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GEOLOGY REPORT
PLOMOSA PROPERTY
La Paz County, Arizona

Parkinson Geologic Services (PGS) is pleased to present this mining evaluation of the Plomosa 19 Property located near the Town of Quartzsite, La Paz County, Arizona (Figure 1). This report presents the results of document research, reconnaissance fieldwork, and knowledge of the mining industry in Arizona.

INTRODUCTION

The Plomosa Property consists of land administered by the Bureau of Land Management (BLM) in the historical Plomosa Mining District. The history of mining in the lower Colorado River country of southwest Arizona extends back to the times of the early Spaniards. When the Americans first came to this country they found many old mines and prospect pits. Evidence of much earlier mining activity was found in the Plomosa Mountains, which hosts the Plomosa Mining District. Photo 1 shows an overview of the property and the proximity to the Plomosa Mountains. Photo 2 shows a gold nugget embedded with quartz located with a metal detector near the property.

The original Plomosa placers occur on the west side of the Plomosa Mountains in and near Plomosa Wash. Gold-bearing gravels occur in a belt about four miles long along the western edge of the mountains. The source rock for this placer gold is a massive formation of meta-sedimentary rock which runs for many miles along the western flank of the Plomosa Mountains.

Placer and lode gold was first recovered from the Plomosa Mining District in the 1860's by small-scale shallow placer and underground mining operations, and later by larger-scale operations. Accurate production records are not available, however, historical records state the gold content of placer gravel was up to several dollars per cubic yard at a time when gold was valued at around \$21 per ounce. The gold grade computed from this data is equivalent to 0.10 to 0.14 ounces gold per cubic yard of placer gravel.

Access to the property is via well-maintained asphalt and dirt roads from Interstate 10 at the town of Quartzsite. Photo 3 shows access roads and excavations on the property, and Photo 4 shows a well-maintained gravel access road leading to the property. The property is located

down-drainage from numerous historical mines, prospects, and shafts situated within the Plomosa Mining District (Figure 2).

PLACER MINING CLAIMS

The Property is situated within Section 19, Township 3 North, Range 18 West. The placer mining claims are filed with the BLM as listed below:

<u>Claim Name</u>	<u>AMC Number</u>	<u>Section</u>	<u>Subdivision</u>	<u>Acres</u>
Elephante Dorado	379551	19	SW	160
Spanish Trail	379552	19	NE	160
Spanish Mule	379553	19	SE	160
El Dorado	379554	19	NW	160

The total size of the four claims is 640 acres, equivalent to one square mile.

GEOLOGY

The Plomosa 19 Property is located within the Basin and Range Province, which comprises the southern third of the state of Arizona. The region is characterized by linear mountain ranges separated by downthrown, alluvium-filled basins. In southern Arizona, a "belt" of Precambrian "metamorphic core complex" ranges forms a sort of transition zone between the younger, predominantly volcanic desert mountains of the south and the folded and faulted highlands of central Arizona.

The Plomosa Mountains rise up just west of the Bouse Hills to the north and extend for tens of miles southward. The Plomosas form the eastern wall of the La Posa Plain for nearly its entire length. The northern half of the Plomosa Mountains is predominantly composed of Mesozoic sandstone, shale, conglomerate, and limestone. Slightly younger Cretaceous to early-Tertiary sediments crop out along the northernmost point of the range, and small outcrops of ancient Precambrian gneiss also occur in the area.

The alluvial placer gravels on the property consist of schist, granite, and volcanic rocks derived from the Plomosa Mountains to the east. The schist exposures in the Plomosa Mountains contain gold-bearing quartz veins and stringers, and probably were a significant source of the placer gold deposits. Photo 6 shows an outcrop of quartz vein similar to exposures which host gold mines in the region. These occurrences are geologically important because they are the host rocks of numerous prolific vein-controlled gold mines in Arizona.

The property contains underlying gold placer gravels located within washes that drain the Plomosa Mountains, and these drainages obtain alluvial material from the Plomosa Mining District. Photos 7 and 8 show drainages exposing thick abundant deposits of placer sand and gravel derived from the Plomosa Mountains. As discussed above, historic gold mines are located up-drainage from the property. The placer sand and gravel deposits extend for miles west of the Plomosa Mountains (Photos 9 and 10), and the Plomosa property overlies the drainages and washes that receive material derived from weathering of the Plomosas.

Groundwater is available for water supply requirements related to the placer gravel processing operations. Surface water is only present during seasonal storms that flow within the numerous dry drainages in the area. Water wells can be sited within locations of thick alluvial gravels to pump water from the underlying water table unconfined aquifer. Wells can also be sited along

major fracture zones and intersections of fractures to obtain water from fractured bedrock confined aquifers.

GOLD RESOURCES

A mineral resource is an occurrence of natural solid material in the Earth's crust in such form, quantity, and quality (grade) that the material has a reasonable prospect for economic extraction. PGS believes that the location, quantity, grade, continuity, and geologic characteristics of the subject property mineral resources are known and have been adequately interpreted from the available geologic evidence, data, and analytical test results. The mineral resources have a reasonable prospect for economic extraction by modern surface and underground mining methods, and under current metal prices and economic conditions.

A mineral resource evaluation is based on geologic evidence, historic and modern sampling, and reasonable geologic and grade continuity assumptions. The mineral resource estimate presented in this report is based on geologic information and sample assay data obtained by appropriate techniques from outcrops, trenches, pits, workings, and drill holes. PGS evaluated the gold resources available in the placer gravel deposits only.

Plomosa 19 Property Gold Grade Testing

PGS conducted a limited preliminary field evaluation of the Plomosa 19 Property during a 2006 investigation. Placer gold gravels have been mined and processed from the property intermittently for decades, and concrete foundations, water supply basins, trenches, and shafts are evident on the property. The Photo Set attached shows gold nuggets from the property and regional vicinity obtained by one of the previous claim owners.

As part of on-going due diligence of proceeding with mining operations in the Plomosa Mining District, the owner of the claims conducted a metal-content test of placer "head ore" material stockpiled on the property. The head ore was passed through a 1/8th-inch screen so that the concentrate represented about 40% of the stockpile sample. The concentrate was delivered to Copper State Analytical Lab in Prescott, Arizona for ICP (Inductively Coupled Plasma) and Fire Assay analysis. The laboratory analysis report returned high gold, silver, and platinum concentrations, as evident on the attached analytical report.

Note: Because the concentrate represents approximately half of the original sample, the analytical test results provided by the laboratory must be divided by two (2) to obtain the original metal concentration of the sampled stockpiled material. The table below provides the resultant analyses after recalculating the laboratory results to account for the concentrate ratio:

ICP and Fire Assay Analysis Report Copper State Analytical Lab Results stated as Ounces per Ton

<u>Metal</u>	<u>ICP Analysis</u>	<u>Fire Assay Analysis</u>
Gold	.381	.400
Silver	1.885	.750
Platinum	.089	N/A

The results show the sampled material contains almost a half ounce of gold per ton, an ounce of silver per ton, and about .09 ounces of platinum per ton of placer material. Similar results can be expected from mining the property. To be conservative, PGS presumes gold grades will average about 0.2 ounces per ton, silver will average 0.5, and platinum will average 0.05 ounces per ton.

Regional Gold Grade Testing

Samples have been collected from placer claims near the property and processed to determine gold grades using standard wet-washing and spiral extraction methods. The sampling activities consisted of processing placer gravels through the wet-washer, collecting the fines and removing the coarse material, and repeating the task until 3000 pounds of material had been processed. At a conversion factor of 1.5 tons per cubic yard, the 3000 pounds represents one cubic yard of material:

$$1.5 \text{ tons per cubic yard} \times 2000 \text{ pounds per ton} = 3000 \text{ pounds per cubic yard.}$$

The fine-grained black-sand “concentrate” typically represented about five percent (5%) of the original 3000 pounds of material. The concentrate was sealed and transported to the spiral-concentration facility where the concentrate was further refined by gravity separation and extraction. Implementing this process of gravity separation, the fine and coarse gold was extracted from the black-sand concentrate and weighed to calculate the resultant gold grade values in ounces gold per cubic yard of placer gravel material.

The results of the sample collection and gold grade testing showed a gold grade range of 0.08 to 0.19 ounces of gold per cubic yard of placer gravel, and an average of 0.12 ounces gold per cubic yard. These gold grade test results support the historical literature on the region which indicates a gold grade of at least 0.10 ounce per cubic yard is common in the area.

Historical Mine Production Data from the Plomosa Region

United States Geological Survey (USGS) Bulletin 135 “Placer Gold Deposits of Arizona” indicates gold-bearing placer gravels extend for up to four miles along the western edge of the Plomosa Mountains and production was large in the 1860’s. When gold was valued at around \$21 per ounce, the value per yard ranged from 71 cents to around two dollars with a high of \$20 per yard, which is equivalent to about one ounce per yard. At least 18,000 ounces of gold was produced from the early small-scale placer operations at Plomosa.

Arizona Geological Survey Open-File Report 85-12 “Ore Grades for Metallic Mineral Districts of Arizona” provides list of the average grades of mines in the Southern Plomosa District of La Paz County. The average gold grade was .295 ounces per ton, and the average silver grade was 7.487 ounces per ton.

Arizona Geological Survey Bulletin 168 “Gold Placers and Placering in Arizona” states the coarse gold content per cubic yard in the Plomosa District averaged from ten cents to several dollars when gold was valued at \$21 per ounce. This gold content is equivalent to approximately .120 ounces per yard at the upper end. During 1934 to 1949, production from the district was valued at \$176,042 from small dry-placer mining operations that typically only excavated to a depth of about 15 feet. Additionally, some pits were sunk into the placer gravels

to 50 feet or more, often encountering cemented gravel (often called caliche) with a much richer gold content.

Arizona Bureau of Geology and Mineral Technology Bulletin 192 "Index of Mining Properties in Yuma County, Arizona" states production from the La Paz placers west of the Plomosa property produced over 50,000 ounces gold from small-scale operations in the two year period from 1862 to 1864. Production from the Plomosa district was at least 18,000 ounces gold.

The Delos Toole's book "Where to Find Arizona Placer Gold" indicates that since 1862 over two million ounces of gold has been produced from the La Posa Plain just west of the Plomosa property. Some of this gold originated from the Plomosa Mountains, which host the property.

Placer Gravel Resources

The Plomosa 19 Property consists of 640 acres, as indicated above. To allow for property set-backs, slope stability, and occurrence of outcrop, it is projected that 90% of the property can be developed for gold production. Thus, approximately 576 acres are available for mining. One acre consists of 43,560 square feet, thus 576 acres is equivalent to 25,090,560 square feet. Existing exploration shafts and trenches in the area suggest the placer gravels extend to a depth of at least 80 feet. However, geophysical surveys indicate the gravels extend to a depth of at least 320 feet in local areas. To be conservative, PGS presumes a depth of 80 feet for the placer gravel resources. Using a conversion of 27 cubic feet per cubic yard, the property contains roughly 74 million cubic yards of alluvial placer deposits. The calculations are provided below:

Placer Gravel Volume

Area: 4 claims x 160 acres per claim =	640 acres
640 acres less 10% =	576 acres
576 acres x 43,560 square feet per acre =	25,090,560 square feet

Depth: 80 feet minimum

Volume = Area x Depth
 25,090,560 square feet x 80 feet = 2 billion cubic feet
 2 billion cubic ft ÷ 27 cubic ft per cubic yard = 74 million cubic yds (rounded)

Placer Gravel Tonnage

At a conversion factor of 1.5 tons per cubic yard, the 74 million cubic yards is equivalent to approximately 111 million tons of gravel.

Gold, Silver and Platinum Resources of the Plomosa Property

Review of historical geology and mining engineering reports prepared for the region, test results for samples collected on the property, along with PGS reconnaissance fieldwork indicates gold grades of 0.200 ounces per ton, silver grades of 0.500 ounces per ton, and platinum grades of 0.05 ounces per ton underlie the minable portion of the property.

The value of the gold, silver, and platinum resources on the property is calculated by multiplying the tons of gravel by the metal grades obtained from testing on the property, and then calculating the gross value based on current metal prices. These calculations are summarized below:

Calculate Ounces of Gold, Silver and Platinum (Rounded):

111 million tons x 0.200 ounces Gold per ton =	22 million ounces Gold
111 million tons x 0.500 ounces Silver per ton =	55 million ounces Silver
111 million tons x 0.05 ounces Platinum per ton =	5.6 million ounces Platinum

Calculate Gross Value of Gold, Silver and Platinum (Rounded):

22 million ounces Gold x Current Price of Gold =	Value of Gold
22 million ounces Gold x \$1140 per ounce =	\$25 Billion
55 million ounces Silver x Current Price of Silver =	Value of Silver
55 million ounces Silver x \$18 per ounce =	\$990 Million
5.6 million ounces Platinum x Current Price of Platinum =	Value of Platinum
5.6 million ounces Platinum x \$1440 per ounce =	\$8 Billion
Total In-Place Gross Value of Gold, Silver and Platinum =	\$34 Billion

The in-place gross value of the gold, silver, and platinum resources on the Plomosa 19 Property is based on current and historical data and definitions, and the presumption there are no environmental restrictions to the anticipated mining operations. The gold, silver, and platinum resources on the property provided in this evaluation report are based on the presumption that the historical information provided to Parkinson Geologic Services is (1) accurate and reliable, (2) that the historical and current assay results from the laboratories are valid, (3) that the current sample test results from the claims represent the entire property, and (4) previous historical workers have conducted their evaluations using a standard professional level of care for the mining industry.

Parkinson Geologic Services thanks you and your associates for the opportunity to work on this project. We look forward to assisting with further development of the Plomosa 19 Property.

Sincerely,



Craig L. Parkinson, P.G.
President
Parkinson Geologic Services

Arizona Registered Geologist #30843
AIPG Certified Professional Geologist #10098

Attachments:

Figure 1 Regional Location Map
Figure 2 Property and Local Gold Mines

Photo 1 Plomosa Placer Property proximity to Plomosa Mountains toward the east
Photo 2 Gold nugget embedded in quartz located with a metal detector on the property
Photo 3 Existing access roads and excavations on the flanks of the Plomosa Mountains
Photo 4 Well-maintained gravel access road leading to the property
Photo 5 One of many trenches and pits on the property exposing placer gravels
Photo 6 Outcrop of quartz vein similar to exposures hosting gold mines in the region
Photo 7 Drainage containing thick placer deposits derived from the Plomosa Mountains
Photo 8 Exposure of coarse placer sand and gravel in the center of the property
Photo 9 Western area looking east across the property toward the Plomosa Mountains
Photo 10 Eastern area looking west across the property toward the La Cholla Mountains
Photo Set Placer gold flakes and nuggets collected from the Jackpot Property area

Copper State Analytical Lab Analysis Report

REFERENCES

- Arizona Bureau of Geology and Mineral Technology, 1965: Bibliography of the Geology and Mineral Resources of Arizona, Bulletin 173
- Arizona Bureau of Geology and Mineral Technology, 1978: Index of Mining Properties in Yuma County, Arizona, Bulletin 192
- Arizona Bureau of Geology and Mineral Technology, 1983: Metallic Mineral Districts and Production in Arizona, Bulletin 194
- Arizona Bureau of Geology and Mineral Technology, 1983: Metallic Mineral Districts of Arizona, Map 18
- Arizona Bureau of Geology and Mineral Technology, 1985: Geology and Production of Middle Tertiary Mineral Districts in Arizona, Open-File Report 85-1
- Arizona Bureau of Geology and Mineral Technology, 1985: Mine Index for Metallic Mineral Districts of Arizona, Bulletin 196
- Arizona Bureau of Geology and Mineral Technology, 1986: Bibliography for Metallic Mineral Districts in La Paz, Mohave, and Yuma Counties, Arizona, Circular 25
- Arizona Bureau of Mines, 1934: Arizona Lode Gold Mines and Gold Mining, Bulletin 137 (revised 1967)
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- USGS, 1987: Placer Gold Deposits of Arizona, Bulletin 135
- USGS, 2000: Geology of Arizona, Map M-35

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EDUCATION

<u>Degree</u>	<u>Discipline</u>	<u>Institution</u>
Master of Science	Hydrogeology	University of Nevada, School of Mines
Master of Science	Mining Geology	University of Idaho, College of Mines
Bachelor of Science	Geology	Cornell College

EXPERIENCE

Mineral exploration, development, and production:	18 years
Environmental engineering and compliance:	6 years

PROFESSIONAL CERTIFICATION

Certified Professional Geologist
 American Institute of Professional Geologists No.10098

Registered - Licensed Professional Geologist

<u>Alaska</u>	<u>466</u>	<u>Idaho</u>	<u>811</u>
Arizona	30843	Oregon	1571
Arkansas	1823	Pennsylvania	3836
California	6058	Utah	5284871
Florida	2113	Washington	1214
Georgia	1584	Wyoming	2717

Licensed Engineering Geologist and Hydrogeologist
Washington 1214

Certified Hydrogeologist
California 563

Certified Environmental Manager
Nevada 1534

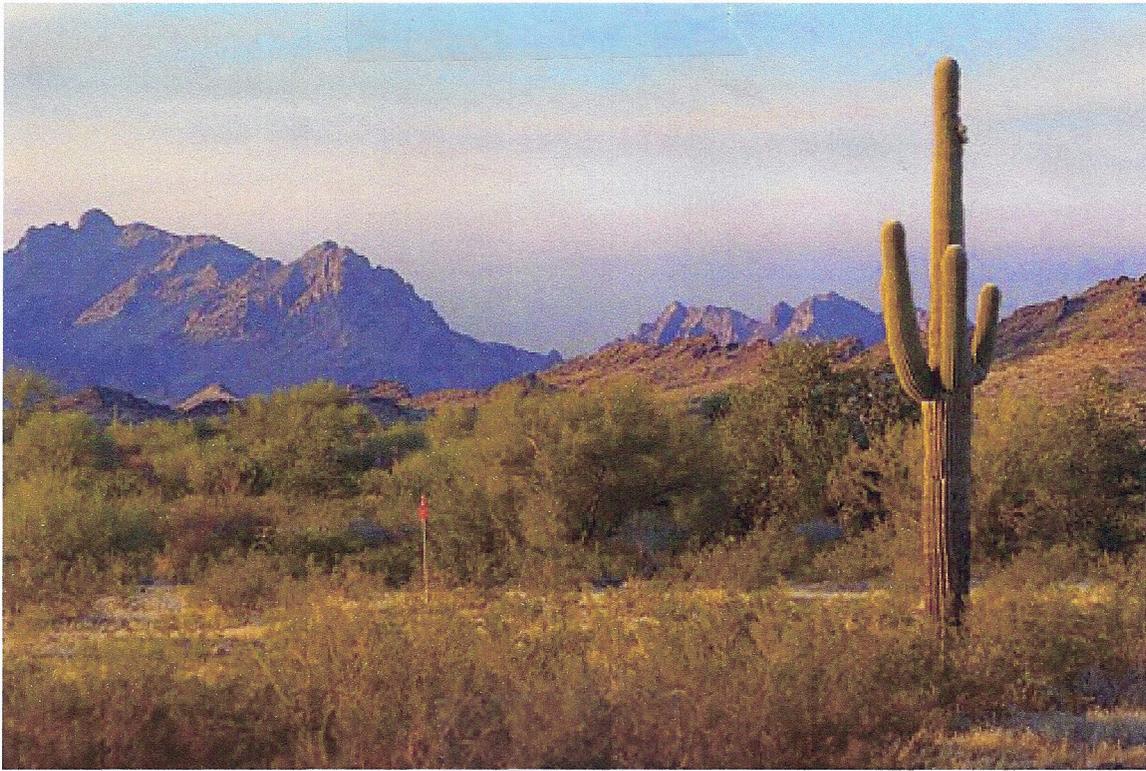


Photo 1: Plomosa Placer Property proximity to Plomosa Mountains toward the east

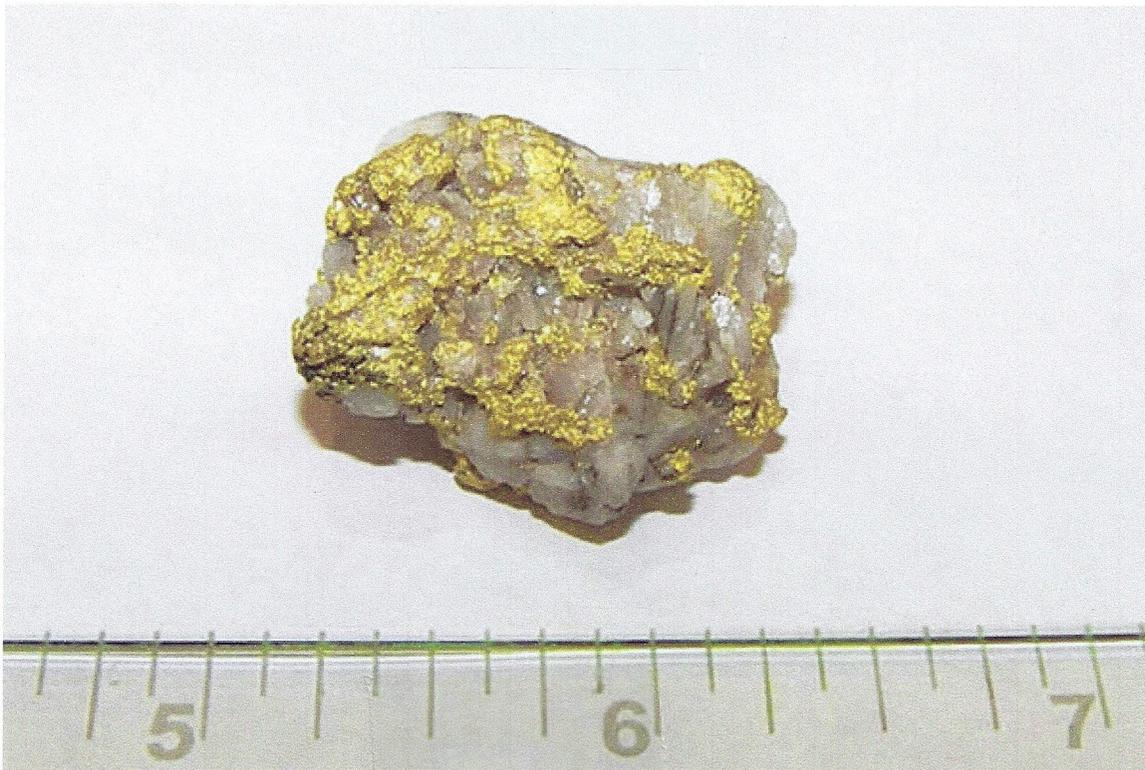


Photo 2: Gold nugget embedded in quartz located with a metal detector on the property



Photo 3: Existing access roads and excavations on the flanks of the Plomosa Mountains



Photo 4: Well-maintained gravel access road leading to the property



Photo 5: One of many trenches and pits on the property exposing placer gravels



Photo 6: Outcrop of quartz vein similar to exposures hosting gold mines in the region



Figure 1

**Regional Location Map
Plomosa Placer Property
La Paz County, Arizona**



Photo 7: Drainage containing thick placer deposits derived from the Plomosa Mountains



Photo 8: Exposure of coarse placer sand and gravel in the center of the property



Photo 9: Western area looking east across the property toward the Plomosa Mountains



Photo 10: Eastern area looking west across the property toward the La Cholla Mountains



Photo Set: Placer gold flakes and nuggets collected from the Jackpot Property area



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Panos D. Giannetotis
16772 W. Bell Rd. #110
Surprise, AZ 85374

Date Received: April 23, 2009
Date Reported: May 18, 2009
CSAL ID No.: 0409-133562
Sample ID: California Black

ICP Analysis Report

CSAL ID	CLIENT ID	Gold opt	Silver opt	Platinum opt	Palladium opt	Iridium opt
0409-133562	Plomosa Sample	0.761	3.77	0.177	<0.01	<0.01

CSAL ID	CLIENT ID	Rhodium opt	Ruthenium opt	Osmium opt
0409-133562	Plomosa Sample	0.082	<0.01	<0.01

Fire Assay Analysis Report

CSAL ID	CLIENT ID	Gold opt	Silver opt
0409-133562	Plomosa Sample	0.800	1.50

Note: The results of this assay were based solely upon the content of the sample submitted.



Reported by _____ D.A. Shah May 18, 2009

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