

Technical Report on the Mel Property Thompson Region, Manitoba

55°58' N Latitude, 97°49' W Longitude (NAD83 Zone 14N 573,960 mE and 6,203,550 mN)

**Prepared for
CanAlaska Uranium Ltd.
Core Nickel Corp.**

**Prepared by
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Effective Date: August 31, 2023

Author Certificate

I, Christopher J. Beaumont-Smith, Ph.D., P.Geo. do hereby certify that:

1. I reside at 52 Cordova Street, Winnipeg, Manitoba, Canada;
2. I am currently employed as a consulting geologist;
3. I received my B.Sc. Major (Geology) and Ph.D. from the University of New Brunswick in 1987 and 2003, respectively;
4. I am a member in good standing of the Engineers and Geoscientists Manitoba (Registration Number 22856G);
5. I have worked as a geologist in Canada since graduation;
6. I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI 43-101”) and certify by reason of my education, affiliation with a professional association (as defined by NI 43-101) and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101;
7. I am the qualified person responsible for the preparation of this report entitled “Technical Report on the Mel Property” with an effective date August 31, 2023.
8. My relevant experience with respect to this project includes past professional responsibility with respect to review, assessment, design or management of gold, base metal exploration programs in Canada, and my tenure as a research geologist with the Manitoba Geological Survey;
9. I visited the Mel Property for the purposes of this report on August 18th, 2023
10. I reviewed property-area drill core stored in the Grand Rapids core storage facility on August 15th to 17th, 2023.
11. I am independent of the Issuer, under section 1.5 of NI 43-101 and NI 43-101 Companion Policy Section 3.5.
12. I have read National Instrument 43-101 (NI 43-101) and the parts of this Geological Report for which I am responsible have been prepared in compliance with NI 43-101 and Form 43-101F.
13. As of the date of this Certificate, to my knowledge, information and belief, the sections of this report for which I am responsible contain all scientific and technical information which is required to be disclosed to make this report not misleading.

Signed, stamped and dated October 18, 2023.



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1 EXECUTIVE SUMMARY

The Mel property consists of a mineral lease and 10 mineral claims totaling 2613 hectares. The property is located in the northern Thompson Nickel Belt, approximately 25 km north of the City of Thompson. The Mel property hosts the Mel deposit, one of the larger undeveloped nickel-copper-cobalt deposits in the Thompson Nickel Belt.

The Mel property is covered by a thick veneer of glacial sediments, and accordingly, exploration of the property relied on geophysical surveying followed up with diamond drilling. The discovery of nickeliferous massive sulphide mineralization in the Mel Lake area in 1961 led to a period of intensive exploration culminating with the discovery and delineation of the Mel nickel-copper-cobalt deposit by the Canadian Nickel Co. Ltd., a wholly-owned subsidiary of INCO, ending in 1971. The portion of the property hosting the Mel deposit was converted to a lease in 1975. The property lay dormant until 1999 when INCO restaked portions of the Mel property that had come open and entered into an option agreement with Nuinsco Resources (evolving into Victory Nickel Inc.), resulting in a second period of sustained exploration of the Mel deposit and the contiguous Mel claims and the commissioning of a NI43-101 technical report for the Mel deposit in 2007. The technical report included an indicated resource of 4,279,000 tons grading 0.875% nickel (Ni) plus an Inferred resource of 1,010,000 tons grading 0.839% Ni at a cut-off of 0.5% Ni. Victory Nickel acquired 100% interest in the Mel property in 2010 and completed exploration of the Mel deposit in 2011.

CanAlaska/Core acquired the Mel property as a result of the bankruptcy of Victory Nickel Inc. On March 6, 2023 CanAlaska announced that the Trustee in Bankruptcy had accepted CanAlaska's offer to acquire the Mel mineral lease and surrounding mineral claims comprising the Mel property. The acquisition provided the Company with 100% ownership of the mineral lease that hosts the Mel deposit and ten mineral claims covering 2,613 hectares in the Thompson Nickel Belt in Manitoba.

CanAlaska has not conducted any exploration on the Mel property since its acquisition of the property. This technical report is focussed on a review of the technical data provided to CanAlaska/Core by the financial receiver in an effort to determine the completeness of the data and identify any omissions or errors in the dataset. A component of this technical report included a site visit of the Mel property and drill core from the property stored at the former Victory Nickel core storage facility in Grand Rapids, Manitoba.

The review of the technical data appears to include files used by Wardrop Engineering in the development of the 2007 technical report and mineral resource estimate. Importantly, this includes reports and data generated by INCO in 2004 that were relied on in the 2007 technical report. Reporting of exploration work completed under the INCO/Victory Nickel option appears complete, although some of the geophysical surveys are not in their native format.

The review of Victory Nickel data provided to CanAlaska/Core identified several shortcomings. The dataset does not include a complete set of drill logs and assays for drill holes on the property. Additionally, discrepancies in the location of drill collars were identified. Fortunately, the 2007 technical report includes professional land surveyor data for

a large number of drill collars on the Mel deposit mineral lease, which will provide a potential route to reconciling drill collar discrepancies across the property. A high-level review of drill core stored in Grand Rapids located a near complete inventory of drill holes completed since 1999, although time constraints did not provide time to inventory each individual core box, the presence of the drill holes was confirmed. Earlier drilling was not well represented, with many drill holes either missing or present as abbreviated, representative drill core.

Recommendations

Victory Nickel commissioned a NI43-101 Technical Report in 2007, and due to its vintage, the results and recommendations comprising the technical report remain largely salient. With the exception of infill drilling of the Mel deposit that was completed in 2011, there has been little exploration completed on the Mel project since the publication of the technical report, and accordingly, many of the recommendations of the 2007 Technical Report (Naccashian et al., 2007) have yet to be acted on. Notably, the 2007 Technical Report recommended additional drilling to test for strike-length/depth extensions of the Mel deposit. The Author believes that recommending additional drilling may be premature due to the relative novel understanding of the project by CanAlaska/Core staff.

CanAlaska/Core acquired the Mel property with no representations with respect to the technical data for the property, and accordingly, the recommendations reflect a focus on building a more complete project dataset and the familiarization of the project data before advancing property exploration. Central to this is the completion of a comprehensive compilation of all data received from the financial receiver. This may identify gaps in the data through the cross-referencing the existing dataset received from the financial receivers with data filed for assessment. As part of this process, a detailed accounting of the drill core related to the Mel project area should be completed including the relogging of critical drill holes to build an understanding of the geology of the Mel deposit and property. The review of all existing data and drill core will also contribute to the familiarization of the property/data by CanAlaska/Core staff, informing future exploration programs.

2 INTRODUCTION

2.1 TERMS OF REFERENCE

CBSGeoscience was retained by CanAlaska Uranium Ltd. (“CanAlaska”) and Core Nickel Corp. (“Core”) in June, 2023 to prepare this report for CanAlaska and Core in compliance with National Instrument (NI) 43-101 and Form 43-101F1 guidelines.

This Technical Report is considered current as of August 31, 2023, the effective date, and has been prepared to provide a fully compliant report of the Mel property.

CanAlaska/Core accepts that the qualifications, expertise, experience, competence and professional reputation of the Author are appropriate and relevant for the preparation of this Technical Report.

2.2 SITE VISIT

Chris Beaumont-Smith, Ph.D, P.Geo., a Qualified Person under the terms of NI 43-101, conducted a site visit of the Mel property on August 18th, 2023. As part of the site visit, an attempt was made to locate historical diamond drill collars (Figure 2-1), but unfortunately the extremely wet, low-lying, swampy nature of the Mel property area and the commensurate difficulty in accessing the ground prevented the location of any historic drill collars. Select diamond drill cores from the project area stored at the Flying Nickel Mining Corp drill core facility in Grand Rapids (Figure 2-2) were reviewed during the site visit from August 15th to 17th.

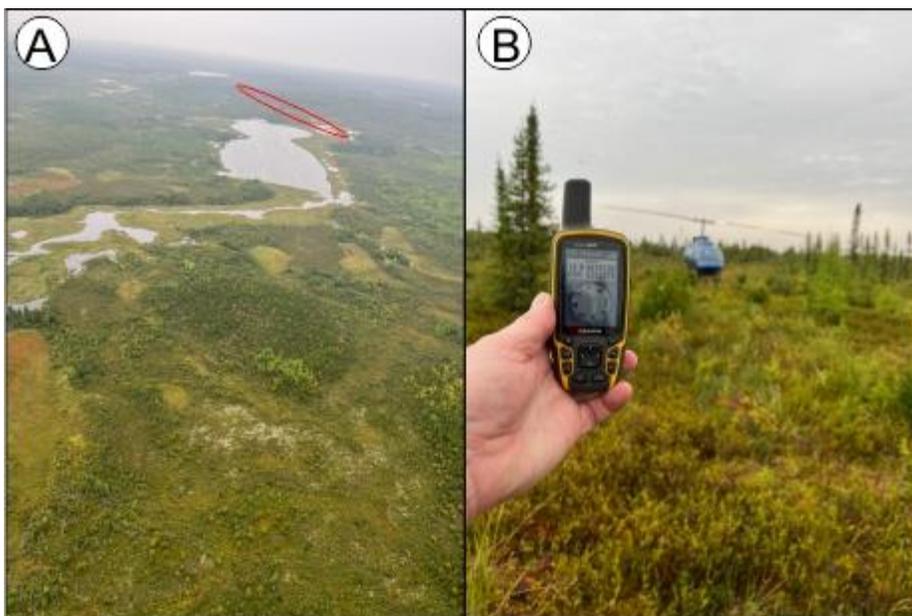


Figure 2-1. Photos of the Mel property. A) Mel Lake area viewed north-to-south with the surface expression of the Mel deposit demarcated in red. B) Photo of the boundary of ML007 and Mel claim W53580 on the western margin of the mineral lease.

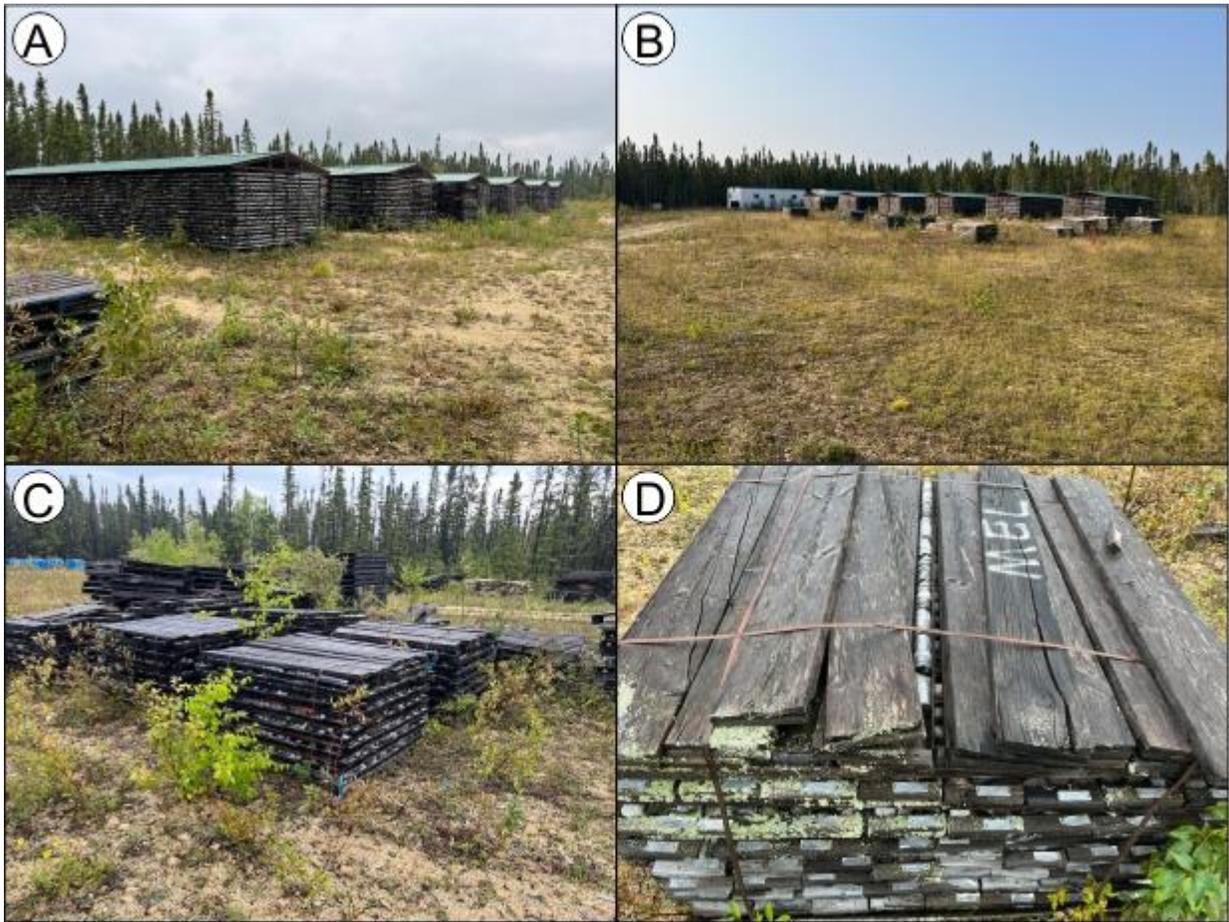


Figure 2-2. Mel property core storage at the Flying Nickel Inc. core storage facility in Grand Rapids. A) View of core racks looking west; B) View of core racks looking south, note the palletized core in the foreground; C) Transported, palletized Mel deposit core stored in the Flying Nickel Corp facility in Grand Rapids; D) Detailed photo of palletized Mel property drill core stored in Grand Rapids.

2.3 SOURCES OF INFORMATION

The Author conducted a study of all relevant parts of the available literature, documented results concerning the Project, and held discussions with technical personnel from CanAlaska/Core regarding all pertinent aspects of the Mel property. The reader is referred to the sources of data, citations for which are compiled in the “References” section of this Technical Report, for further detail on the properties.

The Author was provided access to all electronic data received by CanAlaska/Core as a result of the acquisition of the assets comprising the Mel property from the financial receivers responsible for the liquidation of Victory Nickel Inc. assets following Victory’s bankruptcy. Much of the data that the Author relies on in the production of this technical report represents electronic data acquired by the owners through this transaction. The Author acknowledges that the data received from the financial receiver is assumed to be authentic and correct, although no representations as to the authenticity of the data have

been provided to the Author from the receiver. Where possible, the Author has attempted to independently verify the authenticity of the electronic data.

This report was researched and written under post-COVID-19 pandemic government restrictions. Accordingly, the data and opinions presented in this report are based on the information gleaned from a property site visit, online public domain data, and electronic datasets provided to the Author by CanAlaska/Core that were acquired from the financial receiver following the bankruptcy of Victory Nickel Inc.

Grid coordinates for maps are given in the Universal Transverse Mercator coordinates (UTM) NAD83 Zone 14N or as decimal latitude/longitude coordinates.

3 RELIANCE ON OTHER EXPERTS

The Author has assumed that all the information and technical documents listed in the References section of this Technical Report are accurate and complete in all material aspects. Whereas the Author carefully reviewed all the available information presented, he cannot guarantee its accuracy and completeness.

The former owners of the Mel property, Victory Nickel Inc., commissioned a NI43-101 compliant technical report on the Mel deposit that was published in 2007 (Naccashian et al., 2007). The Author relies on this report for information regarding the Mel deposit and exploration conducted on the mineral lease area. Accordingly, the technical report titled “Technical Report on the Mel Deposit, Northern Manitoba”, prepared by Wardrop Engineering Inc. in 2007 (Naccashian et al., 2007) is attached to this report as Appendix 1.

The results and opinions outlined in this Technical Report are dependent on the aforementioned information being current, accurate and complete as of the effective date of this Technical Report. It has been assumed that no information has been withheld which would impact the conclusions or recommendations made herein.

A draft copy of this Technical Report has been reviewed for factual errors by CanAlaska/Core management. Any changes made because of these reviews did not involve any alteration to the conclusions made. Hence, the statement and opinions expressed in this document are given in good faith and in the belief that such statements and opinions are not false or misleading at the effective date of this Technical Report.

4 PROPERTY DESCRIPTION AND TENURE

4.1 PROPERTY DESCRIPTION AND LOCATION

The Mel property is located in northern Manitoba at the northern portion of the Thompson Nickel Belt (TNB). The Mel property is located approximately 25 km north of the City of Thompson (Figure 4-1). The centre of the Mel property is located at approximately 55°58' N Latitude, 97°49' W Longitude (NAD83 Zone 14N 573,960 mE and 6,203,550 mN), approximately 700 km north of the City of Winnipeg.

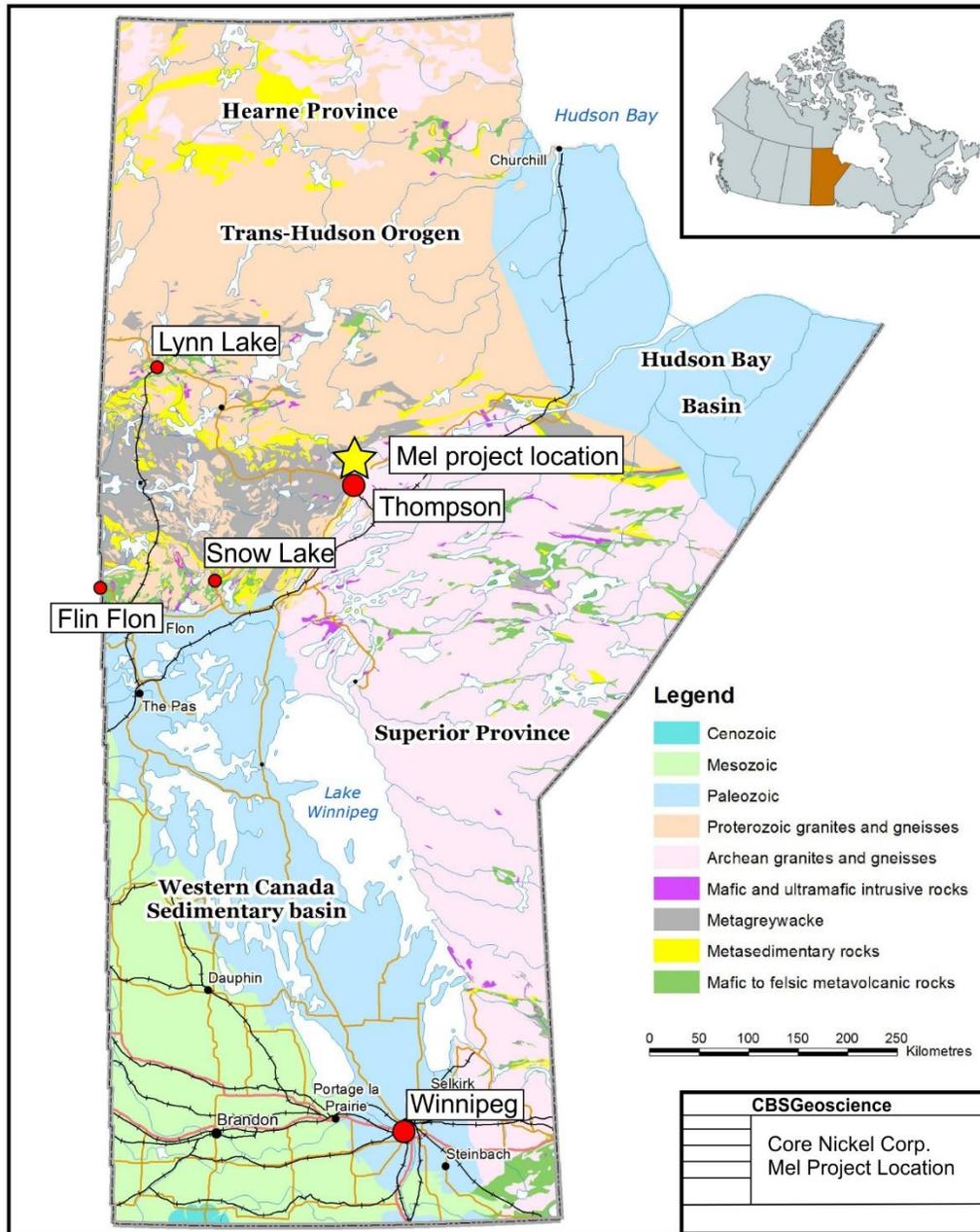


Figure 4-1. Location of the Mel property.

The Mel property consists of a mineral lease (ML007) and 10 contiguous, physically staked mineral claims totalling 2,613 ha (Figure 4-2). The mineral lease has a long history, starting with the staking of mineral claims in the early 1960s. The claims were converted to an Explored Area License (EAL-12) in 1975 and further converted to a Mineral Lease (ML007) in 1992 following legislative changes enacted in 1992. ML007 is currently valid until April 2024.

CanAlaska acquired the Mel mineral lease and claims as a result of the bankruptcy of Victory Nickel Inc. On March 6, 2023 CanAlaska announced that the Trustee in Bankruptcy,

B. Riley Farber Inc., who was managing the assets and undertakings of Victory Nickel Inc, had accepted CanAlaska's offer to acquire the Mel mineral lease and surrounding mineral claims, subject to the execution of a definitive agreement and receipt of TSX venture exchange approval. The acquisition provided the Company with 100% ownership of the mineral lease that hosts the Mel Deposit and ten mineral claims covering 2,613 hectares in the Thompson Nickel Belt in Manitoba. The purchase price for the Mel mineral lease and surrounding claims was a cash payment of CDN\$300,000, and the issuance of 2,000,000 common shares of CanAlaska to B. Riley Farber Inc. On May 4, 2023, CanAlaska announced that it signed a definitive agreement with B. Riley Farber Inc. to acquire the Mel mineral lease and surrounding claims subject to receipt of TSX Venture Exchange approval. On May 15, 2023, CanAlaska announced it completed the acquisition.

The Mel claims were staked during two phases in March 1999 and January 2007. The claims are currently in good standing, with the first claims expiring in March 2024 (Table 4-1). The Mel claims and mineral lease are also contiguous with a series of mineral claims and Mineral Exploration Licenses (MEL) held by CanAlaska comprising the Hunter project (Figure 4-3).

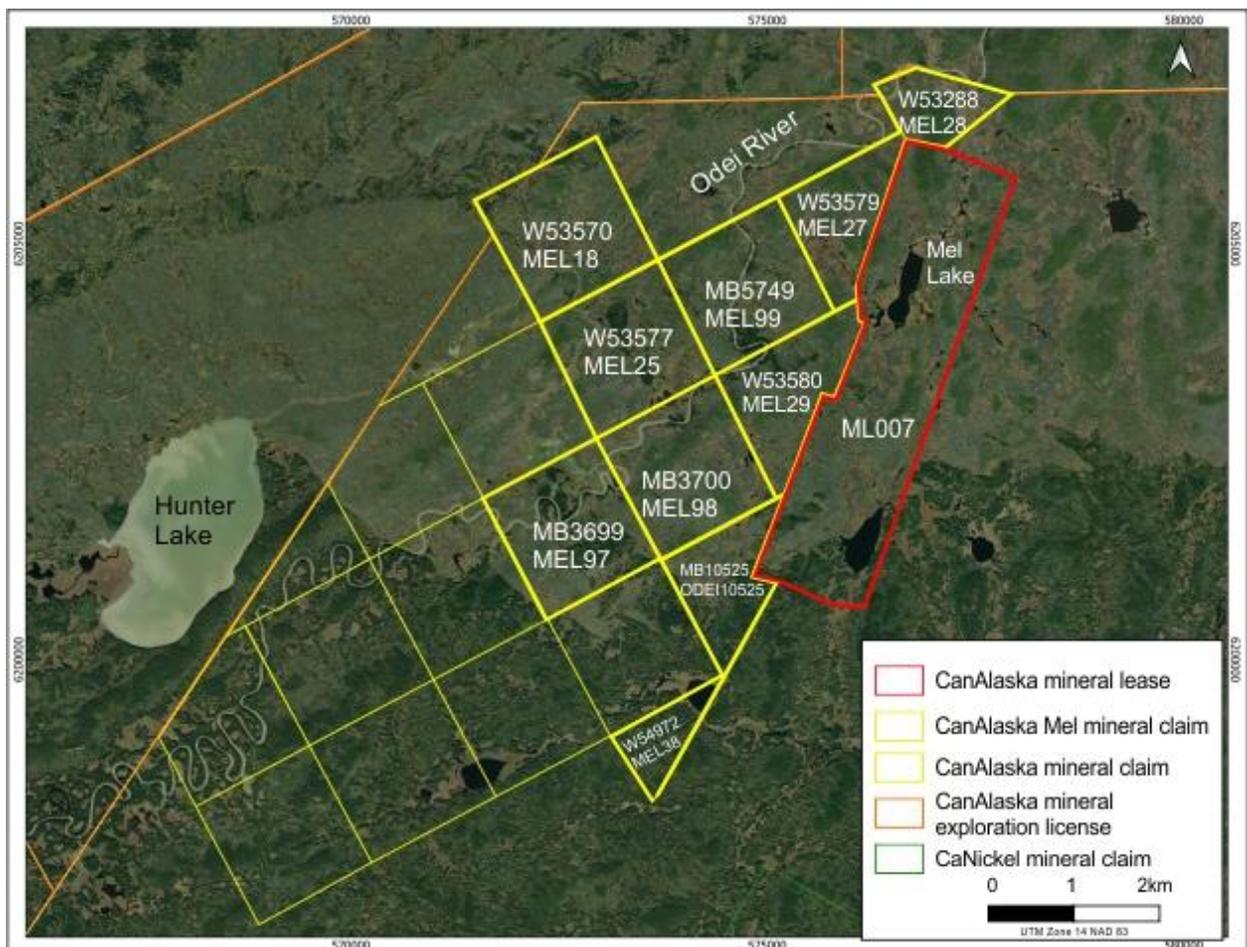


Figure 4-2. Location of the Mel mineral lease and mineral claims. The mineral lease and Mel claims comprise the Mel project.

Table 4-1 Summary of Mel property dispositions

CLAIM NAME	CLAIM #	HOLDER	STAKED	RECORDED	EXPIRES	AREA (ha)
Mineral Lease	ML007	CANALASKA URANIUM LTD.			2034-04-01	750
MEL 18	W53570	CANALASKA URANIUM LTD.	1999-03-06	1999-03-18	2026-05-17	256
MEL 25	W53577	CANALASKA URANIUM LTD.	1999-03-05	1999-03-18	2026-05-17	256
MEL 27	W53579	CANALASKA URANIUM LTD.	1999-03-05	1999-03-18	2026-05-17	165
MEL 29	W53580	CANALASKA URANIUM LTD.	1999-03-05	1999-03-18	2026-05-17	165
MEL 28	W53288	CANALASKA URANIUM LTD.	1999-03-05	1999-03-18	2026-05-17	64
MEL 38	W54972	CANALASKA URANIUM LTD.	1999-03-05	1999-03-18	2026-05-17	57
MEL 97	MB3699	CANALASKA URANIUM LTD.	2007-01-12	2007-01-29	2024-03-29	256
MEL 98	MB3700	CANALASKA URANIUM LTD.	2007-01-11	2007-01-29	2026-03-30	256
MEL 99	MB5749	CANALASKA URANIUM LTD.	2007-01-10	2007-01-29	2024-03-29	256
ODEI 10525	MB10525	CANALASKA URANIUM LTD.	2012-01-06	2012-01-29	2027-03-10	132

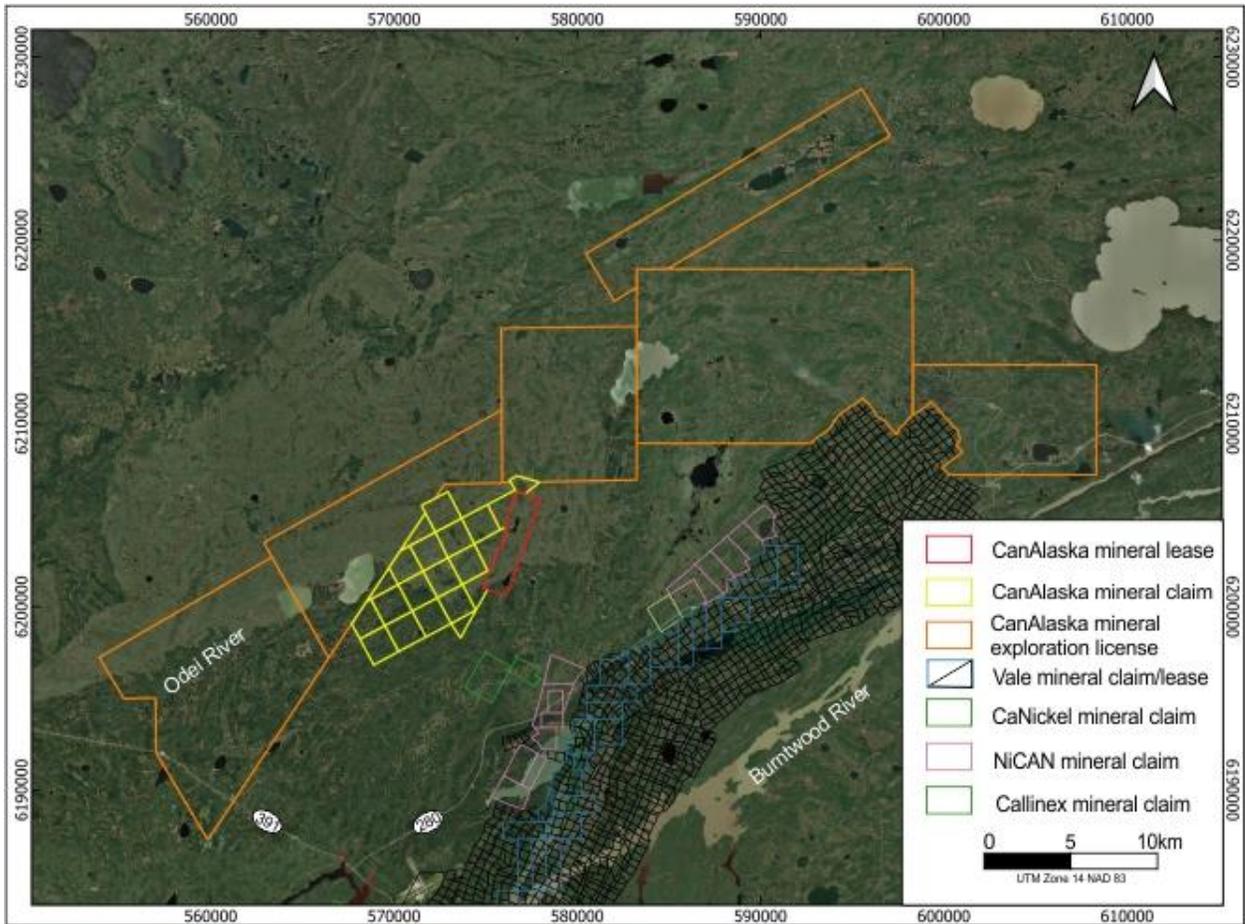


Figure 4-3. Location of the CanAlaska dispositions north of the City of Thompson.

The maintenance of mineral dispositions in Manitoba requires annual expenditures or rental payments depending on the type of disposition. Non-producing mineral leases, such as ML007, have a renewable 21-year term, and maintenance requires the payment of annual rent of \$12.00 per hectare and the reporting of exploration work on every fifth year for the first three reporting periods and six years for the final reporting period. Mineral claims require the expenditure of \$12.50 per hectare for the first ten years, and the expenditure of \$25.00 per hectare thereafter, reported annually (Assessment report). An annual report of work, a summary of the annual exploration activities and an accounting of the associated expenditures, is required. The full disclosure of exploration work and the inclusion of all data generated is required. In lieu of required annual exploration expenditures, Manitoba allows a cash payment equal to the value of required exploration expenditures, refundable for a period of five years. Within this period, the value of exploration expenditures applied to the disposition are refunded following the submission of a report of work. Mineral exploration expenditures in excess of the requirements are credited towards future assessment requirements. The reporting of required exploration comprising Assessment Reports are held in confidence for a period of three years.

Renewal applications and assessment reports are submitted along with a filing fee of \$13 per claim per year. Assessment credits can be applied to the renewal of any claim within a 3,200 ha contiguous area within a designated grouping.

Mineral exploration in Manitoba requires an authorization (work permit) from the Department of Environment and Climate to occupy Crown land and conduct mineral exploration. The issuance of work permits is subject to a Crown assessment on whether the proposed mineral exploration activities may impact the exercise the treaty rights of Aboriginal peoples under Section 35 of the Constitution of Canada. The Department of Natural Resources and Northern Development is responsible for conducting Crown-Aboriginal consultation, although the Department of Environment and Climate issues the work permit.

4.2 ABORIGINAL COMMUNITIES

The Mel project is located within the ancestral lands of Nisichawayasihk Cree Nation (NCN), an aboriginal community situated in the community of Nelson House, located 80 km west of the City of Thompson. NCN has gained a degree of control over the management of its traditional territory (Figure 4-4). NCN is a signatory to a number of agreements with Manitoba and Canada, providing for the establishment of reserve land and accommodations for hydroelectric development in their traditional territory. NCN is entitled to select 32,400 ha of Crown land as reserve land under the 1997 Treaty Land Entitlement Agreement (TLE) process. NCN is currently working with the Manitoba Government to finalize the Crown commitment to establish Reserve lands under the terms of Treaty 5 and the TLE agreement. NCN has made a number of land selections that have been converted to Reserve land or are in the process of being converted.

River into the Burntwood River, which ultimately flows into the Nelson River system north of the City of Thompson. Accommodations of the impacts of northern hydroelectric development are the focus of the 1996 Northern Flood Agreement (NFA) between a number of northern Manitoba First Nations, including NCN, Manitoba and Canada. The NFA provided financial compensation to the affected First Nations and granted NCN and the other First Nations certain rights regarding the management of natural resources in their traditional territories. To provide a process for a degree of First Nation management of development of resources on their traditional territory, Resource Management Areas (RMA) were established that cover the community's traditional territory and Resource Management Boards (RMB) were established to manage this process. The RMBs are composed of First Nation representatives and Manitoba government appointees. The RMBs meet regularly, generally on a quarterly schedule. RMBs have oversight on the granting of work permits, although they do not generally represent communities in the Crown-Aboriginal consultation process.

In the context of authorizing mineral exploration activities, Manitoba is constitutionally obligated to consult with NCN before authorizing mineral exploration activities under obligations outlined in section 35 of the Constitution of Canada. Consultation is a government-to-government process, and accordingly, it is undertaken by the respective governments. For mineral exploration activities, consultation takes place between First Nation Chief and Council and Manitoba Natural Resources and Northern Development, the provincial government department with responsibility for the regulation of mineral exploration. In First Nations with Resource Management Boards, the RMB provides the Chief and Council with information and recommendations regarding proposed mineral exploration activities. Alternately, First Nation leadership may delegate the management of the consultation process to the RMB.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESS

The Mel property is located approximately 25 km north of the City of Thompson. Access to the property is via winter roads accessing PTH 280 that connects Thompson to Gillam. The property is only accessible by air during the summer months. In particular, the Mel deposit is located in a low swampy area with access extremely limited during summer months.

5.2 CLIMATE

The climate is cold temperate continental with a temperature range generally from -25°C in January and February to 25°C in July and August. In the City of Thompson, the average temperature is approximately 21°C in the summer (high of 23.1°C in July) and -27.3° C in the winter (low of -29.3°C in January), for an average temperature of -2.9°C. Annual precipitation averages 509 mm as rain and 1.87 m as snow. Thompson's cold climate, facilities and ease of access has made it a popular cold-weather testing location for automobile, snowmobile and aircraft jet engine manufacturers.

Freeze-up starts in mid-October and break-up starts in mid-May. Approximately a third of the year is frost free (average of 120 days) at the property. Snow falls typically between November and April and accumulates to depths of up to two metres. Lake ice forms in mid-to late-October and thaws in late May. Drilling can be conducted year-round, except during the spring thaw in mid- April and May.

5.3 PHYSIOGRAPHY

The Mel property area is low rolling country with relief limited to a few metres around 250 m above sea level. The Mel property is transected by the Odei River which drains gently northeast towards the Burntwood River, which in turn flows north and eventually joins the Nelson River system. The relief in the region is very limited, and accordingly, many river systems exhibit strong meandering paths and have large marginal wetlands. The region is covered by a thick veneer of clay-rich glacial till, resulting in a very low incidence of bedrock exposures. The average overburden depth reported in drill holes on the Mel property is 19m with many drill holes exceeding 50m of overburden. In general, the rare outcrop exposures are generally restricted to higher ground or lakeshores and are generally dominated by basement gneisses; exposures of supracrustal and ultramafic intrusive rocks are rare. There are no reported outcrop exposures on the Mel property. Higher ground in the area is generally dominated by sparsely treed areas supporting mixed spruce and local jack pine stands separated by low areas dominated by larch swamps and open muskeg. Almost the entire Mel property area has been the location of recent forest fires, and accordingly there are few mature trees present.

5.4 LOCAL RESOURCES

The closest community to the Mel property is the City of Thompson. The City of Thompson has a population of 13,678 and is the largest community in Northern Manitoba. The city was established in the early 1960s to support the integrated mining, milling and smelting operation operated by INCO (now Vale) exploiting the Thompson nickel deposits. To date, the Thompson metallurgical complex has processed in excess of 150 Mt of ore and produced nearly 2.5 Mt of refined nickel. INCO was acquired by Vale in 2006 and the metallurgical complex has since experienced downsizing, culminating in the closure of the Thompson smelter in 2018; reducing the Thompson operation to a mining and milling operation. Ore produced in Thompson is now trucked south to Vale's metallurgical facilities in Sudbury and Newfoundland.

Thompson acts as the regional service centre for northeastern Manitoba. Thompson hosts the regional health centre with facilities including the Thompson General Hospital, dental services, personal care homes and an Addictions Foundation of Manitoba facility. Thompson has a wide variety of shopping opportunities, restaurants, hotels, vehicle dealerships and professional services. The University College of the North is headquartered in Thompson. The region is serviced by telephone, cellular telephone and broad-band internet and cable television services.

The City of Thompson is serviced by passenger and freight rail service provided by Hudson Bay Railway. Regular passenger bus service is also available. As a regional service centre, Thompson is serviced by several major trucking companies, with warehousing in Thompson.

The region has excellent infrastructure for mining development. Thompson is serviced by 230 Kv hydroelectrical service provided by Manitoba Hydro. Manitoba's industrial electricity rates are amongst the lowest in North America

Thompson was established as a mining town and accordingly has a skilled labour force available and abundant mining support infrastructure. INCO/Vale developed the Thompson deposits as an integrated mining, milling and smelting complex producing over 100 million pounds of refined nickel annually. Recently updated federal environmental emissions standards resulted in the suspension of smelting/refining operations, placing the Thompson smelter on care and maintenance, and shifting Vale's operation to mining and milling, with nickel concentrate shipped south by truck.

In addition to the major metallurgical facilities in Thompson, the 1000 tpd Bucko nickel mill, located 120 km south of Thompson in the village of Wabowden, remains on care and maintenance.

6 HISTORY

The historic mineral exploration presented in this section is based on data provided by assessment files (AF) available from the Manitoba Government Mines Branch online database and the summary of historic exploration presented in the 2007 Wardrop 43-101 technical report (Naccashian et al., 2007). In response to the COVID-19 pandemic access by the general public to government offices are highly controlled. The historic exploration data for the Mel property is summarized in Table 6-1 and Figure 6-1.

The earliest exploration of the Mel property area reported in Manitoba assessment files (AF) is an airborne magnetic survey completed in 1954 by the Canadian Nickel Company Ltd., a wholly owned subsidiary of the International Nickel Company Ltd. that covered northern portions of the Mel claims (AF 91617). Canadian Nickel followed this up in 1960 with a more expansive airborne electromagnetic (AEM) survey that covered the entire Mel property (AF 91627). This survey was followed up with the diamond drilling of anomalies delineated in the 1960 AEM survey in 1961 with 20 drill holes. A single drill hole (22549) in the southern portion of ML007 intersected 2.75% Ni over 0.51 m. The following year (1962), Canadian Nickel conducted ground electromagnetic and magnetic surveys on the Mel property and drilled 157 drill holes totalling 3,350m. (The reporting of drill holes by Canadian Nickel to Manitoba was not completed in sequence, and accordingly, the year of drilling does not correspond to the year of the assessment file, with drilling between 1961 and 1966 reported in AF99001, AF99130, AF99131, AF99132, AF99133). This early success resulted in Canadian Nickel intensively exploring the Mel property area, including the discovery and delineation of the Mel deposit, continuously until 1971.

Table 6-1 Summary of Historic Mineral Exploration on the Mel Property.

YEAR	COMPANY	AF#	Work Type	Summary
1954	Canadian Nickel Co.Ltd.	91617	Geophysics	Airborne magnetic survey covering MEL 18.
1960	Canadian Nickel Co. Ltd.	91627	Geophysics	Regional airborne electromagnetic and magnetic survey covering the Mel property.
1962	Conwest Exploration	91883	Geophysics/Drilling	Ground electromagnetic survey and a single follow up drill hole covering the northern portion of the Mel claims.
1962	A.L. Parres	91913	Geophysics	Ground electromagnetic survey covering portions of MEL 18 and MEL 25.
1962	Canadian Nickel Co. Ltd.	99129	Geophysics	Ground electromagnetic and magnetic survey covering the central portion of ML007 and adjacent Mel claims.
1963	Canadian Nickel Co. Ltd.	99131	Drilling	Drilling of 35 drill holes between 1961 and 1963 on ML007 and Mel claims.
1963	North Venture	90878	Drilling	Drilling of drill holes 6 and 7 on MEL 18.
1964	Canadian Nickel Co. Ltd.	92272	Drilling	Drilling of 24 drill holes with 4 drill holes located in the southern portion of ML007.
1964	Canadian Nickel Co. Ltd.	99001	Drilling	Drilling of 33 drill holes on the Mel deposit. No assays reported.
1964	Canadian Nickel Co. Ltd.	99130	Drilling	Drilling of 35 drill holes on the Mel deposit. No assays reported.
1964	Canadian Nickel Co. Ltd.	91645	Geophysics	Airborne electromagnetic survey of the Mel property area.
1965	Canadian Nickel Co. Ltd.	90917	Geophysics	Ground magnetic survey covering the Mel property.
1966	Canadian Nickel Co. Ltd.	90918	Drilling	Drilling of 8 drill holes in the north portion of ML007 (30203, 30204, 30208, 30209, 30210-30213). No assays reported.
1966	Canadian Nickel Co. Ltd.	99133	Drilling	Drilling of 52 drill holes on the Mel deposit between 1962 and 1966. No assays reported.
1966	AMAX Exploration	91655	Geophysics	Airborne AFMag and magnetic survey of the Mel property.
1967	Canadian Nickel Co. Ltd.	99032	Drilling	Drilling of 7 drill holes on ML007 and Mel claims.
1967	AMAX Exploration	91660	Geophysics	Airborne AFMag and magnetic survey of the Mel property.
1967	AMAX Exploration	90875	Geophysics	Ground magnetic survey covering a portion of Mel18.
1967	AMAX Exploration	90876	Geophysics	Ground electromagnetic survey covering portions of Mel38 and Odei10526.
1967	J. Burkett	90879	Geophysics	Ground electromagnetic survey covering portions of MEL 18 and MEL 25.
1969	Hudson Bay Exploration and Development	91673	Geophysics	Airborne electromagnetic and radiometric survey of the Mel property area.
1971	Canadian Nickel Co. Ltd.	99326	Drilling	Drilling of 4 drill holes on the Mel deposit between 1962 and 1971. Report includes assays.

1971	Canadian Nickel Co. Ltd.	99135	Drilling	Drilling of 37 drill holes on the Mel deposit (35158-35279, 38719, 38720, 38728-38731. No assays reported.
1997	Falconbridge	73270	Geophysics	Aeromagnetic survey along the east boundary of ML007, covering MEL 28 and Odei10525.
1998	Falconbridge	73500	Geophysics	Airborne electromagnetic and magnetic survey along the east boundary of ML007, covering Mel28 and Odei10526.
2000	INCO/Nuinsco Resources	73675	Geophysics/Drilling	AMT survey of ML007 and 24 follow up drill holes 89289-89300 and 102501-102515 totalling 10,775'.
2000	INCO/Nuinsco Resources	73679	Geophysics/Drilling	Ground AMT and UTEM surveys of the Mel claims and follow up drilling of drill hole 102519.
2000	INCO/Nuinsco Resources	73776	Geophysics/Drilling	UTEM survey of the Mel claims and drill holes 102520, 102523 and 102524. All drill holes probed. No significant nickel values reported.
2001	Falconbridge	73920	Geophysics	Ground magnetic and HLEM survey covering Mel28 and Odei10526.
2002	INCO/Nuinsco Resources	73936	Geophysics	Ground UTEM and AMT reprocessing covering the Mel claims.
2003	INCO/Nuinsco Resources	74037	Geophysics, Drilling	Ground UTEM on 18 grids and drilling of drill hole 102567. No significant nickel values reported.
2004	INCO/Nuinsco Resources	74127	Geophysics/Drilling	Ground UTEM survey of the ML007 and significant portions of the Mel claims. 21 drill holes on ML007 (102578-102599) testing the lower Mel deposit.
2005	INCO/Nuinsco Resources	74245	Geophysics/Drilling	Drilling of drill hole 112801. no significant results reported.
2007	CaNickel Mining	74558	Geophysics	Airborne VTEM and magnetic survey covering Mel28 and Odei10526.
2007	INCO/Victory Nickel	74481	Drilling	Drilling of 31 drill holes totaling 5703m on ML007 (112521-112850, 112854) testing the deeper portion of the Mel deposit.
2011	Vale/Victory Nickel		Drilling	Drilling of 10 infill drill holes on the Mel deposit (M-11-01 to M-11-10). Several drill holes tested the deeper portions of the Mel deposit, returning broad intervals of low grade nickel mineralization.
2014	CaNickel Mining	63P14401	Geophysics	Ground magnetic survey covering portions of MEL 38 and Odei10526.

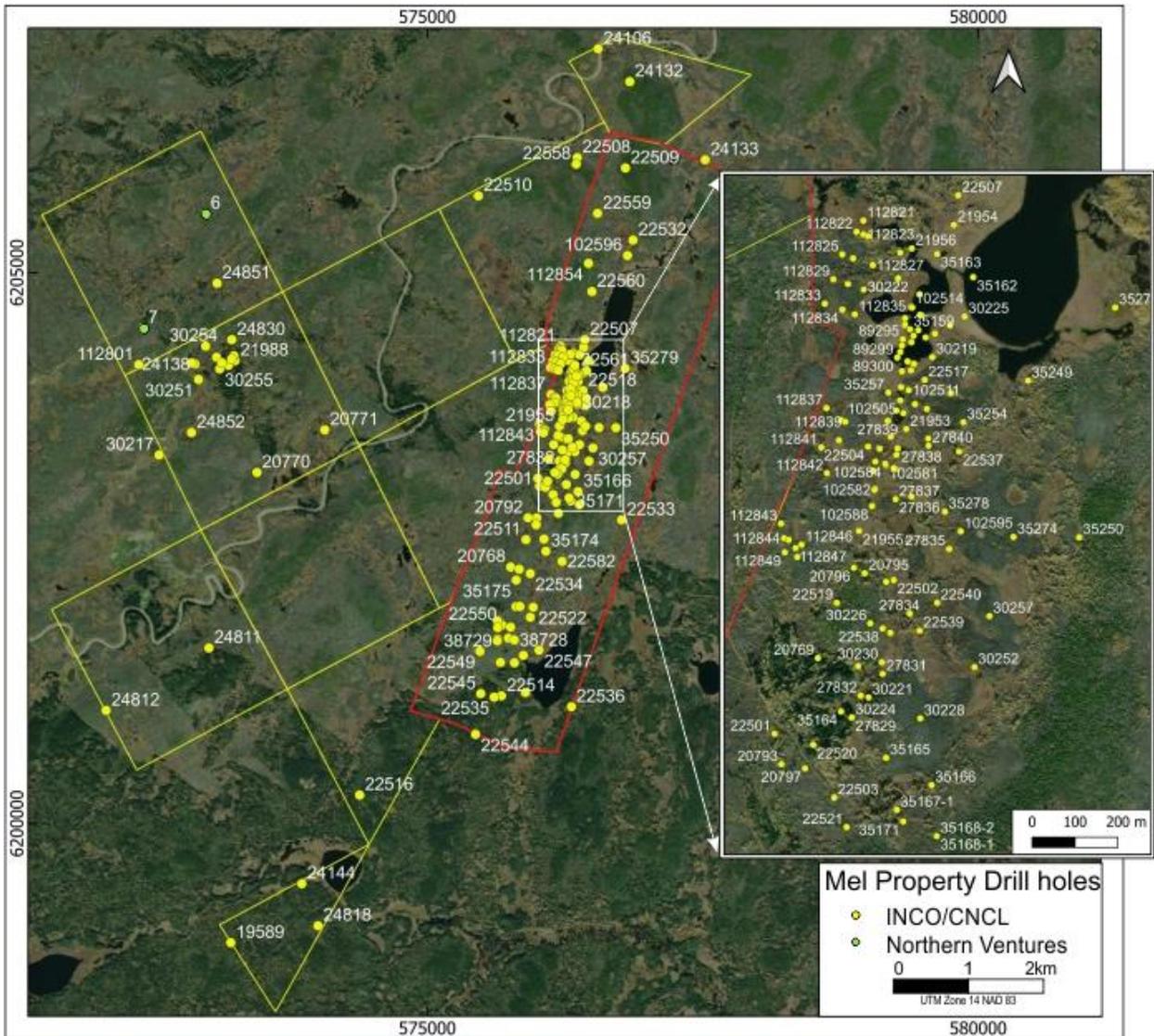


Figure 6-6-1 : Location of drill holes on the Mel property.

Drilling in 1963 consisted of 70 drill holes totalling 7,885m. Much of this vintage of drilling focussed on anomalies outside of the Mel deposit area, and included drill hole 21988, located 3000m west of the Mel deposit in the northern portion of MEL 25, which intersected 2.43% Ni over 1.95m. Drilling in 1964 consisted of 27 drill holes totalling 3,124m in the Mel Lake area (Mel deposit), followed by ground magnetic surveys in 1965 and the drilling of an additional 13 drill holes totalling 1,371m. Canadian Nickel completed a major in-fill drill program in the Mel Lake area consisting of 64 drill holes totalling 11,270m in 1966, largely delineating the upper portion of the Mel deposit.

Exploration of the Mel property by Canadian Nickel paused until 1969, when 25 drill holes totalling 7,200m were completed in the Mel Lake area (ML007). This was followed by 26 drill holes totalling 11,360m in 1970 and 31 drill holes totalling 6,413m in 1971 (1969-1971 drilling reported in AF99326, AF99135, AF91994). Following the completion of the 1971 drill program, Canadian Nickel ceased exploration on the Mel property, converting the Mel

deposit area into an Explored Area Lease (EAL 12), which in turn was converted into a Mineral Lease (ML007) in 1992. The balance of the Mel property claims was allowed to expire.

During the early exploration of the Mel deposit area, exploration of the Mel claims area not controlled by Canadian Nickel were advancing. Conwest Exploration controlled claims in the Hunter Lake area, west of the Mel claim block, and conducted ground electromagnetic surveys covering portions of MEL 18 and MEL 25 in 1962 (AF91883). This was succeeded by ground geophysical surveys (AF91913) and the drilling of two drill holes on MEL 18 in 1963 by North Ventures east of the Hunter Lake area (AF90878). No significant results were reported. AMAX conducted airborne and ground geophysical surveys covering the area east of ML007 covering portions of MEL19 and MEL 25 in 1967 (AF90876, 90879).

Hudson Bay Exploration and Development (HBED) acquired much of the available ground around the Mel property and completed an airborne electromagnetic and radiometric survey in 1969 (AF91673).

Falconbridge held a large property portfolio bordering the Mel property and conducted airborne electromagnetic and magnetic surveys in 1997 and 1998 (AF73270, AF73500) and ground magnetic and horizontal loop EM surveys in 2001 (AF73920) covering portions of claims MEL 28 and Odei10525. Falconbridge properties in the Mel area were transferred to CaNickel Mining Corp., which completed an airborne VTEM survey (2007, AF74558) and ground magnetic surveys (2014, AF63P14401) covering portions of claims MEL 28 and Odei10525.

Renewed interest in the Mel deposit started with the staking of the area immediately west of ML007 in 1999 by INCO. This coincided with the execution of an option agreement between INCO and Nuinsco Resources (to become Victory Nickel in 2007) to acquire the Mel deposit and claims. INCO, as operator, completed Audio Magneto Telluric (AMT) and UTEM surveys covering the Mel deposit and claims and follow up drilling of 28 drill holes totalling 3,284m. Drill holes 89289-89300 (1999) and 102501-102515 (2000) focussed on the Mel deposit (AF73675) and drill holes 102519 (AF73679) and 102520, 102523 and 102524 (AF73776) were completed on the Mel claims.

INCO reprocessed ground AMT and UTEM data from the Mel claims in 2002 (AF73936) and completed UTEM surveys of selected grids on the Mel claims and completed a number of drill holes west of the Mel claims in 2003. In 2004 INCO drilled 21 drill holes (102579-102599) totalling 5,870m testing the Mel deposit (AF74127). This was followed up in 2005 with the borehole EM of drill hole 102596 (Mel deposit) and the drilling of 6 drill holes on the Mel claims, including drill hole 112801 located in the southwest corner of MEL 18 (AF74245). INCO completed 31 drill holes totalling 5,703m on ML007 in 2007 (112521-112850) testing deeper portions of the Mel deposit (AF74481). The final drilling on the Mel deposit was completed in 2011 with the drilling of 10 in-fill drill holes (M-11-01 to M-11-10) that were recommended in the 2007 Wardrop technical report (Naccashian et al., 2007). Several of the drill holes intersected broad zones of low-grade nickel mineralization below known nickel mineralization comprising the Mel deposit. It appears that the 2011 drilling was not filed for assessment with Manitoba.

7 GEOLOGICAL SETTING AND MINERALIZATION

The Mel property is located in the northern Thompson Nickel Belt (TNB), which is a 150 km long nickel metallotect extending from Phanerozoic cover in the south, emerging from under the Phanerozoic cover north of Lake Winnipeg to north of the City of Thompson. The TNB consists of Proterozoic sedimentary and volcanic rocks (Ospwagan Group) documenting the rifting of the Superior province margin (Bleeker, 1990) deposited unconformably on Superior province Archean basement. Nickel deposits hosted by the TNB reflect the intersection of late Proterozoic sulphur-rich sedimentary and volcanic rocks comprising the Ospwagan Group (Scoates *et al.*, 1977) and ultramafic intrusive rocks, including the Molson dyke suite, estimated at 1.88 Ma. Overlying the Ospwagan Group is a number of sedimentary sequences, including terrestrial and shallow water conglomerate and sandstone comprising the Grass River Group and sediments of the Kisseynew Basin, including the Burntwood and Sickle Groups.

The TNB represents a segment of a pan-Superior Province margin that hosts numerous nickel-rich metallotects, including the Ungava region of Quebec and the Thompson Nickel Belt, that record the rifting of an ancient Superior Province margin and the subsequent deposition of cover sequences (Bleeker, 1990).

The TNB is characterized by intense multiphase deformation and high-grade metamorphism reflecting the exhumation deep crustal rocks involved in the terminal collision of the Superior province and the Proterozoic Trans Hudson Orogen. The intense deformation associated with terminal collision produced in a complex 3-dimensional geometry affecting the lithostratigraphy. Understanding this complexity is exacerbated by very poor bedrock exposure resulting from the deposition of a thick glacial till sheet.

The TNB hosts nickeliferous sulphide deposits that reflect the convergence of fertile ultramafic intrusions and sulphur-rich sedimentary rocks forming portions of the Ospwagan Group, which relate to specific stratigraphic positions occupied by the Pipe Formation iron formation (Bleeker, 1990; Macek, 2006; Burnham *et al.*, 2009). Accordingly, the assessment of nickel prospectivity is highly dependent on the determination of the distribution of prospective supracrustal units and ultramafic intrusive rocks in a highly deformed terrane. This is further complicated by the lack of outcrop exposures in areas of exploration requiring significant remote sensing and interpretation.

Recognizing the challenges exploring in a region characterized by very poor bedrock exposures the Manitoba Geological Survey embarked on a process of acquiring geophysical and drill hole data from INCO for the TNB. The Manitoba Geological Survey acquired geophysical and drill hole data through confidential access agreements with INCO and Vale to generate regional geology maps reflecting the aggregated data acquired through the agreements with Manitoba. Much of this data was acquired through CAMIRO project 97E-02 (Burnham *et al.*, 2009), an industry-supported, academic research project focused on the

geology, metallogeny and geodynamic evolution of the Thompson Nickel Belt (TNB) and its mineral deposits.

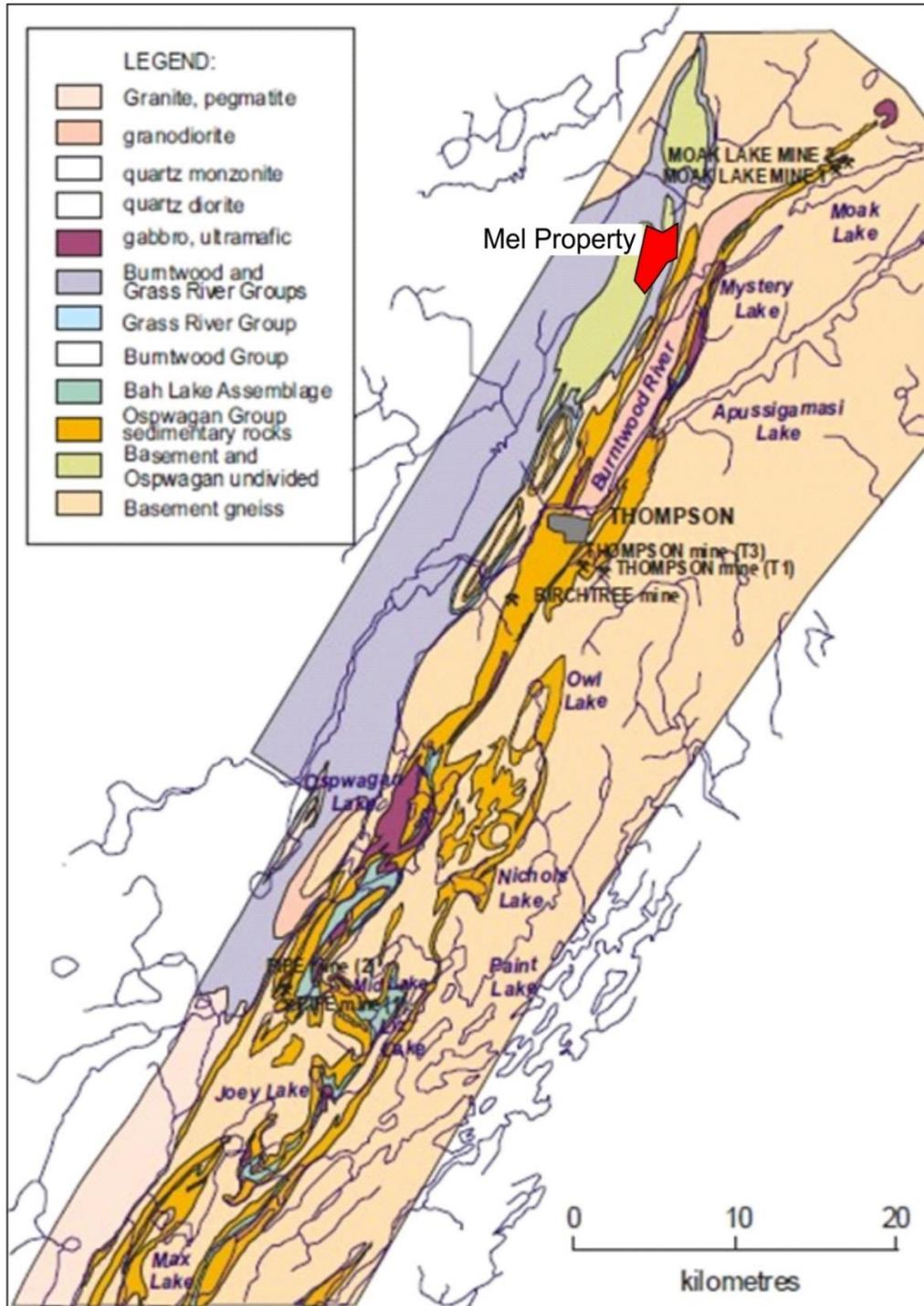


Figure 7-1 : Geology of the northern Thompson Nickel Belt, (after Burnham et al., 2009).

7.1.1 Archean Basement

The basement of the TNB represents the western margin of the Archean Superior province, consisting of undifferentiated ca. 2.7 Ga quartzofeldspathic gneisses and lesser mafic to ultramafic rocks, the latter generally forming scattered lenses, interpreted as boudins of earlier dykes. The basement has experienced very high metamorphic grades, with mineral assemblages consistent with middle to upper amphibolite facies, generally forming multicomponent migmatite. Local areas of preserved granulite facies rocks indicate that the margin of the Superior Province contains a component of re-worked Pikwitonei Granulite Domain rocks, which occupy the Superior Province margin east of the TNB.

7.1.2 Ospwagan Group

The Ospwagan Group represents a presumably thin cover sequence deposited unconformably on the Superior province margin. The Ospwagan Group is intensely deformed, characterized by early isoclinal folding and a complex sequence of deformational events that has produced a complex geometrical distribution of units, generally characterized by the attenuation of units along macroscopic fold limbs and thickening of units in fold hinges. The Ospwagan Group has also experienced high grade metamorphism, altering protoliths. In spite of the intense deformation and metamorphism, the stratigraphic relationship between the respective members has been elucidated (Bleeker, 1990). The Ospwagan Group consists of a cover succession comprising four clastic and chemical sedimentary formations: Manasan, Thompson, Pipe and Setting followed by the Bah Lake mafic volcanic Formation (Bleeker, 1990) (Figure 7-2). The age of the Ospwagan Group is not well constrained but it is older than the ca. 1.88 Ga Molson ultramafic dykes which intrude the sequence.

The Manasan Formation (M) represents a clastic sedimentary sequence unconformably deposited on the Superior province margin. The Manasan Formation consists of two clastic sedimentary members. The lower member consists of quartzite and finely laminated sandstone ranging in composition from sub-arkose to arkose and wacke (M1). Local thin basal units of quartz pebble conglomerate demarcate the unconformity with the underlying Archean basement. The upper member consists of semi-pelitic schist and biotite quartzofeldspathic gneiss (M2).

The Thompson Formation (T) is primarily composed of calcareous semi-pelite and marble divided into three members. The lowest member consists of thinly-layered medium to coarse-grained schist (T1). The second member consists of biotite-rich calcareous schist (T2). The upper member consists of dolomitic marble (T3). Thompson Formation rocks generally form calc-silicates at upper amphibolite facies.

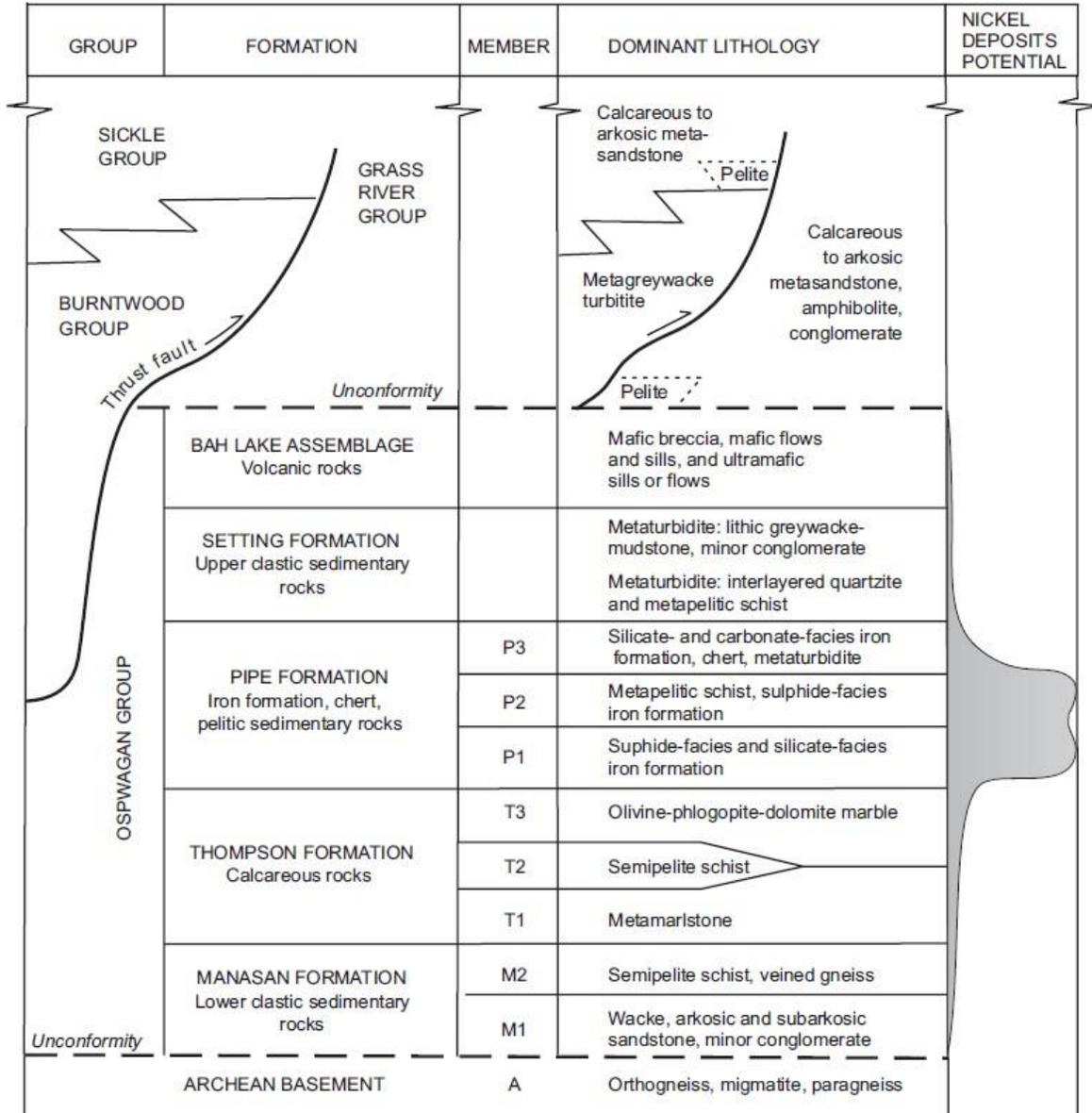


Figure 7-2 Tectonostratigraphic summary and simplified lithostratigraphic section of the Thompson Nickel Belt (from Macek, Zwanzig and Pacey, 2006).

The Pipe Formation (P) is an important nickel mineralization host formation in the TNB. The Pipe Formation is composed of pelitic to semi-pelitic schists and paragneisses interbedded with sulphide, silicate and cherty iron formation divided into three members. The lower member consists of a sequence of iron formation, graphitic at the base, containing a variety of silicate and sulphide facies iron formations (P1). The P1 member is overlain by a sequence of coarse-grained, sillimanite-garnet-biotite quartzofeldspathic gneiss and local sulphide facies iron formation (P2). The uppermost Pipe Formation member (P3) is a highly variable succession of medium-grained, sulphidic, biotite-muscovite quartzofeldspathic schist intercalated with semi-pelite and calcsilicate.

The Setting Formation (S) includes all clastic sedimentary rocks that are stratigraphically above the upper P3 iron formation and below the mafic volcanic rocks comprising the Bah Lake Formation (V). The Setting Formation consists of quartzite, wacke, semi-pelitic to pelitic schists and paragneisses interpreted to represent medium to coarse-grained turbiditic rocks.

The Bah Lake Formation consists of mafic to ultramafic volcanic rocks and sills with rare interflow sediments lying stratigraphically above the Setting Formation. The rocks comprising this formation were deposited as pillowed to massive flows, breccia and intrusive units. Locally gabbro represents a significant portion of the formation's stratigraphy.

7.1.3 Intrusive Ultramafic Rocks

The nickel prospectivity of the Thompson Nickel Belt is in many degrees a function of the interaction of sulphide-bearing sedimentary rocks with fertile ultramafic intrusive rocks. Ultramafic to mafic dykes and sills intrude throughout Oswagan Group stratigraphy generally forming lensoid to tabular bodies. Ultramafic intrusions are highly 23ectonised but appear to have experienced all phases of deformation experienced by the Oswagan Group, suggesting that ultramafic emplacement occurred following sedimentation but prior to the deformation of the Oswagan Group.

Ultramafic intrusive rocks have a diverse range in composition, interpreted to reflect differing degrees of differentiation, including dunite, peridotite and a variety of differentiated bodies consisting of basal, olivine-rich cumulate zones and upper zones of pyroxenite and gabbro. Cumulate zones contain variable amounts of chromite forming chromite-bearing dunite, which, with upwards decreasing olivine content, grades towards pyroxenite.

Ultramafic bodies intrude throughout the basement and Oswagan Group stratigraphy. The stratigraphic location of ultramafic intrusions appears biased toward the lower Oswagan Group, with the majority of ultramafic rocks intruding the Pipe and Thompson Formations. The size of the ultramafic bodies does not appear to correlate with the stratigraphic level of emplacement, but the degree of mineralization appears related with intrusion size, as the largest ultramafic intrusions are either unmineralized or poorly mineralized (Burnham et al., 2003).

7.1.4 Grass River Group

The Grass River Group (GRG) consists of a sequence of siliciclastic sedimentary rocks overlying the Oswagan Group, Bah Lake Formation volcanic rocks. The sequence locally appears to unconformably overly the Oswagan Group, although the contact is generally highly tectonized. The GRG is composed of non-marine conglomerate and sandstone that occupy the eastern margin of the Kiseynew Domain. The GRG appears to grade into Burntwood Group turbidites towards the Kiseynew Basin core.

7.1.5 Kiseynew Basin

The Oswagan Group is succeeded by allochthonous sediments comprising the Kiseynew Domain (Zwanzig, 1999). The Kiseynew Domain is a successor basin developed during the Trans Hudson Orogen consisting of Burntwood Group turbiditic rocks occupying the core of the Kiseynew basin, and fluvial-alluvial sandstone and conglomerate of the Sickle Group

generally occupying the margins of the Kisseynew basin. The age of the Kisseynew basin sedimentary rocks is ca. 1.85-1.83 Ga. The contact between the Ospwagan Group and Kisseynew domain rocks is interpreted to be a thrust fault, with the Kisseynew domain dipping east, under the Ospwagan Group and Superior Province margin.

7.1.6 Structural Geology and Metamorphism

The Thompson Nickel Belt is a highly deformed, highly metamorphosed terrane. The TNB has experienced at least four periods of penetrative deformation reflecting the evolution of the western margin of the Superior province, the collision with the Reindeer (internal) zone of the Trans Hudson Orogen (THO) and the terminal collision with the Hearne Province during the assembly of the Laurentian Craton.

The early deformation of the Ospwagan Group supracrustal rocks is reflected in the isoclinal folding of the Ospwagan Group, resulting in fold thickening of supracrustal units prior to the intrusion of early mafic dykes. The resulting macroscopic geometry of the TNB is dominated by the interaction between the second and third phases of deformation. The second phase of deformation D_2 produced shallow-plunging macroscopic, recumbent isoclinal folds overprinted by steeply-plunging D_3 folds producing a dome and basin (egg carton) fold interference geometry with a northeast-trending long axis. Later deformations produced minor refolding but does not significantly alter the macroscopic geometry of the Ospwagan Group.

The deformational history of the TNB records the emplacement of an westerly-verging nappe structure over the Kisseynew Basin (Bleeker, 1990). According to this interpretation of the macroscopic structural geometry, the majority of nickel deposits are located on the overturned limb of the regional nappe structure.

The TNB has experienced high-grade metamorphism that has produced significant changes in the mineralogy of the rocks comprising the nickel belt. The exposure of the granulite facies rocks east of the TNB suggests that the Superior Province margin experience rifting, bringing granulite facies rocks comprising the Pikwitonei Domain to surface prior to the deposition of the Ospwagan Group supracrustal rocks. Subsequent burial exposed the Ospwagan Group to upper amphibolite facies conditions before their exhumation through nappe emplacement during the later stages of the assembly of the Laurentian craton. In this interpretation, the TNB nappe lies in the hanging wall of a major thrust fault juxtaposing the TNB above the eastern margin of Kisseynew Domain sedimentary rocks.

7.2 MEL PROPERTY GEOLOGY

The Mel property is overlain by a thick veneer of clay-rich glacial sediments with the average overburden thickness reported from drilling on the property averaging 19m. Accordingly, the geology of the Mel property is inferred through geophysical responses, locally confirmed by drill core intercepts. The understanding of the property geology is based on assessment data and regional compilations of geophysical data and the comprehensive drill core review compiled by the Manitoba Geological Survey (Macek et al., 2006).

The Mel property is underlain by a tightly folded sequence of Archean basement orthogneisses and Ospwagan Group supracrustal rocks dominated by the Pipe formation (Figure 7-3). Critical to the prospectivity of the property through drilling by INCO and Vale, and its predecessors have identified a sequence of Ospwagan Group, Pipe Formation sulphide facies iron formation and sulphidic sediments in close proximity to ultramafic intrusive rocks. The distribution of the Pipe Formation on the property delineates a northeast-trending dome and basin geometry with repeating Pipe Formation units. Critical to the distribution of the Pipe Formation is the relatively high proportion of P2 sulphide facies iron formation comprising the Pipe Formation in the Mel project area.

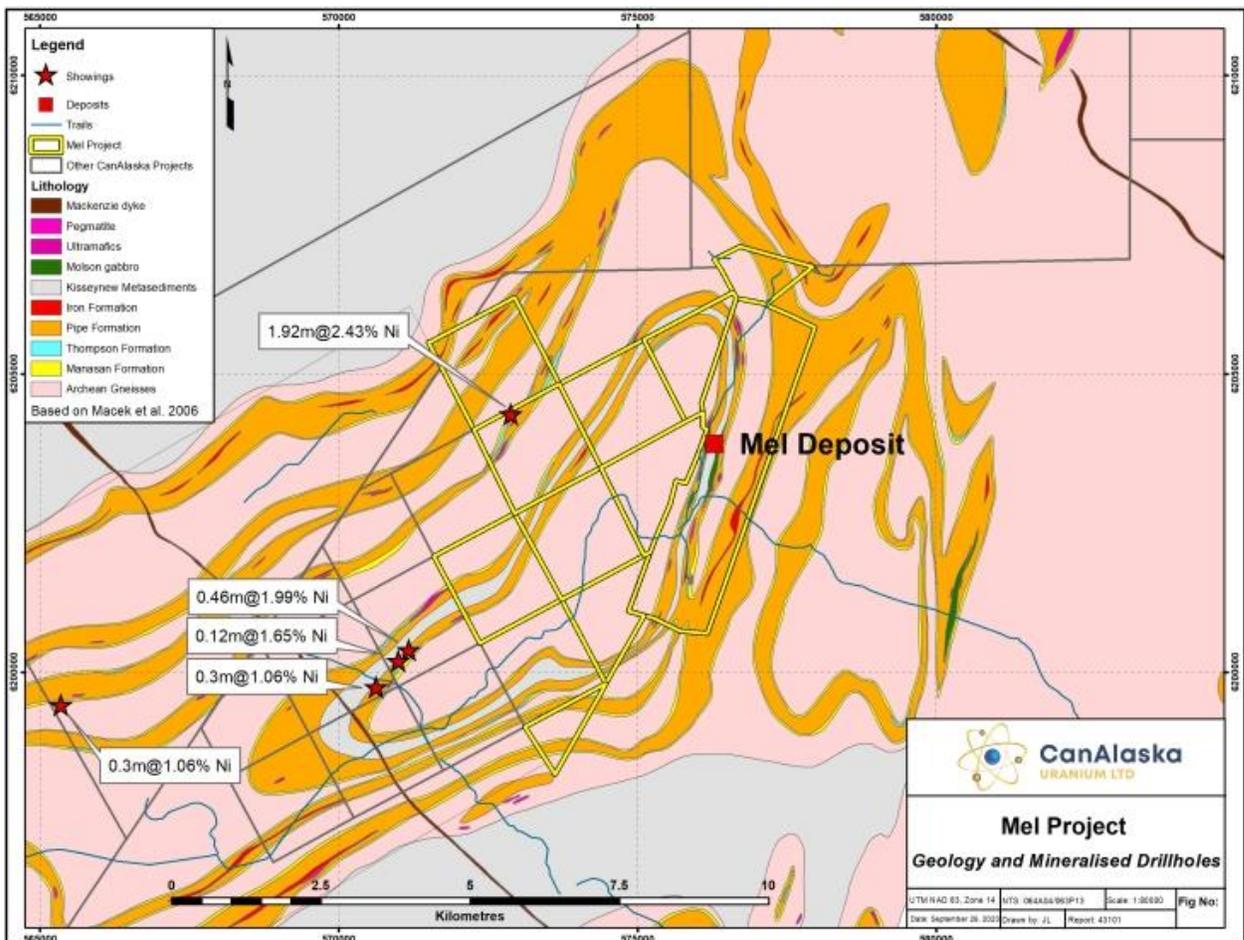


Figure 7-3. Geology of the Mel property based on Manitoba Geological Survey compilation data (after Macek et al., 2006).

The regional compilation of the geology, drill core and geophysics completed by the Manitoba Geological Survey (Macek et al., 2006) notes that the composition of the Ospwagan Group in the northern TNB outlines a relatively complete Ospwagan stratigraphic sequence including Pipe Formation silicate and sulphide facies iron formation and ultramafic intrusive rocks in a tightly folded, modified dome and basin 3D geometry. A number of ultramafic intrusions intrude the Ospwagan Group stratigraphy in the property area, notably

in the Mel deposit area. The complexity of the inferred map pattern suggesting a complex internal geometry resulting from a prolonged, intense deformational history. The nickel prospectivity of the northern portion of the TNB is highlighted by an increase in the proportion of iron formation, and in particular, sulphide facies iron formation comprising the Pipe formation in comparison with the southern portions of the TNB (Macek et al., 2006).

Mineralization comprising the Mel deposit consists of massive to stringer pyrrhotite-rich massive sulphide with lesser amounts of chalcopyrite and pentlandite. The mineralization reflects two forms, one primary and one secondary: autochthonous and allochthonous mineralization. Primary, autochthonous mineralization reflects sulphide mineralization hosted by the igneous host, reflecting the assimilation of sulphide-rich sedimentary rocks into a prospective magma chamber and the deposition of the sulphides at the base of the magma chamber. Autochthonous mineralization is characterized by sulphide mineralization hosted by ultramafic intrusive rocks reflecting original sulphide deposition, with primary depositional textures (Figure 7-4A). Allochthonous mineralization represents sulphide mineralization mobilized from its original igneous host, generally reflecting structural remobilization, reflected in the development of deformation textures such as foliations and breccia textures, commonly hosted by Pipe Formation metasedimentary rocks. The structural remobilization of sulphides is characterized by sulphide-matrix breccias containing host rock clasts (Figure 7-4B).



Figure 7-4 Representative massive sulphide textures observed in Mel deposit core. A) autochthonous massive sulphide hosted by serpentinite, drill hole 89297; B) Allochthonous, brecciated massive sulphide hosted by Pipe Formation metapelite containing metapelite clasts, drill hole 102509.

The Author reviewed five diamond drill holes reflecting mineralized intercepts spanning the strike length of the Mel deposit to assess the nature of the nickel mineralization comprising the Mel deposit (Figure 7-5). The drill core reviewed include sulphide mineralization reflecting autochthonous, *in situ* mineralization hosted by serpentinized ultramafic rocks and allochthonous, structurally remobilized mineralization hosted by Pipe Formation meta-pelitic rocks (Figure 7-6).

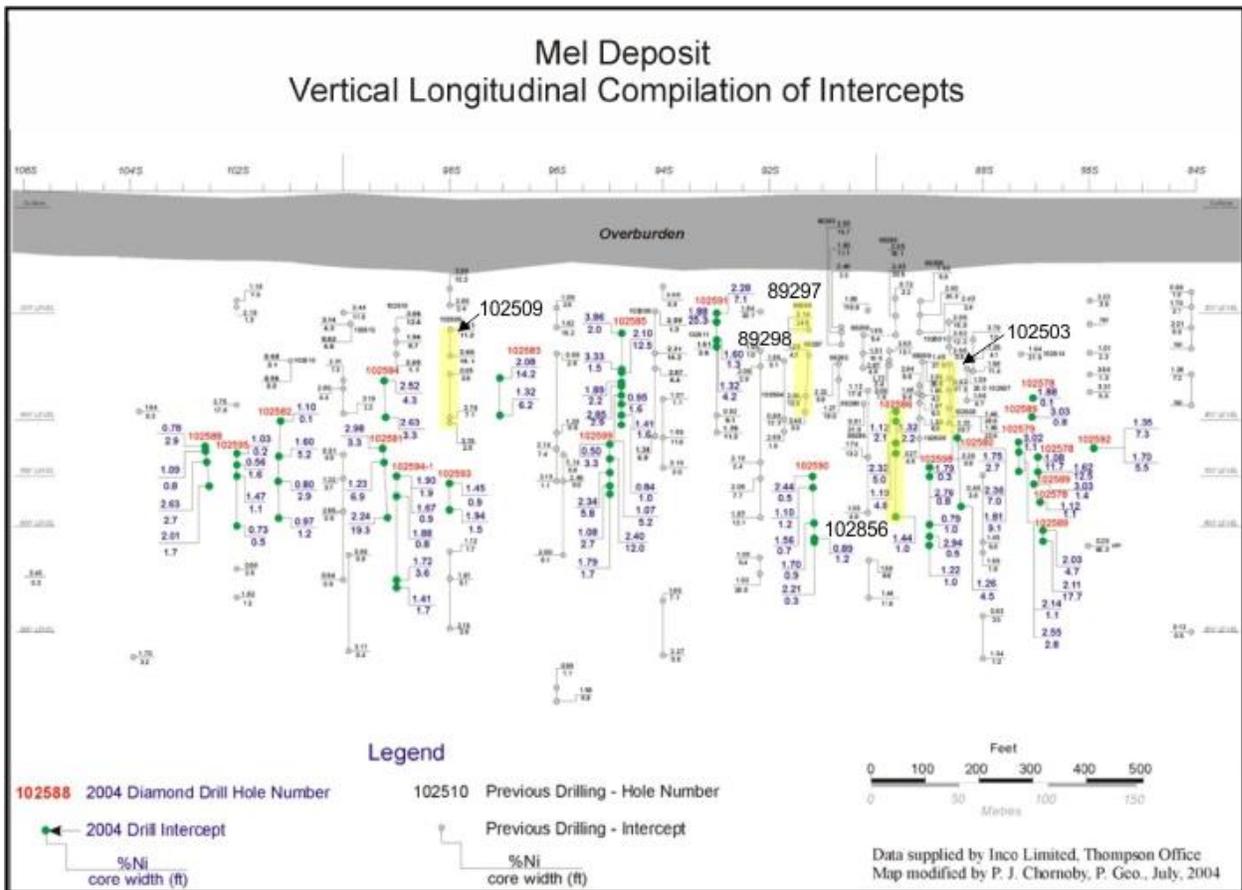


Figure 7-5 Location of the five drill holes reviewed in the production of this technical report reflected in the west-looking longitudinal cross section of the Mel deposit (after Naccashian et al., 2007).

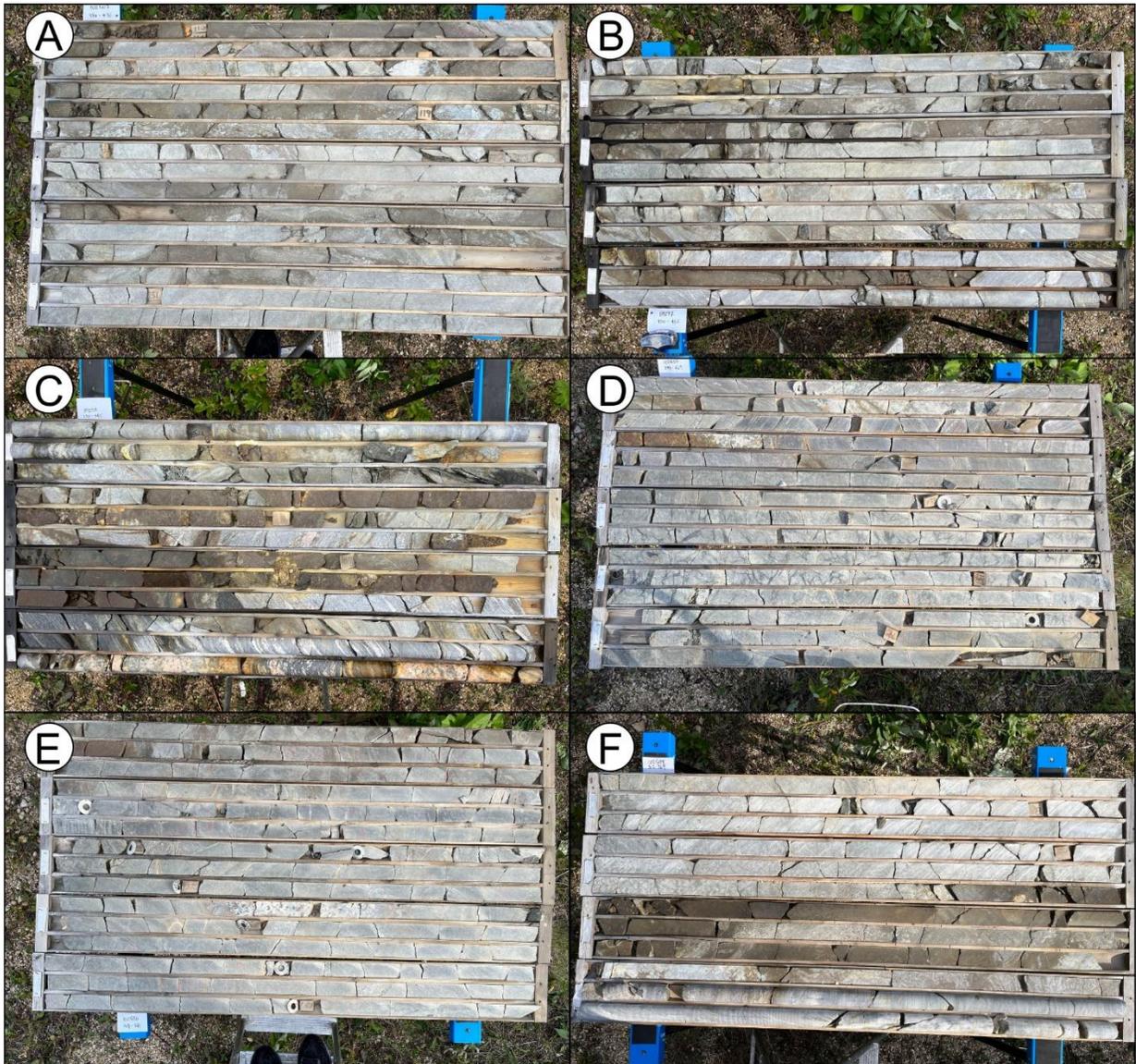


Figure 7-6 Drill core intercepts from the Mel deposit demonstrating the close stratigraphic association of ultramafic intrusive rocks and Pipe Formation sedimentary rocks. A) Massive sulphide hosted by serpentinite in drill hole 102503, located in the northern portion of the Mel deposit; B) Massive sulphide hosted by Pipe Formation metapelite from the upper-central portion of the Mel deposit in drill hole 89297; C) Massive sulphide hosted by Pipe Formation metapelite from the lower-central portion of the Mel deposit in drill hole 89298; D and E) Massive to stringer sulphide mineralization hosted by serpentinite from the lower and central portion of the Mel deposit, drill hole 102856; F) Massive to stringer sulphide intercepts hosted by serpentinite from the southern portion of the Mel deposit, drill hole 102509.

Handheld XRF analysis of selected massive sulphide intercepts outlined above document the nickeliferous nature of the massive sulphide mineralization reviewed. The XRF analyses returned analyses confirming the nickeliferous nature of the drill intercepts. Unfortunately, the XRF results appear to grossly overrepresent the nickel content in the core, and whether this is the result of oxidation as the split core has been exposed to the elements for more

than 20 years, the massive sulphide core returned from the Mel deposit reviewed contains considerable nickel-copper-cobalt values (Table 7-1).

Table 7-1 Summary of XRF Analyses for Selected Drill Intercepts

Drill Hole	From (ft)	To (ft)	Interval (ft)	%Ni	%Cu	%Co
89297	407.0	420.0	13.0	3.51	0.049	0.070
89297	446.0	450.0	4.0	4.16	0.103	0.140
89298	305.0	312.5	7.5	4.62	0.075	0.030
89298	317.5	329.0	11.5	3.29	0.081	0.018
102503	370.0	403.0	33.0	2.21	0.075	0.040
102509	339.5	358.0	18.5	3.96	0.173	0.049

There have been 339 diamond drill holes completed on the Mel mineral lease and 30 diamond drill holes completed on the Mel claim block (Appendix 3). The review of data received from CanAlaska/Core by the Author confirms complete drill logs and assays for all drill holes on the Mel property drilled since 1999. Drill logs for drilling conducted between 1961 and 1971 (early drilling) is incomplete in the Victory Nickel data, with drill logs for 78% of the drill holes. Early drill holes contained in the Victory Nickel data are generally complete with assays and survey data (orange in Appendix 3). Drill logs reported in Manitoba assessment files generally do not include assay data (yellow accounting of drill core stored in Grand Rapids is reported in Appendix 2. in Appendix 3).

The review of the drill core stored in Grand Rapids appears to include a high proportion of all drill core produced from the Mel property. A high proportion of this core is in core racks, but there are a number of pallets of Mel property core on site owing to a lack of core rack space. The high proportion of the pre-1999 drill core stored in Grand Rapids has been abbreviated, with drill holes reduced to short, representative core samples retained at regular intervals. Drill core generated since 1999 is generally intact, including mineralized intercepts. Unfortunately, the significant mineralized intercept in drill hole 102599 was not located and is either missing or remains stored in pallets adjacent to the core racks. In general, core stored in the core racks is in good condition and the core boxes are in good condition. Mel core remaining in pallets is exposed to the elements, and accordingly, the condition of the core boxes is not as good with many core boxes showing signs of rot.

8 DEPOSIT TYPES

The assimilation of sulphide-rich country rocks within ultramafic-mafic-hosts is acknowledged to be a critical feature for the development of sulphide nickel deposits worldwide. The general theory of magmatic-hosted sulphide-nickel mineralization involves the assimilation and digestion of sulphidic country rocks into a fertile, relatively unfractionated ultramafic magma. The elemental characteristics of sulphur introduced to chalcophile-rich, fertile ultramafic magma results in the preferential partitioning of nickel, copper, cobalt and other chalcophile elements (Goldschmidt, 1937) into the sulphide phase, as opposed to the silicate component of the magma. Sulphide and silicate melts are

inherently immiscible with the greater density of the sulphide phase resulting in the sulphide melt sinking to the bottom of the magma chamber and the resultant concentration of chalcophile-rich sulphidic minerals forming nickel-sulphide deposits. Accordingly, nickel-copper exploration of ultramafic intrusions focuses on the delineation of the ultramafic stratigraphy to identify the lower portions of the magma chamber where sulphide mineralization sinks to occupy the lower portions of the magma chamber. Unfortunately, the intense deformation and metamorphism associated with the collision between the Superior province and the rocks comprising the internal portion of the Trans Hudson Orogen has significantly affected the present distribution of nickel-copper-cobalt mineralization in this environment.

The Thompson Nickel Belt (TNB) represents one of the world's major nickel metallotects. The TNB hosts a number of past and presently-producing massive sulphide nickel deposits totalling almost 150 MT of exploited mineralization, most notably, Vale Canada's Thompson (ca. 120 MT @ 2.5% Ni), Birchtree (ca. 29 MT @ 2.0% Ni) and Pipe (ca. 22 MT @ 1.0% Ni) deposits (Bamburak, 1990), producing 2.724 Mt of refined nickel metal. The Thompson mine continues to operate, with Vale recently announcing significant capital investments that will see mining and milling continue through 2030 (Vale press release, June 29, 2021). The Thompson mine reserves are 27.5 Mt grading 1.75% Ni (Vale Canada, 2017). Mining operations were suspended at the Birchtree mine in 2017, with the mine placed on care and maintenance. The Pipe mine was closed in 1985 and the mine site has since been decommissioned and remediated. Vale placed the Thompson smelter on care and maintenance in 2018 and the operations evolved into a mining and milling operation with concentrate shipped to Vale facilities elsewhere in Canada. Vale recently announced investments to the development of new mineral deposits within the Thompson property that will ensure the continual operation of the Thompson operations well into the future.

The nickel mineralization comprising the TNB is interpreted to be the result of ultramafic rocks intruding into Ospwagan Group, Pipe Formation sulphide facies iron formation and sulphidic sedimentary rocks along the rifted Superior Province margin (Burnham et al., 2009, and references therein). The nickel deposits in the TNB take a number of forms. Many are hosted by ultramafic intrusive rocks (i.e. Manibridge and Bucko deposits), characterized by disseminated pentlandite-rich sulphide mineralization hosted by ultramafic intrusive rocks that are interpreted as the original source of the nickel mineralization (autochthonous mineralization). The high degree of deformation and high metamorphic grade that characterizes the Superior Boundary Zone has resulted in the migration of nickel sulphide mineralization into low strain domains, such as fold hinges and fault zones, removing the mineralization from its original host (allochthonous mineralization), characterized by the Thompson deposits. Much of this allochthonous sulphide mineralization incorporates country rock xenoliths giving it a breccia-like texture. Both types of massive sulphide, nickeliferous mineralization are present in the Mel deposit.

The rocks underlying the Mel property are prospective for the development of magmatic-hosted nickel-copper-cobalt deposit through the intersection of fertile (primary) ultramafic magma and sulphur-rich sediments.

9 EXPLORATION

Following the acquisition of the Mel property, CanAlaska/Core has not conducted any mineral exploration on the Mel property.

10 DRILLING

Following the acquisition of the Mel property, CanAlaska/Core has not conducted any diamond drilling on the Mel property.

The Author has confirmed that a large proportion of the drill core related to the Mel deposit and Mel property are stored at the Flying Nickel Corp. core storage facility in Grand Rapids (Appendix 2).

11 SAMPLE PREPARATION, ANALYSES AND SECURITY

The data used in the preparation of this report, which was harvested from the online data repository assembled and disseminated through the Manitoba government Integrated Mining and Quarrying System (IMaQs) internet portal, relies on the review and confirmation by Manitoba Mines Branch staff during the process of assembling the provincial assessment file (AF) database. The geochemical data referred to in this report are the product of hand-held XRF analysis. *In situ* XRF geochemical analyses were acquired using a Niton XL5 hand-held XRF analyzer. The XRF was calibrated by the distributor immediately prior to its usage. Analyses were acquired using a 30 second, two-gun acquisition time.

12 DATA VERIFICATION

Due to the nature of the acquisition of the Mel property by CanAlaska/Core Nickel from the financial receiver, there are no guarantees with respect to the comprehensive nature of the data. The Author was provided with this dataset that reflects the status of the data at the time of the acquisition of the Mel property assets, which included a NI 43-101 report on the Mel deposit constructed by Wardrop Engineering Inc. in 2007 (Location of the five drill holes reviewed in the production of this technical report reflected in the west-looking longitudinal cross section of the Mel deposit).

The data provided by the financial receiver is assumed to reflect the state of data hosted by Victory Nickel at the time of its bankruptcy. The author has not been provided with any representations regarding the authenticity or completeness of the data provided by the financial receiver to CanAlaska/Core, and by extension, the Author.

The Wardrop Engineering Inc. in 2007 (Naccashian et al., 2007) was relied on in the production of this technical report. Additionally, significant data used in the production of this report was harvested from the Manitoba Department of Natural Resources and Northern Development iMaQs internet portal, and the use of this data reflects the Author's

understanding that this data is presented in a “best efforts” basis based on the quality of data provided to Manitoba through mineral exploration disclosure requirements.

A large portion of the historic mineral exploration data conducted on the Mel property and incorporated into this technical report was completed and reported before the advent and implementation of National Instrument (NI) 43-101 reporting requirements and the adoption of Canadian Institute of Mining and Metallurgy (CIM) Mineral Exploration Best Practices Guidelines. Accordingly, the Author has attempted to provide transparency regarding the sources of data relied on in this technical report regarding its vintage.

More recently, the Mel deposit was the focus of an NI 43-101 technical report commissioned by Victory Nickel in 2007 (Naccashian et al., 2007). The 2007 technical report presents data verified for the Mel deposit and is relied on in the preparation of this report. Accordingly, this technical report is attached as Appendix 1. In particular, the location of historic drill holes presented in the 2007 technical report (Naccashian et al., 2007) are presented in this report.

The data verification process during the course of the development of this technical report has identified a number of inconsistencies in the drill collar data between Victory Nickel datasets, Wardrop’s 2007 43-101 (Naccashian et al., 2007) and drill hole collar locations reported in the domain iMaQs data. CanAlaska/Core provided the Author with drill collar locations for the Mel Property and area largely based on the Manitoba iMaQs website. CanAlaska/Core discovered surveyed collar locations in the NI 43-101 from 2007 complied by Wardrop. For the purpose of this report, the Author relied on the collar locations from the 2007 Wardrop Ni 43-101 technical report. However, some exploration collars outside of the deposit area were not included or verified in the 2007 43-101 technical report.

Inconsistencies in the collar data stem from the historical nature of the drill holes and the use of historical exploration and mine grids forming the locations reported in assessment reports complied in iMaQs, whereas the regional compilation (Macek et al., 2006) presumably used proprietary data acquired from INCO through the confidentiality agreement with the Manitoba Geological Survey that provided Macek with access to INCO drill core and data. The Wardrop Technical Report (Naccashian et al., 2007) includes professional land surveyor verified locations of drill collars in the vicinity of the Mel deposit. While not comprehensive, the Author has used this verified data to reconcile the location of drill collars reported in this technical report and drill collar location derived from Macek (2006). The Author recommends CanAlaska/Core Nickel verifies the accuracy of the drill hole locations provided in the Wardrop 43-101 (Naccashian et al., 2007) and the location of exploration collars outside of the Mel deposit area if any follow up exploration is contemplated.

13 MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical processing has been conducted by CanAlaska/Core on material collected from the Mel property. Wardrop Engineering Inc., at the direction of Victory Nickel, reports that INCO conducted limited ore test work on the Mel deposit (Naccashian et al., 2007). INCO completed “time of grind” and float tests in 2001 of samples

reflecting high, medium and low-grade sulphide mineralization compared to samples from drill hole BT 84 (Birchtree 84). A time of grind was conducted in the lab rod mill for each sample in order to conduct the float test at the current plant setting for Birchtree ore of 18% +100 mesh. Float tests were then carried out using the same quantities of reagents for each run. The results are summarized below:

	BT 84	Mel 1.7	Mel 0.9	Mel 0.4
Head Grade	1.8	1.73	0.91	0.43
Grind Time (minutes)	8.25	9	15	10
Ni Recovery	83.96	75.22	74.85	71.52
Cu Recovery	95.32	90.53	88.40	79.07
Fe Recovery	24.04	16.21	13.78	10.61
Concentrate Grades (%)	10.84	11.90	12.24	10.59

14 MINERAL RESOURCE ESTIMATES

Wardrop Engineering Inc. was engaged by the former owner of the Mel property in 2007 to verify the drill data and develop a resource estimate of the nickel-copper-cobalt mineralization comprising the Mel deposit (Naccashian et al., 2007). The resource estimate entailed estimating mineral resources in conformance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions referred to in National Instrument 43-101 (NI 43-101) Standards and Disclosure for Mineral Projects. The resource estimate consisting of an indicated resource of 4,279,000 tons grading 0.875% nickel (Ni) plus an Inferred resource of 1,010,000 tons grading 0.839% Ni at a cut-off of 0.5% Ni.

According to the 2007 Wardrop technical report (Naccashian et al., 2007) the resource estimate was based on the following:

“Wardrop carried out data verification on 5% of the drillhole database from drill logs and assay values. The database verification conducted by Wardrop found no discrepancies with the original information. Wardrop concludes that the database meets industry standards for resource estimation.

Estimation of the resource included the interpolation methods of nearest neighbour, inverse distance squared and ordinary kriging. The methods were validated by comparison of global mean grades, visual review of coded block grades and swath plots. No significant discrepancies exist between the methods. Ordinary kriging methodology was selected for grade estimation on the deposit.”

A review of the data received by CanAlaska/Core from the financial receiver contains the data generated by Wardrop during the process of formulating the Mel deposit resource estimate reported above (Naccashian et al., 2007).

15 ADJACENT PROPERTIES

The adjacent mineral claims to the Mel property are held by CanAlaska. The northern Thompson Nickel Belt hosts a number of unexploited nickel deposits located south and east of the Mel property area. The most notably are the Mystery Lake and Moak Lake deposits held by Vale Canada located immediate east of the Mel property (Table 15-1, Figure15-1). The Mystery and Moak lake deposits are large, low-grade nickel-copper-cobalt deposits that represent some of the nickel-copper-cobalt discovered early history in the exploration of the Thompson region. These deposits were discovered in the late 1950s and efforts to fully explore and delineate these deposits were largely abandoned following the discovery of the high-grade nickel-copper-cobalt deposits comprising the Thompson T1 and T3 deposits.

Table 15-1 Summary of northern Thompson Nickel Belt deposits

Deposit	Company	Discovery year	Resource (Mt)	%Ni
Thompson (T1/T3/Birchtree)	Vale Canada Ltd.	1956	150	2.32
Moak Lake	Vale Canada Ltd.	1952	45	0.7
Mystery Lake	Vale Canada Ltd.	1957	227	0.6
Mel	CanAlaska/Core	1961	4.3	0.88

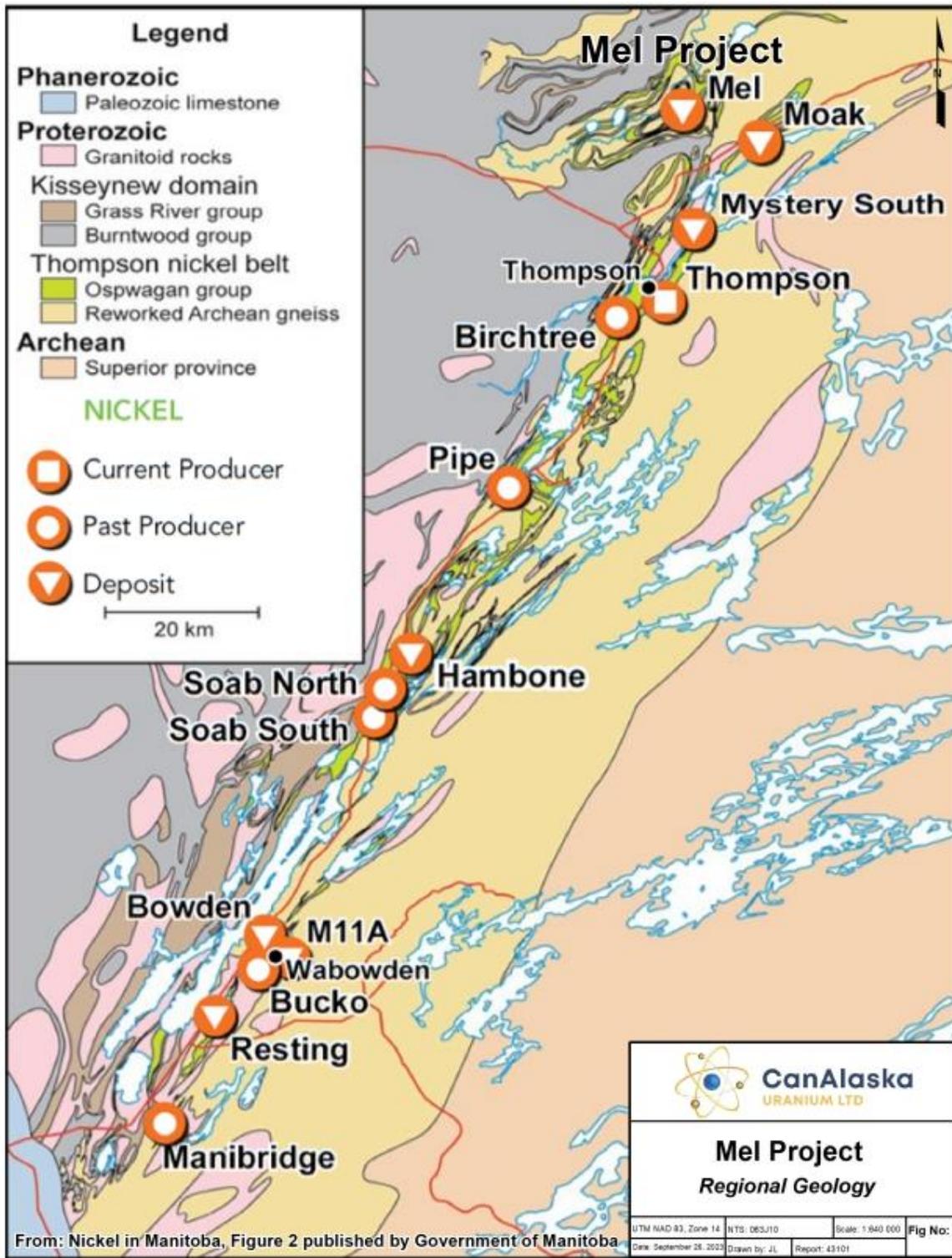


Figure 15-1. Nickel deposits in the Thompson nickel belt.

16 OTHER RELEVANT DATA AND INFORMATION

The Author is not aware of any other relevant data or information as of the effective date of this Technical Report.

17 INTERPRETATION AND CONCLUSIONS

The Mel property is located within a favourable portion of the highly prospective Thompson Nickel Belt (TNB). Exploration of the property relies heavily on geophysical remote sensing as the property is covered by a thick veneer of glacial sediments that preclude the direct examination of bedrock over large portions of the property. Exploration of the Mel property area has identified favourable geology for the development of magmatic Ni-Cu-Co deposits, specifically the identification of Ospwagan Group, Pipe Formation P2 sulphide facies iron formation and sulphidic sedimentary rocks in close proximity to ultramafic intrusive rocks on the property, which are critical for the development of magmatic Ni-Cu-Co deposits characterizing Thompson Nickel Belt deposits.

The Mel deposit is a significant, undeveloped nickel-copper-cobalt deposit, which remains open along strike and at depth. The stratigraphy hosting the Mel deposit persists through folding into the area covered by the Mel claims. Accordingly, the potential for the discovery of additional nickel-copper-cobalt mineralization is present on the Mel property.

The manner in which CanAlaska/Core acquired the Mel mineral lease and claims previously held by Victory Nickel Inc. is somewhat nonideal, with few representations regarding the completeness of the data currently in the possession of CanAlaska/Core. Accordingly, this report attempts to provide an assessment of the state of the data, and in particular, the availability of salient drill core. The electronic data provided to the author by CanAlaska/Core appears to represent the entirety of the data received by the company from the financial receivers, and this data set appears complete in the context of supporting the findings of the technical report on the Mel deposit, and in some respects the claims adjacent to the deposit, produced and published by Wardrop at the request of Victory Nickel in 2007 (Naccashian et al., 2007). Importantly, the working files used by Wardrop in its generation of the resource estimate are included in the dataset provided to CanAlaska/Core by the financial receivers.

It is impossible to discern whether the electronic dataset is comprehensive, but the electronic dataset appears internally consistent. The dataset includes complete drill logs for all drill holes on the property since 1999, assessment reports and geophysical data for the period in which Victory Nickel held the property, and the electronic data associated with the development of the mineral resource estimate for the Mel deposit included in the 2007 Technical Report (Naccashian et al., 2007). Cross referencing the exploration work reported in assessment files submitted to the Manitoba government by Vale/Victory Nickel and the data comprising the electronic dataset supplied to the Author appears to be a wholesome dataset of exploration data generated since the execution 1999-2000 option agreement (subsequently amended) between Vale (then INCO) and Victory Nickel (then Nuinsco Resources).

The review of Mel property drill core stored in Grand Rapids indicates that a significant mineralized intercept from the Vale/Victory Nickel drilling is missing (drill hole 102599). Additionally, much of the drill core reflecting the early phases of the drilling of the Mel deposit is incomplete, either missing or present as abbreviated, representative core; consisting of short intervals of representative rock types intersected in the drill holes.

18 RECOMMENDATIONS

Fortunately, the former owner of the Mel property commissioned a NI43-101 Technical Report in 2007 (Naccashian et al., 2007), and due to its vintage, the results and recommendations remain largely salient. With the exception of infill drilling of the Mel deposit that was completed in 2011, there has been little exploration completed on the Mel project since the publication of the report, and accordingly, many of the recommendations of the 2007 technical report (Naccashian et al., 2007) have yet to be acted on. Notably, the 2007 technical report recommended additional drilling to test for strike-length extensions of the Mel deposit. The Author believes that recommending additional drilling may be premature due to the relative novel understanding of the project by CanAlaska/Core staff.

The nature of the CanAlaska/Core acquisition of the Mel property presents unique issues, and accordingly, the recommendations reflect rather basic, somewhat prudent requirements. Central to this assessment is the completion of a comprehensive compilation of all data received from the financial receiver. This may identify gaps in the data through the cross-referencing the existing dataset received from the financial receivers with data filed for assessment. CanAlaska/Core should approach contractors to acquire geophysical data in its native format, as a custodian and to protect the potential for future reprocessing. As part of the data compilation process, a detailed accounting of the drill core related to the Mel project area should be completed including the relogging of critical drill holes to build an understanding of the geology of the Mel deposit and property. The review of all existing data and drill core will also contribute to the familiarization of the property/data by CanAlaska/Core staff, informing future exploration programs.

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20 APPENDIX 1

Report to:

VICTORY NICKEL INC.



Technical Report on the Mel Deposit, Northern Manitoba

Project No. 0751330400-REP-L0001-00

Report to:

20.1.1 VICTORY NICKEL INC.

**TECHNICAL REPORT ON THE MEL DEPOSIT,
NORTHERN MANITOBA**

MARCH 2007

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1.0 SUMMARY

Located in north central Manitoba, the Mel property is situated within the Nelson House Resource Management Area, approximately 25 kilometres (km) north of the city of Thompson and 764 km north of the provincial capital of Winnipeg, Manitoba, Canada.

The Mel property comprises one mineral lease (ML-007) and 37 unpatented mineral claims totalling an aggregate of 9,516.973 hectares (ha). Both the Mel lease and the Mel claims are held and 100% owned by Inco Limited (Inco), subject to an option/buy-back letter of agreement with Victory Nickel Incorporated (Victory) dated August 27, 1999, as well as subsequent agreements and amendments.

Victory has commissioned Wardrop Engineering Inc. (Wardrop) to carry out an independent resource estimation of the nickel development potential of the Mel deposit. The work entailed estimating mineral resources in conformance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Mineral Resource and Mineral Reserve definitions referred to in National Instrument 43-101 (NI 43-101) Standards and Disclosure for Mineral Projects.

Road access to the property is provided by Provincial Highway 391, which crosses the extreme southwest corner of the Mel claims. In the summer months, access to the property is possible by boat on the Odei River that meanders throughout the entire length of the Mel property. Access to most of the property is restricted primarily to the winter months when the ground is frozen due to much of the area being covered by muskeg. Access to the property is also possible via helicopter from the city of Thompson.

In the city of Thompson, Inco conducts nickel mining, milling, smelting and refining operations. The city of Thompson, known as a regional trade and service centre of Northern Manitoba, boasts an excellent transportation system of scheduled daily air service, overnight truck delivery, paved roads, and a railway system that connects Thompson with other communities throughout the province. It has all of the services and amenities that would be expected in a much larger, urban centre. There is no mining infrastructure on the Mel property.

The first record of exploration in the vicinity of the Mel property was in 1961, when the Canadian Nickel Company Ltd. (a wholly owned subsidiary of Inco) first discovered the Mel deposit on what is now mineral lease ML-007. Numerous companies were active in the area beginning in 1961; however, activity ceased in 1971 with the advent of exploration prohibitive legislation. The region remained dormant until 1999 when Inco staked the Mel claims. Until recently, Inco along with Victory, have actively explored the Mel property.

The Mel property is situated within the Thompson Nickel Belt; a northeast-southwest trending 10 to 35 km wide belt of Early Proterozoic sedimentary rocks interfolded with

Archean age basement gneisses. The nickel deposits are associated with ultramafic intrusions that occur within the Proterozoic rocks, which have been metamorphosed to schists and gneisses and have subsequently been folded into complex patterns. The Thompson Nickel Belt is fault bounded on both the eastern and western margins. To the east along the Superior Rift fault zone, Archean Superior Province rocks are in contact with the Thompson Nickel Belt (Peredery et al., 1982). To the west, the Thompson Nickel Belt is in direct contact with the Kisseynew domain, located within the Trans-Hudson Orogeny tectonic domains of the Churchill Province (Bleeker, 1990). The Kisseynew paragneisses have been interpreted to represent the metamorphosed remnants of a back-arc or inter-arc basin.

At the Mel deposit, nickel-bearing massive and stringer sulphides occur within and in contact with an ultramafic intrusion. The sulphides are dominantly pyrrhotite with lesser amounts of pentlandite and chalcopyrite. Mineralization strikes approximately 345 degrees (°) for a distance of 1500 metres (m), dips from 70° to 80° east and extends to a known depth of 825 m below surface. The deposit consists of folded, continuous to discontinuous higher-grade nickel bearing sulphide layers up to 15 m thick (horizontal) within a broader mineralized zone with horizontal thicknesses locally exceeding 30 m. Folding appears to have locally caused thickening of the mineralized layers.

Diamond drilling from 1961 to 1971 was AXT size core except for a few holes of AQ size core drilled at the end of the 1971 campaign. Core from that period has been preserved and is stored by Inco in Thompson as abbreviates only with generally one representative sample approximately 10 centimetre (cm) long collected approximately every three metres in the hole. Diamond drilling from 1999 to 2006 is NQ core size. The core is logged, sampled and stored by Inco in Thompson. Mineralized sections of the core are subdivided into sample intervals not exceeding 1.5 m of core length based on rock type, alteration, sulphide abundance and textural variations.

1.1 RESOURCE STATEMENT

Wardrop completed an estimation of the mineral resource on the Mel Deposit for Victory. This has resulted in an Indicated resource of 4,279,000 tons grading 0.875% nickel (Ni) plus an Inferred resource of 1,010,000 tons grading 0.839% Ni at a cut-off of 0.5% Ni.

Wardrop carried out data verification on 5% of the drillhole database from drill logs and assay values. The database verification conducted by Wardrop found no discrepancies with the original information. Wardrop concludes that the database meets industry standards for resource estimation.

Estimation of the resource included the interpolation methods of nearest neighbour, inverse distance squared and ordinary kriging. The methods were validated by comparison of global mean grades, visual review of coded block grades and swath plots. No significant discrepancies exist between the methods. Ordinary kriging methodology was selected for grade estimation on the deposit.

1.2 RECOMMENDATIONS

Additional drilling is recommended on the Mel deposit in order to improve the resource classification and to increase confidence in grade continuity. Wardrop suggests performing infill drilling along strike as well as bracket holes at depth where the higher grade material is identified.

Wardrop recommends exploration on the Mel lease to extend the Mel deposit along strike thereby potentially increasing the tonnage estimates and drilling on Mel mineral claims to further explore the lower Pipe Formation.

This resource estimate only included nickel (Ni) values but the assay database includes values for copper (Cu) and cobalt (Co). Wardrop recommends that all samples be assayed for Ni, Cu, Co and Platinum Group Elements (PGE) as well as all potential payable and deleterious elements.

Additional bulk density determinations of the mineralized material should be carried out so that specific gravity data can be incorporated into resource block model for estimation.

Additional drilling is recommended so that samples can be collected for metallurgical testing and mineral processing at Mel deposit.

Wardrop believes that the current resource block model honours the high grade values well and that local grade variations are reasonably well represented. However, more work is required to improve the local grade estimation within the block model estimation, possibly multiple indicator kriging and unfolding to compare with the current estimation method. Globally, the Wardrop resource compares well with previous Inco estimates. For preliminary economic assessment or feasibility type study work, where selective mining methods or detailed engineering design work will be required, Wardrop recommends updating the current resource block model. This exercise will be beneficial once new drilling data becomes available.

2.0 INTRODUCTION AND TERMS OF REFERENCE

Located 25 km north of the city of Thompson, Manitoba, Victory's Mel deposit is one of many nickel deposits that characterize the Thompson Nickel Belt region. Comprising one mineral lease and 37 mineral claims, the Mel property has a surface area totalling 9,516.973 hectares.

At the present time, the Mel deposit is actively being explored. Past drill programs have tested numerous geophysical anomalies associated with known nickel bearing geology. In 2000, a 24-hole diamond drill program verified and improved delineation of the Mel deposit. Most recently, in 2005, diamond drilling tested prospective stratigraphy and electromagnetic anomalies. In addition, geotechnical studies and metallurgical test work have been completed.

2.1 TERMS OF REFERENCE

Victory has commissioned Wardrop to carry out an independent resource estimation of the Mel deposit. The work entailed estimating mineral resources in conformance with the CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101, Standards and Disclosure for Mineral Projects. It also involved the preparation of a Technical Report as defined in NI 43-101, and in compliance with Form 43-101F1. The inventory of resources represents an update to the existing resource estimate delineated from historical drilling data as prepared by Inco. The work necessitated an independent review of the geology, exploration history, historical resource estimates and the potential for discovery of additional nickel mineralization. The report also provides recommendations for specific areas for follow-up definition drilling in order to complete a NI 43-101 compliant reserve estimation.

Shahé Naccashian, P.Ge., directed the resource estimation and reviewed the geological data. Tim Maunula, P.Ge. and Gilles Arseneau, P.Ge. have carried out peer reviews of all work associated with this report. Shahé visited Inco's exploration office in Thompson, Manitoba from November 16th to 17th, 2006. He met with Boris Shepetycky, P.Ge. and conducted data verification on the Mel deposit at Inco's office. Due to inaccessibility to the property, Shahé visited the site for the second time from January 8th to 10th, 2007. During this visit Shahé performed core review and visited the Mel Property. This visit was intended to fulfil the NI 43-101 requirement of a site visit by a Qualified Person.

3.0 RELIANCE ON OTHER EXPERTS

Wardrop has followed standard professional procedures in preparing the contents of this resource estimation report. Data used in this report has been verified where possible and Wardrop has no reason to believe that the data was not collected in a professional manner.

The information contained in this report is derived from a variety of sources:

- Exploration Summary of the Mel Project and Mineral Resource Estimate for the Mel Deposit, Manitoba by P. Chornoby, P.Ge., dated July 2004;
- Updated Resource Calculation for Mel Deposit, Inco Technical Services Ltd. by A. Aubut, P.Ge., dated July 2004;
- Geological Appraisal and Exploration Summary of Mel Property by P. Chornoby, P.Ge., dated April 2001.

While Wardrop has carefully reviewed all the technical information given to it, no independent geological investigation or sampling of the area has been conducted.

Wardrop has not independently verified the legal status or legal title to the claims, nor has the legality of any of the underlying agreement(s) that may exist concerning the Property been verified.

4.0

PROPERTY LOCATION

DESCRIPTION AND

4.1 *PROPERTY LOCATION AND DESCRIPTION*

Located in north central Manitoba, the Mel property is situated within the Nelson House Resource Management Area, approximately 25 km north of the city of Thompson and 764 km north of the provincial capital of Winnipeg (see Figure 4.1). The property is located on National Topographic System (NTS) map sheets 63P/13NW, 63O/16NE and 64A/04SW, and geographically centered at latitude 55°28'32" and longitude 97°54'30".

The Mel property comprises one mineral lease (ML-007) and 37 unpatented mineral claims totalling an aggregate of 9,516.973 ha (see Figure 4.2). Both the Mel lease and the Mel claims are held and 100% owned by Inco, subject to an option/buy-back letter of agreement with Victory dated August 27, 1999, as well as subsequent agreements and amendments.

4.1.1 *MINERAL LEASE ML-007*

Mineral Lease ML-007, with a surface area totalling 749.973 ha, was legally surveyed in 1985. The lease expires April 1, 2013 and thereafter is renewable for an additional 21 years at the discretion of the Manitoba Minister of Industry, Economic Development and Mines. The annual cost of maintaining the lease is \$5,999.78 (\$8.00/ha).

According to the Mines and Minerals Act of Manitoba (The Mine and Minerals Consequential Amendment Act, Part 7,108), a mineral lease grants to the lease holder:

- The exclusive rights to the minerals, other than quarry minerals, that are the property of the Crown and are found in place on, in or under the land covered by the lease;
- Mineral access rights that include the right to open and work a shaft or mine within the limits of the lease area;
- The right to erect buildings or structures upon the subject land for the purpose of exploration and or mining.

4.1.2 *MINERAL CLAIMS*

The 37 mineral claims are held by Inco Limited and encompass a combined area of approximately 8,767 ha. Thirty-four of the mineral claims expire at midnight on May 17, 2007. Three of the claims expire at midnight on March 9, 2008. The current annual cost to hold the claims is \$109,587.50 (\$12.50/ha) in the form of work conducted on the mineral claims and filed for assessment or payment in lieu of assessment work. The names of the claims, as well as their respective expiry dates, are presented in Table 4.1.

Figure 4.1 Property Location Map

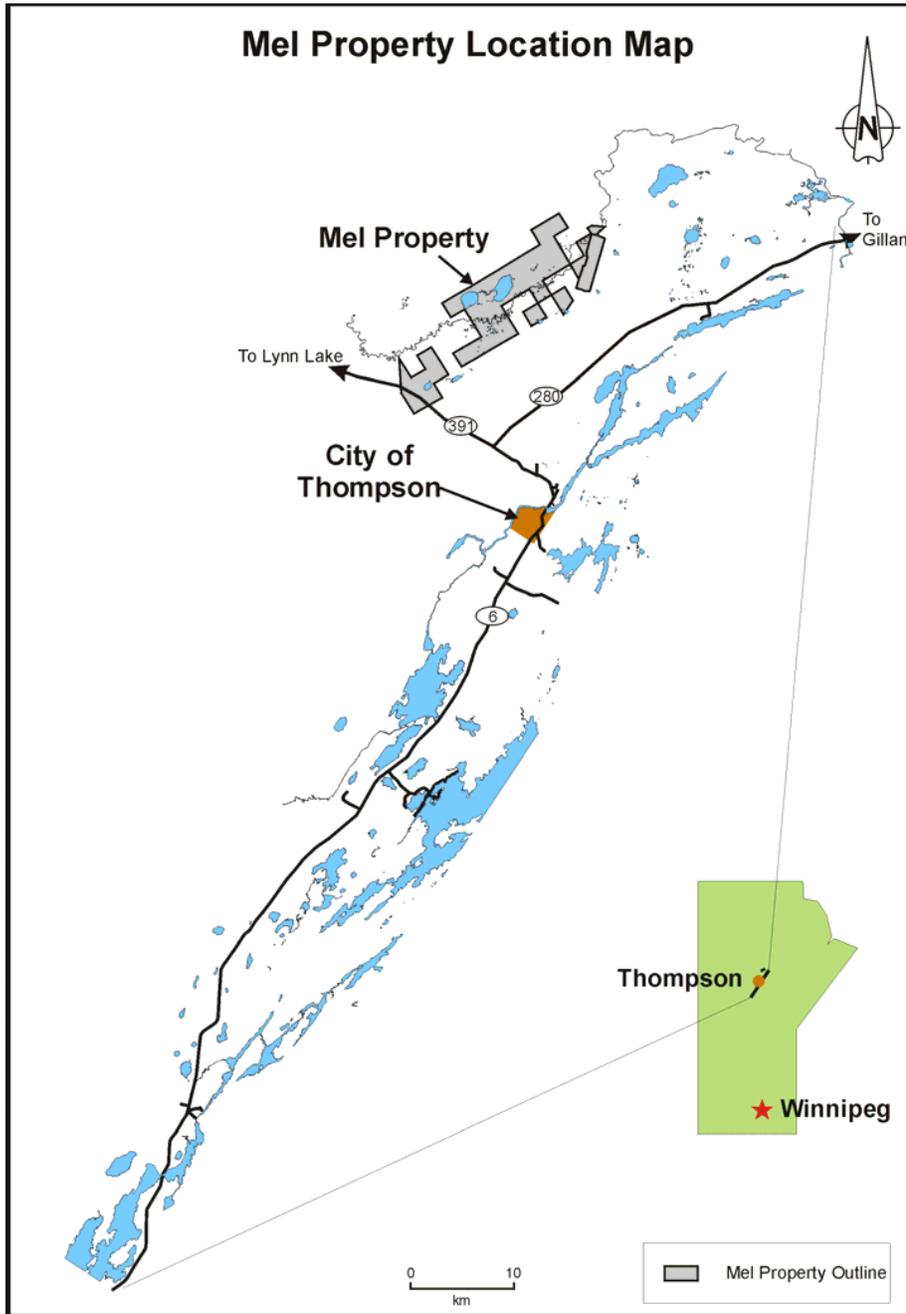


Figure 4.2 Map of Mel Lease and Mel Claims

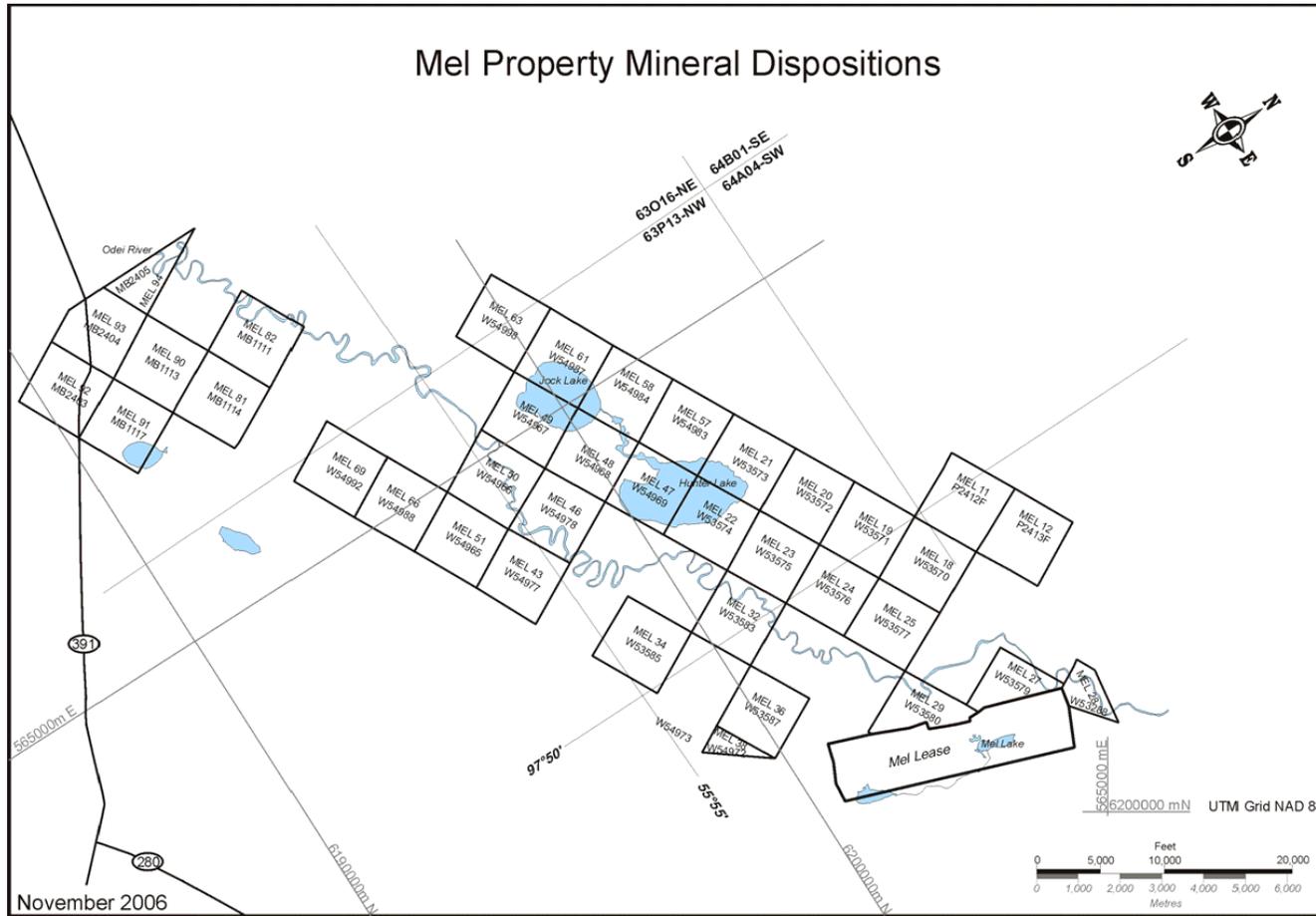


Table 4.1 Mel Property Mineral Claims

	Claim Name	Claim Number	Area (ha)	Recording Date (m/d/y)	Due Date (m/d/y)	Expiry Date (m/d/y)
1	MEL 11	P241F	256	3/18/1999	3/18/2006	05/17/07
2	MEL 12	P241F	256	3/18/1999	3/18/2006	05/17/07
3	MEL 18	W5350	256	3/18/1999	3/18/2006	05/17/07
4	MEL 19	W5351	256	3/18/1999	3/18/2006	05/17/07
5	MEL 20	W5352	256	3/18/1999	3/18/2006	05/17/07
6	MEL 21	W5353	256	3/18/1999	3/18/2006	05/17/07
7	MEL 22	W5354	256	3/18/1999	3/18/2006	05/17/07
8	MEL 23	W5355	256	3/18/1999	3/18/2006	05/17/07
9	MEL 24	W5356	256	3/18/1999	3/18/2006	05/17/07
10	MEL 25	W5357	256	3/18/1999	3/18/2006	05/17/07
11	MEL 27	W5359	165	3/18/1999	3/18/2006	05/17/07
12	MEL 28	W5328	64	3/18/1999	3/18/2006	05/17/07
13	MEL 29	W5350	165	3/18/1999	3/18/2006	05/17/07
14	MEL 32	W5353	256	3/18/1999	3/18/2006	05/17/07
15	MEL 34	W5355	256	3/18/1999	3/18/2006	05/17/07
16	MEL 36	W5357	256	3/18/1999	3/18/2006	05/17/07
17	MEL 38	W5492	57	3/18/1999	3/18/2006	05/17/07
18	MEL 43	W5497	256	3/18/1999	3/18/2006	05/17/07
19	MEL 46	W5498	256	3/18/1999	3/18/2006	05/17/07
20	MEL 47	W5499	256	3/18/1999	3/18/2006	05/17/07
21	MEL 48	W5498	256	3/18/1999	3/18/2006	05/17/07
22	MEL 49	W5497	256	3/18/1999	3/18/2006	05/17/07
23	MEL 50	W5496	256	3/18/1999	3/18/2006	05/17/07
24	MEL 51	W5495	256	3/18/1999	3/18/2006	05/17/07
25	MEL 57	W5493	256	3/18/1999	3/18/2006	05/17/07
26	MEL 58	W5494	256	3/18/1999	3/18/2006	05/17/07
27	MEL 61	W5497	256	3/18/1999	3/18/2006	05/17/07
28	MEL 63	W5498	256	3/18/1999	3/18/2006	05/17/07
29	MEL 66	W5498	256	3/18/1999	3/18/2006	05/17/07
30	MEL 69	W5492	256	3/18/1999	3/18/2006	05/17/07
31	MEL 81	MB114	256	3/18/1999	3/18/2006	05/17/07
32	MEL 82	MB111	256	3/18/1999	3/18/2006	05/17/07
33	MEL 90	MB113	256	3/18/1999	3/18/2006	05/17/07
34	MEL 91	MB117	256	3/18/1999	3/18/2006	05/17/07
35	MEL 92	MB243	256	1/9/2002	1/9/2007	03/09/08
36	MEL 93	MB244	240	1/9/2002	1/9/2007	03/09/08
37	MEL 94	MB245	140	1/9/2002	1/9/2007	03/09/08

Total Area (ha)	8,767	
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According to the Mines and Minerals Act of Manitoba [The Mine and Minerals Consequential Amendment Act, Part 5, Division 2, 73(1)], the holder of a mineral claim is granted:

- The exclusive right to explore for and develop the Crown minerals other than quarry minerals, found in place on, in, or under the lands covered by the claim.
- Subject to certain Ministerial considerations, the holder of a mineral claim may enter, use and occupy the surface of the land that is governed by the claim for the purpose of prospecting or exploring or developing, mining or producing minerals on, in or under the land.

4.2 *OWNERSHIP*

Mineral lease ML-007 and the 37 mineral claims that comprise the Mel property are 100% owned by Inco subject to an option/buy-back letter of agreement between Inco and Victory and the subsequent agreements and amendments described below in the following section.

4.2.1 *AGREEMENTS*

The letter agreement dated August 27, 1999 as amended by three letter agreements dated August 23, 2001, December 20, 2001 and January 15, 2002 was replaced and superseded by an agreement (the Agreement) that was executed in October 2002 and made effective as of August 31, 1999.

The Agreement has been amended by one letter agreement dated February 23, 2004.

Under the terms of the Agreement and the subsequent amendment, Victory has the right and option (The Option Period) to earn a 100% interest in the Mel property by incurring 100% of an aggregate of \$6,000,000 of expenditures, as follows:

- i) 100% of an aggregate of \$4,000,000 of expenditures on the Mel property by the February, 28 2005. At least \$2,600,000 of the expenditures must be on the Mel claims.
- ii) 100% of an aggregate of \$6,000,000 of expenditures on the Mel property by February 28, 2006. At least \$4,600,000 of the expenditures must be on the Mel claims.

The option was not exercised by February 28, 2006 and consequently the Agreement was amended a third time on May 9, 2006. The third amendment states that in order to maintain the option granted under the Agreement and two subsequent amendments and in order for the option to be exercised, Victory agrees to:

- i) Incur aggregate expenditures up to \$2,000,000 by February 28, 2008 of which \$500,000 must be spent on the Mel claims.

Once Victory has earned a 100% interest in the Mel property, Inco has the right to buy back (the Inco Option Period) up to 51% interest in the Mel property by funding 100% of the next \$6,000,000 of expenditures.

Inco is the manager during the Option Period, the Inco Option Period and thereafter until a feasibility study has been submitted.

Following the submission of a feasibility study and provided Victory has become a participant as per the Agreement, Victory has the right to become the manager.

4.2.2 *CURRENT STATUS OF THE AGREEMENT – EXPENDITURES*

Up to September 30, 2006 an aggregate of \$4,095,498 of expenditures have been incurred by Victory on the Mel property of which \$1,561,261 has been spent on the Mel Lease and \$2,534,237 has been spent on the Mel claims. In addition, Victory has a cash call credit balance of \$237,801 paid to Inco that is to be applied against future expenditures.

4.2.3 *CURRENT STATUS OF THE AGREEMENT*

In December 2006, Nuinsco Resources Limited (“Nuinsco”) notified shareholders of its intention to hold a Special Meeting of shareholders on January 26, 2007 to consider a special resolution approving the restructuring (the “Arrangement”) of Nuinsco and its assets. Pursuant to the Arrangement, which was approved by shareholders, Nuinsco’s interest in its Mel, Minago and Lac Rocher sulphide nickel projects along with approximately \$12.0 million in cash were acquired by Victory Nickel Inc. (“Victory Nickel”). The effective date of the Arrangement was February 1, 2007, and all individuals holding shares (“old Nuinsco common shares”) as of the end of trading on February 5, 2006 received, in exchange for each old Nuinsco common share held, one new Nuinsco common share and 0.75 common shares of Victory Nickel. Shares of Victory Nickel commenced trading on the Toronto Stock Exchange on February 5, 2007 under the ticker symbol Ni.

4.3 *PERMITS, NOTICES AND AGREEMENTS*

Prior to initiating any exploration field activity, a work permit must be obtained by Victory from a representative of Manitoba Conservation in Thompson, Manitoba. In addition, Victory must notify the chief of the Nisichawayasihk Cree Nation as well as the Nelson House Resource Management Board. Victory must also provide the same notification upon completion of the work. Furthermore, a letter of advice must be acquired by Victory from the Federal Department of Fisheries and Oceans and the Manitoba Water Stewardship Board must be advised of the work activities.

4.3.1 *TREATY LAND ENTITLEMENT AGREEMENT*

There are no current known claims on the Mel property under the terms of the Treaty Land Entitlement Agreement between the governments of Canada, Manitoba and the Treaty Land Entitlement Committee Manitoba Inc., representing First Nations.

5.0 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 TOPOGRAPHY, ELEVATION AND VEGETATION

The topography of the Mel Property is quite typical of the extreme northern Manitoba physiography. It is gentle in terrain, with relatively low topographic relief. Elevation of the property is similar to that of the Thompson airport; approximately 222 m above sea level. The region can be described as somewhat swampy with numerous ponds, small lakes and creeks. The Odei River crosses the Mel claims. Local vegetation is characteristic of boreal forest; covered primarily with black spruce, willows, poplar, scattered birch and some stands of jack pine. There is very little aspen, occurring only in very small patches. Overburden cover is generally at least 15 m thick and comprises predominantly clay and sandy clay that contain boulders. Up to 60 m of clay and sandy clay are present within the vicinity of the Mel deposit. Outcroppings of bedrock are rare.

5.2 ACCESSIBILITY

Road access to the property is provided by Provincial Highway 391, which crosses the extreme southwest corner of the Mel claims. From Highway 280, the eastern part of the property can be reached via two winter roads; one 5.8 km in length and the other 9.5 km in length. In the summer months, access to the property is possible by boat on the Odei River that meanders throughout the entire length of the Mel property. Access to most of the property is restricted primarily to the winter months when the ground is frozen due to much of the area being covered by muskeg. Access to the property is also possible via helicopter from the city of Thompson. The Thompson Airport, with a 3000 foot (ft) runway is located approximately 9 km northwest from the Thompson town site. It was developed originally by the International Nickel Company in 1961, in support of their mining operations. There is a number of private helicopter charter companies located within the city of Thompson.

5.3 CLIMATE

Average temperatures at the Mel property range between -26.6° Celsius (C) in January and 15°C in July. The mean temperature in the town of Thompson is -3°C, with an average temperature of 16°C in July, and -24°C in January. Maximum precipitation occurs during the

winter months, with annual rainfall averaging 351 millimetres (mm) and an annual snowfall average of 202 cm.

5.4 *INFRASTRUCTURE*

The Mel property is located 25 km from the city of Thompson, Manitoba where Inco conducts nickel mining, milling, smelting and refining operations. The city of Thompson, known as a regional trade and service centre of Northern Manitoba, boasts an excellent transportation system of scheduled daily air service, overnight truck delivery, paved roads, and a railway system that connects Thompson with other communities throughout the province. The city has a population of 13,256 residents and serves as a trade centre for an additional 36,000 to 65,000 Manitobans. As such, it has all of the services and amenities that would be expected in a much larger, urban centre.

There is no mining infrastructure on the Mel property.

6.0 HISTORY

The first record of exploration in the vicinity of the Mel property was in 1961 when the Canadian Nickel Company Ltd. (a wholly owned subsidiary of Inco) first discovered the Mel deposit on what is now mineral lease ML-007. Numerous companies were active in the area beginning in 1961; however, activity ceased in 1971 with the advent of exploration prohibitive legislation. The region remained dormant until 1999 when Inco staked the Mel claims. Until the present, Inco along with Victory, have actively explored the Mel property.

Work conducted on the property, as well in within the vicinity of the property, is summarized in the following list.

1961: Canadian Nickel Company Limited (Canadian Nickel) flew a 18,750 km Airborne Electro Magnetic (AEM) survey; 20 drill holes were completed with Hole 22549 intersecting 2.75% Ni over 0.51 m.

1962: Canadian Nickel completed ground magnetic and Vertical Loop Electro Magnetic (VLEM) surveys and drilled an additional 157 diamond drill holes totalling 3,350 m in the area.

Conwest Exploration acquired two blocks of claims in the area and completed magnetic and Horizontal Loop Electro Magnetic (HLEM) surveys, followed by three diamond drill holes totalling 369 m.

Hudson Bay Exploration & Development flew an AEM survey over the southwest portion of the Mel property.

Nickel Belt Extension completed a HLEM survey north east of Hunter Lake.

1963: Canadian Nickel drilled 70 holes totalling 7,885 m. Hole 21988, 3,300 m west north-west of Mel Lake intersected 2.43% Ni over 1.95 m.

North Venture drilled seven holes (739 m) on several claims north east of Hunter Lake.

1964: Canadian Nickel drilled 27 diamond drill holes totalling 3,124 m in the Mel Lake area.

Selco Exploration drilled five diamond drill holes totalling 506 m on what is now Mel 13.

- 1965-1966: Canadian Nickel did further magnetic surveying and drilled 13 holes totalling 1,371 m.
- 1966: Canadian Nickel completed 64 fill-in drill holes at Mel Lake totalling 11,270 m.
Merritt Copper surveyed 61 km of HLEM surveying between Hunter and Jock Lakes.
- 1967: Amax Exploration completed magnetic and VLEM surveys northeast of Hunter Lake.
L. Parres and Tri J Mineral Surveys completed magnetic and VLEM surveys northeast of Hunter Lake.
Merritt Copper drilled 61 holes between Hunter and Jock Lakes, totalling 828 m.
- 1969: Canadian Nickel drilled 25 holes totalling 7,200 m at Mel Lake.
- 1970: Canadian Nickel drilled an additional 26 holes totalling 11,360 m at Mel Lake.
- 1971: Canadian Nickel drilled 31 holes totalling 6,413 m in the Mel Lake area.
- 1972: Hudson Bay Exploration & Development drilled 14 holes (1,250 m) close to the northeast corner of the present property.

6.1 *MEL LEASE EXPLORATION 1999 TO 2001*

In preparation for an Audio Magneto Telluric (AMT) survey, 3.2 line kilometres of picket line were cut over the Mel lease during January 2000.

During February 2000, AMT data was collected from 22 stations along four lines that cross the Mel lease as part of a larger survey area.

A mineral resource estimate that does not conform to CIM Standards on Mineral Resources and Reserves, August 20, 2000, was completed in May 2000 for the Mel deposit. The resource estimate was based on an underground mining concept.

6.2 *MEL CLAIMS EXPLORATION 1999 TO 2000*

In preparation for geophysical surveys 166 km of grid lines were cut.

AMT were conducted on 115 km of line representing approximately 65% of the Mel claims.

Surface University of Toronto Electro Magnetic (UTEM) surveys were conducted on six grids. The grid locations and geometry were surveyed by Global Positioning System (GPS).

6.3 *MEL CLAIMS EXPLORATION 2001*

Eighty-seven kilometres of grid lines were cut in preparation for AMT surveys.

AMT surveys were conducted on 81 km of line that covered the remaining 35% of the Mel claims.

7.1 *REGIONAL GEOLOGY*

The Mel property is situated within the Thompson Nickel Belt, a northeast-southwest trending 10 to 35 km wide belt of Early Proterozoic sedimentary rocks interfolded with Archean age basement gneisses (see Figure 7.1). The nickel deposits are associated with ultramafic intrusions that occur within the Proterozoic rocks, which have been metamorphosed to schists and gneisses and have subsequently been folded into complex patterns. The Thompson Nickel Belt is fault bounded on both the eastern and western margins. To the east, along the Superior Rift fault zone, Archean Superior Province rocks are in contact with the Thompson Nickel Belt (Peredery et al., 1982). To the west the Thompson Nickel Belt is in direct contact with the Kiseynew domain located within the Trans-Hudson Orogeny tectonic domains of the Churchill Province (Bleeker, 1990). The Kiseynew paragneisses have been interpreted to represent the metamorphosed remnants of a back-arc or inter-arc basin.

To the southeast of the Thompson Nickel Belt, the Superior Province Archean age rocks include low to medium grade metamorphosed granite-greenstone and gneissic terranes, as well as the high grade metamorphosed Pikwitonei Granulite Belt. The variably reworked Archean age basement gneisses represent the dominant rock type (volumetrically) in the Thompson Nickel Belt. The Pikwitonei Granulite Belt is interpreted to represent exposed portions of deeper level equivalents of the Superior Province rocks. The Superior Province Archean age gneisses are intruded by multiple mafic to ultramafic dikes of the Molson Swarm dated at 1883 Ma. Dikes of the Molson swarm occur within the Thompson Nickel Belt, but not within the Kiseynew domain located to the northwest.

Along the western margin of the Thompson Nickel Belt, the early Proterozoic rocks are a geologically distinguishable stratigraphic sequence of rocks referred to as the Opwagen Group. The Opwagen Group hosts the nickel deposits of the Thompson Nickel Belt, with almost all of the deposits occurring within the lower Pipe Formation Rocks. The Opwagen Group supercrustal rocks were deposited during subsidence and possible east–west rifting along the edge of the Superior Province.

A stratigraphic nomenclature for the Proterozoic rocks found within the Thompson Nickel Belt was proposed by Bleeker and Macek (1990). This stratigraphic column is summarized in Figure 7.2.

Figure 7.1 Regional Geology of the Mel Property

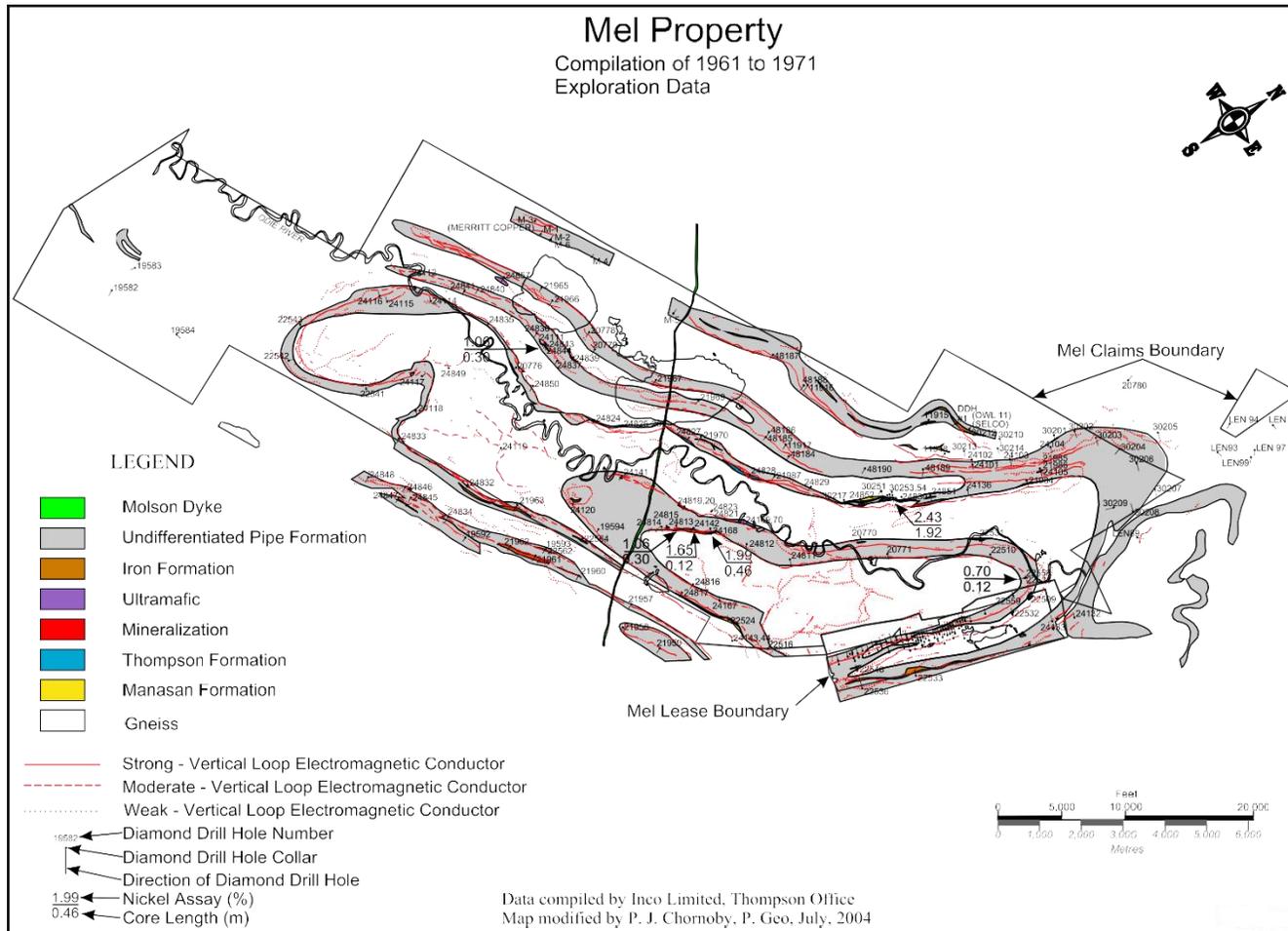
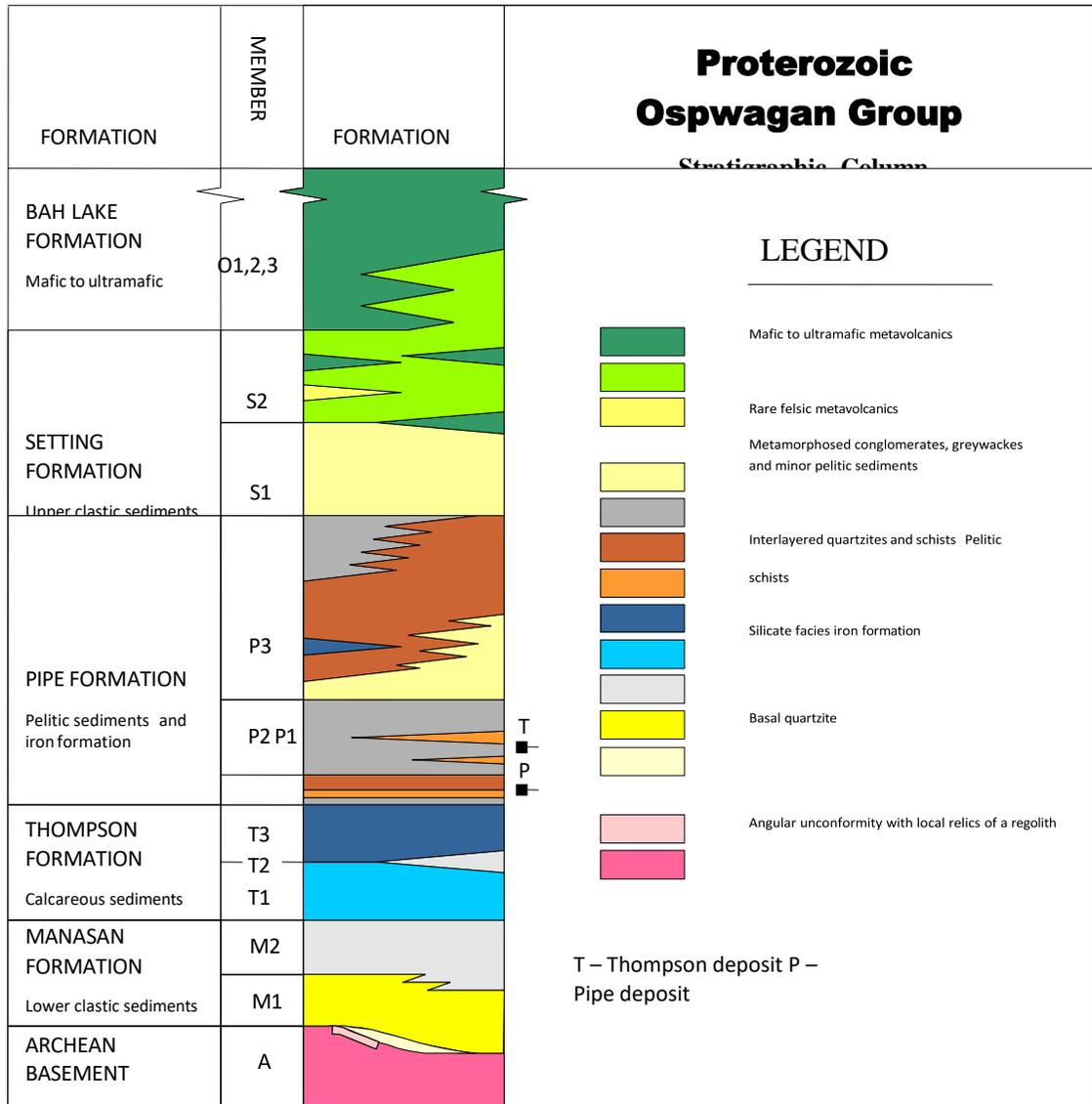


Figure 7.2 Stratigraphic Column



7.1.1 *STRUCTURE AND METAMORPHISM OF THE THOMPSON NICKEL BELT*

Three major deformational events have affected the Thompson Nickel Belt, producing fold interference patterns on a regional scale. The earliest event (F1) was interpreted by Bleeker (1990) as isoclinal folding, due to compressional tectonism, forming a series of regional-scale nappe-like folds with metamorphic grades of lower amphibolite facies. F1 preceded the emplacement of the Molson dike swarm, providing an upper age constraint of 1,883 million years (Ma) (Heaman et al., 1986). This event was followed by a period of higher temperature, isoclinal recumbent folding (F2) causing the overprinting of F1 and subsequent

folding of the Molson dikes (Bleeker, 1990). The thermal peak of metamorphism later overprinted F2. Approximately 30 Ma later, and at much lower temperatures, intense,

sinistral transposition of the sedimentary pile produced high amplitude, near-upright, doubly plunging F3 folds (Naldrett, 2004). These folds transposed the pre-existing recumbent fold pile into a steep gneiss and schist belt.

Concurrent with F3 overprinting, or soon afterwards, the main phase of mylonization occurred. Mylonization is confined to shear zones that tend to be parallel to the steeply dipping limbs of the upright F3 folds.

7.2 *PROPERTY GEOLOGY*

The following section has been summarized from Chornoby (2004). Due to extensive overburden cover, the Mel property has been largely extrapolated from diamond drill core logging and interpreted by Inco exploration personnel from geophysical surveys.

7.2.1 *STRATIGRAPHY*

The Archean basement rocks and the stratigraphically overlying Manasan Formation, which includes Quartzite (M1) and pegmatite-saturated sillimanite-biotite schist (M2), form an unconformable contact on the property. Where present, the thickness of this unit is comparable to the thickness of Manasan Formation found elsewhere in the Thompson Nickel Belt.

Thompson Formation skarn is mainly olivine-carbonate, with lesser microcline-diopside and phlogopite-carbonate skarn. The skarn, which has been intersected in drilling in a number of areas, has a mineralogical content identical to those in the main Thompson Belt, but the units are somewhat thinner.

The Lower Pipe Formation (P1), not always recognizable, includes thin layers of silicate and sulphide facies iron formation, pelitic schist and quartzite.

The Medium Pipe Formation (P2) is comprised of medium to coarse grained mineralized graphitic sillimanite-garnet-biotite schist, overlying Thompson Formation skarns. In contrast to the main Thompson Belt, the P2 schist is typically coarser grained with less sillimanite and more garnet.

The Upper Pipe Formation (P3), comprising largely chemical sediments, includes garnet-sillimanite-biotite schist, garnetiferous quartzite/greywacke and silicate with minor oxide and sulphide facies iron formation. In contrast to their main Thompson Belt counterparts, the iron formations contain more pyrrhotite and the schists are coarser grained with more garnet. In the past, drilling has focused on strong conductors within the upper Pipe Formation iron formations and mineralized schists (barren pyrrhotite).

The Setting Formation consists of an immature clastic sequence of interlayered quartzites and pelitic schists. Calcareous concretions are diagnostic. Mafic volcanic rocks occur in the upper part of the formation.

On the eastern limb of the easternmost dome in the Mel area, volcanic rocks of the Bah Lake Formation are present. These rocks consist of fine-grained amphibolites that are interpreted to be the pro-grade metamorphic products of basalts. Locally, they have a striped appearance due to silification and carbonatization and, in places, contain auriferous quartz veins (0.86 opt Au/0.2 ft in drillhole BH 38708). In contrast to the main Thompson Formation Belt, the Mel deposit area volcanic rocks are less abundant and less magnesium rich.

The basal stratigraphic sequence less than 100 ft above the unconformity with the Archean gneisses is characterized by ultramafic bodies. In some areas the ultramafic bodies are also completely enclosed in Archean gneiss. In the Mel area, the ultramafics are primarily pyroxenite with minor peridotite.

7.2.2 *STRUCTURE*

The rocks of the Mel property have been complexly folded. The main structural style is refolded, inward facing, synformal keels flanking gneiss domes with local truncations by major faults. The major faults are concentrated on the eastern margin of the easternmost dome and may reflect a major mylonite zone. Another major fault appears to truncate the southern part of the Mel Dome. These faults add a significant drag/shear component to original F3 textural folds. Other minor shears in the Mel area produce minor offsets of the stratigraphic sequence.

With respect to the inward-facing synformal keels separated by gneiss, the structural style of the Mel Area is similar to elsewhere in the Thompson Nickel Belt. Other areas with this structural style include the Birchtree-South Manasan and Moak-Mystery synforms.

Sediment hosted nickel sulphide mineralization and magmatic hosted nickel sulphide mineralization are the two distinct and economically important deposit types that occur within the Thompson Nickel Belt. The two deposit types can be distinguished on the basis of field observations as well as structural, textural, mineralogical and chemical criteria. This is especially important because the deposit types are often intimately spatially related due to the interaction of sedimentary, magmatic, metamorphic and deformational processes.

Within the Thompson Nickel Belt, the nickel ores are found almost exclusively within the lower Pipe Formation rocks of the Opswagen group.

Thickening of sulphide layers is directly caused by the formation of dilatent zones in the noses of folds which trap mobilized nickel sulphides. Sulphide enrichment is closely associated with pegmatite melts and breccias derived from existing sedimentary or magmatic sulphides. Pegmatites, formed by partial melting during deformation, accumulated within the same dilatational zones as the remobilised sulphides. In some cases, the sulphide has been removed or disrupted by pegmatite emplacement, forming blocks of sulphide within the pegmatite melt. Multiple deformations of primary magmatic sulphides and the resulting mechanical and/or hydrothermal processes are thought to be the main mechanism for nickel enrichment.

8.1 *SEDIMENTARY SULPHIDE MINERALIZATION*

Sedimentary sulphides may be barren or enriched in nickel. Barren sulphides characterized by nickel concentrations below 500 parts per million (ppm) occur beyond the immediate vicinity of significant nickel enriched zones.

Sedimentary sulphides enriched in nickel by later magmatic processes are visually indistinguishable from barren sedimentary sulphides but occur in close proximity to significant nickel enriched zones.

8.2 *MAGMATIC SULPHIDE MINERALIZATION*

Magmatic nickel sulphide mineralization can be intraparental or extraparental, based on whether it occurs within or external to the ultramafic parent rocks. Typically massive, extraparental mineralization occurs as pods and lenses of variable size within host pelitic schist adjacent to ultramafic boudins. The less competent nature of the pelitic schists provides a suitable conduit for magmatism. In order to explain the amount of nickel sulphide

within the deposit, nickel-rich magma would need to pass through the system for an extended period of time, exposing as much melt to sulphide rich sediment as possible

(Constable et al., 2005). High-energy conduit systems or komatiitic flows could provide sufficient exposure and assimilation of sulphide-rich country rock.

The interpretation of the magmatic affinity of the extraparental mineralization is based on certain shared chemical characteristics with the intraparental mineralization. Intraparental mineralization occurs as lower abundances of interstitial sulphide and semi-massive to massive concentrations of sulphide in veins and breccias all within ultramafic rocks.

The Mel deposit contains barren sedimentary sulphide formation that is known locally to be nickel bearing. This fact is consistent with sulphide mineralization located elsewhere in the Thompson Nickel Belt. Nickel mineralization is associated with pelitic schists of the lower Pipe Formation. Rapid passage from the mantle through fractured crust, and interaction with sulphide-rich sediments, produced a nickel-rich, immiscible, sulphide melt (Wilson and Brisbin, 1961). Subsequent deformation mechanically and/or hydrothermally remobilised nickel sulphides into favourable structural traps.

At the Mel deposit, nickel-bearing massive and stringer sulphides occur within and in contact with an ultramafic intrusion. The sulphides are dominantly pyrrhotite with lesser amounts of pentlandite and chalcopyrite. Mineralization strikes approximately 345° for a distance of 1500 m, dips from 70° to 80° east and extends to a known depth of 825 m below surface. The deposit consists of folded, continuous to discontinuous higher-grade nickel bearing sulphide layers up to 15 m thick (horizontal) within a broader mineralized zone with horizontal thicknesses locally exceeding 30 m. Folding appears to have locally caused thickening of the mineralized layers.

The purpose of the current period of exploration is twofold: to explore for nickel deposits by locating and testing more deeply buried high conductivity zones that may be indicative of large volumes with high sulphide content, primarily on the Mel claims; and to better explore, delineate and quantify the mineral resource of the Mel deposit. The former objective is a logical extension of the pre-1971 exploration on the Mel property that identified near surface (generally less than 100 m below surface) geophysical anomalies that were subsequently tested by diamond drilling resulting in the discovery of the Mel deposit. The latter objective is a necessary requisite for upgrading the mineral resource estimate of the Mel deposit prior to initiating a feasibility study. Integration of modern electromagnetic geophysical surveys with improved geological understanding of the Thompson Nickel Belt is an effective exploration approach.

Exploration on the Mel claims consists of line cutting and regional scale AMT surveys followed by preparation of site-specific grids and surface UTEM surveys to identify anomalies characteristic of massive sulphides. Compilation of these data with all of the available geological information is then undertaken to assess whether specific conductors warrant follow-up diamond drilling (see Figures 10.1 and 10.2).

Exploration on the Mel lease is predominantly diamond drilling directed at areas within and adjacent to the Mel deposit that require additional information to enable a higher level of confidence in the mineral resource estimates. Generally the targeted areas are lacking data or are geologically complex. Drill hole targets are selected on the basis of interpretations of the favourable lithologies and mineralization observed in earlier diamond drill holes. More distant from the Mel deposit, where geological information is scarce or absent, geophysical data is utilized in the selection of drill targets.

Inco personnel either conduct or supervise all of the work performed on the Mel property.

All line cutting on the Mel property has been conducted by Durama Enterprises of LaRonge, Saskatchewan.

Representative points along loop lines and survey lines are located with GPS receivers by Inco technicians using two Trimble Geo Explorer III rovers and a Trimble LS4600 base station at Inco's office in Thompson, Manitoba. Field data are differentially post-process corrected using the base station's data thereby giving positional accuracies to within approximately one metre.

AMT surveys are designed and utilized as a reconnaissance exploration geophysical

method capable of detecting conductive bodies with an anticipated target size in the order of ten million tonnes to a depth of approximately 1,000 m. The AMT surveys were conducted

on cut grid lines spaced 1,219 m apart with readings at 244 m station intervals by Geosystem Canada Inc. of Ottawa, Ontario under the supervision of Inco Area Geophysicist, B. Czornobay, P. Geo. who was based in Thompson, Manitoba. Resolution and characterization of AMT anomalies is coarse and requires better definition prior to drill testing.

AMT surveys cover all of the Mel claims and a portion of the Mel lease.

Multiple AMT anomalies have been detected.

Surface UTEM surveys are utilized to better define AMT anomalies with respect to their quality and location, and subject to the integration of geological information, identify those anomalies that warrant diamond drilling. The UTEM surveys are read on cut grid lines that are 1,829 m in length spaced 305 m apart with readings taken at 61 m station intervals. Vertical component magnetic data is collected in the typical 10-channel configuration utilizing twin 914 m by 1,290 m loops and a base frequency of approximately four hertz. The UTEM surveys were conducted by Lamontagne Geophysics Ltd., of Kingston, Ontario under the supervision of Inco Area Geophysicist, B. Czornobay, P. Geo. who was based in Thompson.

UTEM surveys have been completed on the Mel lease and the Mel claims.

The UTEM surveys have detected multiple conductive zones.

In-hole electromagnetic surveys are used to detect off-hole conductors and to characterize in hole conductors.

The in-hole UTEM surveys collect three component electromagnetic data at regular intervals (no greater than 36.58 m) in a 10 channel configuration typically utilizing twin 1,219 m by 914 m loops and a base frequency of one hertz.

An in-hole three component BHEM survey was conducted in one drill hole (102596-0) by Crone Geophysics, Mississauga, Ontario.

Mineral resource estimates have been conducted by Inco personnel.

10.1

MEL LEASE EXPLORATION 2001 TO JULY 31, 2004

In preparation for surface UTEM surveys four grids totalling 51.82 km and covering the entire Mel lease were cut and chained during January and February of 2004. The grid locations and geometry were surveyed by GPS.

In February of 2004 surface UTEM surveys were conducted on the four grids (see Figure 10.2).

An in-hole UTEM survey was completed on drill hole 102599-0 but was unsuccessful on drillhole 102596-0 due to a blockage in the hole.

A mineral resource estimate that conforms to CIM Standards on Mineral Resources and Reserves, was completed in July, 2004 for the Mel deposit based on an open pit mining concept.

10.2

MEL LEASE EXPLORATION AUG 1, 2004 TO NOVEMBER 2006

An in-hole UTEM survey was completed on drillhole 102596-0 indicating the presence of two strong conductors:

- A 396 m sized, steeply west dipping (700), north striking, shallow south plunging (300) conductor intersected at a depth of approximately 360 m near the middle of its bottom edge;
- A 198 m sized, steeply west dipping (700), north striking, shallow north plunging (200) conductor intersected at a depth of approximately 399 m in its bottom northern quadrant.

10.3

MEL CLAIMS EXPLORATION 2002

One hundred and eight kilometres of grid lines were cut in preparation for surface UTEM surveys.

Surface UTEM surveys were conducted on seven grids (see Figure 10.2). The grid locations and geometry were surveyed by GPS.

3-D inversions were performed on the AMT data collected in 2000 and 2001.

10.4

MEL CLAIMS EXPLORATION 2003

In preparation for surface UTEM surveys 263.93 km of line were cut and chained. The grid locations and geometry were surveyed by GPS.

In January and February, 18 surface UTEM surveys totalling 171.56 km were conducted on the 18 grids (see Figure 10.2).

10.5

MEL CLAIMS EXPLORATION 2004

In preparation for surface UTEM surveys 94.31 km of line were cut and chained. The grid locations and geometry were surveyed by GPS.

Surface UTEM surveys totalling 61.96 km were conducted on six grids (see Figure 10.2).

10.6

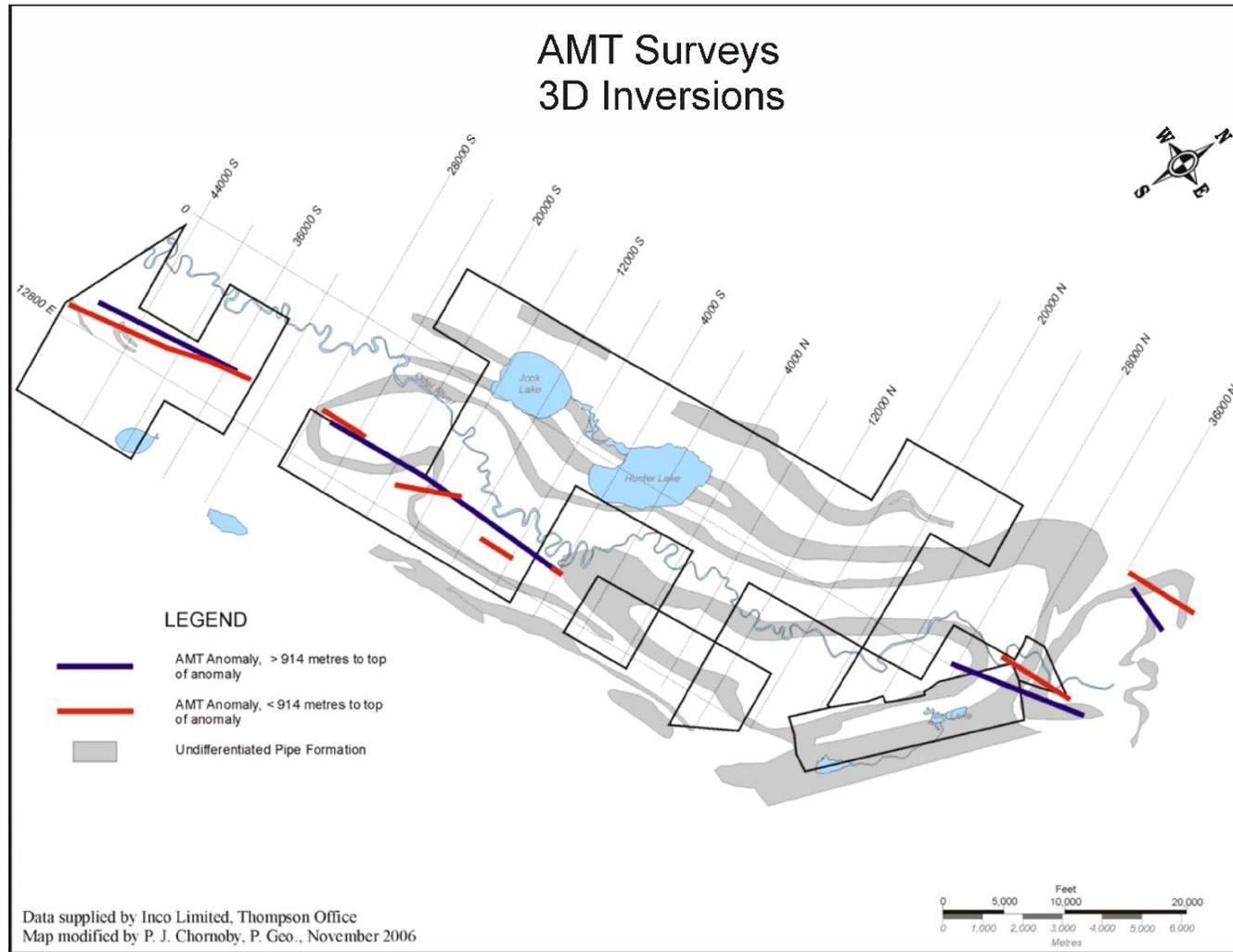
MEL PROPERTY CHANGES

On August 27, 1999, when the option/buy-back agreement between Inco and Victory was formed the Mel property consisted of the Mel lease and 91 Mel claims. Currently the Mel property comprises the Mel lease and 37 Mel claims. Based on exploration merit some mineral claims have been dropped and others added as follows:

- 1999: The original 91 Mel mineral claims were staked in March 1999.
- 2002: Three new claims were staked and added to the south end of the Mel property in January 2002.

In March 2002, 16 low priority claims were allowed to lapse.
- 2003: In March 2003, 18 low priority claims were allowed to lapse.
- 2005: In March 2004, one low priority claim was allowed to lapse.
- 2006: In March 2006, 22 low priority claims were allowed to lapse.

Figure 10.1 AMT Surveys



11.0 DRILLING

11.1 INCO 1961 TO 1971

Diamond drilling from 1961 to 1971 was AXT size core except for a few holes of AQ size core drilled at the end of the 1971 campaign. Core from that period has been preserved and is stored by Inco Limited in Thompson as abbreviates only with generally one representative sample approximately 10 cm long collected approximately every three metres in the hole.

Collar locations of diamond drillholes are surveyed. In hole location surveys are limited to acid etch tests. All surveys have been performed by Inco personnel.

11.2 VICTORY-INCO 1999 TO 2006

Since 1999 the diamond drilling has been NQ size core. Major Midwest Drilling of Thompson, Manitoba has performed all of the diamond drilling under the supervision of Inco geologists, Scott Mooney P. Geo., Mars Napoli, P. Geo., H. Mahony P. Geo., and L. Larson, P. Geo., (now retired), all based in Thompson.

Collar locations of diamond drillholes are surveyed. Down hole surveys have been conducted on most of the holes using a light-gyroscopic survey instrument. All surveys have been performed by Inco personnel.

Three holes have been auger drilled over the Mel deposit by AMEC Earth & Environmental to determine the geotechnical properties of the overburden.

11.3 *MEL LEASE DRILLING 1999 TO 2000*

In the winter of 1999-2000, twenty-four holes totalling 3,284 m were diamond drilled to verify and better delineate the Mel deposit and to test for the presence of shallow extensions of the mineralization (see Table 11.1 and Figure 11.1).

Permanent and useable survey points did not exist on the Mel lease when the drilling began. A drillhole in the area that had been surveyed in the past was relocated and used as a starting point for a new survey. A traverse was carried from this point and 12 old drillholes in the Mel deposit area were surveyed. All of these boreholes fell within one foot of the known co-ordinates and confirmed the accurate relocation of survey points. All of the 2000 and 2004 diamond drillhole collar locations were based on this survey.

The data was incorporated into a mineral resource estimate completed in May 2000 that does not conform to CIM Standards on Mineral Resources and Reserves, August 20, 2000.

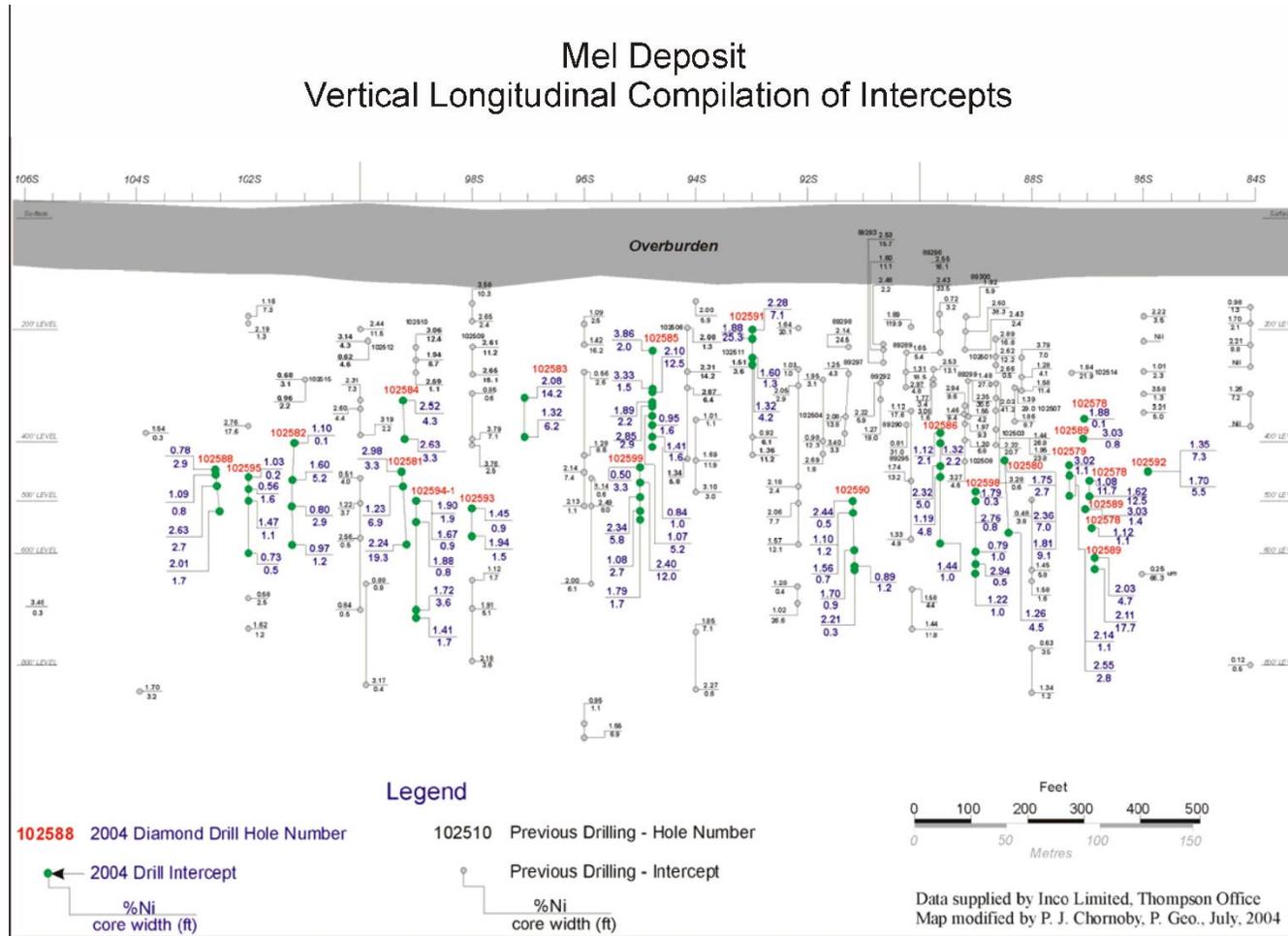
Drillhole Number	Location Mel Deposit Co-ordinates	Dip (°)	Az. (°)	Length (m)	Gyro Survey
89289-0	9014 S, 2750 E	-58	270	149	Yes
89290-0	9014 S, 2750 E	-69	270	167	Yes
89292-0	9065.S, 2760 E	-62	270	148	Yes
89293-0	9065.S, 2760 E	-50	270	125	Yes
89295-0	8965 S, 2740 E	-60	270	137	Yes
89296-0	8965 S, 2740 E	-45	270	116	Yes
89297-0	9115 S, 2830 E	-58	270	149	Yes
89298-0	9115 S, 2830 E	-47	270	122	Yes
89299-0	8915 S, 2750 E	-60	270	147	Yes
89300-0	8915 S, 2750 E	-45	270	124	Yes
102501-0	8865 S, 2720 E	-51	270	122	Yes
102502-0	8865 S, 2720 E	-68	270	95	No
102503-0	8860 S, 2720 E	-67	270	162	Yes
102504-0	9165.S, 2880 E	-54	270	165	Yes
102505-0	9415 S, 2880 E	-53	270	69	No
102506-0	9415 S, 2885 E	-54	270	173	Yes
102507-0	8815 S, 2700 E	-69	270	153	Yes
102508-0	8915 S, 2810 E	-65	270	176	Yes
102509-0	9815 S, 2860 E	-56	270	119	Yes
102510-0	9915 S, 2860 E	-55	270	113	Yes
102511-0	9315 S, 2917 E	-52	270	176	Yes
102512-0	9990 S, 2867 E	-59	270	122	Yes
102514-0	8715 S, 2720 E	-53	270	127	Yes
102515-0	10115 S, 2930 E	-59	270	128	Yes
Total (m)				3284	

11.4 MEL LEASE DRILLING 2004

In February and March of 2004, twenty-one holes totalling 4,366 m were diamond drilled on the Mel lease (see Table 11.2). Twenty of the holes were intended to further delineate the Mel deposit and of these, 19 holes reached their targeted depths.

One drillhole (102596-0) tested a moderate conductivity UTEM anomaly located approximately 760 m north of the Mel deposit drillhole 102596-0 intersected numerous intervals with anomalous nickel content over an interval of 39.56 m (core length). The best interval assayed 1.31% Ni over 0.94 m (core length).

Figure 11.1 Mel Deposit Longitudinal



Drillhole Number	Location Property Co-ordinates	Dip (°)	Az. (°)	Length (m)	Gyro Survey
102578-0	8715S, 2722E	-69	270	164	Yes
102579-0	8750S, 2800E	-62.5	270	182	Yes
102580-0	8860S, 2830E	-66	270	200	Yes
102581-0	9915S, 2946E	-67.5	270	212	Yes
102582-0	10125S, 2932E	-69	270	227	Yes
102583-0	9700S, 2913E	-54	270	176	Yes
102584-0	9915S, 2946E	-59	270	170	Yes
102585-0	9500S, 2883E	-55	270	179	Yes
102586-0	8965S, 2814E	-71.5	270	221	No
102588-0	10250S, 2957E	-68	270	177	Yes
102589-0	8715S, 2727E	-77	270	215	Yes
102590-0	9115S, 2892E	-66.5	270	200	Yes
102591-0	9315S, 2858E	-48	270	149	Yes
102592-0	8600S, 2743E	-68	270	182	Yes
102593-0	9814S, 3003E	-66	270	212	Yes
102594-0	9915S, 3028E	-70	270	59	No
102594-1	9915S, 3018E	-70.5	270	260	Yes
102595-0	10200S, 3057E	-63	270	212	Yes
102596-0	5000S, 2743E	-65	270	488	Yes
102598-0	8900S, 2902E	-68	270	230	Yes
102599-0	9500S, 2941E	-59	270	251	Yes
2004 Total (m)				4366	

The data were incorporated into a mineral resource estimate completed in July, 2004 that conforms to CIM Standards on Mineral Resources and Reserves, August 20, 2000. The resource estimate was based on an open pit mining concept.

A total of 94 m of overburden drilling was completed in three solid stem auger boreholes on the Mel deposit. Only two of the holes reached suspected bedrock. Nilcon Vane tests were completed in one hole. The drilling encountered approximately four metres of peat and thereafter approximately 29 m of predominantly water saturated clay and some patchy perma frost with weak shear strength. Approximately 1.5 m of sand was encountered at the bottom of one hole.

11.5 *MEL CLAIMS DRILLING 1999 TO 2000*

Four diamond drill holes totalling 2,574 m were drilled to test UTEM anomalies (see Table 11.3). No significant nickel intersections were found.

Table 11.3 Mel Claims 2000 Diamond Drillholes

Drillhole Number	Location Property Co-ordinates	Dip (°)	Az. (°)	Length (m)	Gyro Survey	BHUTEM Survey
102519	5650N, 5900E	-57	60	410	Yes	No
102520	11038N, 8904E	-66	90	1112	Yes	Yes
102523	5994N, 2900W	-53	270	536	Yes	Yes
102524	1000S, 10900E	-60	270	516	Yes	Yes
2000 Total (m)				2574		

11.6 *MEL CLAIMS DRILLING 2003*

Six diamond drillholes totalling 2,498 m were drilled to test UTEM anomalies (see Table 11.4). No significant nickel intersections were found.

Table 11.4 Mel Claims 2003 Diamond Drillholes

Drillhole Number	Location Mel Property Co-ordinates	Dip (°)	Az. (°)	Length (m)	Gyro Survey
102564	41000S, 10400E	-53	90	392	No
102567	41000S, 11700E	-55	67	641	Yes
102569	41600S, 12000E	-57	137	478	Yes
102570	6100N, 4200W	-60	100	315	Yes
102573	20000S, 3600W	-55	90	409	Yes
102574	44500S, 12600E	-55	45	263	Yes
2003 Total (m)				2498	

11.7 *MEL CLAIMS DRILLING 2004*

Three diamond drillholes totalling 804 m were drilled to test UTEM anomalies (see Table 11.5). No significant nickel intersections were found.

Table 11.5 Mel Claims 2004 Diamond Drillholes

Drillhole Number	Location Mel Property Co-ordinates	Dip (°)	Az. (°)	Length (m)	Gyro Survey	BHUTEM Survey
102575	42140S, 10900E	-52.5	279	194	Failed	No
102576	37850S, 11040E	-47	258	164	Failed	Failed
102577	18700S, 9200E	-57	237	446	Yes	No
2004 Total (m)				804		

11.8 *MEL CLAIMS DRILLING 2005 AND 2006*

Six diamond drillholes totalling 2,506 m were drilled to test UTEM anomalies (see Table 11.6). No significant nickel intersections were found.

Drillhole Number	Location Mel Property Co-ordinates	Dip (°)	Az. (°)	Length (m)	Gyro Survey	BHUTEM Survey
112801	15400N, 2900W	-58	75	458	Partial	No
112802	14700N, 5400W	-58	75	413	Failed	No
112804	12000N, 7350W	-58	77	353	Yes	No
112805	11000S, 4000W	-55	94	381	Yes	No
112808	11000S, 2000W	-62	100	422	Yes	No
112809	13000N, 2200W	-58	75	379	No	No
2005 Total (m)				2506		

12.0 *SAMPLING METHOD AND APPROACH*

All of the available lithology and assay information on the Mel property has been obtained from diamond drill core.

12.1 1961 TO 1971 INCO

Diamond drilling was AXT size core except for a few holes of AQ size core drilled at the end of the 1971 campaign. Core has been preserved and is stored by Inco Limited in Thompson as abbreviates only with generally one representative sample approximately 10 cm long collected approximately every three metre in the hole.

12.2 1999 TO 2006 INCO-VICTORY

The diamond drilling is NQ core size. The core is logged, sampled and stored by Inco in Thompson. Mineralized sections of the core are subdivided into sample intervals not exceeding 1.5 m of core length based on rock type, alteration (style and intensity), sulphide abundance and textural variations. Each sample interval is cut in half lengthwise using a diamond impregnated cutting blade. One half of the sample interval is placed in a sample bag with the appropriate sample tag, closed and shipped for assay. The remaining half of the sample interval is put back into the core box.

13.0 ANALYSES

SAMPLE AND SECURITY

PREPARATION, AN

13.1 1961 TO 1988 INCO

All of the drill core samples from drilling which was completed prior to 1988 was submitted to Inco's own labs, either in Thompson, Manitoba or Copper Cliff, Ontario, for preparation and analysis for Cu, Ni and Co. All pulps were retained and placed in long-term storage.

13.2 1999 TO 2006 INCO-VICTORY

Samples were shipped to ALS Chemex in Thunder Bay, Ontario for preparation prior to analysis by weighing, crushing, splitting and pulverizing each sample as follows:

- Each sample was weighted in kilograms;
- Each sample was assigned a unique bar core identifier allowing for complete traceability;
- The entire sample was crushed to 70% < 2 mm (-10 mesh) in two stages;
- The sample was split with a Jones riffle splitter (standard procedure);
- Up to 250 grams (g) of the split for each sample was pulverized to 85% < 75 microns (-200 mesh).

ALS Chemex uses barren wash material between sample preparation batches.

The pulps were then shipped by ALS Chemex to their analytical laboratory in either Mississauga, Ontario or North Vancouver, British Columbia for analyses as follows:

- Assaying for nickel, copper, cobalt, iron (Fe), arsenic (As), lead (Pb), zinc (Zn) and sulphur (S) are performed using fusion sample decomposition and ICP-AES analytical procedures. Typically a prepared sample (0.2 g) is added to sodium peroxide flux (2.6 g), mixed well and then fused in a 670°C furnace. The resulting melt is cooled and then dissolved in 30% hydrochloric acid. This solution is then analyzed by inductively coupled plasma – atomic emission spectrometry and the results are corrected for spectral inter-element interferences.
- Both total carbon and sulphur content are determined by a Leco combustion method.
- When required, samples are also analysed for low-level As and Pb using the ME-

AA45 procedure. The samples are digested with aqua regia in a graphite-heating

block. After cooling, the resulting solution is diluted with demineralized water then analysed by atomic absorption spectrometry (AAS).

- Select samples are also analysed for Au, Pt and Pd by a lead collection fire assay/ICP (Optima Induced Couple Plasma) technique on a one assay/ton sample.

Table 13.1 summarizes the detection limits for various elements. Note that any result that exceeds the upper limit is re-assayed.

Table 13.1 Detection Limits of Various Elements

Element or Oxide	Symbol	Assay Method	Detection Limit	Upper Limit
Arsenic	As	ICP	0.01%	10%
Arsenic	As	AAS	1 ppm	10,000 ppm
Calcium Oxide	CaO	ICP	0.01%	30%
Cobalt	Co	ICP	0.00%	30%
Copper	Cu	ICP	0.01%	30%
Iron	Fe	ICP	0.05%	60%
Magnesium Oxide	MgO	ICP	0.01%	30%
Nickel	Ni	ICP	0.01%	30%
Lead	Pb	ICP	0.01%	30%
Lead	Pb	AAS	1 ppm	10,000 ppm
Sulfur	S	Leco Method	0.01%	60%
Silicon Oxide	SiO ₂	ICP	0.01%	100%
Zinc	Zn	ICP	0.01%	30%
Gold	Au	Fire Assay	0.001 opt	2.92 opt
Platinum	Pt	Fire Assay	0.001 opt	2.92 opt
Palladium	Pd	Fire Assay	0.001 opt	2.92 opt

Chemex employs comprehensive and transparent QA/QC protocols. Control charts for standards assayed at Chemex show routine performance within two standard deviations of the certified values. The relative precision for Cu, Ni, Co, Fe and S meets contract specifications of no more than 7%. The relative precision for As and Pb is within established limits of 10%. The relative precision for Pd is within the contract limit of 15%, but Au (39%) and Pt (19%) are outside this specification. However, it should be noted that Au and Pt are affected by a moderate nugget effect.

The Inco QA/QC program consists of monitoring ALS Chemex's internal quality control samples (reference materials, duplicates and blanks) and randomly selecting samples for check analysis at third party laboratories, including the Inco control lab. Results from external check assays show adequate analytical accuracy and precision in 2003.

The Chief Chemist submitted pulp duplicates and commercial standards within samples shipments going to Chemex, including blanks for the same packages used for the diamond drill core samples.

Wardrop has not reviewed the QA/QC data.

ALS Chemex is ISO 9001:2000 registered. ISO 9001:2000 requires evidence of a quality management system covering all aspects of the registrant. To ensure compliance with this system regular internal audits are undertaken by staff members specially trained in auditing techniques. ALS Chemex Vancouver laboratory is also accredited ISO 17025 by Standards Council of Canada for a number of specific test procedures including fire assay Au by AA, ICP and gravimetric finish, and multi-element ICP and AA Assays for Ag, Cu, Pb, and Zn. In addition to twice yearly proficiency tests, auditors experienced in minerals analysis have performed detailed technical reviews at the laboratory. An audit was last carried out on the Chemex Laboratory in September 2004. In 2005, QC check results did not reveal any material issue (see Appendix A for complete laboratory audit).

14.0 DATA VERIFICATION

14.1 ASSAYS

Wardrop carried out an internal validation from the original drillhole logs against the Datamine drillhole database on 16 (5.4%) of the 296 drillholes in the total database. Data verification was completed on collar co-ordinates, length of hole, down-the-hole survey measurements (including azimuth and dip), from and to footage measurements of geology and assay sampling intervals, lithological units and nickel percentages as compiled from assay certificates merged into a database.

The two areas of the database that exhibited errors were the assay values; most errors were insignificant (six of the eight errors involved entering 0.005 when the actual value was <0.005) and the survey portion. These survey errors are related to the attempt to compare point measurements taken while drilling as compared to a line segment that was generated from the block model.

Another consideration involved the collar coordinates. The verification process compared the coordinates as determined by the universal INCO grid (grid 11). The coordinates from the database were compared with the coordinates as entered in the drill logs. These checks showed no discrepancies, but it was not possible to verify the coordinates (local grid) as used in the block model.

Details of the verification are set out in the Table 14.1. The data verification had less than 1% errors.

Table 14.1 Data Verification

Database Portion	Total Records	Error Records	% of Records With Errors	Records of Validation
Collar	64	0	0%	Coordinates (easting, northing, elevation and depth of hole)
Survey	63	8	12.70%	Survey locations down the hole, dip and azimuths
Geology	1115	0	0%	Lithology units and distance down the hole
Assay	596	8	1.34%	Nickel values and distance down the hole
Total	1838	16	0.87%	

14.2 2004 INCO-VICTORY

Victory has not performed any assay data QA/QC but rather relies on the QA/QC program maintained by Inco as described (below) and under the direction of Herb Mackowiak, Area Chemist, Copper Cliff, Ontario, (2004).

“All of the Inco diamond drill samples, including those from the Mel area, are currently prepared and analysed by ALS Chemex. The samples are analysed for Cu, Ni, Co, Fe, S, As, Pb and Zn by their A6 procedure and designated samples are also analysed for Au, Pt and Pd by fire assay/ICP. The quality control program consists of monitoring ALS Chemex’s internal quality control samples, monitoring the Inco lab’s internal quality control samples and randomly selecting samples for check analysis.

Periodically (every two weeks) ALS Chemex sends a digital file, which includes all standards that have been used with the Inco samples and the results of any analytical duplicates. The control samples are plotted and compared to the expected values for Cu, Ni, Co, Fe, S, As, Pb and Zn. Any trends and outliers are brought to the attention of ALS Chemex for rectification. The duplicates are examined to ensure that no outliers outside of the contract specifications have occurred.

Every four to six weeks the ALS Chemex analytical data for all Inco samples are combined in a spreadsheet by department. Five percent of the samples are randomly selected for check analysis. A filter ($\text{Cu}+\text{Ni}>0.5\%$) is used to avoid checking the low-grade samples. ALS Chemex is requested to create a new pulp from the crushed reserve for the selected check samples. The new pulps are sent to the Inco Process Technology lab in Copper Cliff for check analysis using a method similar to the one used at ALS Chemex (Na_2O_2 fusion/ICP). Any of the samples that were originally analysed for Au, Pt and Pd at ALS Chemex are also analysed for the same at the Inco lab. All the quality control samples (standards and duplicates) are reported by the Inco lab, along with the results of the check samples. The quality controls are compiled to ensure that the Inco results continue to meet the highest standards. In the event of outliers in the check results or the Inco quality controls, a request is sent for the affected samples to be repeated. A comparison of the Inco samples (both graphically and tabular) compares the original ALS Chemex results to the Inco check results for all elements. Any outliers outside of the contract specifications are sent to the attention of the quality control department at ALS Chemex with a request for follow-up. Upon reconciling the differences, corrections are issued by the lab. This program checks both the sampling and assaying procedures of the contract lab and encourages the lab to minimize systematic errors and to eliminate those errors that occur most frequently. Precision and accuracy of these checks are routinely examined to ensure acceptable levels.

Occasional assay checks of the original pulps at the Inco lab ensure that accuracy at the assaying stage is acceptable. However, care must be taken to avoid selecting older

samples that have oxidized, thereby introducing a source of error.”

14.3 SITE VISIT

Shahé Naccashian, P.Geol., visited Inco's exploration office in Thompson, Manitoba from November 16th to 17th, 2006. He met with Boris Shepetycky, P.Geol. and conducted data verification on the Mel deposit at Inco's office. Due to inaccessibility to the property, Shahé visited the site for the second time from January 8th to 10th, 2007. During this visit Shahé performed core review and visited the Mel Property. This visit was intended to fulfil the NI 43-101 requirement of a site visit by a Qualified Person. Site visit photos are in Appendix B.

The Mel deposit diamond drill core is stored at the Thaw Shed building on core racks. The remainder of the drill core boxes were well organized in numeric order on outside racks at the Core Farm. All core boxes are clearly labelled with aluminium tags.

Wardrop carried a complete geological core review on lithology, mineralization and sampling, checking against drill logs and assay database for the holes shown in Table 14.2.

In addition to the two drill holes completely reviewed, Wardrop visually checked the mineralized sections from the drill holes in Table 14.3 and no discrepancies were found.

Table 14.2 Drill holes Completely Reviewed

Drill Hole	Drilling Campaign
102508-0	March 2000
102578-0	February 2004

Table 14.3 Mineralized Zones of Drill holes Reviewed

Drill Hole	Drilling Campaign
21956-0	December 1962
22538-0	September 1962
22539-0	October 1962
27831-0	December 1965
30220-0	April 1966
30226-0	May 1966
102501-0	February 2000

15.0 *ADJACENT PROPERTIES*

There are no adjacent properties cited in this report.

16.0 MINERAL PROCESSING AND METALLURGICAL TESTING

Victory has not performed mineral processing or metallurgical testing on the property. However, Inco has conducted ore test work on the Mel deposit. This test work provided a quantitative analysis of the nickel recovery of Mel ore samples, as well as generated a recovery equation on the basis of ore grade.

A “time of grind” and float tests were conducted on a high, medium and low grade samples and compared to the sample collection in 2001 from drill hole BT 84. A time of grind was conducted in the lab rod mill for each sample in order to conduct the float test at the current plant setting for Birchtree ore of 18% +100 mesh. Float tests were then carried out using the same quantities of reagents for each run.

Table 16.1 Summary of Time of Grind and Recoveries

	BT 84	Mel 1.7	Mel 0.9	Mel 0.4
Head Grade	1.8	1.73	0.91	0.43
Grind Time (minutes)	8.25	9	15	10
Ni Recovery	83.96	75.22	74.85	71.52
Cu Recovery	95.32	90.53	88.40	79.07
Fe Recovery	24.04	16.21	13.78	10.61
Concentrate Grades (%)	10.84	11.90	12.24	10.59

A memo detailing full results and procedures is available in Appendix B.

17.0 MINERAL RESERVE RESOURCE ESTIMATES AND MINERAL

17.1 INTRODUCTION

Wardrop conducted a mineral resource estimate of the sediment and magmatic hosted nickel sulphide mineralization at Mel deposit. The estimation was completed for nickel at Mel deposit using data from historic and more recent drilling.

17.2 DATABASE

The historic database consisting of cored drilling information in the vicinity of the sulphide mineralization totals 296 drillholes comprised of collar, survey, lithology and assay information and is summarized in Table 17.1.

Table 17.1 Total Records in Database

	DDH Holes	Coordinates	Survey	Lithology	Assays
Records	296	296	2863	15164	8541

17.3 EXPLORATORY DATA ANALYSIS

Exploratory data analysis (EDA) is the application of statistical tools to elucidate characteristics of the data such as the shape of the relative frequency distribution and cumulative frequency distributions, as shown on histograms and probability plots, and statistics such as the mean, standard deviation and coefficient of variation.

The coefficient of variation (CV) is the standard deviation divided by the mean. This is a useful tool to measure the relative dispersion of a distribution. A CV, which is less than one generally depicts syngenetic deposits. Coefficients of variation of one to two are typical of hydrothermal processes. The presence of "bonanza" high-grade shoots or veins may cause the CV to reach three. Where the CV is greater than three, the mixture of two or more distinct ore-forming processes (or mineralization) can often be identified.

In polymetallic deposits, scatterplots can be useful in demonstrating correlations (positive and negative) between the assays.

Identification of the spatial continuity by means of variography is an EDA tool which is later used to perform kriging and to adjust frequency distributions for change of support (volume)

of units considered.

In general, EDA is done on composite-sized volumes, which are nominally of equal length. This is because the variance of a distribution is inversely proportional to the volume of sample used. Use of unequal length composites can distort the frequency distributions and make variography very noisy.

17.3.1 ASSAYS

A total of 4,066 assay intervals from 126 drillholes were selected and defined the zone of mineralization on the deposit. Data analysis was conducted by creating probability and histogram plots of the data (see Table 17.2). Results of complete probability and histogram plots are in Appendix C. Non assayed intervals were assigned a value of zero and are included with the assayed values.

Table 17.2 Range of Ni Grades and Ni * Length Values

	Records	Minimum	Maximum	Mean
Ni	4066	0	5.21	0.65
Ni * Length	4066	0	5.21	0.4

17.3.2 CAPPING

When frequency distributions are skewed, a very small number or proportion of samples may represent a large amount of the contained metal in the resource. Frequently these samples may be scattered through the deposit and not restricted to spatially identifiable or continuous zones. Sometimes small clusters of high-grade mineralization may be present, and it may or may not be possible or practical to restrict their influence. Other times the very high-grade samples may be the result of laboratory errors; pulps sometimes segregate high specific gravity materials like electrum or pyrite and may produce biased results if the pulps are not re-homogenized prior to aliquot selection for analysis.

Even when the assays are valid, linear interpolation (weighted average) grade estimation methods can be adversely affected. When these methods are used, the inclusion of a high-grade sample will have a greater influence on the estimate than a lower grade sample. This can lead to undue projection (or smearing) of the effect of high-grade material into areas for which there is no evidence in hand that the high-grade material continues to occur. Under such circumstances, restriction of the influence of the higher grade material is mandatory.

On the basis of a review of probability and histogram plots and a decile analysis of the assays, it was concluded that there is a reasonable justification for capping of the Ni values. Breaks in the slope of the cumulative probability imply that a few higher grade samples are spatially discontinuous from the remainder of the data set. The samples were then further investigated by decile and percentile analysis where often the top decile (greatest 10% of the sample population) contained more than 40% of the metal. Table 17.3 displays the capping limitations of the resource estimation by Ni statistics for the capping exercise. Based on this analysis, capping was applied at 4% Ni, where a total of seven samples were capped.

Table 17.3 Capping of the Assay Grades

	Records	Percentile	Minimum	Maximum	Mean
Ni	7	99 th	3.64	4.00	3.805

17.3.3 COMPOSITES

The selected assay information was composited into five foot downhole lengths while honouring the interpreted mineralization type boundaries. Commonly the compositing of down hole assays results in a fractional length for the last sample in a given hole. Typically these fractional composites are not used in the resource estimation if they are less than half the composite length. Box plots were created to compare the composite values based on downhole lengths for the deposit (see Appendix D). A decision was made to exclude the fractional composites of less than 2.5 ft down the hole near the edge of the mineralized zones. The fractional composites (54 in total) have no material impact on the resource and were not added to the preceding composites.

Table 17.4 Summary of Composite Data by Sample Length

	Composite Length	Records	Minimum	Maximum	Mean
Ni	All	3280	0	3.826	0.390
Ni	>2.5	3226	0	3.826	0.396
Ni	<2.5	54	0	0.630	0.032

17.4 BULK DENSITY

The following paragraph has been extracted from A. Aubut's memo, dated July 2004:

Based on Specific Gravity (SG) measurements made at other deposits in the Thompson area it has been shown that there is generally a linear relationship between Ni grade and SG. As such several equations have been used over the years to populate the SG filed in the Thompson drillhole database automatically. Using a polynomial linear regression a formula was determined with which to generate average SG values for the Mel drillholes, based on Ni grade. A maximum value of 4.65 (the SG for pyrrhotite) was used. The regression formula used for the drillhole data set is follows:

$$SG = Ni * 0.4244 + 2.5440$$

For the resource estimation Wardrop used a tonnage factor of 0.083009 tn/ft³ as instructed by A. Aubut. Wardrop recommends that Victory carry out SG determination prior to carrying out a Preliminary Economic Assessment of the Mel deposit.

17.5 *GEOLOGICAL INTERPRETATION*

The geological interpretation of the Mel deposit was conducted by A. Aubut. Wardrop verified the interpretation. The wireframe was build using Datamine version 2.1.1633.0. The mineral envelope represents a single domain. The mineralization at Mel based on the

drilling to date cannot be easily broken into multiple domains reflecting differences in either grade (high or low) or mineralization type (massive or disseminated).

The total volume of the wireframe compares very well with the block model volume. The differences between the geological solids and the block model is 1 %. Table 17.5 tabulates the wireframe and the associated volume.

Table 17.5 Summary of Wireframe Volumes

Volume (ft ³)			
Wireframe	Model within Block	Volume Difference	Percent Difference
437,311,026	431,746,731	5,564,295	1.29%

17.6 VARIOGRAPHY

Geostatisticians use a variety of tools to describe the pattern of spatial continuity, or strength of the spatial similarity of a variable with separation distance and direction. The correlogram measures the correlation between data values as a function of their separation distance and direction. If we compare samples that are close together, it is common to observe that their values are quite similar and the correlation coefficient for closely spaced samples is near 1.0. As the separation between samples increases, there is likely to be less similarity in the values and the correlogram tends to decrease toward 0.0. The distance at which the correlogram reaches zero is called the "range of correlation" or simply the range. The range of the correlogram corresponds roughly to the more qualitative notion of the "range of influence" of a sample; it is the distance over which sample values show some persistence or correlation. The shape of the correlogram describes the pattern of spatial continuity. A very rapid increase near the origin is indicative of short scale variability. A more gradual increase moving away from the origin suggests longer scale continuity.

Directional sample correlograms were calculated along horizontal azimuths of 0, 30, 60, 90, 120, 150, 180, 210, 240, 270, 300 and 330 degrees. For each azimuth, sample correlograms were also calculated at dips of 30 and 60 degrees in addition to horizontally. Lastly, a correlogram was calculated in the vertical direction. Using the thirty-seven correlograms an algorithm determined the best-fit model. This model is described by the nugget (C_0), two nested structure variance contributions (C_1 , C_2), ranges for the variance contributions and the model type (spherical or exponential). After fitting the variance parameters, the algorithm then fits an ellipsoid to the thirty-seven ranges from the directional models for each structure. The final models of anisotropy are given by the lengths and orientations of the axes of the ellipsoids.

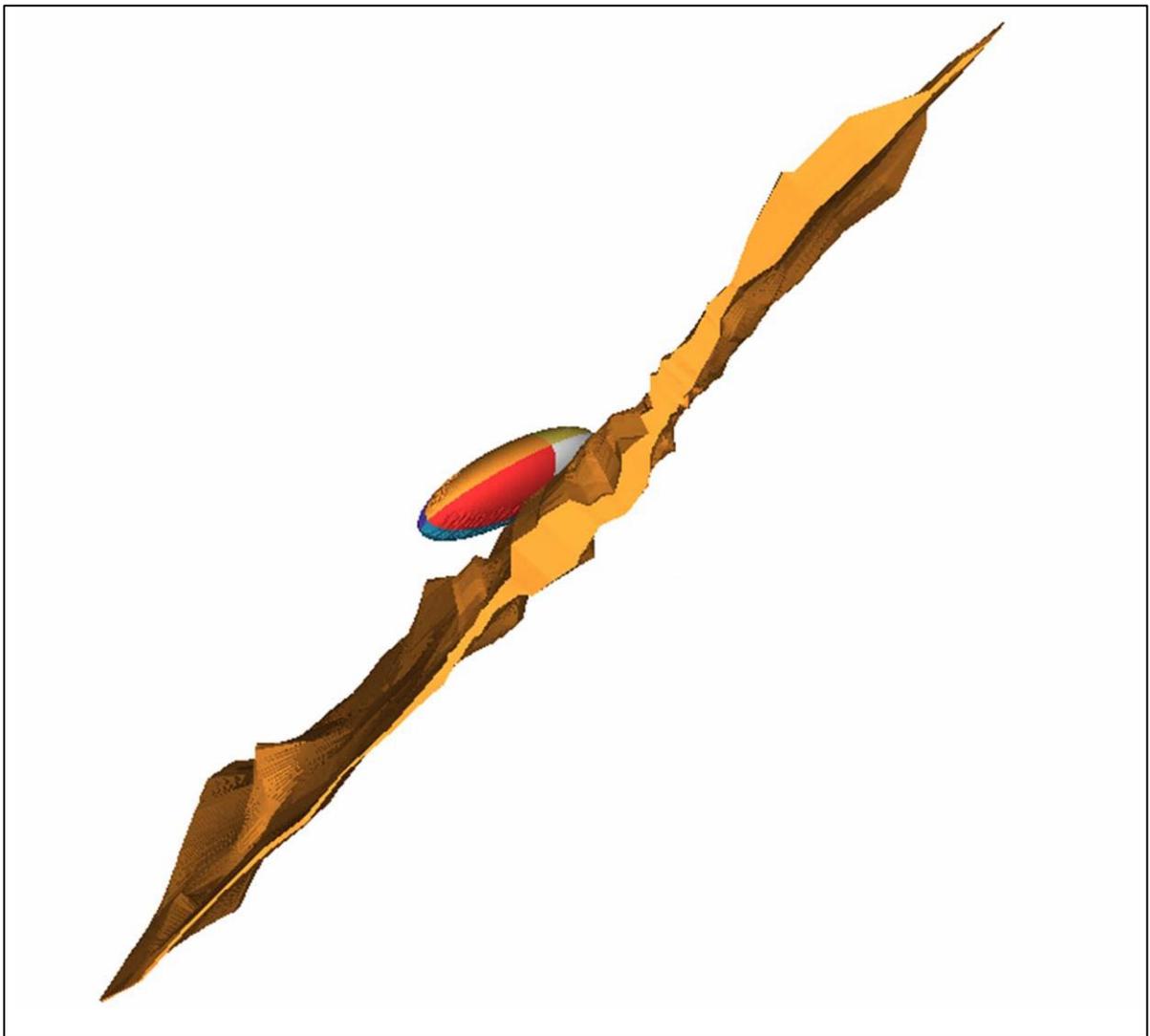
Variography, using Sage 2001 software, was completed on the Mel deposit for Ni. Downhole variogram was created to determine the nugget effect and the correlograms were modeled to determine spatial continuity of the composited mineralization. Table 17.6 summarizes the results of the variography and individual variography plots for Ni is in Appendix E.

Table 17.6 Mel Deposit Variography

Nugget (C0)	Ellipse Rotation (LLL Rule)				Ellipse Range (ft)			Ellipse Rotation (LLL Rule)				Ellipse Range (ft)		
	C1	Z	X	Z	Z	X	Y	C2	Z	X	Z	Z	X	Y
0.15	0.554	-4	67	25	15.2	21	31.8	0.296	-4	67	25	272.3	139.4	54

Figure 17.1 below shows an isometric view of Mel deposit with the search ellipse.

Figure 17.1 Isometric View of the Mel Deposit



17.7 BLOCK MODEL

The resource block model was created using Datamine version 2.1.1633.0. Table 17.7

summarizes the block model limits of the mine grid system. The block model was not rotated.

Table 17.7 Resource Block Model

Coordinate	Origin	Number of Blocks	Block Side (ft)	Model Extent (ft)
X	2000	60	25	1500
Y	-12500	200	25	5000
Z	7800	124	25	3100

The drillhole spacing varies from 50 to 200 foot across the deposit. A block size of 25 * 25 * 25 foot was selected in order to accommodate the widely spaced drilling and the open pit and underground mining block size.

17.8 INTERPOLATION PLAN

The interpolation plan of the Mel deposit resource estimation was completed using the following estimation methods: nearest neighbour (NN), inverse distance squared (ID) and ordinary kriging (OK).

The estimations were designed as a three pass system. Table 17.8 below summarizes search distances and rotations for estimating a block as well as minimum and maximum number of composites required.

Table 17.8 Search Ellipse Parameters

Pass Number	Search Distance (ft)			Rotation			Number of Composites		
	X	Y	Z	Z	X	Z	Min.	Max.	Max. per Drillhole
Pass 1	21	32	15	-4	67	25	3	6	2
Pass 2	168	256	120	-4	67	25	2	6	2
Pass 3	630	960	450	-4	67	25	1	6	2

17.9 RESOURCE CLASSIFICATION

Several factors were used in the determination of the mineral resource classification as follows:

- CIM requirements and guidelines;
- Experience with similar deposits;
- Spatial continuity of mineralization.

No known environmental, permitting, legal, title, taxation, socio-economic, marketing or other relevant issues are known to the authors that may affect the estimate of a mineral resource. Mineral reserves can only be estimated on and economic evaluation that is used

in a preliminary feasibility or a feasibility study on a mineral project, thus no reserves have been estimated. As per NI 43-101, mineral resources that are not mineral reserves do not have economic viability.

Table 17.9 Resource Classification Criteria

Indicated	Inferred
Distance to nearest composite is less than 125 feet	Distance to nearest composite is greater than 125 feet

Figure 17.2 shows a three dimensional view of Mel Deposit. Red blocks represent the indicated blocks and green blocks represent the inferred blocks.

17.10 RESOURCE TABULATION

The mineral resource estimation at Mel is tabulated in Table 17.10 for the Indicated and Inferred resources respectively. Ordinary kriging interpolation is used for the resource tabulation for Mel deposit.

Table 17.10 Mel Deposit Resource greater than 0.5 % Ni Cut-off

Classification	Ni% Cut-off	Tons	Grade	Metal
Indicated	0.5-999	4,279,000	0.875	3,744,125
Inferred	0.5-999	1,010,000	0.839	847,390

17.11 MODEL VALIDATION

The Mel deposit resource estimation was validated by the following methods:

- Comparison of global mean grades based on ID and OK estimation methods;
- Visual comparisons of colour coded block grades and drillhole composite for the three estimation methods of NN, ID and OK;
- Swath plot comparisons of estimated methods of NN, ID and OK.

17.11.1 GLOBAL COMPARISON

The global block model estimation of the OK method was compared to that of the global estimation of the model values. Table 17.11 shows the comparisons for the three estimation methods using all blocks. The contained metal differences between the methods were 5% between ID and OK.

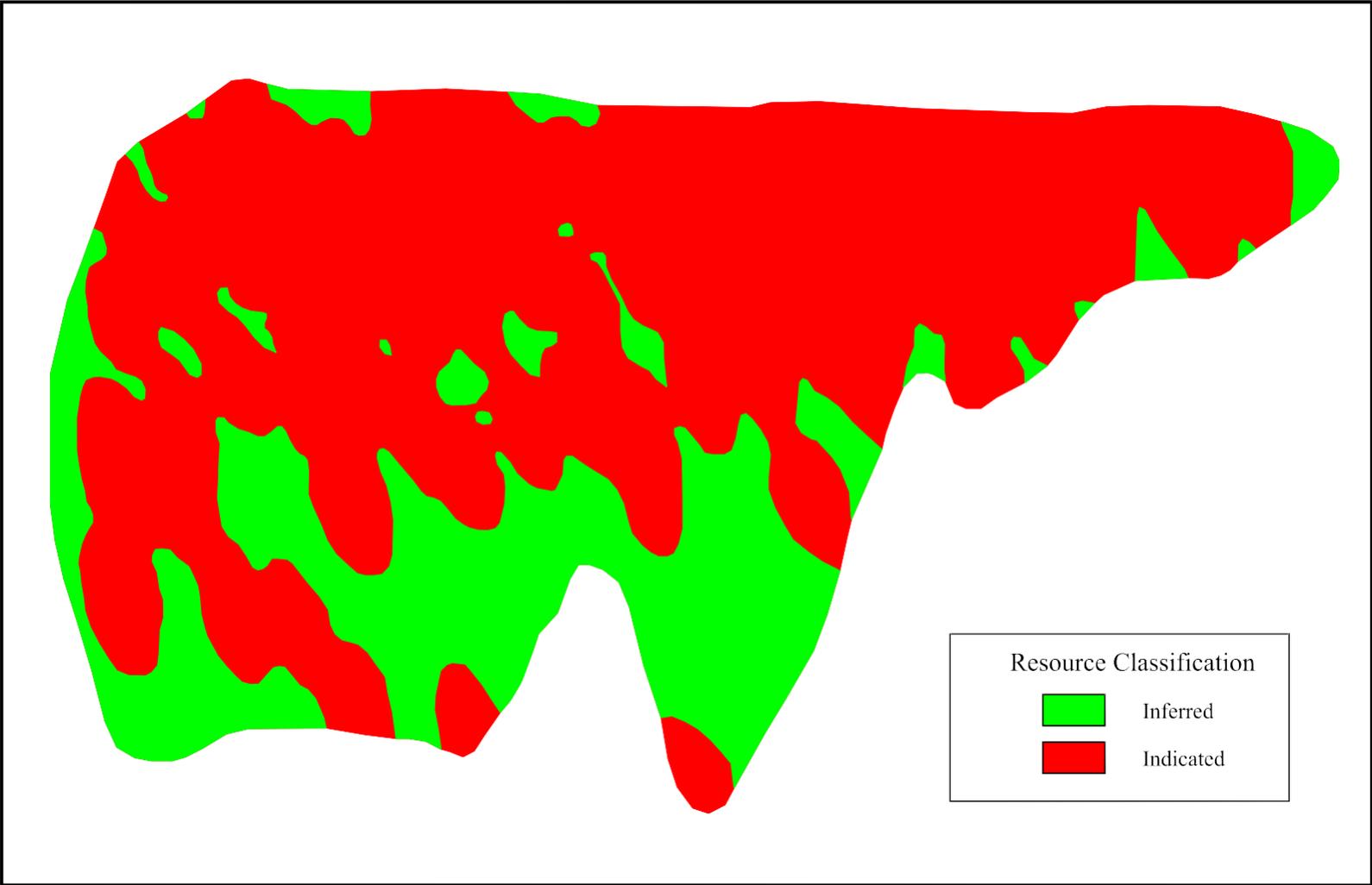
Table 17.11 Global Comparison by Estimation Method

Estimation Method	Ni% Cut-off	Tons	Grade	Metal	% Tons Difference	Total Metal	% of Difference Total Metal
Inverse Distance	0-0.5	30,481,000	0.178	5,425,618			
	0.5-999	5,249,000	0.919	4,823,831	5%	10,249,449	2%

Ordinary Kriging	0-0.5	30,442,000	0.18	5,479,560			
	0.5-999	5,289,000	0.868	4,590,852	Base Case	10,070,412	Base Case

**Note: Grades below the 0.5 % Ni cut-off do not constitute a mineral resource as defined in NI 43-101, the numbers are only represented here to establish a comparison between the different estimation methods.*

Figure 17.2 Three Dimensional View of the Mel Deposit



17.11.2 *VISUAL COMPARISON*

The visual comparison of block model grades against composite grades of the metal display a reasonable correlation between the values (see Figure 17.3). No significant discrepancies were apparent between the sections. Appendix F contains representative sections for the OK model estimates and drillhole composites.

17.11.3 *SWATH PLOT COMPARISON*

Swath plots of the estimated blocks by Easting, Northing and Elevation (see Figures 17.4, 17.5 and 17.6 respectively) were another mode of direct comparison between the models. Generally, OK reflects the greatest smoothing followed by ID and then NN estimation methods. Along the margins of the deposit and in areas of extreme data density the apparent relationship between the drillhole grades and estimated grades may change. This is reflected in the areas of lower number of blocks being estimated in the swath plots.

Figure 17.3 Vertical Section of Block Model and Drillholes by Nickel Grade

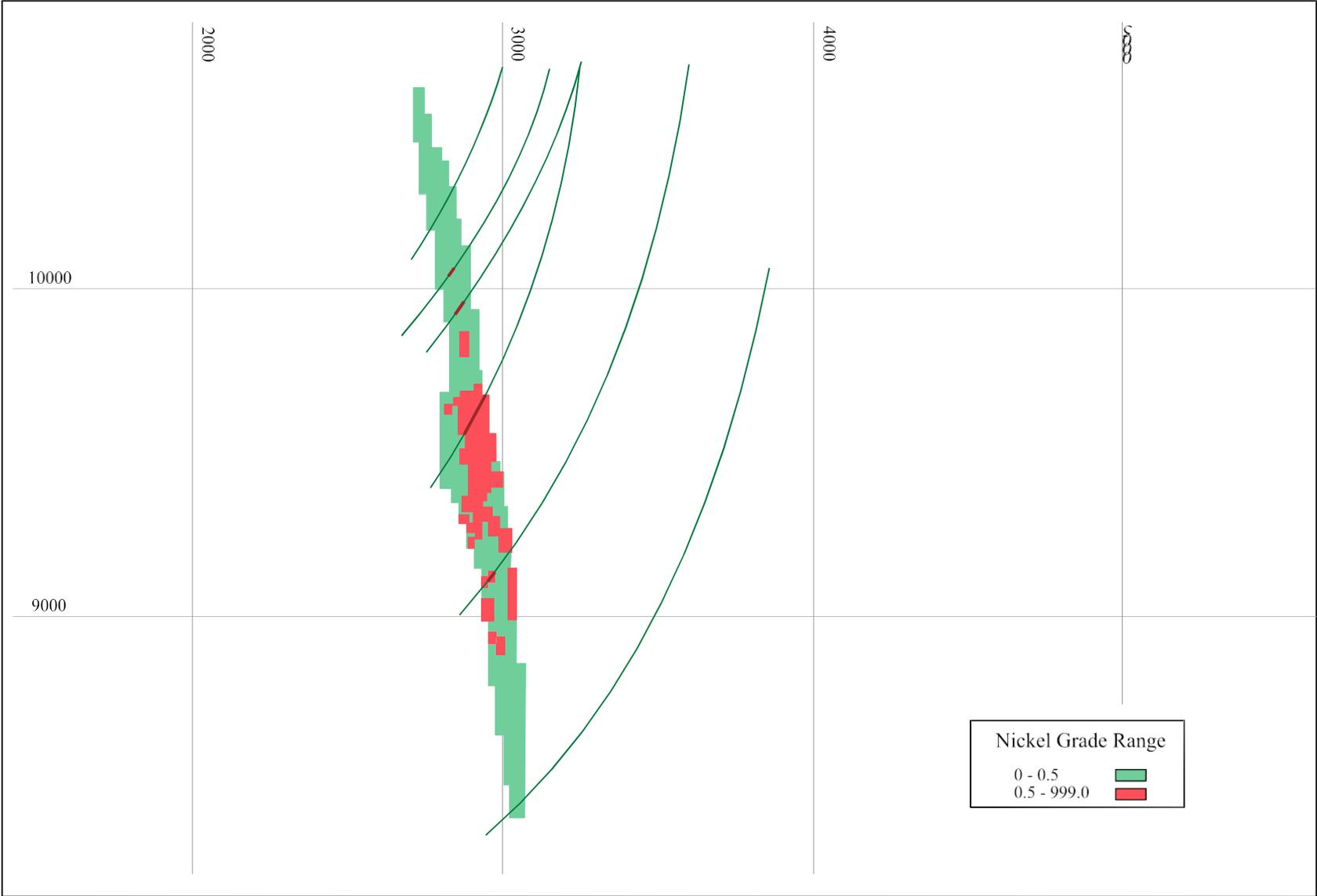


Figure 17.4 Mel Deposit Comparison of NN, ID, OK and Tons by Easting

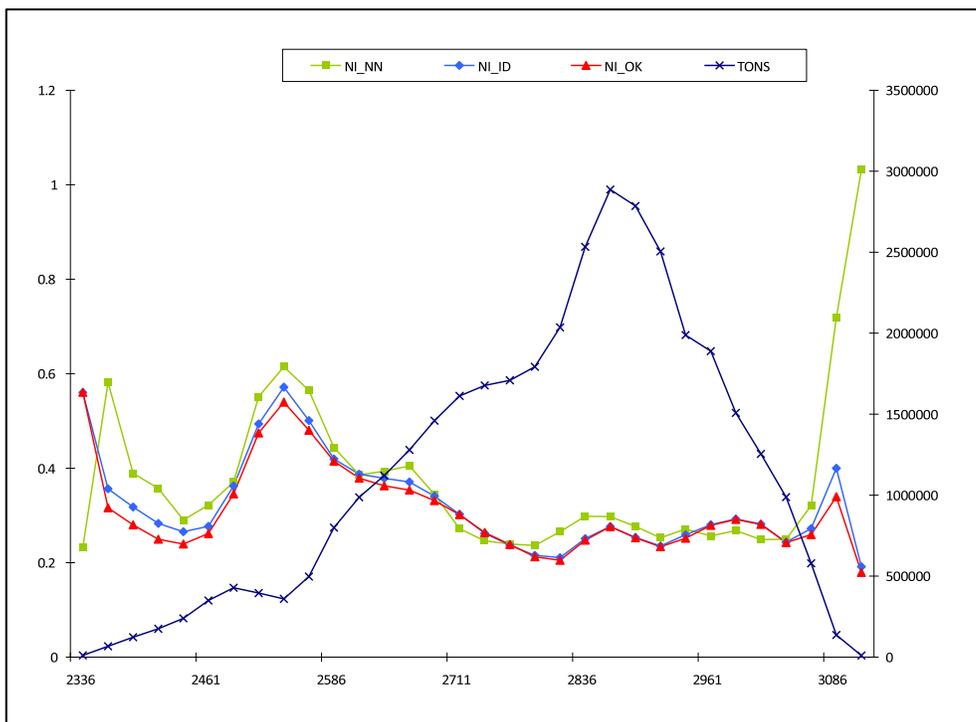


Figure 17.5 Mel Deposit Comparison of NN, ID, OK and Tons by Northing

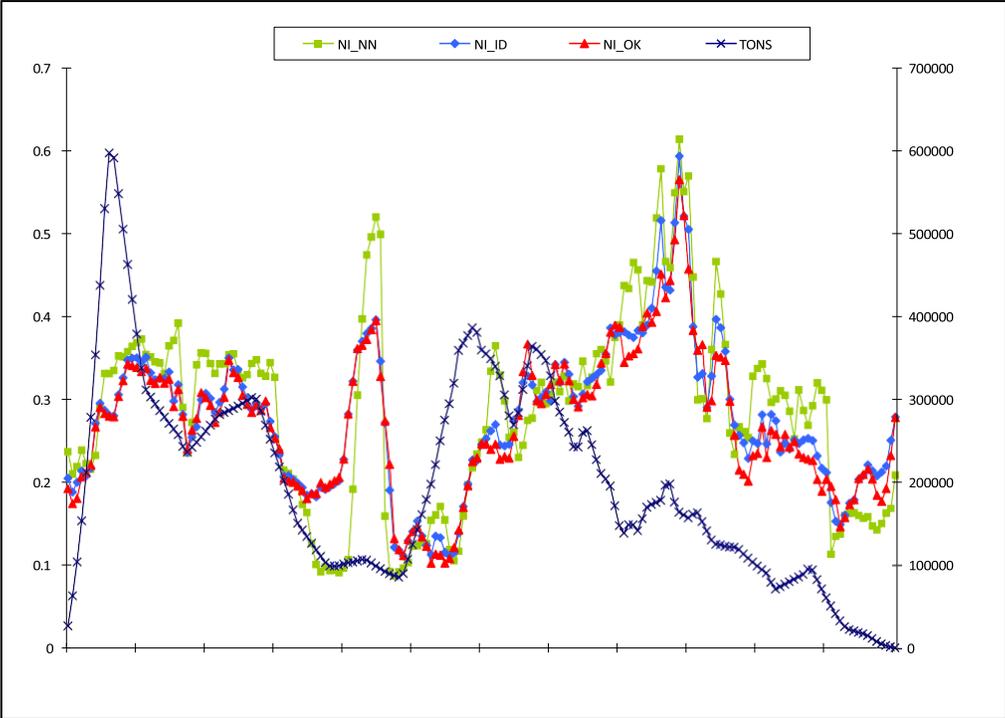
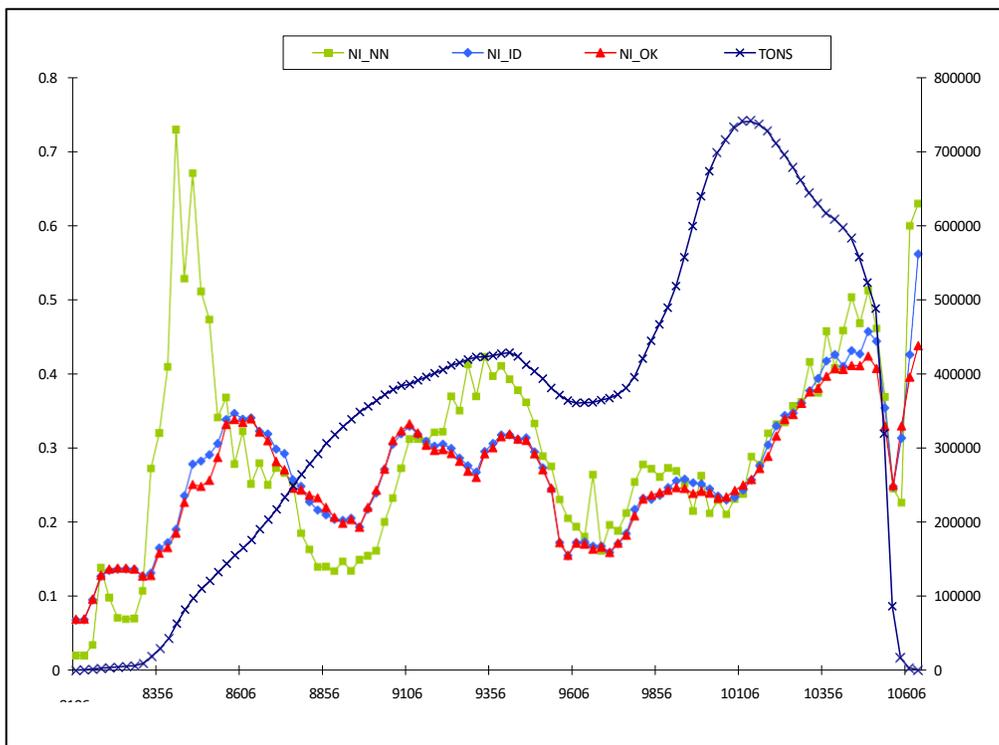


Figure 17.6 Mel Deposit Comparison of NN, ID, OK and Tons by Elevation



Wardrop has conducted a mineral resource estimate on the Mel deposit. The deposit is sediment and magmatic hosted sulphide deposit consisting mainly of nickel. The resource was based on composited assayed data derived from cored drilling. The estimate was restricted to a 3D wireframe of the interpreted mineralized envelope.

The Mel property is underlain by Opswagan Group rocks notably the lower sections of the Pipe Formation that contains most of the nickel deposits in the Thompson Nickel Belt (TNB). The history of deformation at the Mel deposit is similar to that described at nickel deposits elsewhere in the TNB. The Mel deposit is considered a favourable geological environment for nickel mineralization.

The location, size and shape of the lenses of nickel mineralization of potential economic interest is erratic and somewhat unpredictable at this stage of delineation and additional drilling is required to better define the deposit. As a consequence the Mel deposit remains incompletely delineated and the mineral resource estimates should be upgraded by diamond drilling. Potential exists to modestly increase the tonnage of the Mel deposit within the currently defined limits and to extend the deposit along strike.

The 3D wireframe of the mineralized envelope contains all mineral intersections related to the main mineral zone at Mel.

Data verification of the drillhole database suggested that the information is reliable and adequate for resource estimation.

The specific gravities of the various types of nickel mineralization have not been measured at Mel deposit. For the resource estimation Wardrop used a tonnage factor of 0.083009 as recommended by Inco geologists.

The resource was estimated using three interpolation methods: nearest neighbour, inverse distance and ordinary kriging. No significant discrepancies exist between the methods and ordinary kriging is used for the resource tabulation.

At a cut-off of 0.5 % Ni, the Mel Deposit has resulted in an Indicated resource of 4,279,000 tons grading 0.875 % Ni plus an Inferred resource of 1,010,000 tons grading 0.839 % Ni.

19.0 RECOMMENDATIONS

Additional drilling is recommended on the Mel deposit in order to improve the resource classification and to increase confidence in grade continuity. Wardrop suggests performing infill drilling along strike as well as bracket holes at depth where the higher grade material is identified.

Wardrop recommends exploration on the Mel lease to extend the Mel deposit along strike thereby potentially increasing the tonnage estimates and drilling on Mel mineral claims to further explore the lower Pipe Formation.

This resource estimate only included nickel (Ni) values but the assay database includes values for copper (Cu) and cobalt (Co). Wardrop recommends that all samples be assayed for Ni, Cu, Co and Platinum Group Elements (PGE) as well as all potential payable and deleterious elements.

Additional bulk density determinations of the mineralized material should be carried out so that specific gravity data can be incorporated into resource block model for estimation.

Additional drilling is recommended so that samples can be collected for metallurgical testing and mineral processing at Mel deposit.

Wardrop believes that the current resource block model honours the high grade values well and that local grade variations are reasonably well represented. However, more work is required to improve the local grade estimation within the block model estimation, possibly multiple indicator kriging and unfolding to compare with the current estimation method. Globally, the Wardrop resource compares well with previous Inco estimates. For preliminary economic assessment or feasibility type study work, where selective mining methods or detailed engineering design work will be required, Wardrop recommends updating the current resource block model. This exercise will be beneficial once new drilling data becomes available.

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21.1 *CERTIFICATE FOR SHAHÉ NACCASHIAN*

I, Shahé Naccashian, P,Geo., of Toronto, Ontario, do hereby certify that as an author of this report titled “Technical Report on the Mel Deposit, Northern Manitoba” dated March 9, 2007, I hereby make the following statements:

- I am a Geologist with Wardrop Engineering Inc. with a business address at 604-330 bay Street, Toronto, Ontario M5H 2S4.
- I am a graduate of Concordia University (B.Sc. Honours, 1997).
- I am a member in good standing of the Association of Professional Geoscientists of Ontario (Registration #1138).
- I have practised my profession in mineral exploration continuously since graduation.
- 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 by NI 43-101) and past relevant work experience, I fulfil the requirements to be a “qualified person” for the purpose of NI 43-101.
- I am responsible for all sections of this technical report titled “Technical Report on the Mel Deposit, Northern Manitoba” dated March 9, 2007. I have visited the property from January 8 to 10, 2007.
- I have not had prior involvement with the Property that is the subject of the Technical Report.
- 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 Report misleading.
- I am independent of the issuer applying all of the tests in section 1.4 of the NI 43-101.
- I have read the National Instrument 43-101 and confirm that the Technical Report has been prepared in compliance with the NI 43-

101 and Form 43-101F1.

- I consent to the filing of this Technical Report with any stock exchange or other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their web sites accessible by the public of this Technical Report.

Signed and dated, this 9th day of March 2007 at Toronto, Ontario.

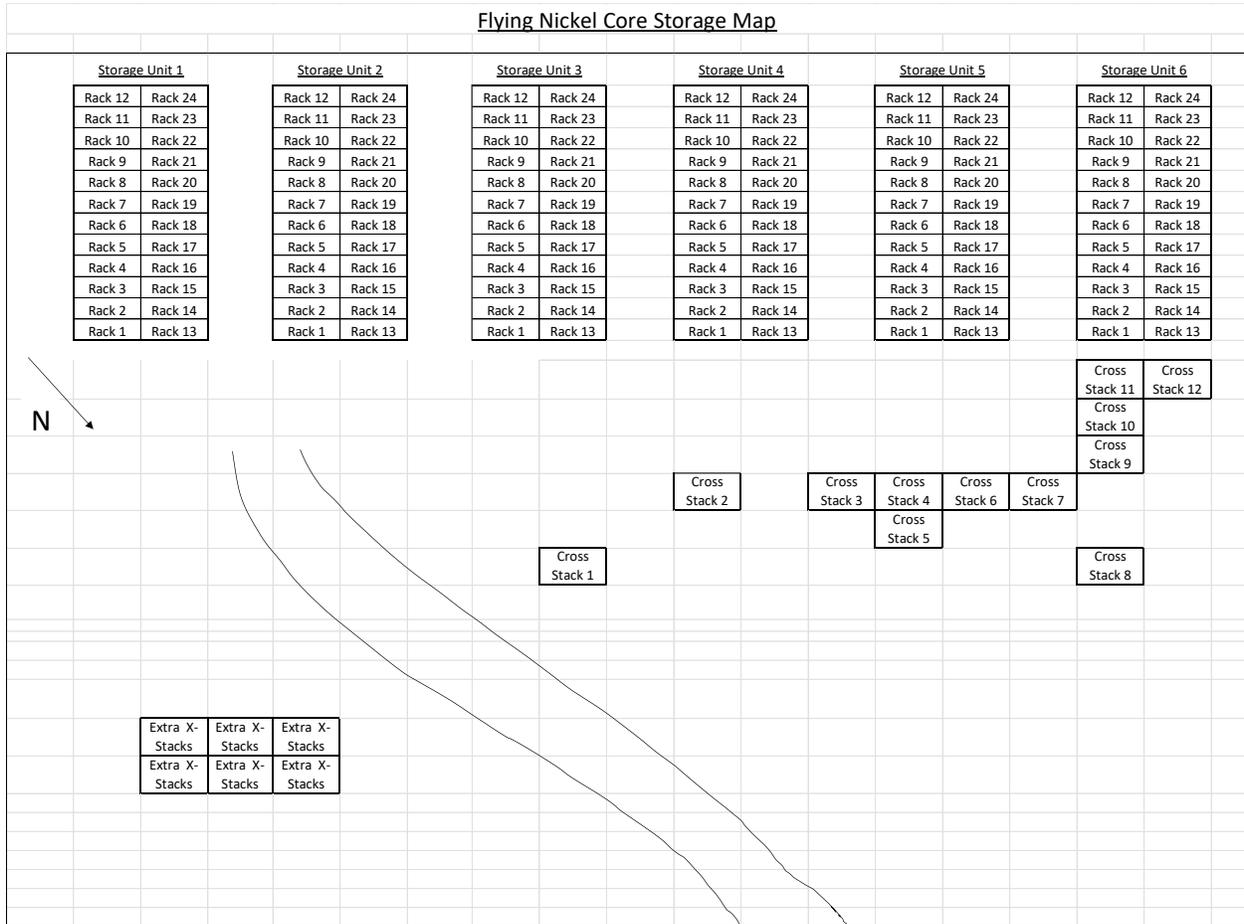
"Original Document, Revision 00 signed and

sealed by Shahé Naccashian, P.Geo."

Signature

21 APPENDIX 2

Mel Drill Core Stored in Grand Rapids



Storage Unit 1												
Rack 1	Rack 2	Rack 3	Rack 4	Rack 5	Rack 6	Rack 7	Rack 8	Rack 9	Rack 10	Rack 11	Rack 12	
102520	102520		102523	102524	102524	102560	102577	102577	102569	102591	102599	102577
		102523	102524		102564	102593	102590	102570	102592	112801	102596	
					102567	102594-1	112805	112804	112802		112801	102596
					102573	102595	112808					112801
					102598	102596						
					102599							
Rack 13	Rack 14	Rack 15	Rack 16	Rack 17	Rack 18	Rack 19	Rack 20	Rack 21	Rack 22	Rack 23	Rack 24	
102578	102578	102585	102573	102567	102569	102567	102564	74240	102585	102589	102594-1	
102579	102581	102573	102574	102570	102570	102569	102567	102581	102586	102594-1	102596	
102580	102582	102586		102574			102582	102582	102589	102595		
	102583	102587					102583	102586	102590	102598		
	102584	102588					102584	102587	102591			
	102589	102589						102588	102592			
								102592	102593			
Storage Unit 2												
Rack 1	Rack 2	Rack 3	Rack 4	Rack 5	Rack 6	Rack 7	Rack 8	Rack 9	Rack 10	Rack 11	Rack 12	
NM0601	BHK-53-91	BHK-50-90	BHK-49-R9-90	BHK-43-R30-90	BHK-43-R30-90	BHK-42-R1-90	BHK-14A-90	BHK-12A-89	BHK-20-90	BHK-17-89	BHK-13-AW-89	
102575	BHK-54-R24-90	BHK-52-90	BHK-50-90	BHK-46A-90	BHK-45-90	BHK-42-R2-90	BHK-41-90	BHK-13AW-89	BHK-18-90	BHK-15-89		
102576	BHK-57-91	BHK-53-91		BHK-47-R7-90	BHK-46A-90	BHK-43-R3-90	BHK-42-R2-90	BHK-15-89		BHK-19-90	BHK-17-89	
	102575			BHK-48-90	BHK-46A-R6-90	BHK-45-90	BHK-49-R9-90	BHK-21-90				
	102576			BHK-49-R9-90								
Rack 13	Rack 14	Rack 15	Rack 16	Rack 17	Rack 18	Rack 19	Rack 20	Rack 21	Rack 22	Rack 23	Rack 24	
89299	89300	89296	102511	N-2	N-2	N-4	N-6	NM-06-01	NM-06-02	B-8-89	B-11A-89	
89300	102501	102502	102512		N-3	N-5	NM-06-01	NM-06-02	B-8-89	B-11A-89	B-12A-89	
102501	102503	102507	N-1		N-4	N-6					B-13AW-89	
102504	102507	102508	N-2									
102505	102509	102511										
102506	102510	102514										
Storage Unit 3												
Rack 1	Rack 2	Rack 3	Rack 4	Rack 5	Rack 6	Rack 7	Rack 8	Rack 9	Rack 10	Rack 11	Rack 12	
102515	38729	35179	30205-30210	22518-22524	V-12-10	V-12-09	V-12-08	V-12-07	V-12-06	V-12-04	V-12-03	
89290	38730-38733	35249	30213-30219	22531-22540	20796-20797	V-12-10	V-12-09	V-12-08	V-12-07	V-12-05	V-12-04	
89295	89289	35250-35258	30220-30226	30201-30205	21953-21986					V-12-06		
89297	89290	35260-35263	30228-30230	35155-35169	21984							
89298	89292	35264-35273	30251-30257	35168-2	21988							
89299	89293	35279-1	35172-35179	35171-35172	22501-22510							
		38701-38720	35249		24101-24110							
		38728-38729			24114-24118							
					24131-24139							
					24144							
					24166-24170							
					24811-24815							
					24820							
					24830							
					24849-24852							
					27829-27840							
Rack 13	Rack 14	Rack 15	Rack 16	Rack 17	Rack 18	Rack 19	Rack 20	Rack 21	Rack 22	Rack 23	Rack 24	
V8-8	V8-9	V8-9	V8-10	V8-10	VX8-2	VX8-3	VX8-6	VX8-8	VX8-2	VX8-7	V-12-01	
V8-9		V9-10		VX8-1	VX8-3	VX8-4	VX8-7	VX8-1	VX8-3	VX8-8	V-12-02	
				VX8-2		VX8-5	VX8-8	VX8-2	VX8-4	V-12-01	V-12-03	
						VX8-6			VX8-5			
									VX8-6			
									VX8-7			
Storage Unit 6												
Rack 1	Rack 2	Rack 3	Rack 4	Rack 5	Rack 6	Rack 7	Rack 8	Rack 9	Rack 10	Rack 11	Rack 12	
V11-22	V11-22	V11-22	V11-22	V11-20	V11-14	V11-13	V11-11	V11-10	V11-09	V11-08	V11-06	
V11-23				V11-21	V11-20	V11-14	V11-12B	V11-11	V11-10	V11-09	V11-07	
				V11-22			V11-13				V11-08	
Rack 13	Rack 14	Rack 15	Rack 16	Rack 17	Rack 18	Rack 19	Rack 20	Rack 21	Rack 22	Rack 23	Rack 24	
M-11-01	M-11-02	M-11-03	M-11-05	M-11-06	M-11-08	M-11-09	M-11-10	V11-01	V11-02A	V11-03	V11-05	
M-11-02	M-11-03	M-11-04	M-11-06	M-11-07	M-11-09	M-11-10	V11-01	V11-02	V11-03	V11-04	V11-06	
		M-11-05		M-11-08				V11-02A		V11-05		
Cross Stacks												
X-Stack 1	X-Stack 2	X-Stack 3	X-Stack 4	X-Stack 5	X-Stack 6	X-Stack 7	X-Stack 8	X-Stack 9	X-Stack 10	X-Stack 11	X-Stack 12	
102519	102520	112821	112826	112838	FN-22-006	FN-22-005	112823	102520	112843	112825	112824	
112802	112801	112842	112827	112846			112828		112846	112829	112854	
112804	112808		112848	112850			112849		112847	112832		
112805												
112808												
112809												
Extra Cross Stacks												
All Six Cross Stacks												
102524	112835	102523	112836	102574	112837	112809	112839	112834				
112822	112840	112830	112841	112831	112844	112833	112845	112846				

22 APPENDIX 3

Mel Deposit Drill Holes

HOLE-ID	PROPERTY	START	FINISH	ASSESSMENT FILE
207960	MEL LAKE	10-Feb-62	17-Feb-62	99130
207970	MEL LAKE	18-Feb-62	23-Feb-62	99131
219530	MEL LAKE	12-Nov-62	20-Nov-62	99133
219540	MEL LAKE	21-Nov-62	26-Nov-62	99131
219550	MEL LAKE	29-Nov-62	09-Dec-62	99130
219560	MEL LAKE	10-Dec-62	15-Dec-62	99131
219840	MEL	21-Mar-63	24-Mar-63	99001
219850	MEL	25-Mar-63	29-Mar-63	
219860	MEL	29-Mar-63	31-Mar-63	
219880	MEL	24-Mar-63	26-Mar-63	99133
225010	MEL LAKE	22-Feb-62	15-Mar-62	99001
225020	MEL LAKE	15-Mar-62	27-Mar-62	99133
225030	MEL LAKE	28-Mar-62	06-Apr-62	99130
225040	MEL LAKE	07-Apr-62	12-Apr-62	99130
225050	MEL LAKE	13-Apr-62	24-Apr-62	99131
225060	MEL LAKE	25-Apr-62	06-May-62	99131
225070	MEL LAKE	07-May-62	15-May-62	99131
225080	MEL LAKE	18-May-62	24-May-62	99131
225090	MEL LAKE	26-May-62	08-Jun-62	99131
225100	MEL LAKE	10-Jun-62	15-Jun-62	99133
225110	MEL LAKE	24-Feb-62	01-Mar-62	99131
225120	MEL LAKE	02-Mar-62	07-Mar-62	99131
225130	MEL LAKE	08-Mar-62	12-Mar-62	99131
225140	MEL LAKE	13-Mar-62	19-Mar-62	99001
225150	MEL LAKE	20-Mar-62	25-Mar-62	99001
225160	MEL LAKE	26-Mar-62	29-Mar-62	99001
225170	MEL LAKE	02-May-62	15-May-62	99133
225180	MEL LAKE	16-May-62	01-Jun-62	99131
225190	MEL LAKE	04-Jun-62	10-Jun-62	99130
225200	MEL LAKE	12-Jun-62	19-Jun-62	99130
225210	MEL LAKE	21-Jun-62	06-Jul-62	99001
225220	MEL LAKE	07-Jul-62	21-Jul-62	99130
225230	MEL LAKE	22-Jul-62	10-Sep-62	99001
225240	MEL LAKE	12-Sep-62	17-Sep-62	99130
225310	MEL LAKE	17-Jun-62	22-Jun-62	99001
225320	MEL LAKE	24-Jun-62	30-Jun-62	99130
225330	MEL LAKE	01-Jul-62	10-Jul-62	99001
225340	MEL LAKE	11-Jul-62	26-Jul-62	99131

Missing logs

pdf logs from assessment files lacking assays

pdf logs with assays from Victory files

225350	MEL LAKE	27-Jul-62	12-Aug-62	99131
225360	MEL LAKE	14-Aug-62	23-Aug-62	99001
225370	MEL LAKE	24-Aug-62	16-Sep-62	99133
225380	MEL LAKE	17-Sep-62	30-Sep-62	99133
225390	MEL LAKE	02-Oct-62	20-Oct-62	
225400	MEL LAKE	22-Oct-62	11-Nov-62	99131
225410	MEL LAKE	03-Apr-62	09-Apr-62	99131
225420	MEL LAKE	11-Apr-62	16-Apr-62	99001
225430	MEL LAKE	18-Apr-62	20-Apr-62	99131
225440	MEL LAKE	24-Apr-62	04-May-62	99131
225450	MEL LAKE	06-May-62	13-May-62	99001
225460	MEL LAKE	14-May-62	19-May-62	99001
225470	MEL LAKE	21-May-62	22-May-62	99131
225480	MEL LAKE	22-May-62	28-May-62	99001
225490	MEL LAKE	30-May-61	01-Jun-61	99130
225500	MEL LAKE	03-Jun-62	10-Jun-62	99131
225580	MEL LAKE	29-Mar-62	04-Apr-62	99131
225590	MEL LAKE	05-Apr-62	07-Apr-62	99130
225600	MEL LAKE	09-Apr-62	11-Apr-62	
225610	MEL LAKE	12-Apr-62	15-Apr-62	99131
225810	MEL LAKE	13-Jun-62	18-Jun-62	
225820	MEL LAKE	20-Jun-62	25-Jun-62	99133
241010	MEL	27-Mar-63	30-Mar-63	99001
241020	MEL	30-Mar-63	02-Apr-63	
241030	MEL	04-Apr-63	07-Apr-63	
241040	MEL	08-Apr-63	11-Apr-63	99131
241050	MEL	12-Apr-63	16-Apr-63	99131
241060	MEL	19-Apr-63	23-Apr-63	99130
241070	MEL	24-Apr-63	01-May-63	99130
241080	MEL	03-May-63	06-May-63	
241090	MEL	06-May-63	09-May-63	
241100	MEL	09-May-63	13-May-63	99001
241140	MEL	18-Apr-63	22-Apr-63	
241150	MEL	22-Apr-63	26-Apr-63	
241160	MEL	27-Apr-63	30-Apr-63	
241170	MEL	01-May-63	05-May-63	
241180	MEL	06-May-63	09-May-63	
241310	MEL	14-May-63	16-May-63	99001
241320	MEL	17-May-63	20-May-63	
241330	MEL	21-May-63	25-May-63	
241360	MEL	05-Jun-63	08-Jun-63	
241370	MEL	08-Jun-63	13-Jun-63	

241380	MEL	14-Jun-63	17-Jun-63	
241390	MEL AREA	19-Jun-63	21-Jun-63	
241430	MEL	30-May-63	02-Jun-63	99130
241440	MEL	03-Jun-63	09-Jun-63	99132
241670	MEL	10-Sep-63	24-Sep-63	99133
241680	MEL	25-Sep-63	30-Sep-63	99130
241690	MEL	02-Oct-63	05-Oct-63	92272
241700	MEL	06-Oct-63	12-Oct-63	99132
248110	MEL	13-Oct-63	16-Oct-63	99130
248120	MEL	17-Oct-63	21-Oct-63	99130
248130	MEL	22-Oct-63	26-Oct-63	99001
248140	MEL	27-Oct-63	30-Oct-63	99130
248150	MEL	31-Oct-63	04-Nov-63	99130
248200	MEL	26-Nov-63	03-Dec-63	99001
248300	MEL	13-Feb-64	17-Feb-64	99130
248490	MEL	19-Mar-64	23-Mar-64	99001
248510	MEL	20-Feb-64	24-Feb-64	99133
248520	MEL	25-Feb-64	03-Mar-64	99132
278290	MEL NORTH	23-Nov-65	26-Nov-65	99133
278300	MEL NORTH	30-Nov-65	03-Dec-65	99133
278310	MEL NORTH	04-Dec-65	09-Dec-65	99133
278320	MEL NORTH	11-Dec-65	13-Dec-65	99133
278330	MEL NORTH	07-Jan-66	19-Jan-66	99132
278340	MEL NORTH	22-Jan-66	09-Feb-66	99133
278350	MEL NORTH	12-Feb-66	28-Feb-66	99133
278360	MEL	02-Mar-66	04-Mar-66	99133
278370	MEL	05-Mar-66	11-Mar-66	99133
278370	MEL NORTH	12-Mar-66	19-Mar-66	99133
278390	MEL NORTH	22-Mar-66	24-Mar-66	99133
278400	MEL NORTH	27-Mar-66	07-Apr-66	99132
302010	MEL NORTH	19-Jan-66	22-Jan-66	
302020	MEL NORTH	24-Jan-66	25-Jan-66	
302030	MEL NORTH	28-Jan-66	31-Jan-66	90918
302040	MEL NORTH	03-Feb-66	07-Feb-66	90918
302050	MEL NORTH	09-Feb-66	12-Feb-66	
302060	MEL NORTH	13-Feb-66	15-Feb-66	
302070	MEL NORTH	19-Feb-66	21-Feb-66	
302080	MEL NORTH	23-Feb-66	25-Feb-66	90918
302090	MEL NORTH	27-Feb-66	01-Mar-66	90918
302100	MEL NORTH	04-Mar-66	05-Mar-66	90918
302130	MEL NORTH	15-Mar-66	19-Mar-66	90918
302140	MEL NORTH	22-Mar-66	24-Mar-66	99133

302150	MEL NORTH	26-Mar-66	27-Mar-66	99133
302160	MEL NORTH	29-Mar-66	02-Apr-66	
302170	MEL NORTH	05-Apr-66	07-Apr-66	99133
302180	MEL NORTH	09-Apr-66	02-May-66	99133
302190	MEL NORTH	15-Apr-66	26-Apr-66	99133
302200	MEL NORTH	27-Apr-66	04-May-66	99133
302210	MEL NORTH	02-May-66	13-May-66	99133
302220	MEL NORTH	06-May-66	11-May-66	99133
302230	MEL NORTH	11-May-66	21-May-66	99133
302240	MEL NORTH	13-May-66	23-May-66	99133
302250	MEL NORTH	21-May-66	01-Jun-66	99133
302260	MEL NORTH	23-May-66	01-Jun-66	99133
302270	MEL	01-Jun-66	05-Jun-66	99133
302280	MEL	02-Jun-66	08-Jul-66	
302290	MEL	06-Jun-66	10-Jun-66	99133
302300	MEL	11-Jun-66	21-Jun-66	99132
302510	MEL	04-Jul-66	14-Jul-66	99133
302520	MEL	11-Jul-66	29-Aug-66	
302530	MEL	16-Jul-66	17-Jul-66	99132
302540	MEL	18-Jul-66	31-Jul-66	99133
302550	MEL	02-Aug-66	08-Aug-66	99133
302560	MEL	09-Aug-66	16-Aug-66	99133
302570	MEL	01-Sep-66	21-Oct-66	
351550	MEL	17-Dec-69	19-Jan-70	
351560	MEL	20-Jan-70	25-Jan-70	
351570	MEL	26-Jan-70	02-Feb-70	
351580	MEL	03-Feb-70	10-Feb-70	99135
351590	MEL	10-Feb-70	23-Feb-70	99135
351600	MEL	22-Feb-70	27-Feb-70	99135
351610	MEL	27-Feb-70	03-Mar-70	99135
351620	MEL	04-Mar-70	11-Mar-70	99135
351630	MEL	24-Mar-70	31-Mar-70	99135
351640	MEL	01-Apr-70	18-Apr-70	99135
351650	MEL	19-Apr-70	16-May-70	99135
351660	MEL	18-May-70	01-Jul-70	99135
351670	MEL	04-Jul-70	03-Aug-70	99135
351671	MEL	02-Aug-70	06-Aug-70	99135
351680	MEL	08-Aug-70	01-Oct-70	99135
351681	MEL	04-Oct-70	08-Oct-70	99135
351682	MEL	09-Oct-70	28-Oct-70	99135
351690	MEL	30-Oct-70	09-Nov-70	99135
351700	MEL	09-Nov-70	16-Nov-70	99135

351710	MEL	11-Nov-70	05-Dec-70	99135
351720	MEL	18-Nov-70	02-Dec-70	99135
351730	MEL	05-Dec-70	25-Jan-71	99135
351740	MEL	06-Dec-70	12-Dec-70	99135
351750	MEL SOUTH	26-Jan-71	07-Feb-71	99135
351760	MEL SOUTH	10-Feb-71	25-Feb-71	99135
351770	MEL SOUTH	28-Feb-71	04-Mar-71	99135
351780	MEL SOUTH	05-Mar-71	15-Mar-71	99135
351790	MEL SOUTH	19-Mar-71	26-Mar-71	99135
352490	MEL	16-Jul-70	26-Aug-70	99135
352500	MEL	27-Aug-70	06-Nov-70	99135
352510	MEL NORTH	21-Jul-69	28-Jul-69	
352520	MEL	30-Jul-69	08-Aug-69	
352530	MEL	09-Aug-69	19-Aug-69	
352540	MEL	21-Aug-69	12-Sep-69	99326
352550	MEL	12-Sep-69	16-Sep-69	
352650	MEL	27-Aug-69	22-Sep-69	
352570	MEL	29-Sep-69	11-Oct-69	99326
352580	MEL	13-Oct-69	19-Oct-69	
352590	MEL	20-Oct-69	25-Oct-69	
352600	MEL	25-Oct-69	31-Oct-69	
352610	MEL NORTH	21-Jul-69	25-Jul-69	
352620	MEL NORTH	25-Jul-69	29-Jul-69	
352630	MEL	01-Aug-69	14-Aug-69	
352640	MEL	15-Aug-69	26-Aug-69	
352560	MEL	17-Sep-69	28-Sep-69	
352660	MEL	23-Sep-69	01-Oct-69	
352670	MEL	03-Oct-69	11-Oct-69	
352680	MEL	13-Oct-69	05-Nov-69	
352690	MEL	06-Nov-69	01-Dec-69	
352700	MEL	04-Dec-69	15-Dec-69	
352710	MEL	02-Nov-69	17-Nov-69	
352720	MEL	18-Nov-69	30-Nov-69	
352730	MEL	03-Dec-69	17-Dec-69	
352740	MEL	12-Dec-69	10-Jan-70	
352750	MEL	11-Jan-70	19-Jan-70	
352760	MEL	21-Jan-70	03-Feb-70	
352770	MEL	04-Feb-70	12-Feb-70	
352780	MEL	13-Feb-70	27-Feb-70	99135
352790	MEL	01-Mar-70	16-Apr-70	99135
352791	MEL	16-Mar-70	16-Jul-70	
387010	MEL EAST	10-Jan-71	15-Jan-71	91994

387020	MEL EAST	18-Jan-71	23-Jan-71	91994
387030	MEL EAST	25-Jan-71	27-Jan-71	91994
387040	MEL EAST	29-Jan-71	09-Feb-71	91994
387050	MEL EAST	17-Feb-71	23-Feb-71	91994
387060	MEL EAST	28-Feb-71	05-Mar-71	91994
387070	MEL EAST	07-Mar-71	10-Mar-71	91994
387080	MEL EAST	13-Mar-71	16-Mar-71	91994
387090	MEL EAST	18-Mar-71	01-Apr-71	91994
387100	MEL EAST	02-Apr-71	08-Apr-71	91994
387110	MEL EAST	10-Apr-71	19-Apr-71	91994
387120	MEL EAST	23-Apr-71	04-May-71	91994
387130	MEL EAST	06-May-71	11-May-71	91994
387140	MEL EAST	11-May-71	18-May-71	91994
387150	MEL EAST	18-May-71	22-May-71	91994
387160	MEL EAST	23-May-71	28-May-71	91994
387170	MEL EAST	29-May-71	05-Jun-71	91994
387180	MEL EAST	06-Jun-71	10-Jun-71	91994
387190	MEL SOUTH	27-Mar-71	02-Apr-71	99135
387200	MEL SOUTH	05-Apr-71	15-Apr-71	99135
387280	MEL SOUTH	16-Apr-71	28-Apr-71	99135
387290	MEL SOUTH	30-Apr-71	05-May-71	99135
387300	MEL SOUTH	06-May-71	09-May-71	99135
387310	MEL SOUTH	09-May-71	19-May-71	99135
387320	MEL EAST	10-Jun-71	14-Jun-71	91994
387330	MEL EAST	15-Jun-71	25-Jun-71	91994
742320	MEL E.	02-Apr-87	03-Apr-87	
742400	MEL E.	04-Apr-87	09-Apr-87	93167
892890	MEL LEASE	11-Jan-00	13-Jan-00	
892900	MEL LEASE	13-Jan-00	15-Jan-00	
892930	MEL LEASE	17-Jan-00	19-Jan-00	
892950	MEL LEASE	19-Jan-00	21-Jan-00	
892960	MEL LEASE	21-Jan-00	23-Jan-00	
892970	MEL LEASE	23-Jan-00	25-Jan-00	
892920	MEL LEASE	15-Jan-00	17-Jan-00	
892980	MEL LEASE	26-Jan-00	27-Jan-00	
892990	MEL LEASE	28-Jan-00	30-Jan-00	
893000	MEL LEASE	30-Jan-00	31-Jan-00	
1025010	MEL LEASE	18-Feb-00	19-Feb-00	
1025030	MEL LEASE	21-Feb-00	23-Feb-00	
1025040	MEL LEASE	23-Feb-00	25-Feb-00	
1025050	MEL LEASE	25-Feb-00	26-Feb-00	
1025060	MEL LEASE	26-Feb-00	28-Feb-00	

1025070	MEL LEASE	28-Feb-00	01-Mar-00
1025020	MEL LEASE	20-Feb-00	21-Feb-00
1025080	MEL LEASE	01-Mar-00	03-Mar-00
1025090	MEL LEASE	03-Mar-00	04-Mar-00
1025100	MEL LEASE	05-Mar-00	06-Mar-00
1025110	MEL LEASE	06-Mar-00	08-Mar-00
1025120	MEL LEASE	09-Mar-00	10-Mar-00
1025140	MEL LEASE	10-Mar-00	12-Mar-00
1025150	MEL LEASE	12-Mar-00	14-Mar-00
1025190	MEL CLAIMS	19-Mar-00	24-Mar-00
1025200	MEL CLAIMS	26-Mar-00	14-Apr-00
1025230	MEL CLAIMS	14-Aug-00	23-Aug-00
1025240	MEL CLAIMS	27-Aug-00	04-Sep-00
1025640	MEL CLAIMS	15-Jan-03	21-Jan-03
1025670	MEL CLAIMS	22-Jan-03	04-Feb-03
1025690	MEL CLAIMS	06-Feb-03	15-Feb-03
1025730	MEL CLAIMS	24-Mar-03	01-Apr-03
1025700	MEL CLAIMS	06-Mar-03	15-Mar-03
1025740	MEL CLAIMS	07-Apr-03	10-Apr-03
1025750	MEL CLAIMS	31-Jan-04	03-Feb-04
1025760	MEL CLAIMS	04-Feb-04	07-Feb-04
1025780	MEL LEASE	12-Feb-04	15-Feb-04
1025810	MEL LEASE	11-Feb-04	15-Feb-04
1025820	MEL LEASE	16-Feb-04	19-Feb-04
1025800	MEL LEASE	18-Feb-04	21-Feb-04
1025790	MEL LEASE	16-Feb-04	18-Feb-04
1025830	MEL LEASE	20-Feb-04	22-Feb-04
1025840	MEL LEASE	22-Feb-04	25-Feb-04
1025870	MEL LEASE	24-Feb-04	26-Feb-04
1025850	MEL LEASE	25-Feb-04	27-Feb-04
1025860	MEL LEASE	21-Feb-04	24-Feb-04
1025890	MEL LEASE	27-Feb-04	29-Feb-04
1025880	MEL LEASE	27-Feb-04	29-Feb-04
1025900	MEL LEASE	01-Mar-04	03-Mar-04
1025910	MEL LEASE	04-Mar-04	06-Mar-04
1025920	MEL LEASE	07-Mar-04	10-Mar-04
1025930	MEL LEASE	10-Mar-04	14-Mar-04
1025770	MEL CLAIMS	10-Mar-04	16-Mar-04
1025940	MEL LEASE	15-Mar-04	17-Mar-04
1025941	MEL LEASE	17-Mar-04	22-Mar-04
1025950	MEL LEASE	22-Mar-04	25-Mar-04
1025960	MEL CLAIMS	17-Mar-04	24-Mar-04

1025990	MEL LEASE	26-Mar-04	30-Mar-04
1025980	MEL LEASE	25-Mar-04	27-Mar-04
1128010	MEL CLAIMS	22-Jan-05	29-Jan-05
1128020	MEL CLAIMS	29-Jan-05	04-Feb-05
1128040	MEL CLAIMS	05-Feb-05	10-Feb-05
1128050	MEL CLAIMS	13-Feb-05	18-Feb-05
1128080	MEL CLAIMS	18-Feb-05	25-Feb-05
1128090	MEL CLAIMS	26-Feb-05	06-Mar-05
1128210	MEL LEASE	02-Feb-07	06-Feb-07
1128220	MEL LEASE	19-Feb-07	21-Feb-07
1128230	MEL LEASE	06-Feb-07	11-Feb-07
1128240	MEL LEASE	11-Feb-07	19-Feb-07
1128250	MEL LEASE	01-Mar-07	03-Mar-07
1128260	MEL LEASE	27-Feb-07	01-Mar-07
1128270	MEL LEASE	25-Feb-07	27-Feb-07
1128280	MEL LEASE	21-Feb-07	25-Feb-07
1128290	MEL LEASE	11-Mar-07	13-Mar-07
1128300	MEL LEASE	09-Mar-07	11-Mar-07
1128310	MEL LEASE	06-Mar-07	08-Mar-07
1128320	MEL LEASE	03-Mar-07	06-Mar-07
1128330	MEL LEASE	22-Mar-07	23-Mar-07
1128340	MEL LEASE	18-Mar-07	21-Mar-07
1128350	MEL LEASE	16-Mar-07	18-Mar-07
1128360	MEL LEASE	13-Mar-07	16-Mar-07
1128370	MEL LEASE	10-Mar-07	12-Mar-07
1128380	MEL LEASE	22-Jan-07	28-Jan-07
1128390	MEL LEASE	17-Jan-07	22-Jan-07
1128400	MEL LEASE	29-Jan-07	01-Feb-07
1128410	MEL LEASE	07-Mar-07	09-Mar-07
1128420	MEL LEASE	01-Feb-07	05-Feb-07
1128430	MEL LEASE	05-Mar-07	07-Mar-07
1128440	MEL LEASE	02-Mar-07	05-Mar-07
1128450	MEL LEASE	27-Feb-07	02-Mar-07
1128460	MEL LEASE	06-Feb-07	09-Feb-07
1128470	MEL LEASE	10-Feb-07	13-Feb-07
1128480	MEL LEASE	24-Feb-07	26-Feb-07
1128490	MEL LEASE	19-Feb-07	24-Feb-07
1128500	MEL LEASE	14-Feb-07	17-Feb-07
1128540	MEL LEASE	17-Mar-07	20-Mar-07
M-11-01	MEL LEASE	30-Jan-11	05-Feb-11
M-11-02	MEL LEASE	06-Feb-11	11-Feb-11
M-11-03	MEL LEASE	12-Feb-11	16-Feb-11

M-11-04	MEL LEASE	17-Feb-11	21-Feb-11
M-11-05	MEL LEASE	25-Feb-11	02-Mar-11
M-11-06	MEL LEASE	03-Mar-11	08-Mar-11
M-11-07	MEL LEASE	09-Mar-11	15-Mar-11
M-11-08	MEL LEASE	16-Mar-11	24-Mar-11
M-11-09	MEL LEASE	25-Mar-11	03-Apr-11
M-11-10	MEL LEASE	04-Apr-11	10-Apr-11