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**TECHNICAL REPORT
ON THE
SHERRIDON VMS PROPERTY,
NORTH-CENTRAL MANITOBA, CANADA**

**PREPARED FOR HALO RESOURCES LTD. IN ACCORDANCE WITH
FORM 43-101F OF NATIONAL INSTRUMENT 43-101**

AREA: SHERRIDON, MANITOBA

NTS: 63N/02W & 63N/03E

**Prepared by:
K.J. Ferreira, M.Sc., P.Geo.
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TABLE OF CONTENTS

Item 3: Summary	1
Item 4: Introduction and Terms of Reference	4
Item 5: Disclaimer	4
Item 6: Property Description and Location	5
Item 7: Accessibility, Climate, Local Resources, Infrastructure and Physiography.....	9
Item 8: History.....	10
Item 9: Geological Setting	20
Item 10: Deposit Types.....	23
Item 11: Mineralization.....	24
Item 12: Exploration.....	28
Item 13: Drilling.....	28
Item 14: Sampling Method and Approach	28
Item 15: Sample Preparation, Analyses and Security	29
Item 16: Data Verification	29
Item 17: Adjacent Properties	29
Item 18: Mineral Processing and Metallurgical Testing.....	31
Item 19: Mineral Resource and Mineral Reserve Estimates	31
Item 20: Other Relevant Data and Information.....	31
Item 21: Interpretation and Conclusions.....	31
Item 22: Recommendations.....	34
Item 23: References	36
Item 24: Illustrations.....	39
Certificate of Qualification.....	50
Certificate of Consent	51

DRAFT – FOR REVIEW

List of Tables

Table 1: Mineral dispositions of the Sherridon Property	8
Table 2: History of exploration work on the Sherridon Property, Sherridon claims	13
Table 3: History of exploration work on the Sherridon Property, Sherridon East claims	16
Table 4: History of exploration work on the Sherridon Property, Meat Lake claims	17
Table 5: History of exploration work on the Sherridon Property, Quarter Moon Lake claims ..	18
Table 6: Historical estimates of significant mineral deposits located on the Sherridon Property	19
Table 7: Tectonic history of the south flank of the Kisseynew Domain from 1.845 to 1.77 Ga	23
Table 8: Characteristics of mineral deposits known on Halo’s Sherridon Property	26
Table 9: Historical estimates of significant mineral deposits located on properties adjacent to Halo’s claims	30
Table 10: Characteristics of known mineral deposits on properties adjacent to Halo’s Sherridon Property	30
Table 11: Proposed budget	36

List of Figures

Figure 1: Property Location	40
Figure 2: Mineral claims of the Sherridon Property	41
Figure 3: Location of Sherridon community boundary including subdivisions, locations of fenced or capped shafts, tailings area, and Sanitary Area	42
Figure 4: Electromagnetic conductors and drillholes shown in non-confidential assessment files for the region of the Sherridon claims	43
Figure 5: Electromagnetic conductors and drillholes shown in non-confidential assessment files for the region of the Sherridon East claims	44
Figure 6: Electromagnetic conductors and drillholes shown in non-confidential assessment files for the region of the Meat Lake claims	45
Figure 7: Electromagnetic conductors and drillholes shown in non-confidential assessment files for the region of the Quarter Moon Lake claims	46
Figure 8: The Trans-Hudson Orogen in the Flin Flon – Snow Lake – Sherridon area consists of the Flin Flon – Snow Lake belt and the adjoining Kisseynew belt	47
Figure 9: Geology of the Sherridon area. Locations of mineral deposits are shown..	48
Figure 10: Structural interpretation of the south flank of the Kisseynew domain	49

DRAFT – FOR REVIEW

ITEM 3: SUMMARY

Halo Resources Limited (“Halo”) holds 100% interest in 51 mineral claims totalling 9900 ha and an option to acquire an 80% interest in five additional mineral claims totalling 1072 ha, or 10972 ha in total, in the Province of Manitoba near the community of Sherridon, Manitoba about 65 km northeast of the city of Flin Flon, Manitoba. Halo staked the 51 mineral claims in which it holds 100% interest. The options for the other five were acquired through an agreement with Endowment Lakes (2002) Ltd. Collectively, Halo refers to these claims collectively as its Sherridon Property.

The Sherridon Property is prospective for volcanogenic massive sulphide (VMS) copper-zinc-(gold)-(silver) mineralization. Included in Halo’s claims is the past-producing Sherritt Gordon orebody, which Froese and Goetz (1981) describe as having contained 7.7 Mt grading 2.46% Cu, 0.80% Zn, 0.41 g/tonne Au and 42.0 g/tonne Ag. Halo’s ground includes the Cold Lake deposit (historical estimates: 240,000 tonnes with 1.05% Cu, 1.5% Zn, 0.34 g/tonne Au and 11.0 g/t Ag), and the Fidelity (or Jonah Lake) zone. Halo’s claims are contiguous with properties that contain the Park Lake and Jungle Lake copper-zinc deposits, owned by Hudson Bay Exploration & Development Co. Ltd., and the Bob Lake copper-zinc deposit, owned by W. Bruce Dunlop (NPL) Limited.

The Sherridon VMS Property is underlain by gneisses of the Kiseynew belt, which is a high grade metamorphic belt consisting of various complexly deformed felsic and mafic gneisses metamorphosed to upper amphibolite facies. The south flank of the Kiseynew belt, in which the Sherridon VMS Property is located, is underlain by deformed metamorphic equivalents of the Flin Flon – Snow Lake belt. This has particular relevance because the Flin Flon – Snow Lake belt, particularly parts of the Amisk Group, is well known for its copper-zinc massive sulphide deposits. Geological work done by government surveys over the past twenty years shows that deformation has displaced large packages of Kiseynew rocks from an original position more closely related to the Snow Lake VMS camp to its present-day position.

Among gneisses underlying the Sherridon Property are metamorphosed felsic to mafic volcanic, volcanoclastic and intrusive rocks that are considered equivalent with the Amisk Group of the Flin Flon – Snow Lake belt, and siliceous, pelitic and calc-silicate gneisses with an uncertain association (possibly equivalent in time with Amisk Group) that are known as the Sherridon Suite gneisses. These two groups of gneisses host

DRAFT – FOR REVIEW

most of the known VMS mineralization in the Kisseynew belt and represent prospective strata.

VMS orebodies tend to occur in clusters at or near the same stratigraphic horizon(s). Identifying stratigraphic equivalents and structural patterns that have displaced strata from their original positions are key components in identifying new mineralization on the Sherridon Property. It was recognized (by, e.g., Goetz, 1980; Zwanzig and Schledewitz, 1992) that Amisk rocks in the Kisseynew belt contain far more gneisses derived from felsic and mafic volcanic rocks, lithogeochemically similar to rhyolites and basalts that are typically associated with VMS deposits, than previously had been discerned. This also has relevance and positive implications for VMS exploration on the Sherridon Property.

Zones of cordierite-garnet-anthophyllite gneiss are reasonably abundant on the Sherridon Property; they are extensive, prominent and readily recognized in drill core and on outcrop. These gneisses are interpreted as metamorphic equivalents of hydrothermally altered rocks, and are considered positive criteria for the VMS potential of the area.

Halo recently acquired the property and is preparing to initiate an exploration program to identify and test VMS exploration targets on the Sherridon property. Halo plans a multifaceted exploration approach that integrates new deep-penetrating geophysical data with new and existing surface and near-surface geological information. The goal of this geological modeling combined with information from deeper-coverage geophysical data is to identify both potential extensions to known deposits and new “grass roots” drill targets.

The majority of exploration holes drilled on the property by previous operators have been only up to about 120 m deep. Deeper strata represent a great deal of ground with exploration potential for mineralization. A modern, deep-penetrating airborne electromagnetic survey over the entire Sherridon Property, a high-resolution aeromagnetic survey over the main Sherridon structural complex in the Sherridon area, and ground gravity surveys in selected areas of the property would be done to locate exploration targets. A combination of geological techniques including detailed structural geology analysis, lithogeochemistry, and targeted stratigraphic mapping would be used to interpret the targets for preference in drill testing. The availability of abundant near-

DRAFT – FOR REVIEW

surface structural and drillhole data, especially in the vicinity of Sherridon, represents a significant asset to model the complex geology of the area. The geological analysis would be done to resolve the effects of multiple deformation and metamorphism on the rocks, and to trace favourable stratigraphic horizons.

Phase One would include the airborne geophysical work and geologic modeling. Proposed costs for Phase One total \$1,120,000. Phase Two would include diamond drilling of exploration targets identified and prioritized in Phase One. Proposed costs for Phase Two activities total \$4,110,000. Proposed costs for both phases total \$5,235,000.

DRAFT – FOR REVIEW

ITEM 4: INTRODUCTION & TERMS OF REFERENCE

The Sherridon Property is located approximately 65 km northeast of the city of Flin Flon, Manitoba near the Northern Affairs Community of Sherridon, Manitoba and the adjacent community of Cold Lake (Fig. 1). The area is underlain by the south flank of the Kiskeynew gneiss belt. The Sherridon Property has demonstrated potential for copper-zinc volcanogenic massive sulphide deposits, and includes the past-producing Sherridon copper-zinc mine, the Cold Lake copper-zinc deposit, the Fidelity copper-zinc zone and numerous other locations with known copper-zinc mineralization.

The purpose of this report is to provide an independent technical report compliant with NI43-101 on mineral claims owned or optioned by Halo Resources Ltd. (“Halo”) in the Sherridon area of Manitoba collectively referred to by Halo as the Sherridon VMS Property. The author carried out a site visit on December 13 and 14, 2005. During the site visit and preparation of this report, discussions were held with Eckart Buhlmann, Buhlmann & Associates of Flin Flon, Manitoba, consultant to Halo Resources Ltd., who will carry out Halo’s exploration program on the Sherridon VMS Property, and with Tom Healy, Senior Vice-President and Chief Operating Officer of Halo Resources Ltd. The information contained in this report is compiled mostly from Manitoba Government non-confidential assessment files and published literature on the Sherridon area; sources of information are cited as presented in the report.

ITEM 5: DISCLAIMER

The author has relied on the contents of various assessment reports, Manitoba government compilations, and geological literature in the public domain to describe past exploration work on the property. These reports are cited where appropriate in the items below. References to mineral dispositions, namely hectrages and notable dates, are taken from Manitoba Mines Branch mineral title descriptions. The author has relied on Halo to provide full information about the current legal title of the property, property agreements and any other corporate dealings, and environmental status of the property.

At the date of this report, interpretations, opinions and data presentations contained within the report are based on the following: data and information made available to the author by Halo at the time of preparation of this report; reports and opinions supplied by sources cited as references; and assumptions and qualifications as noted in this report.

All descriptions of mineral resources cited in this report are presented as historical estimates and use historical terminology of these estimates. These citations are given to provide an historical frame of reference. The author has not carried out work to classify these historical estimates under current mineral resource or mineral reserve terminology. The historical estimates

DRAFT – FOR REVIEW

are not meant to be interpreted as current estimates as defined in section 1.2 and 1.3 of NI43-101 and should not be relied upon.

ITEM 6: PROPERTY DESCRIPTION AND LOCATION

The Sherridon Property includes 56 mineral claims that total 10972 hectares (Table 1, Fig. 2). The Sherridon Property holdings are informally subdivided by Halo Resources Ltd. in four groups: the Sherridon, Sherridon East, Meat Lake, and Quarter Moon Lake. These subdivisions are for the convenience of the company only, and do not reflect any regulatory designation by the Manitoba Government; maps and tables presented later in this report will usually refer to these four groups. The Sherridon and Sherridon East claims are contiguous. The Meat Lake and Quarter Moon Lake claims are contiguous. The Sherridon East claims are separated from the Elm claims of the Quarter Moon Lake claims by a distance of 1 km.

The Sherridon Property is in The Pas Mining Division of Manitoba, in NTS areas 63N/02 NW and 63N/03 NE, with a small portion of the claims extending into 63N/02SW and 63N/03SE. The main shaft of the past-producing Sherridon Mine is located at 55°08'22"N 101°06'25"W. The centre of the Meat Lake claims is located at about 55°08'N 100°48'W (Fig. 2).

The Halo, East and Meat claims were staked and are held by Halo. Continued ownership of these claims by Halo is subject to meeting work commitments set forth by the Mines and Minerals Act of Manitoba and its accompanying Regulations.

The Quarter Moon Lake claims (i.e., Elm 7, Elm 8, Elm 9, Elm 10 and Elm 12) were optioned by Halo from Endowment Lakes (2002) Limited Partnership ("EL") in an agreement dated February 9, 2005. Halo has the right to acquire an 80% interest in the Quarter Moon Lake claims if it meets the terms of the agreement. Under terms of the agreement between Halo and EL, Halo is entitled to earn an initial 51% interest in the Quarter Moon Lake claims by paying \$80,000 cash and 100,000 common shares, with half of the cash and common shares due upon regulatory approval of the transaction and half due on the 1st anniversary of the agreement, and by completing a minimum aggregate work commitment of \$500,000, of which at least \$250,000 is to be completed in the 1st year and the remaining \$250,000 before the end of the 2nd year. Halo may earn an additional 29% interest by providing notice after the initial earn-in, paying an additional \$40,000 and 50,000 common shares on or before the 2nd anniversary of the date that the initial "First Option Period" (i.e., the earn-in of the 51% interest) is exercised, and by carrying out an additional \$1.5 million in exploration and development. Halo will be responsible for advancing the property to production and will recover all costs out of production; after that, profits would be shared on an 80/20 basis. EL retains a 1% net smelter royalty which Halo can purchase for \$1.0 million.

DRAFT – FOR REVIEW

The Crown owns surface rights for the areas covered by all of the claims except for the claims within the Sherridon Community Boundary, namely Halo 15, -16, -17, -18, 19, -20, and -21. Within subdivisions of the Sherridon Community Boundary, surface rights are held by a variety of parties, including private individuals, commercial enterprises, the community council; some lots are under the jurisdiction of the Crown Lands Branch. Zoning, development and other matters are covered in the Sherridon Community Council Land Use Policy, which was implemented by Manitoba Northern Affairs (1991). The Kississing Lake Management strategy, implemented in 1986 and formally supported in the Sherridon Community Council Land Use Policy, was developed to protect water quality of Kississing Lake and its surrounding environs in order to encourage and maintain the tourist recreational industry.

The mineral claims have not been legally surveyed.

Figures 4 and 5 show the locations of known mineral resources on the property, the waste tailings, and fenced or capped shafts and openings from former mining operations of the Sherritt Gordon Mine. Several copper-zinc volcanogenic massive sulphide (VMS) deposits are known on or directly adjacent to Halo's Sherridon claims (See Item 10). The past-producing Sherridon Mine, the Cold Lake deposit, and the Fidelity zone (also known as Jonah Lake zone) occur on Halo's property. Claims containing the Park Lake deposit, owned by Hudson Bay Mining & Smelting Co., Ltd., are contiguous with Halo's claims in the Sherridon area. The Bob Lake deposit, owned by W. Bruce Dunlop Limited (NPL), is surrounded by Halo claims. The mineral lease containing the Jungle Lake deposit, owned by Hudson Bay Mining & Smelting Co., Ltd., is contiguous with Halo ground in the Sherridon East area. The claim containing the Ake Zone, owned by W. Bruce Dunlop Limited (NPL), is contiguous with Halo ground in the Meat Lake area.

Capped or fenced shafts and mine openings, tailings area, and other relicts of the mining operation that ceased in 1952 are present in and around the community of Sherridon (Fig. 3). Halo is in receipt of a letter of indemnification from the Manitoba Director of Mines that "confirms that Halo, or its potential development partners, will not be held liable or responsible for any environmental contamination or degradation of or alteration to the natural environment which presently exists or can be shown to exist or to have occurred" prior to Halo's ownership of the claims, under authority of clause 127(2) of The Mines and Minerals Act, which states "Where rehabilitation of land is required in respect of work performed on the land before April 1, 1992 under a mineral lease that expired or was surrendered or cancelled before that date, (a) the person who held the mineral lease is as liable for the rehabilitation as he or she would have been if this Act had not been enacted; and (b) notwithstanding clause (1)(b), where the land or any part of the land is staked and recorded under this Act on or after April 1, 1992, the holder of the claim or of a mineral lease issued in respect of the land or any part of the land is not, subject to clause (a), liable under this Act for the rehabilitation." The same letter advises that Halo may use an existing report prepared in November 2004 by UMA Engineering Ltd. and Senes Consultants Ltd. as a baseline environmental impact study for the purposes of identifying the existing environmental conditions

DRAFT – FOR REVIEW

of the tailings area, but that Halo may need to update or upgrade the report with additional work if Halo plans work in the immediate area of the tailings.

Exploration operations on the property are subject to the usual laws that regulate mineral exploration and development throughout the Province of Manitoba, including the Mines Act and its Regulations and the Environment Act. A work permit is required from Manitoba Conservation to undertake field work. The federal Department of Fisheries and Oceans recommends that proponents obtain a letter of advice where exploration work is planned in areas with fish habitat.

Claims Halo 7, -8, -9, -10, -11, -12, -13, -14, -15, -16, -17, -20, -21 and East 1, -2, or parts of these claims, lie within a Sanitary Area designated by Manitoba's chief medical officer of health under the authority of the Sanitary Areas Regulation of the Public Health Act. Sanitary Areas are designed to ensure water quality in a community. If a proponent plans to conduct an activity within a Sanitary Area that may impact water quality by either depositing material into the water or establishing a camp or buildings for commercial purposes (including mining), then the proponent must obtain written permission from the Minister of Health or the chief medical officer of health.

Six claims (Halo 15, -16, -17, -18, -19, -20, and -21) lie within the Sherridon Community Boundary. Of these claims, Halo 18, -19 and -21 include areas designated as Sherridon Subdivisions. Written consent was granted prior to staking by the Minister of Mines to stake and apply for mining claims within the subdivisions of Sherridon and Cold Lake. This written consent, as well as support for mining exploration and development within the community, was supported in a letter from Sherridon Community Council to the Director of Mines.

DRAFT – FOR REVIEW

Table 1: Mineral dispositions of the Sherridon Property.

Name	Number	Area (ha)	Recorded	Expires	Holder
Sherridon claims (21 claims):					
Halo 1	MB6184	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 2	MB6185	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 3	MB6186	236	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 4	MB6187	111	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 5	MB6188	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 6	MB6189	252	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 7	MB6190	247	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 8	MB6191	253	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 9	MB6192	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 10	MB6193	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 11	MB6194	247	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 12	MB6195	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 13	MB6196	148	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 14	MB6197	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 15	MB6198	256	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 16	MB6199	250	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 17	MB6023	233	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 18	MB6024	96	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 19	MB6048	64	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 20	MB6049	72	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Halo 21	MB6050	70	2005-Oct-14	2007-Dec-13	Halo Resources Ltd.
Subtotal		4327 ha			
Sherridon East claims (16 claims):					
East 1	MB6251	90	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 2	MB6252	100	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 3	MB6253	64	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 4	MB6254	90	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 5	MB6255	190	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 6	MB6256	224	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 7	MB6257	216	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 8	MB6258	76	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 9	MB6259	96	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 10	MB6260	212	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 11	MB6261	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 12	MB6262	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 13	MB6263	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 14	MB6264	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 15	MB6265	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
East 16	MB6266	120	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Subtotal		2758 ha			
Meat claims (14 claims):					
Meat 1	MB6200	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 2	MB6267	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 3	MB6268	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 4	MB6269	220	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 5	MB6270	253	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 6	MB6271	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 7	MB6272	256	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 8	MB6273	200	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 9	MB6274	218	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 10	MB6275	40	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 11	MB6308	184	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 12	MB6309	160	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 13	MB6310	100	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Meat 14	MB6311	160	2005-Nov-30	2008-Jan-29	Halo Resources Ltd.
Subtotal		2815 ha			

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DRAFT – FOR REVIEW

Table 1 continued...

Name	Number	Area (ha)	Recorded	Expires	Holder
Quarter Moon Lake claims (5 claims):					
Elm 7	MB3636	256	2002-Jul-08	2007-Sep-06*	Endowment Lakes (2002) Ltd.
Elm 8	MB3637	256	2002-Dec-18	2007-Feb-16*	Endowment Lakes (2002) Ltd.
Elm 9	MB3638	128	2002-Dec-18	2007-Feb-16	Endowment Lakes (2002) Ltd.
Elm 10	MB3639	176	2003-Feb-12	2007-Apr-13	Endowment Lakes (2002) Ltd.
Elm 12	MB3456	256	2002-Feb-12	2007-Apr-13*	Endowment Lakes (2002) Ltd.
* In addition, work credits totalling \$268,288.99 remain available to be applied to keep ground in good standing.					
Subtotal		1072 ha			
Total for all claims		10972 ha			

ITEM 7: ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE & PHYSIOGRAPHY

The Sherridon Property is located approximately 65 km northeast of the city of Flin Flon, Manitoba near the Northern Affairs Community of Sherridon, Manitoba and the adjacent community of Cold Lake (Fig. 1). Year-round access to Sherridon (population ~115) is by a gravel road that extends 78 km from Provincial Highway 10, from approximately 15 km north of the community of Cranberry Portage. East of Sherridon, the claims can be accessed in the summer by float plane, and parts by quad trails and boat. In the winter, these claims are accessible by snowmobile or ski-plane. Winter roads, logging roads and trails are available throughout the area.

The Sherridon area is typical of the Precambrian boreal forest in Manitoba. Relief is generally low, with rolling hills separated by lakes and swamps. Glacial overburden is relatively thin, generally less than 10 metres. The claims that constitute the Sherridon Property are located at approximately 300-340 m above mean sea level. Upland areas are forested by jackpine, poplar and white spruce; lowlands have abundant black spruce and tamarack. Flin Flon and The Pas are the nearest places for which climate data are maintained by Environment Canada; their data are similar, and are averaged here to provide information about the Sherridon area: Average daily temperatures range from about 18°C in July to -20.5°C in January. Annual rainfall totals about 330 mm; annual snowfall totals about 135 cm. For areas with road access, exploration may continue throughout the year. In more remote parts of the property, exploration may be carried on year-round with interruptions for freeze-up and spring thaw of the waterways.

Power lines, owned and operated by Manitoba Hydro, and a rail line, operated by Hudson Bay Railway Company, a subsidiary of OmniTRAX Canada, go through Sherridon. In addition to the Sherridon road, numerous active logging roads and trails transect the project area. Sufficient water for exploration, and potentially for mining, operations is readily available in many lakes in the area. Flin Flon (population ~6500), Cranberry Portage (population ~1000) and The Pas

DRAFT – FOR REVIEW

(population ~5800) all have well-developed road, rail, and air transportation and businesses that service the mining, forestry, recreation, and commercial fishing industries.

ITEM 8: HISTORY

Data presented in this section are summarized mainly from the following sources: (1) Mineral Deposit Series Reports published by Manitoba Energy and Mines, namely Ostry & Trembath (1992) and Ostry et al. (1998); (2) Mineral Inventory Cards prepared and maintained by the Minerals Division of Manitoba Industry, Economic Development and Mines; and (3) assessment files that have been released from confidentiality after the time of Ostry's compilation; and (4) other sources cited as appropriate. These represent the publicly available information about past exploration in the area. Exploration by Sherritt Gordon Mines Limited on its mineral leases and claims during its time of activity in the Sherridon area (*i.e.*, mostly the 1930's to 1950's) was not subject to regulatory reporting to the Mines Branch.

Prospecting in the Sherridon area dates back to the early 1920's, not long after the Flin Flon copper-zinc deposit and other mineralization in the Flin Flon area was discovered. Many claims were held by various parties through the years; exploration on the Property reported by previous owners is summarized in Tables 2, 3, 4 and 5 and Figures 4, 5, 6, and 7.

Claims that were staked, but had no work filed for assessment, are not included in the exploration history of this report. In the last twenty years, claims of this nature were held by numerous parties including (but not limited to) Aur Resources Ltd., Foran Mining Corporation, Esso Minerals Canada, Homestake Mining (Canada) Limited, Varna Gold Inc., Granges Exploration Ltd., Noranda Exploration Company Limited, and a number of prospectors.

The Sherritt Gordon deposit was discovered and first staked by prospector Philip Sherlett in 1922. Claims lapsed in 1924 and were restaked by other parties. Sherritt Gordon Mines, Limited, was formed in 1927 to explore, develop, and mine the property (Brown, 1933). The Sherritt Gordon mine at Sherridon operated from 1931 to 1932 and 1937 to 1951 (Farley, 1949; Ostry & Trembath, 1998). Production took place from the West Lens from 1931 to 1932 and 1937 to 1951; production took place from the East Lens from 1940 to 1946. A total of 166 093 tonnes copper, 135 108 tonnes zinc concentrate (50%), 2867 kg gold and 91 320 kg silver were extracted from 7 737 936 tonnes mined (Mineral Inventory Card 63N/3 Cu3). As mine closure at Sherridon became imminent, Sherritt Gordon Mines, Limited, began moving most of the buildings and equipment from Sherridon to Lynn Lake, Manitoba, approximately 260 km away, where it was opening a nickel mine. From 1946 to 1953, Sherritt Gordon Mines, Limited, moved more than 200 buildings via tractor train over a winter road (Fogwill and Bamburak, 1987).

From 1924 to 1977, the ground near the Sherritt Gordon deposit was covered by mineral leases owned by Sherritt Gordon Mines Limited. Bateman (1945) notes that Sherritt "engaged in

DRAFT – FOR REVIEW

geological mapping, carried out an extensive geophysical survey of the northern claims, and undertook considerable exploratory diamond drilling”; Sherritt’s work is not included in government assessment files. Hudson Bay Exploration & Development Co. Ltd. restaked the ground in 1977 and held it until 1994. HBED’s filed assessment work is included in Table 2 and Figure 4. The ground was open for staking from 1994 to 1997. Peter C. Dunlop staked the ground in 1997 and held it until 1999. From 1999 to 2002 the area near the deposit was held by W. Bruce Dunlop (NPL) Limited. Some prospecting work was done adjacent to the old tailings area (Table 2, A.F. 94722). The ground was open for staking from 2002 to 2005, when Halo staked it.

The Sherridon East and Meat Lake areas had a similar history with many early prospectors’ claims. Parts were covered by Sherritt Gordon Mines Limited mineral leases, which lapsed at various times in the 1950’s and 1970’s. Hudson Bay Exploration & Development Co. Ltd. carried out the most widespread work throughout the intervening period, mostly by coverage with horizontal loop electromagnetic and magnetic surveys, generally using coil separations of 400 ft. [120 m] for the HLEM surveys. HBED drilled numerous holes to test conductors throughout the area, which are included in Table 3 and Figure 5. Most of these holes were about 120 m or less in length. Various other parties held claims in the area throughout the 1980s and 1990s. Much of the exploration focus during this period was gold exploration.

The area of the Quarter Moon Lake claims was similarly held by numerous prospectors through the years. Emphasis in this area has traditionally been toward gold exploration closer to the Nokomis Lake deposit southeast of Halo’s property.

On the Quarter Moon Lake property, the most recent work was done in 2003-2005 by Endowment Lakes (2002) Ltd., the company from whom Halo optioned claims Elm 7, 8, 9, 10 and 12. Buhlmann (2004a) details geochemical survey work that included seven lake sediment samples from claim Elm 12, 1 stream sediment sample from claim Elm 7, six soil samples from claim Elm 7, and 21 lithogeochemical samples from claims Elm 7 and Elm 12. The samples were collected to follow-up a regional gold-arsenic lake sediment anomaly noted by the Geological Survey of Canada (1986). The lithogeochemical samples contained up to 159 ppb gold, up to 36 ppm tungsten, and up to 14.4% MgO in amphibolite. Further geochemical work and prospecting in the area of these anomalies led to the discovery of the Emily gold prospect, 250 m upstream from the stream sediment anomaly (Buhlmann, 2004b). Further work continued in 2004 with additional soil geochemical sampling to better characterize the rock units in the area and prepare for additional ground follow-up (Buhlmann, 2005). Four cuts were channel sampled (total 24 samples) with a diamond saw in May 2005; best values were 8.7 g/t Au over 0.4 m in one pit and 7.2 g/t Au over 0.5 m in another (Buhlmann, 2006). Nineteen holes totalling 1215 m were drilled in May and June 2005 to test the showing at depth; a discontinuous area, approximately 200 x 30

DRAFT – FOR REVIEW

m, was outlined that contained, on average, about 1 g/t Au over about 1 m (Buhlmann, 2006). Further drilling on the Emily prospect was not recommended (*ibid.*)

Mineral resources known on the property are summarized in Table 6. All descriptions of mineral resources cited in this report are presented as historical estimates and use historical terminology of these estimates. These citations are given to provide an historical frame of reference. The author has not carried out work to classify these historical estimates under current mineral resource or mineral reserve terminology. The historical estimates are not meant to be interpreted as current estimates as defined in section 1.2 and 1.3 of NI43-101 and should not be relied upon.

DRAFT – FOR REVIEW

Table 2: History of exploration work on the Sherridon Property, Sherridon (Halo) claims.

Note that some of the assessment files contain drill or geophysical results for additional work not done on Halo ground. Only drillholes done on Halo ground are reported in this table.

Year	Company	Claims/Location	Work Done	Work Reference
1925-1926	Nipissing Mines Company, Limited	Sherritt Gordon claim group	28 ddh (total 1514 m) outlined 408 000 tonnes grading 2.86% Cu, 3.3% Zn later to be mined as SHERRITT GORDON MINE	Early work detailed by Mineral Inventory Card 63N/3 Cu3 and Ostry et al. (1998)
1927-1976	Sherritt Gordon Mines, Limited	Sherritt Gordon claim group	East lens: 10 ddh (“shallow”) in 1927, 116 holes (details unknown) in 1928-1929 Shaft sinking in 1928-1929; mining from 1931-1932 and 1937-1951	
1928	Ramon Mining Corporation Limited	Found L. (S shore)	305 m trenching, 5 or 6 ddh (939 m); 8-16 m heavily mineralized, shows copper sulphides from 33 to 37 m	
1928-1929	Cold Lake Mines Limited	Cold L.	radiore survey & DDHs (details unknown)	
1928	Manitoba Basin Mining Co., Limited	Narrows L.	prospecting	
1930-1958	Sherritt Gordon Mines, Limited & various prospectors		numerous claims staked; work unknown	
1940	Sherritt Gordon Mines, Limited	Duke claim, N of Cree L.	drilling (details unknown)	
1942	Sherritt Gordon Mines, Limited	425-580 m N of West Zone	2 DDH: one hole 2.80% Cu, 4.00% Zn / 3.2 m at 614 m; other hole 1.04% Cu, 1.70% Zn / 1.4 m at 670 m	Sherritt Gordon Mines, 1942 Annual Report
1948	Sherritt Gordon Mines, Limited	Fidelity/Jonah L.	DDH Bar 3 (127 m) + 3 ddh (DDH 2A, 4, 6; total 374 m; logs not available)	A.F. 90669
1951	Hudson Bay Exploration & Development Co. Ltd.	(area of later Mike claims?)	“some diamond drilling”	reported in A.F. 93745
1954	Eldorado Mining and Refining Limited	regional survey	airborne radiation survey	A.F. 91616
1955	Cyprus Exploration Corporation, Limited	Cold L.-Cree L.	EM survey, DDH 1 to 5 (total 447 m)	A.F. 90673
1955	Noranda Mines Limited	Paymaster claims, Cree L.-Singsing L.	EM survey; 2 ddh (DDH 2, 3; details not complete)	A.F. 90672 A.F. 90670
1957-1958	Hudson Bay Exploration & Development Co. Ltd.	Nok claims	HLEM & magnetometer surveys; 5 DDH (N1 to N5; 318 m)	A.F. 91598
1958-1963	Hudson Bay Exploration & Development Co. Ltd.	Park L., Singsing L., Par claims, Fin claims	HLEM survey; 3 ddh (F10, F11, F12; total 119 m); DDH P7, P9, P11, 48, 50, 52, 54, 56, 57 (details incomplete)	A.F. 91598 A.F. 98825
1963-1977	Fidelity Mining Investments Limited	Cree L., Bar claims	claims staked in 1963; EM and magnetic survey; 22 ddh (DDH 1, 2, 3, 22, 23, 26, 30, 35, 36, 39, 45, 48 to 55, 55A, 56 to 58; total 2837 m) in 1965-66; FIDELITY ZONE DISCOVERED	A.F. 93118 A.F. 92007

DRAFT – FOR REVIEW

Table 2 continued...

Year	Company	Claims/Location	Work Done	Work Reference
1966-1979	Valray Explorations Limited	Nich, Sing and Don claims, Cree L.-Singsing L.	EM (Sharpe S-250) & magnetic (Sharpe MF1 fluxgate) surveys; DDH 1, 2, 3, 4, 6 (total 539 m); diss cpy-po in garnetiferous hbl gneiss; minor py-gf-po-cpy in gabbro	A.F. 90676 A.F. 92055 A.F. 90675 A.F. 92056
1967-1968	Kimberly Copper Mines	Mat claims, Park L.	magnetic, EM-16 surveys; 4 ddh (6, 7, 8, 9; total 310 m)	A.F. 90674 A.F. 90663
1972	Sherritt Gordon Mines Ltd.	63N2W, 63N3E	airborne EM and magnetometer survey; flight lines oriented NE, 0.4 km line spacing "modified Hunting-type" EM system, total field magnetic (mag. results not plotted)	A.F. 91695
1973-1974	Sherritt Gordon Mines, Limited	E of Jonah L.	magnetic (Scintrex MF2) & HLEM (Geonics EM-17) surveys; mapping near Bob L. deposit	A.F. 92009 A.F. 92006 A.F. 99524
1976-1982	Hudson Bay Exploration & Development Co. Ltd.	Mike claims	claims staked, airborne EM & ground geophysical surveys, 1979: 8 ddh (SH-23 to SH-30; total 817 m) to test HLEM anomalies away from the Cold Lake Zone; 1981-82: linecutting, EM (Max-Min II; coil separation = 120 m) and magnetometer surveys; 1982: 6 ddh (She-31, -32, -33, -34, -35, -39; total 950 m) drilled to investigate downplunge of Cold Lake Zone to NE; 1985: 1 ddh (86 m) on untested part of Cold Lake Zone; intersected narrow well mineralized bands py + po; Cu up to 0.89%/0.46 m & Zn up to 1.2%/0.9 m	A.F. 94519 A.F. 93974 A.F. 93745 A.F. 93384 A.F. 70285
1980	Shell Canada Resources Limited	63N/2, parts of 63N/3 & 63N/1	geological compilation map (1:125000)	A.F. 92513
1979-1988	Hudson Bay Exploration & Development Co. Ltd.	She claims, Found L., Cree L., Singsing L., Transit L., Sherlett L.	claims staked; linecutting & EM (Max-Min II; coil separation = 120 m) in 1980-82; EM survey, 1980: 4 ddh (DDH She-71, -72, -73, -80; total length unknown); 1982: 4 ddh (total 406 m); 1983: DDH She-49 (119 m), She-50 (91 m) to test EM conductors; 1985: 2 ddh (She-65, -66; total 190 m) to test untested geophysical targets; 1986: 4 ddh (She-67 to She-70; total 505 m); 1987: 10 ddh (total 955 m); 1988: 3 ddh (DDH She-81, -82, -83; total 249 m); gf-py-po mineralization; some drillholes have bands of po-py-(cpy)-(sph) in altered gneiss	A.F. 93380 A.F. 92972 A.F. 93340 A.F. 93391 A.F. 93341 A.F. 93395 A.F. 93390 A.F. 92972
1994	Noranda Exploration Company, Limited	Moose claims, east of Singsing L.	mapping; intensely altered felsic volcanic rocks capped by gabbro flow/sill	A.F. 93915

DRAFT – FOR REVIEW

Table 2 continued...

Year	Company	Claims/Location	Work Done	Work Reference
1997	Hudson Bay Exploration & Development Co. Ltd.	Ruz claim, Cree Lake	DDH RUZ001 (167 m) to test SPECTREM conductor; magnetometer & fixed-loop surface-pulse EM survey; 2.8 m tr-50% po, tr-15% py; bio-fs-gar-amph schists to gneisses	A.F. 94571 A.F. 94572
2000	W. Bruce Dunlop Limited NPL	Newhope 973 (MB819) on the east side of old tailings	prospecting, trenching, stripping	A.F. 94722

A.F. – Assessment File; DDH – diamond drillhole; po – pyrrhotite, py – pyrite, sph – sphalerite, cpy – chalcopyrite, gf – graphite, bio – biotite, fs – feldspar, gar – garnet, amph - amphibole

DRAFT – FOR REVIEW

Table 3: History of exploration work on the Sherridon Property, Sherridon East claims.

Note that some of the assessment files contain drill or geophysical results for additional work not done on Halo ground. Only drillholes done on Halo ground are reported in this table.

Year	Company	Claims/Location	Work Done	Work Reference
1954	Eldorado Mining and Refining Limited	regional survey	airborne radiation survey	A.F. 91616
1957-1958	Hudson Bay Exploration & Development Co. Ltd.	Nok claims, Star Lake	ground HLEM survey (instrumentation, coil spacings not given); conductors identified; 6 ddh (N76, N85, N87, N91, N97, N99; total 508 m) tested the conductor; po-py-(cpy) hosted by qtz-plag-hbl±gar±bio gneiss or qtz-bio±(chl) gneiss	A.F. 98808 A.F. 98809 A.F. 91598
1957-1958	Hudson Bay Exploration & Development Co. Ltd.	Fin claims, SW of Jungle L.	ground HLEM survey (instrumentation, coil spacings not given); conductors identified; 5 ddh (F5, F6, F7, F8, F9; total 469 m) to test conductors; diss py±po±gf near qtz-fs gneiss & amphibolite contact	A.F. 98808 A.F. 98809 A.F. 91598
1957-1958	Hudson Bay Exploration & Development Co. Ltd.	Elken L.	geological mapping; loop-frame EM; 16 ddh (N7 to N21,N26,N27; total 1757 m) tested the conductors	A.F. 91459 A.F. 91598 A.F. 90667
1967-1968	Kimberly Copper Mines	Elken L.	magnetic, HLEM, VLF-EM surveys, 7 ddh (1,2,3,5,10,11,12; total 741 m)	A.F. 90674 A.F. 90663
1972	Sherritt Gordon Mines Ltd.	63N2W, 63N3E	airborne EM and magnetometer survey; flight lines oriented NE, ¼ mile line spacing "modified Hunting-type" EM system, total field magnetic (mag. results not plotted)	A.F. 91695
1979-1988	Hudson Bay Exploration & Development Co. Ltd.	She claims, Found L., Cree L., Singing L., Transit L.	linecutting, EM (Max-Min II; coil separation 500'); conductors identified; 2 ddh (total 191 m) in 1982; gf-py mineralization	A.F. 93219 A.F. 93391
1980	Shell Canada Resources Limited	63N/2, parts of 63N/3 & 63N/1	geological compilation map (1:125000)	A.F. 92513
1980	Selco Mining Corporation Limited	Parts of 63N/2	Questor airborne MK VI INPUT survey	A.F. 92921
1979-1982	Elken Exploration Ltd. (a subsidiary of Selco)	Star L., Elken L., Molly L.	airborne EM and magnetometer survey; reconnaissance geology, VLF-EM survey HLEM, magnetometer surveys; 1 ddh (32-9-1; 52 m); py stringers & asp vein	A.F. 92921 A.F. 92940 A.F. 92549 A.F. 92547
1983-1991	Noko Resources Ltd./ Catear Resources Ltd.	Angie claims, Elken Lake	prospecting, mapping, trench samples	A.F. 93080 A.F. 93255
1994	Noranda Exploration Company, Limited	Erik & Rub claims, Elken L., NE of Molly L., W of Star L.	mapping; intensely altered felsic volcanics association with barren, well drilled, massive po	A.F. 93915

A.F. – Assessment File; DDH – diamond drillhole; diss – disseminated; po – pyrrhotite, py – pyrite, sph – sphalerite, cpy – chalcopyrite, gf – graphite, qtz – quartz, plag – plagioclase, hbl – hornblende, gar – garnet, bio – biotite, chl – chlorite

DRAFT – FOR REVIEW

Table 4: History of exploration work on the Sherridon Property, Meat Lake claims.

Note that some of the assessment files contain drill or geophysical results for additional work not done on Halo ground. Only drillholes done on Halo ground are reported in this table.

Year	Company	Claims/Location	Work Done	Work Reference
1954	Eldorado Mining and Refining Limited	regional survey	airborne radiation survey	A.F. 91616
1956-1957	Britannia Mining & Smelting Co. Ltd.	on east edge of present-day claims Meat 13, -14	HLEM, prospecting	A.F. 90650 A.F. 90651
1957	Hudson Bay Exploration & Development Co. Ltd.	Fin & Nok claims, Jungle-Star-Meat L. area	ground HLEM survey	A.F. 98808 A.F. 98809
1972	Sherritt Gordon Mines Ltd.	63N2W, 63N3E	airborne EM and magnetometer survey; flight lines oriented NE, ¼ mile line spacing "modified Hunting-type" EM system, total field magnetic (mag. results not plotted)	A.F. 91695
1979	Elken Exploration Ltd. (a subsidiary of Selco)		airborne EM and magnetometer survey	A.F. 92921
1980	Shell Canada Resources Limited	63N/2, parts of 63N/3 & 63N/1	geological compilation map (1:125000)	A.F. 92513
1980	Shell Canada Resources Ltd.	N of Meat L.	helicopter EM and magnetometer survey; E-W flight lines, ¼ mile line spacing, Sander EM-3A EM instrument, Sander NPM-5 proton precession magnetometer; geological compilation map (1:125000)	A.F. 92513
1981	Hudson Bay Exploration & Development Co. Ltd.	CB299, CB2985, CB10616	magnetometer survey	A.F. 93220
1979-1988	Hudson Bay Exploration & Development Co. Ltd.	She claims	linecutting, EM (Max-Min II; coil separation 500') in 1981; linecutting, EM (Max-Min II; coil separation 500') in 1984; conductors identified, drilling recommended	A.F. 93219 A.F. 93218
1985	Noko Resources Inc./Catear Resources Ltd.	Bat claims, west of Batty Lake	prospecting, limited litho geochemistry and soil sampling	A.F. 93820
1987	Noko Resources Inc.	Bruce claims, Walton-Star Lakes	prospecting, limited B-horizon soil sampling	A.F. 92924
1994	Manitoba Mineral Resources Ltd.	claims Sherri 1-6, west of Ake Zone	mapping (1:1250), limited litho geochemistry	A.F. 93717

A.F. – Assessment File

DRAFT – FOR REVIEW

Table 5: History of exploration work on the Sherridon Property, Quarter Moon Lake claims.

Note that some of the assessment files contain drill or geophysical results for additional work not done on Halo ground. Only drillholes done on Halo ground are reported in this table.

Year	Company	Claims/Location	Work Done	Work Reference
1954	Eldorado Mining and Refining Limited	regional survey	airborne radiation survey	A.F. 91616
1972	Sherritt Gordon Mines, Ltd.	63N2W, 63N3E	airborne EM and magnetometer survey; flight lines oriented NE, ¼ mile line spacing "modified Hunting-type" EM system, total field magnetic (mag. results not plotted)	A.F. 91695
1980	Shell Canada Resources Limited	63N/2, parts of 63N/3 & 63N/1	geological compilation map (1:125000)	A.F. 92513
1986	Noko Resources, Inc.	Angie claims, Nokomis Lake, north end	prospecting, mapping, limited trench sampling of known occurrences; two surface expressions of mineralization located near old HBMS DDH N-20	A.F. 93255
1986	Noko Resources, Inc.	Tam claims, Nokomis Lake, north end	prospecting, mapping, preliminary mapping	A.F. 93444 A.F. 93446
2002-2006	Endowment Lakes (2002) Ltd.	Elm 7, Elm 12	geochemical surveys (lake sediment, soil, lithogeochemical) and prospecting to follow-up lake sediment gold-arsenic anomaly; discovered Emily gold zone; channel sampling, 19 ddh (total 1215 m)	Buhlmann (2004a, b, 2005, 2006)

A.F. – Assessment File; DDH – diamond drillhole

DRAFT – FOR REVIEW

Table 6: Historical estimates of significant mineral deposits and zones of the Sherridon area.
Locations of the deposits are shown in Figures 2; also see Item 11.

Mineral Deposit	Tonnage tonnes	Cu %	Zn %	Au g/tonne	Ag g/tonne	Comment	Reference
Sherridon Mine:	7 739 506	2.46	0.80	0.41	42.0	Grades by Froese & Goetz (1981) based on calculations by Brown (1933)	Froese & Goetz (1981)
<i>East Lens</i>		2.14	5.78	0.65	26.1	refers to calculations made by Sherritt Gordon Mines Limited in 1930	Goetz & Froese (1982)
<i>West Lens</i>		2.91	2.76	0.62	32.2		
<i>West Lens (low grade area)</i>		1.40	0.80	0.41	42.0		
Cold Lake deposit (a.k.a. Lost Lake)	240 000	1.05	1.5	0.34	11	Inferred, undiluted	Ostry et al. (1998)
Fidelity Zone (a.k.a. Jonah Lake)	Resources not calculated. Some of the best assays include the following: DDH 8 includes a 27.6 m quartz-sulphide zone at ~60 m depth with up to 2.14% Cu, 0.02% Zn over 3.0 m and 3.07% Cu, 0.04% Zn over 1.2 m DDH 12 includes a 10.1 m section with disseminated sulphides and including a 0.5 m intersection with 3.97% Cu and 0.98% Zn. DDH 40 included a 0.4 m section at ~140 m depth with 5.26% Cu, 1.7% Zn. DDH 13 included two mineralized sections, including 0.96% Cu, 0.08% Zn over 3.2 m and 1.36% Cu, 0.03% Zn over 2.7 m.						Ostry et al. (1998), Assessment File 92007

DRAFT – FOR REVIEW

ITEM 9: GEOLOGICAL SETTING

Geologists from the Geological Survey of Canada note some known mineralization in the Sherridon area as early as Wright (1929, 1931). The area was first mapped at a scale of 1:63 360 and 1:31 680 from the mid-1940's to the early-1950's by the Geological Survey of Canada (Bateman, 1945; Bateman & Harrison, 1946; Robertson, 1953). P. Goetz carried out mapping and other detailed geological work in the Sherridon area proper for his Ph.D. thesis (Goetz, 1980; Froese and Goetz, 1981; Goetz and Froese, 1982). H. Zwanzig and D. Schledewitz from the Manitoba Geological Survey carried out geological mapping (mostly 1:50 000 scale) from the mid-1980s to the mid-1990s (see citations throughout the text, as well as Reports of Field Activities published by the Manitoba Energy and Mines throughout that period of time). This latter activity was co-ordinated with NATMAP (National Mapping Program) multidisciplinary geological studies throughout the Flin Flon, Snow Lake and Kisseynew regions. This most recent, comprehensive work included geological mapping, geochemical, and geochronological work that led to the recognition of their common stratigraphy and related recognition of tectonic environments that led to the assemblage of these related terranes.

The Sherridon Property is in the south flank of the Kisseynew gneiss belt, a metasedimentary terrane that is part of the Paleoproterozoic Trans-Hudson Orogen (Hoffman, 1990; Fig. 8). The Trans-Hudson Orogen consists of several Proterozoic belts of metavolcanic, metasedimentary and intrusive rocks that occupy the area between the Archean Hearne Province to the northwest and the Archean Superior Province to the southeast and (ibid.). The Kisseynew gneiss belt represents a sedimentary basin flanked to the north and south by magmatic arc terranes, notably the Flin Flon – Snow Lake metavolcanic belt to the south and the Lynn Lake – La Ronge metavolcanic belt to the north. The central part of the Kisseynew basin is dominated by Burntwood suite migmatized greywacke (~1.86-1.84 Ga). The north and south flanks of the Kisseynew domain consist of structurally interlayered gneisses that include rocks directly related to the flanking arc terranes (Zwanzig et al., 1995). The boundary between gneisses of the south flank of the Kisseynew belt, which includes Sherridon area, and the Flin Flon – Snow Lake belt is transitional (see discussions and early work summarized in, for example, Bailes, 1971; Froese and Goetz, 1981; Zwanzig, 1990; Zwanzig and Schledewitz, 1992; Zwanzig et al., 1995; Zwanzig, 1999). The adjoining Flin Flon belt consists of a tectonic collage of volcanic, volcanoclastic, and related intrusive rocks of the Amisk Group, an unconformably overlying Missi Suite of mainly clastic and subordinate volcanic rocks, and plutons of various ages. Gneisses have been thrust faulted over volcanic rocks along the south flank of the Kisseynew at the Kisseynew – Flin Flon belt margin (Zwanzig and Schledewitz, 1992).

The south flank of the Kisseynew belt includes the following four major rock groups (Fig. 9). (1) Orthogneisses derived from mafic to felsic volcanic, intrusive and volcanoclastic rocks

DRAFT – FOR REVIEW

(1.92-1.85 Ga) are equivalent to the Amisk Group of the Flin Flon belt. Amphibolites interlayered with felsic gneisses are interpreted as metagabbros and Amisk metabasalts (Zwanzig, 1990; Zwanzig and Schledewitz, 1992; Zwanzig et al., 1999). (2) Some orthogneisses in the immediate Sherridon area that make up the crescent-shaped Sherridon structure have an uncertain origin. The orthogneisses of the Sherridon structure include siliceous, pelitic and calc-silicate gneisses interlayered with amphibolite, which are interpreted as being derived from volcanic and plutonic rocks (Zwanzig, 1990; Zwanzig and Schledewitz, 1992; Zwanzig et al., 1999). The Sherridon gneisses may be an assemblage of metavolcanic and intrusive rocks equivalent with the Amisk Group, a suggested made by Ashton and Froese (1988) and preferred by Zwanzig and Schledewitz (1992). (3) Paragneisses derived from marine turbidites (1.866-1.84 Ga) are assigned to the Burntwood Suite. These paragneisses are generally graphitic (garnet)-biotite gneisses in the Kiskeynew's south flank (Zwanzig, 1990; Zwanzig and Schledewitz, 1992; Zwanzig et al., 1999). (4) Paragneisses derived from terrestrial clastic and volcanic rocks (1.866-1.84 Ga) are considered equivalent to the Missi Suite of the Flin Flon belt. These include mainly magnetite-bearing quartz-rich gneisses with lesser volcanic-derived amphibolite and felsic gneiss (Zwanzig, 1990; Zwanzig and Schledewitz, 1992; Zwanzig et al., 1999).

Earlier workers had subdivided rocks of the Kiskeynew belt into Nokomis Group paragneisses and hornblende-plagioclase gneiss ("pre-Sherridon" to Bateman, 1945, and Bateman & Harrison, 1946), and unconformably overlying Sherridon Group siliceous paragneisses, and post-Sherridon intrusions (Robertson, 1953). Bailes (1971) correlated Nokomis Group rocks with sediments of the Amisk Group from the Flin Flon belt and Sherridon Group with the Missi Group of the Flin Flon belt, and this was the usage for other work, with some acknowledged unresolved difficulties in correlation, for some time (e.g., Froese & Goetz, 1981). As work continued and understanding improved for both and Flin Flon and Kiskeynew domains and relationships between the two, the use of 'Nokomis Group' and 'Sherridon Group' terminology for rocks of the Kiskeynew has been replaced with the Flin Flon belt's 'Amisk Group' and 'Missi Suite' terminology in more recent literature. This change was significant, not only because of this recognition of equivalency, but also because geologists recognized the ample presence of felsic volcanic rocks, with calc-alkaline composition, in the area directly around Sherridon (Goetz, 1980); this has positive implications for VMS mineralization potential. Structural, geochronologic and geochemical studies support the validity of considering units of the Flin Flon belt as stratigraphic equivalents of the south flank of the Kiskeynew (Zwanzig, 1999). This equivalency in stratigraphy between parts of the Kiskeynew south flank and the Flin Flon – Snow Lake belt has particular relevance for mineral exploration, because the Flin Flon – Snow Lake belt is a well-known host to many past-producing, producing and subeconomic copper-zinc deposits.

DRAFT – FOR REVIEW

Upper amphibolite facies metamorphism resulted in extensive destruction of primary structures and extensive granitization in the Kiseynew gneisses (Bateman, 1945; Bailes, 1971; Froese and Goetz, 1981). Five deformational stages have complexly deformed the Kiseynew belt into refolded recumbent-fold packages (Froese and Goetz, 1981; Zwanzig, 1990; Zwanzig et al., 1995; Zwanzig, 1999). The tectonic history is summarized in Table 7 and Figure 10, both from Zwanzig (1999). Two interfering fold events yielded the notable hook-shapes that characterize the map view of rocks in the Sherridon area and in the Meat Lake area (Froese and Goetz, 1981). Rocks in the Sherridon region have experienced notable attenuation parallel to compositional layering.

Cordierite-anthophyllite and garnet-anthophyllite assemblages in various places throughout the south flank of the Kiseynew belt represent hydrothermally altered rocks (Froese and Goetz, 1981; Zwanzig et al., 1995). Some of this alteration accompanies sulphide mineralization. Some alteration assemblages do not have an apparent relationship with sulphide mineralization. This may represent hydrothermal alteration material that was clastically transported paleotopographically down-slope from its initial source in the basin (*ibid.*). Alternatively, Poulsen (2006) suggests that the attenuation due to the extreme strain that affected Kiseynew rocks may have transposed alteration zones along strike from massive sulphide mineralization, dislocated from a more typical original orientation where the alteration assemblages represent a crosscutting pipe-like feeder beneath a sulphide zone.

Halo's land holdings are centred on the Sherridon – Hutchinson Lake Complex and the Walton Lake nappe (Figs. 9, 10). Both structural complexes include gneisses derived from various Amisk Group juvenile arc volcanic rocks, mainly felsic volcanic and intrusive with a lesser interlayered mafic component (Goetz, 1980; Zwanzig and Schledewitz, 1992). Most recently, Froese and Moore (1980) mapped the Sherridon complex; Zwanzig and various co-workers mapped the eastern part of the complex from the mid-1980's to mid-1990's. Their maps are integrated into Zwanzig et al. (1995) and the NATMAP map (Syme et al., 1998). In the core of the Sherridon complex, gneisses with an uncertain origin (see "Sherridon gneisses" above) comprise interlayered graphitic volcanoclastic wackes, quartz-carbonate rock (an impure marble), and calc-silicate rock. Smaller plugs of gabbro and amphibolite occur near the centre of the structural complex, and amphibolite forms a "rim" around the western part. The latter is correlated with the Amisk Group. Porphyroblastic garnet-anthophyllite ± cordierite gneiss and sillimanite gneiss in the Star Lake area (i.e., near Halo's Sherridon East claims) (Zwanzig and Lenton, 1987) and in the Sherridon area (Froese and Moore, 1980) are strongly foliated and are associated with shear zones. These rocks are interpreted as hydrothermal alteration assemblages (Zwanzig and Lenton, 1987).

DRAFT – FOR REVIEW

The Walton – Meat Lake area, centred on the Walton Lake nappe, consists of Amisk Group volcanic arc assemblage rocks of the Batty Lake – Meat Lake Sequence by Zwanzig (1992). This work is also integrated into Zwanzig et al. (1995) and Syme et al. (1998). Dominant lithologies are various amphibolites and felsic gneisses that are interpreted as metamorphosed mafic and felsic volcanic flows and fragmental rocks, felsic volcanic and subvolcanic rocks; calc-silicate rocks interpreted as altered felsic volcanic breccia; and cordierite-garnet ± sillimanite ± hercynite ± anthophyllite gneiss and biotite-garnet ± hornblende gneiss interlayered with garnetiferous felsic gneiss interpreted as extensive, prominent, hydrothermal alteration assemblages (Zwanzig, 1992).

DRAFT – FOR REVIEW

Table 7: Tectonic history of the south flank of the Kisseynew Domain from 1.845 to 1.77 Ga (i.e., Trans-Hudson orogeny)(from Zwanzig, 1999).

Age	Phase	Structure
1.845-1.825	F1	Fold & thrust system, directed toward present-day NE; resulted in sheared contacts between volcanic-derived orthogneisses. Large, presently isoclinal recumbent folds. Preceded regional high-grade metamorphism. Postdated Missi sedimentation.
~1.82	F2	Regional foliation, migmatitic layering, parallel primary layering, attenuation. Large N-trending, W-verging nappe folds, tight to isoclinal – nearly recumbent, refolded earlier folds. Contemporaneous with metamorphism.
1.81-1.79	F3	NW-trending, S- and SW-verging nappe folds, recumbent to upright, refolded earlier folds. Regional gneissosity continued from F2, migmatitic layering, parallel primary layering, attenuation, parallel with earlier foliation. Shear zones (NE over SW) in & below underlimbs of larger complexes. The Batty Lake and Sherridon-Hutchinson Lake complexes and Walton Lake nappe are these structures, having started development with F2 and continued with F3: probably started as N-trending folds, then being rotated to the west and overturned to the SW. Ubiquitous, late, asymmetric, recumbent to upright folds deformed earlier gneissosity and structures; these late folds do not completely interfere with the nappe folds. Upper amphibolite facies metamorphism continued.
~1.80-1.77	F4	Upright folds, open, N- or ENE-trending, refold the Walton Lake Nappe and west part of Batty Lake complex steep shears. Retrograde foliation can cut gneissosity in hinges of late folds, parallel to axial surface of F4 folds. Lower amphibolite to greenschist facies metamorphism.
	F5	NNE- and ENE-trending brittle faults, late shear zones. Centre of Sherridon – Hutchinson Lake complex.

ITEM 10: DEPOSIT TYPES

Volcanogenic copper-zinc-(gold)-(silver) massive sulphide (VMS) deposits are the main mineral deposits in the Kisseynew domain. This style of deposit is the major target for exploration on Halo's Sherridon property.

Gold mineralization also is known at a number of locations in the south flank of the Kisseynew. Halo's Quarter Moon Lake claims are primarily a gold exploration property, however this deposit type is of secondary importance for Halo in its current exploration outlook.

DRAFT – FOR REVIEW

ITEM 11: MINERALIZATION

Massive sulphides including copper- and zinc-bearing sulphides are known to occur as discontinuous lenses in Sherridon Suite quartz-rich gneisses (felsic volcanic and volcanic-derived rocks) near the contact with hornblende-plagioclase gneisses (intermediate to mafic metavolcanic rocks) in the Sherridon – Hutchinson Lake complex and in garnet-biotite ± cordierite ± sillimanite gneiss on the east limb of the Meat Lake synform (Zwanzig and Schledewitz, 1992). Known deposits with this style of mineralization in the area include the past-producing Sherritt Gordon Mine (West and East Lenses), the Cold Lake deposit, and the Fidelity zone, all discussed below, as well as the Park Lake, Bob Lake, Jungle Lake, and Ake Zone deposits (see item 17). Tables 8 and 9 and Figure 9 summarize characteristics of these deposits. The past-producing Sherridon Mine, the Cold Lake deposit, and the Fidelity zone occur on Halo's property.

Bateman (1945) and Farley (1949) point out an association between mineralization known in the area at the time, which included both the Sherritt Gordon Mine and the Bob Lake deposit, their stratigraphic position between a quartz-rich gneiss and hornblende amphibolite (metabasalt), and the multiple folds. Their findings have been confirmed by later work (e.g., Froese and Goetz, 1982; Goetz and Froese, 1982; Goetz, 1980). Bateman (1945) and Farley (1949) also note an association between mineralization and pegmatites, which particularly occur along zones of weakness such as lithologic contacts.

Cordierite-anthophyllite or garnet-anthophyllite rocks likely represent metamorphosed equivalents of chloritic hydrothermal alteration zones in the Sherridon area (Froese and Goetz, 1981; Froese, 1985). Some of the altered rocks are known to be associated with sulphide mineralization (Froese and Goetz, 1981; Froese, 1985), while others do not show an apparent association with sulphides.

Bateman (1945) and Bateman & Harrison (1946) describe the Sherritt Gordon mine as having consisted of two zones, the West and East Lenses, with a combined length of almost 4900 m; of this total, 1100 m of barren rock separated the two zones. The average width was about 4.6 m. The East Lens was about 75 m deep, and the West Lens was about 150-245 m deep. The West Lens rakes north, flattening with depth, to about 460 m maximum depth. The ore was in sharp contact with enclosing rocks. The structural footwall (which is the overturned stratigraphic hanging wall) to the deposit is quartz-rich gneiss; the structural hanging wall is hornblende gneiss. They describe "bulges or offsets" (up to ~0.5 Mt; Bateman, 1945) composed of pegmatite in the hanging wall of the West Lens that were sufficiently mineralized to make subsidiary orebodies. Mineralization from these folded pegmatite offshoots provided 25% of the Sherritt Gordon Mine's production (Mineral Inventory Card 63N/3 Cu3). Mineralization was mostly pyrrhotite, with pyrite, chalcopyrite and sphalerite and rarely magnetite. The East Lens was more zinc-rich than the West Lens (Bateman, 1945; Bateman & Harrison, 1946). Froese and Goetz

DRAFT – FOR REVIEW

(1981) recount uncommon to rare occurrences of cubanite, arsenopyrite, and gahnite in the Sherritt Gordon ore. Gangue minerals include the constituents of the host quartz-rich gneiss, *i.e.*, quartz, plagioclase and biotite, with minor to rare hornblende, clinopyroxene, scapolite and calcite (Froese and Goetz, 1981).

DRAFT – FOR REVIEW

Table 8: Characteristics of mineral deposits on the Sherridon property.

Deposit	Strike Length (m)	Width (m)	Depth (m)	Orientation	Mineralization	Ore Mineralogy
Sherritt Gordon Mine	4900 (1100 barren area separating the two lenses)	4.6	Max. 460	strike NW to SE; dip varies from 65°NE to 30°NE toward N & S margins; gentle NE rake; flattens at depth	stratiform; separated from footwall rocks by zone of disseminated sulphides; no stringer zone; pegmatite	py-po-cp-sp, rare mt, rare gahnite, cubanite; coarse grained
<i>East Lens</i>		4.6	75		“bulges or offsets” (up to 227,000 tonnes) in hanging wall	Zn/Cu ↑ to east (i.e., East Lens Zn > West Lens Zn)
<i>West Lens</i>		4.6	mostly 150-245 (max 460)		were sufficiently mineralized to make “offshoot” orebodies	
Cold Lake	180	3	to ~180	strike NW, dip 50-80°NE (variable), shallow plunge NW	“well mineralized to massive sulphides”	po-py-sph-cpy
Fidelity	~120	two parallel zones, avg. 30 and 15 m separated by 12-15 m barren zone	to 150 m (variable)	<i>west limb:</i> strike WNW, dip SE, overturned; <i>east limb:</i> strike ESE, dip NE	<i>west limb:</i> mainly disseminated sulphides, only minor massive sulphides; <i>east limb:</i> two layers (1-10m) massive sulphides	py-po-cpy-sph

DRAFT – FOR REVIEW

Table 8 *continued...*

Deposit	Host Rocks	Hanging Wall (structural)	Footwall (structural)	Alteration	References
Sherritt Gordon Mine	quartz-rich gneiss	quartz-rich gneiss; gradational contact	amphibolite, hornblende gneiss; sharp contact	chloritization, biotitization, carbonatization at hornblende gneiss – sulphide hanging wall; cord-anth rock along strike, but not underlying alteration zone	Goetz & Froese (1982), Froese & Goetz (1981), Farley (1949), Bateman (1945), Bateman & Harrison (1946)
Cold Lake	qtz-plag-bio gneiss interlayered with qtz-plag-hbl-bio gneiss and amphibolitic gneiss	amphibolite	quartz-rich gneiss	gar-bio-cord-anth rock, gahnite-bearing quartzite (chert?) in area	Ostry et al. (1998)
Fidelity	<i>west limb:</i> quartz-rich gneiss (+gar+sill+chl), little/no plag, no gf; <i>east limb:</i> gar-bio-chl-anth(?)-silica-sill(?); little/no plag, no gf	quartz-rich gneiss, pegmatite	quartz-rich gneiss ± chl, anth(?), gar	anthophyllite-bearing rock nearby in outcrop; disseminated sulphides in and around more heavily mineralized zones; sulphide layer in variable gar-sill-chl-ser-bio-hbl-anth(?)-diss. sulph.	Ostry et al. (1998), Mineral Inventory Card 63N/3 Cu5, Assessment File 92007

Abbreviations: qtz-quartz, fs-feldspar, bio-biotite, gar-garnet, anth-anthophyllite, gf-graphite, cord – cordierite, sill-sillimanite, hbl-hornblende, ep-epidote, chl-chlorite, ser-sericite, po-pyrrhotite, py-pyrite, sph-sphalerite, cp-chalcopyrite

Ostry et al. (1998) and Goetz (1980) summarize other styles of mineralization known from outcrop or drill core in the area: (1) Zones of disseminated pyrrhotite ± pyrite that are barren or have low-grade chalcopyrite and sphalerite are present in similar settings throughout the area. These represent sulphide facies iron formations. (2) Calc-silicate gneisses contain cherty sections that include disseminated pyrrhotite, but have not been known to contain appreciable copper and

DRAFT – FOR REVIEW

zinc (Froese & Goetz, 1981). (3) Gold is structurally controlled in the Nokomis Lake area. Recent exploration (see Item 8) on the Quarter Moon Lake portion of the property was directed toward gold exploration.

On claim Meat 1, a series of altered mineralized outcrops and trenches constitute a mineral occurrence known as the Douglas claims since the late 1920's. Ostry & Trembath (1992) summarize the occurrence as consisting of disseminated to near-massive pyrrhotite ± pyrite. The mineralization is associated with layers of very fine-grained, highly siliceous, garnetiferous quartzofeldspathic gneiss and garnet-anthophyllite gneiss.

Along and near the southwest shore of Star Lake on present-day claim East 13, several mineral occurrences are known (all summarized here from Ostry & Trembath, 1992). Along the southwest shore of Star Lake, a minor occurrence of pyrite has been known since the 1950's as the Star Lake sulphide occurrence. The host rocks are calc-silicate gneiss, more specifically hornblende-rich gneiss with interbeds rich in diopside and clinozoisite. At another occurrence approximately 400 m to the southwest, a cordierite-anthophyllite sequence includes the following layers: quartz-garnet-anthophyllite-biotite, garnet-anthophyllite ± cordierite, and anthophyllite-cordierite. Ostry & Trembath (1992) summarize previous work, which includes a geochemical analysis of the anthophyllite-cordierite layer with 5660 ppb Au, 3220 ppm Te and 4400 ppm Zn (Leroux, 1989).

On claim East 6, a mineral occurrence known simply as the “Cu-sulphide property” consists of pyrrhotite, minor chalcopyrite, and variable alteration (chlorite, sericite, sillimanite, graphite, carbonate, garnet) in quartzite (metamorphosed chert?) in outcrop, trenches, and drillcore (summarized in Ostry & Trembath, 1992).

The Elken Lake area is now covered by some of the East claims as well as part by claims owned by Hudson Bay Exploration & Development Co. Ltd. (summarized in Ostry & Trembath, 1992). Trenches blasted in the late 1920's by Phillip Sherlett and Sherritt Gordon Mines Limited exposed pyrrhotite, minor chalcopyrite, galena and sphalerite in garnetiferous quart-biotite gneiss, a 60 cm wide shear zone, and narrow quartz veins. Over the years, this area has been tested by various geological and geophysical surveys and shallow drill holes (see Table 3).

The Nokomis Lake deposit located on the southeast side of Nokomis Lake is ~4 km southeast of the Quarter Moon Lake claims. Its owner, Pioneer Metals Corporation, categorizes the deposit as a “shear-related intrusive-hosted (tonalite) lode gold system and hosts a historic mineral resource of 349,110 tonnes grading 6.10 grams per tonne gold.” (www.pioneermetals.net; Canadian Mines Handbook, 2002; Mineral Inventory Card 63N/2 Au1). This style of deposit is the model for exploration on the Quarter Moon Lake claims previously undertaken by Halo and Endowment Lakes (2002) Ltd.

DRAFT – FOR REVIEW

ITEM 12: EXPLORATION

On the Quarter Moon Lake claims, channel sampling and diamond drilling were carried out by Buhlmann and Association Ltd. for Halo. Four cuts were channel sampled (total 24 samples) with a diamond saw in May 2005. The best values were 8.7 g/t Au over 0.4 m in one pit and 7.2 g/t Au over 0.5 m in another. Nineteen holes were drilled to test the showing at depth in May and June of 2005. A discontinuous area, approximately 200 x 30 m, which contained, on average, about 1 g/t Au over about 1 m, was outlined by drilling. The procedures and results are detailed in Buhlmann (2006).

Howard Poulsen, consulting geologist, was engaged by Halo to prepare a provisional “desktop analysis” of structural data from previously published maps and reports on the Sherridon area. Dr. Poulsen used SpheriStat™ software in processing ~2400 structural measurements compiled from literature. The procedures and results are detailed in Poulsen (2006). From his analysis, Poulsen (2006) notes several issues for practical consideration: (1) Hydrothermal alteration and their accompanying sulphide deposits are expected to be attenuated and transposed from their original stratigraphic positions because of the high strain they experienced during deformation. (2) Recumbent folds are dominant with shallow east dips or plunges. (3) Two stratigraphic horizons have particular interest for mineral exploration; these horizons may be stratigraphically separate or may represent a single horizon repeated by folding. (4) The lack of stratigraphic facing indicators is problematic to resolving some structural questions. Lithochemochemistry is suggested as a possible tool to help answer these questions.

ITEM 13: DRILLING

Halo drilled nineteen diamond drill holes totalling 1215 metres on claims Elm 7 and Elm 12 from June 30 to July 14, 2005 to test the Emily gold prospect at depth (see Item 12). Drilling was done by Forage Orbit Inc., Val-d'Or, Quebec. Core was logged and sampled by geologist Slobodan Jankovic, P.Geol. of Edmonton, Alberta. All drill core was logged in detail in the field, with lithologic, structural, mineralogic, and alteration characteristics reported on standardized logging sheets. Core axis angle measurements were made at all lithologic contacts, and varied from 50° to 85°, roughly averaging 70°. Drill holes ranged from 42 to 105 m in length, average 63 m. All holes were drilled vertically. Drill hole collar locations were located with reference to a cut grid. The core size is BQ. Downhole surveys were not done. A discontinuous area, approximately 200 x 30 m at 20-28 m depth, which contained, on average, about 1 g/t Au over about 1 m, was outlined by drilling. Mineralization was present in a silicified ± carbonatized granodiorite to tonalite to ferrodiorite with minor disseminated pyrite, pyrrhotite, ± arsenopyrite. The procedures and results of this work are detailed in Buhlmann (2006).

DRAFT – FOR REVIEW

ITEM 14: SAMPLING METHOD AND APPROACH

Sixty-five drill core rock samples of the mineralized granodiorite – tonalite - ferrodiorite from the nineteen drillholes were collected for analysis of Au, in ppb and g/t, and As, in ppm and per cent. All drill core sections with visible sulphide mineralization were sampled continuously. Individual samples were collected in 0.25 to 1.90 m widths, with individual sample intervals chosen to correspond to similar quantities of sulphide minerals or some other lithologic inhomogeneity. Halo is not aware of any drilling, sampling or recovery factors that could have materially impacted the accuracy and reliability of the results. Standard procedures for handling core in the field were used by the diamond drill contractors and the field geologist. Drill core recovery was typically quite high, with virtually 100% recovery. The sample quality of the samples for assay was excellent; where sulphide mineralization was observed in drill core, it was apparently evenly distributed through both halves of the split core. The procedures and results of this work are detailed in Buhlmann (2006).

ITEM 15: SAMPLE PREPARATION, ANALYSES AND SECURITY

All drill core was placed in wooden core trays, logged, marked and sampled on the property. Drill core is stored on the property. Diamond drill core to be analysed was split so that half of the core was retained as a permanent sample record and the other half was sent for assay. The core was split using a core splitter in the drill camp. Rock and drill core samples were transported from the field camp by the field crew to Sherridon, where they were shipped by bus to the analytical laboratory in Saskatoon, Saskatchewan. Field geologist S. Jankovic was responsible for sample selection, splitting, bagging, and recording. TSL Laboratories of Saskatoon, Saskatchewan carried out sample preparation and ICP analysis of the drill core and channel-cut samples. Pulps and rejects are retained in storage by TSL Laboratories. For drill core, Au (ppb) was analyzed by fire assay and atomic absorption; Au (g/t) was fire assayed. Samples with >1000 ppb Au were assayed for Au (g/t). Arsenic, both ppm and per cent measurements, were done by atomic absorption after an HCl-HNO₃ digestion. The channel-cut samples were also subjected to aqua regia digestion, then analyzed by ICP-MS for a standard packaged range of elements and by atomic absorption for Au (ppb). The sampling methods, sample preparation procedures, security procedures, and analytical techniques employed are all standard techniques within Canada's mineral exploration industry and are considered adequate and acceptable. The procedures and results of this work are detailed in Buhlmann (2006).

ITEM 16: DATA VERIFICATION

The work included in Items 8 and 11 predates NI 43-101 and/or was carried out by other operators, and is not feasible to be independently verified.

DRAFT – FOR REVIEW

For Items 12 to 15, the author has relied upon Buhlmann’s (2006) report of the original sampling and Poulsen’s (2006) data analysis and has not undertaken additional independent verification. Independent verification of their results obtained is not warranted at this stage.

ITEM 17: ADJACENT PROPERTIES

All descriptions of mineral resources cited in this item are presented as historical estimates and use historical terminology of these estimates. These citations are given to provide an historical frame of reference. The author has not carried out work to classify these historical estimates under current mineral resource or mineral reserve terminology. The historical estimates are not meant to be interpreted as current estimates as defined in section 1.2 and 1.3 of NI43-101 and should not be relied upon. The author has relied on the sources cited below for information on these deposits and has been unable to verify the information personally. **The information is not necessarily indicative of the mineralization on the property that is the subject of the technical report.**

Four deposits, the Park Lake deposit, the Jungle Lake deposit, the Bob Lake deposit, and the Ake zone, occur on properties adjacent to Halo’s Sherridon properties (Tables 9 and 10). The Park Lake deposit, discovered and drilled from 1959 to 1964 by Hudson Bay Exploration & Development Co. Ltd., continues to be held by HBED. It is located on the PAR claims north and contiguous with Halo’s Sherridon claims. The Jungle Lake deposit, which occurs in ML 38, is owned by Hudson Bay Exploration & Development Co., Ltd., who discovered and drilled the deposit from 1958 to 1967. The Bob Lake deposit is located on the Bob claim, and is held by W. Bruce Dunlop (NPL) Ltd. It was discovered in 1941 by Sherritt Gordon Mines Limited. The Ake Zone deposit, discovered in 1971 by HBED, is held by W. Bruce Dunlop (NPL) Ltd. It is located on claim Batty 1, contiguous with Halo’s Meat claims. See Figure 9 for location of these deposits.

Table 9: Historical estimates of significant mineral deposits on properties adjacent to Halo’s properties.

See comments in Item 8 about reliability of historical estimates.

Mineral Deposit	Tonnage tonnes	Cu %	Zn %	Au g/tonne	Ag g/tonne	Comment	Reference
Park Lake	6 142 000	0.42	2.16	0.14	2.4	four lenses; inferred, undiluted; to 670 m vertical depth	Ostry et al. (1998)
Jungle Lake	3 356 581	1.42	1.1			four en echelon lenses	Davies et al. (1962); Ostry & Trembath (1992)
Bob Lake	2 159 098	1.33	1.18	0.31	8.45	for 3 of 4 lenses	Ostry et al. (1998)
Ake Zone	not calculated						

DRAFT – FOR REVIEW

Table 10: Characteristics of mineral deposits adjacent to the Sherridon property.

Deposit	Strike Length (m)	Width (m)	Depth (m)	Orientation	Mineralization	Ore Mineralogy
Park Lake	365	6	to ~670	strike WNW, dip 45°N	four lenses	py-po-sph-cpy, medium- to coarse-grained
Jungle Lake	365	5.6	to 400	strike E-W, dip 40°N	near-massive to massive po-py with stringers, blebs cpy & sph	po-py-cpy-sph
Bob Lake	~760 (combined)	avg. 4.0	surface to ~150	strike NW, dip 50°NE, plunge gently SE	four massive sulphide lenses + disseminated sulphides; lenses <i>en echelon</i>	po-py-cpy-sph
Ake zone	183	avg 1.5, up to 4.6	surface to at least 915 down plunge	210°/50°W at surface, 270°/<10°N at 305 m level, plunge 345° with variable dip at least 915 m		po-py-cpy-sph

DRAFT – FOR REVIEW

Table 10 continued...

Deposit	Host Rocks	Hanging Wall (structural)	Footwall (structural)	Alteration	References
Park Lake	qtz-fs-bio±gar±sill gneiss interlayered with quartz-rich gneiss, hbl-bio-qtz gneiss & calc-silicate gneiss	quartz-rich gneiss	quartz-rich gneiss		Ostry et al. (1998)
Jungle Lake	qtz-bio gneiss interlayered with quartz-rich gneiss, qtz-fs-bio gneiss, qtz-hbl gneiss	qtz-rich gneiss with zones of disseminated gf	qtz-bio gneiss interlayered with qtz-rich gneiss, qtz-fs-bio gneiss, qtz-hbl gneiss	no documented alteration zone	Ostry & Trembath (1992), Mineral Inventory Card 63N/2 Cu1
Bob Lake	Pegmatite in quartz-rich gneiss	qtz-bio gneiss	qtz-bio-hbl-gar gneiss	no identified alteration zone	Bateman (1945), Bateman & Harrison (1946), Assessment File 99524, Mineral Inventory Card 63N/3 Cu1 Ostry et al. (1998)
Ake zone	Schistose qtz-fs-bio±gar gneiss (Burntwood Suite)	schistose qtz-fs-bio±gar gneiss, altered	schistose qtz-fs-bio±gar gneiss, altered	anth-gar-ser-chl-ep-sill	Ostry & Trembath (1992), Assessment Files 93148, 93175

Abbreviations: qtz-quartz, fs-feldspar, bio-biotite, gar-garnet, anth-anthophyllite, gf-graphite, sill-sillimanite, hbl-hornblende, ep-epidote, chl-chlorite, ser-sericite, po-pyrrhotite, py-pyrite, sph-sphalerite, cpy-chalcocopyrite, gf - graphite

ITEM 18: MINERAL PROCESSING AND METALLURGICAL TESTING

Not applicable.

ITEM 19: MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

Mineral resource estimates provided in earlier items are provided as historical estimates only, and are not compliant with NI43-101. No new estimates are provided herein.

ITEM 20: OTHER RELEVANT DATA AND INFORMATION

Not applicable.

ITEM 21: INTERPRETATION AND CONCLUSIONS

This report was prepared shortly after Halo acquired the Sherridon Property. The purpose of this report is to provide a description of the property at the time of its acquisition and to describe Halo's intended exploration rationale. Halo has undertaken some channel sampling and

DRAFT – FOR REVIEW

drilling of the Emily gold prospect on the Quarter Moon Lake claims, in the easternmost part of the Sherridon Property in 2005. Buhlmann (2006) does not recommend further drilling at this location. Halo intends to focus on VMS exploration on the remainder of the Sherridon Property; this intended focus is also the focus of this report.

The information about the geology and mineralization of the Sherridon Property is compiled from non-confidential assessment files and published geological literature. In the case of assessment files, verification of the original historic data is not possible, however, for the purposes of this report they are generally satisfactory. The amount and type of additional work that was done but not filed for assessment is not known. For example, during most of the time that Sherritt Gordon Mines Limited was active in the area, there was no requirement to file assessment reports. Despite this uncertainty, much of this type of exploration predates recent advances in geological understanding of the Sherridon area and does not negate the validity of a modern, comprehensive exploration program. In the case of published literature, this material has undergone peer review prior to publication and can be considered generally reliable.

Halo's ground position, nearly 11 000 ha, is substantial. This is advantageous for Halo in establishing a comprehensive exploration program in the area, not limited to small "postage stamp" land parcels. The land position that Halo has acquired covers most of two major structural complexes that include favourable stratigraphy known to host significant massive sulphide mineralization, including historically defined mineral deposits. These structural complexes are considered to include fault-displaced blocks of material equivalent to Flin Flon – Snow Lake belt strata, transposed from an original position nearer the Snow Lake strata (Zwanzig, 1999).

The Sherridon VMS Property is underlain by gneisses of the Kisseynew belt, which is a high grade metamorphic belt consisting of various complexly deformed felsic and mafic gneisses metamorphosed to upper amphibolite facies. Over the past twenty years, geological understanding of the belt has improved due to prolonged collaborative efforts by government agencies that carried out multidisciplinary geological mapping, structural interpretation, geochronologic and geochemical studies using modern methods. The south flank of the Kisseynew belt, in which the Sherridon VMS Property is located, is underlain by deformed metamorphic equivalents of the Flin Flon – Snow Lake belt. This finding has particular relevance because the Flin Flon – Snow Lake belt, particularly parts of the Amisk Group, is well known for its copper-zinc massive sulphide deposits.

In addition, it was recognized from mapping and lithochemical evidence (by, e.g., Goetz, 1980; Zwanzig and Schledewitz, 1992) that Amisk rocks in the Kisseynew belt contain far more gneisses derived from rhyolites and basalts than previously had been discerned. This also has positive implications for VMS exploration in Kisseynew rocks in that these rocks are typical

DRAFT – FOR REVIEW

host rocks for VMS deposits. Identifying stratigraphic equivalents and structural patterns that have displaced strata from their original positions is a key component in identifying new VMS mineralization.

The gneisses on the south flank of the Kiseynew belt have been subdivided into four units: (1) felsic to mafic volcanic, volcanoclastic and intrusive rocks that are considered equivalent with the Amisk Group of the Flin Flon belt; (2) siliceous, pelitic and calc-silicate gneisses derived from volcanic and plutonic rocks with an uncertain association (possibly time equivalent with Amisk Group) that are in the core of the Sherridon complex and are known as the Sherridon Suite gneisses; (3) younger turbiditic greywackes of the Burntwood Suite; and (4) younger clastic and volcanic rocks now considered equivalent with the Missi Group of the Flin Flon belt. As mentioned previously, recognition of the equivalencies of the Amisk and Missi rocks between the Kiseynew and Flin Flon – Snow Lake terranes is comparatively new. Of these units, those representing the Amisk Group and the Sherridon Suite host most of the known VMS mineralization.

Assemblages of cordierite-garnet-anthophyllite gneiss have long been recognized as metamorphic equivalents of hydrothermally altered rocks. These gneisses are reasonably abundant in the area; they are extensive, prominent, and readily recognized in drillcore and on outcrop and indicate favourable stratigraphic horizons. The presence of these hydrothermally altered rocks is considered a positive criterion for the VMS potential of the area.

The Kiseynew domain is structurally complex having undergone multiple stages of deformation that have attenuated strata into thinner, drawn-out layers. It has also complexly folded and thrust faulted material from its original position. Despite this complexity, mineral deposits have been successfully discovered by previous operators in the Sherridon area. VMS mining camps such as Flin Flon and Snow Lake contain many individual deposits separated by kilometres. Detailed geologic work shows that these VMS deposits tend to occur at or near the same stratigraphic horizon. Detailed structural work could identify and trace the favourable stratigraphy for VMS orebodies. The availability of abundant near-surface structural and drillhole data, especially in the vicinity of Sherridon, represents a significant asset to model the complex geology of the area. Poulsen (2006) has already begun to analyze available structural information with this goal in mind.

Metamorphism has affected Kiseynew rocks by extreme recrystallization with attendant loss of most primary texture. Historically, these characteristics, as well as the structural complexity, have been obstacles to developing an understanding of the Kiseynew geology and its relationship with the Flin Flon belt and for mineral exploration. Identifying favourable VMS stratigraphic horizons and tracing these horizons using geophysical, lithogeochemical and

DRAFT – FOR REVIEW

structural information could identify areas in high grade metamorphic terrane that earlier explorers may have overlooked.

The effects of metamorphic recrystallization have not been entirely negative: (1) The ore at the Sherritt Gordon mine was coarse grained and simple in its mineralogy, which has positive metallurgical implications. (2) Metamorphosed hydrothermal alteration assemblages now commonly comprise coarse grained, prominent assemblages of distinctive metamorphic minerals and are easily recognized in drill core and on outcrop.

Lithogeochemical analysis can be a useful tool to resolve the effects of multiple deformation and metamorphism on the rocks, and to trace favourable stratigraphic horizons. Goetz (1980) made extensive use of lithogeochemistry in this way as a tool to differentiate gneisses in his mapping of the Sherridon area. Poulsen (2006) also suggests that lithogeochemistry may be useful in tracing marker units in the deformed terrane in Halo's exploration program.

Significant copper-zinc mineralization is known on the Sherridon Property. Halo's ground position includes the past-producing Sherritt Gordon Mine, a 7.7 Mt deposit that operated from 1931 to 1932 and 1937 to 1951, the Cold Lake deposit, and the Fidelity (or Jonah Lake) zone. Halo's claims are contiguous with properties that contain the Bob Lake, Park Lake and Jungle Lake copper-zinc deposits owned by other parties. Farley (1949) pointed out a plausible stratigraphic – structural correlation between the Sherritt Gordon and Bob Lake deposits, and that the two are situated in similar favourable stratigraphy. Froese and Goetz (1981) considered that the Jungle Lake deposit, the Sherridon deposit and the Park Lake deposits occupy the same stratigraphic position.

The Meat Lake area, in which the Meat claims are located, is less well known for its exploration potential than the area closer to the old Sherritt Gordon Mine. The Meat Lake area underwent extensive re-mapping since the late 1980's, aided in large part because major forest fires had provided a great deal of new exposure. The Manitoba Geological Survey declares that the potential for VMS deposits in the lower part of the Meat Lake sequence "is considered to be high" based on its stratigraphic position, similar to the Sherridon area VMS deposits, and extensive prominent alteration assemblages (Zwanzig, 1992).

Numerous electromagnetic conductors with long strike lengths mirror the deformed orientation of the strata (Figs. 4-7). Because many historically drilled holes have intersected graphitic sulphide mineralization with little or no base metals, there may be a tendency to dismiss all of the conductors as formational conductors with low exploration potential. This can be problematic in other greenstone belts as well, including the Flin Flon – Snow Lake belt. However, to be this categorically dismissive is unwarranted. In the Kisseynew, attenuation can result in

DRAFT – FOR REVIEW

strata being stretched many times from their original proportion. This in itself may yield a longer strike length for conductive layers, albeit thinned. The strike length of the Sherritt Gordon Mine was substantial: 4880 m. Despite attenuation, “offshoots” or “bulges”, as Farley (1949) called them, of pale-green quartz-feldspar pegmatite contained 200,000 to 400,000 t of ore apiece, with some of the best grades in the deposit contained therein. Poulsen (2006) also notes thickening of strata and mineralization in fold hinges. Ostry and Trembath (1992) note a regional correlation between sulphide mineralization (with or without graphite) and major lithologic boundaries, resulting in conductors with long strike lengths. Resolving effects of multiple deformation and targeting favourable stratigraphy should help with selecting geophysical conductors that have better potential to represent massive sulphides.

Airborne geophysical surveys available in the public domain are more than twenty years old and do not represent current technology, and/or they lack complete coverage of the property (Table 2-5). Hudson Bay Exploration and Development Co. Ltd.’s more up-to-date SPECTREM data are available in the public domain for only small parcels of land (for example, Assessment Files 94571 and 94572). The vast majority of the exploration holes drilled on the property by previous operators have been only up to ~120 m deep. Deeper strata represent a great deal of ground with exploration potential for mineralization. Existing information on deeper strata is very limited, but is encouraging for exploration potential of deeper strata. For example, Sherritt Gordon Mines Limited’s 1942 Annual Report mentions two drill holes. Obtaining complete, deeper penetrating geophysical coverage of the property is a logical step in developing a comprehensive VMS exploration program for the property.

ITEM 22: RECOMMENDATIONS

The Sherridon property holds potential for the discovery of additional volcanogenic massive sulphide mineralization. Additional exploration work is warranted. Halo plans a multifaceted approach to integrate new deeper penetrating geophysical data with new and existing surface and near-surface geological information. The goal of this geological modeling combined with information from deeper-coverage, high-resolution geophysical data is to identify both potential extensions to known deposits and new “grass roots” drill targets.

A modern, deep-penetrating airborne electromagnetic survey would provide complete coverage for the entire Sherridon Property. A high-resolution aeromagnetic survey in the Sherridon area would offer additional geological and structural control over the main Sherridon structural complex. Gravity surveys would be done in selected areas of the property to test suitable conductivity anomalies for coincident gravity anomalies. A combination of geological techniques including detailed structural geology analysis, lithochemistry, and targeted stratigraphic mapping would be used to interpret the targets for preference in drill testing. The

DRAFT – FOR REVIEW

geological analysis would be done to resolve the effects of multiple deformation and metamorphism on the rocks, and to trace favourable stratigraphic horizons.

A two-phase exploration program is recommended on the Sherridon property. In Phase One, specific exploration targets are identified by a combination of geophysical and geological methods. Proposed costs for Phase One activities total \$1,120,000 (Table 11). Phase Two involves drill testing of the exploration targets, subject to definition in Phase One. A drill program totalling approximately 20,000 metres, would likely be carried out over at least two exploration seasons, subject to definition/revision upon completion of Phase One. Proposed costs for Phase Two activities total \$4,110,000 (Table 11).

Phase One:

Phase One would include the following components:

1. (a) Modern deep-penetrating airborne electromagnetic and magnetic geophysical surveys to locate deeper, high-quality exploration targets.
(b) High-resolution dedicated airborne magnetic geophysical surveys to locate deeper, high-quality exploration targets. This survey is to be done over the Sherridon area in Phase One; a decision to extend the survey over other parts of the property would be made later, contingent on results from this survey.
2. Gravity surveys would be done in selected areas of the property to test suitable conductivity anomalies for coincident gravity anomalies.
3. Detailed structural analysis using compiled structural geology measurements from previous mapping surveys to trace continuation of deformed strata favourable for VMS exploration.
4. Lithostratigraphic mapping in selected areas to confirm presence and determine continuation of strata favourable for VMS exploration.
5. Geochemical surveys in selected areas as an extension of lithostratigraphic mapping to determine locations of favourable stratigraphic horizons. Choices of litho-geochemical or soil geochemical surveys, and potentially lake sediment geochemical surveys or overburden drilling, would depend on the availability of sampling media in the specific areas needing to be sampled.
6. Integration of results of the new geophysical surveys with other geological information to develop and prioritize drill targets with favourable stratigraphic and structural attributes.

Phase Two:

Phase Two would include the following components:

DRAFT – FOR REVIEW

1. Linecutting and ground geophysical follow-up surveys to ground-truth the airborne anomalies. Ground geophysical work would include transient electromagnetic and magnetic surveys capable of detecting deeper targets than traditional horizontal loop electromagnetic methods.
2. Exploration diamond drilling totalling approximately 20,000 metres. Part of this drilling would be allocated to identifying potential extensions to known deposits and part to “grass roots” targets. This allocation would be made as a consequence of Phase One work and on an ongoing basis as Phase Two progresses.
3. Geological and geophysical data analysis and interpretation throughout Phase Two to manage the project effectively and integrate results as exploration proceeds.

DRAFT – FOR REVIEW

Table 11: Proposed Budget

PHASE ONE:

1. Airborne electromagnetic & magnetic surveys	
~1,750 line km	
Airborne electromagnetic survey	\$250,000
Aeromagnetic survey of Sherridon area	210,000
Mobilization and demobilization	80,000
Geophysical data analysis, additional processing, interpretation	<u>210,000</u>
	\$750,000
2. (Ground) Gravity surveys on selected targets	125,000
3. Structural geology analysis	30,000
4. Selected geochemical sampling, analysis	30,000
5. Selected lithostratigraphic mapping, site visits	75,000
6. Data analysis, interpretation	<u>110,000</u>
Total for Phase One	\$1,120,000

PHASE TWO:

1. Ground geophysical surveys	
Linecutting	130,000
TEM survey	320,000
Magnetic survey	30,000
Data analysis, map and report preparation	<u>20,000</u>
	\$500,000
2. Exploration Diamond Drilling	
20,000 metres	2,000,000
Mobilization, demobilization	30,000
Downhole PULSEM geophysical surveys	300,000
Assays, geochemical analyses	100,000
Geologist, technician	500,000
Transportation, board, communications, supplies	225,000
Environmental monitoring and compliance	80,000
Map and report preparation	<u>100,000</u>
	\$3,335,000
3. Data analysis, interpretation, project management	\$275,000
Total for Phase Two	<u>\$4,110,000</u>
Total for Phases One and Two	\$5,235,000

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DRAFT – FOR REVIEW

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DRAFT – FOR REVIEW

ITEM 23: ILLUSTRATIONS

Illustrations are inserted throughout the text as cited.

DRAFT – FOR REVIEW

**Karen J. Ferreira
91 Lakeshore Road
Winnipeg, Manitoba
Telephone: 204-261-6641
Fax: 204-269-3461**

CERTIFICATE OF AUTHOR

I, Karen Joyce Ferreira, P.Geo., do hereby certify that:

1. I am a consulting geologist, employed by Olson Geological Ltd.
2. I graduated with a Master of Science degree in geology from University of Manitoba, Winnipeg, Manitoba in 1984.
3. I am a member of the Association of Professional Engineers and Geoscientists of Manitoba.
4. I have worked as a geologist continuously for a total of 22 years since my graduation from university.
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 fulfill the requirements to be a “qualified person” for the purpose of NI 43-101.
6. I am responsible for the preparation of the technical report titled “Technical report on the Sherridon VMS Property, north-central Manitoba, Canada” relating to the Sherridon property. I visited the Sherridon property on December 13 and 14, 2005 for the purposes of carrying out the site visit for this report.
7. I have not had prior involvement with the properties that are the subject of the Technical Report.
8. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the Technical Report, the omission to disclose which makes the Technical Report misleading.
9. I am independent of the issuer applying all of the tests in section 1.5 of National Instrument 43-101.
10. I have read the National Instrument 43-101 and Form 43-101F, and the Technical Report has been prepared in compliance with that instrument and form.
11. I consent to the filing of the Technical Report with any stock exchange and other regulatory authority and any publication by them for regulatory purposes, including electronic publication in the public company files on their websites accessible by the public, of the Technical Report.

Dated at _____, this _____ day of _____, 200__ .

K.J. Ferreira, M.Sc., P.Geo.

DRAFT – FOR REVIEW

Karen J. Ferreira
91 Lakeshore Road
Winnipeg, BC
Telephone: 204-261-6641
Fax: 204-269-3461

CERTIFICATE OF CONSENT

TO: British Columbia Securities Commission
TSX Venture Exchange
and other regulatory agencies as concerned

I, Karen Joyce Ferreira, do hereby consent to the filing of the written disclosure of the technical report titled "Technical report on the Sherridon VMS Property, north-central Manitoba, Canada" dated January 31, 2006 (the "Technical Report") and any extracts from or a summary of the Technical Report in the AIF of Halo Resources Limited, and to the filing of the Technical Report with the securities regulatory authorities referred to above.

Dated this ____ day of _____, 2006

Karen J. Ferreira, M.Sc., P.Geo.