October 30, 2014

NOTICE TO READER

The attached report entitled “Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1)” (the “Technical Report”) prepared for Monarques Resources Inc. and dated October 30, 2014 is an amended report of the re-filed one on October 30, 2014. It has been refiled to present the after tax results of the sensitivity analysis presented in section 22. Other than the modifications to the sensitivity analysis, the Technical Report remains the same in all respects.

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TECHNICAL REPORT AND UPDATED PREFEASIBILITY STUDY FOR THE CROINOR GOLD PROPERTY (AMENDED) (according to Regulation 43-101 and Form 43-101F1)

Project Location

Pershing Township, Province of Québec, Canada
(NTS: 32C/03)
(UTM 349800E; 5330200N)
(Zone 18, NAD 83)

Prepared for

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Effective date: October 7, 2014
Re-Filed: October 30, 2014

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43-101 - TECHNICAL REPORT ON PREFEASIBILITY STUDY UPDATE FOR THE CROINOR GOLD PROPERTY

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CERTIFICATE OF AUTHOR – SYLVIE POIRIER

I, Sylvie Poirier, Eng (OIQ no.112196; PEO no.100156918) do hereby certify that:

1. I am a Consulting Engineer of: InnovExplo, 560, 3e Avenue, Val-d'Or, Québec, Canada, J9P 1S4.
2. I graduated with a Bachelor's degree in mining Engineering from École Polytechnique (Montréal, Québec) in 1993.
3. I am a member of the Ordre des Ingénieurs du Québec (OIQ, no. 112196), the Professional Engineers of Ontario (PEO no. 100156918), and the Canadian Institute of Mines (145365).
4. I have worked as an engineer for a total of nineteen (20) years since graduating from university. My mining expertise was acquired while working for Lafarge Canada and for Placer Dome and McWatters at the Sigma mine, as well as for Natural Resources Canada on a special research initiative program on narrow-vein mining. I have been a consulting engineer for InnovExplo Inc. since September 2008.
5. I have read the definition of "qualified person" set out in Regulation 43-101 /NI 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in Regulation 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of Regulation 43-101.
6. I am responsible for supervising the preparation of the report and responsible for Sections 1, 2, 3, 15, 16, 18, 19, 21 (except 21.1.12 and 21.1.13), 22, 25, 26, 27 of the report titled "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources Inc.
7. I have contributed in four reports on the property that is the subject of the Technical Report on behalf of Blue Note and X-Ore in August 2010, June 2011, February 2012 and April 2012.
8. For the purpose of this Technical Report, I visited the property on September 22, 2014.
9. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
10. I am independent of the issuer applying all of the tests in Section 1.5 of Regulation 43-101 (National Instrument 43-101).
11. I have read Regulation 43-101 respecting standards of disclosure for mineral projects and Form 43-101F1, and the sections of the Technical Report for which I was responsible have been prepared in accordance with that regulation and form.

Signed on this 30 day of October, 2014

(Original signed and sealed)

Sylvie Poirier, Eng.
InnovExplo Inc.

CERTIFICATE OF AUTHOR – CARL PELLETIER

I, Carl Pelletier, P.Geo. (OGQ no.384; APGO no.1713) do hereby certify that:

1. I am a Consulting Geologist of: InnovExplo Inc, 560, 3e Avenue, Val-d'Or, Québec, Canada, J9P 1S4.
2. I graduated with a Bachelor's degree in Geology from the Université du Québec à Montréal (Montréal, Québec) in 1992 and I initiated a Master's degree at the same university for which I completed the course program but not the thesis.
3. I am a member of the Ordre des Géologues du Québec (OGQ, no.384), the Association of Professional Geoscientists of Ontario (APGO no.1713), and the Canadian Institute of Mines, Harricana Section.
4. I have worked as a geologist for a total of 20 years since graduating from university. My mining expertise has been acquired in the Silidor, Sleeping Giant, Bousquet II, Sigma-Lamaque and Beaufor mines, and my exploration experience has been acquired with Cambior and McWatters. I have been a consulting geologist for InnovExplo Inc since February 2004.
5. 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" with the meaning of NI 43-101.
6. I am responsible for supervising the preparation of the Mineral Resources Estimate. I am the author of Sections 5, 7, 8, 9, 10, 11 and co-author of the Sections 1, 2, 25, 26 and 27 of the technical report entitled "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources Inc.
7. I have contributed in multiple reports on the property that is the subject of the Technical Report on behalf of Blue Note and X-Ore in 2011 and 2012. I have conducted several field visits on the Croinor Project between September 2004 and May 2005 and again in 2010.
8. At the effective date of the Technical Report, 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.
9. I am independent of the issuer applying all of the tests in Section 1.5 of NI 43-101.
10. I have read NI 43-101 respecting standards of disclosure for mineral projects and Form 43-101F1, and the sections of the Technical Report for which I was responsible have been prepared in accordance with that instrument and form.

Signed on this 30 day of October, 2014

(Original signed and sealed)
Carl Pelletier, BSc, Geo
InnovExplo

CERTIFICATE OF AUTHOR – KARINE BROUSSEAU

I, Karine Brousseau, Eng (OIQ, no.121871 and PEO, no. 100156917), do hereby certify that:

1. I am employed as a consulting engineer by, and carried out this assignment for, InnovExplo Inc., 560, 3e Avenue, Val-d'Or, Québec, Canada, J9P 1S4.
2. I graduated with a Bachelor's degree in Geological Engineering (BSc) from Université Laval (Sainte-Foy, Québec) in 1998.
3. I am a member of the Ordre des Ingénieurs du Québec (OIQ #121871) and Professional Engineers Ontario (PEO #100156917).
4. I have over thirteen (13) years of experience as a geologist in the exploration and mining industry. My exploration expertise has been acquired with SOQUEM, the Ministry of Natural Resources of Québec (Geology Branch), and Cambior. I have been a consulting geologist for InnovExplo Inc. since September 2005.
5. 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" with the meaning of NI 43-101.
6. I am responsible for the preparation of the Mineral Resource Estimate, the author of the Sections 4, 6, 12, 14 and 23 and co-author of the Sections 1, 2, 25, 26 and 27 of the technical report entitled "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources Inc.
7. I have contributed in multiple reports on the property that is the subject of the Technical Report on behalf of Blue Note and X-Ore in 2011 and 2012. I did not visit the Croinor property.
8. At the effective date of the Technical Report, 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.
9. I am independent of the issuer applying all of the tests in Section 1.5 of NI 43-101.
10. I have read NI 43-101 respecting standards of disclosure for mineral projects and Form 43-101F1, and the sections of the Technical Report for which I was responsible have been prepared in accordance with that instrument and form.

Signed on this 30 day of October, 2014

(Original signed and sealed)
Karine Brousseau, Eng.
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CERTIFICATE OF AUTHOR – RODRIGUE OUELLET

I, Rodrigue Ouellet, MScA, Eng (OIQ no.37361) do hereby certify that:

1. I am a Consulting Engineer of: Golder Associates Ltd, 375 Avenue Centrale, Bureau 102, Val-d'Or, Québec, Canada, J9P 1P4.
2. I graduated with a Bachelor's degree in Geological Engineering from the Université du Québec à Chicoutimi in 1982. In addition, I obtained a Master's Degree in Earth Sciences from the Université du Québec à Chicoutimi in 1986, and a Certificate in Environmental Science from the Université du Québec à Montréal in 2006.
3. I am a member of the Ordre des Ingénieurs du Québec (OIQ, no.37361).
4. I have worked as a geological engineer for a total of 29 years since graduating from university. My expertise in the mining industry has been acquired with Falconbridge Copper Ltd, Minnova Inc, Metal Mining Corporation, Inmet Mining Corporation, and Aur Resources Inc. My expertise in mining environment has been acquired with Golder Associates Ltd on several projects. I have been a consulting engineer for Golder Associates Ltd since January 2005.
5. I have read the definition of "qualified person" set out in Regulation 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in Regulation 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of Regulation 43-101.
6. I am responsible for calculating costs and for writing sections related to environmental aspects, and I am responsible of sections 20, 21.1.12, and 21.1.13, and co-author of section 1 and 25 of the report titled "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources Inc. I visited the Croinor site as part of a field visit on April 12, 2010. I was involved in the permitting process of the project in 2009 and 2010.
7. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which would make the Technical Report misleading.
8. I am independent of the issuer applying all of the tests in section 1.5 of Regulation 43-101.
9. I have contributed in four reports on the property that is the subject of the Technical Report on behalf of Blue Note and X-Ore in August 2010, June 2011, February 2012 and April 2012.
10. I have read Regulation 43-101 respecting standards of disclosure for mineral projects and Form 43-101F1, and the Technical Report has been prepared in accordance with that regulation and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Signed on this 30 day of October, 2014

(Original signed and sealed)

Rodrigue Ouellet, MScA, Eng
Golder Associates

CERTIFICATE OF AUTHOR – MICHEL GARON

I, Michel Garon, do hereby certify that:

1. I am an Engineer employed as Senior Mining Engineer by WSP at 152, Murdoch Avenue, Rouyn-Noranda, Quebec.
2. I received a Bachelor's Degree in Applied Sciences from the Université de Montréal (Montreal, Quebec) in 1975 and a Master's Degree from the same university in 1976.
3. I am a registered member of the Ordre des Ingénieurs du Québec (OIQ member no. 28151).
4. I have over 30 years of experience as an engineer in the mining industry. My experience has been acquired mostly with Noranda. I have been working for WSP since June 2006 as Senior Mining Engineer.
5. I have read the definition of "qualified person" set out in Regulation 43-101 ("R 43-101") standards for disclosure for mineral projects and certify that by reason of my education, affiliation with a professional association (as defined in R 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of R 43-101.
6. I had no prior involvement with the property that is the subject of the Technical Report. I did not visit the Croinor Gold property.
7. I am responsible for the preparation of Mineral and Metallurgical section (sections 13 and 17) and co-author of sections 1 and 25 to 27 of the Technical Report entitled "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources Inc.
8. I am "independent" (as such term is defined in Section 1.5 of R 43-101 or NI 43-101) of Monarques Resources Inc.
9. As of the date of this certificate, 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.
10. I have read R 43-101, Appendix 43-101F1 and the Technical Report which has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, or presentation of excerpts or a summary, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Signed on this 30 day of October, 2014

(Original signed and sealed)

Michel Garon, Eng.
WSP

CERTIFICATE OF AUTHOR – MARC. R. BEAUVAIS

I, Marc R. Beauvais, Professional Engineer, do certify that:

1. I am the President and Chief Executive Officer of Minrail Inc. and 8674345 Canada Inc. (Minrail – Mining Operation) located at 1237, 3rd Avenue, Val-d'Or (Québec) Canada, J9P 6C3.
2. This Certificate applies to the 43-101 "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources.
3. I have practice my profession in mining operation, construction and management for more than 20 years. I have experience in gold, base metals and diamonds. I have worked for Aur Resources (1986, 1987, 1994-1998), Agnico-Eagle Mines Ltd (1993-94), McWatters Mines (1998- 2000), Promine Software Inc. (2000-2001). I have founded and operated my own consulting firm (Promine Consultant Inc.) from 2001 to 2005. I have been a Business Associate of Genivar Inc from 2005 to 2009 where I have supervised a staff of nearly 30 professionals directly involved in every aspect of the mineral industry. I have worked for a foreign mining company (Aimroc) in Azerbaijan from 2009 to 2010. I have worked mostly in Canada and abroad. I have multiple specializations in computer modeling in mine planning and construction.
4. I am a registered Professional Engineer in the Province of Québec (OIQ # 108195).
5. I am a registered Professional Engineer in the Province of Ontario (PEO # 100061114).
6. I have graduated in 1991, at Laval University located in Ste-Foy (Québec) with a B.Sc. in Mining Engineering.
7. I have visited the Coinor Project site on July 8th 2014.
8. I am responsible for Sections 24 of the report titled "Technical Report and Updated Prefeasibility Study for the Croinor Gold Property (Amended) (according to Regulation 43-101 and Form 43-101F1) (the "Technical Report"), effective date of October 7, 2014 and re-filed date of October 30, 2014, prepared for Monarques Resources.
9. I have not had prior involvement with the property that is the subject of the Technical Report.
10. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report or the omission to disclose which makes the Technical Report misleading.
11. I am independent of the issuer applying all of the tests in Section 1.5 of Regulation 43-101 (National Instrument 43-101).
12. I have not received, nor do I expect to receive directly or indirectly any interest in any form for the Croinor Gold project, or any property or project from Monarques Resources Inc.
13. As of the date of this certificate, 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.
14. I have read the definition of "qualified person" set out in Regulation 43-101 /NI 43-101 and certify that by reason of my education, affiliation with a professional association (as defined in Regulation 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of Regulation 43-101.

Signed on this 30 day of October, 2014

(Original signed and sealed)
Marc R. Beauvais, P.Eng.
Minrail Inc.

1. SUMMARY

At the request of Mr. Jean-Marc Lacoste, President & Chief Executive Officer of Monarques Resources Inc. ("Monarques" or "the issuer"), InnovExplo has been retained to complete a Technical Report ("the report"), and update of the preliminary feasibility study on the Croinor Gold Property in compliance with National Instrument 43-101 and Form 43-101F1. This report is addressed to Monarques Resources Inc., a Canadian exploration company listed on the TSX Venture Exchange (TSXV) under the symbol MQR. InnovExplo is an independent mining and exploration consulting firm based in Val-d'Or (Québec).

The Report presents an updated of the prefeasibility study dated February 29, 2012 to include the changes in royalties, capital and operating costs, and gold price.

InnovExplo considers the present Prefeasibility Study (and Resource Estimate herein) to be reliable and thorough, based on quality data, reasonable hypotheses, and parameters compliant with NI 43 101 and CIM standards regarding mineral resource estimates.

In addition to the principal author, Sylvie Poirier, Eng. (InnovExplo), the other qualified persons responsible for the preparation of this report were: Carl Pelletier, P.Geo., (InnovExplo); Karine Brousseau, Eng. (InnovExplo); Michel Garon, Eng., (WSP); Marc Beauvais, Eng. (Minrail) and Rodrigue Ouellet, Eng. (Golder Associates). Technical support was provided by InnovExplo employees Marie-Claire Dagenais, Eng., Rémi Verschelden, P.Geo., and Serge Morin, Sr Tech. In addition, Bruno Turcotte, P.Geo., of InnovExplo, validated the compliance of the Technical Report with National Instrument 43 101 and Form 43-101F. Linguistic editing was performed by Venetia Bodycomb of Vee Geoservices.

Property Description and Ownership

The Croinor Gold property is located in the Abitibi region, approximately 57 km (about 75 km by road) east of the city of Val d'Or, in the province of Québec, Canada (Fig. 4.1). The approximate geographic centre coordinates of the Croinor Gold property are 77°01'20"W and 48°06'35"N (UTM coordinates: 349530E and 5330425N, NAD 83, Zone 18). The nearest settlement is Louvicourt, 27 km to the west of the property. The property lies in the Haig, Pershing, Tavernier, Tiblemont and Vauquelin townships and within NTS maps sheets 32C/02 and 32C/03. The surrounding land has an altitude of about 325 to 365 metres above mean sea level. The overall Croinor Gold property covers an area of 12,677.3 ha.

Claim status for the Croinor Gold property was supplied by Jean-Marc Lacoste, president and CEO for Monarques Resources Inc. InnovExplo verified the status for all claims using GESTIM, the Québec government's online claim management system at:

- https://gestim.mines.gouv.qc.ca/MRN_GestimP_Presentation/ODM02201_menu_base.aspx.

All mining titles are in good standing according to the GESTIM database.

The Croinor Gold property consists of two (2) non-contiguous blocks of 297 claims and one mining lease covering an aggregate area of 12,677.3 ha (Fig. 4.2). All the mining claims and the mining lease are registered 100% in the name of X-Ore Resources Inc. Monarques Resources Inc. is the owner of 99.99% of X-Ore shares.

The Croinor Gold property was formed by the amalgamation of the former Croinor (Monarques Resources), Bel-Rive and Lac Tavernier properties (X-Ore) and Croinor-Pershing (X-Ore and Critical Elements Corporation).

In May of 2014, Blue Note Mining and its wholly-owned subsidiary X-Ore accepted a proposal under the Bankruptcy and Insolvency Act of Canada in which Monarques subscribed to 9,999 ordinary shares of X-Ore (99.99% of all the X-Ore common shares issued and outstanding). The agreed subscription price for such shares consisted in $110,000 and 1,455,000 common shares of Monarques. PricewaterhouseCoopers Inc. was appointed as the trustee. The 1,455,000 common shares of Monarques are escrowed for the six-month period following the closing of the X-Ore Transaction, and in accordance with the applicable securities regulations, was subject to a hold period of four months and one day that expired on September 13, 2014.

At the same time, Monarques completed the acquisition of the other undivided 50% interest in the former Croinor property from CEC. In consideration of this acquisition, Monarques issued 500,000 common shares of its share capital to CEC at a deemed price of $0.15 per common share, and transferred the rights to its mineral properties in the James Bay area to CEC.

By completing these transactions, Monarques acquired a 100% interest in the Croinor and Croinor Pershing properties.

On June 26, 2014, Monarques decided to consolidate the properties recently acquired from X-Ore into one large property. The Croinor Gold property was formed by amalgamation of the former Croinor, Croinor-Pershing, Lac Tavernier and Bel-Rive properties.

On July 21 2014, all the Croinor Gold property claims still registered in the name of Monarques were transferred to X-Ore, Monarques' 100%-owned subsidiary.

Geology and Mineralization

The Croinor Gold property is at an advanced stage of exploration and hosts significant gold mineralization.

The Croinor deposit is hosted by the synvolcanic Croinor Sill. This dioritic sill is 60 to 120 metres thick and hosted within volcanic rocks of the Assup Domain. The deposit is characterized by gold-rich lenses consisting of quartz-carbonate-tourmaline-pyrite veins, altered pyritic host rock material, and/or tectonic breccia (pyritic host fragments within a quartz-carbonate-tourmaline-pyrite vein).

The mineralized lenses at Croinor range from 60 to 120 metres long (Chénard and Turcotte, 2003). The lenses can generally be followed from one section to another (10-metre sections) over lateral distances varying from several tens of metres up to 600 metres. To date, about forty (40) gold-rich lenses have been identified. Gold-

hosting structures within the dioritic Croinor Sill consist of a series of narrow breaks and reverse shears with dips of 25° to 60° to the north. These structures display en-echelon patterns and are variably oriented between N290°-N330°. They can cause displacements of a few centimetres to tens of metres.

The 2010 and 2011 drill program brought to light the following interpretations and conclusions with respect to the mineral deposit:

- There is an east to west continuity of high-grade mineralization within zones, which can be traced from section to section. Some areas may not be high-grade, but they do show anomalous positive values that connect with the high-grade results;
- Hole CR-11-408 shows that the mineralised zones and the diorite host rocks are still open at depth. This also suggests a further east to west extension at depth for the zones intercepted along the hole;
- The east and west limits of the host rock diorite are still open. Drill holes show the continuity of the high-grade results, indicating that the mineralized zones are also open to the east and west;
- The drill spacing in the areas containing Indicated Resources is not consistent and additional drilling in these areas could increase the Indicated Resources;
- The drill spacing in the areas containing Inferred Resources is not tight enough to increase confidence in the results and convert some of the resources to the Indicated category, or to increase the Inferred Resources overall; additional drilling in these areas could convert Inferred Resources into Indicated Resources or increase the Inferred Resources;
- The 3D IP targets, when drilled, yielded some elevated gold results within the expected range of influence.

Mineral Resource Estimate

The resource estimate presented in this report (the “Mineral Resource Estimate”) was published in an earlier report titled “Technical Report on the Mineral Resource Estimate and Prefeasibility Study for the Croinor Project”, dated February 29, 2012 (Poirier et al., 2012). The Mineral Resource Estimate was performed by Karine Brousseau, Eng. and Tafadzwa Gomwe, PhD, GIT, under the supervision of Carl Pelletier, B.Sc., P.Geo., using all available results. One of the objectives of InnovExplo’s work was to prepare an NI 43 101 compliant resource estimate for the Croinor deposit using 3D block modelling instead of a polygonal method as in previous estimates. The result was an estimate with Measured, Indicated and Inferred resources. The effective date of the Mineral Resource Estimate is August 8, 2014 based on the re-evaluation of the cut-off grades economic parameters. No changes were made to the cut-off grades in light of this revision. The 2010 and 2011 surface drill holes were used in the Mineral Resource Estimate, up to and including CR-11-413, which were complete in terms of assay results at the database close-out date of November 2011.

InnovExplo remains of the opinion that the Mineral Resource Estimate can be classified as Measured, Indicated and Inferred resources based on the density of the processed data, the search ellipse criteria, and the specific interpolation parameters. The estimate is compliant with CIM standards and guidelines for reporting mineral

resources and reserves. The resources were estimated using different gold cut-off grades and a minimum width of 1.8 metres (true width). The selected cut-off of 4 g/t was used to determine the mineral potential of the deposit for the underground mining option. The following tables display the results of the In Situ Mineral Resource Estimate for the Croinor deposit (54 lenses). The detailed results are presented by zone in Appendix XII. InnovExplo remains of the opinion that the Mineral Resource Estimate can be used as the basis for a prefeasibility study.

Results of the In Situ Mineral Resource Estimate (Measured, Indicated, and Measured+Indicated Resources) at different cut-off grades (inclusive of Mineral Reserves) (Table 14.7)

Measured Resources			
Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	46 800	10.98	16 500
> 5 g/t	59 400	9.81	18 700
> 4 g/t	80 500	8.41	21 800
> 3 g/t	112 400	7.00	25 300
> 2 g/t	165 200	5.55	29 500
> 1 g/t	257 600	4.08	33 800
> 0.6 g/t	297 700	3.64	34 800
> 0.3 g/t	335 200	3.28	35 300

Indicated Resources			
Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	355 800	12.13	138 800
> 5 g/t	447 300	10.78	155 000
> 4 g/t	599 600	9.18	176 900
> 3 g/t	848 300	7.51	204 700
> 2 g/t	1 192 200	6.05	231 700
> 1 g/t	1 889 600	4.35	264 100
> 0.6 g/t	2 283 700	3.73	274 100
> 0.3 g/t	2 685 400	3.24	279 800

Measured + Indicated Resources			
Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	402 600	12.00	155 300
> 5 g/t	506 700	10.66	173 700
> 4 g/t	680 100	9.08	198 700
> 3 g/t	960 700	7.45	230 000
> 2 g/t	1 357 400	5.99	261 200
> 1 g/t	2 147 200	4.31	297 900
> 0.6 g/t	2 581 400	3.72	308 900
> 0.3 g/t	3 020 600	3.25	315 100

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Carl Pelletier, B.Sc., P.Geo., and Karine Brousseau, Eng., both of InnovExplo Inc. The effective date of the estimate is August 8, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The mineral resource is presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- Results are presented undiluted and in situ. The estimate includes 54 gold-bearing lenses.
- Resources were compiled using cut-off grades of 0.3 g/t, 0.6 g/t, 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.
- Cut-off grades should be re-evaluated in light of changes in prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.8 g/cm^3 was used in zones and waste.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground chip sample assays.
- Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole and chip sample sections that fall within the mineralized zone envelopes (each composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3, from drill hole and underground chip samples using the 1/D6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories were defined using different search ellipsoid parameters.
- The reclassified Inferred category is the result of isolated blocks or series of blocks showing no spatial continuity in terms of grade and/or information density that were reclassified from Indicated to Inferred.
- The reclassified Indicated category is the result of blocks or series of blocks showing good spatial continuity in terms of grade and/or information density that were reclassified from Inferred to Indicated.
- Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Results of the In Situ Mineral Resource Estimate (Inferred Resources) at different cut-off grades (Table 14.8)

Inferred Resources			
Cut-off	**Tonnes**	**Au g/t**	**Oz Au**
> 6 g/t	84 500	12.02	32 700
> 5 g/t	102 400	10.90	35 900
> 4 g/t	160 100	8.56	44 100
> 3 g/t	227 800	7.03	51 500
> 2 g/t	358 300	5.36	61 800
> 1 g/t	564 600	3.94	71 500
> 0.6 g/t	664 700	3.47	74 200
> 0.3 g/t	726 300	3.21	75 100

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Carl Pelletier, B.Sc., P.Geo., and Karine Brousseau, Eng., both of InnovExplo Inc. The effective date of the estimate is August 8, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The mineral resource is presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- Results are presented undiluted and in situ. The estimate includes 54 gold-bearing lenses.
- Resources were compiled using cut-off grades of 0.3 g/t, 0.6 g/t, 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.
- Cut-off grades should be re-evaluated in light of changes in prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.8 g/cm^3 was used in zones and waste.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground chip sample assays.
- Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole and chip sample sections that fall within the mineralized zone envelopes (each composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3, from drill hole and underground chip samples using the 1/D6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories were defined using different search ellipsoid parameters.
- The reclassified Inferred category is the result of isolated blocks or series of blocks showing no spatial continuity in terms of grade and/or information density that were reclassified from Indicated to Inferred.
- The reclassified Indicated category is the result of blocks or series of blocks showing good spatial continuity in terms of grade and/or information density that were reclassified from Inferred to Indicated.
- Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Metallurgy

WSP was commissioned to review and update if necessary the custom milling options for the Croinor gold project in the context of the current Prefeasibility Study. WSP concluded that four gold concentrators located within a 120-km radius could potentially process the Croinor ore: Beacon Gold, Aurbel Gold, Sigma-Lamaque Complex and Camflo. This study assumes that the ore will be processed at the Camflo mill. In addition to having successfully processed Croinor ore in the past (hence mitigating the technical risk), the plant has been in the custom milling business for years and is likely to have availability for new custom feed that fits the life-of-mine requirements for Croinor. Ore previously mined from the Croinor open pit operations was processed at the Camflo mill, and based on the results of those runs, a gold recovery of 97.5% has been used in this Prefeasibility Study update.

Environment

The last period of mining at the Croinor Gold Property ended in May 2005. In order to facilitate the resumption of mining operations, Golder Associates Ltd ("Golder") undertook a review of environmental permitting and licensing requirements.

The Company holds a certificate of authorization for the operation of the mine from the MDDEP that was issued in September 2010. Further studies and permits relating to the environment, reclamation, the pillar surface required for the operation of the mines have also been obtained or made. Other accessories permits will be obtained to start the project once funding is completed.

Since it is not expected that the Croinor Gold Property will generate ore and waste rock that will be acid-generating or that will leach metals under neutral pH or acid rain conditions, a formal hydrogeological study was not requested as part of the permitting process.

One of the site liabilities is its reclamation in accordance with the Québec Mining Act (RSQ, c M-13). Waste piles will be reclaimed by re-establishing a soil cover and vegetation. The backfilled area of the site will be reclaimed the same way. Buildings will be dismantled and foundations backfilled and vegetated. Underground openings will be blocked or capped. Equipment will be removed from the mine and the site.

The second liability is to carry out, at final mine closure, an environmental site assessment as required by the province's Environment Quality Act (CQLR, c Q-2). If ground contamination is discovered during the environmental site assessment, an environmental rehabilitation plan must be submitted to the MDDELCC for approval and the site must be decontaminated.

Reclamation and closure costs included in the study are estimated at $ 708,255.

Mineral Reserve

The estimated proven and probable reserves resulting from the Prefeasibility Study update, as summarized in the following table, represent 117,870 oz of gold after applying the appropriate mining recovery and dilution factor according to the selected method.

Mineral Reserve Estimate (Table 15.1)

Category	Tonnes	Grade (g/t)	Ounces
Proven	68 625	6.25	13 789
Probable	472 909	6.85	104 081
Total Reserves	541 534	6.77	117 870

For the present study, the same stopes created in the previous study were used (Poirier et al., 2012). According to that plan, 84% of the resources would be mined using the sublevel long-hole method and 16% from room and pillar. The long-hole method was applied as much as possible due to the lower mining cost and higher productivity.

A new cut-off grade was calculated and some stopes were discard because they were no longer profitable. Each stope that was close to the cut-off grade was evaluated individually to determine whether it would be included in the study or discarded. For the calculation of this cut-off grade, a metal price of $1,300 at an exchange rate of 1.10 was used. The remaining parameters used in the cut-off grade estimation are presented in the following table.

Cut-off grade parameters (Table 15.2)

	Long-hole	Room and pillar
Operating Cost	$182.75/t	$232.33/t
Mint cost	$5.00 /oz	$ 5.00/oz
Mill recovery	97.5%	97.5%
Mining dilution	Included in MSO parameters	5.0%
Cut-off grade	4.1 g/t	5.5 g/t

The revised reserves decreased slightly compared to the 2012 prefeasibility study. This difference is due mainly to a revision of the cut-off grade, resulting in a higher cut-off grade.

On the basis of the information presented in sections 16 to 22 of this report, InnovExplo was able to demonstrate the economic viability of the proposed extraction and processing of the Measured and Indicated resources found within the mine plan. Overall, InnovExplo considers that its basic engineering project meets the requirements of a preliminary feasibility study.

InnovExplo is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issue that would materially affect the Mineral Reserve Estimate. InnovExplo considers the present Prefeasibility Study to be reliable and thorough, based on quality data, reasonable hypotheses and parameters compliant with National Instrument 43 101 and CIM standards with regards to mineral reserve and resource estimates.

Mining

The mining plan for the Croinor Project comprises a combination of conventional and mechanized mining. The approach in this study has been to force the application of

long-hole mining by adding dilution to ensure a minimum footwall angle of 45 degrees. When this approach was not convenient, room and pillar mining was selected. The use of MSO software made these stope analyses possible by calculating optimized stope shapes according to specified mining parameters.

The ore will be transported to surface using a combination of 3.5 yd and 6 yd scooptrams and 30 ton trucks. Waste material will either be brought to surface and be stored on the existing waste pad or used to backfill mined out stopes when possible

The deposit will be accessed via a ramp. The existing ramp will be restored to level level 125 and a new section will be excavated to access all resources. The production drifts will be accessed via crosscuts connecting to the ramp. A small portion of the resources will be mined with captive methods, however the haulage will always be mechanized.

Development and production activities are based on a schedule of two 10-hour shifts, 12 shifts a week. To minimize capital requirements, contractors will be used for all mine development, mine production and ore haulage activities. A small in-house staff workforce will be hired to provide technical support and direction to the contractors.

The expected production rate will start at an average of 475 t/day in the six months following preproduction, and will slowly ramp up to an average of 675 t/day in Year 4. The overall project mine life is expected to be approximately 5 years, including an 18-month pre-production period.

After mining and milling recoveries, InnovExplo's prefeasibility study estimates a production total of 114,916 ounces of gold over a 5-year period. This represents 541,534 tonnes of ore at a diluted grade of 6.77 g/t. A summary of the yearly mine plan is presented in the following table.

Mining plan tonnage distribution (Table 16.15)

	Year 1	Year 2		Year 3	Year 4	Year 5	Total
	Pre-Prod	Pre-Prod	Prod	Prod	Prod	Prod	
Long hole (t)		19,110	53,455	74,782	149,621	109,732	**406,700**
Grade (g/t)		6.05	7.70	5.14	6.26	5.53	**6.04**
Room and pillar (t)			7,691	31,732	30,340	15,594	**85,357**
Grade (g/t)			8.41	14.34	9.40	7.78	**10.85**
Development (t)	4,914	7,623	6,552	18,040	12,348		**49,477**
Grade (g/t)	5.63	6.40	5.73	5.50	5.81		**5.76**
Total tonnage mill (t)	**4,914**	**26,733**	**67,698**	**124,554**	**192,309**	**125,326**	**541,534**
Grade (g/t)	**5.63**	**6.15**	**7.59**	**7.53**	**6.72**	**5.81**	**6.77**

The Croinor mine is currently flooded to the portal elevation. As an initial step, an estimated 504,080 m^3 of mine water would be pumped from the existing pit and mine infrastructure. Initial dewatering is expected to be carried out at a rate of 5,500 m^3/day for an approximate period of 92 days. Mine water will be pumped and

processed through Envirotubes to collect mine sludge. The existing 200-metre deep shaft will be reconditioned up to level 500 and will be used as a ventilation raise and emergency escapeway. Ore and waste haulage to surface will be via ramp.

Capital and Operating Costs

InnovExplo prepared a preliminary design for the proposed project infrastructure. Most of the capital cost was estimated using quotes from equipment suppliers and contractors. In some cases, comparable installations at other projects were used. The capital cost estimate is accurate within ±20%.

The pre-production costs are estimated at $27.31 million, including $6.69 million of capitalized operating costs net of production revenue received during the pre-production period. Sustaining capital is estimated at $14.65 million, excluding $0.71 million for final closure costs. The cost breakdown is presented in the following table.

Capital expenditure breakdown (Table 21.1)

Description	Pre-production ($)	Sustaining ($)	Total cost ($)
Capitalized operating cost	*17,223,056*		*17,223,056*
Capitalized revenue	*-10,143,025*		*-10,143,025*
Royalties	500,000		500,000
Mine dewatering and rehabilitation	1,192,469		1,192,469
Surface infrastructure	3,488,670	871,604	4,360,274
Electrical distribution and communication system	5,135,790	660,246	5,796,036
Mining infrastructure	810,787	157,514	968,301
Mobile equipment	3,618,041	5,032,494	8,650,535
Development	4,819,567	8,065,391	12,884,958
Environment	717,813	169,304	887,117
Total	**27,363,167**	**14,653,993**	**42,319,720**

Operating costs are estimated in 2014 Canadian dollars with no allowance for escalation. The total operating cost and average unit operating costs are summarized in the following table. The overall unit operating cost is $180.45 per tonne of milled ore.

Summary of total life-of-mine operating costs (Table 21.12)

Description	Total cost	Unit cost	
Definition drilling	1,850,313	3.66 $/t milled	17.20 $/oz
Stope development	11,891,108	23.52 $/t milled	110.51 $/oz
Mining	16,894,672	33.42 $/t milled	157.01 $/oz
Monarques mining staff	10,821,595	21.41 $/t milled	100.57 $/oz
Contractor indirects	18,931,540	37.45 $/t milled	175.94 $/oz
Surface services	266,595	0.53 $/t milled	2.48 $/oz
Energy	4,456,328	8.81 $/t milled	41.42 $/oz
Milling and transportation	25,208,667	49.86 $/t milled	234.28 $/oz
Environment	903,731	1.79 $/t milled	840$/oz
Total	**91,224,549**	**180.45 $/t milled**	**847.81 $/oz**

To supply electric power to the site, a new 26 km 25 kV three-phase overhead power line is planned. In this study, this new power line is assumed to be built, held and owned by Monarques

Financial Analysis

An after-tax model was developed for the Croinor Gold property. All costs are in 2014 Canadian dollars with no allowance for inflation or escalation.

The Croinor Gold property is subject to federal and provincial taxes and taxes related to Québec mining rights.

In early 2013, Monarques started a procedure to cancel all former royalties tied to the claims and mining lease forming the property. A new royalty agreement was signed in February of 2014 between Monarques and beneficiaries of the estates of F.D. Corcoran and David D. Agar. This agreement consolidates the former royalties by leaving a 1.5% net smelter return (0.75% to each beneficiary) on forty-five (45) mining claims and the mining lease. Half of the total royalty (0.75% NSR) can be bought back for C$500,000. The cash flow model demonstrated that it would be beneficial to buy back the 0.75% NSR royalty.

It is assumed that Monarques Resources Inc. (“Monarques”), a federal corporation, and X-Ore Resources Inc. (“X-Ore”), a Québec corporation, will proceed with a wind-up of X-Ore into Monarques. This wind-up will allow the available non-capital losses of X-Ore to be used by Monarques to offset any future income derived from its mining activities.

The economic valuation of the project was performed using the Internal Rate of Return (IRR) and Net Present Value (NPV) methods. The discount rate used in the analysis is 5%.

The following parameters were considered in the financial analysis:

- To reflect Monarques' preferred scenario, this study uses a gold price of US$1200 per ounce for the first year of the project, increasing at a rate of 5% each year. This approach results in a weighted average gold price of US$1361 per ounce and an exchange rate of 1.12 CAD/1USD.

Gold Price Escalation Scenario (US$) (Table 22.1)

Oct.-14	Year 2	Year 3	Year 4	Year 5	WAVG
1 200 $	1 260 $	1 323 $	1 389 $	1 459 $	1 361 $

- Reserves parameters as described in Section 15.
- Gold recovery of 97.5%. This value was based on the recovery obtained at the time the mine was operating.
- Royal Mint fees of $5/oz.
- Estimated average annual tonnage of 94,431 to 192,309 tonnes.
- Estimated average annual output of 21,259 to 40,540 ounces of gold.
- Royalty payment of 1.5% the first year and reduced to 0.75% the following years following a payment of $500,000.
- A fiscal residual of 8.5M$ was considered in the tax and mining duties estimation regarding non-capital losses of X-Ore to be used by Monarques.
- Estimated future annual cash flow based on grade, gold recoveries and cost estimates as previously discussed in this report.
- 35,984 tonnes of ore to be processed during the pre-production period, deemed as capital production and not included in production nor the revenue derived from it.

The main parameters and cash flow analysis results for the entire project are presented in the following Table.

Cash flow analysis summary (Table 22.2)

Parameters	Results
Proven & Probable mineral reserves	541,534 t @ 6.77 g/t
Total contained gold reserve	117,862 oz
Mine life (including 18-month pre-production)	5 years
Daily mine production	425 tpd ramping up to 675 tpd in Year 4
Gold recovery	97.50%
Annual gold production	21.259 to 40,540 oz
LOM recovered gold	114,916 oz
Average cash operating cost	$180/tonne
Average cash operating cost	US$757/oz
Capital cost (including $15M sustaining/working capital)	$42.3million
Total cost per ounce	US$1038/oz
Total gross revenue	$175.1 million
Total operating cost	$91.2 million
Total project cost	$133.5 million
Net cash flow (before tax & royalties)	$34.7 million
Estimated mining and income taxes	$12.5 million
Net cash flow	$22.1million
Pre-tax NPV (5% discount)	$25 million
Pre-tax IRR	34%
After-tax NPV (5% discount)	$15 million
After-tax IRR	24%
Payback period	3.8 years
Pre-production period (including 35,980t of production)	18 months

Risk and Opportunity

InnovExplo identified any important internal risks, potential impacts and possible risk mitigation measures that could affect the economic outcome of the project. This excludes the external risks that apply to all mining projects (e.g., changes in metal prices, exchange rates, availability of investment capital, change in government regulations, etc.). Significant opportunities that could improve the economics, timing and permitting of the project are also identified in this table. Further information and evaluation is required before these opportunities can be included in the project economics. The following Tables resume the risks and opportunities on the Croinor Gold property.

Risks on the Croinor Gold property (Table 25.1)

RISK	Potential Impact	Possible Risk Mitigation
Geological continuity	Uncertainties on the location and grade of the mineralized zones could results in inadequate stope designs	Additional drilling to improve the correlation and continuity of the mineralized zones
Non-compliant effluent	Notice of non-compliance or fine from MDDELCC / EC (Environment Canada) Poor image of the Croinor Mine Increase of fine amounts if repetition of non-compliant effluent	Refine water treatment process to ensure compliance of the effluent
Spill of hydrocarbons or chemicals	Poor image of Croinor Mine if repeated spills Notice / fine from the MDDELCC	Assess extent of contamination and carry out remediation of spills
Failure of mine water basin and release of non-compliant water	Notice of non-compliance / fine from MDDELCC / EC Loss of production	Assess environmental impact, carry out remediation if needed and fix basin
Waste rock piles start to release metal contaminants	Notice and fine from the MDDELCC Greater cost for waste rock management	Adapt waste rock management plan and closure plan
Possible issues with First Nation communities	Poor image portrayed by the media Communications and negotiation required	Remain proactive with communications involving First Nations
Going into production without a feasibility study	Possibility that estimates provided by the prefeasibility study lack precision and that important issues are not raised	The operation of the Croinor Project is low capital Modular buildings are planned and no mill will be built as custom milling is planned
Operating risks related to recruitment and performance of the underground workforce, specifically room-and-pillar miners	Difficulty to achieve scheduled target and increase capital requirement and operating cost	Special care should be taken to hire highly qualified key personal and during contractor selection
Property not serviced by an electric power line	Time required to service the site	Discussion with Hydro-Québec to advance the design of the electric power line extension and initiate related permitting requests

Opportunities on the Croinor Gold property (Table 25.2)

OPPORTUNITIES	Explanation	Potential benefit
Infill and down-plunge exploration drilling	Potential to expand the inferred resources and upgrade inferred resources to the indicated category	Adding indicated resources increases the economic value of the mining project
Eastern and western limits of the host rock diorite and mineralized zones are still open	Potential to expand the eastern and western limits of the deposit	Adding resources increases the economic value of the mining project
Use inert waste rock for upgrading the road to the mine site	Waste rock is a good material for road foundation and for riprap in ditches crossing the access road to the mine; must assess whether waste rock is appropriate for construction	Save on the cost of materials required for upgrading the mine access road
Evaluate possible sale of waste rock if proven suitable for construction work (needs to be near Senneterre)	Inert waste rock may be used for various construction needs; economic activity near Senneterre is mostly from the struggling lumber industry; potential is limited but should be evaluated	Increased revenues; less waste pile reclamation work; potential savings on reclamation work
Potential for Monarques to hire its own manpower to operate the mine	Depending on the situation of other operations in the area, qualified manpower could be available at the time of operations start-up	Potential for improved project economics
SAMS™ mining method	Minrail Shallow Angle Mining System (SAMS™) is designed to safely and economically develop and mine stopes in the 10° to 45° dip range. If the method is proven by underground testing, Minrail claims that the mining cost could be reduced by 45% compared to conventional room-and-pillar mining.	Potential positive impact on project economics*

** Monarques asked Minrail to estimate the cost of testing. Minrail concluded it would cost $9M to dewater the mine and proceed with two test stopes in order to demonstrate the viability of the SAMS™ method. For the purposes of the trial, 30,000 tonnes would be excavated.*

InnovExplo is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant issues that would materially affect the Mineral Reserve Estimate. InnovExplo considers the present prefeasibility study to be reliable and thorough, based on quality data, reasonable hypotheses and parameters compliant with National Instrument 43-101 and CIM Definition Standards for Mineral Resources and Mineral Reserves.

InnovExplo concludes that the Prefeasibility Study presented herein allows the Croinor Gold deposit to advance to the production stage for which the potential viability has been demonstrated.

Recommandation

The results from this Mineral Reserve Estimate and Prefeasibility Study demonstrate that the Croinor Gold property is technically and economically viable and InnovExplo recommends that Monarques Resources continues to advance the project towards production.

InnovExplo recommends a two phase program. The cost of Phase 1 is estimated at $2,355,000. The Phase 1 exploration program includes follow-up drilling. The drilling program will augment the information on the Indicated resources before mining begins. The program should also include the Inferred zone in an effort to convert those resources to Indicated. Included in the program should be a follow-up on the extensions to the east and west, and at depth, in order to increase the extent of the Inferred resources.

Phase 1 focuses on the Mineral Resources and Mineral Reserves and includes the following recommendations:

- Infill and down-plunge exploration drilling aimed at expanding the current resources.
- Update the Mineral Resource Estimate through further drilling.
- Pursue discussions with Hydro-Québec to negotiate an agreement for the connection of the private power line extension to the Hydro-Quebec circuit and advance the design of the power requirement and distribution to the feasibility study stage and initiate related permitting requests.
- Continue to work on general permitting for the project.
- Complete additional engineering work to optimize the mine design and production schedule.
- Evaluate the possibility of applying the mineralized material sorting technology at the Croinor site.
- Carry out an economic analysis to study the option of processing the mineralized material at QMX's Aurbel mill (following circuit modifications) where the material would be processed by direct cyanidation. Implement gravity separation at the selected milling operation if it is not already there.
- Prepare tender documents for the activities to be contracted out.
- Pursue negotiations to finalize agreements for custom milling and ore transportation.

Conditional to positive results from Phase 1, Phase 2 will include additional drilling (30,000 m) targeting on-strike and at depth extensions of zones identified in phase 1. The program should also aim to convert those resources to the Indicated category. The cost of Phase 2 is estimated at $3,300,000. The combined cost of both phases is estimated at $5,655,000.

InnovExplo recognizes that the SAMS^{TM} mining method could have a positive impact on overall project economics if the parameters used to assess the method can be validated by a stoping test. Therefore, InnovExplo recommends that following mine dewatering and rehabilitation, a test stope should be excavated using the SAMS^{TM} method. Once the method is proven to be efficient and cost effective, the mine plan could be revised in order to integrate the method.

A brief breakdown of the approximate cost is presented in Table 26.1.

Proposed Work Program and Budget (Table 26.1)

Phase 1	
Item	**Cost**
Preparation work to advance project towards production	
Electric power line extension feasibility study	$20,000
General permitting for the project	$25,000
Completion of additional engineering work to optimize mine design and production schedule	$110,000
Evaluate the possibility of applying ore sorting technology at Croinor site	$15,000
Economic analysis to study option of processing the mineralized material at the Aurbel mill	$15,000
Preparation of tender documents for work to be contracted out	$15,000
Definition drilling : (approx. 8,000 m at $110/m)	$880,000
Exploration drilling: (approx. 10,000 m at $110/m)	$1,100,000
Update resource estimates	75,000
Property-scale exploration to locate diorite and verify surface outcrops	$100,000
Subtotal Phase 1:	**$2,355,000**
Phase 2	
Exploration drilling (30,000 at $110/m)	**$3,300,300**
Grand Total:	**$5,655,000**

2. INTRODUCTION

At the request of Mr. Jean-Marc Lacoste, President & Chief Executive Officer of Monarques Resources Inc. ("Monarques" or "the issuer"), InnovExplo has been retained to complete a Technical Report ("the report"), and update of the preliminary feasibility study on the Croinor Gold Property in compliance with National Instrument 43-101 and Form 43-101F1. This report is addressed to Monarques Resources Inc., a Canadian exploration company listed on the TSX Venture Exchange (TSXV) under the symbol MQR. InnovExplo is an independent mining and exploration consulting firm based in Val-d'Or (Québec).

The Croinor Gold property is located approximately 70 km northeast of Val-d'Or, Québec.

2.1 Terms of reference

The issuer requested an update of the prefeasibility study dated February 29, 2012 to include the changes in royalties, capital and operating costs, and gold price. InnovExplo has updated the prefeasibility study accordingly.

The specific objectives of the prefeasibility study update were to:

- Revise the capital cost estimate;
- Revise the operating cost estimate;
- Revise the cost and timeframe for the pre-production and production periods;
- Analyze the financial aspects of the project by integrating the new cost estimates, in the modified royalty agreements, and the current price of gold;
- Establish the ore reserves;
- Make recommendations for additional work to advance the project from the development phase to the production phase.

2.2 Principal Sources of Information

The authors' review of the Croinor Gold Property was based on published material as well as the data, professional opinions and unpublished material either submitted by Monarques or requested by InnovExplo to complete the study.

The authors estimated costs using quotes from contractors and suppliers, in-house data, and the information provided in the 2013 volume of Mining Cost Service (with an active subscription to Cost Data Update Services). Mining Cost Service is published by CostMine, a division of InfoMine USA Inc.

The authors have reviewed the data provided by the issuer and/or by its agents. The authors have also consulted other information sources, such as government management databases for assessment work and the status of mining titles.

The authors conducted a review and appraisal of the information used to prepare this report and to formulate its conclusions and recommendations, and believe that such information is valid and appropriate considering the status of the project and the purpose for which the report is prepared. The authors have fully researched and documented the conclusions and recommendations made in the report.

2.3 Qualified Persons and Inspection on the Property

In addition to the principal author, Sylvie Poirier, Eng. (InnovExplo), the other qualified persons responsible for the preparation of this report were: Carl Pelletier, P.Geo., (InnovExplo); Karine Brousseau, Eng. (InnovExplo); Michel Garon, Eng., (WSP); Marc Beauvais, Eng. (Minrail) and Rodrigue Ouellet, Eng. (Golder Associates). Technical support was provided by InnovExplo employees Marie-Claire Dagenais, Eng., Rémi Verschelden, P.Geo., and Serge Morin, Sr Tech. In addition, Bruno Turcotte, P.Geo., of InnovExplo, validated the compliance of the Technical Report with National Instrument 43-101 and Form 43-101F. Linguistic editing was performed by Venetia Bodycomb of Vee Geoservices.

The list below presents the sections for which each qualified person (according to the definition set out in NI 43-101) was responsible:

- Sylvie Poirier: author of sections 3, 15, 16, 18, 19, 22; co-author of sections 1, 2, 21, 25, 26, 27;
- Carl Pelletier: author of sections 5, 7, 8, 9, 10, 11, co-author of sections 1, 2, 25, 26, 27;
- Karine Brousseau: author of sections 4, 6, 12, 14, 23; co-author of sections 1, 2, 25, 26, 27;
- Rodrigue Ouellet: author of section 20; co-author of sections 1, 21, 25;
- Michel Garon: author of sections 13, 17; co-author of sections 1, 25, 26, 27.
- Marc Beauvais: author of section 24.

Sylvie Poirier, Carl Pelletier and Marie-Claire Dagenais have visited the Croinor Gold property on multiple occasions. For the purpose of this Technical Report, Sylvie Poirier visited the property on September 22, 2014.

2.4 Units and Currencies

All currency amounts are stated in Canadian Dollars ($, C$) or US dollars ($US). Quantities are stated in metric units, as per standard Canadian and international practice, including metric tons (tonnes, t) and kilograms (kg) for weight, kilometres (km) or metres (m) for distance, hectares (ha) for area, and grams (g) or grams per metric ton (g/t) for gold grades. Wherever applicable, imperial units have been converted to the International System of Units (SI units) for consistency. A list of abbreviations used in this report is provided in Appendix I.

3. RELIANCE ON OTHER EXPERTS

The authors, Qualified and Independent Persons as defined by National Instrument 43-101, were contracted by the issuer to: (i) study any technical documentation relevant to the report; (ii) update the prefeasibility study on the Croinor gold property dated February 29, 2012; and (iii) recommend a work program if warranted. The authors have reviewed the mining titles, their status, any agreements and technical data supplied by the issuer (or its agents), and any public sources of relevant technical information.

Many of the geological and technical reports for projects in the vicinity of the Croinor Gold property were prepared before the implementation of National Instrument 43-101 in 2001. Although the authors of such reports appear to have been qualified and the information prepared according to standards that were acceptable to the exploration community at the time, in some cases the data are incomplete and do not fully meet the current requirements of NI 43-101. The authors have no known reason to believe that any information used in the preparation of this report is invalid or contains misrepresentations.

The authors relied on reports and opinions from the following persons for information that is not within the authors' fields of expertise.

- Information on royalty agreements, tax attributes available, mining titles and option agreements was supplied by the issuer. InnovExplo is not qualified to express any legal opinion with respect to the property titles or current ownership and possible litigation;
- The after-tax cash flow estimation was completed by Lucie Chouinard, MFisc, CPA, CA, of Samson Bélair/Deloitte & Touche;
- The geomechanical assessment was done by Jane Alcott, MASc, Eng., of InnovExplo;

The authors believe the information used to prepare the report and to formulate its conclusions and recommendations is valid and appropriate considering the status of the project and the purpose for which the report is prepared.

The authors, by virtue of their technical review of the project's exploration potential, affirm that the work program and recommendations presented in the report are in accordance with NI 43-101 and CIM technical standards.

4. PROPERTY DESCRIPTION AND LOCATION

4.1 Location

The Croinor Gold property is located in the Abitibi region, approximately 57 km (about 75 km by road) east of the city of Val d'Or, in the province of Québec, Canada (Fig. 4.1). The approximate geographic centre coordinates of the Croinor Gold property are 77°01'20"W and 48°06'35"N (UTM coordinates: 349530E and 5330425N, NAD 83, Zone 18). The nearest settlement is Louvicourt, 27 km to the west of the property. The property lies in the Haig, Pershing, Tavernier, Tiblemont and Vauquelin townships and within NTS maps sheets 32C/02 and 32C/03. The surrounding land has an altitude of about 325 to 365 metres above mean sea level. The overall Croinor Gold property covers an area of 12,677.3 ha.

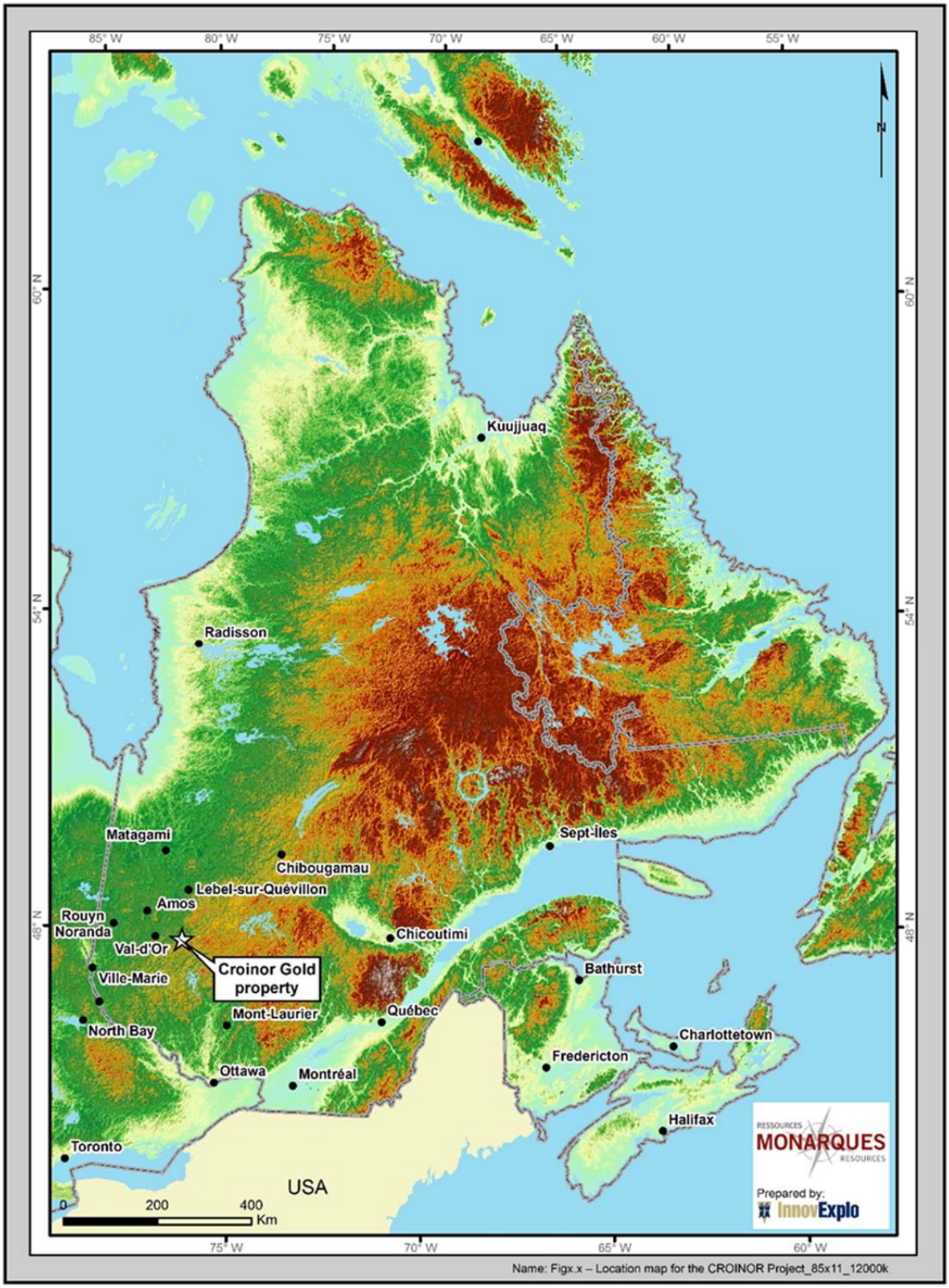

Figure 4.1 – Location of the Croinor Gold property in the province of Québec

4.2 Mining Rights in the Province of Québec

The following discussion on the mining rights in the province of Québec was mostly taken from Guzon (2012), Gagné and Masson (2013), and from the Act to amend the Mining Act (Bill 70; the "Amending Act") assented on December 10, 2013 (National Assembly, 2013).

In the Province of Québec, mining is principally regulated by the provincial government. The Ministère des Ressources naturelles (MRN: Ministry of Natural Resources) is the provincial agency entrusted with the management of mineral substances in Québec. The ownership and granting of mining titles for mineral substances are primarily governed by the Mining Act and related regulations. In Québec, land surface rights are distinct property from mining rights. Rights in or over mineral substances in Québec form part of the domain of the State (the public domain), subject to limited exceptions for privately owned mineral substances. Mining titles for mineral substances within the public domain are granted and managed by the MRN. The granting of mining rights for privately owned mineral substances is a matter of private negotiations, although certain aspects of the exploration for and mining of such mineral substances are governed by the Mining Act. This section provides a brief overview of the most common mining rights for mineral substances within the domain of the State.

4.2.1 The Claim

A claim is the only exploration title for mineral substances (other than surface mineral substances, petroleum, natural gas and brine) currently issued in Québec. A claim gives its holder the exclusive right to explore for such mineral substances on the land subject to the claim but does not entitle its holder to extract mineral substances, except for sampling and in limited quantities. In order to mine mineral substances, the holder of a claim must obtain a mining lease. The electronic map designation is the most common method of acquiring new claims from the MRN whereby an applicant makes an online selection of available pre-mapped claims. In rare territories, claims can be obtained by staking.

A claim has a term of two years, which is renewable for additional periods of two years, subject to performance of minimum exploration work on the claim and compliance with other requirements set forth by the Mining Act. In certain circumstances, if the work carried out in respect of a claim is insufficient or if no work has been carried out at all, it is possible for the claimholder to comply with the minimum work obligations by using work credits for exploration work conducted on adjacent parcels or by making a payment in lieu of the required work. Additionally, it requires a claim holder to submit to the Minister, on each anniversary date of registration of a claim, a report of the work performed on the claim in the previous year. Moreover, the amount to be paid in order to obtain renewal of a claim at the end of its term when the minimum prescribed work has not been carried out now corresponds to twice the amount of the work required. Any excess amount spent on work during the term of a claim can only be applied to the six subsequent renewal periods (12 years in total). Holders of a mining lease or a mining concession will no longer be able to apply any work that is carried out in respect of a mining lease or a mining concession to renewal of claims.

The Mining Act (as amended) now requires a claim holder to notify the owner, the lessee, the holder of an exclusive lease to mine surface mineral substances and the local municipality where the claim is located within 60 days after registering its claim. A claim holder must also notify the municipality and landowner of work to be carried out on its claim at least 30 days before performing the work.

4.2.2 The Mining Lease

Mining leases and mining concessions are extraction (production) mining titles which give their holder the exclusive right to mine mineral substances (other than surface mineral substances, petroleum, natural gas and brine). A mining lease is granted to the holder of one or several claims upon proof of the existence of indicators of the presence of a workable deposit on the area covered by such claims and compliance with other requirements prescribed by the Mining Act. A mining lease has an initial term of 20 years but may be renewed for three additional periods of 10 years each. Under certain conditions, a mining lease may be renewed beyond the three statutory renewal periods.

The Mining Act (as amended) states that an application for a mining lease must be accompanied by a project feasibility study as well as a scoping and market study as regards processing in Québec. Holders of mining leases must then produce such a scoping and market study every 20 years. The Amending Act adds, as an additional condition for granting a mining lease, the issuance of the certificate of authorization under the Environment Quality Act. The Minister may nevertheless grant a mining lease if the time required to obtain the certificate of authorization is unreasonable. A rehabilitation and restoration plan must be approved by the Minister before any mining lease can be granted. In the case of an open-pit mine, the plan must contain a backfill feasibility study. This last requirement does not apply to mines in operation as of December 10, 2013. The Amending Act sets forth that the financial guarantee to be provided by a holder of a mining lease be for an amount that corresponds to the anticipated total cost of completing the work required under the rehabilitation and restoration plan.

4.2.3 The Mining Concession

Mining concessions were issued prior to January 1, 1966. After that date, grants of mining concessions were replaced by grants of mining leases. Although similar in certain respects to mining leases, mining concessions granted broader surface and mining rights and are not limited in time.

A grantee must commence mining operations within five years from December 10, 2013. As is the case for a holder of a mining lease, a grantee may be required by the government, on reasonable grounds, to maximize the economic spinoffs within Québec of mining the mineral resources authorized under the concession. It must also, within three years of commencing mining operations and every 20 years thereafter, send the Minister a scoping and market study as regards processing in Québec.

4.2.4 Other Information

The claims, mining leases and concessions, exclusive leases for surface mineral substances and the licences and leases for petroleum, natural gas and underground

reservoirs obtained from the MRN may be sold, transferred, hypothecated or otherwise encumbered without the MRN's consent. However, a release from the MRN is required for a vendor or a transferee to be released from its obligations and liabilities owing to the MRN related to the mine rehabilitation and restoration plan associated with the alienated lease or mining concession. Such release can be obtained when a third party purchaser assumes those obligations as part of a property transfer. For perfection purposes, the transfers of mining titles and grants of hypothecs and other encumbrances in mining rights must be recorded in the register of real and immovable mining rights maintained by the MRN and other applicable registers.

Under the Amending Mining Act, a lessee or grantee of a mining lease or a mining concession, on each anniversary date of such lease or concession, must send the Minister a report showing the quantity and value of ore extracted during the previous year, the duties paid under the Mining Tax Act and the overall contributions paid during same period, as well as any other information as determined by regulation.

4.3 Mining Titles and Claim Status

Claim status for the Croinor Gold property was supplied by Jean-Marc Lacoste, president and CEO for Monarques Resources Inc. InnovExplo verified the status for all claims using GESTIM, the Québec government's online claim management system at: https://gestim.mines.gouv.qc.ca/MRN_GestimP_Presentation/ODM02201_menu_base.aspx. All mining titles are in good standing according to the GESTIM database.

4.3.1 Mining Titles

The Croinor Gold property consists of two (2) non-contiguous blocks of 297 claims and one mining lease covering an aggregate area of 12,677.3 ha (Fig. 4.2). All the mining claims and the mining lease are registered 100% in the name of X-Ore Resources Inc. Monarques Resources Inc. is the owner of 99.99% of X-Ore shares. A detailed list of mining titles is provided in Appendix II. Appendices VIII to XI relate to ownership changes.

The Croinor Gold property was formed by the amalgamation of the former Croinor (Monarques Resources), Bel-Rive and Lac Tavernier properties (X-Ore) and Croinor-Pershing (X-Ore and Critical Elements Corporation).

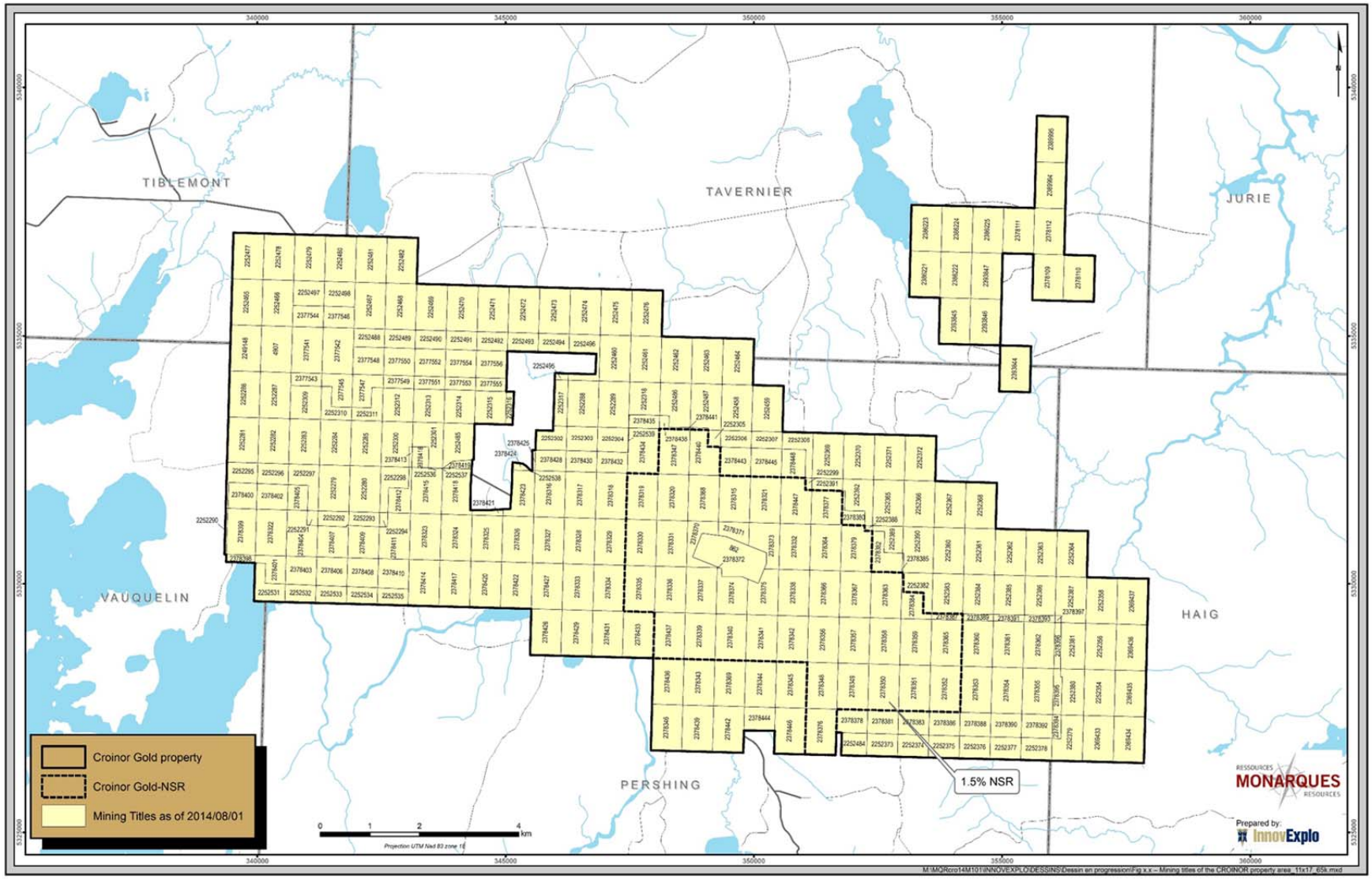

Figure 4.2 – Claim map of the Croinor Gold property

4.3.2 Ownership History

The Croinor showing was staked around 1944 after being discovered around 1940 probably by prospector Fred Thompson. It then became property of Croinor Pershing Mines Ltd. Between 1944 and 1948, a shaft was sunk followed by drifting and stoping. Mining ceased around 1948.

In 1953, control of the property was passed to Little Long Lac Ltd (Perron Gold Mines Ltd). The company did surface drilling only to maintain claims in good standing.

In 1963, the property was sold to Lauren Holdings (R. Coggan) but no work was done and the claims were allowed to lapse.

The ground became available around 1967 and was staked by F. Corcoran, D. Agar and other prospectors. There was considerable litigation regarding ownership of the ground which was in the meantime staked by the Crown. Eventually, the most significant claim, containing the shaft, the ore dump and most of the development area, was granted to Corcoran and Agar. The only royalty left today regarding the Croinor Gold property is still held by Corcoran's and Agar's successions.

Between 1967 and 1972, Agar and Corcoran conducted limited work (magnetometer, EM and sampling).

In 1973, Les Mines Abigold Inc. acquired the property from Croinor Pershing Mines.

In 1979, the property was jointly acquired by Onaping Resources Limited, Spooner Mines and Oils Ltd and Dominion Explorers Ltd underground mining operations commenced.

In 1983, Sullivan Mines Ltd optioned the property to acquire a 50% interest by spending $1.4 million. Onaping Resources and Dominion Explorers shared the remaining interest with a 25% interest each. The reorganization of Onaping Resources saw Dominion Explorers acquire 50% of the property.

From 1987 to 1989, Cambior Inc. optioned the property from Dominion Explorers.

From 1996 to 1997, Goldust Mines Ltd became owner and extracted around 50,000 metric tons of ore at average grade of 3.4 g/t Au. Goldust Mines later changed its name to Huntington Exploration Inc.

In September of 1997, Huntington Exploration granted an option to Exploration Malartic Sud Inc. to earn a 100% interest in the property.

The option was completed by May of 2004 and in September of that same year Huntington Exploration transferred all its rights in the former Croinor property to Exploration Malartic Sud.

In April of 2007, Exploration Malartic Sud changed its name to X-Ore Resources Inc.

On January 19, 2010, Blue Note Mining Inc. proceeded with the acquisition of X-Ore through its amalgamation of two companies, X-Ore Resources and 9216-4706 Québec Inc., a wholly-owned subsidiary of Blue Note Mining.

On July 19, 2010, Blue Note Mining and First Gold Exploration Inc. announced that they had entered into a binding agreement regarding the acquisition by Blue Note Mining of First Gold Exploration's interests in the former Croinor property. That agreement included the Croinor mining lease and the claims forming the former Croinor property.

On January 16, 2012, Blue Note Mining and Critical Elements Corporation ("CEC", formerly First Gold) reported they had agreed to extend the term of the binding agreement announced on July 19, 2010 providing for the acquisition by Blue Note Mining of all of CEC's interests in the former Croinor property.

Under the terms of this agreement, Blue Note Mining had until March 31, 2012, or such other later date as mutually agreed by Blue Note Mining and CEC, to make a final payment of $2.25 million to complete the transaction. In addition, Blue Note Mining had to issue 17.5 million common shares to be held in escrow, to be released at a rate of 500,000 shares per month over 35 months from the date of closing. The transaction included CEC's 71% ownership in the Matchi-Manitou property.

The 50/50 Croinor joint operatorship remained in effect until the date of closing. In the meantime, CEC was exempted from participating in any cash calls until such date.

At that time and prior to this binding agreement, four (4) different option agreements had been signed regarding claims that constituted the former Croinor property. Two of those four option agreements affected the mining lease (BM 862) on which the Croinor deposit is located. These agreements are no longer in effect. They have been replaced by a new 1.5% royalty (see section 4.5).

In September of 2013, Monarques Resources Inc. acquired the Tex-Sol, Belcourt, Lac Tavernier and Bel-Rive properties from X-Ore at a purchase price of $25,000. These properties are free of encumbrance.

In May of 2014, Blue Note Mining and its wholly-owned subsidiary X-Ore accepted a proposal under the Bankruptcy and Insolvency Act of Canada in which Monarques subscribed to 9,999 ordinary shares of X-Ore (99.99% of all the X-Ore common shares issued and outstanding). The agreed subscription price for such shares consisted in $110,000 and 1,455,000 common shares of Monarques. PricewaterhouseCoopers Inc. was appointed as the trustee. The 1,455,000 common shares of Monarques are escrowed for the six-month period following the closing of the X-Ore Transaction, and in accordance with the applicable securities regulations, was subject to a hold period of four months and one day that expired on September 13, 2014.

At the same time, Monarques completed the acquisition of the other undivided 50% interest in the former Croinor property from CEC. In consideration of this acquisition, Monarques issued 500,000 common shares of its share capital to CEC at a deemed

price of $0.15 per common share, and transferred the rights to its mineral properties in the James Bay area to CEC.

By completing these transactions, Monarques acquired a 100% interest in the Croinor and Croinor Pershing properties.

On June 26, 2014, Monarques decided to consolidate the properties recently acquired from X-Ore into one large property. The Croinor Gold property was formed by amalgamation of the former Croinor, Croinor-Pershing, Lac Tavernier and Bel-Rive properties.

On July 21 2014, all the Croinor Gold property claims still registered in the name of Monarques were transferred to X-Ore, Monarques' 100%-owned subsidiary.

Appendices VIII and IX to XI presents the legal documents for the different transactions of the former Croinor property and Croinor Gold property through the years.

4.4 Agreements and Encumbrance

There are no underling agreements or encumbrance related to the Croinor Gold property other than the royalties described in section 4.5.

4.5 Royalties

In early 2013, Monarques started a procedure to cancel all former royalties tied to the claims and mining lease forming the property (see Appendices V to VII). A new royalty agreement was signed in February of 2014 between Monarques and beneficiaries of the estates of F.D. Corcoran and David D. Agar. This agreement consolidates the former royalties by leaving a 1.5% net smelter return (0.75% to each beneficiary) on forty-four (44) mining claims and the mining lease. Half of the total royalty (0.75% NSR) can be bought back for C$500,000. The new royalty agreement and its amendment are provided in appendices III and IV.

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

5.1 Accessibility

The Croinor Gold property is situated at the junction of the Pershing, Vauquelin, Tiblemont, Tavernier and Haig townships, roughly 55 km east of Val-d'Or (75 km by road), and is part of the municipality of Senneterre.

From Val-d'Or, access is afforded by the Trans-Canada Highway (Route 117) from the village of Louvicourt. Then, at the intersection of St-Felix River and Route 117, approximately 8 km south of Louvicourt, a gravel road leads north over a distance of 25 km to Lake Blanchin. This lake extends across the southern property limit (Fig. 5.1). Existing roads to the site need upgrading to support vehicle travel to and from the site, including the offsite transportation of ore for processing. A 13-km segment of the gravel road requires major maintenance. It is also possible to access the project from Senneterre via a gravel road leading south. Numerous trails (snowmobile, ATV) and roads that lead to hunting camps and cottages on Lake Blanchin run through the project area. Ponds and several creeks also cut through the area. Lake Blanchin and Vauquelin Bay represent the most important waterways. The nearest power line is linked to the former Chimo mine 20 km south of the property.

5.2 Climate

The region is under the influence of a continental climate marked by dry, cold winters and hot, damp summers. The average temperature for July is 17.1°C, whereas January temperatures hover around -17°C. Mean annual temperatures are 12°C. The registered record temperatures were a low of -43.9°C and a high of 36.1°C. There is an average of 209 days of frost. Historical records of annual precipitation rates indicate a mean rainfall of 954 mm in the Val-d'Or region. Most of the rain is in September with an average of 101.5 mm, although the heaviest individual rainfalls (precipitation per 24-hour period) have been recorded in July, including one of 68 mm. Snow accumulates from October to May with a peak between October and March. The average accumulation for this period, expressed as a water equivalent, is 54 mm.

5.3 Local Resources

The city of Val-d'Or (population 35,000) is the closest major service community. Both skilled and general workforces are readily available. Several operations and mills are currently active in the area. Suppliers, contractors, consulting firms and competent workers are available locally. An outfitter is also located about 10 km south of the Croinor Gold property.

5.4 Infrastructure

The Croinor deposit is serviced by a ramp measuring 300 m long by 4 m high by 4.5 m wide (4 m x 4.5 m) extending to level 125 (38 m), and by a 3-compartment shaft 195 m deep. Development was completed on four (4) levels: 496 m on level 125; 560 m on level 250; 233 m on level 375; and 730 m on level 500. Approximately 320 m of raise development was also completed. The Croinor mine is currently flooded to

the portal entrance. A photograph of the portal is presented on Figure 5.2 and the underground existing infrastructure is illustrated in Figure 5.3.

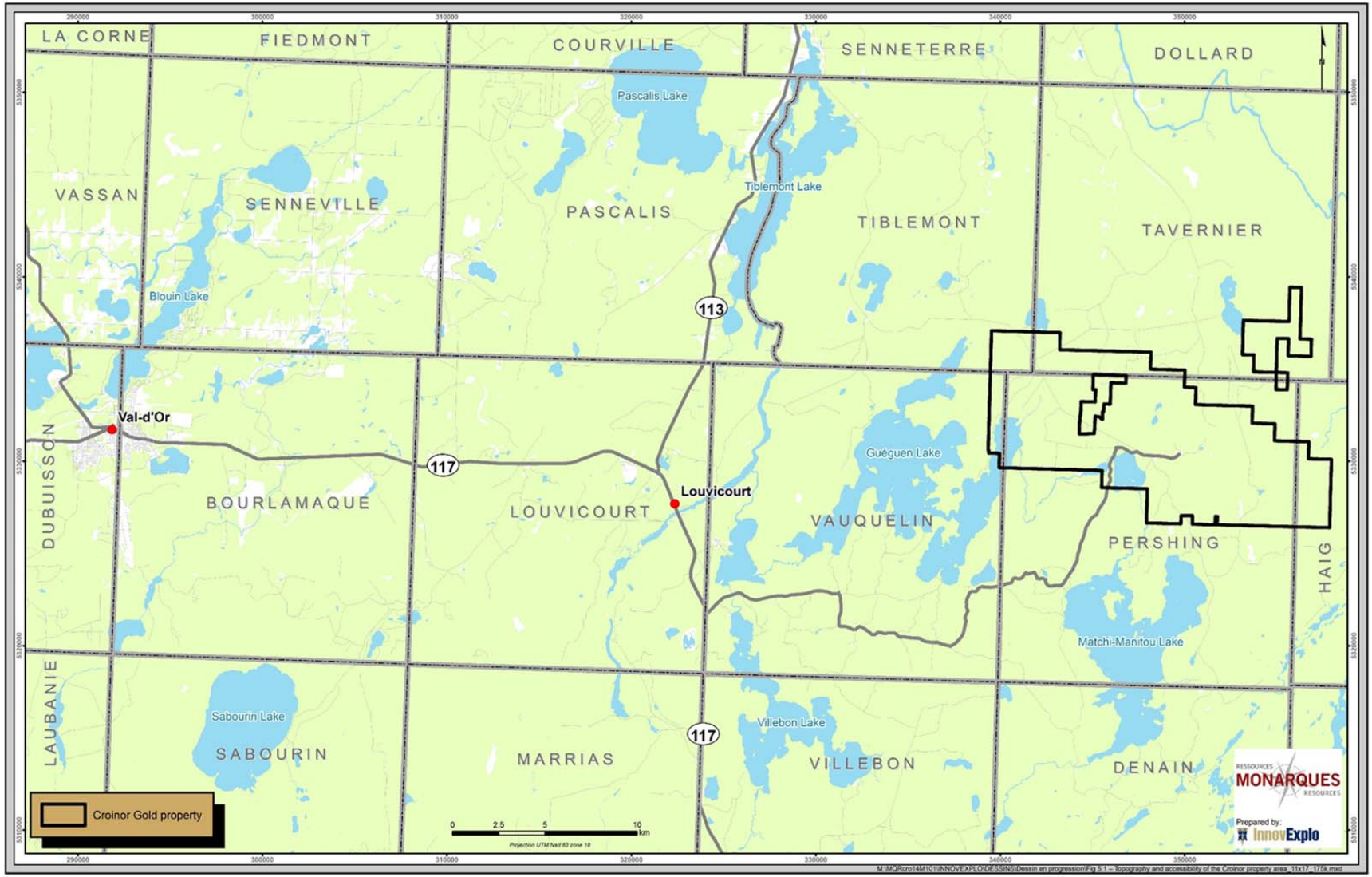

Figure 5.1 – Topography and accessibility of the Croinor Gold property

Figure 5.2 – Portal entrance

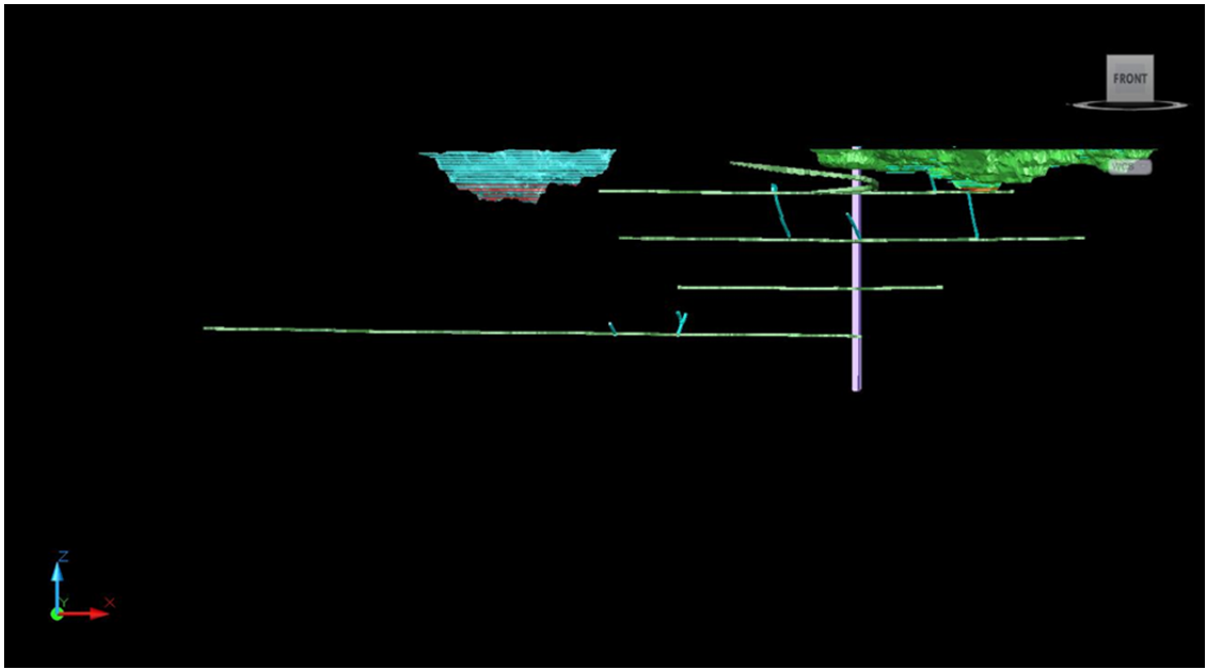

Figure 5.3 – Existing Croinor mine infrastructure

A single arch-type garage (Fig. 5.4) was erected on a concrete slab and is still present. The structure is in good condition and would need to be refurbished to be used for equipment maintenance. A concrete pad is also present next to the garage.

Figure 5.4 – Croinor garage

A settling pond (60 m x 60 m) is present on the site (Fig. 5.5), but would require cleaning and stabilization work before it could be used again.

Figure 5.5 – Settling pond

5.5 Physiography

The property is marked by a low relief consisting mainly of poplar and evergreen forests, swamps and glacial drift. Several outcropping areas are found on the property. The property is predominantly covered by swamps in the western and northeastern parts. Water from the property generally drains into a creek flowing into Lake Blanchin. The latter drains into Marquis River and then into Vauquelin Bay of Guégen Lake, and from there into Simon Lake. Waters from Simon Lake flow north by Villebon Creek, traverse Sleepy Lake and Tiblemont Lake, and finally flow into Bell River.

6. HISTORY

In order to facilitate the description of exploration and mining activities surrounding the Croinor Gold property, this section was divided into four parts representing the property's former subdivisions (Fig. 6.1).

6.1 Croinor

This part was modified from Poirier et al., 2012.

Pershing Township has been explored since the early 1930s. The Croinor deposit was discovered in 1940, probably by a prospector named Fred Thompson. Several companies subsequently conducted exploration on the property. The work on the Croinor deposit can be subdivided into four main periods:

- 1944-1948: Surface and underground drilling, shaft sinking (three compartments), and the development of 2,020 metres of drift on four levels by Croinor Pershing Mines Ltd;
- 1979-1989: Rehabilitation of the shaft, driving of a ramp, and both surface and underground drilling by Onaping Resources Ltd followed by Sullivan Mines Inc. and then Cambior Inc.;
- 1996-1997: Open pit mining and custom milling of more than 51,000 tonnes by Goldust Ltd;
- 1998-2003: Trenching, surface drilling, and completion of a 20,000-tonne bulk sample by Exploration Malartic-Sud Inc.

Table 6.1 summarizes the previous work on the Croinor property and Table 6.2 summarizes the production history of the project. Table 6.3 lists the results of all previous resource estimates for the deposit since 1948.

Table 6.1 – Summary of previous work on the former Croinor property (modified from Marchand, 2004 and Chénard and Turcotte, 2003 and all references therein.)

Year	Company	Work	Results	References
1939-43	Berthiaume option: Consolidated Mining & Smelting Company	Geology report Diamond drilling Longitudinal projection	Discovery of Croinor deposit	Ingham, 1944b; Ross, 1940a,b; Asbury, 1939.
1944-48	Midd Pershing Mines Ltd; Croinor Pershing Mines Ltd	**11,215 m** of drilling (surface) Sinking of 195-m shaft **5,588 m** of underground drilling	457 m mineralized zone grading 9.9 g/t Au with average width of 4.1 m	Ingham, 1945b, 1947; James and Buffam, 1948; Consolidated Mining and Smelting of Canada Ltd, 1947; Ingham, 1944c,d,e, 1945,1948; Ingham and Parliement, 1945; Croinor Pershing Mines Ltd, 1948; Gaudreau et al., 1988
1949-78	Croinor Pershing Mines; Perron Gold Mines Ltd; Camflo Mattagami	Diamond drilling Trenching Sampling 9,979 t bulk sample	[1] 9,979 t @ 3.7 g/t Au (1,187 oz) (bulk sample) with recovery of 95%	Croinor Pershing Mines Ltd, 1960; Meikle, 1963; Dallaire, 1968;

Year	Company	Work	Results	References
	Mines Ltd; Anaconda American Brass Co; F. Corcoran; Les Mines Abigold Inc.			Ouellet, 1968; Rehfeldt, 1969; Agar, 1973a,b; Brown and Schaaf, 1974; Woodard, 1974; Bergmann, 1975; Brown, 1975b, 1976
1979-82	Onaping Resources Ltd; Spooner Mines and Oils Ltd; Dominion Explorers Ltd	17,505 m surface diamond drilling Rehabilitation of the shaft Sinking of 395-m raise	Work interrupted in 1982 due to weak gold price	Hill, Goettler, Delaporte Ltd, 1982
1983-86	Sullivan Mines Inc.; Dominion Explorers Ltd	• **5,230 m** of drilling (underground) **10,215 m** of drilling (surface) Dewatering of shaft, mapping and sampling Bulk sampling	(1) 1,700 t @ 1.47 g/t Au (93 oz) (bulk sample) with a recovery of 86% (1) Resource estimate (Sullivan): 385,978 t @ 5.5 g/t Au (68,252 oz) (1) Resource estimate (Dominion): 840,658 t @ 6.0 g/t Au (162,167 oz)	Duhaime, 1986; Depatie, 1983; Laforest, 1983
1987-89	Cambior Inc.; Dominion Explorers Ltd	**10,475 m** of drilling (142 holes) Trenching, mapping and channelling Metallurgical tests	Extended depth of mineralized zone (1) Resource and reserve estimates: Open pit mineable reserves: 55,820 t @ 5.6 g/t Au (10,050 oz) Underground reserves: 148,206 t @ 7.4 g/t Au (35,260 oz) Total resources: 863,568 t @ 8.0 g/t Au (222,115 oz)	In-house documents from Cambior
1996-97	Goldust Ltd	Open-pit mining (ore to waste ratio of 1:8.5)	(1, 2) Amount extracted: 51,010 t @ 3.40 g/t Au (5,536 oz)	Internal reports; Imbeau, 1998
1998-99	Exploration Malartic-Sud Inc.	Line cutting: 34 km Ground geophysics: Mag/EM, 200-m spacing (east part of the deposit) • 2,150 m of drilling (9 holes) Assessment report	Geophysical maps	Internal report; Imbeau, 1999; Gaudreault, 1997 (Géologica)
1999	Exploration Malartic-Sud Inc.	Geophysics: magnetic and HEM/MaxMin survey Trenching – 16 trenches in total	Discovery of trench T13 showing: 1.93 g/t Au	Lapointe, 1999
2000	Exploration Malartic-Sud Inc.	Trenching between sections 500W and 900W Resource evaluation by Géostat • 6,000 m of drilling (52 holes)	(1) Resource and reserve estimate (Géostat - SGI): 2.8 Mt @ 2.94 g/t Au	Internal report; SGI, 2000
2001	Exploration Malartic-Sud Inc.	Trenching • 4,087 m of drilling (58 holes)	Metallurgical testing Geological modelling	Internal reports
2002	Exploration Malartic-Sud Inc.	Line cutting (170 km) Ground geophysics (IP) over 154.7 km	New geological and metallogenic model	Internal reports; Bérubé and Dubois, 2002

Year	Company	Work	Results	References
		• 14,137 m of drilling (121 holes)		
2003	Exploration Malartic-Sud Inc.	□ Trenching (11 sites = 5,720 m^2) • 18,265 m of drilling (162 holes) □ Dewatering and surveying of Goldust pit □ Metallurgical tests on drill core □ New mineral inventory □ 20,000 t bulk sample □ Line cutting (33 km), IP survey (31 km), Mag survey (195 km) □ Geological prospecting □ Re-interpretation of metallogenic model and new geological model	□ (1) New mineral inventory: 2.5 Mt @ 3.46 g/t Au	Internal reports; Saucier, 2003 (Met-Chem) Chénard and Turcotte, 2003
2004	Exploration Malartic-Sud Inc.	□ Geophysical surveys (IP and Mag) over western portion of property □ Drilling of Bug Lake and Trench #2 area □ Mining of the Centre pit	□ Many conductors identified □ Bug Lake 2.76 g/t Au over 22.9 m; 2.96 g/t Au over 12 m; 2.86 g/t Au over 8.3 m. □ Trench #2: Discovery of new structure in tuffs (3.84 g/t Au over 3 m) • (1) Milled from Centre pit: 30,760 t @ 2.2 g/t Au for 2,044 oz	Internal reports; reports filed with the MRNFP; Marchand, 2004 Pelletier & Boudrias, 2005 (NI 43-101 Technical Report)
2005	Exploration Malartic-Sud Inc.	• Mining of the West pit • New mineral resource estimate (InnovExplo)	• (1) Milled from West pit: 24,363 t @ 5.0 g/t Au for 3,834 oz • (2) New mineral resource estimate: 620,218 t @ 10.37 g/t Au for 206,792 oz; Measured and Indicated categories	Pelletier & Boudrias, 2005 (NI 43-101 Technical Report)
2007-2008	First-Gold Inc.	• 12,914 m of drilling	□ Numerous economic grade intercepts	Internal reports
2009	First-Gold Inc.	• New mineral resource estimate and 43-101 technical report (P. O'Dowd) • Scoping study (F. Chabot, Golder Associates)	• New mineral resource estimate: 814,228 t @ 9.11 g/t Au @ 238,414 oz; Measured and Indicated categories.	O'Dowd, 2009 (NI 43-101 Technical Report); Chabot, 2009 (NI 43-101 Technical Report)
2010-2012	Blue-Note Mining Inc. and X-Ore Resources Inc.	• 2,789 m of drilling in 2010 • Technical Report and Prefeasibility Study for the Croinor Project (InnovExplo) August 2010 • 3D-IP geophysical field work, 2010 • 7,198 m of drilling in 2011 • Updated Resources for the Croinor Project (InnovExplo) in May 2011	• 2010 Drilling results: 11.81 g/t Au over 7.5 m; 10.50 g/t Au over 6.7 m; 29.30 g/t Au over 5.7 m; 78.15 g/t Au over 1.0 m • NI 43-101 compliant technical report and prefeasibility study using data from O'Dowd 2009 • Targets generated based on results of 3D-IP survey • 2011 drilling results: 15.11 g/t Au over 4.10 m 17.63 g/t Au over 4.30 m 5.28 g/t Au over 5.19 m • New mineral resource estimate: 506,700 t @ 10.66 g/t Au for 173,700 oz Au;	Poirier et al. 2010 (NI 43-101 Technical Report) Poirier et al. 2010 (NI 43-101 Technical Report) Perkins and Bérubé, 2010 Poirier et al., 2011 (NI 43-101 Technical Report) Gomwe and Pelletier, 2011

Year	Company	Work	Results	References
		• Update of the Prefeasibility by InnovExplo (Poirier 2011), June 2011 • Prefeasibility Study for the Croinor Project (InnovExplo), February 2012 • Preliminary Economic Assessment for the Croinor Project (InnovExplo), April 2012	Measured and Indicated categories.	Poirier and Ouellet., 2012a (NI 43-101 Technical Report) Poirier and Ouellet, 2012b (NI 43-101 Technical Report)

1 *These "resources" and/or "reserves" are historical in nature and should not be relied upon. They are included in this section for illustrative purposes only and should not be disclosed out of context.*
2 *Conflicting data exist for this mining period. The numbers presented here are from Chénard and Turcotte (2003), which were taken from the Aurbel mill schedule from March 6, 1997 to April 29, 1997.*

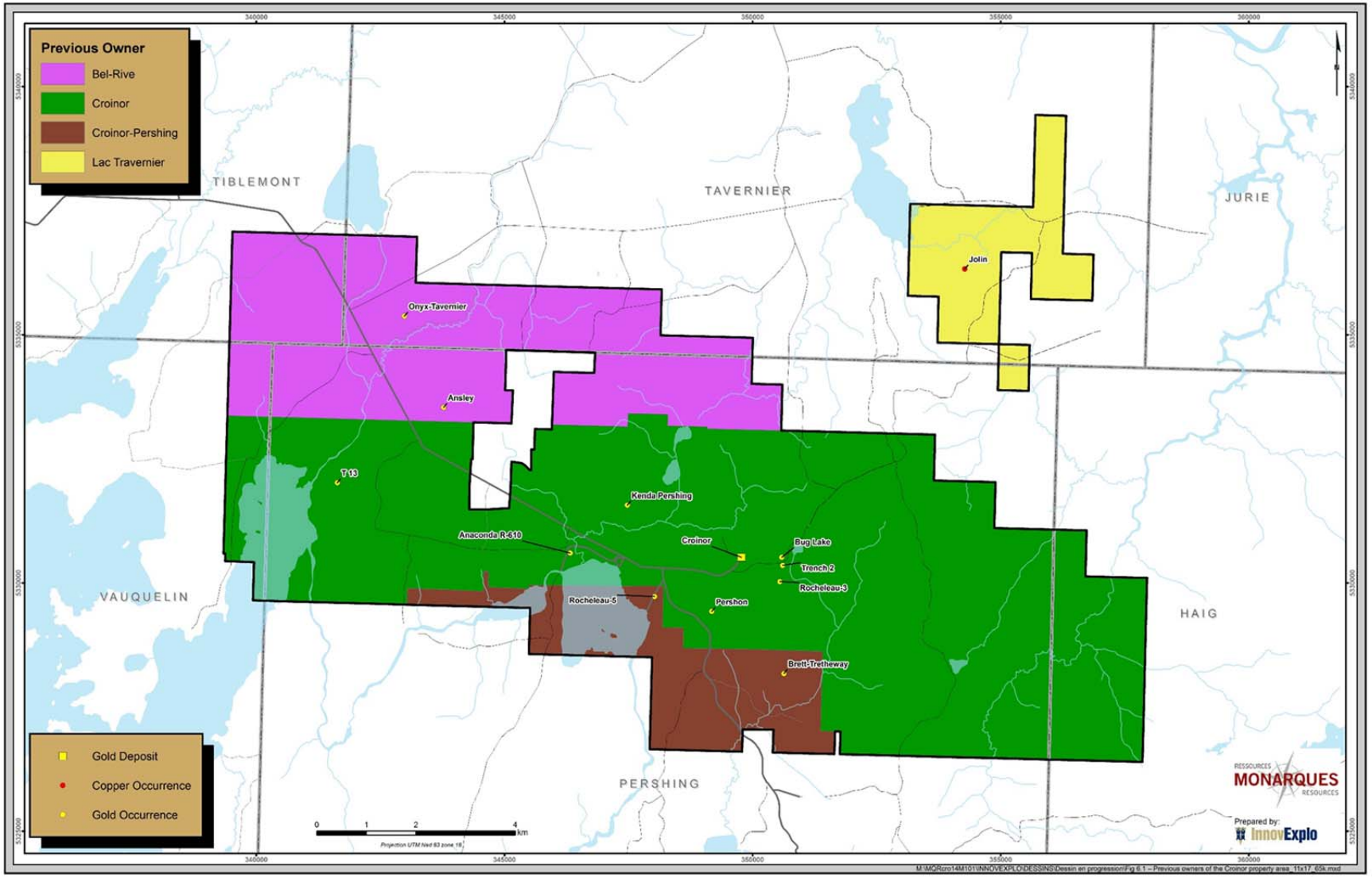

Figure 6.1 – Former subdivisions and gold occurrences of the Croinor Gold property

Table 6.2 – Past production on the Croinor Gold Proprety

Production	Tonnes (t)	Grade (g/t)	Recovered ounces
Surface production			
Goldust Ltd (1996-1997)	51,010	3.4	5,536
Bulk sampling (2003-2004)	20,629	3.1	2,056
Centre pit (2004)	30,760	2.2	2,044
West pit (2004-2005)	24,363	5.4	3,834
Subtotal	**126,762**	**3.4**	**13,470**
Underground production			
Croinor (1949-78)	9,979	3.7	1,187
Sullivan Mines Inc. (1983-86)	1,700	1.5	93
Subtotal	**11,679**	**3.4**	**1,280**
Total	**138,441**	**3.3**	**14,750**

**These "resources" and/or "reserves" are historical in nature and should not be relied upon. They are included in this section for illustrative purposes only and should not be disclosed out of context.*

Table 6.3 – Historical resource estimates on the Croinor deposit

YEAR	COMPANY	METHOD	TONNAGE (metric tons) Diluted	GRADE (g/t)	% Dilution
1948*	James & Buffam	-	107,047	7.54	15% to 1.02 g/t
1973*	Middleton BM Abigold	-	399,161	9.25	15% to 0 g/t
1974*	Schaaf & A./ Abigold Inc.	-	259,554 (ND)	7.88	
1976*	Brown, P.K./ Abigold Inc.	-	308,442 (ND)	7.88	
1982*	Page, C.E./ Harbinson G.	-	667,518	7.2	29% to 1.02 g/t
1982*	Hill, Goet. & De Laporte	-	577,651	6.51	21%
1982*	Geol. Dept. / Durham	-	240,113 (ND)	10.28	
1983*	Laforet / Minexpert	-	842,266	5.58	20% to 0.68 g/t
1984*	Veilleux CA/Sullivan	-	386,591	4.8	20% to 0 g/t
			1,014,035	5.55	
1984*	Page, C.E./ Onaping cross-sections	-	702,886	6.17	20% to 0 g/t
1984*	Taylor MS/H.G. & D. (H,G & DL)	-	863,567	7.88	0.457 m of the wall
1988*	Bérubé, M./ Cambior Inc.	-	479,414	6.51	
2000*	Systèmes Geostat International	Block Model (1/D2)	279,400	2.94	None
2001*	Systèmes Geostat International	Block Model (1/D2)	4,622,804	2.06	None
2003*	Malartic-Sud (Chénard/Turcotte)	Block Model (1/D2)	2,501,405	3.46	None
2003*	Met-Chem (Saucier)	Block Model (1/D2)	2,501,405 (M+I)	3.46	None
2005	InnovExplo (Pelletier/Boudrias)	Polygonal/ cross section	620,218 (M+I ND)	10.37	None
2009	O' Dowd, P.	Polygonal/ cross section	814,228 (M+I ND)	9.11	None
2011	InnovExplo (Gomwe/Pelletier)	Block Model (1/D6)	506,700 (M+I ND)	10.66	None

M+I = Measured and Indicated; ND = not diluted

** These "resources" and/or "reserves" are historical in nature and should not be relied upon. They are included in this section for illustrative purpose only and should not be disclosed out of context.*

Several showings have also being discovered over the years within the former Croinor property and in the area surrounding the Croinor deposit. These mineral occurrences are listed and described in the SIGEOM database (http://sigeom.mrn.gouv.qc.ca/signet/classes/I1102_index). The following paragraphs provide brief descriptions (Fig. 6.1).

Croinor-Trench 2

This mineral occurrence was discovered by diamond drilling and trenching in 2001. The gold mineralization lies 600 metres ENE of the Croinor deposit and about 250 metres north of the hosting diorite. The gold values are located in intensely sheared (N290, dipping moderately north) mafic volcanics that are intruded by quartz-feldspar

porphyries and injected by quartz-tourmaline veins. Brecciated and pyritized areas contain the high gold values. As reported by Carrier (2002b), Chénard (2004) and Marchand (2004), the best assay results were: 5.6 g/t Au over 1.2 m (hole CR-01-46), 6.2 g/t Au over 1.5 m (hole CR-02-04), 13.0 g/t Au over 0.5 m (hole CR-02-06) and 5.0 g/t Au over 1.1 m (hole CR-2-07).

Bug Lake Area

This mineralized area was found in 2003, 700 metres NE of the Croinor deposit and 150 metres north of Trench 2. Gold mineralization is hosted by mylonitic rocks (mafics) where disseminated pyrite is associated with quartz-tourmaline veining. A grab sample collected from an old trench returned 1.13 g/t Au. Channel sampling from a new stripping assayed 2.72 g/t Au over 1.0 m and 1.15 g/t Au over 0.7 m. Later drill holes confirmed underground extensions of the mineralization (Carrier, 2002b; Chénard, 2004; Marchand, 2004):

- 1.34 g/t Au over 23.5 m including 4.60 g/t Au over 3.50 m and 3.44 g/t Au over 3.0 m (CR-03-276);
- 1.76 g/t Au over 24.20 m including 2.87 g/t Au over 12.0 m (CR-04-288);
- 2.76 g/t Au over 22.90 m including 11.34 g/t Au over 4.0 m (CR-04-289);
- 2.31 g/t Au over 11.9 m including 3.81 g/t Au over 4.30 m (CR-04-304);
- 1.93 g/t Au over 30.10 m including 2.94 g/t Au over 15.60 m (CR-04-307).

Pershon

This mineralized occurrence was found in 1939 and is located 1200 metres SW of the Croinor deposit. The mafic volcanics hosting the gold values are intensely sheared, carbonated and locally contain up to 40% graphite. The disseminated mineralization consists of pyrite, pyrrhotite and arsenopyrite. The best drill intersections are (Duhaime, 1986):

- 6,51 g/t Au over 2,28 m (hole 14, Pershon M.L., 1945);
- 3,05 g/t Au over 0,91 m (hole SC-86-02);
- 4,07 g/t Au over 0,76 m (hole SC-86-06);
- 2,37 g/t Au over 1,61 m (hole SC-86-07)

Rocheleau-3 (Trench 3)

The Rocheleau-3 mineralized occurrence was discovered by trenching in 1986 (Trench 3 from the Croinor workings). It is located about 1 kilometre SE of the Croinor deposit. Basaltic volcanics are intruded by numerous porphyry dykes and by the Croinor diorite. The gold mineralization is found mainly on the southern fringe of the Croinor diorite but also in surrounding lithologies when quartz veining is present. The best results are (Carrier, 2002b):

- 8.6 g/t Au, 2.9 g/t Au and 2.7 g/t Au; grab samples from MB-87-52 (Rocheleau et al., 1987)
- 15.4 g/t Au, 15.6 g/t Au, 16.1 g/t Au and 21.7 g/t Au (Carrier, 2002b);
- 2.6 g/t Au over 3.4 m (hole CR-02-09); 2.2 g/t Au over 7.0 m (hole CR-02-14); 1.3 g/t Au over 4.6 m (hole CR-02-20); 1.3 g/t Au over 6.8 m (hole CR-02-21)

Rocheleau-5

Report MB-87-52 by MRNFP (Rocheleau et al., 1987; see showing 1 in Fig. 28a and Table 4a) documents an intercept grading 13.72 g/t Au over 0.34 m in a historical drill hole from the mid-1940s. Subsequent holes (PE-01-01 and -02) cut 1.4 g/t Au over 0.4 m and 1.0 g/t Au over 3.4 m, including 3.5 g/t Au over 0.3 m (Carrier, 2002a and 2002b). More recently and about 400 metres to the northwest, hole V-88-57 cut 5.09 g/t Au over 1.5 m (Gagnon and St-Onge, 1988).

T 13

The T 13 occurrence was found by trenching in 1999. It is located 500 metres east of the end of St-Vincent River in Lake Guéguen. A grab sample taken from a quartz-tourmaline lens cutting across locally graphitic garnet schist returned a value of 1.933 g/t Au (Lapointe, 1999).

Kenda Pershing

This mineral occurrence, found in 1945, is located about 2.5 kilometres northwest of the Croinor deposit and 1.2 kilometres NNE of Lake Blanchin. Like most gold occurrences along strike with the Croinor deposit, it is hosted by mafic volcanics cut by diorite dykes and feldspar porphyries and injected by quartz-tourmaline-carbonates and pyrite veins. The best reported assays are as follows (Ingham, 1945a; Brethour, 1974):

- 10.90 g/t Au over 0.61 m (hole 6);
- 4.11 g/t Au over 0.30 m (hole 5);
- 3.42 g/t Au over 1.13 m (hole 46);
- 24.69 g/t Au over 0.43 m (hole 60);
- 3.43 g/t Au over 0.73 m (hole 58);
- 4.11 g/t Au over 1.52 m (hole CP-74-1);

The Bel-Rive, Lac Tavernier and Croinor-Pershing areas were annexed to the Croinor Gold property in June of 2014. The following paragraphs briefly describe the mineralized occurrences in these areas.

6.2 Bel-Rive

Table 6.4 – Historical work on the former Bel-Rive property

Year	Company	Work	Results	References [1]
1944-48	Scout Pershing Mines Ltd	7 holes for 1338 m: DDH No. 1 to 7	• 0.30 g/t Au over 0.60m • 1.72 g/t Au over 0.75m	GM07140 (drilling) GM 00819 (geology) GM 08112 (geology)
1981-84	Jacob Gold Co. and Goldsearch Inc.	• Compilation & assessment • Mag + VLF + PP	• Several conductors identified	GM 39163 (assessment) GM 39164 (Mag + VLF) GM 40321 (Mag + VLF) GM 41316 (IP)
1986-89	Sphinx Exploration Inc	• Trenching + sampling • Mag + VLF + PP • Geochem survey (humus) • Drilling (19 holes = 3,514 m incl. 12 on the property): DDH PER-87-07 to 17 • PER-89-01 to -08	**Sphinx showing** Veins of qz-cb-tl in a shear zone • 4.18 g/t Au over 2.28m • 1.99 g/t Au over 1.40m • 5.21 g/t Au over 1.30m	GM 44851 (VLF) GM 44852 (IP) GM 45071 (trench+sampling) GM 46836 (mapping + DDH) GM 46837 (humus) GM 48496 (DDH)
2000-02	Exploration Or-Bert	• Compilation • Drilling (1 hole = 100 m) OR-02-01	Jourdan Property **Ansley showing** • Diorite + quartz veins	GM 60532 (DDH)
2002	Ressources Frenchie	• Drilling (2 holes = 400 m): DDH AU-02-01 and AU-02-02	Jourdan Property • Diorite + quartz veins	GM 60507 (DDH)

1 To consult the GM documents, please refer to the SIGEOM database at : http://sigeom.mrn.gouv.qc.ca/signet/classes/I1102_index

Two (2) gold showings within the Bel-Rive area are reported in the SIGEOM database.

The Ansley gold occurrence was found by drilling in 1945. The holes returned assays of up to 3.77 g/t Au over 0.48 m (hole 5); 2.57 g/t Au over 0.34 m (hole 1); 6.50 g/t Au over 0.43 m (hole 16); 2.00 g/t Au over 1.04 m (hole 13) (Ingham, 1944a and 1948). Diorite and gabbro sills intruding intermediate to mafic volcanics are host to the gold-bearing quartz-carbonate-tourmaline veining containing pyrite and small amounts of chalcopyrite.

The Onyx-Tavernier occurrence was discovered by Onyx Resources Inc. in 1985, about 500 metres north of St-Vincent River and 1 kilometre east of the Senneterre-Croinor dirt road. Hole TAV-85-02 cut a sheared and altered andesite where a section injected by quartz and calcite returned 1.0 g/t Au over 1.5 m (Khobzi et al., 1986).

6.3 Lac Tavernier

The Jolin showing is a polymetallic occurrence discovered by Raoul Dubé, a prospector from Senneterre, in the early 1950s. Mineralization occurs as massive sulphide lenses hosted in mafic volcanics and gabbros with minor quartz veining (Yeomans, 1987a).

Sullivan Consolidated Mines Ltd optioned the property in 1958. Exploration, stripping, MAG and EM surveys were conducted and one shallow hole was drilled (log not available; Yeomans, 1987a). The property was abandoned for twelve years.

In 1970, the property was optioned to Noranda Exploration Corp Ltd. Geological, geochemical and geophysical surveys were completed (Yeomans, 1987a). The results of the program led them to abandon the property.

In 1972, SOQUEM drilled hole 10-821-01 with an intersection of 1.1% Zn over 0.9 m (Lacasse, 1972).

The ground was again staked in 1986 by Pierre Jolin from Senneterre. It was optioned to Exploration Sphinx Inc. as reported in Doyon (1969) and Yeomans (1987a and 1987b), grab samples collected by Sphinx in 1987 returned values of 4.90 g/t Au, 2.80 g/t Ag, 0.168% Cu and 1.04% Zn (quartz vein); 10.66% Zn, 1.70% Cu, 13.55 g/t Ag and 470 ppb Au (massive sulphides); 4.84% Zn, 0.189% Cu, 3.10 g/t Ag and 1.80 g/t Au (massive sulphides).

6.4 Croinor-Pershing

The Brett-Tretheway showing was found by trenching in 1931 and lies on the former Croinor-Pershing part of the Property. Subsequent drilling cut the quartz veins and veinlets containing pyrite, pyrrhotite and tourmaline that returned gold values of up to 3.94 g/t Au over 0.46 m (DDH P-63-1: Meikle, 1963); 5.83 g/t Au over 1.16 m (DDH P-64-1: Meikle, 1964); 5.08 g/t Au over 15 cm (DDH CRP-81-2: Descarreaux, 1981); 2.37 g/t Au over 1.13 m (DDH CRP-81-7: Descarreaux, 1981); and 1.36 g/t Au over 1.07 m (DDH CRP-81-1: Descarreaux, 1981).

7. GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geological Setting

The Croinor Gold property is located in the eastern part of the Archean Abitibi Greenstone Belt in the southern Superior Province of the Canadian Shield.

The Abitibi Greenstone Belt is one of the most extensive continuous expanses of low metamorphic grade Archean volcanic and sedimentary rocks in the world (Card and Poulsen, 1998). It also happens to be one of the richest mining regions and has produced large amounts of gold, copper, zinc, silver and iron from the Timmins, Kirkland Lake, Rouyn-Noranda, Val-d'Or, Matagami and Chibougamau mining districts. For these reasons, the Abitibi Greenstone Belt has been the focus of numerous studies. Most of this work is summarized by Card and Poulsen (1998) and presented on a compilation map of the southern Superior Province produced by the Ministry of Natural Resources of Québec (MRN) and the Ontario Geological Survey in 1983. Several articles have also been published about the Abitibi belt, namely by Dimroth et al. (1982; 1983a,b; 1984a,b; 1985a,b), Hodgson (1983), Gélinas and Ludden (1984), Allard et al. (1985), Jensen (1985), Ludden et al. (1986), Card (1990), and Jackson and Fyon (1991).

The Abitibi Greenstone Belt comprises extensive Neoarchean volcano-sedimentary sequences and a multitude of intrusions ranging from synvolcanic to post-tectonic in age and from ultramafic to felsic in composition. The vast majority of volcanic episodes took place from 2.75 to 2.70 Ga and was closely followed by deformation, regional metamorphism and an episode of plutonism during the period from 2.70 to 2.65 Ga (Card and Poulsen, 1998). Hocq (1990) explains that early ductile to brittle deformation (folding and faulting) subsequently became increasingly brittle, eventually producing a tectonic collage with diamond-shaped, weakly deformed domains separated by strongly deformed zones. Near the end of deformation, clastic sedimentary basins and shoshonitic-alkaline volcanic rocks were emplaced (Mueller and Donaldson, 1992).

In many parts of the Abitibi Greenstone Belt, the succession may be divided into two major cycles typically characterized by a mafic to ultramafic volcanic sequence at the base overlain by a mafic to felsic, tholeiitic to calc-alkaline sequence at the top (Card and Poulsen, 1998). Locally, accumulations of sedimentary rocks (turbiditic and alluvial and/or fluvial) occur associated with alkaline to shoshonitic volcanic rocks, as well as a few intrusions (Dimroth et al., 1982; Jensen, 1985). According to Dimroth et al. (1985a,b), these sequences may be correlated with three major physiographic settings, namely extensive subaqueous lava flows, subaqueous to subaerial volcanic complexes, and intra-arc basins.

A series of major volcanic episodes took place from 2750 to 2698 Ma; the latter represent the vast majority of volcanic sequences in the Abitibi Greenstone Belt (Card and Poulsen, 1998). One of these sequences, dated from 2710 to 2698 Ma and restricted to the southern part of the Abitibi Greenstone Belt, forms a volcano-plutonic assemblage that is very widespread throughout the belt. This sequence is composed of a basal komatiitic unit, followed by a bimodal assemblage alternating from basaltic to rhyolitic in composition, and capped by a tholeiitic and calc-alkaline

assemblage (Card and Poulsen, 1998). This sequence hosts the vast majority of volcanogenic massive sulphide deposits in the southern part of the Abitibi Greenstone Belt. Many older volcanic sequences (2720 to 2713 Ma; 2730 to 2725 Ma) are widely scattered throughout the Abitibi Greenstone Belt (Card and Poulsen, 1998). These sequences, in the south part of the belt, host the Kidd Creek (2712 Ma) and Prosser (2716 Ma) rhyolites, the Deloro (2725, 2727 Ma), Wabewawa-Catherine (2720 Ma), Normetal (2728 Ma) and Hunter Mine (2730 Ma) groups, and the Rand (2713 Ma) and Ghost Range (2713 Ma) mafic to ultramafic complexes. In the north part of the belt, these volcanic sequences include the Joutel (2730 Ma), Dumagami (2723 Ma), Watson Lake (2725 Ma) and Garon Lake (2721 Ma) rhyolites, as well as the Waconichi Formation (2728, 2730 Ma), the Bell River (2725 Ma) and Lac Doré (2724, 2728 Ma) gabbro and anorthosite complexes, and the Cummings mafic to ultramafic complex (2717 Ma).

Metasedimentary units in the Abitibi Greenstone Belt include turbiditic flysch sequences overlain by conglomeratic molasse-type sequences (Mueller and Donaldson, 1992). The Porcupine, Cadillac and Kewagama groups occur in the southern Abitibi, whereas the Taibi, Caopatina and Chicobi Lake groups occur in the northern Abitibi. Mueller and Donaldson (1992) explain that these sedimentary units were deposited from 2730 to 2720 Ma in the northern Abitibi, and from 2700 to 2687 Ma in the south.

The economic potential of the Abitibi Greenstone Belt is well established. The Croinor Gold property area is no exception, and the region's economic potential is illustrated by several past and present producers. The Val-d'Or mining camp has produced more than 15 Moz of gold from more than twenty-six (26) mines. Most of the production comes from the Sigma-Lamaque hydrothermal system from which 9 Moz has been extracted.

7.2 Local Geological Setting

The Croinor Gold property is underlain by two major lithological packages—the dominantly volcanic Assup Domain in the north and the dominantly sedimentary Garden Island Domain in the south. Lithological units in both domains are generally oriented N295° with steep dips to the north. The Assup Domain is further divided into the mafic volcanic Aurora Group in the south and the mafic to intermediate volcanic Assup Group in the north (dominantly mafic on the property). The Pershing Batholith overlaps the southwest end of the property. The property is transected by the Garden Island Deformation Corridor in a NW-SE direction, which overprints and partially follows the contact between the Assup and Garden Island domains.

The Croinor deposit is located 3 kilometres northeast of the Pershing Batholith and 2 kilometres northeast of the Garden Island Deformation Corridor (Fig 7.1).

7.3 Property

The Croinor deposit is hosted by the synvolcanic Croinor Sill. This dioritic sill is from 60 to 120 metres thick and hosted within volcanic rocks of the Assup Domain (Fig 7.1). The deposit is characterized by gold-rich lenses consisting of quartz-carbonate-tourmaline-pyrite veins, altered pyritic host rock material, and/or tectonic breccia (pyritic host fragments within a quartz-carbonate-tourmaline-pyrite vein).

The mineralized lenses are spatially controlled by reverse-oblique shear zones that crosscut and displace both the lenses and its dioritic host. A hydrothermal alteration halo surrounds these structures. Zoning begins with an epidote-chlorite envelope that gradually changes into a chlorite-carbonate zone closer to the shear. Within the shear structure itself, the host rock has undergone extensive alteration characterized by a sericite-ankerite-pyrite assemblage.

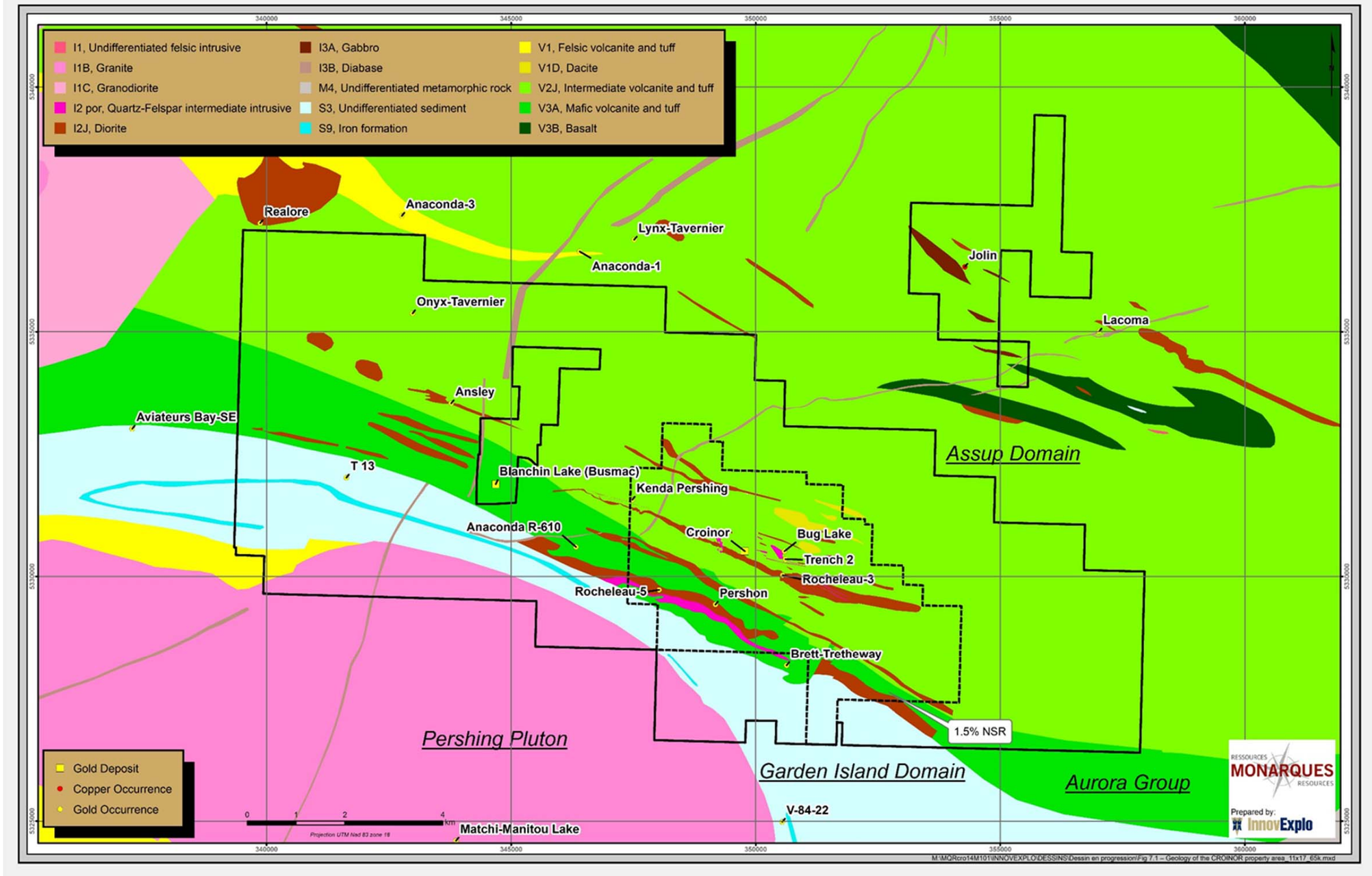

Figure 7.1 – Geology of the Croinor Gold property area

8. DEPOSIT TYPES

Lode gold deposits (gold from bedrock sources: Fig. 8.1) occur dominantly in terranes with an abundance of volcanic and clastic sedimentary rocks of a low to medium metamorphic grade (Poulsen, 1996). Greenstone-hosted quartz-carbonate vein deposits are a subtype of lode-gold deposits (Poulsen et al., 2000). They correspond to structurally controlled, complex epigenetic deposits hosted in deformed metamorphosed terranes (Dubé and Gosselin, 2007).

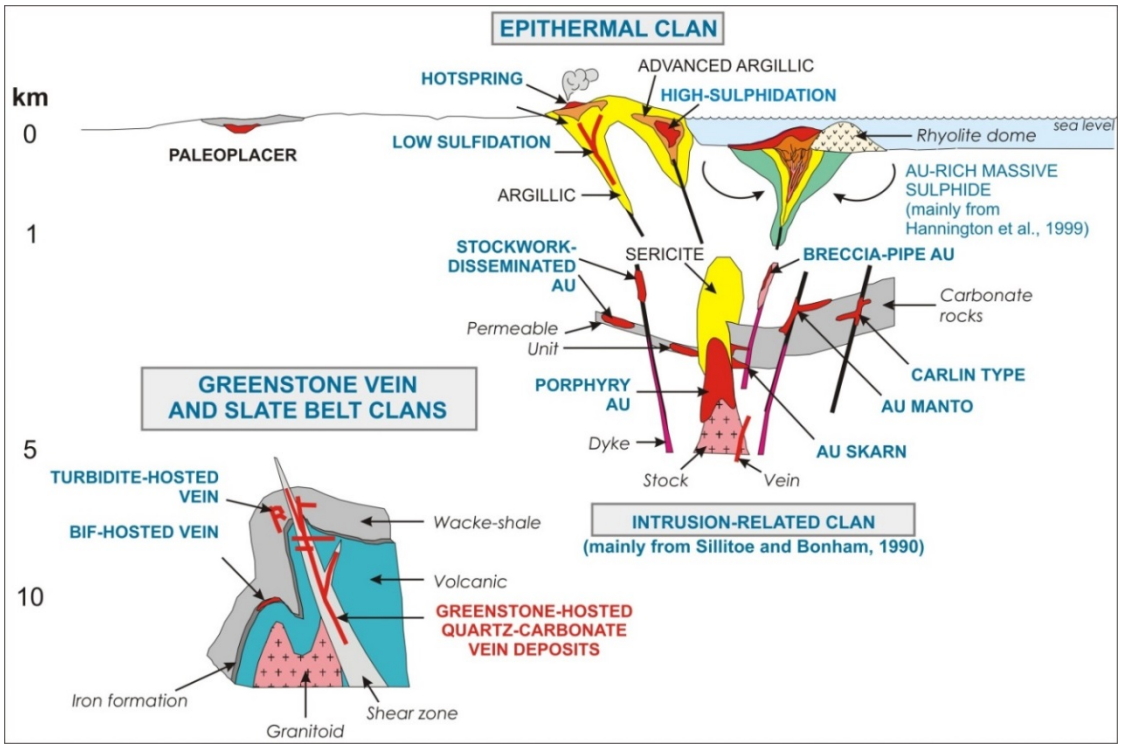

Figure 8.1 – Inferred crustal levels of gold deposition showing the different types of lode gold deposits and the inferred deposit clan (from Dubé et al., 2001; Poulsen et al., 2000).

Greenstone-hosted quartz-carbonate vein deposits consist of simple to complex networks of gold-bearing, laminated quartz-carbonate fault-fill veins in moderately to steeply dipping, compressional brittle-ductile shear zones and faults with locally associated shallow-dipping extensional veins and hydrothermal breccias. They are hosted by greenschist to locally amphibolite facies metamorphic rocks of dominantly mafic composition and formed at intermediate depth in the crust (5-10 km). They are distributed along major compressional to transtensional crustal-scale faults zones (Fig. 8.2) in deformed greenstone terranes of all ages, but are more abundant and significant, in terms of total gold content, in Archean terranes. Greenstone-hosted quartz-carbonate veins are thought to represent a major component of the greenstone deposit clan (Fig. 8.1) (Dubé and Gosselin, 2007). They can coexist regionally with iron formation-hosted vein and disseminated deposits, as well as with turbidite-hosted quartz-carbonate vein deposits.

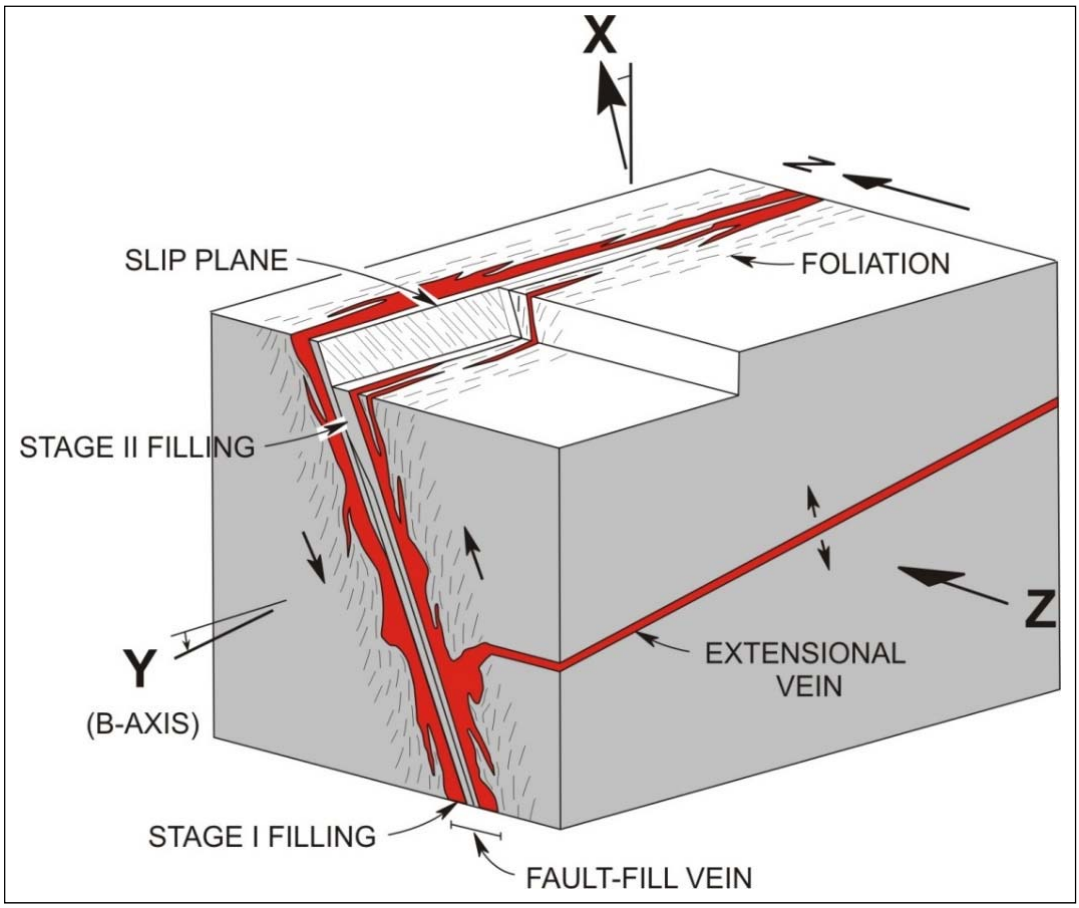

Figure 8.2 – Schematic diagram illustrating the geometric relationships between the deposit-scale strain axes and the vein and shear zone structural elements (from Robert, 1990).

The main gangue minerals are quartz and carbonate with variable amounts of white micas, chlorite, scheelite and tourmaline. The sulphide minerals typically constitute less than 10% of the ore. The main ore minerals are native gold with pyrite, pyrrhotite and chalcopyrite without significant vertical zoning (Dubé and Gosselin, 2007).

8.1 Croinor

The mineralized lenses at Croinor range from 60 to 120 metres long (Chénard and Turcotte, 2003). The lenses can generally be followed from one section to another (10-m sections) over lateral distances varying from several tens of metres up to 600 metres. To date, about forty (40) gold-rich lenses have been identified. Gold-hosting structures within the dioritic Croinor Sill consist of a series of narrow breaks and reverse shears with dips of 25° to 60° to the north. These structures display en-echelon patterns and are variably oriented between N290°-N330°. They can cause displacements of a few centimetres to tens of metres. Tectonic breccias of pyritic quartz-tourmaline-ankerite material occupy the central portion of these shears (Fig. 8.1).

Two (2) types of veins are observed: 1- shear-parallel veins (shear veins); and 2- subhorizontal tension veins. The veins consist of quartz, tourmaline and carbonates with minor amounts of pyrite, chalcopyrite and native gold.

The tension veins are generally several centimetres thick and dip gently towards the east. Gold is restricted to rocks affected by pyritic metasomatism; that is, it mainly occurs in pyritic vein selvedges, breccia fragments in tectonic breccias, and fragments in brecciated veins. Pyrite is locally associated with minor amounts of chalcopyrite and pyrrhotite. Gold is found as inclusions within pyrite grains or along its boundaries, or within fractures cutting pyrite. Although pyrite is a good indicator of the presence of gold, not all pyritic zones are mineralized with gold, and not all gold occurs with pyrite. Isolated flecks of native gold were also observed in veins and veinlets of smoky quartz associated with shearing, and in the highly altered selvedges of such veins.

Pyrite occurs as two distinct forms that may correspond to distinct crystallization phases. The earliest phase is present as amorphous clusters and threads that frequently show evidence of deformation and a preferential orientation subparallel to the main foliation. The last phase appears as disseminated cubes with individual grains reaching 0.5 centimetre, locally to 1 centimetre.

Other than pyrite content, the intensity of deformation and the type of alteration constitute the essential criteria for the presence of economic gold grades. Sericite-ankerite alteration combined with tourmaline and silicification appears to be directly associated with the highest grades within brecciated zones containing pyritic quartz-tourmaline-ankerite material.

Quartzo-feldspathic rocks that intrude the Croinor deposit area may have played an important role in gold mineralization. The relatively late emplacement of these intrusives may have accentuated the intensity of deformation and thus increased host rock porosity, in addition to prolonging the mineralization event while contributing to the remobilization of local hydrothermal fluids.

9. EXPLORATION

The issuer did not carry out any exploration work on the Croinor Gold property prior to the effective date of this report.

10. DRILLING

The issuer did not carry out any drilling on the Croinor Gold property prior to the effective date of this report.

11. SAMPLE PREPARATION, ANALYSES, AND SECURITY

The issuer did not carry out any sampling or sample analyses at the Croinor Gold property prior to the effective date of this report.

12. DATA VERIFICATION

This section is summarized from the InnovExplo report titled “Technical Report on the Mineral Resource Estimate and Prefeasibility study for the Croinor Project”, dated February 29, 2012 (Poirier et al., 2012).

At the time the abovementioned resource calculation was initiated, some results from Blue Note Mining’s 2011 drilling program were still pending. It was therefore decided to exclude the six holes in question (CR-11-414 to CR-11-419) from the resource calculation database and the database close-out date was established at November 2011 for the resource estimate. InnovExplo was and still is of the opinion that the results of the excluded holes would not have a significant impact on the mineral resource estimate; consequently, an update of the estimate and prefeasibility study to include those assay results is not warranted. Only the assays included in the resource calculation database were considered during the data verification process.

InnovExplo established the sample preparation, analysis and security protocols for the 201-2011 drilling program. The QA/QC program implemented at the beginning of the drilling program in 2010 was followed (with some revisions) throughout the 2010-2011 drilling programs.

The locations of old casings using handheld GPS units were validated. At the end of each drilling phase from 2010 to 2011, the completed holes were surveyed by Corriveau J.L. & Associates Inc (Land-Surveyor). The surveyed locations were updated in the central database. All holes drilled in 2010 and 2011 were identified by metal casing caps and red metal flags.

The Gemcom database was verified for consistency between the Geotic logs and the information contained in the database. Some errors were identified and corrected accordingly.

12.2 Conclusion

InnovExplo is still of the opinion that the data verification process detailed in the report by Poirier et al. (2012) succeeded in demonstrating the validity of the data and protocols for the Croinor Gold property. Since there has been no recent exploration and drilling work done by the issuer, InnovExplo considers the 2011 Blue Note Mining resource calculation database to be valid and of sufficient quality for the mineral resource estimate presented in Section 14 and no update is required.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

This section presents the results of historical milling operations using the information available in reports.

WSP did not perform metallurgical tests or any other type of mineral processing testwork. The reader is referred to the reports by Chénard and Turcotte (2003) and St-Jean (2001, 2003) for a more complete review of previous milling tests and operations.

13.1 Earlier Milling Operations

13.1.1 Cambior's 1988 Metallurgical Tests

Cambior requested the services of Lakefield Research Laboratory to perform metallurgical testwork (Salter and Furey, 1988; Chénard and Turcotte, 2003). Flotation and direct cyanidation tests were run on a 76.8 kg sample composed of mineralized intersections from sixteen (16) drill holes. The direct cyanidation tests reported gold recoveries close to 98% whereas flotation tests gave recoveries better than 96%. During this testwork, the specific gravity of the treated mineralized material was 2.82 g/cm3. Note that the calculated grades obtained during Lakefield's tests were comparable to Cambior's original core assays but the values for both were higher than Lakefield's assays on the same core samples.

13.1.2 Malartic-Sud's 2001 and 2003 Metallurgical Tests

Malartic-Sud performed two metallurgical tests (Table 13.1). The mandate for these tests was assigned to Laboratoire LTM Inc (St-Jean, 2001; 2003). The first test verified the behaviour of the Croinor mineralized material in the Chimo mill. Gravity tests run with a Knelson concentrator gave a recovery of 47.3%, flotation tests recovered from 83 to 98% of the gold, and with cyanidation, recoveries of 96.3% were obtained with grinding. Note that the assays of the core samples were higher than the grades calculated for the feed during the testwork.

Malartic-Sud's second test was performed on two (2) samples from two different zones. Flotation gave recoveries of 94.9% and 97%, while cyanidation yielded corresponding recoveries of 95.1% and 99.1%. Note that the grades obtained during these tests were higher than the ones obtained with the assayed core. The core of the first sample assayed 4.45 g/t Au, whereas the average calculated feed grade during the cyanidation tests for the same sample was 6.35 g/t Au. The core of the second sample yielded 6.68 g/t Au when assayed, whereas the average calculated feed grade during cyanidation and flotation tests was 7.45 g/t Au.

The results obtained over these two periods show that there is no difference in the processing characteristics of the mineralized material with different grades.

Table 13.1 – Results from metallurgical testing

Company	Year	Type of test	Grinding	Recov (%)	Calculated grade (g/t)	Measured grade (g/t)	Grade difference (g/t)	Grade difference (%)
Cambior	1988	Cyanide	76.8% -200 MESH	97.8	5.99	5.88	-0.11	1.8
		Cyanide	82.8% -200 MESH	97.9	5.99	5.58	-0.41	6.8
		Cyanide	88.8% -200 MESH	97.8	5.99	5.87	-0.12	2.0
		Cyanide	80.0% -200 MESH	96.7	5.99	5.98	-0.01	0.2
		Flotation	70.0 % -200 MESH	96.4	5.99	6.01	0.02	0.3
		Flotation	80.0 % -200 MESH	96.3	5.99	5.46	-0.53	8.8
		Flotation	90.0 % -200 MESH	96.6	5.99	6.41	0.42	6.6
Malartic-Sud	2001	Knelson	100% -10 MESH	47.3	3.24	2.06	-1.18	36.4
		Flotation	94.1% -200 MESH	83.3	3.24	2.24	-1.00	30.9
		Flotation	94.1% -200 MESH	69.9	3.24	2.97	-0.27	8.3
		Flotation	94.1% -200 MESH	97.7	3.24	2.94	-0.30	9.3
		Cyanide	94.1% -200 MESH	96.3	3.24	2.01	-1.23	38.0
		Cyanide	97.3% -200 MESH	97.3	3.24	2.01	-1.23	38.0
Malartic-Sud	2003	Flotation	77.8% -200 MESH	97.0	4.45	4.12	-0.33	7.4
		Cyanide	68.0% -200 MESH	94.3	4.45	5.04	0.59	11.7
		Cyanide	79.9% -200 MESH	95.8	4.45	6.42	1.97	30.7
		Cyanide	82.6% -200 MESH	93.8	4.45	5.97	1.52	25.5
		Cyanide	84.9% -200 MESH	94.2	4.45	9.00	4.55	50.6
		Cyanide	87.6% -200 MESH	95.7	4.45	6.74	2.29	34.0
		Cyanide	94.8% -200 MESH	93.9	4.45	6.44	1.99	30.9
		Cyanide	97.4% -200 MESH	96.1	4.45	4.87	0.42	8.6
		Flotation	80.5% -200 MESH	94.9	6.68	7.33	0.65	8.9
		Cyanide	93.0% -200 MESH	99.1	6.68	7.56	0.88	11.6

13.1.3 Bulk Sampling

Before Exploration Malartic-Sud began working on the former Croinor property, three (3) bulk samples had been extracted from the property as per the summary presented in Table 13.2.

Table 13.2 – Bulk samples taken from 1972 to 1997

Year	Location	Mill	Tonnage (t)	Grade (g/t Au)	Recovery Au (%)
1972	Underground	Goldfields	9 979	3.70	95.0
1983	Underground	Belmoral	1 700	1.47	86.0
1996-1997	Goldust pit	Aur-Bel/Chimo	51 010	3.40	97.0

Since 2003, Malartic-Sud milled Croinor mineralized material five times: once with the bulk sample in 2003, and four other times with the Centre and West open pit operations. All the material was processed through the Camflo mill in Malartic, owned by Richmont Mines Inc.

13.2 Milling and Metallurgy

The following sections report the milling and metallurgical results for the bulk sample of mineralized material that was processed at the Camflo mill from February 3 to February 25, 2004, as described by Oscar Lafrance, a consultant hired by Malartic-Sud to supervise the milling operations. The following texts are excerpts from the report by Moryoussef (2004). WSP did not verify the data but assumes they are valid and pertinent. No report exists for the milling of mineralized material from the Centre open pit, but the process was exactly the same and also supervised by Lafrance. The Camflo mill customizes the milling of ores from many different sources, and a circuit inventory is therefore done before and after each program to obtain a representative metallurgical balance. Table 13.3 presents the summary of Malartic Sud's milling performance of the Camflo mill.

13.2.1 Milling Method

The Camflo mill uses a direct cyanidation circuit for the mineralized material. All the mineralized material is crushed and grinded until 70 to 85% of the material pass through a 200 mesh sieve. It should be noted that grinding could be adjusted to be finer or coarser if needed. All crushed mineralized material in a cyanide and lime solution is agitated in retention tanks in presence of cyanide which, combined to oxygen, dissolves the gold. The solution is then recovered through decant and filtration then, taking out the oxygen, by creating a vacuum, and also by adding zinc powder to the solution, gold is precipitated and then recovered in press filters. The precipitate is then recovered and mixed to a flux to cast an unpure [sic] gold bar which is carried to the Royal Canadian Mint or any other refiner to be purified and marketed. The balance of the mineralized material is taken to the tailing pond, constituting the final waste. (From O. Lafrance, 2004, as reported in Moryoussef, 2004).

13.2.2 Summary of the Mineralized Material Metallurgy

The Croinor mineralized material reacts to the direct cyanidation process practically perfectly. It is difficult to calculate the bond index. In comparison, I would say that the bond index is between 13 and 16 KWh. The tonnage processed to the mills was always thin and the feeding to the cyclone very unstable, this being due to the blocking of feeding chutes by frozen mineralized material. A coarse grinding was obtained, varying between 74% and 79% passing a 200 mesh sieve. The filtration

was easy with average liquid waste of 0.0003 ounces per short ton, which is excellent. The average solid rejects were of 0.002 ounces per short ton. This being the assaying detection limit, thus the recovery can be considered almost perfect. Cyanide consumption was of 0.2 kg/short ton, which is very low. Putting apart the physical mineralized material handling due to freezing, all other aspects seem perfect. (From O. Lafrance, 2004, as reported in Moryoussef, 2004).

In summary, milling performed on the Croinor mineralized material at the Camflo mill confirmed the excellent response of the mineralized material to direct cyanidation, with a satisfactory gold recovery. The tonnage milled to date (75,752 t), coming from various veins with different grades, is considered to be representative enough of the Croinor mineralized material and therefore, no problem is expected for any future operation on the same type of mineralized material.

Table 13.3 – Milling results for the Croinor ore at the Camflo mill

Date	Tonnes (t)	Grade (g/t)	Total Ounces	Recovery	Recovered Ounces
February 3-25, 2004	20,629	3.10	2,033	97.4%	1,981
August 6-13, 2004	7,883	1.80	456	95.3%	435
August 18-31, 2004	9,750	1.97	619	95.5%	591
October 7-18, 2004	13,127	2.50	1,055	96.6%	1,019
July 2005	24,363	5.38	3,920	97.9%	3,834
Total	**75,752**	**3.33**	**8,081**	**97.0%**	**7,860**

14. MINERAL RESOURCE ESTIMATES

The Mineral Resource Estimate presented herein was published in a report titled "Technical Report on the Mineral Resource Estimate and Prefeasibility Study for the Croinor Project", dated February 29, 2012 (Poirier et al., 2012). The estimate, compliant with National Instrument 43-101, was performed by Karine Brousseau, Eng. and Tafadzwa Gomwe, PhD, GIT, under the supervision of Carl Pelletier, B.Sc., P.Geo., using all available results. One of the objectives of InnovExplo's mandate was to prepare a mineral resource estimate for the Croinor deposit using 3D block modelling instead of a polygonal method as in previous estimates. The result is an estimate with Measured, Indicated and Inferred resources. The effective date of the estimate is August 8, 2014 based on the re-evaluation of the cut-off grades economic parameters. No changes were made to the cut-off grades in light of this revision.

14.1 Methodology

The 2011 Mineral Resource Estimate was prepared using 3D block modelling and the inverse distance power six (1/D6) interpolation method for a 1,570-m strike-length corridor of the Croinor Gold property from 910mW to 640mE (local grid oriented at 291.9167° Az) and down to a vertical depth of 545 metres below surface.

14.1.1 Drill Hole and Channel Sample Database

InnovExplo compiled and merged all existing drill hole databases for the Croinor Gold property. The 2010 and 2011 surface drill holes were added to the database, up to and including CR-11-413, which were complete in terms of assay results at the close-out date of November 2011. The estimate thus considered 1,219 surface and underground diamond drill holes with conventional analytical gold assay results and coded lithologies. The 1,219 holes cover an east-west distance of 1,530 m on the Croinor deposit (local grid).

All header data (collar coordinates), down-hole survey data, lithological information and assay were integrated into a Gemcom database. In addition to the basic tables of raw data, the GEMS database contains several tables with the calculated drill hole composites and wireframe solid intersections required for the statistical evaluation and resource block modelling. The database contains a total of 27,655 assays taken from 1,219 drill holes (122,339 m of core).

A channel sample database compiled by InnovExplo in 2005 (Pelletier and Boudrias, 2005) was integrated into the GEMS project. This database incorporated chip samples from development headings collected between 1983 and 1986. The header table includes the channel sample number, collar location and length of each channel sample. Conventional assay grades were compiled. The database contains a total of 4,309 assays taken from 1,927 channel samples.

14.1.2 Interpretation of Mineralized Zones

In order to facilitate resource modelling of the Croinor deposit, InnovExplo constructed a mineralized-zone wireframe model delimiting the geologically defined extent of all mineralized zones found within the 1,570-metre strike-length corridor measuring 230 metres wide and extending up to 545 metres below surface.

InnovExplo performed the geological interpretation and correlated the lenses on vertical sections spaced 10 metres apart. The mineralized-zone model was constructed to outline zones of continuous mineralization along an average trend of 290° Az and an average dip of -35°. A minimum width of 1.8 metres (true width) was respected for the interpretation model. The model contains a total of fifty-four (54) mineralized-zone solids (lenses). The names for the 2011 mineralized-zone solids are based on the nomenclature of Pelletier and Boudrias (2005).

The wireframe solids of the mineralized-zone model were created by digitizing the data and performing an interpretation on sections spaced 10 metres apart, and then using tie-lines between the 3D rings to complete the wireframes for each solid.

Figure 14.1 presents a 3D isometric view of the mineralized-zone model, the existing open pits, and the drift network of the Croinor deposit.

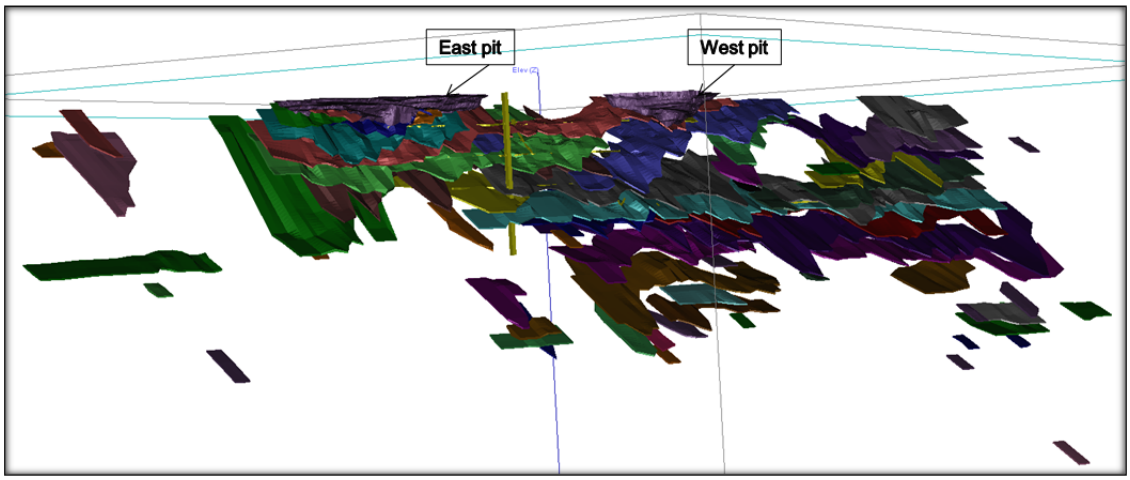

Figure 14.1 – 3D isometric view of the Croinor deposit looking southwest

14.1.3 Statistics on Raw Assays

Drill hole assay intervals that intersect interpreted mineralized zones were automatically coded in the database. This database was used to analyze sample lengths and generate statistics, composites and variography.

Basic univariate statistics were performed on datasets grouped by zone using point area files containing raw analytical assay data for a total of 8,680 diamond drill hole (DDH) samples. The assay populations were plotted on log-normal histograms, with each histogram representing all DDHs intersecting a given zone. Table 14.1 presents the summary statistics for the DDH population.

The capping level was based on a study of the effect of high-grade values on the mean and standard deviations, as well as on normal histograms and probability plots. Capping the high assays represents a total loss of 4.98% of gold considering the volume of each lens and the percent loss of gold per lens. The high-grade capping value of 70 g/t Au for the DDH population is similar to the one used by O'Dowd in 2009 (65 g/t Au; O'Dowd, 2009).

Basic univariate statistics on channel sample datasets were also performed using point area files containing raw analytical assay data for a total of 4,144 chip samples. Only one assay population was plotted on a log-normal histogram for the channel samples intersecting each zone. A high-grade capping value of 55 g/t Au was applied to the channel sample population, based on a study of the effect of high-grade values on the mean and standard deviations, as well as on normal histograms and probability plots. Capping the high assays represents a total loss of 2.67% of gold for the channel sample population. Table 14.2 presents the summary statistics for the channel sample population.

Table 14.1 – Summary statistics for the raw DDH assays by zone

Zone	Blockcode	Number of samples	Max	Uncut Mean (g/t)	High Grade Capping	Cut Mean	# Samples cut	% Samples capped	% loss metal content	Volume (m3)
ZONE1	101	685	161.82	3.58	70	3.45	1	0.15	3.74	60 975
ZONE2	102	1034	344.63	4.48	70	4.10	4	0.39	8.47	136 218
ZONE3	103	309	74.74	4.78	70	4.77	1	0.32	0.32	19 413
ZONE4	104	606	57.50	2.25	70	2.25	0	0.00	0.00	200 540
ZONE5	105	400	72.36	3.89	70	3.89	1	0.25	0.15	187 019
ZONE6	106	688	256.13	3.60	70	3.26	3	0.44	9.66	212 437
ZONE7	107	138	64.86	4.79	70	4.79	0	0.00	0.00	9 814
ZONE8	108	112	48.82	2.23	70	2.23	0	0.00	0.00	77 215
ZONE9	109	331	54.51	1.58	70	1.58	0	0.00	0.00	93 904
ZONE10	110	185	136.45	3.48	70	3.12	1	0.54	10.31	53 169
ZONE11	111	28	14.05	2.39	70	2.39	0	0.00	0.00	24 536
ZONE12	112	39	5.40	0.41	70	0.41	0	0.00	0.00	4 296
ZONE13	113	350	95.99	3.85	70	3.77	2	0.57	2.05	136 169
ZONE14	114	217	99.08	5.03	70	4.77	4	1.84	5.13	151 934
ZONE15	115	117	30.62	3.37	70	3.37	0	0.00	0.00	102 123
ZONE16	116	1141	306.62	3.97	70	3.53	10	0.88	11.25	139 939
ZONE17	117	51	8.50	1.33	70	1.33	0	0.00	0.00	4 828
ZONE18	118	548	169.30	3.23	70	2.97	2	0.36	8.01	85 737
ZONE19	119	7	7.03	1.97	70	1.97	0	0.00	0.00	1 997
ZONE20	120	132	82.97	4.22	70	4.12	1	0.76	2.33	41 790
ZONE21	121	12	11.45	1.93	70	1.93	0	0.00	0.00	5 570
ZONE22	122	5	6.97	2.06	70	2.06	0	0.00	0.00	1 055
ZONE23	123	12	6.86	0.85	70	0.85	0	0.00	0.00	5 024
ZONE24	124	389	53.98	2.53	70	2.53	0	0.00	0.00	39 609
ZONE25	125	40	20.03	1.29	70	1.29	0	0.00	0.00	23 028
ZONE26	126	118	53.14	2.15	70	2.15	0	0.00	0.00	36 028
ZONE27	127	6	5.69	2.19	70	2.19	0	0.00	0.00	3 101
ZONE28	128	210	35.43	3.02	70	3.02	0	0.00	0.00	74 822
ZONE29	129	30	4.46	0.77	70	0.77	0	0.00	0.00	12 507
ZONE30	130	201	148.04	2.56	70	2.18	1	0.50	15.15	53 496
ZONE31	131	95	74.05	6.00	70	5.93	2	2.11	1.26	10 596
ZONE32	132	12	25.93	4.38	70	4.38	0	0.00	0.00	2 596
ZONE33	133	69	66.13	2.63	70	2.63	0	0.00	0.00	27 827
ZONE34	134	11	11.94	2.19	70	2.19	0	0.00	0.00	6 752
ZONE35	135	33	38.39	2.00	70	2.00	0	0.00	0.00	30 936
ZONE36	136	11	11.03	1.91	70	1.91	0	0.00	0.00	9 406
ZONE37	137	12	8.07	1.19	70	1.19	0	0.00	0.00	2 319
ZONE38	138	4	16.05	4.03	70	4.03	0	0.00	0.00	1 678
ZONE39	139	4	3.28	1.04	70	1.04	0	0.00	0.00	1 488
ZONE40	140	78	13.16	1.62	70	1.62	0	0.00	0.00	5 338
ZONE41	141	25	28.15	3.36	70	3.36	0	0.00	0.00	25 372
ZONE42	142	42	4.97	0.83	70	0.83	0	0.00	0.00	16 410
ZONE44	144	9	35.72	6.18	70	6.18	0	0.00	0.00	1 780
ZONE45	145	9	6.51	1.28	70	1.28	0	0.00	0.00	5 137
ZONE48	148	24	14.75	1.24	70	1.24	0	0.00	0.00	7 168
ZONE50	150	9	24.48	5.59	70	5.59	0	0.00	0.00	9 348
ZONE55	155	7	22.97	5.14	70	5.14	0	0.00	0.00	8 229
ZONE70	170	13	112.97	10.57	70	7.27	1	7.69	31.26	7 055
ZONE75	175	16	50.05	6.99	70	6.99	0	0.00	0.00	18 441
ZONE80	180	5	11.54	4.77	70	4.77	0	0.00	0.00	3 936
ZONE85	185	5	5.89	3.00	70	3.00	0	0.00	0.00	1 812
ZONE90	190	18	11.31	3.12	70	3.12	0	0.00	0.00	11 337
ZONE95	195	21	9.96	2.70	70	2.70	0	0.00	0.00	20 467
ZONE100	200	7	7.48	1.46	70	1.46	0	0.00	0.00	2 121

Table 14.2 – Summary assay statistics for the raw channel sample assays by zone

Zone	Blockcode	Number of samples	Max	Uncut Mean (g/t)	High Grade Capping	Cut Mean	# Samples cut	% Samples capped	% loss metal content	Volume (m3)
ZONE1	101	462	86.39	3.71	55	3.57	3	0.65	3.97	60 975.00
ZONE2	102	846	102.85	5.83	55	5.62	9	1.06	3.55	136 218.00
ZONE3	103	4	2.39	1.28	55	1.28	0	0.00	0.00	19 413.00
ZONE4	104	549	68.22	2.72	55	2.69	2	0.36	1.45	200 540.00
ZONE5	105	171	17.14	1.31	55	1.31	0	0.00	0.00	187 019.00
ZONE6	106	512	101.48	3.47	55	3.38	1	0.20	2.61	212 437.00
ZONE9	109	42	25.37	2.35	55	2.35	0	0.00	0.00	93 904.00
ZONE10	110	384	23.99	0.98	55	0.98	0	0.00	0.00	53 169.00
ZONE13	113	142	10.28	1.03	55	1.03	0	0.00	0.00	136 169.00
ZONE16	116	1021	308.56	4.22	55	3.62	7	0.69	14.41	139 939.00
ZONE28	128	7	4.11	1.71	55	1.71	0	0.00	0.00	74 822.00
ZONE35	135	4	3.77	1.54	55	1.54	0	0.00	0.00	30 936.00

14.1.4 Compositing

In order to minimize any bias introduced by variable sample lengths, the capped gold assays were composited to 1.0-metre equal lengths (“1m composites”) within all DDH intervals defining each of the mineralized zones. The same composite length was used for the DDH and channel sample assays. A total of 11,504 DDH and 3,485 channel sample composites were created in the zones. Each mineralized-zone solid (lens) was estimated separately using its own set of composites. When all composites generated within the assayed interval were taken into account, 4.31% of the DDH population and 6.54% of the channel sample population have lengths less than 0.15 m. All composited DDH or channel sample assays less than 15 centimetres long were removed from each population before performing the block model interpolation and variography. No grades were assigned to missing sample intervals.

Tables 14.3 and 14.4 present the distribution statistics by zones for the 1m composites generated for the DDH and channel sample populations respectively. For the DDH population, twenty-four (24) of the zones present a moderate coefficient of variation, indicating that high-grade values contribute moderately to the mean grades. For the other thirty (30) zones, high grades are more erratic, with a coefficient of variation ranging from 2.0 to 6.24.

Table 14.3 – Summary statistics for the 1m DDH composites by zone

Zone	BlockCode	Number of 1m Composites	Min	Max	Mean	Std Deviation	Coeff. Of Variation
ZONE1	101	788	0.00	48.97	2.67	4.49	1.68
ZONE2	102	1274	0.00	70.00	3.23	6.99	2.16
ZONE3	103	430	0.00	55.93	3.07	6.48	2.11
ZONE4	104	813	0.00	40.99	1.31	3.20	2.44
ZONE5	105	441	0.00	69.18	2.94	6.62	2.25
ZONE6	106	854	0.00	69.93	2.08	5.28	2.54
ZONE7	107	233	0.00	31.26	2.71	5.08	1.87
ZONE8	108	135	0.00	48.82	1.69	4.69	2.77
ZONE9	109	564	0.00	36.92	0.88	2.56	2.91
ZONE10	110	242	0.00	56.88	2.01	5.65	2.81
ZONE11	111	29	0.00	8.82	1.98	2.51	1.27
ZONE12	112	43	0.00	3.28	0.29	0.58	2.03
ZONE13	113	460	0.00	64.70	2.26	6.18	2.73
ZONE14	114	230	0.00	69.99	3.36	7.41	2.21
ZONE15	115	127	0.00	30.62	3.16	4.46	1.41
ZONE16	116	1515	0.00	70.00	2.22	6.45	2.90
ZONE17	117	72	0.00	6.72	0.83	1.45	1.76
ZONE18	118	643	0.00	69.91	2.02	6.36	3.15
ZONE19	119	5	0.81	5.29	2.41	1.68	0.70
ZONE20	120	147	0.00	69.32	3.18	7.87	2.47
ZONE21	121	17	0.00	3.69	0.42	1.15	2.71
ZONE22	122	10	0.00	6.97	1.21	2.16	1.79
ZONE23	123	15	0.00	6.86	0.64	1.71	2.67
ZONE24	124	444	0.00	49.93	1.97	4.30	2.18
ZONE25	125	34	0.00	9.91	1.14	2.37	2.08
ZONE26	126	126	0.00	35.72	1.32	3.68	2.78
ZONE27	127	5	0.00	3.60	1.50	1.38	0.92
ZONE28	128	247	0.00	29.51	2.02	3.71	1.84
ZONE29	129	44	0.00	4.46	0.55	1.11	2.03
ZONE30	130	245	0.00	29.55	1.19	3.23	2.72
ZONE31	131	150	0.00	57.78	3.07	7.87	2.56
ZONE32	132	12	0.01	25.90	4.45	6.78	1.52
ZONE33	133	83	0.00	48.16	1.74	5.49	3.16
ZONE34	134	11	0.06	11.94	2.32	3.58	1.54
ZONE35	135	103	0.00	35.00	0.55	3.45	6.24
ZONE36	136	10	0.00	4.77	1.37	1.63	1.19
ZONE37	137	20	0.00	5.69	0.63	1.37	2.17
ZONE38	138	7	0.00	9.25	1.33	3.23	2.42
ZONE39	139	6	0.00	3.28	0.69	1.19	1.72
ZONE40	140	114	0.00	13.16	1.16	2.23	1.92
ZONE41	141	26	0.00	28.15	3.51	6.06	1.72
ZONE42	142	80	0.00	4.02	0.41	0.83	2.03
ZONE44	144	10	0.00	17.71	3.65	5.75	1.57
ZONE45	145	16	0.00	6.51	0.76	1.67	2.21
ZONE48	148	23	0.00	14.72	1.24	3.11	2.52
ZONE50	150	7	1.59	24.41	5.96	7.62	1.28
ZONE55	155	11	0.00	22.92	3.96	6.41	1.62
ZONE70	170	11	0.77	58.32	7.56	16.18	2.14
ZONE75	175	15	0.85	50.05	7.21	12.04	1.67
ZONE80	180	5	0.00	11.38	4.92	4.27	0.87
ZONE85	185	8	0.00	5.89	1.88	2.20	1.17
ZONE90	190	16	0.00	7.16	2.63	2.40	0.91
ZONE95	195	27	0.00	9.95	1.87	2.54	1.36
ZONE100	200	5	0.16	4.54	1.35	1.63	1.21

Table 14.4 – Summary statistics for the 1m channel sample composites by zone

Zone	BlockCode	Number of 1m composites	Min	Max	Mean	Std Deviation	Coeff. Of variation
ZONE1	101	375	0.00	46.17	3.50	5.93	1.69
ZONE2	102	691	0.00	55.00	5.59	8.60	1.54
ZONE3	103	3	0.68	1.90	1.20	n.d.	n.d.
ZONE4	104	462	0.00	45.97	2.40	4.67	1.94
ZONE5	105	123	0.00	14.47	1.31	2.11	1.61
ZONE6	106	368	0.00	30.54	3.23	5.09	1.58
ZONE9	109	43	0.00	25.37	2.35	4.66	1.98
ZONE10	110	309	0.00	20.70	0.90	1.72	1.91
ZONE13	113	105	0.00	7.56	0.95	1.37	1.45
ZONE16	116	764	0.00	55.00	3.43	6.02	1.75
ZONE28	128	9	0.00	3.42	1.41	1.36	0.97
ZONE35	135	5	0.14	3.77	1.26	1.38	1.09

14.1.5 Variography

Because the down-hole oriented samples are the most closely spaced samples in the database, the nugget value (i.e., the variation in grade for the same sample point) is best estimated using a linear variogram. In addition, because the holes are oriented to cut across the width of the mineralization, the linear variogram provides an indication of the range of influence across the width of mineralization and the tertiary axis of the search/interpolation ellipse. Down-hole linear variography was completed on the 1m composites of the capped gold assay data for each of the mineralized zones to establish the best estimate of the nugget value and the range of grade continuity across the width of each zone.

The 3D directional-specific variography was completed using the 1m composites of the capped gold assay data for the DDH populations of the mineralized zones. The investigation involved 10° incremental searches in the horizontal plane, followed by 5° to 10° incremental searches in the vertical planes indicated by the preferred azimuths, as well as planes normal to the preferred azimuth.

The results of the linear and 3D variographic investigations for the mineralized zone composites are consistent with the univariate statistics and generally correlate with geological features of the deposit. Some changes were introduced to the best-fit model to better reflect the geological model.

The 3D variography combined with the modified best-fit model produce the Inferred category search ellipse. The influence of the search ellipse for the Indicated category has been fixed at two-thirds (2/3) of the influence of the search ellipse for the Inferred category. No 3D variographic study was done for the channel sample population. Instead, a sphere with a radius of 9 metres was used for the channel samples to interpolate the grade of the Measured category; the size of the sphere was based on the dimensions of the mine drift of the Croinor deposit. Table 14.5 summarizes the orientations and ranges for the search and interpolation ellipses for the 1m DDH composites, as derived from the variography and the modified best-fit model.

Table 14.5 – Ellipsoid ranges derived from variography and the modified best-fit model for DDH samples

	Rotation			Range (m)		
Category	Z	Y	Z	X	Y	Z
Inferred	90	35	90	35	25	15
Indicated	90	35	90	20	15	9

14.1.6 Bulk Density

Since no new density determinations were available for the Croinor deposit at the time of the resource calculation, InnovExplo used the values presented in the NI 43-101 Technical Report of 2005 (Pelletier and Boudrias, 2005). Accordingly, a mean value of 2.80 was used in the mineralized zones and waste. Bulk densities were used to calculate tonnages from the volume estimates in the resource-grade block model.

14.1.7 Block Model Geometry

A block model was established over a 1,570-metre segment of the Croinor deposit to a depth of 545 metres below surface. The limits of the block model are as follows:

- From 930mW to 640mE (314 columns x 5 m each)
- From 112mN to 692mN (232 rows x 2.5 m each)
- From level 3070 to level 2500 (228 levels x 2.5 m each)

The block model has parallel orientation, with the Y-axis oriented along a north local grid azimuth of 21.9167°. The individual block cells have dimensions of 5 m long (X-axis) by 2.5 m wide (Y) by 2.5 m vertical (Z). The block size is adapted to the typical shape of the mineralized zones. In order to avoid overlaps in rock code identification, three folders were generated within the same block model. Table 14.6 presents the interpolated zones and associated folders of the Croinor block model.

Table 14.6 – Croinor block model and associated mineralized zones

Folder	Rock code	Block code
Group A	Zone 3	103
	Zone 6	106
	Zone 9	109
	Zone 11	111
	Zone 14	114
	Zone 16	116
	Zone 21	121
	Zone 22	122
	Zone 24	124
	Zone 26	126
	Zone 28	128
	Zone 29	129
	Zone 32	132
	Zone 34	134
	Zone 41	141
	Zone 42	142
	Zone 70	170
	Zone 75	175
	Zone 85	185
	Zone 90	190
	Zone 95	195
	Zone 100	200
Group B	Zone 1	101
	Zone 2	102
	Zone 4	104
	Zone 5	105
	Zone 7	107
	Zone 8	108
	Zone 10	110
	Zone 15	115
	Zone 18	118
	Zone 19	119
	Zone 25	125
	Zone 30	130
	Zone 33	133
	Zone 36	136
	Zone 38	138
	Zone 44	144
	Zone 45	145
	Zone 48	148
	Zone 80	180
Group C	Zone 12	112
	Zone 13	113
	Zone 17	117
	Zone 20	120
	Zone 23	123
	Zone 27	127
	Zone 31	131
	Zone 35	135
	Zone 37	137
	Zone 39	139
	Zone 40	140
	Zone 50	150
	Zone 55	155

14.1.8 Mineralized-Zone Block Model

All blocks with more than 0.01% falling within the selected mineralized-zone solids were assigned the corresponding mineralized-zone rock code. A percent block model was generated reflecting the proportion of each block inside the mineralized solids. The percent block model was used in the resource estimation process. All remaining blocks were assigned code “999” for waste rock, “8” for underground development, “7” for open pit, “6” for overburden, or “5” for air.

14.1.9 Grade Block Model

As per the geostatistical results detailed in this report, a grade model was interpolated using the 1m composites from the conventional assay grade data capped to produce the best possible grade estimate for the defined resources in the Croinor deposit. Nine (9) interpolation profiles were established for grade estimation. The interpolation profiles were customized to estimate grades separately within the Group A, Group B and Group C folders for the DDH population and the channel sample population. The method retained for the final resource estimation was inverse distance power six (1/D6) with capping of high-grade values.

A point area workspace providing the X, Y, Z and gold data points was used for block interpolation in the grade model. The composite points in each of the point area files were assigned rock codes and block codes corresponding to the mineralized zone in which they occur. The interpolation profiles specify a single target and sample rock code for each mineralized-zone solid, thus establishing hard boundaries between the mineralized zones and preventing block grades from being estimated using sample points with different block codes than the block being estimated. The search/interpolation ellipse orientations and ranges defined for the nine (9) interpolation profiles used for grade estimation are those presented in Section 14.1.5 and Table 14.5 of this report (Variography).

Other specifications for the control grade estimation are as follows:

For all three folders:

- inverse distance power six (1/D6) interpolation method for data points;
- minimum of one (1) and maximum of three (3) DDH sample points in the search ellipse for interpolation of the Indicated and Inferred categories and minimum of two (2) and maximum of twelve (12) channel sample points for the interpolation of the Measured category;
- no limit of samples from any one DDH or channel sample;
- high-grade values capped.

These interpolation parameters were specifically selected for the purpose of comparing the 3D block model method herein with the polygonal cross-sectional method used by O’Dowd (2009).

14.1.10 Resource Category Block Model

The Measured, Indicated and Inferred categories were identified by the interpolation process using the search ellipse criteria and specific interpolation parameters defined above. In order to generate the final resource grades for the block model, the

Measured category interpolation profile for the Group A, B and C folders was executed first. In the second step, the Indicated interpolation profiles were executed for all three folders, but excluded all previously identified Measured blocks. The third step calculated the Inferred interpolation profiles excluding the already identified Measured and Indicated blocks. Subsequently, isolated blocks or a series of blocks showing no spatial continuity in terms of grade and/or density of information were reclassified as Inferred. In the same way, isolated blocks or a series of blocks showing good spatial continuity in terms of grade and/or density of information were reclassified as Indicated. Only blocks having an assigned rock code were interpolated for grade and resource categories. Figure 14.2 displays an isometric 3D view of an example of resource categories for the Group A folder.

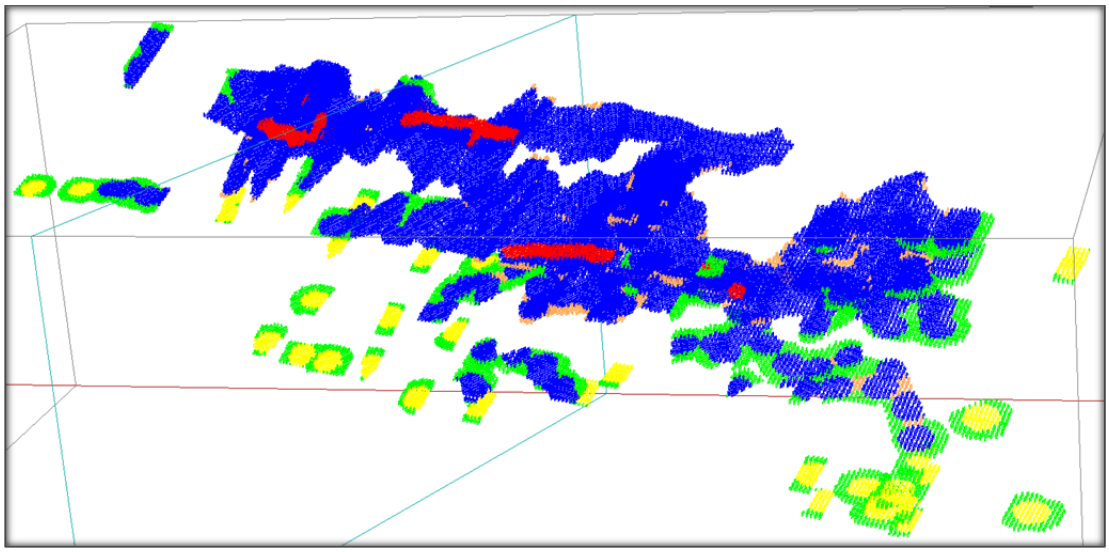

Figure 14.2 – Group A resource categories
(Red= Measured; Blue= Indicated; Yellow= Indicated reclassified as Inferred; Green= Inferred; Orange=Inferred reclassified as Indicated).

14.2 Mineral Resource Classification, Category or Definition

The resource classification definitions used for this report are those published by the Canadian Institute of Mining, Metallurgy and Petroleum in their document “CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines”.

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

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

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

14.3 Global Resource Estimation

InnovExplo is of the opinion that the Mineral Resource Estimate can be classified as Measured, Indicated and Inferred resources based on the density of the processed data, the search ellipse criteria, and the specific interpolation parameters. The estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves. The resources were estimated using different gold cut-off grades and a minimum width of 1.8 metres (true width). The selected cut-off of 4 g/t was used to determine the mineral potential of the deposit for the underground mining option. Tables 14.7 and 14.8 display the results of the In Situ Mineral Resource Estimate for the Croinor deposit (54 lenses). The detailed results are presented by zone in Appendix XII. InnovExplo is of the opinion that the Mineral Resource Estimate can be used for a prefeasibility study.

Figures 14.3 to 14.6 display the grade model for the different resource categories on cross-sections.

Table 14.7 – Results of the In Situ Mineral Resource Estimate (Measured, Indicated, and Measured+Indicated resources) at different cut-off grades (inclusive of Mineral Reserves).

Measured Resources				Indicated Resources				Measured + Indicated Resources			
Cut-off	Tonnes	Au g/t	Oz Au	Cut-off	Tonnes	Au g/t	Oz Au	Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	46 800	10.98	16 500	> 6 g/t	355 800	12.13	138 800	> 6 g/t	402 600	12.00	155 300
> 5 g/t	59 400	9.81	18 700	> 5 g/t	447 300	10.78	155 000	> 5 g/t	506 700	10.66	173 700
> 4 g/t	80 500	8.41	21 800	> 4 g/t	599 600	9.18	176 900	> 4 g/t	680 100	9.08	198 700
> 3 g/t	112 400	7.00	25 300	> 3 g/t	848 300	7.51	204 700	> 3 g/t	960 700	7.45	230 000
> 2 g/t	165 200	5.55	29 500	> 2 g/t	1 192 200	6.05	231 700	> 2 g/t	1 357 400	5.99	261 200
> 1 g/t	257 600	4.08	33 800	> 1 g/t	1 889 600	4.35	264 100	> 1 g/t	2 147 200	4.31	297 900
> 0.6 g/t	297 700	3.64	34 800	> 0.6 g/t	2 283 700	3.73	274 100	> 0.6 g/t	2 581 400	3.72	308 900
> 0.3 g/t	335 200	3.28	35 300	> 0.3 g/t	2 685 400	3.24	279 800	> 0.3 g/t	3 020 600	3.25	315 100

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Carl Pelletier, B.Sc., P.Geo., and Karine Brousseau, Eng., both of InnovExplo Inc. The effective date of the estimate is August 8, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The mineral resource is presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- Results are presented undiluted and in situ. The estimate includes 54 gold-bearing lenses.
- Resources were compiled using cut-off grades of 0.3 g/t, 0.6 g/t, 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.
- Cut-off grades should be re-evaluated in light of changes in prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.8 g/cm^3 was used in zones and waste.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground chip sample assays.
- Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole and chip sample sections that fall within the mineralized zone envelopes (each composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3, from drill hole and underground chip samples using the 1/D6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories were defined using different search ellipsoid parameters.
- The reclassified Inferred category is the result of isolated blocks or series of blocks showing no spatial continuity in terms of grade and/or information density that were reclassified from Indicated to Inferred.
- The reclassified Indicated category is the result of blocks or series of blocks showing good spatial continuity in terms of grade and/or information density that were reclassified from Inferred to Indicated.
- Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.
- Other than drill holes CR-11-414 to CR-11-419, which are not included in the current resource estimate because they had pending assays at the time of the resource calculation. InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Table 14.8 – Results of the In Situ Mineral Resource Estimate (Inferred resources) at different cut-off grades

Inferred Resources			
Cut-off	**Tonnes**	**Au g/t**	**Oz Au**
> 6 g/t	84 500	12.02	32 700
> 5 g/t	102 400	10.90	35 900
> 4 g/t	160 100	8.56	44 100
> 3 g/t	227 800	7.03	51 500
> 2 g/t	358 300	5.36	61 800
> 1 g/t	564 600	3.94	71 500
> 0.6 g/t	664 700	3.47	74 200
> 0.3 g/t	726 300	3.21	75 100

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Carl Pelletier, B.Sc., P.Geo., and Karine Brousseau, Eng., both of InnovExplo Inc. The effective date of the estimate is August 8, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The mineral resource is presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- Results are presented undiluted and in situ. The estimate includes 54 gold-bearing lenses.
- Resources were compiled using cut-off grades of 0.3 g/t, 0.6 g/t, 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.
- Cut-off grades should be re-evaluated in light of changes in prevailing market conditions (gold price, exchange rate, mining cost).
- A fixed density of 2.8 g/cm^3 was used in zones and waste.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground chip sample assays.
- Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole and chip sample sections that fall within the mineralized zone envelopes (each composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3, from drill hole and underground chip samples using the 1/D6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories were defined using different search ellipsoid parameters.
- The reclassified Inferred category is the result of isolated blocks or series of blocks showing no spatial continuity in terms of grade and/or information density that were reclassified from Indicated to Inferred.
- The reclassified Indicated category is the result of blocks or series of blocks showing good spatial continuity in terms of grade and/or information density that were reclassified from Inferred to Indicated.
- Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the Mineral Resource Estimate.

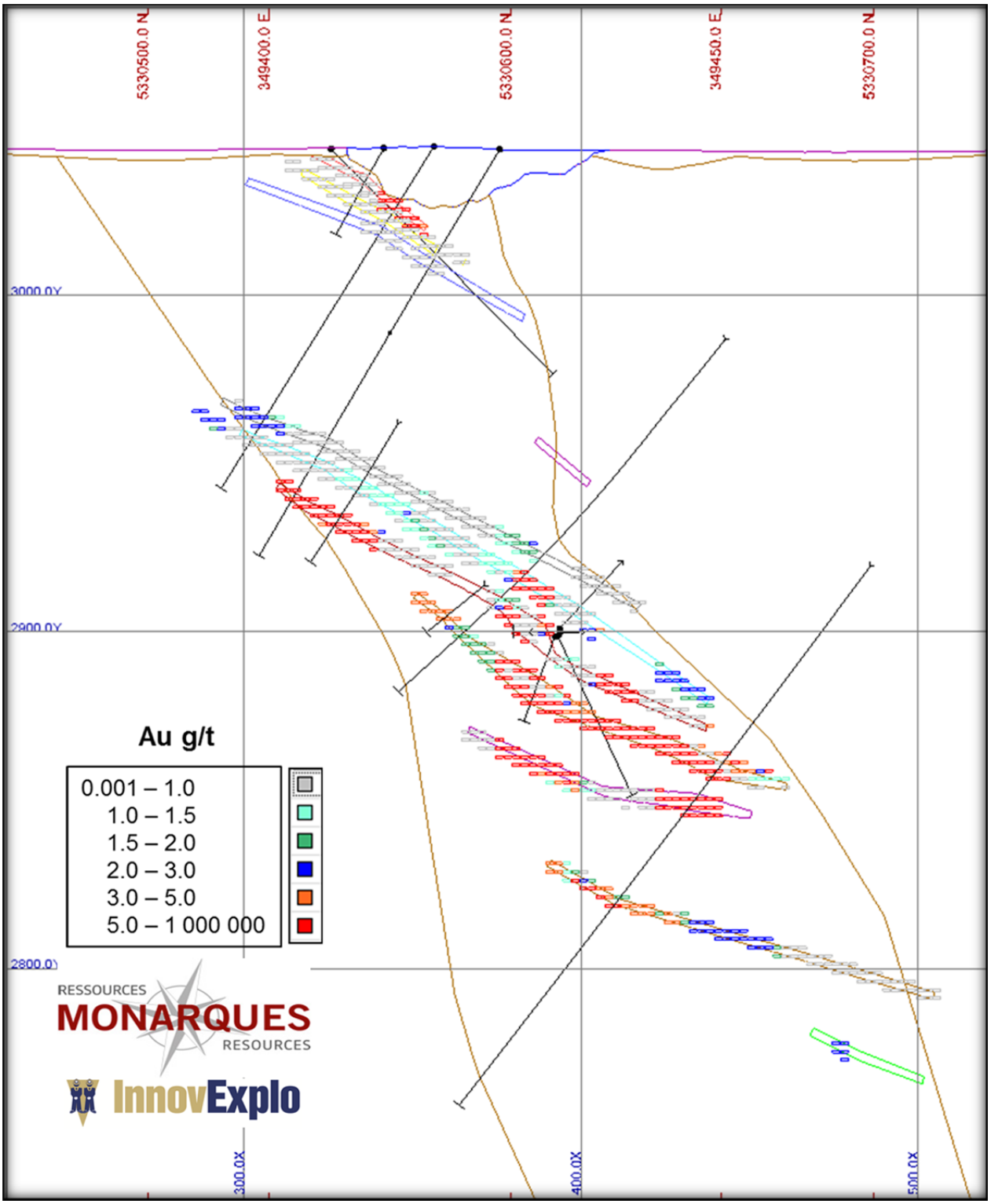

Figure 14.3 – Measured, Indicated and Inferred resources of the Croinor deposit (Section 330W)

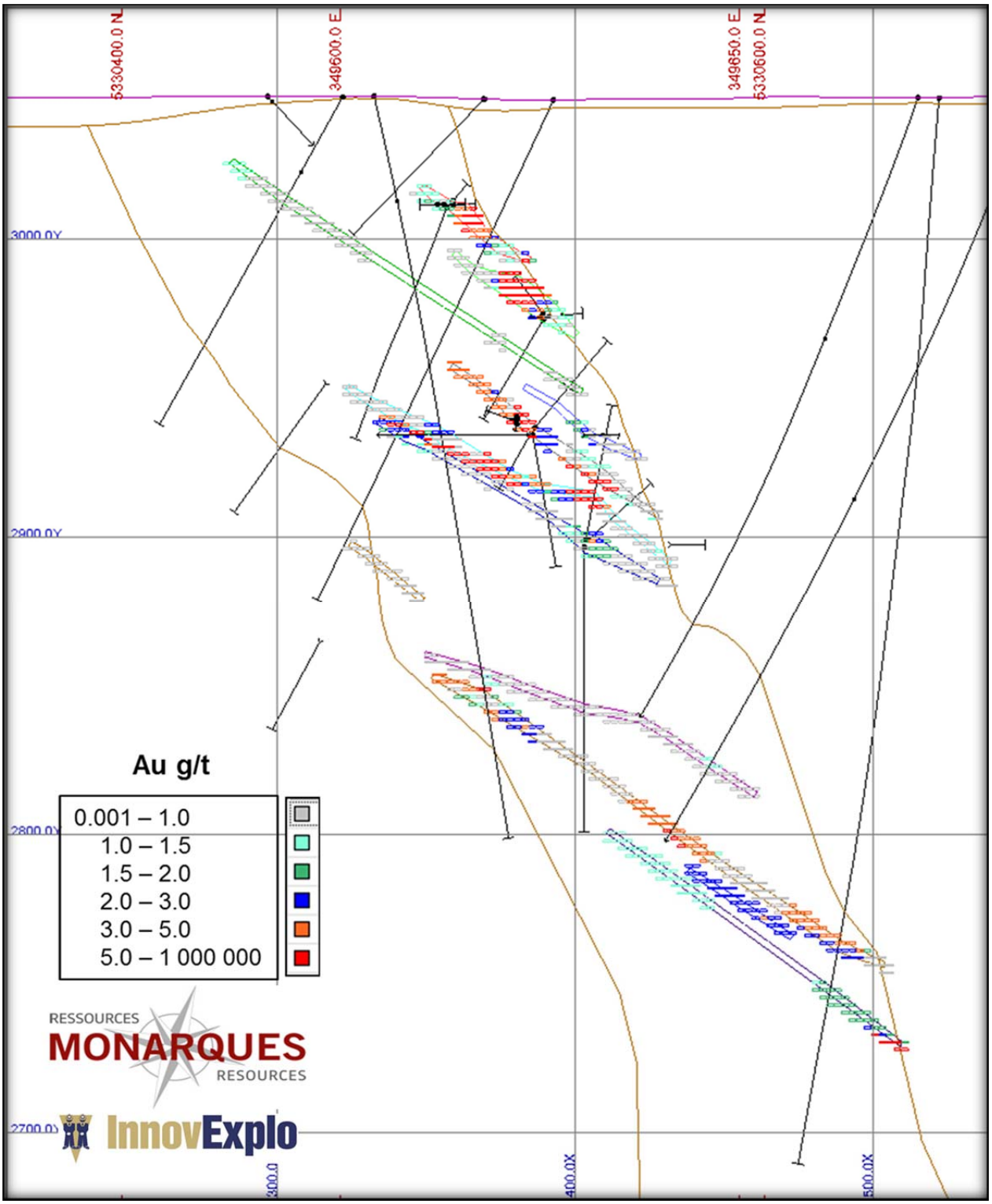

Figure 14.4 – Measured, Indicated and Inferred Resources of the Croinor deposit (Section 120W)

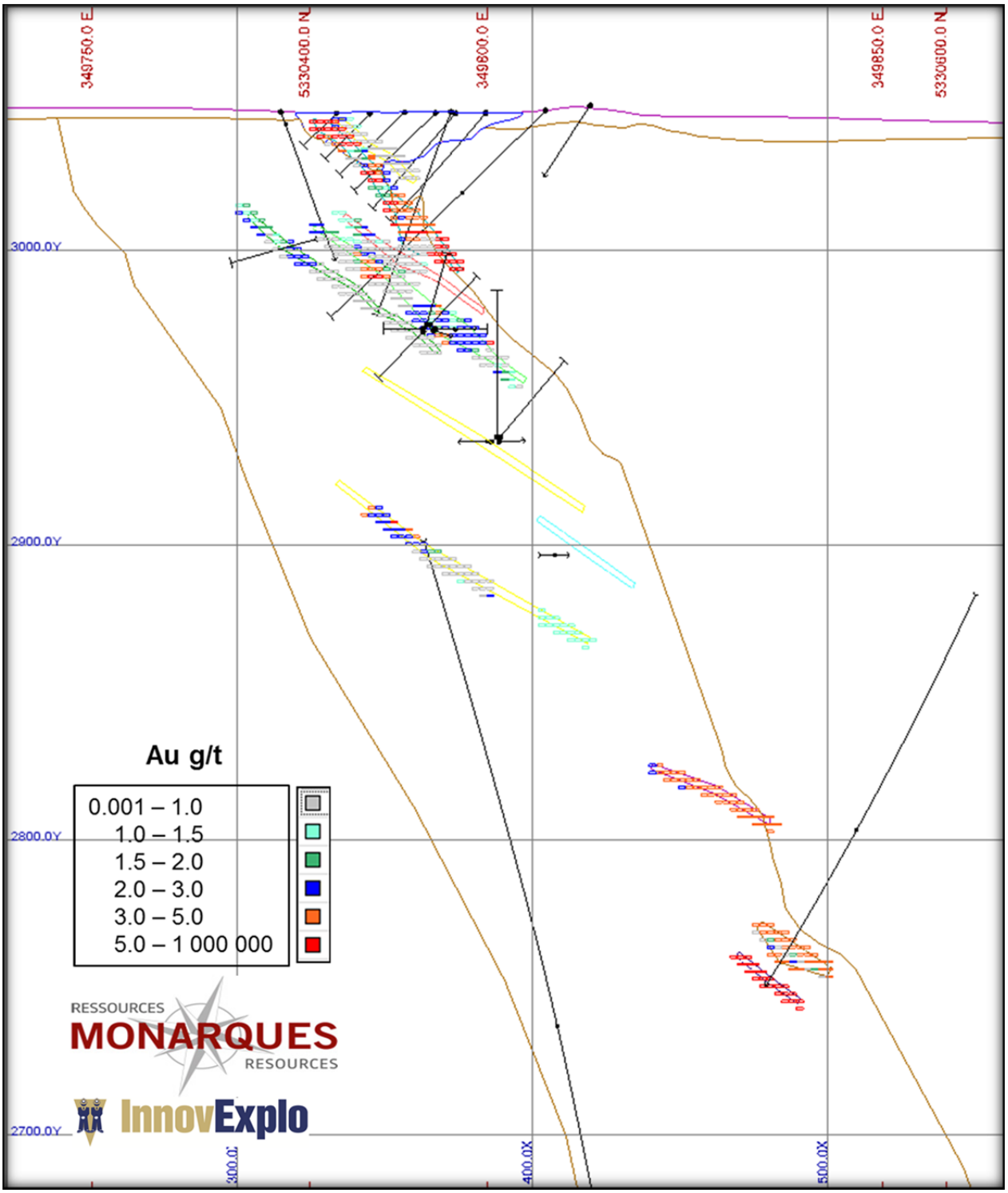

Figure 14.5 – Measured, Indicated and Inferred resources of the Croinor deposit (Section 70E)

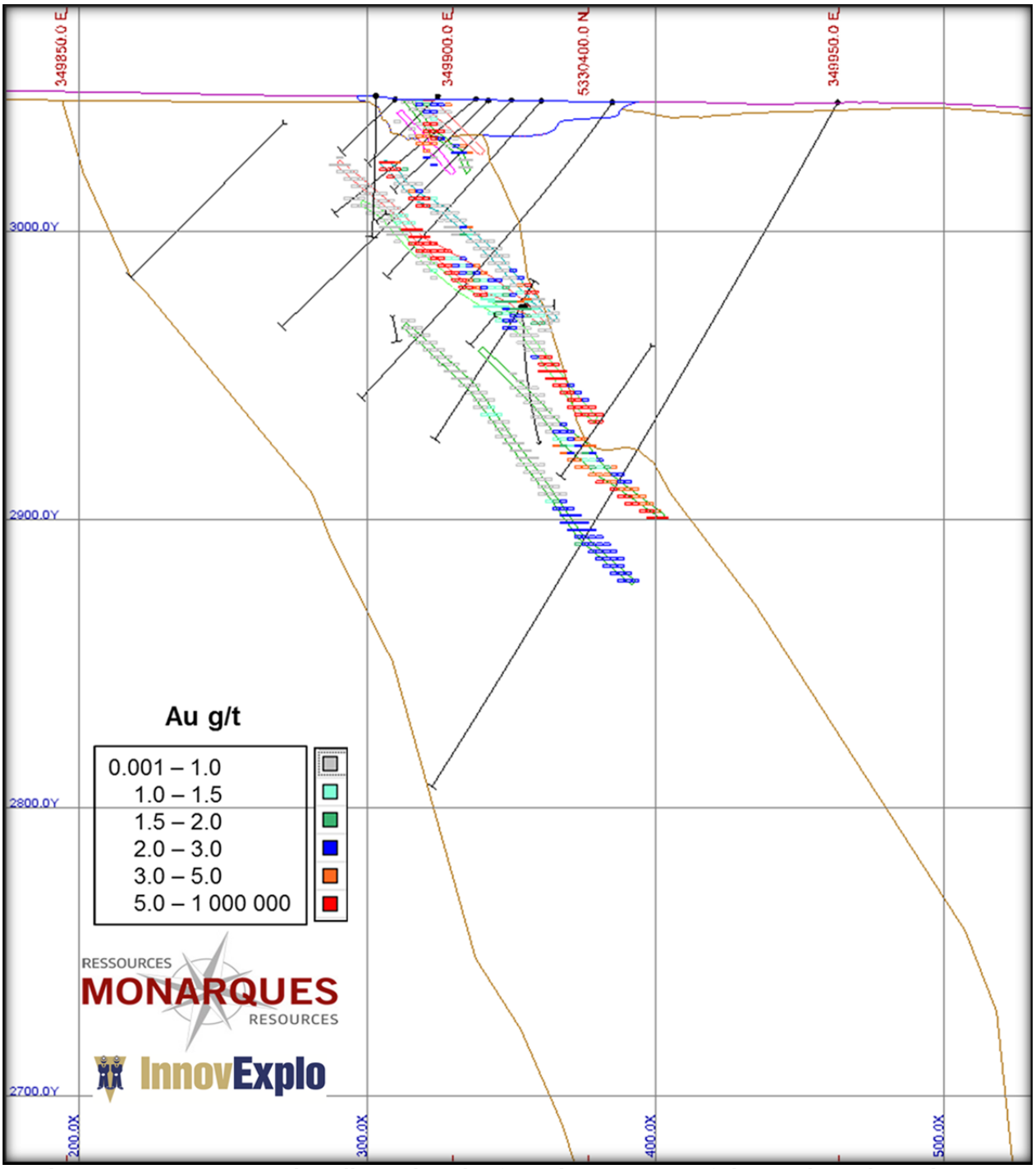

Figure 14.6 – Measured, Indicated and Inferred resources of the Croinor deposit (Section 200E)

15. MINERAL RESERVE ESTIMATES

Mineral reserves were classified in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves. Mineral reserves for the Croinor Gold property incorporate appropriate mining dilution and mining recovery allowances for the selected mining method.

In order to determine the resources to be converted to reserves, the Mineable Shape Optimizer (MSO), a CAE Studio 5D software application was used. According to specified stope parameters, MSO generates individual stope shapes from the block model.

Two mining methods appear to be most convenient for the Croinor deposit: sublevel long-hole retreat and room and pillar. During the preparation of the 2012 prefeasibility study, two MSO runs were completed on the block model in order to select the most appropriate mining method. The following parameters were used for both methods. A small block size was selected in order to better reflect the narrow vein nature of the deposit.

Long-hole mining method:

- Cut-off grade value: 3.7 g/t;
- Minimum mining width of 1.8 m (stope thickness);
- Sublevel interval of 13 m (vertical height);
- Spacing interval of 5 m (stope length);
- Mining dilution of 0.4 m on the hanging wall and 0.2 m on the footwall;
- Minimum slope wall angle of 45 degrees.

Room and pillar mining method:

- Cut-off grade value: 5.4 g/t;
- Minimum mining width of 1.8 m (stope thickness);
- Maximum mining width of 3 m (stope thickness);
- Spacing interval of 5 m x 5 m (stope size along strike);
- Maximum slope wall angle of 45 degrees.

For the current prefeasibility study update, a new cut-off grade was calculated to better reflect current change in gold price and mining cost. The reserve was then reviewed in order to take out the tonnage that is no longer economic.

The same mine plan as the one produced in 2012 (Poirier et al., 2012) was used for the assessment. According to that plan, 84% of the resources would be mined using the sublevel long-hole method and 16% from room and pillar. The long-hole method was applied as much as possible due to the lower mining cost and higher productivity.

Table 15.1 presents the estimated Proven and Probable reserves, which total 117,870 ounces after applying the appropriate mining recovery and dilution factor for the selected method. The revised reserves decreased slightly compared to the 2012

prefeasibility study. This difference is due mainly to a revision of the cut-off grade, resulting in a higher cut-off grade.

Table 15.1 – Mineral Reserve Estimate

Category	Tonnes	Grade (g/t Au)	Ounces
Proven	68 625	6.25	13 789
Probable	472 909	6.85	104 081
Total reserve	541 534	6.77	117 870

On the basis of the information presented in sections 16 to 22 of this report, InnovExplo was able to demonstrate the economic viability of the proposed extraction and processing of the Measured and Indicated resources found within the mine plan. Overall, InnovExplo considers that its basic engineering project meets the requirements of a preliminary feasibility study.

InnovExplo is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issue that would materially affect the Mineral Reserve Estimate. InnovExplo considers the present Prefeasibility Study to be reliable and thorough, based on quality data, reasonable hypotheses and parameters compliant with National Instrument 43 101 and CIM standards with regards to mineral reserve and resource estimates.

15.1 Ore Recovery and Dilution

The ore recovery and dilution factor applied in the mining plan and reserve calculations were based on a rock geomechanics study and on common factors applied to the selected method.

In the long-hole method, as a first step, the small stope units generated by the MSO were grouped into larger stopes. Pillar locations were determined according to guidelines provided by the geomechanical evaluation. A 95% recovery factor was then applied to the remaining tonnage. A dilution of 0.6 metre was initially included among the MSO parameters. Once compiled, the resulting overall stope dilution was 24%. In order to remain conservative, a 6% dilution factor was added to bring the overall dilution factor to 30% for the long-hole stopes. The resulting average mining width is 4.0 metres, including 1.2 metres of dilution. The dilution grade was set at 0.0 g/t Au.

The room and pillar stopes were evaluated using a recovery factor of 85%. In cases where the stope dimension was smaller or equal to the stable size determined by the geomechanical study, a 100% recovery factor was applied. A dilution factor of 5% was applied.

15.2 Cut-off Grade

For the present study, the same stopes created in the previous study were used (Poirier et al., 2012), but a new cut-off grade was calculated and some stopes were discard because they were no longer profitable. Each stope that was close to the

cut-off grade was evaluated individually to determine whether it would be included in the study or discarded. For the calculation of this cut-off grade, a metal price of $1,300 at an exchange rate of 1.10 was used. The remaining parameters used in the cut-off grade estimation are presented in the following table.

Table 15.2 – Cut-off grade parameters

	Long-hole	Room and pillar
Operating Cost	$182.75/t	$232.33/t
Mint cost	$5.00 /oz	$ 5.00/oz
Mill recovery	97.5%	97.5%
Mining dilution	Included in MSO parameters	5.0%
Cut-off grade	4.1 g/t	5.5 g/t

16. MINING METHODS

The proposed mining plan of the Croinor Gold property was prepared using the Measured and Indicated Resources presented in Section 14. These resources were converted to Proven and Probable Reserves based on the parameters described in Section 15 for the underground mining of narrow subvertical veins. A large portion of the identified resources dip below 45 degrees. This dip is unfavourable to long-hole mining since the broken ore does not flow easily on the footwall. It is also unfavourable for the room and pillar method as the dip makes it hard for workers to travel in the stope with the equipment and material.

The mining plan for the Croinor Gold property comprises a combination of conventional and mechanized mining. The approach in this study has been to force the application of long-hole mining by adding dilution to ensure a minimum footwall angle of 45 degrees. When this approach was not convenient, room and pillar mining was selected. The use of MSO software made these stope analyses possible by calculating optimized stope shapes according to specified mining parameters.

The ore will be transported to surface using a combination of 3.5 yd and 6 yd scooptrams and 30 ton trucks. Waste material will either be brought to surface and be stored on the existing waste pad or used to backfill mined out stopes when possible.

The deposit will be accessed via a ramp. The existing ramp will be restored to level 125 and a new section will be excavated to access all resources. The production drifts will be accessed via crosscuts connecting to the ramp. A small portion of the resources will be mined with captive methods, however the haulage will always be mechanized.

16.1 Geotechnical Evaluation

This rock mechanics evaluation was prepared by InnovExplo engineer, Jane Alcott, MASc, P.Eng. (Ontario), eng. (Québec).The following geomechanical assessment and design recommendations are based entirely on the author's review of documents provided by Golder Associates Limited (Golder, 2004; Golder, 2009; Golder, 2011). The majority of the information was taken from the crown pillar stability assessment (Golder, 2011). The data in this report pertains to a depth range of 0-100 m below surface. The values reported by Golder (2004; 2009; 2011) have not been verified.

16.1.1 Structural data

Structural data (Golder, 2011) have been compiled from open pit mapping data (Golder, 2004) and oriented core data (Golder, 2011). These are summarized in Table 16.1.

Table 16.1 – Major and minor structural sets at the Croinor mine (Golder, 2011)

Set	Dip / Dip Direction	Description
FO1	67°/010°	**Major** foliation set
J1	43°/014°	**Major** joint set
J2	72°/314°	Major joint set based on open pit mapping, minor based on oriented core data
J2a	40°/339°	**Major** joint set
J3	74°/044°	Joint based on open pit mapping
J3a	46°/049°	Minor joint set
J4	09°/121°	Minor set based on oriented core data
J5	47°/253°, 54°/098°	Minor sets based on open pit mapping

16.1.2 Geomechanical classification

The geomechanical domains and their descriptions (Golder, 2011) are summarized in Table 16.2.

Table 16.2 – Croinor mine geotechnical domains and descriptions (Golder, 2011)

Geotechnical Domains	Description
Tuff-Weathered	V1Tu, V2Tu, V3Tu, V2-V3Tu units between depths of 0 to 10 m below the bedrock surface; increased fracturing and weathering
IJ2-Weathered	All diorite units between depths of 0 to 10 m below the bedrock surface; increased fracturing and weathering
Tuff	V1Tu, V2Tu, V3Tu, V2-V3Tu units below 10 m depth
IJ2	All diorite units below 10 m depth
IJ2-Vein	Quartz veins within diorite units
Fracture Zone	Discrete fracture zones located below 10 m depth

The fracture zone domain identified in Golder (2011) does not correspond to the stoping areas or to the adjacent hanging and foot walls. Accordingly, the fracture zones have not been considered for the stope dimensioning analysis.

The typical and lower bound values of Q' and RMR1976, as determined by Golder (2011), are summarized in Table 16.3.

Table 16.3 – Croinor mine Q' and RMR1976 values (Golder, 2011)

Geotechnical Domains	Q'		RMR1976	
	Typical	Lower Bound	Typical	Lower Bound
Tuff-Weathered	4	4	54	46
IJ2-Weathered	5	5	55	54
Tuff	20	10	66	60
IJ2	16	9	67	63
IJ2-Vein	20	12	68	58
Fracture Zone	5	5	52	52

The unconfined compressive strength (UCS) values as determined by Golder (2011) are summarized in Table 16.4. For this report, the intact UCS values (σ_{ci}H-B) have been used.

Table 16.4 – Croinor mine unconfined compressive values (Golder, 2011)

Geotechnical Domains	UCS (MPa)†	UCSeq (MPa)*	σ_{ci}H-B (MPa)**
Tuff-Weathered		70	70
IJ2-Weathered		70	70
Tuff	68 ± 35	65	84
IJ2	86 ± 32	74	75
IJ2-Vein	72 ± 11	80	72

† *Laboratory testing (Queen's University, 2010 in Golder, 2011)*
** Equivalent UCS values estimated from Point Load Testing (Golder, 2011).*
*** Intact UCS determined from RockLab data analysis (Golder, 2011).*

16.1.3 Stope dimensions

Golder (2011) recommended the crown pillar thicknesses presented in Table 16.5. Based on these thicknesses, it is assumed that no stoping will be carried out within the weathered geotechnical domains (i.e., 0-10 m below the bedrock surface).

Table 16.5 – Recommended crown pillar thicknesses for the Croinor mine (Golder, 2011)

Stope Dip	Method	Crown Pillar Thickness (m)
< 40° - 45°	Room and Pillar	20 m
45° - 55°	Long-hole	20 m
≥ 55°	Long-hole	20-25 m

This study considers that all excavations are located in the IJ2 (diorite units), IJ2-Vein and Tuff units.

16.1.4 Long-hole stopes

Veins dipping at 45° to 60° are assumed to be mined by long-hole methods. The long-hole stopes will be mined from 3-metre-high sublevels, spaced at 15-metre intervals, along dip. It is assumed that stopes will not be backfilled and that pillars will be left between panels and mining horizons.

Long-hole stope dimensions were analyzed using the Mathews-Potvin stability graph method. The analysis assumes:

- Stopes are located in the IJ2, IJ2-Vein or Tuff geotechnical domains;
- Stopes dip at 45° to 60°;
- Lower bound Q' values = 9 (IJ2) – 10 (Tuff) – 12 (IJ2-Vein); and
- HW parallel joint set (45° – J1, 60° – FO1).

The hanging wall (HW) stability graph parameters for the Croinor mine are summarized in Table 16.6.

Table 16.6 – Mathews-Potvin stability graph parameters for the Croinor mine

Stope Dip	Method	Crown Pillar Thickness (m)
< 40° - 45°	Room and pillar	20 m
45° - 55°	Long-hole	20 m
≥ 55°	Long-hole	20 – 25 m

The stope/vein dip has a significant impact on HW stability. As the dip becomes steeper, the stable panel dimensions increase (i.e., larger hydraulic radius, HR). The following figures and tables present the stability graph analyses for the 45° (Fig. 16.1 & Table 16.7) and 60° scenarios (Fig. 16.2 & Table 16.8).

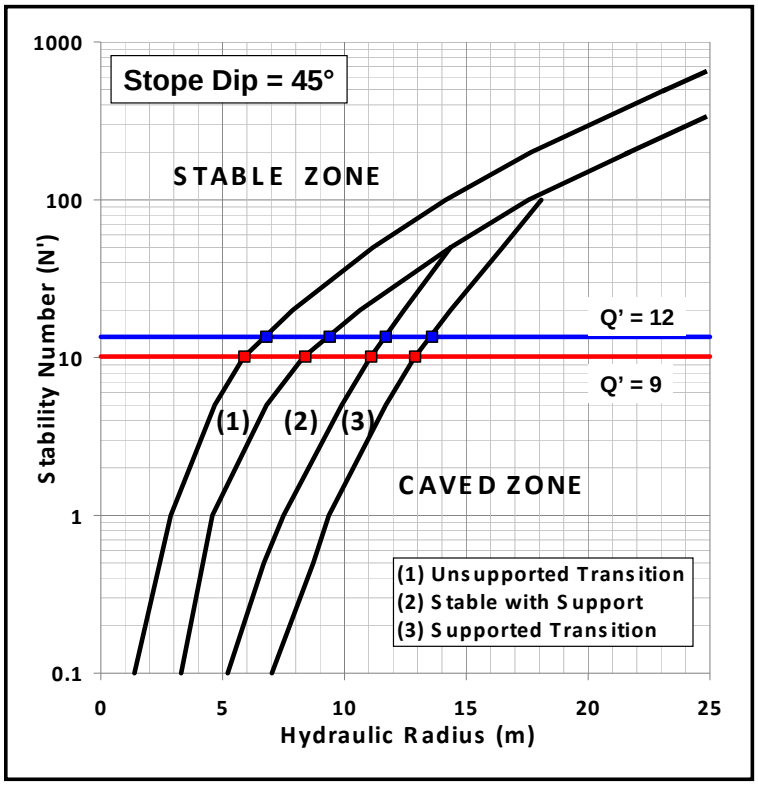

Figure 16.1 – Mathews-Potvin stability graph (45° scenario)

Table 16.7 – Interpretation of the Mathews-Potvin stability graph (45° scenario)

	Vein Dip = 45° HW	
Hydraulic Radius (m)	**Q' = 9**	**Q' = 12**
Stable	< 5.9	<6.8
Unsupported Transition	5.9 – 8.4	6.8 – 9.4
Stable with Support	8.4 – 11.1	9.4 – 11.7
Supported Transition	11.1 – 12.9	11.7 – 13.6

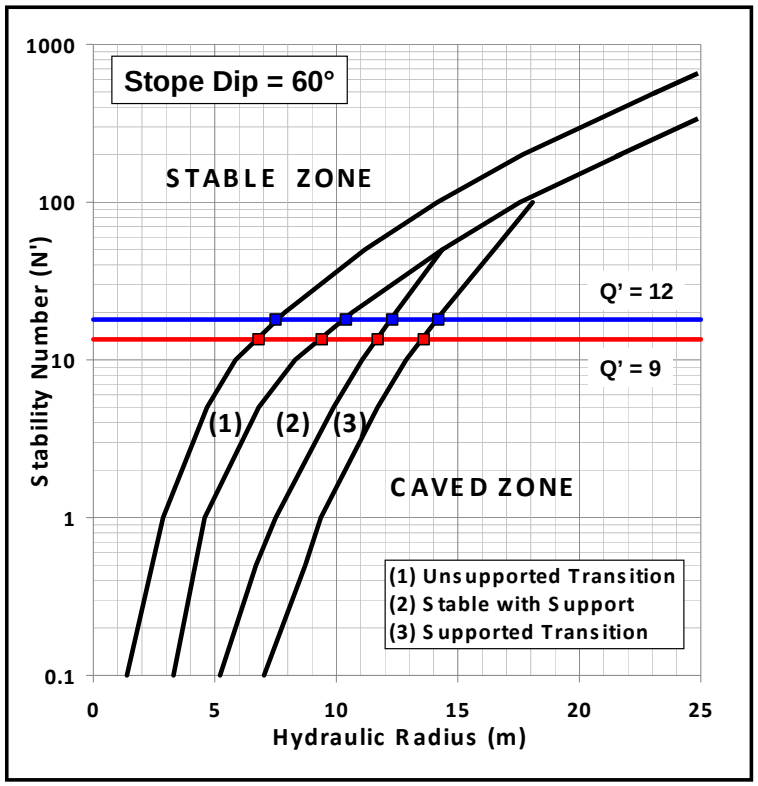

Figure 16.2 – Mathews-Potvin stability graph (60° scenario)

Table 16.8 – Interpretation of the Mathews-Potvin stability graph (60° scenario)

	Vein Dip = 60° HW	
Hydraulic Radius (m)	**Q' = 9**	**Q' = 12**
Stable	<6.8	<7.5
Unsupported Transition	6.8 – 9.4	7.5 – 10.4
Stable with Support	9.4 – 11.7	10.4 – 12.3
Supported Transition	11.7 – 13.6	12.3 – 14.2

The long-hole stope panel dimensions are based on the worst-case scenario (lower bound value: Q' = 9 and stable-without-support criterion). The design criteria yield hydraulic radii of 5.9 m for 45° stopes and 6.8 m for 60° stopes. The sublevel interval was assumed to be fixed at 15 m (along dip). Accordingly, the panel length was adjusted in order to satisfy the design criteria (Table 16.9).

Table 16.9 – Panel length assessment

	Panel Height	Hydraulic Radius (m)				
		L = 25 m	L = 20 m	L = 17 m	L = 16 m	L = 15 m
Configuration #1	36 m	7.4	6.4	5.8	5.5	5.2
Configuration #2	42 m	7.8	6.7	6.1	5.8	5.5

The recommended panel configuration and corresponding hydraulic radius values are presented in the Table 16.10 and Figure 16.3.

Table 16.10 – Proposed long-hole stope configurations

	HW Panel Dimensions	
	45° scenario Design HR_{max} = 5.9	**60° scenario Design HR_{max} = 6.8**
Configuration #1 • 15 m long downholes drilled from #1 & #2 Subs • 5 m wide pillar between panels	36 m (H) x 16 m (L) (HR = 5.5 m)	36 m (H) x 16 m (L) (HR = 6.4 m)
Configuration #2 • 15 m long downholes drilled from #1 & #2 Subs • 7 m long upholes drilled from #2 Sub • 5 m wide pillar between panels	42 m (H) x 16 m (L) (HR = 5.8 m)	42 m (H) x 16 m (L) (HR = 6.7 m)

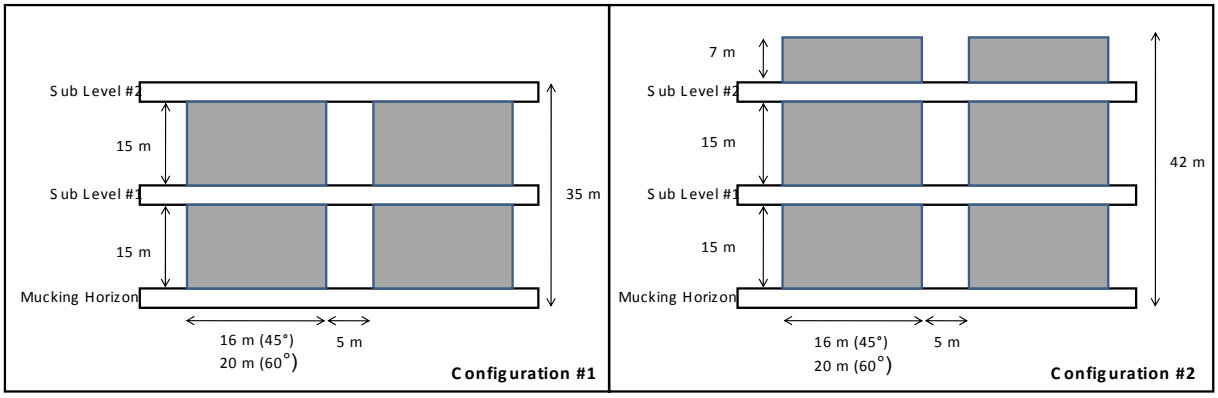

Figure 16.3 – Proposed long-hole stope configurations (longsection view). All height measurements are stated along dip.

The following elements are not considered in the Mathews Potvin stability graph analysis:

- Variations in geometry due to changes in vein orientation and/or dip (i.e., undulations). Stopes are assumed to have a regular rectangular geometry and any variations in geometry will negatively impact stability.
- Undercutting of stope hanging walls and footwalls due to oversized development. Undercutting may create an additional release surface for slabbing. Cabling may be required for wall control in these situations.

This study has not considered the dimensioning and stability of the pillars between long-hole panels.

16.1.5 Room and pillar stopes

The proposed room and pillar stope configuration is based on typical industry practices for currently operating mines in deposits with similar vein geometry.

The typical mining height will vary from 1.8 m (minimum) to 3.0 m (maximum). The 3.0 m maximum reflects safety and operational constraints. For mineralized zones in excess of 3.0 m, either selective mining or backfilling and multiple cut methods should be considered. The proposed room and pillar dimensions are summarized in Table 16.11 and Figure 16.4.

Table 16.11 – Proposed room and pillar stope configuration

Rooms	6.5 m wide
Pillars	3 m wide x 5 m long x 1.8 – 3.0 m high
Maximum Span	8.85 m (intersection)
Mining Height	1.8 – 3.0 m

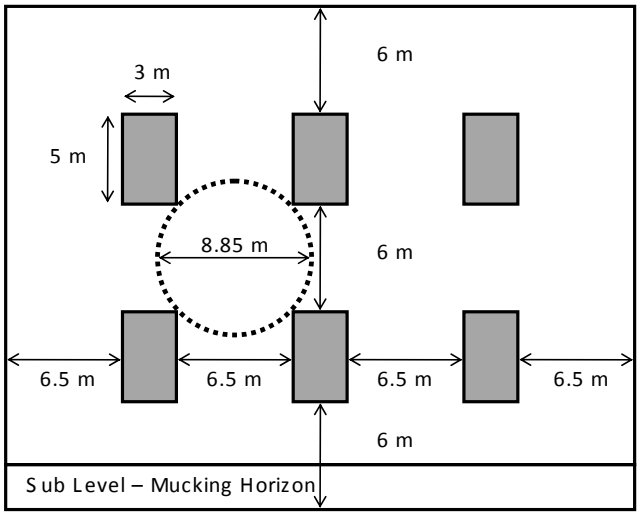

Figure 16.4 – Proposed room and pillar stope configuration (plan view)

The stability of the excavations was analyzed using the Underground Entry-Type Excavation Span Design method (Lang, 1994; Wang et al., 2000). This method empirically determines the stable span for an excavation supported by primary support. The stability of a given excavation span is assessed based on rock mass classification (RMR), to which corrections are applied for the presence of unfavourable structures (flat-lying joints and dykes) and the induced stress conditions (Table 16.12).

Table 16.12 – Entry-Type Excavation Span Design correction factors (Lang, 1994).

Condition	Correction Factor
Flat lying joints (<30º)	- 10%
Dyke or fault (0-60º)	- 10%
Low burst potential (σ_1/σ_c = 0.3 – 0.4)	- 10%
Moderate burst potential (σ_1/σ_c = 0.4 – 0.5)	- 15%
High burst potential (σ_1/σ_c > 0.5)	- 20%

Primary support is defined as 6 ft bolts on a 4 ft x 4 ft pattern. The method does not consider discrete wedges or excavations that fall in the *potentially unstable* or *unstable* categories but which may become stable with the addition of secondary support (e.g., cablebolts, shotcrete, etc). Stability refers to short-term stability, which is defined as a period of less than three months. A “stable” excavation is one where the primary support is sufficient to maintain the excavation; “potentially unstable” refers to an excavation where additional or secondary is required; and “unstable” refers to an excavation where failure has occurred.

The proposed room and pillar stope configuration has a maximum span of 8.85 m (~9 m). Figure 16.5 shows that the lower bound RMR values (i.e., worst case scenario) correspond to maximum spans of 8 to 10.5 m. Therefore, secondary ground support is recommended for the maximum span intersections. In the intersection, 10 ft (3 m) resin-grouted cables (i.e., Standlok cables) will be installed on a 6 m x 6 m diamond around a central cable (Fig. 16.6).

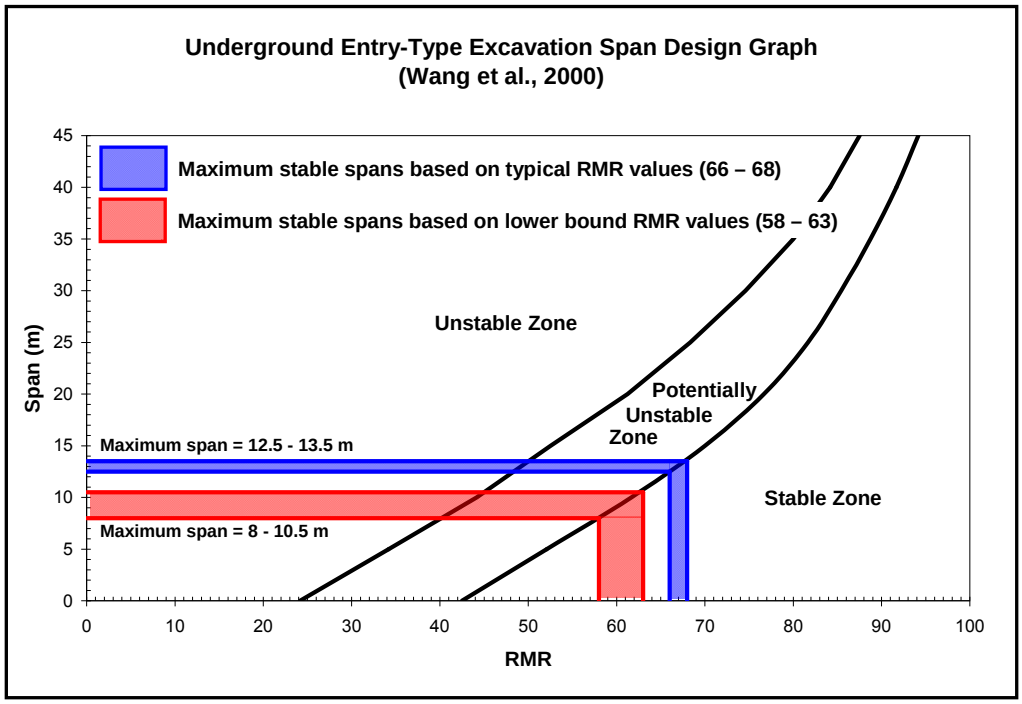

Figure 16.5 – Underground Entry-Type Excavation Span Design analysis

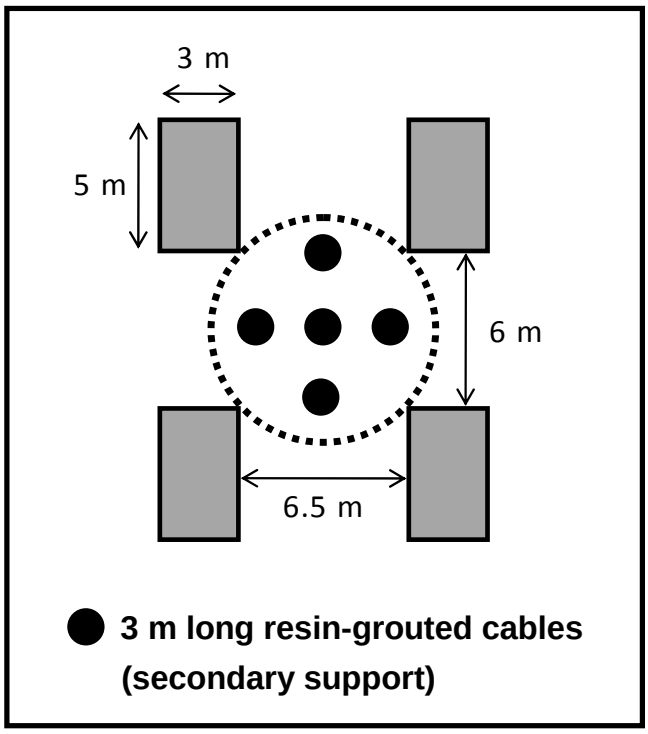

Figure 16.6 – Proposed secondary support pattern for room and pillar stope intersections (plan view)

16.1.6 Typical ground support patterns

These preliminary ground support recommendations are based on standard industry practices. More detailed recommendations will require additional information regarding joint spacing and continuity.

Based on Farmer and Shelton (1983), the following proposed bolt lengths for the back are based on the excavation span (bolt length = 0.3 span; Table 16.13).

Table 16.13 – Bolt length as a function of span

Bolt length*	Maximum Span
4 ft (1.2 m)	13.1 ft (4 m)
5 ft (1.5 m)	16.5 ft (5 m)
6 ft (1.8 m)	19.7 ft (6 m)
7 ft (2.1 m)	23.0 ft (7 m)
8 ft (2.4 m)	26.2 ft (8 m)

* Bolt length indicates the length installed within the rock and excludes any threads or bar outside of the drill hole.

The standard support (Fig. 16.7) consists of:

- Back: rock bolts (length based on excavation span) on a 1.2 m x 1.2 m (4’ x 4’) pattern with screen as required (based on excavation height);
- Wall: rows (number of rows based on excavation height) of rock bolts (length = 1.2-1.5 m) on a 1.2 m x 1.2 m (4’ x 4’) pattern.

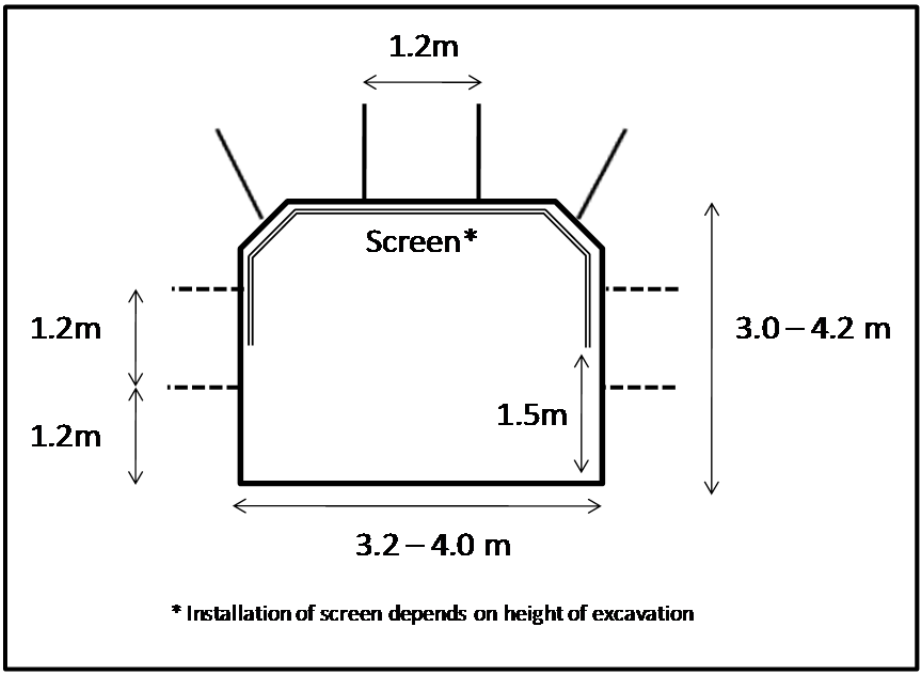

Figure 16.7 – Standard support pattern.

Screening of the back to 1.5 m above base-of-rail (BOR) is recommended for all excavations 3.5 m or higher. The screen is intended as a safety measure where back height will make routine inspections and scaling more difficult. Once additional structural and rock quality information are available, it will be possible to optimize the ground support standards (e.g., possibly eliminate wall bolts for excavations less than 3 m high).

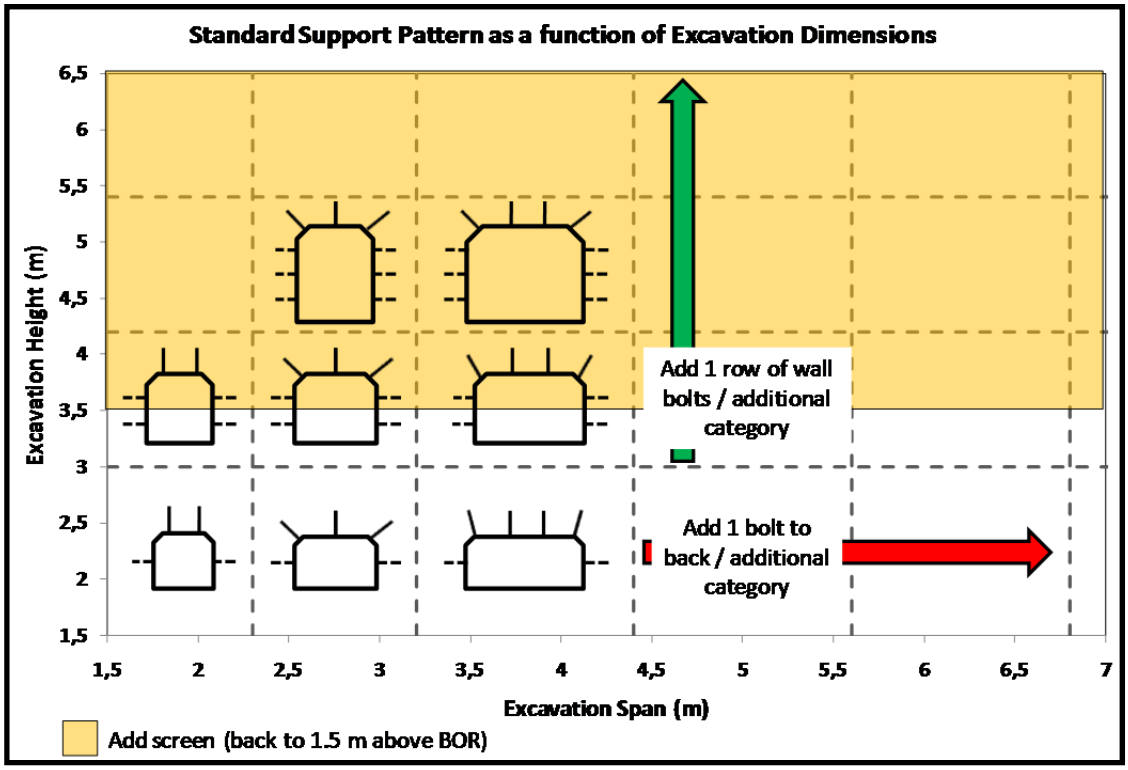

Figure 16.8 – Ground support guidelines as a function of excavation span and height
(Note: The transitions between bolting patterns are suggested guidelines and will vary slightly depending on the degree of arching of the excavation back.)

16.1.7 Stress

The in-situ stresses employed by Golder (2011) for the Croinor mine have been adopted for this analysis. At the maximum mining depth of 305 m and with a rock mass strength of 72-84 MPa, induced stresses are likely to cause some spalling around excavations. The ratio of induced stress to strength for development excavations at 305 m of depth is anticipated to vary from 0.47 to 0.55. These values exceed the threshold of the induced stress to strength ratio corresponding to the onset of stress-driven cracking (0.33-0.4; Martin, 1993). The stress analysis and assumptions are summarized in Table 16.14.

Table 16.14 – Induced stress analysis

Parameter	Depth = 305 m	Source
Minor principal stress (α_3)	9.6 MPa	Golder (2011)
Major principal stress (α_1)	25 MPa	Golder (2011)
k_o (α_1/ α_3)	2.6	Golder (2011)
Maximum induced stress (α_1)	40 MPa	Square (4 m x 4 m) excavation assumed
Rock mass strength (α_c)	72 - 84 MPa	Golder (2011)
Induced stress: strength (α_1/ α_c)	0.47 – 0.55	

16.1.8 Recommendation for Future Work

Values taken from the crown pillar study (Golder, 2011) have been assumed to be valid for the surface to a depth of 100 m. In general, one would expect rock mass conditions to improve with depth. It is recommended that all assumptions (rock mass strength, classification and structure) be verified once access to underground becomes available. Detailed analysis (3D numerical modeling) of the proposed stope configuration is recommended in order to proceed to a feasibility study. Such an analysis would examine the stability of the pillars between the long-hole panels and within room and pillar stopes, as well as examining sequencing and stope interactions.

16.2 Mining Method

As mentioned earlier, two mining methods are proposed to accommodate the geometry of the mineralization: sublevel long-hole retreat and conventional room and pillar.

16.2.1 Long-Hole Method

The long-hole stopes will be mined from 3-m-high sublevels at 13-m vertical intervals. For stope heights exceeding 13 m, the maximum stope panel was defined as 15 m long. It is assumed that stopes will not be backfilled and 5-m pillars are left between panels and mining horizons. For stope heights of 13 m and less, longer stope panels were considered on a case by case basis.

The method consists of drilling and blasting 54-mm-diameter holes in a pattern parallel to the walls. Holes are drilled upward or downward depending on the context.

The development sequence consists of accessing the mineralized zone and excavating a level cut in the mineralized zone. The mining sequence will require the excavation of a raise opening, which is either developed as a conventional raise or as a drop raise when a top access is available. Once development is completed, the mineralized zone is surveyed with precision for the preparation of the drilling and blasting pattern.

16.2.2 Room and Pillar

In some areas, room and pillar was an economically better choice than long-hole. The proposed room and pillar stope configuration is based on typical industry

practices for currently operating mines in deposits with similar vein geometry. The typical mining height will vary from 1.8 m (minimum) to 3.0 m (maximum).

The room and pillar mining method entails the excavation of a series of “rooms” following the vein, leaving “pillars” or columns of rock in place to help support the mine roof. In conventional room and pillar mining, drilling is achieved using hand-held drill equipment and holes are loaded with explosives. Bolts are then installed in the mine roof to ensure the roof is properly supported. The broken rock is scraped to either a raise or a drawpoint where it is taken with a scooptram to be hauled to surface.

16.2.3 Dewatering

Prior to any underground rehabilitation or development work, the existing mine infrastructure will have to be dewatered. The total estimated volume of water present in the mine and the two open pits is 504,080 m^3.

- East pit: 270,700 m3
- West pit: 211,900 m3
- Underground opening: 21,482 m3

Water will be pumped from the East and West pits. Initial dewatering is expected to be carried out at a rate of 5,500 m^3/day, resulting in an approximate dewatering period of 92 days. Mine water will be pumped and processed through Envirotubes to clarify the water and collect the mine sludge. Discharge from the Envirotubes will be directed to the existing settling pond (60 m x 60 m). The pond effluent will be monitored and managed in accordance with MMER and Directive 019 requirements.

16.3 Underground Mine Design

Primary development
The mine design incorporated in this study takes advantage of existing infrastructure when possible and appropriate. Underground access is planned using a single ramp developed from the existing ramp at level 125. The existing ramp will be extended to a final depth of 237 m. The ramp will connect to the existing levels and to the new sublevels.

The sublevels are developed at 13-m vertical intervals. The mine plan requires that portions of the existing levels be enlarged. Each level or sublevel is accessed using 4m x 4m crosscuts from the main ramp or secondary ramp. The opening dimensions are planned as follows:

- Ramp: 4m x 4.5m
- Crosscut: 4m x 4m
- Production drift: 3.7m x 3m
- Captive sublevel: 2.4m x 3m

The ore and waste will be hauled by LHDs from the production area to either a remuck bay or to loading points that will be excavated close to the ramp. The material will then be loaded in 30-tonne trucks to be hauled directly to surface.

The shaft will be rehabilitated to level 500 and will serve as the main emergency egress as well as for ventilation purposes. Short ventilation raises will be required as development progresses to accommodate the various production areas.

16.3.1 Secondary Development

Two permanent refuge stations are planned, one on the 250 level and a second one on level 625. These refuge stations will be 4 m x 12 m x 3 m. There will be two main sump stations to collect water inflow. The first one is planned on level 125 and the second one on level 625. The water will be pumped in stages to the surface.

16.3.2 Stope Development

In general, the long-hole stope level or sublevel will be excavated directly in the mineralized zones. In some cases, to allow for a better mine sequencing, bypass drifts and drawpoints have been considered to preserve access to future resources. The long-hole stopes will be mined by retreating and the broken material will be collected in the lower level or sublevel. The room and pillar stopes are accessed with crosscuts that normally serve as a draw point for the ore. When the stopes are located at an elevation higher than the level, short raises will be developed and separated into two compartments by a timber wall, one side to serve as a manway and the other to be used as a chute.

16.4 Mine Sequence

Mine development will be accelerated in the first two years of the project to provide a degree of flexibility in terms of access, which should facilitate scheduling during the production period. The development sequence will ensure that many stopes are available for mining at a number of different locations at any given time. However, some of the stopes can only be mined at the end of the mine life since they are located directly over or under the level, therefore preventing any further access on that level when mined.

16.5 Mining Rate

The expected production rate will start at an average of 475 t/day in the six months following preproduction, and will slowly ramp up to an average of 675 t/day in Year 4. The overall project mine life is expected to be approximately 5 years, including an 18-month pre-production period.

In the opinion of author Sylvie Poirier, Eng., the mine plan should be achievable given the flexibility and number of available working places. Table 16.15 summarizes the yearly tonnage distribution according to the mine plan.

Table 16.15 – Mine plan tonnage distribution

	Year 1	Year 2		Year 3	Year 4	Year 5	Total
	Pre-Prod	Pre-Prod	Prod	Prod	Prod	Prod	
Long hole (t)		19 110	53 455	74 782	149 621	109 732	**406,700**
Grade (g/t)		6,05	7,70	5,14	6,26	5,53	**6,04**
Room and pillar (t)			7 691	31 732	30 340	15 594	**85,357**
Grade (g/t)			8,41	14,34	9,40	7,78	**10,85**
Development (t)	4 914	7 623	6 552	18 040	12 348		**49,477**
Grade (g/t)	5,63	6,40	5,73	5,50	5,81		**5,76**
Total tonnage mill (t)	**4 914**	**26 733**	**67 698**	**124 554**	**192 309**	**125 326**	**541,534**
Grade (g/t)	**5,63**	**6,15**	**7,59**	**7,53**	**6,72**	**5,81**	**6,77**

16.6 Mine Plan Schedule Criteria

Contractors will be used for all mine development, mine production and ore haulage activities. A small staff will be hired to provide technical and administrative support and direction to the contractors.

The design criteria used to develop the mine plan are as follows:

- Overall drift development or drift enlargement: 7 m/day;
- Sublevel development: 3.8 m/day;
- Raises: 1.8 m/shift.

16.7 Development and Production Schedule

InnovExplo developed a preliminary development and production schedule based on the existing underground development and mineral resources discussed in Section 14. Development and production activities are based on a schedule of two 10-hour shifts, 12 shifts a week, for an average of 25 days per month (300 days/year). The underground mine design provides for a 5-year mine plan producing 541, 534 tonnes of ore grading 6.77 g/t. Using a mill recovery of 97.5%, this translates to 114,916 oz of gold produced during this period.

According to the mine plan, 84% of the tonnage will be from long-hole and sub level development and 16% of the tonnage will be mined by room and pillar.

The mining plan includes all development required to access and mine the mineralized zones. Estimated development quantities are presented in Table 16.16 and the production schedule is presented in Table 16.17. Figure 16.9 gives a general overview of the total development and Figure 16.10 illustrates the minable zones.

The reserves included in the mining plan were obtained by applying the mining recovery and dilution factor presented in Section 15.

Table 16.16 – Croinor mine development quantities

	Year 1	Year 2		Year 3	Year 4	Year 5	Total
	Pre-Prod	Pre-Prod	Prod	Prod	Prod	Prod	
Development CAPEX							
Development ramp 4m x 4.5m (m)	723	36	736	161			**1 656**
Secondary ramp 4m x 4m (m)			192	215			**407**
Development drift 4m x 4m (m)	368	635	281	1 073	425		**2 782**
Development drift 3m x 3.7m (m)				196			**196**
Drift enlargement 4m x 4m (m)	80						**80**
Raise (m)				288			**288**
Development OPEX							
Development drift 3m x 3.7m (m)	181	1 110	1 124	3 451	1 383		**7 249**
Sub level drift 3m x 2.4m (m)	433			368	663		**1 464**
Drift enlargement 3m x 3.7m (m)	65	390	149	536			**1 140**
Raise (m)	26	116	202	123	267	136	**870**

Table 16.17 – Croinor mine production rates

	Year 1	Year 2		Year 3	Year 4	Year 5	Total
	Pre-Prod	Pre-Prod	Prod	Prod	Prod	Prod	
Tonnage summary							
Ore (t)	4 914	26 733	67 698	124 554	192 309	125 326	**541 534**
Waste (t)	69 073	66 774	91 777	185 923	68 804	1 234	**483 585**
Total (t)	**73 987**	**93 507**	**159 475**	**310 477**	**261 113**	**126 560**	**1 025 119**
Total ore (t/day)		178	451	415	641	557	
Total ore and waste (t/day)		623	1 063	1 035	870	562	**831**

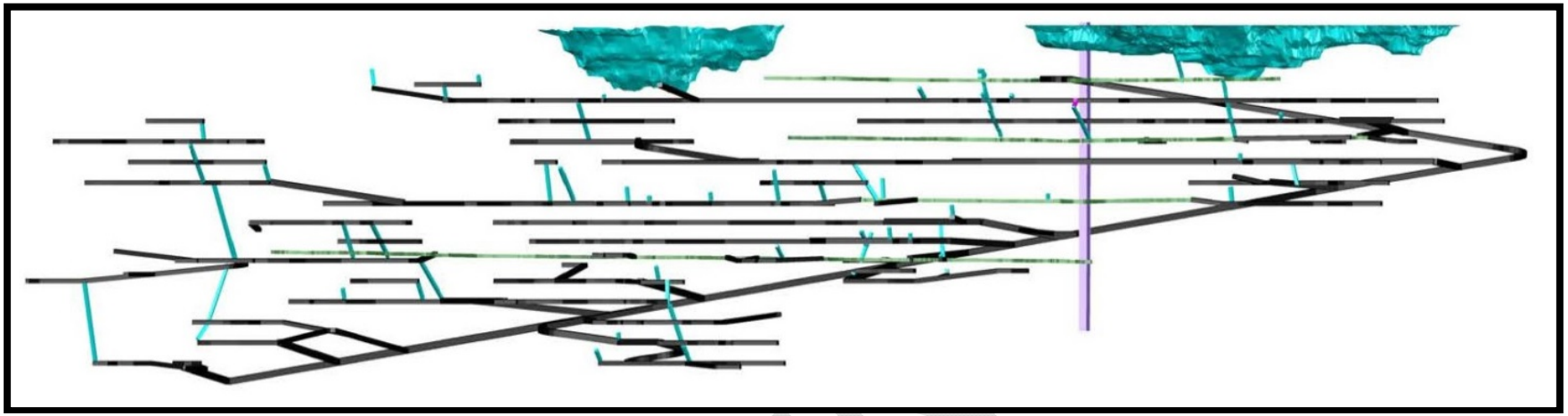

Figure 16.9 – Croinor mine development

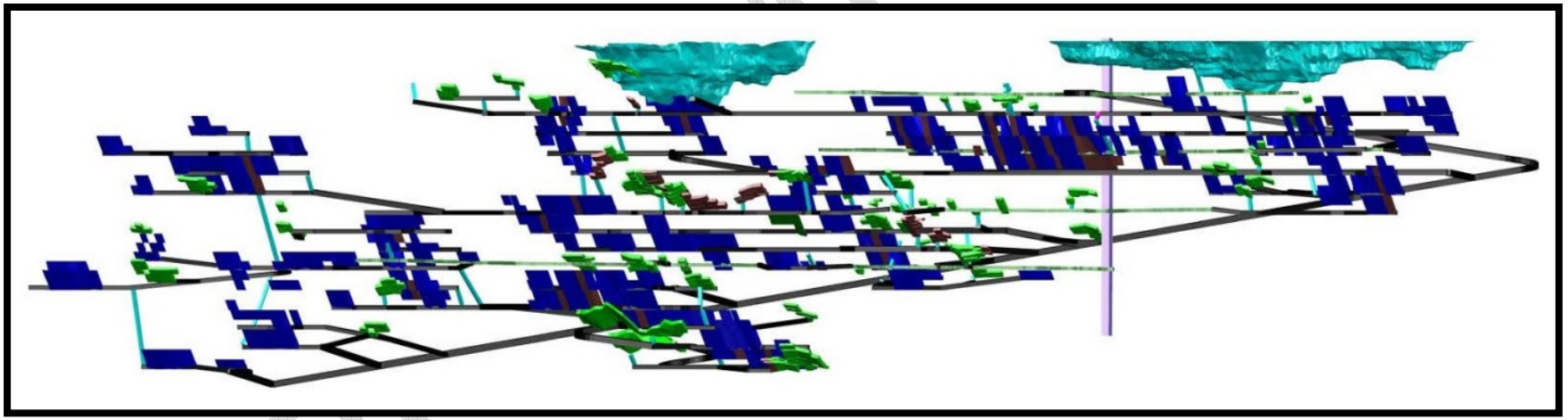

Figure 16.10 – Croinor mine development and reserves

16.8 Equipment Selection and Requirements

This study is based on new equipment that would be acquired by Monarques through rental agreements. A contractor will provide the Jack leg and slusher required for room and pillar mining as well as the stopper drills required for ground support work. The list of Monarques equipment is presented in Table 16.18.

Table 16.18 – Equipment list

Mining Equipment	Quantity
Production and development equipment	
Mine Truck (30t)	2
Scooptram (6yd)	1
Scooptram (3.5y)	2
Jumbo 2B	1
Jumbo 1B	1
Scissor lift	2
Electric slusher	Provided by the contractor
Jackleg and stopper drill	Provided by the contractor
Long hole drill	Provided by the contractor
Support equipment	
Tractors	5
Mine mule	4
Surface loader	1
E-series Cargo	2
Pick-up	4

16.9 Manpower Requirement

Monarques will hire its own staff for the project's administrative, technical and surface services. Some positions will be partially staffed at the beginning of pre-production, and will progressively reach the final fully-staffed scenario presented in Table 16.19. The Monarques mining staff will only work 8 months during the last year of production.

Table 16.19 – Monarques mining staff list

Manpower	Pre-production		Production		
	1	2	3	4	5
Administration					
Manager	1	1	1	1	1
Accountant	0	1	1	1	1
Purchaser	0	1	1	1	1
Clerk	0	1	1	1	1
Nurse	0	1	1	1	1
Secretary	0	1	1	1	1
Subtotal	**1**	**6**	**6**	**6**	**6**
Surface services					
Surface Labourer	0	2	2	2	2
Dryman	2	2	2	2	2
Gate keeper	0	4	4	4	4
Subtotal	**2**	**8**	**8**	**8**	**8**
Technical Services					
Geology					
Chief Geologist	1	1	1	1	1
Geologist	0	1	1	1	1
Geology technician	1	2	3	3	3
Engineering					
Chief Engineer	1	1	1	1	1
Engineer	0	1	1	1	1
Mining technician	1	2	3	3	3
Subtotal	**4**	**8**	**10**	**10**	**10**

The contractor will provide all manpower related to supervision, maintenance and production.

The manpower resource on each working shift used to achieve the mine schedule includes:

- 3 two-man crews for room and pillar;
- 2 long-hole drillers;
- 2 long-hole blasters;
- 1 truck driver;
- 3 LHD operators;
- 2 development crews:
  - One crew with a two-boom jumbo for the ramp and level development, and one team with a one-boom jumbo;
  - Each crew consists of 1 jumbo operator and 3 workers for ground support and services.

16.10 Mining Services

16.10.1 Ventilation

The existing shaft will be rehabilitated and used for mine ventilation as well as an emergency escapeway. For the current study, InnovExplo performed a preliminary simulation using Ventsim software to establish a main ventilation network from which secondary fans will bring air to the working area. The required ventilation was established at 95 cubic metres per second (200,000 cfm) and will be provided by a 224 kW (300 hp) main air fan. Fresh air will be heated by two 3224-kW (11-MBtu/hr) capacity propane burner systems and will exhaust via the ramp.

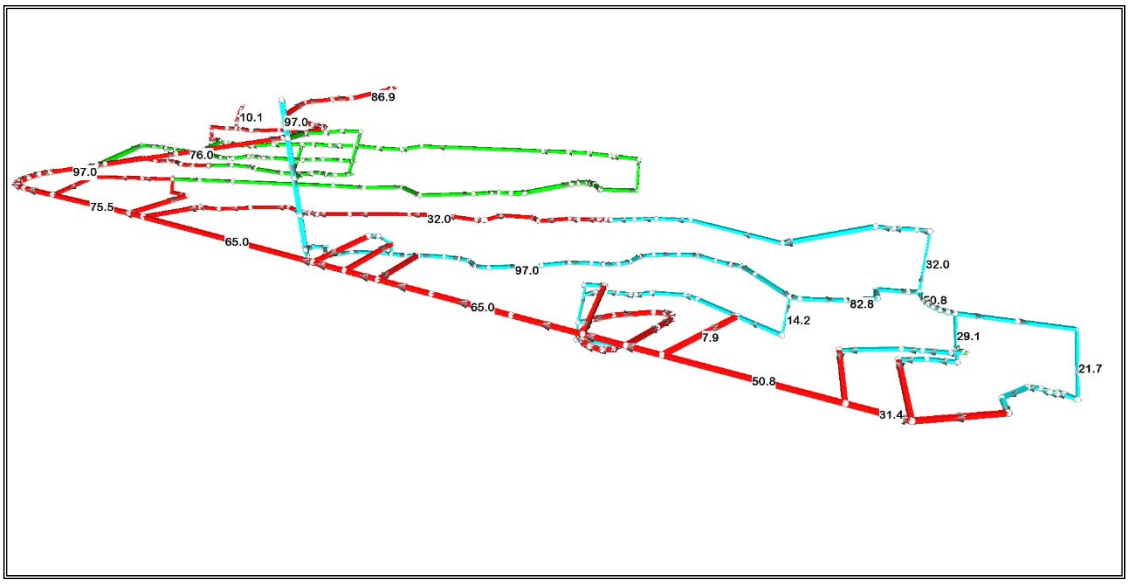

Figure 16.11 – Main ventilation circuit schematic

16.10.2 Dewatering

An innovative dewatering system is proposed for the Croinor mine. It consists of four main pumping stations: one on 125, one on 625, and two on the lowest levels of the

mine. Ongoing dewatering during mining operations is estimated at 963 m^3/day based on previous operating data.

The level 125 station includes a modular pumping station at which two pumps capable of pumping suspended abrasive solids will be assembled in series (one operating and one as back-up). The electric motor will be 100 hp and the V-belts will be adjusted for a flow of 2180 m^3/day @ 45 m. The feed tank capacity will be approximately 14,400 liters. At surface, environmentally safe polymers will be added to the water, which will then be clarified in Envirotubes. This type of installation captures 99% of solids, and the clear filtrate can be collected and used for production water or discarded into the environment. The solids remain in the Envirotube bag. When full, the Envirotube container and contents can be disposed of in a landfill, or the solids removed and used as a surface cover when appropriate. This type of system allows for smaller sumps and eliminates underground mud management.

The level 625 station is also a modular type pumping station at which two sets of pumps will be assembled in series (one pair operating and one pair as back-up), for a total of four pumps. The system is capable of pumping dirty water to level 125. The electric motor will be 100 hp and the V-belts will be adjusted for a flow of 2180 m^3/day @ 170 m. The feed tank capacity will be approximately 14,400 liters.

The two smaller pumping modular installations will be set up at the lower locations in the mine to bring water to the level 625 station.

16.10.3 Compressed air

Two 41.8 m^3/min (1,476 cfm), self-enclosed electric compressors will be installed at surface. A network of pipelines will be installed down the shaft and along the ramp and drifts throughout the mine. Compressed air will be provided to various handheld drills and production long-hole rigs, and will also provide emergency air supply to the refuge station. A parallel network complete with pressure-reducing valves will supply water to the underground operations.

16.10.4 Underground power distribution

One (1) 4.16 kV substation at 600/347 V, 750 KVA, will be installed near the shaft. The installation will include two soft-start starters (300 hp) for the main fan and two starters for the pumps. This installation will supply all underground mobile substations.

Underground, a main substation (1000 KVA at 4160 V) is planned on level 375 and another on level 625 to provide power to the underground loads, such as pumps, fans, lunchroom, etc.

For the entire project, two 500 KVA, 4.16 KV at 600-347 V mobile substations are to be installed at different levels to follow production requirements. These substations will be skid-mounted and junction boxes will be available at each level to feed a fixed substation or the mining mobile substation, thereby ensuring all the flexibility required by the mining operations.

17. RECOVERY METHODS

WSP was commissioned by InnovExplo to review and update, if required, custom milling options presented in a prefeasibility study carried out for the Croinor Gold property, by InnovExplo (Poirier et al., 2012). The review resulted in a custom milling recommendation based on information currently available.

WSP did not perform sampling, assaying or metallurgical work of any kind, but considered the provided data to be reliable information.

17.1 Review of Metallurgical Testwork Results

The first reported metallurgical study on the Croinor ore was performed by Lakefield Research in 1988 for Cambior. Results were promising for direct leaching, providing recoveries in the 96.7-97.9% range, with no clear correlation to grind size. Flotation yielded slightly lower recoveries, averaging 96.4%, and was also insensitive to grind size in the range tested. It must be emphasized that further gold unit losses for downstream processing (leaching or smelting) would have to be added to this, making the flotation-based route less appealing than direct cyanidation.

In early 2000, metallurgical testwork results (St-Jean, 2001; 2003) again suggested that the ore responded better to direct leaching than sequential flotation-leaching, with recoveries in excess of 94%. The only sequential flotation-leaching test yielded very poor results: an overall recovery of 87.8% and significantly higher sodium cyanide consumption (twice as much).

The most recent bulk sample milling programs at the Camflo mill, which processed ore from the East and West pits, confirmed that the Croinor ore was readily amenable to conventional processing (Pelletier and Boudrias, 2005), achieving recoveries ranging from 95.3% to 97.9%, with a weighted average of 97%. These recoveries were achieved on ore with significantly lower gold content than what will be processed from the underground mine. According to the expected grade at Croinor, WSP believes that a recovery of 97.5% is attainable, and this value was used in the present study.

The available metallurgical results are detailed in tables 13.2 and 13.3. It should be noted that gold recovery usually correlates directly with head grade. Caution is thus advised when comparing the results of the different test programs.

17.2 Analysis and Recommendations

The planned production rate at the Croinor deposit ranges from 425 to 675 tpd over a 5-year period. Only four gold concentrators within a 120 km radius have the capacity to process the Croinor ore: Beacon Gold Mill, Aurbel Gold Mill, Sigma-Lamaque Complex and Camflo Mill. Table 17.1 summarizes their main features.

Table 17.1 – Potential plants for custom milling

Mill	Company	Process	Capacity	Distance
Beacon Gold Mill	Northern Star Mining	leaching/Merrill-Crowe	900 tpd	60 km
Aurbel Gold Mill	QMX Gold Corporation	flotation & leaching	1,200 tpd	69 km
Sigma-Lamaque Complex	Century Mining	gravity concentration & leaching	2,500 tpd	73 km
Camflo Mill	Richmond Mines	leaching/Merrill-Crowe	1,200 tpd	105 km

Typical flowsheets for direct leaching (Merrill-Crowe) and sequential flotation-leaching (Merrill-Crowe) are depicted in figures 17.1 and 17.2 respectively.

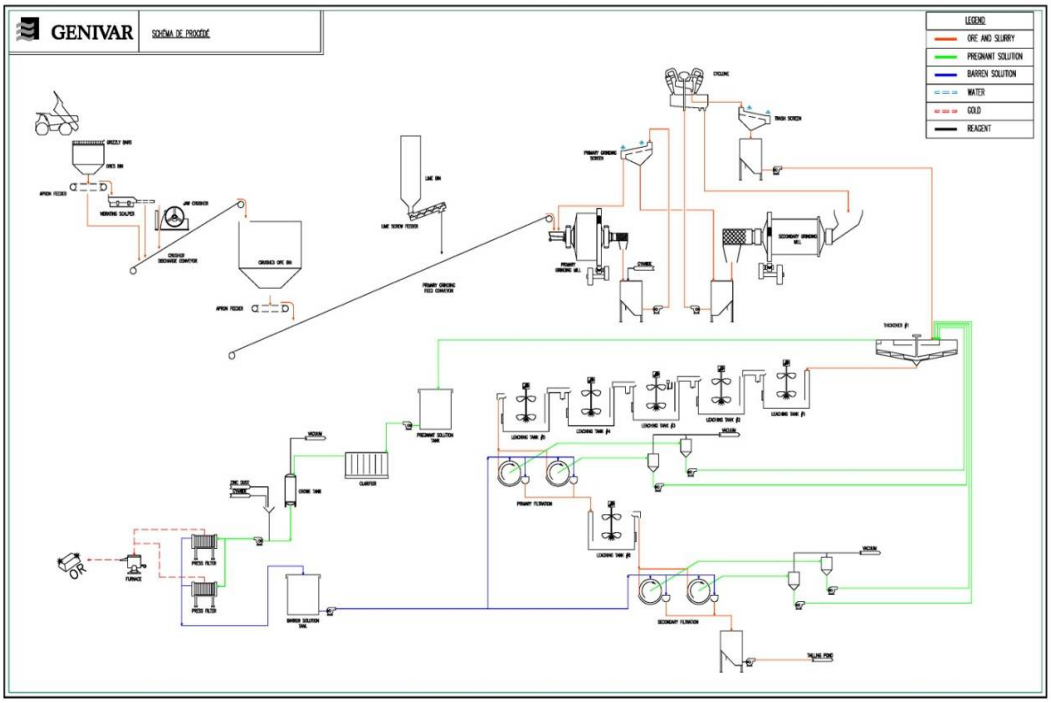

Figure 17.1 – Typical direct leaching (Merrill-Cro3we) flowsheet

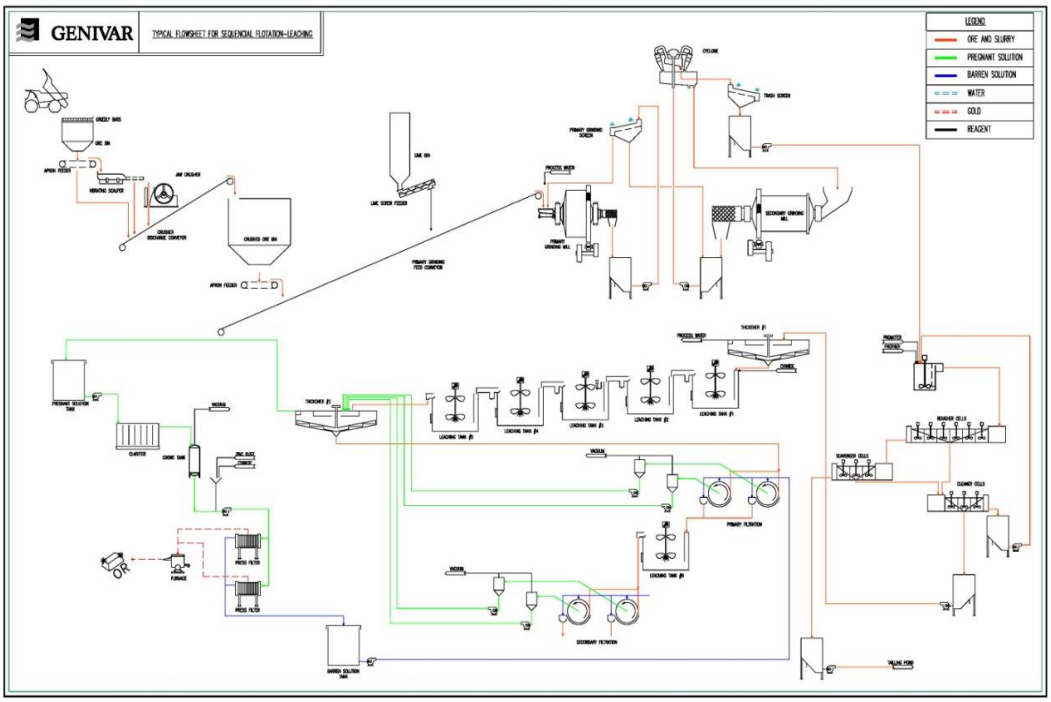

Figure 17.2 – Typical sequential flotation-leaching (Merrill-Crowe) flowsheet

The Sigma-Lamaque Complex could technically be an interesting choice since some test results suggested gravity concentration could be beneficial for ore originating from the A5 Zone (St-Jean, 2003). However at 2,500 tpd, the plant capacity would require several weeks of stockpiling for every program. The CIP (carbon-in-pulp) gold recovery process would present another hurdle: the management of loaded carbon inventory in the circuit. In fact, reconciliation of gold recovery in a carbon-based process can be problematic in a custom milling situation involving independent feed sources.

The Aurbel Gold Mill would have been an attractive option from a location standpoint. However, the metallurgical results currently available for the flotation-based flowsheet raise some concerns about potential gold unit losses and higher sodium cyanide consumption. The mill flowsheet could always be modified in order to treat the ore only by cyanidation, but this avenue would require capital expenditures in the cyanidation circuit. An order of magnitude of about $2 million was provided by QMX Gold Corporation for the cost of these modifications and as a result, this option might become a little more attractive than Camflo's, in terms of economics.

Beacon Gold Mill has been refurbished and is currently under care and maintenance. The interest of Northern Star Mining for custom milling is unknown, but its proximity, gold recovery process and capacity (900 tpd) make it an attractive candidate to treat the Croinor ore.

At the moment, based on the metallurgical results and above considerations, the Camflo mill seems to be the best option. In addition to having successfully processed

the Croinor ore in the past, thereby mitigating any technical risk, the plant is likely to have availability for new custom feed, and has been in the custom milling business for years. Therefore, this plan assumes that the ore will be processed at Camflo for the purpose of estimating milling and transportation costs although a final evaluation and decision will have to be made at the outset of the project. The Aurbel option should also be further examined with modifications carried out in order to use only cyanidation.

It must be emphasized that in addition to conventional milling, the Croinor ore could be a good candidate for pre-sorting at the mine site. Currently available/proven technologies could help significantly reduce the amount of material requiring processing at the custom milling facilities, thereby reducing transportation and treatment charges. Off-the-shelf processing equipment can be installed with a small footprint and low capital investment. WSP highly recommends considering ore sorting at the mine site prior to conventional milling. In addition, there may be an opportunity to install a gravity separator at the chosen custom mill to reduce operating costs and potentially improve gold recovery.

18. PROJECT INFRASTRUCTURE

18.1 Plant and site layout

Figure 18.1 presents the general surface layout, including the proposed location of the required infrastructure for the Croinor mine.

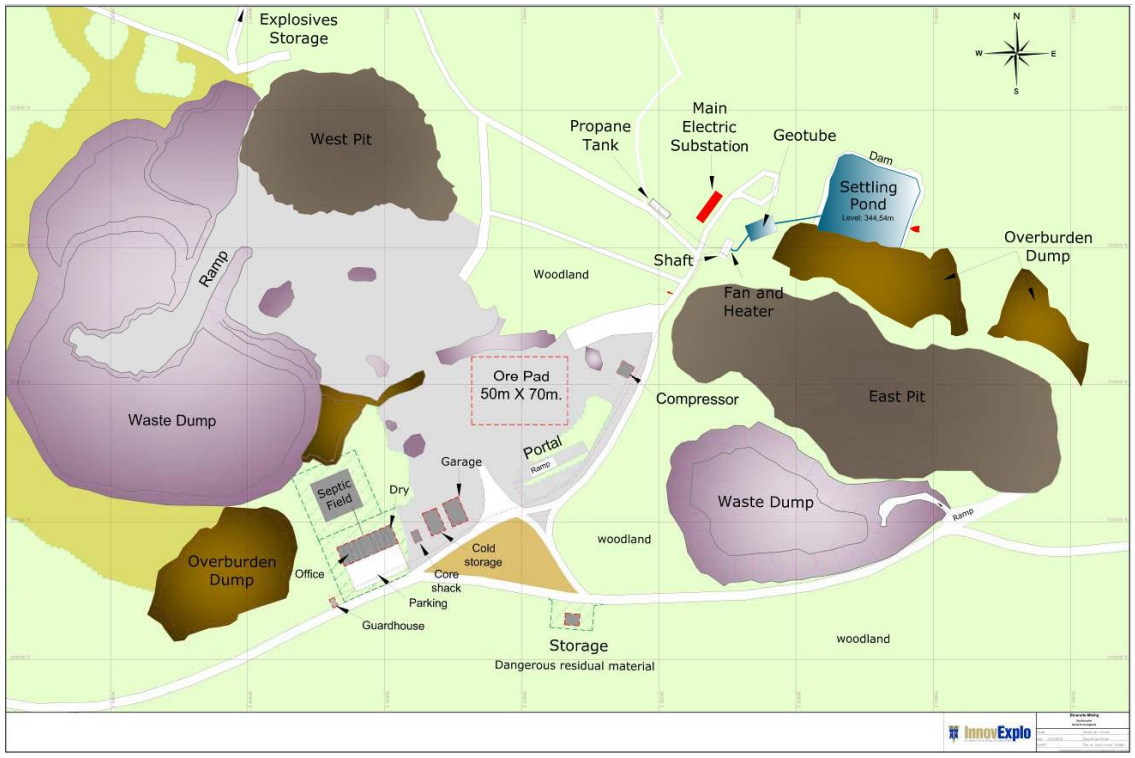

Figure 18.1 – Surface plan, general layout

18.2 Electrical Power Supply and Distribution

The Croinor Gold property is currently not serviced by an electric power line. The closest power line is located 26.5 km west of the Croinor site, at the former Chimo mine.

The power demand for the mine site is estimated at 1,925 KW. The Croinor mine project requirements include the following electrical installation:

- New 25 kV three-phase overhead power line between the former Chimo mine and the Croinor mine site;
- New 25 kV three-phase overhead power line on site to supply the surface installations, such as the dry, offices, garage, etc. and the new 25 kV/4.16 kV substation;
- Underground main distribution (details are given in Section 16.10.4)

18.3 25 kV Three-Phase Overhead Power line (Off-Site)

To supply electric power to the site, a new 26.5 km 25 kV three-phase overhead power line is planned. In this study, this new power line is assumed to be built, held and owned by Monarques. Further discussions between the client and Hydro-Québec will be required to define the project.

18.4 Croinor Gold property 25 kV Surface Distribution

A 25 kV voltage level was selected to optimize voltage regulation and use lower-cost standard equipment. As previously stated, the underground main distribution feeders will be operating at 4.16 kV to ensure proper cable sizing and adequate voltage regulation.

The site surface buildings will be supplied by one 25 kV three-phase overhead ACSR line mounted on wood poles. Since all service buildings require less than 500 kVA, all buildings will be supplied by transformer banks on wooden poles with AC lightning arresters, fuse disconnect switches, and grounding.

The site exterior lighting will also be supplied by one 25 kV line through a single-phase transformer. Dusk-to-dawn lights will be mounted on poles in order to maintain minimum lighting in the areas covering the camp site (offices, dry, warehouse, garage and ramp access). In addition, 100W floodlights will be mounted on 50-foot wooden poles near the ramp, ore and waste piles.

18.5 Croinor Gold property 25 kV Main Substation

This substation will be installed in a mobile container. It will be located near the existing shaft to limit the length of power cables feeding the largest loads. The 3 MVA transformers are able to support the full underground mine load, compressors, and the main ventilation fan loads.

18.6 Site Access

The Croinor site is accessible by way of a 37-km gravel road branching off Route 117 (Trans-Canada Highway), approximately 40 km east of Val-d'Or. Existing roads to the site will be upgraded to support vehicle travel, including the offsite transportation of ore for processing. A 13-km segment of the gravel road requires major maintenance. Another access to the site is possible via Senneterre using a gravel road.

18.7 Camp

No permanent or temporary camp is included. Given the proximity to Senneterre and Val-d'Or, transportation will be organized by Monarques Resources for its staff and by the contractor for its workers.

18.8 Mine Site Entrance/Guardhouse

All visitors, contractors, delivery personnel and mine personnel will go through a main entrance at the west side of the site. A 3 m x 8 m guardhouse will be erected at this point and anyone entering the site will do so only after being authorized by security personnel. A fenced-in car park will be located next to the gate and will have electric outlets to plug in the vehicles during cold weather.

18.9 Office Building and Dry Complex

A 67-m^2 temporary mobile unit will provide the office, lunch room and infirmary from the start of the project until month 7 when the larger modular installation will be set up. The more permanent installation will serve as offices for administration, engineering, geology, and contractors. It also comprises a dry installation for 85 men and 12 women, a lunchroom, the office for the rescue team, and an infirmary.

18.10 Service Buildings

The existing garage, consisting of a single arch-type building (70x70m) on a concrete slab, is in good condition and will be restored and used as cold storage. A steel-structure garage building will be built adjacent to the existing one. The addition includes a 12 m x 15 m section comprising a crane for equipment maintenance. There is also a 6 m x 15 m section for the warehouse and finally a 7 m x 7 m space for the mechanical and electrical room. A 53.5-m^2 trailer-type temporary building will be installed near the garage to be used as a core shack.

18.11 Site Roads

A site road providing access to various parts of the property already exists and will require restoration work to be fully operational

18.12 Compressor Building

Two 41.8 m^3/min (1476 cfm) self-enclosed compressors will be located mid-distance between the portal and the main electrical substation.

18.13 Fuel Storage

Diesel fuel for the mine equipment and vehicles will be stored in an above-ground tank. A 5,100-litre diesel tank will be installed according to prevailing environmental laws and regulations. There is no gas station since only the surface pick-up trucks are gas-operated and they will be fuelled off-site.

18.14 Site Fencing

Fencing will only be provided for the main substation, the propane tanks, and for a short distance on each side of the main entrance gate.

18.15 Water Systems

Fresh water for the mine site will consist of pumped water from a well that will be drilled and tested for its water quality. The water quality must meet the requirements of Québec's drinking water regulations. Regular monitoring will be carried out as required by such regulations.

If the well water does not meet the provincial norms and its treatment is not possible, bottled water will be available for human consumption.

18.16 Communication System

The Croinor site will be connected to the public telephone service using a wireless telephone network.

A preliminary evaluation of the topography suggests the need for two 70-foot communication towers equipped with microwave radio transmitters to be installed on a concrete slab.

Internet connection will be provided using a satellite system providing a 10 Mbs transfer rate at a reasonable cost of installation. Internet could be included in the point-to-point telephone network. Further discussions with the telephone provider (Télébec) or other third party providers should be held to evaluate all installation and operation options before completing the final design.

The surface radio system consists primarily of channels with local short-distance coverage or extended coverage. At this stage, one radio signal repeater is planned and will be installed inside the dry building where emergency power will be available. The following channels are planned for the site:

- Security/Emergency;
- Surface Operations;
- General and Maintenance (mechanical/electrical/housekeeping/etc.);
- Underground Operations (underground link with surface).

IP technology is recommended for site communication systems for both voice and data communications. This technology is widespread, versatile and reliable. It allows similar equipment to be used for both purposes, thereby reducing the different types of equipment to install and maintain on such a large site.

IP technology permits easy integration of the following services:

- Telephony;
- Computer data (Internet/Intranet).

A voice-over IP (VoIP) telephone system with 6 lines/24 extensions will be installed. High-range IP phones are planned for the offices while basic IP phones will be sufficient for other services.

18.17 Sewage

It is planned to install a treatment system for the sewage water coming from the buildings. The system is not designed yet and some soil testing is required before proceeding with the design. The system will most likely be composed of a septic tank and bed.

19. MARKET STUDIES AND CONTRACTS

19.1 Market Studies

Markets for doré are readily available and the doré bars produced from Croinor Gold property could be sold on the spot market. Gold markets are considered mature, despite a current gold price that is lower than the 3-year trailing average; in recent years, the demand has been high and the gold price has risen significantly. To reflect Monarques' preferred scenario, this study uses a gold price of US$1200 per ounce for the first year of the project, increasing at a rate of 5% each year (Table 19.1). This approach results in a weighted average gold price of US$1361 per ounce and an exchange rate of 1.12 CAD/1USD.

Table 19.1 – Gold Price Escalation Scenario (US$)

oct-14	Year 2	Year 3	Year 4	Year 5	WAVG
1 200 $	1 260 $	1 323 $	1 389 $	1 459 $	1 361 $

19.2 Contracts

No contracts have yet been assigned for the Croinor Gold property given the early stage of the project.

20. ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

Golder was mandated by Monarques Resources to prepare this section of the current report. The term “Croinor site” refers to the former mine site on the Croinor Gold property.

20.1 Environmental Obligations

20.1.1 Quebec Environmental Quality Act and Legislation

The Quebec Environmental Quality Act (EQA) requires that a Certificate of Authorization (CofA) be obtained for an industrial activity that may result in the release of contaminants into the environment.

The CofA application for operating the Croinor mine was prepared by Golder Associates Ltd (“Golder”) and submitted to the Ministry of Sustainable Development, Environment and Parks (MDDEP: *Ministère du Développement durable, de l'Environnement et des Parcs*; now the MDDELCC: *Ministère du Dévoppement durable, de l’Environnement et de la Lutte contre les changements climatiques*) in February 2010. Following the analysis of the CofA application, two requests for additional information were received from the MDDEP in March and June 2010. Replies to these requests were submitted in May and June 2010, respectively. The MDDEP delivered the CofA for operating the Croinor mine in September 2010.

The CofA application was prepared in compliance with Québec’s *Directive 019 on the Mining Industry*. As part of the permitting process, a request for the environmental objectives relating to the rejects (OER: *Objectifs environnementaux de rejets*) was submitted to the MDDEP in May 2010. A request for additional information about the OER application was received in July 2010 and a reply was submitted to the MDDEP. The MDDEP released the OER in August 2010.

CofA applications will have to be submitted to the MDDELCC for the sewage treatment system and the drinking water well. Documentation for these applications will be prepared and submitted to the MDDELCC when a positive decision is made to reopen the mine.

20.1.2 Canadian Metal Mining Effluent Regulation

Environmental Effects Monitoring Studies (EEMS) are required by the Canadian Metal Mining Effluent Regulation (MMER). The initial EEMS plan for Croinor was prepared and submitted to Environment Canada (EC) in 2005 by Alliance Environment. The EEMS process was aborted following the cessation of mining operations in May 2005.

The EEMS process will have to be re-initiated when the project receives the go-ahead.

20.1.3 Québec Mining Act

The Quebec Mining Act (QMA) requires that a mine site closure plan and a crown pillar stability study be submitted to the MRN when the project is initiated.

As per the QMA, the closure plan must be updated every 5 years. A plan for Croinor was prepared and submitted in 2004. Golder has prepared a closure plan in 2010 that was submitted to the Ministry as part of the acquisition of X-Ore by Monarques Resources in May 2014. The Ministry requested by the end of September 2014 an update of the 2010 costs, which are included in this report. The plan is used to establish the financial guarantee that must be delivered to the Ministry to cover reclamation of the site. When reclamation is completed, the Ministry will reimburse the financial guarantee. To date, Monarques Resources has deposited a financial guarantee totalling $105,178. Drilling for the crown pillar study was completed in June 2010. Field measurements and laboratory testing on the drill core were carried out in July. The report was delivered in April 2011.

20.1.4 Other permits

The following permits will be required for the development and operation of the Croinor mine:

- Wood cutting
- Gravel pit
- Construction
- Explosives
- Fuel storage
- Beaver dam dismantling

The application for these various permits will be prepared and submitted to the concerned agencies when a positive decision is made to reopen.

20.2 Permits status

The last period of mining at the Croinor site ended in May 2005. In order to facilitate the resumption of mining operations, Golder undertook a review of environmental permitting and licensing requirements. Table 20.1 summarizes the status and actions for obtaining the required permits.

Table 20.1 – Croinor Mine, Senneterre, Quebec

Permit / Licence / Task	Issuing Agency	Status	Details	Time for preparing application/documentation	Approx. Delay for receiving permit	Comments
"Certificate of Autorization (CofA) issued to X-Ore Resources inc for start-up and mine operation"	MDDELCC	Completed	CofA delivered in September 2010 (Section 22 of the Environment Quality Act (EQA))	N/A	N/A	
Federal Environmental Impact Assessment	CEAA	N/A	Environmental Impact Assessment under the Canadian Environmental Assessment Act, 2012 (this law has been modified in 2012 and the triggers are now different)	N/A	N/A	We have assumed that the project does not trigger the federal impact assessment process since the production will be less than 600 tons per day. Should it be more than 600 tons per day, Monarques Resources should verify if the project is considered a new mine operation by the federal authorities and thus, triggers this process.
Request for Environmental Objectives for Rejects (OER)	MDDELCC	Completed	OER delivered in August 2010	N/A	N/A	
Authorization for septic installations	MDDELCC	To initiate	Soil testing, design and application for an authorization under Section 32 of the EQA to initiate before installating and operating sewage installations	2.5 months	3.5 months	Waterless toilets may be used before sewage system is available
Authorization for a drinking water well	MDDELCC	To initiate	Drilling of well and application for an authorization under section 31.75 of the EQA	3 months	2 to 3 months	Bottle water may be used before water well is functional
Environmental Effects Monitoring Studies (EEMS)	Environment Canada	To initiate	Process to be initiated once project starts	24 months for first cycle		
Closure Plan	MERN	Completed	Submitted to MERN in May 2014; revised closure costs to be submitted in September 2014	N/A	Review by the MERN: up to 12 months	Analysis of closure plan by the MERN will not delay the project; MERN review may require adjustments to closure plan
Environmental Characterization and possibly a Rehabilitation Plan	MDDELCC	At mine closure	Obligations of the Land Protection and Rehabilitation Regulation when permanently ceasing the activities.	Varies	Varies	
Crown Pillar Study	MERN	Completed	To be submitted to MERN when project starts		Review by MERN: up to 12 months	Analysis of crown pillar study by MERN should not delay the project; MERN review may require adjustments to mining method
Wood Cutting Permit	MFFP	To initiate	Documentation to be prepared and submitted to MFFP once project starts	2 weeks	1.5 months	
CofA for a gravel pit	MDDELCC	To initiate	Only if required (Regulation respecting pits and quarries describes the requirements for this CofA)	1 month	3.5 months	
Construction permit	Town of Senneterre	To initiate	Permit application to be prepared and submitted once project starts	2-3 months	less than 1 month	
Explosive Licence	Natural Resources Canada	To initiate	Licence application document to be prepared and submitted once project starts	1-2 weeks	1.5 months	
Fuel storage permit	Régie du bâtiment du Québec	To initiate	Permit application document to be prepared and submitted once project starts	2 weeks	1.5 months	
Permit to dismantle beaver dams	MFFP	To initiate	Permit application document to be prepared and submitted before proceeding	1 week	1 month	

Permit / Licence / Task	Issuing Agency	Status	Details	Time for preparing application/documentation	Approx. Delay for receiving permit	Comments
Site preparation			At project start-up			1-2 months required to install and/or build infrastrutures
Construction Plans: Dangerous residuals storage Final effluent ditch Final effluent station Buildings and Infrastructures Power line Gas lines	Town of Senneterre MERN MDDELCC MFFP	To initiate	Plans for construction to be prepared before project starts; plans to be submitted to various agencies for approval; detailed plans required for construction permit	2-3 months	1 month (Power line: to be assessed)	Timing for the power line authorization process to be evaluated in more detail

MDDELCC: Quebec Ministry of Sustainable Development, Environment and Fight Against Climate Change
MERN: Quebec Ministry of Energy and Natural Resources
MFFP: Quebec Ministry of Forest, Wildlife and Parks
CEAA: Canadian Environmental Assessment Agency
N/A: Not applicable

20.3 Environmental Studies, Management, Monitoring and Closure

20.3.1 Hydrology

Surface water from the Croinor Gold property is part of the Bell River watershed. The water flows towards an unnamed stream that is a tributary of Lake Blanchin. The outlet of Lake Blanchin flows into the Marquis River to Guégen Lake, then to Simon Lake, Tiblemont Lake and Bell River. The mine effluent will be directed through an existing drainage ditch to the unnamed stream.

20.3.2 Hydrogeology

Since it is not expected that the Croinor deposit will generate ore and waste rock that will be acid-generating or that will leach metals under neutral pH or acid rain conditions, a formal hydrogeological study was not requested as part of the permitting process.

Based on some information gathered from a geotechnical program carried out by Golder in 2003, the soils are mainly composed of sand and silt on the Croinor site. The overburden is thin and water saturated soils were encountered in 3 of the 13 trenches completed.

The likelihood of having a class I or II aquifer on the Croinor site is low.

20.3.3 Waste Rock and Mineralized Rock Characterization

In order to characterize the ore and waste rock, selected composite samples were collected from drill core samples. The core represented typical ore and geological units that will be extracted during the mine operation.

Ten (10) ore samples, 8 waste rock samples and 3 mud samples (from the settling pond) were collected and tested using the modified Sobek ABA method (acid-base-accounting) in order to determine the acid generating potential.

Ten (10) ore samples, the eight (8) waste rock samples and one (1) composite sample from the pond mud were assayed for trace elements in order to estimate whether their metal content was above Criterion A of the Soil Protection and Contaminated Site Rehabilitation Policy (SPCSRP). If metal values are found to be above Criterion A, leach tests are required to evaluate whether metal leaching is possible.

For the leach tests, the 10 ore samples were combined into 5 composite samples. The 8 waste rock samples were combined into 4 composite samples. Leach tests on these 9 composite samples were carried out using the TCLP, SPLP and CTEU-9 protocols (which represent leaching under acetic acid, acid rain conditions and neutral pH respectively).

Based on the results of these tests, the mud of the settling pond is a low-risk non-acid-generating residue. The ore and the waste are not acid-generating and they do not leach metals under neutral pH and acid rain conditions, which are the most likely conditions at Croinor.

20.3.4 Environmental Management

Mine Water Management – Initial Development

In order to initiate underground development, the open pits and existing underground openings will need to be dewatered (the mine workings are connected to the main pit). Initial dewatering is expected to be carried out at a rate of 5,500 m^3/day for an approximate period of 92 days. Ongoing dewatering during mine operation is estimated at 963 m^3/day based on previous operating data.

Based on data from previous dewatering during the 2003-2005 period, the effluent quality always met release limit thresholds and metal values were low. Mine water will be pumped and processed through Envirotubes to collect mine sludge.

Discharge from the Envirotubes will be directed to the existing settling pond (60 x 60 m). The pond effluent will be monitored according to federal Metal Mining Effluent Regulations (MMER) and Directive 019 requirements.

Mine Water Management – Operation

During operation, the mine water will be collected and treated on surface using Envirotubes. The Envirotubes allow suspended solids and possible contaminants to be removed. The clear filtrate will be collected and used for production water or discarded into the settling pond. The retention time in the pond will provide further polishing of the water. Excess water will be allowed to flow out of the settling pond, and monitoring of this effluent will be carried out according to prevailing regulations.

Runoff Management

The site is not prone to runoff due to the sandy and silty nature of the soils. There is no system to collect runoff due to the high infiltration rates in the soils, waste piles and backfilled areas of the site.

20.3.5 Emergency Response Plan

To ensure the health and safety of workers and protection of the environment, an emergency response plan will be developed for the duration of mining operations. This plan will include appropriate emergency measures for different potential situations in order to ensure a rapid and effective response.

20.3.6 Monitoring

It is planned to contract out the environmental monitoring and control activities since the scope of the project does not support the need for a full-time coordinator. The sampling of the settling pond effluent will be carried out once a week. The effluent will be assayed for pH, total suspended solids (TSS) and metals (As, Cu, Fe, Ni, Pb, Zn, Ra) according to *Directive 019* and MMER requirements. Assaying of an extended list of parameters is required once every quarter and once a year.

The contractor will submit monthly and annual reports to the provincial and federal agencies.

20.3.7 Air Quality

Québec's regulation on air quality requires that no dust clouds be visible more than 2 metres from the source. On surface, the handling and breaking of ore could be a source of dust. If dust clouds become visible during ore handling and breaking, water will be sprayed on the ore to prevent dust from spreading.

Trucking on the mine site is another source of dust. Dust control agents will be used if needed.

20.3.8 Waste Rock Acid-Base Accounting

Waste rock permanently brought to surface either for disposal on surface or for use as a construction material must be tested for acid generation potential and metal leachability.

20.3.9 Effluent Quality

The pond effluent will be monitored according to the MMER and *Directive 019* requirements.

20.3.10 Closure Considerations

One of the site liabilities is its reclamation in accordance with the Québec Mining Act. Waste piles will be reclaimed by re-establishing a soil cover and vegetation. The backfilled area of the site will be reclaimed the same way. Buildings will be dismantled and foundations backfilled and vegetated. Underground openings will be blocked or capped. Equipment will be removed from the mine and the site.

The second liability is to carry out, at final mine closure, an Environmental Site Assessment (ESA) as required by the province's Environment Quality Act. If ground contamination is discovered during the ESA, an environmental rehabilitation plan must be submitted to the Ministry of Sustainable Development, Environment and Climate Change (MDDELCC) for approval and the site must be decontaminated.

There are no other known existing environmental liabilities.

In order to fulfil requirements of the Mining Act, waste rock piles, areas backfilled with waste rock, and cement foundations must be reclaimed by re-establishing vegetation. The settling pond needs to be emptied and levelled. A breach will be opened in the dike to accommodate free water flow. The pond will be leveled and seeded.

Self-sustaining vegetation must be in place 5 years following final site reclamation.

Agronomical and geotechnical inspections will be carried out to ensure the site's integrity.

The method selected for re-establishing vegetation over waste rock piles and areas backfilled with waste rock is to place a 15 centimetre layer of silt and/or organic soil over the rock and then proceed with fertilizing and seeding of grass. A layer of silt and/or organic soil will help retain water in the surface layer. A borrow pit for this material needs to be found near the mine site. Waste piles will be prepared for final

reclamation during the mining operation period by smoothing slopes and disposing finer underground waste muck on top of the existing coarser open pit waste muck.

Seeding will be done directly in the settling pond and on the piles of overburden.

Mine workings (ramp and shaft) will be blocked and capped.

A protection abutment will be maintained around the open pits, which will eventually be flooded after mine closure.

21. CAPITAL AND OPERATING COSTS

The Prefeasibility Study (PFS) is based on capital pricing as of the third quarter of 2014. The PFS assumes that the development and mining of the mine will be done by contractors. Monarques will supply the mobile equipment, and will provide and manage most of the consumable materials.

21.1 Capital Costs

The capitals costs were estimated using the following sources of information:

- Quotes from equipment suppliers
- Comparable installations at other mining projects
- Contractor costs
- InnovExplo's internal database

The capital cost estimates are accurate within ±20%.

The pre-production costs are estimated at $27.31 million, including $6.69 million of capitalized operating costs net of production revenue received during the pre-production period. Sustaining capital is estimated at $14.65 million, excluding $0.71 million for final closure costs. The cost breakdown is presented in Table 21.1.

Table 21.1 – Capital expenditure breakdown

Description	Pre-production ($)	Sustaining ($)	Total cost ($)
Capitalized operating cost	*17,223,056*		*17,223,056*
Capitalized revenue	*-10,143,025*		*-10,143,025*
Royalties	500,000		500,000
Mine dewatering and rehabilitation	1,192,469		1,192,469
Surface infrastructure	3,488,670	871,604	4,360,274
Electrical distribution and communication system	5,135,790	660,246	5,796,036
Mining infrastructure	810,787	157,514	968,301
Mobile equipment	3,618,041	5,032,494	8,650,535
Development	4,819,567	8,065,391	12,884,958
Environment	717,813	169,304	887,117
Total	**27,363,167**	**14,653,993**	**42,319,720**

21.1.1 Capitalized operating cost

The capitalized operating cost include all operating costs that occur during the preproduction period which starts at the beginning of Year 1 to half of Year 2. The operating costs include definition drilling, stope development, mining, Monarques

staff, contractor indirects, surface services, energy, milling and transportation, and environment.

Table 21.2 – Capitalized operating costs

Description	Pre-production ($)
Definition drilling	131,701
Stope development	3,444,447
Mining cost	981,464
Monarques Resources staff	3,167,737
Contractor indirect	6,408,566
Surface services	51,724
Energy cost	815,032
Milling and transportation	1,794,301
Environment	428,083
Total	**17,223,056**

21.1.2 Capitalized revenue

During the 18-month pre-production period, the Croinor mine is expected to produce a total of 7,316 ounces of gold, providing revenue of $10.14 million. The pre-production revenue was capitalized.

21.1.3 Royalties

As described in Section 4.5, an agreement was signed in February 2014 consolidating the former royalties by leaving a 1.5% net smelter return. According to the new agreement, half of the royalty can be bought back for $500,000 dollars before the Croinor Gold property is brought into production. The cash flow model demonstrated that it would be beneficial to buy back the 0.75% NSR royalty.

21.1.4 Mine dewatering and rehabilitation costs

The rehabilitation costs include shaft rehabilitation, portal preparation work, ramp rehabilitation to level 125, genset, and temporary electrical distribution. A 15% contingency is included. Table 21.3 presents the different costs related to rehabilitation.

Table 21.3 – Mine dewatering and rehabilitation costs

Description	Pre-production cost ($)
Contractor indirect cost	354,330
Shaft rehabilitation	169,260
Portal preparation work	10,376
Ramp rehabilitation	218,500
Genset	189,692
Temporary Electrical Distribution	37,148
Envirotube	57,623
Contingency (15%)	155,539
Total	**1,192,469**

21.1.5 Surface infrastructure

Surface infrastructure includes site preparation and installation, and buildings. A 10% contingency has been applied (Table 21.4).

Table 21.4 – Surface infrastructure

Description	Pre-production ($)	Sustaining ($)	Total cost ($)
Site preparation and installation	1,720,794	132,072	1,852,866
Buildings	1,450,725	660,295	2,111,020
Contingency (10%)	314,700	79,237	393,937
Total	**3,488,671**	**871,604**	**4,360,274**

21.1.6 Site preparation and installation

Site preparation and installation includes the cost for road improvement from Louvicourt to the mine site, parking lot preparation, the propane farm pad, compressors, site fencing, geotube pad preparation, used oil storage, the diesel tank, surface parking for equipment, contractor equipment preparation and mobilization, industrial water pumping, and contractor demobilization. Table 21.5 presents these costs.

Table 21.5 – Site preparation and installation

Description	Total cost ($)
Road improvement	868,720
Temporary communication system	24,516
Temporary industrial pumping	65,127
Parking lot pad preparation	20,000
Propane farm pad	5,000
Compressor and installation	243,065
Geotube pad preparation	50,000
Site fencing	39,120
Used oil storage	15,183
Diesel tank	35,330
Surface parking for equipment	43,841
Equipment preparation and mobilization	202,954
Industrial water pumping	107,938
Demobilization	132,072
Total	**1,852,866**

21.1.7 Buildings

The buildings will be made of modular and portable buildings. The buildings will be leased during the duration of the project and will be bought at the end of the project. The buildings item includes transportation and mobilization, leasing fees, and the final payment to buy the modular buildings. Table 21.6 presents the cost breakdown based on budget quotes provided by suppliers and existing comparable facilities at other projects.

Table 21.6 – Buildings

Description	Pre-production ($)	Sustaining ($)	Total cost ($)
Transition trailer	9,186		**9,186**
Office and dry building and material	463,220	575,590	**1,038,810**
Core shack rental	34,934	38,445	**73,379**
Security building	21,585	24,840	**46,425**
Garage and equipment	848,150		**848,150**
Ventilation building	36,000		**36,000**
Explosives magazine	37,650	21,420	**59,070**
Total	**1,450,725**	**660,295**	**2,111,020**

21.1.8 Electrical infrastructure and communications system

The electrical infrastructure and communications system include all costs related to the mine electrical infrastructure including the manpower required to install the

equipment, the off-site power line, and the surface communications system. A contingency of 15% has been applied. Table 21.7 presents a summary of these costs.

Table 21.7 – Electrical infrastructure and communications system

Description	Pre-production ($)	Sustaining ($)	Total cost ($)
Electrical infrastructure	2,361,856	574,127	**2,935,983**
Off-site power line	1,805,334		**1,805,334**
Surface communication system	298,715		**298,715**
Contingency (15%)	669,886	86,119	**756,005**
Total	**5,135,791**	**660,246**	**5,796,037**

21.1.9 Mining Infrastructure

Mining infrastructure includes water management and distribution, ventilation and air heating, mine dewatering and compressors. A 15% contingency has been applied (Table 21.8).

Table 21.8 – Mining infrastructure cost estimate

Description	Pre-production ($)	Production ($)	Total ($)
Water system and distribution	301,587	136,969	**438,556**
Ventilation and air heating	403,445		**403,445**
Contingency (15%)	105,755	20,545	**126,300**
Total	**810,787**	**157,514**	**968,301**

Water system and distribution includes the development pumping system, the main pumping station, the water treatment plant and its arrangement, the settling pond and surface piping.

Ventilation and air heating costs include escapeway accommodation and underground main fan setup, the heating system, secondary fans, and rigid conduit for long drive excavation.

21.1.10 Mobile equipment

The study assumes that all the production equipment will be purchased by Monarques. Most of the costs in Table 21.9 were estimated using quotes from suppliers with a 25% downpayment upon receipt of the equipment and the remaining amounts financed by the supplier at 6%.

Table 21.9 – Breakdown of mining equipment capital cost

Mining Equipment	Pre-production ($)	Sustaining ($)	Total ($)
Production and development equipment			
Mine Truck (30t)	680,374	1,248,767	**1,929,141**
Scooptram (6yd)	535,814	638,565	**1,174,379**
Scooptram (3.5y)	433,787	1,181,619	**1,615,406**
Jumbo 2B	408,302	601,177	**1,009,479**
Jumbo 1B	254,249	466,653	**720,902**
Scissor lift	500,000		**500,000**
Electric slusher	Provided by the contractor		
Jackleg and stopper drill	Provided by the contractor		
Long hole drill	Provided by the contractor		
Support equipment			
Tractors	160,412	261,820	**422,232**
Mine mule	152,000	-	**152,000**
Surface loader	151,765	180,868	**332,633**
Grader	253,876	302,560	**556,435**
E-series Cargo	46,961	55,967	**102,928**
Pick-up	40,500	94,500	**135,000**
Total	**3,618,040**	**5,032,496**	**8,650,535**

21.1.11 Development

A considerable amount of development and rehabilitation work is planned for the pre-production year to provide some flexibility in terms of access, which should facilitate scheduling during the production period.

The estimated capital development cost is $4.82 million for the pre-production period and the estimated sustaining capital is $8.07 million. It includes all ramp development, the excavation required to access the production drift, and the excavation of all required ventilation raises. Primary development, such as the electrical station, refuge station and sump, are part of the development capital cost and were included by adding 15% to all development required in the mine plan. No further contingency was added to the development cost.

21.1.12 Environment

Environmental capital cost estimates were provided by Golder and are summarized in Table 21.10.

Table 21.10 – Environmental capitalized cost

Description	Cost ($)
Pre-production costs	
Final effluent station, ditch and pond upgrading	177,487
Characterization of waste for road upgrading	42,000
Fees for using water (dewatering)	1,260
Drinking water well	55,074
CofA application for sewage system	25,612
Sewage system	200,000
CofA for gravel pit	6,000
Miscellaneous permits	23,000
Surveying for effluent station and ditch	4,000
Plan for effluent station and ditch	12,000
Environmental operation manual	23,000
Environmental effects monitoring study	46,752
Turbidity curtains	8,000
Contingency (15%)	93,628
Sub-Total	**717,813**
Cost during production	
Environmental effects monitoring study	169,304
Sub-Total	**169,304**
Total	**887,117**

21.1.13 Project closure costs

As part of their mandate, Golder estimated the project closure costs to be $708,255 (Table 21.11). A financial guarantee of $105,178 has already been deposited by the previous operator and will be applied to the closure cost at the end of the project.

Table 21.11 – Closure cost estimation

Description	Cost ($)
Environmental effects monitoring study	156,500
Garage dismantling, site cleanup etc.	57,500
Mine site reclamation	401,874
Contingency (15%)	92,381
Total closure cost	**708,255**

21.1.14 Equipment residual value

A residual value of $5.7 million has been considered, mostly for mobile, building, electrical, ventilation and air heating equipment.

21.2 Operating cost

Operating costs are estimated in 2014 Canadian dollars with no allowance for escalation. The total operating cost and average unit operating costs are summarized in Table 21.12. The overall unit operating cost is $180.45 per tonne of milled ore.

Table 21.12 – Summary of total life-of-mine operating costs

Description	Total cost	Unit cost	
Definition drilling	1,850,313	3.66 $/t milled	17.20 $/oz
Stope development	11,891,108	23.52 $/t milled	110.51 $/oz
Mining	16,894,672	33.42 $/t milled	157.01 $/oz
Monarques Mining staff	10,821,595	21.41 $/t milled	100.57 $/oz
Contractor indirect cost	18,931,540	37.45 $/t milled	175.94 $/oz
Surface services	266,595	0.53 $/t milled	2.48 $/oz
Energy cost	4,456,328	8.81 $/t milled	41.42 $/oz
Milling and transportation	25,208,667	49.86 $/t milled	234.28 $/oz
Environment	903,731	1.79 $/t milled	840$/oz
Total	**91,224,549**	**180.45 $/t milled**	**847.81 $/oz**

21.2.1 Definition drilling

InnovExplo estimates that 10,000 metres of definition drilling will be required per year until early in Year 4 when most of the definition drilling will have been completed. This estimate is based on similar mine operating practices. According to the mine-life conceptual mining plan, access for drill set-up should generally be relatively simple. A cost of $75 per metre was used, and the resulting total estimate for definition drilling is $3.66 per tonne milled.

21.2.2 Stope development

The unit cost for stope preparation stands at $23.52 per tonne milled (based on milled tonnage assigned to production) and consists of all of the 3 m x 3.7 m drift excavation or enlargement work, and 100% of the raises and sublevels for long-hole mining. A 15% contingency was added to the development lengths for drifts and raises and is included in the development sequence.

The development unit cost was estimated using quotes from contractors for direct and support labour, as well as for the supply of steel, bits and small tools. Consumable materials will be managed and provided by Monarques.

The unit costs were estimated based on the quantities needed according to the dimensions of each type of excavation. The consumable cost includes explosives, ground control, ventilation water and compressed air piping. A contingency of 20% was added to account for the various losses.

21.2.3 Mining

InnovExplo estimated mine operating costs using budget quotes from contractors and suppliers.

Mining costs are estimated at $62.83 per tonne milled for the room and pillar method and $20 per tonne milled for the long-hole method. The unit mining cost for long-hole and room and pillar does not include the haulage cost. This cost is $8.90 per tonne. An average cost of $33.42 per tonne milled is based on a ratio of 84% of the tonnage from long-hole and sub-level development and 16% mined by room and pillar.

21.2.4 Monarques mining staff and employees

Staff and employee salaries and associated expenses include those for the administrative, technical and surface services. The salaries and the departmental general operating costs are based on costs at other mining operations. To account for benefits, 33% was added; depending on the job, bonuses were also included. The yearly cost during production is $2.4 million, averaging $21.41 per tonne milled. The total cost for Monarques' staff and departmental cost is estimated at $10.82 million. The annual cost is detailed in Table 21.13.

Table 21.13 – Monarques mining staff salaries

Manpower	Annual Cost ($)
Administration	
Manager	267,799
Accountant	121,950
Purchaser	114,400
Clerk	63,149
Nurse	63,149
Secretary	83,242
Materials and other	527,571
Subtotal	**1,241,260**
Surface services	
Surface Labourer	114,816
Dryman	114,816
Gate Keeper	165,984
Material and others	423,306
Subtotal	**818,922**
Technical Services	
Chief Geologist	177,624
Geologist	121,550
Geology Technician	343,200
Chief Engineer	177,624
Engineer	128,700
Mining Technician	343,200
Material and other	74,800
Subtotal	**1,366,697**
Total	**3,426,879**

21.2.5 Contractor indirect costs

All the salaries for the manpower required to operate the mine, including supervision, maintenance and underground workers, are included in contractor indirect costs, which amount to an estimated $18.93 million for the entire project averaging $37.45 per tonne milled..

21.2.6 Surface services

The cost for surface services includes the cost related to the supplies required to operate the Envirotube treatment station. It is estimated that 26 bags will be required each year, for an estimated yearly cost of $50,936. A 25% contingency has been added to cover the costs of the required chemicals. The average operating cost is $0.53 per tonne milled.

21.2.7 Energy cost

The energy cost includes all electrical consumption, the propane needed to heat the underground air, and the rental of a propane tank. The estimated average annual electrical consumption is 12,909,283 kWh, representing an annual cost of $822,015. The estimated annual propane consumption is 1,151,000 litres per year, amounting to $529,460 per year at a price of $0.46 per litre. As shown in Table 21.14, the estimated total annual energy cost is $1.40 million, or an average of $8.81 per tonne milled.

Table 21.14 – Yearly energy cost

Description	Yearly cost ($)
Electricity	822,015
Propane	529,460
Propane tank rental	46,200
Total	**1,397,675**

21.2.8 Milling and transportation

Ore from Croinor Gold property will be processed at a mill in the Val-d'Or area with excess capacity for the duration of the Croinor mine operation. Contact has been made with potential custom milling partners and tentative commitments have been arranged for processing the ore. For the study, it is assumed that the ore will be trucked to a custom mill located approximately 100 km from the Croinor Gold property. The unit cost for truck loading, transportation and milling is estimated at $49.86 per tonne and is based on budgetary quotes.

21.2.9 Environment

Golder estimated the yearly environmental costs to be $285,389 (Table 21.15) for an average of $1.79 per tonne milled.

Table 21.15 – Yearly environment cost

Description	Yearly cost ($)
Assays	36,817
Personnel	160,462
Sewage system maintenance and monitoring	2,000
Miscellaneous	23,000
Fees for using water (dewatering)	879
Fees for using water (well water)	6
Maintenance	25,000
Contingency (15%)	37,225
Total	**285,389**

22. ECONOMIC ANALYSIS

An after-tax model was developed for the Croinor Gold property. All costs are in 2014 Canadian dollars with no allowance for inflation or escalation.

The Croinor Gold property is subject to federal and provincial taxes and taxes related to Québec mining rights.

Income taxes are calculated in accordance with the federal and provincial tax legislations relating to mining companies. The calculations were made by Lucie Chouinard of Raymond Chabot. The federal income tax rate is 15% and the combined provincial income tax rate is 11.9%.

Québec mining duties are calculated in accordance with Bill 55, which contains amendments to Québec's Mining Tax Act and received its first reading in the Québec legislature on November 12, 2013. Under the new regime in the Mining Tax Act, mining operators in Québec will be required to pay the higher of a new minimum mining tax applied to the value of the ore at the mine shaft head and a progressive tax on excess profits. The new mining tax is introducing progressive mining tax rates ranging from 16% to 28% (replacing the single tax rate of 16%), and a minimum mining tax based on the mine-mouth output value is used.

The effective rate of this tax on mining profits will start at the existing 16% rate for mining companies with a profit margin of 35% or less, but rising to 17.8% for mining companies with a profit margin from 35% to 50%, and reaching as high as 22.9% for mining companies with a profit margin of more than 50%. The profit margin will be calculated on the operator's mining profit divided by the total of the gross value of annual output for all the mines it operates. Therefore, the higher a mining corporation's profit margin, the higher the mining tax.

In early 2013, Monarques started a procedure to cancel all former royalties tied to the claims and mining lease forming the property (see Appendices V to VII). A new royalty agreement was signed in February of 2014 between Monarques and beneficiaries of the estates of F.D. Corcoran and David D. Agar. This agreement consolidates the former royalties by leaving a 1.5% net smelter return (0.75% to each beneficiary) on forty-five (45) mining claims and the mining lease. Half of the total royalty (0.75% NSR) can be bought back for C$500,000. The new royalty agreement and its amendment are provided in Appendices III and IV. The cash flow model demonstrated that it would be beneficial to buy back the 0.75% NSR royalty.

It is assumed that Monarques Resources Inc. ("Monarques"), a federal corporation, and X-Ore Resources Inc. ("X-Ore"), a Québec corporation, will proceed with a wind-up of X-Ore into Monarques. This wind-up will allow the available non-capital losses of X-Ore to be used by Monarques to offset any future income derived from its mining activities.

The economic valuation of the project was performed using the Internal Rate of Return (IRR) and Net Present Value (NPV) methods. The IRR on an investment is defined as the rate of interest earned on the unrecovered balance of an investment.

The NPV method converts all cash flows for investments and revenues occurring throughout the planning horizon of a project to an equivalent single sum at present time at a specific discount rate. The discount rate used in the analysis is 5%. According to the NPV method, a positive NPV represents a profitable investment where the initial investment plus any financing interests are recovered.

The following parameters were considered in the financial analysis:

- To reflect Monarques' preferred scenario, this study uses a gold price of US$1200 per ounce for the first year of the project, increasing at a rate of 5% each year (Table 19.1). This approach results in a weighted average gold price of US$1361 per ounce and an exchange rate of 1.12 CAD/1USD.

Table 22.1 – Gold Price Escalation Scenario (US$)

oct-14	Year 2	Year 3	Year 4	Year 5	WAVG
1 200 $	1 260 $	1 323 $	1 389 $	1 459 $	1 361 $

- Reserves parameters as described in Section 15.
- Gold recovery of 97.5%. This value was based on the recovery obtained at the time the mine was operating.
- Royal Mint fees of $5/oz.
- Estimated average annual tonnage of 94,431 to 192,309 tonnes.
- Estimated average annual output of 21,259 to 40,540 ounces of gold.
- Royalty payment of 1.5% the first year and reduced to 0.75% the following years following a payment of $500,000.
- A fiscal residual of 8.5M$ was considered in the tax and mining duties estimation regarding non-capital losses of X-Ore to be used by Monarques.,
- Estimated future annual cash flow based on grade, gold recoveries and cost estimates as previously discussed in this report.
- 35,984 tonnes of ore to be processed during the pre-production period, deemed as capital production and not included in production nor the revenue derived from it.

The main parameters and cash flow analysis results for the entire project are presented in Table 22.2. Details of the cash flow analysis are presented in Table 22.3.

Table 22.2 – Cash flow analysis summary

Parameters	Results
Proven & Probable mineral reserves	541,534 t @ 6.77 g/t
Total contained gold reserve	117,862 oz
Mine life (including 18-month pre-production)	5 years
Daily mine production	425 tpd ramping up to 675 tpd in Year 4
Gold recovery	97.50%
Annual gold production	21.259 to 40,540 oz
LOM recovered gold	114,916 oz
Average cash operating cost	$180/tonne
Average cash operating cost	US$757/oz
Capital cost (including $15M sustaining/working capital)	$42.3million
Total cost per ounce	US$1038/oz
Total gross revenue	$175.1 million
Total operating cost	$91.2 million
Total project cost	$133.5 million
Net cash flow (before tax & royalties)	$34.7 million
Estimated mining and income taxes	$12.5 million
Net cash flow	$22.1million
Pre-tax NPV (5% discount)	$25 million
Pre-tax IRR	34%
After-tax NPV (5% discount)	$15 million
After-tax IRR	24%
Payback period	3.8 years
Pre-production period (including 35,980t of production)	18 months

Table 22.3 – Economic analysis for the Croinor Gold property (figures in Canadian dollars)

	Pre-production (18 month)		Production (starts at month 19th)			Total
	Year 1 (12 month pre-prod)	Year 2 (6 month pre-prod -6 month prod)	Year 3	Year 4	Year 5	
PRODUCTION						
Long Hole (tonnes)		72,565	74,782	149,621	109,732	406,700
Grade (g/t)		7.26	5.14	6.26	5.53	6.04
Development (tonnes)	4,914	14,175	18,040	12,348	0	49,477
Grade (g/t)	5.63	6.09	5.50	5.81	0.00	5.76
Room and pillar (tonnes)		7,691	31,732	30,340	15,594	85,357
Grade (g/t)		8.41	14.34	9.40	7.78	10.85
Total (tonne mined)	4,914	94,431	124,554	192,309	125,326	541,534
Grade (g/t)	5.63	7.18	7.53	6.72	5.81	6.77
Total (tonne milled)	4,914	94,431	124,554	192,309	125,326	541,534
Grade (g/t)	5.63	7.18	7.53	6.72	5.81	6.77
Recovery (%)	97.50%	97.50%	97.50%	97.50%	97.50%	97.50%
Gold Produced (oz)	**867**	**21,259**	**29,416**	**40,540**	**22,834**	**114,916**
Tonne milled assigned to capital	4,914	31,070				35,984
Gold Produced assigned to capital (oz)	867	6,449				7,316
Tonne milled assigned to production		**63,361**	**124,554**	**192,309**	**125,326**	**505,550**
Grade (g/t)		**7.46**	**7.53**	**6.72**	**5.81**	6.79
Gold Produced (oz)		**14,810**	**29,416**	**40,540**	**22,834**	**107,600**
Grade (g/t)						
Gold Price ($US/oz)	$1,200	$1,260	$1,323	$1,389	$1,459	$1,361
Exchange rate ($CAN/$US)	1.12	1.12	1.12	1.12	1.12	1.12
Gold Price ($CAN/oz)	$1,344	$1,411	$1,482	$1,556	$1,634	$1,524
Gross Revenue	**$1,165,348**	**$30,000,078**	**$43,587,841**	**$63,074,294**	**$37,301,749**	**$175,129,310**
Mint (cost 5,00$ per oz)	($4,335)	($106,293)	($147,081)	($202,701)	($114,168)	($574,578)
Royalty (1,5%)	$17,545	$225,798	$328,012	$474,577	$280,619	$1,326,552
Capitalized revenue	$1,143,468	$8,999,558				**-$10,143,025**
Net Revenue	**$0**	**$20,668,430**	**$43,112,747**	**$62,397,016**	**$36,906,962**	**$163,085,155**
OPERATING EXPENDITURES						
Definition drilling	17,985	345,617	$455,868	$703,851	$458,693	$1,982,014
Stope development	1,118,814	4,616,074	$7,172,854	$2,427,813	$0	$15,335,555
Mining	0	2,743,376	$4,290,348	$6,391,246	$4,451,166	$17,876,135
Monarques Staff	1,645,154	3,045,167	$3,426,879	$3,426,879	$2,445,253	$13,989,332
Contractor Indirect OPEX	3,986,486	5,030,920	$5,587,680	$7,373,580	$3,361,440	$25,340,106
Surface services	13,639	76,170	$76,170	$76,170	$76,170	$318,319
Energy cost	262,323	1,105,418	$1,397,675	$1,397,675	$1,108,270	$5,271,361
Milling and transportation	245,031	4,708,693	$6,210,741	$9,589,266	$6,249,236	$27,002,968
Environment	285,389	285,389	$285,389	$285,389	$190,259	$1,331,813
Capitalized operating cost	-7,574,822	-9,648,234				-$17,223,056
Total operating costs	**$0**	**$12,308,589**	**$28,903,604**	**$31,671,869**	**$18,340,487**	**$91,224,549**
Op. cost/tonne $CAN		$194	$232	$165	$146	$180
Op. cost/oz $CAN			$983	$781	$803	$848
Op. cost/tonne $US			$207.19	$147.05	$130.66	$161
Op. cost/oz $US			$877	$698	$717	$757
Operating Cash Flow		**$8,359,841**	**$14,209,144**	**$30,725,147**	**$18,566,475**	**$71,860,607**
CAPITAL EXPENDITURES						
Capitalized operating cost	$7,574,822	$9,648,234	$0	$0	$0	$17,223,056
Capitalized revenue	-$1,143,468	-$8,999,558	$0	$0	$0	-$10,143,025
Royalty		$500,000				$500,000
Dewatering and rehab	1,192,469	$0	$0	$0	$0	$1,192,469
Development	3,142,747	$4,474,332	$4,304,596	$963,283	$0	$12,884,958
Ventilation equipment	447,172	$16,790	$0	$0	$0	$463,962
Mine dewatering	346,825	$0	$157,514	$0	$0	$504,339
Surface installation and equipment	3,361,389	$254,562	$254,562	$252,401	$237,360	$4,360,274
Electrical distribution	5,135,790	0	$330,123	$330,123	$0	$5,796,036
Mobile equipment	2,456,678	$1,785,687	$1,248,649	$1,248,649	$1,910,872	$8,650,535
Environment	717,813	$0	$0	$169,304	$0	$887,117
Total capital expenditures	**$23,232,236**	**$7,680,048**	**$6,295,444**	**$2,963,759**	**$2,148,232**	**$42,319,720**
Total Cost cost/oz $CAN						$1,162
Total Cost cost/oz $US						$1,038
Salvage (portion of electrical equipment)					$5,731,961	$5,731,961
Financial guarantee paiement and reimbursement		$95,759	$100,469	$100,469	-$401,874	-$105,178
Closure Costs					$708,255	$708,255
Net Cash flow	**-$23,232,236**	**$584,034**	**$7,813,231**	**$27,660,919**	**$21,843,822**	**$34,669,770**
Estimated Mining and Income taxes	**-$945,093**	**$654,943**	**$1,398,538**	**$5,164,635**	**$6,333,647**	**$12,606,670**
Cash Surplus After Taxes	**-$22,287,143**	**-$70,909**	**$6,414,693**	**$22,496,284**	**$15,510,175**	**$22,063,100**
Cumulative Cash flow	**-$22,287,143**	**-$22,358,053**	**-$15,943,360**	**$6,552,925**	**$22,063,100**	

Pre-tax NPV (5%)	**25,025,073 $**
Pre-tax IRR	**33.7%**
After-tax NPV (5%)	**14,911,462 $**
After-tax IRR	**24.3%**

22.1 Sensitivity

The parameters in the sensitivity analysis were chosen based on their potential impact on the outcome of the economic evaluation. Key economics were examined by running cash flow sensitivities against:

- Gold price (US$/oz)
- Revenue
- Operating cost (OPEX)
- Capital cost (CAPEX)
- Grade (g/t)

Sensitivity calculations were performed on the project's after-tax NPV (5%) and IRR by applying a range of variation (±30%) to the parameter values. Results are presented in Tables 22.4 to 22.8. The effects on NPV and IRR are shown graphically in Figures 22.1, 22.2, 22.3 and 22.4.

As illustrated in the figures, the Croinor Gold property is highly sensitive to changes in grade, gold price and revenue. It is moderately sensitive to changes in OPEX and CAPEX.

22.2 Discount Rate Sensitivity

The cash flow has been discounted to 5% and is considered reasonable; however, depending on the financing option, further analysis should be undertaken to establish the true discount rate based on the real cost of capital. Table 22.4 presents sensitivity to discount rate.

Table 22.4 – Sensitivity analysis at various discount rates

Discount rate	0%	3%	5%	7%	10%
NPV	22.14	17.59	14.96	12.60	9.52
Change (%)	48%	18%	Base Case	16%	36%

Table 22.5 – Sensitivity analysis of economical parameters, after-tax NPV 5% (million $)

	-30%	-20%	-10%	Base Case scenario	10%	20%	30%
Gold Price (US$/oz)	-19.37	-5.76	5.61	**14.96**	24.00	32.83	41.29
Revenue	-21.38	-7.17	4.94	**14.96**	24.51	33.85	42.40
Opex	31.71	26.36	20.94	**14.96**	8.92	2.82	-4.82
Capex	21.50	19.34	17.12	**14.96**	12.69	10.46	8.13

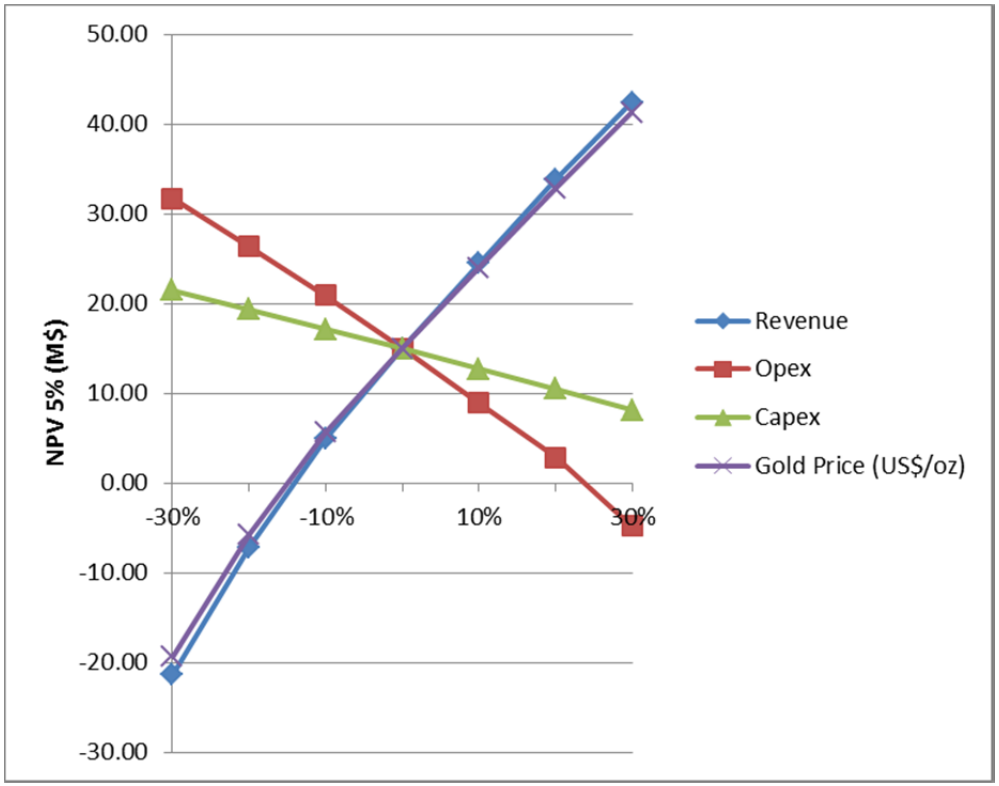

Figure 22.1 – Sensitivity analysis of economic parameters, after-tax NPV at 5% (million $)

Table 22.6 – Sensitivity analysis of economical parameters, after-tax NPV at 5% (millions $)

.	-1.5	-1.0	-0.5	Base Case scenario	0.5	1.0	1.5
Grade (g/t)	-19.23	-5.67	5.59	**14.96**	23.97	32.72	41.76

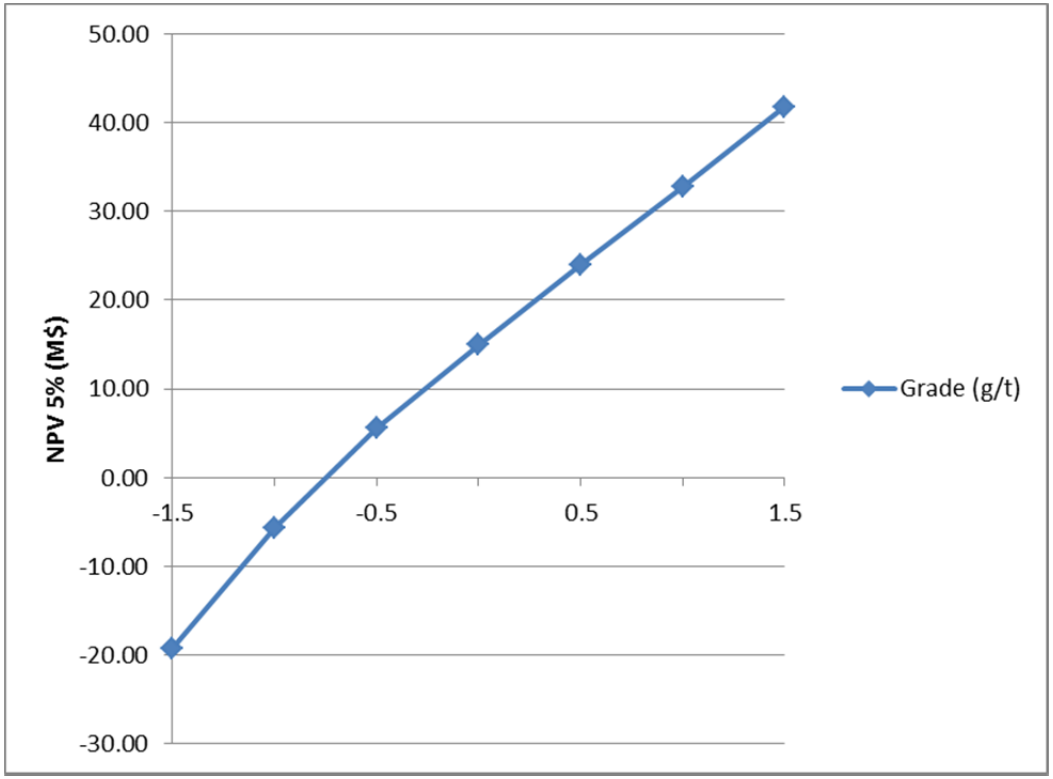

Figure 22.2 – Sensitivity analysis of grade, after-tax NPV at 5% (millions $)

Table 22.7 – Sensitivity analysis of economical parameters, after-tax IRR

	-30%	-20%	-10%	**Base Case scenario**	10%	20%	30%
Gold price(US$/0z)	-21%	-2%	12%	**24%**	36%	48%	56%
Revenue	-23%	-4%	11%	**24%**	38%	51%	64%
Opex	50%	42%	33%	**24%**	16%	8%	-1%
Capex	39%	34%	29%	**24%**	21%	17%	14%

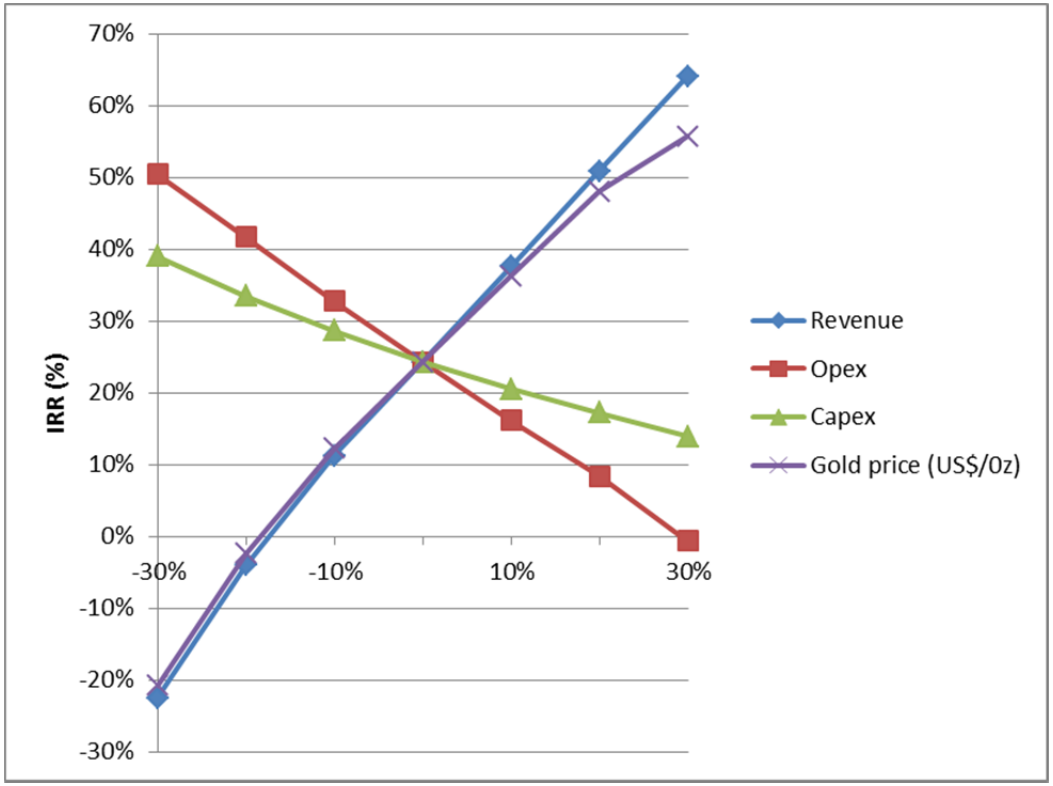

Figure 22.3 – Sensitivity analysis of economical parameters, after-tax IRR

Table 22.8 – Sensitivity analysis of grade, after-tax IRR

	-1.5	-1.0	-0.5	**Base Case scenario**	0.5	1.0	1.5
Grade (g/t)	-21%	-2%	12%	**24%**	36%	47%	57%

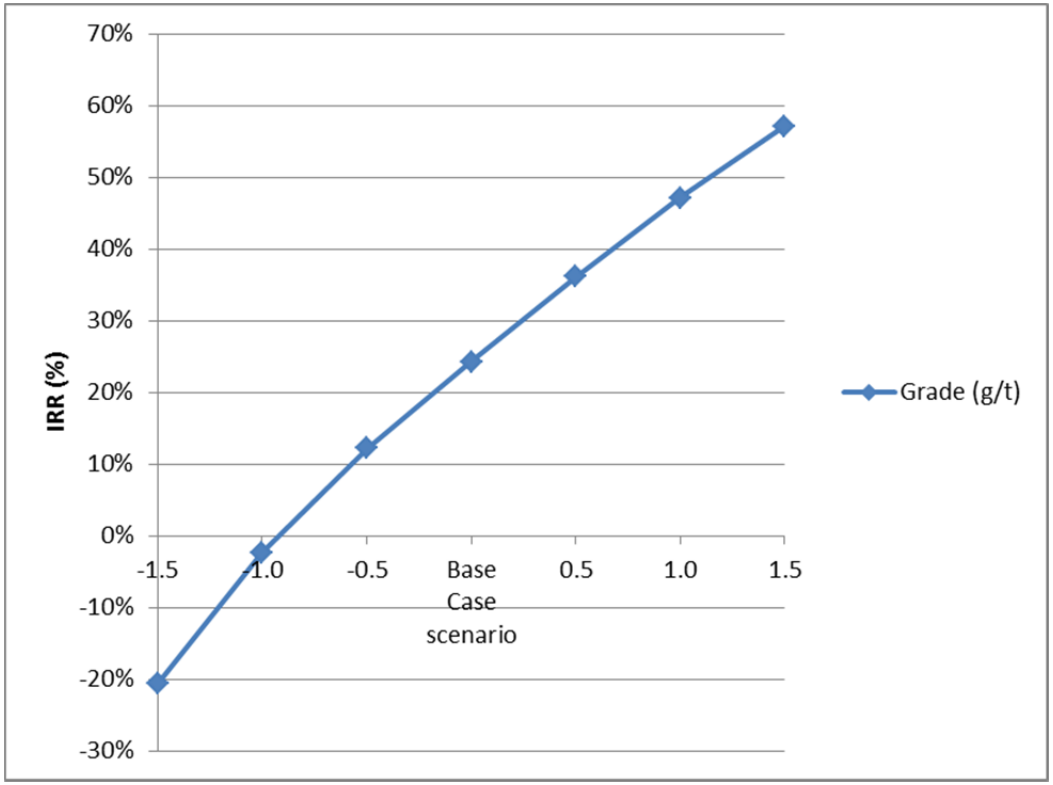

Figure 22.4 -– Sensitivity analysis on grade, after-tax IRR

23. ADJACENT PROPERTIES

There is a small enclave within the Croinor Gold property that is located in Pershing Township, 2.3 kilometres northwest of Lake Blanchin and 5.25 kilometres WNW of the Croinor deposit. Six (6) of these claims are registered to Yves Lemieux. They include the Blanchin Lake or Busmac gold showing, a gold-bearing quartz vein system that was discovered by prospecting in 1938. At that time, a 150 m x 150 m trench was cleared and deepened to 8 metres as a prospect pit. In 1938-39, a 41.4 m inclined shaft was sunk (70° North) to the 36.6m level with 37.5 metres of crosscut and a total of 178.3 metres of drifting. Tonnage evaluation by Canadian Mining and Smelting Corp. in 1940 estimated the No. 1 Vein to contain 10,000 t @ 15.0 g/t Au, and the No. 3 Vein 8,000 t @ 6.0 g/t Au (Ingham, 1973). *These "resources" and/or "reserves" are historical in nature and should not be relied upon. They are included in this section for illustrative purposes only and should not be disclosed out of context.* Work conducted in the past few years was mainly ground geophysics and geological mapping and evaluation.

Just north and adjacent to the Lemieux claims, 9219-8845 Québec Inc. (Canadian Mining House) owns rights to a two(2)-claim group.

In Tavernier Township, mineralized occurrences were found mainly by drilling following airborne EM surveys conducted by major companies and the release by the MRN of regional airborne Input surveys in the early 1970s. The Realore, Anaconda-1 and -3 and Lynx-Tavernier showings are part of a large property owned by Globex Mining Enterprises Inc. in Tiblemont and Tavernier townships. Globex's claims are located just north of the Croinor Gold claims.

In Tiblemont Township, the Realore showing was discovered in 1946. Later exploration work by Exploration Omega Inc. and Exploration Oz Inc. in 1984 yielded grab samples with values of up to 21.03 g/t Au or 0.76% Cu (Kobzi et Beauregard, 1986).

The Anaconda-1 showing was found during drilling by Anaconda American Brass Ltd in 1969 and consists of massive sulphide lens with a best intersection of 26.55 g/t Au, 589.7 g/t Ag, 9.9% Zn and 4.0% Cu over 0.30 m (Burk and Thorson, 1990).

The Anaconda-3 showing (hole 614; Kobzi et Beauregard, 1986), on the east shore of Lake St-Vincent, is also found in a massive sulfide intercept that returned 26.55 g/t Au over 0.30m.

The Lynx-Tavernier polymetallic occurrence was discovered by Lynx Canada Exploration Ltd. Hole LT-84-10 (Perron, 1984) intersected 2.59 g/t Au, 48.65 g/t Ag and 0.72% Zn over 7.3 m; 32.65 g/t Ag over 14.6 m; 129 g/t Ag over 0.46 m; and 110.0 g/t Ag over 0.9 m.

The Lacoma gold occurrence claims are held by Exploration Aurtois Inc. The first gold anomalies were discovered by trenching in 1925. Between 1931 and 1938, a shaft was sunk to 260 feet (79.2 m). Limited drifting was realized at the 125ft level (211 ft/64.3 m of cross-cut and 165 ft/50.3 m of drifting) and at the 240ft level (212 ft/64.6 m of cross-cut and 72 ft/21.9 m of drifting) (Lavery, 1984). According to

the SIGEOM database, tonnage evaluations were also done these years, with results as follows:

- East Zone: 76,175t @ 6.8 g/t Au
- West Zone: 103,194t @ 6.8 g/t Au

These “resources” and/or “reserves” are historical in nature and should not be relied upon. They are included in this section for illustrative purposes only and should not be disclosed out of context.

On the western side of the Croinor Gold property in Vauquelin Township, the Aviateurs Bay-SE gold occurrence lies on claims now owned by Hélène Laliberté. In 1990-1991, Tandem Resources Ltd and North American Rare Metals Ltd conducted a drilling campaign. Hole 91-2 returned a gold intercept of 1.06 g/t Au over 0.45 m (Tandem Resources and North American Rare Metals, 1991).

In Pershing Township, about 1.6 km south of the Property, Ressources Bermont inc. own the rights to a scattered group of claims. These claims were held by Yorbeau Resources (formerly Les Ressources Redford and Yorbeau Mines Ltd) from 1983 and later optioned to Inco. Hole V-84-22 crossed an intercept grading 8.16 g/t Au over 1.5 metres intercept. In 1988, holes V-88-48, -49 and -52 followed-up on this intersection and returned intercepts of up to 0.48 g/t Au over 7.0 m, 0.23 g/t Au over 3.5 m; 0.39 g/t Au over 4.5 m and 0.49 g/t Au over 3.0 m in either sediments, biotite schists or a monzonitic intrusive (Gagnon and St-Onge, 1988). In 1994, Inco recommended abandoning the option and returned the claims to Yorbeau Resources after having drilled all the potentially favourable geophysical targets. The claims in this area are erratically distributed among Bermont Resources Inc., 8431469 Canada Inc. (Nippon Dragon Resources, formerly Rocmec Mining Corporation Inc.) and Éric Hébert.

Figure 23.1 shows the distribution of owners as well as the location of major showings on the adjacent properties of the Croinor Gold property.

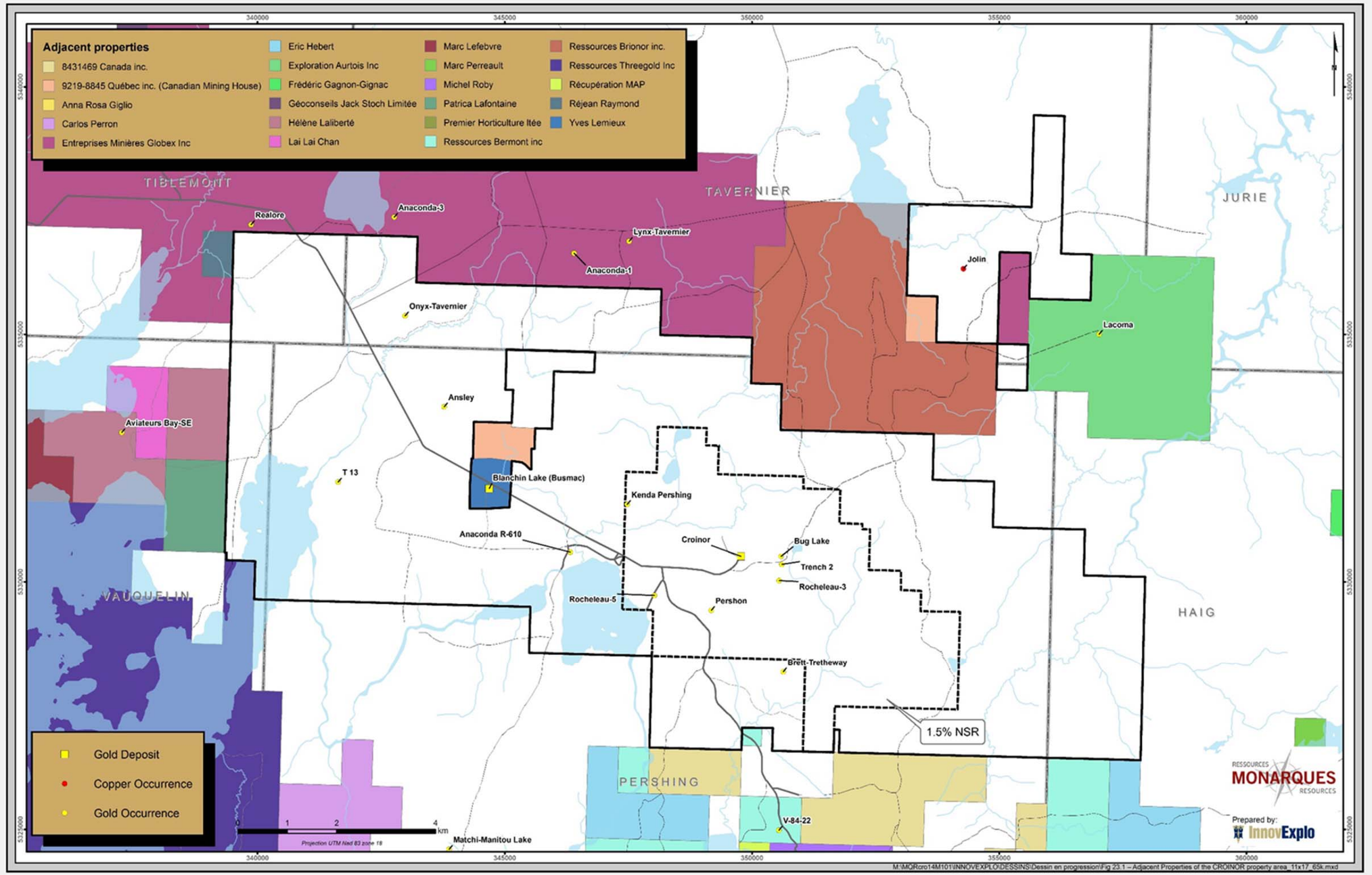

Figure 23.1 – Properties and mineral occurrences in the vicinity of the Croinor Gold property

24. OTHER RELEVANT DATA AND INFORMATION

Monarques commissioned Minrail Inc. ("Minrail") to complete a trade-off study on the application of the SAMS™ mining method developed by Minrail. The trade-off study was led by Minrail's president and chief executive officer, Marc R. Beauvais, P.Eng.

24.1 Disclaimer on the SAMS™ Mining Method

The SAMS™ mining method is experimental in nature and and has only been tested in a workshop environment; it has not yet been tested in an underground mine. Therefore, the performance and productivity rates expressed herein are only estimates and have been derived from empirical data collected from other comparable techniques that use similar technologies. However, it must be mentioned that proof of concept has been demonstrated during an extensive R&D and evaluation program to which the National Research Council of Canada and the *Ministère de l'Économie, de l'Innovation et des Exportations* of Québec have contributed financially. In addition, several other government agencies in both Quebec and Ontario (Québec's *Commision de la Santé et de la Sécurité du Travail* (CSST), Ontario's Ministry of Labour, and Groupe MISA) have also contributed to Minrail's R&D efforts, as well as several major suppliers of mining equipment (Orica Canada, Mansour Mining Technologies, and Sandvik Canada).

Although experimental, it must be noted that the SAMS™ mining concept does rely on genuine operational data issued from a previous experiment undertaken in the late 1990s by Quebec's *Société de Recherche et Développement Minier* (SOREDEM) and developed jointly with the *Centre de Recherche Industriel du Québec* and a consortium of mining companies. At the time, more than 400 man-hours were logged during an underground test program that was documented and published by Natural Resource Canada's CANMET laboratory facility in Val-d'Or. Minrail's mining concept is based on the combination of experiments and several mine projects conducted over the last two decades by Minrail's company founders.

For the past two years, Minrail has developed and fabricated a prototype set of equipment and tools that is ready to be mobilized and operated in underground mining conditions. The double railing system and the mining method are protected by patents pending (US application #61/823,021 and #61/823,025). Every part of Minrail's system has been developed to take into account each and every recommendation expressed in the former testwork reports. Modern technology has also been added, and the system benefits from the experience of a long track record in order to achieve the projected performance.

24.2 Description of the Shallow Angle Mining System (SAMS™)

Minrail's Shallow Angle Mining System (SAMS™) is designed to safely and economically develop and mine stopes in the 10 to 45 degree dip range. Shallow angle stopes in this dip range have historically been difficult and slow to mine primarily because theses dips are arduous for miners to work on; broken rock usually does not run naturally on the footwall and a slusher or similar device is needed to recover the material.

SAMS™ is an integrated mechanized mining method. There are many variants of SAMS™, however the following is one with operating criteria specifically adapted to

Croinor. Typically, the stope mining cycle at Croinor should generally consist of the following:

- Develop a stope center raise (following the hanging wall contact) in mineralization between the 40 m interval between levels. The back and upper walls of the center raise are bolted and screened. Cable bolts are also installed in the back of the raise using the SAMS^{TM} raise development module (Fig. 24.1).
- An automated drill module is used to drill 50 mm diameter nominal blast holes in the mineralized zone exposed on both walls of the center raise. The projected minimum height of the drilled-off zone (measured perpendicular to the footwall) is 1.2 m. The drill holes could be drilled perpendicular to the face or at an angle (Fig. 24.2).
- The blast holes are loaded with emulsion using the SAMS^{TM} explosive loading module. The blasts are initiated remotely using an electronic blasting system.
- The blasted rock is removed to the sill drift using the SAMS^{TM} mucking module and a slusher (Figs. 24.3 and 24.4).

Once the stope has been mined out, the stope footwall will be washed down using a fire hose to help recover fines. Note that rib pillars will be left between adjacent stopes as there are no plans to backfill mined-out stopes. A sill pillar will be temporarily used to separate the stope from the sill drift, and recovered at the end of the mine life.

The SAMS^{TM} modules travel on a proprietary overhead double rail system. The electric-powered modules have multiple safety devices, including a failsafe braking system, and a proposed safety factor of at least six (6) and up to ten (10). Minrail has reviewed its safety devices with mine safety regulators in Quebec and Ontario and reports that the SAMS^{TM} system meets rigorous mine safety requirements in those jurisdictions. In the event that a test stope program at the CROINOR underground mine is made, the work would be reviewed with Quebec's health and safety regulatory authorities prior to the test.

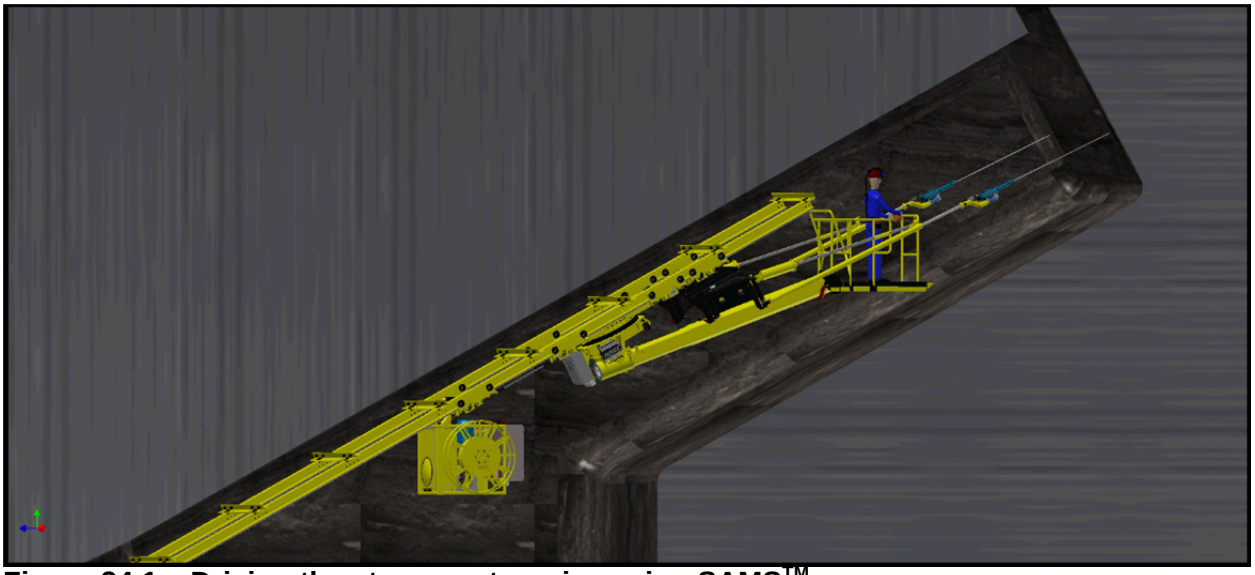

Figure 24.1 – Driving the stope centre raise using SAMS™

Figure 24.2 – Production drilling using SAMS™

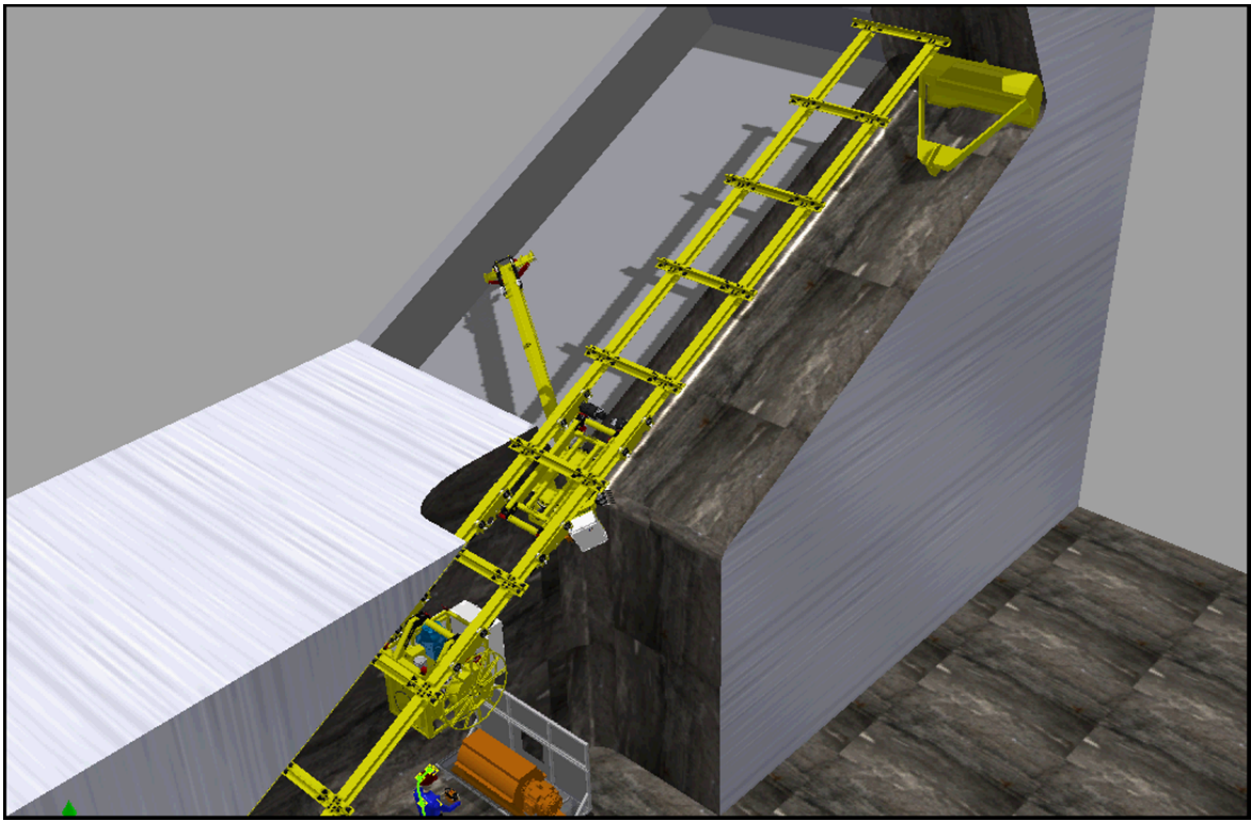

Figure 24.3 – Stope scraping and slushing

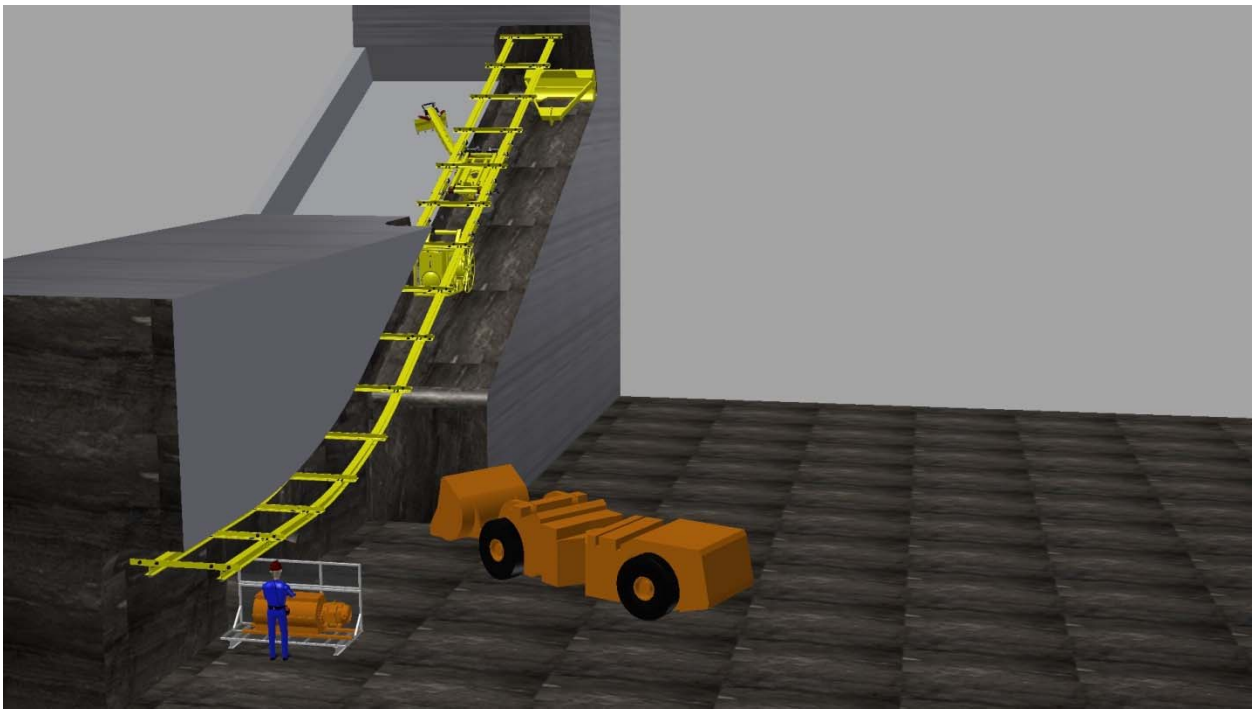

Figure 24.4 – Stope mucking to the sill drift

24.3 Application of the Shallow Angle Mining System (SAMSTM) On the Croinor Gold Property

Croinor features a narrow, shallow-dipping deposit that is which is compatible with the SAMS™ mining technique. The deposit has lenses with a general angle of 36 degrees and a "thickness" of 2.5 m on average, thus falling well within the specifications of this new mining method. It is for this reason that Monarques' management asked Minrail to develop a mine plan that could use the SAMS™ system with the aim of improving project value.

24.3.1 Mine Plan

In order to determine the resources potentially amenable to the SAMS™ method, a CAE Studio 5D application was used. The Mineable Shape Optimizer (MSO) generated individual shapes constrained by financial and physical parameters using data extracted from the block model. The following are the design criteria implemented in the program:

- Cut-off grade value: 4 g/t;
- Only indicated and measured resources were used in the definition of the mining block
- Minimum mining width of 1.2 m (stope thickness);
- Sublevel interval of 15 m (vertical height);
- Spacing interval of 5 m (stope width);
- Mining dilution of 0.04 m on the hanging wall and 0.05 m on the footwall;
- Minimum slope wall angle of 0 degrees.
- Maximum slope wall angle of 45 degrees.

The shapes were then grouped to form stopes that were initially laid over each zone, on a regular grid, over a longitudinal section. Since no backfilling is planned, a 2.5 metre wide rib pillar will be left between adjacent stopes. Typical stopes would then be 12.5 metres wide and approximately 65 metres along dip, leading to levels with a vertical separation of 40.0 metres. Since SAMS™ is capable of mining widths as little as 1.2 metre[1], the authors decided not to add any additional dilution to the stope resource blocks, which already include "planned dilution". In order to keep a conservative approach for this mine model, the Mine Call Factor is estimated at 85%. It is to be noted that most rib pillars will tentatively be mined out at the end of the mine life.

The preliminary mine design consists of a main ramp in the footwall of the deposit, top and sill drifts for the stopes, and cross-cuts between the ramp and drifts. The existing shaft will be rehabilitated, but only to become part of the ventilation network. There are no plans to re-commission the shaft for production purposes.

The dimensions of the ramp, sill drifts, and cross-cuts shall be a minimum of 3.9 metres wide and 3.5 metres high, which is considered sufficient for trackless mining. Total development will consist of 3,284 metres of ramp, 8,291 metres of laterals, and enlargement of 526 metres of existing drift.

[1] In shallow-dipping deposits, "width" should be interpreted as "thickness"

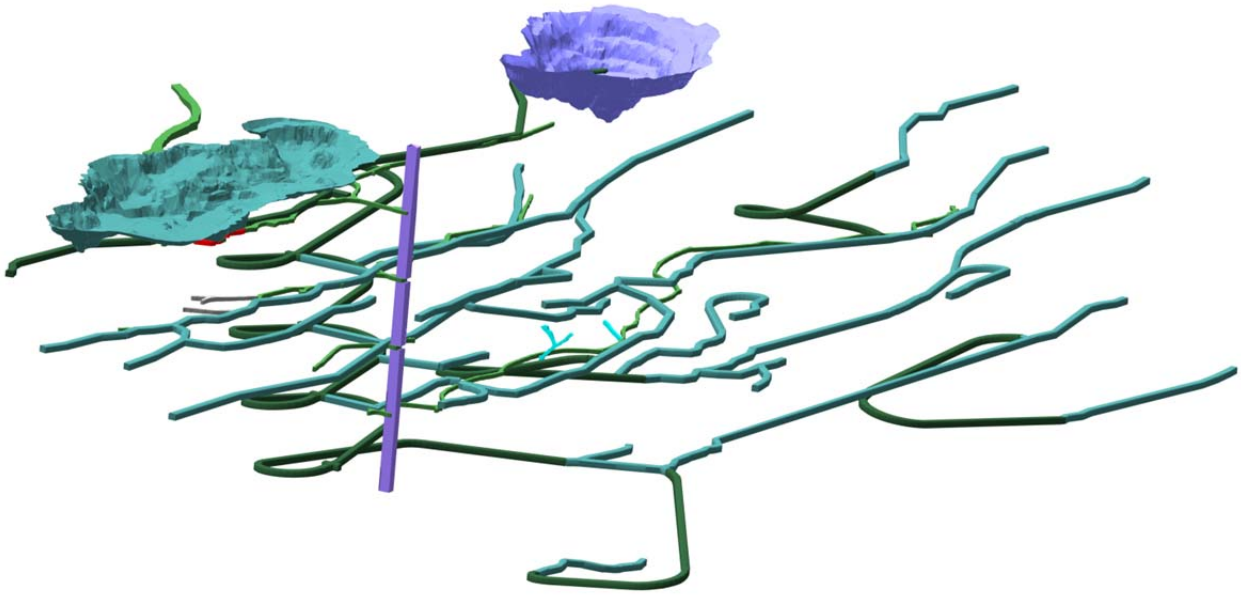

Figure 24.5 – Isometric view (without stope blocks) of the SAMS™ mine layout at Croinor

The existing ramp between the portal (3,039.6 elev.) and level 125 (3,010.0 elev.) will be rehabilitated. Furthermore, a new section of ramp will be extended from level 125 down to level 875 (2,792.5 elev.) at a gradient of -15% to connect with each subsequent level. Part of the lateral development (1,242 m) already includes every cut-out (9.0 m each) facing each stope (not shown on FIG. 24.1). These are required for the installation of the SAMS™ mining gear. Typically, a sill drift leading to the stopes is developed in the ore; however, for the purpose of this trade-off study, no distinction has been made in the budget for the lateral development in the waste or the ore. Therefore, all development work is, for the moment, considered as capital expense only. Furthermore, it must be noted that all the center raises[2] developed in each stope are included in the production mining cost, and are therefore not part of the CAPEX costs.

Finally, since the SAMS™ equipment is electrically powered and only a few diesel-powered pieces of equipment will access the workplace, mine ventilation will be handled by means of temporary fan pipes laid along the sill drifts with booster fans forcing the contaminated air to the shaft. However, for the sake of budgeting and to provide an adequate comparative standpoint between this mine plan and the one defined in the PFS, 288.0 metres of vent raise have been voluntarily added to the CAPEX development quantity.

24.3.2 Mine Development and Operations

It is assumed that Monarques will carry out the Croinor Project with the assistance of specialized contractors and suppliers. The underground mine dewatering, rehabilitation and development work will be undertaken by a selected mine contractor who will provide the manpower, whereas the mobile and stationary equipment is the owner's responsibility. The contractor's crew will maintain the equipment provided by the owner. If production mining will be done using the

[2] Sometimes called a "draise", an expression occasionally used for "raise drifting" in shallow-dipping situations

SAMS™ system, then Minrail would contract out the work. Minrail would develop the stope centre raises, and would drill, blast and move the blasted material down to the sill drifts. The contractor would then load and haul the material from the stope sill drifts up to the surface stock pile.

The mine will operate 350 days per year on a basis of two 10-hour shifts per day with four rotating crews. In general, Minrail's mine plan shares the same organizational scheme as the one found in the PFS.

24.3.3 Underground Mine Equipment

The key lateral development equipment list is fairly similar to the one shown in the PFS and is likely to include an electric-hydraulic jumbo drill, LHD units, 20t class underground rock trucks, bolter unit, underground grader and service vehicles, and handheld drills. On the other end, the SAMS™ equipment would consist of telescopic platforms, "Long-Tom" drilling modules, "Long-Hole" drilling modules, 40hp electric slusher machines and several other pieces of small equipment. Minrail will maintain its own equipment as these costs are already factored in the unit production cost.

24.3.4 Mine Development Schedule

Minrail's mine plan assumes that most if not all the surface infrastructure and logistics indicated in the PFS plan will be retained except for the underground layout. For the sake of simplicity, no adjustment has been done on Monarques' equipment fleet despite the fact that the SAMS™ system requires a totally different mine layout than the one found in the PFS.

Minrail considers the existing portal and ramp access as a significant asset to this project. Consequently, Minrail's mine plan timeline takes into account that the underground is readily accessible in a relatively short period of time after contractor mobilization at the site. Provided that dewatering and ramp/drift rehabilitation work occurs simultaneously, it is Minrail's opinion that the first stopes will be accessible within the first 8 months after commencement of the work.

Therefore, the contractor's direct and indirect unit cost, as well as the performance and productivity rates related to the lateral, ramp and raise development is taken "as is". Likewise, Monarques' fixed costs also rely on the same unit costs as those of the PFS. For clarity, no optimization has been applied to any of the third parties' contribution, nor to the owner's cost or material or equipment lead times. Only the timeline has been adjusted to reflect Minrail's new mine plan.

24.3.5 Mine Production Schedule

The production rate has been set to be 500 tpd on average. The SAMS™ mining unit cost is based on an average 2.5 m stope height, therefore a base rate of $28.61 per tonne was used. This cost is inclusive of manpower, material, equipment usage, maintenance and Minrail's profits but exclusive of haulage to the surface and supervision. Given that there are periods during the mining cycle when no ore will be pulled out from the pool of active stopes, allocation for downtime has been accounted for and included in the production unit cost. For instance, initial stope setup, bench cleaning, production drilling and secondary ground support installation are a few examples during which no volume of ore will contribute to the total daily production, however, these costs are accounted for.

In order to meet the above mentioned production rate, it is figured that between 8 and 9 active stopes will be required at any moment. Given that they can be developed, drilled out and mucked out during different but overlapping stages, headings on the development phase (3 stopes) should produce approximately 200 tpd of ore while headings on the production phase (3 stopes) should produce an additional 350 tpd of ore. Considering that SAMS™ is experimental in nature, these values may improve over time as experience is gained.

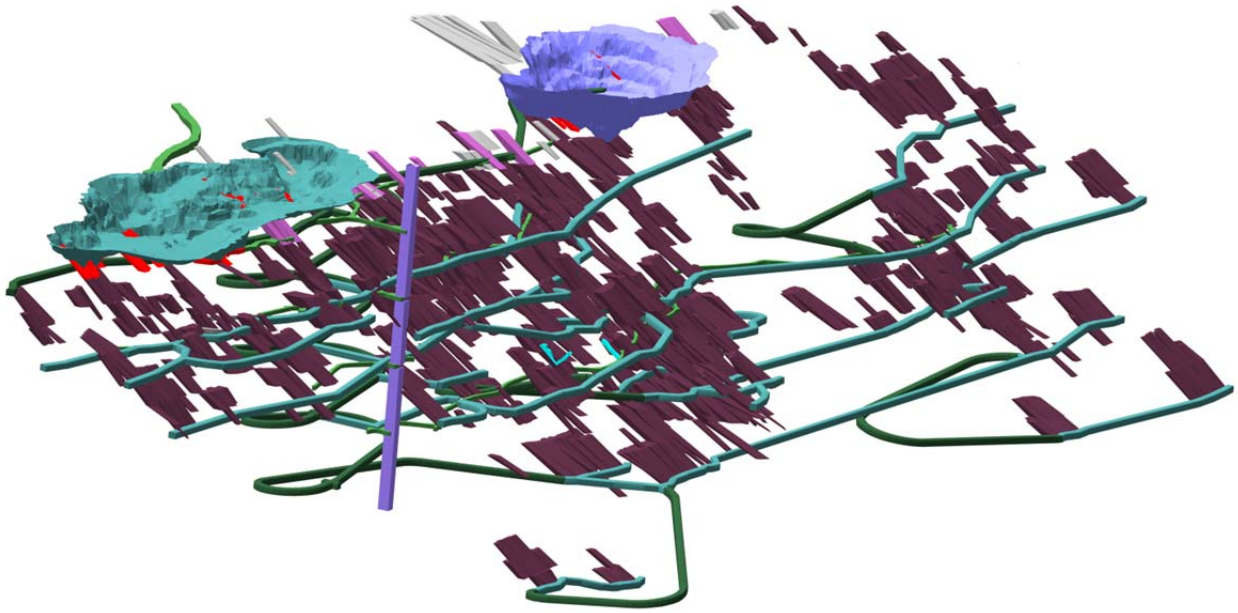

Figure 24.6 – Isometric view of the SAMS™ mine layout with modelled stopes at Croinor

24.4 Capital And Operating Costs

As explained above, most of the capital and operating costs are derived from the PFS presented in this report. In order to evaluate the effect of the SAMS™ method, applied to the Croinor Gold property, part of the project's CAPEX and OPEX have been adjusted[3] accordingly.

24.4.1 Capital Cost

The estimated capital costs (in pre-production) amount to about $25.9M while the total capital expenditure over the LOM is estimated at $45.9M. This is assuming that most of the CAPEX dedicated to the surface infrastructure as well as the mobile and stationary equipment procured by the owner, which is found in the PFS, shall be fairly similar or identical to the cost required for Minrail's mine plan except for the underground layout. As mentioned earlier, *no optimization work has been done in regards to preparing separate budget lines for the ore/waste development*. Consequently, care should be taken when comparing the values of this trade-off study and the PFS.

[3] The amounts have been adjusted but were not optimized.

Table 24.1 - Summary of capital costs at Croinor

	Pre-Production (first 18 months)		Production (starts at month 19)			
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total CAPEX (CAD)	23,105,874	2,816,586	11,288,641	6,570,336	2,148,232	45,929,670

24.4.2 Operating Costs

Productivity and extraction rates applied to SAMS™ stopes are derived from empirical data relating to similar tasks, using similar mining equipment and tools. In addition, all parts of the mining cycle, from the initial draise excavation to stope closure, have been assessed by trade experts (Orica Canada, Mansour Mining Technologies, and independent mine engineers) who helped Minrail define realistic performance and cost targets. The individual manpower throughput is estimated to be around 50.0 tonnes per man-shift.

The total estimated LOM operating costs amount to $75.4M. The average LOM AISC[4] over the 3.1 year mine life is estimated to be $719 per ounce (CAD). See Table 24.2 for a summary of operating costs.

Table 24.2 - Summary of operating costs at Croinor

	Pre-Production (first 18 months)		Production (starts at month 19)			
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total OPEX (CAD)	0	12,964,340	27,020,545	27,978,494	3,322,259	71,285,638
Operating Cash Flow	0	16,599,625	31,666,629	26,789,208	349,391	75,404,853

24.5 Minrail's Mine Model Financial Return and Comparison

With the aim of providing comparable numbers between this mine plan and the one from the PFS, the PFS's discounted cash flow spreadsheet has been used as a template. Although similar, the trade-off study version shall not be taken as a reliable project base case mostly due to the experimental nature of SAMS™ technology. It has been prepared merely to compare both mine plans as fairly as possible and to provide an indication of the potential improvement to the project's value using SAMS™. Although experimental, Minrail's mine plan demonstrates significant improvement over the classic approach as presented in the PFS. From a financial point of view, the Net Present Value (NPV) has increased by 9.2% with an increase of 65.4% for the Internal Rate of Return (IRR) at a 5% discount rate. At a 7% discount rate, the NPV increases by 13.7% while the IRR increase is unchanged at 65.4%. This is mostly due to two key factors: an earlier production schedule and a significant reduction in lateral development CAPEX. It is to be noted that this mine plan is relying on resources in the measured and indicated categories only.

[4] All-in sustaining costs (AISC) include operating costs, sustaining costs, royalties and taxes.

Provided that efforts are made to optimize the mine plan with respect to proper separation of lateral development in ore and waste, there are chances to see improvement in the mine model. Furthermore, there is place for improvement in the mine selection fleet to better accommodate the use of the SAMS™ approach. Finally, there is the strong possibility with SAMS™ to improve personnel retention because nowadays, workers are much more concerned about the quality of working conditions, and traditional mining techniques cannot provide comparable conditions at similar costs.

Table 24.3 - Cash flow analysis summary SAMS™ scenario

Parameters	Results
Resources potentially amenable to mining	535,710 t @ 6.84 g/t
Total contained gold reserve	117,986 oz
Mine life (including 18-month pre-production)	5 years
Daily mine production	600 tpd
Gold recovery	97.50%
LOM recovered gold	115,037 oz
Average cash operating cost	$157/tonne
Average cash operating cost	US$642/oz
Capital cost	$45.9 million
Total cost per ounce	US$910/oz
Total gross revenue	$171 million
Total operating cost	$71.2million
Total project cost	**$117 million**
Net cash flow (before tax & royalties)	**$34.6 million**
Pre-tax NPV (5% discount)	**$27.3 million**
Pre-tax IRR	**56%**

24.6 Section Final Comment

This PFS proposes a standard mine plan approach that includes a pre-production phase to allow enough time to organize and build the mine infrastructure, and the project budget was prepared accordingly. However, Monarques plans to commission Minrail to field test Minrail's innovative and propriety Shallow Angle Mining System (SAMS™) in a test stope at the Croinor mine in Year 1. Provided that Monarques' board of directors decides to proceed with the Project using SAMS™, the results will be incorporated into the mine plan either as the sole method or in combination with the methods presented in this PFS.

The proposed test stoping program will likely be the first full field demonstration of SAMS™, which is designed for this type of application. The test stope program would include the test mining of about 30,000 tonnes of ore taken from designated areas identified as representative of Croinor mineralization.

25. INTERPRETATION AND CONCLUSIONS

The objective of InnovExplo's mandate was to complete a Technical Report ("the report"), and update of the preliminary feasibility study on the Croinor Gold Project in compliance with National Instrument 43-101 ("NI 43-101") and Form 43-101F1.

The issuer requested an update of the prefeasibility study dated February 29, 2012 to include changes in the royalties, capital and operating costs, and gold price. InnovExplo has updated the prefeasibility study accordingly.

InnovExplo considers the present Prefeasibility Study (and Resource Estimate herein) to be reliable and thorough, based on quality data, reasonable hypotheses, and parameters compliant with NI 43-101 and CIM standards regarding mineral resource estimates.

Geology

The Croinor Gold property is at an advanced stage of exploration and hosts significant gold mineralization.

The Croinor deposit is hosted by the synvolcanic Croinor Sill. This dioritic sill is 60 to 120 metres thick and hosted within volcanic rocks of the Assup Domain. The deposit is characterized by gold-rich lenses consisting of quartz-carbonate-tourmaline-pyrite veins, altered pyritic host rock material, and/or tectonic breccia (pyritic host fragments within a quartz-carbonate-tourmaline-pyrite vein).

The mineralized lenses at Croinor range from 60 to 120 metres long (Chénard and Turcotte, 2003). The lenses can generally be followed from one section to another (10-metre sections) over lateral distances varying from several tens of metres up to 600 metres. To date, about forty (40) gold-rich lenses have been identified. Gold-hosting structures within the dioritic Croinor Sill consist of a series of narrow breaks and reverse shears with dips of 25° to 60° to the north. These structures display en-echelon patterns and are variably oriented between N290°-N330°. They can cause displacements of a few centimetres to tens of metres.

The 2010 and 2011 drill program brought to light the following interpretations and conclusions with respect to the mineral deposit:

- There is an east to west continuity of high-grade mineralization within zones, which can be traced from section to section. Some areas may not be high-grade, but they do show anomalous positive values that connect with the high-grade results;
- Hole CR-11-408 shows that the mineralised zones and the diorite host rocks are still open at depth. This also suggests a further east to west extension at depth for the zones intercepted along the hole;
- The east and west limits of the host rock diorite are still open. Drill holes show the continuity of the high-grade results, indicating that the mineralized zones are also open to the east and west;
- The drill spacing in the areas containing Indicated Resources is not consistent and additional drilling in these areas could increase the Indicated Resources;

- The drill spacing in the areas containing Inferred Resources is not tight enough to increase confidence in the results and convert some of the resources to the Indicated category, or to increase the Inferred Resources overall; additional drilling in these areas could convert Inferred Resources into Indicated Resources or increase the Inferred Resources;
- The 3D IP targets, when drilled, yielded some elevated gold results within the expected range of influence.

Mineral Resource Estimate

The resource estimate presented in this report (the "Mineral Resource Estimate") was published in an earlier report titled "Technical Report on the Mineral Resource Estimate and Prefeasibility Study for the Croinor Project", dated February 29, 2012 (Poirier et al., 2012). The Mineral Resource Estimate was performed by Karine Brousseau, Eng. and Tafadzwa Gomwe, PhD, GIT, under the supervision of Carl Pelletier, B.Sc., P.Geo., using all available results. One of the objectives of InnovExplo's work was to prepare an NI 43-101 compliant resource estimate for the Croinor deposit using 3D block modelling instead of a polygonal method as in previous estimates. The result was an estimate with Measured, Indicated and Inferred resources. The effective date of the Mineral Resource Estimate is August 8, 2014 based on the re-evaluation of the cut-off grades economic parameters. No changes were made to the cut-off grades in light of this revision. The 2010 and 2011 surface drill holes were used in the Mineral Resource Estimate, up to and including CR-11-413, which were complete in terms of assay results at the database close-out date of November 2011.

InnovExplo remains of the opinion that the Mineral Resource Estimate can be classified as Measured, Indicated and Inferred resources based on the density of the processed data, the search ellipse criteria, and the specific interpolation parameters. The estimate is compliant with CIM standards and guidelines for reporting mineral resources and reserves. The resources were estimated using different gold cut-off grades and a minimum width of 1.8 metres (true width). The selected cut-off of 4 g/t was used to determine the mineral potential of the deposit for the underground mining option. The following tables display the results of the In Situ Mineral Resource Estimate for the Croinor deposit (54 lenses). The detailed results are presented by zone in Appendix XII. InnovExplo remains of the opinion that the Mineral Resource Estimate can be used as the basis for a prefeasibility study.

Results of the In Situ Mineral Resource Estimate (Measured, Indicated, and Measured+Indicated Resources) at different cut-off grades (inclusive of Mineral Reserves) (Table 14.7)

Measured Resources			
Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	46 800	10.98	16 500
> 5 g/t	59 400	9.81	18 700
> 4 g/t	80 500	8.41	21 800
> 3 g/t	112 400	7.00	25 300
> 2 g/t	165 200	5.55	29 500
> 1 g/t	257 600	4.08	33 800
> 0.6 g/t	297 700	3.64	34 800
> 0.3 g/t	335 200	3.28	35 300

Indicated Resources			
Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	355 800	12.13	138 800
> 5 g/t	447 300	10.78	155 000
> 4 g/t	599 600	9.18	176 900
> 3 g/t	848 300	7.51	204 700
> 2 g/t	1 192 200	6.05	231 700
> 1 g/t	1 889 600	4.35	264 100
> 0.6 g/t	2 283 700	3.73	274 100
> 0.3 g/t	2 685 400	3.24	279 800

Measured + Indicated Resources			
Cut-off	Tonnes	Au g/t	Oz Au
> 6 g/t	402 600	12.00	155 300
> 5 g/t	506 700	10.66	173 700
> 4 g/t	680 100	9.08	198 700
> 3 g/t	960 700	7.45	230 000
> 2 g/t	1 357 400	5.99	261 200
> 1 g/t	2 147 200	4.31	297 900
> 0.6 g/t	2 581 400	3.72	308 900
> 0.3 g/t	3 020 600	3.25	315 100

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Carl Pelletier, B.Sc., P.Geo., and Karine Brousseau, Eng., both of InnovExplo Inc. The effective date of the estimate is August 8, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The mineral resource is presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- Results are presented undiluted and in situ. The estimate includes 54 gold-bearing lenses.
- Resources were compiled using cut-off grades of 0.3 g/t, 0.6 g/t, 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.
- Cut-off grades should be re-evaluated in light of changes in prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.8 g/cm^3 was used in zones and waste.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground chip sample assays.
- Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole and chip sample sections that fall within the mineralized zone envelopes (each composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3, from drill hole and underground chip samples using the 1/D6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories were defined using different search ellipsoid parameters.
- The reclassified Inferred category is the result of isolated blocks or series of blocks showing no spatial continuity in terms of grade and/or information density that were reclassified from Indicated to Inferred.
- The reclassified Indicated category is the result of blocks or series of blocks showing good spatial continuity in terms of grade and/or information density that were reclassified from Inferred to Indicated.
- Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Results of the In Situ Mineral Resource Estimate (Inferred Resources) at different cut-off grades (Table 14.8)

Inferred Resources			
Cut-off	**Tonnes**	**Au g/t**	**Oz Au**
> 6 g/t	84 500	12.02	32 700
> 5 g/t	102 400	10.90	35 900
> 4 g/t	160 100	8.56	44 100
> 3 g/t	227 800	7.03	51 500
> 2 g/t	358 300	5.36	61 800
> 1 g/t	564 600	3.94	71 500
> 0.6 g/t	664 700	3.47	74 200
> 0.3 g/t	726 300	3.21	75 100

- The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Carl Pelletier, B.Sc., P.Geo., and Karine Brousseau, Eng., both of InnovExplo Inc. The effective date of the estimate is August 8, 2014.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The mineral resource is presented inclusive of mineral reserves, meaning that mineral reserves were not subtracted from the resources presented herein.
- Results are presented undiluted and in situ. The estimate includes 54 gold-bearing lenses.
- Resources were compiled using cut-off grades of 0.3 g/t, 0.6 g/t, 1.0 g/t, 2.0 g/t, 3.0 g/t, 4.0 g/t, 5.0 g/t and 6.0 g/t Au.
- Cut-off grades should be re-evaluated in light of changes in prevailing market conditions (gold price, exchange rate and mining cost).
- A fixed density of 2.8 g/cm^3 was used in zones and waste.
- A minimum true thickness of 1.8 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- High-grade capping was done on raw data and established at 70.0 g/t Au for diamond drill hole assays and 55.0 g/t Au for underground chip sample assays.
- Compositing was not done over entire drill hole lengths. Instead, compositing was done on drill hole and chip sample sections that fall within the mineralized zone envelopes (each composite = 1 metre).
- Resources were evaluated using GEMCOM GEMS 6.3, from drill hole and underground chip samples using the 1/D6 interpolation method in a block model.
- The Measured, Indicated and Inferred categories were defined using different search ellipsoid parameters.
- The reclassified Inferred category is the result of isolated blocks or series of blocks showing no spatial continuity in terms of grade and/or information density that were reclassified from Indicated to Inferred.
- The reclassified Indicated category is the result of blocks or series of blocks showing good spatial continuity in terms of grade and/or information density that were reclassified from Inferred to Indicated.
- Ounce (troy) = Metric Tons x Grade / 31.10348. Calculations used metric units (metres, tonnes and g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations in NI 43-101.
- InnovExplo is not aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Metallurgy

WSP was commissioned to review and update if necessary the custom milling options for the Croinor gold project in the context of the current Prefeasibility Study. WSP concluded that four gold concentrators located within a 120-km radius could potentially process the Croinor ore: Beacon Gold, Aurbel Gold, Sigma-Lamaque Complex and Camflo. This study assumes that the ore will be processed at the Camflo mill. In addition to having successfully processed Croinor ore in the past (hence mitigating the technical risk), the plant has been in the custom milling business for years and is likely to have availability for new custom feed that fits the life-of-mine requirements for Croinor. Ore previously mined from the Croinor open pit operations was processed at the Camflo mill, and based on the results of those runs, a gold recovery of 97.5% has been used in this Prefeasibility Study update.

Environment

The last period of mining at the Croinor Gold Property ended in May 2005. In order to facilitate the resumption of mining operations, Golder Associates Ltd ("Golder") undertook a review of environmental permitting and licensing requirements.

The Company holds a certificate of authorization for the operation of the mine from the MDDEP that was issued in September 2010. Further studies and permits relating to the environment, reclamation, the pillar surface required for the operation of the mines have also been obtained or made. Other accessories permits will be obtained to start the project once funding is completed.

Since it is not expected that the Croinor Gold Property will generate ore and waste rock that will be acid-generating or that will leach metals under neutral pH or acid rain conditions, a formal hydrogeological study was not requested as part of the permitting process.

One of the site liabilities is its reclamation in accordance with the Québec Mining Act (RSQ, c M-13). Waste piles will be reclaimed by re-establishing a soil cover and vegetation. The backfilled area of the site will be reclaimed the same way. Buildings will be dismantled and foundations backfilled and vegetated. Underground openings will be blocked or capped. Equipment will be removed from the mine and the site.

The second liability is to carry out, at final mine closure, an environmental site assessment as required by the province's Environment Quality Act (CQLR, c Q-2). If ground contamination is discovered during the environmental site assessment, an environmental rehabilitation plan must be submitted to the MDDELCC for approval and the site must be decontaminated.

Reclamation and closure costs included in the study are estimated at $ 708,255.

Mineral Reserve

The estimated proven and probable reserves resulting from the Prefeasibility Study update, as summarized in the following table, represent 117,870 oz of gold after applying the appropriate mining recovery and dilution factor according to the selected method.

Mineral Reserve Estimate (Table 15.1)

Category	Tonnes	Grade (g/t)	Ounces
Proven	68 625	6.25	13 789
Probable	472 909	6.85	104 081
Total Reserves	541 534	6.77	117 870

For the present study, the same stopes created in the previous study were used (Poirier et al., 2012). According to that plan, 84% of the resources would be mined using the sublevel long-hole method and 16% from room and pillar. The long-hole method was applied as much as possible due to the lower mining cost and higher productivity.

A new cut-off grade was calculated and some stopes were discard because they were no longer profitable. Each stope that was close to the cut-off grade was evaluated individually to determine whether it would be included in the study or discarded. For the calculation of this cut-off grade, a metal price of $1,300 at an exchange rate of 1.10 was used. The remaining parameters used in the cut-off grade estimation are presented in the following table.

Cut-off grade parameters (Table 15.2)

	Long-hole	Room and pillar
Operating Cost	$182.75/t	$232.33/t
Mint cost	$5.00 /oz	$ 5.00/oz
Mill recovery	97.5%	97.5%
Mining dilution	Included in MSO parameters	5.0%
Cut-off grade	4.1 g/t	5.5 g/t

The revised reserves decreased slightly compared to the 2012 prefeasibility study. This difference is due mainly to a revision of the cut-off grade, resulting in a higher cut-off grade.

On the basis of the information presented in sections 16 to 22 of this report, InnovExplo was able to demonstrate the economic viability of the proposed extraction and processing of the Measured and Indicated resources found within the mine plan. Overall, InnovExplo considers that its basic engineering project meets the requirements of a preliminary feasibility study.

InnovExplo is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant issue that would materially affect the Mineral Reserve Estimate. InnovExplo considers the present Prefeasibility Study to be reliable and thorough, based on quality data, reasonable hypotheses and parameters compliant with National Instrument 43 101 and CIM standards with regards to mineral reserve and resource estimates.

Mining

The mining plan for the Croinor Project comprises a combination of conventional and mechanized mining. The approach in this study has been to force the application of

long-hole mining by adding dilution to ensure a minimum footwall angle of 45 degrees. When this approach was not convenient, room and pillar mining was selected. The use of MSO software made these stope analyses possible by calculating optimized stope shapes according to specified mining parameters.

The ore will be transported to surface using a combination of 3.5 yd and 6 yd scooptrams and 30 ton trucks. Waste material will either be brought to surface and be stored on the existing waste pad or used to backfill mined out stopes when possible.

The deposit will be accessed via a ramp. The existing ramp will be restored to level level 125 and a new section will be excavated to access all resources. The production drifts will be accessed via crosscuts connecting to the ramp. A small portion of the resources will be mined with captive methods, however the haulage will always be mechanized.

Development and production activities are based on a schedule of two 10-hour shifts, 12 shifts a week. To minimize capital requirements, contractors will be used for all mine development, mine production and ore haulage activities. A small in-house staff workforce will be hired to provide technical support and direction to the contractors.

The expected production rate will start at an average of 475 t/day in the six months following preproduction, and will slowly ramp up to an average of 675 t/day in Year 4. The overall project mine life is expected to be approximately 5 years, including an 18-month pre-production period.

After mining and milling recoveries, InnovExplo's prefeasibility study estimates a production total of 114,916 ounces of gold over a 5-year period. This represents 541,534 tonnes of ore at a diluted grade of 6.77 g/t. A summary of the yearly mine plan is presented in the following table.

Mining plan tonnage distribution (Table 16.15)

	Year 1	Year 2		Year 3	Year 4	Year 5	Total
	Pre-Prod	Pre-Prod	Prod	Prod	Prod	Prod	
Long hole (t)		19,110	53,455	74,782	149,621	109,732	**406,700**
Grade (g/t)		6.05	7.70	5.14	6.26	5.53	**6.04**
Room and pillar (t)			7,691	31,732	30,340	15,594	**85,357**
Grade (g/t)			8.41	14.34	9.40	7.78	**10.85**
Development (t)	4,914	7,623	6,552	18,040	12,348		**49,477**
Grade (g/t)	5.63	6.40	5.73	5.50	5.81		**5.76**
Total tonnage mill (t)	**4,914**	**26,733**	**67,698**	**124,554**	**192,309**	**125,326**	**541,534**
Grade (g/t)	**5.63**	**6.15**	**7.59**	**7.53**	**6.72**	**5.81**	**6.77**

The Croinor mine is currently flooded to the portal elevation. As an initial step, an estimated 504,080 m^3 of mine water would be pumped from the existing pit and mine infrastructure. Initial dewatering is expected to be carried out at a rate of 5,500 m^3/day for an approximate period of 92 days. Mine water will be pumped and

processed through Envirotubes to collect mine sludge. The existing 200-metre deep shaft will be reconditioned up to level 500 and will be used as a ventilation raise and emergency escapeway. Ore and waste haulage to surface will be via ramp.

Capital and Operating Costs

InnovExplo prepared a preliminary design for the proposed project infrastructure. Most of the capital cost was estimated using quotes from equipment suppliers and contractors. In some cases, comparable installations at other projects were used. The capital cost estimate is accurate within ±20%.

The pre-production costs are estimated at $27.31 million, including $6.69 million of capitalized operating costs net of production revenue received during the pre-production period. Sustaining capital is estimated at $14.65 million, excluding $0.71 million for final closure costs. The cost breakdown is presented in the following table.

Capital expenditure breakdown (Table 21.1)

Description	Pre-production ($)	Sustaining ($)	Total cost ($)
Capitalized operating cost	*17,223,056*		*17,223,056*
Capitalized revenue	*-10,143,025*		*-10,143,025*
Royalties	500,000		500,000
Mine dewatering and rehabilitation	1,192,469		1,192,469
Surface infrastructure	3,488,670	871,604	4,360,274
Electrical distribution and communication system	5,135,790	660,246	5,796,036
Mining infrastructure	810,787	157,514	968,301
Mobile equipment	3,618,041	5,032,494	8,650,535
Development	4,819,567	8,065,391	12,884,958
Environment	717,813	169,304	887,117
Total	**27,363,167**	**14,653,993**	**42,319,720**

Operating costs are estimated in 2014 Canadian dollars with no allowance for escalation. The total operating cost and average unit operating costs are summarized in the following table. The overall unit operating cost is $180.45 per tonne of milled ore.

Summary of total life-of-mine operating costs (Table 21.12)

Description	Total cost	Unit cost	
Definition drilling	1,850,313	3.66 $/t milled	17.20 $/oz
Stope development	11,891,108	23.52 $/t milled	110.51 $/oz
Mining	16,894,672	33.42 $/t milled	157.01 $/oz
Monarques mining staff	10,821,595	21.41 $/t milled	100.57 $/oz
Contractor indirects	18,931,540	37.45 $/t milled	175.94 $/oz
Surface services	266,595	0.53 $/t milled	2.48 $/oz
Energy	4,456,328	8.81 $/t milled	41.42 $/oz
Milling and transportation	25,208,667	49.86 $/t milled	234.28 $/oz
Environment	903,731	1.79 $/t milled	840$/oz
Total	**91,224,549**	**180.45 $/t milled**	**847.81 $/oz**

To supply electric power to the site, a new 26 km 25 kV three-phase overhead power line is planned. In this study, this new power line is assumed to be built, held and owned by Monarques

Financial Analysis

An after-tax model was developed for the Croinor Gold property. All costs are in 2014 Canadian dollars with no allowance for inflation or escalation.

The Croinor Gold property is subject to federal and provincial taxes and taxes related to Québec mining rights.

In early 2013, Monarques started a procedure to cancel all former royalties tied to the claims and mining lease forming the property. A new royalty agreement was signed in February of 2014 between Monarques and beneficiaries of the estates of F.D. Corcoran and David D. Agar. This agreement consolidates the former royalties by leaving a 1.5% net smelter return (0.75% to each beneficiary) on forty-five (45) mining claims and the mining lease. Half of the total royalty (0.75% NSR) can be bought back for C$500,000. The cash flow model demonstrated that it would be beneficial to buy back the 0.75% NSR royalty.

It is assumed that Monarques Resources Inc. (“Monarques”), a federal corporation, and X-Ore Resources Inc. (“X-Ore”), a Québec corporation, will proceed with a wind-up of X-Ore into Monarques. This wind-up will allow the available non-capital losses of X-Ore to be used by Monarques to offset any future income derived from its mining activities.

The economic valuation of the project was performed using the Internal Rate of Return (IRR) and Net Present Value (NPV) methods. The discount rate used in the analysis is 5%.

The following parameters were considered in the financial analysis:

- To reflect Monarques' preferred scenario, this study uses a gold price of US$1200 per ounce for the first year of the project, increasing at a rate of 5% each year (Table 19.1). This approach results in a weighted average gold price of US$1361 per ounce and an exchange rate of 1.12 CAD/1USD..

Gold Price Escalation Scenario (US$) (Table 22.1)

oct-14	Year 2	Year 3	Year 4	Year 5	WAVG
1 200 $	1 260 $	1 323 $	1 389 $	1 459 $	1 361 $

- Reserves parameters as described in Section 15.
- Gold recovery of 97.5%. This value was based on the recovery obtained at the time the mine was operating.
- Royal Mint fees of $5/oz.
- Estimated average annual tonnage of 94,431 to 192,309 tonnes.
- Estimated average annual output of 21,259 to 40,540 ounces of gold.
- Royalty payment of 1.5% the first year and reduced to 0.75% the following years following a payment of $500,000.
- A fiscal residual of 8.5M$ was considered in the tax and mining duties estimation regarding non-capital losses of X-Ore to be used by Monarques.,
- Estimated future annual cash flow based on grade, gold recoveries and cost estimates as previously discussed in this report.
- 35,984 tonnes of ore to be processed during the pre-production period, deemed as capital production and not included in production nor the revenue derived from it.

The main parameters and cash flow analysis results for the entire project are presented in the following Table.

Cash flow analysis summary (Table 22.2)

Parameters	Results
Proven & Probable mineral reserves	541,534 t @ 6.77 g/t
Total contained gold reserve	117,862 oz
Mine life (including 18-month pre-production)	5 years
Daily mine production	425 tpd ramping up to 675 tpd in Year 4
Gold recovery	97.50%
Annual gold production	21.259 to 40,540 oz
LOM recovered gold	114,916 oz
Average cash operating cost	$180/tonne
Average cash operating cost	US$757/oz
Capital cost (including $15M sustaining/working capital)	$42.3million
Total cost per ounce	US$1038/oz
Total gross revenue	$175.1 million
Total operating cost	$91.2 million
Total project cost	$133.5 million
Net cash flow (before tax & royalties)	$34.7 million
Estimated mining and income taxes	$12.5 million
Net cash flow	$22.1million
Pre-tax NPV (5% discount)	$25 million
Pre-tax IRR	34%
After-tax NPV (5% discount)	$15 million
After-tax IRR	24%
Payback period	3.8 years
Pre-production period (including 35,980t of production)	18 months

Risk and Opportunity

InnovExplo identified any important internal risks, potential impacts and possible risk mitigation measures that could affect the economic outcome of the project. This excludes the external risks that apply to all mining projects (e.g., changes in metal prices, exchange rates, availability of investment capital, change in government regulations, etc.). Significant opportunities that could improve the economics, timing and permitting of the project are also identified in this table. Further information and evaluation is required before these opportunities can be included in the project economics. The following Tables resume the risks and opportunities on the Croinor Gold property.

Table 25.1 – Risks on the Croinor Gold property

RISK	Potential Impact	Possible Risk Mitigation
Geological continuity	Uncertainties on the location and grade of the mineralized zones could results in inadequate stope designs	Additional drilling to improve the correlation and continuity of the mineralized zones
Non-compliant effluent	Notice of non-compliance or fine from MDDELCC / EC (Environment Canada) Poor image of the Croinor Mine Increase of fine amounts if repetition of non-compliant effluent	Refine water treatment process to ensure compliance of the effluent
Spill of hydrocarbons or chemicals	Poor image of Croinor Mine if repeated spills Notice / fine from the MDDELCC	Assess extent of contamination and carry out remediation of spills
Failure of mine water basin and release of non-compliant water	Notice of non-compliance / fine from MDDELCC / EC Loss of production	Assess environmental impact, carry out remediation if needed and fix basin
Waste rock piles start to release metal contaminants	Notice and fine from the MDDELCC Greater cost for waste rock management	Adapt waste rock management plan and closure plan
Possible issues with First Nation communities	Poor image portrayed by the media Communications and negotiation required	Remain proactive with communications involving First Nations
Going into production without a feasibility study	Possibility that estimates provided by the prefeasibility study lack precision and that important issues are not raised	The operation of the Croinor Project is low capital Modular buildings are planned and no mill will be built as custom milling is planned
Operating risks related to recruitment and performance of the underground workforce, specifically room-and-pillar miners	Difficulty to achieve scheduled target and increase capital requirement and operating cost	Special care should be taken to hire highly qualified key personal and during contractor selection
Property not serviced by an electric power line	Time required to service the site	Discussion with Hydro-Québec to advance the design of the electric power line extension and initiate related permitting requests

Table 25.2 – Opportunities on the Croinor Gold property

OPPORTUNITIES	Explanation	Potential benefit
Infill and down-plunge exploration drilling	Potential to expand the inferred resources and upgrade inferred resources to the indicated category	Adding indicated resources increases the economic value of the mining project
Eastern and western limits of the host rock diorite and mineralized zones are still open	Potential to expand the eastern and western limits of the deposit	Adding resources increases the economic value of the mining project
Use inert waste rock for upgrading the road to the mine site	Waste rock is a good material for road foundation and for riprap in ditches crossing the access road to the mine; must assess whether waste rock is appropriate for construction	Save on the cost of materials required for upgrading the mine access road
Evaluate possible sale of waste rock if proven suitable for construction work (needs to be near Senneterre)	Inert waste rock may be used for various construction needs; economic activity near Senneterre is mostly from the struggling lumber industry; potential is limited but should be evaluated	Increased revenues; less waste pile reclamation work; potential savings on reclamation work
Potential for Monarques to hire its own manpower to operate the mine	Depending on the situation of other operations in the area, qualified manpower could be available at the time of operations start-up	Potential for improved project economics
SAMS™ mining method	Minrail Shallow Angle Mining System (SAMS™) is designed to safely and economically develop and mine stopes in the 10° to 45° dip range. If the method is proven by underground testing, Minrail claims that the mining cost could be reduced by 45% compared to conventional room-and-pillar mining.	Potential positive impact on project economics*

** Monarques asked Minrail to estimate the cost of testing. Minrail concluded it would cost $9M to dewater the mine and proceed with two test stopes in order to demonstrate the viability of the SAMS™ method. For the purposes of the trial, 30,000 tonnes would be excavated.*

InnovExplo is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant issues that would materially affect the Mineral Reserve Estimate. InnovExplo considers the present prefeasibility study to be reliable and thorough, based on quality data, reasonable hypotheses and parameters compliant with National Instrument 43-101 and CIM Definition Standards for Mineral Resources and Mineral Reserves.

InnovExplo concludes that the Prefeasibility Study presented herein allows the Croinor Gold deposit to advance to the production stage for which the potential viability has been demonstrated.

26. RECOMMENDATIONS

The results from this Mineral Reserve Estimate and Prefeasibility Study demonstrate that the Croinor Gold property is technically and economically viable and InnovExplo recommends that Monarques Resources continues to advance the project towards production.

InnovExplo recommends a two phase program. The cost of Phase 1 is estimated at $2,355,000. The Phase 1 exploration program includes follow-up drilling. The drilling program will augment the information on the Indicated resources before mining begins. The program should also include the Inferred zone in an effort to convert those resources to Indicated. Included in the program should be a follow-up on the extensions to the east and west, and at depth, in order to increase the extent of the Inferred resources. A simplified sketch (Fig. 26.1) shows the current understanding and location of the Indicated and Inferred zones to be targeted by drilling. The sketch also shows significant intercepts located beyond the eastern and western limits as defined by the 2011 drilling program.

Phase 1 focuses on the Mineral Resources and Mineral Reserves and includes the following recommendations:

- Infill and down-plunge exploration drilling aimed at expanding the current resources.
- Update the Mineral Resource Estimate through further drilling.
- Pursue discussions with Hydro-Québec to negotiate an agreement for the connection of the private power line extension to the Hydro-Quebec circuit and advance the design of the power requirement and distribution to the feasibility study stage and initiate related permitting requests.
- Continue to work on general permitting for the project.
- Complete additional engineering work to optimize the mine design and production schedule.
- Evaluate the possibility of applying the mineralized material sorting technology at the Croinor site.
- Carry out an economic analysis to study the option of processing the mineralized material at QMX's Aurbel mill (following circuit modifications) where the material would be processed by direct cyanidation. Implement gravity separation at the selected milling operation if it is not already there.
- Prepare tender documents for the activities to be contracted out.
- Pursue negotiations to finalize agreements for custom milling and ore transportation.

Conditional to positive results from Phase 1, Phase 2 will include additional drilling (30,000 m) targeting on-strike and at depth extensions of zones identified in phase 1. The program should also aim to convert those resources to the Indicated category. The cost of Phase 2 is estimated at $3,300,000. The combined cost of both phases is estimated at $5,655,000.

InnovExplo recognizes that the SAMS^{TM} mining method could have a positive impact on overall project economics if the parameters used to assess the method can be validated by a stoping test. Therefore, InnovExplo recommends that following mine

dewatering and rehabilitation, a test stope should be excavated using the SAMS™ method. Once the method is proven to be efficient and cost effective, the mine plan could be revised in order to integrate the method.

A brief breakdown of the approximate cost is presented in Table 26.1.

Table 26.1 – Proposed Work Program and Budget

Phase 1	
Item	**Cost**
Preparation work to advance project towards production	
Electric power line extension feasibility study	$20,000
General permitting for the project	$25,000
Completion of additional engineering work to optimize mine design and production schedule	$110,000
Evaluate the possibility of applying ore sorting technology at Croinor site	$15,000
Economic analysis to study option of processing the mineralized material at the Aurbel mill	$15,000
Preparation of tender documents for work to be contracted out	$15,000
Definition drilling : (approx. 8,000 m at $110/m)	$880,000
Exploration drilling: (approx. 10,000 m at $110/m)	$1,100,000
Update resource estimates	75,000
Property-scale exploration to locate diorite and verify surface outcrops	$100,000
Subtotal Phase 1:	**$2,355,000**
Phase 2	
Exploration drilling (30,000 at $110/m)	**$3,300,300**
Grand Total:	**$5,655,000**

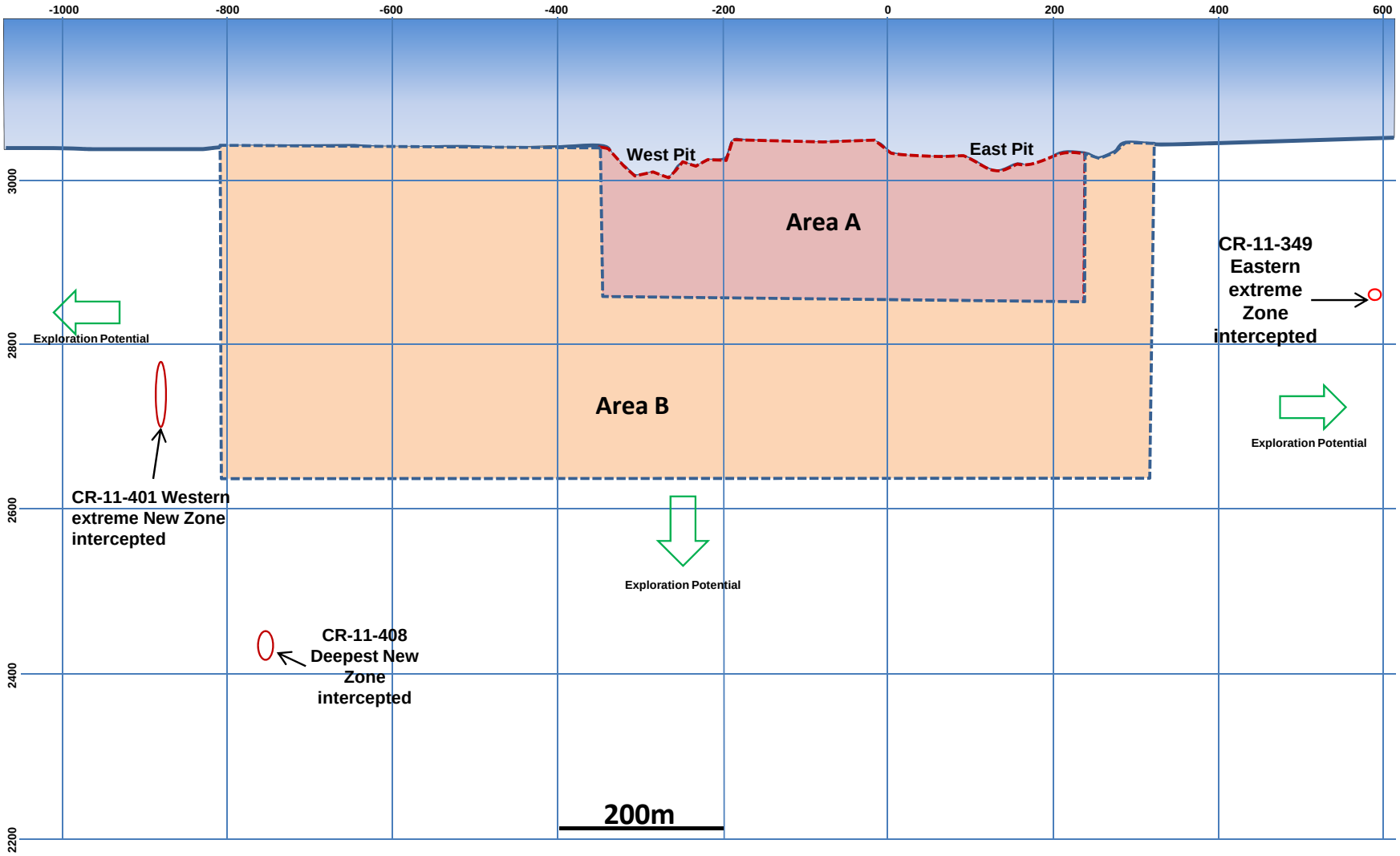

Figure 26.1 – Simplified longitudinal looking north. Area A represents the influence of the Measured and Indicated resources and Area B represents the influence of the Inferred Resources. The intercept areas for the best holes show the potential expansion of the current known resources.

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APPENDIX I – UNITS, CONVERSION FACTOR, ABBREVIATION

Units

Units in this report are metric unless otherwise specified. Precious metal content is reported in gram of metal per metric ton (g/t Au or Ag) except otherwise stated. Tonnage figures are dry metric tons unless otherwise stated. The ounces are in Troy ounces.

Abbreviation used

°C	Degrees Celsius	oz	Troy ounces
g	Grams	oz/t	Ounces per short tons
ha	Hectares	g/t	Grams per metric tons
kg	Kilograms	ppb	Part per billion
km	Kilometres	ppm	Part per million
masl	Metres above sea level	st	Short tons
mm	Millimetres	t	Metric tons
’	Feet	$	Canadian dollars

Conversion factors for measurements

Imperial Unit	Multiplied by	Metric Unit
1 inch	25.4	mm
1 foot	0.305	m
1 acre	0.405	ha
1 ounce (troy)	31.103	g
1 pound (avdp)	0.454	kg
1 ton (short)	0.907	t
1 ounce (troy) / t (short)	34.286	g/t

APPENDIX II – LIST OF MINING TITLES

Title_Num.	SNRC	Area (ha)	TER_CODE	Status	Regist. Date	Exp date	Owner
862		89.70	BM	Active	2004-07-06	2024-07-05	Ressources X-Ore inc. (80225) 100 % (responsable)
4907	32C03	57.45	CDC	Active	2003-10-14	2015-10-13	Ressources X-Ore inc. (80225) 100 % (responsable)
2249148	32C03	57.45	CDC	Active	2010-09-10	2016-09-09	Ressources X-Ore inc. (80225) 100 % (responsable)
2252279	32C03	57.48	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252280	32C03	57.48	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252281	32C03	57.47	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252282	32C03	57.47	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252283	32C03	57.47	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252284	32C03	57.47	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252285	32C03	57.47	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252286	32C03	57.46	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252287	32C03	57.46	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252288	32C03	57.46	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252289	32C03	57.46	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252290	32C03	3.78	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252291	32C03	6.48	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252292	32C03	18.65	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252293	32C03	17.45	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252294	32C03	4.64	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252295	32C03	27.71	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252296	32C03	25.71	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252297	32C03	36.93	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252298	32C03	32.24	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252299	32C03	3.23	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252300	32C03	55.11	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252301	32C03	43.63	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252302	32C03	28.00	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252303	32C03	31.31	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252304	32C03	31.53	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252305	32C03	8.92	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252306	32C03	21.89	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252307	32C03	22.04	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252308	32C03	30.22	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252309	32C03	41.34	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252310	32C03	24.58	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252311	32C03	25.62	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252312	32C03	41.51	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252313	32C03	41.40	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252314	32C03	41.40	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252315	32C03	41.10	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252316	32C03	9.98	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252317	32C03	25.36	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252318	32C03	41.05	CDC	Active	2010-10-01	2016-09-30	Ressources X-Ore inc. (80225) 100 % (responsable)
2252354	32C02	57.51	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252356	32C02	57.50	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252358	32C02	57.49	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252360	32C02	57.48	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252361	32C02	57.48	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252362	32C02	57.48	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252363	32C02	57.48	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252364	32C02	57.48	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252365	32C02	57.47	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252366	32C02	57.47	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252367	32C02	57.47	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252368	32C02	57.47	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252369	32C02	57.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252370	32C02	57.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252371	32C02	57.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252372	32C02	57.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252373	32C02	28.19	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252374	32C02	28.11	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252375	32C02	28.03	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252376	32C02	27.95	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252377	32C02	27.93	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252378	32C02	27.95	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252379	32C02	49.10	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252380	32C02	42.12	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252381	32C02	45.52	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)

Title_Num.	SNRC	Area (ha)	TER_CODE	Status	Regist. Date	Exp date	Owner
2252382	32C02	30.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252383	32C02	49.77	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252384	32C02	49.52	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252385	32C02	49.27	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252386	32C02	49.03	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252387	32C02	55.78	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252388	32C02	1.66	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252389	32C02	22.69	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252390	32C02	56.54	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252391	32C02	15.07	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252392	32C02	42.03	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252458	32C03	57.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252459	32C03	57.46	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252460	32C03	57.45	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252461	32C03	57.45	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252462	32C03	57.45	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252463	32C03	57.45	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252464	32C03	57.45	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252465	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252466	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252467	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252468	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252469	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252470	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252471	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252472	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252473	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252474	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252475	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252476	32C03	57.44	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252477	32C03	57.43	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252478	32C03	57.43	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252479	32C03	57.43	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252480	32C03	57.43	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252481	32C03	57.43	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252482	32C03	57.43	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252484	32C02	23.24	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252485	32C03	49.13	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252486	32C03	50.72	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252487	32C03	56.00	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252488	32C03	23.11	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252489	32C03	23.15	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252490	32C03	23.20	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252491	32C03	23.25	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252492	32C03	23.31	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252493	32C03	23.36	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252494	32C03	23.41	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252495	32C03	3.61	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252496	32C03	34.69	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252497	32C03	31.08	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252498	32C03	30.98	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252531	32C03	31.21	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252532	32C03	22.22	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252533	32C03	21.77	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252534	32C03	21.32	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252535	32C03	20.86	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252536	32C03	0.35	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252537	32C03	0.01	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252538	32C03	0.06	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2252539	32C03	0.37	CDC	Active	2010-10-04	2016-10-03	Ressources X-Ore inc. (80225) 100 % (responsable)
2369433	32C02	57.52	CDC	Active	2012-11-06	2016-11-05	Ressources X-Ore inc. (80225) 100 % (responsable)
2369434	32C02	57.52	CDC	Active	2012-11-06	2016-11-05	Ressources X-Ore inc. (80225) 100 % (responsable)
2369435	32C02	57.51	CDC	Active	2012-11-06	2016-11-05	Ressources X-Ore inc. (80225) 100 % (responsable)
2369436	32C02	57.50	CDC	Active	2012-11-06	2016-11-05	Ressources X-Ore inc. (80225) 100 % (responsable)
2369437	32C02	57.49	CDC	Active	2012-11-06	2016-11-05	Ressources X-Ore inc. (80225) 100 % (responsable)
2377541	32C03	57.45	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377542	32C03	57.45	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377543	32C03	16.12	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)

Title_Num.	SNRC	Area (ha)	TER_CODE	Status	Regist. Date	Exp date	Owner
2377544	32C03	26.36	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377545	32C03	32.88	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377546	32C03	26.46	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377547	32C03	31.84	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377548	32C03	34.34	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377549	32C03	15.95	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377550	32C03	34.30	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377551	32C03	16.06	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377552	32C03	34.25	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377553	32C03	16.06	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377554	32C03	34.20	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377555	32C03	16.36	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2377556	32C03	34.14	CDC	Active	2013-03-11	2016-07-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378109	32C02	57.43	CDC	Active	2013-02-11	2015-02-10	Ressources X-Ore inc. (80225) 100 % (responsable)
2378110	32C02	57.43	CDC	Active	2013-02-11	2015-02-10	Ressources X-Ore inc. (80225) 100 % (responsable)
2378111	32C02	57.42	CDC	Active	2013-02-11	2015-02-10	Ressources X-Ore inc. (80225) 100 % (responsable)
2378112	32C02	57.42	CDC	Active	2013-02-11	2015-02-10	Ressources X-Ore inc. (80225) 100 % (responsable)
2378315	32C03	57.47	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378316	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378317	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378318	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378319	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378320	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378321	32C03	57.47	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378322	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378323	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378324	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378325	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378326	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378327	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378328	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378329	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378330	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378331	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378332	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378333	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378334	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378335	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378336	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378337	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378338	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378339	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378340	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378341	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378342	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378343	32C03	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378344	32C03	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378345	32C03	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378346	32C03	57.52	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378347	32C03	57.47	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378348	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378349	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378350	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378351	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378352	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378353	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378354	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378355	32C02	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378356	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378357	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378358	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378359	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378360	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378361	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378362	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378363	32C02	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378364	32C02	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378365	32C02	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)

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2378366	32C02	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378367	32C02	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378368	32C03	57.48	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378369	32C03	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378370	32C03	33.43	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378371	32C03	22.17	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378372	32C03	0.04	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378373	32C03	43.43	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378374	32C03	48.28	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378375	32C03	50.39	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378376	32C02	57.52	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378377	32C02	42.41	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378378	32C02	29.26	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378379	32C02	55.83	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378380	32C02	15.45	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378381	32C02	29.33	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378382	32C02	34.80	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378383	32C02	29.41	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378384	32C02	27.04	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378385	32C02	0.95	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378386	32C02	29.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378387	32C02	7.72	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378388	32C02	29.57	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378389	32C02	7.97	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378390	32C02	29.59	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378391	32C02	8.22	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378392	32C02	29.57	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378393	32C02	8.46	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378394	32C02	8.41	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378395	32C02	15.39	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378396	32C02	11.98	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378397	32C02	1.71	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378398	32C03	9.02	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378399	32C03	53.70	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378400	32C03	29.77	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378401	32C03	26.29	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378402	32C03	31.77	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378403	32C03	35.28	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378404	32C03	51.01	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378405	32C03	20.55	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378406	32C03	35.72	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378407	32C03	38.83	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378408	32C03	36.18	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378409	32C03	40.04	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378410	32C03	36.63	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378411	32C03	52.85	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378412	32C03	25.24	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378413	32C03	2.36	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378414	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378415	32C03	57.13	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378416	32C03	13.84	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378417	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378418	32C03	54.00	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378419	32C03	7.78	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378420	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378421	32C03	6.99	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378422	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378423	32C03	45.07	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378424	32C03	4.21	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378425	32C03	2.38	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378426	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378427	32C03	57.49	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378428	32C03	26.10	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378429	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378430	32C03	26.15	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378431	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378432	32C03	25.93	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378433	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)

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2378434	32C03	57.10	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378435	32C03	16.40	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378436	32C03	57.51	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378437	32C03	57.50	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378438	32C03	6.73	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378439	32C03	57.52	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378440	32C03	48.55	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378441	32C03	1.45	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378442	32C03	57.52	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378443	32C03	35.58	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378444	32C03	29.20	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378445	32C03	35.42	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378446	32C03	57.52	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378447	32C03	54.24	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2378448	32C03	27.25	CDC	Active	2013-03-14	2015-01-01	Ressources X-Ore inc. (80225) 100 % (responsable)
2386221	32C02	57.43	CDC	Active	2013-06-05	2015-06-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2386222	32C02	57.43	CDC	Active	2013-06-05	2015-06-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2386223	32C02	57.42	CDC	Active	2013-06-05	2015-06-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2386224	32C02	57.42	CDC	Active	2013-06-05	2015-06-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2386225	32C02	57.42	CDC	Active	2013-06-05	2015-06-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2389994	32C02	57.41	CDC	Active	2013-09-03	2015-09-02	Ressources X-Ore inc. (80225) 100 % (responsable)
2389995	32C02	57.40	CDC	Active	2013-09-03	2015-09-02	Ressources X-Ore inc. (80225) 100 % (responsable)
2393844	32C02	57.44	CDC	Active	2013-11-05	2015-11-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2393845	32C02	57.44	CDC	Active	2013-11-05	2015-11-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2393846	32C02	57.44	CDC	Active	2013-11-05	2015-11-04	Ressources X-Ore inc. (80225) 100 % (responsable)
2393847	32C02	57.43	CDC	Active	2013-11-05	2015-11-04	Ressources X-Ore inc. (80225) 100 % (responsable)

Total (ha): 12677.28 **297 claims and 1 mining lease**

APPENDIX III – ROYALTY AGREEMENT

ROYALTY AGREEMENT

THIS ROYALTY AGREEMENT entered into in the City of Montreal, Province of Quebec, on this 28 day of February 2014

BY AND BETWEEN: **MONARQUES RESOURCES INC.**, a legal person duly incorporated according to the laws of Canada having its registered office at 450, Gare-du-Palais Street, C.P.10, First Floor, Quebec City, Quebec G1K 3X2, herein acting and represented by its President and Chief Executive Officer, Mr. Jean-Marc Lacoste, duly authorized as he so declares;

(hereinafter referred to as "**Monarques**")

AND: **ESTATE OF F. D. CORCORAN** herein acting and represented by its duly authorized representative, Mr. Robert Corcoran, duly authorized as he so declares;

AND: **DAVID E. AGAR**, a person residing at 568 Hamilton Road, Russell, Ontario, K4R 1E5;

(hereinafter collectively referred to as the "**Beneficiaries**")

AND: **X-ORE RESOURCES INC.**, a legal person duly incorporated according to the laws of Canada having its registered office at _____ herein acting and represented by Jean Marc Lacoste duly authorized as he so declares;

(hereinafter referred to as "**X-Ore**")

AND: **CRITICAL ELEMENTS CORPORATION**, a legal person duly incorporated according to the laws of Canada having its registered office at 906-505, Boul. de Maisonneuve West, Montréal, Quebec, H3A 3C2 herein acting and represented by Mr. Jean-Sébastien Lavallée, duly authorized as he so declares;

(hereinafter referred to as "**Critical**")

AND INTERVENING: **PRICEWATERHOUSECOOPERS INC.**, in its capacity as Trustee in the matter of the proposal of X-Ore Resources Inc. and not personally, a legal person duly incorporated according to the laws of Canada having its registered office at 1250, Boulevard René-Lévesque West, Suite 2800, Montreal, Quebec, H3B 2G4, herein acting and represented by Mr. Christian Bourque, CPA, CA, CIRP duly authorized as he so declares;

(hereinafter referred to as "**PwC**")

WHEREAS each of the Beneficiaries is entitled to receive a royalty equal to 7.5 % of the net profit interest (the "**Royalty**") arising from the commercial production of the mining claims and leases described in Schedule A attached hereto, including any replacement or successor claims

and all mining leases and other mining interests derived from such claims (collectively the "**Croinor Property**"), $7,500 of which is payable in advance every year to each of the Beneficiaries;

WHEREAS X-Ore Resources Inc. ("**X-Ore**") is bound by and personally undertook to pay the Royalty to the Beneficiaries pursuant to the Letter of Agreement (hereinafter defined);

WHEREAS Critical acquired a 50% undivided interest in the Croinor Property pursuant to an option agreement concluded between X-Ore and Critical on August 16, 2007 (the "**Option Agreement**");

WHEREAS X-Ore is the sole registered owner of the Croinor Property, as appears from the Quebec Register of Real and Immoveable Mining Rights, and, with regard to the lease comprised in the Croinor Property, from the Land Register of the registration division of Abitibi;

WHEREAS only X-Ore is obligated to the payment of the Royalty, Critical having never personally assumed such payment;

WHEREAS X-Ore filed a Notice of Intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c B-3 (the "**Act**") on May 16, 2013;

WHEREAS, pursuant to the Act, X-Ore gave notice to the Beneficiaries on October 25, 2013 of its intention to disclaim or resiliate the letter of agreement with respect to the Royalty on the "Croinor-Pershing Property", entered into between Fred Corcoran, Denis Agar, Spooner Mines and Oils Limited, Onaping Resources Limited and Dominion Explorers Limited, entered into on or around July 25, 1979, amended by a letter of agreement dated April 19, 1983 and signed on April 25, 1983 (collectively the "**Letter of Agreement**");

WHEREAS, pursuant to the Act, the Beneficiaries consequently filed, on or around November 8, 2013, a Motion for an Order Prohibiting the Disclaimer or Resiliation of an Agreement before the Superior Court of Québec (the "**Litigation**");

WHEREAS Monarques made an offer to X-Ore for the subscription to 99.99 % of all the issued and outstanding common shares in the share capital of X-Ore, conditional, among other things, on the cancellation or the resiliation of all the royalties pertaining to the Croinor Property, including the Royalty;

WHEREAS it is in the best interest of the parties to settle the Litigation out of court, on the terms and conditions set out herein;

WHEREAS the parties are desirous of terminating the Royalty and providing, instead, a 0.75% net smelter royalty to each of the Beneficiaries and their successors in interest;

WHEREAS Critical intervenes to allow the registration of this Royalty Agreement against the Croinor Property;

WHEREAS PwC hereby intervenes solely in its capacity as Trustee in the matter of the proposal of X-Ore ("**Capacity**") for the purpose of recognizing the validity of, or undertaking to give effect to, as the case may be, the provisions hereof;

WITNESSETH THAT IN CONSIDERATION OF GOOD AND VALUABLE CONSIDERATION (THE RECEIPT AND ADEQUACY OF WHICH IS BEING HEREBY ACKNOWLEDGED) THE PARTIES HERETO AGREE AS FOLLOWS:

1. The Beneficiaries undertake to abandon the legal proceedings pertaining to the Litigation by jointly filing with X-Ore a Declaration of Settlement out of Court (each party paying its own costs) and to file a proof of claim in the amount of $350,000 as unsecured creditor in the proposal dated October 28, 2013 filed by X-Ore pursuant to the Act (the "**Proposal**"), the validity and amount of such proof of claim being hereby acknowledged and confirmed by PwC in its Capacity, the whole upon complete satisfaction of the following conditions:

   a. X-Ore shall pay the Beneficiaries, in their capacity as unsecured creditors, their proportional part of the dividend to be paid in the context of the Proposal, PwC hereby undertaking it its Capacity to give effect to the present provision by issuing any and all required payments in favour of the Beneficiaries;

   b. this Royalty Agreement shall be duly registered against title to the Croinor Property (at the Land Register and also at the Mining Register), including, for greater certainty only, against title to the existing mining lease 862 and any other mining leases issued in connection with the claims forming part of the Croinor Property, X-Ore and Monarques hereby undertaking to grant any consent, execute any document and pose any action necessary or desirable to allow this agreement to be registered in the Land Register and the Mining Register;

   c. X-Ore and Monarques shall have obtained all required third party consents which may be necessary to give full effect to this Royalty Agreement and its registration against the Croinor Property, including, without limitation, the written consent of Critical, if and to the extent necessary;

   d. the issuance of an order of the Superior Court of Quebec (i) approving the present Agreement, (ii) authorising the parties hereto to perform all their obligations hereunder and (iii) declaring that the transactions contemplated under the present Agreement are binding on X-Ore and, shall not be void or voidable and shall not be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the Act, the *Civil Code of Quebec* or any other applicable federal or provincial legislation.

2. If ore is mined from the Croinor Property, X-Ore or its successor in interest shall pay to each of the Beneficiaries, or their respective successors in interest, a royalty equal to 0.75% of the Net Smelter Returns (as defined below) for the entire Croinor Property, irrespective of any current or future joint venture, co-ownership or other arrangements relating to same.

3. In this Agreement "**Net Smelter Returns**" means the net amount paid by a smelter or other ore buyer for the ore, or ore concentrates or other products, from the Croinor Property, after deduction of the aggregate of:

   a) smelter and/or refining charges, ore treatment charges, penalties and any and all charges made by the purchaser of ore or concentrates;

   b) all umpire charges which the purchaser may be required to pay;

c) all and any charges, costs and commissions of marketing and selling;

d) severance, production *ad valorem*, excise, sales, and any other similar taxes or fees (excluding income taxes) paid to any lawful taxing authority on Products mined from the Croinor Property; and

e) any and all transportation costs which may be incurred in connection with the transportation of ore concentrates.

4. Payment of Net Smelter Returns shall be made semi-annually within 60 days after the end of each fiscal half year of X-Ore or its successor in interest and shall be accompanied by non-audited financial statements pertaining to the operations carried out on the Croinor Property. Within 90 days after the end of each fiscal year of X-Ore, or its successor in interest, in which Net Smelter Returns are payable, the records relating to the calculation of Net Smelter Returns for such year shall be audited and any resulting adjustments in the payment of Net Smelter Returns payable shall be made forthwith. A copy of the said audit report shall be delivered to the Beneficiaries or their successors in interest within 30 days of the end of such 90-day period.

5. Each annual audit shall be final and not subject to adjustment unless a Beneficiary or his successor in interest delivers to X-Ore or its successor in interest written exceptions in reasonable detail within six (6) months after the Beneficiary receives the report. The Beneficiary, or its representative duly authorized in writing, at its expense, shall have the right to audit the books and records of X-Ore or its successor in interest to determine the accuracy of the report. The audit shall be conducted by a chartered or certified public accountant of recognized standing and chosen by X-Ore or its successor in interest. X-Ore or its successor in interest shall have the right to condition access to its books and records on execution of a written agreement by the auditor that all information will be held in confidence and used solely for purposes of audit and resolution of any disputes related to the report. Any discrepancy between the amount actually paid to Beneficiaries and the amount which should have been paid according to the audit report prepared by the chartered or certified public accountant selected by Beneficiaries shall be paid forthwith, one party to the other. In the event that the said discrepancy is to the detriment of the Beneficiary and exceeds 5 % of the amount actually paid to him or his successor in interest, then X-Ore or its successor in interest shall pay the entire cost of the audit.

6. Any time before any of the mining rights forming the Croinor Property are brought into production, X-Ore or its successor in interest shall be entitled to offer to purchase from each of the Beneficiaries 50% of said Beneficiary's percentage of Net Smelter Return for a consideration of $250,000 payable to each such Beneficiary.

7. Any of X-Ore or the Beneficiaries or their successors in interest (the "**Grantor**") shall not grant, transfer or convey the whole or any portion of its right, title and interest (whether registered or not) in and to the Royalty Agreement to a third party ("**New Party**"), unless the New Party assumes the obligations of the Grantor in this Royalty Agreement, including the obligation set out in this section 7.

8. This Agreement supersedes all prior negotiations, correspondence and agreements or other documents relating to the matters herein set forth contains the entire agreement

between the parties and may be modified only by instrument in writing signed by all the parties.

9. The parties agree that they and each of them will execute all documents and do all acts and things within their respective powers to carry out and/or implement the provisions or intent of this agreement.

10. This agreement shall be governed by the laws of the Province of Quebec and the federal laws of Canada applicable therein.

11. This agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. This agreement may be executed by electronic means.

12. This agreement shall enure to the benefit of and be binding upon the parties and their respective successors.

13. At the express demand of all parties this Agreement as well as all documents hereto, including notices, have been and shall be drafted in English. *À la demande expresse de toutes les parties aux présentes cette convention de même que tous les documents, y compris les avis, s'y rapportant, ont été et seront rédigés en anglais.*

WHEREFORE THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO AS OF THE DATE AND YEAR FIRST ABOVE WRITTEN

MONARQUES RESOURCES INC.

Per: _____
Jean-Marc Lacoste, President and Chief Executive Officer

ATTESTATION

I, undersigned, Me Richard Proulx exercising my profession in Québec, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Jean-Marc Lacoste representing Monarques Resources Inc.;

2. the document translate the will of Monarques Resources Inc.;

3. the document is valid.

Acknowledge in Québec, on February 28, 2014

_____
By: Richard Proulx

ESTATE OF F. D. CORCORAN

Per: _____
Robert Corcoran, Executor

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

4. that I have verified the identity, the quality and capacity of Mr. Robert Corcoran representing Estate of F.D. Corcoran;

5. the document translate the will of Estate of F.D. Corcoran;

6. the document is valid.

Acknowledge in _____, on February ___, 2014

_____
By: _____

MONARQUES RESOURCES INC.

Per : _____
Jean-Marc Lacoste, President and Chief Executive Officer

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Jean-Marc Lacoste representing Monarques Resources Inc.;

2. the document translate the will of Monarques Resources Inc.;

3. the document is valid.

Acknowledge in _____, on February ___, 2014

_____

By : _____

ESTATE OF F. D. CORCORAN

Per : _____
Robert Corcoran, Executor

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

4. that I have verified the identity, the quality and capacity of Mr. Robert Corcoran representing Estate of F.D. Corcoran;

5. the document translate the will of Estate of F.D. Corcoran;

6. the document is valid.

Acknowledge in _____, on February ___, 2014

_____

By : _____

DAVID E. AGAR

Per : _____
David E. Agar

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

7. that I have verified the identity, the quality and capacity of Mr. David E. Agar;

8. the document translate the will of Mr. David E. Agar;

9. the document is valid.

Acknowledge in _____, on February ___, 2014

_____

By : _____

X-ORE RESOURCES INC.

Per : _____

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

10. that I have verified the identity, the quality and capacity of Mr. _____ representing X-Ore Resources Inc.;

11. the document translate the will of X-Ore Resources Inc.;

12. the document is valid.

Acknowledge in _____, on _____ ___, 2014

_____

By : _____

DAVID E. AGAR

Per : _____
David E. Agar

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

7. that I have verified the identity, the quality and capacity of Mr. David E. Agar;
8. the document translate the will of Mr. David E. Agar;
9. the document is valid.

Acknowledge in _____, on February ___, 2014

_____

By : _____

X-ORE RESOURCES INC.

Per : _____

ATTESTATION

I, undersigned, Me Richard Rouleau exercising my profession in Québec, hereby acknowledge:

10. that I have verified the identity, the quality and capacity of Mr. Jean Marc Lacoste representing X-Ore Resources Inc.;
11. the document translate the will of X-Ore Resources Inc.;
12. the document is valid.

Acknowledge in Québec, on March 4, 2014

_____

By : RICHARD PROULX

CRITICAL ELEMENTS CORPORATION

Per : _____
Jean-Sébastien Lavallée

ATTESTATION

I, undersigned, Me Mariage, lawyer exercising my profession in Montreal, hereby acknowledge:

13. that I have verified the identity, the quality and capacity of Mr. Jean-Sébastien Lavallée representing Critical Éléments Corporation;

14. the document translate the will of Critical Éléments Corporation;

15. the document is valid.

Acknowledge in Toronto, on March 3rd, 2014

Frank Mariage

By : _____

PRICEWATERHOUSECOOPERS INC.
Solely in its capacity as Trustee to the Proposal of X-Ore Resources Inc.

Per : _____
~~Christian Bourque~~, CPA, CA, CIRP
BERNARD BRUNET

ATTESTATION

I, undersigned, Me Bertrand Cimon exercising my profession in Montréal, hereby acknowledge:

16. that I have verified the identity, the quality and capacity of Mr. ~~Christian Bourque~~ BERNARD BRUNET representing PricewaterhouseCoopers Inc.;

17. the document translate the will of PricewaterhouseCoopers Inc.;

18. the document is valid.

Acknowledge in Montréal on ~~February~~ March 4, 2014

_____

By : Bertrand Cimon

SCHEDULE A
CROINOR PROPERTY

Feuillet	Nom canton/seigneurie	Superficie Polygone	Type de titre	No titre	Date d'inscription	Date d'expiration	Détenteur(s) (Nom, Numéro et Pourcentage)
NEW CLAIMS INCLUDED IN THE CORCORAN-AGAR							
SNRC 32C03	PERSHING	89,7	BM	862	2004-07-06 00:00	2024-07-05 00:00	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,47	CDC	2378315	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,48	CDC	2378319	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,48	CDC	2378320	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,47	CDC	2378321	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,48	CDC	2378330	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,48	CDC	2378331	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,48	CDC	2378332	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,49	CDC	2378335	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,49	CDC	2378336	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,49	CDC	2378337	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,49	CDC	2378338	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,5	CDC	2378339	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,5	CDC	2378340	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,5	CDC	2378341	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,5	CDC	2378342	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,47	CDC	2378347	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,51	CDC	2378348	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,51	CDC	2378349	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,51	CDC	2378350	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,51	CDC	2378351	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,51	CDC	2378352	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,5	CDC	2378356	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,5	CDC	2378357	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,5	CDC	2378358	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,5	CDC	2378359	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,49	CDC	2378363	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,48	CDC	2378364	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,5	CDC	2378365	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,49	CDC	2378366	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	57,49	CDC	2378367	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,48	CDC	2378368	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	33,43	CDC	2378370	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	22,17	CDC	2378371	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	0,04	CDC	2378372	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	43,43	CDC	2378373	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	48,28	CDC	2378374	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	50,39	CDC	2378375	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	42,41	CDC	2378377	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	55,83	CDC	2378379	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	27,04	CDC	2378384	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C02	PERSHING	7,72	CDC	2378387	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	57,5	CDC	2378437	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	48,55	CDC	2378440	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)
SNRC 32C03	PERSHING	54,24	CDC	2378447	2013-03-14 00:00	2015-01-01 23:59	Ressources X-Ore inc. (80225) 100 % (responsable)

APPENDIX IV – ROYALTY AGREEMENT AMENDMENT

FIRST AMENDMENT
to the
ROYALTY AGREEMENT

ENTERED into in the City of Montreal, Province of Quebec, on this 7th day of April 2014

BY AND BETWEEN: **MONARQUES RESOURCES INC.**, a legal person duly incorporated according to the laws of Canada having its registered office at 450, Gare-du-Palais Street, C.P.10, First Floor, Quebec City, Quebec G1K 3X2, herein acting and represented by its President and Chief Executive Officer, Mr. Jean-Marc Lacoste, duly authorized as he so declares;

(hereinafter referred to as "**Monarques**")

AND: **ESTATE OF F. D. CORCORAN** herein acting and represented by its duly authorized representative, Mr. Robert Corcoran, duly authorized as he so declares;

AND: **DAVID E. AGAR**, a person residing at 568 Hamilton Road, Russell, Ontario, K4R 1E5;

(hereinafter collectively referred to as the "**Beneficiaries**")

AND: **X-ORE RESOURCES INC.**, a legal person duly incorporated according to the laws of Canada having its registered office at 2101-1080 Côte du Beaver Hall, Montreal, Quebec, Canada H2Z 1S8, herein acting and represented by Mr. Jean-Marc Lacoste, duly authorized as he so declares;

(hereinafter referred to as "**X-Ore**")

AND: **CRITICAL ELEMENTS CORPORATION**, a legal person duly incorporated according to the laws of Canada having its registered office at 906-505, Boul. de Maisonneuve West, Montréal, Quebec, H3A 3C2 herein acting and represented by Mr. Jean-Sébastien Lavallée, duly authorized as he so declares;

(hereinafter referred to as "**Critical**")

AND INTERVENING: **PRICEWATERHOUSECOOPERS INC.**, in its capacity as Trustee in the matter of the proposal of X-Ore Resources Inc. and not personally, a legal person duly incorporated according to the laws of Canada having its registered office at 1250, Boulevard René-Lévesque West, Suite 2800, Montreal, Quebec, H3B 2G4, herein acting and represented by Mr. Christian Bourque, CPA, CA, CIRP duly authorized as he so declares;

(hereinafter referred to as "**PwC**")

WHEREAS the parties hereto have entered into a royalty agreement on or about February 28, 2014 (the "**Royalty Agreement**");

WHEREAS the parties wish to amend the Royalty Agreement in order to better define their common intent, the whole, as provided in the present amendment (the "**Amendment Agreement**");

WITNESSETH THAT IN CONSIDERATION OF GOOD AND VALUABLE CONSIDERATION (THE RECEIPT AND ADEQUACY OF WHICH IS BEING HEREBY ACKNOWLEDGED) THE PARTIES HERETO AGREE AS FOLLOWS:

1. Section 7 of the Royalty Agreement is hereby deleted and replaced by the following:

   "X-Ore or its successors in interest (the "**Grantor**") shall not grant, transfer or convey the whole or any portion of its right, title and interest (whether registered or not) in and to the Croinor Property (the "**Assumption Agreement**") to a third party ("**New Party**"), unless the New Party assumes the obligations of the Grantor in this Royalty Agreement, including the obligation set out in this section 7. Upon receipt by the Beneficiaries or their successors in interest of an agreement by which the New Party assumes such obligations, the Grantor shall have no future liability or obligation in connection with the Royalty Agreement. It is, however, understood that the Grantor shall not be released from any obligation or liability having occurred or accrued prior to the date of such Assumption Agreement."

2. Other than as set forth is this Amendment Agreement, the Royalty Agreement remains in full force.

3. The parties agree that they and each of them will execute all documents and do all acts and things within their respective powers to carry out and/or implement the provisions or intent of this Amendment Agreement.

4. This Amendment Agreement shall be governed by the laws of the Province of Quebec and the federal laws of Canada applicable therein.

5. This Amendment Agreement may be executed in any number of counterparts and by different parties in separate counterparts. Each counterpart when so executed shall be deemed to be an original and all of which together shall constitute one and the same agreement. This agreement may be executed by electronic means.

6. This Amendment Agreement shall enure to the benefit of and be binding upon the parties and their respective successors.

7. At the express demand of all parties this Amendment Agreement as well as all documents hereto, including notices, have been and shall be drafted in English. *À la demande expresse de toutes les parties aux présentes cette convention d'amendement de même que tous les documents, y compris les avis, s'y rapportant, ont été et seront rédigés en anglais.*

The remainder of the page is intentionally left blank.

WHEREFORE THIS AGREEMENT HAS BEEN EXECUTED BY THE PARTIES HERETO AS OF THE DATE AND YEAR FIRST ABOVE WRITTEN

MONARQUES RESOURCES INC.

Per : _____
Jean-Marc Lacoste, President and Chief Executive Officer

ATTESTATION

I, undersigned, Me Richard Pouliot exercising my profession in Québec, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Jean-Marc Lacoste representing Monarques Resources Inc.;

2. the document translate the will of Monarques Resources Inc.;

3. the document is valid.

Acknowledged at Québec on April 15, 2014

By : _____

ESTATE OF F. D. CORCORAN

Per : _____
Robert Corcoran, Executor

ATTESTATION

I, undersigned, Me Patrick Naccache exercising my profession in Montreal, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Robert Corcoran representing Estate of F.D. Corcoran;

2. the document translate the will of Estate of F.D. Corcoran;

3. the document is valid.

Acknowledged at Montreal, on April 15, 2014

_____

By : Patrick Naccache

DAVID E. AGAR

Per : _____
David E. Agar

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. David E. Agar;

2. the document translate the will of Mr. David E. Agar;

3. the document is valid.

Acknowledged at _____, on _____, 2014

_____

By : _____

ESTATE OF F. D. CORCORAN

Per : _____
Robert Corcoran, Executor

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Robert Corcoran representing Estate of F.D. Corcoran;

2. the document translate the will of Estate of F.D. Corcoran;

3. the document is valid.

Acknowledged at _____, on _____, 2014

_____

By : _____

DAVID E. AGAR

Per : _____
David E. Agar

ATTESTATION

I, undersigned, Me Patrick Naccache exercising my profession in Montreal, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. David E. Agar;

2. the document translate the will of Mr. David E. Agar;

3. the document is valid.

Acknowledged at Montreal, on April 15, 2014

_____

By : Patrick Naccache

X-ORE RESOURCES INC.

Per: _____
Jean-Marc Lacoste, director

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. _____ representing X-Ore Resources Inc.;

2. the document translate the will of X-Ore Resources Inc.;

3. the document is valid.

Acknowledged at _____, on _____, 2014

_____

By: _____

CRITICAL ELEMENTS CORPORATION

Per: Jean-Sébastien Lavallée
Jean-Sébastien Lavallée

ATTESTATION

I, undersigned, Me Frank Mariage Lawyer exercising my profession in Montreal, Qc, hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Jean-Sébastien Lavallée representing Critical Éléments Corporation;

2. the document translate the will of Critical Éléments Corporation;

3. the document is valid.

Acknowledged at Montreal, on April 14, 2014

_____

By: Frank Mariage

PRICEWATERHOUSECOOPERS INC.

X-ORE RESOURCES INC.

Per : _____
Jean-Marc Lacoste, director

ATTESTATION

I, undersigned, Me _____ exercising my profession in _____
hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. _____ representing X-Ore Resources Inc.;

2. the document translate the will of X-Ore Resources Inc.;

3. the document is valid.

Acknowledged at _____ on _____, 2014

_____

By : _____

CRITICAL ELEMENTS CORPORATION

Per : _____
Jean-Sébastien Lavallée

ATTESTATION

I, undersigned, Me _____, _____ exercising my profession in _____,
hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Jean-Sébastien Lavallée representing Critical Éléments Corporation;

2. the document translate the will of Critical Éléments Corporation;

3. the document is valid.

Acknowledged at _____, on _____, 2014

_____

By : _____

PRICEWATERHOUSECOOPERS INC.

Solely in its capacity as Trustee to the Proposal of X-Ore Resources Inc.

Per : _____
Christian Bourque, CPA, CA, CIRP

ATTESTATION

I, undersigned, Me B. Giroux Lawyer exercising my profession in Montreal hereby acknowledge:

1. that I have verified the identity, the quality and capacity of Mr. Christian Bourque representing PricewaterhouseCoopers Inc.;

2. the document translate the will of PricewaterhouseCoopers Inc.;

3. the document is valid.

Acknowledged at Montreal on May 14, 2014

_____
By: Bertrand Giroux

APPENDIX V – COURT MOTION PUBLICATION

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

N°: 500-11-044640-130

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE L'AVIS D'INTENTION DE :

RESSOURCES X-ORE INC.

Débitrice / Requérante

et

PRICEWATERHOUSECOOPERS INC.

Syndic

REQUÊTE POUR MODE SPÉCIAL DE SIGNIFICATION PAR LA VOIE DES JOURNAUX
(Art. 138 du *Code de procédure civile,*
art. 65.11 de la *Loi sur la faillite et l'insolvabilité*, L.R.C. (1985), ch. B-3 (« **L.f.i.**), et
Règles 3 et 94.1 des *Règles générales sur la faillite et l'insolvabilité,* C.R.C., 1978, c. 368
(« **Règles** »)

AU REGISTRAIRE SIÉGEANT EN COUR SUPÉRIEURE, CHAMBRE COMMERCIALE POUR LE DISTRICT DE MONTRÉAL, LA DÉBITRICE / REQUÉRANTE (« REQUÉRANTE ») EXPOSE CE QUI SUIT :

1. Le 16 mai 2013, la Requérante déposait un avis d'intention de déposer une proposition, tel qu'il appert du dossier de la Cour;

2. Par jugements rendus par Me Chantal Flamand, Registraire, le 13 juin, 2013, le 24 juillet 2013 et le 13 septembre 2013, le délai de dépôt de la proposition était prolongé au 28 octobre 2013, tel qu'il appert du dossier de la Cour;

3. L'un des actifs de la Requérante consiste en des Claims sur une propriété connue comme « Croinor mining property » (lots 8 et 10), tel qu'il appert du dossier de la Cour;

4. Il appert que des redevances minières seraient payables à Canadian Spooner Resources inc., Verner Pakkala, A.N. Ferris, succession de Monsieur Fred D. Corcoran et succession de Monsieur Denis Agar, aux termes de diverses conventions toutes produites au soutien des présentes en liasse comme pièce **R-1**;

5. Dans le cadre de sa proposition, la Débitrice doit expédier des *Préavis de résiliation de contrat* en vertu de l'article 65.11 de la L.f.i. de la Règle 94.1 des Règles et du formulaire 44.1 (« **Préavis** »), tel qu'il appert de ces Préavis, pièce **R-2** ;

6. La Débitrice ignore l'adresse de Canadian Spooner Resources inc., Verner Pakkala, A.N. Ferris et, bien que des recherches aient été effectuées, il est impossible de retracer les personnes;

7. Aucun procureur n'a comparu pour les personnes identifiées au paragraphe 6 de la présente;

8. Sans une permission du tribunal, la Requérante sera dans l'impossibilité de faire signifier le Préavis aux personnes décrites au paragraphe 6 de la présente;

9. La Requérante est en droit de demander une permission pour signifier le Préavis aux personnes décrites au paragraphe 6 de la présente par la voie des journaux, soit une publication dans le journal *The Gazette*;

10. La présente requête est bien fondée en faits et en droit;

PAR CES MOTIFS, PLAISE À LA COUR :

AUTORISER la signification par la Requérante à Canadian Spooner Resources inc., Verner Pakkala, A.N. Ferris du *Préavis de résiliation de contrat*, par un avis publié dans le journal *The Gazette*;

LE TOUT frais à suivre.

Montréal, le 24 octobre 2013

BCF s.e.n.c.r.l.

BCF S.E.N.C.R.L.
Procureurs de la Débitrice-Requérante
RESSOURCES X-ORE INC.

AFFIDAVIT

Je, soussigné, BERTRAND GIROUX, avocat, exerçant au 1100, boul. René-Lévesque O., 25e étage, Montréal (Québec), J2S 3A9, affirme solennellement ce qui suit :

1. Je suis un procureur représentant la Débitrice-Requérante en la présente instance;

2. Tous les faits allégués dans la présente Requête sont vrais.

Et j'ai signé,

BERTRAND GIROUX

Affirmé solennellement devant moi
à Montréal, ce 24 octobre 2013

Commissaire à l'assermentation pour le Québec

Commissaire à l'assermentation
163 594
Marie Tremblay
Cour supérieure de Montréal

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

N°: 500-11-044640-130

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE L'AVIS D'INTENTION DE :

RESSOURCES X-ORE INC.

Débitrice / Requérante

et

PRICEWATERHOUSECOOPERS INC.

Syndic

LISTE DE PIÈCES

PIÈCE R-1 : En liasse, diverses conventions;

PIÈCE R-2 : Préavis de résiliation de contrat;

Montréal, le 24 octobre 2013

BCF S.E.N.C.R.L.
Procureurs de la Débitrice-Requérante
RESSOURCES X-ORE INC.

HONE:
4-3182

SUITE 916
111 RICHMOND ST. WEST
TORONTO, ONTARIO
M5H 2G4

CABLE: PROMANS
TELEX 06-219521

July 26th, 1979.

Messrs. Fred Corcoran and Denis Agar,
c/o Fred Corcoran,
44 Chesterhill Road,
Toronto, Ontario

Dear Sirs,

Re: Croinor-Pershing Property,
Pershing Township, Quebec

You have indicated to us that you are the present holders of a 100% undivided interest in 74 mining claims formerly known as the Croinor-Pershing Property as well as 18 additional abutting claims which have been recently staked, all of which are located in Pershing Township, Quebec. Full particulars of said 92 claims (hereinafter called the "Property" which cover an area of 3,600 acres more or less, are set out on Schedule "A" hereto. In addition you have indicated to us that the mining claims comprising the Property have been properly and legally staked and recorded in accordance with the laws of the Province of Quebec, that the Property is presently in good standing thereunder and that the same is, at the date hereof, free and clear of any and all liens, charges or encumbrances of whatsoever nature or kind and that you have the exclusive right to deal with the Property free from the interests of others.

We have indicated to you that we, as to a 33 1/3% undivided interest each, wish to acquire an option to purchase all of your interest in and to the Property. We hereby offer to option and, upon our exercise of same, to purchase from you a 100% undivided interest in the Property, all upon the following terms and conditions, namely:

(a) We shall have 30 days from the date of our receipt of a fully executed copy hereof in which to examine your title to the Property and in which to requisition with respect to any deficiencies, waive the same or to accept the title as indicated;

(b) $15,000 in cash or by certified cheque, ($7,500 to each of you) payable forthwith upon (a) our acceptance of your title within the aforementioned period, (b) the delivery to us of duly executed transfers of said mining claims in favour of Mr. W.S. Vaughan c/o Aird & Berlis, Barristers and Solicitors, 15th Floor, 145 King Street West, Toronto, Ontario (hereinafter called the "Escrow Agent") in a form fit for recording with the Mining Recorder and (c) the recording of said transfers which act we hereby undertake to do with all due dispatch after our acceptance of your title;

(c) $15,000 payable in cash or by certified cheque ($7,500 to each of you) at par in Toronto (hereinafter referred to as "option payments") on or before the anniversary date of our acceptance of your title in each and every year up to the commencement of commercial production from said Property; and

(d) we may exercise the said option by giving you written notice of our intention to place the Property, or any part thereof, into commercial production and at said time granting you 15% (7.5% each) of the net profits from the commercial production of the Property subject to the payment of minimum advance royalties as hereinafter stated, with respect to any and all ores and minerals produced, saved and marketed therefrom;

The determination of "net profits" shall be made from time to time as required in accordance with generally accepted accounting principles applicable to the mining industry as determined by the auditors of the joint venture to be established by us. For purposes of this agreement, "net profits" as used herein shall have that meaning ascribed to it on Schedule "B" attached hereto.

We further agree to pay you or cause to be paid to you annually, in cash or by certified cheque at par in Toronto, the minimum sum of $15,000 ($7,500 payable to each of you) as an advance on net profits referred to in the immediately preceding sub-paragraph (c). Such advance on net profits shall be paid to you not later than September 1 in each and every year after the giving to you of our notice of intention to place the Property, or any part thereof, into commercial production until we have retransferred and/or reassigned the Property (or any renewals or extensions thereof) to you not less than six (6) months prior to the date on which the next payment of advance on net profits or net profits, as the case may be, is due. We also reserve the right from time to time to drop any mining claims comprising the Property from the terms hereof by retransferring or reassigning said mining claims to you.

You agree that all advance on net profits payable to you shall be deducted from the net profits otherwise payable to you; provided, however, that in no event shall the advance on net profits or the net profits payable to you hereunder while we hold the Property, be less than $15,000 per annum.

If at any future time or times, commercial production of ores and minerals from the Property shall be halted or suspended for a period of in excess of one hundred and eighty-two (182) days in any year then advance on net profits of $15,000 per annum shall be again payable to you as hereinbefore provided and so on from time to time.

If we shall at any time fail to pay advance on net profits or net profits as herein provided we shall forthwith reconvey (in such form and manner as you shall require, without the necessity of any written or other demand or

requisition) the Property to you, or your nominee, free and clear of any and all liens, charges, encumbrances or interests of others of whatsoever nature or kind. Such reconveyance shall not in any way relieve us of our obligation to you for any advance of net profits or net profits due and payable to you hereunder which we have not made.

In the event commercial production of ores or minerals shall be commenced or carried on from the Property and so long as the same shall be carried on, you (and your duly authorized representatives) shall have the full right and privilege on prior notice to us on not less than two (2) days to inspect during normal business hours all accounting records and supporting documentation relating to the production from the Property and the net profits we are earning therefrom.

We agree to keep at the Property or at our executive offices in Toronto, Ontario accurate books of account and records covering our operations on the Property and the disposal by us of all ores or minerals therefrom.

All ores or minerals produced, saved and marketed from the Property shall be marketed at the best price obtainable from a responsible smelter or refiner in arm's length negotiations.

It is understood and agreed that Mr. Vaughan, as Escrow Agent, shall be entitled to record the transfer of the claims comprising the Mining Property, into his name up until the exercise of the option, at which time he shall be free to transfer title to us. In the event we do not make any of the option payments hereinbefore referred to or do not make any advance on net profits or net profits payments as and when due, he or we, as the case may be, shall be required to retransfer the Property to you thirty (30) days after his receipt of written notice from you to the foregoing effect provided we have not cured said default in the interim.

We hereby undertake and agree not to assign, convey, transfer or otherwise dispose of the whole or any part or parts of the interest we are hereby acquiring from you in the Property without your prior written consent, which consent shall not be unreasonably withheld; providing however that the assignee or subsequent assignee enters into an agreement with you (in form and content acceptable to you and your solicitors) wherein said assignee shall covenant, undertake and agree to and with you to be bound by the terms hereof and to make all payments of advance net profits and net profits required to be made hereunder in accordance with the terms hereof and further shall covenant undertake and agree with you not to subsequently assign all or any part of any interest said assignee acquires in the Property without causing subsequent assignees to enter into similar agreements with you.

We hereby undertake and agree at all subsequent times to maintain the Property in good standing, record all work performed on the Property capable of being filed as assessment credits, pay all taxes and assessments thereon and not to permit any liens, charges or encumbrances to affect the Property except to such as we are litigating in good faith.

Time shall be of the essence of this agreement created by your acceptance to this offer.

If this agreement shall be assigned, wherever used herein the expression "we" or "us" shall be read to refer to our assignee or assignees, as the case may be.

Notwithstanding any transfer of title by us or the Escrow Agent, this agreement shall remain in full force and ef

This offer shall be open for acceptance until August 5, 1979, and thereafter shall be null and void and shall have no force or effect whatsoever between us unless extended in writing. If the same is acceptable to you, we

would be obliged by your acknowledging your acceptance hereof in the space provided below and by returning a copy hereof to us whereupon it shall constitute a legal and binding agreement between us in accordance with its terms.

Yours very truly,

SPOONER MINES AND OILS LIMITED

per: _____ PRES

per: _____ V-P c.s.

ONAPING RESOURCES LIMITED

per: _____ CHR

per: _____ ST c.s.

DOMINION EXPLORERS LIMITED

per: _____ PRES.

per: _____ S.T c.s.

A C C E P T A N C E

We hereby accept the foregoing offer in accordance with its terms and provisions and agree to be bound thereby.

DATED at Val D'Or, Quebec this 25TH day of July, 1979.

Witness as to the signature of Fred Corcoran

Fred Corcoran

Witness as to the signature of Denis Agar

Denis Agar

SCHEDULE "A" to a certain Letter Agreement dated July 20, 1979 between Spooner Mines and Oils Limited, Onaping Resources Limited, Dominion Explorers Limited, Fred Corcoran and Denis Agar

The Croinor Group (42 claims)

Devel. Lic.	Claims
272569	1
312925	1, 2, 5, 6
308494	1
308495	1, 2, 4, 5
316114	3, 4
321940	1, 2, 3, 4
319922	1, 2, 3, 4, 5
319923	1
326400	1, 2, 3, 4
337830	1, 2, 3, 4, 5
337831	1, 2, 3, 4, 5
337832-A	1, 2, 3
337833-A	5
338790	2, 3

The East Group (32 claims)

Devel. Lic.	Claims
337832-B	4, 5
337833-B	1, 2, 3, 4
337880	1, 2, 3, 4, 5
337881	1, 2, 3, 4, 5
337835	1
337834	1, 2, 3, 4, 5
338116	1, 2, 3, 4, 5
338117	1, 2, 3, 4, 5

Recently Staked Claims

Devel. Lic.	Claims
382913	1, 2, 3
382914	1, 2, 3, 4, 5
382915	1, 2, 3, 4, 5
382916	1, 2, 3, 4, 5

SCHEDULE B referred to in a certain letter agreement dated July 20, 1979 between Spooner Mines and Oils Limited, Onaping Resources Limited, Dominion Explorers Limited, Fred Corcoran and Denis Agar

Fred Corcoran and Denis Agar shall be paid the equivalent in cash or by cheque at par in Toronto, not less than once annually when duly receivable, fifteen per centum (15%) of the net profits of production from the Property (the "net profits" to be determined by deducting from all amounts accruing and paid by any smelter or refiner for all ores and minerals produced, saved and marketed from the Property, all operating expenses as hereinafter described).

In determining the net profits hereunder, any losses, incurred in any period or periods after production from the Property shall have begun, shall be carried forward and deducted from the net profits of the following periods. Spooner, Onaping and Dominion Explorers' judgment as to the proper classification of any item of cost or expense shall control unless contrary to accepted mining accounting practice.

Subject to the payment of advance royalties under the agreement, Messrs. Corcoran and Agar agree that Spooner, Onaping and Dominion Explorers shall be entitled at all times during the life of the agreement to retain and withhold from distribution hereunder a reasonable reserve for working capital, including a reasonable reserve for maintenance expenses during any period of suspension of operations.

Messrs. Corcoran and Agar also agree that there shall be included in the operating expenses of the Property all costs, obligations, liabilities and expenses of whatsoever nature and kind but properly chargeable as operating expenses which are incurred or become chargeable by Spooner, Onaping and Dominion Explorers with respect to the Property after it or any portion thereof has been placed on a producing basis, in connection with operations upon the Property, its development, improvement or maintenance, both during periods of operation and during periods when the Property may be shut down. Without limiting the generality of the foregoing, operating expenses shall include the following items which are incurred or chargeable in connection with operation of the Property:

(a) The cost of insurance placed and carried by Spooner, Onaping and Dominion Explorers upon the Property or any part thereof, or in compliance with requirements of compensation laws or for any other purpose.

(b) All income and other taxes, rates, assessments, fees and duties (whether federal, provincial or municipal) levied or imposed upon the Property or payable on or in respect of, or measured by, the products thereof, including all government royalties, mining duties or mining taxes (even though based on profits payable on or in respect of or measured by the products of the Property) payable to any government authority by Spooner, Onaping and Dominion Explorers.

c) All costs for management and supervision at the Property and all costs of labour, including salaries, wages and benefits of whatsoever nature; the cost of technical personnel such as engineers, geologists and others who are employed in connection with the operation of the Property.

d) The cost of all equipment and facilities for the use and welfare of employees at the Property.

e) All sums payable for hospital and medical attention, accident benefits and other sums payable on account of death or injury to employees, and all sums payable as compensation for damages arising in any manner out of the mining, treatment and delivery of the product or operation of the Property including all legal expenses incurred in connection therewith.

f) Costs of all supplies, equipment, machinery, plant maintenance and repairs to and replacements of the original plant, and all development work upon the Property, in connection with mining and treating of any product or ore produced therefrom.

g) Reasonable costs of general overhead and administrative charges relating to the Property after it has been brought into production and to any product or ore produced therefrom.

h) Depreciation and/or depletion shall not be included in the calculation of expenses in determining net profit between the parties hereto but may be taken into account for tax purposes.

Notwithstanding anything herein otherwise contained Messrs. Corcoran and Agar hereby covenant and agree that during the period during which Spooner, Onaping and Dominion Explorers are recovering the funds invested by them in the Property from funds derived from production (and until the whole thereof has been recovered), they shall be entitled to receive only the $15,000 advance net profits referred to in the said letter agreement and no more. As soon as said parties have recovered their investment as aforesaid, Messrs. Corcoran and Agar shall be entitled to receive their full net profit payments as herein provided.

All terms employed herein are to be interpreted as having the same meaning they have in the agreement.

April 19, 1983

Mr. F.D. Corcoran
44 Chesterhill Road
Toronto, Ontario
M4K 1X3

Mr. D.R. Agar
Apt. 1706
2625 Regina Street
Ottawa, Ontario
K2B 5W8

Dear Sirs:

Re: Croinor-Pershing Property,
Pershing Township, Quebec

This letter will serve to set out the terms of an agreement which we, Onaping Resources Limited ("Onaping"), Dominion Explorers Limited ("Domex") and Spooner Mines and Oils Limited ("Spooner"), have reached with you, Messrs. Agar and Corcoran, amending the letter agreement between ourselves dated July 20, 1979, as amended by an agreement dated ~~July 31, 1981~~ (collectively, the "Letter Agreement"), as follows: N:N 7/1979 DRA

1. You, Messrs. Agar and Corcoran, hereby agree that the obligation to pay each of you your 7 1/2% net profits interest as contemplated in the Letter Agreement with respect to the mining claims shall be the joint and several responsibility of Onaping and Domex, and Spooner but not Sullivan Mining Group Ltd. ("Sullivan"). You hereby limit your recourse for any failure to meet such obligation and all other obligations under the Letter Agreement to Onaping and Domex and their collective interests in the claims that are the subject to the Letter Agreement (the "Property") and you hereby waive any recourse against Sullivan or against Sullivan's interests in the Property with respect to any failure by Onaping and Domex to meet any such obligations.

2. You, Messrs. Agar and Corcoran, hereby consent to the transactions contemplated by the option agreement made as of the 25th day of April, 1983 between Onaping, Domex and Sullivan (the "Option Agreement") and acknowledge the terms and conditions thereof and

.../2

hereby agree that all necessary changes to the Letter Agreement, other than related to the net profits interest of Messrs. Agar and Corcoran, to reflect the Option Agreement and the transactions contemplated therein shall be deemed to have been made therein and that the Letter Agreement shall be read accordingly.

3. In the event that Sullivan does not elect to exercise its option to acquire a 50% undivided interest in and to our interest in the Property, this Agreement shall thereupon forthwith terminate and be of no further force and effect and the Letter Agreement shall be deemed to be reinstituted in full force and effect, unamended.

All other terms and conditions of the Letter Agreement shall remain in full force and effect, unamended.

If the foregoing accurately sets out the terms of the agreement which has been reached between us, please acknowledge your acceptance hereof by signing all copies enclosed herewith in the place provided for that purpose and returning at least two fully executed copies to us whereupon this Agreement will constitute a legal and binding agreement between us.

Yours very truly,

ONAPING RESOURCES LIMITED

Per: _____

Per: _____ c.s.

DOMINION EXPLORERS LIMITED

Per: _____

Per: _____ c.s.

SPOONER MINES AND OILS LIMITED

Per: _____

Per: _____ c.s.

Agreed to and accepted this 25th day of April, 1983.

Witness to the signature of:

Thelma Agar
Witness

Witness

D.R. Agar l.s.

F.D. Corcoran l.s.

April 25, 1983.

To:

Onaping Resources Limited
Spooner Mines and Oils Limited
Dominion Explorers Limited
c/o Suite 916
111 Richmond Street West
Toronto, Ontario
M5H 2G4

And to:

Sullivan Mining Group Ltd.
Suite 2500
500 Place d'Armes
Montreal, Quebec
H2Y 2W6

Dear Sirs:

Re: Claims Nos. 1, 2, 3, 4 Development Licence No. 387391
Claim No. 1 Development Licence No. 394855 - Pershing Township, Quebec

This letter will serve to confirm our mutual agreement with respect to the above-captioned claims (the "Claims").

Reference is made to the following agreements with respect to the said Claims, namely:

1. A Letter Agreement dated July 29, 1981 between Onaping Resources Limited ("Onaping"), Dominion Explorers Limited ("Dominion"), Spooner Mines and Oils Limited ("Spooner") and the undersigned ("Pakkala") (the "Pakkala Agreement");

2. An Option Agreement made as of the 25th day of April, 1983 among Onaping, Dominion and Sullivan Mining Group Ltd. ("Sullivan") (the "Sullivan Option Agreement"); and

3. A Joint Venture Agreement made as of the 25th day of April, 1983 among Onaping, Dominion and Sullivan (the "Joint Venture Agreement").

I hereby agree and acknowledge that my 10% of the net profits from the commercial production of the said Claims as provided for in the Pakkala Agreement shall be, and it is hereby converted to, a 10% non-contributing interest in the net cash flow from the production of any mines situated on the said Claims as described in Schedules D ~~and~~ ~~F~~ to the Sullivan Option Agreement ~~and the Joint Venture Agreement, respectively~~. a copy of which is attached hereto.

The Participants in the Joint Venture Agreement, namely Onaping, Dominion and Sullivan shall assume and cause to be paid to me, as an expense of the joint venture contemplated under the Joint Venture Agreement, the said 10% non-contributing interest described above, such payment to be made to me pursuant to the provisions of Schedule ~~F~~ to the ~~Joint~~ Venture Agreement.

In the event that Sullivan does not elect to exercise its option to acquire the Sullivan Interest as provided in the Sullivan Option Agreement, then the provisions of this Letter Agreement shall thereafter forthwith terminate and be of no further force and effect and thereafter my interest to any revenues from production of the Claims shall revert to the interest originally described in the Pakkala Agreement.

Kindly acknowledge your agreement to the within terms by signing the enclosed copy of this agreement in the space provided and affix your respective corporate seals thereto. Upon execution of this Letter Agreement as aforesaid on behalf of each of Onaping,

Dominion, Spooner and Sullivan, these presents shall constitute a legal and binding agreement among us.

Yours very truly,

Witness:

Verner Pakkala

The undersigned consent to and severally agree to be bound by the provisions herein, effective on and after the 25th day of April, 1983.

ONAPING RESOURCES LIMITED

Per

c/

DOMINION EXPLORERS LIMITED

Per

c/

SPOONER MINES AND OILS LIMITED

Per

c/s

SULLIVAN MINING GROUP LTD.

Per

c/

SPOONER MINES AND OILS LIMITED
Suite 916
111 Richmond Street West
Toronto, Ontario
M5H 2G4

April 25, 1983.

To: Onaping Resources Limited
Suite 916
111 Richmond Street West
Toronto, Ontario
M5H 2G4

And to:

Dominion Explorers Limited
Suite 916
111 Richmond Street West
Toronto, Ontario
M5H 2G4

And to:

Sullivan Mining Group Ltd.
500 Place d'Armes
Suite 2500
Montreal, Quebec
H2Y 2W6

Dear Sirs:

Re: Croinor-Pershing Property,
Pershing Township, Quebec

We refer you to the following agreements with respect to the above property, namely (i) a Joint Venture Agreement made as of the 7th day of November, 1979 among Onaping Resources Limited ("Onaping"), Spooner Mines and Oils Limited ("Spooner"), Dominion Explorers Limited ("Dominion") and W. S. Vaughan, as trustee (the "Spooner Agreement") and (ii) an Option Agreement made as of the 25th day of April, 1983 among Onaping, Dominion and Sullivan Mining Group Ltd. ("Sullivan") (the "Sullivan Option Agreement").

Spooner acknowledges that its interest in the Property and Materials, as defined in the Sullivan Option Agreement, has been

reduced to a 5% non-assessable net carried interest. Spooner hereby agrees that such interest aforesaid shall be converted to a 5% non-contributing interest in the net cash flow from the production of any mines situated on the Property, as described in Schedule D to the Sullivan Option Agreement.

Spooner further agrees that:

(i) the obligation to pay the said 5% non-contributing interest aforesaid from the production of any mines on the Agar-Corcoran Claims (as defined in the Sullivan Option Agreement) shall be the sole responsibility of Sullivan and not of Onaping or Dominion and Spooner shall limit its recourse for any failure by Sullivan to meet such obligation to Sullivan and its interest in the aforesaid claims and Materials thereon, from time to time, and expressly waives any recourse against Dominion or Onaping or against their collective interests in the aforesaid claims and Materials thereon, from time to time; and

(ii) the obligation to pay the said 5% non-contributing interest aforesaid from the production on the Pakkala Claims and the Onaping-Dominion Claim (as defined in the Sullivan Option Agreement) shall be the joint and several responsibility of Onaping and Dominion and not of Sullivan and

Spooner shall limit its recourse for any failure by Onaping and Dominion to meet such obligation to Onaping and Dominion and their collective interests on the aforesaid claims and Materials thereon, from time to time, and expressly waives any recourse against Sullivan or against its interest in the aforesaid claims and Materials thereon, from time to time.

In the event that Sullivan does not elect to exercise its option to acquire the Sullivan Interest as provided in the Sullivan Option Agreement, then this Agreement shall thereafter forthwith terminate and be of no further force and effect and thereafter Spooner's interest shall revert to the 5% non-assessable net carried interest, more specifically defined in Section 3.03 of the Spooner Agreement.

Kindly acknowledge your acceptance hereof by signing the enclosed copy of this letter in the space provided and returning a fully executed copy, with your corporate seal affixed. Upon receipt by Spooner of a copy of this letter executed as aforesaid on behalf of each of Onaping, Dominion and Spooner, these presents shall constitute a legal and binding agreement among us.

Yours very truly,
SPOONER MINES AND OILS LIMITED

Per _____

c/s

_____

The undersigned consent to and severally agree to be bound

by the provisions herein effective on and after this 25th day of April, 1983.

ONAPING RESOURCES LIMITED

Per _____

c/s

_____

DOMINION EXPLORERS LIMITED

Per _____

c/s

_____

SULLIVAN MINING GROUP LTD.

Per _____

c/s

_____

MEMORANDUM OF AGREEMENT dated this 28 day of May, 1985,

B E T W E E N: A.N. Ferris
of 7 Rue Gamble E.,
Rouyn, Quebec, J9X 3B6
(hereinafter referred to as the "Vendor")

OF THE FIRST PART

and

V.N. Harbinson
of Suite 916, 111 Richmond Street West
Toronto, Ontario, M5H 2G4
(hereinafter referred to as the "Purchaser")

OF THE SECOND PART

THIS AGREEMENT WITNESSETH that for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties hereto agree as follows:

1. The vendor represent and warrant to the Purchaser as follows:

   (a) The Vendor is the beneficial owner of 10 development licenses comprising of 42 mining claims situated in Pershing Township, Quebec more particularly described in Schedule A hereto (the "Claims");

   (b) The Vendor has full right to deal in and with the Claims pursuant to the provisions of this Agreement and the Claims are free of all encumbrances recorded and unrecorded and there are no disputes in respect to the boundaries of the Claims or any other adverse claims whatsoever outstanding or threatened with respect to the Vendor's right or title therein; and

   (c) The claims have been duly and properly staked, and recorded and are in good standing under the laws of the Province of Quebec.

2. The Vendor agrees to sell, transfer and assign to the Purchaser all of his right, title and interest in the Claims for the consideration set forth in clause 3 herein. The vendor further agrees, upon the execution of this agreement, to execute and delivery to the Purchaser good and sufficient transfers of the Claims in favour of the Purchaser together with such supporting documents as are requisite to permit the registration of such transfers to the direction of the Purchaser and the Vendor agrees to execute all such further and other documents as may be necessary in order to effect the intention of this agreement, namely that all of the right, title and interest of the Vendor in the said Claims shall be transferred to the Purchaser free and clear of all liens, claims, charges and encumbrances of any kind subject only to the provisions of clause (b) herein. The Vendor further agrees to forthwith deliver to the Purchaser all maps, surveys and reports of any kind whatsoever in his possession with respect to the Claims or any of them.

3. (a) The purchase price for the said Claims shall be the sum of Fifteen Thousand Dollars ($15,000.00) in the aggregate payable by the Purchaser upon the execution of this Agreement.

(b) As additional consideration for the purchase of the Claims, the Vendor shall be entitled to receive a Net Smelter Return of 1.5% of all proceeds received by the Purchaser from the production from the Claims or any of them. For the purpose of this Agreement "Net Smelter Return" shall be deemed to be the amount received by the Purchaser from a smelter upon the sale of all metals removed from the Claims, after deducting the cost of smelting, and all penalties or deductions charged by the smelter, actual freight or haulage charges, insurance from time to time to the smelter, assaying, representation or agency fees, and referee fees; and the term "smelter" shall mean conventional smelters as well as any other type of production plant used in lieu of a conventional smelter to reduce ores or concentrates. The payment herein shall be paid to the Vendors in quarterly installments within 30 days of the end of each quarter during each and every fiscal year of the Purchaser so long as production is maintained upon the Claims.

4. The Vendor and Purchaser agree to execute such further and other documents and agreements as may be necessary to give full effect to the true intentions and purposes of this agreement.

5. This Agreement shall be construed by and governed by the laws of the Province of Ontario.

6. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Each of the parties hereto shall be free, by notice in writing to the other, to assign its interest in this Agreement, in whole or in part and thereafter be under no further obligation hereunder to the other party, provided that such assignee shall continue to be bound by the provisions hereof notwithstanding such assignment.

IN WITNESS WHEREOF the parties hereto have caused this agreement to be executed as of the date first above written.

Witness

A.N. Ferris

Witness

V.N. Harbinson

Schedule "A"

Property Description, Pershing Township, Quebec

Development Licence	Claims
323529	1 to 5
323530	1 to 5
323531	1 to 5
323532	1 to 5
323533	1, 2, 3
323534	1, 2
326537	1, 2
326538	1 to 5
326539	1 to 5
326540	1 to 5

No.: 500-11-044640-130

COUR SUPÉRIEURE
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

DANS L'AFFAIRE DE L'AVIS D'INTENTION DE :

RESSOURCES X-ORE INC.

Débitrice/Requérante

et

PRICEWATERHOUSECOOPERS INC.

Syndic

PIÈCE R-1

COPIE

Me Bertrand Giroux **Notre dossier: 15487-45**

BCF AVOCATS D'AFFAIRES

1100, boul. René-Lévesque Ouest, 25e étage
MONTRÉAL, QUÉBEC, CANADA
H3B 5C9
Tel: (514) 397-6935
Fax: (514) 397-8515

BB 7462

Form 44.1

Notice by Debtor to Disclaim or Resiliate an Agreement

(Section 65.11 of the Bankruptcy and Insolvency Act,
R.S.C., 1985, c. B-3 ("**Act**"); Rule 94.1)

To: **PRICEWATERHOUSECOOPERS INC.**
1250, René-Lévesque Boulevard West
Suite 2800
Montreal (Quebec) H3B 2G4
Att.: Mr. Christian Bourque

To: **CANADIAN SPOONER RESOURCES INC. (formerly Spooner Mines and Oil Limited)**

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC. was filed under subsection or 50.4 of the Act on the day of May 16, 2013.

2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the "Croinor-Pershing Property", entered into between Spooner Mines and Oils Limited, Onaping Resources Limited, Dominion Explorers Limited and Sullivan Mining Group Ltd., on April 25, 1983, annexed hereto as Schedule A (the "**Agreement**").

3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.

4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November 25, 2013 (being 30 days after the date on which this notice has been given).

Dated at _____, this ___ day of October 2013.

RESSOURCES X-ORE INC.

_____

Per: Léon Méthot
1080, Cote du Beaver Hall
Suite 2101
Montréal (Québec) H2Z 1S8.

The trustee approves the proposed disclaimer or resiliation.

Dated at Montreal, this ___ day of October 2013.

PRICEWATERHOUSECOOPERS INC.

_____

Per : Christian Bourque

Form 44.1

Notice by Debtor to Disclaim or Resiliate an Agreement

(Section 65.11 of the Bankruptcy and Insolvency Act,
R.S.C., 1985, c. B-3 ("**Act**"); Rule 94.1)

To: **PRICEWATERHOUSECOOPERS INC.**
1250, René-Lévesque Boulevard West
Suite 2800
Montreal (Quebec) H3B 2G4
Att.: Mr. Christian Bourque

To: **A.N. FERRIS**

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC. was filed under subsection or 50.4 of the Act on the day of May 16, 2013.

2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the Croinor Property entered into between V.N. Harbinson and A.N. Ferris, on May 28, 1985, annexed hereto as Schedule A (the "**Agreement**").

3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.

4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November 25, 2013 (being 30 days after the date on which this notice has been given).

Dated at _____, this ___ day of October 2013.

RESSOURCES X-ORE INC.

_____
Per: Léon Méthot
1080, Cote du Beaver Hall
Suite 2101
Montréal (Québec) H2Z 1S8.

The trustee approves the proposed disclaimer or resiliation.

Dated at Montreal, this ___ day of October 2013.

PRICEWATERHOUSECOOPERS INC.

_____
Per : Christian Bourque

Form 44.1

Notice by Debtor to Disclaim or Resiliate an Agreement

(Section 65.11 of the Bankruptcy and Insolvency Act,
R.S.C., 1985, c. B-3 ("**Act**"); Rule 94.1)

To: **PRICEWATERHOUSECOOPERS INC.**
1250, René-Lévesque Boulevard West
Suite 2800
Montreal (Quebec) H3B 2G4
Att.: Mr. Christian Bourque

To: **VERNER PAKKALA**

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC. was filed under subsection or 50.4 of the Act on the day of May 16, 2013.

2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the Claims in Pershing Township, entered into between Verner Pakkala, Onaping Resources Limited and Sullivan Mining Group Ltd., on April 25, 1983, annexed hereto as Schedule A (the "**Agreement**").

3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.

4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November 25, 2013 (being 30 days after the date on which this notice has been given).

Dated at _____, this ___ day of October 2013.

RESSOURCES X-ORE INC.

_____

Per: Léon Méthot
1080, Cote du Beaver Hall
Suite 2101
Montréal (Québec) H2Z 1S8.

The trustee approves the proposed disclaimer or resiliation.

Dated at Montreal, this ___ day of October 2013.

PRICEWATERHOUSECOOPERS INC.

_____

Per : Christian Bourque

Form 44.1

Notice by Debtor to Disclaim or Resiliate an Agreement

(Section 65.11 of the Bankruptcy and Insolvency Act,
R.S.C., 1985, c. B-3 ("**Act**"); Rule 94.1)

To: **PRICEWATERHOUSECOOPERS INC.**
1250, René-Lévesque Boulevard West
Suite 2800
Montreal (Quebec) H3B 2G4
Att.: Mr. Christian Bourque

To: **SUCCESSION of MR. FRED D. CORCORAN**
c/o Rob Corcoran
44, Chester Hill Road
Toronto, Ontario, M4K 1X3

To: **SUCCESSION of MR. DENIS AGAR**
c/o David Agar
568 Hamilton Road
Russell, Ontario, K4R 1E5

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC. was filed under subsection or 50.4 of the Act on the day of May 16, 2013.

2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the "Croinor-Pershing Property", entered into between Fred Corcoran, Denis Agar, Spooner Mines and Oils Limited, Onaping Resources Limited and Dominion Explorers Limited, in July 1979, amended by a Letter of Agreement dated April 19, 1983, annexed hereto as Schedule A (collectively, the "**Agreement**").

3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.

4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November ____, 2013 (being 30 days after the date on which this notice has been given).

Dated at _____, this ___ day of October 2013.

RESSOURCES X-ORE INC.

_____
Per: Léon Méthot
1080, Cote du Beaver Hall
Suite 2101
Montréal (Québec) H2Z 1S8.

The trustee approves the proposed disclaimer or resiliation.

Dated at Montreal, this ___ day of October 2013.

PRICEWATERHOUSECOOPERS INC.

_____
Per : Christian Bourque

No.: 500-11-044640-130

COUR SUPÉRIEURE
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

DANS L'AFFAIRE DE L'AVIS D'INTENTION DE :

RESSOURCES X-ORE INC.

Débitrice/Requérante

et

PRICEWATERHOUSECOOPERS INC.

Syndic

PIÈCE R-2

COPIE

Me Bertrand Giroux **Notre dossier: 15487-45**

BCF AVOCATS D'AFFAIRES

1100, boul. René-Lévesque Ouest, 25e étage
MONTRÉAL, QUÉBEC, CANADA
H3B 5C9
Tel: (514) 397-6935
Fax: (514) 397-8515
BB 7462

No.: 500-11-044640-130

COUR SUPÉRIEURE
PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

DANS L'AFFAIRE DE L'AVIS D'INTENTION DE :

RESSOURCES X-ORE INC.

Débitrice/Requérante

et

PRICEWATERHOUSECOOPERS INC.

Syndic

REQUÊTE POUR MODE SPÉCIAL DE SIGNIFICATION PAR LA VOIE DES JOURNAUX

ORIGINAL

Me Bertrand Giroux **Notre dossier: 15487-45**

BCF AVOCATS D'AFFAIRES

1100, boul. René-Lévesque Ouest, 25e étage
MONTRÉAL, QUÉBEC, CANADA
H3B 5C9
Tel: (514) 397-6935
Fax: (514) 397-8515
BB 7462

APPENDIX VI – JUGEMENT ROYALTIES CANCELATION

COPIE CONFORME
Greffier adjoint

CANADA

PROVINCE DE QUÉBEC
DISTRICT DE MONTRÉAL

N°: 500-11-044640-130

COUR SUPÉRIEURE
(Chambre commerciale)

DANS L'AFFAIRE DE L'AVIS D'INTENTION DE :

RESSOURCES X-ORE INC.

Débitrice / Requérante

et

PRICEWATERHOUSECOOPERS INC.

Syndic

24 octobre 2013
Vu la requête des alléguées
Jugements,
AUTORISE signification
par la voie indiquée dans
les conclusions

REQUÊTE POUR MODE SPÉCIAL DE SIGNIFICATION PAR LA VOIE DES JOURNAUX
(Art. 138 du *Code de procédure civile,*
art. 65.11 de la *Loi sur la faillite et l'insolvabilité*, L.R.C. (1985), ch. B-3 (« **L.f.i.**), et
Règles 3 et 94.1 des *Règles générales sur la faillite et l'insolvabilité,* C.R.C., 1978, c. 368
(« **Règles** »)

AU REGISTRAIRE SIÉGEANT EN COUR SUPÉRIEURE, CHAMBRE COMMERCIALE POUR LE DISTRICT DE MONTRÉAL, LA DÉBITRICE / REQUÉRANTE (« REQUÉRANTE ») EXPOSE CE QUI SUIT :

1. Le 16 mai 2013, la Requérante déposait un avis d'intention de déposer une proposition, tel qu'il appert du dossier de la Cour;

2. Par jugements rendus par Me Chantal Flamand, Registraire, le 13 juin, 2013, le 24 juillet 2013 et le 13 septembre 2013, le délai de dépôt de la proposition était prolongé au 28 octobre 2013, tel qu'il appert du dossier de la Cour;

3. L'un des actifs de la Requérante consiste en des Claims sur une propriété connue comme « Croinor mining property » (lots 8 et 10), tel qu'il appert du dossier de la Cour;

4. Il appert que des redevances minières seraient payables à Canadian Spooner Resources inc., Verner Pakkala, A.N. Ferris, succession de Monsieur Fred D. Corcoran et succession de Monsieur Denis Agar, aux termes de diverses conventions toutes produites au soutien des présentes en liasse comme pièce **R-1**;

APPENDIX VII – X-ORES – NOTICES DISCLAIM RESILIATE AGREEMENT

Courteau - Cabral
cmg
COMMUNICATIONS INC.

PUBLICITÉ - PLACEMENT ET STRATÉGIE MÉDIAS - STUDIO DE CRÉATION
Adm. Pub.: Susie Therrien
Client : PricewaterhouseCoopers
Contact client : Isabelle Léveillé

26

Date d'insertion : Samedi 26 octobre 2013
Num. de commande : CMG1310195
Publication : The Gazette
Grandeurs : 4 x 70
Section : Avis

Form 44.1

Notice by Debtor to Disclaim or Resiliate an Agreement

(Section 65.11 of the Bankruptcy and Insolvency Act, R.S.C., 1985, c. B-3 ("Act"); Rule 94.1)

To: **PRICEWATERHOUSECOOPERS INC.**
1250, René-Lévesque Boulevard West, Suite 2800, Montreal (Quebec) H3B 2G4. Att.: Mr. Christian Bourque

To: **A.N. FERRIS**

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC.was filed under subsection or 50.4 of the Act on the day of May 16, 2013.
2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the Croinor Property entered into between V.N. Harbinson and A.N. Ferris, on May 28, 1985, annexed hereto as Schedule A (the **"Agreement"**).
3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.
4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November 25, 2013 (being 30 days after the date on which this notice has been given).

To: **CANADIAN SPOONER RESOURCES INC. (formerly Spooner Mines and Oil Limited)**

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC. was filed under subsection or 50.4 of the Act on the day of May 16, 2013.
2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the "Croinor-Pershing Property", entered into between Spooner Mines and Oils Limited, Onaping Resources Limited, Dominion Explorers Limited and Sullivan Mining Group Ltd., on April 25, 1983, annexed hereto as Schedule A (the **"Agreement"**).
3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.
4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November 25, 2013 (being 30 days after the date on which this notice has been given).

To: **VERNER PAKKALA**

Take notice that:

1. A notice of intention to make a proposal in respect of RESSOURCES X-ORE INC. was filed under subsection or 50.4 of the Act on the day of May 16, 2013.
2. Pursuant to subsection 65.11(1) of the Act, the debtor gives you notice of his intention to disclaim or resiliate the Letter of Agreement with respect to the Royalties on the Claims in Pershing Township, entered into between Verner Pakkala, Onaping Resources Limited and Sullivan Mining Group Ltd., on April 25, 1983, annexed here to as Schedule A (the **"Agreement"**).
3. Pursuant to subsection 65.11(3) of the Act, within 15 days after the date on which this notice is given, any party to the Agreement may, with notice to the other parties to the Agreement and the trustee, apply to the Court for an order that the Agreement is not to be disclaimed or resiliated.
4. Pursuant to subsection 65.11(6) of the Act, if no application for an order is made in accordance with subsection 65.11(3) of the Act, the disclaimer or resiliation of the Agreement will become effective on the day of November 25, 2013 (being 30 days after the date on which this notice has been given).

Dated at Montréal, this 25th day of October 2013.

RESSOURCES X-ORE INC.
Per: Léon Méthot, 1080, Cote du Beaver Hall, Suite 2101, Montréal (Québec) H2Z 1S8.

pwc

The trustee approves the proposed disclaimer or resiliation.

Dated at Montréal, this 25th day of October 2013.

PRICEWATERHOUSECOOPERS INC., Per: Christian Bourque, CPA, CA, CIRP

CM 24/10/2013

APPENDIX VIII – BM-862

Gouvernement
du Québec

Le **MINISTRE DES RESSOURCES NATURELLES, DE LA FAUNE ET DES PARCS,** dont le bureau est situé au 5700, 4e Avenue Ouest, à Charlesbourg (Québec), G1H 6R1, dûment autorisé en vertu de la Loi sur les mines (L.R.Q., c. M-13.1), représenté par Mme Lucie Ste-Croix, chef du Service des titres miniers de la Direction du développement minéral, dûment habilitée par l'article 3 du Règlement sur la délégation de l'exercice des pouvoirs attribués au ministre des Ressources naturelles par la Loi sur les mines, édicté par l'arrêté ministériel numéro 453 publié dans la Gazette officielle du Québec le 13 juin 2001, **en sa qualité de locateur.**

ET

EXPLORATION MALARTIC-SUD INC. (70 %), compagnie légalement constituée en vertu de la Loi sur les compagnies, partie 1A (L.R.Q., c. C-38), dont le siège est situé au 1745, chemin Sullivan, Val-d'Or (Québec) J9P 1M8, représentée par M. Léon Méthot, dûment habilité par une résolution sous seing privé de l'administrateur de la compagnie adoptée le 10 juin 2004,

EXPLORATION HUNTINGTON INC. (30 %), compagnie légalement constituée en vertu d'une loi étrangère, dont le siège est situé au 2450, 255 – 5e Avenue S.W., Calgary (Alberta) T2P 3G6, représentée par John Pope, dûment habilité par une résolution sous seing privé de l'administrateur de la compagnie adoptée le 25 NOVEMBRE 1555,

en leur qualité de locataire.

OBJET ET QUALIFICATION DES DROITS
NATURE JURIDIQUE DE L'ACTE

Le **locateur** loue au **locataire** qui accepte, par **bail minier numéro 862 superficiaire et souterrain,** l'immeuble suivant :

DÉSIGNATION
DESCRIPTION DU LIEU OÙ S'EXERCE LE DROIT

Un terrain de forme polygonale d'une superficie de 89,729 hectares, soit le lot 3, du cadastre du canton de Pershing, circonscription foncière d'Abitibi.

...2

L'officier de la publicité des droits est requis d'établir au registre des droits réels d'exploitation des ressources de l'État une fiche immobilière sous un numéro d'ordre puisqu'il s'agit d'une première inscription et vu l'absence de fiche antérieure.

Droits du locataire

Le présent bail donne au locataire le droit d'extraire toutes les substances minérales appartenant à l'État dans le terrain ci-dessus désigné, mais il ne donne pas droit aux substances minérales de surface, au pétrole, au gaz naturel, ni à la saumure; il ne donne pas droit non plus d'aménager ou d'utiliser les réservoirs souterrains qui se trouvent dans le territoire faisant l'objet du bail, pour l'emmagasinement ou l'enfouissement d'une façon définitive d'une substance minérale ou d'un produit industriel.

Durée

Le présent bail est accordé pour une période de 20 ans à compter de la date de signature du locateur le 6 juillet 2004, et se terminera donc le 5 juillet 2024.

Charges et conditions

1. Le présent bail est consenti moyennant un loyer annuel payable d'avance, établi en vertu de la tarification en vigueur durant la période de validité du bail.

   Le taux actuel, à la date de la signature du bail, est de 37,00 $ l'hectare pour les terres du domaine public, de 18,00 $ l'hectare pour les terres concédées ou aliénées par l'État à des fins autres que minières et de 81,00 $ l'hectare pour la partie des terres du domaine de l'État utilisée pour entreposer des résidus miniers.

   Le locateur se réserve le droit de réviser le taux du loyer suivant la tarification établie par le Règlement sur les substances minérales autres que le pétrole, le gaz naturel et la saumure (L.R.Q., c. M-13.1, r.1).

2. Le locataire doit commencer les travaux d'exploitation minière du terrain ci-dessus désigné dans le délai fixé par la Loi sur les mines en vigueur.

3. Le locateur pourra, pour raisons valables, prolonger ce délai, conformément aux dispositions de la Loi sur les mines en vigueur.

...3

4. Le locataire a les droits et obligations d'un propriétaire mais il n'a le droit d'utiliser la surface du terrain qu'à des fins minières.

5. Le locataire doit payer toutes les taxes, cotisations et redevances municipales ou autres qui peuvent être légalement imposées pendant la durée du présent bail.

6. Le locataire doit se conformer à la Loi sur les mines et aux règlements en vigueur durant la période de validité du présent bail. Il doit également, dans l'exercice de son droit minier, se conformer à toute autre loi et règlement en vigueur au Québec.

ORIGINE DU DROIT DE PROPRIÉTÉ

Le ministre des Ressources naturelles, de la Faune et des Parcs ne se fonde sur aucun titre publié.

SIGNÉ par les parties en cinq exemplaires :

Le 6 JUILLET 2004, à TROIS-RIVIÈRES

Par représentation, en qualité de locataire,

EXPLORATION MALARTIC-SUD INC.

Léon Méthot

EXPLORATION HUNTINGTON INC.

John Pope, President

Le 6 juillet 2004, à Charlesbourg

LE MINISTRE DES RESSOURCES NATURELLES, DE LA FAUNE ET DES PARCS

...4

Par délégation, la chef du Service des titres miniers, en qualité de locateur,

Lucie Ste-Croix

DÉCLARATION DES TÉMOINS

Nous, soussignés(es) William H. Smith, Louis Paquin, attestons ce qui suit :

1. Nous avons vérifié l'identité, la qualité et la capacité du locataire au bail.
2. Le bail traduit la volonté exprimée par le locataire.
3. Le bail est valide quant à sa forme.

Attesté à Trois-Rivières (Québec)

le 6 juillet 2004

Nom : William H. Smith, Q.C.	Nom : Louis Paquin
Qualité : 1er témoin lawyer	Qualité : 2e témoin NOTAIRE
Adresse : 3200 421 7 Ave SW Calgary AB CA T2P4K9	Adresse : 5375, RUE ST-JOSEPH TROIS-RIVIÈRES-OUEST Qc CANADA G8Z 4M5
Signature du 1er témoin	Signature du 2e témoin

William H. Smith, Q.C.

...5

AFFIDAVIT DE L'UN DES TÉMOINS

Je, soussigné(e), Louis Rouin, NOTAIRE, (occupation), déclare solennellement ce qui suit :

1. Je suis l'un des témoins dans la déclaration des témoins ci-dessus.

2. Toutes les déclarations ci-dessus sont vraies.

Et j'ai signé à Trois-Rivières (Québec),

le 6 Juillet 2004

Signature du témoin

DÉCLARÉ DEVANT MOI À Trois-Rivières,

CE 6 Juillet 2004

COMMISSAIRE À L'ASSERMENTATION
126557

POUR LE DISTRICT DE Trois-Rivières

Bail minier numéro 862 superficiaire et souterrain.

DÉCLARATION D'ATTESTATION

Nature de la réquisition

Bail minier numéro 862 conclu entre le ministère des Ressources naturelles, de la Faune et des Parcs et Exploration Malartic Sud inc. (70 %) et Exploration Huntington inc. (30 %), signé par le ministre des Ressources naturelles, de la Faune et des Parcs le 6 juillet 2004 à Charlesbourg, et par Léon Méthot et John Pope, le 6 juillet 2004 2004 à Trois-Rivières.

Je, soussigné, Claude Verreault, avocat, atteste ce qui suit :

1. J'ai vérifié l'identité, la qualité et la capacité des parties au bail minier numéro 862, signé par le ministre des Ressources naturelles, de la Faune et des Parcs, le 6 juillet 2004 à Charlesbourg, et par Léon Méthot et John Pope, le 6 juillet 2004 à Trois-Rivières.

2. Le document est valide quant à sa forme.

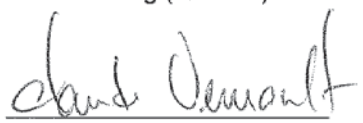
3. Le document traduit la volonté des parties.

4. Le constituant ne se fonde sur aucun titre publié.

5. Le titre du constituant n'est pas déjà valablement publié.

Attesté à Charlesbourg, le 6 juillet 2004

Claude Verreault, avocat
Ministère des Ressources naturelles,
de la Faune et des Parcs
5700, 4e Avenue Ouest, bureau C-408
Charlesbourg (Québec) G1H 6R1



Claude Verreault, avocat

APPENDIX IX – HUNTINGTON TO MALARTIC

Ressources naturelles, Faune et Parcs
Québec

Transfert de droits miniers

SECTION 1 : IDENTIFICATION DE L'ACQUÉREUR (si plus d'un acquéreur joindre annexe)

Nom de l'entreprise	N° matricule (fichier central des entreprises)	N° d'intervenant
Exploration Malartic-Sud inc.	1145320454	14199

Nom	Prénom	N° d'intervenant

Adresse (numéro, rue, route rurale ou casier postal)	App.	Ville, village ou municipalité
1745, chemin Sullivan		Val-d'Or

Province	Pays	Code postal	Ind. rég. Téléphone (domicile)	Ind. rég. Téléphone (bureau)	Poste
Québec	Canada	J9P 1M8		819 824 - 5422	

Ind. rég. Télécopieur	Adresse de courrier électronique
819 824 - 7622	info@malarticsud.com

SECTION 2 : LISTE DES TITRES MINIERS ET POURCENTAGE TRANSFÉRÉ

LE CÉDANT TRANSFÈRE 100% DE SES DROITS DANS LES TITRES CI-DESSOUS MENTIONNÉS.

N° TITRE	N° TITRE	N° TITRE	N°TITRE
Voir annexe ci-jointe			

Ressources Naturelles
Secteur mines
14 SEP. 2004
Bureau Régional Val-d'Or

REÇU AU BUREAU
15 SEP. 2004
BUREAU DU REGISTRATEUR

Si espace insuffisant, imprimer une page supplémentaire ou joindre une annexe.

SECTION 3 : FRAIS D'INSCRIPTION

Le transfert de droits de mine doit être accompagné des frais d'inscription. Ces frais sont de 12 $ par titre, jusqu'à un maximum de 1 048,00 $ par acte. Le paiement doit être fait à l'ordre du « Ministre des Finances ».

Le montant à inclure : nombre de titres	304	X 12$ =	1 048$

SECTION 4 : SIGNATURE DES INTERVENANTS

POUR LA COMPAGNIE CÉDANTE, UNE RÉSOLUTION DU CONSEIL D'ADMINISTRATION DOIT OBLIGATOIREMENT ACCOMPAGNER LA PRÉSENTE DEMANDE.

NOTE : S'IL Y A PLUS D'UN ACQUÉREUR INSCRIRE LE POURCENTAGE TRANSFÉRÉ À CHACUN.
Si plus de 2 cédants ou acquéreurs, joindre une annexe.

CÉDANT (en lettres moulées) (INT. 16730)	ACQUÉREUR (en lettres moulées) (INT. 14199)	%
COMPAGNIE Huntington Exploration Inc.	COMPAGNIE Exploration Malartic-Sud inc.	100
NOM Burgess	NOM Méthot	
PRÉNOM Andrew	PRÉNOM Leon	
Andrew Burgess August 31, 2004	1-9-04	
Signature Date	Signature Date	

2E CÉDANT (s'il y a lieu)	2E ACQUÉREUR (s'il y a lieu)	%
COMPAGNIE	COMPAGNIE	
NOM	NOM	
PRÉNOM	PRÉNOM	
Signature Date	Signature Date	

ESPACE RÉSERVÉ AU MINISTÈRE

SCEAU D'INSCRIPTION

NO. INSCRIPTION	DATE
51233	20 OCT. 2004
Stephen Beaulieu	

REGISTRAIRE

FRAIS D'INSCRIPTION 1048 $
DOSSIER 0425801 0
DATE DE RÉCEPTION 2004-09-14

Ministère des Ressources naturelles, de la Faune et des Parcs

No TITRE	No TITRE	No TITRE	No TITRE	No TITRE	No TITRE
5258701	5258988	3235304	3378313	5261308	3265401
5258702	5258989	3235305	3378314	5261309	3948551
5258703	5258990	3235291	3378315	5261310	3387902
5258704	5258991	3235292	3378321	5261311	3387903
5258705	5258992	3235293	3378322	5261312	BM862
5258706	5258993	3235294	3378323	5261313	5263271
5258707	5258994	3235295	3378324	5261314	5263272
5258708	5258995	3235311	3378325	5261315	5263273
5258709	5258996	3235312	3084941	5261316	5263274
5258710	5263291	3235313	3378331	5261317	5263275
5258711	5263292	3235314	3378332	5261318	5263276
5258712	5263293	3235315	3378333	5261319	5263277
5258713	5263294	3235321	3378334	5261320	5263278
5258714	5263295	3235322	3378335	5261321	5263279
5258951	5263296	3235323	3084951	5261322	5263280
5258952	5263297	3235324	3084952	5261323	5263281
5258953	5263298	3235325	3084954	5261324	5263282
5258954	5263299	3235331	3084955	5261325	5263283
5258955	5263300	3235332	3378341	5261326	5263284
5258956	5263301	3235333	3378342	5261327	5263285
5258957	5265318	3235341	3378343	5261328	5263286
5258958	5265319	3235342	3378344	5261329	5263287
5258959	5265320	3219401	3378345	5261330	5263288
5258960	5265321	3219402	3378351	5261331	5263289
5258961	5265322	3219403	3378801	5261332	5263290
5258962	5265323	3219404	3378802	5261333	5265302
5258963	5265324	3829131	3378803	5261334	5265303
5258964	5265325	3829132	3378804	5261335	
5258965	5265326	3829133	3378805	5261336	1115099
5258966	5265327	3829151	3378811	5261337	1115100
5258967	5265328	3829152	3378812	5261338	1115101
5258968	3199221	3829153	3378813	5261339	1115102
5258969	3199222	3829154	3378814	5261340	1115103
5258970	3199223	3829155	3378815	5261341	1115104
5258971	3199224	3378301	3381161	5261342	1115105
5258972	3199225	3378302	3381162	5261343	1115106
5258973	3199231	3378303	3381163	5261344	1115107
5258974	3873911	3378304	3381164	3264001	1115108
5258975	3873912	3378305	3381165	3264002	1115109
5258976	3873913	3829141	3381171	3264003	1115110
5258977	3873914	3829142	3381172	3264004	
5258978	2725691	3829143	3381173	3265381	C001671
5258979	3129251	3829144	3381174	3265382	C001672
5258980	3129252	3829145	3381175	3265383	C001673
5258981	3129255	3829161	5261301	3265384	C001674
5258982	3129256	3829162	5261302	3265385	C001675
5258983	3161143	3829163	5261303	3265391	C001681
5258984	3161144	3829164	5261304	3265392	C001682
5258985	3235301	3829165	5261305	3265393	C001683
5258986	3235302	3378311	5261306	3265394	C001684
5258987	3235303	3378312	5261307	3265395	C001685

REÇU AU MRNF
15 SEP. 2004
BUREAU DU REGISTRAIRE

NO. INSCRIPTION	DATE
51233	20 OCT. 2004

Ressources naturelles
Secteur mines
14 SEP. 2004
04258010
Bureau Régional Val-d'Or

HUNTINGTON EXPLORATION INC.

CERTIFICATE

I, Andrew S. Burgess, a Vice-President of Huntington Exploration Inc. ("Huntington"), certify in my capacity as an officer of Huntington and not in my personal capacity that attached hereto is a true and complete copy of a resolution passed by the shareholders of Huntington at a meeting held on July 28, 2004 and that such resolution has not been rescinded or amended in any way.

DATED this 1st day of September, 2004

Andrew S. Burgess
Vice-President

REÇU AU MER
15 SEP. 2004
BUREAU DU REGISTRE

NO. INSCRIPTION 51233
DATE 20 OCT. 2004

Ressources Naturelles
Secteur mines
14 SEP. 2004
Bureau Régional Val-d'Or

04258010

"TRANSACTION WITH SOUTH-MALARCTIC EXPLORATION INC.

The Information Circular provides for a special resolution authorizing the Corporation to sell the Corporation's mineral properties to South-Malarctic Exploration Inc. in exchange for common voting shares and common voting share purchase warrants of South-Malarctic Exploration Inc.

On motion duly made and seconded, IT WAS RESOLVED THAT:

1. the transaction (the "Transaction") under Section 190 of the Business Corporations Act (Alberta) to sell all of the Corporation's mining assets which comprises substantially all of the assets, substantially as set forth in the Information Circular is hereby approved, authorized and agreed to;

2. any one director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to execute, or cause to be executed, and to deliver, or cause to be delivered, an Asset Purchase Agreement (the "Agreement") and to execute with or without the corporate seal, and, if appropriate, all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this special resolution and the matters authorized hereby, including the transactions required or contemplated by the Transaction and the Agreement, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and

3. all actions heretofore taken by or on behalf of the Corporation in connection with any matter referred to in any of the foregoing transactions which were in furtherance of the Transaction are hereby approved, ratified and confirmed in all respects."

Ressources Naturelles
Secteur mines
14 SEP. 2004
Bureau Régional Val-d'Or

NO. INSCRIPTION	DATE
51233	20 OCT. 2004

REÇU AU RRRPP
15 SEP. 2004
BUREAU DU REGISTRAIRE

04258010

APPENDIX X – MALARTIC SUD TO XORE

Québec

CERTIFICAT DE MODIFICATION

Loi sur les compagnies, Partie IA
(L.R.Q., chap. C-38)

J'atteste par les présentes que la compagnie

RESSOURCES X-ORE INC.

et sa ou ses version(s)

X-ORE RESOURCES INC.

a modifié ses statuts le ***16 AVRIL 2007***, en vertu de la partie IA de la Loi sur les compagnies, comme indiqué dans les statuts de modification ci-joints.

REÇU AU MRNF
2 9 MAI 2007
Direction du développement minéral

Registraire des entreprises Québec

Déposé au registre le 17 avril 2007
sous le numéro d'entreprise du Québec 1145320454

Registraire des entreprises

NO. INSCRIPTION	DATE
5 2 2 4 3	2 2 AOUT 2007

676763

L730I14X54R01AA

LEX-300 (2007-04)

Registraire des entreprises
Québec

Statuts de modification

Loi sur les compagnies (L.R.Q., c. C-38, partie IA)

1. Nom - Inscrire le nouveau nom de la compagnie si celui-ci est modifié et inscrire le nom antérieur à la section 5.
ou
- Inscrire le nom actuel si vous le conservez et inscrire S. O. à la section 5.

Numéro d'entreprise du Québec										
NEQ	1	1	4	5	3	2	0	4	5	4

RESSOURCES X-ORE INC. /
X-ORE RESOURCES INC.

Int. 80225

Marquer la case d'un X si vous demandez un numéro matricule (compagnie à numéro) au lieu d'un nom. ☐

2. Les statuts de la compagnie sont modifiés de la façon suivante :

1.- DÉNOMINATION SOCIALE

ABROGÉ ET REMPLACÉ PAR:

"RESSOURCES X-ORE INC. /
X-ORE RESOURCES INC."

REÇU AU MRNF
29 MAI 2007
Direction du développement minéral

531 titres

3. Date d'entrée en vigueur (si différente de la date du dépôt des statuts de modification) pour les demandes qui ne sont pas visées par la section 4.

Date postérieure à celle du dépôt :	Année	Mois	Jour

4. Modification des statuts en vertu de l'article 123.140 et suivants de la *Loi sur les compagnies*

Marquer la case d'un X si la demande de modification est présentée pour rectifier une illégalité, une irrégularité ou pour y insérer une disposition requise par la *Loi sur les compagnies* :

- qui ne porte pas atteinte aux droits des actionnaires ou des créanciers (art. 123.140) ; ..... ☐
- qui peut porter atteinte aux droits des actionnaires ou des créanciers - joindre copie du jugement (art. 123.141). ..... ☐

Date d'entrée en vigueur (la modification rétroagit à la date du certificat accompagnant les statuts que l'on modifie, à moins que les présents statuts ou le jugement ne mentionnent une date ultérieure) :

Année	Mois	Jour

5. Nom antérieur à la modification (si différent de celui mentionné à la section 1).

EXPLORATION MALARTIC-SUD INC. /
SOUTH-MALARTIC EXPLORATION INC.

Int. 14199

NO. INSCRIPTION	DATE
52243	22 AOUT 2007

Réservé à l'administration
Québec
Déposé le
16 AVR. 2007
Le registraire
des entreprises

Signature de l'administrateur autorisé

Si l'espace prévu est insuffisant, joindre une annexe remplie en deux exemplaires, identifier la section correspondante et numéroter les pages s'il y a lieu.

SIGNER ET RETOURNER LES DEUX EXEMPLAIRES AVEC VOTRE PAIEMENT.

NE PAS TÉLÉCOPIER.

Ministère du Revenu

LE-50.0.11.04 (2007-04)

676763

E

Ressources naturelles et Faune
Québec

Certificat d'inscription - Transfert de droits miniers
Registre public des droits miniers, réels et immobiliers

676763

EXPLORATION MALARTIC-SUD INC (Intervenant numéro : 14199)
A/S voir l'intervenant 80225
1745, CHEMIN SULLIVAN, bureau 200
Val-d'Or, Québec
Canada , J9P 1M8

Type de transfert : Changement de nom

Numéro d'inscription : 52243 **Date d'inscription :** 2007-08-22

Cédant(s)

Numéro	Nom / Adresse	Pourcentage de ses droits cédés
14199	EXPLORATION MALARTIC-SUD INC A/S voir l'intervenant 80225 1745, CHEMIN SULLIVAN, bureau 200 Val-d'Or, Québec Canada, J9P 1M8	100

Acquéreur(s)

Numéro	Nom / Adresse	Pourcentage acquis des droits cédés
80225	Ressources X-Ore inc 1745 chemin Sullivan Bureau 200 Val-d'Or, Québec Canada, J9P 1M8	100

Québec, le 22 août 2007 Le registraire : Dany Bouchard

Ressources naturelles et Faune
Québec

Certificat d'inscription - Transfert de droits miniers
Registre public des droits miniers, réels et immobiliers

676763

EXPLORATION MALARTIC-SUD INC (Intervenant numéro : 14199)
A/S voir l'intervenant 80225
1745, CHEMIN SULLIVAN, bureau 200
Val-d'Or, Québec
Canada , J9P 1M8

Type de transfert : Changement de nom

Numéro d'inscription : 52243 **Date d'inscription :** 2007-08-22

Titre(s) visé(s) par le transfert

Localisation	Numéro
Canton BOURLAMAQUE	CL C001671 , CL C001672 , CL C001673 , CL C001674 , CL C001675 , CL C001681 , CL C001682 , CL C001683 , CL C001684 , CL C001685
Canton COURVILLE	CDC 1121938@CDC 1121943 , CDC 1121947 , CDC 4970@CDC 4982
Canton PASCALIS	CDC 102164@CDC 102169 , CDC 1122658@CDC 1122660 , CDC 1514@CDC 1515 , CDC 18113@CDC 18115 , CDC 97967@CDC 97969
Canton PERSHING	BM 862 , CL 3084941 , CL 3084951@CL 3084952 , CL 3084954@CL 3084955 , CL 3129251 , CL 3129255@CL 3129256 , CL 3161143@CL 3161144 , CL 3199221@CL 3199225 , CL 3199231 , CL 3219401@CL 3219404 , CL 3235291@CL 3235295 , CL 3235301@CL 3235305 , CL 3235311@CL 3235315 , CL 3235321@CL 3235325 , CL 3235331@CL 3235333 , CL 3235341@CL 3235342 , CL 3264001@CL 3264004 , CL 3265381@CL 3265385 , CL 3265391@CL 3265395 , CL 3265401 , CL 3378301@CL 3378305 , CL 3378311@CL 3378315 , CL 3378321@CL 3378325 , CL 3378331@CL 3378335 , CL 3378341@CL 3378345 , CL 3378351 , CL 3378801@CL 3378805 , CL 3378811@CL 3378815 , CL 3381161@CL 3381165 , CL 3381171@CL 3381175 , CL 3387902@CL 3387903 , CL 3829131@CL 3829133 , CL 3829141@CL 3829145 , CL 3829151@CL 3829155 , CL 3829161@CL 3829165 , CL 3873911@CL 3873914 , CL 3948551 , CL 5198732@CL 5198740 , CL 5243210@CL 5243239 , CL 5245671@CL 5245680 , CL 5258701@CL 5258714 , CL 5258951@CL 5258996 , CL 5261301@CL 5261344 , CL 5263271@CL 5263301 , CL 5265302@CL 5265303 , CL 5265318@CL 5265328 , CL 5268800 , CL 5269621@CL 5269622 , CL 5269803@CL 5269806 , CL 5269811@CL 5269841
Canton TAVERNIER	CL 5268222@CL 5268237 , CL 5269620 , CL 5269623@CL 5269624
Canton TIBLEMONT	CDC 1098301 , CDC 1101634@CDC 1101635 , CDC 2031996@CDC 2032004 , CL 5269801@CL 5269802 , CL 5269807@CL 5269810

Québec, le 22 août 2007 Le registraire : Dany Bouchard

Ressources naturelles et Faune
Québec

Certificat d'inscription - Transfert de droits miniers
Registre public des droits miniers, réels et immobiliers

676763

EXPLORATION MALARTIC-SUD INC (Intervenant numéro : 14199)
A/S voir l'intervenant 80225
1745, CHEMIN SULLIVAN, bureau 200
Val-d'Or, Québec
Canada , J9P 1M8

Type de transfert : Changement de nom

Numéro d'inscription : 52243 **Date d'inscription :** 2007-08-22

Titre(s) visé(s) par le transfert

Localisation	Numéro
Canton VAUQUELIN	BM 602 , BM 827 , CDC 1074085 , CL 3880301@CL 3880305 , CL 3880311@CL 3880315 , CL 3880341@CL 3880343 , CL 3880351@CL 3880355 , CL 3880361 , CL 3880364@CL 3880365 , CL 3880411@CL 3880412 , CL 3880421@CL 3880425 , CL 3880432@CL 3880435 , CL 3880491@CL 3880494 , CL 4246372 , CL 5265671@CL 5265690 , CL 5268111@CL 5268114 , CL 5269842@CL 5269849
Feuillet(s) 32C02	CDC 1122609@CDC 1122613
Feuillet(s) 32C03	CDC 4907
Feuillet(s) 32C04	CDC 102170@CDC 102171

Nombre de titres : 531

Québec, le 22 août 2007 Le registraire : Dany Bouchard

APPENDIX XI – MONARQUES TO XORE

Ressources naturelles
Québec

Transfert de droits miniers

SECTION 1 – IDENTIFICATION DE L'ACQUÉREUR (si plus d'un acquéreur, voir au verso)

☐ ENTREPRISE

Nom de l'entreprise	N° matricule	N° d'intervenant
RESSOURCES X-ORE INC.		80225

ou

☐ PARTICULIER

Nom	Prénom	Date de naissance	N° d'intervenant

Adresse (numéro, rue, route rurale ou casier postal)	App.	Ville, village ou municipalité
450, rue de la Gare du Palais, C.P. 10, 1er étage		Québec

Province	Pays	Code postal	Ind. rég. téléphone (domicile)	Ind. rég. téléphone (bureau)	Poste
Québec	Canada	G1K 3X2		1 888 994-4465	

Ind. rég. télécopieur	Adresse de courrier électronique
418 614-0627	

SECTION 2 – ADRESSE DE CORRESPONDANCE (si différente de celle de l'acquéreur)

☐ ENTREPRISE

Nom de l'entreprise	No matricule	N° d'intervenant
GESTION SDM INC.		

ou

☐ PARTICULIER

Nom	Prénom	Date de naissance	N° d'intervenant
MANSEAU	DANIELLE		20643

Adresse (numéro, rue, route rurale ou casier postal)	App.	Ville, village ou municipalité
13 RUE DES ILES		RIVIÈRE-HÉVA

Province	Pays	Code postal	Ind. rég. téléphone (domicile)	Ind. rég. téléphone (bureau)	Poste
QUÉBEC	CANADA	J0Y 2H0		819-757-6988	

Ind. rég. télécopieur	Adresse de courrier électronique
819-757-2688	dmanseau@gestionsdm.com

SECTION 3 – LISTE DES TITRES MINIERS ET POURCENTAGE TRANSFÉRÉ

LE CÉDANT TRANSFÈRE 100 % DE SES DROITS DANS LES TITRES CI-DESSOUS MENTIONNÉS

N° TITRE	N° TITRE	N° TITRE	N°TITRE
VOIR ANNEXE			

Si l'espace est insuffisant, imprimer une page supplémentaire ou joindre une annexe.

SECTION 4 – FRAIS D'INSCRIPTION

Le transfert de droits de mine doit être accompagné des frais d'inscription. Ces frais sont de 15,50 $ par titre, jusqu'à un maximum de **1263** $ par acte. Le paiement doit être fait à l'ordre du « Ministre des Finances du Québec ».

Le montant à inclure : nombre de titres	85	X 15,50 $ =	1 263 $

Réservé au Ministère
Frais d'inscription 1263.00$

SECTION 5 – SIGNATURE DES INTERVENANTS ET RÉSOLUTION (si plus d'un cédant ou d'un acquéreur, voir verso)

UNE RÉSOLUTION DU CONSEIL D'ADMINISTRATION DE L'ENTREPRISE QUI CÈDE LES DROITS DOIT OBLIGATOIREMENT ACCOMPAGNER LA PRÉSENTE DEMANDE.

NOTE : S'IL Y A PLUS D'UN ACQUÉREUR, INSCRIRE LE POURCENTAGE TRANSFÉRÉ À CHACUN.

CÉDANT (en lettres moulées)	ACQUÉREUR (en lettres moulées)	%
ENTREPRISE RESSOURCES MONARQUES INC. (87630) (inf.)	ENTREPRISE RESSOURCES X-ORE INC. (80225)	100
NOM LACOSTE	NOM LACOSTE	
PRÉNOM JEAN-MARC	PRÉNOM JEAN-MARC	

X	2014/07/16	X	2014/07/16
Signature	Date	Signature	Date

ESPACE RÉSERVÉ AU MINISTÈRE

Sceau d'inscription

NO. INSCRIPTION	DATE
55640	21 JUIL. 2014

Catherine Gosselin registraire

Ce formulaire peut être :
retourné **par la poste** à l'adresse suivante :
Ministère des Ressources naturelles
Direction des titres miniers et des systèmes
5700, 4e Avenue Ouest, local C-320
Québec (Québec) G1H 6R1
ou
à l'adresse courriel suivante :
developpement.mineral@mrn.gouv.qc.ca
ou
par télécopieur : 418 643-9297

Réservé au Ministère
REQUÊTE : _____
DATE DE RÉCEPTION : _____
1430879

ANNEXE

	SNRC	TITRE				SNRC	TITRE	
1	32C03	CDC	4907		51	32C03	CDC	2252495
2	32C03	CDC	2249148		52	32C03	CDC	2252496
3	32C03	CDC	2252286		53	32C03	CDC	2252497
4	32C03	CDC	2252287		54	32C03	CDC	2252498
5	32C03	CDC	2252288		55	32C03	CDC	2377541
6	32C03	CDC	2252289		56	32C03	CDC	2377542
7	32C03	CDC	2252309		57	32C03	CDC	2377543
8	32C03	CDC	2252310		58	32C03	CDC	2377544
9	32C03	CDC	2252311		59	32C03	CDC	2377545
10	32C03	CDC	2252312		60	32C03	CDC	2377546
11	32C03	CDC	2252313		61	32C03	CDC	2377547
12	32C03	CDC	2252314		62	32C03	CDC	2377548
13	32C03	CDC	2252315		63	32C03	CDC	2377549
14	32C03	CDC	2252316		64	32C03	CDC	2377550
15	32C03	CDC	2252317		65	32C03	CDC	2377551
16	32C03	CDC	2252318		66	32C03	CDC	2377552
17	32C03	CDC	2252458		67	32C03	CDC	2377553
18	32C03	CDC	2252459		68	32C03	CDC	2377554
19	32C03	CDC	2252460		69	32C03	CDC	2377555
20	32C03	CDC	2252461		70	32C03	CDC	2377556
21	32C03	CDC	2252462		71	32C02	CDC	2378109
22	32C03	CDC	2252463		72	32C02	CDC	2378110
23	32C03	CDC	2252464		73	32C02	CDC	2378111
24	32C03	CDC	2252465		74	32C02	CDC	2378112
25	32C03	CDC	2252466		75	32C02	CDC	2386221
26	32C03	CDC	2252467		76	32C02	CDC	2386222
27	32C03	CDC	2252468		77	32C02	CDC	2386223
28	32C03	CDC	2252469		78	32C02	CDC	2386224
29	32C03	CDC	2252470		79	32C02	CDC	2386225
30	32C03	CDC	2252471		80	32C02	CDC	2389994
31	32C03	CDC	2252472		81	32C02	CDC	2389995
32	32C03	CDC	2252473		82	32C02	CDC	2393844
33	32C03	CDC	2252474		83	32C02	CDC	2393845
34	32C03	CDC	2252475		84	32C02	CDC	2393846
35	32C03	CDC	2252476		85	32C02	CDC	2393847
36	32C03	CDC	2252477					
37	32C03	CDC	2252478					
38	32C03	CDC	2252479					
39	32C03	CDC	2252480					
40	32C03	CDC	2252481					
41	32C03	CDC	2252482					
42	32C03	CDC	2252486					
43	32C03	CDC	2252487					
44	32C03	CDC	2252488					
45	32C03	CDC	2252489					
46	32C03	CDC	2252490					
47	32C03	CDC	2252491					
48	32C03	CDC	2252492					
49	32C03	CDC	2252493					
50	32C03	CDC	2252494					

NO. INSCRIPTION	DATE
- 55640	21 JUIL. 2014

1430879

Minutes of the Board of Directors' Meeting
of MONARQUES RESOURCES INC.
held by way of a conference call
(the "Corporation")
Held at 450, Gare-du-Palais Street, First Floor, Québec, Québec, G1K 3X2

December 4, 2013 at 10:00 a.m.

Attendance and Quorum:

Guy Bourassa
Jean-Marc Lacoste
Michel Baril
Michel Bouchard
René Lessard
Robert Ayotte

All being members of the Board of Directors of the Corporation (the "Board").

Also present were Mr. Steve Nadeau, Chief Financial Officer, Mtre Richard Provencher and Mr. Emeric Dalidec.

The quorum being present, the meeting is declared to be regularly constituted.

Mr. Michel Baril acts as Chairman of the meeting and Mr. Emeric Dalidec acts as Assistant Secretary of the meeting.

1. CALL TO ORDER (DECEMBER 4, 2013)

The Chairman called the meeting to order at 10:00 p.m.

2. APPROVAL OF THE MEETING AGENDA

The Chairman reads the meeting agenda and it is approved without any addition.

3. APPROVAL OF THE MINUTES OF THE MEETING HELD ON OCTOBER 17, 2013

Upon motion made by Mr. Michel Baril and seconded by Mr. Michel Bouchard, it is unanimously resolved:

TO ADOPT the minutes of the meeting held on October 17, 2013.

4. NOMINATION OF THE OFFICERS FOLLOWING THE ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS

Upon motion duly made by Mr. Michel Bouchard, seconded by Mr. Robert Ayotte, it is unanimously resolved:

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TO APPOINT the following persons as officers of the Corporation:

Mr. Jean-Marc Lacoste as President and Chief Executive Officer;
Mr. Michel Baril as Chairman of the Board;
Mr. Steve Nadeau as Chief Financial Officer and
Mr. Guy Bourassa as Secretary.

5. PRESIDENT'S REPORT ON THE ACTIVITIES OF THE CORPORATION SINCE LAST MEETING

A. Update on the current and up coming exploration campaign(s)

i) Simkar property:

The Corporation has started to manage the Simkar project in partnership with Eloro Resources inc. ("Eloro"). The expenses of this project were higher than the amount budgeted in the option agreement concluded with Eloro. Consequently it is necessary to notice Eloro that part of its interest in the property will be diluted and to provide Eloro with a mining transfer form to be completed by Eloro for the transfer in favour of the Corporation of its part of diluted interest in the property.

Upon motion made by Mr. Guy Bourassa seconded by Mr. Michel Bouchard, it is unanimously resolved:

TO NOTICE Eloro to transfer in favour of the Corporation, its part of interest in the property which has been diluted pursuant to the joint venture agreement concluded with Eloro.

ii) Blue Note Mining inc. ("Blue Note") and X-ORE Resources ("X-ORE"):

The Corporation concluded with Blue Note and X-ORE a subscription agreement for the subscription of 9,999 common shares of X-ORE representing 99.99% of all of the issued and outstanding common shares of X-ORE (the "Subscription"). The main asset of X-ORE is the Croinor property. This Subscription is conditional to the cancellation of all the royalties affecting the Croinor property.

The President and Chief Executive Officer informs the Board that three royalty holders on four lost their royalties since they have not challenged in due time the procedures filed by PWC requesting the cancellation of the royalties. An offer was made by the Corporation to Estate of F.D. Corcoran and David E. Agar, the last royalty's holders, to cancel their royalties in return of 145,834 common shares of the capital stock of the Corporation at a deemed price of $0.12 per common share and a payment of 0.5 % of the Net Smelter Returns if one or all the mining titles comprising the Croinor property are brought into commercial production (the "Royalty Agreement"). The Corporation is expecting a positive answer to the offer made to Estate of F.D. Corcoran and David E. Agar.

Upon motion made by Mr. Michel Bouchard seconded by Mr. Michel Baril, it is unanimously resolved:

TO APPROVE the Royalty Agreement to be entered into by the Corporation and Estate of F.D. Corcoran and David E. Agar and all the related documents deemed necessary or useful to give full effect to the present resolution;

TO AUTHORIZE the issuance of 145,834 common shares of the capital stock of the Corporation in favour of Estate of F.D. Corcoran and David E. Agar and the payment of 0.5% net

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smelter returns in consideration of the cancellation of their current royalties on the Croinor property; and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer, to sign, for and behalf of the Corporation, the Royalty Agreement which such adjustments he may deem admisable and to do all acts deemed necessary or useful to give effects to the Royalty Agreement.

iii) **Agreement with Critical Element Corporation**

Mr. Lacoste explains to the Board that Critical Element Corporation ("Critical") holds 50% of the Croinor property. The President and Chief Executive Officer wants to propose to Critical to purchase its 50% undivided interest in one mining lease and the seven mining claims comprising the Croinor property in exchange of the Amirai, Arques, Bourier, Caumont, Dumulon, Duval, Lemare, Nisk, Rosebay and Valiquette properties and the issuance of 500,000 common shares of the capital stock of the Corporation at a deemed price of $0.12 per common share in favour of Critical (the "Purchase Agreement"). The book value of the properties as of September 30, 2013 is $12,410,065.

The Board discusses about the value of these properties and Mtre Richard Provencher explains to the Board the legal steps to be executed for the closing of the transaction.

Upon motion made by Mr. Michel Bouchard seconded by Mr. Robert Ayotte, it is unanimously resolved:

TO APPROVE the Purchase Agreement to be entered into between Critical and the Corporation conditionally to the approval of TSX Venture Exchange and to the closing of the Subscription with X-ORE;

TO APPROVE the issuance of 500,000 common shares of the capital stock of the Corporation in favour of Critical upon the execution of the Purchase Agreement; and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer, to sign, for and behalf of the Corporation, the Purchase Agreement and to do all acts deemed necessary or useful to give effects to the Purchase Agreement.

iv) **Update on acquisition (s)**

Mr. Jean-Marc Lacoste informs the Board that the Corporation has sent to QMX Gold Corporation ("QMX") a letter of interest in order to acquire all of the issued and outstanding securities in the capital of QMX. Mr Jean-Marc Lacoste mentions that the delay to approve this letter of interest by QMX is now expired.

6. CLAIMS RENEWAL

The President explains that during the first quarter of 2014, some mining claims held by the Corporation need to be renewed such as shown on the map attached to this minute.

Upon motion made by Mr. Jean-Marc Lacoste and seconded by Mr. Guy Bourassa, it is unanimously resolved:

TO REQUEST that a geologist prepares a report recommending the renewal or not of the mining claims to be presented to the Board for analysis, discussion and decision.

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7. FINANCING

Mr. Jean-Marc Lacoste informs the Board that the Corporation intends to complete a brokered private placement by an agent (the "Agent") whereby up to $1,000,000 of flow-through shares or common shares or a combination of flow-through shares and common shares (the "Private Placement"), will be offered to "accredited investors" as defined in *Regulation 45-106 respecting Prospectus and Registration Exemptions* and National Instrument 45-106 *Prospectus and Registration Exemptions* (collectively, the "Regulation 45-106").

Upon motion made by Mr. Robert Ayotte and seconded by Mr. Guy Bourassa, it is unanimously resolved to approve the following resolutions:

A. Private Placement

BE IT RESOLVED:

TO APPROVE the Private Placement pursuant to which will be issued up to $1,000,000 of common shares to be issued as flow-through shares (individually a "Flow-Through Share" and collectively, the "Flow-Through Shares") or/and common shares (individually a "Common Share" and collectively, the "Common Shares") and common share purchase warrants of the Corporation (individually, a "Warrant" and collectively, the "Warrants") at a price not lower than $0.12 per Flow-Through Share or Common Share. Each Flow-Through Share will qualify as "flow-through" shares as defined in subsection 66(15) of the *Income Tax Act* (Canada) (the "Tax Act"); and

TO AUTHORIZE Mr. Jean-Marc Lacoste to determine according to the conditions of the market and negotiations with an Agent the final prices of the offered securities.

B. Agency Agreement

BE IT RESOLVED:

TO APPROVE the Agency Agreement to be entered into between the Corporation and the Agent (the "Agency Agreement") in accordance with its terms and conditions and pertaining to, among others:

i) the payment to the Agent of a cash payment equal to 10% of the gross proceeds received by the Corporation from the sale of the securities pursuant to the Private Placement;

ii) the issuance, in favor of the Agent, as part of this compensation, of warrants (the "Agent's Warrants") entitling them to purchase that number of common shares of the Corporation equal to 5% of the total number of Common Shares and Flow-Through Shares sold to the purchasers pursuant to the Private Placement, the whole as described in the Agency Agreement. Each Agent's Warrant shall entitle its holder thereof to subscribe for one common share of the Corporation, at a price of the Common Shares offered in the Private Placement, for a period of 24 months following the closing of the Private Placement; and

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TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer of the Corporation, or any other director or officer of the Corporation, to sign, for and on behalf of the Corporation, the Agency Agreement and to do all acts deemed necessary or useful to give effect to the foregoing, including any amendment to the form of the Agency Agreement he may deem necessary, the execution of such agreement and the performance of such acts by the aforesaid persons being conclusive evidence of their acceptance by the Corporation.

C. **Subscription and Renunciation Agreements**

BE IT RESOLVED:

TO APPROVE the Subscription and Renunciation Agreements to be entered into between the purchasers and the Corporation in connection with the Private Placement, in the form and terms of the draft agreed by Mr. Jean-Marc Lacoste (the "Subscription Agreements"); and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer of the Corporation, or any other director or officer of the Corporation, to sign, for and on behalf of the Corporation, the Subscription Agreements and to do all acts deemed necessary or useful to give effect to the foregoing, including any amendment to the form of the Subscription Agreements he may deem necessary, the execution of such agreements and the performance of such acts by the aforesaid persons being conclusive evidence of their acceptance by the Corporation.

D. **Issuance of the Flow-Through Shares and Common Shares**

BE IT RESOLVED:

TO AUTHORIZE the Corporation, upon receipt by the Agent of the subscription price of the Flow-Through Shares and/or Common Shares issued under the terms of the Private Placement, as the case may be, to allot and issue, as fully paid and non-assessable to purchasers up to 10,000,000 Flow-Through Shares and/or Common Shares in the capital of the Corporation pursuant to the exemption of section 2.3 of Regulation 45-106; and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer of the Corporation, or any other director or officer of the Corporation, to sign, for and on behalf of the Corporation, and to do all acts deemed necessary or useful to give effect to the foregoing, the signature of such documents and the performance of such acts by the aforesaid persons being conclusive evidence of their acceptance by the Corporation.

E. **Form of the Warrant and Agent's Warrants**

BE IT RESOLVED:

TO APPROVE the specimen form of the Warrant certificate of the Corporation and the Agent's Warrant certificate, which certificates are submitted to the Board for approval and is attached hereto;

TO AUTHORIZE the legal counsel of the Corporation to prepare, for and on behalf of the Corporation, the Certificates as directed by the purchasers and the Agent; and

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TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer of the Corporation, or any other director or officer of the Corporation, to sign, for and on behalf of the Corporation, the Warrant certificates issued as directed by the purchasers and the Agent's Warrant Certificate, and to do all acts deemed necessary or useful to give effect to the foregoing, including any amendment to the Warrant Certificates or the Agent's Warrant Certificate, the signature of such document and the performance of such acts by the aforesaid person being conclusive evidence of their acceptance by the Corporation.

F. Issuance of the Warrants

BE IT RESOLVED:

TO AUTHORIZE the Corporation, upon receipt by the Agent of the subscription price under the terms of the Private Placement, to issue as fully paid to purchasers up to 10,000,000 Warrants pursuant to the exemption of section 2.3 of Regulation 45-106; and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer of the Corporation, or any other director or officer of the Corporation, to sign, for and on behalf of the Corporation, and to do all acts deemed necessary or useful to give effect to the foregoing, the signature of such documents and the performance of such acts by the aforesaid persons being conclusive evidence of their acceptance by the Corporation.

G. Issuance of the Agent's Warrants

BE IT RESOLVED:

TO AUTHORIZE the Corporation to issue, in favor of the Agent, up to 500,000 Agent's Warrants to purchase up to 500,000 common shares, for a period of 24 months following the closing of the Private Placement, the whole in accordance with the terms and conditions of the certificate representing the Agent's Warrants and pursuant to the exemption of section 2.3 of Regulation 45-106;

TO AUTHORIZE the legal counsel of the Corporation to prepare, for and on behalf of the Corporation, the Agent's Warrants Certificate as directed by the Agent; and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President and Chief Executive Officer of the Corporation, or any other director or officer of the Corporation, to sign, for and on behalf of the Corporation, the Agent's Warrants Certificate issued as directed by the Agent, and to do all acts deemed necessary or useful to give effect to the foregoing, including any amendment to the Agent's Warrants Certificate, the signature of such document and the performance of such acts by the aforesaid person being conclusive evidence of their acceptance by the Corporation.

H. Reservation of Warrant Shares upon the exercise of the Warrants comprised in the Flow-Through Units

BE IT RESOLVED:

TO RESERVE AND AUTHORIZE for issuance, in favor of the purchasers, upon the exercise of the Warrants, up to 10,000,000 Warrant Shares; and

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TO AUTHORIZE any director or officer of the Corporation to sign, for and on behalf of the Corporation, any document and to do all acts deemed necessary or useful to give effect to the foregoing, the signature of such documents and the performance of such acts by the aforesaid persons being conclusive evidence of their acceptance by the Corporation.

I. **Reservation of Common Shares upon the exercise of the Agent's Warrants**

BE IT RESOLVED:

TO RESERVE AND AUTHORIZE for issuance, in favor of the Agent, upon the exercise of the Agent's Warrants, up to 500,000 common shares;

TO AUTHORIZE Computershare to issue, deliver, countersign and register, as directed by the Agent, the certificates evidencing the common shares to be issued upon the exercise of the Agent's Warrants; and

TO AUTHORIZE any director or officer of the Corporation to sign, for and on behalf of the Corporation, any document and to do all acts deemed necessary or useful to give effect to the foregoing, the signature of such documents and the performance of such acts by the aforesaid persons being conclusive evidence of their acceptance by the Corporation.

J. **Filing of Documents with the Securities Regulatory Authorities and the TSX Venture Exchange**

BE IT RESOLVED:

TO RATIFY, CONFIRM AND APPROVE the filing of all documents requested by the TSX Venture Exchange (the "Venture") and the applicable securities regulatory authorities, including the *Autorité des marchés financiers* (Québec), in order to obtain the required approvals in connection with the Private Placement; and

TO AUTHORIZE Mr. Jean-Marc Lacoste, President, Chief Executive Officer and Secretary of the Corporation, or any director or officer of the Corporation to sign, for and on behalf of the Corporation, any document deemed necessary or useful to obtain the required approvals of the applicable securities regulatory authorities and the Venture in connection with the Private Placement.

8. **OTHERS**

N/A

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9. END OF MEETING

The meeting was closed at 11:15 a.m.

Michel Baril
Chairman of the Board

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APPENDIX XII – CROINOR MINERAL RESOURCE ESTIMATE DETAILED BY ZONE

Table II.1 – Measured and Indicated Resources by zone at a cut-off grade of 4.0 g/t Au

Measured			
Zone	Tonnes	Au g/t	Oz Au
Zone 1	8 193	5.57	1 468
Zone 2	31 413	10.16	10 258
Zone 3	0	0.00	0
Zone 4	7 469	6.52	1 565
Zone 5	504	4.74	77
Zone 6	10 554	7.55	2 560
Zone 7	0	0.00	0
Zone 8	0	0.00	0
Zone 9	1 066	8.30	285
Zone 10	735	6.16	146
Zone 11	0	0.00	0
Zone 12	0	0.00	0
Zone 13	210	5.00	34
Zone 14	0	0.00	0
Zone 15	0	0.00	0
Zone 16	20 375	8.19	5 367
Zone 17	0	0.00	0
Zone 18	0	0.00	0
Zone 19	0	0.00	0
Zone 20	0	0.00	0
Zone 21	0	0.00	0
Zone 22	0	0.00	0
Zone 23	0	0.00	0
Zone 24	0	0.00	0
Zone 25	0	0.00	0
Zone 26	0	0.00	0
Zone 27	0	0.00	0
Zone 28	0	0.00	0
Zone 29	0	0.00	0
Zone 30	0	0.00	0
Zone 31	0	0.00	0
Zone 32	0	0.00	0
Zone 33	0	0.00	0
Zone 34	0	0.00	0
Zone 35	0	0.00	0
Zone 36	0	0.00	0
Zone 37	0	0.00	0
Zone 38	0	0.00	0
Zone 39	0	0.00	0
Zone 40	0	0.00	0
Zone 41	0	0.00	0
Zone 42	0	0.00	0
Zone 44	0	0.00	0
Zone 45	0	0.00	0
Zone 48	0	0.00	0
Zone 50	0	0.00	0
Zone 55	0	0.00	0
Zone 70	0	0.00	0
Zone 75	0	0.00	0
Zone 80	0	0.00	0
Zone 85	0	0.00	0
Zone 90	0	0.00	0
Zone 95	0	0.00	0
Zone 100	0	0.00	0
TOTAL	**80 517**	**8.41**	**21 759**

**** Not rounded***

Indicated			
Zone	Tonnes	Au g/t	Oz Au
Zone 1	14 208	7.45	3 402
Zone 2	58 953	10.30	19 519
Zone 3	1 586	6.82	348
Zone 4	39 264	7.71	9 738
Zone 5	84 729	9.30	25 344
Zone 6	68 528	9.57	21 093
Zone 7	901	5.94	172
Zone 8	8 304	6.47	1 727
Zone 9	13 087	7.15	3 009
Zone 10	17 341	10.12	5 641
Zone 11	2 229	4.30	308
Zone 12	0	0.00	0
Zone 13	50 704	9.26	15 094
Zone 14	67 750	11.05	24 067
Zone 15	30 590	6.53	6 424
Zone 16	23 884	9.07	6 967
Zone 17	106	4.74	16
Zone 18	33 167	10.11	10 779
Zone 19	0	0.00	0
Zone 20	21 561	12.06	8 358
Zone 21	0	0.00	0
Zone 22	95	5.72	17
Zone 23	132	4.61	20
Zone 24	12 847	7.79	3 216
Zone 25	705	5.44	123
Zone 26	1 342	9.21	397
Zone 27	0	0.00	0
Zone 28	24 815	6.80	5 425
Zone 29	290	4.26	40
Zone 30	11 131	6.35	2 271
Zone 31	1 751	11.94	672
Zone 32	0	0.00	0
Zone 33	2 716	9.59	837
Zone 34	0	0.00	0
Zone 35	1 625	16.30	852
Zone 36	0	0.00	0
Zone 37	53	4.46	8
Zone 38	0	0.00	0
Zone 39	0	0.00	0
Zone 40	0	0.00	0
Zone 41	0	0.00	0
Zone 42	0	0.00	0
Zone 44	0	0.00	0
Zone 45	133	4.45	19
Zone 48	2 209	5.45	387
Zone 50	0	0.00	0
Zone 55	0	0.00	0
Zone 70	0	0.00	0
Zone 75	0	0.00	0
Zone 80	0	0.00	0
Zone 85	0	0.00	0
Zone 90	0	0.00	0
Zone 95	2 831	6.31	574
Zone 100	0	0.00	0
TOTAL	**599 565**	9.18	**176 866**

**** Not rounded***

Table II.2 – Inferred Resources by zone at a cut-off grade of 4.0 g/t Au

Inferred			
Zone	Tonnes	Au g/t	Oz Au
Zone 1	0	0.00	0
Zone 2	0	0.00	0
Zone 3	0	0.00	0
Zone 4	109	4.44	16
Zone 5	15 235	6.80	3 331
Zone 6	7 287	7.12	1 668
Zone 7	0	0.00	0
Zone 8	1 282	6.23	257
Zone 9	3 657	5.36	630
Zone 10	0	0.00	0
Zone 11	12 455	4.39	1 759
Zone 12	0	0.00	0
Zone 13	3 209	8.00	825
Zone 14	8 223	8.33	2 203
Zone 15	27 312	5.00	4 390
Zone 16	0	0.00	0
Zone 17	0	0.00	0
Zone 18	0	0.00	0
Zone 19	0	0.00	0
Zone 20	360	5.63	65
Zone 21	0	0.00	0
Zone 22	0	0.00	0
Zone 23	0	0.00	0
Zone 24	0	0.00	0
Zone 25	58	5.64	11
Zone 26	0	0.00	0
Zone 27	0	0.00	0
Zone 28	550	5.40	96
Zone 29	0	0.00	0
Zone 30	1	4.75	0
Zone 31	0	0.00	0
Zone 32	1 661	11.23	600
Zone 33	0	0.00	0
Zone 34	3 200	6.57	676
Zone 35	0	0.00	0
Zone 36	0	0.00	0
Zone 37	0	0.00	0
Zone 38	1 273	5.14	210
Zone 39	0	0.00	0
Zone 40	0	0.00	0
Zone 41	10 793	11.60	4 025
Zone 42	0	0.00	0
Zone 44	2 351	7.00	529
Zone 45	0	0.00	0
Zone 48	184	5.39	32
Zone 50	15 537	8.85	4 422
Zone 55	5 604	10.73	1 934
Zone 70	5 639	22.20	4 026
Zone 75	21 366	15.06	10 345
Zone 80	3 993	5.83	748
Zone 85	2 455	4.91	388
Zone 90	5 903	4.26	809
Zone 95	380	5.70	70
Zone 100	62	4.54	9
TOTAL	**160 140**	8.56	**44 071**

**** Not rounded***