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10 September 2007

Michael Sheppard
Chief Executive Officer
Nevada Mining Company, Inc.
4229 Warren Road
Franklin, Tennessee 37067

Subject: Evaluation of the Peeples Mine Arizona Concentrates Quantity, Skull Valley, Arizona

Dear Mr. Sheppard:

Pursuant to your request of 13 July 2007, Geosyntec Consultants, Inc. (Geosyntec), is pleased to provide this report evaluating the quantity of Arizona Concentrates within pits located at the Peeples Mine in Skull Valley, Arizona (Figure 1), owned by the Nevada Mining Company (NMC). The Arizona Concentrates are mineral concentrates that contain various precious metals. The concentrates are stockpiled within two pits at the Skull Valley lease, comprising an Upper Pit and a Lower Pit that is divided into three smaller sub-pits. This work was performed in accordance with our proposed scope of work, dated 10 August 2007, with the exceptions noted below.

Field work was performed by Mr. Walt Grinyer, P.G. of Geosyntec and Mr. Jim Hasbrouck, G.P. of Hasbrouck Geophysics, Inc. This report was prepared by Dr. Jim Finegan, P.G., C.Hg. and has been reviewed by Mr. Sam Williams, P.G., C.Hg. of Geosyntec Consultants (Geosyntec), in accordance with the review policies of the firm.

SCOPE OF WORK

Geosyntec's scope of work included review of existing aerial photographs and site assay reports and discussions with NMC personnel regarding the approximate locations and dimensions of the pits. This was followed by two-dimensional (2D) surface seismic tomography surveys to aid in identifying the bottom and sidewalls of the pits. These data were used to calculate estimated volumes of Arizona Concentrates within each pit. Based on this scope of work, recommendations for further subsurface investigation are made below.

BACKGROUND

The NMC Skull Valley site consists of two pits that have been backfilled with ore concentrates composed of minerals containing precious metals. These ore concentrates, stockpiled on site during previous mining activities, are referred to as Arizona Concentrates within documents provided by NMC. The Arizona Concentrates comprise a major asset of NMC, and the volume of these materials may affect the sale price. However, the dimensions of the pits at the Skull Valley site were not clearly defined prior to the backfilling with the ore concentrate, although several estimates of the volumes of the pits have been produced. It is our understanding that the pits were excavated into the native material at the site and the sidewalls are generally near vertical with berms between separate areas of the pits. In addition, portions of the pits may be benched where excavations achieved greater depths.

EVALUATION OF ARIZONA CONCENTRATES

Site History Review

Pursuant to the scope of work defined above, Geosyntec reviewed available documents and aerial photographs of the site in preparation for 2D surface seismic surveys of the Upper and Lower Pits. In addition, site conditions were discussed with NMC management. Accompanying Geosyntec and the geophysicist to the site for the seismic surveys were Mr. Michael Sheppard of NMC, Mr. Bill Berridge (geologist), and Mr. Pete Rushbrook.

2D Seismic Tomography

As described in detail in the attached report by Hasbrouck Geophysics, Inc. (Appendix A), a high resolution two-dimensional (2D) surface tomographic seismic survey across each of the pits was performed on 17 to 18 August 2007, to allow resolution of the contact between the processed ore concentrate and the native surrounding material. Figure 2 shows the locations of the lines along which seismic data were acquired. Due to inaccessible terrain and relatively narrow pit widths, lateral seismic lines could not be run, so the volume estimates provided below are limited by the estimated pit widths and information provided by NMC management. In addition, physical access limitation at the west end of the Upper Pit seismic line prevented extension of the line in this direction and a pit just south of the Upper Pit could not be surveyed due to lack of access. The seismic line along the Lower Pit was run relatively close to the southern edge of the west and middle sub-pits because of the presence of large debris piles in the center of the west sub-pit. However, the drilling program proposed below to confirm seismic data will also provide additional data on pit dimensions, thus refining the pit volume estimates.

The primary principal of the seismic data collection is that the partially processed ore concentrate will have a significantly different velocity from the surrounding native material. This interface between the assumed lower velocity ore concentrate and the higher velocity native material provides the contact for reflecting the seismic signal. The results of field work performed at the site indicate a strong velocity contrast between bedrock and unconsolidated materials.

Seismic data were acquired by detecting seismic waves generated by an artificial energy source, in this case a 20-pound sledge hammer striking a square aluminum plate on the ground at specific intervals (40 feet) along each seismic line. Seismic waves were detected by geophones placed at regular intervals (20-foot spacing) along the test line and digitized data were recorded on a seismograph (hard disc) and subsequently downloaded to a computer for processing and interpretation. The first arrivals used in seismic tomography may be refractions, reflections, or diffractions, which is important for this project because of the possible vertical pit walls. A 20-foot spacing interval for geophones was used for both the Upper and Lower Pits. A 10-foot interval was initially used along a portion of the Lower Pit seismic line to evaluate bedrock resolution. The 10-foot interval did not indicate the high velocity layer expected at the base of the pits and therefore the 20-foot geophone interval was used. The response observed in the geophones from the sledge hammer using 20-foot spacing alleviated this concern.

As shown in the attached report (Appendix A), processed seismic data are displayed on depth-versus-velocity cross sections. Elevation-velocity cross sections that show relative ground-surface elevations are also provided. The attached seismic data and the pit limits provided by NMC personnel were used to calculate pit volumes. Volumes were calculated using AutoCAD Land Development software, based on the pit boundaries shown on Figure 2 and estimated pit depths derived from the seismic data. Seismic velocities ranging from 4,000 to 4,500 feet per second (ft/sec) were used to delineate the base of ore concentrates on seismic cross-sections. This value was selected as a conservative assumption, but it also generally corresponds to where seismic velocity contours tended to condense together, particularly on the Upper Pit seismic section. The compressing of velocity contours is assumed to generally represent the base of the ore-filled pits. A delay-time analysis was also performed using a regression method, in which a straight line is fit by least squares to the arrival times representing the velocity layer and average velocities are computed by taking the reciprocals of the weighted average of the slopes of the regression lines. The average regression value calculated was approximately 4,500 ft/sec, further supporting the use of 4,500 ft/sec as the base of the ore concentrate.

Note that additional non-ore deposits may have washed or been pushed into the pits on top of the ore concentrate. Seismic data suggest that this overburden may be several feet thick in places, indicating that calculated volumes may be over-estimated if this material is not subtracted from the calculations. However, it is not expected to represent a significant portion of the material filling the pits. A reported distinctive dark coloring of the ore concentrate may allow for evaluation of the overburden thickness during confirmatory drilling.

UPPER PIT

The boundaries of the Upper Pit shown on Figure 2 are irregular, with a possible berm, indicated by seismic data, across the western half of the pit. Seismic data also suggest that the Upper Pit extends further west than indicated by NMC management, as shown on Figure 2 where two possible pit boundaries are shown. This extra area has been included in the volume calculations, and should be confirmed by drilling. Based on the seismic data, an average depth of 40 feet is assumed for the western portion the Upper Pit and a depth ranging from 40 feet to 20 feet is assumed for the eastern portion where the base appears to slope upward. Rather than use a range of values for the pit bottom where it appears to slope, an average depth of 30 feet was used.

Because of inaccessibility due to steep walls and abundant vegetation, another pit south of the Upper Pit (Figure 2; Upper - south pit) could not be seismically surveyed. However, available data suggest that this pit contains ore concentrate. Volume calculations for this pit are based on a depth estimated during recent excavation (approximately 25 to 30 feet) and dimensions determined by visual observation of the aerial photograph and historical documents provided by NMC. The table below summarizes estimated pit depths, surface areas, and volumes/tonnage for the eastern and western sub-pits, which are divided by the inferred berm, and the Upper southern pit. The eastern sub-pit calculations are provided as a range of values, one set of values for the NMC-indicated boundary and one set for the area east of the berm.

LOWER PIT

The Lower Pit has been divided into three separate sub-pits, the west, middle, and east (Figure 2). The boundaries of these pits were estimated using historical documents with modifications as follows: the middle sub-pit was extended to occupy the depressed area indicated on the aerial photograph, and the east sub-pit was extended at least 200 feet further to the east. The west sub-pit was reported in historical documents to be the deepest at up to 90 feet. However, use of the 4,500 ft/sec base limit would restrict the average depth of this pit to no more than 35 feet. There is also a low-velocity anomaly at depth at this location, suggesting that there may be a deeper section of the pit down to approximately 90 feet. The seismic data also suggest that there may be

buried benches within this pit that may have been used to excavate the pit to the reported depth of 90 feet. Volume calculations for this pit have been performed assuming that about 75 feet of its west end are 90 feet deep (1) and the remainder is 35 feet deep (2). This assumption is based on the approximate width of the apparent seismic anomaly.

There is no clear separation in the seismic data between the west and middle pits, although a berm between them may be indicated, as described in the seismic survey report between source points 99.5 and 101.5 (Lower Pit – Elevation Section). Volume calculations were performed separately for these pits (west and middle), because if a berm is located between them, it may have similar velocity to the ore concentrate while still separating the two sources. Using the 4,500 ft/sec seismic contour provides an average depth of about 27.5 feet for the middle pit. On the seismic cross sections, this pit approximately extends from source point 103 to 111.5 where the 2,000 ft/sec contour is close to the ground surface.

Seismic data suggests an average depth of about 35 feet for the east pit, based on the 4,500 ft/sec contour. The recommended drilling program should be used to verify actual pit depth. The table below includes estimated depths, surface areas, volumes, and tonnage for the west, middle, and east sub-pits of the Lower Pit.

PIT VOLUMES AND ARIZONA CONCENTRATES TONNAGE

Upper and Lower Pit Estimated Depths and Volumes

	AVERAGE DEPTH (feet)	SURFACE AREA (square feet)	VOLUME (cubic yards)	TONS*
UPPER PIT – WEST	40	10,239	15,169	21,236
UPPER PIT – EAST	30	22,872	25,414	35,580
UPPER PIT – SOUTH**	27.5	29,576	30,124	42,174
LOWER PIT – WEST 1	90	7,754	25,847	36,186
LOWER PIT – WEST 2	35	13,907	18,027	25,238
LOWER PIT – MIDDLE	27.5	35,396	36,051	50,471
LOWER PIT - EAST	35	37,525	48,643	68,100

* Tonnage was calculated assuming 1.4 tons per cubic yard, based on historical documents.
** This pit was not seismically surveyed; the indicated depth is based on recent excavation and the outline was estimated by visual assessment of the aerial photograph; both should be field confirmed.

The total estimated volume of Arizona Concentrates is 199,275 cubic yards (**278,985 tons**), based on both the seismic data and historical site data for surface areas and estimated pit depths from seismic data as indicated above. These calculations also assume that the pits have vertical sides and flat bottoms. The tonnage conversion value of 1.4 is derived from historical assay documents and should be confirmed by testing. The recommended drilling program below will help to verify the pit depths and confirm the seismic data as well as refine the indicated pit boundaries, particularly the Upper Pit, which may be larger than is shown on Figure 2, and the un-surveyed Upper south pit.

RECOMMENDATIONS

Based on the seismic data acquired on 17 to 18 August 2007, and the physical limitations of data acquisition, several boreholes should be drilled in both the Upper and Lower Pits to refine the volume calculations presented herein. All drilling should proceed to refusal (e.g., bedrock) and samples should be collected either continuously or at a regular interval (i.e., 5 feet) using a drive-sampling method to confirm the lithology indicated by cuttings returned to ground surface during drilling. These include four drilling locations in the Upper Pit to refine the depth estimates and pit boundaries, which may extend further than previously believed both to the east and west. Drilling should also be performed in the depression south of the Upper Pit. We understand that access to this pit may be difficult, so excavation may be required to provide an access ramp. Two drilling locations are recommended for the Lower west sub-pit: one to evaluate ore-concentrate depth in the western portion of this sub-pit and one to help define the northern pit boundary. One drilling location is recommended in the Lower middle sub-pit to evaluate ore concentrate depth. Two locations are recommended for the Lower east sub-pit to define both ore-concentrate depth at either end of this sub-pit and to verify its eastern extent. Additional shallow boreholes may also be drilled at the expected edges of the pits to verify their widths. Potholing using a backhoe may also be used for this purpose. Geosyntec can provide a cost estimate upon request to perform the recommended drilling program.

LIMITATIONS

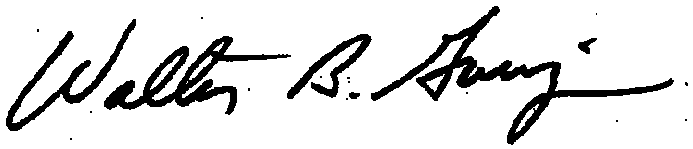
Subsurface investigations and geophysical surveys are inherently limited to data derived from samples taken or tests performed at selected locations, and the number of locations, samples and tests are commonly based on cost-benefit judgments and the client's budgetary concerns. Due to these inherent limitations, it must be recognized that actual conditions may vary from those predicted on the basis of such limited data, despite the use of professional care.

CLOSURE

Geosyntec appreciates this opportunity to be of service to NMC. Should you have any questions, please contact Jim Finegan at (626) 449-0664 ext. 202.

Sincerely,

Jim Finegan, PhD, CHg
Senior Hydrogeologist



Walt Grinyer, PG
Senior Hydrogeologist

Attachments: Figure 1 – Site Location Map
Figure 2 – Site Plan
Appendix A – "Skull Valley Seismic Survey," Hasbrouck Geophysics, Inc., 23 August 2007