direct value of output, production, and deliveries of rock products in 2003. The Chastain property, 1-1/2 hours from Phoenix and 2 hours from California, is in a prime location to participate in this billion-dollar industry. In addition, being 25 miles from Hwy 10 and 6 miles from the railway makes it easy to transport products. IER has installed a screening plant at the Chastain Mine capable of processing 500 tons of gravel per day. The plant will assist with reclamation, and will bring in additional income to fuel the Chastain Mine project.



Forty-five minutes from the Chastain Mine is the town of Buckeye, Arizona. Buckeye is expecting a 72% to 138% increase in population by 2005, and a 198% to 885% increase by 2015. A variety of rock products will be needed to support this expansion. Every home with septic will require 15 tons of 2" leach rock selling for \$12 per ton. Rock will also be needed for home and business landscaping, substituting for the limited amount of grass that can be grown. The price of landscape rock can sell for up to \$18 per ton. Other rock products needed in Buckeye and throughout Arizona include: 3/4" rock for concrete, which sells for \$18 per ton; 1/2" chip rock for \$18 per ton; 1" minus for \$12 per ton; washed sand for \$25 per ton; and 6"-12" riprap for up to \$35 per ton. IER has the capability and the intention to provide these products to Arizona and California. (All prices are listed without delivery by IER, products are picked-up).



In 2004 IER will produce approximately 18,000 tons of gravel per quarter.

The size of rock that can be produced:

10% riprap

30% 1/2" minus (sand)

20% 3/4"

20% 2" (leach rock)

Income from Screening Plant 1<sup>st</sup> Quarter:

<i>1,800 tons rip rap \$20/ton =</i>	<i>\$36,000.00</i>
<i>5,400 tons 1/2" minus (sand) \$25/ton =</i>	<i>\$135,000.00</i>
<i>3,600 tons 1" minus \$18/ton =</i>	<i>\$64,800.00</i>
<i>3,600 tons 2" leach rock \$12/ton=</i>	<i>\$43,200.00</i>
<i>Total</i>	<i>\$279,000.00</i>
<i>Cost (\$2/ton X 18,000 tons) =</i>	<i>\$36,000.00</i>

## IER 5 Year Plan

START COMMERCIAL PRODUCTION 100 TONS OF ORE/WEEK (ON PRIVATE LAND)

PROVE RECOVERY METHOD & PROVE RESERVES (ON-GOING DRILLING)

SUBMIT/APPROVE MINING PLAN OF OPERATION FOR EW TARGET

INCREASE PRODUCTION TO 1,000 TONS PER DAY

DETERMINE SIZE OF PLANT CHASTAIN MINE CAN SUPPORT (5 YEARS OF RESERVE)

IER will continuously drill and prove reserves throughout the property. It is IER's goal to have 5 years of reserves throughout years 2006-2009 to support the size of plant up-scale.



# Summary of Offering

IER is a company incorporated under the laws of the State of Texas. IER currently owns a 90% net revenue interest in 102 lode-mining claims known as The Chastain Mine. IER is offering a 5% working interest for 15 million dollars to accredited investors with a minimum participation of .05% working interest for \$150,000.

It is projected the investor will receive their principle back by the 3rd Quarter of 2005. In 2006 IER projects to increase production to 10,000 tons per day, and continue production of 10,000 tons per day through 2007. In 2008 IER estimates an increase in production to 50,000 tons per day, at which time the working interest drops from 5% to 2.5%. At the present time, it is projected the investor will receive 6.62:1 on their investment.

IER intends to continue producing 50,000 tons per day through 2013. Based on current geological studies, the estimated return on the investment would be 21.74:1 after 10 years of production. And, based on completed geological studies and the size of the property, it is anticipated that the life of the project will exceed 50 years.

Being that IER is in the exploration phase, up to 98% will have certain tax benefits for the investor, including a 15% depletion allowance. Investors should consult with tax advisors to determine tax implications.

For purposes of financial projections, IER has used an amount of \$400 per ounce for gold, but anticipates prices will continue to rise. An average of .40 ounces per ton has been calculated for the Chastain Mine site. It is possible that all estimates of price, quantity, and cost may change once production starts and may be significantly higher or lower than projected.

*The above summary is not an offering.*

*It is intended for informational purposes only.*

*To receive your full memorandum of offering and disclosure, please contact IER*

*info@ierinc.net*

*1-866-543-GOLD*

# Economic Projection Summary 2005

\*Detailed economic projections available upon request

Income Gold	
1,500,000 tons per year x .40 oz. gold per ton = 140,000 oz. gold	
140,000 oz. gold @ \$400 per oz. = \$56,000,000.00	
\$56,000,000.00 x 90% N.R.I =	\$50,400,000.00
Income Gravel	
1,500,000 tons per year x \$15.50 =	\$23,250,000.00
\$23,250,000.00 x 90% N.R.I	20,925,000.00
Total gross income =	\$71,325,000.00
Cost	
140,000 oz. gold x 61.872 =	\$8,662,000.00
1,500,000 tons gravel =	\$4,162,500.00
G & A costs =	\$10,698,750.00
Total Costs =	\$23,523,250.00
Net Profit =	\$47,801,750.00

*Note: It is IER's intention to take up to 50% of its income to pay the investor back their principal investment. Once the investor is paid back, the working interest goes back to the appropriate percentage.*

# Economic Projection 2006-2007

## 10,000 tons per day

Income Gold 10 x year 2005 =	\$504,000,000.00
Income Gravel 5 x year 2005 =	\$104,625,000.00
<b>Total Gross Income =</b>	<b>\$608,625,000.00</b>
<b>Cost</b>	
<b>Gold</b> 10 x year 2005=	\$86,620,000.00
<b>Gravel</b> 10 x year 2005 =	\$41,625,000.00
G & A costs =	\$91,293,750.00
<b>Total Costs =</b>	<b>\$219,538,750.00</b>
Net Profit =	\$389,086,250.00
.05% minimum working interest (\$150,000.00) =	\$194,543.00

# Economic Projection 2008

## 50,000 tons per day

Income Gold 5 x year 2007 =	\$2,520,000,000.00
Income Gravel 2 x year 2007 =	\$209,250,000.00
<b>Total Gross Income =</b>	<b>\$2,729,250,000.00</b>
<b>Cost</b>	
<b>Gold</b> 5 x year 2007=	\$433,100,000.00
<b>Gravel</b> 5 x year 2007 =	\$208,125,000.00
G & A costs =	\$272,925,000.00
<b>Total Costs =</b>	<b>\$914,150,000.00</b>
Net Profit =	\$1,815,100,000.00
.05% minimum working interest (\$150,000.00) =	\$453,775.00



# Return on Investment

Based on \$150,000.00 investment

**Year 2005**

Return on minimum investment  
\$150,000.00

**Years 2006 & 2007**

Return on minimum investment  
\$389,086.00

**Years 2008 thru 2013**

Return on minimum investment  
\$2,722,650.00

**Total Return on minimum investment of \$150,000.00**  
\$3,261,736.00

21.74:1R.O.I.

# IER Corporate Staff

**John D. Owen, Founder, CEO, Director & Partner**

John has a lifetime of experience in the construction industry. He was part owner and operator of a successful highway construction and safety company in the New York metropolitan area for 18 years, employed and managed up to 100 field employees, and completed over 200 jobs, among which was the largest sign structure project of its time. His company was also involved in the 64 million dollar Northern State Pkwy-Meadowbrook Pkwy Interchange; the Brookhaven Labs project; the rebuilding of the Brooklyn Queens expressway; the Long Island expressway; and the FDR Drive. John founded IER in 2001 and has since overseen project exploration, testing, surveying, and permitting. John holds the vision for IER and has the practical know-how to make his vision work. He is an excellent planner, strategist, and implementer, leading by supporting the strengths of others and encouraging their growth.

**Don E. Brown, President, Director, Partner**

Don has over 20 years experience in the construction industry and 14 years in financing for resource-based companies. He has been a major factor in bringing new companies into existence. Prior to working with IER, Don served as VP for Petroquest Exploration Inc. He founded two successful construction companies: D.E. Brown Construction in Buffalo, New York, which he ran for 10 years, and the acclaimed Custom Cabinets and Interiors in Dallas, Texas, which he ran for 7 years. Don entered the oil and gas industry in 1991, working for Kinlaw Petroleum, Gibraltar Securities Inc., as VP of IR, H. Moon Resources, Inc., and TBX Resources, Inc. He provides IER with years of experience in finance, management, and public relations. Since 2001, Don has provided the financial fuel necessary to drive the success of IER's projects.





**Misti M. Mathis, VP, Director, Partner, Creative Director**

Misti has nine years of promotional and administrative experience. She began as a professional in industrial video, commercials, and commercial print for companies such as Nokia, JC Penny, and Footlocker. Prior to IER, Misti worked with Archon and Lincoln Properties in leasing, event coordination, and market research. Since 2001, she has coordinated, formatted, and constructed the marketing tools of IER's management team, identifying and implementing the promotional and administrative needs of the company.

**Robert Chastain, Director of Exploration**

Mr. Chastain began in the mining industry in 1928, and attended mining school in Butte, Montana in 1936. He has engineered and consulted for Newmont Mining, Telluride Co. (Mineral Services), Anaconda Company, Idaho, and Grubstake Mining, where he was President for four years and Chief Engineer of Operations in Sweden. He is recognized by his peers as an expert in surveying and planning mill sites and processing plants.

**James Somma, CFO**

James is a Certified Public Accountant licensed in Texas and Alabama and registered with the Public Company Accounting Oversight Board. He has held several executive positions for mid-cap companies, as well as a seven-year position as President of the Institute For Tax & Financial Services, Inc. James has experience as Audit Manager with Price Waterhouse & Co., and is currently a member of the Texas and the Alabama Society of CPAs, the American Institute of CPAs, and the National Association of Tax Professionals.



**Tiffany Wrench, Secretary**

Tiffany has over ten years experience in the construction industry scheduling jobs, acquiring permits, drafting, managing field superintendants, and performing all forms of administrative work. She has also worked for and along side high-level executives, including four years as an executive administrator for the VP of MCI Network Operations planning executive meetings, presentations, and event coordination.

**Rogers Carrington, Executive Director IER Foundation**

Rogers has 30 years of diverse business experience, with special strengths in identifying and advising entrepreneurial ventures, corporate consulting and training, and general management. His expertise is in helping funding sources to partner with non-profit organizations, and to use grant money more effectively to benefit those in need. Rog founded *Twenty First Century World*, a non-profit organization that has been mentoring youth and assisting communities since 1970. He is a licensed psychotherapist and college instructor.



# Summary of the IER Foundation

The IER Foundation is a result of International Energy and Resources' commitment to donate up to 10% of its income from the Chastain Mine to help various causes.

The Foundation and its subdivisions have begun by focusing on the environment, through restoration of BLM land and the development of environmentally-safe technology for precious metals recovery.

IER Foundation subdivisions:

## **Chastain Foundation**

The Chastain Foundation is named for the previous owner of what is now known as the Chastain Mine, Robert Chastain, whose vision for the potential of the property inspired IER to develop it.

**Environmental Land Reclamation:** In addition to the reclamation program that has already begun at the Chastain Mine, the Foundation has also dedicated services to the reclamation needs of other BLM property in the area.

## **Rex Curtiss, Jr. Foundation**

The Rex Curtiss Foundation is named for a close friend and supporter of IER. Mr. Curtiss, a successful builder and land developer, shared the vision for the success of the Chastain Mine.

**Entrepreneurial Ventures:** Support will be provided for entrepreneurs who have innovative ideas and the skill to actualize their vision.

For more information on the IER Foundation, please contact:

Rogers Carrington  
C/O The IER Foundation  
18 Ace Court  
Fairfax, CA 94930



All statements contained in any SEAI report other than statements of historical fact, including, without limitation, statements regarding potential mineralization, resources and reserves, economic projections, future plans, recommendations, and objectives are forward-looking statements that involve various risks and uncertainties.

There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

The subject matter of all reports dated prior to April 2004 have been updated and more comprehensively addressed by SEAI's Mineral Property Evaluation Report dated April 2004;

SEAI was retained to provide independent environmental, geologic, mineral resource evaluation and permitting consulting services. SEAI is not involved in the selling of interest, or the evaluation of investments in any project and does not convey any opinion as to the value of an interest or investment in the Mine.

The SEAI report was prepared and was intended for the exclusive use of IER and it was not prepared to provide any guidance to potential investors in the Mine.

Potential investors are advised that they need to conduct their own independent due diligence and not rely on any SEAI report in connection with any investment decision.



October 17, 2003  
Project 303-4170

## *Email and Express*

John Owen  
International Energy and Resources, Inc.

### Initial Site Visit Chastain Arizona Project

Dear Mr. Owen:

Thank you for all of the hospitality that you showed to Carol McKee, and myself during our visit to the Chastain and Twin Peaks projects on September 24 through September 26. As we discussed, both locations have extensive mineralization and alteration throughout the holdings. Combined with the historic production in the area, both properties are inviting exploration targets.

The Chastain Property is unique in that the high-grade vein structures that are exposed in the upper face contain visible gold and telluride in numerous locations. In addition, free milling gold (gold that is recovered by gravity separation) is present both in samples from the Upper Pit as well as in bulk samples that you have processed. Based upon the degree of alteration mineralization seen in the shear zones it is likely that minable gold reserves extend outward beyond the high-grade vein structures.

The exploration target at the Chastain Property clearly extends approximately a mile to the north, east and west of the Upper Face area based on the exposures that we visited on the day spent on the site. These exposures away from the Upper Pit Area, while not showing free gold, indicated the same mineralogy as the upper pit, and represented a mixture of potentially continuous structures and off-set structures.

Based on our initial evaluation of the type of mineral deposit model (Mesothermal low sulphide quartz veins), we are targeting an initial ore deposit of approximately 110,000 tons in the area of the Upper Pit and knob with an average grade of 0.18 ounces per ton. This average grade is well within the assays that have been reviewed for the property. It should be noted that higher grades have been documented in the area, and a lower minable grades are possible. This estimate is based on the initial evaluation of the type of the deposit and does not consider tonnages located in the stockpile or existing assays which we have not had the chance to review. Approximately 300 mines with tonnages greater than 100 tons of production were

used as the basis of the model. Outside of the area of the Upper Pit and Knob we have not developed a target tonnage but mineralization in that area is encouraging and worthy of exploration.

The Chastain Property should be considered as being in transition from exploration to development in the area of the Upper Pit with additional exploration warranted in throughout the claim block. The actions that you are taking in the screening of the ore to improve the grade of ore feeding the mill, the steps to improve the recovery on the tables, and the work to look at increasing the recovery from the tailing are all well founded and should result in increased recovery.

In summary, the Chastain Property is an exciting exploration, development target with a combination of exposed high-grade veins and alteration mineralization that extends the potential of the property. As we discussed, with a focused development program, the Upper Pit Area can be brought into production on an accelerated schedule.

Thank you again for your hospitality and the opportunity to visit the project. Please call me at 888-374-0989 or email [kjones@shieldne.com](mailto:kjones@shieldne.com) to discuss any questions that you may have.

Sincerely,

SHIELD ENVIRONMENTAL ASSOCIATES, INC.

A handwritten signature in black ink, appearing to read "Kevin R. Jones". The signature is fluid and cursive, with a prominent flourish at the end.

Kevin R. Jones  
Managing Principal



To: John Owen, Don Brown, Misti Mathis CC: IERTeam

From: Kevin Jones

Date: November 2, 2003

Subject: Weekly Field Update October 27 through October 31, 2003

**Summary: Key work completed during the week included:**

**Confirmation of the base Geological model-** Our field reconnaissance found that the mineralization and geology of the Chastain portion of the site continues to demonstrate the characteristics of a Low-Sulfide Gold Quartz vein system. These systems are also known as Mother Lode Veins, or Mesothermal Quartz Veins based on the U.S. Geological Survey classification.

**Similar high yield deposits in the district -** Several high yield historic mines (Golden Eagle, Harquahala, Empire) in the same district were confirmed to be the same type of deposit further indicating the potential of the Chastain.

**New high tonnage low-grade exploration target identified -** This deposit, if proven, could add significant ore reserves to the project. The deposit appears to be a primary enrichment zone, relatively flat lying and extensive. Exploration efforts will begin to define the reserves in this area. We are targeting a deposit of between 11,200,000 to 65,000,000 tons with grades ranging from 0.082 oz/ton to 0.260 oz/ton gold and 2.25 oz/ton to 5.0-0z/ton silver.

**lower Pit/Reclamation Area -** The U.S. BLM agreed in co~ to the processing of a series of stockpiles in the bwwpit area as part of the reclamation of the former leach pad area (see permitting status). This material will be sampled to determine the material that can be processed for gold recovery and the material that can be sold as gravel, riprap, decorative rock, and sand.

**Permitting Status:**

**Reclamation Plan -** The reclamation plan will be filed with the U.S. BLM the week of 11/3/03. The filing of this plan will facilitate the completion of the sale agreement for the common materials. Gold processing will not be counted against the 1,000-ton bulk sampling. This gold processing can be used as part of the optimization program for the milling operation.

**Mining Notice -** The mining notice is under preparation to cover the exploration drilling program in the Chastain, and Maiden Prospect Areas, East Vein, West Vein, Ssoy Shaft Broken Spring Shaft, and DB Incline extensions, and bulk sampling.

**Plan of Operations -** Work will begin on a phase Plan of Operations to minimize the time involved in the next step of permitting.

**Work Objectives 11/3/03 to 11n /03: Key objective for the week include:**

- *Complete the evaluation of stockpiled reserves in the Reclamation Area.*
- *Determine the value of reserves in concentrate stockpiles.*
- *Map and sample the Upper Pit faces, and stockpiles. Determine potential minable widths and cap rock characteristics.*
- *Map and sample to determine the potential connection between the Upper Pit and the East Vein extension.*
- *Map and sample to determine the connection between the shaft line and the Upper Pit.*
- *Map and sample the West Vein area*

*Develop the draft Mill Sheet to be used to optimize the recovery at the mill.*



## Memorandum

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To: John Owen, Don Brown, Misti Mathis

CC: IER Team

From: Kevin Jones

Date: November 17, 2003

Subject: Weekly Field Update November 1 through November 14, 2003 (updated)

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**Summary:** Key work completed during the week in the field and the office follow-up included:

- Reclamation Area and Mill Area Stock Piles – Stockpiles were evaluated for material type and volumes were estimated. The Reclamation area total volumes for the smaller piles are approximately 6,500 cu yards, and are a mixture of fines, gravel, cobbles and boulders. Stockpiles of ore located in the Upper Pit will be calculated; these piles consist of a mixture of fines to boulder size rocks. Material adjacent to the Lower Pit, previously labeled as “muck” was evaluated, and a volume will be estimated pending the processing of GPS data collected in the field. Samples were collected for Au assays from all stockpiles located in the Reclamation Area, Mill Area, and Upper Pit.
- Upper Pit Mine Face Evaluation – Exposed rock faces in the upper pit were closely studied and evaluated for their mineralogical and geologic structural features. Detailed mapping was completed for each 20' section of exposed rock. Horizontal channel samples were collected for Au assays. Each channel sample composites rock at 10' intervals along a section of rock face. The sampling is summarized as:
  - Level 1 – One sample collected from the 300' section of rock face on the uppermost level of the Upper Pit.
  - Level 2 – One sample collected from 100' of the eastern section of the lower, main rock face.
  - Level 3 – Two samples were collected, one from 50' of the western section and one from the central 50' of the lower main rock face. These two sections appeared structurally different, as the central portion of the rock face consisted of deeper and more massive material.

Quartz veins that potentially exhibit greater mineralization and their immediate host rock were sampled for Au assays to determine deposits of higher yield.

- Field Reconnaissance, Mapping and Sampling – Several quartz veins, the tops of mine shafts, existing and old prospect locations near the Chastain were located and mapped using GPS. Samples were collected for Au assays directly from quartz veins and their host rock in these areas. Structural data such as the strike, dip and orientation of known veins (e.g., East and West Veins) and several quartz outcrops that were located during field reconnaissance will aid in determining possible connections of these features to the Upper Pit.

- Permitting – As per our discussions, the U.S. BLM has given approval for the removal of sand, gravel and rock during the remediation phase of the project. It is estimated that this will result in the production and sale of approximately 40 to 50,000 cubic yards of material. The reclamation plan letter, which was verbally approved, and the mining notice will be forwarded to the BLM the week of November 16, 2003.
- Mineral Deposit Model and Preliminary Reserves: Based on the work completed to date, the model type (Mother Lode, high temperature quartz vein) continues to be confirmed. Based on the work last week we are in the process of finalizing the preliminary calculation of reserves. This report, which will be finalized early next week is showing proven reserves of approximately \$9,000,000 based on \$370 gold prices and total reserves (inferred, probable, and proven) of approximately \$400,000,000. Our focus has shifted to a more intensive development in the area between the Upper and Lower Pit Areas, which we are designating the Recamera Extension.

State Lands Lease: To improve IER's land position, we have contacted the Department of State Lands concerning a surface lease of the adjacent property. We should know before the end of the week if the land is available (a portion is under an old grazing lease), and the estimated lease cost.



## **Memorandum**

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**To:** John Owen, Don Brown, Misti Mathis

**From:** Kevin Jones

**Date:** December 18, 2003

**Subject:** Status Report – November 18, 2003 through December 18, 2003

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The following status report covers the period of November 18, 2003 through December 18, 2003. The key milestones and tasks described in this report include:

- Evaluation of the assay results from the November 2003 sampling program.
- Approval to begin operations in the Lower Pit area.
- Field inspection of locations covered by the pending Mining Notice.
- Development of future plans.

### **Assay Results Evaluation**

As part of the evaluation 76 surface chip samples were collected from the Upper Pit and locations north and south of the Upper Pit. The sampling program was designed to give an overview of mineralization in the central portion of the property rather than focus on known areas of high-grade mineralization. The results showed:

- Gold was found in all of the samples collected ranging from trace amounts to 2.1 ounces per ton (opt) gold and 0.3 opt silver, indicating widespread mineralization. This halo of gold mineralization, the full extent of which has not been determined, extends from at least claim IER-9 in the south to claim IER-49 in the north.
- A newly uncovered carbonate minable width vein in the Upper Pit level 1 (uppermost level) ran 1.16 opt gold and samples from level 3 on the same structure ran 0.63 opt gold.
- A new area of potentially high-grade mineralization (0.5 opt in chip samples) was found southwest of the Lower Pit. This high-temperature, high-angle quartz vein is approximately 10 to 15 feet in width and is similar in composition to the veins mined at the Broken Spring, DB incline, and SSOOY shaft located to the north.
- The highest value (2.1opt), collected this round was in a previously unmapped extension of the East Vein. The sample, collected from an approximately 2-foot thick vein, combined with surface mapping, indicates two parallel quartz veins of unknown extent.

### **Reclamation Area Sand, Gravel, and Rock**

Verbal approval was received from the Bureau of Land Management (BLM) to begin processing operations (screening and sorting) in the Reclamation Area. Sale of the

material will commence upon receipt of a materials contract from the BLM (early January 2004). Based on a median value of \$12.50, this operation can produce gross revenue, not counting gold values, of approximately \$781,000 in early 2004. This sale will also establish a market for future sales of waste rock from future mining operations, thereby potentially reducing the cost of mining significantly.

### **Mining Notice**

Progress was made on receiving approval of the Mining Notice. The BLM completed its field inspection on December 17, 2003. A response to the BLM's questions on the Notice will be submitted the week of December 22, 2003. A quick approval (early January 2004) of the drilling, bulk sampling, and installation of gates is anticipated.

### **Planned Activities**

An aggressive schedule of activities is planned for early 2004. These activities include:

- Surface and geochemical mapping of the remainder of the claim block.
- Drilling at approximately 35 locations in the central area of the project.
- Focused bench-scale metallurgical testing of the full range of ore currently known at the project. Innovative leaching and recovery technologies, as well as traditional concentration and recovery methods will be tested.
- Concurrent with the production of rock, sand, and gravel, production of gold and concentrate will begin on a batch basis.

KRJ/rmv

- Initial mapping and sampling, primarily in the Rex Curtiss, Jr. area and Misti's Ridge target, found gold in all of the collected samples (trace to 2.1 oz/ton gold; minor silver) (Figures 3 and 4).
- Gravity recovery and leach testing have demonstrated the recoverability of the gold on a pilot and bench scale, respectively.
- Preliminary environmental and permitting reviews did not find potential fatal-flaw issues or time-delay issues with the progression from exploration to a full-scale mining operation.
- IER controls a significant claim block directly and has access to additional properties adjacent to the claim block, giving the company sufficient acreage for multiple development scenarios.

## 2.2 Exploration Target

Based on an initial evaluation of the required rate of return, one million ounces of gold is the exploration target for IER. The geology of the site and resultant mineral deposit models indicate that this size of deposit is feasible at the project site. This size of deposit is potentially viable in either or both the primary depositional environment targets (low-grade; high tonnage; Recamarera or Burro), or the secondary depositional environment consisting of the high-angle, high-grade, lower-tonnage targets (Rex Curtiss, Jr.; Misti's Ridge). Other targets within the claim block, Lechuza and Veta de Oro, have not been evaluated.

Initial cost modeling of the exploration target size indicates that the target is economically viable with break-even value of gold of approximately \$203 to \$245/oz, and a total operating cost/oz of gold at approximately \$222 (Section 11.0). While this cost modeling is preliminary and does not represent a full feasibility study, it indicates that for a deposit of the target size, with the assayed grades found at the site, and the current understanding of the recovery processes, the property warrants further evaluation.

## 2.3 Production Target

IER is aggressively pursuing a production target of late 2004 to early 2005 for gold and has commenced production of commercial rock products. The schedule for gold production, which is dependent on exploration results, would begin at a low production rate, then scale up to full production in about a year.



## **Memorandum**

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**To:** John Owen, Don Brown, Misti Mathis  
**From:** Kevin Jones  
**Date:** November 21, 2003  
**Subject:** Interim Target Valuation of the Chastain Project

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### **Introduction**

The following interim report focuses on the value of the Chastain Project as a mineral resource target at the current stage of exploration and development. This valuation includes factors, such as land position and geologically inferred resources, in addition to mineral reserves, that impact the value of the property. As you are aware, Shield Environmental Associates Inc. (Shield Environmental) has approached the mineral resources and reserves from a zero starting point and work is currently underway to define resources and reserves. Therefore, mineral resources and reserves numbers will vary as the on-going work and evaluation of past work is completed. In addition, these numbers will not necessarily match past resource and reserve estimates at the property.

### **Value of the Land Position, Equipment, and Permitting**

#### **Mill Site and Private Land**

IER controls through lease arrangements, several parcels of private land, including the Mill Site location, totaling approximately 8 acres along the Harrisburg Valley / Salome Road that links Interstate 10 and Highway 60. The road is paved and several entrances to the private property are available from the road. The estimated value of controlling this private land is approximately \$20,000 without any further improvements.

#### **Mining Claims**

The Chastain Project includes 102 mining claims that have been filed with the U.S. Bureau of Land Management (BLM) and La Paz County. Although the U.S. Government retains the fee title of the claims until a patent is issued, IER has an exclusive possessory interest in the claims. IER is entitled to explore, mine, remove and sell all valuable mineral deposits within the boundaries, including extrallateral rights. Mining claims can be bought, sold, and inherited in the same fashion as other real estate.

The estimated value of the mining claims, exclusive of mineral resources and reserves, other work, and improvements is approximately \$45,000 based on the costs associated with staking, filing, position, and basic geology.



## **Pilot Mill**

The on-site Pilot Mill is a gravity separation unit with an approximate capacity of 20 tons per day (t/d) on mine run material. For this report, the replacement costs for the crushing and recovery units were assumed (Western Mine Engineering, 2003). The new, replacement cost of the crushing, grinding, and recovery circuits, exclusive of conveyors, discharge and water tanks, is approximately \$265,500.

A full appraisal of equipment, site preparation, and pilot plant assembly provided by Applied Minerals of Fort Worth Texas is included as Attachment 1. This appraisal estimated a full value of \$650,755. If the value of the ore truck is removed, as it requires a new engine, (even though the truck still has significant value) the estimated appraisal is \$ 625,755.

The differences in appraisal values is primarily in the set up and construction charges (\$355,000) and a more complete listing of equipment used by Applied Minerals. This indicates that the Applied Minerals appraisal is conservative and will be used in the valuation.

## **Permitting**

IER is in the process of obtaining a Mining Notice for the property that should be adequate to cover the majority of the exploration and development activities. Based on conversations with Amanda Drexler of the BLM, no problems or delays are anticipated in receiving this permit. IER is also undertaking voluntary reclamation activities that will result in a contract to sell excess sand, gravel, and rock. The estimated value of the Mining Notice and Reclamation Area Plan (exclusive of the value of the sand, gravel, and rock) is \$ 25,000.

### **Primary Mineral Resources and Reserves**

For the purposes of mineral reporting the following classifications are used:

- **Mineral Resources** – Resources with the potential for eventual economic viability divided into the following categories.
  - **Inferred**: reasonably assumed but not verified
  - **Indicated**: reasonable level of confidence
  - **Measured**: high degree of confidence
  
- **Ore Reserves** – Reserves are based on appropriate assessments and feasibility studies divided into the following categories.
  - **Probable**: reasonably confident with preliminary, on-going economic evaluation
  - **Proven**: high degree of confidence, permitting, engineering, and economic evaluation



The primary mineral resources and reserves at the Chastain Property are gold and silver found in a polymorphic (multiple depositional models) setting across the claim block. A secondary reserve exists in the production of rock, sand and gravel as part of the reclamation area plan.

### **Stockpiled Ore, Concentrates, and Tailings**

For the purposes of this valuation we have separated stockpiled ore and concentrates from proven reserves. As a result of past exploration, mining and pilot test activity by IER and others there are numerous ore stockpiles located in the vicinity of the Reclamation Area, Upper Pit, and at various prospect locations. Near the Pilot Mill, IER has stockpiled concentrates and tailings that still contain significant gold for future recovery.

Although a full feasibility study has not been completed, pilot milling and recovery has demonstrated the recoverability of the gold and silver. Based on current assays, which are being confirmed, and recent volume measurements, there are reserves of 9,816 ounces of gold. Silver is present, but not included at this time due to incomplete assay data.

### **Proven Reserves Exclusive of Stockpiles**

The limited data reviewed and the initial fieldwork completed at the site, restricts the proven reserves to the exposed tonnage and grade in the Upper Pit area workings. The anticipated increase in reserves is accounted for in the indicated resources in the Upper Pit and Lower Pit Areas. Based on this evaluation the proven reserve is approximately 10,000 ounces of gold and approximately 2,000 ounces of silver.

### **Indicated Resources**

The property has extensive indicated resources that are bounded by exposed ore, structures and workings in the extension area between the Upper and Lower Pit, the East Vein and West Vein areas. The upcoming drilling program is focused on bringing these areas into the measured resource and probable reserve categories. Based on the assays, which are being expanded, and current mapping, the indicated gold resource is 562,500 ounces. Silver resources are approximately 133,750 ounces.

### **Inferred Resources**

The inferred resources are found in a relatively flat lying, extensive, primary enrichment deposits (Recamarera prospect) and the Lechuza prospect. We are targeting a deposit of approximately 5,00,000 tons of ore with a grade of 0.08 oz/ton gold and 2.3 oz/ton silver in the Recamarera Prospect area that is within the claim block. The Lechuza Area target has not been defined at this point. Exploration has begun on other areas of the property (Burro and Veta de Oro) that show mineralization, however inferred resources have not been developed.

This results in an inferred gold resource of 12.5 tons of gold and an inferred silver resource of 359 tons. While included in this interim target evaluation, inferred resources are not included in the on-going cost and economic modeling.





### Secondary Mineral Reserves

IER has established a remediation program in a former cyanide leach pad area that allows for the recovery and sale of rock, sand, and gravel from the claim block under a contract with the BLM. This proceeds under a sales contract as the rock, sand and gravel are not locatable. The sales contract and remediation plan also protects the IER claim block validity.

In the remediation area there is approximately 50,000 cubic yards of material that can be processed for rock, sand, and gravel. Using a value of \$11.70/cubic yard there is approximately \$ 585,000 in secondary reserves.

### On-Going Exploration and Development Program

IER is proceeding with an on-going exploration and development program that will increase the value of the property. Through the remainder of 2003, IER has committed approximately \$100,000 to exploration and development.

### Conclusion

This interim valuation was completed to assess a potential value of the IER claim block as a mineral property. This valuation includes items, such as permits and land position, which establish in part the value of the development that's been conducted to date. The following table summarizes the interim target valuation based on the presented information assuming gold at \$370/ounce and silver at \$5/ounce.

ITEM	VALUE
MILL SITE AND PRIVATE LAND	\$20,000.00
MINING CLAIMS	\$45,000.00
PILOT MILL	\$625,000.00
PERMITTING	\$25,000.00
STOCKPILED ORE AND CONCENTRATES	\$3,635,800.00
PROVEN RESERVES (EXCLUSIVE OF STOCKPILED ORE AND CONCENTRATES	\$3,705,000.00
INDICATED RESOURCES	\$208,793,800.00
INFERRED RESOURCES	\$201,440,000.00
SECONDARY PROVEN RESERVES	\$585,000.00
ON GOING EXPLORATION AND DEVELOPMENT	\$100,000.00
TOTAL	\$418,975,355.00

This valuation is interim in nature and work is on going to strengthen the resource and reserve estimates on the property. In addition, a Mineral Resource Evaluation (MRE), which will include engineering and economic evaluations, is being prepared using a combination of existing and recently collected data. The MRE will be updated with each phase of exploration and development



**PARTICIPANT AGREEMENT**

Chastain Mine Joint Venture A  
c/o International Energy and Resources, Inc.  
3839 Briargrove Lane, Suite 6305  
Dallas, Texas 75287

Re: Chastain Mine Joint Venture A

Gentlemen and Ladies:

In consideration for a \$ \_\_\_\_\_ investment, International Energy and Resources, Inc. (IER) the Managing Venturer will assign a \_\_\_\_\_ % joint interest in the Chastain Mine Joint Venture A to \_\_\_\_\_ SS/FIN No. \_\_\_\_\_.

The undersigned understand that the Interests in the Chastain Mine Joint Venture A are not intended or considered by IER, the Managing Venturer, to be "securities," as that term is used in state and federal securities regulation; that participation in the Joint Venture is an active business venture requiring the exercise of experience and knowledge in business affairs while participating as a Venturer, and that participation in this Venture is not a passive investment or activity.

As a condition to participating as a Venturer, and knowing that you will rely upon the statements made herein in determining the suitability of the undersigned as a Venturer in the Joint Venture:

The undersigned warrants and represents that he or she is relying solely on the unique entrepreneurial or managerial ability of IER for the success of the captioned Venture, and that his or her limited experience and knowledge in gold mining precludes the undersigned from replacing IER as Managing Venturer and operator and otherwise exercise meaningful joint venture powers. The undersigned understands and stipulates that this agreement is a "Turnkey Contract" and as such the undersigned is not responsible for any and all costs either past or present over the amount subscribed to and paid for under this Agreement.

(Initial and complete the appropriate paragraph 1 below)

\_\_\_\_\_ 1a. (If an individual) I am \_\_\_\_\_ years of age and am a bona fide resident of the State of \_\_\_\_\_, with my principal residence in that state as set forth below my signature hereto. I am  married  single with  dependents.

\_\_\_\_\_ 1b. (If a business entity) The undersigned is a business entity incorporated or organized under the laws of the State of \_\_\_\_\_ [and (if a partnership) all of its general partners are residents of the State(s) of \_\_\_\_\_]. The undersigned was formed on \_\_\_\_\_, \_\_\_\_\_, and is engaged in a regular business not solely related to the Joint Venture contemplated hereby.

2. If the undersigned decides to participate in the Joint Venture and his or her Subscription Agreement is accepted, the Interests acquired by the undersigned will be acquired for the account of the

undersigned only, and not for the account or benefit, in whole or in part, of any other person or business entity, and the undersigned has no present intention of selling or distributing the same or any part thereof. The undersigned understands that the Interests may be sold only in accordance with the provisions contained in the Joint Venture Agreement (the "Agreement") of the Joint Venture and in the Subscription Agreement.

3. Any funds which may be tendered for participation in the Joint Venture will not represent funds borrowed by the undersigned from any person or lending institution except to the extent that the undersigned has a source of repaying such funds other than from the sale of the Interests so subscribed. Such Interests will not have been pledged or otherwise hypothecated for any such borrowing. (Initial the appropriate paragraph 4 below and all applicable subparagraphs)

4a. The undersigned meets the definition of an "accredited investor" for securities law purposes and satisfies the standard(s) set forth below, which have been checked. (To be an "accredited investor," you need to satisfy only one of the standards listed; however, if you satisfy more than one of the standards, please so indicate by checking opposite each applicable standard.)

The undersigned is:

\_\_\_\_\_ (i) An individual whose net worth, individually, or in addition to that of his or her spouse, at the present time, exceeds \$1,000,000; or;

\_\_\_\_\_ (ii) An individual who has had individual income in each of the two most recent years in excess of \$200,000 or joint income with his or her spouse in excess of \$300,000 in each of those years and who reasonably expects the same income level in the present year; or,

\_\_\_\_\_ (iii) An entity, all of the equity owners of which are "accredited investors"; or,

\_\_\_\_\_ (iv) An individual or entity who may otherwise be deemed an "accredited investor" as that term is defined in Rule 501(a) of Regulation D as promulgated by the Securities and Exchange Commission; or

\_\_\_\_\_ (v) An accredited investor under either subparagraph (i) and/or (ii) above; however, for reasons of financial privacy, hereby elects not to specify the precise basis for qualification.

4b. The undersigned is a person who has such knowledge and experience in financial business matters so that he or she is capable of evaluating the merits and risks of participating in the Joint Venture as shown by the following:

(Please initial and complete each applicable paragraph below)

\_\_\_\_\_ (i) The undersigned graduated from \_\_\_\_\_ (college or university) and received a \_\_\_\_\_ degree.

\_\_\_\_\_ (ii) The undersigned is presently \_\_\_\_\_ (job title or description) of/with \_\_\_\_\_ (name of employer) located at \_\_\_\_\_ (business address). Previously the undersigned has been employed: (list job titles and employers for the last five years and attach additional sheets, if necessary.)

\_\_\_\_\_ (iii) As part of one or more of the jobs listed above, the undersigned was responsible for: (list one or more particular responsibilities that you believe demonstrate your ability to analyze and evaluate the risks of participating in the Joint Venture and/or familiarity with business and financial matters, and use additional sheets, if needed).

\_\_\_\_\_ (iv) The undersigned intends to rely upon a "representative" who has such knowledge and experience as set forth in this paragraph 4b. His name, address, telephone number and qualifications are as follows:

Name:

Address:

Telephone Number(s): ( ) \_\_\_\_\_ ( )

Licensed as: (check appropriate line)

\_\_\_\_\_ Attorney

\_\_\_\_\_ C.P.A.

\_\_\_\_\_ Investor/Advisor

Other

Qualifications:

If you use a representative, please have him complete the Representative Questionnaire attached hereto.

The undersigned meets the financial suitability requirements set forth in the Confidential Information Memorandum, and the exhibits attached thereto, indicated below (initial appropriate paragraph below):

\_\_\_\_\_ 5a. The undersigned (together with his or her spouse, if any) has a net worth of not less than \$200,000 (excluding home, furnishings and automobiles); or

\_\_\_\_\_ 5b. The undersigned (together with his or her spouse, if any) has a net worth of not less than \$100,000, excluding home, furnishings and automobiles) and some portion of taxable income for the

previous year or some portion of estimated taxable income for the current year will be subject to federal income taxation at the highest marginal tax bracket applicable so such year.

The undersigned's estimated annual income is \$ \_\_\_\_\_ primarily from (check one)  
 employment  investments  other, and an estimated liquid net worth (cash, marketable securities, etc.) of \$ \_\_\_\_\_.

6. The undersigned warrants and represents that notwithstanding his/her age, financial position and general health that he/she is capable of and has made an independent investment decision that participation in the Joint Venture is a suitable investment for him/her.

7. The undersigned will rely solely upon the independent investigations made by the undersigned or the undersigned's representative indicated in 4b(iv) above, in making the decision to participate in the Joint Venture. The undersigned has been advised that there has not been and is not now a public market for the interests and that there is little possibility that such a market will develop in the future. The undersigned understands and realizes that the Interests cannot be readily sold or liquidated in case of an emergency or other financial need and further that in any event, the transfer of the Interests is restricted in such a manner so that any proposed sale could be significantly delayed since the sale of Interests is subject to the first refusal of the other Venturers. The undersigned hereby represents and warrants to the Joint Venture that sufficient liquid assets are otherwise available to the undersigned so that participation in the Joint Venture will cause no undue financial difficulties.

8. The undersigned is aware that IER (the Managing Venturer) and its Affiliates are and may in the future be engaged in businesses which are competitive with the business of the Joint Venture and agrees and consents to such activities, even though there are conflicts of interest inherent therein.

9. The undersigned acknowledges and understands that Interests in the Joint Venture are not intended or considered by the Managing Venturer to be "securities" as that term is used in state and federal securities regulation; that notwithstanding the foregoing, the Managing Venturer may nevertheless seek to qualify the offer and sale of Interests as transactions exempt from the registration requirements of federal and state securities laws and regulations, as if the Interests were securities; that the Managing Venturer will rely upon the representations of the undersigned, as herein contained and as may be contained in other documents provided to the undersigned, in the application or qualification of any such aforementioned exemption.

10. The undersigned recognizes that the acceptance of his or her participation will be based upon his or her representations and warranties set forth hereinabove and the statements made by him or her herein or elsewhere in any document or instrument relating to the Joint Venture, and he or she hereby agrees to indemnify and defend the Managing Venturer and its Affiliates and the Joint Venture and to hold such firms and each officer, director, partner, agent and attorney thereof harmless from and against any and all loss, damage, liability or expense, including costs and reasonable attorneys' fees, to which they may be put or which they may incur by reason of, or in connection with, any misrepresentation made by him or her herein, any breach by the undersigned of his or her warranties and/or failure by him or her to fulfill any of his or her covenants or agreements set forth herein or arising out of his or her participation or acceptance in the Joint Venture in violation of state or federal laws.

Provided the terms and conditions above are acceptable, please fully execute this Participation Agreement and return it with your check for the appropriate amount to International Energy and Resources, Inc. at the following address:

**International Energy and Resources, Inc.  
3839 Briargrove Lane, Suite 6305  
Dallas, Texas 75287**

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, at

\_\_\_\_\_.

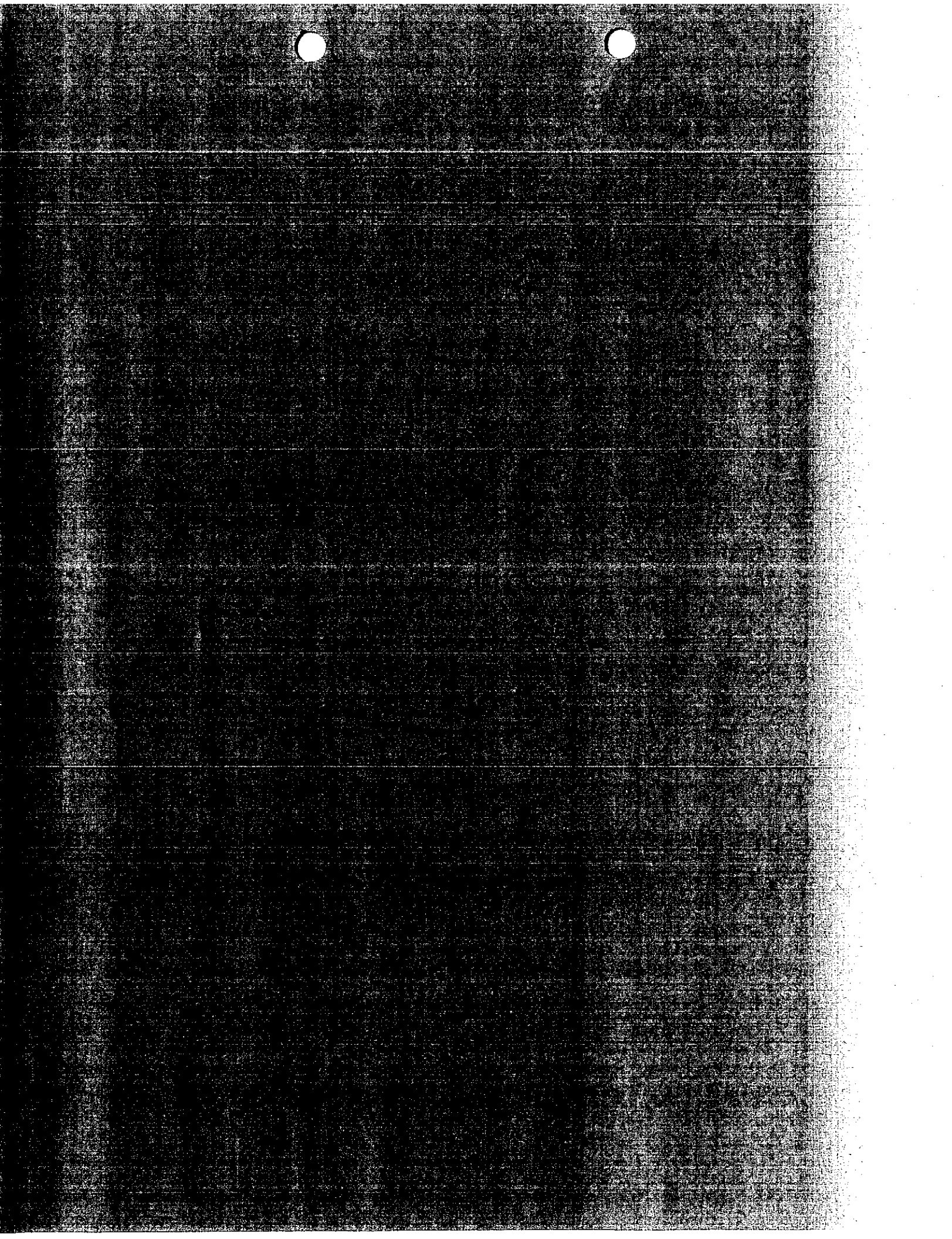
\_\_\_\_\_  
Signature of Applicant

\_\_\_\_\_  
Applicant's Printed Name

\_\_\_\_\_  
Applicant's Social Security No.

\_\_\_\_\_  
Applicant's Home Address

\_\_\_\_\_  
Applicant's Home Phone



# The Chastain Mine

20 ounce gold per ton average

as high as 2.2 million ounces

reserves at \$400 million

Mother Lode type vein structures

Gold veins to be drilled

Environmentally safe technology used to recover gold

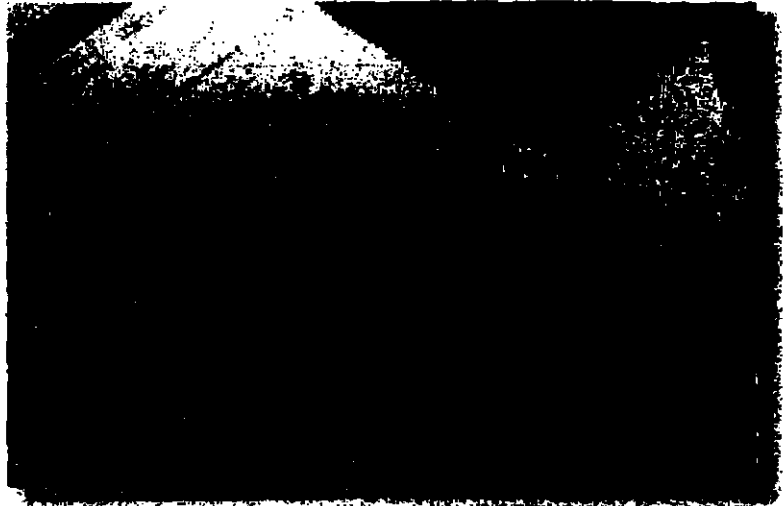
Technology driven company dedicated to helping

Environmentally safe technology used to recover gold



The results of the status report of November 18th-December 18th(Exhibit 4), which covered approximately 10 percent of the claim block, showed widespread gold mineralization. Gold was present in all of the 76 collected samples, with the highest concentration, 2.21 opt, found in the northernmost sample, and 0.58 opt in the southernmost sample. Plotting by Eric Monk, CADD specialist (See IER Team), showed an open halo of gold mineralization extending outward from the high-grade veins in the center of the property (The Rex Curtiss, Jr. Mountain). IER will also begin working in the under-explored areas of the property to north, east, and west of the central core of the claim block (see maps).

On November 21, 2003, SEAI wrote an interim target evaluation based on a portion of 10% of the Chastain Mine (see Exhibit 5). SEAI's evaluation was \$418,975,355.00 (this total was calculated with gold at \$370 per oz and silver at \$5 per oz).



*Gold Buttons from fire assay*

*The Chastain Mine*



## 1.0 Key Information Abstract

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1.1 **Property Name:** Chestain Property; **Cross-Reference:** Harquahala District; Ellsworth District

1.2 **Commodities:**

- **Current:** Gold, Commercial Rock, and Aggregate
- **Potential:** Silver

1.3 **Index and Project Number:** 303-4170

1.4 **Location:** Sections 20, 21, 22, 27, 28, 29, 32, 33, 34, Township 5 North, Range 12 West, La Paz County, Arizona

1.5 **Type of Workings:** Exploration Trenches, Underground and Open Pits

1.6 **Stage of Development:** Exploration, Bulk Sampling, Metallurgical Testing, Commercial Rock and Aggregate Production

1.7 **Production History:** Undocumented Production in Claim Block; 1891-1929, \$2.5 Million in Gold in Ellsworth District

1.8 **Mineral Resources**

- **Measured** - Although the property has extensive evidence of exploration through borings and trenching, records of those efforts are not available. The exposures in the Rex Curtiss Jr. area are currently under permit and available for mining. Therefore, no measured resources are included in the evaluation.
- **Indicated** - 562,000 ounces (oz) gold; 133,750 oz silver.
- **Inferred** - The inferred resources are found in relatively flat-lying, extensive primary enrichment deposits (Recamarera Prospect) and the Lechuza Prospect. Preliminary work indicates a potential for a deposit of approximately 5,000,000 tons of inferred resources at 0.08 oz per ton (oz/ton) gold and 2.3 oz/ton silver. Exploration has begun on other areas of the property (Burro and Veta de Oro) that show mineralization; however, inferred resources have not been developed.

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*Mineral Property Evaluation Report*

*International Energy and Resources, Inc.  
La Paz County, Arizona*

1

*April 2004  
Shield Environmental Associates, Inc.*

## 1.9 Ore Reserves

- **Proven** - The limited data reviewed and the initial field work completed at the site restrict the proven gold and silver reserves to the exposed tonnage and grade in the Upper Pit area workings. Based on this evaluation, the proven reserve is approximately 10,000 oz of gold and approximately 2,000 oz of silver. Approximately 100,000 tons of sand, gravel, and rock are available, and the sale contract is near completion.
- **Probable** - No probable reserves have been developed on the property at this time. Further geologic mapping, drilling, sampling, engineering, and economic evaluations are required.

Table 1  
Mineral Resources and Ore Reserves

Commodity	Measured Resources	Indicated Resources	Inferred Resources	Proven Reserves	Probable Reserves
Gold		562,000 oz	5 mm tons of inferred resources <sup>(1)</sup>	10,000 oz	
Silver		133,750 oz	(1)	2,000 oz	
Rock	Open - based on market			120,000 tons	

<sup>(1)</sup>Limited sampling by others indicates 0.08 oz/ton gold; 2.3 oz/ton silver; exploration in these target areas is ongoing.

## 1.10 Geologic Summary and Depositional Model

The Chastain property lies within the westernmost segment of the Harquahala metallic mineral district and the Ellsworth mining district. Common to the site and district are gold-bearing quartz veins and Tertiary gabbroic dikes that cut across older granitic rocks and gabbros, often coinciding with faults, shear zones, breccias, and fissures. Mineral occurrences associated with these veins are gold, pyrite, limonite, malachite, fluorite, and hematite. The swarm of northwest-trending gabbroic dikes and quartz veins occur in close association with one another throughout the Harquahala region, and most of the mines and prospects occur in close proximity. Quartz veins dip at high angles and are either parallel, oriented at small angles, or form the margins of these gabbroic dikes.

Deposits examined at the Chastain property, especially those of the Rex Curtiss Jr. target, have characteristics consistent with both the low-sulfide (L-S) gold-quartz vein



## Summary of Offering

IER is a company incorporated under the laws of the State of Texas. IER currently owns a 90% net revenue interest in 102 lode-mining claims known as The Chastain Mine. IER is offering a 5% working interest for 15 million dollars to accredited investors with a minimum participation of .05% working interest for \$150,000.

It is projected the investor will receive their principle back by the 3rd Quarter of 2005. In 2006 IER projects to increase production to 10,000 tons per day, and continue production of 10,000 tons per day through 2007. In 2008 IER estimates an increase in production to 50,000 tons per day, at which time the working interest drops from 5% to 2.5%. At the present time, it is projected the investor will receive 4.45:1 on their investment.

IER intends to continue producing 50,000 tons per day through 2013. Based on current geological studies, the estimated return on the investment would be 7.46:1 after 10 years of production. And, based on completed geological studies and the size of the property, it is anticipated that the life of the project will exceed 50 years.

Being that IER is in the exploration phase, up to 98% will have certain tax benefits for the investor, including a 15% depletion allowance. Investors should consult with tax advisors to determine tax implications.

For purposes of financial projections, IER has used an amount of \$400 per ounce for gold, but anticipates prices will continue to rise. An average of .20 ounces per ton has been calculated for the Chastain Mine site. It is possible that all estimates of price, quantity, and cost may change once production starts and may be significantly higher or lower than projected.

*The above summary is not an offering.*

*It is intended for informational purposes only.*

*To receive your full memorandum of offering and disclosure, please contact IER*

*info@ierinc.net*

*1-866-543-GOLD*

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# Economic Projection Summary 2005

See exhibit 8 for detailed projections

## Income Gold

350,000 tons per year x .2 oz. gold per ton = 70,000 oz. gold

70,000 oz. gold @ \$400 per oz. = \$28,000,000.00

\$28,000,000.00 x 90% N.R.I =

\$25,200,000.00

## Income Gravel

1,500,000 tons per year x \$15.50 =

\$23,250,000.00

23,250,000.00 x 90% N.R.I

20,925,000.00

Total gross income =

\$46,125,000.00

## Cost

70,000 oz. gold x 61.872 =

\$4,331,000.00

1,500,000 tons gravel =

\$4,162,500.00

G & A costs =

\$7,267,500.00

Total Costs =

\$15,761,000.00

Net Profit =

\$30,364,000.00

*Note: It is IER's intention to take up to 50% of its income to pay the investor back their principal investment. Once the investor is paid back, the working interest goes back to the appropriate percentage.*

# Economic Projection 2006-2007

## 10,000 tons per day

Income Gold 10 x year 2005 =	\$252,000,000.00
Income Gravel 5 x year 2005 =	\$104,625,000.00
Total Gross Income =	\$356,625,000.00
Cost	
Gold 10 x year 2005 =	\$43,310,000.00
Gravel 10 x year 2005 =	\$41,625,000.00
G & A costs =	\$55,237,500.00
Total Costs =	\$140,172,500.00
Net Profit =	\$216,452,500.00
.05% minimum working interest (\$150,000.00) =	\$108,226.00

# Economic Projection 2008

## 50,000 tons per day

Income Gold 5 x year 2007 =	\$1,260,000,000.00
Income Gravel 2 x year 2007 =	\$209,250,000.00
Total Gross Income =	\$1,469,250,000.00
Cost	
Gold 5 x year 2007 =	\$216,550,000.00
Gravel 5 x year 2007 =	\$208,125,000.00
G & A costs =	\$149,250,000.00
Total Costs =	\$573,925,000.00
Net Profit =	\$895,325,000.00
.05% minimum working interest (\$150,000.00) =	\$223,831.00



## **Return on Investment**

**Based on \$150,000.00 Invested**

**Year 2005**

**Return on minimum investment**

**\$150,000.00**

**Years 2006 & 2007**

**Return on minimum investment**

**\$216,452.00**

**Years 2008 thru 2013**

**Return on minimum investment**

**\$1,119,155.00**

**Total Return on minimum investment of \$150,000.00**

**\$1,815,942.00**

**7.46:1R.O.I.**

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## **12.0 Conclusions and Recommendations**

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### **12.1 Conclusions**

The Chastain Project represents a significant exploration and development target based on:

- The correlations between the district geology and production are strong. The deposits within the district have had significant historic gold production from similar geologic material and structures. Although less information is available, there have been recent productions (1980s to early 1990s) from both the primary-type deposits as well as the vein-type material.
- Initial mapping and sampling, primarily in the Rex Curtiss Jr. area and Misti's Ridge target, found gold in all of the collected samples (trace to 2.1 oz/ton).
- Preliminary environmental and permitting reviews did not find potential fatal flaw issues or time-delay issues with the progression from exploration to a full-scale mining operation.
- IER controls a significant claim block directly and has access to additional properties adjacent to the claim block, giving the company sufficient acreage for multiple development scenarios.

### **12.2 Recommendations**

- Initiate exploration activities to further delineate the entire project area and focus on target areas (Section 12.4).
- Finalize a materials sale contract with the U.S. BLM for the commercial rock.
- Sample the commercial rock stockpiles for residual cyanide and gold values prior to sale. Rock with gold values of 0.05 oz/ton or greater should be used for pilot metallurgical testing.
- Finalize bench-scale metallurgical testing.
- Finalize design of a mobile 100 tons/day pilot mill to be located on the private land controlled by IER. This pilot mill could be used at other projects as well.
- Commence permitting (state and federal) for a 100 tons/day pilot mill to be located on the private land controlled by IER.
- Commence permitting activities for an expanded exploration program, including a 100-ton/day bulk sampling operation, deeper drilling, and the construction of temporary drill roads and pads. Permitting should include state permits for deeper drilling. Permit development for the environmental aspects and potential layouts of support areas can commence, with the plan finalized as exploration data becomes available.

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*Mineral Property Evaluation Report*

*International Energy and Resources, Inc.  
La Paz County, Arizona*

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*April 2004  
Shield Environmental Associates, Inc.*



- As new exploration data becomes available, build the database, commence geostatistical modeling, and continue the economic evaluation of the project.
- If the exploration data continues to be positive, complete a Prefeasibility Study by the end of 2004.

## 12.3 Acquisition Value

An acquisition value was not developed as part of this assessment.

## 12.4 Exploration Activities

The following exploration program is suggested as the next phase of field work at the site. As with any exploration program maintaining flexibility is critical so that the work can be adjusted based on field results. A brief overview of the suggested activities by target area is presented. Combined, these target area programs will produce an overview of the entire property.

### 12.4.1 Rex Curtiss Jr. Prospect

The majority of work to date has occurred within the Rex Curtiss Jr. area. This phase of exploration in this area includes:

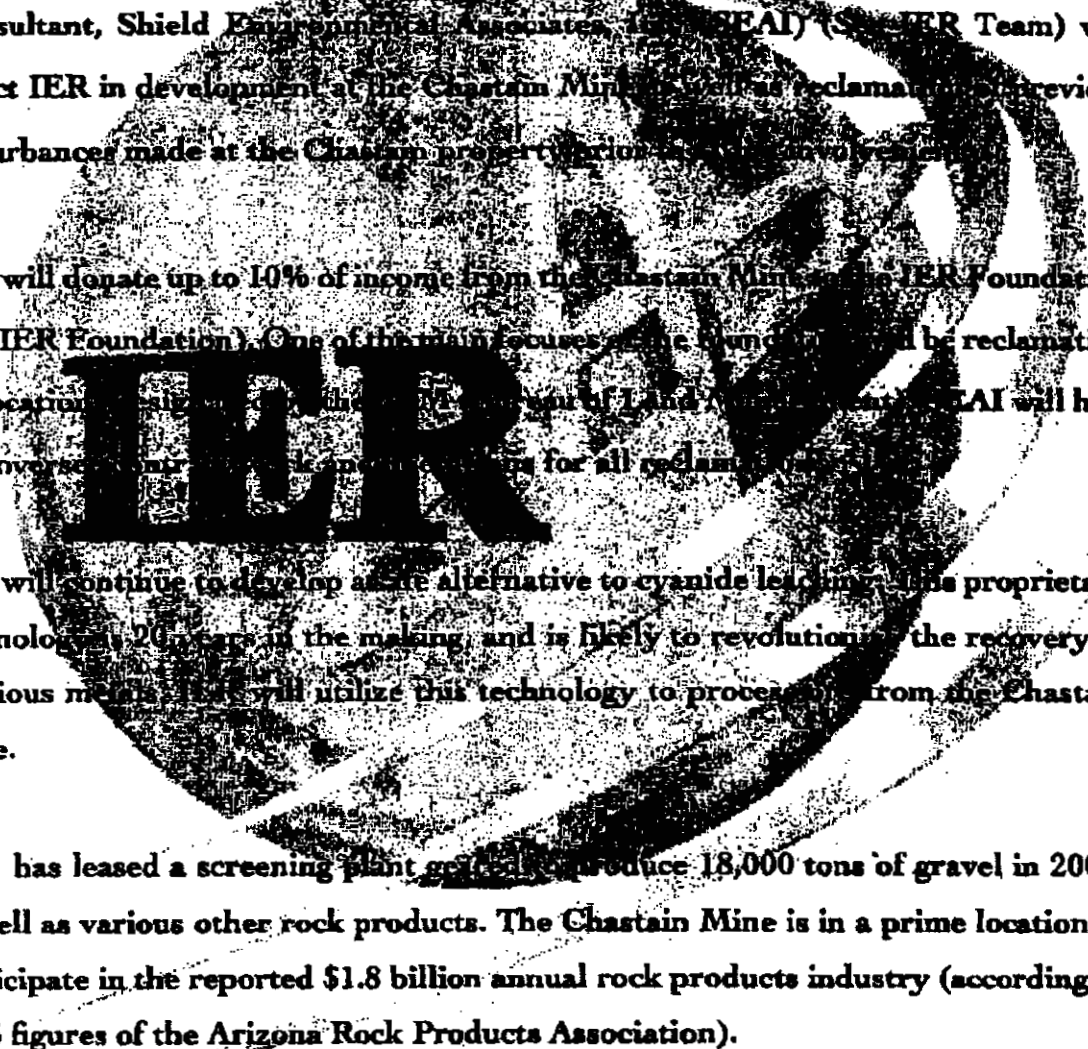
- Definitional drilling to 100-feet throughout the area
- Closely spaced drilling in the Upper Pit
- Drilling of the East Vein and East Vein extension
- Geochemical sampling
- Ore stockpile surveying and sampling

The objectives of this phase of exploration is to define resources and reserves in the upper pit and east vein/east vein extension areas and to provide data for extended bulk testing.

The next phase of exploration work will be based on the field results from the current program. It is anticipated that the next round will include a combination of deep drilling, angle drilling, core drilling, and bulk sampling.

# International Energy and Resources, Inc.

## Our Focus for 2004

- 
- Consultant, Shield Environmental Associates, Inc. (SEAI) (S/E IER Team) will direct IER in development of the Chastain Mine with reclamation of previous disturbances made at the Chastain property for environmental involvement.
  - IER will donate up to 10% of income from the Chastain Mine to the IER Foundation (see IER Foundation). One of the main focuses of the Foundation will be reclamation on locations assigned to the Department of Land Management. SEAI will hire and oversee environmental work and operations for all reclamation work.
  - IER will continue to develop a site alternative to cyanide leaching. This proprietary technology is 20 years in the making, and is likely to revolutionize the recovery of precious metals. IER will utilize this technology to process ore from the Chastain Mine.
  - IER has leased a screening plant to produce 18,000 tons of gravel in 2004, as well as various other rock products. The Chastain Mine is in a prime location to participate in the reported \$1.8 billion annual rock products industry (according to 2003 figures of the Arizona Rock Products Association).

*WE are extremely excited about the progress made in 2003.*

*We look forward to great development in 2004 & the next decade!*

John Owea, Founder & CEO and Don Brown, President

# International Energy and Resources, Inc.

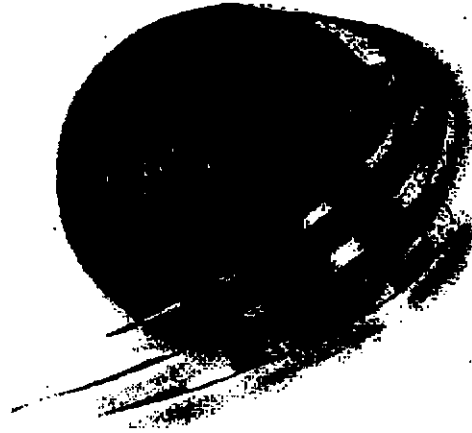
## Our Focus for 2004

- Consultant, Shield Environmental Associates, Inc. (SEAI) (SEAI/IER Team) will direct IER in development at the Chastain Mine as well as reclamation of previous disturbances made at the Chastain property prior to SEAI involvement.
- IER will donate up to 10% of income from the Chastain Mine to the IER Foundation (see IER Foundation). One of the main focuses of the foundation will be reclamation on location. SEAI and the SEAI/IER Team of Land Reclamation. SEAI will hire and oversee contractors and subcontractors for all reclamation.
- IER will continue to develop as an alternative to cyanide leaching. This proprietary technology is 70 years in the making, and is likely to revolutionize the recovery of precious metals. IER will utilize this technology to process ore from the Chastain Mine.
- IER has leased a screening plant that will produce 18,000 tons of gravel in 2004, as well as various other rock products. The Chastain Mine is in a prime location to participate in the reported \$1.8 billion annual rock products industry (according to 2003 figures of the Arizona Rock Products Association).

*WE are extremely excited about the progress made in 2003.*

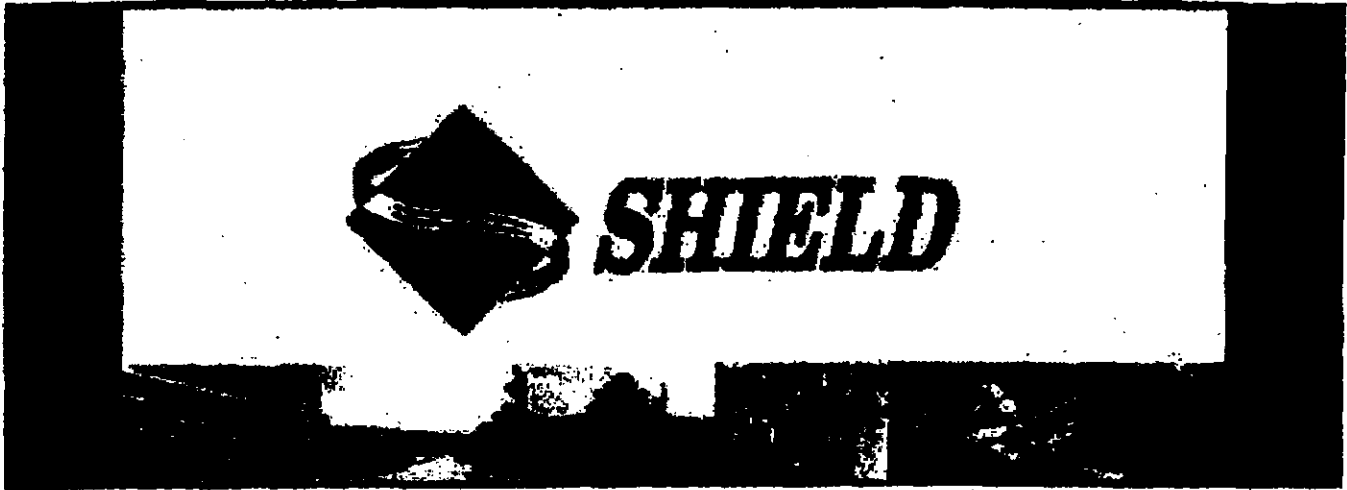
*We look forward to great development in 2004 & the next decade!*

John Owen, Founder & CEO and Don Brown, President



## IER Team

**IER** is a technology-driven company dedicated to helping reclaim the environment, and to developing environmentally safe technology focused on the recovery of precious metals. Our team of expert managers, geologists, mining engineers, precious metal chemists, and environmentalists work together with integrity and skill to discover and recover precious metals.



**Shield Environmental Associates, Inc. (SEAI)**

SEAI ([www.shieldenv.com](http://www.shieldenv.com)) is a firm staffed with approximately 110 professional engineers, geologists, and earth scientists trained and experienced in the mining, civil, mechanical, mineral resource evaluation, geotechnical, sanitary, and environmental fields. They are listed by Engineering News Record as one of the "Top 200 Environmental Firms", and were recently named one of the "Hot 100" fastest growing environmental firms in the United States by Zweig White and Associates.

**Kevin Jones, Managing Consultant/Project Manager SEAI, has more than 28 years experience in the mining business. He has worked with active precious metals mining operations to develop prospects, secure permits, and design mine operations. His experience also includes strategic planning of mining operations, regulatory negotiations, and implementation of mine plans. In addition, he has been involved in the environmental investigation and remediation field for more than 15 years as regulator and consultant. His experience includes contaminant hydrology, regulatory negotiations, planning and implementing remedial measures, and numerous state programs.**

**Barbara Jones, Remediation and Management SEAI, has 25 years of experience in regulatory consulting, environmental consulting, and laboratory work; she has managed projects under a variety of state and federal regulatory programs. Ms. Jones applies innovative analytical methods and risk-based approaches for establishing cleanup goals and selecting the appropriate remedial alternatives. She takes part in planning and evaluation of laboratory treatability studies, Resource Conservation and Recovery Act facility permitting and closure activities, and CERCLA feasibility studies.**

**Carol J. McKee, P.G., Senior Project Manager SEAI, has over 12 years experience involving large-scale project management on projects ranging from asbestos remediation and consulting, to large scale drilling programs for environmental investigations and remediation. She is also project manager in charge of soil and groundwater remediation at various sites in the United States and abroad. In addition, Ms. McKee has developed and implemented corporate health and safety and training programs.**



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# Preliminary Project Budget & Schedule



## Memorandum

To: John Owen, Don Brown, Misti Mathis  
From: Kevin Jones  
Date: January 20, 2004  
Subject: Preliminary Project Budget and Schedule

The following budgets are based on preliminary data and estimates of operations for the Chastain property during an early phase of evaluation. The attached preliminary schedule presents anticipated timelines for developing and evaluating resources, pilot testing of processes, field implementation of leaching processes, construction of site facilities, regulatory permitting, etc... The ID numbers listed below correspond with the ID numbers on the preliminary schedule.

The schedule and budget presented assume an extremely aggressive approach and will likely change as the project progresses. Based on the preliminary nature of the data available, the following assumptions were used to develop costs:

- \$7,000,000 capital costs required based on a 1,000 ton/day rate
- 11,200,000 tons of ore reserves would be required
- Mining approach is assumed to be an open cut/underground mine with bulk leach processing

Attached Schedule ID	Task Description	Budget
ID1	Project Budget / Management Plan	\$7,500
ID2	Resolve Claim Issues	\$50,000
ID7	Develop Resources & Reserves	\$3,928,500
ID23	Regulatory Process	\$520,000
ID41	Pilot Test	\$412,000
ID76	Field Implementation	\$528,698
ID93	Site Support/Facilities	\$510,000
ID103	Finalize Processing	\$780,000
ID114	Generate Cash Flow	\$30,000
ID123	Mining/Milling	\$440,000
ID128	G&A	\$600,000
ID130-ID141	Major Deliverables and Project Milestones generated as a result of project efforts	

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# 2004 Income

Production Beginning 4/1/04

## Gold from Ore

Production per week in tons	100
Number of production weeks (4/1/04-12/31/04)	39
Total tons of ore	3,900
Gold extraction rate per ton in ounces	.25
Total ounces of gold	975
Gold price per ton	\$400

## Gravel

Production per quarter in tons	18,000
Number of production quarters (4/1/04-12/31/04)	3
Total tons of gravel	54,000
Gravel price per ton average	\$15.50

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# 2004 Cost

Production Beginning 4/1/04

## Gravel Costs

Production per quarter in tons	18,000
Number of production quarters (4/1/04-12/31/04)	3
Total tons of gravel	54,000
Gravel cost per ton average	\$2.00
Total gravel production costs	\$108,000.00
Total gravel sales costs	\$87,300.00

## Gold Leaching Process

Number of man hours (3 men @ 8 hours/day)	24
Hourly pay rate	\$25.00
Total payroll per day	\$600.00
Gold extraction rate per ton in ounces	7
Total payroll per week	\$4,200.00
Number of production weeks in 04'	39
Total gold cost	\$163,800.00
Total costs	\$359,100.00

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