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The Henrietta Mine

Prescott, Yavapai County, Arizona

Summary Report-Update 2008

**Status Evaluation and Recommendations
for
Development of the Mine's Gold Resources**



Henrietta Mine and Mill, 1892, from Sharlot Hall Museum Mining Image Collection

**Report by
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Update March 2008 of 03/2003

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1. INTRODUCTION

On March 16th, 2008 Mr. Robert Grill contracted the services of Dr Hans R Klob, Principal Consultant Mining Geologist and Economist of HRK International GeoConsulting Services in San Francisco for an update of his March 2003 Henrietta Mine Summary Report on the Status of the Mine with Evaluation and Recommendations for the Development of the Mine's Gold Resources.

Mr. Grill had contracted Dr Klob's HRK International GeoConsulting Services for the original March 2003 Henrietta Mine Summary Report for the first time on February 19th, 2003.

Robert Grill has been then and is to this day trustee of the **Henrietta Properties**, an Arizona Trust and the owner of the **Henrietta Gold Mine**, near Prescott, Arizona.

The purpose of the original 2003 study was for Dr Klob ("HRK") to review, analyze, and validate earlier findings, laid out in documents supplied by the owner. A "List of available Documents" is included in Chapter 7. Authors and/or institutions listed below have issued reports and documents of valuation concerning the Henrietta Mine. Their opinions are quoted in this report. They are U.S. and Arizona State institutions as well as other highly qualified, licensed and credible experts in their field of competence:

- Arizona Department of Mines and Mineral Resources ("ADMR"),
- LINDGREN, W., - Regional Mining Geologist of the U.S. Geological Survey ("USGS"), U.S. Department of the Interior,
- BRASDA, B.W., head of Brasda Title Service, an Arizona registered Title Company specialized in titles to mineral properties and U.S. Justice Dept. listed approved expert,
- CHRISTENSEN, J., a mine operation expert and former co-owner of the Henrietta Mine,
- EVERHART, M.E., President of Everhart Appraisal Service, Inc., an Arizona licensed appraiser of mineral properties,
- HAZEN Research Inc., (Bentzen III, E.H., Project Manager), a well recognized Golden, Colorado based metallurgical and ore testing laboratory,
- IRON KING, a former Arizona Mining Assay Office, at Humboldt, Arizona,
- MRDS database Dep. ID #10027183, MRDS ID #M002396; and, Dep. ID #10234355, MAS ID #0040251126.
- SIMPSON, Ch. H., a geologist and metallurgical research analyst in Arizona, qualified as a Research Analyst 1-11 under U.S. Govt. Civil Service,
- ZINKL, A.J., an Arizona licensed mining engineer.

HRK's 2003 review also had included a visit and inspection of the mine site, its ore dumps and milling equipment. The request had not asked for the independent gathering of additional data by HRK, nor were any new measurements and/or analyses made on the mine's ore dumps at the time. HRK, however, had sought updated information on availability and cost of mill equipment, and ore assaying and metallurgical testing. For this HRK had contacted following companies:

- Mr. Daniel Kappes of Kappes, Cassiday and Associates in Reno, Nevada, a service & engineering company for the metallurgical and mining industry - for a cost estimate and proposal for ore assaying, metallurgical testing and gold recovery, and
- Mr. Jerry Downey of Savona Equipment Ltd., Used Mining Equipment Sales, Kamloops, B.C. Canada - for a cost estimate on retooled milling equipment.

Details of the information obtained in 2003 are shown and discussed in Chapters 4 and 5 together with an update by the economic factors of the yearly rate of inflation and the world market price of gold and silver (see chapt. 2).

For this 2008 update of the 2003 Henrietta Mine Summary Report no site visit could be scheduled for reasons of urgency on Mr. Grill's part and time constraints on HRK's part. In its place, Mr. Grill has proposed to issue an Affidavit as his assurance to the fact that neither activities nor changes to the property have taken place since February 2003. Said Affidavit, shown below, has been received from the trustee by e-mail on March 20th, 2008.

The 2003 report was the result of the requested critical review, undertaken both at HRK's office in San Francisco and during a three-day visit in Arizona February 19th to 21st. The visit and inspection tour of the mine site took place on February 20th, 2003.

The new revised Summary Report of March 2008 updates HRK's 2003 analysis and evaluation of the data on mineral reserves/resources, his opinion and his estimates about the economic feasibility of gold production especially in the light of gold, silver and base metal World Market prices, some of which have tripled over the past five years.

The 2008 DECLARATION & AFFIDAVIT by Mr. R. Grill as trustee of the Henrietta Mine Properties signed and notarized March 19th, 2008:

DECLARATION & AFFIDAVIT

Pursuant to ARS #10

Henrietta Properties is an Arizona Trust domiciled in the State of Arizona with offices located at 1168 E Alameda, Tempe Az. 85282

The Statutory Agent & Trustee for the Trust is Robert J. Grill at the above address.

On or about March 2003 Hans R Klob Ph.D., as Principal Consultant Geologist & Economist for HRK International GeoConsulting Services, of San Francisco California did complete a Summary Report & Status Evaluation with Recommendations for Development of the Henrietta Mine Gold Resources (see 2003 report).

In reference to the above declarations, I, Robert J. Grill hereby further declare that I have been in sole and complete control of the above named Henrietta Mine Property since 2003, and as such, do hereby irrevocably state the surface and underground condition of the above named property has not changed since the 2003 Report & Evaluation by Hans R.Klob was made, and I, Robert Grill, as Trustee of Henrietta Mine Property do further state the 2003 Summery Report of the Ore Reserves - Resources - Ore Grades are the present & current status of the four patented claims known as American Flag, Invincible, Yankee Girl and Mill site, comprising approximately 49 acres, see Yavapai County Map 402-01-027 D .

Signed & affirmed

By: Robert J. Grill Date 3-19-08
Robert J Grill Trustee for Henrietta Properties

ACKNOWLEDGEMENT

State of Colorado
County of El Paso

I certify the above named person has appeared before me, being duly sworn, and or affirmed that same has executed the foregoing Affidavit as being true and correct in every instance

Melinda Jo Livingston Date 3/19/2008

Notary
10/11/2009

My commission expires



2. ECONOMIC Factors from 1997 to 2008

According to the Affidavit, there are no new developments at the mine, such as recent exploration, drilling, sampling, assaying etc., or other surface and underground work. Therefore, the important two economic factors to consider for a re-assessment and re-evaluation as an update of HRK Henrietta Mine Summary Report of 2003 are: The Rate of Inflation and the changes in Metal Prices, specifically those of Precious Metals - Gold.

The gold price February/March 2003 was at US\$ 365/oz. March 2008 it has reached so far its highest level of over US\$ 1,020. That amounts to an increase of about 280%. This increase of the value of gold is so significant, compared to the percentage of inflation of 14.4% accumulated over the last five years at an average annual rate of under 2.9% that it renders the economic factor of inflation negligible for the purpose of this re-evaluation of the mineral values at the Henrietta Mine property.

For reasons of completeness and the sake of the argument, the chart for the Inflation Rate is included in this report in the following subchapter. The factor was applied in this new report for updating the cost calculations.

2.1. The Inflation Rate

The US Inflation Rate - 1997 to 2007

Year	Rate %	US Administration
1997	2.34	Clinton
1998	1.55	
1999	2.19	
2000	3.38	
2001	2.83	Bush, G.W.
2002	1.59	
2003	2.27	
2004	2.68	
2005	3.39	
2006	3.24	
2007	2.85	

The 11-year average since 1997* is 2.57% or the 11-year total is 28.31%. For the last five years since beginning of 2003* the average inflation rate of 2.89% is slightly higher than the 11-year average; the total inflation for the last five years amounts to 14.43%.

2.2. The World Market for the Metals Gold, Silver and Copper

With rapidly growing emerging markets such as China and India, both countries, where the population has surpassed one billion people, the demand for metals including precious metals has been higher than world mining production has been able to supply. Hence, we have seen tremendous increases in metal prices, of which gold, silver and copper are the most relevant for this report, as Henrietta Mine once used to be a copper mine that turned into a gold mine. For illustrating these price increases, the following charts are included here:

- Fig. 1 and Fig. 2 for 2007/08 one year price development of gold and silver
- Fig. 3 and Fig. 4 for price development of gold and silver over the last eight years, and
- Fig. 5 for the price development of copper over the last five years.

*Note: The year 1997 was the year of the mine property appraisal for Henrietta Mine by B.W.BRASDA, President of Brasda Title Service; March 2003 the date of the original HRK Summary Report on the Henrietta Property.



Fig. 1: Development of the Gold Price for 03/2007-03/2008



Fig. 2: Development of the Silver Price for 03/2007-03/2008

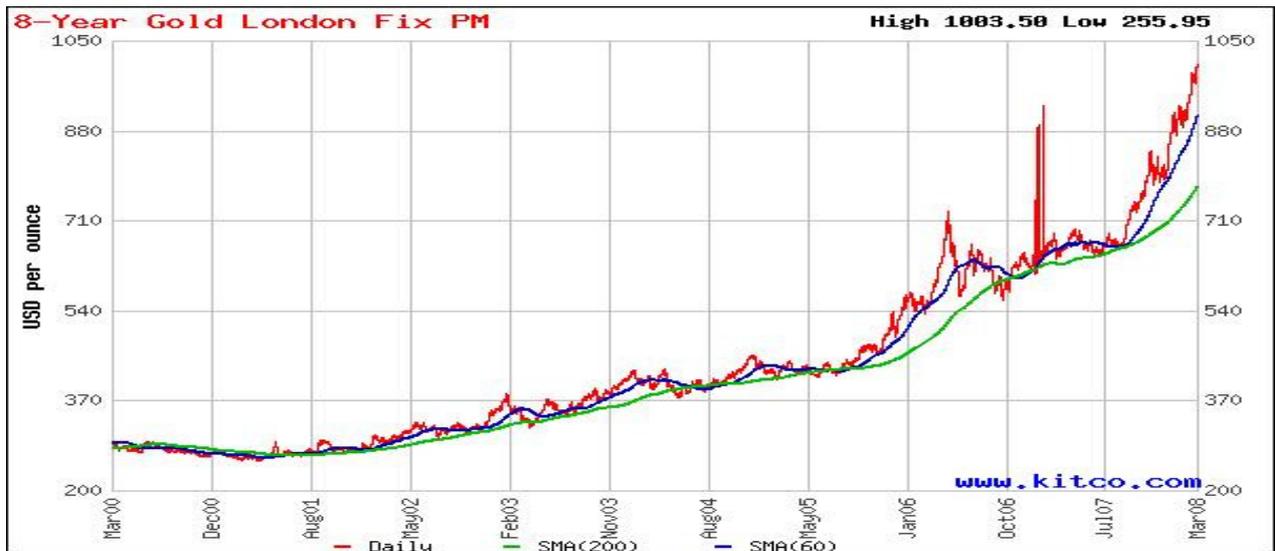


Fig. 3: Development of the Gold Price for 03/2000-03/2008

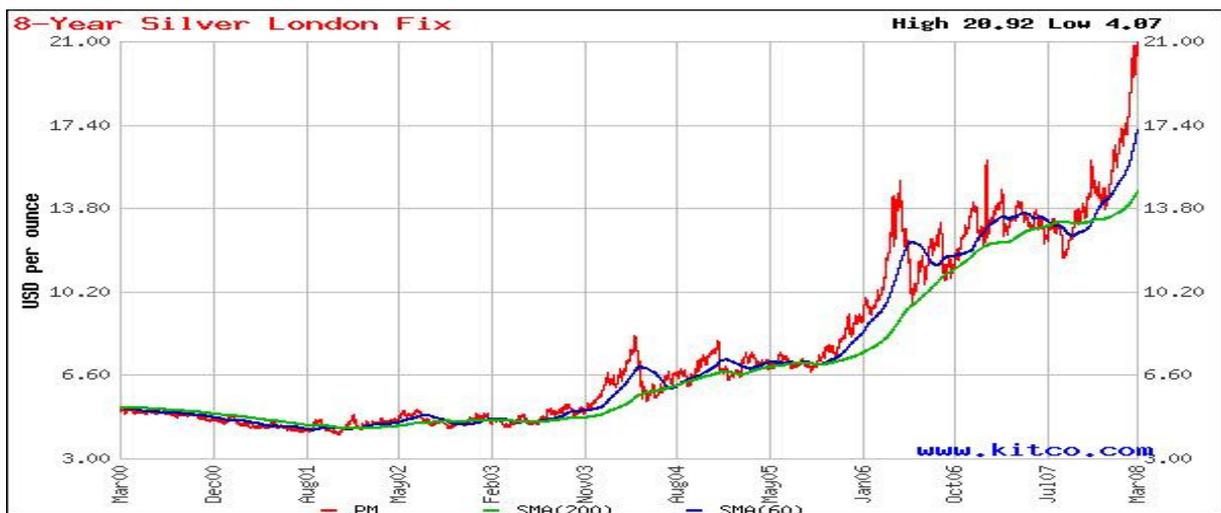


Fig. 4: Development of the Silver Price for 03/2000-03/2008



Fig. 5: Development of the Copper Price for 03/2003-03/2008

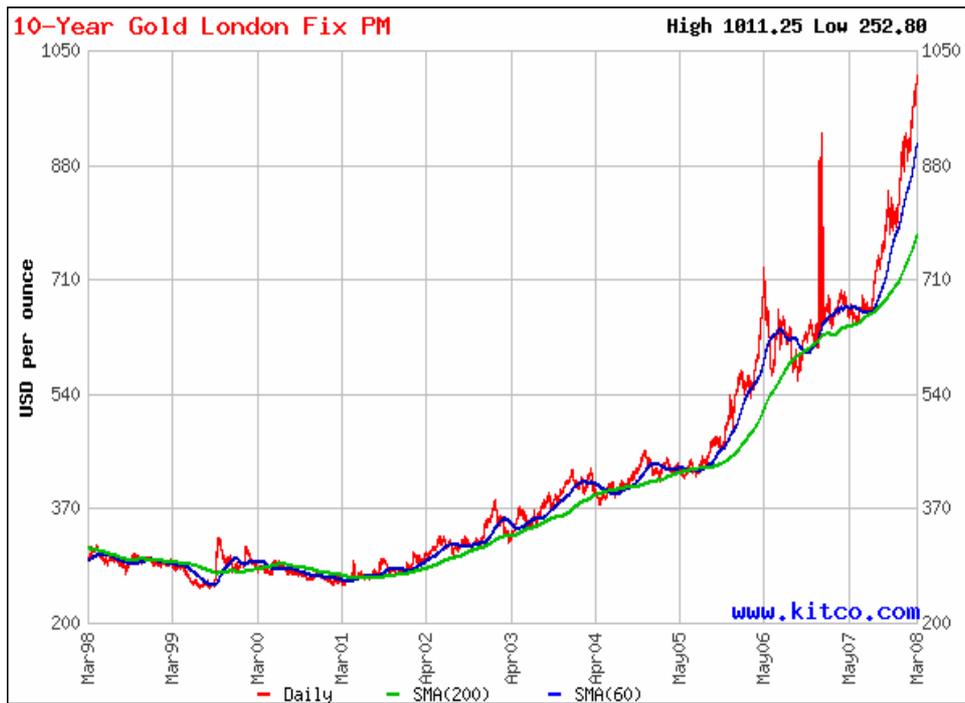


Fig. 6: Development of the Gold Price over the last ten years (03/1998-03/2008)

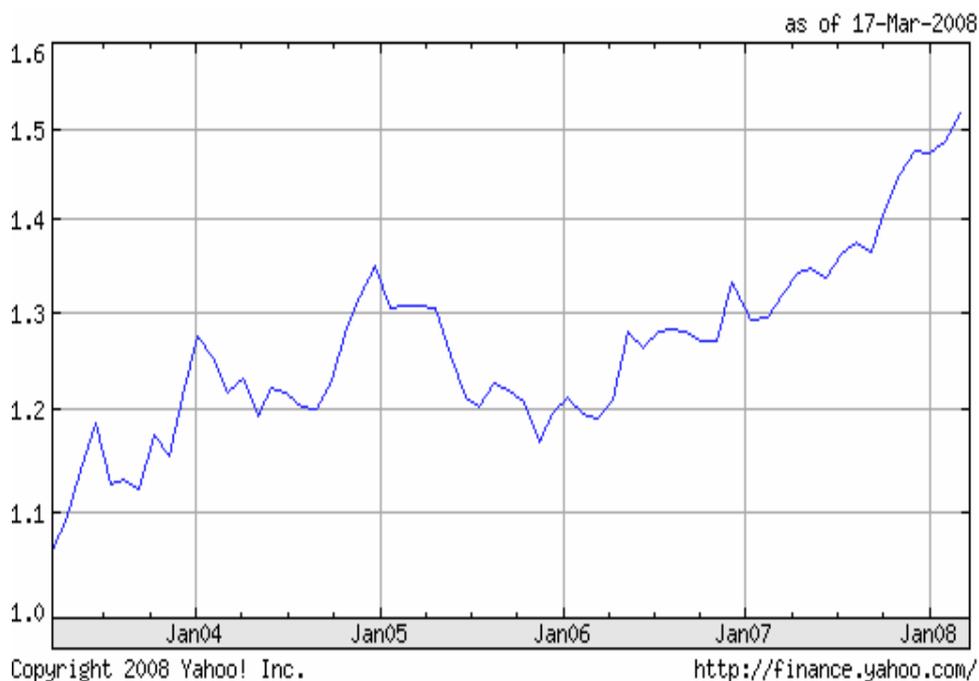


Fig. 7: Chart of past five years of the Decline of the US\$ against the EUR

Figure 6 covers the gold price development over the last ten years from March 1998 to today: It is to demonstrate the cyclical trend of the gold price over the past years. After a healthy elevation around US\$ 360 – 390oz until 1997, the gold market began to collapse during 1997. From there on, the gold price stayed, in a steady decline, below the US\$ 300/oz level, with lows at about US\$ 250. Only April 2002, it broke the US\$ 300 boundary, and in a slow rise reached US\$ 385 in February 2003, the time of the first HRK Henrietta Mine Study and

Summary Report. Since then the gold price has gone up in an increasingly steeper curve and has crossed the threshold of US\$ 1,000 for the first time this month of March 2008.

This coincides on one side with the steady weakening of the US Dollar (see Fig. 7) in relation to EURO and other leading currencies. On the other side, the price increases are linked more directly and strongly to an increasing imbalance between supply and demand on the sector of natural resources such as minerals and metals as well as fossil fuels. Given the actual market condition, a reversal of the present upward trend is not foreseeable. How high it can and may go, before the price curve reaches its peak and flattens out, is subject to speculation. But then, the crossing of the US\$ 1,000 "barrier" this month was called impossible or highly speculative five to ten years ago.

Because of gold's excellent performance over the past five years, gold market analysts predict a long and strong bull market for gold, a perfect time to begin the Henrietta Mine's gold production again, today even more so than five years ago, when the same was proposed in HRK's original 2003 report.

Location Maps - Henrietta Mine (Henrietta-Gopher Mine; Big Bug Mine; American Flag Mine; Braganza Gold Mine property 1906; Gopher MS 19 claim; Patented mining claims MS 1597), Mayer, Big Bug District, Bradshaw Mts (Bradshaw Range), Yavapai Co., Arizona, USA

Latitude & Longitude (WGS84): 34° 27' 41" North 112° 17' 26" West
Latitude & Longitude (Decimal Degrees): 34.4313888889 . -112.290555556

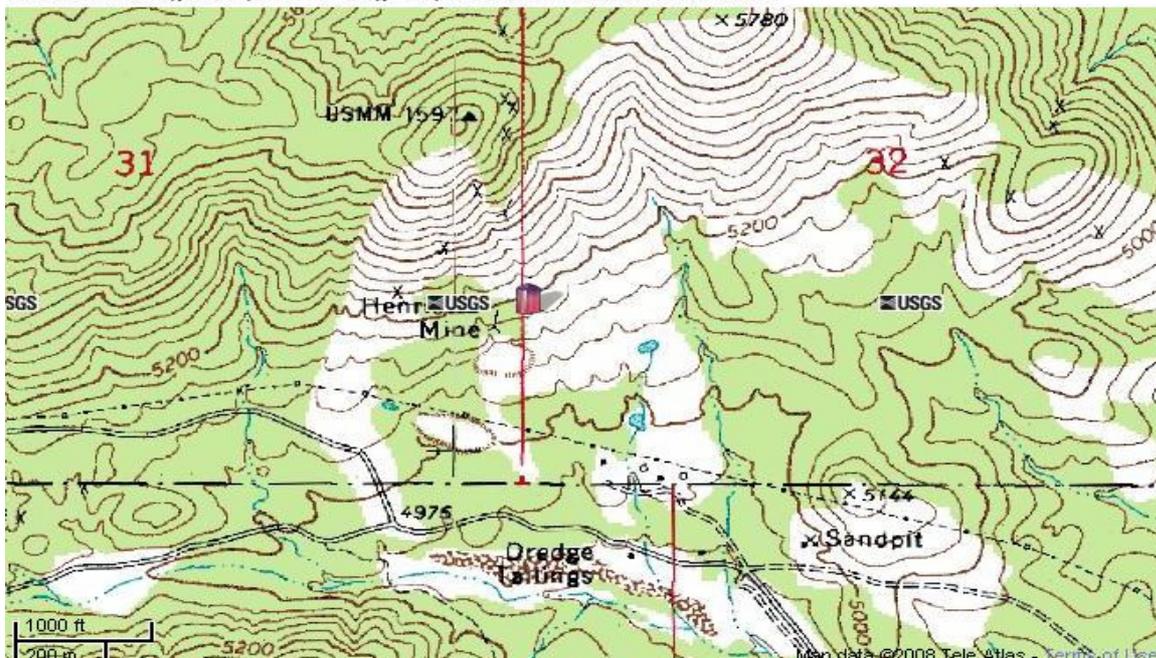


Fig. 8: Topographic Map of Henrietta Mine and surrounding Areas (USGS)

3. SUMMARY

The **Henrietta** Mine, once the largest gold producer of the Big Bug Mining District of Arizona, is a historical gold mine. After major ore developments underground during 1915 to 1919 it has been idle for almost a century, mostly due to economic reasons caused by the events and consequences of the two World Wars.

The **present study update is** based on the data available for the report in 2003, on observations during a visit of the mine site at the same time, and on new research. It **confirms:**

- the Henrietta Mine property holds the recoverable values in its precious metal (gold) bearing ore, as claimed by the reports: in stockpiles and developed blocks of ore underground, resulting in a real property value of the mine of at least US\$ 105.6 Mio, and
- the venture to reopen production of gold in a two-step process can and will be profitable, especially in the light of gold world market prices today at levels between US\$ 900 and 1,000 (comp. to 2003 gold price of US\$ 330-380/oz after over six years [1997-2002] of low prices at US\$ 250-270/oz) - see charts chapt.2.

A Two-step Process is proposed and recommended to restart gold production: create a cash flow by processing first the stockpiled gold ore from existing ore dumps, and subsequently restart production from the Mine, from ore, developed underground decades ago. A reopening of the underground mine will not only enhance the property value, but also establish and demonstrate the property's potential by ensuring - with new ore coming from underground - a continued supply of the milling circuit beyond the first two years, when the ore resources from the ore dumps are expected to be exhausted.

Step One consists of three Phases: the *First*, the ore testing and inventory, and the mine camp rehabilitation phase; the *Second*, the mill installation phase, and the *Third Phase*, metal (gold, silver and base metals) production in a new processing plant.

- A total cost of US\$ 2.48 Mio for Phase I and Phase II is the Capital Requirement estimated by HRK (see p. 43).

- The anticipated Capital Requirement of US\$ 0.81 Mio for Phase Three is composed of US\$ 700,000 Operating Capital plus a 15% Contingency, e.g. US\$ 105,000.
- The total estimated Capital required for Phase I to Phase III is US\$ 3.29 Mio.

Note: This estimate includes the additional cost of ore processing to recover base metals and precious metals in an environment-friendly lixiviation process. Such a process is deemed necessary and will be researched by ore testing in Phase I for an optimized metals' recovery. If at the beginning of operations processing of the ore by gravity alone is chosen, the mill waste runoff (tailings) can be collected in the settling ponds and stockpiled until the time a full metal recovery circuit can be afforded from the operation's own cash flow.

Based upon a planned milling volume of 200 tons of stockpiled ore per day the estimated 120,000 tons of ore pile resources will be depleted by the end of the second year of operations. Therefore, when the Henrietta Mine Project has reached at least the minimal goal of a gold production from stockpiled ore by a gravitational milling and recovery process (see note above), it will be necessary to begin work to secure a continuous ore supply to the mill from alternative sources before the limited dump reserves are exhausted. New potential ore sources can be researched, prepared and obtained during Phase III by

- excavating oxide ore in small open pits, where the ore veins (Henrietta and Invincible Vein) outcrop on the property surface,
- recycling the fines from the old settling pond, if assay tests should demonstrate an elevated gold content, and
- opening of the old mine portals (7-10 days work with a shovel excavator, including some timber support work to secure the opening), followed by
- assessment and mapping of underground workings by geologist and mining engineer to determine
 - the condition of the mine, e.g. the tunnels, drifts, shafts and stopes,
 - the availability of ore for production from old stopes, immediate, medium and long term,
 - the work needed to bring the mine up to safety standards and requirements, and

- the installation of a pumping system to drain the water from the workings below the Lower Tunnel Level; it can be supplied to the milling circuit.

For an estimate of anticipated gross returns and cash flow the following information and calculations are based upon assumptions accepted as conservative, appropriate and reasonable by HRK:

- a) The gold price recently has reached a high of US\$ 1,020/oz (but since has been oscillating to a level of about US\$ 960/oz (2003: US\$ 330-380/oz)).
- b) The average PM grade of the stockpiled oxide ore resource to be processed is assumed at 0.2 opt gold and 1.5 opt silver,
- c) A planned production of 200 tons per day over 310 days per year,
[Note that 310 days per year was selected to take into account about 1 day per week of downtime/slowdown of milling operations for cleaning and maintenance]
- d) Estimated Milling Costs US\$ 18 (2003: US\$ 15) per ton
- e) Estimated Resource at the ore dumps of 120,000 tons of free milling oxide ore
- f) Recovery Rate for gold is 90%, or 0.18 opt Au, and for silver 80%, or 1.2 opt Ag,
- g) Refining Cost about 5% of value.
- h) Gold Content of 120,000 tons of ore at 0.18 opt recovery = 21,600 oz
- i) With Gold at US\$ 1,000/oz (2003: US\$ 330/oz) total Value of Recovered Gold amounts to US\$ 21.6 Mio (2003: US\$ 7.13 Mio)
NOTE: this estimated amount is only based on the recovered gold, but is not taking into consideration the value of silver and recoverable base metals
Value of Ag recoverable at US\$ 18/oz (144.000 oz) US\$ 2.6 Mio
Value of Cu recoverable at US\$ 8,800/kg (3,070 kg) US\$ 27.1 Mio.
- j) At a production rate of 200 tons of ore per day, 310 days per year (milling of a total of 62,000 tons per year), the resource of the estimated 120,000 tons of stockpiled ore is expected to supply the mill for about two years.
- k) Daily gold production is expected to average at 36 oz, corresponding to a daily gross revenue of about US\$ 36,000 with gold at US\$ 1,000 (2003: US\$ 11,880 with gold at US\$ 330/oz).
- l) With a gold price of US\$ 1,000/oz and an optimized recovery of gold, silver and base metals, the Net Revenues before taxes (without deduction of interest for the capital) from processing the Stockpiled Ore of 120,000 tons are projected at US\$ 43.2 Mio (see page 45).

Note:

- This estimate may change up- or downward as the World Market Price for gold and accompanying metals changes.
- The proposed method of processing by gravitation only was chosen as a basic method of gold recovery, proven valid but not optimal in the past. To optimize the method of recovery of gold and other metals (Ag, and base metals) ore testing, as proposed, is mandatory in an initial step; its goal is to find an efficient economic and environment-friendly recovery process.
- Variations in the actual tonnage, grades and gold recovery of stockpiled ore in relations to the estimated values above also will affect the Net Returns.
- The lead-time to become operational also will affect the Estimated Net Returns.

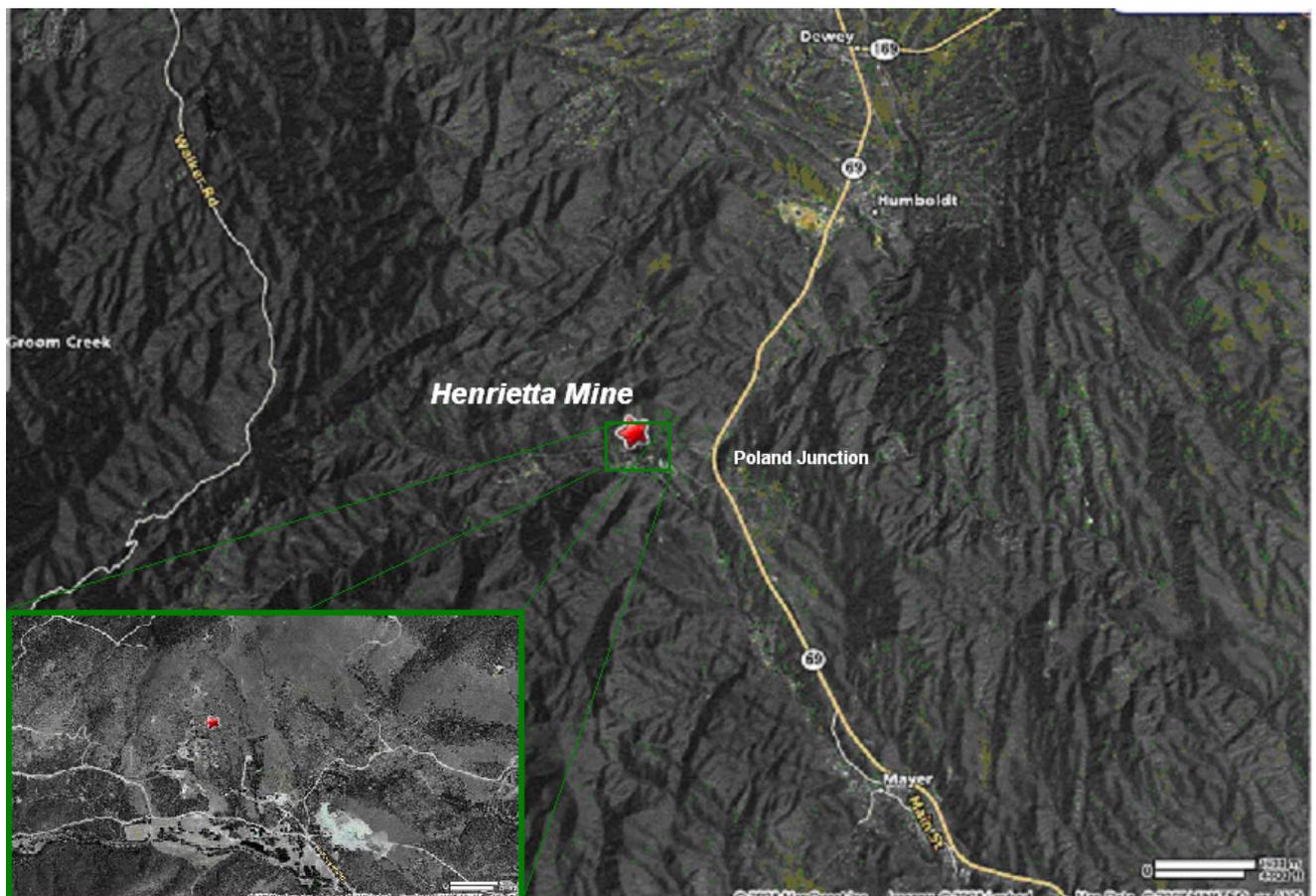


Fig. 9: Relief Map and Satellite Image of Henrietta Mine and surrounding Region

4. DISCUSSION OF AVAILABLE DATA

4.1. Location and Geography

The **Henrietta Mine** property is located near Prescott, in the Big Bug Mining District, Yavapai County, Arizona, on Topographic Map "Poland Junction Quad" (U.S. Geological Survey - "USGS"), Range 1 East, Township 13 North, Section 31, Quarter E2.

The site can be reached by road from Phoenix, Arizona, following Interstate 17 north for about 60 miles and State Highway 69 for about 20 miles, northwest, to Poland Junction. From there a county gravel road (Poland Road) leads over 1.5 miles in western direction to the Henrietta Mine access road. Poland Junction, about 22 miles east of Prescott, is located on Hwy 69 midway between Mayer and Humboldt. Big Bug Creek runs close to the property (Fig. 8 & Fig. 9).

The Henrietta Property Trust has two water wells, described as sufficient to supply water to the planned ore milling circuit. In addition, high-tension power and a local power distribution line are available on site, both water and electrical power supply being essential for a milling and mining operation. The study by ZINKL (1984), an Arizona licensed mining engineer, reports water to flow out of the Lower Tunnel at a rate of 50 gallons per minute as measured by Mr. Christensen, a former owner. However, only little seepage of water was observed at the time of the mine visit by HRK on Feb. 20th, 2003 with the tunnel portals being blocked. This leads to the conclusion that water seepage from the mine may be seasonal. It also indicates that the developments/levels of the Henrietta Mine, below the Lower Tunnel level are flooded.

The Property lies on the eastern flank of the Bradshaw Mountain Range of Central Arizona. The site elevation is between 5200 and 5700 feet with a gentle relief. The vegetation is typical for a high desert climate, mostly scattered brush of Manzanita and Oak. Freezing during the night may occur in winter, but has not hindered year around mining operations in the past. Rainfall amounts to between 12 and 15 inches per year with sporadic snowfall during winter (ZINKL, 1984).

4.2. The Henrietta Mine Group of Claims

The Henrietta Mine Group of Claims is composed of four patented claims, named *American Flag*, *Invincible*, *Yankee Girl* and *Mill Site* (see outlined area colored in red: Yavapai County Map 402-01-027 D – Fig. 11). In accordance to the Henrietta Trust property tax records it covers an area of 44 acres, however the size quoted in the property appraisal report of EVERHART (1995), a licensed Arizona appraiser, is "approximately 48.7 acres".

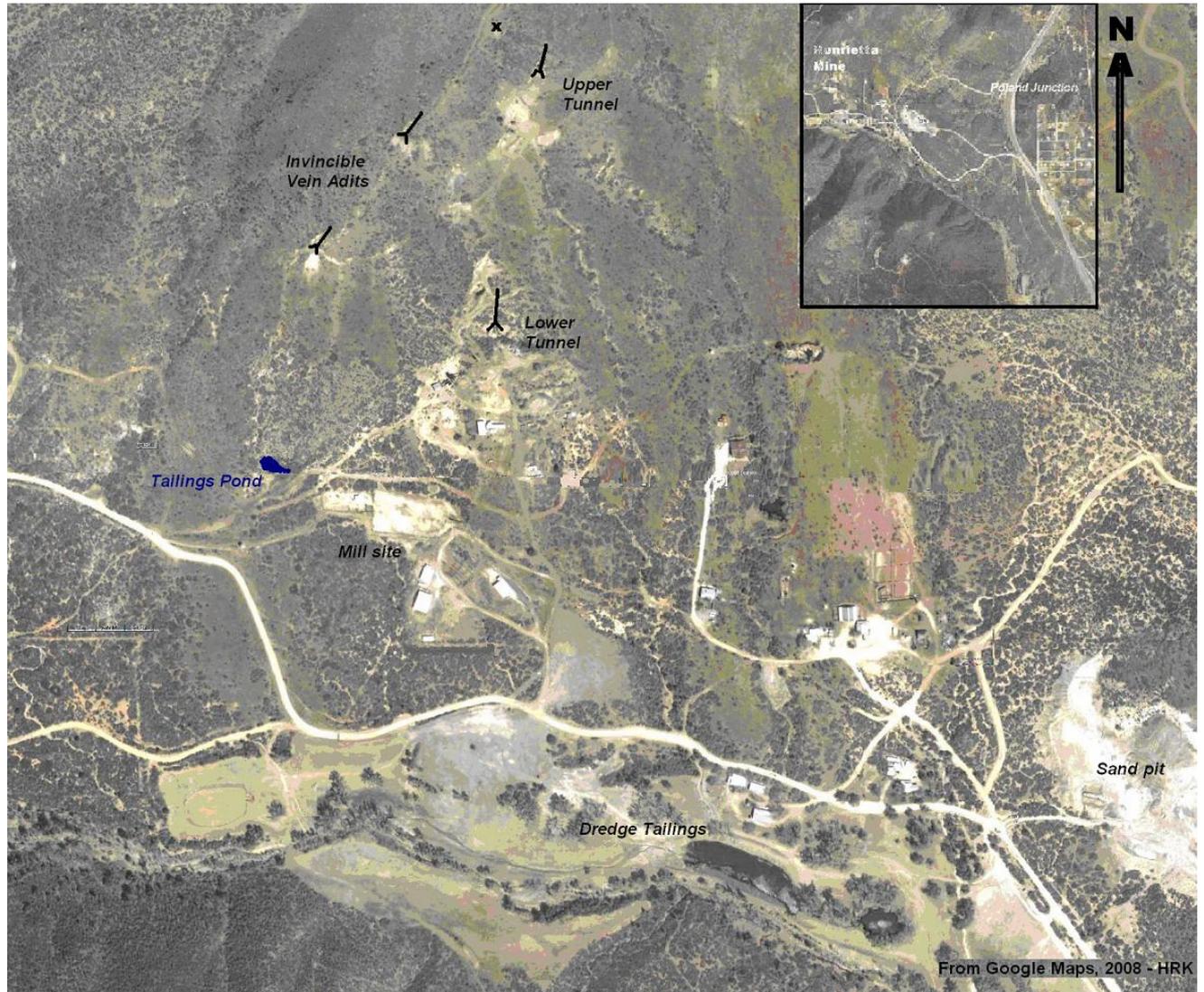


Fig. 10: Satellite Image of Henrietta Mine and Mill Site

The official map of the Henrietta Mining Claim Group, Mineral Survey No. 1597A and 1597B, is on record in the office of the Bureau of Land Management (BLM), U.S. Department of Interior, (Fig. 11). So are the official engineer's field notes describing the size of each mine in the area, the type of boundary markers used to locate the corners of each claim and the metes and

bounds description of the boundaries of each claim (see 1997 Report by BRASDA, a registered Arizona Title Service and U.S. Justice Department listed expert on mineral properties).

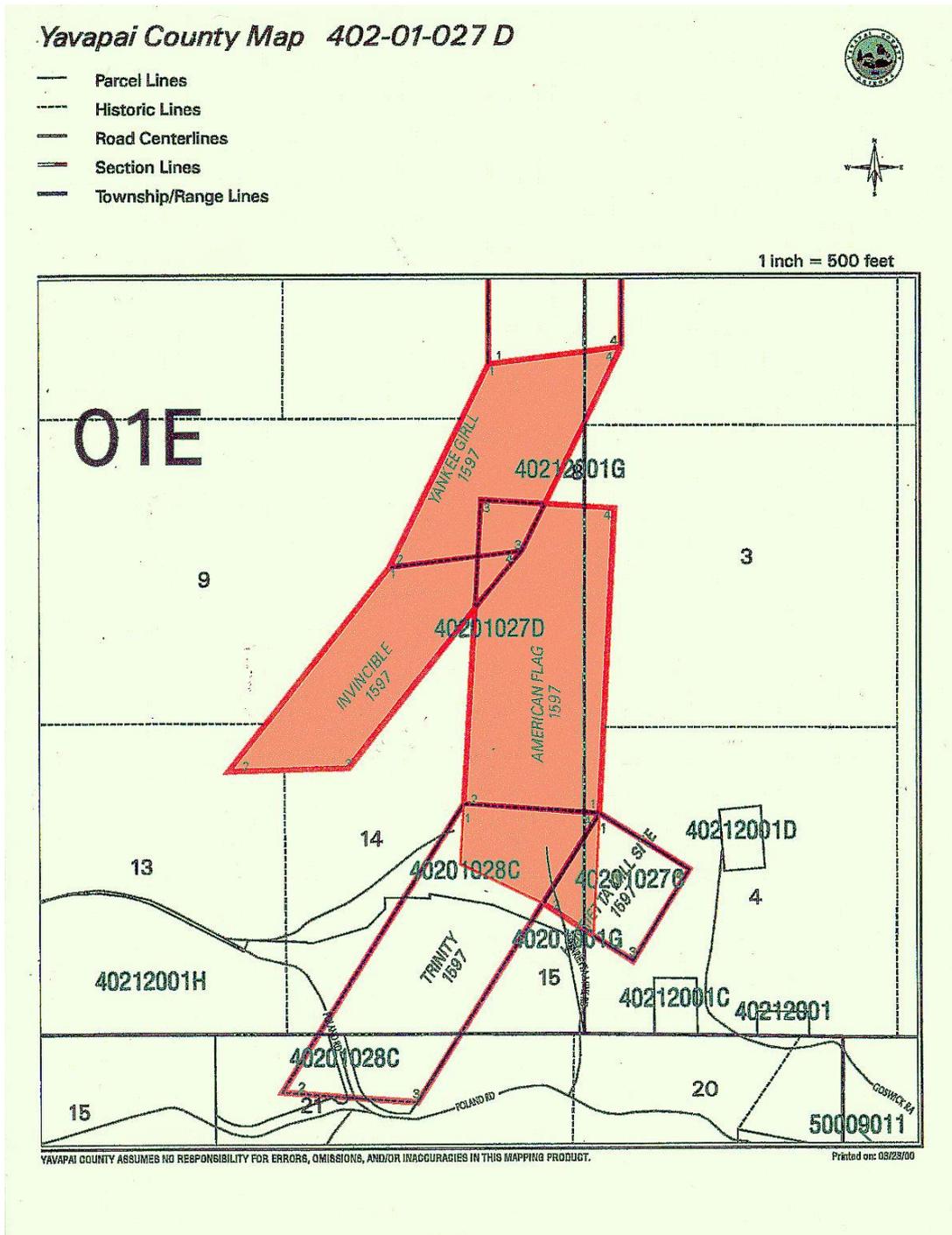


Fig. 11: Claim Map of the Henrietta Mine Concessions

4.3. History of the Henrietta Mine

The Henrietta Mine is a former underground Au-Pb-Cu-Ag-Zn mine located two miles north of Mayer, about ½ mile north of Big Bug Creek and one mile west of Poland Junction. Mining for copper started before the 1850s. According to the records on the Henrietta Mine at the Arizona Department of Mines and Mineral Resources (ADMR, 1981) gold mining took place over several short-lived periods starting 1883 to 1892 (see historic photo at the Title Page). Originally, the Honorable C.E. Hitchcock & family owned it. Operations resumed during 1907 to 1910 by the Braganza group, from 1913 to 1915 by an English Syndicate, from 1915 to 1919 by the Big Ledge Copper Company, and from 1923-1930 by the Huron Copper Mining Co. The story goes that a prospector had rediscovered the mine about 1900 and had named it in honor of Henrietta Crossman, the popular pin-up girl of the times (MRDS Database & ADMR 1981). Beginning of the 20th Century the mine was considered the largest gold producer of the District.

4.4. Geology

The Bradshaw Mountain Range area of Arizona is a geologically complex region underlain by a Precambrian formation of mainly dark metamorphic schists, the Yavapai schist series, containing Precambrian intrusives such as stocks and dikes of granite and diorite porphyry. Further to the North of the Henrietta Property, are rhyolitic to basaltic volcanics of Cretaceous to Tertiary age. LINDGREN (1926), regional geologist of the U.S. Geological Survey, U.S. Dept. of Interior ("USGS"), also describes dark and fine-grained diorite or amphibolite from the Henrietta site, and rocks reminiscent of contact metamorphism with irregular diopside (pyroxene).

The mineralization is contained in a two to six foot wide vein of sulphidic base metal ore hosted in the Lower Unit Spud Mountain Volcanics. The main vein's host rocks are massive, fine-grained amphibolite and/or diorite. It strikes N and dips about 70°W. Gangue is massive quartz with some calcite. A vein spur of the main vein strikes NNE (Invincible vein). It is a well-defined quartz vein about six feet wide. On the lower levels, it is a solid quartz vein, two feet wide, with massive sulphides. Faulting and shearing controls the continuity of the ore. At higher underground and near surface levels, metals, especially gold and silver, are concentrated by oxidation. No alteration was noted (MRDS Data base).

The Henrietta Vein and the Invincible Vein spur

The two gold-ore bearing veins of the Henrietta Mine are the **Henrietta Vein**, the main vein deposit, and the **Invincible Vein**, a spur or offshoot from the main vein. Both are described as mostly well-defined hydrothermal quartz-sulphide-gold-silver-copper veins. They are either found intruded into the Precambrian granite or along the contact between granite and diorite porphyry (amphibolite).

The Henrietta Vein strikes N10-12°E with a westerly dip of 72°. It varies in thickness between three and six feet. The Invincible Vein strikes N30°E with a dip of 68° to the west, showing a thickness between two and four feet. The two veins converge northwards and unite north of the center of the *Yankee Girl* claim. The old miners have followed and in large parts developed the mineralized zones over a length of approximately one mile along strike (ZINKL, 1984).

The primary mineral composition of the veins is of sulphides in a massive, rarely drusy quartz matrix with locally secondary calcite. Sulphides (about 60%) are mainly pyrite and chalcopryite, with lesser amounts of sphalerite and galena (LINDGREN, 1926). Locally, sulphides can appear in form of rude banding. Ore in the back of the stopes from levels 600 to 450 has given the following assay averages: Copper 3.2%; Iron 14%; Gold 0.2 opt; Silver 2.7 opt (LINDGREN, 1926).

The upper part of the vein deposit is highly oxidized. The transition zone between oxide ore and sulphide ore is dipping from an elevation of about 5400 feet at the south end to an elevation of about 5000 feet north of the underground mine. The oxide ore often shows rich colors of red to yellow from iron hydroxides mixed with blue to green copper hydro-sulphates and -carbonates (malachite/azurite). Gold is free milling gold intermixed with remnants of pyrite and chalcopryite - an observation made by HRK at the ore dumps.

Based on his February 20th, 2003 visual surface inspection of the mine site's various ore dumps HRK concluded that most, if not all, of the available ore material there is of the oxidized ("free-milling") type.

Most of the past production (especially pre-1915) has been from the gold enriched oxide zone. Based on past production and sampling records from this zone ore grades range from 0.25 to 1.25 opt gold and 1.0 to 3.0 opt silver (Quote by ZINKL, 1984, from info of Arizona Dept. of Mines & Mineral Resources - "ADMR").

4.5. The Historic Underground Workings of the Henrietta Mine

Workings include a 50 feet deep shaft (1868), another 80 feet deep shaft (1881); and later, a 500 feet deep shaft plus a 1,500 feet-long tunnel (Upper Tunnel) traversing the ridge, 220 feet below the shaft collar & stoping. Later workings include a 2,200 feet long tunnel (Lower Tunnel) and a 600 feet deep winze.

Recent activities began again around 1983, when the property was taken over from the previous owner by Christensen and his associates, Graham and Peterson. The mine was acquired 1991 by the Henrietta Property Trust, an Arizona Trust, of which Robert Grill of Tempe, Arizona, is the trustee. The mine camp and milling installations date back to the brief 1983 era, when gold was produced from ore resources derived from the ore dumps (see below CHRISTENSEN's 1983 Ore Value Data, chapt. 4.7.).

Over the history of the mine, several milling installations were operational (Mill Site) and mill-grade ore (oxide-type) produced from the underground mine also was stockpiled at several ore dumps at the main tunnels' portals (Fig.12. - LINDGREN's Section of the Underground Workings, and Fig. 13).

W. LINDGREN (USGS Bulletin 782) briefly describes the old Henrietta mine workings in 1926 in a publication, which includes a longitudinal (S-N) schematic section of the mine (Fig. 12).

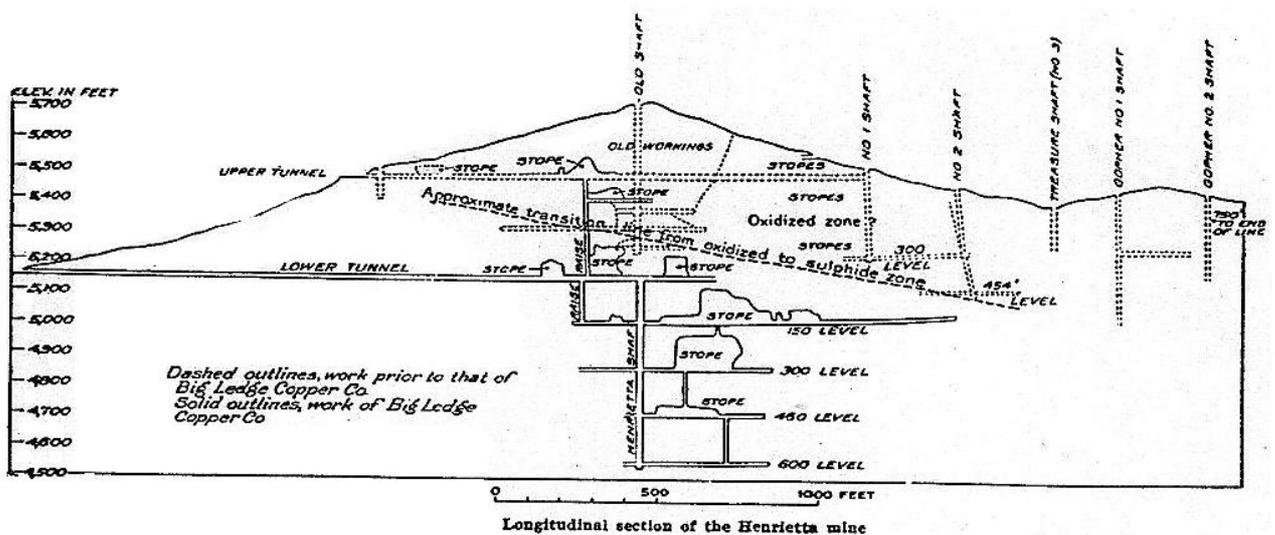


Fig. 12: Longitudinal S to N Section of the old Henrietta Mine Workings

The mine's main shaft (500 feet deep) is located at an elevation of 5,700 feet, in the center/south-eastern corner of the *Yankee Girl* Claim, where it overlaps *American Flag*, about 100 to 150 feet south of the convergence/split of the main Henrietta Vein and the Invincible Vein, its smaller offshoot to the south-west.

Pre-1915 mining and mine development took place almost exclusively in the upper ore zone of the two veins, the oxidized zone (to a depth of about 5,300 feet elevation), mainly through the Upper Tunnel (about 1,800 feet long at 5,480 feet elevation) and the central shaft. Taking over the mine in 1915 Big Ledge Copper drove a new tunnel (the "Lower Tunnel") with the length of 2,200 feet, at an elevation of 5,150 feet. From there they developed the mine in the sulphide ore zone and blocked out considerable ore: Five production levels (0-, 150-, 300-, 450- and 600-level), down to an elevation of about 4,130 feet. Adits at both the Upper and the Lower Tunnel level also were driven along the strike of the *Invincible Vein* towards the center of the underground mine, the main shaft. Production by Big Ledge Copper was shipped to an outside smelter. After 1919, the company made additional shipments during 1926 and 1930.

Production reported between 1901 and 1931 equals US\$ 17 Mio, of which US\$ 4 Mio was from gold at a 1901-1931-average price of gold/oz of US\$ 20.67 (mindat.org). That translates to a gold production over a 30-year period of about 193,520 oz, or about six metric tons of the precious metal.

Some of the main mine entrances were still open into the early 1980s and possibly early 1990s, but since then have been - as it appears - artificially blocked off for safety reasons and to prevent wild and/or farm animals from entering the underground tunnel system.

4.6. Present Status of Henrietta Mine

As already stated in Chapter 1, HRK was contracted on March 16th, 2008 by Mr. Robert Grill for an update of his March 2003 Henrietta Mine Summary Report on the Status of the Mine with Evaluation and Recommendations for the Development of the Mine's Gold Resources. For technical and timely reasons a visit of the site by HRK on this short notice did not take place this time. Since no physical changes have occurred at the Mine and Mill site since 2003 the present update of this Summary Report was backed by Mr. Grill's Affidavit (see Appendix). However, what had changed, is the market for precious and other base and ferrous metals,

and HRK has incorporated these changes into this updated report together with results of new research on the mine. To better visualize the changes between 2003 and 2008, the author has chosen to preserve - as much as it was practical – of the main structure of the 2003 report as well as the data contained herein (marked as “2003”) and has added the new data and calculations (marked as “2008”):

The 2003 status of the Henrietta Mine was subject of the study underlying the original March 2003 HRK Summary Report. On Feb. 20th, 2003 a brief inspection of the site was undertaken by HRK in company of Robert Grill and an Associate. For reasons outlined in Chapter 1., The Introduction, HRK has received an Affidavit by Mr. Grill, Trustee of the Henrietta Properties Trust, certifying that no activities have taken place nor any changes been made at the property since the last mine inspection by HRK in 2003. In the following are some of the most important 2003 observations regarding the mine property status:

- The Henrietta Property Trust owns the property, including water and the underground minerals, in fee. There are no liens on the property (see Stipulation Order CV 002 001 0236, Yavapai County, Arizona - BRASDA, 2003).
- The property has easy access over the access road, an easement from Poland Road to the old mine camp, an array of buildings and trailers and the old milling installation. (Fig. 8 & Fig. 9).
- Buildings, trailers and storage shacks that appeared salvageable in 2003 may have undergone further deterioration over the last five years. New water and electrical power lines need to be installed. The mill has now been idle for about 23 years (2003: 18 years), leaving the hardware - e.g. the infrastructure (electrical installations, pipes, etc.) as well as trucks, cats, shovels, and milling circuits in a condition, which may not allow any longer for their rehabilitation. A replacement by new or reconditioned equipment will be necessary. A series of metallurgical ore tests will be the basis for a new plant design. New surveys and assays of the ore dumps will determine more exactly their ore reserves, which, to this date, are based on various estimates only.
- The old milling circuit, lodged on the flank of the hill below the Lower Tunnel level is set more or less along to the hill slope. A newly installed milling circuit should take advantage of the morphology making use of the relatively gentle slope for a flow process based on gravitation, set up from the level of the Lower Tunnel down.
- During his mine visit in 2003 HRK observed that at least three of the mine portals (the Lower and Upper Tunnel - Henrietta Vein, and one of several adits along the outcrop of

the Invincible Vein) had been blocked intentionally for safety reasons and to keep animals out. Some portals show clearly some cave-ins, too. Therefore, HRK was not able to assess the condition/stability of the underground workings.

- The **oxide ore dumps** (Fig. 13), cited and described in various reports and discussed below, exist, and from the observed size, earlier estimates quoted in the respective reports seem credible. Discrepancies between the different reports are pointed out by HRK in this report.
- In **addition to the ore tonnage contained in the dumps**, HRK made the following observation during his mine visit:
 - The *Henrietta Vein* is exposed next to the Upper Tunnel portal in a width of more than six feet, and it appears that additional tonnage of oxide ore could easily be extracted from a small open pit along strike once milling of the dump ore has commenced.
 - In addition, several exposures of the *Invincible Vein* were observed along strike, between the Upper Tunnel and the Lower Tunnel level, which should be assayed and could allow small scale open pit extraction of ore to supplement initial production.
 - Since extractable volume and grades have not yet been determined properly, this potential resource has not been included in the calculations.

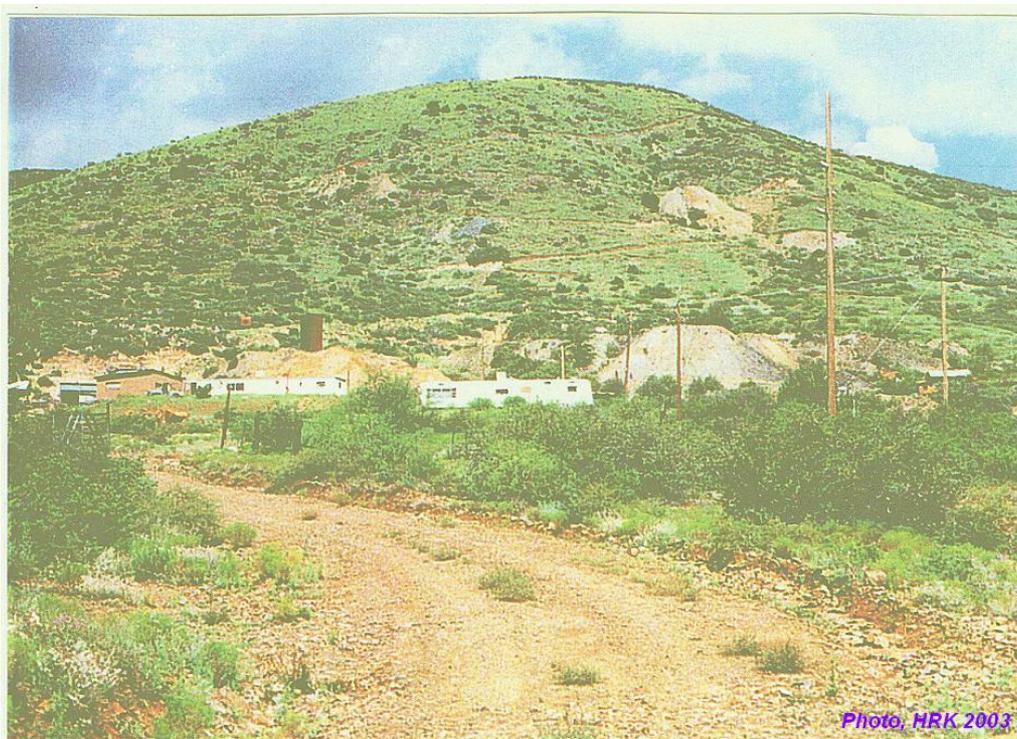


Fig. 13: General View of Henrietta Mill and Mine Property taken from south to north showing stockpiles of ore at the old processing plant (mill) and at the Adits (“tunnel”)

4.7. Ore Reserves - Ore Resources - Ore Grades

The reports received by HRK for the original 2003 study, describe and define two resources for a gold production. Both, the mine and the stockpiles have been verified during the inspection tour by HRK February 2003:

- Estimated (Probable) Ore Reserves - oxide and sulphide ore in a underground mine, described as well developed, which, however, no longer is accessible, and
- A stock of mostly oxide ore, piled up in several ore dumps next to the old tunnel portals and the mill site (see Fig. 13).

In addition, HRK observed two other potential sources during the mine visit:

- Oxide ore from surface outcrops of both Henrietta and Invincible – allowing at least a limited open pit exploitation, and
- Old mill tailings in the former settlement pond, which still could contain gold, silver and other metals.

The stockpiles of oxide ore from the ore dumps are of special interest for this study. Based on his observations HRK believes that ZINKL's expectation to create a cash flow from the milling of the ore and extraction of its gold content is realistic and feasible. Gold production from stockpiled Henrietta ore can be realized in an initial phase of site rehabilitation, once sufficient funding is available and a new milling and gold-base metal extraction plant is installed.

It is important to add here that in 2008, in the light of the present trend in metal prices and increasing environmental concerns such a mill should be designed to optimize recovery not just of gold but of all economically valuable metals contained in the ore – in an environment-friendly process.

HRK stands for the business idea that all that is mined and extractable should be used for the benefit of the environment (prevention of e.g. tailing dumps with heavy metals) combined with a higher economic return for the producer. Today's (2008) market with rising metal prices and new developments of suitable metal recovery technologies is the ideal and fertile ground to technically and economically apply this idea to the Henrietta Mine. For that purpose, a thorough and detailed geochemical analysis of the stockpiled ore will be the very first action for a new promising beginning of Henrietta metals production.

4.7.1. The Ore Dump Resources (Ore Stockpiles)

During the past more than twenty years numerous sampling programs and analytical processes have tested the material (oxide gold ore) stockpiled at the mine dumps, both for the ore grade and for milling. Analyses, tests and/or exploitation mainly targeted gold, leaving aside silver and base metals and possibly other metals, recoverable today with environment-friendly extraction processes. Results of these earlier efforts are documented by CHRISTENSEN (1983), ZINKL (1984), BENTZEN III (1993 - The HAZEN Report), EVERHART (1995) and SIMPSON (1997).

CHRISTENSEN's 1983 Ore Value Data:

CHRISTENSEN (1983), a mine operation expert, has been co-owner of the Henrietta Mine. He describes ten samples, he submitted as assayed by the Iron King Assay Office at Humboldt, Arizona (IRON KING, 1983). These assays have yielded gold grades ranging from 0.014 to 0.460 - averaging 0.169 - oz per ton (opt) of gold, with silver in the range of 0.19 to 2.56 - and averaging 0.127 - opt. He names the Primary Dump as the source of the samples.

In the summary sheet to his 1983 report, "The Henrietta Evaluation" CHRISTENSEN shows the following table regarding the quantities and values of ore stockpiled at four different ore dumps:

	Dump Name	Estim. Tonnage	US\$ Value/t	Total US\$ Value
Ore Dump	Invincible	15,000 t	US\$ 175	2,625,000 US\$
	Tunnel	30,000 t	US\$ 200	6,000,000 US\$
	Secondary	40,000 t	US\$ 150	6,000,000 US\$
	Primary	150,000 t	US\$ 75	11,250,000 US\$
Total Tonnage (1983)		235,000 t		25,875,000 US\$

Tab. 1: CHRISTENSEN's Estimate of Tonnage of Ore Stockpiled at four Ore Dumps with valuation in US\$ of the gold contained therein.

CHRISTENSEN's (1983) total tonnage of dumpsite ore is over 115,000 tons higher than ZINKL's estimate one year later and/or by 100,000 t higher than EVERHART's (1995), both discussed below. Only by reducing the tonnage of the "primary" dump by 100,000 tons to

50,000 tons can these two estimates be correlated and reconciled. This discrepancy in tonnage between the two valuations can be explained by the fact that CHRISTENSEN was operating the mill and producing gold from stockpiled ore for over one year from 1983 to 1984 and may have easily used a volume of 100,000 tons of stockpiled ore resources during that time (see Note at *) below at Tab. 2.

Furthermore, HRK observed that CHRISTENSEN attributes average US\$ values per ton of ore to each dumpsite, but does not identify the average ore grades (opt Au) of the respective dumps for his "Evaluation". As basis for the projections in his report he quotes a gold price of US\$ 325/oz. HRK has used this gold market price to calculate average ore grades for each dump: the resulting grades in opt Au are given in the above sequence in the following table:

Tab. 2: Table of Conversion of Ore Value in US\$/t to Gold Grade in opt Au and weighed average grade before and after deduction of 100,000 t of stockpiled ore - as ore processed by CHRISTENSEN between the year 1983 and 1984.

Name of Dump	Tonnage	US\$/t	Gold Grade	oz total	total Value US\$
Invincible	15,000	175	0.538 opt	8,070	2,625,000
Tunnel	30,000	200	0.615 opt	18,450	6,000,000
Secondary	40,000	150	0.462 opt	18,480	6,000,000
Primary	150,000	75	0.231 opt	34,650	11,250,000
					25,875,000

1983 Total	235,000 t*)			79,650 oz --- weighed av. 0.340
Minus	- 100,000 t*)	Primary ore processed		23,100 oz
1984 Total	135,000			56,550 oz --- weighed av. 0.419

CHRISTENSEN's Data summarized:	stockpile ore tonnage	135,000	t
after deduction of 100,000 t 1984	Weighed average Au	0.419	opt
	Price of Au/oz	325	US\$
	Total oz Au in stock	56,550	oz
	Total value stockpiles	18,380,000	US\$

*) To allow for a better comparison between the estimates of tonnage of Henrietta ore dumps by ZINKL, EVERHART and CHRISTENSEN 100,000 t were deducted from CHRISTENSEN's assumptions – taken that CHRISTENSEN either overestimated the tonnage or, what is more probable, processed about 100,000 t of ore from the tunnel dump site to produce gold between 1983, the year of his report, and 1984, the year of ZINKL's report.

The average grade in opt calculated from CHRISTENSEN's table (Tab. 1) for the Primary dump is slightly higher (by 0.05 opt) but still correlates with the average of 0.169 opt gold attained from ten samples (IRON KING, 1983, see above) that were taken from the Primary dump. The highest assay value shown by IRON KING is 0.460 opt Au, which corresponds well with average gold grades of other dumpsites (Tab. 2).

ZINKL's 1984 Ore Value Data:

ZINKL, an Arizona licensed mining engineer, briefly describes sampling from "one of the dumps" with an estimated tonnage of 20,000 tons of ore, where initial metallurgical testing indicated a recovery of 75 - 80% of gold. In the chapter on dumps, he identifies this dump as the "Primary" dump at the Lower Tunnel. Judging by the given tonnage and location (at "the Tunnel") this must correspond with CHRISTENSEN's "Tunnel" ore dump (see above).

ZINKL (1984) reports further that additional dumps surveyed near the Lower Tunnel (one), at the Upper Tunnel (one) and a smaller one at the Invincible Adit "indicate an additional tonnage in excess of 100,000 tons of dump material". These dumps were not sampled at the time. The two estimates make a total of over 120,000 tons of millable/ready to mill oxide gold ore stockpiled at the site. Of all the reported estimates, ZINKL's would appear as the most reliable, based on his position as a truly independent engineer, if in sum it wasn't very vague. His estimate of a total of dumpsite ore tonnage of over 120,000 t does not differ greatly from that of other authors (e.g. EVERHART – total dumpsite ore tonnage: 135,000 t, see below, and CHRISTENSEN – Total in 1983 = 235,000 t minus 100,000 t processed 1983-84).

EVERHART's Ore Value Data:

In the chapter titled "Valuation by the Appraiser" EVERHART (1995), a licensed Arizona appraiser, shows a similar table as above:

	Dump Name	Estim. Tonnage	US\$ Value/t	Total US\$ Value
Ore Dump	Invincible	15,000 t	US\$ 124	1,860,000 US\$
	Tunnel	30,000 t	US\$ 124	3,720,000 US\$
	Primary	40,000 t	US\$ 124	4,960,000 US\$
	Secondary	50,000 t	US\$ 124	6,200,000 US\$
Total Tonnage		135,000 t		16,740,000 US\$

Tab. 3: EVERHART's Estimate of Tonnage of Ore stockpiled at four Ore Dumps with valuation in US\$ of the gold contained therein

Note, that

- a) the quantities of Primary and Secondary Dump are switched here. (This may be due to a difference of name identification in the two reports). And
- b) EVERHART also uses a US\$/t value (e.g. US\$ 124) for the ore; it is, however, the same for each ore dump, and this is a different value than CHRISTENSEN's, who shows four different values. At an assumed gold price of US\$ 365/oz (1995) this amounts to average ore grades at the four dumps of 0.34 opt gold; applying a lower gold price at US\$ 325 the US\$/t value of 124 would translate to an ore grade of 0.38 opt Au.

Apart from these differences, the report of EVERHART as a licensed Arizona appraisal expert appears consistent and credible.

SIMPSON's Ore Value Data:

SIMPSON (1997), a metallurgical research analyst in Arizona, who has worked for decades in the area, writes in his "Consultant's Appraisal Report" that "*during the development and past production life of this (the Henrietta Mine) mine many thousands of tons of mill ore was stacked at the portals of the three adits. It is this tonnage of stockpiled head ore, which is immediately available as **inventory in process** that Henrietta Properties intends to process with an upgraded milling & screening circuit...*" and *..."The stockpiled inventory is observed as an estimated 130,000 tons of mill ore..."*

Since SIMPSON apparently knew the property well, the volume of oxide ore material from the four described dumps sites, a total between 120,000 and 130,000 tons, seems to confirm the above quoted statement. SIMPSON, a research analyst for metallurgical research, also claimed that by a proprietary chemical process ("the Simpson Chlorination Process") he had been able

to identify and isolate Platinum-group metals (PGMs) next to the known metals, gold, silver, copper, etc, from Henrietta ore. He further claimed that the McKENZIE (1992) Laboratories assayed representative samples (P1-P9, S1-S9). This Lab's "Report of Analysis", addressed to Mr. Simpson, shows assays of the said 18 samples for Rhodium, Platinum, Gold and Palladium. Gold values quoted for the samples seem to correspond to gold assay values in reports discussed before.

Regarding the high values he obtained for the PGMs, especially for Rhodium (0.1-0.2 opt) and Platinum (0.56-1.1 opt), HRK needs to point out the following:

- a) The PGM values seem excessive for the given geological environment.
- b) Mr. Simpson himself is the only link between the Henrietta dump ore and the McKenzie assays. Although he had stated in a lie detector test that "samples analyzed by McKenzie were from the Henrietta site", there is no other indication that P1-P9 and S1-S9 have actually come from the Henrietta Mine dumps.
- c) Furthermore, the gold mining districts of the American West have seen innumerable claims by individual experts, stating that they had identified and isolated platinum through mostly secret and proprietary processes from rocks, which are usually not known to contain PGMs. Such claims are highly suspect to the science community, and - so far - none of these "special" processes have ever made entry into the main stream of Precious Metal production.

SIMPSON quotes an "average present Gross Mineral Value of US\$ 476 per ton..." He attained such a high value by including "his" PGM values. It is HRK's opinion that SIMPSON's valuation of the ore at US\$ 476 per ton based on a questionable PGM content is not acceptable until PGM values have been verified and duplicated by classical methods by an assay lab actually specialized in assaying for PGMs (e.g. BONDAR-CLEGG, KCA).

Documents from JOHNSON (1997), a Tempe, Arizona, Exploration Geochemist, only add to, but do not clarify the platinum question. He submitted a representative sample of "head ore" from the Henrietta Mine to Laboratory Consultants, Ltd. of Tempe, Arizona, for iron, silver, gold and platinum analysis. Several standard assaying processes were employed. Results presented in the Lab's Report to Dr. Johnson show Sample C with the highest Pt result, 60 milligram per ton, which translates to <0.002 oz platinum per ton! Another lab report,

however, addressed to Mr. Simpson for two samples "Henrietta I" and "Henrietta II" indicates Au between 0.47-0.50 opt, Ag between 0.36-0.46 opt and Pt 3.23-4.31 opt.

New estimates and calculations of the net worth of the ore stockpiled at the ore dumps are given in Chapter 5, page 36ff. of this report.

4.7.2. Underground Ore Resources

As stated before the well-developed Henrietta Mine is no longer accessible. All tunnel portals are blocked off. Information about the underground resources is described/ discussed by LINDGREN (1926), ADMR (1981), CHRISTENSEN (1983), ZINKL (1984), EVERHART (1995) and SIMPSON (1997).

The authors of these reports often use *resource* and *reserves* terminology very casually. HRK would like to point out that both have been clearly defined by the U.S.G.S. to provide reliable measures for the mining industry. In a very simplified way "resource" is the more general term, "reserve" the term for a more specified and defined resource.

ADMR Underground Resource/Reserve Data (1981)

Documents from ADMR (1981), also quoted by ZINKL, show "Estimated (Probable) Ore Reserves" totaling 186,000 tons, composed of *Ore above Lower Tunnel Level* ("LTL") (36,000 t), *Ore below Lower Tunnel Level* (75,000 t) and *Ore Invincible Vein* (75,000 t). Ores from above LTL are from the oxide as well as the primary zone, ores below the LTL are only primary non-oxidized refractory ore (For the level of the transition zone from oxide to refractory ore see Fig. 12).

The ore potential below the minus 600 foot level is described as "*unlimited*". Assay values from samples of the Henrietta Vein ore range for gold from 0.215 to 1.380 opt, and for silver from 0.15 to 2.09 opt. Assay values from the Invincible Vein ore range for gold from 0.258 to 0.300 opt, and for silver from 0.92 to 1.60 opt. Hence, the above tonnage of 186,000 tons for the Henrietta and Invincible Veins together represents an absolute minimum in underground ore reserves. Table 4 shows the value in US\$ of these reserves based on a mean grade of Au and Ag and the March 2008 price of Au at US\$ 1,000/oz and of Ag at about US\$ 18/oz:

Mine Level	tonnage	Au grade opt	mean opt	Ag grade opt	mean opt
above LTL	36,000	0.215-1.380	0.7	0.15-2.09	1.12
below LTL	75,000	idem	0.7	idem	1.12
Invinc.Vein	75,000	0.15-2.09	0.28	0.92-1.60	1.26.
Henrietta V. 111,000: Au US\$ 1,000/oz - US\$ 111 Mio (plus) Ag US\$ 18/oz - US\$ 2.24 Mio (=) total US\$ 113.2 Mio					
Invincible V. 75,000: Au US\$ 1,000/oz - US\$ 75 Mio (plus) Ag US\$ 18/oz - US\$ 1.7 Mio (=) total US\$ 76.7 Mio					
Total of combined minimum undergr. res.: 186,000t Total comb. PM value of min. undergr. res.: US\$ 189.9 Mio					

Tab. 4: ADMR (1981): Estimated (Probable) Ore Reserves of Henrietta Mine and their present (March 2008) PM value in US\$

CHRISTENSEN, who in the 1980s still had access to the underground, increased the estimate of the underground ore resources from the above quoted 186,000 tons to *"...more than a million tons of ore reserves yet to be mined..."* on the "Introduction" page of his report. On the "Henrietta Evaluation" page he quotes "ore Reserves of 1.4 Mio tons at US\$200/t (at a gold market value of US\$325 this equals a grade of 0.615 opt gold), which lies well within the error range in comparison to the mean opt values in Tab. 4.

In his property appraisal EVERHART quotes under "ORE RESERVES - B (Unlimited Potential) Estimated Recoverable Reserves" for the Invincible Vein of 1.0 Mio t at US\$ 200/t, and Estimated Recoverable Reserves for the Henrietta Vein of 1.65 Mio t at US\$ 200/t. With a gold price of US\$ 365 in 1995 (see also above) Everhart's average ore value of US\$ 200/t corresponds to an average ore grade of 0.547 opt, a grade that lies in the range of ADMR, CHRISTENSEN and ZINKL's assays.

SIMPSON in his 1997 Consultant's Appraisal Report summarizes the "Estimated Blocked Out Ore Reserves" as follows:

"From my study of the sectional maps of the drifts, shafts and tunnels of the underground workings, which indicate a blocked out vein structure and its recoverable reserves, it is my opinion... that the probable recoverable ore reserves are no less than 1,284,000 tons,..." with an unlimited potential to depth in the sulphide zone.

In his report's Summary he states a total of "1.6 Mio t of Estimated Recoverable Ore" with an identified gross mineral content.

Considering the credentials, competence and local knowledge of the quoted experts above, HRK finds no difficulty in accepting SIMPSON's estimate of 1.6 Mio t for underground recoverable ore resources. At an ore grade of 0.2 opt gold and a gold price of US\$ 380/oz the 1.6 Mio t of underground recoverable ore represent a projected value of about US\$ 121.6 Mio (HRK Report 2003). In today's light of a gold price around US\$ 1,000/oz the 1.6 Mio t of underground recoverable ore represent a projected value of about US\$ 320 Mio. (March 2008).

4.8. Metallurgy - Gold Recovery

A great amount of recent metallurgical testing of ore material, sampled from Henrietta Mine ore dumps, was done by HAZEN (1993). Recovery rates for gold were between a very moderate 75-80% and a high 96% (CHRISTENSEN, 1983).

It is not only noteworthy but mandatory to make the note here, too, that there is not a single reference both on the part of the appraisers/analysts and the ore testing labs as to the ore's content of silver and base metals, their value and methods and percentages of recovery!!!

A detailed map of sampling points at the four main dumps is not available. Ore processing technology has improved over the past ten years. To plan and design a new startup of Henrietta Mine PM and base metals production, which in its *First Phase* will be from the stockpiled ore, HRK advises to plan and budget for an initial program of well documented sampling and ore testing. This is necessary to optimize the recovery of gold/silver and base metals with an improved design of the milling and the recovery process. To clarify the question regarding PGMs HRK recommends sending several parallel samples to an independent laboratory, specialized in PGM assaying (e.g. BONDAR-CLEGG, KCA).

For the purpose of ore testing Mr. Daniel Kappes of KAPPES, CASSIDAY & Associates (KCA) in Reno, Nevada was contacted for the 2003 report to obtain a proposal and cost estimate from this well-known engineering company for metallurgical testing and ore process design. Details will be discussed in chapters below.

4.9. Review and Summary of Past Valuations and Appraisals

The same three Property and Mine Appraisals have been available for this update and the 2003 study; they are by CHRISTENSEN (1983), EVERHART (1995) and SIMPSON (1997).

Christensen and Everhart have used more or less the same item-by-item valuation approach, starting with Land Value, Land Improvement, Evaluation of Ore stockpiled on dumps and Ore Reserves/Resources stoped and developed in place in the underground workings.

Appraisals and Valuations vary to some extent in the following items. HRK has discussed these differences critically before in this report:

- estimated tonnage of ore stockpiled (dump ore),
- estimated/projected tonnage of mineable ore in place (underground), and
- the US\$ values/t attributed to the respective ore reserves/resources due to their estimated or measured Au, Ag, Cu - (and PGM - (SIMPSON)) - content.

The oldest and lowest valuation is the appraisal by CHRISTENSEN (1983), who quotes a "Total Developed Value" for the Henrietta Mine Property of US\$ 306.618 Mio using as underground resource a tonnage of 1.4 Mio at US\$ 200/ton.

EVERHART (1995) uses an estimated *recoverable reserve* of 1.0 Mio t for the Invincible Vein plus 1.65 Mio t for the Henrietta Vein, both at US\$ 200/t. He arrives at a "Total Estimated Value of Property as Presently Developed" of US\$ 393.065 Mio.

SIMPSON (1997), who states having known the mine for several decades, uses an estimate of underground resources/reserves of 1.6 Mio t. Because of his claim of having found economic grades of platinum-group metals (PGMs) in the Henrietta ore, he uses a "Gross Mineral Value" of US\$ 476/t for his valuation, which for reasons discussed is not acceptable. His 1997 "*present market value of the (Henrietta) real property*" comes to US\$ 351,665,314.

In conclusion of the critical review of all the items and estimates above, and their correlations and their differences, HRK can accept SIMPSON's estimated underground recoverable resources of 1.6 Mio t.

This amount, however, will undergo a reassessment, once the underground mine workings are made accessible again to inspection in the future during Phase Three of Project Step "One". It

is HRK's understanding that most of this recoverable (probable) ore resource is of the sulphide type. Once the stopes are accessible, HRK recommends that samples of this sulphide ore type are taken for assaying and metallurgical testing, to be able to adapt the milling circuit to the new metallurgical conditions of sulphide ore, when the mill runs out of oxide ore supplies.

At an estimated ore grade of 0.2 opt gold and a gold price of US\$ 330/oz the tonnage of an estimated recoverable underground ore resource of 1.6 Mio t gives a real property value of about US\$ 105.6 Mio (March 2003). This March 2008, with a gold price around US\$ 1,000 per ounce, the value would be around US\$ 320 Mio.

5. CONCLUSIONS

The basis of this updated study and report of 2008 is the 2003 research, which included a site inspection for the original **Summary Report** on the **Henrietta Gold Mine** near Prescott, Arizona. HRK concludes his renewed critical review of data (see the previous chapters) with the following:

- With a gold price in 2003 at or above US\$ 330/oz the Henrietta Mine Property, with its presently readily available gold resources, already represented an economically feasible and profitable opportunity. In March 2008 gold, silver and base metals contained in the ore have more than tripled their value. At the 2003 level of the gold price the projected value for the gold resource alone, contained in 120,000 tons of stockpiled ore, was about US\$ 7.13 Mio. At the March 2008 gold price of about US\$ 1,000 this value of stockpiled ore has tripled – not even counting the values for Ag and base metals, also contained in the ore - and so has the present real property value of the Henrietta Mine using its estimated probable resources of 1.6 Mio t of recoverable gold ore underground, which was US\$ 105.6 Mio in 2003
- Henrietta holds a gold (-silver-base metal) mineral resource, barely recognized, and neglected for almost a century after extensive reserve developments early in the 20th Century. Despite its well developed underground ore reserve basis and a considerable volume of ore stockpiled and ready for milling, the Henrietta Mine has been practically dormant for more than half a century.
- Considering the mine's history, its Au (-Ag-base metal) resource has never been exploited in its full potential. Over the last five years the Au, Ag and base metals

market has been bullish with continuously rising prices after a low 1997-2002. PM and base metals have about tripled over the last five years since HRK's original study, the best possible opportunity for a very profitable exploitation.

In the following are HRK's conclusions, summaries and/or recommendations point by point:

5.1. The Property

- The Henrietta Property is owned and fully controlled by its owner, a registered Arizona trust (Henrietta Property Trust); Mr. Robert Grill of Tempe, AZ its Trustee.
- The property is free and clear and in good standing.
- The property value has been appraised 1983 by CHRISTENSEN at US\$ 306 Mio and 1995 by EVERHART at US\$ 393 Mio, based on land and equipment value, the gold price and the mineral resources (gold only), stockpiled and in place underground.
- The property, about 80 miles N of Phoenix, is reached via I-17 and AZ-State Hwy 69.
- The property, once the most important gold producer in the district, is situated in the rich gold-silver-copper "Big Bug Mining District" of Yavapai County, Arizona. A district with a historical background and still ongoing mining activities, it can be considered very amenable to the reopening of mining activities at the Henrietta site.

5.2. The Infrastructure

- The site elevation is between 5200 and 5700 feet with a gentle relief. The vegetation is typical for a high desert climate, scattered brush of manzanita and oak. Freezing during the night may occur in winter, but has not hindered year around mining operations in the past. Rainfall amounts to between 12 and 15 inches per year with sporadic snowfall during winter.
- The Henrietta Mine camp has an array of mobile home-type office and living quarters as well as a large tool shack. On a limited basis, it was still operational in 2003, but will need serious rehabilitation/replacement work, especially with regards to water, telephone and electrical power lines and installations as is recommended by HRK.
- Both high-tension power and a local distribution line are available on the property, also access to the telephone net. Cell phones work in most locations of the site.

- The Henrietta Trust owns water rights (2 wells), sufficient to supply the ore milling circuit and other needs. As an additional water source HRK recommends pumping water from the flooded mine workings below the Lower Tunnel Level. This would serve two major purposes at once: Add cheap water for the milling circuits and make the lower mine workings accessible for future mining. With seasonal variations, water seepage from the Lower Tunnel has been measured up to 50 gallons per minute.
- The property with over 44 acres is large enough for the installation of settlement ponds and waste dumpsites. HRK recommends to test the tailings from the old settlement pond for Au and Ag as potential additional resource for the milling circuit.
- Old road beds from the mine camp to the ore dumps and mine portals still exist, but some are washed out and all will need re-grading; an estimated 1-3 days dozer work.
- The old mine portals are all blocked off, either by cave-in or by artificial closure for safety reasons and to keep animals out. HRK finds it essential to reopen and secure the old portals. A rough time estimate for work to reopen the four main mine entrances is about a week to 10 days using a shovel excavator in combination with some timberwork to secure the new portals.

5.3. The old Henrietta Mill

- The old Henrietta Mill (see Title Photograph and Sketch below) was designed to process about 200 tons of ore per day and is part of the mine camp. Together with trucks and excavation equipment, it has been exposed to the weather and has not been used for almost 25 years.
- Most, if not all the equipment appears unusable in its present condition. It is HRK's belief that retooling both the milling and excavating equipment may well be more expensive and time consuming than having it taken away to start new with a better designed (after additional metallurgical testing), retooled, second hand milling circuit, which not only takes care of the gold but also of silver and base metal extraction.
- Certain parts of the old milling circuit, such as loading bins, grizzly, jaw crusher and the ball mill may be salvageable and could be refurbished or sold for retooling in exchange for refurbished second hand equipment - instead of just selling them as scrap metal.

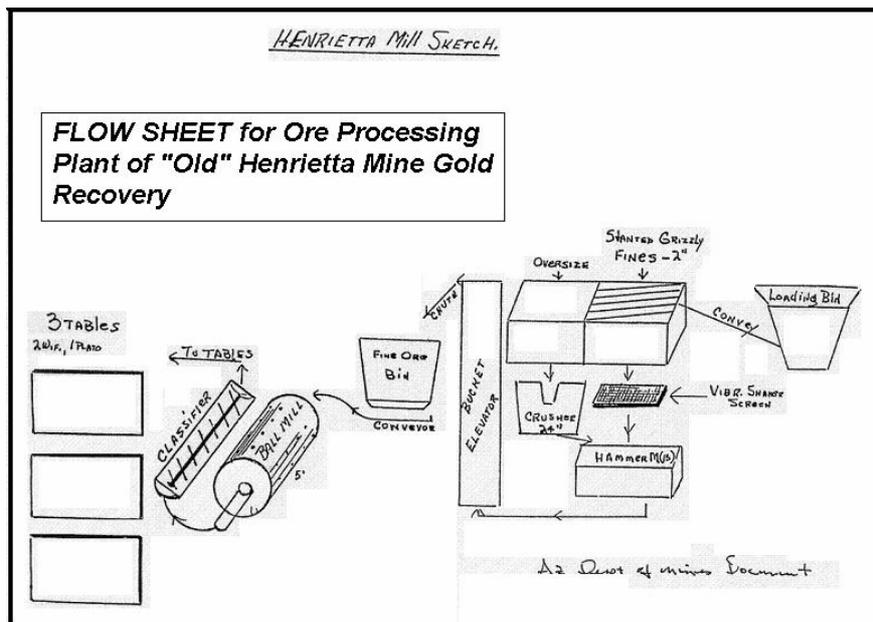


Fig. 14: "Old" Henrietta Mill Gold Recovery Flow Sheet:

5.4. The Precious Metal Resource/Reserves of the Henrietta Mine

The Reserve of STOCKPILED Free-milling Gold Ore:

- The ore, stockpiled in several ore piles on the Henrietta Mine site, is oxide ore extracted from the oxidized upper zone of the two Henrietta ore veins. The oxide ore is a free milling ore with respect to gold, and usually is enriched in gold as the sulphides have decomposed.
- An estimated/measured volume of 120,000 tons of oxide ore has been stockpiled over time in mainly four ore dumps next to the portals of Henrietta Vein tunnels (Upper Tunnel, Lower Tunnel), and Invincible Vein adits (also upper and lower level).
- It appears to HRK, all four have been sampled and assayed, yielding grades between 0.17 and 0.46 opt Au - and possibly higher -, and between 0.12 and 2.16 opt Ag. Copper assayed between 0.5 and 0.7% - LINDGREN (1926) quotes 3.2% Copper. Lead and Zink contents in the ore, are not available and need to be obtained!
- Some metallurgical testing has shown a recovery of 75 – 96% of gold and about 80 % of silver.
- HRK found that additional tonnage of similar oxide ore could be extracted in a small open pit from the Henrietta Vein, where it is exposed next to the Upper Tunnel portal, and also along strike of the outcropping Invincible Vein.
- As discussed above, HRK recommends that the fines from the old settlement pond are assayed for gold and silver - considering that milling in earlier days may not have been very efficient. The material, if proven to contain precious metals in economic quantities, would not only constitute an additional resource during startup of the milling and

processing, but can be available immediately without crushing and grinding, thereby saving time and milling cost.

The primary Vein Ore Reserves/Resources of the Henrietta Mine (Underground):

- The Henrietta Mine has produced gold from two vein-type ore bodies: the Henrietta Vein and its offshoot to the southwest, the Invincible Vein. Both quartz-gold- (Cu, Fe, Zn, Pb) sulphide-veins, striking NNE-SSW, are lodged in Precambrian granite and diorite-porphyry. Both veins show an upper - heavily oxidized - zone [above an elevation of 5,200 to 5,300 feet] and a lower primary - sulphide - ore zone with refractory ore.
- The Upper Oxide Zone has been mined until the 1920s. Ore stockpiled (see above) was produced from this zone.
- Major developments of the Lower Sulphide Zone took place after 1915. Big Ledge Copper Corp. shipped ore produced to outside smelters until the early 1920s.
- ADMR records quote *Estimated (probable) Ore Reserves* of a total of 186,000 tons, with an "unlimited potential below the Minus 600' Level". Of the 186,000 tons 36,000 tons are ore from the Henrietta Vein above the Lower Tunnel (mostly oxide ore), 75,000 tons are ore from the Invincible Vein. The remaining 75,000 tons quoted represent sulphide ore below the Lower Tunnel to the 600'-Level. Ore potential below the 600'-level is determined as "unlimited".
- *Ore grades* quoted for the Henrietta Vein range between 0.215 and 1.38 opt Au, and an average of 1.0 opt Ag. Ore grades quoted for the Invincible Vein from samples taken at the surface (outcrop) are for Au 0.3 opt, and for Ag about 1.0 to 1.9 opt.
- Underground Ore Reserve/Resource Estimates by three appraisers (CHRISTENSEN, EVERHART, and SIMPSON) range from 1.4 Mio to 1.65 Mio tons. SIMPSON's estimate of 1.6 Mio t, which resulted "*from [his] volumetric calculations based on detailed underground maps*" appears to HRK as the most reliable underground mineable resource assessment. Simpson had known the mine and the mining district for decades. An estimated and probable underground gold resource of 1.6 Mio tons of ore at a grade of 0.2 opt at a gold price of US\$ 330/oz had a projected gross value of US\$ 105.6 Mio in 2003. For March 2008 this amount has about tripled.

The Henrietta Ore and the Question of Platinum-group Metals (PGMs):

- SIMPSON, a metallurgical research analyst, claims in his reports - with support of his claims by PGM assays of samples described as coming from the Henrietta Mine - that the Henrietta ore contains values of Platinum and Rhodium often exceeding 1.0 opt of the respective metal (see also previous chapters).
- He further claims that the only way the PGMs can be isolated and identified is by his proprietary "Simpson Chlorination Process".
- To these claims HRK needs to point out the following critical observations:
 1. The geological environment and the rock types present in the formation and the hydrothermal vein hosting the ore are *totally atypical* for PGMs.
 2. The Precious Metal mining and exploration history is rich in stories/claims by researchers with "secret/proprietary processes", which allow to isolate and detect PGMs, where all classical, including very modern, technologies fail.
 3. If these claims were based on reality, many gold mining areas of the Western United States would be PGM-producers. However, only one PGM producer, Stillwater, exists in the Northwest. It produces from PGM-bearing rocks typical for PGMs, that is Platinum-bearing Ultramafic Rocks!
 4. To clear the PGM question, introduced by Simpson, HRK recommends sending several ore samples to a laboratory that is experienced and recognized by the industry for reliable assays of the PGMs. Such a lab is BONDAR-CLEGG in Vancouver, B.C., Canada, or KCA in Reno, NV.

6. RECOMMENDATIONS TO BEGIN PRODUCTION AND ESTIMATED PROJECT COST AND RETURNS

Henrietta, once the largest gold producer of the Big Bug Mining District of Arizona, is a historical gold mine and gold producer. After major ore developments underground during 1915 to 1919 it has been idle for almost a century, mostly due to economic reasons caused by the events and consequences of the two World Wars. Efforts to produce gold again from gold bearing ore dumps around 1983 resulted in the installation of a milling circuit that may have operated for more than one year milling an estimated volume of about 100,000 tons of stockpiled oxide ore. However, internal conflict between the three owners and lower gold prices stopped the production, and its present owner, the Henrietta Property Trust, with Robert Grill its trustee, subsequently acquired the Henrietta Mine property.

The findings - based on the data made available, the visit of the mine site in 2003 and renewed research by HRK March 2008, including continuous developments in World metal markets - of the presently updated study by HRK confirm even more than in 2003 the Property's potential in the following, that

- the Henrietta Mine property contains the economic values of Au, Ag and base metal bearing ore, claimed by the reports, in stockpiles and developed blocks underground;
- a new beginning of metal recovery this time (in 2008) should include not just gold but all recoverable metals (Au, Ag and base metals) [in 2003 the proposed approach was different due to low prices for Ag and base metals];
- the venture to re-start metals production (gold & silver and base metals) in a two-step process can and will be profitable, especially in the light of metal prices on the World market having often more than tripled over the last five years since 2003 (e.g. gold in 2003: between US\$ 330-380/oz - in 2008: about US\$ 1,000/oz - see Gold Charts Fig. 1, Fig. 3 and Fig. 6); and
- due to the adaptation of the two-step program proposed for Henrietta this time (2008) to recover not just the gold but all metals of economic value contained in the ore the capital requirements outlined in the following tables have changed/have been increased
 - and so have the revenues to be expected.

HRK recommends that the **First Step** is to restart gold production and create a cash flow by processing the stockpiled ore of the ore dumps.

The **Second Step** is to restart new production from the Henrietta Mine ore, developed decades ago underground and made accessible again.

Preparations for the startup of Step Two can already begin, either once a sufficient cash flow is achieved from Step One, or with additional capital. Such early efforts to revitalize the old mine are optional, but highly recommended by HRK. A reopening of the underground workings would greatly enhance the mine's value by ensuring a continued gold production from new ore extracted from underground, once surface ore resources from the dumps, outcrops and old tailings are exhausted or even before.

HRK proposes to schedule **Step One** in several project phases as follows. Each phase also includes a cost estimate by HRK, derived from experience and from comparable projects. A more thorough and detailed budget proposal can be prepared, once the ore has been sampled, analyzed and tested adequately for its content of economically recoverable metals and once an optimized method for the recovery of these metals has been designed:

PHASE I:	
<i>Description of Activities</i>	<i>Estimated Cost (2008)</i>
<u>Ore Testing</u>	
a. Ore dump sampling (8-10 samples/300 pounds), assaying,	US\$ 35,000
b. GPS mapping of ore dumps to determine exact tonnage	US\$ 5,000
c. metallurgical testing for mill circuit design and optimized recovery	US\$ 70,000
<u>Mine Camp Rehabilitation</u>	
a. Camp cleanup, grading of old roadbeds (1 week), and	US\$ 10,000
b. Rehabilitation/replacement of buildings and trailers	US\$ 150,000
c. Electrical, water and telephone supply to camp	US\$ 40,000
<u>Manpower/Consultants/Management</u>	US\$ 50,000
Estimated Total Cost Phase I:	US\$ 360,000
15% contingency	US\$ 54,000
TOTAL MINIMUM CAPITAL REQUIREMENT PHASE I.	US\$ 414,000
	US\$ 414,000

PHASE II:	
<i>Description of Activities</i>	<i>Estimated Cost</i>
<u>Purchase and Installation of Milling and Ore Processing Plant:</u>	
a. Complete Refurbished Milling Circuit Equipment	US\$ 1,400,000
b. Pipes, fittings, pumps, and other electrical applications	US\$ 100,000
c. Mill Installation	US\$ 250,000
<u>Manpower/Consultants/Management</u>	US\$ 50,000
Estimated Total Cost Phase II:	US\$ 1,800,000
15% contingency	US\$ 270,000
TOTAL CAPITAL REQUIREMENT PHASE II:	US\$ 2,070,000
	US\$ 2,070,000

TOTAL Capital Requirements for Phase I and Phase II: 2008	US\$ 2,484,000
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With the completion of **Phase II** the Henrietta Mine Camp and the Metal Recovery Plant (the "Mill") will be operational. The portion of gold recovered by gravitation separation in the centrifuge can already contribute too any further capital requirements, such as running costs, once production has started. The new revised cost estimate does include the additional cost of an ore leaching circuit (e.g. Thiourea-leaching), if such a process is determined necessary by Phase I's ore testing results for an optimized metal recovery. In the case of the decision to install, as a first step in the development of the plant, only a gravity circuit to extract gold alone first, the facilities for the recovery of other metals could be added later. The mill waste runoff (tailings) can be collected in settling ponds and stockpiled until the time a full metal recovery circuit can be afforded from the operation's own cash flow.

PHASE III:	
<i>Gold Production from Gravitational Milling Circuit</i>	
a. Operating Capital	US\$ 700,000
b. Contingency (15%)	US\$ 105,000
Total required Operating Capital	US\$ 805,000
	US\$ 805,000

TOTAL Capital Requirements for Phase I and II (Investment Capital) and Phase III (Operating Capital)	US\$ 3,289,000
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The goal of the First Step of the Henrietta Mine Project is gold and silver-base metals production from the stockpiled ore by a metals-recovery process optimized by ore testing, including gravity separation of gold. As soon as the mill is operational and a steady cash flow is produced, it is mandatory that work begins to secure a continuous ore feed to the mill beyond the limited reserves stockpiled at the dumps.

For Phase III, the production of PM and base metals from the ore dumps, HRK proposes and recommends the following work: in addition to the milling of the stockpiled ore:

- a) Excavating oxide ore in small open pits, where the ore veins outcrop on the property surface.
- b) Excavating and stockpiling of old mill tailings, if assays have proven gold contents, for additional ore feed to the milling circuit.
- c) The opening of the old mine portals (7-10 days work with a shovel excavator, including some timber support work to secure the opening).
- d) Installation of pumps inside the mine to dry up developed mine levels below the lower tunnel, now presumed flooded; the mine water could be a direct source for water needed for the milling circuit.
- e) Assessment and mapping of underground workings by geologist and mining engineer to determine
 - the condition of the mine, e.g. the tunnels, drifts, shafts and stopes
 - the availability of ore for production from old stopes of oxide ore and of sulphide ore, with regards to immediate, medium and long term needs,
 - the work needed to bring the mine up to safety standards and requirements

With regards to the projected cash flow/gross return HRK has used the following information and calculations:

1. The gold price recently has reached the level of US\$ 1,000/oz (March 2008). This value will be used for the calculations below.
2. The average gold grade of the stockpiled oxide ore resource to be processed is assumed at 0.2 opt Au. Its Ag content of about 1.5 opt - negligible at a price of US\$ 4.5/oz in 2003 – has become an economic factor in 2008 with a price of about US\$ 18/oz, and so are copper, lead and zink.
3. The price of base metals, too – for example copper - has more than quadrupled over the last five years with one pound of copper at around US\$ 4,000. With one kilogram containing 2.20462 pounds the price of Cu per kg is US\$ 8,820. LINDGREN (1926)

quotes a copper content of the ore of 3.2%, which corresponds to 32 grams/ton or 0.032 kg/t and represents a value of about US\$ 285/t.

4. A planned daily production of 200 tons per day over 310 days per year,
5. Estimated Milling Costs US\$ 18 per ton
6. Estimated Resource at the ore dumps 120,000 tons
7. Gold Recovery Rate 90%, Ag and Cu 80%.
8. Refining Cost about 5% of value.

Tonnage	Grade opt	Gold Content in oz
120,000	0.2	24,000 oz
	Gold recovery 90%.....	- 10% 2,400 oz (losses)
Total Gold recovered from stockpile		21,600 oz, or 0.18 opt

With Au at US\$ 1,000/oz Total Value of Recovered Au (90%) = US\$ 21.6 Mio
With Ag at US\$ 18/oz and 144,000 oz Recovered Ag (80%) = US\$ 2.6 Mio
With Cu at US\$ 8,800/kg and 3,070 kg Recovered Cu (80%) = US\$ 27.1 Mio
Total Value Recovered US\$ 51.3 Mio

For comparison 2003 with gold at US\$ 380/oz and the total value of recovered metals projected to be US\$ 8,208,000, of Ag US\$ 4.5/oz.

At a production rate of 200 tons of ore per day, 310 days per year (milling of a total of 62,000 tons per year), the quantity of the estimated 120,000 tons ore dump resources is projected to supply the mill for about two years, by which time the presently estimated resource at the ore dumps will be exhausted.

Daily gold production will average **36 oz of gold**, corresponding to a gross daily revenue from gold alone of **US\$ 36,000** with gold at US\$ 1,000/oz.

Estimated Net Revenues (before Capital Investment Cost):

Total Value of Recovered Gold and other metals from 120,000 t ore	US\$	51.3 Mio
Minus Milling cost of US\$ 18/t totaling	US\$ -	2.2 Mio
Minus Refining Cost (5% of value).....	US\$ -	2.6 Mio
Minus Repayment Total Capital Requirements (incl. Operating Cap.) without Interest.....	US\$ -	3.3 Mio

Estimated Net Revenues		
after Processing of Stockpiled Ore of 120,000 tons	US\$	43.2 Mio

With a gold price of US\$ 1,000/oz the Estimated Net Revenues before taxes and without deduction of interest for the capital after Processing of Stockpiled Ore of 120,000 tons are projected at US\$ 43.2 Mio.

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- COLLINS, P.E.V., (Mining Milling Eng.), Compania Minera El Saucillio S.A. de C.V., Chih. Mexico - (1994, Aug. 9). - Tech. Proposal for Henrietta Mine (3 p.)
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- HAZEN - (1993) - See BENZEN III (1993)
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- IRON KING ASSAY office, - (1983, Oct.11) - Assay Certificate for 10 samples of "Primary Dump Ore" submitted by J. Christensen (1 page)
- JOHNSON Jr., A.C.. (Exploration Geochemist), Tempe AZ - (1997, Sep.18 & Oct.10)
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- McKENZIE Laboratories, Phoenix AZ - (1992, Jan. 16)
Report of Analysis of Samples P1 to P9, S1 to S9 for Pt-Group Metals, submitted by Ch. Simpson Research (3 pages) [No indication about sample origin!]

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Letter to Trustee of Henrietta Properties (2 pages)

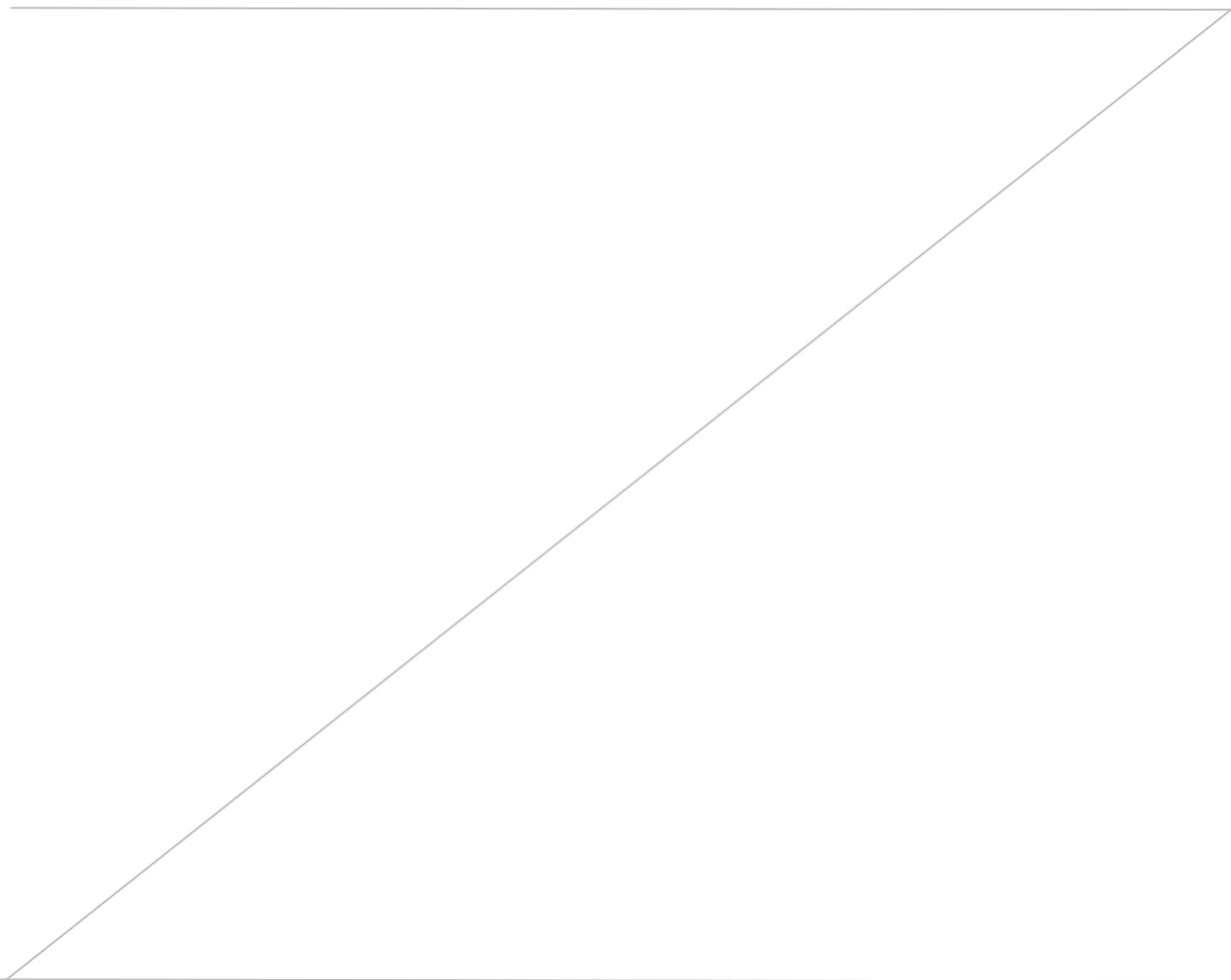
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Letter to Trustee of Henrietta Property (3 pages)

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Henrietta Mine, Summary Report (13 pages)



8. BUSINESS BACKGROUND

Dr. Hans R Klob

HRK Interational GeoConsulting Services
San Francisco

Dr. Hans R. Klob, is a Graduate of the Vienna University in Austria, where he studied Earth Sciences, specializing in Minerals and Petrology. Dr. Klob graduated 1970 with a Ph.D. Dr. Klob is also a graduate of the University of San Francisco, where he acquired a B.S. in Applied Economics.

Already before graduating 1970 Dr. Klob has worked as Mineral Research Assistant at the University and at Vienna's Natural History Museum.

From 1971 to 1977 Dr. Klob has worked in leading functions as an expert and advisor in a project of German Technical Assistance to Turkey (Murgul, E-Turkey, Black Sea Copper Project), and a project of the Austrian Technical Assistance to Rwanda. There he was Advisor for Natural Resources Management and Research to the Government and President of Rwanda. He also installed the Rwandan Geological Survey and served as its Director and later Co-director. In this function he created, planned and directed many mineral resource related projects for gold, tungsten, tantalite and tin.

From 1978 to 1984 Dr. Klob served in the Oil and Gas Industry of Austria as Senior Geologist and Project Manager, both domestically and overseas. 1981 he was hired by SOHIO Petroleum Company and transferred to its headquarters as Senior Geologist and later Manager for Prudhoe Bay Field Development.

Involved in his Studies of Economics at University of San Francisco Dr. Klob decided to become an independent consultant in San Francisco for the Mining and Oil & Gas Industry, when SOHIO decided to move its headquarters to Texas.

Dr. Klob has worked as Principal Consultant Geologist and Economist of HRK International GeoConsulting Services since 1984. He has served and managed projects for small and large mining companies (see Client's List in the following) in the United States, in Canada, Central America, Africa, Europe and Asia.

Dr. Klob has served as an officer and member of the board of public companies, and also serves as General Manager and President of an Austrian Gold Exploration Company since 1995.

SPECIALIZED PROFESSIONAL COMPETENCE

MANAGEMENT of exploration, development, research and related data development projects; international scouting & scoping missions; feasibility studies; project planning; economic-geological evaluations of mineral/O&G potential; land assessment; personnel training and management; contract and project negotiation; project coordination and consulting (nationally and internationally); data assessment and reconciliation.

GEOLOGY for Mining: Geological land/mineral property assessment; geological mapping; soil, mineral, geochemical surveys; underground mapping; supervision of drilling and geophysical surveys, tectonic & seismic interpretation; photogeologic interpretation; Database Work: Assessment and remediation/reconciliation and (re)interpretation of exploration data; supervision of drill logging, drill data correlation; geological data interpretation and building of computer data bases for exploration and mining projects.

REPRESENTATIVE EXPERIENCES

- Founded and built Junior Mineral Resource Company and managed international exploration programme as VP Exploration in Austria and B.C. (Argosy Mining Ges.m.b.H., EGI Corp.) - 1995-present
- Planned, managed projects of land & mineral property assessment (USA (AK, AZ, CA, NV, NY), Canada (B.C.), Cntr.America, Europe, Turkey, Africa (Rwanda, Burundi, E-A., Zaire, Zambia, Algeria, Guinea, Ghana) - since 71
- Managed geochem., geophys. & min. explor. projects for Au-PMs, Ag, Cu/Pb/Zn and W, Nb/Ta, U and Sn (USA: AK, AZ, CA, Idaho, NV, Turkey, W-, Centr. & E Africa, Cntr. America, Austria, Slovakia) – since 1971
- Conducted project related photogeological surveys (Africa, Cent. Europe, N & Cent. America) – since 1973
- Conducted field work, underground/surface, small to large scale geological & tectonic mapping – since 1968
- Supervised exploration/development drilling for mining, interpreted & correlated geological data – since 71
- Conducted scoping missions & reserve audits with African Cu-Co-producers - GECAMINES/Zaire (87), & ZCCM of Zambia (BECHTEL, MRDI) (90), also mission to Hong Kong & PDR China (HRK Int'l) (91), Korea, Albania (05)
- Conducted exploration & evaluation of industrial min. properties (e.g. high grade quartz deposits in Upstate New York (FLUOR Daniel) (86), and of bituminous diatomite deposits in Central/Southern California (BECHTEL) (87)
- Negotiated financing of industrial projects with overseas groups; initiated & consulted financial transactions (80s)
- Conducted market research for products and services (1984-86)
- Managed major Oil & Gas Development projects including development of computer mapping and modeling procedures; developed detailed depositional reservoir model for field simulation (Prudhoe Bay) (1981-84)
- Researched & negotiated projects, contracts, project assistance, & company's (SOHIO) equity position in major US oil field (Prudhoe Bay - Alaska), in Eastern Algerian Sahara (SONATRACH, VEBA, OMV) (80-82)
- Consulted and advised major National Corporations/governments in natural resources management (DOYON Limited/Alaska, Turkey, Rwanda, Nicaragua, Zaire, Zambia, Guinea, Korea) – (1971-2005)
- Managed large bilateral government Technical Assistance projects in Third World Countries (Turkey – 71-72, Rwanda – 73-77, Nicaragua - 94); conducted country analyses for mineral sector (1986-2005)
- Conducted project studies, and contributed to feasibility studies and surveys for metal/industrial mineral mining, Oil & Gas industry, geothermal projects, hydroelectric sites and ground water projects – since 1971
- Designed and established computer databases for mineral and O&G exploration & production – since 1981
- Conducted data assessment/data reconciliation studies of exploration data sets with over 60,000 sample records and 20-30 data variants (1990-92) – Assembled & wrote Summary Reports on Mining & Expl. Projects - since 72
- Supervised and instructed project crews up to 30 people (since 1972).
- Established & managed Subsidiary of Public Canad. and US Mining & Exploration Comp in Europe (95-02)
- Conducted regional study of Centr. American new Mining Laws to advice Government of Nicaragua on draft of new mining laws – Conducted regional study of environmental impact of the use of mercury by indigenous Au mining in Nicaragua (1994)
- Conducted due diligence research on mining companies and exploration and mining projects (N & Central - America, Africa, Asia) (1994-present)

LIST OF PUBLICATIONS/TECHNICAL REPORTS: available upon request

PROFESSIONAL AND BUSINESS EXPERIENCE

- Principal Consultant, HRK-International GeoConsulting Services in San Francisco - since 1984:
Consultant Geologist and Economist for Mineral Resources Companies, worldwide. - (see client list below)
Independent Consultant and Advisor & Project Mgr. in Mining & Exploration projects, and Natural Resources Management and Mining Law Advisor for Third World Governments: (Turkey, Rwanda, Zaire, and Nicaragua)
- Executive Director, ENERGY INVESTMENT LTD (UK) – since 2005
- General Manager, ARGOSY Mining GmbH, Austria – since 1995, major. owner of AMG, Austria - since 2002
- President MKL - Metals S.A.R.L. - Conakry, Guinea – since 2001 – Advisor for OMV for NW-Afr. O&G – since 02
- VP Exploration, Empire Gold Inc., Denver-Vancouver – 1996-2002
- Consultant, Project Mgr. & Government Advisor in N-, E- & Cent.Africa, Turkey & Nicaragua (Austrian & German Tech. Assist.), Advisor for Small Mining Comps. in USA, Canada, Centr.- W Africa & Centr. America - since 71
- Vice-President Hugh Douglas & Comp., San Francisco, Mineral & Energy Resources Economists - 1986-92
- Financial and investment planner - Precious Metals Market - Coop Investment Bank, San Francisco - 1985
- Manager, Prudhoe Bay Field Development, Alaska - SOHIO Petroleum Comp, San Francisco - 1981-84
- Drilling Dept Supervisor, Project Mgr. (domestic - Austria/international - Algeria) OMV-AG, Austria - 1978-81
- Director/Co-director of Geological Survey of Rwanda, Advisor for Natural Resources Planning and Management, Government of Rwanda - 1973-77
- Expert Petrologist-Mineralogist, Advisor, Project Cu-Murgul/German Tech. Assist. to Turkish Govmnt - 1971-72
- Research Assistant (Minerals and Gem Stones)- Nat.Hist.Museum and Univ. of Vienna - 1970-71

MAJOR CLIENTS

Bechtel Inc. - San Francisco

CA (86-89)

Placer Dome US Inc. - San Francisco CA (88-91)

Fluor Daniel Inc. - Redwood City CA (85-87)

Empire Gold Inc. - Vancouver, B.C. (96-02)

Geosystems Intern'l Inc. - Fremont CA (94-02)

North Star Group, Inc. - Lakewood CO (97-2000)

Mineral Res. Developmt, Inc. - San Mateo CA (90)

Doyon Limited - Fairbanks Alaska (89-94)

ASA Inc. - Fairbanks AK (1991-92).

Morrison-Knudsen Intern'l - San Francisco CA (90)

Bailey Scientific – Geophys. - Sonoma CA (91-02)

Amoco Production Comp. - Houston TX (94-97)

Henrietta Mine Properties – Phoenix, AZ (02 – present)

Little Jupiter Mine & Mill – Winnemucca, NV (04-pres.)

Eurasian Minerals, Inc. – Vancouver BC (05 – present)

Coop-Investment Bank - San Francisco CA (1984-86)

PG&E - San Francisco CA (89-90)

Northern California Gas Corp. - San Franc. CA (84-85)

Bond Gold/Dallhold - Beatty NV/Denver CO (88)

H. C.Starck-Berlin - Goslar, W-Germany (77-78)

Dr.Otto Gold Eng.Corp - Cologne, Germany (71-73)

Strand Resources Inc. - Vancouver B.C.(95-96)

Argosy Mining Corp. - Vancouver, B.C. Can (95-96).

Mesa Grande (Mining) Inc. - San Diego County, CA (2000)

MKL Metals SARL - Guinea, W Africa (01-02)

Sohio Petroleum Comp. - Houston TX (81-84), (85-86)

A-West Diamonds Inc., Conakry, Guinea (02-04)

FIBIT – Venezuela (2005 – present)

OMV-AG - Vienna, Austria (since 1978)

HKD International, SARL – Guinee, (since 2004)

Geosat Technologies Ltd.(since 2006)

SWIFT Capital Holding AG – CH (since 2007)

J.Schutze & Assoc., Oakland CA – (since 2003)

LIST OF COUNTRIES with work experience

West Europe, East Europe (Slovakia, Hungary, Poland, Yugoslavia, Albania)

Asia (Turkey, Hong Kong, Korea)

Africa (Guinea, Rwanda, Kenya, Tanzania, Burundi, Uganda, Zaire-Congo, Zambia, Algeria, Tunisia)

USA (Alaska, Arizona, California, Nevada, Idaho, New York State, Texas, Washington), Canada (B.C.)

Latin America (Mexico, Nicaragua)

ACADEMIC BACKGROUND AND SPECIAL TRAINING

- University of San Francisco - BS in Applied Economics (1984-86)

- University of Edinburgh - Postdoctoral Fellowship (1970)

- University of Vienna - Ph.D. in Earth Sciences/Philosophy (1964-70)

Specialized Training in: *Geology*: technical and economic geology, mineral economics, mining & expl., geothermal, geophysics, photo geology and remote sensing, GIS and data processing

- *Marketing*: economic planning, research and management; Analysis of foreign markets and socio-political environments.

LANGUAGES: Fluent English, German, & French. Practical Spanish, (Turkish and Swahili).

9. APPENDIX

HRK International GeoConsulting Services

Hans R. Klob, Ph.D., B.S. Appl.Econ.

1930-12th Avenue
San Francisco CA 94116
Tel/FAX: 415-681 7753
e-mail: hrkinter@aol.com

Robert Grill
Trustee of the
Henrietta Property Trust
1739 E Broadway # 157
TEMPE, AZ 85282

March 25, 2008

In re: The Henrietta Mine, 2008 Update of Summary Report of Status and
Recommendations for Development of the Mine's Gold Potential

Bob,

Attached, please find copy of the above summary report on the Henrietta Mine as requested by you and your associates, when you contracted my services again as an independent consulting mining geologist and economist on March 16, 2008.

As per your request, I have fully and critically reviewed, confirmed, validated and updated findings from my March 2003 research of reports, valuation statements and appraisals by U.S. Government and State of Arizona Mining and Geology Institutions, and by an array of professional, registered and/or licensed experts in mining, metallurgy and mineral real property appraisals. After having visited the mine accompanied by you and your associate to inspect and verify mine camp, ore mill, dump sites and the portals of the old Henrietta Mine for the original 2003 Summary Report, a mine visit at this time was not deemed necessary, since no activities have taken place at the site in the past five years. In place of this site visit you have issued an Affidavit concerning the unchanged conditions at the Henrietta Mine and Mill site (see Attachment).

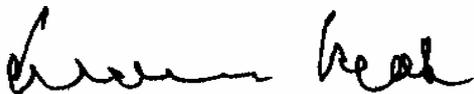
In this 2008 Summary Report Update I diligently and to my best knowledge have analyzed and discussed, on an item by item basis, data retrieved in 2003 from reports provided by you and from my own research in the light of a growing continuously bullish metals market. I have summarized the information, made recommendations and as requested added economic projections, with one main result:

- Gold Production from the Henrietta Mine, already economically feasible in 2003 with a gold price at about US\$ 330/oz, will be highly profitable in 2008 with a gold price around US\$ 1,000/oz.
- 2003 the market value of other metals contained in the ore (e.g. silver and base metals) was very low and their recovery during the initial stages of the Henrietta Mine new production start was not considered.

- With prices tripled and quadrupled an optimized environment-friendly recovery is mandatory and will greatly add to a healthy cash flow.

I hereby also certify that

- I am a consulting mining and exploration geologist and economist with my office at 1930-12th Avenue, San Francisco, CA 94116, Principal of HRK International GeoConsulting Services, serving the Mining and Oil & Gas Industry since 1994
- I have graduated 1970 with a Ph.D. in Earth Sciences from the University of Vienna, Austria, and have worked in many functions of a minerals expert and geologist since 1967 in mineral research, exploration, mining and Oil & Gas. A detailed professional profile of my background is attached in Chapter 7 of the Summary Report.
- I have graduated with a Bachelor of Science degree in Applied Economics from the University of San Francisco in 1986.
- I have practiced my profession as a mining and exploration geologist and mineralogist for over 40 years and as a mineral economist since 1986.
- The contents of this report are my opinion based on my personal observations at the Henrietta Mine Property on February 20, 2003, in the company of Robert Grill and one of his Associates. I have also reviewed all provided maps, reports and documentation as well as documents of my own independent research on this property.
- I am an independent consultant and own no interest in the Henrietta Properties, nor do I have, nor expect to have, any interest in shares or securities in this project.



Dr. Hans R KLOB
Principal Consultant Mining Geologist and Economist
HRK International GeoConsulting Services
San Francisco

DECLARATION & AFFIDAVIT

Pursuant to ARS #10

Henrietta Properties is an Arizona Trust domiciled in the State of Arizona with offices located at 1168 E Alameda, Tempe Az. 85282

The Statutory Agent & Trustee for the Trust is Robert J. Grill at the above address.

On or about March 2003 Hans R Klob Ph.D., as Principal Consultant Geologist & Economist for HRK International GeoConsulting Services, of San Francisco California did complete a Summary Report & Status Evaluation with Recommendations for Development of the Henrietta Mine Gold Resources (see 2003 report).

In reference to the above declarations, I, Robert J. Grill hereby further declare that I have been in sole and complete control of the above named Henrietta Mine Property since 2003, and as such, do hereby irrevocably state the surface and underground condition of the above named property has not changed since the 2003 Report & Evaluation by Hans R.Klob was made, and I, Robert Grill, as Trustee of Henrietta Mine Property do further state the 2003 Summery Report of the Ore Reserves - Resources - Ore Grades are the present & current status of the four patented claims known as American Flag, Invincible, Yankee Girl and Mill site, comprising approximately 49 acres, see Yavapai County Map 402-01-027 D .

Signed & affirmed

By: RJ Grill Date 3-19-08
Robert J Grill Trustee for Henrietta Properties

ACKNOWLEDGEMENT

State of Colorado
County of El Paso

I certify the above named person has appeared before me, being duly sworn, and or affirmed that same has executed the foregoing Affidavit as being true and correct in every instance

Melinda Jo Livingston Date 3/19/2008
Notary

10/11/2009
My commission expires

