

Halo Resources: Not Receiving Much Credit for HudBay Interest in Developing Copper-Zinc Assets

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Halo Resources (TSX.V:HLO) (“Halo”) owns 100% of the Sherridon VMS Project in Manitoba, which covers a 200 km² camp within the Flin Flon Greenstone Belt.

The project has excellent potential to become a source of base and precious metals feedstock for the HudBay (TSX:HBM, NYSE:HBM) concentrator located in nearby Flin Flon.

HudBay has ventured with Halo on the Cold and Lost Deposits contained within a 1.1 km² area, for work commitments and cash payments up to \$6.3 million, for a 67.5% interest.

HudBay (“HBM”) has also committed up to \$2.025 million at the Jungle Prospect for a 51% interest for total outlay of \$8.325 million.

The current minimum spend of \$350,000 was met on completion of the recent September drilling program, and a cash payment of \$150,000 is due by the end of this calendar year.

The option agreement with HudBay also requires a work commitment of \$1.35 million by December of 2011, to maintain its 67.5% joint venture interest.

There are 800 Volcanogenic Massive Sulphide “VMS” Deposits worldwide, with over 300 of them occurring throughout Canada. They range in size from 200,000 tonnes up to 150 million tonnes and occur in clusters.

The Flin Flon Greenstone Belt has produced 155 million tonnes from 26 VMS Deposits. The largest VMS Deposit at Flin Flon contained 64 million tonnes. The smaller and very numerous deposits average 3.6 million tonnes.

HudBay is the major operator on the field processing ore through a 6,000 tonnes per day mill at Flin Flon, from two underground mines at 777 and Trout Lake, which currently supplies 40% of the mill feed.

Trout Lake suffers from production bottlenecks due to restricted hoisting capacity and the number of working faces in the mine, so HudBay is seeking feed from low cost, multiple open pits within a short trucking distance of their mill.

HudBay is also fast-tracking development of the Lalor Mine at a capital cost of \$560 million for full production in 2015, which will feed a mill at Snow Lake - 150 kilometers from Flin Flon.

The Sherridon VMS Project contains the old Sherritt Gordon Mine containing the East and West Deposits that produced 8 million tonnes at 2% copper and 5% zinc down to a vertical depth of 447 meters.

Current Mineral Resources were recently updated for a NI 43-101 compliant, Indicated Resource for Cold, Lost, Bob and Jungle Deposits of 6.5 million tonnes grading 0.85% copper and 1.2% zinc, and an additional 15.9 million tonnes grading 0.68% copper and 0.84 % zinc as Inferred Resources with precious metal credits.

In 2008 the Indicated Resource Estimate for copper at the Bob, Cold, Lost and Jungle Deposits, for open pit ore stood at 41.5 million pounds. The drilling of 33 new holes across these same prospects increased the Indicated Resource Estimate of copper to 93.9 million pounds, or an increase of 126% in copper content. The metal content for both Indicated and Inferred Resources increased in total by about 30%.

At least 75% of these resources of approximately 16.8 million tonnes is potentially open pitable and may be able to be extracted at one third the cost of underground resources. All of these deposits lie within a 4 x 4 kilometer area and include the HBM joint venture ground at the Cold, Lost and Jungle Deposits.

Halo completed 2,600 line kilometers of high definition deep penetrating airborne geophysical survey over the Sherridon VMS Project in 2006. This technology known as VTEM is ideally suited to identify VMS targets and it outlined a massive U-shaped trend that extends for over 4,000 meters and includes the Cold and Lost Deposits that are measured at 500 and 800 meters, and outlined a large number of targets within that trend.

VTEM was utilized in the original discovery of high grade ore at the Lost Deposit. The Cold and Lost Deposits are currently open along strike in both directions, with additional VTEM targets adding potential breadth. Recent drilling in this area produced better than expected thickness and grades of up to 2% copper and 5.9% zinc over 11.8 meters. 2.7% copper and 4.1% zinc over 17.3 meters within 75 meters of surface.

The Bob Deposit, which is located 4 kilometers from the Cold and Lost Deposits, also has a cluster of VTEM anomalies along trend. The Bob lens is now the largest resource on the property with an Open Pit Indicated Resource of 2.2 million tonnes and an Open Pit Inferred Resource of 7.6 million tonnes for a total of 9.8 million tonnes. Bob is over 1,000 meters long and carries a very shallow overburden of 2 meters in one section.

Recent drilling more than doubled the size of this resource, with intersections up to 1.1% copper over 33 meters. New surface targets to the east of Bob carry values up to 3.3% copper over 2.8 meters. This new East lens now becomes a priority target in next round of drilling in fourth quarter.

A strong VTEM anomaly has also been identified at the Fidelity Prospect, where a historical drill hole intersected 7 meters at 2.6% copper and one drill hole in 2008 intersected 2.8% copper over 2.4 meters. At Sherlett Lake, which is 1 kilometer to the east of the HBM joint venture ground, multiple VTEM targets were identified.

Regional exploration across the property defined 120 airborne geophysical targets and identified 66 line kilometers of conductors. Many of these targets, like Fidelity, will require more drilling to prove up resources.

In September of this year, HudBay commenced a 1,250 meter drill program for 12 holes at the Lost Deposit to collect representative samples for metallurgical test work, where drilling in late 2009 and early 2010 generated intersections up to 2% copper and 6% zinc over 11.8 meters.

Most recent results from the September drilling program include 6.8 meters of 2.29% copper and 7.5% zinc with precious metals credits at open pit depth. This drilling confirms the presence of a thick, high grade plunging ore block that shows remarkable continuity over a strike length of 300 meters, at shallow depth. The deposit remains open to the north and this area will be drilled during the winter months. This work should provide a very substantial boost in metal content when the next resource estimate is completed.

Halo had previously completed preliminary metallurgical testing to recover 85-88% of copper and zinc, and produce a concentrate of 26.5-28% for copper and 25-31% for zinc. The metallurgical samples will be tested by HudBay to confirm that the Flin Flon concentrator can produce a saleable concentrate from them. Studies will also be conducted on the economics and technical issues related to gold and silver recovery.

Assuming that metallurgical studies are positive, HudBay has already confirmed that they will commence engineering studies in early 2011 to develop a simple, low cost, bulk mining effort, starting with shallow open pits. The Sherridon VMS project is just 65 kilometers from Flin Flon and is close to road, rail, water and power.

HudBay has also purchased a 70% interest in the Reed Lake discovery, owned by VMS Ventures (TSX.V:VMS) which is located approximately 65 kilometers to the south of the Sherridon VMS Project. This appears to a higher grade copper and zinc play, with VMS and its 30% interest capitalized at \$49 million.

Yet Halo is proving that its property has the potential to carry very significant additional tonnages of base and precious metals and is much closer to completing technical studies, mine plans, permitting and low cost mining operations, suggesting there is a very good chance that Halo's current market capitalization of \$12.5 million will be a thing of the past as HudBay moves to production at Lost and Cold.

Halo also intends to ramp up exploration activity across the Sherridon property and is initiating strategic studies to evaluate potential local production of base metal from the four defined copper zinc deposits.

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