



AIVO GOLD

VIRGILIA MINES
PROJECT

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VIRGILIA MINE-RICH GULCH 60 ACRES

Introduction Desert Ventures Inc. has prepared this technical report for the Central property, located in Plumas County, California at the request of Natural Resource Holdings Ltd., a public company on the Tel Aviv exchange. The purpose of this report is to provide a review of historic project data and to recommend further exploration work if warranted.

Location and Ownership The property is located on the southwest side of Rich gulch in sections 7, 12, and 18 of T 25 N, R 8 E MDBM in Plumas County, California, about 22 miles west of the town of Quincy. The property consists of 12, contiguous, unpatented lode mining claims covering approximately 240 acres. The claims are located on Federal Government land administered by the U. S. Forest Service (USFS) and are owned free and clear by Natural Resource Holding, Ltd., and are free of any royalty obligations

Geology and Mineralization The property lies on the western flank of the Sierra Nevada Mountains which are cored by a Jurassic-age, granitic batholith and flanked on the west by the western metamorphic belt. Rocks of the metamorphic belt comprise a "terrane of strongly deformed, but weakly metamorphosed sedimentary and volcanic rocks of Paleozoic and Mesozoic age". The primary mineralized zone on the property is the "Central Zone" (CZ) which is a part of northern California's

Mother Lode Gold Belt. The CZ trends N45o to 50o W and dips 60o to 70o to the NE and is 500 feet-east of and generally parallel to the regional-scale Melones Fault. The known mineralized portion of the CZ has been explored by drill holes and underground workings along 2,200 feet of strike length.

Exploration Concept Gold mineralization at the Central occurs within and occasionally adjacent to a sheared, dacitic flow and tuff horizon within the Cedar Formation. The lack of typical quartz veins as hosts for the gold and the restriction of the gold to a tuffaceous horizon suggest that the mineralization might be syngenetic with the tuffaceous horizon. In either case, the mineralization is structurally and stratigraphically contained, and finding the extensions of known mineralization within these horizons should be the focus of future exploration.

Status of Exploration The Central has been the site of a great deal of surface and underground exploration work. All of the exploration work on the Central property was done prior to Natural Resource Holdings Ltd. acquiring the property.

Conclusions The Central property contains a large volume of gold-bearing rock that could be potentially economic under the right mining conditions and gold prices. A computer-generated resource model is necessary to advance the project to a determination of its economic viability

ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

Accessibility and Topography Access is via state route 70 west from Quincy and then going north on USFS road 26N22 leading up Rich Gulch and passing through the claims. The property is at an elevation of 3,000 to 4,400 feet with a few small areas of pine and fir trees which survived the recent fire. The topography is relatively steep with narrow gulches, usually hosting small streams flowing south into the North Fork of the Feather River.

Climate The property has a typical California upper-foothills climate with hot summers and frequently snowy winters. It is generally accessible year-round except during heavy snow periods. In dry winters, the property can be accessed year-round. In wet, snowy winters, access from late December to late March may be limited or require plowing of gravel access roads.

Infrastructure The property is approximately 22 miles west of Quincy, the county seat of Plumas County and a source for food, lodging, fuel, basic supplies and a ready work force. There are nearby power lines, a railroad siding is within two miles of the property, and water could likely be developed for wells.



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The Virgilia mine is located on patented mining claims immediately southeast of the Central property and has had historic gold production, Figure 6. Wright (1945) reports that in 1934 the Virgilia Mining Corporation was organized and had major support from Consolidated Goldfields. The company mined ore from the southeast extension of the Central Zone from below the level of the adjacent North Fork of the Feather River at a daily rate of 150 tons with a grade of 0.24 oz Au/ton.

Total gold production was approximately 70,400 ounces. The lowest level of the mine is 575 feet below the river at an elevation of 2,125 feet. The ore was processed with an on-site flotation mill, and gold recoveries were reported to be about 90% (Wright, 1945). The mine operated until World War II. Concurrent with the exploration work on the Central, Inca was exploring the Virgilia property, and Ford (1988) reported a geologic reserve at the Virgilia of 5,138,000 tons grading 0.084 oz Au/ton. This mineral inventory for the Virgilia was calculated prior to NI 43-101 reporting standards and does not meet the criteria for NI 43-101 categories. It is presented here as an item of historical interest and should not be construed as being representative of an actual Mineral Resource existing on the Virgilia.

GEOLOGIC SETTING

Regional Geology The property lies on the western flank of the Sierra Nevada Mountains, which are cored by a Jurassic-age, granitic batholith and flanked on the west by the western metamorphic belt. Rocks of the metamorphic belt comprise a "terrane of strongly deformed, but weakly metamorphosed sedimentary and volcanic rocks of Paleozoic and Mesozoic age" (Bateman, 1966). A regional-scale, northwest-trending fault, which is thought to be part of the Melones fault zone, separates Mesozoic ultrabasic intrusive rocks on the west from Triassic marine sediments on the east, Figure 6. Six miles northwest of the property there are extensive Tertiary volcanic flows mixed with marine and non-marine sediments, which cover all of the older rocks (Lydon, 1960).

Local and Property Geology The Central and other nearby gold deposits occur within the slates, volcanic tuffs and intercalated limestones of the Triassic-age Cedar Formation. In this area the Cedar is approximately 4,000 feet-thick (Wright, 1945). Bedding strikes northwest and dips 65o to

75o to the northeast. To the west of the mineralized zone, across the Melones Fault zone, there is a body of serpentine and ultrabasic rocks.

DEPOSIT TYPE

Regional Deposit Types In the western foothills of the Sierra Nevada Mountains, there are gold deposits believed to be genetically related to the intrusions of the Sierran granitic batholiths but occurring largely in the belt of metamorphic rocks. Some districts have small granitic intrusions as host rocks, while other districts have gold adjacent to serpentine bodies (Clark, 1966). There are volcanogenic massive sulfide (VMS) ore bodies in the foothills, and the occurrence of gold ore bodies in sequences of altered volcanic rocks suggests that some of the gold deposits may be related to a VMS style of mineralization.

Property Deposit Type Mother Lode gold deposits have historically been classified as being mesothermal and the result of hot, gold-bearing fluids passing through porous horizons and depositing the gold. Gold mineralization at the Central occurs within and occasionally adjacent to a sheared, dacitic flow and tuff horizon within the Cedar Formation (Ford, 1988; Wright 1945). The lack of typical quartz veins as hosts for the gold and the restriction of the gold to a tuffaceous horizon suggest that the mineralization might be syngenetic with the tuffaceous horizon. In either case, the mineralization is structurally and stratigraphically contained, and finding the extensions of known mineralization within these horizons should be the focus of future exploration.

Mineralized Zones The mineralized zones pinch and swell due to folding and shearing and range in thickness from two to 80 feet. The dacitic horizon is frequently strongly sheared and is composed of quartz, feldspar and hornblende. The primary sulfide minerals in the ore zone are pyrite, arsenopyrite, pyrrhotite, sphalerite, galena, stibnite and occasional chalcopyrite.



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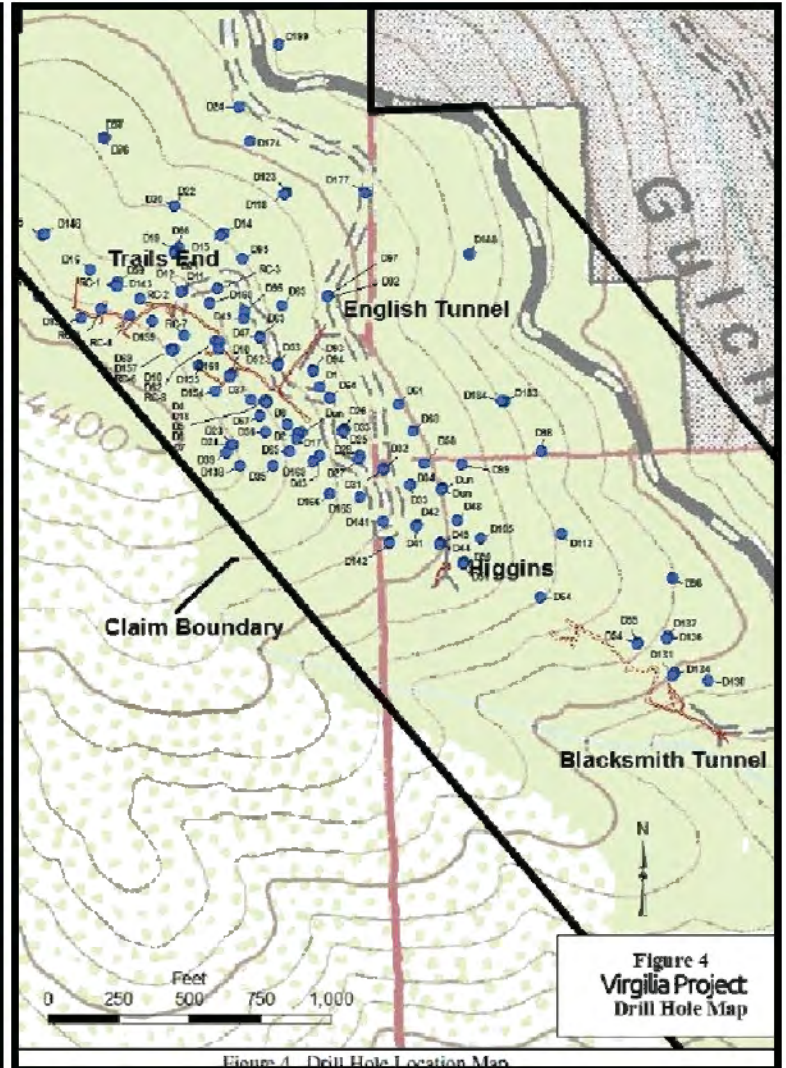
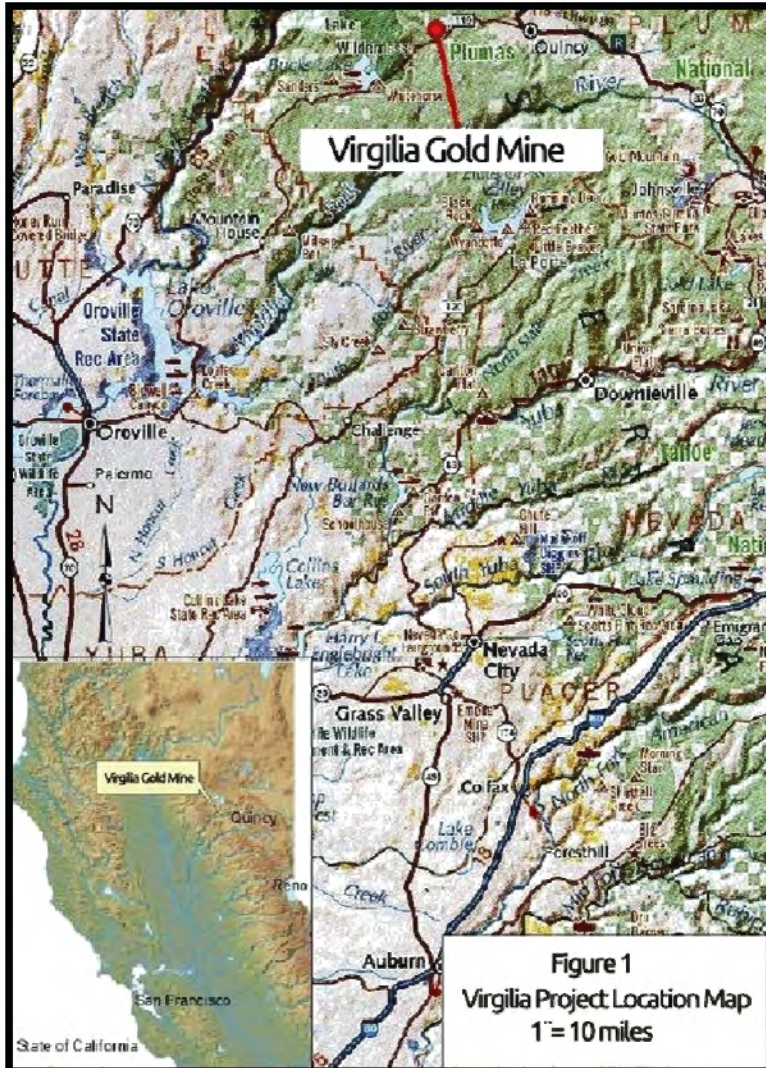
In places the dacite is very strongly silicified. There are white quartz veins within the Cedar Formation up to 20 inches-wide, but these are generally barren of gold values. One of the Homestake drill holes below the English tunnel intersected a three foot-long section of mineralized limestone averaging 0.3 oz Au/ton (Wright, 1945) which suggests that the mineralization may be more widespread and not restricted to just the dacite horizon. Clifton (2008) stated that the Central deposit was found to consist of four parallel “veins” or silicified zones, all confined to a single tuffaceous horizon within the slates. Veins Two and Three contain the bulk of the mineralization and are exposed discontinuously on the surface.

Size and Continuity Wright (1945) prepared 1”=20’ scale maps of all of the underground workings sampled during the Homestake program. The location and extent of the workings. Wright’s maps show the mineralized “dike” (dacite tuff), having a strike length of 720 feet in the English tunnel workings and 750 feet in the Blacksmith workings. Wright felt that the mineralization in the Virgilia at an elevation of 2,125 feet and the mineralization in the Central at an eleva-

tion of 4,400 feet were part of the same system and demonstrated a vertical extent of the mineralization of 2,275 feet.

In 1983, International Geosystems Corporation prepared a complete series of cross sections for the Central zone at a scale of 1”=40’. The sections are based on a local mine survey grid and are oriented N 48° E, which is generally perpendicular to the trend of the CMZ. The sections extend from 46,600 east to 48,600 east, a distance of 2,000 feet. The cross sections show mineralization at an upper elevation of 4,280 feet continuing to a lower elevation of 3,300 feet in the Blacksmith zone for a vertical extent of 980 feet. These cross sections showed all of the drill hole assay data, and were the basis for Inca’s resource calculation. In 2008, Clifton prepared another set of cross sections at a scale of 1”=100’ with the Surpac program (Figure 5). Based on the Homestake underground assays, drill hole assays, and geologic information, Clifton developed mineralized zones covering a strike length of 1,850 feet. Clifton’s cross sections showed a similar 980 feet of vertical continuity of the mineralization. These zones were the basis for Clifton’s resource calculation.

PICTURES
VIRGILIA MAPS



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