FORM MR-AR
(Revised 2/2001)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. *General Information*

1. Report Time Period: From (mo./yr.) 1-1-05 To (mo./yr.) 12-31-05
2. DOGM File Number (Mine No) S15/ 00 /77
3. Mine Name: BLUE CASTLE
4. Mineral(s) Mined (or permitted to mine): Noble Metals
5. Type of mine ☒ Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected):
   E 1/4, NE 1/4, SE 1/4, Section 29, Township 16S, Range 14E
   ____ 1/4, ____ 1/4, ____ 1/4, Section ____, Township ____, Range ____
   ____ 1/4, ____ 1/4, ____ 1/4, Section ____, Township ____, Range ____
7. Name of Operator or Company: GOLDTERRA, INC.
8. Permanent Street Address: 4088 East Airport Rd - PO Box 783
   City, State, Zip: Price, Utah 84501
   Phone: (435)636-8888 Fax: (435)637-3888
9. Company Representative (or designated operator):
   Name: Dan Sheppard
   Title: President
   Business Address: 4088 East Airport Rd - P.O. Box 783
   City, State, Zip: Price, Utah 84501
   Phone: (435)636-8888 Fax: (435)637-3888

☐ **Please check if any of the above information has changed since previous year.**

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DIV. OF OIL, GAS & MINING

II. *Mining and Reclamation*

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? ____
3. If yes - how much ore or mineral was mined? Approximately 500 Tons.

Reviewed 10/5/06 Question whether there's really been any activity PPB

4. Briefly describe the type of work performed, volume of material moved, and any new or additional surface disturbances that occurred during the past year.

Approximately 500 Tons of material was trucked to our pilot mill located at 4088 East Airport Road - Price, Utah 84501

5. How much **additional acreage** was disturbed during the past year? Less than 1 Acre

6. How much acreage was **reclaimed** during the past year? None

7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results.

N/A

8. What is the **total disturbed acreage of entire project** at years end? Less than 1 Acre

9. Briefly summarize any mining and/or reclamation plans for the upcoming year.

Plan to excavate Material and truck to the Pilot Mill located at 4088 East Airport Road - Price, Utah, at a rate of 50 tons per day.

NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. *Additional Information - R647-4-121.2 and .3*

1. **The operator shall include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

2. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

IV. *Signature Requirement*

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): Dan Sheppard

Title of Operator: President

Signature of Operator: [signature]

Date: January 23, 2006

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