Rafaella Resources Limited
ABN: 49 623 130 987

ASX: RFR

Projects
CANADA
- **Horden Lake**
  Ni-Cu-PGM development
- **Belleterre-Angliers**
  Ni-Cu-PGM exploration

SPAIN
- **Santa Comba**
  W-Sn development
- **San Finx**
  W-Sn development

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ASX ANNOUNCEMENT

17 October 2022

ADDITIONAL HISTORICAL DRILL HOLES FROM HORDEN LAKE CONFIRM MULTI-ELEMENT AND EXPANSION POTENTIAL

Rafaella Resources Limited (ASX:RFR) ('Rafaella' or the 'Company') is pleased to provide the details of an additional 8 historical drill holes on the Horden Lake Cu-Ni-PGE deposit ('**Horden Lake**' or the '**Project**'), for which acquisition terms have been agreed as announced to the market on 13 September 2022[1]. These additional holes relate to the El Condor drilling programme conducted in 2012 and had not been validated by the Company's CP at the time of the acquisition announcement.

Highlights

- ✓ Additional 8 drill holes being reported part of a 12-hole, 2037m campaign conducted in 2012 with a focus on co-products apart from Cu and Ni. In-fill and step-out holes at the NE edge of the 2009 Mineral Resource Estimate ('MRE') yielded exceptional grades across a range of battery and precious metals, demonstrating the potential for by-product credits within the MRE, as well as strike extension.
- ✓ Assay highlights include:
  - ***HN-12-82: 7.7m averaging 2.75 % Cu, 0.45 % Ni, and 0.05 % Co, with 40.1 g/t Ag, 0.47 g/t Pd, 0.41 g/t Pt, and 1.30 g/t Au***
  - ***HN-12-84: 15.8m averaging 1.72 % Cu, 0.35 % Ni, and 0.03 % Co, with 25.9 g/t Ag, 0.33 g/t Pd, 0.05 g/t Pt, and 0.32 g/t Au***
  - ***HN-12-88: 26.9m averaging 2.19 % Cu, 0.58 % Ni and 0.05 % Co, with 30.5 g/t Ag, 0.56 g/t Pd, 0.16 g/t Pt and 0.27 g/t Au***
  - ***HN-12-91: 12.3m averaging 1.10 % Cu, 0.25 % Ni, and 0.01 % Co, with 16.4 g/t Ag, 0.19 g/t Pd, 0.14 g/t Pt, and 0.15 g/t Au***
- ✓ These 12 holes are not currently incorporated in the previously announced NI 43-101[2] (2009) MRE* of **16.55Mt comprising 8.76Mt of Indicated @ 0.88% Cu, 0.21% Ni, and 7.79Mt of Inferred at 0.87% Cu, 0.25% Ni.**
- ✓ Caracle Creek International Consulting Inc. ('**Caracle Creek**'), who prepared the 2009 mineral resource estimate and conducted the 2008 and 2012 drilling campaigns, has been retained to produce an updated JORC compliant mineral resource estimate and prepare the go-forward drilling programme planned for this coming winter.
- ✓ The Horden Lake acquisition is seen as transformational to the Company given its large defined MRE, shallow mineralisation, access to infrastructure and renewable power, extensive suite of metals, and potential for expansion of the existing MRE along the current 1300+ metre northeast-southwest trend.

Cautionary Statement

The estimates of Mineral Resources are not reported in accordance with the JORC Code 2012; a Competent Person has not done sufficient work to classify the estimates of Mineral Resources or Ore Reserves in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owner's estimates, but the acquirer has not independently validated the former owners' estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates. Please refer to Appendix A.

Managing Director, Steven Turner said: *"These additional holes, within the currently defined mineral resource and along strike, show consistently high grades across several highly attractive metals, suggesting valuable by-product credits and expansion potential. The involvement of Caracle Creek is important as they are well acquainted with the deposit having worked on the Project since 2002, producing the previous mineral resource estimate and also having managed two previous drilling campaigns. Caracle Creek has already commenced planning the forward programme to ensure that we can immediately commence drilling in the optimal exploration season in January. The overall metrics of this deal and the upside for shareholders continue to improve on an already exceptional acquisition."*.

Background

The Company, through its 100% owned subsidiary 9426-9198 Québec Inc., has agreed the acquisition of the transformational Horden Lake polymetallic deposit. Horden Lake is an advanced project located approximately 140 km north of the mining town of Matagami, and 300 km north of the Company's wholly owned Belleterre-Angliers Cu-Ni-PGM project, also in Quebec.

A binding agreement dated 2 September 2022 for the acquisition of the Horden Lake executed with Gestion Ora-Mirage Ltée ('**Seller**') on the following terms:

- Consideration of C$4 million, with an initial payment (already settled) of C$400,000 non-refundable deposit (other than for material breach by the Vendor), followed by the balance within 90 days from signing.
- Vendor to retain a 1% net smelter return.
- Acquisition is by the wholly owned subsidiary, RFR Quebec, of 18 claims covering the Horden Lake deposit. RFR Quebec is the holder of the Belleterre-Angliers exploration project and hence offers an efficient structure for the future deployment of capital to fund the Quebec battery metals portfolio.

The Project is located in northwest Quebec, benefiting from close access to the Route Billy-Diamond Highway, a major road linking Matagami and the Le Grande Hydroelectric Power Dam to the north, along with associated hydroelectric power lines, passing within 18 km of the Project.

[1] See ASX announcement dated 13 September 2022 "Terms Agreed Over the Horden Lake Copper-Nickel PGM Deposit in Quebec, Canada"

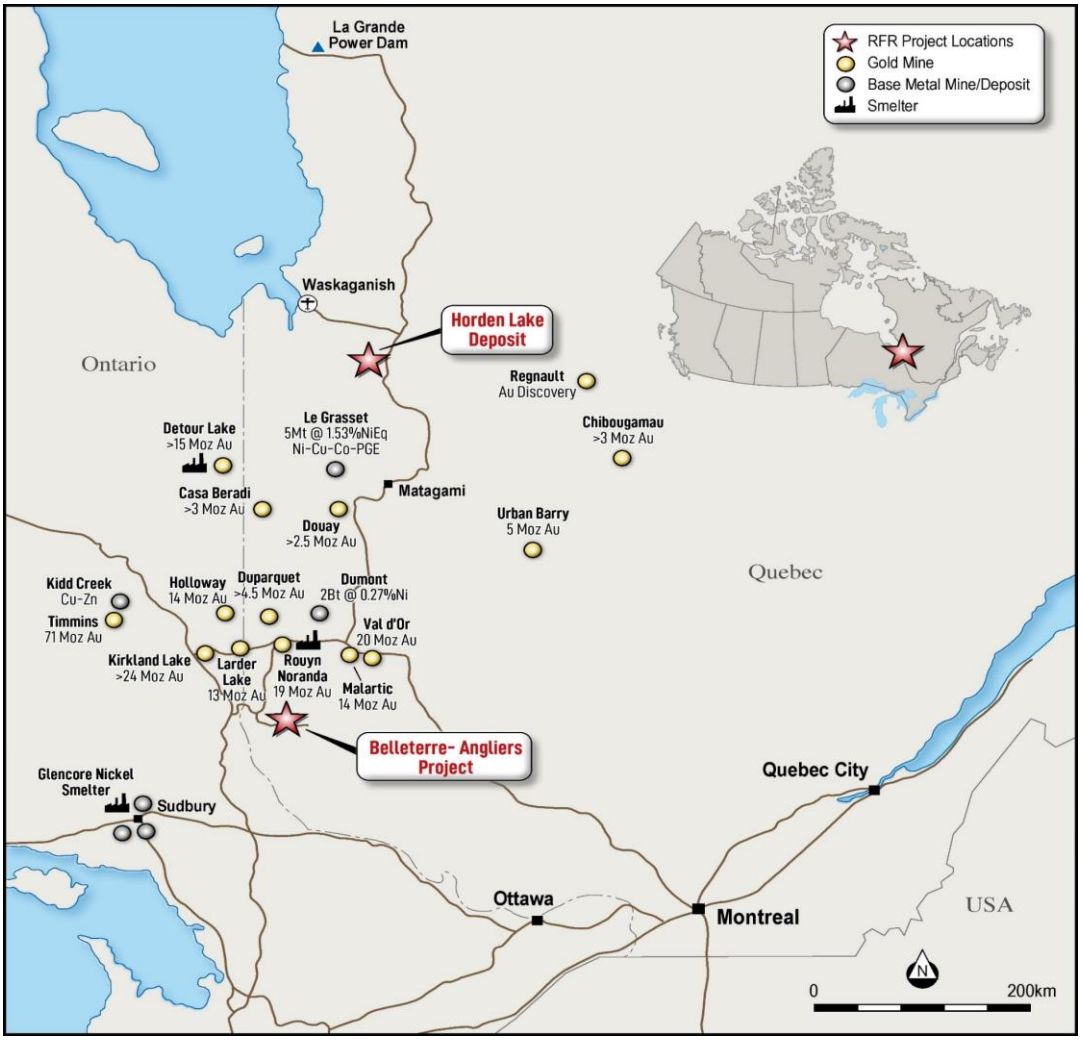

Figure 1. Location Map of Rafaella's Canadian Battery Metals Portfolio

2012 Drillholes – Evidence of Polymetallic Nature and Potential for Expansion

In 2012, El Condor Minerals Inc. ("**El Condor**") drilled 12 holes totalling 2,037m at Horden Lake (Figure 2). These holes were not included as part of the 2009 NI 43-101 mineral resource estimate prepared by Caracle Creek, as reported by Rafaella in the acquisition announcement ('**Horden Lake Technical Report**').

Note that the mineral resources disclosed in the National Instrument 43-101 Horden Lake Technical Report conformed to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards on Mineral Resources and Reserves as adopted by the CIM Council on December 11, 2005, and hence are not JORC compliant (see Appendix A).

The 12 El Condor holes were laid out as confirmation/infill and step-out drilling and samples were analysed by multi-element ICP for 36 elements plus Pt, Pd and Au by fire assay. The significant cobalt (Co) in the El Condor analyses, as well as precious metals (Au, Ag, Pt, Pd) demonstrates the potential for adding value to the original 2009 Caracle Creek resource estimation. The samples were not assayed for rhodium, but the Company intends to do so in future.

Table 1 show collar details of El Condor (2012) drill holes and drill intersection highlights are presented in Table 2.

The cross-section of Figure 3 includes 4 holes (HN-12-82, HN-12-84, HN-12-85 and HN-12-91) drilled by El Condor (2012) in the northeast edge of the MRE (2009), illustrating the potential for additional resources.

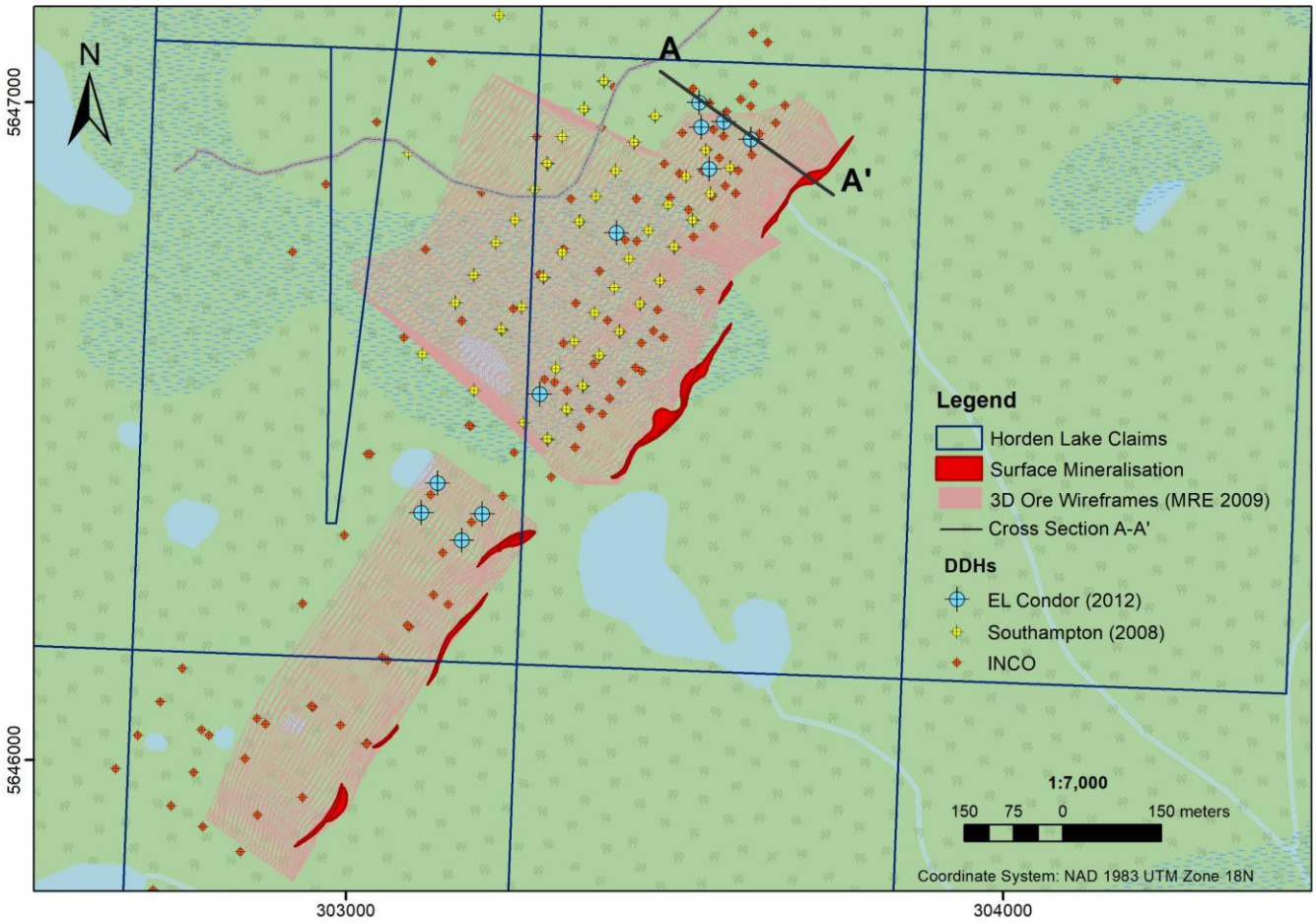

Figure 2. Drill hole collar location by company. El Condor 2012 drill holes are in light blue, in the NE edge of the 3D model (pink polylines) used for the MRE (2009)

Table 1. Collar details for El Condor 2012 Drilling at Horden Lake, QC (NAD 83 Zone 18N)

HOLE NO	EASTING	NORTHING	AZIMUTH	DIP	END OF HOLE (M.)
HN-12-80	303412	5646805	123.5	-69.1	246
HN-12-81	303551	5646898	124	-70.0	163
HN-12-82	303615	5646944	124	-44.2	95
HN-12-83	303294	5646556	124	-70.0	210
HN-12-84	303615	5646944	124	-70.2	116
HN-12-85	303575	5646970	124	-70.0	231
HN-12-86	303205	5646372	124	-45.0	80
HN-12-87	303140	5646418	124	-60.0	180
HN-12-88	303541	5646960	124	-69.5	207
HN-12-89	303176	5646334	124	-45.0	70
HN-12-90	303114	5646377	124	-70.0	174
HN-12-91	303537	5646998	124	-70.8	264

Table 2. Summary of Drill Intersection Highlights
2012 El Condor Drilling at Horden Lake, QC - 0.25% Cu cut-off

Hole	From (m)	Length (m)	Cu (%)	Ni (%)	Co (%)	Pd (g/t)	Pt (g/t)	Au (g/t)	Ag (g/t)
HN-12-80	198.1	2.9	0.28	0.13	0.012	0.17	0.09	0.19	7.4
HN-12-80*	210.4	5.6	0.71	0.26	0.022	0.18	0.06	0.10	9.1
HN-12-81	85.3	2.1	0.43	0.02	0.005	0.21	0.08	0.51	32.0
HN-12-81	114.3	3.0	0.49	0.14	0.022	0.11	0.02	0.03	5.0
HN-12-81	136.9	4.5	0.99	0.21	0.020	0.59	0.01	0.07	8.6
HN-12-82	69.8	7.7	2.75	0.45	0.052	0.47	0.41	1.30	40.1
HN-12-83	141.9	17.4	0.79	0.35	0.050	0.25	0.09	0.29	9.3
HN-12-84	87.4	15.8	1.72	0.35	0.029	0.33	0.05	0.32	25.9
HN-12-85	37.0	8.0	0.26	0.13	0.007	0.27	0.07	0.10	2.3
HN-12-85	145.0	2.1	1.29	0.41	0.017	0.23	0.07	0.10	20.6
HN-12-86	49.3	12.8	0.85	0.25	0.044	0.11	0.02	0.06	7.7
HN-12-87	135.4	15.7	0.87	0.21	0.016	0.11	0.03	0.08	9.7
HN-12-88	169.2	26.9	2.19	0.58	0.051	0.56	0.16	0.27	30.5
HN-12-89	40.4	18.1	0.87	0.31	0.025	0.15	0.04	0.08	8.8
HN-12-90	154.7	10.3	0.82	0.24	0.019	0.19	0.08	0.11	9.4
HN-12-91	111.0	3.3	0.38	0.16	0.009	0.35	0.11	0.64	9.8
HN-12-91	188.1	12.3	1.10	0.25	0.014	0.19	0.14	0.15	16.4

*Note: Drill intersections are not necessarily true thickness. No top-cuts applied. *Amendment from ASX announcement dated 13 September 2022 "Terms Agreed Over the Horden Lake Copper-Nickel PGM Deposit in Quebec, Canada" – in subsequent review of the available data, a single assay interval (211.00 m to 211.70 m) in HN-12-80 cannot be confirmed and consequently, any grade attributed to this width by El Condor (2012-05-15 El Condor Minerals Inc. news release (3)) has been negated.*

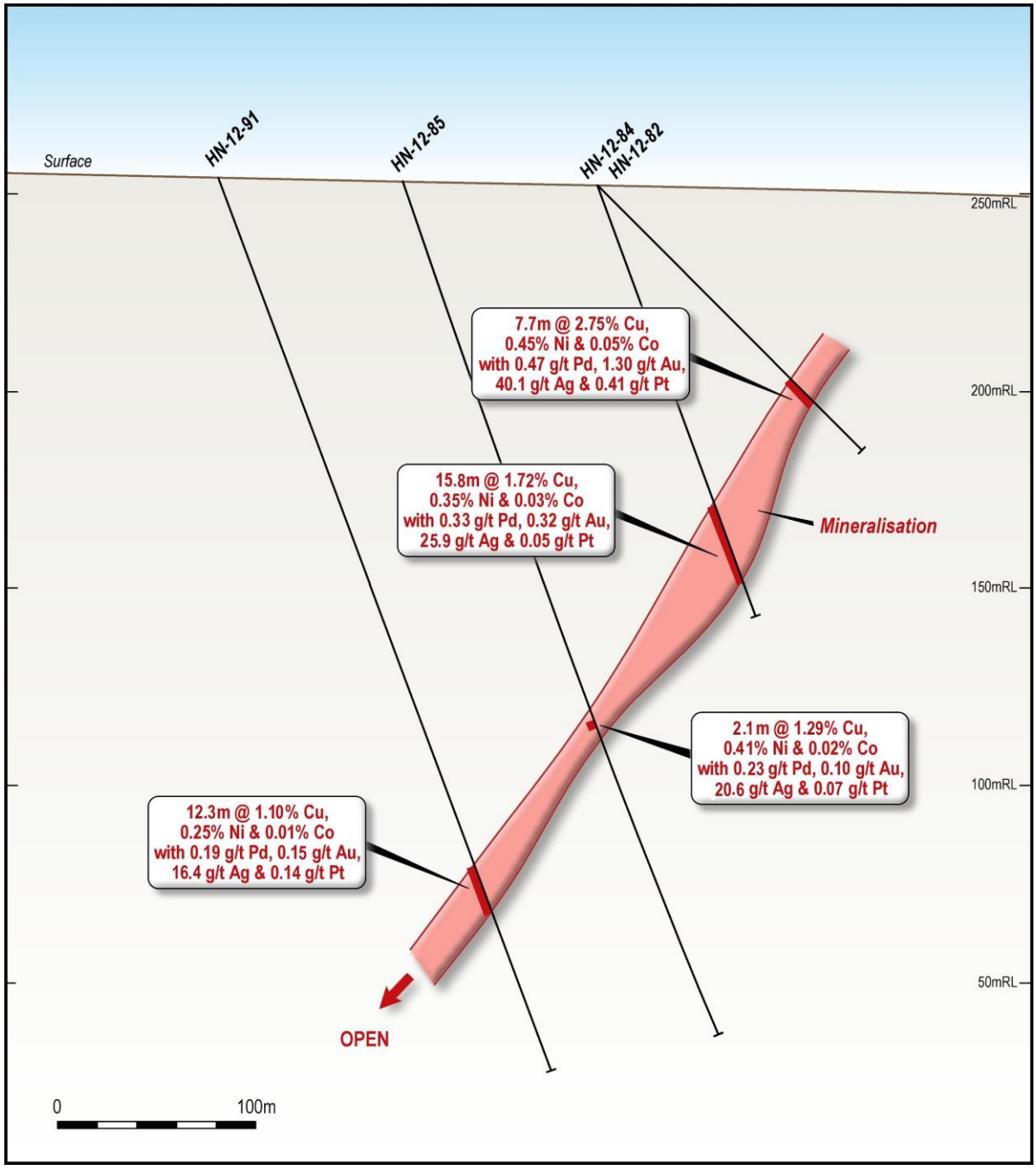

Figure 3. Cross section (A-A') showing El Condor DDHs (2012): HN-12-82, HN-12-84, HN-12-85 and HN12-91.

Caracle Creek International Consulting ('Caracle Creek') and Forward Programme

Caracle Creek is an international mineral exploration consulting company with operations centred in Canada, Chile and South Africa. Caracle Creek has experience of taking a project from early-stage to advanced exploration and into preliminary economic assessment (PEA) and has competence to sign off resources under both the Canadian National Instrument and JORC standards.

Rafaella has engaged Caracle Creek to update the 2009 NI 43-101 mineral resource estimate that they completed and to convert the estimate to JORC standards, Key changes from the NI 43-101 report are:

- Utilising updated software (Seequent Leapfrog Geo™),
- Including the 12 additional El Condor drill holes, and
- Using updated commodity prices.

A full reinterpretation of the deposit is currently being carried out based on the multi-element geological interpretation and not constrained to a particular Cu cut-off.

Furthermore, Caracle Creek has been mandated to prepare the forward programme designed to commence a pre-feasibility study on the Project. This programme is to include:

- a drill programme to:
  - convert resources classified as Inferred to Measured and Indicated through in-fill drilling, and
  - extend the resource through step-out drilling to the northeast,
- secure drilling permits,
- arrange for metallurgical test-work, and
- commence baseline environmental studies.

The Company is planning to line up all components of the drill programme in advance on the deal closing, such that full advantage may be taken of the upcoming drill season that commences in January 2023.

This announcement has been authorised by the Board of Directors of the Company.

Ends

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About Rafaella Resources

Rafaella Resources Limited (ASX:RFR) is an explorer and developer of world-class mineral deposits. Rafaella holds a battery metals exploration portfolio in Canada located within the prolific Belleterre-Angliers Greenstone Belt comprised of the Midrim, Laforce, Alotta and Lorraine high-grade nickel copper PGM sulphide projects in Quebec (together the '**Belleterre-Angliers Project**'). These projects are now complemented by the flagship Horden Lake property, subject to a binding acquisition agreement, which contains a significant copper-nickel-PGM-gold-silver metal resource. The combination of these projects offers significant upside for the Company shareholders in a supportive mining jurisdiction as modern economies look to transition to renewables.

Rafaella also owns the Santa Comba and San Finx tungsten and tin development projects in Spain. The recently acquired San Finx project lies 50km south from the Company's Santa Comba tungsten and tin mine in Galicia, NW Spain, all within the same geological belt, strengthening the Company's strategic position in the Iberian Peninsula and its long-term goal of being a significant supplier of the critically listed metals of tungsten and tin.

To learn more please visit: www.rafaellaresources.com.au

Competent Person Statement

Technical information in this press release that relates to Exploration Results has been extracted from various reports presented and has been reviewed by Matthew Carter, P. Geo. of Dahrouge Geological Consulting Ltd., who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr. Carter has not independently verified this information for quality control or quality assurance nor been to the Horden Lake site. Mr. Carter is a member of the Association of Professional Engineers and Geoscientists of Alberta, and Professional Geoscientists Ontario. Mr. Carter consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Mineral Resources

Information in this announcement that relates to the mineral resource estimate for the Horden Lake Deposit has been reported by Southampton Ventures Inc., under National Instrument 43-101 Technical Report conformed to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) standards on Mineral Resources and Reserves as adopted by the CIM Council on December 11, 2005. The Company has no reason to doubt the reliability of these estimates. Mr. Matthew Carter, a Competent Person who is a member of the Association of Professional Engineers and Geoscientists of Alberta, and Professional Geoscientists Ontario, and therefore considered a Competent Person for the purposes of JORC reporting standards, considers that the information in this announcement is an accurate representation of the available data and studies for the mining project. Nothing has come to the Company's attention that causes the Company to question the accuracy or reliability of these estimates. The Company considers that the information in this announcement is an accurate representation of the available data and studies for the mining project. However, the Company has not independently validated these estimates and therefore this announcement is not to be regarded as reporting, adopting, or endorsing those estimates. The information is being provided for the purpose of practical, fulsome disclosure

Forward Looking Statements Disclaimer

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions, and estimates should change or to reflect other future developments.

List of References:

1. Kelso, Iain, et al. (2009). Caracle Creek Consulting Inc., Independent Technical Report, Horden Lake Property, Quebec Canada for Southampton Ventures Inc.
2. Rafaella Resources Limited (2022). "Terms Agreed Over the Horden Lake Copper-Nickel-PGM Deposit in Quebec, Canada" Rafaella Resources Ltd. news release dated September 13, 2022.
3. Baker, Donald (2012). "El Condor in-fill drilling intersects 26.9 metres 2.19% Cu and 0.58% Ni" El Condor Minerals Inc. news release dated May 15, 2012.
4. El Condor 2012 Drilling, Horden Lake: Unpublished data – managing consultant Caracle Creek International Consulting Inc.

Appendix A
Historical Exploration Results

In compliance with Question 37 of the ASX "Mining Reporting Rules for Mining Entities: Frequently Asked Questions" the following table is provided in relation to the Horden Lake Deposit. The points below address the discussion of historical exploration results.

Question	Answer
The acquirer's view on the reliability of the estimates, including by reference to any of the criteria in Table 1 of the JORC Code 2012 which are relevant to understanding the reliability of estimates.	It is the CP's opinion that the data is reliable given that the noted mineralised intersections are appropriately logged and explain the stated mineralisation.
To the extent known, a summary of the work programs on which the estimates were based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the estimates	Please refer to the JORC Table 1 Section 2 "Exploration done by other parties." Details of each singular programme are not known as the CP is in possession of collated data, however, the collated data appears to be valid and will require confirmation through compliant and methodical exploration practices via field work within the next 12 months.
The evaluation and/or exploration work that needs to be completed to report the estimates as Mineral Resources in accordance with the JORC Code 2012	On completion of the acquisition, the Company intends to commence exploration activities on the Horden Lake Project as soon as possible. There is a substantial amount of historical data that needs field verification, especially the metallurgical test-work on file. The Company intends, as an immediate priority, to reissue the resource report in accordance with JORC 2012 guidelines via a comprehensive desktop review of all the original datasets, which are available. The Company also expects to verify historical exploration work within the next 12 months via confirmation and extensional drilling. The Competent Person has reviewed the data and the Company is developing plans to expeditiously start exploration to verify and expand these known nickel, copper, precious metal, and cobalt occurrences.
The proposed timing of any evaluation and/or exploration work that the acquirer intends to undertake and a comment on how the acquirer intends to fund that work	The Company intends to conduct exploration work over the next 12 months. The drilling season is year-round, and it is the Company's intention to conduct a targeted drill campaign at its earliest opportunity. The Company will be seeking funding to conduct this programme through several different options, including strategic funding partners and/or a capital raise.
A statement by a named Competent Person(s) that the information in the market announcement provided is an accurate representation of the available data and studies for the material mining project	The CP, as signed in this announcement, believes that the information contained within this announcement and in possession of the Company is an accurate representation of the available data and studies for the Project detailed in this announcement.
A cautionary statement proximate to, and with equal prominence as, the reported estimates stating that: • the estimates of Mineral Resources or Ore Reserves are not reported in accordance with the JORC Code 2012; • a Competent Person has not done sufficient work to classify the estimates of Mineral Resources or Ore Reserves in accordance with the JORC Code 2012	Please refer to the cautionary statements inserted within the announcement.

• it is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012; • that nothing has come to the attention of the acquirer that causes it to question the accuracy or reliability of the former owner's estimates; but • the acquirer has not independently validated the former owner's estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates.	

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g., 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information.*	2008 Southampton Drilling [1]: • NQ diamond drill core was mechanically split in half: half for sample and half for reference. • Typical sample intervals were from 0.5 to 2.0 m, based upon lithology and mineralization, but smaller intervals taken where appropriate. • Core samples collected from mineralized intervals and from 10 to 15 m of the hanging and footwall of the mineralized section. • In total, 6551 samples were collected. • Descriptive information, including drill hole number, sample interval and character of mineralization, recorded using DHLogger software. • Due to limited early-stage understanding of mineralized zone geometry, samples were not necessarily 'true' thickness 2012 El Condor Drilling [4]: • HQ diamond core (half core) • Typical sample intervals were from 0.5 to 1.5 m, based upon lithology and mineralization, but smaller intervals taken where appropriate. • Descriptive information, including drill hole number, survey information, downhole survey, magnetic susceptibility, RQD, specific gravity, sample interval and character of mineralization, alteration recorded in Excel spreadsheets 1964-1968 INCO Drilling [5,6]: • Some holes noted as BQ size core. • Details of sampling techniques not available and not reviewed by Competent Person
Drilling techniques	• *Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• NW (76.2 mm dia.) casing set through overburden. Bedrock diamond drilling was standard tube NQ core (47.6 mm dia.) [1]. • HW (101.6 mm) casing set though overburden. Bedrock diamond drilling standard tube HQ core (63.5 mm dia.) [4]. • Some holes noted as BQ (36.5 mm) [6]. • Details of drilling techniques not available and not reviewed by Competent Person
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and*	• Average core recovery ranged from 90 to 95% [1]. • No description of core recovery estimation method is provided in historical Technical Report [1]. • Average core recovery in 2012 drilling ranged from 93.4% to 98.3% [4]

Criteria	JORC Code explanation	Commentary
	whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• No description of RQD estimation method accompanied logs. • Overall recovery appears good enough to avoid sample bias. • Details of core recovery for INCO drilling were not available or reviewed by the Competent Person
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• The Competent Person has reviewed historical drill logs [4] but has not verified this information independently for quality control and quality assurance nor been to site. He therefore cannot comment on whether core has been geologically and geotechnically logged to a level of detail to support future Mineral Resource estimation, mining studies and metallurgical studies. Core logs were made for the full length of the core and are qualitative in nature. Both wet and dry core photographs exist.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• It is reported [1,4] that core was split or sawn and sampled as half-core in marked intervals with remaining core kept for reference and stored. The Competent Person has not independently verified this information for quality control and quality assurance nor been to the sites and therefore reporting as stated. • Samples for both programs were prepared and analysed by standard mineral geochemistry methods at a primary certified lab (Activation Laboratories (Actlabs), Ancaster ON) [1] • Quality control procedures for 2008 drilling were reviewed, and included field, reject and pulp duplicates [1]. Some inefficiencies in core processing procedures were noted. • Quality control procedures for 2012 drilling were reviewed, and included field duplicates, and insertion of quartz blanks and blind standards [4].
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Both the 2008 and 2012 drill programs included a QA/QC program. • No details of QA/QC procedures for INCO drilling were available or reviewed by the Competent person. • 2008 drill program sampling included one blank and two of three (high, medium and low) Cu-Ni-PGE standards, as well as laboratory pulp and reject duplicates. Samples were analysed for gold (Au), palladium (Pd), and platinum (Pt) through fire assay, and all other elements (31 including Cu and Ni) were analysed using aqua regia digestion with an ICP-OES finish. Five percent of the sample database (141 coarse reject samples) and 17 QC samples were sent to Accurassay Laboratories for analysis as a quality control check. • Extensive QA/QC checks, including reanalysis of failed (outside 2sδ) samples concluded that Cu and Ni outliers were acceptable for resource estimation and that 'the re-assay by Accurassay of 5% of the samples used in the resource model calculation confirms that the original assays by Actlabs are of good quality' [1]

Criteria	JORC Code explanation	Commentary
		• The Competent person has not independently verified this information for quality control and quality assurance to comment on the nature, quality and appropriateness of the assaying and laboratory procedures used, nor has he been to site. • 2012 drill program sampling included one field duplicate, one quartz blank and one of three CRMs every 25 samples, as well as laboratory reject and pulp duplicates. • Samples were analysed for gold (Au), palladium (Pd), and platinum (Pt) through fire assay, and other elements (36) by four-acid digestion and ICP-MS analysis. Overlimit for Cu and Ni were reanalysed by ICP-OES. (4) • It is not clear whether external check analysis was performed.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections have been reported historically and some of these are presented in the press release above. The Competent Person has not independently verified this information for quality control and quality assurance nor been to the site. • The 2008 drill program informing the historical resource estimate quoted in this news release employed an external check lab (Accurassay Laboratories) (1). • No external check lab appears to have been used for the 2012 drill program.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drillhole collars were surveyed using Trimble GEO XH using Zephyr™ external antenna and base corrected using GPS Pathfinder software The results of the DGPS survey were utilized for the transformation of historical INCO data from local grid to UTM space (+/- 10cm accuracy). • Location accuracy of drill collars considered adequate for early-stage resource estimation. • Down hole survey data collected with Flexit and Reflex Maxibore instruments. Reflex Maxibore is an advanced instrument for is considered more accurate in magnetically disturbed environments. • Survey data with Reflex Maxibore collected at every 3 m from hole bottom and transferred digitally into database. • Down hole survey data accuracy considered adequate for early-stage resource estimation.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill holes spaced 50 m apart along gridlines. (1) • The mineralized zone was modelled on sections at intervals of approximately 50 m. The zones were extended 25 m along strike to the north-east and south-west, beyond the last section drilled. • Drill density (168 holes) sufficient for inferred and indicated resource estimate (1).

Criteria	JORC Code explanation	Commentary
		• Sample compositing at 1.5 m in mineralized zones applied [1].
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Information about the orientation of data in relation to geological structure applied is not presented in the reports reviewed by the Competent Person • From map presentation and cross-sections, drill hole azimuth and inclination appear to have been designed to minimize sample bias. [1,4]
Sample security	• *The measures taken to ensure sample security.*	• All samples were tagged using pre-printed sample tags with a unique 5 - digit number and bagged in individual plastic bags. Ten individual bags were collected in rice bags prior to shipping. the core was stored at Horden Lake camp which was a very remote location., Only drilling company staff and the CCIC geologists had access. • The samples were transported from Matagami to Laboratoire Expert, in Noranda by bus (Expedibus) and by a private freight company (Rona Inc.) to Actlabs in Ancaster ON [1]. • 2012 drilling program conducted by CCIC using same camp and laboratory [4]. No details of sample security procedures were available or reviewed by the Competent Person.

Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• For 2009 Technical Report resource estimation, Luc Harnois, Ph.D., and P.Geo., (OGQ, APGO) reviewed the 2008 drill program while underway. His review included:
		  • Core logging and sampling of 21 diamond drill holes totalling 5.2 km.
		  • Locating several drill holes on the grid.
		  • The azimuth and dip of these drill holes was verified [1]
		• The Competent Person has not independently verified this information nor been to the site.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Horden Lake Project is located approximately 140 km north of Matagami in Quebec, Canada (Figure 1). The Horden Lake property consists of 18 mineral tenements totalling 814.81 hectares (Figure 2)

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration to date has been completed by other parties including INCO and Caracle Creek International Consulting Ltd (CCIC) [1,4]. The Competent Person has reviewed reports and files pertaining to the 2008 and 2012 campaigns but has not independently verified the contained information nor been to site.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Magmatic PGM-Ni-Cu sulphide mineralisation within the Frotet-Evans Greenstone Belt in the Opatica Subprovince. Dominant rock types are metavolcanic and metasedimentary rocks. Meta-gabbro occurs as a long and narrow, concordant body and has inclusions of meta-sedimentary rocks. Granites intrude the metasedimentary and metavolcanic package and are cut by granitic dikes and pegmatites. The youngest rocks in the area are gabbro and diabase dikes. • Dominant host of the mineralization appears to be the gabbro with up to 5 % disseminated to massive pyrrhotite, pyrite and chalcopyrite, and blebby sulphides also occur in shear zones [1,4]. Local sphalerite and galena occur in altered gabbro [1].
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Summary of 2008 resource drill hole locations and collaring information.

BHID	Easting	Northing	Elevation	Azimuth	Dip	Depth (m)
HN-08-01	303548	5646926	249.27	124	70	180
HN-08-02	303472	5646977	250.37	124	60	255
HN-08-03	303471	5646978	249.99	124	70	276
HN-08-04	303395	5647030	251.17	124	60	317
HN-08-05	303393	5647031	250.83	124	70	342
HN-08-06	303588	5646898	249.20	124	45	103
HN-08-07	303585	5646899	247.94	124	70	150
HN-08-08	303451	5646691	251.41	124	45	111
HN-08-09	303448	5646692	250.24	124	70	150
HN-08-10	303409	5646717	250.91	124	70	168
HN-08-11	303331	5646770	251.00	124	60	264
HN-08-12	303330	5646770	250.61	124	70	300
HN-08-13	303259	5646820	250.57	124	60	342
HN-08-14	303258	5646820	250.23	124	70	368
HN-08-15	303491	5646843	250.01	124	70	192
HN-08-16	303412	5646895	250.86	124	60	254
HN-08-17	303411	5646895	250.37	124	70	300

Criteria	JORC Code explanation	Commentary						
		HN-08-18	303331	5646946	251.30	124	60	393	9/Feb/08
		HN-08-19	303330	5646946	250.86	124	70	411	12/Feb/08
		HN-08-20	303532	5646818	250.47	124	45	123	26/Feb/08
		HN-08-21	303528	5646820	249.35	124	70	150	27/Feb/08
		HN-08-22	303518	5646886	249.63	124	70	198	14/Feb/08
		HN-08-23	303441	5646938	250.98	124	60	243	18/Feb/08
		HN-08-24	303439	5646938	250.66	124	70	282	16/Feb/08
		HN-08-25	303365	5646989	251.18	124	60	322	21/Feb/08
		HN-08-26	303363	5646989	250.87	124	70	388	24/Feb/08
		HN-08-27	303558	5646859	250.32	124	45	150	11/Feb/08
		HN-08-28	303555	5646860	249.16	124	70	129	12/Feb/08
		HN-08-29	303348	5646635	250.23	124	70	195	20/Feb/08
		HN-08-30	303269	5646687	250.85	124	60	267	15/Feb/08
		HN-08-31	303268	5646687	250.43	124	70	291	18/Feb/08
		HN-08-32	303196	5646737	253.73	124	60	350	28/Feb/08
		HN-08-33	303195	5646736	249.78	124	70	366	24/Feb/08
		HN-08-34	303388	5646612	251.95	124	45	130	12/Feb/08
		HN-08-35	303386	5646614	250.59	124	70	157	13/Feb/08
		HN-08-36	303460	5646805	253.90	124	70	195	2/Mar/08
		HN-08-37	303382	5646856	251.27	124	60	273	22/Feb/08
		HN-08-38	303381	5646856	250.94	124	70	320	24/Feb/08
		HN-08-39	303309	5646905	250.80	124	60	305	18/Feb/08
		HN-08-40	303307	5646906	250.47	124	70	359	20/Feb/08
		HN-08-41	303501	5646779	253.92	124	45	123	28/Feb/08
		HN-08-42	303499	5646780	253.71	124	70	144	1/Mar/08
		HN-08-43	303430	5646762	253.66	124	70	189	5/Mar/08
		HN-08-44	303357	5646818	254.41	124	70	267	7/Mar/08
		HN-08-45	303355	5646818	254.33	124	60	294	8/Mar/08
		HN-08-46	303288	5646867	253.72	124	70	348	11/Mar/08
		HN-08-47	303287	5646867	253.62	124	45	363	13/Mar/08
		HN-08-48	303479	5646728	254.13	124	70	100	3/Mar/08
		HN-08-49	303477	5646729	253.85	124	70	147	4/Mar/08

Criteria	JORC Code explanation	Commentary

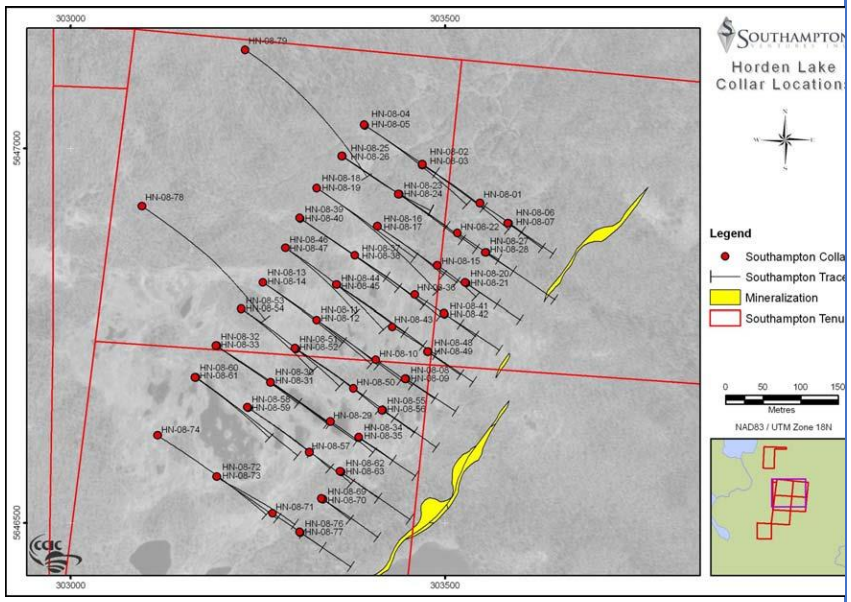
HN-08-50	303378	5646680	254.09	124	60	200	21/Mar/08
HN-08-51	303302	5646733	254.82	124	70	281	14/Mar/08
HN-08-52	303300	5646734	254.65	124	60	303	16/Mar/08
HN-08-53	303229	5646786	254.19	124	60	349	12/Mar/08
HN-08-54	303228	5646786	254.18	124	70	378	9/Mar/08
HN-08-55	303418	5646651	254.05	124	45	124	14/Mar/08
HN-08-56	303416	5646651	253.76	124	70	150	20/Mar/08
HN-08-57	303319	5646595	253.96	124	70	192	4/Mar/08
HN-08-58	303238	5646654	253.57	124	60	272	18/Mar/08
HN-08-59	303236	5646655	253.27	124	70	286	20/Mar/08
HN-08-60	303168	5646695	253.47	124	60	335	2/Mar/08
HN-08-61	303166	5646695	253.24	124	70	354	5/Mar/08
HN-08-62	303362	5646568	254.35	124	45	158	29/Feb/08
HN-08-63	303360	5646569	254.84	124	70	171	2/Mar/08
HN-08-69	303338	5646532	254.40	124	45	126	14/Mar/08
HN-08-70	303335	5646533	254.08	124	70	138	20/Mar/08
HN-08-71	303271	5646512	249.87	124	70	144	5/Mar/08
HN-08-72	303196	5646562	252.90	124	60	228	9/Mar/08
HN-08-73	303195	5646562	252.86	124	70	255	7/Mar/08
HN-08-74	303117	5646617	253.50	124	60	318	13/Mar/08
HN-08-76	303310	5646485	251.52	124	45	116	26/Feb/08
HN-08-77	303307	5646487	250.28	124	70	111	26/Feb/08
HN-08-78	303095	5646923	251.54	124	70	510	19/Mar/08
HN-08-79	303233	5647132	256.80	124	70	593	19/Mar/08

Note: Drill holes HN-08-64, 65, 66, 67, 68, 75 were not drilled

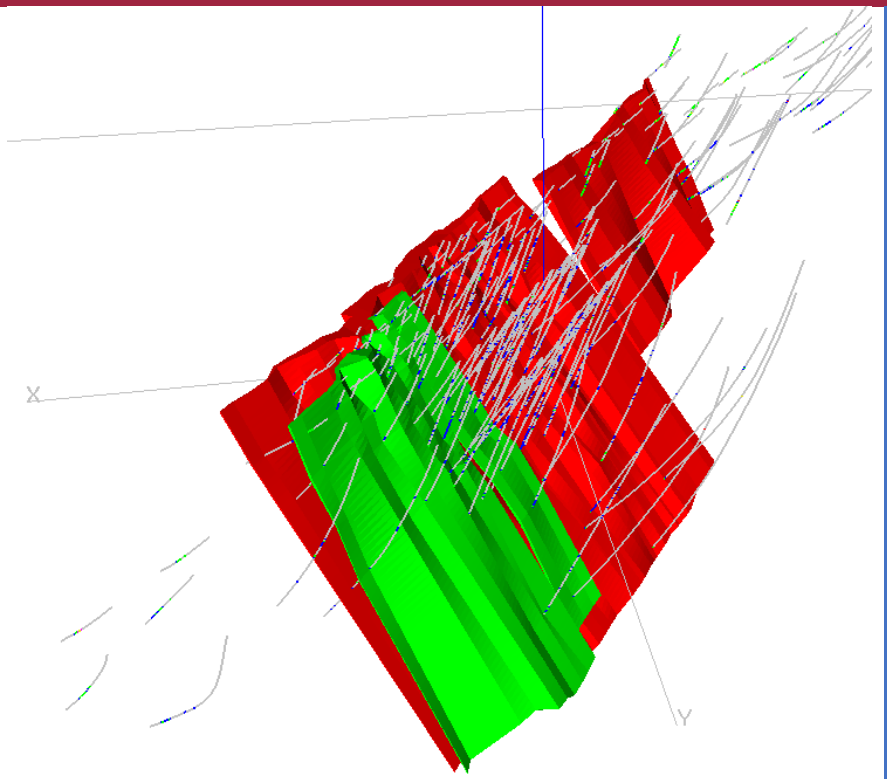
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values*	• **The 2009 estimate was completed using the Ordinary Kriging method and is stated below at 0.5% and 1.0% Cu block cut-offs (1).** • **0.5% Cu Block Cut-off**

Category	Tonnes	Cu (%)	Ni (%)
Indicated	8,759,200	0.88	0.21
Inferred	7,791,195	0.87	0.25

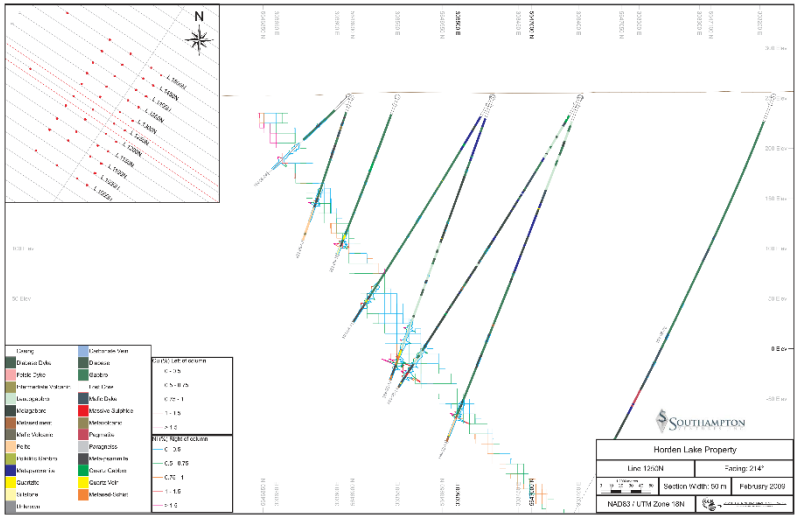
Criteria	JORC Code explanation	Commentary
	should be clearly stated.	• 1.0%Cu Block Cut-off Category / Tonnes / Cu (%) / Ni (%) Indicated / 2,416,000 / 1.37 / 0.25 Inferred / 1,997,600 / 1.35 / 0.34 • In addition, the 2009 estimate reported precious metal grades at these cut-offs (1): • 0.5% Cu Block Cut-off Category / Tonnes / g Pd/t / g Au/t / g Ag/t Indicated / 8,759,200 / 0.15 / 0.15 / 10.44 • 1.0% Cu Block Cut-off Category / Tonnes / g Pd/t / g Au/t / g Ag/t Indicated / 2,416,000 / 0.16 / 0.18 / 13.50 • Due to the low incidence of outliers, sample constraining (sample capping or top capping) was not completed. Top cutting tests were conducted for Cu and Ni; the outcome of the resource estimate was not apparent in the significant digits in which it was stated (1). *Cautionary Statement* *The estimates of Mineral Resources are not reported in accordance with the JORC Code 2012; a Competent Person has not done sufficient work to classify the estimates of Mineral Resources or Ore Reserves in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owner's estimates, but the acquirer has not independently validated the former owners' estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates.*
Relationship between mineralisation widths and	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there*	• The relationship between mineralisation widths and intercept lengths presented in cross-section in the 2009 Technical Report indicate approximately a range of a 10 to 25 angle between drill intercepts and modelled true thickness. The relationship between downhole length and true thickness is not specifically discussed (1).

Criteria	JORC Code explanation	Commentary
intercept lengths	*should be a clear statement to this effect (e.g., 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Plan view of 2008 drilling at Horden Lake showing drill collars and drill hole traces (1). 

Criteria	JORC Code explanation	Commentary



- 3-D view from NE of Cu zone Horden Lake deposit 2009 wireframe model [(1)].

Criteria	JORC Code explanation	Commentary
		• Example cross-section from 2009 wireframe model – line 1250 N 
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Information about balanced reporting was not specifically addressed in reported discussion of drilling results. Thoroughness of the data review and its incorporation into modelling does not appear misleading.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Historical exploration in the area included airborne magnetic/EM survey (Noranda Mines 1958/8) and regional airborne geophysical surveys, and 32,229 m of diamond drilling (157 holes) culminating in an historical resource estimate of 6,088,900 t @ 1.24 % Cu, 0.33 % Ni, 18.40 g/t Ag (INCO 1960-69) [1] on three properties including Horden Lake. A pre-feasibility study in 1993 identified an historical resource of 1,238,333 t @ 1.91% Cu.40% Ni. (Kingswood Resources Inc.) [1] • These historical resources have not been reviewed by the Competent person and cannot be considered compliant under JORC guidelines. • In the early 1970s, INCO performed preliminary flotation testing on five drill core samples from the Horden Lake property. The tests showed recoveries from 85 % to 96 % including with concentrates of Ni, Cu, Ag and traces of Au and platinum group elements (PGE) and demonstrated the presence of significant cobalt from the bulk sample. Copper grades in the concentrate range from 21.5 % to 30.4 % (reported by WGM, 1993) [1, 2].

Criteria	JORC Code explanation	Commentary
		• A Fugro HeliGEOTEM® was flown in 2008: three profile lines over the Horden Lake deposit and 131 and 35 lines over the exploration areas to the NE and SW exploration blocks respectively. The mineralized zone at Horden Lake showed a clear association with magnetic and conductive responses (1). Six targets were selected from the northeast block and may represent a grouping of several conductive targets. It was difficult to select isolated magnetic/conductive targets because magnetic features in this block had strong conductive association. One target was selected (1). • The geophysical work has not been directly reviewed by the Competent person.

Further work	• *The nature and scale of planned further work (e.g., tests for lateral extensions or depth extensions or large-scale step-out drilling).*
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*
		• CCIC recommended the following work on the Horden Lake property (1):
		  • Ground-check of geophysical anomalies with attention to physical rock properties of field samples and core
		  • conduct an integrated, constrained 3-D inversion of all available geophysical data
		  • 5000 m drilling to be conducted on geophysical targets to search for additional mineralization on the Horden Lake Deposit, Northeast and Southwest claim groups.

• Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Ten percent of analytical data on assay certificates were checked by CCIC against the data in the merged sheets (database) and no errors were found. A total of 730 assays, which included drill core, standards, and blanks, were checked. Four to five assays were randomly checked from each assay certificate. (1) • Information about the database integrity was not directly reviewed by the Competent Person (1,).
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• This press release is a review of historical work performed on the Property. • The Competent Person did not conduct any site visit in conjunction with the preparation of the attached press release. • An extensive site visit was conducted by Luc Harnois, PhD., P. Geo from 31 January to 11 February 2008 and from 11 March to 22 March 2008 in conjunction with the CCIC resource estimate reported herein (1).

Criteria	JORC Code explanation	Commentary
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Mineral resources reported in this press release are historical in nature. The data has not been reviewed directly by the Competent Person. In his opinion, the assumptions and interpretations made regarding geology and mineralization of the Horden Lake deposit in support of the Mineral Resource Estimation are reasonable.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The plan projection for the Mineral Resource Estimate for the Horden Lake Deposit is 1000m by 1424 m. The upper limit of the Resource is 251.8 m AMSL and for the lower limit -308.2 m AMSL (559.9 m thickness) [(1)] .
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g., sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• For the 2009 Resource Estimate prepared by CCIC: • The database consists of: 1. 95 drill holes completed by INCO between in 1969; and 2. 73 drill holes completed by Southampton between January 26 and March 30, 2008. • CCIC completed a detailed compilation of historic data provided by Southampton. The compilation included the digital capture of the following items: o 81 geological sections o 9 geological plans o 155 drill holes logs • The wireframe 3D model is based on 0.5 % Cu cut-off grade using both INCO and CCIC drilling. The mineralized zone was modelled on sections at intervals of approximately 50 m. The zones were extended 25 m along strike to the north-east and south-west, beyond the last section drilled. The final wireframe model consists of 2 zones: the primary zone of mineralization which extends for a strike length of approximately 1500 m, and a secondary, hanging wall zone (Zone 2) which sits parallel to the Zone 1 but extends for a strike length of ~290 m. The average strike direction of Zone 1 is 210°, and the average dip direction is 57° to the northwest. The average thickness of Zone 1 is approximately 19 m. The average strike direction of Zone 2 is 210 and the average dip direction is 57° to the northwest. The average thickness of Zone 1 is approximately 10 m [(1)].

Criteria	JORC Code explanation	Commentary

- Adjustments to sample database: Due to the low incident of outliers, sample constraining (sample capping or top capping) was not completed. Top cutting tests were conducted for Cu and Ni; the outcome of the resource estimate was not apparent in the significant digits in which it is stated. (1)
- Sample Composites: The assay sampling interval for INCO data was mostly 1.5 m; the sample length during the 2008 program was primarily 1.0 m (Figure 17-3). Drill hole assays were set to 1.5 m composite lengths within the mineralized zone. A minimum composite length of 0.5 m was utilized; samples less than 0.5 m were discarded (1).
- Estimation Parameters: Datamine Studio 3 was used by CCIC to calculate experimental down-hole and across strike variograms for Cu, Ni, Au, Ag and Pd. The INCO and Southampton data were treated as separate populations. The variograms calculated using the Southampton data exhibited better structures. These were therefore used to create the variogram models. A summary of estimation parameters derived from the variogram modelling (1):
- Block Model: Details of the block model are presented below.

Direction	Nugget	Variogram Range (m)	Base Search Distance (m)	Max. Search Distance (m)
Down-dip	0.13	119.78	95.82	191.65
Across-strike	0.13	172.85	138.28	276.56
Normal vertical	0.13	9.95	7.96	15.93

- Relatively small blocks with sub cells were utilized due to the anastomosing, reef-like nature of the deposit (1).

Axis	Origin	Parent Block	Subcell	Discretization Points
X	302750	10	5	2
y	5645750	20	10	3
z	-325	10	5	2

- Grade Interpolation: The Estimate was completed using the Ordinary Kriging method and is stated below at 0.5% and 1.0% Cu block cut-offs. Due to their erratic variogram structures, and low grade, only analysed for in the 2008 program, values for Au, Ag, and Pd are excluded from the statement of the Estimate.

Criteria	JORC Code explanation	Commentary

- **0.5% Cu Block Cut off**

Category	Tonnes	Cu (%)	Ni (%)
Indicated	8,759,200	0.88	0.21
Inferred	7,791,195	0.87	0.25

- **1.0%Cu Block Cut off**

Category	Tonnes	Cu (%)	Ni (%)
Indicated	2,416,000	1.37	0.25
Inferred	1,997,600	1.35	0.34

- **Blocks lying within 50 metres of drill intercepts completed in 2008 were assigned a flag allowing them to fall into the Indicated category if they were also estimated with a minimum of 4 samples from more than one 2008 drill hole. Blocks lying greater than 50 metres from a 2008 drill intercept (including blocks estimated primarily with INCO intercepts) were not allowed to fall into the Indicated category. The maximum search distances were derived from variogram studies [(1)].**
- **The Competent Person has not independently verified the calculations for resource estimation. The mineral resources in this press release conform to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council December 11, 2005.**

Cautionary Statement

The estimates of Mineral Resources are not reported in accordance with the JORC Code 2012; a Competent Person has not done sufficient work to classify the estimates of Mineral Resources or Ore Reserves in accordance with the JORC Code 2012. It is possible that following evaluation and/or further exploration work the currently reported estimates may materially change and hence will need to be reported afresh under and in accordance

Criteria	JORC Code explanation	Commentary
		with the JORC Code 2012. Nothing has come to the attention of the Company that causes it to question the accuracy or reliability of the former owner's estimates, but the acquirer has not independently validated the former owners' estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• No discussion of whether the tonnages are estimated on a dry basis or with natural moisture was reported Aspects of moisture have not been reviewed by the Competent Person.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• Indicated and Inferred resources were estimated for 0.5% Cu block cut-off and 1.0 % block cut-off. No further basis was reported [(1)]. Aspects of cut-off parameters have not been reviewed by the Competent Person.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• No assumptions regarding possible mining methods or dilution are discussed with regard to the historical Mineral Estimation presented in this press release. Aspects of mining factors and assumptions have not been reviewed by the Competent Person.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• No metallurgical studies were reported in conjunction with the Mineral Resource Estimation disclosed in this press release. Historical metallurgical recoveries attributed to INCO [(4)] and any factors and assumptions associated have not been reviewed by the Competent Person.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• No assumptions made regarding possible waste and process residue disposal options were presented with regard to the Mineral Resources reported in this press release [(1)]. Aspects of environmental factors and assumptions have not been reviewed by the Competent Person.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the*	• A tonnage factor of 10.0 cubic feet per ton, equivalent to a specific gravity of 3.2 g/cm3, was used by CCIC to convert volume of in situ rock

Criteria	JORC Code explanation	Commentary
	frequency of the measurements, the nature, size and representativeness of the samples. • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	to tonnes. This factor was determined by INCO based on specific gravity measurements of drill core and is considered acceptable (WGM, 1991). If the Indicated Resources are utilized in a pre-feasibility level economic analysis, or if portions of the deposit are upgraded to Measured Resources with further drilling, additional specific gravity measurements should be conducted (1). • The Competent Person has not verified these calculations
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• The mineral resources reported in this press release conform to the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council December 11,2005. • Details of classification and methods have not been reviewed by the Competent Person, but as used in an early-stage historical resource estimate, they are considered reasonable.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• No reviews or audits of the Mineral Resource Estimates presented in this press release have been to the knowledge of the Competent Person nor has he independently reviewed this information independently or been to site.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• Aspects of relative accuracy or confidence of the Mineral Resource Estimate presented in this press release have not been reviewed by the Competent Person. • The Mineral Resource Estimate presented in this press is an early-stage global estimate and should be treated as historical.