

CADMAN RESOURCES INC.
Unit 1, 336 Queen Street S.
Mississauga, ON, L5M 1M2

June 12, 2012

Dear Shareholder,

As you know, in September of 2011 Cadman Resources Inc. (“**Cadman**” or the “**Company**”) received conditional approval from the TSX Venture Exchange (“**TSXV**”) for a qualifying transaction that would result in the listing of Cadman on the TSXV as a Tier 2 issuer. Unfortunately, the Corporation has found that due to difficult current market conditions it is unable to complete a private placement on the terms required by TSXV policies and its conditional approval, both in terms of the offering price and the required minimum gross proceeds of \$1.5 million.

Given the Corporation’s limited funds and operations, the board of directors has continued to search for a way to take advantage of the transactional opportunities available to it in order to generate and create an operating business. In pursuit of such goal, the Corporation applied for, and received conditional approval for a listing on the Canadian National Stock Exchange (“**CNSX**”). The Corporation believes that with such a listing, the Corporation can now complete the QGold transaction (discussed in more detail below) and one or more equity offerings in order to begin operations. As the Corporation cannot complete the offering required by the TSXV, pursuant to TSXV rules, it cannot complete the transactions available to it while listed on the TSXV, and as such, is required to delist from the TSXV in order to move forward with such transactions.

Under TSXV Policy 2.4 - *Capital Pool Companies*, in the event that a CPC’s shares are delisted from the TSXV, within 90 days from the date of such delisting the directors are required to proceed with the wind-up and liquidation of the CPC’s assets, unless, within that 90 day period, the shareholders, pursuant to a majority vote, approve another use of the remaining assets. This vote excludes the votes of “Non-Arm’s Length Parties” (directors, officers, promoters and greater than 10% shareholders). The TSXV has asked the Company to provide it with evidence of such approval prior to delisting as a condition of delisting.

You are now being asked to provide Cadman with your vote for an alternative to liquidation of the Company; effectively, delisting from the TSXV, listing on the CNSX and completion of the QGold transaction described in Option 1 below. The alternative course of action, together with some information on the path the Company will follow in the alternative, is provided in Option 2 below. If you wish to proceed with the transactions described in Option 1, please complete and sign the enclosed resolution and return it to the Company. If a majority of shareholders do not return resolutions authorizing Option 1 the Corporation will proceed with Option 2 (steps to wind-up the Corporation).

Option 1: Listing on the CNSX, Pursuit of the Q-Gold Transaction and Continued Operations

The CNSX has conditionally approved the listing of Cadman's common shares on the CNSX. In the attached Form 2A you will find a detailed description of Cadman's current status, affairs, and financial position. You will also find a detailed description of the proposed transaction Cadman intends to complete for the acquisition of a 55% interest in the Golden Star Property, which consists of two blocks of mining claims, leases and patents that are 1.5 kilometers apart: the Golden Star Block and the Baseline/Nugget Block.

Sections 3 and 4 of Form 2A provide a description of Cadman's planned expenditures and business going forward. If you sign the enclosed resolution you are agreeing to pursue Option 1, delisting from the TSXV, listing on the CNSX and the QGold transaction, as disclosed in the attached Form 2A.

Option 2: Liquidation of the Corporation

If you do not return the enclosed resolution, a shareholder meeting will be called and Cadman's Shareholders will be asked: (i) to pass a resolution approving the liquidation of Cadman pursuant to the procedures set forth in section 319 of the British Columbia Business Corporations Act ("BCBCA"), and; (ii) to appoint a liquidator to take responsibility for the liquidation of the estate and effects of the Corporation for the purpose of distributing the Corporation's assets.

Under Section 319(1) of the BCBCA, a company may liquidate if it has been authorized to do so by a special resolution. Under Section 319(2) of the BCBCA, a company must, at the same time as the special resolutions approving a liquidation is passed, appoint a liquidator by ordinary resolution. Accordingly, the liquidation resolution will need to be approved by a majority of 66 $\frac{2}{3}$ % of the affirmative votes cast at the meeting and the resolutions appointing the liquidator will need to be approved by a simple majority of 50% of the affirmative votes cast at the meeting.

If the liquidation is approved, under the proposed liquidation, the liquidator will liquidate the Corporation's assets and discharge or settle all of its liabilities. At such time as the liquidator determines that it is able to do so in accordance with the provisions of the BCBCA, the liquidator will distribute the Corporation's remaining assets to the Shareholders on a pro rata basis in accordance with the liquidation provisions of the BCBCA. The dissolution process will take approximately one month. Under Option 2 Cadman will be delisted from the NEX and will not be listed on the CNSX.

As of April 30, 2012 the Corporation had net assets available for dissolution of approximately \$146,900. It also had an agreement for an option on the Golden Star Property which will expire unfulfilled. This represents a net asset value per Common Share of \$0.01. Subject to the qualifications set out below, and following satisfaction of certain liabilities, including the payment of fees and expenses incurred in connection with the holding of a shareholders meeting and the liquidation of the Corporation, the Corporation expects to have net assets of less than

\$50,000, representing \$0.004 per Common Share, available for distribution upon dissolution of the Company.

While the Company believes its estimate of the anticipated assets available for distribution to Shareholders is reasonable, a number of factors could cause the net assets available for distribution to Shareholders upon dissolution to be lower than expected, including without limitation the following: (i) unanticipated fees or expenses incurred in connection with the liquidation; (ii) other unforeseen expenses, liabilities or obligations; and (iii) litigation and liability risks. If the Company's expenses, liabilities and obligations are higher than current estimates, or if any unforeseen expenses, liabilities or obligations arise, the actual amount distributed to Shareholders may be lower, and possibly substantially lower, than \$0.004 per share.

If the liquidation resolution is not passed, it is anticipated that the Company will remain listed on the NEX (without trading) until it is delisted by the NEX or until it no longer has funds to file annual returns, and is dissolved by virtue of such default.

Please return completed and signed resolutions as soon as possible by PDF, fax or original to the Company's solicitor at Suite 1800, 181 Bay Street, Toronto, ON, M5J 2T9, attention: Rebecca Kacaba, fax: 416-863-1515 or email: rkacaba@airdberlis.com.

If you have any questions please do not hesitate to contact management of the company at (905) 542-4990. We look forward to hearing from you and thank you for your continued support of Cadman.

Best Regards,

CADMAN RESOURCES INC.

"Derek Bartlett"

Derek Bartlett

Shareholder Consent

**CADMAN RESOURCES INC.
(the "Corporation")**

The following resolution is passed by the undersigned, a shareholder of the Corporation:

AUTHORIZATION OF CONTINUED BUSINESS ACTIVITIES

WHEREAS the Corporation wishes to delist from the TSX Venture Exchange ("TSXV");

AND WHEREAS the Corporation is required, pursuant to the policies of the TSXV, to obtain the approval of the Corporation's shareholders for the use of the remaining assets of the Corporation for any use other than the wind-up of the Corporation;

NOW THEREFORE BE IT RESOLVED THAT the continued operations of the Corporation are hereby authorized and approved.

I confirm I am a shareholder of the Corporation and, as of the date hereof, beneficially own, directly or indirectly, the number of common shares of the Corporation set out below. I confirm that I have had an opportunity to consult with my own legal, financial or other advisors regarding this resolution and confirm that I have legal capacity to enter into and be bound by this written consent. If required by the TSXV, I consent to the disclosure of my identity to the TSXV.

_____) _____
WITNESS) Name:

OR

Company:

Per: _____
Name:
Title:
I have authority to bind the Corporation.

Number of Shares Held: _____

Date: _____

CADMAN RESOURCES INC.

FORM 2A

LISTING STATEMENT

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General

Information contained in this Filing Statement is given as of May 25, 2012 unless otherwise specifically stated.

No person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized by Cadman or its directors and officers. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation.

Forward Looking Statements

This Filing Statement contains forward looking statements. All statements other than statements of historical fact contained in this Filing Statement are forward looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving Cadman. Shareholders can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. These forward looking statements include statements and assumptions with respect to: fluctuation of mineral prices, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, political risks, statutory and regulatory compliance, changes to laws, regulations and permits governing operations and activities of mining companies, industrial accidents, labour disputes, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, dependence on key management employees, conflicts of interest, significant and increasing competition in the mining industry, stock price and volume volatility and the Closing Date of the Transaction as well as the stock exchange listing of securities to be issued under the Transaction. There can be no assurance that the plan, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Filing Statement.

The forward looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included herein are made as of the date of this Filing Statement and, except as required under applicable securities laws, Cadman undertakes no obligation to publicly update such forward looking statements to reflect new information, subsequent events or otherwise.

Glossary Of Terms

2011 Private Placement	means the non-brokered private placement completed by Cadman on March 3, 2011 of 4,000,000 Common Shares at \$0.15 per Common Share for gross proceeds of \$600,000.
Ag	means silver.
Au	means gold.
Board	means board of directors of Cadman.
Cadman	means Cadman Resources Inc., a Company incorporated under the laws of British Columbia, currently having its common shares listed on the NEX under the trading symbol "CUZ.H".
Common Shares	means the common shares without par value in the capital of Cadman.
Capital Transfer	means Cadman's register, transfer and escrow agent since September 30, 2010, Capital Transfer Agency Inc., #1101 – 105 Adelaide Street West, Toronto, Ontario, M5H 1P9.
Closing Date	the date upon which the Golden Star Option will be issued to Cadman, being upon receipt of Conditional Approval and all other conditions precedent to such closing as set forth in the Golden Star Option Agreement have been fulfilled or waived, which date shall not be later than June 1, 2012.
Computershare	means Cadman's register, transfer and escrow agent until September 29, 2010, Computershare Investor Services Inc., 100 University Avenue, Toronto, Ontario, M5J 2Y1.
CNSX	Means Canadian National Stock Exchange.
CPC Escrow Agreement	means the Form 2F escrow agreement dated January 11, 2008 among Cadman, certain seed share holders and Computershare (and assumed by Capital as escrow agent under the Assumption Escrow Agreement among Capital Transfer, Computershare and Cadman stamped received November 9, 2010) with respect to the deposit of Common Shares in escrow before Cadman's initial public offering.
Cu	means copper.
Effective Date	means the effective date of this Listing Statement, being May 25, 2012.
Golden Star Option	means the option of Cadman to earn a 55% interest in the Golden Star Property as granted by the Golden Star Option Agreement upon fulfillment of the conditions precedent set out in the agreement and Closing.
Golden Star Option Agreement	means the agreement entered into between Cadman and Q-Gold dated as of March 1, 2012 and amended May 29, 2012, for the issuance of the Golden Star Option to Cadman on the Closing Date, setting out the payment conditions causing the automatic exercise of the Golden Star Option and the joint venture agreement to be entered into following such automatic exercise.

Golden Star Property	means the two blocks of mining claims, leases and patents described in the Technical Report that are 1.5 kilometres apart: the Golden Star Block and Baseline/Nugget Block, located near Mine Centre in Northwestern Ontario 65 km east of Fort Frances, Ontario.
Pb	means lead.
Q-Gold	means Q-Gold Resources Ltd., a Company incorporated under the laws of Alberta and listed on the TSXV under the symbol "QGR".
Stock Option	means an option granted to a director or officer of Cadman under the Stock Option Plan exercisable for one Common Share.
Stock Option Plan	means Cadman's Stock Option Plan dated December 12, 2007.
Technical Report	means the technical report entitled "Technical Report for Cadman Resources Inc. on the Golden Star, Baseline and Nugget Vein Gold Properties Mine Centre Area, Kenora District Ontario" dated June 20, 2011, prepared by Richard Beard, P.Eng. as the responsible independent qualified person, in accordance with NI 43-101.
Transaction	means the acquisition of the Golden Star Option by Cadman on the Closing Date pursuant to the Golden Star Option Agreement.
TSXV	means TSX Venture Exchange.
Zn	means zinc.

2. Corporate Structure

- 2.1 Cadman's head office is located at 336, #1 Queen Street, Mississauga, Ontario, L5M 1M2 and its registered and records office is located at 700 – 595 Burrard Street, Vancouver, British Columbia, V7X 1S8. It's full corporate name is "Cadman Resources Inc."
- 2.2 Cadman was incorporated under the *British Columbia Business Corporations Act* on November 13, 2007 under the name "Cadman Resources Inc."
- 2.3 Cadman does not have any subsidiaries.
- 2.4 Not Applicable.
- 2.5 Not Applicable.

3. General Development of the Business

3.1 *Transactions*

Cadman's preliminary prospectus was filed on SEDAR on June 2, 2008. The initial business of the Company was to identify, evaluate and approve assets or business' with a view to acquiring such a business and using its capital for the development of such business.

Cadman was listed as a "Capital Pool Company" (as such term is defined by the policies of the TSXV) on the TSXV on July 10, 2008.

During the period May 1 to December 31, 2008, preliminary research for transactions began. Only assets where Cadman could earn greater than a 50% interest were considered. On August 19, 2008 a proposed transaction was approved by the Board.

On September 11, 2008 Cadman entered into an option agreement with Newport Gold Inc. whereby Cadman could earn a 60% interest in the Burnt Basin Property (further details are available on SEDAR).

On August 5, 2009 Cadman terminated its option on Newport's Burnt property and entered into an arm-length's agreement to acquire an option on the Fanggelewan silver lead property in China by acquiring SamLorne Limited, a private Ontario company. SamLorne Limited could earn 70% interest in the property by making total payments of \$1.5 million U.S. dollars by November 2010. To complete the purchase, Cadman was to pay SamLorne Limited a total of \$50,000 and deliver 10 million Common Shares, all subject to all regulatory approvals. The property is located next to Silvercorp Metals Inc.'s Ying Mining District in the Province of Henan, China. The agreement was amended for an extension to the payment schedule to begin in June 2010.

On December 13, 2010, the Company's common shares were transferred from the TSXV to the NEX board of the TSXV according to TSXV policies which require a "Capital Pool Company" to complete a "Qualifying Transaction" within 24 months of listing. The transfer to NEX was obtained after receipt of shareholder approval, exclusive of the votes of non-arm's lengths parties to Cadman.

On December 23, 2010, Cadman terminated its agreement with SamLorne. The termination stemmed from the challenges Cadman encountered in meeting the financial requirements related to the proposed transaction.

On March 16, 2011, the Company paid a refundable deposit of \$25,000 to Q-Gold to acquire a mineral interest in the Golden Star and Baseline Nugget Claims Project, a gold exploration

project located in the historic gold camp of Mine Centre in Northwestern Ontario (referred to herein as the "Transaction"). On May 11, 2011, the Company entered into an arm's-length non-binding letter of intent with Q-Gold (QGR:TSXV) dated as of May 4, 2011, whereby Cadman would, subject to a number of conditions, acquire a fifty-five percent (55%) interest in Q-Gold's Golden Star and Baseline Nugget Claims Project.

On March 1, 2012, the Company entered into a Golden Star Option Agreement with Q-Gold which provides the Company will acquire the Golden Star Option upon fulfilment of certain conditions, including the conditional approval of the CNSX for the listing of the Company's Common Shares on the CNSX. On May 29, 2012 Q-Gold agreed to an amendment to the Golden Star Option Agreement which provided for a \$5,000 payment to Q-Gold and extended the time until the Closing Date to July 31, 2012.

Upon: (a) payment of \$275,000 (\$25,000 on or before that date which is 30 days after the Closing Date and an additional \$100,000 on or before that date which is 3 months after the Closing Date, and \$150,000 on or before the date which is 12 months after the Closing Date); (b) the issuance of 960,000 Common Shares to Q-Gold on or before that date which is 5 days after the listing of Cadman on the CNSX at a deemed issue price of \$0.25 per Common Share; and (c) completion of a \$600,000 24 month work program on the Golden Star Property, the Golden Star Option will automatically be exercised, Cadman will acquire a 55% interest in the Golden Star Property and Cadman and Q-Gold will enter into a joint venture agreement with respect to the Golden Star Property in a form previously agreed to.

Financings

On February 11, 2010, the Company issued 4,414,500 shares at a price of \$0.10 per share for gross proceeds of \$441,450. The Company paid 10% finder fees of \$44,145.

On March 3, 2011, the Company closed a non-brokered private placement to issue 4,000,000 common shares at a price of \$0.15 per share for gross proceeds of \$600,000. The Company paid \$18,000 and issued 270,000 common shares as finders' fees. The shares issued are subject to a 4 month hold period until July 4, 2011.

3.2 None.

3.3 Please refer to section 17. Risk Factors therein.

4 Narrative Description of the Business

4.1 General

After completion of the Transaction, Cadman will be a junior mining and exploration Company and will focus on the exploration and development of the Golden Star Property.

To pursue its business objectives, Cadman will target the milestones and conduct the recommended exploration programs set forth in the Technical Report and the Golden Star Option Agreement.

Cadman will also continue to review opportunities to expand its property exploration portfolio.

Cadman's cash as of April 30, 2012 was approximately \$146,900. Upon being listed to trade on the CNSX, Cadman plans to raise funds by way of private placement. The net proceeds from the private placement will be used to conduct the work program on the Golden Star Property recommended under the Technical Report, to make payment under the Golden Star Option Agreement, and for general working capital. Provided below is a summary of Cadman's anticipated costs over the next twenty-four months:

Purpose	Amount
Conduct recommended work program under the Technical Report	
• Diamond drilling: 3,680m @ \$95/m	\$349,600
• Assaying	\$19,000
• Related drilling expenses	\$85,000
• Technical report	\$10,000
• Stripping, washing & sampling Excavator/backhoe	\$90,000
• Prospecting and sampling Geologist	\$45,000
Subtotal, direct costs	\$598,600
• Contingencies @ 10%	\$(59,860)
TOTAL	\$538,740
Payment to Q-Gold under the Golden Star Option Agreement	\$275,000
Mining license application fee	\$20,000
General and administrative expenses	\$100,000

4.2 Not Applicable.

1. Summary

Q-Gold is the registered owner of the Golden Star Property. The Golden Star Property consists of two blocks of mining claims, leases and patents that are 1.5 kilometres apart: the Golden Star Block and the Baseline/Nugget Block. The property is located near Mine Centre in Northwestern Ontario, 65 km east of Fort Frances, Ontario.

Q-Gold acquired extensive Granite/Greenstone Belt gold claims including the Golden Star Property in 2005 from a private Ontario company, Hexagon Gold (Ontario) Ltd., that had been acquiring Mine Centre acreage since 1997.

Under the Golden Star Option Agreement, Cadman shall be granted an option to earn a 55% interest in the Golden Star Property upon the fulfillment of certain payments and scheduled expenditures (see "*General Development of the Business*"). Under the Golden Star Option Agreement, Cadman will be the operator of the property. Once the Golden Star Option has been exercised, Cadman and Q-Gold will enter into a joint venture agreement, a copy of which is attached as an appendix to the Golden Star Option Agreement.

The information on the Golden Star Property provided herein has been obtained from the Technical Report. References in this section are as set out in item 23 "References" of the Technical Report.

Mineral resource estimates for the Golden Star Property have been reported in historical reports, or were calculated by previous writers from old mine plans, sections and other data found in the public record. Because of the questionable quality of most of these records, these estimates cannot be construed to be "mineral resources" or "mineral reserves" as defined in NI 43-101.

Cadman has not carried out any work on the Golden Star Property. Recent work carried out by Q-Gold since 2006 on the Golden Star Block includes airborne geophysics, ground geophysics, limited surface sampling, and diamond drilling. Recent work by Q-Gold on the Baseline/Nugget Block includes airborne geophysics, ground geophysics, extensive trenching, drilling, blasting and sampling, bulk sampling, and diamond drilling. There are a number of gold-bearing quartz and quartz-carbonate veins on the properties that have not been explored in detail. In addition, there may be undiscovered goldbearing stockwork zones that may be suitable as a low-grade, bulk tonnage deposit.

Targeted diamond drilling programs are recommended for the Golden Star Mine, the Baseline Vein and the Nugget Vein in the Technical Report. In addition, additional stripping and sampling is recommended for the Baseline Vein and the Golden Star Vein. General prospecting, sampling, and re-assessment of a number of identified prospects is recommended on both the Golden Star Block and the Baseline-Nugget Block.

(a) **Conclusions**

The Golden Star Block consists of three mining leases and several mining patents. A total of 36 claim units comprise an area of 535.91 Ha (1324.3 acres). The Baseline/Nugget Block consists of 10 unpatented mining claims comprising an area of approximately 160 Ha (400 acres). Total area of the two blocks is 695.91 Ha. All the claims, leases and patents are subject to a 2% NSR, payable to previous owners.

The Golden Star Block hosts the former Golden Star Mine, a past producing mine that was developed on seven levels to a depth of 547 feet (167 m) during the period 1898- 1901. During the periods 1898-1901, 1934, 1938, and 1941, 10,758 ounces of gold and 34 ounces of silver were recovered from 19,345 tons of ore, for an average grade of 0.56 ounces per ton milled. The Baseline/Nugget Block has seen no significant production.

Approximately 2 kilometres south of the Baseline/Nugget Block is situated the past producing Foley Mine property, also held by Q-Gold. The Foley Mine is the best developed property in the Mine Centre camp. This mine produced 5,267 ounces of gold during the periods 1893-1900 and 1933-34. The Foley ore bodies, all apparently “open” at depth, were accessed by three shafts, the deepest being 850 feet deep. Research has documented over 2.5 kilometres of underground development work, on at least seven levels, at this mine. The Foley Mine has not been explored underground since the 1930s.

The Golden Star Property lies within the Archean (2.6 to 2.9 billion year old) Superior Province, straddling the east-trending boundary between two major subprovinces, the Wabigoon Subprovince to the north and the Quetico Subprovince to the south. Subprovincial boundaries are major structural discontinuities, commonly superimposed on profound changes in lithology. They are interpreted to reflect deep-seated structures, thus providing channel ways for metal bearing systems from deep crustal levels.

On the Golden Star Property, gold bearing quartz veins are hosted by intermediate to mafic metavolcanics with intercalated felsic metavolcanics that are intruded by ‘felsite’, felsic porphyritic dikes and associated quartz veins. The veins occur in ductile shear zones, indicating a left-lateral sense of motion. The main vein on the Golden Star Property, the “Hunky vein” comprises the main ore body striking northwest with a dip from 70 degrees southwest to vertical. Visible mineralization includes pyrite, chalcopyrite, galena, sphalerite and gold.

Since the main ore vein on the Golden Star Property is poorly exposed at surface, there is currently little reliable indication of the mineralization or the ore grade of this early mine. As noted above, early production records report 10,758 ounces of gold and 34 ounces of silver recovered from 19,345 tons of ore, for an average grade of 0.56 ounces per ton milled. However, reporting of gold production during these early periods was believed to be inconsistent.

The Baseline Vein consists of a west-northwest trending vein (300°) dipping steeply southwest. On surface the vein varies in width from less than 0.5 metres up to 2.5 metres, averaging about 1 metre, in sharp contact with adjacent wallrocks. The vein extends over 110 metres becoming undulating and less well defined to the east-southeast.

The host rock for the Baseline vein is a massive, equigranular, medium to coarse-grained felsic intrusive sill with a composition ranging from trondhjemite to tonalite. The vein mineralization is characterized by the presence of disseminate and network pyrite, with minor sphalerite, galena, chalcopyrite, argentite, and free gold hosted in rosy to white quartz. The sulphides generally tend to comprise <5% but in places will increase to 5-10%.

Historic grid sampling of the blasted rock from the Baseline Vein in 2008 resulted in a weighted average grade of 8.4 grams/tonne Au from 105 samples (424 Kg) obtained over a 50-metre length of the central portion of the vein. Weighted average grade for silver assays returned 9.66 g/T from 90 samples (367 Kg). Assay results for both the percussion and grid sampling display a clustering of values along the vein indicating that the mineralization is not evenly distributed.

The Nugget Vein is located approximately 500 metres northeast of the Baseline Vein and consists of a north-northwest trending vein (335o) dipping steeply. On surface, the vein varies in width from 0.5 up to 2 metres, averaging about 1 metre, in sharp contact with adjacent wallrocks. The Nugget Vein extends over 100 metres splitting into two thinner veins to the northwest. Host rocks and mineralization are similar to the Baseline Vein.

Percussion drilling samples from the Nugget Vein ranged from less than 1 g/tonne gold, up to 33.6 g/tonne gold. The average gold grade for 160 samples was 2.13 g/tonne (including check samples). A plot of the assay results indicates a clustering of highergrade samples at various locations along the vein indicating that the mineralization is not evenly distributed. Results from a 160 tonne bulk sample (3.8 g/tonne gold) differ significantly from a smaller 70-kilogram sample (8.99 g/tonne gold). Based on the rock blasted at the Baseline Vein (personal observation), it would appear that there is a significant amount of wall rock in the blast material, which if incorporated in the bulk sample, would result in dilution of the grade.

There appear to be no significant Spectral IP anomalies associated with the Golden Star Vein and the Nugget Vein, and a weak anomaly over the Baseline Vein. Spectral IP surveys appear to be of limited use for northwest trending, gold bearing, narrow quartzcarbonate veins with low disseminated sulphide content on the properties.

The combination of gold mineralization occurring in clusters along the Baseline and Nugget Veins as well as the pronounced 'Nugget Effect' due to the coarse size of gold requires that metallic screen assays be done on all gold-bearing samples. In addition, the best method to get a representative grade is to utilize small (mini) bulk samples blasted from the top one metre of vein material taken along the vein.

Diamond drilling is useful in delineating a vein system in this area, along strike and to depth, and provides geological, structural, and alteration information. Close spacing of drill holes is required in order to increase the probability of intersecting mineralized zones.

2. Technical Report Recommendations

(a) Golden Star Property

(i) Golden Star Vein

(1) Proposed Diamond Drilling Program

The author of the Technical Report concurs with the proposed drill locations as proposed by Tortosa (2010); the drill hole fan locations are based on 3D visualization of the historical drill holes, a longitudinal section of the mine workings (oriented at N28oW and vertical) and the GPS location of the main shaft (Tortosa, 2010).

Three fans of drill holes totalling 1830 metres are proposed to test the down-plunge extension of the Golden Star Vein gold mineralization. The first fan, consisting of three drill holes, is designed to test the mineralized zone above and below the sixth level drift at about 127 metres below surface. The second fan of three drill holes is 30 metres southeast and will test the area between the fourth level (100 m depth) and the sixth level, where 1985 drilling by Cleyo Resources intersected 6.25 g/tonne Au over 0.82 metres. The third fan of drill holes is designed to test un-mined blocks of mineralization. This last set of drill holes is the highest risk section since there is a chance that a drill hole may break into an open stope or drift.

(2) *Stripping and Sampling Program*

There has been no work done on the Golden Star vein since the diamond drilling completed by Clevo Resources Inc. in 1985. Much of the area southeast of the open cut is overgrown with vegetation that covers a long trench along the vein that extends to the southeast.

Mechanical stripping and hydraulic washing of the trench and vein is recommended, followed by detailed mapping and channel sampling.

Mechanical stripping of a section of the waste rock pile, which extends northwest from the main shaft, is recommended in order to assess the nature of the waste/development rock and determine the average grade for gold, silver, and zinc.

(b) **General Area**

Prospecting and sampling: This would include general prospecting, sampling and GPS locations of known and new quartz veins and the acquisition general geological and structural information. Prospects would include: Pacitto Prospect, Golden Star No.2 Vein, Isabella Mine, Isabella No. 2 Vein, Gem and Moose Veins, and the Contact Vein.

(c) **Baseline-Nugget Block**

(i) ***Baseline Vein***

Based the results of the current drill program and the results of the detailed surface sampling of the broken vein material in 2008, it is recommended that:

- (1) Additional power stripping and hydraulic washing of the Baseline Vein be completed to the west-northwest following the currently exposed vein, followed by detailed geological mapping and channel sampling.
- (2) Three drill hole fans each consisting of 3 drill holes and totalling 990 metres, should be completed to verify the continuity of the vein(s) at depth, identify any mineralization, and acquire geological and structural information.
- (3) Completion of drill hole Q-BL-10-03 to 200 metres.

(ii) ***Nugget Vein***

Two drill hole fans, each composed of three-drill holes totalling 660 metres, are recommended for the Nugget Vein prospect. The drill holes are designed to intersect the Nugget Vein below the bulk sample pit and will provide verification on the continuity of the vein to 100-metre depth, identify any mineralization, and acquire geological and structural information.

(d) **General Area**

Prospecting and sampling: This would include general prospecting, sampling and GPS locations of known and new quartz veins and the acquisition of general geological and structural information. Prospects would include: Baseline North, Nugget North, Zinc Vein, & Twin Vein.

(e) **Projected Cost Summary**

The total budget for the program is \$595,600, based on the following costs:

Golden Star Block		Cost	
Diamond Drilling	1830 m. @95/m.	\$173,800	
	Assaying	\$10,000	
	Related drilling expenses	\$45,000	
	Technical report	\$5,000	
			\$233,800
Stripping, washing & sampling	Excavator/backhoe	\$20,000	
	Geological supervision	\$6,000	
	Technical support	\$8,500	
	Assays & analyses	\$5,000	
	Technical report	\$5,000	
			\$44,500
Prospecting and sampling	Geologist: 30 days@\$500/day	\$15,000	
	Prospector: 30 days@\$200/day	\$6,000	
	Assays & analyses	\$1,500	
	Technical report	\$3,500	
			\$26,000
Subtotal			\$304,300
Baseline-Nugget Block		Cost	
Diamond Drilling	1830 m. @95/m.	\$173,800	
	Assaying	\$9,000	
	Related drilling expenses	\$40,000	
	Technical report	\$5,000	
			\$227,800
Stripping, washing & sampling	Excavator/backhoe	\$20,000	
	Geological supervision	\$6,000	
	Technical support	\$8,500	
	Assays & analyses	\$5,000	
	Technical report	\$5,000	
			\$44,500
Prospecting and sampling	Geologist: 20 days@\$500/day	\$10,000	
	Prospector: 20 days@\$200/day	\$4,000	
	Assays & analyses	\$1,500	
	Technical report	\$3,500	
			\$19,000
Subtotal			\$291,300
Grand Total			\$595,600

3. Property Description and Location

(a) Area of the Property

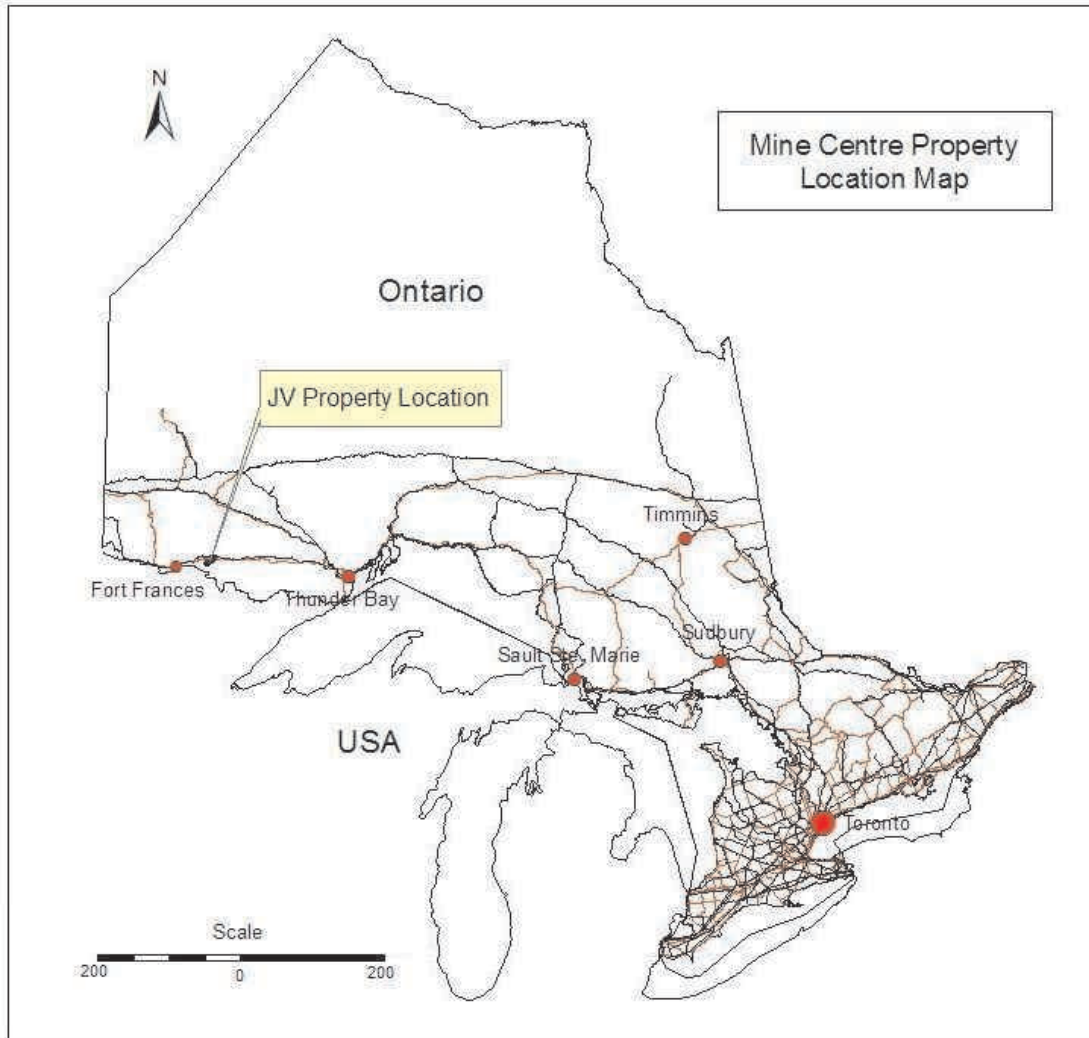
The Golden Star Block consists of three mining leases and several mining patents. A total of 36 claim units comprise an area of 535.91 Ha (1324.3 acres). The Baseline-Nugget Vein block consists of 10 unpatented mining claims comprising an area of approximately 160 Ha (400 acres). Total area for the two blocks is 695.91 Ha.

(b) Location

The Golden Star Property is situated in unorganized territory in northwestern Ontario, approximately 65 kilometres east of Fort Frances and south of the village of Mine Centre (see figure below). Both claim blocks lie within NTS 52-C/10.

The Golden Star Property consists of two blocks of mining claims, leases, and patents: the Golden Star Block and the Baseline-Nugget Block. At the closest point, the blocks are separated by 1.5 kilometres and thus are not contiguous. The mineral rights for the intervening property are held by Q-Gold.

General Location Map, Joint Venture Property, Mine Centre Area



(c) **Nature and Extent of Issuer's Title and Interest**

The unpatented mining claims making up the Baseline-Nugget Group are 100% owned by and held in the name of Q-Gold. These claims were acquired by Q-Gold from Hexagon Gold (Ontario) Ltd., and carry a 2 % carried NSR payable to Hexagon.

The Golden Star Property was acquired by Hexagon in 1999, through a purchase agreement with Golden Star Mine Centre Exploration Inc. It was then acquired by Q-Gold in 2000. The leased and patented claims and are held in the name of Q-Gold (Ontario), Ltd. and are subject to a 2% NSR payable to Golden Star Mine Centre Exploration Ltd.

(d) **Property Boundaries**

Claim boundaries for the un-patented claims, leases, and patents were derived from the Ministry of Northern Development, Mines and Forestry CLAIMaps web site and exact locations have not been determine on the ground. Patents and leases are registered with the Land Registry Office and related survey maps have not been used.

(e) **Location of Mineralized Zones and Mine Workings**

The Golden Star Mine is located approximately 3.5 kilometre northeast of the Nugget Vein in the central portion of the Golden Star Property. The prospect is contained within mining lease K44632 and strikes into patent FF570 to the northwest. The prospect is easily accessible by truck via a bush road off the Shoal Lake Road that connects to the Trans-Canada alternate route, Highway 11.

The Baseline & Nugget Prospects are located approximately 1 kilometre northeast of the Foley Mine in the central portion of Q-Gold's Mine Centre properties. The prospects are contained mostly within claim 875548 and claim 875544, respectively. Both prospects are easily accessible by truck via bush roads off the Shoal Lake Road that connects to Highway 11.

The Golden Star Mine was a past producer, and was developed on seven levels from the main shaft and on two levels from a secondary shaft to the southeast; there is an open cut that connects to an underground stope southeast of the shaft. The shafts, open cuts and rock piles observable on the site have not been mapped in detail. There are estimates of historical mineral resources for the Golden Star Mine (see Section 8). The main prospects and mines are listed in the table below.

List of Mines and Prospects on the JV Property

<u>Golden Star Property</u>	<u>Baseline-Nugget Block</u>
Golden Star Mine	Baseline Vein
Isabella Mine	Nugget Vein
Golden Star No. 2 Vein	Nugget Vein North
Golden Star No. 4 Vein	Baseline Vein North
Isabella No. 2 Vein	Zinc Vein
Isabella Occurrence 7	Twin Vein
Contact Vein	
Gem Vein (NW and SE Shaft)	
Moose Vein (NW and SE Shaft)	
Pacitto Prospect	

(f) **Royalty and Other Payment Requirements**

All of the Golden Star Property leased and patented mining claims are held in the name of Q-Gold (Ontario) Ltd., and are subject to a 2% NSR payable to Golden Star Mine Centre Exploration Ltd.

The un-patented mining claims making up the Baseline/Nugget Block are held in the name of Q-Gold (Ontario) Ltd., and are subject to a 2% NSR payable to Hexagon.

(g) Environmental Liabilities

Under the Ontario Mining Act, the Minister may require an owner of mining lands, i.e. leased and patented lands, to rehabilitate to Code, any hazards resulting from previous mining operations. Although un-patented mining claims do not fall into this category, once the claims are brought to lease, they do.

There are a number of shafts, trenches and other mine workings and features on the Property that are or will be, once they are brought to lease, potential liabilities.

Many of the open shafts, large pits, and open stopes that have been encountered on the property that might pose a potential mine hazard have been temporarily fenced by Q-Gold, especially in the Golden Star Mine area. The Nugget Vein has a bulk sample pit 30 metres long, 2 metres wide, and 1.5 metres deep that is partly filled with water. The prospects are still under evaluation and therefore no remediation measures have been initiated.

To Cadman's knowledge, no systematic survey of mine hazards on the property has been undertaken by Q-Gold. Some of these potential liabilities on the Golden Star Property have been documented by studies commissioned by the Ontario Ministry of Northern Development and Mines.

(h) Permitting Requirements

Permits will be required from the Ministry of Northern Development, Mines and Forestry for any Advanced Exploration work carried out, i.e. large scale stripping and trenching, bulk sampling or shaft dewatering and reconstruction. A Notice of Advanced Exploration must be given for such work. Also required will be a Closure Plan describing in detail the exploration work to be done, the environmental impacts of the proposed work and resulting disturbances to the land, and the reclamation work required upon completion of work (including financial assurances).

If bulk samples of over 1,000 tonnes are to be extracted from any of the unpatented mining claims, "Permission to Remove Bulk Samples" must be obtained from the Ministry.

Public consultation will be required for both of the above, especially with nearby First Nation communities. It should be anticipated that a benefits agreement will have to be negotiated with nearby First Nations before any Advanced Exploration work proceeds.

Permits will also be required from the Ministry of the Environment for any shaft dewatering and most other significant water-related activity. It will likely be necessary to construct a permitted settling pond to contain mine water as it is pumped from the shafts or other mine openings.

If any road construction or water crossings are required to move heavy equipment, Work Permits will be required from the Ministry of Natural Resources. Some public consultation will likely be required for this work as well.

Notice will be required to be provided to the Ministry of Labour for certain types of Advanced Exploration work, especially any work underground.

If a campsite is constructed on the site, additional permits and approvals will also be required.

An inter-Ministry meeting with relevant Ontario Ministries should be requested that would identify any additional permitting requirements.

4. Accessibility, Climate, Local Resources, Infrastructure and Physiography

(a) Topography, Elevation and Vegetation

The Golden Star Property has typical Canadian Shield topography with topographic features rarely exceeding 50 metres in elevation. Outcrop varies between 5 and 25%. Areas between outcrops are typically linear in shape, and often are structurally controlled.

The area supports a boreal forest of pine, poplar, spruce and birch. Considerable logging has taken place over the years. The claim blocks occur largely along a height of land between two large lakes, Bad Vermilion Lake to the northwest and Shoal Lake to the southeast.

(b) Access to the Property

Both the Golden Star Block and the Baseline-Nugget Block of claims are accessible from the Shoal Lake road, which connects to Highway 11 near the village of Mine Centre. A number of secondary bush roads provide access to various prospects on the properties.

(c) Local Resources and Infrastructure

The Golden Star Property is situated approximately 65 km east of the City of Fort Frances, having a population of 9,000. The Golden Star Block is situated approximately 2 km south of the village of Mine Centre, with a population of about 200. The village of Mine Centre has a store and gas station and several tourist establishments that can provide accommodations at certain times of the year.

Highway 11, the Canadian National Railroad, and a large capacity power line all pass just north of the properties. Railroad sidings are already in place at Mine Centre should loading facilities be required. Fort Frances is connected by bus and air services to Thunder Bay and Winnipeg.

Seventy kilometres to the east is the town of Atikokan and the site of the former Steep Rock Iron Mine. Loading and storage facilities for this former large open-pit iron mine are still in place, although they would require improvements to meet the needs of any new mining-milling operation. The Town of Atikokan and the Atikokan Economic Development Corporation have reportedly expressed an interest in seeing this site used for this purpose.

The Golden Star Property lies in close proximity to three Indian Reserves, IR 23 and IR 23A to the east, and IR 23B, to the southwest.

Climate is typical of northwestern Ontario. At the station in Fort Frances, 65 kilometres west of the property, daily mean temperature in July is +20C and -16C in January.

Mean annual rainfall is 570 mm and mean annual snowfall is 139 cm (Environment Canada). Despite the winter cold and snow, most exploration work can be carried out year around, although fall freeze up and spring break up make some types of work difficult.

(d) Sufficiency of Surface Rights, Water and Other Requirements for Mining

Given the number of claims and the surface area making up the Golden Star Property, the proximity to Bad Vermilion Lake and Shoal Lake, and the fact that additional adjacent claims could be obtained from Q-Gold, there should be sufficient land and water for future mining operations on a small to moderate scale. Power and railroad sidings are available along the Highway 11 corridor, as noted above. Mining personnel could be obtained from the communities noted above and the surrounding rural areas.

5. Mining and Exploration History

(a) Introduction

Gold was first discovered in the Mine Centre area in 1893. There were two early periods of development of gold properties within the vicinity of the property, the first in the late 1800s, and the second in the 1920s and 1930s. From 1940 to the present, surface exploration was carried out sporadically throughout the area.

Of the numerous mining properties in the region, only three - the Foley Mine, the Golden Star Mine and the Olive Mine - produced significant amounts of gold. Only the former Golden Star mining operations are located on the property.

The Golden Star Mine produced the most gold in the area, with reported production of 10,758 ounces. This mine was accessed by two shafts, 537 feet and 87 feet deep, and has over 2,000 feet of lateral work. It is interesting to note that there were reportedly few surface showings to justify the initial expenditures on the property. Results apparently became encouraging only once the first level was reached (referenced to Sherritt Gordon Mines, 1982 in the Technical Report).

Most of the gold produced from the old Mine Centre gold camp was extracted before the turn of the century. About 16,000 ounces were produced from the Mine Centre area. The total production figure may not be too impressive by today's standards. However, considering the times, small labour forces, short periods of production, and equipment used at the time, it may be seen in a different light (referenced to Beard, 2003 in the Technical Report).

By the turn of the century, mine production at the Golden Star had ceased. It has been suggested that limited and sporadic financing along with difficulty attaining workers due to the mining rushes in both the Klondike and Cobalt area may be partly to blame (referenced to Simunovic, 1985 in the Technical Report). In addition, a recession occurred in 1898-99. A forest fire reportedly swept through the area in 1910, destroying all the gold mills but one.

In the years since 1940, sporadic surface exploration has been carried out, most recently by Q-Gold (Ontario) Ltd.

(b) Prior Ownership and Work Carried Out

Both blocks that comprise the Golden Star Property have been flown by several airborne geophysical surveys. The two most recent surveys were an AeroTEM survey flown by Aeroquest Surveys for the Ontario Geological Survey in 2009 (OGS, 2009), and a DIGHEM survey flown by Fugro in 2006 for Q-Gold (Garrie, 2006). The DIGHEM survey was a helicopter-borne survey with a flight line spacing of 200 metres, and 100 metres for the area included by the Golden Star and Baseline-Nugget Blocks. The AeroTEM survey was a helicopter survey flown with a flight line spacing of 200 metres.

The AeroTEM survey identified more anomalies than the DIGHEM survey. This is likely due to greater depth penetration by time domain systems. The Fugro aeromagnetic survey provided the best magnetic resolution due to the 100-metre line spacing over part of the Mine Centre area underlain by the tonalite-trondhjemite intrusion hosting most of the gold vein systems. Both systems identified the main bedrock conductors, but the AeroTEM system is considered to be more precise.

Within the area of interest, the DIGHEM and AeroTEM survey identified northeast trending AEM anomalies within the northeast-trending metavolcanic rocks in the Golden Star Block. Q-Gold drilled several holes in the general area, following the DIGHEM survey, and intersected carbonate-chlorite schist with pyrite and pyrrhotite that assayed 0.1 – 0.3% Cu over 4 metres. The location and orientation of the AEM anomalies along with the drill hole intersection suggest that this may represent a continuation of the Finger Lake Shear Zone (Tortosa, 2009).

(i) **Golden Star Block**

A summary of the mining and exploration history is provided in the table below. Historical information is partly derived from a geological report for Cleyo Resources Inc. (Simunovic, 1985), and from Tortosa, 2011, pers. comm.

Summary of Mining and Exploration History for the Golden Star Property

<u>Year</u>	<u>Company</u>	<u>Activity</u>
1894	Discovery by Neil Berger and Edward Randolph	Golden Star vein discovered.
1897	Golden Star Mining and Exploration Company	Underground development initiated.
1898	Golden Star Mining and Exploration Company	Shaft sinking to 532 feet (162 m) and development and mining on 7 levels. Stamp mill erected.
1899	Golden Star Mining Company Ltd.	J.A. Bow, Ontario Mines Inspector completed detailed underground sampling with average grade of 0.5 oz/t.
1900	Golden Star Mining Company Ltd.	Property closed down due to lack of financing.
1901	Golden Star Mining Company Ltd.	Some development completed but mine closed due to lack of financing and labour. Other exploratory shafts developed on the property.
1928	Northern Red Lake Syndicate	5-ton amalgamation mill constructed and ore from open cut processed; discovery of Isabella Vein No. 2.
1934	Golden Star Consolidated Mines Ltd.	Golden Star shaft was dewatered and underground workings were surveyed.
1936	Orelia Mines Ltd.	Mill built to treat tailings in Bad Vermillion Lake.
1938	L.A. Voges	Leased property and treated 250 tons of tailings.
1940	Mineral Milling Ltd. Lower Seine Mining Co. Orelia Mines Ltd.	Erected 100 ton/day mill to treat ore from Golden Star Mine but ran into problems hoisting ore; changes made to mill to process tailings; insufficient capital to complete the work.
1973	Ciglin Investments	Acquired property.
1974	Fanex Resources Ltd.	Completed magnetometer and EM surveys; surface prospecting and sampling; diamond drilling.
1979	Ontario Geological Survey	Airborne magnetic and electromagnetic (Geo TEM) survey flown over property (GDS 1029)
1980	P.I.R.P. Holdings	Ground electromagnetic and magnetic surveys completed.
1982	P.I.R.P. Holdings	MaxMin II electromagnetic survey completed.
1983	P.I.R.P. Holdings	MaxMin II electromagnetic surveys and geological mapping completed.
1984	Cleyo Resources Inc.	Diamond drilling program.
1985	Cleyo Resources Inc.	Diamond drilling program, geological mapping, prospecting.
1987	P.I.R.P. Holdings	Terraquest airborne magnetic and VLF-EM survey.
2006	Q-Gold	Fugro airborne magnetic and EM (Dighem) survey, prospecting and sampling; diamond drilling.
2009	Ontario Geological Survey	Airborne magnetic and electromagnetic (Aero TEM) survey (GDS 1061).
2009-10	Q-Gold	GIS data compilation and 3D visualization.

(ii) **Golden Star Mine and Prospects**

Between 1897 and 1900, the Golden Star Mine was developed on seven levels to a depth of 547 feet (167 m). A total of 10758 ounces of gold and 34 ounces of silver were recovered from 19,345 tons of ore, for an average grade of 0.56 ounces per ton milled (Schnieders and Dutka, 1985). The Ontario Department of Mines completed extensive sampling of the mineralized zones in the mine in 1898 (Bow, 1898). The average grade from 177 samples was 0.5 ounces per ton. The mine was dewatered and surveyed in 1934 but no sampling was completed due to a lack of financing. In the 1970's and 1980's geophysical surveys were completed over the property followed by diamond drilling programs.

(c) **Historical Drilling**

Fanex Resources (Ennis, 1974) drilled a total of 10 diamond drill holes into the Golden Star area. Most drill holes intersected the Golden Star vein and/or sheared and altered zone, outside of the main mine workings. The vein was noted as trending at an azimuth of 330° and dipping southwest at 70°. The vein varies from 1-2 metres in width consisting of associated with the sheared rock and quartz veins.

Cleyo Resources Inc. completed a 7-drill hole program on the Golden Star (Hunky) Vein in 1984-85 (Ennis, 1984; Simunovic, 1985). Drill hole CL85-7 intersected 0.24 ounces per ton over 2.7 feet (6.25 g/tonne over 0.82 metres). The mineralized zone consisted of milky-white quartz with hematite streaks. The quartz vein contains chlorite and biotiterich seams. Fine specks of visible gold were observed in drill core. The drill hole piercepoint on the longitudinal section of the mine occurs between the fourth and sixth level – an area that was not stoped.

In 2006 Q-Gold completed a diamond drill hole in the Golden Star area (Bolen, 2006). Drill hole Q-06-04 was 382 metres long and appears to have intersected the on-strike and down dip extension of the Golden Star vein structure between 314 and 343 metres (about 260 metres below surface. The wide shear zone consists of mylonite (crushed rock) and chlorite-magnetite schist. A one metre-thick quartz vein was intersected in the shear zone with no gold values. The host rocks intersected by the drill hole consist of intermediate to felsic metavolcanics containing section of amphibolite, chlorite schist, and chert-magnetite iron formation. It is not clear whether the mylonite constitutes part of deformation in the metavolcanic rocks or is related to the Golden Star Vein.

(d) **Isabella Mine and Prospects**

The Isabella #1 Vein (Isabella Mine) occurs about 500 metres west of the Golden Star shaft. The Isabella Mine shaft was sunk in 1899-1900 to a depth of 65 feet. A small amount of gold was produced from mined ore, but little information is available on the mine workings. In the 1920's, a second vein (No. 2 Vein) was discovered 250 metres southwest of the Isabella Mine. A small, rich ore shoot was removed from an open cut in 1928, a second from 20 feet (6 m) underground in 1930, and a third from the surface in 1934. No accurate record of this production is available (Poulsen, 2000).

The Isabella No. 1 Vein consists of bifurcating veins striking approximately 330° and 350° and dipping 60° to 65° southwest. The vein system extends over a distance of 150- 180 metres and is hosted by foliated metavolcanic rocks. The original No.1 vein is composed of quartz, ankerite and siderite with some chalcopryrite, minor pyrite and sphalerite. Galena was also reported. The veins are laminated by wall rock inclusions, and the host rock is intensely foliated and carbonated rich adjacent to the vein (Poulsen, 2000).

The Isabella No. 2 vein varies in width from 60 centimetres to nearly 3 metres, hosted by a ductile shear zone within intermediate metavolcanics. The vein displays a crack-seal or laminated texture with seams of chlorite as layers in the vein. Blue to white quartz contains visible pyrite, chalcopryrite, galena, sphalerite and gold. Accessory minerals include chlorite, sericite, tourmaline and ankerite (Schnieders and Dutka, 1985).

Drill hole Q-06-03 (Q-Gold) intersected the Isabella No.1 Vein between 14 and 18 metres down-hole. The drill hole log indicates that the quartz vein contains metavolcanic fragments and is hosted within mafic to intermediate metavolcanics. The vein zone contains minor chalcopyrite and sulphide-rich sections of up to 20% pyrrhotite. The metavolcanics become progressively more bleached closer to the vein; there is also an increase in pale green chlorite (fuchsite) and pervasive carbonate alteration. The quartz vein assay samples returned low values for gold and silver.

(e) **Pacitto Prospect**

The Pacitto prospect occurs in the north central part of the Golden Star Property. The prospect consists of a series of trenches and two old shafts/pits extending over a distance of about 300 metres.

The prospect geology consists of metavolcanic rocks comprising basalt and rhyolite that are overlain unconformably to the south and east by metaconglomerate of the Seine metasediments. Numerous small quartz veins reportedly carry gold. Four of the larger veins are central to subvertical shear zones that strike westerly to northerly. They are hosted by chlorite schist and are composed of quartz, ankerite, chlorite, pyrite and chalcopyrite (Poulsen, 2000).

In 1974, Fanex Resources Ltd. drilled 4 holes into the No. 14, No. 15, and North Vein and intersected sheared metavolcanic with quartz stringers and vein quartz. Two of the drill holes intersected 0.15 oz/t gold over 0.46 m and 0.8 m (Ennis, 1974).

In 1985, Cleyo Resources Inc. stripped the area around the earlier trenches and sampled the trenches. Assay results are anomalous in intensely sheared basalts containing quartzcarbonate stringers. A grab sample from Trench 14 (No. 14 Vein) yielded an assay of 2.06 oz/t gold. A follow up drill holes by Cleyo Resources Ltd. on the No. 14 Vein yielded 0.994 oz/t over 0.46 metres (Simunovic, 1985).

Grab sampling of the several trenches on the Pacitto Prospect by Q-Gold in 2006 yielded up to 6.17 g/t Au and 8.4 g/t Ag from a quartz vein containing 5% pyrite, trace chalcopyrite, and tourmaline, in silicified basalt (Bolen, 2006).

(f) **Gem and Moose Veins**

Most of the exploration work on the Gem and Moose veins occurred during the turn of the century (Bow, 1898).

Early exploration on the Gem Vein consisted of an adit driven east-southeast along the vein for a known distance of 135 feet (41 m). A 74 foot shaft was sunk 60 feet southeast of the adit and a second shaft was sunk 40 feet about 200 feet southeast of the adit. The Gem Vein is described as being 2.5 to 5 feet in width and carrying gold values. The vein is described as striking east-southeast and traceable across the claim (AD2) for a distance of about 1200 metres (Bow, 1898).

Early exploration on the Moose Vein consisted of an adit driven southeast along the vein for a known distance of 116 feet (35 m). Crosscuts were driven 6 feet (1.8 m) northeast and 20 feet (6.1 m) southwest at a distance of 60 feet (18.3 m) from the entrance. A shaft was sunk on the vein 145 feet east-southeast of the adit in order to connect with the tunnel. At the shaft, the Moose vein is described as about 8 feet (2.4 m) wide. The Moose Vein is described as a striking southeast across the claim (AD2) and was thought to align with the Lucky Coon Vein (Bow, 1898).

The Contact Vein occurs northeast of the Gem Vein and is described as a quartz vein 12-16 inches wide (30-40 cm) occurring at the contact between the felsic intrusion and the greenstone (Bow, 1898). The vein was traced for several hundred feet along the contact.

Cleyo Resources Inc. visited the Moose and Gem Veins and noted a highly chloritized shear zone hosting a series of parallel quartz stringers. A grab sample yielded 47 ppb gold (Simunovic, 1985).

(g) **Baseline-Nugget Block**

In 1997, Hexagon Gold completed geological mapping and sampling of veins and trenches for the area included in the Baseline-Nugget Block. As a result of this work, the Nugget and Baseline Veins were selected for more detailed investigation. The following historical information is from Tortosa, 2011, pers. comm.

Summary of Exploration History for The Baseline-Nugget Block

<u>Year</u>	<u>Company</u>	<u>Activity</u>
1979	Ontario Geological Survey	Airborne magnetic and electromagnetic (Geo TEM) survey flown over property (GDS 1029).
1982	Sherritt Gordon Mines Ltd.	Ground geological survey.
1986-87	Orofino Resources Ltd.	Geological mapping, ground geophysics (HLEM), ground magnetometer, vein sampling, humus geochemistry, diamond drilling.
1988-19??	J. Bolen and A. McCormick	Trenching and sampling of known veins.
1997	Hexagon Gold (Ontario) Ltd.	Geological mapping and sampling of veins and trenches.
2000	Hexagon Gold (Ontario) Ltd.	Stripping, percussion drilling, sampling, blasting of the Baseline and Nugget Veins; bulk sampling of the Nugget Vein.
2005	Q-Gold	Trenching and sampling of the Zinc Vein.
2006	Q-Gold	Fugro airborne magnetic and EM (Dighem) survey.
2008	Q-Gold	Grid sampling and assaying of blasted vein material from Baseline Vein. Blasting, sampling and assaying of southeast extension of Nugget Vein.
2009	Ontario Geological Survey	Airborne magnetic and electromagnetic (Aero TEM) survey (GDS 1061).

(h) **Baseline Vein**

As described by Beard & Tortosa, (2011, "2010 Drilling Program, Baseline Prospect"):

"In April of 2000, Hexagon Gold (Ontario) Ltd. completed a percussion drilling and blasting program on the Baseline Vein (Bolen, 2000). A total of 151 percussion drill holes were completed at a 1-metre spacing to a depth of about 3.5 metres. The cuttings (fines and rock chips) were sampled and assayed for gold by Swastika Labs. The percussion holes were then used to blast the vein in preparation for bulk sampling that was never completed.

Out of 151 samples, 34 samples contained greater than 1 g/T Au. Gold grades ranged from less than 1 gram up to 25.46 g/T gold. Average grade was 0.91 g/T. The more mineralized samples tend to occur in clusters. The low average grade and range in gold grade is believed by the author to reflect the strong 'Nugget Effect' of gold in the vein systems in the Mine Centre area and the limited volume of rock sampled in the percussion drill hole.

In the fall of 2008, Q-Gold Resources Ltd. completed a program of detailed grid sampling of the blasted material on the Baseline Prospect (Leonard, 2008). A one-metre square grid was placed over the broken rock and 105 samples were obtained. The average weight of the sample

was 4 kilograms. Samples were sent for gold and silver assays at ALS Chemex Labs in Thunder Bay.

Results from detailed grid sampling and assaying in 2008 indicated a weighted average grade of 8.4 grams/tonne Au from 105 samples (424 Kg) obtained over a 50-metre length of the central portion of the vein. Weighted average grade for silver assays returned 9.66 g/T from 90 samples (367 Kg)."

(i) **Nugget Vein**

In April of 2000, Hexagon Gold (Ontario) Ltd. completed a percussion drilling and blasting program on the Nugget Vein. A total of 160 percussion drill holes were completed at a 1-metre spacing to a depth of about 3.5 metres (Bolen, 2000). The cuttings (fines and rock chips) were sampled and assayed for gold by Swastika Labs. The percussion holes were then used to blast the vein in preparation for bulk sampling.

Out of 160 samples 62 samples contained greater than 1 g/tonne gold. The gold grade ranged from less than 1 g/tonne up to 33.6 g/tonne (includes check samples). The average gold grade was 2.13 g/T (including check samples). A plot of the assay results indicates a clustering of higher-grade samples at various locations along the vein.

A 176-ton (160 tonne) bulk sample was shipped and then milled by Roxmark Mines Ltd., Geraldton (Boisvert, 2002). Results indicated an average metallurgical grade of 0.111 oz. Au/ton (3.8 g/t). A 70-kilogram sample was also sent to Golden Giant Mine for metallurgical testing (Barstad, 2000). Results from the metallurgical tests indicated an average head grade of 8.99 grams/t Au (0.263 oz/ton) and that the mineralized material was suitable for inclusion with the Golden Giant Mill feed.

(j) **Other Veins**

Baseline North Vein: In 1997 Hexagon Gold (Ontario) Ltd. (Bolen, 1997) took four grab samples of vein material, several of which returned anomalous assay results for Au, Ag, Cu, Pb, and Zn. The vein is about 200 metres northwest of the Baseline Vein and has a northwest trend. No detailed mapping or sampling has been done to date.

Baseline North Vein Grab Sample Assay Results (Bolen, 1997)

<u>Sample ID</u>	<u>Au g/t</u>	<u>Ag ppm</u>	<u>Cu ppm</u>	<u>Pb ppm</u>	<u>Zn ppm</u>
765	0.21	0.4	22	19	59
767	1.94	12.7	2430	1450	2640
768	0.42	16.4	3840	14	3370
769	3.08	5.8	26	688	141

North Nugget Vein: In 1997 Hexagon Gold (Ontario) Ltd. (Bolen, 1997) took six grab samples of vein material, two of which returned significant assay results for Au, Ag, Cu, Pb, and Zn. The vein is about 200 metres north of the Nugget Vein. No detailed mapping or sampling has been done to date.

North Nugget Vein Grab Sample Assay Results (Bolen, 1997)

<u>Sample ID</u>	<u>Au g/t</u>	<u>Ag ppm</u>	<u>Cu ppm</u>	<u>Pb ppm</u>	<u>Zn ppm</u>
772	0.03	0.1	22	2	25
773	0.46	1.7	111	77	1260
774	7.33	30.3	2970	1920	16700
775	3.04	29.6	34	1850	8070

<u>Sample ID</u>	<u>Au g/t</u>	<u>Ag ppm</u>	<u>Cu ppm</u>	<u>Pb ppm</u>	<u>Zn ppm</u>
776	0.83	9.3	61	472	135
777	0.02	0.3	11	15	70

Zinc Vein: In 1997 Hexagon Gold (Ontario) Ltd. (Bolen, 1997) took four grab samples of vein material, three of which returned significant assay results for Au, Ag, and Zn . The vein trends in a northwest direction and extends to the south claim block boundary (Claim 875550).

Zinc Vein Grab Sample Assay Results (Bolen, 1997)

<u>Sample ID</u>	<u>Au g/t</u>	<u>Ag ppm</u>	<u>Cu ppm</u>	<u>Pb ppm</u>	<u>Zn ppm</u>
739	10.51	8	212	412	1495
740	24.90	5	12	101	258
741	0.19	0.5	6	12	20
742	41.10	62	1552	10000	10000

Q-Gold completed a stripping, trenching and sampling program on the Zinc Vein in 2006 as part of the larger Foley Mine trenching and sampling program.

A total of 14 trenches were sampled across the Zinc Vein over a length of 153 metres for a total of 20 samples (Bolen, 2006). Assay results indicated high zinc values with moderate gold and silver values. The weighted average grade for gold was 1.66 g/t, silver 3.3 g/t, and zinc 0.56%. The Zinc Vein has a northwest trend and varies in width from 0.45 to 2.11 metres, averaging 0.78 metres.

Other Veins: A number of other veins were identified during the 1997 Hexagon geological mapping, but not all were sampled. Several that were sampled have anomalous gold, silver, and zinc. A vein identified as the 'Twin Vein' occurs at the southern end of the claim block (Claim 875551) but was apparently not sampled.

(k) **Historical Mineral Resource and Mineral Reserve Estimates**

(i) **Golden Star Mine**

Using old historical public and company reports, incomplete mine plans, sections and other data in the public record, Neilson and Bray (1981) a speculative tonnage of 20,000 tons grading 0.42 ounce per ton for the Golden Star Mine. The tailings dump was estimated to contain 35,000 tons at 0.15 ounce gold per ton, (Beard and Garratt, 1976). However, a qualified person has not done sufficient work to classify this historical estimate as current mineral resources or mineral reserves, the issuer is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of the Instrument, and this historical estimate should not be relied upon.

In a report on the Golden Star Mine by G.F. Ennis (1979), a mineral resource estimate was calculated for the mine from historical records. The mineral resource was classified as noted in the table below. However, a qualified person has not done sufficient work to classify this historical estimate as current mineral resources or mineral reserves, the issuer is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI 43-101, and this historical estimate should not be relied upon.

Summary: Mineral Potential for the Golden Stat Mine by G.F. Ennis (1979)

Resource Type	Description	Tonnage and Grade
'A'	The term applies to shaft pillars and the floor pillar between the 1 st and 2 nd levels, where the mineralization has been developed on three sides.	4,000 tons @ 0.62 oz/t

'B'	Applies to the northwest and southeast extensions of the vein above the 6 th level (420 feet); at least one side has been exposed and sampled in the stopes, shaft and some of the drifting	42,150 tons @ 0.5 oz/ton
'C'	Applies to the vein below the 5 th level; there are no estimates of gold value and a limited amount of development	21,800 tons @ 0.5 oz/ton
Total (weighted average grade)		67,950 tons @ 0.51 oz/ton

In regard to the historical estimates shown in the above table, a qualified person has not done sufficient work to classify this historical estimate as current mineral resources or mineral reserves, the issuer is not treating the historical estimate as current mineral resources or mineral reserves as defined in sections 1.2 and 1.3 of NI 43-101, and this historical estimate should not be relied upon.

(ii) **Historical Production**

Reported production from the Golden Star Mine is noted in the table below. Small amounts were produced from the Isabella Mine (15 ounces of gold) and Isabella No. 2 Vein (production unknown).

Reported Production from the Golden Star Mine (Schnieders and Dutka, 1985)

Mine Production	Years	Ounces Gold
Golden Star	1898 - 1901:	10,632
Golden Star	1934, 1938 and 1941:	126
Total		10,758

Reporting requirements for mine production during these periods are believed to have been poorly enforced, and documented records of production from this period are generally considered unreliable. It is believed that more gold was produced during this period than was recorded.

6. Geological Setting

The Q-Gold property lies within the Archean (2.6 to 2.9 billion year old) Superior Province, straddling the east-trending boundary between two major subprovinces, the Wabigoon Subprovince to the north and the Quetico Subprovince to the south. The Wabigoon (Blackburn et al 1991) is considered to be a granite-greenstone subprovince, while the Quetico (Williams 1991) is a sedimentary-gneissic subprovince. Subprovincial boundaries are major structural discontinuities, commonly superimposed on profound changes in lithology. In the Fort Frances - Mine Centre area, the boundary is a wedge-shaped zone, the margins of which are the Quetico fault to the north and the Seine River fault to the south. Geology within this wedge is transitional, retaining characteristics of both the Wabigoon (e.g. volcanic and granitic rocks) and the Quetico (e.g. sedimentary rocks) subprovinces.

Subprovincial boundaries are interpreted to reflect deep-seated structures, thus providing channel ways for metal bearing systems from deep crustal levels. East of Thunder Bay, the Barton Bay deformation zone lies along the same subprovincial boundary and is the host to the past-producing McLeod Cockshut Mine.

The wedge shaped zone has long been known to be rich in various mineral commodities, ranging from precious metals to magmatic Cu-Ni and Fe-Ti deposits, to volcanogenic Cu-Zn (Poulsen 1984). For these reasons it has been the subject of research over many years by Howard Poulsen, formerly of the Ontario Geological Survey and the Geological Survey of Canada, who has recently (Poulsen 2000) presented a comprehensive metallogenic model for the entire Mine Centre - Fort Frances area.

In the more immediate Mine Centre area, Wabigoon Subprovince rocks north of the Quetico fault consist of both supracrustal, dominantly mafic to felsic volcanic rocks, gneissic and migmatitic equivalents of these supracrustals, and granitic to intrusive rocks (Stone et al 1997a, b). The supracrustal rocks are greenstone belt rocks and their remnants all lie marginal to the Irene-Eltrut lakes batholithic complex. The latter complex is comprised of both granitic (tonalites and granodiorites) intrusive rocks and gneissic and migmatitic derivatives of the supracrustal sequence. A number of mafic to ultramafic intrusions, including anorthosites, lie both within the greenstone belts, and as discrete bodies in the batholithic complex (e.g. Holmes Lake stock). Copper, nickel, cobalt, and platinum group metals have been found in association with these latter bodies.

Quetico Subprovince rocks south of the Seine River fault consist almost entirely of clastic sedimentary rocks (siltstones, sandstones, conglomerates) and their metamorphic equivalents. Grade of metamorphism increases from north to south, giving rise to gneisses and migmatites. In places, these higher-grade rocks have been intruded by granitic stocks and batholiths (Williams 1991). Small gabbroic stocks host copper, nickel and platinum group metals.

The transitional zone between the Quetico and Seine River faults is composed (Poulsen 2000) of supracrustal mafic to felsic volcanic rocks (Keewatin volcanics), clastic sedimentary rocks (Seine sediments), mafic to ultramafic intrusions (Seine Bay - Bad Vermilion anorthosite; Grassy Portage sill), granitic intrusions (Bad Vermilion tonalite/trondhjemite; Mudge Lake trondhjemite; Ottertail stock; Rice Bay granite gneiss dome), and a number of subvolcanic intrusions that range from felsic to mafic. The Seine River and Quetico faults diverge at an approximate 20° angle from a point near Calm Lake, about 25 km east of Mine Centre. Despite many years of geologic investigation, considerable controversy remains in regard to the relationships between lithologic units contained within the wedge, largely because of the structural complexity engendered by the movement history along these two faults. Movement along the Seine River and Quetico faults has been dominantly right lateral, resulting in a dextral zone of wrenching between them (Poulsen 2000). What is known is that the clastic sedimentary sequence (Seine sediments) postdates both the Keewatin volcanics and the Bad Vermilion tonalite/trondhjemite intrusion, since the Seine sediments lie unconformably on top of the latter. The relationship between the Seine Bay - Bad Vermilion Lake anorthositic intrusion and the Bad Vermilion tonalite/trondhemite intrusion is not as clear. Wood et al (1980a, b) interpret the tonalite/trondhjemite to have intruded along the contact between the anorthosite and the supracrustal volcanic rocks. A fault, the Finger Lake fault, has been suggested to lie along the contact. However, it appears to be more in the style of a deformation zone potentially more favourable for mineral deposit localization.

In addition to folding of the volcanic and sedimentary sequences, the right lateral movement along the bounding faults has produced subsidiary fractures and faults (Poulsen 2000). Internal faults have a sigmoidal form, and Poulsen (2000) has interpreted a number of them to mark boundaries between stratigraphically coherent domains. Although Poulsen (2000) has not interpreted such a fault (Finger Lake fault) to lie along the contact between the Seine Bay - Bad Vermilion anorthosite and the Bad Vermilion tonalite/trondhjemite, there is a very good possibility that this zone is of structural importance in the mineralizing process. Fractures at a high angle to the internal faults are especially well developed in the mechanically more competent granitic intrusions, and in particular in the Bad Vermilion trondhjemite/tonalite. These have been called second-order ductile shears by Poulsen (2000), who interprets them to be conjugate sets associated with the right lateral movement on the Quetico and Seine River faults. They are of critical importance in that they host most of the gold-bearing quartz veins in the Bad Vermilion tonalite.

7. Mineralization

See discussion in the “*Conclusions*” section above.

8. Exploration

The historical exploration work conducted on the Golden Star Property has been discussed in “*Mining and Exploration History*” section above.

Cadman has not done any drilling on the Golden Star Property. However, between October 5 and October 12, 2010, a diamond-drilling program was carried out by Q-Gold on the Baseline Prospect. The drill program consisted of two drill fans with 3 drill holes per fan (total 6 NQ-size drill holes, 525 metres). The intent of the drill holes was to delineate the extent of the surface vein to a depth of about 100 metres, the presence of mineralized zones and continuity of grade, and the general geological and structural characteristics of the vein system (Beard & Tortosa, 2011). Total exploration expenditures on the property by Q-Gold in the last three years, including the drilling program described below, was \$147,062. Details are provided in Attachment 2.

Baseline Prospect Diamond Drill Hole Information

Baseline Prospect		Azimuth	Dip	Length	GridN	GridE	UTM Easting	UTM Northing	Zone
X-Section	Drill Holes								
Section 1	Q-BL-10-01	35.8	-45.3	81	1+00 W	0+50 W	526364	539544 1	15
Section 1	Q-BL-10-02	33.2	-60.3	90	1+00 W	0+50 W	526364	539544 1	15
Section 1	Q-BL-10-03	35.0	-70.0	24	1+00 W	0+50 W	526364	539544 1	15
Section 2	Q-BL-10-04	31.9	-45.5	81	1+25 W	0+50 W	526336	539535 4	15
Section 2	Q-BL-10-05	34.2	-60.2	99	1+25 W	0+50 W	526336	539535 4	15
Section 2	Q-BL-10-06	35.9	-70.7	150	1+25 W	0+50 W	526336	539535 4	15
Total:				525					

NOTE: Q-BL-10-03 was terminated at 24 metres

This drilling program was supervised by the author of the Technical Report.

All assay intervals represent apparent widths. The orientation of the mineralization is unknown. Vein widths are true width estimates derived from geological cross-sections.

(a) Vein Descriptions

Two major quartz veins were identified in the Baseline DDH Program, the Baseline Vein and a quartz vein 10 metres southwest and in the hanging wall rocks that is referred to as the HW Vein. There are a series of quartz veinlets on the footwall of the Baseline Vein that may represent a series of splays off the Baseline Vein and are collectively referred to as Footwall Veinlets.

(b) Baseline Vein

The Baseline Vein is the main vein exposed on surface that trends in a west-northwest directions and dips from vertical near surface to 75° southwest with increasing depth. The vein extends from surface to a known depth of about 100 metres and varies from less than 0.5 to 2.5 metres in width. The wider sections are due to a combination of quartz vein, quartz-rich zones and sections of quartz-rich trondhjemite.

In drill core, quartz-rich zones, quartz veins, and sections of quartz-rich trondhjemite define the vein. There are mineralized sections consisting of massive quartz with 10-12% pyrite occurring as coarse spots and concentrations and 8-9% galena occurring as coarse grains and concentrations. Sphalerite accounts for less than 1%.

(c) **HW Vein**

The HW Vein was intersected in drill section 2 (1+25N) and occurs about 10 metres to the southwest of the Baseline Vein, in the hanging wall rocks. The vein has not been identified on surface, but the projection on surface would occur about 15 metres southwest of the Baseline Vein. In drill holes the HW Vein can be traced over a known depth of about 60 metres.

The vein is characterized by massive, white quartz with streaky sections containing chlorite and sericite, which occur near the wall rock contacts. The vein contains less than 1% pyrite as fine disseminated crystals, occasional stringers, and largely concentrated in the streaky sections and near contacts. Trace sphalerite was noted.

(d) **Footwall Veinlets**

There are a series of quartz and quartz-carbonate veinlets in the footwall rocks of the Baseline Vein and only on drill section 2 (1+25N). The veinlets cannot be linked between drill holes on the section. The veinlets/veins range in width from 0.08 to 0.25 metres. Most consist of massive, white quartz some of which have an amorphous black mineral (likely tourmaline) occurring as thin seams within the quartz veinlet. Possible finegrained visible gold was noted in several of these veinlets within the black tourmaline seams.

9. Baseline Diamond Drilling Program

For the Baseline diamond drilling program the following sampling methods and procedures were used:

- Drilling and sampling was conducted on the Baseline Vein in October 2010. Drilling was done by C3 Drilling, Fort Frances, Ontario, using an NQ sized drill core. The drill crew labelled core boxes with the drill hole identification and box number; wooden dividers were used to mark the depth of the drill hole. Core boxes were secured with wooden lids and strapped with fiberglass tape to ensure secure transport from the drill rig to the offsite, secure storage area for logging and sampling.
- The site geologist was responsible for logging the drill core. Written geological logs were later transferred into digital forms using Word software. The Word document files were provided to an offsite geologist who then entered them into X-Logger drill hole data management software. The site geologist established the core sample intervals. Sample intervals were marked onto the drill core. An assay tag number was inserted in the drill box at the sample location, one tag remained in the tag booklet, and the other followed the split core shipped to the lab.
- Sample intervals were determined based on the width of the quartz vein and quartz-rich zones and ranged between 10 cm up to 1 metre. Sampling of quartz-rich trondhjemite ranged from 2 to 4 metre lengths. No high-grade intervals were identified within lower grade intersections. Sample boundaries conformed to geological units and contracts. Altered wall rocks were sampled adjacent to the mineralization quartz veins.
- Standard samples were included in the sample stream every 10th sample. The identification of the standard was written in the sample tag booklet and a sample tag along with the sample standard were placed in a large plastic sample bag, closed and stapled.
- After the logging and sampling was completed for a core box, each core box was labelled with a metal tag imprinted with the drill hole identification, the core box number, and the 'from' and 'to' distance in metres. A list of core box numbers with 'from' and 'to' distances

was prepared for each drill hole. Core boxes were then placed at marked locations in core storage racks contained within a secure enclosure.

- The site geologist completed lab sample analysis forms. For each shipment, a copy of the lab sample analysis form for that batch was included with each plastic pail containing the samples.

Drill core recovery was greater than 95% and there are no known drilling, sampling, or recovery factors that could materially impact the accuracy and reliability of the results.

In the view of the author of the Technical Report, sample quality was excellent due to the nature of the host rock (massive to foliated trondhjemite) and massive quartz vein material. The samples taken are considered to be representative, and the author knows of no factors that may have resulted in sample bias.

One sample from a section of quartz vein (0.85 metre apparent width) contained 1.44 g/t Au, 165.7 g/t Ag. And 0.89% Pb over an apparent width of 0.21 metres. There were no other intersections of this mineralized zone on the drill section and as such, no true width can be estimated.

10. Sample Preparation, Analysis, and Security

(a) Sample Preparation

All samples were collected and prepared by, or under the direct supervision of the site geologist. Two helpers were employed in the preparation of the samples. The rock units drilled are very competent (trondhjemite and quartz) and it is estimated that the sample technician collected 99% or more of the sample.

The sample technician prepared a large plastic sample bag by labelling the bag with the sample tag number using a permanent black felt marker. The technician removed one piece of drill core at a time and split it using a diamond saw. Half the core was placed in the sample bag and the other half was returned to the core box. Once a sample interval was completed, a sample tag was placed in the bag and the sample bag was closed and stapled. Once sufficient samples were collected, the sample bags were placed in 20 litre plastic pails with locking lids. Sample numbers were identified on the outside of the pail and readied for shipment to the lab.

Sample quality and quantity were good. There are no factors other than the 'nugget effect' of coarse gold that were likely to have affected the reliability of the results.

(b) Sample Analysis

Samples were crushed and analysed by TSL Laboratories, Saskatoon, Saskatchewan, which is an analytical laboratory that is accredited to international quality standards. TSL Laboratories is Accredited Laboratory No. 358 and conforms to the requirements of CAN-P-1579, CAN-P-4E (ISO/IEC 17025:2005).

Mineralized samples were analysed for gold using the screen metallics assay method and for Ag, Zn, and Pb using a multi-acid digestion followed by Atomic Absorption (AA) finish. Any Ag, Zn, and Pb assays above the maximum limit were re-done using the Fire Assay/Gravimetric method.

Sample standards were analysed for gold using the Fire Assay/Gravimetric method. Ag, Zn, and Pb were analysed using a multi-acid digestion followed by Atomic Absorption (AA) finish, and Fire Assay/Gravimetric for assays above the maximum limit.

All samples, including standards, were analysed for 37 elements using inductively coupled plasma-mass spectrometry (ICP-MS) following a multi-acid digestion. Elements analysed were: Ag, Al, As, Au, B, Ba,

Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, Hg, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Se, Sr, Te, Th, Ti, Tl, U, V, W, Zn.

(c) **Quality Control**

A quality control standard sample was included in the sample stream every 10th sample. The sample standard was obtained from CDN Laboratories Ltd., Langley, B.C.

Ore reference standard CDN-ME-2 was used for the Baseline drill core sampling (see table below). The stated recommended values for CDN-ME-2 are:

Sample Standard Assay: CDN-ME-2

<u>Gold g/t</u>	<u>Silver g/t</u>	<u>Copper %</u>	<u>Zinc %</u>
2.10+/-0.11	14.0+/-1.3	0.48+/-0.018	1.35+/-0.10

Quality control samples at the lab were assayed for Au, Ag, Zn, and Pb, and analysed for multi-elements. All quality control sample analyses were within the allowable limits.

11. Security of Samples

It is the authors' opinion that the sampling of the core was undertaken in a manner consistent with industry practice, and that the samples collected were representative of the intervals sampled. Every effort was made to keep contamination to a minimum during sampling. The analytical procedures and methods for both samples and standards are considered to be adequate. The samples were properly bagged and packed and securely stored prior to shipping and were shipped directly to the laboratory. The remaining drill core is kept in core racks within a secured enclosure.

(a) **Data Verification**

A comparison of the analyses of standard samples used for the Baseline sampling with stated values and limits indicate that all sample standards assayed for Au, Ag, and Zn fall within the stated limits (see below).

Sample Standard Assay Results, Baseline Sampling

<u>SAMPLE #</u>	<u>Au g/t</u>	<u>Ag g/t</u>	<u>Zn %</u>
54570-S	2.09	14.3	1.36
54580-S	1.99	13.9	1.35
54590-S	2.09	14.2	1.35
54600-S	2.06	14.8	1.35
Mean	2.06	14.30	1.35
Standard	2.10+/-0.11	14.0+/-1.3	1.35+/-0.10

Quality control samples at the lab were assayed for Au, Ag, Zn, and Pb, and analysed for multi-elements. All quality control sample analyses were within the stated limits.

Drill hole geological logs, assays, and geochemical analyses were checked using the XLogger software data verification component to ensure that there were no overlaps in the lithologic, assay and geochemical data intervals (personal communication, D. Tortosa, geological consultant). Final drill hole logs were reviewed to ensure that the geological logs were complete.

12. Mineral Resource and Mineral Reserve Estimates

No additional information is being disclosed.

4.4 Not Applicable.

5. Selected Consolidated Financial Information

5.1 Annual Information for Each of the Three Most Recently Completed Financial Years

Selected Consolidated Financial Information						
Year	Total Revenue	Operation Income ⁽¹⁾	Net Income ⁽¹⁾	Total Assets	Total Long Term Financial Liabilities	Cash Dividends per share for each class of share
2010	0	\$(0.02)	\$(0.05)	\$33.25	0	0
2009	0	\$(0.03)	\$(0.04)	\$242.25	0	0
2008	0	\$(0.03)	\$(0.03)	\$146.59	0	0

(1) Values depicted are on a per share and fully diluted basis.

5.2 Quarterly Information for Each of the Eight Most Recently Completed Financial Quarters Beginning with the Most Recently Completed Financial Year Ended (December 31, 2010)

Most Recently Completed Quarters for Most Recently Completed Year								
Q	1	2	3	4	5	6	7	8
Total Revenue	0	0	0	0	0	0	0	0
Loss from Ongoing Operations ⁽¹⁾	(0.02)	(0.01)	(0.01)	(0.00)	(0.03)	(0.02)	(0.01)	(0.00)
Net loss on a per share and fully diluted basis	(0.05)	(0.01)	(0.01)	(0.00)	(0.04)	(0.02)	(0.01)	(0.00)

(1) Values depicted are on a per share and fully diluted basis.

5.3 Cadman has not paid any dividends since incorporation and it has no plans to pay dividends. Cadman's directors will determine if and when dividends should be declared and paid in the future based on Cadman's financial position at the relevant time. All of the Common Shares are entitled to an equal share in any dividends declared and paid.

5.4 Not Applicable.

6. Management's Discussion and Analysis

Annual MD&A

See Cadman's management's discussion and analysis for the year ended December 31, 2011, attached hereto as Appendix "A". This management's discussion and analysis should be read in conjunction with Cadman's audited financial statements and notes thereto for the same year also incorporated by reference and attached this Filing Statement as Appendix "B".

Interim MD&A

See Cadman's management's discussion and analysis for the three months ended March 31, 2012 interim MD&A attached hereto as Appendix "C". This management's discussion and analysis should be read in conjunction with Cadman's audited financial statements and notes thereto for the same year also incorporated by reference and attached this Filing Statement as Appendix "D".

7. Market for Securities

7.1 The Issuer's securities are listed on the NEX. Trading of the Common Shares was halted on May 19, 2011 pending completion of the Transaction.

8. Consolidated Capitalization

8.1 Other than as set forth in the table below, there have been no material change in the capital of Cadman since the year ended December 31, 2010:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Proceeds	Consideration Received
March 3, 2011	4,000,000 ⁽¹⁾	\$0.15	\$600,000	Cash
March 3, 2011	270,000 ⁽²⁾	\$0.15	-	Services
Total	12,484,500		\$600,000	

(1) Issued pursuant to the 2011 Private Placement.

(2) Issued as finder's fee compensation in the 2011 Private Placement.

9. Options to Purchase Securities

9.1 As at the date hereof, the following options are outstanding:

Optionee ⁽²⁾	Number of Shares Reserved Under Option ⁽¹⁾	Exercise Price Per Share	Market Value of Common Shares on Date of Grant	Current Market Value of Common Shares ⁽³⁾	Expiry Date
Director	200,000	\$0.10	\$10,000	\$50,000	January 8, 2013
Director	80,000	\$0.10	\$4,000	\$20,000	January 8, 2013
All Employees	Nil	Nil	Nil	Nil	-
All Consultants	Nil	Nil	Nil	Nil	-
TOTAL	280,000				

(1) Issuable on exercise of the options granted to directors and officers pursuant to the Stock Option Plan.

(2) No options are held by former or past directors, officers or employees.

(3) determined based on most recent trading price.

Cadman granted an agent's option in connection with its initial public offering which has since expired (unexercised). Cadman also granted 200,000 Stock Options to former directors which are no longer exercisable.

10. Description of the Securities

10.1 Cadman's authorized capital consists of an unlimited number of Common Shares without par value. The holders of Common Shares are entitled to vote at all meetings of shareholders, to receive dividends if, as and when declared by the directors and to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of Cadman. The Common Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring the holder of Common Shares to contribute additional capital and no restrictions on the

issuance of additional securities by Cadman. There are no restrictions on the repurchase or redemption of Common Shares by Cadman except to the extent that any such repurchase or redemption would render Cadman insolvent.

- 10.2 Not Applicable
- 10.3 Not Applicable.
- 10.4 Not Applicable.
- 10.5 Not Applicable.
- 10.6 Not Applicable.
- 10.7 Prior Sales – Please see section 8.1 above for the price at which Common Shares have been sold within the 12 months preceding the date hereof.
- 10.8 Stock Exchange Price

The following table shows the average monthly high, low and closing prices and average trading volume of the Common Shares for the most recent eight quarters. Trading of the Common Shares was halted on September 12, 2008 pending Cadman’s consideration of two transactions that were not complete. Trading resumed on January 19, 2011. Trading of the Common Shares was halted on May 19, 2011 pending completion of preliminary filings relating to the Transaction.

Month	High	Low	Close	Total Monthly Volume
April to June 2010	-	-	-	-
July to September 2010	-	-	-	-
October to December 2010	-	-	-	-
January to March 2011	0.36	0.15	0.26	3,221,436
April to June 2011	0.30	0.29	0.25	695,900
July to September 2011	-	-	-	-
October to December 2011	-	-	-	-
January – March 6, 2012	-	-	-	-

11. Escrowed Securities

- 11.1 As at the date hereof, the following securities are held in escrow pursuant to the CPC Escrow Agreement:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common shares	1,400,000	11.21%

- (1) The CPC Escrow Agreement, provides for the staged release from escrow of the holder's Common Shares over a 36 month period from the date of completion of a Qualifying Transaction (as such term is defined by the TSXV) with 10% as of the date of the Completion of the Qualifying Transaction with an additional 15% released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the Completion of the Qualifying Transaction. In December of 2010, 1 million of the Common Shares previously held in escrow were cancelled in accordance with CPC Policy. The Common Shares listed in this table are those remaining outstanding following the cancellation. Cadman is currently in discussions with the TSXV as to what will happen to these Common Shares following delisting from the NEX.

12. Principal Shareholders

- 12.1 To the knowledge of Cadman, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued Common Shares as at the date hereof and no person is expected to following completion of the Transaction.

13 Directors, Officers and Promoters

- 13.1 The following table sets out the names of the current and proposed directors and officers of Cadman, their municipalities of residence, their positions with Cadman, their principal occupations during the past five years and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised.

Name, Municipality of Residence and Position with Cadman	Principal Occupation for Past Five Years	Date First Elected ⁽²⁾	Number of Shares Held After Giving Effect to the Transaction ⁽²⁾	Percentage of the i/o Common Shares Held ⁽³⁾
Derek Bartlett Mississauga, Ontario President, CEO and a Director	From 1995 to 2009, a director of Kingsman Resources Inc, a junior resource company listed on the TSXV; since 2002, a director of Oromin Explorations Ltd., a junior resource issuer listed on the TSXV; since 1994, a director of Saville Resources Ltd., a junior resource company listed on the TSXV; since 1996, a director of Waseco Resources Inc., a junior resource issuer listed on the TSXV; 2003 to 2010, a director of X-Cal Resources Ltd., a junior resource issuer listed on the TSXV; since 2003, the President and a director of Newport Gold Inc. a junior resource issuer (OTCBB: NWPG 2006-2008); 2009 to 2010 a Director of Solanex Management (OTCBB).	From November 13, 2007 to present	300,000 Common Shares 200,000 Stock Options	2.40%
Alex Johnston ⁽¹⁾ Panama City, Panama Chief Financial Officer and Director	Until 2005 a senior manager with the Royal Bank of Canada, Dubai; 2003 to 2010 a director of Newport Gold Inc. (OTCBB: NWPG); director of Cadman since 2007 and in 2011 also appointed CFO of Cadman.	From December 27, 2007 to present	250,000 Common Shares 80,000 Stock Options	2.00%
Boris Ziger ⁽¹⁾ , Toronto, Ontario Director	From 2011 to Present, Inverstor Relations for Cavan Ventures Inc; since 2010 to Present a Director of FTI Foodtech International Inc. Was President, CFO and Director of Gold World Resources Inc. from 2006 to 2007; President and Director of World Organics Inc. from 2005 to 2008; and Director and Investor Relations for Stellar Pacific Ventures Inc. from 2004 to 2005.	March 1, 2012	Nil	Nil
Monty C. Ritchings ⁽¹⁾ , Surrey, British Columbia Director	30 year experience includes start-ups, management, strategic planning, business expansion, sales and marketing. His business focus has been primarily in the service industry. Mr. Ritchings is a recognized specialist in corporate communications both online and	Vice President, Corporate Communications – January 27, 2011- to March	Nil	Nil

Name, Municipality of Residence and Position with Cadman	Principal Occupation for Past Five Years	Date First Elected ⁽²⁾	Number of Shares Held After Giving Effect to the Transaction ⁽²⁾	Percentage of the i/o Common Shares Held ⁽³⁾
	offline.	1, 2012 Director since March 1, 2012		
	TOTAL		550,000 Common Shares 280,000 Stock Options	4.40%

- (1) Member of Cadman’s audit committee. Cadman does not have any other board committees.
- (2) These Common Shares are subject to escrow restrictions.
- (3) These calculations based on 12,484,500 Common Shares issued and outstanding.

13.6 Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, to the best of the Corporation’s knowledge, no director or officer of Cadman, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, is, or within 10 years before the date of hereof has been, a director or officer of any other corporation that, while that person was acting in that capacity: (a) was the subject of a cease trade or similar order, or an order that denied the other Corporation access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days; (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On October 23, 2001 Diadem Resources Ltd. was subject to a cease trade order issued by the Ontario Securities Commission while Derek Bartlett was a director due to failure to file required financial information. The order was revoked on December 17, 2001. A similar order was issued by the Ontario Securities Commission on October 22, 2002 while Derek Bartlett was a director. This order was revoked on December 24, 2002.

13.7 Penalties or Sanctions

To the best of the Corporations’ knowledge, no director or officer of Cadman, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation has: (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

In addition, to the best of the Corporation's knowledge, no director or officer of Cadman, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

Personal Bankruptcies

Other than as set forth below, to the best of the Corporation's knowledge, no director, officer, or promoter of Cadman, or a personal holding Company of any such persons has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

In January 2007 Mr. Monty Ritchings made a declaration for personal bankruptcy in the jurisdiction of British Columbia. Subsequent to the declaration, a discharge was officially completed in November 2007.

13.8 Not Applicable.

13.9 Not Applicable.

13.10 **Conflicts of Interest**

There are potential conflicts of interest to which any directors, officers, or promoter of Cadman will be subject in connection with Cadman's operations. Some of the directors and officers are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by Cadman for businesses or assets in order to close a transaction. Accordingly, situations may arise where some of the directors, officers or the promoter will be in direct competition with Cadman. Conflicts, if any occur, will be managed according to the procedures and remedies as provided under the BCBCA.

13.11 None of the Director's positions are with affiliates of Cadman and none of the directors have entered into any relevant non-compete agreements. It is expected that the CEO and CFO will devote 60% of their time to the business of Cadman and the other directors will devote 50% of their time to the business of Cadman.

(a) **Derek Bartlett – President, Chief Executive Officer and Director**

Mr. Bartlett, Cadman's Chief Executive Officer, has 45 years of experience in the mining industry working in the position of senior geologist, director and president with various junior mining companies. Mr. Bartlett received a Bachelor of Science degree from the University of New Brunswick in 1962. He is currently a director of Oromin Explorations Ltd. (since 2002), Saville Resources Ltd., formerly Blue Emerald Resources Ltd., (since 1994) and Waseco Resources Inc. (since 1996), and is president and director of Newport Gold Inc. (since 2003), a junior resource exploration company.

(b) **Alex Johnston – Director and Chief Financial Officer**

Mr. Johnston has experience in real estate, marketing finance and investment. Mr. Johnston received his Real Estate Brokerage Certificate from Seneca College of Applied Arts & Technology in 1973. After owning his own real estate and brokerage firm from 1979 to 1987, Mr. Johnston was a branch manager at Royal LePage Real Estate from 1987 to 1991. He was Vice President of Trillion Management Corporation, a real estate development and sales firm, from 1991 to 1994.

Mr. Johnston also has experience in international finance and senior management having acted as Manager with The Equitable Life Assurance Society, Dubai, UAE from 1999 to 2000 and as a Senior Manager with Royal Bank of Canada, Dubai, UAE from 2000 to 2005. Mr. Johnston was a partner at KMH & Associates Inc., an international financial consulting firm, from 2005 to 2010.

Mr. Johnston has experience working with publicly held resource companies having acted as a director of Blue Emerald Resources Inc. and Braddick Resources Ltd. (now Saville Resources Ltd.) from 1994 to 1996 and having been a director of Newport Gold Inc. from July 2003 to February 2010, a SEC reporting junior resource exploration company.

(c) **Monty C. Ritchings - Director**

Mr. Ritchings has over 30 years experience in business development and administration. His experience includes start-ups, management, strategic planning for business expansion, sales and marketing. His business focus has been primarily in the service industry. Monty is also a published author in the personal development field and is a recognized specialist in corporate communications both online and offline.

(d) **Boris Ziger - Director**

Mr. Ziger, has over 20 years experience in the Capital Markets and has assisted in financing many companies. For the past seven years, Mr. Ziger has been involved largely in the resource sector and has worked closely with many companies holding board and senior management positions.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	12,484,500	12,764,500	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	550,000	830,000	4%	6%
Total Public Float (A-B)	11,934,500	11,934,500	96%	94%

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
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Freely-Tradeable Float

Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)

	1,400,000	1,400,000	100%	100%
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Total Tradeable Float (A-C)

	11,084,500	11,084,500	88%	88%
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Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding

Number of holders

Total number of securities

1 – 99 securities

Nil

Nil

100 – 499 securities

Nil

Nil

500 – 999 securities

Nil

Nil

1,000 – 1,999 securities

Nil

Nil

2,000 – 2,999 securities

Nil

Nil

3,000 – 3,999 securities

Nil

Nil

4,000 – 4,999 securities

Nil

Nil

5,000 or more securities

14

11,934,500

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	2	1000
1,000 – 1,999 securities	4	4000
2,000 – 2,999 securities	12	24,500
3,000 – 3,999 securities	5	16,000
4,000 – 4,999 securities	6	24,900
5,000 or more securities	85	3,503,936
Unable to confirm		
Non-Public Securityholders (Registered)		

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	Nil	Nil
100 – 499 securities	Nil	Nil
500 – 999 securities	Nil	Nil
1,000 – 1,999 securities	Nil	Nil
2,000 – 2,999 securities	Nil	Nil
3,000 – 3,999 securities	Nil	Nil
4,000 – 4,999 securities	Nil	Nil
5,000 or more securities	2	830,000
	2	830,000

- 14.2 Cadman has granted Stock Options to certain of its directors and officers, of which there are currently outstanding Stock Options to purchase up to 280,000 Common Shares at \$0.10 per Common Share for a period of five years, expiring January 8, 2013.

14.3 Not Applicable.

15. Executive Compensation

15.1 Please see Appendix "E" – Statement of Executive Compensation for the Year Ended December 31, 2010.

16. Indebtedness of Directors and Executive Officers

No person who is, or was during the most recently completed financial year of Cadman, a director or officer of Cadman or any associate thereof, is or has been at any time during the last financial year of Cadman indebted to Cadman. Cadman has not issued any debt securities.

17. Risk Factors

Cadman will face a number of challenges in the development of the Golden Star Property. The following is a description of the principal risk factors that will affect it, in order of seriousness.

Financial History

Limited Business History

Cadman has only recently commenced operations and has no history of operating earnings. The likelihood of success of Cadman must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Cadman has limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that Cadman can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Transaction Not Approved

There can be no assurance that the Transaction will be accepted by the TSXV. There can be no assurance that all the necessary approvals will be obtained. If the Transaction is not accepted by the TSXV and the Transaction does not complete, Cadman will continue to search for other opportunities; however, it will have incurred significant costs associated with the Transaction.

Cash Flow and Liquidity

Additional Funding Requirements

Cadman will require additional financing to continue its operations. There can be no assurance that Cadman will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable for further exploration and development of its projects. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development in Cadman's interests in the Golden Star Property, with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources.

Property Commitments

Cadman's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by Cadman to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Potential Joint Ventures

Due to the cost of establishing and operating mining operations, Cadman may enter into joint ventures on one or more of its properties. Any failure of such joint venture partners to meet

their obligations to Cadman or to third parties could have a material adverse effect on the joint ventures and Cadman as a result. In addition, Cadman may be unable to exert influence over strategic decisions made in respect of such properties.

Payment of Dividends Unlikely

There is no assurance that Cadman will pay dividends on its Shares in the foreseeable future, or at all.

General Risks Inherent in the Business

Operational Risks

Cadman will be subject to a number of operational risks and may not be adequately insured for certain risks, including: environmental pollution, accidents or spills, industrial and transportation accidents, which may involve hazardous materials, labour disputes, catastrophic accidents, fires, blockades or other acts of social activism, changes in the regulatory environment, impact of non-compliance with laws and regulations, natural phenomena such as inclement weather conditions, floods, earthquakes, ground movements, cave-ins, and encountering unusual or unexpected geological conditions and technological failure of exploration methods.

There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, Cadman's properties, personal injury or death, environmental damage or, regarding Cadman's exploration or development activities, increased costs, monetary losses and potential legal liability and adverse governmental action, all of which could have an adverse impact on Cadman's future cash flows, earnings, results of operations and financial condition.

Additionally, Cadman may be subject to liability or sustain loss for certain risks and hazards against which Cadman cannot insure or which it may elect not to insure because of cost. This lack of insurance coverage could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Competition for Mineral Transaction Opportunities

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with larger, more established mining companies with substantial capabilities and greater financial and technical resources, Cadman may be unable to acquire rights to exploit additional attractive mining properties on terms that Cadman considers acceptable. If Cadman is not able to acquire such interests, this could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of Cadman.

Exploration and Development Activities May Not be Successful

Exploration for, and development of, mineral properties involves significant financial risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting gold, silver or copper from ore. Cadman cannot ensure that its future exploration and development programs will result in profitable commercial mining operations.

Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be

mined economically. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. There have been no feasibility studies conducted in order to derive estimates of capital and operating costs including, among others, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of the gold, silver or copper from the ore, and anticipated environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of future mining operations may differ materially from Cadman's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated. These additional costs could have an adverse impact on Cadman's future cash flows, earnings results of operations and financial condition.

Properties May be Subject to Defects in Title

Cadman has investigated Q-Gold's rights to explore and exploit the Golden Star Property and, to the best of its knowledge, the rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to their detriment. There can also be no assurance that Cadman's rights will not be challenged or impugned by third parties.

Some of Q-Gold's mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to Q-Gold's mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. Cadman has not determined which, if any, of the mineral claims comprised in the Golden Star Property is junior to a mineral claim held by a third party.

Although Cadman is not aware of any existing title uncertainties with respect to the Golden Star Property, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on Cadman's future cash flows, earnings, results of operations and financial condition.

Reliability of Historical Information

Cadman has relied, and the Technical Report is based, in part upon historical data compiled by previous parties involved with the Golden Star Property. To the extent that any of such historical data is inaccurate or incomplete, Cadman's exploration plans may be adversely affected.

Environmental and Health Risks

Environmental, Health and Safety Risks

Mining and exploration companies must comply with a complex set of environmental, health and safety laws, regulations, guidelines and permitting requirements (for the purpose of this paragraph, "laws") drawn from a number of jurisdictions. The historical trend toward stricter laws is likely to continue. The precious metals industry is subject to not only worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental damage, but also to additional risks uniquely associated with gold, silver and copper mining and processing. The possibility of more stringent laws or more rigorous enforcement of existing laws exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining, milling, refining and conversion sites and other environmental matters, each of which could have a material adverse effect on Cadman's operations or the cost or the viability of any future project.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Regulatory Constraints

Governmental Regulation and Policy Risks

Mining operations and exploration activities, particularly gold, silver and copper mining, refining, conversion and transport in Ontario are subject to extensive laws and regulations. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing gold, silver or copper mines and refining and other facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact decisions of Cadman's management with respect to the exploration and development of properties such as the Golden Star Property. Cadman will be required to expend significant financial and managerial resources to comply with such laws and regulations. Since legal requirements change frequently, are subject to interpretation and may be enforced in varying degrees in practice, Cadman is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies and practices, such as those affecting exploration and development of the Golden Star Property could materially and adversely affect the results of Cadman's operations and financial condition in a particular period or in its long term business prospects.

The development of mines and related facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The receipt, duration and renewal of such approvals, licences and permits are subject to many variables outside Cadman's control, including potential legal challenges from various stakeholders such as environmental groups, non-government organizations or First Nations claiming certain rights with respect to traditional lands. Any significant delays in obtaining or renewing such approvals, licences or permits could have a material adverse effect on Cadman.

Economic or Political Conditions

Industry Competition and International Trade Restrictions

The international precious metals and base metals industries are highly competitive. The value of any future reserves discovered and developed by Cadman may be limited by competition from other world precious and base metals mining companies, or from excess inventories. Existing international trade agreements and policies and any similar future agreements, governmental policies or trade restrictions are beyond Cadman's control and may affect the supply of and demand for gold, silver and copper around the world.

Commodity Price Fluctuations

The price of commodities varies on a daily basis but long term averages are the best method of estimating future prices. However, price volatility could have dramatic effects on the results of operations and the ability of Cadman to execute its business plan.

Reliance on Key Personnel

Key Personnel

Cadman's senior officers will be critical to its success. In the event of the departure of a senior officer, Cadman believes that it will be successful in attracting and retaining qualified successors but there can be no assurance of such success. Recruiting qualified personnel as Cadman grows will be critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Cadman's business activity grows, it will require additional key financial, administrative and mining personnel as well as additional operations staff. If Cadman is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of Cadman.

Experience of Management

Conflicts of Interest

Cadman's directors and officers are or may become directors or officers of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which Cadman may participate, and thereby directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Cadman and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases Cadman will establish a special committee of independent directors to review a matter in which several directors, or officers, may have a conflict. In determining whether or not Cadman will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to Cadman, the degree of risk to which Cadman may be exposed and its financial position at that time. Other than as indicated, Cadman has no other procedures or mechanisms to deal with conflicts of interest.

Market Risks

Resale of Shares

The continued operation of Cadman will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If Cadman is unable to generate such revenues or obtain such additional financing, any investment in Cadman may be lost. In such an event, the probability of resale of the Common Shares would be diminished.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continuing fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of Cadman in creating revenues, cash flows or earnings. The value of the Common Shares will be affected by such volatility. An active public market for the Common Shares might not develop or be sustained after completion of the proposed Transaction. If an active public market for the Common Shares does not develop,

the liquidity of a shareholder's investment may be limited and the price for the Common Shares may decline.

18. Promoters

Derek Bartlett may be considered to be Cadman's promoter, in that he took the initiative in founding and organizing Cadman. Mr. Bartlett has not received any compensation for his activities as promoter. He currently owns 300,000 Common Shares (2.4% of the issued and outstanding Common Shares) and 200,000 options (71.43% of the issued and outstanding options).

19. Legal Proceedings

To the knowledge of Cadman, there are no legal proceedings material to the Corporation to which the Corporation is or was a party to or of which any of its properties is or was the subject of.

To the knowledge of the Corporation, there were no: (i) penalties or sanctions imposed against the Corporation by a court relating to provincial or territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof; (ii) penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements the Corporation entered into before a court relating to securities legislation or with a provincial or territorial securities regulatory authority within the three years immediately preceding the date hereof.

20. Interest of Management and Others in Material Transactions

There were no material interests, direct or indirect, of any directors or executive officers of the Corporation, any persons or company which beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares, or any known associate or affiliate of such persons, in any transaction within the last three financial years of the Corporation, or during the current financial year which has materially affected or is reasonably expected to materially affect the Corporation.

21. Auditors, Transfer Agents and Registrars

Cadman's auditor is Manning Elliott LLP, Chartered Accountants, of 11th Floor, 1050 West Pender Street, Vancouver, British Columbia, V6E 3S7.

Cadman's transfer agent and registrar is Capital Transfer Agency Inc., #1101 – 105 Adelaide Street West, Toronto, Ontario, M5H 1P9.

22. Material Contracts

The following are Cadman's material contracts as of the date of this Filing Statement:

- the CPC Escrow Agreement; and
- the Golden Star Option Agreement.

23. Interest of Experts

Not Applicable.

24. Other Material Facts

24.1 None.

25. Financial Statements

25.1 Cadman's audited financial statements for the year ended December 31, 2010 and December 31, 2009 are attached hereto as Appendix "F" and Appendix "G" respectively.

25.2 Not Applicable.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Cadman Resources Inc., hereby applies for the listing of the above mentioned securities on CNSX. The foregoing contains full, true and plain disclosure of all material information relating to (full legal name of the Issuer). It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Toronto

this ____ day of _____, 2012.

Derek Bartlett

Chief Executive Officer

Alex Johnston

Chief Financial Officer

Monty Ritchings

Director

Boris Ziger

Director

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