Technical Report for the Madsen Gold Project Red Lake, Ontario, Canada

Report Prepared for

Laurentian Goldfields Ltd.

Report Prepared by

SRK Consulting (Canada) Inc.
3CL012.000
February 18, 2014

Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada

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Effective date: February 18, 2014
Signature date: February 18, 2014

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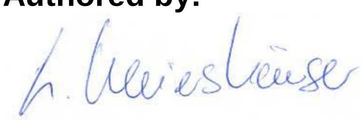

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Cover. Top: Head frame of Madsen Shaft in the 1960’s

IMPORTANT NOTICE

This report was prepared as a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* Technical Report for Laurentian Goldfields Ltd. (Laurentian) by SRK Consulting (Canada) Inc. (SRK). The quality of information, conclusions, and estimates contained herein are consistent with the quality of effort involved in SRK's services. The information, conclusions, and estimates contained herein are based on: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by Laurentian subject to the terms and conditions of its contract with SRK and relevant securities legislation. The contract permits Laurentian to file this report as a Technical Report with Canadian securities regulatory authorities pursuant to National Instrument 43-101. Except for the purposes legislated under provincial securities law, any other uses of this report by any third party is at that party's sole risk. The responsibility for this disclosure remains with Laurentian. The user of this document should ensure that this is the most recent Technical Report for the property as it is not valid if a new Technical Report has been issued.

Executive Summary

Introduction

The Madsen gold project is an advanced mineral exploration project located in the Red Lake mining district of north-western Ontario, Canada. The property and contains several gold deposits previously mined from an underground mine from 1938 to 1974 and 1997 to 1999. The project is owned by Claude Resources Inc. A property adjacent to the Madsen gold project known as the Newman-Madsen Property has been developed by Sabina Gold & Silver Corp. (Sabina).

SRK Consulting (Canada) Inc. (SRK) prepared an initial Mineral Resource Statement for the Madsen Gold project for Claude that is documented in a technical report dated January 20, 2010.

SRK understands Laurentian Goldfields Ltd. (Laurentian) is contemplating two transactions to acquire the Madsen gold project from Claude and the Newman-Madsen gold project from Sabina. The contemplated transactions were announced by news release on December 19, 2013 and January 14, 2014, respectively. These announcements triggered the requirement for Laurentian to file a new technical report pursuant to:

- Technical report requirement under Canadian Securities Administrators' National Instrument 43-101 as a result of the first time disclosure of mineral resources (section 4.2(1) (j)(i) of National Instrument 43-101) and;
- The requirement under the policies of the TSX Venture Exchange (policy 5.3) as a condition of securing the TSX Venture Exchange acceptance to the acquisition.

This technical report summarizes the technical information available on the Madsen gold project and the Newman-Madsen Property, including a mineral resource statement previously prepared by SRK for the Madsen project and disclosed by Claude in a news release on December 7, 2009. This mineral resource statement has not been updated, although certain exploration work was completed on the property since that time as described herein. SRK is of the opinion that the results from additional exploration work completed on the Madsen gold project do not materially impact the mineral resources for those zones of gold mineralization reported by Claude on December 7, 2009.

The mineral resources reported herein have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" Guidelines. This is the second technical report prepared for the Madsen gold project following the guidelines of the National Instrument 43-101 and Form 43-101F1.

Property Description and Agreements

The Madsen gold project consists of a contiguous group of 237 patented and leased mining claims covering an aggregate area of 4,193 hectares. All of the 217 patented and 20 leased mining claims have accompanying surface rights. The outside boundary of the patented claims has been legally surveyed. The claims are divided into nine claim groupings: the Madsen Mine, Starratt-Olsen, Russet, Aiken, Mills, Ava, Buffalo, Killoran and Hager

The Aiken and Russet patented claims are subject to a two percent net smelter royalty (maximum of C$2million) in favour of United Reef Limited and Canhorn Mining Corporation. This underlying agreement does not affect the mineral resources stated in this technical report which are located in the Madsen Mine patented claims that are free of any lien.

The tenements comprising the Newman-Madsen project are subject to a number of royalty agreements. All 38 tenements are subject to a royalty agreement with Premier Royalty Corporation (Royalty) under which Royalty in entitled to a 0.5 percent net smelter return. A total of 20 tenements are subject to a royalty agreement with Franco-Nevada Corporation (Franco-Nevada); under this agreement Franco-Nevada receives 1.5 percent on the production of the first one million ounces of gold equivalent and two percent on all production thereafter. A further eight tenements are subject to a royalty agreement with My-Ritt Red Lake Gold Mines Ltd. (My-Ritt). Under this agreement My-Ritt has the right to a three percent net smelter return. The remaining ten tenements are subject to a royalty agreement with Camp McMann Red Lake Gold Mine Ltd. (Camp McMann) under which Camp McMann is entitled to a three percent net smelter return.

Location, Access and Physiography

The Madsen gold project is located about 10 kilometres south-southwest of Red Lake, approximately 565 kilometres by road northwest of Thunder Bay and approximately 475 kilometres by road east-northeast of Winnipeg, Manitoba.

Average winter temperatures are in the range of -15 degrees centigrade (ºC) to -20ºC and average summer temperatures are in the range of 15ºC to 20ºC. Annual precipitation averages 64 centimetres with 47 centimetres of rain and 193 centimetres of snow. The topography within much of the project is mildly to moderately rugged with a maximum relief of 30 metres in the southern part of the Madsen Gold project.

History

Since the staking of the first claims on the Madsen area in 1927, the exploration and mining history of the Madsen Gold project can be divided into four major periods:

1. Exploration and mining between 1927 and 1997 by various companies: This period was characterized by production and exploration from various shafts until 1974. Only intermittent exploration continued thereafter until 1997;
2. Exploration and mining between 1998 and 2000 by Claude Resources with limited mining in the McVeigh and Austin Zones from the Madsen shaft;
3. Exploration by Placer Dome Exploration between 2001 and 2006; and
4. Exploration by Claude Resource from 2006 to present.

In 1999, ACA Howe International Limited audited the mineral resources and mineral reserves for Madsen Mine. This historical resource estimate was prepared before the adoption of National Instrument 43-101 guidelines. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves; hence, they should not be relied upon. It is superseded by the mineral resources reported herein.

The exploration and mining history of the Newman-Madsen property commenced in 1936. A number of companies have explored the area; however no mining operation was ever established. The majority of the drilling activities focused on an area along strike of the gold mineralization exploited in the Madsen Mine.

Geology and Mineralization

The Madsen Gold project is located in the Red Lake greenstone belt, one of Canada's preeminent gold producing districts, with over 20 million ounces of gold produced since the 1930s. This greenstone sequence occurs within the Uchi Subprovince of the Superior Province of the Canadian Precambrian Shield.

Geology and gold mineralization are well documented for the Madsen Mine. The Madsen Mine is located on the southeast-facing, southern limb of a large domal structure. The mine is located near the contact of the Balmer assemblage (3,000 to 2,988 million years, Ma), to the northwest and Confederation (2, 736 to 2,742 Ma) assemblage to the southeast. Gold mineralization at Madsen is hosted by three sheared and altered units within the Balmer assemblage (Austin, South Austin and McVeigh "tuffs") striking on average at 030º and dipping between 60º and 70º to the southeast. The McVeigh Zone corresponds to hydrothermally altered and heterogeneously deformed massive and pillowed basalt. The South Austin and Austin Zones are best described as a composite unit of hydrothermally altered and heterogeneously deformed mafic volcaniclastic, epiclastic and local mafic volcanic rocks developed along the unconformity between the Balmer and Confederation assemblages.

At the deposit level, there is a spatial relationship between the auriferous zones and the thickness of the "tuff" units. These so-called "rolls" correspond to F2 folds and shear zones which reduce the width of the tuffs. Gold mineralization is mainly replacement-style disseminated gold (Austin, South Austin and McVeigh zones). Quartz-vein hosted gold mineralization occurs in Zone 8 that is hosted in Balmer assemblage metabasalts. Many barren, northwest striking and shallow to steeply dipping diorite-granodiorite dikes cut through all lithological units, including the gold mineralization.

Exploration and Drilling

Significant exploration and mining work occurred on the Madsen Gold project since 1927. This work includes surface and underground drilling and underground chip sampling, primarily during the operation of the Madsen Mine. The mineral resources reported herein are based primarily on historical drilling and underground sampling data augmented by recent drilling completed by Claude and Placer Dome since 1999. The complete resource estimation database consists of 13,624 surface and underground core boreholes totalling 816,367 metres. This includes 764 core boreholes drilled by Claude and Placer-Dome since 1999.

Historical holes were drilled along development drifts on all levels of the mine, usually at 25 feet (7.62 metres) spacing. Holes were typically drilled perpendicular to the strike of the gold mineralization along north or south azimuths. Underground boreholes were drilled at a variety of angles and lengths depending on the mining target. Core boreholes located on the Newman-Madsen project area were not considered for the mineral resources documented in this report.

A significant amount of drilling has occurred elsewhere on the properties; these exploration efforts were successful in identifying a number of gold zones that have not been outlined fully and remain open in all directions.

Sampling Method, Approach and Analyses

There are no records documenting the procedures used to collect historical drill and stope chip samples. Drilling and mine samples collected during the operation of the Madsen Mine were prepared and assayed at the mine laboratory using undocumented assaying protocols. After 1997, Placer Dome and Claude used industry best practices to collect, handle and analyse drilling samples. Field and assaying procedures used by Placer Dome are incompletely documented. Claude implemented comprehensive quality control measures in the sampling, handling, analyses and verification of exploration data.

Assay samples collected from core by Placer Dome and Claude were submitted to independent ISO accredited laboratories for preparation and assaying. Placer Dome used either XRAL Laboratories in Toronto, Ontario or ALS Chemex Laboratories in Vancouver, British Columbia. Claude sent all their samples to SGS Laboratories in Red Lake, TSL Laboratories in Saskatoon, Saskatchewan, and to Accurassay Laboratories in Thunder Bay, Ontario thereafter. A small number of samples were sent to ALS Chemex Laboratories in Vancouver. All these laboratories are accredited with ISO/IEC Guideline 17025 by the Standards Council of Canada for gold testing. All assay samples were assayed for gold using standard preparation and fire assay procedures from pulverized sub-samples.

Procedures used to collect historical drill sample from the Newman-Madsen property are not documented. More recent samples collected by Sabina and it precursor company were assayed at Accurassay Laboratories in Thunder Bay, or SGS Laboratories in Red Lake. The latter was accredited with ISO/IEC Guideline 17025 by the Standards Council of Canada for gold testing. All assay samples were assayed for gold using standard preparation and fire assay procedures from pulverized sub-samples.

Data Verifications

In accordance with National Instrument 43-101 guidelines, SRK visited the Madsen Gold project on three separate occasions between January and August 2009. The main purpose of these site visits was to review the historical database capturing and validation procedures. Other objectives were to define geological modelling procedures, to examine core, audit project technical data and to interview project personnel. In the opinion of SRK, Claude implements industry best practices in the collection, handling, management and verification of exploration data collected on the Madsen Gold project. SRK visited the Madsen Gold project a fourth time on January 27 to 29, 2014 to review exploration efforts that took place after the disclosure of the mineral resource statement on December 7, 2009.

SRK monitored and verified the compilation of historical drilling and sampling of data from the former Madsen Mine. SRK is also of the opinion that Claude used “best efforts” to digitize, verify and validate the large historical sampling and mining records available for the Madsen Mine. Although, by nature, these data are hard to validate, SRK believes that the historical data are sufficiently reliable for resource evaluation because they are supported by more than 40 years of sustained production.

SRK concludes that the Madsen Mine sampling database compiled and verified by Claude is sufficiently reliable for the purpose of resource estimation. SRK is unable to verify any of the exploration data from the Newman-Madsen property.

Mineral Resource Estimation

The mineral resource statement presented herein is restated from the initial mineral resource evaluation for the Madsen Gold project and is prepared in conformity with National Instrument 43-101 guidelines. It considers data (to September 27, 2009) from a total of 13,624 boreholes (816,367 metres) drilled between 1936 and 2009 and 4,446 historical underground stope chip samples. The resource estimation work was supervised by Glen Cole, P.Geo, an “independent qualified person” as this term is defined in National Instrument 43-101. The effective date of this mineral resource statement is February 18, 2014.

Mineral resources reported herein only consider gold mineralization in four separate zones of the former Madsen Mine. Other gold zones occurring within the Madsen Gold project were not considered. In the opinion of SRK, the resource evaluation reported herein is a reasonable representation of the global gold mineral resources found in the Madsen Mine at the available level of data. The mineral resources reported herein have been estimated in conformity with both generally accepted CIM “Estimation of Mineral Resources and Mineral Reserves Best Practice” guidelines. The mineral resource statement is reported in accordance with the Canadian Securities Administrators National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is no certainty that all or any part of the mineral resources will be converted into a mineral reserve.

Mineral resources were estimated using a conventional geostatistical block modeling approach, with mineral resources constrained to modeled gold mineralization wireframes representing four main areas of gold mineralization (Austin, South Austin, McVeigh and Zone 8).. The database for Austin, South Austin and McVeigh Zones includes only historical drillhole data from 13,617 core boreholes containing 550,687 gold assay records. The database for Zone 8 contains a subset of the total 13,617 historical core borehole dataset, 4,446 historical stope chip samples records and six underground boreholes drilled by Claude.

Resource modelling around historical underground mines is challenging as some of the modelled gold zones have seen previous underground mining and the underground workings have been inactive for a long period of time. SRK developed a conservative resource modelling strategy. Resource domains were defined and modelled from existing sampling data. Excavation wireframes were also constructed from available survey records. The mineral resources reported herein represent the gold mineralization situated in intact rock outside the excavation wireframes. In order to account for the possible instability of the rock mass surrounding mined out areas, geotechnical buffer zones around historical stopes were constructed and the material within these zones were excluded from estimated mineral resources.

Four grade block models were constructed. The block models for Austin, South Austin and Zone 8 were constructed in Datamine Studio 3 using the sub-blocking function. The block model for McVeigh was constructed in GEMS as a percentage block model. Each block model was populated with a gold grade during the estimation process.

Internal waste caused by barren dikes crosscutting the gold mineralization in the Austin, South Austin and McVeigh Zones was evaluated by estimating gold grades into two separate block models using undiluted and diluted composite files. The volume of dike material was estimated using a geostatistical approach. Two grade block models were constructed (diluted and undiluted).

Mineral resources were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2011). The mineral resources are classified as Indicated and Inferred. The block model resource estimates were validated by visual inspection against informing data, quantile-quantile plots, comparison with nearest neighbour and inverse distance estimates and by replicating the Datamine estimates using GEMS.

The "reasonable prospects for economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. Mineral resources for the Madsen Gold project are reported at a cut-off grade of 5.0 gpt gold considering that this material is amenable for underground extraction. The cut-off grade is based on a gold price of US$1,000 per ounce and a gold and metallurgical recovery of 94 percent.

Conclusions and Recommendations

In the opinion of SRK, the block model mineral resource estimate and resource classification reported herein are a reasonable representation of the global gold mineral resources for the Madsen Gold project at the current level of sampling.

SRK is of the opinion that the exploration data compiled from historical records and acquired from drilling performed by Claude and Placer Dome are sufficiently reliable to interpret the boundaries of the gold mineralization and support evaluation of mineral resources in accordance with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserve Best Practices" guidelines.

Table i: Consolidated Mineral Resource Statement* for the Madsen Gold Project, Ontario, SRK Consulting (Canada) Inc., February 18, 2014.

Class	Zone	Quantity (000't)	Grade Gold (gpt)	Contained Metal Gold (000'oz)
Indicated	Austin	1,677	7.92	427
	South Austin	850	9.32	254
	McVeigh	374	9.59	115
	Zone 8	335	12.21	132
	Total	**3,236**	**8.93**	**928**
Inferred	Austin	108	6.30	22
	South Austin	259	8.45	70
	McVeigh	104	6.11	20
	Zone 8	317	18.14	185
	Total	**788**	**11.74**	**297**

* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 5.0 gpt gold based on US$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent.

SRK notes that the mineral resources occupy a small footprint of the large Madsen Gold project. Several other auriferous zones not considered in this study and other untested exploration targets warrant additional exploration expenditures. SRK considers that there is a good potential to increase the mineral resources of the Madsen Gold project.

The character of the Madsen Gold project is of sufficient merit to justify additional exploration and development expenditures. The recommended work program aims at increasing the confidence and size of the historical resource database, continuing exploration work at the Madsen Mine, and complete exploration efforts elsewhere on the property. The proposed work program includes six components:

- Continue compilation and validation of historical geological data, including incorporating data recently acquired in the Newman-Madsen transaction;
- Infill and step-out drilling to expand the mineral resources and to improve resource classification within and external to the currently defined gold mineralized zones;
- Deposit-scale geological studies aimed at improving understanding of the geological and structural setting of the deposit;
- Engineering, metallurgical and environmental studies to support the design of a conceptual mine utilizing existing infrastructure as a low capital production opportunity, and to provide a base case economic model leading to a Preliminary Economic Assessment
- Property-scale geochemical, geophysical, and geological 3-dimensional surveying and modeling to order to identify and prioritize exploration targets;
- Investigate the continuity of mineralization and the possibility of mineral resources at the more advanced satellite targets including Fork Zone, Russett South, Treasure Box, and Buffalo;

Laurentian expects to invest C$4.9 million in near-mine and regional exploration, with the objective of increasing and upgrading the mineral resources and identifying and outlining additional gold mineralization zones elsewhere on the property. . In addition, C$0.5 million has been budgeted for engineering studies related to the conceptual design of the underground mine and the preparation of a Preliminary Economic Assessment. The total cost of the proposed work program is estimated at C$6.3 million, including a 20 percent contingencies and administrative costs allowance.

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1 Introduction and Terms of Reference

The Madsen gold project is a mineral exploration project located in the Red Lake mining district of north-western Ontario, Canada. It comprises several gold deposits previously mined from an underground mine from 1938 to 1974 and 1997 to 1999. The project is owned by Claude Resources Inc. (Claude). An adjacent property known as the Newman-Madsen project is currently being explored by Sabina Gold & Silver Corp. (Sabina).

SRK Consulting (Canada) Inc. (SRK) prepared an initial Mineral Resource Statement the Madsen gold project for Claude that is documented in a technical report dated January 20, 2010 (SRK 2010 technical report).

SRK understands Laurentian Goldfields Ltd. (Laurentian) is contemplating two transactions to acquire the Madsen gold project from Claude and the Newman-Madsen gold project from Sabina. The contemplated transactions were announced by news release on December 19, 2013 and January 14, 2014, respectively. This announcement triggered the requirement for Laurentian to file a new technical report pursuant to:

- Technical report requirement under Canadian Securities Administrators' National Instrument 43-101 as a result of the first time disclosure of mineral resources (section 4.2(1)(j)(i) of National Instrument 43-101) and;
- The requirement under the policies of the TSX Venture Exchange (policy 5.3) as a condition of securing the TSX Venture Exchange acceptance to the acquisition.

In January 2014 Laurentian Goldfields Ltd. (Laurentian) commissioned SRK to visit the projects, review available geological and exploration data to assess their merit and to prepare an independent technical report to document the current status of the Madsen gold project in compliance with Canadian Securities Administrators' National Instrument 43-101 and Form 43-101F.

This technical report summarizes the technical information available on the Madsen gold project and the Newman-Madsen project, including a mineral resource statement prepared by SRK and disclosed by Claude in a news release on December 7, 2009. This mineral resource statement has not been updated, although additional exploration was completed on the property since, as described herein. SRK is of the opinion that the results from the additional exploration work completed on the Madsen gold project do not materially impact the mineral resources for those zones of gold mineralization reported by Claude on December 7, 2009.

The mineral resources reported herein have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" Guidelines. This is the second technical report for the Madsen gold project to be compiled following the guidelines of the National Instrument 43-101 and Form 43-101F1.

1.1 Scope of Work

The scope of work, as defined in a letter of engagement executed on January 14, 2014 between Laurentian and SRK, includes the preparation of an independent technical report in compliance with National Instrument 43-101 and Form 43-101F1 guidelines, documenting the current status of the Madsen gold project incorporating exploration and project development activity completed since the publication of the SRK 2010 technical report. The scope of work was later expanded to incorporate a review of the exploration work completed on the Newman-Madsen project. The technical report largely re-states the SRK 2010 technical report, updating appropriate sections to document the additional exploration work completed since 2010 and documents information available for the Newman-Madsen project.

The technical report incorporates an assessment of the following aspects of the Madsen and Newman-Madsen gold projects:

- Mineral Tenure and Underlying Property Agreements;
- Topography, landscape, access;
- Regional and local geology;
- History of exploration work in the area;
- Audit of exploration work carried out by Claude and previous property owners;
- Geological modelling;
- Mineral resource estimation;
- Validation; and
- Exploration potential and recommendations for additional work.

1.2 Work Program

The compilation of this technical report was a collaborative effort between Laurentian, Claude, Sabina and SRK personnel.

Laurentian commissioned SRK to compile this technical report on January 14, 2014 and proceeded to transfer data to SRK soon thereafter. A site visit was conducted by SRK on January 27 to 29, 2014 primarily to review recent drilling completed by Claude. During the compilation of this technical report, SRK liaised with Laurentian and Claude to clarify various aspects of the report pertaining to changes that occurred since completion of the previous technical report.

This technical report was assembled in January and early February 2014 in the SRK office in Toronto.

1.3 Basis of the Technical Report

This report is based on information collected by SRK during three site visits between 12 to 15 January, 24 to 26 June and 18 to 19 August 2009, one site visit between January 27 to 29, 2014 and on additional information provided by Laurentian and Claude personnel. Other information was obtained from the public domain.

SRK conducted certain verifications to ensure the reliability of data collected by Laurentian and Claude. SRK has no reason to doubt the reliability of the information used to evaluate the mineral resources presented herein. This technical report is based on the following sources of information:

- The SRK 2010 technical report;
- Discussions with Claude exploration personnel;
- Personal inspection of the Madsen gold project and surrounding areas;
- Limited core inspection;
- Review of exploration work conducted by Placer Dome and Claude;
- Project data acquired from Laurentian and Claude, and
- Additional information obtained from public domain sources.

1.4 Qualifications of SRK and SRK Team

The SRK Group comprises of more than 1,600 professionals, offering expertise in a wide range of resource engineering disciplines. The independence of the SRK Group is ensured by the fact that it holds no equity in any project it investigates and that its ownership rests solely with its staff. These facts permit SRK to provide its clients with conflict-free and objective recommendations. SRK has a proven track record in undertaking independent assessments of mineral resources and mineral reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies, and financial institutions worldwide. Through its work with a large number of major international mining companies, the SRK Group has established a reputation for providing valuable consultancy services to the global mining industry.

This technical report was compiled by Dr. Lars Weiershäuser, PGeo (APGO#1504) and Glen Cole, P.Geo (APGO#1416). Dr. Jean-François Couture, P.Geo (APGO#0197) reviewed drafts of this technical report prior to their delivery to Laurentian as per SRK internal quality management procedures. By virtue of their education, membership to a recognized professional association and relevant work experience, Dr. Weiershäuser, Mr. Cole, and Dr. Couture are independent Qualified Persons as this term is defined by National Instrument 43-101. Additional contributions were provided by Mr. Carl Nagy a Consultant (Geology) with SRK, for the analysis of the analytical quality control data, and Mr. Jason Adam a GIS Consultant for maps and other graphics preented in this technical report.

Dr. Lars Weiershäuser is a Senior Consultant (Geology) with 10 years of experience that includes work with precious metals, base metals, and PGMs deposits worldwide. Dr. Weiershäuser has extensive experience in the compilation of technical reports; he visited the Madsen gold project from January 27 to 29, 2014.

Mr. Cole is a Principal Consultant (Resource Geology) with SRK. He has extensive international mineral resources estimation experience and has been practicing his profession continuously since 1986. Mr. Cole visited the property on two occasions from January 12 to 15, 2009 and from June 24 to 26, 2009.

Dr. Couture is a Corporate Consultant (Geology) with SRK and has been employed by SRK since 2001. He has been engaged in mineral exploration and mineral deposit studies since 1982. His area of expertise includes geological and structural modelling, ore deposits modelling, digital data integration, exploration project review, due diligence and resource estimation. Since joining SRK, Dr. Couture has authored and co-authored independent technical reports for gold, silver, vase metals, lithium and uranium exploration and mining projects worldwide.

Section 3.4 of the report was completed largely by Jennifer Hill; R.P. Bio., Senior Environmental Scientist for Micon International Ltd, with additional information compiled by Dr. Weiershäuser. Ms. Hill visited the project from June 24 to 26, 2009.

1.5 Site Visit

In accordance with National Instrument 43-101 guidelines, Mr. Cole visited the Madsen gold project from January during 12 to 15, 2009 and from June, 2009 accompanied by David Laudrum, Brian Skanderbeg, Mike Glover and other Claude field personnel.

The purpose of these site visits were to review database capturing and validation procedures, define geological modelling procedures, to examine core, audit project technical data, interview project personnel and to collect all relevant information for the preparation of a revised mineral resource model and the compilation of a technical report.

An additional objective of the site visits was to investigate the geological and structural controls on the distribution of the gold mineralization in order to identify criteria for the construction of 3D gold mineralization domains.

SRK was given full access to relevant data and conducted interviews of Claude personnel to obtain information on the past exploration work, to understand procedures used to collect, record, store and analyse historical and current exploration data.

An additional site visit was undertaken by James Siddorn August18 to 19, 2009 to study the structural controls on the distribution of the gold mineralization and to review geological modelling progress and to provide assistance in this regard.

Finally, Dr. Weiershäuser visited the Madsen gold project from January 27 to 29, 2014 to review the most recent drilling completed by Claude.

SRK was given full access to relevant data and conducted interviews of Laurentian personnel to obtain information on the past exploration work, to understand procedures used to collect, record, store and analyse historical and current exploration data.

1.6 Acknowledgements

SRK would like to acknowledge the support and collaboration provided by Laurentian and Claude personnel for this assignment. Their collaboration was greatly appreciated and instrumental to the success of this project. In particular, SRK would like to acknowledge the contribution of Darin Labrenz, P.Geo, President and CEO of Laurentian and Darren O'Brien, P.Geo, a consultant to Laurentian.

1.7 Declaration

SRK's opinion contained herein and effective **February 18, 2014** is based on information collected by SRK throughout the course of SRK's investigations. The information in turn reflects various technical and economic conditions at the time of writing this report. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

This report may include technical information that requires subsequent calculations to derive subtotals, totals, and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or an affiliate of Laurentian, and neither SRK nor any affiliate has acted as advisor to Laurentian, its subsidiaries or its affiliates in connection with this project. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

SRK was informed by Laurentian that there are no known litigations potentially affecting the project area.

2 Reliance on Other Experts

SRK has not performed an independent verification of land title and tenure as summarized in Section 3 of this report. SRK did not verify the legality of any underlying agreement(s) that may exist concerning the permits or other agreement(s) between third parties, but has relied on the information provided by legal advisors of Laurentian, McMillan LLP from Toronto, Ontario, in opinion letters dated December 4, 2013 and February 12, 2014, respectively, regarding the ownership status of the Madsen and Newman-Madsen gold projects. Excerpts of the legal documents detailing ownership of the Madsen and Newman-Madsen gold projects provided by the legal advisors are provided in Appendix A. This reliance only applies to the land title information presented in Sections 3.1 and 3.2.

The Madsen gold project is the site of a pre-existing underground mine that was active between 1938 and 1976 and from 1997 to 1999. As such, Claude commissioned Jennifer Hill, R.P.Bio., of Micon International Limited (Micon) to assess the environmental and social aspects of the property. Micon's contribution to this technical report is found in Section 3.4.

3 Property Description and Location

The Madsen and the Newman-Madsen projects are located approximately 565 kilometres northwest of Thunder Bay, Ontario and 475 kilometres east-northeast of Winnipeg, Manitoba. The Madsen gold project is located within the Baird Township, and the Newman-Madsen project is located in Heyson, Baird, and Dome Townships of the Red Lake Mining District of north-western Ontario, ten kilometres south-southwest of the municipality of Red Lake (Figure 1). The centroid of the combined project area is located approximately at 93.91 degrees longitude west and 50.97 degrees latitude north. The elevation measured at the collar of the Madsen shaft is 389 metres above mean sea level.

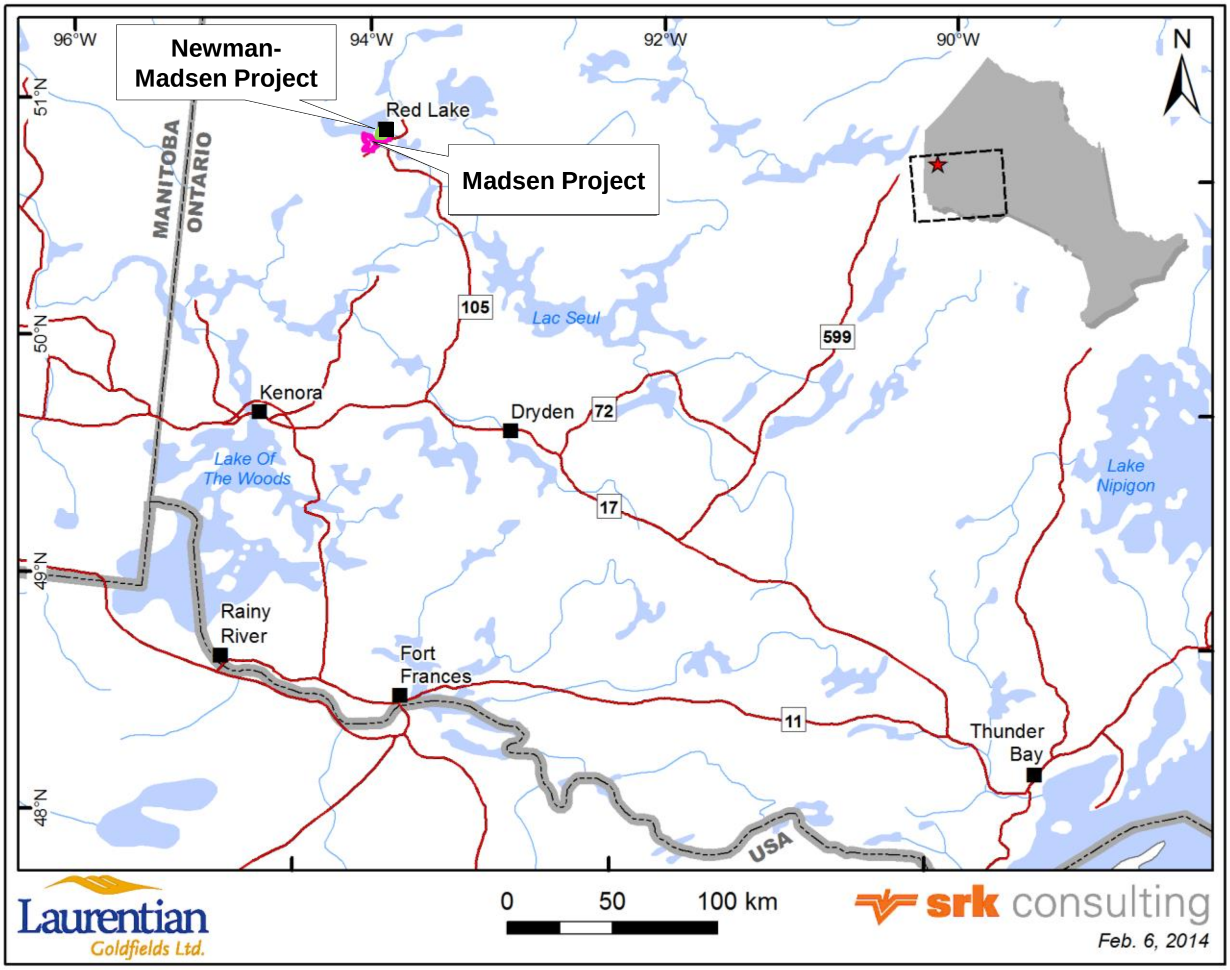


Figure 1: Location of the Madsen and Newman-Madsen Gold Projects

3.1 Mineral Tenure

Upon completion of the contemplated transactions, the Madsen gold project will also include the mineral rights from the adjacent Newman-Madsen property.

3.1.1 Mineral Tenure of the Madsen Gold Project

The land tenure of the Madsen gold project consists of a contiguous group of 237 patented and leased mining claims covering an aggregate area of 4,193 hectares (Table 1 and Figure 2). All of the 217 patented and 20 leased mining claims have accompanying surface rights. The outside boundary of the patented claims has been legally surveyed as part of the patent process. The claims are divided into nine claim groupings which are the Madsen Mine, Starratt-Olsen, Russet, Aiken, Mills, Ava, Buffalo, Killoran and Hager.

Claude originally acquired the property in April 1998 by acquiring the common shares of Madsen Gold Corp when the property consisted of 224 patented and leased claims. A subsequent agreement with Perry English and Andy Hager (the Hagar option agreement) resulted in the current group of claims.

The Madsen Mine claim grouping contains the Madsen mine, the No. 1 and Madsen (also known as No. 2) shafts, a mill and tailings impoundment area and the Madsen town site. Three other shafts fall within the MBP, the Faulkenham and Starratt shafts in the Starratt-Olsen claim grouping and the Buffalo shaft in the Buffalo claim grouping.

Under the Ontario Mining Act, Ontario Crown Lands can be staked by licensed individuals. The Act is administered by the Provincial Mining Recorder and Mining Lands divisions of the Ontario Ministry of Northern Development and Mines (MNDM). Patented mining claims are subject to a mining tax of four dollar per hectare per year whereas mining leases are subject to a rental fee of three dollar per hectare per year payable to the MNDM.

Laurentian's solicitors McMillan LLP of Toronto have investigated the title relating to the Madsen properties by searching the tile of land at the Land Titles Office of Kenora. The complete title search from McMillan dated December 4, 2013 is appended to this report in Appendix A. McMillan identified a number of encumbrances listed in Schedule 'C' and 'E' of the title search." The main encumbrance listed by McMillan relating to the Madsen gold project is that the Community of Madsen is allowed to drain sewage effluent or storm waters into the Madsen tailings pond.

Table 1: Madsen Gold Project Land Tenure

Claim No.	No. of Claims	Area (Ha)	Type	Claim No.	No. of Claims	Area (Ha)	Type
Madsen Mine				**Aiken***			
11502 – 11509	8	158	Patented	19367-19368	2	32	Patented
11509A	1	17	Patented	19719-19720	2	35	Patented
12521 – 12529	9	158	Patented	21316 – 21318	3	55	Patented
12527A	1	19	Patented	21316A	1	25	Patented
12601 – 12605	5	99	Patented	19684 – 19688	5	94	Patented
12638 – 12641	4	97	Patented	19278 – 19281	4	90	Patented
12658 – 12663	6	115	Patented	20169 – 20171	3	64	Patented
12664 – 12669	6	108	Patented	18728 – 18729	2	58	Patented
12673 – 12684	12	229	Patented	18778	1	23	Patented
12836 – 12838	3	81	Patented	20585 – 20588	4	86	Patented
12921 – 12922	2	17	Patented	20585A – 20587A	3	63	Patented
13024	1	20	Patented	21378	1	24	Patented
36016 – 36019	4	66	Patented	19788	1	7	Patented
38091 – 38094	4	58	Patented	21273 – 21278	6	51	Patented
Grouping Total	**66**	**1,242**		21280 – 21281	2	25	Patented
Starratt - Olsen				**Grouping Total**	**40**	**732**	
12963 – 12965	3	55	Patented	**Buffalo**			
12704 – 12706	3	51	Patented	1423 – 1441	19	365	Patented
12642 – 12648	7	129	Patented	1474 – 1475	2	64	Patented
12730	1	24	Patented	1585 – 1589	5	41	Patented
12642A – 12644	3	56	Patented	**Grouping Total**	**26**	**470**	
12953 – 12955	3	89	Patented	**Ava**			
12858 – 12866	9	112	Patented	19247 – 19254	8	127	Patented
12875 – 12883	9	154	Patented	19306 – 19313	8	104	Patented
12881A – 12882A	2	30	Patented	19428 – 19430	3	61	Patented
Grouping Total	**40**	**700**		**Grouping Total**	**19**	**292**	
Russet*				**Killoran**			
19235 – 19238	4	80	Patented	47990 – 47996	7	108	Leased
19181 – 19182	2	46	Patented	50992 – 50993	2	27	Leased
12820 – 12824	5	70	Patented	51018 – 51021	4	68	Leased
12726 – 12728	3	63	Patented	**Grouping Total**	**13**	**203**	
Grouping Total	**14**	**259**		**Hager**			
Mills				1184229	1	26	Leased
19223 – 19226	4	52	Patented	1184231	1	21	Leased
12758 – 12760	3	49	Patented	1184902	1	19	Leased
12764 – 12766	3	37	Patented	51287 – 51290	4	52	Leased
16672 – 16673	2	39	Patented	**Grouping Total**	**7**	**118**	
Grouping Total	**12**	**177**		**Project Total**	**237**	**4,193**	

* The Aiken-Russet block is subject to a 2 percent net smelter return royalty, to a maximum of C$2.0 million, held by previous property holders United Reef Limited and Canhorn Mining Corporation.

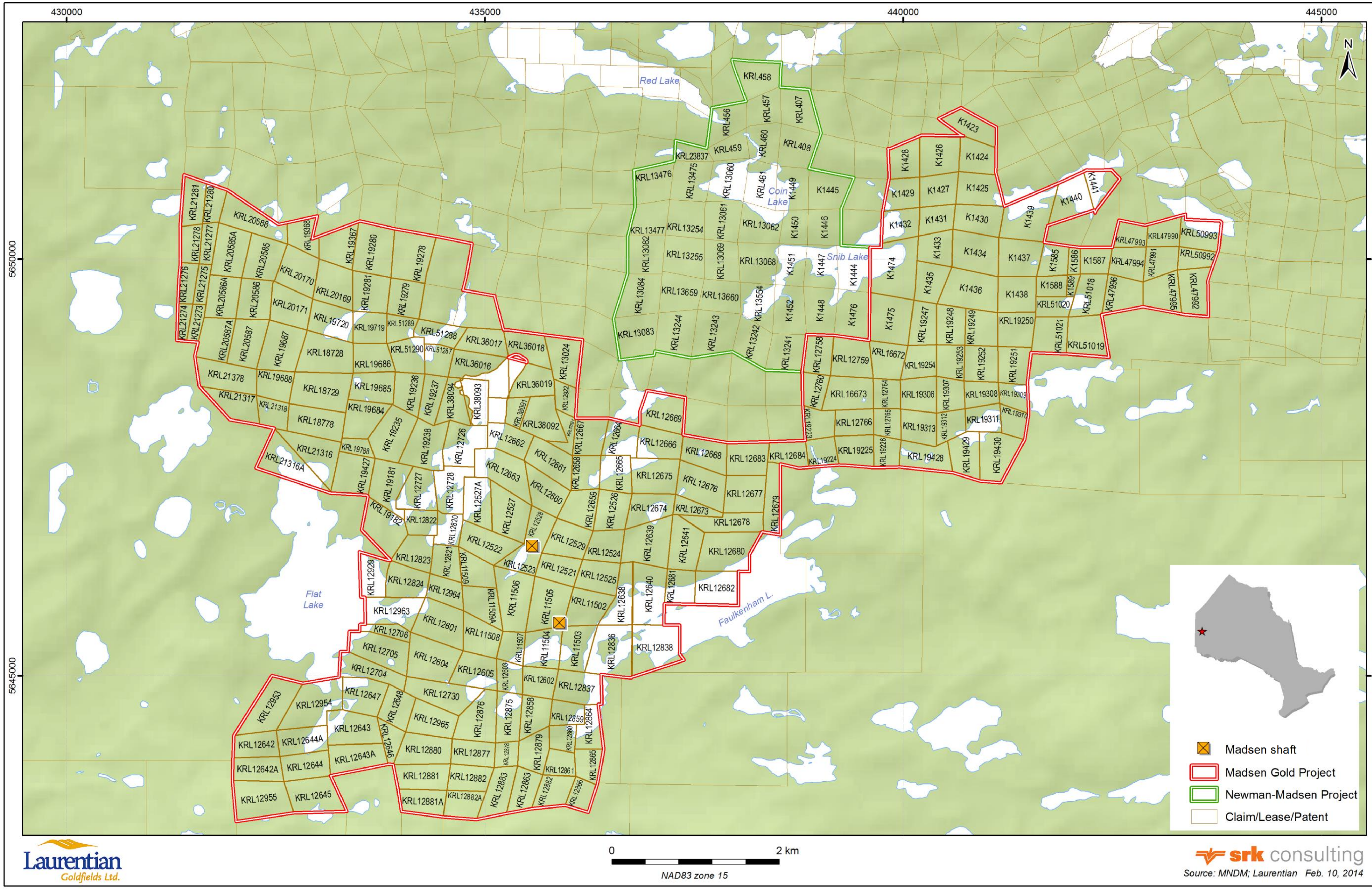


Figure 2: Land Tenure Map of the Madsen and Newman-Madsen Gold Projects

3.1.2 Mineral Tenure of the Newman-Madsen Project

The land tenure of the Newman-Madsen project consists of a contiguous group of 38 patented claims covering an aggregate area of approximately 703 hectares (Table 2 and Figure 2). The project area is located in the northwest corner of the Heyson Township in the Kenora-Red Lake Mining District. Five of the claims straddle the western township boundary into Baird Township and one tenement straddles the northern township boundary into Dome Township.

The title search prepared by McMillan and dated January 12, 2014 is presented in Appendix A. Tenements in the Newman-Heyson group are wholly owned by Sabina while the remaining tenements are registered to Sabina and Mega Silver Inc. (Mega). Certain encumbrances relating to the Newman-Madsen project are listed in the title opinion.

The outside boundary of the patented claims has been legally surveyed as part of the patent process. The claims are divided into three claim groupings based on associated royalty agreements; the groups are the Franco Nevada, the My-Ritt Red Lake, and the Camp McMann.

Wolfden Resources Corporation (Wolfden) created the Newman-Madsen project in 2004 from a compilation of three historical land packages including the My-Ritt, Nova Co and Newman-Heyson properties. The current claim numbers corresponding to the original land packages are listed in Table 2. Six claims from the eastern extent of the original My-Ritt parcel and two claims from the Nova Co. parcel were optioned to Mega Silver Inc.in 2009 and as such are not included in the list.

Table 2: Summary of Land Packages Comprising the Newman-Madsen Project

Township	Claim No.	Parcel No.	Patent No.	Hectares
My-Ritt				
Heyson	KRL-456	378	8242	15.5
Heyson	KRL-407	800	8820	19.4
Heyson	KRL-408	801	8821	20.4
Heyson	KRL-457	803	8823	14.5
Heyson/Dome	KRL-458	804	8824	20.4
Heyson	KRL-459	805	8825	11.5
Heyson	KRL-460	806	8826	15.3
Heyson	KRL-461	807	8827	20.4
Total				**137.3**
Newman-Heyson				
Heyson	KRL-13060	1515		16.75
Heyson	KRL-13061	1516		19.85
Heyson	KRL-13062	1517		17.655
Heyson	KRL-13069	1517		18.611
Heyson	KRL-13241	1517		18.713
Heyson	KRL-13242	1517		19.935
Heyson	KRL-13243	1517		24.977
Heyson	KRL-13244	1517		23.804
Heyson	KRL-13255	1517		20.267
Heyson	KRL-13254	1517		20.372
Heyson	KRL-13660	1517		16.75
Heyson	KRL-13068	1519		21.505
Baird/Heyson	KRL-13082	1519		17.066
Baird/Heyson	KRL-13083	1519		23.31
Baird/Heyson	KRL-13084	1519		23.876
Heyson	KRL-13254	1519		20.372
Heyson	KRL-13475	1519		21.428
Baird/Heyson	KRL-13476	1519		18.858
Baird/Heyson	KRL-13477	3518		17.041
Total				**381.14**
Nova Co				
Heyson	K-1444	869		20.032
Heyson	K-1445	869		19.911
Heyson	K-1446	869		16.147
Heyson	K-1447	869		18.292
Heyson	K-1448	869		20.113
Heyson	K-1449	869		18.494
Heyson	K-1450	869		12.141
Heyson	K-1451	869		15.742
Heyson	KRL-1452	869		21.367
Heyson	KRL-1476	869		22.662
Total				**184.901**

3.2 Underlying Agreements

Claude owns 100 percent of the Madsen gold project. The Aiken and Russet blocks of patented claims are subject to an agreement with previous property owners United Reef Limited and Canhorn Mining Corporation. The agreement pertains to a two percent net smelter return royalty to a maximum of C$2 million. This underlying agreement does not affect the mineral resources stated in this technical report which are located in the Madsen Mine grouping of patented claims.

SRK has not researched underlying agreements related to the Madsen gold project and accepts that the information provided by Claude is accurate and complete.

On December 19, 2013 Laurentian announced in a news release that it had entered into a definite agreement with Claude to acquire 100 percent of the Madsen gold project. Consideration payable by Laurentian consists of an initial cash payment of C$3.75 million, share consideration at closing representing 19.9 percent of Laurentian's shares outstanding following completion of the acquisition and an initial C$7.50 million financing, a second cash consideration of C$2.50 million payable three months following closing, and a cash or share consideration (at Laurentian's option) of C$2.50 million payable six months after the closing of the agreement. Closing of the Madsen transaction is expected in February 2014 and is subject to receipt of all required shareholder, regulatory and third party consents, satisfaction of customary closing conditions and the completion by Laurentian of a financing to raise minimum gross proceeds of C$7.50 million.

In addition to the agreement with Claude, Laurentian in a press release dated January 14, 2014 announced that it had signed a letter of intent to acquire a 100 percent interest in the Newman-Madsen project from Sabina. Consideration payable by Laurentian consists of shares representing 9.9 percent of Laurentian's shares outstanding following completion of both the Madsen and Newman-Madsen acquisitions. Laurentian's acquisition of the Newman-Madsen project is subject to the closing of the Madsen transaction between Laurentian and Claude and the completion by Laurentian of a financing to raise minimum gross proceeds of C$7.50 million.

The tenements comprising the Newman-Madsen project are subject to a number of royalty agreements. All 38 tenements are subject to a royalty agreement with Premier Royalty Corporation (Royalty) under which Royalty in entitled to a 0.5 percent net smelter return (NSR). A total of 20 tenements are subject to a royalty agreement with Franco-Nevada Corporation (Franco-Nevada); under this agreement Franco-Nevada receives 1.5 percent on the production of the first one million ounces of gold equivalent and two percent on all production thereafter. A further eight tenements are subject to a royalty agreement with My-Ritt Red Lake Gold Mines Ltd. (My-Ritt). Under this agreement My-Ritt has the right to a three percent NSR. The remaining ten tenements are subject to a royalty agreement with Camp McMann Red Lake Gold Mine Ltd. (Camp McMann) under which Camp McMann is entitled to a three percent NSR.

Table 3: Summary of Royalty Agreements Affecting Newman-Madsen Tenements

Claim No.	No. Claims	Royalty Holder	Royalty
KRL 13060 to 13062 - MR & SR, KRL 13069 - MR & SR, KRL 13241 to 13244 - MR & SR, KRL 13255 - MR & SR, KRL 13554 - MR & SR, KRL 13659 - MR & SR, KRL 13660 - MR & SR, KRL 13068 - MR & SR, KRL 13082 to 13084- MR & SR, KRL 13254 - MR & SR, KRL 13475 to 13477 - MR & SR, KRL 407 - MR & SR, KRL 408 - MRO, KRL 456 - MRO, KRL 457 - MR & SR, KRL 458 to 461- MRO, KRL 1444 to 1452 - MR & SR, KRL 1476 - MR & SR	38	Premier Royalty Corp.	0.5% NSR
KRL 13060 to 13062 - MR & SR, KRL 13069 - MR & SR, KRL 13241 to 13244 - MR & SR, KRL 13255 - MR & SR, KRL 13554 - MR & SR, KRL 13659 - MR & SR, KRL 13660 - MR & SR, KRL 13068 - MR & SR, KRL 13082 to 13084- MR & SR, KRL 13254 - MR & SR, KRL 13475 to 13477 - MR & SR	20	Franco-Nevada Corporation	1.5% on first 1M oz-equiv; 2% on production beyond first 1M oz-equiv.
KRL 407 - MR & SR, KRL 408 - MRO, KRL 456 - MRO, KRL 457 - MR & SR, KRL 458 to 461- MRO	8	My-Ritt Red Lake Gold Mines Ltd	3% NSR
KRL 1444 to 1452 - MR & SR, KRL 1476 - MR & SR	10	Camp McMann Red Lake Gold Mine Ltd.	3% NSR

3.3 Permits and Authorizations

Claude obtained all permits and certifications from governmental agencies for the Madsen gold project so as to allow for surface core drilling, underground core drilling, mine dewatering, discharge from the polishing pond to the environment, mine rehabilitation and moderate amounts of excavation. These permits include:

- *Certificate of Approval for Industrial Sewage Works* (# 4-0012-97-006), Ontario Water Resources Act, Ministry of Environment. Permit issued May 2, 1997, and amended August 16, 2010;
- *Permit to take Water* (# 6718-6XGRDW), allows for taking up to 6,546,240 litres per day, Ontario Ministry of the Environment. Permit issued January 15, 2007, expires January 15, 2017;
- *Mine Closure Plan*, Ontario Ministry of Northern Development and Mines. Plan submitted May 24, 1995. Amended closure plan submitted to MNDM July 2011; and
- *Permit to Mine*, Ontario Ministry of Northern Development and Mines. Notice of Project Status received and acknowledged by MNDM on April 24, 2007, allows for dewatering to 2900 feet (883.92 metres).

In its 2012 Madsen Inspection report, dated April 19, 2013, the MNDM identified four issues that needed addressing in order for Claude to comply with the mine closure plan, Ontario Regulation 240/00, and the Mine Rehabilitation Code of Ontario.

The issues related to:

- The status of two historic mine openings on the property that remained unclear. The suspected openings include a second raise in the 2-15 stope area and a raise in close proximity to the No. 2 shaft;

- The long term stability of the crown pillars on the Madsen Mine site. Although the report acknowledges Claude's efforts to determine the long term stability, the MNDM requires further work that was originally recommended in and planned for 2011 but was never undertaken. The MNDM requires this work to be completed in accordance with the requirements outlined in Part 3 of the Mine Rehabilitation Code;
- A payment schedule for financial assurance related to the required closure plan amendment; this schedule needs to be incorporated into section 13 of a revised closure plan amendment that was due on November 1, 2013. On February 10, the MNDM accepted a revised payment schedule to cover the outstanding financial assurance of C$2,315,089;
- The consultation of Aboriginal Peoples; the MNDM determined that section 14 of the CPA submitted by Claude is deficient and that information presented by Claude was inadequate for the MNDM to determine whether Lac Seul First Nation, Wabauskang First Nation and the Metis Nation of Ontario had been consulted sufficiently on the Madsen gold project. As a result the MNDM returned the August 2011 CPA to Claude. However, in early February, 2014, SRK was informed by Laurentian that the MNDM had accepted the closure plan as submitted by Claude and that no further consultation with First Nations were required; and
- The Mining Act and Regulation 240/00 section 8.1(1) (a) requiring the submittal of a Notice of Project Status and 8.1 (1) (b) requiring to conduct consultation with Aboriginal communities as directed.

Claude submitted a Notice of Project Status for the Madsen Mine to the MNDM on May 7, 2013.

3.4 Environmental Considerations

Micon (2009) reviewed environmental and social aspects of the Madsen gold project with the objective of assessing existing liabilities relating potentially to re-opening the former Madsen Mine and to re-process tailings generated from previous mining and milling operations. Extracts from the Micon (2009) review are referenced in this section.

3.4.1 Environmental and Social Conditions

The Madsen Mine is located on a watershed divide. The tailings and polishing ponds flow northeast into Derlak Lake which then flows via Coin Creek into Snib Lake, then Coin Lake, and then into St. Paul Bay on Red Lake. To the southwest, part of the Madsen Mine drains into Beaverdam Lake, then to Flat Lake, then north to Russet Lake and via Dom Creek to St. Paul Bay. Runoff from the Faulkenham and No. 1 shaft mine workings goes to High Lake, Faulkenham Lake, and then to the Coin Creek system. Runoff from the Starratt-Olsen historic mine workings drain both to the Flat Lake/Russet Lake system and to the Coin Creek system. Ultimately, all water from the property goes to Red Lake.

The property is located in the Treaty 3 area. Aboriginal groups in the area include the Lac Seul First Nation, Wabauskang First Nation and the Métis Nation of Ontario. Prior to Claude's decision to cease all work at Madsen, approximately one quarter of employees working on the Madsen gold project were aboriginal.

Historical mining on the property has resulted in remnants on surface from past underground mining, ore processing, waste rock disposal, and tailings disposal. As was normal practice at the time, early mine operations on the Madsen gold project disposed of tailings directly into the receiving waters without a containment system. As practices changed, an embankment was constructed on old tailings south of Derlak Lake to contain tailings in the 1940s and 1950s. Another containment dam was constructed further upstream in 1997 and was used to contain tailings from ore processing of approximately 300 tonnes per day from 1997 to 1999. A total of 150,000 tonnes of tailings were deposited in this upper impoundment and there is space for storage of an additional approximately one million tonnes within the existing dam.

Impounded water within the containment dams is now considered the polishing pond and is the last point of control before the approved discharge. Water can be discharged from the polishing pond by a high-capacity pumping system dependent on the copper concentration and flow at the Coin Creek culvert. The pumping system replaced a siphon system that had a limited capacity and was not sufficient to deal with significant flooding events. The pump was installed to increase the discharge rate when allowed in order to reduce the polishing pond water level and subsequently reduce seepages. In 2008 and 2009, the discharge rate was increased with the addition of a diesel pump system in order to lower the polishing pond water level to an elevation of 1,487.63 metres, which in turn reduced the seepages from the embankment. The new pump system can pump at a rate of 16,000 cubic metres per day.

Snib Lake is considered to be the first fish habitat downstream of the discharge point. Small mouth bass were stocked in Beaverdam Lake, just west of the Madsen operation. It is reported that local residents fish the lake, but do not consume the fish. The fish have not been tested for metals levels or other contaminants.

Since 1977, the community of Madsen has operated a two-compartment septic tank from which raw sewage overflows into the Madsen tailings facility. This plant discharges an average of 50 cubic metres of sewage per day along the western shore of the tailings basin, or approximately 18,300 cubic metres per year. This sewage facility was authorized by the provincial government without the consent of the Madsen Gold Corp. Despite numerous requests by Madsen Gold Corp, operational procedures at this facility continued. Litigation against the Ministry of Environment in 1997 was initiated to stop this sewage disposal system because of the liability and health risks associated with potential rehandling tailings for reprocessing. The legal settlement included:

- Dismissal of Madsen Gold Corp's charges against the Ministry of Environment because the cost of damages were not justified;
- The area of the outfall was to be fenced to protect human health, and
- The Ministry of Environment was to write a comfort letter assuring Madsen Gold Corp. that it would not be prosecuted and no remedial order would be issued with respect to the septic tank overflow.

Northern Water Works now controls the sewage plant for the town of Madsen.

3.4.2 Environmental Management

Environmental aspects of the Madsen Mine are managed by Claude. The existing environmental monitoring program is summarized in Table 4.

Discharges take place on an annual basis. In 2012, the most recent data available to SRK, the discharge period from the polishing pond into Derlak Lake commenced on May 1 and ceased on July30. A total of 478,694 cubic metres of effluent was discharged over a 90 day period at an average 5,318 cubic metres per day for the 2012 season.

Table 4: Current Environmental Monitoring Program

Aspect	Locations	Frequency	Parameters
Water Quality	Polishing pond discharge point	During discharge	-3 times/week for pH, TSS, TCN; -Once/week for pH, TSS, TCN, NH_3, Ca, K, Mg, Na, As, Cu, Fe, Pb, Ni, Zn; -Once/month acute toxicity test with rainbow trout and *Daphnia magna;* -Monthly for oil/grease.
	Coin Creek upstream	Monthly	-pH, TSS, TCN, NH_3, Ca, K, Mg, Na, As, Cu, Fe, Pb, Ni, Zn.
	Coin Creek downstream	Monthly	-pH, TSS, TCN, NH_3, Ca, K, Mg, Na, As, Cu, Fe, Pb, Ni, Zn.
	Snib Lake Inlet	Monthly	-pH, TSS, TCN, NH_3, Ca, K, Mg, Na, As, Cu, Fe, Pb, Ni, Zn.
	Snib Lake Outlet	Monthly	-pH, TSS, TCN, NH_3, Ca, K, Mg, Na, As, Cu, Fe, Pb, Ni, Zn.
Groundwater Levels	Madsen polishing pond piezometers	Three times per week	Water level
Surface Water Flows	Seepage from South Dam at V-notch weir	Weekly when flowing	Discharge

As required by the Certificate of Approval from the Ministry of the Environment, the quantity of effluent which can be discharged from the polishing pond is dependent upon two conditions. The first condition is the copper concentration of the polish effluent, as determined by the two most recent copper results from weekly samples. The second condition is the flow rate of Upper Coin Creek, as determined by the water flow at the Coin Creek culvert at Highway 618.

Quarterly and annual reports are submitted to the Ministry of the Environment under the current Certificate of Approval. Discharge water quality is in compliance with MISA limits. Downstream receiving waters meet provincial water quality protection guidelines for the majority of parameters, with occasional exceedances for iron and copper. However, these exceedances do not appear to be directly related to the current polishing pond discharge and are more likely a result from natural conditions or from historical waste rock and tailings disposal.

In 2012 Seepage from the north section of the polishing pond embankment ranged up to 90 cubic metres per day during spring high flows and has elevated arsenic levels that average up to 0.25 parts per million (ppm) (maximum approximately 2 ppm). However, concentrations of arsenic at the compliance point meet provincial water quality objectives. In 2012 seepage levels were monitored thrice weekly while seepage occurred and once weekly in times when no seepage was detected.

MNDM has been concerned with the dam seepages and stability. Following a government Order in 2008, an emergency spillway was designed by Trow Associates Inc. (Trow). The spillway was constructed in 2011 and inspected by the MNDM on July 11, 2012.Trow also completed a stability assessment on the existing dams and concluded that the dams are stable (Trow, June 6 and June 13, 2008).

3.4.3 Environmental Liabilities

The property covers a large area and has existing environmental liabilities as a result of historical mining activity and from activities from local residents. The liabilities identified here are a result of review of government and company reports. This information is not a result of an exhaustive ground surveying. Micon believes that this information captures the property liabilities adequately, but may be incomplete.

The sewage overflow from Madsen is not considered a liability because of the aforementioned settlement. Liabilities along the power line and road right-of-ways are also not the responsibility of Claude as land titles lie with Ontario Hydro and the Crown. In the community of Madsen there was a transfer of easements for the Madsen Community Association Inc. for the land under private residences. At the community of Starratt-Olsen the deed to surface rights for a parcel of land that a number of private residences are located on is held by a resident. The deed holder and the other residents have an agreement between themselves regarding where the bounds of their individual lots are located within the parcel of land for which they hold surface rights. The Township of Red Lake is apparently aware of this informal arrangement between the primary landowner and the other residents.

There is a workshop adjacent to the Buffalo historic workings which is owned by Claude and occupied under an “informal lease arrangement” by carpentry and welding business that has agreed to maintain the buildings for Claude.

There are seven key areas of previous mining activity on the Madsen gold project. Details of the mine workings and their status, based on government and company reviews, are presented in Appendix B.

Historical mine workings have resulted in residual liabilities from mine openings, old buildings, waste rock and tailings disposal as summarized in Appendix B. Many of the shafts and raises are not yet capped, but have been fenced and signed for temporary public safety. At shafts and raises that have been capped, the quality of the caps varies and they have not been checked recently by an independent engineer. In September 2010 Claude contracted Shewchuk Enterprises Ltd. of Red Lake to cap the Faulkenham shaft. Other un-capped or poorly capped shafts and raises present a serious potential liability on the property. It is apparent that local residents access the lands held by Laurentian for hunting, fishing and recreation, as well as for illegal dumping of garbage. Therefore, improving the overall safety of old mine workings is high priority.

Various types of waste rock were tested during past exploration drilling and all were recorded to have less than one percent sulphur content. Past testing of ore indicated that the ore contained approximately five percent sulphur. All testing to date indicates that the Madsen tailings are not acid generating. Waste rock contains some widely distributed sulphides in the dumps, but there is no visual evidence of acid rock drainage from the dumps. In 2010 Claude collected rock samples from various sites and subjected them to screening level acid base accounting (ABA) testing (ABA level 5). Results show that generally acid rock drainage from waste rock is not expected to be an issue at the mine or around the town site. Localised areas of mineralized rock did exhibit the possibility of acid rock drainage, but results suggested there is sufficient buffering capacity in the overall fill to mitigate any acid rock drainage potential. However, mineralized material should not be used to additional underground fill (MNDM, 2013).

The use of hazardous materials on site has ceased since 1999. No known underground storage tanks are located on site. Used oil generated from the present exploration activity is regularly removed from site. There are currently no process reagents stored or used on site.

Illegal garbage dumping is prevalent in several areas of the property. The largest dump is located on the southeast escarpment of the Starratt-Olsen tailings impoundment. Following an order by the MNDM, Claude restricted access to the area in August 2009 and posted “no trespassing” signs. Starting in the summer of 2010, Claude entered into an informal agreement with Draco Logging Ltd.

(Draco) of Red Lake to recover primarily recyclable metal items from the dump site and transport them to Winnipeg for recycling. This activity is ongoing and occurs whenever Draco has trucking capacity available. Claude recovered a large amount of used tires from the dumpsite and stores them centrally since a local recycling facility refused to accept them due to the amount of tires available. Remedial actions implemented by Claude seem to have improved the illegal dumping situation, especially at the main dump site.

3.4.4 Madsen Mine Re-opening

Environmental considerations should be taken into account if the Madsen Mine was to re-open. As a result of the sewage discharge to the tailings impoundment, worker health and safety will need to be considered if tailings are going to be re-processed. The quality of this water will need to be taken into consideration for process design if this water will be used in the plant.

There may also be additional environmental regulations to be considered with the potential re-opening the mine such as the Metal Mining Effluent Regulations from 2002 and amended in 2006. These regulations would require environmental effects monitoring beyond the current permit compliance monitoring.

3.4.5 Closure Plan Update Schedule

The original closure plan was completed prior to Claude involvement in the property by V.B. Cook Co. Limited (1995). This plan was amended in September 1995. In response to the Ontario Ministry of the Environment, Claude submitted a second amendment in July 2011. As part of this amendment, Claude addressed several issued indicated in the ministries August, 2008 inspection report. In it the Ontario Ministry of the Environment requested amendments to the following items to meet Ontario Regulation 240/00:

- Corporate and technical certifications;
- Certified current closure costs;
- Rehabilitation plans to the standard of the Mine Rehabilitation Code of Ontario; and
- Aboriginal consultation with representatives of Lac Seul First Nation, Wabauskang First Nation, and the Métis Nation of Ontario.

The second amendment to the original closure plan addresses all deficiencies identified by the Ontario Ministry of Environment; as a result, SRK is not aware of any outstanding issues related to the closure plan of the Madsen Mine and related facilities.

3.5 Mining Rights in Ontario

The Madsen gold project is located in Ontario, a province that has a well understood permitting process in place and one that is coordinated with the federal regulatory agencies. As is the case for similar mine developments in Canada, the project may be subject to federal and provincial environmental assessment processes based on certain project triggers. Due to the complexity and size of such projects, various federal and provincial agencies have jurisdiction to either provide authorizations or permits that enable project construction to proceed.

Federal agencies that have significant regulatory involvement at the pre-production phase include the Canadian Environmental Assessment Agency, Environment Canada, Natural Resources Canada as well as Fisheries and Oceans Canada. On the provincial agency side, the Ontario Ministry of Northern Development and Mines, Ministry of Environment, Ministry of Transportation as well as the Ministry of Natural Resources each have key project development permit responsibilities.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

4.1 Accessibility

The Madsen gold project is centred within the Red Lake area of north-western Ontario, approximately 565 kilometres by road (430 kilometres direct) northwest of Thunder Bay and approximately 475 kilometres by road (260 kilometres direct) east-northeast of Winnipeg, Manitoba. Red Lake can be reached via Highway 105 which branches off the Trans-Canada Highway 17 some 170 kilometres south. Red Lake is also serviced with daily flights from Thunder Bay and Winnipeg by Bearskin Airlines. Bus service is also available from Kenora, Ontario.

The Madsen gold project is accessible from Red Lake via Highway 618, a paved secondary road maintained year round by the community. The Madsen Mine site is ten kilometres southwest of Red Lake. A series of intermittently maintained logging roads branching from Highway 618 provide further access to other portions of the property.

The Newman-Madsen project is located approximately 3.5 kilometres southwest of the town of Red Lake, Ontario and 4.5 kilometres northeast of the Madsen mine. The property is accessible via Highway 618, connecting Red Lake to Madsen, then along a privately owned gravel road owned by Goldcorp Inc. The property is also covered by several bush/snowmobile trails off Highway 618, further enhancing access to the property.

4.2 Local Resources and Infrastructure

The Red Lake Municipality comprises six communities, Red Lake, Balmertown, Cochenour, Madsen, McKenzie Island and Starratt Olsen. The latest Canada Census of 2006 measured the population of the Municipality at 4,526. Mining is the primary industry and employer in the area. Other industries include small scale logging and tourism focused in hunting and fishing.

The Madsen Mine site is serviced by a 6,000 kilovolt-ampere Ontario Hydro transmission line. Water is supplied via a pumping facility in nearby Flat Lake. A permitted tailings area is also located at the project.

4.3 Climate

The climate in this portion of north-western Ontario is considered subarctic with temperature extremes generally ranging from winter lows of approximately -45 degrees centigrade (ºC) to summer highs of roughly 30ºC. Average winter temperatures are in the range of -15ºC to -20ºC and average summer temperatures are in the range of 15ºC to 20ºC.

Between 1971 and 2000, annual average precipitation was measured at 64 centimetres with 47 centimetres of rain and 193 centimetres of snow. Average winter snow depths in the region range from 40 to 50 centimetres.

4.4 Physiography

The topography within much of the project is mildly to moderately rugged with a maximum relief of thirty metres in the southern part of the Madsen gold project. The elevation varies from 360 metres above mean sea level to about 430 metres, averaging about 390 metres above mean sea level over the project area.

Topography is dominated by glacially scoured southwest trending ridges, typically covered with jack pine and mature poplar trees. Swamps, marshes, small streams, and small to moderate-size lakes are common. Rock exposure varies locally, but rarely exceeds 15 percent and averages between five and 10 percent. Glacial overburden depth is generally shallow, rarely exceeding 20 metres, and primarily consists of ablation till, minor basal till, minor outwash sand and gravel, and silty-clay glaciolacustrine sediments.

Vegetation consists of thick boreal forest composed of black spruce, jack pine, trembling aspen and white birch. Figure 3 illustrates the typical landscape around the Madsen gold project and the associated vegetation.

Figure 3: Typical Landscape in the Vicinity of the Madsen Gold Project

A and B: Head frame of the Madsen shaft. C: Outcrop exposure and vegetation cover.

5 History

Gold was originally reported in the Red Lake area in 1897 by R.J. Gilbert of the North Western Ontario Development Company (Parrot, 1995, from ACA Howe, 1999). The exploration and mining history of the Red Lake Mining district dates back to 1925, when significant gold was first discovered by prospector L.B. Howey. The gold bearing veins he discovered were developed into Red Lake's first producing mine, the Howey Mine.

Since 1925, a total of 28 mines have operated in the district producing approximately 25 million ounces of gold. Over 85 percent of this gold was produced from three mines, Campbell Mine, Dickenson/Red Lake Mine and Madsen Mine (Lichtblau et al., 2009). Highlights of the exploration and mining history of the Madsen gold project within the Red Lake area are tabulated in Table 5.

The history of the Madsen mine can be sub-divided into five main periods: the operation of the Madsen Mine between 1935 and 1974; the acquisition of the project by Claude and exploration and mining work during the period 1998 and 2000; the work completed by Placer Dome (CLA) Limited (Placer Dome) under an option from Claude between 2001 and 2005, the work completed by Claude between 2006 and 2013, and the purchase of the property by Laurentian at the end of 2013, leading to the preparation of this technical report.

The sections below describe the exploration and mining work for each period.

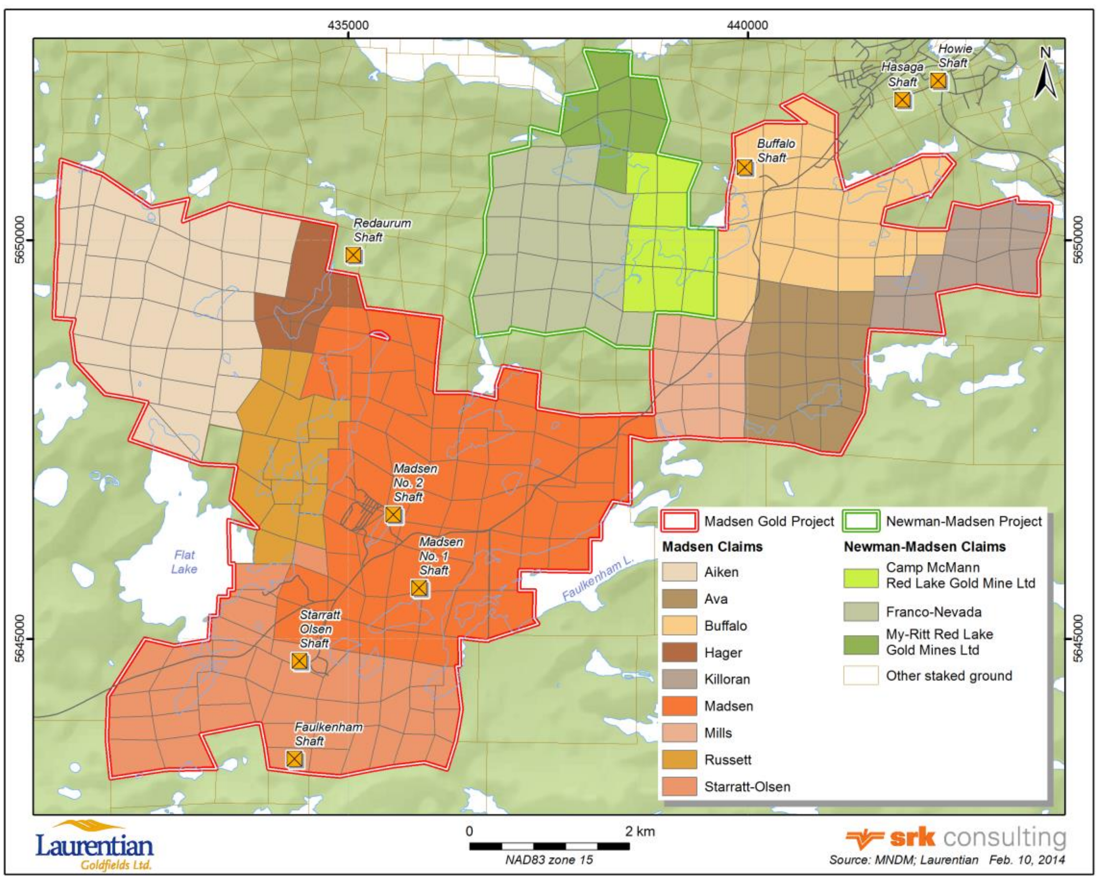


Figure 4: Madsen Claim Groups, Sabina Royalty Groups, and Historical Mine Workings

Table 5: Exploration and Mining History of the Madsen Gold Project within the Red Lake Mining District

Year	Activity
1925	Gold discovered at Red Lake.
1934	Madsen area staked.
1935	Madsen Red Lake Gold Mines incorporated, No. 1 shaft sunk to 163 metres.
1936	Austin zone discovered.
1937	No. 2 shaft (now referred to as Madsen shaft) sunk. Ultimately reaches to 1275 metres with 24 levels.
1938	Mill facility opens with production for next 36 years.
1948	The Starratt-Olsen Gold Mine opened, production ceased in 1956.
1969	Discovery of Zone 8 located between levels 22 and 27 between 1969 and 1974.
1974	Production halted at Madsen Mine. Total production of 8,372,632 tons at a grade of 0.289 ounces of gold per ton.
1974	Operation sold to Bulora Corporation.
1976	Bulora Corporation files for bankruptcy.
1980	E.R. Rowland acquires property.
1980	Noranda options property between 1980 -1982, conducts geological mapping and trenching on Madsen and Starratt-Olsen property.
1991	Red Lake Buffalo Resources acquired property from Rowland estate, changed name to Madsen Gold Corp.
1998	Claude becomes the owner of the Madsen Mine and accompanying properties by acquiring 100% of the shares of Madsen Gold Corp. in April 1998. At the time of the purchase, the mine water level was at the 7th level. Claude completed a geological compilation, surface exploration, 123 kilometres of grid cutting, geological mapping and trenching at # 1 and De Villiers zones.
1998	Mine dewatered to level 12, 230 surface & underground core boreholes for 21,000 metres,
1999	Claude mined and milled until October 1999. Mill shut down October 17, 1999 and final mill discharge on November 14, 1999.
2000	Dewatering and rehabilitation of the Madsen hoisting facility and shaft continue to the 16th Level.
2001	Placer Dome options property and completes two phases of surface core drilling. January-March: Up-dip of Zone 8 drilled (3,431 metres). October: 11 holes (9,339 metres). Dewatering shutdown.
2002	Placer Dome drills 17 surface holes totalling 10,641 metres.
2003	Placer Dome drills 49 surface holes totalling 29,049 metres, geophysics and Datamine modelling.
2004	Placer Dome commence phase 3 drilling on the Treasure Box target, completed fourteen core boreholes totalling 5,315 metres – total expenditures incurred CN8,611,175.
2006	Claude reacquires operatorship of the Madsen gold project from Placer in September, 2006.
2007	Ongoing surface exploration, drilling and data compilation. Began dewatering the Madsen Mine from 6 level
2008	Drilling of 102 surface holes for 47,210 metres. Dewatering continued to 11 level. Underground drilling commenced from Level 10.
2009	Additional drilling of 38 core boreholes for 23,772 metres from underground and surface locations. Completion of a mineral resource statement. Ongoing dewatering.
2010	Completion of 36 surface core boreholes (20,199 metres). Dewatering continued to 16 level.
2011	Completion of 17 core boreholes (18,043 metres) from the 16 level testing downdip extension of Zone 8 mineralization
2012	Completion of 17 core boreholes (17,296 metres) from the 16 level testing downdip extension of Zone 8 mineralization. In addition, Claude completed five surface core boreholes (10728 metres) to test mineralization in the Austin Deep area.
2013	Abandonment of all exploration activities and dewatering efforts of the Madsen Mine and sale of the property to Laurentian.

5.1 Madsen Gold Project

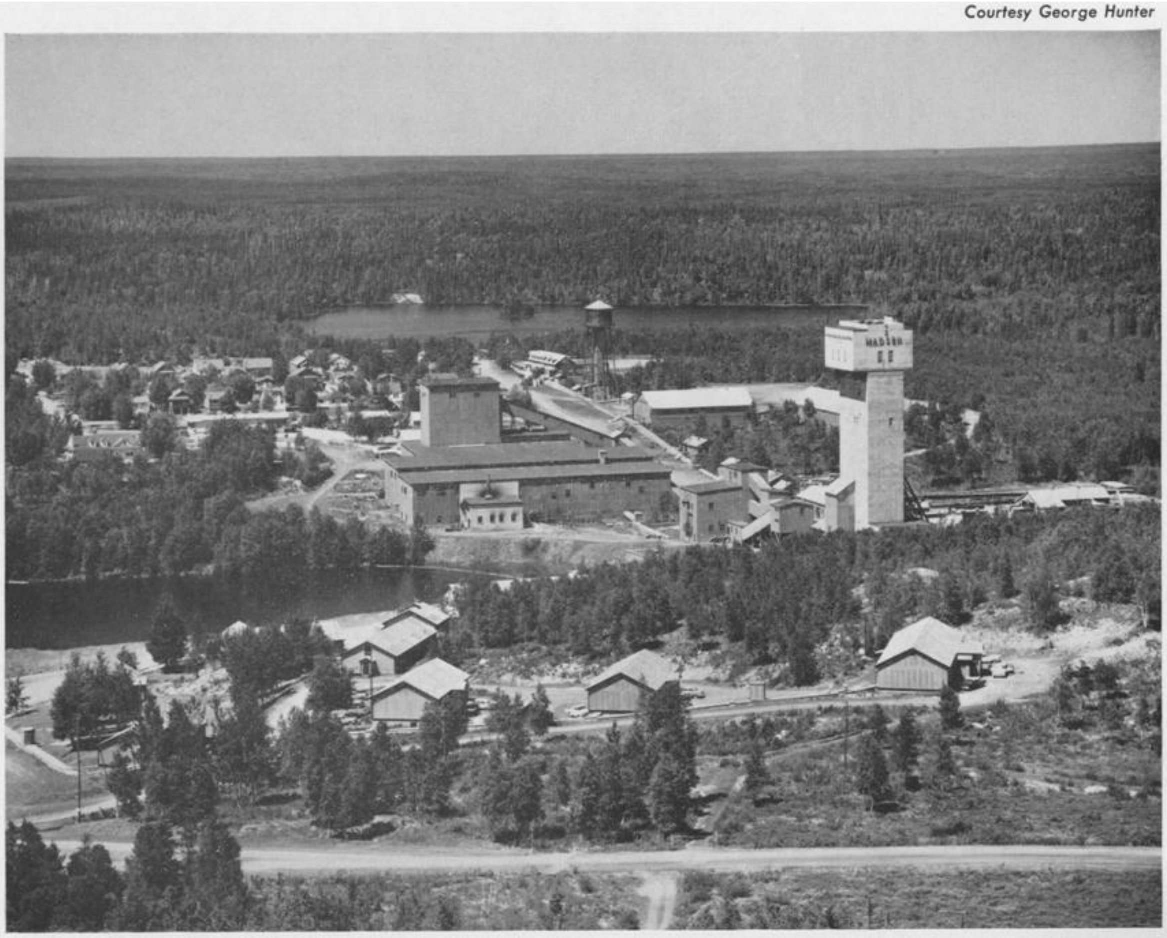
5.1.1 Historical Exploration and Mining – 1927 to 1997

This section has been predominantly re-produced from Panagapko (1998).

Madsen Mine

The first claims staked in the Madsen area date back to 1927, but no work from this period is recorded. Marius Madsen staked part of the property in 1934 and Madsen Red Lake Gold Mines was incorporated in 1935. Early prospecting uncovered several gold showings in the area. Initially, the work focused on a n auriferous quartz vein that intrudes felsic volcanic rock on claim KRL 11505 near High Lake. The No. 1 shaft was sunk to a depth of 175 metres and four levels were developed. In 1936, Austin McVeigh located a gold-bearing zone on the northern shore of Beaverdam Lake. Drilling on this zone carried out in late 1936 delineated the important Austin Zone. The underground development of the No. 2 Madsen shaft commenced in 1937 when a three-compartment shaft was sunk to a depth of 163 metres. The shaft eventually reached a depth of 1,273 metres with 24 underground levels (Figure 5).The mill began operating in August 1938 and operated continuously until 1974. Between 1941 and 1963, the company acquired the Rouge d’Or, New Redwood, Mills and Ava claim blocks to the northeast of the mine.

Courtesy George Hunter



Madsen Red Lake Gold Mines Limited, showing the mill, headframe, part of the townsite, with Russet Lake beyond the buildings.

Figure 5: Madsen Mine Site in 1960's

Total recorded production from 1938 to 1974 at the Madsen shaft is 7,593,906 metric tonnes at an average grade of 9.91 grams of gold per tonne (gpt gold) (8,371,631 tons at an average grade of 0.289 ounces of gold per ton). Annual production for this period is summarized in Table 6 (excludes data from certain periods). This accounted for 2,416,609 ounces of gold.

Table 6: Gold Production for Madsen Mine from 1938 to 1976

Year	Gold Production (ounces)	Tonnage Milled (tons)	Year	Gold Production (ounces)	Tonnage Milled (tons)
1938	n/a	n/a	1958	123,489	302,200
1939	13,909	65,460	1959	118,805	301,999
1940	25,716	140,674	1960	119,084	306,377
1941	30,088	141,109	1961	106,096	301,031
1942	30,971	145,534	1962	100,878	311,705
1943	39,195	146,346	1963	107,131	306,247
1944	33,733	144,179	1964	n/a	n/a
1945	36,825	127,870	1964	94,869	305,823
1946	25,438	98,472	1965	87,632	94,869
1947	34,977	143,371	1967	70,033	277,566
1948	32,421	143,391	1968	56,196	265,268
1949	35,579	150,779	1969	60,579	238,473
1950	65,444	282,050	1970	40,569	184,530
1951	61,687	302,227	1971	44,497	146,162
1952	67,337	304,251	1972	37,696	138,250
1953	82,596	285,018	1973	29,163	126,070
1954	82,333	286,246	1974	2,102	11,112
1955	104,874	295,713	1975	n/a	n/a
1956	100,995	294,913	1976	2,196	12,840
1957	103,181	305,300	**Total**	**2,208,313**	**7,433,425**

Note: Production figures extracted from available Madsen mine annual reports, 1938-1976. n/a = data not available.

The operation was sold to Bulora Corporation in 1974, but the company went bankrupt in 1976. E.R. Rowland controlled the property from 1980 to 1988 when Red Lake Buffalo Resources acquired the ground. Under an option agreement, Noranda Exploration carried out mapping and core drilling on the Madsen and adjoining Starratt-Olsen ground during 1980 to 1982. Red Lake Buffalo Resources was reorganized into Madsen gold Corp. in 1991.

Surface exploration on the Madsen claim group initially focused on the main “tuff horizons” close to the Madsen shaft. During the period 1936 to 1944 a series of short boreholes usually spaced at 200 foot (61 metres) intervals explored the Austin Zone near surface from the Madsen-Starratt boundary at local grid easting 8800E to Slobodzian Lake at 18800E. Further drilling during the period 1953 to 1966 explored other parts of the claim group, specifically:

- The South Austin and McVeigh Zones southwest of Beaverdam Lake with boreholes at 50 foot (15 metre) spacings;
- Drill fences at 400 to 600 foot (122 to183 metre) spacings between the West McVeigh and the Starratt boundary;
- The northeast extension of the Austin Zone to the Derlak boundary; and
- Several long stratigraphic drill fences at 1000 to 1200 foot (305 to 366 metre) spacings elsewhere on the property.

Drill programs in 1973 and 1974 evaluated the potential in the No. 1 shaft area, the andesite-talc schist contact at the south end of Russet Lake and the Austin tuff extension between Slobodzian and Derlak Lakes. Noranda Exploration completed 33 boreholes during the period 1981 to 1982 mainly in the McVeigh zone and the 2-30 Raise area.

Two drill programs were carried out by Red Lake Buffalo Resources: nine holes in 1988 focused on finding ore lenses in the 2-30 Raise area and nine holes in 1990 tested the Austin and South Austin Zones immediately south of Beaverdam Lake. Surface exploration activities other than drilling have consisted of grid mapping and sampling on various parts of the claim group by Noranda in 1981 to 82 and stripping and channel sampling by Red Lake Buffalo Resources in 1990.

Starratt-Olsen

The original staking and prospecting in the area of the Starratt-Olsen property dates back to 1926 to 1927, soon after gold was discovered in Red Lake by L.B. Howey. Only minor work was completed at the time, and the claims were allowed to lapse. In 1933, activity was renewed with an increase in the price of gold from US$20 to US$35 per ounce. Claims were staked by David Olsen in 1934 and further staking was carried out by R.W. Starratt. Both properties were then optioned by Val d'Or Mineral Holdings (Val d'Or) in 1935. The early exploration focused on three showings termed the Olsen, De Villiers and Starratt showings. Trenching and core drilling were performed on the De Villiers and Starratt showings during 1936 to 37. In 1938, New Faulkenham Mines optioned the property and sank a 3-compartment shaft to a depth of 53 metres but did not complete any further work. In 1939, Val d'Or continued exploration underground on the 53 metre level and outlined four mineralized shoots.

The property remained idle during the war years 1940 to 1944, after which exploration resumed. A drilling campaign in 1945 was sufficient to outline an ore reserve and Starratt-Olsen Gold Mines Limited was incorporated. Sinking of the Starratt shaft to 450 metres and level drifting were completed during the period 1945 to 1947. Mining operations were carried out at the Starratt shaft during the period 1948-1956 (Figure 6). A total of 823,554 metric tonnes were mined at an average recovered grade of 6.17 gpt gold to produce 163,990 ounces of gold (907,813 tons at an average recovered grade of 0.18 ounces gold per ton).

Figure 6: Aerial View of Starratt Olsen Mine in 1949

During the last year of operation, the 597 metre level was driven west for 462 metres to allow for underground exploration in the western area of the mine. No new ore reserves were delineated. In 1957 the company name was changed to Starratt Nickel Mines Limited.

The New Faulkenham Mines property is located immediately east of the Starratt-Olsen claim group and consists of 18 patented claims that were originally staked by the Faulkenham Lake Gold Syndicate in 1935. Some surface exploration was carried out between 1935 and 1938, mostly on claim KRL 12881. During this time, a three-compartment shaft was sunk to 105 metres and three levels were established. No historic production data was located for the Faulkenham shaft. The property remained idle until 1948. Exploration commenced again in 1958 with the completion of 11 surface boreholes. The property was acquired by Starratt Nickel Mines Limited in 1963. In 1965, Starratt Nickel was itself acquired by Dickenson Mines Limited.

Further core drilling was conducted by Dickenson Mines during the period 1963 to 1964 mainly in the De Villiers zone. The zone consists of a high-grade quartz vein system hosted in mafic volcanic rocks. Three holes were also explored to the west of the Olsen zone. E.R. Rowland acquired the property in 1980. Noranda Exploration optioned the property in 1981 to1982 and conducted geological mapping and core drilling (11 holes). The Noranda drilling focused on the down-dip extension of the De Villiers vein. Three of these holes hit significant gold mineralization such as a 16.46 gpt gold over 1.55 metres intersection.

Drilling by Madsen gold Corp. in 1998 consisted of 29 holes totalling 2,480 metres. Limited drilling has permitted the delineation of a historical (not National Instrument 43-101 compliant) near-surface, indicated resource of 17,040 tonnes at a grade of 5.79 gpt gold (18,786 tons at 0.169 ounces gold per ton). The vein system is thought to extend to at least 130 metres in depth.

Aiken-Russet

The Russet Red Lake Syndicate was formed in 1936 and acquired eight claims in the southern part of Russet Lake. A limited amount of prospecting work is reported during this time. Russet Red Lake Gold Mines was incorporated in 1943 and acquired the syndicate claims and six other claims. Initial exploration commenced in 1944 with trenching and 24 short boreholes on claims 19181 and 19235 just west of Russet Lake. This work focused on a complexly folded zone of interflow iron formation hosted by mafic volcanic rock that outcrops on claim 19235. Work then shifted about 350 metres to the east to explore another zone of gold mineralization hosted by altered mafic volcanic rock near the western contact of the Russet Lake ultramafic sequence. In 1946 to 47, a total of 105 boreholes tested both the Main zone and the No. 3 zone near Russet Lake after which the property remained idle until it was amalgamated with the Aiken ground to the west in 1965.

Aiken Red Lake Gold Mines Limited was incorporated in 1945 to acquire claims previously held by several smaller prospecting syndicates. Work in 1945 consisted of prospecting, trenching and core drilling on the No. 1 and No. 2 veins located on claims 18728 and 20585, respectively. No work was conducted on the property until it was merged with the Russet ground to the east in 1965.

International Mine Services carried out a small three drillhole program in the No.3 zone area in 1966. A further 21 boreholes were completed on the Russet mineralized zones in 1968, based on a geological and structural re-interpretation of available data.

Five boreholes were put down in 1969 to test the stratigraphy south of the No.3 zone. During the winter of 1974, a 22 drillhole program was completed in the No.3 zone area. This was followed by a small surface stripping program. One hole was drilled in the northern part of the property in 1977 to test an EM conductor.

United Reef Petroleums carried out an ambitious exploration program on the property between 1987 and 1988. This included airborne and ground geophysical surveys and a 78 hole drill program. The bulk of the drilling focused on the Russet Main and No.3 zones, but drilling was also directed to various other targets on the property.

Buffalo

The Buffalo property lies some four kilometres northeast of the Madsen Mine, southwest of the old Hasaga Mine. The first exploration on the Buffalo claims occurred in 1926 when limited prospecting and core drilling were carried out by the Red Lake Prospectors Syndicate. Buffalo Red Lake Mines Limited was incorporated in 1928. More extensive drilling was completed during the period 1945 to 1948 which outlined an historical resource estimated at 120,000 metric tonnes grading 7.54 gpt gold (132,000 tons grading 0.22 ounces per ton gold). The reader is cautioned that this historical resource estimate was prepared before the development of National Instrument 43-101 and has not been reviewed by a qualified person. This historical resource estimate should not be relied upon. This led to the sinking of a shaft to 61 metres and a level was developed at 53 metres to explore the zone from underground. The property remained idle until 1970 when mapping and ground geophysics were conducted.

Wilanour Resources Limited (Wilanour) optioned the property during 1980-1981. They conducted magnetic and VLF surveys and carried out a detailed drilling program over the known gold zone with 54 holes drilled. A small open pit was developed and a decline was driven to the 53 metres level to test the mineralization from underground. Limited production yielded 29,017 metric tonnes grading on average 1.78 gpt gold (31,986 tons grading 0.052 ounces per ton). Further surface drilling was conducted by Wilanour in 1988 with five holes testing various targets on the property. The Buffalo properties include the extensions of the Hasaga mine stratigraphy and more importantly the plunge continuity of historic economic intercepts. The historic production from the Hasaga mine is estimated at 1,374,641 metric tonnes averaging 4.94 gpt gold totalling 218,213 ounces of gold (1,515,282 tons grading 0.144 ounces per ton). Modelling suggest that the gold mineralization intersect the property boundary below the 600 metre level.

5.1.2 Claude Exploration and Mining – 1998 to 2000

After the acquisition of Madsen Mine and surrounding property in April 1998, Claude embarked on an exploration program focused on property-scale data acquisition and detailed evaluation of several near surface targets including the West McVeigh, De Villiers zone and the No. 1 shaft zone (Olson et al., 1999). This exploration occurred during production at the Madsen Mine.

Claude initiated a compilation of all historic geophysical, geological, geochemical and drilling on the Madsen gold project. They also completed 7.3 line miles of gradient array IP covering the Austin and McVeigh Zones between eastings 11600 E and 13000 E on the Madsen imperial grid. The survey successfully outlined a chargeability anomaly associated with sulphide mineralization associated with the auriferous tuff intervals and was also helpful in delineating silica alteration hosted in the basaltic sequence.

Madsen Mine

Production

From 1998 to 1999, Claude began mining portions of the McVeigh and Austin Zones from the Madsen shaft.

In 1998, Claude extracted 85, 417 tonnes, of which 81,740 tonnes were milled for a total production of 8,929 ounces of gold at an average recovered grade of 3.43 gpt gold (0.10 ounces per ton gold). Mill recovery was estimated to be 86.75 percent, suggesting a head grade of around 3.91 gpt gold (0.114 ounces per ton gold). The predicted grade from previous historical estimates was 6.72 gpt gold (0.196 ounces per ton gold). Stoping was within the Austin Zone between levels 2 and 5 of the mine and the McVeigh Zone.

Information available for the final seven months ending October 1999 indicate a mill throughput of 99,726 tonnes at 4.39 gpt gold (0.128 ounces per ton) for a total of 13,260 ounces of gold.. Reconciliation between milled and mined data revealed a significant grade variance. Olson et al. (1999) concluded that mining including excessive dilution. Olson et al. suggested that with tighter mining controls, a grade of 5.83 to 6.17 gpt gold (0.17-0.18 ounces per ton) presumably could have been achievable. The quality of the predicted grade estimate is unknown to SRK. SRK did not verify this information.

After 15 months, the Madsen Mine and mill complex was put on care and maintenance status in October of 1999.

Total recorded production for the Madsen Mine property, inclusive of that produced by Claude, during the periods 1938 to1974 and 1997 to 1999 is 7,872,679 metric tonnes at an average recovered grade of (0.283 ounces per ton) to produce 2,452,388 ounces of gold.

West McVeigh

At the West McVeigh area, which is located about 750 metres west of the Madsen shaft; a total of 80 surface holes for 6,417 metres explored several new zones of gold mineralization extending to at least 90 metres below surface. The area was stripped, mapped and trenched. The mineralized unit is a massive to pillowed basalt that has been variably altered to biotite, garnet and cordierite. Typically, the gold occurs within three stacked lenses of silicified and veined 'tuffs' with two to five percent fine-grained pyrite and lesser pyrrhotite.

Exploration drilling in the 2-11N and 2-13N raises areas of the McVeigh Zone confirmed the presence of gold-bearing lenses above the known workings on the second level.

West Austin

The area underlain by the western extension of the main Austin Tuff horizon was termed the West Austin Zone. During 1998, five boreholes were completed over a 600 metre strike length in the West Austin area. The Austin Zone horizon was intersected in three of these holes. None of the holes returned any significant gold values. The last hole located on easting 10400E of the Madsen imperial grid, was drilled to test the Austin horizon between two previous boreholes. A 75 metre sequence of tuff was intersected with no significant values. The drilling suggested that the Austin-type alteration persists to the west, albeit barren where tested.

No. 1 Shaft Area

No. 1 shaft area is underlain by rocks of the Balmer Confederation comprising a mixture of mafic volcanic flows and mafic to intermediate intrusive rocks. The majority of the area is underlain by a massive, medium-grained gabbro that forms an extensive sill up to 365 metres in apparent thickness at the shaft. Intruding this gabbro is a light pink, fine-grained felsic dike that is 3 to 5.5 metres thick, oriented at 072°, and dipping to the southeast at 60°. The felsic dike has been exposed on surface for a distance of 120 metres as part of a surface stripping and sampling program (see next section for a more detailed description). Intruding the dike at or near its contact with the enclosing gabbro is a quartz vein and veinlet system that extends more or less continuously for 130 metres. It has been delineated a further 120 metres in trenches. The quartz varies from white to dark grey and is generally not well mineralized with sulphides. Visible gold was observed in several locations. On surface, the veining pinches and swells considerably with overall widths ranging from 15 centimetres to one metre. As well, the vein is sometimes massive but is also composed of numerous narrow stringers cutting the felsic dike. The vein occurs within the dike for a distance of 75 metres where it passes into the gabbro and becomes more discontinuous. Historical estimates of the vein are up to 70.9 centimetres at an average grade of 17.31 gpt gold over a length of 180 metres (Honsberger, 1935).

The surface expression of the gold mineralization was stripped, mapped in detail and channel sampled. Four individual shoots were delineated on surface. Information on these gold mineralized trends is presented in Table 7.

Table 7: Surface Channel Sampling from the No. 1 Shaft Area

Channel	Width (m)	Grade (gpt Au)	Strike Length (m)
Ch 22-31	0.86	10.73	46
Ch 32-36	0.86	6.17	14
Ch 12-37	1.05	30.51	9
Ch 43-48	0.88	7.20	18

Based on the results of the sampling it was decided to extract a bulk sample from the surface of the vein. Three benches were mined for approximately 7,920 metric tonnes of vein and wallrock. An additional waste stockpile of 5,440 metric tonnes was generated with a reported average grade of 4.83 gpt gold.

A total of fifteen boreholes for 1,296 metres were completed in two phases of drilling on the No. 1 shaft vein shoots. Drilling intercepted several decimetre-scale zones of gold mineralization; however, most intercepted either minor or no veining at all.

Starratt-Olsen and De Villiers

Claude also targeted the De Villiers zone on the Starratt-Olsen property about 2.5 kilometres southwest of the Madsen shaft. The area consists of altered basalts, ultramafic rocks and “tuffs” that host the Starratt-Olsen mine and represent the south-western extensions of the Madsen ore bodies. The De Villiers vein is located about 140 metres north of the northernmost tuff horizon and is represented by discontinuous quartz veins and stringers. The surface expression of the veined area was stripped, mapped in detail and sampled.

Over a 34 metre interval, 38 grab samples returned an average of 10.56 gpt gold (0.308 ounces per ton). Drilling consisted of 29 holes in two programs, 12 testing Madsen-style tuff and 17 testing the De Villiers vein. Of the De Villiers vein drill targets, 16 intersected veins and/or silicification. The best intercept was 9.94 gpt gold over 2.8 metres (0.29 ounces per ton over 9.2 feet).

To better evaluate the continuity, grade and economic viability of the De Villiers vein, two benches were mined out for a total of 2,667 metric tonnes. The benching suggested that the vein is faulted off approximately one metre below the surface; however a north-dipping series of quartz veins and stringers was exposed on the north wall of the trench.

Face samples averaged 2.49 metres at 7.13 gpt gold. Waste was slashed out of the north wall and the north-dipping vein was centered on the second bench. Based on the benching and drilling results the zone was estimated to contain 21,200 metric tonnes at 4.63 gpt gold (diluted). This historical resource estimate has not been reviewed by a qualified person and is not compliant with National Instrument 43-101 guidelines; it is reported here for information purposes only and should not be relied upon.

Creek Zone

The Creek Zone is located between 7000E and 7200E at 6100N on the Starratt imperial grid, about 350 metres west of the De Villiers Zone. Following the delineation of a gold-bearing quartz vein system at the De Villiers zone, more detailed work was deemed necessary to better understand the Creek Zone. Forest cover was cleared in an area 75 metres by 10 to 20 metres to enable this.

Detailed mapping was completed over the stripped area. The predominant lithology in the area is massive to pillowed basalt that is locally altered to biotite and chlorite. The outcrop has been intruded by narrow, coarse-grained gabbro sills and by late granodiorite and diorite dikes. Throughout the stripped area, several narrow strongly altered felsic dikes cut the basalt sequence. These dikes are typically cream-coloured, soft, and strongly sericitized. They exhibit a strong penetrative fabric and contain disseminated pyrite. A more massive feldspar porphyry dike occurs in the southwest part of the area.

Two major shear zones were mapped, one on the eastern end of the outcrop at 065°, the other in the central and western parts of the outcrop, at 070°. Both zones of shearing are associated with the felsic dikes. Quartz veining constitutes only a minor component of the stripped area. It is restricted to the eastern and western ends of the outcrop. The most continuous vein on the outcrop is centered at easting 6980E-6130N on the Starratt imperial grid and is oriented at 290°. The vein is six metres long and up to 30 centimetres wide. This vein was exposed in the old trench and hosted the high gold values in earlier sampling.

A total of 34 grab and channel samples were collected. Nine selected grab samples of vein material from the west end of the area averaged 42.27 gpt gold (uncut). Four holes were drilled on the target, however only one zone of weakly anomalous mineralization was returned (1.41 gpt gold). High-grade quartz veins exposed at surface do not appear to have depth continuity.

5.1.3 Placer Dome Exploration – 2001 to 2006

After a brief period of exploration and mining, the property an option to earn 55 percent of the Madsen Mine and 4046 hectares was granted to Placer Dome in consideration for C$8.2 million in exploration expenditures and producing a bankable feasibility study by 2004. Subsequent negotiations extended the deadline for work commitment until December 2006.

Placer Dome fulfilled the exploration expenditure requirement, however no bankable feasible study was produced and as such the property was returned to Claude in September 2006.

The information compiled in this section was taken from Placer Dome bi-annual exploration reports (Dobrotin and Landry, 2001; Dobrotin, 2002; Crick et al, 2003; Dobrotin and McKenzie, 2003; Dobrotin, 2003; Dobrotin, 2004a and 2004b).

Madsen Mine

In 2001 Placer Dome drilled four deep core boreholes from surface totalling 3,431 metres. Wide spaced drilling on 305 metre (1,000 feet) spacings tested and evaluated the stratigraphy footwall to the main Madsen trend within a mafic-ultramafic sequence up-dip of Zone 8. The drilling tested over 975 metres of strike at a depth of 760 metres on dip.

An additional 5,200 metres were drilled up-dip from Zone 8 in 2001. This drilling outlined four new gold zones and returned a best intercept of 2.8 metres at 5.1 gpt gold. Two of the zones, named AP and MV are hosted by mafic volcanic rocks and located, respectively on the upper and lower contacts of the broad ultramafic unit. The PG zone is located within the ultramafic unit, is hosted in alteration similar to samples of Zone 8 and, as such, was interpreted to be on the same structure. The MB zone was located immediately on the footwall to the Madsen trend and returned the 2.8 metres at 5.1 gpt gold intercept.

Four holes totalling 2,533 metres were drilled up-dip of Zone 8 in 2003 as a follow-up to the AP, PG, MB and MV intersections in 2001. Although similar mineralization, lithological units and structures were intercepted, there was lack of continuity along strike and dip and the grades were disappointing. The best intercept was 1.8 gpt gold over 1.3 metres.

Further drilling was done in 2004 on Zone 8 up-dip target. One hole was drilled to 826 metres to test the intersection of the mafic-ultramafic contact, the plunge line of Zone 8 and a potential hinge of an F2 fold in the ultramafic unit. The hole returned a 24 metre wide zone of highly altered basalts that assayed 0.13 gpt gold with highly anomalous concentrations of arsenic and copper. Several other zones of anomalous gold mineralization were also intersected.

In the Austin East area three holes totalling 3,254 metres were drilled in 2003. They were planned to test across the Balmer/Confederation Assemblage unconformity, to delineate the Austin Zone along strike of old mine workings "and to assess the deep potential between the Russet North area and north-eastern flank of the Madsen Mine trend. Madsen style gold mineralization was intersected as well as banded iron formation (BIF), basalt, talc schist, komatiite and pyroxenite units. The best intercept reported was 5.92 gpt gold over 0.8 metres.

Russett Lake and Treasure Box

In 2001, Mobile Metal Ion and conventional soil sampling, re-sampling and logging of historic boreholes, and reconnaissance traversing was carried out on the area to the north, west and around Russet Lake. Soil sampling outlined five relatively small and low magnitude anomalies. Compilation of all historic geochemical and geophysical data and creation of a historic drillhole database was completed.

Follow-up work in 2002 included drilling on the northern shore of Russet Lake, now referred to as Treasure Box, consisting of eight holes at a 244 metres (800 feet) spacing for a total of 5,028 metres. Of these eight holes, three intersected visible gold, and all eight intersected gold grades ranging from one to 48 gpt gold with a best intercept of 3.17 gpt gold over 7.05 metres.

Gold mineralization was interpreted to be associated with east-west trending splay faults of a major northeast trending structure. Moderate to strong quartz-carbonate-tourmaline veining, mineralization and alteration were logged over large intervals in the holes drilled within the area.

Further drilling in 2003 in the Treasure Box area included 12,100 metres of core in 21 holes and was followed by a later phase of infill drilling at 25 to 30 metres spacing that included six holes for a total of 1,913 metres. The drilling returned numerous significant intercepts of visible gold with grades ranging from 1 to 116 gpt gold, in discrete quartz-tourmaline veins typically larger than 30 centimetres wide. Mineralized veins are situated in swarms typically from 10 to 70 metres in width; however intervening wallrock shows only anomalous gold values around 100 to 1000 parts per billion.

The vein system remained open in all directions and was interpreted to be controlled by a northeast trending deep structure and a folded mafic-ultramafic contact. Preliminary results from core orientation show that quartz-tourmaline veins have a variety of orientations; gold-bearing veins however seem to strike northwest-southeast. Due to the drill results, a program of surface stripping (0.5 hectare), detailed trenching (1,603 samples) and mapping was completed.

Drilling continued on the Treasure Box area in 2004 with fourteen holes totalling 5,315 metres, with results yielding between 1 and 189 gpt gold, typically over 0.3 metres intervals. Some of the composites included 9.6 metres at 4.58 gpt gold, 4.9 metres at 10.6 gpt gold, and 4.2 metres at 17.9 gpt gold. Trenching returned similar values.

Drilling on the western shore of Russet Lake in 2002, an area referred to at the time as Anomaly 2, consisted of five holes with a spacing ranging from 244 to 457 metres (800-1,500 feet) for a total of 2,664 metres. Two holes targeted mineralization and alteration associated with the historic Russet-Aiken occurrence, two targeted an under-explored area 750 metres to the northwest of the Russet-Aiken occurrence and one tested a regional northwest trending structure.

All holes, with the exception of the one testing the northwest trending structure, intersected gold values ranging from 1 to 14.5 gpt gold with a best intercept of 10.6 gpt gold over 1.22 metres. These intersections can possibly be correlated with the MV zone encountered in the 2001 program.

On the western shore of Russet Lake in 2003, drilling was carried out for a total 2,356 metres in three holes. Holes were designed to further delineate mineralized structures encountered during 2002 drilling. Assays outlined a broad corridor of ductile deformation, hosting gold values from 1 to 8.83 gpt gold over 0.3 to 1.2 metre widths. Complex geology and the development of 'tuff' horizons in association with a mafic-ultramafic contact were considered highly prospective.

Fork Zone

In 2003, Placer Dome also completed two surface holes totalling 1,671 metres on a target termed the Fork Zone. They tested the flexure point at the convergence of the Starratt-Olsen trend (southwest) and the Madsen Mine trend (northeast). Drilling intersected highly altered and deformed basalts and ultramafic rocks which suggested the presence of a folded ultramafic nose. The best intercept was 4.0 gpt gold over 1.2 metres.

The West Fork Zone (WF Zone) was tested by five holes totalling 1,529 metres in 2004 and returned two significant intercepts of 6.1 gpt gold over 2.8 metres and 7.5 gpt gold over 1.5 metres.

The area southeast of the Fork Zone was tested with seven boreholes totalling 2,043 metres. This drill program discovered two new zones named AD and BC on the eastern mafic-ultramafic contact and the WC zone on the western contact. The AD and BC zones are characterized by brecciated, veined and strongly altered (silica, biotite, chlorite) basalt with 1 to 3 percent pyrite, chalcopyrite, sphalerite and visible gold.

Assays from the AD zone range from 1.1 gpt gold over 4.2 metres to 47.0 gpt gold over 1.3 metres. Assays from the BC zone returned similar values. Drilling in this area also returned a mineralized zone interpreted to represent an extension to the McVeigh horizon, situated less than 500 metres along strike to the northeast.

Two other boreholes, totalling 917 metres were drilled in the vicinity of the Fork Zone. They intersected basalt, komatiite and lesser pyroxenite and sediments. Several intervals of anomalous gold values (0.1 to 0.7 gpt gold) in association with pathfinder elements were encountered.

Starratt-Olsen

In 2003 Placer Dome also drilled nine holes for 4,830 metres within the Starratt-Olsen area. The intention was to test the gold-bearing structures identified during the trenching and drilling program carried out by Claude in the late nineties (previous De Villiers and Creek trenches).

Drilling intersected numerous visible gold intercepts in quartz-chlorite-epidote altered veining structures, however widths were generally narrow and the continuity was irregular. The best intercept was 5.97 gpt gold over 1.2 metres. This intersection, hosted in Madsen style ”tuff”, was a new discovery and was only tested with two of the nine holes.

Mineralization in the Starratt-Olsen area is interpreted to be controlled by a mafic-ultramafic contact. This was not noted in historic descriptions of the deposit.

NW Corner of Madsen Claim Block

Work on the northwest corner of the Madsen claim block consisted of four holes with a spacing of 244 metres (800 feet) for a total of 2,949 metres in 2002. Drilling was planned to investigate a large underexplored gold in soil anomaly. Intense alteration, mineralization and veining were logged in each of the holes drilled, although only nominal gold values were returned.

Geophysics and 3D Modelling

Other exploration work completed by Placer Dome in 2003 included:

- An airborne magnetic (Figure 7) and gravity survey covering 45 square kilometres,
- Completion of a detailed orthophoto mosaic,
- A geochemical and geochronological study of the Phase 3 granitic magmatism,
- A metamorphic study of the Red Lake Greenstone Belt; and
- Ongoing data compilation and modelling to build a 3D geological model for the property in Datamine.

This work led to the creation of a 3D model of the entire Madsen gold project, which included lithology, structure, metamorphic grade, gold distribution, drilling, underground workings, magnetic and gravity data and a digital terrain model.

Placer Dome produced a final report which outlined nineteen targets prioritized into four categories. These targets range from conceptual grass roots through to definition drilling stage targets.

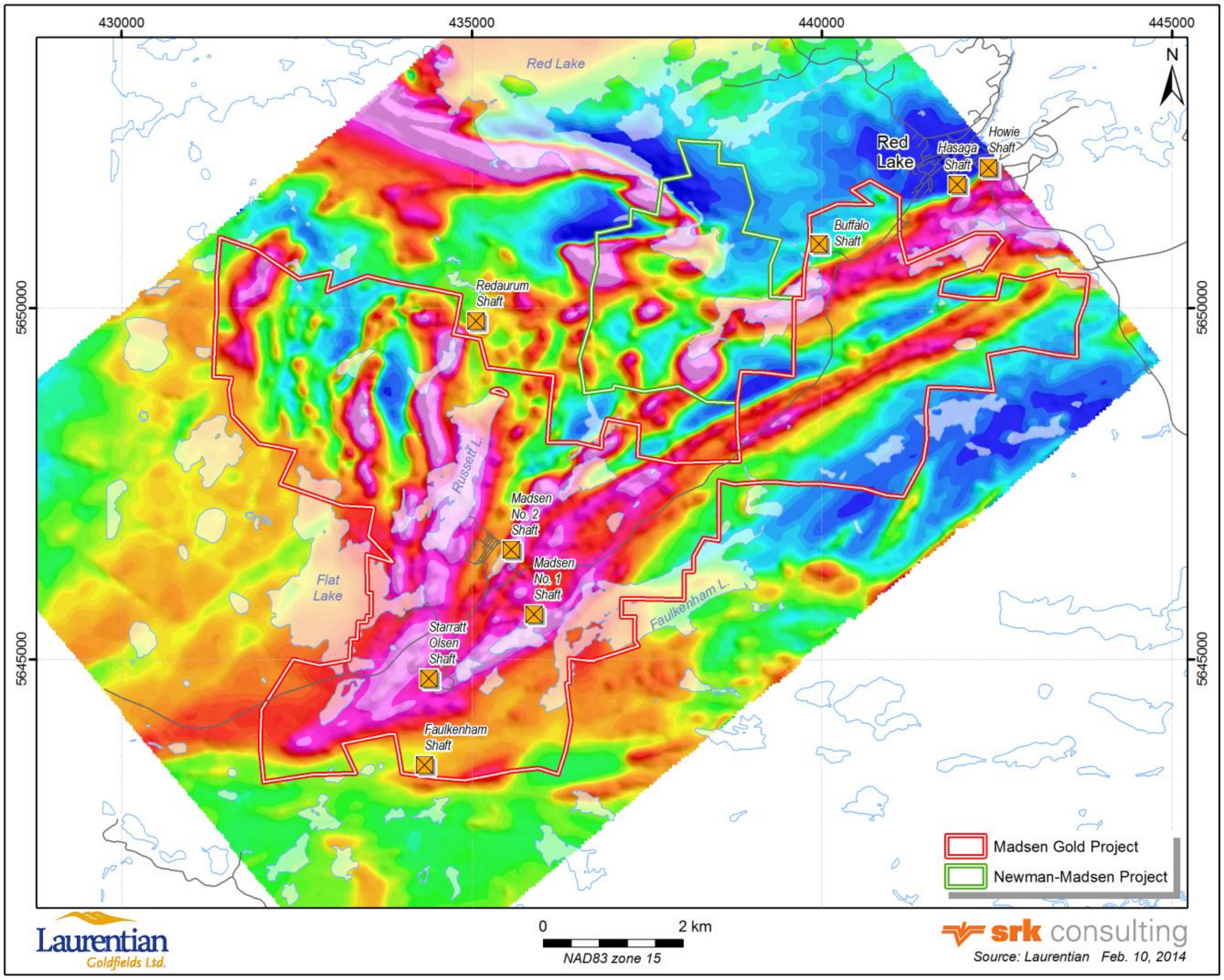


Figure 7: Madsen and Newman-Madsen Gold Projects Aeromagnetic Map, Total Gradient, from Placer Dome in 2003

5.1.4 Claude Exploration – 2007 to 2013

Exploration work conducted by Claude on the Madsen gold project since re-acquiring the property from Placer Dome in 2006 focused mainly on drilling, historical data compilation, and dewatering and rehabilitation of the Madsen Mine. In excess of 320 core boreholes were completed to define further exploration targets and expand the mineral resources. Drill target details and results are found in Section 9.1.3 and 9.1.4.

Data compilations, sorting and digitising of an extensive historical library of hardcopy files was largely complete by the end of 2009. Level plans and cross sections containing lithological contacts, boundaries for the auriferous zones and mine workings were scanned to assist in developing a 3D geological model of the deposit. Level plans are available from level 1 to 27 at 10, 20, 50 and 200 feet to one inch scales. Cross-sections are available at 20, 30 and 100 feet to one inch scales through the strike deposit for a coverage of approximately 7,000 feet (2.1 kilometres), at 25 feet (7.62 metres) spacing. Level plans at 50 feet to one inch scale and cross sections at 30 and 100 feet to one inch scales were georeferenced.

Plans and maps were georeferenced according to the local Mine grid that is rotated 60 degrees west relative to true north. Thus, mine grid north is oriented at an azimuth of 300 degrees. In addition, the coordinates were converted from the original imperial system into the metric system. For example, a cross section labelled '13100E' according to the original imperial mine grid easting was converted and georeferenced to metric mine grid which equates to easting 3992.88 metres. The northing, easting and elevation were similarly converted for all data considered for resource evaluation. Historical borehole data (surface and underground) were originally recorded on paper logs. Over 13,000 boreholes were digitized, verified and entered into a digital database.

Dewatering of the Madsen mine was ongoing until sometime in mid-2013 when pumps were turned off and the water level within the mine was allowed to rise again. During the dewatering, selected areas of the workings were being rehabilitated, allowing drill testing mineralization of Zone 8 during 2009 from underground drill platforms established on Level 10, 467 metres below the surface and in 2011 and 2012 from Level 16, 765 metres below the surface.

In addition to exploration activities in the Madsen Mine, Claude in 2010 drilled four core boreholes (3,838 metres) testing mineralization at Starratt-Olsen.

5.2 Newman-Madsen Project

Coin Lake Gold Mines Ltd. (Coin Lake) acquired the property historically referred to as the My-Ritt from Red Lake Bay Mines Ltd. in 1936. Coin Lake completed an intensive program of stripping and trenching from 1936 to 1939. During this time a magnetometer survey was completed and a minimum of 22 core boreholes were completed (Durocher, 1987). Information about the total length of the borehole is unavailable.

In 1943, Central Patricia Gold Mines Ltd completed 14 boreholes of unknown type. The only record of this work is a borehole plan map filed with the MNDM, showing the location of holes 9 to 14.

An area south of Coin Lake was held as part of a large land package owned by Rajah Red Lake Gold Mines Ltd in the mid-1950. In 1957, the company's charter was cancelled and ownership of the Heyson Township claims was transferred to H.A. Newman. The only recorded work on the Heyson Township claims consisted of geological and magnetometer surveys completed in 1959. This work resulted in documentation of a mineral occurrence on the south shore of Coin Lake, known as the Newman Rajah Red Lake occurrence, which has been described as quartz veins occurring in a narrow, easterly-trending, mineralized shear zone. Gold occurs in association with a significant amount of chalcopyrite. The only reported assay from the occurrence is 0.02 ounces of gold per ton from a grab sample.

Mespi Mines Ltd. completed an aeromagnetic survey over the area in 1959.

Assessment file records are scarce for the time period between 1959 and 1971. It is known that My-Ritt Gold Mines Ltd. held the property at some point during this time period (Durocher, 1987).

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In 1971, Cochenour-Willans Gold Mines Ltd. obtained the property from My-Ritt Gold Mines Ltd. and completed a Very Low Frequency (VLF)-electromagnetic survey, an induced polarization survey, and a soil geochemical survey on the property, followed by three core boreholes totalling 527.65 metres. However, the exact location of these boreholes is unknown. Between 1981 and 1982 Noranda Inc. appears to have completed four core boreholes of unknown length. Their location and the assay results are unavailable. After 1982 the property seems to have not experienced additional exploration work until 2002, when the property was acquired by Wolfden.

The Newman-Heyson property was explored under a joint venture between Wolfden and Kinross Gold Corporation (Kinross) in 2002 and 2003, whereby Kinross had the option to earn a 51 percent interest in the property. In 2002, the joint venture completed line-cutting, ground magnetometer and soil geochemical surveys, over the property as well as the My-Ritt and Nova Co. properties follow-up work consisted of six core boreholes totalling 1,786 metres. Assay results yielded mixed results with rare high grade intersections (Klatt, 2003a).

In 2003, the joint venture completed a follow-up drill program on the Newman-Hyson property comprising 11 core boreholes (2,407 metres). Widely spaced targets were tested in this drill program based on compiled geological, geochemical and geophysical information, but no gold mineralization was encountered (Klatt, 2003b).

In 2004, Wolfden created the Newman-Madsen project by amalgamation of three smaller properties, including My-Ritt, Nova Co, and Newman-Heyson. Exploration on this property was completed under a joint venture between Wolfden and Sabina Resources Ltd (Sabina Resources), whereby Sabina Resources earned a 50 percent interest in the property. In 2004, the joint venture completed a drill program comprising 31 core boreholes (9,531 metres) with Wolfden as the operator. Drilling intersected abundant gold mineralization, primarily along a regional D2 structure. In this area mineralization is spatially associated with an arsenic soil geochemical anomaly, which is also located in the Dome stock granodiorite. This mineralized zone subsequently has been called the Evade Zone (Toole, 2005).

In 2006 the joint venture partners completed an additional drill program comprising 4 core boreholes (2,964 metres). These holes were designed to test targets along or near the Balmer-Confederation unconformity. All bore holes intersected anomalous gold values (Long, 2007).

In 2009, Premier Gold Mines Ltd. (Premier, formerly Wolfden) and Sabina Silver Corp. (formally Sabina Resources Ltd.) optioned eight claims on the northeast corner of the Newman-Madsen project to Mega Precious Metals Inc. (Mega, formerly Mega Silver Inc.) Mega earned 100 percent interest in these claims in 2013, which form the basis of their East My-Ritt property.

In 2010, Sabina Gold & Silver Corp. (Sabina, formally Sabina Silver Corp.) re-negotiated the Newman-Madsen Joint Venture conditions with Premier to become operator of the project. Following the completion of the agreement, Sabina completed four core boreholes (3,183 metres) to test the northeast extension of the Madsen Mine trend stratigraphy at levels significantly deeper than previously explored. Drilling was successful in intersecting the targeted stratigraphy and delineating an area of hydrothermal alteration deemed highly prospective, where significant gold was encountered.

In 2011, Sabina continued their exploration efforts on the of the Newman-Madsen project and completed a drill program consisting of nine core boreholes (3,006 metres). The program was designed to test targets interpreted to comprise folded mafic and ultramafic rock sequences of the Balmer Assemblage where they are coincident with favourable D2 structures, geochemical signatures, and resistivity anomalies. These targets were elected to present opportunities to intersect mineralization reflecting in similarity to the Red Lake Mine High-Grade Zone style and returned a series of anomalous and significant gold values that furthered exploration vectoring on the property.

In January 2012, Sabina acquired 100 percent interest in the Newman-Madsen project for a cash payment of C$500,000 and issuing a 0.5 percent net smelter return royalty to Premier. Following this transaction Sabina commenced a drilling program comprising 13 core boreholes (4,332 metres) aimed at evaluating the stratigraphy and structure of the property in a broad exploration sense. Sabina focused on higher priority areas including extensions of the Buffalo Mine trend, the Dome

Stock contact, and the Balmer Assemblage. Results of the program were combines with new information from surface mapping in efforts to build robust three dimensional exploration models.

In March 2013 Sabina contracted SJ Geophysics Ltd. of Delta, British Columbia to conduct 37.4 line-kilometres of ground induced polarization using a Volterra-3DIP instrument array in an attempt to delineate the extent of the Buffalo and Madsen trends, and potentially outline the contact between the Dome stock and adjacent volcanic rocks of the Balmer Assemblage.

In October 2013 Sabina mobilized a 4-person mapping crew to the Newman-Madsen project to renew surface observations of stratigraphy and structure that would be tied to previous drill efforts in creating 3d exploration models.

5.3 Previous Mineral Resource Estimates

Annual estimates of mineral resource and mineral reserves inventories for the Madsen Mine were undertaken internally by mine staff using various sampling data. Typically sampling from exposed development and stoping was used to estimate proven reserves whereas closely spaced core drilling data was used for estimating probable reserves. Indicated and Inferred resources were extrapolated from widely spaced boreholes only. Independent audits were undertaken by ACA Howe in 1998 and 1999. Aspects of the last audit performed in 1999 (ACA Howe, 1999) are described in this section.

The reader is cautioned that the historical mineral resource and mineral reserve estimates discussed in this section were prepared before the development of National Instrument 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resource or mineral reserve; hence, the reader is cautioned that the figures should not be relied upon. The historical mineral resource and mineral reserve estimates are superseded by the mineral resource statement reported herein.

Mineral reserves for the Austin and McVeigh Zones above Level 6 were estimated by Madsen Mine staff using a polygonal methodology and the following parameters:

- Assays were capped at 1 ounce of gold per ton (34.2857 gpt gold);
- Minimum geological width of 4 feet (1.22 metres);
- Minimum mining width of 6 feet (3 metres);
- A 15 percent dilution factor at 0.34 gpt gold for shrinkage mining and a 20 percent dilution factor at 0.34 gpt gold for longhole stoping mining methods;
- The tonnage factor of 2.85 tonnes per cubic metre;
- Area of influence around a drill intersection is defined as a rectangular block with horizontal and vertical sides tangential to a 7.62 metres (25 feet) radius around the drill pierce point on a vertical longitudinal projection; and
- Reported at a cut-off grade of 4.85 gpt gold derived from a gold price of US$325/oz and a mill gold recovery of 95 percent.

Based on the above criteria, mineral resources and mineral reserves were classified into the following categories:

- **Inferred Resources** includes blocks above cut-off estimated from drilling intersections with pierce points that are further than 22.87 metres (75 feet) apart. Confidence Level 10 to 30 percent;
- **Indicated Resources** are blocks above cut-off defined by three or more drilling intersections with pierce points less than 22.77 metres apart, (75 feet). Confidence Level 30 to 60 percent;

- **Probable Reserves** are restricted to 7.62 metres (25feet) above and below a drilling intersection when grouped together in sets of four or less. Confidence Level 75 percent; and
- **Proven Reserves** lie adjacent to sampled mine openings, usually supported by drilling intersections. The spatial characteristics, size and mineral content of ore blocks are well established and ore blocks are at or above the mine cut-off grade. Proven reserves are extended to a maximum of 7.62 metres (25 feet) beyond a sampled development if drilling or other sampling information supports the extension. Confidence Level 85-90 percent.

An additional 76,245 tonnes at a grade of 11.71 gpt gold in proven pillar reserves above 6 Level was not considered mineable at the time by the mine staff. ACA Howe included this material in the Proven Reserve category as they considered this represent a future reserve.

Although Madsen Mine staff did not process any data below 6 Level, ACA Howe considered it prudent to define all the material previously identified by previous operators as undiluted reserves below 6 Level as Indicated Resources. In addition, ACA Howe also identified additional Inferred resources for the Austin and McVeigh mineralized zones below 6 Level. A table summarizing the historical Madsen Reserve and Resource inventory as reported by ACA Howe (1999) is provided in Table 8. The reader is cautioned that the historical mineral resource and mineral reserve estimate was prepared before the development of National Instrument 43-101 guidelines and that the figures reported in this table should not be relied upon. This historical mineral resource and mineral reserve estimate is superseded by the mineral resource statement reported herein.

Table 8: Historical Resource and Reserve Inventory* for the Madsen Mine (modified from ACA Howe 1999)

Classification	Quantity tonnes	Grade Au gpt	Contained Metal Au oz	Quantity tonnes	Grade Au gpt	Contained Metal Au oz
	Above Level 6			Below Level 6		
Reserves						
Proven						
Austin	72,153	10.97	25,451			
McVeigh	49.867	11.66	18,689			
No 1 Shaft	5,418	5.83	1,015			
Total	**127,438**	**11.02**	**45,156**			
Probable						
Austin	57,373	11.31	20,870			
McVeigh	130,407	6.86	28,750			
No 1 Shaft						
Total	**187,780**	**8.22**	**49,620**			
Resources						
Indicated						
Austin	63,286	8.57	17,440	565,331	12.38	225,086
McVeigh	36,108	8.91	10,349			
No 1 Shaft				801	7.89	203
Total	**99,394**	**8.70**	**27,789**	**566,132**	**12.38**	**225,289**
Inferred						
Austin	21,135	7.54	5,126	136,065	7.54	32,997
McVeigh	23,585	7.54	5,719	181,420	7.54	43,996
No 1 Shaft						
Total	**44,720**	**7.54**	**10,845**	**317,485**	**7.54**	**76,993**

* The reader is cautioned that the historical mineral resource and mineral reserve estimates were prepared before the development of National Instrument 43-101.A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or reserves; hence, the figures reported in this table should not be relied upon. The historical mineral resource and mineral reserve estimates are superseded by the mineral resource statement reported herein.

The resource and reserve inventory reported in this table has been converted to metric system. Reported at cut-off grade of 4.85 gpt gold considering a gold price of US$325 per troy ounce gold and metallurgical recoveries of 95%. Estimates include pillar reserves.

6 Geological Setting and Mineralization

6.1 Regional Geology

The following description of the Geology of the Red Lake greenstone belt was modified from Sanborn-Barrie et al. (2004) and the references therein.

The Madsen gold project is located in the Uchi Subprovince of the Superior Province of the Canadian Precambrian Shield. Within the Uchi Subprovince, the Red Lake greenstone belt is host to one of Canada's preeminent gold producing district with over 20 million ounces of gold produced since the 1930s.

The belt is interpreted to have evolved on the south side of the North Caribou terrain, an ancient continental block originating approximately 3 billion years before present (Ga) (Figure 8). The terrain evolved from extensive magmatic and sedimentary activity which occurred from 3.0 to 2.7 Ga with multiple events of intense deformation, metamorphism, hydrothermal alteration and gold mineralization. Regional metamorphic assemblages range from greenschist to amphibolite facies.

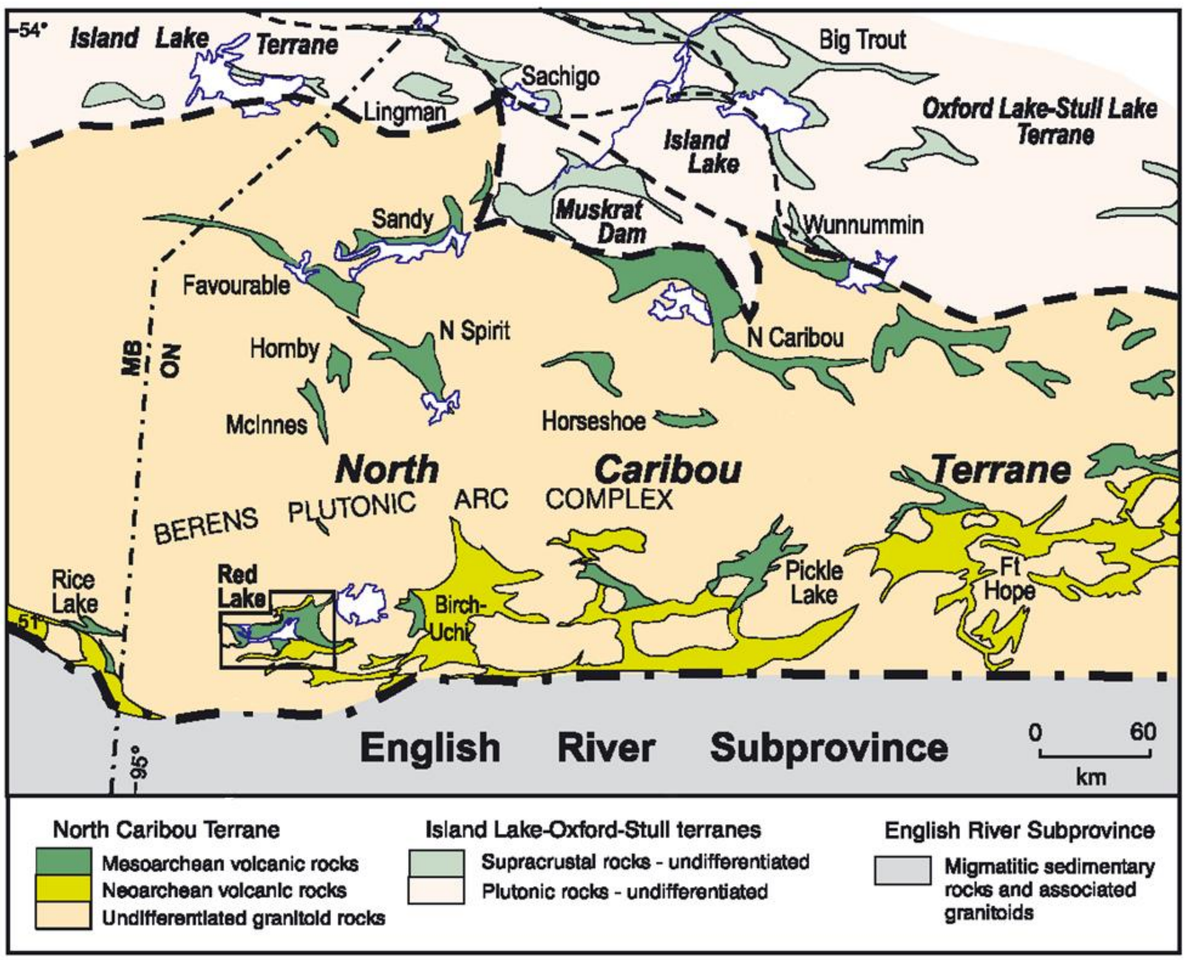


Figure 8: Geology of the North Caribou Terrain of the Superior Province (modified from Sanborn-Barrie et al., 2004)

The tholeiitic and komatiitic metabasalts of the Balmer assemblage, dated approximately between 3,000 and 2,988 million years before present (Ma), are the oldest volcanic rocks in the greenstone belt and host the major lode gold deposits in the Red Lake district. The assemblage consists of lower, middle and upper massive to pillowed tholeiitic metabasalt sequences separated by distinctive felsic and ultramafic metavolcanic rocks. Metasedimentary rocks also occur within the assemblage, mainly as thinly bedded magnetite-chert ironstone.

Underlying the northwestern portion of the Red Lake greenstone belt is the Ball assemblage (approximately 2,940 to 2,925 Ma) consisting of a thick sequence of metamorphosed intermediate to felsic calc-alkaline flows and pyroclastic rocks.

The Slate Bay assemblage (approximately 2,903 to 2,850 Ma) extends the length of the belt and consists of clastic rocks of three main lithological facies varying from conglomerates, quartzose arenites, wackes and mudstones. The contact of the Slate Bay assemblage with the Ball and Balmer assemblages represents an unconformity (Figure 9).

A thin sequence of calc-alkaline dacitic to rhyodacitic pyroclastic rocks of the Bruce Channel assemblage (approximately 2,894 Ma) were deposited and overlain with clastic sediments and a chert-magnetite iron formation. Enriched LREE trace element profiles relative to the Balmer assemblage are interpreted to indicate crustal growth at a juvenile continental margin.

The Trout Bay assemblage (approximately 2,853 Ma) is exposed in the southwest portion of the Red Lake greenstone belt. It is a volcano-sedimentary sequence consisting of a lower tholeiitic basalt unit overlain by clastic rocks and interbedded with an intermediate tuff and a chert-magnetite-iron formation.

Following a lull in volcanic activity for approximately 100 million years, the Confederation assemblage represents a time of widespread calc-alkaline volcanism (approximately 2,748 to 2,739 Ma). The approximately 2,744 Ma quartz-feldspar-porphyritic lapilli tuff of the Confederation assemblage forms the hanging wall at Madsen Mine.

Overlying the McNeely sequence in the Confederation assemblage is the Heyson sequence of tholeiitic basalts and felsic volcanics. Isotopic and geochemical data suggests the McNeely rocks were formed during a shallow marine to subaerial arc on the existing continental margin with later intra-arc extension and eruption forming the Heyson sequence. In the Madsen area, the strata of the Confederation and Balmer assemblages depict an angular unconformity with opposing facing directions. The Balmer assemblage was, thus, overturned prior to the deposition of the Confederation assemblage.

Following the Confederation assemblage, the Huston assemblage (approximately between 2,742 and 2,733 Ma) records a time of clastic sedimentary deposition varying from immature conglomerates and wackes. The Huston assemblage has been compared to the Timiskaming conglomerates commonly associated with gold mineralization in the Timmins camp of the Abitibi greenstone belt (Dubé et al., 2003). The Huston was followed by the Graves assemblage (approximately 2,733 Ma) of calc-alkaline volcanism dominated by andesitic to dacitic pyroclastic tuff, and synvolcanic diorite and tonalite.

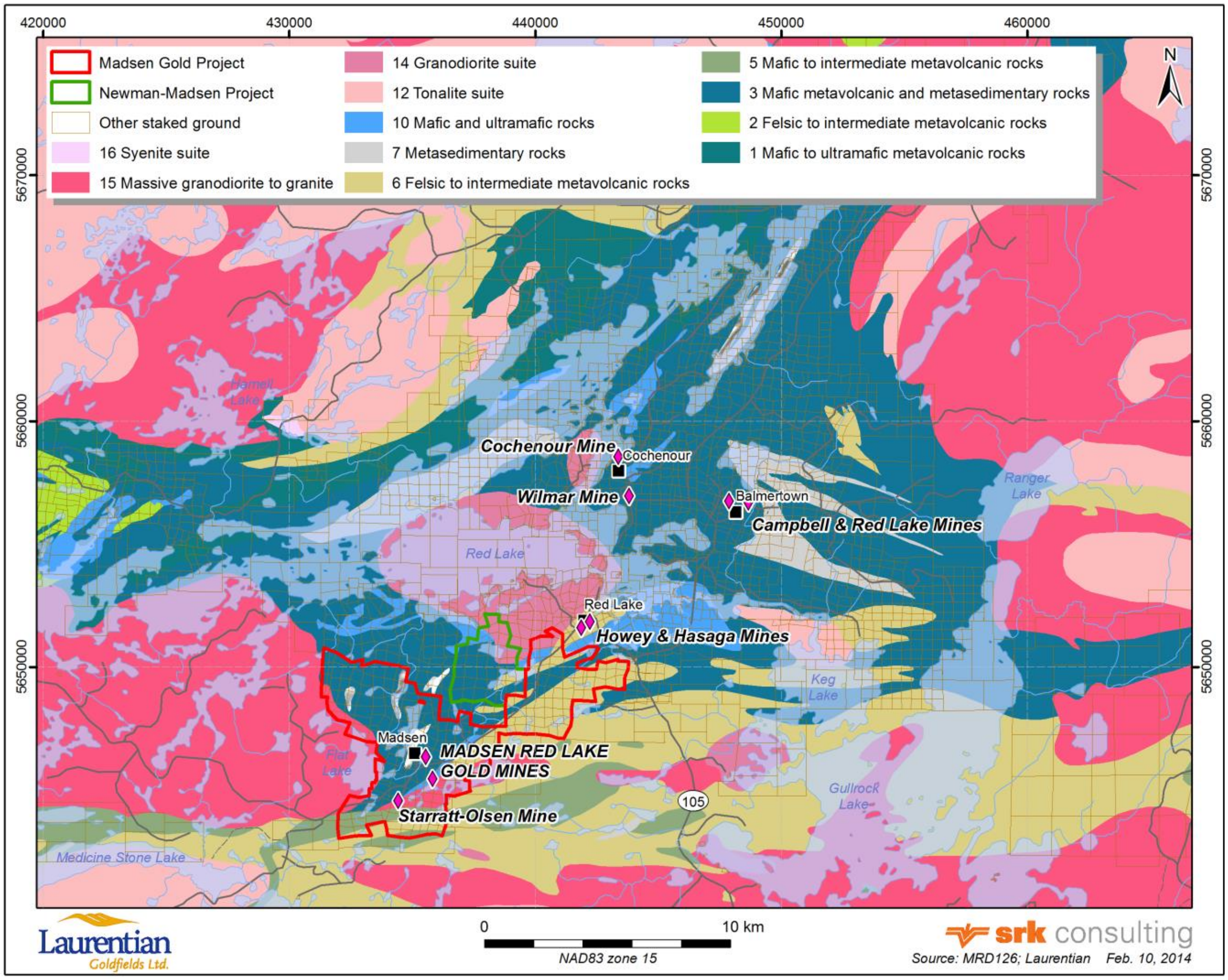


Figure 9: Simplified Geology of the Red Lake Greenstone Belt

Plutonic rocks found in the Red Lake greenstone belt correlate with various stages of volcanism. These include mafic to ultramafic intrusions during Balmer and Ball time periods, gabbroic sills related to Trout Bay volcanism, felsic dikes and diorite intrusions during the Confederation assemblage, and intermediate to felsic plutons, batholiths and stocks of Graves assemblage age.

Post-volcanism plutonic activity is also evident from granitoid rocks such as the McKenzie Island stock, Dome Stock and Abino granodiorite (2,720 and 2,718 Ma) which were host to past producing gold mines. The last magmatic event recorded in the belt is from about 2.7 Ga with a series of potassium-feldspar megacrystic granodiorite batholiths, plutons and dikes, including the Killala-Baird batholith

Structurally, the belt displays evidence of several deformational events with associated hydrothermal activity and gold mineralization. The main episode of penetrative deformation occurred after Confederation volcanism 2.74 Ga. This D_1 deformation event resulted in the formation of northerly trending south-plunging F_1 folds and associated fabrics. The likely cause of deformation is a change in plate dynamics such as the shallowing of a subducted slab creating compression in the upper plate and the displacement of magmatic activity.

A second important deformational event superimposes D_1 structures. East to northeast trending D_2 structures occur in western and central Red Lake, and southeast trending folds and fabric are present in eastern Red Lake such as at the Campbell and Red Lake mines. The onset of penetrative D_2 strain across the belt from 2.72 Ga is interpreted to document the collision of the North Caribou Terrain and the Winnipeg River Subprovince to the south.

6.2 Geology of the Madsen Gold Project Area

The following description of the Geology of the Madsen gold project was modified from Dubé et al. (2000) and the references therein.

Rocks in the Madsen Mine area have been metamorphosed to amphibolite facies. The area is positioned within the contact aureole of the Neoarchean Killala-Baird batholith situated directly west and dated at approximately 2,704 Ma.

The Madsen Mine is located on the southeast-facing, southern limb of a large fold or domal structure. The mine is located near the contact of the Balmer assemblage to the northwest and Confederation assemblage to the southeast. This contact represents an angular unconformity with both assemblages.

The deformed unconformity extends across the southeast portion of the Red Lake greenstone belt through much of the Madsen gold project and more specifically the Madsen and the Starratt Olsen mines, and is locally known as the Flat Lake-Howey Bay Deformation Zone (Figure 10).

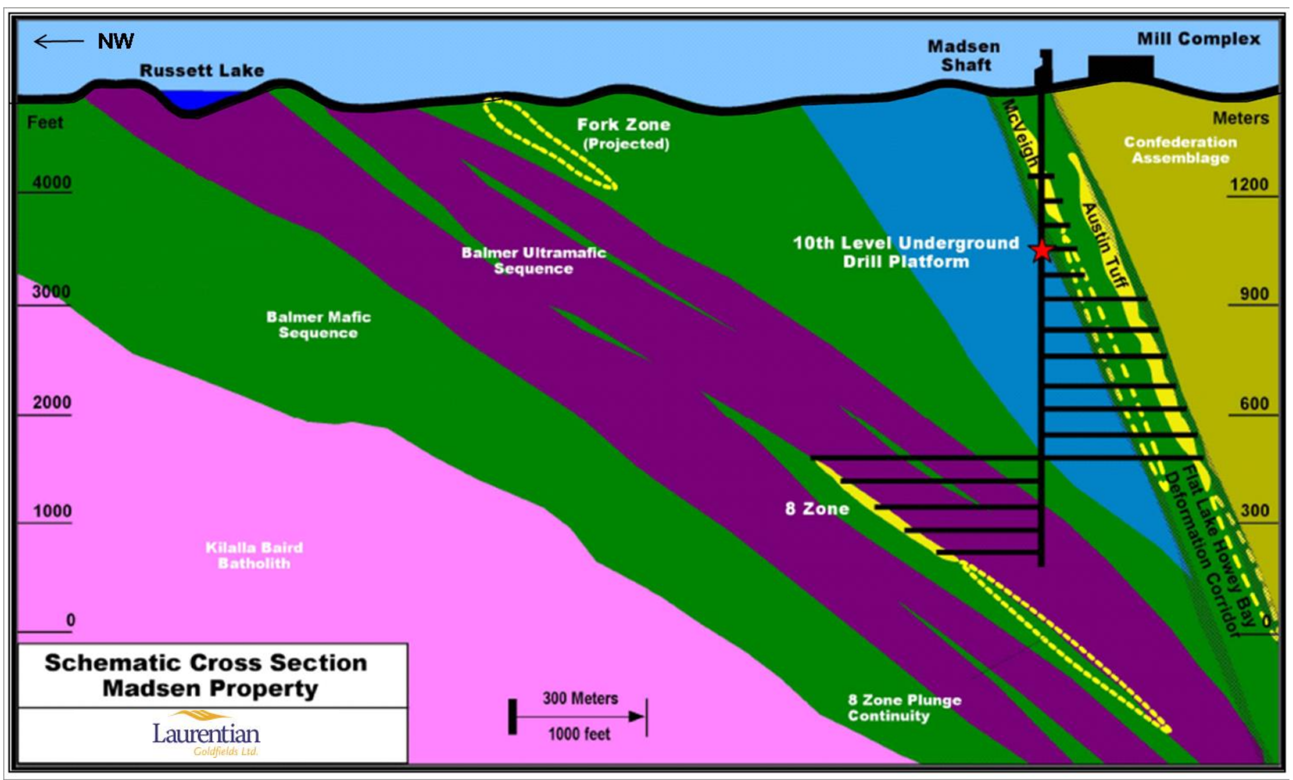


Figure 10: Schematic Composite Vertical Cross Section Through the Madsen Gold Project. Looking Northeast

Gold mineralization at Madsen is hosted by three sheared and altered units within the Balmer assemblage historically named the Austin, South Austin and McVeigh 'tuffs' which strike on average at 030º and dip between 60º and 70º to the southeast. These were originally interpreted to be altered dacitic pyroclastic rocks, hydrothermally altered and deformed mafic rocks, and intermediate to felsic pyroclastic rocks.

Surface mapping indicates that the McVeigh tuff corresponds to hydrothermally altered and heterogeneously deformed massive and pillowed basalt. The South Austin and Austin tuffs are best described as a composite unit of hydrothermally altered and heterogeneously deformed mafic volcaniclastic, epiclastic (wackes and conglomerates), and local mafic volcanic rocks which are interpreted to be hydrothermally altered fragmental rocks that mark the unconformity between the Balmer and Confederation assemblages.

The historical Starratt-Olsen mine is located just over one kilometre further southwest along the Flat Lake-Howey Bay Deformation Zone. The gold mineralization comprises quartz-sulphide veins hosted by mafic and ultramafic volcanic rock of the Balmer assemblage intruded by diorite and feldspar porphyry dikes (Harris et al., 2006).

The Balmer assemblage represents the footwall of the Madsen deposit, it consists mainly of tholeiitic pillowed basalt and gabbro interbedded with thin peridotitic and basaltic komatiite units. The immediate hanging wall of the McVeigh tuff is an intrusive complex composed of peridotite, pyroxenite and gabbro. Thin units of talc schist are found on the hanging wall contact of the McVeigh Zone and also separate the Austin from the South Austin Zone.

The Confederation assemblage corresponds to the hanging wall of the Madsen deposit. Immediately adjacent to the Austin tuff lies a quartz-feldspar-porphyry, lapilli-crystal tuff (QFP). This unit represents the basal portion of the assemblage. It contains two to three percent lithic fragments mainly concentrated near the base defining pre-existing centimetre-scale bedding. Of note is the presence of a 'tuff' unit within the QFP which mainly contains hydrothermally altered metamorphosed sediments with no important gold intercepts.

Many northwest striking and shallow to steeply dipping diorite-granodiorite dikes cut through all lithological units including the gold mineralization. These are centimetre to metre scale, unaltered, usually unstrained and locally zoned. They have been dated at approximately 2,699 Ma, which places them marginally younger than the Killala-Baird batholith and of similar age to the Faulkenham Lake granodiorite stock southeast of Madsen, to which they may be related.

6.2.1 Structural Geology

The intensity of the deformation is heterogeneous in the rocks at Madsen but is typically low to medium with local high strain zones up to a metre wide. Similar to the belt-scale deformational history, the D_1 and D_2 are the two main structural events recorded. D_1 is shown as a weakly developed foliation S_0—S_1 parallel to bedding generally trending north-northeast and dipping southeast, on average at 012/62º (Figure 11). Although generally weak, this foliation can be locally more intense such as in the talc schist adjacent to the ore zones.

The main deformation event is D_2 which is typified by a moderately developed east-northeast trending S_2 foliation that dips to the southeast on average at 063/65º. Though generally moderate, locally the foliation reaches penetrative schistosity intensity, especially within the Austin tuff. Local D_2 shear zones oriented on average at 060/70º appear to increase in intensity near the ore zones at Madsen. These shear zones display a sinistral component of motion and weak stretching lineations plunging east.

At the deposit level, there appears to be a spatial relationship between the mineralized zones and the thickness of the tuff units at Madsen Mine. The Austin tuff thickness is related to what was historically referred to as ‘rolls’. These so-called rolls correspond to F_2 folds and shear zones which reduce the width of the tuffs. Mineralized ore lenses are boudinaged and folded along the S_2 fabric within zones of the thickened tuff.

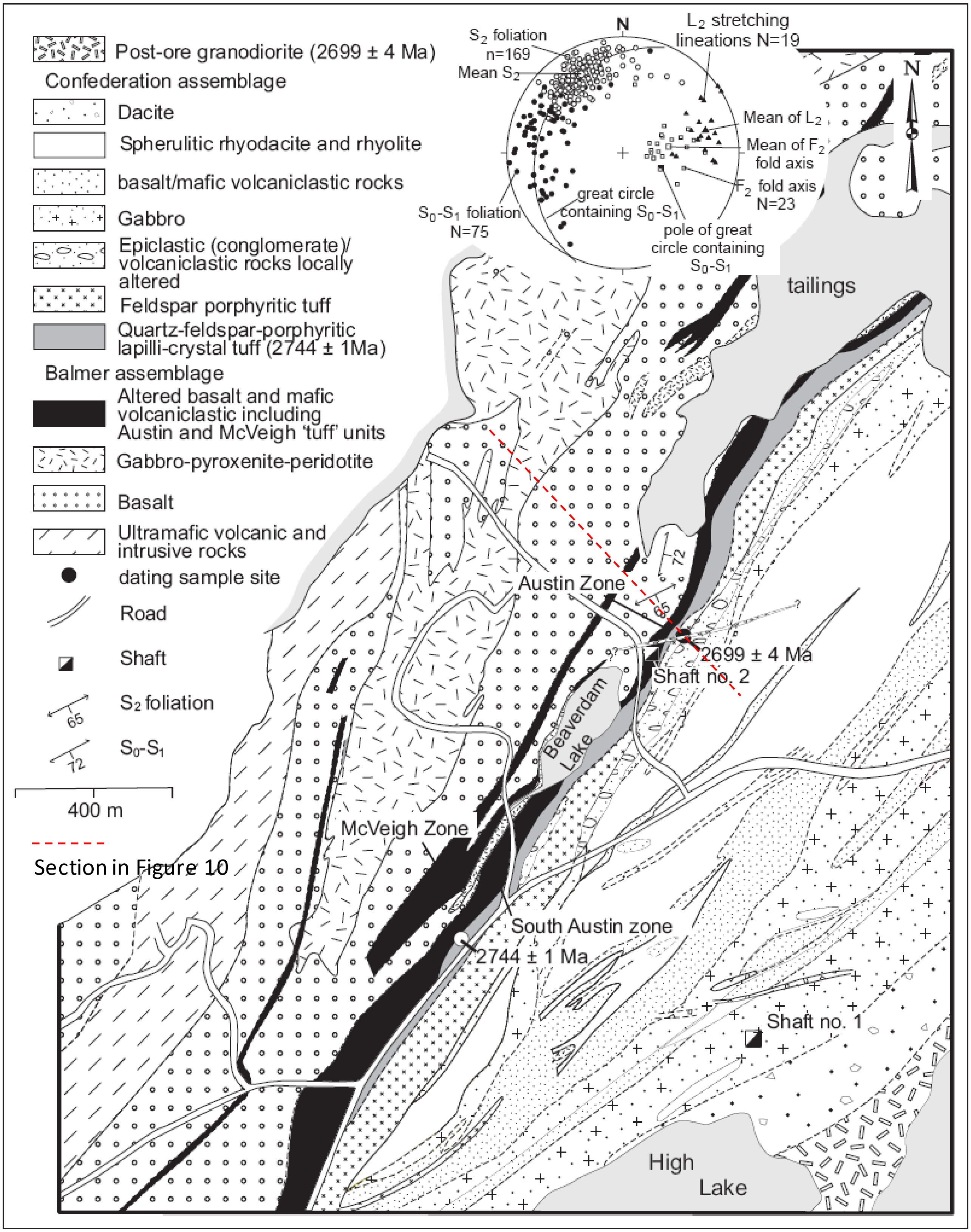
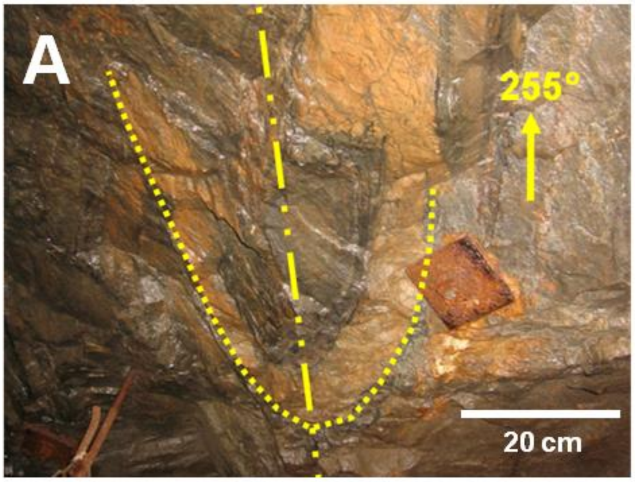
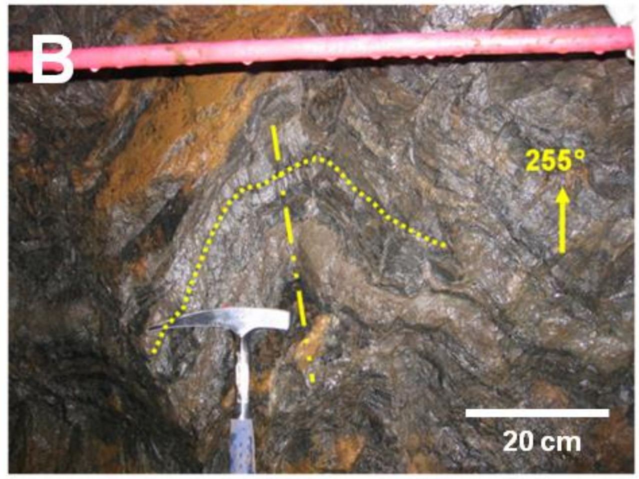


Figure 11: Geology of the Madsen Mine Area (Dubé et al. 2000). Stereonets are Equal Area Projections (lower hemisphere)

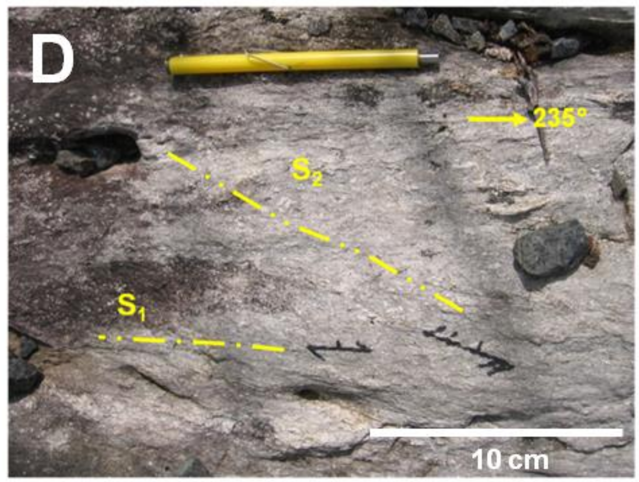


F_2 fold in Iron carbonate vein. Back view on 2nd level of Madsen mine.

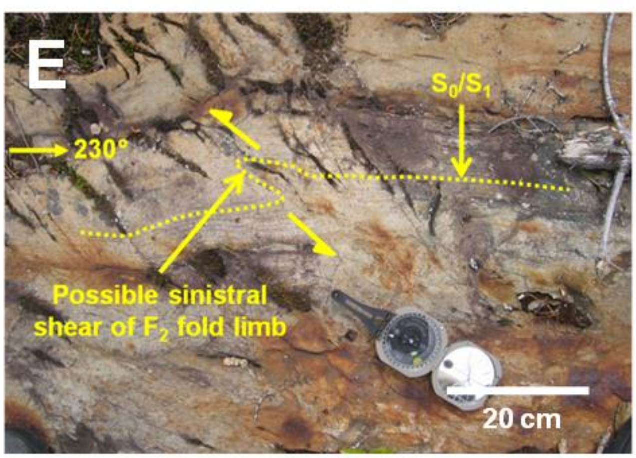


F_2 fold in Austin tuff. Fold plunge: 45º/075. Section view on 2nd level of Madsen mine.

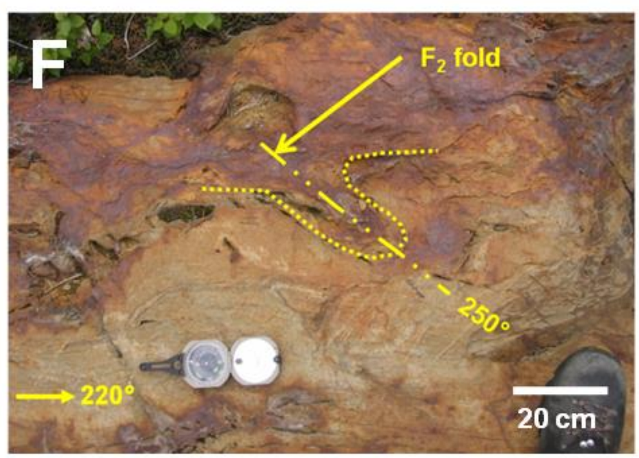
F_1-F_2 fold interference in Austin tuff. Plan view from surface near Madsen mine.



S_1-S_2 foliations in quartz porphyry. Plan view at surface near Madsen mine.



Sheared limb of F_2 fold in S_0/S_1. Plan view on surface near Fork Zone.



F_2 fold in S_1/S_0 in iron carbonate. Plan view on surface near Fork Zone.

Figure 12: Structural Features in and Around Madsen Mine

6.3 Mineralization

6.3.1 Introduction

Several gold mineralization zones have been identified, explored and mined on the Madsen gold project. The Madsen Mine comprises four main gold zones: Austin, South Austin, McVeigh and Zone 8 that are the principal topic of this technical report. Five other gold mineralization zones (Treasure Box, Fork Zone, Starratt-Olsen, No. 1 shaft and Buffalo) represent exploration targets. This section describes briefly the various gold zones found within the Madsen gold project with emphasis on the Madsen Mine.

6.4 Mineralization at the Madsen Mine

Historical gold production from the Madsen Mine came primarily from three main zones of gold mineralization: Austin, South Austin and McVeigh. Zone 8 represents the fourth gold zone of the Madsen Mine.

6.4.1 Austin, South Austin and McVeigh Gold Zones

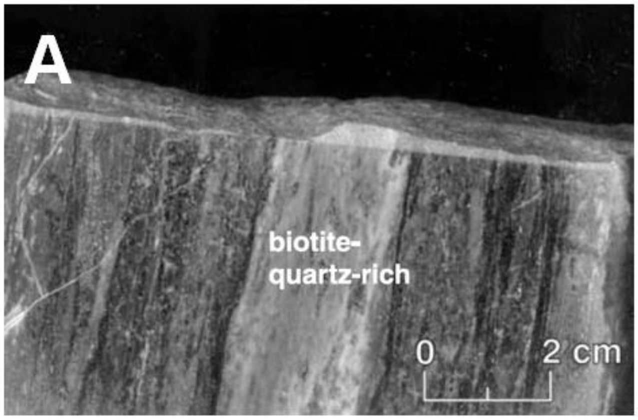
The South Austin and Austin zones (Figure 13 C to F) are interpreted as hydrothermally altered fragmental rocks that mark the unconformity between the Balmer and Confederation assemblages. They are a composite unit of hydrothermally altered and heterogeneously deformed mafic volcaniclastic, epiclastic wacke and conglomerate, and local mafic volcanic rock. The McVeigh zone (Figure 13 A and B) on the other hand is described as hydrothermally altered and heterogeneously deformed massive and pillowed basalt (Dubé et al, 2000).

All three zones strike on average at 030º and dip between 60º and 70º to the southeast. The Austin zone modelled as part of the present study has a strike length of approximately 3,150 metres, a depth extent of 1,700 metres with a thickness varying from five to over 120 metres. The Austin zone is open along strike and has been observed in the Starratt-Olsen mine area.

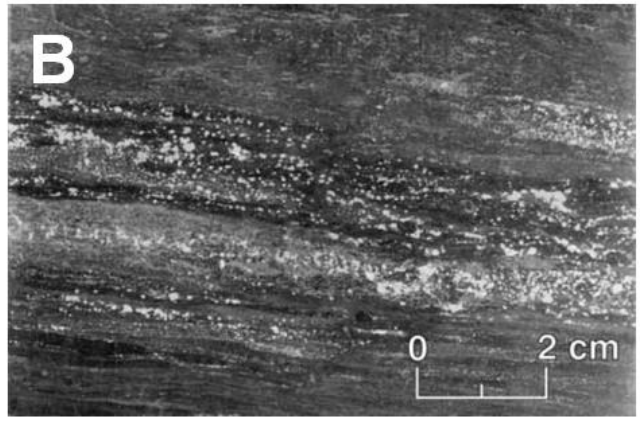
The South Austin zone was modelled over a strike length of 2,400 metres and extends 1,300 metres down dip. Its thickness varies from five to 70 metres. The South Austin zone is closed along strike to the northeast but remains open to the southwest beyond drilling data.

The McVeigh zone was modelled over a strike length of 2,600 metres, a depth extent of 1,750 metres. It varies between five and 80 metres in thickness. The McVeigh tuff is open along strike. According to ACA Howe (1999) the Austin and McVeigh Zones have been traced at surface over at least 4,500 metres.

Dubé et al. (2000) describe the hydrothermal alteration associated with gold mineralization in the auriferous zones as consisting of an outer, non-mineralized to anomalously gold mineralized, aluminous assemblage containing andalusite, garnet, biotite, staurolite and amphibole and an inner zone characterized by potassic, metasomatic layering producing a banded texture. The gold is most typically found within the inner potassic alteration zone in its native state as micrometre-sized inclusions in silicate minerals, and also as coatings on sulphide minerals (Ferguson, 1965). The metallic signature is characterized by high gold, silver, and arsenic with minor zinc, antimony, copper and mercury values. Dubé et al. (2000) concluded that the Madsen deposit is not a typical greenstone gold deposit, but rather an ‘early’ manto-style replacement mineralization which was deformed by D_2 and metamorphosed by the Killala-Baird batholith.



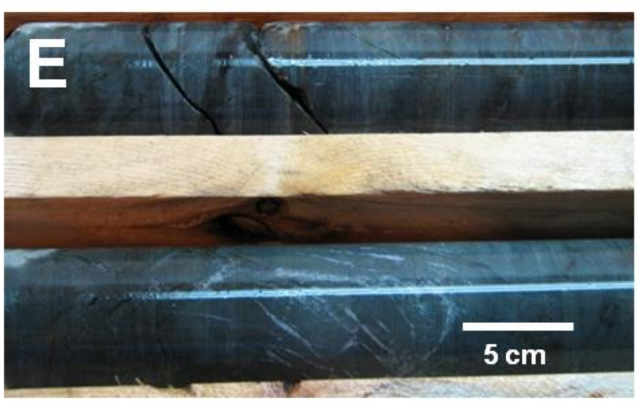
McVeigh ore zone:Layered textures with biotite-quartz-rich and amphibole-rich bands (black and white photograph from Dubé et al., 2000).



McVeigh ore zone: Sulphide-rich laminated and highly foliated (black and white photograph from Dubé et al., 2000).

Austin tuff on surface contorted and sheared.

Austin tuff: folded and hydrothermally altered, underground on second level.



Austin tuff, drill hole AP-09-07.

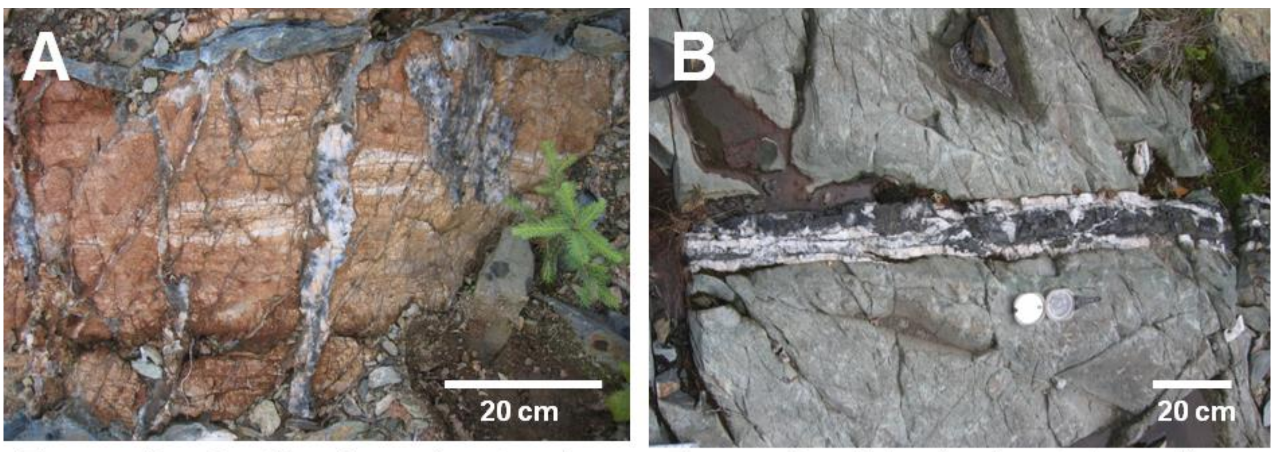
Austin tuff, drill hole AP-09-06.

Figure 13: Gold Mineralization from McVeigh and Austin Zones, Madsen Mine

Dubé et al. (2000) also interpret that the strain within the gold zones was relatively moderate with no indications of a regional scale major shear zone or mylonite related to D_2 suggesting that the so called “tuffs” are lithotectonic units within the Balmer assemblage. Conversely, from surface and underground observations SRK sees evidence of strong mylonitization, foliation development, strongly contorted overprinting styles of folding, and strain gradients suggesting that the so called “tuffs” units represent deformation zones. In addition, the Austin and McVeigh zones are discordant to Balmer assemblage stratigraphy along strike (the gold zones occur at a high angle to the large F_1 fold in the footwall of the Madsen deposit) further suggesting that they do not represent stratigraphic horizons within the Balmer assemblage.

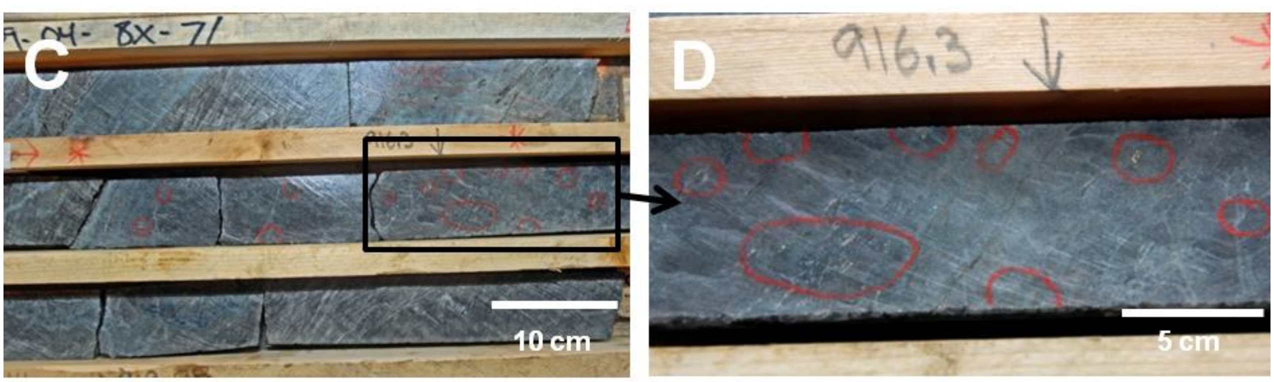
6.4.2 Zone 8

The fourth auriferous zone (Zone 8) is hosted in quartz-carbonate veins with common visible gold located close to the contact between ultramafic and mafic units of the Balmer assemblage (Figure 14 C and D). The known extent and mining of Zone 8 was originally limited to levels 22 to 27, or approximately 1,061 to 1,321 metres below surface. Further drilling from Claude has expanded the known extent of the No. Zone 8 vein down-dip. The new Zone 8 model used in resource estimation strikes 030º dips 40º to the southeast and is 100 metres wide and 500 metres deep. Mineralization in Zone 8 is slightly discordant to the other three gold mineralized zones at Madsen.



Treasure Box: Crustiform iron carbonate vein crosscut by extensional quartz-tourmaline veins.

Treasure Box: Extensional quartz-tourmaline veins.



No. 8 Zone: quartz-carbonate vein with visible gold. Drill hole MUG-09_04a.

No. 8 Zone: quartz-carbonate vein with close-up of visible gold. Drill hole MUG-09_04a

Figure 14: Gold Mineralization from Treasure Box and Zone 8

6.5 Mineralization in Other Gold Zones

6.5.1 Treasure Box

The Treasure Box near Russet Lake north of Madsen Mine is characterized by quartz-tourmaline veining and stockwork often containing visible gold (Figure 14 A and B). Quartz tourmaline veins are preferentially formed during the boudinage of pre-existing barren iron-carbonate veins. Vein swarms can vary in width from ten to seventy metres. Gold mineralization in the host rock is minimal. The Treasure Box vein envelope is controlled by a deep northeast-trending structure along a folded mafic-ultramafic contact dipping to the northwest.

6.5.2 Fork Zone

Gold mineralization in the Fork zone defines a shallow south east plunge, the geological control on which is not defined. Nearby outcrops display three phases of folding (pre-F_1, F_1 and F_2) associated with a deformation zone in turn associated with an iron formation. F_1 and F_2 styles of folding can be correlated with F_1 and F_2 folds in the Madsen area.

6.5.3 Starratt-Olsen

The Starratt-Olsen mine located about 2.5 kilometres southwest of the Madsen shaft along strike of the Flat Lake-Howey Bay Deformation Zone. It also hosts very similar styles of mineralization to Madsen Mine. Replacement-style, disseminated gold mineralization was documented within three auriferous zones termed the South tuff, North tuff and Creek zone tuff zones. In the mine area, the rocks strike 055º and dip 70º to 80º (Panagapko, 1998).

6.5.4 No. 1 Shaft

Original interest in the Madsen area arose from the discovery of visible gold in a quartz vein just north of High Lake where the No. 1 shaft was sunk, approximately 750 metres southeast of the present Madsen shaft. Termed the No. 1 Vein, this lode structure located in the Confederation assemblage is predominantly barren white quartz with minor pyrite and chalcopyrite and nuggety visible gold. Tourmaline is a prominent accessory mineral. Stripping of this structure in 1998 revealed a strike length in excess of 250 metres, including a 45-metre gap near the vein's western limit. Where exposed, the vein has an average width of 0.7 metre.

6.5.5 Buffalo

The Buffalo deposit is located four kilometres northeast of the Madsen Mine, southwest of the old Hasaga Mine near Red Lake. Similar to the No. 1 Vein, the Buffalo deposit is composed of a lode structure predominantly composed of white quartz and tourmaline with minor pyrite and chalcopyrite and visible gold.

6.5.6 Russett South

The Russett South Target is located approximately 1,500 metres west of the Madsen Mine. Historically described as the 'Main' or 'No. 3 Zone', mineralization is hosted in rocks described as chloritic tuffs on the western contact of the 'Russett Lake talc'. These rocks are similar to the 'brown tuffs' encountered in the Madsen Mine. This stratigraphic unit dips some 60 degrees to the northeast and mineralized areas within are commonly silicified; disseminated pyrite, pyrrhotite and visible gold are common. Sectional interpretations suggest that the Russett South target is an up-dip continuation of Zone 8 in the Madsen Mine.

6.6 Mineralization at the Newman-Madsen Area

Mineralization has been identified at the contact between tholeiitic and komatiitic basalts of the Balmer assemblage; this contact has been mapped across the western half of the Newman-Madsen project. Along this contact gold mineralization is often associated with silicification in the form of extension veins and open space filling, typically containing arsenopyrite and other sulphide minerals. This style of mineralization often exhibits high gold grades in the Red Lake camp. Examples include the G Zone at Campbell Mine, the High Grade Zone at the Goldcorp Red Lake Mine, and at Zone 8 at the Madsen Mine.

A second style of mineralization occurs in the Dome stock in the north-eastern part of the property. The intrusion is cut by numerous small auriferous quartz-tourmaline veins; especially in close proximity to late northwest-trending D2 structures which cross cut the intrusion. This style of mineralization has also been identified on the adjacent properties including the Buffalo deposit on the Madsen gold project, and at a showing on the East My-Ritt property.

Furthermore, the Newman-Madsen project area is cut by a regional unconformity that separates the Balmer assemblage in the north from the Confederation assemblage in the south. The unconformity can be traced into the Madsen gold project area where it is spatially associated with gold mineralization in the Madsen, Campbell, and Red Lake mines. A small number of core boreholes tested the unconformity and returned intercepts of 22.56 gpt gold over 2.0 metres from borehole NM06-02, and 43.51 gpt gold over 0.65 metres from borehole NM-10-02.

7 Deposit Types

The Red Lake district is a world-class gold mining district located in the Red Lake greenstone belt which is host to various styles of gold deposits. Twenty-eight mines have operated in the district since 1930 producing 22.9 million ounces of gold from three main producing mines: Campbell Mine, Dickenson/Red Lake Mine and Madsen Mine.

Most of the gold production from Red Lake is derived from high grade quartz-carbonate veins associated with deformation and folding in Balmer assemblage metamorphosed volcanic, sedimentary and granitoid rocks (Sanborn-Barrie et al., 2004). At Campbell-Red Lake mine, the main source of gold is found within quartz-carbonate veins associated with the Campbell and Dickenson fault zones and locally controlled by F_2 folding (Dubé et al., 2001). Gold in Zone 8 at Madsen Mine and at Starratt-Olsen mine are from similar quartz-carbonate veins.

A second type of gold deposit in the Red Lake district is replacement-style, disseminated gold which corresponds to the main source of historical production at Madsen Mine in three main zones: the Austin, South Austin and McVeigh tuffs (Dubé et al., 2000). The hydrothermal alteration consists of a changing distribution of andalusite, staurolite, garnet, chloritoid, biotite, and quartz (Andrews et al., 1986). The replacement-style disseminated gold mineralization at Madsen has been compared by Dubé et al. (2001) to the East South ‘C’ ore zone of the Campbell-Red Lake mine which corresponds to a strongly foliated sulphide-rich replacement zone hosted in the Dickenson fault zone.

A third deposit type also present on the Madsen gold project is polymetallic stockwork-style mineralization. These are typically sulphide-rich quartz-carbonate veins hosted in sedimentary or intermediate to felsic volcanic rocks. They are frequently associated with dikes following the same structural weaknesses. In general these systems develop as narrow, steeply dipping, tabular or splayed veins that are in parallel and offset geometries. Veins can grade into large zones of stockwork or even breccia. Sulphides such as galena, sphalerite, argentite, molybdenite, arsenopyrite and sulphosalt minerals are often coarse-grained in pods or patches with finer-grained dissemination throughout the vein system.

8 Exploration

8.1 Historical Exploration

A summary of the historical exploration work completed between 1928 and 2013 is discussed in Section 5.

8.2 Exploration by Laurentian

Laurentian has not carried out any exploration on the Madsen gold project or on tenements previously held by Sabina.

9 Drilling

This section documents exploration drilling completed on the Madsen and Newman-Madsen properties.

9.1 Drilling on the Madsen Gold Project

9.1.1 Drilling Considered for Mineral Resource Modelling

The mineral resource statement reported herein for the Madsen gold project is based on historical and recent drilling data. The complete historical database consists of 13,615 surface and underground core boreholes totalling 808,304 metres (Table 9). Since September 2006, Claude completed a total of 326 surface and underground core boreholes at the Madsen Mine and other exploration targets within the Madsen gold project (Table 9).

Table 9: Summary of Drilling Between 1936 and 2013 at the Madsen Gold Project

Area	Number of Boreholes	Total Length	Considered for Resource Modelling
Drilling by Claude (2007-2009)			
Treasure Box	51	13,573	No
Starratt-Olsen	31	15,506	No
Fork Zone	105	45,179	No
Killala Ultramafic	7	6,000	No
Underground Zone 8	21	18,380	No
Polymetallic Zone	8	3,891	No
Hasaga area	2	1,945	No
Underground Madsen Mine	9	8,062	Yes
Drilling by Claude (2009 – 2013)			
Underground Zone 8	22	23,489	No
Surface Zone 8	1	1,528	No
Apple Zone	13	4,376	No
Austin Deep	3	6,231	No
Austin East	13	5,695	No
McVeigh	10	6,175	No
Crown Pillar	6	161	No
Twinned Core Boreholes	1	403	No
Aiken Russet	5	3,121	No
Austin Deep	5	10,728	No
McVeigh	9	5,741	No
Starratt-Olsen	4	3,838	No
Historic Drilling Madsen Mine only (before 2006)			
Placer (2001 - 2004)	115	60,724	Yes
Madsen Mine Surface	438	59,894	Yes
Madsen Mine Underground*	13,062	687,687	Yes

* Approximately 4,000 short ‘definition/condemnation’ and ‘in-stope’ drilling boreholes were not digitized from paper logs.

A total of 83 of these core boreholes were completed after 2009 and the completion of the most recent mineral resource statement. A total of 13,624 boreholes (816,367 metres) were considered for mineral resource estimation.

The azimuth of boreholes is generally perpendicular to the strike of the mineralization; the majority of boreholes were drilled towards the west northwest. Boreholes drilled from surface intersect mineralization with angles between approximately 45 and 60 degrees. These intersection angles suggest that the true thickness of mineralization is approximately 70 to 80 percent of core lengths. Low grade mineralization of the Austin zone has a thickness of approximately 40 to 100 metres, while low grade mineralization of the McVeigh zone has a thickness of approximately 10 to 90 metres.

The distribution of the drilling data relative to underground workings is depicted in Figure 15. Historical drilling before 2006 investigating other exploration targets within the Madsen gold project are described in Section 5 and were not compiled for this report.

Several drilling contractors have been used on the Madsen gold project over the years. Known drilling contractors used by the Madsen Mine include Newmac, Centaur, Morissette and Boart Longyear. From 2001 to 2004 Placer Dome contracted Major Dominik Drilling of Val D'Or, Quebec to perform surface drilling. For surface drilling in 2007 and 2008 and underground drilling in 2009, Claude hired CorePro Drilling of Tisdale, Saskatchewan. In 2009, Bradley Brothers of Rouyn-Noranda, Quebec were contracted to perform surface drilling on the project. In September 2011 Bradley Brothers were bought by Major Drilling Group International Inc. (Major). Claude continued to contract all drilling to the former Bradley Brothers, now Major, until 2012 after which Claude did not complete further drilling.

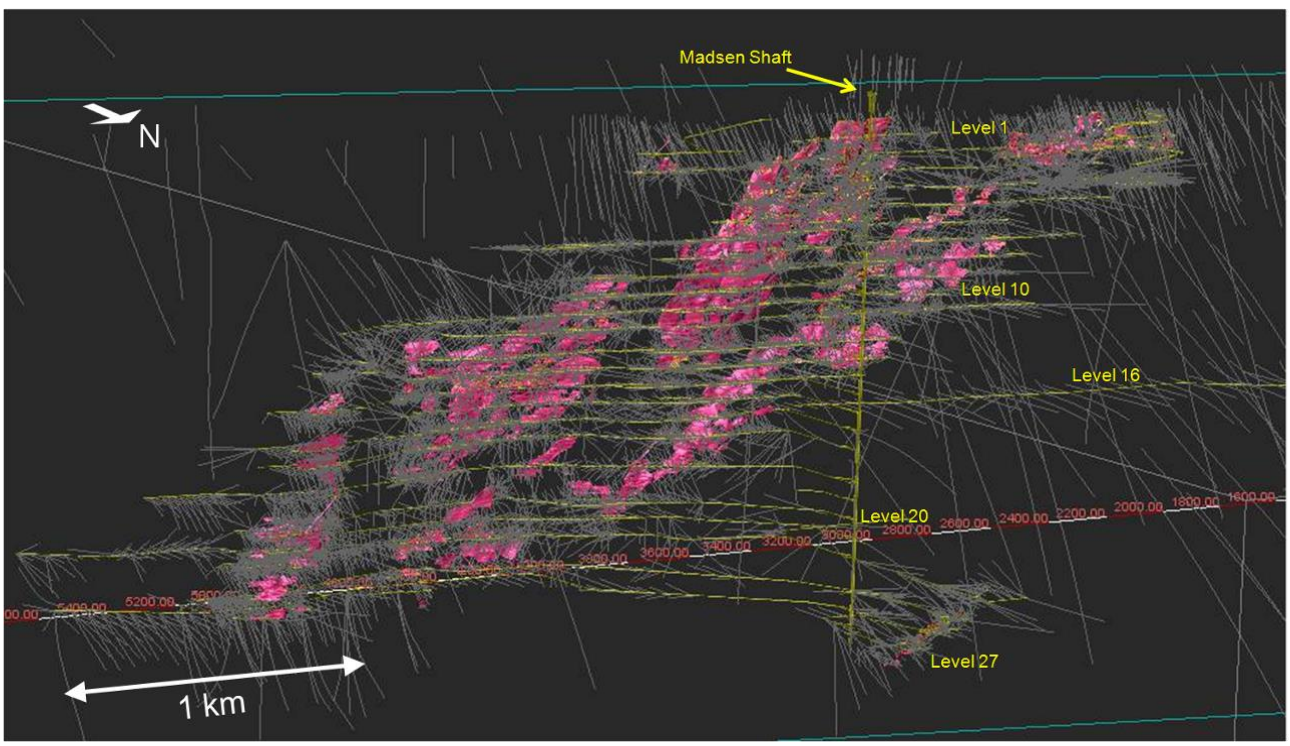


Figure 15: Distribution of Underground and Surface Drilling at Madsen Mine
Historical mine shaft and drifts in yellow, stopes depicted in pink.

9.1.2 Historical Drilling at Madsen Mine

Surface Drilling

Surface exploration between 1936 and 1944 around the Madsen Mine focused on the main tuff horizons close to the Madsen shaft. A series of short boreholes spaced at 200 feet (61 metres) intervals explored the Austin zone near surface from the Madsen-Starratt boundary between local grid easting 8800E to Slobodzian Lake at 18800E. Further surface drilling from 1953 to 1966 explored the South Austin and McVeigh tuffs southwest of Beaverdam Lake with boreholes spaced at 50 feet (15 metres), the extension of McVeigh tuff to the southwest at 400-600 feet (122-183 metres) spacing, and the northeast extension of the Austin tuff at uneven spacing.

From 2001 to 2004, Placer Dome tested the footwall stratigraphy of the main Madsen "tuffs" auriferous zones within a mafic-ultramafic sequence up-dip of Zone 8. Placer Dome drilled a total of 115 core boreholes totalling 60,725 metres. Deep core boreholes reached final lengths of up to 1,500 metres. Several zones of anomalous gold mineralization were encountered. The potential up-dip continuation of the high-grade Zone 8 was however not delineated.

Underground Drilling

The main source of data considered for the resource estimation is from historical underground drilling performed when the mine was active between 1938 and 1974. A total of 13,062 underground boreholes (687,687 metres) were compiled and validated from historical paper records. Records for approximately four thousand additional boreholes representing short definition/condemnation and in-stope boreholes have yet to be digitized and validated.

Underground boreholes were drilled along development drifts on all levels of the mine (from level 1 to level 27) usually at 25 feet (7.62 metres) spacing. Holes were typically drilled perpendicular to the zones of gold mineralization along roughly north or south azimuths (mine grid) at variable plunges and lengths depending on the mining target.

9.1.3 Drilling by Claude at Madsen Mine 2006 to 2009

In December 2008, Claude commenced drilling from an underground platform on level 10 (467 metres below surface) to test the down-dip extension of Zone 8. Up to September 27, 2009 a total of nine core boreholes had been drilled (8,062 metres).

9.1.4 Drilling by Claude on Other Exploration Targets 2006 to 2009

Between 2007 and 2009, Claude completed 202 surface boreholes (84,831 metres) on the Madsen gold project. Work was focused on the Fork Zone (105 holes, 45,179 metres), Treasure Box (51 holes, 13,573 metres), the Starratt-Olsen footwall (31 holes drilled, 15,506 metres), the Polymetallic area (7 holes, 3,574 metres), the Hasaga area (2 holes, 1,945 metres) and the Killala Ultramafic area (6 holes, 5,041 metres) (Figure 16). The Hasaga target is located on Claude's property and is not to be confused with the Hasaga mine area approximately 1.5 kilometres to the northeast.

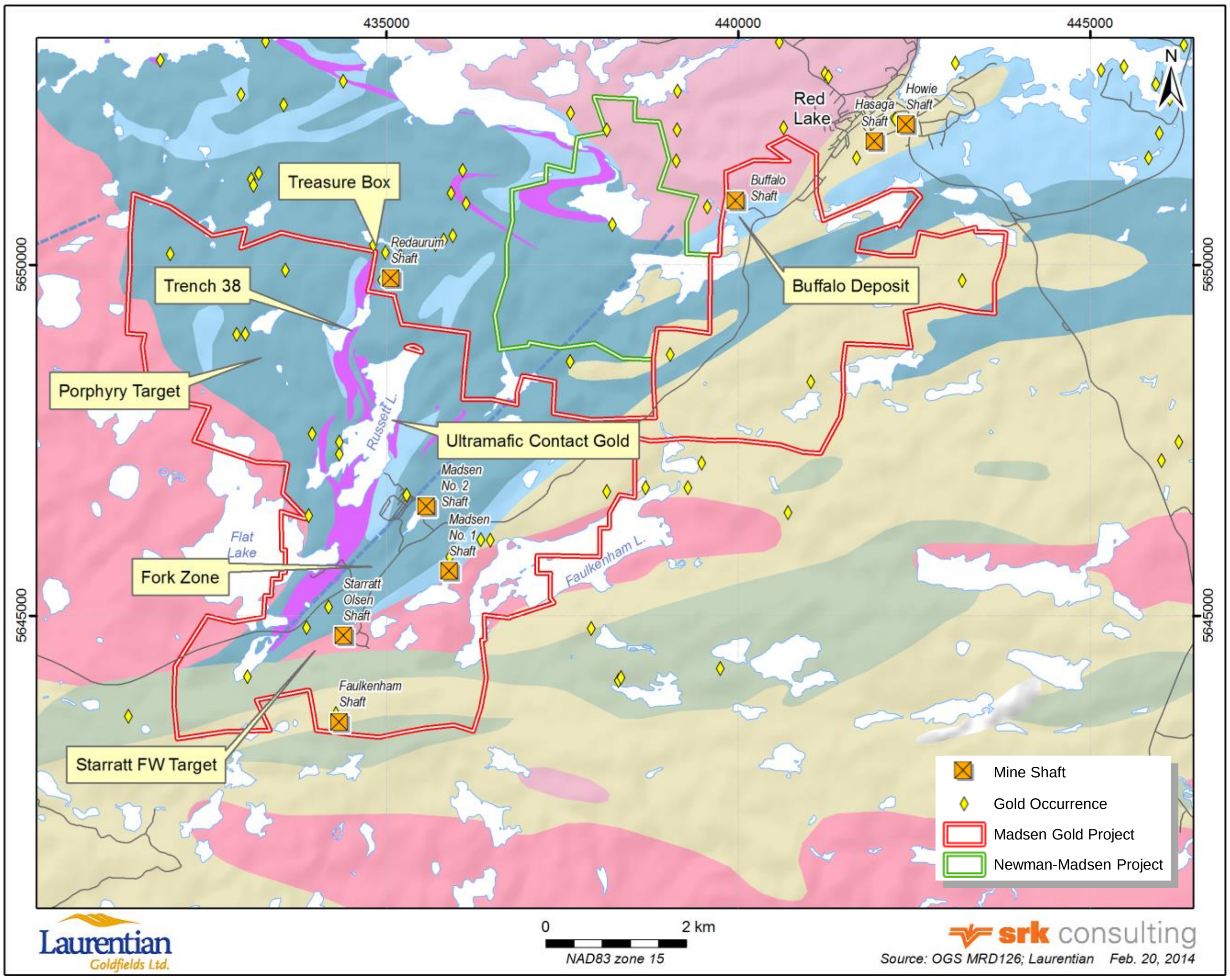


Figure 16: Location of Selected Exploration Targets on the Madsen Gold Project

Fork Zone

The Fork zone target area is located 1,300 metres southwest of the Madsen shaft and 500 metres along strike of the McVeigh Tuff. It is host to both replacement style and vein-hosted mineralization associated with the hanging wall contact of the mafic-ultramafic trend.

Drilling in 2008 focused on infilling to thirty to forty metre spacing and indicated that the target hosts two sub-parallel southeast-dipping shear systems hosting narrow discontinuous visible gold-bearing vein systems over a strike length in excess of 400 metres.

In 2009, several more infill boreholes were completed in an attempt to demonstrate continuity in the mineralized structure and further define the limits of the known mineralization. Significant intersections are shown in Table 10.

Table 10: Significant Mineralized Intersection of the Fork Zone

Hole ID	From (m)	To (m)	Length (m)	Au (gpt)
RUM-07-26	160.00	166.00	6.00	4.76
RUM-08-46	134.72	138.70	3.98	7.93
RUM-08-49	106.50	114.89	8.39	13.91
RUM-08-49	118.45	120.70	2.25	28.59
RUM-08-52	73.40	80.10	6.70	13.40
RUM-08-61	489.09	496.29	7.20	2.82
RUM-08-68	95.00	97.00	2.00	33.00
RUM-08-78	227.57	232.50	4.93	8.53
RUM-08-81	240.42	246.00	5.58	4.64
RUM-08-81	251.30	260.50	9.20	3.02
RUM-08-82	256.81	274.00	17.19	5.43
RUM-08-86	47.00	55.50	8.50	2.52
PDM04-318	128.10	129.40	1.30	46.97
SUR-S-10700-na	62.48	64.01	1.53	32.23
SUR-S-11200-nc	76.20	80.77	4.57	4.79
SUR-S-11200-ne	99.06	100.58	1.52	15.09
SUR-S-11400-nc	68.58	76.20	7.62	15.77

Treasure Box

In early 2007, a detailed drill program was initiated at the Treasure Box area north of Russett Lake some 2.4 kilometres north of the Madsen Mine complex. Previous drilling by Placer Dome had outlined a moderately steep, north dipping, quartz-tourmaline sheeted vein system that hosts significant visible gold.

Of the 27 boreholes drilled by Placer Dome, twenty one returned 80 intercepts typically over 0.3 metres width grading from 2.0 to 116.0 gpt gold. In 2007, Claude completed fifty one boreholes testing the system to depths in excess of 350 metres. Results returned anomalous gold values throughout with several narrow high grade zones associated with the quartz-tourmaline veining (Table 11).

The mineralized vein system was intercepted over a strike length of 165 metres, although high-grade intercepts appear to have relatively limited continuity. Further drilling to test the depth potential of the system is planned for the future. Mineralization is hosted in an ultramafic unit; geological interpretation suggests that the unit is the same that host Zone 8

Table 11: Significant Mineralized Intersection of the Treasure Box Area

Hole ID	From (m)	To (m)	Length (m)	Au (gpt)
TB-06-02	192.65	194.45	1.80	13.46
TB-07-18	21.65	25.20	3.55	12.00
TB-07-29	143.25	149.30	6.05	12.94
TB-07-33	206.65	209.70	3.05	6.83
PDM02-13	620.36	627.80	7.44	3.94
PDM02-18	682.66	691.47	8.81	3.84
PDM03-29	80.68	86.14	5.46	14.05
PDM03-30	344.39	345.95	1.56	22.70
PDM03-902	292.91	294.13	1.22	19.99
PDM03-902	412.39	420.32	7.93	5.93
PDM04-908	136.25	141.43	5.18	4.41
PDM04-908	226.16	227.38	1.22	38.47
SUR-S-20825-NA	124.54	129.54	5.00	9.87

Starratt-Olsen

The Starratt Olsen mine, located approximately 2.2 kilometres southwest of the Madsen Mine, operated from 1948 through 1956 and produced approximately 163,990 ounces of gold at 6.17 gpt gold. Compilation of historic results and geologic modelling revealed the potential for high-grade mineralization associated with the mafic-ultramafic trend in the footwall of the Starratt Olsen mine.

During the first half of 2008, Claude completed eighteen boreholes, testing the prospective structures along 1,500 metres of strike. Hole ST-08-03 intersected high grade, shear-hosted vein systems associated with the footwall contact of the ultramafic trend.

In order to follow up on significant mineralized intercepts (by both Claude and Placer), an additional thirteen drillhole program was completed at Starratt-Olsen during the remainder of 2008 focusing on close-spaced follow up holes. Drilling in the Starratt-Olsen Footwall has defined two narrow, yet significant zones of gold mineralization

In 2010 Claude completed four core boreholes (3838 metres) to follow up on the 2008 exploration results. All four boreholes intersected gold mineralization of 1.0 to 8.6 grams of gold per tonne, albeit over narrow widths of 1.5 to 3.5 metres.

Russett South

The Russett South Target, located approximately 1,500 metres west of the Madsen Mine was the target of limited historical drilling.

Buffalo

The Buffalo deposit is 6.4 km northeast of the Madsen Mine workings and located along the Madsen Mine Trend. Mineralization at the Buffalo deposit is hosted in the Dome Stock near the contact with the Balmer Assemblage within quartz veins primarily composed of white quarts and tourmaline with minor pyrite and chalcopyrite, gold occurs as visible gold.

In the 1980's a 61 metre shaft and 53 metres of underground development were established. Surface and underground drill holes were completed to test a 500 metre by 200 metre zone of continuous mineralization. The Buffalo zone is open to the east, west and at depth. Significant drill intercepts from the 1980s-era drilling are listed below in Table 12.

Table 12: Significant Mineralized Intersection of the Buffalo Area

Hole ID	From (m)	To (m)	Length (m)	Au (gpt)
B-80-01	81.86	117.53	35.67	3.45
B-81-07	153.81	180.49	26.68	2.02
B-81-23	12.96	19.82	6.86	10.87
B-81-23	25.91	31.25	5.34	19.77
B-81-25	22.71	44.05	21.34	5.76
B-81-30	18.29	54.12	35.83	1.66
B-81-33	7.20	35.67	28.47	1.84
B-81-35	12.04	34.15	22.11	4.22
B-81-36	8.84	32.62	23.78	5.75
B-81-46	16.62	33.38	16.76	7.42
UB-82-17	22.10	33.54	11.44	4.64
UB-88-04	31.40	48.63	17.23	4.72
UB-88-05	54.88	70.12	15.24	3.72
UB-88-07	16.07	41.13	25.06	2.33
UB-88-08	27.29	53.35	26.06	2.29
UB-88-09	24.24	65.85	41.61	2.52
UB-88-11	1.22	21.19	19.97	5.51
UB-88-14	20.27	29.57	9.30	7.31
UB-88-15	53.66	59.91	6.25	8.60
UB-88-24	3.96	24.39	20.43	7.07

Polymetallic area

Historic drilling by Placer Dome on the Polymetallic target during 2002 and 2003 returned elevated values of tungsten, molybdenum, copper and gold. In 2008, Claude completed seven holes for 3,574 metres, testing an area of 1,200 metres by 700 metres. This new drilling intercepted brecciated, veined and chlorite-epidote altered basalt in the contacts of a feldspar porphyry sill complex. Mineralization consists of disseminated and vein-hosted molybdenite, chalcopyrite, scheelite, and pyrrhotite.

Hasaga

The Hasaga mine, located on the adjoining Barrick Gold controlled Hasaga property, operated from 1938 through 1952 producing 218,000 ounces of gold at an average grade of 4.5 gpt gold. The reader is cautioned that the qualified person has been unable to verify this information; furthermore, this information is not necessarily indicative of mineralization on the Madsen gold project. Gold mineralization at the Hasaga mine is hosted by a network of quartz-calcite-tourmaline veins within sericitized Hasaga Porphyry. Historic documentation shows the plunge continuity of the mineralization to cross the Claude property boundary between 700 and 1,100 metres below surface. This continuation of mineralization onto the area of the Madsen gold project is known as the Hasaga target. Claude completed two boreholes for 1,945 metres testing the target at 700 and 1,000 metres below surface. Final assay results have been received and returned weakly anomalous gold values associated with sericite altered and quartz veined Hasaga Porphyry. Further drilling would be required to assess the potential of this gold-bearing zone.

Killala Ultramafic

The Russett Shoots target is located along the footwall contact of the main Killala ultramafic unit, directly beneath Russett Lake. It relates to the dip continuity of the historic “Russett Iron Formation zones". Placer Dome tested this area returning highly anomalous gold and arsenic in basalt over a 100 metre interval in a widely spaced regional drilling program.

Drilling by Claude in 2008 included the completion of six boreholes for 5,053 metres testing a strike length of 600 metres on 150 metre centres. Final assay results have been received and identified several distinct intervals of anomalous gold values associated with biotite-silica-carbonate altered basalt. Further drilling would be required to assess the potential of this gold-bearing zone.

9.1.5 Drilling by Claude at Madsen Mine 2010 to 2013

Claude continued to test for mineralization in the immediate mine area after the completion of the SRK 2010 technical report. The main focus of the drilling was Zone 8, McVeigh near the western end of known mineralization (Figure 17A), near-surface mineralization in the Austin Zone in an area known as Apple and its down-plunge extension referred to as Austin East (Figure 17B).

Claude completed 69 core boreholes (47,816 metres) to test for mineralization in the Madsen Mine area. A total of 22 core boreholes (23,489 metres) were drilled from two underground platforms on level 16 (765 metres below surface) to test down-plunge extensions of Zone 8 mineralization. The remaining 47 core boreholes (24,326 metres) were drilled from surface.

New boreholes targeting an area immediately down-dip of known Zone 8 mineralization failed to intercept significant gold mineralization. However, several boreholes intersected gold mineralization down-hole, demonstrating the potential for further gold mineralization parallel to and in the footwall of the currently modeled Zone 8.

Mineralized intersections in the McVeigh, Apple and Austin East target areas confirm the continuation of modelled gold mineralization in these areas. SRK is of the opinion that the new drilling information does not materially impact the mineral resource statement.

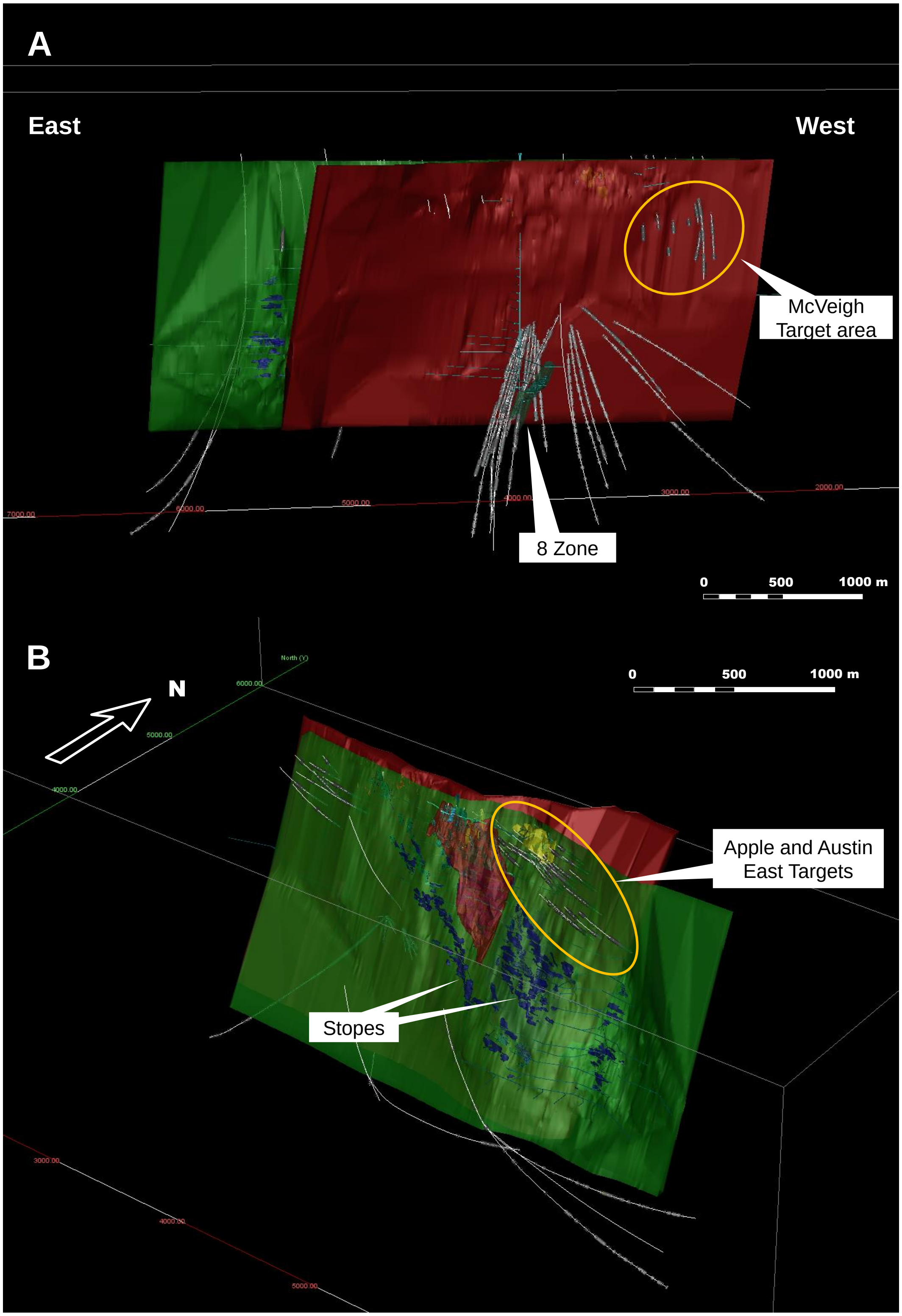


Figure 17: Extent and Targets of Claude Drilling between 2010 and 2013:

A. View to the South showing Zone 8 and the Surface Drilling near the Western end of known McVeigh mineralization (modeled red wireframe)

B. Oblique View to the northwest showing the Apple and Austin East Target Areas in Relation to stoped-out areas (Austin mineralization is the modeled green wireframe)

9.2 Drilling on the Newman-Madsen Project

Drilling on the Newman-Madsen project spans the time frame from the late 1930's to recent (Table 13, Figure 18). Coil Lakes Gold Mines Ltd in the late 1930's completed at least 22 core boreholes. Neither the location nor results are known from this drilling.

Between 1943 and 1946 Cockeram Red Lake Gold Mines completed a total of 35 core boreholes (5,674 metres), primarily testing for gold mineralization along strike from the Madsen Mine. Results from these drilling programs are not available. Additional drilling in this area was completed in 1943 by Central Patricia Gold Mines Ltd. who completed 14 core boreholes of unknown length; results from this drilling are unavailable as well.

Cochenour-Willans Gold Mines Ltd. in 1971 completed three core boreholes (528 metres); however, exact locations for the boreholes are unknown. Results from this drilling are unavailable.

Between 1981 and 1982, Noranda completed four core boreholes of unknown length. Drilling tested mineralization in the central part of the current Newman-Madsen project. Results from this drilling are unavailable.

In 2002 and 2003 Wolfden in a joint venture with Kinross completed a total of 17 core boreholes (4,193 metres). A first drill program in 2002 (six boreholes, 1,786 metres) tested targets in the Dome stock. Borehole KRL-02-05 intersected 9.25 gpt gold over 3.55 metres. In 2003 a follow up drill program comprising 11 boreholes (2,407 metres) tested widely spaced targets that were identified from geological compilation work. No significant mineralization was intersected during this drilling.

In 2004 Wolfden created the Newman-Madsen project largely in its current form and entered into a joint venture agreement with what would later become Sabina. A first drilling program consisting of 31 core boreholes (9,531 metres) intersected mineralization primarily along a regional D_2 structure coinciding with an in-soil arsenic anomaly in the Dome stock.

In 2006, the Wolfden-Sabina joint venture completed four core boreholes (2,964 metres) testing targets along or near the Balmer-Confederation unconformity. All boreholes intersected anomalous gold values, and an economically significant intercept of 22.57 gpt gold over 2 metres was encountered in DDH NM06-02.

Additional boreholes were completed in 2010 and 2011 under the terms of the joint venture. A total of four core boreholes (3,183 metres) were completed to test the northeast extension of the Madsen Mine trend stratigraphy at levels significantly deeper than previously explored. Drilling was successful in intersecting the targeted stratigraphy and delineating a prospective area of hydrothermal alteration where significant gold values including a high-grade intercept of 43.51 gpt gold over 0.65 metres in borehole NM-10-02 was encountered. In 2011 the focus shifted back to the Balmer Assemblage; nine core boreholes (3,006 metres) were completed to test structural, geochemical, and geophysical targets. Results were favourable and aided in further exploration targeting.

After acquiring 100% interest in the Newman-Madsen project in early 2012, Sabina completed 13 core boreholes (4,332 metres) to evaluate stratigraphy and structure of the property in a broad exploration sense focusing on areas including extensions of the Buffalo Mine trend, the Dome Stock contact, and the Balmer Assemblage stratigraphy.

Table 13: Summary of Drilling on Newman-Madsen Project

Operator	Year	No. of Boreholes	Total Length (m)
Coil Lakes Gold Mines Ltd	1930's	22*	unknown
Cockeram Red Lake Gold Mines	1943 - 1946	35	5,674
Cochenour-Willans Gold Mines Ltd.	1971	3	528
Noranda Inc.	1981 – 1982	4	unknown
Wolfden Resources Ltd./Kinross Gold Corporation	2002 – 2003	17	4.193
Wolfden Resources Ltd. / Sabina Resources Ltd	2004 – 2006	35	12,495
Premier Gold Mines Ltd / Sabina Gold & Silver Corp.	2010 – 2011	13	6,189
Sabina Gold & Silver Corp.	2012	13	4,332
Total		**142**	**29,222**

* Approximate number of core boreholes

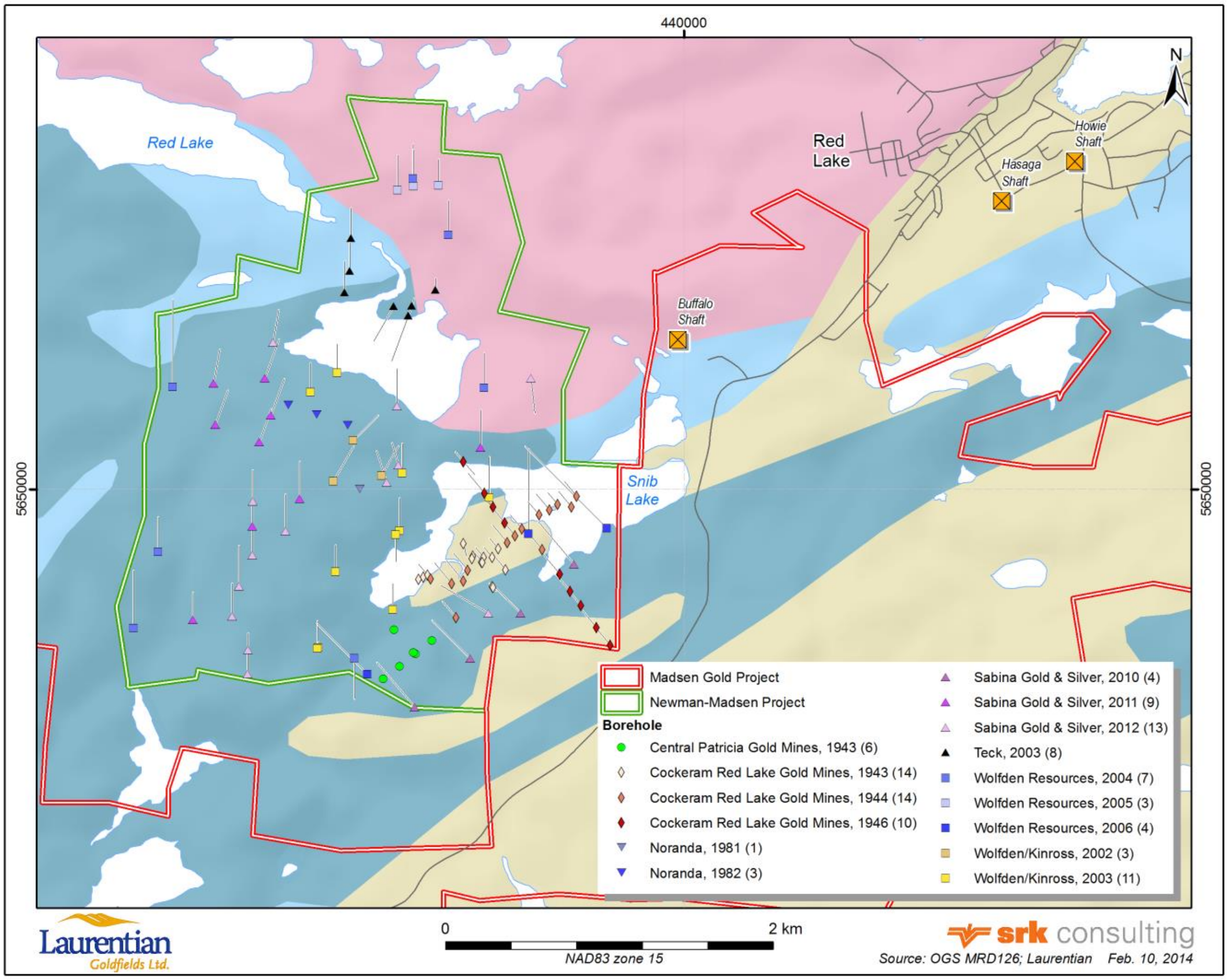


Figure 18: Spatial Distribution of Drilling on the Newman-Madsen Project

9.3 Surveying

9.3.1 Madsen Gold Project

The collar location of historical boreholes at Madsen Mine was surveyed and spotted according to survey stations during mining operations. Although historical underground drilling was not surveyed downhole, downhole deviation is expected to be minimal, with an average drill length of approximately only fifty metres.

Survey protocols adopted by Placer Dome have not been documented. Collars for surface boreholes drilled by Claude were spotted and surveyed with a Leica GS50 differential GPS with sub-metre accuracy. Down hole deviation was monitored at thirty metre intervals with a Reflex or FlexIt instrument during drilling. In addition, a few boreholes were also surveyed after completion using a DeviFlex tool that is not susceptible to magnetic properties of rocks.

Underground boreholes drilled by Claude at Madsen were spotted and surveyed using the survey stations established by the historical mine. Down hole surveying was performed every thirty metres with a magnetic FlexIt instrument. When using a DeviDrill directional drilling unit to steer the hole, surveys were taken every three metres with a Devico Peewee magnetic survey instrument, which is small enough to fit through the DeviDrill drilling unit.

Starting in 2012, Claude started using a DeviFlex tool exclusively due to issues with magnetic rocks and resulting erroneous readings when using Reflex or FlexIt survey tools.

9.3.2 Newman-Madsen Project

No information exists regarding surveying methods used by operators prior to the involvement of Wolfden and Sabina.

Sabina surveyed borehole locations using a hand-held GPS receiver. Downhole surveys were conducted using a single shot survey instrument measuring azimuth and dip of the borehole. Measurements were taken six metres past the casing and every 50 metres thereafter.

9.4 Drilling Pattern and Density

9.4.1 Madsen Gold Project

The distribution of the drilling considered for geology and mineral resource modelling (13,624 boreholes for 816,367 metres) is depicted on Figure 15. These boreholes are the product of historical and more recent drilling both from surface and underground.

The majority of the historical underground boreholes (13,062 holes) was drilled along development drifts often on 25 feet (7.6 metres) spacing. Underground drilling by Claude to test the downdip extension of Zone 8 was designed at approximately 50 metre centres. Historical surface drilling was designed to intersect specific targets at a variety of spacings (delineation and infill). Drilling around underground workings was usually completed at close spacing of less than ten metres with drill density rapidly decreasing away from stoped-out areas.

9.4.2 Newman-Madsen Project

Drilling at the Newman-Madsen project was completed over the course of several decades by numerous operators testing various exploration targets. As such, no uniform or systematic drilling pattern and drilling density exist over the property.

9.5 Field Procedures

9.5.1 Madsen Gold Project

Field procedures for drill data collected during historical mining operations can only be inferred from the available data. The procedures are not documented. All field data was recorded on paper logs. Level plans and cross section maps of the mine development were meticulously recorded at various scales. Level plans were mapped at 10, 20, 50 and 200 feet to one inch scales whereas cross sections were recorded at 20, 30 and 100 feet per inch scales. Detailed historical lithological information mapped and recorded on plan and section has been integrated with drilling information during 3D modelling by Claude and SRK.

All exploration data collected on the Madsen gold project since September 2006 was collected by Claude personnel using comprehensive field procedures designed to ensure the reliability of exploration data and minimize voluntary and inadvertent tampering.

Field data from Claude’s drilling programs as well as digitization of historical paper records were recorded directly into Gemcom Logger which is a data entry interface linked to an Access database. The master Gemcom database resided in Claude’s Saskatoon office and access was limited to maintain database integrity. New exploration data was first validated before being accepted in the master database. Core was routinely photographed both wet and dry prior to splitting. Additional close-up photographs of significant zones were taken so that textures and occurrences of visible gold could be observed.

During the site visits, SRK interviewed project personnel regarding core handling, logging, sampling and storage. SRK inspected the core storage warehouse and visited the assay sample storage depots. The field procedures were elaborate, well established and understood by all field personnel. Documented procedures existed to cover all drilling tasks. Care was taken to ensure that these procedures were closely followed. In the opinion of SRK the field procedures applied by Claude were of a high standard and generally met or exceeded industry best practices for comparable exploration projects.

9.5.2 Newman-Madsen Project

Field procedures have not been documented for any of the operators of the Newman-Madsen project.

9.6 Core and Underground Sampling

9.6.1 Madsen Gold Project

Historical Sampling (1936-1997)

During the operation of the Madsen Mine gold mineralization samples were collected from core and channels chipped along sampling lines in underground workings. There are no written records of the sampling approach and methodology used for that period.

Surface and underground drilling would have been logged and sampled by a mine geologist, before being sent to the mine laboratory for assaying. Assay results were recorded and plotted on drill sections which were used for mine planning purposes. SRK cannot verify historical protocols.

Underground chip samples were collected along advancing faces of excavations on regular intervals. The sampling lines are recorded on paper maps and sections. From those records, sampling lines were cut typically perpendicular to the gold mineralization.

Sampling by Placer Dome (2001-2004)

The sampling procedures used by Placer Dome are not specifically documented. Review of available records suggest that core samples were collected from half core split lengthwise over intervals varying between 0.20 and 2.0 metres. Outside sampling intervals, composite samples were collected by small 5 to 8 centimetre core pieces every nine metres of barren intervals.

Sampling by Claude (Since 2006)

Core recovered from surface and underground drilling by Claude is placed in clean wooden core boxes, visually inspected for consistency and appropriately labelled and sealed for transfer to the core shack located in the Madsen mill building. Rock quality designation (RQD) and total core recovery are routinely measured after each drilling run directly. Core recovery is measured as actual recovered core length against drill run length and recorded as a percentage. Core recovery is generally very good (greater than 95 percent).

Upon delivery of core boxes to the core shack, core boxes are opened and placed in sequential order for description by an appropriately qualified geologist. The description procedure involves collecting elaborate information about colour, lithology, alteration, weathering, structure and mineralization. Data is captured directly into a standardized computerized database. Many different rock codes have been used on Madsen over time. Rock code legends have been simplified and standardized for current use.

Core sampling intervals are marked by an appropriately qualified geologist considering geology. Core assay samples were collected from half core sawed lengthwise with a diamond saw. Sampling intervals of mineralized zones is set at a standard one metre length. Interesting lithologies that are not recognized as auriferous zones, but with significant structures, alteration or sulphides are sampled at 1.5 or 2 metre intervals. Logged intervals without evidence of mineralization are sampled at composite 8 metre intervals consisting of one 10 centimetre piece of core per metre.

SRK Comment

Historical sampling methods and approach are difficult to assess retrospectively. The historical core and chip sampling data was meticulously recorded on extensive paper records. Review of such records suggests that the historical sampling was completed in a suitable manner. SRK considers that the sampling approach used by the historical mine did not introduce a sampling bias.

In the opinion of SRK, Claude and Placer Dome personnel used industry best practices in the collection of assay samples from drilling. There is no evidence that the sampling approach and methodology used by Claude or Placer Dome introduce any sampling bias.

9.6.2 Newman-Madsen Project

Core sampling procedures prior to the involvement of Wolfden are undocumented.

Wolfden sampled core in its entirety with sample lengths typically one metre. Sample intervals did not bridge lithological boundaries. Core was sawn in half lengthwise with one half being submitted for assaying, while the other half was retained for future reference in a core box. Sample tags were affixed in core boxes at the beginning of individual sample intervals.

According to Sabina, core from this time frame is available in cross-piled stack in a long-term core storage facility at Esker Logging in Red Lake.

During the drinng programs operated by Sabina, a project geologist marked up the core for sampling during the course of the logging process. Core samples were cut lengthwise using a diamond core saw. One half of each sample was placed in a plastic sample bag for assay, while the other half was returned to the core box as a permanent record of the interval drilled.

10 Sample Preparation, Analyses and Security

10.1 Madsen Gold Project

Exploration samples collected by Placer Dome and Claude since 2001 were submitted to various independent commercial geochemical laboratories. Hence, all commercial laboratories have operated independently from Placer Dome, Claude and Laurentian.

10.1.1 Historical Sampling (1936-1976)

Sample preparation, analyses and security procedures for historical samples taken during the operation of the Madsen Mine (core and chip samples) are not specifically documented and therefore difficult to review. SRK understands that samples were assayed for gold at the mine laboratory. No information exists regarding lab certifications. ISO 9000 series standards were first published in 1987, and the ISO 17025 standard was first published in 1999 and as such could not have been applied. The preparation and assaying technique is not documented. Assay records are preserved on paper logs, level maps and sections.

10.1.2 Sampling by Placer Dome (2001-2006)

Between 2001 and 2006 all samples collected by Placer Dome were sent to either XRAL Laboratory in Toronto, Ontario or ALS Chemex Laboratory in Vancouver, British Columbia.

Placer Dome used two primary laboratories for assaying samples collected from the Madsen gold project. All samples from 2001 to 2006 were assayed by XRAL Laboratories or ALS Chemex Laboratories. Upon the receipt of the samples at the laboratories, samples were organized in numerical order and subdivided into batches. SRK is of the opinion that the sampling information collected by Placer Dome was conducted using procedures generally meeting industry best practices, and that the assaying results are sufficiently reliable to support mineral resource estimation.

10.1.3 Sampling by Claude (since 2006)

From 2006 to May 2008, Claude submitted all samples to SGS Laboratory in Red Lake and to TSL Laboratories in Saskatoon, Saskatchewan. Claude identified performance issues with samples submitted to the SGS Laboratory in Red Lake and as a result stopped submitting samples to this laboratory. Starting in 2009 Claude submitted samples to Accurassay Laboratories in Thunder Bay, Ontario but experienced lengthy delays in receiving assay results. Starting in 2010 Claude submitted all samples to ALS Limited (ALS) in Thunder Bay for sample preparation and to ALS Vancouver for assaying. All these laboratories are accredited with ISO/IEC Guideline 17025 by the Standards Council of Canada (SCC) for gold testing. SRK is of the opinion that the sampling information collected by Claude was conducted using procedures generally meeting industry best practices, and that the assaying results are sufficiently reliable to support mineral resource estimation.

10.1.4 Sample Security

All drilling assay samples were taken by Claude or Placer Dome personnel. If sampled at the drill site, assay samples were transported to the Madsen Mine site where they were placed temporarily into double-sealed rice bags, and then stored and prepared for pickup. Assay samples were collected and sealed on shipping pallets by appropriately qualified staff and transported to the assay laboratory with a transport company. Claude contracted sample shipping to Manitoulin Transport Trucking Services LTL based in Winnipeg, Manitoba.

Sample security involved two aspects: maintaining the chain of custody of samples to prevent inadvertent contamination or mixing of samples, and rendering active tampering as difficult as possible. Chain-of-custody forms listing all samples contained in the shipment were completed and faxed to the laboratory for verification. On receipt of the shipment the laboratory confirmed that all samples listed on the chain-of-custody form were received.

No specific security safeguards were put in place to maintain the chain of custody during the transfer of core between drilling sites and core shack. Some SRK site visits were during periods of active drilling. SRK witnessed how core boxes were transferred between the drilling sites to a fenced and locked enclosure at the core shack. Assay samples remained in the custody of appropriately qualified staff under the direct supervision of field personnel. In the opinion of SRK sample security were adequate and met industry standards.

Core and rejects from assay sample preparation are archived in secured facilities and remain available for future testing.

During the site visits SRK found no evidence of active tampering or inadvertent contamination of assay samples collected on the Madsen gold project.

10.1.5 Sample Preparation and Analyses

Claude used three primary laboratories between 2006 and 2012. SGS Laboratory in Red Lake, TSL Laboratory located in Saskatoon, Saskatchewan and Accurassay Laboratory located in Thunder Bay, Ontario. These laboratories are accredited ISO/IEC 17025 by the Standards Council of Canada for conducting certain testing procedures, including the procedures used for assaying samples submitted by Claude. These laboratories also participate in Proficiency Testing Programs.

These laboratories used standard rock sample preparation procedures involving coarse crushing dried sample, pulverization of 500 gram sub-samples to ninety percent passing 150 mesh screens (105 microns),

All core samples were assayed for gold using a standard fire assay procedure on pulverized sub-samples with an atomic absorption finish. Samples assaying more than 1.0 gpt gold were re-analysed by fire assay with a gravimetric finish. Samples assaying greater than five gpt gold were re-analysed using screen metallic fire assay procedure.

SRK is of the opinion that the sampling information collected by Claude was conducted using procedures generally meeting industry best practices, and that the assaying results are sufficiently reliable to support mineral resource estimation.

10.2 Newman-Madsen Project

10.2.1 Historical Sampling 1943 – 1982

Sample preparation, analyses and security procedures for historical samples taken by Central Patricia Gold Mines and Cockeram Red Lake Gold Mines between 1943 and 1946 and by Noranda Inc. in 1981 and 1982 are unknown. No information exists regarding lab certifications. ISO 9000 series standards were first published in 1987, and the ISO 17025 standard was first published in 1999 and as such could not have been applied. The preparation and assaying technique is not documented.

10.2.2 Sampling by Teck Cominco 2003

Sample preparation, analyses and security procedures for historical samples taken by Teck Cominco Ltd. in 2003 are unknown. No information exists regarding lab certifications.

10.2.3 Sampling by Wolfden and Sabina 2003 to 2012

Wolfden submitted samples to Accurassay Laboratories in Thunder Bay, Ontario. Accurassay received ISO 17025 accreditation in 2002 from the Standards Council of Canada. SRK was not able to identify which analytical methods were covered under this accreditation.

At Accurassay, samples were prepared using a standard rock preparation procedure consisting of drying, weighing, crushing, splitting, and pulverization. Prepared samples were assayed for gold, platinum, palladium, and rhodium using inductively coupled mass spectroscopy (ICP-MS) as well as for a suit of base metals using ICP-MS.

Procedures followed by Sabina are known in more detail. During 2010 and 2011 Sabina submitted samples to SGS Laboratories (SGS) in Red Lake for sample preparation and analysis. SGS was accredited by the Standard Council of Canada (SCC) to ISO 17025:2005 (accredited laboratory number 598) for gold analysis by fire assay.

All samples were delivered by Sabina personnel to SGS. Sample preparation and assay analysis included crush to passing to 75 percent passing 2 millimetres and then pulverizing a 250 gram split to 85 percent passing 75 micrometres. Samples were assayed by fire assay with an atomic absorption spectroscopy (AAS) finish on 50 gram aliquots. A duplicate sample was assayed by SGS as part of their assaying procedures.

In 2012, Sabina submitted samples to Activation Laboratories Ltd. (Actlabs) in Red Lake for sample preparation and analysis. Actlabs was accredited to ISO 9001:2008 by Kiwa International Cert GmbH (certificate number 1109125). Samples were crushed to 90 percent passing two millimetres after which a 250 gram split was pulverize to 95 percent passing 105 micrometres. Samples were assayed by fire assay with AAS finish using a 30 gram aliquot.

As far as SRK was able to determine, the sample preparation and analyses procedures used by Wolfden and Sabina met generally accepted industry practices.

10.3 Quality Assurance and Quality Control Programs

10.3.1 Madsen Gold Project

Quality control measures are typically set in place to ensure the reliability and trustworthiness of exploration data. These measures include written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, data management and database integrity. Appropriate documentation of quality control measures and regular analysis of quality control data are important as a safeguard for project data and form the basis for the quality assurance program implemented during exploration.

Analytical control measures typically involve internal and external laboratory control measures implemented to monitor the precision and accuracy of the sampling, preparation and assaying processes. They are also important to prevent sample mix-up and monitor the voluntary or inadvertent contamination of samples. Assaying protocols typically involve regular duplicate and replicate assays and insertion of quality control samples. Check assaying is typically performed as an additional reliability test of assaying results. This typically involves re-assaying a set number of sample rejects and pulps at a secondary umpire laboratory.

Historical Period: – 1927 to 1997

There are no records to indicate if specific analytical quality control measures were implemented by during early exploration activities or at the mine laboratory during the operation of the Madsen Mine (1936-1976).

Claude – 1998 to 2000

No information exist regarding analytical quality control measures implemented by Claude between 199 and 2000

Placer Dome – 2001 to 2006

Placer Dome annual reports indicate that analytical quality control measures were implemented, however the details of these measures and the analytical quality control data were not transferred to Claude in 2006.

Claude – 2007 to 2013

The exploration work conducted by Claude since 2006 was carried out using a quality assurance and quality control program in line with industry best practices. Standardized procedures were used in all aspects of exploration data acquisition and management including mapping, surveying, drilling, sampling, sample security, assaying, and database management.

Claude relied partly on the internal analytical quality control measures implemented by the primary laboratories. Assay results for quality control samples inserted by the primary laboratories were submitted with routine assaying results and reviewed for consistency by Claude personnel.

In addition, Claude implemented comprehensive external analytical quality control measures to monitor the reliability of the assaying results delivered by the primary laboratories. External control samples (blanks, field or certified reference material samples or field duplicate) were inserted at a rate of approximately thirteen percent within each batch of samples submitted for preparation and assaying.

For the drilling program in 2009, Claude used four reference control samples purchased from Rocklabs in New Zealand (Table 14). The silica sand blank material was sourced from Accurassay.

Field duplicate samples were inserted at a rate of one in 50 in all batches of drilling samples submitted for assaying. Duplicate core samples were collected by splitting in half the remaining split core over the same length.

Table 14: Specification for the Control Samples used on the Madsen Gold Project in 2009

Standard	Source	Gold Assays			
		Mean	SD	+2 SD	-2 SD
SE29	Rocklabs	0.597	0.016	0.629	0.565
SH35	Rocklabs	1.323	0.044	1.411	1.235
SL46	Rocklabs	5.867	0.34	6.207	5.527
SQ36	Rocklabs	30.04	1.20	31.24	28.84

SRK reviewed the field procedures and quality control measures used by Claude in 2009. The analysis of the analytical quality control data is presented in Section 13 below. In the opinion of SRK, Claude personnel used care in the collection and management of field and assaying exploration data.

The quality control program developed by Claude was overseen by appropriately qualified geologists. In the opinion of SRK, the Madsen gold project exploration data sourced from Claude were acquired using adequate quality control procedures that generally meet industry best practices for an advanced exploration stage property.

Starting in 2010, Claude changed some of the standard reference material that was used during the drill programs. A total of seven gold standards were used during sampling (Table 15). Certified blank material was a mixture of material from Rocklabs and Canadian Resource Laboratories.

A blank and a standard were inserted every 20 samples. The inserted standard typically alternated between three medium to low grade standards (SG40, SL46 and SH41). In addition, a high grade standard and a blank were inserted after any sample containing visible gold.

Umpire laboratory testing was not performed. Field duplicate samples were collected at a rate of one in 50 samples. Laboratory duplicate samples were not collected or assayed.

Table 15: Specification of Control Samples Used on the Madsen Gold Project between 2010 and 2013

Certified Reference Material and Blanks	Source	Certified Value (Au ppm)	Standard Deviation (ppm)	Number of Samples
SG40	Rocklabs Ltd	0.976	0.022	472
SL46	Rocklabs Ltd	5.867	0.17	423
SH41	Rocklabs Ltd	1.344	0.041	421
SH55	Rocklabs Ltd	1.375	0.045	44
SL61	Rocklabs Ltd	5.931	0.057	36
SQ36	Rocklabs Ltd	30.04	0.024	10
SN38	Rocklabs Ltd	8.573	0.158	8
Blanks (mix of CDN-BL-10 and AuBlank42)				1232
CDN-BL-10	CDN Resource Laboratories Ltd	<0.01	-	-
AuBlank42	Rocklabs Ltd	<0.003	-	-

10.3.2 Newman-Madsen Project

Historical Period – 1943 – 1982

There are no records to indicate if specific analytical quality control measures were implemented by Central Patricia Gold Mines, Cockeram Red Lake Gold Mines, or Noranda Inc. during early exploration activities.

Teck Cominco – 2003

There are no records to indicate if specific analytical quality control measures were implemented by Teck Comingo in 2003.

Wolfden and Sabina – 2003 to 2012

Wolfden and Sabina implemented external analytical quality control measures on core sampling. The exact extent of the implemented program is unknown, and data prior to 2006 are unavailable. Implemented measures included using control samples (blank and standard reference material). Quality control samples were inserted into the sample stream on regular intervals. A sample blank was inserted every 25 samples, and a standard inserted every 75 samples.

The material used as blanks was what was termed a quartz-crystal tuff and amphibole mafic intrusive and was sourced from an outcrop in the southwest corner of Wolfden's Bonanza/Follansbee property. These samples were assayed by Accurassay Laboratories to ensure suitability. The performance of the blank material is unknown.

A 2006 drilling report noted that two different standards were used, SK21 that had a certified assay of 4.048 gpt Au and SN16 that had a certified assay of 8.367 gpt Au. Certificates were not made available to SRK and the source of the standards in unknown. The report suggests performance issues with standard SK21 as the average assay value was approximately 10 percent higher than the expected value. However, only 21 assay results are available. This number is too low to extract meaningful statistical information from the results.

Sabina submitted blank and standard material in the sample stream of at a rate of one quality control sample type in 20 samples. No information was available detailing the type and source of the reference material and whether it was from a commercial vendor or produced by Sabina in-house.

Further information regarding quality control programs during 2003 to 2012 was not available to SRK.

10.4 Specific Gravity Data

10.4.1 Madsen Gold Project

Historically, the Madsen Mine used a tonnage factor of 11.25 cubic feet per ton to convert volumes into tonnages. This factor was determined from a bulk sample of the Austin Zone in 1938 and proven to be adequate by forty years of production. This tonnage factor is equivalent to a specific gravity of 2.84.

The specific gravity database for the Madsen gold project includes 620 specific gravity measurements taken on core samples using a water displacement method.

Specific gravity was measured for 256 split core samples from three surface boreholes drilled by Claude to twin historical boreholes within the Austin Zone. The measurements were taken on a variety of rock types for auriferous and barren material. The specific gravity data for the Austin Zone are summarized in Table 16. SRK notes that specific gravity does not vary much between rock types or between auriferous and barren rock.

Table 16: Summary of Specific Gravity Data for the Austin Zone

Specific Gravity	1	2	3	4
Mean	2.90	2.90	2.91	2.91
Standard Error	0.01	0.01	0.01	0.01
Standard Deviation	0.11	0.10	0.10	0.11
Sample Variance	0.01	0.01	0.01	0.01
Kurtosis	1.63	-0.85	-0.32	1.38
Skewness	0.92	0.27	0.32	0.83
Range	0.66	0.41	0.53	0.66
Minimum	2.71	2.71	2.71	2.71
Maximum	3.37	3.12	3.24	3.37
COV	0.04	0.03	0.03	0.04
Count	227	188	217	256

1 = All material within modelled Austin solid

2 = Only “tuffaceous material” within modelled Austin solid

3 = All “tuffaceous material” (not modelled)

4 = All drill samples undifferentiated (all material types)

Specific gravity was also measured on core samples from the 2008-09 drilling program investigating Zone 8. This database comprises 364 measurements on auriferous and barren rock within Zone 8 and adjacent wallrock. Twenty-one measurements from core pieces inside the modelled Zone 8 domain yield a mean specific gravity value of 2.83.

SRK used a constant specific gravity of 2.84 to convert volumes into tonnages in each resource domain in this study.

After completion of the mineral resource statement at the end of 2009, Claude continued to collect specific gravity data. One measurement was taken per lithology and borehole on uncut core samples ranging in length between approximately two and six inches in length. The samples were uncoated, and Claude continued to employ a water displacement method.

Claude continued to collect specific gravity data from core until approximately mid-2012. At the end of the data collection, a total of 3,010 specific gravity determinations were completed on core from all areas of the Madsen Mine as well as form a number of other exploration targets. The average specific gravity has a value of 2.91, which is within three percent of the constant value used by SRK for resource estimation purposes.

10.4.2 Newman-Madsen Project

No specific gravity data were collected during any of the exploration programs completed on the Newman-Madsen project.

11 Data Verification

11.1 Madsen Gold Project

11.1.1 Verifications by Placer-Dome

It is unclear to SRK if Placer Dome conducted any verification of historical exploration and mining data. If such verifications were conducted they are not documented.

11.1.2 Verification by Claude

Claude conducted extensive verifications of historical exploration and mine production data available for the Madsen Mine and the Madsen gold project.

Claude began capturing historical borehole and underground chip sampling data for the Madsen Mine into a digital database in 1998. Placer Dome continued this process between 2002 and 2006. SRK was intimately involved in the data capture process undertaken by Claude between 2008 and 2009. During this period SRK visited the site on several occasions to review and audit the compilation work.

The process was completed in 2009 resulting in the construction of a validated and verified historical database comprising 13,617 boreholes and 550,687 gold assays. The construction of this historical database was an enduring process that involved meticulous investigative work, data entry and verifications over several months. The chronological steps involved are summarized in Table 17.

Table 17: Summary of Steps Leading to the Creation of the Final Historical Drillhole Database at Madsen

Date	Activity	Results
1998-2001	Initial database creation.	- 3,834 boreholes digitized from paper logs.
2002-2006	Data entry by Placer Dome.	- 4,031 boreholes. Expanded from previous database.
Feb-Nov 2008	Data entry.	- 13,042 boreholes. Expanded from previous database.
Nov-Dec 2008	Database validation.	- Logical data checks and 3D graphical checks of 4% of data; - Discovery of 24 significant errors on average per drillhole.
Dec-Apr 2009	Numerical data check/correction.	- Record by record verification and correction of header, survey and assay tables.
Feb-Apr 2009	Initial 5% validation.	- Identification of collar coordinate and survey issues; - Conversion issues of original orientations recorded in quadrant degrees. - Prevalent assay table errors identified in area with visible gold or no samples.
Apr- May 2009	Lithology table.	- Systematic re-entry of lithology with standardized code.
Apr-May 2009	Additional data entry.	- 731 new paper logs found and digitized; - 705 additional “stope definition” logs digitized; - 115 Placer Dome drill logs digitized.
May 2009	Final 5% validation.	- No major error detected. - Validation of all assays greater than 2 ounces of gold per ton. - Final count of 13,617 boreholes after validation.
Jun 2009	Drillhole renaming.	- New standardized naming convention.
Jun 2009	Lithology table validation	- 3D graphical validation; - Errors checked, verified and corrected in GEMS.

11.1.3 Historical Database

In 1998, Claude initiated an exploration data compilation program for the Madsen gold project (Panagapko, 1998). Information was assembled for all known exploration areas including Madsen, Starratt-Olsen, Aiken-Russet and Buffalo. For each property there are a large number of reports, drill logs, sections and plans. An initial MS Excel database was created with 1,026 boreholes. Each drillhole was plotted in relation to interpreted geological boundaries on a 1 inch to 400 feet scale plan map. The database contained 3,834 boreholes.

In 2002, Placer Dome continued to expand the initial Claude database. Placer Dome converted certain drill logs and geology information into UTM coordinates and initiated data transfer into MapInfo. A large number of AutoCAD files containing long sections, cross-sections and plans of the area were located and sorted by Placer Dome

Placer Dome encountered several issues during their data compilation. As a result of the numerous individuals and methods involved in the collecting of data over time, formatting discrepancies and data entry errors, the data was extremely disorganised. Another issue was the use of three separate local coordinate systems within the study area. Historical drillhole co-ordinates had been plotted using the Buffalo, Starratt-Olsen and Madsen Mine grids, whereas more recent work had used UTM co-ordinates. A number of steps were taken to ensure the accuracy and integrity of the historical data. Madsen maps, plans, sections and all relevant analogue data were digitized and any original digital format data was verified. If historical data could not be verified it was discarded.

11.1.4 Madsen Database Completion and Validation

In preparation for a new resource evaluation of the Madsen Mine, a team was assembled by Claude in February 2008 to digitize the balance of the underground drillhole dataset. By November 2008, the historical Madsen database included 13,042 boreholes. SRK was intimately involved in the data capture process undertaken by Claude between 2008 and 2009. During this period SRK visited the site on several occasions to review and audit the compilation work.

Database validation checks and 3D graphical checks in November 2008 revealed significant problems. In December 2008, a checking and correction program was initiated. In mid-January of 2009 a Database Manager was retained to oversee the data capture and validation process. A series of checks and corrections were undertaken on all digital values. Using a systematic approach Batch flow and tracking protocols were refined and the existing error tracking workbooks and batch tracking workbooks were combined into a single master tracking system.

Between February and April 2009, an error checking program was designed and implemented to verify the numeric data quality. A ‘randomly’ selected sample of five percent of the completed boreholes was selected. To avoid bias this checking was completed by geologists rather than the original data entry clerks. The five percent check also highlighted collar and survey data issues requiring systematic re-checking of all collar and downhole surveys. This check stage was completed for all of the original database batches as re-entry batches were completed. The assay table was also inspected for logical errors such as missing intervals and long samples possibly representing combined samples.

In May 2009, a final five percent check was performed by Claude on the dataset to be used for resource estimation. All numerical data was validated on a cell by cell basis for 684 boreholes. 731 associated survey records and 26,084 assay records were validated. No significant errors were detected.

The final historical Madsen drillhole database contains:

- 13,617 validated boreholes;
- 24,582 survey points;
- 182,197 lithological intervals; and
- 550,687 assay results.

This represents 808,344 metres of drilling undertaken during more than 40 years of production.

11.1.5 Twinning Program

In 2009, Claude drilled three shallow core boreholes in the Austin Zone to attempt to replicate three specific historical boreholes that are included in the historical database. The paired assay data were composited to equal 1 metre intervals and are illustrated in Figure 19.

The Claude boreholes failed to replicate historical grades. SRK is uncertain whether this variance is due to inherent variability in Austin gold grades or due to the inability to duplicate the exact historical drill trace.

11.1.6 Verification of Claude Drilling

The Placer Dome exploration data are not completely documented. The exploration data collected by Placer Dome were transferred as paper logs and digital files to Claude in 2006.

Claude implements a series of routine verifications to ensure the collection of reliable exploration data. All work is conducted by appropriately qualified personnel under the supervision of qualified geologists.

Field data are recorded on paper and subsequently transferred to digital support and verified for consistency. Descriptive and assaying drilling data are organized into a single Gemcom database. The database is organized and validated by a database manager located at the Madsen Mine. All graphical information is subsequently verified by a qualified geologist.

Sample shipments and assay deliveries from the assaying laboratory are routinely monitored. Upon receipt of digital assay certificates, assay results for control samples are extracted from the certificates, compiled into an MS Access quality control database and thoroughly analysed visually and with bias and various precision plots.

Failures and potential failures are examined and depending on the nature of the failure, re-assaying was requested from the primary laboratory. Analysis of quality control data is documented in the quality control spreadsheet along with relevant comments or actions undertaken to either investigate or mitigate problematic sample batches containing the problematic control samples.

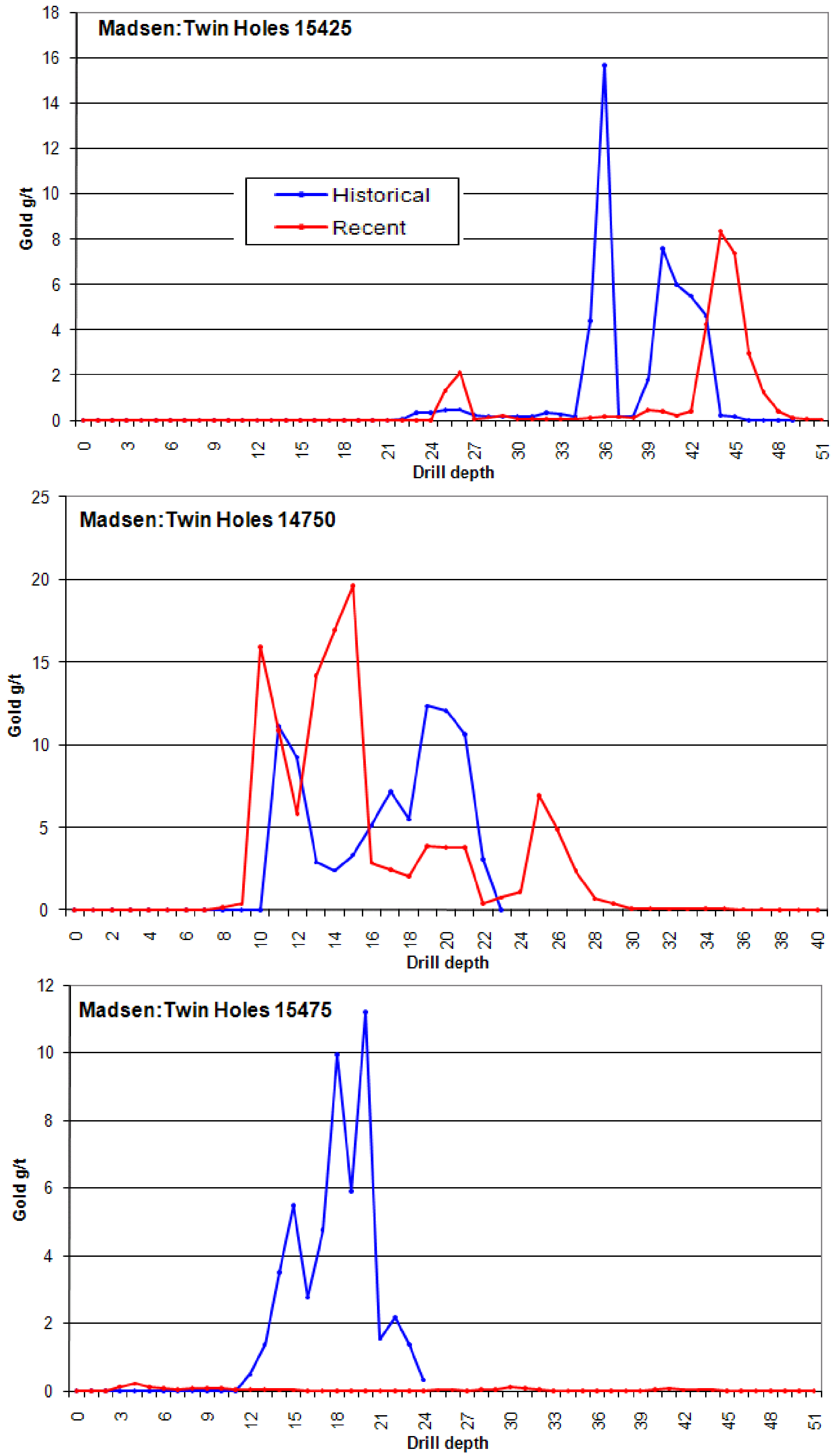


Figure 19: Comparative Gold Assay Results for Three Historical Boreholes Twinned by Claude in 2009

11.1.7 Verification by SRK

SRK was commissioned in 2008 to aid with the construction of a 3-dimensional geological and mineral resource model. As part of this work SRK routinely verified historical records. SRK was intimately involved in the data capture process undertaken by Claude between 2008 and 2009. During this period SRK visited the site on several occasions to review and audit the compilation work. Furthermore, SRK reviewed all underground maps and cross sections as part of a validation of the digital data delivered by Claude.

Site Visit

In accordance with National Instrument 43-101 guidelines, SRK visited the Madsen gold project on three separate occasions between January and August 2009. The main purpose of these site visits was to review historical database capturing and validation procedures. Other objectives were to define geological modelling procedures, to examine core, audit project technical data and to interview project personnel. SRK also collected relevant information for the preparation of a revised mineral resource model and the compilation of a technical report. Furthermore, SRK investigated the geological and structural controls on the distribution of the gold mineralization in order to identify criteria for the construction of 3D gold mineralization domains.

SRK was given full access to relevant data and conducted interviews of Claude personnel to obtain information on the past exploration work, to understand procedures used to collect, record, store and analyse exploration data. All project data were stored and maintained in a well-structured Access database. The project database was under the supervision of one database manager who had the knowledge and authority to ensure database integrity. The data entry process followed a well-defined procedure.

SRK reviewed core from several boreholes intersecting gold mineralization from various zones at Madsen and found the logging information to reflect accurately actual core. The lithology and sulphide mineralization contacts checked by SRK match the information reported in the drill logs. Generally, the boundaries of the gold zones examined in core match the boundaries determined from assay results. SRK also visited accessible underground workings.

SRK returned to the Madsen gold project for a fourth site visit from January 27 to 29, 2014 to meet National Instrument 43-101 guidelines for the current technical report. The main purpose of this site visit was to examine core from boreholes completed between 2009 and 2014 and after the last technical report, and to gauge the impact the new borehole information would have on the mineral resource model.

Verification of Analytical Quality Control Data up to 2009

There are no analytical quality control data available for review for the historical and Placer Dome sampling.

Claude made available to SRK external analytical quality control data collected by Claude in 2009; the data were contained in an Access database that aggregated the assay results for the quality control samples, which were accompanied by comments by Claude personnel. These data represent a very small percentage of the sampling database considered for resource estimation.

SRK aggregated the assay results for the external quality control samples for further analysis. Blanks and certified standards data were summarized on time series plots to highlight the performance of the control samples. Paired field duplicate data were analyzed using bias charts, quantile-quantile and relative precision plots. The analytical quality control data generated by Claude in 2009 are summarized in Table 18. Analytical quality control data are summarized in graphical format in Appendix C.

Table 18: Summary of Analytical Quality Control Data Produced by Claude in 2009

		DDH Samples	(%)	Comment
Sample Count		2,495		
Field Blanks		143	5.7	Provided by Accurassay
Certified Reference Materials:		142	5.7%	
	SE29	46		Rocklabs (0.597 gpt)
	SH35	46		Rocklabs (1.32 gpt)
	SL46	44		Rocklabs (5.867 gpt)
	SQ36	6		Rocklabs (30.04 gpt)
Field Duplicates		39		Quarter core samples
Total QC Samples		**324**	**13.0%**	

In general, the performance of the control samples inserted with samples submitted for assaying was acceptable. Blank samples did not show evidence of contamination in the sample preparation process.

The performance for the certified Rocklabs reference materials was also acceptable; although the few samples assayed using the screen fire assay method reported gold concentrations greater than the expected value, which was interpreted by SRK to suggest contamination in the sample preparation. In the specific case of the failures, the three Rocklabs SQ36 reference material failures occurred within samples assayed by screen fire assay and/or in a sample stream containing gold concentrations varying between four and fifty-eight gpt gold. The exact cause for failure was difficult to ascertain. SRK recommended Claude to investigate with the laboratory.

Field duplicate data were generated by Accurassay and examined by SRK suggested that gold grades were difficult to reproduce by standard fire assay. Rank half absolute difference (HARD) plots suggested that only forty-one percent of the quarter-core duplicate samples had HARD below ten percent. However, this trend is not uncommon in gold deposits with highly variable grades.

In the opinion of SRK, the analytical results delivered by Accurassay were sufficiently reliable for the purpose of resource estimation.

In the opinion of SRK Claude used industry best practices in the collection, handling, management and verification of exploration data collected on the Madsen gold project.

SRK was also of the opinion that Claude used “best efforts” to digitize, verify and validate the large historical sampling and mining records available for the Madsen Mine. Although by nature these data are hard to validate, SRK believes that the historical data are sufficiently reliable for resource evaluation because they are supported by more than forty years of sustained production.

SRK concluded that the Madsen Mine sampling database compiled and verified by Claude was sufficiently reliable for the purpose of resource estimation.

Verification of Analytical Quality Control Data 2010 to 2013

Laurentian made available to SRK external analytical quality control data collected by Claude between 2010 and 2012 when all exploration efforts ceased. The data were contained in Excel spreadsheets. Assay results from standard reference material were recorded and plotted in template provided by Rocklabs, manufacturer of the standard reference material used by Claude.

Standard reference material performed reasonably well with six and seven percent of samples outside of the expected range for standards SH 41 and SG 40, respectively.

Blank samples performed well with no assays exceeding the expected range.

According to Laurentian, Claude re-assayed batches with failed standards if samples in the affected batch were from mineralized zones.

SRK analyzed the analytical quality control data accumulated by Claude for the Madsen gold Project for all core drilling between 2010 and 2013.

Claude provided SRK with external analytical control data containing the assay results for the quality control samples for the Madsen gold project. All data were provided in Microsoft Excel spreadsheets. SRK aggregated the assay results of the external analytical control samples for further analysis. Control samples (field blanks and certified reference materials) were summarized on time series plots to highlight the performance of the control samples. Paired data (umpire check assays and duplicate analyses) were not collected by Claude, and therefore could not be analyzed.

The external analytical quality control data produced for the Madsen gold project are summarized in Table 19 and presented in graphical format in Appendix B. The external quality control data produced on this project represents 15.56 percent of the total number of samples assayed.

Table 19: Summary of Analytical Quality Control Data Produced By Claude on the Madsen Gold Project between 2010 and 2013

	Samples	**(%)**	**Comment**
Sample Count	22,375		
Blanks*	1232	5.51%	
Standards	1,414	6.32%	
SG40	472		Rocklabs (0.976 gpt)
SL46	423		Rocklabs (5.867 gpt)
SH41	421		Rocklabs (1.344 gpt)
SH55	44		Rocklabs (1.375 gpt)
SL61	36		Rocklabs (5.931 gpt)
SQ36	10		Rocklabs (30.04 gpt)
SN38	8		Rocklabs (8.573 gpt)
Field Duplicates	1,058	4.73%	
Total QC Samples	**2,646**	**15.56%**	

* Blank samples include a mix of CDN-BL-10 prepared by CDN Resource Laboratories (<0.01 gpt) and AuBlank42 prepared by Rocklabs (<0.003 gpt).

Analyses of all blank samples are below the warning line of 0.05 ppm gold. The warning line is defined as ten times the detection limit. Blank samples comprise a mixture of two certified pulp blanks: CDN-BL-10 prepared by CDN Resource Laboratories, and AuBlank42 prepared by Rocklabs. Prior to 2012, CDN-BL-10 was the predominant blank used, after which it was typically substituted for AuBlank42. However, both blanks were used interchangeably throughout the assaying process.

A total of seven standards were employed throughout the sampling process. Three of these standards (SG40, Sl46, and SH41) were used at least 395 times, while the remaining four (SH55, SL61, SQ36, SN38) were used less than 50 times.

Analyses of standards are commonly outside two standard deviations of the expected value (for example greater than 30 percent of analyses of standards SH41, SH55 and SL61 are outside two standard deviations). Furthermore, numerous analyses of the two commonly used standards (SG40 and SL46) yield values equivalent or nearly equivalent to other standard or blank material. These results suggest that numerous standards and blanks were mislabelled during the assaying process.

Paired assay data examined by SRK show that assay results can be reproduced by TSL and ALS laboratories from field duplicates with confidence. The combined correlation coefficient is 0.83. Half absolute ranked difference (HARD) plots show that 57.1 percent of the samples have HARD below 10 percent. Bias and precision plots indicate that the majority of the variation in paired analyses occurs at low gold concentrations of approximately 0.02 gpt gold and below.

Pulp duplicate assays, and check assays were not performed for any samples.

The data sets examined by SRK do not present obvious evidence of analytical bias. However, no duplicate or check assays were performed. In addition, analyses of standards are mediocre, and show evidence of multiple samples being mislabelled.

11.2 Newman Madsen Project

SRK is not aware of detailed quality management systems implemented by any of the operators of the Newman-Madsen project. Wolfden implemented a limited quality management system in 2006 which included external analytical quality control measures to monitor the reliability of analytical results delivered by Accurassay.

Information about a quality management system implemented by Sabina is not available.

12 Mineral Processing and Metallurgical Testing

Historic records of gold recovery for the Madsen Mine are incomplete. For over about forty years of operation the mill nominal capacity ranged from 350 to 700 tons per day. Madsen Red Lake Gold Mines Limited's Annual Report for 1951 reports yearly average gold recoveries as follows: 96.15 percent for 1949, 95.44 percent for 1950, and 94.58 percent for 1951.

A report by the Ontario Department of Mines (Ferguson, 1965) states that: "Gold recovery in the (Madsen) mill has averaged 94.00 percent during the time that the mill has been in operation". During 1962 the milling operation recovered 92.7 percent of the gold contained in the ore".

The early Madsen mill used the Merrill-Crowe process as the separation technique for removing gold from a cyanide solution. The historic Madsen mill was decommissioned in the 1970s. The present Madsen mill was purchased from Placer Dome and relocated from the Dona Lake mine site in Pickle Lake, Ontario in the 1990s. The present mill uses the more efficient Carbon-in-Pulp gold recovery process and has a nominal capacity of 500 tons per day. Mill records from Madsen gold Corp and Claude during 1998-1999 show average monthly mill throughput of 14,840 tons at an average head grade of 0.190 ounces per ton (6.51 gpt) gold and average recoveries of 90.09 percent. Claude believe that the relatively low recoveries achieved during the 1990's are attributable to fluctuations in tonnage of daily feed available, feed grades consistently lower than plan, and financial constraints on mill commissioning and mill operations.

One of the objectives of the underground exploration program was to collect additional samples of the gold mineralization of the various gold zones of the Madsen Mine for further metallurgical testing. This study was never started and the historic information described above remain the only metallurgical data available.

13 Mineral Resource and Mineral Reserve Estimates

13.1 Introduction

In March 2008, SRK was commissioned by Claude to prepare a mineral resource statement for the Madsen gold project. That mineral resource statement presented herein represented the second mineral resource evaluation prepared for the Madsen gold project since 1999. It has not been updated, although certain exploration work was completed on the property since that time as described herein. SRK is of the opinion that the results from the additional exploration work completed on the Madsen gold project do not materially impact the mineral resources for those zones of gold mineralization reported by Claude on December 7, 2009. Hence, SRK is of the opinion that the mineral resource statement remains current as of February 18, 2014.

The evaluation of mineral resources for the Madsen Mine was an enduring process involving a team of Claude and SRK personnel. This work involved digitization of a large volume of historical exploration and mining data, extensive validations, geological modelling and resource estimation over a period of twenty months.

The mineral resource evaluation work was completed by a team of four resource geologists under the supervision Glen Cole, P.Geo (APGO #1416), a full time employee of SRK. Mr. Cole has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration to qualify as a Qualified Person as defined by National Instrument 43-101. Resource evaluation was undertaken for four separate auriferous zones (Austin, South Austin, McVeigh and Zone 8) of the Madsen Mine and comprised within the Madsen gold project. Other auriferous zones were not considered in this resource evaluation. The mineral resource model for the Austin zone was completed by G. David Keller, P.Geo. (APGO#1235). The resource models for the South Austin and Zone 8s were created by Sébastien Bernier, P.Geo. (OGQ#1034). Dorota El Rassi, P.Eng. (APEO #100012348) constructed the resource model for the McVeigh zone.

In the opinion of SRK, the resource evaluation reported herein is a reasonable representation of the gold mineral resources found in the four modelled auriferous zones of the Madsen Mine at the current level of sampling. The mineral resources reported herein have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with Canadian Securities Administrators' National Instrument 43-101.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resources will be converted into mineral reserves. No mineral reserves have been estimated as part of the present study.

Mineral resource estimation was completed using various modelling software packages including, GEMS (version 6.0.2), Datamine Studio 3, Leapfrog, GoCad and Isatis. The final block model and related wireframe files were delivered to Claude as a single GEMS project covering the entire Madsen Mine area.

Resource modelling around historical underground mines is a challenging process as some of the modelled gold zones have seen previous underground mining and the underground workings have been inactive for a long period of time. The resource domains modelled represent extensions of mined out areas. At present there is limited information available about the geotechnical stability of the rock mass around the historical excavations. This will require specific geotechnical investigations that will be conducted as the underground workings are being rehabilitated.

SRK developed a conservative resource modelling strategy. Resource domains were defined and modelled from existing sampling data. Excavation wireframes was also constructed from available paper survey records. The mineral resources reported herein represent the gold mineralization situated in intact rock outside the excavation wireframes. In order to account for the possible instability of the rock mass surrounding mined out areas, SRK developed a series of geotechnical buffer zones around mined out areas by inflating the excavation wireframes by a certain distance. Two geotechnical buffer sizes were considered based on discussions with Claude and SRK mine engineers.

Four grade block models were constructed. The block models for Austin, South Austin and Zone 8 were constructed in Datamine Studio 3 using the sub-blocking function. The block model for McVeigh was constructed in GEMS as a percentage block model. Each block model was populated with a gold grade during the estimation process.

The Datamine block models were subsequently recoded to remove the blocks within the excavation models whereas for the GEMS block model a volume percentage was recorded for each block by simply intersecting the blocks with the mineralization and excavation wireframe boundaries. For each block model a geotechnical code was subsequently populated depending on the location of each block relative to geotechnical buffer (ten or fifteen feet). This process allows reporting resource blocks differently to evaluate the sensitivity of the block model estimates to various geotechnical buffer zones (no buffer zone, ten or fifteen feet buffer zones).

Finally, the Datamine block models were converted into a GEMS percentage block model using the Regmod function of Datamine, so that the final mineral resource block models could be delivered to Claude as a single GEMS block model with relevant other wireframe files.

This section describes the resource estimation methodology used by SRK and summarizes the key assumptions and parameters used to prepare the mineral resource statement for the Madsen gold project.

13.2 Resource Database

13.2.1 Austin, South Austin and McVeigh Zones

Exploration data available to evaluate the mineral resources for the Austin, South Austin and McVeigh zones encompass historical underground and surface drilling data digitized by Claude. Historical data was captured in the original imperial mine grid system and converted to the metric system to conform to recent underground drilling data. The database does not contain underground chip samples, short test holes or condemnation holes. Results of limited recent drilling by Claude on the periphery of the zone were not considered. The final historical resource database contains:

- 13,617 surface and underground core boreholes (808,344 metres); and
- 550,687 gold assay results;

The database for the three auriferous zones is current as at September 27, 2009.

13.2.2 Zone 8

Exploration data available to evaluate the mineral resources for Zone 8 include:

- Historical underground boreholes (subset of total 13,614 core drillhole database) ;
- 4,446 stope chip samples digitized by SRK;
- 647 Stope boreholes digitized by SRK; and
- Six core boreholes drilled by Claude from level 10 in 2008-09.

Stope drilling data were considered for modelling the boundaries of the gold mineralization of Zone 8, but were not considered for block grade estimation. The database for Zone 8 is current at July 7, 2009.

13.2.3 Mine Excavations

SRK constructed wireframes for all underground excavations of the Madsen Mine from digital information provided by Claude (stope plans, sections, wireframes and additional information). This model was used to deplete the resource model.

13.2.4 Specific Gravity Data

Historically a tonnage factor of 11.25 cubic feet per ton was used to convert volumes into tonnage during the operation of the Madsen Mine. That factor corresponds to a specific gravity of 2.84.

The resource database also includes 620 specific gravity measurements collected by Claude on core samples from the Austin Zone and Zone 8

13.2.5 SRK Comments

SRK considers that Claude used best efforts to digitize and validate historical exploration and mining data.

SRK is of the opinion that the drilling and underground sampling and mapping information is sufficiently reliable to interpret the outlines of the lithologies and gold mineralization with reasonable confidence and that the assay data are sufficiently reliable to support mineral resource estimation.

Geological, mineralization and excavation wireframes were constructed using a combination of GEMS, GoCad, Leapfrog and Datamine modelling softwares. Geostatistical analysis and variography was completed with Isatis. Resource block models were constructed using Datamine and GEMS, and the final block model and associated files were delivered to Claude as a GEMS project.

13.3 Solid Body Modelling

13.3.1 Resource Domains

The definition of resource domains and construction of wireframes involved an interactive process between Claude and SRK personnel. The strategy involved interpretation and modelling of the outer boundaries for the gold mineralization in each of the four resource areas (Austin, South Austin, McVeigh and Zone 8) based on geology and grade data.

Each resource domain was subsequently evaluated to determine if higher grade sub-domains could be modelled to improve the evaluation of the higher grade areas. The resulting resource domains for the Austin, South Austin and McVeigh Zones comprise a series of outer “low grade” envelopes containing a series of “higher grade” sub-domains defined at a higher grade threshold. The resource domain for Zone 8 was not sub-divided.

The outer limits of the Austin, South Austin and McVeigh Zones were modelled by Claude using the GEMS. Polylines were digitized on vertical sections with a 25 feet spacing and on mine levels at approximately 150 feet spacing.

Wireframing involved a 2-step process. An initial series of polylines were constructed and snapped to borehole data. The interpretation was inspired from georeferenced hard copy geological interpretation. During this process minor inconsistencies in the drillhole database were corrected.

Polylines were subsequently adjusted to interpolate the extent of each zone across the Madsen Mine area. Polylines were extended to above the surface and down to zero elevation (sea level). Polylines were drawn on vertical section and plan views and nodes adjusted to ensure both set of polylines matched.

The boundaries for the gold mineralization for Zone 8 were created by Claude. The controls on the distribution of the gold mineralization at Zone 8 are uncertain and geological information is limited. Accordingly the boundaries were modelled based primarily on gold grade data. The Zone 8 gold wireframe interpretation was derived from polylines spaced at 2 metres and extended away from stopes (five metres along strike and 25 metres in the dip direction) and 25 metres away from boreholes. The final shape and extent of the gold mineralization wireframes was a collaborative effort between Claude and SRK staff.

Leapfrog was used to investigate gold grade distribution in each of the zones at various grade thresholds. After review, a grade threshold of 2.5 gpt gold was selected to separate areas of higher grade gold from lower grade material. Conventional wireframes were then constructed for these zones guided by the Leapfrog grade shell, structural trends and stope outlines. No obvious gold grade trends could be defined for Zone 8. Accordingly, no sub-domains were created.

A total of sixteen resource domains were constructed and considered separately for geostatistical analysis, variography and grade estimation (Table 20). The high grade domains are shown in Figure 20. Three dimensional views for each domain are presented in Appendix D.

Table 20: Resource Domains Defined for Each Gold Zone Modelled at Madsen

Zone	Domains		
	High Grade	Low Grade	Undifferentiated
Austin	HG1, HG2, HG3, HG4	LG	
South Austin	HG1, HG2, HG3, FW1, FW2, Finger	Main	
McVeigh	HG1, HG2	LG	
Zone 8			Z8

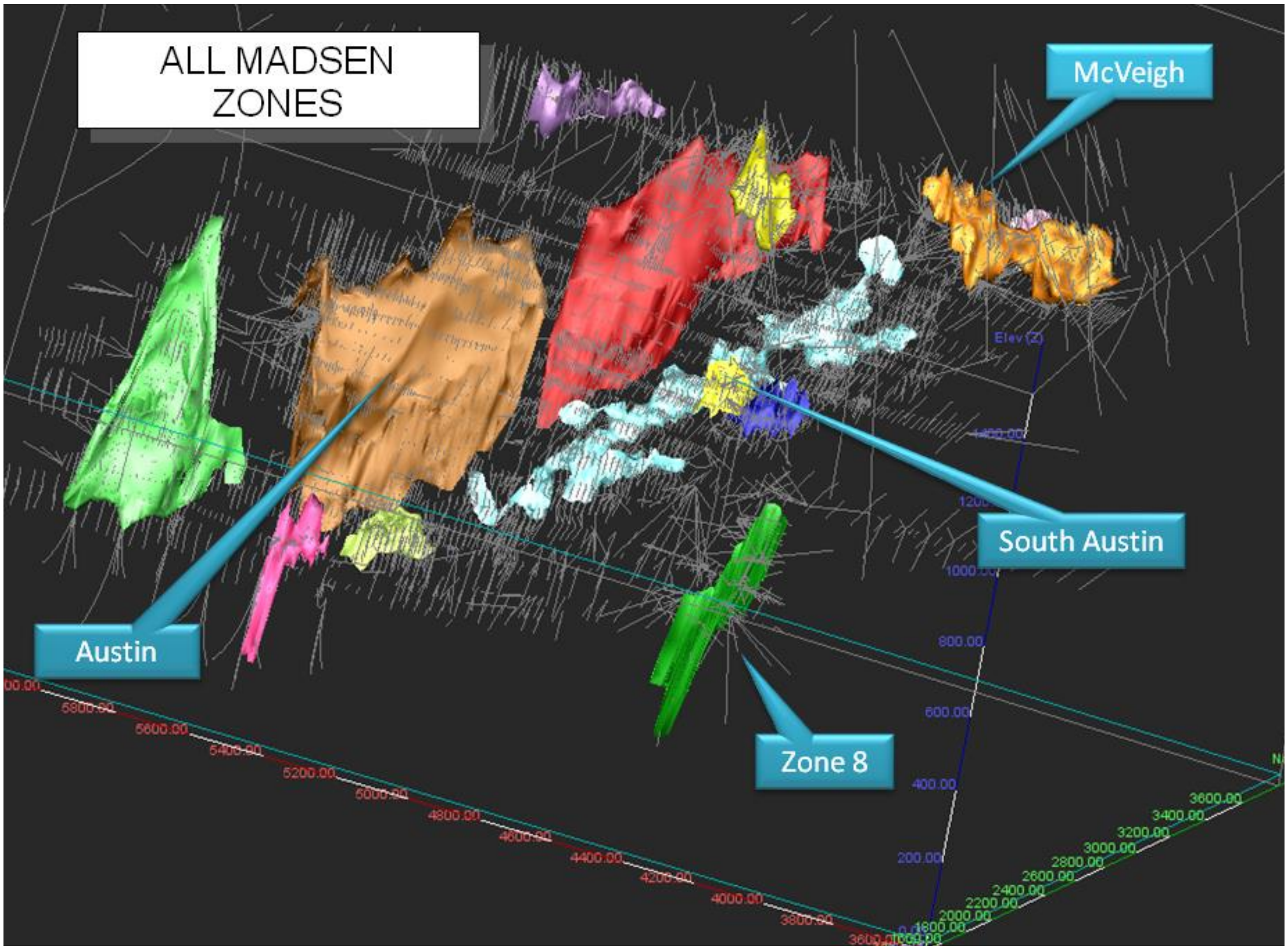


Figure 20: Perspective View of the Madsen Mine Showing High Grade Resource Domains and Zone 8 in Relation to Informing Drillholes (looking southwest).

13.3.2 Underground Excavations

SRK constructed wireframes for all underground excavations (drift, raise, stopes, etc.) from existing wireframes and all available underground survey historical records (Figure 15). The excavation wireframes were inflated by ten and fifteen feet to create geotechnical buffer zones around mined out areas and aid resource reporting.

13.4 Data Preparation and Compositing

The source assay data for the Austin, South Austin and McVeigh Zones is historical boreholes. Source assay data for Zone 8 includes historical and Claude assay data. Assay data within each of the resource domains were evaluated separately.

13.4.1 Austin, South Austin and McVeigh

Original sample within the Austin, South Austin and McVeigh zones are summarized in Table 21.

Table 21: Sample Length Statistics Within the Austin, South Austin and McVeigh Zones

Statistic	Austin	South Austin	McVeigh
Count	250,059	64,660	88,108
Maximum (m)	91.44	23.78	10.00
Minimum (m)	0.01	0.01	0.03
Mean (m)	1.16	1.10	1.20
Standard Deviation	0.88	0.57	0.93
Sample Variance	0.77	0.32	0.87
COV	0.79	0.52	0.78

The Austin zone contains the most samples. A sample length histogram for the Austin Zone is presented in Figure 21. Histograms for sample lengths for other zones show similar relationships and are not presented here. Approximately 98 percent of all sample intervals with the Austin Zone are 2 metres or less in length.

After review of sample length statistics, SRK chose to composite all assay samples from the Austin, South Austin and McVeigh zones to 2 metre length.

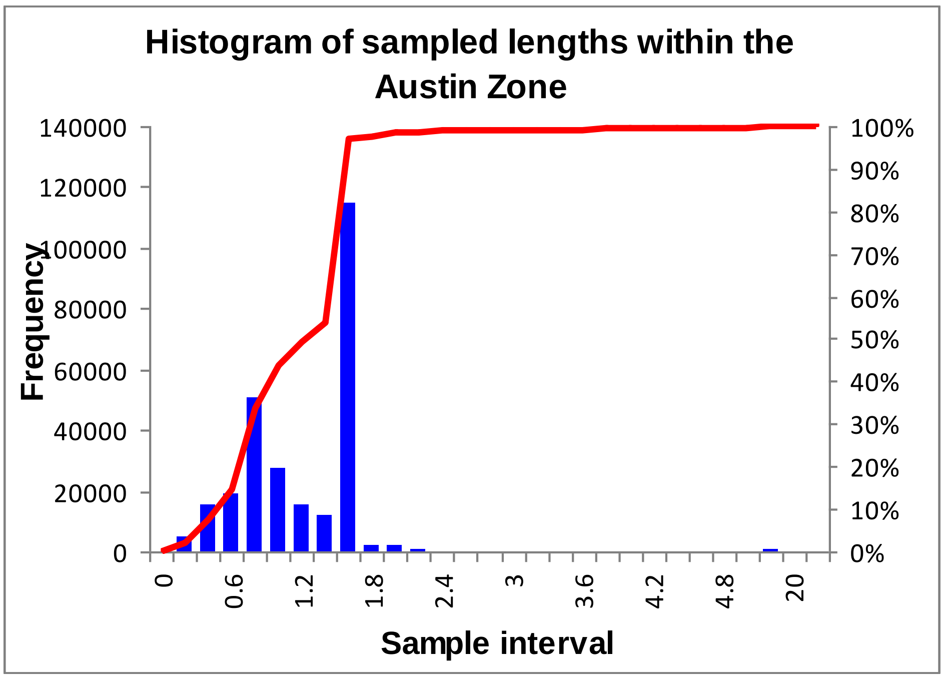


Figure 21: Sample Length Histogram for the Austin Zone

Two composite files were created for the Austin, South Austin and McVeigh Zones to evaluate the impact of internal dike dilution. An “undiluted” composite file was created by removing internal dike from the dataset and not compositing dike intervals inside the zones. A “diluted” composite file was created by compositing over dikes. Unsampled dike intervals were assigned zero grade.

13.4.2 Zone 8

Sampling intervals in the historical assay data (chip samples and historical boreholes) varies significantly as summarized in Table 22.

Table 22: Sample Length Statistics within Zone 8

	Historical		Recent
	Boreholes	**Chip Samples**	**Boreholes**
Count	3,683	4,405	72
Maximum (m)	28.22	5.88	2.00
Minimum (m)	0.03	0.03	0.02
Mean (m)	0.57	0.77	0.42
Standard Deviation	0.82	0.46	0.46
Sample Variance	0.67	0.21	0.21
COV	1.44	0.59	1.10

After review of assay length statistics, a composite length of 1 metre was selected for Zone 8. No minimum or maximum composite length was imposed to the compositing process to ensure that the short intervals where the gold mineralization is less than 0.5 metre (50 percent of the composite length) were included. The original 8,160 assay samples were reduced to 5,502 composites.

There are no internal waste dikes inside Zone 8. Only one composite file was created.

Out of the 4,405 composite chip samples, 318 samples are coded “VG” for “visible gold” and no assays were taken for these intervals. The 3,329 samples for which the location and grade are known with confidence were used to assign a gold grade to unsampled VG intervals using the following procedure.

- The 3,329 sample database was filtered to retain samples grading more than 1.00 gpt gold (n = 2,627);
- A cumulative probability plot was then generated to rank the population in percentiles;
- Percentiles are: 80th percentile= 30 gpt gold, 85th percentile= 40 gpt gold, 90th percentile= 60 gpt gold; and
- After review the gold value at the 85th percentile (40 gpt gold) was assigned to unsampled VG composites.

The Zone 8 dataset is also characterized by samples collected at highly variable spacing (closely spaced chip samples and mode widely spaced borehole samples). SRK declustered the composite dataset using a simple block averaging process to reduce the sample variance and to provide equitable support for all the data.

A block size sensitivity study showed that the average gold grades are insensitive to all block sizes less than cubes ten metres in size. Declustering was completed using cubic blocks two metres in size. The number of composites was reduced to 2,961 from the original 5,502 composites.

13.5 Evaluation of Outlier Composites

Considering the nature of the extracted statistical distributions, SRK is of the opinion that it is necessary to cap high-grade values to limit their influence during grade estimation. Composite grade data were investigated using cumulative probability curves were plotted for each resource domain. Cumulative probability plots for the high grade domains in the Austin Zone are shown in Figure 22. Cumulative probability plots for other resource domains are not presented.

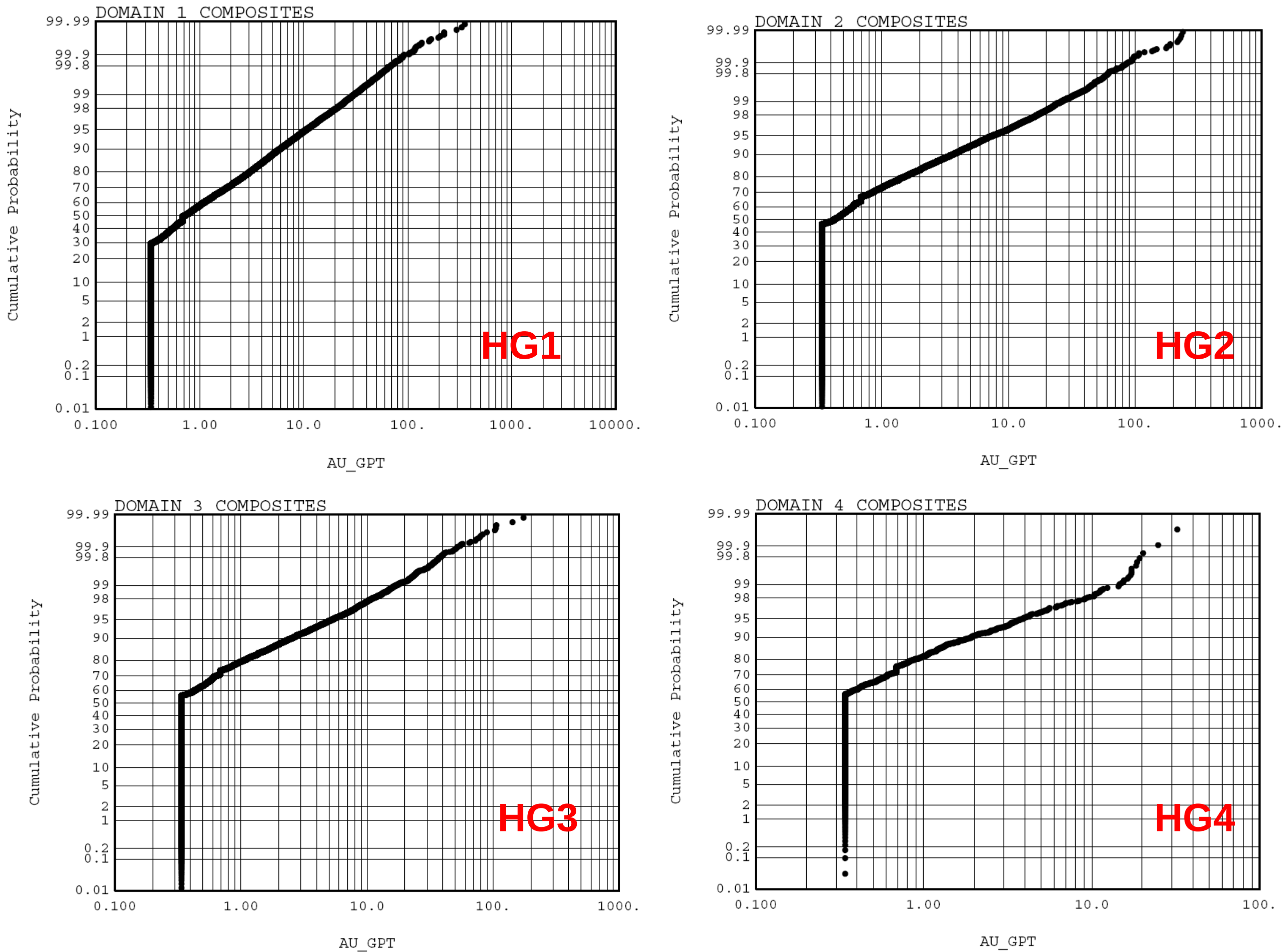


Figure 22: Cumulative Probability Plots for the High Grade Resource Domains of the Austin Zone (HG1 to HG4)

The impact of capping was analyzed and capping levels were adjusted for each resource domain. Capping affects a low number of composites. Capping levels applied to composites from each resource domain are summarized in Table 23.

Table 23: Summary of Capping Values for Each Resource Domain

Domain	Cap Value gpt Au	No. Caps	Domain	Cap Value gpt Au	No. Caps
Austin			**South Austin**		
HG1	100	30	HG1	25	16
HG2	70	51	HG2	60	72
HG3	60	16	HG3	28	31
HG4	16	12	FW1	125	8
LG	30	21	FW2	30	35
McVeigh			Finger	12	16
HG1	150	3	Main	35	55
HG2	70	4	**Zone 8**	55	153
LG	8	17			

13.6 Statistical Analysis

Statistical analysis for the Austin, South Austin and McVeigh Zones was completed on the "undiluted" composite file. There is only one composite file for Zone 8. Comparative basic statistics for original assay, composites and capped composites gold data for the various resource domains within the four gold zones are summarized in Table 24 to Table 27.

Table 24: Basic Gold Statistics for Austin Zone (original, composites and capped composites)

Domain	Data	Mean	Minimum	Maximum	Standard Deviation	Sample Variance	COV	Count
HG1	Original	3.54	0.02	4395.43	24.85	617.70	7.02	55,857
	Composite	2.84	0.34	1056.00	11.43	130.70	4.02	29,542
	Capped Composite	2.72	0.34	100.00	6.64	44.06	2.44	29,542
HG2	Original	2.94	0.02	2534.74	21.21	450.00	7.20	51,403
	Composite	2.02	0.34	937.54	9.20	84.64	4.56	31,071
	Capped Composite	1.90	0.34	70.00	5.47	29.91	2.88	31,071
HG3	Original	2.17	0.02	1309.37	14.51	210.70	6.70	34,093
	Composite	1.39	0.34	210.25	4.64	21.55	3.33	20,020
	Capped Composite	1.36	0.34	60.00	3.71	13.73	2.73	20,020
HG4	Original	1.31	0.01	128.40	5.43	29.44	4.16	2,976
	Composite	1.07	0.34	32.43	2.38	5.63	2.22	1,551
	Capped Composite	1.04	0.34	16.00	2.13	4.54	2.05	1,551
LG	Original	0.49	0.01	550.29	3.44	11.82	7.07	105,730
	Composite	0.56	0.34	171.84	1.45	2.09	2.58	70,897
	Capped Composite	0.55	0.34	30.00	1.11	1.23	2.00	70,897

Table 25: Basic Gold Statistics for South Austin Zone (original, composites and capped composites)

Domain	Data	Mean	Minimum	Maximum	Standard Deviation	Sample Variance	COV	Count
HG1	Original	3.32	0.00	231.09	11.80	139.30	3.55	2,093
	Composite	2.45	0.34	113.41	6.46	41.73	1.97	1,057
	Capped Composite	2.21	0.34	25.00	4.35	18.96	1.97	1.057
HG2	Original	6.52	0.00	2,063.31	38.44	1,477.00	5.89	16,649
	Composite	4.52	0.34	788.36	18.44	339.90	2.32	8.392
	Capped Composite	3.89	0.34	60.00	9.02	81.33	2.32	8,392
HG3	Original	9.59	0.00	2,390.74	73.62	5,420.00	7.68	1,894
	Composite	7.18	0.34	1,168.06	51.87	2,691.00	1.73	879
	Capped Composite	3.97	0.34	28.00	6.86	47.09	1.73	879
FW1	Original	10.95	0.00	977.14	40.89	1,672.00	3.73	2,849
	Composite	8.22	0.34	307.29	22.00	484.00	2.21	1,239
	Capped Composite	7.72	0.34	125.00	17.08	291.70	2.21	1,239
FW2	Original	8.42	0.00	857.83	39.01	1,522.00	4.63	1,277
	Composite	7.01	0.34	196.58	20.40	416.10	1.86	529
	Capped Composite	4.56	0.34	30.00	8.47	71.76	1.86	529
Finger	Original	3.76	0.00	85.71	9.95	99.03	2.65	580
	Composite	2.89	0.34	77.76	7.71	59.40	1.66	274
	Capped Composite	2.05	0.34	12.00	3.42	11.68	1.66	274
Main	Original	1.12	0.00	582.17	7.87	61.92	7.03	39,313
	Composite	0.92	0.34	174.96	3.87	14.98	3.10	22,961
	Capped Composite	0.87	0.34	35.00	2.70	7.29	3.10	22,961

Table 26: Basic Gold Statistics for McVeigh Zone (original, composites and capped composites)

Domain	Data	Mean	Minimum	Maximum	Standard Deviation	Sample Variance	COV	Count
HG1	Original	1.70	0.00	2,406.79	24.92	621.09	14.64	13,910
	Composite	1.35	0.34	368.62	7.39	133.56	5,49	6,667
	Capped Composite	1.29	0.34	150.00	5.39	29.13	4.19	6.667
HG2	Original	2.44	0.00	3,884.57	46.56	2,168.27	19.11	7,395
	Composite	1.78	0.34	609.34	11.56	54.54	6.49	3,956
	Capped Composite	1.56	0.34	70.00	4,12	16.98	2.64	3,956
LG	Original	0.23	0.00	51.43	0.78	0.61	3.48	28,523
	Composite	0.41	0.34	23.27	0.39	0.15	0.96	17,689
	Capped Composite	0.41	0.34	8.00	0.32	0.10	0.79	17,689

Table 27: Basic Gold Statistics for Zone 8 (original, composites and capped composites)

Domain	Data	Mean	Minimum	Maximum	Standard Deviation	Sample Variance	COV	Count
Zone 8	Original	12.83	0.00	6,661.03	106.80	11,410.00	8.46	8,087
	Composite	15.84	0.34	2,405.39	81.70	6,675.00	5.16	5,502
	Capped Composite	8.87	0.34	55.00	15.11	228.40	1.70	2,961

13.7 Internal Dilution and Geotechnical Buffers

The gold mineralization at the Madsen Mine is commonly cut by various late stage barren dikes. SRK estimates approximately eight percent of the modelled mineralization comprises of barren dike material (Figure 23) that must be considered as internal waste for resource modelling. The impact is most important for the Austin, South Austin and McVeigh Zones. Zone 8 does not appear to contain significant internal dike dilution.

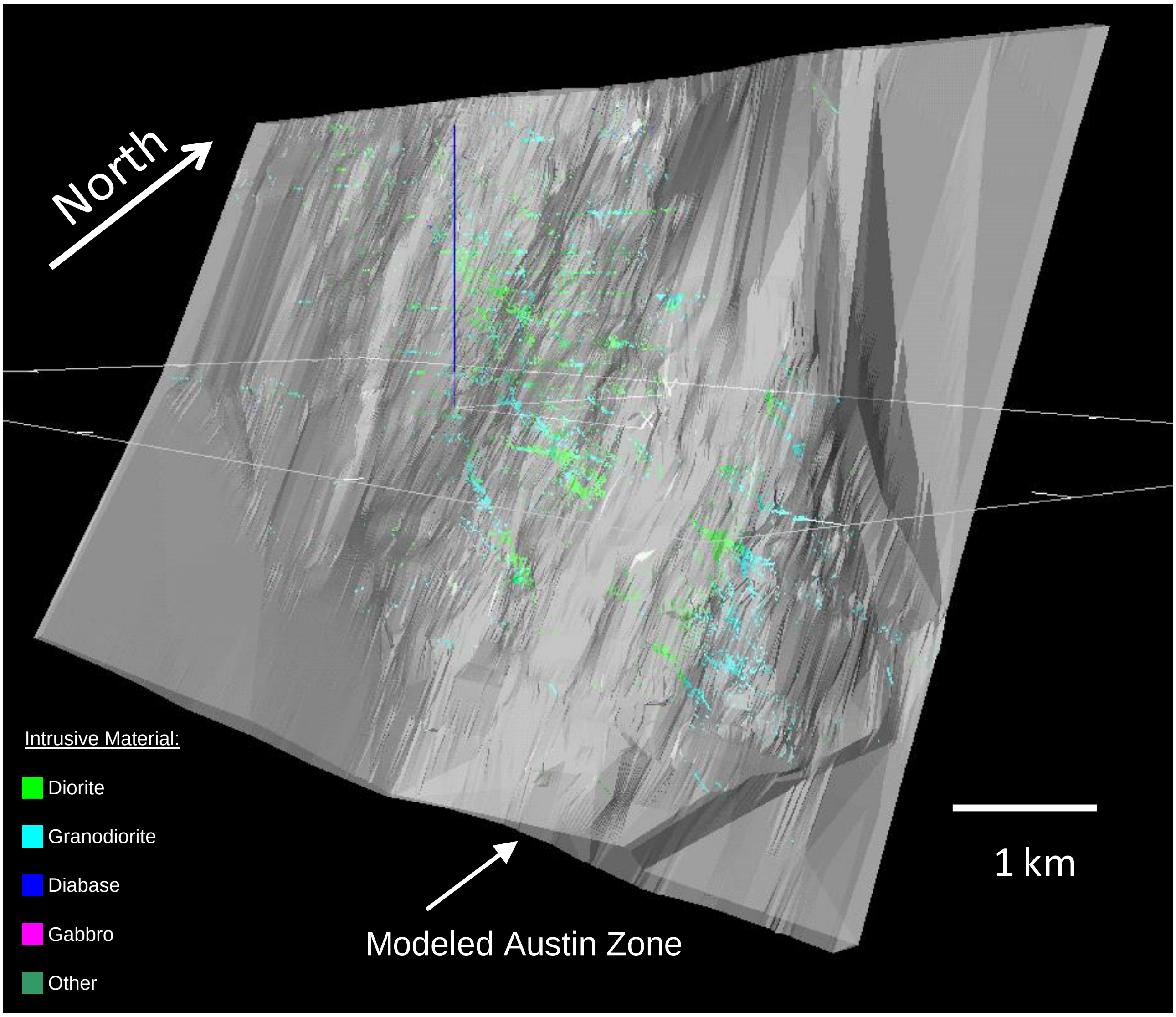


Figure 23: Distribution of Barren Dikes Crosscutting the Austin Zone

Most dikes are relatively small, discontinuous and cannot be modelled with confidence with the present level of information. SRK estimated the dike percentage in each resource block using a geostatistical approach. An inverse distance estimator (power two) and search criteria derived from variography of the dike material were used to assign a percentage dike "dilution" to each resource block.

SRK developed two resource models for each of the Austin, South Austin and McVeigh zones, primarily to evaluate the sensitivity of the resource to modelled dike dilution. An "undiluted" model contains gold grades informed by the "undiluted" composite file whereas a "diluted" model contains gold grades estimated using the same parameters but informed from the "diluted" composite file.

Most of the gold zones are located around historical stopes. The quality of the rock mass around mined out areas cannot be assessed. In order to account for the possible instability of the rock mass surrounding mined out areas, SRK developed a series of geotechnical buffer zones around mined out areas by inflating the excavation wireframes by a certain distance. These geotechnical buffers are only considered for resource reporting.

13.8 Variography

Variography was completed using Isatis software (version 9.03) to characterize the spatial continuity of the gold grade data in all resource domains.

Variography for the Austin, South Austin and McVeigh zones was completed on the "undiluted" composite files. The resulting variogram parameters were then used for the construction of thee "diluted" resource model.

Aspects considered for variography include:

- Statistical and geostatistical investigations were performed on composited data within each modelled domain;
- Basic statistics on the raw and composited datasets;
- Capping values based on review of composite cumulative probability plots;
- Base maps plotted to investigate spatial distribution of composite data noting borehole spacing to adjust optimal lag length and tolerance;
- Composite data was inspected for non stationarity (i.e. drift). Non stationarity appears not to pose an estimation problem except for Zone 8. Variogram maps were used to test all domains for anisotropy;
- More aggressive masking of outliers was employed in order to stabilize the variograms;
- Stable variograms can be modelled for all composite datasets; and
- Variography was also performed on Gaussian transforms as a check and increase confidence in the variograms modelled on the untransformed data.

Variography results are summarized in Table 28.

For the **Austin** domains, two structure spherical anisotropic variograms were modelled. The strike/down plunge directions yields the longest range. The dip direction show the next longest range and the across strike direction exhibits the shortest range. As expected the range for the low grade domain is larger than that for the high grade domains (Table 28).

Depending on the domain the plane variogram is optimal along a strike of between 084 and 095°. The optimal dip for each domain varies from 57 to 67° to the south. The grade trends within the high grade domains plunges from 10 to 40 degrees to the east-southeast. All low grade envelopes plunge sub-horizontally.

Table 28: Variogram Parameters for All Resource Domains

Zone	Domains	Variance			Range						Nugget	Rotation		
		C0	C1	C2	R1x	R1y	R1z	R2x	R2y	R2z		Z Axis	Y Axis	X Axis
Austin	HG1	5	3.85	2.35	5	10	8	12	27	18	44.60%	84	67	40
	HG2	1.7	2	1.5	5	10	8	14	25	22	32.70%	91	57	30
	HG3	1.2	0.77	1.46	6	10	7	12	22	18	35.00%	91	64	10
	HG4	0.36	0.13	0.46	5	20	14	14	40	25	37.90%	95	57	30
	LG	0.06	0.03	0.07	5	20	12	12	75	20	40.00%	93	58	0
S Austin	HG1	5	5.1	n/a	58	36	12	n/a	n/a	n/a	49.50%	101	20	30
	HG2	12	7	11.5	5	5	5	30	20	16	39.30%	114	24	25
	HG3	10	4.5	12.3	10	10	10	24	14	10	26.80%	96	26	40
	FW1	30	45	42	4	4	4	40	40	15	25.60%	122	14	38
	FW2	37	26	18	5	5	5	20	20	15	45.70%	106	12	42
	Finger	8	5.2	3.95	6	6	6	40	40	10	46.60%	96	22	0
	Main	5	5.1	n/a	58	36	12	n/a	n/a	n/a	49.50%	98	23	0
McVeigh	HG1	1.1	0.53	0.25	6	6	6	25	25	20	58.50%	94	66	0
	HG2	2.7	1.5	2.3	5	5	5	20	20	15	41.50%	94	67	0
	LG	0.04	0.02	0.02	10	10	10	60	60	20	53.90%	85	82	0
Zone 8*	All	0.45	0.47	0.3	7	7	7	12	20	10	1.22%	0	0	0

* Gaussian variogram. There is some low level non stationarity; therefore the variogram has been modelled to above the sill.

For the **South Austin** domains, two structure spherical variograms were modelled in most cases (excepted for the HG1 sub-domain that was modelled as a single structure exponential anisotropic variogram). Anisotropic variograms were calculated for HG2 and HG3 sub-domains while omni-directional variograms were calculated for the Main, FW1, FW2 and Finger sub-domains. The strike/down plunge directions yields the longest range. The dip direction (semi-major direction normal to the strike/down plunge direction) show the next longest range and the across strike direction exhibits the shortest range.

Depending on the domain the plane of variograms is optimal along a strike of between 096 and 122°. The optimal dip of each sub-domain varies from 12 to 26° to the south. The grade trends HG and FW sub-domains plunge from 25 to 42° to the east-southeast. All low-grade sub-domains and the Finger and Main sub-domains plunge sub-horizontally.

Two structure spherical isotropic variograms were modelled for the **McVeigh** domains. Depending on the sub-domain the plane of the variograms is optimal along a strike of between 85 and 94°. The optimal dip of each sub-domain varies from 66 to 82° to the south.

Declustered composite gold data was used for **Zone 8** variography. Due to the high variance in the data, normal scores were applied to produce smoother variograms. The nugget percentage was obtained from downhole variograms, whereas spherical two structure anisotropic variograms were fitted to the data. The data (dominated by closely spaced stope chip samples) suggests a maximum range of 20 metres. Omni-directional variography suggest similar ranges.

Variograms for the Austin Domain HG1, South Austin Domain HG1, McVeigh Domain HG1 and Zone 8 are presented in Appendix E.

13.9 Block Modelling

Separate block models were constructed for each of the four auriferous zones. Block Models for Austin, South Austin and Zone 8 were constructed in Datamine Studio 3 using a cubic parent blocks five metres in size with two levels of sub-blocks. The block model for the McVeigh Zone was constructed in GEMS using a cubic block size of five metres and a percent block function. For Austin, South Austin and McVeigh Zones, two identical block models were created to allow estimating gold grades using “undiluted” and “diluted” composite files.

Criteria used in the selection of block size include the borehole spacing, composite assay length, consideration of the potential size of smallest mining unit and the geometry of the modelled sulphide mineralized zones. The characteristics of the four block models created are summarized in Table 29.

Table 29: Madsen gold Project Block Model Parameters

Model	Axis	Block Size (m)	Origin (m)	Extent (m)	Number of Cells
Austin	X	5	3,250	6,600	670
(Datamine)	Y	5	1,500	3,250	350
	Z	5	1,600	1,600	330
South Austin	X	5	3,250	6,600	670
(Datamine)	Y	5	1,500	3,250	350
	Z	5	1,600	1,600	330
McVeigh	X	5	2,500	6,500	800
(GEMS)	Y	5	1,500	3,500	400
	Z	5	100	1,700	360
Zone 8	X	5	4,450	4,700	50
(Datamine)	Y	5	2,400	3,100	140
	Z	2	(-) 25	525	275

13.10 Grade Interpolation

A gold grade was estimated in each resource blocks using ordinary kriging as the principal estimator. Kriging parameters were derived from variography results.

For Austin, South Austin and McVeigh Zones, gold grades were estimated into two block models with kriging parameters derived from variography on “undiluted” composite files. An “undiluted” model was informed from “undiluted” capped composites, while the “diluted model was informed from “diluted” capped composites.

Grade estimation was completed in two successive passes, considering estimation parameters summarized in Table 30 and search neighbourhood sizing summarized in Table 31.

The first estimation pass generally considered a search neighbourhood adjusted to full variogram ranges whereas the second estimation pass considered a search neighbourhood adjusted at two times full variogram ranges.

For Zone 8 however the first estimation pass considered a search neighbourhood adjusted to twice full variogram ranges and the second estimation pass considered a search neighbourhood adjusted to five times full variogram ranges.

Table 30: Summary of Gold Grade Estimation Parameters

Gold Interpolation Parameters	First Pass	Second Pass
Austin Zone		
Interpolation Method	Ordinary Kriging	Ordinary Kriging
Octant Search	No	No
Minimum number of Composites	2	1
Maximum number of Composites	12	12
Maximum number of Composite per hole	Not restricted	Not restricted
South Austin Zone		
Interpolation Method	Ordinary Kriging	Ordinary Kriging
Octant Search	No	No
Minimum number of Composites	2	1
Maximum number of Composites	12	12
Maximum number of Composite per hole	Not restricted	Not restricted
McVeigh Zone		
Interpolation Method	Ordinary Kriging	Ordinary Kriging
Octant Search	No	No
Minimum number of Composites	2	1
Maximum number of Composites	10	12
Maximum number of Composite per hole	Not restricted	Not restricted
Zone 8		
Interpolation Method	Ordinary Kriging	Ordinary Kriging
Octant Search	No	No
Minimum number of Composites	2	1
Maximum number of Composites	10	10
Maximum number of Composite per hole	Not restricted	Not restricted

Table 31: Summary of Search Neighbourhood Parameters

Domain	First Pass Search Distance (metre)			Second Pass Search Distance (metre)		
	X	Y	Z	X	Y	Z
Austin Zone						
HG1	12	27	18	24	54	36
HG2	14	25	22	28	50	44
HG3	12	22	18	24	44	36
HG4	14	40	25	28	80	50
LG	12	75	20	24	150	40
South Austin Zone						
HG1	12	58	36	24	116	72
HG2	16	30	20	32	60	40
HG3	10	24	14	20	48	28
FW1	15	40	40	30	80	80
FW2	15	20	20	30	40	40
Finger	10	40	40	20	80	80
Main	25	45	25	50	90	50
McVeigh Zone						
HG1	25	25	20	50	50	40
HG2	20	20	15	40	40	30
LG	60	60	20	120	120	40
Zone 8	24	40	20	60	100	50

13.11 Estimation Validation

The mineral resource models prepared by SRK were validated by visually comparing block and composite drillhole data on section by section and elevation by elevation basis. Composite drillhole data compare well with estimated block grades. A series of fourteen vertical cross sections, comparing block grades to informing composite drillhole data is provided in Appendix F.

Ordinary kriging was used as the primary estimator. For comparison, gold grades were also estimated using inverse distance and nearest neighbour estimators and compared with kriging estimates. The three estimators yield similar results. Comparison between the three estimators for Zone 8 is summarized in Table 32 at various cut-off grades.

Table 32: Zone 8 Tonnage and Grade Estimates Using Three Estimators

Class	Cut-off	Quantity 000' tonnes			Grade Au (gpt)		
	gpt gold	OK	ID2	NN	OK	ID2	NN
Indicated	3	421	421	421	10.50	10.43	10.38
	4	367	367	367	11.49	11.40	11.45
	5	335	335	335	12.21	12.10	12.32
Inferred	3	321	321	321	17.93	16.63	22.13
	4	320	320	320	17.98	16.68	22.21
	5	317	317	317	18.14	16.83	22.45

Estimator: OK = Ordinary Kriging, ID2=Inverse Distance Squared, NN=Nearest Neighbour

The block models for the Austin, South Austin and Zone 8 gold zones were constructed in Datamine Studio 3, expect for McVeigh that was built using GEMS. As a validation test, parallel estimates for the Austin, South Austin and Zone 8, were run in GEMS using the same Datamine estimation parameters. The GEMS estimates are similar to the Datamine estimates with less than one percent variance.

Quantile-quantile plots comparing resource block and capped composite data were also constructed. These plots show the usual smoothing effect of kriging particularly at higher grades, but suggest that the block models are representative of the informing data.

To evaluate the sensitivity of the resource models to the presence of internal waste dikes, SRK developed two separate resource models for the Austin, South Austin and McVeigh Zones where barren dike abundance is greater. An “undiluted” model was created by excluding dike material from the grade estimation process. The waste dilution created by barren dikes crosscutting the gold zones is simply not considered. A “diluted” model was created by including barren dikes in the compositing process thereby diluting the gold mineralization. Both models yields comparable tonnage and grade estimates for cut-off grades greater than 3 gpt gold. In absence of significant differences, SRK chose to use the “undiluted” model for resource reporting.

The volume of the underground stopes model is 2,164,163 cubic metres. The volume of the development excavations is estimated at 517,977 cubic metres. The volume of the underground excavation model is 2,682,140 cubic metres. Applying the tonnage factor of 2.84 used at the mine, the underground excavation model constructed by SRK would have contained 7,617,277 tonnes of rock. This compares to a total production of 7,872,679 tonnes recorded for the Madsen Mine between 1938 and 1999.

The gold grade within the modelled Madsen stopes can also be estimated. The estimated gold grade is, however highly sensitive to the cut-off grade, varying from 9.89 gpt gold at a cut-off grade of 5.0 gpt gold to 5.80 gpt when no cut-off is applied. This compares very well with the estimated average recovered grade of 0.283 ounces of gold per ton (9.70 gpt gold) calculated from production records.

Although it is not certain if all historical mining voids have been digitized, SRK is satisfied that the modelled stopes and development excavations adequately represent historical mining. The excavation model was used to deplete the resource block models so that the reported resource blocks exclude all known mined out areas.

13.12 Mineral Resource Classification

Mineral resources were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2010) under the supervision of Glen Cole, P.Geo (APGO#1416). By virtue of his education, membership to a recognized professional association and experience that is relevant to style of mineralization and type of deposit under consideration, Mr. Cole is an independent Qualified Persons as this term is defined by National Instrument 43-101.

Resource classification for deposits characterized with historical mining is usually based on factors such as: the block distance from the nearest informing composites, variography results, proximity to historical mine workings as well as on the confidence in the geological interpretation and reliability of the informing data. SRK is satisfied that Claude used “best efforts” to digitize and validate historical sampling data. However, uncertainty remains on the integrity of drilling sampling data (sampling and analytical protocols) and there are no documented records for any analytical quality control procedures, if any. As a result, SRK considers that no resource blocks can be assigned a Measured resource category.

Resource blocks were classified into Indicated and Inferred on the basis of several parameters. For the Austin, South Austin and McVeigh Zones, the classification scheme is based on variography results. Blocks estimated in the first estimation pass were assigned an Indicated classification while those estimated during the second pass were classified as Inferred. Consideration was also given to kriging efficiency, a quantitative measure of the quality of the grade estimate. The classification parameters are summarized in Table 33.

For Zone 8, SRK used a simplistic classification based primarily on proximity to historical stopes. An Indicated classification was assigned to blocks located at elevations within 25 metres below the lowest stope (elevation of 190 metres), whereas an Inferred classification is assigned to all blocks below that elevation.

Table 33: Austin, South Austin and McVeigh Classification Parameters

Domain	Classification	
	Indicated	**Inferred**
Austin Zone		
HG1	entire domain	none
HG2	first estimation pass	second estimation pass
HG3	first estimation pass	second estimation pass
HG4	KE* greater than 0	all other grade estimates
LG	none	entire domain
South Austin Zone		
HG1	entire domain	none
HG2	entire domain	none
HG3	entire domain	none
FW1	entire domain	none
FW2	entire domain	none
Finger	>215m elevation	<215 elevation
Main	none	entire domain
McVeigh Zone		
HG1	first estimation pass	second estimation pass
HG2	entire domain	none
LG	none	entire domain

* KE = Kriging efficiency

13.13 Mineral Resource Statement

The mineral resources for the Madsen gold project are reported in accordance with Canadian Securities Administrators' National Instrument 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

The mineral resource statement was prepared under the supervision of Glen Cole, P.Geo. The effective date of this resource estimate is February 18, 2014.

CIM Definition Standards for Mineral Resources and Mineral Reserves (November 2010) defines a mineral resource as:

"[A] concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge."

SRK considers that the gold mineralization of the Madsen Mine is amenable for underground extraction. Most of the gold zones are located in close proximity to existing mine infrastructure (Figure 15).

A large percentage of gold mineralization in the four zones modelled by SRK is located in close proximity to historical mining areas. A series of geotechnical buffer zones around mined out areas was evaluated by SRK in consultation with Claude in order to account for the possible instability of the rock mass surrounding mined out areas. This analysis considered accessibility to resource blocks, future mining challenges, potential mining methods and costs as well as geotechnical considerations. The purpose of this evaluation was to select an appropriate buffer around mined out areas that would be removed from the mineral resource statement as it is uncertain if that material demonstrate "reasonable prospect for economic extraction". This is a conservative approach as future geotechnical and mining investigations may demonstrate that portions of the material included within the geotechnical buffer zones may be recoverable.

Various parameters were also considered to assist the preparation of the Mineral Resource Statement reported herein. Parameters considered include: cut-off grade, size of geotechnical buffer zones, internal waste dilution, etc. (Table 34).

Table 34: Mineral Resource Reporting Criteria

Zone	Cut-off Grade (gpt gold)	Resource Model	Geotechnical Buffer
Austin	5.00	Undiluted	15 feet (4.6 metres)
South Austin	5.00	Undiluted	10 feet (3.0 metres)
McVeigh	5.00	Undiluted	15 feet (4.6 metres)
Zone 8	5.00	Undiluted	No buffer

Mineral resources were estimated in conformity with generally accepted CIM Estimation of Mineral Resource and Mineral Reserve Best Practices Guidelines. The mineral resources may be affected by further infill and exploration drilling that may result in increases or decreases in subsequent resource estimates. The mineral resources may also be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, and other factors.

Mineral resources for the Madsen gold project are reported at a cut-off grade of 5.0 gpt gold considering that this material is amenable for underground extraction. The cut-off grade is based on a gold price of US$1,000 per ounce and assumes a metallurgical recovery of 94 percent.

The Mineral Resources Statement for the Madsen gold project contains 3.2 million tonnes grading 8.93 gpt gold in the Indicated category; with an additional 0.8 million tonnes grading 11.74 gpt gold in the Inferred category. The consolidated Mineral Resource Statement is presented in Table 35. Table 36 presents the mineral resources for all resource domains.

Table 35: Consolidated Mineral Resource Statement* for the Madsen Gold Project, Ontario, SRK Consulting (Canada) Inc., February 18, 2014

Class	Zone	Quantity (000't)	Grade Gold (gpt)	Contained Metal Gold (000'oz)
Indicated	Austin	1,677	7.92	427
	South Austin	850	9.32	254
	McVeigh	374	9.59	115
	Zone 8	335	12.21	132
	Total	**3,236**	**8.93**	**928**
Inferred	Austin	108	6.30	22
	South Austin	259	8.45	70
	McVeigh	104	6.11	20
	Zone 8	317	18.14	185
	Total	**788**	**11.74**	**297**

* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 5.0 gpt gold based on US$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent.

Table 36: Mineral Resource Statement, Madsen Gold Project, Ontario, SRK Consulting (Canada) Inc., February 18, 2014

Classification	Zone	Domain	Quantity (000't)	Grade Gold (gpt)	Contained Metal Gold (000'oz)
Indicated	Austin	HG1	666	8.42	180
		HG2	678	7.74	169
		HG3	319	7.37	76
		HG4	15	6.08	3
		LG	-	-	-
		Sub Total	**1,677**	**7.92**	**427**
	South Austin	Main	-	-	-
		HG1	68	13.46	29
		HG2	586	8.65	163
		HG3	48	7.72	12
		FW1	115	11.63	43
		FW2	27	6.98	6
		Finger	5	5.96	1
		Sub Total	**850**	**9.32**	**254**
	McVeigh	HG1	307	10.05	99
		HG2	67	7.48	16
		LG	-	-	-
		Sub Total	**374**	**9.59**	**115**
	Zone 8	Combined	335	12.21	132
		Sub Total	**335**	**12.21**	**132**
		Total	**3,236**	**8.93**	**928**
Inferred	Austin	HG1	-	-	-
		HG2	8	8.75	2
		HG3	16	5.94	3
		HG4	8	6.4	2
		LG	76	6.11	15
		Sub Total	**108**	**6.30**	**22**
	South Austin	Main	232	8.50	63
		HG1	-	-	-
		HG2	-	-	-
		HG3	-	-	-
		FW1	-	-	-
		FW2	-	-	-
		Finger	27	8.01	7
		Sub Total	**259**	**8.45**	**70**
	McVeigh	HG1	46	6.72	10
		HG2	-	-	-
		LG	58	5.63	11
		Sub Total	**104**	**6.11**	**20**
	Zone 8	Combined	317	18.14	185
		Sub Total	**317**	**18.14**	**185**
		Total	**788**	**11.74**	**297**

* Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at a cut-off grade of 5.0 gpt gold based on US$1,000 per troy ounce gold and gold metallurgical recoveries of 94 percent.

The mineral resources are sensitive to the selection of cut-off grade. The global quantities and grade estimates at three gold cut-off grades are presented in Table 37. The reader is cautioned that the figures presented in this table should not be misconstrued with the mineral resource statement. The figures are only presented to show the sensitivity of the mineral resources to the selection of cut-off grade.

Table 37: Global Block Model Quantities and Grade Estimates* at Various Cut-off Grades

Class	Zone	Quantity Tonnage (000't)			Grade Gold (gpt)			Contained Metal Gold (000'oz)		
	Cut-off (gpt Au)	3	4	5	3	4	5	3	4	5
Indicated	Austin‡	4,299	2,565	1,677	5.40	6.72	7.92	746	554	427
	South Austin#	1,553	1,140	850	6.85	8.08	9.32	342	296	254
	McVeigh‡	637	465	374	7.20	8.57	9.59	148	128	115
	Zone 8^	422	370	335	10.49	11.49	12.21	142	136	132
Inferred	Austin‡	782	288	108	4.04	5.12	6.30	101	47	22
	South Austin#	630	390	259	5.70	7.09	8.45	116	89	70
	McVeigh‡	155	105	104	5.33	6.09	6.11	27	21	20
	Zone 8^	321	320	317	17.93	17.98	18.14	185	185	185

* The reader is cautioned that the quantities and grade estimates in this table should not be misconstrued with a mineral resource statement. The figures are presented to show the sensitivity of the block model estimates to the selection of cut-off grade.

‡ Reported considering a geotechnical buffer of 15 feet (4.6 metres).

\# Reported considering a geotechnical buffer of 10 feet (3.0 metres),

^ Reported with no geotechnical buffer.

The global quantities and grade estimates for gold mineralization located in buffer zones around mined out areas at various cut-off grades are presented in Table 38. It is uncertain if this material can be accessed. It is possible that engineering and geotechnical studies will determine that some parts of this material may be extracted. Accordingly SRK believes that there is potential that some parts of the material in the geotechnical buffers may be included in the mineral resources for the Madsen gold project once underground investigations have been conducted.

Table 38: Global Block Model Quantities and Grade Estimates* in the Buffer Zones Around Historical Workings at Various Cut-off Grades

Class	Zone	Quantity Tonnage (000't)			Grade Gold (gpt)			Contained Metal Gold (000'oz)		
	Cut-off (gpt Au)	3	4	5	3	4	5	3	4	5
Pillar Zone	Austin‡	3,227	2,286	1,660	6.22	7.35	8.44	645	540	451
	South Austin#	1,044	865	711	8.04	8.97	9.95	270	249	228
	McVeigh‡	200	136	94	6.04	7.27	8.51	39	32	26

* The reader is cautioned that the quantities and grade estimates in this table should not be misconstrued with a mineral resource statement. The figures are presented to show the material within buffer zones around historical workings. This material has been excluded from reported resources.

‡ Reported considering a geotechnical buffer of 15 feet (4.6 metres).

\# Reported considering a geotechnical buffer of 10 feet (3.0 metres).

14 Adjacent Properties

The Hasaga mine, located on the adjoining Hasaga property of Barrick Gold Corporation. This is an historical mine that operated from 1938 through 1952 producing 218,000 ounces of gold at an average grade of 4.5 gpt gold. The reader is cautioned that the qualified person has been unable to verify this information; furthermore, this information is not necessarily indicative that the gold mineralization that was historically mined on the Hasaga property extends on the Madsen gold project. Historical documents show that the gold mineralization that was mined on the Hasaga mine plunge towards the Madsen project and that according to that plunge there is a pontential to cross over onto the Madsen project between 700 and 1,100 metres below surface.

15 Other Relevant Data

SRK is not aware of any other relevant data.

16 Interpretation and Conclusions

The Madsen and Newman-Madsen gold projects are located in the Red Lake greenstone belt, one of Canada's preeminent gold producing districts. Since 1925, a total of 28 mines have operated in the Red Lake district producing 24.9 million ounces of gold. Over 85 percent of this gold was produced from three mines, Campbell Mine, Dickenson/Red Lake Mine and Madsen Mine.

In 1998, Claude began the digitization of geology, exploration and mine data from the historical Madsen Mine records. The compilation, digitization and validation of the historical database continued to September 2009 resulting in the construction of a database comprising 13,617 boreholes and 550,687 assays. This database primarily records sampling information for the main four auriferous zones Austin, South Austin, McVeigh and Zone 8 forming the bulk of the gold mineralization found on the Madsen gold project. Other known gold zones on the Madsen gold project include Treasure Box, Fork Zone, Starratt-Olsen, Madsen No. 1 shaft and the Buffalo areas and were not considered for resource evaluation.

SRK was retained by Claude to monitor the digitization process, assist with geological modelling and to construct a mineral resource model for four gold zones (Austin, South Austin, McVeigh and Zone 8) of the Madsen Mine.

SRK is of the opinion that the exploration data compiled from historical records and acquired from new drilling performed by Claude and Placer Dome are sufficiently reliable to interpret the boundaries of the gold mineralization and support evaluation of mineral resources in accordance with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserve Best Practices" guidelines.

A total of sixteen resource domains have been created to constrain the gold mineralization inside the four principal auriferous zones. Geological modelling involved extensive interaction between Claude and SRK personnel. Gold grades were estimated into four separate block models using ordinary kriging informed from capped composite data and estimation parameters derived from variography. After validation and classification, SRK in collaboration with Claude considered practical underground mining aspects to define portions of the resource model which display "reasonable prospects for economic extraction." In this process, a geotechnical buffer was created to account for the possible instability of the rock mass around mined out areas and exclude those areas from the mineral resource model.

The Mineral Resources Statement for the Madsen gold project contains 3.2 million tonnes grading 8.93 gpt gold in the Indicated category; with an additional 0.8 million tonnes grading 11.74 gpt gold in the Inferred category.

SRK notes that the modelled mineral resources occupy a small footprint of the large Madsen gold project property. Several other auriferous zones occurring within the Madsen gold project and the Newman-Madsen project have not been considered for mineral resource estimation. Many have been investigated by historical drilling and received limited underground mining attention. In addition, there are several untested exploration targets warranting additional exploration expenditures. SRK considers that there is a good potential to increase the mineral resources of the Madsen gold project. This potential has been increased with the addition of the Newman-Madsen project to the larger Madsen gold project.

While great care has been taken in the compilation and digitization of available historical sampling information, the mineral resources disclosed herein remain largely informed by historical data. The risks involved in using historical data are difficult to quantify, but reduced considering that the property produced a significant amount of gold. Historical production records suggest that historical assay data are reasonably accurate on a global scale.

Potential risks to the economic viability of the project are primarily based in the uncertainty of future gold prices. However, SRK is of the opinion that the gold price assumption considered to assess the reasonable prospect for economic extraction of the mineral resources is conservative. Residual risks are inherent in the nature of exploration and mining and involve unforeseen large fluctuations of the gold price in the future.

Additional drilling conducted within the resource volume suggests that the mineral resource model is a reasonable representation of the distribution, thickness and grade of the mineralization. The new drilling information also highlights the potential for untested targets in the footwall of the current model. SRK is of the opinion that the results from the additional exploration work completed on the Madsen gold project do not materially impact the mineral resources of the Austin, South Austin, McVeigh and Zone 8 gold deposits reported by Claude on December 7, 2009.

In reviewing the results of the resource evaluation work completed on the Madsen gold project, SRK offers the following conclusions:

- The mineral resource models are largely based on historical data that by nature are hard to validate and verify;
- Collars of historical boreholes were surveyed during mining however downhole deviation was not monitored. As a result there is some uncertainty in the spatial location of borehole sampling data, particularly for longer boreholes;
- The mineral resource database includes 13,617 core boreholes. An additional 4,000 “definition/condemnation” and “in-stope” boreholes have not been digitized and therefore were not available for resource modelling. Digitization of these data is outstanding as of February 2014 but should be completed for future revisions of the resource models;
- There are limited metallurgical data available for the Madsen Mine. Historical recovery factors were considered;
- Historical and recent drilling as well as historical mining in Zone 8 indicates challenging ground conditions, potentially impacting future mining in this area;
- The results of the three twin holes drilled by Claude are inconclusive. It is uncertain if the Claude boreholes effectively replicated the historical boreholes; and
- A significant portion of the mineral resources is located in proximity to historical mine workings. Despite the use of geotechnical buffers around mined out areas, an unknown but significant portion of the mineral resources may be difficult to access and therefore will require careful engineering and geotechnical studies to convert into mineral reserve.

In reviewing the exploration work completed on the Newman-Madsen gold project, SRK offers the following conclusions:

- The Newman-Madsen project covers prospective lithology contiguous with the Madsen project;
- At least three different styles of mineralization have been identified on the Newman-Madsen project similar to mineralization identified on the Madsen project; and
- The combination of prospective geology and identified gold mineralization underlines the good exploration potential of the project.

17 Recommendations

The character of the Madsen and Newman-Madsen gold projects are of sufficient merit to justify additional exploration and pre-development expenditures. The recommended work program aims at increasing the confidence and size of the historical resource database and continuing exploration work on the two properties. The proposed work program includes six components:

- Continue compilation and validation of historical geological data, including incorporating data recently acquired in the Newman-Madsen transaction;
- Infill and step-out drilling to expand the mineral resources and to improve resource classification within and external to the currently defined gold mineralized zones;
- Deposit-scale geological studies aimed at improving understanding of the geological and structural setting of the deposit;
- Property-scale geochemical, geophysical, and geological three-dimensional surveying and modeling to order to identify and prioritize exploration targets;
- Investigate the continuity of gold mineralization and the possibility of mineral resources at the more advanced satellite targets including Fork Zone, Russett South, Treasure Box, and Buffalo; and
- Engineering, metallurgical and environmental studies to support the evaluation at a conceptual level the economic viability of an underground mine utilizing existing infrastructure to minimize capital expenditures, and to provide a base case for the preparation of a Preliminary Economic Assessment.

Historical Database

The historical records for the Madsen Mine contain an additional 4,000 “definition/condemnation” and “in-stope” boreholes that have not been digitized. Information from these boreholes should be digitized. In addition, historical sampling data and geological information for other auriferous zones occurring within the Madsen and Newman-Madsen projects should also be reviewed and digitized.

Resource Drilling

The mineral resource model prepared by SRK can be used as an exploration tool to guide future exploration in the Madsen Mine. SRK considers that additional drilling is required to:

- Validate historical drilling data by attempting to twin several more historical boreholes;
- Infill gaps in the drilling data with the potential to increase the mineral resources;
- Infill areas of Inferred mineral resources to improve the resource classification (particularly within Zone 8); and
- Test the lateral and depth extensions of modelled gold mineralization.

Laurentian expects to invest C$2.0 million in exploration drilling (10,000 metres) targeting known gold zones on the two properties and with the objective of increasing the mineral resources.

Geological Studies – Mine Area

The geological and structural controls on the distribution of the gold mineralization remain elusive, particularly within Zone 8. As such, SRK considers that additional structural geology investigations are required to understand the mineralization trends within the Madsen deposit area, incorporating existing underground maps.

The geological models should be updated continuously as additional information is acquired. Revised geological models will aid in evaluating the impact of new drilling results relative to designed objectives and readjust drilling strategy on an ongoing basis.

Specific gravity should be measured routinely on core samples as part of routine drilling procedures. This will allow studying the variability of specific gravity in the various gold zones and improve the accuracy of tonnages forecasted by future mineral resource models

Geotechnical logging should be incorporated into standard field practices for all future drilling. Particular attention should be given to the poor ground conditions reported from Zone 8. The major dikes and faults encountered in the Madsen Mine and intersected by drilling should be modelled.

Engineering, Metallurgical and Other Studies

SRK recommends that Laurentian initiates engineering and metallurgical studies aimed at completing the characterization of the gold mineralization and evaluating at a conceptual level the viability of an underground mine utilizing existing mine infrastructure. Environmental baseline data should be reviewed to assess completeness for supporting engineering design work. Metallurgical testwork should be initiated. Specifically, the proposed work program includes:

- Updating the mineral resource model after completion of additional drilling;
- Additional metallurgical testwork on material from all resource zones to characterize recovery;
- Examine stope outlines and resource model to identify potential areas of non-extraction;
- Geotechnical buffer zones should be evaluated to assess recovery potential and identify possible recovery strategy;
- Conceptual mine design work to evaluate which mining scenarios offer the best potential for economic return; and
- Maintain compliance in regards environmental aspects, especially relating to the sewerage discharge into tailings and revisions to the closure plan.

Geological Studies – Regional

Substantial potential exists to identify and outline gold mineralization in a regional context. Mineralization has been intersected in drilling in target areas such as the Treasure Box, Russett South, the Fork Zone, Starratt-Olsen, the No1 Shaft and Buffalo. SRK recommends initiating geological and geophysical such as induced polarization (IP) and electromagnetic (EM) geophysical surveys should be investigated as a possible exploration tools in defining exploration targets. Studies should be undertaken to understand better the geological controls on the mineralization in those areas as well as to identify new targets. The geological studies should include structural investigations to aid in the understanding of regional and deposit scale features and to build a comprehensive 3-dimensional model.

The geological models should be continuously updated as additional information is acquired. Revised geological models will aid in evaluating the impact of new drilling results relative to designed objectives and readjust drilling strategy on an ongoing basis.

Magnetic and conductivity measurements should be captured from historic core and future drilling to aid in the interpretation of geophysical surveys.

The total cost for the recommended work program is estimated at approximately C$6.5 million (Table 39).

Table 39: Estimated Budget for the Proposed Exploration and Development Work Program

Description	Units		Total Cost (C$)
Delineation Core Drilling (infill and step out)	10,000	$2,000,000	
Exploration Core drilling (all inclusive)	10,000	$2,000,000	
Assaying	10,000	$300,000	
Sub-total			**$4,300,000**
Deposit-Scale Studies		$200,000	
Regional-Scale Studies		$250,000	
Sub-total			**$450,000**
Engineering Studies (Scoping Study)			
Update Resource Model		$100,000	
Environmental Studies		$150,000	
Preliminary Metallurgical Testing		$50,000	
Mineralogy Studies		$30,000	
Geotechnical Studies		$75,000	
Mine Engineering Design		$100,000	
Sub-total			**$505,000**
Total			**$5,255,000**
Contingency (10%)			$525,000
Administration (10%)			$525,000
Total			**$6,305,000**

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APPENDIX A

Titles of Claude Resources Inc. and Sabina Gold & Silver Corp. to the Lands defined below
by McMillan LLP

Title of Claude Resources Inc. to the Lands defined below.

mcmillan

memorandum

To: Laurentian Goldfields Ltd.

From: **McMillan LLP**

Date: December 4, 2013

File: Madsen Gold Project (223726)

Subject: Title to Certain Real Property Owned by Claude Resources Inc.

1. MADSEN LANDS

We have reviewed the Parcel Registers for certain lands owned by Claude Resources Inc. ("**Claude**") known as the Madsen Lands. We have limited our due diligence to a review of the Parcel Registers that were obtained from the Kenora Land Registry Office (No. 23) on November 20, 2013. We have not examined any surveys, reference plans or crown patents, made any off-title inquiries nor conducted any searches of adjoining lands to confirm compliance with the *Planning Act* (Ontario).

The specific encumbrances registered against title to each parcel comprising the Madsen Lands have been listed below. The letters referenced in the Encumbrance column of the chart correspond to the specific encumbrances listed in Schedule "A":

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
FIRSTLY - AIKEN RUSSELL LANDS - FREEHOLD	
PIN 42005-0117 (LT) Parcel 1496 SEC DPF; Mining Claim KRL 12728, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Russet Lake; Red Lake	A, B, C
PIN 42005-0278 (LT) Parcel 1497 SEC DPF; Mining Claim KRL 12820, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Russet Lake; Red Lake	A, B, C
PIN 42005-0280 (LT)	A, B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Parcel 1498 SEC DPF; Mining Claim KRL 12821, Baird; Red Lake	
PIN 42005-0277 (LT) Parcel 1499 SEC DPF; Mining Claim KRL 12822, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Russet Lake; Red Lake	A, B, C
PIN 42005-0279 (LT) Parcel 1500 SEC DPF; Mining Claim KRL 12823, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Russet Lake; Red Lake	A, B, C
PIN 42005-0281 (LT) Parcel 1501 SEC DPF; Mining Claim KRL 12824, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Flat Lake; Red Lake	A, B, C
PIN 42005-0101 (LT) Parcel 1513 SEC DPF; Mining Claim KRL 12726, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Russet Lake; Red Lake	A, B, C
PIN 42005-0116 (LT) Parcel 1514 SEC DPF; Mining Claim KRL 12727, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Russet Lake; Red Lake	A, B, C
PIN 42005-0087 (LT) Parcel 1907 SEC DPF; Mining Claim KRL 19236, Baird; Red Lake	A, B, C
PIN 42005-0088 (LT) Parcel 1908 SEC DPF; Mining Claim KRL 19237, Baird; Red Lake	A, B, C
PIN 42005-0115 (LT) Parcel 1909 SEC DPF; Mining Claim KRL 19181, Baird, reserving thereout and therefrom the SRO on and over a strip of land one chain in perpendicular width along	A, B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
the shore of Russet Lake; Red Lake	
PIN 42005-0276 (LT) Parcel 1910 SEC DPF; Mining Claim KRL 19182, Baird, reserving thereout and therefrom the SRO on and over a strip of land one chain in perpendicular width along the shore of Russet Lake; Red Lake	A, B, C
PIN 42005-0099 (LT) Parcel 1911 SEC DPF; Mining Claim KRL 19235, Baird; Red Lake	A, B, C
PIN 42005-0100 (LT) Parcel 1912 SEC DPF; Mining Claim KRL 19238, Baird, reserving thereout and therefrom the SRO on and over a strip of land one chain in perpendicular width along the shore of Russet Lake; Red Lake	A, B, C
PIN 42005-0078 (LT) Parcel 2239 SEC DPF; Mining Claim KRL 19687, Baird; Red Lake	B, C
PIN 42005-0084 (LT) Parcel 2240 SEC DPF; Mining Claim KRL 19688, Baird; Red Lake	B, C
PIN 42005-0059 (LT) Parcel 2241 SEC DPF; Mining Claim KRL 20170, Baird; Red Lake	B, C
PIN 42005-0066 (LT) Parcel 2242 SEC DPF; Mining Claim KRL 20171, Baird; Red Lake	B, C
PIN 42005-0086 (LT) Parcel 2243 SEC DPF; Mining Claim KRL 19685, Baird; Red Lake	B, C
PIN 42005-0079 (LT) Parcel 2248 SEC DPF; Mining Claim KRL 18728, Baird; Red Lake	B, C
PIN 42005-0085 (LT)	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Parcel 2249 SEC DPF; Mining Claim KRL 18729, Baird; Red Lake	
PIN 42005-0097 (LT) Parcel 2250 SEC DPF; Mining Claim KRL 18778, Baird; Red Lake	B, C
PIN 42005-0053 (LT) Parcel 2251 SEC DPF; Mining Claim KRL 19278, Baird; Red Lake	B, C
PIN 42005-0062 (LT) Parcel 2252 SEC DPF; Mining Claim KRL 19279, Baird; Red Lake	B, C
PIN 42005-0052 (LT) Parcel 2253 SEC DPF; Mining Claim KRL 19280, Baird; Red Lake	B, C
PIN 42005-0061 (LT) Parcel 2254 SEC DPF; Mining Claim KRL 19281, Baird; Red Lake	B, C
PIN 42005- 0051 (LT) Parcel 2255 SEC DPF; Mining Claim KRL 19367, Baird; Red Lake	B, C
PIN 42005-0044 (LT) Parcel 2256 SEC DPF; Mining Claim KRL 19368, Baird; Red Lake	B, C
PIN 42005-0080 (LT) Parcel 2257 SEC DPF; Mining Claim KRL 19686, Baird; Red Lake	B, C
PIN 42005-0068 (LT) Parcel 2258 SEC DPF; Mining Claim KRL 19719, Baird; Red Lake	B, C
PIN 42005-0067 (LT) Parcel 2259 SEC DPF; Mining Claim KRL 19720, Baird; Red Lake	B, C
PIN 42005-0060 (LT)	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Parcel 2260 SEC DPF; Mining Claim KRL 20169; Baird; Red Lake	
PIN 42005-0058 (LT) Parcel 2261 SEC DPF; Mining Claim KRL 20585, Baird (the west part of which was restaked and recorded as Mining Claim KRL 20585A); Baird; Red Lake	B, C
PIN 42005-0065 (LT) Parcel 2262 SEC DPF; Mining Claim KRL 20586, Baird (the west part of which was restaked as Mining Claim KRL 20586A); Baird; Red Lake	B, C
PIN 42005-0077 (LT) Parcel 2263 SEC DPF; Mining Claim KRL 20587, Baird (the west part of which was restaked and recorded as Mining Claim KRL 20587A); Baird; Red Lake	B, C
PIN 42005-0043 (LT) Parcel 2264 SEC DPF; Mining Claim KRL 20588, Baird; Red Lake	B, C
PIN 42005-0076 (LT) Parcel 2265 SEC DPF; Mining Claim KRL 21273, Baird; Kenora	B, C
PIN 42005-0075 (LT) Parcel 2266 SEC DPF; Mining Claim KRL 21274, Baird; Kenora	B, C
PIN 42005-0064 (LT) Parcel 2267 SEC DPF; Mining Claim KRL 21275, Baird; Red Lake	B, C
PIN 42005-0063 (LT) Parcel 2268 SEC DPF; Mining Claim KRL 21276, Baird; Red Lake	B, C
PIN 42005-0057 (LT) Parcel 2269 SEC DPF; Mining Claim KRL 21277, Baird; Red Lake	B, C
PIN 42005-0056 (LT) Parcel 2270 SEC DPF; Mining Claim KRL 21278, Baird; Red Lake	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42005-0042 (LT) Parcel 2271 SEC DPF; Mining Claim KRL 21280, Baird; Kenora	B, C
PIN 42005-0041 (LT) Parcel 2272 SEC DPF; Mining Claim KRL 21281, Baird; Kenora	B, C
PIN 42005-0112 (LT) Parcel 2273 SEC DPF; Mining Claim KRL 21316, Baird, excepting thereout and therefrom the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, Red Lake	B, C
PIN 42005-0095 (LT) Parcel 2274 SEC DPF; Mining Claim KRL 21317, Baird; Red Lake	B, C
PIN 42005-0096 (LT) Parcel 2275 SEC DPF; Mining Claim KRL 21318, Baird; Red Lake	B, C
PIN 42005-0083 (LT) Parcel 2276 SEC DPF; Mining Claim KRL 21378, Baird; Red Lake	B, C
PIN 42005-0098 (LT) Parcel 2434 SEC DPF; Mining Claim KRL 19684, Baird; Red Lake	B, C
PIN 42005-0113 (LT) Parcel 2435 SEC DPF; Mining Claim KRL 19788, Baird; Red Lake	B, C
SECONDLY - STARRATT NICKEL LANDS - MINERAL RIGHTS ONLY	
PIN 42005-0329 (LT) Parcel 7119 SEC DPF MRO; Mining Claims KRL 12642, KRL 12643, KRL 12644, KRL 12645, KRL 12646, KRL 12647, KRL 12648, KRL 12704, KRL 12705, KRL 12706, KRL 12858, KRL 12859, KRL 12860, KRL 12861, KRL 12862, KRL 12863, KRL 12864, KRL 12865, KRL 12866, KRL 12875, KRL 12876, KRL 12877, KRL 12878, KRL 12879, KRL 12880, KRL 12881, KRL 12882, KRL 12883, KRL 12953, KRL 12954, KRL 12955, KRL 12963, KRL 12964 and KRL 12965, Baird; Red Lake.	B, C, D, E, F

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42005-0298 (LT) Parcel 1417 SEC DPF; Mining Claim KRL 12730, Baird, except SRO as in LT73821 and LT147860; Red Lake	B, C
THIRDLY - STARRATT NICKEL LANDS - SURFACE RIGHTS ONLY	
PIN 42005-0291(LT) Parcel 1415 SEC DPF; Mining Claim KRL 12705 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except SRO Part 6, Plan 23R-8021, MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0290 (LT) Parcel 1416 SEC DPF; Mining Claim KRL 12706 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except MRO as in LT232857; Red Lake	B, C, D, E, F
PIN 42005-0297 (LT) Parcel 1423 SEC DPF; Mining Claim KRL 12704 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except SRO Part 5, Plan 23R-8021 and MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0313 (LT) Parcel 1424 SEC DPF; Mining Claim KRL 12646 Baird, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0302 (LT) Parcel 1425 SEC DPF; Mining Claim KRL 12647 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except SRO as in Parts 3, 4 and 7 on Plan 23R-8021, and except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0300 (LT) Parcel 1426 SEC DPF; Mining Claim KRL 12953 Baird, except Part 1 on Plan 23R-8021 and MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0301 (LT) Parcel 1427 SEC DPF; Mining Claim KRL 12954 Baird, reserving the SRO on and	B, C, D, E

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
over a strip of land one chain in perpendicular width along the shore of Flat Lake, except SRO Part 2, Plan 23R-8021 and except MRO as in LT232857; Red Lake	
PIN 42005-0321 (LT) Parcel 1428 SEC DPF; Mining Claim KRL 12955 Baird, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0283 (LT) Parcel 1429 SEC DPF; Mining Claim KRL 12963 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0282 (LT) Parcel 1430 SEC DPF; Mining Claim KRL 12964 Baird, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0304 (LT) Parcel 1431 SEC DPF; Mining Claim KRL 12965 Baird, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0303 (LT) Parcel 1432 SEC DPF; Mining Claim KRL 12648 Baird, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0310 (LT) Parcel 1433 SEC DPF; Mining Claim KRL 12642 Baird, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0312 (LT) Parcel 1434 SEC DPF; Mining Claim KRL 12643 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except MRO as in LT232857; Red Lake	B, C, D, E
PIN 42005-0311 (LT) Parcel 1435 SEC DPF; Mining Claim KRL 12644 Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake,	B, C, D, E

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
except MRO as in LT232857; Red Lake	
PIN 42005-0322 (LT) Parcel 1436 SEC DPF; Mining Claim KRL 12645 Baird, except MRO as in LT232857, Subject to, if enforceable, Writ of Execution No. 98-00156; Red Lake (Note: Reference to Writ of Execution No. 98-00156 to be removed from thumbnail description)	B, C, D, E
PIN 42005-0307 (LT) Parcel 1659 SEC DPF; Mining Claim KRL 12858 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0308 (LT) Parcel 1660 SEC DPF; Mining Claim KRL 12859 Baird, excepting thereout and therefrom the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0319 (LT) Parcel 1661 SEC DPF; Mining Claim KRL 12860 Baird, excepting thereout and therefrom the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0318 (LT) Parcel 1662 SEC DPF; Mining Claim KRL 12861 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0326 (LT) Parcel 1663 SEC DPF; Mining Claim KRL 12863 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0328 (LT) Parcel 1664 SEC DPF; Mining Claim KRL 12866 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0305 (LT) Parcel 1665 SEC DPF; Mining Claim KRL 12876 Baird, except MRO as in	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
LT232857; Red Lake	
PIN 42005-0314 (LT) Parcel 1666 SEC DPF; Mining Claim KRL 12880 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0323 (LT) Parcel 1667 SEC DPF; Mining Claim KRL 12881 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0306 (LT) Parcel 1668 SEC DPF; Mining Claim KRL 12875 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0316 (LT) Parcel 1669 SEC DPF; Mining Claim KRL 12878 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0317 (LT) Parcel 1670 SEC DPF; Mining Claim KRL 12879 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0324 (LT) Parcel 1671 SEC DPF; Mining Claim KRL 12882 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0325 (LT) Parcel 1672 SEC DPF; Mining Claim KRL 12883 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0327 (LT) Parcel 1673 SEC DPF; Mining Claim KRL 12862 Baird, Except MRO as in LT232857; Red Lake	B, C
PIN 42005-0309 (LT) Parcel 1674 SEC DPF; Mining Claim KRL 12864 Baird, excepting thereout and	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
therefrom the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake, except MRO as in LT232857; Red Lake	
PIN 42005-0320 (LT) Parcel 1675 SEC DPF; Mining Claim KRL 12865 Baird, except MRO as in LT232857; Red Lake	B, C
PIN 42005-0315 (LT) Parcel 1676 SEC DPF; Mining Claim KRL 12877 Baird, except MRO as in LT232857; Red Lake	B, C
FOURTHLY - MADSEN LANDS FREEHOLD	
(i) Lands Situate in the Township of Baird	
PIN 42005-0109 (LT) Parcel 1004 SEC DPF; Mining Claim KRL 12659, Baird; Red Lake	B, C
PIN 42005-0108 (LT) Parcel 1005 SEC DPF; Mining Claim KRL 12660, Baird; Red Lake	B, C
PIN 42005-0093 (LT) Parcel 1007 SEC DPF; Mining Claim KRL 5, Baird (Recorded as KRL 12667); Red Lake	B, C
PIN 42005-0092 (LT) Parcel 1010 SEC DPF; Mining Claim KRL 12921, Baird; Red Lake	B, C
PIN 42005-0082 (LT) Parcel 1011 SEC DPF; Mining Claim KRL 12922, Baird; Red Lake	B, C
PIN 42005-0073 (LT) Parcel 1012 SEC DPF; Mining Claim KRL 13024, Baird; Red Lake	B, C
PIN 42005-0104 (LT) Parcel 1015 SEC DPF; Mining Claim KRL 13, Baird (Recorded as KRL 12658); Red	B, C

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Lake	
PIN 42005-0105 (LT) Parcel 1016 SEC DPF; Mining Claim KRL 14, Baird (Recorded as KRL 12665); Red Lake	B, C
PIN 42005-0103 (LT) Parcel 1020 SEC DPF; Mining Claim KRL 12661, Baird; Red Lake	B, C
PIN 42005-0102 (LT) Parcel 1021 SEC DPF; Mining Claim KRL 12662, Baird; Red Lake	B, C
PIN 42005-0107 (LT) Parcel 1022 SEC DPF; Mining Claim KRL 12663, Baird; Red Lake	B, C
PIN 42005-0296 (LT) Parcel 1275 SEC DPF; Mining Claim KRL 12837, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake; Red Lake	B, C
PIN 42005-0289 (LT) Parcel 1276 SEC DPF; Mining Claim KRL 12836, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Faulkenham Lake; Red Lake	B, C
PIN 42005-0271 (LT) Parcel 1278 SEC DPF; Mining Claim KRL 12524, Baird; Red Lake	B, C
PIN 42005-0273 (LT) Parcel 1279 SEC DPF; Mining Claim KRL 12525, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake, except SRO as in LT73821; Red Lake	B, C
PIN 42005-0110 (LT) Parcel 1280 SEC DPF; Mining Claim KRL 12526, Baird; Red Lake	B, C

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42005-0284 (LT) Parcel 1282 SEC DPF; Mining Claim KRL 12601, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Flat Lake, except SRO as in LT73821 and Part 2, Plan 23R-8022; Red Lake	B, C
PIN 42005-0295 (LT) Parcel 1283 SEC DPF; Mining Claim KRL 12602, Baird; Red Lake	B, C
PIN 42005-0294 (LT) Parcel 1284 SEC DPF; Mining Claim KRL 12603, Baird; Red Lake	B, C
PIN 42005-0292 (LT) Parcel 1285 SEC DPF; Mining Claim KRL 12604, Baird, except SRO as in LT73821 and Part 3, Plan 23R-8022; Red Lake	B, C
PIN 42005-0293 (LT) Parcel 1286 SEC DPF; Mining Claim KRL 12605, Baird, except SRO as in LT73821; Red Lake	B, C
PIN 42005-0272 (LT) Parcel 1287 SEC. DPF; Mining Claim KRL 12638, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake, except SRO as in LT73821; Red Lake	B, C
PIN 42005-0275 (LT) Parcel 1291 SEC DPF; Mining Claim KRL 11502, Baird; Red Lake	B, C
PIN 42005-0288 (LT) Parcel 1292 SEC DPF; Mining Claim KRL 11503, Baird, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake; Red Lake	B, C
PIN 42005-0287 (LT) Parcel 1293 SEC DPF; Mining Claim KRL 11504, Baird; Red Lake	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42005-0274 (LT) Parcel 1294 SEC DPF; Mining Claim KRL 11505, Baird, except SRO as in LT73821 and SRO Part 1, Plan 23R-4608; Red Lake	B, C
PIN 42005-0286 (LT) Parcel 1296 SEC DPF; Mining Claim KRL 11507, Baird; Red Lake	B, C
PIN 42005-0285 (LT) Parcel 1297 SEC DPF; Mining Claim KRL 11508, Baird, except SRO as in LT73821, Parts 10, 11 and 12, Plan 23R-4608 and Part 1, Plan 23R-8022; Red Lake	B, C
PIN 42005-0270 (LT) Parcel 1304 SEC DPF; Mining Claim KRL 12529, Baird; Red Lake	B, C
PIN 42005-0119 (LT) Parcel 3578 SEC DPF MRO; Mining Claim KRL 12522, Baird; Part Mining Claim KRL 12527, Baird, as in LT58006; Red Lake	B, C
PIN 42005-0070 (LT) Parcel 4271 SEC DPF MRO; Part Mining Claim KRL 36016, Baird, not covered by the waters of Russet Lake; Red Lake	B, C
PIN 42005-0071 (LT) Parcel 4272 SEC DPF MRO; Mining Claim KRL 36017, Baird; Red Lake	B, C
PIN 42005-0072 (LT) Parcel 4273 SEC DPF MRO; Mining Claim KRL 36018, Baird, not covered by the waters of Russet Lake; Red Lake	B, C
PIN 42005-0081 (LT) Parcel 4274 SEC DPF MRO; Part Mining Claim KRL 36019, Baird, not covered by the waters of Russet Lake; Red Lake	B, C
PIN 42005-0090 (LI) Parcel 4275 SEC DPF MRO; Mining Claim KRL 38091, Baird, not covered by the	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
waters of Russet Lake; Red Lake	
PIN 42005-0091 (LT) Parcel 4276 SEC DPF MRO; Mining Claim KRL 38092, Baird; Red Lake	B, C
PIN 42005-0089 (LT) Parcel 4277 SEC DPF MRO; Part Mining Claim KRL 38094, Baird, not covered by the waters of Russet Lake; Red Lake	B, C
PIN 42005-0120 (LT) Parcel 5259 SEC DPF; Mining Claims KRL 12523 and KRL 12522 excepting thereout and therefrom that portion of the above parcel transferred to Her Majesty the Queen in Right of Canada under Transfer LT58006; Mining Claim KRL 12521 excepting thereout and therefrom that portion of the Surface Rights (as to seventhly), vested in Her Majesty the Queen in Right of Ontario under LT73821; Mining Claim KRL 11509, Baird, amended by LT138124, excepting thereout and therefrom that portion of the Surface Rights of the above parcel vested in Her Majesty the Queen in Right of the Province of Ontario under LT73821; Mining Claim KRL 11506 excepting thereout and therefrom that portion of the Surface Rights of the above parcel vested in Her Majesty the Queen in Right of the Province of Ontario under LT73821; Mining Claim KRL 12527, Baird, excepting thereout and therefrom that portion of the above parcel transferred to Her Majesty the Queen in Right of Canada under Transfer LT58006 and except Part 1, Plan 23R-10828 SRO; Mining Claim KRL 12528, Baird, except SRO as in Plan 23R-5427 Parts 5, 14 to 20 the SRO on and over a strip of land one chain in perpendicular width along the shore of Ross Lake, subject to an Easement over Parts 9, 11 and 23, Plan 23R-5427 as in LT123741, as amended by LT155422; Subject to LT123745, Baird; Red Lake	B, C, G, H
(ii) Lands Situate in the Township of Heyson	
PIN 42010-0104 (LT) Parcel 1008 SEC DPF; Mining Claim KRL 12668, Heyson; Red Lake	B, C
PIN 42010-0102 (LT) Parcel 1009 SEC DPF; Mining Claim KRL 12669, Heyson, being land and land covered with the water of part of a lake within the limits of this Mining Claim; Red Lake	B, C
PIN 42010-0103 (LT)	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Parcel 1023 SEC DPF; Mining Claim KRL 12666, Heyson, being land and land covered with the water of part of a small lake within the limits of this Mining Claim; Red Lake	
PIN 42010-0141 (LT) Parcel 1288 SEC DPF; Mining Claim KRL 12639, Heyson, except SRO as in LT73822; Red Lake	B, C
PIN 42010-0108 (LT) Parcel 1289 SEC DPF; Mining Claim KRL 12640, Heyson, being land and land covered with the water of part of Faulkenham Lake within the limits of this Mining Claim, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake; Red Lake	B, C
PIN 42010-0142 (LT) Parcel 1290 SEC DPF; Part Mining Claim KRL 12641, Heyson, except SRO as in LT73822; Red Lake	B, C
PIN 42010-0109 (LT) Parcel 1302 SEC DPF; Mining Claim KRL 12838, Heyson, being land and land covered with the water of Faulkenham Lake within the limits of this Mining Claim, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake; Red Lake	B, C
PIN 42010-0111 (LT) Parcel 1520 SEC DPF; Mining Claim KRL 1189, Heyson (Recorded as KRL 12677) except SRO as in LT73822; Red Lake	B, C
PIN 42010-0105 (LT) Parcel 1521 SEC DPF; Mining Claim KRL 1190, Heyson (Recorded as KRL 12676) except SRO as in LT73822; Red Lake	B, C
PIN 42010-0106 (LT) Parcel 1522 SEC DPF; Mining Claim KRL 1191, Heyson (Recorded as KRL 12673) except SRO as in LT73822; Red Lake	B, C
PIN 42010-0112 (LT)	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Parcel 1525 SEC DPF; Mining Claim KRL 12678, Heyson, except SRO as in LT73822; Red Lake	
PIN 42010-0115 (LT) Parcel 1526 SEC DPF; Mining Claim KRL 12679, Heyson, being land and land covered with the water of Faulkenham Lake within the limits of this Mining Claim, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Faulkenham Lake, except SRO Part 21, Plan 23R-4628 and SRO as in LT73822; Red Lake	B, C
PIN 42010-0113 (LT) Parcel 1527 SEC DPF; Mining Claim KRL 12680, Heyson, being land and land covered with the water of Faulkenham Lake within the limits of this Mining Claim, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Faulkenham Lake; Red Lake	B, C
PIN 42010-0110 (LT) Parcel 1528 SEC DPF; Mining Claim KRL 12681, Heyson, being land and land covered with the water of Faulkenham Lake within the limits of this Mining Claim, reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake; Red Lake	B, C
PIN 42010-0114 (LT) Parcel 1529 SEC DPF; Mining Claim KRL 12682, Heyson, being land and land covered with the water of Faulkenham Lake within the limits of this Mining Claim, reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Faulkenham Lake; Red Lake	B, C
Remainder PIN 42010-0107 (LT) Parcel 1530 SEC DPF; Mining Claim KRL 12683, Heyson, except SRO Part 22, Plan 23R-4628 and SRO as in LT73822; Red Lake	B, C
PIN 42010-0116 (LT) Parcel 1531 SEC DPF; Mining Claim KRL 12684, Heyson, except SRO Parts 19 and 20, Plan 23R-4628 and SRO as in LT73822; Red Lake	B, C
PIN 42010-0096 (LT) Parcel 1615 SEC DPF; Mining Claim K 1456, Heyson (Recorded as KRL 12759)	B, C

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
except SRO as in LT73822; Red Lake	
PIN 42010-0095 (LT) Parcel 1616 SEC DPF; Mining Claim K 1457, Heyson (Recorded as KRL 12758); Red Lake	B, C
PIN 42010-0125 (LT) Parcel 1617 SEC DPF; Mining Claim KRL 12764, Heyson; Red Lake	B, C
PIN 42010-0124 (LT) Parcel 1618 SEC DPF; Mining Claim KRL12765, Heyson; Red Lake	B, C
PIN 42010-0121 (LT) Parcel 1619 SEC DPF; Mining Claim KRL 12766, Heyson; Red Lake	B, C
PIN 42010-0119 (LT) Parcel 1625 SEC DPF; Mining Claim KRL 5447, Heyson (Recorded as KRL 12760); Red Lake	B, C
PIN 42010-0118 (LT) Parcel 1629 SEC DPF; Mining Claim KRL 19223, Heyson, except SRO as in LT73822; Red Lake	B, C
PIN 42010-0117 (LT) Parcel 1630 SEC DPF; Mining Claim KRL 19224, Heyson; Red lake	B, C
PIN 42010-0122 (LT) Parcel 1631 SEC DPF; Mining Claim KRL 19225, Heyson; Red Lake	B, C
PIN 42010-0123 (LT) Parcel 1632 SEC DPF; Mining Claim KRL 19226, Heyson; Red Lake	B, C
PIN 42010-0100 (LT) Parcel 1633 SEC DPF; Mining Claim KRL 16672, Heyson, except SRO as in	B, C

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
LT73822; Red Lake	
PIN 42010-0120 (LT) Parcel 1634 SEC DPF; Part Mining Claim KRL 16673, Heyson, except SRO Part 14, 15 and 16, 23R4628 and SRO as in LT73822; Red Lake	B, C
PIN 42010-0146 (LT) Parcel 1792 SEC DPF; Mining Claim KRL 19247, Heyson, excepting thereout and therefrom the SRO on and over the travelled road crossing said claim, except SRO in LT73772; Red Lake	B, C
PIN 42010-0145 (LT) Parcel 1793 SEC DPF; Mining Claim KRL 19248, Heyson; Red Lake	B, C
PIN 42010-0144 (LT) Parcel 1794 SEC DPF; Mining Claim KRL 19249, Heyson; Red Lake	B, C
PIN 42010-0143 (LT) Parcel 1795 SEC DPF; Mining Claim KRL 19250, Heyson; Red Lake	B, C
PIN 42010-0140 (LT) Parcel 1796 SEC DPF; Mining Claim KRL 19251, Heyson; Red Lake	B, C
PIN 42010-0139 (LT) Parcel 1797 SEC DPF; Mining Claim KRL 19252, Heyson; Red Lake	B, C
PIN 42010-0138 (LT) Parcel 1798 SEC DPF; Mining Claim KRL 19253, Heyson; Red Lake	B, C
PIN 42010-0137 (LT) Parcel 1799 SEC DPF; Mining Claim KRL 19254, Heyson; Red Lake	B, C
PIN 42010-0136 (LT) Parcel 1800 SEC DPF; Mining Claim KRL 19306, Heyson; Red Lake	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42010-0135 (LT) Parcel 1801 SEC DPF; Mining Claim KRL 19307, Heyson; Red Lake	B, C
PIN 42010-0134 (LT) Parcel 1802 SEC DPF; Mining Claim KRL 19308, Heyson; Red Lake	B, C
PIN 42010-0128 (LT) Parcel 1803 SEC DPF; Mining Claim KRL 19430, Heyson, being land and land covered with the water of part of an unnamed lake within the limits of this Mining Claim; Red Lake	B, C
PIN 42010-0133 (LT) Parcel 1821 SEC DPF; Mining Claim KRL 19309, Heyson, being land and land covered with the water of part of an unnamed lake within the limits of this Mining Claim; Red Lake	B, C
PIN 42010-0132 (LT) Parcel 1822 SEC DPF; Mining Claim KRL 19310, Heyson, being land and land covered with the water of part of an unnamed lake within the limits of this Mining Claim; Red Lake	B, C
PIN 42010-0131 (LT) Parcel 1823 SEC DPF; Mining Claim KRL 19311, Heyson, being land and land covered with the water of part of an unnamed lake within the limits of this Mining Claim; Red Lake	B, C
PIN 42010-0130 (LT) Parcel 1824 SEC DPF; Mining Claim KRL 19312, Heyson; Red Lake	B, C
PIN 42010-0129 (LT) Parcel 1825 SEC DPF; Mining Claim KRL 19313, Heyson; Red Lake	B, C
PIN 42010-0126 (LT) Parcel 1826 SEC DPF; Mining Claim KRL 19428, Heyson; Red Lake	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42010-0127 (LT) Parcel 1827 SEC DPF; Mining Claim KRL 19429, Heyson, being land and land covered with the water of part of an unnamed lake within the limits of this Mining Claim; Red Lake	B, C
(iii) Lands in Both the Townships of Baird and Heyson	
PIN 42005-0094 (LT) Parcel 1006 SEC DPF; Mining Claim KRL 4, Baird/Heyson (Recorded as KRL 12664); Red Lake	B, C
PIN 42005-0111 (LT) Parcel 1523 SEC DPF; Mining Claim KRL 1192, Baird/Heyson (Recorded as KRL 12674), reserving the SRO on and over a strip of land one chain in perpendicular width along the shore of Faulkenham Lake; Red Lake	B, C
PIN 42005-0106 (LT) Parcel 1524 SEC DPF; Mining Claim KRL 15, Baird/Heyson (Recorded as KRL 12675), reserving the SRO on and over a strip of land one chain in perpendicular width along the shores of Faulkenham Lake; Red Lake	B, C
FIFTHLY - LEASEHOLD LANDS	
Firstly: PIN 42010-0006 (LT) Parcel 435 SEC DPL MRO; Mining Claims KRL 47990, 47991, 47992, 47993, 47994, 47995 and 47996, Heyson; Red Lake	B, C, I
Secondly: PIN 42010-0168 (LT) Parcel 455 SEC DPL; Mining Claim KRL 51018 composed of the land and land under the waters of part of the unnamed lake; saving and excepting thereout and therefrom the SRO on and over a strip of land along the shores of the unnamed lake and which said strip of land is bounded by the high water mark of the unnamed lake and by a line, every point of which is distant 400 feet from the nearest point in the said high water mark, containing an area of 22.87 acres, more of less; Mining Claim KRL 51019 saving and excepting thereout and therefrom the SRO on and over a strip of land along the shores of the unnamed lake and which said strip of land is bounded by the high water mark of the unnamed lake and by a line, every point of which is distant 400 feet from the nearest point in the said high water mark, containing an area of 6.38 acres, more or less; Mining Claim KRL 51020 composed of land and land under the waters	B, C, J

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
of part of an unnamed lake; saving and excepting thereout and therefrom the SRO on and over a strip of land along the shores of an unnamed lake and which said strip of land is bounded by the high water mark of the unnamed lake and by a line, every point of which is distant 400 feet from the nearest point in the said high water mark, containing an area of 8.40 acres, more or less; Mining Claim KRL 51021 saving and excepting thereout and therefrom the SRO on and over a strip of land along the shores of Killoran Lake and an unnamed lake and which said strip of land is bounded by the high water mark of Killoran Lake and the unnamed lake and by a line, every point of which is distant 400 feet from the nearest point in the said high water mark, containing an area of 0.16 acres, more or less, Heyson; Red Lake	
Secondly: PIN 42010-0169 (LT) Parcel 455 SEC DPL; Mining Claim KRL 50992; Mining Claim KRL 50993 saving and excepting thereout and therefrom the SRO only on and over a strip of land along the shores of the unnamed lake and which said strip of land is bounded by the high water mark of the unnamed lake and by a line, every point of which is distant 400 feet from the nearest point in the said high water mark, containing an area of 15.24 acres, more or less, Heyson; Red Lake	B, C, J
Hagar Lands: PIN 42005-0069 (LT) Parcel 560 SEC DPL; Mining Claims KRL 51290, KRL 51289, KRL 51288 and KRL 51287 being Parts 1, 2, 3 and 4, Plan 23R-3834, Baird; Red Lake.	B, C, K, L
UNPATENTED MINING CLAIMS	
KRL 1184231	B, C
KRL 1184902	B, C
KRL 1184229	B, C

2. JAEL LANDS

We have reviewed the Parcel Registers for certain lands owned by Claude known as the Jael Lands. We have limited our due diligence to a review of the Parcel Registers that were obtained from the Kenora Land Registry Office (No. 23) on November 20, 2013. We have not examined any surveys, reference plans or crown patents, made any off-title inquiries nor conducted any searches of adjoining lands to confirm compliance with the *Planning Act* (Ontario).

The specific encumbrances registered against title to each parcel comprising the Jael Lands have been listed below. The letters referenced in the Encumbrance column of the chart correspond to the specific encumbrances listed in Schedule "A":

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
FIRSTLY	
PIN 42010-0150 (LT) Parcel 6108 MRO, DPF. Mining Claims K.1423, K.1424, K.1425, K.1426, K.1427, K.1428, K.1429, K.1430, K.1431, K.1432, K.1433, K.1434, K.1435, K.1436, K.1437, K.1438, K.1439, K.1440, K.1441, K.1474, 1C1475, K.1585, K.1586, IC1587, K.1588, K.1589, Heyson EXCEPTING thereout and therefrom the Mining Rights of those parts of Mining Claim K.1427 being designated as Parts 1 and 2 as shown on a Plan of Survey of record in the Land Registry Office for the District of Kenora at Kenora, as Plan 23R-4628, and being further designated as Parts 1 and 2 on Plan D-47; EXCEPTING thereout and therefrom the Mining Rights of those parts of Mining Claim K.1431 being designated as Parts 3 and 4 as shown on a Plan of Survey of record in the Land Registry Office for the District of Kenora at Kenora, as Plan 23R-4628, and being further designated as Parts 3 and 4 on Plan D-47 EXCEPTING thereout and therefrom the Mining Rights of those parts of Mining Claim K.1433 being designated as Parts 5 and 7 as shown on a Plan of Survey of record in the Land Registry Office for the District of Kenora at Kenora, as Plan 23R-4628, being further designated as Parts 5 and 6 on Plan D-47 EXCEPTING thereout and therefrom the Mining Rights of those parts of Mining Claim K.1435, being designated as Parts 9, 10, 11, 12 and 13 as shown on a Plan of Survey of record in the Land Registry Office for the District of Kenora at Kenora, as Plan 23R4628, being further designated as Parts 7, 8, 9, 10 and 11 on Plan D-47; Red Lake	B, C, M
SECONDLY - SRO	
PIN 42010-0163 (LT) Parcel 256 SEC DPF SRO; Mining Claim K 1585 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0154 (LT) Parcel 353 SEC DPF; Mining Claim K 1433 Heyson EXCEPTING SRO as in Instrument No. LT73772, SRO Parts 5 and 6, Plan D-47 and MRO as in Instrument	B, C, M, N, O, P, Q

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
No. LT154319; Red Lake	
PIN 42010-0158 (LT) Parcel 354 SEC DPF SRO; Mining Claim K 1434 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Subject to LT30315 as transferred by LT31498; Red Lake	B, C, M, N, Q
PIN 42010-0149 (LT) Parcel 355 SEC DPF; Mining Claim K 1435 Heyson; EXCEPTING SRO as in Instrument No. LT73772, SRO Parts 7, 8, 9, 10 and 11, Plan D-47 and MRO as in Instrument No. LT154319; Subject to LT30315 as transferred by LT31498; Red Lake	B, C, M, N, O, P, Q
PIN 42010-0159 (LT) Parcel 356 SEC DPF SRO; Mining Claim K 1436 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0161 (LT) Parcel 357 SEC DPF SRO; Mining Claim K 1437 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0160 (LT) Parcel 358 SEC DPF SRO; Mining Claim K 1438 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0099 (LT) Parcel 360 SEC DPF SRO; Mining Claim K 1475 Heyson; EXCEPTING Instrument No. LT73772; Subject to LT30315 as transferred by LT31498; Red Lake	B, C, M, N, Q
PIN 42010-0166 (LT) Parcel 361 SEC DPF SRO; Mining Claim K 1586 Heyson EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0167 (LT) Parcel 362 SEC DPF SRO; Mining Claim K 1587 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42010-0164 (LT) Parcel 363 SEC DPF SRO; Mining Claim K 1588 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0165 (LT) Parcel 364 SEC DPF SRO; Mining Claim K 1589 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0028 (LT) Parcel 1351 SEC DPF SRO; Mining Claim K 1423 Heyson; EXCEPTING Part 2, Plan 23R-5056; Red Lake	B, C
PIN 42010-0064 (LT) Parcel 1352 SEC DPF SRO; Mining Claim K 1424 Heyson; EXCEPTING as in Instrument No. LT73772, Parts 1, 2, 3, 4, 5, 6, 7 & 8, Plan 23R-4435, Part 3, Plan 23R-4713, Parts 1, 2, 3, 4, 5, 7, 9, 16, 17, 18 and 21, Plan 23R-5146 and Part 6, Plan 23R-5145; Red Lake	B, C
PIN 42010-0065 (LT) Parcel 1353 SEC DPF SRO; Mining Claim K 1425 Heyson being land and land covered with the waters of part of Clara Lake lying within the limits of this Mining Claim; EXCEPTING as in Instrument No. LT73772, Parts 1 and 2 Plan 23R-4713, Parts 6, 8, 10 to 15, 22, 23, 24 and 25 Plan 23R-5146, Except Parts 2, 4 and 5 Plan 23R-5145; RESERVING the SRO on and over a strip of land one chain in perpendicular width along the shore of Clara Lake; Red Lake	B, C
PIN 42010-0068 (LT) Parcel 1353 SEC DPF SRO; Mining Claim K 1425 Heyson Part 2, Plan 23R5145; being land and land covered with the waters of part of Clara Lake lying within the limits of this Mining Claim; RESERVING the SRO on and over a strip of land one chain in perpendicular width along the shore of Clara Lake; Red Lake	B, C
PIN 42010-0063 (LT) Parcel 1354 SEC DPF SRO; Mining Claim K 1426 Heyson; EXCEPTING Part 5, Plan 23R-5056; Red Lake	B, C
PIN 42010-0007 (LT)	B, C, O, P

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Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
Parcel 1355, SEC DPF SRO; Mining Claim K 1427 Heyson; EXCEPTING SRO Parts 1 and 2, Plan D-47, SRO Part 3, Plan 23R-5145, SRO as in Instrument No. LT73772 and MRO as in Instrument No. LT54319; Red Lake	
PIN 42010-0062 (LT) Parcel 1356 SEC DPF SRO; Mining Claim K 1428 Heyson; Red Lake	B, C
PIN 42010-0078 (LT) Parcel 1357 SEC DPF SRO; Mining Claim K 1429 Heyson; Red Lake	B, C
PIN 42010-0157 (LT) Parcel 1358 SEC DPF SRO; Mining Claim K 1430 Heyson; EXCEPTING MRO as in Instrument No. LT154319; Red Lake	B, C
PIN 42010-0008 (LT) Parcel 1359, SEC DPF SRO; Mining Claim K 1431 Heyson; EXCEPTING SRO as in Instrument No. LT73772, SRO Parts 3 and 4, Plan D-47, MRO as in Instrument No, LT154319 and SRO Parts 3 and 4, Plan 23R-5182; Red Lake	B, C, O, P
PIN 42010-0085 (LT) Parcel 1360 SEC DPF SRO; Part Mining Claim K 1432 Heyson being land and land covered with the water of part of Bobs Lake within the limits of this Mining Claim; RESERVING the SRO on and over a strip of land one chain in perpendicular width along the shore of Bobs Lake; EXCEPTING Parts 1 and 2, Plan 23R-5182; Red Lake	B, C
PIN 42010-0090 (LT) Parcel 1361 SEC DPF SRO; Mining Claim K 1439 Heyson being land and land covered with the water of part of Clara Lake within the limits of this Claim; RESERVING the SRO on and over a strip of land one chain in perpendicular width along the shore of Clara Lake; Red Lake	B, C
PIN 42010-0091 (LT) Parcel 1362 SEC DPF SRO; Mining Claim K 1440 Heyson being land and land covered with the water of part of Clara Lake within the limits of this Claim; RESERVING the SRO on and over a strip of land one chain in perpendicular width along the shore of Clara Lake; Red Lake	B, C

Property Identification Number (PIN) and Legal Property Description	Encumbrance(s) (See Schedule "A" for description)
PIN 42010-0092 (LT) Parcel 1363 SEC DPF SRO; Mining Claim K 1441 Heyson, being land and land covered with the water of part of Clara Lake within the limits of this Mining Claim; RESERVING the SRO on and over a strip of land one chain in perpendicular width along the shore of Bobs Lake; Red Lake	B, C

We have not reviewed the lands described in Mining Licence of Occupation No. 13528, consisting of 92.656 acres, more or less, in the Township of Baird, District of Kenora (Patricia Portion) covering, among other mining claims, Mining Claim KRL 38093. We require a copy of this Licence of Occupation in order to be able to complete any due diligence on the underlying lands.

Further, we have not reviewed the real property associated with Mining Claims KRL 21316A, KRL 11509A, KRL 12527A, KRL 12642A, KRL 12643A, KRL 12644A, KRL 12881A and KRL 12882A as we were unable to find information on these claims on the online Mining Claims Database administered by Ontario's Ministry of Northern Development and Mines.

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SCHEDULE "A"

INDEX OF SPECIFIC ENCUMBRANCES

	Description of Title Encumbrance
A	Notice registered as Instrument No. LT53683 on February 22, 1956 from the Deputy Minister of Mines to the Local Master of Titles giving notice of liability to taxation in respect of the lands and mining rights pursuant to Section 215 of *The Mining Act*
B	Charge registered as Instrument No. KN52647 on April 5, 2013 from Claude in favour of Canadian Western Bank in the amount of $35,000,000.00
C	Charge registered as Instrument No. KN52649 on April 5, 2013 from Claude in favour of Norrep Credit Opportunities Fund Inc. in the amount of $25,000,000.00
D	Mechanics Lien registered as Instrument No. LT66498 on May 17, 1961 by Charles Donaldson charging the lands in the amount of $477.20 (claim for diamond drilling) and $30.00 (lien cost) pursuant to *The Mechanics' Lien Act*
E	Mechanics Lien registered as Instrument No. LT66499 on May 17, 1961 by Clarence Lindsay charging the lands in the amount of $370.00 (claim for diamond drilling) and $30.00 (lien cost) pursuant to *The Mechanics' Lien Act*
F	Order registered as Instrument No. LT151980 on March 29, 1982 being a restricted area order made under the *Planning Act* prohibiting the erection of any building or structure on the lands for human habitation and prohibiting any use of the lands or erection of buildings or structures except diamond drilling and buildings and structures accessory thereto
G	Transfer of Easement registered as Instrument No. LT123741 on May 30, 1977 in favour of Madsen Community Association Inc. over a portion of the lands for the purpose of permitting the transferee (and its successors and assigns) to discharge sanitary sewage effluent and storm water into, across and along such lands
H	Transfer of Easement registered as Instrument No. LT123745 on May 30, 1977 in favour of Ontario Hydro and Bell Canada over a portion of the lands for the purpose of constructing, repairing, replacing, inspecting, operating and maintaining their respective lines of telephone, telegraph and telecommunication and electric power transmission and service wires
I	Notice of Renewal of Crown Lease registered as Instrument No. LT240301 on June 26, 1995 in favour of Madsen Gold Corp. with respect to the Crown Mining Lease (Mining Rights Only) registered as Instrument No. LE2990 on March 28, 1972
J	Notice of Renewal of Crown Lease registered as Instrument No. LT240302 on June 26, 1995 in favour of Madsen Gold Corp. with respect to the Crown Mining Lease registered as Instrument No. LT109229 on March 28, 1974
K	Notice of Renewal of Crown Lease registered as Instrument No. LT263288 on December 16, 1998 in favour of Madsen Gold Corp. with respect to the Crown Mining Lease registered as

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	Instrument No. LT123519 on May 12, 1977
L	Notice of an Option to Purchase Land registered as Instrument No. LT233411 on June 9, 1994 granting an option in favour of Madsen Gold Corp. to purchase four unpatented mining client and four mining leases
M	Vesting Order registered as Instrument No. LT30315 on February 9, 1938 granting Madsen Red Lake Gold Mines Limited the right to enter on a Right of Way 100 feet wide, being 50 feet in perpendicular width across Mining Claims K 1425, K 1430, K 1433, K 1434, K 1435, K1474 and K 1475, for the purpose of transmitting electricity
N	Transfer of Easement registered as Instrument No. LT31498 on August 7, 1939 in favour of the Hydo-Electric Power Commission of Ontario over a right-of-way one hundred feet wide for the purpose of transmitting electricity across Mining Claims K 1476, K 1475, K 1474, K 1435, K 1433, K 1434, K 1430, K 1425, K 1378, K 1377, K 1376 and K 1367, Township of Heyson in the District of Kenora, which easement is registered as Parcel 1143
O	Declaration of Abandonment registered as Instrument No. LT161541 on October 25, 1983 by the Minister of Transportation and Communications of part of Mining Claims K 1427, K 1431, K 1433 and K 1435 designated as Parts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 on Expropriation Plan D47 registered March 13, 1980 (Affects Mining Claims K 1433, K 1435, K 1427 and K 1431 only)
P	Declaration of Service registered as Instrument No. LT162033 on November 18, 1983 by Robert W. Belle, Title Processing Supervisor for the Ministry of Transportation and Communications regarding Declaration of Abandonment (Instrument No. LT161541 registered on October 25, 1983, affecting Mining Claims K 1433, K 1435, K 1427 and K 1431 only)
Q	Land Registrar's Order registered as Instrument No. LT303037 on February 15, 2005 ordering the closure of Parcel 1143DPF and entering Transfer of Easement No. 30315 on Parcels 4, 5, 6, 49, 353, 354, 355, 360 and 869

Title of Sabina Gold & Silver Corp. to the Lands defined below.

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memorandum

To: Laurentian Goldfields Ltd.

From: **McMillan LLP**

Date: February 12, 2014

File: Madsen Gold Project (223726)

Subject: Title to Certain Real Property Owned by Sabina Gold & Silver Corp. and Mega Precious Metals Inc.

We have reviewed the Parcel Registers for certain lands owned by Sabina Gold & Silver Corp. ("**Sabina**") and Mega Precious Metals Inc. ("**Mega**") known as the Newman Madsen Property. We have limited our due diligence to a review of the Parcel Registers that were obtained from the Kenora Land Registry Office (No. 23) on February 4, 2014. We have not examined any surveys, reference plans or crown patents, made any off-title inquiries nor conducted any searches of adjoining lands to confirm compliance with the *Planning Act* (Ontario).

We confirm that all lands comprising the Newman Madsen Property are freehold. The specific encumbrances registered against title to each parcel comprising the Newman Madsen Property are listed below. The letters referenced in the Encumbrance column of the chart correspond to the specific encumbrances listed in Schedule "A":

Claim Number	Property Identification Number (PIN)	Registered Owner	Encumbrance(s) (See Schedule "A" for description)
KRL 13060 - MR & SR	42010-0059	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13061 - MR & SR	42010-0083	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13062 - MR & SR	42010-0084	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13069 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13241 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13242 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13243 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13244 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J,

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Claim Number	Property Identification Number (PIN)	Registered Owner	Encumbrance(s) (See Schedule "A" for description)
			K
KRL 13255 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13554 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13559 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13660 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13068 - MR & SR	42010-0094	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13082 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13083 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13084 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13254 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13475 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13476 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 13477 - MR & SR	42010-0058	Sabina	A, B, C, D, E, F, G, H, I, J, K
KRL 407 - MR & SR	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 408 - MRO	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 456 - MRO	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
	42010-0357	Mega	K

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Claim Number	Property Identification Number (PIN)	Registered Owner	Encumbrance(s) (See Schedule "A" for description)
KRL 457 - MR & SR			
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 458 - MRO	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 459 - MRO	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 460 - MRO	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 461 – MRO	42010-0357	Mega	K
	42010-0363	Mega	K
	42010-0364	Sabina	J, K
KRL 1444 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1445 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M

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Claim Number	Property Identification Number (PIN)	Registered Owner	Encumbrance(s) (See Schedule "A" for description)
KRL 1446 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1447 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1448 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1449 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K L, M
KRL 1450 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1451 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M

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Claim Number	Property Identification Number (PIN)	Registered Owner	Encumbrance(s) (See Schedule "A" for description)
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1452 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M
KRL 1476 - MR & SR	42010-0361	Mega	K
	42010-0362	Sabina	J, K, L, M
	42010-0359	Mega	K
	42010-0360	Sabina	J, K, L, M

Copies of the Parcel Registers for the Newman Madsen Property are attached hereto as Schedule "B".

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SCHEDULE "A"

INDEX OF SPECIFIC ENCUMBRANCES

	Description of Title Encumbrance
A	Charge registered as Instrument No. LT287469 on November 27, 2002 from Wolfden Resources Inc. in favour of Newmont Canada Limited in the amount of $150,000.00
B	Notice of a Royalty Agreement registered as Instrument No. LT287470 on November 27, 2002 by Newmont Canada Limited with respect to a Royalty Agreement made with Wolfden Resources Inc. effective September 30, 2002
C	Charge registered as Instrument No. LT287573 on December 2, 2002 from Wolfden Resources Inc., in favour of Newmont Canada Limited in the amount of $150,000.00
D	Notice of a Royalty Agreement registered as Instrument No. LT287574 on December 2, 2002 by Newmont Canada Limited with respect to a Royalty Agreement made with Wolfden Resources Inc. effective September 30, 2002
E	Notice of an Assignment of Interest registered as Instrument No. LT295128 on February 2, 2002 with respect to an assignment by Newmont Canada Limited to Newmont Mining Corporation of Canada Limited of the Royalty Agreement registered as Instrument No. LT287574 on December 2, 2002
F	Notice of an Assignment of Interest registered as Instrument No. KN16536 on December 19, 2007 with respect to an assignment by Newmont Canada Limited to Newmont Mining Corporation of Canada Limited of the Royalty Agreement registered as Instrument No. LT287470 on November 27, 2002
G	Notice of an Assignment of Interest registered as Instrument No. KN16539 on December 19, 2007 with respect to an assignment by Newmont Mining Corporation of Canada Limited to Franco-Nevada Canada Corporation of (i) the Royalty Agreement registered as Instrument No. LT287470 on November 27, 2002, as assigned by Instrument No. KN16536 on December 19, 2007; and (ii) the Royalty Agreement registered as Instrument No. LT287574 on December 2, 2002, as assigned by Instrument No. LT295128 on February 2, 2002
H	Application to Change Name-Instrument registered as Instrument No. KN19140 on May 9, 2008 with respect to the applicant's name on the Notice of an Assignment of Interest registered as Instrument No. KN16539 on December 19, 2007 to Franco-Nevada Corporation following an amalgamation with Franco-Nevada Canada Corporation
I	Notice of Change of Address For Service-Instrument registered as Instrument No. KN21309 on August 21, 2008 with respect to a change of address for Franco-Nevada Corporation on Instrument No. KN16539, registered on December 19, 2007, and Instrument No. KN19140, registered on May 9, 2008
J	Application to Change Name-Owners registered as Instrument No. KN31675 on February 9, 2010 with respect to the registered property owner's name change to Sabina Gold & Silver

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	Corp. following a change of corporate name authorized under A Certificate of Change of Name Number BC0069881 pursuant to the *Business Corporations Act* (British Columbia) dated October 27, 2009
K	Notice registered as Instrument KN45330 on February 15, 2012 by Premier Gold Mines Limited declaring an unregistered estate, right, interest or equity in the property
L	Vesting Order registered as Instrument No. LT30315 on February 9, 1938 granting Madsen Red Lake Gold Mines the right to enter on a right-of-way to erect electrical transmission and telephone lines
M	Transfer of Easement registered as Instrument No. LT31498 on August 7, 1939 from Madsen Red Lake Gold Mines, Limited to The Hydro-Electric Power Commission with respect to the right to enter on a right-of-way to construct and maintain a transmission line for the purposes of transmitting electricity

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SCHEDULE "B"

PARCEL REGISTERS

APPENDIX B

Environmental Liabilities:
Historic and Abandoned Mine Workings and Status
(Micon 2009)

Location	Description	AMIS Status[1]	Current Status and Comment
Madsen Mine		**AMIS Site ID: 03879**	
	Crown Pillar	-	Government Order to complete the crown pillar assessment recommended by AMEC in the 2003 preliminary study.
	Mine Openings	Shaft – 3-compartment, vertical shaft. Historical records indicate Madsen #2 shaft on KRL11505 to a depth of 573 ft (1935-36). Five levels, first at 100 ft, remainder at 112-ft intervals. Total drifting 2,381 ft and 675 ft of crosscutting. The initial 3 compartment shaft was then slashed out to 5 compartments and deepened to a depth of 4,176 ft with 24 levels, first at 200 ft then at 150-ft intervals except between levels 11 and 12 which is 200 ft and some other levels. Total drifting 169,860 ft and crosscutting of 32,203 ft. 7 raises identified, either filled or capped.	Some raises have permanent concrete caps. Other caps are not permanent (i.e. timber caps inside utility buildings as the company envisions that they might be used if production was to re-start at the mine.
	Waste Rock	-	-
	Buildings and Foundations	Shaft and headframe buildings are in poor condition., Pits and trenches (non hazardous).	Shaft and headframe currently in use. The mill buildings, and mill equipment, are under care and maintenance and the building contains the current mine offices. Some utility building in use. Other buildings are in poor condition) and the company has plans to demolish them. Tailings pond in use for mine dewatering project. Pond is maintained and regularly samples., pits and trenches (non hazardous). One building is known to have ceiling tiles containing asbestos. The extent of asbestos in the various buildings is not known but will need to be considered for building removal.
	Sewage Effluent	Madsen town sewage is being dumped in the tailings.	-
	Tailings	Historical records indicate mill commenced operations with a 300 t/d mill, later increased to 800 t/d.	-
Madsen #1		**AMIS Site ID: 03929**	
	Mine Opening	Located on the east shore of High Lake on claims KRL11504 and KRL11505.	Shaft is capped and fenced. The shaft likely requires re-capping.
		The 1993 survey reports capped shaft and buried decline, concrete of cap is poor grade and deteriorating. 1993 survey - capped shaft reported to be 175 m deep. The shaft is well capped but overgrown. 1993 assessment - capped manway and vent raise. The concrete cap over the raise is of poor grade and deteriorating. Level plans indicate workings on 30 and 152 m level.	

Location	Description	AMIS Status[1]	Current Status and Comment
	Trenching	27 trenches cut along No.1 vein for a length of 254 m, non-hazardous.	Trenching is backfilled with mine waste.
	Waste Rock	Waste rock pile blocks the entrance road.	Waste rock piles on slopes and at the boat launch on High Lake.
	Garbage	-	Garbage has been dumped at a few sites along the access roads.
Madsen #2 Vein		**AMIS Site ID: 02884**	
	Mine Openings	Shaft – 1-compartment,vertical shaft. Located approximately 200 m north of the Madsen No.1 Shaft on the east shore of High Lake, 1 km South of Hwy 618. 1993 survey - reports obliterated trenches and stripping. Shaft, waste rock dump, and underground lateral workings not reported in the 1993 survey.	-
Madsen #3 Vein		**AMIS Site ID: 02891**	
	Trenches	Old trenches have been buried by stripping; no significant hazard.	-
Madsen #Zone 8		**AMIS Site ID: 03930**	
	Lateral Workings	This site is located some 1,190 m under the town of Madsen. Access to this area would be obtained by travelling underground via the mine shaft. Mine workings begin over 1,000 m below surface; a talc zone in the access drift created ground control problems while mining; no stoping occurred in the talc zone, only drifting.	-
Starratt-Olsen		**AMIS Site ID: 03882**	
	Crown Pillar	-	-
	Mine Opening	Capped shaft, capped raises, capped vent raise at surface. Historical records indicate shaft to 2,129 ft (1945-56) with intervals between 125 to 200 ft, 37,000 ft of drifting and 950 ft of crosscutting. Concrete capped shaft.	Shafts and raises capped.
	Waste Rock	Waste rock pile is located north of the crusher house foundation.	The waste rock dump contains the east end of the tailings impoundment area.
	Tailings	1993 assessment - reports tailings area being used as a recreational area for horses by locals. A 5 m high dam borders the western edge of the feature.	Tailings perimeter is approximately 1,400 m with a total area of approximately 71,953 m^2.
	Buildings and Foundations	Concrete foundations hazard. Water tower not reported during the 1993 survey. Assay office foundation. Refinery foundation. Hoist room foundation covered with rotten wood. Historical records indicate a 500 t/d mill (1945-56).	Concrete foundations for the mill and associated buildings with some scrap metal and timbers exposed. Some water filled openings in the concrete foundations.
	Garbage Dumps	The north side of the waste rock dump adjacent to the tailings site is being used as a garbage dump. Hazard	Garbage dumped on waste rock pile and on the tailings and in several areas around the mill foundations.
Faulkenham		**AMIS Site ID: 03878**	

Location	Description	AMIS Status[1]	Current Status and Comment
	Mine Opening	The site is 1 km south of the village of Starratt Olsen. 1993 assessment - reports a 3-compartment open shaft with rotting timber collar in waste rock. Historical records indicate (1936-37) shaft to 344 ft with levels at 125, 225, and 325 ft. 1,129 ft of drifting and crosscutting.	The collar of the shaft is covered by rotting timbers and a metal screen across them. In August 2009 Claude has requested quotes from 2 engineering firms to design a permanent concrete shaft cap.
	Waste Rock	The site is built on the waste rock dump.	Entire site is located on top of ~3 m of waste rock.
	Building Foundations	Possible remnants of old buildings.	The wooden buildings have almost entirely rotted away to just the foundations and very little wood remains.
Buffalo		**AMIS Site ID: 02708**	
	Open Pit	1993 survey - reports a large open pit filled with water, moderate hazard, crack exposed running into pit. The 60-m shaft is filled, the porthole is filled and the foundations are buried.	-
	Mine Opening	No. 1 shaft, 60 m deep, filled with waste rock. Historical records (1945-48) indicate vertical shaft to 61 m with 115 m of drifting and 78 m of crosscutting. Decline portal filled with waste rock. Level plans indicate the decline joins the shaft on the 53 m level.	The flooded pit has a beaver dam where it joins with the creek at the northwest end.
	Buildings and Foundations	-	Active and abandoned buildings. There is an operating machinist shop on the property and various machines, and scrap metal and parts in their gated yard.
De Villiers Showing		**AMIS Site ID: 02883**	
	Mine Opening	Vertical exploration shaft. This 1-ompartment exploration test shaft was sunk to a depth of 30 ft on vein quartz during the summer of 1937. The vein was cut off at 15 ft and was not located in a 30-ft crosscut put out to the northwest. The 1994 V.B. Cook site assessment indicates that this exploration shaft has been backfilled with muck.	The shaft is nearly completely filled with waste rock to a depth of approximately 1m.
	Trenching	There are various overgrown or obliterated trenches and pits. The east section consists of various overgrown trenches in a forested area.	-
Olsen Showing		**AMIS Site ID: 02943**	
	Trenches	The showing is located on the SE shore of Flat Lake in a wooded area. The nearest community is Starratt Olsen, 1 km to the East, on claims KRL12643 and 12644. Trenching was conducted in 1934 and consisted of 34 trenches over a 850-ft length. 1993 survey - reports trenches, overgrown, the deepest of which is 1.6 m. No significant hazard.	-

[1] AMIS (Abandoned Mines Information System) status of the mine feature as noted in the government database.

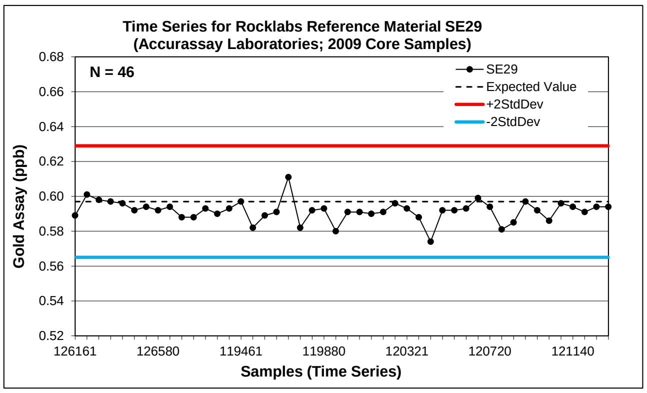
APPENDIX C

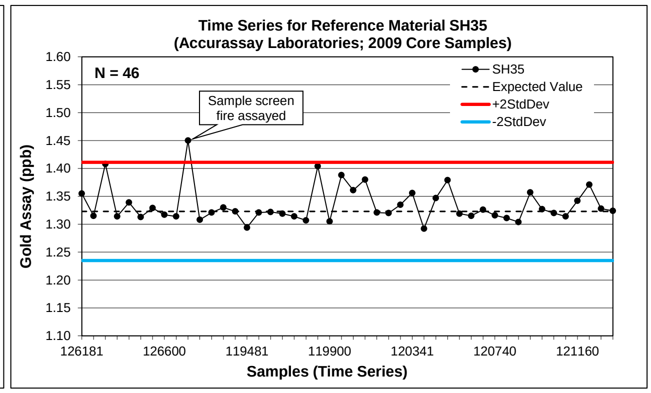
Analytical Control Sample Assay Results
Claude Drilling

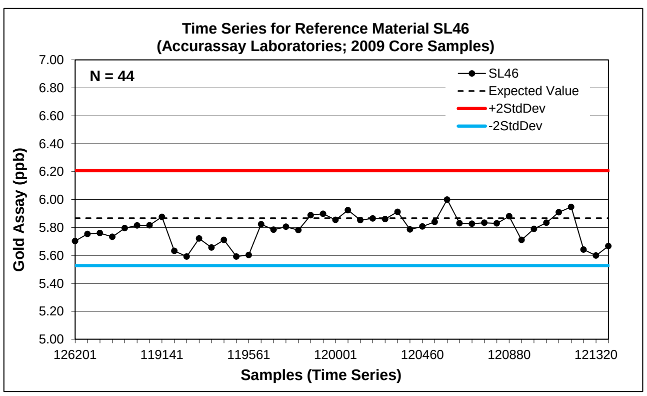
Assay Results for Certified Control Samples and Field Blank Samples Assayed by Accurassay.

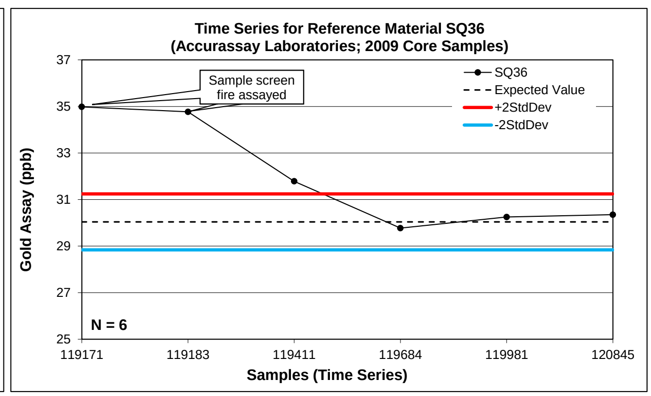
Project	Madsen Gold Project
Data Series	2009 Blanks and Standards
Data Type	Core Samples
Commodity	Au in gpt
Laboratory	Accurassay Laboratories
Analytical Method	Fire Assay
Detection Limit	0.005 gpt Au

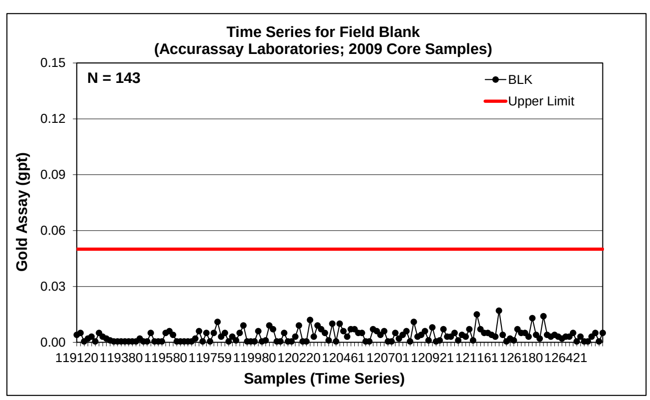
Statistics	BLK	SE29	SH35	SL46	SQ36
Sample Count	143	46	46	44	6
Expected Value	0.005	0.60	1.32	5.87	30.04
Standard Deviation	-	0.02	0.04	0.17	0.60
Data Mean	0.004	0.59	1.33	5.79	31.99
Outside 2StdDev/UL	0%	0%	2%	0%	50%
Below 2StdDev	-	0	0	0	0
Above 2StdDev	-	0	1	0	3







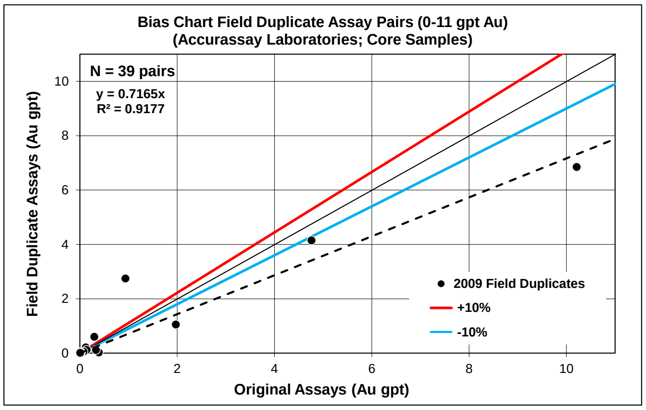


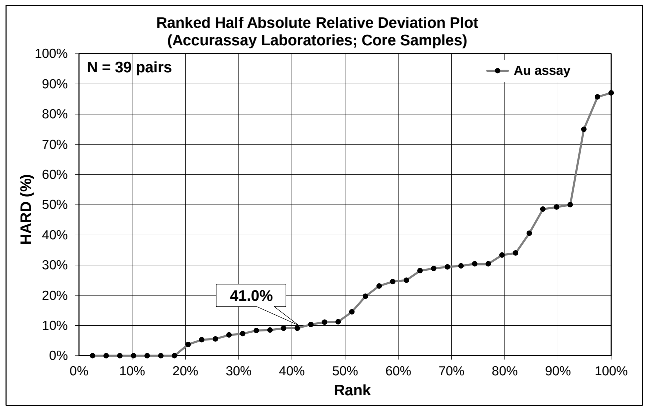


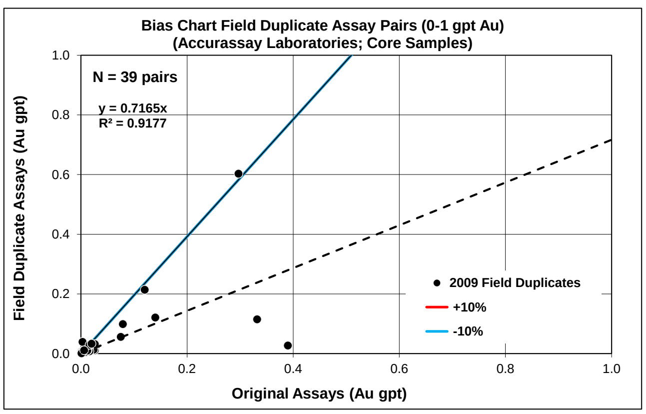
Bias Charts and Precision Plots for Field Duplicate Sample Pairs assayed by Accurassay.

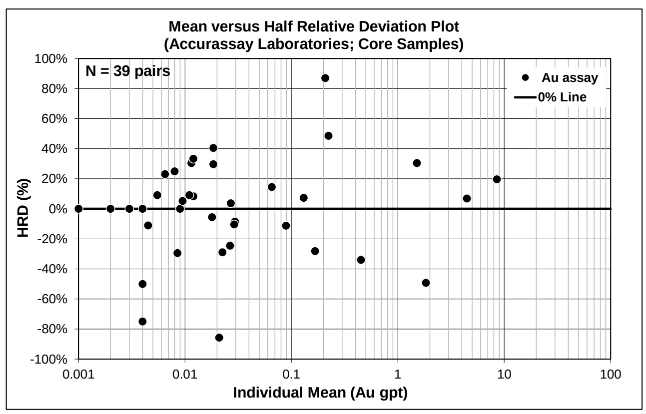
srk consulting

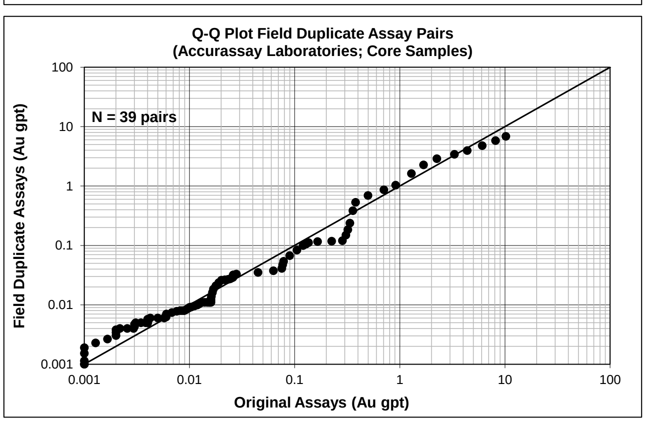
		Statistics	Original	Field Duplicate
		Sample Count	39	39
Project	Madsen Gold Project	**Minimum Value**	0.001	0.001
Data Series	2009 Field Duplicates	**Maximum Value**	10.21	6.85
Data Type	Core Samples	**Mean**	0.503	0.420
Commodity	Au in gpt	**Median**	0.016	0.011
Analytical Method	Fire Assay	**Standard Error**	0.287	0.212
Detection Limit	0.005 gpt Au	**Standard Deviation**	1.793	1.322
Original Dataset	Original Assays	**Correlation Coefficient**	0.9591	
Paired Dataset	Field Duplicate Assays	**Pairs ≤ 10% HARD**	41.0%	

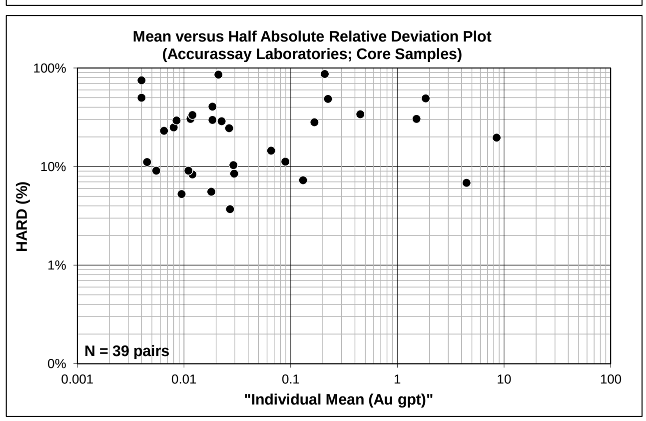










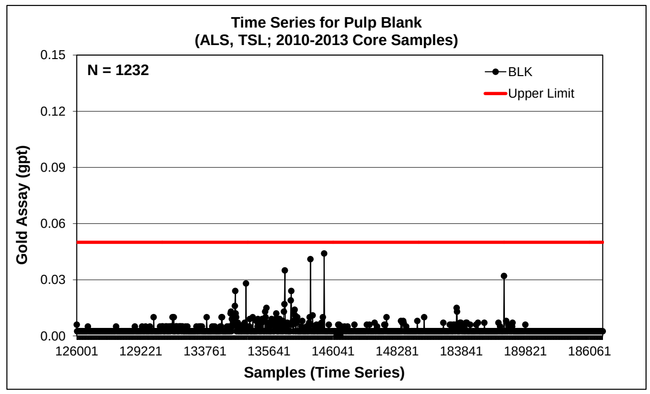


Bias Charts and Precision Plots for Field Duplicate Sample Pairs assayed by TSL and ALS

srk consulting

Project	Madsen Gold Project
Data Series	2010-2013 Blanks
Data Type	Core Samples
Commodity	Au in gpt
Laboratory	ALS, TSL
Analytical Method	Fire Assay
Detection Limit	0.005 gpt Au

Statistics	**BLK**
Sample Count	1,232
Expected Value	0.005
Standard Deviation	-
Data Mean	0.003
Upper Limit (10xDL)	0%

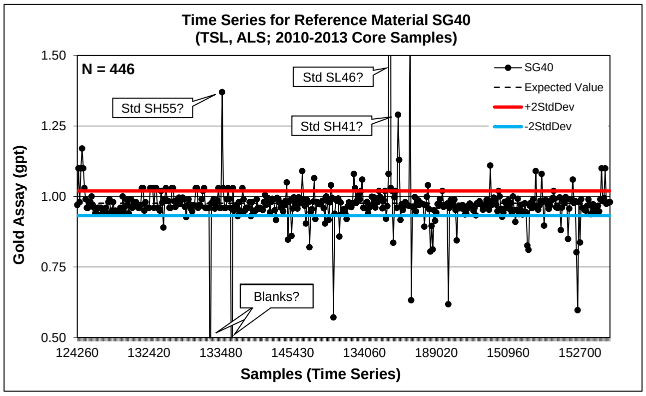


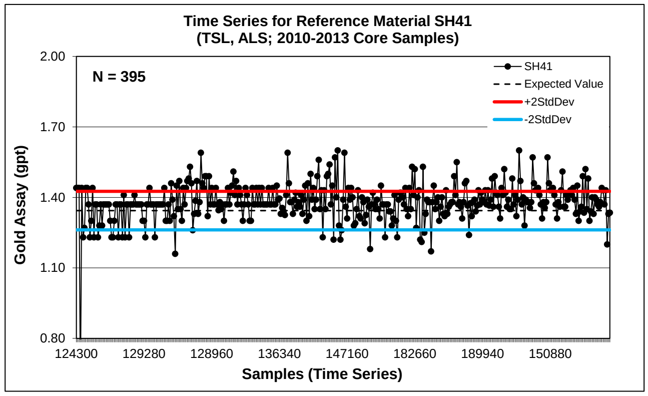
Bias Charts and Precision Plots for Field Duplicate Sample Pairs assayed by TSL and ALS.

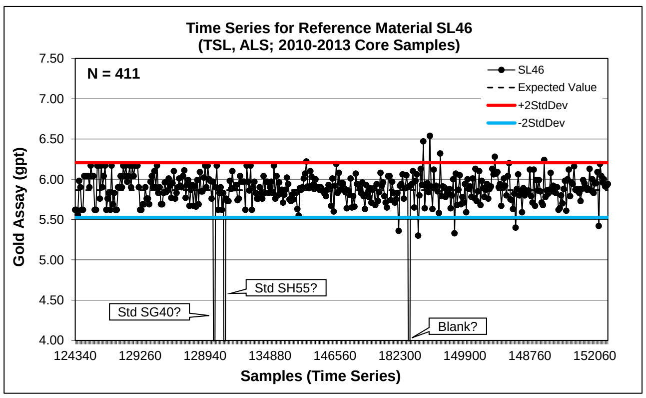
srk consulting

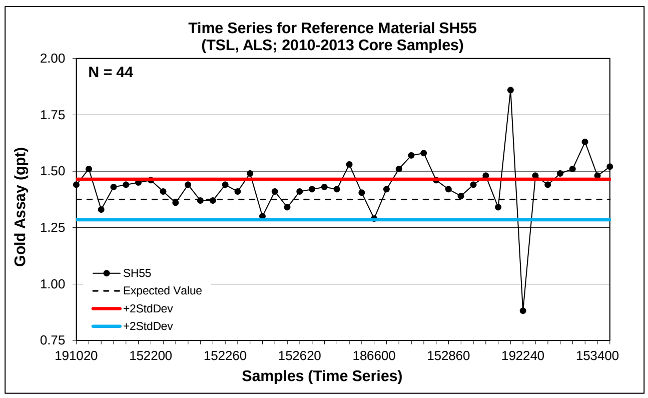
Project	Madsen Gold Project
Data Series	2010-2013 Standards
Data Type	Core Samples
Commodity	Au in gpt
Laboratory	TSL and ALS
Analytical Method	Fire Assay
Detection Limit	0.005 gpt

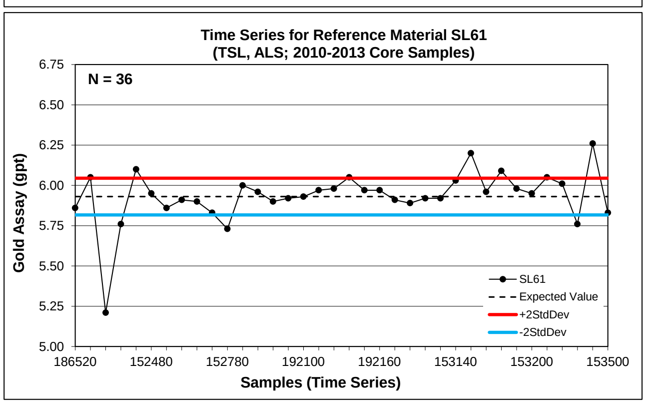
Statistics	**SG40**	**SH41**	**SL46**	**SH55**	**SL61**	**SQ36**
Sample Count	446	395	411	44	36	10
Expected Value	0.98	1.34	5.87	1.38	5.93	30.04
Standard Deviation	0.02	0.04	0.17	0.05	0.06	0.24
Data Mean	0.98	1.38	5.85	1.44	5.93	29.15
Outside 2StdDev	18%	33%	3%	34%	31%	20%
Below 2StdDev	38	28	8	1	4	1
Above 2StdDev	44	104	6	14	7	1

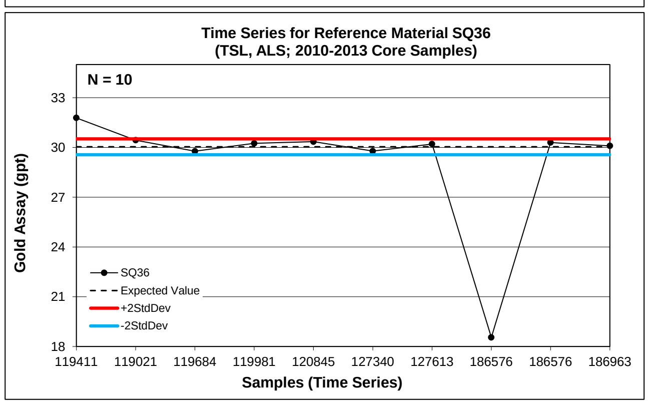








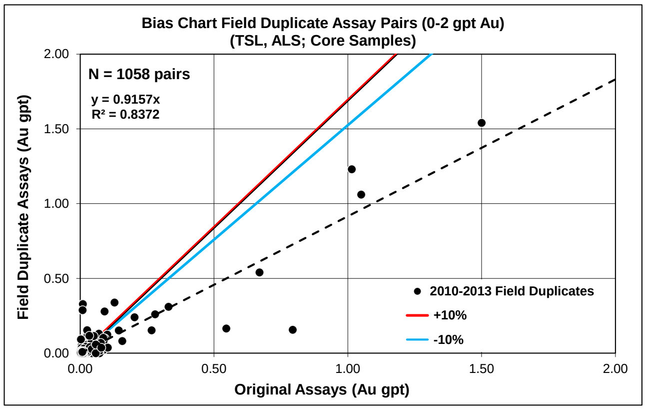


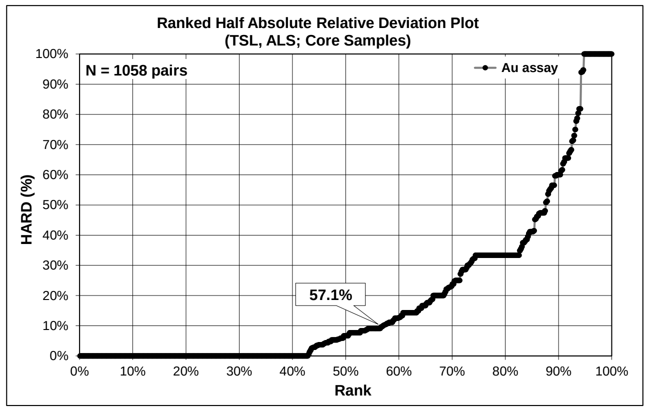


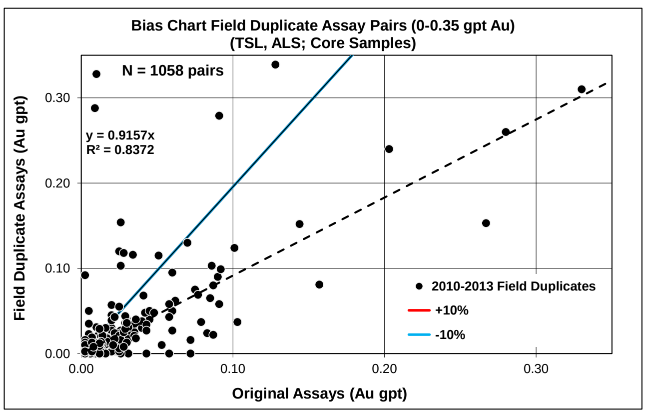
Bias Charts and Precision Plots for Field Duplicate Samples Assayed by TSL Saskatoon, Canada and ALS Vancouver, Canada between 2010 and 2013

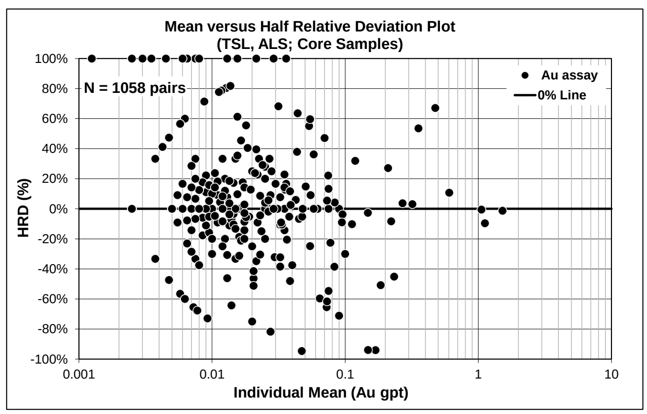
Project	Madsen Gold Project
Data Series	2010-2013 Field Duplicates
Data Type	Core Samples
Commodity	Au in gpt
Analytical Method	Fire Assay
Detection Limit	0.005 gpt Au
Original Dataset	Original Assays
Paired Dataset	Field Duplicate Assays

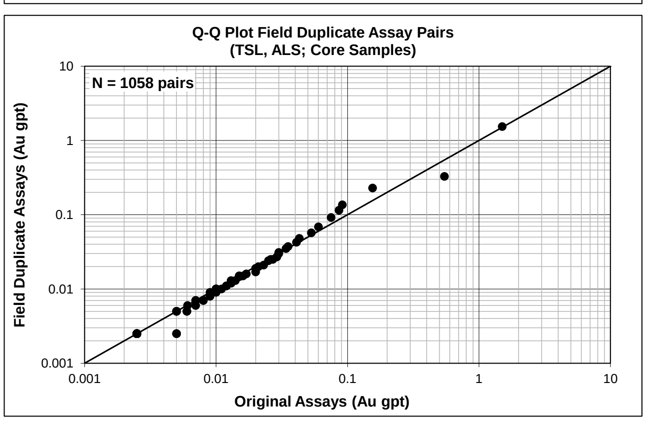
Statistics	**Original**	**Field Duplicate**
Sample Count	1,058	1,058
Minimum Value	0.003	0.000
Maximum Value	1.50	1.54
Mean	0.026	0.026
Median	0.006	0.005
Standard Error	0.003	0.003
Standard Deviation	0.107	0.106
Correlation Coefficient	0.9152	
Pairs ≤ 10% HARD	57.1%	

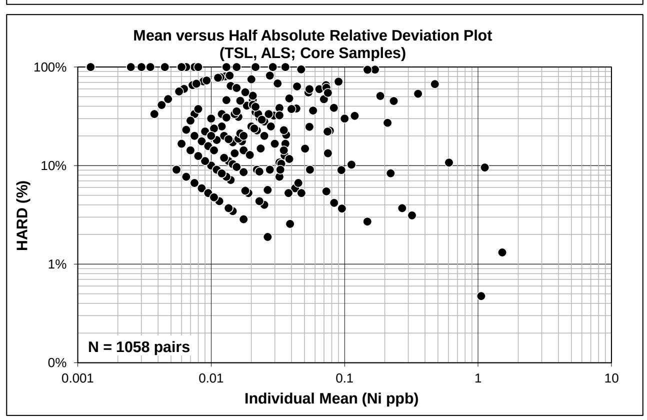








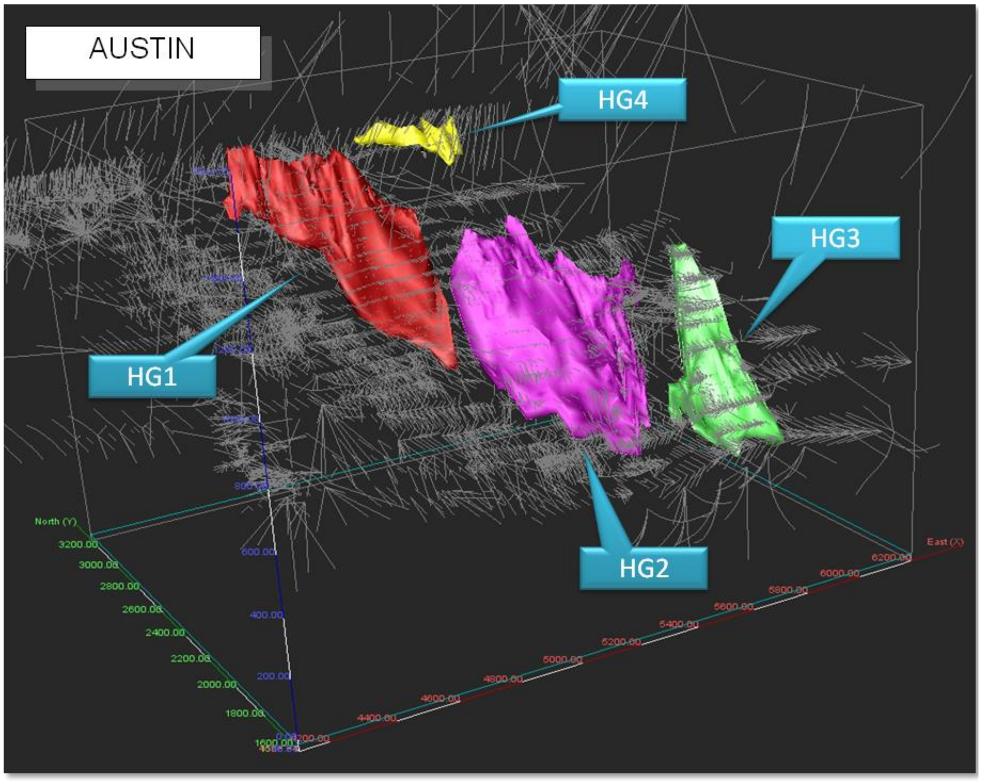


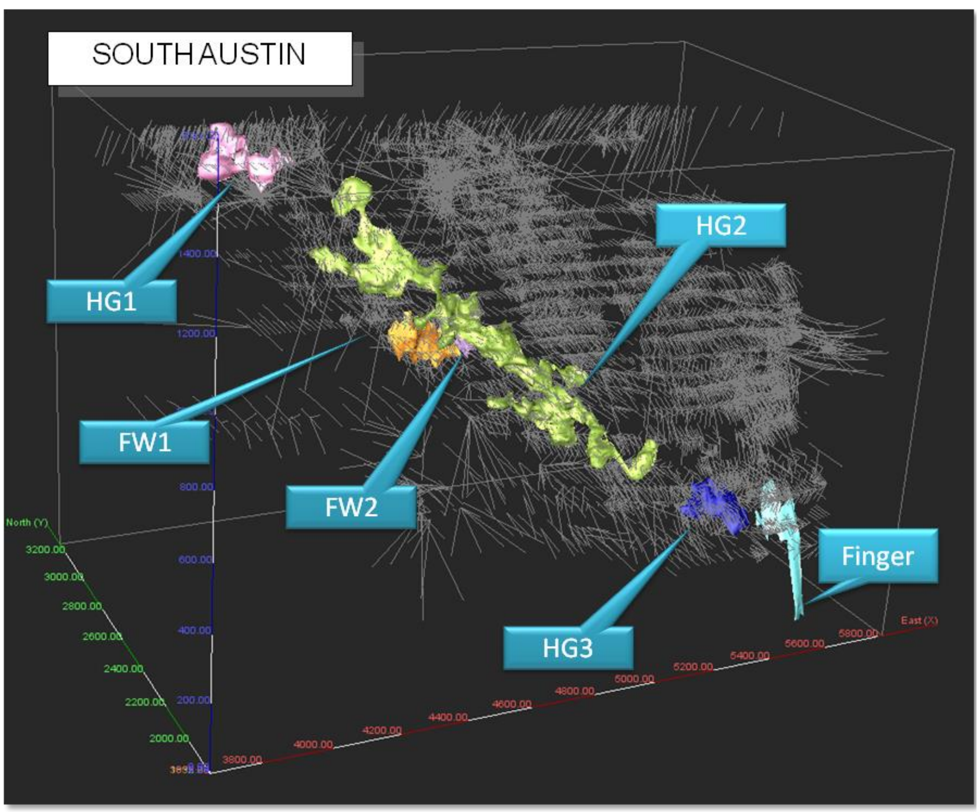


APPENDIX D

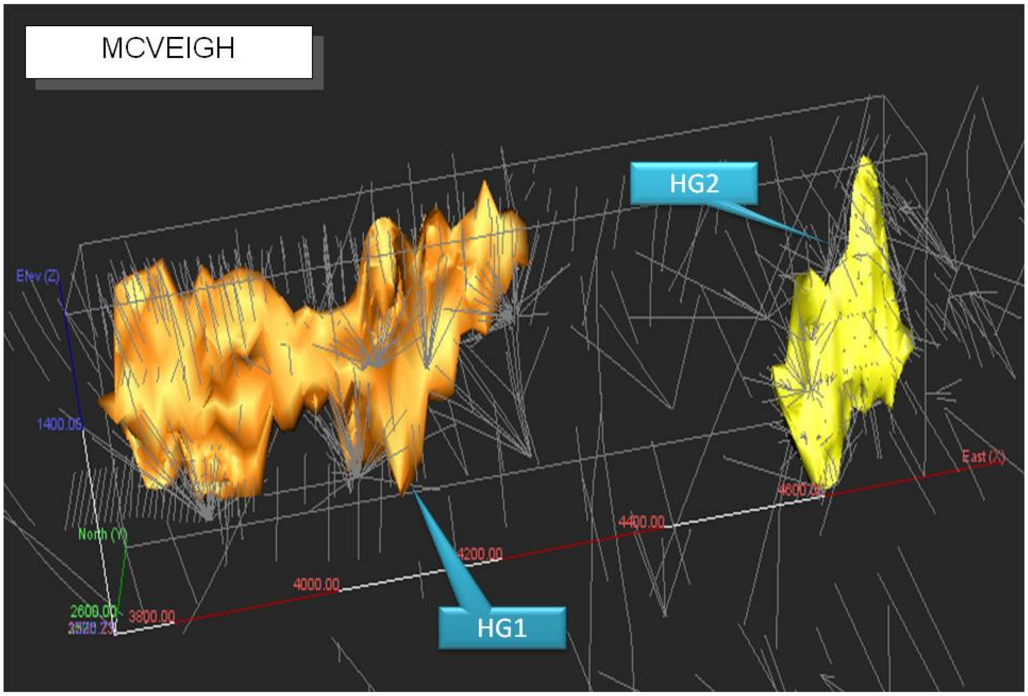
3D Geological Modelling

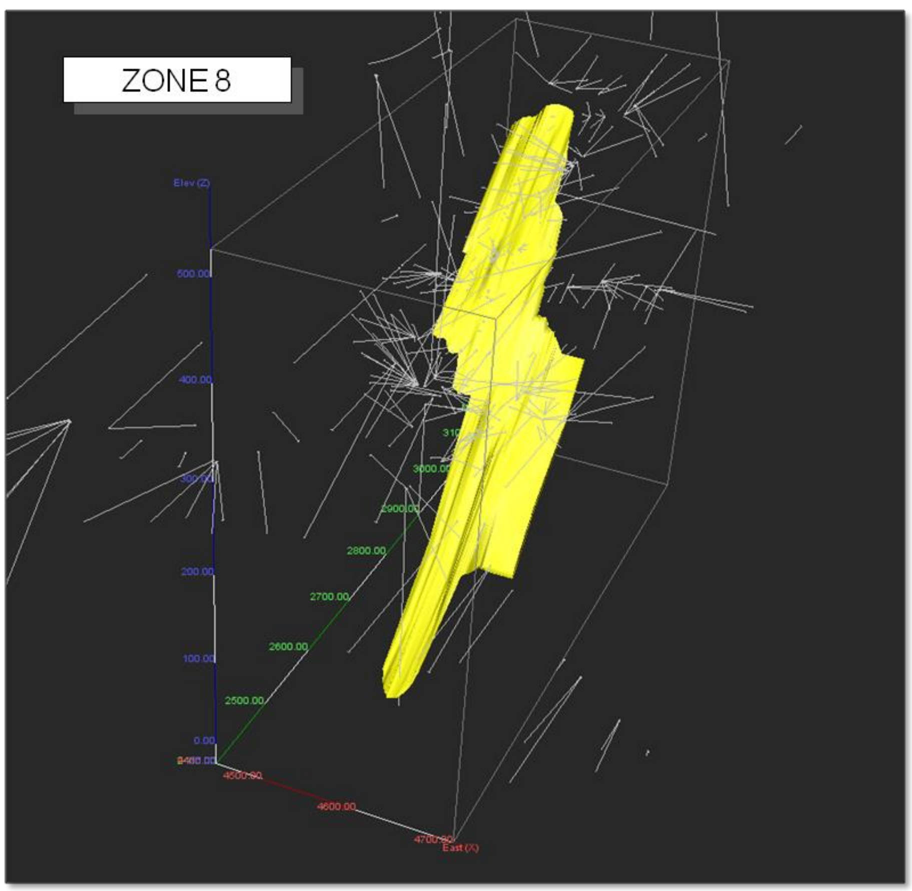
3D view of the modelled high grade zones within the Austin and South Austin gold mineralized zones in relation to informing boreholes (looking north).





3D view of the modelled high grade zones within the McVeigh and Zone 8 gold mineralized zones in relation to informing boreholes (looking north).

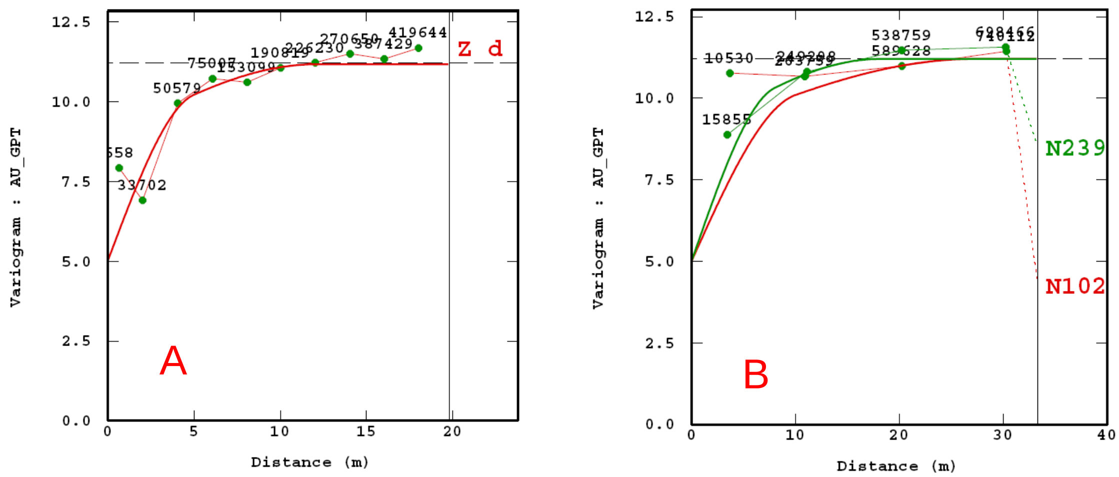




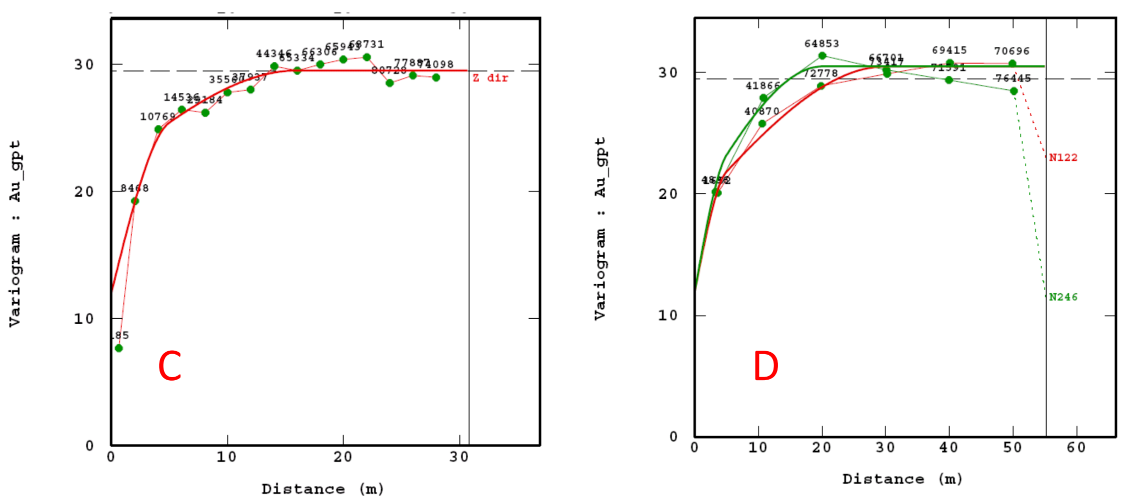
APPENDIX E

Variography

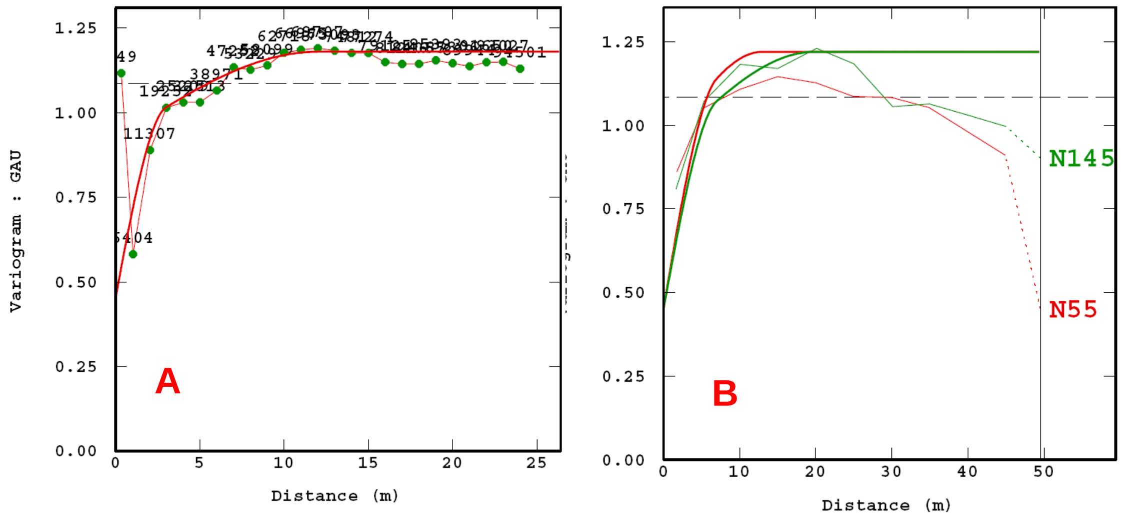
Variogram models for the Austin HG1 Domain. A = Downhole variogram and B= Anisotropic variogram



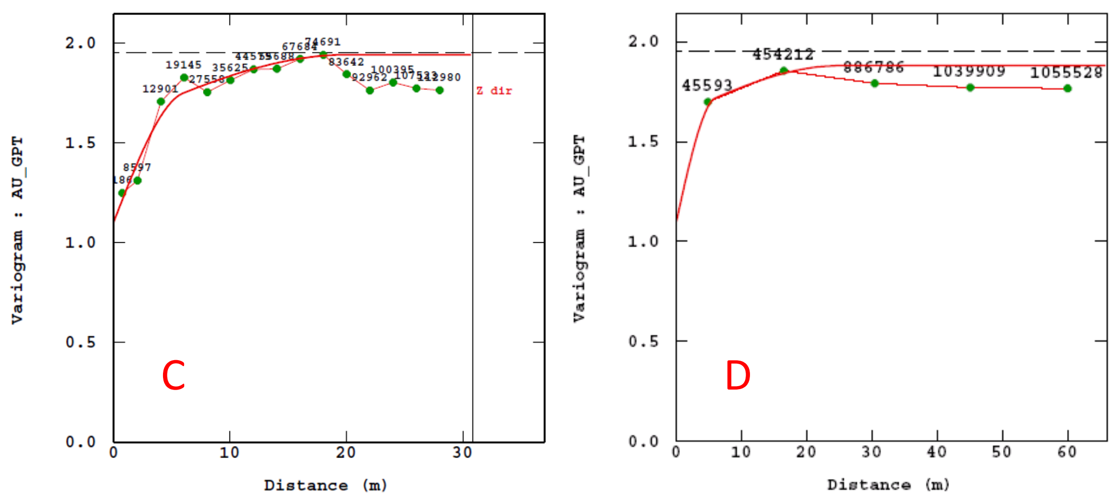
Variogram models for the South Austin HG1 Domain. C = Downhole variogram and D= Anisotropic variogram



Variogram models for the Zone 8 Domain. A = Downhole variogram and B= Anisotropic variogram



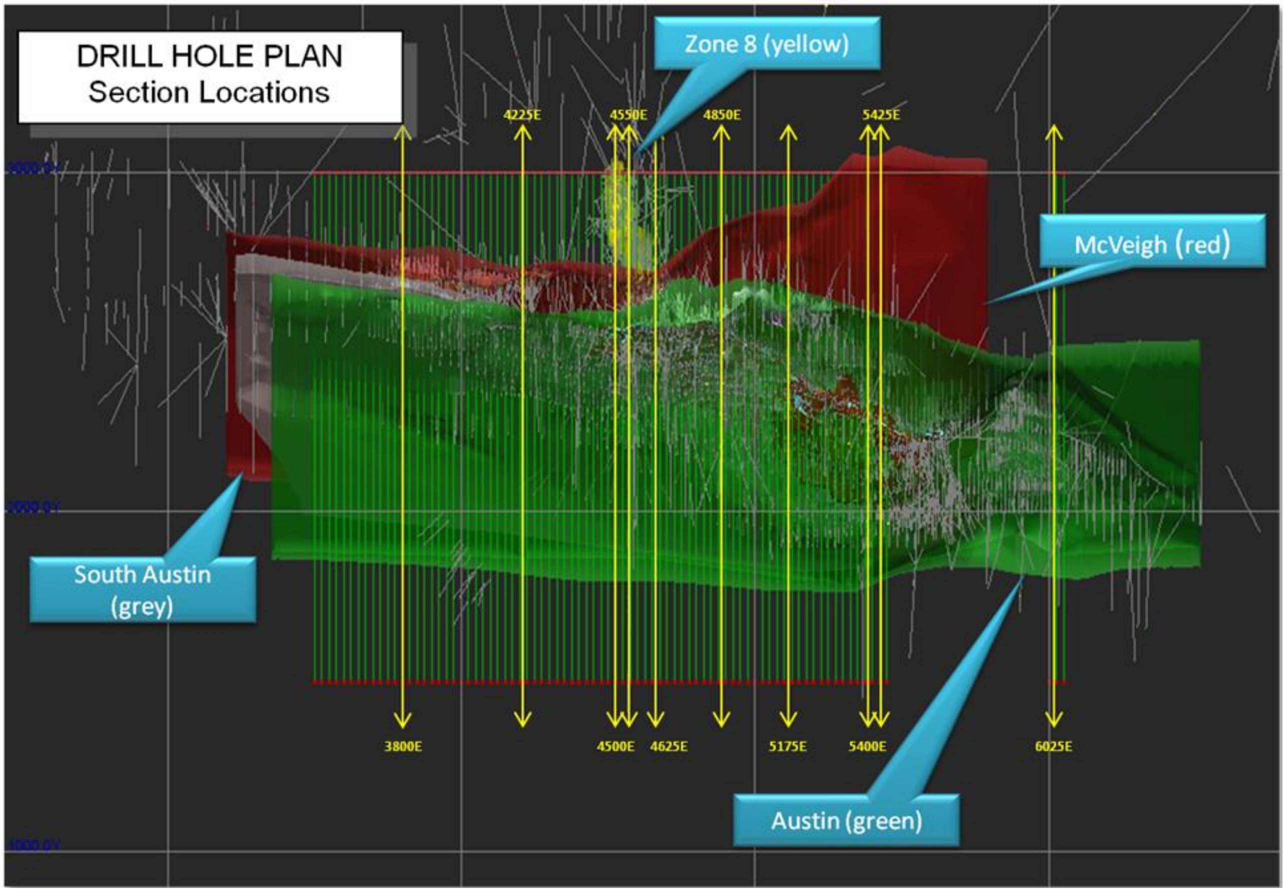
Variogram models for the McVeigh HG1 Domain. C = Downhole variogram and D= Anisotropic variogram



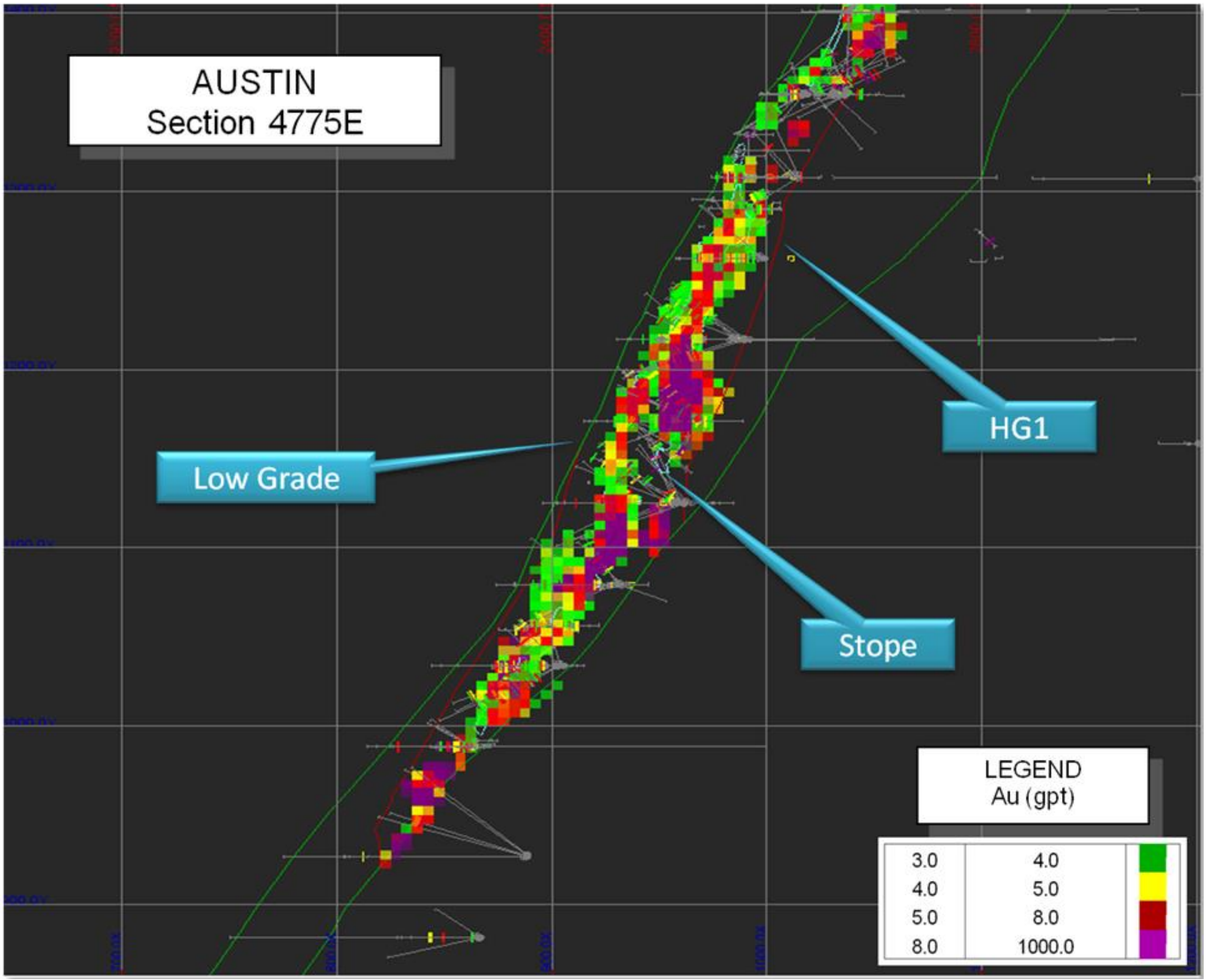
APPENDIX F

Block Model Cross Sections

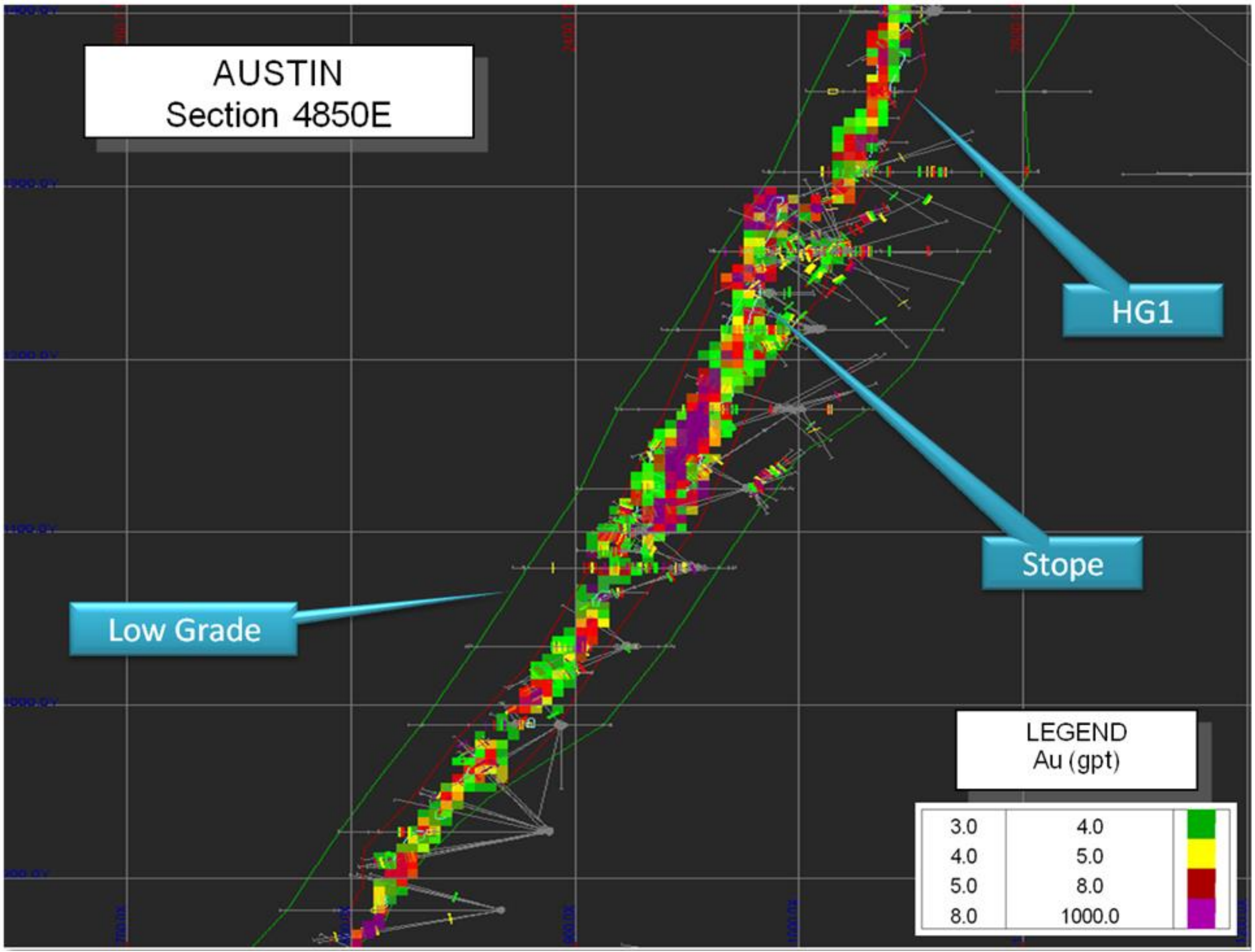
Plan view map depicting location of block model cross sections. To prevent overlapping not all lines are shown.



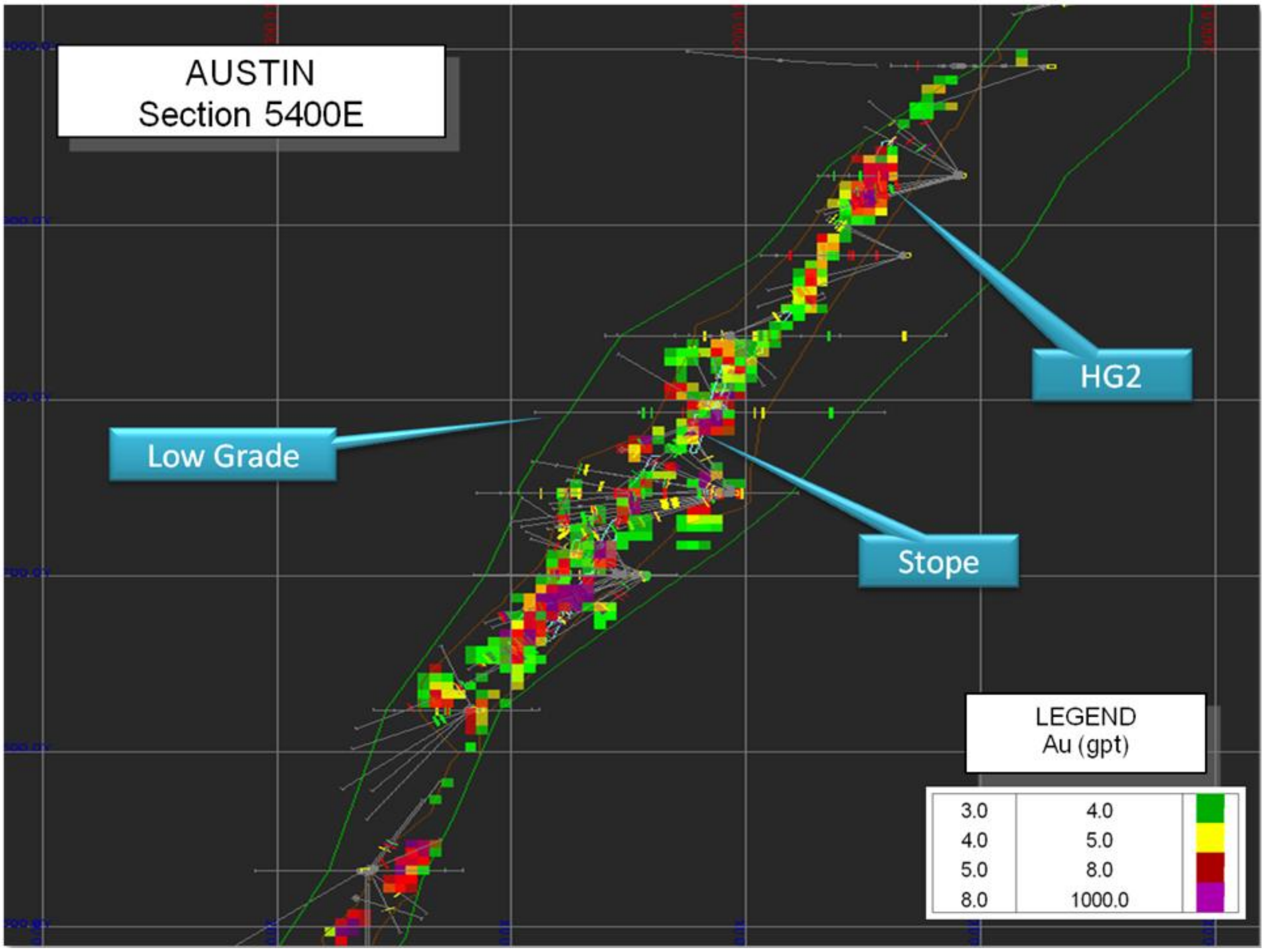
Austin tuff cross section at easting 4775E, Madsen Mine Grid Metric, looking west.



Austin tuff cross section at easting 4850E, Madsen Mine Grid Metric, looking west.

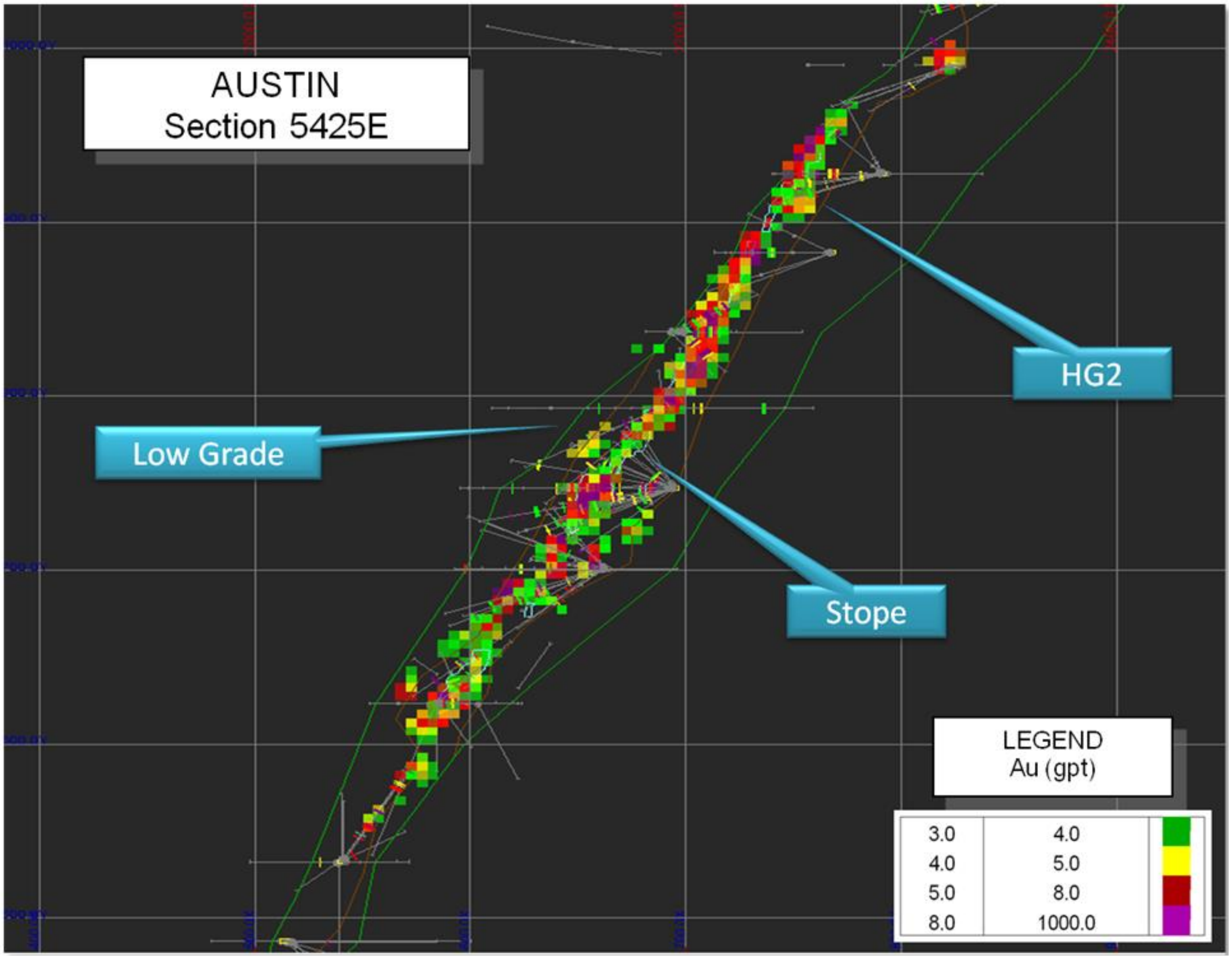


Austin tuff cross section at easting 5400E, Madsen Mine Grid Metric, looking west.

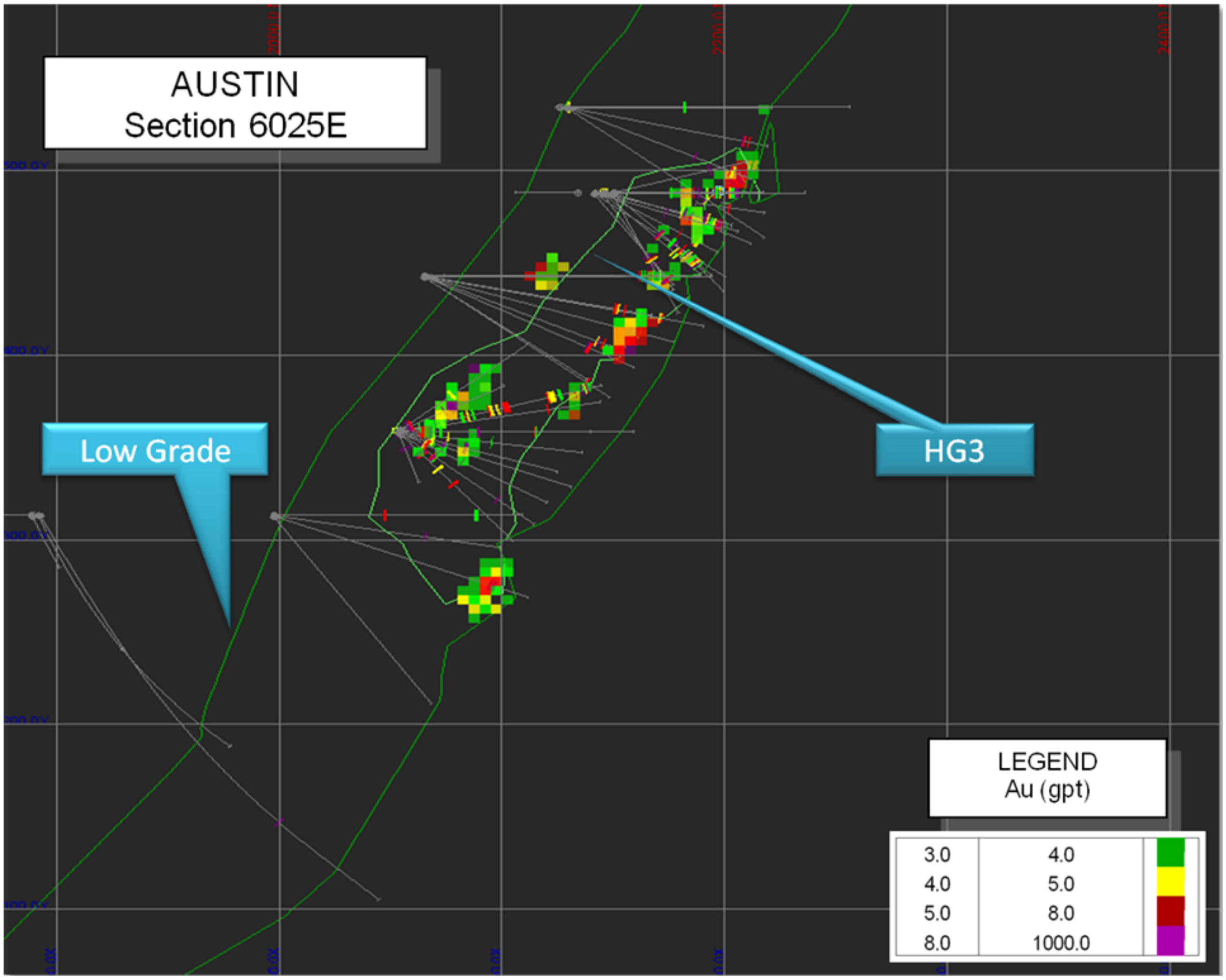


3.0	4.0	
4.0	5.0	
5.0	8.0	
8.0	1000.0	

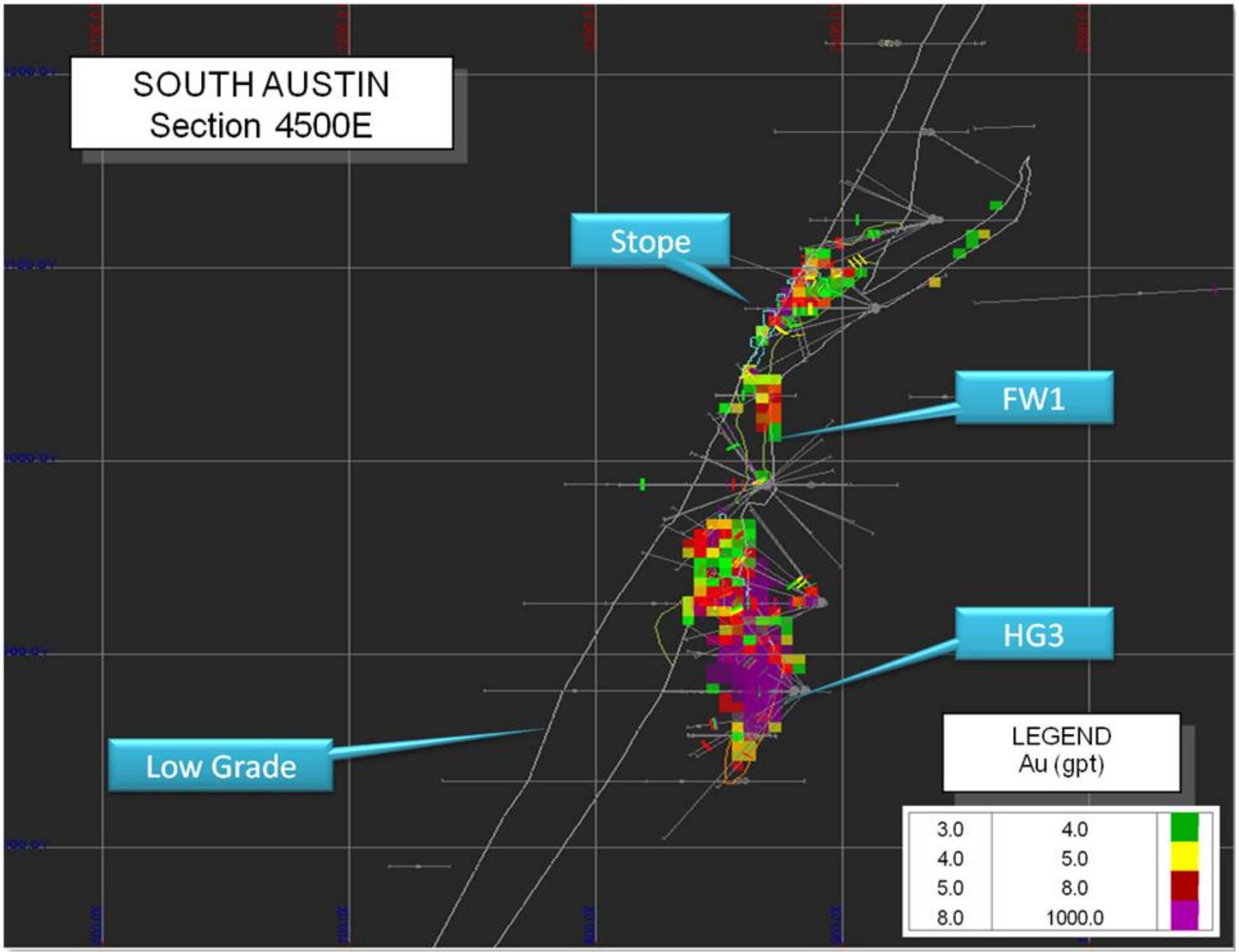
Austin tuff cross section at easting 5425E, Madsen Mine Grid Metric, looking west.



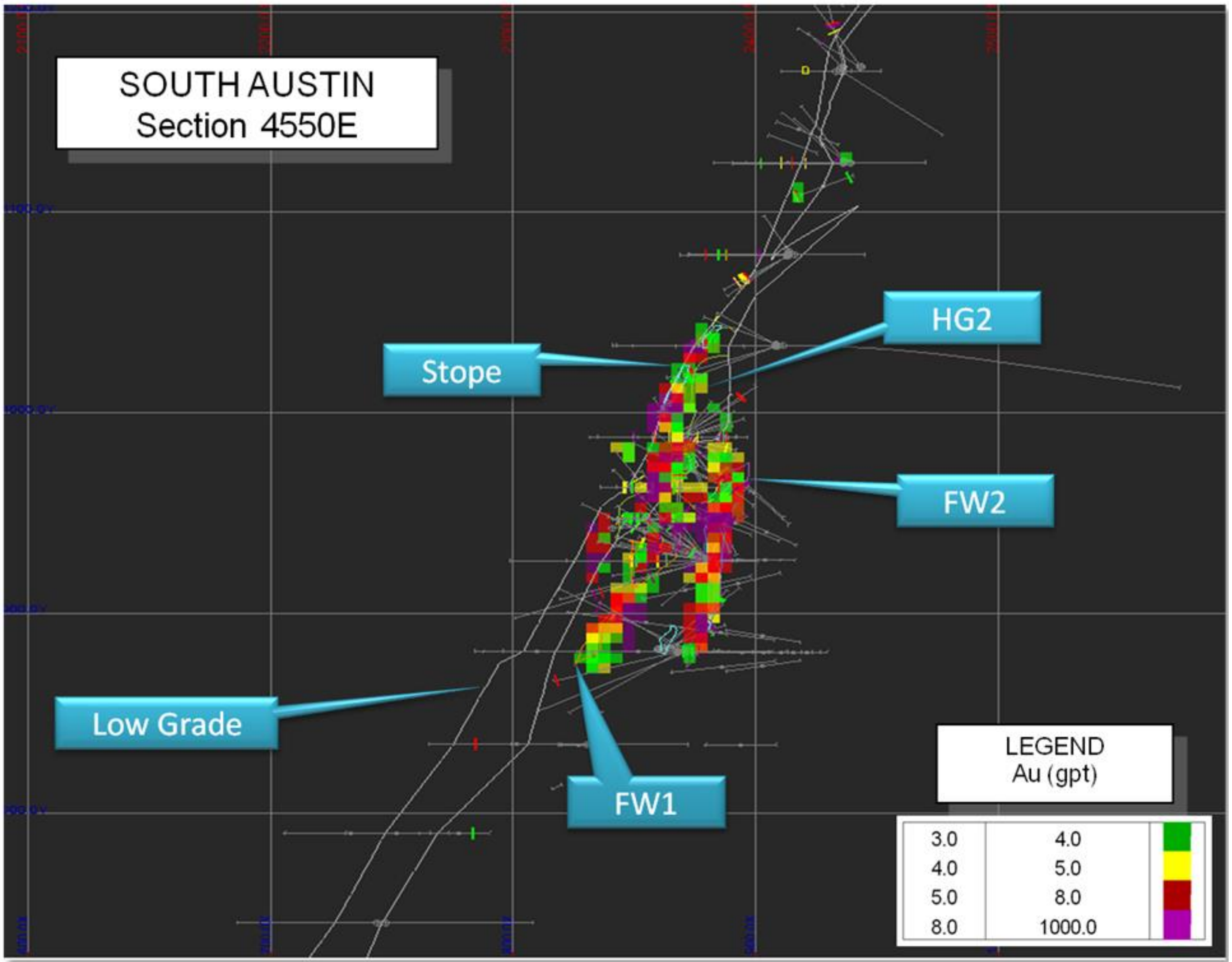
Austin tuff cross section at easting 6025E, Madsen Mine Grid Metric, looking west.



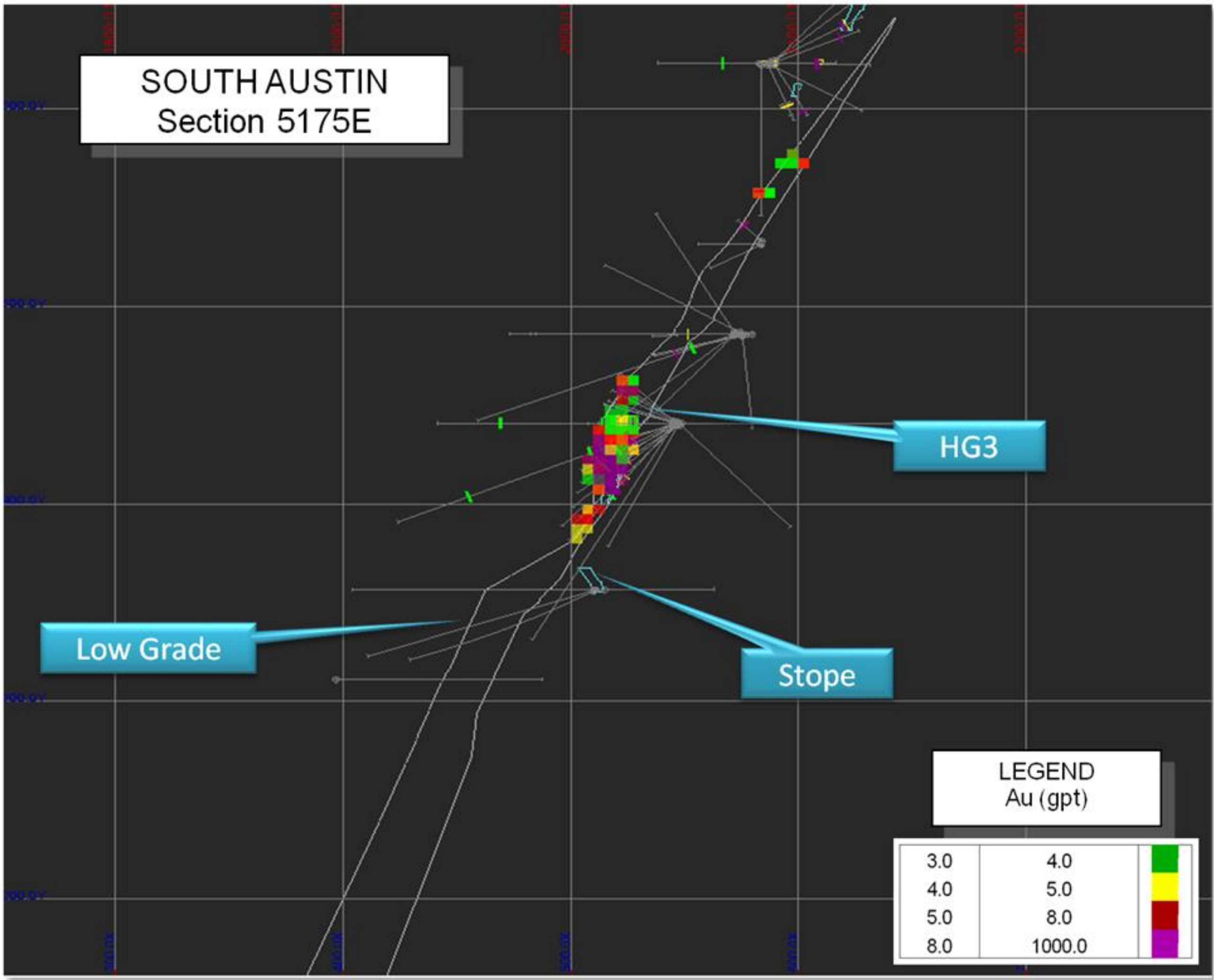
South Austin tuff cross section at easting 4500E, Madsen Mine Grid Metric, looking west.



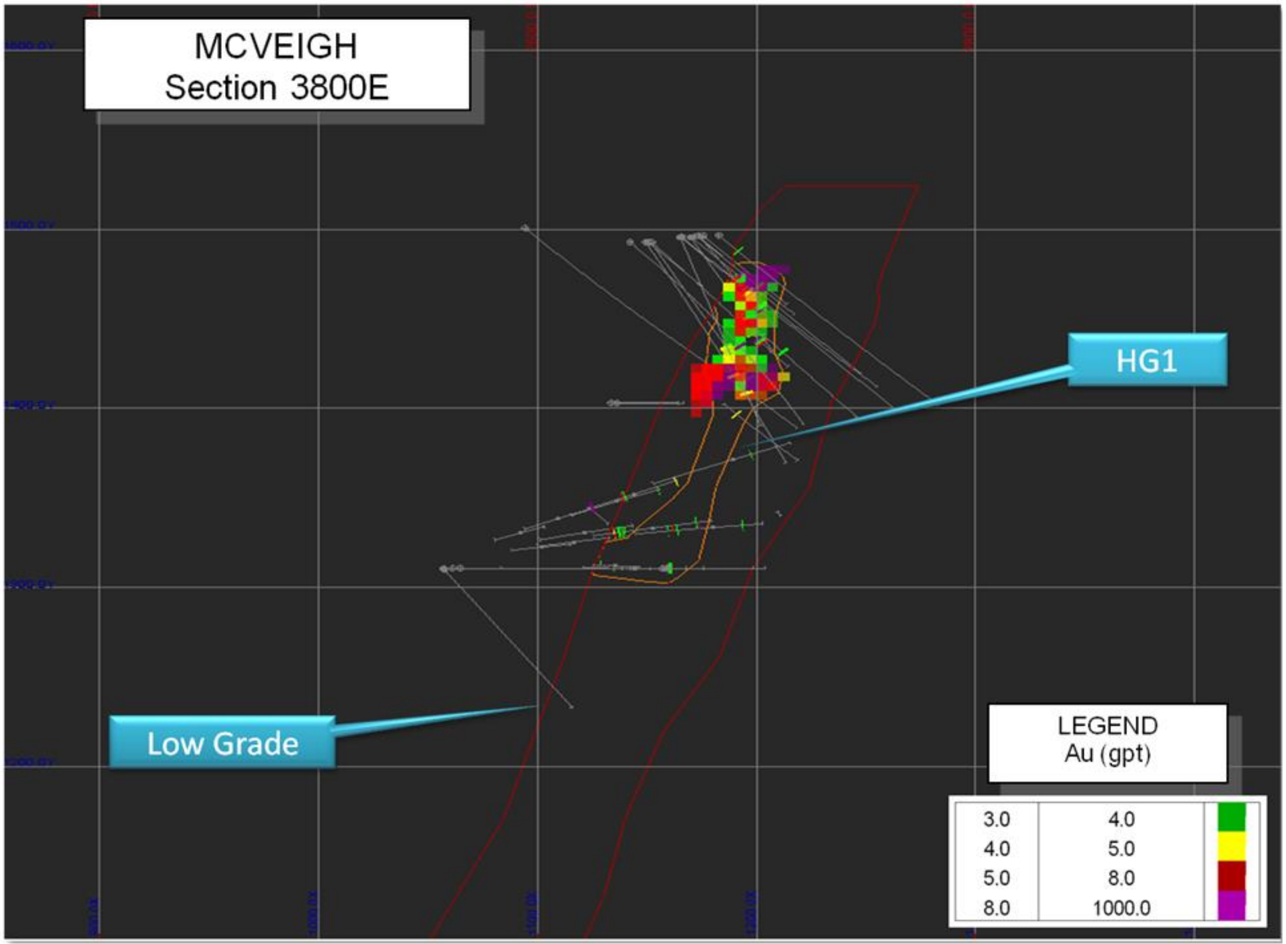
South Austin tuff cross section at easting 4550E, Madsen Mine Grid Metric, looking west.



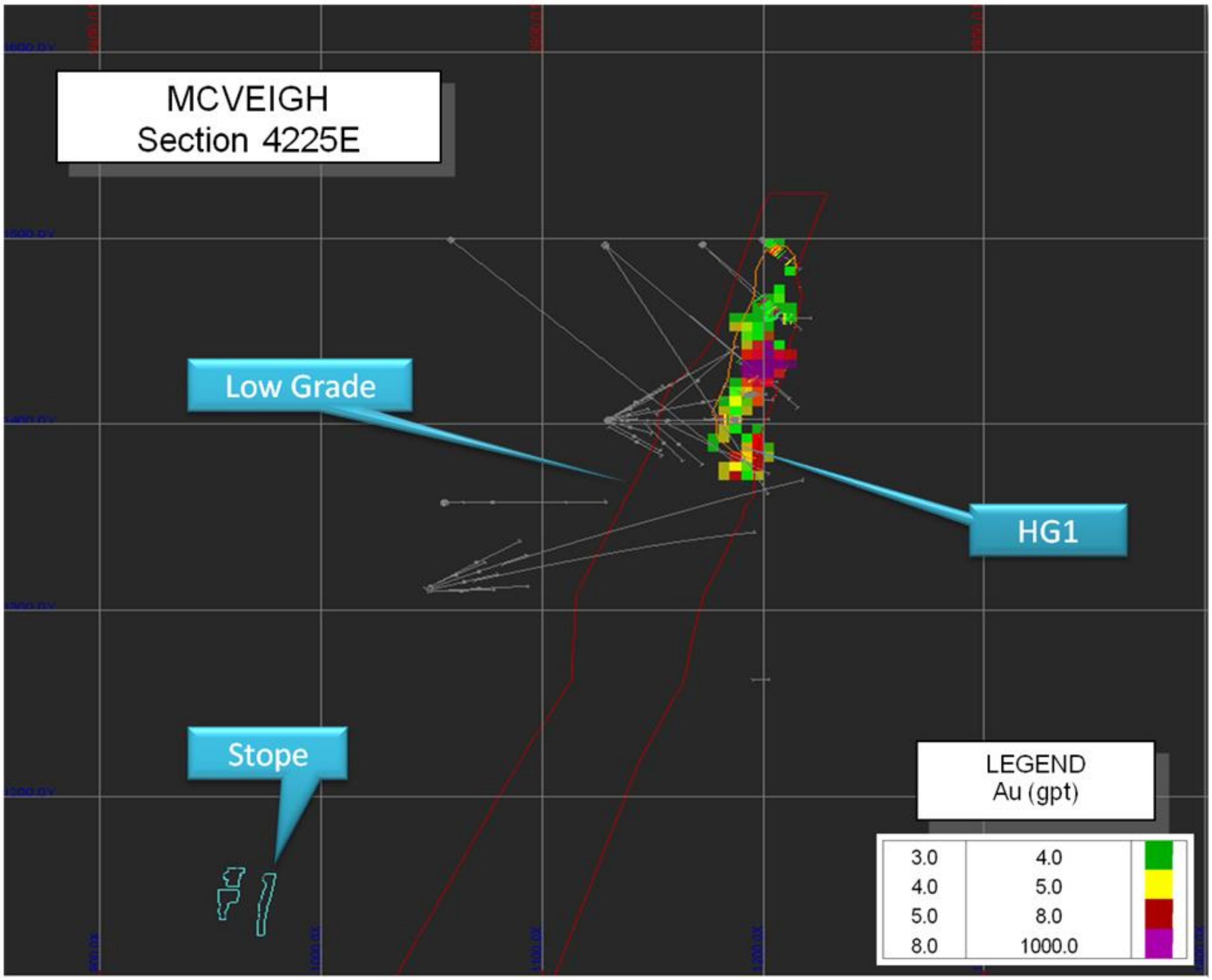
South Austin tuff cross section at easting 5175E, Madsen Mine Grid Metric, looking west.



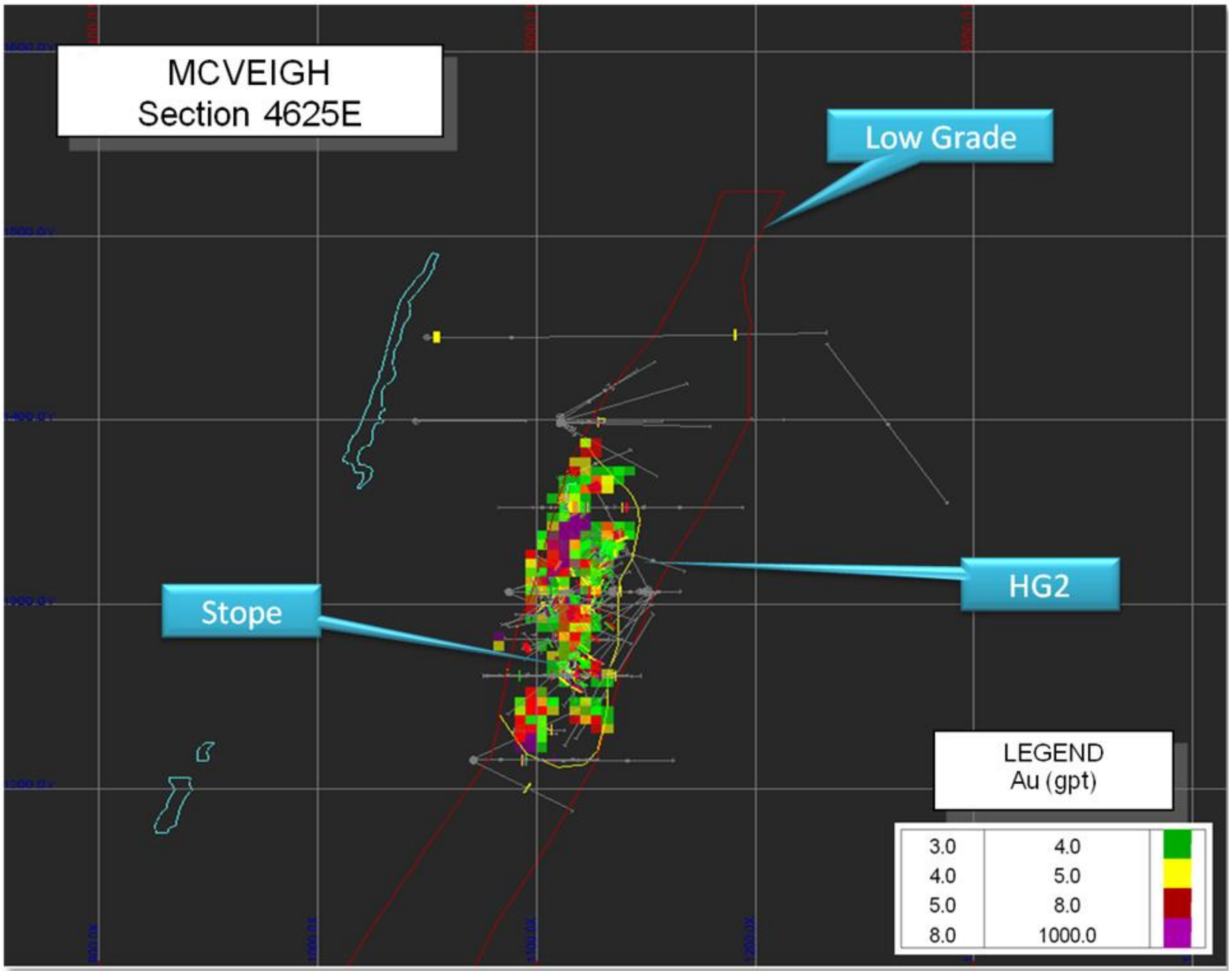
McVeigh tuff cross section at easting 3800E, Madsen Mine Grid Metric, looking west.



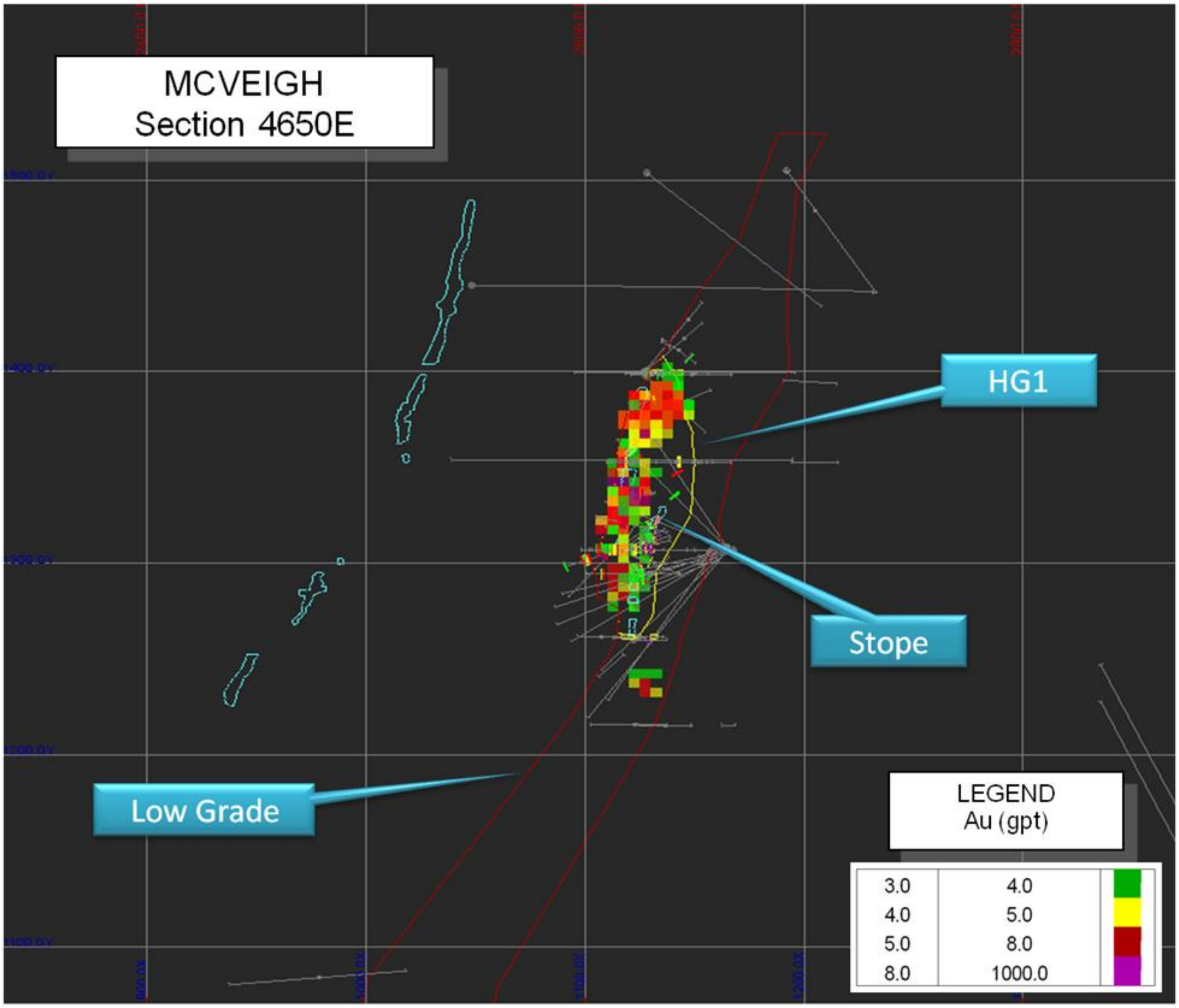
McVeigh tuff cross section at easting 4225E, Madsen Mine Grid Metric, looking west.



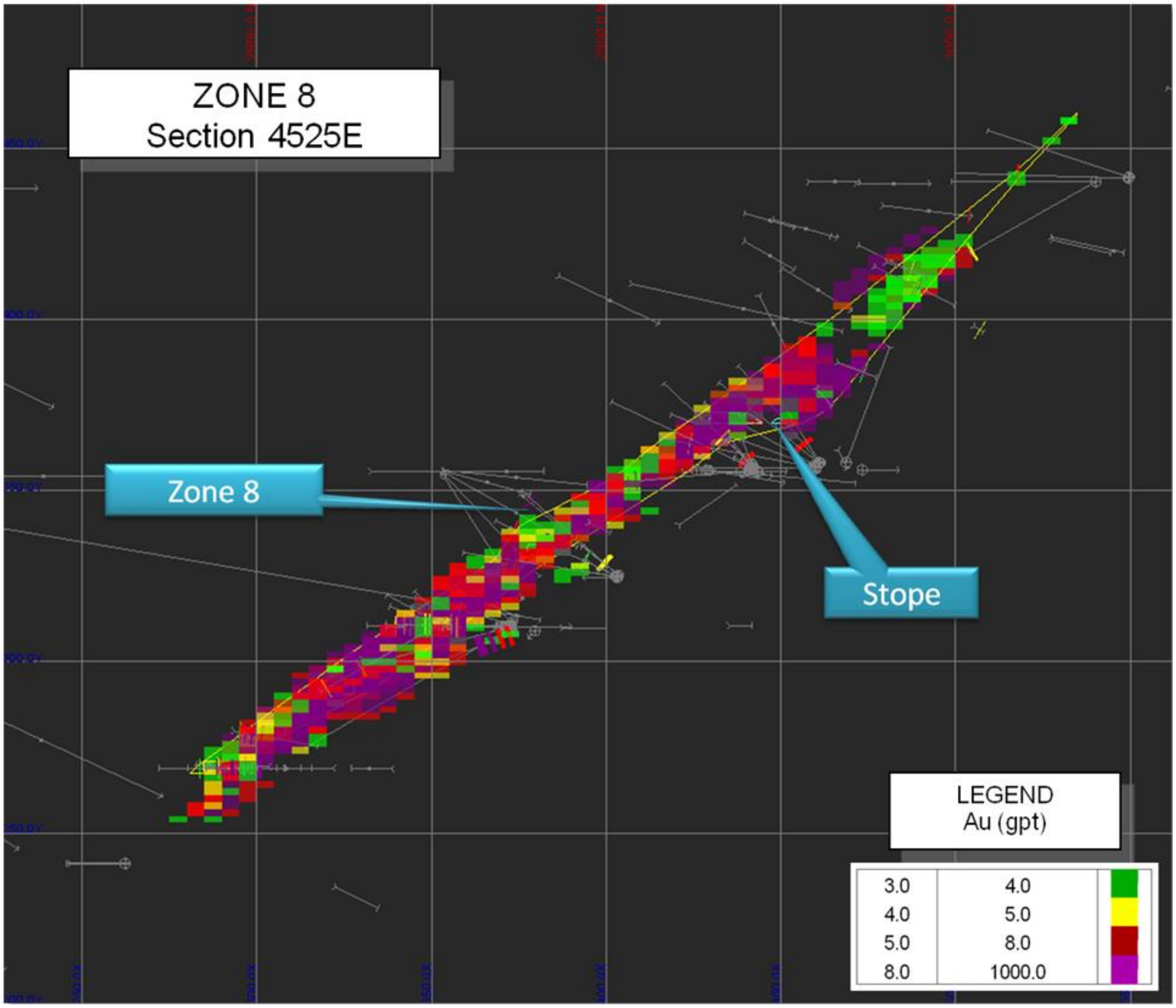
McVeigh tuff cross section at easting 4625E, Madsen Mine Grid Metric, looking west.



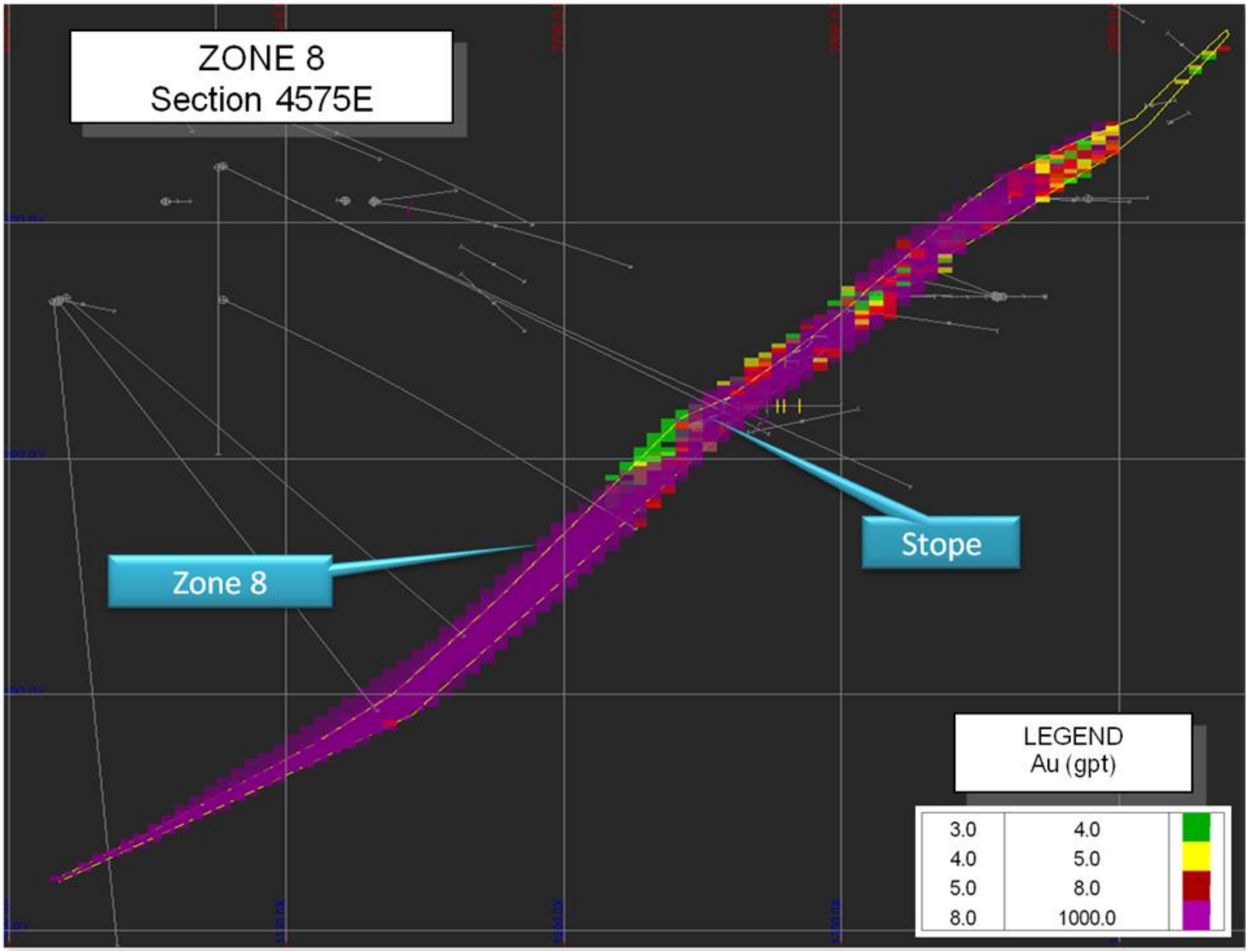
McVeigh tuff cross section at easting 4650E, Madsen Mine Grid Metric, looking west.



Zone 8 cross section at easting 4525E, Madsen Mine Grid Metric, looking west.



Zone 8 cross section at easting 4575E, Madsen Mine Grid Metric, looking west.



CERTIFICATE OF QUALIFIED PERSON

To accompany the technical report entitled: Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada, dated February 18, 2014.

I, Lars Weiershäuser, P.Geo, residing at 44 Juliana Court, Toronto, Ontario do hereby certify that:

1) I am a Senior Geologist with the firm of SRK Consulting (Canada) Inc. (SRK) with an office at Suite 1300, 151 Yonge Street, Toronto, Ontario, Canada
2) I have graduated from the South Dakota School of Mines and Technology in Rapid City, South Dakota, USA with a M.Sc. in Geology in 2000. I obtained a Ph.D. in Geology from the University of Toronto in Toronto in 2005. I have practiced my profession continuously since 2000;
3) I am a Professional Geoscientist registered with the Association of Professional Geoscientists of the province of Ontario (APGO #1504);
4) I have personally inspected the subject property and surrounding areas on January 27 to 29, 2014;
5) I have read the definition of Qualified Person set out in National Instrument 43-101 and certify that by virtue of my education, affiliation to a professional association, and past relevant work experience, I fulfill the requirements to be a Qualified Person for the purposes of National Instrument 43-101 and this technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;
6) I, as a Qualified Person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101 and of the vendor of the property;
7) I am the co-author of this report and responsible for Section 1-12, 14-18 and accept professional responsibility for those sections of this technical report;
8) I have had no prior involvement with the subject property ;
9) I have read National Instrument 43-101 and confirm that this technical report has been prepared in compliance therewith;
10) SRK Consulting (Canada) Inc. was retained by Laurentian Goldfields Ltd. to prepare a technical report for the Madsen gold Project in accordance with National Instrument 43-101 and Form 43-101F1 guidelines. The preceding report is based on site visits, our review of project files and discussions with Laurentian Goldfields Ltd. and Claude Resources Inc. personnel;
11) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Madsen gold project or securities of Laurentian Goldfields Ltd.; and
12) That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

L. Weiershäuser

Toronto
February 18, 2014

Lars Weiershäuser, Ph.D., P.Geo
Senior Consultant (Geology)

CERTIFICATE OF QUALIFIED PERSON

To accompany the technical report entitled: Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada, dated February 18, 2014.

I, Glen Cole, residing at 15 Langmaid Court, Whitby, Ontario do hereby certify that:

1) I am a Principal Resource Geologist with the firm of SRK Consulting (Canada) Inc. (SRK) with an office at Suite 1300, 151 Yonge Street, Toronto, Ontario, Canada
2) I am a graduate of the University of Cape Town in South Africa with a B.Sc (Hons) in Geology in 1983; I obtained an M.Sc (Geology) from the University of Johannesburg in South Africa in 1995 and an M.Eng in Mineral Economics from the University of the Witwatersrand in South Africa in 1999. I have practiced my profession continuously since 1986.
3) I am a Professional Geoscientist registered with the Association of Professional Geoscientists of the Province of Ontario (APGO#1416) and am also registered as a Professional Natural Scientist with the South African Council for Scientific Professions (Reg#400070/02);
4) I have personally inspected the subject property and surrounding areas on 12-15 January 2009 and on 24-26 June 2009
5) I have read the definition of Qualified Person set out in National Instrument 43-101 and certify that by virtue of my education, affiliation to a professional association, and past relevant work experience, I fulfill the requirements to be a Qualified Person for the purposes of National Instrument 43-101 and this technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;
6) I, as a Qualified Person, I am independent of the issuer as defined in Section 1.5 of National Instrument 43-101 and of the vendor of the property;
7) I am the co-author of this report and responsible for Section 13 and accept professional responsibility for those sections of this technical report;
8) I have had prior involvement with the subject property having previously prepared a mineral resource model for the property for Claude Resources Inc. which was documented in a technical report date January 20, 2010.
9) I have read National Instrument 43-101 and confirm that this technical report has been prepared in compliance therewith;
10) SRK Consulting (Canada) Inc. was retained by Laurentian Goldfields Ltd. to prepare a technical report for the Madsen gold Project in accordance with National Instrument 43-101 and Form 43-101F1 guidelines. The preceding report is based on site visits, our review of project files and discussions with Laurentian Goldfields Ltd. and Claude Resources Inc. personnel;
11) I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Madsen gold Project or securities of Laurentian Goldfields Ltd.; and
12) That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Toronto
February 18, 2014

Glen Cole, P.Geo
Principal Consultant (Resource Geology)

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Project number: 3CL012.000

Toronto, February 18, 2014

To:
Securities Regulatory Authorities
B. C. Securities Commission (BCSC)
Alberta Securities Commission (ABC)
Ontario Securities Commission (OSC)
L'Autorité des marchés financiers (AMF)
Toronto Stock Exchange (TSX)

CONSENT of AUTHOR

I, Lars Weiershäuser, do hereby consent to the public filing of the technical report entitled *Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada*, (the "Technical Report") and dated February 18, 2014 and any extracts from or a summary of the Technical Report under the National Instrument 43-101 disclosure made by Laurentian Goldfields Ltd. and to the filing of the Technical Report with any securities regulatory authorities.

I further consent to the company filing the report on SEDAR and consent to press releases made by the company with my prior approval. In particular, I have read and approved the press release of Laurentian Goldfields dated December 19, 2013 (the "Disclosure") in which the findings of the Technical Report are disclosed.

I also confirm that I have read the Disclosure and that it fairly and accurately represents the information in the Technical Report that supports the Disclosure.

Dated this 18th day of February 2014.

L. Weiershäuser

Lars Weiershäuser, Ph.D., P.Geo.
Senior Consultant (Geology)

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Toronto, February 18, 2014

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CONSENT of AUTHOR

I, Glen Cole, do hereby consent to the public filing of the technical report entitled *Technical Report for the Madsen Gold Project, Red Lake, Ontario, Canada*, (the "Technical Report") and dated February 18, 2014 and any extracts from or a summary of the Technical Report under the National Instrument 43-101 disclosure made by Laurentian Goldfields Ltd. and to the filing of the Technical Report with any securities regulatory authorities.

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I also confirm that I have read the Disclosure and that it fairly and accurately represents the information in the Technical Report that supports the Disclosure.

Dated this 18th day of February 2014.

G Cole

Glen Cole, P.Geo.
Principal Consultant (Resource Geology)