

Hice Gold Corporation

Capitalization, Uses of Funds, Trials, Production, Exit Strategy

CAUTION – THE FOLLOWING FORWARD LOOKING STATEMENTS ARE FORECASTS WITH NO VALIDITY IN FACT!

CAPITALIZATION

Assets:

Cash in Bank (Phase 1 and 2) ¹	\$ 3,300,000
Stock Subscriptions Receivable ² :	
Investor – Common Stk (24%) Subscriptions Receivable – 24,000 sh...	24,000
Nome Gold Holding, LLC – Common Stk (24%) Rec..... – 24,000 sh...	24,000
Geodrilling Technologies, Inc. – Common Stk (24%) Rec – 24,000 sh...	24,000
Pending – Common Stk (28%) Subscriptions Receivable – 28,000 sh...	28,000
Other Assets:	
Mudd Creek Mining Claims ³ with 50,000 ounces proven gold reserves	3,300,000
Patents and Other Intangibles ⁴	<u>3,300,000</u>
Total Assets	\$ <u>10,000,000</u>

Debt:

OID ⁵ (3 Year Note) - \$4,400,000, 10% APR for Investor	\$ 3,300,000
OID ⁶ (3 Year Note) - \$4,400,000, 10% APR for Nome Gold Holdings, LLC .	3,300,000
OID ⁷ (3 Year Note) - \$4,400,000, 10% APR for Geodrilling Technologies ..	<u>3,300,000</u>
Total Debt	9,900,000

Equity:

Investor 24,000 Shares Voting Common	24,000
Nome Gold Holdings, LLC 24,000 Shares Voting Common	24,000
Geodrilling Technologies, Inc. 24,000 Shares Voting Common	24,000
Pending 28,000 Shares Voting Common, unissued from 200,000 authorized	<u>28,000</u>
Total Equity	<u>100,000</u>
Total Debt and Equity	\$ <u>10,000,000</u>

¹ Wells Fargo Bank (preferred bank due to Alaska dominance). Two working capital accounts will be established: (1) One signature imprest working capital account (\$100k) for normal transactions (2) Double signature account for capital acquisitions, replenishing imprest working capital account, and unusual transactions.

² Stock Subscriptions Receivable will be paid with future gold production. Gold will be discounted at 85% on London spot price and kept in a separate safety deposit box.

³ Mudd Creek Alaska State Mining Claims – 2200 acres Candle, Alaska. Have drill logs, exploration reports, and complete history. Claims have proven 50,000 ounces of gold. Additional inferred 1m to 3m ounces in area.

⁴ The Hydro-Scopic™ drill/mining process is based on two USA patents having 26 approved claims. The process requires testing and validation. It is eco-friendly and targets deep difficult virgin placers and lode with an exploration process that can upgrade resource mineral classification to proven reserves with mining confidence.

⁵ Investor, OID (Original Issue Discount) note – Investor’s \$4,400,000 discounted note purchased for \$3,300,000 (Phase 1 and 2) on original formation. Note secured jointly with Nome Gold Holdings, LLC on all tangible assets.

⁶ Nome Gold Holdings, LLC., OID note – Claim holder’s \$4,400,000 discounted note purchased for \$3,300,000 by assigning Mudd Creek’s 2200 acre Alaska mining claims with extensive historical documentation and minimum 50,000 ounces proven gold reserves. Nome Gold Holdings, LLC will provide the expertise in maintaining those claims as security for this investment. Note secured jointly with Investor and all tangible assets.

⁷ Geodrilling Technologies, Inc., (hereinafter “Hice”) OID note – Hice’s \$4,400,000 discounted note purchased with assignment of USA patents to the Company. Note will be secured only by the patents and other intangibles.

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PHASE #1 FUNDING (\$2,700,000) – (7) months:

Corporate Setup:

Corporate formation and meetings – travel.....	\$ 10,000
Legal review	30,000
Consulting Fee for Marketing and Mineral Rights Acquisitions.....	250,000
Escrow set-up and closure	<u>10,000</u>
Total Uses for Corporate formation and evaluation.....	\$ <u>300,000</u>

Critical Acquisitions – Estimated (7) Month Duration Time:

Terra Sonic International – Sonic Drill and Components:

TSi 150C Crawler Rig with auto pipe assembly	\$ 1,100,000.	
Morooka Crawler/Crane with Trailer.....	200,000	
Adapter, TSi Head Flange to TSi Spindle x 2	3,000	
Rod (4.25"OD x 3.75"ID), 600' w/6"x 4.25" spindle	60,000	
8" Core Barrel x 3	7,000	
8" Core Barrel Bits x 10	8,000	
4.25" x 8" Core Barrel Adaptor x 4.....	6,000	
Casing (9.25"OD x 8.4"ID x 10') x 600'	125,000	
9.25" Casing Shoe Bits x 10.....	6,000	
6" x 9.25" Casing Adaptors x 3.....	5,000	
Sonic Crew Special Training (3 weeks).....	40,000	
Trucking – to Grants Pass, Oregon.....	<u>40,000</u>	
Total Sonic Drill Investment		1,600,000

Processing Plant and Ancillary Equipment:

Jet Pump with Driver and Pump Smart VFD with Accessories (e.g. Platform and Conduit)	330,000	
Processor (e.g. Centrifugal Concentrator, Pumps, Backfill Apparatus, Conduit).....	200,000	
Grinder (e.g. 30tph) of Slurry.....	20,000	
Water Filtration Unit (e.g. Bonechar, Zeolite)	50,000	
Gold Room (e.g. MSI 255 Shaking Table / 755 Enhancer with Facility/RV, Security)	100,000	
Reservoir (e.g. Tank, Dam, Pump, Well Structures, Well Pump).....	<u>100,000</u>	
Total Plant and Equipment.....		<u>800,000</u>

Total Critical Acquisitions.....

2,400,000

Total Uses of Phase #1 Funds within (7) months of Funding.....

\$ 2,700,000

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PHASE #2 FUNDING (\$600,000) – (5) months.

Drilling and Testing for “Sump/Trap” Recovery – next (5) months ending 12 months from funding:

Scientific Analysis Equipment and Technology:

XRF Hand-Held Spectrometer, Training, Data Collection Software, Core Holders, Validity Fees	\$ 30,000	
Seismic and/or LIDAR integration.....	40,000	
Other	<u>10,000</u>	
Total.....		80,000

Facilities, Transportation, and Operating Costs:

Mobile Facility Structures	15,000	
RV Living Quarters x 3	30,000	
ATV’s x 3	15,000	
Haul Trailers x 3	60,000	
Containers x 4	20,000	
Fuel and Operating Supplies	<u>50,000</u>	
Total Facilities and Transportation.....		190,000

Administration, Supplies, Permits, Insurance, Payroll:

Payroll \$4,500 ea. including tax x 6 x 5 months...	135,000	
Supervision \$6,000 ea. including tax x 3 x 5 months	90,000	
Insurance plus Workmen’s Comp	40,000	
Rent (Grants Pass, Oregon Lawless Ranch)	30,000	
Travel	10,000	
Legal and Accounting.....	10,000	
Other	<u>15,000</u>	
Total Administration and Other		<u>330,000</u>

Total Uses of Funds for Phase #2 - “Sump/Trap Recovery” 3 months 600,000

Total Uses of Phase #1 and #2 (Prototype Development – 12 months) \$ 3,300,000

End of Phase 1 and 2 Funding – Prototype Completion

TOTAL INVESTED TO DATE (12 Months) - \$3,300,000

Decision Tree

DECISIONS REQUIRED – Questions to be answered?

- 1). *Is the process eco- friendly and a viable heavy metal exploration and mining process?*
 - *Yes – Proceed to #2.*
 - *No - Consider alternate direction:*
 - *Liquidate assets including patents and Mudd Creek 50,000 ounces.*
 - *Consider leasing equipment. Put up Mudd Creek as target for lease.*
 - *Consider partial liquidation. Convert to conventional mining.*
 - *Continue mineral rights acquisition. Use drill for proving reserves.*
 - *Is more funding and time required to answer this question?*
- 2). *Can the equipment be moved efficiently and quickly from one target resource to another?*
 - *Yes – Proceed to #3.*
 - *No – Consider alternative transportation methods:*
 - *Lease or purchase equipment to reduce transportation costs?*
 - *Destination equipment rentals.*
 - *Use only the minimum necessary equipment.*
 - *Improvise.*
- 3). *Can direct fixed and variable costs be limited to \$100,000 per month for a target resources?*
 - *Yes – Proceed to #4.*
 - *No – Recalculate breakeven – Adjust variable and fixed costs for cost analysis.*
 - *What envelope range of costs are feasible with expected gold price?*
 - *Redefine costs per target including specific logistic issues.*
 - *Total costs per month will then vary per target*
 - *Target selection will then be based on available funding.*
- 4). *Hydro-sopic™ exploration and mining is a viable and efficient eco-friendly process for exploring and mining the last frontier of vast untouched mineral wealth remaining on this planet Earth. It is the “KEY” to recovering these deep difficult resources and the forerunner to a new technical mining process that will spawn the birth of a unique green mining industry supplying precious metal and a myriad of critical minerals required to keep America great.*

LAUNCH PHASE 3 FUNDING (6 MONTHS) - \$700,000

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PHASE #3 FUNDING (\$700,000 for Production Trials) – 6 months:

The validation of the prototype will be assured when efficient recover of gold will be obvious when using the sump/trap core recovery method. Hydro-scopic™ drill/mining will then proceed to target resources for exploration with an emphasis of locating high-value resources:

High-value resource - target paying greater than ½ ounce of gold per cubic yard.

Low-value resource – target paying less than ½ ounce of gold per cubic yard.

The high-value resource will be mined after successfully identifying at least two high-value resources. All low-value resources will be cataloged for future franchise mining.

During this 6 month period, additional patent development will be tested for light slurry recovery of fine gold using innovative designs like - coupling eductors, surface recovery plant (with rock crushing and water filtration). This should substantially increase gold recovery and can be tested in the field. It should be noted that this is a new industry requiring constant testing and improving. A special task force will be assigned to this field testing requirement for further development of light slurry and fine gold recovery.

Total forecasted costs for this 6 month period is \$700,000 with an estimated minimal \$300,000 (about 200oz) in gold recovery offsetting additional costs.

PHASE #4 FUNDING (\$1,000,000 for Production) - 12 months:

There will be a time during the trial period when Hydro-scopic™ drill/mining will evolve into an efficient and profitable mining success with full use of the patent designs recovering the majority of fine and coarse gold (up to 8” nuggets). It will then be apparent that an enormous zone of unmined virgin minerals is now reachable with profit potential far exceeding costs while maintaining environmental integrity. At that time, selecting feasible profit goals will be determined for the least risk showing the best returns. A few profit goals are:

- Keep high-value ground for founders. Low-value for franchise mining and IPO.
- Form real estate LLC with portfolio of mineral rights (highest royalty return).
- Introduce MRIT (Mineral Rights Investment Trusts). Use equity crowd funding to fund these trusts which will fund exploration drilling and feed royalties.
- If enough gold can be recovered – placer gold could be used for digital security.

If high-value ground is mined prior to funding Phase #4, this portion of funding will not be needed. A good exit strategy is to develop franchise mining within 3 years and sell as an IPO. High-value drilling with the LLC portfolio of mineral rights, and the MRIT's will remain with the investors with in-kind gold royalties having minimal tax, less risk and few worries.

The End