

Notice of Intent to Operate

August 7, 2012

I. Summary

Operation Name: Bunker Hill Phase I

California Mine Identification Number: CAMC #295355 "Eureka Placer #4", also known as "Bunker Hill #4".

Principal Owner & Operator: Olaf Bleck, President, dba Western Star Mineral Exploration and Recovery

Street Address: 24 Breakwater Dr., Chelsea, MA 02150

Telephone Number: (617) 513-9841

Tax ID: 595-24-5007

Owner of Property: BLM

Location: The project site is approximately eight (8) miles east of Grass Valley and seven (7) miles southeast of Nevada City.

Section, Township and Range: Section 30, Township 16 North, Range 10 East

Latitude and Longitude: Latitude: 39.227° N, Longitude: 120.903° W

Directions to the Site: From Grass Valley:

- East on California State Route 174 for 5.1 miles to You Bet Road.
- North-east (left) on You Bet Road 4.4 miles to Red Dog Road.
- Left on Red Dog Road ~1mile, to the left fork on the dirt road.
- ~2 miles to sharp right fork up the hill
- ~0.5 mi to gate on private property.
- ~0.5 mi approximately to operations location on claim.

Total parcel size: Approximately 18 acres.

Duration of operation: 1 year.

Total disturbance: <1000 cu. yds.

Total material to be processed: <1000 tons (<666 cu. yds.)

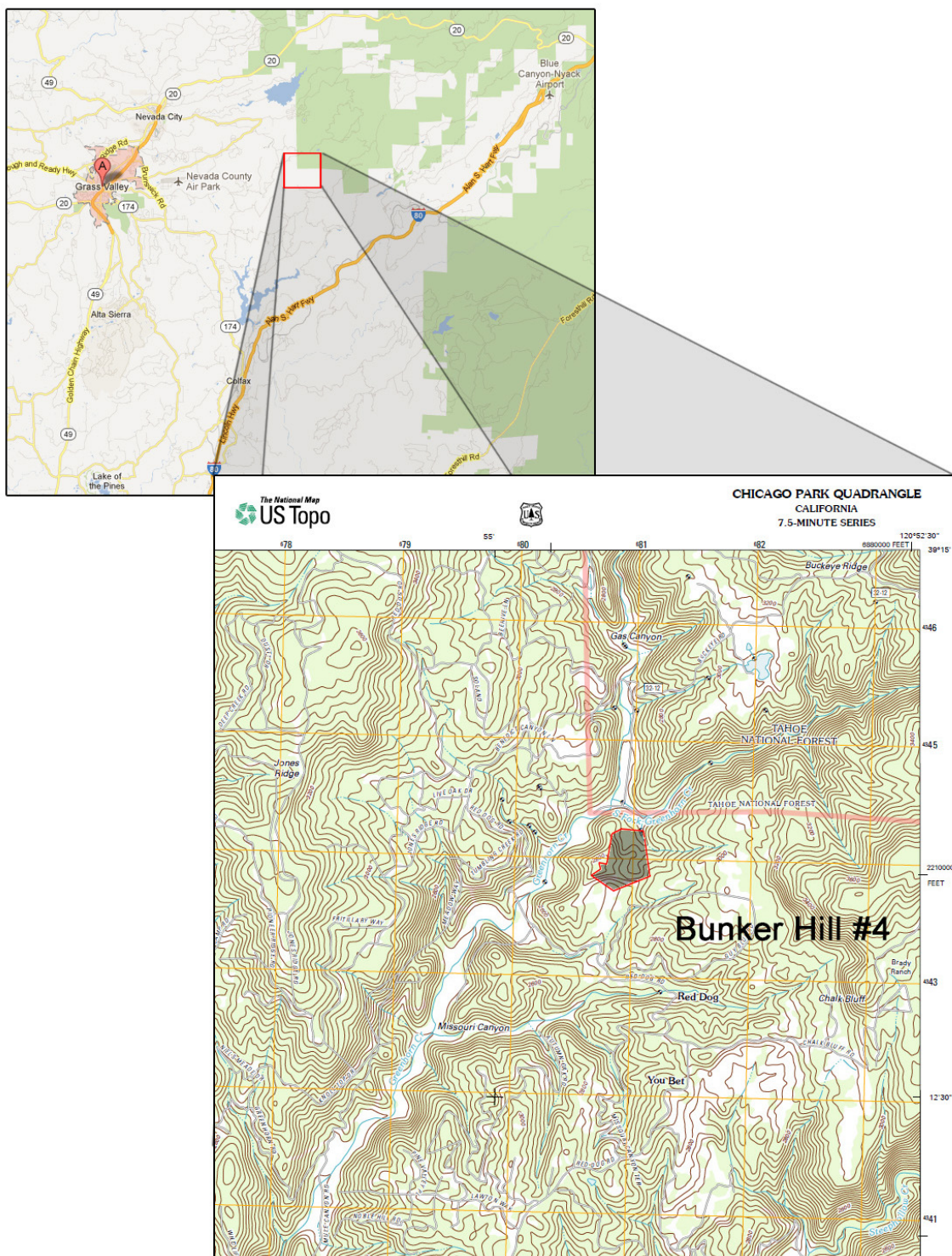


Figure 1: Regional map of the Grass Valley/Nevada County area showing location of “Bunker Hill #4” claim. Greenhorn Creek flows to the southwest near the claim and ultimately into Rollins Reservoir to the south.

II. BACKGROUND

The “Bunker Hill #4” BLM mining claim is a rich remnant of the “Boston Mine”, part of the collective “Red Dog” hydraulic gold mine. The site is located in the You Bet/Red Dog mining district in Nevada County, CA. Deposits from this site were heavily mined through 1886 and last mined for a few years ending in 1935. In both cases, mining ceased due to court orders banning hydraulic mining. Subsequent intermittent exploration and small scale mining in the decades since then has also been reported.

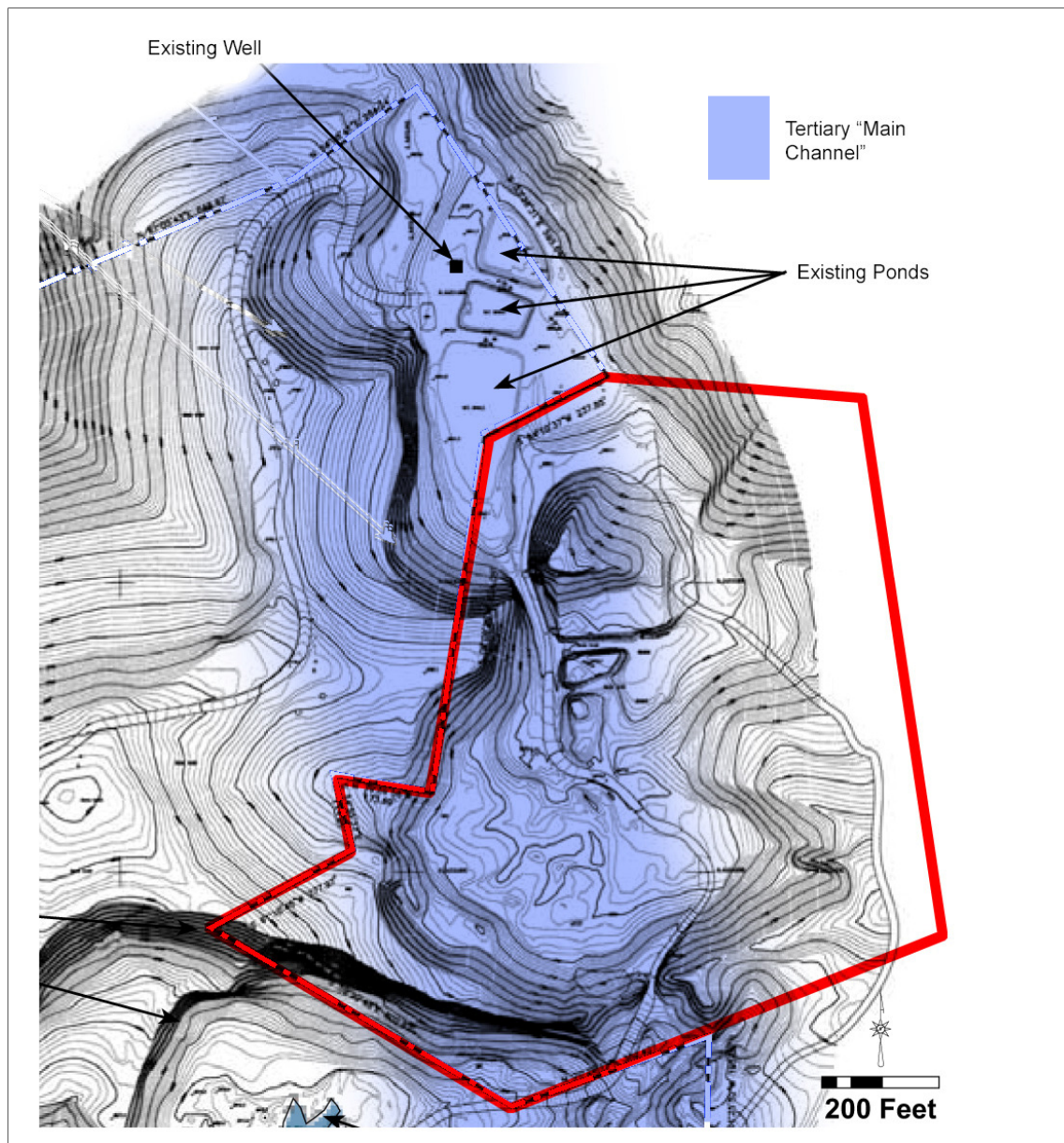


Figure 2: “Bunker Hill #4” Claim showing Lindgren’s “Main Channel” and some features on adjacent private property.

The site is located directly on the Tertiary “Main Channel” as mapped by USGS’s Waldemar Lindgren in 1911 and UC Berkeley’s Garside et al in 2005 (see map, Figure 2). While much of the southern part of the Red Dog’s main channel has been mined to completion, a great deal of the material on the Bunker Hill #4 claim is either untouched or appears to have been in the early stages of processing. Specifically, many areas have had the overburden washed away, leaving benches of more desirable higher grade alluvium (see Figure 3). Examination of the site indicates that these areas may have been prepared for processing when the mine was shut down.

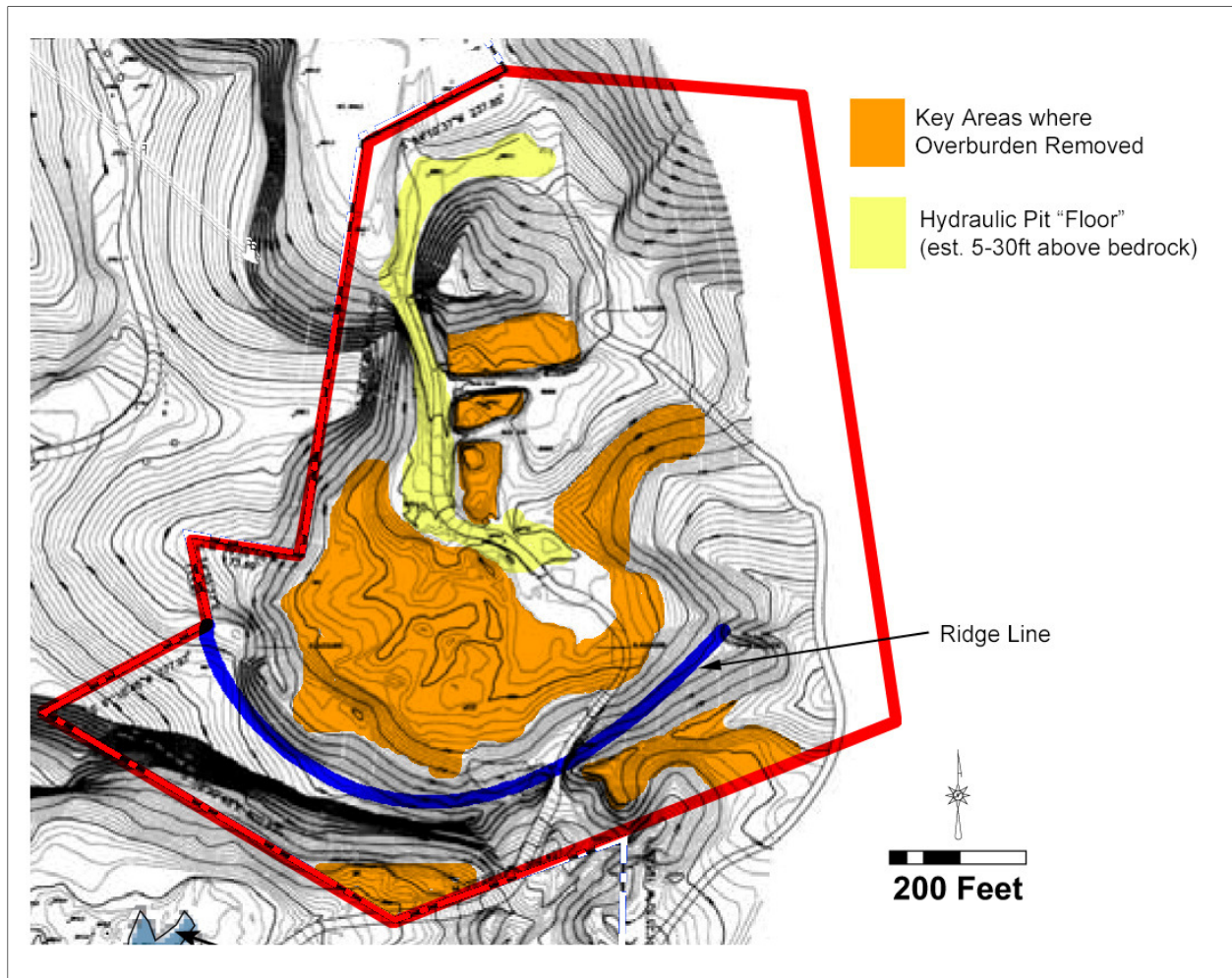


Figure 3: Topo showing prior mining activity on Bunker Hill #4 site, prior to 1935. Hydraulic escarpments can be seen to left, bottom, and top center of site. The south end of the claim also has an untouched ridge-line spanning it, with another hydraulic pit to the south of the ridge-line. Water flumes entered the mine just to the east of the ridge-line, so it may have originally been left to deliver water for hydraulic operations.

No areas on the Bunker Hill #4 claim appear to have been previously washed to bedrock, nor are any hydraulic-era gold recovery earthworks apparent on the claim (e.g. sluice channels, tunnels, etc). Instead, historical records and site inspection suggest that gravels were washed north through a narrow cut in the alluvium into an area *off of the BLM claim* to the northwest for processing. Literature indicates there was a network of now buried channels and a sluice tunnel there, the exit end of which has been reclaimed¹. Thus, the “pit” on the Bunker Hill #4 claim appears to have been principally a source for ore rather than a processing area, which suggests that mercury contamination on the claim itself is unlikely.

Historically, once processed, tailings from the region’s mines washed into Greenhorn Creek where large deposits line the creek-bed down to Rollins Reservoir. Presently, tailings in the creek are being commercially reprocessed for both mineral content and construction gravel several miles downstream of the Bunker Hill #4 claim.

Mercury contamination is a great concern with renewed mining operations in the region’s hydraulic mining sites. As noted, while mercury was used in the Red Dog Mine, there is no evidence of mercury use on the Bunker Hill #4 claim. Additionally, the operations plan is designed such that no off-claim mercury contaminated areas will be disturbed, for example by water runoff.

¹ BLM, ca. 2005

III. Activity Descriptions, Maps, and Schedule of Activities

Goals

“Bunker Hill Phase I” consists of a one year (or less), <1000 cu. yard sampling operation designed to accomplish the following:

1. Reliably confirm average ore grades in the lower gravel strata with ~100 cu. yd samples (3-6 mo).
2. Estimate ore grades throughout the site with numerous small samples (6-12 mo).
3. Demonstrate professionalism and “good citizenship” by exceeding requirements of county, state, and federal mining and environmental regulations, and adhering to current mining, recovery, and reclamation methods.

Bunker Hill Phase I will be limited to under 1000 cu. yds. total disturbance, remaining under the threshold requiring California SMARA permits. Phase I will also *process* no more than 1000 tons (666 cu. yds.) of ore, so as to remain below the threshold for BLM “plan level” mining operations. (See Table 1 on page 8 for complete breakdown.)

As Bunker Hill Phase I proceeds, Western Star Minerals and Recovery anticipates filing plans and applications for “Bunker Hill Phase II” with the BLM, Nevada County (i.e. for SMARA), and, and the Central Valley Water Board for a “mid-sized” commercial mining operation.

Primary Exploration

Several samples of approximately 100 cu. yds each will be taken from an area identified as having had approximately 30-50ft of overburden hydraulically removed in prior operations (see green circle, Figure 4). The present base of this area has an estimated 10-30 ft of gravel on top of bedrock along the Tertiary “Main Channel” (see Figure 2: “Bunker Hill #4” Claim showing Lindgren’s “Main Channel” and some features on adjacent private property.). Samples should yield results consistent with Waldamar Lindgren’s reports for the desirable gravel strata including the “blue lead” and near-bedrock layers.

These samples will be extracted with a backhoe and be processed in a demonstration scale wash-plant (~10-15 YPH) based on traditional trommel/jig wet gravity separation. A pit will be excavated to bedrock with approximate surface dimensions of 30’x 60’, with a sloped floor and 1:1 or better graded sides. Approximately 600 cu. yds. will be processed through the wash plant.

Examination of the area shows this material to be untouched and thus likely not contaminated by any previous mercury-based recovery operations. However, should evidence of mercury be discovered, excavation will cease and the operations plan re-evaluated. Samples will periodically be tested for mercury.

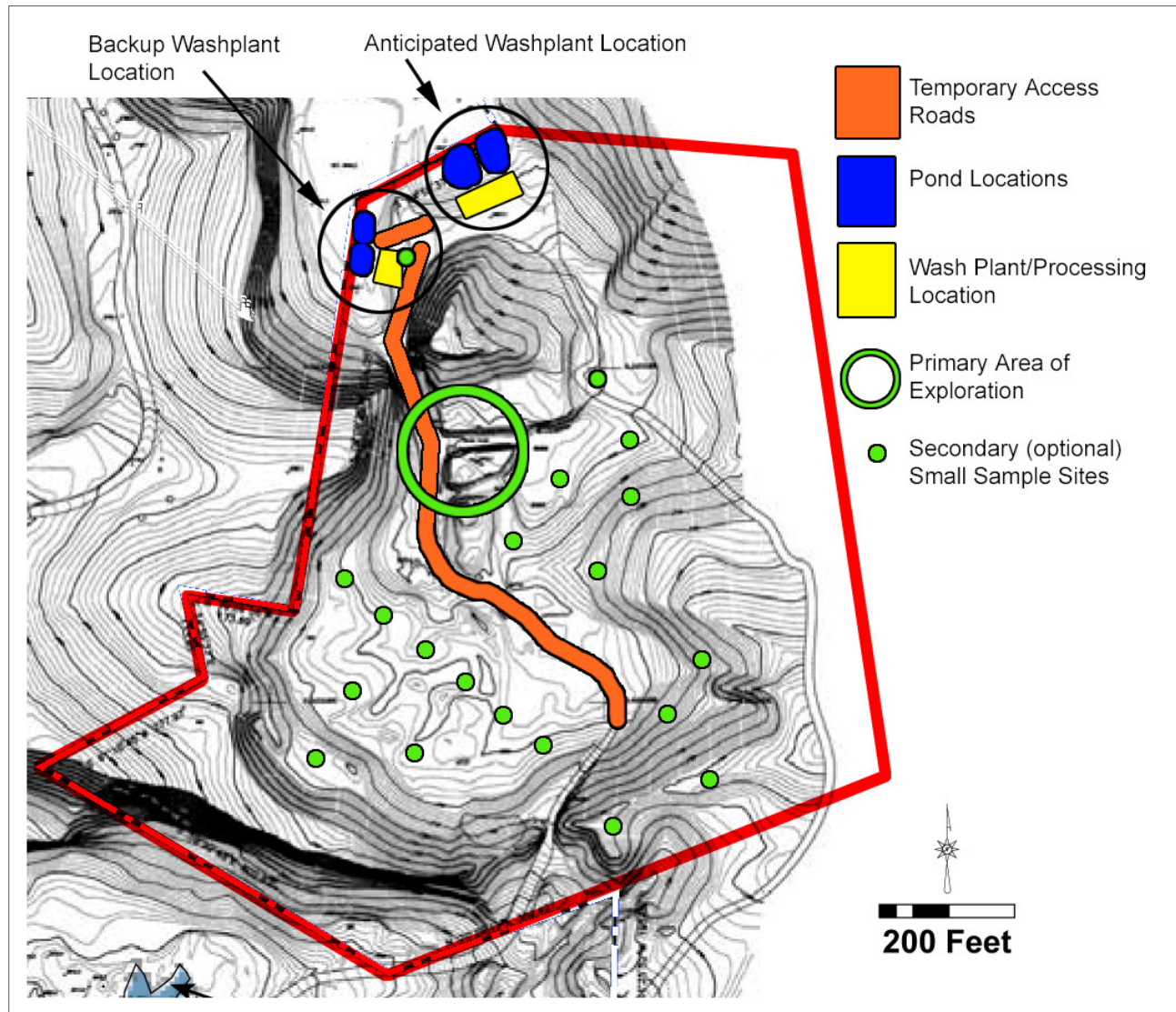


Figure 4: Map of operations plan locations and key features. Markings are not scale representations of the features, but rather indicate the areas which will contain the features. Access roads are existing though partially reclaimed. Anticipated washplant/pond location is indicated, but also a second “backup” site is indicated should the anticipated site be infeasible at the time of washplant installation. No BLM corner/survey markers, found at all but the most southerly corner of the claim, will be disturbed.

Water for the wash plant will be recirculated through two ponds of 15,000-30,000 gallons each. These ponds will be partially dug and partially bermed up for depth and

should entail no more than approximately 200 cu. yds of disturbance. The ponds will be filled and recharged from a well on adjacent patented property, or when possible, water sources including several on-site springs, or another spring-fed pond on the adjacent property.

No water will be flowing directly out of the ponds into neighboring areas. Water loss will be limited to seepage and what is soaked up by tailings during processing. Seepage from tailings will be directed back into the ponds. Tailings will be stacked for use in reclamation.

Small quantities of a bio-degradable flocculantant such as polyethylene oxide (PEO), as recommended by the US Bureau of Mines² may be used in the ponds to aid in settling colloidal material.

Since the operation will occur entirely on hydraulically disturbed areas, virtually no topsoil is present. However, if larger volumes of topsoil are uncovered, they will be stacked separately from tailings.

Small Sample Exploration

In additional to the primary exploration, small samples will be taken from around the claim using auger-drilling or small backhoe trenches. These samples, intended purely to produce data, will be processed using a small exploration trommel/slucice. Samples will typically consist of 1-3 cu. yds. of material and sample sites will be reclaimed immediately. Potential sample locations, while not explicitly defined, are indicated by green dots in Figure 4. No more than 50 cu. yds. of material total will be processed.

Location	Material Processed (cu. yds.)	Material Disturbed (cu. yds.)
Primary Exploration Area	600	600
Ponds and Wash Plant	0	250
Small Sample Sites	50	100
Other	0	25
TOTAL	650	975

Table 1: Approximate volume of material disturbed and processed in “Bunker Hill Phase I”

² A. G. Smelley, B. J. Scheiner and J. R. Zatzko, Bureau of Mines Investigations 8498, 1980, U.S. Department of the Interior.

Site Improvements and Prevention of Degradation

Two small access roads will be reopened temporarily for equipment access (indicated in orange in Figure 4). These roads already exist, though they have previously been partially reclaimed with “Kelly humps” (3-4 ft. berms preventing access and redirecting water flow). Grades are all well below 5% or extremely short.

Additionally, rock-laden tailings will be used in some areas to improve the primary access road to reduce rutting in muddy conditions, for addition of waterbars, and other erosion controls. Broken rock will be selected, or optionally, rock will be crushed prior to use.

Wildlife is (surprisingly) minimal on the claim. Only a few rabbits have been sighted and solo sets of deer tracks found. There have been occasional reports of bobcat and bear sightings in the greater region. Other animal life witnessed on the claim consists of common species of birds, small lizards, frogs, insects, and bats. The project should not impact any of these species

No rare plants have been found on the site.

Since the site is extremely disturbed, the trees and brush on the site are fairly recent regrowth and in some cases include invader species. Smaller bushes will be removed. A few small to mid-sized pines or spruce that are growing on or near the vertical escarpments of the diggins may need to be removed, mostly for safety. Permits will be acquired for tree removal as needed and stumpage fees paid when applicable.

As noted, water for ore processing will be recirculated and no water will be released. A small amount of dust will be developed during excavation and loading into the washplant, as well as reclamation. However, much of the sub-surface material is damp clay and will not become airborne.

Fuel will be shipped and stored in approved containers. On site storage areas will be lined with suitable material to catch any spillage. Vehicles will be serviced off-site.

Trash will be disposed of off-site municipal collection locations.

Sewage from a port-a-potty will be collected by a professional service provider.

Schedule of Activities

Operations will begin upon approval of the Reclamation Plan and posting of the bond, and will take up to one year.

The wash plant will be set up initially, likely requiring 2-4 weeks.

Sample extraction from the primary area of interest will commence as soon as the wash plant is set up and processing will complete in 3-4 months depending on the weather conditions and results of sampling. As much as possible, disturbed areas will be reclaimed as work proceeds.

Small samples will be done over a 6-12 month period and reclaimed immediately.

Bunker Hill Phase I and reclamation will be complete by August 31, 2013, or one year from when work commences.

Workforce, Occupation, and Hours of Operation

2-4 persons will be on site at all times conducting operations.

Workers will be appropriately trained, and licensed for equipment operation and MSHA compliance.

Reports indicate that winter weather or rainy conditions nominally will shut down operations thirty days annually.

Operations will be limited to daylight hours and may be conducted 7 days per week. No neighbors are close enough to be impacted by noise, traffic, or other similar disturbances.

Personnel will reside in camper trailers seasonally. Trash will be disposed of in You Bet municipal waste collection. Drinking water will be brought in. A port-a-potty type chemical toilet will be utilized and professionally serviced.

Equipment

Earth Moving Equipment:

- Rubber tire backhoe (CAT420 or equivalent)
- Truck mounted auger/drill rig

Wash-Plant (some items may be substituted or omitted):

- 12" trommel/sluiice skid
- Grizzly screen/feeder
- 36" x 8' trommel
- 42" duplex jig
- 24" duplex jig
- 30' x 24" sluice
- 8' shaker table
- 36" Knudsen bowl
- Reverse spiral concentrator
- 36" mechanical screener
- Gold Cube
- 3kw gasoline genset
- 20kw diesel genset and switchgear
- 400gpm water pump with assorted auxiliary pumps, hoses, and plumbing
- Rock crusher (for generating road improvement gravel)

(The wash-plant will be installed on an existing graded slope above the ponds.)

Camper trailers (1-2)

Tents, awnings, and campsite equipment

Vehicles (2-4 4x4's)

Fuel tank (to be determined, anticipate ~200-500 gallon, truck mounted)

Drinking water tank

Tools

Porta-potty toilet

IV. Key Personnel and Principal Operators

Olaf Bleck: MIT 1985-1989 & 2000-2003 with degrees/studies in avionics, mechanical and electrical engineering, and business school. Cross discipline “jack of all trades” engineering consultant through present day, including areas of chemical engineering and process control. Grew up outdoors in Boulder, Colorado and Miami, Florida, and was fascinated as a child by the Colorado historic mining districts. Roles: senior project management (i.e. CEO role), mine & plant engineering, fabrication, project analysis, finance.

Additional activities: runs a Salsa & Swing dance event company in Boston, is an avid yacht racer, outdoorsman, and in the 1990’s was very involved in prototype electric & solar car racing.

Contact information:

Olaf Bleck
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Paul Garmisch: University of Montana, Missoula, 1970-1977, Forestry & Geology. Spent twenty years in western Montana ranching, farming, placer gold mining, as a logging contractor, and forest fire fighter. Roles: project management, geomorphology, mine engineering, land use planning, reclamation, heavy equipment operation.

Additional activities: a professional musician and renowned architectural & product model maker, and father.

Contact Information:

Paul Garmisch
c/o Olaf Bleck
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Other operators may be added and BLM notified.

Advisory Board

Western Star Mineral Exploration and Recovery also maintains an advisory board of experienced professionals in areas of mining, geology, finance, and legal matters.

V. Reclamation Plan

Primary Exploration Area

Upon completion of material extraction from the primary exploration area, the disturbed areas will be filled with tailings from the ore that was extracted from the location. The area will be graded to match the surrounding area, though some escarpments 10-15ft in height or less will remain, similar to the existing ones. (Note: mining in the proposed “Bunker Hill Phase II” will consume most areas with escarpments, and bulk of the claim will be reclaimed to a natural state.)

Filled areas will be reseeded with local grass species as needed.

Natural drainage features will be restored and straw wattles placed in areas prone to erosion.

Small Sample Exploration Sites

Sites will be reclaimed immediately upon extraction of samples. Areas will be reseeded with local grass species as needed.

Processing Area

Upon completion of processing (primary and samples), equipment will be removed, ponds will be allowed to dry up, and the area will be graded to match the surrounding contours. The area will be reseeded with local grass species as needed.

Natural drainage features will be restored and straw wattles or mulch placed in areas prone to erosion.

Roads

No new roads will be cut. Short stretches of partially reclaimed, fairly level, existing roads will be reopened for access, principally by removing Kelly humps. These humps will be replaced and seeded. No waterbars should be needed since the grades are fairly flat.

Some additional improvements on the main road are anticipated. This includes filling existing erosion, adding waterbars, and improving drainage. Straw wattles and crushed/broken cobble will be placed in drainage areas prone to erosion.

Reclamation Cost Estimate

Third party estimates for the following will be submitted:

- Soil reclamation (i.e. earth-moving)
- Equipment removal
- Site cleanup