

Technical Report on the
Derlak Red Lake Property, Ontario
Prepared for Orefinders Resources Inc.



By
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1 SUMMARY

Orefinders Resources Inc. (“**Orefinders**”) retained the services of Reddick Consulting Inc. (“**RCI**”) in early 2012 for the purposes of conducting a due diligence review and writing a Technical Report on the Derlak Red Lake Property (the “**Property**”). The Technical Report is in support of a listing by Orefinders on the TSX Venture Exchange (“**TSXV**”), with the Derlak Red Lake Property as one of the material properties Orefinders is acquiring. This Technical Report conforms to NI 43-101 Standards of Disclosure for Mineral Projects. RCI has not estimated any current Mineral Resources or Mineral Reserves and there are no current Mineral Resources or Mineral Reserves for the Property.

On January 25, 2012, Orefinders signed an agreement to enter into an Option Agreement the (“**Agreement**”) on the Derlak Red Lake Property with Fечи Inc. (“**Fечи**”), who had in turn entered into an option agreement with Micon Gold Inc. (“**Micon**”) on January 19, 2012. Under the terms of the Micon-Fечи agreement Fечи was granted an option on the Derlak Red Lake Property by Micon. Fечи in turn assigned and transferred to Orefinders all of Fечи’s right, title, interest and obligations as set out in the Micon agreement to Orefinders.

The Derlak Red Lake Property consists of eleven contiguous patented mining claims in Baird and Heyson Townships, Ontario. Micon holds the surface rights and mining rights for the patented mining claims. The Agreement allows Orefinders to explore the Derlak Red Lake Property and, subject to completing a series of staged option payments and meeting an agreed upon total of exploration expenditures, Orefinders will earn a 100% interest in the property. The option payments to be made by Orefinders to Micon (via Fечи) include an initial ten thousand dollars (\$10,000) in cash and issuing to Micon 30% (thirty percent) of the initial issued shares and warrants of Orefinders upon Orefinders successfully obtaining financing in the amount of five million dollars (\$5,000,000) and trading as a public company. Orefinders must also make payments of a further fifty thousand dollars (\$50,000) in a series of payments over two years (twelve and twenty-four months after the signing date). Orefinders is also required to incur a series of staged exploration expenditures totalling one million dollars (\$1,000,000) over a period of three years from the signing date.

Upon completion of the share issuance and payments to Micon and completing the required expenditures, Orefinders will own 100% of the Property, subject to a 3% (three percent) Net Smelter Royalty (“**NSR**”) on production from the Property. Orefinders has the right to buy back 1% (one percent) of the NSR for one million dollars (\$1,000,000) at any time before commencement of commercial production from the Property.

The Derlak Red Lake Property is located approximately 7 kilometres by road south-southwest of the town of Red Lake, approximately 575 kilometres by road northwest of Thunder Bay and approximately 475 kilometres by road east-northeast of Winnipeg, Manitoba. Average winter temperatures are in the range of -15 degrees centigrade (“**C**”) to -20°C and average summer temperatures are in the range of 15°C to 20°C. Annual precipitation averages 640 millimetres of which 473 mm occurs as rainfall and the balance is snow (average of 193 centimetres of snowfall). The topography is flat to mildly rugged with a maximum relief of about 20 metres. The average elevation of the Property is approximately 375m above sea level. The

vegetation ranges from mature spruce, pine, birch and poplar to scattered, locally thick underbrush. Parts of some of the claims were cleared during recent logging operations.

The Red Lake area has a long exploration and mining history dating back to the early 1900s and offers a well-trained exploration and mining workforce. There are currently producing gold mines, analytical laboratories, mineral exploration services and mining suppliers in the area. With the three year trailing average price of gold slightly above US \$1,200/ounce, and the 2012 gold price for the year to date over US \$1,600/ounce, there are many active exploration projects in the area.

The Property is located in the Red Lake Greenstone Belt which has produced over 25 million ounces of gold since the 1930s (Lichtblau et al., 2010). The Property is tied onto the past producing Madsen Mine which is owned by Claude Resources Inc. and contains several gold zones previously mined underground from 1938 to 1974 and 1997 to 1999. Total past production from Madsen is approximately 8.7M tons at 0.289 ounces of gold per for approximately 2.4M ounces of gold (Lichtblau et al., 2010). The authors are unable to verify the above information and that information is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report. The main shaft of the Madsen Mine is located 1.6 km south-southwest of the Property boundary.

There have been several exploration and diamond drilling campaigns on the Property since the 1930s by various operators. The first significant work on the Property, by Derlak Red Lake Gold Mines Ltd. in the 1930s, included the drilling of nine holes in 1936 and 1937, geophysics and surface trenching. There were additional diamond drill programs and mapping carried out in 1944 (seven holes), drilling in 1967 (eleven holes), drilling in 1982 (six holes) and in 1998 (four holes).

Exploration work on the Derlak Red Lake Property has successfully identified the two main horizons that host ore on the adjacent Madsen Mine property; the Austin and McVeigh Tuffs. Alteration typical of that found in these units on Madsen, and associated low grade gold values were identified in the previous exploration programs but no significant gold mineralisation has been identified to date. The main mineralised zones from the Madsen Mine project onto the Derlak Red Lake Property at a depth of more than one km.

There have been no current Mineral Resource estimates prepared for the Property.

The authors believe that the Derlak Red Lake Property has the potential for discovery of economic mineralisation: 1) in underexplored near-surface areas: and 2) at depth, where the productive zones developed on the adjacent Madsen Mine project onto the Property. Accordingly it is recommended that exploration work in two phases be undertaken as budgeted in Table 1-1. The second phase of work is not contingent on results obtained in the first phase. The recommended budget for the entire program is estimated at CDN \$1,500,000.

Table 1-1: Budget for Recommended Work

Phase 1	Amount
Data compilation	\$20,000
Establish grids	\$20,000
High Resolution airborne magnetometer survey	\$100,000
Power stripping, washing, mapping and sampling	\$30,000
Exploration Drill Program to test near-surface targets 1,500m @ ~\$200/m	\$300,000
Contingency	\$30,000
Sub-Total Phase 1	\$500,000
Phase 2	Amount
Deep Drill Program to test Austin and McVeigh Tuffs at depth 4,500m @ ~\$200/m	\$900,000
Contingency	\$100,000
Sub-Total Phase 2	\$1,000,000
TOTAL Phase 1 and Phase 2	\$1,500,000

Note: Diamond drill cost estimate of \$200/m includes direct contractor costs as well as all geological and support items related to program logistics, logging, sampling, and assaying.

2 INTRODUCTION

This Technical Report (“**Report**”) has been prepared for Orefinders Resources Inc. (“**Orefinders**”) and is submitted as per regulatory requirements to support a transaction between Orefinders and Micon Gold Inc. (“**Micon**”) relating to Orefinders acquiring the Derlak Red Lake Property. The Derlak Red Lake Property has seen previous exploration for gold similar to the type of ore found on the adjacent Madsen Mine (“**Madsen**”) property. The Derlak Red Lake Property has not had any previous development or production for gold but the adjacent Madsen Mine is a significant past producing gold property. There are no previously filed NI 43-101 Compliant Technical Reports for the Property and there are no current Mineral Resource or Mineral Reserve estimates for the Property.

On January 25, 2012, Orefinders signed an agreement to enter into an Option Agreement the (“**Agreement**”) on the Derlak Red Lake Property with Fечи Inc. (“**Fечи**”), who had in turn entered into an option agreement with Micon Gold Inc. (“**Micon**”) on January 19, 2012. Under the terms of these agreements, Fечи was granted an option on the Derlak Red Lake Property by Micon. Fечи in turn assigned and transferred to Orefinders all of Fечи’s right, title, interest and obligations as set out in the Micon agreement to Orefinders as a result of the January 25, 2012 agreement. The agreement is subject to an underlying 3% Net Smelter Royalty (“**NSR**”). Orefinders will be the operator during the term of the agreement. Complete details of the agreement between Orefinders, Fечи and Micon for the Derlak Red Lake Property (the “**Property**”) are contained in Section 4.

2.1 Terms of Reference

This report was prepared by Reddick Consulting Inc., (“**RCI**”) at the request of Mr. Bill Yeomans, P. Geo., President of Orefinders Resources Inc. Orefinders is a Vancouver based resource exploration company, with its corporate office at:

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Vancouver, British Columbia
V6E 3X2
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Facsimile: (604) 648-8665

Mr. John Reddick, M.Sc. P. Geo., a qualified person under the regulations of National Instrument 43-101 and President of Reddick Consulting Inc. (“**RCI**”) is the principal author of this technical report. Mr. Jamie Lavigne, M.Sc. P. Geo. and a qualified person under the regulations of National Instrument 43-101 co- authored the report. The purpose of the report is to satisfy regulatory requirements to file a National Instrument 43-101 (“**NI 43-101**”) compliant Technical Report to support the transaction by which Orefinders is acquiring the Derlak Red Lake Property. Messrs. Reddick and Lavigne are both independent of the issuer applying the test set out in Section 1.5 of NI

43-101 and they are also independent of the property and the property vendor as described in the TSX Venture Appendix 3F, Section 3.2. This report has an effective date of July 16, 2012.

2.2 Sources of Information

This report is based, in part, on internal company technical reports and maps, company letters and memoranda, published government reports, and other public information as listed in the “References” section of this report. The authors have completed a review of internal Orefinders technical and due diligence documents related to the Derlak Red Lake Property and have held discussions with technical personnel from Orefinders regarding all pertinent aspects of the project. Sections from reports authored by other consultants have been incorporated in this report and are appropriately referenced.

2.3 Inspection of the Property

Mr. John Reddick visited the Property on April 4, 2012. At that time there was no snow cover and very good exposures of a number of outcrops were available. In an area where there had been recent logging activity a number of outcrops were examined. There is no known drill core from previous programs available. Mr. Reddick also visited the Red Lake Resident Geologist’s office during the site visit and obtained a number of pertinent files from that office.

2.4 Units and List of Abbreviations

Unless otherwise stated, all units of measurement in this report are metric and costs are expressed in Canadian dollars (CAN\$). The payable metal gold (Au) is priced in United States dollars (US\$) per troy ounce.

The following abbreviations may be used in this report:

Term	Abbreviation
Above sea level	a.s.l.
Atomic absorption	AA
Billion	B
Billion years before present	Ga
British thermal unit	BTU
Canadian Institute of Mining, Metallurgy and Petroleum	CIM
Centimetre	cm
Cubic centimetre	cm ³
Cubic feet	ft ³
Cubic feet per minute	cfm
Cubic metre	m ³
Coefficient of variation	CV
Degree	°
Dollar (American)	US\$
Dollar (Canadian)	\$ or C\$ or CDN\$ or CAN\$
Fire assay	FA
Foot	Ft
Gemcom Software International Inc.	Gemcom
Global positioning system	GPS
Gram	G
Gram per tonne	gpt
Gold	Au
Gross metal royalty	GRM
Induced polarization	IP
Greater than	>
Hectare (10,000 m ²)	ha
Inch	“
Kilo (thousand)	k
Kilogram	kg
Kilometre	km
Less than	<
Litre	L
Metre	m
Metric tonne	T
Micron	µm
Million	M
Million Tonnes	MT
Millimeter	mm
National Instrument 43-101	NI 43-101
Net Smelter Return	NSR
ounce per short ton	opt
parts per billion	ppb
parts per million	ppm
pound	lb
quality assurance/quality control	QA/QC
rock quality designation	RQD
Short ton (2,000 pounds)	t
silver	Ag
specific gravity	SG
square kilometre	km ²
square metre	m ²
Three dimensional	3D
Troy ounce (31.1035g)	oz

3 RELIANCE on OTHER EXPERTS

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

- information available to the authors at the time of preparation of this report;
- assumptions, conditions and qualifications as set forth in this report; and
- data, reports and opinions supplied by Orefinders.

The authors do not guarantee the accuracy of conclusions, opinions, or estimates that rely on third party sources for information that are outside the area of technical expertise of the authors. The authors have relied on reports and opinions from Orefinders for the following information that is outside their area of technical expertise:

- for the land description and Orefinders's holdings in Section 4 of this report, the authors have not verified the factual accuracy and legal sufficiency of the description provided by Orefinders which includes information on property holdings, lease agreements and legal status of property title. This information is derived from:
 - an email from W. Yeomans of Orefinders of April 24, 2012 which copies correspondence from Michael Lieberman of Norton Rose Canada LLP to Kenneth Embree of DuMoulin Black LLP and;
- information relating to the various option, joint venture and purchase agreements described in Section 4 of this report which was summarised from copies of:
 - a Mining Option Agreement dated January 19, 2012 between Micon Gold Inc. and Fечи Inc.,
 - an Assignment Agreement between Fечи Inc. and Orefinders Resources Inc. dated January 25th, 2012, and
- information relating to property titles, surface rights, and environmental matters as described in Section 4 of this report.

Except for the purposes legislated under provincial securities laws any use of this report by any third party is at that party's sole risk. A draft copy of the report has been reviewed for factual errors by Orefinders. Any changes made as a result 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 and misleading at the date of this report.

4 PROPERTY DESCRIPTION and LOCATION

The Derlak Red Lake Property is located approximately 7 kilometres by road south-southwest of the town of Red Lake, approximately 575 kilometres by road northwest of Thunder Bay and approximately 475 kilometres by road east-northeast of Winnipeg, Manitoba (Figure 4.1) within the townships of Baird and Heyson in the Province of Ontario. The centre of the Property lies at roughly 50° 59' 04"N Latitude and 93° 53' 40"W Longitude and the property elevations are from about 370 to 390 m a.s.l. The UTM coordinates for the centre of the Property are roughly 437,250m E and 5,648,500m N (NAD 83, Zone 15).

The Property is comprised of eleven, contiguous, patented mining claims. The claims cover an area of approximately 542.1 acres (~219.4 hectares) with two claims in Baird Township, two claims straddling the Baird and Heyson Township boundary and seven claims in Heyson Township (Figure 4.2). All of the claims are patented mining claims with Fee Simple Absolute title to mining and surface rights with minor surface right reservations, mostly for road allowances and hydro-electric transmission line easements. All timber rights are also reserved for the Crown. All the claims are in good standing. The patented claims are held by Micon Gold Inc., a private company based in Toronto Ontario.

4.1 Mineral Tenure

A summary of the Derlak Red Lake Property mining claims is provided in Table 4-1. The claims all have boundaries as established by the surveyed claim lines. The patented claims do not expire as long as annual mining taxes are paid.

Table 4-1: List of Patented Claims Comprising the Derlak Red Lake Property, Ontario

Parcel	Patent	Claim	Location	Area (Acres)
1637	KRL3	KRL 12746	Baird/Heyson Twp's	37.8
1637	KRL6	KRL 12747	Baird Twp	36.0
1637	KRL288	KRL 12748	Baird Twp	53.1
1637	KRL286	KRL 12749	Baird/Heyson Twp's	45.3
1637	K1465	KRL 12750	Heyson Twp	49.8
1637	K1464	KRL 12751	Heyson Twp	63.5
1637		KRL 12752	Heyson Twp	56.9
1637		KRL 12753	Heyson Twp	44.6
1637		KRL 12754	Heyson Twp	42.9
1637		KRL 12755	Heyson Twp	56.9
1637		KRL 12756	Heyson Twp	55.3

4.2 Derlak Red Lake Property Agreement

On January 25, 2012, Orefinders entered into an option agreement (the “**Agreement**”) related to the Derlak Red Lake Property with Fечи Inc. (“**Fечи**”). Fечи is a private company that in turn made an option agreement on January 19, 2012 with Micon Gold Inc. (“**Micon**”). Orefinders assumed the obligations for option payments and work commitments that were specified in the Fечи-Micon agreement in return for obtaining the right to acquire the Derlak Red Lake Property from Fечи. The terms of the Agreement made by Orefinders are as follows:

- i) make an initial cash payment in the amount of \$10,000 (the “**Initial Cash Payment**”);
- ii) make a subsequent series of cash payments in the aggregate amount of \$50,000 which will flow from Fечи to Micon (the “**Subsequent Cash Payments**”). The first of these payments is for \$20,000 and is to be made on or before the first anniversary date of the Fечи-Micon agreement (which will be on January 19, 2013). The second of these payments is for \$30,000 and is to be made on or before the second anniversary date of the Fечи-Micon agreement (which will be on January 19, 2014);
- iii) issuing to Micon 30% (thirty percent) of the initial issued shares and warrants of Orefinders upon Orefinders successfully obtaining financing in the amount of \$5,000,000 and trading as a public company; and,
- iv) incur a total of \$1,000,000 in exploration and development expenditures on the Derlak Red Lake Project over a period of three (3) years from the date of the Fечи-Micon agreement (the “**Option Expenditures**”) with a minimum of \$200,000 to be expended on or before the first anniversary date, a minimum of a further \$300,000 to be expended on or before the second anniversary date and a minimum of a further \$500,000 to be expended on or before the third anniversary date.

Upon completing an aggregate total of \$1,000,000 in Option Expenditures and making the Subsequent Cash Payments, Orefinders will have earned a 100% interest in the Property with Micon retaining a 3% Net Smelter Royalty (“**NSR**”) on production from the Property. Orefinders has the right to buy back 1% (one percent) of the NSR for one million dollars (\$1,000,000) at any time before commencement of commercial production from the Property.

Orefinders is the operator during the earn-in period. The series of cash and share payments to satisfy the terms of the Agreement are further described in the table below:

Date	Required Payment
January 19, 2012	\$10,000 cash (paid)
January 19, 2013	\$20,000 cash
January 19, 2014	\$30,000 cash
Total	\$60,000 cash

The series of required expenditures to satisfy the terms of the Agreement are further described in the table below:

Date	Required Work Expenditure
On or before January 19, 2013	\$200,000
On or before January 19, 2014	\$300,000
On or before January 19, 2015	\$500,000
Total	\$1,000,000

4.3 Environmental and Social Considerations

There are no known environmental liabilities relating to the Property. There are no tailings ponds on the Property. Mineral exploration work on the Property is subject to Ontario mining regulations. Surface disturbance caused by exploration activity including drill pads, drill roads etc. on patented claims are not normally subject to reclamation. Water crossings for drill equipment etc. do require permits. Existing roads provide access to all areas of the Property such that new water crossings are not necessary.

Water from the tailings and polishing ponds of the adjacent Madsen Mine flow northeast into Derlak Lake which then flows via Coin Creek into Snib Lake, and ultimately to nearby Red Lake. According to a NI 43-101 Technical Report produced for Claude Resources Inc. in 2010, (Cole et al., 2010) impounded water from the Madsen Mine polishing pond is the last point of control before the approved discharge from the Madsen Mine tailings. That water is discharged and then flows through Derlak Lake and then down Coin Creek, which traverses the Derlak Red Lake Property. Water is discharged from the Madsen Mine polishing pond by a controlled siphon at a maximum rate dependent on the copper concentration and flow at the Coin Creek culvert. Snib Lake is considered to be the first fish habitat downstream of the Madsen Mine discharge point.

4.4 Permits

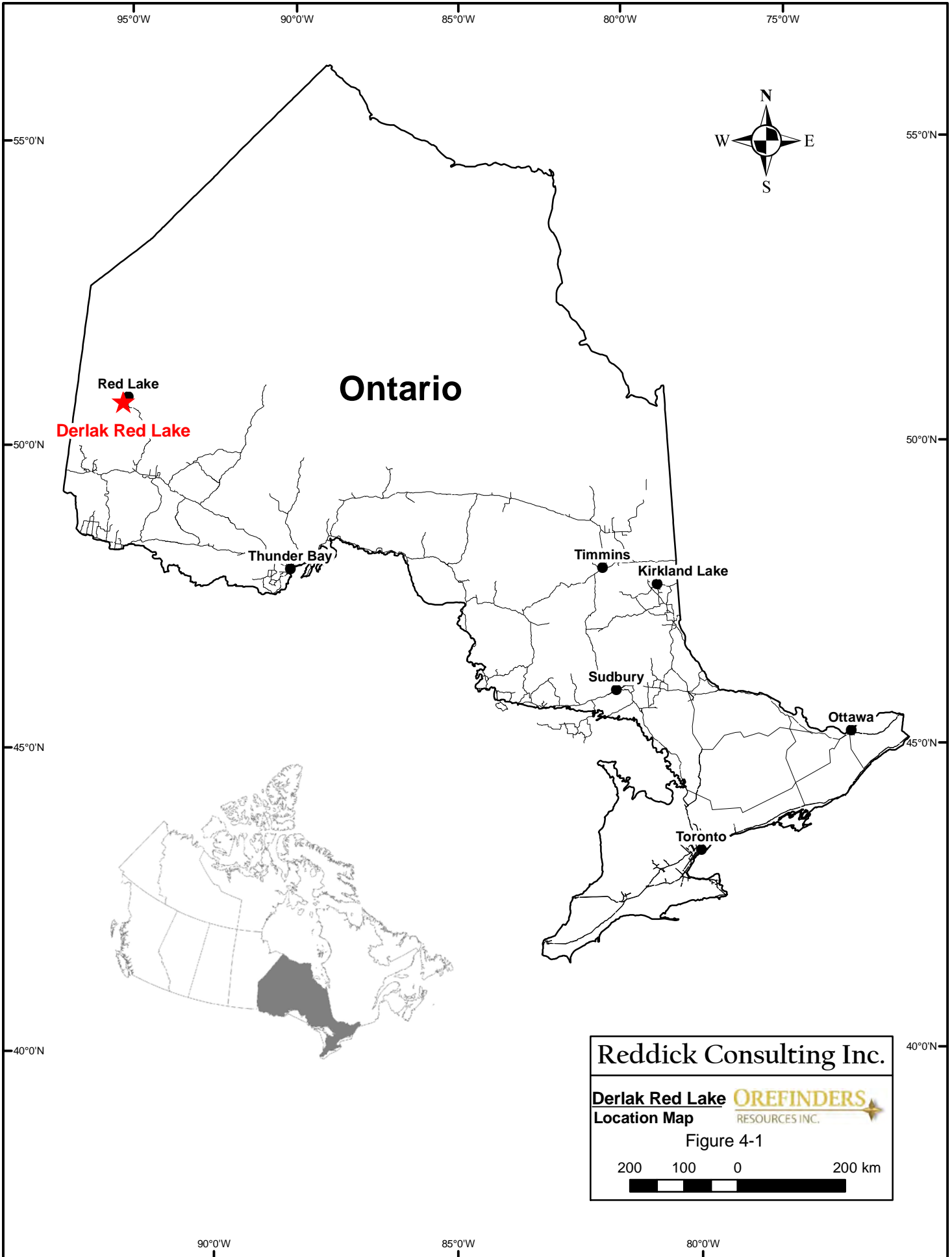
No special permits are currently required for early exploration stage work on patented mining claims in Ontario. However, the Ministry of Northern Development and Mines (“MNDM”) of the Ontario Government has recently proposed changes to regulations that, if implemented, would require application for and approval of exploration permits for low impact field work such as line-cutting, geophysical surveys, power washing and diamond drilling on staked claims or patented claims if the owner of the surface rights is not the patented mining claim owner. The proposed regulations are

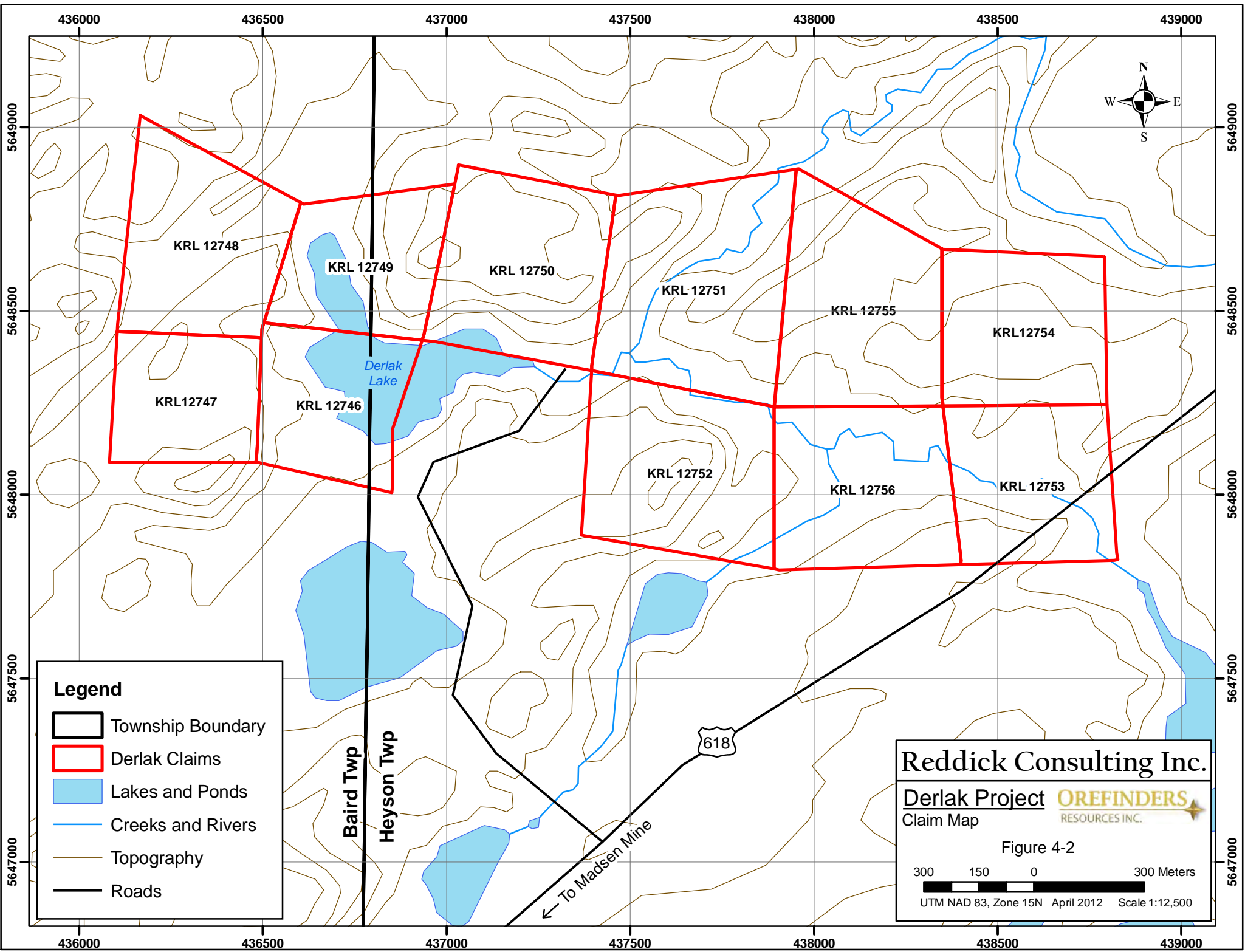
expected to take effect sometime in 2012. As Micon owns both the surface and mining rights to the Derlak Red Lake claims these new rules will not apply to this property.

4.5 Other Significant Factors and Risks

To the extent known, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property.

The property is located in the Treaty 3 area. Aboriginal groups in the area include the Lac Seul First Nation, Wabauskang First Nation and the Métis Nation of Ontario. Under the newly proposed MNDM regulations for low impact exploration work on mining claims in Ontario (mentioned in the section above), is included a dispute resolution system that is supposed to see all disputes with surface owners or Aboriginal communities attended to within a 50 day window of application for exploration permits and a provision for MNDM facilitation and third party mediation if disputes are not settled within that 50 day window.





Legend

- Township Boundary
- Derlak Claims
- Lakes and Ponds
- Creeks and Rivers
- Topography
- Roads

Reddick Consulting Inc.
Derlak Project **OREFINDERS**
Claim Map **RESOURCES INC.**

Figure 4-2

300 150 0 300 Meters

UTM NAD 83, Zone 15N April 2012 Scale 1:12,500

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE and PHYSIOGRAPHY

5.1 Access

The Derlak Red Lake Property is near the town of Red Lake which is located in northwestern Ontario and is approximately 575 kilometres by road from Thunder Bay, Ontario and approximately 475 kilometres by road from Winnipeg, Manitoba. Red Lake can be reached by travelling approximately 170 kilometres along Highway 105 from Highway 17 (the Trans-Canada Highway). Red Lake is serviced with daily flights from Thunder Bay and Winnipeg by Bearskin Airlines. The Property is accessible from Red Lake via Highway 618, a paved road maintained year round by the community. A road branching off Highway 618 that is maintained by Claude Resources Inc. for their Madsen Mine tailings and polishing ponds site is about eight kilometres from Red Lake. This road provides access to the centre and western part of the Property. Old drill roads from Highway 618 provide further access to other portions of the property but are currently in a somewhat overgrown state.

5.2 Climate

Climate conditions are typical of northern Ontario. Annual precipitation averages 640 millimetres of which 473 mm occurs as rainfall and the balance is snow (average of 193 centimetres of snowfall). Temperatures range from extremes of -46°C in the winter to $+35^{\circ}\text{C}$ in the summer with mean temperatures between -20°C in the winter to $+18^{\circ}\text{C}$ in the summer (www.climate.weatheroffice.gc.ca). Exploration and mining in the area takes place year round and there are very few lost days due to extreme weather conditions.

5.3 Local Resources

The municipality of Red Lake consists of six small communities: Balmertown, Cochenour, Madsen, McKenzie Island, Red Lake and Starratt-Olsen. The municipality had a population of 4,366 people according to the 2011 Canada Census. Mining is the primary industry and employer in the area. Other industries include forestry and tourism

The region has a long exploration and mining history dating back to the early 1900s, and offers a well-trained exploration and mining population. There are analytical laboratories and abundant mining service and supply businesses in the area. With the three year trailing average price of gold near US\$1,200 per ounce and the current gold price near US\$1,600 per ounce, there are many active exploration projects in the area. Mining is currently underway for gold on Goldcorp's Red Lake Mine complex (now called Red Lake Gold Mines by Goldcorp) that includes the former Campbell Red Lake, Dickenson (Red Lake) and Cochenour-Willans Mines. Underground production for the Red Lake Gold Mines in 2011 was 839,000 tonnes at a grade of 23.92 gpt and recovered gold from this production was 622,000 ounces of gold (www.goldcorp.com). Ongoing underground exploration drilling is underway on Claude Resources Inc.'s Madsen Mine

which is adjacent to the Derlak Red Lake Property (www.clauderresources.com). The authors are unable to verify the above information and that information is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report. See Section 15, Adjacent Properties, for more information on these mines.

5.4 Infrastructure

The Property contains several small lakes, streams and ponds which supply sufficient water for drilling, trenching and exploration work in general. There is a network of old access roads on the Property but no mining related infrastructure remains on the property. Hydro-electric power is available along Highway 618, which crosses the extreme south-east corner of the Property. There are no known environmental liabilities on the property or man-made or natural features that would encumber exploration work.

5.5 Physiography

The terrain in and around the Property is mostly flat lying with areas covered by thin glacial overburden and low swampy ground. Relief across the area is less than 25 metres with the average elevation approximately 380 m above sea level. The vegetation ranges from mature spruce and pines, some white birch and poplar and thick underbrush in the recently logged and low-lying areas. The central part of the Property was recently logged.

Figure 5-1: Outcrop in Logged Area on the Derlak Red Lake Property



6 HISTORY AND PREVIOUS EXPLORATION

The exploration and mining history of the Red Lake mining district dates back to 1925, when significant gold was first discovered by prospector L. B. Howey at what became Red Lake's first producing mine, the Howey Mine. Since 1925, a total of 28 mines have operated in the district producing over 25 million ounces of gold. Most of this gold was produced from four mines: Campbell Mine, Dickenson (Red Lake) Mine Madsen Mine and Cochenour-Willans Mine (Lichtblau et al., 2010). The adjacent Madsen and Starratt - Olsen Mines have produced almost 9.6 million tons of ore at 0.273 opt Au for 2,616,378 ounces of gold, most of which came from the Madsen Mine (Lichtblau et al., 2010).

6.1 Ownership History of the Derlak Red Lake Claims

The Property was staked in the 1920s and was initially known as the Oaks Property. The claim boundaries were surveyed in 1929 which predates the staking of the adjacent Madsen Mine (1934). Patents for both mining and surface rights for the eleven claims that comprise the property were issued to Derlak Red Lake Gold Mines Limited in 1945. According to Horwood (1940), Derlak Red Lake Gold Mines was incorporated in 1936. Brown (1998) mentions that the claims were still held by Derlak Red Lake Gold Mines when optioned by Placer Dome Mines Ltd. in 1997-98.

6.2 Work History of the Derlak Red Lake Claims

The following description of previous work has been compiled from internal company reports and publically available information. A summary of previous work is presented in Table 6-1.

The first records of work on the Property indicate stripping, trenching, magnetometer surveying and diamond drilling were done in 1936-1937, mostly on claim K.R.L. 12751 (Horwood, 1940) on what is now interpreted to be the Austin Tuff horizon. A quartz-porphyry dyke that is approximately 100 feet (30m) wide and trending about 030° was identified, and along its north contact, a number of discordant mineralised zones were tested. According to Horwood (1940):

The zones outlined by this work were explored for about 1,700 feet along the northwest side of the porphyry dyke by 9 diamond drill holes, totalling about 1,700 feet. The diamond drilling intersected mineralised zones with a maximum width of 40 feet, but values in gold were low... The mineralised zones discovered are shear zones in greenstone or tuff. The rock has had garnet and chlorite developed in it and contains small quartz stringers and some pyrite, pyrrhotite and chalcopyrite. In appearance the mineralised material is very similar to mineralised rock from the Madsen and Rouge D'Or showings.

Copies of a magnetometer survey, drillhole locations and summary logs for the nine holes drilled in 1936-37 by Derlak Red Lake Gold Mines Limited were made from

files in the Red Lake Resident Geologist office. Assay values range from nil to \$1.40 which is approximately 0.04 opt Au (1.4 gpt Au) using a \$35/oz. gold price. There is one hole (No. 5) that records assays from 42-48 feet and from 136 to 144 feet as \$175 which is either a typographic error for \$1.75 (0.05 opt or 1.7 gpt Au) or, if correct, is equivalent to 5.0 opt au (171 gpt Au). The intervals in this hole are 6 feet and 8 feet long respectively and the drill log for the hole describes it from 19 to 179 feet as “Chlorite schist, local sections with heavy sulphides”.

In 1944 Derlak Red Lake Gold Mines Limited drilled another eight diamond drill holes on the property (and a ninth just off the claims) that tested the near surface mineralisation along more or less the same Austin Tuff horizon as drilled in the 1930s but at greater depths below surface. All the assays on the logs indicated values of either nil or trace for these holes.

Madsen Red Lake Gold Mines Limited optioned the property and drilled what is reported as another eleven completed and two incomplete holes in 1967. Copies for eleven logs exist. These holes were drilled mostly as three fences that checked the Austin Tuff horizon drilled previously and the units to the northwest of that horizon. A one page report that summarises that drilling states “The drilling failed to intersect a fault structure on this property. I believe they are the primary structures required to find ore along the tuff horizon” (Harriman, 1968). The best assays were from 0.06 to 0.08 opt Au (1.8 to 2.3 gpt Au).

Selco Inc. optioned the property and completed line cutting, geological mapping, magnetometer, very low frequency electro-magnetic (“**VLF-EM**”), horizontal loop electromagnetic (“**HLEM**”) surveys and diamond drilling (six holes) in 1980-81. Selco also identified the McVeigh Tuff on the western part of the claims. The McVeigh Tuff is the second principal ore bearing horizon on the adjacent Madsen Mine property. The Austin Tuff horizon was not drilled by Selco. Selco did discover a zone of highly altered metavolcanics that were “highly altered by quartz-carbonate veins” (Pryslak, 1983) but no significant gold mineralisation was found.

Placer Dome Canada Limited (“**Placer Dome**”) optioned the property in 1997 and undertook line cutting, Induced Polarisation (“**IP**”), magnetometer, geological mapping and rock sampling surveys. The mapping and rock sampling programs identified anomalous gold values (twelve samples over 10 gpt Au) on the western part of the property, including a quartz vein that returned 370 gpt Au. These samples are assumed to be selective grab samples. Placer Dome also noted that the 21st level of the Madsen Mine approaches the Derlak Red Lake Property boundary (Stechishen et al, 1998).

Placer Dome drilled four holes on the property in 1998 to test magnetic and IP anomalies that they thought might represent shear zones. Although what is described as weak quartz-carbonated veining in shear zones was intercepted, and in one hole a seven metre width of quartz-carbonate veining, no significant gold values were returned. Two of these holes tested the near surface part of the Austin Tuff in the vicinity of some of the early holes. Assays of up to 0.385 gpt Au were reported for hole 551-01(Brown, 1998).

In addition to the exploration work carried out as described above, the property was mapped by in 1962 by S.A. Ferguson of the Ontario Geological Survey (“OGS”), 1978 by J. Pirie of the OGS and in 1993 by B. T. Atkinson of the OGS. Brown (1998) also reports that the property was optioned to Seine Explorco Ltd. in 1981 and to Redaurum Red Lake Mines Ltd. in 1985 but there is no report of any work done.

The relationship between sample length and true width for any of historical drillholes is not known.

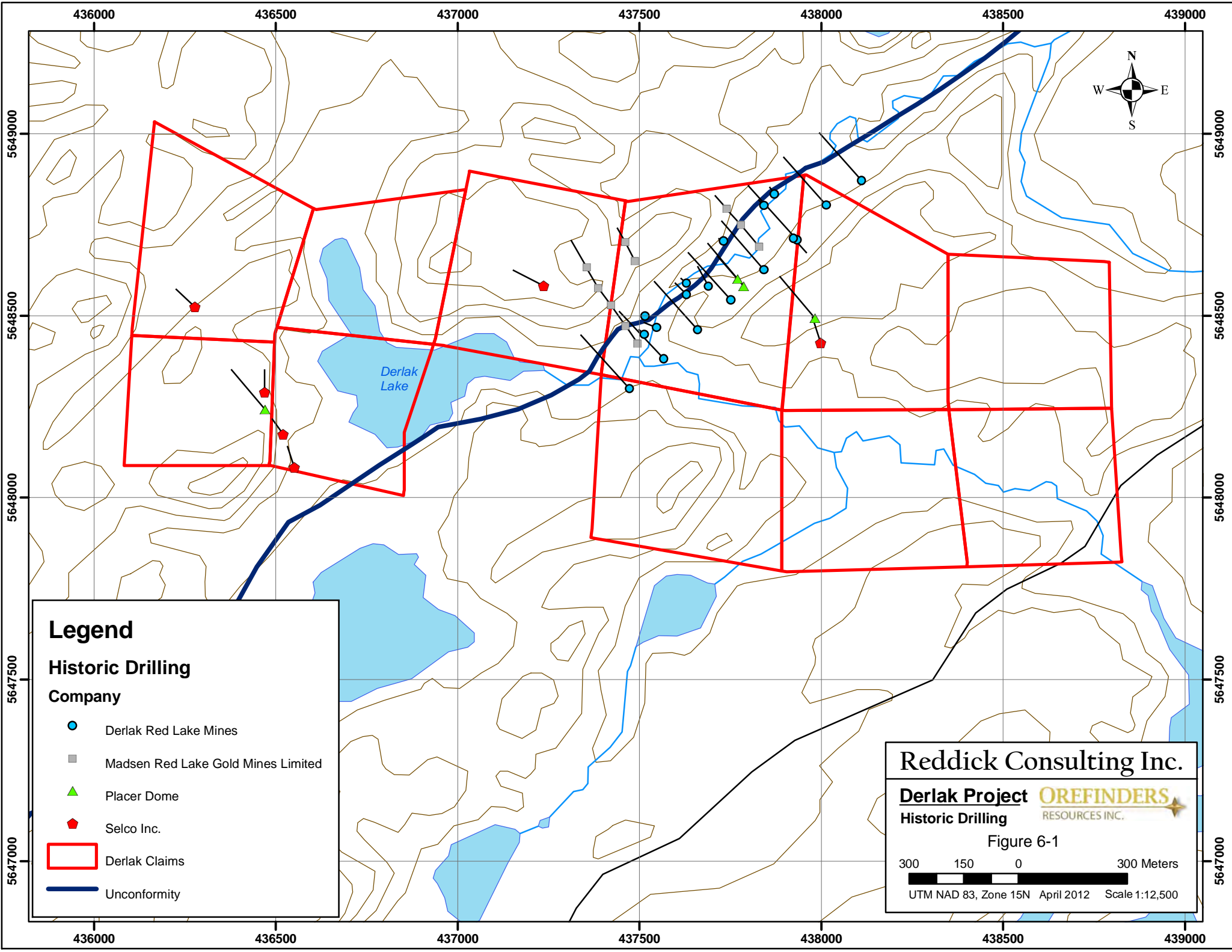
Table 6-1: Derlak Red Lake Property Historical Work 1920s to 1998

Year	Company	Description
1920s	Property staked and known as the Oaks Property.	Recorded 11 claims. Surveyed claims in 1929. No record of work done.
1936-37	Derlak Red Lake Mines	Stripping, trenching and magnetometer survey. 9 drill holes for 1,696 feet on Austin Tuff Horizon (516.9m).
1944	Derlak Red Lake Mines	Drilled eight holes along the Austin tuff horizon at slightly deeper elevations than the 1936-37 holes. Drilled footage is 5,109 feet (1,557.2m).
1967	Madsen Red Lake Gold Mines Limited	Drilled eleven holes along the Austin tuff horizon primarily along three shallow fences to test the Austin tuff and the units northwest of it. Drilled footage is 3,093 feet (942.8m).
1980-81	Selco Inc.	Line cutting, geological mapping, magnetometer, VLF-EM , HLEM surveys and diamond drilling of six near-surface holes, including on the McVeigh Tuff horizon. Drilled footage is 2,190 feet (667.5m).
1997	Placer Dome Canada Limited	Line cutting, IP and magnetometer surveys, geological mapping and rock sampling.
1998	Placer Dome Canada Limited	Four holes to test magnetic and IP anomalies. Drilled total is 823m.

Figure 6-1 is a map of the Property that shows the approximate diamond drill collar locations for historic holes. None of these drill holes have been located in the field or surveyed by the authors or Orefinders and the exact location of the historic holes is uncertain.

6.3 Historical Estimates and Past Production

There has been no historical MRMR estimates produced nor has there been any production from the property.



Legend

**Historic Drilling
Company**

- Derlak Red Lake Mines
- Madsen Red Lake Gold Mines Limited
- ▲ Placer Dome
- ◆ Selco Inc.
- Derlak Claims
- Unconformity

Reddick Consulting Inc.

Derlak Project **OREFINDERS**
Historic Drilling **RESOURCES INC.**

Figure 6-1



UTM NAD 83, Zone 15N April 2012 Scale 1:12,500

7 GEOLOGICAL SETTING and MINERALISATION

7.1 Regional Geology

The Property is located within the Red Lake Greenstone Belt (“**RLGB**”) which consists of generally elongate assemblages of volcanic and sedimentary rocks of Archean age at ~3.0 to 2.7 Ga (billion years). These rocks are intruded by syn-volcanic and post-volcanic intrusives. There are three main intrusive episodes dominated by granitic plutons dated between 2.734 and 2.700 Ga. The RLGB is part of the Uchi Subprovince of the Canadian Shield.

Historically, the RLGB was divided into two principal sequences (Pirie 1981); an older tholeiitic to komatiitic sequence of rocks and a younger calc-alkalic sequence of mostly felsic to intermediate volcanic flows and pyroclastic units. More recently the RLGB has been subdivided into several lithological assemblages (Sanborn-Barrie et al., 2004):

- the Balmer Assemblage - predominantly tholeiitic and komatiitic mafic to ultramafic volcanic rocks;
- the Ball Assemblage - calc alkalic volcanic rocks in the northwest portion of the belt;
- the Slate Bay Assemblage - predominantly conglomerates, greywackes and mudstones;
- the Bruce Channel Assemblage - calc alkalic felsic volcanics overlain by upward fining clastic sediments and chert-magnetite iron formation;
- the Trout Bay Assemblage - tholeiitic basalt overlain by clastic sediments and mafic to intermediate tuffs and chert-magnetite iron formation and pillowed tholeiitic basalts;
- the Confederation Assemblage – sub-aerial to shallow marine, calc alkalic intermediate to mafic volcanic rocks;
- the Huston Assemblage (post Confederation Assemblage) - a clastic sedimentary succession; and
- the Graves Assemblage - calc alkalic andesite/dacite.

The following descriptions of the assemblages in the RLGB are summarised from Sanborn-Barrie et al. (2004).

Balmer Assemblage

The oldest volcanic rocks in the greenstone belt consist of tholeiitic and komatiitic metabasalts (3.0 and 2.988 Ga), and hosting the major lode gold deposits in the Red Lake district. The assemblage consists of lower, middle and upper massive to pillowed tholeiitic metabasalt sequences separated by distinctive felsic and ultramafic marker horizons. Metasedimentary rocks also occur within the assemblage, mainly as thinly bedded magnetite-chert ironstone. A large portion of the central part of the RLGB is composed of the Balmer assemblage. The lithological units on the northwest part of the Derlak Red Lake property are part of the Balmer assemblage.

Ball Assemblage

A thick sequence of intermediate to felsic calc-alkaline flows and pyroclastic rocks located in the northwestern portion of the RLGB is the Ball assemblage (2.940 to 2.925 Ga).

Slate Bay Assemblage

The Slate Bay assemblage (2.903 to 2.850 Ga) extends the length of the belt and consists of clastic rocks. There are three main lithological facies: a lower polymictic conglomerate, an overlying sequence of quartz rich conglomerates, grit and quartz arenites and finally a sequence of immature wackes and mudstones. The Slate Bay assemblage is separated from the older Ball and Balmer assemblages by an angular unconformity.

Bruce Channel Assemblage

The rocks of the Bruce Channel assemblage (2.894 Ga) were also deposited unconformably on the older Ball and Balmer assemblages. The Bruce Channel assemblage consists of a thin sequence of calc-alkaline dacitic to rhyodacitic pyroclastic rocks overlain by upward fining clastic sediments and a chert-magnetite iron formation.

Trout Bay Assemblage

The Trout Bay assemblage (2.853 Ga) is exposed in the southwest portion of the Red Lake greenstone belt. It consists of a volcano-sedimentary sequence with a lower tholeiitic basalt unit overlain by clastic rocks and interbedded with an intermediate tuff and a chert-magnetite-iron formation.

Confederation Assemblage

There was a period of approximately 100 million years during which no volcanic activity appears to have occurred after the deposition of the Trout Bay assemblage. This was followed by the deposition of the Confederation assemblage which consists of an extensive sequence of calc-alkaline volcanics (2.748 to 2.739 Ga). Units include felsic to intermediate tuffs, lapilli tuffs, lithic tuffs, massive and pillowed andesite and basalts and minor siltstone and mudstones. A quartz-feldspar-porphyrific lapilli tuff (McNeely sequence) of the Confederation assemblage dated at 2.744 Ga forms the hanging wall at Madsen Mine and is represented on the Derlak Red Lake property by the rocks found on the south-eastern part of the property. The contact between the older Balmer assemblage and the younger Confederation assemblage rocks on the Derlak Red Lake Property is an angular unconformity (also with deformation concentrated along it) with approximately 250 million years difference in ages between the two assemblages.

The McNeely sequence is the older of two sequences in the Confederation assemblage. It is overlain by Heyson sequence which is composed mostly of tholeiitic basalts and felsic volcanics. Structural facing data suggests that not only is the

Balmer/Confederation contact in the property area an angular unconformity but that the Balmer assemblage was also overturned relative to the Confederation assemblage prior to the deposition of the McNeely sequence (Sanborn-Barrie et al., 2004).

Huston Assemblage

The Huston assemblage (2.742 to 2.733 Ga) unconformably overlies the Confederation assemblage. Coarse clastic rocks including polymictic conglomerates, argillite and turbidic wackes are found in this assemblage. It has been compared to Timiskaming conglomerates which are spatially associated with world class gold mines in the Porcupine and Kirkland Lake gold camps of the Abitibi greenstone belt.

Graves Assemblage

Overlying and locally transitional with the Huston assemblage, is the Graves assemblage (2.733 Ga) which consists of calc-alkaline volcanics dominated by andesitic to dacitic pyroclastic tuff, and synvolcanic diorite and tonalite.

Intrusive rocks

Intrusive rocks found in the RLGB occur throughout the above assemblages and are in some cases coeval with them. Elsewhere there are younger intrusives that correlate with later assemblages as well as post-volcanic intrusives such as the granitoid rocks of the McKenzie Island Stock, Dome Stock and Abino Granodiorite (2.720 and 2.718 Ga). Some of these younger intrusions have been ore hosts in past producing gold mines. The last magmatic event recorded in the belt is from about 2.7 Ga and includes a series of potassium feldspar megacrystic granodiorite batholiths, plutons and dikes, including the Killala-Baird batholith.

Structural Geology

The RLGB has been subjected to a number of significant deformational events with associated hydrothermal activity and gold mineralization. Early non-penetrative deformation resulted in folding of the Balmer assemblage rocks. The first stage of significant, belt-wide penetrative deformation (“**D₁**”) occurred during or after Confederation volcanism. **D₁** deformation resulted in the formation of northerly trending and south plunging **F₁** folds and associated **S₁/L₁** fabrics.

The second stage of significant penetrative deformation (“**D₂**”) is superimposed on **D₁** structures and is generally manifested as:

- southeast trending folds and fabrics as in the Mine Trend near the Campbell, Dickenson/Red Lake and Wilmar Mines; or
- east to northeast trending **D₂** structures occur in western and central Red Lake.

As described above, but of particular significance with respect to gold deposits in the RLGB, there is an angular unconformity between the Balmer Assemblage and all

other younger assemblages in the district. All the known major gold mines in the belt are spatially related to this unconformity; Campbell Red Lake, Red Lake (Dickenson), Madsen and Cochenour-Willans.

Co-spatial with the Balmer/Confederation unconformity in the Baird Heyson township area is the Flat Lake-Howey Bay Deformation Zone. In the Madsen Mine Hugon and Schwerdtner (1984) and Lavigne et al. (1986) proposed that the Austin Tuff in the Madsen Mine is really a heterogeneous shear zone up to 100m wide and is part of the Flat Lake-Howey Bay Deformation Zone (Dubé et al., 2000).

Alteration

Hydrothermal alteration in the Red Lake greenstone belt is distributed in regional, zoned, alteration envelopes that show a spatial relationship to gold deposits. Distal alteration comprises calcite carbonatization and weak potassic alteration. More proximal to the gold deposits, strong to intense ferroan-dolomite and potassic alteration develops. These types of alteration manifest themselves differently depending on the original rock type but characteristic types of alteration, veining and mineralisation are well documented for mines in the camp. Silicification with associated gold and sulphide mineralization overprints the proximal alteration, forming extension and fault-fill quartz veins and breccias.

Alteration at the Madsen Mine in proximity to the ore zones there is characterised by metamorphosed aluminosilicate minerals such as andalusite, staurolite, cordierite, garnet, chloritoid, cummingtonite and anthophyllite.

According to Dube et al., (2000), the Madsen Mine hydrothermal alteration “comprises variable proportions of andalusite, staurolite, cordierite, biotite and quartz” ... “with two alteration facies now corresponding to metamorphic assemblages: 1) an aluminous outer zone, and 2) an inner alteration zone. The outer zone is low grade to barren and consists of mineral assemblages of andalusite, garnet, biotite, staurolite, biotite and amphibole in metre to decimetre thick zones that include metre scale zones of stockwork veining (randomly oriented, green amphibole filled fractures). The inner alteration zones enclose discreet ore zones and also occur in metre to decimetre thick zones. They are characteristically discreetly banded on a mm to cm scale with amphibole rich bands alternating with biotite rich bands (up to 25% laminated biotite). Actinolite, hornblende, microcline, calcite and tourmaline are among the amphibole minerals present. Green diopside crystals up to several cm long are found and sulphide concentrations of up 3% are associated with better gold mineralisation (pyrite, pyrrhotite).”

Figure 7.1 shows the regional distribution of major rock assemblages of the Uchi Subprovince (after Sandborn-Barrie et. al., 2004).

7.2 Local Geology

The Derlak Red Lake Property is underlain by two of the assemblages described in the section above; the Balmer and Confederation assemblages. The north-western part of the property is underlain by the Balmer assemblage, primarily tholeiitic and komatiitic mafic and ultramafic volcanic rocks based on past mapping. The Balmer assemblage rocks form the structural footwall to the angular unconformity (and associated ore zones) marking the contact between this assemblage and the younger Confederation assemblage. The unconformity on the adjacent Madsen Mine property strikes about 030° and dips at about 65° to the southeast. Intrusive rocks including peridotite, pyroxenite and gabbro are documented on the neighbouring Madsen Mine property in the Balmer assemblage and also in mapping by Selco, Placer Dome and others on the Derlak Red Lake Property.

On the south-eastern part of the Property rocks from the Confederation assemblage consist of felsic to lapilli tuffs, porphyritic lapilli tuffs, crystal tuffs and variations of these. Diorite-granodiorite dykes that appear to be relatively fresh and unstrained cut both assemblages.

The following description of the Madsen Mine geology is taken from Cole et al., (2010) in a report prepared by SRK Consulting for Claude Resources Inc. on the neighbouring Madsen Mine property.

The following description of the Geology of the Madsen Gold Property was modified from Dubé et al. (2000) and the references therein.

Rocks in the Madsen Mine area have been metamorphosed to amphibolite facies. The area is positioned within the contact aureole of the Neoproterozoic Killala-Baird batholith situated directly west and dated at approximately 2,704 Ma.

The Madsen Mine is located on the southeast-facing, southern limb of a large fold or domal structure. The mine is located near the contact of the Balmer assemblage to the northwest and Confederation assemblage to the southeast. This contact represents an angular unconformity with both assemblages. The deformed unconformity extends across the southeast portion of the Red Lake greenstone belt through much of the Madsen Gold Property and more specifically the Madsen and the Starratt Olsen mines, and is locally known as the Flat Lake-Howey Bay Deformation Zone.

Gold mineralization at Madsen is hosted by three sheared and altered units within the Balmer assemblage historically named the Austin, South Austin and McVeigh ‘tuffs’ which strike on average at 030° and dip between 60° and 70° to the southeast. These were originally interpreted to be altered dacitic pyroclastic rocks, hydrothermally altered and deformed mafic rocks, and intermediate to felsic pyroclastic rocks. Surface mapping indicates that the McVeigh tuff corresponds to hydrothermally altered and heterogeneously deformed massive and pillowed basalt. The South Austin and Austin tuffs are best described as a composite unit of hydrothermally altered and heterogeneously deformed mafic volcanoclastic, epiclastic

(wackes and conglomerates), and local mafic volcanic rocks which are interpreted to be hydrothermally altered fragmental rocks that mark the unconformity between the Balmer and Confederation assemblages.

The historical Starratt-Olsen mine is located just over one kilometre further south-west along the Flat Lake-Howey Bay Deformation Zone. The gold mineralization comprises quartz-sulphide veins hosted by mafic and ultramafic volcanic rock of the Balmer assemblage intruded by diorite and feldspar porphyry dikes (Harris et al., 2006).

The Balmer assemblage represents the footwall of the Madsen deposit, it consists mainly of tholeiitic pillowed basalt and gabbro interbedded with thin peridotitic and basaltic komatiite units. The immediate hanging wall of the McVeigh tuff is an intrusive complex composed of peridotite, pyroxenite and gabbro. Thin units of talc schist are found on the hanging wall contact of the McVeigh Zone and also separate the Austin from the South Austin Zone.

The Confederation assemblage corresponds to the hanging wall of the Madsen deposit. Immediately adjacent to the Austin tuff lies a quartz-feldspar porphyry, lapilli-crystal tuff (“QFP”). This unit represents the basal portion of the assemblage. It contains two to three percent lithic fragments mainly concentrated near the base defining pre-existing centimetre-scale bedding. Of note is the presence of a ‘tuff’ unit within the QFP which mainly contains hydrothermally altered metamorphosed sediments with no important gold intercepts.

Many northwest striking and shallow to steeply dipping diorite-granodiorite dikes cut through all lithological units including the gold mineralization. These are centimetre to metre scale, unaltered, usually unstrained and locally zoned. They have been dated at approximately 2,699 Ma, which places them marginally younger than the Killala-Baird batholith and of similar age to the Faulkenham Lake granodiorite stock southeast of Madsen, to which they may be related.

7.3 Property Geology

The Property is mostly covered with thin overburden consisting of till and some sandy areas of glacial outwash and locally lakes and creeks.

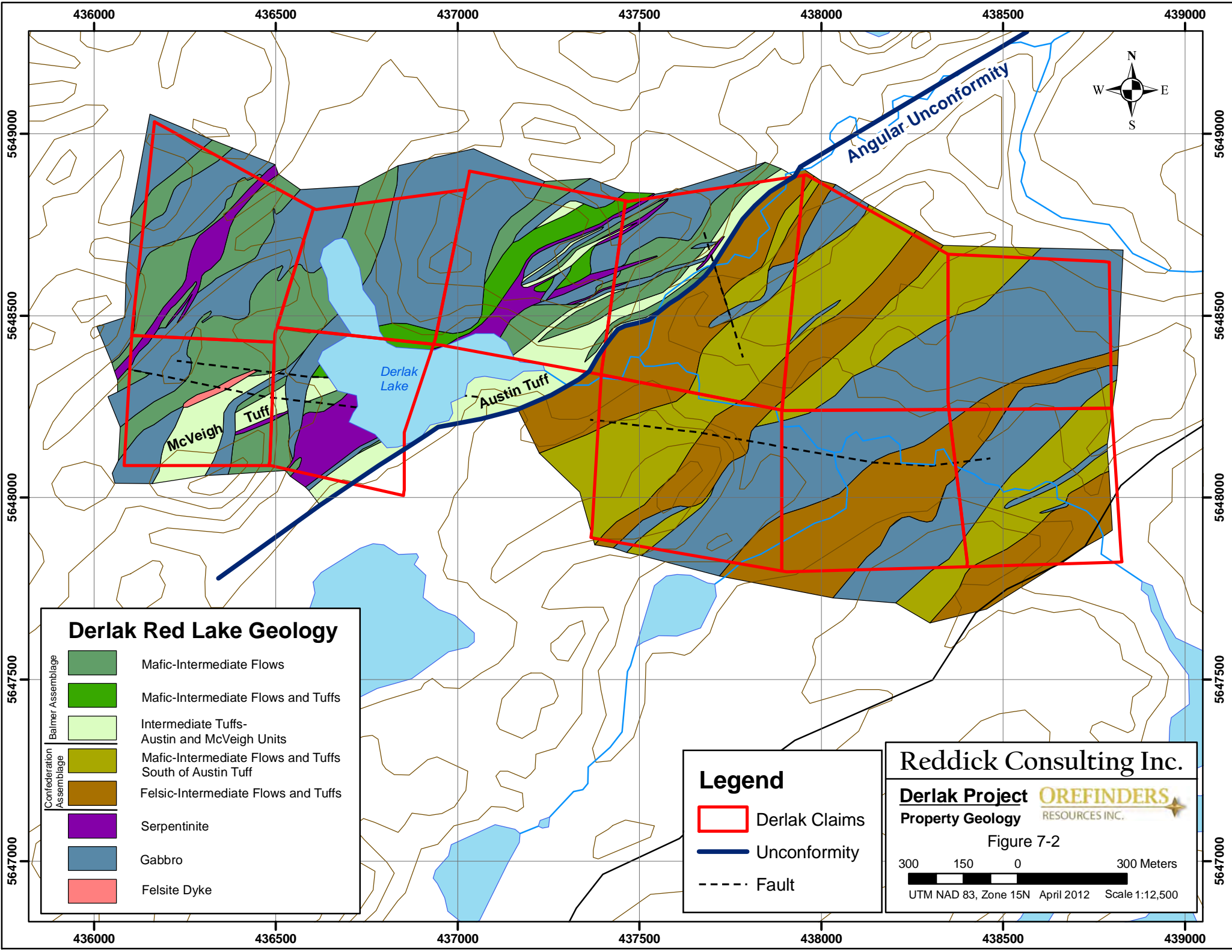
See Figure 6-1 for a compilation map and Figure 7-2 for a property geology map which is mostly known through diamond drilling, geophysics and mapping by Selco and Placer Dome as described in the History section of this report. That past work has defined a very consistent geological sequence which can be correlated along the length of the property.

The Austin Tuff has been identified by prospecting, mapping and drilling although there was little obvious outcrop of this unit seen in the site visit. The McVeigh

Tuff has been less well identified in previous work; it has been mostly defined by a few drillholes by Selco. Descriptions from past work all predate the publications by Dubé et al. (2000) and Sanborn-Barrie et al., (2000, 2002) that are referenced elsewhere in this report so the understanding of the nature of the Austin and McVeigh tuffs as structural deformation zones as opposed to volcano-stratigraphic units is not reflected in any historic documentation or in the approach to exploration taken by previous operators. A summary of the stratigraphic units found within the Project area is shown in Table 7.1.

Table 7.1 Summary of Project Stratigraphy (Sanborn-Barrie et al., 2004)

Assemblage	Description	Stratigraphy
Post-ore granodiorite (2699 ± 4 Ma)		
Confederation	Dacite	
	Spherulitic rhyodacite and rhyolite	
	Basalt/mafic volcanoclastic rocks	
	Gabbro	
	Epiclastic (conglomerate)/volcanoclastic rocks locally altered	
	Feldspar porphyritic tuff	
	Quartz-feldspar-porphyritic lapilli-crystal tuff (2744 ± 1 Ma)	
Angular Unconformity		
Balmer	Altered Basalt and mafic volcanoclastic including Austin and McVeigh "Tuff" units	"Austin Tuff"
		"McVeigh Tuff"
	Gabbro-pyroxenite-peridotite	
	Basalt	
	Ultramafic volcanic and intrusive rocks	



Derlak Red Lake Geology

Balmer Assemblage		Mafic-Intermediate Flows
		Mafic-Intermediate Flows and Tuffs
		Intermediate Tuffs- Austin and McVeigh Units
Confederation Assemblage		Mafic-Intermediate Flows and Tuffs South of Austin Tuff
		Felsic-Intermediate Flows and Tuffs
		Serpentine
		Gabbro
		Felsite Dyke

Legend

	Derlak Claims
	Unconformity
	Fault

Reddick Consulting Inc.

Derlak Project **OREFINDERS**
Property Geology **RESOURCES INC.**

Figure 7-2

300 150 0 300 Meters

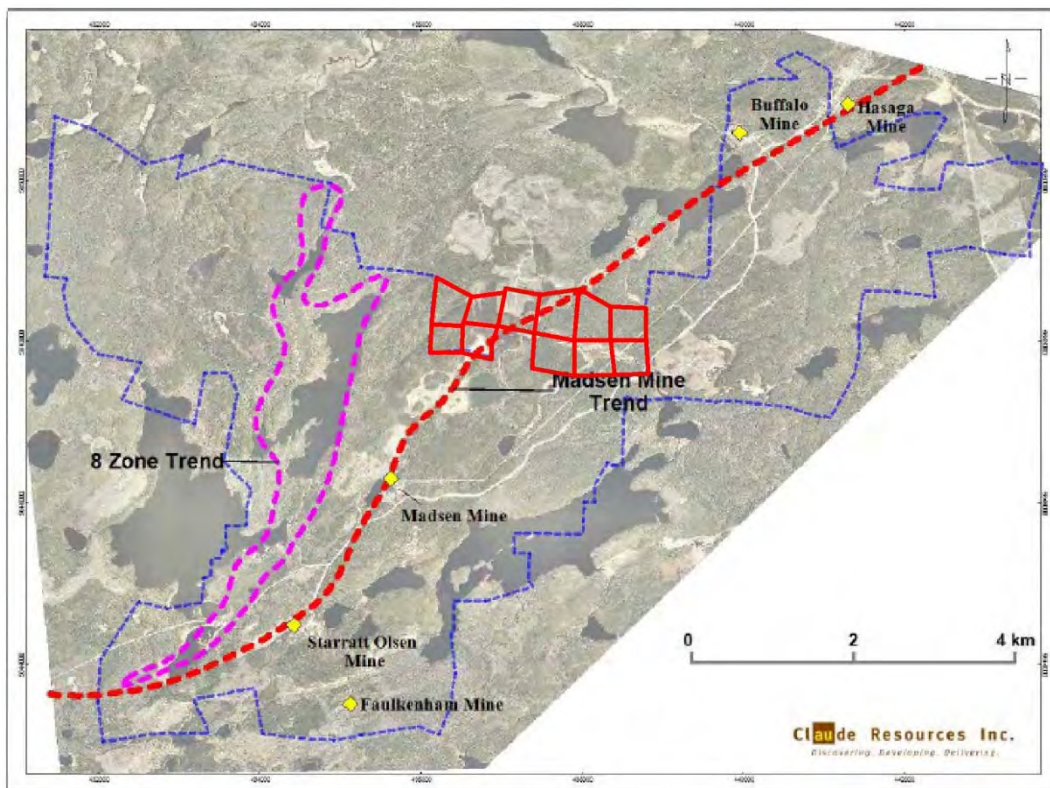
UTM NAD 83, Zone 15N April 2012 Scale 1:12,500

7.4 Mineralised Zones on the Property

The Austin and McVeigh Tuff horizons were recognised as potential gold-bearing units during prospecting and drilling in the 1920s and 1930s. All of the drilling to date has tested only near-surface parts of the Austin and McVeigh Tuff horizons (maximum hole lengths are: 90m in the 1936-37 drilling; 244m in the 1944 drilling; 122m in the 1967 drilling; 147m in the drilling in 1982 and 224m in the drilling in 1997). Drilling, trenching and rock sampling in the 1930s and 1990s identified a number of isolated gold values in the Austin Tuff but no significant mineralised zones have been delineated. In addition to minor gold mineralisation associated with the Austin and McVeigh Tuff horizons, quartz-vein hosted gold mineralisation has been identified elsewhere on the Property by Placer Dome but no zones of economic significance were identified.

The angular unconformity between the Balmer and Confederation assemblages transects the Derlak Red Lake Property and continues north-eastwards toward the nearby Buffalo and Hasaga Mines. Figure 7-3, below, is taken from Claude Resources Inc. (“Claude”) corporate presentation at <http://www.clauderesources.com>. It shows the trace of the angular unconformity (which is also partly co-spatial with the Flat Lake – Howey Bay Deformation Zone).

Figure 7-3: Trace of the Angular Unconformity between the Balmer and Confederation Assemblages



The following description of the mineralised Austin, South Austin and McVeigh Gold Zones on the adjacent Madsen mine property is taken from Cole et al., 2010 in the report prepared by SRK for the neighbouring Madsen Mine property.

Historical gold production from the Madsen Mine came primarily from three main zones of gold mineralization: Austin, South Austin and McVeigh. Zone 8 represents the fourth gold zone of the Madsen Mine.

The South Austin and Austin zones are interpreted as hydrothermally altered fragmental rocks that mark the unconformity between the Balmer and Confederation assemblages. They are a composite unit of hydrothermally altered and heterogeneously deformed mafic volcanoclastic, epiclastic wacke and conglomerate, and local mafic volcanic rock. The McVeigh zone on the other hand is described as hydrothermally altered and heterogeneously deformed massive and pillowed basalt (Dubé et al, 2000).

All three zones strike on average at 030° and dip between 60° and 70° to the southeast. The Austin zone modelled as part of the present study has a strike length of approximately 3,150 metres, a depth extent of 1,700 metres with a thickness varying from five to over 120 metres. The Austin zone is open along strike and has been observed in the Starratt-Olsen mine area.

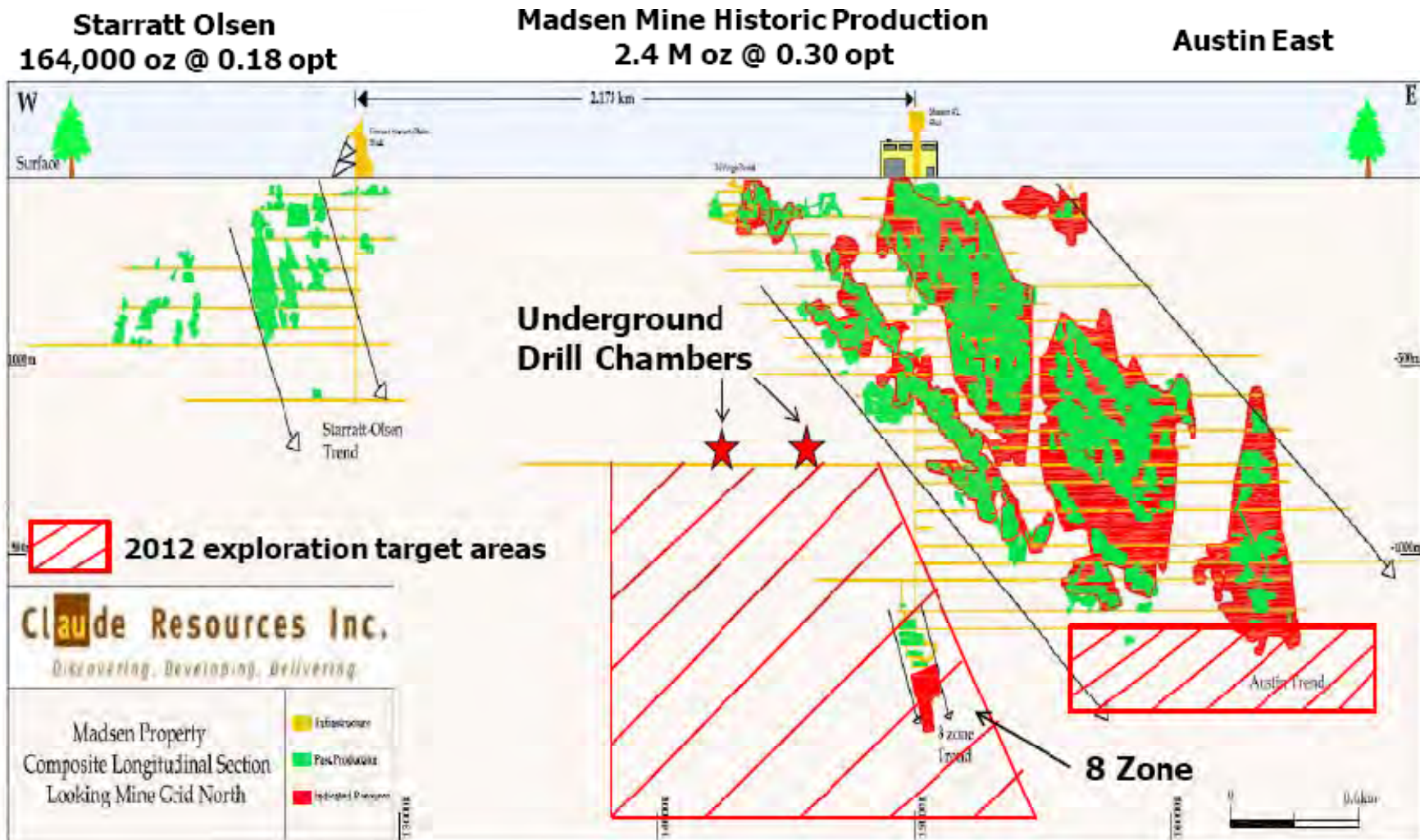
The South Austin zone was modelled over a strike length of 2,400 metres and extends 1,300 metres down dip. Its thickness varies from five to 70 metres. The South Austin zone is closed along strike to the northeast but remains open to the southwest beyond drilling data.

The McVeigh zone was modelled over a strike length of 2,600 metres, a depth extent of 1,750 metres. It varies between five and 80 metres in thickness. The McVeigh tuff is open along strike.

The fourth auriferous zone (Zone 8) is hosted in quartz-carbonate veins with common visible gold located close to the contact between ultramafic and mafic units of the Balmer assemblage. The known extent and mining of the Zone 8 was originally limited to levels 22 to 27, or approximately 1,061 to 1,321 metres below surface. Further drilling from Claude has expanded the known extent of the No. 8 Zone vein down-dip. The new Zone 8 model used in resource estimation strikes 030° dips 40° to the southeast and is 100 metres wide and 500 metres deep. The Zone 8 gold mineralized zone is slightly discordant to the other three gold mineralized zones at Madsen.

As described above, both the Austin and McVeigh Tuffs are open at depth and along strike on the Madsen property. The rake of the ore zones in these units is towards the north-east and the mineralised ore-grade parts of these horizons project onto the Derlak Red Lake Property at some depth below 1,000m below surface. See Figure 7.4 which is a projection of the Madsen Mine orebodies on a composite vertical longitudinal from the Claude corporate presentation at <http://www.clauderresources.com>. The authors are unable to verify the above information and that information is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report.

Figure 7-4: Composite Longitudinal Section of the Madsen Mine Orebodies



8 DEPOSIT TYPES

Economic concentrations of gold in the RLGB are Archean epigenetic hydrothermal gold deposits that are generally considered to be mesothermal lode gold deposits. The gold mineralisation in this style of deposits is primarily located in areas of high strain and deformation with brittle structures providing a pathway and both brittle and ductile deformation zones hosting mineralisation as veins or replacement zones with associated alteration.

The Red Lake greenstone belt is host to various styles of hydrothermal gold deposits. Since 1930 over 25 million ounces of gold have been produced in the RLGB, mostly from four main producing mines: Campbell Red Lake Mine, Dickenson (Red Lake) Mine, Madsen Mine and Cochenour-Willans Mine (Lichtblau et al., 2010). The majority of the gold production from Red Lake is derived from high grade quartz-carbonate veins (> 0.5 opt Au) associated with deformation and folding in Balmer assemblage metamorphosed volcanic, sedimentary and granitoid rocks (Sanborn-Barrie et al., 2004). At the Campbell Mine, Dickenson/Red Lake Mine and Cochenour-Willans Mine, the main source of gold is found within quartz-carbonate veins spatially associated with highly variable ferroan-carbonate alteration zones and also spatially related to fault zones (Dubé et al., 2002). The veins are hosted by wider and more continuous alteration zones that are generally controlled by the subvertical structures. Gold in the No. 8 Zone at Madsen Mine is from similar quartz-carbonate veins.

A second type of gold mineralisation in the RLGB is that has been the source of most of the past production at Madsen Mine occurs as a replacement-style of disseminated gold. This style of mineralisation occurs in three main zones that have historically been designated as tuffs (the Austin, South Austin and McVeigh Tuffs) but are now interpreted to be highly altered rocks within high strain zones spatially related to both the angular unconformity at the Balmer/Confederation assemblage contact and the related Flat Lake – Howey Bay Deformation Zone. The Madsen Mine is described by Sanborn-Barrie et al. (2000) as follows:

The deposit is hosted by hydrothermally altered Balmer basalt and mafic-derived fragmental rocks, and comprised two main ore horizons, the McVeigh and Austin. An inner zone of hydrothermal alteration, which hosts the ore, is characterised by metasomatic layering of hornblende-actinolite, biotite, quartz, calcite, tourmaline ± K-feldspar, with 3-5% disseminated pyrrhotite, pyrite, and local arsenopyrite. This alteration zone is surrounded by an aluminous, calc-silicate-bearing outer zone characterised by andalusite, garnet, biotite, staurolite, and amphibole in mafic volcanic rocks.

The present producing gold mines in the Red Lake area include the former Campbell Red Lake Mine and the former Dickenson (Red Lake) Mine, now entirely owned by Goldcorp and consolidated into what Goldcorp calls the Red Lake Gold Mines. Goldcorp is also actively developing the Bruce Channel discovery and the nearby Cochenour project. Development of the Cochenour project is advancing toward first gold production in late 2014 (<http://www.goldcorp.com>) .

9 EXPLORATION

There has been no exploration work on the Derlak Red Lake Property since the 1997 program undertaken by Placer Dome. Historical work is documented in Section 6.

Historically, exploration work in the Red Lake area along the Madsen Lake trend has been largely been conducted utilizing an integrated approach with airborne magnetic and electromagnetic surveys, ground geophysics surveys including magnetic, electromagnetic and IP surveys, soil and lithological geochemistry studies, detailed mapping, prospecting and diamond drilling.

10 DRILLING

The drilling records for the Property document surface drilling that dates from the 1930s to 1997. The drilling was done using a number of systems of locating holes that includes referencing holes to claim posts and by using a number of different mine grids. Part of Orefinders ongoing compilation work includes standardizing the collar coordinates to UTM coordinates, converting units of measurement to metric equivalents and standardising the lithology notations. The historic drill logs generally do provide sufficient description and recognition of the lithology, alteration, geological structures, and mineralisation to depict the major lithological units on the property.

Available figures for drilling by past operators are summarised below. The reader is warned that the information from the historic drilling is not well documented and the information for most of the past work cannot be properly verified. Core size, recovery, sampling and assaying procedures for past drilling are generally not documented. The data presented here helps to indicate the nature and scope of the past work, despite the incompleteness of the available records. Orefinders is in the process of reviewing historic data as part of their on-going compilation.

Table 10-1: Diamond Drilling on the Derlak Red Lake Property

Company	Number of Holes	Year	Feet	Metres
Derlak Red Lake Mines	9 surface holes	1936-37	1,696'	516.9m
Derlak Red Lake Mines	8 surface holes	1944	5,109'	1,557.2m
Madsen Red Lake Gold Mines Limited	11 surface holes	1967	3,093'	942.8m
Selco Inc.	6 surface holes	1982	2,190'	667.5m
Placer Dome Canada Limited	4 surface holes	1997	-	823.0m
Total				4,507.4

11 SAMPLE PREPARATION, ANALYSES and SECURITY

This section is not applicable as there is no recent sampling. Orefinders is not relying on historical sampling results except as general indicators of mineralisation.

12 DATA VERIFICATION

12.1 2011 Site Visit and Independent Sampling

The Derlak Red Lake Property was visited by J. Reddick on April 4, 2012, during which time a traverse of the claims was made. At that time, records for past work filed at the Red Lake Resident Geologists office were also checked. No core from past drilling is available. In addition, historical project documents, drillhole data and other information provided by Orefinders were reviewed. Based on the site visit and data review the follows conclusions are made:

- the historical logs offer reasonable descriptions of the drill core and record sample intervals such that the Austin Tuff horizon can be identified;
- the historical data is sufficiently useful for compilation purposes; and
- as no historical core has been located, assay information, sampling protocols, and assay procedures cannot be verified and therefore historical assay data cannot be relied upon for other than general information purposes.

No samples were submitted by the authors for assay. However, during the site visit to the claims a large boulder was found (Figures 12-1 and 12-2) that had alteration typical of that described for the aluminous, calc-silicate-bearing outer zone at Madsen (andalusite, garnet, biotite, staurolite, and amphibole).

Figure 12-1: Altered Boulder on the Property, April 2012



Figure 12-2: Close-up of Altered Boulder on the Property, April 2012



13 MINERAL PROCESSING and METALLURGICAL TESTING

There has been no metallurgical work or mineral processing on the property.

14 MINERAL RESOURCE or MINERAL RESERVE ESTIMATES

There are no historical or current Mineral Resources or Mineral Reserves estimates for the Derlak Red Lake Property.

15 ADJACENT PROPERTIES

The Derlak Red Lake Property is adjacent to the Madsen Mine Property which is owned by Claude Resources Inc. and hosts two significant past producing deposits, the Madsen and Starratt-Olsen Mines. These mines have produced in excess of 2.5M ounces of gold at an average grade of better than 0.27 opt Au as tabulated below (Lichtblau et al., 2010). The authors are unable to verify the above information and that information is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report. The Austin and McVeigh Tuffs on the Derlak Red Lake Property are along strike with those units where they were mined at Madsen and these units represent the priority exploration targets on the property. Placer Dome notes that the 21st level of the Madsen Mine approaches the Derlak Red Lake Property (Stechishen et al, 1998).

Table 15-1: Historic Gold Production – Madsen Area

Mine	Short Tons Produced	Ounces Au	Opt Au
Madsen 1938–1976, 1997–1999	8,678,143	2,452,388	0.283
Starratt Olsen 1948–1956	907,813	163,990	0.181

Claude produced a NI 43-101 compliant technical report for the Madsen Gold Property in early 2010 that documents a Mineral Resource estimate for that property and is available on SEDAR (Cole et al., 2010). The 2010 Madsen Mineral Resource includes 3.2M tonnes of Indicated Resources at a grade of 8.9 gpt Au and 0.8M tonnes of Inferred Resources at a grade of 11.7 gpt Au. The Mineral Resources and technical report were produced by SRK Consulting. In that report SRK states “the mineral resources occupy a small footprint of the large Madsen Gold Property. Several other auriferous zones not considered in this study and other untested exploration targets warrant additional exploration expenditures. SRK considers that there is a good potential to significantly increase the mineral resources of the Madsen Gold Property” (Cole et al., 2010). The authors are unable to verify the above information and that information is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report.

Original development on the Madsen Property resulted from the discovery of gold in a quartz vein where the No. 1 shaft was sunk, approximately 750 metres southeast of the present Madsen No. 2 shaft. Termed the No. 1 Vein, this vein is located in the Confederation assemblage and is predominantly white quartz with minor pyrite and chalcopyrite, tourmaline and nuggety visible gold.

Claude also owns the Buffalo deposit which is located four kilometres northeast of the Madsen Mine and southwest of the old Hasaga Mine near Red Lake. Similar to the No. 1 Vein, the Buffalo deposit is composed of a lode structure predominantly composed of white quartz and tourmaline with minor pyrite and chalcopyrite and nuggety visible gold.

In addition to the Buffalo deposit, there are three other historical gold mines located northeast of the Property and more or less along the trend of the Flat Lake – Howey Bay Deformation Zone. These are the Howey, Hasaga, and Goldshore Mines. According to Lichtblau et al., (2010) production from these mines was as follows:

- Howey Mine – 4,630,779 tons @ 0.091 opt for 421,592 oz. Au;
- Hasaga Mine – 1,515,282 tons @ 0.144 opt for 218,213 oz. Au; and
- Buffalo – 31,986 tons @ 0.052 opt Au for 1,656 oz. Au.
- Red Lake Goldshore – 86,333 tons @ 0.244 opt Au for 21,100 oz. Au.

The authors are unable to verify the above information and that information is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report.

Sabina Gold and Silver Corp. (“**Sabina**”) holds the adjacent Newman-Madsen property immediately north of the Derlak Red Lake Property. Sabina reports that in 2011 it drilled four holes totalling 3,183 metres to test the north-eastern extension of the Madsen Mine stratigraphy at levels significantly deeper than previously explored. Sabina intersected the targeted stratigraphy and associated hydrothermal alteration including an intercept of 43.51g/t Au over 0.65 meters. Sabina also reports that it intends to undertake a further \$1M worth of exploration on this property in 2012 (Sabina News Release, January 17, 2012).

Mega Precious Metals Inc. (“**Mega**”) is currently drilling what they call the North Madsen property which includes the former Laverty, East My-Ritt and Buffalo Extension deposits. Mega released a NI 43-101 compliant resource estimate for the North Madsen property in late 2011. A technical report that supports that estimate is available on SEDAR (McCracken, et al., 2011). These properties are spatially associated with Flat Lake-Howey Bay Deformation Zone.

16 OTHER RELEVANT DATA AND INFORMATION

16.1 Outstanding Issues

To the author's knowledge, there are currently no known environmental, permitting, legal, title, taxation, socio-economic, or political issues that adversely affect the Property.

16.2 Mining and Infrastructure

Goldcorp has operating mines in the Red Lake area. Claude is currently exploring the neighbouring Madsen Mine Property at depth by means of underground drilling (<http://www.clauderresources.com>). The Madsen Mine is currently on a care and maintenance standing and is dewatered and has services available to support their underground drill program.

17 INTERPRETATION AND CONCLUSIONS

The Derlak Red Lake Property is located in a geologically favourable area of the Red Lake Greenstone Belt of Ontario. It is located on the Flat Lake - Howey Bay Deformation Zone and at least two structures have been identified on the Property that have hosted significant amounts of economic gold mineralisation on the adjacent Madsen Mine Property; namely the Austin and McVeigh Tuff horizons. Gold in these zones is associated with distinctive deformation and alteration.

The Property has been intermittently explored by shallow diamond drilling and various geological and geophysical surveys from the 1930s up to 1997. There has been no exploration work on the Property since 1997 and none of the past drilling tested the prospective Austin and McVeigh Tuffs at vertical depths greater than 200m.

On the adjacent Madsen Mine Property, the No. 2 shaft was developed to a depth of 1,275m below surface and had 24 levels established. The ore zones mined on the Madsen Mine Property are open to depth and rake towards the Derlak Red Lake Property which indicates good potential for exploration at depth on the Derlak Red Lake Property. Placer Dome notes that the 21st level of the Madsen Mine approaches the Derlak Red Lake Property (Stechishen et al, 1998).

Most of the historic data for the Property are useful in terms of outlining general trends and the general location of mineralisation but those data are not of a good enough quality that the accurate and detailed location of all drill holes or the assays for gold mineralisation in those holes can be entirely relied on. The Property in general, and the structures hosting the mineralisation on the adjacent Madsen Mine Property, the Austin and McVeigh Tuffs, has not been tested by any deep exploration. It is of some relevance with respect to exploration targeting that the understanding of the nature of the Austin and McVeigh tuffs as structural deformation zones, as opposed to volcano-stratigraphic units, is not reflected in any historic documentation or in the approach to exploration taken by previous operators.

The authors conclude that the historical work and the vertical extent of ore grade material mined on the adjacent Madsen Mine Property indicate the Derlak Red Lake Property ought to be tested by a systematic exploration program, including diamond drilling, as follows:

- 1) Compilation and evaluation of all historical data, interpretation of the compiled data and a surface exploration program to better characterise the near surface geology and test the property by diamond drilling for near-surface zones of potentially economic mineralisation; and
- 2) Undertake a deep drilling program to test the Austin and McVeigh Tuffs at vertical depths of up to 1,000m or more.

18 RECOMMENDATIONS

The authors believe that Derlak Red Lake Property has the potential for discovery of economic gold mineralisation, primarily in the Austin and McVeigh Tuffs at depth but also in other underexplored near-surface areas. Positive factors in regard to the exploration potential include the proximity to the 2012 Claude Resources Ltd. Madsen underground exploration and development program which is currently underway on claims adjacent to the Derlak Red Lake property and the presence of the unconformity that defines the Madsen structural trend. Ore deposits in the Red Lake camp associated with the unconformity have demonstrated potential to host millions of ounces of high grade gold mineralization. However, authors caution that this is not necessarily indicative of the mineralisation on the properties that are the subject of this Technical Report.

An initial program is recommended that includes line-cutting, geophysical surveying, power stripping and washing in the area of the prospective Austin Tuff where it has been recently cleared by logging. A diamond drill program is then recommended to test: firstly, any near surface targets generated by the above work, and secondly, to test the Austin and McVeigh Tuffs at depth. It is recommended that Orefinders undertake the work in two phases:

Phase 1

1. Evaluation, compilation, and interpretation of historical data and then an exploration program, including a high resolution airborne magnetometer survey, line cutting, and power stripping and washing of the Austin Tuff to more accurately assess the nature of that zone on the property. The compilation should utilize GIS software and include the entry of historical drill holes and 3D modelling of known mineralized zones to the extent that the historical data permits; and
2. A shallow diamond drilling program, to define and test any potential near surface targets on the property in areas not previously tested by shallow drilling; and

Phase 2

1. A deep drill program to test the prospective Austin and McVeigh Tuffs at depth. Drill holes for this deep phase should extend to depths of 1,000m or more below surface.

The recommended budget for the program, presented in Table 18-1, is broken into two phases and is estimated at CDN \$1,500,000. Phase 2 is not contingent of receiving positive results from phase 1.

Table 18-1: Budget for Recommended Work

Phase 1	Amount
Data compilation	\$20,000
Establish grids	\$20,000
High Resolution airborne magnetometer survey	\$100,000
Power stripping, washing, mapping and sampling	\$30,000
Exploration Drill Program to test near-surface targets 1,250m @ ~\$200/m	\$300,000
Contingency	\$30,000
Sub-Total Phase 1	\$500,000
Phase 2	Amount
Deep Drill Program to test Austin and McVeigh Tuffs at depth 4,500m @ ~\$200/m	\$900,000
Contingency	\$100,000
Sub-Total Phase 2	\$1,000,000
TOTAL Phase 1 and Phase 2	\$1,500,000

Note: Diamond drill cost estimate of \$200/m includes direct contractor costs as well as all geological and support items related to program logistics, logging, sampling, and assaying.

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20 CERTIFICATES OF QUALIFICATIONS

JOHN REDDICK, P.Geol.

I, John Reddick, M.Sc., P.Geol., of Inverary, Ontario, do hereby certify that as the author of the report entitled “*Technical Report on the Derlak Red Lake Property, Ontario, Prepared For Orefinders Inc.*” and dated July 16, 2012, I hereby make the following statements:

1. I am a Consulting Geologist and President of Reddick Consulting Inc. of 27 Collins Court, R.R. #2, Inverary, Ontario, K0H 1X0. Reddick Consulting Inc. is authorized to engage in the provision of Geoscience services by the Association of Professional Geoscientists of Ontario.
2. I am a graduate of Queen’s University, Kingston, Ontario, Canada in 1982 with a B.Sc. Honours Geology degree, and of Queen’s University, Kingston, Ontario, Canada in 1995 with a M.Sc. in Honours Geology degree in Mineral Exploration. I have extensive experience with mining and the estimation of base and precious metal deposits, Mineral Resource estimation techniques and preparation of technical reports.
3. I am a Practising Member of the Association of Professional Geoscientists of Ontario (#643) and a member of the Society of Economic Geologists.
4. I have practiced my profession in mineral exploration continuously since graduation. I have over 30 years of experience in mineral exploration, production or consulting, over 25 years of experience in mineral resource estimation; over 15 years experience preparing mineral resource estimates using block-modelling software and over 15 years experience as an independent consultant.
5. I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that, by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a “qualified person” for the purpose of NI 43-101.
6. I am jointly responsible for all sections, and am responsible for the coordination, consolidation and review of the Technical Report titled “*Technical Report on the Derlak Red Lake Property, Ontario, Prepared For Orefinders Inc.*” and dated July 16, 2012;
7. I visited the property on April 4, 2012.
8. I have not had prior involvement with the property that is the subject of the Technical Report.
9. I am independent of the Issuer as described in Section 1.5 of National Instrument 43-101 and I am also independent of the property and the property vendor as described in the TSX Venture Appendix 3F, Section 3.2.
10. I have read National Instrument 43-101 and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.
11. As of the date of the technical report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Effective date: July 16, 2012

Signing Date: July 16, 2012

“Original Document, signed and sealed by John Reddick, P.Geol.”

John Reddick, P.Geol.

Reddick Consulting Inc.

President

JAMIE LAVIGNE, P.Geo.

I, Jamie Lavigne, M.Sc., P.Geo., of Sudbury, Ontario, do hereby certify that as the author of the report entitled “*Technical Report on the Derlak Red Lake Property, Ontario, Prepared For Orefinders Inc.*” and dated July 16, 2012, I hereby make the following statements:

1. I am an Independent Consulting Geologist with offices at 1796 Windle Dr., Sudbury, Ontario, P3E 2Y8 and I am authorized to engage in the provision of Geoscience services by the Association of Professional Geoscientists of Ontario.
2. I am a graduate of Memorial University of Newfoundland, St. Johns, Newfoundland, Canada in 1986 with a B.Sc. Geology degree, and of the University of Ottawa, Ottawa, Ontario, Canada in 1991 with a M.Sc. in Geology. I have extensive experience in mineral exploration, the estimation of Mineral Resources for base and precious metal deposits, and the preparation of technical reports.
3. I am a Practising Member (P.Geo.) of the Association of Professional Geoscientists of Ontario (#1895) and a Licensee (P.Geol.) with the Northwest Territories Association of Professional Engineers, Geophysicist, and Geologists (#L1244).
4. I have practiced my profession in mineral exploration continuously since graduation. I have over 25 years of experience in the mineral exploration spanning early stage exploration projects to feasibility level studies and mine commissioning. As an independent consultant I have completed a number of Independent Resource Estimates and have authored a number of Technical reports. I have over 20 years experience working in base and precious metal mineral deposits in Archean and Proterozoic rocks.
5. I have read the definition of “qualified person” set out in National Instrument 43-101 (NI 43-101) and certify that, by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a “qualified person” for the purpose of NI 43-101.
6. I am jointly responsible for all sections of the Technical Report titled “*Technical Report on the Derlak Red Lake Property, Ontario, Prepared For Orefinders Inc.*” and dated July 16, 2012;
7. I have not visited the property;
8. I have not had prior involvement with the property that is the subject of the Technical Report.
9. I am independent of the Issuer as described in Section 1.5 of National Instrument 43-101 and I am also independent of the property and the property vendor as described in the TSX Venture Appendix 3F, Section 3.2.
10. I have read National Instrument 43-101 and the Technical Report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1.
11. As of the date of the technical report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Effective date: July 16, 2012

Signing Date: July 16, 2012

“Original Document, signed and sealed by Jamie Lavigne, P.Geo.”

Jamie Lavigne, P.Geo.
Consulting Geologist