

**Placer Gold Resources
of the
Hope Mining Company Claims
Resurrection Creek Valley, Alaska**

**Al Johnson, Toni Hinderman,
Robert Retherford**

Revised March 22nd, 2004

March 22, 2004

Attn: Mr. Al Johnson
Hope Mining Company
P.O. Box 101827
Anchorage, AK 99510

RE: Modification/Additions to 2002 Report of T.K.Hinderman

Mr. Johnson,

Attached to this letter please find modifications to the 2001 report that Toni Hinderman put together. A modification to Table 2 of the report adds the value of recoverable silver to that of estimated placer gold. Alaska Earth Sciences (AES) will continue to support Hope Mining Company in the future. I have written a short description of my background so that you and any potential investors will be more familiar with AES and myself.

Professional Qualifications: Robert M. Retherford

Rob is a professional geologist and current president of Alaska Earth Sciences. He graduated from the University of Colorado in 1972 with a Masters Degree in Geology. He has been a resident of Alaska since 1950 and has practiced the geologic profession since 1970.

He has explored for hard-rock and placer deposits as well as for coal and has completed several important engineering investigations. He has worked with many of the Native Regional Corporations in Alaska and currently chairs the Native Regional Resource Managers group. He has broad experience in management of consulting groups and in large advanced exploration projects. As president of Alaska Earth Sciences he will continue to follow up projects that Toni Hinderman was involved in over the years.

He is an active member of Society of Economic Geologists and its Scholarship Foundation, the Society of Mining Engineers (former chairman of the Alaska Branch of SME), the Alaska Geological Society, the Society for Geology Applied to Mineral Deposits and the Alaska Miners Association.

Sincerely,

Robert M. Retherford, President

Location and Access

Hope Mining Company's claims are located in the Resurrection Creek Valley (Figure 1) approximately 20 air miles south of Anchorage. The property is accessible from Anchorage via approximately 94 miles of paved highway and approximately 3 miles of state-maintained gravel road. The area is also by served year-around by a 2,000 foot airstrip maintained by the state of Alaska. The property is improved with buildings, cabins, roads, ditches, and settling ponds. The nearby village of Hope has stores, lodging and dining facilities.

History

Originally established in 1923, Hope Mining Company has conducted placer gold mining operations on Resurrection Creek south of Hope, Alaska. The Resurrection Creek Valley is an historic mining district; the first recorded discovery of gold was in 1888 and some historians believe

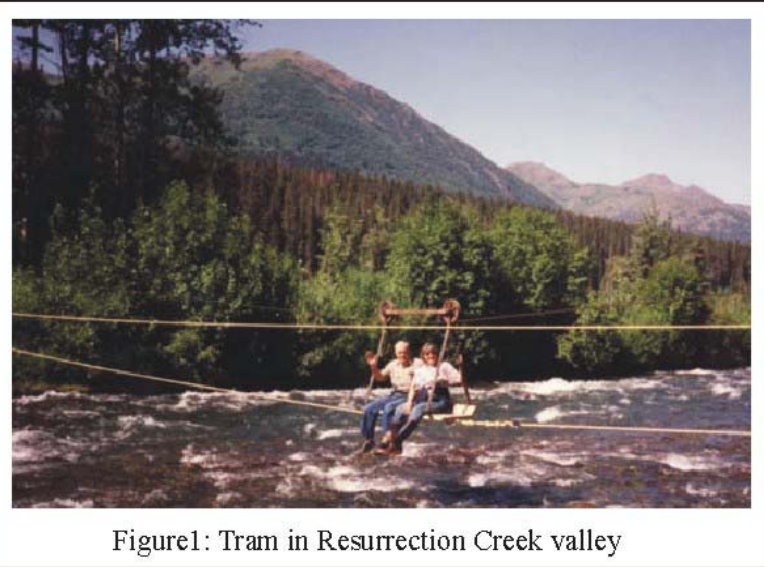


Figure1: Tram in Resurrection Creek valley

that the Russians mined the area even before that date. By 1900, thousands of people occupied a thriving mining community in the Hope area, which was one of the principal mining camps in the state before the more widely known gold rushes in the Klondike and the Nome area drew the more foot-loose of the Hope miners away. Significant production continued in the Hope district until all gold mining nationwide was shut down for WWII. There was little activity in the area after the war but in the mid 1970's the de-regulation of the price of gold sparked renewed interest and there has been mining on the creek ever since.

Land Status

Hope Mining Company is incorporated under the laws of the state of Alaska. The company's claims (Figure 2) comprise 60 federal placer claims occupying approximately 1390 acres including two formerly producing lode mines and two mill sites as well as 16 Alaska state mining claims totaling approximately 640 acres. Some of the federal claims were located at the turn of the last century; one carries an original location date of 1895. All claims are owned solely by Hope Mining Company, free and clear of all encumbrances. The federal claims are located within the Chugach National Forest, which is managed by the U.S. Forest Service, a division of the U.S. Dept. of Agriculture. In March of 1993, Hope Mining Company filed for U.S. Patent on 33 of its federal claims, comprising approximately 750 acres. The Patent Application has successfully progressed through land title examination by the U.S. Bureau of

Land Management (BLM) and a U.S. Mineral Survey has been completed on the 33 claims plus 9 additional claims (totaling approximately 1000 acres). The mineral survey has been duly filed, recorded and accepted by BLM. Upon completion of the land patent process, Hope Mining

Company will acquire fee simple title to a substantial portion of the acreage covered by its patent application.

Production History

From the turn of the last century until World War II, Hope Mining Company’s claims were mined using hydraulic equipment. Hydraulic mining utilizes large, high-pressure water nozzles to move and wash the placer deposits and to stack the tailings. In the years after World War II,



Figure 3: Gold mining operation

there was little mining activity in the Resurrection Creek Valley due to post-war labor and material costs and a fixed price for gold of \$35.00 per ounce. Interest in gold mining increased, however, with the de-regulation of gold and subsequent rise in the price of gold in the 1970’s. Since that time there have been several heavy-equipment operations conducted on Hope Mining Company’s claims (Figure 3), typically consisting of machines such as bulldozers,

excavators, and front-end loaders and a gravity recovery plant utilizing water moved by large pumps.

According to the former U.S. Bureau of Mines (now part of the U.S Bureau of Land Management) the placers of the Hope Mining District as a whole have had an estimated total production of approximately 940,000 ounces of gold. Production figures for Hope Mining Company’s claims are shown in Table 1.

Table 1: Historical Gold Recovery

Years	Ounces Gold	Current Value*
1930-1942	10,191	\$3,594,875
1979-2000	2,795	\$985,936
Totals	12,986	\$4,580,811

*Gold at \$415/oz, .85 ave. fineness

Geology

According to the U.S. Geological Survey, the gold in the placer deposits in the Resurrection Creek drainage originated in quartz veins and igneous intrusions in the marine sediments of the

surrounding Kenai Mountains. These rocks are of Cretaceous age and assigned by the U.S. Geological survey to the Valdez Group formation. The Valdez Group stretches along the south side of the Chugach Mountains from Kodiak Island to the Canadian border and hosts numerous lode and placer gold deposits throughout its extent.

The broad U-shaped valleys of the Kenai Mountains were subjected to alpine glaciation in Quaternary time. The large prominent benches along Resurrection Creek consist of material deposited in a short period at the end of the region's last glaciation. These sediments consist primarily of unstratified and poorly sorted sand and gravel with a few boulders dispersed in it. The gold was concentrated locally, but because of the rapidity of deposition, much was distributed throughout the deposit.

A subsequent drop in relative sea level resulted in streams cutting down into the post-glacial gravels to form the present valleys, in the process reworking the gravels and further concentrating the gold. On some of the Hope Mining Company claims the gold concentrations are related to a "false bed rock" of yellow-gray glacial clay. This clay layer is of varying thickness and overlays unsorted gravel of about the same age and composition. Above the clay layer is a well-sorted Quaternary gravel with huge boulders resting right on the clay. Gold occurs throughout the gravel above the clay layer, but the highest pay is in the eighteen inches above the clay. As might be expected, the highest concentrations of gold are found beneath large boulders laying directly on the clay layer.

The placer gold on Resurrection Creek tends to be fine-grained and flat. It averages 82-87% gold, with the rest primarily silver. Recent testing indicates significant values (up to .015 oz/ton) remain in the black sand concentrations after removal of the gold recoverable by present methods. Occasionally, small nuggets are found, some with quartz attached. Prior to World War II hard-rock (lode) gold mines were located east of Resurrection Creek in the Palmer Creek drainage (which empties into Resurrection Creek). Hope Mining Company has several gold claims on Palmer Creek, some of which are placer claims, and some of which are lode claims.

Placer Gold Deposits

Potential placer gold reserves on Hope Mining Company's claims occur in three types of deposits: 1. virgin bottom ground (modern Resurrection Creek gravels which have never been mined), 2. tailings from pre-World War II operations, and 3. the gravels on the benches which occur several tens of feet above the modern stream, and which constitute ancient stream terraces. The modern stream gravels average 0.027 ounces of gold per yard based upon current testing and historical production data. The hydraulic tailings have been recently mined and tested and average about 0.017 ounces per yard. The benches are a much larger resource. They have not yet been mined, but according to testing done so far, average in the neighborhood of .017 ounces per yard. Table 2 gives estimated yardages for the three types of deposits, together with possible

Table 2: In-Place Gold and Silver Potential

Area*	Cu. Yards	Oz Gold/Yd	Ounces Gold	Dollar Value**
V	3,350,000	0.027	90,450	\$31,906,240
T	3,000,000	0.017	51,000	\$17,990,250
B	31,070,000	0.017	528,190	\$186,320,000
Au Total	37,420,000		669,640	\$236,220,000
			Ounces silver	
	14% X 669,640 oz recovered Au		93,749	
Ag Total	Ag at \$7.61/oz (3-22-04)		\$7.61	\$713,430
Total Au&Ag				\$236,933,430

*Types of ground

V Virgin bottom ground

T Tailings on bottom ground

B Virgin benches

**Gold at 0.85 fine and \$415/oz (London Fix 3-22-04)

total gold contents and present gold values. Yardage estimates assume average depths of 12 feet for the modern stream gravels and tailings, and 21 feet for the bench gravels.

Conclusions

Hope Mining Company has clear title to a very significant and verifiable gold resource in an established placer mining area. Gold has been profitably mined there for many years, and ongoing operations are planned and permitted. The property constitutes an excellent investment opportunity. The gold (and silver) resources summarized above are valuable assets belonging to a long-established and stable corporation.

Professional Qualifications: Toni K. Hinderman (deceased)

Toni Hinderman is a professional exploration geologist with a Bachelor's Degree from Dartmouth College in Hanover, New Hampshire and a master's degree from Stanford University in Stanford, California.

He has practiced in the geologic profession since 1968, specializing in mineral exploration and mineral resource evaluation for mining companies, state and federal government agencies, and Alaska Native corporations. Projects he has managed involved gold exploration and drilling activities throughout the State of Alaska.

Hinderman is principal of Alaska Earth Sciences, a consulting company which has been in business since 1986. He is a fellow of the Society of Economic Geologists, and a director of the Anchorage branch of the Alaska Miners Association. He is also a member of the Northwest Miners Association, the B. C. and Yukon Chamber of mines, and a member and former Southern Alaska Section chairman of the Society for Mining, Metallurgy and Exploration, AIME.