



Certification of Proven Ore Reserve Values

Blackstone Mine Project

Elmore County, Idaho

Richard E. Kucera, Ph.D. & Andrew Egan, B.Sc.

August 17, 2015



Andrew Egan, B.Sc.
Consulting Geologist

August 17, 2015

Mr. James Hawley, President
Blackstone Mining Company, Ltd.
22522 Kellerman Drive, NE
Kingston, Washington 98346-1300

Re: Blackstone Mine property, Elmore County, Idaho

Dear Mr. Hawley:

I have reviewed the following geological and engineering reports on the Blackstone Mine project ("Blackstone") in southwestern Idaho:

- DeLong, R.F., M.A., M.Sc., 1986. *Report on the Winter 1986 Drilling Program, Blackstone Mine, Elmore County, Idaho.*
- Kucera, R.E., Ph.D., F.G.A.C., July 21, 1986. *Geologist's Report on the Blackstone Mine Project, Elmore County, Idaho.*
- _____ August 11, 1988. *Report on the Blackstone Mine Project, Elmore County, Idaho.*
- _____ May 16, 1996. *Gross Value of Proven Ore Reserves, Blackstone Mine, Elmore County, Idaho.*
- Vasilhoff, G.I., M.M.E., P.E., 1984. *Preliminary Engineering Report on the Blackstone Mine Property.*
- Zarubica, J., B.Sc., 1987. *Report on the 1987 Summer Drilling Program.*

In addition, I have reviewed the following ancillary reports:

- Bell, R.N., M.E., 1930. "Another Butte in Southern Idaho?" *Northwest Mining Truth.*
- Johnesse, F.E., M.E., 1932. *Report on the Revenue Group of Lode Mining Claims in the Volcano Mining District, Elmore County, Idaho.*

Since I did not personally observe the drilling and exploration program, I can only render an opinion on the written records I have reviewed. As described in the above reports, the procedures employed appear to be quantitatively sufficient, methodologically sound, and consistent with generally accepted practices in the mining industry for calculating proven and probable reserves.

Based on the results of the exploratory drilling and related information set forth in the above reports, the Blackstone contains 700,000 tons of proven leach-grade ore and 35,500 tons of proven mill-grade ore. In addition, the authors have estimated probable leach-grade reserves of 3,000,000 tons and probable mill-grade reserves of 186,000 tons.

Consistent with the guidelines set forth in *SEC Industry Guide 7*, the value of a mining property is best calculated on the basis of proven reserves. Dr. Kucera calculated the value of such reserves in his 1996 report and I have updated his calculations to reflect metals prices and the Blackstone property value based on the current proven reserves as of July 15, 2015.

Mr. Hawley, 2.
August 17, 2015

VALUATION OF PROVEN ORE RESERVES – BLACKSTONE MINE, ELMORE COUNTY, IDAHO						
High-grade (Mill-grade) reserves	Tonnage	Assay/ton	Price	Per	Value/ton	Total value
Gold	35,500	0.106 ozs	\$ 1157.40 ¹	Oz	\$ 122.68	\$ 4,335,297
Silver	35,500	23.530 ozs	15.43 ¹	Oz	363.07	12,888,910
Copper	35,500	4.94%	2.54 ²	Lb	250.95	8,908,796
Manganese	35,500	1.15%	0.81 ³	Lb	18.63	661,365
Zinc (as Zinc Oxide)	35,500	8.50%	5.00 ⁵	Lb	850.00	30,175,000
Lead	35,500	4.00%	1.11 ⁴	Lb	88.80	3,152,400
Total high-grade reserve value						60,141,768
Leach-grade reserves						
Gold	700,000	0.078 ozs	\$ 1157.40 ¹	Oz	\$ 90.28	\$ 63,194,040
Silver	700,000	2.110 ozs	15.43 ¹	Oz	32.56	22,790,110
Copper	700,000	0.20%	2.54 ²	Lb	10.16	7,112,000
Manganese	700,000	2.00%	0.81 ³	Lb	32.40	22,680,000
Zinc (as Zinc Oxide)	700,000	0.50%	5.00 ⁵	Lb	50.00	35,000,000
Lead	700,000	0.25%	1.11 ⁴	Lb	5.55	3,885,000
Total leach-grade reserve value						154,661,150
Total reserve value						\$ 214,802,918

Sources: ¹Handy & Harman base ²Comex ³InfoMine ⁴Ryan's notes ⁵Est. price per lb., non-nano grade ZnO, FOB Boise, ID.

The \$214.8 million valuation does not include the approximate 3.2 million tons of probable reserves also set forth in Dr. Kucera's 1996 valuation.

Respectfully yours,



Andrew Egan, B.Sc.
Geologist

GROSS VALUE OF PROVEN ORE RESERVES, BLACKSTONE MINE, ELMORE COUNTY, IDAHO

INTRODUCTION

This report, prepared at the request of Mr. James Hawley III, will calculate the gross value of proven ore reserves at the Blackstone Mine, located in Elmore county, Idaho, USA. These reserves are polymetallic ore containing commercial quantities of gold, silver, copper, manganese and zinc.

PREVIOUS WORK

The author has drawn upon information from James Zarubica, Consulting Geologist of Ketchum Idaho. In his report of December, 1987, Mr. Zarubica summarized the results of the 1987 drilling program, and he calculated proven and probable ore reserves.

The present writer visited the property in 1986, to review the geology in the field, study the work progress and make certain recommendations, resulting in two reports, dated July 21, 1986 and August 11, 1988. In addition, the writer summarized the development work taking place at the Blackstone mine and discussed the processing, metallurgy, and mill operations (located at Gooding, Idaho), March 14, 1990.

ESTIMATED PROVEN ORE RESERVES

Based on the results of the development program, Zarubica has calculated that a high grade ore zone (mill grade) has been proven to contain 35,500 tons of 0.106 oz. gold, 23.58 oz. silver, 4.94% copper, 1.5% manganese, and 8.5% zinc. He has estimated that the low grade (leach grade) deposit contains 700,000 tons of leachable reserves having an average yield of 0.078 oz. gold, 2.11 oz. silver, 0.2% copper, 2% manganese, 0.25% lead and 0.5% zinc.

To calculate the gross value of ore reserves at the Blackstone Mine, I have referred to current commodity prices published in the Wall Street Journal, May 7, 1996.

High Grade Ore (mill grade)

<u>Commodity</u>	<u>Assay/ton</u>	<u>May 7, 1996 Price \$</u>	<u>Gross total value/ton \$</u>	<u>Gross total value/35,500 tons</u>
Gold	0.106 oz.	394.10/oz.	41.77	1,482,835
Silver	23.58 oz.	5.44/oz.	128.27	4,553,585
Copper	4.94%	1.245/lb.	123.00	4,366,500
Manganese	1.15%	1.16/lb.	66.68	947,140
Zinc	8.5%	0.502/lb.	85.34	3,029,570
			\$405.06	\$14,379,630

Low Grade Ore (leach grade)

<u>Commodity</u>	<u>Assay/ton</u>	<u>May 7, 1996 Price \$</u>	<u>Gross total value/ton \$</u>	<u>Gross total value/700,000 tons</u>
Gold	0.078 oz.	394.10/oz.	30.73	21,511,000
Silver	2.11 oz.	5.44/oz.	11.47	8,029,000
Copper	0.2%	1.245/lb.	4.98	3,486,000
Manganese	2.0%	1.16/lb.	46.40	32,480,000
Lead	0.25%	0.507/lb.	25.35	17,745,000
Zinc	0.5%	0.502/lb.	5.02	3,514,000
			\$123.95	\$86,765,000

PROBABLE RESERVES

In addition to proven reserves, drilling results suggest to Zarubica that as much as three million tons of probable leach-grade ore, and an additional 186,000 tons of high grade ore may be proven by further development of the Blackstone property. Therefore, additional drilling, and computer modeling of the area surrounding the pit is recommended, to expand the tonnage of proven reserves.

Note: All figures in this report subject to fluctuations in metal prices.



Richard E. Kucera

Richard E. Kucera, Ph.D.

CERTIFICATE OF QUALIFICATION

I, Richard E. Kucera, Ph.D., hereby certify,

1. That I am a Geological Consultant in the State of Washington.
2. That I am an active member of the following professional associations: Geological Society of America; Rocky Mountain Association of Geologists; Geological Association of Canada; Society for Mining, Metallurgy and Exploration, Northwest Mining Association; and the American Association of Petroleum Geologists.
3. That I hold B.Sc. and M.Sc. degrees from the Ohio State University, and a Ph.D. from the University of Colorado.
4. That I have been practicing my profession as a Geologist for 31 years.
5. That I have no direct or indirect interest in the properties or securities of Blackstone Mining Company, Ltd.
6. That the statements made in this report are based on information specified in the report.
7. That the report has been prepared for exclusive use of participants in the project and no part of it shall be reproduced by any other person, regulatory body or organization without the complete context of the report or without my permission.
8. Consent is hereby granted to use the report, in its complete form only, in a Filing Statement, Statement of Material Facts, or Prospectus by Blackstone Mining Company, Ltd.

Richard E. Kucera

Richard E. Kucera, Ph.D.