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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE

In the matter of:

AGRA-TECHNOLOGIES, INC. (a/k/a ATI),  
a Nevada corporation,  
5800 North Dodge Avenue, Bldg. A  
Flagstaff, Arizona 86004-2963;

DOCKET NO. S-20484A-06-0669

WILLIAM JAY PIERSON (a/k/a BILL  
PIERSON),  
and SANDRA LEE PIERSON (a/k/a SANDY  
PIERSON),  
husband and wife,  
6710 Lynx Lane  
Flagstaff, Arizona 86004-1404;

SECURITIES DIVISION'S RESPONSE TO  
MOTION TO SET EVIDENTIARY  
HEARING

(Administrative Law Judge Marc Stern)

RICHARD ALLEN CAMPBELL (a/k/a DICK  
CAMPBELL),  
and SONDR A JANE CAMPBELL,  
husband and wife,  
8686 West Morten Avenue  
Glendale, Arizona 85305-3940;

WILLIAM H. BAKER, JR. (a/k/a BILL  
BAKER), and PATRICIA M. BAKER,  
husband and wife,  
3027 N. Alta Vista  
Flagstaff, Arizona 86004;

JERRY J. HODGES,  
and JANE DOE HODGES,  
husband and wife,  
1858 Gunlock Court  
Saint George, Utah 84790-6705;

LAWRENCE KEVIN PAILLE (a/k/a LARRY  
PAILLE), and JANE DOE PAILLE,  
husband and wife,  
220 Pinon Woods Drive  
Sedona, Arizona 86351-6902;

Respondents.

AZ CORP COMMISSION  
DOCUMENT CONTROL

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Arizona Corporation Commission

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FEB 06 2007

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RK

1 Pursuant to R14-4-307(A),(E), the Securities Division ("Division") of the Arizona Corporation  
2 Commission responds to the Motion to Set Evidentiary Hearing (the, "Motion") filed by Respondents  
3 Agra-Technologies, Inc., William H. Baker, Jr. and William Jay Pierson ("Respondents"). The  
4 Division agrees that Respondents are entitled to a hearing. The timing of the hearing is within the  
5 sound discretion of the Administrative Law Judge ("ALJ"). R14-4-307. In setting the hearing date,  
6 the ALJ should consider that: (1) the Division is not preventing Respondents from operating their  
7 purported business, nor is it either harassing Respondents or infringing on their constitutional rights;  
8 (2) Respondents' own, unambiguous documents demonstrate that the collapse of their purported  
9 business was occurring well prior to the filing of the existing TC&D on October 18, 2006, and that the  
10 failure of their business is the result Respondents' own conduct; (3) the Division is entitled to final  
11 rulings with respect to Respondents' failure to provide the Division with material information and  
12 their claim of mistaken production of allegedly privileged documents; (4) the Division's investigation  
13 is revealing additional Securities Act violations not addressed by the allegations of the existing  
14 TC&D, and notions of equity, justice and judicial economy strongly weigh against the litigation of this  
15 matter on a piecemeal basis via a separate Notice as suggested by Respondents and (5) not all  
16 respondents named in the TC&D are joining in Respondents motion, so again notions of judicial  
17 economy weigh against separate hearings for respondents in this matter.

#### 18 I. FACTS

19 This matter arises from Respondents' claims to investors that they have developed an  
20 economically viable process to extract precious metals from their Sheep Hill volcanic cinders on a  
21 cost effective basis. The Division alleges that the volcanic cinders do not contain precious metals  
22 in quantities sufficient to justify their extraction, and that Agra has remained in business since at  
23 least July 2003 primarily by selling approximately \$11 million of unregistered securities to  
24 investors residing in approximately 21 states and abroad.

25 Despite the fact that Respondents only began providing information to the Division in  
26 response to its subpoena in July 2006, the Division was forced to file the existing TC&D on

1 October 18, 2006 because of Respondents' alleged on-going fraudulent sale of Unit investment  
2 contracts as late as September 2006.

3 As admitted in Respondents' Motion, the TC&D merely requires Respondents to, "cease  
4 and desist from any violations of the Securities Act." (Motion, p.2, ll. 6-8). The TC&D does not  
5 prohibit Respondents from either raising operating capital or from extracting platinum, gold or  
6 silver from their volcanic cinders. Simply put, the TC&D **does not** prohibit them from running  
7 their purported business, if it is run in compliance with the law.

8 **A. Respondents' Failure to Timely Produce Material Information.**

9 The Division issued a subpoena for documents to Respondents on June 12, 2006. (*See*,  
10 Division's Motion for Ruling on Allegedly Inadvertently Produced Privileged Documents dated  
11 January 25, 2007, at Tab 1, hereafter, "Division Motion"). Respondents did not immediately  
12 produce all of the requested information. Rather, they took approximately *three and a half months*  
13 to produce the majority of their documents. (*See e.g.*, Division Motion, Tabs 13-18)(detailing  
14 Division's efforts to obtain Respondents' documents in piecemeal fashion).

15 To date, Respondents still have not provided the Division with all material information  
16 specifically requested by the Division and/or identified in the subpoena including:

- 17 1. Permission for the Division and the other Respondents to enter on their property to obtain  
18 samples of the Sheep Hill cinders for testing. (**Tab "1"**)<sup>1</sup>
- 19 2. Documents regarding Respondents' purported testing/analysis of the Sheep Hill cinders via  
20 the Inspectorate Corporation of America. (**Tab "2"**).
- 21 3. Agra's 2004 and 2005 federal and state tax returns. (**Tab "3"**)
- 22 4. Documents and information regarding Respondents' issuance of bridge loan/promissory  
23 note with stock/equity-kicker investments including, without limitation, where the money  
24 came from to repay such investor loans. (**Tab "3;" Tab "4"**)

25  
26 <sup>1</sup> The Division arranged to have its consultant available on January 30 and 31 to travel to Flagstaff to obtain the samples. Respondents' failure to even respond to this request will require the Division to again attempt a mutually agreeable date for all parties necessarily in further delay of the hearing of this matter.

1 5. Agra's general financial ledger information from May 2002 to April 2003, related cash  
2 receipts journal, and their general ledger from September 1, 2006 to the present. (Tab "4")<sup>2</sup>

3 6. Information regarding various persons or entities that Respondents stated were likely going  
4 to give them money in the fall of 2006. (Tab "5").

5 Not only has Agra not provided the Division with such permission and documents, they have  
6 ignored such requests. The Division may be required to file a motion to compel, and have such  
7 motion resolved prior to the final hearing.

8 **B. Status.**

9 The Division has initiated settlement negotiations with all Respondents, and it has made  
10 some progress towards settlement with Respondents Paille, Hodges and Campbell. At this point,  
11 the Division has estimated its case will likely involve approximately 15 witnesses and the  
12 introduction of many documents. However, the Division strongly believes that some of the  
13 existing disputed issues, such as whether the Unit contract investments constitute securities under  
14 *Howey*, etc., can be easily decided through motions after the currently scheduled EUO's are  
15 conducted, thereby streamlining the final hearing.

16 Prior to any scheduled final hearing the Division also is entitled to a resolution of both: (1)  
17 Respondents' pending claim of mistaken disclosure of allegedly privileged documents; and (2)  
18 Agra's apparent unwillingness to provide the Division with material information. The resolution of  
19 such issues and the Division's currently scheduled and planned EUO's may result in an amended  
20 TC&D based on, for instance, Respondents' offers and sales of the bridge loan (with equity kicker)  
21 investments (*See e.g.*, Division Motion, Tab 40), the offer and sale of so-called "Platinum Rental  
22 Fund" Investments, self-dealing or personal use of investor funds, additional omissions and  
23 misstatements of material fact, etc. Scheduling of the hearing prior to the Division determining  
24  
25

26 <sup>2</sup> Respondents' counsel also acknowledged this specific request during their meeting with the Division staff on January 4, 2006.

1 whether such amendments to the TC&D are appropriate will simply result in separate litigation  
2 arising out of the same facts and not be an efficient use of Commission resources.

## 3 **II. ARGUMENT**

4 Respondents' Motion is based on: (1) the bald assertion that because of the mere existence  
5 of the TC&D, Respondents allegedly cannot operate their business; (2) citation to *Polaris v.*  
6 *A.C.C.*, 652 P.2d 1023, 133 Ariz. 500 (1982) and (3) citations to R14-4-407(C),(D). (*See*, Motion,  
7 at pp. 2:28 to 3:27). The TC&D does not preclude Respondents from raising funds in compliance  
8 with the law and reliance on *Polaris* and R14-4-407(C),(D) under the facts of this case is  
9 inapposite.

### 10 **A. Respondents' Failed Business Operations Predate The October 2006 TC&D.**

11 Contrary to Respondents' unsupported claim that the Division's TC&D is preventing them  
12 from operating their business, Respondents' own documents reflect that they are solely responsible  
13 for their alleged inability to raise additional investor money, and that they were running out of  
14 investor money prior to the filing of the existing TC&D. (*See e.g.*, **Tab** "6-12," "18"). These  
15 documents regarding the pre-existing failure of Respondents' business operations pre-date the  
16 existing TC&D by over 4 months.<sup>3</sup>

17 Moreover, in an effort to reassure investors regarding the validity of their investments,  
18 Respondents represented that sophisticated institutional investors also desired to give Respondents  
19 money. For instance, Respondents informed investors on December 5, 2005 that Capital Corp.  
20 (aka, "CC") was going to give Respondents \$39,000,000.00:

21 **If you were ever in doubt about this investment this adds a new level of**  
22 **credibility to the ATI precious metals extraction process that you could get**  
23 **from anywhere else. No company would ever loan them \$39 million if there**  
24 **was even a shadow of doubt about this being a totally valid process. Also, if**  
**were thinking about buying more units this could very easily be the last month to**

25 <sup>3</sup> In addition, Respondents were apparently offering and selling bridge loan/promissory note (with equity kicker)  
26 investments prior to the TC&D, to be repaid with both stock and money from a **second mortgage** on their purported  
precious metals processing plant. This constitutes yet more evidence that they were running out of the vast amount of  
investor money they have raised to date and/or were not successful in their pre-TC&D efforts to raise more money.  
(*See*, Division Motion, Tab 40).

1 add to your position. I feel sure that when they procure the above loan they will stop  
2 received funds via the sell of ore units, because there will be no reason to pay the  
big returns to attract funding.

3 (*See, Tabs "13," ACC011150*)(Emphasis in original)(*Also, Tab "14," ACC011168; Tab 15*).  
4 Capital Corp. unsurprisingly concluded that Respondents had no legitimate business worth  
5 investing in on May 30, 2006, or four and a half months prior to the TC&D. (**Tab "16"**). Based  
6 on the foregoing, not only have Respondents utterly failed to support their Motion with any  
7 credible evidence, their own documents objectively demonstrate that they are solely responsible for  
8 their failed business operations. Thus, the existing TC&D is not, and cannot be the purported  
9 cause of Agra's claimed inability to operate their business and their argument for an immediate  
10 hearing.

11 Respondents also fail to acknowledge that the Division has not seized or placed a lien on  
12 their property, nor has it yet petitioned the Court for the appointment of a receiver. Conversely,  
13 Respondent Richard Allen Campbell filed a, "Notice of Involuntary Trusteeship" against  
14 Respondents in relation to his pending lawsuit against Agra for "securities fraud." (*See, Tab "17;"*  
15 *also, Division Motion, Tab 28*). Respondents have not, and cannot prove that the Division has  
16 done anything to prevent them from obtaining precious metals from volcanic rocks. Further, the  
17 TC&D does not prohibit Respondents from legally raising money. It appears Respondents' are  
18 admitting that their previous offers and sales of Unit contract and stock investments identified in  
19 the existing TC&D violated the Securities Act; otherwise, they would continue to offer and sell the  
20 investments.

21 The ALJ should not set a hearing solely because Respondents: (1) admit they cannot raise  
22 yet more investor money without violating the Securities Act; and (2) baldly claim, but can never  
23 prove the Division is remotely responsible for their failed business endeavors.

24 **B. The Polaris Decision.**

25 Respondents next cite *Polaris v. A.C.C.*, 652 P.2d 1023, 133 Ariz. 500 (1982) to apparently  
26 insinuate, again *without any support*, that the Division is harassing, defaming and intimidating

1 Respondents, and/or trampling on their constitutional rights. (Motion, p. 3:17-27). In *Polaris*, the  
2 Arizona Corporation Commission (“ACC”): (1) investigated Polaris for 10 years until the ACC  
3 filed a TC&D against Polaris on March 26, 1971; and (2) refused to respond to Polaris’ requests for  
4 a hearing *for over 8 years* thereafter. As a result, the Arizona Supreme Court held that there was a  
5 question of fact as to whether the ACC’s investigation of Polaris was unreasonable. *Polaris*, 652  
6 P.2d at 1025-1027, 133 Ariz. at 502-505.

7 In this case the Division has not been investigating Respondents for 10 years. The case  
8 against Respondents was opened in June 2006. This case involves voluminous amounts of  
9 documents (75,000+), 6 different respondents and multiple types of securities (4+) and many  
10 claims and defenses. Respondents cannot prove that any of the Division’s conduct in this matter  
11 constitutes either, “harassment” or “intimidation.” The Division’s conduct furthermore does not  
12 constitute an, “incursion into the constitutional liberties” of the Respondents. The Division has not  
13 refused to participate in a hearing for 18+ years as was the case in *Polaris*. The Division agrees  
14 that Respondents should get a hearing, only the timing of such hearing is at issue.

15 The evidence attached to this Response and the Division Motion reflects that the Division’s  
16 investigation has been highly professional, courteous and necessary. Thus, Respondents’ reliance  
17 on *Polaris* is misplaced.

18 **C. Rule R14-4-307**

19 Respondents’ reliance on R14-4-307(C) and (D) is also misplaced. First, Respondents have  
20 ignored subsections (A) and (E) of R14-4-307. Subsection (A) states that the existing TC&D will  
21 stay in effect for 180 days, and Subsection (E) states that the 180 day time period is “tolled” from  
22 the date Respondents filed their Answer (in this case on November 20, 2006), “until a decision is  
23 entered, unless otherwise ordered by the Commission.”

24 Second, contrary to Respondents’ argument, R14-4-307(C) does not require that the final  
25 hearing be set at any time. Analogous to Subsections (A) and (E) of R14-4-307, Subsection (D)  
26 merely states that the final hearing shall be set as otherwise provided by law, or ordered by the

1 Commission. Contrary to Respondents' unsupported suggestion, none of these Subsections state  
2 that the status of the Division's investigation into this matter is irrelevant as to when the hearing  
3 should be set and as demonstrated above there are good reasons that the ALJ may not want to  
4 immediately schedule a hearing. (Motion at p. 3:10-11). Further, the Preamble to the Securities  
5 Act states:

6       The intent and purpose of this Act is for the protection of the public, the  
7       preservation of fair and equitable business practices, the suppression of fraudulent  
8       or deceptive practices in the sale or purchase of securities, and the prosecution of  
9       persons engaged in fraudulent or deceptive practices in the sale or purchase of  
10       securities. This Act shall not be given a narrow or restricted interpretation or  
11       construction, but shall be liberally construed as a remedial measure in order not to  
12       defeat the purpose thereof.

13 Thus, as note above and immediately below, the ALJ has the discretion to set the final hearing of  
14 this matter as justice and equity requires.

15 **D. Respondents Are Solely Responsible for Any Alleged Delays In the Completion**  
16 **Of The Division's Investigation, And Equity And Justice Require That the**  
17 **Division Be Permitted to Complete Its Investigation Prior To The Final**  
18 **Hearing.**

19 The Division is devoting all available resources to the investigation of this matter.  
20 Conversely, Respondents have failed to respond to several outstanding material requests for  
21 information. (*See e.g., Tabs 1-5*). To date, Respondents have both failed to object to such  
22 requests, or even respond to the same. It appears that Respondents may force the Division to file a  
23 motion to Compel to obtain this information. Thus, Respondents are responsible for any perceived  
24 delays in the completion of the Division's investigation.

25 Further, Respondents have raised the issue of their alleged mistaken disclosure of  
26 privileged documents, which has both slowed the Division's investigation and caused the  
unnecessarily consumption of its resources. Because the documents at issue constitute pre-existing  
business records generated in the ordinary course of business that contain material facts, witness  
statements and admissions against interest that form the basis of and are cited in the existing

1 TC&D, the Division is entitled to a final resolution of this issue both prior to the EUO's of  
2 Respondents, and the final hearing in this matter.

3 The existing TC&D may also likely have to be amended to include additional violations of  
4 the Securities Act, such as Respondents' offers and sales of bridge loan/promissory note (with  
5 equity kicker) and so-called "Platinum Rental Fund" investments, theft or personal use of investor  
6 funds, and other material non-disclosures that will likely be confirmed during the forthcoming  
7 EUO's and continued investigation. Setting a hearing based solely on the allegations in the  
8 existing TC&D raises the specter of having the Division prepare and file a separate Notice and  
9 Opportunity for Hearing against the exact same respondents for alleged violations not contained in  
10 the existing TC&D. Litigating this matter piecemeal via successive filings against the same  
11 respondents for their same general conduct would not be in best interests of the Corporation  
12 Commission, the Hearing Division, the investors or the general public.

13 The Division has expended valuable resources trying to reach an amicable early settlement  
14 with the other respondents. Setting the hearing prematurely would require the Division to devote  
15 its remaining resources to preparing for the hearing, at the expense of the work required to finalize  
16 and seek approval for such possible settlements. Importantly, if settlement cannot be reached,  
17 Respondent Campbell stated that he desires the hearing to be delayed until the fall so that he can  
18 prepare an adequate defense.

### 19 III. CONCLUSION.

20 Based on the foregoing, the Division respectfully requests that the Court set a hearing date  
21 in light of the applicable facts and law and as justice and equity requires.

22 ///

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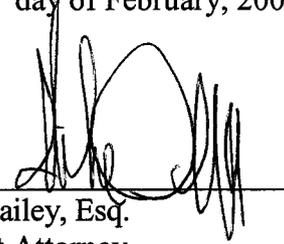
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**RESPECTFULLY SUBMITTED** this 6<sup>th</sup> day of February, 2007.



J. Micheal Dailey, Esq.  
Enforcement Attorney  
Securities Division  
1300 West Washington, Third Floor  
Phoenix, Arizona 85007

**ORIGINAL AND THIRTEEN (13) COPIES**

of the foregoing filed this 6<sup>th</sup> day of  
February, 2007 with:

Docket Control  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, Arizona 85007

Copy of the foregoing hand-delivered this 6<sup>th</sup> day  
of February, 2007 to:

Mr. Marc Stern  
Administrative Law Judge  
Arizona Corporation Commission  
Hearing Division  
1200 West Washington  
Phoenix, Arizona 85007

Copy of the foregoing mailed this 6<sup>th</sup> day  
of February, 2007 to:

Lonnie Williams  
Carrie M. Francis  
Quarles & Brady Streich Lang, L.L.P.  
One Renaissance Square, Two North Central Avenue  
Phoenix, Arizona 85004-2391  
Attorneys for Respondents Agra, Pierson and Baker

1 Geoffrey S. Kerksmar, Esq.  
2 The Kerksmar Law Firm P.C.  
3 3260 N. Hayden Road, Suite 204  
4 Scottsdale, Arizona 85251  
5 Attorneys for Respondents Hodges and Paille

6 Peter Strojnik, Esq.  
7 3030 North Central Ave.  
8 Suite 1401  
9 Phoenix, Arizona 85012  
10 Attorneys for Respondents Campbell

11 By: Stephan Kirch  
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**Tab "1"**

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**Michael Dailey**

---

**From:** Michael Dailey  
**Sent:** Wednesday, January 10, 2007 5:24 PM  
**To:** 'Francis, Carrie'; 'william@quarles.com'; 'Strojnik@aol.com'; 'gsk@klfirm.com'  
**Cc:** Gary Clapper  
**Subject:** Test of Sheep Hill Rocks

**Attachments:** Dailey to Francis, et al re Test Sheep Hill Rocks 1-10-07.pdf

Please review the attached letter regarding our need to test the Sheep Hill rocks for precious metal content. Thx.

Mike Dailey  
Staff Attorney  
Arizona Corporation Commission, Securities Division  
1300 W. Washington, 3rd Floor  
Phoenix, AZ 85007

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Dailey to Francis, et  
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**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT  
DIRECTOR

SECURITIES DIVISION  
1300 West Washington, Third Floor  
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TELEPHONE: (602) 542-4242  
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E-MAIL: securities@arizona.gov

**ARIZONA CORPORATION COMMISSION**

January 10, 2006

**VIA E-MAIL & U.S. MAIL**

Lonnie Williams  
Carrie M. Francis  
Quarles & Brady Streich Lang, L.L.P.  
One Renaissance Square, Two North Central Avenue  
Phoenix, Arizona 85004-2391

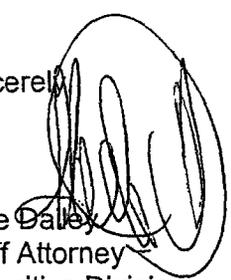
**RE: In re Agra-Technologies, Inc., et al., Docket No. S-20484A-06-0669**

Dear Lonnie and Carrie:

As indicated in my December 21 letter, I have retained a consultant to test the Sheep Hill rocks for their precious metal content. Thus, we will need to have access to the Sheep Hill cinder cone as represented to Agra's investors to obtain several samples of volcanic rock for our testing.

We would like to visit Sheep Hill and the facilities on January 30 or 31 in the afternoon. Also, please provide us with directions as to where to meet you so you and the other parties can observe our selection of samples on either one of these dates. I am carbon copying Peter and Geoff, so please do likewise when you respond to this letter. I will be out of the office on this Friday the 12<sup>th</sup> and next Monday the 15<sup>th</sup> on MLK day so if you respond to this letter while I am out, please do so via e-mail. Thank you.

Sincerely,

  
Mike Daley  
Staff Attorney  
Securities Division

Cc: Peter Strojnik  
Geoffrey Kerksmar

**Tab "2"**

**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT  
DIRECTOR

SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007  
TELEPHONE: (602) 542-4242  
FAX: (602) 542-4270  
E-MAIL: securities@azcc.gov

**ARIZONA CORPORATION COMMISSION**

December 4, 2006

Carrie M. Francis  
Quarles & Brady Streich Lang, L.L.P.  
One Renaissance Square, Two North Central Avenue  
Phoenix, Arizona 85004-2391

Geoffrey S. Kerksmar, Esq.  
The Kerksmar Law Firm P.C.  
3260 N. Hayden Road, Suite 204  
Scottsdale, Arizona 85251

**RE: In re Agra-Technologies, Inc., et al., Docket No. S-20484A-06-0669**

Dear Carrie and Geoff:

As I indicated to Geoff on the telephone yesterday, I am writing to express my concern regarding some of the comments made in the updates your clients continue to provide to existing investors. For instance, I believe that some of the statements contained in your clients' "ATI Update 12-01-06" are false or misleading.

In the updates, your clients advise investors regarding Agra's purported business operations, and attempt to explain why no investor has yet received any return on his or her investment. The updates also express a belief that this matter will be resolved in your clients favor. Thus, in addition to relating to past offers and sales of securities, the updates can be fairly interpreted as being solicitations for the future sale of securities after this matter is resolved, purportedly in your clients' favor.

Likewise, in the December 1, 2006 update, your clients claim that the reason that Brad Cook of the Inspectorate America Corporation was apparently unable to detect precious metals in the volcanic cinders he tested was because, "the pallet that was selected was ore that had already been processed by Galleon and all the precious metals had been removed from the ore."

This statement is false because, in part, your clients have expressly admitted that the Galleon process does not work, and has never worked. Thus, there is no way that the true reason that Mr. Cook was unable to detect precious metals in the volcanic cinders is because the precious metals were previously extracted from the cinders using the purported Galleon process.

Second, I believe that it is misleading to inform investors that the Sheep Hill volcanic cinders constitute "ore" in the first instance. By definition, ore is rock that contains precious metals that can be extracted from the rock at a profit. Here, the volcanic cinders do not contain any precious metals in quantities sufficient to justify their extraction on a "commercially viable,"

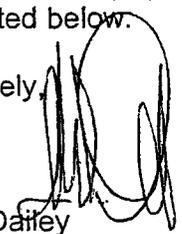
"economically viable," "economically feasible" "commercially feasible" and/or "cost effective" basis as previously represented by your clients.<sup>1</sup>

These statements are being made in connection with past and/or future offers to sell securities within the meaning of A.R.S. § 44-1991. Although your clients claim to not be presently offering or selling securities in light of the TC&D, even the December 1, 2006 update states that Agra is seeking a solid financing package. Also, please bear in mind that the registration and fraud claims in this case are based on strict liability. Thus, the Division does not have to prove traditional elements like intent (scienter), causation or damages. See e.g., *State v. Gunnison*, 127 Ariz. 110, 113, 618 P.2d 604 (1980); *Rose v. Dobras*, 128 Ariz. 209, 214, 624 P.2d 887 (App.1981); *Barnes v. Vozack*, 113 Ariz. 269, 550 P.2d 1070 (1976); *Trimble v. American Sav. Life Ins. Co.*, 152 Ariz. 548, 553, 733 P.2d 1131 (1986).<sup>2</sup>

Finally, with respect to the December 1, 2006 update, please provide me with: (1) the documents relating to the Mr. Cook-Inspectorate America Corporation testing of the Sheep Hill cinders; (2) Mr. Philip Oliver's work with or for Agra; and (3) all documents why Mr. Paille believes that the extended chemical leach process could produce commercially viable amounts of precious metals.

If you have any questions regarding this or another issue, please give me a call on my direct line listed below.

Sincerely,

  
Mike Dailey  
Enforcement Attorney  
(602) 542-0722 (Direct Line)

Cc: Peter Strojnik (attorney for the Campbells)

Enclosure

---

<sup>1</sup>One article discussing the lack of precious metals involving the same Sheep Hill volcanic cinders can be found at <http://www.admmr.state.az.us/Publications/ofr02-20.pdf>. The Corporation Commission eventually settled the previous administrative action involving the same Sheep Hill cinders in a similar case. See, <http://www.ccsd.cc.state.az.us/enforcement/Orders/2001/Dec28c-01.pdf>

<sup>2</sup> In response to Geoff's November 30 letter, it is similarly my understanding that reliance on advice of counsel is no defense to the registration and fraud claims asserted in this case. I also do not recall seeing any document from an attorney that states, for instance, that the Unit contracts are not investment contracts under *Howey*, or commodity investment contracts, or fractional undivided interests in minerals under A.R.S. § 44-1801(26). I have also not seen, for instance, an attorney created opinion letter regarding any purported exemptions from registration. In the event your clients desire to assert reliance on advice of counsel, for instance, to mitigate against a possible finding of substantial fines in this case, please let me know and/or provide me with such attorney opinions at your earliest convenience.

----- Forwarded Message -----

From: Jerry Hodges <jerry@mindbodyhealth.com>

To: Jerry Hodges <jerry@mindbodyhealth.com>

Sent: Saturday, December 2, 2006 9:19:16 AM

Subject: ATI Update 12-01-2006

## **Agra Technologies, Inc Update – December 01, 2006**

Prepared by: Jerry Hodges and Larry Paille

### **ACC Investigation:**

Agra-Tech has responded to the Arizona Corporation Commission's (ACC) cease and desist order, and has requested a hearing on the issues raised in that order. Per the cease and desist order, Agra-Tech cannot accept any ore unit contracts, bridge loans, or stock transfers. At this point, the ACC has not set a hearing date. The expectation is the hearing will be scheduled sometime in December. At the hearing, the ACC will review the information presented, then make a ruling on the allegations made by the ACC investigators.

### **Personnel Status:**

Philip Olivier, formerly the chief chemist and analyst for Anglo American's Platinum Group, has just returned to South Africa from another one month stay at Agra-Tech. His month at Agra-Tech provided valuable analytical information.

Agra-Tech intends to bring Philip back full-time once they have a solid financing package in place. The expertise Philip brings to the table will be critical to moving this process into production as well as continued process development. Philip feels that Agra-Tech is on the right track as far as extracting precious metals from the volcanic cinders, likes the working environment, feels very confident with both the work force and management and is looking forward to working with Agra-Tech on a full-time basis.

### **Another ICP Operator Trained:**

Before Philip left, he trained Larry Paille to run the ICP. Since that time, Larry has run a few samples thru the ICP for Bob Wasiliew.

Being able to run the ICP as it provides critical analytical information that shows exactly where Agra-Tech stands with its process development. Philip Olivier has agreed to assist Larry with the ICP online, and this will provide greater assurance in relying on the analytical data.

### **Inspectorate Process Audit Status:**

Brad Cook of the Inspectorate America Corporation was present at Agra-Tech for the audit of the process through the first metal drop. Once the run was complete samples were taken for analysis and test showed no precious metals recovered. Everyone was in a quandary trying to figure out what had happened. Finally after examining all aspects of the run, it was determined that one of the plant operators used the wrong ore for the Inspectorate run. As a result, the remainder of the audit was cancelled.

This mistake prompted a thorough review of the entire technical status of the program.

The goal of this run was to have independent verification of the production process and to show that commercially viable amounts of precious metals can be recovered. Bill Pierson was very

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clear when explaining the importance of this audit, and wanted to make sure there were NO problems during this run. Needless to say, he and everyone at Agra-Tech were VERY disappointed when they finally figured found out they started the process off with the wrong ore.

Selecting the wrong ore was, to put it bluntly, a mistake that should have never happened. The Sheep Hill ore that is currently being used for testing was stored at Galleon in Phoenix . This ore was milled and shipped to Galleon for their process development. When the Galleon process was abandoned, the ore was re-packaged since the original 1-ton sacks were deteriorating from the sunlight. So the ore was removed from the sacks and placed into 5 gallon buckets, palletized and shipped back to the ATI plant on Leupp Road . This occurred well over a year ago.

Agra-Tech has been using some of this ore for process testing since then. When an Inspectorate audit is started, the person running the audit gets to select the material that is going to be used to run the process. So, Brad Cook selected a new pallet, and (20) buckets of ore were removed from the pallet where he selected (8) of those buckets to use for the run. It turns out the pallet that was selected was ore that had already been processed by Galleon and all the precious metals had been be removed from the ore. Due to poor supervision of the re-packaging process at Galleon, this processed ore was mistakenly shipped back to Agra-Tech along with the non-processed Sheep Hill ore.

Need I say more, this error took place at a most inopportune time; do to all the different things that were being keyed off of this audit. So, at this time all they can do is move forward and make sure a mistake of this magnitude never happens again.

#### **Current Technical Activities:**

A thorough review of the process is currently underway. Doug Gettler has compiled a complete data summary of all chemical leach runs since the discovery of the sludge in the holding tanks. That data has been provided to key internal people for review and has also been provided to Larry Paille .

Larry has attended an Agra-Tech meeting to discuss the report. After the meeting, a detailed review of the report was to be done by each person, who would then report their comments back to Bill Pierson and Doug Gettler.

#### **Larry's Report Review Comments:**

Larry has spent over three days reviewing the vast amount of data compiled by Doug Gettler. The key conclusions from reviewing these reports are listed below:

The extended chemical leach process could produce commercially viable amounts of precious metals. The best results came from the some of the original runs, where the solution was allowed to react for an extended period of time. Internal testing and external lab measurements of these original runs have all shown good results.

Some of the recent test results have not been as good, especially where the reaction time has been shortened significantly. It appears the reaction time will need to be extended, or they will have to come up with some method of accelerating the process, such as temperature.

Larry has provided Agra-Tech with a full written report of what changes he feels are necessary to help move the process along at faster but at a more controlled pace. He also feels they need a more clear and accurate method of documenting each process change.

After working in the lab he totally feels that everyone at Agra-Tech is working diligently to get this process into production.

This review process started about 2 weeks ago and they have already made a lot of progress. Philip Olivier is continuing to assist them while in South Africa and Larry has been much more involved with the technical end of the process. The good news is that test runs are expected to

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begin again shortly and if they can achieve good consistent results from both internal and external lab analysis production preparations can begin.

**Jerry's Contact Info:**

Cinder Mountain  
473 S River Rd 1-266  
Saint George UT 84790-2115

435-673-5580 (Office/Home)  
303-898-9840 (Cell)  
[jerry@mindbodyhealth.com](mailto:jerry@mindbodyhealth.com)

**Larry's Contact Info:**

Imatire Engineering Services  
51 Bell Rock Plaza Ste A #135  
Sedona AZ 86351-9038

928-284-4221 (Office/Home)  
928-451-2782 (Cell)  
[lkpaille@msn.com](mailto:lkpaille@msn.com)

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**Tab "3"**

**COMMISSIONERS**  
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MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT  
DIRECTOR

SECURITIES DIVISION  
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Phoenix, AZ 85007  
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ARIZONA CORPORATION COMMISSION

November 29, 2006

Carrie M. Francis  
Quarles & Brady Streich Lang, L.L.P.  
One Renaissance Square, Two North Central Avenue  
Phoenix, Arizona 85004-2391

**RE: In re Agra-Technologies, Inc., et al., Docket No. S-20484A-06-0669**

Dear Carrie:

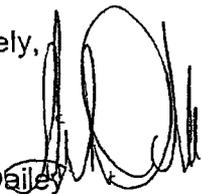
Pursuant to the July 7, 2006 administrative subpoena for documents, please provide us with Agra-Technologies, Inc.'s ("Agra") federal and state tax returns for the years 2004 to 2005.

Also, please provide me with all documents regarding Agra's offer and sales of bridge loans (with equity kickers) to existing investors as stated, in part, in Agra's September 11, 2006 Investor Update, an un labeled copy of which I have attached to this letter for your convenience.

Finally, please provide me with the information I previously requested in my October 30, 2006 letter to Mr. Baker regarding the fact that Agra is apparently trying to raise money from investors in possible violation of the existing TC&D and applicable law.

Thank you.

Sincerely,

  
Mike Dailey  
Enforcement Attorney  
(602) 542-0722 (Direct Line)

Attachment

---

**Michael Dailey**

---

**From:** Jerry Hodges [jerry@mindbodyhealth.com]  
**Sent:** Wednesday, September 13, 2006 4:44 AM  
**To:** Jerry Hodges  
**Subject:** Agra-Tech Update 09-11-06

**Agra-Technologies Update – September 11, 2006:**

Philip Olivier, Chief Chemist and Analyst for Anglo American's Platinum Group, has just completed a 60 day stay at Agra-Tech, where he continued the process development work with Bob Wasiliew. He is one of very few people that specialize in the platinum group metals. Having Philip work at Agra-Tech for this short timeframe was extremely successful, as Philip was able to make significant improvements in Agra-Tech's chemical leach process. The improvements will be discussed in more detail and the "process status" section below.

Philip has returned to his home in South Africa; however, he would prefer to work in the United States and has committed to Agra-Tech. Agra-Tech is currently looking into the logistics to make this happen.

**Process Status:**

At the start of the summer, Agra-Tech was focused on improving their internal processes. They were having trouble getting consistent yields, and yields high enough to be commercially feasible. Process understanding was improved; however, the yield remained too low to be commercially viable.

In addition to internal process development, Agra-Tech started searching for other companies with technologies in ore processing that could be of help to Agra-Tech. Three companies were found that had expertise in processing that could benefit Agra-Tech. These companies were contacted and assessments are currently being made on their processes, and whether these processes will be an improvement to Agra-Tech's internal processes. The improvements can be in the form of reduced processing time, which will allow Agra-Tech to more quickly process the ore contracts, or increased yield, which will generate increased revenue for the investor as well as Agra-Tech.

In addition, Philip discovered residue in all of the waste liquid holding tanks from several of Agra-Tech's internal chemical leach process runs. Agra-Tech analyzed the residue and found that it had a tremendous amount of platinum in it! They found that if the reaction was allowed to take place over a 2 week period, the yield significantly improved. What had happened previously is the process was allowed to run for several hours, the metal was dropped after that period, and the remaining liquid was put into the holding tanks. The liquid was tested when it was put into the tanks and it showed no platinum. This makes sense; there was no platinum in the liquid at that point, but 2 weeks later, there was a significant amount of platinum because the reaction continued to produce metal for the entire time the liquid was in the holding tanks.

Agra-Tech now understands the liquid must be allowed to react for about 2 weeks, instead of several hours. Increasing the reaction time to 2 weeks significantly improves the yield; and therefore, makes Agra-Tech's internal chemical leach process a solid candidate for commercial production. Longer reaction times do improve the yield further; however, most of the platinum is can be recovered using a 2 week reaction time.

What this means for production is that a tank farm must be set up so that daily production runs are stored in separate reaction tanks for a 2 week time period. After the liquid is allowed to react for 2 weeks, the final processing is completed, which will then make that tank available for a new batch.

Because of this discovery, Agra-Tech is moving forward with plans to implement their internal chemical leach process, including the 2 week reaction time. At this time, Agra-Tech is self-certifying the process. The self-certification run is a 400 lb. run that started on Wednesday, Sept. 6 and is expected to be completed on Sept. 29. Independent auditors are on site to observe the process. The final report from this certification run will primarily be used, along with other documents, to acquire the necessary funding so that Agra-Tech can quickly move into production.

The outside processes that are currently being reviewed still have the potential of significant benefits to Agra-Tech. Some external processes will be easy to get into production, and other processes could have greater yields; however, the equipment expense could be very high. At this point, these outside processes are being verified and will be compared to Agra-Tech's best internal process. If a business case can be made, one or more of these external processes may be implemented at some point in the future. It is important to note that the yield from Agra-Tech's internal chemical leach process is sufficiently high that none of these outside process improvements are necessary!

~~Because of the improvement in the internal process thru the increased reaction time, Agra-Tech is moving full speed ahead on verifying this process and getting it into production. This will be straightforward, since the plant was originally designed for a chemical leach process. The only thing that will have to be added is the 14 holding tanks. In parallel, Agra-Tech will continue to look at outside processes to determine if the yield from these processes is: 1) better than the yield of Agra-Tech's internal process, and 2) the expense of getting these external processes into production can be offset by the higher yield in a sufficient short period of time. Agra-Tech should have all the data they need to make this decision around the end of September. Agra-Tech is expected to start production with their extended chemical leach process, and will potentially shift to a higher yielding process at some point down the line. Agra-Tech's extended chemical leach process is producing a sufficient yield that it could easily be used to run all mining contract units.~~

### **The Yield:**

There are different reasons for why assay reports are not shared publicly, but basically no company publishes its assay results public view. These still need to remain confidential, as providing this kind of information to the public can do more harm than good, for a mining company.

It can be stated; however, the initial testing of the internal chemical leach process with the 2 week reaction time will produce a yield that is much improved from the original process and will produce sufficient revenue to make investors and Agra-Tech very happy.

### **Dick Campbell Resignation:**

Earlier this summer Dick Campbell resigned from Agra-Tech, as the Company was in the process of terminating him for cause. Some of his actions were not in the best interest of Agra-Tech and when this was discovered, immediate action was taken by E Pierson and the rest of the ATI members of the board. Currently, there is pending legal action against Mr. Campbell. Unfortunately, his actions clearly hurt Agra-Tech from the funding perspective as well as the schedule perspective. Because of the pending legal action, this is all that can be said about this unfortunate incident at this time.

### **Funding Status:**

Agra-Tech's most significant challenge at this time is acquiring the necessary funding to quickly move the pilot plant into production. Agra-Tech has done an admirable job of recovering from the setbacks that have occurred; everyone is working diligently to keep the forward momentum going.

There are two types of funding that are being pursued at this point. The first is immediate funding; this is smaller amounts up to \$2M. The intent of these funds is to provide for the immediate capital needs. The immediate funding will provide the interim funding until a larger funding package deal is closed.

The second type of funding is long term funding; this is amounts in excess of \$2M, and potentially as high as \$100M.

There are approximately six sources where active discussions are in progress. There are a number of large funding sources that are pleased with the information provided by Agra-Tech, and adding the process certification will be another key document that verifies the Agra-Tech process is indeed commercially feasible. Because of the number of sources under active discussions, the funding picture looks very good. The key is to get from here to there without losing the momentum.

There are a number of opportunities, including a new one, available to the investor; they are listed below:

#### **Mining Contracts:**

Mining contracts are again being offered as a way to generate short-term funds. All new mining contracts will contain a rollover feature, where 2 additional units can be purchased from the proceeds from each original unit purchased.

The process risk has virtually disappeared at this point. Agra-Tech has run several test runs on the extended chemical leach process, all with very good, repeatable results. Currently, a certification run is being performed; results from this are expected to be available toward the end of October 2006. Based on our analytical results review and the current price of precious metals, a \$10,000 mining contract investment is projected to return in excess of \$100,000 payable over the years 2007 thru 2009. **These are estimates based on preliminary yield numbers and will depend on a number of factors not easily predicted at this time.** The production schedule will primarily be driven by when major funding is received by Agra-Tech.

#### **Stock Purchase:**

There are still some shares of Agra-Tech stock available for sale at \$1.65 per share and if you are interested in purchasing stock you may want to look the option listed below, as the Bridge Note offer below also offers stock as an equity kicker.

**Bridge Note:**

This is a short-term note (90 or 180 days, depending on the amount of the note) that pays 9% per year interest and offers 1 share of common stock for every \$2 loaned. Another option is to choose 0% interest and receive 20% more common stock. The note is backed by the assets of the company. This is an excellent way to "purchase stock", as your investment amount is returned with interest (if you choose the interest option) and you get stock as a bonus!

Once Agra-Tech starts generating revenue from the pilot facility, followed by the Belmont facility, the stock is expected to grow in value along with the revenue generated by the company. The stock will potentially generate a higher return than mining contracts.

Please seriously consider these alternatives and don't hesitate to contact us if you have any questions. Taking advantage of one of the above proposals will greatly benefit Agra-Tech as well as yourself. Remember that Agra-Tech now has a viable production process; they simply need the funds to quickly gear the plant up for production!

**Jerry's Contact Info:**

Cinder Mountain  
473 S River Rd 1-266  
Saint George, UT 84790-2115

Jerry Hodges  
435-673-5580 (Office/Home)  
303-898-9840 (Cell)  
[jerry@mindbodyhealth.com](mailto:jerry@mindbodyhealth.com)

**Tab "4"**

**COMMISSIONERS**  
JEFF HATCH-MILLER - Chairman  
WILLIAM A. MUNDELL  
MIKE GLEASON  
KRISTIN K. MAYES  
GARY PIERCE

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT  
DIRECTOR

SECURITIES DIVISION  
1300 West Washington, Third Floor  
Phoenix, AZ 85007  
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E-MAIL: securitiesdiv@azcc.gov

**ARIZONA CORPORATION COMMISSION**

January 25, 2006

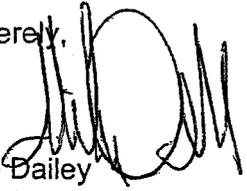
Lonnie Williams  
Carrie M. Francis  
Quarles & Brady Streich Lang, L.L.P.  
One Renaissance Square, Two North Central Avenue  
Phoenix, Arizona 85004-2391

**RE: In re Agra-Technologies, Inc., et al., Docket No. S-20484A-06-0669**

Dear Lonnie and Carrie:

In addition to my e-mail to Carrie dated January 3 (a copy of which is attached to this letter) and as discussed during our meeting on January 4, please provide us with general Agra's general ledger information from September 1, 2006 to the present, preferably in electronic form, including, without limitation, all information regarding Agra's receipt of bridge loan funds and repayments to the lenders. Thank you.

Sincerely,

  
Mike Dailey  
Staff Attorney  
Securities Division

---

**Michael Dailey**

---

**From:** Michael Dailey  
**Sent:** Wednesday, January 03, 2007 2:47 PM  
**To:** 'Francis, Carrie'  
**Cc:** Gary Clapper; Pam Riley  
**Subject:** New and outstanding Agra information requests

Carrie:

Please advise as to the my outstanding requests for documents as stated in my December 4 letter to you, November 29 letter to you and October 30 letter to Mr. Baker (i.e., bridge loan w/equity kicker/primosory note contracts, 04 and 05 tax returns, etc.).

Also, please provide us with Agra's general ledger for May 2002 to April 2003, and May 2005 to September 2006 in the tab of Agra's "cash receipts journal."

Thank you.

Mike Dailey  
Staff Attorney  
Arizona Corporation Commission, Securities Division  
1300 W. Washington, 3rd Floor  
Phoenix, AZ 85007  
(602) 542-0722 (direct line)

This message and any of the attached documents contain information from the Office of the Securities Division of the Arizona Corporation Commission, that may be confidential and/or privileged. If you are not the intended recipient, you may not read, copy, distribute, or use this information, and no privilege has been waived by your inadvertent receipt. If you have received this transmission in error, please notify the sender by reply e-mail and then delete this message. Thank you.

**Tab "5"**

**COMMISSIONERS**  
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MIKE GLEASON  
KRISTIN K. MAYES  
BARRY WONG

BRIAN C. McNEIL  
EXECUTIVE DIRECTOR



MATTHEW J. NEUBERT  
DIRECTOR

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E-MAIL: securitiesdiv@azcc.gov

**ARIZONA CORPORATION COMMISSION**

October 30, 2006

**VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED**

William H. Baker, Jr.  
Agra-Technologies, Inc.  
5800 N. Dodge, Bldg A  
Flagstaff, AZ 86004

**RE: In re Agra-Technologies, Inc., et al., Docket No. S-20484A-06-0669**

Dear Bill:

Bill, thank you for your e-mail dated October 27, 2006, and attached letter to Agra agents and salespersons Larry Paille, Jerry Hodges and Alan Clarke. A copy of the e-mail and letter are attached to this letter for easy reference.

As noted in the TC&D, all named respondents including, without limitation, "their agents, servants, employees, successors, assigns, and those persons in active concert or participation with them" are prohibited from promoting or selling Agra securities in violation of the Arizona Securities Act.

From the plain language of your letter, it appears that Agra intends to continue to offer and sell securities in possible violation of the TC&D and applicable law. If this is so, the responsible parties could be subject to an order of contempt for each violation of the TC&D under A.R.S. § 44-2032(1)(a).

I appreciate your past cooperation. However, I do not have sufficient information regarding the proposed deals with or through Kurt Schaller, Eagle Holdings, TSX Public Company and the combined group from Nevada and Utah. In light of your letter, please provide me with the documentation regarding these deals at your earliest convenience.

Finally, I have the documents you have provided in response to the subpoena to date ready for pick-up. In lieu of conducting your examination under oath now, I ask that you execute an affidavit solely designed to establish the genuine nature of the documents at the time you review and pick them up. We have a two wheel handcart, and I or someone in the office can help you load them into your vehicle. Please let me know how you wish to proceed, as I will have to prepare the affidavit and reserve a conference room.

Sincerely,



Mike Daley  
Staff Attorney  
Securities Division  
(602) 542-0722

Cc: Jerry Hodges (via certified mail)  
Larry Paille (via certified mail)  
Alan Clarke (via certified mail)

Enclosure

---

**Michael Dailey**

---

**From:** Wm Baker [bbaker@agra-technologies.com]  
**Sent:** Friday, October 27, 2006 1:17 PM  
**To:** Michael Dailey  
**Subject:** Agra-technologies  
**Attachments:** ACC Agent's CD confirm.doc

Mike,

Attached Is A Letter Sent To The Agents Related To The Ore Contracts. We Want You To Know That We Are Complying With The Order.

Respectfully,  
Bill Baker



5800 N. Dodge Ave. Flagstaff, AZ 86004  
P: 928.526.2275 F: 928.526.2269  
[wpierson@agra-technologies.com](mailto:wpierson@agra-technologies.com)  
[www.agra-technologies.com](http://www.agra-technologies.com)

October 23, 2006

Larry Paille  
Jerry Hodges  
Alan Clark

Subject: ACC Order to Cease & Desist

Gentlemen:

By now you should have received the same order to Cease and Desist, as Bill Baker and I and our wives have received. Apparently this Order did not include you Alan, but I am including you in this Corporate Confirmation.

As you know, the Company had made the decision to discontinue sales of Ore, and to work with its financial interests to capitalize the Business Plan and the interim operating needs of the Company, excluding the sale of Ore. Therefore, while we had made the decision not to sell Ore prior to this Notice, I want to further confirm the Company's intent to comply with this "Order" issued by the ACC.

We have Hans Huening in Germany, at the present, and he will update the Financial Group "Accept", regarding our current progress. We have Kurt Schaller in Germany/Switzerland working with a Private Bank, in association with the Eagle Holdings Group. We have had the Chairman, CEO and other technical support management of a TSX Public Company visit this week, to put forth an offer to participate with ATI. We have a combined group from Utah and Nevada that is in review of our Company's current status, and is requesting to meet within the next week to 10 days, to propose and offer to finance the Corporate Business Plan.

In association with our current progress, the Company is seeking to fund the Business Plan, in an effort to get out of the box of daily demands to meet payables, meet payroll, meet the demands of a baseless lawsuit, support the filing of legitimate lawsuit for fiduciary breaches of an Officer and a Director, and advance the technological aspects of PMR from the complex mineral resource, "Sheep Hill". And this will be managed in association with standard business practices, common to standard and ordinary Capital Financing.

The use of the "Ore Rights Contract", as developed by Richard Campbell, Tim Thomis and Alan Clark, while having passed muster with our SEC Corporate Counsel and our SEC Auditors has not met with full approval from the ACC. The Company has never had a private placement offer. Therefore, we have no comment regarding the "Order", in this regard.

I thank you for your efforts of the past, and I regret this action taken by the ACC, but there are aspects of their concerns that deserve to be addressed. I am confident your continued support, in conjunction with the full examination by the ACC of the facts supporting what this Company has represented it intended to do, has done and is currently committed to doing, will serve to clearly evidence our corporate integrity. At this point of our own Corporate Investigation, it has become painfully evident we are suffering from comments made and actions taken by one of our own.

I can not address all of the concerns represented in the C & D Order, but I can speak to those we have identified thus far, as Corporate Misstatements of Fact. It has been identified by some we have conferred with, that the same individual who crafted the 2002 Investment Profile, represented the "Rollover Option" without Corporate Approval, crafted the overly generous Platinum Rental Fund and authorized its premature use, guaranteed the Mexican Ore Concentrates alternative in May of 2005, insisted on ATI's pursuit of Capital Corp when the Company had no financial capacity to pursue Capital Corp, hired Garry Dolbow for questionable purpose, engaged Kalahari under questionable conditions/circumstances, has apparently overstated ore values, and this Company's capabilities to recover precious metals to many of our Shareholders and Ore Contract Owners.

The "Order" allows for us to be heard, and to formally address these claims and accusations. Bill Baker and I will be requesting to be heard. Even though the Company has not relied on Ron Weidner or the Galleon Technology for the recovery of precious metals from our resources since early May of 2005; the vast majority of the investigation is based upon the inability to successfully implement the Galleon Process. We have been told "THE" reason for the Cease and Desist Order, was due to our disclosure of recent sales of our Ore. Even though the Company has made it clear it is no longer attempting to implement the Galleon Process, the ACC apparently still has concerns that Ore Purchasers may still be being misled, and or less than fully informed of the risk's associated with the Company's ability to process their Ore, and provide anything close to the level of returns some, if not most of the Ore Owner's would be anticipating.

As you are well aware, the Company has made it a policy not to communicate directly with the Ore Owners in the Precious Metals Recovery Project. However, since many of those Ore Owners had expressed a desire to purchase stock in ATI when they originally visited with us here in Flagstaff, when Carlos Wall decided to sell off his holdings in the Company, his shares were picked up by those Owners having previously requested stock. Those having dual ownership may have received Corporate Information, not made available for non-shareholders. Due to this mixed status, it has become extremely difficult to keep the information appropriately disseminated, but I know we have made significant efforts in this regard to maintain these distinctions.

This is an extremely difficult time for the Company. As we disclose our status of being sued, suing others, being investigated by the ACC and now this C & D Order, it has become more and more difficult to manage the Company's Affairs and to continue to present a formidable Business Plan to the Financial Community for capitalization. We currently seek the funding of the General Business Plan of the Company, as previously referenced in the communication. However the Company is dealing with major financial resources. The Company has represented its current resources, current technologies, current capabilities, its past inabilities, its current financial position and its current management to each of these, with the exception of its European financial interests. For the moment, we must rely on John Huening and Kurt Schaller to properly address our embroiled status as best they can, to the European financial interests.

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I am sorry to writing to you under such difficult circumstances, but it is what it is, and we are dealing with it, in association with a concerted effort on the part of everyone here to bring this Company into a successful operating mode.

Sincerely,

William J. Pierson, President

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

William H. Baker, Jr.  
 Agra-Technologies, Inc.  
 5800 N. Dodge, Bldg A  
 Flagstaff, AZ 86004

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 *W. Baker*  Addressee

B. Received by (Printed Name) C. Date of Delivery  
*William H Baker Jr* *11/2/06*

D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number  
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Sent To: William H. Baker, Jr.  
 Agra-Technologies, Inc.  
 5800 N. Dodge, Bldg A  
 Flagstaff, AZ 86004

Street, or P.O. E  
 City, St.

*M. Dailey*  
 Postmark Here

7005 0390 0000 4464 9092

**Tab “6”**

---

**From:** <smoky949@cox.net>  
**To:** <wpierson@agra-technologies.com>  
**Sent:** Thursday, September 08, 2005 9:56 AM  
**Subject:** Re: Re: Garry

Bill,

This is truly amazing what you have written, obviously you like I are quite frustrated over events that have or continue to occur. Here we go again, with what I say or state. You seem to think that everytime and there are a lot of them that when I say we don't need someone, its because of the value they add to the company under the circumstances. I have never said at any time that I thought you should not be in the company, never ever. But I have said that people like Nigel, Ron, under the circumstances didn't need to be around. While I like you like and need Mike, if he as you have said "puts a gun to your head" he needs to understand what we are trying to accomplish. If Garry is the problem, then I can sit with him and we can get to the bottome of all of this. As for Peter, Danny, and the others, we both have indicated that there are others that could do the job differently, and maybe better for what they are being paid. That is why Waisalliw is going to come in. Peter a chemist has no clue and has spent thousands of the companys money with his own mistakes, you've also mentioned that Bill Baker was not doing the job, so its not only me. If you think I'm down here sitting on my duff, I'd like to reming you of why we have the technology we now have. Its because of me. The mexican ore is because of me, the situation iwht Wally is becasue of me, the silver king if we do anything is because of me. so, I'm not just sitting down here and doing nothing. We have something that could do something for us all. If CC and Brian can come up with the \$\$\$ and we can get the right people in with the proper background and we can get in to production, then its a home run for us all. I know your tired, I'm tired. I know how hard you work, no one knows that better than me. Maybe Sandy but no one else. Lets try and see how we can take the company to the next level and then see what we can do. Yes, I am ready to sell my stock. But you didn't read the whole email I sent you. I'm not ready to quit, until we both are able to walk away from this with \$\$\$ in our pockets, and I am working on getting some money in as we speak so Keep your game face on, and we'll get through this and both be able to laugh at the end of the day. Your friend D

>

> From: <wpierson@agra-technologies.com>

> Date: 2005/09/08 Thu AM 11:04:16 EDT

> To: <smoky949@cox.net>

> Subject: Re: Garry

>

> Dick,

>

> The hole in the tank exists because KMH is not here. We are faced with doing

> things no one here knows exactly how to do, or what to expect. Bill H.

> continues to speak as if they have handed us Manna from Heaven, and we

> continue to put people at risk.

>

> As for repairing the tank, we have cut and drilled holes in all of those

> tanks. We have put flanges, valves and taps in those tanks. We discussed the

> tank repair, and felt that rather than just patch it, we would try to

> implant another test outlet, in the form of an oversized tap. I doubt if

> Mike would have a problem with having Wally's guys fix it, with the

> exception of the time and the money it will take to do so. If it were not

> for those to key elements, we would always prefer to have outside

> contractors do the work. We rarely have this luxury. However, I will revisit

- 
- > this repair to see what we can best accomplish, and I will report back to
  - > you and to Garry.
  - >
  - > As for Garry's ammonia poisoning, I went to the plant Saturday with 6 people
  - > and we were overwhelmed with ammonia in the building because Jimmy told our
  - > boys to leave it sit in tanks until he got back, and it would be okay. It
  - > nearly killed us! OSHA? Prior to this rodeo, we had built and we had trained
  - > people to run an organized process, following safety procedures. Nothing we
  - > do at the present is done in the same way. We don't use the filter press the
  - > same, the leach tanks the same, the HCL delivery tanks the same, the inside
  - > processing tanks the same, nor is any of the processing procedure the same.
  - > The boys are doing what they are told, without understanding the work. They
  - > don't know what to look out for, they don't fully understand the risks
  - > associated with the multiple aspects of the process.
  - >
  - > If you want Peter and Mike gone, as you have wanted Nigel, Hans, Brian, Bill
  - > Baker, Danny, Doug, Ron and I am sure at times me, I can make that happen
  - > before noon. Peter is scheduled to be reduced to 2 days a week, as soon as
  - > we can get into a mode of operation to allow for this to occur. However, if
  - > you think he needs to go today, I will take care of it. Mike is only here
  - > because of me, and this discombobulation with KMH and with Garry (they never
  - > know what he wants, but yet I have told them to do (prepare, implement,
  - > support) whatever he says to do, is driving Mike and everyone crazy.
  - >
  - > We have staged three white boards in given areas now with instructions as to
  - > what must be running during this instance, and what must be turned off in
  - > this instance. There is no playbook, we are writing it as we go. There is no
  - > practice drill, as no one knows the program. You can thank me and you can
  - > thank Mike for ADEQ not being there while we ran this last week. We held
  - > ADEQ off on one day and led them in on our day before running this time.
  - > Mike spent 3.5 hours reviewing the plant with him. We are being required to
  - > fill out several forms detailing our work, and may have to acquire one or
  - > more permits. There will be future follow up inspections. And you absolutely
  - > correct, if they had been there Saturday we would be shut down. If they had
  - > been there when we were operating the process last week OSHA would have shut
  - > us down. If investors were on the premises (a) they would have run and (b)
  - > they could very well have turned us in.
  - >
  - > This is what I live with. You think I am going to sign on for another five
  - > years because I am a tiny bit younger than you? Not a chance.
  - >
  - > Let me know what you want to do personnel wise. But know that if I cut Mike
  - > loose, we might as well send everyone else at the plant packing. There is no
  - > other leadership, and there is no one else who understands the plant as Mike
  - > does. I have tried to get us protected in this regard, but there is a
  - > serious lack of talent. I was hoping Garry was going to shore this up
  - > personally and with others.
  - >
  - > Given the financial wherewithal, our next priority will be to place
  - > additional qualified people at the plant. We have Wasiliew headed in to
  - > assist with analytical, but we have half the man power we should have at the

> plant. And if Garry thinks we have enough man power, that is because he  
> would only be thinking in terms of temporarily managing this process, which  
> of course we very obviously are not. Garry is injured, Mark is injured, Mike  
> is injured, Gillespie is complaining of the gases (but not yet claiming  
> injury).

>  
> Bill Baker and I will be sending off our best efforts to Capital Corp.  
> shortly. You will be copied. You won't agree and you won't like the red ink  
> in the first year of the P&L. the \$16.2 million applied to the Shareholder  
> by back and the Unit Holder by back generate the "accounting losses". The  
> operating statement, which is where a Company lives, is what matters.  
> Obviously Companies have to make a profit, but just because they "by the  
> rules of accounting" must show losses under certain aspects of the  
> accounting procedure, this does not mean that they are not making money,  
> exceptional or otherwise.

>  
> We have gone through this exercise in preparing this information for CC, in  
> an effort to extract an offer or proposal from them, per their request. It  
> is my understanding you wish to sell, and last Friday you indicated \$3M was  
> your number. Based upon that expression, I have set the bar at \$1 for the  
> minority Shareholders in this workup for CC. I am prepared to sell for the  
> same .50 cents you indicated was satisfactory to you. When we see the  
> response from CC, I will call a Board meeting and we can review the  
> Company's position and its potential for sale.

>  
> I recommend we keep this as confidential as we possibly can, as word of our  
> position would be hugely detrimental to any future this Company might have  
> remaining.

>  
> Bill  
> ----- Original Message -----  
> From: <smoky949@cox.net>  
> To: <wpierson@agra-technologies.com>  
> Sent: Wednesday, September 07, 2005 6:41 PM  
> Subject: Garry

>  
>  
>> Bill,  
>> I saw the hole in the tank and just talked with Garry on some other  
>> business and the issue of the hole came up, my take on this is the  
>> following. Garry who has built plants, equipment, etc for 15 years and  
>> has dealt with type of situation in the past says that the tank needs to  
>> be fixed in a certain way, then that is what needs to happen. I got the  
>> feeling from Garry that Mike in his cowboy makeup, seemed to disagree. I  
>> like Mike, Bill, but this stuff has to stop. Why is it that we have so  
>> fucking many egos running around and no one know what the hell is  
>> happening. Peter needs to go, and if Mike can't take information from  
>> someone like Garry, then he needs to go also. We seem to have this  
>> pecking order and the hens are pecking the roosters, and I for one am  
>> getting tired of this penny anny crap. D PS Garry has Ammonia poisoning  
>> and we need to get some equipment out there that will prevent this type of

---

>> situation from happening again, thank God that OSHA hasn't seen some of  
>> this, we'd be out of buisiness.

>>  
>>  
>>  
>>  
>  
>

**Tab "7"**

Wm Baker

From: wpierson@agra-technologies.com  
Sent: Thursday, February 02, 2006 5:48 PM  
To: rcampbell@agra-technologies.com  
Subject: Re: Fw: Rollover of Agra units

I don't see us getting our money back this month. Are you sure you want the units? It will help the books if that is for real.

----- Original Message -----

From: <rcampbell@agra-technologies.com>  
To: <wpierson@agra-technologies.com>  
Sent: Thursday, February 02, 2006 2:24 PM  
Subject: Re: Fw: Rollover of Agra units

>I understand your position, and while I would be willing to fight to  
>the death, I agree with your assessment, I just hate to get fucked in  
>the process.  
> These  
> guys have us over a barrel, but how we pay out these people is up to us.  
> I  
> suggest a long protracted payout, years in the making, maybe decades!!!!  
> But I  
> agree, we are in no position to fight the battle with where we are  
>today, so that being said, it appears that the 3 for one is a done  
>deal, now in light of that I want my debt the company owed to me,  
>converted to units, so my family can benefit from others bullshit.  
>Even if it takes decades, they will still be around. To date the  
>company owes me a total of Agra technologies., Inc.  
> \$50,000 on oil deal to Harold Davies, November 2004 \$45,000 loan to  
>ATI \$50,000 loan to ATI \$ 5,000 loan to ATI from D & B to pay for  
>Agra Tech AG \$150,000 which equates to approximately 19 units. This  
>sounds reasonable for all the BS we've had to put up with the past  
>few years, so unless there is some magical way I would get my money  
>back this month, this is what I'd like to do.  
> D  
>  
> Quoting wpierson@agra-technologies.com:  
>  
>> Dick,  
>>  
>> I understand your angst. Across the board, the position BB, DG and I  
>> have taken is one of "No Rollover Agreement exist", then Corporately  
>> we could and would not recognize this "fantasy". However, with all  
>> things being said, done, presented, etc. over these past few months,  
>> I believe we must settle this fiasco in the favor of the Unit  
>> Holders. It is not good for ATI's bottom-line, nor will it be viewed  
>> favorably by CC, but in every other aspect it is a must do piece of  
>> work.  
>>  
>> The level of challenge today is clearly indicative of imminent legal  
>> action.  
>> If anyone goes to any of several regulatory bodies or civil  
>> authorities with this complaint we will come under swift  
>> investigation, and most likely will be shut down darnning the coarse  
>> of the investigation. If anyone engages their personal attorney to  
>> file suit, the first thing that attorney will do is to offer a class  
>> action format to all of the Unit Holders. Our position, right or  
>> wrong, won't matter. We will be finished as a business, but our  
>> problems will have just begun.  
>>  
>> Dick this would have been a different situation if we were adequately  
>> capitalized and in production. We are not, but yet we are close. The

>> odds of our making into the arena to fight a legitimate and fair  
>> ~~fight, under the current status of the Company are somewhere between~~  
>> extremely slim and none.  
>> The flag has been raised, the artillery is being positioned, while  
>> additional ammunition is being inventoried. This is not a battle we  
>> can effectively take on at this time, and unfortunately we have no  
>> way of delaying this to the time and place of our choosing. They are  
>> bringing it to us now, and we must choose to put this ship at risk of  
>> total loss, or we can elect to wave the white flag. We do not  
>> surrender the ship, but we agree to share as our forefathers did with  
>> the Native American. They gave up horses and other assets, for safe  
>> passage to the West. We are forced to give in to this situation,  
>> which will allow us the opportunity to still succeed. If we do not, I  
>> am certain this Company will suffer an almost immediate hit followed  
>> by an ugly death, due to the impending war.  
>>  
>> What we gain in recognizing Tim's 2 for 1 Rollover Option are the  
>> following pluses.  
>> 1. We re-establish Tim's status as "The Agent" for this Company, this  
>> is why we have an obligation to recognize the R/O.  
>> 2. This allows us to Honor all of the Unit Holders for the risk taken  
>> with this Company.  
>> 3. Even though we will reduce profitability in future years, we will  
>> experience \$20M in defrayed cost and \$20M in revenue as offsets to  
>> the reduced profitability expressed in the current projections.  
>> 4. We have no idea what to expect as to the "real" play out of this  
>> R/O, other than to look at today's \$10M, assume they all R/O and  
>> recognize we would have those amounts coming our way. What goes their  
>> direction is still an unknown.  
>> 5. We still will have the capacity to dictate when the R/O's will be run.  
>>  
>> And last, but far from least, in "rolling over" on the R/O we gain  
>> back the historically strong support of the Unit Holders and Alpine  
>> Investments.  
>> In  
>> agreeing to recognize the R/O we reside in the waters allowing us to  
>> set sail. The flipside of this is to enter into a potential tidal  
>> wave of destruction, which I feel certain we can not survive at this time.  
>> Understanding again, that if I felt we could put this off until we  
>> could deal with it optimally, this could be a whole different  
>> ballgame. I am just as certain that we will not be allowed that  
>> opportunity.  
>>  
>> There is a silver lining in this dark and expensive cloud, and it is  
>> all that I can see we can cling to, to keep you, me and our  
>> Shareholders from coming under siege.  
>>

>> Sincerely,

>> Bill

>> ----- Original Message -----

>> From: <rcampbell@agra-technologies.com>

>> To: <wpierson@agra-technologies.com>

>> Sent: Thursday, February 02, 2006 10:16 AM

>> Subject: Re: Fw: Rollover of Agra units

>>> Bill,

>>> Here is the official position of the company period. I don't care  
>>> what Tim told Nigel, I have a witness to the meeting we were at on  
>>> the original 2 for 1.

>>> Reputation my ass, if we can get the funds from CC quick enough,  
>>> then I say if they don't like the deal then we'll give them back  
>>> their money plus some profit. Nigel probably never saw the info  
>>> that I put out back in 2004 either, so be it. These are nothing but  
>>> a bunch of greedy people, thinking that now we have something and  
>>> not only Nigel but Jerry not Larry are looking a gift horse in the

>>> mouth. I'll deal wiht them, send the letter, or I'll send it to  
>>> Nigel, and oh by the way, Alpine still hasn't signed the acceptance  
>>> letter, so far as I am concerned we don't have anything. D

>>> Quoting wpierson@agra-technologies.com:

>>>>  
>>>> ----- Original Message -----  
>>>> From: <nsb@mailvault.biz>  
>>>> To: <dcampbell@agra-technologies.com>  
>>>> Cc: <wpierson@agra-technologies.com>  
>>>> Sent: Wednesday, February 01, 2006 2:04 PM  
>>>> Subject: Rollover of Agra units

>>>>> Dear Dick and Bill,  
>>>>>  
>>>>> further to rumors of a change in rollover procedure please  
>>>>> consider my attachment.  
>>>>>  
>>>>> Glad to hear things are progressing well otherwise.  
>>>>>  
>>>>> Best wishes  
>>>>>  
>>>>> Nigel Smith

>>>  
>>>  
>>>  
>>  
>>  
>>  
>  
>  
>  
>

**Tab "8"**

MIME-Version: 1.0  
Content-Type: multipart/alternative;  
    boundary=-----SmarterMail\_NextPart\_8703840251380604  
Date: Tue, 18 Apr 2006 21:55:33 -0400  
Subject: Mining contract and stock transfer instructions  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <wpierson@agra-technologies.com>, <rcampbell@agra-technologies.com>  
CC: <jerry@mindbodyhealth.com>  
Message-ID: <c35413b0e81640c3b372260ce79fba94@mindbodyhealth.com>

Bill,

Thank you for setting up the tour. Roberte and everyone else came away with the expectation that the process is far from finalized and that research will probably continue throughout the summer and production will start in the fall. Payouts will start at the end of the year. On the plus side, it was clear that potential significant improvements may be made in the yield as well as process efficiency. Everybody attending the tour was understanding of the technical complexity of the process and the resulting delays, and could see that Agra-Tech was working diligently to get the plant up and running.

I'm sure the new schedule will not be well accepted by other investors. Any positive information you can share from the Inspectorate report or any other sources will be most helpful in keeping the next update positive.

In addition, I suspect the cash flow issues are hindering the plant ramp-up. At this point, no investors are aware of this issue. Furthermore, if you don't get funds from somewhere soon, things will come to a grinding halt, especially since production is at least several months away. It appears the Capital Corp funds are critical to Agra-Tech.

This cash flow issue is also affecting the platinum rental fund, and Nancy is getting very nervous about that situation. She has been trying to get an answer from Agra-Tech on how the remaining funds will be distributed, but has not heard a word in about a month.

And I have to say, I am very concerned about the \$264,000 I have invested in the platinum rental fund. I, too, would like to hear soon, how Agra-Tech is planning on addressing this issue.

Jerry has a number of close friends who are Agra-Tech investors, and they are hearing about my concerns with the platinum rental fund. It is only a matter of time before investors start calling Jerry and I and asking us what is going on. The schedule delays coupled with the cash flow related issues will make many already nervous investors go into orbit.

I know you guys are really busy, but I would urge you to share with Jerry and I what you guys are doing to remedy this situation so that we can explain what is being done, and hopefully, keep things under control with the investors.

Thanks,  
Larry Paille  
(928) 284-2659

P.S. I delivered one additional mining contract to the office today (sorry, just \$10,000)

P.S.2. I also delivered the stock certificates and transfer instructions for the \_\_\_\_\_ shares (with transfer fee)

ACC065764  
AGRA

**Tab "9"**

MIME-Version: 1.0  
Content-Type: multipart/alternative;  
boundary=-----\_SmarterMail\_NextPart\_7544120512200324  
Date: Fri, 21 Apr 2006 11:47:25 -0400  
Subject: fw: Re: Tuesday the 25th tour list  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <jerry@mindbodyhealth.com>  
CC:  
Message-ID: <a1366b9afab34d82bf9b4fd85e304c3c@mindbodyhealth.com>

Jerry,  
Here is a response from Bill. got a call from Agra-Tech stating that her check will be expedited to her. I still haven't heard about my check.

I will contact Karen and Warren to see if they can move the tour to Wednesday.

Still no word from the Agra-Tech boys on when our meeting will be.

Larry

---

**From:** "wjp@ati" <wpierson@agra-technologies.com>  
**Sent:** Friday, April 21, 2006 1:09 AM  
**To:** "Larry Paille" <larry@mindbodyhealth.com>  
**Subject:** Re: Tuesday the 25th tour list

Larry:

Thank you for the list. I apologize for the delay in getting the payment to Nancy. This would be the first payment on that revised position, and BB has just failed to get it into the loop. We are so consumed with standard operating matters, in BB's case that's existing vendors, etc., that an exception to the standard ops can slip through the cracks. To add to this, BB had to take his family to California for a Grandmother funeral. He is back this late morning, and I have instructed him to expedite the payment to . Please convey our mistake and apology.

Now Larry, please understand that all of the above is true and correct, even though we are cash poor, as I have already advised you. And while we are abusing you temporarily, in not making your payment, we did not intend to create additional discomfort for you by not covering on

Visitation Note:

Bob, Peter and I will leave the plant 3:00pm Monday, for Las Vegas. We will be in Federal Court Tuesday morning, and return here Tuesday evening. At the time we advised you of Tuesdays being the best days, and agreed to 18 & 25, we had a tentative court date of Thurs. the 27th. The court advised us moments ago that we will be needed on Tuesday, as it appears they are ready to wrap things up. If there is any way for you to move this to Wed. or Thur, we can fully accommodate you. I would offer Monday, but Peter is flying back into Flag at 10:00am that

ACC065771  
AGRA

**Tab "10"**

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MIME-Version: 1.0  
Content-Type: multipart/alternative;  
          boundary=----\_SmarterMail\_NextPart\_8821233883230612  
Date: Tue, 25 Apr 2006 23:28:03 -0400  
Subject: re: Monthly Note Payment  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <jerry@mindbodyhealth.com>  
CC:  
Message-ID: [9d11dcfb697b4c8587481f599c98bf5b@mindbodyhealth.com](mailto:9d11dcfb697b4c8587481f599c98bf5b@mindbodyhealth.com)

Jerry,  
Good email; it will be interesting to see what the response is and how quickly it comes.  
Larry

P.S. . . . a just called, and he will not make the tour. . . . ar will also not be attending. The  
only new person coming is . . . of Phoenix.

---

**From:** "Jerry Hodges" <jerry@mindbodyhealth.com>  
**Sent:** Tuesday, April 25, 2006 10:04 PM  
**To:** "Bill Pierson" <wpierson@agra-technologies.com>  
**Subject:** Monthly Note Payment

Bill,

We are coming up on the end of the month and I still haven't received my note payment of \$3867.08 for the month of April. I understand you are having a money crunch but would like to know what, when, where and how...

I need input on what is happening and what to expect. I hung myself out big time for you guy and the least I could expect from you is good honest communication about what's going on.

As you well know, when there is no communication going on between the parties your mind starts playing games and automatically goes to the worst case situation. This is not only happening with me and Larry but also with a huge amount of investors.

I know you are super busy and the last thing you want to do is take the time to sit down and level with us on what is happening with ATI... As you well know, we are the mouth piece to investors for ATI and without good communication going

ACC065786  
AGRA

---

on between us we are left in the dark and this makes it very hard to communicate with the investors as they quiz us on what is happening at the plant.

I feel you should know this because things are starting coming to critical mass with the investors and the next update we put out with more delays is going to cause and up evil that isn't going to be pretty. I know of a few investors that are talking about going to the Arizona Attorney General and as you well know this would be super bad.

Bill we need to communicate and soon!!!

Sincerely,

Jerry Hodges

ACC065787  
AGRA

**Tab "11"**

MIME-Version: 1.0  
Date: Sat, 6 May 2006 17:33:36 -0400  
Subject: Revised update  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <wpierson@agra-technologies.com>, <rcampbell@agra-technologies.com>  
CC: <jerry@mindbodyhealth.com>  
Message-ID: <85b28012ca244c2cb090f8c8c1c01903@mindbodyhealth.com>  
Content-Type: multipart/mixed;  
boundary=-----\_SmarterMail\_NextPart\_0723821781210258

Bill and Dick,

Thank you very much for taking the time out of your busy schedules to share all of the information with us. Attached is the revised update based on your suggestions, with the changed areas highlighted in yellow. Please confirm the revised update is acceptable to send out.

It was great to hear about all the possibilities that Agra-Tech is investigating, particularly the processing of concentrated ore as a mechanism for generating revenue for the company. We have also pulled the latest business plan from the website; we were both impressed with the information content and the presentation in that piece of work.

We are both looking forward to assisting Agra-Tech with the proposed private placement and realize the critical nature of this offering to the viability of Agra-Tech. The private placement is very time-sensitive, as Agra-Tech needs the money NOW!

Our only concern about the private placement is that virtually all of our connections are unit holders, and at this point in time, are not overly optimistic about Agra-Tech. We have both noticed a significantly more negative mood with the investors, which we are constantly having to explain to the unit holders why they shouldn't go out and slit their wrists just yet. Furthermore, the latest update will communicate yet another mining contract delay, where payouts which were to start in July will now be in the December timeframe. We have not been able to answer yield questions for unit holders. There are two questions that unit holders are concerned about: 1) when am I getting my money, 2) how much am I getting (yield).

That being said, about a third of the unit holders are stock holders, and as a stock holder, the updates can be viewed in a much different, and more positive, perspective. However, all the communication we have had with stockholders comes from the perspective of unit holders.

Part of the selling process will likely be educating investors about the difference between the stockholder perspective and the unit holder perspective, which unfortunately will take time. We will have to sell first, and then move forward with other key players on Agra-Tech before they will move forward and sell to their connections. Of course, we will be contacting any accredited investor that we know, whether or not they are a current Agra-Tech investor.

So, in summary, we are ready to give the private placement our best shot at raising the \$1.8M for Agra-Tech. Get us the information and we will move forward ASAP. Just realize it might take a little time to get the funds rolling in. Since this is a time critical issue, we would recommend a parallel path course of action where you have everybody you know selling this to any breathing accredited investor.

Larry and Jerry

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AGRA

**Tab "12"**

MIME-Version: 1.0  
Content-Type: multipart/alternative;  
          boundary=----\_SmarterMail\_NextPart\_4302344286474602  
Date: Fri, 16 Jun 2006 12:42:18 -0400  
Subject: Re: Another funding source  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <wpierson@agra-technologies.com>  
CC:  
Message-ID: [edfc87a288a246efae4f34b64107ae17@mindbodyhealth.com](mailto:edfc87a288a246efae4f34b64107ae17@mindbodyhealth.com)

Bill,  
Thanks for the update.

I will direct these potential ore contract sales to stock. I will direct my portion of the Hugh stock sales proceeds to you in order to help the cash flow issue.

Take care,  
Larry

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**From:** "wjp@ati" <wpierson@agra-technologies.com>  
**Sent:** Thursday, June 15, 2006 8:29 PM  
**To:** larry@mindbodyhealth.com  
**Subject:** Re: Another funding source

Hey Larry:

Thanks for the update. What you do with Shares you have at your disposal to sell is yours to do with as you see fit. However, the Company's Offer (the PPM) can only be taken by truly accredited investors.

As badly as we need capital, I am hesitant to sell additional Ore Contracts. However as your last question lends itself to this point, I can tell you we have had nothing but positive results from the test work this week. They have run all week, and based upon the successes, will run repeat tests all of next week.

We have not been able to insert tests on Pat's Process, but should be able to explore it next week.

After three weeks of review, and opinions from attorneys in three states, we were set to hold a BOB Mtg, followed by a Special Consent Shareholder meeting to discharge Dick from both of those responsibilities. It was finally scheduled for tomorrow morning. Dick resigned from both post's this afternoon.

We will pursue him, as his stock position in our Company is a "deal breaker" with International Star (this name, and the confidential negotiations I am currently involved in with them must be held in strict confidence Larry). I will explain our position regarding this Company, as soon as it is allowable. However, SEC rules do not allow for us to freely or openly disclose these confidential negotiations.

We are fighting for all we are worth Larry, and it won't be long before you and everyone else will be in a position to see the evidence of our concerted efforts. In the meantime, payroll was met again today. Somehow, I have to manage to replenish the cash tank again before the first, and

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we have to begin to cover the costs of operation (the payables aspect). Did you get my message concerning the potential for someone in our ranks to make a loan against the plant property, or certain aspects/components of the plant?

Gotta go for now.  
Thanks for everything,  
wjp

----- Original Message -----

**From:** Larry Paille

**To:** [wpierson@agra-technologies.com](mailto:wpierson@agra-technologies.com)

**Sent:** Thursday, June 15, 2006 3:38 PM

**Subject:** Re: Another funding source

Bill,

No takers yet on the PPM. I am hoping to generate about \$30K from several non-accredited investors for stock purchases in about 1 week. I will assign these to the Hugh shares so that you will get the majority of that money. I can run them thru the PPM program if you prefer, but all these people are definitely not accredited.

You have instructed us to stop selling units; I can possibly generate maybe another \$20K to \$40K on additional unit sales if you will allow that.

What is the status of Dick and the Pat Patterson (Utah guy) technology investigation. How did the cynide test go?

As soon as I can generate some funds, I will get them to you ASAP.

Thanks,  
Larry Paille

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AGRA

**Tab “13”**

**From:** Jerry Hodges [jerry@mindbodyhealth.com]  
**Sent:** Tuesday, December 06, 2005 7:04 PM  
**To:** Jerry Hodges  
**Subject:** ATI Update  
**Attachments:** ATI-Update12-05-2005.doc

Hi,

Attached is latest Agra-Tech Update!!!

This is based on our latest visit to Agra-Tech last week.

Agra-Tech has the precious metals recovery process working incredible well in 6-ton batches and feel they will have the plant ready for production by the end of December or early January 2006.

Enjoy, these updates are starting to be a pleasure instead of a lot of work,  
Jerry Hodges & Larry Paille

**AGRA-TECH UPDATE, DECEMBER 05, 2005**

**Prepared by: Jerry Hodges and Larry Paille**  
**Date: 12/05/05**

**Agra-Tech Stock Offering:**

At this point, there are less than 50,000 shares that are not committed for purchase. Anyone interested in purchasing more stock needs to request a stock offer from us and send it in with payment as soon as possible! The remaining stock will be assigned based on who gets their payments in first.

**Anyone we have on our list to buy stock needs to get their funds in now!** If you want stock, you should get your payment in as soon as possible.

With the status of the plant and the new funding, the stock is looking like an absolutely fantastic investment. The growth of the stock could very likely occur faster than the original projections; thus, producing a healthy dividend stream much sooner than originally expected.

Assuming a 50X increase in the value of the stock and 5% annual dividends, 10,000 shares of Agra-Tech stock is estimated to produce \$41,250 per year of dividend income. This projection is an estimate and will depend in part on market forces beyond the control of Agra-Tech. This level of dividend income was expected to be achieved in 4 to 5 years, but could happen sooner. The chart below shows the estimated annual returns based on a range of capital gains and assuming 5% annual dividends:

**AGRA-TECH STOCK ESTIMATED ANNUAL INCOME FROM DIVIDENDS**

Original purchase cost:	\$1.65	per share
Dividend percent of value:	5.00	percent

Number of shares	Total share cost	Annual dividends as a function of capital gains (multiple of original purchase cost)					
		12 X	25 X	37 X	50 X	75 X	100 X
2,000	\$3,300	\$1,980	\$4,125	\$6,105	\$8,250	\$12,375	\$16,500
4,000	\$6,600	\$3,960	\$8,250	\$12,210	\$16,500	\$24,750	\$33,000
6,000	\$9,900	\$5,940	\$12,375	\$18,315	\$24,750	\$37,125	\$49,500
8,000	\$13,200	\$7,920	\$16,500	\$24,420	\$33,000	\$49,500	\$66,000
10,000	\$16,500	\$9,900	\$20,625	\$30,525	\$41,250	\$61,875	\$82,500
20,000	\$33,000	\$19,800	\$41,250	\$61,050	\$82,500	\$123,750	\$165,000
30,000	\$49,500	\$29,700	\$61,875	\$91,575	\$123,750	\$185,625	\$247,500
40,000	\$66,000	\$39,600	\$82,500	\$122,100	\$165,000	\$247,500	\$330,000
50,000	\$82,500	\$49,500	\$103,125	\$152,625	\$206,250	\$309,375	\$412,500
60,000	\$99,000	\$59,400	\$123,750	\$183,150	\$247,500	\$371,250	\$495,000
70,000	\$115,500	\$69,300	\$144,375	\$213,675	\$288,750	\$433,125	\$577,500
80,000	\$132,000	\$79,200	\$165,000	\$244,200	\$330,000	\$495,000	\$660,000
90,000	\$148,500	\$89,100	\$185,625	\$274,725	\$371,250	\$556,875	\$742,500
100,000	\$165,000	\$99,000	\$206,250	\$305,250	\$412,500	\$618,750	\$825,000

**Notice:** Agra-Tech has nothing to do with the sell of these shares. This is a private arrangement we have put together for the benefit of the ATI unit holders.

**Current Funding Status:**

Agra-Tech has been working with two different groups to provide funding. One deal will very likely be finalized this month, as the president of the group along with several other people will be reviewing the facility on

Monday 12/05/2005. Upon satisfactory completion of the review, funds could be available by the end of this year. This is very good news for Agra-Tech and its share holders as it will allow them to aggressively move forward with the Bellemont 4X plant. Agra-Tech has already started the site acquisition process for this facility. If everything goes as expected it could be in production by the end of 2006; at which time, any remaining investor units will be processed within a few months.

**If you were ever in doubt about this investment this adds a new level of credibility to the ATI precious metal extraction process that you could get from anywhere else. No company would ever loan them \$39 million if there was even a shadow of doubt about this being a totally valid process.** Also, if you were thinking about buying more units this could very easily be the last month to add to your position. I feel sure that when they procure the above loan they will stop receiving funds via the sell of ore units, because there will be no reason to pay the big returns to attract funding.

#### **Current Plant Status:**

Since Peter Gillespie arrived at Agra-Tech he has been working on his own process of recovering precious metals from the Sheep Hill cinders. With the recent addition of Bob Wasiliew, they have completed this process, which means Agra-Tech now owns and is using its own precious metals recovery process. This is a significant advantage to Agra-Tech, as the revenues now only need to be shared with the mining contract investors. This will allow Agra-Tech to move forward more aggressively with their business plan, and will also greatly benefit the value of the stock. They have also been able to achieve this without infringing on any other patents.

The development of this new process was made possible by the addition of Bob Wasiliew. With his expertise, along with Peter Gillespie, they have been able to move forward very rapidly in the development of this new process.

Agra-Tech has completed seven small test runs on the new process. The first three runs have been completed and analyzed. The analysis has shown consistency between runs, with yields in line and comparable to the other process they have tested over the years. The analysis for test runs 4 thru 7 are expected to be completed in about one week. Once the analysis is complete, a final 6 ton test will be run on the new process. Upon satisfactory completion of these tests the facility will be made ready for production.

Efficiencies have been gained in the processing time; at this point, the processing time has been reduced from about 5 days to about 48 hours. Part of these gains has been accomplished with new equipment, such as the centrifugal ammonia scrubber. The rest of the gains have been achieved through process improvements.

The (2) new vibratory mills were delivered last week. These pieces of equipment grind the cinders in preparation for processing, and do a much better job than the old grinders, and also with much lower maintenance and operating cost.

The output of the new process will be bars of metal that are in excess of 90% purity. The dore bars contain platinum, gold, and silver. Bob Wasiliew, who is not only certified assayer but also an umpire assayer, will assay the bars before shipment to the refinery. Because the bars are in excess of 90% purity, and will also be accompanied with an assayer's report, this means payment can be made to Agra-Tech immediately. This is very important, as it greatly reduces the time involved in the turn around of funds from the refinery.

Since Bob's assay reports are recognized by all precious metal exchanges around the world, this will be a significant benefit to Agra-Tech and its investors, as this will stop any slippage that could accrue at the refinery.

#### **Estimated Plant Schedule:**

The current schedule is to have the plant in production by January 2006. That will put the **estimated** start date for parcel payout of investors in the latter part of the first quarter 2006.

Agra-Tech's goal is to accelerate the schedule as much as possible; however, the schedule presented in this update is considered reasonable at this point in time. Please keep in mind these schedules are **estimates** based on the best information at this point in time and are subject to change.

It is very encouraging that the production start date has not slipped during the past few months. The confidence of hitting the first payout date is high at this point. There have been no recent discoveries that have delayed the schedule, or added risk to the schedule.

**New Payout Schedule:**

It is now our intention to first payout all investors their initial investment. At this point in time, it is very difficult to estimate when it will be complete but my best estimate is in the area of July to September. It is highly dependent on how quickly the facility can be ramped up into full production. When this payout is complete we will start working on paying back the profits to Phase-I investors. **This also means that new purchases of ore units will get there initial investment back in a very short time.** Remember, these schedule are an estimate and will very likely change.

**Estimated yield:**

The new ATI process is returning yields very similar, if not greater, than the KMH or Galleon process. The latest yield numbers from the new ATI process are expected to be available very soon. Please keep in mind, the returns are not only based on yield, which is under the control of Agra-Tech, but the price of Platinum, Gold, and Silver, which are controlled by external factors. The table below assumes prices of Platinum, Gold, and Silver at \$905, \$442, and \$6.97. As you are probably aware of they are currently at much higher prices at this time. (The price of platinum last week reached \$1,000 an ounce for the first time since 1980 and Gold is currently trading above \$500 per oz.)

The table shows the estimated yield, based on current test data. **These numbers are estimates and are based on the best information to date.** The 100% yield number is the expected yield; yields ranging from 50% of target to 200% of target are also shown. The chart below shows the expected returns from all metals (Platinum-2oz, Gold-4oz, and Silver-150oz per ton) keep in mind this does **NOT** include the rollover returns.

ESTIMATED RETURN CHART	
Yield	Estimated return
50% of target	\$54,358
60% of target	\$57,629
70% of target	\$60,901
80% of target	\$64,172
90% of target	\$67,444
100% of target	\$70,358
110% of target	\$71,993
120% of target	\$73,629
130% of target	\$75,265
140% of target	\$76,901
150% of target	\$78,536
160% of target	\$80,172
170% of target	\$81,808
180% of target	\$83,444
190% of target	\$85,079
200% of target	\$86,715
<b>Assumptions:</b>	
1. Expected yield is "100% of target"	
2. Returns based on current price of metals	
3. Returns are estimates and not guaranteed	

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**Sales of Additional Mining Contracts:**

**Mining contracts will only be offered for a very limited time!** Anyone interested in purchasing more units need to contact either us ASAP. Once the facility starts production, or other funding is received, mining contracts will no longer be offered.

At this point in time, it is estimated that mining contracts will only be available for another 2 to 3 weeks.

**Contact Information:**

Sedona address: Alpine Trading LLC  
51 Bell Rock Plaza Ste A PMB 350  
Sedona, AZ 86351-9038

Jerry's office phone: (928) 284-2668  
Jerry's cell phone: (303) 898-9840  
Jerry's email: jerry@mindbodyhealth.com

Larry's office phone: (928) 284-2659  
Larry's email: larry@mindbodyhealth.com < NOTE: New email address!!! >

**Tab "14"**

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**From:** Jerry Hodges [jerry@mindbodyhealth.com]  
**Sent:** Tuesday, March 14, 2006 4:01 PM  
**To:** Jerry Hodges  
**Subject:** Agra-Tech Update  
**Attachments:** ATI-Update03-10-2006.doc

This is a second send on this update. It seems that some got it and others didn't. Sorry if you have to receive it twice but I have no way of knowing who received it and who didn't.

Jerry

Hi,

See attached file: ATI Update

Enclosed is the latest update from our visit to Agra-Tech on Friday, March 10, 2006.

Take care,  
Jerry Hodges & Larry Paille

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AGRA TECH.

8/24/2006

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## AGRA-TECH UPDATE, March 10, 2006

Prepared by: Jerry Hodges and Larry Paille  
Date: 03/10/06

### Agra-Tech stock offering:

Another block of Agra-Tech stock has become available; therefore, additional shares are available for purchase at \$1.65/share using the same process as before. These shares were made available from stockholders who are interested in converting some of their shares to cash due to health and financial reasons.

These shares are available to any investor wishing to purchase additional stock and will be issued on a first-come, first-served basis. The process to purchase additional stock is as follows:

1. E-mail Larry Paille at [larry@mindbodyhealth.com](mailto:larry@mindbodyhealth.com) with the following information:
  - a. Your name
  - b. What name you want the stock issued to (personal name, company Inc/LLC/Trust etc.)
  - c. The quantity of shares you would like to purchasing
  - d. When will you have the funds available to complete the purchase
2. When we received the above information we will e-mail back a "Stock Offer" with the information you have provided us.
3. Complete the "Stock Offer" and mail to the address at the bottom of the offer with your payment

There are a limited number of shares, so anyone interested in purchasing stock should not delay. Agra-Tech is actively setting the stage for bringing the company public on the AIM exchange in London. Once the stock goes public, the stock price will likely be much higher than \$1.65 per share, providing the opportunity for immediate and significant capital gains. The future for any Agra-Tech stockholder looks very promising!!! The returns on the stock look to be even better than the 2 for 1 rollover mining contracts, and will occur over approximately the same timeframe as the payout schedule on the mining contracts.

Agra-Tech is looking to take the company public in the second half of 2006.

Any questions regarding stock and the stock purchase process should be directed to Jerry or Larry. Contact information is listed at the end of this update.

### Stockholders meeting being planned:

Agra-Tech is in the initial planning stages of setting up a shareholders meeting that will most likely occur in June. This will be a very exciting time, as Agra-Tech will be able to discuss a number of activities that have been going on behind the scenes in preparation of bringing the company public. This will be very exciting news, which will underscore the large potential gains that will be available to an Agra-Tech stockholder.

Since the pilot plant is expected to be in full production at the time of the shareholder meeting, additional information regarding the scheduling of mining contract payouts, yields, and any yield enhancement programs that are being pursued may also be discussed.

This will be a very important meeting to attend!

### The Inspectorate report:

Agra-Tech engaged an independent company to come in and run an audit of the plant process called an Inspectorate. In case you don't know what an Inspectorate is, don't feel bad, because a month ago I hadn't even heard of the word much less know what it meant. An Inspectorate is an audit of Agra-Tech's process to verify that what they claim they are capable of doing they are really doing. This will add a level of credibility for current investors, and aid companies like Capital Corp as well as future investors in making decisions on investing in this new process of extracting precious metal. Remember this is a process that is totally new to the world and Agra-Tech is the first company to bring a process like this into production.

This week Agra-Tech received results of the Inspectorate report. They received glowing comments from the Inspectorate Group related to how accommodating Agra-Tech was during the audit process and how well Agra-

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Tech handled the security of the audited process run. It was VERY clear from the report, that Agra-Tech was able to recover commercially viable amounts of Platinum from the cinders that showed only trace amounts of platinum when doing the traditional fire assay on the ore.

Needless to say, this report will turn the mining industry on its head. The report clearly demonstrates that Agra-Tech has developed a process that will extract platinum where no traditional process can. The Inspectorate Group is fully aware of the implications of this report to the mining industry in general, and to the value of the Agra-Tech stock. As a result, this report cannot be released at this time (sorry, I tried).

Agra-Tech and the Inspectorate Group feel it is in everyone's best interest to perform a second audited plant run to confirm the positive results of the first run. The second run will be done as soon as possible.

You should be fully aware that doing these audits of the process is what cost a lot of extra time and sets the payout schedule further out, but are very worthwhile to the overall big picture.

#### **Current funding status:**

Discussions continue between Agra-Tech and Capital Corp. concerning Capital Corp's interest in investing in Agra-Tech. An agreement could be reached in the near future that would provide funds to develop the Belmont 4X plant in Flagstaff. Once this funding is available, the Belmont plant is expected to be in operation in approximately nine months to a year. This facility once in full production should have a capacity of 300 - 500 tons per day, which will allow Agra-Tech to quickly process any remaining units.

#### **Current pilot plant status:**

Since the first of the year, the pilot plant has been increasing batch sizes and at this time, the plant is running 800 lb. batches. The batch sizes are getting large enough to require additional equipment in other areas. For example, an 800 lb. batch size produces 100 lbs. of precipitate. Additional equipment has been ordered to effectively handle the larger amounts of material that are being processed. So far, Agra-Tech is very pleased with the scaling up process, and is continuing to find acceptable yields as the batch size has been increased.

Some of the other delays associated with the ramp-up process have been related to problems found with equipment that has been shipped to the site. One example is a dryer that was sent fitted for natural gas, when it should have been fitted for LP. Second, a hammer mill was ordered and it arrived with a broken balancing wheel. Agra-Tech is handling these issues in a timely manner as they occur.

There have been no process problems found as a result of the scaling up process. This is super good news!

#### **Estimated Plant Schedule:**

Once Agra-Tech gets the batch sizes working smoothly and efficiently at 6 tons, it will just be a matter of adding additional tanks to getting the plant capacity up to one unit per day. Once this takes place, which Agra-Tech feels should happen within the next couple of months, we can start working on a firm payout schedule. I want you to be fully aware that Agra-Tech is doing everything in their power to keep timelines realistic and get the plant up to full production capacity as soon as possible.

Payout of the original investment amount (\$10,000 per unit) for all investors is expected to occur within the first 10 months of production. The timeframe will depend on the actual yield, as well as the price of Platinum. The reimbursement of the original investment amounts will be done in groups of 250 units, starting with the earliest Phase-I investors first.

After all investor's original investment has been returned, the profit payments will be disbursed in the same fashion as the original investment amount disbursement.

#### **Yield information:**

Agra-Tech has released no specific yield information at this time but they have stated that they are pleased with the results, and at current yields, they will be happy with the split of the returns between the investors and Agra-Tech. In addition, they expect to continually improve the process, which will result in yield improvements over time.

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**Sales of additional mining contracts:**

Mining contracts are still being offered and will be sold until funds are received from Capital Corp., or alternate source, which means we are very close to the end of this method of funding. So, anyone interested in purchasing more units should contact either Jerry or Larry ASAP.

**New Rollover over information:**

**Please note that ALL contracts, INCLUDING EXISTING Phase-IV investors, and all NEW contracts purchased, will receive the 2 for 1 rollover feature!**

**Contact information:**

Sedona address: Cinder Mountain  
51 Bell Rock Plaza Ste A #350  
Sedona, AZ 86351-9038

Jerry's office phone: (928) 284-2668  
Jerry's cell phone: (303) 898-9840  
Jerry's email: jerry@mindbodyhealth.com

Larry's office phone: (928) 284-2659  
Larry's email: larry@mindbodyhealth.com < NOTE: New email address!!! >

**Tab "15"**

# CAPITAL CORP.

• M E R C H A N T B A N K I N G •

Capital Corp.  
Mergers and Acquisitions, Inc.  
Corporate Financing  
Joint Venture  
Capital Venture  
Loan Negotiation  
[www.capitalcorp.com](http://www.capitalcorp.com)

ACC

Orlando, September 28<sup>th</sup>, 2005

**William J. Pierson**  
CEO & Chairman  
Agra Technologies, Inc. ("ATI")  
5800 Dodge Ave. Bldg. A  
Flagstaff, Arizona, U.S.A.  
86004

## INVESTMENT PROPOSAL ("Proposal")

Dear Mr. Pierson:

Pursuant to the analysis of the documents submitted to us regarding the project described herein we are pleased to present you as representative of "ATI" this Investment Proposal ("Proposal") in connection with the funding of said project. For the purpose of this Proposal, you are acting on behalf of "ATI", hereafter referred to as "The Client and/or the Company", while Capital Corp and its nominees are hereafter referred to as "The Corporate Investors (C.I)" in a transaction of \$39.0M (U.S. Dollars).

**This document replaces and void any other Investment Proposal previously issued.**

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AGRA TECH.

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**PREAMBLE:** The following paragraphs are part of this Proposal.

1. "THE CLIENT" has made it known to Capital Corp ("C.C.") in a meeting held in Orlando, on Thursday, September 1<sup>st</sup>, 2005. (Present at the meeting were Mr. W. Pierson, Mr. W. Baker for "ATI", Mr. Brian P de Thorpe Millard, Banking Consultant Mr. M. Senft, Mr. R. Bellas and Mr. G. Herard for Capital Corp), that he needs funding for the project described herein, as substantiated by the Executive Summary and Business Plan documents, along with Corporate Information CD provided by the Client to Capital Corp.

\*Note: ATI Management provided to the funder their updated Business Plan together with a folder labeled "due diligence status issued Oct. 24<sup>th</sup>, 2005" which will provide an integral part of their representation which are made to the best of their knowledge and belief.

2. In the same meeting Capital Corp has made it known to "THE CLIENT" of the possibility to obtain funds in the United States, by way of syndication with Corporate Investors ("C.I.").
3. During the meeting Capital Corp has made it known to "THE CLIENT" that through the intervention of Capital Corp, as **Facilitator**, Corporate Investors will be contacted to participate in the funding needed, in order to create a **Syndicate** of Corporate Investors capable of providing the funding for the project described herein.
4. Capital Corp has made it known to the Client (same meeting), that Capital Corp will execute a complete and exhaustive Due Diligence on all aspects of the project, and to do so, Capital Corp will require the intervention of Professional Firms, whether Legal, Accounting, Consulting or Valuation. Furthermore, a very special attention will be given to the core elements on which this Proposal has been based, more specifically but without being limited to, the representations of the Client as summarized in #5 (Core Elements) hereafter.
5. The attached annexes A and B are part of this Proposal.
6. Capital Corp by this Proposal summarized the general terms and conditions of the funding Capital Corp will syndicate (based on the conditions herein), as well as the mutual responsibilities and obligations of both "THE CLIENT" and Capital Corp in virtue of this Proposal.

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CAPITAL CORP.

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# SECTION 1

## SUMMARY OF TERMS AND CONDITIONS

1. **CLIENT/COMPANY:** **Agra Technologies, Inc. ("ATI")**  
5800 Dodge Ave. Bldg. A  
Flagstaff, Arizona, U.S.A.  
86004
2. **FUNDER :** Capital Corp together and/or its nominees (Corporate Investors) (C.I.) to whom Capital Corp may, in its sole discretion, assign, sell or transfer any or all of its interests in virtue of this Proposal.
3. **TYPE OF FUNDING:** Capital Investment
- 3A. **INSTRUMENT :**
- |                              |   |                      |
|------------------------------|---|----------------------|
| - A) Common Stock            | : | \$ 3,000,000         |
| - B) Equipment loan          | : | \$ 5,400,000         |
| - C) Mortgage loan           | : | \$ 5,600,000         |
| - D) Participating Debenture | : | \$ <u>25,000,000</u> |
- Total Funding**      \$ **39,000,000**
4. **DESCRIPTION OF THE PROJECT :** As per the Business Plan dated 2005 and email dated 9/8 from Mr. W. Pierson, the project consists of bringing "ATI" an amount of \$39.0M to buyout existing shareholders, acquire discount ore contracts, and proceed with expansion of current operations using proven precious metal recovery technology.

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AGRA TECH.

CAPITAL CORP.

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5. **CORE ELEMENTS OF THE PROJECT :**

The issuance of this Investment Proposal is based on any and all the information and documents provided by the Client to Capital Corp, from which were extracted the following "Core Elements".

- A. "ATI" is a C Corporation under the laws of the State of Nevada formed on May 1, 1998. "ATI" is registered as a foreign corporation in the State of Arizona, where the company conducts a majority of their operations.
- B. "ATI" to-date and since the year-end of 2004 has been profitable (Ref. Chart below) in two main business segments:
  - 1. Water Sales - sold in bulk to individuals, ranchers, businesses east of Flagstaff, Arizona where there are no substantial water services.
  - 2. Precious Metal Recovery - produce revenues by selling ore rights (1,500 total contracts), to which approximately 900 of the 1,500 total contacts are authorized to recover platinum and other precious metals developed at "ATI's" plant and delivered to a refinery(Ref. Core Element F).

	Apr-03	Apr-04	Apr-05
Revenues	-	3,566,402	4,149,728
Cost Of Goods Sold	-	144,343	1,025,138
<b>Gross Profit</b>	-	<b>3,422,059</b>	<b>3,124,589</b>
Research & Development	-	21,974	118,416
Marketing & Selling Expenses	-	925,228	1,045,697
General & Administrative Expenses	45,000	513,869	935,096
<b>Operating Profit</b>	(45,000)	<b>1,960,988</b>	<b>1,025,380</b>
Other Income & (Expense)	-	(364,609)	(330,766)
Income Before Taxes	(45,000)	1,596,379	694,614
Provision For Income Taxes	-	569,933	413,880
<b>Net Income (Loss)</b>	<b>\$(45,000)</b>	<b>\$1,026,446</b>	<b>\$ 280,734</b>

(Ref: "ATI" Audited Financial Statements)

**Note:** In addition, "ATI" has two additional business segments, agricultural products and bio-remediation, which at this time are in development stages but will be exploited as part of the project.

- C. Based on representations of the Client, combined W. Pierson and R. Campbell control "ATI" by 58%. As part of the project (Ref. Section 6A of this Proposal) the remaining shareholders will be "bought-out".

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Following this, the shareholding of "ATI" will be as follows: Management and directors control up to 80% and 20% controlled by "C.I."

- D. "ATI" wholly-owns the following assets:
  - Twenty-six industrial/agricultural zoned acres and related buildings, equipment, and resources located at 66 Luepp Rd., acquired for \$8.0 M US in cash and stock.
  - Central operating facilities located at 5800 N. Dodge Ave.
  - 5.0 M Cubic yards of cinder cone (Sheep Hill), to which no other similar resources are available for purchase.
  - Reliance Land Company LLC (purchased through a wholly-owned subsidiary of "ATI") that in turn controlled three acres that will serve as "footprint" for new 30,000 ft<sup>2</sup> corporate headquarters.
  
- E. As part of the project, "ATI" will acquire Glory Enterprises LLC (which will become a wholly-owned subsidiary of "ATI") that controls 25 M tons of cinder cones (remaining Sheep Hill land), equipment, and revenue from a well established family business.
  
- F. "ATI" has entered into a Joint Venture Agreement with Kalahari Mineral Holdings, Ltd. ("KMH"), a Nevada LLC. "KMH" will license (non-exclusive) their mineral processing technology to "ATI" and in turn "ATI" will pay initial capital payment of \$50,000 and thereafter pay "KMH" 40% of net revenue generated from Precious Metal Recovery from cinder cones controlled by "ATI".
  
- G. Based on representations of the Client, "ATI" or any subsidiaries it controls face no environmental risks. "ATI" is a "green" company with no current or pending litigation against them.
  
- H. Financial Forecast of "ATI" Project

\$ US "000"	Year 1 (F)	Year 2 (F)	Year 3 (F)	Year 4 (F)	Year 5 (F)
Total Revenue	36,379	155,249	374,162	377,088	386,823
COGS	11,031	47,544	100,319	101,504	105,574
Gross Profit	25,348	107,705	273,843	275,584	281,249
Operating Profit	22,435	101,580	245,755	247,290	252,274
Net Income	1,752	47,876	125,771	126,692	129,683

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6. **TOTAL AMOUNT OF THE PROPOSED INVESTMENT IN VIRTUE OF THIS PROPOSAL** : Thirty-Nine Million dollars (\$39,000,000).

6A. <b>USE OF FUNDS</b>		<b>US \$ M</b>
-	Plants Expansion (Total)	8.5 M
	Luepp Plant Improvement	\$ 2.5
	Dodge Ave. Plant Improvement	\$ 1.5
	New Plant Expansion	\$ 4.5
-	Glory Enterprises Land Acquisition	1.25 M
-	Discount on Ore Contracts	8.0 M
-	Trucks, Material, Handling Equipment	7.8 M
-	Buyout of Existing Shareholders	8.2 M
-	Working Capital	2.85M
-	Legal, Accounting, and Loan Fees	2.4 M
	<b>Total</b>	<b>\$ <u>39.0M</u></b>

**IMPORTANT NOTE** : An updated Use of Funds. (if necessary to incorporate any and all changes) will be provided by the Client to Capital Corp. within 30 days from the date of the signature of this Proposal.

**IMPORTANT NOTE #2:** The funder and "ATI" hereby agree that with respect to the acquisition of Glory Enterprises Llc that the Agreement between "ATI" and Glory Enterprises calls for the payment of the balance of cost namely \$5.0 M US, payable \$1.25 M US on June 30<sup>th</sup>, 2007, with the balance being carried by Glory Enterprises Llc at a fixed interest rate of approximately 4% until 2027. In this respect the business property interest will be placed by "ATI" into an escrow trust in favor of the funder until such time as the funder is repaid.

7. **INSTRUMENT "A"** : **Common stock, voting and participating**

7.1 **STRUCTURE** : The funder is to acquire upon closing of the transaction described herein, in virtue of this Proposal, 20.0% of the common stock in circulation in "ATI" on a fully diluted basis for an amount not exceeding \$3.0M (U.S. dollars).

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- 7.2 REDEMPTION :** After five years from the date of acquisition of the shares, (7.1) by the funder, the Client will be able to buy back from the funder and vice versa, any and all (no fractional buyout admitted) the common stock specified in 7.1 here above subject to the following conditions:
- the higher amount of (1) the highest price paid per share in "ATI" over the past two years prior to the buyback or (2) the market value of the same as established by a firm acceptable to "ATI" and Capital Corp, acting reasonably and professionally in selecting the firm to establish the market value.
- 8. INSTRUMENT "B" :** Promissory Note. (Equipment loan)
- 8.1 AMOUNT :** \$5,400,000 versus a cost of \$7,800,000.
- 8.2 TERM :** 60 months.
- 8.3 INTEREST RATE :** 9.50% per annum.
- 8.4 DISBURSEMENT :** Subject to prior funding and disbursement of any and all the proposed Equity Investment in the project, the loan will be disbursed only once the registration of the funder's securities has been completed, the requirements pertaining to insurance have been met, all other contingent conditions have been met, and the cost of the completed project has been ascertained.
- 8.5 REIMBURSEMENT :** Equal, consecutive, monthly payments of principal and interest, starting once the equipment will be installed and operational.
- 8.6 SECURITY :** 1) Deed of commercial pledge/specific assignment of any and all the equipment acquired in virtue of the project.

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**9.4 DISBURSEMENT :** Subject to prior funding and disbursement of any and all the proposed Equity Investment in the project, the loan will be disbursed only once the registration of the funder's securities has been completed, the requirements pertaining to insurance have been met and the cost of the completed project has been ascertained.

**Note:** Please refer to Sections 13, 14, 15, 16 and 17 hereafter for Disbursement Procedure details and Insurance requirements.

**9.5 REIMBURSEMENT:** Equal, consecutive, monthly payments of principal and interest, starting 30 days after all three of the plants start operating.

**9.6 SECURITY :**

- First collateral mortgage on the land and building, in an amount of \$5,600,000.
- Second ranking specific assignment of any and all common stock in circulation of "ATI".
- Second ranking specific assignment of any and all common stock controlled by the principal shareholders in "ATI".

**9.7 LOAN DOCUMENTS:** To be determined by the funder's counsel.

**9.8 REQUIREMENTS :** Refer to Section 18 hereafter.

**9.9 INSURANCE :** Refer to Section 17 hereafter.

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**9.10 CLEAR TITLE CERTIFICATE**

Prior to disbursement, the funder's counsel shall provide the funder with a Clear Title Certificate in an amount, in form and substance, satisfactory to the funder, confirming that the funder has a valid first lien upon the Property.

Said Clear Title Certificate shall contain no exceptions other than those approved by the funder prior to closing, shall insure over the standard exceptions and the gap exception and shall be updated by endorsement from time to time as required by the funder.

**9.11 ATTORNEY'S OPINION**

At closing, funder's counsel shall deliver an opinion addressed to the funder in form, scope and substance satisfactory to the funder, concerning all aspects of the loan including, but not limited to, the due authorization, legality, validity, and binding effect of all required loan documents, the legality of any proposed improvements and that the loan does not violate any applicable law.

**10. INSTRUMENT "D" :** Participating Debenture in the amount of :  
\$25.0M (U.S. dollars).

**10.1 TERM :** Seven years.

**10.2 INTEREST RATE :** The annual fixed interest rate on the debenture will be of 7.0% calculated pro rata temporis on the basis of a 365-day calendar year and will accumulate to the principal amount of the Debenture for the first 12 months further to the first disbursement of the Debenture money, and thereafter will be calculated on the net outstanding balance of the Debenture and payable on a semi-annual basis.

**10.3 ANNUAL PREMIUM PAYABLE TO THE FUNDER :** In addition to the minimum annual interest rate charged on the participating Debenture, the Client will pay the funder an annual premium of 15% calculated on the operating profit of "ATI" for the duration of the term. (Ref. Core Element H)

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**10.4 DEFAULT OF RETURN :** Should the Client be in default in virtue of the annual payment of the "premium", the funder will be able at its sole and absolute discretion to require from the Client an adequate compensation in common stocks of "ATI".

**10.5 DISBURSEMENT :** Subject to prior funding and disbursement of any and all the proposed Equity Investment in the project, the proceed of the participating debenture will be disbursed only once the registration of the funder's securities has been completed, the requirements pertaining to insurance have been met, all other contingent conditions have been met, and the cost of the completed project has been ascertain.

**Note:** Please refer to Sections 13, 14, 15, 16 and 17 hereafter for Disbursement Procedure details and Insurance requirements

**10.6 REIMBURSEMENT OF THE PRINCIPAL AMOUNT OF THE DEBENTURE :** The principal amount of the participating debenture will need to be reimbursed in full the latest on or before the maturity of the term mentioned in 10.1 here above, and in respect of the following annual repayment schedule:

- Years two & three : \$2.0M per year  
- Subsequent years : \$4.0M per year

**10.7 SECURITY**

The debentures do not call for any "personal" guarantee of the shareholders. However, the debentures will be secured by :

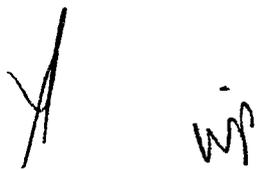
1. A second ranking collateral mortgage in the amount of \$25.0M on any and all the tangible and intangible assets of "ATI".
2. Umbrella Insurance coverage on any and all tangible assets pledged in virtue of the project with loss payable to the debenture holder. This coverage will also need to be extended to business interruption.

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3. A specific assignment (for a period of seven years) on any and all the common stocks of "ATI" with pro rata release in line with the repayment of the Debentures.

#### **10.8 REGISTERED OWNER**

For the purposes of the Debenture, the Registered Owner is the Corporate Investors whose name appears from time to time on the records of "ATI" also hereafter referred to as the Company, as the owner of the Debenture.

#### **10.09 EVENTS OF DEFAULT**

Events of Default under the Debenture will include, but not limited to, (i) failure to pay any principal (upon maturity if not redeemed before) or any interest on the Debentures within 30 days after it becomes due; (ii) failure to perform any other covenant set forth in the Debenture or the Debentures within 30 days after receipt of written notice from the Registered Owners specifying the default and requiring the Company to remedy the default; (iii) certain events of bankruptcy insolvency or receivership of the Company; and (iv) entry of a final judgment, decree or order against the Company or any subsidiary for the payment of money in excess of \$500,000 which remains unsatisfied for 60 days without a stay of execution.

#### **10.10 COMPANY OBLIGATION**

The Debenture is an obligation of the Company only and no recourse will be available against any shareholder, agent, employee, director or officer of the Company.

#### **10.11 SUBORDINATION**

In the event of the Bankruptcy or liquidation of the Company, the Debenture will not be is subordinated to any Senior Debt of the Company. Senior Debt is defined as any existing or future indebtedness of the Company for borrowed money, and any existing or future indebtedness of a subsidiary of the Company for borrowed money if the subsidiary's debt is guaranteed by, or secured by the assets of the Company, unless it is provided in the appropriate instruments that the indebtedness of the Company or the subsidiary is not senior to the Debenture.

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## 10.12 BANKRUPTCY

For the purposes of the Debenture, "Bankruptcy" means (i) the filing by the Company of a voluntary petition in bankruptcy; (ii) the filing of an application by the Company for, or a consent to, the appointment of a trustee, receiver or liquidator for all or any substantial portion of its assets; (iii) the filing of a pleading by the Company in any court of Record admitting its inability to pay its debts as they come due; (iv) the making by the Company of an assignment for the benefit of its creditors; (v) the consenting to, or default in the answering of, a bankruptcy petition filed against the Company in any bankruptcy proceeding; (vi) the entry of a judgment or decree in any bankruptcy or insolvency proceeding to adjudicate the Company bankrupt or insolvent; (vii) the entry against the Company of an order for any relief in any bankruptcy or insolvency proceeding; (viii) the commencement of any proceeding against the Company seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any statute, law or regulation; or (ix) the appointment of a trustee, receiver, or liquidator for the Company or a substantial part of its assets without the consent or acquiescence of the Company.

## 10.13 EXCHANGE

After 36 months, the Company may require the Registered Owners to exchange all of the Debentures for shares of preferred stock to be authorized and issued by the Company if, in the sole judgment of the Company's Board of Directors, such exchange is necessary or desirable for the Company's growth or to obtain economical and flexible financing for the Company.

## 10.14 REDEMPTION BEFORE MATURITY

Starting on year three after the disbursement of the debenture, the Company will have the option to pay in full in advance before maturity any and all the outstanding principal amount of the debenture providing (a) a 90 day notice to the debenture holder (b) the payment by the Company to the debenture holder of an "opting out kicker" equivalent to one (1) year interest, calculated on the principal balance of the debenture. This "kicker" is in addition to any or all regular interest due on the debenture in virtue of the annual interest charge.

## 11. CURRENCY

All the figures expressed herein are in U.S. dollars, unless otherwise specified.

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**12. LEGAL CLOSING DOCUMENTS**

The C.I.'s counsel shall prepare upon closing the necessary legal documentation in order to comply with all the terms and conditions of this Proposal, and to comply with applicable law. All documentation must be satisfactory to the C.I. and the Client. All reasonable legal costs based on an approved budget shall be shared by the Client and the C.I. and paid at closing.

**13. DISBURSEMENT PROCEDURES (applicable for Instruments "C" and "D")**

**PHASE ONE:** Lump sum in the amount of \$3.0 M US to be used primary for infrastructure improvements, including equipment acquisition and installation costs - electrical, reinforcement of flooring, etc. of Luepp Road plant and general working capital requirements.

**PHASE TWO:** Progressive disbursement, subject to prior funding and disbursement of any and all the proposed Equity Investment in the project, the proceed of Instruments "C" and "D" will be disbursed progressively according to a disbursement schedule to be provided by the Client to Capital Corp. within 30 days from the date of the signature of this Proposal.

**14. BEFORE DISBURSEMENT (Phase Two)**

Before any disbursement of Instruments "C" and "D" is made an engineering firm (designated engineer) acceptable to the C.I. will be retained by the Client at the Client's expense to review all plans and final designs as well as all other pertinent documents related to the construction work to be completed in virtue of the project. The C.I. shall receive a formal opinion from said designated engineer regarding:

- Final copy of blue prints and plans to be provided by the architect of the project.
- Conformity with the local construction codes and zoning rules and regulations.
- Construction schedule as provided by the Client.
- Review and approbation of the budget provided by the Client.

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- Review and approbation of the surveyor report on the land (if applicable).
- Confirmation of all budgets related to the costs of the project (direct costs and indirect costs) by way of signed contracts with a general contractor, which contracts will be in conformity with the documents provided by the Client to the C.I.
- Certified opinion report, signed by the designated engineer in regards to the development costs of the infrastructure of the project described herein.
- Construction schedule as prepared by the General Contractor together with a cash flow schedule summarizing the needs for funds and the dates.
- Designated engineer's certificate confirming that the contracts signed with the General Contractor are in conformity with the plans and designs.
- Confirmation of obtaining of a "Performance Bond" in the name of the General Contractor, said Performance Bond to be issued by an insurance company acceptable to the C.I.

**15. CONSTRUCTION OF IMPROVEMENTS (Phase Two)**

The improvements to be constructed by the Client shall be constructed in accordance with final plans and specifications approved by the C.I. and the applicable governmental authorities. Disbursements of the proceeds (debentures) and mortgage loan shall be made by the C.I. in accordance with a schedule to be acceptable by the parties and shall be subject to all of the conditions for advances specified in the Construction Agreement to be prepared by the C.I.'s counsel. Construction of the improvements, as same progresses, shall be inspected and monitored by an architect, engineer (designated engineer) satisfactory to the C.I. and the Client, at the Client's expense.

Not later than thirty (30) days prior to closing, Client shall provide the C.I. with complete construction cost breakdown, together with copies of the contract of all major subcontracts. All of the foregoing shall be in form and content acceptable to the C.I., as far as is possible within the specified timeframe.

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16. **AVAILABILITY OF FUNDS (Phase Two)**

Subject to the Equity Investment of the Client in the project, the proceed of Instruments "C" and "D" will be available on the basis of cost to complete as follow:

- 1) The designated engineer (see note hereafter) or Project Manager, will conduct an inspection of the construction work at least once a month, at the Client's expense and will submit to the C.I. a Certified Report confirming:

**Note:** The designated engineer referred to in this section of the Proposal will need to be satisfactory to both the C.I. and the Client, before being formally appointed to the project. The Client will have the opportunity to refer to the C.I. a firm of engineers of its choice, and providing that the C.I. can be satisfied with the credibility and experience of said firm, the C.I. will not object to its appointment.

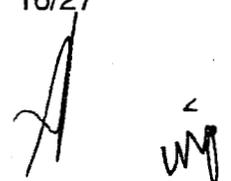
- a) the construction work is executed according to the original schedule respecting the disbursement schedule originally planned
- b) the payment requirement from the Client in connection with the direct costs represents the work completed for the project.
- c) the remaining funds to be disbursed are sufficient to complete the project as planned.
- d) obtain the C.I.'s authorization for any construction cost increase exceeding \$50,000 .
- e) require the funds exclusively for the project.
- f) provide access to the construction site to the C.I. and/or its inspector at all times.
- g) authorize the C.I. to disburse its funds with joint payment to the Client and the General Contractor and/or Project Manager, and/or other parties, as required by the General Contractor
- h) provide a summary of the expenses, confirming the original budget together with a certificate signed by the General contractor/Project Manager, confirming the use of the funds required for payment.
- i) cover with an additional investment, any situation of cost overrun.

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- j) provide the C.I. with account statements and detailed invoices from the suppliers not covered, in the General Contractor's Agreement.
- k) any request for funds has to be done by writing by way of certificate signed by the designated engineer and be fully documented and confirmed that the non disbursed portion of the proposed funding will be sufficient to complete the project.

In addition said certificate will confirm that the advances required are in respect and in conformity with the budget.

- l) each request for funds will be for a minimum amount of \$500,000.
- m) in a case where the designated engineer of the project cannot reconcile the expense statement of the project as provided by the Client, the C.I. reserves the right to suspend any additional advances until the differences (discrepancies) are resolved at the entire satisfaction of the designated engineer.
- n) based upon completion of the work done there will be a hold for privileges of ten (10) percent calculated on the work and material of any advances.
- o) the first disbursement of the funds allowed for the construction will have to be done on or before March 30<sup>th</sup>, 2006, otherwise the C.I. reserves the right to withdraw from the transaction, and annul and void this Proposal.
- p) in the situation where the costs exceed the projected costs of the Client, said Client shall be able to pay from its own money said cost overruns, before any other advances are made by the C.I., and then the Client will need to demonstrate that the undisbursed funds are sufficient, in the opinion of the C.I., to complete the project.

## 17. INSURANCE (Phase One and Two)

- A) Liability insurance of not less than \$1,000,000.00 naming the C.I. as an additional insured, flood, windstorm insurance and fire and extended coverage insurance with each policy containing mortgagee loss payable clauses satisfactory to the C.I. and all of such policies containing an agreement to notify the C.I. in writing at least thirty (30) days prior to any cancellation or reduction in coverage of such policy, covering such hazards, in such amounts, in such form, and issued by such carriers as shall have been approved by the C.I.. The original of the flood, fire and extended coverage policies shall be delivered to the C.I. at the time of the closing of the Investment. 17/27

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- B) A certificate from an insurance company satisfactory to the C.I. indicating that the Client and the Client's General Contractor are covered by public liability and workmen's compensation insurance to the satisfaction of the C.I.
- C) A builder's risk insurance policy. In addition a fire and extended coverage insurance shall be required until the improvements are completed and the flood and windstorm policy shall not be required until the roof and the walls are built, or such earlier time as required by applicable laws and regulations.

18. **REQUIREMENTS**

The finalization and the **syndication** of the transaction described herein, is subject to the execution by the **facilitator** of a satisfactory due diligence in connection with all aspects of the project described herein. In addition, the Client will provide the **facilitator** with the following documents, within 60 working days from the date of activation of this Proposal.

- 1. At the time of issuance of this Proposal, the **facilitator** was provided with a Business Plan prepared by the Client. Said Business Plan will now need to be validated/Certified and signed by a professional firm selected by the **facilitator** in its sole and absolute discretion and responsibility, which report would provide evidence to the **facilitator's** satisfaction of the Economical Viability of the Client's project
- 2. An Appraisal Report, to be prepared by a Valuation Firm to be selected by the **facilitator** in its sole and absolute discretion and responsibility, which will confirm the present "Commercial Value" of "ATI," to back up the Investor's Equity Investment of \$3.0M for 20% of the controlling stocks of "ATI".
- 2A. An Appraisal report as prepared and signed by a professional firm acceptable to the **facilitator**, which will confirm the present minimum "Economical Value" of \$35.0 M for the project
- 3. Evidence that the Property as intended to be improved meets all material local and State Building Construction and fire codes, zoning requirements, energy conservation and environmental codes.

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4. Evidence that the Luepp and Belmont Properties are zoned to permit the improvements thereon and that there are, in full force and effect, valid approvals, variances and permits, including any requirement building permits and concurrence approvals, issued by all Governmental Authorities having jurisdiction thereon, to the extent the absence of any of the following would have a material effect on the ability of the Client to make said improvements.
5. The Client shall provide the **facilitator** with three (3) originals of a recent (not older than one year) survey of the Property, prepared, sealed, and certified to the **facilitator**, its legal counsel and the Title Company by a duly registered surveyor or engineer, which survey shall reflect the correct legal description of the Property, shall show the location and parameter boundaries of the Property, shall disclose access, elevations, all improvements, encroachments, easements and rights of way, and shall reflect no materially adverse conditions unsatisfactory to the **facilitator**, and its counsel.
6. The Client shall provide the **facilitator**, no later than ten (10) days prior to the first advance all the required material permits and licenses for construction of the improvements.
7. The Client shall, at its own expense, provide the **facilitator** with a Phase 1 environmental audit of the Belmont property, certified by an environmental engineer, acceptable to the **facilitator**, evidencing that there are no hazardous waste or materials, as defined by federal, state or local law, of any kind stored, kept, disposed upon or otherwise affecting the Property or any portion thereof. In the event said report indicates there are material levels of any such hazardous wastes or materials, the **facilitator** may, in its sole and absolute discretion, either (i) require as a condition to closing that all appropriate reasonable corrective action be taken, or (ii) cancel and terminate any eventual Proposal.
8. Provide the **facilitator** with written confirmation in regards of any loan and/or liens to pay actually in existence on the project. Said confirmation needs to come from the creditors and addressed to Capital Corp.
9. Any and all documents reasonably required by the **facilitator** in justification of the use of the funds specified in # 6A herein.
10. Any and all additional documents that the **facilitator** may reasonably require to execute and finalize the transaction.

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**Note:** Any and all of the above required documents will need to be provided within the delays.

**19. COVENANTS**

For as long as the Corporate Investors (C.I.) will be the shareholder in "ATI" and the registered owner of the Debentures, "ATI", agree to respect the following covenants.

1. To provide the C.I with audited year end financial statements within 90 days from the date of the end of the fiscal year.
2. To provide the C.I with an in-house P & L and Balance Sheet, the latest the 20<sup>th</sup> of each month.
3. To provide the C.I. upon request, a list of the accounts payable and receivable together with a status report on short term borrowing with banks.
4. To agree to a conference with C.I. whenever reasonably requested by the C.I
5. To form a Board of Directors with Members acceptable to both the C.I. and "ATI", and allow the C.I. to have a representation on the Board of Directors, proportional to voting common stock. In addition, a unanimous consent of the Board of Directors will be necessary for any and all situations involving: mergers of "ATI" with another Group, the acquisition of any Group by "ATI", the dissolution of "ATI" or any modification of its status, issuance of capital stock or any other instrument in "ATI", the sale of any substantial assets in, or formation of any joint venture, the contracting by "ATI" of any obligation having an impact on the Debt/Equity ratio of "ATI". In addition "ATI" undertakes to adopt a "Code of Ethic" regulating the action of any and all stockholder in "ATI" and its executive and management personnel. This Code of Ethic will mainly be regarding the preparation of financial statements and the financial administration of "ATI".
6. Restriction of free circulation of any and all common stock in "ATI" as per the following general guidelines (i) restrictions of sale of any and all common stock to be controlled by the C.I. and the actual majority shareholders of "ATI" for a period of five (5) years (ii) restriction to pledge or borrow against any or all the stocks held by the C.I. and the actual majority shareholders of "ATI" (iii) preemption right of any of the shareholder to buy back any or all common stock becoming available. At all times Standard Preemption rights pre applicable to all common stock shareholders.

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7. To provide the C.I. with annual pro forma budget and P & L forecasts in both "ATI".
8. To limit the overall credit obligation of both "ATI" to a level, agreed upon by the C.I. and the shareholders of "ATI".
9. Not to pay the shareholders any dividends, bonuses and/or extraordinary expenses in both "ATI" without prior unanimous consent of the Board of Directors of either Companies.

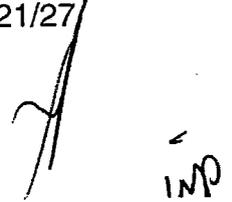
20. **TIME REQUIREMENT**

**Placement**

Subject to a satisfactory Due Diligence and the **facilitator** being provided on time and within the delays prescribed herein, of the documents (funding package) specified in Section 18 of this Proposal, the **facilitator** will provide a copy of said funding package to each and every selected C.I. (for the purpose of the syndication) within twenty working (20) days of the latest date of (i) completion of the due diligence or (ii) receipt by the **facilitator** from the Client of the funding package referred to herein. As soon as the **facilitator** is informed by the C.I. with whom the **facilitator** has been in contact, in regards to executing the present Proposal that the transaction sought on behalf of the Client is granted, whether as requested or with conditions, modifications, reserves of any kind, the **facilitator** will give notice to the Client by fax or the particulars of the proposed Syndication Agreement ("S.A.") he has negotiated. In all cases, a fax shall be sent to the Client by the **facilitator** to confirm the content and particulars of said Syndication Agreement. The Client will have a maximum of ten (10) working days to notify the **facilitator** of his intention to accept or to decline the conditions set forth in the Syndication Agreement. In all cases a fax shall be sent to the **facilitator** by the Client to confirm the Client's acceptance or refusal of the Syndication Agreement. In case no such fax is sent by the Client to the **facilitator**, within the specified delay, the **facilitator** may, if he so decides, terminate this Proposal, whether expired or not, and may cancel the Syndication Agreement obtained from the C.I. through his endeavor, without any responsibility whatsoever towards the Client for such cancellation and the resulting inconvenience, if any, suffered by the Client, as a consequence of such cancellation. If the syndication is not successfully completed within sixty working (60) days upon presentation of said funding package to the C.I., either party (the **facilitator** or the Client) may unilaterally decide to withdraw from the transaction, respecting however any disposition to the contrary as specified herein.

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## SECTION II

### CONDITION OF COMPLETION AND DISBURSEMENT

1. While working to the completion of the transaction described herein upon the occurrence of any of the following events, the **facilitator** may, in its sole discretion, terminate this Proposal without further notice or obligations and without any liability whatsoever to the Client, or any third party.
  - A) If all applicable conditions contained herein have not been met to the reasonable satisfaction of the **facilitator** or the transaction has not been finalized within the delays prescribed herein, or the fault on any other obligation the Client may have in virtue of this Proposal.
  - B) Upon Client making a general assignment for the benefit of creditors, or if there is filed by or against the Client, a petition in bankruptcy, or for the appointment of a receiver, or if Client's business is discontinued as a going concern, or if there is a suspension of business, or in case of the issuance of any warrant or attachment against any of Client's property or the taking of possession of or assumption of control of all or any substantial part of the property of Client's business by any governmental agency.
  - C) Upon any adverse change in the Client's conditions or upon the default by Client of any obligation of Client to any third party. Also should an important change arise with respect to the nature of the risk prior to the date of the disbursement of funds, which change is considered to be unfavorable to the **facilitator** in its sole and absolute discretion.
  - D) If any legal or administrative action, suit or proceeding shall be instituted or threatened against the Client or any judgment is entered or tax lien is filed against the Client.
2. The completion and disbursement of the proposed investment by the funder and the terms and conditions contained herein are subject to the approval by the funder's Legal Counsel and of the supervisory authorities regulating the funder. If the terms of this Proposal and the obligations of the funder hereunder conflict with any applicable law or regulation, such law or regulation shall control over and supersede any such conflicting term or obligation. The Client agrees that the **facilitator** and the C.I, shall have no liability whatsoever to the Client, guarantors or any third party, including any intended or incidental beneficiary hereof, as a result of any such conflict.

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3. The funding of the transactions described herein is subject to the **facilitator's** successfully syndicating with Corporate Investor (C.I.), the funds needed for the transaction described herein, understanding that this Proposal is not to be interpreted as constituting a guaranty on the part of the **facilitator** to be successful with said syndication.
4. In signing the present Proposal the Client authorizes the **facilitator** to obtain any and all information in its sole discretion deemed appropriate in the execution of its Due Diligence.

"The Client", in order to facilitate the execution of said Due Diligence hereby binds and obliges himself to communicate to the **facilitator** any and all pertinent documents of any nature that may be reasonably requested by the **facilitator**.

Said document(s) shall be used exclusively by the **facilitator** in connection with the execution of the Due Diligence to be performed in virtue of this Proposal. Furthermore, the Client does bind and obliges himself to inform the **facilitator** of any and all facts and/or information of any nature that may influence the **facilitator** in executing the transaction described herein or that may have an immediate or eventual negative impact on the project described herein thus increasing the risk of the funder in doing the transaction described herein.

Also it is the Client's" responsibility to provide the **facilitator** with documents in English, and presented in a format acceptable to the **facilitator**. In addition any and all of out-of-pocket expenses of the **facilitator** in connection with the execution of the Due Diligence will be paid by the Client to the **facilitator** upon demand by the **facilitator**, and in addition to the Due Diligence fee paid by the Client to the **facilitator**.

### CLOSING FEES AND OTHER COMPENSATIONS

Provided that a Syndication Agreement is granted by the C.I. in favor of the Client as a consequence of the execution of this Proposal and provided that the Client has advised the **facilitator** of his intention to accept the Syndication Agreement stated in the **facilitator's** fax, then, the Client binds and obliges himself to pay to the **facilitator** upon disbursement of the transaction described herein, a closing fee in an amount equivalent to five percent (5%) calculated on the pro rata of the total gross amount of the funds obtained, excluding Capital Corp's participation to the funding, without any reduction for analysis fees, evaluation fees, hold backs, closing fees to any party and/or similar fees or costs, whatever their nature, that may be charged by the C.I. or any other third party.

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After having confirmed to the **facilitator** his intention to accept the Syndication Agreement, should the Client decides not to carry on and/or refuses and/or neglects to do whatever is necessary to fulfil the requirements set by the C.I. as part of the Syndication Agreement, then, the **facilitator** will be entitled to his full closing fee as if the transaction would have been completed in favor of the Client.

To further guarantee the **facilitator's** closing fee, the Client hereby cedes, assigns and transfers in favor of the **facilitator**, all sums and other consideration he is to receive from the C.I. in connection with the Syndication Agreement up to the amount and considerations specified here above. Furthermore, the Client hereby instructs the C.I. having issued the Syndication Agreement accepted by the Client to pay directly to the **facilitator** the full amount of his closing fees.

### **DUE DILIGENCE PROCEDURE**

As thoroughly discussed with the Client, and as mentioned in this Proposal document, Capital Corp will execute itself a thorough Due Diligence in connection with all aspects of the Client's project.

### **DUE DILIGENCE FEES**

As discussed with the Client, Capital Corp will charge a Due Diligence fee in the amount of \$97,500 (¼% of the funding needed) plus an amount of \$25,000 in estimated out-of-pocket expenses, together payable as follows: \$10,000 upon signature of this Proposal, \$42,500, on or before November 10<sup>th</sup>, 2005 and, \$70,000, on or before November 30<sup>th</sup>, 2005.

The acceptance by the **facilitator** of a deferred Due Diligence Fee is "exceptional" and definitely a non-common business practice for the **facilitator**. Consequently, it is understood and agreed that should the second tranche of the Due Diligence Fee not be paid on time by the Client, the **facilitator** will be able in its sole and absolute discretion, to terminate this Proposal, and any and all of Capital Corp's obligations in virtue of this Proposal will become null and non avenue.

### **NOTICES**

Notwithstanding any provision to the contrary, the Client agrees that any notice to be given to him in connection with this Proposal will be sent at the following address and/or telephone number, namely:

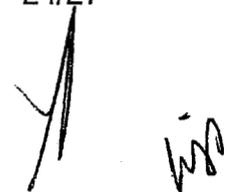
**Agra Technologies, Inc. ("ATI")**  
5800 Dodge Ave. Bldg. A  
Flagstaff, Arizona, U.S.A.  
86004  
TEL : 928 526 2275  
FAX : 928 526 2269

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The **facilitator** agrees that any notice to be given to him in connection with this Proposal will be sent at the following address namely:

**CAPITAL CORP**  
390N. Orange Ave  
Suite 800  
Orlando, Florida  
U.S.A. 32801  
TEL: (407) 540 0142  
FAX: (407) 540 0143

## GOVERNING LAWS

Notwithstanding any provision to the contrary, "THE CLIENT" and the **facilitator** hereby agree that this Agreement will be governed by and interpreted pursuant to the Laws of the State of Florida and that venue for purposes of any litigation brought pursuant to this Agreement shall be exclusive and vest with the State and Federal Courts in Orange County, Florida. Further "THE CLIENT" voluntarily agrees to submit to the jurisdiction of the State and Federal Courts domiciled in Orange County, Florida, and agrees that service of process may be effected by mail to the last known address of "THE CLIENT" and the records of the **facilitator**.

In the event of any dispute whatsoever between "THE CLIENT" and the **facilitator** in virtue of this Agreement, "THE CLIENT" and Capital Corp mutually agree to forfeit their right to engage into a legal action against each other, but rather try to in good faith to resolve the dispute through mediation by selecting a third party (Mediator) to help reach an agreement. The **facilitator** and "THE CLIENT" both acknowledge that should a dispute arise that cannot be resolved through mediation, both "THE CLIENT" and the **facilitator** are giving up the right to have the dispute decided in a court of law before a judge or jury.

Instead, both "THE CLIENT" and the **facilitator** are accepting the use of arbitration for resolution, in which case a competent and impartial third party (Arbitrator), acceptable to both parties, shall be appointed to arbitrate the dispute and each disputing party shall pay an equal percentage of the mediator's/arbitrator's fees and expenses.

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## REPRESENTATION OF THE CLIENT

The client recognizes that he came to Capital Corp without being solicited by anyone at Capital Corp. The client acknowledges and agrees that this Proposal is subject to and based on the accuracy of any and all information, representations and documents submitted by the Client to Capital Corp in support of his application at Capital Corp for the transaction described herein, including any and all exchange of correspondence between the Client and Capital Corp, prior to issuing the Proposal. In addition, the client hereby recognizes that this Proposal is also issued based on the fact that the client(including majority shareholders and guarantors) is(are) representing to Capital Corp in signing this Proposal to be in good a financial situation. In the event of inaccuracy changes in the information, representations above mentioned, the client recognizes the right of Capital Corp , in its sole and absolute discretion to terminate this Proposal and the client understands that in such situations any and all of Capital Corp's obligations in virtue of this Proposal will be null and non avenues. Furthermore and notwithstanding any representation to the contrary, contained in this Proposal, should such situation occur, Capital Corp's closing fee will immediately become due and payable by "ATI" to the **facilitator**.

## CAPITAL CORP'S REPRESENTATION

Capital Corp has the right but not the obligation to directly participate in the proposed investment, while the difference between C.C.'s participation and the amount of the proposed investment will be syndicated by Capital Corp with one or more than one Corporate Investor(s). Capital Corp reserves the right not to disclose the identity of said Corporate Investor(s), until Capital Corp finds it necessary to do so.

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**ACCEPTATION**

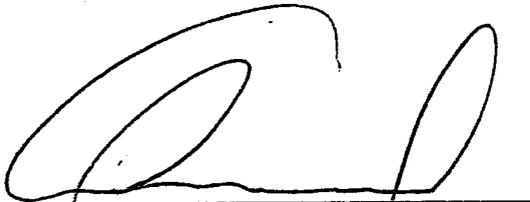
If this Proposal is acceptable to you, please sign it where indicated and return a copy to our office on or before October 25<sup>th</sup>, 2005, together with a wire transfer in the amount of \$10,000 which will need to be credited to Capital Corp's account (activation date) within 48hrs pursuant to the signature of this Proposal.

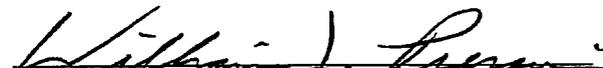
If this Proposal is not accepted on or before October 25<sup>th</sup>, 2005, and the wire transfer credited to our bank account within 48hrs of the signature, Capital Corp reserves the right in its sole and absolute discretion to cancel this Proposal.

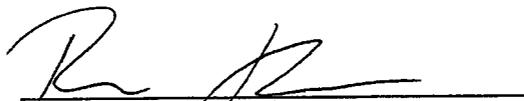
ACCEPTATION OF THIS PROPOSAL THIS 25 DAY OF October 2005.

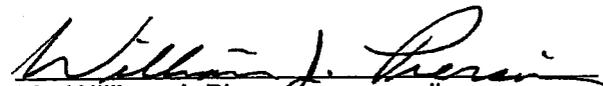
Capital Corp M & A Inc.

Agra Technologies, Inc. ("ATI")

  
Gilles A Herard Jr., President,  
for Capital Corp

  
Mr. William J. Pierson, Representing  
Agra Technologies, Inc. ("ATI")

  
Ronald Bellas, Project Director, for  
Capital Corp

  
Mr. William J. Pierson, personally

27/27

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ANNEX "A"

NON-DISCLOSURE AND NON-CIRCUMVENTION

BILATERAL AGREEMENT

**In consideration** of the mutual promises contained herein, the undersigned parties, intending to be legally bound, hereby irrevocably agree not to circumvent, avoid or by-pass each other, directly or indirectly, to avoid payment of fees, commissions or other benefits, either financially or otherwise, in any corporation, trust, partnership, or other entity, in connection with any project, submitted by either signatories to other signatories ... or any other additions, renewals, extensions, rollovers, amendments, re-assignments, or otherwise relating to this project or any other project, which the parties to this Agreement shall be signatories.

**Each of** the signatories, separately and individually, and their associates hereby agree that (he/she) or (his/her) corporation, divisions, subsidiaries, employees, agents or consultants will not make any contract, deal or accord with any trust (corporate or otherwise), lenders or borrowers, buyers or sellers, introduced by another of the signatories, separately or individually, and their associates without the express permission of the introducing signatory (signatories). This Agreement is also effective for the signatories' heirs, assigns and designees.

**The signatories** hereby agree to keep completely confidential the names of corporations, organizations, individuals, lenders, borrowers and buyers introduced by the name signatories or their associates. Such identity shall remain confidential for the duration of this Agreement, and shall include any phone numbers, addresses, telex, numbers, et al. Such information is considered the property of the introducing signatory (signatories).

**Nor shall** any party to this agreement disclose or otherwise reveal to any third party, any confidential information provided by the others, and particularly concerning lenders, sellers, borrowers, buyers or other names and addressees, telex, facsimile, telephone numbers or any other means of access thereto, including bank information code references, privileged information, without formal consent of the other parties of this Agreement.

**This Agreement** is a perpetuating guarantee for six years from the date affixed below and is to be applied to any and all transactions entertained by the signatories, present and/or future, as well as to the initial transaction, regardless of the success of the initial project, or the life of the current projects, transactions, additions, renewals, extensions, rollovers, amendments, new contracts or third party assignments, including subsequent follow-up, repeat, extended or renegotiated transactions. The signatories hereby confirm that the identities of the corporation, individuals and/or trust, lenders or borrowers, buyers and sellers, are currently the property of the introducing signatories and shall remain so for the duration of this Agreement.

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Any controversy or claim arising out of or relating to this contract and Agreement. Or the breach thereof, and which is not settled between the signatories themselves, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgement upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof, including the award to the aggrieved signatory (signatories), their heirs, assigns and/or designees, for the total remuneration received as a result of business conducted with the parties covered by this Agreement, plus all court costs, attorney fees, and other charges and damages deemed fair by the Arbitrator(s).

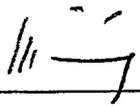
By signature below and execution of this Agreement, each of the named signatories, separately and individually, and their associates confirm that any corporation, organization, firm, company or individual of which the signer is a party to, a member of, a principal agent for, or in association with, is bound by this Agreement. If any of the signatories is an officer or his/her corporation, this signature represents a corporate guarantee of corporate responsibility with respect to this Agreement. It is understood that this Agreement is a reciprocal one between the signatories concerning their privileged information and contracts.

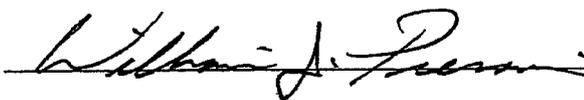
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the

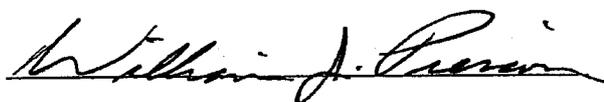
25 day of October 2005.

  
Witness Signature

  
Mr. Gilles A Herard Jr for  
Capital Corp/Facilitator

  
Witness Signature

  
Mr. William J. Pierson Representing  
Agra Technologies, Inc. ("ATI")

  
Mr. William J. Pierson, personally

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ANNEX "B"

DISCLAIMER

CAPITAL CORP'S MERCHANT BANKING ACTIVITIES

The classic Merchant Bank has long been defined as a "European Financial Institution that engages in Investment Banking, Counseling, and Negotiating in Mergers and Acquisitions". The American variant is not an entity. We do not have Merchant "Banks", rather, entities engage in the activity of Merchant Banking.

Merchant Banking is the process of acting as principal and/or agent in project financing, mergers or acquisitions. The Merchant Banker can commit his firms' capital to a transaction, either in the form of debt (usually short-term bridge financing pending completion of a financing transaction or public securities offering) or equity, and in either event may receive an equity position in the company as part of the compensation for its service. The Merchant Banker also acts as agent by putting in place the permanent debt or equity financing needed by the company.

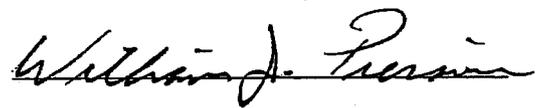
In the 1980s Merchant Banking became identified for the most part with leveraged buy-out transactions and related junk bond financing, and the activity was dominated by some major investment banks and leveraged buy-out-firms. Soon more European-style Merchant Banking organizations were structured, notably the Blackstone Group and the Carlyle Group. These organizations (like Capital Corp) essentially are in the business of finding opportunities and sources of funding and, with investors' money and sometimes their own capital, buying control, financing growth, or effecting mergers or acquisitions of their clients.

Inevitably, the Merchant Banking model exemplified by the Blackstone Group began to be emulated on a smaller scale. Investment Bankers began leaving organizations where they had developed networks of contacts and structured transactions as agents for their clients, and formed Boutique Merchant Banking entities (Capital Corp is a Boutique Merchant Banking). These entities engage in the panoply of services usually thought of as Merchant Banking, but with one big difference. They seldom commit their own resources to provide bridge financing in anticipation of a merger, acquisition or public offering of securities, and almost never commit significant funds to direct equity investment in their clients. Rather, they earn equity, commission or other compensation by providing more or less traditional Investment Banking Services, such as finding investors and negotiating new or restructured loans with lending institutions.

Whether the entity engaged in Merchant Banking activities commits significant resources of its own as principal in a transaction or merely acts as a Financial Advisor and Placement Agent, the rewards are potentially large. The difference between acting as a finder or placement agent for securities, in exchange for a fixed fee, and acting as an underwriter for a commission is often irrelevant in a Merchant Banking transaction.

The bottom line is that whatever the nature of their activities, or the size of deals they nurture to completion, those engaged in Merchant Banking activities perform a valuable service for their clients as they seek to locate capital and bring deals to fruition.

RECEIVED COPY: 10/25, 2005.

  
Name:

ACC012127  
AGRA TECH.



**Tab "16"**

wjp@ati

**From:** <Gherardcc@aol.com>  
**To:** <wpierson@agra-technologies.com>  
**Cc:** <Ronbellascc@aol.com>; <rcampbell@agra-technologies.com>  
**Sent:** Tuesday, May 30, 2006 4:44 AM  
**Subject:** From G Herard Jr Cap. Corp.Re:Your e-mail dated 5/26

Dear Bill:

Good morning,

I acknowledge receipt of your e-mail, which confirms and reiterates the conclusions of the meeting we had in Orlando, and we hereby accept your withdrawal from the transaction, hence the Investment Proposal is now nul and non avenue.

On the other hand, it was also agreed to keep a "Channel of Discussion" open with Agra Tech, and explore with Agra Tech "Other" possibilities of funding related to "Other" Projects sponsored by Agra Tech.

In that respect: We already started to exchange e-mails about up coming documents, which will definitely be reviewed in top priority as soon as they come in,

Best Regards,

Gilles Herard Jr  
President  
Capital Corp. Merchant Banking  
390 N. Orange Ave. Suite 800  
Bank of America Center  
Orlando, FL 32801

Office Ph : 407,540,0142  
Direct Line: 407,540,0184  
Office Fax : 407,540,0143  
Direct Fax : 407,540,0113

Web Site : [www.capitalcorpmerchantbanking.com](http://www.capitalcorpmerchantbanking.com)

**Confidentiality Notice: This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, forwarding, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify the sender immediately by e-mail or telephone, and delete the original message immediately.**

ATI0010

7/16/2006

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**Tab "17"**

1 Peter Strojnik, 6464  
2 THE LAW FIRM OF PETER STROJNIK  
3 3030 North Central Avenue, Suite 1401  
4 Phoenix, Arizona 85012  
5 Telephone: 602-297-3019  
6 Facsimile: 602-296-0135  
7 e-mail: Strojnik@aol.com; lawyer@strojnik.com  
8 Attorney for Plaintiffs

**COPY**

AUG 10 2006



MICHAEL K. JAMES, CLERK  
L. CUMMINGS  
DEPUTY CLERK

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IN THE IN THE SUPERIOR COURT OF THE STATE OF ARIZONA  
IN AND FOR THE COUNTY OF MARICOPA

) NO. CV 2006-009755

)  
) **NOTICE OF INVOLUNTARY**  
) **TRUSTEESHIP**

11 RICHARD CAMPBELL, and SONDRAL  
12 CAMPBELL, husband and wife )

)  
) Plaintiff, )

14 vs. )

15 AGRA TECHNOLOGIES, INC. )  
16 Defendants. )

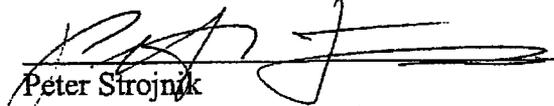
19 **PLEASE TAKE NOTICE** that A.R.S. § 13-2314.04 (D)(6) provides as follows:

20 A person or enterprise that acquires any property through an offense included in  
21 the definition of racketeering in section 13-2301, subsection D, paragraph 4 or a  
22 violation of section 13-2312 is an involuntary trustee. The involuntary trustee and  
23 any other person or enterprise, except a bona fide purchaser for value who is  
24 reasonably without notice of the unlawful conduct and who is not knowingly  
25 taking part in an illegal transaction, hold the property, its proceeds and its fruits in  
constructive trust for the benefit of persons entitled to remedies under this section.

1 A cause of action for racketeering has been asserted against the defendant named in the caption  
2 above. The Plaintiffs herein, by and through counsel, hereby asserts all rights and title, liens  
3 and encumbrances authorized by law against these named defendants. A copy of the First  
4 Amended Complaint filed in this action may be obtained in person directly from the Clerk of  
5 the Maricopa County Superior Court located at 201 West Jefferson, Phoenix, Arizona 85003, or  
6 by requesting the same from the undersigned counsel in writing, accompanied by a self  
7 addressed, stamped envelope.  
8

9 RESPECTFULLY SUBMITTED this 10<sup>th</sup> day of August, 2006.

10 PETER STROJNIK, P.C.

11   
12 Peter Strojnik  
13 Attorneys for the Plaintiffs

14 The original of the foregoing filed  
15 With the Clerk of the Court  
16 This 10<sup>th</sup> day of August, 2006

17 With a copy mailed to:

18 Lonnie J. Williams, Jr., Esq.  
19 Carrie M. Francis, Esq.  
20 Quarles & Brady Streich Lang LLP  
21 Two North Central Avenue  
22 Phoenix, Arizona 85004-2391  
23 And by e-mail *L. Williams@quarles.com*; *CFrancis@quarles.com*  
24  
25

**Tab "18"**

MIME-Version: 1.0  
Content-Type: multipart/alternative;  
boundary=-----SmarterMail\_NextPart\_5053742768215008  
Date: Fri, 23 Jun 2006 01:56:46 -0400  
Subject: Three issues  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <wpierson@agra-technologies.com>  
CC: <dgettler@agra-technologies.com>  
Message-ID: <b357787b304a4fbca8b73db24a0207a3@mindbodyhealth.com>

Bill,

Here are three issues that need to be addressed:

1. [redacted] was promised a \$1,500/month payment in order to complete the payout of the platinum rental fund (\$90,000 was moved into mining contracts; the balance was to be paid out at \$1,500/month until fully paid out). Agra-Tech has not made the May or June payments, and since [redacted] lives with [redacted], another Agra-Tech investor, word is getting out that Agra-Tech is in serious trouble. This is not going to help the sale of ATI stock!

Can [redacted] expect \$1,500/month from Agra-Tech or not? Please let me know how ATI plans to move forward on this issue.

2. If the Larry [redacted] deal goes through, I would recommend ATI receiving an additional \$10M to pay the principal back for all mining contract investors. This will greatly relieve investor stress and will be a very nice good-will move. Given this loan is self-liquidating, this should have minimal financial impact to ATI.

3. I have \$264K invested in the platinum rental fund; by the terms of the agreement, this \$264K is in platinum. If it is indeed still in platinum, I would be glad to discuss moving these funds out of platinum and allowing ATI to use the funds for operating expenses. Let me know if you would like to discuss this option.

Regards,  
Larry Paille  
928-284-4221

ACC065829  
AGRA

MIME-Version: 1.0  
Content-Type: multipart/alternative;  
boundary=----- SmarterMail\_NextPart\_0046315376866548  
Date: Thu, 20 Apr 2006 15:55:27 -0400  
Subject: Tuesday the 25th tour list  
From: Larry Paille <larry@mindbodyhealth.com>  
Reply-To: larry@mindbodyhealth.com  
To: <wpierson@agra-technologies.com>, <rcampbell@agra-technologies.com>  
CC: <jerry@mindbodyhealth.com>  
Message-ID: [17c2df4cb53e401cb3d945e4fe364049@mindbodyhealth.com](mailto:17c2df4cb53e401cb3d945e4fe364049@mindbodyhealth.com)

Bill,

Here is the list of people currently planning on attending the tour on Tuesday the 25th:

(Canadian investor; partner of  
(Canadian investor; owns 2 units and owns 6,000 shares of stock; has  
at least 3 other relatives)

(local investor who owns units and stock)  
(new investor who has just purchased 1 unit and is planning on purchasing  
18,000 shares of stock)  
(new investor who may buy stock and units pending the perceptions from this  
tour)

I'll let you know of any changes.

Any progress on the funding issues? I'm already starting to get calls as a result of  
situation with her platinum rental fund and I'm not able to provide answers. It would be extremely  
helpful to know what the current status is and what you guys are doing to remedy the situation.

Thanks,  
Larry Paille  
928-284-2659

ACC065767  
AGRA