

Halo Resources Makes Significant Strides at Sherridon VMS Property

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Author: Karl Loomes

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In terms of its stated strategy of acquiring, exploring and developing mineral properties with the greatest potential for value creation, **Halo Resources (TSX: HLO, FSE: HRL)** saw significant developments in May 2010 with regards to its key Sherridon VMS Property.

Firstly, the company announced the best ever intersection for the Sherridon property at its Cold deposit early in May; then mid-month Hudson Bay Mining and Smelting (HudBay) exercised its back-in option for the mineral lease that hosts Sherridon's Jungle deposit, and finally towards the end of the month Halo announced continued strong near surface mineralisation intersections at its Lost deposit.

While the two mineralization announcements have obvious and immediate benefits to the potential at the Sherridon project, and therefore to Halo itself, the exercising of the back-in options from HudBay also has a lot of potential to add value to the property, with significant investment expected to come through for the Jungle deposit over the next few years.

The Sherridon VMS Property covers almost 21,000 hectares in North West Manitoba, Canada, and hosts the past producing Sherridon Mine that was previously operated by Sherritt Gordon Mines from 1933 to 1950. The property currently consists of the Bob, Jungle, Cold and Lost deposits, all with mineralization focused in copper and zinc. The property is located 70 kilometres north east of the mining and metallurgical complex in Flin Flon operated by HudBay Minerals. In addition, Halo and HudBay signed a separate option agreement in December 2009 that allows HudBay to earn up to a 67.5% joint venture interest in a 1.1 sq. kilometre area that hosts the Cold and Lost mineralization.

Sherridon's Cold Lake deposit is 100% owned by Halo Resources, and is located 4 kilometres south west from the Bob Lake deposit and 6 kilometres south from the Park Lake deposit. Drilling has confirmed indicated and inferred mineral resources at the deposit, with a total of 0.36 million tons of indicated resource grading 0.83% copper, 1.72% zinc, 0.41 grams per ton (g/tn) of gold and 9.9 grams per ton of silver. Inferred resources at the site total 1.2 million tons grading 0.7% copper, 1.4% zinc, 0.3 grams per ton of gold and 9 gram per ton of silver.

Of greatest significance is that 70% of the resources defined by Halo are close to surface and amenable to open pit mining. Open pit mining costs are approximately one-third of underground costs and capital expenditures are orders of magnitude lower. This means that much lower grades are economic for near-surface resources relative to deeper deposits. The latest announcement from Halo showed an important intersection in the Cold Lake deposit, showing mineralization of 2.7% copper, 4.1% zinc, 47 grams per ton of gold and 2.6 grams per ton of silver, spanning 17.3 meters and close to surface.

Lynda Bloom, President and CEO, said of the find: "Halo has intersected its best intersection for the Sherridon VMS district at the Cold deposit. We are especially interested in the enhanced

precious metal grades” also noting “The Cold-Lost trend extends several kilometres northwest and southeast of the HudBay optioned area and Halo will continue to explore for gold-enriched VMS deposits in this area”.

A new geological interpretation is now in progress to determine the relationship between this latest high grade intersection and the original 2007 drilling finds.

Fifteen diamond drill holes were completed at the Jungle Lake deposit in 2007, covering 3,242 meters and confirmed the presence of near surface massive sulphides and improving the opportunity for open pit mining. This study, which complies with NI 43-101 standards, showed Jungle Lake containing an indicated 830,000 tons of resources grading 0.99% copper, 0.73% zinc, 0.39 grams per ton of gold and 6.7 grams per ton of silver. In addition to this, the report showed 1.3 million tons of inferred resources grading 0.9% copper, 0.6% zinc, 0.4 grams per ton of gold and 6.2 gram per ton of silver.

On May 12, Hudson Bay Mining and Smelting, a subsidiary of Hudson Bay Minerals Inc, exercised its back-in option for the mineral lease that holds the Jungle Lake Deposit. The option requires HudBay to expend C\$2.025 million prior to May 7, 2012 to earn a 51% interest in the deposit, upon which Halo and HudBay will form a 49:51 joint venture. Following this, the two companies will share all future exploration and other expenditures at the site, proportionate to their interests, and if HudBay does not incur the full expenditures, Halo will hold a 100% interest subject to a 2% Net Smelter Royalty (NSR) held by HudBay. The benefits to the project and Halo of this C\$2mln influx are obvious, as are the benefits of reducing expenditures at the site, and Lynda Bloom said “We are thrilled to have HudBay exercise its back-in option and advance the Jungle project”, suggesting in addition “It is also advantageous for Halo to have consolidated the Sherridon VMS district so that the exploration potential can be evaluated systematically. It is an exciting time for the company and its shareholders with many projects advancing concurrently”.

The Lost Lake zone is a new discovery on the Sherridon property, with all mineralization intersections within 150 meters of the surface. The original airborne survey in 2006 identified an 800 meter EM conductor, along which falls a 500 meter strike length between drill holes DH07-56 and DG07-57, and is one of the first of 122 targets for additional mineralization in the Sherridon property.

Five drill holes were completed in February this year for a total of 548 meters, carried out as part of HudBay’s work expenditures to maintain its interest and evaluate the economics of the deposit. The holes were designed to test the near surface extension of the mineralized zones and continuity of the nearly 400 meter strike length defined to date. The results showed mineralized intersections starting just 10 meters from the surface, and included up to 0.7% copper, 5.2% zinc, 4.8 grams per ton of gold and 1.1 gram per ton of silver.

This enhances the potential value of resources at the site and affirms the value of the company’s intention to explore new extensions at the project.

Lynda Bloom said: “Drilling results demonstrate both strong continuity and that mineralization projects to surface. Halo is pleased with the results of the in- fill drill program, and looks

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forward to the completion of HudBay's assessment.”, and suggested “Encouraged by good grades and enhanced precious metal concentrations, we are investigating the extensions of the Cold-Lost trend, where it continues on claims held 100% by Halo”.

Each of these announcements is encouraging for the potential future the projects which are all within a few kilometres of each other. The close proximity of the deposits, and the natural tendency of these types of VMS deposit to occur in clusters, is the reason that Halo is constantly evaluating the possibility of building an on-site concentrator. Halo intends to concurrently over the next few years develop additional high value deposits in their Sherridon VMS Property.

The improved prospects for the more explored deposit at Cold Lake, and the discovery of continued strong near surface mineralization at the newer Lost Lake deposit, both affirm the further potential of the Sherridon property as a whole, giving the potential for many more, similar deposits, to be found going forward.

At the same time, the exercise by HudBay of the back-in option looks set to reduce costs to Halo at the Jungle deposit and commits a large amount of finance to the site. The full extent to which these things will benefit Halo of course, remain to be seen, but at this stage however, it is at least fair to say, that May was a good month for Halo Resources.

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