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TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE FOR THE FENELON MINE PROPERTY (according to National Instrument 43 101 and Form 43 101F1)

Project Location

Latitude 50º01'00'' North and Longitude 78º37'30''
Province of Québec, Canada

Prepared for

Wallbridge Mining Company Ltd.
129 Fielding Road
Lively, Ontario,
Canada P3Y 1L7

Prepared by:

Pierre-Luc Richard, P. Geo.
Bruno Turcotte, P. Geo
Catherine Jalbert, P. Geo
InnovExplo – Consulting Firm

Effective Date: July 5, 2016
Original Date: July 29, 2016
Revised Version: August 17, 2016

INTERNAL PEER REVIEW REPORT – INNOVEXPLO

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Database Integrity	*(Original signed and sealed)* Alain Carrier, P.Geo. InnovExplo – Consulting Firm Val-d'Or (Québec)	Signed off on June 27, 2016
Geological Model	*(Original signed and sealed)* Alain Carrier, P.Geo. InnovExplo – Consulting Firm Val-d'Or (Québec)	Signed off on June 27, 2016
Resource Estimate Parameters	*(Original signed and sealed)* Alain Carrier, P.Geo. InnovExplo – Consulting Firm Val-d'Or (Québec)	Signed off on July 4, 2016
NI 43-101 Technical Report Compliance	*(Original signed and sealed)* Carl Pelletier, P.Geo. InnovExplo – Consulting Firm Val-d'Or (Québec)	Signed off on July 28, 2016
Final Sign off	*(Original signed and sealed)* Carl Pelletier, P. Geo InnovExplo – Consulting Firm Val-d'Or (Québec)	Signed off on July 29, 2016

SIGNATURE PAGE – INNOVEXPLO

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Pierre-Luc Richard, P. Geo
InnovExplo – Consulting Firm
Val-d'Or (Québec)

Signed at Val-d'Or on August 17, 2016

(Original signed and sealed)
Bruno Turcotte, P.Geo.
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Catherine Jalbert, P.Geo.
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Val-d'Or (Québec)

Signed at Val-d'Or on August 17, 2016

CERTIFICATE OF AUTHOR – PIERRE-LUC RICHARD

I, Pierre-Luc Richard, M.Sc., P.Geo. (OGQ licence No. 1119, APGO licence No. 1714, APEGBC licence No. 43255, NAPEG licence No. L2465, MAusIMM), do hereby certify that:

1. I am employed as a geologist by and carried out this assignment for InnovExplo Inc. – Consulting Firm in Mines and Exploration, 560, 3e Avenue, Val-d'Or, Québec, Canada, J9P 1S4.
2. I graduated with a Bachelor's degree in geology from the Université du Québec à Montreal (Montreal, Québec) in 2004. In addition, I obtained an M.Sc. from the Université du Québec à Chicoutimi (Chicoutimi, Québec) in 2012.
3. I am a member in good standing of the Ordre des Géologues du Québec (OGQ licence No. 1119), of the Association of Professional Geoscientists of Ontario (APGO licence No. 1714), of the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC licence No. 43255), of the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (NAPEG licence No. L2465), and of the Australian AusIMM Minerals Institute.
4. I have worked in the mining industry for more than 10 years. My exploration expertise has been acquired with Richmont Mines Inc., the Ministry of Natural Resources of Québec (Geology Branch), and numerous exploration companies through InnovExplo. My mining expertise was acquired at the Beaufor mine and several other producers through InnovExplo. I managed numerous technical reports, resource estimates and audits. I have been a geological consultant for InnovExplo Inc. since February 2007 and I currently hold the Director of Geology position.
5. I have read the definition of "qualified person" set out in Regulation 43-101 / National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am co-author and also share responsibility for section 1, 14, 25 and 26 of the technical report entitled "TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE FOR THE FENELON MINE PROJECT (according to National Instrument 43-101 and Form 43-010F)", effective date of July 5, 2016, and signature date of July 29, 2016 (revised on August 17, 2016), prepared for Wallbridge Mining Company Ltd.
7. I did not visit the property.
8. I have not had any other prior involvement with the project that is the subject of the Technical Report.
9. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Report, the omission of which would make the Technical Report misleading.
10. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
11. I have read NI 43-101 Respecting Standards of Disclosure for Mineral projects and Form 43-101F1, and the items for which I am a qualified person in this Technical Report have been prepared in accordance with that regulation and form.

Signed this 17th day of August, 2016.

(Original signed and sealed)

Pierre-Luc Richard, P.Geo
InnovExplo Inc
pierreluc.richard@innovexplo.com

CERTIFICATE OF AUTHOR – BRUNO TURCOTTE

I, Bruno Turcotte, P.Geo. (APGO licence No. 2136, OGQ licence No. 453), do hereby certify that:

1. I am employed as a geologist by and carried out this assignment for InnovExplo Inc. – Consulting Firm in Mines and Exploration, 560, 3e Avenue, Val-d'Or, Québec, Canada, J9P 1S4.
2. I graduated with a Bachelor of Geology degree from Université Laval in the city of Québec in 1995. In addition, I obtained a Master's degree in Earth Sciences from Université Laval in the city of Québec in 1999.
3. I am a member of the Ordre des Géologues du Québec (OGQ licence No. 453) and of the Association of Professional Geoscientists of Ontario (APGO licence No. 2136).
4. I have worked as a geologist for a total of 21 years since graduating from university. I acquired my exploration expertise with Noranda Exploration Inc., Breakwater Resources Ltd, South-Malartic Exploration Inc. and Richmont Mines Inc. I acquired my mining expertise on the Croinor Preproduction Project and at the Beaufor mine. I have been a geological consultant for InnovExplo Inc. since March 2007.
5. I have read the definition of "qualified person" set out in Regulation 43-101 / National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am author and responsible for sections 2 to 11, 13, 15 to 24, 27 and I am co-author of and also share responsibility for sections 1, 25, and 26 of the technical report entitled "TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE FOR THE FENELON MINE PROPERTY (according to National Instrument 43-101 and Form 43-101F1)", effective date of July 5, 2016, and signature date of July 29, 2016 (revised on August 17, 2016), prepared for Wallbridge Mining Company Ltd.
7. I have not had any prior involvement with the project that is the subject of the Technical Report. I have not conducted a site visit of the property.
8. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission of which would make the Technical Report misleading.
9. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
10. I have read NI 43-101 Respecting Standards of Disclosure for Mineral projects and Form 43-101F1, and the Technical Report has been prepared in accordance with that instrument and form.

Signed this 17th day of August, 2016.

(Original signed and sealed)

Bruno Turcotte, P. Geo
InnovExplo Inc
bruno.turcotte@innovexplo.com

CERTIFICATE OF AUTHOR – CATHERINE JALBERT

I, Catherine Jalbert, P. Geo, B.Sc (OGQ licence No. 1412) do hereby certify that:

1. I am employed as a geologist by and carried this assignment for InnovExplo Inc. – Consulting Firm in Mines and Exploration, 560, 3e Avenue, Val-d'Or, Québec, Canada, J9P 1S4.
2. I graduated with a Bachelor's degree in geology from the Université Laval in Québec City, Québec in 2009.
3. I am a member in good standing of the Ordre des Géologues du Québec (OGQ licence No. 1412).
4. I have worked in the mining industry for more than 7 years. My exploration expertise has been acquired with numerous exploration companies through InnovExplo. I have been a geological consultant for InnovExplo Inc. since May 2009.
5. I have read the definition of "qualified person" set out in Regulation 43-101 / National Instrument 43-101 ("NI 43-101) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am author and responsible for section 12 and I am co-author and also share responsibility for section 1, 14, 25 and 26 of the technical report entitled "TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE FOR THE FENELON MINE PROJECT (according to National Instrument 43-101 and Form 43-010F)", effective date of July 5, 2016, and signature date of July 29, 2016 (revised on August 17, 2016), prepared for Wallbridge Mining Company Ltd.
7. I visited the property on May 31 and June 1 2016
8. I have not had a prior involvement with the project that is the subject of the Technical Report.
9. I am not aware of any material fact or material change with respect to the subject matter if the Technical Report that is not reflected in the Report, the omission of which would make the Technical Report misleading.
10. I am independent of the issuer applying all of the tests in section 1.5 of NI 43-101.
11. I have read NI 43-101 Respecting Standards of Disclosure for Mineral projects and Form 43-101F1, and the Technical Report has been prepared in accordance with that instrument and form.

Signed this 17th day of August, 2016.

(Original signed and sealed)

Catherine Jalbert, P. Geo
InnovExplo Inc
catherine.jalbert@innovexplo.com

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1 SUMMARY

1.1 Introduction

InnovExplo Inc. ("InnovExplo") was commissioned by Wallbridge Mining Company Ltd ("Wallbridge") to complete a Technical Report on the Fenelon Mine Property (the "Property") and a Mineral Resource Estimate on the Fenelon deposit in accordance with Canadian Securities Administrators' National Instrument 43-101 Respecting Standards of Disclosure for Mineral Projects ("NI 43-101") and Form 43-101F1. The mandate was assigned by Mr. Marz Kord, President and CEO of Wallbridge.

InnovExplo is an independent mining and exploration consulting firm based in Val-d'Or, Québec.

This Technical Report supports the disclosure of the mineral resource estimate for the Fenelon deposit (a.k.a. the Discovery Zone deposit) on the Fenelon Mine Property.

This report is addressed to Wallbridge Mining Company Ltd. Wallbridge is in the process of acquiring the Fenelon Mine Property from Balmoral Resources Ltd ("Balmoral"). Some of the terms of the acquisition have not yet been completed, therefore all mining rights to the Property are still registered to Balmoral.

1.2 Property Description and Location

The Fenelon Mine Property is located in the Nord-du-Québec administrative region, approximately 75 kilometres west-northwest of the city of Matagami, in the province of Québec, Canada.

The Fenelon Mine Property consists of one block of nineteen (19) mining claims staked by electronic map designation ("map-designated cells") and one (1) mining lease, covering an aggregate area of 1,051.77 ha (Fig. 4.2). All claims are registered 100% in the name of Balmoral Resources Ltd. All mining titles are in good standing according to the GESTIM database.

A net smelter royalty (NSR) of 2% is payable from production on the Fenelon Mine Property to Morrison Petroleum Limited, an NSR royalty of 1% is payable from production on the Fenelon Mine Property to Cyprus Canada Ltd, and an NSR royalty of 1% is payable from production on the Fenelon Mine Property to Balmoral Resources Ltd. In addition, a 2% net profit royalty (NPR) in the Fenelon Mine Property is payable to Stonegate Management Limited.

1.3 Property Description and Location

The Fenelon Mine Property is located in the northwestern Archean Abitibi Subprovince in the southern Superior Province of the Canadian Shield. The Abitibi Greenstone Belt is mainly composed of volcanic units unconformably overlain by large sedimentary Timiskaming-style assemblages. Generally, the Abitibi Greenstone Belt comprises east-trending synclines composed of volcanic rocks and intervening domes cored by synvolcanic and/or syntectonic plutonic rocks (gabbro-diorite, tonalite and granite), alternating with east-trending bands of turbiditic wacke. Normally, the volcanic and sedimentary strata dip vertically and are separated by abrupt, variably dipping east-trending faults. The Abitibi Greenstone Belt is intruded by numerous late-tectonic plutons composed mainly of syenite, gabbro and granite, with fewer lamprophyre and carbonatite dykes. The metamorphic grade in the Abitibi Greenstone Belt generally varies from greenschist to subgreenschist facies, except in the vicinity of most plutons where the metamorphic grade corresponds mainly to amphibolite facies.

The Fenelon Mine Property lies within the Harricana-Turgeon volcano-sedimentary segment. The segment extends from the Detour Lake mine (Ontario) in the west to Matagami (Québec) in the east, and includes the Matagami, Brouillan, Joutel and Casa-Berardi mining districts. The segment is dominated by mafic volcanic rocks, with lesser sedimentary and plutonic rocks. It is transected by numerous E-W trending deformation zones that follow the contacts of volcano-sedimentary units and granitoid plutons, or crosscut them. The two major northernmost faults of the Abitibi are the Sunday Lake (SLDZ) and Grasset (GDZ) deformation zones. The GDZ is the equivalent of the South Detour Deformation Zone in Ontario. The SLDZ and the GDZ are the major structural features in the area. They can be traced over 150 kilometres from the western boundary of the Abitibi Subprovince in Ontario, to the east of the Fenelon Mine Property and to the north of the Matagami mining camp. These two faults share many characteristics with others major breaks of the Abitibi in that they are wide corridors of ductile and high-strain deformation with a mixture of highly altered volcanic, sedimentary and intrusive rocks, including ultramafic slices and syn-orogenic felsic to intermediate dykes. Apart from the gabbro and ultramafic sills and dykes, the plutons in the northwestern Abitibi are felsic to intermediate in composition. The sparse stratification measurements recorded north of the SLDZ indicate that the dip of the basalt flow sequence is moderate to steep. Fold patterns have been interpreted based mainly on the distribution of magnetic highs corresponding to gabbroic and ultramafic sills, and the electromagnetic conductors that characterize the graphitic tuffs and sediment horizons.

The Fenelon Mine Property is covered by 4 to 50 metres of glacial overburden consisting mainly of sandy and gravel outwash material and lesser boulder-rich tills. There is no natural rock outcrop in the area of the Discovery Zone where glacial overburden is generally 4 to 8 metres thick. Detailed property-scale geological information is available for this area only where the bedrock has been drilled or exposed during open pit sampling and underground development work. The correlation between geological information and geophysical maps has contributed to the recognition of certain units based on magnetic signatures, such as magnetic-high gabbroic and ultramafic rocks, magnetic-low magnetic sedimentary rocks and highly conductive graphitic horizons. The Manthet Group found to the north of the SLDZ underlies the entire Fenelon Mine Property. Although published geological maps (Lacroix, 1991) indicate the Property is underlain by basaltic volcanic rocks of the Manthet Group, diamond drilling on the Property suggests the geology is predominantly characterized by dominantly mafic volcanic rocks and pelagic sedimentary rocks, with a smaller amount of felsic to intermediate volcanic rocks and tuffs, and ultramafic volcanic rocks.

The Discovery Zone is hosted in a series of siliceous zones and small-scale silica-albite shear zones within coarse-grained mafic intrusives that are segmented by a series of mafic dykes, between two panels of argillaceous sediments.

1.4 Mineralization

Gold mineralization is associated with a corridor of intense alteration located close to the contact between sediments and coarse-grained mafic intrusives, and within a coarse-grained mafic intrusive. Silicification is the dominant alteration type and appears to control the mineralization. Sericite, biotite and black chlorite are also associated with the mineralized zones, but these types of alteration are not as continuous as the silicification. Some observations show a good correlation between high-grade values and a local increase in the abundance of black chlorite. Silicification serves as an exploration guideline and is the key feature in guiding underground development. The general orientation and dip of the silicified and mineralized envelopes is subparallel to the contact of the sediments and the coarse-grained mafic intrusives. Local variations in orientation and dip are present. The thickness of these envelopes varies from a few centimetres to 15 metres.

Gold mineralization is concentrated in the silicified envelopes and is associated with sulphides such as pyrrhotite, chalcopyrite and pyrite. Sulphides are mainly disseminated, although where silicification is locally more intense, they are contained in quartz veins. Pyrrhotite is dominant and its abundance generally varies from trace amounts to 30%, with intersections of massive pyrrhotite over a few centimetres. Chalcopyrite content generally varies from trace amounts to 15%, locally up to 40%. When present, pyrite occurs as trace amounts or up to 2%. Marcasite has been observed in drill core at depth and is locally associated with gold mineralization. Native visible gold is fairly common in drill hole intersections and in the wall rocks of developments. The grain size of the visible gold can reach 4 millimetres.

The mineralization described above occurs in two distinct styles and two distinct stages in the Discovery Zone, predominantly within a wide corridor delimited by the extent of the coarse-grained mafic intrusives. The mineralization styles are as follows:

Style 1: Early massive, laminated or brecciated silica-sulphide zones occurring along mafic dyke contacts or as isolated, irregular, metre-scale lensoid bodies inside the mafic dyke complex, like xenoliths of mineralized zone in the coarse-grained mafic intrusion. Pyrrhotite and pyrite are the dominant sulphides and occur as narrow fracture fillings or disseminations in silica-rich rock.

Style 2: Late narrow, lenticular or commonly tabular zones of silica-sulphide sericite alteration associated with small-scale (1–30 cm) shear zones occurring primarily along narrow dyke contacts. Sulphides occur disseminated in the altered rock or in quartz veinlets. The dominant sulphides are pyrrhotite, pyrite and chalcopyrite, with local coarse visible gold.

1.5 Data Verification

InnovExplo’s data verification included a site visit to the Fenelon Camp and a review of the logging and core storage facilities. It also included a review of selected core intervals, drill hole collar locations, assays, the QA/QC program, downhole surveys, information on mined-out areas, and the descriptions of lithologies, alterations and structures. InnovExplo was able to collect and send to the laboratory eight (8) drill core quarter-splits and one (1) mineralized sample from the ore pad.

Wallbridge had not yet carried out any work on the property at the time this resource estimate was being prepared.

1.6 Mineral Resource Estimate

The 2016 Fenelon Deposit Mineral Resource Estimate presented herein (the "2016 MRE") was prepared by Pierre-Luc Richard, P.Geo., and Catherine Jalbert, P.Geo., using all available information. The main objective of the mandate assigned by Wallbridge was to prepare a NI 43-101 Technical Report, including a compliant mineral resource estimate, during Wallbridge's acquisition of the Fenelon Mine Property. The Fenelon deposit has seen both underground and open pit development in the past.

The 2016 resource area measures 500 metres along strike, 210 metres wide and 280 metres deep. The 2016 MRE is based on a compilation of historical and recent diamond drill holes and wireframed mineralized zones largely inspired by previous work and Wallbridge's interpretation. The final model was constructed by InnovExplo.

The GEMS diamond drill holes database contains 356 surface diamond drill holes and 63 underground drill holes. Of these, a subset of 230 holes (169 from surface and 61 from underground) cut across the mineralized zones. The database also contains 357 surface channel samples and 192 underground channel samples.

In order to conduct accurate resource modelling of the deposit, InnovExplo based its mineralized-zone wireframe model on the drill hole database and the authors' knowledge of the Fenelon mine and similar deposits. In doing so, InnovExplo created a total of nine (9) mineralized solids (coded 102 to 110) that honour the drill hole database.

Given the density of the processed data, the search ellipse criteria, the drill hole density and the specific interpolation parameters, InnovExplo is of the opinion that the current mineral resource estimate can be classified as Measured, Indicated and Inferred resources. The estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves.

Table 1.1 displays the results of the In Situ Mineral Resource Estimate for the Fenelon deposit at the official 5.00 g/t Au cut-off grade. Table 1.2 displays the official in-situ resource and sensitivity at other cut-off scenarios. The reader should be cautioned that the figures listed in Table 1.2 should not be misinterpreted as a mineral resource statement. The reported quantities and grade estimates at different cut-off grades are only presented to demonstrate the sensitivity of the resource model to the selection of a reporting cut-off grade. Note that broken measured resources are not included in this table since they were included in the official resource statement as a whole.

Table 1.1 – Fenelon Deposit Mineral Resource Estimate at a 5.00 g/t Au cut-off grade

> 5.00 g/t Au		Tonnes (t)	Au (g/t)	Contained Au (oz)
Measured (M) and Indicated (I)	Measured (In-situ)	27,000	13.94	12,100
	Measured (broken)	3,100	6.14	600
	Indicated	61,000	12.89	25,300
	Total M+I	91,100	12.97	38,000
Inferred	In-situ	6,500	9.15	1,900

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Pierre-Luc Richard, P.Geo., M.Sc. and Catherine Jalbert, P.Geo., B.Sc., of InnovExplo Inc. The effective date of the estimate is July 5, 2016.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The model includes nine gold-bearing zones, eight of which include resources at the official cut-off grade.
- Results are presented in situ and undiluted.
- Sensitivity was assessed using cut-off grades from 2.00 to 10.00 g/t Au, with 1.00 g/t Au increments. The official resource is reported at a cut-off of 5.00 g/t Au. Cut-off grades must be re-evaluated in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.80 g/cm^3 was used for all zones, supported by limited information.
- A minimum true thickness of 2.0 metres was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High grade capping (Au) was applied to raw assay data and varies from 30 g/t to 140 g/t based on the statistical analysis of individual mineralized zones. Restricted search ellipsoids were used during interpolation using 1X variography ranges and a threshold of 30 g/t Au.
- Compositing was done on drill hole intercepts falling within the mineralized zones (composite lengths vary from 1 to 3 metres in order to distribute the tails adequately).
- Resources were evaluated from drill holes using a 2-pass ID3 interpolation method in a block model (block size = 5 m x 5 m x 5 m).
- The inferred category is only defined within the areas where blocks were interpolated during pass 1 or pass 2 where continuity is sufficient to avoid isolated blocks being interpolated by only one drill hole. The indicated category is only defined by blocks interpolated by a minimum of two drill holes in areas where the maximum distance to the closest drill hole composite is less than 20 metres for blocks interpolated in pass 1. The measured category is only defined by blocks interpolated by a minimum of two drill holes in areas where the maximum distance to the closest drill hole composite is less than 20 metres for blocks interpolated in pass 1 and in close proximity with sampled drifts (<10 metres).
- Ounce (troy) = metric tons x grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects. Rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the Mineral Resource Estimate.

Table 1.2 – Fenelon Deposit Mineral Resource Estimate at a 5.00 g/t Au cut-off grade and sensitivity at other cut-off scenarios. Note that broken measured resources are not included in this table they were included in the official resource statement as a whole.

	Measured			Indicated			Inferred		
Cut-off	Tonnage	Grade	Ounces	Tonnage	Grade	Ounces	Tonnage	Grade	Ounces
2.00	39,400	10.57	13,400	144,900	7.23	33,700	27,500	4.15	3,700
3.00	33,600	11.97	12,900	100,900	9.33	30,200	11,100	6.86	2,500
4.00	29,800	13.04	12,500	77,100	11.13	27,600	7,700	8.39	2,100
5.00	**27,000**	**13.94**	**12,100**	**61,000**	**12.89**	**25,300**	**6,500**	**9.15**	**1,900**
6.00	25,000	14.60	11,800	50,400	14.46	23,400	5,100	10.11	1,700
7.00	22,100	15.67	11,100	42,300	15.98	21,700	4,700	10.44	1,600
8.00	20,400	16.33	10,700	34,200	18.00	19,800	4,100	10.87	1,400
9.00	17,100	17.87	9,800	30,400	19.19	18,800	3,100	11.63	1,200
10.00	14,200	19.59	8,900	27,400	20.24	17,900	2,200	12.50	900

1.7 Interpretations and Conclusions

After conducting a detailed review of all pertinent information and completing the 2016 MRE, InnovExplo concluded the following:

- Geological and grade continuity were demonstrated for eight (8) gold-bearing zones on the Fenelon Project;
- A large proportion of the resource is located in close proximity to existing underground workings at shallow depth;
- The bulk of the resource is located in the first 150 metres from surface (87% of the tonnes and 91% of the ounces);
- It is likely that additional diamond drilling would upgrade some of the Inferred Resources to Indicated Resources;
- There is the potential for upgrading some of the Indicated Resources to Measured Resources through detailed geological mapping, infill drilling and systematic channel sampling from the underground workings;
- One zone intercepted by four mineralized intervals (Zone 110) has been modelled but not interpolated, and is currently considered as an exploration target due to the wide drill spacing;
- There are several opportunities to add additional resources to the Fenelon Project by drilling the depth extensions of the ore shoot that originates in the resource area and the subparallel mineralized zones in the vicinity of the currently identified zones; and
- A property-scale compilation and target generation program should be completed.

Conversion drilling should be devoted to upgrading part of the Inferred resources to the Indicated category, whereas the objective of exploration drilling should be to target the currently identified ore shoots at depth and discover additional zones over the entire project.

1.8 Recommendations

Based on the results of the 2016 MRE, InnovExplo recommends the project be advanced to the next phase, which would be the preparation of a preliminary economic assessment (PEA).

In parallel with the PEA, more work is warranted, as detailed below.
The company should continue to revise the property-scale compilation and generate targets.

Additional drilling should target the down-plunge extensions of the currently identified mineralized zones as described in this Technical Report. An additional objective would be the discovery of additional zones of similar mineralization near the currently identified mineralized zones.

InnovExplo also recommends initiating a stakeholder mapping and communication plan, and carrying out appropriate actions based on such a plan.

If additional work proves to have a positive impact on the project, the current resource estimate should be updated.

In summary, InnovExplo recommends a two-phase work program as follows:

Phase 1:

- Produce a PEA
- Initiate a property-scale compilation and target generation program
- Conduct infill and down-plunge exploration drilling aimed at expanding the current resources.
- Generate a stakeholder map and communication plan

Phase 2: (contingent upon the success of Phase 1)

- Follow-up surface drilling program on the Fenelon deposit to potentially add resources
- Update the 3D model and PEA

InnovExplo has prepared a cost estimate for the recommended two-phase work program to serve as a guideline for the Fenelon Project. Expenditures for Phase 1 are estimated at C$2,041,250 (incl. 15% for contingencies). Expenditures for Phase 2 are estimated at C$1,265,000 (incl. 15% for contingencies). The grand total is C$3,306,250 (incl. 15% for contingencies). Phase 2 is contingent upon the success of Phase 1.

2 INTRODUCTION

InnovExplo Inc. (“InnovExplo”) was commissioned by Wallbridge Mining Company Ltd (“Wallbridge” or the “issuer”) to complete a Technical Report and a Mineral Resource Estimate for the Fenelon deposit (the “2016 MRE”) in accordance with Canadian Securities Administrators’ National Instrument 43-101 Respecting Standards of Disclosure for Mineral Projects (“NI 43-101”) and Form 43-101F1. The mandate was assigned by Mr. Marz Kord, President and CEO of Wallbridge.

InnovExplo is an independent mining and exploration consulting firm based in Val-d’Or (Québec).

In this revised version, items 10, 11, and 13 have been modified.

2.1 Issuer

The issuer was incorporated in the Province of Ontario pursuant to the Business Corporations Act (Ontario) (the “OBCA”) by filing Articles of Incorporation effective June 3, 1996.

The executive head office, registered office and principal place of business of the issuer are located in the city of Greater Sudbury at 129 Fielding Road, Lively, Ontario, P3Y 1L7. The issuer also maintains an office at 80 Richmond Street West, 18th Floor, Toronto, Ontario, M5H 2A4.

The issuer’s common shares are listed on the Toronto Stock Exchange (TSX) under the symbol “WM”.

2.2 Terms of Reference

Wallbridge’s acquisition of the Fenelon Mine Property from Balmoral Resources Ltd (“Balmoral”) commenced in May 2016 and is expected to close by September 25, 2016 (Wallbridge press releases of May 25, 2016). The “Fenelon Mine Property” of Wallbridge corresponds to the “Discovery Zone Property” of Balmoral. This area corresponds to a 10.5-km^2 subdivision of the current larger Fenelon Property owned by Balmoral (Fig. 2.1). The Fenelon Property has also been called the Fenelon “A” Property or the “Fenelon Project” by past operators. The gold deposit on the Property is known as the “Fenelon deposit” by Wallbridge and the “Discovery Gold Zone” or “Discovery Zone deposit” by Balmoral. The terms are considered synonymous in this report.

The Fenelon Mine Property is an advanced stage project with near-term production potential, and drill intersections that suggest an exploration potential for resource expansion. The Property is situated near the Sunday Lake Deformation Zone, which hosts the Detour Lake mine in Ontario, belonging to Detour Gold Corporation, as well as the Martiniere gold project in Québec, held by Balmoral.

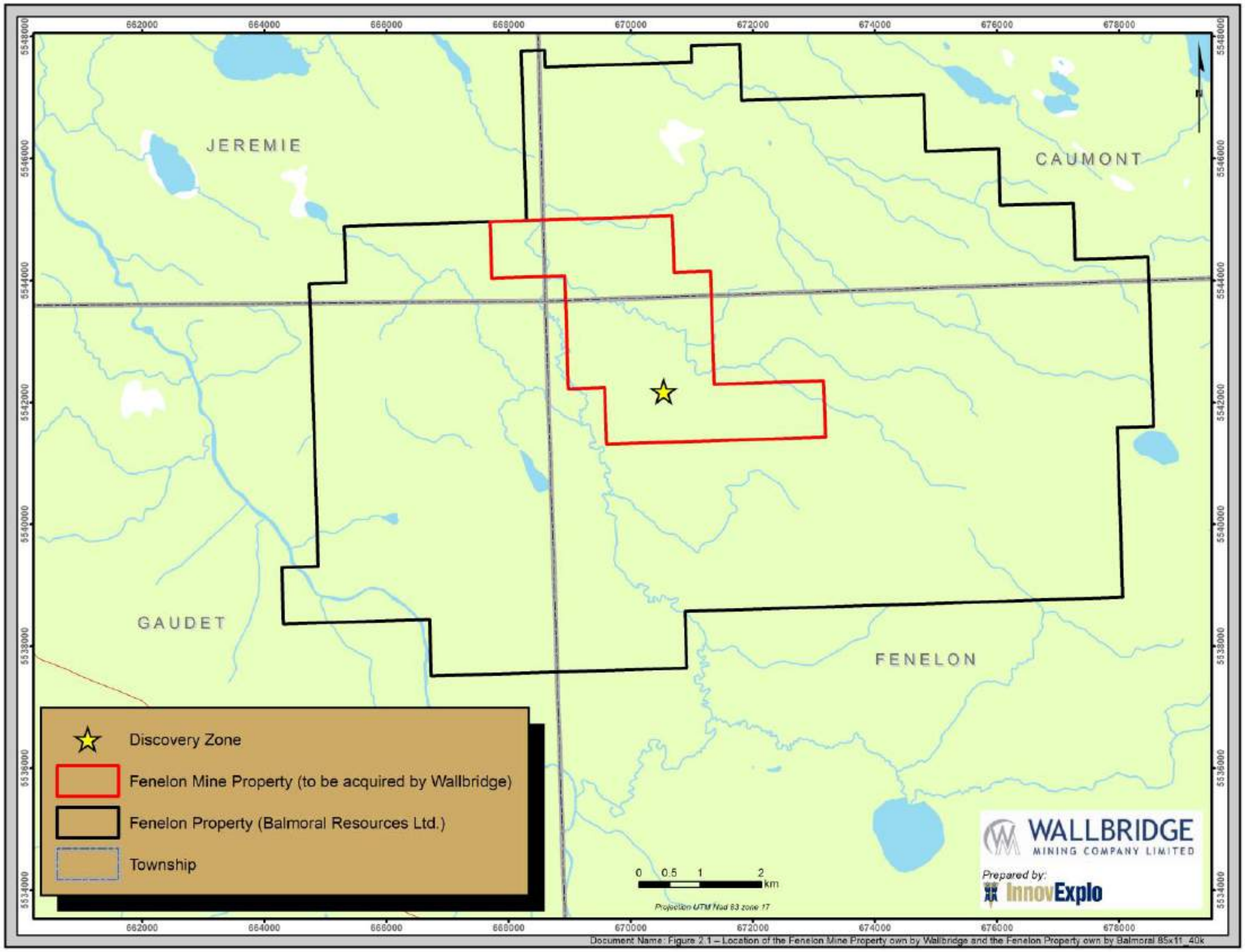


Figure 2.1 – Location of the Fenelon Mine Property to be acquired by Wallbridge and the Fenelon Property owned by Balmoral

The Discovery Zone was discovered in 1994. In all, more than 50,000 metres have been drilled, and very importantly, two bulk samples have been mined and processed from the deposit. In 2001, a 13,835 tonne bulk sample mined from a small open pit at the Discovery Zone was test-milled at the Camflo Mill in Malartic and returned 132,039 grams (4,245 oz) of gold giving a reconciled grade of 9.84 g/t Au using a calculated recovery of 97%. In 2004, a second bulk sample, mined from underground, also milled at Camflo, consisted of 8,169 tonnes and returned 80,731 grams (2,596 oz) of gold giving a reconciled grade of 10.7 g/t Au. The open pit and underground workings are currently flooded.

This Technical Report was prepared by InnovExplo for the purpose of providing a mineral resource estimate (the “2016 MRE”) for the Fenelon deposit (a.k.a., the “Discovery Zone”). The 2016 MRE includes all diamond drill holes drilled by past operators on the Fenelon deposit/Discovery Zone between 1993 and 2011.

Wallbridge has not yet completed all the terms of the acquisition of the Fenelon Mine Property, and all mining rights to this property are still under the name of Balmoral. This Technical Report is addressed to Wallbridge.

2.3 Principal Sources of Information

Pierre-Luc Richard, P.Geo., Bruno Turcotte, P.Geo., and Catherine Jalbert, P. Geo., acting as InnovExplo’s qualified and independent persons (“QPs”) as defined by NI 43-101, were assigned the mandate to study technical documentation relevant to the Technical Report and to recommend a work program if warranted. As part of the mandate, they have reviewed the following with respect to the Fenelon Mine Property: the mining titles and their status on the GESTIM website (the Québec government’s online claim management system); agreements and technical data supplied by the issuer (or its agents); public sources of relevant technical information on SIGÉOM (the government’s online warehouse for assessment work); and Wallbridge’s filings on SEDAR (press releases and Management’s Discussion & Analysis (MD&A) reports).

Some of the geological and/or technical reports for projects on or in the vicinity of the Fenelon Mine Property were prepared before the implementation of NI 43-101 in 2001. The authors of such reports appear to have been qualified and the information prepared according to standards that were acceptable to the exploration community at the time. In some cases, however, the data are incomplete and do not fully meet the current requirements of NI 43-101. InnovExplo has no known reason to believe that any of the information used to prepare this Technical Report is invalid or contains misrepresentations. The authors have sourced the information for the Technical Report from the collection of reports listed in section 27 (*References*).

InnovExplo believes the information used to prepare the Technical Report and to formulate its conclusions and recommendations is valid and appropriate considering the status of the project and the purpose for which the report is prepared. The authors, by virtue of their technical review of the project, affirm that the work program and recommendations presented in the report are in accordance with NI 43-101 and CIM technical standards.

InnovExplo’s QPs do not have, nor have they previously had, any material interest in Wallbridge or its related entities. The relationship with Wallbridge is solely a professional association between the issuer and the independent consultants. This Technical Report was prepared in return for fees based upon agreed commercial rates, and the payment of these fees is in no way contingent on the results of the Technical Report.

2.4 Qualified Persons

The following qualified and independent persons ("QPs") are responsible for the Technical Report:

- Pierre-Luc Richard, P.Geo. (OGQ #1119), Director Geology (InnovExplo);
- Bruno Turcotte, P.Geo. (OGQ #453), Senior Geologist (InnovExplo).
- Catherine Jalbert, P.Geo. (OGQ #1412), Geologist (InnovExplo).

In addition to the principal authors and QPs, the other people involved in the preparation of the Technical Report are:

- Martin Barette, Technician (InnovExplo) ;
- Daniel Turgeon, Technician (InnovExplo) ;
- Louise Charbonneau, Technician (InnovExplo) ;
- Denis Lebreux, Technician (InnovExplo).

The list below presents the sections of the Technical Report for which each QP was responsible:

- Pierre-Luc Richard supervised the assembly of the report. He is co-author of and shares responsibility for sections 1, 14, 25 and 26.
- Bruno Turcotte is author of and responsible for sections 2 to 11, 15 to 24 and 27. He is co-author of and shares responsibility for sections 1, 25 and 26.
- Catherine Jalbert is author of and responsible for section 12. She is co-author of and shares responsible for sections 1, 14, 25 and 26.

The 2016 MRE was prepared by Pierre-Luc Richard and Catherine Jalbert, both of whom are professional geologists in good standing with the *Ordre des géologues du Québec* and QPs as defined by NI 43-101.

The peer review of the report was the responsibility of Alain Carrier, P.Geo., co-president and co-founder of InnovExplo.

2.5 Inspection of the Property

Catherine Jalbert, P.Geo., is the only author to have visited the Fenelon Mine Property. The visit took place on May 31 and June 1, 2016, accompanied by Alain Carrier, P.Geo., of InnovExplo, and Attila Pentek, P.Geo., of Wallbridge.

2.6 Effective Date

The effective date of the Technical Report is July 5, 2016.

2.7 Abbreviations, Units and Currencies

A list of abbreviations used in this report is provided in Table 2.1. All currency amounts are stated in Canadian Dollars ($, $C, CAD) or US dollars ($US, USD). Quantities are stated in metric units, as per standard Canadian and international practice, including metric tons (tonnes, t) and kilograms (kg) for weight, kilometres (km) or metres (m) for distance, hectares (ha) for area, percentage (%) for copper and nickel grades, and gram per metric ton (g/t) for gold, platinum and palladium grades. Wherever applicable, imperial units have been converted to the International System of Units (SI units) for consistency (Table 2.1).

Table 2.1 – Abbreviations used in the technical report

°C	degrees Celsius	Au, Ag	gold, silver
µm	micron (micrometre)	Pd, Pt	palladium, platinum
mm	millimetre	PGE, PGM	platinum group elements, platinum group metals
cm	centimetre	Ni, Cu, Co, Fe, W, Zn	nickel, copper, cobalt, iron, tungsten, zinc
dm	decametre	NiEq	equivalent nickel content
m	metre	oz	troy ounce
km	kilometre	st	short ton
masl	metres above sea level	oz/st, oz/t	ounces per short ton
ha	hectare	Moz	million ounces
g/cm^3	gram per cubic centimetre	g	gram
m^3	cubic metre	kg	kilogram
kW	kilowatt	t	metric ton (tonne)
py	pyrite	Mt	million metric tons
cpy	chalcopyrite	tpd	Metric tons per day
po	pyrrhotite	g/t	grams per metric ton
Ma	million years	ppb	parts per billion
Ga	billion years	ppm	parts per million
DDH	diamond drill hole	Mag	magnetic
VMS	volcanogenic massive sulphides	EM	electromagnetic
JV	joint venture	VTEM	versatile time domain electromagnetic
NPV	net present value	HLEM	horizontal loop electromagnetic
$ or C$ or CAD	Canadian dollars	TDEM	time domain electromagnetic
US$ or USD	American dollars	IP	induced polarization
CAD:USD	Canadian-American exchange rate	ICP	inductively coupled plasma

Table 2.2 – Conversion factors for measurements

Imperial Unit	Multiplied by	Metric Unit
1 inch	25.4	mm
1 foot	0.3048	m
1 acre	0.405	ha
1 ounce (troy)	31.1035	g
1 pound (avdp)	0.4535	kg
1 ton (short)	0.9072	t
1 ounce (troy) / ton (short)	34.2857	g/t

3 RELIANCE ON OTHER EXPERTS

The QPs relied on the following for areas outside their field of expertise:

- The issuer supplied information about mining titles, option agreements, royalty agreements, environmental liabilities and permits. Neither the QPs nor InnovExplo are qualified to express any legal opinion with respect to property titles or current ownership and possible litigation. This disclaimer applies to sections 4.4 to 4.10 of this report.

- Sylvie Poirier, Eng., and Denis Gourde, Eng., both of InnovExplo, supplied the cut-off grade parameters used for the 2016 MRE.

- Venetia Bodycomb, M.Sc., of Vee Geoservices provided the linguistic editing for a draft version of this report.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 Location

The Fenelon Mine Property is located in the Nord-du-Québec administrative region, approximately 75 kilometres west-northwest of the city of Matagami, in the province of Québec, Canada (Fig. 4.1).

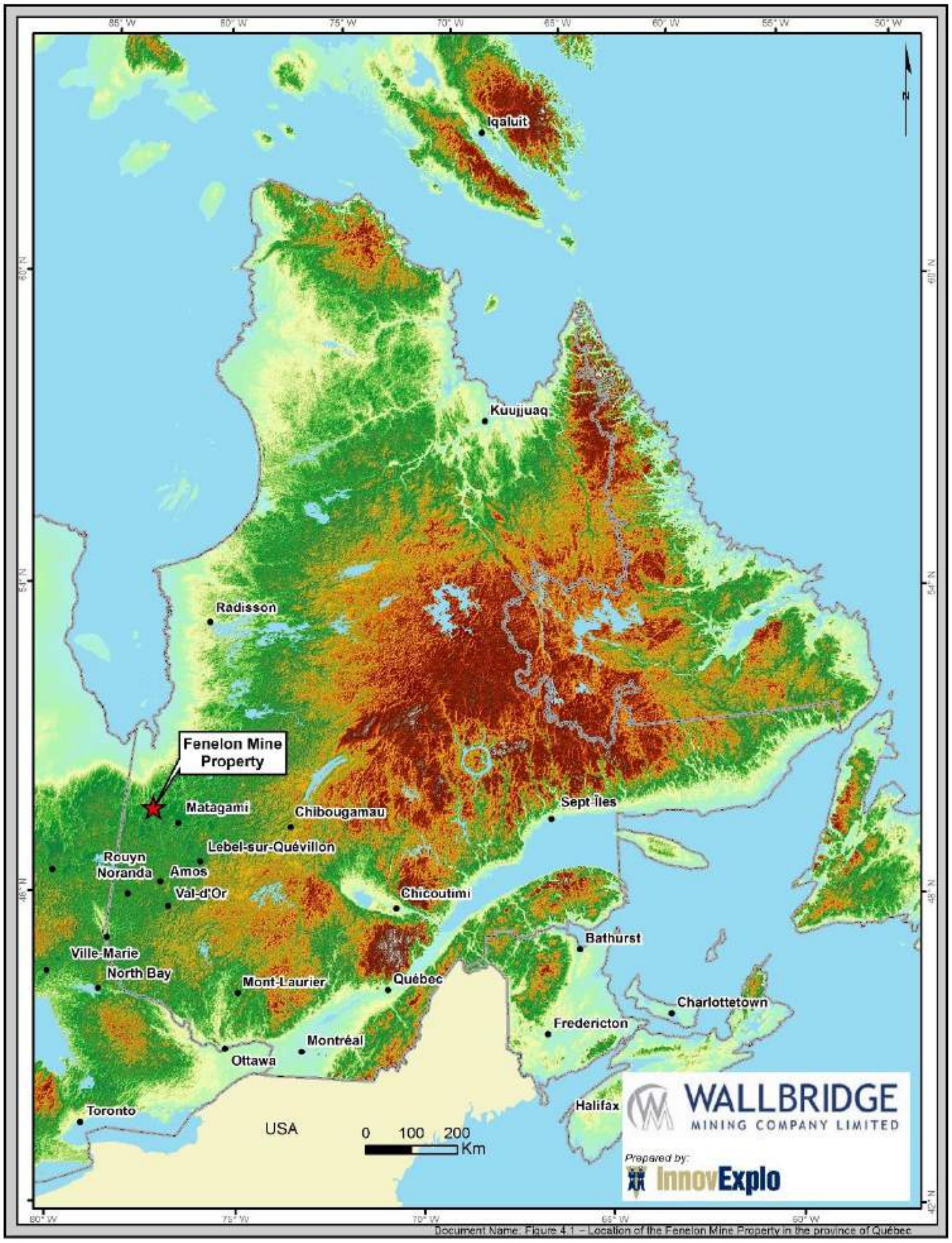


Figure 4.1 – Location of the Fenelon Mine Property in the province of Québec

The approximate centroid of the Fenelon Mine Property is 78°37'30"W and 50°01'00"N (UTM coordinates: 670140E and 5543175N, NAD 83, Zone 18). The nearest community is Matagami, located about 75 kilometres east-southeast of the Property. The Property lies in the townships of Fenelon, Caumont and Jérémie on NTS maps sheet 32L/02.

4.1.1 Mining Rights in the Province of Québec

The following discussion on mining rights in the province of Québec was mostly summarized from Guzun (2012), Gagné and Masson (2013), and the Act to Amend the Mining Act (Bill 70; the "Amending Act") assented on December 10, 2013 (National Assembly, 2013). The reader is referred to Appendix I for a detailed discussion on mining rights in the province of Québec.

In Québec, mining and mineral exploration is principally regulated by the provincial government. The *Ministère de l'Énergie et des Ressources Naturelles du Québec* ("MERN"; the Ministry of Energy and Natural Resources) is the provincial agency entrusted with the management of mineral substances in Québec. The ownership and granting of mining titles for mineral substances are primarily governed by the *Mining Act* and its attending regulations. In Québec, land surface rights are distinct property from mining rights. Rights in or over mineral substances in Québec form part of the domain of the State (the public domain), subject to limited exceptions for privately owned mineral substances. Mining titles for mineral substances within the public domain are granted and managed by the MERN. The granting of mining rights for privately owned mineral substances is a matter of private negotiations, although certain aspects of the exploration for and mining of such mineral substances are governed by the *Mining Act*.

4.1.2 The Claim

The claim is the only exploration title currently issued in Québec for mineral substances (other than surface mineral substances, petroleum, natural gas and brine). A claim gives its holder the exclusive right to explore for such mineral substances on the land subject to the claim, but does not entitle its holder to extract mineral substances, except for sampling and only in limited quantities. In order to mine mineral substances, the holder of a claim must obtain a mining lease. Electronic map designation is the most common method of acquiring new claims from the MERN, whereby an applicant makes an online selection of available pre-mapped claims. There are only a few places in the province where claims can still be obtained by staking.

4.1.3 The Mining Lease

Mining leases are extraction (production) mining titles that give their holder the exclusive right to mine mineral substances (other than surface mineral substances, petroleum, natural gas and brine). A mining lease is granted to the holder of one or several claims upon proof of the existence of indicators of the presence of a workable deposit on the area covered by such claims and compliance with other requirements prescribed by the *Mining Act*. A mining lease has an initial term of 20 years, but may be renewed for three additional periods of 10 years each. Under certain conditions, a mining lease may be renewed beyond the three statutory renewal periods.

4.1.4 The Mining Concession

Mining concessions are extraction (production) mining titles that give their holder the exclusive right to mine mineral substances (other than surface mineral substances, petroleum, natural gas and brine).

Mining concessions were issued prior to January 1, 1966. After that date, grants of mining concessions were replaced by grants of mining leases. Although similar in certain respects to mining leases, mining concessions granted broader surface and mining rights and are not limited in time. A grantee must commence mining operations within five years from December 10, 2013. As is the case for a holder of a mining lease, a grantee may be required by the government, on reasonable grounds, to maximize the economic spinoffs within Québec of mining the mineral resources authorized under the concession. The grantee must also, within three years of commencing mining operations and every 20 years thereafter, send the Minister a scoping and market study as regards to processing in Québec.

4.2 Mining Title Status

Mining title status for the Fenelon Mine Property was supplied by Marz Kord, President and CEO for Wallbridge. InnovExplo verified the status of all mining titles using GESTIM, the Québec government's online claim management system, at the following address: http://gestim.mines.gouv.qc.ca (via Internet Explorer browser only).

The Fenelon Mine Property currently consists of one block of nineteen (19) mining claims staked by electronic map designation ("map-designated cells") and one (1) mining lease, for an aggregate area of 1,051.77 ha (Fig. 4.2). All claims are registered 100% in the name of Balmoral Resources Ltd. All mining titles are in good standing according to the GESTIM database. A detailed list of mining titles, ownership, royalties and expiration dates is provided in Appendix II.

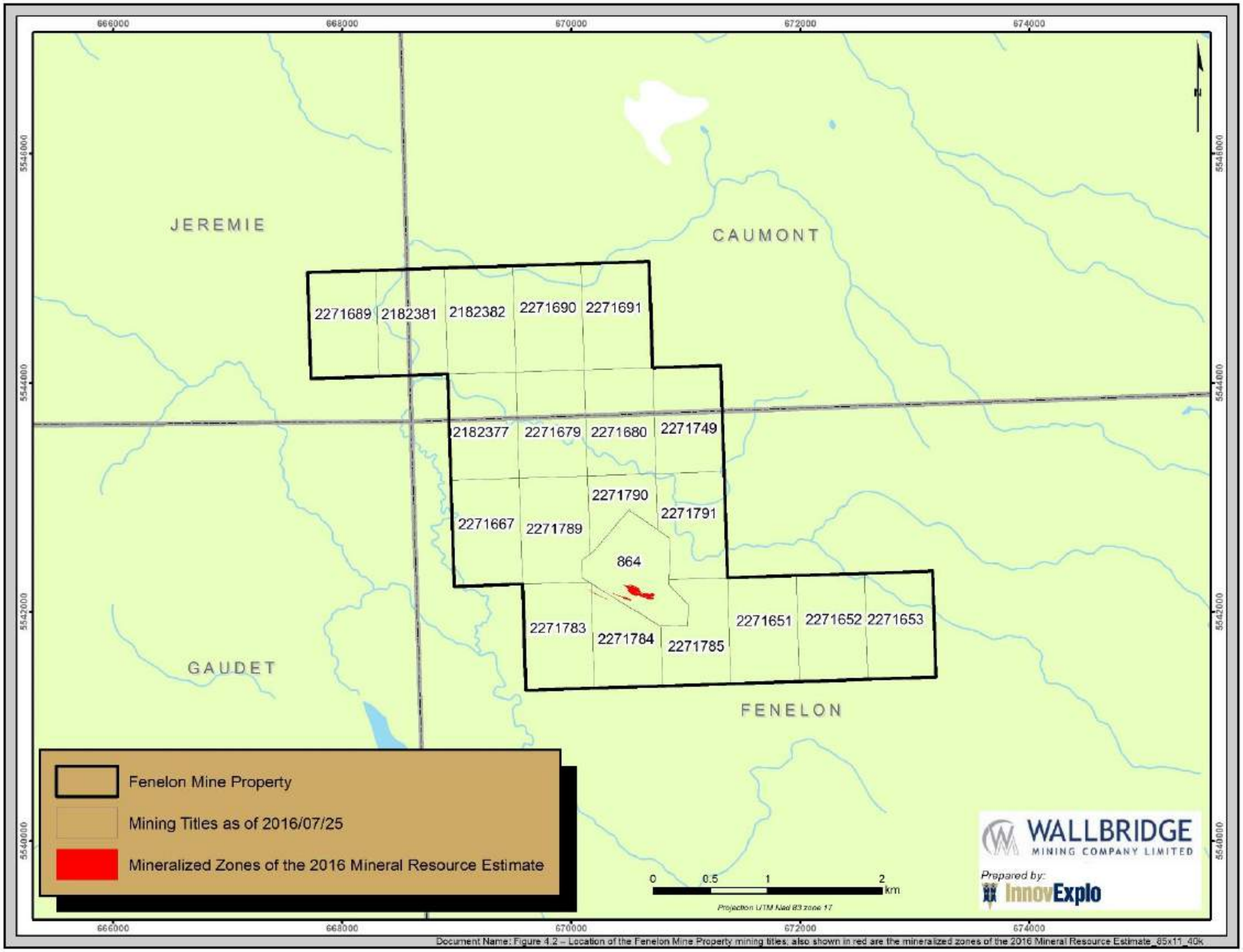


Figure 4.2 – Location of the Fenelon Mine Property mining titles; also shown in red are the mineralized zones of the 2016 Fenelon Deposit Mineral Resource Estimate.

4.3 Acquisition of the Fenelon Mine Property

On May 25, 2016, Wallbridge announced it had entered into a binding Letter of Intent ("LOI") dated May 24, 2016 (the "LOI Date") to acquire 100% of the Fenelon Mine Property from Balmoral Resources Ltd for a purchase price of C$3.6 million. The Fenelon Mine Property represents a 10.5-km^2 subdivision of the larger Fenelon Property owned by Balmoral.

The LOI outlines the terms of the proposed transaction, which are as follows:

- Wallbridge shall immediately upon receipt of TSX approval, issue to Balmoral that number of common shares in the capital of Wallbridge as is equal to C$200,000 based on the 20-day volume weighted average trading price of Wallbridge's common shares in the 20 days immediately prior to market close on May 20, 2016, said payment equalling 2,381,575 common shares of Wallbridge. The shares issued will be subject to standard four-month hold provisions.

- The parties shall, using their respective best efforts, prepare a purchase agreement (the "Purchase Agreement") to confirm and expand on the terms outlined in the LOI. It is the intention of the parties that the Purchase Agreement shall be signed within 60 days of the LOI Date.

- Under the terms of the LOI, the purchase price for the Property, if paid by Wallbridge to Balmoral within 60 days of LOI Date, will be C$3,400,000 cash.

- Should Wallbridge not be in a position to make the required cash payment within 60 days of the LOI Date the cash purchase price will increase to C$3,500,000. Wallbridge may extend the final deadline for payment to 120 days from the LOI Date by making two non-refundable cash payments to Balmoral of C$500,000 each on or before the 60th and 90th day from the LOI Date. Both payments will form part of the final purchase price.

- Should the Purchase Agreement not be completed and/or the purchase payment(s) not be received by Balmoral under the terms outlined above, then the LOI and/or the Purchase Agreement (if completed) shall automatically terminate. Upon termination of the LOI and/or Purchase Agreement, Wallbridge will retain no interest in the Property and Balmoral will be entitled to retain any payments previously received under the terms of the LOI and/or Purchase Agreement.

- In all cases, Balmoral shall retain a 1% NSR on any future production from the Property.

4.4 Previous agreements and encumbrances

The following relevant paragraph is from the 2010 technical report by Leclerc and Giguère (2010). It was prepared by Cory H. Kent, legal counsel to American Bonanza

Gold Corp. ("Bonanza") to outline the existing royalty obligations on the Fenelon property:

"Pursuant to an agreement dated July 17, 1998, as amended May 1, 2000, between Cyprus Canada Inc. (now owned by Freeport McMoRan Copper and Gold Inc.) and International Taurus Resources Inc. (a predecessor company to American Bonanza Gold Corp.), American Bonanza Gold Corp. (the "Option Agreement") has the right to explore and acquire all of Cyprus interest in Cyprus' entire Casa Berardi exploration portfolio in the province of Québec, Canada (the Casa Berardi Properties). The Casa Berardi Properties consist of four properties: the Fenelon Project, Martiniere "D", Northway and La Peltrie located within the Casa Berardi sector of the Abitibi Greenstone Belt. Pursuant to the Option Agreement, in order to acquire the remaining interests in the Casa Berardi Properties, Bonanza is required to pay three installments of US$150,000 (total US$450,000), with the first installment to be paid upon commencement of commercial production on any one of the properties and the remaining installments to be made six and twelve months thereafter. Cyprus will maintain a net smelter return royalty to a maximum of 2% (on properties not having an underlying royalty burden) and minimum of 1% (on those properties having an underlying royalty) on commercial production from the Casa Berardi Properties. The Corporation acquired its 38% interest in the Fenelon project and an option to acquire the remaining 62% in accordance with the Option Agreement as a result of its merger with International Taurus Resources in 2005. A NSR royalty of 2% is also payable from production on the Fenelon property to Morrison Petroleum Limited. In addition, a 2% net profit royalty interest in the Fenelon project is payable to Stonegate Management Limited."

Under the terms of a purchase and sale agreement dated November 3, 2010 ("Bonanza Agreement") and completed November 9, 2010, Balmoral purchased Bonanza's rights to and interests in the Fenelon, N2, Martiniere and Northshore properties, along with certain surface rights attached to the Northshore property, an existing exploration camp and materials at the Fenelon property and property related exploration data. Balmoral acquired a significant interest and operational control in each of the properties and has the right to acquire a 100% interest, subject to certain royalty interests, in each of the properties upon payment of US$450,000 to Cyprus Canada on or before the commencement of commercial production from any of the properties. In consideration for the acquisition of the foregoing assets from Bonanza, Balmoral paid C$3,700,000 and issued 4,500,000 common shares to Bonanza. The shares were sold subsequently on the open market.

Balmoral acquired from Bonanza its current 38% undivided interest in the Fenelon Property along with the Option ("Cyprus Option") to purchase the remaining 62% interest in the property from Cyprus Canada Ltd. (now Freeport McMoRan Copper and Gold Inc.). Balmoral can exercise the Cyprus Option and vest a 100% interest in the Fenelon Property, subject only to the royalty interest described below, by making an additional onetime payment of US$450,000 in favour of Cyprus Canada, said payment being due on commencement of commercial production from the Fenelon Property or the other properties to be acquired by Balmoral from Bonanza. Upon making the required payments, Balmoral would hold a 100% interest in the property subject only to the royalty interest described below and annual claim holding costs.

In January 2013, Balmoral completed the acquisition of a 100% interest in the Fenelon Property from Cyprus Canada and granted a 1% NSR on the property in favour of Cyprus Canada as required by the acquisition agreement.

4.5 Access to the Property

The Fenelon Mine Property is entirely located in the Eeyou Istchee Territory on Category III lands belonging to the Government of Québec and is subject to the James Bay and Northern Québec Agreement (JBNQA). Mineral exploration is allowed under specific conditions. The issuer shall be submitted to the Environmental Regime, which takes into account the Hunting, Fishing and Trapping Regime. In Category III lands, Eeyou Istchee peoples have exclusive rights to harvest certain species of wildlife and to conduct trapping activities. Each hunting area has a tallyman. The issuer should communicate with the regional level of government and the Cree Nation Government on these matters.

4.6 Permits

Permits are required for any exploration program that involves tree cutting to create road access for the drill rig or to carry out drilling and stripping work. Permitting timelines are short, typically about 3 to 4 weeks. The permits are issued by the *Ministère des Forêts, de la Faune et des Parcs* (Ministry of Forestry, Wildlife and Parks).

4.7 Environment

There are no environmental liabilities pertaining to the Fenelon Mine Property.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Accessibility

Main access to the Fenelon Mine Property (Fig. 5.1) is via Highway 109 from Amos, which heads north to Matagami and Radisson. At the junction with road leading to the former small mining town of Joutel, head west for just over 13 kilometres, then turn northwest on the Selbaie paved road (N-810) for a distance of 51 kilometres. Past the bridge crossing the Harricana River (at km 122) and just short of the kilometre 123 marker, the Tembec forestry provides access to Balmoral's Fenelon Camp at a distance of 21 kilometres from the junction. The old open pit and decline ramp are located 6 kilometres west of the Fenelon Camp.

5.2 Climate

The region experiences a typical continental-style climate, with cold winters and warm summers. Climate data from the nearest weather station in the town of Matagami, Québec, indicate that the daily average temperature ranges from -20 °C in January to 16 °C in July (Environment Canada, 2012). The coldest months are December to March, during which the temperature is often below -30 °C and can fall below -40 °C. During summer, temperatures can exceed 30 °C. Snow accumulation begins in October or November and generally remains until the spring thaw in mid-March to May, with the average monthly snowfall peaking at 65 cm in February and a yearly average of 314 centimetres (Environment Canada, 2012). Matagami has an average of 91 centimetres of precipitation per year. Drilling can be conducted year-round, with the exception of the spring thaw period from mid-March to May.

Figure 5.1 – Access and waterways of the Fenelon Mine Property and surrounding region

5.3 Local Resources

The Fenelon Mine Property obtains supplies, personnel and maintenance support via road from the nearby towns of Amos (pop. 12,671) and Val-d'Or (pop. 31,862), both in Québec (Statistics Canada, 2011). Amos and Val-d'Or offer a full range of services and supplies for mineral exploration. A number of mining and mineral exploration companies have offices in Val-d'Or. Local available resources include the following:

- Assayers – commercial laboratories (Val-d'Or);
- Civil construction companies (Amos and Val-d'Or);
- Diamond drilling – multiple contractors (Amos and Val-d'Or)
- Engineering firms (Val-d'Or);
- Freight forwarding (Amos and Val-d'Or);
- Geological consultants (Val-d'Or);
- Geophysics contractors (Val-d'Or);
- Land surveyors (Amos and Val-d'Or);
- Mining contractors (Val-d'Or); and
- Suppliers of industrial mining equipment, including diesel engines, explosives, mechanical parts, electrical supplies and cable, electronics and tires (Amos and Val-d'Or).

The nearest helicopter bases are in Cochrane, Ontario and La Sarre, Québec, located 210 kilometres southwest and 140 kilometres south of the Fenelon Mine Property, respectively. Val-d'Or has the nearest regional airport, with daily flights to various destinations. The nearest rail access is the CN Rail line to Matagami, about 75 kilometres east-southeast of the Fenelon Mine Property.

5.4 Infrastructure

No high voltage line is available on the Fenelon Mine Property. There is an ample supply of water on or near the property to supply a mining operation. An old garage (Fig. 5.2) is still present near the flooded open pit (Fig. 5.3).

Accommodations at Balmoral's Fenelon Camp (Fig. 5.4) consist of ATCO trailers with indoor plumbing, a potable water well and forced-air heating. Electricity runs on a 78 kW generator. The camp has the capacity to support up to 25 people.

Figure 5.2 – Flooded open pit on the Fenelon Mine Property (from Balmoral's website).

Figure 5.3 – Old garage used during the 2004 mining operations.

Figure 5.4 – Access road, typical physiography of the area, and Balmoral's Fenelon Camp

5.5 Physiography

The Fenelon Mine Property has a thick and extensive cover of Pleistocene glacial sediments ranging from 50 to 100 metres thick. Bedrock exposures are scarce, locally occurring on small knolls and along major rivers. The low parts of the Property are almost devoid of outcrops. Most of the area is covered with swamps and flat forests formed by spruce, fir and pine (Fig. 5.4). Some areas of the Property have recently been logged and partly re-vegetated. The minimum and maximum elevations on the property are 250 masl and 320 masl, respectively.

6 HISTORY

6.1 1980–1982 Exploration Program (Teck Explorations)

The Fenelon Mine Property was covered by a DIGHEM survey by Teck Explorations Ltd. Following this survey, three anomalies in the southeast part of the current Fenelon Mine Property were selected and staked in the field. These anomalies were situated. Between February and March 1981 and in March and April 1982, Teck carried out ground Pulse EM, MaxMin II HLEM and Mag surveys over these anomalies (Thorsen 1981a; 1981b; 1982a).

6.2 1986–1991 Exploration Program (Morrison-Total Energold)

Between August 14 and December 20, 1986, the area of the current Fenelon Mine Property was surveyed by Aerodat Ltd for parent company Morrison Minerals Limited ("Morrison"), in turn a wholly owned subsidiary of Morrison Petroleums. The combined helicopter-borne magnetic and electromagnetic survey included a three-frequency electromagnetic system, a cesium high sensitivity magnetometer, a two frequency VLF-EM system, a tracking camera and a radar positioning system (Boustead, 1988). The flight lines were oriented at an azimuth of N360° and a spacing of 100 metres. The survey was flown at a mean clearance of 60 metres.

In February 1989, Morrison carried out a ground HEM and magnetic surveys on their Fenelon "A" Property, covering about the half of the Fenelon Property (Turcotte and Gauthier, 1989). At the time, the Fenelon "A" property consisted of fourteen (14) staked claims.

In 1990, a joint venture agreement (Casa Berardi Joint Venture: "CBJV") was signed between Total Energold Corporation ("Total Energold") and Morrison, allowing the partners to pursue exploration targets in the Casa Berardi area (including the Fenelon Mine Property area), using all geophysical data and an overlying AutoCAD compilation.

In January 1991, Morrison and Total Energold staked twenty-four (24) claims adjoining their Fenelon "A" Property for a total of 38 staked claims. In late January and early February of 1991, geophysical surveys were carried out to locate and better define target areas selected from earlier airborne survey data (Kenwood, 1991). Ground MaxMin II and total field magnetic surveys were then conducted. The magnetics survey covered 16.1 line-kilometres with stations every 25 metres. A strong HLEM conductor was identified along the flank of a strong magnetic high in the central part of the survey. The weaker shallow conductors at the northwest end of the survey were also associated with strong magnetic axes.

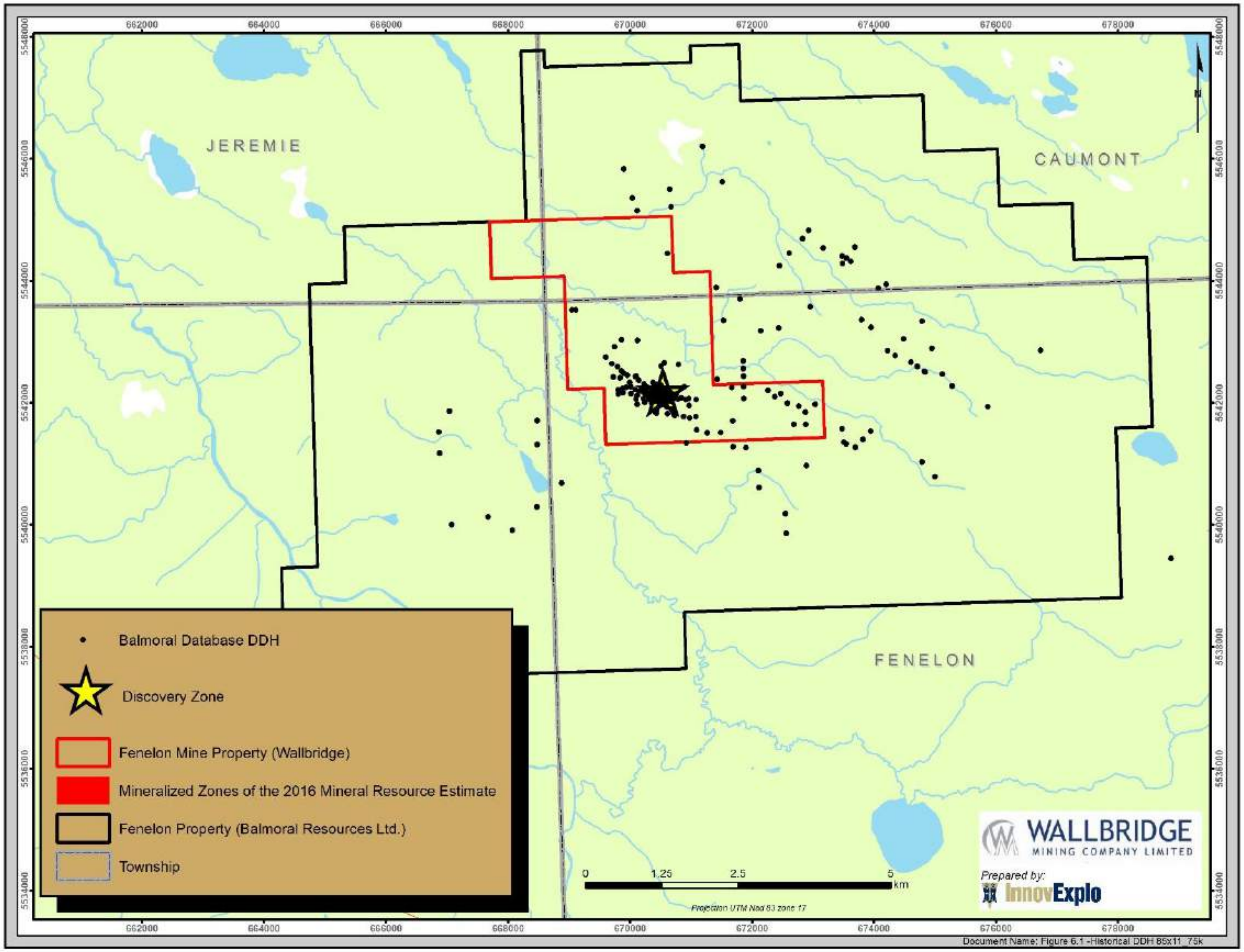


Figure 6.1 – Fenelon Mine Property boundaries and the Fenelon Property own by Balmoral. (Note: only the DDH on the Fenelon Mine Property were validated as part of this study)

6.3 1992–1993 Exploration Program (Cyprus-OGY)

On October 1992, Cyprus Canada Inc. ("Cyprus") purchased the original CBJV interest of Total Energold Corporation that including the Fenelon "A" property. In November 1992, Morrison Minerals Limited was amalgamated with OGY Petroleums Ltd ("OGY"). At this time, Cyprus had the possibility to earn a 55% interest in the joint venture with OGY (45%). Cyprus was the operator of the CBJV.

During the winter 1993, Cyprus drilled the first hole on the Fenelon "A" property. Only sixteen (16) staked claims of the original thirty-eight (38) had been maintained with assessment credits prior to the 1993 drill programs (Broughton, 1993).

In February 1993, the BQ-size hole FA93-1, totalling 185 metres, tested an HLEM conductor striking N125° across the eastern part of the property. This magnetic feature could be traced southeastward to Teck drill hole GB-68-1 (580 ppb Au over 0.51 m; see Thorsen, 1982b). Hole FA93-1 was collared at the strongest part of the Mag high, coincident with the best response from the flanking conductor, approximately 1,200 metres along the strike from the Teck drill hole.

The hole intersected a 35-metre-wide sericite-chlorite-Fe-carbonate alteration zone centred on a sequence of locally pyritic interbedded sediments, iron formations and volcanics, intruded by feldspar porphyry dykes. A pyritic-chloritic iron formation at the top of the sequence returned 2.84 g/t Au over 0.95 metre, and the pyritic sediments were anomalous in gold throughout. The alteration zone was also anomalous in arsenic (up to 1,800 ppm As), copper (up to 537 ppm Cu) and zinc (up to 3,840 ppm Zn).

6.4 1994 Exploration Program (Cyprus-OGY)

Between February and April 1994, Cyprus added 1,425.8 metres of drilling in eight (8) BQ-size holes (FA94-2 to FA94-9) on the Fenelon "A" property (Guy, 1994). The drilling program was initiated to follow up on alteration and mineralization intersected in 1993 (hole FA93-1), which indicated the presence of hydrothermal alteration and a geological environment favourable for gold mineralization. Hole FA94-2 was drilled southeast of the 1993 drill hole, between hole FA93-1 and Teck hole GB-68-1. The intersected geology was similar to the hole FA93-1. No significant gold values were obtained.

Hole FA94-3 was located 1,300 metres southwest of hole FA93-1. The hole was targeted on a proposed volcanic/sediment contact with coincident conductivity, flanking a magnetic high in the vicinity of a set of northeast trending faults. The hole was drilled entirely in sediments with the conductivity explained as graphitic argillite with massive pyrite, and the magnetic anomaly explained as pyrrhotite mineralization in greywacke and argillite.

Hole FA94-4 (Fig. 6.2) was collared 1,000 metres northwest of FA94-3. The target was a magnetic feature that appeared to represent a flexure or fold in the volcanic stratigraphy. Geophysically, the target was a conductive zone flanking a magnetic high interpreted as a mineralized alteration zone. The hole was collared in sediments and progressed into a fine-grained mafic to ultramafic intrusive. Within this intrusive, two silicified sections were observed with pyrrhotite, chalcopyrite and visible gold.

These sections assayed 42.6 g/t Au over 6.7 metres (uncut), including 144.5 g/t Au over 2.1 metres (uncut). This represents the discovery hole for the Discovery Zone. Alteration surrounding the mineralized intercept consists of purple-brown biotite and iron carbonate. The gold intercept was anomalous in copper with values in the range of 0.2% to 1% Cu. The remainder of the hole mainly intersected a sequence of sediments with quartz-feldspar porphyry dykes.

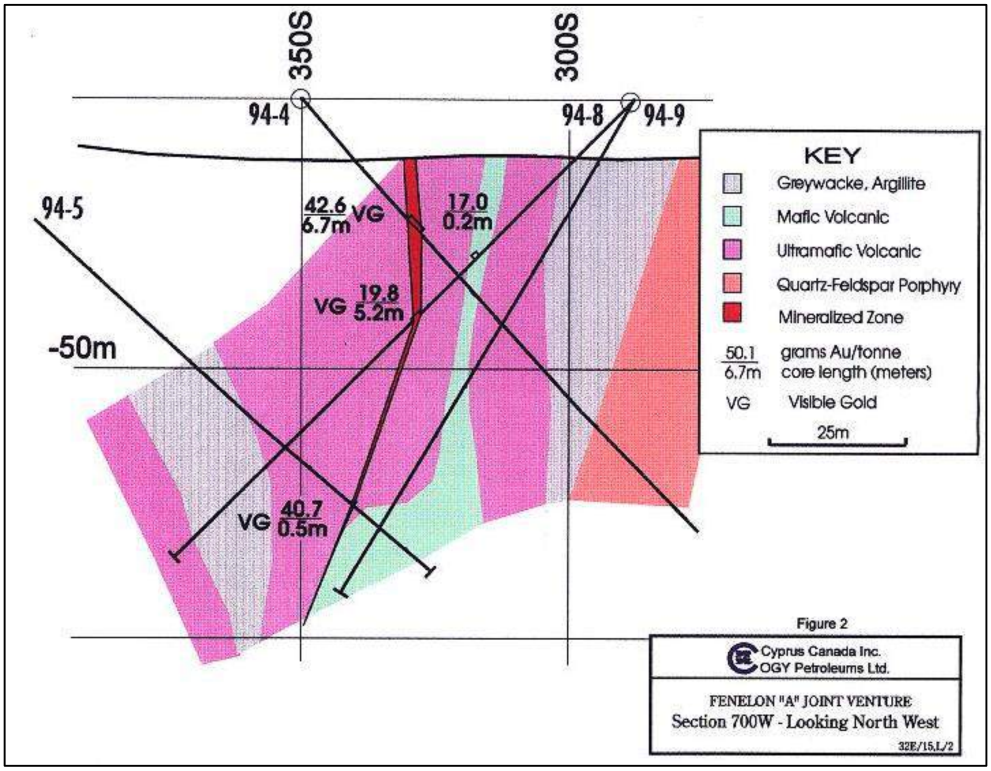


Figure 6.2 – Cross section 700W showing the discovery hole FA94-4 (from Guy, 1994)

Holes FA94-5 to FA94-9 were drilled as a follow-up to hole FA-94-4. Holes FA94-5, FA94-8 and FA-94-9 were drilled on the same section and below hole FA94-4 (Fig. 6.2). Hole FA94-5 represented the deepest intercept on the section at the -75 metre elevation. It intersected a 2.3-metre silicified zone at the contact between ultramafic units and mafic volcanic flows. A silicified 0.5-metre section assayed 40.73 g/t Au.

Hole FA94-8 was drilled between hole FA94-4 and FA94-5 to intersect the mineralized zone at the -40 metre elevation (Fig. 6.2). The hole intersected an ultramafic, hosted quartz vein system with visible gold that assayed 19.8 g/t Au over 5.2 metres. Hole FA94-9 was drilled beneath of hole FA94-8 to test the possibility that the quartz vein system was located ahead of hole FA94-5 (i.e., it had not been drilled far enough). Hole FA94-9 drilled through the mafic-ultramafic assemblage and into the sediments with no indication of an alteration zone or quartz vein system.

Holes FA94-6 and FA94-7 were located 50 metres on either side of hole FA94-5 (Fig. 6.3). Hole FA94-6 intersected gold mineralization in ultramafic rock and a section assayed 5.94 g/t Au over 0.5 metre. A section of sericite, carbonate, silica altered mafic rock assayed 3.74 g/t Au over 1.5 metre in hole FA94-7.

Two geophysical programs were completed during the 1994 exploration program. Both geophysical programs included ground magnetics and a three-frequency Horizontal Loop Electromagnetic (HLEM) survey.

After completing the drilling program, 192 new claims were staked in May 1994 to the north, south and west of the Fenelon "A" property. In addition, other claims blocks in the vicinity (Gaudet "C" and Gaudet "A") were annexed to the Fenelon "A" property. At this time, the Fenelon "A" property was represented by 448 staked claims. On April 30, 1994, a new Joint Venture agreement (Fenelon "A" Joint Venture: "FAJV") was signed between Cyprus and OGY, thereby replacing the CBJV.

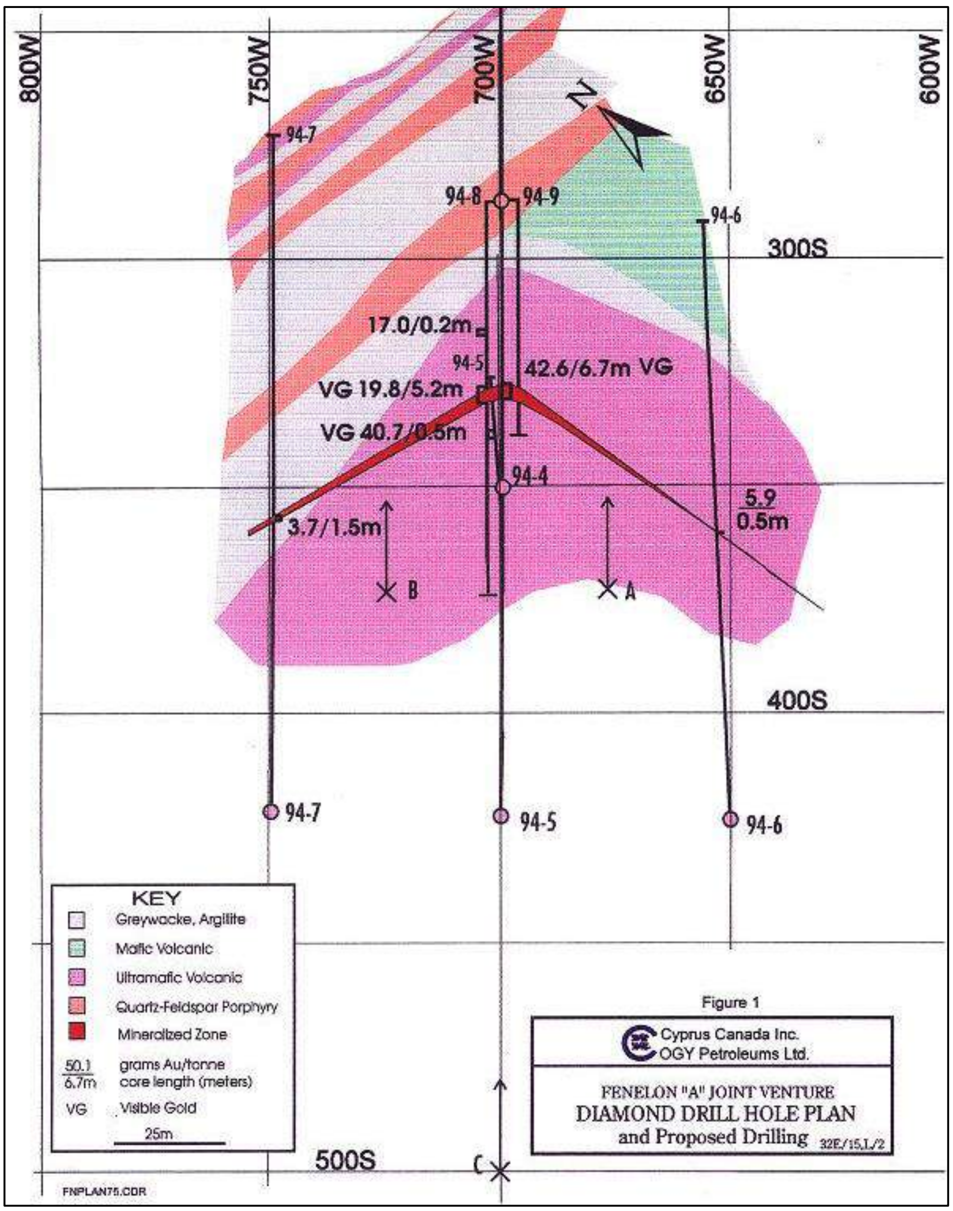


Figure 6.3 – Plan view showing the discovery hole FA94-4 (from Guy, 1994)

6.5 1995 Exploration Program (Cyprus-OGY)

The winter 1995 exploration program on the Fenelon "A" property included diamond drilling, limited claim staking, drill hole surveying (both surface and downhole) and an orientation IP survey (Needham and Nemcsok, 1995).

The diamond drill program, including fifty-seven (57) BQ-size drill holes (FA95-10 to FA95-65) totalling 13,374 metres, was performed from December, 1994 to April, 1995. Several significant gold intersections were obtained near surface over a strike length and depth of approximately 250 metres. Visible gold has now been observed in 18 drill holes. Some of the better intersections include: 14.24 g/t Au over 13.9 metres, 9.78 g/t Au over 7.2 metres, 13.74 g/t Au over 6.8 metres and 37.48 g/t Au over 6.99 metres. Gold mineralization shows good correlation with chalcopyrite mineralization and also copper ICP analyses. Some correlation was observed for arsenopyrite mineralization but not necessarily as ICP analyses. Pyrrhotite mineralization has the tendency to be stronger within the gold mineralized zone.

The best gold intersections are associated with strongly silicified, sometimes "cherty" appearing alteration zones that cut across stratigraphy. The strike and plunge extensions of these significant intersections is interpreted to be displaced by N-NNE-trending block and/or thrust faulting. Faulting has made the interpretation of the plunge of the zone difficult to define. In addition, the presence of multiple silicified horizons on each section made the interpretation of the "zone" difficult unless visible gold was actually observed in the core. Downdip/plunge continuity problems were encountered on some of the cross sections. As interpreted at that time, the zone has a variable strike ranging from 105° to 140° dipping to the southwest at approximately 80°. The Zone is thought to be associated with a brittle break, not a ductile shear zone, and may be spatially associated with a southwest-dipping quartz eye porphyry unit. In addition to the Main Zone, a footwall zone (FW) and three hanging wall zones (i.e. HW1, HW2 and HW3) were intersected. The gold mineralization associated with these zones did not appear to be as broad or strong as that intersected in the Main Zone.

Sperry Sun's single-shot azimuth tests proved to be unreliable, apparently due to bedrock magnetics as discovered after performing a 23-hole gyroscopic survey following the completion of the winter drill program.

An orientation IP survey was completed over the Discovery Zone for a total of 3.5 kilometers (Lortie, 1995). The Discovery Zone is associated with a "shoot" running off a strong resistivity high adjacent to a strong chargeability anomaly, and correlates with a moderate magnetic low break in both the ground and airborne magnetic surveys.

6.6 1995–1996 Exploration Program (Cyprus-Fairstar)

Effective July 1, 1995, OGY made an agreement with Fairstar Explorations Inc. ("Fairstar") transferring all of OGY's interests in the CBJV to Fairstar, including the FAJV (Fig. 6.4). Cyprus is always the operator of the FAJV.

From October 1995 to January of 1996, exploration program included 241.7 line kilometres of line cutting and geophysical surveys (Needham and Nemcsok, 1996). The purpose of this program was to define new targets, similar to the Discovery Zone. The work included 183 kilometres of frequency domain IP surveys, 31 kilometres of HLEM and 241.7 kilometres of combined magnetic and VLF surveys (Boileau and Lapointe, 1996).

The 1995–1996 Fenelon “A” diamond drill program consisted of thirty-six (36) diamond drill holes (FA95-66 to FA95-77 and FA96-78 to FA96-101) and the extension of two previous diamond drill holes totalling 9,851.47 metres (Needham and Nemcsok, 1996). Of this meterage, a total of 6,454.5 metres in twenty-three (23) diamond drill holes was completed on the Discovery Zone. A total of 3,397 metres in fifteen (15) diamond drill holes was completed as "Wildcat" reconnaissance diamond drill holes. A total of thirty-one (31) holes of an attempted thirty-four (34) were surveyed downhole using the gyroscopic method (surveys by Sperry Sun and CBC Wellnav). In addition, Descarreau and Dubé completed collar azimuth surveys on forty-eight (48) of the diamond drill holes in the Discovery Zone area.

Two holes (FA97-102 and FA-97-103) totalling 540.4 metres were drilled outside the Discovery Zone area.

The auriferous portion of the main zone appeared to be cut off. The potential contained ounces in the Main Zone, did not meet Cyprus’ minimum requirements.

6.7 1996–1997 Exploration Program (Fairstar)

In October 1996, Fairstar became operator of the FAJV and incurred exploration expenditures on the order of C$2 million over the course of the 1996–1997 winter field program on the Property (Kelly et al., 1997). Cyprus did not contribute to this exploration program and as a result, the Fairstar and Cyprus interests became approximately 70% and 30% respectively.

Between January 6, 1997 and April 7, 1997, seventy-seven (77) holes (FA-97-102 to FA-97-178) were drilled on the Fenelon “A” property for a total of 15,924.4 metres.

The field activities of the program were conducted between October 1996 and April 1997. On the Discovery Zone, thirty-eight (38) diamond drill holes were bored during the program for a total of 6,497.8 metres (Kelly et al., 1997). The objectives of this drilling were to define the limits of the Discovery Zone, provide for 25-metre hole spacings within the zone and to improve understanding of the geometry of the mineralization and of the nugget effect. A re-interpretation of the Discovery Zone, based on the extensive Foster core orientation tests, showed the mineralization to be made up of eight (8) east-west “en echelon” gold-bearing structures associated with an ultramafic intrusion having an overall northwest orientation. The new model of the Discovery Zone greatly enhanced the understanding of its structure and geology, and it was thought at the time it would facilitate the future task of extending the zone to depth and along strike. The mineralized zones had thus far been investigated in detail over 275 metres in length and to a depth of some 200 metres.

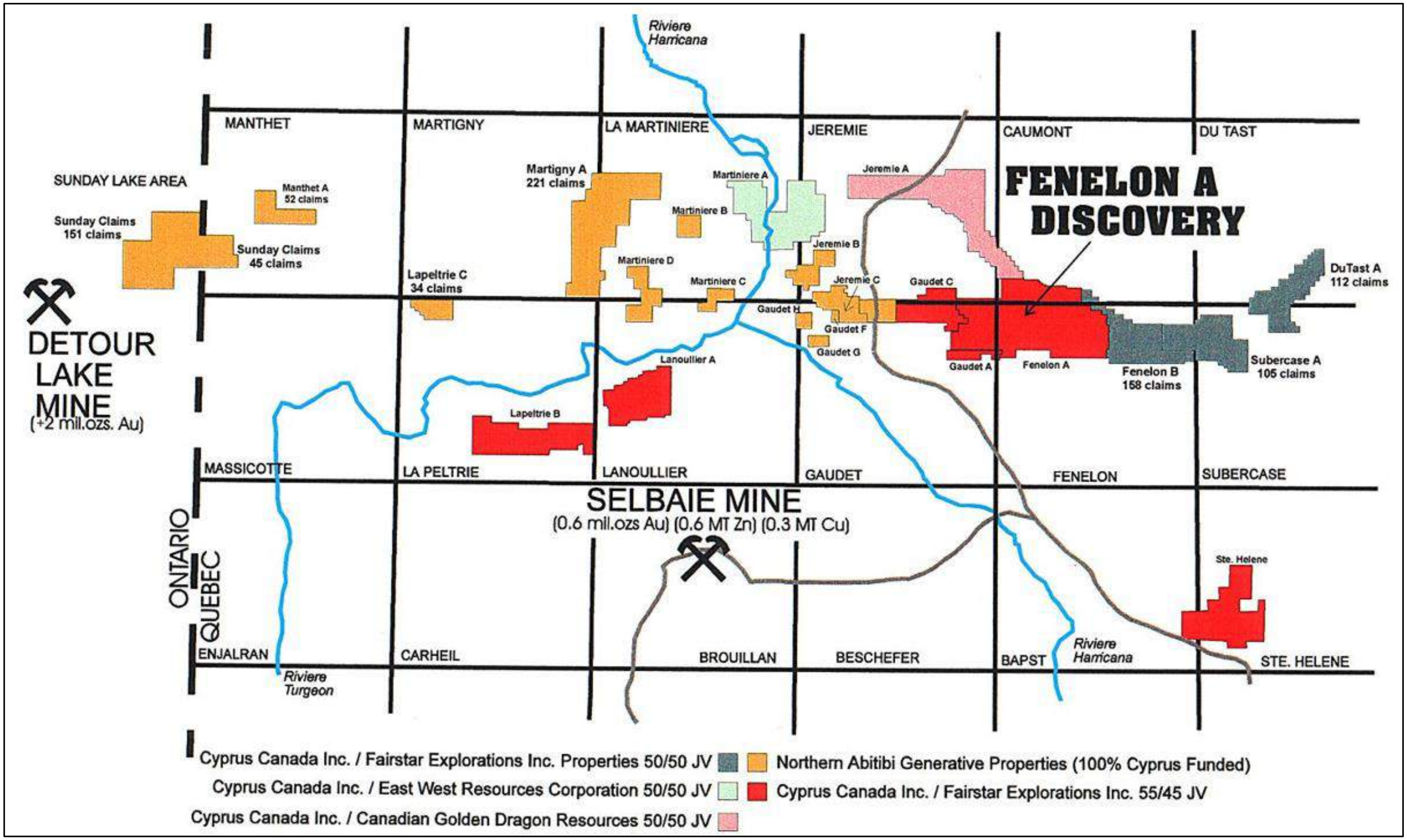


Figure 6.4 – Location of Fairstar's properties after the transfer of OGY's interest (from Needham and Nemcsok, 1996)

In addition to diamond drilling, a geotechnical investigation was carried out to test the thickness and nature of the shallow overburden covering the Discovery Zone. This work included a detailed seismic refraction survey (Poulin and Goupil, 1996) and five (5) holes drilled to specifically test the physical characteristics of the overburden.

Exploration elsewhere on the FAJV demonstrated the potential of other areas. In 1997, line cutting (92.7 km), Mag (72.7 km) and IP (107.2 km) surveys were carried out (Boileau, 1997), and thirty-nine (39) diamond drill holes were drilled for a total of 9,426.6 metres.

In November 1997, Fairstar announced they had received a positive pre-feasibility ("PFS") report on the Discovery Zone of the FAJV (Fairstar press release of November 13, 1997). The study, prepared by CHIM International ("CHIM"), a Montreal based geological consulting firm, was designed to confirm the resources, establish an appropriate grade cutting procedure in light of the relatively strong nugget effect pervasive throughout the deposit, develop a conceptual plan to exploit the deposit and establish the financial viability of the project.

CHIM audited the resource estimation done by Géospex Sciences Inc. and updated them to "reserves". A new estimate by polygonal method was prepared incorporating a minimum mining width of 2 metres and capping high grades to 100 g/t Au on individual assays. The revised estimate prepared by CHIM indicated a resource (uncategorized) of 252,000 tonnes averaging 14.2 g/t Au for a total gold content of 115,000 ounces. The zone has an average thickness of 2.68 metres.

These "resources" are historical in nature and should not be relied upon. It is unlikely they comply with current NI 43-101 criteria or CIM Standards and Definitions, and they have not been verified to determine their relevance or reliability. They are included in this section for illustrative purposes only and should not be disclosed out of context. InnovExplo did not review the database, key assumptions, parameters or methods used by CHIM for this mineral resource estimation on the Discovery Zone.

Preliminary metallurgical tests were carried out at the *Centre de Recherche Minérale* in the city of Québec. The tests were based on a 20 kilogram representative sample derived by quartering the existing core. These tests show the processing of the gold-bearing material to be straight forward with no harmful elements arising from the treatment process. The gold recovery ranged from 96.5% to 99.1%, depending on the type of metallurgical test used. The work index has been calculated at 10.5 kWh/t, another very favorable characteristic.

The conclusion reached in the CHIM report was that the project, at current gold prices, was economically viable. Assuming the price of gold at US$320/oz and taking into account refining charges and royalties, the operating cost was calculated at US$187/oz. The financial analysis indicated a cash flow of C$8.0 million, a rate of return of 67% on a pre-tax basis and an NPV of $5.0 million using a 12% discount rate. The payback period was 17 months after the start of production.

This "PFS" is historical in nature and should not be relied upon. In 1997, it was compliant with NI 43-101 criteria. Since 1997, more drilling has been added and more geological information has become available. Additionally, assumptions used to determine cut-off grades as well as estimated capital and operating costs are likely to have changed since 1997. Consequently, this "PFS" cannot be considered as current. It is included in this section for illustrative purposes only and should not be disclosed out of context.

The report's recommendation was to begin the necessary permitting work (including the execution of a preliminary impact study) to conduct a bulk sampling program in order to confirm the grades and recoveries, with the ultimate goal of mining the deposit by way of open pit. The pit would be 70 metres deep and the total amount of ore to be mined would be 137,000 tonnes at an average grade of 17.5 g/t Au, netting 77,000 ounces. The mining rate would be 4,000 tpd, resulting in a mine life of approximately 3 years. The waste/ore ratio would be 15.6/1. Little infrastructure and capital costs would be required as all installations would be temporary and provided by contractors. Electrical power would be sourced by on-site generators.

6.8 1998–2000 Exploration Program (Taurus-Fairstar)

In July, 1998, International Taurus Resources Inc. ("Taurus") announced the signing of a formal agreement with Cyprus whereby Taurus acquired a 100% interest in Cyprus' share of a portfolio of twenty (20) properties in the Casa Berardi sector, including the Fenelon "A" property or FAJV. At this time, Taurus controlled approximately 30% of the Fenelon "A" property (Fig. 6.5) through the Cyprus agreement.

During 1998, Fairstar developed the access road to the Discovery Zone site in preparation for a proposed bulk sampling program. Fairstar also completed a drill program in 1998, testing the up-dip projection of the zone to the bedrock- overburden interface (Guy and Tims, 2000). The objective of this program was to prepare for a stripping and bulk sampling program in order to evaluate the continuity of the gold zone in preparation for mining of the high-grade zone. Holes for this program were not in the sequential order for 1998, but were recorded after the year 2000 hole numbers, as the results of this program were not known at the time the 2000 program was conducted. The 1998 holes were not marked in the field and the JV partners (Taurus-Fairstar) were not appraised of the program. The 1998 Fenelon "A" diamond drilling program consisted of six (6) short holes (FA-98-178 to FA-98-182A, FA-98-182B and FA-98-183) totalling 200.9 metres.

In May 2000, Fairstar granted to Taurus an option to increase its interest in the FAJV by financing certain exploration expenditures, including the collection and processing of a bulk sample.

Taurus became operator of the FAJV. The 2000 exploration diamond drilling program conducted by Taurus ran from September 9 to October 12, 2000. The program consisted of twenty-four (24) NQ-size drill holes (FA-00-179 to FA-00-201, including FA-00-196A) totalling 992.4 metres (Guy and Tims, 2000). The holes were drilled on the Discovery Zone where previous work by Cyprus and Fairstar had outlined a resource of 252,000 tonnes at 14.2 g/t Au for a total of 115,000 ounces of gold (see Fairstar press release of November 13, 1997).

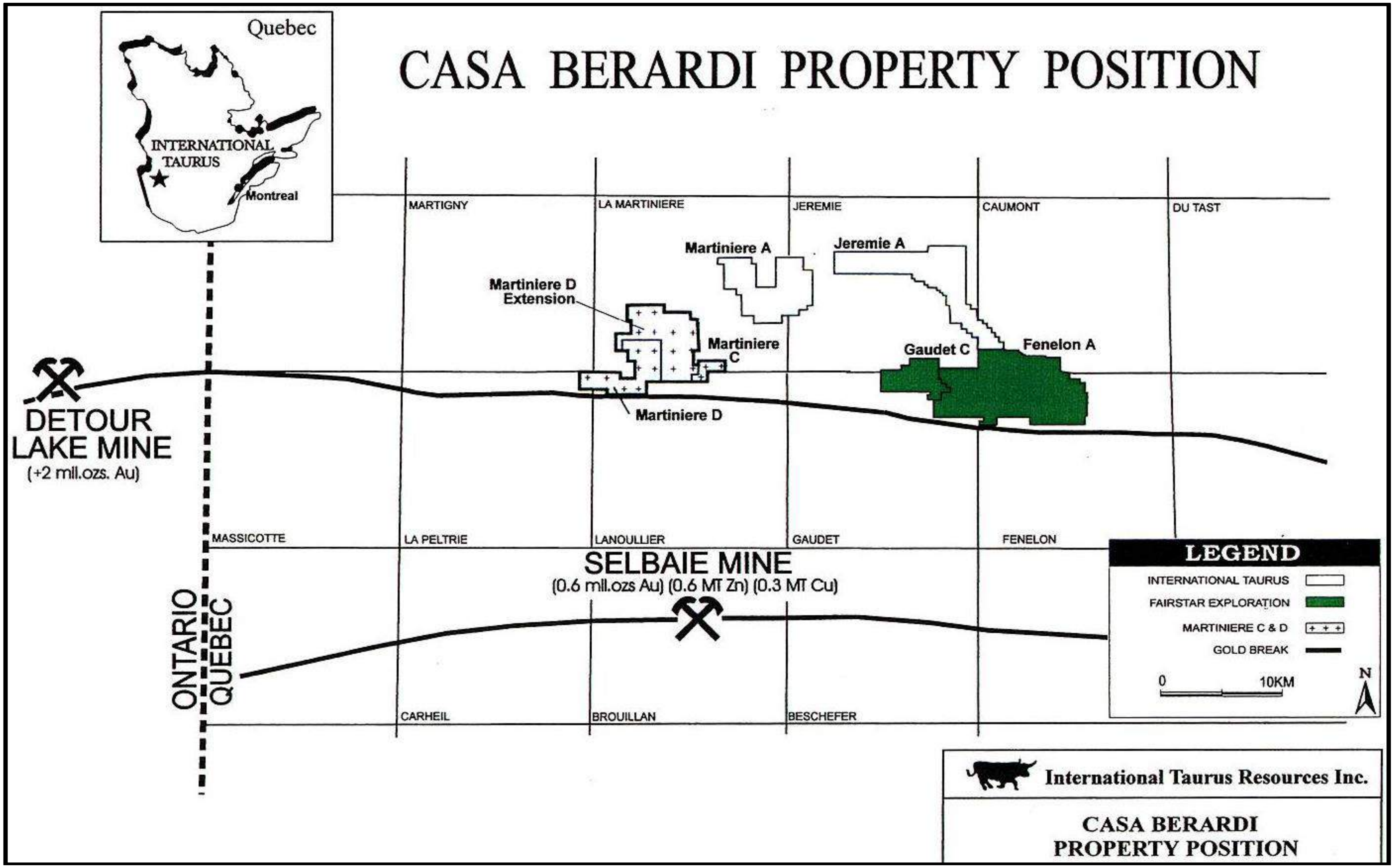


Figure 6.5 – Location of Taurus's properties after the transfer of Cyprus's interest (from Guy, 2001)

The objective of the 2000 drill program was to trace the known gold mineralization to the bedrock–overburden interface to plan a stripping and bulk sampling program for the mineralized zone. This would establish the confidence in the continuity of the mineralization necessary to undertake the mining of the resource. Drilling was concentrated on the 2S zone using seventeen (17) holes, where the majority of the resource has previously been delineated. Results indicated very erratic mineralization in the vicinity of previous intersections. The mineralization was not in a planar, dipping sheet geometry, as indicated by the lack of ability to follow intercepts in any direction. Drilling on the 0S, 3S and 4S veins failed to locate quartz veins in close proximity to previous wide intercepts with visible gold. These veins were poorly defined by the previous work and the closely spaced testing of the 2000 program indicated the interpreted attitude was possibly incorrect. Drilling on all the veins indicated a lack of continuity as interpreted during the previous exploration work. Drilling on vein structures between holes failed to intersect the vein as predicted in the proposed model. The shallow overburden cover, erratic nature and extremely high grade of the veins at the Discovery Zone indicated that the most definitive and cost effective method to further explore the zone was by stripping.

6.9 2001 Exploration Program (Taurus-Fairstar)

A bulk sampling program was conducted by Taurus on the Discovery Zone from February to June, 2001 (Veilleux, 2001; Guy, 2001). The contract for overburden removal and all related work was awarded to Fournier & Fils of Val-d'Or, and Castonguay & Frères (Forage Nord-Ouest Inc.) was awarded the contract for drilling and blasting. The ore was loaded on trucks for transport to the Camflo Mill, owned by Richmont Mines Inc.

The objective of the 2001 bulk sample program (Fig. 6.6) was to test-mine the 0S, 1S and 2S gold zones to obtain information that would assist in the preparation of a feasibility study. The program would also establish the necessary confidence in the continuity of the mineralization to undertake the mining of the resource. The overburden was stripped and the outcrop surface was mapped and sampled. Mining concentrated on the 1S and 2S zones where the majority of previous work had been conducted and the larger resource had been delineated.

Once the surface area was washed and stripped, the 1S and 2S mineralized zones were mapped and sampled. A total of seventy-four (74) channel samples were collected, ranging in length from 0.4 to 2.1 metres.

An intermediate zone between 1S and 2S and east of 2S, named the VI zone, was also mapped and sampled. The 0S zone was not significantly mineralized at surface, but high-grade mineralization was located in the northwest wall of the open pit and mined as part of the bulk sample exercise.

Two types of mineralization are noted:

1. Interflow volcanic sediment-hosted, typified by the 1S zone, with mineralization grading as high as 187.96 g/t Au and averaging 111 g/t Au (from samples taken from mineralized muck); and

2. Shear-related mineralization, typified by the 0S, VI and 2S zones, with higher gold values of up to 926.75 g/t Au, averaging 537 g/t Au (from samples taken from mineralized muck).

Both types of mineralization are related to the volcanic contacts where an inherent zone of weakness and increased porosity has served as a fluid conduit and a location for shearing.

The **0S mineralized zone** was observed and mapped on surface as a carbonatized, chlorite-rich volcanic interflow unit. It was not significantly mineralized anywhere along the surface expression, however mineralization occurred a few metres below surface where the interflow aspect has mostly pinched out to a sheared volcanic contact with shearing becoming more intense with depth. The zone represents shear-related mineralization. High-grade quartz-pyrrhotite-chalcopyrite mineralization (81.98 g/t Au over 1.0 m) was located 3 metres below the surface expression in the northwest wall of the pit. This zone was then mined over a length of 16 metres, a depth of 3.5 metres and a width of 2.5 to 3 metres. Very little mineralization from the 0S zone remains in the open pit. The zone was only mined to the 1st level and no mineralization was noted in the floor at that elevation. Limited previous drilling in the vicinity of the 0S zone failed to locate the zone beyond the two holes used to define the zone, and very little drilling has been conducted to explore for this zone along strike or downdip. The amount of high-grade mined ore exceeded expectations based upon the closely spaced drilling in the mined out area. With very few drill intercepts along strike, it was felt that the 0S zone may have potential for more mineralized pods along the horizon, similar to the other mined zones, which contained multiple mineralized pods both along strike and downdip.

The **1S mineralized zone** was mapped on surface as mineralized, carbonatized and chert-rich interflow volcanic sediment. The interflow unit hosts sheared and silicified en echelon pods of pyrrhotite, chalcopyrite and gold mineralization. The 1S zone was mined in all three levels of the pit over a strike length of 37 metres, a maximum width of 5 metres and a height of 16.5 metres. Small amounts of 1S ore remain in the pit area: in the floor of the 3rd level, in the pit wall to the north and east, and as pods extending to the west, where the zone is exposed in the bench excavated for the 0S zone. The 1S zone remains open at depth below the pit floor as indicated in earlier drill holes and verified by exposures in the mined lower level. Previous drilling indicates the 1S zone continues to the east beyond the east wall of the pit and to the west. The linear continuity of the interflow structure in three dimensions, as observed during mining, suggesting that the 1S zone should persist and present a recognizable target for drilling. The high-grade nature of the mineralization and the close spacing of the pods along the zone suggest that the zone can be mined as a continuous body allowing for internal dilution.

The **VI or Intermediate mineralized zone** was mapped on the surface as a sheared, carbonatized interflow unit with mappable sections of silicification, pyrrhotite and chalcopyrite containing very high concentrations of gold. The VI zone was mined on all three levels of the pit. The zone was mined in conjunction with the 2S zone and on the 3rd level with the 2S and 1S zones, resulting in excessive dilution. The VI zone remains open to the east of the pit and at depth. High-grade mineralization remains in the southeast wall and the east wall of the pit. At the surface, the wider and higher-grade mineralization was traced to the edge of the pit where it continued to the east under the overburden. Limited drilling indicates that the zone persists to depth. The west end of the VI zone overlaps and merges with the 2S zone where it was interpreted to be the 2S zone, resulting in 2S drill intercepts that were exceptionally wide.

The **2S mineralized zone** was mapped on the surface as a silicified, carbonatized, pyrrhotite- and chalcopyrite-rich shear zone within both a quartz-feldspar porphyry (QFP) body and the dominant host mafic volcanic rocks. The 2S mineralized pods are of a greater volume than those of the other zones mined in the bulk sampling program. Most of the mineralization mined from the 2S zone was from one pod, which measured 17 metres long by 6 metres wide by more than16 metres high. However, the zone was not pervasively and homogenously mineralized, particularly in the volcanic rocks, where unmineralized pillows and/or volcanic blocks constituted large waste blocks within the ore. As previously, the mineralization and shearing followed the flow contacts, with the more pervasive alteration and mineralization occurring along these planes of permeability and weakness. Blocks of unmineralized material within the ore horizon (i.e., internal dilution), were visually estimated over approximately 50% of the structure. The 2S zone remains open at depth with existing drill holes intersecting the zone at least 35 metres below the present pit-floor elevation. The zone also remains open to the south, below and around the QFP, as indicated in the pit walls, and to the east and west, including both the QFP contact and the continuation of the shear in the volcanics.

The 0S, 1S, VI and 2S zones were all larger and more continuous than postulated from the drill data. This was due to the short strike length of the high-grade pods within the zones and the fact that many of the drill holes apparently intersected pinched-out areas or internal waste blocks within the mineralized structures. This resulted in the mineralized zones appearing to be extremely erratic. The geometry of the zones also made it difficult to interpret, using drill holes angled into the structure, due to the gash-vein and pod-like nature of the high-grade mineralization.

Although the ore on the Discovery Zone is extremely high grade, the mill results were considerably lower due to excessive dilution, which was caused by the mining method used by the bulk sampling program. The open pit mining method could work with this type of mineralization; however, not as a bulk mining scenario. The 5.5 metre bench height used exceeded the height of many of the en echelon pods. The minimum width of the blasts was an arbitrary 3 metres in ore and 5 metres in waste, which generally exceeded the width of the mineralization in the zones. Most of the blast lengths also exceeded the strike length of the high-grade pods. No attempt was made to slash the waste to the ore contact, nor was the ore efficiently slashed prior to the waste round. Because the location of mineralized pods was not well known, these techniques resulted in more than 100% external dilution. Due to the proximity of the zones to each other, the 2nd and 3rd levels were taken in their entirety in an attempt to “bulk mine” the entire pit. This resulted in an internal dilution estimated to be from 100% to 200%, and external dilution in the order of 500%.

A mining summary from the mining operation on the Discovery Zone is provided in the report of Veilleux (2001), from which the following description is taken.

A total of 107,000 m^3 of overburden were removed and stockpiled in a designated area. For disposal of the overburden, an area of about 370 metres by 115 metres was cleared of all trees. The thickness of removed overburden ranged from 5 to 11 metres. A total of 71,680 tonnes of blasted rock (waste and ore) was extruded from the open pit. From this total, 11,603 tonnes of waste were necessary to construct the retaining dyke. The total of ore before sorting corresponded to 18,966 tonnes. A total of 5,131 tonnes was discarded from blasted ore zones.

The total of ore loaded and shipped to the Camflo mill represents 13,835.3 wet metric tons or 13,752.3 dry metric tons. After milling, a total of 4,245.21 ounces (132,038.77 g) was produced at a recovery grade of 9.60 g/t Au, corresponding to a recovery of 97.03% (Veilleux, 2001).

Figure 6.6 – Bulk sample program conducted by Taurus on the Discovery Zone (photo from Balmoral's website)

A crude and rough visual sorting of the ore and waste took place in the pit prior to loading from the pit as well as on the oversize muck on the ore piles prior to breaking and trucking. It is not possible to estimate what portion of the 5,131 tonnes that was sorted out was internal dilution as opposed to external dilution. It must be stated that the muck pile sorting was only conducted on the oversize material in the muck pile. This constituted a very small proportion of the total muck, probably in the order of 10–15% (Guy, 2001). Of the oversize material, it was estimated that only 25% was ore and 75% was waste. Using that formula, it suggests that the total tonnage of mineralized rock or "ore" was 4,500 tonnes. That number would exclude both internal and external dilution.

According to Guy (2001), in a more efficient mining scenario, it would be possible to mine the mineralized zones or structures including internal dilution and the easily visible contacts of the zone would allow for minimal external dilution. Available data based on the geological mapping indicates that the tonnage of the mineralized zones, including internal dilution and a minimum mining width of 1.5 metres, could possibly have been in the order of 8,700 tonnes as opposed to the 18,966 mined for ore.

On October 16, 2001, Taurus acquired a 66.67% interest in the FAJV and Fairstar retained a 33.33% interest.

Pincock, Allen and Holt Ltd. (“PAH”), a division of Hart Crowser Inc., was retained by Taurus on behalf of the FAJV in October 2001 to prepare a new resource estimation and scoping study on the Fenelon Gold Project, evaluate the pilot-mining project proposed by Taurus, and provide recommendations for additional work to advance the FAJV to the feasibility stage (Poos et al., 2002). PAH did not visite the Property or examine any core from the Property. The scope of work did not include reviewing the environmental regulations relative to the pilot-mining project or the metallurgical characteristics of the Property. Discussions with Taurus project personnel were held in Vancouver and Denver.

A grade model was developed by PAH that would recreate the results obtained from the previous bulk-sampling program. Generation of the model was based on geologic interpretation. Two different sets of interpolation parameters were used in order to represent the two different structural orientations of mineralization. This model was within 1% of the results of the bulk-sampling program. The remaining indicated resource in the composite capped model was 168,000 tonnes at a grade of 5.29 g/t Au for a total of 28,600 contained ounces. PAH estimated the initial, base case, pilot-mine in-pit indicated resource as 44,000 tonnes grading 6.74 g/t Au for a total of 9,500 contained ounces.

These “resources” are historical in nature and should not be relied upon. It is unlikely they comply with current NI 43-101 criteria or CIM Standards and Definitions, and they have not been verified to determine their relevance or reliability. They are included in this section for illustrative purposes only and should not be disclosed out of context. InnovExplo did not review the database, key assumptions, parameters or methods used by PAH for this mineral resource estimation on the Discovery Zone.

PAH designed a pit for the initial pilot-mining program based on pit slopes of 6H:1V in the humus and till and 55° overall in the bedrock. The unit costs from the bulk-sample pit were used by PAH as a starting point for the operating cost estimates. These costs were decreased based on the assumption that because of the larger tonnage being excavated and processed, a lower unit price could be negotiated. The analysis of the cash flows indicated that by reducing the dilution and improving the grade control, the initial pilot-mining project had the potential to generate revenue in excess of costs of up to C$800,000.

This “Scoping Study” is historical in nature and should not be relied upon. Since 2002, more drilling has been added and more geological information has become available. Additionally, assumptions used to determine cut-off grades as well as estimated capital and operating costs are likely to have changed since 2002. Consequently, this “Scoping Study” cannot be considered as current. It is included in this section for illustrative purposes only and should not be disclosed out of context.

6.10 2002–2004 Exploration Program (Taurus-Fairstar)

In September 2002, the pilot-mine excavation started on the Discovery Zone from the Fenelon "A" Property. The contract was awarded to Construction Norascon Inc. of Amos, Québec. Stripping of overburden silt and till exposed an area of bedrock measuring 70 by 180 metres (Fig. 6.7). The bedrock was washed, mapped and sampled (channel sampling) in detail to determine the distribution and controls of the mineralization. This work was conducted by Christian Derosier, P.Geo., of SRK Consulting ("SRK"), international geologists and consultants. A structural analysis was conducted on the stripped area. The new stripped area and the 2001 open pit (bulk sample) were also surveyed. A total of nine hundred sixty-three (963) channel samples were collected, varying in length between 0.2 and 2.1 metres.

Figure 6.7 – Stripping work on the Discovery Zone (from Derosier, 2003)

From October 20 to November 22, 2002, a diamond drilling program was undertaken on the Discovery Zone. A total of forty-two (42) short holes (FA-02-207 to FA-02-248) of NQ diameter core totalling 2,351.0 metres were drilled. Drill holes were bored from the surface rock or from the bench built around the stripped area. All collars were surveyed by the Norascon's surveyor. Diamond drill holes were targeted to intersect the known mineralized zones at a depth not exceeding -50 metres vertical. The aim was to better control the location and size of the mineralized zones at depth, as well as their plunge. Results of this program were expected to lead to a calculation of mineable resources on the southwest extension of the open pit.

SRK was retained by Taurus and Fairstar to generate a geological model and a new mineral resource estimate on the Discovery Zone. A 43-101 compliant technical report was prepared (Couture and Michaud, 2003).

SRK reviewed, repaired and updated the database, consisting primarily of 195 drill holes and extensive surface channel sampling. Given the QA/QC programs employed over the various exploration campaigns, SRK was confident in the reliability of the data. According to SRK, the key factors affecting estimation of the mineral resources for the Discovery Zone are the interpreted variable geometry of the higher-grade portions of the deposit and the presence of high-grade gold values, often exceeding 100 g/t Au. SRK's geological model describes a central zone of mafic rocks flanked by argillaceous sedimentary units. Within this central zone, strong alteration, including silica and sericite with carbonate, is associated with variable amounts of sulfide and quartz veining with gold in several mineralized zones. These zones, as indicated by 195 drill holes, are over 100 metres in combined width, extend at least 200 metres along strike and to at least 300 metres in depth. The area in which SRK measured the bulk of its estimated resource occurs along a strike length of 110 metres in the upper 50 metres of the deposit. It includes four of the nine originally reported major gold-bearing vein-like structures. This is the area of greatest drill-hole density and it represents a small portion of the Discovery Zone area.

The modelled gold mineralization occurs within the mafic unit and along its contact with the argillaceous sediments. SRK has adopted an interpretation in which the bulk of the mineralization of the core area is contained within six separate zones of alteration and gold-sulfide mineralization. In SRK's view, the bulk of the high-grade gold intercepts reported during earlier programs occur as irregular zones within broader alteration halos. Using ordinary kriging, grade capping (2m composites capped at a maximum of 50 g/t Au within the central HW Zone) and Gemcom® programs, SRK constructed and interpolated gold grades into a 3D model. This model extends across the broader zones of alteration, or domains, which can be confidently constructed from the available data. SRK did not join drill holes, which contained zones of higher-grade gold mineralization, based solely on assay data. SRK used this information to construct three-dimensional solid bodies to represent the strike and down-dip extensions of the alteration zones and their attendant high- and low-grade gold mineralization.

The SRK resource differs from that of previous estimators, whose interpretation of the mineralized zones assumed greater continuity between the higher-grade portions of the alteration zones that define narrower and more tabular zones. SRK also built three other models using different interpolation methods: ordinary kriging uncapped, indicator kriging uncapped and ID3 capped. In SRK's opinion, the ordinary kriged and capped model best represents the mineral resource (Table 6.1).

Table 6.1 – 2003 SRK Mineral Resource at a cut-off grade of 5 g/t Au (from Couture and Michaud, 2003)

	Tonnes	Grade	Contained Gold
	(x1000)	(g/t Au)	(oz)
Indicated	49.55	11.24	17,900
Inferred	38.84	10.49	13,100

These "resources" are historical in nature and should not be relied upon. In 2003, they were compliant with NI 43-101 criteria and CIM Standards and Definitions applicable at the time. Since 2003, more drilling has been added and more geological information has become available. Additionally, assumptions used to determine cut-off grades are likely to have changed since

2003. Consequently, these "resources" cannot be considered as current. They are included in this section for illustrative purposes only and should not be disclosed out of context.

In April 2003, Taurus owned a 62% interest in the project and Fairstar retained a 38% interest.

Mineral Resources Engineering of Murray, Utah, was contracted in June 2003 to design and cost an underground development project to be part of a Preliminary Assessment Study ("PAS") and a mining test of high-grade gold mineralization at the Discovery Zone on the Fenelon "A" Property (Drips and Bryce, 2003; 2004). This study included the detailed design of a ramp and associated infrastructure to provide access to the mineralized bodies identified by SRK Consulting in their study dated April 2003. Mineral Resources Engineering evaluated the potentially extractable gold resources generated using a polygonal estimation method, rather than computer modelling (kriging). Mineral Resources Engineering did not classify the resources. The resource estimate does not comply strictly with the requirements of NI 43-101, but was used to generate possible scenarios for internal planning and budgeting.

The project schedule had three phases, which started in the third quarter of 2003 and terminated in the fourth quarter of 2005. The base case mining rate was 250 tpd. The total cost for the base case project, as defined, was C$12,214,309 and the anticipated return from processing the 92,147 tonnes was C$13,698,246 (based on the assigned grade of the resource, the dilution, and a gold price of C$480/oz). The base case project, as defined in this study, generated an IRR of 43.7%, or a NPV of C$813,505.

This PAS is historical in nature and should not be relied upon. Since 2003, more drilling has been added and more geological information has become available. Additionally, assumptions used to determine cut-off grades as well as estimated capital and operating costs are likely to have changed since 2003. Consequently, this PAS cannot be considered as current. It is included in this section for illustrative purposes only and should not be disclosed out of context.

This design of the PAS was used as the basis for solicitation of bids for mine construction from qualified area contractors. Following a round of competitive bidding for the construction of the underground access and test mining, a contract was awarded to Ross Finlay 2000 Inc. of Val-d'Or. Work on the underground project commenced in mid-October 2003 and a full camp and support facility were established.

The underground exploration program undertaken in 2003 and 2004 consisted of driving of a decline from the stripped outcrop to the zones interpreted from surface work (Pelletier and Gagnon, 2004). The portal of the ramp started in the north wall of the open pit (Fig. 6.8) and a decline was driven down at 15% grade over 326 metres. It provided the access needed to develop more than 745 metres of drifts, crosscuts and raises, of which 254 metres were driven in ore.

This development in the ore generated a volume of 5,374 t at 16 g/t Au (mostly the muck from sills and breasts) over widths of at least 1.5 metre. Lower grade material was also recovered (800 t at 3.0 g/t Au) in crosscuts averaging 4.5 metres wide. All development material was stockpiled on surface to be processed in the near future. Those developments generated 359 face samples, 258 test hole samples and 149 muck samples. Those developments also generated sufficient 3D information to confirm the shape of the lenses of mineralized material, the lateral maximum extent and the continuity. New information on structural and lithological controls was also obtained (such as a shear zone cutting the “C” mineralized zone). Definition diamond drilling was also performed during this underground exploration program. A total of fifty-four (54) underground NQ-size holes were drilled from the northern access drift on level 5213 for 3,975.5 metres. The holes were drilled on a spacing of 5 to 10 metres.

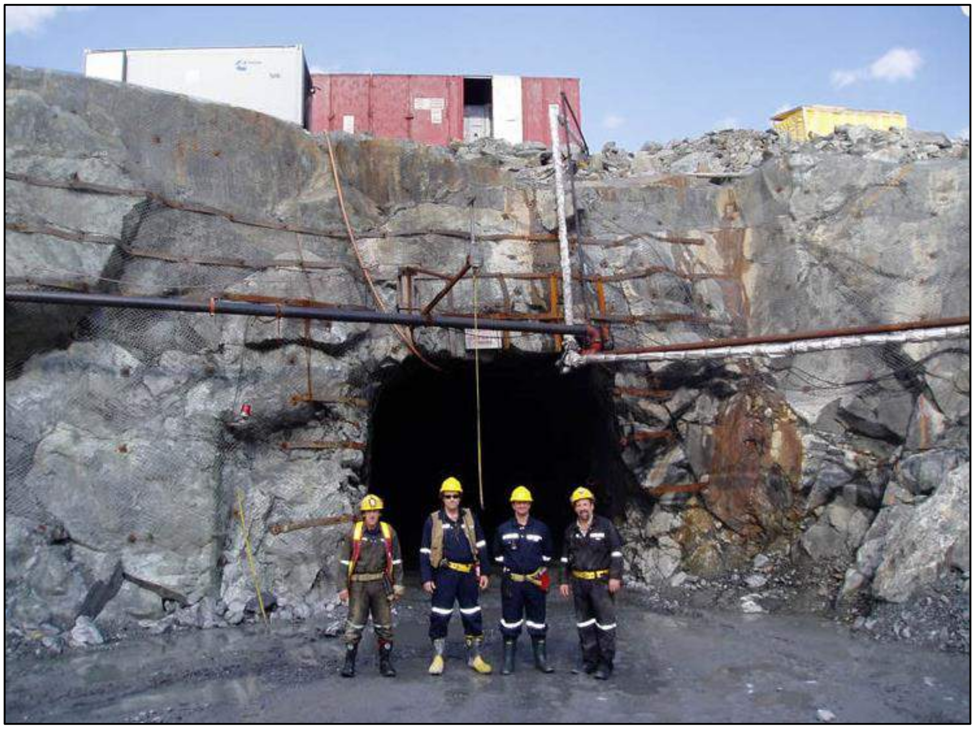


Figure 6.8 – Portal of the ramp started in the north wall of the open pit (from Balmoral’s website)

During 2004, InnovExplo completed an updated resource estimate on the central Discovery Zone corresponding to an area approximately 160 metres long, down to a depth of 175 metres (Pelletier and Gagnon, 2004). Using data from current and previous drilling, as well as the ongoing mapping, sampling and other work by site geologists, InnovExplo reviewed the sampling methodology, assaying methods, database and drill logs to confirm the work was carried out according to standard industry practices.

Using a 5.0 g/t Au minimum cutoff, the contained ounces in the combined measured and indicated categories amounted to 35,107 ounces of gold at an average grade of 19.61 g/t Au, with a further 11,204 ounces at an average grade of 12.79 g/t Au in the inferred category. Of the total measured and indicated resource, 4,002 tonnes grading 18.36 g/t Au was classified as measured and 52,255 tonnes grading 19.71 g/t Au as indicated.

In estimating the resource to be used for outlining potentially minable blocks, InnovExplo used a polygonal method in the plane of the veins. Following a rigorous statistical evaluation of the database and an adoption of a conservative stance for the evaluation, high values were capped at 50 g/t Au for blocks determined to be in the measured category, and at 75 g/t Au for blocks in the indicated and inferred categories. Drill-hole intersections were diluted out to a minimum horizontal width of 1.5 metres, but no further edge dilution was applied.

Table 6.2 – 2004 InnovExplo Mineral Resource at a cut-off grade of 5 g/t Au (Pelletier and Gagnon, 2004)

	Uncapped						Capped					
Cutoff grade, g/t	Metric tonnes			Metric tonnes			Metric tonnes			Metric tonnes		
		Measured + Indicated			Inferred			Measured + Indicated			Inferred	
		Grade, g/t gold	Ounces gold		Grade, g/t	Ounces gold		Grade, g/t gold	Ounces gold		Grade, g/t	Ounces gold
0	309,131	7.38	73,348	226,229	2.46	17,895	309,131	3.83	38,066	226,229	1.86	13,350
3	65,032	34.23	71,569	28,918	11.45	10,647	65,026	17.32	36,210	28,918	9.85	9,159
5	56,257	38.99	70,521	27,388	17.68	15,570	55,684	19.61	35,107	27,245	12.79	11,204
7	49,929	43.21	69,363	19,886	22.28	14,232	49,356	21.40	33,958	19,743	15.47	9,821
10	42,991	48.85	67,520	17,683	24.03	13,663	42,194	23.63	32,056	16,287	17.12	8,966

These "resources" are historical in nature and should not be relied upon. In 2004, they were compliant with NI 43-101 criteria and CIM Standards and Definitions applicable at the time. Since 2004, more drilling has been added and more geological information has become available. Additionally, assumptions used to determine cut-off grades are likely to have changed since 2004. Consequently, these "resources" cannot be considered as current. They are included in this section for illustrative purposes only and should not be disclosed out of context.

In September 2004, a second milling test was conducted in the Camflo Mill facility and supervised by Edmond St-Jean, P.Eng. from Laboratoire LTM Inc., in Val-d'Or (St-Jean, 2004). A total of 9,005 short tons (8,169.4 metric tons) of underground ore from the Discovery Zone was milled. The high-grade ore represents 6,354 short tons (5,764.4 metric tons) grading some 0.362 oz/st (12.41 g/t Au). The low grade ore represents some 2,651 short tons (2,405.0 metric tons) grading 0.148 oz/st (5.07 g/t Au). Four bricks were casted, and each brick was marked and weighed. After casting the last brick, Camflo Mill personnel recovered a 921.9-gram button, and after cleaning the furnace, Camflo Mill personnel recovered a 207.1-gram button. The four bricks weighed 3,427.6 ounces in total. This total did not take into account the amount of gold in the matte and rich slag, or what was recovered after cleaning the tank house, because they were not analyzed. It was probable that they contain several ounces of gold (from 5 to 10 oz). The gold pour produced 3,500 ounces of doré containing 2,595.5 ounces of gold.

A mill malfunction occurred on September 11 when pressure in the presses increased abnormally. The presses were shaken in the evening by insufflating pressurized air into them. The color test showed signs of gold loss over a period of six hours during that night, but the situation had gone back to normal. According to St-Jean (2004), the quantity of gold lost to the wastes during the mill malfunction resulted in the loss of about 90 ounces of gold, which would normally be recoverable. For the total of 9,005 short tons (8,169.4 metric tons) the mill feed grade was estimated at 0.299 oz/st (10.25 g/t Au), with a recovery of 95.5%. After the final inventory of the mill, the grade was calculated at 0.312 oz/st (10.70 g/t Au), including gold lost in the tails during the milling. If the 90 ounces lost to the mill malfunction is included in the mill reconciliation, total gold recovery is close to 97%.

In November 2004, the FAJV was shut down due to legal action brought against Taurus by Fairstar and pending additional financing. On November 23, 2004, Taurus announced that it had agreed to combine with American Bonanza Gold Mining Corporation ("Bonanza") to create a new gold company. Pursuant to the business combination, the new company also agreed to acquire Fairstar's 38% interest in the Fenelon Gold Project.

6.11 2005–2008 Exploration Program (Bonanza)

In January 2005, InnovExplo published a 43-101 compliant technical report on the FAJV (Pelletier and Gagnon, 2005). This technical report contained a revised resource estimate of the Discovery Zone, which took into account the material removed during the 2004 bulk sampling program. Total resources were estimated at 55,684 tonnes grading 19.61 g/t Au in the measured and indicated categories (4,002 t at 18.36 g/t Au for measured, and 51,682 t at 19.71 g/t Au for indicated). This represented 35,107 ounces of gold. In addition, inferred resources were estimated at 27,245 tonnes grading 12.79 g/t Au, for a total gold content of 11,203 ounces. Of the combined measured and indicated resources, 7,757 tonnes had been removed by mining, which means the remaining total of measured and indicated resources were 47,927 tonnes grading 19.61 g/t Au (including 3,098 t of ore broken on site). Inferred resources had not changed. Measured resources were not recalculated after new development material was sampled because the authors of the report concluded it would have only a minor impact on grade and tonnage, but that a new estimate would have to be calculated following any future diamond drilling program.

These "resources" are historical in nature and should not be relied upon. In 2005, they were compliant with NI 43-101 criteria and CIM Standards and Definitions applicable at the time. Since 2005, more drilling has been added and more geological information has become available. Additionally, assumptions used to determine cut-off grades are likely to have changed since 2005. Consequently, these "resources" cannot be considered as current. They are included in this section for illustrative purposes only and should not be disclosed out of context.

In 2005, InnovExplo also performed exhaustive re-description and sampling program consisting of economic and whole-rock geochemistry on drill core from the Discovery Zone deposit (local-scale) and from the Fenelon Property (regional-scale) (Théberge et al., 2006). The drill core review, studies and sampling program mostly took place from September to mid-November 2005. The core from seventy-four (74) drill holes was reviewed, amounting to 7,895 metres within the Discovery Zone area, including 249 whole-rock geochemistry samples and 139 mineralized samples. The core from thirty-six (36) drill holes located outside of the Discovery Zone area, totalling 9,581 metres, was also reviewed, including 167 whole-rock geochemistry samples and 34 mineralized samples. The results of the geological review and sampling were combined with geophysical survey data (Mag, EM, and IP) and incorporated into MapInfo (GIS database) at the property-scale in order to completely revise the surface geological map of the Fenelon "A" Property (lithologies, favourable areas, faults and fold structures).

A drilling and sampling program was carried out from December 2005 to mid-April 2006 (Brousseau et al., 2007). A total of fifty-four (54) NQ-size diamond drill holes were logged and sampled for 18,113.9 metres on the Fenelon "A" Property, corresponding to thirty-three (33) diamond drill holes on the Discovery Zone and its extensions (east and west), and twenty-one (21) on the regional component of the drilling program, outside of the Discovery Zone area. This program included 359 whole-rock geochemistry samples and 2,837 mineralized samples.

In addition to the classic lithogeochemical description, a detailed geochemical and alteration study of the whole-rock geochemistry assays was produced by Mathieu Piché, an independent consultant working under the supervision of InnovExplo. The results of geological observations and the interpretation of alteration from that specific study were incorporated into MapInfo (GIS database) to review the mineral potential of the Discovery Zone area and the Fenelon Felsic Volcanic Complex (FFVC; Le Grand, 2008).

Bonanza carried out a two-phase diamond drilling exploration program on the Fenelon "A" Property during the winter of 2006–2007. The first phase comprised 959.20 metres in four drill holes drilled from December 5 to December 16, 2006, on the Discovery West Zone, which was known to carry gold. The second phase was carried out in the FFVC, comprising six (6) deep holes (>490 m) for a total length of 3,399.40 metres. This phase started on January 6, 2007, and was stopped on April 1, 2007 due to ground thaw. This drilling campaign focused on the new nickel mineralization in the northeastern part of the Property. This sector was also investigated for gold and massive sulphides.

The 2008 exploration program was planned for 2,500 metres of NQ-caliber drilling, however only one (1) hole was completed, reaching a depth of 349 metres in the FFVC area (Leclerc and Giguère, 2010). Another hole was abandoned.

6.12 2010–2011 Exploration Program (Balmoral)

On September 7, 2010, Bonanza and Balmoral announced that they had entered into a Letter of Offer whereby Balmoral was granted the exclusive right to acquire Bonanza's rights, titles and interests in a series of properties located in Québec and Ontario, including the Fenelon Property.

In late January 2011, Balmoral launched a diamond drill program targeting the Discovery Zone and its extensions. Forty-one (41) diamond drill holes were drilled totalling 8,579.9 metres (see press releases of Balmoral). Balmoral completed thirty-five (35) holes testing the lateral and down-dip/plunge extensions of the Discovery Zone. Results were highlighted by several very high grade gold intercepts that confirmed the high-grade tenor of the Discovery Zone. Drilling successfully extended a number of the mineralized veins comprising the zone along strike and to a vertical depth of 250 metres. The six (6) other holes were drilled farther to the east and north of the Discovery Zone.

7 GEOLOGICAL SETTING AND MINERALIZATION

7.1 The Abitibi Terrane (Abitibi Subprovince)

The Fenelon Mine Property is located in the northwestern Archean Abitibi Subprovince in the southern Superior Province of the Canadian Shield. The Abitibi Greenstone Belt has been historically subdivided into northern and southern volcanic zones defined using stratigraphic and structural criteria (Dimroth et al., 1982; Ludden et al., 1986; Chown et al., 1992), mainly based on an allochthonous greenstone belt model development (i.e., interpreting the belt as a collage of unrelated fragments). The first geochronologically constrained stratigraphic and/or lithotectonic map (Fig. 7.1), interpreted by Thurston et al. (2008), includes the entire Abitibi Greenstone Belt known coverage span (i.e., from the western Kapuskasing Structural Zone to the eastern Grenville Province). Thurston et al. (2008) described the Abitibi Greenstone Belt as mainly composed of volcanic units that were unconformably overlain by large sedimentary Timiskaming-style assemblages. Similarly, both new mapping surveys and new geochronological data indicate an autochthonous origin for the Abitibi Greenstone Belt.

Generally, the Abitibi Greenstone Belt comprises east-trending synclines containing volcanic rocks and intervening domes cored by synvolcanic and/or syntectonic plutonic rocks (gabbro-diorite, tonalite and granite) alternating with east-trending turbiditic wacke bands (MERQ-OGS, 1984; Ayer et al., 2002a; Daigneault et al., 2004; Goutier and Melançon, 2007). Normally, the volcanic and sedimentary strata dip vertically and are usually separated by abrupt, variably dipping east-trending faults. Some of these faults, such as the Porcupine-Destor Fault, display evidence of overprinting deformation events including early thrusting, later strike-slip and extension events (Goutier, 1997; Benn and Peschler, 2005; Bateman et al., 2008). Two ages of unconformable successor basins are observed: a) widely distributed fine-grained clastic rocks in early Porcupine-style basins; followed by b) Timiskaming-style basins composed of coarser clastic sediments and minor volcanic rocks, largely proximal to major strike-slip faults, such as the Porcupine-Destor and Larder Lake-Cadillac faults and other similar regional faults in the northern Abitibi Greenstone Belt (Ayer et al., 2002a; Goutier and Melançon, 2007). The Abitibi Greenstone Belt is intruded by numerous late-tectonic plutons composed mainly of syenite, gabbro and granite with fewer lamprophyre and carbonatite dykes. Commonly, the metamorphic grade in the Abitibi Greenstone Belt varies from the greenschist to subgreenschist facies (Jolly, 1978; Powell et al., 1993; Dimroth et al., 1983; Benn et al., 1994) except in the vicinity of most plutons where the metamorphic grade corresponds mainly to the amphibolite facies (Jolly, 1978).

7.2 New Abitibi Greenstone Belt Subdivisions

As mentioned in section 7.1, new Abitibi Greenstone Belt subdivisions were defined using new mapping and geochronological data from the Ontario Geological Survey and Géologie Québec. The following section presents a more detailed description of these new subdivisions, mostly abridged from Thurston et al. (2008) and references therein.

Seven (7) discrete volcanic stratigraphic episodes define the new Abitibi Greenstone Belt subdivisions based on numerous U-Pb zircon age groupings. The new U-Pb zircon ages clearly show timing similarities for volcanic episodes and plutonic activity ages between the northern and southern portions of the Abitibi Greenstone Belt, as indicated in Figure 7.1. These seven volcanic episodes (Fig. 7.1) are listed below, chronologically from the oldest to the youngest:

- Volcanic episode 1 (pre-2750 Ma);
- Pacaud Assemblage (2750–2735 Ma);
- Deloro Assemblage (2734–2724 Ma);
- Stoughton-Roquemaure Assemblage (2723–2720 Ma);
- Kidd-Munro Assemblage (2719–2711 Ma);
- Tisdale Assemblage (2710–2704 Ma);
- Blake River Assemblage (2704–2695 Ma);

The Abitibi Greenstone Belt successor basins are of two types: 1) laterally extensive basins corresponding to the Porcupine Assemblage with early turbidite-dominated units (Ayer et al., 2002a); followed by 2) the aerially more restricted alluvial-fluvial or Timiskaming-style basins (Thurston and Chivers, 1990).

The geographic limit (Fig. 7.1) between the northern and southern parts of the Abitibi Greenstone Belt has no tectonic significance but is similar to the limits between the internal and external zones of Dimroth et al. (1982) and those between the Central Granite-Gneiss and the Southern Volcanic zones of Ludden et al. (1986). The boundary between the northern and southern parts passes south of the wackes of the Chicobi and Scapa groups with a maximum depositional age of 2698.8 ± 2.4 Ma (Ayer et al., 1998, 2002b).

The Abitibi Subprovince is bounded to the south by the Larder Lake-Cadillac Fault Zone, a major crustal structure that separates the Abitibi and Pontiac subprovinces (Fig. 7.1) (Chown et al., 1992; Mueller et al., 1996; Daigneault et al., 2002, Thurston et al., 2008).

The Abitibi Subprovince is bounded to the north by the Opatica Subprovince (Fig. 7.1), a complex plutonic-gneiss belt formed between 2800 and 2702 Ma (Sawyer and Benn, 1993; Davis et al. 1995). It is mainly composed of strongly deformed and locally migmatized, tonalitic gneisses and granitoid rocks (Davis et al., 1995).

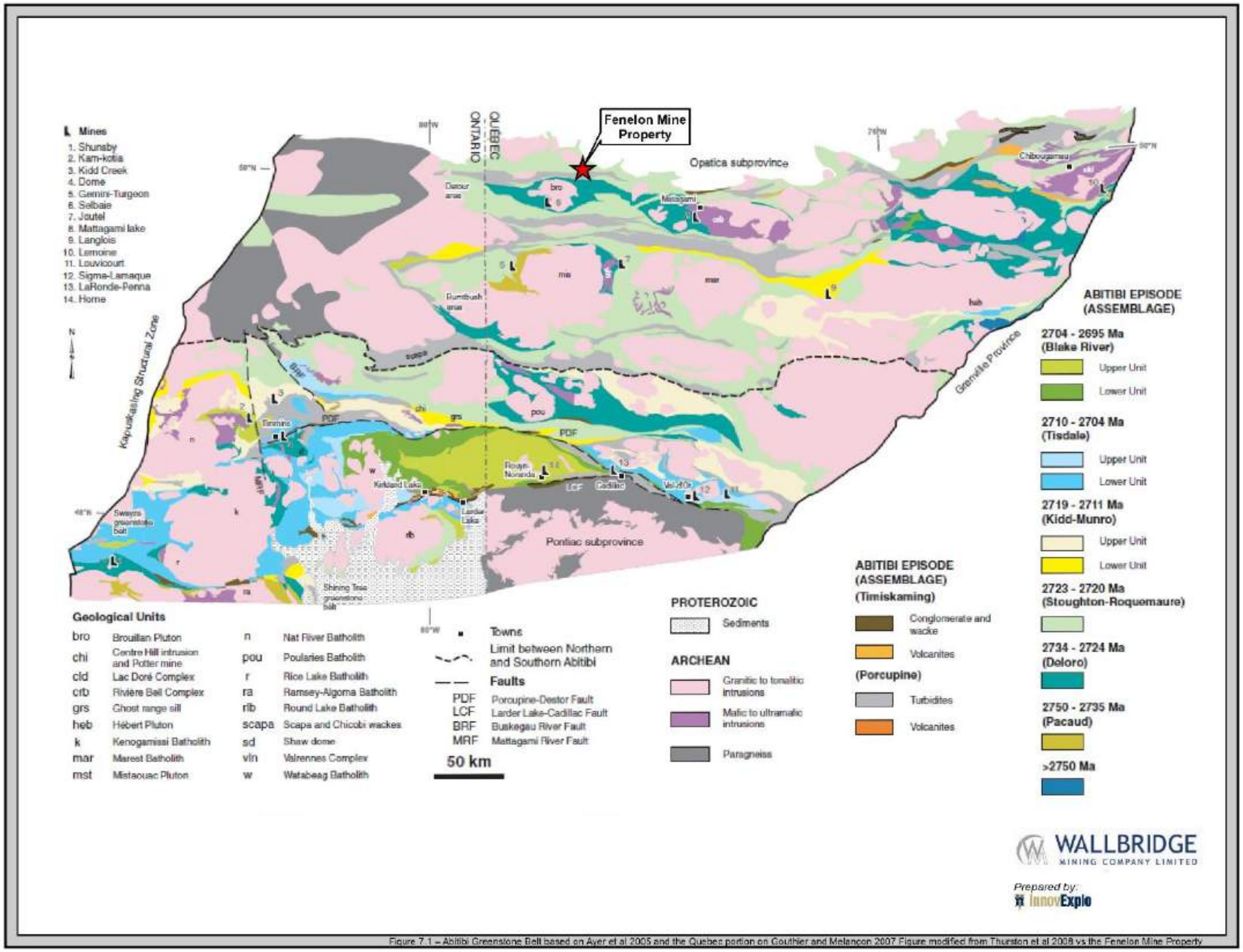


Figure 7.1 – Abitibi Greenstone Belt based on Ayer et al. (2005) and the Québec portion on Goutier and Melançon (2007). Figure modified from Thurston et al. (2008).

7.3 Regional Geology

The geology in the northwestern Abitibi Subprovince has been described by Lacroix et al. (1990), Ayer et al., (2002a) and Faure (2012, 2015), and is referred to the Harricana-Turgeon volcano-sedimentary segment. The segment extends from the Detour Lake mine (Ontario) in the west to Matagami (Québec) in the east, and includes the Matagami, Brouillan, Joutel and Casa-Berardi mining districts.

The segment is dominated by mafic volcanic rocks, followed by sedimentary and plutonic rocks. It is transected by numerous E-W trending deformation zones located either at the contacts of volcano-sedimentary units and granitoid plutons or crosscutting them (Fig. 7.2). The two major northernmost faults of the Abitibi are the Sunday Lake (SLDZ) and Grasset (GDZ) deformation zones (Fig. 7.2). The GDZ is the equivalent of the South Detour Deformation Zone in Ontario.

The main rock assemblage north of the SLDZ consists of tholeiitic basalts of the Manthet Group dated in Ontario, north of the Detour Lake mine, at 2722 Ma (Marmont and Corfu, 1989). The basalt sequence is dominated by pillowed and massive flows and is intruded by mafic and ultramafic sills and dykes. This group is the equivalent of the Stoughton-Roquemaure assemblage in Ontario, which has been dated between 2723 and 2720 Ma (Thurston et al. 2008).

The volcanic package south of the GDZ is attributed to the Brouillan-Fenelon domain (Lacroix et al., 1990) and is subdivided in two volcanic assemblages. The older assemblage consists of bimodal andesite-rhyolite calc-alkaline volcanism and magmatism dated between 2725-2730 Ma and is correlated to the Deloro in southern Abitibi (Barrie and Krog, 1996; Thurston et al. 2008). This package of volcanic rocks is flanked around the Brouillan synvolcanic pluton and in the core of the Brouillan anticline, and hosts the Selbaie polymetallic epithermal deposit (Faure et al., 1996). The felsic volcanic rocks that host the volcanogenic massif sulphides deposits in the Matagami mining camp are also attributed to this package. The mafic assemblage south of the GDZ has similar volcanic facies and composition to the Manthet group with few ultramafic complexes and is correlated to Stoughton-Roquemaure assemblage.

Metasediments are present in two different rock packages. The synorogenic flysch-type sediments of the Matagami assemblage is wedged between the Sunday Lake and the Grasset deformation zones. The Matagami sediments are composed of interbedded argillaceous siltstones and wackes (turbidites sequences) and minor mafic to felsic volcaniclastic rocks. They are interpreted to be formed in a successor basin unconformably overlying the volcanic rocks (Mueller et Donaldson, 1992). They are equivalent in Ontario to the Caopatina sediments (2698 Ma) and to a broader scale to the Porcupine-type sediments in the southern Abitibi. A large basin of polygenic conglomerates, 15 kilometres long by 2.5 kilometres wide, occurs in the center of the segment north of the SLDZ. This late restricted basin is bounded by faults and has the hallmarks of Timiskaming-style divergent fault-wedge basin, a variant of a pull-apart basin, developed proximal to major strike-slip faults in southern Abitibi (Mueller et al., 1991). A similar conglomeratic basin occurs along the South Detour Fault in Ontario (e.g. extension of the Grasset fault). These conglomeratic basins are spatially associated with orogenic and syenite gold deposits elsewhere in the Abitibi (Robert, 2001). A few layers of sulphidic and graphitic shale or tuffs (tens to hundreds of metres), highly conductive, are interlayered between basaltic flows or within the Matagami sediments.

Apart from the gabbro and ultramafic sills and dykes, the plutons in the NW Abitibi are felsic to intermediate in composition. Three major intrusions are present; the Brouillan, Jérémie and Turgeon. The Brouillan Pluton is a polyphase mafic tholeiitic to felsic calc-alkaline synvolcanic intrusion dated at 2729 Ma (Barrie and Krogh, 1996). The Jérémie and Turgeon plutons, as well as smaller granodiorite and diorite intrusions, have metamorphic aureoles reaching upper greenschist to lower amphibolite facies, and they are interpreted as pre- to syn-kinematic (Lacroix, 1994).

The rock sequence has been affected by regional deformation and metamorphism. The metamorphism increases towards the Opatica Subprovince, from greenschist facies in the south to the amphibolite to the north. The appearance of the hornblende that marks the amphibolite isograd occurs between 2 to 5 kilometres south of the limit between the two subprovinces (Lacroix, 1994).

The sparse stratification measurements recorded north of the SLDZ indicate that the dip of the basalt flow sequence is moderate to steep. Fold patterns have been interpreted based mainly on the distribution of magnetic highs corresponding to gabbroic and ultramafic sills, and electromagnetic conductors that characterize graphitic tuffs and sediment horizons. The folds are inclined and open to tight, with axial traces oriented NW-SE, except around the Detour Lake mine and north of the Jérémie Pluton where they are isoclinal.

The SLDZ and the GDZ are the major structural features in the area. They can be traced over 150 kilometres from the western boundary of the Abitibi Subprovince in Ontario to the east of the Fenelon Mine Property and to the north of the Matagami mining camp (Fig. 7.2). These two faults share many characteristics with other major breaks of the Abitibi in that they are wide corridors of ductile and high-strain deformation with a mixture of highly altered volcanic, sedimentary and intrusive rocks, including ultramafic slices and syn-orogenic felsic to intermediate dykes. At the Detour Lake mine, the SLDZ displays overprinting deformation events, including early thrusting with later sinistral and dextral strike-slip events (Oliver et al., 2012). On the regional map of total magnetic field, the fault is defined as a linear east-west-trending magnetic low that truncates, at a high angle, domains of rock units with low and high magnetic signatures to the north and the less contrasting magnetic signatures of sediments to the south.

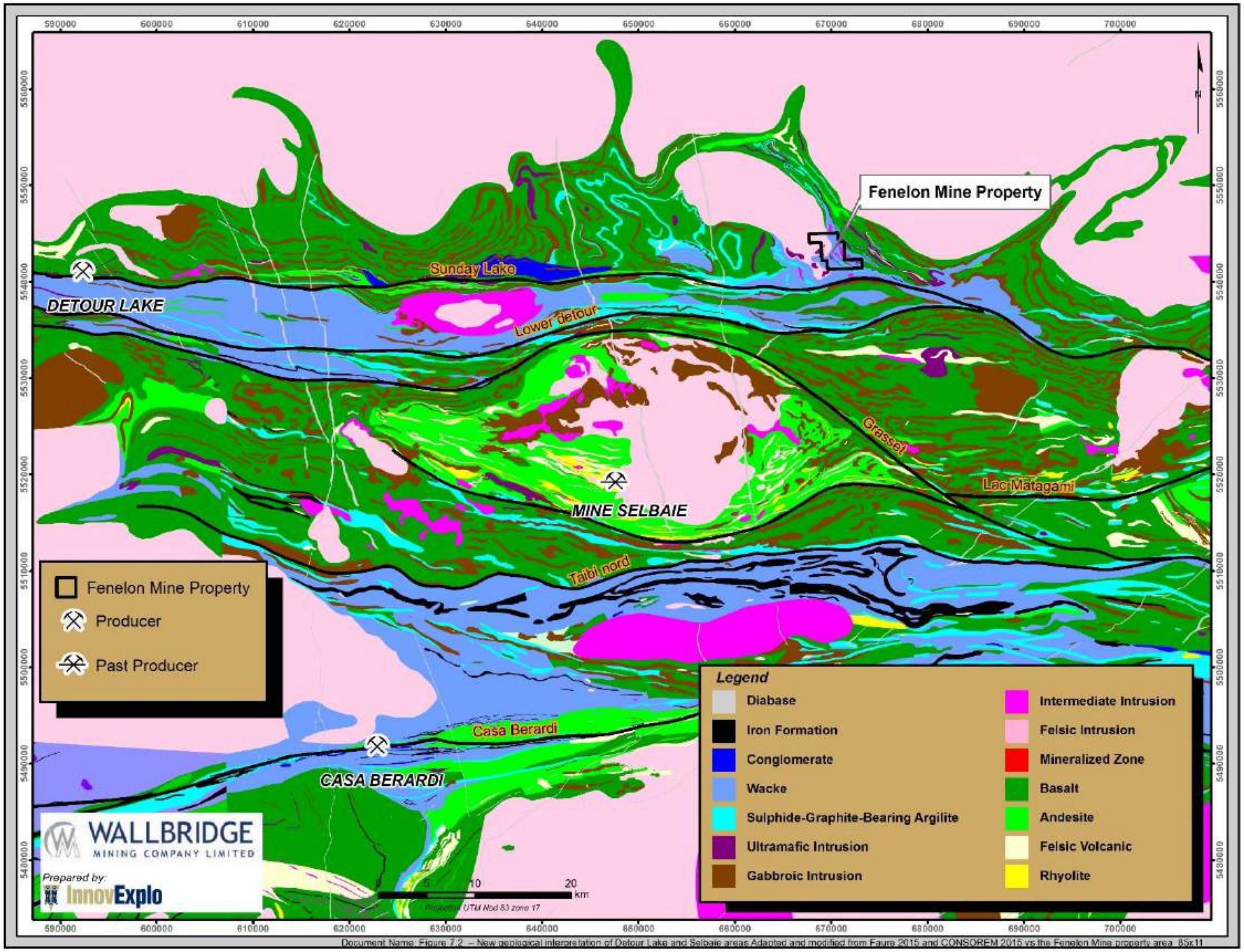


Figure 7.2 – New geological interpretation of the Detour Lake and Selbaie areas. Adapted and modified from Faure (2015) and CONSOREM (2015).

7.4 Fenelon Mine Property Geology

The following description of the Fenelon Mine Property geology was taken from the technical report produced by Pelletier and Gagnon (2005), and retains the references therein.

The Fenelon Mine Property is covered by 4 to 50 metres of glacial overburden consisting mainly of sandy and gravel outwash material and lesser boulder-rich tills. There are no natural rock outcrops in the area of the Discovery Zone where glacial overburden is generally 4 to 8 metres thick. Detailed property-scale geological information is only available for this area, which has been drilled and bedrock exposures created during open pit sampling and underground development work. The correlation between geological information and geophysical maps has contributed to the recognition of certain magnetic units such as gabbroic and ultramafic rocks, low magnetic sedimentary rocks and highly conductive graphitic horizons (Lacroix, 1994; Faure, 2012, 2015).

The Fenelon Mine Property is situated near the SLDZ, with the Discovery Zone located along a northwest-trending splay roughly two kilometres north of the east-west trending SLDZ. In the vicinity of the Discovery Zone, the SLDZ warps gently to the south to strike ESE immediately east of the claim block. Ground and airborne geophysical data suggest that several splay structure systems extend northward from the SLDZ into the Discovery Zone area. The absence of outcrop exposure in the area impedes the ability to accurately map fold patterns. However, regional airborne geophysical data suggest that rock units are folded. According to Lacroix (1991), the Discovery Zone area may be located within a regional antiformal structure with an axial trace trending NW through the core of the Jérémie Pluton. Airborne magnetic data also suggests the presence of several more brittle faults and/or shear zones striking E, NNW and NE. Such structures are outlined by sharp breaks and displacements of magnetic markers. In 1997, a drilling program provided sporadic oriented core (Foster testing) on the Discovery Zone. According to Pelletier and Gagnon (2005), the interpretation of this oriented core data demonstrates that within the drilling area, the dominant planar fabric strikes E to ESE with a steep southerly to vertical dip (70-90°). However, given the lack of lateral deviation data for the 1997 drilling program, the interpretation of “Foster test” results is equivocal.

The Manthet Group, located north of the SLDZ, underlies the entire Property. Although published geological maps (Lacroix, 1991) indicate that the Property should be underlain by basaltic volcanic rocks of the Manthet Group, diamond drilling over the Property suggests that the geology is predominantly characterized by dominantly mafic volcanic rocks and pelagic sedimentary rocks, with a smaller amount of felsic to intermediate volcanic rocks and tuffs, and ultramafic volcanic rocks. Small intrusions and synvolcanic to pre-tectonic dykes, mostly mafic to intermediate, are documented in volcanic and sedimentary succession. The Jérémie Pluton, a large plutonic body of intermediate to felsic (diorite–tonalite–granodiorite), syn- to late-tectonic units, occurs at a few kilometres northwest of the Discovery Zone. In drill logs and reports, lithological units are described as variably altered, and the dominant alteration types include silicification, carbonatization, sericitization, biotization, chloritization and the addition of sulphides. Mafic to ultramafic intrusive units are locally magnetic.

7.5 Discovery Zone Geology

The following description of the Discovery Zone geology is taken from the technical report produced by Pelletier and Gagnon (2005), and retains the references therein.

The Discovery Zone is hosted in a series of siliceous zones and small-scale silica-albite shear zones within coarse-grained mafic intrusives that are segmented by a series of mafic dykes, between two panels of argillaceous sediments.

7.5.1 Lithology

The Discovery Zone area is characterized by four major lithological units. The dominant unit is metasedimentary. This unit includes greywackes, siltstones, mudstones, locally graphitic argillites and iron formations.

A major mafic intrusive unit intrudes the metasediments. Its composition is gabbroic, and it is dark-coloured, massive and usually coarse grained (1–4 mm), although locally medium grained as seen south of the ramp (Fig. 7.3).

A second type of intrusive unit cuts the metasediments, and its composition is intermediate to felsic. This unit is located north of the main coarse grain mafic intrusive, where it displays massive texture. The grain size is generally medium and locally with porphyritic feldspar. In the decline ramp, this unit is represented by a swarm of narrow feldspar porphyry dykes (centimetric to decametric) with sharp contacts with the metasediments (Fig. 7.3). The third type of intrusive rock is the late mafic, fine-grained dykes. They vary in thickness from a few centimetres up to 2–3 metres and locally cut the mineralized zones, creating internal dilution.

Pelletier and Gagnon (2005) examined the outcrop stripped along the southeast extension of the small open pit excavated in 2001 and all the underground development. Critical relative timing relationships between lithological units, deformation, alteration and gold mineralization are exposed. Their description of the stripped outcrop was partly inspired by Couture and Michaud (2003). The stripped outcrop and the underground development expose a sequence of steeply-dipping deformed layered rocks consisting of alternating fine-grained argillaceous sedimentary rocks, greywackes and felsic siliceous rocks, crosscut by a major massive coarse-grained mafic intrusion. Those two units are crosscut by a plethora of mafic fine-grained dykes (Figs. 7.4 and 7.5). The feldspar porphyry dykes clearly cut the sediments, but its relationship with the coarse-grained mafic intrusives is not well exposed. The layering in the rock units trends approximately SE and was subvertical and overprinted by a roughly subparallel penetrative foliation fabric.

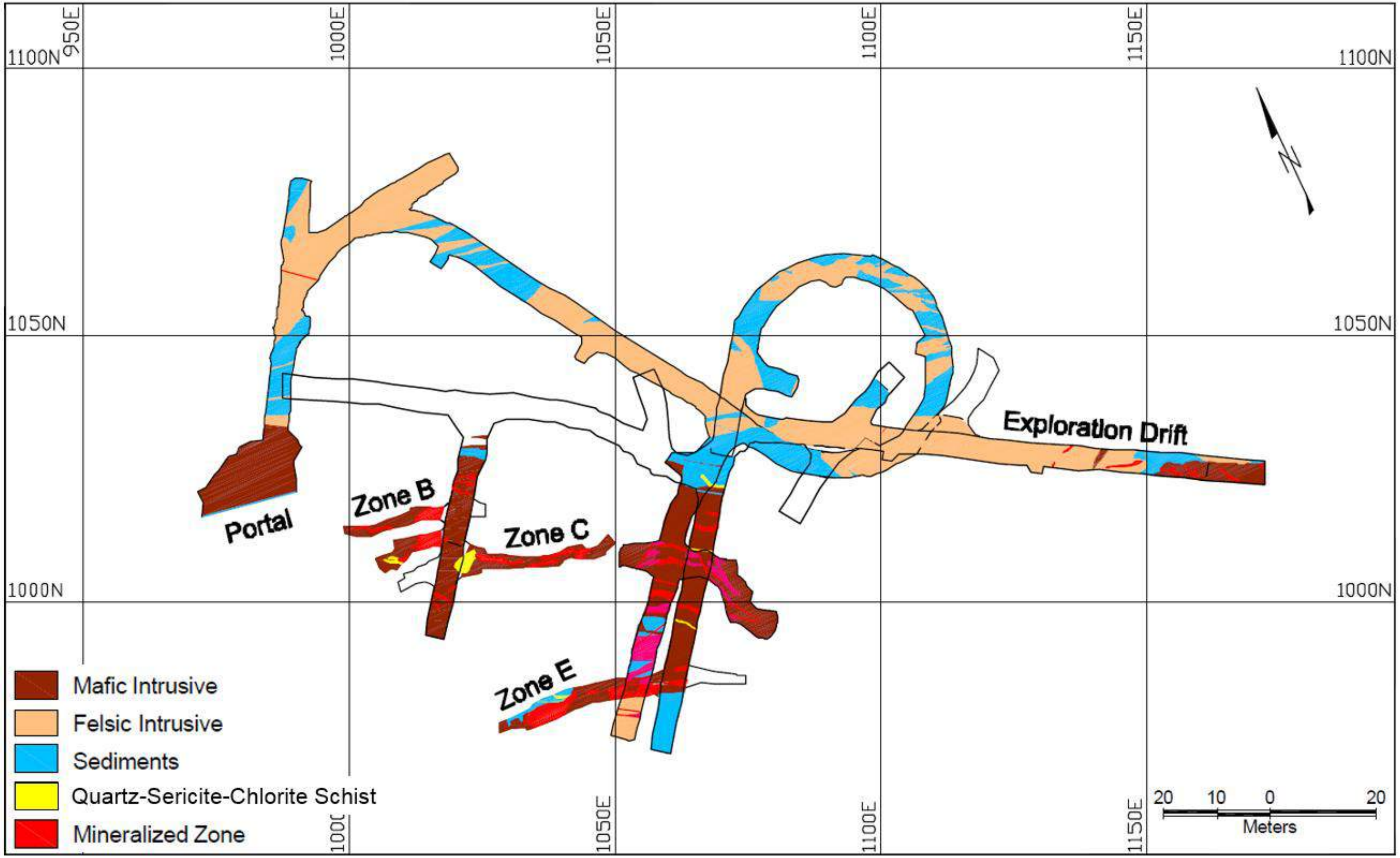


Figure 7.3 – Geological mapping of the underground workings on the Discovery Zone (from Pelletier and Gagnon, 2005)

Figure 7.4 – Sharp contact between a late fine-grained mafic dyke (upper part of the photo) and the coarse-grained mafic intrusion (lower part of the photo). Photo from Pelletier and Gagnon (2005)

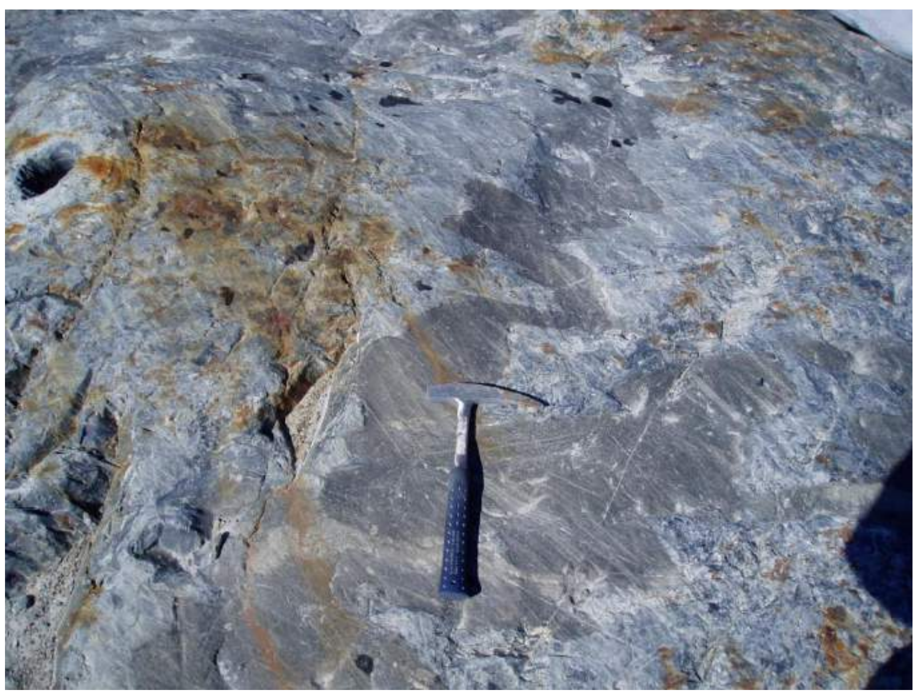


Figure 7.5 – North-south late fine-grained mafic dyke crosscutting the southeast-trending sediments. Photo from Pelletier and Gagnon (2005)

The stripped outcrop was subdivided by Pelletier and Gagnon (2005) into three areas approximately perpendicular to the layering. The NE portion of the outcrop consists chiefly of argillaceous and greywacke sedimentary units cut by narrow (<1 m) highly deformed mafic dykes (Fig. 7.5). The SW portion of the stripped outcrop is occupied by a massive black silica rock, a mottled silica breccia and two feldspar porphyry dykes, all injected by numerous narrow deformed mafic dykes, less than 1 centimetre to a few metres in thickness. The origin of the massive silica rock is not known. The central portion of the outcrop, which hosts most of the gold mineralization, is occupied by a mafic dyke complex that appeared to be injected along the contact between the intermediate to felsic silica rock and the layered sedimentary sequence. The mafic dyke complex consists of one thicker coarse grain massive mafic dyke injected by numerous thinner (< 1 m) parallel mafic dykes (Fig. 7.6). In section, the dyke swarm dips steeply (75°-80°) to the south. Couture and Michaud (2003) observe that the thicker massive dyke was weakly strained and locally, near the pit wall, intrusive breccia was developed. This breccia and crosscutting relationships between narrow dykes indicates repetitive dyke intrusions. On either sides of the sheeted mafic dyke swarm, narrow highly folded mafic dykes extend out into surrounding lithologies. The origin of the black silica rock occurring southwest of the dyke complex remains enigmatic. This rock is very massive and fine grained.

One feldspar porphyry dyke occurs between the central dyke swarm complex and the mottled silica breccia rock. It is in sharp intrusive contact with the massive black silica rock. Contacts relationships with the mottled silica rock and mafic dykes are, however, equivocal. The feldspar porphyry dyke is fairly massive and contains abundant centimetre-scale rock xenoliths. It is foliated and cut by several narrow mafic dykes. Laminated albite-quartz veins occur in the mottled silica breccia and massive black silica rock on either sides of the feldspar porphyry dyke. In the massive black silica rock, the veins are regular but severely buckled. In the mottled silica breccia, the veins are strongly boudinaged and also occur as angular to rounded clasts floating in the silica breccia. Folded and boudinaged veins locally contain sulphides (pyrrhotite, pyrite and ±chalcopyrite). It is suggested that these veins were related to the porphyry dyke. The crosscutting relationship between the albite-quartz veins and the massive black silica rock, along with their severe deformation in the mottled silica breccia, suggest the veins and porphyry dyke intruded the massive silica rock and were possibly coeval with silica breccia development. Porphyry dyke intrusion, albite-quartz-sulphide veins, silica breccia and sulphide stockwork clearly predate the intrusion of mafic dykes and also predate the development of the penetrative foliation.

The portal of the ramp is in the north wall of the open pit and the decline ramp passes underneath the pit; it then crosscuts the same lithological units observed on surface, but provides a better understanding in three dimensions of the units and structures. The decline ramp is located in the sediments to the north of the main coarse-grained intrusive unit (Fig. 7.3). This portion of the sediments was intruded by a swarm of feldspar porphyry dykes, and numerous sharp intrusive contacts have been observed (Fig. 7.3).

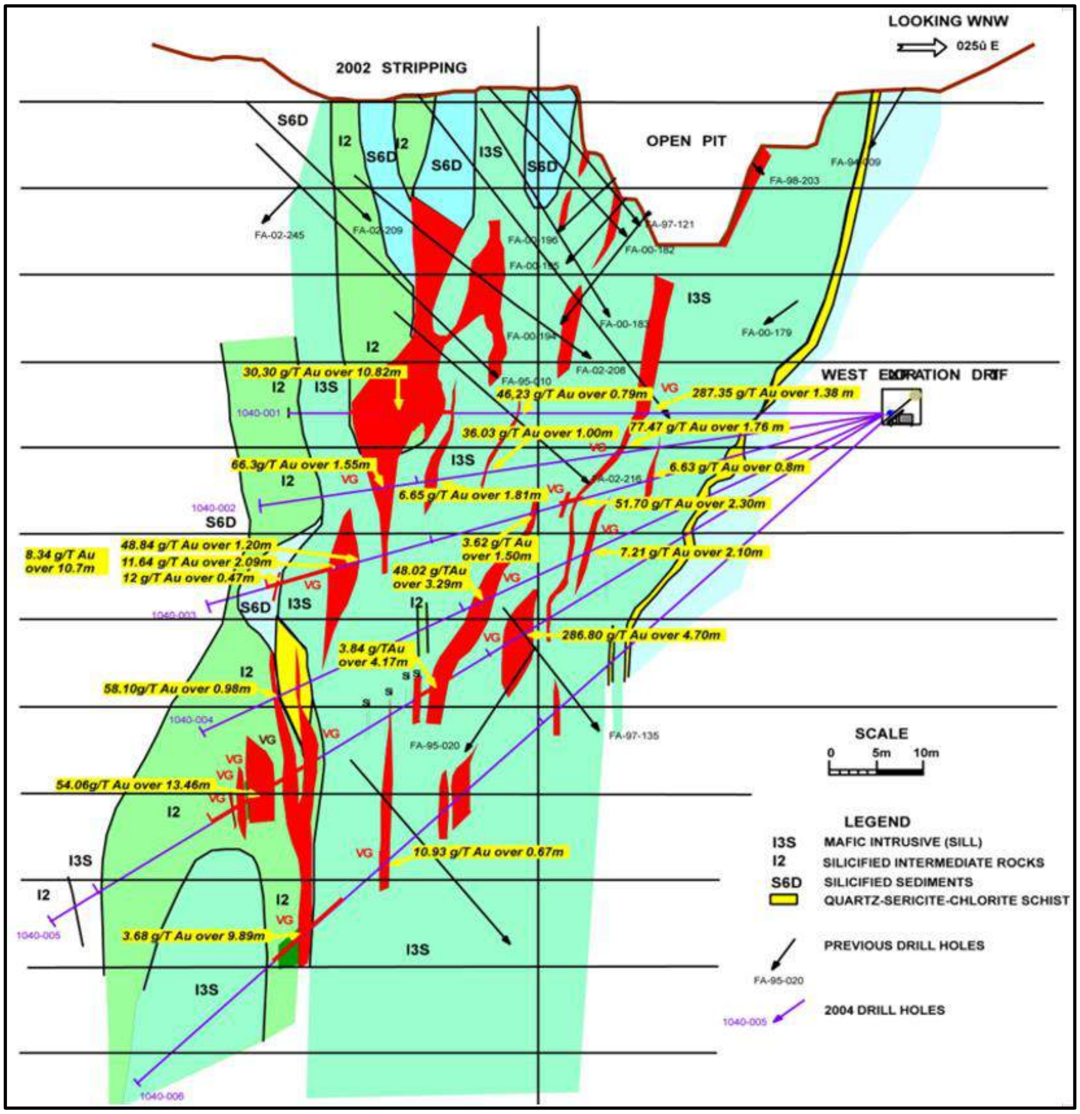


Figure 7.6 – Section 1040 E showing the mineralized zones (red color) with their host rocks (from Pelletier and Gagnon, 2005).

The eastern portion of the exploration drift on the 5213 sublevel was located in the intermediate to felsic, massive intrusive unit. The grain size was mainly medium and equigranular with some areas having a porphyritic texture. The end of this drift exposed the contact of the sediments with the coarse-grained mafic unit. No clear relationship between the intermediate intrusion and the coarse grain mafic intrusive was observed in this area. The western portion of the exploration drift was in the sediments. The three north-south crosscuts, one on the 5228 sublevel and two on the 5213 sublevel, were in the coarse-grained mafic unit, crosscut by some late fine-grained mafic dykes. The end of the crosscut TB-A on the 5213 sublevel was in the sediments. The three crosscuts intercepted the B-C and the D-E mineralized zones.

7.5.2 Structural Elements

Lithologies exposed on the stripped outcrop belong to a homoclinal volcanosedimentary panel intruded by a plethora of dykes. A stratigraphic top direction could not be readily determined in sedimentary units. Nonetheless, there is no structural evidence supporting the presence of large scale folding at Discovery Zone. All lithologies display a penetrative foliation and strain associated with this deformation is strongly partitioned throughout the outcrop. The southern and northern contacts of the mafic dyke swarm with argillaceous sediments exhibit wider zones of penetrative foliation. In the central corridor occupied by mafic sheeted dykes, strain is strongly partitioned into small-scale shear zones that have followed mafic dyke contacts.

Overall, the structural elements of both the wider deformation zones and small-scale shear zones are compatible with one phase of ductile deformation. Both small-scale and wider deformation zones display similar kinematics, with associated strongly developed stretching lineations and foliations. The stretching and mineral lineations observed at Fenelon are very strongly developed, indicating that a strong extension is associated with this deformation. Kinematic indicators, such as striated slip surfaces with hydrothermal steps and foliation/deformation zone orientations, support a south-over-north reverse-dextral displacement along both the wider and smaller-scale deformation zones. Foliations strike consistently NW-SE, with an average orientation of 296°/89° (strike/dip); lineations consistently rake east in the plane of the foliation, with an average orientation of 110°/78° (trend/plunge). A compilation of structural data collected by Couture and Michaud (2003) in 2002 indicates that the fold and boudin axes are consistently subparallel to the stretching and mineral lineations observed at Discovery Zone. The orientation of foliations measured at the Discovery Zone is similar to the orientation of small scale-shear zones. Late shear fracture-hosted quartz veins have a similar strike to the foliation, but dip at 45° to the foliation. In short, all structural elements observed on the Fenelon Property are consistent with a single progressive deformation event. It is strongly suggested that the penetrative foliation, the small scale folds and deformation zones and the late quartz veins all developed during a single progressive deformation event primarily involving compressive shortening, reverse dip-slip kinematics with a minor component of dextral slip.

7.6 Gold Mineralization in the Discovery Zone

The following description of gold mineralization in the Discovery Zone is taken from the technical report produced by Pelletier and Gagnon (2005), and retains the references therein.

The gold mineralization is associated with a corridor of intense alteration located close to the contact between sediments and the coarse-grained mafic intrusives and within the coarse-grained mafic intrusive. Silicification is the dominant alteration and appears to control the mineralization. Sericite, biotite and black chlorite are also associated with the mineralized zones, but these alterations are not as continuous as the silicification. Some observations show a good correlation between high-grade values and a local increase in black chlorite content. Silicification serves as a guideline for exploration and is the key feature in guiding underground development. The general orientation and dip of the silicified and mineralized envelopes is subparallel to the contact of the sediments and the coarse-grained mafic intrusives (Fig. 7.6). Local variations in the orientation and dip are present. The thickness of these envelopes varies from a few centimetres to 15 metres.

Gold mineralization is concentrated in the silicified envelopes and is associated with sulphides such as pyrrhotite, chalcopyrite and pyrite. Sulphides are mainly disseminated, although where silicification is locally more intense, they are contained in quartz veins (Fig. 7.7-A, B, D). Pyrrhotite is dominant and its abundance generally varies from trace amounts to 30%, with intersections of massive pyrrhotite over a few centimetres. Chalcopyrite content generally varies from trace amounts to 15%, locally up to 40%. When present, pyrite occurs as trace amounts or up to 2%. Marcasite has been observed in drill core at depth and is locally associated with gold mineralization. Native visible gold is fairly common in drill hole intersections and in the wall rocks of developments. The grain size of the visible gold can reach 4 millimetres. (Fig. 7.7-C, D).

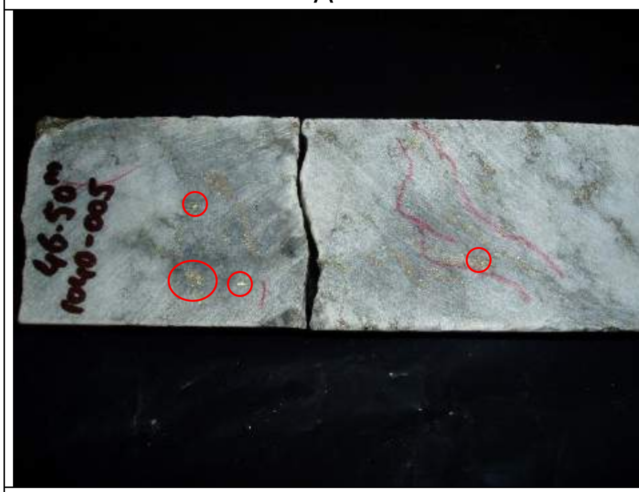
The mineralization described above occurs in two distinct styles and two distinct stages in the Discovery Zone, predominantly within a wide corridor delimited by the extent of the coarse-grained mafic intrusives. The mineralization styles are as follows:

- Style 1: Early massive, laminated or brecciated silica-sulphide zones occurring along mafic dyke contacts, or commonly as isolated, irregular, metre-scale lensoid bodies inside the mafic dyke complex, like xenoliths of mineralized zone in the coarse-grained mafic intrusion (Fig. 7.8). Pyrrhotite and pyrite are the dominant sulphides and occur as narrow fracture fillings or disseminations in silica-rich rock.

- Style 2: Late narrow, lenticular or commonly tabular zones of silica-sulphide sericite alteration associated with small-scale (1–30 cm) shear zones occurring primarily along narrow dyke contacts. Sulphides occur disseminated in the altered rock or in quartz veinlets. The dominant sulphides are pyrrhotite, pyrite and chalcopyrite, with local coarse visible gold (Fig. 7.9).

A

B



C

D

Figure 7.7 **A) Quartz veinlets with sulphides and disseminated sulphides in the wallrock. B) Hole 1040-005, 73.3 metres from collar: quartz veinlets with native coarse gold and disseminated sulphides in the wallrock. C) Hole 1040-005, 46.5 metres from collar: silicified zone with disseminated sulphides and native coarse gold. D) Rock from the stockpile of mineralized material: silicified zone with large amount of cpy and native coarse gold. (From Pelletier and Gagnon, 2005)**

A

B

C

D

Figure 7.8 **Style 1 of mineralization: A) Lensoid body (xenolith) of early massive laminated silica-sulphide zones. B) Alignment of xenoliths along N115. C) Xenolith crosscut by a late mafic dyke. D) Xenolith in the coarse-grained mafic intrusive. (From Pelletier and Gagnon, 2005)**

A B

Figure 7.9 – Style 2 of mineralization: A) Disseminated pyrrhotite and chalcopyrite in the coarse-grained mafic intrusive associated with quartz veinlets. B) The same zone as in (A), but in the 5213 BC sublevel; the orange paint lines follow the zone, which is continuous for 40 metres (From Pelletier and Gagnon, 2005).

Crosscutting relationships clearly suggested that sulphide mineralization was emplaced during at least two distinct mineralizing episodes. Style 1 sulphide mineralization predated the coarse-grained mafic intrusive emplacement and predated penetrative deformation. The discontinuous distribution of these pods was interpreted to have resulted from the disruption of a previously continuous silica-sulphide layer or horizon by intrusion of coarse-grained mafic intrusives (Fig. 7.8). The second style of sulphide mineralization clearly postdated the coarse-grained mafic intrusive emplacement and predated the repeated intrusion of mafic dykes. It was associated with small-scale anastomosing shear zones commonly developed in the coarse-grained mafic intrusives and it was contemporaneous with the penetrative deformation.

8 DEPOSIT TYPE

8.1 Orogenic Gold

Metamorphic belts like the Abitibi are complex regions where accretion or collision has added to, or thickened, continental crust. Gold-rich deposits can be formed at all stages of orogen evolution, so that evolving metamorphic belts contain diverse gold deposit types that may be juxtaposed or overprint each other (Groves et al. 2003).

The majority of gold deposits in metamorphic terranes are located adjacent to first-order, deep-crustal fault zones (e.g., Cadillac-Larder Lake, Porcupine-Destor, Casa Berardi and Sunday Lake in the Abitibi), which show complex structural histories and may extend along strike for hundreds of kilometres with widths of as much as a few thousand metres (Goldfarb et al., 2005). Fluid expulsion from crustal metamorphic dehydration along such zones was driven by episodes of major pressure fluctuations during seismic events. Ores formed as simple to complex networks of gold-bearing, laminated quartz-carbonate fault-fill veins of second- and third-order shears and faults, particularly at jogs or changes in strike along the major deformation zones. Mineralization styles vary from stockworks and breccias in shallow, brittle regimes, through laminated crack-seal veins and sigmoidal vein arrays in brittle-ductile crustal regions, to replacement- and disseminated-type orebodies in deeper, ductile environments (Groves et al., 2003). Most orogenic gold deposits occur in greenschist facies rocks, but significant orebodies can be present in lower and higher grade rocks. The mineralization is syn- to late-deformation and typically post-peak metamorphism. They are typically associated with iron-carbonate alteration. Gold is largely confined to the quartz-carbonate vein network, but may also be present in significant amounts within iron-rich sulphidized wall-rock selvages or within silicified and sulphide-rich replacement zones (Dubé and Gosselin, 2007). One of the key structural factors for gold mineralization emplacement is the late strike–slip movement event that reactivated earlier-formed structures within the orogeny (Goldfarb et al., 2001), a condition that has been achieved along the SLDZ (Oliver et al., 2012).

In addition to the Discovery Zone, two significant gold occurrence are located along the SLDZ: the giant Detour Lake mine and the Bug Lake Trend. These gold occurrences present many similarities with mesothermal orogenic gold deposits in terms of metal associations, wall-rock alteration assemblages and structural controls.

8.1.1 Detour Lake Gold Mine

The geology of the Detour Lake gold mine has been studied in detail by Oliver et al. (2012) and Anwyll et al., 2016), and the principal characteristics of the ore zones are summarized here.

The Detour Lake area is comprised of a thick sequence of mafic to ultramafic volcanic rocks, referred to as the Deloro Assemblage (“DA”), in structural contact to the south with the younger sediments of Caopatina Assemblage (“CA”). This contact between the DA and CA is characterized by a regional-scale thrust zone referred to as the Sunday Lake Deformation Zone ("SLDZ").

The structures of the SLDZ are spatially related to most of the gold mineralization observed in the Detour Lake area. The gold mineralization in the Detour Lake area is believed to be relatively late and emplaced after tectonic juxtaposition of the DA and CA. At both Detour Lake and West Detour, gold mineralization is principally observed north of the SLDZ (hanging wall) along an east-west strike length of over 8 kilometres within a corridor several hundreds of metres wide. It forms a stockwork of auriferous quartz veins that splay from a flexure that coincides with the northern limb of a shallow west plunging antiform.

Two types of gold mineralization have been recognized:

1. A wide and generally auriferous sulphide-poor quartz vein stockwork formed in the hanging wall of the SLDZ. The sulphide-poor quartz vein stockworks observed in the hanging wall have subvertical north or south dips and are parallel to a series of east-west trending high-strain zones. These veins form a weak stockwork and are boudinaged and/or folded.

2. Gold mineralization that overprints the early auriferous stockwork, principally in the hanging wall of the SLDZ, with a higher sulphide content. The sulphide-rich gold mineralization predominantly fills structural sites in deformed quartz veins, fractures and veins crosscutting the foliation fabric, but also in pillow breccias and selvages. The distribution of sulphide-rich mineralization is strongly controlled by the geometry of kinematic orientation (i.e., pyrite and pyrrhotite concentrations have a shallow westerly plunge similar to the plunge of the main flexure zone in the SLDZ at an angle of about 40° in the area of the former open pit, shallowing to approximately 10° further to the west).

The gold mineralization occurs in different rock types within broad subvertical mineralized envelopes, and splits into several domains sub-parallel to the orientation of the SLDZ. It is principally contained in discrete networks of fault-fill or shear-hosted extensional quartz veins and broad, lithologically controlled mineralized zones with a weaker vein association.

As at December 31, 2015, the NI 43-101 Proven and Probable reserves for the Detour Lake mine were estimated at 445.5 Mt grading 1.01 g/t Au, for a total of 14.48 Moz of gold (Anwyll et al., 2016).

***InnovExplo did not review the database, key assumptions, parameters or methods used by Anwyll et al. (2016) for the 2015 mineral reserve estimate. The reserve estimate was stated as compliant with NI 43-101 criteria by Anwyll et al. (2016), however InnovExplo is not able to confirm if new scientific or technical material information has become available since the effective date of the estimate. Consequently, InnovExplo cannot certify that the 2015 mineral reserve estimate is still complete and current*.**

8.1.2 Bug Lake Trend

Balmoral owns a 100% interest in the Martiniere Property, which hosts a number of near-surface occurrences of gold mineralization, including the West, Central and Bug Lake zones (or trends). More information about the Bug Lake Trend are presented in section 23.4 (*Martiniere Property*) of this report.

9 EXPLORATION

The issuer did not carry out any exploration work on the Fenelon Mine Property.

10 DRILLING

The issuer did not carry out any drilling on the Fenelon Mine Property.

All drilling programs completed to date on the Fenelon Mine Property have utilized drilling rigs with either BQ or NQ caliber sized core. The majority of the work has been completed during the winter months when the northern portion of the property is more readily accessible.

The first reported drilling program on the Fenelon Mine Property was conducted in 1993. A total of 351 drill holes (58,756 metres) were drilled on the property since (Table 10.1).

In 1993, one hole for 185 metres was carried out on the currently named Discovery Zone area.

In 1994, a program including eight holes for 1,426 metres was carried out on the currently named Discovery Zone.

In 1995, 69 new holes were added to the property for a total of 17,400 metres.

In 1996, 14 holes (4,327 metres) were drilled on the Fenelon Mine property.

In 1997, 51 holes (9,787 metres) were added.

In 1998, Fairstar completed a drill program of six short holes, totaling 201 metres to test the up-dip extension of the Discovery Zone.

In 2000, Taurus completed a 24-DDH program totaling 992 metres on the Discovery Zone.

In 2002, a diamond drill program was undertaken in the vicinity of the pit. Taurus drilled a total of 42 NQ-caliber holes for 2,351 metres. The holes were bored from the surface or from the bench built around the stripped area. All collars were surveyed. Acid tests were performed at 30-metre intervals to follow the deviation of holes. All casings were pulled. The aim of this program was to get a better understanding of the mineralized zones, structures and locations. Holes drilled in 2002 targeted the known mineralized zones at a depth not exceeding 50 vertical metres.

In 2004, 62 holes, for a total length of 4,054 metres were drilled from underground from the northern access drift on level 5213. These were located on 5-10m drill spacing grids. The core was drilled in NQ-caliber. These holes were drilled to better define and determine the continuity of the mineralized zones.

In 2005, 12 holes (3,582 metres) were drilled in the vicinity of the Discovery Zone.

In 2006, an additional 27 holes (7,640 metres) were added in the vicinity of the Discovery Zone.

Finally, in 2011, an additional 35 holes (6,811 metres) were added to the Fenelon Mine Property.

After reviewing drilling information, InnovExplo is of the opinion that industry standard best practices have been employed during each program although there is very little to no detail provided with respect to quality control procedures, recoveries and handling procedures in the majority of the early reports.

A summary of the exploration work by diamond drilling on the Fenelon Mine property is shown in Table 10.1. Figure 10.1 shows the drill hole locations within the Fenelon Mine property. Figure 10.2 shows a typical cross-section view.

Table 10.1 – Summary of exploration work by diamond drilling on the Fenelon Mine Property

Year	DDH Count	Length (m)	Collar Location
1993	1	185	Surface
1994	8	1 426	Surface
1995	69	17 400	Surface
1996	14	4 327	Surface
1997	51	9 787	Surface
1998	6	201	Surface
2000	24	992	Surface
2002	42	2 351	Surface
2004	62	4 054	Underground
2005	12	3 582	Surface
2006	27	7 640	Surface
2011	35	6 811	Surface
Total	351	58 756	

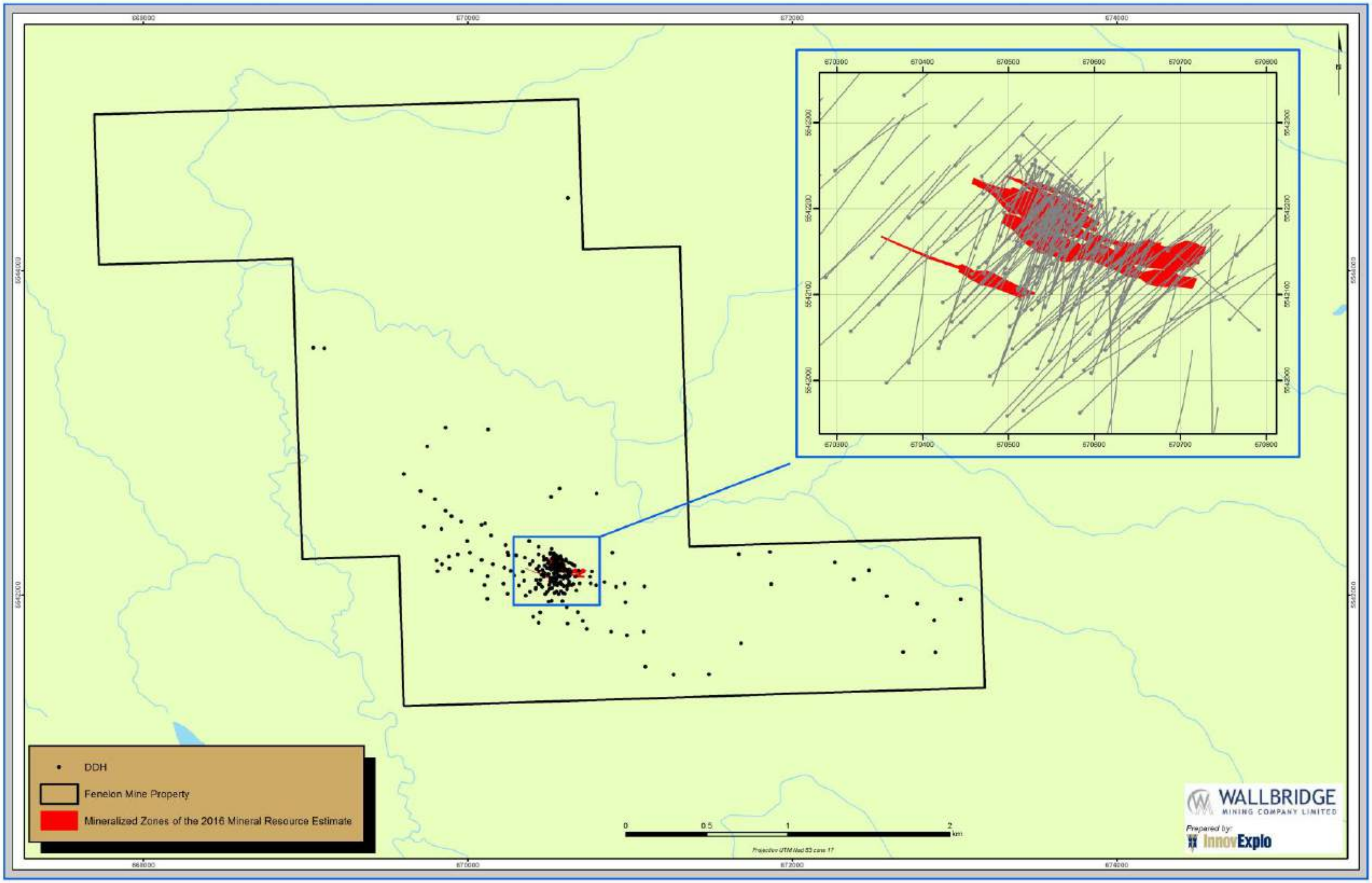


Figure 10.1 – Drill hole locations within the Fenelon Mine property in context with the mineralized zones used for the current resource estimate

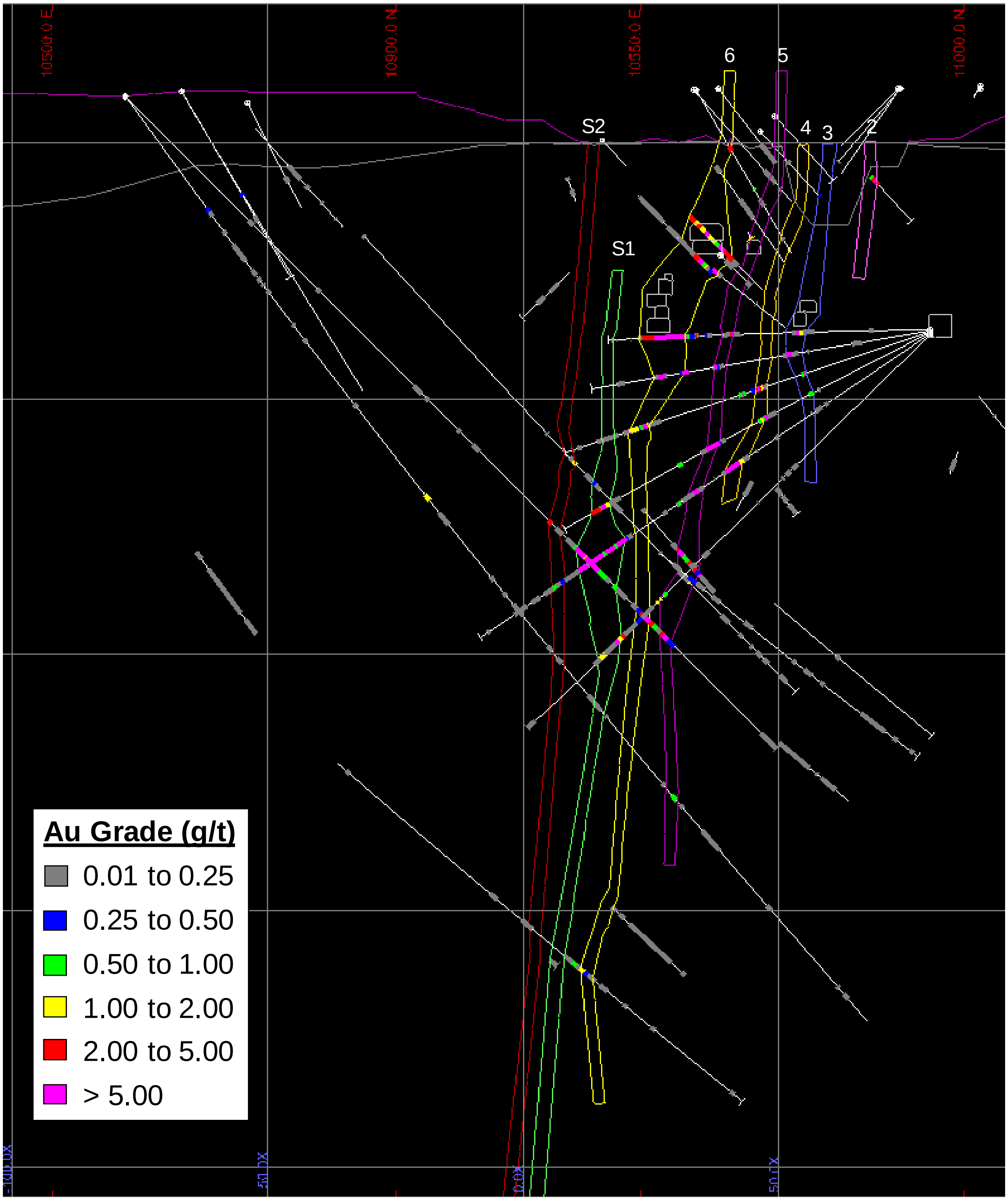


Figure 10.2 – Typical cross-section showing drill holes and mineralized zones used for the current resource estimate. Note that mineralzied zones were clipped on bedrock for the resource estimate.

11 SAMPLE PREPARATION, ANALYSES AND SECURITY

The issuer did not conduct any drilling nor sampling on the Fenelon Mine Property.

Sampling methodology has been discussed in historical reports and where available the author has summarized the sample preparation, security and analytical methods described for historic work on the property. In some cases, these details are not described to current standards in the historic reports as prior to the implementation of NI43-101 and ISO certification, much of the required information was not recorded by explorers. Data verification was typically via check assay procedures employing a second analytical facility. Provided below are those data which are available in the historic reports.

11.1 Early Period

During the early exploration programs from 1993 until 2000, the core was photographed, logged, and split. Magnetic susceptibility and RQD measurements were also recorded. All potential mineralized zones were systematically sampled. The core splitter was carefully cleaned between each sample, and dismantled, cleaned and reassembled between each hole.

A variety of labs were used on the property during this period and there is little to no sampling data provided in some historic reports. The author is not aware, based on their review of historic reports, of any drilling or sampling factors, which could have had a material impact on the accuracy and reliability of these results.

The samples from the 1993-1994 programs were analyzed by X-Ral Laboratories in Rouyn-Noranda. Samples were crushed to <10 mesh then 300 to 400 grams were pulverized to 90% <200 mesh. Gold analysis was by fire assay with an atomic absorption finish. Assays returning results higher than 1 g/t Au were repeated with a gravimetric finish. Samples were also analyzed by nitric acid regia extraction with ICP finish for 32 elements. Check assaying was done by Swastika Labs in Swastika Ontario. The results generally confirmed the results by X-Ral and many results were higher than the X-Ral ones. This was interpreted as a nugget effect. No security or sample preparation details are reported.

In the 1997 program, samples were taken and sent to Techni-Lab for gold analysis by fire assay with an atomic absorption finish. Samples returning higher than 1,000 ppb Au were systematically re-analyzed by fire assay with gravimetric finish. Samples with visible gold were sent for analysis using metallic sieve procedures. The rejects of 203 of these samples were sent to Chemex Lab in Vancouver. A good correlation was found between the two laboratories although Chemex had slightly higher values for samples containing less than 300 ppb Au. In addition, some samples were tested for Ag, Cu, Zn; however, this procedure was then stopped. No security or preparation details are reported.

Also in 1997, for areas outside the Discovery Zone, samples were analyzed for Au, Ag, Cu, Zn by Techni-Lab in Ste-Germaine-de-Boulé. Rejects for these samples were sent to ALS Chemex Laboratories in Vancouver to compare the results with those of Techni-Lab. A good correlation was observed, although Chemex analysis show slightly higher values for samples with less than 300 ppb Au. No security or preparation details are reported.

The core from the diamond drill programs carried out until 1998 on the Fenelon property is stored in a barn on a farm near the Rouyn-Noranda airport.

11.2 Recent Period

As of 2002, all core was sawed in half and samples were sent for analysis to Intertek Testing Services – Chimitec Laboratory in Val d'Or. Some samples from the 2002 campaign showing typical structures of alteration and mineralization were preserved for office reference and sent to Montreal in core boxes, to be used for exhibits.

The core is stored at the Fenelon site. Some core drilled before 2000, that was in the farm near Rouyn-Noranda, was relogged by InnovExplo in 2005, and was then brought to the Fenelon site in 2008. These are now wrapped on pallets.

The geologists who were managing and supervising the drilling programs sampled systematically all mineralized sections. Very limited sampling has been undertaken of the wallrock between individual mineralized zones in the Discovery Zone area. The core was sawed in two halves using a circular diamond saw: one half was sent to ALS Chemex in Val d'Or for analysis, and one half was kept for future reference. For the 2007 and 2008 campaigns, the core boxes were systematically photographed before being sawed.

Typically, samples were defined for a standard length of 50 cm to a maximum length of 1.50 metres, generally reflecting the context of the mineralization. In some cases, the interval was chosen according to geological contacts, alteration styles or the presence of veining. The samples were carefully measured. The half core remaining on site was placed back in the original core box and tagged to be easily re-identified. The samples to be analyzed were put in plastic bags with a water resistant numbered lab tag, and closed with a plastic tie wrap.

In 2004, during the underground drilling program, samples were sent to both Chimitec in Val d'Or and ALS Chemex in Vancouver. Samples were prepped using primary crush to 90% minus 10 mesh, split for a 1000-g sub-sample and pulverized to 90% minus 200 mesh. Standard fire assays were completed on a 50-g pulp. QA/QC procedures consisted of check assaying with a second party lab. The data showed good correlation between the two labs with a slight positive bias from Chemex for samples at less than 300 ppb Au.

In 2005 and 2006, mineralized samples were analyzed by MEICP41 + Au23 and Au26 method at ALS Chemex Laboratory. In addition, whole rock samples were analyzed by ME-XRF06 + Au23 + MEICP41 at ALS Chemex laboratory. These samples were collected from sawn, halved drill core. Samples were individually bagged, sealed on site and transported to Val-d'Or for shipment to Chemex. No specific quality control procedures are documented.

For the 2007 program, samples in the mineralized sections were analyzed at ALS Chemex Lab in Val-d'Or according to the standard Au – AA23 and Au – AA26 for gold. For other metals, ALS Chemex used ME-ICP41 method in Val-d'Or. During the program, some samples were chosen in specific sections for whole rock geochemistry and analyzed by ME-XRF06 + Au23 + ME-ICP41 method.

In 2008, samples were analyzed at ALS Chemex in Val-d'Or according to the standard Au – AA23 and Au – AA26 for gold. For other metals, ALS Chemex used ME-ICP41 method.

The core drilled since 2000 is stored at the Fenelon site.

11.3 InnovExplo's Opinion

The author did not identify any significant analytical issues. InnovExplo is of the opinion that the sample preparation, analysis, QA/QC and security protocols used during the drilling programs on the Fenelon Mine Property follow generally accepted industry standards, and that the data is valid and of sufficient quality to be used for mineral resource estimation purposes. Note that additional information on QA/QC programs is provided below under Data Verification.

12 DATA VERIFICATION

The diamond drill hole database used for the 2016 Fenelon Deposit Mineral Resource Estimate (the "2016 MRE") presented herein was provided by Wallbridge. The discussion below does not apply to exploration holes that were drilled on the larger Fenelon Property, far from the deposit, as those holes were not used for the resource estimate. The reviewed database is referred to as the "Fenelon Mine database" in this section.

The author, Catherine Jalbert, visited the Fenelon Mine Property on May 31 and June 1 2016, accompanied by Alain Carrier, P. Geo, M.Sc., of InnovExplo, and Attila Pentek, P.Geo., of Wallbridge. During the site visit, the author was able to examine the logging facilities and flooded open pit, review the core and drill hole collar locations, and resample eight (8) core samples and one (1) ore pad sample. Some of the data verification also took place before and after the site visit.

12.1 Wallbridge Mining Drilling

Since Wallbridge is in the process of acquiring the Fenelon Mine Property, no drilling was in progress during the site visit.

12.2 Historical Work

The historical work discussed in this report had been validated by InnovExplo for the 2004 resources estimate. Only the 2006 and 2011 drill holes were verified for the 2016 MRE.

12.3 Fenelon Mine Database

Two databases were sent to InnovExplo: one in GEMS format and the other in Geotic format. The databases were compared. The Geotic database contained seven (7) more holes, which were then added to the GEMS database even though they were not in the resource area. A total of 331 holes were selected (surface and underground) for the 2016 MRE. Of those, a subset of 230 holes cut across the mineralized zones. Multiple channel and muck samples were also incorporated into the GEMS database but these data were not validated as they were not used for interpolation.

12.3.1 Coordinate System

The decision was made to work in local coordinates. All 3D objects were in local coordinates in the GEMS Project, as well as drill hole positions. The conversion formula, from local to UTM NAD 83 Zone 17, was calculated by the surveying firm J L Corriveau & Assoc. Inc.

12.3.2 Drill Hole Locations

All surface drill holes on the Fenelon Mine Property have been either professionally surveyed or surveyed using a handheld GPS unit. Nine (9) holes from the 2011 Balmoral drilling program were visited, and the accuracy was good between the GEMS database coordinates and the on-site position using a handheld GPS unit (Fig. 12.1). InnovExplo concluded that the collar locations for the 268 surface drill holes are adequate and reliable. See Table 12.1 for the comparison.

Ninety-five (95) holes were assigned a new elevation based on a professional survey done in 2011 on older and recent drill holes.

Figure 12.1 – Examples of on-site collar location verification (FAB-11-12 and FAB-11-26)

Table 12.1 – Coordinate comparison between database data and onsite measurements.

Collar	Field Measurements (UTM)		Field Measurements (Local)		Database		Differences (m)	
	Easting	Northing	Easting	Northing	Easting	Northing	Easting	Northing
FAB-11-05	670481	5541992	10477.06	10760.34	10477.00	10761.99	0.06	-1.65
FAB-11-10	670510	5542085	10509.20	10852.18	10507.99	10851.42	1.21	0.76
FAB-11-11	670510	5542085	10509.20	10852.18	10507.99	10851.42	1.21	0.76
FAB-11-12	670511	5542104	10510.49	10871.09	10510.58	10870.35	-0.09	0.74
FAB-11-14	670503	5542147	10504.26	10914.14	10503.97	10914.58	0.29	-0.44
FAB-11-15	670503	5542147	10504.26	10914.14	10503.97	10914.58	0.29	-0.44
FAB-11-17	670568	5542090	10566.50	10855.64	10566.21	10857.59	0.29	-1.95
FAB-11-26	670606	5542082	10604.62	10846.61	10603.78	10843.40	0.84	3.21
FAB-11-29	670625	5542075	10622.98	10839.13	10623.68	10839.78	-0.70	-0.65

12.3.3 Downhole Survey

Downhole surveys were available for all the holes used for the 2016 MRE. The most recent drill holes had Flexit multi-shots taken every 3 metres. For pre-2006 drilling, the testing was mostly acid and Pajari, generally at every 30 metres. All information was mathematically reviewed for all drill holes in the database to identify anomalies, and visual checks were performed on 100% of the downhole surveys. No modifications were made to the database and it was considered valid and reliable.

12.3.4 Assays

InnovExplo was granted access to the certificates of assays for the latest drilling campaign that took place in 2011. The 2006 certificates were already in InnovExplo's possession since the program had been executed and supervised by a team from InnovExplo.

Minor errors of the type normally encountered in a project database were identified and corrected. The final database is considered to be of good overall quality. InnovExplo considers the Fenelon Mine database to be valid and reliable.

Some inconsistencies were observed in the reported average gold grades. A new average was then calculated according to the following order of priority:

- Metallic sieve results (mean value if multiple)
- Gravimetric results (mean value if multiple)
- Fire assays results (mean value if multiple)

The new average was incorporated into the database and was used for the 2016 MRE.

12.3.5 QA/QC

The Wallbridge mining team has not established a QA/QC protocol because they have not carried out any drilling.

However, QA/QC data from previous drilling programs were available in the Geotic database and these were validated. A total of 507 samples were listed, divided into twelve (12) types (Table 12.2). A few minor issues were noticed, but overall, the QA/QC protocol was considered valid (Figs. 12.2 and 12.3).

Table 12.2 – Types of QA/QC listed

Type	# of samples
STD 14A	35
STD 1H	2
STD 1P5C	5
STD 2F	19
STD 2G	20
STD 30B	35
STD 5F	40
STD 8A	90
Ciment	9
STD OxK35	3
STD OxL34	5
Quartz (blank)	244
Total	**507**

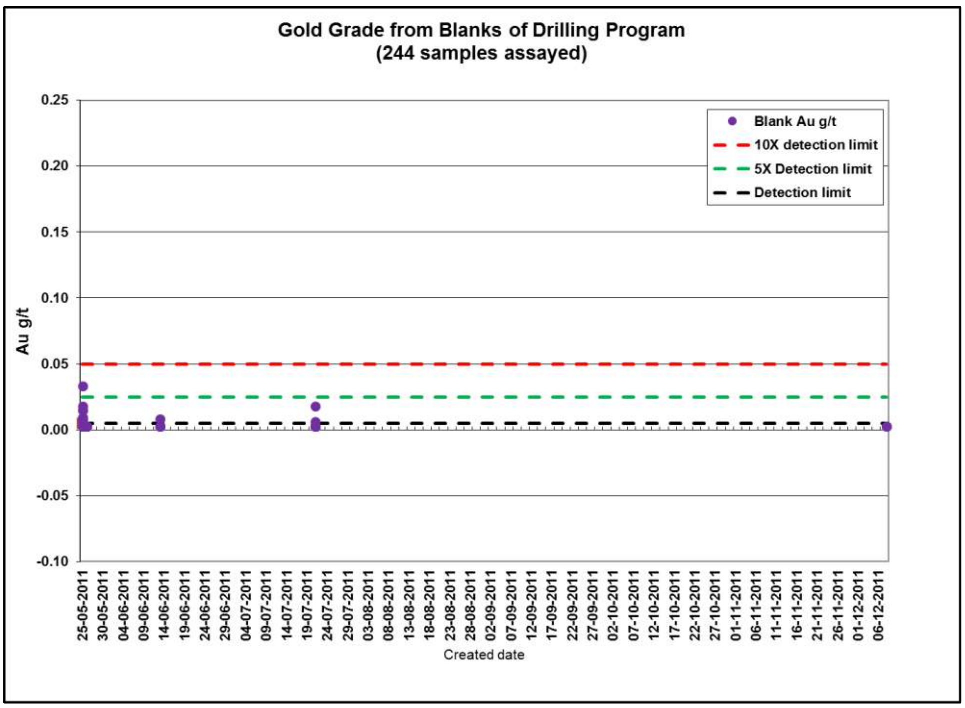


Figure 12.2 – Blank results from the Geotic database

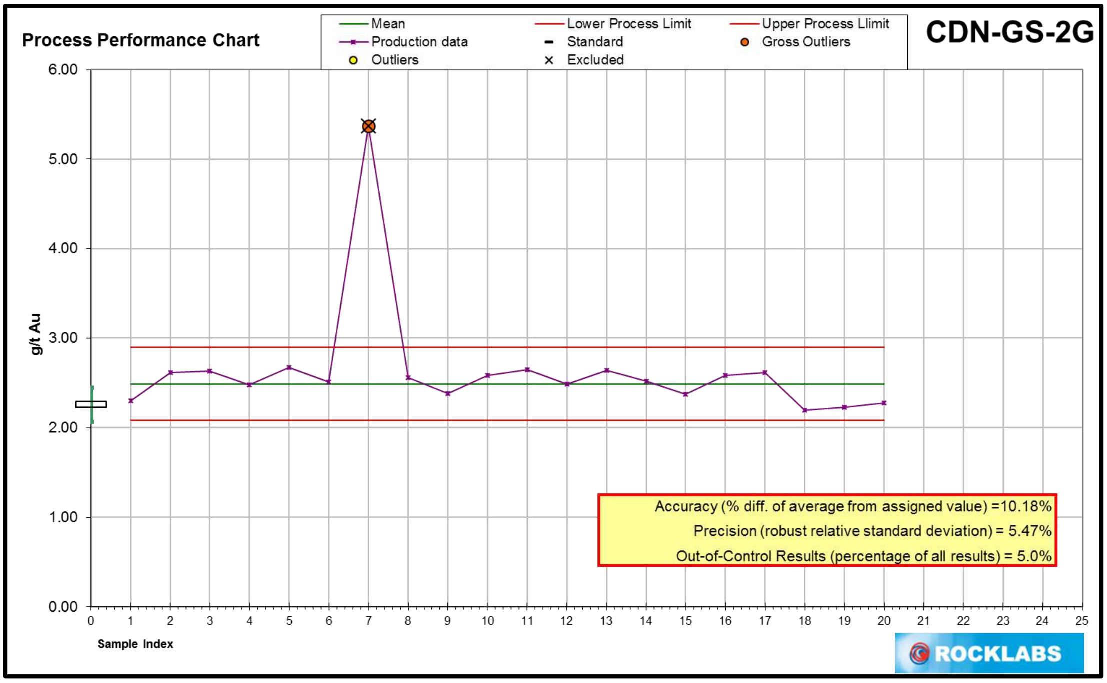


Figure 12.3 – Standard CDN-GS-2G results from Geotic database (one incoherent sample was considered as a mixed type)

12.3.6 Voids

Wallbridge provided InnovExplo with data on underground voids. Most of the voids were already available in 3D, modelled by previous owners, but some stope contours were modelled by the Wallbridge team. Those voids had never been converted into 3D format due to the abrupt closures of the mine in the mid-2000s. They were modelled using the data from underground mapping. Based on the available data, the voids (drifts and stopes) in the GEMS project are considered accurate.

12.4 Independent sampling

The author reviewed multiple mineralized drill hole intersections and resampled eight (8) core samples from three (3) different drill holes using the quarter-split method. One (1) other sample was taken from the ore pad.

All core boxes were labelled and properly stored outside, either under roofed racks or cross-spaded on the ground (Fig. 12.4). Sample tags were still stapled to boxes, which facilitated the validation of mineralized intervals easily (Fig. 12.5).

Low-grade samples yielded results that are consistent with the original results (Table 12.3). For higher-grade samples, the results varied considerably, but this is certainly due to a high nugget effect commonly related to this type of deposit.

Figure 12.4 – Fenelon Mine Property core storage

Figure 12.5 – Example of re-sampling in hole (FAB-11-20A)

Table 12.3 – InnovExplo's re-sampling results

Original Data					Re-sampled Data					
Hole-ID	From	To	Sample-ID Original	Au ppm (original)	Sample-ID	Weigth (kg)	Au ppm (AU-AA26)	Au ppm (AU-GRA22)	Specific gravity (rock)	Specific gravity (pulp)
FA-06-297	120	121.1	45222	1.04	P227201	1.22	3.93	3.27	2.8	2.82
FA-06-297	121.1	122.2	45223	21.7	P227202	1.14	12.2	12	2.64	2.81
FA-06-297	122.2	123.2	45224	0.04	P227203	1.04	0.02		2.75	2.85
FAB-11-33	75.06	75.5	K440222	2.97	P227204	0.43	3.88	3.46	2.54	2.76
FAB-11-33	75.5	76.35	K440223	4.19	P227205	0.8	2.91		2.6	2.73
FAB-11-33	76.35	77	K440224	0.102	P227206	0.68	0.12		2.69	2.81
FAB-11-20A	204	205	K439092	0.028	P227207	1.12	0.02		2.73	2.89
FAB-11-20A	205	206	K439093	3.07	P227208	1.03	7.37	7.49	2.72	2.89
Muck					P227209	1.49	>100	177	2.69	2.74

12.5 Conclusion

Overall, the author is of the opinion that the data validation process, from site visit to subsequent validation, demonstrates the validity of the Fenelon Mine Project. The database is of sufficient quality to be used for a resource estimate.

13 MINERAL PROCESSING AND METALLURGICAL TESTING

The issuer has not carried out any NI 43-101 compliant mineral processing and metallurgical tests on project samples.

The reader is invited to read sections 6.9 and 6.10 of the current report where historical test milling is discussed.

14 MINERAL RESOURCE ESTIMATES

The 2016 Fenelon Deposit Mineral Resource Estimate herein (the “2016 MRE”) was prepared by Pierre-Luc Richard, P.Geo., and Catherine Jalbert, P.Geo., using all available information. The main objective of the mandate assigned by Wallbridge Mining Company Ltd (“Wallbridge”) was to prepare an NI 43-101 Technical Report, including a compliant mineral resource estimate, during Wallbridge’s acquisition of the Fenelon Mine Property. The Fenelon deposit has seen both underground and open pit development in the past.

The 2016 resource area measures 500 metres along strike, 210 metres wide and 280 metres deep. The resource estimate is based on a compilation of historical and recent diamond drill holes and wireframed mineralized zones largely inspired by previous work and Wallbridge’s interpretation. The final model was constructed by InnovExplo.

The mineral resources presented herein are not mineral reserves as they have no demonstrable economic viability. The result of this study is a single Mineral Resource Estimate for eight (8) mineralized zones (coded 102 to 109). The estimate includes Measured, Indicated and Inferred resources for an underground scenario. The effective date of the estimate is July 5, 2016, based on compilation status and cut-off grade parameters.

14.1 Drill Hole Database

The GEMS diamond drill holes database contains 356 surface diamond drill holes and 63 underground drill holes. A selection of 330 holes was considered for the resource estimate (Fig. 14.1). From these, a subset of 230 holes (169 from surface and 61 from underground) cut across the mineralized zones. The database also contains 357 surface channel samples and 192 underground channel samples. As part of the current mandate, all holes were compiled and validated before the estimate was initiated.

All 230 holes contain lithological descriptions taken from drill core logs. The 230 drill holes cover the strike-length of the project at a variable drill spacing ranging from 5 to 50 metres (mostly below 20 m). This selection of 230 drill holes contains a total of 23,203 sampled intervals taken from 23,576.18 metres of drilled core.

In addition to the basic tables of raw data, the GEMS database includes several tables containing the calculated drill hole composites and wireframe solid intersections required for the statistical evaluation and resource block modelling.

InnovExplo’s data verification included a site visit to the Fenelon Camp and a review of the logging and core storage facilities. It also included a review of selected core intervals, drill hole collar locations, assays, the QA/QC program, downhole surveys, information on mined-out areas, and the descriptions of lithologies, alterations and structures. InnovExplo was able to collect and send to the laboratory eight (8) drill core quarter-splits and one (1) mineralized sample from the ore pad.

Wallbridge had not carried out any work on the property at the time this resource estimate was being prepared.

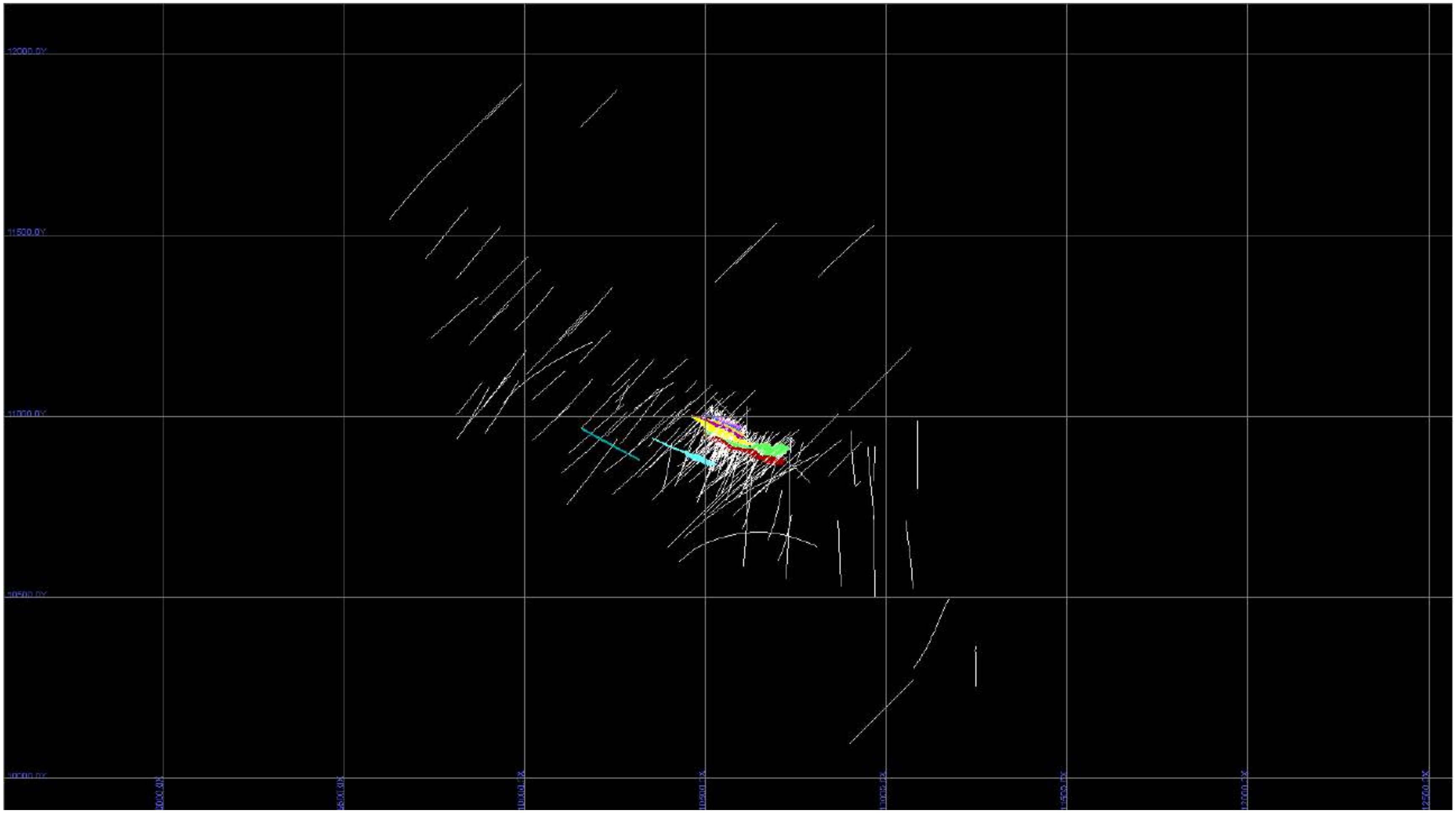


Figure 14.1 – Surface plan view of the Fenelon drill hole database used for the resource estimate (n = 330). Coloured shapes are the mineralized zones

14.2 Interpretation of Mineralized Zones

In order to conduct accurate resource modelling of the deposit, InnovExplo based its mineralized-zone wireframe model on the drill hole database and the authors' knowledge of the Fenelon mine and similar deposits. In doing so, InnovExplo created a total of nine (9) mineralized solids (coded 102 to 110) that honour the drill hole database. A total of 851 construction lines were created (154 3D rings and 697 tie lines), all of which snapped to drill hole intercepts to produce valid solids.

Two surfaces were also created to define topography and overburden. These surfaces were generated from drill hole descriptions and survey information provided by Wallbridge.

Figure 14.2 presents a 3D view of the mineralized solids.

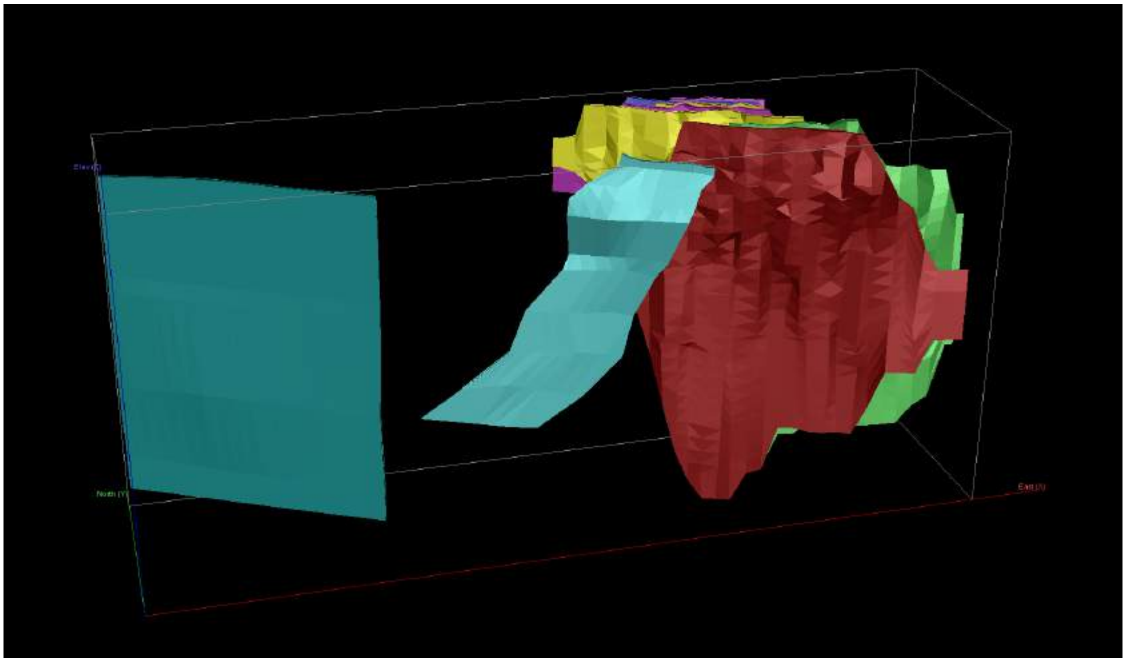


Figure 14.2 – 3D view of the mineralized model for the Fenelon deposit, looking north-northeast

14.3 Voids Model

Wallbridge provided InnovExplo with data on underground voids.

Most of the voids were already available in 3D, modelled by previous owners, but some stope contours were modelled by the Wallbridge team. Those voids had never been converted into 3D format due to the abrupt closures of the mine in the mid-2000s. They were modelled using the data from underground mapping.

Based on the available data, the voids (drifts and stopes) in GEMS project are considered accurate. Figure 14.3 shows the voids used to deplete the current resource estimate.

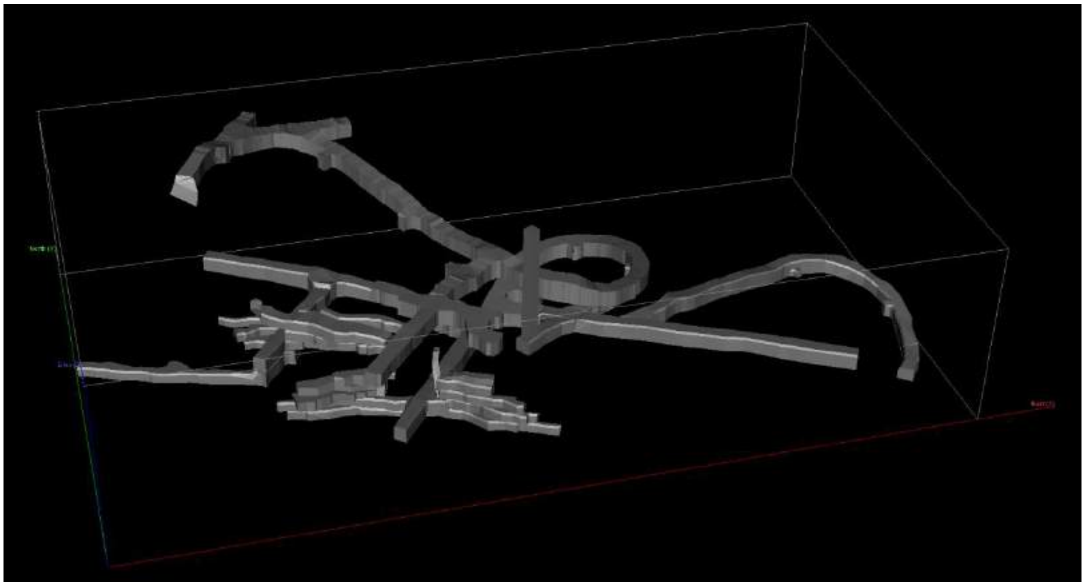


Figure 14.3 – Underground Voids used to deplete the current mineral resource estimate, looking north-northeast

Historical open pit extraction was taken into consideration in the model by merging it with the original topography and bedrock models.

Resource depletion for both extraction methods (open pit and underground) was therefore applied in the block model.

14.4 High Grade Capping

For drill hole assay intervals that intersect the interpreted mineralized zones, codes were automatically attributed based on the name of the 3D solids, and these coded intercepts were used to analyze sample lengths and generate statistics for high-grade capping and composites.

Basic univariate statistics were performed on individual raw gold assay datasets for mineralized zones 101 to 110.

The following criteria were used to decide whether capping was warranted or not, and to determine the threshold when warranted:

- If the quantity of metal contained in the last decile is above 40%, capping is warranted; if below 40%, the uncapped dataset may be used;
- No more than 10% of the overall contained metal must be contained within the first 1% of the highest grade samples;
- The probability plot of grade distribution must not show abnormal breaks or scattered points outside of the main distribution curve;
- The log normal distribution of grades must not show any erratic grade bins nor distanced values from the main population.

Table 14.1 presents a summary of the statistical analysis for each dataset. Figures 14.4 to 14.12 show graphs supporting the capping threshold decisions for all individual zones.

Table 14.1 – Summary statistics for the raw assays by dataset

Dataset	Block Code	Metal	# of Samples	Max (g/t)	Uncut Mean (g/t)	High Grade Capping (g/t)	Cut Mean (g/t)	# of Samples Cut	% of Samples Cut	% Metal Factor Loss	Coefficient of Variation
Mineralized Zone 2	102	Au (g/t)	76	93.30	4.13	30.00	2.84	3	3.95%	27.73%	2.60
Mineralized Zone 3	103	Au (g/t)	178	603.82	25.66	140.00	16.72	11	6.18%	37.91%	2.41
Mineralized Zone 4	104	Au (g/t)	164	839.55	25.21	140.00	12.23	5	3.05%	52.20%	2.66
Mineralized Zone 5	105	Au (g/t)	281	612.73	14.67	140.00	10.70	6	2.14%	15.78%	2.65
Mineralized Zone 6	106	Au (g/t)	416	897.00	14.62	140.00	8.01	10	2.40%	35.44%	3.27
Mineralized Zone S1	107	Au (g/t)	387	530.00	10.42	140.00	7.43	11	2.84%	21.45%	3.43
Mineralized Zone S2	108	Au (g/t)	294	175.87	3.35	30.00	1.71	6	2.04%	45.23%	2.92
Mineralized Zone A	109	Ag (g/t)	37	42.80	3.55	30.00	2.93	2	5.41%	17.79%	2.77
Mineralized Zone B	110	Au (g/t)	13	48.56	6.25	30.00	4.83	1	7.69%	16.26%	1.76

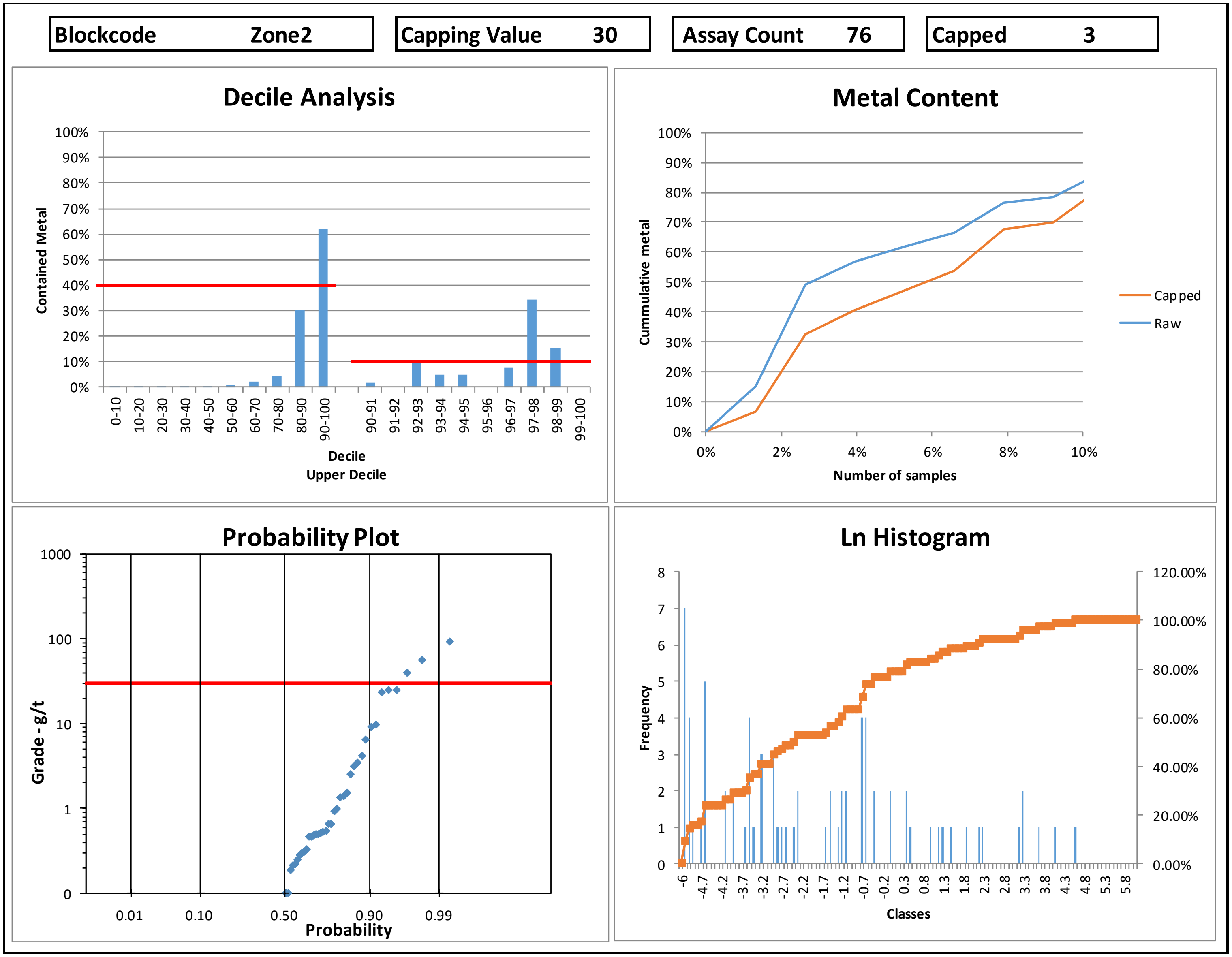


Figure 14.4 – Graphs supporting a capping grade of 30 g/t Au for mineralized zone 2

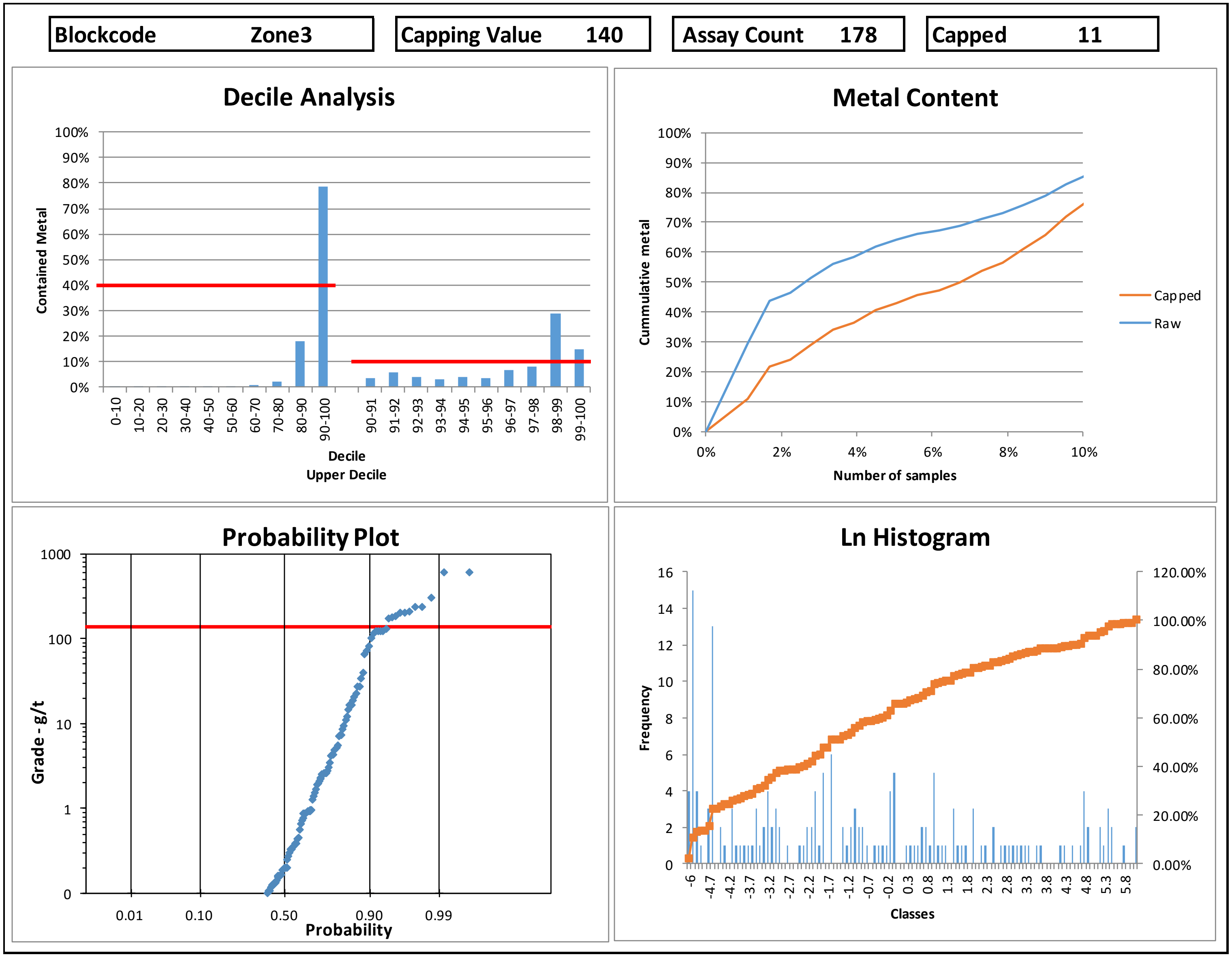


Figure 14.5 – Graphs supporting a capping grade of 140 g/t Au for mineralized zone 3

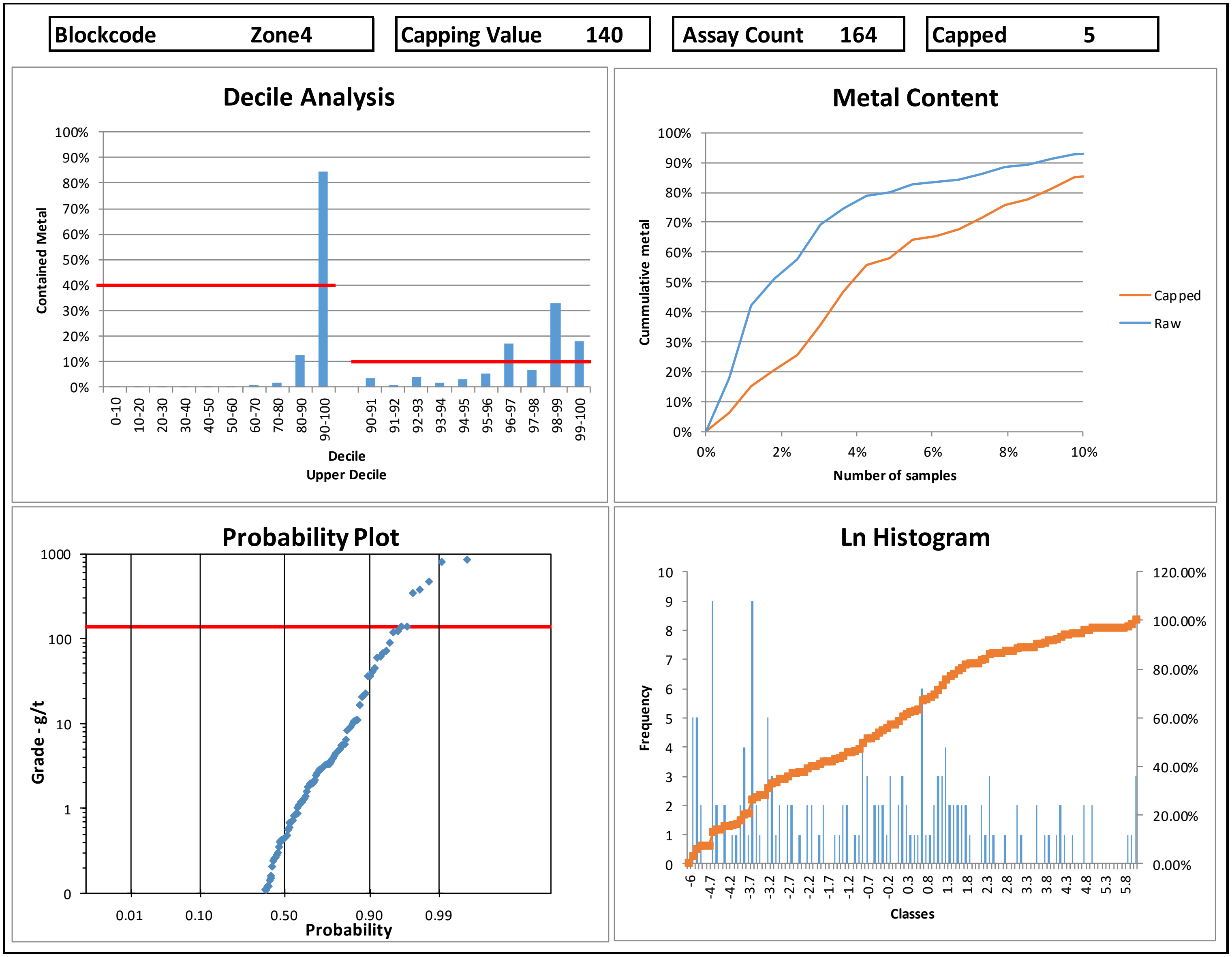


Figure 14.6 – Graphs supporting a capping grade of 140 g/t Au for mineralized zone 4

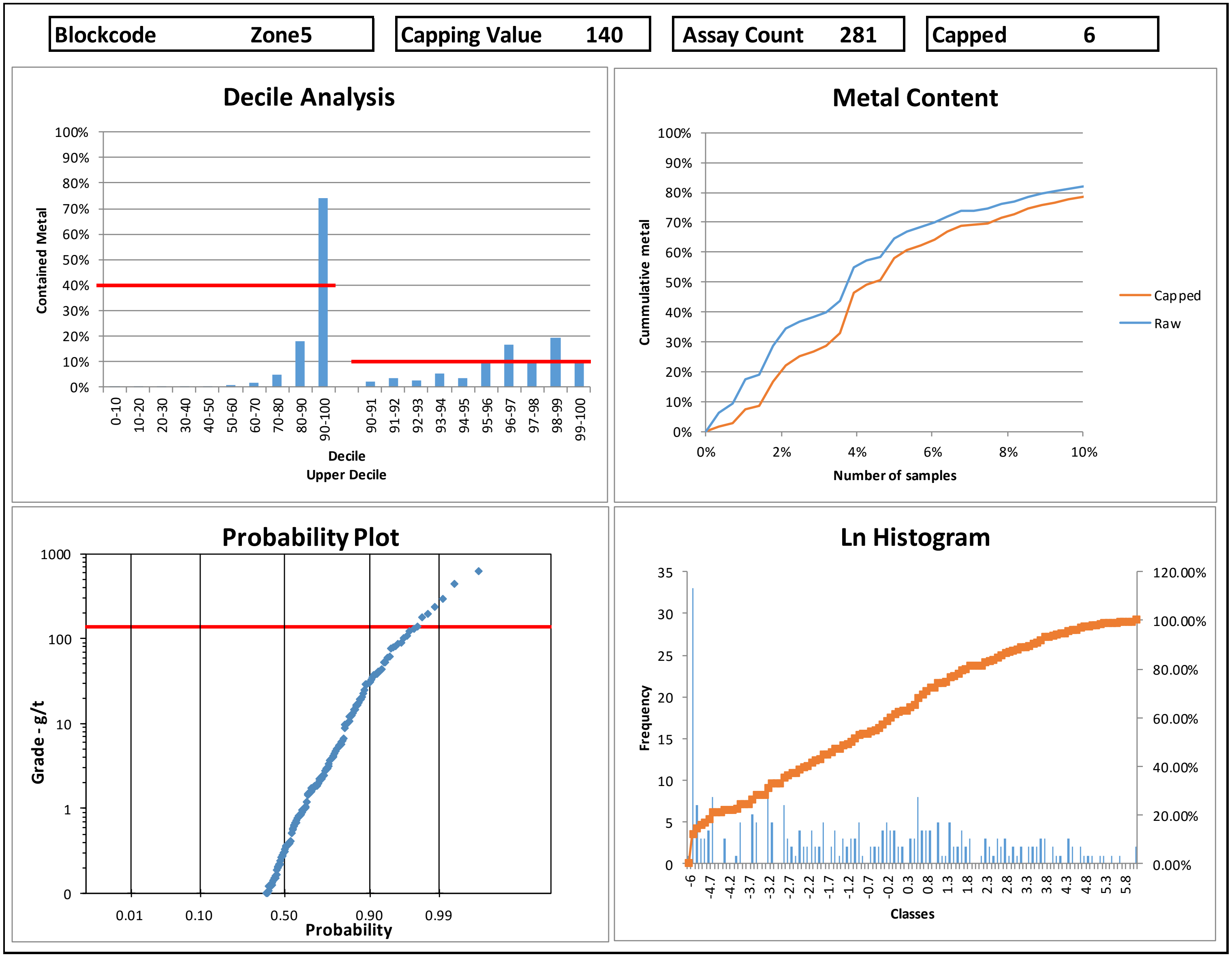


Figure 14.7 – Graphs supporting a capping grade of 140 g/t Au for mineralized zone 5

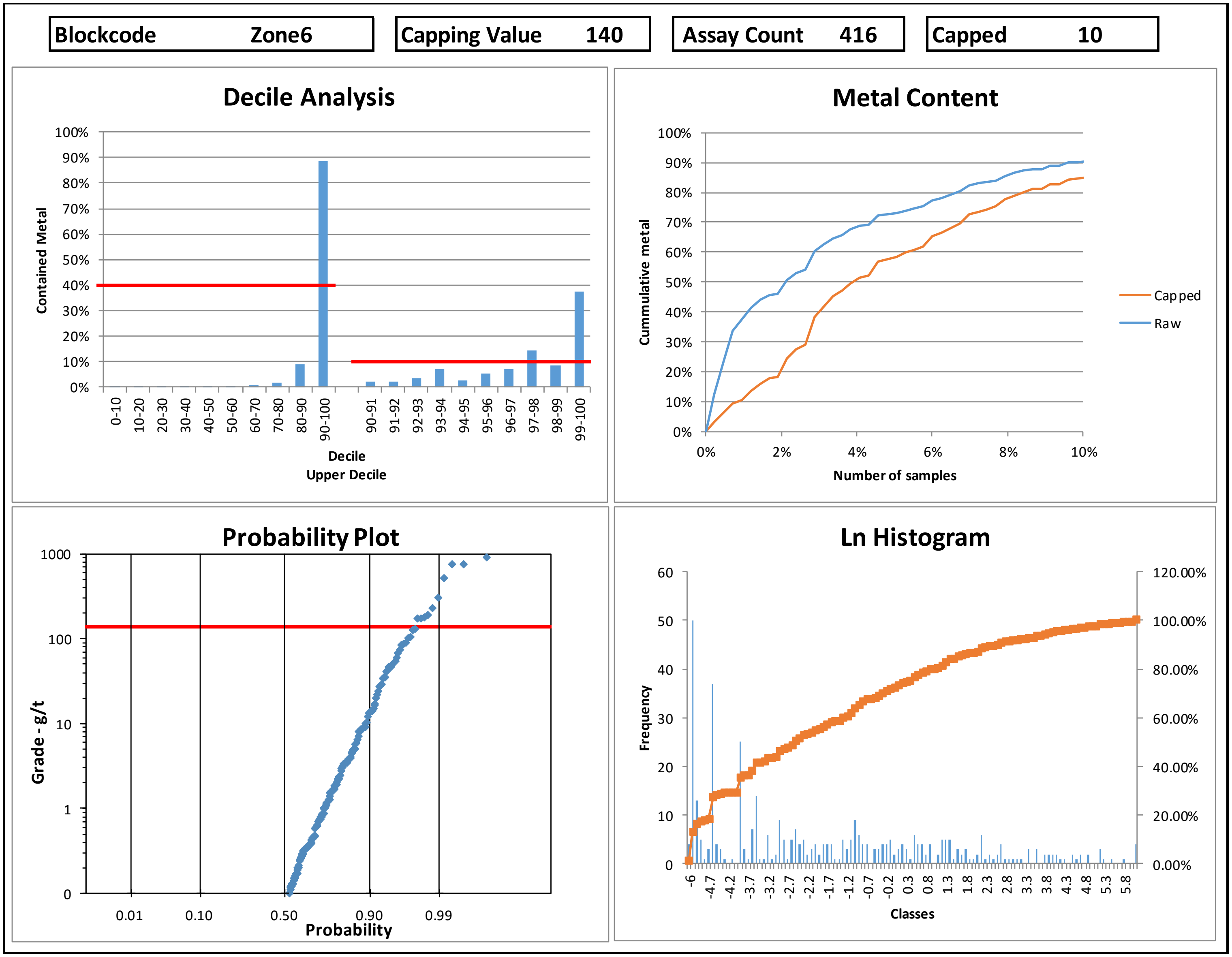


Figure 14.8 – Graphs supporting a capping grade of 140 g/t Au for mineralized zone 6

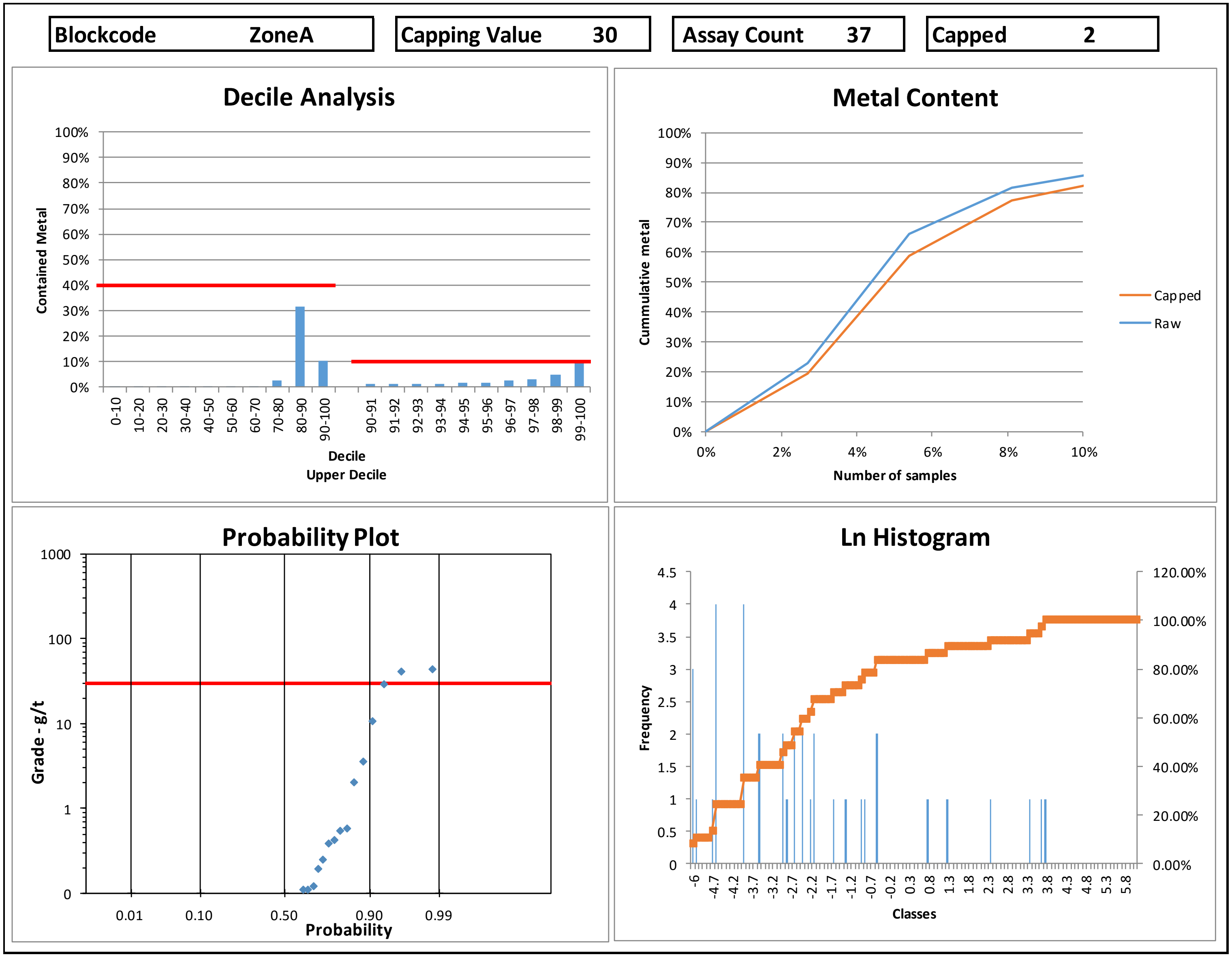


Figure 14.9 – Graphs supporting a capping grade of 30 g/t Au for mineralized zone A

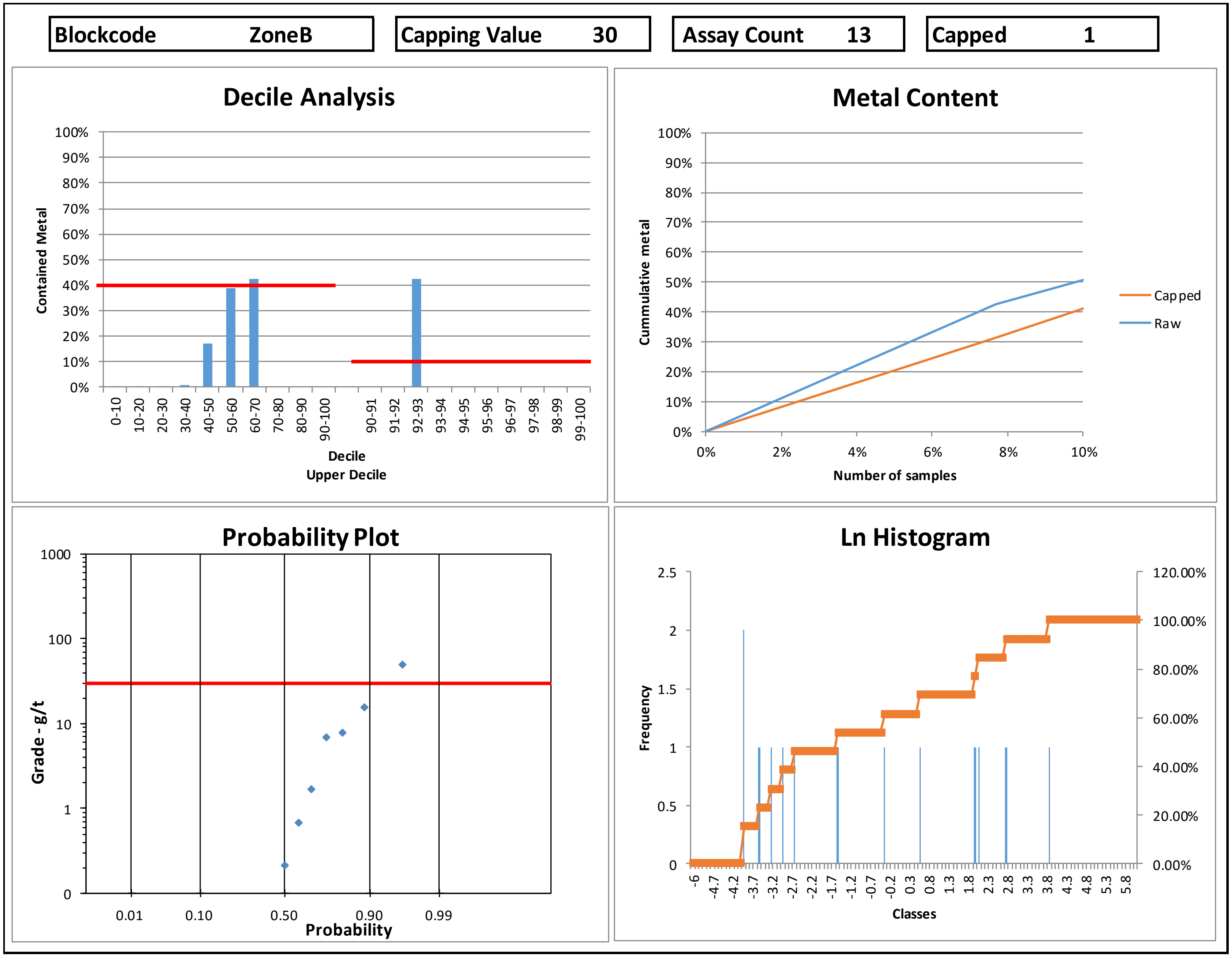


Figure 14.10 – Insufficient samples; a capping grade of 30 g/t Au was attributed to mineralized zone B

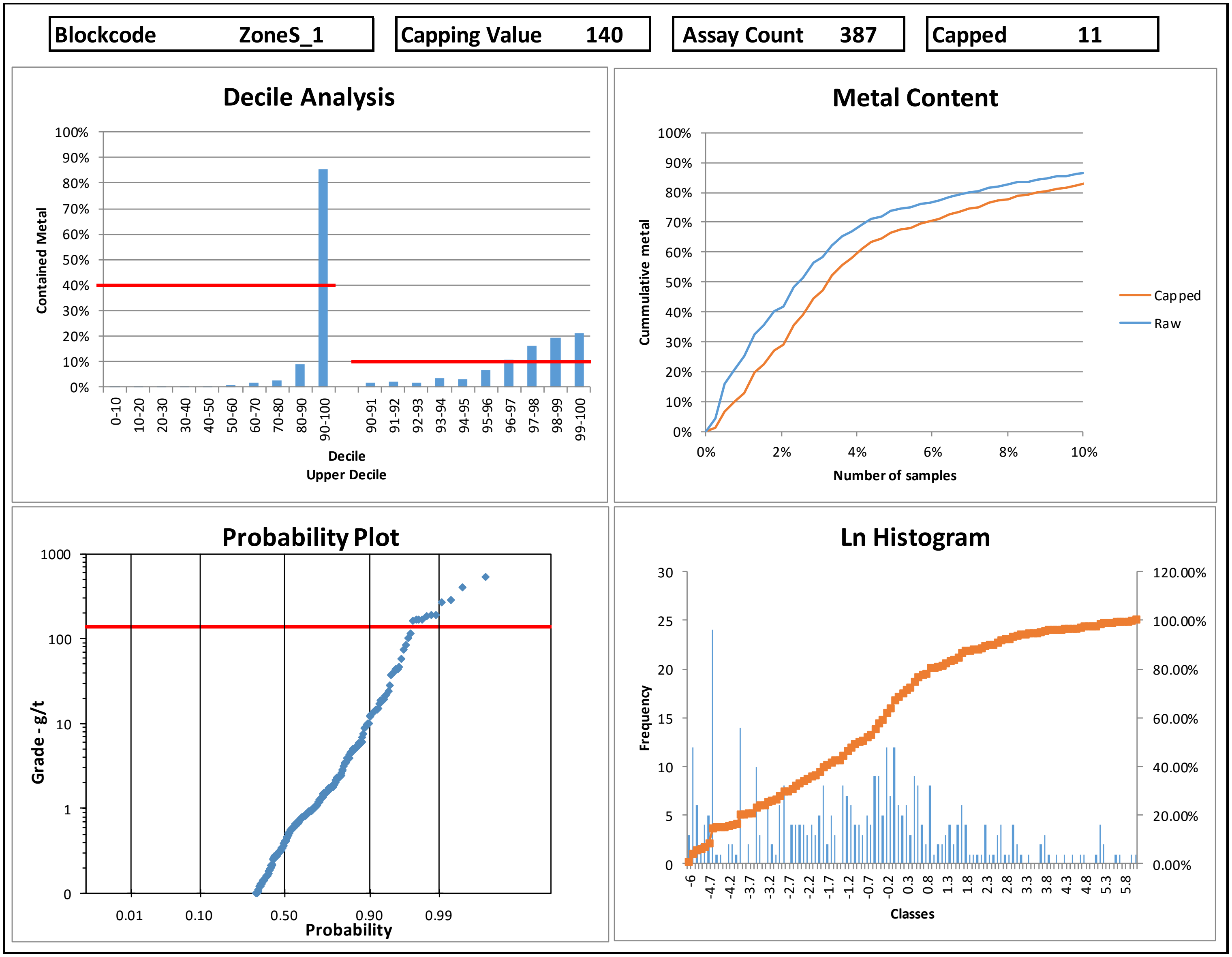


Figure 14.11 – Graphs supporting a capping grade of 140 g/t Au for mineralized zone S1

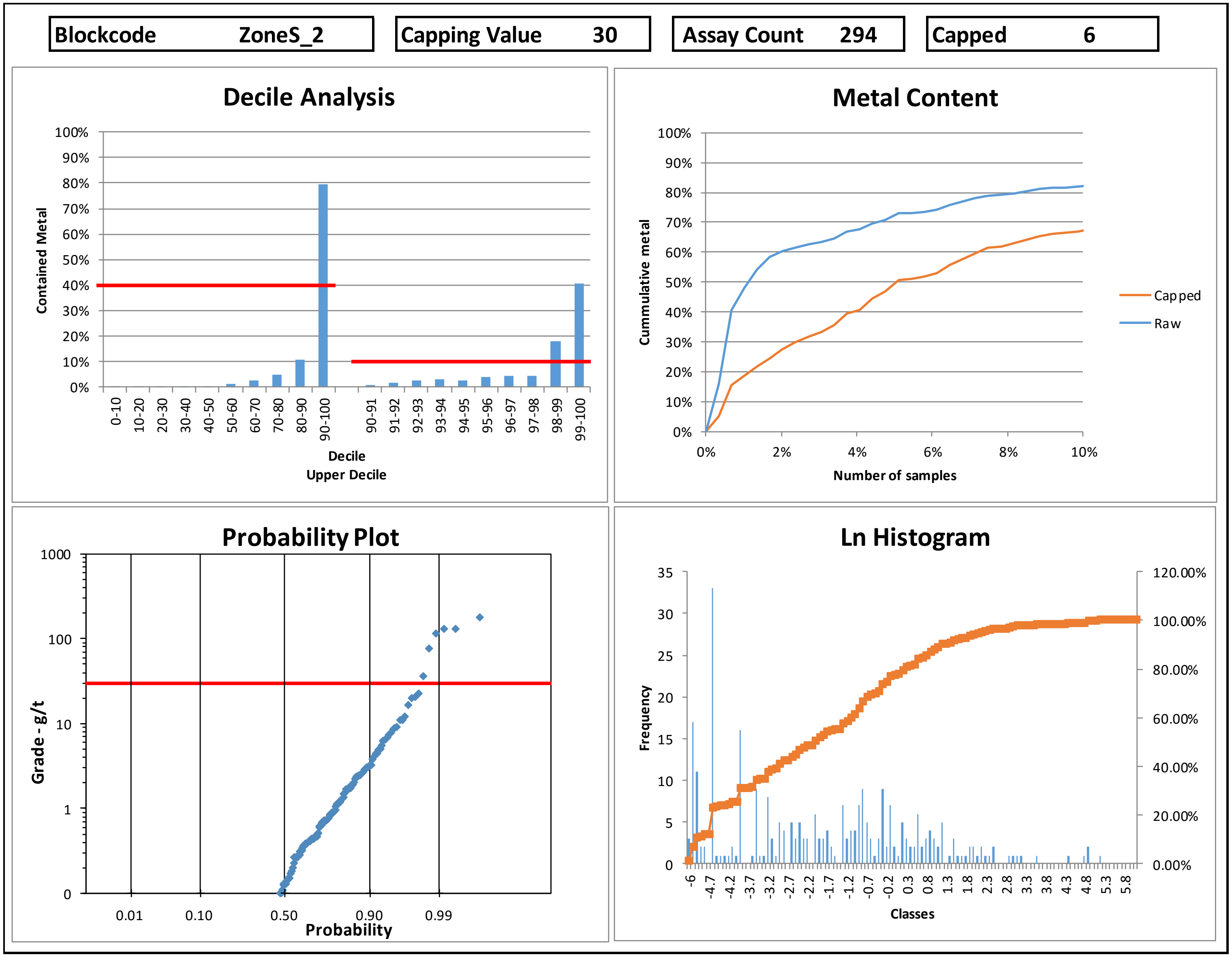


Figure 14.12 – Graphs supporting a capping grade of 30 g/t Au for mineralized zone S2

14.5 Compositing

In order to minimize any bias introduced by the variable sample lengths, the capped assays of the DDH data were composited.

A significant portion of the samples in the database are longer than 1.0 metre, mostly 1.5 metre (Fig 14.13). Using 1-metre intervals would work against the idea of compositing. And with most zones being 2 metres thick, 1.5-metres composites would be illogical as it would systematically give significant extra weight to the tails. For geological reasons, a 2-metre (“2m”) composite, with an allowable spread of 1 to 3 metres, was picked as the logical option for the Fenelon deposit. This option is also supported by statistical analysis (Table 14.2). The total number of composites used in the DDH dataset is 1,294. A grade of 0.00 g/t Au was assigned to missing sample intervals. Table 14.3 shows the basic statistics for composites by zone.

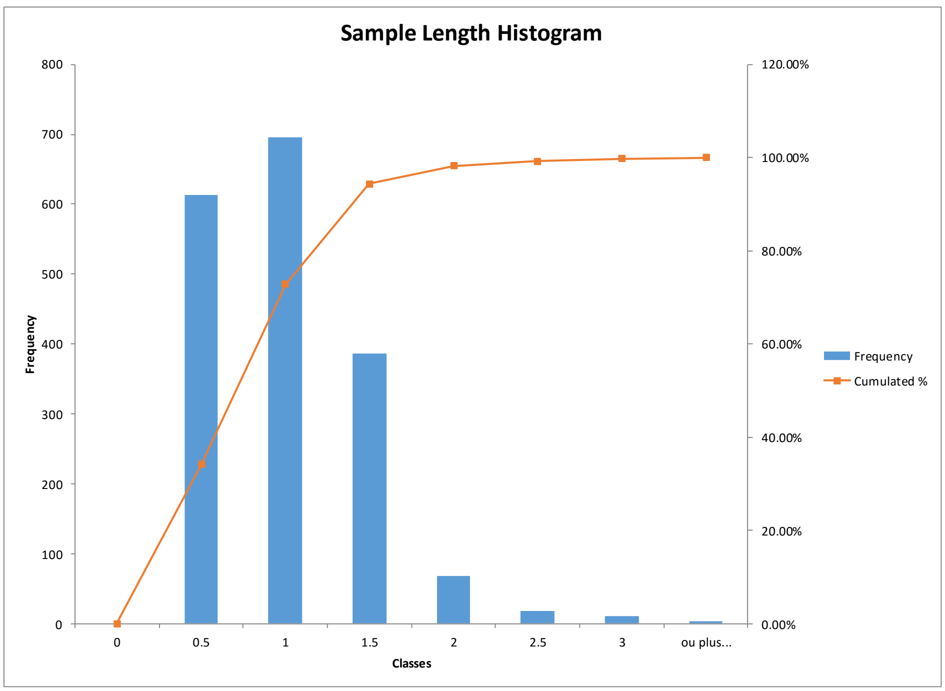


Figure 14.13 – Graphs illustrating sample length distribution within mineralized zones

Table 14.2 – Statistics supporting the choice of 2m composites with distributed tails

Population	Total Length	Accuracy	Min	Max	Ratio	Average	Mediane	WEIGTH COV	COV AU
1.0M (>0.25m)	2572.67	99.28%	0.25	1.00	4.00	0.88	1.00	0.21	3.94
1.5M (>0.25m)	2580.29	99.58%	0.25	1.50	6.00	1.25	1.50	0.28	3.71
2.0M (>0.25m)	2582.25	99.65%	0.25	2.00	8.00	1.56	2.00	0.36	3.66
2.0M Distributed (1-3)	2586.22	99.81%	1.00	3.00	3.00	2.00	1.93	0.18	3.39

Intercepts	**2591.25**	**100.00%**

Table 14.3 – Summary statistics for the composites

Dataset	Block Code	Metal	# of Composites	Max (g/t)	Mean (g/t)	Standard Deviation	Coefficient of Variation
Mineralized Zone 2	102	Au (g/t)	46	14.09	1.24	3.04	2.45
Mineralized Zone 3	103	Au (g/t)	132	102.64	6.88	17.51	2.55
Mineralized Zone 4	104	Au (g/t)	128	139.40	6.10	19.38	3.18
Mineralized Zone 5	105	Au (g/t)	180	102.07	4.85	13.87	2.86
Mineralized Zone 6	106	Au (g/t)	284	99.28	4.14	13.46	3.25
Mineralized Zone S1	107	Au (g/t)	280	135.76	3.77	13.19	3.50
Mineralized Zone S2	108	Au (g/t)	212	20.66	0.79	2.19	2.77
Mineralized Zone A	109	Ag (g/t)	24	14.98	1.70	3.61	2.12
Mineralized Zone B	110	Au (g/t)	8	13.26	3.99	4.36	1.09

14.6 Density

Densities are used to calculate tonnages from the volume estimates in the resource-grade block model.

The author’s usual approach is to compare all available data to establish what can be used. In Fenelon’s case, only the following limited information is available:

- PAH used a density of 2.70 in 2001 (GM60703), which was the density used historically by Taurus at the time. There was no data to support this value.

- A 20 kilogram core composite sample yielded a density value of 2.823 g/cm^3 at the *Centre de Recherche Minérale* of Ste-Foy, as reported by SRK in 2003 (GM60704).

- A value of 2.80 g/cm^3 seems to have been used during mining in 2004. No data was found to support this value.

- Following the site visit in May 2016, Wallbridge sent seven (7) samples to the laboratory that ran 2.78 g/cm^3 to 2.97 g/cm^3 (average 2.88 g/cm^3; median 2.90 g/cm^3).

- Following the site visit in May 2016, InnovExplo sent nine (9) samples to the laboratory that ran 2.54 g/cm^3 to 2.80 g/cm^3 (average 2.68 g/cm^3; median 2.69 g/cm^3).

Based on this limited information, InnovExplo recommends using a fixed density value of 2.80 g/cm^3, which represents the average of the three pertinent values provided above. PAH’s value of 2.70 g/cm^3 was discarded due to the apparent lack of supporting information.

14.7 Block Model

A block model was established for the purpose of the current resource estimate. The block model covers an area sufficient to host an open pit, if necessary. The model has been pushed down to a depth of approximately 300 metres below surface. The block model was rotated. The block dimensions reflect the sizes of the mineralized zones and plausible mining methods. Table 14.4 provides the properties of the block model.

Table 14.4 – Block model properties

Properties	X (Columns)	Y (Rows)	Z (Levels)
Origin coordinates (UTM NAD83)	9997.748	10873.671	5280
Block size	5	5	5
Number of blocks	165	100	65
Block model extent (m)	825	500	325
Rotation	-26		

All blocks with more than 0.001% of their volume falling within a selected solid were assigned the corresponding solid block code in their respective folder. A percent block model was generated, reflecting the proportion of each block inside every solid (i.e., individual mineralized zones, individual lithological domains, the overburden and the country rock).

Table 14.5 provides details about the naming convention for the corresponding GEMS solids, as well as the rock codes and block codes assigned to each individual solid. The multi-folder percent block model thus generated was used for the mineral resource estimation.

Table 14.5 – Block model naming convention and codes

Workspace	Description	Rockcode	GEMS Triangulation Name			Precedence
			NAME1	NAME2	NAME3	
Zones_A	Mineralized Zone 2	102	Zone2	Final_Clip	F160626	10
	Mineralized Zone 2	104	Zone4	Final_Clip	F160626	12
	Mineralized Zone 2	106	Zone6	Final_Clip	F160705	14
	Mineralized Zone 2	123, 124	ZoneS_2	Final_Clip	F160626	18
	Mineralized Zone 2	109	ZoneA	Final_Clip	F160626	15
	Mineralized Zone 2	110	ZoneB	Final_Clip	F160626	16
Zones_B	Mineralized Zone 2	103	Zone3	Final_Clip	F160626	11
	Mineralized Zone 2	105	Zone5	Final_Clip	F160705	13
	Mineralized Zone 2	121, 122	ZoneS_1	Final_Clip	F160626	17
Voids	Underground infrastructures	25	Solid	Voids	F160626	1
Waste	Overburden and air	50	Surface	Topo_2016	F160626	0
	Country Rock	999	Surface	Topo_2016	F160626	0

14.8 Variography and Search Ellipsoids

Three-dimensional directional variography was completed on DDH composites of the capped gold assay data for all individual mineralized zones. The study was carried out in the software Supervisor. The 3D directional-specific investigations yielded the best-fit model along an orientation that corresponds to the strike and dip of the mineralized zones.

For most zones, the data does not allow for a nugget effect to be established from downhole variograms due to the fact that not enough samples are found within individual intercepts (2–3 metres thick). When all zones are combined, the downhole variogram suggests a nugget effect of 0.10 (Fig. 14.14). This value was used for all zones.

Figure 14.15 shows an example of the variography study for Zone 106.

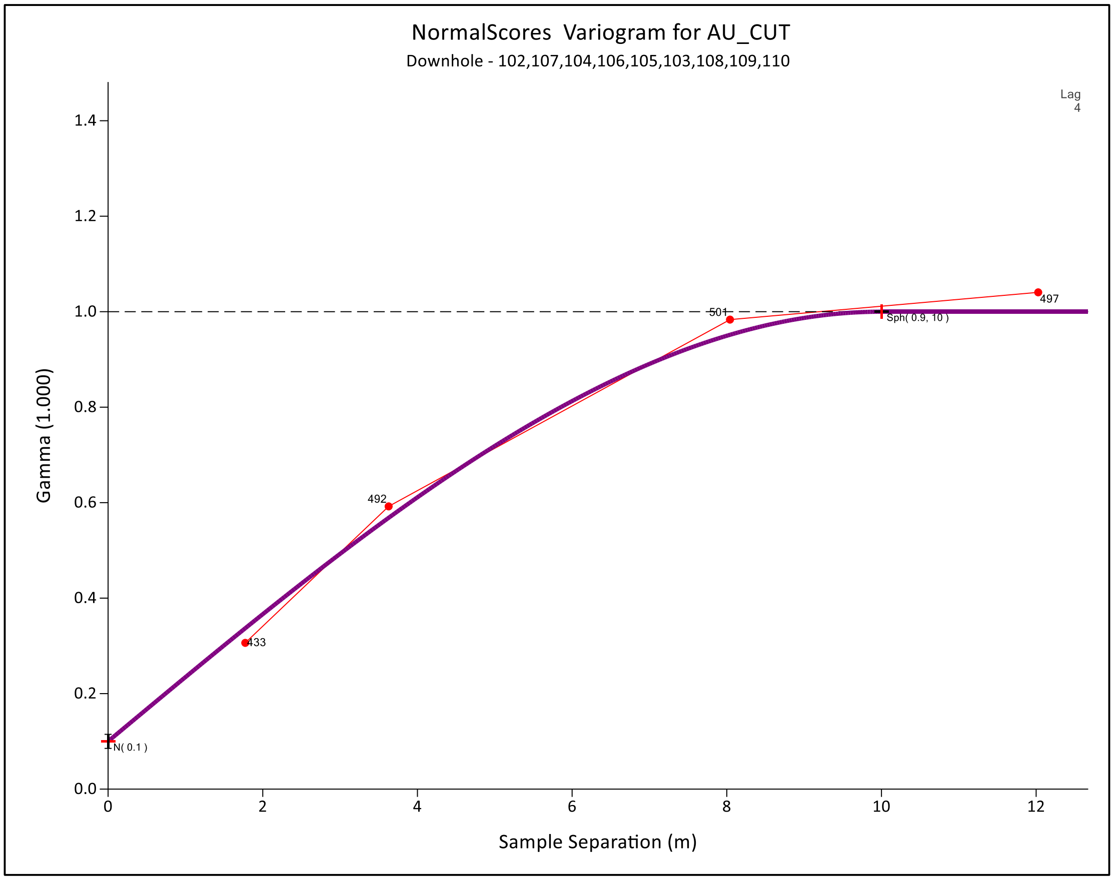


Figure 14.14 – Graph showing the nugget effect value of 0.10 derived from the variography study.

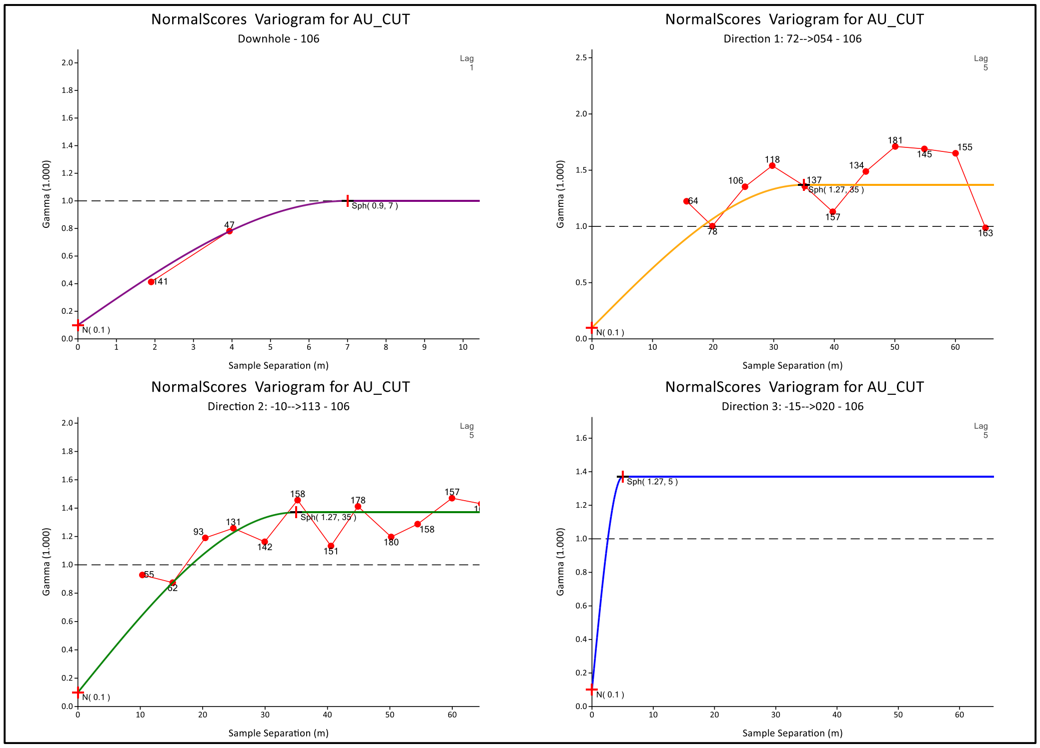


Figure 14.15 – Example of variography study for Zone 106

Two ellipsoids were built from the results of the variography study. These correspond to: a) the variography results; and b) twice the variography results. Figure 14.16 shows the variography ellipsoid for Zone 106 on a longitudinal view.

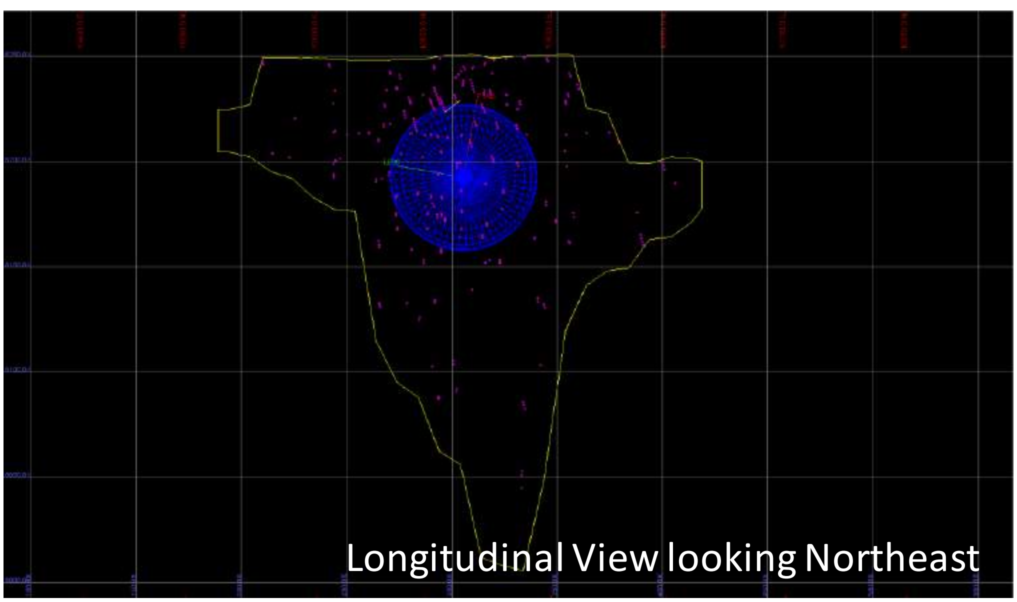


Figure 14.16 – Longitudinal view of Zone 106, looking northeast, showing the ellipsoid obtained from the variography study.

Tables 14.6 summarizes the parameters of the final ellipsoids used for the interpolation

Table 14.6 – Search ellipsoid parameters

Zone	Blockcode	Ellipsoid	ORIENTATION			RANGES			General Parameters			Restricted Search Ellipsoid			
			Z (Gems)	X (Gems)	Z (Gems)	X (m)	Y (m)	Z (m)	Min Composites	Max Composites	Minimum DDH	X (m)	Y (m)	Z (m)	Threshold (g/t)
Mineralized Zone 2	102	P1	1	85	90	15	15	5	3	9	2	-	-	-	-
		P2	1	85	90	30	30	10	3	9	1	-	-	-	-
Mineralized Zone 3	103	P1	1	85	90	20	20	5	3	9	2	-	-	-	-
		P2	1	85	90	40	40	10	3	9	1	20	20	5	30
Mineralized Zone 4	104	P1	1	80	80	35	35	5	3	9	2	-	-	-	-
		P2	1	80	80	70	70	10	3	9	1	35	35	5	30
Mineralized Zone 5	105	P1	1	80	80	30	30	5	3	9	2	-	-	-	-
		P2	1	80	80	60	60	10	3	9	1	30	30	5	30
Mineralized Zone 6	106	P1	3	85	80	35	35	5	3	9	2	-	-	-	-
		P2	3	85	80	70	70	10	3	9	1	35	35	5	30
Mineralized Zone S1	107E	P1	21	80	80	40	40	5	3	9	2	-	-	-	-
		P2	21	80	80	80	80	10	3	9	1	40	40	5	30
Mineralized Zone S1	107W	P1	1	85	80	40	40	5	3	9	2	-	-	-	-
		P2	1	85	80	80	80	10	3	9	1	40	40	5	30
Mineralized Zone S2	108E	P1	11	85	80	55	55	5	3	9	2	-	-	-	-
		P2	11	85	80	110	110	10	3	9	1	-	-	-	-
Mineralized Zone S2	108W	P1	1	85	80	55	55	5	3	9	2	-	-	-	-
		P2	1	85	80	110	110	10	3	9	1	-	-	-	-
Mineralized Zone A	109	P1	1	90	80	15	15	5	3	9	2	-	-	-	-
		P2	1	90	80	30	30	10	3	9	1	-	-	-	-
Mineralized Zone B	110	P1	-4	90	80	15	15	5	3	9	2	-	-	-	-
		P2	-4	90	80	30	30	10	3	9	1	-	-	-	-

14.9 Grade Interpolation

The variography study provided the parameters to interpolate the grade model using composites from the capped grade data in order to produce the best possible grade estimate for the defined resources. The interpolation was run on a point area workspace extracted from the DDH dataset.

The composite points were assigned block codes corresponding to the mineralized zone in which they occur. The interpolation profiles specify a single composite block code for each mineralized-zone solid, thus establishing hard boundaries between the mineralized zones and preventing block grades from being estimated using sample points with different block codes than the block being estimated.

The interpolation profiles were customized to estimate grades separately for each of the mineralized zones. Four interpolation methods were investigated (ID2, ID3, OK, NN). The inverse distance to the third power (ID3) method was selected for the final resource estimation as it better honours the Fenelon deposit grade distribution.

Two passes were defined. The ellipsoid radiuses from Pass 1 were established using the variography results. Ellipsoid radiuses from Pass 2 were twice the variography results. Pass 2 interpolated only blocks that were not interpolated during Pass 1. A restricted search ellipsoid on high-grade composites was also applied to Pass 2 in order to limit grades higher than 30 g/t within the variography range.

Parameters used to interpolate gold during Pass 1:

- Variography ranges results
- Minimum 2 holes
- Minimum 3 composites
- Maximum 9 composites

Parameters used to interpolate gold during Pass 2:

- Twice variography ranges results
- Minimum 3 composites
- Maximum 9 composites
- Restricted search ellipsoid on >30 g/t Au composites using variography ranges

14.10 Resource Categories

14.10.1 Mineral resource classification definition

The resource classification definitions used for this report are those published by the Canadian Institute of Mining, Metallurgy and Petroleum in their document "*CIM Definition Standards for Mineral Resources and Reserves*".

Measured Mineral Resource: that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Indicated Mineral Resource: that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource: that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure. Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.

14.10.2 Mineral resource classification

All interpolated blocks were assigned to the Inferred category during the creation of the grade block model to make sure that sufficient continuity was observed in order to avoid isolated blocks being interpolated by only one hole.

The reclassification to an Indicated category was done for blocks meeting all the conditions below:

- Blocks showing geological and grade continuity;
- Blocks from well defined mineralized zones only;
- Blocks from Pass 1 only;
- Blocks interpolated by a minimum of two holes; and
- Blocks for which the distance to the closest composite is less than 20 metres.

The reclassification to a measured category was done for blocks meeting all the conditions below:

- Blocks showing geological and grade continuity;
- Blocks from well defined mineralized zones only;
- Blocks from Pass 1 only;
- Blocks interpolated by a minimum of two holes;
- Blocks classified as Indicated as per above stated conditions;
- Blocks for which the distance to the closest composite is less than 20 metres; and

- Blocks for which the distance to the closest drift is less than 10 metres.

A series of outline rings (clipping boundaries) were created in long views using the criteria described above, but also keeping in mind that a significant cluster of blocks is necessary to obtain a resource. Within the Indicated resource outlines, some Inferred blocks were upgraded to the Indicated category, whereas outside these outlines, some Indicated blocks were downgraded to the Inferred category. The author is of the opinion that this was a necessary step to homogenize (smooth out) the resource volumes in each category, and to avoid isolated blocks from being included in the Indicated and Measured categories.

14.11 Cut-off Grade

The selected cut-off of 5 g/t was used to determine the mineral potential of the deposit. The determination of the cut-off grade (CoG) was based on the parameters presented in Table 14.7.

Table 14.7 – Parameters used to estimate the cut-off grade (CoG) for the 2016 Fenelon Deposit Mineral Resource Estimate

	Exchange Rate (USD/CAD)		**1.19**
	Gold price (USD)	**US$/oz**	**$ 1,225.00**
Gp	**Gold price (CAD)**	**CAD$/oz**	**$ 1,457.75**
Pc	**Processing cost**	**C$/t**	**$ 35.00**
	Transport	**C$/t**	**$ 33.00**
r	**Metallurgical Recovery**	**%**	**95.0%**
d	**Dilution for insitu Resource**	**%**	**0.0%**
Gmc	**Global mining cost**	**C$/t**	**$ 152.00**
	Total cost by metric tonne	**C$/t**	**$ 220.00**
COG	**Resource Cut-off grade**	**g/t Au**	**4.94**

The gold price and exchange rate are based on the 3-year trailing average. Figure 14.17 illustrates how the metal prices and exchange rate were determined.

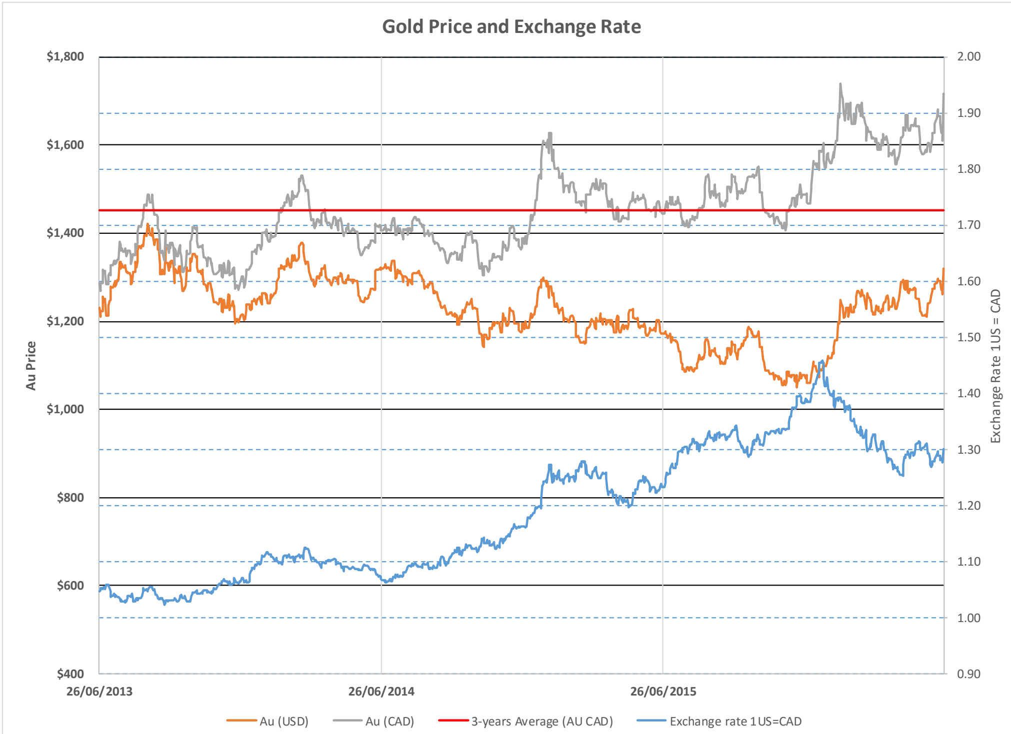


Figure 14.17 – Graph showing variations in gold price (in $US), the exchange rate (CAD:USD) and the resultant gold price in Canadian dollars. The red line represents the value used to determine the cut-off grade for the resource estimate presented in this report (3-year average).

14.12 Mineral Resource Estimate

Given the density of the processed data, the search ellipse criteria, the drill hole density and the specific interpolation parameters, InnovExplo is of the opinion that the current mineral resource estimate can be classified as Measured, Indicated and Inferred resources. The estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves.

Table 14.8 displays the results of the In Situ Mineral Resource Estimate for the Fenelon deposit at the official 5.00 g/t Au cut-off grade. Table 14.9 displays the official in-situ resource and sensitivity at other cut-off scenarios. The reader should be cautioned that the figures listed in Table 14.10 should not be misinterpreted as a mineral resource statement. The reported quantities and grade estimates at different cut-off grades are only presented to demonstrate the sensitivity of the resource model to the selection of a reporting cut-off grade. Note that broken measured resources are not included in this table since they were included in the official resource statement as a whole.

Figure 14.18 shows the grade distribution of the Fenelon deposit above the selected 5.00 g/t Au cut-off grade, and Figure 14.19 shows the category distribution above the selected 5.00 g/t Au cut-off grade.

Table 14.8 – Fenelon Deposit Mineral Resource Estimate at a 5.00 g/t Au cut-off grade

> 5.00 g/t Au		Tonnes (t)	Au (g/t)	Contained Au (oz)
Measured (M) and Indicated (I)	Measured (In-situ)	27,000	13.94	12,100
	Measured (broken)	3,100	6.14	600
	Indicated	61,000	12.89	25,300
	Total M+I	91,100	12.97	38,000
Inferred	In-situ	6,500	9.15	1,900

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Pierre-Luc Richard, P.Geo., M.Sc., and Catherine Jalbert, P.Geo., B.Sc., of InnovExplo Inc. The effective date of the estimate is July 5, 2016.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The model includes nine gold-bearing zones, eight of which include resources at the official cut-off grade.
- Results are presented in situ and undiluted.
- Sensitivity was assessed using cut-off grades from 2.00 to 10.00 g/t Au with 1.00 g/t Au increments. The official resource is reported at a cut-off of 5.00 g/t Au. Cut-off grades must be re-evaluated in light of prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.80 g/cm^3 was used for all zones supported by limited information.
- A minimum true thickness of 2.0 metres was applied, using the grade of the adjacent material when assayed or a value of zero when not assayed.
- High grade capping (Au) was done on raw assay data and varies from 30 g/t to 140 g/t based on the statistical analysis of individual mineralized zones. Restricted search ellipsoids were used during interpolation using 1X variography ranges and a threshold of 30 g/t Au.
- Compositing was done on drill hole intercepts falling within the mineralized zones (composite lengths vary from 1 metre to 3 metres in order to distribute the tails adequately).
- Resources were evaluated from drill holes using a 2-pass ID3 interpolation method in a block model (block size = 5 m x 5 m x 5 m).
- The inferred category is only defined within the areas where blocks were interpolated during pass 1 or pass 2 where continuity is sufficient to avoid isolated blocks being interpolated by only one drill hole. The indicated category is only defined by blocks interpolated by a minimum of two drill holes in areas where the maximum distance to the closest drill hole composite is less than 20 metres for blocks interpolated in pass 1. The measured category is only defined by blocks interpolated by a minimum of two drill holes in areas where the maximum distance to the closest drill hole composite is less than 20 metres for blocks interpolated in pass 1 and in close proximity with sampled drifts (<10 metres).
- Ounce (troy) = metric tons x grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects. Rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the Mineral Resource Estimate.

Table 14.9 – Fenelon Deposit Mineral Resource Estimate at a 5.00 g/t Au cut-off grade and sensitivity at other cut-off scenarios. Note that broken measured resources are not included in this table since they were included in the official resource statement as a whole.

	Measured			Indicated			Inferred		
Cut-off	Tonnage	Grade	Ounces	Tonnage	Grade	Ounces	Tonnage	Grade	Ounces
2.00	39,400	10.57	13,400	144,900	7.23	33,700	27,500	4.15	3,700
3.00	33,600	11.97	12,900	100,900	9.33	30,200	11,100	6.86	2,500
4.00	29,800	13.04	12,500	77,100	11.13	27,600	7,700	8.39	2,100
5.00	**27,000**	**13.94**	**12,100**	**61,000**	**12.89**	**25,300**	**6,500**	**9.15**	**1,900**
6.00	25,000	14.60	11,800	50,400	14.46	23,400	5,100	10.11	1,700
7.00	22,100	15.67	11,100	42,300	15.98	21,700	4,700	10.44	1,600
8.00	20,400	16.33	10,700	34,200	18.00	19,800	4,100	10.87	1,400
9.00	17,100	17.87	9,800	30,400	19.19	18,800	3,100	11.63	1,200
10.00	14,200	19.59	8,900	27,400	20.24	17,900	2,200	12.50	900

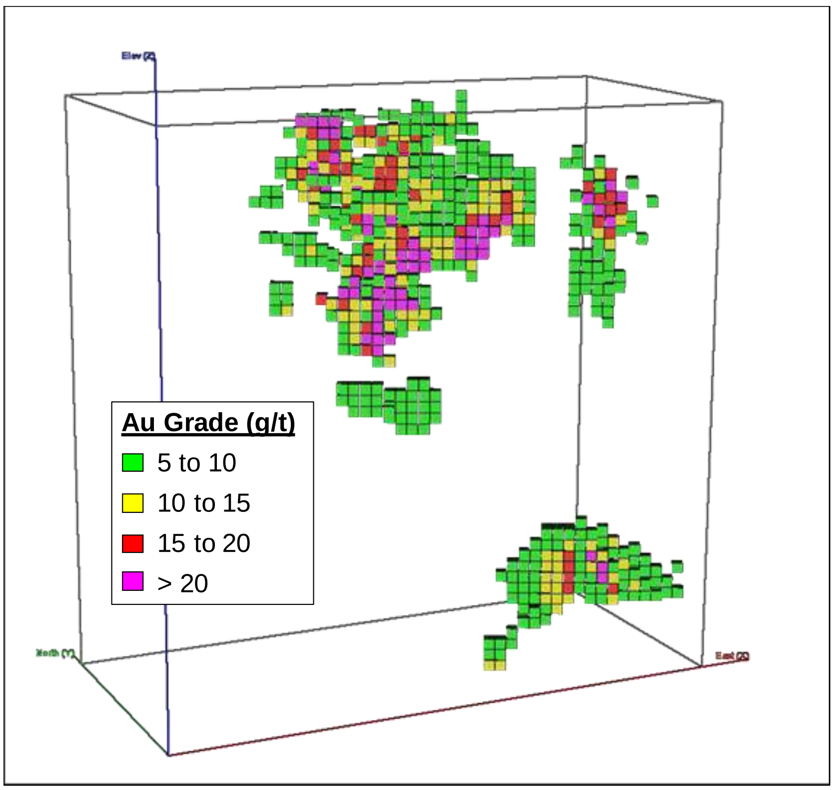


Figure 14.18 – Grade distribution above the selected 5.00 g/t Au cut-off grade

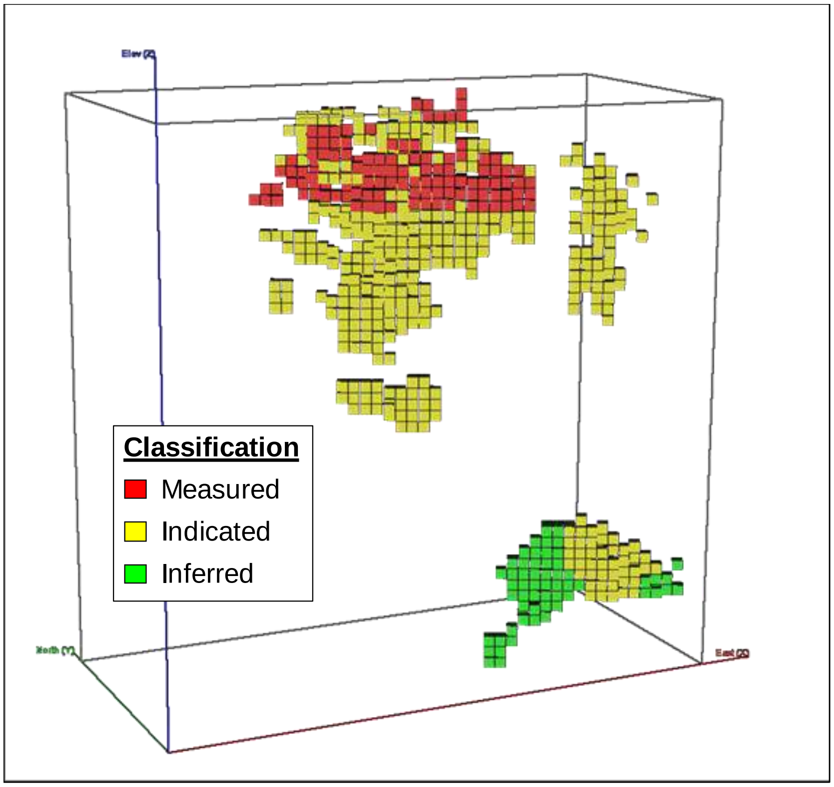


Figure 14.19 – Category distribution above the selected 5.00 g/t Au cut-off grade

15 MINERAL RESERVE ESTIMATES

The issuer has not published any NI 43-101 compliant mineral reserves for the Fenelon Mine Property.

16 MINING METHODS

The issuer has not evaluated mining methods for the Property.

17 RECOVERY METHODS

The issuer has not carried out any recovery method tests on samples from the Property.

18 PROJECT INFRASTRUCTURE

The issuer has not evaluated project infrastructure needs or layouts beyond those required for ongoing exploration work.

19 MARKET STUDIES AND CONTRACTS

No market study has been conducted for the Property and no contracts have been issued.

20 ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

Environmental studies have not been carried out on the Property. Certificates of authorization and permits have not been obtained by the issuer. Social and community impacts have not been evaluated.

21 CAPITAL AND OPERATING COSTS

Capital and operating costs have not been calculated for the Property.

22 ECONOMIC ANALYSIS

No economic analysis has been prepared for the Property.

23 ADJACENT PROPERTIES

23.1 Detour East Property (Balmoral Resources Ltd)

The following description of the Detour East Property was taken and modified from the September 30, 2015 Management's Discussion and Analysis (MD&A) report filed by Balmoral on SEDAR.

The Detour East Property (Fig. 23.1) covers more than 20 kilometres of the Sunday Lake, Detour Lake and Lower Detour Lake deformation zones, stretching east from the Québec-Ontario border. The property consists of 539 mining claims (approximately 21,172.71 ha) held 100% by Balmoral, and an additional 18 mining claims (approximately 997.54 ha) in which Balmoral holds a 69% joint venture interest (the remaining 31% being held by Encana Ltd). Balmoral is the project operator. The Detour East Property is located immediately east of the Detour Lake mine.

Geochemical surveying was completed on the property during the fourth quarter of 2014, highlighting several areas and trends for further follow-up. Balmoral also located drill core from a number of historical drill holes completed on the Detour East Property; the company has taken control of them and transported them to Camp Fenelon. Detailed re-logging of these holes was pending at the time of the MD&A report date. Balmoral completed a single drill hole on the southwestern part of the Detour East Property in the summer of 2015 that intersected two intervals of weakly anomalous gold mineralization in a large gabbro complex.

23.2 Casault Property (Midland Exploration Inc.)

The following description of the Casault Property was taken and modified from the 2015 Annual Report filed by Midland Exploration on SEDAR.

Midland Exploration holds a 100% interest in the Casault Property (Fig. 23.1). At the end of 2014, this property consisted of 300 claims covering an area of approximately 16,507 ha.

In winter 2015, a drilling program consisting of seventeen (17) holes for a total of 3,467.2 metres was completed in partnership with SOQUEM (50/50 JV). This program targeted the most promising gold occurrences discovered in 2012–2013. These areas include the north contact of the Turgeon Pluton, where drill hole CAS-12-07 returned 10.4 g/t Au over 1.45 metres, as well as areas immediately north and west of the conglomerate basin where pyrite and jasper clasts were identified in 2013. In the northern area, drill hole CAS-13-28A ended in a gold-bearing zone grading 0.29 g/t Au over 9.0 metres. Two holes were also completed to test IP anomalies on the central block.

An IP-Orevision survey was also completed in the winter of 2015 (South Grid). This 17.1-km survey identified several strong chargeability responses near the granodiorite contact. These anomalies correspond to the mineralized package (sediments and diorite intrusions) found between the Turgeon Pluton and the mafic volcanics. Two drill holes (CAS-15-47 and 48) were completed to test this IP axis.

Another IP-Orevision survey was completed in March 2015 on the North Grid. This grid totalled approximately 25 kilometres. Several new IP anomalies were identified on the North grid.

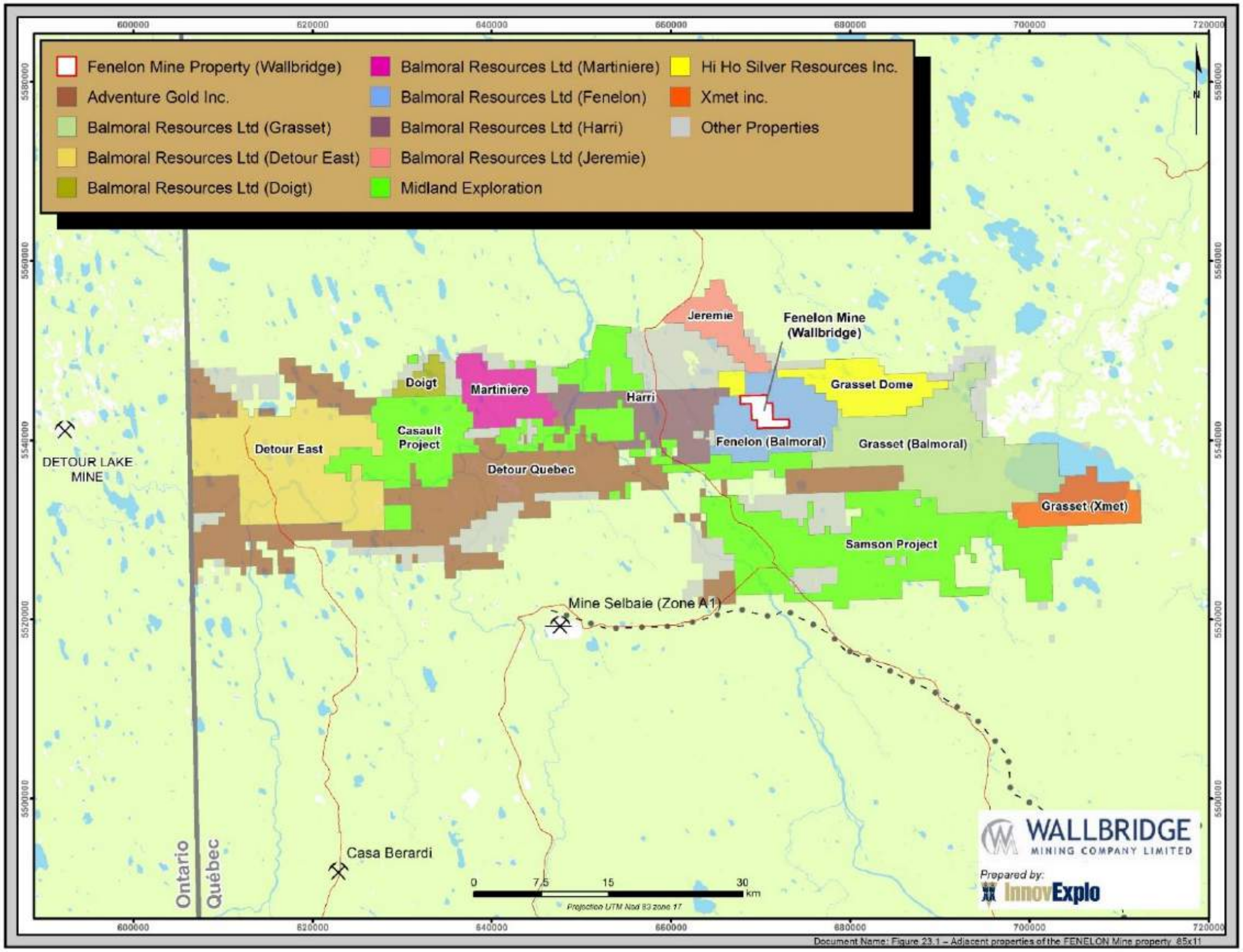


Figure 23.1 – Fenelon Mine Property and adjacent properties along the Sunday Lake Deformation Zone in the province of Québec

During the 2015 summer drill program, fifteen (15) drill holes totalling 5,002.00 metres were completed in partnership with SOQUEM (50/50 JV). Five (5) of these, CAS-15-55 to CAS-15-59, were drilled in the area of the gold-bearing porphyry intrusion that had been followed up in drill hole CAS-15-44 the previous winter. These five holes, spread over a distance of 2 kilometres, intersected several anomalous gold values associated with porphyry intrusions and gabbro locally altered to silica, sericite and hematite, thereby confirming the excellent gold potential of the area, which is strategically located in a folded zone at the contact between Timiskaming-type basin conglomerates and mafic volcanics. In addition, new anomalous zones were intersected for the first time in the mafic volcanics along the northern contact of the porphyry intrusion. Anomalous gold-bearing zones running less than 0.50 g/t Au over 0.5 metre or more were intersected in this area.

The other drill holes completed during this program to test geological, structural, IP and TDEM targets did not return significant gold values despite the fact that all targets were explained by the presence of sulphides.

23.3 Doigt Property (Balmoral Resources Ltd)

The following description of the Doigt Property was taken and modified from Balmoral's website.

Balmoral holds a 100% interest in the Doigt Property (Fig. 23.1). Balmoral acquired the Doigt Property by staking in late 2011. The Doigt Property covers a roughly 5 by 5 kilometre block of volcanic- and intrusive-dominated stratigraphy to the west of the northern end of the Martiniere Property, and about 6 kilometres northwest of Balmoral's Bug Lake and Martiniere West gold discoveries.

Work to date has been primarily focused on understanding the geology and mineral potential of the Doigt Property. The Doigt Property is located in the Casault structural domain, which is sandwiched between the Detour and Martiniere structural domains to the west and east, respectively.

The Doigt Property is the least explored portion of the Detour Trend Project, with only two drill holes known on the property, both completed by Balmoral in 2013. Balmoral's first two drill holes intersected narrow intervals of anomalous, structurally controlled gold mineralization, thereby confirming the potential for mesothermal gold mineralization on the Doigt Property. Given the property's distance to regionally significant deformation corridors, targeting should focus on secondary structural corridors, in particular where these intersect known lithological contacts.

To date no indication of significant base metal potential has been observed on the Doigt Property. A narrow zinc-copper bearing vein was intersected in one of the two holes drilled on the property but does not appear to have any significant lateral extent. Additional surface mapping may aid in further understanding the property and determining the potential for base metal mineralization.

23.4 Martiniere Property

The following description of the Martiniere Property was taken and modified from the September 30, 2015 MD&A report and the 2014 Annual Information Form report filed by the issuer on SEDAR, as well as from information on Balmoral's website.

Balmoral owns a 100% interest in the Martiniere Property (Fig. 23.1), which hosts a number of near-surface occurrences of gold mineralization, including the West, Central and Bug Lake zones (or trends). The Bug Lake Trend is a structurally-controlled orogenic gold prospect hosted by the Bug Lake Fault Zone (BLFZ), which was recognized as a significant structure as early as 2011 but not identified as a gold-bearing trend until the summer of 2012. Similar to deposits throughout the Abitibi region, this discovery is characterized by high gold grades, variable widths and strong silica-carbonate alteration. The Bug Lake Trend remains open for expansion, but has been traced thus far across 1,200 metres of strike length and to vertical depths of over 400 metres.

Located 600 metres west of the central portion of the Bug Lake Trend, the West Zone is a second prominent high-grade gold-bearing feature. Originally discovered by Cyprus Canada in the late 1990s, Balmoral has drill-defined the West Zone for 400 metres along strike and to vertical depths of over 300 metres. The West Zone sits in a separate structural zone from Bug Lake. This shear zone also hosts a number of gold occurrences on the Martiniere Property that warrant additional examination.

In addition to these two gold zones, Balmoral has identified at least 10 other prominent gold occurrences on the Martiniere Property, the most recent of which is some 2.0 kilometres east of any previous gold-bearing intercepts. In addition, the historical Norbug gold occurrences, located more than 3 kilometres to the northeast of the heart of the Bug Lake Trend, suggest the presence of a large gold-bearing system in the greater Martiniere area, only a small portion of which has been tested to date.

Balmoral is principally focused on delineating a number of zones of gold mineralization along the Bug Lake Trend that were discovered in 2012. Gold mineralization along the Bug Lake Trend (the Upper and Lower Bug Lake, Bug Lake Footwall and Bug Lake Hanging Wall zones) is localized along an early-stage fault system that was reactivated multiple times and which locally features high gold grades. Drilling to date on the Bug Lake Trend has intersected significant gold mineralization for over 1,800 metres along strike and to vertical depths of 400 metres.

The summer and winter 2015 drill programs focused on infill drilling in the northern half of the Bug Lake Trend at shallow depths between surface and 250 metres vertical depth. Results were highlighted by a number of high-grade intercepts, including an intercept of 19.55 g/t Au over 44.45 metres from the Bug Lake Footwall Zone (see Balmoral's news release of April 20, 2015). On May 13, 2015, Balmoral released additional results from the winter program, including a follow-up intercept of 9.30 metres grading 15.75 g/t Au from the Bug Lake Footwall Zone and a series of broad gold mineralized intercepts from the Upper and Lower Bug Lake Zones. Summer drill results included the intersection of Bug Lake-style gold mineralization 600 metres beyond the previous southern limit of Bug Lake Trend.

Drilling has also begun to delineate a new gold-bearing structural zone on the Martiniere Property. Two holes, one drilled in late 2014 and a second completed this summer approximately 185 metres further east, have intersected three subparallel zones of gold mineralization in a corridor more than 200 metres wide, characterized by moderate deformation and dyking. These new discoveries are approximately 2.3 kilometres west of the northern end of the Bug Lake Trend.

Balmoral has retained a consultant to assist with metallurgical testing of a bulk sample from the Bug Lake Zone. There are no current resources calculated for the Martiniere Property.

In 2011, Balmoral also reported the discovery of a volcanogenic massive sulphide ("VMS") system on the Martiniere Property. Balmoral intersected a narrow, strongly brecciated interval near the upper margin of the Martiniere East VMS system (see Balmoral's news release of December 5, 2011). Hole MDE 11-09 intersected 0.50 metres grading 0.72% Cu, 0.74% Zn, 1,390.0 g/t Ag, 74.60 g/t Au and 1,850 ppm W. The extremely high-grade gold-silver breccia intersected in hole MDE 11-09 sits in the immediate footwall to the massive sulphide portion of the Martiniere VMS system in this hole.

Drilling in the winter of 2015 (see Balmoral's news release of April 20, 2015) intersected semi-massive sulphides believed to be associated with this discovery, which yielded copper, zinc, gold and silver assay results of potential economic interest. Hole MDE 15-172 intersected 2.10 m grading 1.52% Cu, 4.20% Zn, 29.44 g/t Ag and 2.79 g/t Au from a semi-massive sulphide interval incorporated into a brecciated phase of the Upper Bug Lake Gold Zone.

23.5 Harri Property (Balmoral Resources Ltd)

The following description of the Harri Property was taken and modified from Balmoral's website.

Balmoral owns a 100% interest in the Harri Property (Fig. 23.1). The Harri Property covers a 20-kilometre stretch of volcanic and sedimentary stratigraphy located immediately north of and along the Detour Lake and Sunday Lake deformation zones, located between Balmoral's Martiniere and Fenelon properties. Balmoral acquired the Harri Property by staking in late 2010 and 2011. Work to date has primarily focused on understanding the geology and mineral potential of the Harri Property.

The Harri Property traces the northern margin of the Sunday Lake Deformation Zone for approximately 20 kilometres in an east-west direction across the property. The Harri Property also covers the eastward extension of the structural/stratigraphic sequence hosting the Martiniere gold system on Balmoral's adjacent property to the west. Across the Harri Property, the Sunday Lake Deformation Zone and its related structures are sparsely tested and have not been well understood historically due to the heavy overburden cover.

The southern portion of the Harri Property hosts a highly unusual, dome-shaped inlier of sedimentary stratigraphy approximately 10 kilometres across. This highly unusual formation is ringed by an extensive series of EM conductors. Historical drilling in this area has been directed mainly at VMS (Zn-Cu) targets with limited success. The stratigraphy in this area is poorly understood.

23.6 Grasset Property (Balmoral Resources Ltd)

The following description of the Grasset Property is taken from the summary contained in the Grasset Technical Report (Richard and Turcotte, 2016), dated January 12, 2016.

Balmoral owns a 100% interest in the Grasset Property (Fig. 23.1). The Grasset Property is not subject to any royalty, back-in right, or other agreement or encumbrance.

The Grasset Property hosts the Grasset deposit located in the Grasset Ultramafic Complex ("GUC"). The GUC formed by a stacked piles of basalts, gabbro and ultramafic sills and dykes, with minor rhyodacitic to dacitic volcaniclastics and rhyolite flows, and several narrow intercalated bands of iron formation and graphitic argillite in apparent conformable contact with the overlying rock units. The general attitude of the GUC is WNW, pinched between the Jérémie Pluton and the Opatica Subprovince. Several zones of ductile deformation have been intercepted in drill holes along strike in the complex, suggesting that the NW-SE trend may correspond to a major fault, parallel to other similar faults north and south of the Sunday Lake Deformation Zone. The southern portion of the complex is sheared and possibly folded by the deformation zone.

Mineralization of Grasset deposit is concentrated in two stacked sulphide-bearing horizons (H1 and H3) oriented NW-SE within vertically dipping peridotite ultramafic units. Mineralization consists of metre-scale layers of net-textured, blebby semi-massive and massive sulphides. Pyrrhotite is the dominant sulphide mineral, with subordinate amounts of pentlandite, chalcopyrite and pyrite. The concentration of pentlandite and chalcopyrite is proportional to the total sulphide content. The two horizons are stacked 25 to 50 metres thick and separated by 10 to 50 metres of unmineralized ultramafic rock. Horizon 3 (H3) is defined over a strike length of roughly 500 metres, and hosts the bulk of the high Ni-Cu-PGE values defined to date. Horizon 1 (H1) has been defined over a longest strike length (~900 m) and hosts moderate nickel grades (<1%) over its entire extent. Both zones are open at depth.

On March 7, 2016, Balmoral reported the initial resource estimate on the Grasset deposit. This initial independent resource estimate for the Grasset deposit was prepared by InnovExplo (Richard and Turcotte, 2016). At a 1.00% NiEq cut-off grade, the H3 + H1 zones contain a combined resource as follows:

- Indicated Resource: 3.45 million tonnes at 1.79% NiEq, corresponding to 1.56% Ni, 0.17% Cu, 0.03% Co, 0.34 g/t Pt and 0.84 g/t Pd; which equates to 136,279,000 nickel equivalent pounds.

- Inferred Resource: 91,100 tonnes at 1.19% NiEq, corresponding to 1.06% Ni, 0.11% Cu, 0.02% Co, 0.20 g/t Pt and 0.48 g/t Pd; which equates to 2,393,900 nickel equivalent pounds.

The current mineral resource estimate is based on results from 111 diamond drill holes (39,999 metres) completed by Balmoral since 2014. The base case current resource is reported above a 1.00% NiEq cut-off grade after incorporation of estimates for mining recoveries, mining dilution, milling recoveries, smelting and refining charges and certain penalties, as well as estimated operating costs based on those associated with mines currently operating in the local region.

The majority of the Resources are contained within the steeply plunging core of the H3 zone from surface to a vertical depth of approximately 550 metres. This core zone remains open to depth for potential expansion.

The recent drilling by Balmoral (2011 to 2014) also outlined gold mineralization, named the Grasset Gold discovery, at the contact between the sequence of strongly deformed polylithic Timiskaming-type conglomerates and a mafic intrusive of the Manthet Group, in the footwall of the Sunday Lake Deformation Zone. The first hole intersected 33.00 metres grading 1.66 g/t Au, including two higher grade intervals grading 6.15 g/t Au over 4.04 metres and 4.18 g/t Au over 5.00 metres. The mineralization is hosted in an anastomosing quartz-carbonate vein system along the contact, which is open laterally and at depth.

23.7 Fenelon Property (Balmoral Resources Ltd)

The following description of the Fenelon Property was taken and modified from the September 30, 2015 MD&A and March 31, 2016 MD&A filed by Balmoral on SEDAR, as well as from information on Balmoral's website.

Balmoral owns a 100% interest in the Fenelon Property (Fig. 23.1). In January 2013, Balmoral completed the acquisition of a 100% interest in the Fenelon Property from Cyprus Canada and granted a 1% NSR on the property in favour of Cyprus Canada as required by the acquisition agreement.

During the first quarter of 2015, Balmoral commenced drill-testing of several geophysical anomalies along the projected northwestern continuation of the Grasset Ultramafic Complex through the Fenelon Property. The target was Ni-Cu-PGE mineralization similar to that recently discovered on its adjacent Grasset Property. Four new Ni-Cu-PGE occurrences were identified, highlighted by an intercept grading 0.37% Ni, 0.05% Cu, 0.06 g/t Pt and 0.13 g/t Pd in hole FAB 14-46, located 6.5 kilometres northwest of the Grasset discovery. In addition, high-grade gold mineralization grading 216 g/t Au over 0.76 metre was discovered in hole FAB 15-50, along the northeastern contact of the Grasset Ultramafic Complex, near nickel sulphide mineralization.

During the first quarter of 2016, Balmoral completed two holes targeting geophysical anomalies on the Fenelon Property with no significant results reported.

On May 25, 2016, Balmoral entered into a Letter of Intent (the "LOI") to sell to Wallbridge its interest in the Fenelon Mine Property, a 10.5-km^2 subdivision of the larger Fenelon Property.

23.8 Jeremie Property (Balmoral Resources Ltd)

The following description of the Jeremie Property was taken and modified from the September 30, 2015 MD&A filed by Balmoral on SEDAR, as well as from information on Balmoral's website.

Following the discovery of Ni-Cu-PGE mineralization at Grasset, Balmoral acquired, by staking, a 100% undivided interest in a new property to the north of the Fenelon Property (Fig. 23.1).

The Jeremie Property covers a series of highly magnetic rocks, beneath extensive overburden cover. The rocks are interpreted as the northwestern extension of the Grasset Ultramafic Complex.

Limited historical drilling on the property has identified low-grade nickel mineralization, suggesting potential for VMS and gold discoveries. Work by a predecessor company in 2006–2007 identified a number of Cu-Zn-Ag-Au occurrences within this felsic volcanic sequence on the adjacent Fenelon Property.

In the winter of 2015, Balmoral completed a winter exploration trail into the Jeremie Property to facilitate initial drill testing of several geophysical targets along the projected extension of the Grasset Ultramafic Complex during the second quarter of 2015. Two targets were tested but failed to intersect ultramafic lithologies. Anomalous zinc mineralization was intersected over narrow intercepts in both holes. Two holes completed on the property in the summer of 2015 intersected mafic volcanic and intrusive rocks and minor iron formation. No significant mineralization was obtained in either hole.

While not considered as highly prospective for gold as it is for base metals, Balmoral does recognize some potential for mesothermal gold mineralization on the property associated with structural zones adjacent to both ultramafic rocks of the Grasset Ultramafic Complex and the larger Jeremie batholith.

23.9 Detour Québec Properties (Adventure Gold Inc.)

The following description of the Detour Québec properties was taken and modified from the October 31, 2015 MD&A report filed by Adventure Gold Inc. on SEDAR, as well as from information on Adventure Gold's website.

The Detour Québec Project includes nine (9) properties (Fig.23.1), 100%-owned by Adventure Gold, totalling more than 816 claims and covering an area of 45,304 ha (453 km^2). The properties are strategically located over a strike length of 80 kilometres on the Detour Gold Trend, which encompasses the Detour Lake mine.

In recent years, Adventure Gold has explored its Detour Québec properties using IP surveys, ground magnetic surveys and helicopter-borne electromagnetic VTEM-MAG surveys. This exploration work highlighted promising areas where many geophysical anomalies (from IP and VTEM surveys) near strong gold anomalies were identified as potential new gold-bearing zones along the Sunday Lake, Massicotte and Lower Detour/Grasset deformation zones and other subsidiary fault zones (see the Adventure Gold website for details). A compilation of previous work also highlighted follow-up drilling targets along the proven gold structures close to positive historical drilling intercepts and grab samples. The best targets include near-surface follow-up drilling on historical intercepts grading 3.7 g/t Au over 4.0 metres, 18.3 g/t Au over 1.1 m and 3.7 g/t Au over 3.1 metres. Each area contains quality IP anomalies and/or follow-up drilling targets, and warrants new drilling. Historically, very little exploration work has been done on these claims, and only limited drilling has been carried out on one area with VMS-style gold, zinc and copper mineralization. This geological environment shows some similarities with the Martiniere Property located further east.

On June 10, 2016, Probe Metals completed the acquisition of Adventure Gold Inc.

23.10 Samson Property (Midland Exploration Inc.)

The following description of the Samson Property was modified from the 2015 Annual Report filed by Midland Exploration on SEDAR, and from other information on the Midland Exploration website.

Midland Exploration holds a 100% interest in the Samson Property (Fig. 23.1). The Samson Property consists of 551 claims covering a surface area of about 30,592 hectares. In December 2014, the aim of a major ground-based geophysical program, totalling about 60 kilometres and including magnetic and ground EM surveys, was to characterize a series of untested MegaTEM conductors coinciding with strong magnetic responses. About a dozen high-priority MegaTEM targets were selected for this ground follow-up due to their association with strongly magnetic units interpreted as ultramafic rocks. Following the TDEM-ARMIT survey conducted over the best MegaTEM conductors, six (6) conductors were selected for drilling. In the summer of 2015, six (6) diamond drill holes totalling 1,625.5 metres were completed on the Samson Property to test the selected TDEM-ARMIT conductors. Only anomalous values in copper, nickel and gold were reported by Midland Exploration for this drilling program.

23.11 Grasset Property (Xmet Inc.)

The following description of the Grasset Property taken and modified from information on the Xmet Inc. website.

The Grasset Property (Fig.23.1) is 100% owned by Xmet Inc. through its wholly-owned subsidiary Duquesne-Ottoman Mines Inc. The property comprises 128 contiguous exploration claims totalling 7,040 hectares.

The property has seen relatively little exploration work. Fourteen (14) drill holes were collared on the claims between 1959 and 1987 for a total of 1,910 metres. All holes were drilled from land; no holes were collared on Lac Grasset. A few geophysical surveys were undertaken, consisting mainly of magnetic/gradiometric and EM surveys.

Two mineral occurrences have been identified on the property: Ingamar (0.93 g/t Au over 1.83 m) and Harricana-Turgeon (0.50% Cu over 1.0 m). Both occurrences occur along the south shore of the lake. On the western shore of the lake, a few hundred metres from the property boundary, a Cu-Au showing is reported to have assayed 5.5 g/t Au in grab sample (Longley, 1943). The Detour Lake–Sunday Lake Deformation Zone is also interpreted to cross the claims near the south shore of Lac Grasset.

23.12 Grasset Dome Property (Hi Ho Silver Resources Inc.)

The following description of the Grasset Dome Project was taken and modified from information on the Hi Ho Silver Resources Inc. website.

Hi Ho Silver Resources Inc. (“Hi Ho”) holds a 100% interest in the Grasset Dome Property, which covers approximately 6,000 hectares adjacent to Balmoral’s Grasset Property. The property is prospective for Ni-Cu-PGE deposits, gold deposits and copper-zinc-gold-silver VMS deposits.

Hi Ho is planning a geological and geophysical evaluation of the property based on available data in anticipation of an exploration program this season. The property is accessible by logging roads in well-drained terrain which has been largely logged-over in recent years.

On February 10, 2015, Hi Ho announced that it has purchased an additional eleven (11) mineral tenures covering 605 hectares that were added to Hi Ho's Grasset Dome Property.

23.13 Gold and Base Metal Potential of Adjacent Properties

InnovExplo has not verified the above information about mineralization on adjacent properties around the Fenelon Mine Property. The presence of significant mineralization on these properties is not necessarily indicative of similar mineralization on the Fenelon Mine Property.

24 OTHER RELEVANT DATA AND INFORMATION

All relevant data and information regarding the Fenelon Mine Property have been disclosed under the relevant sections of this report.

25 INTERPRETATION AND CONCLUSIONS

The Fenelon Mine Property covers 1,052 hectares and is located in west-central Québec about 75 kilometres northwest of the town of Matagami. Geologically, it is situated near the Sunday Lake Deformation Zone, which hosts the Detour Lake mine in Ontario, belonging to Detour Gold Corporation, as well as the Martiniere gold project in Québec, held by Balmoral.

In all, more than 50,000 metres have been drilled on the Fenelon Mine Property, and two bulk samples have been mined and processed from the Discovery Zone. In 2001, a 13,835-tonne bulk sample mined from a small open pit at the Discovery Zone was test-milled at the Camflo Mill in Malartic. The sample returned 132,039 grams (4,245 oz) of gold for a reconciled head grade of 9.84 g/t Au using a calculated recovery of 97%. A second bulk sample, mined from underground, also milled at Camflo, consisted of 8,169 tonnes and returned 80,731 grams (2,596 oz) of gold for a reconciled head grade of 10.7 g/t Au. Prior to the current resource estimate, resources were last estimated in September 2004 and updated in January 2005. About 16,000 metres of additional diamond drilling have been completed since that time.

25.1 2016 Fenelon Deposit Mineral Resource Estimate

The objective of InnovExplo's mandate was to prepare a new Mineral Resource Estimate on the Fenelon deposit and a supporting Technical Report in accordance with National Instrument 43-101 ("NI 43-101") and Form 43-101F1. A model was generated for the entire drilled area of the Fenelon deposit (a.k.a., the Discovery Zone) based on all available geological information and analytical results.

The 2016 Fenelon Deposit Mineral Resource Estimate herein (the "2016 MRE") was prepared by Pierre-Luc Richard, P.Geo., and Catherine Jalbert, P.Geo., using all available information. The main objective of the mandate assigned by Wallbridge was to prepare a 43-101 Technical Report, including a compliant mineral resource estimate, during Wallbridge's acquisition of the Fenelon Mine Property. The Fenelon deposit has seen both underground and open pit development in the past.

The 2016 resource area measures 500 metres along strike, 210 metres wide and 280 metres deep. The resource estimate is based on a compilation of historical and recent diamond drill holes and wireframed mineralized zones, largely inspired by previous work and Wallbridge's interpretation. The final model was constructed by InnovExplo. In order to conduct accurate resource modelling of the deposit, the mineralized-zone wireframe model was based on the drill hole database and the authors' knowledge of the Fenelon deposit and similar deposits. InnovExplo created a total of nine (9) mineralized solids (coded 102 to 110) that honour the drill hole database.

Given the density of the processed data, the search ellipse criteria, the drill hole density and the specific interpolation parameters, InnovExplo is of the opinion that the current mineral resource estimate can be classified as Measured, Indicated and Inferred resources. The estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves.

Following a detailed review of all pertinent information and after completing the 2016 MRE, InnovExplo concludes the following:

- Geological and grade continuity have been demonstrated for eight of the nine (8 of 9) mineralized zones of the Fenelon deposit. The ninth zone was not attributed to any resource in the current report.
- Using a cut-off grade of 5.00 g/t Au, the Measured Resources stand at 30,100 tonnes grading 13.12 g/t Au for 12,700 ounces of gold, the Indicated Resources stand at 61,000 tonnes grading 12.89 g/t Au for 25,300 ounces of gold, and Inferred Resources stand at 6,500 tonnes grading 9.15 g/t Au for 1,900 ounces of gold.
- It is likely that additional diamond drilling would upgrade some of the Inferred Resources to Indicated Resources.
- It is likely that additional diamond drilling would identify additional resources down-plunge and in the vicinity of known mineralization.

25.2 Exploration Potential

After conducting a detailed review of all pertinent information and completing the 2016 MRE, InnovExplo concluded the following:

- Geological and grade continuity were demonstrated for eight (8) gold-bearing zones on the Fenelon Project;
- A large proportion of the resource is located in close proximity to existing underground workings at shallow depth;
- The bulk of the resource is located in the first 150 metres from surface (87% of the tonnes and 91% of the ounces);
- It is likely that additional diamond drilling would upgrade some of the Inferred Resources to Indicated Resources;
- There is the potential for upgrading some of the Indicated Resources to Measured Resources through detailed geological mapping, infill drilling and systematic channel sampling from the underground workings;
- One zone intercepted by four mineralized intervals (Zone 110) has been modelled but not interpolated, and is currently considered as an exploration target due to the wide drill spacing;
- There are several opportunities to add additional resources to the Fenelon Project by drilling the depth extensions of the ore shoot that originates in the resource area and the subparallel mineralized zones in the vicinity of the currently identified zones; and
- A property-scale compilation and target generation program should be completed.

Conversion drilling should be devoted to upgrading part of the Inferred resources to the Indicated category, whereas the objective of exploration drilling should be to target the currently identified ore shoots at depth and discover additional zones over the entire project.

25.3 Risks and Opportunities

Table 25.1 identifies the significant internal risks, potential impacts and possible risk mitigation measures that could affect the future economic outcome of the project. The list does not include the external risks that apply to all mining projects (e.g., changes in metal prices, exchange rates, availability of investment capital, change in government regulations, etc.). Significant opportunities that could improve the economics, timing and permitting are identified in Table 25.2. Further information and study is required before these opportunities can be included in the project economics.

Table 25.1 – Risks for the Fenelon Deposit

RISK	Potential Impact	Possible Risk Mitigation
Metallurgical recoveries are based on limited testwork	Recovery might differ negatively from what is currently being assumed	Conduct additional metallurgical tests
Density values are based on limited testwork	Density values used in the current resource estimate might differ negatively from what is currently being assumed	Conduct additional density measurements

Table 25.2 – Opportunities for the Fenelon Deposit

OPPORTUNITIES	Explanation	Potential benefit
PEA study on the current resources	Potential to upgrade confidence in the economic potential of the project	Could lead to a feasibility study
Exploration potential	Potential for additional discoveries at depth and around the Fenelon deposit by drilling	Potential to increase resources
Metallurgy	Recovery might be better than what is currently being assumed	Potential to increase resources and the viability of the project

26 RECOMMENDATIONS

Based on the results of the 2016 MRE, InnovExplo recommends the project be advanced to the next phase, which would be the preparation of a preliminary economic assessment (PEA).

In parallel with the PEA, more work is warranted, as detailed below.

The company should continue to revise the property-scale compilation and generate targets.

Additional drilling should target the down-plunge extensions of the currently identified mineralized zones as described in this Technical Report. An additional objective would be the discovery of additional zones of similar mineralization near the currently identified mineralized zones.

InnovExplo also recommends initiating a stakeholder mapping and communication plan, and carrying out appropriate actions based on such a plan.

If additional work proves to have a positive impact on the project, the current resource estimate should be updated.

In summary, InnovExplo recommends a two-phase work program as follows:

Phase 1:

- Produce a PEA
- Initiate a property-scale compilation and target generation program
- Conduct infill and down-plunge exploration drilling aimed at expanding the current resources.
- Generate a stakeholder map and communication plan

Phase 2: (contingent upon the success of Phase 1)

- Follow-up surface drilling program on the Fenelon deposit to potentially add resources
- Update the 3D model and PEA

InnovExplo has prepared a cost estimate for the recommended two-phase work program to serve as a guideline for the Fenelon Project. The budget for the proposed program is presented in Table 26.1. Expenditures for Phase 1 are estimated at C$2,041,250 (incl. 15% for contingencies). Expenditures for Phase 2 are estimated at C$1,265,000 (incl. 15% for contingencies). The grand total is C$3,306,250 (incl. 15% for contingencies). Phase 2 is contingent upon the success of Phase 1.

Table 26.1 – Estimated costs for the recommended work program

Phase 1 - Work Program		Budget	
		Description	**Cost**
1a	Preliminary economic assessment (PEA) on current resources		$ 200,000
1b	Property-scale compilation and target generation		$ 25,000
1c	Surface drilling on the Fenelon deposit (all-inclusive)	15,000 m	$ 1,500,000
1d	Stakeholder mapping, communication plan		$ 50,000
	Contingencies (~ 15%)		$ 266,250
	Phase 1 subtotal		**$ 2,041,250**

Phase 2 - Work Program		Budget	
		Description	**Cost**
2a	Follow-up surface drilling on the Fenelon deposit (all-inclusive)	10,000 m	$ 1,000,000
2b	Update the 3D model and PEA		$ 100,000
	Contingencies (~ 15%)		$ 165,000
	Phase 1 subtotal		**$ 1,265,000**
	TOTAL (Phase 1 and Phase 2)		**C$ 3,306,250**

InnovExplo is of the opinion that the recommended two-phase work program and proposed expenditures are appropriate and well thought out, and that the character of the Fenelon Project is of sufficient merit to justify the recommended program. InnovExplo believes that the proposed budget reasonably reflects the type and amount of contemplated activities.

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APPENDIX I

MINING RIGHTS IN THE PROVINCE OF QUÉBEC

I.1 Mining Rights in the Province of Québec

The following discussion on the mining rights in the province of Québec was largely taken from Guzon (2012) and Gagné and Masson (2013), and from the *Act to Amend the Mining Act* ("Bill 70") assented on December 10, 2013 (National Assembly, 2013).

In the Province of Québec, mining is principally regulated by the provincial government. The Ministry of Energy and Natural Resources (*Ministère de l'Énergie et des Ressources naturelles du Québec*: MERN) is the provincial agency entrusted with the management of mineral substances in Québec. The ownership and granting of mining titles for mineral substances are primarily governed by the *Mining Act* (the "Act") and related regulations. In Québec, land surface rights are distinct property from mining rights. Rights in or over mineral substances in Québec form part of the domain of the State (the public domain), subject to limited exceptions for privately owned mineral substances. Mining titles for mineral substances within the public domain are granted and managed by the MERN. The granting of mining rights in privately owned mineral substances is a matter of private negotiations, although certain aspects of the exploration for and mining of such mineral substances are governed by the Act. This section provides a brief overview of the most common mining rights for mineral substances within the domain of the State.

I.1.1 The Claim

A claim is the only exploration title for mineral substances (other than surface mineral substances, or petroleum, natural gas and brine) currently issued in Québec. A claim gives its holder the exclusive right to explore for such mineral substances on the land subject to the claim, but does not entitle its holder to extract mineral substances, except for sampling and in limited quantities. In order to mine mineral substances, the holder of a claim must obtain a mining lease. The electronic map designation is the most common method of acquiring new claims from the MERN whereby an applicant makes an online selection of available pre-mapped claims. In a few areas defined by the government, claims can be obtained by staking.

A claim has a term of two years, which is renewable for additional two-year periods, subject to performance of minimum exploration work on the claim and compliance with other requirements set forth by the Act. In certain circumstances, if the work carried out in respect of a claim is insufficient, or if no work has been carried out at all, it is possible for the claimholder to comply with the minimum work obligations by using work credits for exploration work conducted on adjacent parcels, or by making a payment in lieu of the required work.

Additionally, since May 6, 2015, claim holder must submit to the MERN, on the registration anniversary date of each claim, a report of the work performed on the claim in the previous year. Moreover, the amount to be paid to renew a claim at the end of its term when the minimum prescribed work has not been carried out now corresponds to twice the amount of the work required. Any excess amount spent on work during the term of a claim can only be applied to the six subsequent renewal periods (12 years in total). Holders of a mining lease or a mining concession are no longer able to apply work carried out in respect of a mining lease or mining concession to renew claims.

I.1.2 The Mining Lease

Mining leases and mining concessions are extraction (production) mining titles that give their holder the exclusive right to mine mineral substances (other than surface mineral substances, or petroleum, natural gas and brine). A mining lease is granted to the holder of one or several claims upon proof of indications that a workable deposit could be present on the area covered by such claims, and that the holder has complied with other requirements prescribed by the Act. A mining lease has an initial term of 20 years, but may be renewed for three additional periods of 10 years each. Under certain conditions, a mining lease may be renewed beyond the three statutory renewal periods.

The Act (as amended by Bill 70) states that an application for a mining lease must be accompanied by a project feasibility study, as well as a scoping and market study as regards to processing in Québec. Holders of mining leases must then produce such a scoping and market study every 20 years. Bill 70 adds, as an additional condition for granting a mining lease, the issuance of a certificate of authorization (CA) under the *Environment Quality Act*. The Minister may nevertheless grant a mining lease if the time required to obtain the CA is unreasonable. A rehabilitation and restoration plan must be approved by the Minister before any mining lease can be granted. In the case of an open pit mine, the plan must contain a backfill feasibility study. This last requirement does not apply to mines in operation as of December 10, 2013. Bill 70 sets forth that the financial guarantee to be provided by a holder of a mining lease be for an amount that corresponds to the anticipated total cost of completing the work required under the rehabilitation and restoration plan.

I.1.3 The Mining Concession

Mining concessions were issued prior to January 1, 1966. After that date, grants of mining concessions were replaced by grants of mining leases. Although similar in certain respects to mining leases, mining concessions granted broader surface and mining rights, and they are not limited in time.

A grantee must commence mining operations within five years from December 10, 2013. As is the case for a holder of a mining lease, a grantee may be required by the government, on reasonable grounds, to maximize the economic spinoffs within Québec of mining the mineral resources authorized under the concession. It must also, within three years of commencing mining operations and every 20 years thereafter, send the Minister a scoping and market study on processing in Québec.

I.1.4 Other Information

The claims, mining leases, mining concessions, exclusive leases for surface mineral substances, and the licences and leases for petroleum, natural gas and underground reservoirs obtained from the MERN may be sold, transferred, hypothecated or otherwise encumbered without the MERN’s consent. However, a release from the MERN is required for a vendor or a transferee to be released from its obligations and liabilities owing to the MERN related to the mine rehabilitation and restoration plan associated with the alienated lease or mining concession. Such release can be obtained when a third party purchaser assumes those obligations as part of a property transfer. The transfers of mining titles, and the grants of hypothecs and other encumbrances in mining rights, must be recorded in the register of real and immovable mining rights maintained by the MERN and other applicable registers.

Under Bill 70, a lessee or grantee of a mining lease or a mining concession, on each anniversary date of such lease or concession, must send the Minister a report showing the quantity and value of ore extracted during the previous year, the duties paid under the *Mining Tax Act* and the overall contributions paid during same period, as well as any other information as determined by regulation.

APPENDIX II

DETAILED LIST OF MINING TITLES

Type of Mining Tiles	Title Number	NTS Sheet	Status	Area (ha)	Registration Date	Expiration Date	Holder	Royalty
CDC	2182377	32L02	Active	55.35	16 April 2009	15 April 2017	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2182381	32L02	Active	55.34	16 April 2009	15 April 2017	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2182382	32L02	Active	55.34	16 April 2009	15 April 2017	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271651	32L02	Active	55.37	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271652	32L02	Active	55.37	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271653	32L02	Active	55.37	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited

Type of Mining Tiles	Title Number	NTS Sheet	Status	Area (ha)	Registration Date	Expiration Date	Holder	Royalty
CDC	2271667	32L02	Active	55.36	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271679	32L02	Active	55.35	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271680	32L02	Active	55.35	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271689	32L02	Active	55.34	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271690	32L02	Active	55.34	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271691	32L02	Active	55.34	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited

Type of Mining Tiles	Title Number	NTS Sheet	Status	Area (ha)	Registration Date	Expiration Date	Holder	Royalty
CDC	2271749	32L02	Active	55.35	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271783	32L02	Active	55.36	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271784	32L02	Active	42.90	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271785	32L02	Active	47.74	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271789	32L02	Active	53.85	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
CDC	2271790	32L02	Active	27.44	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited

Type of Mining Tiles	Title Number	NTS Sheet	Status	Area (ha)	Registration Date	Expiration Date	Holder	Royalty
CDC	2271791	32L02	Active	51.56	16 February 2011	5 August 2016	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
BM	864	32L02	Active	53.35	10 April 2007	9 April 2027	Balmoral Resources Ltd (100%)	1% NSR to Balmoral Resources Ltd 1% NSR to Cyprus Canada 2% NSR to Morrison Petroleum Limited 2% NPR to Stonegate Management Limited
			TOTAL	**1051.77**	**ha**		**NSR = Net Smelter Return**	**NPR = Net Profit Royalty**