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March 13, 2010

Brian P. Myers
Goldstone Management, LLC
2370 West Highway 89A
Suite 11, PMB217
Sedona AZ 86336

Reference: Arizona LG, LLC; Chris Ivey, Managing Member

MINING VALUATION REPORT
GOLDEN REEF PROPERTY
Maricopa County, Arizona

Dear Mr. Myers:

Parkinson Geologic Services (PGS) is pleased to present this Mining Valuation Report of the Golden Reef Property located 36 miles northeast of Phoenix, Maricopa County, Arizona. This report presents the results of field reconnaissance of the mining property, document research, review of laboratory analytical test results, and knowledge of the mining industry in Arizona.

INTRODUCTION

The Golden Reef Property is located on land administered by the Bureau of Land Management

(BLM), in the Cave Creek Mining District of central Arizona. The property consists of four lode mining claims covering 80 acres. Access to the property is via School House Road north from Cave Creek Arizona, and then on a series of gravel roads to the claim group.

LODE MINING CLAIMS

The Property consists of four lode mining claims, two of which are patented: the Golden Reef Lode Mining Claim and the Alexander Lode Mining Claim. The Golden Reef and Alexander are patented, deeded claims owned by Arizona LG, LLC (Chris Ivey, Managing Member). The two additional claims are unpatented BLM lode mining claims. These are the Golden Reef Eastern Extension and Alexander Eastern Extension claims, and they are controlled by the same entity. The claim group is situated within portions of Section 1, 2, 11, and 12, Township 6 North, Range 4 East. The claims were originally staked in 1915, and at one time were part of a group of 15 claims that comprised the "Lone Star" Mining Property. The claims are 20 acres in size, for a total area of 80 acres.

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GEOLOGY

The Golden Reef Property is located within the Basin and Range Province, which comprises southern third of the state of Arizona. The region is characterized by linear mountain ranges separated by downthrown, alluvium-filled basins. In south-central 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 bedrock on the property consist of metamorphosed sedimentary rock cut by numerous quartz veins of variable thickness, and the beds are tilted at an angle of 45 degrees. The rock has been classified as argillite or clayey slate and schist, and exhibits a distinct slaty cleavage at various angles to the bedding plane. These rock types are geologically important because they are the host rocks of numerous prolific gold mines in Arizona.

Structural deformation produced openings and fractures in conformity with the bedding planes that allowed the introduction of siliceous gold-bearing veins into the bedrock. The quartz veins commonly form continuous veins and lenses that thin out at the edges. The veins locally produce an interconnecting system of stringers and veinlets that form ore shoots. The gold ore may also be found in cross fractures or at right-angle breaks in the schist. The veins trend toward the northeast with dips of 50 to 60 degrees to the northwest.

Groundwater is available for water supply requirements related to the mining operations. Water wells in the area are reported to produce 1500 gallons per minute (gpm). The existence of this water is extremely significant as both groundwater and surface water are important natural resources within Arizona.

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, and workings on the property.

PGS Field Reconnaissance and Document Review

PGS conducted a preliminary field reconnaissance of the property on March 11, 2010 and

identified numerous historical mining developments on the claim group. The developments consisted of adits, prospect pits, tailings piles, narrow-gauge rail, dewatering pipes, wooden infrastructure, etc. These developments and workings are evidence of significant past production of gold ore from the property, as evidenced by the record of improvements listed in the Mineral Survey No. 4334 for these claims (See Addendum). A Ten-Stamp mill was working

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on site and has recently been donated to Cave Creek Museum (See attached March 11, 2010, Sonoran News article).

A mining property report prepared by N.E. Defty, Mining Engineer, dated July 6, 1922 states the main tunnel (or "adit" in current terminology) was 410 feet long, which is consistent with observations made by PGS in the field. A considerable tailings pile is situated at the mouth of the main adit, and at the mouth of additional adits observed on the property. Other mining workings identified on the property consisted of prospect pits and side-hill cuts that exposed the quartz veins responsible for the gold resources on the property (See N.E. Defty Mining Report in Addendum).

Defty indicated that gold assay testing produced results of \$3.00 per ton to as much as \$60 per ton, with an average of \$8.00 per ton. Note that these assay results were from a time period when the price of gold was pegged at \$20 per ounce by the United States Government. Thus, an historic value of \$60 per ton is equivalent to three ounces of gold per ton, and an average of \$8.00 per ton is equivalent to 0.400 ounces per ton. In terms of current gold prices, a ton of gold ore from the property would be worth as much as \$3000, with an average of \$400 per ton. For reference, a ton of rock from the property would occupy a volume of about two feet by two feet by three feet, or 12 cubic feet.

Therefore, based on the geological observations stated in the Defty report and by the PGS field reconnaissance, the combined width of the gold-bearing quartz vein system on the claim group is estimated at 200 feet. The veins also are reported to extend the length of claims, which is

is estimated at 200 feet. The veins also are reported to extend the length of claims, which is 3000 feet. It is highly possible the veins extend to a depth of at least 300 feet. Thus the total volume of the quartz veins is approximately 180 million cubic feet, for a tonnage of 15 million tons. Considering a conservative recovery of 50%, gives a recoverable tonnage of approximately 7 million tons. Using the average value of \$400 per ton converted from Defty's report, produces a conservative average recoverable value of gold at \$2.8 billion.

Conclusion

PGS agrees with the statement by Defty in his July 6, 1922 report that "the property is favorable and I consider it to have sufficiently meritorious and promising features to warrant the outlay for future development..."

Given the current price of gold, the existence of gold on the Golden Reef and Alexander claims significantly adds to the value of the Golden Reef Property in general. The average value of the gold within the quartz veins on the property is extrapolated to be approximately \$2.8 billion.

Parkinson Geologic Services thanks you for the opportunity to work on this project. Please contact me if you require assistance regarding development of the Golden Reef Property.

Sincerely,




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

Arizona Registered Professional Geologist #30843

Addendum: Defty 1922 Geology Report
Mineral Survev No. 4334

March 11, 2010 Sonoran News Article

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Craig L. Parkinson, PG
Geology and Mining Professional
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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
Master of Science
Bachelor of Science

Hydrogeology
Mining Geology
Geology

University of Nevada, School of Mines
University of Idaho, College of Mines
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

Alaska	466	Idaho	811
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

