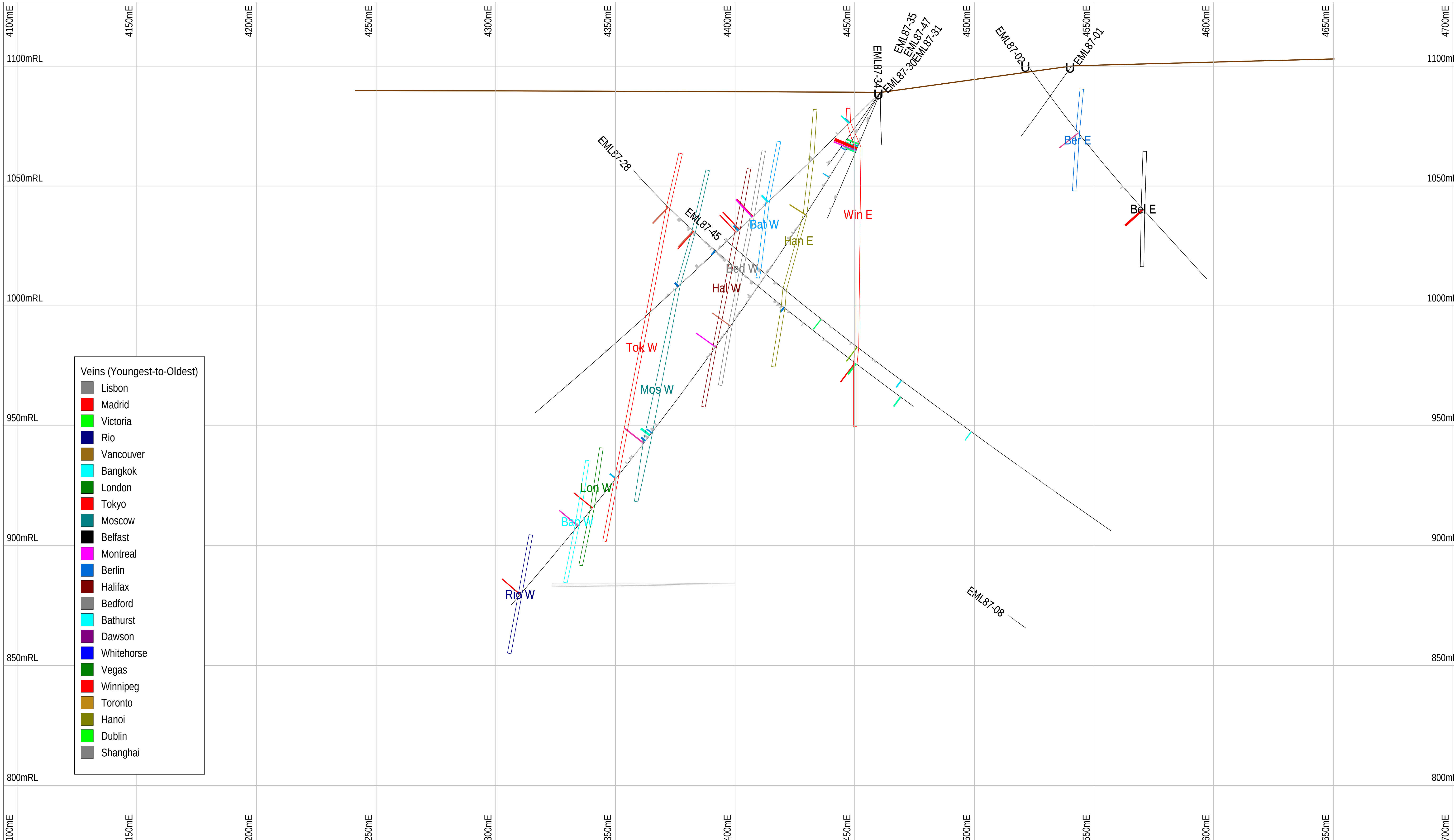


Scale 1 : 1500	Plot Date 18-Jun-2012	**Cross-Section Facing North**	Grade Composites: [X] g/t / [Y] m	Gold Grade (g/tonne)	BL-2 (Hecla's Baseline from 1989) origin shifted to 4400 E, 8000 E, then rotated 24 deg CCW.	**Mooseland East Zone Cross-Section 8000N Facing North**
20 0 20m			Drawn by Doug Roy, M.A.Sc., P.Eng	0.5 to 2; 4 to 6; 2 to 3; 6 to 8; 3 to 4; >= 8	Background interpretation by Glen Covey, NSGold.	
			Version 1.1			

14.5 Statistics

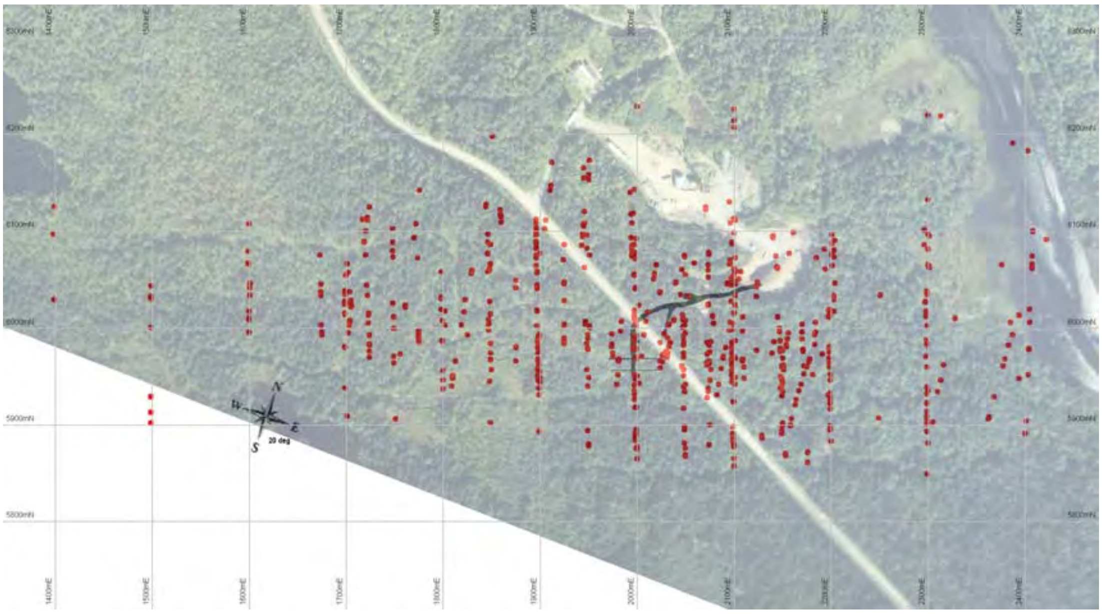
14.5.1 West Zone

Statistics of the raw (irregular length) assays within the interpreted mineralised zones were examined. Of the 3112 samples, the average grade was 3 g/tonne. Some of the intercepts were wide as the 1.5 metre minimum width; however, many were not. The author would expect that the regularised (even sample length), diluted, average grade (diluted to the 1.5 metre minimum width) of all samples within the interpreted mineralised zones would be less than 3 g/tonne.

Of the 2916 regularised (over 0.5 metres) samples within the mineralised zones, the mean grade was 2.6 g/tonne (refer to Figure 14-10). As with the irregular length sample statistics (previous paragraph), some of the intercepts were as wide, or wider than the 1.5 metre minimum width; however, many were not.

Sample intercepts were widened to a 1.5 metre minimum horizontal width. In many cases, intercepts were diluted with waste rock at zero grade. This process is known as “planned dilution.” Afterward, the average diluted grade was calculated by dividing the total gold accumulation [sum of all gold accumulation (grade × true width) values] by the total true width (sum of true width values).

Plan View:



Facing Grid North:

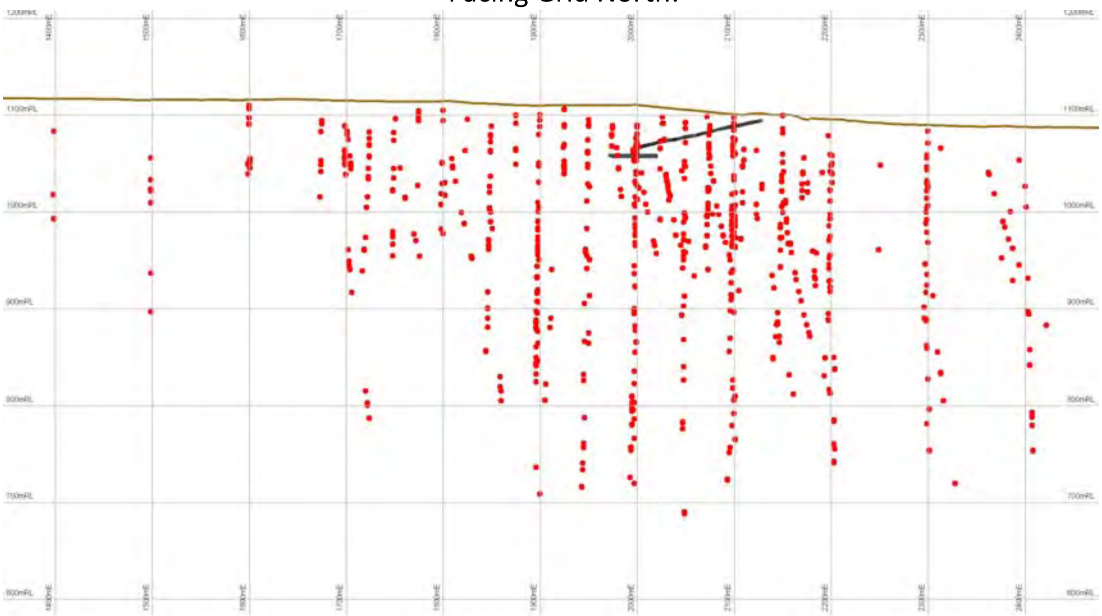


Figure 14-5: Samples greater than 1 g/tonne within the mineralised zones - West Zone.

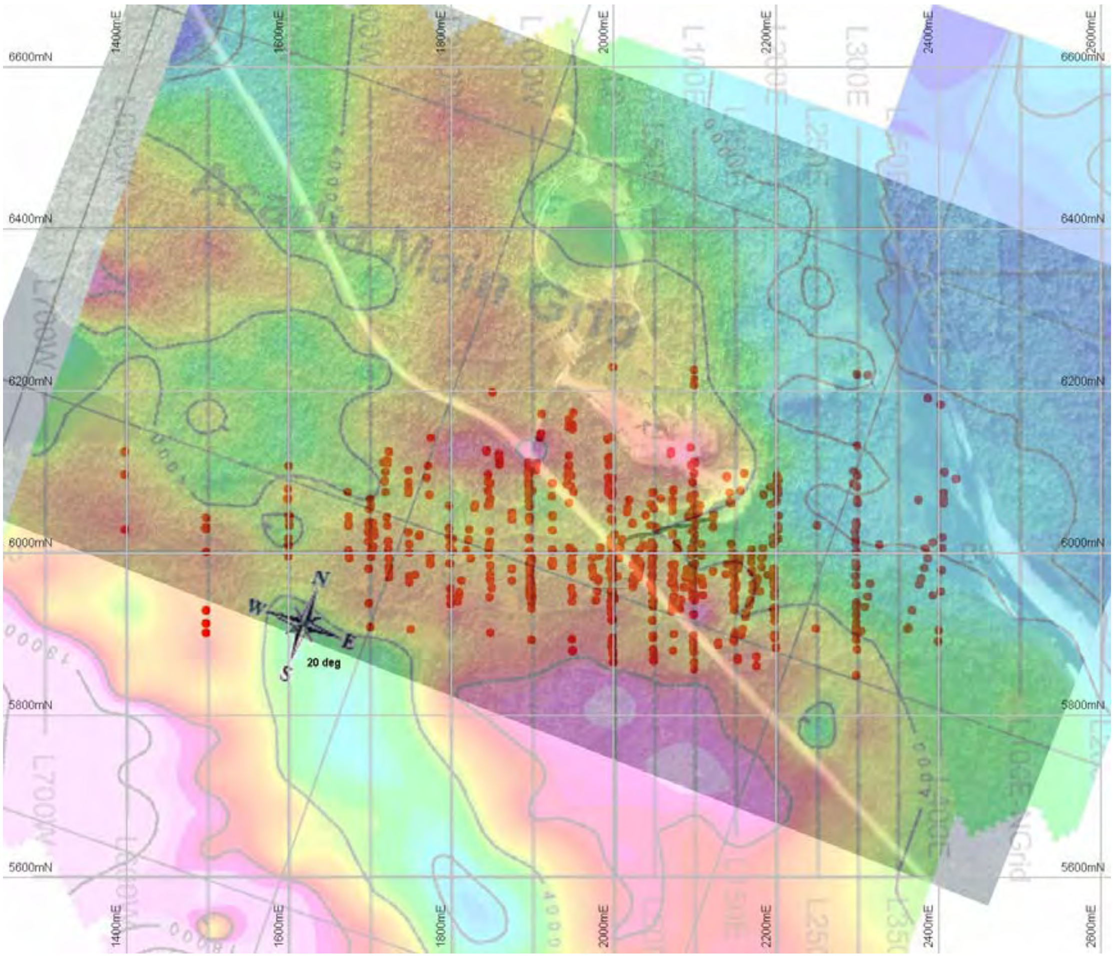


Figure 14-6: Plan view of the West Zone showing samples greater than 1 g/tonne and IP resistivity.

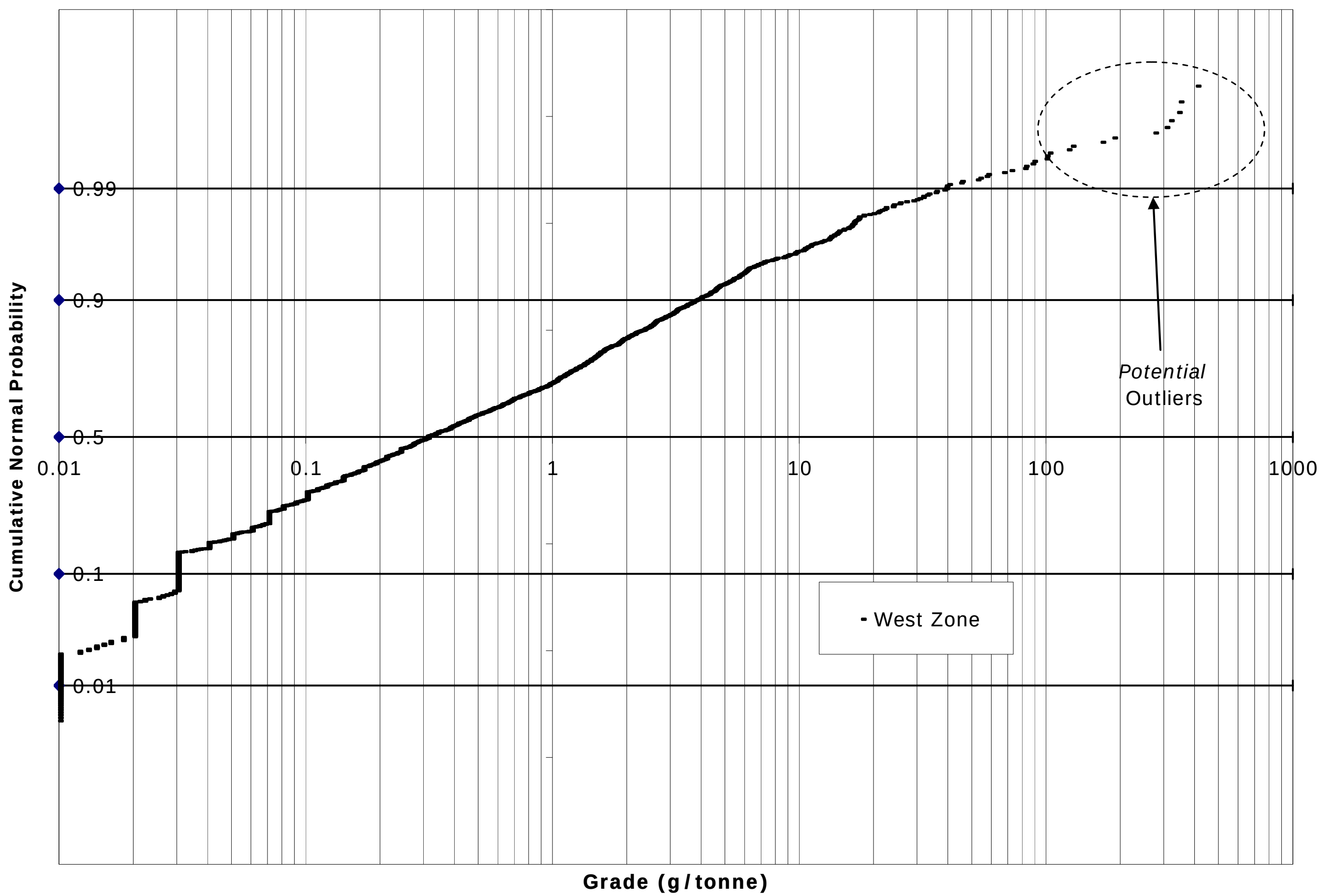


Figure 14-7: Cumulative normal probability plot of all West Zone samples within the mineralised zones.

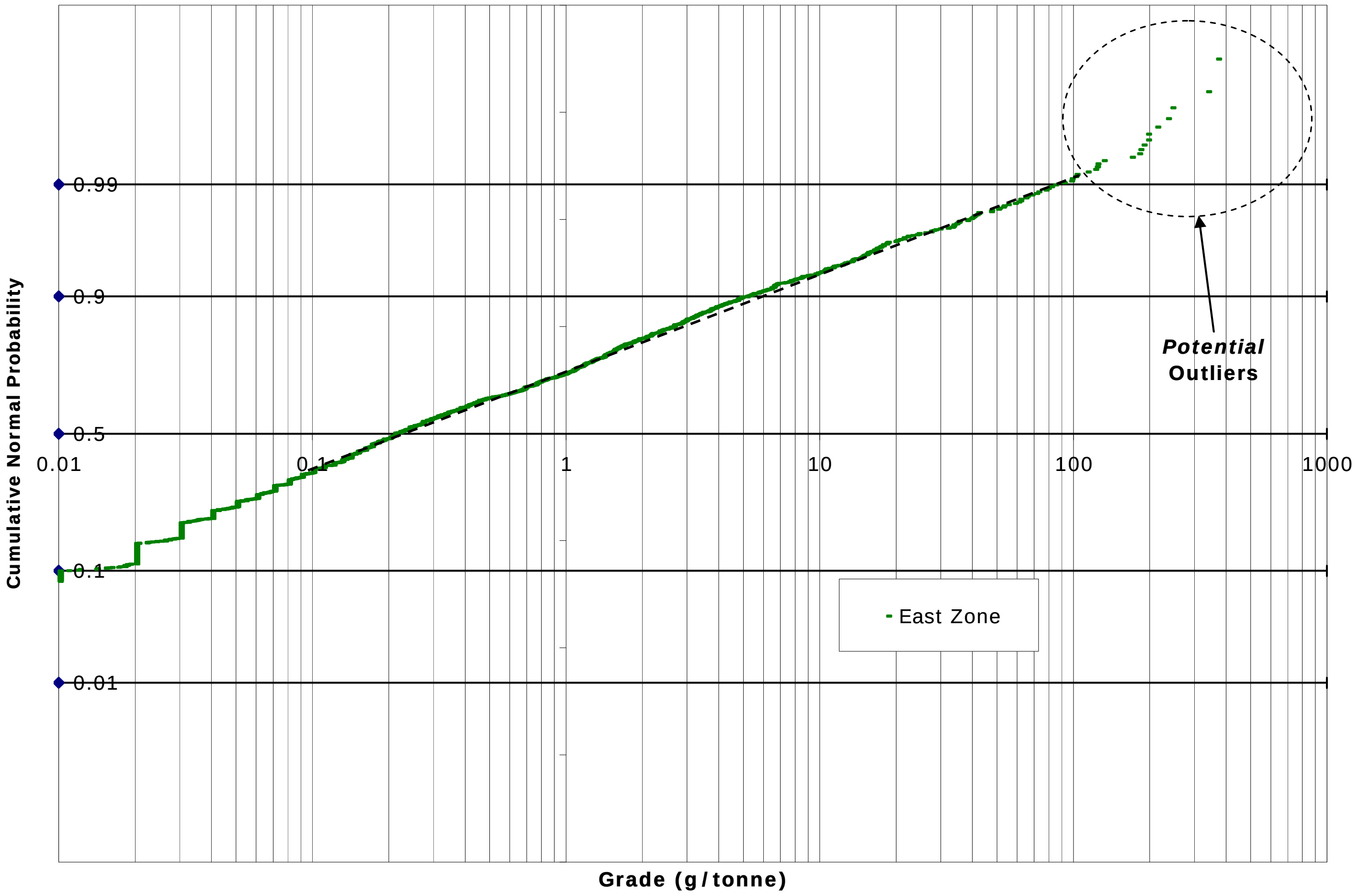


Figure 14-8: Cumulative normal probability plot of all East Zone samples within the mineralised zones.

14.5.2 East Zone

Of the 1955 regularised (over 0.5 metres) samples within the mineralised zones, the mean grade was 4.3 g/tonne - higher than the West Zone's mean grade of 2.6 g/tonne (refer to Figure 14-12). Some of the intercepts were as wide, or wider than the 1.5 metre minimum width; however, many were not.

14.6 Top-Cut Grade

A top-cut value is normally chosen to prevent the overestimation of block grades by a small number of very high assays or *outliers*. Mooseland mineralisation, typical of the majority of Nova Scotian lode gold deposits, exhibits “coarse gold” or “nuggety” behaviour. In this type of deposit, close samples may vary wildly in grade.

Examination of the cumulative normal probability plot for the West Zone (refer to Figure 14-7) revealed a fairly continuous linear trend up to approximately 100 g/tonne. Above that grade, the linear trend became discontinuous. Above approximately 200 g/tonne, the samples started deviating from the linear trend.

The spatial distribution of the higher grade samples was examined (refer to Figure 14-5). No pattern could be resolved; the samples seemed to be fairly evenly distributed throughout the deposit. In other words, the higher grade samples could not be spatially or geologically isolated.

One method for treating outliers is to project the samples back to the linear trend line, thereby reducing the sample's grade to fit the lognormal distribution. However, to do so in this case would mean increasing the samples' grades. This was thought to be imprudent.

For the East Zone, the samples followed a fairly linear trend until approximately 100 g/tonne. Like the West Zone, above that value they trended above the trend line. Meaning, if the samples were projected to the linear trend, the grades would *increase*. As with the West Zone, this was thought to be imprudent.

Top-cutting was carried out using the following procedure.

The +100 g/tonne assays were top-cut or "capped" to 100 g/tonne. The capped samples were composited over the vein intercept, with a minimum horizontal width of 1.5 metres. For intercepts that were narrower than the 1.5 metre minimum horizontal mining width, they were diluted (at zero grade) to 1.5 metres.

The author considers this top-cut methodology to be appropriate.

Table 14-3: Top-cut grades.

West Zone

Hole	Sample	From	To	Length	Au (g/t)	Au (g/t) Top-Cut	Zone
ML86-01	40618	153.60	153.70	0.10	5451.470	100.000	XRA S
ML87-27	51552	129.10	129.30	0.20	868.160	100.000	HOT S
ML87-49	66378	14.81	15.18	0.37	539.700	100.000	OSC N
ML87-05	43800	61.41	61.51	0.10	410.330	100.000	ROM S
ML87-52	76603	464.60	465.03	0.43	354.720	100.000	HOT N
ML87-35	64364	112.86	113.26	0.40	343.340	100.000	PAP S
NSG-10-10	779453	363.50	364.00	0.50	342.730	100.000	NOV N
ML88-78	8483	315.30	316.00	0.70	317.800	100.000	NOV S
ML87-70	4247	377.03	377.30	0.27	242.880	100.000	DEL N
ML87-05	6510	255.35	255.77	0.42	228.520	100.000	FUR N
ML87-70	4246	376.73	377.03	0.30	226.250	100.000	DEL N
ML87-40	64897	293.88	294.13	0.25	176.950	100.000	DEL N
ML87-35	64511	399.97	400.13	0.16	128.130	100.000	HOT N
NSG-3-10	691539	152.40	152.90	0.50	122.490	100.000	FOX N
ML87-02	40762	166.61	166.91	0.30	118.290	100.000	LN S
ML87-19	46152	81.46	81.61	0.15	117.600	100.000	BIS S
ML87-72	6927	180.04	180.31	0.27	113.970	100.000	IRV S
ML87-27	51610	200.90	201.20	0.30	113.490	100.000	DEL N
ML87-39	65789	148.74	149.04	0.30	106.660	100.000	LN S
ML87-66	82111	305.30	305.99	0.69	102.520	100.000	IRV N

East Zone

Hole	From	To	Length	Sample	Au (g/tonne)	Au (g/tonne) Top-Cut	Zone
EML87-35	26.65	27.04	0.39	1959	479.410000	100.000000	Win E
EML87-20	71.59	71.81	0.22	92061	411.150000	100.000000	Rio W
EML87-04	128.13	128.38	0.25	81914	374.540000	100.000000	Mos E
EML87-37	215.40	216.00	0.60	2780	368.720000	100.000000	Win E
EML87-05	51.30	51.80	0.50	82155	336.590000	100.000000	Tok W
EML87-04	41.20	41.40	0.20	81846	324.640000	100.000000	Han W
EML87-31	70.64	70.85	0.21	1393	314.310000	100.000000	Han E
NSG-21-10	104.00	105.10	1.10	805069	243.730000	100.000000	Han E
EML87-41	222.82	223.07	0.25	3241	234.000000	100.000000	Bed W
EML87-41	223.07	223.40	0.33	3242	234.000000	100.000000	Bed W
EML87-05	212.20	212.40	0.20	82320	229.030000	100.000000	Mon E
EML87-30	74.10	74.39	0.29	93250	206.490000	100.000000	Bed W
EML03-52	84.20	84.60	0.40	17486	205.330000	100.000000	Ban W
EML87-25	83.10	83.25	0.15	92616	196.310000	100.000000	Mon W
NSG-14-10	32.60	33.20	0.60	779881	195.100000	100.000000	Ban W
NSG-15-10	68.90	69.40	0.50	804010	180.230000	100.000000	Rio W
EML87-40	139.51	140.10	0.59	2972	175.200000	100.000000	Lon W
EML87-40	194.40	194.70	0.30	3070	139.560000	100.000000	Han W
EML87-41	200.00	200.30	0.30	3220	134.230000	100.000000	Mos W
EML87-28	181.77	182.16	0.39	1370	130.510000	100.000000	Win E
NSG-15-10	186.80	187.30	0.50	804167	112.800000	100.000000	Bel E
EML87-08	65.10	65.40	0.30	90191	106.800000	100.000000	Vic W
NSG-28-11	36.00	36.50	0.50	805953	100.840000	100.000000	Van W

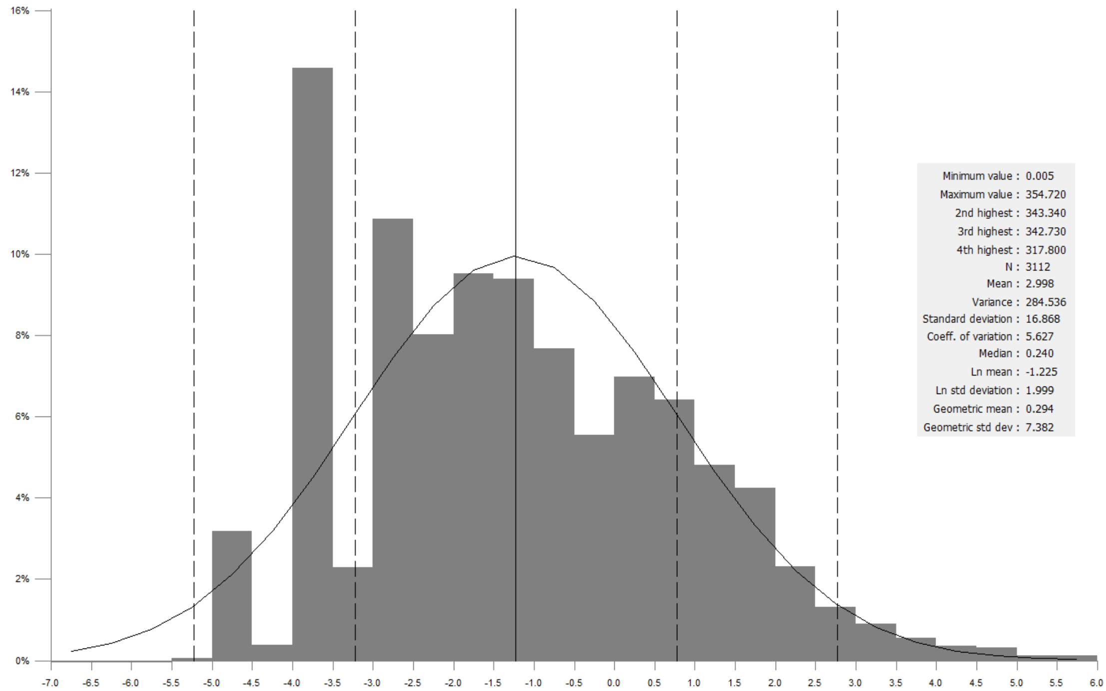


Figure 14-9: Histogram of Non-Regularised (i.e.: irregular length) assays within West Zone interpreted veins (log scale).

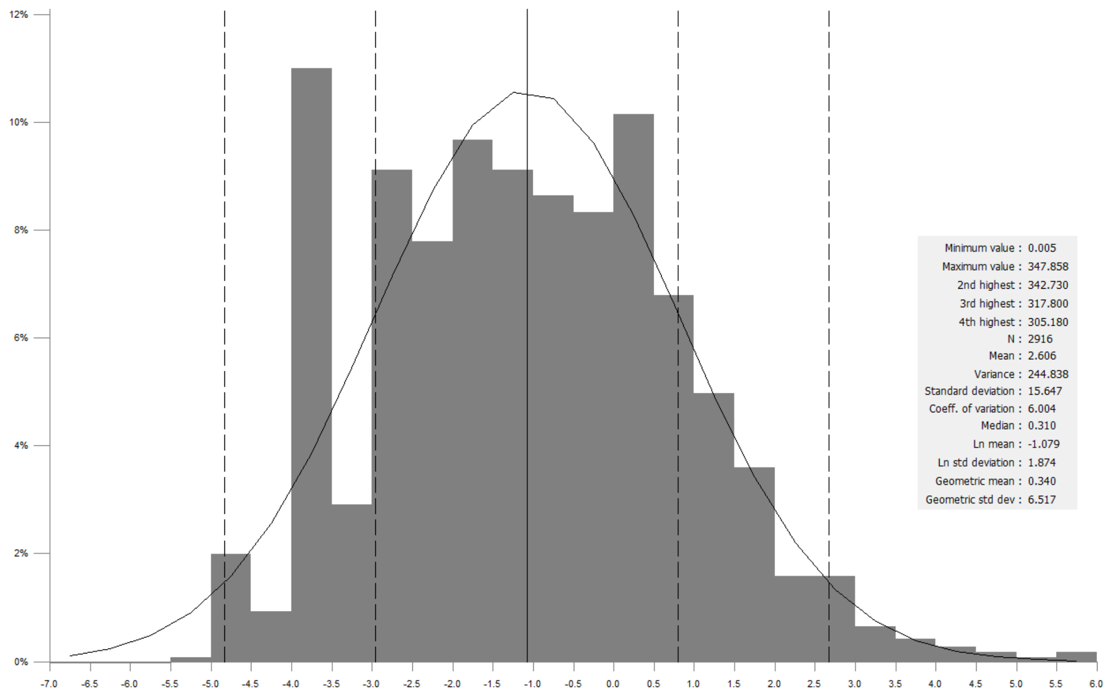


Figure 14-10: Histogram of 0.5 m regularised samples within interpreted veins (West Zone).

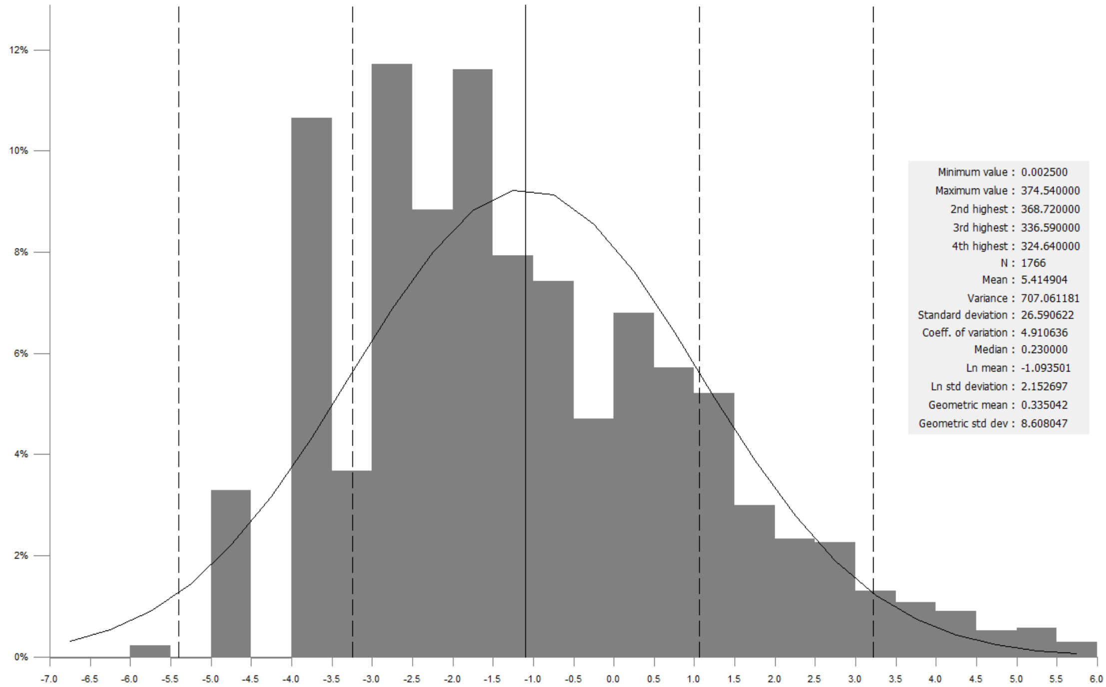


Figure 14-11: Histogram of non-Regularised (i.e.: irregular length) assays within East Zone interpreted veins (log scale).

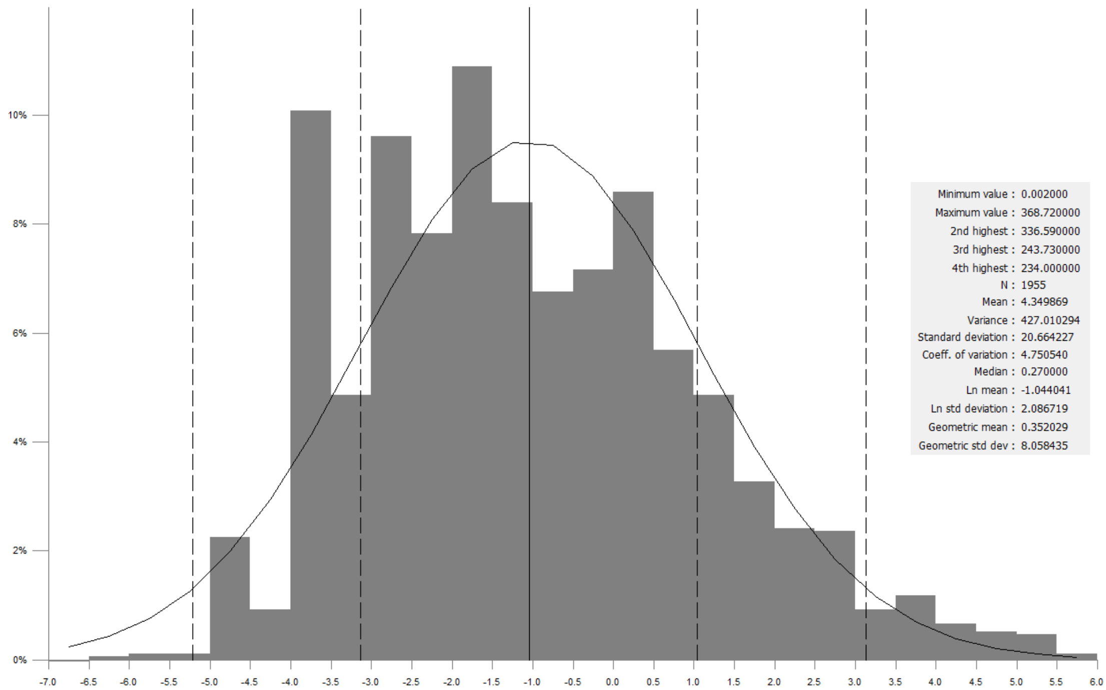


Figure 14-12: Histogram of 0.5 m regularised samples within interpreted veins (East Zone).

14.7 Specific Gravity

There is no record of any specific gravity ("SG") measurements having been made. A value of 2.65 was chosen as representative of the rock types under consideration. The author recommends that SG work be carried out.

14.8 Block Modelling

14.8.1 Preliminary Work

Preliminary two-dimensional block model files were created for grade estimation – one for each zone that was outlined. Grade estimation was carried out in four "runs" using 25, 50, 100 and 200 metre search radii. For grade estimation, the diluted (to 1.5 metres true width) grade, with a top-cut grade of 20 g/tonne, was used. Inverse-distance weighting was employed, using varying distance "powers."

Sets of longitudinal cross-sections for each "run" were printed and examined. Preliminary work indicated that use of a low distance "power" coupled with a relatively longer search radius was effective at addressing the coarse-gold nature of the mineralisation (also known as the "nugget effect"). A lower power smoothes the extreme highs and lows that, because of the nugget effect, are not realistic.

To further illustrate, consider a high grade intercept (say, 20 g/tonne) ten metres from a lower grade, but "gold-positive" intercept (say, 1 g/tonne). In "nuggety" mineralisation, it is likely that, because of small sample size relative to block size, the high grade intercept happened to intersect a nugget while the lower grade intercept did not. If a high power of say, two, were used in conjunction with inverse distance weighting to estimate the block grades and the block centroids were near the intercepts, the resulting grade of the block near the 20 g/tonne intercept would be very high – close to 20 g/tonne – and the block grade near the 1 g/tonne intercept would be very low – close to 1 g/tonne.

Such a result is possible but not likely. It is more likely that the grades of each block are somewhere in between. Using a lower-value inverse-distance power is effective at smoothing the nuggety grades while preserving the total metal content. This results in much more realistic block grades on a "local" scale and, in the author's opinion, a more realistic global estimate of tonnes, grade and metal content (ounces).

14.8.2 Final Work

Two-dimensional block models were created, one for each vein. Two sets of models were created – one set for grade estimates and one for true width.

Refer to Table 14-4 for block model parameters. From the individual models, a single model was compiled that held all of the blocks from all of the veins.

The blocks were constrained by the interpreted vein outlines (refer to Section 14.4). The block size was 10x10 metres.

Table 14-4: Block model parameters.

West Zone

Direction	Model Origin (Grid, m)	Model Limit (Grid, m)	Model Extent (m)	Block Size (m)	Number of Blocks
East	1,300	2,500	1,200	10	121
Elevation (RL)	600	1200	600	10	61

East Zone

Direction	Model Origin (Grid, m)	Model Limit (Grid, m)	Model Extent (m)	Block Size (m)	Number of Blocks
North	7,800	8,800	1,000	10	101
Elevation (RL)	600	1,200	600	10	61

14.9 Cut-off Grades

14.9.1 Zone Interpretation

The chosen cut-off grade for mineralised zone interpretation was approximately 1 g/tonne of gold. This value was chosen through iteration as the cut-off that, in the author's opinion, provided the closest approximation of the continuity of that mineralisation. As discussed in Section 14.4, if the intercept grade was less than the cut-off but "gold positive," and occurred in a location where the author felt that a vein or mineralised zone ought to occur based on the geology of adjacent cross-sections, that intercept was included.

14.9.2 Mineral Resources

The chosen "block cut-off" [9] grade (non-diluted - i.e.: without non-planned dilution) for defining mineral resources was 2.6 g/tonne. Considering a typical mining recovery of 95%, a typical overall processing recovery of 95%, a typical smelter return of 98% and a gold price of $US 1400 per ounce, rock with that grade would have a revenue of $US 100-105 per tonne. That was considered to be a reasonable block cut-off grade for

[9] The grade at which it is possible to mine and process and exposed block (*i.e.*: development not included).

relatively higher cost underground, narrow vein mining and conventional processing – the most likely methods that would be applied to this deposit.

14.10 Grade Estimation

The sample density provided by diamond drilling was insufficient for geostatistical grade estimation.

Inverse distance weighting, using a power of 1 was considered to be a reasonable method for estimating block grades (refer to Section 14.8). For estimating horizontal width values, a power of 2 was used to best honour the sample data. Refer to Table 14-5 for grade and true thickness estimation parameters.

A maximum sample search radius of 200 metres was used - a large value, but the author felt it to be appropriate for several reasons:

- The vein geometries were constrained as described in Section 14.4.
- Only the closest three samples in four sectors were considered. Farther samples were ignored.
- In some cases of established geological continuity but where intercept spacing was long, the large search radius was necessary to avoid a large number of block grades being estimated using only one intercept.

Separate estimates were carried out and separate files were created for each zone for both grade and true thickness. Refer to Table 14-6 for a description of the model fields.

Estimated horizontal thickness values were merged into the final grade model for each vein. A separate model file was created for each vein. For the West Zone, the final model files were named "2D IDW Au Run 3, XXXX.dat", where XXXX represented the vein name. For the East Zone, the corresponding files were named "EZ 2D IDW Au Run 3, XXXX.dat".

Table 14-5: Grade estimation parameters.

Parameter	Grade	Horizontal

		Thickness
Intercept Field Used	Au (g/tonne) Top-Cut Diluted	"Diluted Horiz Length"
Inverse Distance Power	1	2
Maximum Sample Search Ellipse Diameter	200 m	200 m
Blocks Constrained?	Outline Constrained	Outline Constrained
Min. Number of Holes	1	1
Ellipse Search Sectors	4	4
Max. Number of Samples Per Sector	3	2

Table 14-6: Block model fields.

West Zone

Field	Description
Easting	Easting, block centroid.
_Easting	Block size, east direction.
Northing	Northing, block centroid.
_Northing	Block size, north direction.
Elevation	Elevation, block centroid.
_Elevation	Block size, elevation direction.
Au (g/t) Top-Cut Diluted	Estimated gold grade (g/tonne).
Run	Run.
Zone	Zone (vein).
Diluted Horiz Length	Estimated horizontal thickness (1.5 m min.).
Points	Number of intercepts used to estimate grade.
STD_DEV	Standard deviation of the grade estimate.
BLOCKINDX	Unique block index.
Number of Holes	Number of intercepts used to estimate grade.
Average Distance	Average distance of samples used to estimate grade.

East Zone

Field	Description
East	Easting, block centroid.
_East	Block size, east direction.
North	Northing, block centroid.
_North	Block size, north direction.
RL	Elevation, block centroid.
_RL	Block size, elevation direction.
Au (g/tonne) Top-Cut Diluted	Estimated gold grade (g/tonne).
Run	Run.
Zone	Zone (vein).
Diluted Horiz Length	Estimated horizontal thickness (1.5 m min.).
Points	Number of intercepts used to estimate grade.
STD_DEV	Standard deviation of the grade estimate.
BLOCKINDX	Unique block index.
Number of Holes	Number of intercepts used to estimate grade.
Average Distance	Average distance of samples used to estimate grade.

14.11 Resource Classification Parameters

Resource classification parameters were chosen based on the author's judgement. The degree of confidence in the reported resources was classified based on the validity and robustness of input data and the proximity of resource blocks to sample locations. Resources were reported, as required by NI 43-101, according to the CIM Standards on Minerals Resources and Reserves.

Inferred resources were outlined graphically, on cross-sections and longitudinal sections using the process that was described in Section 14.4.

No Indicated or Measured mineral resources were identified. While a sample intercept spacing of approximately 25 metres was adequate for defining the geometry and geological continuity of the veins, the current intercept spacing was inadequate for determining grade continuity above the Inferred level of mineral resources.

Poor collar survey control for historical (i.e.: pre-2010/2011) drilling, coupled with a lack of SG work are additional reasons why Indicated or Measured resources were not identified.

14.12 Dip Correction

Zones were outlined on the vertical plane and the horizontal thickness of each block was estimated. Using those two values together, no dip correction was required.

14.13 Factors Materially Impacting the Estimate

There are no known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially impact the mineral resource estimate.

14.14 Results

Mineral resources were identified using a block cut-off grade of 2.6 g/tonne.

For the West Zone, non-diluted[10] Inferred Mineral Resources totalled 1.46 million tonnes with an average gold grade of 5.52 g/tonne for 259,000 ounces.

For the East Zone, non-diluted[10] Inferred Mineral Resources totalled 1.06 million tonnes with an average gold grade of 5.72 g/tonne for 195,000 ounces.

For both zones, the total non-diluted[10] Inferred Mineral Resources was 2.52 million tonnes with an average gold grade of 5.6 g/tonne for 454,000 ounces.

Resources were tabulated by zone in Table 14-9.

[10] Planned dilution, to a minimum true width of 1.5 metres, was included. Non-planned dilution was not included.

Table 14-7: Summary of mineral resources.

Summary of Resources, Non-Diluted, 2.6 g/tonne Block Cut-off Grade

Zone	Volume (m^3)	Tonnes	Average Grade (g/tonne)	Ounces
West Zone	551,000	1,460,000	5.52	259,000
East Zone	400,000	1,060,000	5.72	195,000
Total	**951,000**	**2,520,000**	**5.60**	**454,000**

* Planned dilution, to 1.5 m minimim width, was included. Non-planned dilution was not included.

Table 14-8: Resource estimation results.

West Zone

Cut-off Grade (g/tonne)	Volume (m^3)	Tonnes	Average Grade (g/tonne)	Ounces
10.0	55,200	146,200	14.04	66,000
8.0	91,800	243,200	11.99	93,800
6.0	159,000	422,000	9.80	133,000
5.0	209,000	553,000	8.77	156,000
4.0	299,000	791,000	7.47	190,000
3.0	464,000	1,228,000	6.05	239,000
2.6	**551,000**	**1,460,000**	**5.52**	**259,000**
*2 ***	*759,000*	*2,011,000*	*4.64*	*300,000*
*1 ***	*1,627,000*	*4,311,000*	*2.90*	*402,000*
*0 ***	*3,790,000*	*10,045,000*	*1.58*	*511,000*

East Zone

Cut-off Grade (g/tonne)	Volume (m^3)	Tonnes	Average Grade (g/tonne)	Ounces
10.0	33,700	89,200	12.69	36,400
8.0	73,800	195,500	10.59	66,600
6.0	148,000	393,000	8.78	111,000
5.0	196,000	519,000	7.97	133,000
4.0	257,000	681,000	7.12	156,000
3.0	350,000	926,000	6.15	183,000
2.6	**400,000**	**1,060,000**	**5.72**	**195,000**
*2 ***	*545,000*	*1,443,000*	*4.81*	*223,000*
*1 ***	*879,000*	*2,329,000*	*3.53*	*264,000*
*0 ***	*1,464,000*	*3,879,000*	*2.35*	*293,000*

* Planned dilution, to 1.5 m minimim width, was included. Non-planned dilution was not included.
** Mineralisation below the chosen 2.6 g/tonne block cut-off is not considered to be a "Mineral Resource" and is shown here for information purposes only.

Notes on Mineral Resource Estimate:

1. Cut-off grade for mineralised zone interpretation was 1 g/tonne.
2. Block cut-off grade for defining Mineral Resources was 2.6 g/tonne.
3. Based on lognormal probability analysis, the top-cut grade was 100 g/tonne.
4. Gold price was $US 1400 per troy ounce.
5. Zones extended up to 25 metres from the last intercept, both along strike and down-dip.
6. Minimum width was 1.5 metres.
7. Planned dilution, based on a minimum mining width of 1.5 metres, was included. Non-planned dilution was not included.
8. No mineral reserves were identified. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
9. Resource estimate prepared by Doug Roy, M.A.Sc., P.Eng., MineTech International Limited.
10. A specific gravity (bulk density) value of 2.65 was applied to all blocks - a typical value for the lithology.
11. Inverse distance weighting was used for estimating block grades, with "powers" of one and two for gold grades and vein thickness values, respectively.

Table 14-9: Non-diluted mineral resources by zone.

West Zone Resources, Non-Diluted*, 2.6 g/tonne Block Cut-off Grade

Zone	Volume (m^3)	Tonnes	Average Grade (g/tonne)	Ounces
IRV N	61,700	163,000	8.21	43,000
DEL N	63,800	169,000	6.83	37,100
FOX N	35,700	94,600	8.31	25,300
OSC N	27,500	72,900	8.15	19,100
XMA S	43,500	115,000	4.60	17,000
NOV S	34,100	90,200	5.64	16,400
LN S	39,600	105,000	4.15	14,000
NOV N	39,900	106,000	3.94	13,400
LN N	45,300	120,000	3.27	12,600
FUR N	17,700	46,800	6.59	9,920
HOT N	20,800	55,100	5.55	9,830
BIS S	26,400	70,000	3.85	8,670
IRV S	24,700	65,400	3.88	8,160
HOT S	14,200	37,600	3.81	4,610
DEL S	9,100	24,100	4.75	3,680
CUM N	8,400	22,300	4.95	3,550
PAP S	6,150	16,300	5.48	2,870
MIK S	9,930	26,300	3.35	2,830
ROM S	7,350	19,500	4.42	2,770
ALF S	4,650	12,300	3.82	1,510
BRA N	3,750	9,940	3.48	1,110
KIL S	2,850	7,550	3.05	740
XRA S	1,800	4,780	3.66	563
UNI S	900	2,390	3.01	231
BIS N	900	2,390	2.79	214
OSC S	337	892	2.67	77
Total (Rounded)	**551,000**	**1,460,000**	**5.52**	**259,000**

Outlined Mineralised Zones Without Any +2.6 g/tonne Blocks:

ALF N	FOX S	KIL N	SIE N	VIC N
BRA S	FUR S	LIM S	SIE S	VIC S
CHA N	GOL N	MIK N	SPE N	WHI S
CHA S	GOL S	PAP N	SPE S	XMA N
CUM S	IND N	QUE N	STR S	XRA N
ECH N	IND S	QUE S	TAN N	YAN S
ECH S	JUL N	ROM N	TAN S	

* Planned dilution, to 1.5 m minimim width, was included. Non-planned dilution was not included.

East Zone Resources, Non-Diluted*, 2.6 g/tonne Block Cut-off Grade

Zone	Volume (m^3)	Tonnes	Average Grade (g/tonne)	Ounces
Mon E	47,700	127,000	6.62	27,000
Win E	35,600	94,200	6.12	18,500
Han W	30,500	80,800	4.59	11,900
Ban W	20,100	53,200	6.65	11,400
Tor E	24,300	64,300	5.08	10,500
Rio W	18,100	48,000	6.80	10,500
Mos W	23,200	61,500	5.03	9,950
Tok W	26,200	69,400	4.25	9,480
Bed W	15,600	41,300	6.97	9,260
Han E	16,600	43,900	6.12	8,640
Lon W	18,700	49,600	5.31	8,470
Bel E	11,700	31,100	7.96	7,960
Mos E	9,300	24,600	7.45	5,890
Tor W	13,200	35,000	4.80	5,400
Win W	7,950	21,100	7.79	5,290
Hal W	12,200	32,300	4.90	5,090
Lis E	3,750	9,940	15.32	4,900
Van W	7,130	18,900	6.26	3,800
Bat W	7,060	18,700	6.01	3,610
Vic W	11,700	31,000	3.31	3,300
Vic E	3,750	9,940	9.05	2,890
Mad E	7,050	18,700	3.93	2,360
Dub E	4,950	13,100	5.12	2,160
Mon W	7,520	19,900	3.07	1,960
LON E	4,210	11,200	5.02	1,810
Hal E	3,920	10,400	3.35	1,120
Whi E	1,950	5,180	3.74	623
Acc W	2,350	6,230	2.73	547
Bat E	2,260	5,990	2.70	520
Tok E	1,350	3,590	3.06	353
Total (Rounded)	**400,000**	**1,060,000**	**5.72**	**195,000**

Outlined Mineralised Zones Without Any +2.6 g/tonne Blocks:

Ban E	Daw E	Tak W
Bed E	Kum W	Van E
Bel W	Lag W	Veg E
Ber E	Lis W	
Ber W	Mad W	

* Planned dilution, to 1.5 m minimim width, was included. Non-planned dilution was not included.

<u>Notes on Mineral Resource Estimate:</u>

1. Cut-off grade for mineralised zone interpretation was 1 g/tonne.
2. Block cut-off grade for defining Mineral Resources was 2.6 g/tonne.
3. Based on lognormal probability analysis, the top-cut grade was 100 g/tonne.
4. Gold price was $US 1400 per troy ounce.
5. Zones extended up to 25 metres from the last intercept, both along strike and down-dip.
6. Minimum width was 1.5 metres.
7. Planned dilution, based on a minimum mining width of 1.5 metres, was included. Non-planned dilution was not included.
8. No mineral reserves were identified. Mineral resources that are not mineral reserves do not have demonstrated economic viability.
9. Resource estimate prepared by Doug Roy, M.A.Sc., P.Eng., MineTech International Limited.
10. A specific gravity (bulk density) value of 2.65 was applied to all blocks - a typical value for the lithology.
11. Inverse distance weighting was used for estimating block grades, with "powers" of one and two for gold grades and vein thickness values, respectively.

14.15 Comparison With Previous Resource Estimates

The current mineral resource estimate was compared with the previous, NI-43-101-compliant estimate that was carried in 2010 (Roy, 2010).

The current mineral resource estimate used a 2.6 g/tonne block cut-off (refer to Section 14.9.2) whilst the previous resource estimate (Roy, 2010) used a 3.0 g/tonne block cut-off.

For the purpose of comparison, both estimates were compared at a 3 g/tonne block cut-off.

Generally the grade of above-block-cut-off blocks has increased and the tonnes have decreased, resulting in a net increase in metal content (ounces). The differences were caused partly by (a) additional drilling that NSGold carried out in 2011 and (b) a minor change in block grade estimation methods (refer to Table 14-10).

The author (Mr Roy) believes that the robustness and repeatability of the current resource estimation methodology has improved the accuracy and precision of the estimate and that the changes in the mineral resource estimate are valid.

Comparison Using a 3 g/tonne Block Cut-off

Zone	Cut-off Grade (g/tonne)	Tonnes Above Cut-off	Average Diluted Grade (g/tonne)	Ounces
West Zone 2010	3.0	1,400,000	4.60	210,000
West Zone Current	3.0	1,228,000	6.05	239,000
Difference		-172,000	+1.45	+29,000
East Zone 2010	3.0	1,100,000	5.10	180,000
East Zone Current	3.0	926,000	6.15	183,000
Difference		-174,000	+1.05	+3,000
Total 2010	3.0	2,500,000	4.85	390,000
Total Current	3.0	2,154,000	6.09	422,000
Total Difference		-346,000	+1.24	+32,000

Table 14-10: Differences in methodology between the previous and current mineral resource estimates.

Item	Current Estimate (2012)	Previous Estimate (2010)	Reasoning Behind Change
Top-Cut Grade:			
Value	100 g/tonne based on observation of outliers on the lognormal probability distribution curves.	20 g/tonne based on deviation from cumulative histogram.	More standard-practice and more repeatable.
Application	Raw samples, prior to compositing intercept grades.	After compositing intercept grades.	More standard-practice.
Grade Estimation:			
Inverse Distance Power	1	0.25	Less smoothing than previously to decrease the effects of using a higher top-cut grade.
Block Cut-off Grade	2.6 g/tonne	3.0 g/tonne	Gold price increased from $US 1200 (2010 Estimate) per ounce to $1400.

14.16 Resource Estimate Validation

Longitudinal sections showing the sample intercept grades and the estimated block grades were examined. Visually/graphically, the author (Mr Roy) felt that the block grades accurately represented the sample intercept grades.

The average grade of the current mineral resource, estimated using inverse distance weighting was compared against the declustered average intercept grade. The declustered average was calculated using nearest neighbour grade estimation. This was carried out because the average block grade should be reasonably close to the declustered sample average.

In both zones, the global average grade (zero g/tonne block cut-off) compared very well with the declustered average intercept grade, indicating that on a global scale, the block model fairly represents the intercept grades (sample grades).

	Global Average Grade (Zero g/tonne Block Cut-off)	
Zone	**Current Estimate, Inverse Distance**	**Declustered Average, Nearest Neighbour**
West Zone	1.58	1.58
East Zone	2.35	2.40

15 Adjacent Properties

Several areas around the Property have been staked, though there is no current or past production from those sites. A number of past-producing gold districts are in the area. The Moose River, Beaver Dam and Caribou mines are all within a 20 km radius.

Verification of information about adjacent properties was beyond the scope of this report and was not carried out by the Qualified Person. The adjacent properties mentioned above are not necessarily indicative of the mineralization on the Property that is the subject of this report.

16 Other Relevant Data and Information

No other information is needed to make this report understandable and not misleading.

17 Interpretation and Conclusions

Through diamond drilling, sixty-one mineralised veins have been identified in the West Zone of the Mooseland gold deposit. Forty mineralised veins were identified in the East Zone. The nested, stratiform veins are steeply dipping over a relatively tightly-folded anticline, the axis of which is oriented approximately east-west with a shallow westward plunge. The veins are narrow – most are tens of centimetres wide while some parts of some veins are up to several metres wide – especially near the fold's apex or "saddle."

The identified strike length is approximately one kilometre for the West Zone and over 300 metres for the East Zone. The West Zone is "open" at depth. A granite intrusive defines the western extent of the West Zone, and a fault defines the eastern extents of the West Zone. This left-hand fault offsets the deposit. On the eastern side of the fault, the "East Zone" continues eastward. The East Zone is open towards the east and at depth.

Mineral resources were identified using a block cut-off grade of 2.6 g/tonne.

For the West Zone, non-diluted[11] Inferred Mineral Resources totalled 1.46 million tonnes with an average gold grade of 5.52 g/tonne for 259,000 ounces.

For the East Zone, non-diluted[10] Inferred Mineral Resources totalled 1.06 million tonnes with an average gold grade of 5.72 g/tonne for 195,000 ounces.

For both zones, the total non-diluted[10] Inferred Mineral Resources was 2.52 million tonnes with an average gold grade of 5.6 g/tonne for 454,000 ounces.

No Indicated or Measured mineral resources were identified, primarily because the drilling intercept spacing was not sufficient to establish grade continuity to the levels required by those categories. The mineralisation exhibits a strong nugget effect.

No mineral reserves of either category were identified.

The Mooseland gold deposit is a property of merit that warrants further mineral exploration.

[11] Planned dilution, to a minimum true width of 1.5 metres, was included. Non-planned dilution was not included.

18 Recommendations

It is recommended that for future sampling programs, when a submitted standard or submitted blank is out of range, the geologist should re-run either (a) the entire batch of samples if the batch is small, or (b) a certain number of samples before and after the out-of-range sample.

Further surface and underground mineral exploration work is recommended. The work could be accomplished in two phases. Phase 1 would consist of surface diamond drilling to further delineate the strike and depth extents of the East and West Zones, and specific gravity test work to better determine the specific gravity of material at the site.

Contingent on the results from Phase 1, Phase 2 would include dewatering and continuing the existing underground decline, taking a bulk sample, drilling on surface and underground, carrying out metallurgical test work, updating the resources and carrying out a scoping study.

Phase 1 is expected to cost $430,000 and Phase 2 is expected to cost an additional $4.0 million.

Phase 1		
Item	**Cost**	
Surface Diamond Drilling (3,000 - 4,000 metres)	$	350,000
Specific Gravity Test Work	$	5,000
Contingency (20%)	$	71,000
Phase 1 Total, Rounded	*$*	*430,000*
Phase 2		
Item	**Cost**	
Dewater, rehabilitate and continue existing decline	$	1,500,000
Permitting	$	150,000
Bulk Sampling	$	500,000
Metallurgical Work	$	100,000
Surface and Underground Diamond Drilling (10,000 metres)	$	1,000,000
Resource and Reserve Estimation, Scoping Study	$	100,000
Contingency (20%)	$	670,000
Phase 2 Total, Rounded	*$*	*4,000,000*

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