SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10 – Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2012**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to _______

Commission File Number: **333-149850**

EASTERN RESOURCES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**45-0582098**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

1610 Wynkoop Street, Suite 400, Denver, CO 80202
(Address of principal executive offices)

(303) 893-2334
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller Reporting company)	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 198,550,000 shares of the issuer's common stock outstanding as of November 19, 2012.

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EXPLANATORY NOTE

Eastern Resources, Inc. (the “Company”) is filing this Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (the “Report”) on the date hereof in reliance on Order Under Section 17A and Section 36 of the Securities Exchange Act of 1934 Granting Exemptions from Specified Provisions of the Exchange Act and Certain Rules Thereunder (the “Order”) promulgated by the Securities and Exchange Commission (the “SEC”) on November 14, 2012 (Securities Exchange Act of 1934 – Release No. 68224).

The Company was not able to meet the SEC mandated filing deadline due to Hurricane Sandy. The Company’s legal counsel, Gottbetter & Partners, LLP (“G&P”), is located in New York, New York and its offices were closed for two days during the hurricane. G&P counsels and advises the Company with respect to the preparation of the Company’s periodic reports that it files with the SEC and, because of Hurricane Sandy, G&P was not able to provide this support service in a timely fashion. Because of this hurricane related delay, the Company was not able to file the Report until today.

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EASTERN RESOURCES, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2012
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EASTERN RESOURCES, INC. AND SUBSIDIARIES

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 579,855	$ 358,125
Accounts receivable other	1,008	-
Inventory, net	886,977	912,676
Other current assets	24,265	12,433
Total current assets	1,492,105	1,283,234
Non-current assets		
Buildings, equipment, and land, net	5,573,565	5,621,186
Mine development	5,167,219	3,869,342
Mining properties and mineral interests, net	16,425,845	16,380,747
Deposits	16,769,639	16,794,577
Total non-current assets	43,936,268	42,665,852
Total assets	$ 45,428,373	$ 43,949,086
Liabilities, Convertible Redeemable Preferred Stock and Stockholders' Deficit		
Current liabilities		
Accounts payable	$ 1,533,148	$ 282,141
Accrued liabilities	5,194,148	3,247,232
Promissory Notes - related party	432,260	-
Convertible bridge loans, net	1,900,000	-
Current portion of capital lease obligation	179,972	335,093
Series A 8% bonds	919,779	1,399,779
Refundable customer deposit, ore purchase agreement	10,660,000	10,000,000
Push-down redeemable obligation of Parent and its affiliate	5,950,000	5,950,000
Push-down interest of Parent and its affiliate	24,461,002	18,813,444
Push-down debt of Parent and its affiliate	21,579,848	21,579,848
Total current liabilities	72,810,157	61,607,537
Non-current liabilities		
Capital lease obligations, less current portion	-	39,719
Reclamation liability	23,849,160	22,793,187
Ore purchase derivative contract	22,734,479	18,818,945
Total non-current liabilities	46,583,639	41,651,851
Total liabilities	119,393,796	103,259,388
Series A Convertible Redeemable Preferred stock, $0.001 par value 10,000,000 and 0 shares authorized, issued and outstanding at September 30, 2012 and December 31, 2011 respectively	60,000,000	-
Series A Convertible Redeemable Preferred stock dividend	3,500,000	
Push down obligation of Parent	(51,990,850)	-

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Total convertible redeemable preferred stock net of push down obligations of parent	11,509,150	
Commitments and contingencies		
Stockholders' deficit		
Common Stock:		
Common stock $0.001 par value 300,000,000 and 0 shares authorized at September 30, 2012 and December 31, 2011 198,550,000 shares issued and outstanding at September 30, 2012	198,550	-
Additional paid-in capital	7,292,260	12,073,010
Accumulated deficit	(92,965,383)	(71,383,312)
Total Stockholders' deficit	(85,474,573)	(59,310,302)
Total liabilities, convertible redeemable preferred stock and stockholders' deficit	$ 45,428,373	$ 43,949,086

The accompanying notes are an integral part of these statements.

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	**2011**	**2012**	**2011**
Metal sales	$ -	$ 573,942	$ -	$ 573,942
Operating expenses				
Direct operating costs			-	-
General and administrative	1,295,156	262,319	4,305,989	883,864
Accretion expense	351,992	307,843	1,055,973	1,069,461
Mine care and maintenance	285,517	196,078	684,641	641,643
Depreciation and amortization		88	2,082	5,562
Total operating expenses	1,932,665	766,328	6,048,685	2,600,530
Loss from operations	(1,932,665)	(192,386)	(6,048,685)	(2,026,588)
Other (expense) income				
Interest expense	(2,917,905)	(2,020,861)	(7,608,495)	(6,062,583)
Interest income	8,637	59	48,613	47,608
Amortization of deferred financing	(568,334)		(568,334)	
Other (expense) income	(157)	(12)	10,364	71,104
Loss on ore purchase derivative	(1,407,694)	-	(1,407,694)	(13,025,932)
Change in fair value of derivative instrument contract	(2,095,776)	(1,489,960)	(2,507,840)	(4,216,849)
Total other (expense) income	(6,981,229)	(3,510,774)	(12,033,386)	(23,186,652)
Net Loss	(8,913,894)	(3,703,160)	(18,082,071)	$ (25,213,240)
Preferred dividend	1,750,000		3,500,000	-
Net loss available to common shareholders	(10,663,894)	(3,703,160)	(21,582,071)	(25,213,240)
Earnings per share:				
Basic and diluted loss per share	$ (0.04)	$ (0.02)	$ (0.09)	$ (0.14)
Basic and diluted net loss per common share	$ (0.05)	$ (0.02)	$ (0.11)	$ (0.14)
Weighted average number of common shares outstanding	198,550,000	180,000,000	198,550,000	180,000,000

The accompanying notes are an integral part of these statements.

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT (Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Deficit
Balance - December 31, 2011	180,000,000	$ 180,000	$ 11,893,010	$ (71,383,312)	$ (59,310,302)
Cash distribution			(100,000)		$ (100,000)
Reverse acquisition	18,170,000	18,170	(13,674,878)		$ (13,656,708)
Shares sold for cash, private placement	380,000	380	379,620		$ 380,000
Stock based compensation			1,213,154		$ 1,213,154
Stock based compensation, corporate advisory			536,913		$ 536,913
Warrants issued for services			306,568		$ 306,568
Non-cash contribution			568,334		$ 568,334
Beneficial conversation option bridge loan			521,981		$ 521,981
Push down debt obligation to be paid from preferred stock redemptions			5,647,558		$ 5,647,558
Series A convertible redeemable preferred stock dividend				$ (3,500,000)	$ (3,500,000)
Net Loss				$ (18,082,071)	$ (18,082,071)
Balance - September 30, 2012	**198,550,000**	**$ 198,550**	**$ 7,292,260**	**$ (92,965,383)**	**$ (85,474,573)**

The accompanying notes are an integral part of these statements.

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Nine months ended September 30,	
	2012	**2011**
Cash flows from operating activities		
Net loss	$ (18,082,071)	$ (25,213,240)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	2,082	5,562
Amortization of debt issuance costs	568,334	-
Accretion expense	1,055,973	1,069,461
Loss on ore purchase derivative	1,407,694	13,025,932
Change in fair value of derivative instrument	2,507,840	4,216,849
Accretion on convertible bridge loans	521,981	-
Warrants issued for services	306,568	-
Stock based compensation	1,750,067	-
Push-down interest of Parent and its affiliate	5,647,558	5,979,873
Changes in operating assets and liabilities		
Accounts receivable - metal sales	-	(440,079)
Accounts receivable - other	(1,008)	(68,048)
Inventory	25,699	36,919
Other current assets	(11,833)	(7,523)
Accounts payable	1,251,007	342,605
Accrued liabilities	1,946,916	241,643
Refundable customer deposit	660,000	10,000,000
	17,638,878	34,403,194
Net cash (used in) provided by operating activities	(443,193)	9,189,954
Cash flows from investing activities		
Purchase of building and equipment	(33,138)	(150,624)
Additions to mine development	(1,219,199)	(2,244,099)
Additions to mining properties and mineral interests	(45,098)	(6,875)
Change in deposits	24,938	(364,185)
Net cash used in investing activities	(1,272,497)	(2,765,783)
Cash flows from financing activities		
Proceeds (payments) from Series A 8% bonds	(480,000)	164,279
Proceeds from sale of common stock	380,000	-
Proceeds from convertible bridge loans	1,900,000	-
Proceeds from promissory notes - related parties	432,260	-
Payments on capital lease obligations	(194,840)	-
Payments on push down debt of Parent and it's affiliates	-	(918,728)
Payments of distributions to stockholders	(100,000)	(2,648,781)
Net cash provided by (used in) financing activities	1,937,420	(3,403,230)
Net increase in cash and cash equivalents	221,730	3,020,941
Cash and cash equivalents - beginning of period	358,125	61,351
Cash and cash equivalents - end of period	$ 579,855	$ 3,082,292
Supplemental cash flow disclosures		
Cash paid for interest	$ 131,638	$ 34,498

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Non-cash financing and investing activities

Depreciation expense capitalized to mine development	$	78,678	$	4,270
Preferred dividend	$	3,500,000		

The accompanying notes are an integral part of these statements.

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

Basis of Presentation and Merger

These financial statements represent the consolidated financial statements of Eastern Resources, Inc., and its wholly owned subsidiaries, Elkhorn Goldfields, Inc. and Montana Tunnels, Inc. The term "ESRI" refers to Eastern Resources, Inc., before giving effect to the Merger (defined below), the term "MTMI" refers to Montana Tunnels Mining, Inc., a Delaware corporation, the term "EGI" refers to Elkhorn Goldfields, Inc., a Montana corporation, and the terms "Company," "we," "us," and "our" refer to Eastern Resources, Inc., and its wholly-owned subsidiaries, including MTMI and EGI, after giving effect to the Merger.

On April 6, 2012, we entered into an Agreement and Plan of Merger with ESRI, a public company. ESRI was merged into EGI and MTMI. EGI and MTMI, as the Surviving Corporation, became a wholly-owned subsidiary of ESRI. We issued 180,000,000 shares of our common stock and 10,000,000 series A convertible redeemable preferred stock to acquire EGI and MTMI, which resulted in the stockholders of EGI and MTMI owning approximately 91.6% of our outstanding common stock and 100% of our series A convertible preferred stock after the consummation of the Merger.

On April 6, 2012, (i) MTMI Acquisition Corp., a Delaware corporation formed on February 27, 2012 and a wholly-owned subsidiary of ESRI ("MTMI Acquisition Sub"), merged with and into MTMI, a wholly-owned subsidiary of Elkhorn Goldfields LLC, a Delaware limited liability company ("EGLLC" or "Parent"), with MTMI as the surviving corporation and (ii) EGI Acquisition Corp., a Montana corporation formed on February 27, 2012 and a wholly-owned subsidiary of ESRI ("EGI Acquisition Sub"), merged with and into EGI, a wholly-owned subsidiary of EGLLC, with EGI as the surviving corporation (collectively, the "Merger"). As a result of the Merger and the Split-Off, ESRI discontinued its pre-Merger business and acquired the business of MTMI and EGI as of April 6, 2012, and will continue the existing business operations of MTMI and EGI as a publicly-traded company under the name Eastern Resources, Inc.

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the consolidated financial statements of the Company as of September 30, 2012. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the operating results for the full year. It is recommended that these consolidated financial statements be read in conjunction with the consolidated financial statements and related disclosures for the year ended December 31, 2011 included in the Form 8-K filed with the Securities and Exchange Commission ("SEC") on April 12, 2012 and the amendments to that filing on Form 8-K/A filed with the SEC.

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

Note 1 - Description of Business

Elkhorn Goldfields, Inc. ("EGI") and Montana Tunnels Mining, Inc. ("MTMI") (collectively, "Elkhorn") were formed for the purpose of acquiring, holding, operating, selling, and otherwise dealing in assets of mining operations with gold and other metal reserves and exploration potential. Elkhorn's objective is to operate mines and expand its interests through acquisition and exploration. Elkhorn has one mineral property that has completed the permitting process. That property has developed the 650-foot underground access tunnel to reach the top of the ore body and is in the process of installing required infrastructure to allow access to the lower levels of ore. In addition, a second property has completed the permitting, except for posting the required reclamation bonding. Lastly, Elkhorn has several mineralized targets in the exploration stage. The permitted or nearly permitted mines include Golden Dream Mine (formerly referred to as the Sourdough Mine) and Montana Tunnels Mine ("Montana Tunnels"), and the mineralized properties available to develop mine plans are East Butte, Gold Hill/Mount Heagan, and Carmody (collectively, the "Elkhorn Project"), and the expansion of the previously operated Diamond Hill Mine. All the mines and properties are located in Jefferson County, Montana, with the exception of the Diamond Hill Mine, which is in Broadwater County, Montana. Elkhorn maintains its principal executive office in Denver, Colorado.

On April 6, 2012, EGLLC entered into a merger agreement with ESRI, whereas EGI and MTMI would become wholly owned subsidiaries of ESRI in exchange for 180,000,000 shares of common stock and 10,000,000 shares of preferred stock. ESRI discontinued its pre-merger business and acquired the business of MTMI and EGI, and will continue the existing business operations of MTMI and EGI as a publicly-traded company under the name Eastern Resources, Inc.

On May 8, 2012, we declared a 2 to 1 forward stock split on our Common Stock outstanding in the form of a dividend, with a record date of May 17, 2012, with a payment date of June 8, 2012. We have reflected the effect of this forward stock split on a retroactive basis on all common stock share amounts disclosed throughout this report.

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ESRI and its subsidiaries, EGI and MTMI. All intercompany accounts and transactions have been eliminated in consolidation.

Debt Issuance Costs

Direct costs associated with obtaining debt financing are deferred and amortized over the term of the debt using the effective interest method. The net costs capitalized at for the nine months ended September 30, 2012 was $568,333 and were paid to related parties. The Company amortized $568,334 for the nine months ended September 30, 2012.

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Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, accounts payable, and accrued liabilities, approximated fair value as of September 30, 2012 and December 31, 2011 because of the relatively short maturity of these instruments.

The Company applies the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The financial and non-financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1:	Quoted prices in active markets for identical assets or liabilities;
Level 2:	Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
Level 3:	Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The following assets are measured at fair value as of September 30, 2012:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$ (22,734,479)	$ (22,734,479)

The following assets are measured at fair value as of December 31, 2011:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$ (18,818,945)	$ (18,818,945)

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Ore Purchase Contract: Based on contract terms, projected future gold prices, and discount rate commensurate with estimates of contemporary credit risk using a discounted cash flow model. The model is most sensitive to the future price of gold.

There were no changes to the valuation techniques used during the nine months ended September 30, 2012 and year ended December 31, 2011.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine month period ended September 30, 2012:

		Embedded Derivative
Beginning balance – December 31, 2011	$	(18,818,945)
Issuances (additions)		(1,407,694)
Total gains or losses (realized/unrealized)		
Included in earnings		(2,507,840)
Included on the balance sheet		-
Transfers in and/or out of Level 3		-
Ending balance – September 30, 2012	$	(22,734,479)

The embedded derivative is summarized between related and non-related parties as follows:

Related party embedded derivative	$	21,326,785
Non-related party embedded derivative		1,407,694
Total embedded derivative	$	22,734,479

Management's Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Note 3 - Management's Plan

At September 30, 2012, the Company has not generated any revenues to fund operations. The continuation of the Company as a going concern is dependent upon the ability of the Company to meet financial requirements for mine development and raise additional capital, which will require the issuance of additional debt and/or equity securities. All of the company's mining projects have been placed in care and maintenance until the Company secures additional financing. These factors raise substantial doubt as to the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Note 4–Accrued Liabilities

Accrued liabilities consist of the following:

	September 30, 2012	December 31, 2011
Property and mining taxes payable	$ 3,102,357	$ 2,630,365
Interest	1,411,226	106,358
Environmental remediation	380,000	380,000
Payroll and related expenses	262,565	130,509
Other	38,000	-
	$ 5,194,148	$ 3,247,232

Note 5 – Customer Deposits

During 2011, the Company received an up-front payment of $10,000,000, through an ore purchase agreement from a related party, dated April 15, 2011, to sell 80% of the first 41,700 ounces of gold and 6.5% of the gold produced after 250,000 ounces from the Golden Dream Mine at the Elkhorn Project. For each ounce of gold delivered under the Minerals Product Receivables Purchase Agreement (the "MPRPA"), the Company will pay the related party, subject to certain adjustments, (i) with respect to 80% of the first 41,700 ounces sold, the lesser of $500 per ounce or the latest COMEX spot gold price at the time of sale and (ii) with respect to each ounce of gold over 250,000 ounces, the lesser of $600 or the latest COMEX spot gold price at the time of sale. All pricing is subject to adjustment by an agreed upon inflation factor.

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The Agreement included an embedded derivative, which is valued using a discounted cash flow model with the major inputs of: (i) a 25% discount rate, (ii) gold future pricing, (iii) April 15, 2011 measurement date, and (iv) and management's forecast to produce 72,727 ounces by December 2014. The Company recognized a $13,025,932 loss on related party ore purchase agreement to reflect the difference between fair value of gold at the agreement date and the contract price of gold in the Agreement. As the result, the offering will be amortized by the Company with the delivery of the gold. The fair value of the embedded derivative fluctuates with changes in the price of gold. The change in fair value of the embedded derivative from the date of closing to September 30, 2012 and December 31, 2011 resulted in a cumulative loss of $8,300,853 and $5,793,013, respectively, which was recorded in the consolidated statements of operations in the change in fair value of the derivative instrument.

During 2012, the Company received an up-front payment of $660,000, from an unrelated party, expanding the MPRPA. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA will be increased by 2,000 ounces, from 33,360 ounces to a total of 35,360 ounces. The gold payable rate under the MPRPA will be reduced from 80% to 50% with a production cost paid to the company of $500 per ounce upon delivery. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.5% to 6.87% at a production cost of $600 per ounce paid to Elkhorn at delivery.

The Agreement included an embedded derivative, which is valued using a discounted cash flow model with the major inputs of: (i) a 25% discount rate, (ii) gold future pricing, (iii) September 30, 2012 measurement date, and (iv) and management's forecast to produce 2,200 ounces by December 2014. The Company recognized a $1,407,694 loss on related party ore purchase agreement to reflect the difference between fair value of gold at the agreement date and the contract price of gold in the Agreement. As the result, the offering will be amortized by the Company with the delivery of the gold. The fair value of the embedded derivative fluctuates with changes in the price of gold.

The up-front payments of $10,660,000 have been recognized as refundable customer deposits until the gold is sold. The refundable customer deposits are considered current due to the party's making the payments having the right, upon written notice, at their option to demand repayment of the upfront cash deposit, without interest, for any shortfall in delivered ounces and the uncertainty of the commencement of ore production and the price of gold.

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Note 6–Notes Payable

Series A 8% bonds	September 30, 2012	December 31, 2011
During July 2010, the Company entered into Series A 8% bonds for a total of $5,000,000, of which $1,235,500 was funded. The bonds mature during July 2012, with interest accruing at 8%. Upon the event of default, interest on the bonds accrues at 12%. The unpaid interest on the bonds shall be due and payable quarterly in arrears on the last day of each October, January, April, and July commencing in October 2010. The Company will make a bonus payment of $50,000 per bond upon maturity. The loans are currently in default and due on demand.	$ 919,779	$ 1,399,779
The holders each received five-year warrants to purchase 0.67 membership units of EGLLC per $50,000 bond at a purchase price of $37,500 per membership unit and on July 31, 2011 an additional five-year warrant to purchase 0.67 membership units of EGLLC per $50,000 bond at a purchase price of $37,500 per membership unit was issued. The warrants expire July 31, 2015.		
Less current portion	(919,779)	(1,399,779)
	$ -	$ -

Promissory Notes – Related Parties

	September 30, 2012	December 31, 2011
During 2012, the Company entered into a series of promissory notes with related parties for a total of $432,260. The notes mature on September 30, 2012 and accrue interest at a rate of 6%. The maturity dates of the notes have been extended to May 2013. During October, 2012, promissory notes totaling $107,060 were paid in full.	$ 432,260	$ -

Convertible Bridge Loans

During February 2012, the Company entered into three convertible bridge loans with related parties totaling $1,800,000. The loans are unsecured and call for 12% annual interest on the outstanding unpaid principal. The loans are convertible into common stock at an exercise price of $1.00 per share, with the holder receiving one five-year warrant attached to each share. Two warrants will allow the holder the rights to acquire an additional share of common stock for $1.50. In addition, the holder will be issued warrants exercisable at $0.01 per share, exercisable at the time of closing a private placement offering ("PPO") or the next round of funding. If the share value of the PPO is less than $1.25, an appropriate number of warrants may be exercised by the holder giving the holder additional shares at the cost of $0.01 per share to effect conversion at a 25% discount from the share price of the PPO or the next round of funding. If the PPO does not close within 180 days after the closing of the Merger (April 6, 2012), the holder may "put" the Conversion Shares to the Company at $2.00 per share. The loans matured during August 2012 and prior to that date, the Company did not make the required payments due under the terms of the convertible bridge loans which resulted in an event of default.

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During April, 2012, the Company entered into a bridge loan with an unrelated party for $100,000. The loan is unsecured, has an annual interest rate of 12% on the outstanding, unpaid principal and matures in October, 2012. Prior to the maturity date, the holder may convert the entire principal and accrued interest then outstanding into common stock of the Company. Furthermore, should the Company secure financing prior to the maturity date; the bridge loan shall automatically convert into common stock of the Company at a cost of $1.00 per share. The holder will receive one five-year warrant attached to each share of stock. Two warrants will acquire an additional share of common stock for $1.50 of acquirer. In addition, the holder will be issued warrants exercisable at $0.01 per share, exercisable at the time of closing a private placement offering ("PPO") of acquirer or the next round of funding of acquirer. If the share value is less than $1.25, an appropriate number of warrants may be exercised by the holder giving the holder additional shares at the cost of $0.01 per share to effect conversion at a 25% discount from the share price of the PPO or the next round of funding .If the Company is unable to close a financing within 180 days after the closing of the Holder's applicable closing date, the holder shall have the right to require the Company to purchase all of the Conversion Shares (the "Put Right") for $1.50 per share ("Put Price").Holder shall exercise the Put Right within 30 days after the maturity date. Subsequent to September 30, 2012 the Company did not make the required payments due under the terms of the bridge loan which resulted in an event of default.

At the discretion of the investor the outstanding principal amount and all accrued interest is convertible into shares of the Company's common stock and warrants to purchase common stock. The 950,000 warrants were valued at $774,129 applying the Black-Scholes pricing model. Using the value of the warrants the Company calculated the value of the beneficial conversion options to be $521,981 to be amortized over the remaining estimated life. The value of the warrants under this agreement was determined using the following assumptions: lives of 5 years, exercise price of $2.00, no dividend payments, 118.00% volatility, and a risk free rate of 0.83%.

	September 30, 2012
Convertible bridge loans principal amount	$ 1,900,000
Effect of beneficial conversion	(521,981)
Accretion of debt discount	521,981
Net convertible bridge loans	$ 1,900,000

Notes Payable Maturity Schedule
At September 30, 2012

Year Ended	Related Party Notes	Other Notes	Total
2012	$ 2,952,039	$ 300,000	$ 3,252,039

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Note 7 - Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate

During May 2010, the Company entered into a pledge agreement with the Parent and an investor group. Through the agreement the Company's assets serve as collateral for multiple loans of the Parent to the investors group. The agreement states that all loans and redeemable interest are jointly and severally obligations of the Parent and the investor group may allocate payments at its discretion. Although the Company is not a maker or guarantor on the loans, the loans have been "pushed down" to the Company in the accompanying consolidated financial statements in accordance with Statement of Accounting Bulletin No 54. The following is a summary of the loans as of the nine months ended September 30, 2012 and year ended December 31, 2011.

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	September 30, 2012	December 31, 2011
$5,000,000, 12% Series A convertible notes. These notes were due in December 2007. The notes pay interest at the rate of 12% per annum, payable on the maturity date or within 30 days after conversion. In the case of default, interest on the notes accrues at 18%. During 2007, the notes were extended to December 2009. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the convertible notes accrue interest at 18% per annum, compounded quarterly, and are due in November 2013. Interest only payments are to be made quarterly. At the election of the holder, principal amounts of the notes are convertible into membership units at $50,000 per membership unit or into membership interests of the Parent. The Company's mining properties and equipment have been pledged as collateral to these notes.	$ 5,791,701	$ 5,791,701
On May 14, 2007, an affiliate of the Parent entered into a loan for $8,050,000. The loan was due May 2009. The loan pays interest at the rate of 12% per annum, payable monthly. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the loans accrue interest at 18% per annum, compounded quarterly, and are due November 2013.		
At the election of the holder, the principal amount of the loan can be exchanged for $13,416,666 of Series A Bonds of the Parent. The Company's mining properties and equipment have been pledged as collateral to this note.	9,680,125	9,680,125
On January 22, 2008, an affiliate of the Parent entered into a loan for $5,000,000. The loan was due January 2009. The loan pays interest at the rate of 12% per annum, payable monthly. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the loans accrue interest at 18% per annum, compounded quarterly, and are due November 2013. At the election of the holder, the principal amount of the loan can be exchanged for shares of an investment of the Parent at $1.00 per share, exchanged for $1,350,000 of Series A Convertible Bond, or exchanged for bonds of an investment of the Parent at $1.00 principal for each $1.00 par amount of a bond. The Company's mining properties and equipment have been pledged as collateral to this note.	6,108,022	6,108,022
Total push-down debt of the Parent and its affiliate	21,579,848	21,579,848
An affiliate of the Parent offered redeemable options to certain debt holders ("Optionee") to purchase membership units in an equity owner of the Parent. The affiliate as Optionor grants to each Optionee the option to put all or any portion of the membership units to the affiliate, whereupon the affiliate shall have the obligation to purchase the put units at the Optionees' cost plus 15% annualized return, less cash distributions or the fair market value of in-kind distributions, which shall first be deducted from the 15% annualized return from each Optionee's date of acquisition of the units. The affiliate will satisfy the put by executing and delivering to each Optionee the affiliates' fully amortized 60-month note in the amount of the put price bearing interest at 12% per annum. The Optionees have the right to exercise the put at any time until 60 days after all push-down debt and related interest have been repaid in full. The Company's mining properties and equipment have been pledged as collateral to the redeemable interest.	5,950,000	5,950,000
Push-down accrued interest of the Parent and its affiliate	24,461,002	18,813,444
	$ 51,990,850	$ 46,343,292

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During 2012 and 2011, the Parent and its affiliate have not made the interest payments on the notes or bonds; thus, an event of default is present. Because of the non-payment of interest, the Company has classified the notes and bonds as current.

Note 8 - Capital Leases

The Company has acquired equipment under the provisions of long-term capitalized leases. For financial reporting purposes, the present value of future minimum lease payments relating to the assets has been capitalized. The leases expire in September 2013. Amortization of the leased property is being capitalized.

The assets under capital lease have cost and accumulated amortization as follows at September 30, 2012 and December 31, 2011:

	September 30, 2012	December 31, 2011
Equipment	$ 916,736	$ 916,736
Less accumulated depreciation	(112,936)	(48,963)
	$ 803,800	$ 867,773

Maturities of capital lease obligations are as follows:

Year Ending December 31,		
2012	$ 158,353	$ 385,358
2013	49,648	49,780
Total minimum lease payments	208,001	435,138
Amount representing interest	(28,029)	(60,326)
Present value of net minimum lease payments	179,972	374,812
Less current portion	(179,972)	(335,093)
Long-term capital lease obligation	$ -	$ 39,719

Note 9 – Shareholders' Deficit

Common Stock

As of September 30, 2012, the authorized share capital of the Company consisted of 300,000,000 shares of common stock with a par value of $0.001 per share. There were 198,550,000 shares of common stock issued and outstanding as of September 30, 2012.

On June 8, 2012 the Company recorded a 2 for 1 forward stock split on the Company's common stock outstanding in the form of a dividend with a Declaration Date of May 8, 2012 and a Record Date of May 17, 2012. The stock split entitled each common stock shareholder as of the Record Date to receive one additional share of common stock for each share owned. All share and per share amounts presented in the accompanying consolidated financial statements have been restated to reflect this change.

During May and June 2012, the Company completed a private placement for 150,000 and 230,000 units for $150,000 and $230,000, respectively. Each unit consisted of one share of our common stock and a warrant, representing the right to purchase one-half share of common stock, exercisable for a period of five (5) years from issuance, at an exercise price of $1.50 per whole share. The shares of common stock contained in the units and underling the warrants carry mandatory registration rights. Subsequent to the private placement the investors agreed to renounce all right, title and interest in and to the warrants contained in the private placement units.

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The Company agreed to file the registration statement no later than ninety (90) calendar days following the final closing of the private placement and use its best efforts to ensure that such registration statement is declared effective within one hundred fifty (150) calendar days of filing with the SEC (the "Effectiveness Deadline").

If the Company is late in filing the registration statement or if the registration statement is not declared effective by the Effectiveness Deadline, monetary penalties payable by the Company to each holder of registrable securities will commence to accrue and cumulate at a rate equal to one percent (1.0%) of the purchase price per share paid by such holder for the registrable securities for each full period of 30 days that (i) the Company is late in filing the registration statement or (ii) the registration statement is late in being declared effective by the SEC (which shall be pro-rated for any period less than 30 days); provided, however, that in no event shall the aggregate of any such penalties exceed ten percent (10%) of the purchase price per share paid by such holder for the registrable securities. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the holder's registrable securities may be sold by such holder under Rule 144 or pursuant to another exemption from registration. Moreover, no such payments shall be due and payable with respect to any registrable securities we are unable to register due to limits imposed by the SEC's interpretation of Rule 415 under the Securities Act.

The Company has agreed to maintain the effectiveness of the registration statement through the earlier of second anniversary of the date the registration statement is declared effective by the SEC or until Rule 144 of the Securities Act is available to the holders to allow them to sell all of their registrable securities thereunder. The holders of any registrable securities removed from the registration statement as a result of any Rule 415 or other comments from the SEC shall have "piggyback" registration rights for the shares of common stock or common stock underlying such warrants with respect to any registration statement filed by us following the effectiveness of the registration statement which would permit the inclusion of these shares. As of September 30, 2012, the Company has accrued a $38,000 for potential penalties related to the registration of the shares from the private stock sale.

Convertible Redeemable Preferred Stock

The authorized share capital of the Company includes 10,000,000 shares of Series A Convertible Redeemable Preferred Stock ("Preferred Stock") with a par value of $0.001 per share. The holder of the Preferred Stock is entitled to receive, out of funds legally available therefor, cumulative non-compounding preferential dividends at the rate of 12% non-cumulative of the stated value of $6.00 per share per year. No dividends may be declared or paid on the shares of common stock or any other capital stock of the Company so long as any shares of the Preferred Stock remain outstanding. As of September 30, 2012, no dividends have been declared on the Preferred Stock. However, the Company has accrued dividends in arrears totaling $3,500,000 to the benefit of the Preferred Stock shareholders. The Preferred Stock has been designated to pay off the push down obligation which has been collateralized by assets of the Company. As money is distributed to the holder of the Preferred Stock either as a dividend or in redemption, it must be used to pay the interest and principle on the push down obligation that is reflected in the accompanying financial statements. The Preferred Stock has been initially recorded at its estimated fair value of $8,009,150 based upon the discounted cash flows to be received by stock holders.

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The Preferred Stock redemption rights can be exercised by the stockholder the earlier of October 6, 2012 or with the production of 25,000 ounces of gold. The redemption is not considered probable because the Company's mines are on care and maintenance and redemption would place the Company in insolvency, which by state law is not permitted. As of September 30, 2012 the Company did not adjust the carrying value for any changes in the redemption value because redemption is contingent on ore production and not probable until the Company secures additional funding.

Stock Option Plan

The Company's stockholders approved the 2012 Equity Incentive Plan (the "2012 Plan") on April 5, 2012 pursuant to which a total of 20,000,000 shares of common stock have been reserved for issuance to eligible employees, consultants, and directors of the Company. The 2012 Plan provides for awards of non-statutory stock options, incentive stock options, stock appreciation rights, performance share awards, and restrictive stock awards within the meaning of Section 422 of the IRC of 1986, as amended and stock purchase rights to purchase shares of the Company's common stock.

The 2012 Plan is administered by the Board, which has the authority to select the individuals to whom awards will be granted and to determine whether and to what extent stock options and stock purchase rights are to be granted, the number of shares of common stock to be covered by each award, the vesting schedule of stock options (generally straight line over a period of three years), and all other terms and conditions of each award. Stock options have a maximum term of ten years and incentive stock options have a maximum term of five years. It is the Company's practice to grant options to employees with exercise prices equal to or greater than the estimated fair market value of its common stock. The 2012 Plan shall terminate within ten years.

The fair value of each award is estimated on the date of grant. Stock option values are estimated using the Black Scholes option valuation model, which requires the input of subjective assumptions, including the expected term of the option award, expected stock price volatility, and expected dividends. These estimates involve inherent uncertainties and the application of management judgment. For purposes of estimating the expected term of options granted, the Company aggregates option recipients into groups that have similar option exercise behavioral traits. Expected volatilities used in the valuation model are based on the average volatility of stock for three publicly traded companies determined to be in a similar industry and with the same market capitalization as the Company. The risk free rate for the expected term of the option is based on the United States Treasury yield curve in effect at the time of grant. The valuation model assumes no dividends. The forfeiture rate is 15%. During the period ended September 30, 2012, the Company has recorded stock based compensation expense of $1,213,154 associated with stock options. As of September 30, 2012, the Company has estimated approximately $6,730,000 of future compensation costs related to the unvested portions of outstanding stock options. Stock based compensation related to common stock issued to a third party vendor in exchange for services of $536,913, with no forfeiture rate, was included in general and administrative expenses in the statement of operations in the nine months ended September 30, 2012. As of September 30, 2012, the Company has estimated approximately $536,000 of future general and administrative expense related to the unvested portions of outstanding stock options.

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Stock option activity for the nine months ended September 30, 2012 was as follows:

	Incentive Stock Options	Weighted Average Exercise Price
Outstanding - December 31, 2011	-	$ -
Granted	12,920,000	0.96
Forfeited/canceled	(230,000)	1.00
Exercised	-	-
Outstanding - September 30, 2012	12,690,000	$ 0.96

The following table presents the composition of options outstanding and exercisable:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Price*	Life*	Number	Price*
$ 0.75	2,000,000	$ 0.75	9.57	871,233	$ 0.75
1.00	10,690,000	1.00	9.52	1,729,552	1.00
Total - September 30, 2012	12,690,000	$ 0.96	9.52	2,600,785	$ 0.96

*Price and Life reflect the weighted average exercise price and weighted average remaining contractual life, respectively.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

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	September 30, 2012
Approximate risk-free rate	0.18%-0.45%
Average expected term	1-3 years
Dividend yield	-%
Volatility	118.00%
Estimated fair value of total options granted	$0.65-$0.78

Warrants

The Company issued 750,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $435,014 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 50,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $28,984 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 100,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $29,984 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 50,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $29,000 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 315,000 warrants in consideration of marketing a private placement financing. The agreement provides and exercise price of $1.50 which expires if unexercised within 5 years. The warrants were valued at $306,568 using the Black-Scholes option pricing model with the assumption of 204.37% volatility, of the risk free rate of 0.73% and no dividend yield.

Note 9 - Related Party Transactions

During 2011, the Company entered into an ore purchase agreement ("Agreement") with an affiliate of EGI to sell 80% of the first 41,700 ounces of gold produced from the Golden Dream Mine for an up-front payment of $10,000,000 of consideration.(Note 5).

Upon the closing of the Merger, the Company entered into a management services agreement with Black Diamond Financial Group, LLC to provide certain management, financial and accounting services for $15,000 per month plus $200 per hour for each additional hour of service in excess of 125 hours to the Company. The management services agreement has an initial term of three years and may be extended thereafter for successive one-year terms. As of September 30, 2012 management fee expense was $90,000.

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As of September 30, 2012, there was $10,000 of related party payables included in accounts payable.

Note 11 - Commitments and Contingencies

Litigation

In the normal course of business, the Company is party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company.

Environmental Matters

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

Estimated future reclamation costs are based principally on legal and regulatory requirements. At September 30, 2012 and December 31, 2011, approximately $23,850,000 and $22,800,000, respectively, were accrued for reclamation costs relating to currently producing mineral properties in accordance with asset retirement obligation guidance.

Property Taxes

The Company is not current with its 2011, 2010 and 2009 property taxes. The total amount past due as of September 30, 2012 and December 31, 2011 is approximately $3,100,000 and $2,600,000, respectively.

Payroll Taxes

The Company is not current with its 2012 payroll taxes. The total amount past due as of September 30, 2012 is approximately $168,000.

Note 12 – Subsequent Events

On October 30, 2012, the Company expanded its MPRPA by an additional $100,000. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA, which was last expanded on September 28, 2012, will be increased by an additional 303 ounces, from 35,360 ounces to a total of 35,663 ounces. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.87% to 6.93% at a production cost of $600 per ounce paid to Elkhorn at delivery.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statement Regarding Forward-Looking Information

This report contains forward-looking statements. All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including without limitation, statements in this Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our financial position, estimated working capital, business strategy, the plans and objectives of our management for future operations and those statements preceded by, followed by or that otherwise include the words "believe", "expects", "anticipates", "intends", "estimates", "projects", "target", "goal", "plans", "objective", "should", or similar expressions or variations on such expressions are forward-looking statements. We can give no assurances that the assumptions upon which the forward-looking statements are based will prove to be correct. Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by the forward-looking statements.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained in this Quarterly Report on Form 10-Q to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Recent Developments

Merger with MTMI and EGI

On April 6, 2012, ESRI, MTMI Acquisition Sub, EGI Acquisition Sub, MTMI, EGI and EGLLC entered into a merger agreement, which closed on the same date, and pursuant to which (i) MTMI Acquisition Sub merged with and into MTMI with MTMI as the surviving corporation and (ii) EGI Acquisition Sub merged with and into EGI with EGI as the surviving corporation. As a result of the Merger, MTMI and EGI became our wholly-owned subsidiaries.

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As the result of the Merger and the change in business and operations of the Company to engaging in exploration and production activities in the precious metal industry, a discussion of the past financial results of ESRI is not pertinent, and the historical financial results of MTMI and EGI, the accounting acquirers, prior to the Merger are considered the historical financial results of the Company. The following discussion highlights our plan of operations and the principal factors that have affected our financial condition as well as our liquidity and capital resources for the periods described. This discussion contains forward-looking statements. The following discussion and analysis are based on MTMI's and EGI's financial statements, which we have prepared in accordance with U.S. generally, accepted accounting principles. You should read the discussion and analysis together with such financial statements and the related notes thereto.

The following discussion and analysis provides information which management believes is relevant for an assessment and understanding of the statements of financial condition and results of operations presented herein. The discussion should be read in conjunction with our audited and unaudited financial statements and related notes and the other financial information included elsewhere in this Quarterly Report.

Stock Split

On May 8, 2012, we declared a 2 to 1 forward stock split on our Common Stock outstanding in the form of a dividend, with a record date of May 17, 2012, with a payment date of June 8, 2012. We have reflected the effect of this forward stock split on a retroactive basis on all common stock share amounts disclosed throughout this report.

Expansion of Minerals Product Receivables Purchase Agreement

On August 20, 2012, the Company entered into a letter of intent with a related party referenced above. Pursuant to this letter agreement, the ounces of gold payable under the existing Minerals Product Receivables Purchase Agreement (the "MPRPA") between the Company and the related party will be increased by 37,640 ounces, from 33,360 ounces to a total of 71,000 ounces. The gold payable rate under the MPRPA will be reduced from 80% to 50% with a production cost paid to the Company of $500 per ounce on delivery. The tail, which is due after the Golden Dream Mine has produced an initial 250,000 ounces, will be increased from 6.5% to 15% at a production cost of $600 per ounce paid to the Company at delivery. The Company will realize up to $12,500,000 from the forward sale of the full 37,640 ounces which will be recognized as a refundable customer deposit until the gold is sold.

Funds from the successful sale of these additional ounces of gold will be used to continue the development of the Company's Golden Dream Mine. The Company has completed approximately 650 feet of underground development, has complete surface infrastructure, and most recently installed a water treatment system giving it the capability to fully develop the Golden Dream Mine.

On September 28, 2012, the Company expanded its current MPRPA by an additional $660,000. The $660,000 payment has been recognized as a refundable customer deposit until the gold is sold. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA will be increased by 2,000 ounces, from 33,360 ounces to a total of 35,360 ounces. The gold payable rate under the MPRPA will be reduced from 80% to 50% with a production cost paid to the company of $500 per ounce upon delivery. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.5% to 6.87% at a production cost of $600 per ounce paid to Elkhorn at delivery.

On October 30, 2012, the Company further expanded its MPRPA by an additional $100,000. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA, which was last expanded on September 28, 2012, will be increased by an additional 303 ounces, from 35,360 ounces to a total of 35,663 ounces. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.87% to 6.93% at a production cost of $600 per ounce paid to Elkhorn at delivery.

To reflect these and previous charges to the MPRPA, on October 18, 2012 we amended and restated the MPRPA. The Amended and Restated MPRPA will provide for an increase of ounces of gold payable by 46,640 ounces to a total of 80,000 ounces. The gold payable rate under the Amended and Restated MPRPA will be reduced from 80% to 50% with a production cost paid to EGI of $500 per ounce on delivery. The tail, which is due after EGI's Golden Dream Mine has produced an initial 250,000 ounces, will be increased from 6.5% to 15% at a production cost of $600 per ounce paid to Elkhorn at delivery. The forward sale of the additional 46,640 ounces of gold is projected to give us a cash infusion of $15,391,200 with a targeted closing date in the fourth quarter of 2012.

General Overview

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Elkhorn Goldfields, Inc. (“EGI”) and Montana Tunnels Mining, Inc. (“MTMI”) (or combined as “Elkhorn”) were formed for the purpose of acquiring, holding, operating, selling, and otherwise dealing in assets of mining operations with gold and other metal reserves and exploration potential. Elkhorn’s objective is to operate mines and expand its interests through acquisition and exploration. Elkhorn has one mineral property, the Golden Dream Mine, that has completed the permitting process, is in the process of installing required infrastructure and has developed the 650 foot underground access ramp to reach the upper levels of the ore body and a second property, the Montana Tunnels Mine, that has completed the permitting except for posting the required reclamation bond. In addition, Elkhorn has several mineralized targets which are in the exploration stage. The permitted and nearly permitted mines consist of the Golden Dream Mine (formerly referred to as the Sourdough Mine) and the Montana Tunnels Mine. The mineralized targets are the East Butte, Gold Hill/Mount Heagan, Carmody, and the expansion of the previously operated Diamond Hill Mine. All the mines and properties are located in Jefferson County, Montana with the exception of the Diamond Hill Mine which is in Broadwater County, Montana. Elkhorn maintains its principal executive office in Denver, Colorado.

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Results from Operations

Three and nine months ended September 30, 2012 as compared with the three and nine months ended September 30, 2011.

Revenue from the Sale of Gold

Elkhorn had no revenues from the sale of gold from the Golden Dream Mine or the Montana Tunnels Mine in 2012 or 2011. In August, 2011, they did realize gross revenue of $573,942 from the sale of 874 tons of stockpile of rock from past mining (resulting in 303 oz. of gold) from the East Butte mine, part of the Golden Dream Mine properties. The related ore processing costs of $133,863 are included in general & administrative expense in 2011.

Operating Expenses

General and administrative expense for the three and nine months ended September 30, 2012 was $1,295,156 and $4,305,989 as compared to $262,319 and $883,864 for the three and nine months ended September 30, 2011. In June, 2011, development of the Golden Dream Mine commenced which resulted in the capitalization of payroll and related costs. As development of the Golden Dream Mine has been placed on care and maintenance temporarily halted in the second quarter of 2012, payroll and related costs are being expensed for the second and third quarters of 2012. Furthermore, general and administrative expenses increased in 2012 due to an increase in professional fees related to the Merger and compensation expense related to the employee stock option plan of $1,213,154, stock options related to a corporate advisory agreement of $536,913 and marketing warrants of $306,568 issued in 2012. This is offset partially by ore processing costs in August 2011 from the sale of stockpiled ore from past mining included in general & administrative costs in 2011.

Accretion expense for the three and nine months ended September 30, 2012 was $351,992 and $1,055,973 as compared to $307,843 and $1,069,461 for the three and nine months ended September 30, 2011. The decrease in 2012 as compared to 2011 is due to a reduction in accretion expense for reclamation of the L-Pit at Montana Tunnels Mine. Management re-evaluates annually the timing of the deferred site closure and reclamation costs related to Montana Tunnels Mining mill and mine sites. They anticipate that reclamation of the mine and mill would be completed in 2024 which is extended several years from previous estimates. This extension is due to management pursuing financing to commence development of the M-Pit, which would extend the mine life by 9 years. The total cost of reclamation is consistent with previous estimates, however by extending the timeline, has reduced the related accretion expense. Estimated future costs are discounted to their present value using a 12% discount rate.

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Mine care and maintenance for the three and nine months ended September 30, 2012 was $285,517 and $684,641 as compared to $196,078 and $641,643 for the three and nine months ended September 30, 2011. The increase in mine care and maintenance was due to certain expenses that were capitalized as part of the development of the Golden Dream Mine in 2011 and not being capitalized in 2012 due to the Golden Dream Mine development being in care of maintenance starting in the second quarter of 2012.

Depreciation, depletion and amortization expense for the three and nine months ended September 30, 2012 was $0 and $2,082 as compared to $88 and $5,562 for the three and nine months ended September 30, 2011. Depreciation, depletion and amortization is calculated on the units of production basis over the remaining proven and probable reserves of the mine. Montana Tunnels Mine ceased mining during 2008 after completion of the L-Pit and completed milling of stockpiled ore during April, 2009 at which time the mine was placed on care and maintenance. Accordingly, there was no depreciation expense related to Montana Tunnels Mine for the periods ended September 30, 2012 and 2011. Capitalized depreciation expense related to the development of the Golden Dream mine for the nine months ended September 30, 2012 and 2011 was $78,678, and $4,270 respectively.

Total operating expenses for the three and nine months ended September 30, 2012 was $1,932,665 and $6,048,685 as compared to $766,328 and $2,600,530 for the three and nine months ended September 30, 2011.

Other Income and Expense

Interest expense for the three and nine months ended September 30, 2012 was $2,917,905 and $7,608,495 as compared to $2,020,861 and $6,062,583 for the three and nine months ended September 30, 2011.

Interest income for the three and nine months ended September 30, 2012 was $8,637 and$48,613 as compared to $59 and $47,608 for the three and nine months ended September 30, 2011. Interest income is earned from restricted cash held directly by a surety in the form of certificates of deposit related to reclamation obligations. Interest income earned throughout the year is remitted to the Company in the fourth quarter of each calendar year.

Amortization of debt discount for the three and nine months ended September 30, 2012 was $568,333 and $568,333 as compared to $0 and $0 for the three and nine months ended September 30, 2011. The amortization of debt discount in 2012 reflects expensing the remaining deferred financing from push down debt.

Loss on ore purchase derivative for the three and nine months ended September 30, 2012 was $1,407,694 and $1,407,694 as compared to $0 and $13,025,932 for the three and nine months ended September 30, 2011. The loss relates to MPRPA as the Company recognized the difference in the fair value of gold at the agreement date and the contract price of gold in the agreement. The change in fair value of the embedded derivative for the three and nine months ended September 30, 2012 was $2,095,776 and $2,507,840 as compared to $1,489,960 and $4,216,849 for the three and nine months ended September 30, 2011. The loss relates to the change in the fair value of the commodity future prices of the MPRPA from the date of closing to September 30, 2012 and September 30, 2011, respectively to reflect the loss in the change in fair value of the derivative instrument.

Going Concern

As reflected in our financial statements for the quarter ended September 30, 2012, we have generated significant losses and substantial doubt exists about our ability to continue as a going concern. This means that there is substantial doubt that we can continue as an on-going business for the next twelve months unless we obtain additional capital to pay for development and operations. We believe that the completion of a proposed $8.5 million private placement will be sufficient to get us to a point where the Golden Dream Mine will begin extracting and selling mineral and providing sufficient cash flow for operations of that mine, for care and maintenance of the Montana Tunnels Mine and to cover other general and administrative expenses; however, because we have not generated revenues since Montana Tunnels Mine shuttered mining in 2008, there is no assurance we will ever reach that point. Also, we believe we will be successful in our capital raising efforts; however, there can be no assurance we will be successful in raising additional debt or equity financing to fund our operations on terms agreeable to us.

Liquidity and Capital Resources

Overview

We have funded our operations and mine development primarily through issuances of debt and equity securities. However, to reach full production of the Golden Dream Mine and begin the "M" pit production at Montana Tunnels Mine, we plan to raise $38.5 million in

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additional capital in 2012 and 2013, which will be deployed in two stages from Q4, 2012 thru Q2, 2014. We believe that raising the additional capital will allow the Golden Dream Mine to be in full production in the second Quarter of 2013 and for the Montana Tunnels Mine to be at or near commercial production sometime in the fourth quarter of 2014.

During Stage 1 (Q4, 2012 and Q1, 2013), we expect to invest $8.5 million of capital to enable the continued development of the Golden Dream Mine focusing on the continued development of the primary access ramp into the main ore body, to complete a raise bore tunnel as a secondary egress and escape way and to refurbish the Diamond Hill mill at MTMI's site, readying it for production for ores from the Golden Dream Mine.

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During Stage 2 (beginning in Q2 2013 through Q2 2014), we expect to invest an additional $30 million of capital to move forward the Montana Tunnels Mine "M" Pit expansion plan.

As additional equipment and financing becomes available in 2013, we plan to double the size of the MTMI earth moving fleet with the goal of removing four (4) million tons of waste rock per month. Our plan is to complete the Montana Tunnels Mine development and full mill start up by the second or third quarter of 2014.

These projections are based on certain assumptions including, but not limited to, our success in raising the required capital in our planned private placements. There can be no assurance that we will be successful in our capital raising efforts. Failure to reach our capital targets could adversely affect our ability to achieve our target projections.

Liabilities

At September 30, 2012 we had liabilities of $119,393,796 compared to liabilities of $103,259,388 at December 31, 2011. Total current liabilities were $72,810,157 at September 30, 2012 as compared to $61,607,537 at December 31, 2011. The increase in liabilities from December 31, 2011 to September 30, 2012 is attributable to an increase in push down debt, interest and the redeemable obligation of EGLLC and its affiliate of $5,647,558, the addition of $1,900,000 in bridge loans, the addition of $432,260 of promissory notes, the increase in reclamation liability of $1,055,973 and the increase in the embedded derivative based on the contract terms, projected future gold prices and discount rate commensurate with estimates of contemporary credit risk using a discounted cash flow model as it relates to the MPRPA of $3,915,534. The remainder of the increase is from an increase in accounts payables and accrued liabilities of $3,197,923.

The refundable customer deposit, ore purchase agreement liability under the MPRPA is comprised of $10,660,000 of up-front consideration, a recognized loss of $1,407,694 as of September 30, 2012 and $13,025,932 as of December 31, 2011 reflecting the difference between the fair value of the commodity future prices of the gold at the agreement date and the contract price of gold. The change in fair value of the embedded derivative of $8,300,853 is a reflection of the change in the fair value of the derivative instrument contract from the date of closing to September 30, 2012. The change in fair value of the derivative instrument contract from December 31, 2011 to September 30, 2012 was $2,507,840.

Our assets serve as collateral for multiple loans and a redemption obligation of EGLLC and MFPI*. Although we are not a maker or guarantor on the secured loans or redemption obligation, these loans and obligation have been "pushed down" to us as reflected in our financial statements. The redemption obligation was extended by MFPI to compensate and induce certain of its lenders who are also the Secured Lenders of EGLLC, obligating MFPI to purchase, at the Secured Lenders' option, the $5,950,000 equity investment made in an investment fund that is an owner of EGLLC and is managed by Black Diamond Financial Group LLC ("Black Diamond"). Our mining properties and equipment have been pledged as collateral to the Secured Lenders under two filed and recorded mortgages. The loans of the EGLLC and MFPI are accruing interest between 15% and 18% per year. At September 30, 2012 and December 31, 2011, the outstanding principal and interest on these loans was $51,990,850 and $46,343,292, respectively.

EGI also owes $919,779 in Series A 8% bonds. The bonds mature during July 2012, with interest accruing at 8%. In the case of default, interest on the bonds accrues at 12%. The Company recorded accrued interest of $182,003 as of September 30, 2012 and $106,358 as of December 31, 2011. The loans are currently in default and due on demand.

During 2012, the Company entered into a series of promissory notes with related parties for a total of $432,260. The notes mature on September 30, 2012 and accrue interest at a rate of 6%. The maturity dates of the notes have been extended to May 2013. During October, 2012, promissory notes totaling $107,060 were paid in full.

Cash; Funds Raised

Our consolidated cash and cash equivalents balance at September 30, 2012 was $579,855 as compared to $358,125 at December 31, 2011.

In February 2012, EGI entered into three convertible bridge loans with related parties totaling $1,800,000. The loans are unsecured and call for 12% annual interest on the outstanding unpaid principal and mature on August 29, 2012. The Company did not make the required payments due under the terms of the convertible bridge loans which resulted in an event of default.

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In April, 2012, EGI entered into an additional bridge loan with an unrelated party for $100,000. This loan is unsecured, has an annual interest rate of 12% on the outstanding, unpaid principal and matures in October, 2012. Subsequent to September 30, 2012 the Company did not make the required payments due under the terms of the bridge loan which resulted in an event of default.

In May and June 2012, we raised $380,000 in a unit private placement.

On September 6, 2012, we issued a short term unsecured 6% promissory note due September 30, 2012 to Black Diamond Holdings, LLC ("BDH"), in the principal amount of $150,000. The maturity date on this note was extended to May 31, 2013.

During the third quarter of 2012, EGI entered into a series of promissory notes with related parties raising a total of $267,260. These notes accrue interest at a rate of 6% and originally had maturity dates of September 30, 2012 or October 18, 2012. The maturity dates of the notes have been extended to May 2013. During October, 2012, EGI promissory notes totaling $107,060 were repaid in full.

All of the funds raised by us and EGI through these private placements are being used for working capital purposes.

On August 13, 2012, EGI entered into a binding letter of intent with Black Diamond, the Manager of BDH, agreeing to the expansion of the existing Minerals Product Receivables Purchase Agreement (the "MPRPA") between EGI and BDH. The revised MPRPA will provide for an increase of ounces of gold payable by 38,000 ounces to a total of 71,000 ounces. The gold payable rate under the MPRPA will be reduced from 80% to 50% with a production cost paid to EGI of $500 per ounce on delivery. The tail, which is due after EGI's Golden Dream Mine has produced an initial 250,000 ounces, will be increased from 6.5% to 15% at a production cost of $600 per ounce paid to Elkhorn at delivery. The forward sale of the additional 38,000 ounces of gold is projected to give us a cash infusion of $12,500,000 with a targeted closing date of September 30, 2012. There can be no assurances, however, that EGI will be able to sell all of the additional ounces of gold under the amended MPRPA.

* "MFPI" - MFPI Partners, LLC, a Delaware limited liability Company whose sole members are Michael Feinberg and Patrick Imeson.

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During September 2012, the Company received an up-front payment of $660,000, from an unrelated party, expanding the MPRPA. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA will be increased by 2,000 ounces, from 33,360 ounces to a total of 35,360 ounces. The gold payable rate under the MPRPA will be reduced from 80% to 50% with a production cost paid to the company of $500 per ounce upon delivery. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.5% to 6.87% at a production cost of $600 per ounce paid to Elkhorn at delivery.

We will need, and we intend, to raise additional capital to provide financing for our ongoing operations and the operations of our two mining subsidiaries MTMI and EGI, to execute our business plan, build our operations and become profitable. Also, we will need to obtain additional capital to maintain our public company regulatory requirements. In order to obtain capital, we will need to sell additional shares of our common stock or debt securities, or borrow funds from private lenders or banking institutions. There can be no assurance that we will be successful in obtaining additional funding in amounts or on terms acceptable to us, if at all. If we are unable to raise additional funding as necessary, we may have to suspend our operations temporarily or cease operations entirely.

Subsequent Event

During October 30, 2012, the Company expanded its MPRPA by an additional $100,000. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA, which was last expanded on September 28, 2012, will be increased by an additional 303 ounces, from 35,360 ounces to a total of 35,663 ounces. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.87% to 6.93% at a production cost of $600 per ounce paid to Elkhorn at delivery.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act of 1934 (the “Exchange Act”) is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. It should be noted that the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

The management of Eastern Resources, Inc. is responsible for establishing and maintaining an adequate system of internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our senior management, consisting of Thomas H. Hanna, Jr., our then-Chief Executive and Chief Financial Officer, ESRI conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of March 31, 2012, the end of the period covered by this report (the “Evaluation Date”). Based on this evaluation, ESRI’s then-chief executive and chief financial officer concluded, as of the Evaluation Date, that ESRI’s disclosure controls and procedures were not effective because of the identification of a material weakness in ESRI’s internal control over financial reporting which is identified below.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. In evaluating the effectiveness of ESRI’s internal control over financial reporting, ESRI’s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework*. Based on this evaluation,

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ESRI's then-sole officer concluded that, during the period covered by this quarterly report, ESRI's internal controls over financial reporting were not operating effectively. Management did not identify any material weaknesses in its internal control over financial reporting as of September 30, 2012; however, it did identify the following deficiencies that, when aggregated, may possibly be viewed as a material weakness in ESRI's internal control over financial reporting as of that date:

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1. We did not have an audit committee. We are not currently obligated to have an audit committee, including a member who is an "audit committee financial expert," as defined in Item 407 of Regulation S-K, under applicable regulations or listing standards; however, it is management's view that such a committee is an important internal control over financial reporting, the lack of which may result in ineffective oversight in the establishment and monitoring of internal controls and procedures.

Management believes that the material weakness set forth in the item above did not have an effect on our financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors on our Board of Directors resulted in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

Management's Remediation Initiatives

The material weaknesses identified above reflect ESRI's management and control profile prior to the closing of the Merger. Following the closing of the Merger, we now have a segregation of duties at the executive level with a new chief executive officer and a chief financial officer with technical accounting experience. We also have a number of employees supporting these executive functions. Additionally, our Board of Directors is now comprised of four members, one of whom we have determined is independent.

We believe that this post-Merger structure plus other enhancement measures that we expect to introduce, including the establishment of an audit committee, will enable us to establish, monitor and maintain effective disclosure controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in ESRI's internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

As initially disclosed in our Current Report on Form 8-K filed with the SEC on April 12, 2012, on May 24, 2010, the Environmental Protection Agency (the "EPA") issued an "Action Memorandum" which documented the determination that soil removal was necessary to mitigate threats posed by elevated levels of lead and arsenic in the soil located on property in close proximity to MTMI's mine. The work of clean-up conducted by the EPA of the site commenced in June 2010 and was completed by August of the same year. On August 26, 2010, MTMI and the EPA entered into an "Access and Compensation Agreement" which detailed the responsibilities of both the EPA and MTMI with respect to the clean-up and disposal of contaminated soils from the site. On October 26, 2011 the EPA proposed a settlement of $380,000. On November 04, 2011, MTMI agreed to the EPA proposed amount of $380,000 but added a stipulation that the amount be payable over time depending upon the status of MTMI's operations. On February 21, 2012, MTMI was informed by the EPA that the EPA had agreed to the total amount of $380,000 with payments to be made on a monthly schedule of $2,500 per month with a balloon payment at month 36. MTMI received this agreement in writing, signed it on November 7, 2012 and returned it to the EPA.

As of September 30, 2012, other than the matter discussed above, we were not a party to nor were we aware of any existing, pending or threatened lawsuits or other legal actions involving us or our subsidiaries.

ITEM 1A. RISK FACTORS

For a discussion of the risk factors impacting our business, we refer you to our Current Report on Form 8-K filed with the SEC on April 12, 2012 as amended.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On September 6, 2012, we issued a promissory note in the principal amount of $150,000 to Black Diamond. This note is unsecured, has an annual interest rate of 6.0% on the outstanding, unpaid principal and matured on September 30, 2012. On October 18, 2012, the maturity date of this note was extended to May 31, 2013. This promissory note was issued under Section 4(2) of the Securities Act.

From July 6, 2012 through September 14, 2012, EGI issued a series of six unsecured promissory notes for an aggregate of $267,260 in loans. These notes bear an annual interest rate of 6.0% and mature, with extensions, on May 31, 2013. Three of these notes in the

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aggregate principal amount of $95,000 were issued to Patrick Imeson, our President and Chief Executive Officer, two of the notes in the aggregate principal amount of $105,060 were issued to BDH and one note in the principal amount of $67,060 was issued to Michael Feinberg, one of our directors. All of these promissory notes were issued under Section 4(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS.

The following exhibits are included as part of this report:

Exhibit No.	*Description*
4.1	6% Promissory note of the Registrant issued to Black Diamond Holdings, LLC dated September 6, 2012*
4.2	Extension dated October 18, 2012 to 6% Promissory note of the Registrant issued to Black Diamond Holdings, LLC dated September 6, 2012*
10.1	Amended and Restated Mineral Product Receivables Purchase Agreement by and between Elkhorn Goldfields, Inc. and Elkhorn Goldfields, LLC dated as of October 18, 2012
31.1	Certification of Principal Executive Officer pursuant to Section 302 the Sarbanes-Oxley Act of 2002*
31.2	Certification of Principal Financial Officer pursuant to Section 302 the Sarbanes-Oxley Act of 2002*
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101 INS	XBRL Instance Document***
101 SCH	XBRL Schema Document***
101 CAL	XBRL Calculation Linkbase Document***
101 LAB	XBRL Labels Linkbase Document***
101 PRE	XBRL Presentation Linkbase Document***
101 DEF	XBRL Definition Linkbase Document***

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* Filed herewith.
** This certification is being furnished and shall not be deemed “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Registrant specifically incorporates it by reference.
*** The XBRL related information in Exhibit 101 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability of that section and shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

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SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 21, 2012

EASTERN RESOURCES, INC.

By: /s/Patrick W. M. Imeson

Patrick W. M Imeson, Principal Executive Officer

By: /s/Eric Altman

Eric Altman, Principal Financial Officer

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PROMISSORY NOTE

Up to $150,000 Date: Sept 6, 2012 Denver, Colorado

THIS PROMISSORY NOTE (“Note”) is entered into as of September 6, 2012 (the “Effective Date”) by and between Eastern Resources, Inc., (“Payor”), and Black Diamond Holdings, LLC (the “Lender”). The Payor and Lender are hereafter sometimes referred to individually as “Party” or collectively as “Parties”.

AGREEMENT

FOR VALUE RECEIVED, Payor hereby promises to pay to the order of Lender the total dollar amount of up to ONE HUNDRED FIFTY THOUSAND and NO/100 ($150,000) (the “Principal Amount”), together with interest on the outstanding Principal Amount calculated from the date hereof in accordance with the provisions of this Note.

1. Use of Proceeds. Payor will use the Principal Amount for working capital.

2. Interest.

(a) Interest on this note shall accrue from September 6, 2012, on the unpaid principal (drawn down by the Payor) at the rate of 0.5% per month (“Interest”). Upon an Event of Default the interest rate on this Note shall be the sum of the then current rate plus six percent (6%).

(b) consisting of twelve 30-day months.

3. Scheduled Payments. The principal amount and all accrued interest shall be payable on or before September 30, 2012.

4. Prepayments of Note. Payor may at any time prepay, without premium or penalty, all or any portion of Payor’s obligations under the Note. All prepayments shall be applied in the manner set forth below in Section 6, hereof.

5. Application of Payments. Unless otherwise expressly provided in this Note, all payments made on this Note shall be applied, (i) first to the payment of the Interest and other charges then accrued and due on the unpaid Principal Amount of this Note, then (ii) the remainder of all such payments shall be applied to the reduction of the unpaid Principal Amount. Upon written request of Lender, Payor agrees to make all payments by electronic transfer of funds or other form of currently available funds acceptable to Lender.

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6. Events of Default.

(a) Definition. For the purpose of this Note, an Event of Default will be deemed to have occurred if:

(i) Payor fails to pay within five (5) days after written notice from Lender any Principal Amount then due and payable on this Note, or within fifteen (15) days after written notice from Lender any interest or other amount then due and payable on this Note;

(ii) Payor fails in any respect to perform or observe any other material provision contained in this Note and such failure continues for a period of fifteen (15) days after notice by the Lender of such failure;

(iii) Payor makes an assignment for the benefit of creditors or admits in writing Payor's inability to pay Payor's debts generally as they become due; or an order, judgment or decree is entered adjudicating Payor bankrupt or insolvent; or any order for relief with respect to Payor is entered under the Bankruptcy Code of 1978, as amended; or Payor petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator, or commences any proceeding relating to Payor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against Payor and either (A) Payor by any act indicates Payor's approval thereof, consents thereto or acquiesces therein or (B) such petition, application or proceeding is not dismissed within sixty (60) days.

(b) Consequences of Events of Default.

(i) If an Event of Default (other than the type described in Section 7(a)(iv) hereof) occurs, the Lender may declare, by notice of default given to Payor, the entire outstanding Principal Amount of this Note, together with all accrued, unpaid interest thereon and any other amounts due hereunder, immediately due and payable, and Lender may otherwise exercise any and all rights as set forth in this Note.

(ii) If an Event of Default of the type described in Section 7(a)(iv) hereof occurs, then all of the outstanding Principal Amount of this Note, together with all accrued, unpaid interest thereon and any other amounts due hereunder, shall automatically be immediately due and payable without any further action on the part of the Lender, and Lender otherwise may exercise any and all rights as set forth in this Note.

7. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Note may be amended and Payor may take any action herein prohibited or omit to perform any act herein required to be performed by Payor, only if Payor has obtained the written consent of the Lender.

8. Cancellation. After all obligations for the payment of money arising under this Note have been paid in full, this Note will be surrendered to Payor for cancellation.

9. Costs of Enforcement. Subject to Section 12 below, Payor agrees to pay, and to indemnify and hold harmless the Lender from, against and for any and all liabilities, obligations, claims, damages, actions, penalties, causes of action, losses, judgments, suits, costs, expenses and disbursements, including without limitation, reasonable attorneys' fees, incurred or arising in connection with the enforcement by the Lender of its rights under this Note.

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10. Waiver of Presentment, Demand and Dishonor.

(a) Payor hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Note.

(b) No failure on the part of Lender to exercise any right or remedy hereunder with respect to Payor, whether before or after the happening of an Event of Default, shall constitute waiver of any such Event of Default or of any other Event of Default by Lender. No failure to accelerate the debt of Payor evidenced hereby by reason of an Event of Default or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter; or shall be deemed to be a novation of this Note or a reinstatement of such debt evidenced hereby or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right Lender may have, whether by the laws of the state governing this Note, by agreement or otherwise; and Payor hereby expressly waives the benefit of any statute or rule of law or equity that would produce a result contrary to or in conflict with the foregoing.

(c) Payor does not waive or renounce any rights to the benefits of any statute of limitations or any moratorium, appraisement, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the Bankruptcy Code of 1978, as amended, both as to Payor and as to all of Payor's property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals, and modifications hereof.

11. Usury. Payor and Lender intend that the obligations evidenced by this Note conform strictly to the applicable usury laws from time to time in force. All agreements between Payor and Lender, whether now existing or hereafter arising and whether oral or written, hereby are expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity hereof or otherwise, shall the amount paid or agreed to be paid to Lender, or collected by Lender, by or on behalf of Payor for the use, forbearance or detention of the money to be loaned to Payor hereunder or otherwise, or for the payment or performance of any covenant or obligation contained herein of Payor to Lender, or in any other document evidencing, securing or pertaining to such indebtedness evidenced hereby, exceed the maximum amount permissible under applicable usury law. If under any circumstances whatsoever, fulfillment of any provision thereof or any other document, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity and if under any circumstances Lender ever shall receive from or on behalf of Payor an amount deemed interest, by applicable law, which would exceed the highest lawful rate such amount that would be excessive interest under applicable usury laws shall be applied to the reduction of Payor's principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal and such other indebtedness, the excess shall be deemed to have been a payment made by mistake and shall be refunded to Payor or to any other person making such payment on Payor's behalf.

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12. Governing Law. The validity, construction and interpretation of this Note will be governed by and construed in accordance with the internal laws of the State of Colorado.

13. Conflict of Terms**.** If and to the extent that there are any discrepancies between the provisions of this Note and any other document securing or pertaining to the indebtedness evidenced by this Note, the provisions of this Note shall control.

14. Notice. For the purpose of this Note, notices and all other communications provided for in this Note shall be in writing and shall be given to the respective addresses set forth in the preamble of this Note with a copy to Steven N. Levine, Esq., 1430 Wynkoop Street, Suite 300, Denver, Colorado 80202, or to such other address as either party may have furnished to the other in writing in accordance herewith. Each such notice or other communication shall be effective (i) if given by prepaid overnight courier, upon receipt, or (ii) if given by United States mail, postage prepaid, return receipt requested, the later of actual receipt or three (3) business days after deposit with the United States postal service; provided that notice of change of address shall be effective only upon actual receipt.

15. Assignment. Absent the prior written consent of the other party hereto, this Note shall not be assignable by the Payor or Lender.

[Signature Page Follows]

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IN WITNESS WHEREOF, Payor has executed and delivered this Promissory Note on the date first above written.

EASTERN RESOURCES, INC.

____

By: Robert Trenaman
Title: President

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PROMISSORY NOTE - EXTENSION

Date: October 18, 2012

On September 6, 2012, the undersigned, EASTERN RESOURCES, INC ("Maker") promised to pay to the order of BLACK DIAMOND HOLDINGS, LLC, (the "Holder"), the principal sum of ONE HUNDRED AND FIFTY THOUSAND, (US $150,000), with interest accruing on the outstanding principal amount of the Note at an annual rate of six percent (6.0%) until the Note is paid in full. The Note has a due date of September 30, 2012.

The Maker and the Holder have agreed to extend the due date of the Promissory Note to May 31, 2013. All of the other terms incorporated in the original Promissory Note remain unchanged.

IN WITNESS WHEREOF, Holder and Maker has executed and delivered this Promissory Note Extension on the date first above written.

Eastern Resources, Inc.

____

By: Robert Trenaman
Title: President
Address of Maker:
1610 Wynkoop Street, Suite 400
Denver, CO 80202

ACCPTED BY BLACK DIAMOND HOLDINGS, LLC

____

By: Patrick Imeson
Title: Manager
Address of Holder:
1610 Wynkoop Street, Suite 400
Denver, CO 80202

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PROMISSORY NOTE

Up to $30,000 Date: September 14, 2012 Denver, Colorado

THIS PROMISSORY NOTE ("Note") is entered into as of September 14, 2012 (the "Effective Date") by and between Elkhorn Goldfields, Inc., ("Payor"), and Black Diamond Financial Group, LLC (the "Lender"). The Payor and Lender are hereafter sometimes referred to individually as "Party" or collectively as "Parties".

AGREEMENT

FOR VALUE RECEIVED, Payor hereby promises to pay to the order of Lender the total dollar amount of up to THIRTY THOUSAND and NO/100 ($30,000) (the "Principal Amount"), together with interest on the outstanding Principal Amount calculated from the date hereof in accordance with the provisions of this Note.

1. Use of Proceeds. Payor will use the Principal Amount for working capital.

2. Interest.

(a) Interest on this note shall accrue from September 14, 2012, on the unpaid principal (drawn down by the Payor) at the rate of 0.5% per month ("Interest"). Upon an Event of Default the interest rate on this Note shall be the sum of the then current rate plus six percent (6%).

(b) consisting of twelve 30-day months.

3. Scheduled Payments. The principal amount and all accrued interest shall be payable on or before May 31, 2013.

4. Prepayments of Note. Payor may at any time prepay, without premium or penalty, all or any portion of Payor's obligations under the Note. All prepayments shall be applied in the manner set forth below in Section 6, hereof.

5. Application of Payments. Unless otherwise expressly provided in this Note, all payments made on this Note shall be applied, (i) first to the payment of the Interest and other charges then accrued and due on the unpaid Principal Amount of this Note, then (ii) the remainder of all such payments shall be applied to the reduction of the unpaid Principal Amount. Upon written request of Lender, Payor agrees to make all payments by electronic transfer of funds or other form of currently available funds acceptable to Lender.

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6. Events of Default.

(a) Definition. For the purpose of this Note, an Event of Default will be deemed to have occurred if:

(i) Payor fails to pay within five (5) days after written notice from Lender any Principal Amount then due and payable on this Note, or within fifteen (15) days after written notice from Lender any interest or other amount then due and payable on this Note;

(ii) Payor fails in any respect to perform or observe any other material provision contained in this Note and such failure continues for a period of fifteen (15) days after notice by the Lender of such failure;

(iii) Payor makes an assignment for the benefit of creditors or admits in writing Payor's inability to pay Payor's debts generally as they become due; or an order, judgment or decree is entered adjudicating Payor bankrupt or insolvent; or any order for relief with respect to Payor is entered under the Bankruptcy Code of 1978, as amended; or Payor petitions or applies to any tribunal for the appointment of a custodian, trustee, receiver or liquidator, or commences any proceeding relating to Payor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction; or any such petition or application is filed, or any such proceeding is commenced, against Payor and either (A) Payor by any act indicates Payor's approval thereof, consents thereto or acquiesces therein or (B) such petition, application or proceeding is not dismissed within sixty (60) days.

(b) Consequences of Events of Default.

(i) If an Event of Default (other than the type described in Section 7(a)(iv) hereof) occurs, the Lender may declare, by notice of default given to Payor, the entire outstanding Principal Amount of this Note, together with all accrued, unpaid interest thereon and any other amounts due hereunder, immediately due and payable, and Lender may otherwise exercise any and all rights as set forth in this Note.

(ii) If an Event of Default of the type described in Section 7(a)(iv) hereof occurs, then all of the outstanding Principal Amount of this Note, together with all accrued, unpaid interest thereon and any other amounts due hereunder, shall automatically be immediately due and payable without any further action on the part of the Lender, and Lender otherwise may exercise any and all rights as set forth in this Note.

7. Amendment and Waiver. Except as otherwise expressly provided herein, the provisions of this Note may be amended and Payor may take any action herein prohibited or omit to perform any act herein required to be performed by Payor, only if Payor has obtained the written consent of the Lender.

8. Cancellation. After all obligations for the payment of money arising under this Note have been paid in full, this Note will be surrendered to Payor for cancellation.

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9. Costs of Enforcement. Subject to Section 12 below, Payor agrees to pay, and to indemnify and hold harmless the Lender from, against and for any and all liabilities, obligations, claims, damages, actions, penalties, causes of action, losses, judgments, suits, costs, expenses and disbursements, including without limitation, reasonable attorneys' fees, incurred or arising in connection with the enforcement by the Lender of its rights under this Note.

10. Waiver of Presentment, Demand and Dishonor.

(a) Payor hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Note.

(b) No failure on the part of Lender to exercise any right or remedy hereunder with respect to Payor, whether before or after the happening of an Event of Default, shall constitute waiver of any such Event of Default or of any other Event of Default by Lender. No failure to accelerate the debt of Payor evidenced hereby by reason of an Event of Default or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter; or shall be deemed to be a novation of this Note or a reinstatement of such debt evidenced hereby or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right Lender may have, whether by the laws of the state governing this Note, by agreement or otherwise; and Payor hereby expressly waives the benefit of any statute or rule of law or equity that would produce a result contrary to or in conflict with the foregoing.

(c) Payor does not waive or renounce any rights to the benefits of any statute of limitations or any moratorium, appraisement, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the Bankruptcy Code of 1978, as amended, both as to Payor and as to all of Payor's property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals, and modifications hereof.

11. Usury. Payor and Lender intend that the obligations evidenced by this Note conform strictly to the applicable usury laws from time to time in force. All agreements between Payor and Lender, whether now existing or hereafter arising and whether oral or written, hereby are expressly limited so that in no contingency or event whatsoever, whether by acceleration of maturity hereof or otherwise, shall the amount paid or agreed to be paid to Lender, or collected by Lender, by or on behalf of Payor for the use, forbearance or detention of the money to be loaned to Payor hereunder or otherwise, or for the payment or performance of any covenant or obligation contained herein of Payor to Lender, or in any other document evidencing, securing or pertaining to such indebtedness evidenced hereby, exceed the maximum amount permissible under applicable usury law. If under any circumstances whatsoever, fulfillment of any provision thereof or any other document, at the time performance of such provisions shall be due, shall involve transcending the limit of validity prescribed by law, then *ipso facto*, the obligation to be fulfilled shall be reduced to the limit of such validity and if under any circumstances Lender ever shall receive from or on behalf of Payor an amount deemed interest, by applicable law, which would exceed the highest lawful rate such amount that would be excessive interest under applicable usury laws shall be applied to the reduction of Payor's principal amount owing hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal and such other indebtedness, the excess shall be deemed to have been a payment made by mistake and shall be refunded to Payor or to any other person making such payment on Payor's behalf.

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12. Governing Law. The validity, construction and interpretation of this Note will be governed by and construed in accordance with the internal laws of the State of Colorado.

13. Conflict of Terms**.** If and to the extent that there are any discrepancies between the provisions of this Note and any other document securing or pertaining to the indebtedness evidenced by this Note, the provisions of this Note shall control.

14. Notice. For the purpose of this Note, notices and all other communications provided for in this Note shall be in writing and shall be given to the respective addresses set forth in the preamble of this Note with a copy to Steven N. Levine, Esq., 1430 Wynkoop Street, Suite 300, Denver, Colorado 80202, or to such other address as either party may have furnished to the other in writing in accordance herewith. Each such notice or other communication shall be effective (i) if given by prepaid overnight courier, upon receipt, or (ii) if given by United States mail, postage prepaid, return receipt requested, the later of actual receipt or three (3) business days after deposit with the United States postal service; provided that notice of change of address shall be effective only upon actual receipt.

15. Assignment. Absent the prior written consent of the other party hereto, this Note shall not be assignable by the Payor or Lender.

[Signature Page Follows]

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IN WITNESS WHEREOF, Payor has executed and delivered this Promissory Note on the date first above written.

ELKHORN GOLDFIELDS, INC.

____

By: Robert Trenaman

Title: President

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AMENDED AND RESTATED
MINERAL PRODUCT RECEIVABLES PURCHASE AGREEMENT

This AMENDED AND RESTATED MINERAL PRODUCT RECEIVABLES PURCHASE AGREEMENT (the "**Agreement**"), dated as of the 18th day of October, 2012 (the "**Effective Date**"), by and among **ELKHORN GOLDFIELDS, INC. ("EGI")**, a Montana corporation, and a majority owned, indirect subsidiary of **ELKHORN GOLDFIELDS, LLC** ("**EGLLC**") and by and among the Persons identified as a Purchaser on **Schedule "A"** attached hereto and who have executed a counterpart of this Agreement as a Purchaser, as updated from time to time, the **"PURCHASER(S)"**.

RECITALS

WHEREAS, EGI is the owner of the Golden Dream Mine, a gold-copper underground mine, located at 2725-A Elkhorn Road, Boulder, Montana;

WHEREAS, EGI is in the process of arranging financing to construct and operate the Golden Dream Mine;

WHEREAS, EGI entered into that certain Mineral Product Receivables Purchase Agreement, dated April 15, 2011 ("**Original Agreement**"), with EGLLC and Black Diamond Holdings LLC ("**BDH**") to purchase 33,360 aggregate ounces of Payable Au;

WHEREAS, pursuant to that certain binding Letter of Intent entered into by BDH and EGI on August 20, 2012, EGI, EGLLC and BDH hereby desire to amend and restate the Original Agreement as set forth herein;

WHEREAS, the Parties to this Agreement acknowledge, agree and confirm that BDH has made aggregate Capital Contributions totaling $10,000,000 pursuant to the Original Agreement to purchase 33,360 aggregate ounces of Payable Au and for other consideration provided herein;

WHEREAS, pursuant to this Agreement, the parties acknowledge that potential new PURCHASER(S) may contribute up to an additional $15,391,200 in aggregate Capital Contributions to purchase 46,640 aggregate ounces of Payable Au and for other consideration as provided herein;

WHEREAS, EGI desires to sell and the PURCHASERS desire to purchase the Payable Au and this Agreement constitutes such definitive purchase agreement;

WHEREAS, Capital Contributions to be made by new PURCHASERS to EGI under this Agreement shall be used to complete the construction of the Golden Dream Mine in accordance with the Mine Plan;

WHEREAS, EGI has agreed to grant a security interest to the PURCHASERS to secure its obligations under this Agreement by executing and delivering the Amended and Restated Security Agreement to the PURCHASERS;

WHEREAS, the Parties are therefore desirous of executing and delivering this Agreement, all on and subject to the terms and conditions contained herein;

NOW THEREFORE, in consideration of the premises recited above which form part of this Agreement, the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties mutually agree as follows:

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AGREEMENT

1. **Definitions.**

"**Act of God or Force Majeure**" has the meaning set forth in Section 27(a).

"**Allowable Deductions**" means any and all charges withheld from proceeds to cover refining, treatment, processing and other charges, penalties, adjustments, shipping expenses and/or expenses pertaining to and/or in respect of Au sales and deliveries and charged by an Offtaker (excluding any adjustments made by the Offtaker based on the Offtaker's analysis of the assays of Au contained in the Minerals or Concentrate), charged or imposed in respect of delivery costs to the final customer of the respective Purchaser or charged to or burdening the net interest of EGI as and by way of royalty payments, as the case may be.

"**Annual Report**" means a written report, in relation to any calendar year, detailing: (i) the number of ounces of Au produced and recovered from the Golden Dream Mine and delivered to an Offtaker in the applicable calendar year; (ii) the names and addresses of each Offtaker to which the Au referred to in subsection (i) was delivered; (iii) the number of ounces of Payable Au which have resulted or which are estimated to result from the Au deliveries to Offtakers referred to in subsection (i); (iv) if necessary, a reconciliation between the number of ounces of Payable Au provisionally identified in an Annual Report for a preceding calendar year and the final number of ounces of Payable Au actually realized for the applicable calendar year; and (v) the Au price assumptions used by EGI and its affiliates for short term and long term planning purposes with respect to the Golden Dream Mine.

"**Au**" means gold.

"**Business Day**" means any day other than a Saturday or Sunday or a day that is a federal holiday in the United States of America.

"Capital Contribution" means each PURCHASERS cash payment aggregating a total of up to $25,391,200 million to EGI as set forth on **Schedule "A"**, as updated from time to time by the Parties.

"**Closing**" has the meaning set forth in Section 2.

"**Closing Date**" has the meaning set forth in Section 3(a).

"**Commencement of Commercial Production**" means such time as and when Payable Au totaling 1,000 ounces is produced from the Golden Dream Mine.

"**Concentrate**" means the product created by the beneficiation of Minerals derived from the Golden Dream Mine.

"**Demanding Party**" has the meaning set forth in Section 21(b).

"**Dispute Notice**" has the meaning set forth in Section 6(c)(i).

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"**Encumbrances**" means any and all liens, charges, mortgages, encumbrances, pledges, security interests, royalties, proxies and third party rights or any other encumbrances of any nature whatsoever, whether registered or unregistered.

"**Effective Date**" means October 18, 2012.

"ESRI" means Eastern Resources, Inc., the parent company of EGLLC and EGI**.**

"**Event of Default**" has the meaning set forth in Section 12(a).

"Future Gold Streaming Agreement" means any Au purchase agreement entered into by EGI after the Effective Date of the Agreement that is subordinate in claims and rights to this Agreement and is undertaken to cure a violation of any Development and Operations Covenant. Such subordination shall mean no Au will be allocated to an FGSA until the PURCHASERS have received net proceeds from sales of Payable Au in an amount not less their Capital Contribution under this Agreement. After satisfaction of the immediately preceding condition, an FGSA will be pari-passu with this Agreement and will participate equally on a pro-rata basis. The terms and conditions of any FGSA are more fully described in the Oversight and Operations Committee Agreement, included herein as Exhibit "C".

"Golden Dream Mine" - means the mineral claims owned or leased by EGI, as more fully described in **Schedule "B"**.

"**In kind**" means Refined Au, which may be payable by the applicable Offtaker to EGI or PURCHASER, as the case may be, on account of Payable Au pursuant to the provisions of the applicable Offtake Agreement.

"**Inflation Accelerator**" means an annual (compounded) inflation accelerator equal to 1.01.

"**Losses**" means any and all damages, claims, losses, liabilities, fines, injuries, costs, penalties and expenses (including reasonable legal fees).

"**Lot**" means the applicable quantity of Minerals delivered to and accepted by the Offtaker that is separately sampled and assayed so that EGI and the Offtaker can agree upon or verify the content of Au and other metals therein, all as set forth in the applicable Offtake Agreement.

"**Majority Action**" means a vote or action taken or a determination otherwise made at any time by each PURCHASER that has purchased more than 20,000 ounces of Payable Au as set forth on **Schedule "A"**.

"**Material Adverse Change**" means any one or more changes, events or occurrences which, in either case, either individually or in the aggregate are material and adverse to the relevant business operation or party hereto, other than any change, effect, event or occurrence: (i) relating to the global economy or securities markets in general; (ii) affecting the worldwide gold mining industry in general and which does not have a materially disproportionate effect on EGI on a consolidated basis, or (iii) resulting from changes in the price of gold in recognized markets; which general changes and market developments and amounts attributable thereto shall not be deemed to be relevant for the purpose of determining whether a "Material Adverse Change" has occurred or for purposes of any other determination of materiality for purposes of this Agreement.

"**Mine Plan**" EGI has projected that a probable underground mineral reserve of 1.17 million tons of gold (approximately 258,000 ounces) and 8.3 million pounds of copper is commercially exploitable from the Golden Dream Mine and has designed a "Mine Plan" aligned with this probable mineral reserve estimate relating to the construction required for the Golden Dream Mine.

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"**Minerals**" means any and all economic, marketable Au metal bearing material, in whatever form or state, that are mined, extracted, removed, produced or otherwise recovered from the Golden Dream Mine, including any such material derived from any processing or reprocessing of any tailings originally derived from the Golden Dream Mine.

"**Monthly Report**" means a written report, in relation to a calendar month, detailing: (i) the number of ounces of Au produced and recovered from the Golden Dream Mine and delivered to an Offtaker in the applicable calendar month; (ii) the names and addresses of each Offtaker to which the Au referred to in clause (i) above was delivered; (iii) the number of ounces of Payable Au which have resulted or which are estimated to result from the Au referred to in clause (i) above; (iv) a reconciliation between any provisional number of ounces of Payable Au specified in a Monthly Report pursuant to clause (iii) above for a preceding calendar month and the final number of ounces of Payable Au for the applicable calendar month; and (v) the Au prices assumed by EGI and its affiliates for short term and long term planning purposes with respect to the Golden Dream Mine.

"Offtaker" means the counterparty to an Offtake Agreement.

"**Offtake Agreement**" means any refining, smelter, Concentrate purchase, Minerals purchase or processing agreement entered into by EGI with respect to Minerals.

"**Offtake Payments**" means cash or "in kind" payments in respect of Payable Au to be made by the Offtaker under the Offtake Agreements.

"OOC" means the Oversight and Operations Committee.

"Oversight and Operations Committee" means the supervisory committee established by the Oversight and Operations Agreement.

"Oversight and Operations Committee Agreement" means an agreement between the PURCHASERS and EGI as set forth in **Exhibit "C"**.

"**Parties**" means the Parties to this Agreement and "**Party**" means any one of the Parties.

"**Payable Au**" means, subject to any Payable Au Adjustments: (i) fifty percent (50%) of the Au mined, extracted, removed, produced or otherwise recovered from the Golden Dream Mine, less the number of ounces of Au deducted on account of the processing of such Au into Refined Au, for which net number of ounces EGI receives payment or Refined Au from an Offtaker pursuant to and in accordance with any Offtake Agreement for the first 160,000 aggregate ounces of Payable Au sold by EGI to the PURCHASERS (on a pro-rata basis consistent with **Schedule "A"**) hereunder; and (ii) fifteen percent (15%) of the Au mined, extracted, removed, produced or otherwise recovered from the Golden Dream Mine, less the number of ounces of Au deducted on account of the processing of such Au into Refined Au, for which net number of ounces EGI, as the case may be, receives payment or Refined Au from an Offtaker pursuant to and in accordance with any Offtake Agreement with respect to each ounce of Payable Au sold by the EGI to the PURCHASERS (on a pro-rata basis consistent with **Schedule "A"**) hereunder in excess of 250,000 aggregate ounces of Refined Au from the Golden Dream Mine.

"**Payable Au Adjustments**" means if any or all or the remaining Capital Contributions are not paid by any potential new PURCHASER(S), for the 46,640 aggregate ounces of Payable Au that may be purchased by such potential new PURCHASER(S) shall be proportionally reduced to correspond with the reduction of the $15,391,200 not paid to EGI as a Capital Contribution on a pro-rata basis.

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“**Payment Invoice**” has the meaning set forth in Section 10(e).

“**Person**” means and includes individuals, corporations, bodies corporate, limited or general partnerships, joint stock companies, limited liability corporations, joint ventures, associations, companies, trusts, banks, trust companies, governments or any other type of organization, whether or not a legal entity.

“**Port of Loading**” means the port of loading the Minerals or Concentrate, as shall be specified in the applicable Offtake Agreement.

“**Purchase Price**” means, subject to any Purchase Price Adjustments: (i) with respect to the first 80,000 aggregate ounces of Payable Au sold by EGI to the PURCHASERS hereunder, the lesser of $500 per ounce or the latest Comex spot gold price, subject to the Inflation Accelerator; and (ii) with respect to each ounce of Payable Au sold by EGI to the PURCHASERS hereunder in excess of 250,000 aggregate ounces, the lesser of $600 per ounce or the latest Comex spot gold price, subject to the Inflation Accelerator. For the avoidance of doubt, the Purchase Price includes any and all Capital Contributions.

“**PURCHASER Audit**” has the meaning set forth in Section 6(e).

“**PURCHASER Default Fee**” has the meaning set forth in Section 12(d).

“Reference Price” means the market price used to determine the price for Refined Au in connection with a sale of Minerals under an Offtake Agreement. For greater certainty, “Reference Price” does not include Refining Adjustments.

“Refining Adjustments” means any refining charges, treatment charges, penalties, insurance charges, transportation charges, settlement charges, financing charges or price participation charges, or other similar charges or Deductions, regardless of whether such charges or Deductions are expressed as a specific metal deduction, separate and apart from the recovery rate pursuant to the terms of the applicable Offtake Agreement.

“**Refined Au**” means marketable metal bearing material in the form of Au that is refined to standards meeting or exceeding commercial standards for the sale of refined Au.

“**Responding Party**” has the meaning set forth in Section 21(b).

“Security Holder” means Gordon Synder, acting as Agent to the senior secured lenders of EGI.

“**Term**” has the meaning set forth in Section 4(a).

“**Termination Notice**” has the meaning set forth in Section 4(b).

“**Transfer**” when used as a verb, means to sell, grant, assign, encumber, pledge or otherwise dispose of or commit to dispose of, directly or indirectly, including through mergers, consolidations or asset purchases. When used as a noun, “Transfer” means a sale, grant, assignment, pledge or disposal or the commitment to do any of the foregoing, directly or indirectly, including through mergers, consolidation or asset purchase.

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"Use of Proceeds" means the specified application of Capital Contributions included herein as **Exhibit "D"**.

2. Agreement of Purchase and Sale.

Subject to the terms and conditions of this Agreement and on a pro-rata basis consistent with each PURCHASER'S Capital Contribution, from and after the Effective Date the transactions contemplated herein (the "**Closing**"), EGI shall sell to the PURCHASERS and the PURCHASERS shall purchase from EGI for resale on terms and conditions contained in PURCHASER approved purchase contracts with Offtakers, the Payable Au, free and clear of any and all liens or Encumbrances other than the rights of Offtakers to receive product conforming to specifications, in consideration of those payments set forth in Section 3. EGI's obligation under this Agreement shall be to sell and deliver the Payable Au in a manner consistent with the terms of this Agreement.

3. Purchase and Payment.

(a) In consideration of the delivery and sale of the Payable Au, each PURCHASER shall have paid its respective Capital Contributions to EGI upon its execution of this Agreement as set forth in **Schedule "A"**, in cash by wire transfer. Subject to Section 8 and Section 9, the date on which a PURCHASER executes **Schedule "A"** and makes its Capital Contribution shall be referred to herein as the "**Closing Date**".

(b) During the Term, a PURCHASER shall receive net proceeds pursuant to the formula set forth in Section 10(d) upon EGI receiving an Offtake Payment. During the Term and upon a PURCHASER'S election thereto, the PURCHASERS shall make ongoing payments to EGI in cash or by wire transfer for each ounce of Payable Au sold and delivered by EGI to the PURCHASERS, on a pro-rata basis, under this Agreement pursuant to the provisions of Section 10, at a price per ounce of Payable Au equal to the Purchase Price.

(c) Commencing on the second year anniversary of the Effective Date, the Purchase Price shall be increased by multiplying the then applicable Purchase Price by the Inflation Accelerator.

In the event of any dispute between the Parties with respect to Section 3(b), either Party shall have the right to elect to have the matter settled in accordance with the dispute resolution procedures set forth in Section 21.

4. Term.

(a) The Term of this Agreement shall commence on the Effective Date and subject to Section 12, shall continue for the life of the Golden Dream Mine after the Effective Date (the "**Term**").

(b) The PURCHASERS, subject to unanimous consent, may terminate the Term by providing to EGI, prior to the end of such Term, written notice of its intention to terminate the Term ("**Termination Notice**").

5. Positive Covenants of EGI.

EGI covenants and agrees to, and in favor of the PURCHASERS as follows and acknowledges and agrees that the PURCHASERS are relying on such covenants in executing and delivering this Agreement:

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(a) EGI shall only use the Capital Contributions to fund capital expenditures which are required to meet development, construction, completion and commissioning costs requirements of the Golden Dream Mine and for reasonable general and administrative fees and costs (including attorney's fees) associated therewith, all in a manner consistent with the Mine Plan and Use of Proceeds.

(b) EGI shall limit spending on other properties to minimum levels as agreed upon between EGI and the PURCHASERS as described in the Mine Plan, until the Commencement of Commercial Production at the Golden Dream Mine in accordance with the Mine Plan.

(c) EGI shall notify the PURCHASERS, on a timely basis (and in any event within one (1) Business Day after ascertainment by EGI) of any material departure from the Mine Plan, including cost overruns (if any), as well as any negative material impact on Au to be produced from the Golden Dream Mine, either in amount or timing, together with the plans to rectify the situation, except as otherwise stipulated in the Oversight and Operations Committee Agreement.

(d) Until the Commencement of Commercial Production at the Golden Dream Mine, the Monthly Reports shall include information as to budgets and permitting status as well as monthly and annual operating reports and proposed budgets, which shall include Au production from the Golden Dream Mine.

(e) So long as the "New Purchaser" (as defined in the Oversight and Operations Committee Agreement) has purchased 20,000 ounces of Payable Au as provided for herein, EGI shall establish and maintain the OOC in accordance with the Oversight and Operations Committee Agreement.

6. Monthly Reports and Annual Reports.

(a) During the Term, after the first calendar month during which Au is mined, extracted, removed, produced or otherwise recovered from the Golden Dream Mine, being after the Commencement of Commercial Production, EGI shall deliver to each of the PURCHASERS a Monthly Report on or before the tenth (10) Business Day after the last day of each calendar month.

(b) During the Term, EGI shall deliver to each of the PURCHASERS, an Annual Report, on or before forty-five (45) days after the last day of each calendar year.

(c) Each PURCHASER shall have the right to dispute an Annual Report in accordance with the provisions of this Section 6. If a PURCHASER disputes an Annual Report: (i) such PURCHASER shall notify EGI in writing within ninety (90) days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the "**Dispute Notice**"); (ii) such PURCHASER and EGI shall have thirty (30) days from the date the Dispute Notice is delivered by the PURCHASER to resolve the dispute. If the PURCHASER and EGI have not resolved the dispute within the thirty (30) day period, the PURCHASER shall have the right to require EGI to cause the firm of certified public accountants engaged by EGI to audit or review the Annual Report to examine or re-examine the records relied upon with respect to the actual number of ounces of Payable Au and to determine the extent of any variance between such actual amount and the number of ounces of Payable Au as set out in the Annual Report. If the amount so determined varies by five percent (5%) or less from the number of ounces of Payable Au set out in the Annual Report, then the cost of the Auditor's review and determination shall be for the account of the PURCHASER; (iv) if the Auditor's review and determination concludes that the number of ounces of Payable Au varies by more than five percent (5%) from the number of ounces of Payable Au set out in the Annual Report, then the cost of the Auditor's Report shall be for the account of EGI; and (v) if either the PURCHASER or EGI disputes the Auditor's Report and such dispute is not resolved between the Parties within ten (10) days after the date of delivery of the Auditor's Report, then such dispute shall be resolved by the dispute mechanism procedures set forth in Section 21.

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(d) If a PURCHASER has made an overpayment to EGI in accordance with the provisions of Section 3(b), as determined in accordance with this Section 6, EGI shall forthwith refund to the PURCHASER(S), without setoff or deduction, the amount of any such overpayment and until paid, such refund shall bear interest at a rate of Prime plus two percent (2%) per annum. If the PURCHASER(S) have underpaid EGI in accordance with the provisions of Section 3(b), as determined in accordance with this Section 6, the PURCHASERS shall forthwith pay to EGI, without setoff, deduction or defalcation, the amount of any such underpayment and until paid, shall bear interest at a rate of Prime plus two percent (2%) per annum.

(e) If EGI does not deliver a Monthly Report or an Annual Report as required pursuant to this section, after the time specified therefore and after two (2) weeks of making a written request therefore, each PURCHASER shall have the right to perform or to cause its representatives or agents to perform an audit of EGI's books and records relevant to the production and delivery of Payable Au produced during the calendar month or calendar year in question (the "**PURCHASER Audit**"). EGI shall grant the PURCHASERS or its representatives or agents access to all such books and records on a timely basis. In order to exercise this right, PURCHASER must provide not less than seven (7) days' written notice to EGI of its intention to conduct the PURCHASER Audit. If within seven (7) days of receipt of such notice, EGI delivers the applicable Monthly Report or Annual Report, as the case may be, then the PURCHASERS shall have no right to perform the PURCHASER Audit. If EGI delivers the applicable Monthly Report or Annual Report, as the case may be, before the delivery of the PURCHASER Audit, the applicable Monthly Report or Annual Report, as the case may be, shall be taken as final and conclusive, subject to the rights of the PURCHASERS as set forth in Section 6(c). Otherwise, absent any manifest or gross error in the auditor's report, the PURCHASER Audit shall be final and conclusive and EGI shall not have the right to dispute its findings.

7. INTENTIONALLY REMOVED.

8. Closing Conditions for the Benefit of the PURCHASERS.

The PURCHASERS shall not be obligated to complete the transactions contemplated in this Agreement unless, at or before the applicable Closing Date, each of the conditions listed below has been satisfied, it being understood that the said conditions are included for the exclusive benefit of the PURCHASERS. EGI shall take all such actions, steps and proceedings as are reasonably within their respective control as may be necessary to ensure that the conditions listed below are fulfilled at or before the Closing Date.

(a) The representations and warranties of EGI contained in Section 23 shall be true and correct, in all material respects, at the Closing Date.

(b) Each of EGI and the PURCHASERS shall have received any and all required consents or approvals, including without limitation, third Person consents and all governmental or regulatory consents in any applicable jurisdiction.

(c) The PURCHASERS shall have received all such other assurances, consents, agreements, documents and instruments as may be reasonably required by the PURCHASERS to complete the transactions contemplated by this Agreement, all of which shall be in form and substance satisfactory to the PURCHASERS, acting reasonably.

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(d) EGI shall have executed, to and in favor of the PURCHASERS, the Security Agreement in substantially the form attached as **Exhibit "A"** (the "**Security Agreement**"), as security for the performance of its obligations to the PURCHASERS under this Agreement, the executed Security Agreement, which Security Agreement shall have been registered, filed or recorded in all offices, and all actions shall have been taken, that may be prudent or necessary to preserve, protect or perfect the security interest of Elkhorn Streaming under the Security Agreement.

(e) EGI and certain Purchasers shall have executed the Oversight and Operations Committee Agreement in substantially the form set forth in **Exhibit "C"** so long as the "New Purchaser" (as defined in the Oversight and Operations Committee Agreement) has purchased 20,000 ounces of Payable Au as provided for herein.

(f) EGI shall provide an officer's certificate in a form and substance reasonably satisfactory to the PURCHASERS that (i) confirms the representations and warranties of EGI contained in Section 23 are true and correct, in all material respects, at the Closing Date and (ii) the Mine Plan is true and correct, in all material respects, as of the Effective Date.

If any condition contained in this Section 8 has not been fulfilled at or before the Closing Date or if any such condition is or becomes impossible to satisfy, other than as a result of the failure of EGI to act in good faith, using reasonable commercial efforts to procure the satisfaction of any such unfulfilled condition, then if the PURCHASERS are unwilling to waive the fulfillment of any such condition, this Agreement shall be terminated and each of the Parties shall be released from all of their obligations hereunder save and except as provided in Sections 20, 21 and 28.

9. Closing Conditions for the Benefit of EGI.

EGI shall not be obligated to complete the transaction contemplated in this Agreement unless, at or before the Closing Date, each of the conditions listed below has been satisfied, it being understood that the said conditions are included for the exclusive benefit of EGI. The PURCHASERS shall take all such actions, steps and proceedings as are reasonably within its control as may be necessary to ensure that the conditions listed below are fulfilled at or before the Closing Date.

(a) The representations and warranties of the PURCHASERS contained in Section 22 shall be true and correct, in all material respects, at the Closing Date.

(b) Each of EGI and the PURCHASERS shall have received any and all required consents or approvals, including without limitation, third Person consents and all governmental or regulatory consents in any applicable jurisdiction.

(c) EGI shall have received all such other assurances, consents, agreements, documents and instruments as may be reasonably required by EGI to complete the transactions contemplated by this Agreement, all of which shall be in form and substance satisfactory to EGI, acting reasonably.

(d) The PURCHASERS shall make their respective Capital Contributions as set forth in **Schedule "A"** as updated from time to time as provided in Section 3.

If any condition contained in this Section 9 has not been fulfilled at or before the Closing Date or if any such condition is or becomes impossible to satisfy, other than as a result of the failure of the PURCHASERS to act in good faith, using reasonable commercial efforts to procure the satisfaction of any such unfulfilled condition, then if EGI is unwilling to waive the fulfillment of any such condition, this Agreement shall be terminated and each of the Parties shall be released from all of their obligations hereunder save and except as provided in Sections 20, 21 and 28.

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10. Delivery of Minerals, Payments and Invoicing.

(a) During the Term, EGI shall be a party to the Offtake Agreements and EGI shall be responsible for delivering all Minerals or Concentrate to each Offtaker, in such quantity, quality, description and amounts and at such times and places as required under and in accordance with each Offtake Agreement. EGI shall promptly deliver to the PURCHASERS once available and/or prepared, copies of all documents, certificates and instruments pertaining to each Lot, including without limitation, all invoices, credit notes, bills of lading, certificates indicating EGI's provisional shipped moisture content and provisional shipped assays and any and all documentation prepared or produced by the Offtaker in respect of the Au, including without limitation, all analyses and assays.

(b) All Deductions relating to the delivery of each Lot shall be borne by EGI.

(c) All deliveries of Minerals or Concentrate, in accordance with Section 10(a), shall be made subject to withholding or deduction from the gross amount received as payment from the Offtaker for, or on account of any present or future production severance, taxes, duties, assessments, sales and excise taxes, tariffs or governmental charges of whatsoever nature imposed or levied on such delivery by or on behalf of any governmental authority having power and jurisdiction to tax and for which EGI is required by law to withhold, collect, deduct and remit to such governmental authority.

(d) EGI shall issue to each PURCHASER a Statement of Account (the "**EGI Statement**") within ten (10) Business Days of the month following the month in which the Lot or Lots were received by the Offtaker. The EGI Statement shall describe the quantity of Payable Au ounces, the price received per ounce of Au and allowable Deductions. The EGI Statement shall also include the net amount payable to the PURCHASERS (on a pro-rata basis consistent with **Schedule "A"**) as calculated as:

For the first 160,000 ounces of Payable Au sold from the Golden Dream Mine:
Net amount due to the PURCHASERS = Payable Au ounces sold multiplied by fifty percent (50%) multiplied by the price per ounce of Au received less the Purchase Price per ounce of Au less Allowable Deductions.

In equation form the calculation is:
Net amount due the PURCHASERS = (Payable Au ounces sold x 50% x (price per ounce Au received - the Purchase Price)) - Allowable Deductions.

For Payable Au ounces sold from the Golden Dream Mine exceeding 250,000 Au ounces:
Net amount due to the PURCHASERS = Payable Au ounces sold multiplied by fifteen (15%) multiplied by the price per ounce of Au received less the Purchase Price per ounce of Au less Allowable Deductions.

In equation form the calculation is:
Net amount due the PURCHASERS = ((Payable Au ounces sold x 15% x (price per ounce Au received - the Purchase Price)) - Allowable Deductions.

(e) EGI shall pay by wire or Automated Clearing House the net amount due as determined in Section 10(d) to each PURCHASER within three (3) Business Days of EGI receiving an Offtake Payment ("**Payment Invoice**").

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11. Title, Risk of Loss and Insurance.

(a) EGI shall retain title to all Au contained in each Lot of Minerals or Concentrate until title is passed to an Offtaker in accordance with the terms of the applicable Offtake Agreement, including without limitation, on the making of provisional payments and/or advance payments by the Offtaker to EGI.

(b) Risk of loss or damage to all Au contained in each Lot of Minerals or Concentrate shall at all times remain with EGI until risk of loss or damage with respect to such Lot of Minerals or Concentrate passes to the applicable Offtaker or to a transporter in accordance with the terms of the Offtake Agreement to which such Offtaker is a party.

(c) Insurance in respect of each Lot of Minerals or Concentrate shall be procured and maintained by EGI at its cost against risk of loss, theft or product damage up until the time that risk of loss or damage passes to the applicable Offtaker or transporter in accordance with the terms of the applicable Offtake Agreement. EGI shall acquire and maintain adequate insurance for and in respect of each Lot of Minerals or Concentrate in accordance with the terms of the Offtake Agreements (and normal industry standards and practice) during the Term and shall deliver proof of such insurance to the PURCHASERS (including insurance obtained by each Offtaker) as well as at the Commencement of Commercial Production and thereafter upon the written request of a PURCHASER. Insurance in respect of each Lot of Minerals or Concentrate shall be covered by and shall be the responsibility of the applicable Offtaker at the time that risk of loss or damage passes to such Offtaker.

(d) In the event of a partial or total loss of a shipment of Minerals or Concentrate before or after title to Au has passed from EGI to the Offtaker and prior to receipt of payment in cash or "in kind" for the Payable Au, each PURCHASER, on a pro-rata basis consistent with **Schedule "A"**, shall be entitled to receive from: (i) EGI for the Payable Au contained in the shipment of Minerals or Concentrate: (1) final payment (for total loss) in accordance with Bill of Lading weight, along with moisture and assays determined from samples taken at the time of loading or immediately prior to loading, with the cargo being deemed to have arrived thirty (30) days after the Bill of Lading date; and (2) final payment (for partial loss), with net dry weight based on Bill of Lading weight adjusted for moisture on the safely delivered Minerals or Concentrate and assays determined from samples taken from the safely delivered Minerals or Concentrate; in each case as if the Payable Au had been sold and delivered pursuant to this Agreement on the date of loss; and (ii) from the Offtaker, the insurance proceeds for the Payable Au contained in the shipment of Minerals or Concentrate, with respect to the payment for partial or total loss of the Minerals or Concentrate as provided in the applicable Offtake Agreement, as if the Payable Au had been sold and delivered pursuant to this Agreement on the date of loss. If EGI shall receive any such payment from the Offtaker in error, EGI shall forthwith deliver the same to the PURCHASERS, on a pro-rata basis consistent with **Schedule "A"**, (and in any event within one (1) Business Day thereafter) without deduction or set-off. EGI covenants to enforce any and all title rights as are contained in the Offtake Agreements if there shall be loss or damage to the Minerals or Concentrate after title has passed from EGI to the PURCHASERS to the Offtaker.

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12. Early Termination.

(a) The Parties (EGI acting as one Party for the purposes of this section) may terminate this Agreement at any time by mutual written consent. In addition, each Party shall have the right to terminate this Agreement effective upon ten (10) days' prior written notice to the other Party, if any of the following shall occur (each, an "**Event of Default**"): (i) the other Party defaults in any material respect in the performance of any of its covenants or obligations contained in this Agreement and such default is not remedied to the reasonable satisfaction of the non-defaulting Party within thirty (30) days after written notice to the other Party (provided that no notice of a default given under Section 12 shall be deemed to establish the existence of a default unless it has in fact occurred), or if such default is not capable of rectification within thirty (30) days, the other Party has not promptly commenced to rectify the default within such thirty (30) day period, and thereafter proceeds diligently to rectify same; or (ii) the other Party makes an assignment for the benefit of creditors or is the voluntary or involuntary subject of any proceedings under any bankruptcy or insolvency law which proceedings remain undischarged for a period of sixty (60) days, or if a receiver or receiver/manager is appointed for all or any substantial part of its property and business and such receiver or receiver/manager remains undischarged for a period of sixty (60) days, or if the corporate existence of the other Party is terminated by voluntary or involuntary dissolution or winding-up (other than by way of amalgamation or reorganization). Notwithstanding the foregoing, in the case of any Event of Default applicable to all PURCHASERS, the remedies of the PURCHASERS shall be exercised by the PURCHASERS acting pursuant to Majority Action. In connection therewith, the PURCHASERS may, among other things, appoint by Majority Action one or more among themselves to act on behalf of all with respect to an Event of Default and the exercise and defense of the rights of the PURCHASERS.

(b) Notwithstanding any other provision of this Agreement, EGI shall have no right to terminate this Agreement.

(c) Notwithstanding the termination of this Agreement in accordance with the terms hereof, the Parties agree to fulfill and perform all of their respective covenants and obligations that arise prior to the date of termination.

(d) If an Event of Default as set forth in Section 12(a) occurs and is continuing: (i) if the non-defaulting Party is the PURCHASERS, the PURCHASERS shall have the right, upon written notice to EGI, at its option, to demand repayment of the Capital Contribution (the "**EGI Default Fee**"), without interest, at the time of the occurrence of the applicable Event of Default; and (ii) if the non-defaulting Party is EGI, EGI shall have the right, upon written notice to the PURCHASERS, at their option, to retain the Purchase Price received to such date (the "**PURCHASER Default Fee**").

Upon demand from the PURCHASERS, which demand shall include a calculation of the EGI Default Fee, EGI shall promptly pay the EGI Default Fee in cash by wire transfer, in immediately available funds, to a bank account designated by each respective PURCHASER.

(e) The Parties hereby acknowledge that: (i) each Party will be damaged by an Event of Default; (ii) it would be impracticable or extremely difficult to fix the actual damages resulting from the Event of Default; (iii) any sums payable or retainable pursuant to the EGI Default Fee or the PURCHASER Default Fee, as the case may be, are in the nature of liquidated damages, not a penalty and are fair and reasonable; and (iv) any payment made or retained pursuant to the EGI Default Fee or the PURCHASER Default Fee, as the case may be, with respect to an Event of Default Represents fair compensation for the Losses that may reasonably be anticipated from such Event of Default in full and final satisfaction of all amounts owed in respect of such Event of Default.

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13. Offtake Agreements.

(a) EGI shall notify the PURCHASERS in writing when it commences negotiations to enter into an Offtake Agreement or Offtake Agreements, from time to time. EGI shall negotiate the Offtake Agreements in accordance with the terms of Section 10. For greater certainty and without limitation, the Offtake Agreements shall clarify that title to the Minerals or Concentrate shall pass to such Offtaker upon the making of advance and/or provisional payments by such Offtaker. EGI shall provide the PURCHASERS with the proposed terms and conditions of any Offtake Agreement and/or subsequent amendments to the material terms and conditions of any Offtake Agreement prior to concluding a binding agreement or amendment. Each Offtake Agreement shall be on arm's length commercial terms, consistent with normal industry standards and practice. EGI shall not enter into any Offtake Agreement nor amend or modify any Offtake Agreement if, by Majority Action, the PURCHASERS have notified EGI after receipt of the proposed terms and conditions of any such Offtake Agreement pertaining to the sale and purchase of Au or any amendment thereto that in the PURCHASERS reasonable opinion, the subject agreement or amendment would disadvantage the PURCHASERS in material respects, including without limitation, by reason of an increase in the number of ounces of Au deducted on account of Au content. In the event of EGI's receipt of such notice from the PURCHASERS, EGI shall confer with the PURCHASER to determine acceptable terms and conditions for the Offtake Agreement and/or Offtake Agreement amendment prior to the execution and delivery thereof.

(b) EGI hereby agrees to indemnify and hold the PURCHASERS and its managers, directors, officers and employees harmless from and against any and all Losses incurred or suffered by any of them arising out of or in connection with or related to any breach or default of the obligation to secure, by Majority Action, the PURCHASERS approval of terms of an Offtake Agreement. The foregoing indemnity shall not apply to any reduced amount received as a result of any terms of a PURCHASER-approved Offtake Agreement related to adjustments for quality or otherwise. This Section 13(b) shall survive the termination of this Agreement

14. INTENTIONALLY REMOVED.

15. Books; Records; Inspections.

EGI shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Golden Dream Mine, including the mining of Minerals there from and the mining and transportation of Minerals including Au, prepared in accordance with GAAP, consistently applied. Subject to the Confidentiality provisions of this Agreement and in addition to the provisions of Section 6(e), each PURCHASER and its authorized representatives shall be entitled to perform audits or other reviews and examinations of the books and records of EGI relevant to the delivery of Minerals including Au pursuant to this Agreement four (4) times per calendar year to confirm compliance by EGI with the terms of this Agreement. The PURCHASER shall diligently complete any audit or other examination permitted hereunder. For greater certainty and without limitation, each PURCHASER shall have access to all documents provided by the Offtaker to EGI or by EGI to an Offtaker, as contemplated under the Offtake Agreements or which otherwise relate to the Minerals vis-a-vis the Offtaker and that are, in any manner, relevant to the calculation of Payable Au or the delivery and credit in respect thereof, in each instance. The expenses of any audit or other examination permitted in this section shall be paid by the PURCHASER, unless the results of such audit or other examination permitted in this section, disclose a discrepancy in calculations made by EGI of equal to or greater than five percent, in which event the reasonable costs of such audit or other examination shall be paid by EGI.

16. Conduct of Mining Operations, etc.

(a) Subject to Section 16(e), all decisions concerning methods, the extent, times, procedures and techniques of any: (i) exploration, development and mining related to the Golden Dream Mine, including spending on capital expenditures; (ii) leaching, milling, processing or extraction or refining treatment; and (iii) materials to be introduced on or to the Golden Dream Mine shall be made by EGI in its sole and absolute discretion, subject to the provisions of Sections 5 and 16(i) and as otherwise stipulated in the Oversight and Operations Committee Agreement attached as **Exhibit "C"**. For greater certainty and without limitation, the foregoing shall in no way be in derogation of the rights of EGI, acting as a commercially and economically prudent mine operator, to curtail, suspend or terminate mining operations in respect of some or all of the Golden Dream Mine, subject to the provisions of Section 16(i).

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(b) The PURCHASERS have no contractual rights relating to the development or operation of any of EGI's operations, including without limitation, the Golden Dream Mine or any of its properties and the PURCHASERS shall not be required to contribute to any capital or exploration expenditures in respect of mining operations over and above the Capital Contributions. Except as provided in this Agreement, the PURCHASERS have no right, title or interest in and to the Golden Dream Mine.

(c) Save and except as provided in Sections 3(d) and 3(f), the PURCHASERS are not entitled to any form or type of compensation or payment from EGI if EGI does not meet forecasted mineral production targets with respect to the Golden Dream Mine in a specified period, if EGI discontinues or ceases operations from the Golden Dream Mine.

(d) This Agreement shall in no way be construed as containing any guarantee as to the delivery of any amount of Payable Au from the Golden Dream Mine on an annual basis or over the life of the Golden Dream Mine, subject to the provisions of Section 3(f).

(e) EGI shall perform or cause to be performed all mining operations and activities in respect of the Golden Dream Mine in a commercially prudent manner and in accordance with good mining, processing, engineering and environmental practices. For greater certainty and without limitation, both short term and long term Mine Planning and operations shall be carried out with prices for Au that are consistent with industry practices (i.e. near spot prices for short term planning and operations and long-term expected prices for long-term planning).

(f) At reasonable times and with EGI's prior consent (which shall not be unreasonably withheld or delayed), at the sole risk and expense of the PURCHASER, such PURCHASER shall have a right of access by its representatives to the Golden Dream Mine and any mill, smelter, concentrator or other processing facility owned or operated by EGI and/or its respective affiliates and that is to process Minerals including Au for the purpose of enabling the PURCHASER to monitor compliance by EGI with the terms of this Agreement and to prepare technical reports on the Golden Dream Mine.

(g) EGI will cooperate with and will allow each PURCHASER access to technical information pertaining to the Golden Dream Mine to permit the PURCHASER to prepare technical reports on the Golden Dream Mine or to comply with the PURCHASERS disclosure obligations under applicable U.S. securities laws and/or stock exchange rules and policies, provided that: (i) to the extent permitted by law, each PURCHASER will use the same report writer as EGI to prepare all technical reports that the PURCHASER is required to prepare and to use the same reports as EGI (readdressed to the PURCHASER); and (ii) if the PURCHASER is unable to use the same report writer as EGI to prepare a required technical report, it will choose a Person to write the technical report that is acceptable to EGI, acting reasonably, and the PURCHASER will not finalize the technical report until EGI has been provided with a reasonable opportunity to comment on the contents of the technical report and the PURCHASER will act in good faith and will use its best efforts to incorporate EGI's comments into the technical report to the extent EGI's comments are made to conform the technical report with EGI's existing disclosure. EGI will promptly deliver to the PURCHASERS any updated mineral reserve and mineral resource estimates produced that pertain to the Golden Dream Mine.

(h) EGI shall ensure that all Au produced from the Golden Dream Mine is processed in a prompt and timely manner. If EGI wishes to commingle the Minerals produced from the Golden Dream Mine with other Minerals, the same shall be subject to the prior written approval of a Majority Action by the PURCHASERS, acting reasonably, provided that the PURCHASERS are satisfied that it shall not be disadvantaged as a result of such commingling and further provided that a method is agreed upon by the PURCHASERS as one Party and EGI as a second Party to determine the quantum of Au produced from the Golden Dream Mine.

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(i) EGI shall at all times during the Term, do and cause to be done all things necessary to maintain their respective corporate existence. EGI shall at all times during the Term, as the case may be, do all things necessary to maintain the Golden Dream Mine in good standing including paying all taxes owing in respect thereof. EGI, shall not abandon any of the claims or leases forming a part of the Golden Dream Mine or allow or permit any of the claims or leases forming a part of the Golden Dream Mine to lapse unless EGI provides evidence satisfactory to the PURCHASERS, acting reasonably, that it is not economical to mine Minerals from the claims or leases forming a part of the Golden Dream Mine that EGI proposes to abandon or let lapse.

17. INTENTIONALLY REMOVED.

18. Restricted Transfer Rights of EGI.

During the Term, EGI may not Transfer, in whole or in part: (a) the Golden Dream Mine; or (b) its rights and obligations under this Agreement; in each case, unless the following conditions are satisfied and upon such conditions being satisfied, in respect of such Transfer, EGI shall be released from its obligations under this section: (i) EGI shall provide the PURCHASERS with at least ten (10) Business Days prior written notice of its intent to Transfer; (ii) any purchaser, transferee or assignee shall have, in the opinion of a Majority Action by the PURCHASERS, acting reasonably, the financial, operational and technical capability to observe and perform the covenants, agreements and obligations of EGI under this Agreement; (iii) any purchaser, transferee or assignee agrees in writing in favor of the PURCHASERS to be bound by the terms of this Agreement, including without limitation, this section; and (iv) any transferee that is a mortgagee, chargeholder or encumbrancer agrees in writing in favor of the PURCHASERS to be bound by and subject to the terms of this Agreement in the event it takes possession of or forecloses on all or part of the Golden Dream Mine or any of the mining operations carried on by EGI on or in respect of the Golden Dream Mine and undertakes to obtain an agreement in writing in favor of the PURCHASERS from any subsequent purchaser or transferee of such mortgagee, chargeholder or encumbrancer that such subsequent mortgagee, chargeholder or encumbrancer will be bound by the terms of this Agreement including without limitation, this section.

19. Transfer Rights of the PURCHASERS.

(a) During the Term and until the payment of a PURCHASER'S Capital Contribution as provided for in **Schedule "A"**, a PURCHASER may not Transfer, in whole or in part, its rights and obligations under this Agreement, unless the following conditions are satisfied and upon such conditions being satisfied in respect of such Transfer, such PURCHASER shall be released from its obligations under this section: (i) the PURCHASER provides EGI with at least ten (10) Business Days prior written notice of its intent to Transfer its rights and obligations under this Agreement; (ii) any purchaser, transferee or assignee shall have the financial, operational and technical capability to observe and perform the covenants, agreements and obligations of the PURCHASER under this Agreement; (iii) any purchaser, transferee or assignee agrees in writing in favor of EGI to be bound by the terms of this Agreement, including without limitation, this section; (iv) any such transfer may not be made unless it is registered under the the Securities Act of 1933, as amended, or an exemption from such registration is available and established to the satisfaction of EGI and (v) any mortgagee, chargeholder or encumbrancer agrees in writing in favor of EGI to be bound by and subject to the terms of this Agreement, including without limitation, this section.

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(b) During the Term and after the payment of a PURCHASER'S Capital Contribution as provided for in **Schedule "A"**, a PURCHASER shall have the right to Transfer, in whole or in part, its rights and obligations under this Agreement, upon the provision of ten (10) Business Days prior written notice to EGI and any such transfer may not be made unless it is registered under the Securities Act of 1933, as amended, or an exemption from such registration is available and established to the satisfaction of EGI, whereupon such PURCHASER shall be released from its obligations under this Agreement.

(c) Notwithstanding the foregoing, at all times throughout the Term, as the case may be, the PURCHASERS shall have the right to assign its rights and obligations under this Agreement, to a wholly-owned subsidiary of such PURCHASER (so long as such company remains a wholly-owned subsidiary of the PURCHASER throughout the Term or the Extended Term, as the case may be, subject to the provisions of Section 19(b)), on the provision of thirty (30) Business Days' prior written notice to EGI and on the delivery to EGI of an unlimited guarantee with respect to the compliance by such subsidiary of all of the obligations of the PURCHASER under this Agreement, which such subsidiary shall assume. The guarantee shall be in form and substance satisfactory to the PURCHASER and EGI.

20. Confidentiality.

(a) Subject to Section 20(b), neither the PURCHASERS nor EGI, shall, without the express written consent of the other Party (which consent shall not be unreasonably withheld or delayed), disclose any non-public information in respect of the terms of this Agreement or otherwise received under or in conjunction with this Agreement, other than to its respective employees, agents, bankers and/or consultants for purposes related to the administration of this Agreement and/or requisite regulatory authorities in connection with the procurement of consents and approvals contemplated hereunder and neither Party shall issue any press releases concerning the terms of this Agreement without the consent of the other Party after the other Party has first reviewed the terms of such press release. Each Party agrees to reveal such information only to its respective employees, agents, bankers and/or consultants who need to know who are informed of the confidential nature of the information and who agree to be bound by the terms of this Section 20. In addition, neither Party shall use any such information for its own use or benefit except for the purpose of enforcing its rights under this Agreement.

(b) Notwithstanding the foregoing, each Party may disclose information obtained under this Agreement if required to do so for compliance with applicable laws, rules, regulations or orders of any governmental authority or stock exchange having jurisdiction over such Party or to allow a current or potential *bona fide* provider of finance to conduct due diligence provided that the other Party shall be given the right to review and object to the data or information to be disclosed prior to any public release subject to any reasonable changes proposed by such other Party.

21. Dispute Resolution.

(a) In the event of any dispute or difference arising out of or relating to this Agreement or the breach thereof, the Parties shall use their best efforts to settle such disputes in good faith negotiations. Keeping in mind their mutual interests, in order to reach a just and equitable resolution of the dispute satisfactory to all Parties, either party may make a written request to the other by sending a notice thereof for a meeting of representatives to resolve the dispute. If within five (5) business days after a meeting of such representatives, the parties have not succeeded in negotiating a resolution of the dispute, the Parties may mutually agree to submit the dispute to mediation on terms to be agreed to by both parties. The Parties will use reasonable efforts to set such mediation within fifteen business (15) days after the failure to reach a resolution by the representatives. Any disputes left unresolved after consultation/mediation shall be resolved by litigation as provided for in Section 28(c).

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22. Representations and Warranties of each PURCHASER.

Each PURCHASER, acknowledging that EGI and EGLLC are entering into this Agreement in reliance thereon, hereby represents and warrants to EGI and EGLLC as follows:

(a) It is a limited liability company or corporation, as the case may be, duly and validly existing under the laws of its governing jurisdiction and is up to date in respect of all filings required by law or by any governmental authority.

(b) It has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder. PURCHASER has received all requisite approvals with respect to the execution and delivery of this Agreement.

(c) This Agreement has been duly and validly executed and delivered by the PURCHASER and constitutes a legal, valid and binding obligation of PURCHASER enforceable against PURCHASER in accordance with its terms.

(d) It has not made an assignment for the benefit of creditors nor is it the voluntary or involuntary subject of any proceedings under any bankruptcy or insolvency law, no receiver or receiver/manager has been appointed for all or any substantial part of its properties or business and its corporate existence has not been terminated by voluntary or involuntary dissolution or winding up (other than by way of amalgamation or reorganization) and it is not now aware of any circumstance which, with notice or the passage of time, or both, would give rise to any of the foregoing.

(d) It is able to accommodate the economic risks associated with this Agreement and each PURCHASER has such knowledge and experience in financial and business matters that the PURCHASER is capable, either on his, her its own or together with his or her advisors and representatives, of evaluating the merits and risks of this Agreement. The PURCHASER has no need for liquidity in his, her or its investment. Each PURCHASER represents in writing that he, she or it is an "accredited investor" as defined by Rule 501 of Regulation D under the Securities Act attached hereto as **Exhibit "B".**

23. Representations and Warranties of EGI.

EGI acknowledging that each PURCHASER is entering into this Agreement in reliance thereon, hereby represents and warrants to the PURCHASERS as follows:

(a) EGI is a Montana corporation duly and validly existing under the laws of its governing jurisdiction and EGI is up to date in respect of all filings required by law or by any governmental authority.

(b) EGI is a majority-owned, indirect subsidiary of Elkhorn Goldfields, LLC, a Delaware limited liability company.

(c) EGI has the requisite corporate power and capacity to enter into this Agreement and to perform its obligations hereunder. EGI has received all requisite board approvals with respect to the execution and delivery of this Agreement.

(d) This Agreement has been duly and validly executed and delivered by EGI and constitutes a legal, valid and binding obligation of EGI enforceable against EGI in accordance with its terms.

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(d) EGI has not made an assignment for the benefit of creditors, subject to the Security Holder, nor is the voluntary or involuntary subject of any proceedings under any bankruptcy or insolvency law; no receiver or receiver/manager has been appointed for all or any substantial part of its respective properties or business and its respective corporate existence has not been terminated by voluntary or involuntary dissolution or winding up (other than by way of amalgamation or reorganization) and, to the knowledge of EGI, any circumstance which, with notice or the passage of time, or both, would give rise to any of the foregoing.

(e) EGI is not obligated, by virtue of a prepayment arrangement, a "take or pay" arrangement or any other arrangement to deliver Au mined from the Golden Dream Mine at some future time without then or thereafter receiving full payment therefore. No Person has any agreement, option, right of first refusal or right, title or interest or right capable of becoming an agreement, option, right of first refusal or right, title or interest, in or to the ownership, use or control of the Golden Dream Mine or any of the Au therein, thereon or thereunder or derived therefrom, subject to the Security Holder.

(f) EGI has all necessary corporate power to own the surface rights forming a part of the Golden Dream Mine and EGI is in material compliance with all material applicable laws and licenses, registrations, permits, consents and qualifications to which the surface rights forming a part of the Golden Dream Mine and the exploitation concessions appertaining thereto are subject.

(g) EGI has sufficient right, title or interest in and to the Golden Dream Mine in order for EGI to perform its obligations and enter into and complete the transactions contemplated in this Agreement, subject to the terms and conditions contained in this Agreement.

(h) EGI has and will deliver to each PURCHASER with each shipment of Minerals including Au, the entire legal and beneficial ownership of the removed Minerals free and clear of any and all Encumbrances, except as created by the Purchaser-approved Offtaking Agreement or subject to the Security Holder.

(i) EGI has provided to the PURCHASERS all information in its respective control or possession with respect to the Golden Dream Mine, as well as corporate matters pertaining to EGI, as requested by the PURCHASERS.

24. The PURCHASERS Security Interest in Payable Au.

The PURCHASERS Security Interest in Payable Au shall be as set forth in the Security Agreement attached hereto as **Exhibit "A"**.

25. Indemnity of the PURCHASERS.

Each Purchaser shall indemnify and save EGI, without duplication, and their respective directors, officers, employees and agents harmless from and against any and all actual Losses suffered or incurred by them that arise out of or relate to any failure of such Purchaser to timely and fully perform or cause to be performed all of the covenants and obligations to be observed or performed by such Purchaser pursuant to this Agreement. Notwithstanding the foregoing, each PURCHASER'S indemnification obligations provided herein shall be limited to such PURCHASERS Capital Contribution.

26. Indemnity of EGI.

EGI shall indemnify and save each PURCHASER and its managers, officers, employees and agents harmless from and against any and all actual Losses suffered or incurred by them, that arise out of or relate to any failure of EGI to timely and fully perform or cause to be performed all of the covenants and obligations to be observed or performed by EGI pursuant to this Agreement.

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27. Force Majeure.

(a) Neither of the Parties will be liable for a breach of its obligations under this Agreement because of an event out of its control, such as acts of god or Force Majeure (each of which is referred to as an **"Act of God or Force Majeure"**), including without limitation, fire, storm, flood, explosion, war, disturbance, strike, legal or illegal stoppages, difficulty accessing the Golden Dream Mine because the surface owners refuse or third Persons that claim rights to the surface area or any other situation for which the Person that has the right to the benefit of this section is not responsible for the impossibility of continuing as agreed in this Agreement. For greater certainty and without limitation, an event of Force Majeure under the Offtake Agreements, shall to the extent applicable, constitute an Act of God or Force Majeure under this Agreement.

(b) All provisions of this Agreement will be extended for a period equal to the delay caused by an event derived from an Act of God or Force Majeure under the terms of Subsection 27(a), save and except that the Term shall only be extended if the period of the delay caused by an event derived from an Act of God or Force Majeure extends beyond a six (6) month period.

(c) The Party in the position described in Section 27(a) will take all measures necessary to eliminate the negative effects of any event caused by an Act of God or Force Majeure, and if possible, shall comply with its obligations appropriately. Notwithstanding the above, nothing herein implies that the Party must resolve a labor dispute hurriedly or that the Party is forced to challenge the validity of any rule, law, regulation or order from any government authority in order to comply with its obligations within the term established.

28. General Provisions.

(a) Each Party shall execute all such further instruments and documents and shall take all such further actions as may be necessary to effectuate the transactions contemplated in this Agreement, in each case at the cost and expense of the Party requesting such further instrument, document or action, unless expressly indicated otherwise.

(b) Nothing herein shall be construed to create, expressly or by implication, a joint venture, mining partnership, commercial partnership or other partnership relationship between EGI as one Party and the PURCHASERS as a second party.

(c) This Agreement shall be governed by, and construed in accordance with, the Laws of the State of Delaware without regard to the principles of conflicts of law thereof or any previous agreements to the contrary.

(d) Time is of the essence of this Agreement.

(e) INTENTIONALLY REMOVED.

(f) If any provision of this Agreement is wholly or partially invalid, this Agreement shall be interpreted as if the invalid provision had not been a part hereof so that the invalidity shall not affect the validity of the remainder of this Agreement which shall be construed as if this Agreement had been executed without the invalid portion.

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(g) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be delivered by hand or transmitted by facsimile transmission addressed to:

If to EGI, to:

Elkhorn Goldfields, Inc.
1610 Wynkoop Street, Suite 400
Denver, CO
Attention: Robert Trenaman
Facsimile: (604) 689-4960

with a required copy to:

Messner & Reeves LLC
1430 Wynkoop Street, Suite 300
Denver, Colorado 80202
Attention: Mr. Steven Levine
Facsimile: (303) 623-0552

If to the PURCHASER, to the address and fax number set forth next to each respect PURCHASER'S signature on **Schedule "A"**:

Any notice given in accordance with this section, if transmitted by facsimile transmission, shall be deemed to have been received on the next Business Day following transmission or, if delivered by hand, shall be deemed to have been received when delivered.

(h) The Schedules that are attached to this Agreement are incorporated into this Agreement by reference and are deemed to form part hereof.

(i) This Agreement may not be changed, amended or modified in any manner, except pursuant to an instrument in writing signed on behalf of each of the Parties. The failure by any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision unless such waiver is acknowledged in writing, nor shall such failure affect the validity of this Agreement or any part thereof or the right of a Party to enforce each and every provision. No waiver or breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

(j) Following the execution and delivery of this Agreement, if there shall occur any change in tax laws or other circumstances, each of the PURCHASERS and EGI will co-operate reasonably with the other Party in implementing any proposed adjustments to the structure of this Agreement to facilitate tax planning or other matters, provided that such adjustments have no material adverse impact on the non-proposing Party.

(k) This Agreement may be executed in one or more counterparts and by the Parties in separate counterparts, each of which when executed shall be deemed to be an original, but all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

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(l) This Agreement shall inure to the benefit of and shall be binding on and shall be enforceable by the Parties and their respective, successors and permitted assigns.

(m) INTENTIONALLY REMOVED.

(n) This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, negotiations, discussions and understandings, written or oral, among the Parties.

*****Signature Page Follows*****

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

ELKHORN GOLDFIELDS, LLC

____

By: Patrick Imeson
Title: Manager

ELKHORN GOLDFIELDS, INC.

____

By: Robert Trenaman
Title: President

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SCHEDULE "A"
PURCHASERS

Purchaser (Name and Address)	Signature	Aggregate Capital Contributions	Ounces Acquired
BLACK DIAMOND HOLDINGS LLC 1610 Wynkoop Street, Suite 400 Denver, CO 80202 Attention: Patrick W.M. Imeson	**BLACK DIAMOND HOLDINGS LLC** **BLACK DIAMOND FINANCIAL GROUP, LLC, its manager** ____________________ By: Patrick W. M. Imeson Title: Manager	$ 10,000,000	33,360
{Insert name of new PURCHASER}, a {insert state of formation} {insert type of entity}	____________________	$ [ ]	[ ] ounces
TOTAL OUNCES:			

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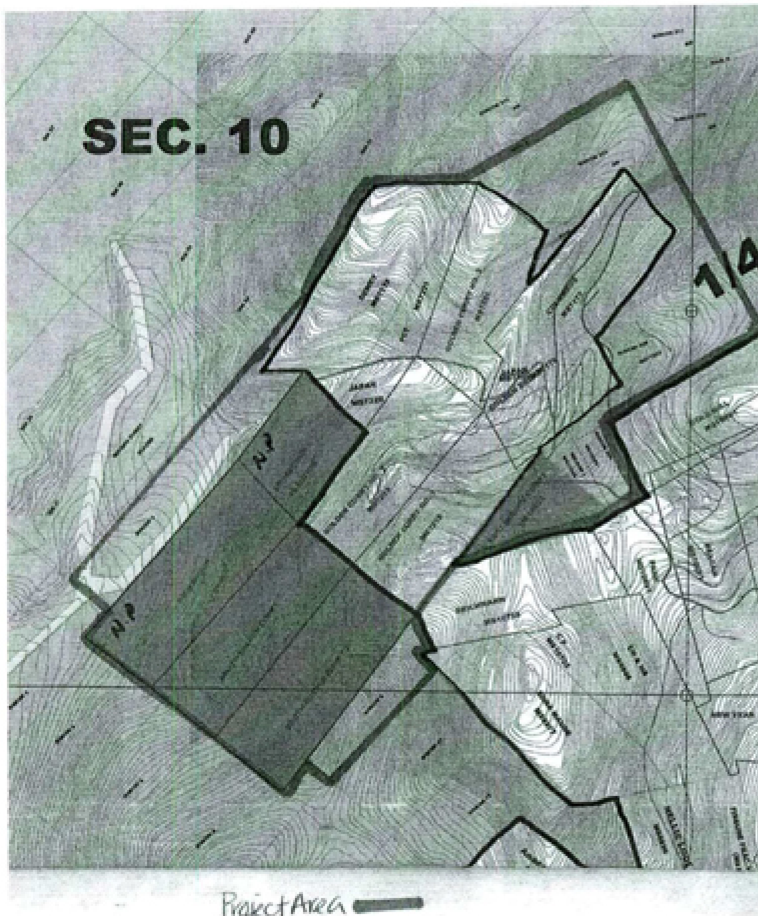
SCHEDULE "B"
Description of Golden Dream Mine

All Elkhorn Goldfields Inc. Patented and Unpatented Claims pertaining to Project Area as delineated in the below schedule including but not limited to the following claims including any mineralization that is contiguous to the claims:

Golden Dream MS7176,
Japan MS 7320,
Columbus MS 7177,
Pet MS 7221,
Dewey MS 7178,
Golden Curry No. 1 MS 7218,
Golden Curry No. 2 MS 7219,
Golden Curry No. 3 MS 7220, and
Any Unpatented Claims (detailed description to be added in the definitive agreements).



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EASTERN RESOURCES, INC. AND SUBSIDIARIES

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT

I, Patrick W. M. Imeson, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2012 of Eastern Resources, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the period presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

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b. any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal controls over financial reporting.

Date: November 21, 2012

/s/Patrick W. M. Imeson

Patrick W. M. Imeson, Chief Executive Officer
(principal executive officer)

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT

I, Eric Altman, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2012 of Eastern Resources, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the period presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of small business issuer's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

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b. any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer’s internal controls over financial reporting.

Date: November 21, 2012

/s/Eric Altman

Eric Altman, Chief Financial Officer
(principal financial officer)

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE AND FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Eastern Resources, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick W. M. Imeson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of November 21, 2012.

/s/Patrick W. M. Imeson

Patrick W. M. Imeson, Chief Executive Officer
(principal executive officer)

A signed original of this written statement, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement, has been provided to Loreto Resources Corporation, and will be retained by Loreto Resources Corporation, and furnished to the Securities and Exchange Commission or its staff upon request.

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EASTERN RESOURCES, INC. AND SUBSIDIARIES

EXHIBIT 32.2

CERTIFICATION OF CHIEF EXECUTIVE AND FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Eastern Resources, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric Altman, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

IN WITNESS WHEREOF, the undersigned has executed this certification as of November 21, 2012.

/s/Eric Altman

Eric Altman, Chief Financial Officer
(principal financial officer)

A signed original of this written statement, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement, has been provided to Loreto Resources Corporation, and will be retained by Loreto Resources Corporation, and furnished to the Securities and Exchange Commission or its staff upon request.

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Notes Payable (Schedule of Debt Maturities) (Details) (USD $)	Sep. 30, 2012
Debt Instrument [Line Items]	
2012	$ 3,252,039
Related Party Notes [Member]	
Debt Instrument [Line Items]	
2012	2,952,039
Notes Payable [Member]	
Debt Instrument [Line Items]	
2012	$ 300,000

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Subsequent Events (Details) (USD $)	9 Months Ended		9 Months Ended	12 Months Ended	1 Months Ended
	Sep. 30, 2012	Dec. 31, 2011	Sep. 30, 2012 With Respect to Each Ounce of Gold Over 250,000 Ounces [Member]	Dec. 31, 2011 With Respect to Each Ounce of Gold Over 250,000 Ounces [Member]	Oct. 30, 2012 Subsequent Event [Member]
Subsequent Event [Line Items]					
Increase in MPRPA					$ 100,000
Increase in gold payable	2,000				303
Total gold payable	35,360	33,360			35,663
Ounces of gold produce				250,000	250,000
Percentage of ounces of gold production agreed to be sold			6.87%	6.50%	6.93%
Proceeds per ounce in excess of which company is required to pay to related party			$ 600	$ 600	$ 600

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Shareholders' Deficit (Schedule of Stock Option Activity) (Details) (USD $)	9 Months Ended Sep. 30, 2012
Number of Shares	
Outstanding - December 31, 2011	
Granted	12,920,000
Forfeited/canceled	(230,000)
Exercised	
Outstanding - September 30, 2012	12,690,000
Weighted Average Exercise Price	
Outstanding - December 31, 2011	
Granted	$ 0.96
Forfeited/canceled	$ 1.0
Exercised	
Outstanding - September 30, 2012	$ 0.96

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Shareholders' Deficit (Convertible Redeemable Preferred Stock) (Details) (USD $)	9 Months Ended	
	Sep. 30, 2012	Dec. 31, 2011
Shareholders' Deficit [Abstract]		
Series A Convertible Redeemable Preferred stock, shares authorized	10,000,000	0
Series A Convertible Redeemable Preferred stock, par value per share	$ 0.001	$ 0.001
Convertible Redeemable Preferred stock, preferential dividends	12.00%	
Convertible Redeemable Preferred stock, stated value per share per annum	$ 6.0	
Convertible Redeemable Preferred stock, accrued dividends in arrears	$ 3,500,000	
Convertible Redeemable Preferred stock, fair value	$ 8,009,150	
Earliest date of redemption	Oct. 06, 2012	
Quantity of gold required for redemption	25,000	

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Accrued Liabilities (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011
Consolidated Balance Sheet Disclosures [Abstract]		
Property and mining taxes payable	$ 3,102,357	$ 2,630,365
Interest	1,411,226	106,358
Environmental remediation	380,000	380,000
Payroll and related expenses	262,565	130,509
Other	38,000	
Accrued Liabilities	$ 5,194,148	$ 3,247,232

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Capital Leases (Tables)	9 Months Ended Sep. 30, 2012

Capital Leases [Abstract]

Schedule of Assets under Capital Lease

	September 30, 2012	December 31, 2011
Equipment	$ 916,736	$ 916,736
Less accumulated depreciation	(112,936)	(48,963)
	$ 803,800	$ 867,773

Schedule of Capital Lease Obligations

Maturities of capital lease obligations are as follows:

Year Ending December 31,		
2012	$ 158,353	$ 385,358
2013	49,648	49,780
Total minimum lease payments	208,001	435,138
Amount representing interest	(28,029)	(60,326)
Present value of net minimum lease payments	179,972	374,812
Less current portion	(179,972)	(335,093)
Long-term capital lease obligation	$ -	$ 39,719

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Shareholders' Deficit (Schedule of Weighted Average Assumptions Used to Value Stock-Based Awards) (Details) (USD $)	9 Months Ended
	Sep. 30, 2012
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Expected volatility	118.00%
Dividend yield	
Minimum [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Expected term (in years)	1 year
Risk-free interest rate	0.18%
Estimated fair value per share	0.65
Maximum [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Expected term (in years)	3 years
Risk-free interest rate	0.45%
Estimated fair value per share	0.78

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Capital Leases (Narrative) (Details)	9 Months Ended Sep. 30, 2012
Capital Leases [Abstract]	
Leases expire date	2013-09

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Notes Payable (Convertible Bridge Loans) (Narrative) (Details) (USD $)	9 Months Ended
	Sep. 30, 2012
Warrants Issued with Related Party Loans [Member]	
Short-term Debt [Line Items]	
Warrant issued period	5 years
Number of warrants to acquire an additional share of common stock	2
Warrant exercise price per share	1.5
Common stock price	$ 1.25
Put price	2.0
Warrants Issued with Unrelated Party Loans [Member]	
Short-term Debt [Line Items]	
Warrant issued period	5 years
Number of warrants to acquire an additional share of common stock	2
Warrant exercise price per share	1.5
Common stock price	$ 1.25
Put price	1.5
Contingently Issuable Warrants [Member]	
Short-term Debt [Line Items]	
Warrant issued period	5 years
Warrant exercise price per share	0.01
Discount from share price of PPO next round of funding	25.00%
Bridge Loan [Member]	
Short-term Debt [Line Items]	
Debt, principal amount	$ 1,900,000
Warrants to purchase common stock	950,000
Fair value of warrants to purchase common stock	774,129
Convertible bridge, value of beneficial conversion options	521,981
Warrant value, assumption for lives	5 years
Warrant value, assumption for exercise price	$ 2.0
Warrant value, assumption for volatility rate	118.00%
Warrant value, assumption for risk free rate	0.83%
Bridge Loan [Member] | Related Party Loans [Member]	
Short-term Debt [Line Items]	
Number of unsecured bridge loans	3
Debt, principal amount	1,800,000
Debt, interest rate	12.00%
Debt exchange, per share	$ 1.0
Debt, maturity date	Aug. 29, 2012
Bridge Loan [Member] | Unrelated Party Loans [Member]	
Short-term Debt [Line Items]	
Debt, principal amount	$ 100,000
Debt, interest rate	12.00%

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Debt exchange, per share	$ 1.0
Debt, maturity date	Oct. 31, 2012

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Related Party Transactions (Details) (USD $)			12 Months Ended			9 Months Ended	
	Sep. 30, 2012	Dec. 31, 2011	Dec. 31, 2011 Affiliated Entity [Member]	Sep. 30, 2012 Affiliated Entity [Member]	Sep. 30, 2012 Black Diamond [Member]	Sep. 30, 2012 Black Diamond [Member] Monthly Payment [Member]	Sep. 30, 2012 Black Diamond [Member] Hourly Payment [Member]
Related Party Transaction [Line Items]							
Management services agreement, initial term					3 years		
Management services agreement, extended term					1 year		
Management services agreement, payment						$ 15,000	$ 200
Minimum number of hours					125		
Management fee expense					90,000		
Percentage of ounces of gold production agreed to be sold			80.00%				
Ounces of gold produce			41,700				
Refundable customer deposit, ore purchase agreement	10,660,000	10,000,000	10,000,000	10,000,000			
Accounts payable, related party	$ 10,000						

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Shareholders' Deficit (Stock Option Plan and Stock-Based Compensation) (Details) (USD $)	9 Months Ended Sep. 30, 2012
2012 Equity Incentive Plan [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Equity Incentive Plan, shares of common stock reserved for issuance	20,000,000
Stock option, vesting period	3 years
Fair value estimate, forfeiture rate	15.00%
Stock based compensation expense	$ 1,213,154
Future compensation costs related to unvested portions of outstanding stock options	6,730,000
2012 Equity Incentive Plan [Member] | Stock Options [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Stock option, term	10 years
2012 Equity Incentive Plan [Member] | Incentive Stock Options [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Stock option, term	5 years
Options Granted for Third Party Services [Member]	
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]	
Future compensation costs related to unvested portions of outstanding stock options	536,000
Stock based compensation, common stock issued vendors in exchange for services	$ 536,913

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Summary of Significant Accounting Policies	9 Months Ended Sep. 30, 2012

Summary of Significant Accounting Policies [Abstract]

Summary of Significant Accounting Policies

Note 2 - Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of ESRI and its subsidiaries, EGI and MTMI. All intercompany accounts and transactions have been eliminated in consolidation.

Debt Issuance Costs

Direct costs associated with obtaining debt financing are deferred and amortized over the term of the debt using the effective interest method. The net costs capitalized at for the nine months ended September 30, 2012 was $568,333 and were paid to related parties. The Company amortized $568,333 for the nine months ended September 30.2012.

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, accounts payable, and accrued liabilities, approximated fair value as of September 30, 2012 and December 31, 2011 because of the relatively short maturity of these instruments.

The Company applies the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The financial and non-financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1:	Quoted prices in active markets for identical assets or liabilities;
Level 2:	Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
Level 3:	Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The following assets are measured at fair value as of September 30, 2012:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$ (22,734,479)	$ (22,734,479)

The following assets are measured at fair value as of December 31, 2011:

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Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$ (18,818,945)	$ (18,818,945)

Ore Purchase Contract: Based on contract terms, projected future gold prices, and discount rate commensurate with estimates of contemporary credit risk using a discounted cash flow model. The model is most sensitive to the future price of gold.

There were no changes to the valuation techniques used during the nine months ended September30, 2012 and year ended December 31, 2011.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine month period ended September 30, 2012:

	Embedded Derivative
Beginning balance - December 31, 2011	$ (18,818,945)
Issuances (additions)	(1,407,694)
Total gains or losses (realized/unrealized)	
Included in earnings	(2,507,840)
Included on the balance sheet	-
Transfers in and/or out of Level 3	-
Ending balance - September 30, 2012	$ (22,734,479)

The embedded derivative is summarized between related and non-related parties as follows:

Related party embedded derivative	$ 21,326,785
Non-related party embedded derivative	1,407,694
Total embedded derivative	$ 22,734,479

Management's Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Capital Leases (Schedule of Assets Under Capital Lease) (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011
Capital Leases [Abstract]		
Equipment	$ 916,736	$ 916,736
Less accumulated depreciation	(112,936)	(48,963)
Assets under capital lease, net	$ 803,800	$ 867,773

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Summary of Significant Accounting Policies (Narrative) (Details) (USD $)	3 Months Ended		9 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
Summary of Significant Accounting Policies [Abstract]				
Capitalized debt issuance costs	$ 568,333			
Amortization of debt issuance costs	$ 568,334		$ 568,334	

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Description of Business (Details)	May 08, 2012	0 Months Ended Apr. 06, 2012 Elkhorn Goldfields, Inc. [Member] Common Stock [Member]	Apr. 06, 2012 Elkhorn Goldfields, Inc. [Member] Redeemable Convertible Preferred Stock [Member]
Description of Business [Abstract]			
Common stock forward split	2		
Business Acquisition, Equity Interests Issued or Issuable [Line Items]			
Merger agreement, shares exchanged		180,000,000	10,000,000

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Capital Leases (Schedule of Maturities of Capital Lease Obligations) (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011
Capital Leases [Abstract]		
2012	$ 158,353	$ 385,358
2013	49,648	49,780
Total minimum lease payments	208,001	435,138
Amount representing interest	(28,029)	(60,326)
Present value of net minimum lease payments	179,972	374,812
Less current portion	(179,972)	(335,093)
Long-term capital lease obligation		$ 39,719

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Summary of Significant Accounting Policies (Schedule of Assets Measured at Fair Value) (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Ore Purchase Contract	$ (22,734,479)	$ (18,818,945)
Level 1 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Ore Purchase Contract		
Level 2 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Ore Purchase Contract		
Level 3 [Member]		
Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis [Line Items]		
Ore Purchase Contract	$ (22,734,479)	$ (18,818,945)

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Summary of Significant Accounting Policies (Reconciliation of Assets Measured at Fair Value on Recurring Basis Using Significant Unobservable Inputs) (Details) (Embedded Derivative [Member], USD $)	9 Months Ended Sep. 30, 2012
Embedded Derivative [Member]	
Fair Value, Assets Measured on Recurring Basis, Unobservable Input Reconciliation [Line Items]	
Beginning balance - December 31, 2011	$ (18,818,945)
Issuances (additions)	(1,407,694)
Included in earnings	(2,507,840)
Included on the balance sheet	
Transfers in and/or out of Level 3	
Ending balance - September 30, 2012	$ (22,734,479)

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Description of Business	9 Months Ended Sep. 30, 2012
[Description of Business [Abstract]]	
[Description of Business]	**Note 1 - Description of Business**

Note 1 - Description of Business

Elkhorn Goldfields, Inc. ("EGI") and Montana Tunnels Mining, Inc. ("MTMI") (collectively, "Elkhorn") were formed for the purpose of acquiring, holding, operating, selling, and otherwise dealing in assets of mining operations with gold and other metal reserves and exploration potential. Elkhorn's objective is to operate mines and expand its interests through acquisition and exploration. Elkhorn has one mineral property that has completed the permitting process. That property has developed the 650-foot underground access tunnel to reach the top of the ore body and is in the process of installing required infrastructure to allow access to the lower levels of ore. In addition, a second property has completed the permitting, except for posting the required reclamation bonding. Lastly, Elkhorn has several mineralized targets in the exploration stage. The permitted or nearly permitted mines include Golden Dream Mine (formerly referred to as the Sourdough Mine) and Montana Tunnels Mine ("Montana Tunnels"), and the mineralized properties available to develop mine plans are East Butte, Gold Hill/Mount Heagan, and Carmody (collectively, the "Elkhorn Project"), and the expansion of the previously operated Diamond Hill Mine. All the mines and properties are located in Jefferson County, Montana, with the exception of the Diamond Hill Mine, which is in Broadwater County, Montana. Elkhorn maintains its principal executive office in Denver, Colorado.

On April 6, 2012, EGLLC entered into a merger agreement with ESRI, whereas EGI and MTMI would become wholly owned subsidiaries of ESRI in exchange for 180,000,000 shares of common stock and 10,000,000 shares of preferred stock. ESRI discontinued its pre-merger business and acquired the business of MTMI and EGI, and will continue the existing business operations of MTMI and EGI as a publicly-traded company under the name Eastern Resources, Inc.

On May 8, 2012, we declared a 2 to 1 forward stock split on our Common Stock outstanding in the form of a dividend, with a record date of May 17, 2012,with a payment date of June 8, 2012. We have reflected the effect of this forward stock split on a retroactive basis on all common stock share amounts disclosed throughout this report.

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Summary of Significant Accounting Policies (Schedule of Embedded Derivative) (Details) (USD $)	Sep. 30, 2012
Derivative [Line Items]	
Embedded derivative	$ 22,734,479
Related Party Derivative [Member]	
Derivative [Line Items]	
Embedded derivative	21,326,785
Unrelated Party Derivative [Member]	
Derivative [Line Items]	
Embedded derivative	$ 1,407,694

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Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011
Debt Instrument [Line Items]		
Push-down interest of Parent and its affiliate	$ 1,411,226	$ 106,358
Push Down Debt [Member]		
Debt Instrument [Line Items]		
Push-down debt of the Parent and its affiliate	21,579,848	21,579,848
Redeemable options offered to debt holders to purchase membership units in equity owner of Parent	5,950,000	5,950,000
Push-down interest of Parent and its affiliate	24,461,002	18,813,444
Debt, interest and redemption obligation	51,990,850	46,343,292
Series A Convertible Notes [Member] | Push Down Debt [Member]		
Debt Instrument [Line Items]		
Push-down debt of the Parent and its affiliate	5,791,701	5,791,701
Loan One [Member] | Push Down Debt [Member]		
Debt Instrument [Line Items]		
Push-down debt of the Parent and its affiliate	9,680,125	9,680,125
Loan Two [Member] | Push Down Debt [Member]		
Debt Instrument [Line Items]		
Push-down debt of the Parent and its affiliate	$ 6,108,022	$ 6,108,022

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Commitments and Contingencies (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011
Commitments and Contingencies [Abstract]		
Reclamation liability	$ 23,850,000	$ 22,800,000
Property taxes, total amount past due	3,100,000	2,600,000
Payroll taxes past due	$ 168,000	

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CONSOLIDATED BALANCE SHEETS (USD $)	Sep. 30, 2012	Dec. 31, 2011
Current assets		
Cash and cash equivalents	$ 579,855	$ 358,125
Accounts receivable other	1,008	
Inventory, net	886,977	912,676
Other current assets	24,265	12,433
Total current assets	1,492,105	1,283,234
Non-current assets		
Buildings, equipment, and land, net	5,573,565	5,621,186
Deposits	16,769,639	16,794,577
Total non-current assets	43,936,268	42,665,852
Total assets	45,428,373	43,949,086
Current liabilities		
Accounts payable	1,533,148	282,141
Accrued liabilities	5,194,148	3,247,232
Promissory Notes - related party	432,260	
Convertible bridge loans, net	1,900,000	
Current portion of capital lease obligation	179,972	335,093
Series A 8% bonds	919,779	1,399,779
Refundable customer deposit, ore purchase agreement	10,660,000	10,000,000
Push-down interest of Parent and its affiliate	1,411,226	106,358
Total current liabilities	72,810,157	61,607,537
Non-current liabilities		
Capital lease obligations, less current portion		39,719
Reclamation liability	23,849,160	22,793,187
Ore purchase derivative contract	22,734,479	18,818,945
Total non-current liabilities	46,583,639	41,651,851
Total liabilities	119,393,796	103,259,388
Series A Convertible Redeemable Preferred stock, $0.001 par value 10,000,000 and 0 shares authorized, issued and outstanding at September 30, 2012 and December 31, 2011 respectively	60,000,000	
Series A Convertible Redeemable Preferred stock dividend	3,500,000	
Push down obligation of Parent	(51,990,850)	
Total convertible redeemable preferred stock net of push down obligations of parent	11,509,150	
Commitments and contingencies		
Common Stock:		
Common stock $0.001 par value 300,000,000 and 0 shares authorized at September 30, 2012 and December 31, 2011 198,550,000 shares issued and outstanding at September 30, 2012	198,550	
Additional paid-in capital	7,292,260	12,073,010
Accumulated deficit	(92,965,383)	(71,383,312)
Total Stockholders' deficit	(85,474,573)	(59,310,302)

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Total liabilities, convertible redeemable preferred stock and stockholders' deficit	45,428,373	43,949,086
Push Down Debt Obligation [Member]		
Current liabilities		
Push-down redeemable obligation of Parent and its affiliate	5,950,000	5,950,000
Push-down interest of Parent and its affiliate	24,461,002	18,813,444
Push-down debt of Parent and its affiliate	21,579,848	21,579,848
Mine Development [Member]		
Non-current assets		
Mine development and Mining properties and mineral interests, net	5,167,219	3,869,342
Mining Properties and Mineral Interests, Net [Member]		
Non-current assets		
Mine development and Mining properties and mineral interests, net	$ 16,425,845	$ 16,380,747

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Shareholders' Deficit (Common Stock) (Details) (USD $)	0 Months Ended	1 Months Ended			
	May 08, 2012	Jun. 30, 2012	May 31, 2012	Sep. 30, 2012	Dec. 31, 2011
Shareholders' Deficit [Abstract]					
Common Stock, shares authorized				300,000,000	0
Common Stock, par value per share				$ 0.001	$ 0.001
Common Stock, shares issued				198,550,000	
Common Stock, shares outstanding				198,550,000	
Common stock forward split	2				
Private placement, units sold		230,000	150,000		
Private placement, value of units sold		$ 230,000	$ 150,000		
Share of common stock in each unit		1	1		
Class of Stock [Line Items]					
Registration statement filing, Penalties accrue and cumulate rate for each full period of 30 days		1.00%	1.00%		
Registration statement filing, accrued potential penalties				$ 38,000	
Warrants Issued in Private Placement [Member]					
Class of Warrant or Right [Line Items]					
Each warrant right to purchase share of common stock		0.5	0.5		
Warrant issued period		5 years	5 years		
Warrant exercise price per share		1.5	1.5		
Maximum [Member]					
Class of Stock [Line Items]					
Private placement, registration statement filing period following final closing		90 days	90 days		
Private placement, registration statement filing effective period		150 days	150 days		
Registration statement filing, Penalties accrue and cumulate rate for each full period of 30 days		10.00%	10.00%		

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CONSOLIDATED STATEMENTS OF CASH FLOWS (USD $)	9 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011
Cash flows from operating activities		
Net loss	$ (18,082,071)	$ (25,213,240)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities		
Depreciation and amortization	2,082	5,562
Amortization of debt issuance costs	568,334	
Accretion expense	1,055,973	1,069,461
Loss on ore purchase derivative	1,407,694	13,025,932
Change in fair value of derivative instrument	2,507,840	4,216,849
Accretion on convertible bridge loans	521,981	
Warrants issued for services	306,568	
Stock based compensation	1,750,067	
Push-down interest of Parent and its affiliate	5,647,558	5,979,873
Changes in operating assets and liabilities		
Accounts receivable - metal sales		(440,079)
Accounts receivable - other	(1,008)	(68,048)
Inventory	25,699	36,919
Other current assets	(11,833)	(7,523)
Accounts payable	1,251,007	342,605
Accrued liabilities	1,946,916	241,643
Refundable customer deposit	660,000	10,000,000
Adjustments to reconcile net loss to net cash (used in) provided by operating activities	17,638,878	34,403,194
Net cash (used in) provided by operating activities	(443,193)	9,189,954
Cash flows from investing activities		
Purchase of building and equipment	(33,138)	(150,624)
Additions to mine development	(1,219,199)	(2,244,099)
Additions to mining properties and mineral interests	(45,098)	(6,875)
Change in deposits	24,938	(364,185)
Net cash used in investing activities	(1,272,497)	(2,765,783)
Cash flows from financing activities		
Proceeds (payments) from Series A 8% bonds	(480,000)	164,279
Proceeds from sale of common stock	380,000	
Proceeds from convertible bridge loans	1,900,000	
Proceeds from promissory notes - related parties	432,260	
Payments on capital lease obligations	(194,840)	
Payments on push down debt of Parent and it's affiliates		(918,728)
Payments of distributions to stockholders	(100,000)	(2,648,781)
Net cash provided by (used in) financing activities	1,937,420	(3,403,230)
Net increase in cash and cash equivalents	221,730	3,020,941

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Cash and cash equivalents - beginning of period	358,125	61,351
Cash and cash equivalents - end of period	579,855	3,082,292
Supplemental cash flow disclosures		
Cash paid for interest	131,638	34,498
Non-cash financing and investing activities		
Depreciation expense capitalized to mine development	78,678	4,270
Preferred dividend	$ 3,500,000	

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Notes Payable (Schedule of Series A 8% Bonds) (Details) (USD $)	9 Months Ended	12 Months Ended			
	Sep. 30, 2012 Warrants Issued to Bond Holders [Member]	Dec. 31, 2010 Series A 8% Bonds [Member]	Sep. 30, 2012 Series A 8% Bonds [Member]	Dec. 31, 2011 Series A 8% Bonds [Member]	Sep. 30, 2012 Series A 8% Bonds [Member] Upon Event of Default [Member]
Debt Instrument [Line Items]					
Long-term debt			$ 919,779	$ 1,399,779	
Less current portion			(919,779)	(1,399,779)	
Long-term debt, excluding current installments					
Debt, principal amount			5,000,000		
Debt, funded amount		1,235,500			
Debt, maturity date		Jul. 31, 2012			
Debt, interest rate			8.00%		12.00%
Expected bonus payment per bond upon maturity			$ 50,000		
Warrant issued period	5 years				
Warrant issued expiration date	Jul. 31, 2015				
Warrant issued, membership units to be purchased per $50,000 bond	0.67				
Warrant issued, purchase price per membership unit	37,500.0				

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Accrued Liabilities (Tables)	9 Months Ended Sep. 30, 2012
Accrued Liabilities [Abstract]	
Schedule of Accrued Liabilities	

	September 30, 2012	December 31, 2011
Property and mining taxes payable	$ 3,102,357	$ 2,630,365
Interest	1,411,226	106,358
Environmental remediation	380,000	380,000
Payroll and related expenses	262,565	130,509
Other	38,000	-
	$ 5,194,148	$ 3,247,232

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Notes Payable (Schedule of Promissory Notes - Related Parties) (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011	1 Months Ended Oct. 30, 2012 Other Notes [Member]	9 Months Ended Sep. 30, 2012 Other Notes [Member]
Debt Instrument [Line Items]				
Promissory notes - related parties				$ 432,260
Less current portion	(719,779)			
Promissory notes - related parties, noncurrent				
Debt, principal amount				432,260
Debt, maturity date				Sep. 30, 2012
Interest rate on note				6.00%
Extended maturity date				May 31, 2013
Repayments of promissory notes - related parties			$ 107,060	

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Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate (Tables) (Push Down Debt Obligation [Member])	9 Months Ended	
	Sep. 30, 2012	
Push Down Debt Obligation [Member]		
Debt Instrument [Line Items]		
Schedule of Debt Instruments		

	September 30, 2012	December 31, 2011
$5,000,000, 12% Series A convertible notes. These notes were due in December 2007. The notes pay interest at the rate of 12% per annum, payable on the maturity date or within 30 days after conversion. In the case of default, interest on the notes accrues at 18%. During 2007, the notes were extended to December 2009. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the convertible notes accrue interest at 18% per annum, compounded quarterly, and are due in November 2013. Interest only payments are to be made quarterly. At the election of the holder, principal amounts of the notes are convertible into membership units at $50,000 per membership unit or into membership interests of the Parent. The Company's mining properties and equipment have been pledged as collateral to these notes.	$ 5,791,701	$ 5,791,701
On May 14, 2007, an affiliate of the Parent entered into a loan for $8,050,000. The loan was due May 2009. The loan pays interest at the rate of 12% per annum, payable monthly. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the loans accrue interest at 18% per annum, compounded quarterly, and are due November 2013.		
At the election of the holder, the principal amount of the loan can be exchanged for $13,416,666 of Series A Bonds of the Parent. The Company's mining properties and equipment have been pledged as collateral to this note.	9,680,125	9,680,125
On January 22, 2008, an affiliate of the Parent entered into a loan for $5,000,000. The loan was due January 2009. The loan pays interest at the rate of 12% per annum, payable monthly. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the loans accrue interest at 18% per annum, compounded quarterly, and are due November 2013. At the election of the holder, the principal amount of the loan can be exchanged for shares of an investment of the Parent at $1.00 per share, exchanged for $1,350,000 of Series A Convertible Bond, or exchanged for bonds of an investment of the Parent at $1.00 principal for each $1.00 par amount of a bond. The Company's mining properties and equipment have been pledged as collateral to this note.	6,108,022	6,108,022
Total push-down debt of the Parent and its affiliate	21,579,848	21,579,848

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An affiliate of the Parent offered redeemable options to certain debt holders ("Optionee") to purchase membership units in an equity owner of the Parent. The affiliate as Optionor grants to each Optionee the option to put all or any portion of the membership units to the affiliate, whereupon the affiliate shall have the obligation to purchase the put units at the Optionees' cost plus 15% annualized return, less cash distributions or the fair market value of in-kind distributions, which shall first be deducted from the 15% annualized return from each Optionee's date of acquisition of the units. The affiliate will satisfy the put by executing and delivering to each Optionee the affiliates' fully amortized 60-month note in the amount of the put price bearing interest at 12% per annum. The Optionees have the right to exercise the put at any time until 60 days after all push-down debt and related interest have been repaid in full. The Company's mining properties and equipment have been pledged as collateral to the redeemable interest.	5,950,000	5,950,000
Push-down accrued interest of the Parent and its affiliate	24,461,002	18,813,444
	$ 51,990,850	$ 46,343,292

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Basis of Presentation and Merger	9 Months Ended Sep. 30, 2012
Basis of Presentation and Merger [Abstract]	
Basis of Presentation and Merger	**Basis of Presentation and Merger** These financial statements represent the consolidated financial statements of Eastern Resources, Inc., and its wholly owned subsidiaries, Elkhorn Goldfields, Inc. and Montana Tunnels, Inc.The term "ESRI" refers to Eastern Resources, Inc., before giving effect to the Merger (defined below), the term "MTMI" refers to Montana Tunnels Mining, Inc., a Delaware corporation, the term "EGI" refers to Elkhorn Goldfields, Inc., a Montana corporation, and the terms "Company," "we," "us," and "our" refer to Eastern Resources, Inc., and its wholly-owned subsidiaries, including MTMI and EGI, after giving effect to the Merger. On April 6, 2012, we entered into an Agreement and Plan of Merger with ESRI, a public company. ESRI was merged into EGI and MTMI. EGI and MTMI, as the Surviving Corporation, became a wholly-owned subsidiary of ESRI. We issued 180,000,000 shares of our common stock and 10,000,000 series A convertible redeemable preferred stock to acquire EGI and MTMI, which resulted in the stockholders of EGI and MTMI owning approximately 91.6% of our outstanding common stock and 100% of our series A convertible preferred stock after the consummation of the Merger. On April 6, 2012, (i) MTMI Acquisition Corp., a Delaware corporation formed on February 27, 2012 and a wholly-owned subsidiary of ESRI ("MTMI Acquisition Sub"), merged with and into MTMI, a wholly-owned subsidiary of Elkhorn Goldfields LLC, a Delaware limited liability company ("EGLLC" or "Parent"), with MTMI as the surviving corporation and (ii) EGI Acquisition Corp., a Montana corporation formed on February 27, 2012 and a wholly-owned subsidiary of ESRI ("EGI Acquisition Sub"), merged with and into EGI, a wholly-owned subsidiary of EGLLC, with EGI as the surviving corporation (collectively, the "Merger"). As a result of the Merger and the Split-Off, ESRI discontinued its pre-Merger business and acquired the business of MTMI and EGI as of April 6, 2012, and will continue the existing business operations of MTMI and EGI as a publicly-traded company under the name Eastern Resources, Inc. The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the consolidated financial statements of the Company as of September 30, 2012. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the operating results for the full year. It is recommended that these consolidated financial statements be read in conjunction with the consolidated financial statements and related disclosures for the year ended December 31, 2011 included in the Form 8-K filed with the Securities and Exchange Commission ("SEC") on April 12, 2012 and the amendments to that filing on Form 8-K/A filed with the SEC.

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CONSOLIDATED BALANCE SHEETS (Parenthetical) (USD $)	Sep. 30, 2012	Dec. 31, 2011
CONSOLIDATED BALANCE SHEETS [Abstract]		
Series A Convertible Redeemable Preferred stock, par value per share	$ 0.001	$ 0.001
Series A Convertible Redeemable Preferred stock, shares authorized	10,000,000	0
Series A Convertible Redeemable Preferred stock, shares issued	10,000,000	0
Series A Convertible Redeemable Preferred stock, shares outstanding	10,000,000	0
Common Stock, par value per share	$ 0.001	$ 0.001
Common Stock, shares authorized	300,000,000	0
Common Stock, shares issued	198,550,000	
Common Stock, shares outstanding	198,550,000	

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Related Party Transactions	9 Months Ended Sep. 30, 2012
Related Party Transactions [Abstract]	
Related Party Transactions	**Note 9 - Related Party Transactions** During 2011, the Company entered into an ore purchase agreement ("Agreement") with an affiliate of EGI to sell 80% of the first 41,700 ounces of gold produced from the Golden Dream Mine for an up-front payment of $10,000,000 of consideration.(Note 5). Upon the closing of the Merger, the Company entered into a management services agreement with Black Diamond Financial Group, LLCto provide certain management, financial and accounting services for $15,000 per month plus $200 per hour for each additional hour of service in excess of 125 hours to the Company. The management services agreement has an initial term of three years and may be extended thereafter for successive one-year terms. As of September 30, 2012 management fee expense was $90,000. As of September 30, 2012, there was $10,000 of related party payables included in accounts payable.

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Document and Entity Information	9 Months Ended	
	Sep. 30, 2012	Nov. 19, 2012
Document and Entity Information [Abstract]		
Document Type	10-Q	
Amendment Flag	false	
Document Period End Date	Sep. 30, 2012	
Entity Registrant Name	Eastern Resources, Inc.	
Entity Central Index Key	0001429373	
Current Fiscal Year End Date	--12-31	
Document Fiscal Year Focus	2012	
Document Fiscal Period Focus	Q3	
Entity Filer Category	Smaller Reporting Company	
Entity Common Stock, Shares Outstanding		198,550,000

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Commitments and Contingencies	9 Months Ended Sep. 30, 2012
Commitments and Contingencies [Abstract]	
Commitments and Contingencies	**Note 11 - Commitments and Contingencies**

Litigation

In the normal course of business, the Company is party to litigation from time to time. The Company maintains insurance to cover certain actions and believes that resolution of such litigation will not have a material adverse effect on the Company.

Environmental Matters

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect the public health and environment and believes its operations are in compliance with applicable laws and regulations in all material respects. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures.

Estimated future reclamation costs are based principally on legal and regulatory requirements. At September 30, 2012 and December 31, 2011, approximately $23,850,000 and $22,800,000, respectively, were accrued for reclamation costs relating to currently producing mineral properties in accordance with asset retirement obligation guidance.

Property Taxes

The Company is not current with its 2011, 2010 and 2009 property taxes. The total amount past due as of September 30, 2012 and December 31, 2011 is approximately $3,100,000 and $2,600,000, respectively.

Payroll Taxes

The Company is not current with its 2012 payroll taxes. The total amount past due as of September 30, 2012 is approximately $168,000.

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CONSOLIDATED STATEMENTS OF OPERATIONS (USD $)	3 Months Ended		9 Months Ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
CONSOLIDATED STATEMENTS OF INCOME [Abstract]				
Metal sales		$ 573,942		$ 573,942
Operating expenses				
Direct operating costs				
General and administrative	1,295,156	262,319	4,305,989	883,864
Accretion expense	351,992	307,843	1,055,973	1,069,461
Mine care and maintenance	285,517	196,078	684,641	641,643
Depreciation and amortization		88	2,082	5,562
Total operating expenses	1,932,665	766,328	6,048,685	2,600,530
Loss from operations	(1,932,665)	(192,386)	(6,048,685)	(2,026,588)
Other (expense) income				
Interest expense	(2,917,905)	(2,020,861)	(7,608,495)	(6,062,583)
Interest income	8,637	59	48,613	47,608
Amortization of deferred financing	(568,334)		(568,334)	
Other (expense) income	(157)	(12)	10,364	71,104
Loss on ore purchase derivative	(1,407,694)		(1,407,694)	(13,025,932)
Change in fair value of derivative instrument contract	(2,095,776)	(1,489,960)	(2,507,840)	(4,216,849)
Total other (expense) income	(6,981,229)	(3,510,774)	(12,033,386)	(23,186,652)
Net Loss	(8,913,894)	(3,703,160)	(18,082,071)	(25,213,240)
Preferred dividend	1,750,000		3,500,000	
Net loss available to common shareholders	$ (10,663,894)	$ (3,703,160)	$ (21,582,071)	$ (25,213,240)
Earnings per share:				
Basic and diluted loss per share	$ (0.04)	$ (0.02)	$ (0.09)	$ (0.14)
Basic and diluted net loss per common share	$ (0.05)	$ (0.02)	$ (0.11)	$ (0.14)
Weighted average number of common shares outstanding	198,550,000	180,000,000	198,550,000	180,000,000

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Customer Deposits	9 Months Ended Sep. 30, 2012
Customer Deposits [Abstract]	
Customer Deposits	**Note 5 - Customer Deposits** During 2011, the Company received an up-front payment of $10,000,000, through an ore purchase agreement from a related party, dated April 15, 2011, to sell 80% of the first 41,700 ounces of gold and 6.5% of the gold produced after 250,000 ounces from the Golden Dream Mine at the Elkhorn Project. For each ounce of gold delivered under the Minerals Product Receivables Purchase Agreement (the "MPRPA"), the Company will pay the related party, subject to certain adjustments, (i) with respect to 80% of the first 41,700 ounces sold, the lesser of $500 per ounce or the latest COMEX spot gold price at the time of sale and (ii) with respect to each ounce of gold over 250,000 ounces, the lesser of $600 or the latest COMEX spot gold price at the time of sale. All pricing is subject to adjustment by an agreed upon inflation factor. The Agreement included an embedded derivative, which is valued using a discounted cash flow model with the major inputs of: (i) a 25% discount rate, (ii) gold future pricing, (iii) April 15, 2011 measurement date, and (iv) and management's forecast to produce 72,727 ounces by December 2014. The Company recognized a $13,025,932 loss on related party ore purchase agreement to reflect the difference between fair value of gold at the agreement date and the contract price of gold in the Agreement. As the result, the offering will be amortized by the Company with the delivery of the gold. The fair value of the embedded derivative fluctuates with changes in the price of gold. The change in fair value of the embedded derivative from the date of closing to September 30, 2012 and December 31, 2011 resulted in a cumulative loss of $8,300,853 and $5,793,013, respectively, which was recorded in the consolidated statements of operations in the change in fair value of the derivative instrument. During 2012, the Company received an up-front payment of $660,000, from an unrelated party, expanding the MPRPA. Pursuant to the agreement, the ounces of gold payable under the existing MPRPA will be increased by 2,000 ounces, from 33,360 ounces to a total of 35,360 ounces. The gold payable rate under the MPRPA will be reduced from 80% to 50% with a production cost paid to the company of $500 per ounce upon delivery. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.5% to 6.87% at a production cost of $600 per ounce paid to Elkhorn at delivery. The Agreement included an embedded derivative, which is valued using a discounted cash flow model with the major inputs of: (i) a 25% discount rate, (ii) gold future pricing, (iii) September 30, 2012 measurement date, and (iv) and management's forecast to produce 2,200 ounces by December 2014. The Company recognized a $1,407,694 loss on related party ore purchase agreement to reflect the difference between fair value of gold at the agreement date and the contract price of gold in the Agreement. As the result, the offering will be amortized by the Company with the delivery of the gold. The fair value of the embedded derivative fluctuates with changes in the price of gold. The up-front payments of $10,660,000 have been recognized as refundable customer deposits until the gold is sold. The refundable customer deposits are considered current due to the party's making the payments having the right, upon written notice, at their option to demand repayment of the upfront cash deposit, without interest, for any shortfall in delivered ounces and the uncertainty of the commencement of ore production and the price of gold.

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Accrued Liabilities	9 Months Ended Sep. 30, 2012
Accrued Liabilities [Abstract]	
Accrued Liabilities	**Note 4-Accrued Liabilities** Accrued liabilities consist of the following:

	September 30, 2012	December 31, 2011
Property and mining taxes payable	$ 3,102,357	$ 2,630,365
Interest	1,411,226	106,358
Environmental remediation	380,000	380,000
Payroll and related expenses	262,565	130,509
Other	38,000	-
	$ 5,194,148	$ 3,247,232

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Notes Payable (Tables)

	9 Months Ended Sep. 30, 2012

Debt Instrument [Line Items]

Schedule of Convertible Bridge Loans

	September 30, 2012
Convertible bridge loans principal amount	$ 1,900,000
Effect of beneficial conversion	(521,981)
Accretion of debt discount	521,981
Net convertible bridge loans	$ 1,900,000

Schedule of Debt Maturities

Year Ended	Related Party Notes	Other Notes	Total
2012	$ 2,952,039	$ 300,000	$ 3,252,039

Series A 8% Bonds [Member]

Debt Instrument [Line Items]

Schedule of Debt Instruments

Series A 8% bonds	September 30, 2012	December 31, 2011
During July 2010, the Company entered into Series A 8% bonds for a total of $5,000,000, of which $1,235,500 was funded. The bonds mature during July 2012, with interest accruing at 8%. Upon the event of default, interest on the bonds accrues at 12%. The unpaid interest on the bonds shall be due and payable quarterly in arrears on the last day of each October, January, April, and July commencing in October 2010. The Company will make a bonus payment of $50,000 per bond upon maturity. The loans are currently in default and due on demand.	$ 919,779	$ 1,399,779
The holders each received five-year warrants to purchase 0.67 membership units of EGLLC per $50,000 bond at a purchase price of $37,500 per membership unit and on July 31, 2011 an additional five-year warrant to purchase 0.67 membership units of EGLLC per $50,000 bond at a purchase price of $37,500 per membership unit was issued. The warrants expire July 31, 2015.		
Less current portion	(919,779)	(1,399,779)
	$ -	$ -

Other Notes [Member]

Debt Instrument [Line Items]

Schedule of Debt Instruments

	September 30, 2012	December 31, 2011
During 2012, the Company entered into a series of promissory noteswith related parties for a total of $432,260. The notes mature onSeptember 30, 2012 and accrue interest at a rate of 6%. The maturity dates of the notes have been extended to May 2013. During October, 2012, promissory notes totaling $107,060 were paid in full.	$ 432,260	$ -

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Subsequent Events	9 Months Ended Sep. 30, 2012
Subsequent Events [Abstract]	
Subsequent Events	**Note 12 - Subsequent Events** On October 30, 2012, the Company expanded its MPRPA by an additional $100,000.Pursuant to the agreement, the ounces of gold payable under the existing MPRPA, which was last expanded on September 28, 2012, will be increased by an additional 303 ounces, from 35,360 ounces to a total of 35,663 ounces. The percent of production that the MPRPA holder can purchase after the Golden Dream Mine has produced an initial 250,000 ounces has increased from 6.87% to 6.93% at a production cost of $600 per ounce paid to Elkhorn at delivery. Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

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Capital Leases	9 Months Ended Sep. 30, 2012

Capital Leases [Abstract]

Capital Leases

Note 8 - Capital Leases

The Company has acquired equipment under the provisions of long-term capitalized leases. For financial reporting purposes, the present value of future minimum lease payments relating to the assets has been capitalized. The leases expire in September 2013. Amortization of the leased property is being capitalized.

The assets under capital lease have cost and accumulated amortization as follows at September 30, 2012 and December 31, 2011:

	September 30, 2012	December 31, 2011
Equipment	$ 916,736	$ 916,736
Less accumulated depreciation	(112,936)	(48,963)
	$ 803,800	$ 867,773

Maturities of capital lease obligations are as follows:

Year Ending December 31,		
2012	$ 158,353	$ 385,358
2013	49,648	49,780
Total minimum lease payments	208,001	435,138
Amount representing interest	(28,029)	(60,326)
Present value of net minimum lease payments	179,972	374,812
Less current portion	(179,972)	(335,093)
Long-term capital lease obligation	$ -	$ 39,719

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Notes Payable	9 Months Ended Sep. 30, 2012
Notes Payable [Abstract]	
Notes Payable	

Note 6-Notes Payable

Series A 8% bonds		September 30, 2012	December 31, 2011
During July 2010, the Company entered into Series A 8% bonds for a total of $5,000,000, of which $1,235,500 was funded. The bonds mature during July 2012, with interest accruing at 8%. Upon the event of default, interest on the bonds accrues at 12%. The unpaid interest on the bonds shall be due and payable quarterly in arrears on the last day of each October, January, April, and July commencing in October 2010. The Company will make a bonus payment of $50,000 per bond upon maturity. The loans are currently in default and due on demand.		$ 919,779	$ 1,399,779
The holders each received five-year warrants to purchase 0.67 membership units of EGLLC per $50,000 bond at a purchase price of $37,500 per membership unit and on July 31, 2011 an additional five-year warrant to purchase 0.67 membership units of EGLLC per $50,000 bond at a purchase price of $37,500 per membership unit was issued. The warrants expire July 31, 2015.			
Less current portion		(919,779)	(1,399,779)
		$ -	$ -

Promissory Notes - Related Parties

	September 30, 2012	December 31, 2011
During 2012, the Company entered into a series of promissory noteswith related parties for a total of $432,260. The notes mature onSeptember 30, 2012 and accrue interest at a rate of 6%. The maturity dates of the notes have been extended to May 2013. During October, 2012, promissory notes totaling $107,060 were paid in full.	$ 432,260	$ -

Convertible Bridge Loans

During February 2012, the Company entered into three convertible bridge loans with related parties totaling $1,800,000. The loans are unsecured and call for 12% annual interest on the outstanding unpaid principal. The loans are convertible into common stock at an exercise price of $1.00 per share, with the holder receiving one five-year warrant attached to each share. Two warrants will allow the holder the rights to acquire an additional share of common stock for $1.50. In addition, the holder will be issued warrants exercisable at $0.01 per share, exercisable at the time of closing a private placement offering ("PPO") or the next round of funding. If the share value of the PPO is less than $1.25, an appropriate number of warrants may be exercised by the holder giving the holder additional shares at the cost of $0.01 per share to effect conversion at a 25% discount from the share price of the PPO or the next round of funding. If the PPO does not close within 180 days after the closing of the Merger (April 6, 2012), the holder may "put" the Conversion Shares to the Company at $2.00 per share. The loans matured during August 2012 and prior to that date, the Company did not make the required payments due under the terms of the convertible bridge loans which resulted in an event of default.

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During April, 2012, the Company entered into a bridge loan with an unrelated party for $100,000. The loan is unsecured, has an annual interest rate of 12% on the outstanding, unpaid principal and matures in October, 2012. Prior to the maturity date, the holder may convert the entire principal and accrued interest then outstanding into common stock of the Company. Furthermore, should the Company secure financing prior to the maturity date; the bridge loan shall automatically convert into common stock of the Company at a cost of $1.00 per share. The holder will receive one five-year warrant attached to each share of stock. Two warrants will acquire an additional share of common stock for $1.50 of acquirer. In addition, the holder will be issued warrants exercisable at $0.01 per share, exercisable at the time of closing a private placement offering ("PPO") of acquirer or the next round of funding of acquirer. If the share value is less than $1.25, an appropriate number of warrants may be exercised by the holder giving the holder additional shares at the cost of $0.01 per share to effect conversion at a 25% discount from the share price of the PPO or the next round of funding .If the Company is unable to close a financing within 180 days after the closing of the Holder's applicable closing date, the holder shall have the right to require the Company to purchase all of the Conversion Shares (the "Put Right") for $1.50 per share ("Put Price").Holder shall exercise the Put Right within 30 days after the maturity date. Subsequent to September 30, 2012 the Company did not make the required payments due under the terms of the bridge loan which resulted in an event of default.

At the discretion of the investor the outstanding principal amount and all accrued interest is convertible into shares of the Company's common stock and warrants to purchase common stock. The 950,000 warrants were valued at $774,129 applying the Black-Scholes pricing model. Using the value of the warrants the Company calculated the value of the beneficial conversion options to be $521,981 to be amortized over the remaining estimated life. The value of the warrants under this agreement was determined using the following assumptions: lives of 5 years, exercise price of $2.00, no dividend payments, 118.00% volatility, and a risk free rate of 0.83%.

	September 30, 2012
Convertible bridge loans principal amount	$ 1,900,000
Effect of beneficial conversion	(521,981)
Accretion of debt discount	521,981
Net convertible bridge loans	$ 1,900,000

Notes Payable Maturity Schedule
At September 30, 2012

Year Ended	Related Party Notes	Other Notes	Total
2012	$ 2,952,039	$ 300,000	$ 3,252,039

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Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate	9 Months Ended Sep. 30, 2012
Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate [Abstract]	
Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate	**Note 7 - Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate**

During May 2010, the Company entered into a pledge agreement with the Parent and an investor group. Through the agreement the Company's assets serve as collateral for multiple loans of the Parent to the investors group. The agreement states that all loans and redeemable interest are jointly and severally obligations of the Parent and the investor group may allocate payments at its discretion. Although the Company is not a maker or guarantor on the loans, the loans have been "pushed down" to the Company in the accompanying consolidated financial statements in accordance with Statement of Accounting Bulletin No 54. The following is a summary of the loans as of the nine months ended September 30, 2012 and year ended December 31, 2011.

	September 30, 2012	December 31, 2011
$5,000,000, 12% Series A convertible notes. These notes were due in December 2007. The notes pay interest at the rate of 12% per annum, payable on the maturity date or within 30 days after conversion. In the case of default, interest on the notes accrues at 18%. During 2007, the notes were extended to December 2009. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the convertible notes accrue interest at 18% per annum, compounded quarterly, and are due in November 2013. Interest only payments are to be made quarterly. At the election of the holder, principal amounts of the notes are convertible into membership units at $50,000 per membership unit or into membership interests of the Parent. The Company's mining properties and equipment have been pledged as collateral to these notes.	$ 5,791,701	$ 5,791,701
On May 14, 2007, an affiliate of the Parent entered into a loan for $8,050,000. The loan was due May 2009. The loan pays interest at the rate of 12% per annum, payable monthly. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the loans accrue interest at 18% per annum, compounded quarterly, and are due November 2013.		
At the election of the holder, the principal amount of the loan can be exchanged for $13,416,666 of Series A Bonds of the Parent. The Company's mining properties and equipment have been pledged as collateral to this note.	9,680,125	9,680,125
On January 22, 2008, an affiliate of the Parent entered into a loan for $5,000,000. The loan was due January 2009. The loan pays interest at the rate of 12% per annum, payable monthly. During May 2009, the accrued and unpaid interest was included in the revised notes. Included in the revision, the loans accrue interest at 18% per annum, compounded quarterly, and are due November 2013. At the election of the holder, the principal amount of the loan can be exchanged for shares of an investment	6,108,022	6,108,022

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of the Parent at $1.00 per share, exchanged for $1,350,000 of Series A Convertible Bond, or exchanged for bonds of an investment of the Parent at $1.00 principal for each $1.00 par amount of a bond. The Company's mining properties and equipment have been pledged as collateral to this note.		
Total push-down debt of the Parent and its affiliate	21,579,848	21,579,848
An affiliate of the Parent offered redeemable options to certain debt holders ("Optionee") to purchase membership units in an equity owner of the Parent. The affiliate as Optionor grants to each Optionee the option to put all or any portion of the membership units to the affiliate, whereupon the affiliate shall have the obligation to purchase the put units at the Optionees' cost plus 15% annualized return, less cash distributions or the fair market value of in-kind distributions, which shall first be deducted from the 15% annualized return from each Optionee's date of acquisition of the units. The affiliate will satisfy the put by executing and delivering to each Optionee the affiliates' fully amortized 60-month note in the amount of the put price bearing interest at 12% per annum. The Optionees have the right to exercise the put at any time until 60 days after all push-down debt and related interest have been repaid in full. The Company's mining properties and equipment have been pledged as collateral to the redeemable interest.	5,950,000	5,950,000
Push-down accrued interest of the Parent and its affiliate	24,461,002	18,813,444
	$ 51,990,850	$ 46,343,292

During 2012 and 2011, the Parent and its affiliate have not made the interest payments on the notes or bonds; thus, an event of default is present. Because of the non-payment of interest, the Company has classified the notes and bonds as current.

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Shareholders' Deficit	9 Months Ended Sep. 30, 2012
Shareholders' Deficit [Abstract]	
Shareholders' Deficit	

Note 9 - Shareholders' Deficit

Common Stock
As of September 30, 2012, the authorized share capital of the Company consisted of 300,000,000 shares of common stock with a par value of $0.001 per share. There were 198,550,000 shares of common stock issued and outstanding as of September 30, 2012.

On June 8, 2012 the Company recorded a 2 for 1 forward stock split on the Company's common stock outstanding in the form of a dividend with a Declaration Date of May 8, 2012 and a Record Date of May 17, 2012. The stock split entitled each common stock shareholder as of the Record Date to receive one additional share of common stock for each share owned. All share and per share amounts presented in the accompanying consolidated financial statements have been restated to reflect this change.

During May and June 2012, the Company completed a private placement for 150,000 and 230,000 units for $150,000 and $230,000, respectively. Each unit consisted of one share of our common stock and a warrant, representing the right to purchase one-half share of common stock, exercisable for a period of five (5) years from issuance, at an exercise price of $1.50 per whole share. The shares of common stock contained in the units and underling the warrants carry mandatory registration rights. Subsequent to the private placement the investors agreed to renounce all right, title and interest in and to the warrants contained in the private placement units.

The Company agreed to file the registration statement no later than ninety (90) calendar days following the final closing of the private placement and use its best efforts to ensure that such registration statement is declared effective within one hundred fifty (150) calendar days of filing with the SEC (the "Effectiveness Deadline").

If the Company is late in filing the registration statement or if the registration statement is not declared effective by the Effectiveness Deadline, monetary penalties payable by the Company to each holder of registrable securities will commence to accrue and cumulate at a rate equal to one percent (1.0%) of the purchase price per share paid by such holder for the registrable securities for each full period of 30 days that (i) the Company is late in filing the registration statement or (ii) the registration statement is late in being declared effective by the SEC (which shall be pro-rated for any period less than 30 days); provided, however, that in no event shall the aggregate of any such penalties exceed ten percent (10%) of the purchase price per share paid by such holder for the registrable securities. Notwithstanding the foregoing, no payments shall be owed with respect to any period during which all of the holder's registrable securities may be sold by such holder under Rule 144 or pursuant to another exemption from registration. Moreover, no such payments shall be due and payable with respect to any registrable securities we are unable to register due to limits imposed by the SEC's interpretation of Rule 415 under the Securities Act.

The Company has agreed to maintain the effectiveness of the registration statement through the earlier of second anniversary of the date the registration statement is declared effective by the SEC or until Rule 144 of the Securities Act is available to the holders to allow them to sell all of their registrable securities thereunder. The holders of any registrable securities removed from the registration statement as a result of any Rule 415 or other comments from the SEC shall have "piggyback" registration rights for the shares of common stock or common stock underlying such warrants with respect to any registration statement filed by us following the effectiveness of the registration statement which would permit the inclusion of these shares. As of September 30, 2012, the Company has accrued a $38,000 for potential penalties related to the registration of the shares from the private stock sale.

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Convertible Redeemable Preferred Stock

The authorized share capital of the Company includes 10,000,000 shares of Series A Convertible Redeemable Preferred Stock ("Preferred Stock") with a par value of $0.001 per share. The holder of the Preferred Stock is entitled to receive, out of funds legally available therefor, cumulative non-compounding preferential dividends at the rate of 12% non-cumulative of the stated value of $6.00 per share per year. No dividends may be declared or paid on the shares of common stock or anyother capital stock of the Company so long as any shares of the Preferred Stock remain outstanding. As of September 30, 2012, no dividends have been declared on the Preferred Stock. However, the Company has accrued dividends in arrears totaling $3,500,000 to the benefit of the Preferred Stock shareholders. The Preferred Stock has been designated to pay off the push down obligation which has been collateralized by assets of the Company. As money is distributed to the holder of the Preferred Stock either as a dividend or in redemption, it must be used to pay the interest and principle on the push down obligation that is reflected in the accompanying financial statements. The Preferred Stock has been initially recorded at its estimated fair value of $8,009,150 based upon the discounted cash flows to be received by stock holders.

The Preferred Stock redemption rights can be exercised by the stockholder the earlier of October 6, 2012 or with the production of 25,000 ounces of gold. The redemption is not considered probable because the Company's mines are on care and maintenance and redemption would place the Company in insolvency, which by state law is not permitted. As of September 30, 2012 the Company did not adjust the carrying value for any changes in the redemption value because redemption is contingent on ore production and not probable until the Company secures additional funding.

Stock Option Plan

The Company's stockholders approved the 2012 Equity Incentive Plan (the "2012 Plan") on April 5, 2012 pursuant to which a total of 20,000,000 shares of common stock have been reserved for issuance to eligible employees, consultants, and directors of the Company. The 2012 Plan provides for awards of non-statutory stock options, incentive stock options, stock appreciation rights, performance share awards, and restrictive stock awards within the meaning of Section 422 of the IRC of 1986, as amended and stock purchase rights to purchase shares of the Company's common stock.

The 2012 Plan is administered by the Board, which has the authority to select the individuals to whom awards will be granted and to determine whether and to what extent stock options and stock purchase rights are to be granted, the number of shares of common stock to be covered by each award, the vesting schedule of stock options (generally straight line over a period of three years), and all other terms and conditions of each award. Stock options have a maximum term of ten years and incentive stock options have a maximum term of five years. It is the Company's practice to grant options to employees with exercise prices equal to or greater than the estimated fair market value of its common stock.The 2012 Plan shall terminate within ten years.

The fair value of each award is estimated on the date of grant. Stock option values are estimated using the Black Scholes option valuation model, which requires the input of subjective assumptions, including the expected term of the option award, expected stock price volatility, and expected dividends. These estimates involve inherent uncertainties and the application of management judgment. For purposes of estimating the expected term of options granted, the Company aggregates option recipients into groups that have similar option exercise behavioral traits. Expected volatilities used in the valuation model are based on the average volatility of stock for three publicly traded companies determined to be in a similar industry and with the same market capitalization as the Company. The risk free rate for the expected term of the option is based on the United States Treasury yield curve in effect at the time of grant. The valuation model assumes no dividends. The forfeiture rate is 15%. During the period ended September 30, 2012, the Company has recorded stock based compensation expense of $1,213,154 associated with stock options. As of September 30, 2012, the Company has estimated approximately $6,730,000 of future compensation costs related to the unvested portions of outstanding stock options.Stock based compensation related to common stock issued to a third party vendor in exchange for services of $536,913, with no forfeiture rate, was included in general and administrative expenses in the statement of operations in the nine months ended September 30, 2012. As of September

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30, 2012, the Company has estimated approximately $536,000 of future general and administrativeexpense related to the unvested portions of outstanding stock options.

Stock option activity for the nine months ended September 30, 2012 was as follows:

	Incentive Stock Options	Weighted Average Exercise Price
Outstanding - December 31, 2011	-	$ -
Granted	12,920,000	0.96
Forfeited/canceled	(230,000)	1.00
Exercised	-	-
Outstanding - September 30, 2012	12,690,000	$ 0.96

The following table presents the composition of options outstanding and exercisable:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Price*	Life*	Number	Price*
$ 0.75	2,000,000	$ 0.75	9.57	871,233	$ 0.75
1.00	10,690,000	1.00	9.52	1,729,552	1.00
Total - September 30, 2012	12,690,000	$ 0.96	9.52	2,600,785	$ 0.96

*Price and Life reflect the weighted average exercise price and weighted average remaining contractual life, respectively.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used:

	September 30, 2012
Approximate risk-free rate	0.18%-0.45%
Average expected term	1-3 years
Dividend yield	-%
Volatility	118.00%
Estimated fair value of total options granted	$0.65-$0.78

Warrants

The Company issued 750,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $435,014 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 50,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $28,984 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 100,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised. The warrants were valued at $29,984 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 50,000 warrants in connection with securing a convertible bridge loan. The agreement provides and exercise price of $2.00 which expires within 5 years of being exercised.

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The warrants were valued at $29,000 using the Black-Scholes option pricing model with the assumption of 118.00% volatility, of the risk free rate of 0.83% and no dividend yield.

The Company issued 315,000 warrants in consideration of marketing a private placement financing. The agreement provides and exercise price of $1.50 which expires if unexercised within 5 years. The warrants were valued at $306,568 using the Black-Scholes option pricing model with the assumption of 204.37% volatility, of the risk free rate of 0.73% and no dividend yield.

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Customer Deposits (Details) (USD $)	9 Months Ended Sep. 30, 2012	12 Months Ended Dec. 31, 2011
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Increase in gold payable	2,000	
Total gold payable	35,360	33,360
Refundable customer deposit, ore purchase agreement	$ 10,660,000	$ 10,000,000
Gold discount rate	25.00%	25.00%
Loss on related party ore purchase derivative		(13,025,932)
Change in fair value of derivative instrument contract	8,300,853	5,793,013
Affiliated Entity [Member]		
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Percentage of ounces of gold production agreed to be sold		80.00%
Ounces of gold produce		41,700
Refundable customer deposit, ore purchase agreement	10,000,000	10,000,000
Gold discount rate	25.00%	
Loss on related party ore purchase derivative	(1,407,694)	
Scenario, Forecast [Member]		
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Ounces of gold produce		72,727
With Respect to 80% to First 41,700 Ounces Sold [Member]		
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Percentage of ounces of gold production agreed to be sold	80.00%	80.00%
Ounces of gold produce		41,700
Proceeds per ounce in excess of which company is required to pay to related party	500	500
Refundable customer deposit, ore purchase agreement		10,000,000
With Respect to Each Ounce of Gold Over 250,000 Ounces [Member]		
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Percentage of ounces of gold production agreed to be sold	6.87%	6.50%
Ounces of gold produce		250,000
Proceeds per ounce in excess of which company is required to pay to related party	600	600
Unrelated Party Agreement [Member]		
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Percentage of ounces of gold production agreed to be sold	50.00%	
Proceeds per ounce in excess of which company is required to pay to related party	500	
Increase in gold payable	2,000	
Refundable customer deposit, ore purchase agreement	$ 660,000	
Unrelated Party Agreement [Member]	Scenario, Forecast [Member]		
Revenue Recognition, Multiple-deliverable Arrangements [Line Items]		
Ounces of gold produce	2,200	

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Shareholders' Deficit (Warrants) (Details) (USD $)	0 Months Ended				
	Apr. 13, 2012 Issued to Secure Loans [Member]	Feb. 29, 2012 Issued to Secure Loans [Member]	Feb. 16, 2012 Issued to Secure Loans [Member]	Feb. 01, 2012 Issued to Secure Loans [Member]	Jun. 27, 2012 Marketing Firm [Member]
Share-based Goods and Nonemployee Services Transaction [Line Items]					
Warrants issued	50,000	750,000	100,000	50,000	315,000
Warrant exercise price per share	2.0	2.0	2.0	2.0	1.5
Warrant issued period	5 years	5 years	5 years	5 years	5 years
Warrants value	$ 29,000	$ 435,014	$ 29,984	$ 28,984	$ 306,568
Warrant value, assumption for volatility rate	118.00%	118.00%	118.00%	118.00%	204.37%
Warrant value, assumption for risk free rate	0.83%	0.83%	0.83%	0.83%	0.73%

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Summary of Significant Accounting Policies (Tables)	9 Months Ended Sep. 30, 2012
Summary of Significant Accounting Policies [Abstract]	
Schedule of Assets Measured at Fair Value	The following assets are measured at fair value as of September 30, 2012:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$(22,734,479)	$(22,734,479)

The following assets are measured at fair value as of December 31, 2011:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$(18,818,945)	$(18,818,945)

Reconciliation of Assets Measured at Fair Value on Recurring Basis Using Significant Unobservable Inputs

	Embedded Derivative
Beginning balance - December 31, 2011	$(18,818,945)
Issuances (additions)	(1,407,694)
Total gains or losses (realized/ unrealized)	
Included in earnings	(2,507,840)
Included on the balance sheet	-
Transfers in and/or out of Level 3	-
Ending balance - September 30, 2012	$(22,734,479)

Schedule of Embedded Derivative

Related party embedded derivative	$21,326,785
Non-related party embedded derivative	1,407,694
Total embedded derivative	$22,734,479

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Shareholders' Deficit (Tables)	9 Months Ended Sep. 30, 2012

Shareholders' Deficit [Abstract]

Schedule of Stock Option Activity

	Incentive Stock Options	Weighted Average Exercise Price
Outstanding - December 31, 2011	-	$ -
Granted	12,920,000	0.96
Forfeited/canceled	(230,000)	1.00
Exercised	-	-
Outstanding - September 30, 2012	12,690,000	$ 0.96

Schedule of Stock Options Outstanding and Exercisable

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number	Price*	Life*	Number	Price*
$ 0.75	2,000,000	$ 0.75	9.57	871,233	$ 0.75
1.00	10,690,000	1.00	9.52	1,729,552	1.00
Total - September 30, 2012	12,690,000	$ 0.96	9.52	2,600,785	$ 0.96

*Price and Life reflect the weighted average exercise price and weighted average remaining contractual life, respectively.

Schedule of Weighted Average Assumptions Used to Value Stock-based Awards

	September 30, 2012
Approximate risk-free rate	0.18%-0.45%
Average expected term	1-3 years
Dividend yield	-%
Volatility	118.00%
Estimated fair value of total options granted	$0.65-$0.78

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Shareholders' Deficit (Schedule of Stock Options Outstanding and Exercisable) (Details) (USD $)	9 Months Ended Sep. 30, 2012
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Number	12,690,000
Price	$ 0.96
Life	9 years 6 months 7 days
Number	2,600,785
Price	$ 0.96
$ 0.75 [Member]	
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Range of Exercise Prices	$ 0.75
Number	2,000,000
Price	$ 0.75
Life	9 years 6 months 26 days
Number	871,233
Price	$ 0.75
$ 1.00 [Member]	
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Range of Exercise Prices	$ 1.0
Number	10,690,000
Price	$ 1.0
Life	9 years 6 months 7 days
Number	1,729,552
Price	$ 1.0

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Push-Down Debt, Interest, and Redemption Obligation of Parent and Its Affiliate (Parenthetical) (Details) (USD $)	9 Months Ended		12 Months Ended			0 Months Ended	9 Months Ended	0 Months Ended	9 Months Ended
	Sep. 30, 2012	Sep. 30, 2012 Series A Convertible Notes [Member] Push Down Debt [Member]	Dec. 31, 2007 Series A Convertible Notes [Member] Push Down Debt [Member]	Dec. 31, 2006 Series A Convertible Notes [Member] Push Down Debt [Member]	Sep. 30, 2012 Series A Convertible Notes [Member] Push Down Debt [Member] Upon Event of Default [Member]	May 14, 2007 Loan One [Member] Push Down Debt [Member]	Sep. 30, 2012 Loan One [Member] Push Down Debt [Member]	Jan. 22, 2008 Loan Two [Member] Push Down Debt [Member]	Sep. 30, 2012 Loan Two [Member] Push Down Debt [Member]
Debt Instrument [Line Items]									
Debt, principal amount		$ 5,000,000					$ 8,050,000		$ 5,000,000
Debt, maturity date		Nov. 30, 2013	Dec. 31, 2009	Dec. 31, 2007		May 31, 2009	Nov. 30, 2013	Jan. 31, 2009	Nov. 30, 2013
Debt, interest rate		12.00%	12.00%		18.00%	12.00%	18.00%	12.00%	18.00%
Debt, interest payment		quarterly				monthly	quarterly	monthly	quarterly
Debt, value of Series A Bonds principal amount of loan can be exchanged		50,000							
Debt exchange, per share									$ 1.0
Debt, value of Series A Bonds principal amount of loan can be exchanged							$ 13,416,666		$ 1,350,000
Debt exchange price for bonds investment of Parent for each $1.00 par amount of a bond									1
Redeemable options, annualized return	15.00%								
Notes term	60 months								
Put option exercise data after all push-down debt and related interest have been repaid in full	60 days								

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CONSOLIDATED STATEMENT OF STOCKHOLDERS' DEFICIT (USD $)	Total	Common Stock [Member]	Additional Paid-in Capital [Member]	Accumulated Deficit [Member]
Balance at Dec. 31, 2011	$ (59,310,302)	$ 180,000	$ 11,893,010	$ (71,383,312)
Balance, shares at Dec. 31, 2011		180,000,000		
Cash distribution	(100,000)		(100,000)	
Reverse acquisition	(13,656,708)	18,170	(13,674,878)	
Reverse acquisition, shares		18,170,000		
Shares sold for cash, private placement	380,000	380	379,620	
Shares sold for cash, private placement, shares		380,000		
Stock based compensation	1,213,154		1,213,154	
Stock based compensation, corporate advisory	536,913		536,913	
Warrants issued for services	306,568		306,568	
Non-cash contribution	568,334		568,334	
Beneficial conversation option bridge loan	521,981		521,981	
Push down debt obligation to be paid from preferred stock redemptions	5,647,558		5,647,558	
Series A convertible redeemable preferred stock dividend	(3,500,000)			(3,500,000)
Net loss	(18,082,071)			(18,082,071)
Balance at Sep. 30, 2012	$ (85,474,573)	$ 198,550	$ 7,292,260	$ (92,965,383)
Balance, shares at Sep. 30, 2012		198,550,000		

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Management's Plan	9 Months Ended Sep. 30, 2012
Management's Plan [Abstract]	
Management's Plan	**Note 3 - Management's Plan** At September 30, 2012, the Company has not generated any revenues to fund operations. The continuation of the Company as a going concern is dependent upon the ability of the Company to meet financial requirements for mine development and raise additional capital, which willrequire the issuance of additional debt and/or equity securities. All of the company's mining projects have been placed in care and maintenance until the Company secures additional financing. These factors raise substantial doubt as to the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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Basis of Presentation and Merger (Details) (Elkhorn Goldfields, Inc. and Montana Tunnels Mining, Inc. [Member])	0 Months Ended
	Apr. 06, 2012
Common Stock [Member]	
Business Acquisition, Equity Interests Issued or Issuable [Line Items]	
Merger agreement, shares exchanged	180,000,000
Percentage of outstanding stock after merger	91.60%
Redeemable Convertible Preferred Stock [Member]	
Business Acquisition, Equity Interests Issued or Issuable [Line Items]	
Merger agreement, shares exchanged	10,000,000
Percentage of outstanding stock after merger	100.00%

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Notes Payable (Schedule of Convertible Bridge Loans) (Details) (USD $)	Sep. 30, 2012	Dec. 31, 2011	9 Months Ended Sep. 30, 2012 Bridge Loan [Member]
Debt Instrument [Line Items]			
Convertible bridge loans principal amount			$ 1,900,000
Effect of beneficial conversion			(521,981)
Accretion of debt discount			521,981
Convertible bridge loans, net	$ 1,900,000		$ 1,900,000

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Summary of Significant Accounting Policies (Policies)	9 Months Ended Sep. 30, 2012
Summary of Significant Accounting Policies [Abstract]	
Principles of Consolidation	Principles of Consolidation The accompanying consolidated financial statements include the accounts of ESRI and its subsidiaries, EGI and MTMI. All intercompany accounts and transactions have been eliminated in consolidation.
Debt Issuance Costs	Debt Issuance Costs Direct costs associated with obtaining debt financing are deferred and amortized over the term of the debt using the effective interest method. The net costs capitalized at for the nine months ended September 30, 2012 was $568,333 and were paid to related parties. The Company amortized $568,333 for the nine months ended September 30.2012.
Fair Value of Financial Instruments	Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash, accounts payable, and accrued liabilities, approximated fair value as of September 30, 2012 and December 31, 2011 because of the relatively short maturity of these instruments.

The Company applies the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability based on the best information available in the circumstances. The financial and non-financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1:	Quoted prices in active markets for identical assets or liabilities;
Level 2:	Quoted prices in active markets for similar assets and liabilities and inputs that are observable for the asset or liability; or
Level 3:	Unobservable inputs in which there is little or no market data, which requires the reporting entity to develop its own assumptions.

The following assets are measured at fair value as of September 30, 2012:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$ (22,734,479)	$ (22,734,479)

The following assets are measured at fair value as of December 31, 2011:

Description	Level 1	Level 2	Level 3	Total
Ore Purchase Contract	$ -	$ -	$ (18,818,945)	$ (18,818,945)

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Ore Purchase Contract: Based on contract terms, projected future gold prices, and discount rate commensurate with estimates of contemporary credit risk using a discounted cash flow model. The model is most sensitive to the future price of gold.

There were no changes to the valuation techniques used during the nine months ended September30, 2012 and year ended December 31, 2011.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the nine month period ended September 30, 2012:

	Embedded Derivative
Beginning balance - December 31, 2011	$ (18,818,945)
Issuances (additions)	(1,407,694)
Total gains or losses (realized/unrealized)	
Included in earnings	(2,507,840)
Included on the balance sheet	-
Transfers in and/or out of Level 3	-
Ending balance - September 30, 2012	$ (22,734,479)

The embedded derivative is summarized between related and non-related parties as follows:

Related party embedded derivative	$ 21,326,785
Non-related party embedded derivative	1,407,694
Total embedded derivative	$ 22,734,479

Management's Estimates

Management's Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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