Technical Report
for

Cadman Resources Inc.

On the

Golden Star, Baseline and Nugget Vein Gold Properties

Mine Centre Area
Kenora District, Ontario

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3. Summary

Cadman Resources Inc. ("Cadman") has signed a letter of intent with Q-Gold Resources Ltd. to option a property held by Q-Gold (Ontario) Ltd. ("Q-Gold"), (an Ontario subsidiary of Q-Gold Resources Ltd.). Cadman has requested Richard Beard, P.Eng., of Northwest Mineral Development Services, an Independent Qualified Person as defined in NR 43-101, ("the author"), to prepare this independent report in support of Cadman's disclosure concerning the option of the property with Q-Gold.

Under the proposed option agreement, Cadman shall be granted an option to participate on a Joint Venture basis, with option rights and obligations in connection with property. Under the agreement, Cadman will be the operator.

The property ("the Property") 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. The property is located near Mine Centre in Northwestern Ontario, 65 km east of Fort Frances, Ontario.

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 un-patented 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 (Schnieders and Dutka, 1985). 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.

Mineral resource estimates for the Golden Star block 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 old records, these estimates cannot be construed to be "mineral resources" or "mineral reserves" as defined in National Instrument 43-101.

The 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 Block, gold bearing quartz veins are hosted by intermediate to mafic metavolcanics with intercalated felsic metavolcanics that are intrude 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 Block, 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 (Schnieders and Dutka, 1985). However, reporting of gold production during these early periods was believed to be inconsistent. Ennis (1979) notes from historical records that “from 119 samples taken by James A. Bow above the 5^{th} level, the average grade was 0.92 ounces across 2.6 feet. At an average (mining) width of 4 feet the average grade would be 0.62 ounces per ton.” This could not be verified from other sources, but there is no evidence to suggest that it is not valid.

The Baseline Vein consists of a west-northwest trending vein (300^{o}) 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 (Beard and Tortosa, 2011). 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 (335^{o}) 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 higher-grade 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.

Cadman has not carried out any work on the property. Recent work carried out on the Golden Star Block by Q-Gold since 2006 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. The only work being reported on in detail in this report are IP/Resistivity Surveys on both Blocks and diamond drilling on the Baseline/Nugget Block, both carried out by Q-Gold in 2010.

The properties described in this report reflect the Archean lode gold deposit model and the structural models as described by Poulsen (2000) at the regional scale and by Beard and Tortosa (2010) at the local scale. The structural models should be given consideration when interpreting the various prospects in the Golden Star and Baseline/Nugget Blocks. The Golden Star Mine, in particular, reflects the structural and deposit model presented and is characterized by a plunging ore shoot 40-50^{o} northwest that has not been tested for gold mineralization below 128 metres depth (6th level).

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 quartz-carbonate 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.

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 gold-bearing 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 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.

4. Introduction and Terms of Reference

Cadman Resources Inc. (“Cadman”) contracted with Richard Beard, P.Eng., of Northwest Mineral Development Services (“NWMDS”) to prepare an independent qualifying report on certain mining lands that Cadman plans to option and joint-venture with Q-Gold Resources Ltd. The Property is held by Q-Gold (Ontario) Ltd. (“Q-Gold”), an Ontario subsidiary of Q-Gold Resources Ltd., an Alberta Business Corporation (“the Parent Company”). The Property is located in northwestern Ontario near Mine Centre, Ontario, 65 kilometres east of Fort Frances. The Property consist of two blocks of un-patented 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 (Ontario) Ltd.

This Technical Report was prepared for filing pursuant to National Instrument 43-101 to provide an impartial report Q-Gold’s property that a) summarized the general geology, economic geology, and previous work carried out on the property, b) provided an indication of the mineral potential of various parts of the property, and c) provided recommendations for future work. The report is to be compliant with National Instrument 43-101.

The data and information used to prepare this report comes from previous company reports and other files provided by Q-Gold, from geological reports and maps of the Ontario Government (Ministry of Northern Development, Mines and Forestry) and from the Ministry’s Assessment Files (AF).

The status of the unpatented mining claims that make up the Baseline/Nugget Block was confirmed from the Ministry website, as of April 15, 2011, and are listed in Table 2. This list shows the claim numbers, expiry dates of each claim, underlying NSR, and acreage.

The land that comprises the Golden Star Block is held by Q-Gold under a number of mining leases and patents, acquired through various mining property agreements. While these agreements were examined by NWMDS, no legal review was undertaken. Leased and patented claims held by Q-Gold are listed in Table 1

Most of the mineral deposits and showings on the Q-Gold properties have been examined in the past by the author in his past capacity as Regional Geologist and Resident Geologist with the mining departments of the Ontario Government and also as a private consultant. The most recent visit was in October 2010.

5. Reliance on Qualified Experts

Richard Beard, P.Eng., is the Independent Qualified Person and author responsible for this Technical Report. While the author was involved with the 2010 Diamond Drilling Program on the Baseline/Nugget Block, reported on herein, he was not directly involved with the geophysical surveys reported on in this report, and relied on the data provided by the geophysical contractor.

In the preparation of this report, the author has relied upon public and private information provided by Q-Gold regarding the property. It is assumed and believed that the information provided and relied upon for preparation of this report is accurate and that interpretations and opinions expressed in them are reasonable, but subject to the conditions set forth herein, the author cannot guarantee their accuracy. Also used in the preparation of this report was historical data and information contained in the Assessment Files ("AF") of the Mines and Minerals Division of the Ontario Ministry of Northern Development, Mines, and Forestry.

Every attempt was made to review all pertinent, available information for this report. Because of the large number of Government reports, assessment work reports, and other public and private documents dealing with the properties, especially the Golden Star Mine property, the historical nature of much of the information, and the fact that the author had only limited involvement with the acquisition of any of the data, little of the historical data referred to in the report could be verified through other sources. Assay values and intersections quoted in third-party reports could seldom be checked against the original source documents, which were, in most cases, unavailable. A complete list of reports and source documents used in the preparation of this report is cited under Chapter 23, References.

The status of the un-patented mining claims held in Q-Gold's name was verified, as of April 15, 2011. Documentation concerning the status of the leased and patented mining claims purchased from Golden Star Mine Centre Exploration Ltd. was reviewed but was not verified from the Land Registry.

The information on the Letter of Intent referred to in this report was provided by Q-Gold. This and other relevant mining property agreements were reviewed, largely to determine claim numbers and general conditions. No in-depth, or legal interpretation of the agreements has been attempted.

6. Property Description and Location

6.1 Area of the Property

The Golden Star block consists of three mining leases and several mining patents (Table 1, Figure 2 and 3). A total of 36 claim units comprise an area of 535.91 Ha (1324.3 acres). The Baseline-Nugget Vein block consists of 10 un-patented mining claims (Figure

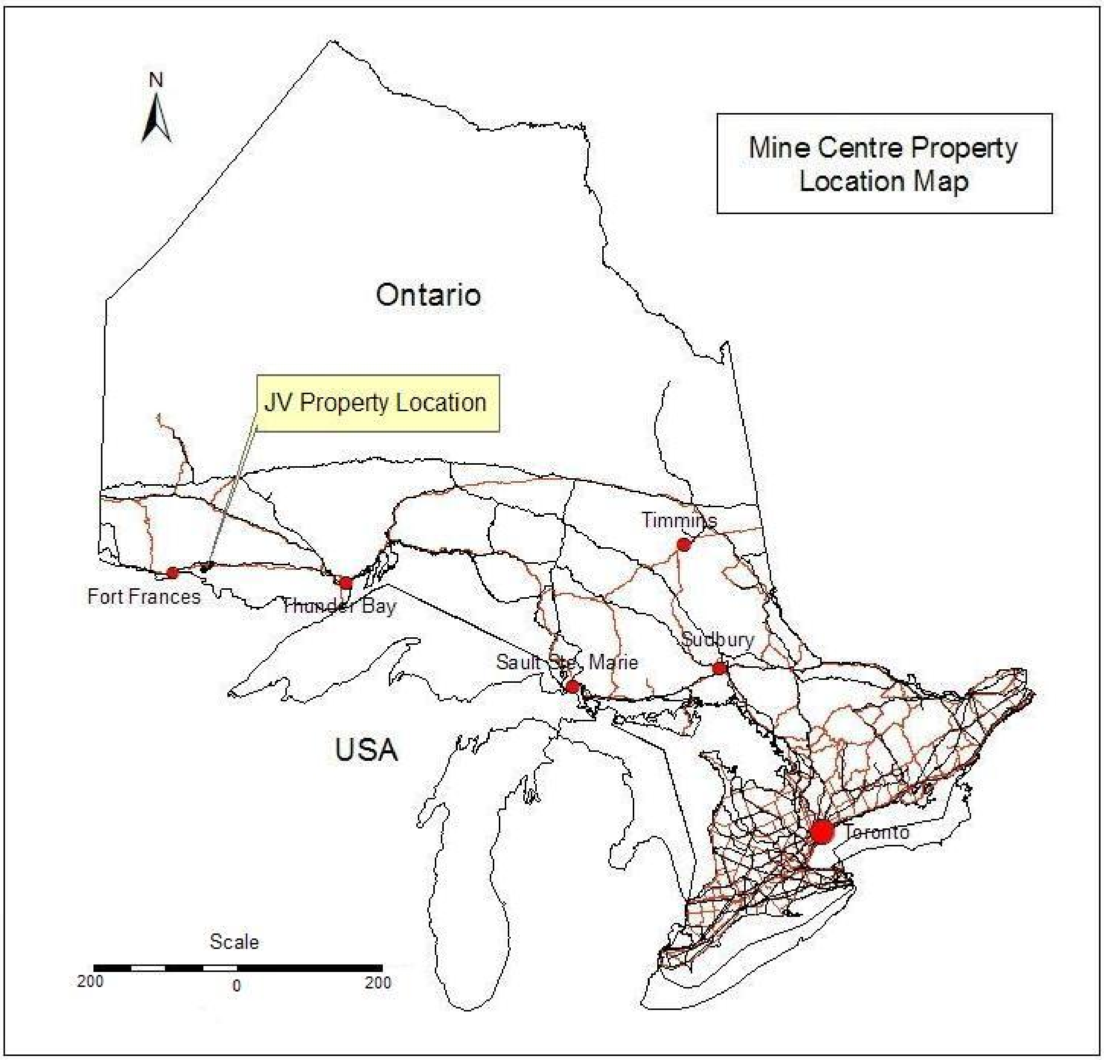
2 and 3, Table 2) comprising an area of approximately 160 Ha (400 acres). Total area for the two blocks is 695.91 Ha.

6.2 Location

The Property is situated in unorganized territory in northwestern Ontario, approximately 65 kilometres east of Fort Frances and south of the village of Mine Centre (Figure 1). Both claim blocks lie within NTS 52-C/10.

The 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 Resources Ltd.

Figure 1: General Location Map, Joint Venture Property, Mine Centre Area



6.3 Mineral Tenure

As shown in Table 1 and Figures 2 & 3, the Golden Star block consists of three mining leases, several mining patents, and the Baseline-Nugget Vein block consists of 10 un-patented mining claims. The numbers of these leases, patents, and un-patented claims are shown in Table 1 and Figures 2 & 3 as well.

Table 1: Golden Star Block of Leases and Patents

Item	Claim Group	Group Name	Date Recorded	Expiry Date	No. of Claims	Claim Numbers	Owner	Underlying NSR	Acreage
#1	Golden Star Crown Mining Lease # 107370	Golden Star	July 1, 2001	June 30, 2022	2	K202521 & K44632	Q-Gold (Ontario) Ltd.	2.0%	81.2 (32.86 Ha)
#2	Golden Star Crown Mining Lease # 106373	Golden Star	May 31, 1991	May 30, 2012	15	K532135-43 (inclusive) K629042,44,46, 48 K532134, CLM 371	Q-Gold (Ontario) Ltd.	2.0%	448.1 (181.34 Ha)
#3	Golden Star Crown Mining Lease # 107872	Golden Star	July 1, 2006	June 30, 2027	11	K349055-65 (inclusive)	Q-Gold (Ontario) Ltd.	2.0%	435 (176.04 Ha)
#4	Golden Star Patents	Golden Star		(In Perpetuity as long as property taxes are current)	8	FF570-72 (inclusive), FF607, K-237, AD-2, AD-3, AD-4	Q-Gold (Ontario) Ltd.	2.0%	360 (145.69 Ha)
Total									1,324.3 (535.91 Ha)

FF570, FF571, K237, AD2, AD3, and AD4 have Mining Rights Only. The rest have both Surface and Mining Rights.

The patents are held in perpetuity as long as property taxes are current. The mining leases are renewable and the expiry dates are shown in Table 1.

Table 2: Baseline-Nugget Block of Mining Claims

Item #	Claim #s	Group Name	Expiry Date	Underlying NSR	Owner	Acreage
1	875517	Baseline Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
2	875548	Baseline Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
3	875549	Baseline Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
4	875550	Baseline Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
5	875551	Nugget Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40

6	875543	Nugget Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
7	875544	Nugget Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
8	875545	Nugget Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
9	875546	Nugget Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
10	875547	Nugget Vein	2011-Jul-09	2%	Q-Gold (Ontario) Ltd.	40
Total						400 (160 Ha)

Under the Ontario Mining Act, a total of at least $400 per 40 acre claim unit must be expended on, or applied from banked credits on contiguous claims, each year, to hold the claims.

The expiry dates for the above un-patented mining claims are shown on the current Ministry abstracts as July 9, 2011. However, additional banked assessment credit has been filed on these claims to hold them until July 9, 2013.

6.4 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 Block 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.

Lease renewal dates and expiry date of un-patented mining claims are shown in Table 1 & 2.

A letter of intent has been signed between Cadman Resources Inc. ("Cadman") and Q-Gold Resources Ltd. ("Q-Gold") under which Cadman can earn a cumulating participating interest of 55% in the Property described above.

Under the letter of intent, the Parties agree to proceed to good faith negotiation and delivery of a draft definitive agreement ("the Draft Definitive Agreement") that contain the terms and conditions summarized below. The agreements will include a Joint Operating Agreement ("the JOA") that will outline the rights and obligations of each of the parties. The JOA will provide that Cadman will be the operator of the Properties

Cadman shall have earned the above-mentioned interest upon completion of each of the following:
1) payment to Q-Gold of CDN $275,000;
2) issuance to Q-Gold of 1,000,000 common shares of Cadman; and
3) work commitment on the Property in an amount not less than
$600,000 (with a minimum of $250,000 to be expended within first 12

months after the Closing Date and the balance prior to that date which is 24 months after the Closing Date), and expended in accordance with Cadman's National Instrument 43-101 compliant, technical report on the Property.

6.5 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.

6.6 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 Block (Figure 4). 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 shafts, veins and prospects for the Golden Star and Baseline-Nugget blocks of claims are located on Figure 4. 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 Table 3.

Table 3: List of Mines and Prospects on the JV Property

Golden Star Block	**Baseline-Nugget Block**
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	

6.7 Royalty and Other Payment Requirements

All of the Golden Star Block 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.

6.8 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 the author'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 Block have been documented by studies commissioned by the Ontario Ministry of Northern Development and Mines (DST 1999).

6.9 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 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.

7. Access, Physiography, Local Resources, and Infrastructure

7.1 Topography, Elevation and Vegetation

The 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.

7.2 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 (Figure 2).

7.3 Local Resources and Infrastructure

The 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 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 France, 65 kilometres west of the property, daily mean temperature in July is $+20^{o}$ C and $–16^{o}$ C 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.

7.4 Sufficiency of Surface Rights, Water and Other Requirements for Mining

Given the number of claims and the surface area making up the 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.

8. Mining and Exploration History

8.1 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 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 (Sherritt Gordon Mines, 1982).

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 (Beard, 2003).

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 (Simunovic, 1985). 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.

8.2 Prior Ownership and Work Carried Out

Both blocks that comprise the Joint Venture option have been flow 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 Resources Ltd. (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 Resources Ltd. 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).

8.2.1 Golden Star Block

A summary of the mining and exploration history is provided in Table 4. Historical information is partly derived from a geological report for Cleyo Resources Inc. (Simunovic, 1985), and from Tortosa, 2011, pers. comm.

Table 4: Summary of mining and exploration history for the Golden Star Block

Year	Company	Activity
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	Some development completed but mine closed due to

	Ltd.	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 (GeoTEM) 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 Resources Ltd.	Fugro airborne magnetic and EM (Dighem) survey, prospecting and sampling; diamond drilling.
2009	Ontario Geological Survey	Airborne magnetic and electromagnetic (AeroTEM) survey (GDS 1061)
2009-10	Q-Gold Resources Ltd.	GIS data compilation and 3D visualization.

8.2.1.1 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.

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^{o} and dipping southwest at 70^{o}. The vein varies from 1-2 metres in width consisting of carbonate-rich schist containing rose quartz and white quartz veins. Felsite dikes are 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 biotite-rich seams. Fine specks of visible gold were observed in drill core. The drill hole pierce-point on the longitudinal section of the mine occurs between the fourth and sixth level – an area that was not stoped.

In 2006 Q-Gold Resources Ltd. 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.

8.2.1.2 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^o and 350^o and dipping 60^o to 65 ^{o} 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 chalcopyrite, 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, chalcopyrite, galena, sphalerite and gold. Accessory minerals include chlorite, sericite, tourmaline and ankerite (Schnieders and Dutka, 1985).

Drill hole Q-06-03 (Q-Gold Resources Ltd.) 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.

8.2.1.3 Pacitto Prospect

The Pacitto prospect occurs in the north central part of the Golden Star Block (figure 4). 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 quartz-carbonate 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 Resources Ltd. 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).

8.2.1.4 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 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).

8.2.2 Baseline-Nugget Block

A summary of the mining and exploration history is provided in Table 5.

In 1997, Hexagon Gold completed geological mapping and sampling of veins and trenches for the area included in the Baseline-Nugget Block (Figure 4). Assay results for gold, silver and zinc are summarized on Figures 5a, 5b and 5c, along with geology and inferred structures (modified after Bolen, 1997). 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.

Table 5: Summary of exploration history for the Baseline-Nugget Block

Year	Company	Activity
1979	Ontario Geological Survey	Airborne magnetic and electromagnetic (GeoTEM) 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 Resources Ltd.	Trenching and sampling of the Zinc Vein.
2006	Q-Gold Resources Ltd.	Fugro airborne magnetic and EM (Dighem) survey.
2008	Q-Gold Resources Ltd.	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 (AeroTEM) survey (GDS 1061)

8.2.2.1 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 (Figure 6). 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 (Figure 7). 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)."

8.2.2.2 Nugget Vein

In April of 2000, Hexagon Gold (Ontario) Ltd. completed a percussion drilling and blasting program on the Nugget Vein (Figure 8). 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 (Figure 8) 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 ore was suitable for inclusion with the Golden Giant Mill feed.

8.2.2.3 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 (Figure 5a, Table 6). 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.

Table 6: Baseline North Vein Grab Sample Assay Results (Bolen, 1997)

SampleID	Au g/t	Ag ppm	Cu ppm	Pb ppm	Zn ppm
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 (Figure 5a, Table7). The vein is about 200 metres north of the Nugget Vein. No detailed mapping or sampling has been done to date.

Table 7: North Nugget Vein Grab Sample Assay Results (Bolen, 1997)

SampleID	Au_g_t	Ag_ppm	Cu_ppm	Pb_ppm	Zn_ppm
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
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 (Figure 5a, Table 8). The vein trends in a northwest direction and extends to the south claim block boundary (Claim 875550).

Table 8: Zinc Vein Grab Sample Assay Results (Bolen, 1997)

SampleID	Au_g_t	Ag_ppm	Cu_ppm	Pb_ppm	Zn_ppm
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 Resources Ltd. completed a stripping, trenching and sampling program on the Zinc Vein in 2006 as part of the larger Foley Mine area vein trenching and sampling.

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 (figure 5). A vein identified as the ‘Twin Vein’ occurs at the southern end of the claim block (Claim 875551) but was apparently not sampled.

8.3 Historical Mineral Resource and Mineral Reserve Estimates

8.3.1 Golden Star Mine

Neilson and Bray (1981) reported 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). A longitudinal section of the mine workings indicate that substantial stoping occurred to the northwest of the main shaft down to the fifth level (107 metres). The plunge of the ore shoot within the vein is estimated at 40-50^{o} NW (Figure 9).

These mineral resource estimates calculated by Neilson and Bray (1981) were based upon old historical public and company reports, incomplete mine plans, sections and other data in the public record. Because of the questionable quality of most of these old records, the figures provided by Neilson and Bray cannot be construed to be “mineral resources” or “mineral reserves” as defined in National Instrument 43-101.

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 Table 9. The lack of detailed block calculations and reliance on historical plans and assays indicates that the figures provided by Ennis cannot be construed to be “mineral resources” or “mineral reserves” as defined in National Instrument 43-101.

Table 9: Summary: Mineral Potential for the Golden Star Mine by G.F. Ennis (1979)

Resource Type	Description	Tonnage and Grade
'Ore in Sight'	The term applies to shaft pillars and the floor pillar between the 1st and 2nd levels, where the ore has been developed on three sides.	4,000 tons @ 0.62 oz/t
'Probable Ore'	Applies to the northwest and southeast extensions of the vein above the 6th 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
'Potential Ore'	Applies to the vein below the 6th 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

8.4 Historical Production

Reported production from the Golden Star Mine is noted in Table 10. Small amounts were produced from the Isabella Mine (15 ounces of gold) and Isabella No. 2 Vein (production unknown).

Table 10: 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.

9. Geological Setting

9.1 Regional Geological Setting

As described by Beard (2006); (refer to figure 10 and 14):

> "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, that 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 sygmoidal 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."

9.2 Golden Star Block

Since the main ore vein on the Golden Star property is poorly exposed at surface, there is little reliable indication of the geology of this early mine.

A brief description of the local geology is given by Schnieders and Dutka (1985):

> "The veins are hosted by intermediate to mafic metavolcanics with intercalated felsic metavolcanics that are intrude by 'felsite', felsic porphyritic dikes and associated quartz veins. The veins occur in ductile shear zones, indicating a left-lateral sense of motion. 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."

A brief description of the underground geology is given by Tanton (1935), who inspected the underground workings at the Golden Star Mine in 1934:

> "At the Golden Star Mine (Figure 11), a body of felsite about 12 feet wide and over 100 feet long invades Keewatin green schist along a fault zone that strikes northwesterly and dips southwesterly at a high angle. The Keewatin schists along the edge of the felsite body are largely replaced by carbonates. The Golden Star vein follows the fault zone. It commences in the felsite and has been traced continuously into the Keewatin schists in which it continues. The part of the vein lying in the felsite consists of a system of branching veinlets whereas the part in the Keewatin schists appears to follow a single fissure and to consist of long, lenticular bodies each of comparatively uniform width and locally banded with thin laminae of black chlorite. The vein filling as now exposed consists of quartz with, at some places, ankerite and is locally sparingly mineralized with pyrrhotite, pyrite and chalcopyrite."

9.3 Baseline-Nugget Block

.

The Baseline Vein consists of a west-northwest trending vein (300^{o}) 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 wall rocks. The vein extends over 110 metres becoming undulating and less well defined to the east-southeast. The Nugget Vein is located approximately 500 metres northeast of the Baseline Vein and consists of a north-northwest trending vein (335^{o}) 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. The wall rocks to both veins are commonly foliated or sheared with a left lateral sense of movement. In places, second order veins occupy gash fractures occurring at high angles to the main vein and foliation.

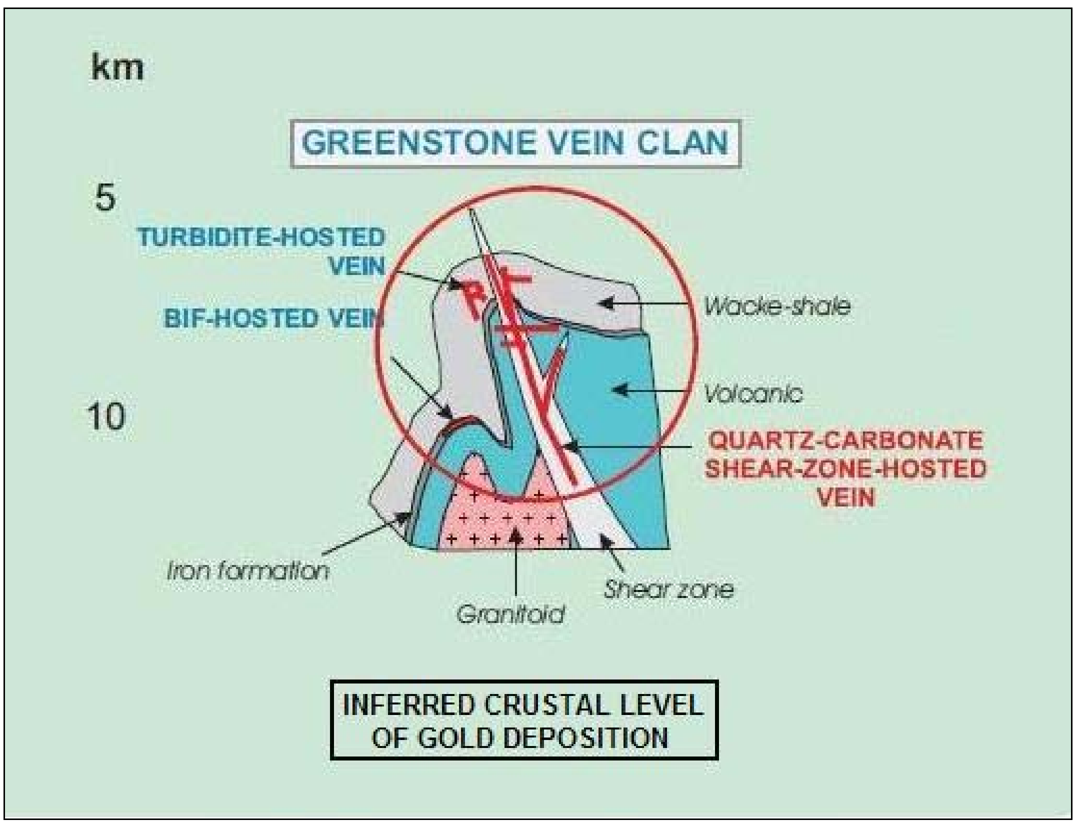
The host rock for both the Baseline Vein and the Nugget Vein is a massive, equigranular, medium to coarse-grained felsic intrusive sill with a composition ranging from trondhjemite to tonalite (Figure 5a). The vein mineralization is characterized by the presence of disseminate and network pyrite, with 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%.

10. Deposit Types

10.1 Archean Lode Gold Deposit Type

Archean lode gold deposits consist of simple to complex networks of gold-bearing, laminated, quartz-carbonate, fault-fill veins occurring in moderately to steeply dipping, compresional brittle ductile shear zones and faults (Dubé and Gossellin, 2010). Deposits occur primarily in greenschist metamorphic facies rocks and are distributed along major compressional and transtensional crustal scale fault zones in deformed greenstone terranes (figure 12).

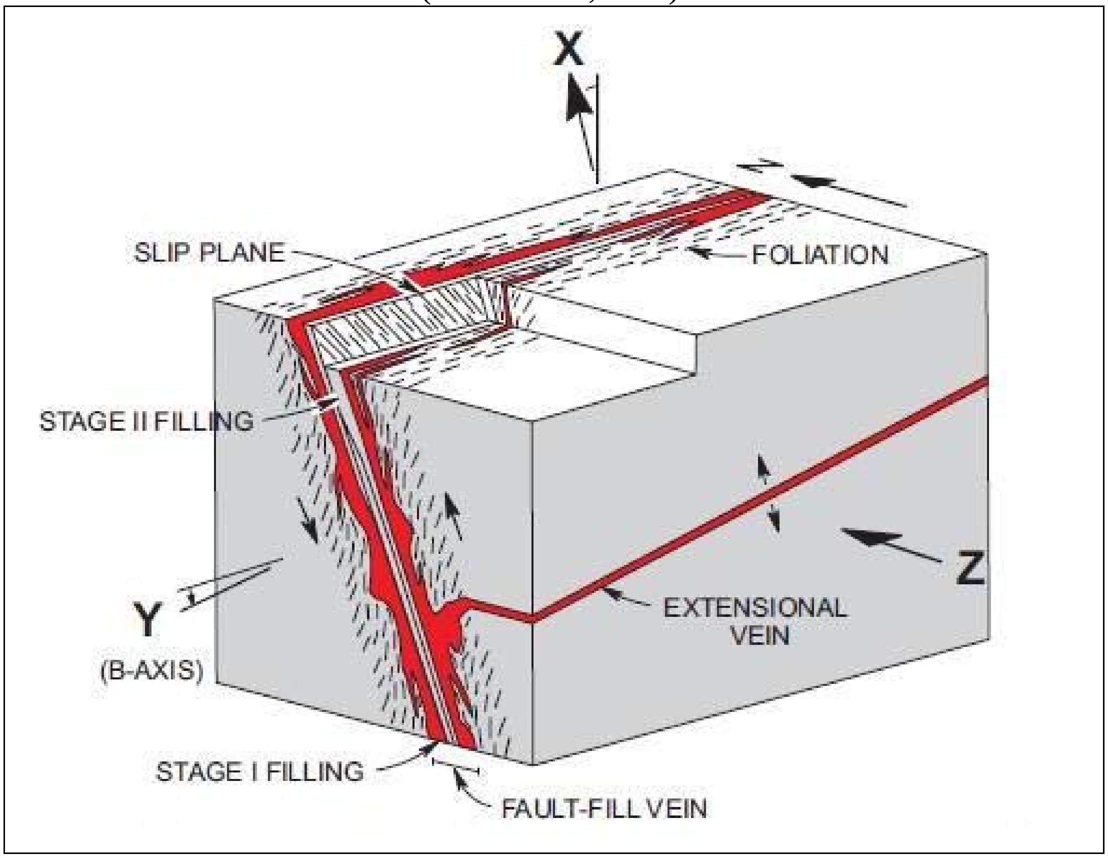
Figure 12: Inferred crustal level for Archean Lode Gold deposits (modified from Dubé et al., 2001)



Commonly the wall rocks to the mineralized veins are altered with increases in potassium, iron-carbonate, sulphur and silica. The wall rocks are commonly sheared with a well define foliation, reflecting the shear-hosted nature of the vein system (figure 13). The veins may be accompanied by second and third order veins representing tension fractures (Poulsen, 2000).

The greenstone-hosted quartz-carbonate vein deposits are also commonly spatially associated with Timiskaming-like regional unconformities, suggesting an empirical time and space relationship between large-scale greenstone quartz-carbonate gold deposits and regional unconformities (Dubé and Gossellin, 2010).

Figure 13: Schematic diagram illustrating geometry of shear-hosted quartz veins (from Robert, 1990).



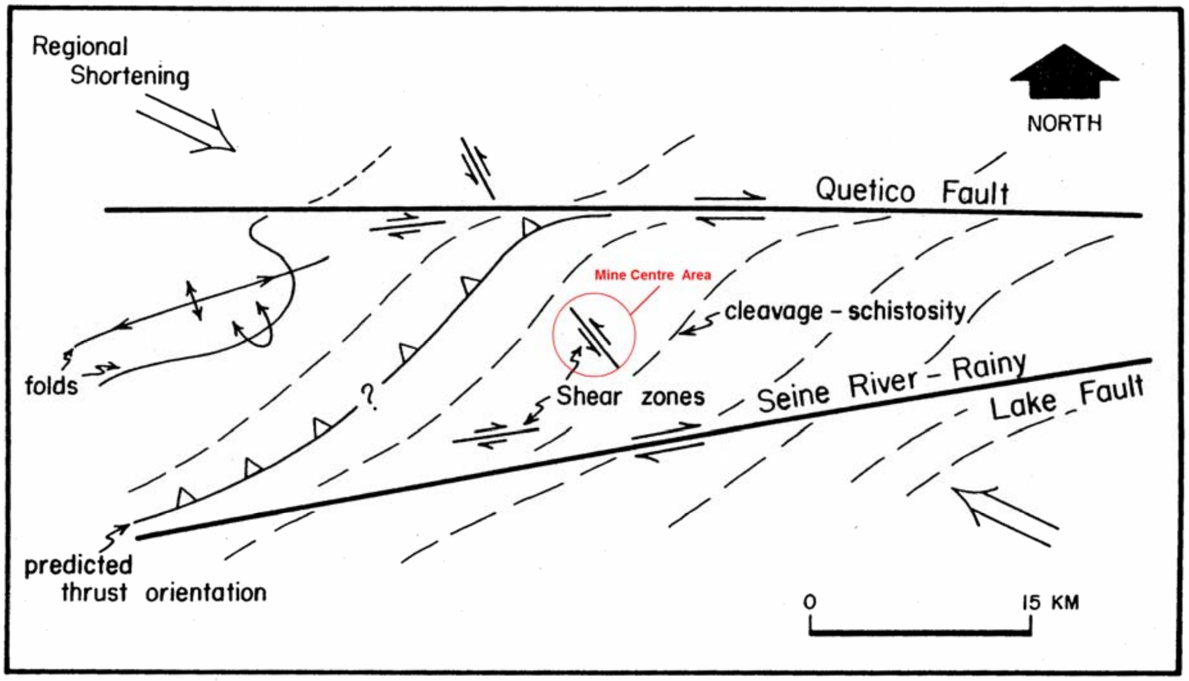
10.2 Regional Structural Model

In the Mine Centre Gold Camp, the lode gold deposits occur in a wedge of rocks contained between major crustal faults: the Quetico Fault to the north and the Rainy Lake-Seine River Fault to the south. Within this wedge of rocks, geological units, structural fabric, and faults, have a sigmoidal pattern reflecting a dextral wrench movement along the major crustal faults (Poulsen, 2000).

The gold vein systems in the Mine Centre area are closely associated with a large tonalite-trondhjemite sill that trends in a northeast direction (Figure - from geological setting). The vein systems display consistent left lateral movement in the sheared host rocks adjacent to the veins. This is consistent with regional shortening (Figure 14) from the west-northwest/east-southeast as described by Poulsen (2000). The northwest and north-south strike of the veins and vein splays may reflect the progressive deformation and changes in the orientation of regional shortening (Beard and Tortosa, 2011).

It is possible that northwest structures and related veins are the early primary structures and that the north-south trending structures and veins reflect later deformation and vein formation (Beard and Tortosa, 2011).

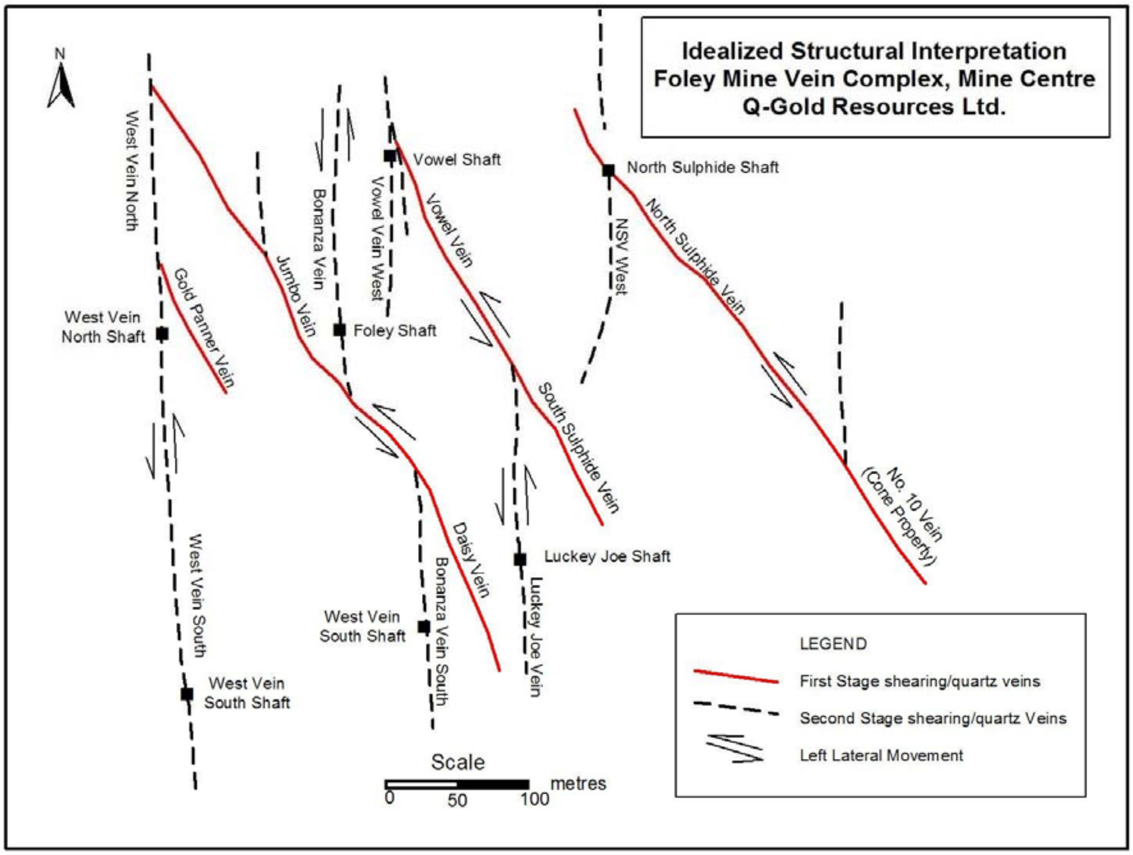
Figure 14: Interpretation of main structural features, Mine Centre (after Poulsen 2000).



10.3 Local Structural Model

An idealized structural interpretation for the Foley Mine Vein Complex (Figure 15) is believed by the author to be applicable to the Baseline-Nugget Block and the Golden Star Block. In the Foley Mine Vein Complex the northwest trending structures represent an early stage of shearing and quartz veining which was followed by a later period of north-south trending shearing and veining (Beard and Tortosa, 2011). The north-south veins appear to be splay veins related to the northwest trending early vein system and, notably, almost all the historical mine shafts are located on the north-south veins. This may indicate that north-south vein systems like the Bonanza Vein have a higher gold content.

Figure 15: Idealized Structural Interpretation, Foley Mine Vein Complex
(after Beard and Tortosa, 2011)



11. Mineralization

In the lode veins of the Mine Centre area, gold largely occurs as coarse free gold in white quartz veins. Some veins also contain varying amounts of sulphide and other minerals including tellurides, sphalerite, chalcopyrite, pyrite, molybdenite and galena.

Sampling and assaying of veins over the years indicates that gold concentrations within some of the veins of the Mine Centre area can average between 0.35 and 0.85 oz/ton gold, with some even higher-grade zones. This is demonstrated by many assay intersections from underground and surface sampling and limited diamond drilling carried out in the early days (AF).

More recent work that demonstrates this was an exploration program carried out by Sherritt Gordon Mines Ltd. in 1981-1983. Approximately 3,400 linear feet of veins on the Foley, Ferguson and McKenzie-Gray claims were exposed by stripping and trenching, followed by systematic sampling. While detailed maps of the trenches, showing assay values, are available, no useful summary report of this surface sampling program is available. One Sherritt Gordon report does, however, observe that “the average grades of the mineralized shoots range from 0.10 oz/ton to 0.84 oz/ton.” This report also mentions an average grade of 0.80 oz/ton for one of the ore shoots on the Bonanza (Foley Mine) Vein (Sherritt Gordon Mines, 1983).

A trenching map of the Foley Mine property, prepared by Sherritt Gordon Mines in 1983, (shown as excerpts in Appendix C), shows the following average assays and widths for ore shoots on some of the veins:

Bonanza Vein:	0.84 oz/ton over 1.5 feet.
“	0.84 oz/ton over 1.0 feet
V Vein:	0.10 oz/ton over 3.3 feet
Jumbo Vein:	0.18 oz/ton over 6.6 feet
Daisy Vein:	0.38 oz/ton over 1.6 feet
Lucky Joe Vein:	0.36 oz/ton over 1.2 feet
West Vein:	0.37 oz/ton over 1.5 feet

While the figures mentioned above do not apply directly to the veins on the property, they do provide an indication of the nature and extent of the mineralization in the Mine Centre area.

11.1 Golden Star Block

Since the main ore vein on the Golden Star property is poorly exposed at surface, there is little reliable indication of the mineralization or the ore grade of this early mine. A total of 10,758 ounces of gold and 34 ounces of silver were recovered from 19,345 tons of ore, suggesting an average grade of 0.56 ounces per ton milled (Schnieders and Dutka, 1985). Ennis notes from historical records that “from 119 samples taken by James A. Bow above the 5th level, the average grade was 0.92 ounces across 2.6 feet. At an average (mining) width of 4 feet the average grade would be 0.62 ounces per ton.” (Ennis, 1979). This could not be verified from other sources, but there is no evidence to suggest that it is not valid.

11.2 Baseline-Nugget Block

The host rock for the Baseline Vein and the Nugget Vein is a massive, equigranular, medium to coarse-grained felsic intrusive sill with a composition ranging from trondhjemite to tonalite (Figure 5). The Baseline Vein, as described by Beard & Tortosa (2011) is "characterized by the presence of disseminate and network pyrite, with 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%." The wallrock adjacent to the vein is commonly foliated or sheared with a left lateral sense of movement. Second order veins occupy gash fractures occurring at high angles to the main vein and foliation.

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 (Beard and Tortosa, 2011). 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.

Percussion drilling samples from the Nugget Vein ranged from less than 1 g/tonne gold, up to 33.6 g/tonne gold (includes check samples). The average gold grade for 160 samples was 2.13 g/tonne (including check samples). A plot of the assay results (Figure 8) indicates a clustering of higher-grade samples at various locations along the vein indicating that the mineralization is not evenly distributed.

Results from the 160 tonne bulk sample (3.8 g/tonne gold) differ significantly from the smaller 70-kilogram sample (8.99 g/tonne gold). No indication is given in the reports as to how the samples were prepared by Hexagon Gold (Ontario) Ltd. 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.

12. Exploration

12.1 Introduction

Cadman has not carried out any exploration work on the Property. However, in 2010, Q-Gold Resources Ltd. contracted JVX Geophysics to complete Spectral IP surveys in the Golden Star Mine area, the Baseline Vein, the Nugget Vein, and elsewhere on the Q-Gold property. The IP surveys were followed by diamond drilling programs that included two drill sections on the Baseline Vein, each consisting of three drill holes.

The author was not involved with the geophysical surveys, but was involved with the diamond drilling on the Baseline Vein, having supervised the program and logged the core.

12.2 Golden Star Block

12.2.2 Spectral IP Ground Geophysics

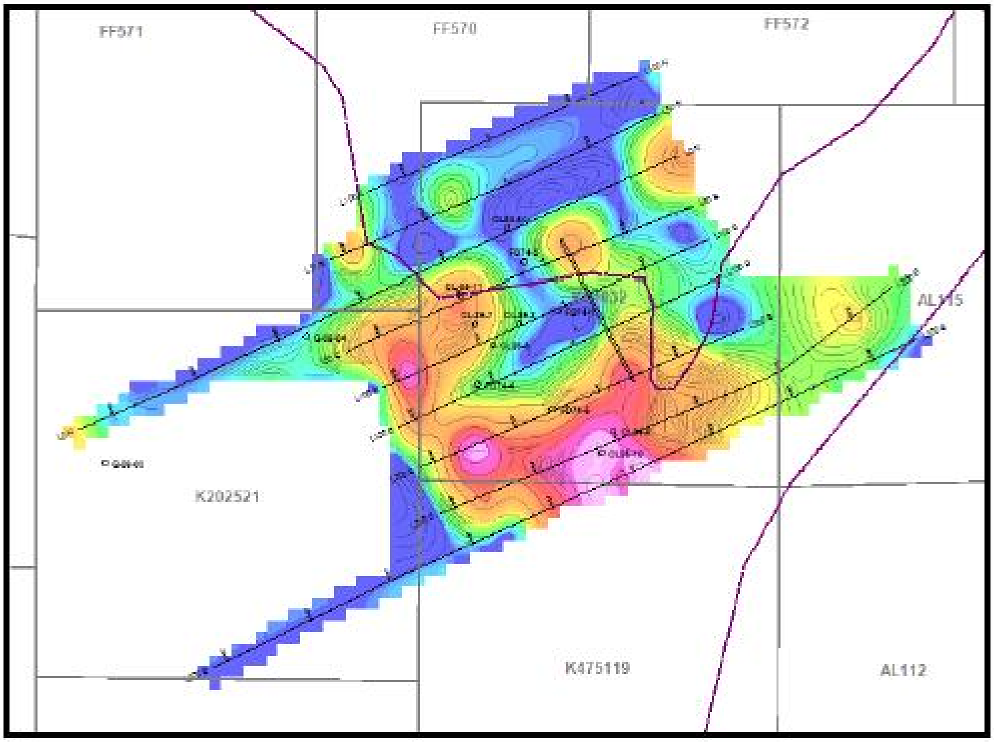
JVX Geophysics completed a spectral Induced Polarization survey on the Golden Star vein in the spring of 2010 (Johnson, 2010). The survey was completed in order to assess the Spectral IP response to mineralized narrow vein systems hosted in Archean greenstones. Spectral IP lines were run in a northeast-southwest direction, perpendicular to the northwest trending Golden Star vein. Notably, the lithological and structural fabric orientation in the mafic to felsic metavolcanic package trends northeast and dips steeply (parallel to the IP lines). Spectral IP response data was obtained for Chargeability, Resistivity, Magnitude of the Chargeability (Spectral MIP), and the Time Constant (Figure 16, 17, and 18).

Results from the JVX report on the Golden Star vein are summarized as follows (Johnson, 2010):

> “The average M13 chargeability on the Golden Star grid is 2.2 mV/V. Background levels for M13 over exposed bedrock are around 5 mV/V. ‘Weak’ IP anomalies are generally those with peak amplitudes in M13 in the range of 5 to 10 mV/V. Moderate means peak M13 values of 10 to 20 mV/V and strong means more than 20 mV/V. Under these criteria, 79% of the chargeabilities are at or below background levels. 17% are in the range of 5 to 10 mV/V (possible weak IP anomaly). 4% are over 10 mV/V (possible moderate to strong IP anomaly).”

> “An unusual 27% of the M13 chargeabilities are negative and most are in areas of low resistivity. In most surveys, a few, small negative chargeabilities may be seen when the potential electrodes are inside the chargeable body. In this case, the negative IP effects (reverse discharge current) may be due to chargeable clays at surface.”

Figure 16. Spectral IP: n=1 Resistivity, Golden Star grid (after Johnson, 2010)



"In the absence of bedrock conductors, most crystalline rock has a resistivity of more than 25,000 ohm.m. Seawater has a resistivity of around 1 ohm.m. Overburden resistivities in the Canadian Shield are commonly in the range of 50 to 200 ohm.m. n=1 resistivities of more than 10,000 ohm.m (29%) usually mean good access to bedrock and a prospecting history. n=1 resistivities in the range of 2,000 to 10,000 (19%) often means access to bedrock may be possible by back hoe stripping.

47% of the IP decays were of sufficient quality and amplitude to generate spectral parameters. This low number is the result of low chargeability amplitudes in areas of low resistivities – it does not reflect data quality.

The compilation map (Figure 18) shows IP anomalies over n=2 resistivity contours. Numbered drill hole collars and mine workings have been added.

All IP anomalies on the Golden Star grid are weak to moderate. No strong IP anomalies and no probable bedrock conductors are seen. All IP anomalies are shallow – no IP anomalies with centre tops at depth have been identified. Most IP anomalies fall over shallow resistivity highs and probable areas of outcrop or subcrop. IP anomalies with moderate to low n=1 resistivities are probably buried and may be of more interest."

Figure 17: Spectral IP: n=1 M13 chargeability, Golden Star grid (after Johnson, 2010)

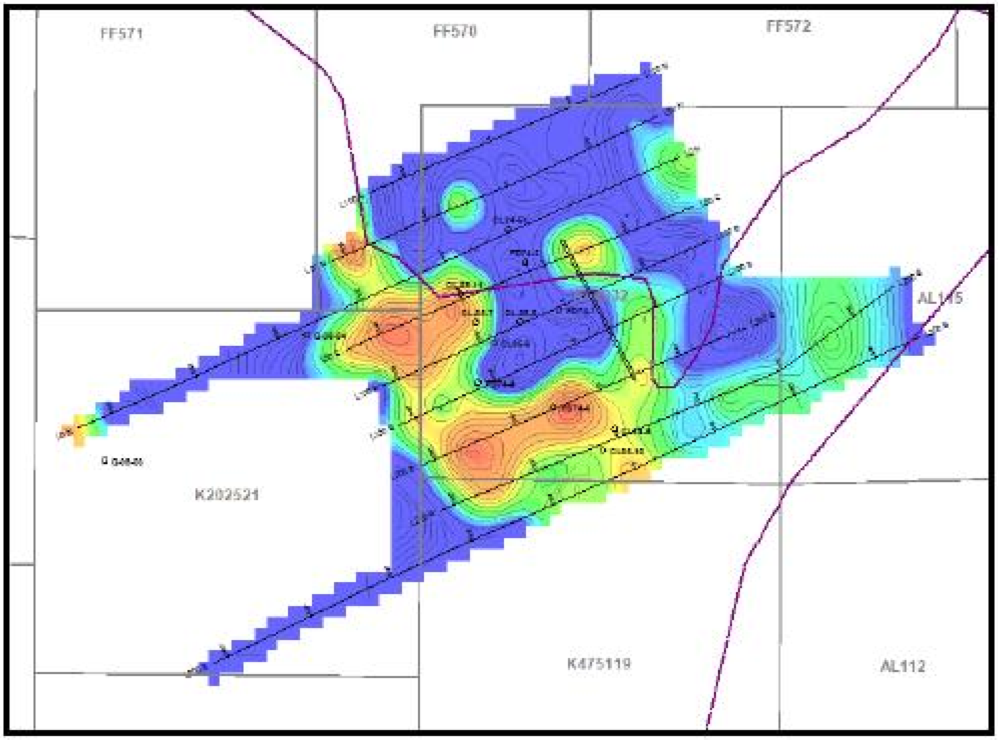
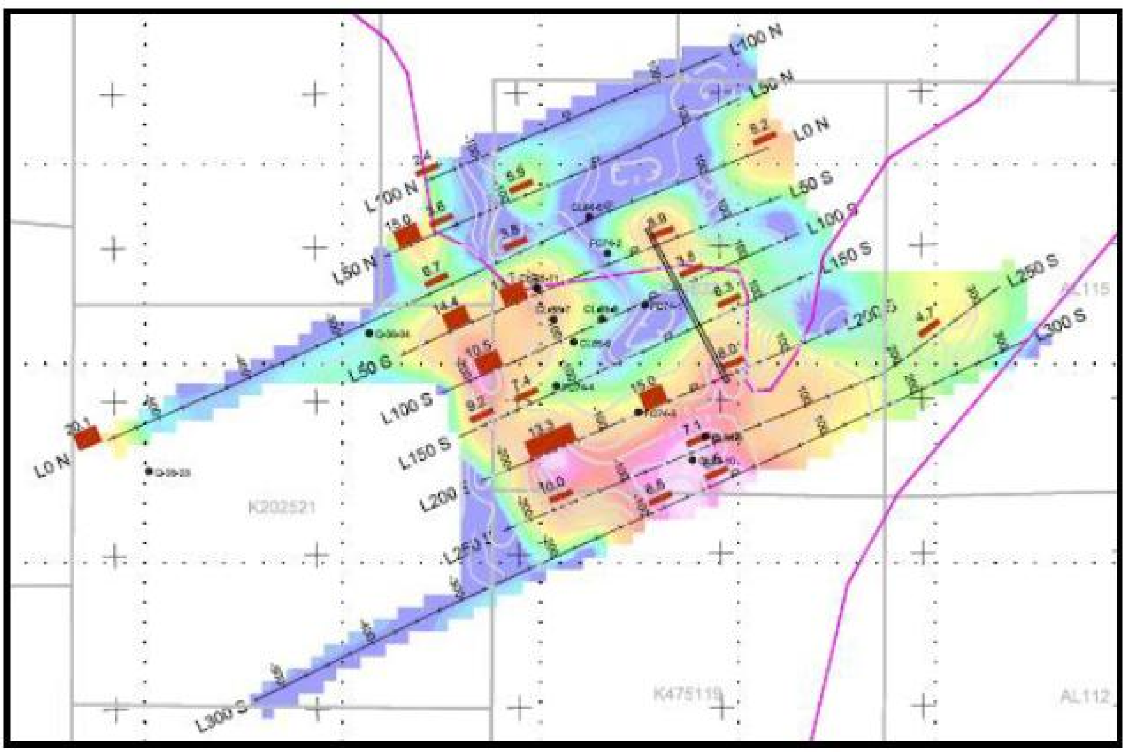


Figure 18. Compilation (IP anomalies over n=1 resistivity), Golden Star Grid



12.3 Baseline-Nugget Block

12.3.1 Baseline Vein

12.3.1.1 Spectral IP Ground Geophysics

JVX Geophysics completed a spectral Induced Polarization orientation survey on the Baseline Vein in the spring of 2010 (Johnson, 2010). The orientation survey was completed in order to assess the Spectral IP response to mineralized narrow vein systems in the trondhjemite-tonalite host rock. Spectral IP response data was obtained for Chargeability, Resistivity, Magnitude of the Chargeability (Spectral MIP), and the Time Constant (Figure 19, 20).

Results from the JVX report on the Baseline Vein are summarized as follows (Johnson, 2010):

> "The Baseline vein is seen as a weak M13 chargeability anomaly with its centre top in the first dipole (plot point depth 19 m). There is no evidence that the vein is other than near-vertical or that the vein is depth limited. It has no clear resistivity expression. High n=1 resistivities over the center and eastern parts of the grid suggest good access to outcrop. Background chargeabilities away from the vein and away from the overburden on line 2+00N are 5 to 6 mV/V (M13), 16 to 18 mV/V (M1) and around 130 mV/V (MIP). Peak chargeabilities over the vein are 8.1 mV/V (M13), 26.5 mV/V (M1) and 204 mV/V (MIP). By a modest margin, the M1 chargeabilities give the best response relative to background values."

> "Based on these results, the best place to check on any continuation of the Baseline vein would be centered at line 1+00N, 0+10W and then 0+50N, 0+25E. There is nothing on L2+00N but this may be due to conductive overburden - the vein may continue to the northwest at depth. The Baseline vein is seen as a weak IP anomaly, best expressed in the early time chargeability."

Figure 19. Clockwise from upper left: n=1 resistivity, n=1 M13 chargeability, n=1 M1 chargeability and n=1 MIP chargeability, Baseline Grid (after Johnson,

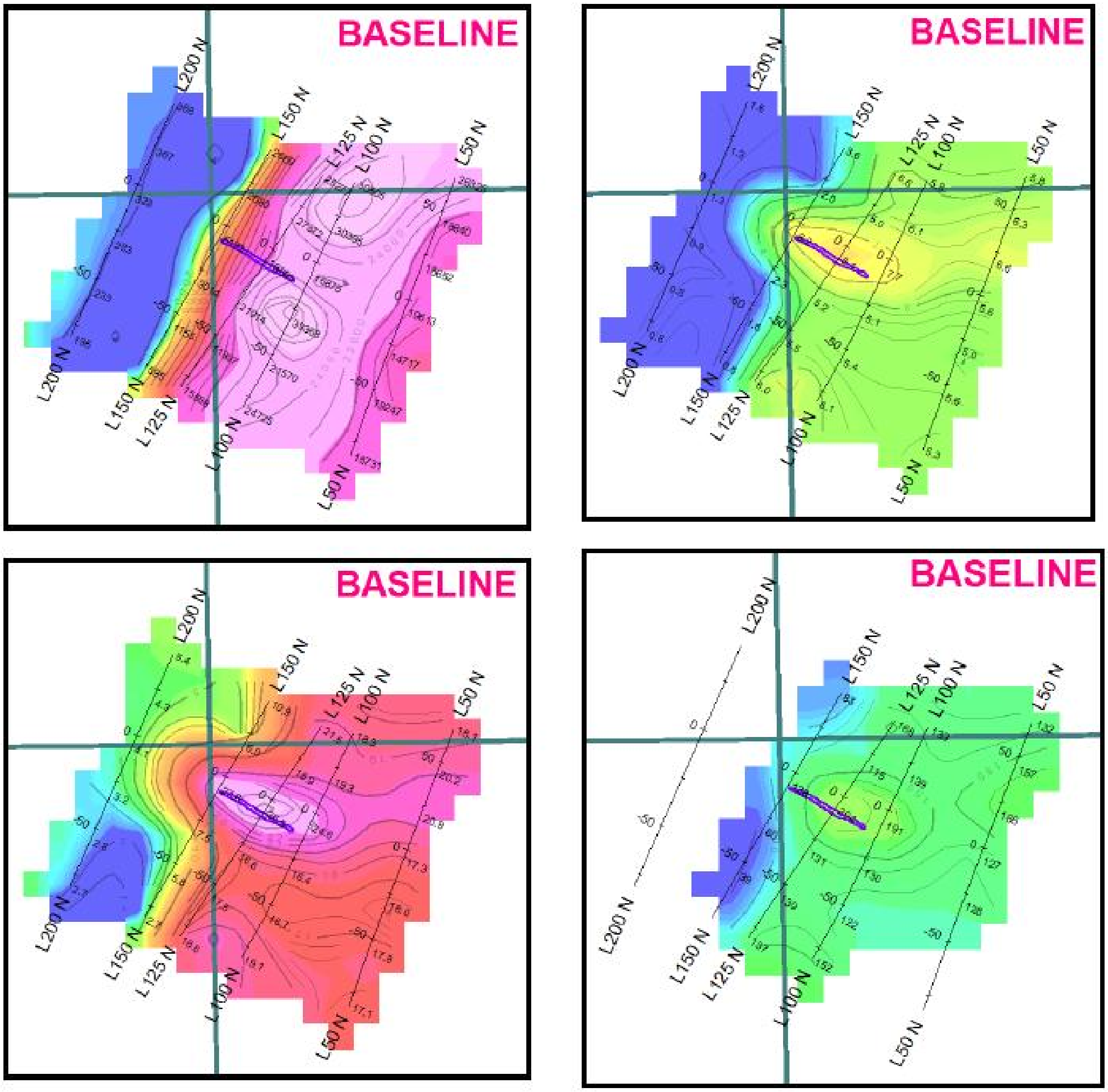
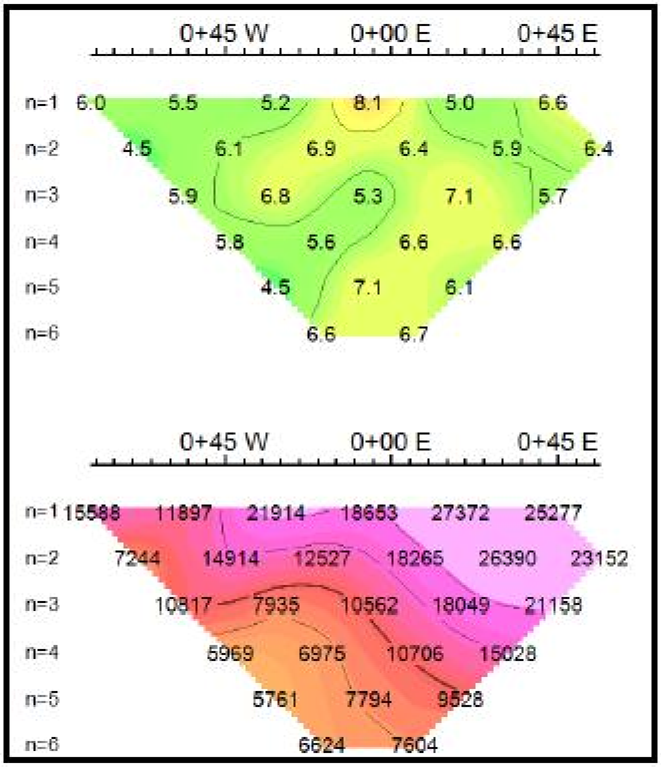


Figure 20. M13 chargeability and apparent resistivity, L1+25N, Baseline Grid (after Johnson, 2010)



12.3.1.2 Baseline DDH Program

Details of the drilling program are summarized in Section 13.

12.3.2 Nugget Vein

12.3.2.1 Spectral IP Ground Geophysics

JVX Geophysics completed a Spectral Induced Polarization orientation survey on the Nugget Vein in the spring of 2010 (Johnson, 2010). The orientation survey was completed in order to assess the Spectral IP response to mineralized narrow vein systems in the trondhjemite-tonalite host rock. Spectral IP response data was obtained for Chargeability, Resistivity, Magnitude of the Chargeability (Spectral MIP), and the Time Constant (Figure 21, 22)).

Results from the JVX report on the Nugget Vein are summarized as follows (Johnson, 2010):

> "The Nugget vein has no clear IP or resistivity expression. Chargeability peaks over the vein on L1+25N are only 6.4 mV/V (M13), 19.9 mV/V (M1) and 133 mV/V (MIP). These values are only slightly above background levels (M1 and M13) and at background for MIP. Results are a little better near the base line on

L1+50N and L2+00N and this might be an area to be checked further for a continuation of the Nugget vein."

Figure 21. Clockwise from upper left : n=1 resistivity, n=1 M13 chargeability, n=1 M1 chargeability and n=1 MIP chargeability, Nugget Grid (after Johnson, 2010)

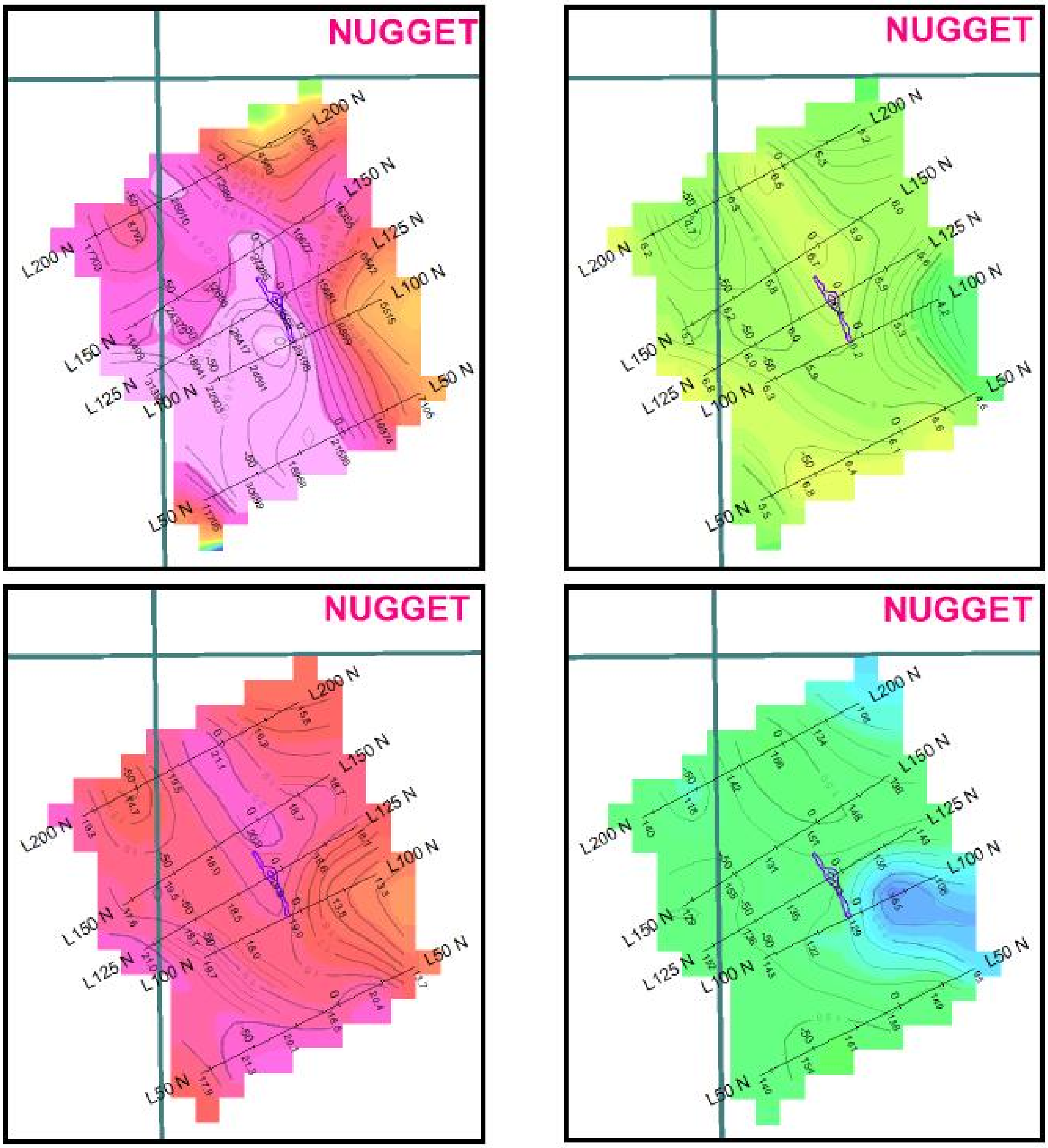
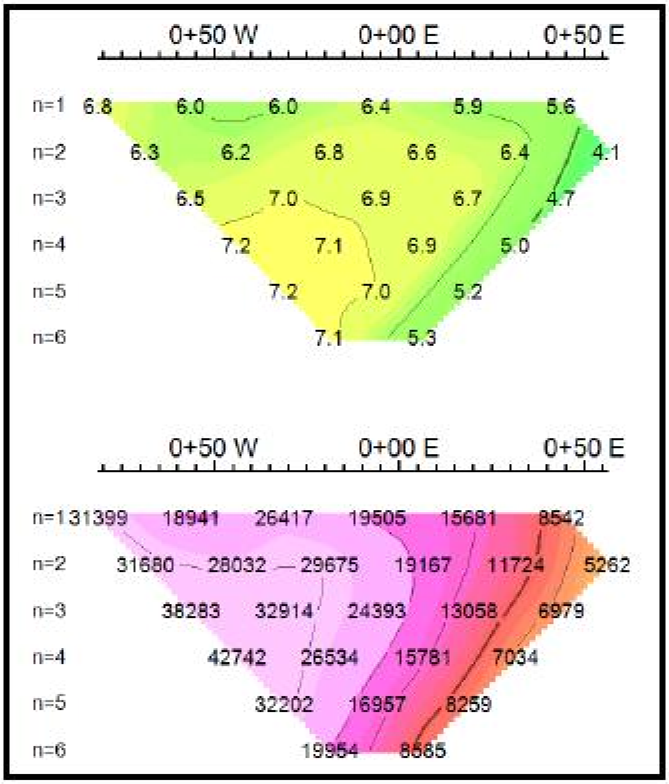


Figure 22. M13 chargeability and apparent resistivity, L1+25N, Nugget Grid (after Johnson, 2010)



13. Drilling

13.1 Baseline Diamond Drilling Program 2010

Cadman has not done any drilling on the Property. However, between October 5 and October 12, 2010, a diamond-drilling program was carried out by Q-Gold on the Baseline Prospect (Figure 23, Table 11). 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)

Table 11: Baseline Prospect Diamond Drill Hole Information

Baseline Prospect							**UTM**	**UTM**	
X-Section	**Drill Holes**	**Azimuth**	**Dip**	**Length**	**GridN**	**GridE**	**Easting**	**Northing**	**Zone**
Section 1	Q-BL-10-01	35.8	-45.3	81	1+00 W	0+50 W	526364	5395441	15
Section 1	Q-BL-10-02	33.2	-60.3	90	1+00 W	0+50 W	526364	5395441	15
Section 1	Q-BL-10-03	35.0	-70.0	24	1+00 W	0+50 W	526364	5395441	15
Section 2	Q-BL-10-04	31.9	-45.5	81	1+25 W	0+50 W	526336	5395354	15
Section 2	Q-BL-10-05	34.2	-60.2	99	1+25 W	0+50 W	526336	5395354	15
Section 2	Q-BL-10-06	35.9	-70.7	150	1+25 W	0+50 W	526336	5395354	15
Total				**525**					

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

This drilling program was supervised by the author.

13.2 Geological Units

Trondhjemite

Trondhjemite is the field term used to classify the Bad Vermillion Felsic Intrusion that ranges in composition between a trondhjemite and a tonalite. In drill core it is generally medium grained with finer grained sections, medium to dark gray in colour, composed of plagioclase and quartz grains and eyes up to 0.4 cm, in a fine grained, dark gray matrix. Quartz eyes vary from prominent to insignificant, and generally give the rock a vaguely porphyritic appearance.

The trondhjemite is generally only weakly foliated. The more altered sections are gray to gray-green with occasional finer grained sections. Sericite and chlorite alteration varies from light to moderate, and occasionally high. Carbonate is finely disseminated throughout; carbonate is also concentrated along hairline fractures, and typically associated with narrow quartz stringers. The trondhjemite is slightly sheared and foliated in places and may contain chlorite rich sections.

Some irregular patches and stringers of quartz are present in the trondhjemite. There are scattered 1-2 cm wide quartz-carbonate veinlets. Pyrite occurs as scattered blebs and crystals 1 to 3 mm in size; thin stringers of pyrite occur locally. Scattered fractures in the trondhjemite are smeared with chlorite and occasional fine pyrite.

Altered Trondhjemite

Altered trondhjemite is characterized by a finer grain size than typical trondhjemite and a gray-green colour. The alteration consists of an increase in sericite, chlorite and an increase in quartz and quartz-carbonate veinlets. It has a streaky appearance in places and contains thin black chlorite seams.

The contact zone with large quartz veins is sheared and altered with chlorite and sericite, and up to 4% pyrite as small crystals.

Felsite

Felsite is very fine-grained and tan-coloured. It was intersected in one drill hole and occurs adjacent to quartz rich trondhjemite. It has a similar appearance to tan-coloured quartz.

Quartz Rich Trondhjemite

The quartz-rich trondhjemite are intermixed zones of quartz and altered trondhjemite. The rock unit was identified primarily in DDH Section 1. Quartz content varies from 20% to 40% and occurs as irregular concentrations of quartz and thin veinlets. The trondhjemite is altered with sericite and chlorite and is locally foliated. Pyrite occurs disseminated as fine to coarse crystals and represents less than 1%. Some of the quartz veinlets contain traces of sphalerite.

The quartz rich trondhjemite forms a 1 to 3-metre envelope around the main Baseline Vein and is thought to grade into quartz rich zones identified in DDH Section 2.

Quartz Rich Zone

Quartz-rich zones are intermixed zones of quartz containing altered trondhjemite. Quartz can vary from 60% to 85%. The altered trondhjemite is sericitic and chloritic, slightly foliated locally, and contains large quartz eyes. Pyrite occurs largely as disseminations and concentrated adjacent to quart veins and represent less than 1%.

Quartz Vein

Quartz is white to translucent, massive, and streaky with chlorite and sericite. Pyrite occurs as fine disseminations, small crystals, and as thin seams, and generally comprises from less than 1% up to 3%. There are sections of pinkish-coloured quartz having a mottled appearance and containing sericite and chlorite.

Several thin unclassified veins consist of dark gray quartz with up to 20% pyrite and pyrrhotite. Pyrrhotite occurs as coarse splotches up to 1 cm size; pyrite is disseminated with trace sphalerite. A yellow mineral, thought to be visible gold was observed along the contacts of several veinlets containing a fine-grained black mineral (tourmaline).

A well-mineralized portion of the Baseline Vein consists of massive white quartz with 10-12% pyrite as coarse spots (up to 1 cm size) and concentrations and less than 1% sphalerite. Galena constitutes 8-9% and occurs as coarse grains and concentrations.

13.3 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.

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^{o} 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%.

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 trace 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.

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 fine-grained visible gold was noted in several of these veinlets within the black tourmaline seams.

13.4 Geological Cross Sections

Baseline DDH Section 1 (1+00N): DDH Q-BL-10-01, 02, 03

Two drill holes intersected the Baseline Vein. The third drill hole was terminated at 24 metres and the collar was capped.

The Baseline Vein has a curvilinear form with a steep -85^{o} dip northeast over a 40-metre depth, and then curves to a –75^{o} dip southwest below 40 metres (Figure 24). The vein is about 0.3 metres wide and is surrounded by a quartz-rich trondhjemite envelope that varies from 1.5 to 4.5 metres on either side of the vein. The vein extends from surface to a depth of 75 metres.

Drill holes in Section 1 intersected anomalous silver (0.7 g/T) and gold (0.15 g/T) mineralization in two samples.

Baseline Vein Section 2 (1+25N): DDH Q-BL-10-04, 05, 06

Three drill holes intersected the Baseline Vein, the HW Vein, and a series of footwall veinlets.

The Baseline Vein has a curvilinear form and is near vertical to a 40-metre depth, then swings to a –80^{o} dip southwest below 40 metres (Figure 25). The vein is about 2 metres wide over the first 40 metres and gradually decreases in width to 0.5 metres at about a 100-metre depth.

The HW Vein has a curvilinear form and is steeply dipping to the northeast over about a 40-metre depth from surface, and then swings to a –70^{o} dip southwest below 40 metres. The vein ranges from 0.25 to 2 metres in width, with the wider section occurring at about a 50-metre depth. The HW Vein tends to mimic the Baseline Vein in its curvilinear form and dip.

A series of quartz veinlets and some quartz-carbonate veinlets occur in the footwall rocks of the Baseline Vein. The veinlets have a similar dip to the Baseline Vein ranging from –75^{o} to –80^{o} southwest and are separated by 2 – 10 metres of trondhjemite. Veinlets cannot be connected between drill holes, and the number of veinlets increases below a depth of 85 metres.

14. Sampling Method and Approach

14.1 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 NQ size drill core. The drill crew labeled 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 boundaries conformed to geological units and contacts. Altered wall rocks were sampled adjacent to the mineralized quartz veins. Sample intervals were one metre in length unless geological units required more or less.

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 labeled 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.

15. Sample Preparation, Analysis, and Security

15.1 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 labeling 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.

15.2 Sample Analysis

Samples were crushed and analysed by TSL Laboratories, Saskatoon, Saskatchewan, which is an analytical laboratory that is accredited to international quality standards.

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.

15.3 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 (Table 12). The stated recommended values for CDN-ME-2 are:

Table 12: Sample Standard Assay: CDN-ME-2

Gold g/t	Silver g/t	Copper %	Zinc %
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.

15.4 Security

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.

16. 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 (Table 13).

Table 13: Sample Standard Assay Results, Baseline Sampling

SAMPLE #	Au g/t	**Ag g/t**	**Zn %**
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 X-Logger 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.

The author believes that the data and information reported on has been adequately verified. The author was on the property and can verify that the drilling and sampling of the Baseline Vein was carried out as described. The author was not present or involved with the property at the time the analytical work was carried out.

17. Adjacent Properties

Approximately 2 kilometres south of the Baseline/Nugget Block is situated the past producing Foley Mine property, also held by Q-Gold but not included as part of the Property. 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.

There are 75 documented gold bearing veins on the Foley property. The veins generally range from 1-foot to 6-feet wide, but with some wider sections up to 13 feet. Sampling and assaying of veins over the years indicates that gold concentrations or ore shoots within many of the veins average as high as 0.35 and 0.85 oz/ton gold, with many even higher-grade zones. Historical reports suggest that the veins increase in gold grade and width with depth (Beard, 2007).

Although there are no NI 43-101 compliant mineral reserves or mineral resource estimates for this mine at the present time, there have been a number of favourable reports of gold reserves over its 110-year history in the historical documents.

In 2007, Q-Gold initiated a program to re-enter the Foley shaft and carry underground sampling to confirm earlier historical grade figures. In 2008, a hoist house and hoist was installed, the shaft dewatered to 150 feet, and the shaft reconstructed to the 150 foot level. The underground program is currently on hold pending the analysis of the recent diamond drilling program.

In 2010, Q-Gold Carried out a diamond drilling program on the Foley Mine property consisting of 16 drill holes (2223.5 metres). The drilling program was designed to test these vein systems to a depth from 75 to 130 metres at locations where there was known surface mineralization. The intent of the drill program was to establish continuity of the vein system, intersect areas of known surface mineralization at depth, and better understand the interconnectivity of the vein complex. Further drilling has been proposed.

18. Mineral Processing and Metallurgical Testing

No additional information is being disclosed.

19. Mineral Resource and Mineral Reserve Estimates

No additional information is being disclosed.

20. Other Relevant Data and Information

20.1 Golden Star Underground Workings

The most relevant information on the underground workings at the Golden Star Mine is a longitudinal section (Scale 1” = 40’) provided by Ennis (1979, 1983), which is thought to be based on the underground survey completed when the mine was de-watered in 1934. Drill hole intercepts of the Golden Star Vein by Fanex Resources and Cleyo Resources were noted on the longitudinal section (Figure 9).

20.2 Golden Star Historical Drill Holes

Surface plans showing the location of Fanex Resources and Cleyo Resources diamond drill holes, grid lines and surface workings were included in reports by Ennis (1984) and Simunovic (1985). Several of the surface features on these plans were located using GPS to an accuracy of +/- 2 metres and the maps were then geo-referenced and digitized into ArcGIS (personal communication, D. Tortosa, consulting geologist). A proposed drilling program was recommended to Q-Gold Resources Ltd. (Tortosa, 2010).

21. Interpretation and Conclusions

21.1 General Remarks

The detailed structural model developed for the Foley Mine area (Section 10.3, Figure 15) should be given consideration when interpreting the various prospects in the Golden Star Block and the Baseline-Nugget Block.

In the Baseline-Nugget Block, several of the vein systems may be interconnected and represent splay veins i.e. the Nugget North Vein may represent a splay off the Nugget Vein. The Baseline North Vein may represent the northwesterly continuation of the Baseline Vein. There may also be intervening veins between the Zinc, Baseline, and Nugget veins that have not been discovered or have greater significance.

Similarly, on the Golden Star Block, the Golden Star No.2 Vein may be a splay or extension of the Golden Star Vein. There may be continuity between several other vein systems in the Isabella Mine area. The Gem and Moose vein were thought to join to the northwest and could be followed for long distances to the southeast, possibly linking up with the Lucky Coon Vein.

The combination of mineralization occurring in clusters along the Baseline and Nugget Veins as well as the pronounced ‘Nugget Effect’ due to the coarse size of the gold, requires that metallic screen assays be done on all gold samples. In addition, the best method to get a representative grade is to utilize small (mini) bulk samples blasted from the top 1 metre of vein material taken along the vein.

21.2 Golden Star Block

21.2.1 Golden Star Vein

Based upon historical surface drilling of the Golden Star vein as well as underground examination of the vein by Tanton (1935), the Golden Star vein forms part of a northwest-trending, steeply southwest dipping structure that has been intruded by felsite containing a system of branching veins and veinlets. The vein system forms long lenticular bodies that were mined, where sufficient widths and grades of gold were present.

On surface, there is evidence of strong carbonatization in a trench that extends to the southeast past the open cut and southeast of the main (No.1) shaft (personal observation). The presence of the vein in a ductile shear zone indicating a left lateral sense of movement (Schnieders and Dutka, 1985) is consistent with other mineralized veins to the southwest in the Foley Mine area, and with the regional structural model.

A longitudinal section of the Golden Star vein displaying drifts and stopes (Ennis, 1983), indicates that substantial stoping occurred to the northwest of the main (No. 1) shaft down to the 5th level (107 m). The mined-out area defines a plunge to the ore shoot estimated at 40-50^o northwest. Most of the historical drill holes attempted to avoid the open stopes and workings, and thus did not thoroughly test the down plunge direction of the ore shoot (figure 9).

In historical documents it was noted that the ore shoot had been passed through on the 6th level north (420 ft/128 m) and had been reached on the 7th level (532 ft/162 m) and that "*the vein was of good width and well defined but too low a grade to be treated by the stamp mill*" (Bow, 1898). This would suggest that the mineralized vein is still open to depth below 128 metres (6th level).

21.2.2 Spectral IP Ground Geophysics

Conclusions from the JVX Spectral IP report on the Golden Star vein are summarized as follows (Johnson, 2010):

> "All IP anomalies on the Golden Star grid are weak to moderate. No strong IP anomalies and no probable bedrock conductors are seen. All IP anomalies are shallow – no IP anomalies with centre tops at depth have been identified. Most IP anomalies fall over shallow resistivity highs and probable areas of outcrop or subcrop. IP anomalies with moderate to low n=1 resistivities are probably buried and may be of more interest. The Golden Star vein may be marked by a string of weak IP anomalies. A map showing the near-surface outline of the vein is needed to be sure."

> "The results are dominated by a string of weak to moderate IP anomalies in the area of 1+50W to 2+00W, L2+50S to L1+00N. Most are associated with moderate to high n=1 resistivities. Outcrop and a prospecting history over parts of this zone are likely. Part of this IP zone may have been cut by Q-06-04. If the IP anomaly represents a vertical tabular body, it would be intersected by Q-06-04 somewhere in the range of 115 to 155 m. The drill log shows unmineralized volcanics down to 178 m. The first significant mineralized section is from 262.5 to 274 m with up to 20% magnetite, 15% pyrrhotite and 2% pyrite."

Many of the resistivity and chargeability anomalies identified in the Spectral IP survey are weak to moderate. The survey had to be limited to the northwest and southwest due to conductive overburden (personal communication, D. Tortosa, consulting geologist). In addition, the structural fabric of the underlying mafic to felsic volcanic package was at a similar orientation as the survey lines, which is not the most suitable for interpretation of the IP data. The anomalous locations near the approximate location of the Golden Star vein are all to the northeast of the vein, yet the vein dips at about 70-75^o to the southwest. Spectral IP does not appear to provide suitable targets for a narrow northwest trending, gold-bearing quartz-carbonate vein with low sulphide content, such as the Golden Star vein and other similar veins in this area.

21.3 Baseline-Nugget Block

21.3.1 Baseline Vein

21.3.1.1 Sampling

Grid sampling of the blasted rock from the Baseline Vein 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 (Beard and Tortosa, 2011). 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.

21.3.1.2 Spectral IP Ground Geophysics

Conclusions from the JVX report on the Baseline Vein are summarized as follows (Johnson, 2009):

> "The Baseline vein is seen as a weak IP anomaly, best expressed in the early time chargeability. On all but line 2+00N of the Baseline grid, high resistivities over and around the vein means little or thin overburden, good access to bedrock and little overburden masking."

21.3.1.3 Diamond Drilling

The Baseline Vein was traced to a depth of 100 metres and varies from less than 0.5 metres up to 2.5 metres. It is accompanied by the HW Vein, which has not been encountered on surface. The Baseline Vein diminishes in width towards the east-southeast (Figure 24) and is characterized by an increase in quartz-rich trondhjemite adjacent to the vein. The vein on surface reflects the decrease in vein width identified in drill sections.

The HW Vein was intersected in Section 2 (Figure 25) to the west–northwest along with an increase in the width of the Baseline Vein. The increasing width is due to the presence of quartz-rich zones, quartz veins, and quartz-rich trondhjemite. The HW Vein has not been identified on surface but should outcrop about 15 metres south-southwest of the Baseline Vein. It appears to decrease in width towards surface.

The Footwall Veinlets only occur on Section 2 (Figure 25) and appear to be splay veins associated with the Baseline Vein. They likely represent a series of 'horsetails' associated with the Baseline Vein.

Drill Section 2 (Figure 25) was oriented to intersect the mid-portion of the Baseline Vein that contained mineralization on surface based on both the percussion drilling and grid sampling previously completed. Although significant silver and lead values were intersected by Q-BL-10-04 in the Baseline Vein, only low gold and zinc values were obtained. The lack of mineralization in the Baseline Vein is believed to be due to the sporadic, clustered nature of the sulphide distribution compounded by the 'Nugget Effect' of coarse gold.

21.3.2 Nugget Vein

21.3.2.1 Sampling

Percussion drilling samples from the Nugget Vein ranged from less than 1 g/tonne gold, up to 33.6 g/tonne gold (includes check samples). The average gold grade for 160 samples was 2.13 g/tonne (including check samples). A plot of the assay results (Figure 8) indicates a clustering of higher-grade samples at various locations along the vein indicating that the mineralization is not evenly distributed.

Results from the 160 tonne bulk sample (3.8 g/tonne gold) differ significantly from the smaller 70-kilogram sample (8.99 g/tonne gold). No indication is given in the reports as to how the samples were prepared by Hexagon Gold (Ontario) Ltd. 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.

Based on the geological similarities between the Baseline and Nugget Veins and on the weighted average grade for the grid sampling on the Baseline Vein of 8.4 g/tonne gold (424 kg) and the 70 kilogram sample in the Nugget Vein which yielded 8.99, it is more likely that the average grade for these veins lies between the range of 8-9 g/tonne gold.

21.3.2.2 Spectral IP Ground Geophysics

Conclusions from the JVX Spectral IP report on the Nugget Vein are summarized as follows (Johnson, 2009):

> "The Nugget vein has no clear IP expression. High resistivities over and around the veins mean little or thin overburden, good access to bedrock and little overburden masking."

It is notable that both the Baseline and Nugget Veins are very similar in terms of structural style, mineralogy, and host rock, yet the Spectral IP surveys resulted in better identification of the Baseline Vein than the Nugget Vein. Results from Spectral IP surveys elsewhere in the area (Golden Star Vein, McKenzie Gray Vein) suggest that Spectral IP is of limited use for the northwest trending, gold bearing, narrow quartz-carbonate vein systems with low disseminated sulphide content in the Mine Centre area.

21.3.3 Other Veins

Baseline North: This is a gold-bearing vein trending northwest and may be an extension of the Baseline Vein to the northwest. The vein was traced over a distance of 125 metres and has had limited stripping, sampling and trenching. No follow-up work has been done since the vein was sampled in 1997.

Nugget North: This is a gold-bearing vein trending north-northwest and may be a splay off the Nugget Vein. The vein was traced over a distance of 125 metres and has had limited stripping, sampling and trenching. No follow-up work has been done since the vein was sampled in 1997.

Zinc Vein: This is a gold bearing, northwest trending quartz vein that was stripped, trenched and sampled in 2006. The Zinc Vein was traced over a distance of 180 metres and occurs 200 metres northeast of the Beaverdam Vein that is sub-parallel and with which it may be structurally associated.

21.4 Conclusions

Structural models as described by Poulsen (2000) at the regional scale and by Beard and Tortosa (2011) at the local scale should be given consideration when interpreting the various prospects in the Golden Star and Baseline-Nugget Blocks.

The Golden Star Mine is characterized by a plunging ore shoot 40-50^{o} northwest that has not been tested for gold mineralization below 128 metres depth (6th level).

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 quartz-carbonate 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 along strike and to depth, and provides geological, structural, and alteration information. Close spacing for drill holes is required in order to increase the probability of intersecting mineralized zones.

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 gold-bearing stockwork zones that may be suitable as a low-grade, bulk tonnage deposit.

22. Recommendations

22.1 Golden Star Block

22.1.1 Golden Star Vein

22.1.1.1 Proposed Diamond Drilling Program

The author 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 N28^{o}W and vertical) and the GPS location of the main shaft (Tortosa, 2010).

Three fans of drill holes totaling 1830 metres are proposed to test the down-plunge extension of the Golden Star Vein gold mineralization (Figure 26 and 27). 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 ore. 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.

22.1.1.2 Stripping and Sampling Program

There has been no work done on the Golden Star vein since the diamond drilling completed by Cleyo 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.

22.1.2 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.

22.2 Baseline-Nugget Block

22.2.1 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 totaling 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.

22.2.2 Nugget Vein

Two drill hole fans, each composed of three-drill holes totaling 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.

22.2.3 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.

22.3 Projected Cost Summary

22.3.1 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	
			$45,500
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
	Sub total		$305,300
22.3.2 Baseline-Nugget Block		**Cost**	
Diamond Drilling	1850 m. @ 95/m.	$175,750	
	Assaying	$9,000	
	Related drilling expenses	$40,000	
	Technical report	$5,000	
			$229,750
Stripping, washing & sampling			
	Excavator/Backhoe	$20,000	
	Geological Supervision	$6,000	
	Technical Support	$8,500	
	Assays and 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 and Analyses	$1,500	
	Technical Report	$3,500	
			$19,000
	Sub total		$293,250
Grand Total			**$598,550**

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24. Date and Signature Page

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Certificate of Author

1. I am currently an independent consultant operating under the name of and from the address shown above.

2. I graduated with a B.Sc. Degree in Geological Engineering from Michigan Technological University in Houghton Michigan, U.S.A. in 1955. In addition, I have an M.Sc. Degree in Geological Engineering from Michigan Technological University in 1961.

3. I am a member of Professional Engineers of Ontario.

4. I have worked as a professional geologist for a total of 55 years since graduation from university.

5. I have read the definition of “qualified person" set out in National 1nstrument 43-10I (“NI-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 101) and past relevant work experience, I fulfill the requirements of a "qualified person" for the purposes of' NI 43-101.

6. I am responsible for the preparation of this Technical Report titled “Technical Report for Cadman Resources Inc. on the Golden Star, Baseline and Nugget Vein Gold Properties, Mine Centre Area, Kenora District, Ontario.”

7. I have visited the property on numerous occasions over the last 25 years, both as a geologist for the Province of Ontario and as a private consultant. The most recent visit was in 2009.

8. I have had prior involvement with the property that is the subject of this Technical Report. The nature of the prior involvement as a private consultant was the preparation of a Notice of Advanced Exploration and Closure Plan for the Baseline property, required under the Ontario Mining Act, in 2000. I also examined numerous mineral showings on the property over a 29-year period as Resident and Regional Geologist with the Ontario government.

9. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.

10. I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.

11. I have read National Instrument 43-101 and Form 43-101F1, and the Technical Report has been prepared in compliance with that instrument and form.

12. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated this 13th Day of May, 2011

Signature of Qualified Person

Richard C. Beard, P.Eng.

25. Additional Requirements

Not applicable.

26. Illustrations

Figure 2: Joint Venture Property Location Map

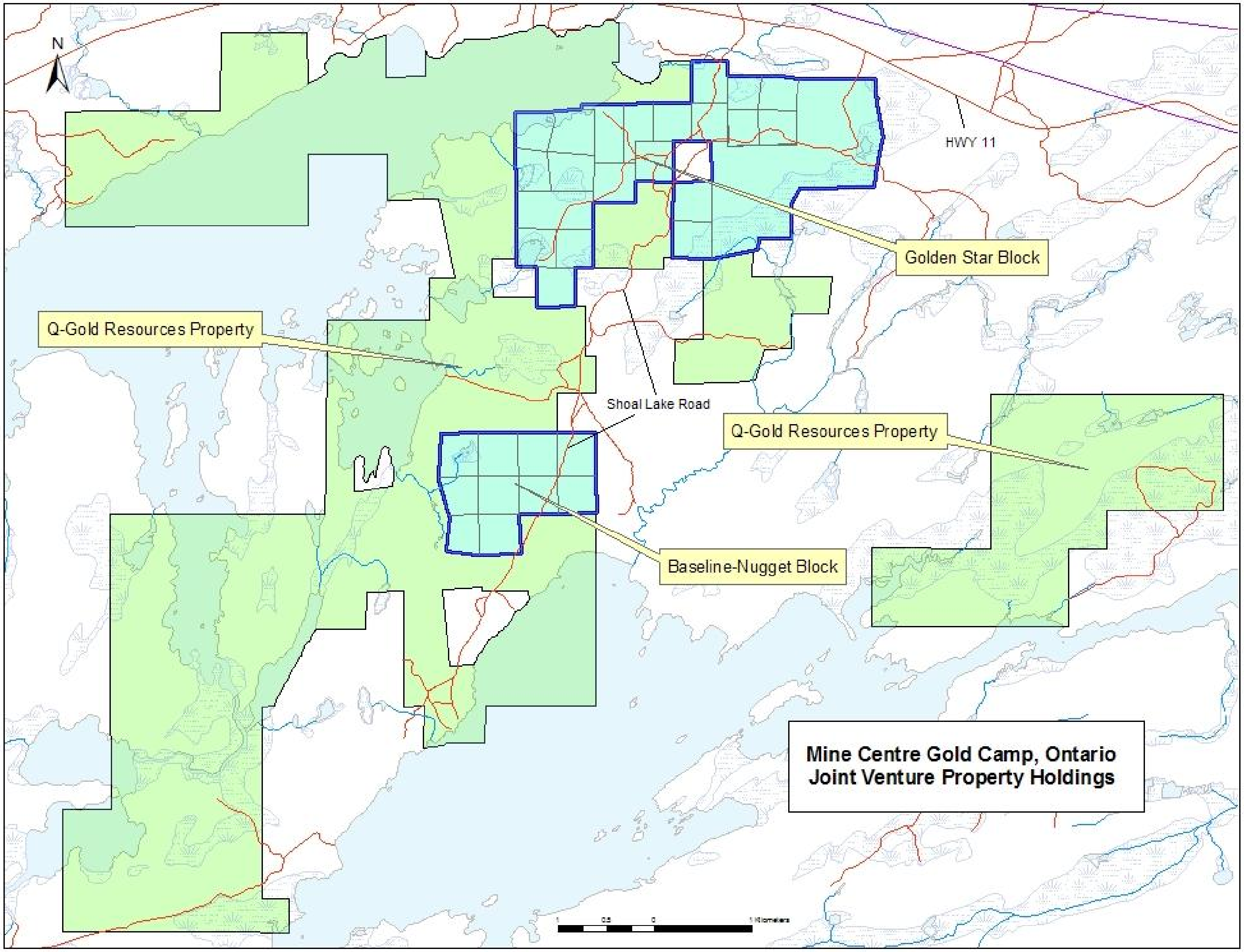

Figure 3: Joint Venture Property, Land Tenure Map

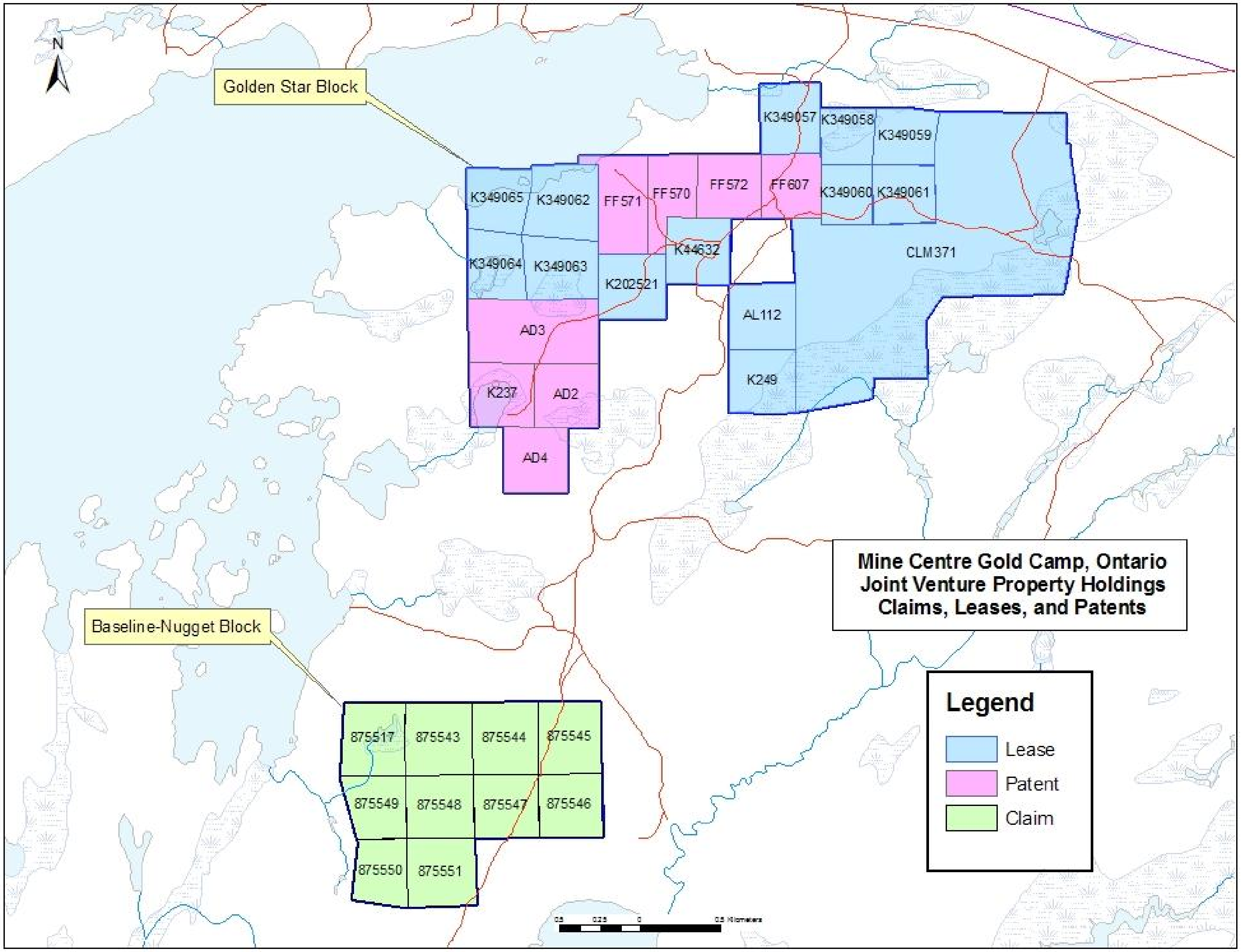

Figure 4: Joint Venture Property, Mineralized Areas

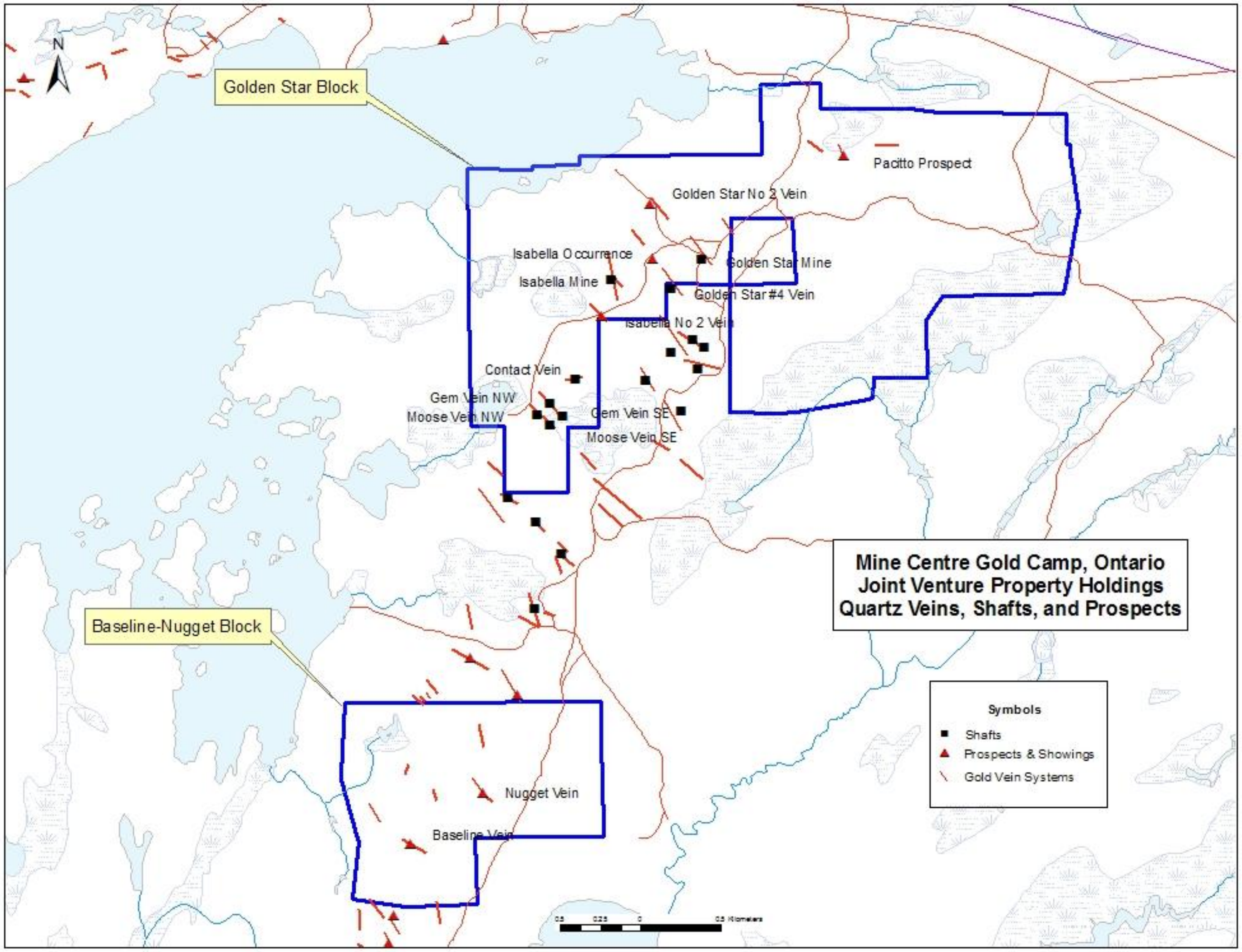

Figure 5a: Geology, Prospects and Gold Assays, Baseline-Nugget Block (modified after Bolen, 1997)

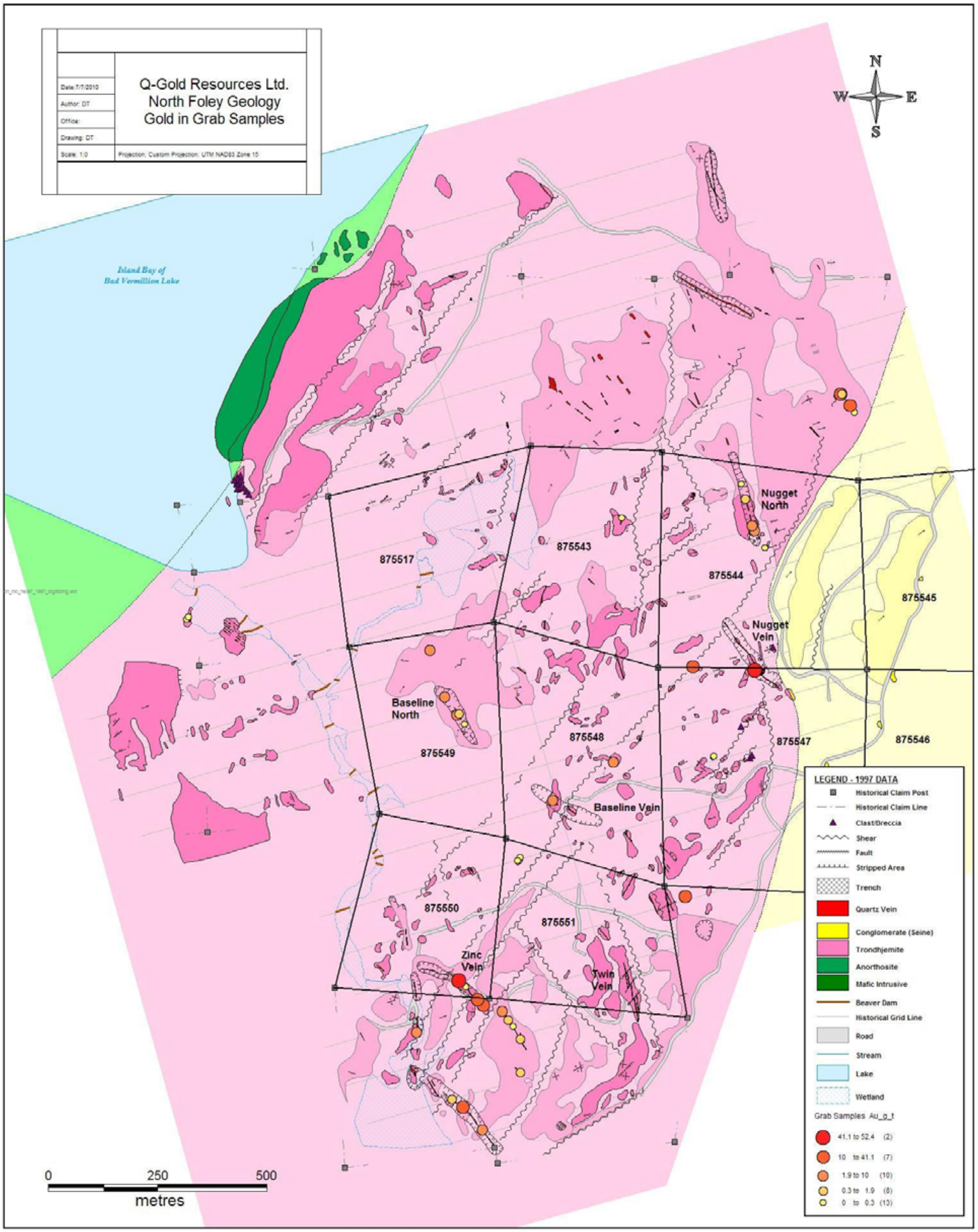

Figure 5b: Geology and Silver Assays, Baseline Nugget Block (modified after Bolen, 1997)

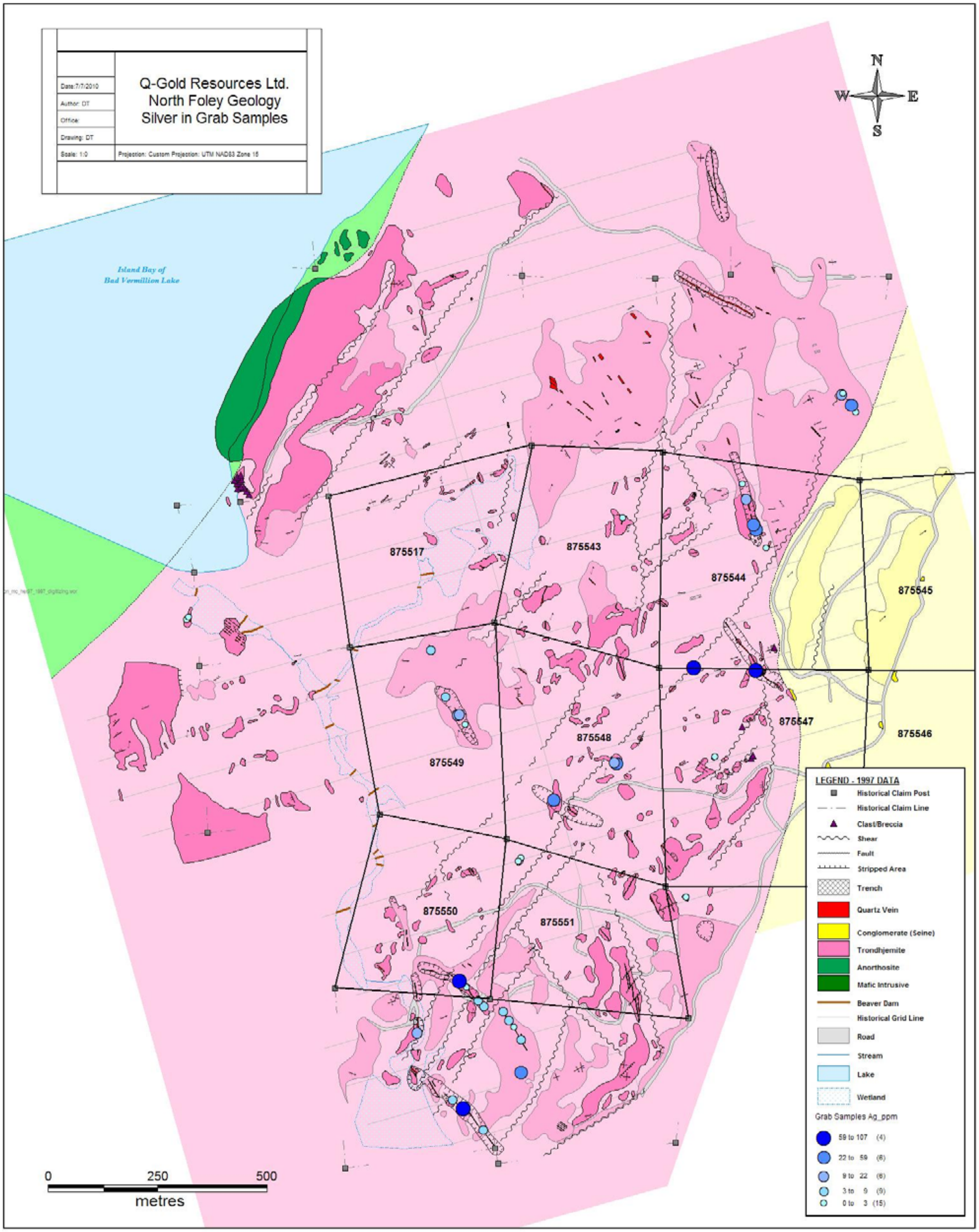

Figure 5c: Geology and Zinc Assay, Baseline Nugget Block (modified after Bolen 1997)

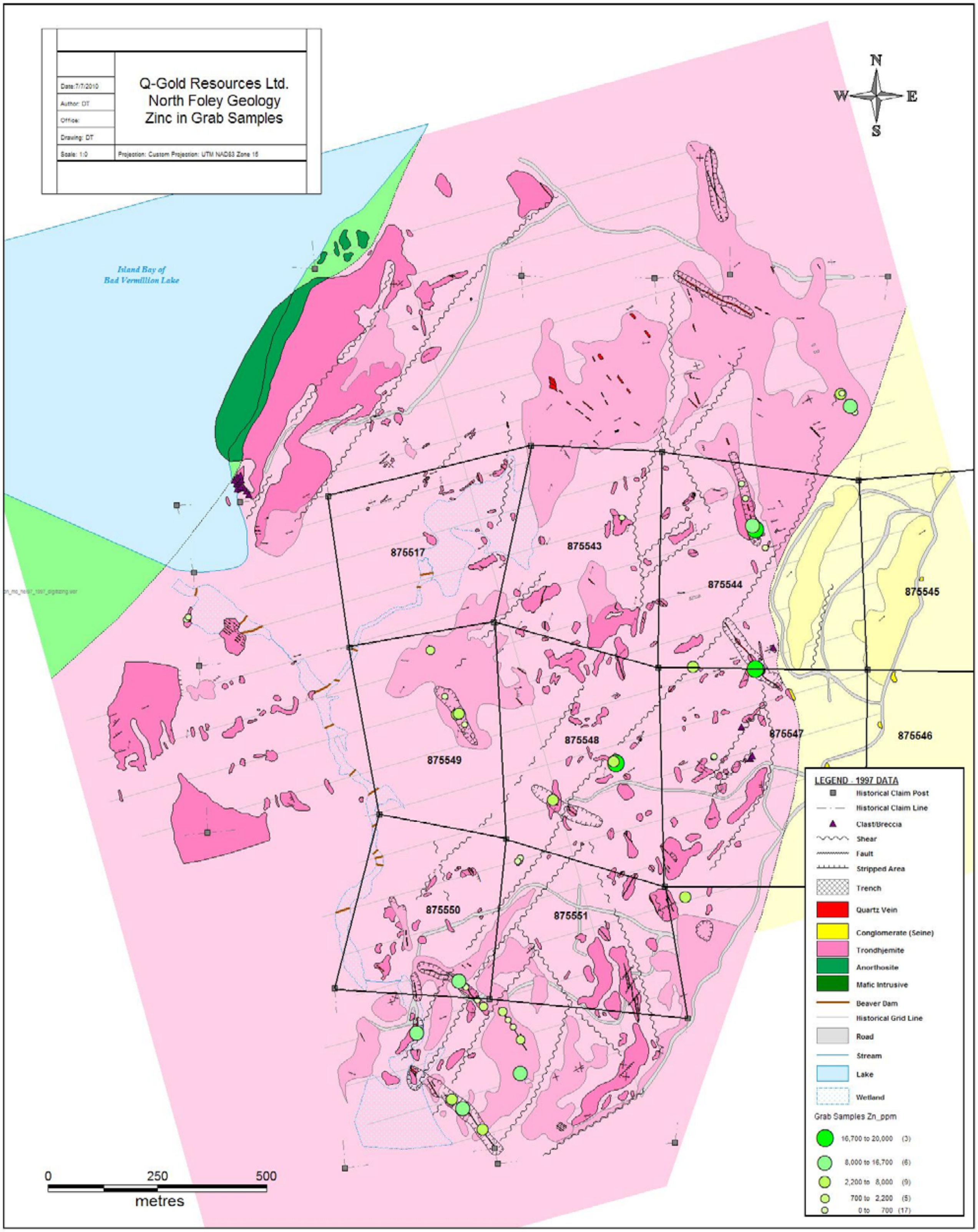

Figure 6: Baseline Prospect Percussion Drilling Results (after Tortosa, 2010)

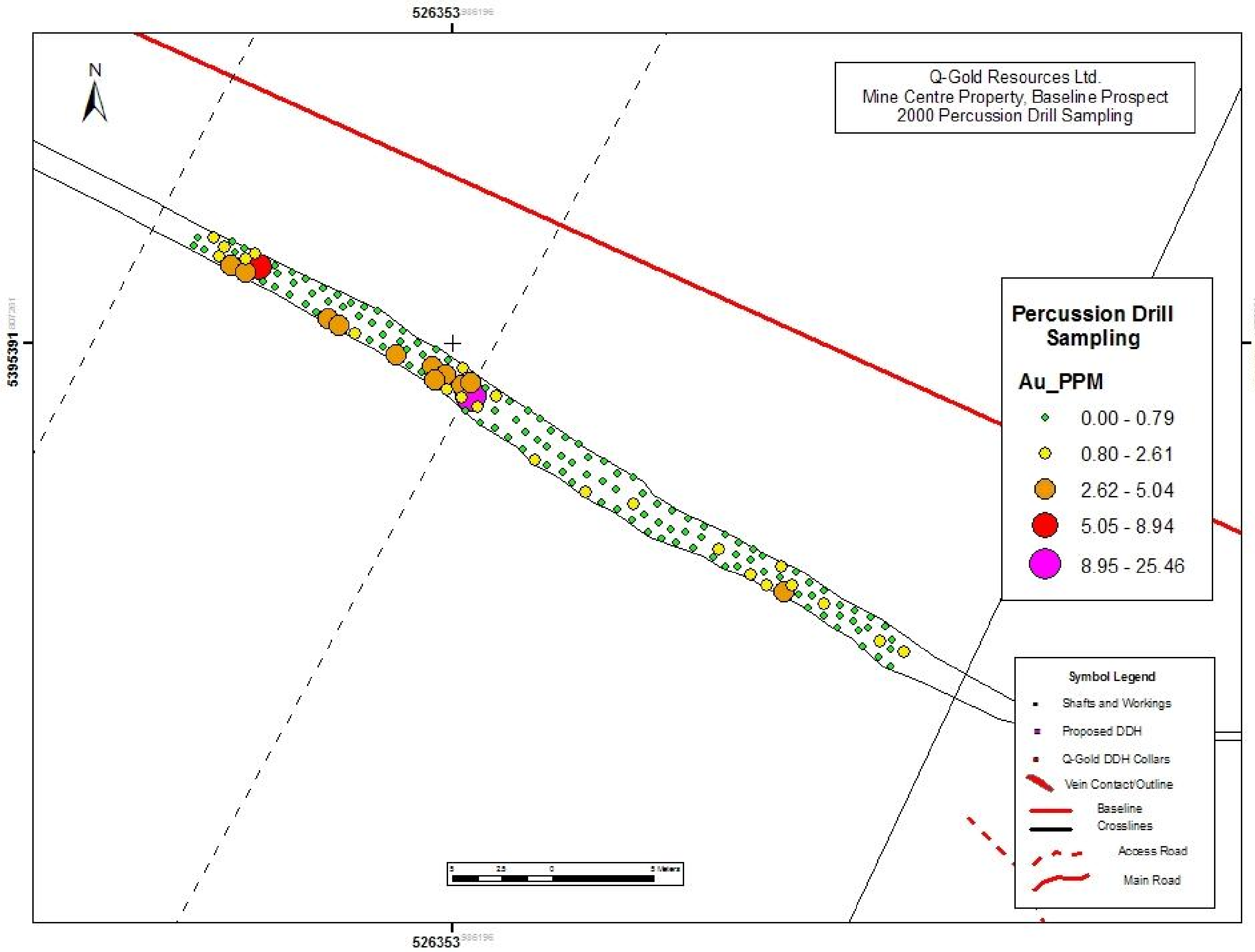

Figure 7: Baseline Prospect Grid Sampling Assay Results (after Tortosa, 2010)

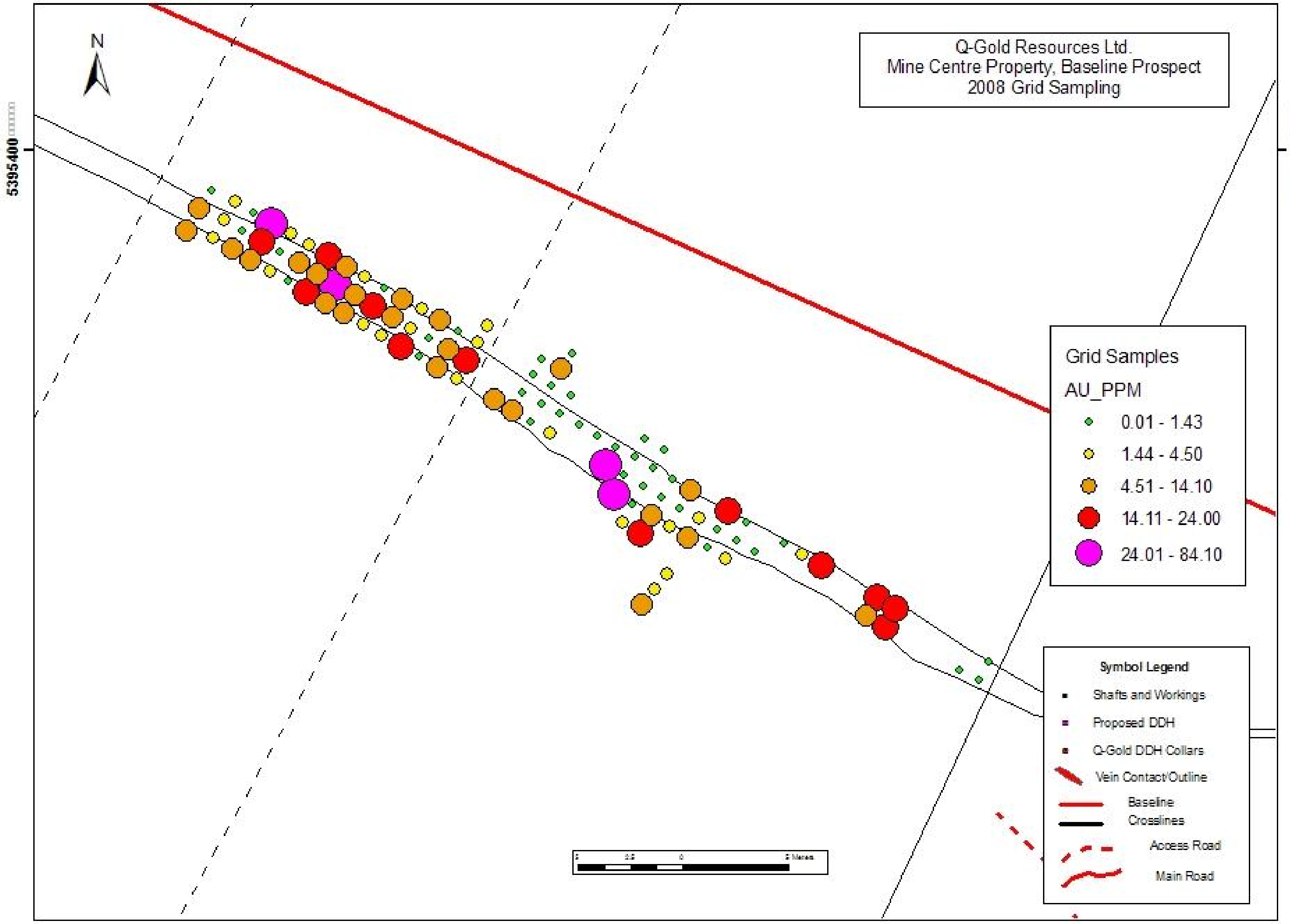

Figure 8: Nugget Vein Percussion Drilling Sample Assay Results (Data Source: Bolen, 2000)

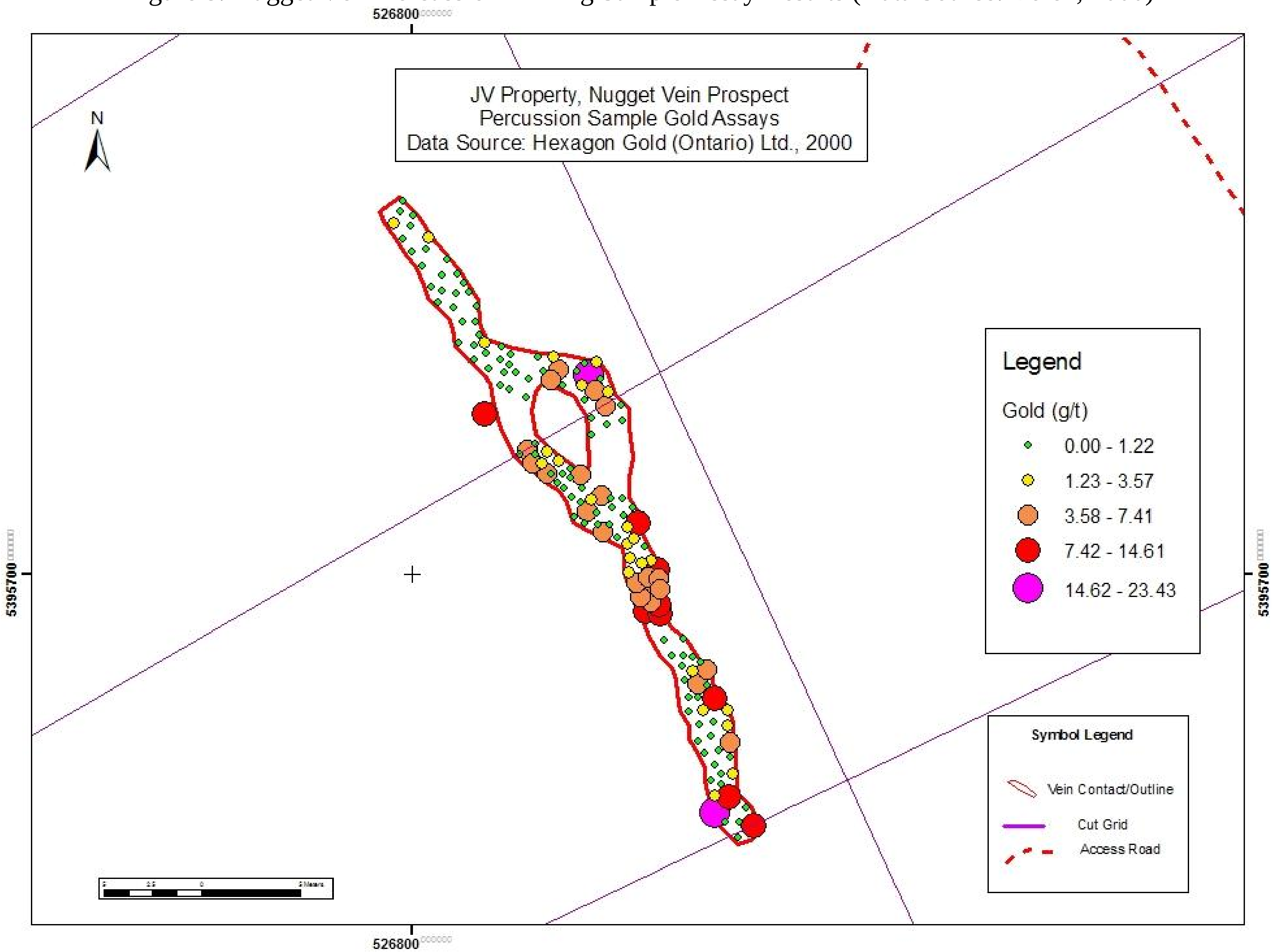

Figure 9: Longitudinal Section of the Golden Star Mine (after Ennis, 1983)

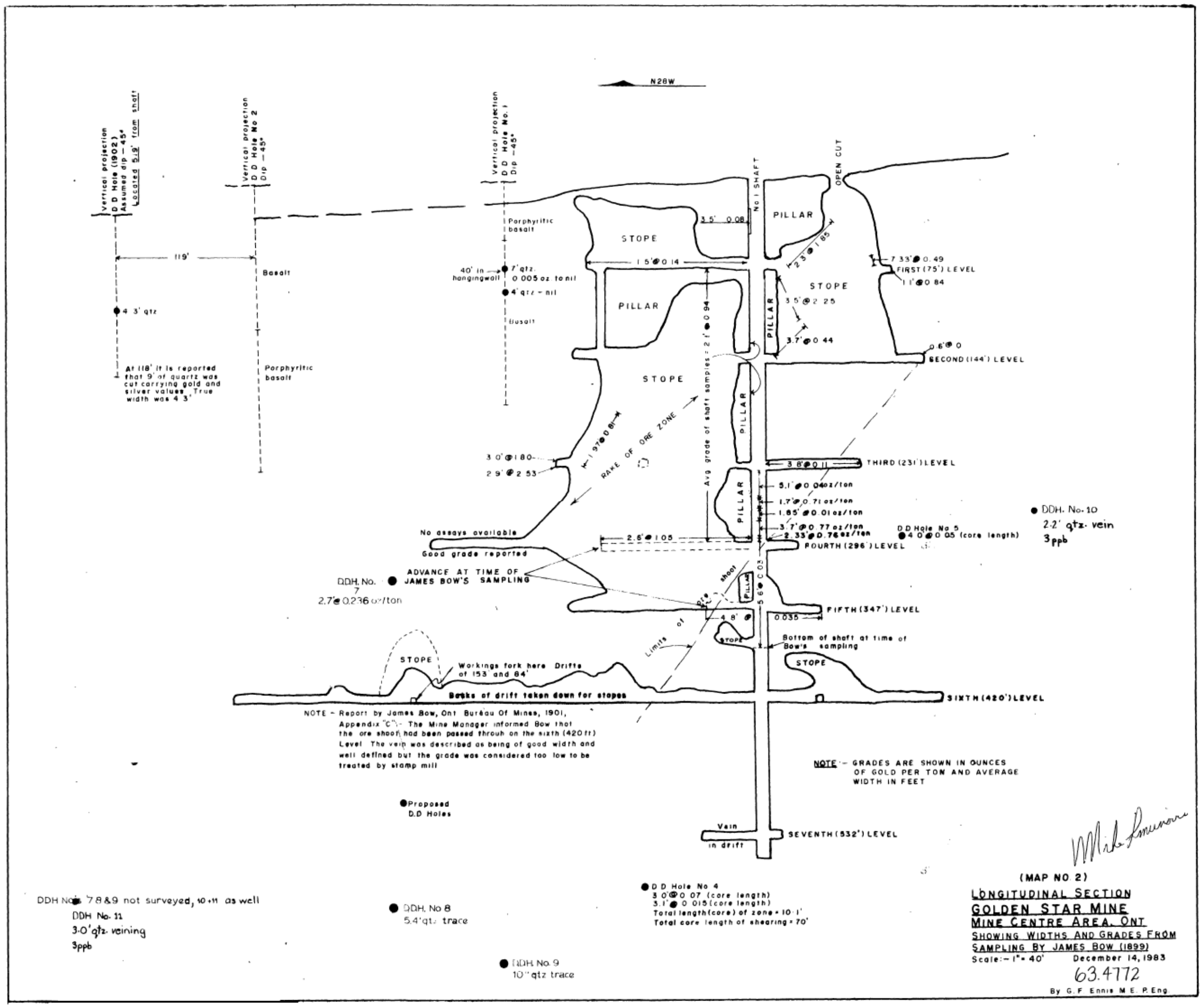

Figure 10: Regional Geology for the Joint Venture Property, Mine Centre Area (after Poulsen, 2000)

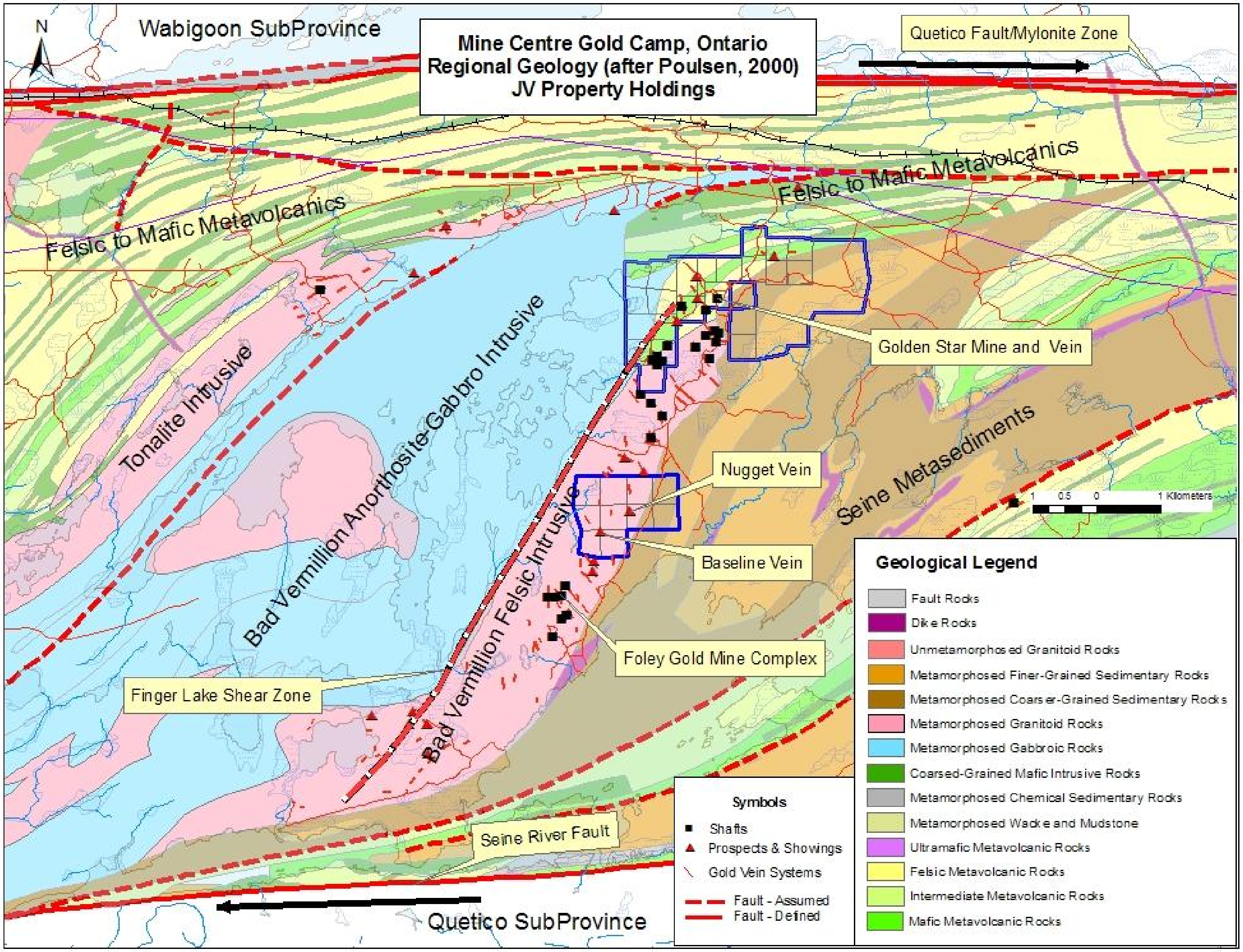

Figure 11: Local Geology for the Golden Star Block (after Poulsen, 2000)

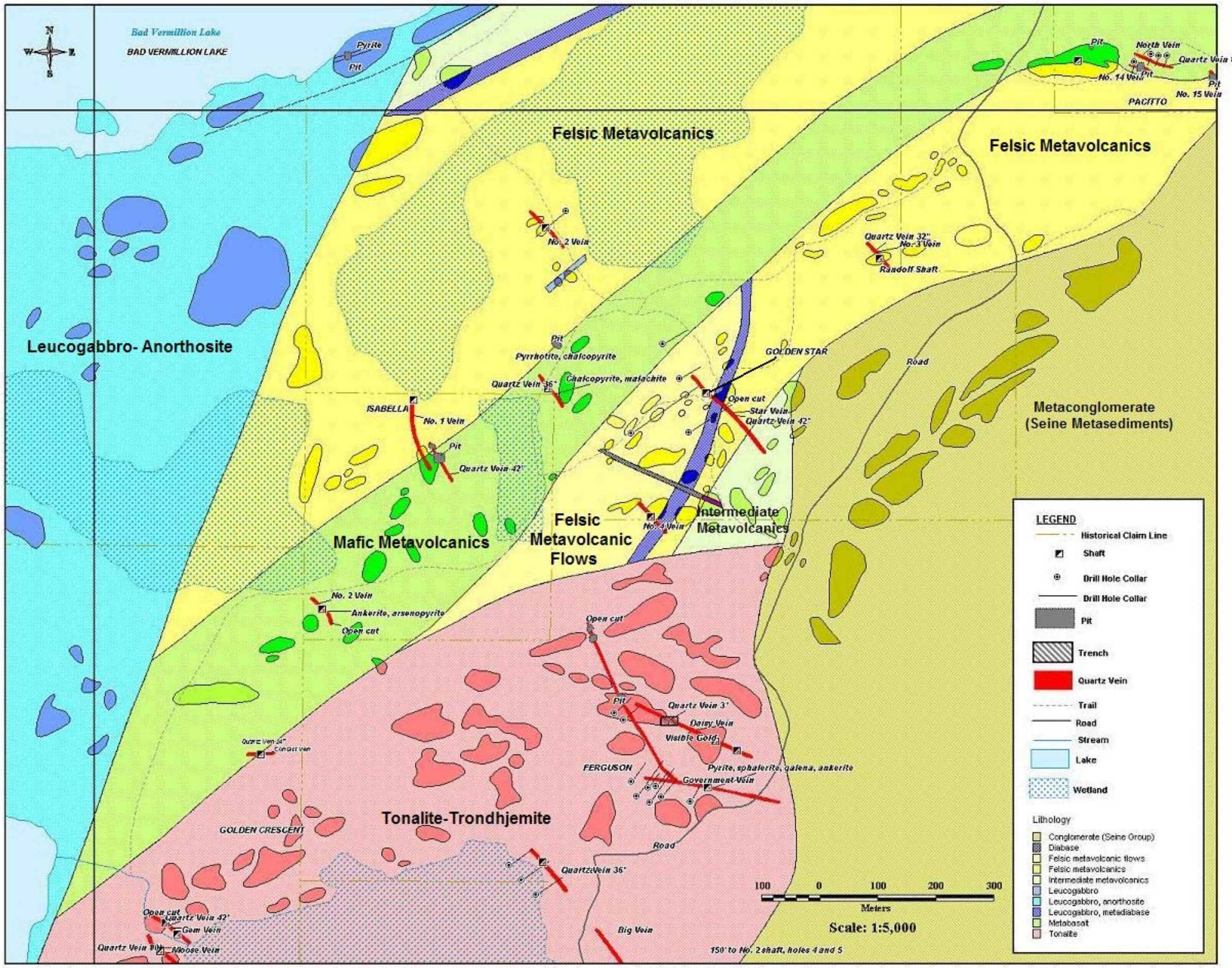

Figure 23: Baseline Prospect 2010 Diamond Drill Holes

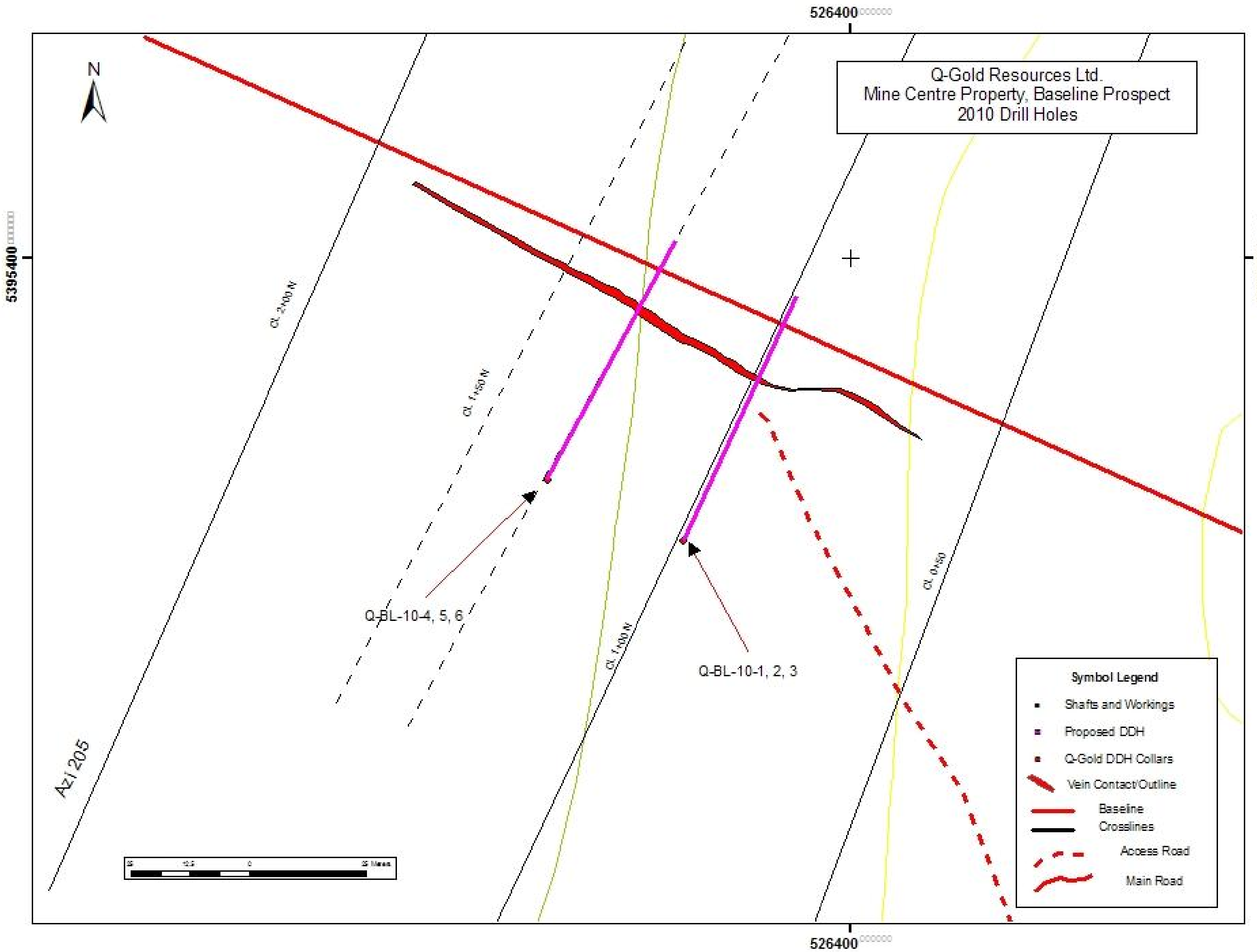

Figure 24: Baseline Cross Section 1 (1+00N)

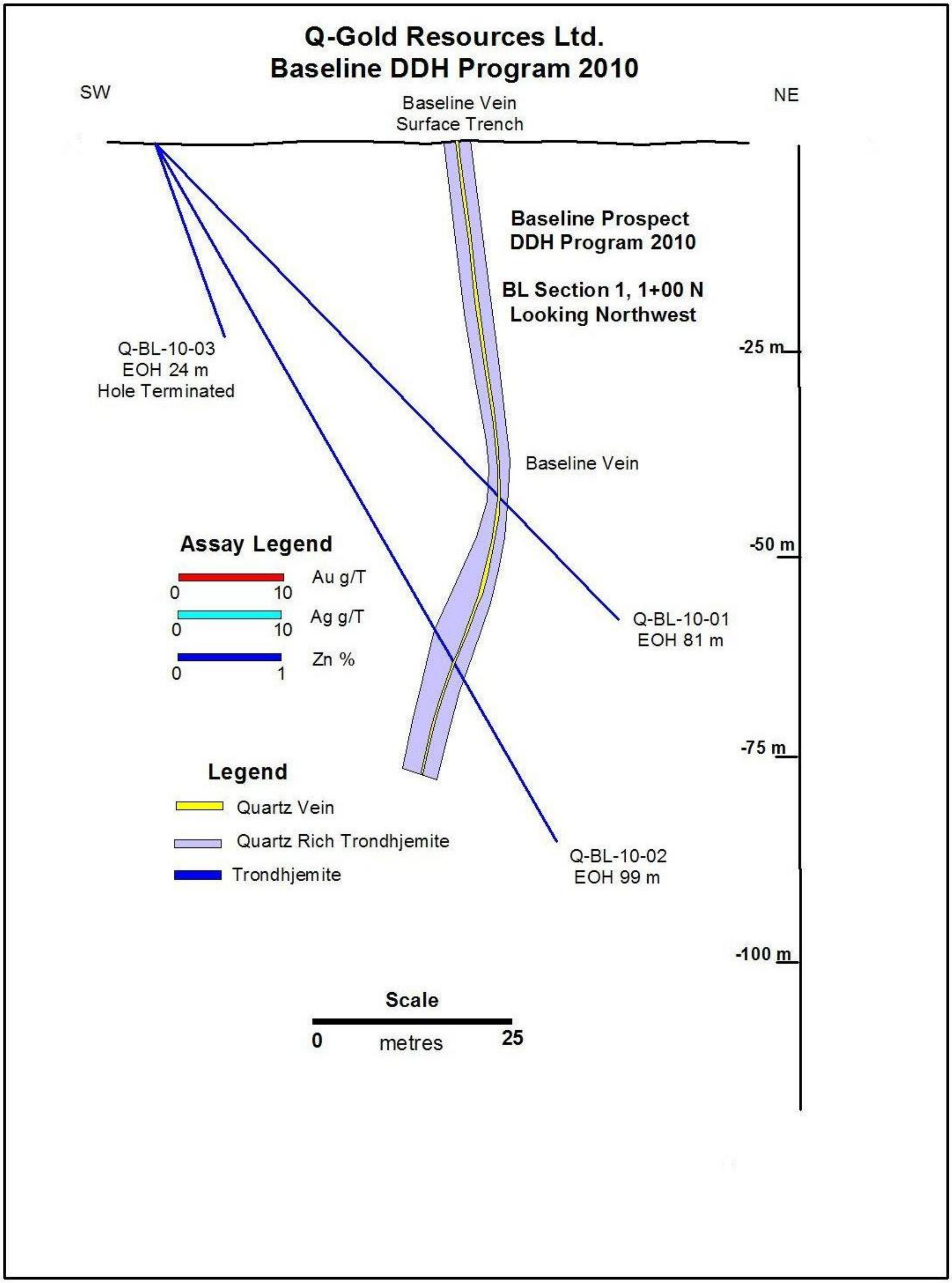

Figure 25: Baseline Cross Section 2 (1+25N)

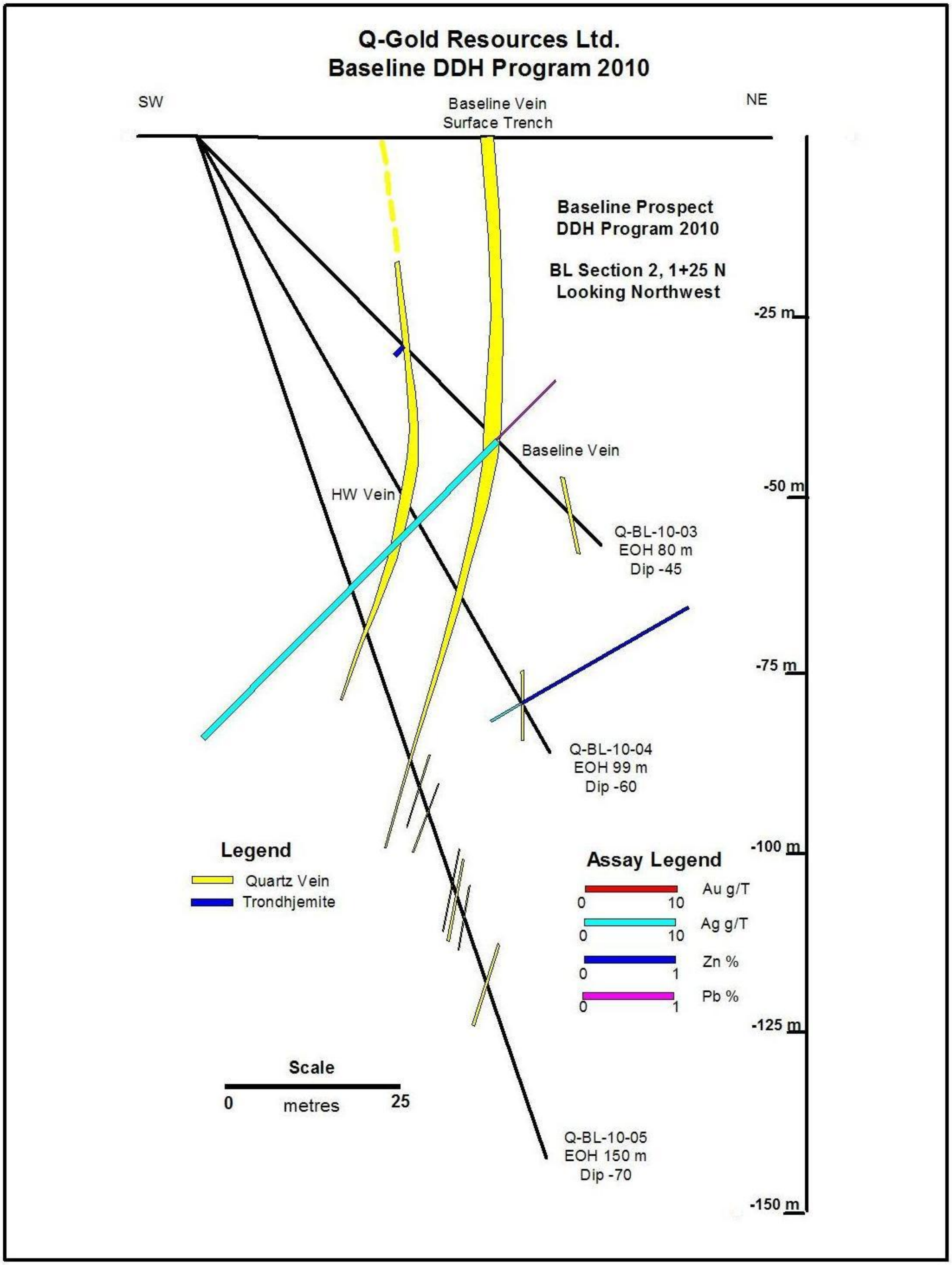

Figure 26: Proposed Drill Holes, Golden Star Mine Area (after Tortosa, 2010)

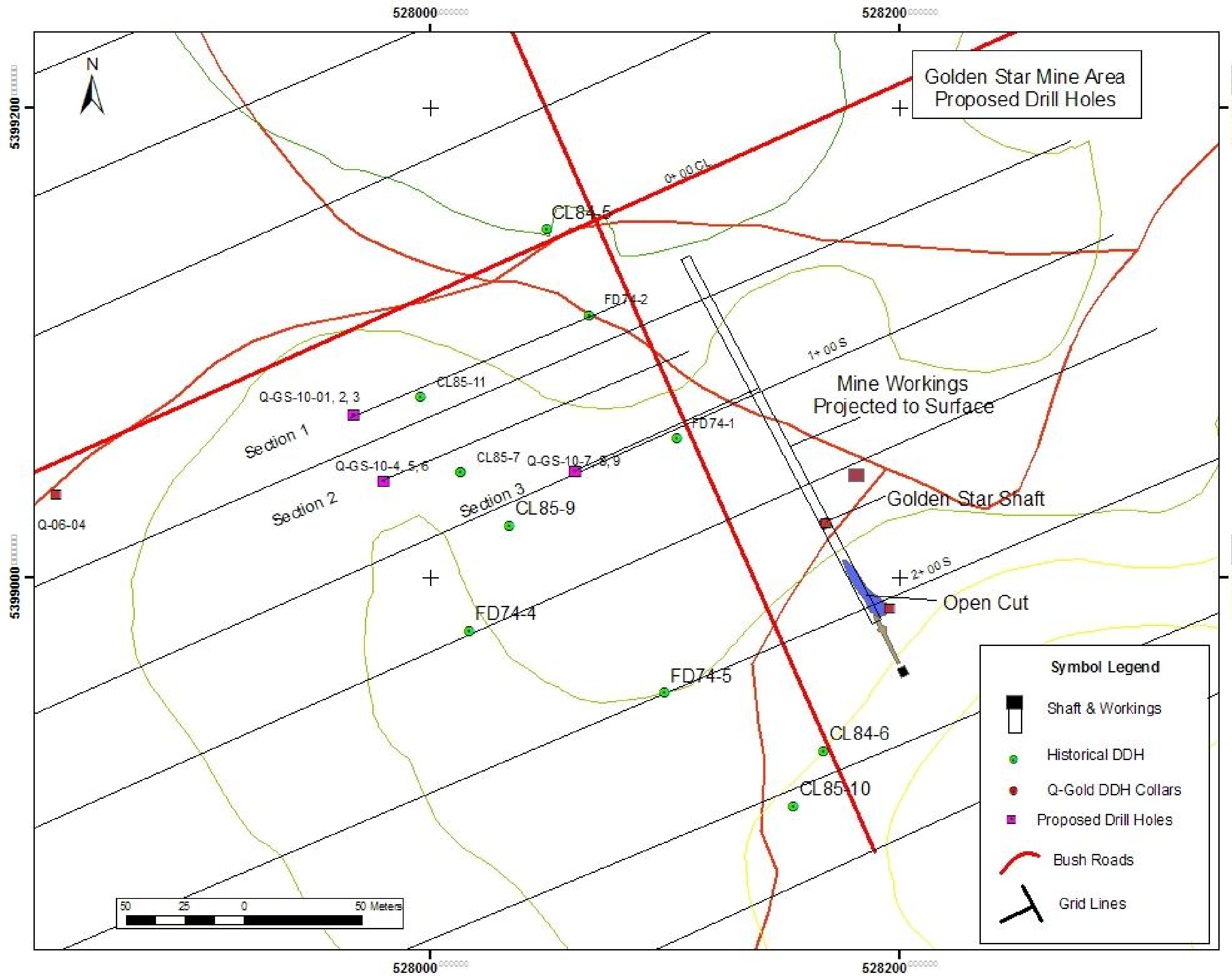

Figure 27: Proposed DDH Pierce Points on Golden Star Longitudinal Section (after Tortosa, 2010)