

RICHARD L. SCHMITTEL

REGISTERED PROFESSIONAL MINING ENGINEER

13268 WOODSTOCK DRIVE
NEVADA CITY, CA 95959

Phone & Fax: 530-478-9222
MOBILE: 530-277-4453
E-MAIL: rschmittel@sbcglobal.net

March 11, 2005

To Whom It May Concern:

This document was written to testify to the fact that I have personally known Mr. Paul Vaden for more than 15 (fifteen) years. During that time, Mr. Vaden has, in my opinion, become an expert in the design and operation of gold placer mining projects. I know that he has developed effective proprietary equipment with which I am familiar. I have reviewed and inspected several operations numerous operations that were designed and managed by Mr. Vaden.

If I were in a position today to hire a person to design, build, and operate a gold placer mining and processing operation, I would want to talk to Mr. Vaden first. Should anybody who reads this document wish a personal confirmation of these statements, I will be quite willing to provide that information.

Sincerely,



Richard L. Schmittel

CORNUCOPIA PLACER GOLD DEPOSIT

BAKER COUNTY, OREGON

prepared for:

Paul Vaden

by:

Richard L. Schmittel, P. E., E. M.

INTRODUCTION

This report was prepared at the request and expense of Mr. Paul Vaden of Tigard, Oregon. Its purpose is to compile available information on the Cornucopia Placer Gold (also called Bonanza) mine that is located along the upper stretches of Pine Creek in Baker County, northeastern Oregon. Mr. Vaden reportedly controls mineral and surface rights to the subject property, but confirmation of that fact is not within the scope of this report. Mr. Vaden has also stated that he is in the final stages of acquiring all necessary environmental permits for full site operation, but that fact was also not confirmed.

LOCATION & ACCESS

The mine site may be reached from Baker City, Oregon by traveling easterly on paved state highway 86 to the small town of Halfway. From Halfway, an improved gravel road that goes to the abandoned mining town of Cornucopia passes through the property. There is an unimproved airstrip at Halfway that I have used in the past to land a small single engine aircraft, but it should be carefully inspected on the ground to assure safe current conditions before use.

The subject mineral resources are located along Pine Creek in Sections 3, 10, 15, and 23, R45E, T7S WM. They cover a total surface area in excess of 600 acres and include more than 3 miles of the Pine Creek drainage area. Pine Creek typically provides sufficient water during all times of the year for conventional placer mining and processing operations. Winter weather typically involves light snowfall, but is not normally so severe as to inhibit operations. Labor and most needed supplies are readily available in Baker City area.

HISTORY

Placer gold at this location was discovered during the 1800's, but very little mining was done at that time for several reasons. The deposit contains numerous large boulders that would have severely hampered small hand operations that were typical at that time. The boulders and limited natural water volume and head would have also prevented easy hydraulic mining operations that became the standard placer mining method during the late 1800's. The only remaining mining technique that was available to those early day miners was underground drift mining, but that would have been severely hampered by water inflow from Pine Creek. The deposit was therefore left essentially un-touched during the early days. Records that I have reviewed indicate that attempts were made to mine the area by both hydraulic and drift mining methods. Substantial amounts of gold were recovered, but the projects eventually failed for the above mentioned water reasons.

A detailed and highly professional evaluation of the reserves was completed by Morrison - Knudsen Co. (MK) in 1940. That study concluded that the average grade of the gold contained in the gravel was \$0.98 per cubic yard at the gold price of US\$35 per ounce. That calculates to an average gold weight grade of 0.0257 oz. / yd³ or, at the current gold

price of approximately US\$430 / oz., \$11.06 / yd³. I have reviewed the report of this evaluation and find that it was completed in an extremely professional manner. The sampling procedure consisted of both channel sampling in existing shafts and drilling to fill in the remaining areas. That program plus additional production reports, all of which provided much higher results, totally convince me that this is a conservative appraisal of the gold value of the entire deposit. I see no reason to conduct an additional sampling program at this time unless a potential investor, or a governmental agency, requires confirmation sampling. Should that become necessary, a program of sufficient extent to provide meaningful data will be extremely expensive and time consuming.

I first visited and inspected the site during 1989 when it was being operated by Tom Bond for McDougal Brothers. That operation used both hydraulic excavators and bulldozers to mine and strip the upper gravels. It had an extremely small processing plant that was obviously designed primarily for coarse or large nugget gold recovery. Substantial amounts of apparent economic grade gravel were being stripped and dumped. It was my opinion that the major part of the reserve was simply being wasted in favor of recovering a minor amount of large particulate, high value jewelry grade, gold nuggets. There were also indications of recent work on the nearby Steinmetz property, but that site was not active on that day. I again visited the site in 1994, but there was no evidence of active or recent work at that time.

RESERVES

As previously stated, the property reportedly controlled by Mr. Vaden covers the drainage course of Pine Creek for a distance in excess of 3 miles. The gravel reserve throughout that distance averages in excess of 350 feet wide. Gravel depth, as confirmed by drill holes, shafts, and the limited amount of mining that has taken place is in excess of 40 feet. The mining programs that have been completed have impacted an insignificant amount of that reserve volume. The indicated reserve may therefore be calculated as:

$$5,280' \times 3 \text{ miles} \times 350' \times 40' / 27 \text{ ft}^3 / \text{yd}^3 = 8.2 \text{ million yd}^3$$

This reserve may be calculated to contain gold in the amounts previously mentioned of 0.0257 oz. / yd³ for a **gross reserve of approximately 211,000 ounces of gold.**

In addition to this reserve, there are indications and records of high bench deposits along the western bank of Pine Creek. High benches were created because the valley was once filled with gravel to that depth. Conditions then changed that resulted in the gravel being removed from a portion of the deposit leaving this material at the higher elevation. New materials may then be deposited in the area from which the original gravel was removed. High benches are therefore older gravel from an earlier generation of deposition. In my experience, I have often found that they contain higher grade values than the new resultant deposits. Old records of this site of drift mining in the area of Boulder Creek that I have reviewed indicate that this may be the case here. Those records mention extremely high values and "different gold" after they "broke through the wall", and indicate a different

and possibly higher grade channel at this location. Exploring this area may therefore prove to provide an extremely pleasant surprise.

CONCLUSION

Based on my inspections of this site, my review of the available records, and my many years of experience in mining placer gold deposits, I am convinced that an extremely valuable placer gold deposit is located at this site. I also expect that my reserve estimate of approximately 211,000 will prove to be highly conservative.

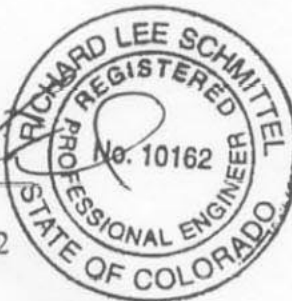
To maximize potential earnings from this deposit, I strongly recommend that mining and processing be conducted at a rate of at least 300 cubic yards per hour. Large hydraulic excavators loading into articulated all wheel drive trucks can easily achieve such a production rate. Processing should involve first scalping large boulders, then scrubbing the gravel, then passing through a "nugget trap" sluice and then screening off the +5/8" material. The minus 5/8" material should then be sluiced again and then go to jigs for fine gold recovery. Sand and gravel should then be de-watered and stacked so that it can be loaded into the trucks on their return trip and returned to the mine pit for reclamation.

CERTIFICATION

I hereby certify that I am a graduate mining engineer from the Colorado School of Mines, a Registered Professional Engineer in the State of Colorado, and that I have more than 30 years of experience working in the minerals industry, much of which involved the mining and recovery of gold from placer deposits. I further certify that this report was prepared by myself and that it is true and correct to the best of my professional knowledge and experience. I have no personal financial interest in the property that is the subject of this report and was paid a consulting fee for its preparation.



Richard L. Schmittel
Colorado Registration Number 10162
Date: April 27, 2005



RICHARD L. SCHMITTEL, Mining Engineer

13268 WOODSTOCK DRIVE
NEVADA CITY, CA 95959

Phone & Fax: 530-478-9222
Cell: 530-277-4453
e-mail: rschmittel@sbcglobal.net

PROFESSIONAL RESUME

SPECIALTIES

- Mineral project management, system design, and construction.
- Placer mine design and management.
- Project environmental law compliance and mitigation.
- Business and financial plan preparation.
- Ore reserve evaluation and mineral project feasibility studies.
- Expert witness for mineral related cases.

PROFESSIONAL QUALIFICATIONS

Registered Professional Mining Engineer in Nevada, Registration Number 8055
Registered Professional Engineer in Colorado, Registration Number 10162
Professional Degree in Mining Engineering from the Colorado School of Mines
Granted US Patent No. 6,244,446 for mineral separation method and apparatus

EMPLOYMENT HISTORY

SELF EMPLOYED, Mineral Industry & Environmental Consultant (1985 - Present)

- Business started to offer a broad range of consulting services to the international mining industry with emphasis on business plan development, financial planning and profit optimization. Business later expanded to include environmental permit acquisition and mineral case expert witness services.

CYTON INDUSTRIES INC., Grass Valley, CA (1982 - 1985)

Title: Vice President, Production and Development

Responsibilities:

- Founded Geoplacers Inc. and completed merger with Cyton in 1983.
- Review, evaluate and acquire precious metals projects.
- Design, construct and operate placer gold mining & recovery projects.
- Negotiate and close various acquisitions, joint ventures and financial agreements.
- Acquire environmental permits as needed for operations.

EMPLOYMENT HISTORY (Cont.)

ALHAMBRA MINES INC., Grass Valley, CA (1980 - 1982)

Title: Production Manager

Responsibilities:

- Manage development and mill construction for large placer gold mine.
- Acquire environmental permits as needed.
- Supervise hiring of all personnel and start up of operations.
- Purchase equipment and hire contractors as needed.

H. G. Schoenike & Assoc., Houston, Texas (1976 - 1980)

Title: Associate Consulting Engineer

Responsibilities:

- Deal with clients in all phases of the mineral consulting business.
- Examine and evaluate mineral properties.
- Prepare feasibility studies, project designs and financial analyses.
- Directly manage three Latin American placer gold mining projects.

DRESSER INDUSTRIES INC., Houston, Texas (1967 - 1976)

Title: Manager of International Mining (1973 - 1976)

Responsibilities:

- Manage mining and processing activities at all Dresser Minerals Division international mining operations (Ireland, Greece, Iran, Thailand and Australia).
- Supervise evaluation and design of production systems for new international mineral projects.
- Assist preparation of financial forecasts and budgets for international operations.

Title: Staff Mining Engineer (1973)

Responsibilities:

- Direct mining and processing activities at Dresser's mines in Ireland and Greece.
- Design production systems for new international mineral projects.
- Evaluate systems at Dresser's mines to recommend and initiate improvements.

Title: Managing Director of Mykobar Mining Co., Athens, Greece (1969 - 1973)
(Greek Subsidiary of Dresser Industries Inc.)

Responsibilities:

- Manage all phases of the company's mineral production business in Greece.
- Evaluate new mineral projects in Greece and nearby countries.
- Supervise chartering and scheduling of all Dresser's Transatlantic mineral shipping.

EMPLOYMENT HISTORY (Cont.)

Title: Mykonos Manager, Mykobar Mining Co., Mykonos, Greece (1969)

Responsibilities:

- Manage production and shipment of all required products from the Mykonos mining and processing facilities.

Title: Mine Superintendent, Mykobar Mining Co., Mykonos Greece (1967 - 1969)

Responsibilities:

- Supervise production and development of Mykobar's underground and surface mines.
- Assist Mykonos Manager as needed

EDUCATION

Colorado School of Mines - Golden, Colorado
Engineer of Mines Degree, 1967

CONTINUING EDUCATION

Financial Analysis for Executives - Texas A&M Business School
Management Development Seminars - Conducted by Dresser Industries in London
Various professional meetings, conferences and seminars

HONORS

President's Council of the Colorado School of Mines
Who's Who in California

LANGUAGES

Speak English, Greek and Spanish

PERSONAL DATA

Married with two children
Birth Date: July 3, 1943
Height: 5' 10"
Hobbies: Private Pilot, Boating, Scuba Diving, Coaching Children's Sports