Scott Wilson Mining

HAYS LAKE GOLD INC.
READDRESSED TO EVERTON RESOURCES INC.

# TECHNICAL REPORT ON THE SHOAL LAKE WEST PROJECT, NORTHWESTERN ONTARIO, CANADA

NI 43-101 Report

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SCOTT WILSON ROSCOE POSTLE ASSOCIATES INC.

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# 1 SUMMARY

## EXECUTIVE SUMMARY

Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA") was retained by Christopher North, Hays Lake Gold Inc. ("Hays Lake"), to prepare an independent Technical Report on the Shoal Lake West Project, called the Duport Project by previous owners, in northwestern Ontario. The report was prepared in support of an Initial Public Offering. The Technical Report conforms to NI 43-101 Standards of Disclosure for Mineral Projects. Scott Wilson RPA visited the property on October 17, 2008. This report has been readdressed to Everton Resources Inc ("Everton"). Based on a review of Everton's disclosure on the System for Electronic Document Analysis and Retrieval ("SEDAR") since our report dated November 18, 2008, and discussions with Everton's management, Scott Wilson RPA considers this report to be current.

On July 9, 2009, Everton announced that it had signed a Letter of Intent (the "LOI") whereby Everton proposed to acquire all of the issued and outstanding shares of Hays Lake, subject to terms and conditions outlined in the LOI. Everton has requested that Scott Wilson RPA readdress this report to it in order to support its own disclosure. No other changes have been made to this report beyond addressing it to Everton and re-dating it.

Hays Lake signed an agreement with Halo Resources Ltd. ("Halo") on October 7, 2008, whereby Hays Lake could earn up to a 75% interest in the 110-claim Shoal Lake West Project by issuing 2,000,000 shares upon signing and making staged work expenditures and property payments by October 31, 2012. Hays Lake's interest would be subject to a graduated net smelter return ("NSR") royalty based on production levels by virtue of an underlying agreement, a portion of which may be bought out by Hays Lake.

The Shoal Lake West property is located on Stevens Island, Shoal Lake, approximately 45 km southwest of Kenora, Ontario. It comprises 110 claims for a total of 5,229 ha. Gold was discovered in 1896 and the property has been explored sporadically since then, most notably by Consolidated Professor Mines Ltd. between 1982 and 1987. A 104 m shaft, a 1,360 m ramp, and 1,555 m of lateral development, as well as 81,391 m of diamond drilling and various geophysical surveys, comprise the historical programs. Hays Lake has completed no work on the property as of the effective date of this report.

Two First Nations communities reside in the area. The lake supports cottage development and recreational hunting and fishing. Shoal Lake has been the source of drinking water for the city of Winnipeg since the early part of the $20^{th}$ century.

***INTERPRETATION AND CONCLUSIONS***

The mineralized zones on the Shoal Lake West Project are hosted by strongly deformed and altered basaltic and ultramafic rocks within the major northeast-trending, steeply west dipping Duport Deformation Zone. These mineralized zones are identified as the Main Zone and the parallel East Zone, plus a number of *en echelon* and parallel associated units in the hangingwall and footwall of each of these principal horizons.

Gold mineralization strikes N30°-35°E for a total strike length of approximately 1,200 m and dips 65°-75° west. Grades of possible economic interest have been intersected to a depth of approximately 600 m.

In 2006, Roscoe Postle Associates Inc. ("RPA"), predecessor to Scott Wilson RPA, estimated Mineral Resources, compliant with NI 43-101, using the contour method. Indicated Mineral Resources were estimated at 424,000 tonnes grading 13.40 g/t Au for 182,000 contained ounces of gold. In addition, Inferred Mineral Resources were estimated at 387,000 tonnes grading 10.69 g/t Au for 131,000 contained ounces of gold. There has been no additional data or changes in assumptions or parameters that would amend the 2006 estimate. Therefore Scott Wilson RPA considers that this estimate is still current. There are no Mineral Reserves estimated for the property.

Scott Wilson RPA conducted an internal Preliminary Assessment for Halo in 2006 and is of the opinion that a larger and higher grade resource base is required in order to ensure commercial viability.

To date, most of the work on the property has been concentrated in the area of the known zones. A combined airborne magnetic and electromagnetic survey flown in 2005 identified several anomalies within prospective lithologies, which have yet to be drill tested. The potential exists to increase the resource base through the discovery of additional zones along strike.

Scott Wilson RPA is of the opinion that Hays Lake's Shoal Lake West property hosts gold targets with potential to increase the resource base and warrants additional exploration.

The property's environmental and social challenges have been well documented in the past. Although the technical challenges can be met within the context of current technology, there remains a negative public perception which, in Scott Wilson RPA's opinion, can be overcome through diligent and thorough technical studies combined with significant and detailed public information and consultation.

***RECOMMENDATIONS***

Scott Wilson RPA is of the opinion that there is potential to confirm and increase the resource base on Hays Lake's Shoal Lake West Project. The property merits more exploration and a program is recommended. A recommended Phase I program, to be initiated in January 2009, or as soon as weather conditions permit, includes:

1) Developing and drill testing targets outside the known mineralization, and
2) Initiating environmental, permitting and consultation activities.

Developing targets outside the known mineralization would consist of completing induced polarization (IP)/resistivity surveying along a one kilometre wide corridor of the Duport Deformation Zone both northeast and southwest of the known zones as well as selectively across conductive features identified in the 2005 airborne survey. Weakly to non-conductive targets within this structurally permissive environment may not have been previously detected. A program of 5,000 m of drilling is recommended to evaluate the highest priority targets outside of the known mineralized zones.

Baseline environmental sampling, permitting in anticipation of more advanced development and exploration work, and consultation with local First Nations and government agencies should be initiated without undue delay.

Contingent upon the Phase I program results, a Phase II program consisting of additional delineation drilling, metallurgical testing, ongoing environmental sampling, permitting and consultation activities, ramp dewatering and a resource estimate update is recommended.

Details of the recommended programs can be found in Table 1-1.

**TABLE 1-1 PROPOSED BUDGET**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Item | C$ |
|---|---|
| **PHASE I** | |
| Head Office Services | 25,000 |
| Project Management/Staff Cost | 50,000 |
| Expense Accounts/Travel Costs | 25,000 |
| Holding/Option Costs | 50,000 |
| Communications | 5,000 |
| Line Cutting | 20,000 |
| IP Survey | 70,000 |
| Geophysics (Supervision, reporting) | 7,500 |
| Diamond Drilling -Contractor Cost (5,000 m @ $140/m) | 700,000 |
| Assaying | 25,000 |
| Snowplowing/Ice Making | 25,000 |
| Environmental Baseline Sampling | 25,000 |
| Permitting/Consultation | 50,000 |
| Accommodations/Camp Costs | 25,000 |
| Transportation (Trucks, snowmobiles, quads) | 25,000 |
| Shipping | 2,000 |
| External Logistical Support | 2,500 |
| **Subtotal** | **1,132,000** |
| Contingency | 113,200 |
| **TOTAL** | **1,245,200** |
| | |
| **PHASE II** | |
| Head Office Services | 25,000 |
| Project Management/Staff Cost | 100,000 |
| Expense Accounts/Travel Costs | 50,000 |
| Holding/Option Costs | 240,000 |
| Communications | 10,000 |
| Line Cutting | 20,000 |
| Diamond Drilling –Contractor Cost (12,000 m @ $135/m) | 1,620,000 |
| Assaying | 100,000 |
| Resource Estimation | 50,000 |
| Environmental Baseline Sampling | 25,000 |
| Permitting/Consultation | 50,000 |
| Metallurgical Testing | 75,000 |
| Accommodations/Camp Costs | 75,000 |
| Snowplowing/Ice Making | 25,000 |
| Ramp Dewatering and Rehabilitation | 750,000 |
| Transportation (Trucks, snowmobiles, quads) | 25,000 |
| Shipping | 5,000 |
| External Logistical Support | 5,000 |
| **Subtotal** | **3,250,000** |
| Contingency | 325,000 |
| **TOTAL** | **3,575,000** |

# TECHNICAL SUMMARY

### *PROPERTY DESCRIPTION AND LOCATION*

The Shoal Lake West Project encompasses four non-contiguous claim blocks comprising 110 claims covering approximately 5,229 ha located on and east of Shoal Lake in Glass, Shoal Lake and Snowshoe Bay (Shoal Lake) Townships, northwestern Ontario. The Shoal Lake West Project is centred approximately at Latitude 49°35' N and Longitude 95°00' W and is within 1:50,000 scale NTS map sheets 52E/10 (Glass) and 52E/11 (Shoal Lake).

### *LAND TENURE*

The Shoal Lake West Project is composed of 110 claims recorded in the name of Halo Resources Inc. ("Halo"). Hays Lake signed an agreement with Halo on October 7, 2008, whereby it can earn an initial 51% interest in the Shoal Lake West Project by issuing 2,000,000 shares upon signing and making work expenditures totalling $1,500,000 and property payments totalling $170,000 by May 1, 2010. Hays Lake may earn an added 24% interest by making additional work expenditures totalling $3,500,000 and additional property payments totalling $6,600,000 by October 31, 2012. Hays Lake's interest would be subject to a graduated NSR royalty based on production levels by virtue of an underlying agreement, a portion of which may be bought out. On July 29, 2009, Everton announced that it had signed a LOI whereby it proposed to acquire all of the issued and outstanding shares of Hays Lake, subject to the terms and conditions outlined in the LOI.

### *SITE INFRASTRUCTURE*

The property has a 104 m shaft collared on Cameron Island and a 1,360 m ramp collared on Stevens Island, as well as 1,555 m of lateral development.

### *HISTORY*

Gold was discovered on the property in 1886 by prospecting. Early work on Cameron Island consisted of extensive surface work, the sinking of a 40.2 m inclined shaft, limited lateral development work and the construction of a 10 stamp mill by the

Cameron Island Syndicate Ltd. A five-ton mill run in 1915 graded 0.48 oz/ton Au and 1.2 oz/ton Ag.

During the early 1930s, Duport Mining Co. Ltd. ("Duport") drilled several holes from surface, dewatered the shaft, sank a 74.7 m inclined winze and completed additional lateral development. From 1934 to 1936 Duport produced 1,100 tonnes of material grading 115 g/t Au, which was shipped to smelters in Washington and Manitoba.

During the early 1950s to the early 1970s sporadic work on the property consisted mainly of drilling from both surface and underground and a limited amount of underground development by various operators including Matachewan Consolidated Mines Ltd., Westfield Minerals Ltd. and Consolidated Professor Mines Ltd. ("CPM"). In 1982, Selco Inc. completed airborne and ground geophysical surveys as well as surface drilling.

From 1983 to 1985 Union Carbide Corporation drove a 1,185 m decline from Stevens Island and diamond drilled from both surface and underground. Work included drifting on two levels and bulk and channel sampling. From 1986 to 1987, CPM extended the decline, drilled from surface and underground and completed pilot plant metallurgical testing on a 90-tonne bulk sample. CPM completed a feasibility study in 1988.

From 1988 to 1990, Exploration Brex Inc. completed a program consisting of ground geophysical surveys and geological mapping immediately east and north of Stevens Island and culminating in a limited amount of diamond drilling. In 1996, Royal Oak Mines Inc. acquired the property and initiated an internal feasibility study.

In early 2005, Halo completed an exploration program consisting of ground geophysical surveys on three grids and surface diamond drilling. The drilling was mainly designed to confirm historical resources and to test the downward and strike extensions of the historical resource. Later that year, Halo completed a combined magnetic and electromagnetic airborne survey over their entire holdings in the area. A number of targets were identified, none of which have been subsequently drill tested.

***GEOLOGY***

The Shoal Lake West Project lies near the northern boundary of the east-trending, isoclinally folded Wabigoon Subprovince of the Superior Structural Province. It is located within the western region of the Wabigoon, which consists of a series of interconnected greenstone belts surrounding large, elliptical granitoid batholiths. Volcanic sequences comprise ultramafic (komatiitic) through mafic (tholeiitic, calc-alkalic and minor alkalic and komatiitic) types to felsic (mostly calc-alkalic) rocks. Sedimentary sequences are mostly clastic rocks of alluvial fan-fluvial, resedimented (turbidite) and rare platformal facies. Minor chemical metasedimentary rocks are predominantly oxide facies iron formation.

The volcanic sequence in the Shoal Lake area can be subdivided into a first cycle consisting of a lower mafic and ultramafic, komatiitic-tholeiitic series and an overlying intermediate to felsic calc-alkaline series. Mafic volcanic rocks exposed in the northwest portion of the northern Shoal Lake area likely represent the mafic tholeiitic sequence of a second mafic cycle.

Two syn- to post-tectonic granitoid bodies intrude the volcanic succession. The Canoe Lake quartz diorite stock intrudes the lower mafic-ultramafic series northeast of the Shoal Lake West Project. The medium grained granodioritic Snowshoe Bay Batholith intrudes the volcanic succession to the west. The regional metamorphic grade is greenschist facies except in proximity to felsic intrusions where almandine amphibolite facies has been recorded. The structure of the area is very complex. The greenstone belt has undergone two principal, possibly overlapping, periods of deformation.

Several narrow, northeast-trending high strain zones occur between the Snowshoe Bay Batholith and the Canoe Lake Stock. These zones of high strain define three shear zones, with similar orientations and character which suggest that each is a component of a larger deformation zone referred to as the Shoal Lake Deformation Zone. The westernmost of these shear zones contains the Duport mineralized zones and has been termed the Duport Deformation Zone. The central and eastern zones are termed the Stevens Island Deformation Zone and the Sirdar Deformation Zone, respectively.

All of the main shear zones within the northeast-trending Shoal Lake Deformation Zone indicate substantial subvertical, west-side-up movement. In places a minor sinistral component is also indicated.

The lithologies within the mine are typical of the lower mafic-ultramafic series. Fine-grained, pillowed, aphyric basalts form the footwall in the mine. These are in intrusive contact with a major north-east trending quartz diorite intrusion, the Stevens Island Complex to the east. A banded sulphide facies iron formation was recognized within the aphyric basalts. Three marker units of amphibolite and/or metapyroxenite have been recognized between the Main and East mineralized zones, west of the footwall basalts. To the west of the talc schist is a unit of talcose, brecciated basalt which is characterized by highly elongate basaltic fragments. West of the talcose brecciated basalt, a second basaltic breccia unit has been recognized. It is only weakly brecciated and is commonly fine-grained and massive. Within this brecciated unit a feldspar-phyric basalt or gabbro occurs locally. The most westerly unit is a coarse-grained basalt or gabbro. Brecciation is recognized locally. It is not clear if this unit represents a thick basaltic flow or a subvolcanic sill, similar to the Stevens Island Complex.

The auriferous zones are hosted by deformed mafic and ultramafic rocks within the Duport Deformation Zone, characterized by a westward transition from ductile to brittle regimes and from mylonite to proto-mylonite. The footwall rocks are not highly deformed; the basalt is locally pillowed and, although the pillows are stretched, they are clearly recognizable. The contact between these pillowed basalts and the talc schist to the west is gradational over a few metres.

Gold-bearing zones are enriched in quartz and sulphides and contain varying amounts of feldspar, muscovite, sericite, pale brown biotite, epidote, carbonate and chlorite. Gold is generally associated with arsenopyrite and pyrite and lesser pyrrhotite and chalcopyrite. Free gold occurs rarely within quartz or other silicates in the matrix.

### MINERAL RESOURCES AND MINERAL RESERVES

In 2006, RPA estimated Mineral Resources, compliant with NI 43-101, using the contour method. Indicated Mineral Resources were estimated at 424,000 tonnes grading 13.40 g/t Au for 182,000 contained ounces of gold. In addition, Inferred Mineral Resources were estimated at 387,000 tonnes grading 10.69 g/t Au for 131,000 contained ounces of gold. Scott Wilson RPA considers that this estimate is still current. There are no Mineral Reserves estimated for the property.

### ENVIRONMENTAL CONSIDERATIONS

A significant amount of environmental work was carried out on the property from 1979 to 1995.

The primary environmental concerns regarding development and operation of the Shoal Lake West Project relate to the preservation of the existing water quality and important recreational and traditional land use of the area. The land surrounding the property area is used for forestry activity, mineral exploration, two First Nations reserves situated near Indian Bay, and cottage recreation. Shoal Lake itself provides important resources including drinking water, fisheries, wild rice harvests, and recreation. The lake is the source of drinking water for the city of Winnipeg, a function that has created controversy in the past with regard to project development. The city water supply intake is located in the western portion of the lake, in Indian Bay.

The property environment and social challenges have been well documented in the past. Although the technical challenges can be met within the context of current technology, there remains a negative public perception, particularly in the city of Winnipeg and with some of the cottagers on Shoal Lake. In order to address these concerns, conceptual designs have evolved, so that in the event of development, all the ore processing facilities will be located outside the Shoal Lake watershed. Scott Wilson RPA considers this as critical in gaining support and credibility for the development of the property.

In Scott Wilson RPA's opinion, the public perceptions can be overcome through diligent and thorough technical studies, combined with significant and detailed public information and consultation. A special emphasis needs to be made to gain and maintain the support of First Nations residents on Shoal Lake.

# 2 INTRODUCTION

Scott Wilson Roscoe Postle Associates Inc. (“Scott Wilson RPA”) was retained by Christopher North, President of Hays Lake Gold Inc. (“Hays Lake”), to prepare an independent Technical Report on the Shoal Lake West Project, called the Duport Project by previous owners, in northwestern Ontario. This report is in support of an Initial Public Offering and conforms to NI 43-101 Standards of Disclosure for Mineral Projects. . This report has been readdressed to Everton Resources Inc (“Everton”). Based on a review of Everton’s disclosure on the System for Electronic Document Analysis and Retrieval (“SEDAR”) since our report dated November 18, 2008, and discussions with Everton’s management, Scott Wilson RPA considers this report to be current.

On July 29, 2009, Everton announced that it had signed a Letter of Intent (the “LOI”) whereby it proposed to acquire all of the issued and outstanding shares of Hays Lake, subject to the terms and conditions outlined in the LOI. Everton has requested that Scott Wilson RPA readdress this report to it in order to support its own disclosure. No other changes have been made to this report beyond addressing it to Everton and re-dating it.

On October 7, 2008, Hays Lake signed an agreement with Halo Resources Inc. (Halo) whereby Hays Lake could earn up to a 75% interest in the 110-claim Shoal Lake West Project by issuing 2,000,000 shares to Halo upon signing and making staged work expenditures and property payments by October 31, 2012. Hays Lake’s interest would be subject to graduated net smelter return (“NSR”) royalty based on production levels by virtue of an underlying agreement, a portion of which may be bought out by Hays Lake.

The major asset associated with the Shoal Lake West Project is a gold deposit located on Stevens Island of Shoal Lake, approximately 45 km southwest of Kenora. The mineralization has been explored, mainly during the 1980s, from both surface and underground. Historical exploration includes a 104 m shaft, a 1,360 m ramp and 1,555 m of lateral development, as well as 81,391 m of diamond drilling.

Roscoe Postle Associates Inc. ("RPA"), a predecessor company to Scott Wilson RPA, prepared previous NI 43-101 reports on the Shoal Lake West (then Duport) Project dated November 8, 2004 and January 31, 2006.

## SOURCES OF INFORMATION

A site visit to the Shoal Lake West property was carried out by Paul Chamois, M.Sc. (A), P.Geo., Senior Consulting Geologist with Scott Wilson RPA, on October 17, 2008. Wayne Valliant, P.Geo., Principal Geologist with Scott Wilson RPA, visited the property on March 21 to 25, 2005, in relation to a previous Technical Report (Clow and Valliant, 2006).

Wayne W. Valliant, P.Geo., and Paul Chamois, P.Geo., collaborated in the preparation of all sections of this report.

The documentation reviewed, and other sources of information, are listed at the end of this report in Section 21 - References.

***LIST OF ABBREVIATIONS***

Units of measurement used in this report conform to the SI (metric) system, except where noted. Much of the historical project data were collected in imperial units, and some resource work was carried out using that system of measurement. All currency in this report is Canadian dollars (C$) unless otherwise noted.

| | | | |
|---|---|---|---|
| μ | micron | kPa | kilopascal |
| °C | degree Celsius | kVA | kilovolt-amperes |
| °F | degree Fahrenheit | kW | kilowatt |
| μg | microgram | kWh | kilowatt-hour |
| A | ampere | L | litre |
| a | annum | L/s | litres per second |
| bbl | barrels | m | metre |
| Btu | British thermal units | M | mega (million) |
| C$ | Canadian dollars | $m^2$ | square metre |
| cal | calorie | $m^3$ | cubic metre |
| cfm | cubic feet per minute | min | minute |
| cm | centimetre | MASL | metres above sea level |
| $cm^2$ | square centimetre | mm | millimetre |
| d | day | mph | miles per hour |
| dia. | diameter | MVA | megavolt-amperes |
| dmt | dry metric tonne | MW | megawatt |
| dwt | dead-weight ton | MWh | megawatt-hour |
| ft | foot | $m^3/h$ | cubic metres per hour |
| ft/s | foot per second | opt, oz/st | ounce per short ton |
| $ft^2$ | square foot | oz | Troy ounce (31.1035g) |
| $ft^3$ | cubic foot | oz/dmt | ounce per dry metric tonne |
| g | gram | ppm | part per million |
| G | giga (billion) | psia | pound per square inch absolute |
| Gal | imperial gallon | psig | pound per square inch gauge |
| g/L | gram per litre | RL | relative elevation |
| g/t | gram per tonne | s | second |
| gpm | imperial gallons per minute | st | short ton |
| $gr/ft^3$ | grain per cubic foot | stpa | short ton per year |
| $gr/m^3$ | grain per cubic metre | stpd | short ton per day |
| hr | hour | t | metric tonne |
| ha | hectare | tpa | metric tonne per year |
| hp | horsepower | tpd | metric tonne per day |
| in | inch | US$ | United States dollar |
| $in^2$ | square inch | USg | United States gallon |
| J | joule | USgpm | US gallon per minute |
| k | kilo (thousand) | V | volt |
| kcal | kilocalorie | W | watt |
| kg | kilogram | wmt | wet metric tonne |
| km | kilometre | $yd^3$ | cubic yard |
| km/h | kilometre per hour | yr | year |
| $km^2$ | square kilometre | | |

# 3 RELIANCE ON OTHER EXPERTS

This report has been prepared by Scott Wilson RPA for Hays Lake. The information, conclusions, opinions, and estimates contained herein are based on:

- Information available to Scott Wilson RPA at the time of preparation of this report,
- Assumptions, conditions, and qualifications as set forth in this report, and
- Data, reports, and other information supplied by Minerx and other third party sources.

For the purpose of this report, Scott Wilson RPA has relied on ownership information provided by Hays Lake and detailed in Section 4, Property Description and Location, and in Appendix 1. Scott Wilson RPA has not researched property title or mineral rights for the Shoal Lake West Project and expresses no opinion as to the ownership status of the property. Scott Wilson RPA did review the status of some of the claims on the web site of the Ontario Ministry of Northern Development and Mines (http://claimaps.mndm.gov.on.ca) and, for those claims verified, the information is as noted in Appendix 1.

Except for the purposes legislated under provincial securities laws, any use of this report by any third party is at that party's sole risk.

# 4 PROPERTY DESCRIPTION AND LOCATION

The Shoal Lake West Project is located in the Shoal Lake area, northwestern Ontario, approximately 45 km southwest of Kenora and 160 km southeast of Winnipeg (Figure 4-1). The property is accessible from Kenora by taking Trans-Canada Highway 17 west from the city limits for approximately twenty-seven kilometres to the Rush Bay Road, then going south for about twenty-three kilometres to Clytie Bay, and then eight kilometres by boat. Alternatively, the property can be reached by going south on Provincial Road 673 from a point seven kilometres east of the Manitoba border on Trans-Canada Highway 17 to the Shoal Lake First Nations, then about eight kilometres by boat.

The project is located in Glass, Shoal Lake and Snowshoe Bay (Shoal Lake) Townships, within 1:50,000 scale NTS map sheets 52E/10 (Glass) and 52E/11 (Shoal Lake). The project consists of four separate claim blocks which, taken as a whole, extend for 15.5 km in an easterly direction and ten kilometres in a northerly direction. It is centred roughly at Latitude 49°35' N and Longitude 95°00' W. The centre of the currently defined mineralization is located at approximately 352 050mE and 5 492 450mN (NAD 83, Zone 15).

## LAND TENURE

The Shoal Lake West property encompasses four separate claim blocks (Figure 4-2). Collectively, these properties consist of 110 claims totalling 342 claim units covering approximately 5,229 ha (Figure 4-2). Table 24-1 in Appendix 1 lists all the subject claims, leases, and licences of occupation. As of the effective date of this report, all subject lands are in good standing and are currently 100% held by Halo.

Hays Lake entered into an agreement dated October 7, 2008, with Halo (the "Halo Agreement") whereby it could acquire up to a 75% interest in the property. Upon execution of the Halo Agreement, Hays Lake issued 2,000,000 common shares to Halo.

To earn an initial 51% interest in the Shoal Lake West property, Hays Lake must incur $1,500,000 in approved work expenditures no later than May 1, 2010. Having earned a 51% interest, a joint venture between Hays Lake and Halo will be formed, with Hays Lake acting as the manager. Hays Lake may elect to earn a further 24% interest by making additional approved work expenditures of $3,500,000 by October 31, 2012.

During the earn-in period, Hays Lake must make property payments to Halo. Starting January 31, 2009, Hays Lake must make quarterly payments of $12,500 for a total of $50,000 in the first year. In each of the subsequent three years, Hays Lake must make quarterly payments of $60,000 for a total of $240,000 per year.

On or before October 31, 2012, provided Hays Lake has incurred all required work expenditures, issued all the shares and made all property payments, it may vest a 75% interest in the property by making a payment to Halo of $6,000,000. Table 4-1 summarizes the terms of the Agreement.

By virtue of an underlying agreement with the Sheridan Platinum Group Ltd., Hays Lake's interest is subject to a 1.5% NSR royalty on the first one million ounces of gold produced, two-thirds (1%) of which may be purchased at any time up to the commencement of commercial production for $2,500,000. A 5% NSR royalty exists on all gold produced in excess of one million ounces.

As of the effective date of this report, Scott Wilson RPA understands that Hays Lake has issued 2,000,000 common shares to Halo.

**TABLE 4-1 AGREEMENT TERMS**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Date | Shares | Cash ($) | Work ($) | Interest Earned (%) |
|---|---|---|---|---|
| On Signing | 2,000,000 | | | |
| Jan. 31, 2009 | | 12,500 | | |
| Apr. 30, 2009 | | 12,500 | | |
| Jul. 31, 2009 | | 12,500 | | |
| Oct. 30, 2009 | | 12,500 | | |
| Jan. 31, 2010 | | 60,000 | | |
| Apr. 30, 2010 | | 60,000 | | |
| May. 1, 2010 | | | 1,500,000 | 51 |
| Jul. 31, 2010 | | 60,000 | | |
| Oct. 21, 2010 | | 60,000 | | |
| Jan. 31, 2011 | | 60,000 | | |
| Apr. 30, 2011 | | 60,000 | | |
| Jul. 31, 2011 | | 60,000 | | |
| Oct. 31, 2011 | | 60,000 | | |
| Jan. 31, 2012 | | 60,000 | | |
| Apr. 30, 2012 | | 60,000 | | |
| Jul. 31, 2012 | | 60,000 | | |
| Oct. 31, 2012 | | 6,060,000 | 3,500,000 | 75 |
| | **2,000,000** | **6,770,000** | **5,000,000** | |

On July 29, 2009, Everton announced that it had signed a LOI with Hays Lake whereby Everton proposed to acquire all of the issued and outstanding shares of Hays Lake, subject to the terms and conditions outlined in the LOI summarized below.

(i) Everton is proposing to acquire all of the 32,432,400 Hays Lake shares (the "Hays Lake Shares") in exchange for a maximum of 12,000,000 common shares of Everton (the "Everton Shares"), based on an exchange ratio of 0.37 of an Everton Share for 1 Hays Lake Share (the "Exchange Ratio").

(ii) The 3,916,725 share purchase warrants of Hays Lake presently outstanding (the "Hays Lake Warrants") would be exchanged for share purchase warrants of Everton (the "Everton Warrants") in accordance with the Exchange Ratio and the exercise price of such warrants shall be adjusted accordingly, the whole in compliance with the policies of the TSX Venture Exchange (the "Exchange").

(iii) Within a period of three (3) years following the closing of the transaction, should Everton announce the completion of a NI 43-101 compliant report for the combined Shoal Lake properties (property that falls within 100 km of Shoal Lake) that includes 2,000,000 oz Au having a grade of no less than 6.0 g/t Au, of which at least 1,000,000 oz Au shall be in the indicated mineral resource estimate category or better, Everton will issue to the shareholders of Hays Lake on a pro rata basis, within a period of five (5) business days following the announcement, additional Everton Shares having a total value of $1.5 million at a price per share equal to the closing price of the Everton's shares on the Exchange on the day prior to the date of such announcement, subject to a maximum of 7,000,000 Everton Shares.

(iv) The transaction is expected to close by no later than July 31st, 2009, or any other date agreed to in writing by the parties, and is subject to various conditions customary to this type of transaction, among which:

(a) Shareholders holding at least 90% of Hays Lake Shares shall have consented to the transaction;

(b) Execution of a formal share purchase agreement between Everton, Hays Lake and its shareholders;

(c) Completion by Everton of a legal, technical and environmental due diligence investigation on Hays Lake and its business with the results of such investigation being acceptable to Everton in its sole and absolute discretion;

(d) Successful financing totalling $1.9 million which includes $900,000 with two investment funds and a hard cash financing for gross proceeds of $1,000,0000;

(e) All persons having a right to receive or to be issued Hays Lake Shares shall have consented to receive Everton Shares in replacement of such Hays Lake Shares in accordance with the Exchange Ratio;

(f) Approval of the transaction by the Exchange and Everton's Board of Directors.

(v) Everton has agreed to pay Hays Lake a non-refundable cash advance of $25,000 in order to allow Hays Lake to proceed with certain property payments to certain property and lien holders and obtain a thirty (30) day extension to complete the transaction.

(vi) Hays Lake has granted Everton an exclusivity period to complete a transaction until September 30, 2009. In exchange for such exclusivity period, Everton will pay Hays Lake a non-refundable cash amount of $30,000.

(vii) Hays Lake shall have representation on Everton's Board of Directors through one (1) Board seat.

Everton shall have a right to terminate the agreement should any of the conditions outlined above not be completed. The agreement can also be terminated by mutual agreement of the parties or by any of the parties should the formal agreement not have been executed on or before July 31, 2009


Figure 4-1

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Northwestern Ontario, Canada*

**Property Location Map**

*November, 2008*

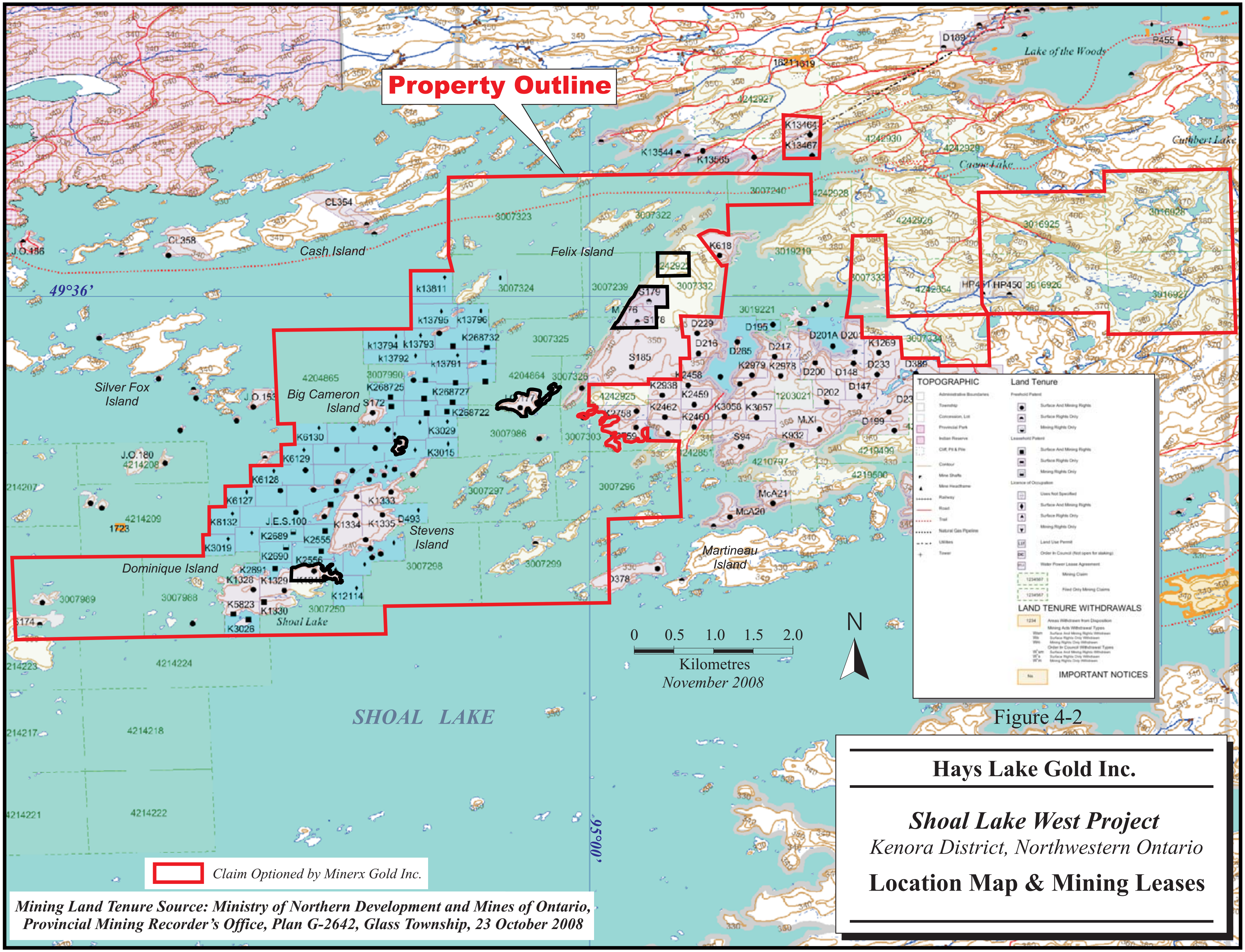



Figure 4-2

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**Location Map & Mining Leases**

# 5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

## ACCESSIBILITY

The Shoal Lake West property is located about 45 km southwest of Kenora, Ontario, which has a population of approximately 16,500. Kenora is serviced by daily flights from Winnipeg and Thunder Bay. From Kenora, the most direct access is by driving approximately twenty-seven kilometres west of the city limits along Trans-Canada Highway 17, then south on the Rush Bay road for approximately twenty-three kilometres to Clytie Bay, and then eight kilometres by boat. There is barge service on the lake during the ice-free months of the year. The property may also be reached by float-equipped aircraft.

## CLIMATE

The property lies within the Lake of the Woods ecoregion of the Boreal Shield ecozone and is marked by warm summers and cold winters. The mean annual temperature is approximately 1.5°C. The mean summer temperature is 15°C and the mean winter temperature is -13°C (Marshall and Schutt, 1999). Table 5-1 illustrates the major climatic data for the two closest weather stations - Indian Bay, Manitoba, and Kenora Airport, Ontario, located 12 km to the northwest and 45 km to the northeast, respectively.

**TABLE 5-1 CLIMATIC DATA – INDIAN BAY AND KENORA AIRPORT**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| | Indian Bay | Kenora Airport |
|---|---|---|
| Mean January temperature | -18.8°C | -17.3°C |
| Mean July temperature | 18.6°C | 19.5°C |
| Extreme maximum temperature | 37.8°C | 35.8°C |
| Extreme minimum temperature | -48.9°C | -43.9°C |
| Average annual precipitation | 604.9 mm | 661.8 mm |
| Average annual rainfall | 469.5 mm | 514.4 mm |
| Average annual snowfall | 135.4 cm | 158.2 cm |

## LOCAL RESOURCES

Various services are available at Kenora, a town with a population of 16,500 located approximately 45 km northeast of the property, including temporary accommodations, hospital, 24-hour fuel station, hardware stores and restaurants. A greater range of services is available in Winnipeg, Manitoba, located about three hours by road from the property. Any mining development on the property would have access to hydroelectric power from the provincial transmission grid.

## INFRASTRUCTURE

The property has a 104 m shaft collared on Cameron Island and a 1,360 m ramp collared on Stevens Island, as well as 1,555 m of lateral development.

## PHYSIOGRAPHY

A large portion of the property is covered by the waters of Shoal Lake. The topography of the land portion of the property is comparatively flat, with no hills rising more than 35 m above lake level.

Characteristic vegetation on the islands and mainland portion of the property includes a succession from trembling aspen, paper birch and jack pine to white spruce, black spruce and balsam fir. Dystric brunisols are the dominant soil on sandy morainal veneers and blankets with significant inclusions of mesisolic and fibrosolic organic soils and gray luvisolic soils on exposed clay beds.

The region provides habitat for moose, deer, black bear, wolf, lynx, snowshoe hare and woodchuck. Bird species include ruffed grouse, pileated woodpecker, bald eagle, turkey vulture, herring gull and various waterfowl.

# 6 HISTORY

## PRIOR OWNERSHIP

The property was discovered by R. McInkster and W.J. Cameron circa 1896. J.J. Foster purchased the property in 1897 and formed the Cameron Island Mining and Development Co. Ltd. ("Cameron Island Mining"). In 1903, Cameron Island Mining changed its name to the Damascus Gold Mining Co. The Cameron Island Syndicate Ltd. ("Cameron Island Syndicate") acquired the property in 1910.

From 1928 to 1967 the property was worked at various times by Ventures Ltd. ("Ventures") (1928-1929), Duport Mining Co. Ltd. ("Duport Mining") (1933-1936), Matachewan Consolidated Mines Ltd. ("Matachewan") (1950-1951) and Westfield Minerals Ltd. ("Westfield") (1965-1967).

Consolidated Professor Mines Ltd. ("CPM") obtained an option on the property in 1973 and acquired a 100% interest in the property by amalgamating with Duport Mining in 1981. CPM granted options on the property to Selco Inc. (Selco) in 1982 and Union Carbide Corporation ("Union Carbide") from 1983 to 1985.

In 1996, Royal Oak Mines Inc. ("ROM") made a successful takeover bid for all of the shares of CPM, whereupon CPM became a wholly owned subsidiary of ROM. In 1997, ROM filed for bankruptcy and the Shoal Lake West property was purchased by Sheridan Platinum Group Ltd. ("SPM") and Mr. Pat Sheridan ("Sheridan").

In 2004, Halo negotiated an agreement with SPM and Sheridan and earned a 100% interest in the property.

On October 7, 2008, Hays Lake negotiated an agreement with Halo, as described in Section 4, whereby it can earn a 75% interest in the property.

## EXPLORATION HISTORY

As mentioned above, exploration and development activities began on the Shoal Lake West property as early as 1897.

From 1897 to 1900, Cameron Island Mining explored four quartz veins on Cameron Island. Work included extensive surface stripping, a 6.1 m (20 ft.) open cut on the No. 1 vein, a 9.1 m (30 ft.) open cut on the No. 2 vein, a 40.2 m (132 ft.) inclined shaft, test pits on the No. 3 and No. 4 veins, and a 20.1 m (66 ft.) adit on the eastern shore of the island to intersect the No. 1 and No. 2 veins. From 1903 to 1904, a ten-stamp mill was constructed.

From 1910 to 1912, Cameron Island Syndicate dewatered the shaft and resumed underground work. A mill run was made, but details are unavailable. In 1915, Cameron Island Syndicate extended the lateral workings to 148.7 m (488 ft.) on the 20.4 (67 ft.) and 38.7 m (127 ft.) levels. A small stope on the second level was worked to a height of 6.1 m (20 ft.). A five-ton mill run graded 0.48 oz/ton Au and 1.2 oz/ton Ag.

From 1933 to 1936, Duport Mining drilled several holes from surface, dewatered the shaft and sank a 74.7 m (245 ft.) inclined winze from the second level. Additional levels were driven at 68.3 m (224 ft.) and 112.5 m (369 ft.) depth. Lateral development totalled 713.5 m (2,341 ft.), with 25.3 m (83 ft.) of raising and some stoping on the second level. Duport Mining produced 1,100 tonnes of material, grading 115 g/t Au, which was shipped to smelters at Tacoma, Washington, and Flin Flon, Manitoba, for processing during the period 1934-1936.

From 1950 to 1951, Matachewan completed an electromagnetic survey, 8,773 m of surface and underground drilling, and 360 m (1,180 ft.) of trenching. The shaft was dewatered and 9.8 m (32 ft.) of raising was completed on the second level.

From 1965 to 1967, Westfield extended the known gold-bearing zones both laterally and vertically by completing 3,516 m of surface diamond drilling.

CPM carried out an initial program of exploration in 1973 consisting of dewatering the shaft and taking bulk samples from the second level. In 1982, Selco optioned the property and completed airborne and ground geophysical surveys, as well as 9,373 m of drilling. From 1983 to 1985, Union Carbide optioned the property and completed drilling and underground exploration from a new 1,185 m underground decline driven from Stevens Island. The decline intersected the mineralized zones on the 99.1 m (325 ft.), 134.1 m (440 ft.) and 158.5 m (520 ft.) levels. Drifting was done to the north and south on the East and the Main zones on the 99.1 m (325 ft.) level and on the Main Zone on the 158.5 m (520 ft.) level. Bulk and channel samples were taken from all levels. The program confirmed the presence of a mineral resource and led to the extension of known geological structures along strike to the northeast and southwest.

CPM continued underground development on the property during 1986 and 1987 with a program to further define the extent of the gold-bearing horizon. The program included extending the existing decline to a vertical depth of 200 m and diamond drilling, to establish continuity of the gold-bearing horizon to 500 m below surface. Three raises were driven in mineralized material and a 90-tonne bulk sample was mined and shipped to Lakefield Research, Lakefield, Ontario, for pilot plant metallurgical testing. Based on the resultant resource estimate and metallurgical work, CPM commissioned Wright Engineers Ltd. (Wright) to conduct a feasibility study in 1988.

During the time the Wright study was being prepared, CPM commenced the formal permitting process. The most important aspect of the potential environmental impact of proposed mine development was its location on Shoal Lake. Shoal Lake is the source of drinking water for the city of Winnipeg, Manitoba, and is also the location of two First Nations communities and a number of seasonal cottages. CPM recognized very early during its ownership of the property that environmental concerns regarding development and operation of the property were important. Between 1979 and 1988, CPM collected baseline environmental data and commissioned Agra Earth & Environmental Ltd. to study the issues and prepare an environmental impact study. The design for plant and infrastructure was intended to mitigate any environmental effects of the operation.

Despite the fact that the technical aspects of the environmental management plan were relatively straightforward, the property received considerable scrutiny from the local cottagers and, eventually, the city of Winnipeg and the province of Manitoba. The public perceptions were such that in 1989 the Ontario permitting process was stopped and the property was designated for review under the Canadian Environmental Assessment Act. From 1989 to 1993, essentially no activity took place on any aspect of the property.

From 1988 to 1990, Exploration Brex Inc. (Brex) completed preliminary geological and geophysical surveys on a 40-claim property located immediately east and northeast of Stevens Island, culminating in a four hole drill program totalling 672 m. Brex's property is now incorporated within the Shoal Lake West property. A 68.4 km line kilometre grid was established and surveyed with ground magnetics and VLF-EM. Geological mapping and sampling of the islands resulted in a number of surface showings generally consisting of narrow quartz vein related mineralization within the Stevens Island Deformation Zone. Grab samples from these showings are reported to have assayed up to 87.45 g/t Au. A boulder of massive arsenopyrite from Seahorse Island yielded 6.62 g/t Au. Holes SL-89-02 and SL-90-4, drilled 115 apart and immediately north of Stevens Island, intersected significant mineralization consisting of pyrite, chalcopyrite and arsenopyrite bearing quartz veining within talc-chlorite schist. SL-89-02 intersected values of 8.30 g/t Au across 2.95 m (167.94 m to 170.89 m), 6.45 g/t Au across 1.05 m (186.70 m to 187.75 m), and 12.66 g/t Au across 1.85 m (190.42 m to 192.27 m) (Yeomans, 1989). Hole SL-90-04 intersected 4.00 g/t Au across 3.24 m (36.49 m to 39.73 m)(Yeomans, 1990).

Commencing in 1993, CPM reactivated the environmental aspects of the property with the objective of restarting the approval process. As a first step, the property development plan was significantly revised from the Wright study in that all processing was moved to a location outside the Shoal Lake watershed. Ore was to be mined on Stevens Island and hauled by truck to the proposed plant site approximately 10 km away on the mainland. Two processing options were considered – production of concentrate at the plant followed by gold recovery at Placer Dome's Campbell Mine in Red Lake, and production of gold at the plant. The former option had the advantage of eliminating the use of cyanide in the Shoal Lake area. No physical or technical work was carried out on the property during this time other than environmental baseline work and minor fieldwork in support of the revised property development plan.

During this time, CPM re-established a working relationship with the two First Nations on Shoal Lake. An extensive program of community relations was carried out including workshops and public consultation sessions in the communities. Impact and Benefit Agreements were signed with both communities. CPM also implemented a buyout program with affected cottagers on Shoal Lake. Outside the area, CPM carried out extensive consultations with key officials at the city of Winnipeg, the provinces of Manitoba and Ontario, and the federal government in order to describe the revised project and to establish the process for formal environmental approval.

In 1996, after acquiring CPM, ROM updated the CPM work and initiated an internal feasibility study based on CPM's revised development plan. Instead of using the Campbell Red Lake option, concentrate was to be railed to the ROM plant in Timmins, Ontario, where it would be treated using a bio-oxidation process. ROM did not carry out any physical work on the site other than a limited diamond drilling program during 1996-1997. The logs corresponding to ROM's drilling are not available.

In 2005, Halo initiated a comprehensive exploration program consisting of ground and airborne geophysics and diamond drilling.

From February 18 to March 28, 2005, Halo completed a total of 70 line kilometres of ground magnetometer surveying over three grids in order to gain geological and structural information for the purpose of locating drill holes. The grids were located i) north of Stevens Island (North Grid), ii) over the southern portion of Stevens Island (East Grid), and iii) over the western portion of Dominique Island (South Grid). Halo's North Grid covered a portion of the area of the 1988 Brex survey. The survey was successful in delineating contacts between contrasting lithologies in areas of known gold mineralization. The survey, however, did not include the area of the Duport deposit itself and the coverage was insufficient to cover potential targets north of Stevens Island and in the vicinity of Dominique Island.

From August 15 to September 2, 2005, Fugro Airborne Surveys (Fugro) completed 2,743 line kilometres of combined magnetic and electromagnetic helicopter-borne survey under contract to Halo. The survey was flown at 50 m and 100 m line spacings using Fugro's DIGHEM multi-coil, multi-frequency electromagnetic system and a high-sensitivity cesium magnetometer. The objective was to identify altered shear zones containing sulphides related to fault structures, intrusive bodies, and competency contrasts between lithologies. Several magnetic signatures similar to those observed at the Duport deposit were defined.

The contoured magnetic data outlined a predominantly north-northeast fabric to the structural and lithological components of the Shoal Lake greenstone assemblage. Distinctive lenticular to elongate magnetic lows striking north-northeast across the centre of the survey area were interpreted to reflect either felsic lithologies in the core of the assemblage or a thick pile of dominantly metasedimentary rocks. A series of ovoid or annular features were interpreted to represent folded and faulted metavolcanic rocks. Three northeast to north-northeast trending deformation zones were interpreted. A considerable number of weak to moderate conductive features were defined in the electromagnetic data, most displaying north-northeast orientations parallel to the regional fabric.

Fifteen targets consisting of conductive features within a one kilometre wide band north-northeast and south-southwest of the Duport deposit were identified for follow-up. These targets have yet to be drill tested.

During the winter of 2005, Halo completed a 23-hole, 7,054 m drilling program from the ice on Shoal Lake. The holes were drilled perpendicular to the strike of the mineralized zones at dips varying from -45° to -67°. Table 6-1 lists those holes completed by Halo. Two holes (2005-1 and 2005-2) were drilled to confirm historical resources. Nineteen holes (2005-3 to 2005-19 and 2005-21 to 2005-23) were drilled on a 30 m to

100 m spacing over a strike extension of approximately one kilometre to test the downward and/or southern extension of historical resources. One hole (2005-20) was drilled to test for possible mineralization in a structural feature indicated by the ground magnetic survey. The program confirmed the presence of high-grade gold mineralization as reported in previous studies and confirmed the extension of gold structures along strike and down dip from previous resources, albeit mainly at sub-economic grades.

Table 6-2 lists the significant intersections achieved in Halo's drilling.

**TABLE 6-1 HALO 2005 DRILLING SUMMARY**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Hole | Northing | Easting | Azimuth | Dip | Depth (m) |
|---|---|---|---|---|---|
| 2005-1 | 10,200 | 9,500 | 122.0° | -64° | 236.52 |
| 2005-2 | 8,400 | 9,825 | 122.0° | -55° | 129.84 |
| 2005-3 | 8,400 | 9,600 | 122.0° | -61° | 217.63 |
| 2005-4 | 8,400 | 9,200 | 122.0° | -61° | 410.26 |
| 2005-5 | 9,100 | 9,200 | 122.5° | -63° | 340.07 |
| 2005-6 | 8,600 | 9,800 | 122.0° | -50° | 149.35 |
| 2005-7 | 8,900 | 9,300 | 122.2° | -65° | 360.61 |
| 2005-8 | 8,500 | 9,400 | 122.0° | -57° | 306.63 |
| 2005-9 | 8,500 | 9,200 | 122.0° | -62° | 376.12 |
| 2005-10 | 10,200 | 9,000 | 122.0° | -67° | 483.41 |
| 2005-11 | 8,300 | 9,300 | 122.0° | -64° | 368.56 |
| 2005-12 | 9,555 | 9,175 | 122.0° | -65° | 391.97 |
| 2005-13 | 7,400 | 9,600 | 122.0° | -62° | 169.47 |
| 2005-14 | 8,200 | 9,400 | 122.0° | -61° | 292.00 |
| 2005-15 | 9,700 | 9,125 | 122.0° | -65° | 446.84 |
| 2005-16 | 8,100 | 9,530 | 122.0° | -65° | 268.62 |
| 2005-17 | 7,500 | 9,700 | 122.0° | -57° | 180.20 |
| 2005-18 | 7,500 | 9,200 | 122.0° | -63° | 379.78 |
| 2005-19 | 8,100 | 9,200 | 122.0° | -68° | 384.35 |
| 2005-20 | 11,600 | 10,700 | 122.0° | -45° | 337.26 |
| 2005-21 | 7,700 | 9,700 | 122.0° | -58° | 267.00 |
| 2005-22 | 7,000 | 9,500 | 122.0° | -60° | 301.75 |
| 2005-23 | 7,900 | 9,600 | 122.0° | -55° | 245.67 |
| **Total** | | | | | **7,053.93** |

## TABLE 6-2 HALO SIGNIFICANT INTERSECTIONS
### Hays Lake Gold Inc. – Shoal Lake West Project

| Hole | Zone | From (m) | To (m) | Length (m) | Grade (g/t) |
|---|---|---|---|---|---|
| 2005-1 | Main | 199.89 | 200.80 | 0.91 | 34.55 |
| 2005-2 | Main | 67.06 | 78.97 | 11.91 | 8.16 |
| 2005-3 | East | 193.85 | 194.46 | 0.61 | 6.61 |
| 2005-4 | Main | 257.25 | 257.74 | 0.49 | 4.18 |
| 2205-6 | Main | 87.65 | 89.15 | 1.50 | 13.92 |
| 2005-7 | Main | 306.63 | 307.24 | 0.61 | 9.26 |
| | East | 351.00 | 351.31 | 0.31 | 6.86 |
| 2005-8 | Main | 231.98 | 233.02 | 1.04 | 13.25 |
| | East | 255.09 | 255.73 | 0.64 | 4.86 |
| 2005-9 | Main | 321.83 | 322.14 | 0.31 | 4.70 |
| 2005-11 | Main | 275.39 | 276.21 | 0.82 | 6.42 |
| | Main | 281.09 | 281.39 | 0.30 | 10.44 |
| | Main | 283.46 | 284.01 | 0.55 | 4.08 |
| | East | 316.41 | 316.72 | 0.31 | 3.77 |
| 2005-13 | Main | 139.96 | 140.42 | 0.46 | 3.60 |
| | East | 146.51 | 147.22 | 0.71 | 7.06 |
| 2005-14 | Main | 234.91 | 238.35 | 3.44 | 6.29 |
| 2005-16 | HWS | 142.37 | 142.98 | 0.61 | 7.88 |
| | East | 219.61 | 221.13 | 1.52 | 13.47 |
| 2005-17 | Main | 70.81 | 73.55 | 2.74 | 7.35 |
| 2005-18 | Main | 301.75 | 302.36 | 0.61 | 13.30 |
| | East | 336.19 | 336.65 | 0.46 | 5.24 |
| 2005-19 | HWS | 233.54 | 234.15 | 0.61 | 10.06 |
| 2005-21 | Other | 183.82 | 184.13 | 0.31 | 15.56 |
| 2005-22 | Main | 117.41 | 117.71 | 0.30 | 14.67 |
| 2005-23 | East | 175.75 | 176.24 | 0.49 | 4.05 |

## DIAMOND DRILLING AND UNDERGROUND DEVELOPMENT

Prior to 1983, underground development consisted of approximately 104 m of shaft and winzes and 664 m of lateral development. From 1984 to 1987 inclusive, a 1,360 m decline was completed as well as 1,463 m of lateral development and 112 m of raising. Table 6-3 summarizes the work. Figure 6-1 illustrates an isometric view of the underground development.

**TABLE 6-3 UNDERGROUND DEVELOPMENT SUMMARY**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Type | Metres |
|---|---|
| Ramp | 1,360 |
| Levels | 2,127 |
| Raises | 112 |
| Shafts | 104 |

*Source:* Troop (1989)

Table 6-4 summarizes the diamond drill history on the Shoal Lake West Property. A significant amount of core is stored at the site in a secure facility. Scott Wilson RPA did not inventory the core during the site visit.

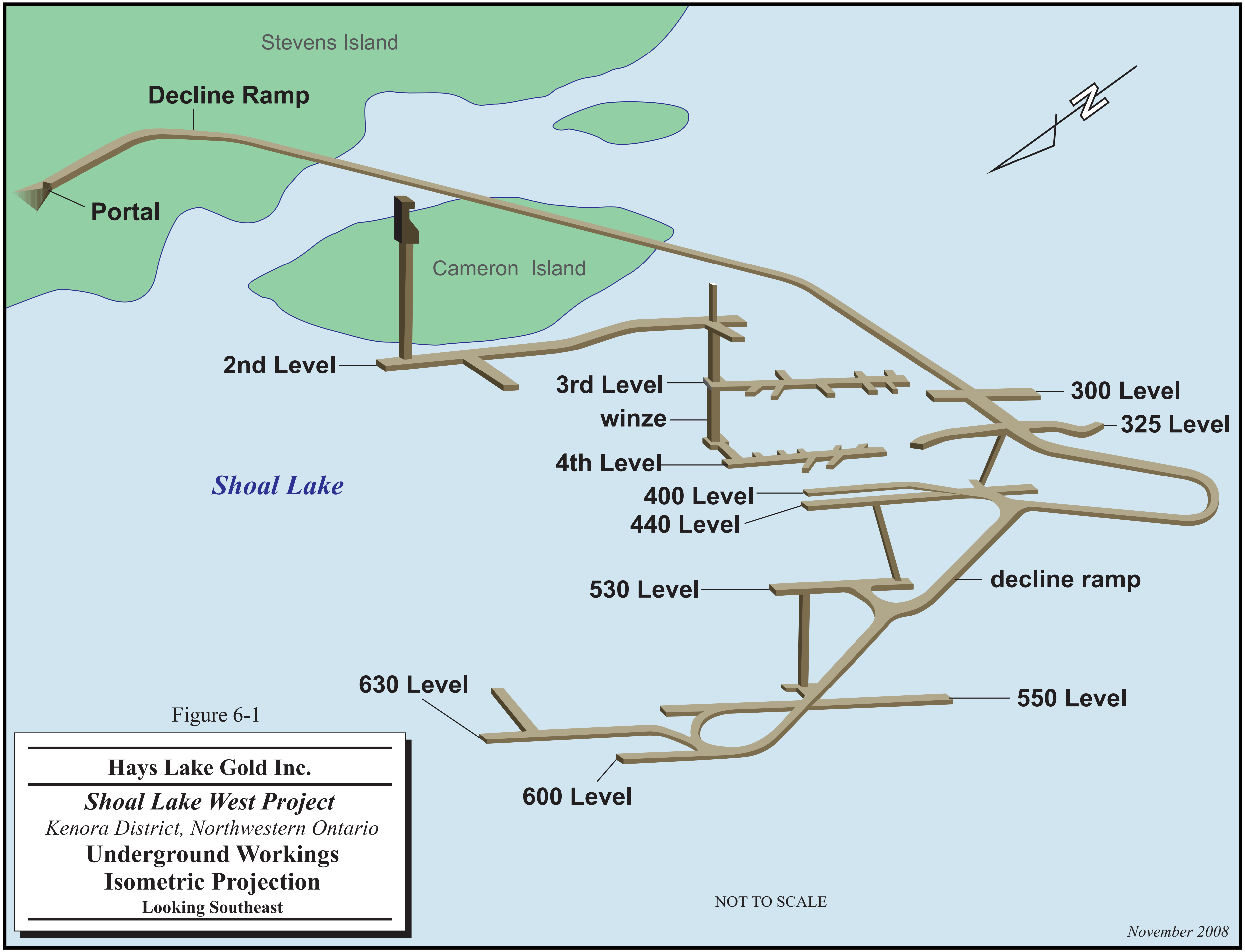



Figure 6-1

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**Underground Workings**
**Isometric Projection**

**Looking Southeast**

SCOTT WILSON RPA

www.scottwilson.com

**TABLE 6-4 DIAMOND DRILLING SUMMARY**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Year | Holes Drilled | Location | Metres |
|---|---|---|---|
| 1951 | 81 | Surface | 7,234 |
| | 56 | UG | 1,539 |
| 1965 | 10 | Surface | 2,000 |
| 1966 | 2 | Surface | 534 |
| 1967 | 6 | Surface | 982 |
| 1974 | 16 | Surface | 3,561 |
| 1981 | 15 | Surface | 2,045 |
| 1982 | 43 | Surface | 8,726 |
| | 28 | Surface-Portal | 647 |
| 1983 | 18 | Surface | 5,555 |
| 1984 | 144 | UG | 6,626 |
| 1986 | 28 | Surface | 7,767 |
| | 7 | UG | 548 |
| 1987 | 33 | Surface | 7,332 |
| | 157 | UG | 13,214 |
| 1988 | 21 | Surface | 5,875 |
| | 1 | Surface-Mainland | 154 |
| 1989 | 3 | Surface | 540 |
| 1990 | 1 | Surface | 132 |
| 2005 | 23 | Surface | 7,054 |
| **Total** | **693** | | **82,063** |

Scott Wilson RPA was unable to confirm diamond drilling reportedly completed by ROM in 1996-1997.

## HISTORICAL RESOURCE AND RESERVE ESTIMATES

CPM commissioned annual resource estimates following each drill program from 1980 to 1989 inclusive. The estimates pre-date the implementation of NI 43-101 and use classification terminology that is not compliant with the present regulations. The estimates were carried out by Andrew J. Troop, P. Eng., Consulting Geologist to CPM, and were based on underground chip samples and surface and underground diamond drill samples. Analyses were by fire assay. Correlation was done on plan, vertical cross-sections, and longitudinal projections. Resource estimates were done using a polygonal method.

The resource estimation incorporated a minimum width of 1.22 m and a cut-off grade of 6.86 g/t Au over the intersection width. Individual grades were not cut, however, intersections with an average weighted grade greater than 34.28 g/t Au were cut to 34.28 g/t Au. A bulk density of approximately 3.2 t/m³ was used.

CPM's resources were classified as "proven", "probable", "possible" and "inferred" based on the data density. The CPM "proven" category was applied to material established by sampling and adjacent drill intersections of drift and raise headings and for material within 7.62 m of the openings. The CPM "probable" category included material defined by contiguous drill-indicated blocks, and the "possible" category was applied to non-contiguous blocks. The confidence level for the CPM "proven", "probable", and "possible" categories are approximately equivalent to measured, indicated, and inferred resources used under NI 43-101. A fourth category, "inferred" material, at a much lower level of confidence, was estimated in areas of drift-indicated geological continuity, by applying an average width and grade to the projected areas based on the surrounding blocks.

Troop's estimates are summarized in Table 6-5.

In Scott Wilson RPA's opinion, the 1989 Troop resource tonnage estimates were reliable and used a methodology consistent with standard industry practice at that time, however, the method for managing high grade gold values may have overstated the average grade. Scott Wilson RPA considers the resource estimates relevant in that the confidence level for the CPM "proven", "probable", and "possible" resources are roughly equivalent to the NI 43-101 Measured, Indicated and Inferred Resource categories and that the 6.86 g/t Au cut-off grade is more or less applicable given current costs and gold price

**TABLE 6-5 HISTORICAL RESOURCES - TROOP 1989**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Category | Tonnes ('000) | Grade (g/t Au) | Average True Width (m) |
|---|---|---|---|
| Proven | 103 | 14.7 | 2.4 |
| Probable | 748 | 13.0 | 1.8 |
| **Total** | **851** | **13.2** | **1.9** |
| | | | |
| Possible | 297 | 12.3 | 1.6 |
| Inferred | 609 | 11.0 | 2.0 |

*Source*: Troop (1989)

Note: Cut-off Grade = 6.86 g/t Au

Wright audited the Troop estimate and concurred with the results, however, the audit was essentially a check on the calculations and measurements as opposed to the assumptions, methodology, and parameters

In 1988, Strathcona Mineral Services ("SMS") carried out an independent resource audit on blocks representing approximately 20% of the deposit. SMS concluded that the Troop grade estimate for "resources" was likely overstated by as much as 25% to 30%. The reason for the SMS conclusion was that Troop cut the average grade of mineralized composites to 34.28 g/t Au, whereas cutting individual assays to 34.28 g/t was likely more appropriate, in SMS's opinion.

Scott Wilson RPA concurs with SMS that cutting composite assays, rather than individual assays, is not normal practice, and will tend to understate the nugget effect and result in overestimating the overall deposit grade. Until a complete updated resource and reserve estimate is made, Scott Wilson RPA recommends that the SMS conclusion be considered as a downside in any sensitivity review.

CPM carried out a reserve estimate in 1988 as part of a feasibility study. In Scott Wilson RPA's opinion, this reserve estimate does not meet the requirements of NI 43-101 for Historical Reserves in that it is not relevant. The feasibility study was based on a production scenario that, in Scott Wilson RPA's opinion, was not likely to pass environmental permitting requirements.

In 2006, RPA prepared a NI 43-101 compliant resource estimate. In Scott Wilson RPA's opinion, the 2006 estimate remains current and is reported in Section 17 - Mineral Resource and Mineral Resource Estimates.

# 7 GEOLOGICAL SETTING

## REGIONAL GEOLOGY

The Shoal Lake West Project lies near the northern boundary of the east-trending, isoclinally folded Wabigoon Subprovince of the Superior Structural Province (Figure 7-1).

The Wabigoon Subprovince is a 900 km long, 150 km wide granite-greenstone subprovince which comprises metamorphosed volcanic and subordinate sedimentary rocks, ranging in age from about 3 to 2.71 billion years old, cut by *circa* 3 to 2.69 billion year old granitoid batholiths, gabbroic sills and stocks. The Wabigoon Subprovince has been divided by Blackburn et al. (1991) into three regions differing in proportions of the major units and structural style. The Shoal Lake West Project is located within the western region of the Wabigoon which consists of a series of interconnected greenstone belts surrounding large, elliptical granitoid batholiths. Volcanic sequences comprise ultramafic (komatiitic) through mafic (tholeiitic, calc-alkalic and minor alkalic and komatiitic) types to felsic (mostly calc-alkalic) rocks. Sedimentary sequences are mostly clastic rocks of alluvial fan-fluvial, resedimented (turbidite) and rare platformal facies. Minor chemical metasedimentary rocks are predominantly oxide facies iron formation (Blackburn et al., 1991).

The volcanic sequence in the Shoal Lake area can be subdivided into a first cycle consisting of a lower mafic and ultramafic, komatiitic-tholeiitic series and an overlying intermediate to felsic calc-alkaline series (Goodwin, 1984; Davies and Smith, 1984). Mafic volcanic rocks exposed in the northwest portion of the northern Shoal Lake area likely represent the mafic tholeiitic sequence of a second mafic cycle.

Major granitoid batholiths occur throughout the western region of the Wabigoon. Numerous smaller post-tectonic granitoid stocks intrude the greenstone belts. Mafic to ultramafic sills and stocks are marginal to batholiths or intrude the metavolcanic sequences (Blackburn et al., 1991). The regional metamorphic grade is greenschist facies except in proximity to felsic intrusions where almandine amphibolite facies has been recorded.

The structure of the area is very complex. The greenstone belt has undergone two principal, possibly overlapping, periods of deformation. An early period of dominantly vertical tectonics, related to the emplacement of granitic diapers, appears to be responsible for most of the major folding within the belt. A later period of large-scale, dextral shearing was active after the plutonism and appears to be controlled by a major regional, northwesterly compression (Schwertner et al., 1979).

The Wabigoon is bordered to the north by the Winnipeg River Subprovince, a dominantly granitoid domain consisting of strongly deformed, heterogeneous gneissic units that wrap around less deformed, more homogeneous tonalitic and granitic suites. The faulted subprovince boundary north of the Shoal Lake West Project records north-side-up, dip-slip movement on near-vertical faults (Beakhouse, 1991).

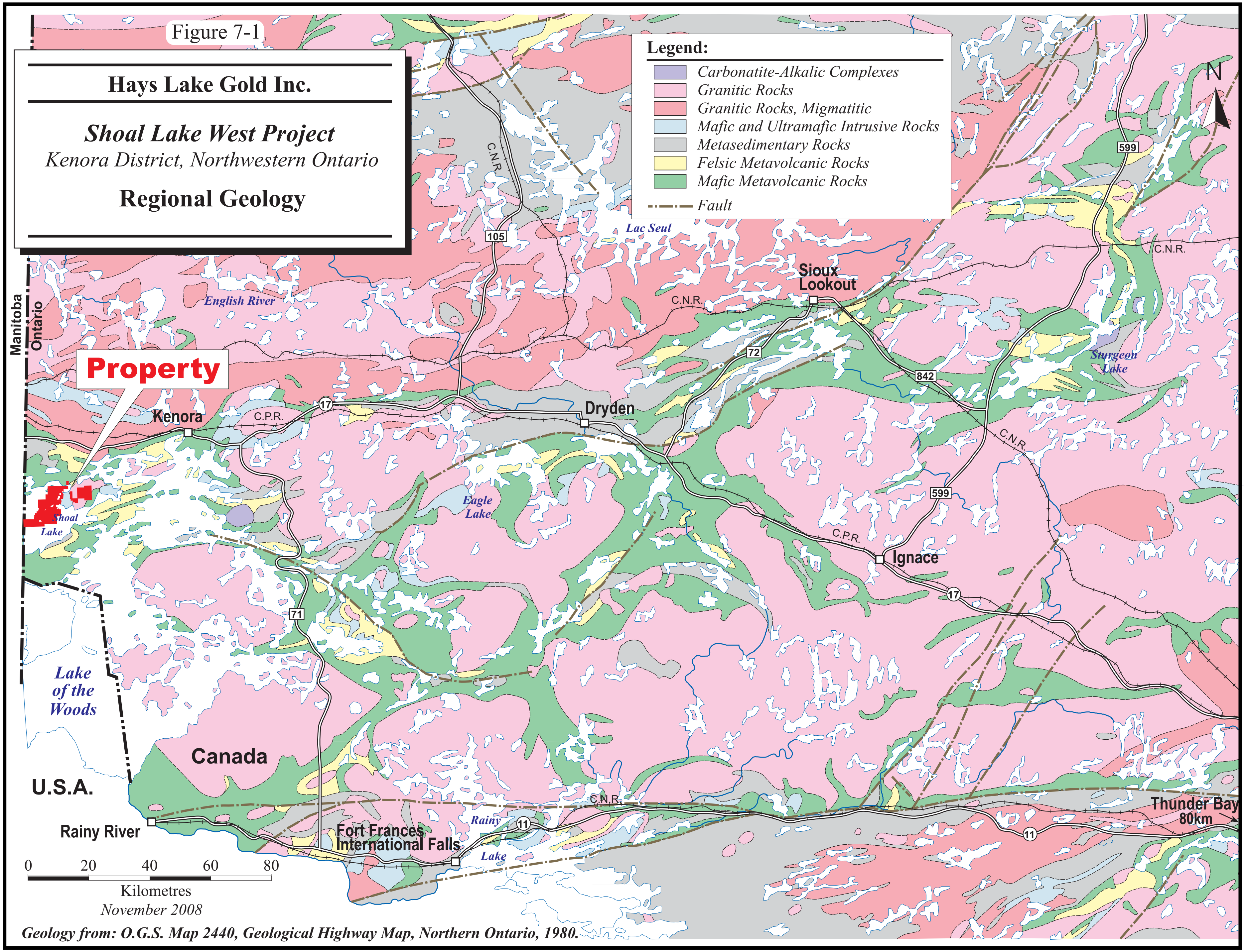


Figure 7-1
Hays Lake Gold Inc.
Shoal Lake West Project
Kenora District, Northwestern Ontario
Regional Geology
Legend:
Carbonatite-Alkalic Complexes
Granitic Rocks
Granitic Rocks, Migmatitic
Mafic and Ultramafic Intrusive Rocks
Metasedimentary Rocks
Felsic Metavolcanic Rocks
Mafic Metavolcanic Rocks
Fault
N
Property
Manitoba
Ontario
English River
Lac Seul
Sioux Lookout
Sturgeon Lake
Kenora
Dryden
C.P.R.
C.N.R.
Eagle Lake
Shoal Lake
Ignace
Lake of the Woods
Canada
U.S.A.
Rainy River
Fort Frances
International Falls
Rainy Lake
Thunder Bay 80km
105
17
72
842
599
71
11
0 20 40 60 80
Kilometres
November 2008
Geology from: O.G.S. Map 2440, Geological Highway Map, Northern Ontario, 1980.
SCOTT WILSON RPA
www.scottwilson.com

# LOCAL GEOLOGY

The following is taken from Smith (1986). See Figure 7-2.

## STRATIGRAPHY

Massive to pillowed feldspar-phyric basalt flows, characterized by subhedral to euhedral feldspar phenocrysts up to 5 cm in diameter, are the oldest rocks of the lower mafic-ultramafic series and act as a marker horizon. Overlying this unit are massive and pillowed aphyric basalts. Komatiitic basalt flows and ultramafic flows and/or sills overlie the aphyric basalt. A second feldspar-phyric basaltic marker unit overlies the komatiitic sequence. The nature of the feldspar phenocrysts is similar to that of the lower porphyritic unit; however, there are no pillows and the abundance and size of feldspar crystals decrease westward. Contacts are poorly exposed and it is not clear whether this unit was intrusive or extrusive. Massive and pillowed aphyric basalt overlies this second porphyritic unit to the northwest and becomes progressively more schistose in that direction.

The calc-alkaline series occupies much of the western portion of the northern Shoal Lake area. This series is characterized by dacite tuffs and tuff breccias, intercalated with andesitic tuffs and flows, basaltic tuffs and flows, reworked tuffaceous sedimentary rocks and chemical sedimentary rocks. No distinct marker units have been identified in this series. The contacts and bedding relationships are dominantly northeast trending, becoming gradually more east-northeast trending towards the west. Stratigraphic tops, determined from sedimentary rocks and pillowed basalts, are consistent with the northwest-facing, homoclinal succession observed in the lower mafic-ultramafic series.

## INTRUSIVE ROCKS

A major northeast-trending, elongate diorite to quartz diorite intrusion, the Stevens Island Complex, intrudes the lower mafic-ultramafic series. The southern margin is gently curved and cuts both feldspar-phyric and aphyric basaltic flows. The southeast portion of the intrusion is characterized by medium-grained diorite with local mafic and ultramafic volcanic xenoliths and patches of primary hornblende. In places, intercalated mafic to felsic flow layers occur proximal to, and trend parallel to, the southeast contact. This layering is characterized by numerous small flow folds. No strongly defined metamorphic aureole or chill margin has been observed along the southern and eastern portion of the intrusion. To the west, the diorite is in contact with an anorthositic phase which grades northwestward into biotite quartz diorite, and in places alaskite. This apparent northwestward differentiation is consistent with the facing directions observed in the host volcanic rocks, suggesting that the intrusion may be a sill emplaced prior to the tilting of the volcanic sequence.

Several smaller, stratabound, northeast-trending felsite sills intrude the lower mafic-ultramafic series in the northeast portion of the northern Shoal Lake area.

Two syn- to post-tectonic granitoid bodies intrude the volcanic succession. The Canoe Lake quartz diorite stock intrudes the lower mafic-ultramafic series approximately six kilometres northeast of the Shoal Lake West Project. Much of the stock is devoid of any foliation; however, a weak foliation is developed within the margin of the intrusion and several faults which have developed in the volcanics have been traced into the margin of the intrusion. The Snowshoe Bay Batholith intrudes the volcanic succession approximately one kilometre west of the Shoal Lake West Project and extends west into Manitoba. This medium-grained granodiorite intrusion is fairly homogeneous, although grain size and colour variations occur. A weak foliation or gneissosity is developed proximal and subparallel to the margins of the intrusion. This foliation appears to trend into the regional foliation, indicating that the intrusion may be syntectonic.

Quartz porphyry, quartz-feldspar porphyry and felsite dikes occur throughout the area and have been observed in a variety of crosscutting relationships. Lamprophyre dikes have been observed to cut across all lithologies, but were not recognized in either of the late intrusions.

### STRUCTURE

Foliations in the Shoal Lake area tend to diverge about diapiric intrusions and form several distinctive zones of high strain. All recognized foliations are interpreted to have developed during the $D_2$ event.

The Crowduck Lake – Witch Bay Shear Zone is a major east-trending zone of high strain tangential to the Canoe Lake Stock, Viola Lake Stock and the eastern lobe of the Dryberry Batholith. Relative horizontal movement is interpreted to be dextral. The orientation of the fabrics and the dextral sense of shear are consistent with a regional, northwesterly compression (Schwertner et al., 1979). To the south of the Crowduck Lake – Witch Bay Shear Zone, a shadow zone, in which little strain is observed, is indicated on the southwestern flank of the Canoe Lake Stock.

Several narrow, northeast-trending high strain zones occur between the Snowshoe Bay Batholith and the Canoe Lake Stock. These are developed within and along the margins of the Stevens Island Complex and trend subparallel to the intrusion boundaries. These zones of high strain define three shear zones, with similar orientations and character which suggest that each is a component of a larger deformation zone referred to as the Shoal Lake Deformation Zone. The westernmost of these shear zones contains the Duport mineralized zones and has been termed the Duport Deformation Zone. The central and eastern zones are termed the Stevens Island Deformation Zone and Sirdar Deformation Zone, respectively (Smith, 1985).

The Duport Deformation Zone traces the contact between the lower mafic-ultramafic series and the upper felsic-intermediate series. Stratigraphic units, traceable within both the felsic-intermediate series and lower mafic-ultramafic series, are folded, truncated and deformed within the shear zone. The foliation in the Duport Deformation Zone is subvertical and trends subparallel to zone boundaries. The foliation is penetrative and is oblique or perpendicular to bedding.

Both the Stevens Island Deformation Zone and Sirdar Deformation Zone are similar to the Duport Deformation Zone. They are developed within and along the eastern margin of the Stevens Island Complex and are characterized by a strong foliation and grain size reduction. Feldspar porphyry, quartz feldspar porphyry and lamprophyre dikes are offset and truncated and in places have been deformed into fish-shaped bodies. Steep, west dipping, C and S fabrics are evident on vertical exposures and record reverse movement similar to the Duport Deformation Zone. Mineral stretching lineations pitch vertically. Pillows, where observed, are highly stretched, while quartz veins and felsic dikes are locally boudinaged.

All of the main shear zones within the northeast-trending Shoal Lake Deformation Zone indicate substantial subvertical, west-side-up movement. In places a minor sinistral component is also indicated.

## METAMORPHISM

Greenschist facies metamorphic rocks are found throughout the area, characterized by a mineral assemblage of albite, epidote, chlorite, actinolite and sphene, locally with carbonate, brown biotite, quartz and sericite. An amphibolite facies metamorphic assemblage, characterized by hornblende, andesine and epidote, with or without brown biotite, garnet and anthophyllite, surrounds the felsic stocks and batholiths.

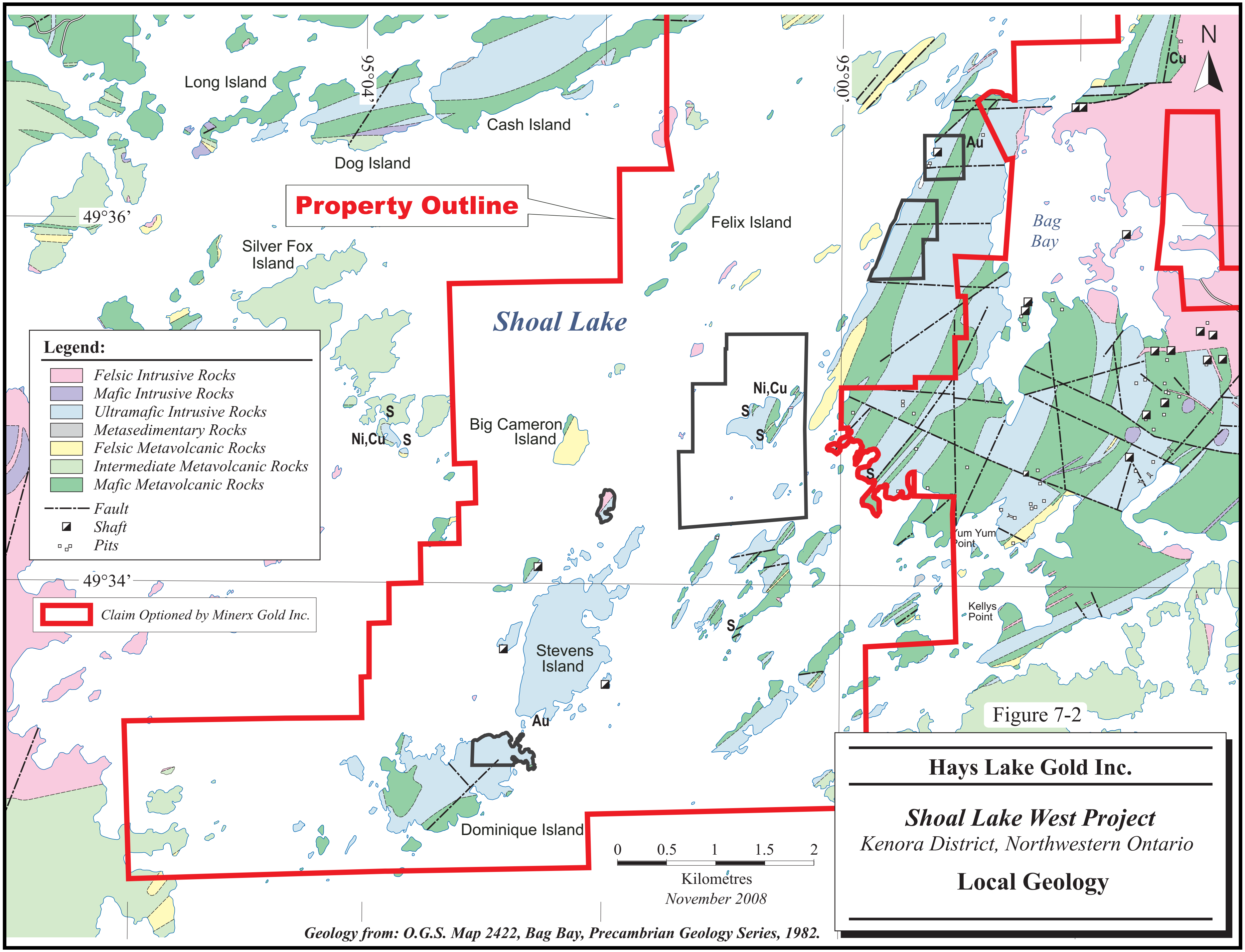



Figure 7-2

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**Local Geology**

## PROPERTY GEOLOGY

The Duport deposit is hosted by rocks of the lower mafic-ultramafic series and lies within the Duport Deformation Zone. The following is taken from Smith (1986).

### DEPOSIT LITHOLOGIES

The lithologies within the deposit are typical of the lower mafic-ultramafic series. Fine-grained, pillowed, aphyric basalts form the footwall in the deposit. These are in contact with quartz diorite of the Stevens Island Complex to the east. A banded sulphide facies iron formation was recognized within the aphyric basalts. Three marker units of amphibolite and/or metapyroxenite have been recognized between the Main and the East mineralized zones, west of the footwall basalts. The amphibolite is characterized by acicular amphibole crystals up to three centimetres long. Equant to subrounded amphiboles (≤1 cm), which appear to pseudomorph pyroxene, typify the metapyroxenite. Interdigitated with amphibolite is talc-chlorite schist containing variable amounts of tremolite/actinolite, brown biotite, antigorite, anthophyllite and quartz. These rocks are generally schistose and contacts with the ultramafic and basaltic rocks are gradational.

To the west of the talc schist is a unit of talcose, brecciated basalt, which is characterized by highly elongate basaltic fragments. The elongation of the fragments is variable, ranging from approximately equidimensional to locally extreme where there is development of talc-chlorite schist. Fragments are grey-green and separated by a lighter matrix in which talc and chlorite are more abundant.

West of the talcose brecciated basalt, a second basaltic breccia unit has been recognized. It is only weakly brecciated and is commonly fine grained and massive. Primary volcanic textures were not unequivocally identified; however, spinifex-like textures and several interflow units were observed. Breccia fragments are very angular and may have been developed *in situ.* Within this brecciated unit a feldspar-phyric basalt or gabbro occurs locally.

The most westerly unit is a coarse-grained basalt or gabbro. The rock is mineralogically and texturally highly variable. In places, this unit is highly mottled and primary textures are difficult to distinguish. The rock is composed of equant amphibole and feldspars with variable amounts of biotite and epidote. Locally, it contains one millimetre quartz eyes. Brecciation is recognized locally. It is not clear if this unit represents a thick basaltic flow or a subvolcanic sill, similar to the Stevens Island Complex.

In addition to the Stevens Island Complex, several different intrusive rocks occur within the mine area, including abundant quartz-feldspar porphyry, feldspar porphyry, diorite (mine term) and lamprophyre dikes.

## STRUCTURE

The auriferous zones are hosted by deformed mafic and ultramafic rocks within the Duport Deformation Zone, characterized by a westward transition from ductile to brittle regimes and from mylonite to proto-mylonite. The footwall rocks are not highly deformed; the basalt is locally pillowed and, although the pillows are stretched, they are clearly recognizable. The contact between these pillowed basalts and the talc schist to the west is gradational over a few metres. Within this contact zone, fabric development becomes progressively more intense westward until the original character of the basalt is lost to talc-chlorite schist. This schist is typical of the ductile regime and persists westward for 60 m, interdigitating with lithons of more competent rock, mainly coarse-grained amphibolite and metapyroxenite. The contacts are commonly gradational. Flattening or stretching of the amphibolite increases in intensity outwards from the lithons into the surrounding talc schist, establishing the talc schist as deformed or mylonitic equivalents of at least three distinct parent lithologies—basalt, amphibolite and metapyroxenite.

West of the talc schist, towards the hangingwall of the deformed zone, the talcose brecciated basalt is an equivalent of the proto-mylonite observed along much of the western margin of the Duport Deformation Zone. The talcose brecciated rock may have formed in a transitional regime between brittle and ductile deformation.

The westernmost unit of the deformation zone is the basaltic breccia unit. It is unclear whether the brecciated textures observed within these rocks are tectonic or synvolcanic in origin; however, in light of the strong deformation developed towards the east, it seems probable that this brecciation is tectonic, formed in response to movement in the eastern zone of high strain.

The relationship between the intrusive rocks and deformation is variable. Feldspar porphyry and quartz feldspar porphyry dykes are mylonitized where they are hosted by talc schist and less deformed where they lie within talcose brecciated basalt. Lamprophyre dikes are both highly deformed and relatively undeformed. In places, these are mylonitized to biotite-carbonate schists.

The nature of the relative movement which occurred within the Duport Deformation Zone is defined by small-scale structures in the talc schists and talcose brecciated basalt. The S foliation dips between 85° and 75° west, while the C fabric (shear planes) dips between 65° and 75° west and is parallel to the footwall of the deformed zone. The S foliation has been deflected into the plane of the C fabric. This is consistent with a reverse sense of movement, indicating west (batholith) side up and is further supported by local folding of lamprophyre dikes. In places the dikes are stacked where down-dip segments of the dikes have been thrust over an upper segment. Mineral stretching lineations pitch steeply northeast and suggest a minor sinistral horizontal component of movement. Felsic dikes intruded into the talc schist are commonly boudinaged (Smith, 1984).

## METAMORPHISM

The Shoal Lake West Project lies within the amphibolite facies aureole of the Snowshoe Bay Batholith. Hornblende is the major mineral constituent within both the footwall and the hangingwall basaltic sequences and has also been identified within the cores of nematoblastic amphibolite lithons between the two mineralized zones. Garnet has been recognized within the hangingwall rocks.

Chlorite replacement of earlier hornblende within amphibolite lithons indicates the overprinting of greenschist facies metamorphic conditions upon the peak regional amphibolite facies aureole. This chlorite replacement commonly occurs in areas of increased strain. Typically, the chlorite is associated with carbonate and quartz. The remainder of the rocks, deformed within both the ductile regime and at the ductile-brittle transition, is characterized by a greenschist facies metamorphic assemblage consisting typically of chlorite, talc, serpentine, quartz, biotite, actinolite/tremolite and anthophyllite.

## ALTERATION

Four main types of alteration have been recognized, namely, biotitization, silicification, sulphidation and carbonatization.

Biotitization is very strong immediately adjacent to gold-bearing rocks. Distinct, dark brown, symmetrical, biotite-rich (+/- pyrite) haloes envelop the mineralization for up to 20 cm. Biotite also occurs in lesser amounts within the mineralization itself.

Silicification is generally restricted to the auriferous lenses. Quartz is commonly concentrated within veins but also pervasively replaces both the host rock, along the vein margins, and host rock inclusions within the veins.

Sulphidation is common along the margins of the gold-bearing veins. Magnetite and other iron oxides, which are common within the host rocks, are virtually absent from the auriferous zones. In general, the gold-bearing veins are surrounded by gold haloes, most notably arsenopyrite and pyrite. Arsenopyrite appears to be associated with silicification and in most cases stops at the limit of silicification. Pyrite extends some distance from the silicified zones.

Carbonate is abundant immediately adjacent to mineralization. The extent of the carbonate is difficult to estimate, particularly in the area of the East Zone where carbonate is a metamorphic mineral found throughout the talc schist. The carbonate in the vicinity of the Main Zone is not large.

# 8 DEPOSIT TYPES

The mineralization on the Shoal Lake West Project is related to a shear hosted Archean epigenetic, hydrothermal system. The following is taken from Dubé and Gosselin (2006).

Greenstone-hosted quartz carbonate vein deposits occur in deformed greenstone belts of all ages elsewhere in the world, especially those with variolitic tholeiitic basalts and ultramafic flows intruded by intermediate to felsic porphyry intrusions, and sometimes with swarms of albitite or lamprophyre dykes.

They are distributed along major compressional to transpressional crustal-scale fault zones in deformed greenstone terranes commonly marking the convergent margins between major lithological boundaries, such as volcano-plutonic and sedimentary domains. The large greenstone-hosted quartz-carbonate vein deposits are commonly spatially associated with fluvio-alluvial conglomerate (e.g., Timiskaming-type) distributed along major crustal fault zones. This association suggests an empirical time and space relationship between large-scale deposits and regional unconformities.

These types of deposits are most abundant and significant, in terms of total gold content, in Archean terranes, however, a significant number of world-class deposits are also found in Proterozoic and Paleozoic terranes. In Canada, they represent the main source of gold and are mainly located in the Archean greenstone belts of the Superior and Slave provinces. They also occur in the Paleozoic greenstone terranes of the Appalachian orogen and in the oceanic terranes of the Cordillera.

The greenstone-hosted quartz-carbonate vein deposits correspond to structurally controlled, complex epigenetic deposits characterized by simple to complex networks of gold-bearing, laminated quartz-carbonate fault-fill veins. These veins are hosted by moderately to steeply dipping, compressional, brittle-ductile shear zones and faults with locally associated shallow-dipping extensional veins and hydrothermal breccias. These deposits are hosted by greenschist to locally amphibolite-facies metamorphic rocks of dominantly mafic composition and formed at intermediate depth (5 km to 10 km). The mineralization is syn- to late-deformation and typically post-peak greenschist-facies or syn-peak amphibolite-facies metamorphism. They are typically associated with iron carbonate alteration. Gold is largely confined to the quartz-carbonate vein network but may also be present in significant amounts within iron-rich sulphidized wall rock selvages or within silicified and arsenopyrite-rich replacement zones.

There is a general consensus that the greenstone-hosted quartz-carbonate vein deposits are related to metamorphic fluids from accretionary processes and generated by prograde metamorphism and thermal re-equilibration of subducted volcano-sedimentary terranes. The deep-seated gold transporting metamorphic fluid has been channelled to higher crustal levels through major crustal faults or deformation zones. Along its pathway, the fluid has dissolved various components, notably gold, from volcano-sedimentary packages, including a potential gold-rich precursor. The fluid then precipitated as vein material or wall rock replacement in second and third order structures at higher crustal levels through fluid pressure cycling processes and temperature, pH and other physico-chemical variations.

# 9 MINERALIZATION

Gold mineralization strikes N30°-35°E for a total strike length of approximately 1,200 m and dips 65°-75° west. Grades of possible economic interest have been intersected to a depth of approximately 600 m. The mineralization has been subdivided into three zones.

The Main Zone is approximately 800 m long, strikes N30°E, dips 70° west and extends to 300 m below surface. Grade-thickness contours of the Main Zone indicate that the mineralization plunges north at about 30°. However, within the mineralization there appears to be several local areas that plunge 45° to 75° south. The secondary plunge has important exploration implications.

The East Zone lies parallel and east of the Main Zone. It is approximately 450 m long and extends from 10 m to 250 m below surface.

The Hangingwall Zone is parallel and west of the Main Zone. It is the smallest of the three zones at 150 m long and extends from 150 m to 300 m below surface.

Gold-bearing zones are enriched in quartz and sulphides and contain varying amounts of feldspar, muscovite, sericite, pale brown biotite, epidote, carbonate and chlorite. Gold in the Duport deposit occurs both as fine grains of free gold, less than 0.05 mm, and in association with grains of arsenopyrite and pyrite The mineralization often exhibits a banded or laminated appearance, which parallels the tuff pseudo-bedding and shearing. The gold grade is proportional to the percentage of arsenopyrite and associated pyrite, the degree of silicification and, to a lesser extent, the incidence of mariposite. A combination of arsenopyrite with one or both of these secondary conditions usually results in high grade intersection, while the lack of arsenopyrite usually indicates negligible gold.

The mineralization is associated with highly sheared, narrow, thinly (pseudo)-bedded, conformable felsic and intermediate lithologies and cherty units that contain sulphide mineralization, generally in the range of 5% to 10%. These mineralized zones are identified as the Main Zone and the parallel East Zone, plus a number of *en echelon* and parallel associated units in the hangingwall and footwall of each of these principal horizons.

The Main Zone is hosted by chlorite-actinolite-sericite schist, amphibolite, porphyritic basalt and brecciated basalt and occurs mainly as an *en echelon* system of almond-shaped lenses or oblique shear veins. The highest concentration of gold within this assemblage is associated with altered felsic dikes.

The East Zone is hosted mainly by talc-chlorite-carbonate schist and locally by nematoblastic amphibolite and metapyroxenite. Fractured, mylonitized and brecciated dikes were preferred sites for gold mineralization.

The mineralized horizons are persistent along strike and down dip, although they may change mineralogically, including variations in gold and sulphide content. The horizons are frequently separated or split into several narrower units by the intercalation of narrow sheared chloritized and silicified basalt sections. These separated gold-bearing lenses often exhibit an *en echelon* configuration. These *en echelon* lenses generally step upwards towards the footwall and left in the horizontal sense (Smith, 1986). Felsite dykes occasionally cut the mineralized horizon at a low angle. These and other minor variable characteristics often make correlation problematic.

Numerous faults cut, and occasionally displace, the mineralized horizon.

Figure 9-1 illustrates a typical cross-section through the deposit area.

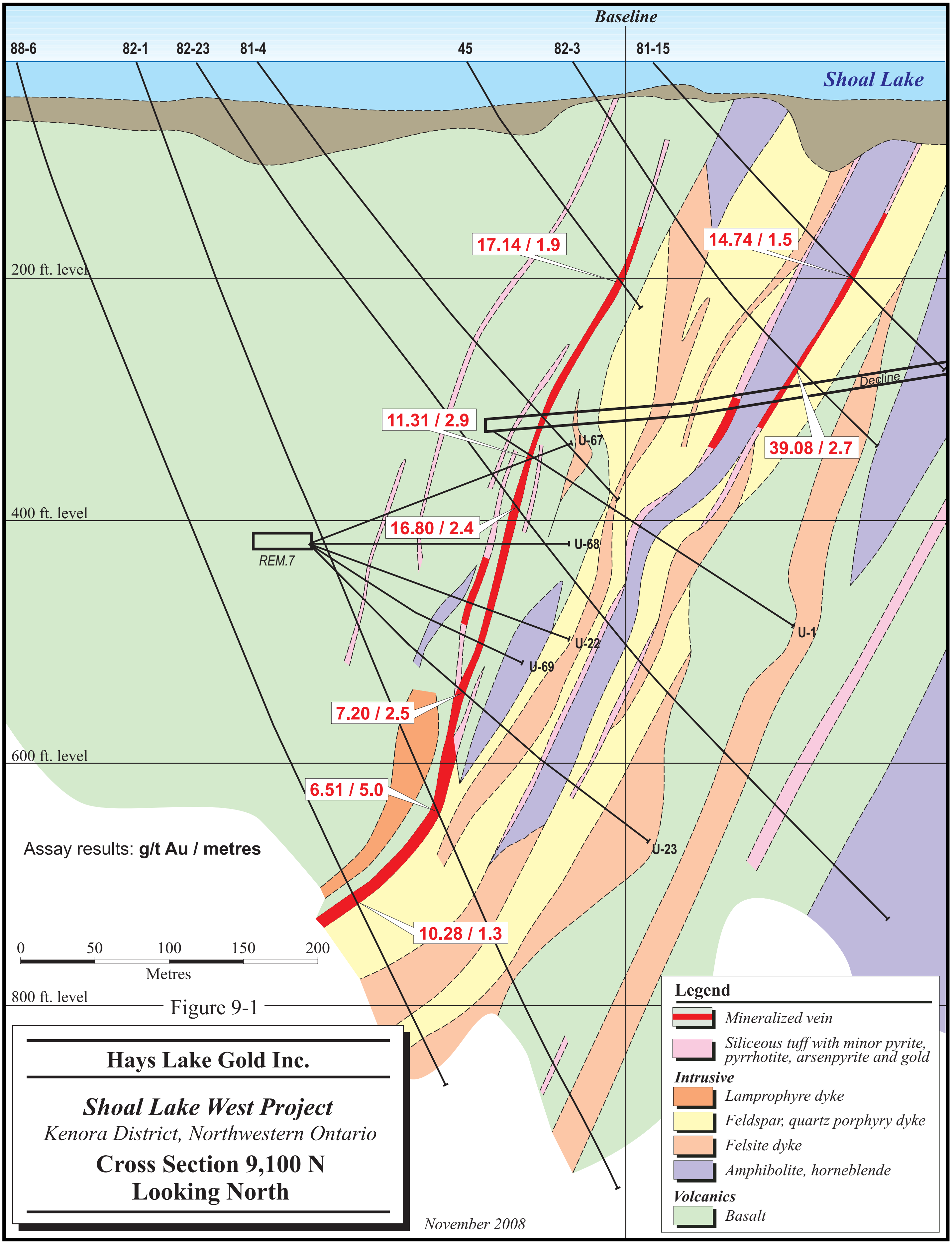



Figure 9-1

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**Cross Section 9,100 N Looking North**

# 10 EXPLORATION

There has been no recent exploration by Hays Lake as defined by NI 43-101. See Section 6 – History.

# 11 DRILLING

There has been no recent drilling by Hays Lake as defined by NI 43-101. See Section 6 – History.

# 12 SAMPLING METHOD AND APPROACH

There has been no recent sampling by Hays Lake as defined by NI 43-1-1. See Section 6 – History.

# 13 SAMPLE PREPARATION, ANALYSES AND SECURITY

There has been no recent sampling by Hays Lake as defined by NI 43-101. See Section 6 – History.

# 14 DATA VERIFICATION

Scott Wilson RPA did not collect independent samples of drill core for this report because no work has taken place since the last technical report.

For the 2006 report, RPA collected a total of 13 samples: ten core samples from the 2005 Halo drilling, two core samples from the 1987 underground drilling program, and one sample from the muck pile (Clow and Valliant, 2006).

The RPA samples confirmed the presence of gold and showed reasonable agreement with the expected values.

# 15 ADJACENT PROPERTIES

The Kenora Prospectors and Miners Ltd. ("KPM") property lies four kilometres northeast of Stevens Island. The property hosts two small former mining operations including the Mikado Mine where production from 1896 to 1934 totalled 970 kg of gold and the Cedar Island Mine (formerly Cornucopia Mine) where production totalled 163 kg of gold between 1897 and 1936 (Turner and Leonard, 2004).

No exploration work was done on the above property from the mid-1930s to 1980 when Denison Mines Ltd. conducted a diamond drilling program. Bond Gold Canada Ltd. conducted drilling programs from 1986 to 1989. KPM began driving a ramp on the Cedar Island Mainland Zone ("CIMZ") in 1993 but suspended operations because of financial problems. In 2002 Amador Gold Corp. ("Amador") obtained an option to acquire the property and completed 13,216 m of drilling in 46 holes from 1993 to 1994 on the CIMZ. In September 2003, Amador reported Indicated Resources of 1.04 million tonnes grading 6.44 g/t Au and Inferred Resources of 0.70 million tonnes grading 5.51 g/t Au based on a cut-off grade of 3.0 g/t. Amador noted that 3.0 g/t Au was not an economic cut-off grade as no economic study had been completed (Giroux, 2003).

Gold is hosted by quartz veins in silicified shear zones in volcanic rocks, which have been folded about a northeast-trending axis. The quartz veins are continuous but locally pinch and swell or anastamose. Quartz veins contain abundant fine-grained pyrite, carbonate, occasional visible gold, chalcopyrite, sphalerite, galena, bismuthinite and tellurides.

On September 19, 2008, Hays Lake signed an agreement with Machin Mines Ltd. ("Machin") whereby it can earn a 100% interest in two claim blocks contiguous with the KPM property to the north and south. The Machin properties host two small past producers including the Olympia Mine where approximately 90 kg of gold was produced from 1906 to 1915 and the Crown Point Mine where approximately 3.4 kg of gold was produced from 1899 to 1900.

The authors are unable to verify the information regarding the KPM and Machin properties. This information is not necessarily indicative of the mineralization on the Shoal Lake West property.

# 16 MINERAL PROCESSING AND METALLURGICAL TESTING

Gold in the Duport deposit occurs both as fine grains of free gold and in association with grains of arsenopyrite and pyrite. Hays Lake has not commissioned any mineral processing or metallurgical testing on mineralized samples from the Shoal Lake West Project.

In 1988, SMS supervised a program of bench-scale testing and a pilot plant at Lakefield Research, Lakefield, Ontario, to determine the optimum method for concentration of the arsenical gold mineralization. The gold is considered to be refractory and test work demonstrated that oxidation of the arsenopyrite would be necessary for optimum gold extraction. Based on the foregoing test work, the 1988 Wright feasibility study recommended a flow sheet including crushing, grinding, gravity gold separation, bulk flotation, pressure oxidation, cyanidation of the oxidation product, carbon adsorption, hot caustic cyanide stripping, electrowinning and refining. Gold recovery to flotation concentrate was estimated at 93.7%, followed by a 97% recovery in the pressure oxidation through refining stages, for an overall estimated recovery of approximately 90%.

A subsequent study by Kilborn Engineering Pacific Ltd. in 1996 for ROM recommended bio-oxidation as the preferred method of treating the flotation concentrate. The study, although order of magnitude, concluded that bio-oxidation would obtain similar recoveries similar to pressure oxidation, at lower capital and operating costs.

# 17 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

## MINERAL RESOURCES

In 2006, RPA estimated Mineral Resources, compliant with NI 43-101, using the contour method. Indicated Mineral Resources were estimated at 424,000 tonnes grading 13.40 g/t Au for 182,000 contained ounces of gold. In addition, Inferred Mineral Resources were estimated at 387,000 tonnes grading 10.69 g/t Au for 131,000 contained ounces of gold. No Mineral Reserves were estimated at that time (Clow and Valliant, 2006).

Table 17-1 summarizes RPA's Mineral Resource estimate. Scott Wilson RPA considers this estimate to be current.

**TABLE 17-1 MINERAL RESOURCE SUMMARY – RPA 2006**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Zone | Subzone | Indicated | | | Inferred | | |
|---|---|---|---|---|---|---|---|
| | | Tonnes | Grade (g/t) | Cont. Au (oz) | Tonnes | Grade (g/t) | Cont. Au (oz) |
| **Main** | 1 | | | | 159,000 | 10.12 | 51,000 |
| | 2 | 84,000 | 15.21 | 41,000 | 15,000 | 7.29 | 3,000 |
| | 3 | 10,000 | 9.96 | 3,000 | | | |
| | 4 | 107,000 | 13.43 | 46,000 | | | |
| | 5 | 30,000 | 13.11 | 13,000 | | | |
| | 6 | 84,000 | 12.66 | 34,000 | | | |
| | 7 | | | | 15,000 | 8.92 | 4,000 |
| | 8 | | | | 14,000 | 14.48 | 6,000 |
| | 9 | | | | 18,000 | 8.31 | 5,000 |
| | 10 | | | | 27,000 | 8.55 | 7,000 |
| | **Subtotal** | 315,000 | 13.56 | 137,000 | 248,000 | 9.81 | 76,000 |
| **East** | 1 | 58,000 | 14.05 | 26,000 | 14,000 | 8.57 | 4,000 |
| | 2 | 38,000 | 11.31 | 14,000 | | | |
| | 3 | | | | 75,000 | 9.94 | 24,000 |
| | **Subtotal** | 96,000 | 12.97 | 40,000 | 89,000 | 9.73 | 28,000 |
| **Hangingwall** | 1 | 13,000 | 12.82 | 5,000 | | | |
| | 2 | | | | 50,000 | 16.77 | 27,000 |
| | **Subtotal** | 13,000 | 12.82 | 5,000 | 50,000 | 16.77 | 27,000 |
| **Total** | | **424,000** | **13.40** | **182,000** | **387,000** | **10.69** | **131,000** |

Notes:
1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 6.9 g/t Au.
3. Mineral Resources are estimated using an average long-term gold price of US$400 per ounce, and a US$/C$ exchange rate of 1.25.
4. A minimum mining width of 1.5 metres was used.

## DATABASE

All the available data regarding the property was stored at the Halo office in Kenora. Technical data included diamond drill logs, original assay certificates, geological reports, historical resource estimations, diamond drill cross-sections, mineral resource longitudinal sections, and survey log books. Unfortunately, level plans with geological mapping, and underground sampling, were incomplete. The pre-2005 database was in imperial units, and Halo elected to continue the 2005 diamond drill program using the same system. Hence RPA received the database with distances expressed in feet (ft.) and gold grades expressed as troy ounces per short ton (opt).

The resource estimate is based on 74,337 m of historical drilling and 7,054 m of drilling performed by Halo in 2005.

Buhlmann and Associates Inc., Flin Flon, Manitoba, was contracted to assemble the historical diamond drill data (1951 to 1988 inclusive) into spreadsheet format. Data fields included collar information, downhole survey data, lithology, sample interval, sample length, and gold assays. RPA revised various sections of the lithological data for consistency with the correlation methodology. Halo and RPA performed the data entry for the 2005 diamond drilling program. The spreadsheet data was converted to Gemcom format for subsequent plotting and modelling.

## CUTTING

The gold grade distribution was studied to determine whether anomalous high-grade gold assays affected the mean disproportionately. The Main, Footwall, and Hangingwall mineralized zones are spatially divided and possibly represent different mineralizing events, and were therefore analyzed independently. Figures 17-1, 17-2, and 17-3 are histograms illustrating the gold distribution in each of the zones in ounces per short ton (opt). The histograms indicate that appropriate cutting factors for the Main, Footwall, and Hangingwall mineralized zones are 68.6 g/t (2.0 opt), 85.7 g/t (2.5 opt), and 51.4 g/t (1.5 opt), respectively. Given that the Main Zone is volumetrically greater than the other two zones combined, a cutting factor of 68.6 g/t (2.0 opt) was chosen for all three zones.

**FIGURE 17-1 HISTOGRAM – MAIN ZONE GRADE DISTRIBUTION**

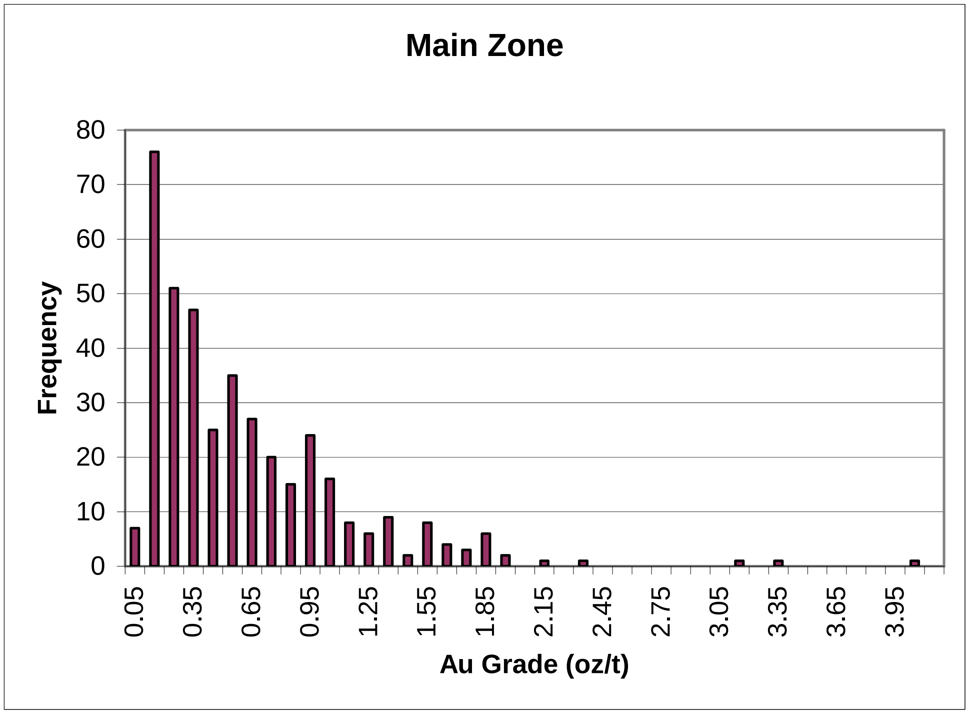



**FIGURE 17-2 HISTOGRAM – EAST ZONE GRADE DISTRIBUTION**

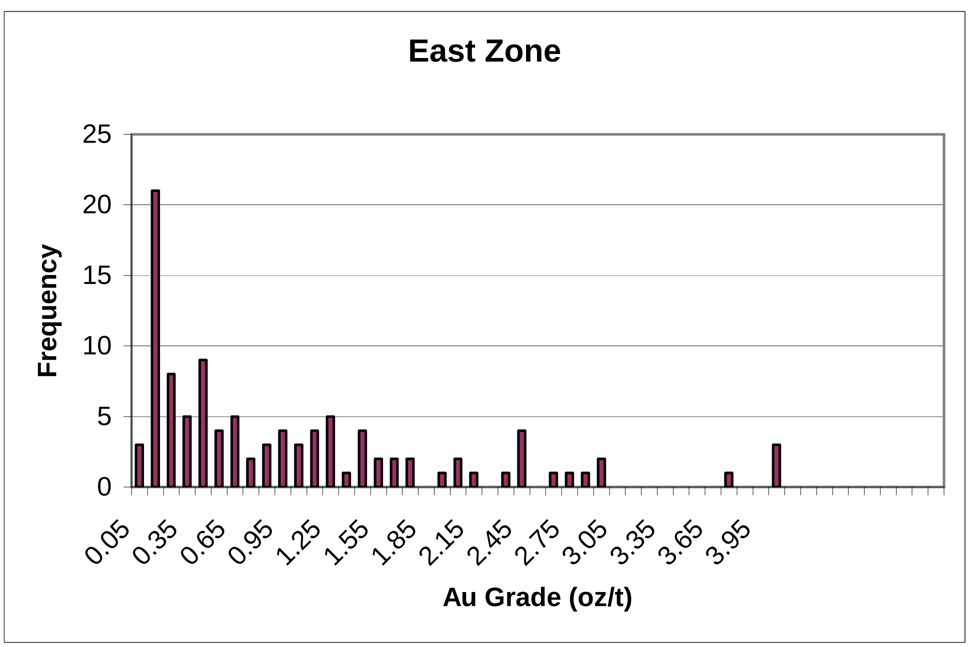
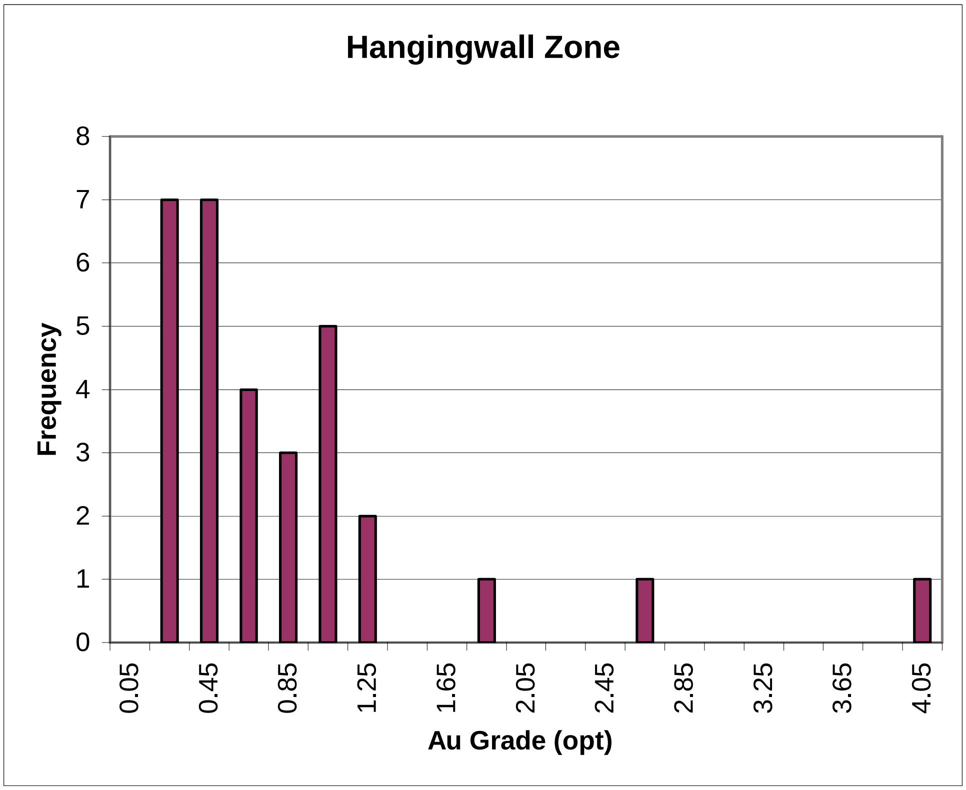


**FIGURE 17-3 HISTOGRAM – HANGINGWALL ZONE GRADE DISTRIBUTION**




## METHODOLOGY

Vertical cross-sections, including diamond drill hole trace, lithology and gold values, were plotted at a scale of 1:600, on 30 m spacing. In some areas, the data were obscured due to an excess of information and additional sections were plotted at a scale of 1:300 on 15 m spacing.

The shear zones were previously identified as tuffaceous units and classified based on the degree of silicification, i.e., Felsic Tuff, high silicification (T-1), Intermediate Tuff, medium silicification (T-2), and Mafic Tuff, low silicification (T-3). The shear zones host virtually all the gold mineralization in the deposit and were therefore modelled as the initial step in the resource estimation. The shear zones were correlated on both cross-sections and plans to ensure continuity. The zones often include two or more narrower shears and hence many intersections of a shear zone include sections of unsheared, apparently barren material.

Wireframes were constructed for three principal shear zones, i.e., Main Zone, East Zone, and Hangingwall zones. These domains were used to constrain subsequent resource estimations. They were also used for structural interpretation.

The mineralized zones are planar, and high values produce a nugget effect. The contour method was chosen as the most effective method of estimating Mineral Resources.

Intersections of potential economic mineralization were also correlated on vertical cross-sections, incorporating a cut-off gold grade of 6.9 g/t Au (0.20 opt) and a minimum horizontal thickness of 1.5 m. The cut-off grade is based on the following assumptions.

| | |
|---|---|
| Gold Price | US$400 |
| Exchange Rate ($US/$C) | 1.25 |
| Metallurgical Recovery | 95% |
| Operating Cost | C$120 |
| Incremental/Breakeven Cut-off | 80% |

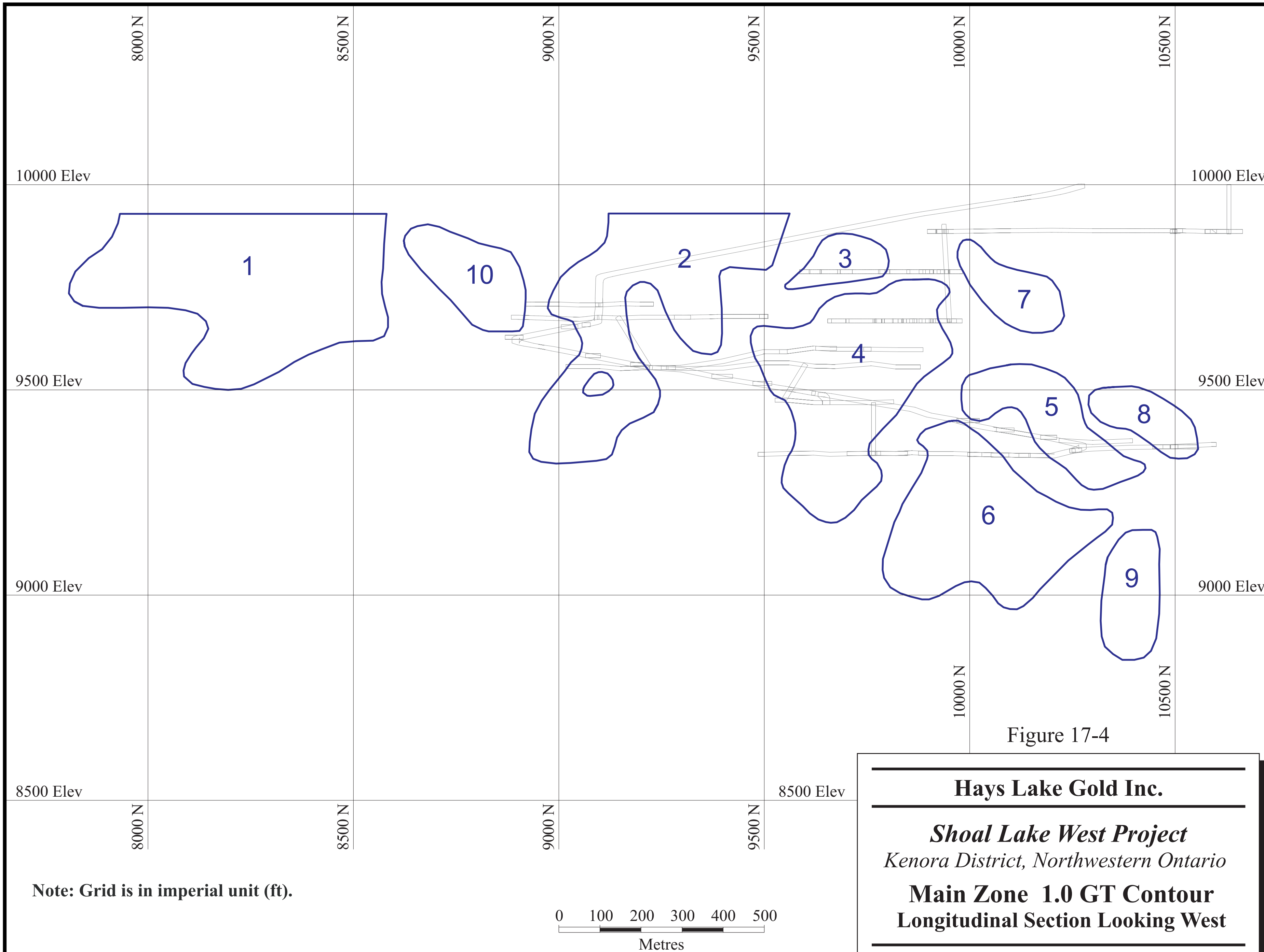
The midpoints of the intersections were transferred to vertical longitudinal sections for each of the three zones. The longitudinal sections displayed the diamond drill pierce points, with associated horizontal thickness (T) and average cut grade (G), as well as the width x grade (GT).

GT values were contoured on the longitudinal sections. The gold grade distribution is lognormal, showing a large number of low assay values and few high values. The same applies to the average intersection values. Therefore, the contours were drawn on a geometric basis as opposed to linearly. The outermost contour defined the economic cut-off, and therefore delineated several economic subzones within each mineralized zone. The Main, East, and Hangingwall zones were subdivided into ten, three, and two subzones, respectively. As the work was performed in imperial units, the outermost GT contour was 1.0 opt-ft. (10.28 g/t-m), i.e., 0.20 opt x 5.0 ft. Successive contours were 2.0 opt-ft., 4.0 opt-ft., 8.0 opt-ft., etc. Figures 17-4, 17-5, and 17-6 illustrate the 1.0 opt-ft. GT contour in the Main, East, and Hangingwall zones, respectively.

Thickness (T) contours were also drawn on longitudinal sections. The outermost boundary was the economic limit, established by the previously drawn 1.0 opt-ft. GT contour. Contours inside the economic subzones were drawn on a linear basis. The total volume (V) of each subzone is the sum of the area between each contour multiplied by the average thickness represented by that area. Volume was converted to tonnage using a factor of 11.0 ft.$^3$/ton (SG=2.92), which was established by tests conducted during the Wright feasibility study in 1988.

A similar exercise was undertaken to determine total GV, i.e., the sum of the areas between each GT contour multiplied by the corresponding area. The average grade was estimated by dividing the total GV by the total V.

The resource classification of each subzone was determined based on the drill hole density and grade continuity. A minor tonnage, immediately above and below some of the underground workings, may have qualified as Measured Resources based on closely spaced underground sampling and diamond drilling. However, since the economics of the Project will be based on the sum of Measured plus Indicated Resources, the Measured category was not estimated.




Note: Grid is in imperial unit (ft).

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Figure 17-4

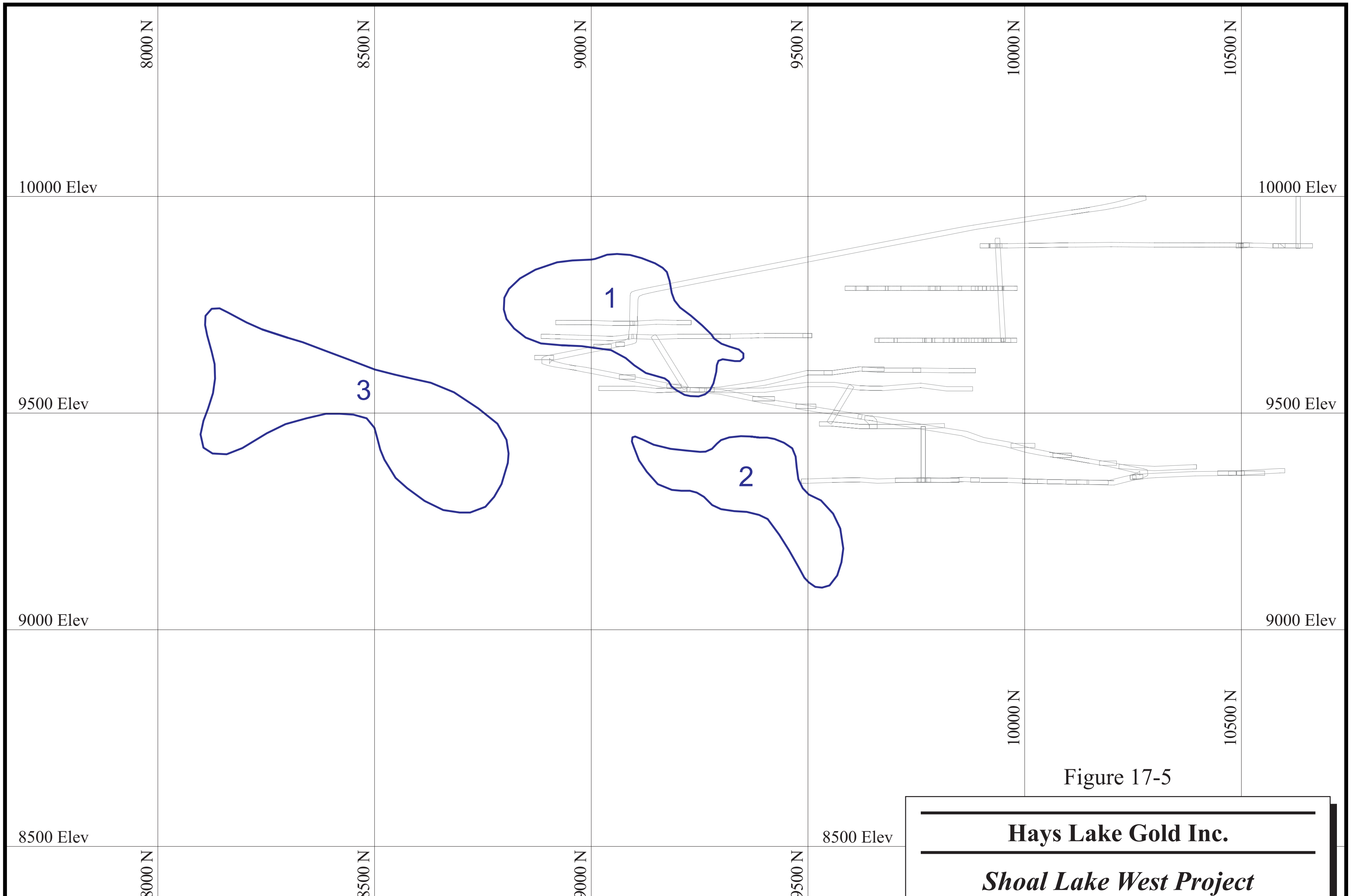
**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**Main Zone 1.0 GT Contour**

**Longitudinal Section Looking West**






**Note: Grid is in imperial unit (ft).**

0 100 200 300 400 500
Metres

*November 2008*

Figure 17-5

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**East Zone 1.0 GT Contour**
**Longitudinal Section Looking West**

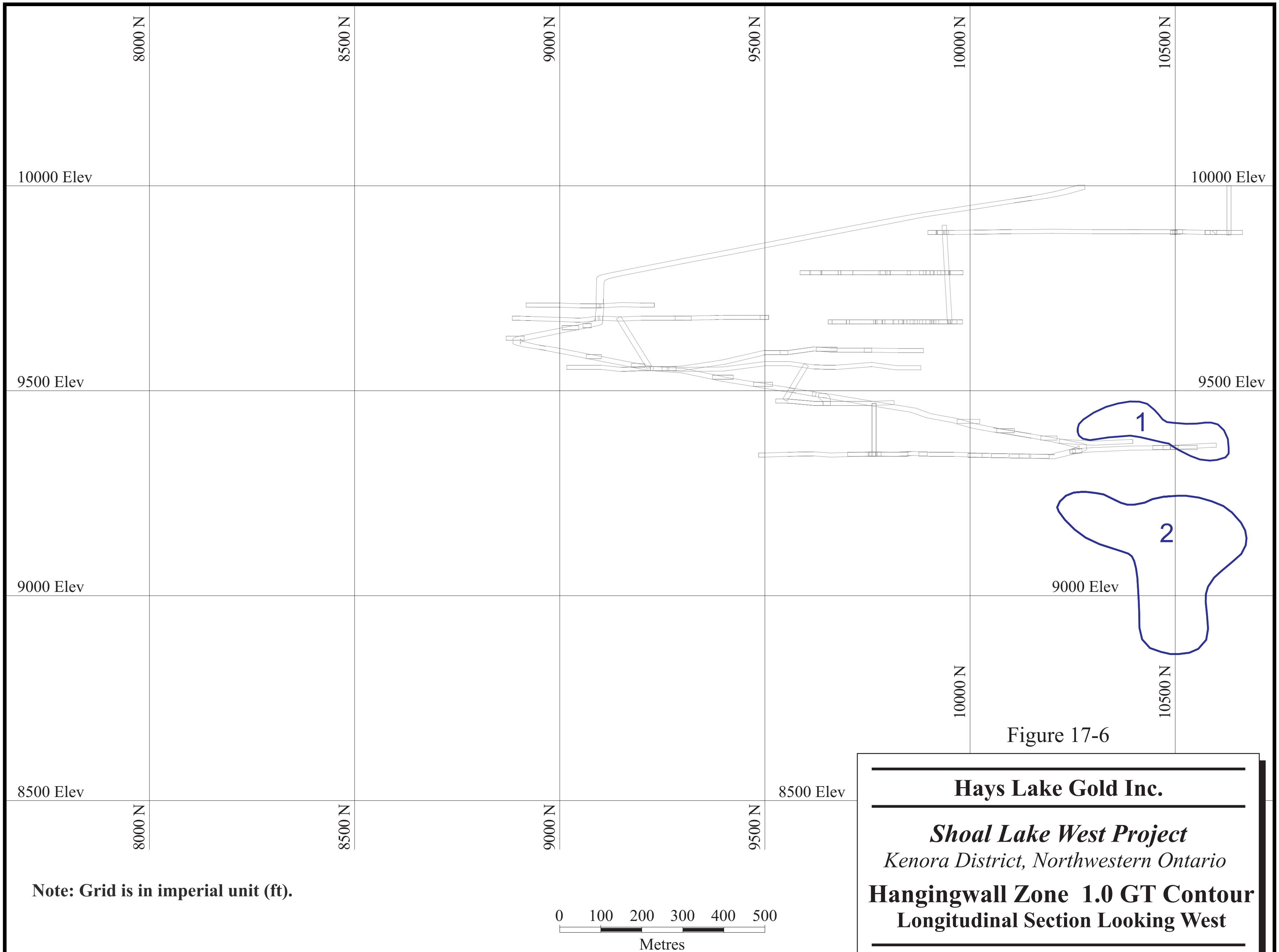



Figure 17-6

**Note: Grid is in imperial unit (ft).**

*November 2008*

**Hays Lake Gold Inc.**

***Shoal Lake West Project***

*Kenora District, Northwestern Ontario*

**Hangingwall Zone 1.0 GT Contour**

**Longitudinal Section Looking West**

Based on the 2006 Mineral Resources outlined in Table 17-1, RPA conducted an economic review using a gold price of US$400 per ounce. RPA concluded that a larger, higher grade resource was required to generate positive economic results.

Scott Wilson RPA briefly investigated the effect of reducing the cut-off grade to 4 g/t Au and concluded that modest gains in <6.9 g/t Au material may be realized by doing so.

## MINERAL RESERVES

There are no Mineral Reserves estimated for the Project.

# 18 OTHER RELEVANT DATA AND INFORMATION

## MINING OPERATIONS

There are no current mining operations. See Section 6 – History.

## ENVIRONMENTAL CONSIDERATIONS

A significant amount of environmental work was carried out in the property area by CPM. This work was done primarily by Environmental Applications Group (EAG), which later became Agra Earth & Environmental Ltd. (Agra). Agra's work began in 1979 and carried through until 1995, with the production of a Draft Environmental Study in January 1995.

The primary environmental concerns regarding development and operation of the Duport deposit relate to the preservation of the existing water quality and important recreational and traditional land use of the area. The land surrounding the property area is used for forestry activity, mineral exploration, two First Nations reserves situated near Indian Bay, and cottage recreation. Shoal Lake itself provides important resources including drinking water, fisheries, wild rice harvests, and recreation. The lake is the source of drinking water for the city of Winnipeg, a function that has created controversy in the past with regard to project development. The city water supply intake is located in the western portion of the lake, in Indian Bay.

The property environment and social challenges have been well documented in the past. Although the technical challenges can be met within the context of current technology, there remains a negative public perception, particularly in the city of Winnipeg and with some of the cottagers on Shoal Lake. In order to address these concerns, conceptual designs have evolved, so that in the event of development, all the ore processing facilities will be located outside the Shoal Lake watershed. Scott Wilson

RPA considers this as critical in gaining support and credibility for the development of the property.

In Scott Wilson RPA's opinion, the public perception can be overcome through diligent and thorough technical studies, combined with significant and detailed public information and consultation. A special emphasis needs to be made to gain and maintain the support of First Nations residents on Shoal Lake.

# 19 INTERPRETATION AND CONCLUSIONS

The mineralized zones on the Shoal Lake West Project are hosted by strongly deformed and altered basaltic and ultramafic rocks within the major northeast-trending, steeply west dipping Duport Deformation Zone. These mineralized zones are identified as the Main Zone and the parallel East Zone, plus a number of *en echelon* and parallel associated units in the hangingwall and footwall of each of these principal horizons.

Gold mineralization strikes N30°-35°E for a total strike length of approximately 1,200 m and dips 65°-75° west. Grades of possible economic interest have been intersected to a depth of approximately 600 m.

In 2006, RPA estimated Mineral Resources, compliant with NI 43-101, using the contour method. Indicated Mineral Resources were estimated at 424,000 tonnes grading 13.40 g/t Au for 182,000 contained ounces of gold. In addition, Inferred Mineral Resources were estimated at 387,000 tonnes grading 10.69 g/t Au for 131,000 contained ounces of gold. Scott Wilson RPA considers that this estimate is still current. There are no Mineral Reserves.

Scott Wilson RPA is of the opinion that a larger and higher grade resource base is required in order to ensure commercial viability

To date, most of the work on the property has been concentrated in the area of the known zones. A combined airborne magnetic and electromagnetic survey flown in 2005 identified several anomalies within prospective lithologies which have yet to be drill tested. The potential exists to increase the resource base through the discovery of additional zones along strike.

Scott Wilson RPA is of the opinion that Hays Lake's Shoal Lake West property hosts a significant gold target with potential to confirm and increase the resource base and warrants additional exploration.

The property environmental and social challenges have been well documented in the past. Although the technical challenges can be met within the context of current technology, there remains a negative public perception which, in Scott Wilson RPA's opinion, can be overcome through diligent and thorough technical studies combined with significant and detailed public information and consultation.

# 20 RECOMMENDATIONS

Scott Wilson RPA is of the opinion that there is potential to confirm and increase the resource base on Hays Lake's Shoal Lake West Project. The property merits more exploration, and the following program is recommended. A recommended Phase I program, to be initiated in January 2009, or as soon as weather conditions permit, includes:

1) Developing and drill testing targets outside the known mineralization, and
2) Initiating environmental, permitting and consultation activities.

Developing targets elsewhere on the property would consist of completing IP/resistivity surveying along a one kilometre wide corridor of the Duport Deformation Zone both northeast and southwest of the known zones as well as selectively across conductive features identified in the 2005 airborne survey. Weakly to non-conductive targets within this structurally permissive environment may not have been previously detected. A program of 5,000 m of drilling is recommended to evaluate the highest priority targets outside the known mineralized zones.

Baseline environmental sampling, permitting in anticipation of more advanced development and exploration work, and consultation with local First Nations and government agencies should be initiated without undue delay. Details of the recommended Phase I program can be found in Table 20-1.

**TABLE 20-1 PROPOSED BUDGET – PHASE I**
**Hays Lake Gold Inc. – Shoal Lake West Project**

| Item | C$ |
|---|---|
| **PHASE I** | |
| Head Office Services | 25,000 |
| Project Management/Staff Cost | 50,000 |
| Expense Accounts/Travel Costs | 25,000 |
| Holding/Option Costs | 50,000 |
| Communications | 5,000 |
| Line Cutting | 20,000 |
| IP Survey | 70,000 |
| Geophysics (Supervision, reporting) | 7,500 |
| Diamond Drilling -Contractor Cost (5,000 m @ $140/m) | 700,000 |
| Assaying | 25,000 |
| Snowplowing/Ice Making | 25,000 |
| Environmental Baseline Sampling | 25,000 |
| Permitting/Consultation | 50,000 |
| Accommodations/Camp Costs | 25,000 |
| Transportation (Trucks, snowmobiles, quads) | 25,000 |
| Shipping | 2,000 |
| External Logistical Support | 2,500 |
| **Subtotal** | **1,132,000** |
| Contingency | 113,200 |
| **TOTAL** | **1,245,200** |

Contingent upon the Phase I program results, a Phase II program consisting of additional delineation drilling, metallurgical testing, ongoing environmental sampling, permitting and consultation activities, ramp dewatering, and a resource estimate update is recommended. Details of the recommended Phase II program can be found in Table 20-2.

## TABLE 20-2 PROPOSED BUDGET – PHASE II
### Hays Lake Gold Inc. – Shoal Lake West Project

| Item | C$ |
|---|---|
| Head Office Services | 25,000 |
| Project Management/Staff Cost | 100,000 |
| Expense Accounts/Travel Costs | 50,000 |
| Holding/Option Costs | 240,000 |
| Communications | 10,000 |
| Line Cutting | 20,000 |
| Diamond Drilling –Contractor Cost (12,000 m @ $135/m) | 1,620,000 |
| Assaying | 100,000 |
| Resource Estimation | 50,000 |
| Environmental Baseline Sampling | 25,000 |
| Permitting/Consultation | 50,000 |
| Metallurgical Testing | 75,000 |
| Accommodations/Camp Costs | 75,000 |
| Snowplowing/Ice Making | 25,000 |
| Ramp Dewatering and Rehabilitation | 750,000 |
| Transportation (Trucks, snowmobiles, quads) | 25,000 |
| Shipping | 5,000 |
| External Logistical Support | 5,000 |
| **Subtotal** | **3,250,000** |
| Contingency | 325,000 |
| **TOTAL** | **3,575,000** |

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Yeomans, W.C., 1989: Results of a Gold Exploration and Drilling Program. 162278 Canada Inc. Option, Shoal Lake Property (Ewart Township, Kenora District). Private report for Exploration Brex Inc.

# 22 SIGNATURE PAGE

This report titled "Technical Report on the Shoal Lake West Project, Northwestern Ontario, Canada" dated November 18, 2008, and readdressed July 14, 2009, was prepared and signed by the following authors:

**(Signed & Sealed)**

Dated at Toronto, Ontario
July 14, 2009

Wayne W. Valliant, P. Geo.
Principal Geologist

**(Signed & Sealed)**

Dated at Toronto, Ontario
July 14, 2009

Paul Chamois, P. Geo
Senior Consulting Geologist

# 23 CERTIFICATE OF QUALIFICATIONS

### WAYNE W. VALLIANT

I, Wayne W. Valliant, P.Geo, as an author of this report entitled "Technical Report on the Shoal Lake West Project, Northwestern Ontario, Canada", prepared for Hays Lake Gold Inc., dated November 18, 2008, and readdressed to Everton Resources Inc. on July14, 2009, do hereby certify that:

1. I am a Principal Geologist with Scott Wilson Roscoe Postle Associates Inc. of Suite 501, 55 University Ave Toronto, ON, M5J 2H7.

2. I am a graduate of Carleton University, Ottawa, Ontario, Canada in 1973 with a Bachelor of Science degree in Geology.

3. I am registered as a Professional Geologist in the Province of Ontario (Reg.# 1175). I have worked as a geologist for a total of 35 years since my graduation. My relevant experience for the purpose of the Technical Report is:

   - Review and report as a consultant on more than fifty mining operations and projects around the world for due diligence and resource/reserve review
   - Chief Geologist at three Canadian mines
   - Superintendent of Technical Services at three mines in Canada and Mexico
   - General Manager of Technical Services for corporation with operations and developing projects in Canada and Latin America

4. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.

5. I visited the Shoal Lake West Project on January 9-11 and March 14-15, 2005.

6. I have collaborated with my co-author in the preparation of all items of the Technical Report.

7. I am independent of the Issuer applying the tests set out in section 1.4 of National Instrument 43-101.

8. I am a co-author of two previous NI 43-101 Technical Reports on the Shoal Lake West property prepared by Roscoe Postle Associates Inc. in 2004 and 2006.

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

10. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 14th day of July, 2009.

**(Signed & Sealed)**

Wayne Valliant, P.Geo.

## PAUL CHAMOIS

I, Paul Chamois, P.Geo, as an author of this report entitled "Technical Report on the Shoal Lake West Project, Northwestern Ontario, Canada", prepared for Hays Lake Gold Inc., dated November 18, 2008, and readdressed to Everton Resources Inc. on July14, 2009, do hereby certify that:

1. I am a Senior Consulting Geologist with Scott Wilson Roscoe Postle Associates Inc. of Suite 501, 55 University Ave Toronto, ON, M5J 2H7.

2. I am a graduate of Carleton University, Ottawa, Ontario, Canada in 1977 with a Bachelor of Science (Honours) in Geology degree and McGill University, Montreal, Quebec, Canada in 1979 with a Master of Science (Applied) in Mineral Exploration degree.

3. I am registered as a Professional Geoscientist in the Province of Ontario (Reg. #0771), in the Province of Newfoundland and Labrador (Reg. # 03480), and in the Province of Saskatchewan (Reg. #14155). I have worked as a professional geologist for a total of 28 years since my graduation. My relevant experience for the purpose of this Technical Report is:

    - Review and report on exploration and mining projects for due diligence and regulatory requirements
    - Vice President – Exploration with a Canadian mineral exploration and development company responsible for technical aspects of exploration programs and evaluation of new property submissions
    - District Geologist with a major Canadian mining company in charge of technical and budgetary aspects of exploration programs in Eastern Canada
    - Project Geologist with a major Canadian mining company responsible for field mapping and sampling, area selection and management of drilling programs across Ontario and Quebec

4. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and my past relevant experience, I fulfill the requirements to be a 'qualified person" for the purpose of NI 43-101.

5. I visited the Shoal Lake West Project on October 17, 2008.

6. I have collaborated with my co-author in the preparation of all items of the Technical Report.

7. I am independent of the Issuer applying the test set out in Section 1.4 of National Instrument 43-101.

8. I have had no prior involvement with the property that is the subject of the Technical Report.

9. I have read National Instrument 43-101 and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.

10. To the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 14th day of July, 2009

**(Signed & Sealed)**

Paul Chamois, M.Sc., P.Geo.

# 24 APPENDIX 1

## PROPERTY DESCRIPTION

## TABLE 24-1 DUPORT PROPERTY
### Hays Lake Gold Inc. - Duport Project

**Fee Simple Claims**

| Parcel Number | Claims | Township | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 1420 | S185 | Glass | | 136 |
| 2063 | S173 | | | 3 |
| 3456 | S170, S172 | | | 14 |
| 3457 | JES96-JES105 incl. | | | 172 |
| 3922 | MCA11 | Shoal Lake | | 16 |
| 10524 | K1332 | Shoal Lake | | 7 |
| 10525 | K1333 | Shoal Lake | | 17 |
| 10526 | K1334 | Shoal Lake | | 16 |
| 10527 | K1335 | Shoal Lake | | 24 |
| 16121 | S158 | Shoal Lake | | 1 |
| 16650 | K1328 | Shoal Lake | | 20 |
| 16651 | K1329 | Shoal Lake | | 16 |
| 30433 | K13464, K13467 | Glass | | 25 |

**Leasehold Claims**

| Lease Number | Claims | Township | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 105943 | K2554, K3833 | Shoal Lake | Jun. 30, 2011 | 16.167 |
| 106481 | K2555, K2689-K2691, K4432-K4433, K4395-K4396 | Shoal Lake | Jul. 31, 2012 | 64.337 |
| 106482 | K1330, K2556, K3026, K4431, K5823 | Shoal Lake | Jul. 31, 2012 | 41.318 |
| 107384 | K268722, K268728-K268732 | Snowshoe Bay (Shoal Lake) | Feb. 28, 2023 | 73.309 |
| 107385 | K268723-K268727, K269733 | Snowshoe Bay (Shoal Lake) | Feb. 28, 2023 | 86.149 |

**Licences of Occupation**

| Licence Number | Claims | Township | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 2702 | K2284, D493 | Shoal Lake | | 16.187 |
| 2871 | K2374, MH63 | Shoal Lake | | 23.472 |
| 10381 | K6127 | Shoal Lake | | 16.187 |
| 10382 | K6129 | Shoal Lake | | 16.187 |
| 10383 | K6128 | Shoal Lake | | 15.771 |
| 10385 | K6130 | Shoal Lake | | 16.187 |
| 10386 | K3019, K6131 | Shoal Lake | | 16.187 |
| 10387 | K6132 | Shoal Lake | | 19.911 |
| 10388 | K3018, K6133 | Shoal Lake | | 14.799 |

Table 24-1 Cont'd

**Licences of Occupation**

| Licence Number | Claims | Township | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 12126 | K12113-K12120, K3014-K3015, K3028 | Shoal Lake | | 133.392 |
| 12369 | K13791-K13797, K13811 | Shoal Lake | | 162.874 |
| 12548 | K13802 | Shoal Lake | | 1.623 |

**Unpatented Claims**

| Claim Number | Units | Township | Expiry Date | Area (ha) |
|---|---|---|---|---|
| 3007239 | 5 | Glass | Nov. 6, 2008 | 80 |
| 3007240 | 6 | Glass | Nov. 6, 2008 | 96 |
| 3007296 | 12 | Glass | Nov. 6, 2008 | 192 |
| 3007297 | 14 | Glass | Nov. 6, 2008 | 224 |
| 3007299 | 16 | Glass | Nov. 6, 2008 | 256 |
| 3007303 | 5 | Glass | Nov. 6, 2008 | 80 |
| 3007322 | 15 | Glass | Nov. 6, 2008 | 240 |
| 3007323 | 16 | Glass | Nov. 6, 2008 | 256 |
| 3007324 | 11 | Glass | Nov. 6, 2008 | 176 |
| 3007325 | 8 | Glass | Nov. 6, 2008 | 128 |
| 3007326 | 2 | Glass | Nov. 6, 2008 | 32 |
| 3007332 | 6 | Glass | Nov. 6, 2008 | 96 |
| 3007333 | 5 | Glass | Nov. 6, 2008 | 80 |
| 3007334 | 8 | Glass | Nov. 6, 2008 | 128 |
| 3016925 | 12 | Glass | Aug. 29, 2008 | 192 |
| 3016926 | 12 | Glass | Aug. 29, 2008 | 192 |
| 3016927 | 16 | Shoal Lake | Aug. 29, 2008 | 256 |
| 3016928 | 16 | Shoal Lake | Aug. 29, 2008 | 256 |
| 3007250 | 7 | Snowshoe Bay (Shoal Lake) | Nov. 6, 2008 | 112 |
| 3007298 | 13 | Snowshoe Bay (Shoal Lake) | Nov. 6, 2008 | 208 |
| 3007986 | 6 | Snowshoe Bay (Shoal Lake) | Nov. 15, 2008 | 96 |
| 3007988 | 11 | Snowshoe Bay (Shoal Lake) | Dec. 20, 2008 | 176 |
| 3007989 | 16 | Snowshoe Bay (Shoal Lake) | Dec. 20, 2008 | 256 |
| 3007990 | 1 | Snowshoe Bay (Shoal Lake) | Feb. 17, 2009 | 16 |
| 4204864 | 6 | Snowshoe Bay (Shoal Lake) | Jun. 1, 2009 | 96 |
| 4204865 | 13 | Snowshoe Bay (Shoal Lake) | Feb. 17, 2009 | 208 |
| | | | | **5,329.06** |