

**TECHNICAL REPORT**

**NI 43-101**

**ON THE**

**SCADDING GOLD PROPERTY**

**SCADDING TOWNSHIP  
DISTRICT OF SUDBURY  
ONTARIO**

**FOR**

**TRUECLAIM EXPLORATION INC.**

**AUTHOR:**

**L.D.S. Winter, P.Geo.**

Revised 22 June 2009

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### 3. **SUMMARY (ITEM 3)**

Trueclaim Exploration Inc. (“Trueclaim” or the “Company”) entered into an assignment agreement with MPE International Inc. (MPE) dated May 5, 2009 pursuant to which MPE assigned to Trueclaim all of its rights, title and interest in its option to acquire a 100% interest in the Scadding Gold Property (the “Property”). The Property is of interest to the Company for its potential to host a deposit of gold mineralization that could be economically exploited.

The Property is located in Scadding Township, District of Sudbury, Ontario between Wanapitei and Ashigami Lakes about 50 kilometres northeast of Sudbury, Ontario at 46°-38’N latitude, 80°-37’W longitude (Figure 1). The Property includes the former Scadding Gold Mine (1984-1990) located in Concessions II and III, Lots 5 and 6, Scadding Township, Sudbury Mining Division. Based on the writer’s review of the available data on the Property, the following is a summary of the key Property highlights:

- The Property consists of 7 mining leases which contain a total of 56 contiguous mining claims covering an area of 907 hectares.
- The Property is predominantly underlain by Early Proterozoic age sediments of the Huronian Supergroup, specifically the Serpent, Espanola and Bruce Formations of the Quirke Lake Group which have been intruded by Early Proterozoic age (Nipissing) gabbro and diabase.
- The gold mineralization occurs in 1700 Ma (million year old) bodies of hydrothermal breccia made up of coarse fragments of the Serpent Formation with abundant chlorite and greater than 5% iron sulphides.
- A total of 19,003 metres of diamond drilling in 221 surface holes have been drilled on the Property and most of this work was restricted to four mining claims.
- In 1980 P.C. McLean calculated a resource for the Property of 539,049 tons containing 165,400 Troy ounces (ounces) of gold which represented a grade of 0.307 ounces gold per ton. This is a historical estimate and is not compliant with current NI 43-101 requirements.

**Note:** All resource estimates presented in this report are historical and were prepared before the introduction of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). These resource estimates may not be relied upon until they are confirmed using methods and standards that comply with those required by NI 43-101. The potential for the exploration target to

replicate the historical resource, or to reach the indicated range of tonnages, is conceptual and is based on historical reports, which cite approximately lengths, widths, depths, grades and projections of the historical resource. Readers are cautioned that a qualified person has not completed sufficient exploration, test work or examination of past work to define a resource that is currently compliant with NI 43-101. The Company further cautions that there is a risk that exploration and test work will not result in the delineation of such a currently compliant resource. Neither the Company nor its personnel treat the historical resource estimate or the historical data as defining a current mineral resource, as defined under NI 43-101, nor do they rely upon the estimate or the data for evaluation purposes; however, these data are considered relevant and will be used to guide exploration as the Company develops new data to support a current mineral/resource estimate in accordance with the requirements of NI 43-101.

- The historical estimated resource base in 1983 was 152,895 tons at an estimated undiluted grade of 0.376 ounces gold per ton which represents approximately 57,000 contained ounces (Hill, 1983). The Scadding Gold Mine produced approximately 914 kg of gold from 127,000 tonnes (t) of ore grading 7.2 g/t Au (grams per tonne gold) (or 29,400 ounces of gold from 139,742 short tons of ore grading 0.21 ounces/ton) during the period 1984 to 1990 from three shallow open-cuts (North, East-West and South Zones) and underground development of the Central (Intermediate) Zone. The estimates from 1983 combined indicated and inferred categories which is not permitted under current CIM Reserve and Resource Standards as required by NI 43-101. This information is historical data and should only be considered as such. It does not represent current resources compliant with CIM Standards as required by NI43-101.

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- The Scadding Gold Mine was run as an extraction project without any attempt to build a sustained mining operation or to evaluate the potential of the Property.
- The most recent work on the Property was carried out by JML Resources Ltd. in 2003 through an option/joint venture agreement with Currie Rose Resources Inc. (Currie Rose). A preliminary drilling program confirmed the presence of gold at one of the known historic gold zones (North Zone) and confirmed that historic

gold zones are associated with broad, chlorite and albite-rich, alteration envelopes. Geophysical surveys identified 7 distinct linear zones and that within 3 of the zones historical gold development had occurred.

- Based on the historical work (1973 to 1990) on the Property and the work in the last 10 years by Currie Rose Resources Inc. and JML Resources Ltd., it is considered that the Property has the potential to host additional mineralization and it is recommended that exploration should focus on:
  - the down dip/plunge continuation of the New Zone and possibly other Zones if data compilation work indicates areas of interest.
  - evaluating the potential of the area of the Property underlain by the Serpent Formation apart from the area of about 36 hectares where the 5 Zones of known mineralization are located.
- To evaluate the Scadding Property, a two phase program of exploration is recommended with a Phase 1 budget of \$565,500 and a Phase 2 budget of \$2,030,000. A total of 2000 metres of drilling is recommended in Phase 1 and 9000 metres of drilling is recommended in Phase 2. If both phases are implemented, the total expenditure would be approximately \$2,595,500.

#### **4. INTRODUCTION AND TERMS OF REFERENCE (ITEM 4)**

The writer has been requested by Trueclaim to prepare an independent technical report consistent with National Instrument 43-101, companion policy NI 43-101CP and Form 43-101F1, discussing the Company's Scadding Township Gold Property. This report is being prepared with regard to TSX Venture Exchange regulatory requirements and in connection with the assignment to the Company by MPE of the option to acquire a 100% right, title and interest in the Property. The report will be publicly available for review by the filing of the technical report on SEDAR.

The writer is a principal of Winterbourne Explorations Ltd. ("Winterbourne") and has operated Winterbourne as an independent geological consulting business since 1981. Through Winterbourne, the writer has prepared a number of 43-101 compliant technical reports on gold and/or base metal properties located within the Provinces of Ontario and Quebec. The report is based on information provided by the Company,

publicly available information as well as two visits to the Property by the writer on June 6 and July 14, 2008.

Metric units and Canadian dollars are used throughout this report unless otherwise stipulated.

Gold grades are reported in ounces gold per ton (short ton of 2000 lb) for historic data and in grams per tonne (g/t Au) for more recent work.

The Scadding Gold Property is not considered to be a development or production property at this time. This report does not include information under Item 25 of National Instrument 43-101.

The effective date of the report is 22 June 2009.

## **5. RELIANCE ON OTHER EXPERTS (ITEM 5)**

This report has been prepared by the writer for Trueclaim. The information, conclusions, opinions and estimates contained herein are based on:

- information available to the writer at the time of preparation of this report.
- assumptions, conditions and qualifications as set forth in this report.
- data, reports and opinions supplied by the client and available from other public sources.
- property information provided by Trueclaim and, confirmed by the writer through the Sudbury Land Registry office for Scadding township.
- environmental information on Scadding township available through the Ministry of Northern Development and Mines (MNDM), Abandoned Mines Information Systems (AMIS) and as provided by Mr. Mark Stewart of MNDM.

## **6. PROPERTY DESCRIPTION AND LOCATION (ITEM 6)**

The Property is located in Scadding Township between Wanapitei and Ashigami Lakes approximately 50 kilometres northeast of Sudbury, Ontario at 46°-38'N latitude, 80°-37'W longitude (UTM co-ordinates Zone 17, 529130mE and 5176250mN (Figure 1). The Property is centred at Concession II and III, Lots 5 and 6 of Scadding Township with the Property being within the Sudbury Mining Division and the District of Sudbury, Ontario.

The Property consists of 7 contiguous mining leases containing a total of 56 mining claims covering 907 hectares as shown in Figure 2 and as described in Table 1. The total Property area is 907 hectares. Mining Claims S-359344, S-359360, S-373196, S-346915, S-357994 and S-357990 (all being single unit claims) cover the area of the historical reclaimed mine and mill site as well as earlier drilling in the project area.

The Company currently holds the Property under option from Currie Rose Resources Inc. ("Currie Rose" or the "Optionor") in accordance with the terms of an assignment agreement between Trueclaim and MPE dated May 5, 2009 pursuant to which MPE assigned to Trueclaim all of its rights, title and interest in the Property and an option agreement between MPE and Currie Rose Resources Inc. ("Currie Rose") dated March 13, 2008 as amended on April 9, 2009 (collectively the "Agreement").

Under the terms of the Assignment, on closing, the Company has agreed to reimburse MPE up to \$110,000 for expenses incurred by MPE on the Scadding Gold Property and to issue to MPE an aggregate of 1,000,000 common shares in the capital of the Company. In order to maintain the Assignment in good standing and to acquire a 51% interest in the Scadding Gold Property, the Company is required to issue an aggregate of 2,000,000 common shares in the capital of the Company to MPE in installments of 500,000 shares every six months over a period of two years from the date of closing; maintain the Scadding Gold Property in good standing; spend an aggregate of \$2,000,000 on the Scadding Gold Property over a period of three years and issue an aggregate of 450,000 common shares in the capital of the Company to Currie Rose in equal installments of 150,000 shares over a period of three years and

pay \$110,000 to Currie Rose on closing. The Company will be operator of the project during the period of the Option.

The Company can increase its interest in the Scadding Gold Property from 51% to 100% upon commencement of a mine production plan by paying an aggregate of \$2,000,000 to Currie Rose. The Scadding Gold Property is subject to a \$1.00 per ton royalty covering ore removed from the Scadding Gold Property and a 3% net smelter return royalty.

Under the current Ontario Mining Act for the Province of Ontario, no permits or special permission are required to carry out the exploration work recommended in the Phase 1 and Phase 2 programs, including limited stripping and diamond drilling. There may be some changes in obligations associated with land tenure over time since Scadding Township was one of the many regional townships annexed into the City of Greater Sudbury.

The mining leases are for both the mining and surface rights, however, the Property descriptions for the subject mining leases/mining claims indicate:

- that the lessee shall not be entitled to compensation for damages to the mining rights resulting from the construction, reconstruction or maintenance of the public Kukagami Lake road for a strip of land 300 feet (91.5 metres) along the road and within the Property. The surface rights along this strip of road/land are also reserved for the Municipality of Greater Sudbury (Figure 2).
- surface rights over a strip of land 400 ft (122 metres) wide above the high water mark along the shores of Bugg and Ashigami Lakes are reserved for the Crown.

The Property boundaries for all mining leases were determined by legal surveys and the township Lot and Concession fabric where applicable.

All known mineralized zones, historical mineral resources, mine workings, tailing ponds, waste disposal sites lie within claims 373195, 373196, 478828, 478826, 359344 (Figure 2).

The only natural feature of significance, Ashigami Lake, is adjacent to the eastern part of the Property (Figure 2).

Any royalties payable with respect to the Property are defined in Section 6, Property Description and Location.

The Property is not subject to any environmental liabilities. This matter was reviewed with Mr. Mark Stewart, MNM, Sudbury, Ontario for all the mining leases.

**TABLE 1  
MINING CLAIMS AND LEASES  
TRUECLAIM EXPLORATION INC. - SCADDING GOLD PROPERTY**

MINING LEASES		CROWN LEASE AND RENEWAL DATE	CLAIM #	CLAIM #	OWNER
LAND TITLE PARCEL #	PIN (2)				
651	73514-107	491221 01 Feb. 2023	S-346915	S-359359	Currie Rose
			S-346916	S-359360	
653	73514-108	530532 01 Nov. 2025	S-346893	S-357993	Currie Rose
			(1) S-346894	S-357994	
			S-346895	S-357995	
654	73514-109	531609 01 Dec. 2025	S-359343	S-359345	Currie Rose
			S-359344	S-373196	
655	73514-110	532400 01 Dec. 2025	S-478823	S-478825	Currie Rose
			S-478824	S-478826	
659	73514-111 73514-121 73514-122	538974 01 Mar. 2026	S-346887	S-357991	Currie Rose
			S-346888	S-357997	
			(1) S-346894	S-357998	
			S-346896	S-478827	
			S-346897	S-478828	
			S-346898	S-478829	
			S-346899	S-478830	
			S-346901	S-478879	
			S-346902	S-478886	
			S-346903	S-478887	
			S-346914	S-478888	
			S-357986	S-478889	
			S-357987	S-478890	
			S-357988	S-507803	
S-357989	S-507804				
S-357990	S-507805				
662	73514-112	557151 01 June 2027	S-346889	S-346891	Currie Rose
			S-345890	S-346892	
663	73514-113	557150 01 June 2027	S-346900		Currie Rose
			<b>TOTAL CLAIMS 56</b>		

TOTAL AREA 907 ha

(1) S-346894 is split between parcels 653 and 659

(2) PIN is required to access Land Registry Data Base.

(3) Lease renewals are for a period of 21 years with additional renewals permitted.

**7. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY (ITEM 7)**

Access to the Property is by way of the Kukagami Lake road from the intersection of Ontario Highway 17 approximately 20 kilometres west of the village of Hagar and 30 kilometres east of the City of Sudbury. The Kukagami Lake road crosses the Property 16.8 kilometres north of Highway 17 and from here, a network of old mine roads and trails provide access to the central part of the Property (Figure 3). The main transcontinental east-west rail line (OVR) is adjacent to and parallel to Highway 17, approximately 17 kilometres south of the Property.

The Sudbury area has a cold continental climate with an average annual precipitation in the order of 85 centimetres per year and with the annual temperature being in the range from +30°C to -40°C. Snow accumulations are generally present for a 5 month period between November and March with the occasional storm in early April. In general, the climatic conditions permit exploration work to be carried out at all times during the year. In some cases, the winter season is more preferable for carrying out geophysical and drilling work in that it provides access to swampy areas.

The Property is covered with secondary growth of poplar, birch, spruce and alder which represent second growth following the harvesting of white pine during the early part of the 20<sup>th</sup> Century. Forest fires from time to time have also contributed to the destruction of the pine forest. There is currently little merchantable timber in the area. Wanapitei Lake, Kukagami Lake and Ashigami Lake all host cottages and private resorts which are used during both the summer and winter periods for recreational purposes.

Infrastructure and site services for the Property were removed during the reclamation and remediation programs in the 1980's, however, single phase power and telephone services follow the Kukagami Lake road to Kukagami Lodge on Kukagami Lake north of the Property. The city of Sudbury approximately 30 kilometres west of the project is a well established mining area and can provide all of the services and skilled personnel required for any type of exploration work and mining facilities that may be developed on the Property.

Ashigami Lake lies immediately east of the Property and could supply any water requirements for a production facility on the Property. This was the source of water when the Property was operated by Westfield Minerals Limited in 1984 and by Orofino Resources Limited between 1985 and 1990.

Power is available along Highway 17 from Hydro One and could be brought to the Property along the Kukagami Lake Road

There are ample areas on the Property for tailings disposal sites, ore storage, waste rock disposal and potential processing sites. The nature of the mineralization and the climate preclude the use of heap leaching techniques.

The topographic relief of the Property is in the order of 20 metres with the general elevation of the Property being approximately 300 metres above mean sea level. For the most part, the Property is forested with approximately 25% of the area being muskeg. Approximately 90% of the area is covered by glacial deposits and approximately 10% is considered to be bedrock exposures which generally occur in an east-west trend reflecting the general trend of the underlying Huronian sediments.

## **8. HISTORY (ITEM 8)**

### **Early Activities**

Gold was first reported in Scadding Township in the 1880's and subsequent exploration prior to World War II located many prospects in shear zones commonly hosted by or associated with gabbro (Nipissing diabase). Some of these consisted of visible gold in veins containing quartz, coarse dolomite and sulphides (pyrite, chalcopyrite).

### **1973 – 1975 Gulf-Getty Joint Venture**

- During the 1973 uranium exploration program of Gulf Minerals Canada Limited, gold assays from grab samples, collected by P.C. McLean from old trenches led to rediscovery of a showing subsequently named the "McLean, P.C. prospect" by

the Ontario Geological Survey and the East-West Zone in private reports (McLean, 1973 and 1974) (Figure 3).

- Trenching, geological mapping, geophysical surveys and limited geochemical surveys by Gulf Minerals Canada Limited.
- 3660 metres (12,004 feet) of diamond drilling in 54 holes (S1-S54) on a grid with base line oriented 090° (Craigie, 1975).
- This drilling outlined a shoot, the East-West Zone in 1975, containing an inferred mineral resource of 34,125 tons grading 0.303 ounces gold per ton. It is the writer's opinion that the historical inferred mineral resource would be consistent with the current CIM definition of inferred mineral resource.

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- The Property was idle after 1975.

#### **1977 – 1980 Watt Property**

- D.R. Watt entered into a purchase agreement with Gulf Minerals Canada Limited on December 15, 1977 for a group of 40 unpatented mining claims in the middle of Scadding Township.
- Terms of the purchase agreement included a work expenditure in the amount of \$200,000 prior to December 15, 1979 and a royalty to Gulf Minerals Canada Limited of \$1.00 per ton of ore removed from these claims.
- The original Watt group of claims consisted of the 40 claims obtained from Gulf Minerals Canada Limited and 32 additional claims acquired by staking.
- \$245,416.29 was spent on work programs and the terms of the purchase agreement were met.

- Work programs included geological mapping, magnetometer surveys and self potential surveys.
- 3066 metres (10,058 feet) of diamond drilling in 35 holes (W1-W35).
- Work was carried out on a new grid system (base line oriented 335°) covering the L17+00W area (Gulf Minerals Canada Limited grid) where work in 1975 had found gold mineralization in float and significant mineralization in drill core (0.21 ounces gold per ton over 0.70 metres (2.3 feet) and 0.18 ounces gold per ton over 3.4 metres (11.2 feet) in drill hole S45; 0.25 ounces gold per ton over 3 metres (9.8 feet) in drill hole S46).
- Intercept of 0.35 ounces gold per ton over 32 metres (105.5 feet), from 91 metres (298.6 feet) to 123 metres (404.1 feet) in hole W29 inclined at -75°, marked discovery of the Central zone.
- In 1980, D.R. Watt incorporated Scadding Gold Mines Limited and the 207 claims were subsequently transferred from D.R. Watt to Scadding Gold Mines Limited. Subsequently, all references in the Sudbury Land Registry files show the claims/leases in the name of Scadding Gold Mines Limited.

#### **1980 – 1983 Northgate Exploration Limited**

- Northgate Exploration Limited purchased the group of 207 unpatented mining claims covering the southwest quadrant of Scadding Township including the known gold mineralization from Scadding Gold Mines Limited in the fall of 1980.
- Terms of the agreement included a front-end payment of 110,000 treasury shares (valued at \$1,485,000) of Northgate Exploration Limited, a 30% net profits royalty in favour of the vendors, assumption of the “Gulf royalty” of \$1.00 per ton of ore removed from the original group of 40 claims and a work commitment of one million dollars over 18 months for the exploration and development of the Property to the feasibility stage.
- Exploration programs in 1980 and 1981 included 300 kilometres of grid lines (on three grids), a humus geochemical survey (8000 samples for gold), blanket ground-geophysical surveys (VLF-EM and magnetometer), geological mapping (1:8000; 1:2000 or 1:1000 scales).
- 4951 metres (16,239 feet) of mainly NQ and AQ (approximately 47 mm and 27 mm diameter core respectively) diamond drilling of 56 holes were completed.

This drilling was used in conjunction with holes drilled by Gulf Minerals in 1973-1975 and by D.R. Watt in 1979-1980 by Westfield Minerals Ltd. in March 1983 to prepare tonnages and grade estimates for the different zones on the Property.

- Ground surveying for horizontal and vertical control was completed in conjunction with an orthophotogrammetric survey to produce air-photo coverage at a scale of 1:8000 and topographic base maps at a scale of 1:2000.
- Development programs included independent engineering studies for mining, milling and construction to mine known ore zones.
- Site work included stripping of zones to bedrock, construction of a network of all-weather roads and installation of a trailer camp with services.
- Fifty six of the mining claims were taken to lease and these constitute the 7 current mining leases on the Property.

#### **1983 – 1984 Westfield Minerals Limited**

- In 1983, Westfield Minerals Limited obtained an option to purchase the Scadding Mine from Northgate Exploration Limited for \$1.8 million payable in shares but the option was not exercised.
- The option agreement provided the opportunity for Westfield Minerals Limited to evaluate the Property through exploration and mining of the South, East-West and North Zones (Figure 3). At this time, March 1983, Westfield Minerals Limited had an “Ore Reserve” Estimate prepared by the consulting group of Hill, Goettler, DeLaporte Limited, Toronto, Ontario (Hill, 1983). (For additional details of this Historical Estimate, see Section 19 of this report).
- Westfield Mineral Limited acquired a 200 ton-per-day concentrator mill, installed services, constructed a tailings facility and prepared the South, East-West and North Zones for production at a cost of \$977,000. A total of 24,018 tons of mineralization mined from open pits in these zones was processed in the refurbished mill during the period June 4 to November 13, 1984. No report is available on the amount of gold recovered.

### **1985 – 1990 Scadding Gold Mine of Orofino Resources Limited**

- Orofino Resources Limited purchased the Scadding Gold Mine from Northgate Exploration Limited for \$2.5 million on August 15, 1985. This included the mine, mill and property consisting of 151 mineral claims and 56 mining leases. The objective of the acquisition was to carry out underground mining of three lenses (main, footwall, hangingwall ore bodies) in the Central (Intermediate) Zone which contained a “drill indicated mineable reserve” of 136,496 short tons at a cut grade of 0.211 ounces gold per short ton (Botsford, 1985). This was revised to “probable mine reserves” of 119,000 diluted short tons at a grade of 0.225 ounces gold per short ton following an internal review and the proposal for underground mining by Canadian Mine Development Limited (Vooro et al., 1987).

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- Underground exploration and development of the Central (Intermediate) Zone was carried out by Canadian Mine Development Ltd. during the period March to June 1987 at total project cost of approximately \$1.6 million. Orofino Resources Limited financed the underground project using flow through funds.
- Underground access was by spiral ramp to the 228, 265, 244, 221 and 199 metre levels from a portal at an elevation of 299 metres near the South Zone pit. The ramp was advanced 4.57 metres wide by 4.27 metres high and at a grade of -18% for a distance of 587 metres. An additional 373 metres of excavation for level accesses and drifts and 192 metres in raises were also completed. Mineralized zones were evaluated by sampling of drifts.

- 1677 metres (5500 feet) of contract, underground diamond drilling was carried out.
- The Central (Intermediate) Zone was mined by modified sublevel shrinkage including benching of levels, long-hole drilling and blasting of pillars and ore haulage from draw points at the bottom of the Main lens at an elevation of 199 metres.
- Ore was stockpiled for production through the Scadding mill from August 1987 to August 1990.
- 115,724 tons were milled yielding 15,769 ounces of recovered gold with 2324 ounces of calculated gold reporting to tails.
- The mill recovery rate was 87.2% for a calculated mill head grade of 0.156 ounces gold per short ton.
- 14.2% of the gold was recovered by gravity.

No work is reported on the Property for the years between 1990 and 1997 and on 9 September 1997, the seven Mining Leases constituting the Property were transferred to Currie Rose Resources Inc. (Sudbury Land Registry Records).

#### **1997 and 1998 Currie Rose Resources Inc.**

Currie Rose Resources Inc. carried out exploration work including diamond drilling on the Property in 1997 and 1998. The results of this work are summarized in Section 12, Exploration since they have some relevance to the current status of the Property.

#### **2003 and 2004 JML Resources Limited**

There is no reported work from the Property following the 1998 Currie Rose work until the work by JML Resources Ltd. (JML) commencing in 2003 relative to an option/joint venture agreement between Currie Rose and JML.

On August 20, 2002 JML entered into an option/joint venture agreement with Currie Rose, to earn a 50% interest in the Scadding Gold Property. In order to earn its interest in the Property, JML paid \$50,000 to Currie Rose and issued 200,000 common

shares of JML to Currie Rose. JML was required to incur exploration expenditures of \$3,000,000 on the Property over a seven year period, of which, at least \$50,000 was to be incurred on or before December 31, 2003 and a total of \$300,000 on or before the first anniversary of the Agreement. JML also granted Currie Rose an option to acquire a 50% interest in 158 staked mining claims in consideration of 500,000 shares of Currie Rose to JML and that Currie Rose pay 50% of the exploration cost on the staked mining claims. The Currie Rose/JML option agreement was terminated in 2005.

The results of the JML work are presented in Section 12, Exploration, since this is the most recent exploration work on the Property.

### **2004 to 2009**

No work has been carried out on the Property since the completion of the JML Resources Ltd. work in 2004. By an option agreement with Curie Rose and dated March 13, 2008 MPE International Inc. acquired the right to earn an interest in the Property, however, MPE International Inc. has not carried out any exploration work on the Property.

## **9. GEOLOGICAL SETTING (ITEM 9)**

### **9.1 REGIONAL GEOLOGY**

The Scadding Property area lies within the Precambrian Canadian Shield of Northern Ontario, within the Southern Geological Province between the Superior Geological Province to the north and the Grenville Geological Province to the south.

In summary, three major lithological components are present in the Southern Province:

- An Archean basement made up of metavolcanic and metasedimentary rocks, granitoid intrusives and mafic intrusive rocks,
- Huronian metasedimentary rocks containing minor intercalated mafic volcanic rocks, overlie the Archean basement and,

- Post-Huronian intrusive rocks including Nipissing diabase sills and post Nipissing diabase dykes and sills, small felsic intrusive bodies and lamprophyre dykes.

The major geological provinces and structures within the region are outlined in Table 2 and in Figure 4.

**TABLE 2**  
**TABLE OF GEOLOGICAL FORMATIONS**  
**TRUECLAIM EXPLORATION INC. – SCADDING GOLD PROJECT AREA**

Period	Province or Complex	Dominant Lithology	Age Millions of Years (Ma)
Mid-Proterozoic	Grenville	Variable, highly metamorphosed	1200 - 1000
Mid-Proterozoic	Keweenawan	Mafic Volcanics	1225
Early Proterozoic	Sudbury Igneous Complex and Whitewater Sediments	Diorite	1850
Early Proterozoic	Nipissing Diabase	Gabbro and Diabase Intrusions	2115
Early Proterozoic	Huronian Supergroup	Clastic Sediments	2450–2115
Archean	Superior	Granite and Metavolcanics	>2500

The Huronian metasedimentary rocks lie unconformably above the Archean basement. They are part of the Huronian Supergroup, portions of which extend across the region from Sault Ste. Marie in the west to the Cobalt Area near the Quebec border in the east. The Huronian sediments are interpreted to have been deposited during a period of marine transgression from south to north, commencing with sandstones, conglomerates and argillites with local intercalated mafic volcanics followed by more mature clastic sediments and marine evaporates. The sediments are thought to have been deposited from the northwest towards the southeast, with the clastic material derived from gradual uplift of the foreland to the north. The unconformity with the

basement rocks is sharply defined in some places and at others is represented by several metres of regolith.

The Huronian Supergroup has been divided into four groups, each containing several formations (Table 3).

**TABLE 3**  
**STRATIGRAPHY OF THE HURONIAN SUPERGROUP**  
**SAULT STE. MARIE – SUDBURY – COBALT REGION**  
**TRUECLAIM EXPLORATION INC. – SCADDING GOLD PROJECT AREA**

Formation	Description
<b>COBALT GROUP</b>	
BAR RIVER FORMATION	Orthoquartzite, siltstone
GORDON RIVER FORMATION	Siltstone
LORRAIN FORMATION	Arkose, orthoquartzite
GOWGANDA FORMATION	Polymictic Conglomerate, quartzite, siltstone, argillite
<b>QUIRKE LAKE GROUP</b>	
SERPENT FORMATION	Orthoquartzite
ESPANOLA FORMATION	Greywacke, limestone
BRUCE FORMATION	Limestone, siltstone
<b>HOUGH LAKE GROUP</b>	
MISSISSAGI FORMATION	Orthoquartzite
PECORS FORMATION	Greywacke, argillite, quartzite
RAMSAY LAKE FORMATION	Polymictic conglomerate
<b>ELLIOT LAKE GROUP</b>	
McKIM FORMATION	Greywacke, argillite, quartzite Polymictic conglomerate
MATINENDA FORMATION	Arkosic quartzite
LIVINGSTONE CREEK FORMATION	Feldspathic quartzite and conglomerates

The primary intrusive event affecting the region was the intrusion of the Nipissing diabase sills and dykes which are dated at 2120 Ma. The sills and dykes have been folded during the Penokean Orogeny and have been metamorphosed to greenschist facies. The Nipissing diabase is primarily found as intrusions in the Huronian sediments, however, they also occur in the underlying Archean rocks.

The major structural event that deformed the Huronian sediments was the Penokean Orogeny, which affected the region between about 1850 Ma and 1750 Ma. The deformation caused by the Penokean Orogeny resulted in folding and thrust faulting of the Huronian sediments. The Murray fault system and Onaping fault systems are composed predominantly of strike-slip faults that were formed some time after the Grenville Orogeny (post 1000 Ma).

## **9.2 LOCAL AND PROPERTY GEOLOGY**

The Cobalt, Quirke Lake and Hough Lake groups of the Huronian Supergroup (Table 3) are exposed south of Wanapitei Lake in a series of northwest to southeast oriented secondary fold structures which are truncated at the Grenville Front Tectonic Zone a few kilometres south of the Property. Generally, the stratigraphic sequence becomes younger in the northeast. Fold structures, including northwest-southeast trending dykes and sills of the Nipissing suite, are overturned to the southwest and disrupted by both northwesterly and northeasterly striking faults. Both Huronian sediments and Nipissing intrusions were regionally metamorphosed under greenschist to lower amphibolite facies conditions.

The Property is mainly underlain by the Serpent, Espanola and Bruce Formations of the Quirke Lake Group and lesser dykes and sills of the Nipissing intrusive suite (Figure 5). Metasedimentary strata strike approximately west and dip moderately to steeply north in the area of historical interest. Here, metasediments are cut by a swarm of relatively narrow mafic dykes, thought to be part of the Nipissing suite, which strike northwesterly and dip  $-65^{\circ}$  to vertically.

## 10. DEPOSIT TYPES (ITEM 10)

Gold mineralization at the Property is contained in chloritic shear zones and associated coarse hydrothermal breccias derived from folded, siliceous clastic metasedimentary strata of the Serpent Formation. It is considered that gold mineralization at the Property (Martins et al., 1979) is mesothermal in character and can be classified with the common but highly variable, quartz-carbonate vein subtype of gold mineralization. The chloritic shear zone associated with gold mineralization in the Central (Intermediate) Zone strikes 330°-340° and dips about 70° northeast. Gold mineralization in the East-West Zone is associated with a fault structure striking east and dipping 65° south oblique to a dyke trending about 255°. Chloritic alteration associated with the gold mineralization is younger than mafic dykes and hydrothermal breccia in the mine area (for location of Zones, see Figure 6).

A crude zoning of hydrothermal alteration in breccia near gold mineralization is recognized. The pattern of alteration from proximal to distal includes:

- green chloritic breccia with quartz + ankerite + sulphide stringers and/or matrix material.
- pink albitic + hematitic breccia with coarse dolomite + quartz stringers and/or matrix material.
- grey arenite with net-vein fabrics.

Breccias probably acted as mechanical and chemical traps for hydrothermal fluids channeled through internal fault structures and/or younger, cross-cutting shear zones. The transition from green to pink coloured rocks is considered to represent a reduction-oxidation boundary which envelopes volumes of higher sulphide and gold content.

In summary, zones of gold mineralization are hosted in structurally controlled and hydrothermally altered breccias within Serpent formation quartzite. Alteration consists of a central area of green chlorite containing quartz, ankerite and sulphide (mainly pyrite) stringers surrounded by pink albitic alteration and hematitic breccias. The most distal alteration consists of a network of fine veinlets. Gold mineralization is hosted within the

chlorite/sulphide-rich central part of the zone. Guides to mineralization are structures/breccias and the indicated alteration. As well, the sulphides should provide a reasonable induced polarization (IP) response.

## **11. MINERALIZATION (ITEM 11)**

Gold mineralization occurs with chlorite and iron sulphides in hydrothermal breccia at various stratigraphic levels within the Serpent Formation. The Serpent Formation is thought to be about 450 metres thick based on its surface exposure and its dip. The Serpent Formation is mainly composed of resistant, buff weathering and massive-looking, siliceous clastic metasediments. Thickly bedded, light grey, medium grained, muscovite-plagioclase-quartz, feldspathic quartzite is the dominant rock type. A more thinly bedded and more argillaceous unit about 30 metres thick and consisting of metagreywacke, metasilstone and meta-conglomerate occurs at the basal contact with the Espanola limestone.

Resistant weathering, grey, pink and green breccias in the Central (Intermediate) Zone show a crude concentric zoning pattern which is related to the intensity of fracturing and hydrothermal alteration of "Serpent quartzite". Gold mineralization is mainly contained in highly chloritic shear zones and highly chloritic breccias next to the shear zones. Chloritic shears in the Central (Intermediate) Zone trend at between 330°-340°, dip 70° east and form a low angle with respect to the strike of local mafic dykes.

Chloritic wallrocks are coarse, angular, dark green coloured breccias containing 70% chlorite and greater than 5% sulphide minerals (pyrite > pyrrhotite > chalcopyrite > arsenopyrite). Magnetite, galena and apatite are present as accessory minerals (Martins et al., 1979). The gold content of dark green breccias containing sulphides was commonly greater than 0.2 ounces gold per ton (per P.C. McLean, geologist, personal communication with the Author). These values will need to be confirmed through additional work by the Company.

Pink coloured breccia with stringers and matrix material consisting of coarse dolomite + grey quartz +/- (chlorite, albite, sulphides) make up an intermediate zone of alteration. The pink breccias are coloured by ferric iron oxides and contain abundant

albite. Pink breccia contains gold mineralization in proportion to chlorite and sulphide content. Values in the range 0.04 to 0.10 ounces gold per ton were commonly found in pink breccia mined underground from the Central (Intermediate) Zone (per P.C. McLean, personal communication). These values will need to be confirmed through additional work by the Company.

An outer zone of alteration is seen as a transition from pink coloured rocks to light grey coloured, crackle brecciated and net-veined metasediments containing dispersed rusty weathering spots and patches after sulphides in fractures.

Schandl et al (1994) dated the breccias at  $1700 \pm 2$  Ma using U-Pb geochronology on hydrothermal monazite found in albitic alteration at the Scadding mine site. Although no occurrences of dyke material within breccia are documented in the mines area, the breccia as dated is younger than intrusions of the Nipissing suite. Gold mineralization in the mine area appears to be one of the youngest events since it is associated with chloritic shear zones and chloritic alteration which cut and overprint, respectively, both the breccia and the dykes.

The extent of hydrothermal breccia at the Property is unknown but may be considerable. Known gold mineralization on the Property occurs within an area 500 metres square and includes the North, Central, South, New and East-West Zones (Figure 6). The North, Central (Intermediate) and South Zones are aligned along a northwesterly to northerly trend similar to a strike of  $330^{\circ}$ - $340^{\circ}$  documented for mineralization in the Central (Intermediate) Zone. Most diamond drilling between 1973 and 1983 was along this trend.

The tops of the North, South and East-West Zones were mined as shallow, open pits to depths of 7 metres to 9 metres. Underground development and mining of the Central (Intermediate) Zone was within a block of ground 50 metres square and 95 metres high. About 80% of the total tonnage mined from the Property came from underground.

### **North Zone**

In the North Zone, mineralized shoots are hosted by two intervals of chloritic breccia. Two mineralized shoots, about 5 metres in width and separated by 5 metres to 15 metres of wallrock, show a cigar-like geometry plunging 40° northeasterly for a distance of 135 metres. Mineralization converges in a V-shaped structure with the apex reaching the surface where the upper shoot was mined as an open-cut. Drill indicated mineralization is present below the mined area/open cut.

### **Central (Intermediate) Zone**

Mineralization in the Central (Intermediate) Zone occurred within a shear zone, approximately 15 metres wide, striking 330°-340° and dipping 70° to the northeast. The shear zone was made up of several prominent chloritic shears varying in width from 0.3 metres to 2.0 metres, chlorite breccia and pink breccia. Three mineralized shoots (footwall, main and hangingwall) were contained within a flattened, funnel-shaped body of chloritic breccia plunging steeply northeast (80°) in the plane of the shear zone. The ore bodies were blind, starting at the 295 metre level about 15 metres below surface, plunging steeply north by northeast and bottoming out at about 200 metre level. Properties of the ore shoots, estimated from assay level plans and sections are presented below in Table 4 (Hall, 2003 and compilation by the writer).

**TABLE 4**  
**DIMENSIONS OF SHOOTS MINED IN THE CENTRAL ZONE**

<u>Shoot</u>	<u>Maximum Length (m)</u>	<u>Average Width (m)</u>	<u>Plunge Length (m)</u>	<u>Grade Gold (oz/st)</u>
main	55	8	100	0.2
hangingwall	30	5	100	0.3
footwall	15	3	30	0.2

In this section, in addition to the steeply dipping main northwest-trending shear zone there are flat, 20° to 30° east-dipping zones which are considered to be tensional features and suggest a relative movement of footwall down for the steeply dipping structure.

### **South Zone**

Mineralization in the South Zone was associated with a body of chloritic breccia in a similar stratigraphic position as the East-West Zone. Several mineralized shoots of limited size and continuity were found by early drilling (drill holes W-35 and N-54) on the south side of a northwesterly striking and 60° northeast dipping diabase dykes. Near surface mineralization in an area approximately 7 metres x 12 metres in plan was tested by percussion drilling following stripping of overburden by Westfield Minerals Limited in 1984. Some of the mineralization was mined.

### **East-West Zone**

The East-West Zone was the site of the original discovery/sampling by P.C. McLean in 1973. Mineralization in the zone was associated with a body of chloritic breccia which is locally in contact with the Espanola "limestone" and changes in dip in a westerly direction from 75° north to subvertical and then to moderately south. Gold mineralization occurred as an irregularly shaped, tabular shoot 80 metres in strike length and on average, 3 metres in width. The shoot plunged 45° southwest in the hangingwall of a fault structure striking east and dipping 65° south. The dip and plunge components of the shoot were limited by the combination of a south dip on the fault structure and a north dip on the Serpent-Espanola contact. The west boundary to the zone was a northerly striking fault.

## **12. EXPLORATION (ITEM 12)**

### **12.1 EXPLORATION BY CURRIE ROSE RESOURCES INC.**

Currie Rose Resources Inc. (Currie Rose) acquired the Property from Orofino Resources Limited (Scadding Gold Mines Limited) on September 9, 1997 as reported in the Sudbury Land Registry files where a transfer of ownership of the seven mining leases is recorded. The Currie Rose Resources Inc. exploration program between 18 April 1997 and 15 March 1998 consisted of the recovery of historical records, staking, 32 kilometres of line-cutting, 41.7 kilometres of ground geophysical surveys (magnetometer and VLF-EM) and diamond drilling.

The magnetometer survey outlined the presence of a number of diabase dykes trending from 225° (southwest) to 315° (northwest). The dykes also show as conductive bodies. The dykes are offset by minor faults, some of which are represented by east-west-trending VLF-EM anomalies. Hall (2003) reports that some areas of known gold mineralization are located near these dyke offsets and are coincident with VLF-EM anomalies.

## **12.2 JML RESOURCES LTD.**

No work is reported for the Property during the period from 1998 to 2003. Pursuant to the option/joint venture agreement between Currie Rose and JML Resources Ltd. (JML) dated 20 August 2002, JML completed 1406 metres of NQ (approximately 47 mm diameter core) drilling in 11 holes in a program designed to confirm the earlier drill results and to determine the nature and overall geometry of the gold mineralization in the North Zone.

Lapierre (2004) reports that logging of the drill core indicated that the zones of gold mineralization had an elevated magnetic susceptibility compared to the host rocks and also, that there was in general up to 5% disseminated to coarse-grained porous aggregates and euhedral pyrite present. These observations suggested that magnetometer and induced polarization (IP) surveys could be employed to outline areas of potential gold mineralization. Between 1 November 2003 and 23 November 2003, a 1500 metre by 1500 metre grid centred on the previous workings was covered by both magnetometer and IP surveys.

The surveys identified seven distinct zones trending east-west and with strike lengths of 200 metres to 900 metres

Zone 1 is 600 metres north of the North Zone. It is a 650 metre long, moderate to strong IP anomaly.

Zone 2 is 100 metres south of the North Zone. It is a 700 metre long and a moderate IP anomaly.

Zone 3 is 200 metres south of the North Zone and is associated with the East-West Zone. It is associated with a 700 metre long, moderate to strong IP anomaly and is open to the east.

Zone 4 is 350 metres south of the North Zone and is associated with the South Zone. It is a 400 metre long, weak to moderate IP anomaly and is open to the east.

Zone 5 is located 500 metres south of the North Zone. It is a 900 metre, very strong IP anomaly, open to the east.

The North Zone is associated with historical drilling and JML holes #1 to #9.

The Central (Intermediate) Zone has been partially developed along a strike of 50 metres and to a depth of about 100 metres below surface. Approximately 115,724 tons were removed at an average grade of 0.21 ounces/ton. The Central (Intermediate) Zone is associated with a 200 metre long IP zone. The remaining IP zone is open to the west where hole JS-26 intersected 4.0 metres averaging 4.17 grams/tonne gold (Lapierre, 2004).

On 15 January 2004, a follow-up diamond drill program was initiated on the Property and it was completed on 18 June 2004. The program was designed to test the zones defined by the geophysical surveys. At this time an additional 22 drill holes were drilled for a total of 2493.4 metres of BTW core (approximately 36 mm diameter core).

Trueclaim has not carried out any exploration work on the Property.

## **13. DRILLING (ITEM 13)**

### **13.1 INTRODUCTION**

There have been a number of programs of diamond drilling on the Property with the various programs being listed in Table 5. The programs have taken place over a span of over 30 years with the result that the core size has varied from program to program. The two most recent drilling programs were those carried out by Currie Rose

in 1997 and 1998 and by JML in 2003 and 2004. A summary of the work carried out and the results obtained in these two programs is presented in the following sections.

**TABLE 5**  
**TRUECLAIM EXPLORATION INC.**  
**SCADDING GOLD PROPERTY – DIAMOND DRILL PROGRAMS**

<u>Year</u>	<u>Company</u>	<u>Holes</u>	<u>Metres</u>	<u>Av. Length (m)</u>
1975	Gulf Minerals Canada Ltd.	54	3660	67.8
1977-1980	D.R. Watt	35	3066	87.6
1980-1981	Northgate Exploration Limited NQ and AQ core size	56	4951	88.4
1985-1990	Orofino Resources Limited Underground definition drilling	---	1677	---
1997-1998	Currie Rose Resources Inc.	43	3427	79.7
2003	JML Resources Ltd. NQ core size	11	1406	127.8
2004	JML Resources Ltd. BTW core size	22	2493	113.3
	TOTAL	221	20680	

Trueclaim has not carried out any drilling on the Property.

## **13.2 CURRIE ROSE RESOURCES INC. DRILLING; 1997-1998**

Currie Rose carried out a surface diamond drilling program on the subject property from 21 July 1997 to 20 February 1998 with the program under the supervision of Paul McLean, consulting geologist, South River, Ontario. During the program, a total of 3427 metres of BQ size diamond drilling in 43 holes was completed. The drilling was done under contract by Erana Mines Limited, Lively, Ontario using a Longyear 38 drill. The drill holes were mainly concentrated in the North Zone, South Zone and East-West/Central Zone Area. Seventeen holes were drilled on the postulated extension of the North Zone with these holes being mainly vertical holes drilled on 15 metres centres. Fifteen holes were drilled between the Central and East-West Zones. This work resulted in the identification of the New Zone lying adjacent to the northwest of the East-West Zone. Three holes were drilled near the South Zone. The Currie Rose work and results are summarized from Hall (2003).

### **13.2.1 NEW ZONE**

Within the New Zone drilling was concentrated in an area measuring 60 metres by 60 meters and included a combination of vertical and inclined holes. Gold mineralization was intersected over a vertical interval of 45 metres between elevations of 295 metres and 240 metres. The mineralization is considered to occur as a steeply northeast-plunging rod or shoot having a strike length of 320 metres and a width of about 30 metres. The zone is considered to be open down plunge (Hall, 2003). No resource estimate has been prepared based on the drilling.

Some significant intersections reported for the New Zone are;

Hole 98CR2

- 42.7 gram/tonne gold from 53.2 metres to 58.2 metres (5.0 metres)
- 2.9 gram/tonne gold from 67.0 metres to 73.9 metres (6.9 metres)

These are core length intersections and the true widths of the Zones are uncertain.

### **13.2.2 NORTH ZONE**

Grid drilling in the North Zone was carried out along fences oriented 335° and 65° in an area measuring approximately 120 metres by 120 metres. This drilling confirmed the results obtained in earlier work and Hall (2003) considered the mineralization to be open to both the northeast and southeast in a plunging zone. The actual plunge is uncertain as Hall (2003) reports that the plunge may be steep to moderate and to the northeast or east or southeast.

Some significant intersections from the Currie Rose drilling area;

Hole 98CR2;

- 54.2 grams/tonne gold from 11.3 metres to 16.0 metres (4.7 metres)
- 7.2 grams/tonne gold from 30.9 metres to 33.5 metres (2.6 metres)
- 6.2 grams/tonne gold from 39.2 metres to 42.5 metres (3.3 metres)

The majority of the intersections in the North Zone occur in a volume having a plunge-length of about 150 metres and a strike length and width of 40 metres and 30 metres respectively. These are core length intersections and true widths of the individual shoots are uncertain.

No resource estimate based on the Currie Rose drilling has been made.

### **13.3 JML RESOURCES LTD. DRILLING; 2003-2004**

Between 12 September and 1 November 2003, JML drilled a total of 1406 metres of NQ core in 11 holes in order to confirm the drill results from previous programs and determine the characteristics and geometry of the mineralization in the vicinity of North one. Two holes were also drilled to test the extension of the East-West Zone (Figure 6). Diamond drilling was performed by Denis Crites Diamond Drilling of Timmins, Ontario. All core logging for the project was carried out by Ken Lapierre, P.Geo., and drill core pick-up, splitting, sampling and shipping was performed by Clayton Kennedy, Geological Technician.

During the 2003 drill program, 11 holes were completed for a total of 1406 metres with 9 holes testing the North Zone and 2 holes in the New Zone area.

### **13.3.1 NORTH ZONE AND EAST-WEST ZONE DRILLING**

Holes JS03-01 to -06 inclusive were drilled along a north-south fence across the North Zone. The fence of holes intersected continuous, gold-rich breccia zones associated with chlorite alteration and iron-rich sulphides. The North Zone appears to consist of three distinct mineralized sections or shoots hosted within a larger alteration envelope and it is considered to be open at depth to the east of the pit.

Hole JS03-07 was drilled approximately 25 metres west of the fence of holes (1 to 6) and intersected similar, multiple, gold-rich breccia zones under an east-west striking open cut where gold had been mined to a vertical depth of 7 metres (North Zone). Holes JS03-08 and -09 drilled approximately 60 metres east of holes 1 to 6 intersected chlorite-altered breccia zones. Holes JS03-10 and -11 were drilled to identify any on-strike potential of the East-West zone. Both holes confirmed the presence of gold-rich alteration zones west of the East-West Zone.

The gold mineralization in the North and East-West zones is associated with chlorite and iron-rich sulphides located within a broader, distinct stratigraphic envelope which is associated with carbonate alteration and intense albitization of the original host rocks. At the North Zone, the envelope strikes approximately east-west, dips southward and is open along strike and at depth. At the East-West Zone, the envelope strikes east-west, dips steeply north and is open along strike and at depth. Significant drill results are outlined below in Table 6.

**TABLE 6**  
**SIGNIFICANT ASSAY RESULTS, JML 2003 DRILL HOLES**

<b>Drill Holes</b>	<b>Intersection (metres)</b>	<b>Interval (metres)</b>	<b>Gold Grade in grams/tonne</b>	<b>Comments</b>
JS03-01	10.5-15.5	5.0	5.5	North Zone
includes	13.0-15.0	2.0	10.7	
	30.0-31.0	1.0	5.4	
	41.0-44.0	3.0	5.8	
includes	42.0-42.5	0.5	22.7	
JS03-02	40.5-47.5	7.0	9.1	North Zone
includes	44.5-47.5	3.0	20.1	
includes	46.0-47.5	1.5	33.7	
JS03-03	8.0-12.5	4.5	6.9	North Zone
includes	8.0-10.5	2.5	11.8	
includes	9.5-10.5	1.0	26.0	
	28.0-32.5	4.5	3.6	
includes	28.0-30.0	2.0	5.9	
includes	28.0-29.0	1.0	10.3	
JS03-04	30.0-35.0	5.0	5.3	North Zone
includes	30.0-32.0	2.0	12.9	
JS03-06	60.85-62.0	1.15	4.2	North Zone
	64.5-72.5	8.0	3.4	
includes	64.5-66.0	1.5	5.3	
includes	70.5-72.5	2.0	7.3	
JS03-07	16.5-18.5	2.0	7.8	North Zone
	37.5-42.5	5.0	5.4	
includes	38.0-41.0	3.0	6.3	
includes	40.5-42.5	2.0	7.2	
	49.5-50.0	0.5	17.0	
JS03-09	83.0-83.5	0.5	2.3	North zone
JS03-11	68.0-72.0	4.0	7.5	East-West Zone
includes	70.0-72.0	2.0	14.9	

Note: The Interval is the core length. The true length of these sections or shoots is uncertain.

During the course of the core examination, it was noted that the gold mineralization was typically associated with chlorite and trace to 5% disseminated to coarse-grained, porous aggregates and euhedral pyrite and that the mineralized zones commonly had an elevated magnetic susceptibility when compared to the surrounding, unaltered host sediments.

### **13.3.2 EVALUATION OF INDUCED POLARIZATION (IP) ANOMALIES**

On January 15, 2004 a follow-up diamond drill program was commenced on the property and was completed on June 18, 2004. This program was specifically oriented to test targets defined by the geophysical surveys. During this time an additional 22 drill holes were drilled for a total of 2493.4 metres of BTW core. Five holes were drilled by Crites Diamond Drilling and the remaining 17 holes were drilled by Cartwright Drilling Inc. of Goose Bay, Labrador.

Three holes (JS04-13 to -15, inclusive) tested approximately a 200 metre strike length of a previously untested induced polarization anomaly. Hole JS04-15 intersected a narrow zone of intense brecciation with albite and chlorite alteration, pyrite and visible gold. A 1 metre (3.28 feet) section from this zone assayed 4.64 grams/tonne gold. Holes JS04-13 and -14 failed to intersect any significant gold mineralization.

Hole JS04-16 was centred on a 250 metre long, previously untested induced polarization anomaly located west of the Central Zone where reported historical production of 115,000 tons of 0.21 ounces/ton occurred in the mid 1980's. Zone 16 is an intensely brecciated zone of chlorite and albite alteration containing from 1-5% pyrite and visible gold which is similar to the description of the host rock from historical production from the Central Zone. A 14.0 metre wide interval of mineralized breccia returned 3.13 grams/tonne gold. The continuity of this zone was tested further by holes JS04-25 to JS04-28 inclusive. Hole JS04-26 intersected a mineralized carbonate-chlorite breccia with up to 5% pyrite and trace pyrrhotite which returned 4.17 grams/tonne gold over 4.0 metres. The other three holes failed to intersect any significant mineralization.

Drill hole JS04-17 was drilled on the flank of an east-west trending IP anomaly and intersected an 8 metre wide breccia zone with chlorite alteration. A 3.0 metre wide section from this zone with visible gold and large euhedral grains of disseminated pyrite assayed 23.0 grams/tonne gold.

The remaining 14 holes in the program failed to intersect any gold mineralization of economic significance.

The significant results from the 2004 drill program are summarized in Table 7.

<b>TABLE 7</b>				
<b>SIGNIFICANT ASSAY RESULTS, JML 2004 DRILL HOLES</b>				
<b>Drill Hole</b>	<b>Intersection (metres)</b>	<b>Interval (metres)</b>	<b>Gold grade in grams/tonne</b>	<b>Comments</b>
JS04-15	75.0-76.0	1.0	4.64	IP Zone 2
JS04-16	160.0-174.0	14.0	3.13	Central Zone
includes	161.0-165.0	4.0	5.39	
includes	163.0-165.0	2.0	9.08	
includes	171.0-174.0	3.0	6.75	
includes	172.0-173.0	1.0	10.32	
JS04-17	30.3-33.3	3.0	23.00	IP Zone 17
includes	30.3-31.1	0.8	45.19	
includes	31.9-33.3	1.2	20.57	
JS04-26	125.0-129.0	4.0	4.17	Central Zone
Note: The interval is the core length. The true length of these sections or shoots is uncertain.				

## **14. SAMPLING METHOD AND APPROACH (ITEM 14)**

In the following sub-sections, the Sampling Method and Approach as reported by Currie Rose and JML are presented.

### **14.1 CURRIE ROSE SAMPLING METHOD AND APPROACH**

During the 1997-1998 drilling program 273 sludge samples and 633 core samples were taken and submitted for analysis with approximately 15% of the diamond drill core being sampled and assayed. The following summary of the procedures used is taken from Hall (2003).

For the intervals of geological interest, the core was split and samples of one half of the core were sealed in plastic bags, tagged and/or labeled and shipped in 20 litre plastic buckets to the laboratory for assay. Sample intervals for drill core were less than or equal to five feet in length and commonly less than three feet in length. The recorded widths of sample intervals were equal to the corresponding lengths of core sampled. Percentage of core recovery for the drilling was very high.

Sludge samples were collected over intervals of 20 feet in drill holes CR1 to 25 and provided qualitative information about the distribution of gold in these holes. A one litre sample of sludge taken from cuttings collected over a run of 20 feet was assumed as representative of cuttings for that run. Individual sludge samples in one litre plastic containers were shipped in 20 litre plastic buckets to Swastika Laboratories for assay. A histogram of sludge assay results shows that approximately 9% of the samples returned values equal to or greater than 3 grams/tonne gold.

Similarly, a histogram of drill core assays shows that approximately 6% of the samples returned values equal to or greater than 3 grams/tonne gold.

### **14.2 JML SAMPLING METHOD AND APPROACH**

The core was picked up at the drill site on the Property by JML personnel and taken to the Sudbury core logging facility where it was logged by a JML geologist. After

logging the core was sampled by sawing with a diamond saw. Core sampling was carried out either at 1.0 metre or 1.5 metre intervals, with some smaller sample lengths where visible gold was encountered. The half core samples were then tagged, bagged, sealed and shipped by transport truck to Expert Laboratories, Rouyn-Noranda, Quebec. The remaining half of the core was stored at the Sudbury core logging facility for future reference.

## **15. SAMPLE PREPARATION, ANALYSES AND SECURITY (ITEM 15)**

### **15.1 CURRIE ROSE SAMPLE PREPARATION, ANALYSES AND SECURITY**

Sampling and logging of drill core was carried out by consulting geologist P.C. McLean (B.Sc. Eng., M.Sc.) on behalf of Currie Rose. Sampling of core was done inside a trailer facility located on site in order to maintain a controlled work environment and secure storage space.

Assaying for gold was done by Swastika Laboratories Ltd. in Swastika, Ontario using the conventional fire assay – gravimetric method on one-assay-ton pulps. Total-metallic fire assaying was done on core samples containing visible gold and on reject pulps for replicate assay checks by Loring Laboratories Ltd. in Calgary, Alberta. Neither of the laboratories was certified by any standards association at that time.

Total-metallic fire assaying involved pulverizing and screening the entire sample, assaying both +150 mesh and -150 mesh fractions and factoring the results by weight to produce a final result. Assay rejects and pulps for the 1997-1998 drilling program of Currie Rose are in storage at Swastika, Ontario and Cochrane, Alberta.

Approximately 80 duplicate standard fire assays and 35 replicate total-metallic fire assays out of a total of 633 assays of core were analyzed to monitor the reproducibility of the assays. The results show a very high level of correlation between original and duplicate pairs suggesting a low nugget effect in the mineralization.

Approximately 15% of the drill core was assayed. Replicate and/or duplicate core assays are documented for about 50% of the holes sampled. In addition, sludge

samples representing approximately 50% of total drill-footage were assayed. As sludge samples were not collected in holes CR26 to 43, qualitative confirmation that no gold occurred in core which was not sampled in these holes is lacking.

It is considered that sampling, sample preparation, security and analytical procedures were adequate to ensure a high degree of reliability in the assay results.

## **15.2 JML SAMPLE PREPARATION, ANALYSES AND SECURITY**

No sample preparation was carried out by JML. Assaying was completed at Expert Laboratories in Rouyn-Noranda, Quebec. The samples were crushed to passing 10 mesh and approximately 100 grams were then pulverized to 90% passing 150 mesh. Gold concentrations were determined by fire assay-geochem whereby a 29.166 gram sample was weighed into a crucible that had been previously charged with approximately 130 gram of flux. The sample was then mixed and 1 mg of silver nitrate added. The sample was then fused at 1800°F for approximately 45 minutes. The sample was then poured in a conical mold and allowed to cool; after cooling, the slag was broken off and a lead button weighing 25-30 gram recovered. The lead button was then cupelled at 1600°F until all the lead was oxidized. After cooling, the dore bead was placed in a 13 x 100 mm test tube. The beads were digested and gold concentrations were determined by atomic absorption. For gold concentrations greater than 1000 ppb the assays were checked gravimetrically. Samples with visible gold were assayed by total pulp and metallic method. The reported detection limits were 2 ppb for fire assay-geochem and 0.03 grams/tonne for both the gravimetric and total pulp metallic methods.

Expert Laboratories Inc. at the time of analysis of the JML samples was ISO 90001:2000 registered and accredited by the Standards Council of Canada: proficiency testing provider for specific mineral analysis parameters (PTP-MAL).

JML took a total of 1185 drill core samples which were analyzed for gold. A total of 112 duplicate samples (9.45%) were taken plus an additional 43 duplicate samples using the fire assay – gravimetric method. Also, Expert Laboratories did a check analysis every twelfth sample as part of their internal quality control. The sample results – original and duplicate samples – are well documented in the JML drill logs. For the

samples analyzed by fire assay with an atomic absorption finish the variation between original and duplicate samples is generally less than 20%. The variation for the duplicate samples with original values greater than 1000 ppb gold are generally less than 25%, however, there are some sample pairs that vary by as much as 50%. It is considered that these variations are quite reasonable when dealing with gold mineralization. The higher variations are considered to be due to a “nugget effect” being present in some samples.

It is the writer’s opinion that the quality control procedures adopted by JML were appropriate and that the results obtained are a reasonable representation of the gold values in the mineralization. There is no indication in the JML reports of concerns over the gold assay results or duplicate results. It is considered that the sampling, sample preparation, security and analytical work were all done in a professional manner so as to provide confidence in the reliability of the assay results.

**16. DATA VERIFICATION (ITEM 16)**

The writer is not able to validate any of the historic drilling results since all of the core stored on the Property has been dumped. No independent sampling was done by the writer since areas of mineralization in the North, South and East-West Zones have been mined, at least in part, by small open cuts which are now water filled and the Central (Intermediate) Zone underground workings are flooded.

**17. ADJACENT PROPERTIES (ITEM 17)**

The Powerline Property of Mr. John Brady of Sudbury, Ontario lies south of the Property. Due to extensive glacial deposits, there are few outcrops on the Property, however, limited work has indicated the presence of gold mineralization associated with pyrite and arsenopyrite.

**18. MINERAL PROCESSING AND METALLURGICAL TESTING (ITEM 18)**

Hall (2003) reports that: “The concentrator flow sheet for the Scadding mill was based on metallurgical test work carried out by Lakefield Research of Canada Limited in 1981. The original design involved primary and secondary crushing, a gravity circuit for coarse gold and a two-stage flotation circuit. The mill produced flotation and gravity concentrates in the ratio 30:1 by weight. The ratio of gold content in the flotation and

gravity concentrates was 67:33. Johnson Matthey Limited of Brampton treated the gravity concentrates and flotation concentrates were refined at the Pamour Smelter in Timmins at a cost of 5% contained gold. Gravity concentrates of ore from the Scadding mill contained gold and silver in the ratio of 26:1, 0.3 weight % copper and 0.1 weight % arsenic. Manns and Ellingham (1992) reported that 14.2% of gold recovered from the Central zone was by gravity”.

No processing or metallurgical testing has been carried out by Trueclaim.

**19. MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES (ITEM 19)**

The first available resource estimate was made by Mr. Paul McLean, a geologist with a long history of involvement with the project. In 1980 he prepared a report indicating a total property resource estimate for the North, East-West and Central Zones. In his report, the estimated resource for the Property was 539,049 tons containing 165,400 ounces of gold which represented a grade of 0.307 ounces gold per ton. This was a historical estimate and is not compliant with current NI 43-101 requirements. The results of that estimate are shown in Table 8a below.

<b>TABLE 8 a</b>			
<b>1980 SUMMARY OF SCADDING RESERVES - DRILL INDICATED</b>			
<b>(After McLean, 1980)</b>			
<b>Zone</b>	<b>Short Tons</b>	<b>Grade Gold (oz/st)</b>	<b>Contained Gold (oz)</b>
Central	397,376	0.343	136,300
Northern	107,548	0.175	18,800
East-West	34,125	0.303	10,300
Total	539,049	0.307	165,400

**Notes:**

- 1) Ounces of Au rounded to the nearest 100 oz.
- 2) “Drill indicated reserves” are considered to be the equivalent of indicated and inferred resources in today’s terminology.
- 3) Figures in table tabulated from p. 15 of the McLean report.

**Note:** All resource estimates presented in this report are historical and were prepared before the introduction of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). These resource estimates may not be relied upon until they are confirmed using methods and standards that comply with those required by NI 43-101. The potential for the exploration target to replicate the historical resource, or to reach the indicated range of tonnages, is conceptual and is based on historical reports, which cite approximately lengths, widths, depths, grades and projections of the historical resource. Readers are cautioned that a qualified person has not completed sufficient exploration, test work or examination of past

work to define a resource that is currently compliant with NI 43-101. The Company further cautions that there is a risk that exploration and test work will not result in the delineation of such a currently compliant resource. Neither the Company nor its personnel treat the historical resource estimate or the historical data as defining a current mineral resource, as defined under NI 43-101, nor do they rely upon the estimate or the data for evaluation purposes; however, these data are considered relevant and will be used to guide exploration as the Company develops new data to support a current mineral/resource estimate in accordance with the requirements of NI 43-101.

The McLean “resource estimate” was subsequently reviewed in 1983 in the Hill, Goettler, DeLaporte report (Hill, 1983). This report reviewed the North, East-West, Central and South Zones, but focused on depth and grade restraints that would define mineable reserves. As a consequence, this involved a more restricted volume within these zones. “The historical estimate of “total diluted indicated and diluted inferred reserves” calculated for the four zones in the Hill report, based on a cut-off grade of 0.08 ounces gold per short ton, is 246,651 short tons of mineralization grading 0.242 ounces gold per short ton (Table 8b). The “mineable reserve” of 140,600 short tons grading 0.27 ounces gold per short ton for the North (open pit, upper lens), East-West (open pit) and Central (72% extraction) Zones was eventually extracted by Westfield Minerals Limited and Orofino Resources Limited” (Hall, 2003). **The historical reserves (Table 8b) do not conform to the current standards of disclosure as required by National Instrument 43-101 and indicated and inferred categories of mineral resources cannot be combined.** They are reported here only to provide full disclosure of historical information.

**Note:** All resource estimates presented in this report are historical and were prepared before the introduction of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). These resource estimates may not be relied upon until they are confirmed using methods and standards that comply with those required by NI 43-101. The potential for the exploration target to replicate the historical resource, or to reach the indicated range of tonnages, is conceptual and is based on historical reports, which cite approximately lengths, widths, depths, grades and projections of the historical resource. Readers are cautioned that a qualified person has not completed sufficient exploration, test work or examination of past work to define a resource that is currently compliant with NI 43-101. The Company further cautions that there is a risk that exploration and test work will not result in the delineation of such a currently compliant resource. Neither the Company nor its personnel treat the historical resource estimate or the historical data as defining a current mineral resource, as defined under NI 43-101, nor do they rely upon the estimate or the data for evaluation purposes; however, these data are considered relevant and will be used to guide exploration as the Company develops new data to support a current mineral/resource estimate in accordance with the requirements of NI 43-101.

While the estimates of grade in both the McLean (1980) and Hill (1983) reports are in very close agreement, they differ in their overall tonnage estimates for the site. As noted above, this was due to the focus on “reserves” in the 1983 Hill report and the subsequent reduction in volume to estimate the reserves. The historical information suggests that the Scadding Gold Mine was run as an extraction project without any attempt to build a sustained mining operation or to evaluate the potential of the Property.

**TABLE 8 b**  
**1983 SUMMARY OF SCADDING RESERVES**  
**(After Hill, Goettler, De Laporte 1983; Exhibit 9)**

Zone	Mining Method	Indicated & Inferred Reserves		Dilution %	Diluted Indicated & Diluted Inferred Reserves		
		Short Tons	Grade Gold (oz/st)		Waste to Ore Ratio	Short Tons	Grade Gold (oz/st)
East-West	open pit	11,340	0.482	126	one:one	25,600	0.225
	underground	7,496	0.316	48		11,059	0.220
South	underground	5,678	0.407	50		8,523	0.278
Central	underground	101,745	0.394	55		158,002	0.261
North	open pit	<u>10,000</u>	0.291	70	nine:one	<u>17,000</u>	0.195
	underground	16,636	0.272	59		26,467	0.169
Total		152,895	0.376	61		246,651	0.242

With regard to the above table (8b) see Note below.

**Note:** All resource estimates presented in this report are historical and were prepared before the introduction of National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”). These resource estimates may not be relied upon until they are confirmed using methods and standards that comply with those required by NI 43-101. The potential for the exploration target to replicate the historical resource, or to reach the indicated range of tonnages, is conceptual and is based on historical reports, which cite approximately lengths, widths, depths, grades and projections of the historical resource. Readers are cautioned that a qualified person has not completed sufficient exploration, test work or examination of past work to define a resource that is currently compliant with NI 43-101. The Company further cautions that there is a risk that exploration and test work will not result in the delineation of such a currently compliant resource. Neither the Company nor its personnel treat the historical resource estimate or the historical data as defining a current mineral resource, as defined under NI 43-101, nor do they rely upon the estimate or the data for evaluation purposes; however, these data are considered relevant and will be used to guide exploration as the Company develops new data to support a current mineral/resource estimate in accordance with the requirements of NI 43-101.

In Table 8b the terms used to describe the Historical Reserve Estimates are, Indicated and Inferred Reserves. This terminology is not consistent with the current CIM Standards and Definitions for Reserves and Resources. For comparison purposes, the CIM Definitions are as follows:

- 1) **Mineral Resource:** A ‘Mineral Resource’ is a concentration or occurrence of natural, solid, inorganic or fossilized organic material 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.

2) **Inferred Mineral Resource:** An “Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

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

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

5) **Mineral Reserve:** A ‘Mineral Reserve’ is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary

Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

6) **Probable Mineral Reserve:** A 'Probable Mineral Reserve' is the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

7) **Proven Mineral Reserve:** A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

It is the writer's opinion that the Indicated Reserve of Table 8b could be considered similar to a current Probable Mineral Reserve and that an Inferred Reserve of Table 8b could be considered similar to a current Measured Mineral Resource. A diluted reserve takes into account that if the Indicated or Inferred Reserve were mined, then due to the mining process, some waste or lower grade material would be taken along with the material included in the Reserve. The effect of this is to lower the overall grade of the material that is transported to the mill for processing.

No Resource Estimates have been prepared for the subject Property by Currie Rose, JML or Trueclaim Exploration Inc.

## **20. OTHER RELEVANT DATA AND INFORMATION (ITEM 20)**

The writer reviewed the Abandoned Mines Information System (AMIS) data for Scadding township and there are no environmental liabilities associated with the Scadding Property. However, if for some reason the Property were to be returned to the

Crown during the current 21 year leases, then there could be some site remedial work required. This would be mainly in the area of safety such as making sure old shafts were capped and open pit areas were either filled with waste or fenced off.

## **21. INTERPRETATION AND CONCLUSIONS (ITEM 21)**

Since the initial discovery in 1973 by P.C. McLean, 5 Zones of gold mineralization hosted by structurally controlled chloritic breccias within the feldspathic quartzites of the Serpent Formation of the Quirke Lake Group of early Proterozoic (Huronian) age have been identified in the Property. These zones are the North, Central (Intermediate), South, East-West and the New Zone (Figure 6). All zones lie within an area measuring approximately 600 metres north-south by 600 metres east-west. The North, East-West and South Zones have all been mined by shallow open cuts or pits while the Central (Intermediate) Zone was exploited underground from about 15 metres below surface to about 110 metres below surface. The New Zone which lies west of the East-West Zone is only known from diamond drilling.

Gold mineralization is structurally controlled and is hosted by chloritic carbonate and albite-rich, sulphide-bearing (5%) bodies in brecciated Serpent Formation feldspathic quartzites. Historic information indicates that to date, most of the drilling has been in short holes as indicated by the average hole lengths for the various drilling programs (Table 5).

Surface diamond drilling as well as underground development has indicated that the zone of economic grade gold mineralization are shoot-like bodies that generally have a limited strike length and a significant downdip/plunge extent. For example, the ratio of the plunge length to strike length for both the North and Central (Intermediate) Zones is about 2;1. It would appear that the down plunge potential of all the zones has not been totally evaluated to date since most drill holes have been less than 100 metres in length. It is considered that for the currently known 5 Zones of mineralization, the areas of highest potential for the localization of new mineralization is down plunge from the known zone and within the Serpent feldspathic quartzite units where breccias could be developed due to faulting and shearing.

The most intense exploration has been concentrated in an area measuring about 600 metres by 600 metres, i.e., an area of about 36 hectares. The Property covers approximately 907 hectares of which it is estimated that 600 hectares is underlain by the Serpent Formation. Some of the work in the period between 1973 and 1981 did consist of geological, geochemical and geophysical surveys over the major part of the Property. Currie Rose Resources Inc. (Hall, 2003) covered an area 500 metres by 1000 metres with magnetic and VLF-EM surveys, i.e., 5 hectares and JML Resources Ltd. covered an area 1500 metres by 1500 metres, i.e., 22.5 hectares centred on the previous workings. From discussions with Paul McLean, it is apparent that as additional work was carried out and areas were mined, a better understanding of the gold mineralization and its characteristics was obtained. Taking into account, the amount of glacial cover on the Property (approximately 90%) it is the writer's opinion that much of the Property remains relatively unexplored for additional zones of gold mineralization.

In summary, it is considered that the potential for the discovery of additional mineralization lies in 2 areas;

- down plunge below currently known mineralization and particularly in the New Zone and,
- within areas underlain by the Serpent feldspathic quartzite outside of the intensely explored area where the 5 Zones of known mineralization are located. This area is estimated to be approximately 600 hectares.

## **22. RECOMMENDATIONS (ITEM 22)**

The following work program is recommended to evaluate the down plunge potential of the known 5 Zones of gold mineralization and to evaluate the potential of the approximately 850 hectares of area underlain by the relatively unexplored Serpent quartzite. Two phases of exploration are recommended as detailed below.

### **Phase 1 Program**

- compilation in a digital format of all information on the 5 known Zones; North, Central (Intermediate), South, East-West and New,
- development of digital models of each zone as the basis for testing their down plunge potential by geophysics and drilling,
- compilation into a digital format all existing historical geophysical and geochemical survey information,
- compilation into a digital format all historic geological survey maps and information,
- extension of currently existing grid to cover that part of the Property underlain by the Serpent quartzite,
- detailed geological mapping with particular emphasis on structure and alteration of the area underlain by the Serpent quartzite and other areas, if necessary, in order to understand the geological structure of the area,
- Mobile Metal Ion (MMI) survey to identify potential areas of hidden mineralization,
- correlation of geophysical, geological and geochemical data to identify target areas of interest for further evaluation,
- mechanical stripping and washing of areas of interest,
- magnetometer and induced polarization surveys over areas of interest,
- drilling of down plunge targets in the New Zone and other Zones, if warranted, following the program of data compilation,
- drilling of new targets identified outside of the area of the 5 known Zones of mineralization.

This work would constitute the Phase 1 program. The Phase 2 program would mainly be a follow-up diamond drilling program to define indicated areas of gold mineralization either down plunge below currently known zones or areas of newly identified mineralization. This drilling would be to further define these zones and to provide enough information to make initial resource estimates.

**TABLE 9**  
**RECOMMENDED BUDGET**  
**TRUECLAIM EXPLORATION INC. – SCADDING GOLD PROJECT**

<b><u>Phase 1</u></b>		
1.	Compilation of data in digital format and zone modeling	\$ 35,000
2.	Line cutting: 40 line km @ \$700/line-km	28,000
3.	Geological mapping	12,500
4.	MMI survey and analyses	15,000
5.	Mechanical stripping and washing	15,000
6.	Magnetometer surveys @ \$100/line-km	6,000
7.	IP surveys @ \$2500/line-km (12 line-km)	30,000
8.	Drilling: Down-plunge targets in North, Central (Intermediate), South, East-West and New Zones plus any newly identified targets (2000 m)	200,000
9.	Analyses	12,500
10.	Core-logging, sampling, supervision	20,000
11.	Preparation reports and maps	17,500
12.	Meals, Accommodation, Travel	10,000
13.	Field Supervision & Labour	<u>128,000</u>
	Sub-Total Phase 1	\$ 529,500
	Contingency 15%	<u>26,475</u>
	TOTAL PHASE 1	\$ 555,975

## **Phase 2**

1.	Diamond drilling to further define zones identified in Phase 1 and for resource estimates: 9000 m @ \$140/metre	\$ 900,000
2.	Analyses	70,000
3.	Core-logging, sampling, supervision	110,000
4.	Preparation reports and maps	75,000
5.	Meals, Accommodation, Travel	90,000
6.	Field Supervision & Labour	<u>192,000</u>
	Sub-Total Phase 2	\$ 1,437,000
	Contingency 15%	<u>71,850</u>
	TOTAL PHASE 2	\$ 1,508,850

The implementation of Phase 2 would be contingent on the results of the Phase 1 program. If both phases are implemented, the total expenditure would be \$2,064,825.

L.D.S. Winter, P.Geo.

Revised 22 June 2009

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**24. SIGNATURE PAGE (ITEM 24)**

This report titled: "Technical Report on the Scadding Gold Property, Scadding Township, District of Sudbury, Ontario" and dated 22 June 2009 was prepared by and signed by the following author:

Dated at Sudbury, Ontario  
22 June 2009

  
Lionel Donald Stewart Winter, P. Geol.  
Consulting Geologist



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**CERTIFICATE OF AUTHOR**

I, Lionel Donald Stewart Winter, P. Geo. do hereby certify that:

1. I am currently an independent consulting geologist.
2. I graduated with a degree in Mining Engineering (B.A.Sc.) from the University of Toronto in 1957. In addition, I have obtained a Master of Science (Applied) (M.Sc. App.) from McGill University, Montreal, QC.
3. I am a Life Member of the Canadian Institute of Mining, a Life Member of the Prospectors and Developers Association of Canada and a Registered Geoscientist in Ontario and in British Columbia (P.Geo.).
4. I have worked as a geologist for a total of 50 years since my graduation from university. Since 1981 the writer has operated his own geological consulting business and during this time has managed and worked on gold exploration programs and visited gold projects for the purpose of evaluating their potential in Ontario and Quebec, Southwestern United States, China, Peru, Chile and Brazil.
5. I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI43-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.
6. I have read NI 43-101 and the technical report has been prepared in compliance with NI 43-101.
7. I am independent of Trueclaim Exploration Inc. in all aspects as described in NI 43-101.
8. As of the date of this certificate to the best of the writer’s knowledge, information and belief, the technical report contains all scientific and technical information that is available and required to be disclosed so that the technical report is not misleading.
9. I prepared an earlier Technical Report on the Scadding Gold Property for MPE International Inc. dated 27 August 2008 (revised 20 November 2008).

10. I visited the Scadding Gold Property most recently on June 6, 2008 and July 14, 2008. The duration of the visits on both occasions was one day.
  
11. I am the author responsible for the preparation of the Technical Report titled "Technical Report on the Scadding Gold Property, Scadding Township, District of Sudbury, Ontario" dated 22 June 2009 (the "Technical Report").

Dated this 22<sup>nd</sup> Day of June 2009

*L.D.S. Winter*

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L.D.S. Winter, P.Ge.

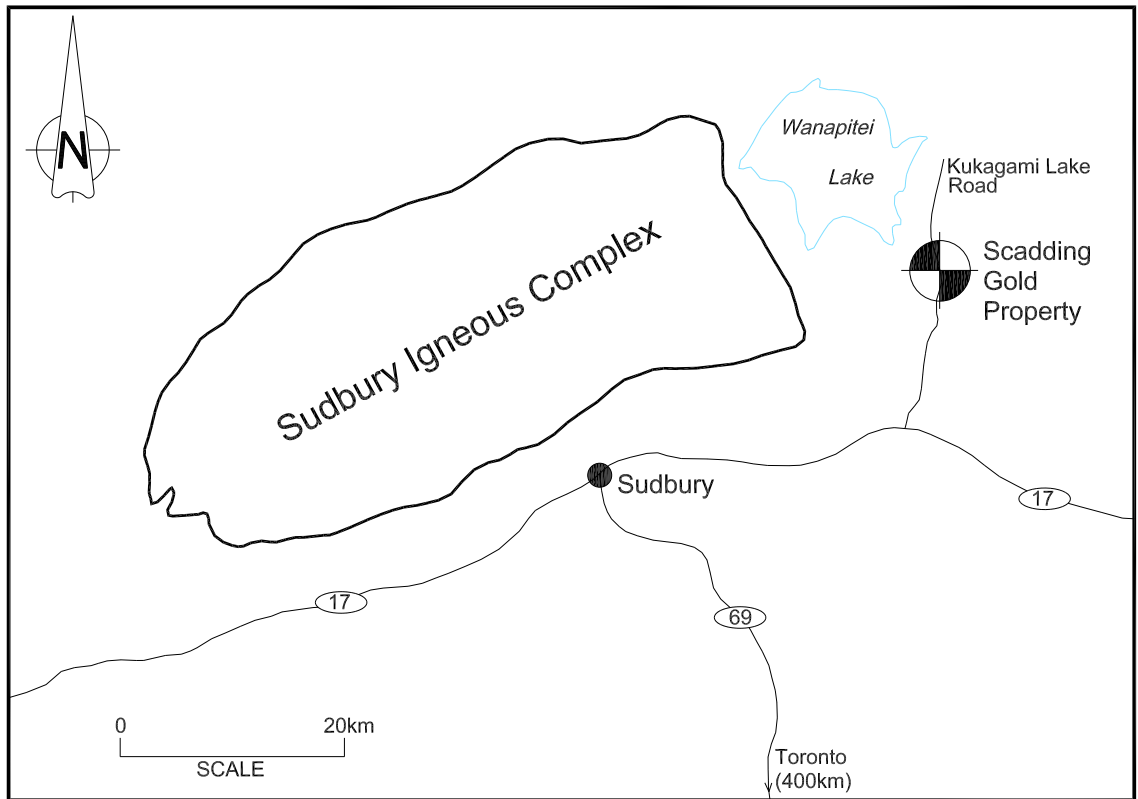


FIGURE 1  
TRUECLAIM RESOURCES INC.  
SCADDING GOLD PROPERTY  
LOCATION MAP

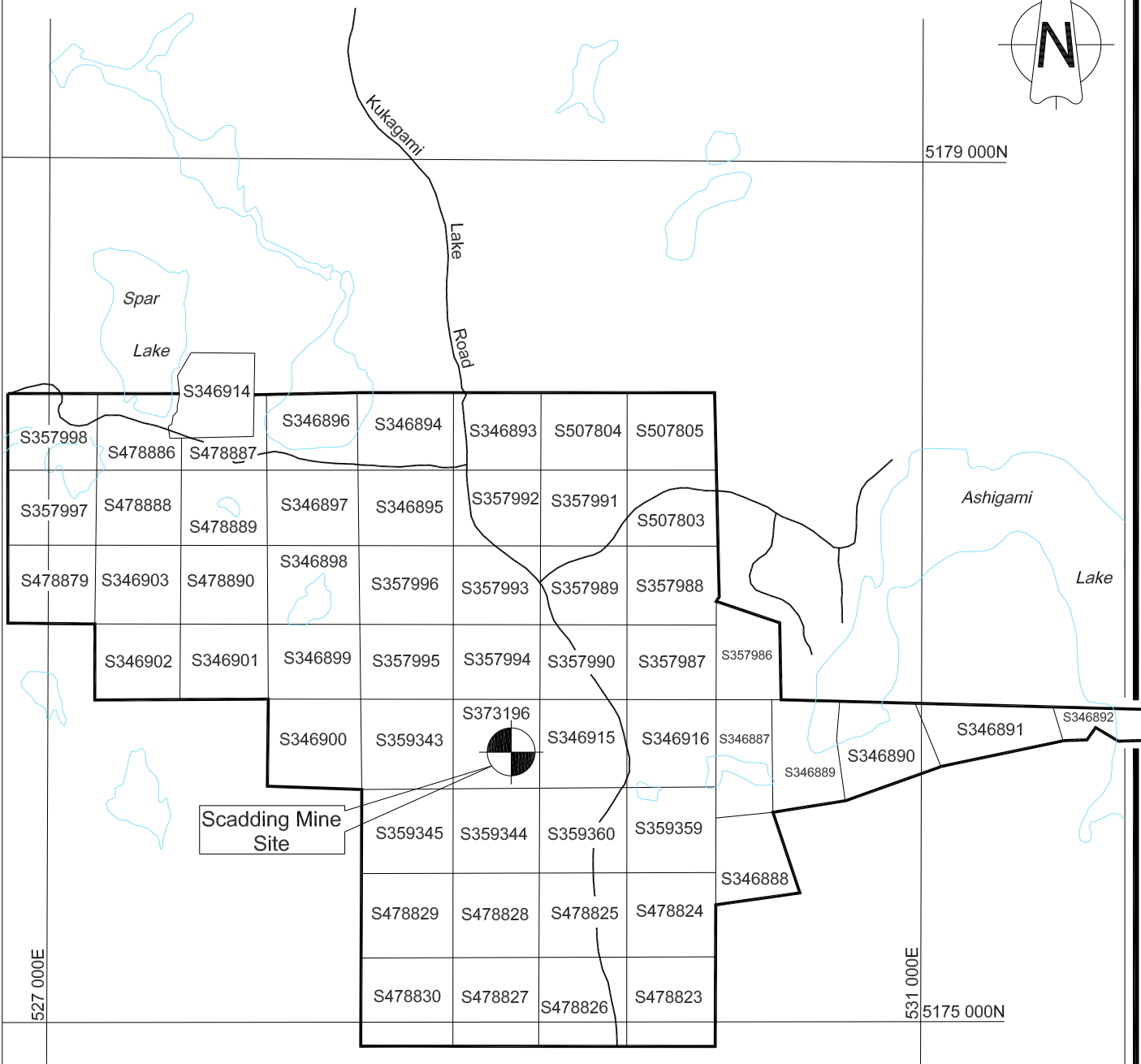
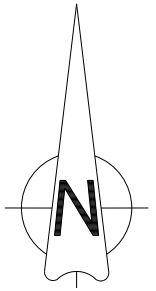


FIGURE 2  
TRUECLAIM RESOURCES INC.  
SCADDING GOLD PROPERTY  
PROPERTY/CLAIM MAP



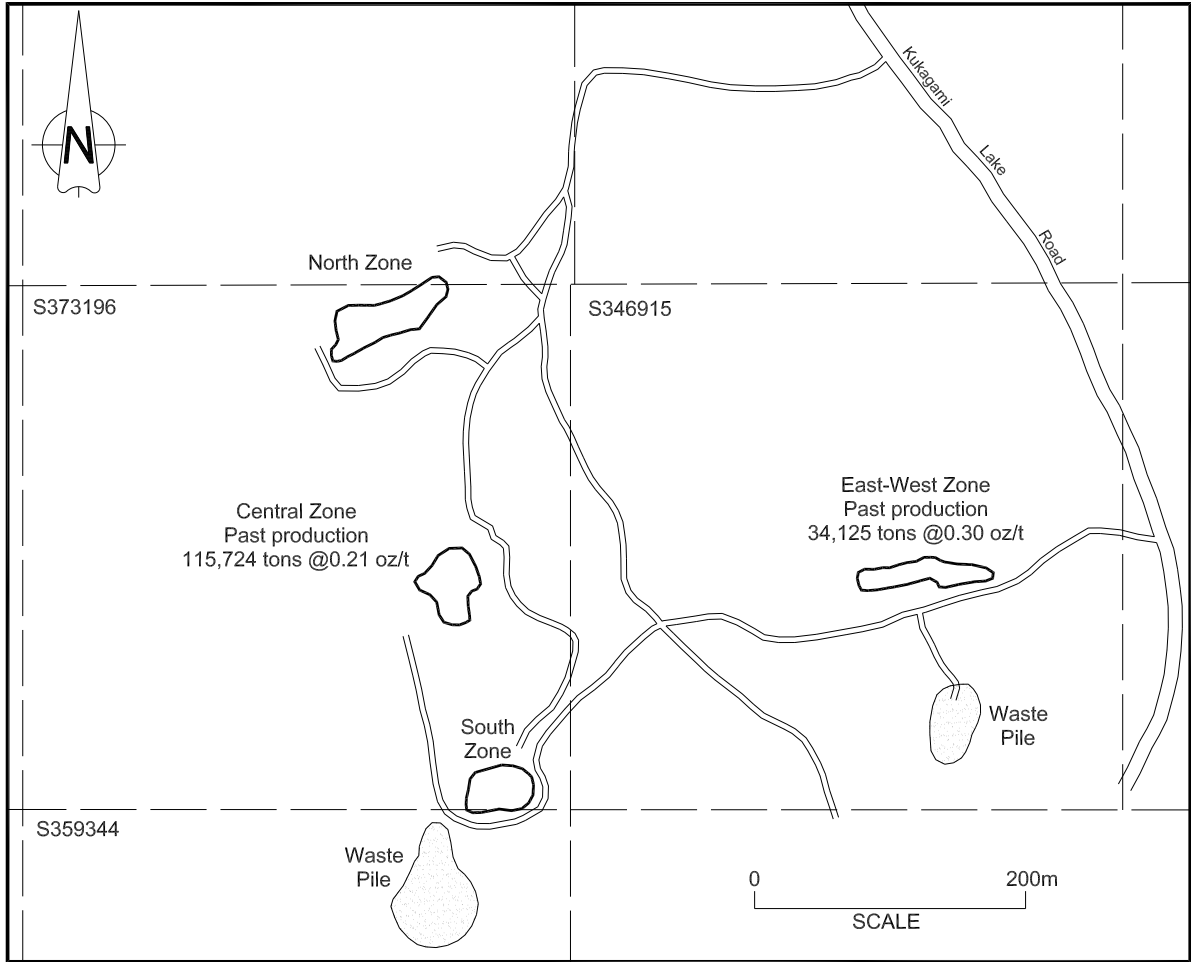
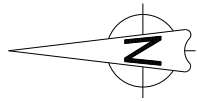


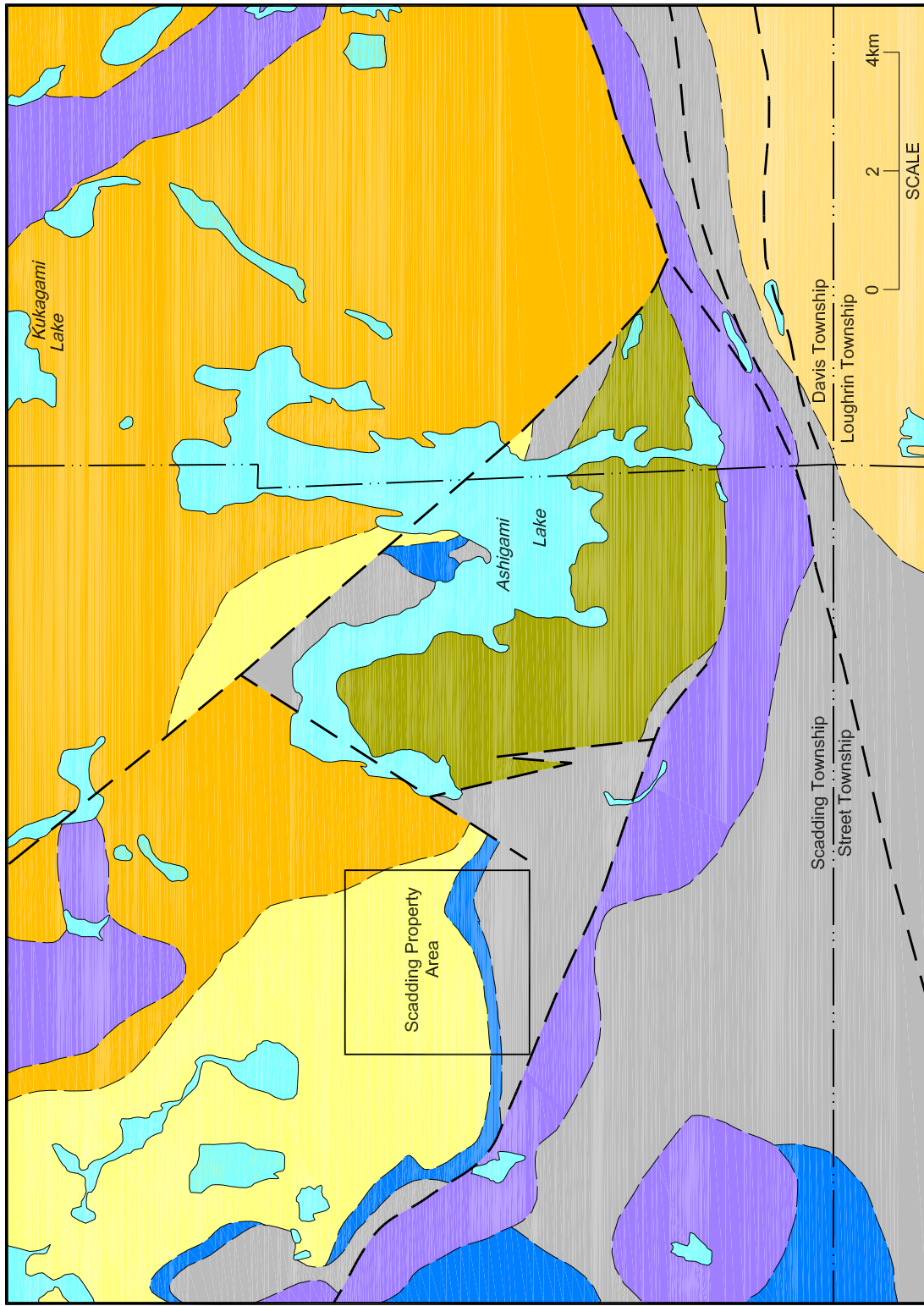
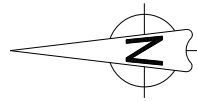
FIGURE 3  
 TRUECLAIM RESOURCES INC.  
 SCADDING GOLD PROPERTY  
 HISTORIC ZONES








LEGEND

- Grenville Province
- Sudbury Complex
- Southern Province
- Superior Province

FIGURE 4  
TRUECLAIM RESOURCES INC.  
SCADDING GOLD PROPERTY  
REGIONAL GEOLOGY



**LEGEND**

-  Grenville Gneisses
-  Nipissing Gabbro
-  Gowganda Formation
-  Serpent Formation
-  Espanola Formation
-  Bruce Formation
-  Mississagi Formation

**FIGURE 5**  
**TRUECLAIM RESOURCES INC.**  
**SCADDING GOLD PROPERTY**  
**PROPERTY GEOLOGY**

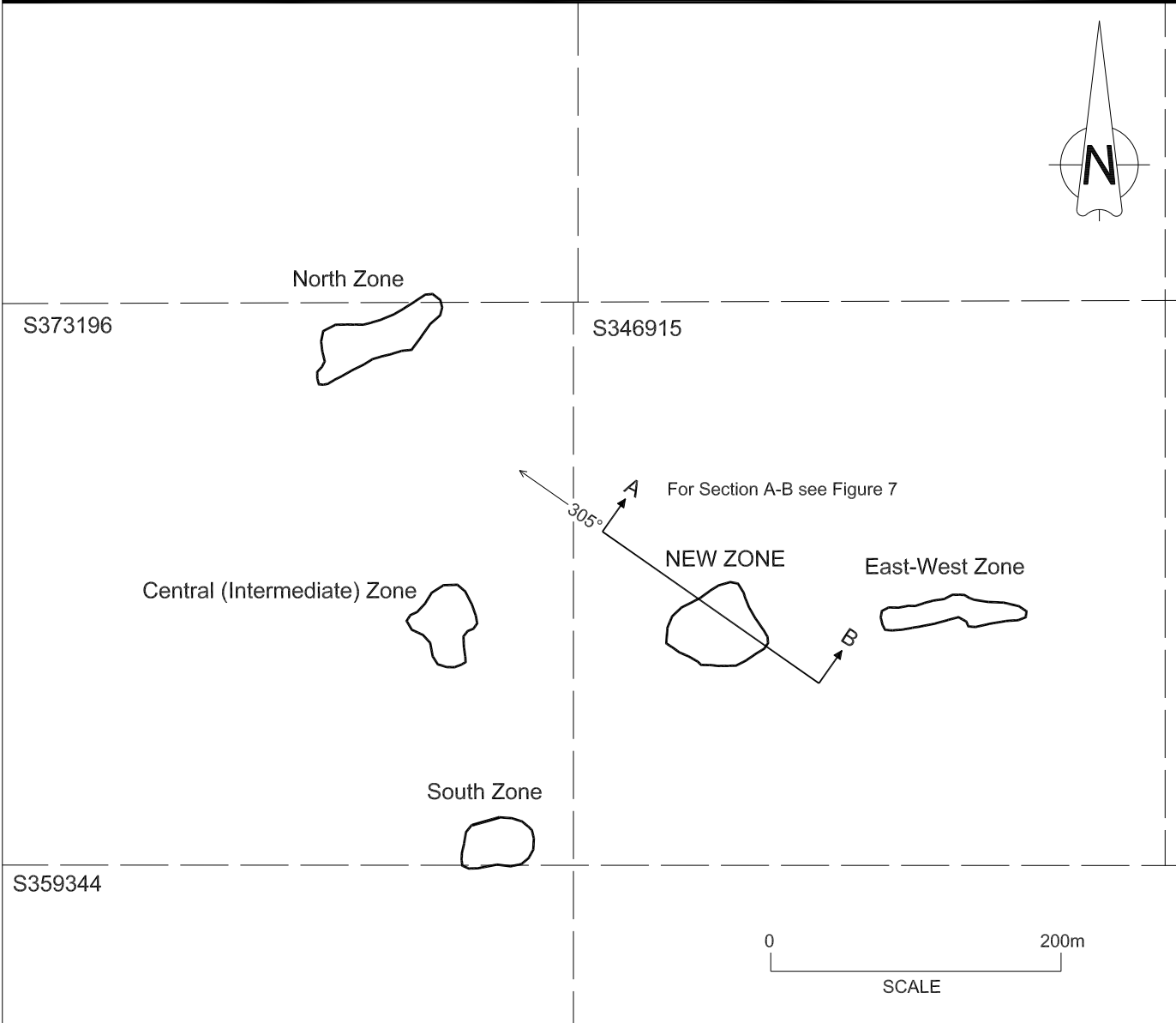
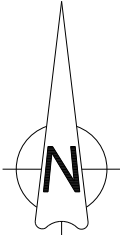
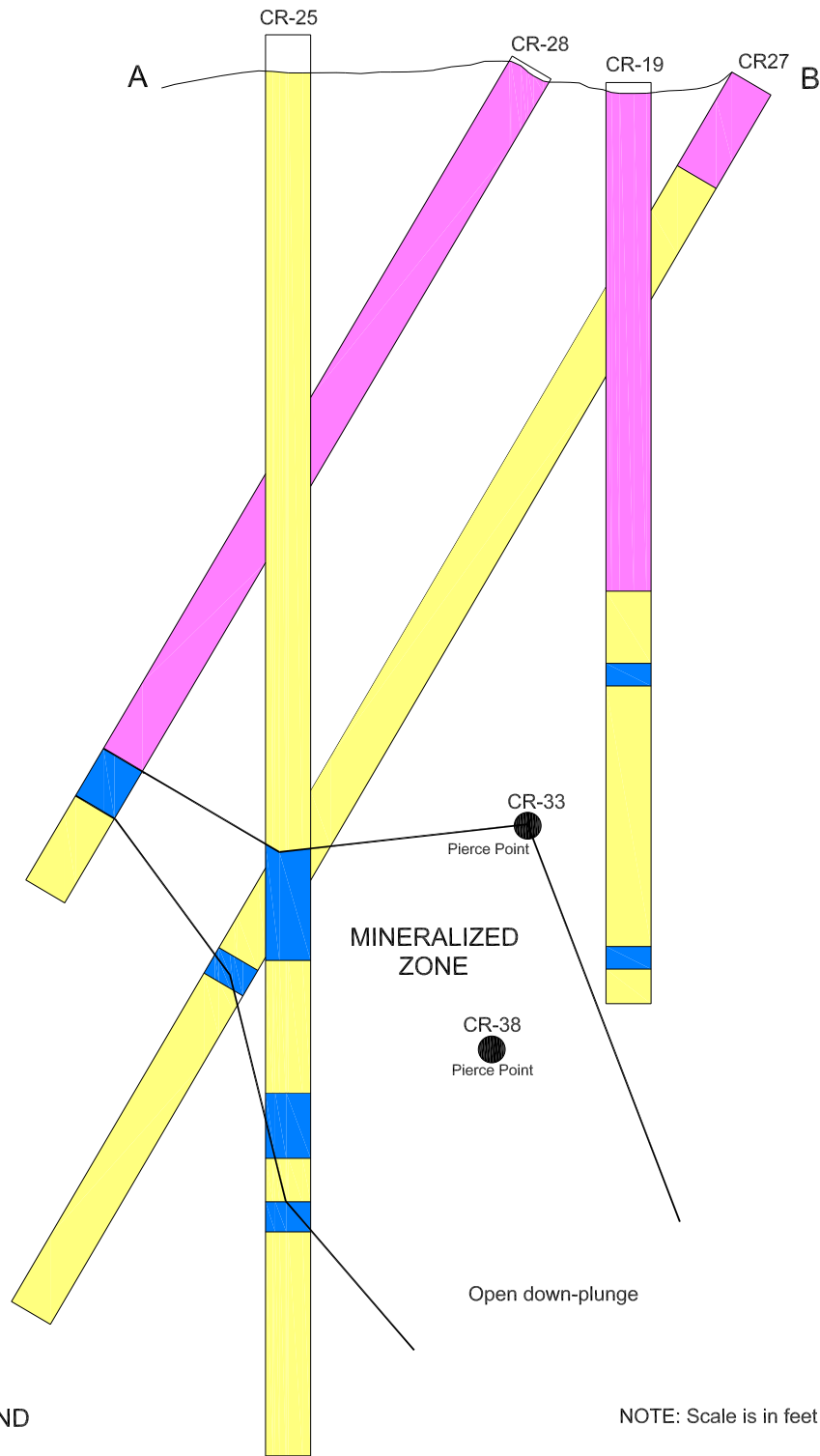


FIGURE 6  
TRUECLAIM RESOURCES INC.  
SCADDING GOLD PROPERTY  
AREAS OF MINERALIZATION



**LEGEND**

- Serpent Quartzite
- Altered Quartzite - pink
- Chlorite Breccia

Based on Currie-Rose Drilling (Hall, 2003)

NOTE: Scale is in feet since drilling reported in feet

**FIGURE 7**  
**TRUECLAIM RESOURCES INC.**  
**SCADDING GOLD PROPERTY**  
**NEW ZONE - DRILL SECTION A-B**  
**LOOKING NE - 035°**

