BLACKHAWK GOLD MINE

The historic Blackhawk Gold mine in Lucerne Valley, San Bernardino County, California, is for sale and the following information is provided to prospective buyers:

**Location:** Access to the mine is nine miles east of Lucerne Valley, California, on State Hwy 247. Then proceed south 5 miles on Santa Fe Fire Trail road to the mine site on the north slope of the San Bernardino Mountains. See the location map.

**Property:** The property consists of three non-contiguous parcels of patented lands totalling 131 acres. There is one 5 acre millsite and two 63 acre mine areas as shown on the accompanying property map. The site lies along Blackhawk Canyon, above the famous Blackhawk Landslide. Delmas Peterson is the owner.

**Permit Conditions:** To mine in California you need a Conditional Use Permit or Vested Rights and an approved Reclamation Plan. The Blackhawk Mine site has Vested Rights and a Reclamation Plan approved in 1983. The site is a remote, historical mining district, with no neighbors.

**Geology:** The Blackhawk mines are located in the east – west trending thrust zone in highly hydrothermally altered granites and carbonates adjacent the Old Woman Springs sandstone. The geology of the site is detailed in the two accompanying reports.

**History:** Gold was discovered at the Blackhawk in late 1870's. A 10 stamp mill was operating in 1890. In 1921, the Blackhawk Mines were reopened as the Arlington Mining Co. In 1924, President Calvin Coolidge signed the patent papers for the current Blackhawk Mines properties. By 1931, the underground workings totalled 12,000 feet in length. Nine other tunnels varied in length up to 200 feet in length. In 1938, the Arlington Mining Company was sold and renamed the Santa Fe Gold Mining Co. The mine and mill were expanded and the largest gold production was in 1939. The mine closed in 1941, as most gold mines did during WW II. See the accompanying Blackhawk History document.

Del Peterson acquired a lease on the property in 1981 and obtained a reclamation permit in 1984. At that time Couer d' Alene Mines and Billiton explored the site under lease. In 1986 Peterson sold his corporation, Amerigold, Inc. to Haber Inc. Market conditions temporarily halted development. Peterson reacquired the property in 2011.

A large amount of documentation is available on the Blackhawk since 1882. See the extensive bibliography included. All documents are available for review.

**Mine Plan:**
The site has three potential mining areas: Lookout, Cliff and the Santa Fe group. The Lookout has potential for a small open pit. The Cliff can be selectively mined underground or as a cut and fill operation. The Santa Fe group must be mined underground due to extensive overburden.
Reserves:
Reserve estimates are based on the 1985 documents by Roger Ames, Registered Professional Geologist; Blackhawk Mines – Lookout, Santa Fe and Blackhawk Areas. See the accompanying Ames report.

Lookout Area: Avg. grade is 0.093 oz gold per ton, reserve calc. – 369,305 oz
Santa Fe: Calle de Oro – 0.174 oz gold per ton
   Glory Hole - 0.084 oz gold per ton
   Avg. grade is 0.098 oz per ton, reserve calculation - 290,866 oz
Blackhawk: Analyses range from 0.055 to 0.219 oz per ton. Avg. - 0.137 oz / ton
   100,000 tons X 0.137 oz = 13,700 oz.

Estimated gold reserves:
   (Lookout) 369,305
   (Santa Fe) 290,866
   (Cliff) 13,700
   totals 673,871 oz gold

The above totals are based on maximum mining of reserves and 100% recovery in the processing phase. The following are my estimates based on applicable mining methods, mining limitations and environmental restrictions imposed by the State of California.

1. Lookout area – mined by small open pit. 80% of available ore mined and 90% recovery during processing: 80% X 396,305 oz gold = 317,044 oz gold, 90% X 198,152 = 178,337 oz gold recovered.

2. Santa Fe Group - Mined by underground mining sequence. 80% of available ore mined and 90% recovery during processing: 80% X 290,866 oz gold = 232,693 oz gold and 90% X 145,433 = 130,890 oz gold recovered.

3. Cliff area: This area mined by cut and fill operation. 80% of available ore mined and 90% recovery during processing. The Ames report does not specify Cliff reserves. For this report the data used is from the R.M. Perry 1982 report (included). Perry indicates 14 million tons of 0.028 oz gold reserves. By using selective mining for a cut and fill operation, the estimate is 5 million tons at 0.043 oz / ton. 5 million tons X 0.043 oz / ton = 215,000 oz gold

Reserve calcs – 215,000 X 80% ore mined = 172,000 oz gold and at 90% recovery = 90% X 172,000 = 154,800 oz gold.

Estimated gold reserves after mining and processing:
   Lookout - 178,337oz
   Santa Fe - 130,890 oz
   Cliff - 154,800 oz
   total 464,027 oz gold

Gold value at $1,400 / oz X 464,027 oz = $650 million

Minerology: Much of the gold may be in “Electrum” form. That is containing 36 percent silver. The ores contain significant silver content, along with copper and bismuth. Silver values have not been included in the reserve estimates.
Conclusion:

The Blackhawk property has historic and significant gold potential. The site has recognized Vested Rights making permitting easier. The property is in a remote portion of San Bernardino County in an active mining district. The site was mined since 1890 and has a large data base on prior mining, processing and gold testing as indicated in the accompanying bibliography.

Recent sampling by Dr. Erik Melchiorre of Calif State University – San Bernardino indicate zones of half ounce gold and high silver values. These testing results are available upon request.

Please note the ore has silver values, not included in this report. The geology indicates evidence of the occurrence of a possible Olympic Dam type base and precious metal deposit. The Olympic Dam is a world class Cu – Au – Ag deposit in Australia. An Induced Polarization (IP) Survey would be warranted to determine the presence of a possible deep seated ore body. See the Mark Coolen on the Olympic Dam similarities document included with this report.

If you have any questions, please contact.

Attachments available upon request:
1. Location maps
2. Property map
3. Geology Map
4. Historical Summary
5. Bibliography
6. Roger Ames Report
7. R. M. Perry Report
8. Olympic Dam Report