TECHNICAL REPORT AND MINERAL RESOURCE ESTIMATE ON THE GREENBUSH ZONE, BLOCK 103 PROPERTY, NEWFOUNDLAND AND LABRADOR FOR CAP-EX IRON ORE LTD.

prepared by

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March 21, 2013
Toronto, Canada

Watts, Griffis and McOuat
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1. SUMMARY

General and Terms of Reference

Cap-Ex Iron Ore Ltd. ("**Cap-Ex**") owns a 100% interest, excluding certain royalty interest, in the Block 103 Iron Ore Property (the "Property"). The Property is located in the Labrador Trough, Newfoundland and Labrador, approximately 30 km northwest from the Town of Schefferville, QC and 1,200 km by air northeast of Montréal, QC. Cap-Ex initiated exploration of the Property in 2011, completing geological mapping, geophysical surveys and a diamond drilling program. Subsequently it accumulated more claims via agreements with third parties and by map staking. Cap-Ex continued diamond drilling in 2012. Total drilling now stands at 115 drillholes aggregating 28,021 m. Two zones of mineralization have been defined on the Property; namely the Northwest Zone and the Greenbush Zone. Most of the drilling, including all of the 2012 drilling program has been done to explore and extend the Greenbush Zone.

Watts, Griffis and McOuat Limited ("**WGM**") was retained in December 2011 to provide technical guidance for Cap-Ex's exploration programs and later to complete a National Instrument 43-101 ("NI 43-101") compliant Technical Report and Mineral Resource estimate. BBA Inc. ("**BBA**") was contracted by Cap-Ex to complete a Preliminary Economic Assessment ("PEA") for the Project which is scheduled to be completed by the end of June 2013. Preliminary metallurgical testwork results were released in a press release dated February 26, 2013 and are summarized in Section 13 of this report. Following the completion of drilling in November 2012, Mr. Farshid Ghazanfari, P.Geo., Resource Geologist Consultant to Cap-Ex prepared a Mineral Resource estimate for the Greenbush Zone. WGM was retained by Cap-Ex to audit this in-house estimate.

The preparation of this report was authorized by Mr. Brett Matich, President and CEO of Cap-Ex. Mr. Francois Laurin is the current President and CEO.

Property

The Property consists of 14 map staked licenses totalling 831 mineral claims, 20,775 ha. Ten of the 14 licenses were staked by Cap-Ex and the other 4 licenses were acquired through purchase and sale agreements. The Property is registered to Schefferville Iron Ore Exploration Corp. ("**SIOEC**"). SIOEC was a wholly-owned subsidiary of Cap-Ex that amalgamated with Cap-Ex in September 2012. Cap-Ex Ventures Ltd. changed its name to Cap-Ex Iron Ore Ltd., effective 4 March 2013.

The initial property block consisting of licence 014603M was acquired in March 2011 from Mandu Resources Ltd. ("**Mandu**"), Bedford Resources Partners Inc. ("**Bedford**") and 743584 Ontario Inc. The vendors retain a royalty on iron ore produced from the property.

Two addition licences (014855M and 014856M) were acquired from Adriana Resources Inc. ("**Adriana**"). Adriana retains a royalty on any production from the properties.

License 17130M was acquired in April 2011 from Darrin Hicks, who holds a 2% Royalty as well as an advanced royalty of $5000 which is due in April 2016 for a period of 5 years.

Previous Work

The Property was originally part of the holdings of the Iron Ore Company of Canada ("**IOCC**"). The name, Block 103 is IOCC's designation for a portion of the Property. An adjacent part of the Property was IOCC's Block 19. The area was first explored and mapped in 1950 by IOCC. In the 1970s - early 1980s Labrador Mining and Exploration ("**LM&E**") conducted airborne geophysical surveys covering portions of the property.

In 2008, Bedford acquired licence 014603M forming the core of the present Property. Bedford optioned it to Adriana, and Adriana acquired additional property, namely licences 014855M and 014856M contiguous with the original Bedford claims. Adriana contracted MPX Geophysics Ltd. ("**MPX**") to conduct an airborne magnetic survey. The survey delineated a northwest striking package of magnetite iron formation. Adriana made at least one site visit to the property to collect surface samples. In 2010 Adriana relinquished its option with Bedford and placed the license in 743589 Ontario Inc.

On January 11, 2011, Cap-Ex contracted Paterson, Grant and Watson Limited ("**PGW**") to review the MPX survey data. PGW's report was issued in February 2011 and Cap-Ex completed the option of license 014603M from Mandu, Bedford and 743584 Ontario Inc.

Geology and Mineralization

The Property is situated in the Churchill Province, of the Labrador Trough ("Trough").

The Trough, otherwise known as the Labrador-Québec Fold Belt, extends for more than 1,100 km along the eastern margin of the Superior Craton from Ungava Bay to Lake Pletipi, Québec. The belt is about 100 km wide in its central part and narrows considerably to the north and south. Cap-Ex's Block 103 Property is located north of the Grenville Front in the Churchill Province where the Trough rocks have been subject to greenschist or sub-greenschist grade metamorphism and the principal iron formation unit is known as the

Sokoman Formation. The lithological units of interest on the Property due to their iron content are members of the Sokoman.

The Greenbush Zone is iron formations of the Lake Superior-type. This type of iron formation consists of banded sedimentary rocks composed principally of bands of magnetite and hematite within quartz (chert)-rich rock, with variable amounts of silicate, carbonate and sulphide lithofacies. Such iron formations have been the principal sources of iron throughout the world. Lithofacies that are not highly metamorphosed or altered by weathering are referred to as taconite and the Block 103 Property iron formations are examples of this type. Mineralization in the iron formation consists mainly of magnetite (Fe_3O_4) and hematite (Fe_2O_3), however, some iron also generally occurs in siderite and ferro-ankerite and silicates. Iron oxide bands containing concentrations of magnetite and/or hematite alternate with grey chert of jasper.

Exploration and Drilling

Adriana held an option on a portion of the Property from 2008 to 2010. As far as is known Adriana only performed an airborne magnetic survey and collected 2 samples, labelled A and B from outcrop for assay and Davis Tube test work. All recent exploration and drilling on the Property were completed by Cap-Ex. Cap-Ex's exploration programs started in 2011 and consisted largely of drilling to test the geophysical anomalies throughout the Property, but also included surface geological mapping and a geophysical survey. The 2011 drill program comprised 43 drillholes aggregating 5,662 m. The results of the 2011 program were viewed as positive.

Cap-Ex's 2012 exploration program on the Property again, mostly consisted of diamond drilling.

The 2012 program focussed on the Greenbush Zone and comprised 72 drillholes aggregating 22,359 m. Drilling was completed along grid lines 500 m to 600 m apart. The distance between holes varied but the hole collars were often less than 200 m apart. The drilling covered an approximate NW-SE strike length of 4 km by 2.5 km and tested mineralization to a depth of approximately 450 m vertical.

DGI Geoscience Inc. ("**DGI**") in support of the 2012 drilling program completed borehole geophysics and gyro attitude surveying on a selection of the accessible drillholes. The geophysical surveying included in-situ physical properties including rock density and an optical televiewer to acquire rock/structure orientation information.

Logging, Sampling and Assaying

Core logging for Cap-Ex's 2011 drilling programs included only descriptive logging. For its 2012 program Rock Quality Designation ("RQD"), core recovery, fracture data and core photography supplemented descriptive logging.

Sample intervals were determined on a geological basis, as selected by the drill geologist during logging, and marked out on the drill core. Core was sampled systematically with sample lengths ranging from 1 to 5 m averaging close to 3 m. All rock estimated to contain abundant iron oxide was sampled, as well as bracket samples of visually low-grade core.

Samples for the 2011 program were shipped to SGS-Lakefield Minerals Services ("**SGS-Lakefield**") in Lakefield, Ontario for sample preparation and assay. For the early part of the 2012 program samples were routinely shipped to Acme Analytical Laboratories (Vancouver) Ltd. ("**AcmeLabs**"), but for the latter parts of the program, the samples were shipped to SGS-Lakefield.

For both programs, samples were routinely analyzed for major element Whole Rock ("WR") oxides by X-Ray Florescence spectroscopy ("XRF"), FeO determined by titration and magnetic iron or magnetite was determined by Satmagan. In-field QA/QC for the 2011 program included core Duplicates. For the 2012 program Blanks and Certified Reference Standards were inserted into the sample stream going to the lab and quarter core Duplicates were also collected and assayed.

In 2011, Inspectorate's Vancouver laboratory ("**Inspectorate**") was used as a Secondary assay lab to complete Check assaying on a selection of samples previously assayed by SGS-Lakefield. For the 2012, program samples were exchanged between the two Primary labs: SGS-Lakefield and AcmeLabs. That is, a selection of samples originally prepared and analysed at SGS-Lakefield were Check assayed at AcmeLabs and a selection of samples originally prepared at AcmeLabs were Check assayed at SGS-Lakefield.

Data Corroboration

WGM Senior Associate Geologist Richard Risto, P.Geo., visited the Property once in 2012 at the conclusion of the drilling program. The initial visit was to initiate the project review process. Mr. Risto reviewed drilling completed to date, status of deposit interpretation, logging and sampling procedures. He viewed drilling sites to validate their locations and collected Independent samples for assay.

Adjacent Properties

The Property is located immediately east of the Howells River system. The LabMag Deposit of Tata Steel Global Minerals Holdings Pte Ltd. ("**Tata Steel**") /and New Millennium Iron Corp. ("**New Millennium**") is located on the southwest of Howells River. Other taconite iron deposits are also located in the area.

Mineral Processing and Metallurgical Testing

An initial testwork program was developed and managed by BBA to perform a preliminary metallurgical characterization of the Greenbush Zone mineralization as part of the project Preliminary Economic Assessment ("**PEA**"). With the limited geological information available during the sample selection and compositing process, metallurgical performance was evaluated on five composite samples representing five sectors of the mineral deposit identified within the northern, eastern and western areas. Metallurgical testwork based on magnetic separation and grindability test programs were designed by BBA and carried out at COREM laboratories ("**COREM**") in Quebec City, Quebec and at SGS in Lakefield Ontario.

Based on the laboratory test results and their interpretation, metallurgical performance for the production of a magnetite concentrate reflecting the northern and eastern sectors has been projected as follows:

Projected Metallurgical Performance by Facility

Items	
Magnetite Recovery	93.7%
Concentrate Iron Grade	70.0%
Concentrate Silica Grade	3.4%
Concentrate Liberation Size P100	75µ
Ore Hardness	
SMC (Axb)	37
BWi (kWh/t at P_{80} 32µm)	15.5

This concentrate, suitable for pelletizing, is also projected to have the following chemical composition:

Projected Concentrated Chemical Composition

Fe	SiO_2	Al_2O_3	MgO	CaO	Na_2O	K_2O	Ti	Mn	P	Cr
70%	3.40%	0.08%	0.10%	0.11%	0.07%	0.01%	0.02%	0.046%	0.006%	0.02%

These abovementioned results are in line with similar deposits in the region.

Mineral Resource Estimate

Following the completion of additional drilling during 2012, Cap-Ex prepared an initial Mineral Resource estimate for the Block 103 Property. WGM was retained by Cap-Ex to audit this in-house estimate. Information used for this estimate was based on all drillhole data that was completed by the end of 2012 and included a minor amount of drilling from the previous year. The current Mineral Resource estimate was completed only on an area in the north part of the Property known as the Greenbush Zone where the drilling density and confidence was sufficient to define the resource.

The current Mineral Resource is categorized as Inferred based on drillhole spacing, data quality (and confidence) and search ellipse distances. The Mineral Resources are reported above 100 m elevation level (about 500 m from surface) and are summarized in the table below.

Categorized Mineral Resource Estimate for Greenbush (Cutoff of 12.5% magFe)

Category	Zone	Tonnes (Billion)	TFe%	magFe%
Inferred	Greenbush	7.2	29.2	18.9

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. ***Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.*** *Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.*

The Mineral Resource estimate for the Block 103 Project, Greenbush Zone, was completed in Gemcom^{TM} using block sizes of 100 m x 30 m x 10 m and is based on results from 81 diamond drillholes totalling 23,735 m. These holes were fairly regularly dispersed in the iron mineralization along approximately 4,000 m of strike length and a range of 2,000 to 2,500 m of width for the north-central portion of the Property. The main objective of the 2012 drilling campaign was to identify potential mineralized horizons for the purpose of modelling and Mineral Resource estimation and to ensure that the drillholes penetrated the entire stratigraphic package, which may be repeated multiple times due to low angle thrust faulting. Holes from the 2011 drilling program (mainly to the SE and NW of the Greenbush area) were excluded as they did not intersect the entire mineralized zone, or get through the repetitive packages. These drillholes were often aborted in the upper mineralized horizons before reaching the non-mineralized basal sedimentary unit. However, some of 2011 drilling was used for the Mineral Resource estimate if the holes were drilled in the vicinity of the 2012 drilling area.

The drillhole spacing, i.e., cross section spacing, along the strike of the mineralized zones is approximately 600 m and the hole spacing on the cross sections varied from 60 m to about 250 m and with vertical depths ranging from of 50 m to 400 m. Some cross sections have geological interpretations down to the 100 m level (about 500 m below surface), however no Mineral Resources are defined below the 100 m level. This hard boundary was marked by a major thrust and its listric branches in the west part of the Property. The upper elevations of the models were limited to the bedrock-overburden contact.

The mineralized zones in the south parts of the Greenbush Zone were drilled with tighter spacing within the cross sections (denser drilling pattern across the mineralized zones) to allow better definition of the geological and structural interpretations; however, the NW part of the Greenbush Zone (north of Cross Section 10960N) has wider spaced drilling along the sections (up to 600 m spacing) from the previous exploration program. The continuity of the mineralization as a whole appeared to be quite good based on the existing drilling; there is enough confidence to extend the interpretation and resources up to 600 m distance along strike and about 400 m on the ends/edges and at depth when supporting information from adjacent cross sections was available. As a further refinement to the boundaries defining the potentially economic mineralization, a modeling cutoff grade for the horizons was set at 10% magFe, which is essentially a natural cutoff grade for the magnetite Fe mineralization. The boundaries were adjusted based on this 10% threshold and these final outlines were used to create the 3-D wireframes for the Mineral Resource estimate.

In order to carry out the Mineral Resource grade interpolation, a set of equal length composites of 3 m was generated from the raw drillhole intervals, as the original assay intervals were different lengths and required normalization to a consistent length. Regular down-the-drillhole compositing was used. The statistical distribution of the %TFe and %magFe samples showed good normal distributions and no grade capping was used in the Mineral Resource estimation.

Cap-Ex completed SG determinations on selected pulps from 315 routine samples at SGS-Lakefield using the gas comparison pycnometer method. For the 2012 drilling program, Cap-Ex additionally used a DGI probe for selected holes and recorded major physical properties, including density. However, due to the size of the drill core barrels, Cap-Ex's contractor (DGI) could not use the full scale probe for the 2012 holes and therefore instead of actual density, a relative density was recorded by probe; this relative density required conversion to actual density. WGM assessed the relationship of SG to %TFe on available samples and due to the uncertainty in the method of conversion used by DGI, for the current Mineral Resource estimate a best fit line based on available laboratory measured SG data and %TFe was chosen to convert volumes to tonnes. This best fit correlation line (%TFe x 0.0279 + 2.5695) based on the pycnometer data was used for the current Mineral Resource estimate to create a variable density model to estimate tonnage. WGM determined that a variable density model would more accurately define the local variations based on grade than the "per sub-unit basis" used for some previous Mineral Resource estimates. This formula reflects WGM's experience with other iron ore deposits that we have modeled and we have found that SG shows excellent correlation with %TFe, as is typical with these types of deposits. Using the variable density model, a 30% TFe gives a SG of approximately 3.40.

Cap-Ex used an ID^2 interpolation method and the results of the interpolation approximated the average grade of the all the composites used for the estimate. WGM's experience with similar types of deposits showed that geostatistical methods, like Kriging, give very similar results when compared to ID interpolation, therefore we are of the opinion that ID interpolation is appropriate.

Experimental variograms were prepared for all the mineralized horizons using the composited assay dataset for magFe and TFe. The composited data was lumped together in order to achieve the maximum continuity for the entire mineralized package of the Greenbush Zone. This was considered to be appropriate at this stage of the project, as the Mineral Resources are all currently categorized as Inferred. Variograms were constructed by applying the average strike (320N°) of the deposit and the general dip of the mineralized units (-30°NE) and a search ellipsoid was designed incorporating an axis of anisotropy and applied parameters to interpolate grade. A Distance Model was also generated to validate the search criteria and to limit the extension of the grade interpolation into the blocks in the model.

The structural geology and geometry of the sub-members and repeating stratigraphic packages are not completely understood due to the current lack of drilling. In a general sense, the continuity of the mineralization was quite good; however, the internal continuity of some sub-members and some waste units is poorly understood because of the folding/geometric complexity and thrusting. WGM was of the opinion that extending the geological interpretation beyond the more densely drilled parts of the deposit was appropriate at this lower level of confidence, as long as there was supporting data from adjacent sections. All the Mineral Resources for the Block 103 Property were classified as Inferred and the average distance (from the Distance Model) for the resources was approximately 165 m.

Additional drilling is required to get a better understanding of the complex structural geology, particularly in the area where folding and thrusting occur together, as it can lead to ambiguous interpretations. However, after more drilling is completed during the next phase of exploration, the modelling will be further refined based on a better understanding of the structural geology and the importance of differentiating the sub-members and to possibly better control grade distribution by invoking more "hard boundaries".

Conclusions and Recommendations

Based on WGM's review of the available information for the Block 103 Property, we offer the following main conclusions and recommendations:

- The Greenbush Zone on the Property lies within the Schefferville LTZ where the lithological units, including the Sokoman and other Ferriman Group members have been stacked by folding and low angle thrust faulting into a series of inclined imbricate slices. The result is an assemblage where the Sokoman Iron Formation repeats on itself providing increased volumes of mineralization over shorter strike lengths;

- The Project database is adequate to support the Mineral Resource estimate. The sample/assay information is generally of excellent quality. Some sample/assay issues persist, but WGM regards these issues as immaterial for the current Mineral Resource estimate;

- A substantial deposit of magnetite taconite exists on the Property. With the currently available information from the drilling campaigns, WGM prepared an Inferred Mineral Resource estimate for the Greenbush Zone of 7.2 billion tonnes grading 29.2% TFe and 18.9% magFe. The Greenbush Zone is open towards the NW and SE and also at depth; additional tonnage potential exists within a 12 km strike length;

- Initial metallurgical testwork based on magnetic separation and grindability test programs were designed with the goal of determining a conventional process flowsheet. Initial (incomplete) testwork results based on limited information from five composite samples are positive and the complete testwork results will be documented as part of the PEA scheduled to be completed by the end of June 2013. The concentrate appears to be suitable for pelletizing;

- WGM recommends that Cap-Ex continues to simplify the Project database and pursues follow-up of outstanding sample/assay QA/QC issues and further define and clarify its QA/QC follow-up policy;

- Hand-held magnetic susceptibility measurements of core should be added to the core logging protocol and additional bulk density measurements should be taken; and

- Surveying and checking and re-surveying of drillhole collars should be completed and all program components and results should be documented for each drillhole campaign.

Cap-Ex has developed a program and budget to advance the Project, which includes completion of a PEA by end of June 2013 to evaluate the economics of the Project (currently in progress), and to carry out Mineral Resource definition drilling, metallurgical testwork and environmental studies. The proposed work is estimated to cost approximately $12.25 million, as summarized in the table below:

2013 AND EARLY 2014 PLANNED WORK PROGRAM AND BUDGET FOR THE BLOCK 103 PROPERTY

Task	Estimated Units	Cost (C$)
Preliminary Economic Assessment (in progress)		$250,000
Drilling	11,000 m	$7,000,000
Geology and Assays		$1,000,000
Metallurgical Test Work		$200,000
Environmental Studies		$1,300,000
Overheads		$2,500,000
Total Estimated Cost[1]		**$12,250,000**

1. Notes: Program completion subject to financing

This program will support Cap-Ex`s decision to advance the Project through environmental assessment and to the feasibility stage. WGM has reviewed the work program proposed by Cap-Ex and believes it to be reasonable.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1 GENERAL

Cap-Ex Iron Ore Ltd. ("**Cap-Ex**") owns a 100% interest, excluding certain royalty interests, in the Block 103 iron ore Property (the "Property"). This report was originally authored for Cap-Ex Ventures Ltd., however, before the report was completed, the company legally changed its name to Cap-Ex Iron Ore Ltd. This name change took effect as of March 1, 2013. The Property is located in the Labrador Trough, Newfoundland and Labrador, approximately 30 km northwest of the town of Schefferville, QC and 1,200 km by air northeast of Montréal, QC (Figure 1). The Property consists of 14 map staked licenses totalling 831 mineral claims aggregating 20,775 ha. Ten of the 14 licenses were staked by Cap-Ex. The other four licenses were acquired through purchase and sale agreements. Further details are provided under Section 4, Property Description and Ownership.

Cap-Ex initiated exploration of the Property in 2011 and completed geological mapping, geophysical surveys and a diamond drilling program comprising 43 drillholes aggregating 5,662 m. Cap-Ex continued diamond drilling in 2012. The 2012 program comprised 72 drillholes aggregating 22,359 m. Two zones of mineralization: the Northwest Zone and the Greenbush Zone have been identified on the Property. Most of the drilling to date has been done to explore and define the Greenbush Zone towards completing a Mineral Resource estimate. Mineralization is magnetite/hematite taconite. Prior to Cap-Ex's acquisition, Adriana Resources Inc. ("**Adriana**") held an option on the Property. Adriana completed an airborne geophysical survey over a portion of the Property and collected and analysed two samples. Some older historical exploration results for the Property are available, but except for geological mapping, these appear to be of limited value.

2.2 TERMS OF REFERENCE

Watts, Griffis and McOuat Limited ("**WGM**") was retained by Cap-Ex in December 2011 to provide technical guidance for its exploration programs and eventually prepare a National Instrument 43-101 ("NI 43-101") compliant Technical Report. This was later revised to audit a Mineral Resource estimate prepared by Mr. Farshid Ghazanfari P.Geo., Resource Geologist Consultant to Cap-Ex and complete a NI 43-101 report documenting the Property and the Mineral Resource estimate.

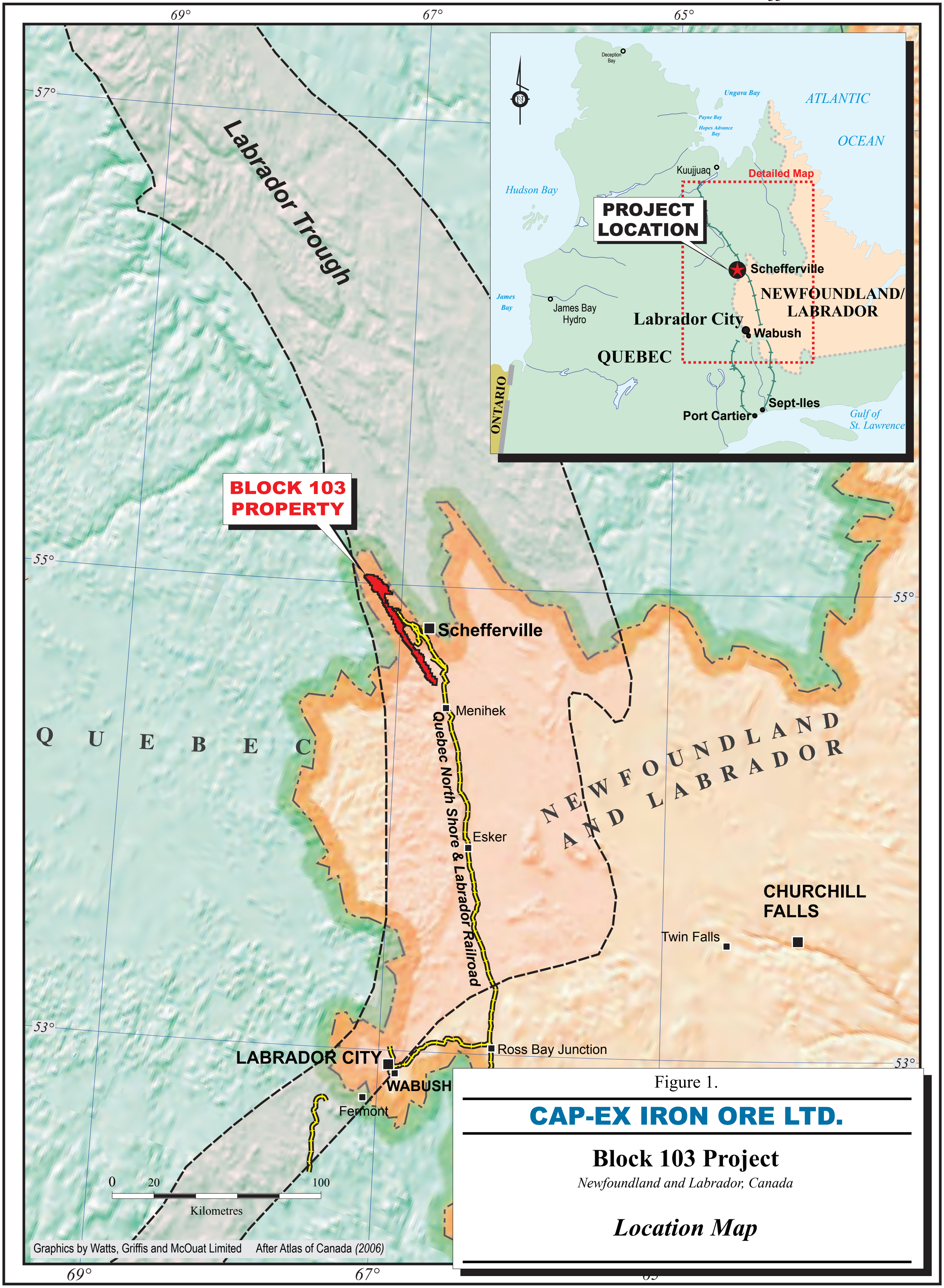

Figure 1.

CAP-EX IRON ORE LTD.

Block 103 Project

Newfoundland and Labrador, Canada

Location Map

The classification of Mineral Resources used in this report conform to the definitions provided in National Instrument 43-101 and the guidelines adopted by the Council of the Canadian Institute of Mining Metallurgy and Petroleum ("**CIM**") Standards.

BBA Inc. ("**BBA**") was contracted by Cap-Ex to complete a Preliminary Economic Assessment ("PEA") for the Project which is scheduled to be completed by the end of June 2013. Preliminary metallurgical testwork results were released in a press release dated February 26, 2013 and are summarized in Section 13 of this report.

This report is intended to be used by Cap-Ex subject to the terms and conditions of its contract with Watts, Griffis and McOuat Limited. That contract permits Cap-Ex to file this report as a Technical Report with Canadian Securities Regulatory Authorities pursuant to provincial securities legislation. Except for the purposes legislated under provincial securities laws, any other use of this report by any third party is at that party's sole risk.

The preparation of this report was authorized by Mr. Brett Matich, President and CEO of Cap-Ex. Mr. Francois Laurin is the current President and CEO.

2.3 SOURCES OF INFORMATION

Much of the material used to prepare this report has been provided by Cap-Ex or the Forbes West Management Corp. ("**ForbesWest**"). ForbesWest handles claims administration, database maintenance, sample/assay QA/QC and various other tasks for the Project on behalf of Cap-Ex. The data provided included the latest results for the 2011 and 2012 drilling programs in various databases and documents. Other sources of historic exploration and general geological information include the Ministry of Natural Resources of Newfoundland and Labrador, the Ministère des Resources Naturelle et Fauna du Québec ("**MNRF**") and the Geological Survey of Canada. Earlier company reports included one by Alex Walus, P.Geo., titled: "*Preliminary Report on the Greenbush Zone Taconite Iron Ore Project Labrador, Canada*" dated November 11, 2011. Prior to Cap-Ex's initial drill program, Clark Explo. Consulting completed a NI 43-101 report concerning the property titled: "*Technical Report Schefferville Project, Block 103-Kivivic Lake /Block 44-Petitsikapau Lake, Western Labrador, Newfoundland and Labrador",* dated February 8, 2011. This report authored by J. Garry Clark, P.Geo., and Alojzy (Alex) A. Walus, P.Geol, was filed on SEDAR.

WGM reviewed the documents available, corroborated a number of details concerning the Property and deposit geology. Additional information was sourced from WGM files.

A complete list of the material reviewed is found in the "References" section of this report.

2.4 DETAILS OF PERSONAL INSPECTION OF THE PROPERTY

WGM Senior Associate Geologist, Mr. Richard Risto, P.Geo., QP, visited the Property in November 2012 and reviewed Cap-Ex's program results with Cap-Ex Chief Geologist Mr. Edward Lyons, P.Geo. (BC), géo (QC), P.Geo. (NL). Mr. Risto collected independent drill core samples during the site visit and checked drilling sites. The co-author of this report, Mr. Michael Kociumbas, P.Geo., Senior Geologist and Vice-President of WGM, QP has not visited the Property. Angelo Grandillo of BBA visited the site on October 11, 2012. A helicopter fly-over of the project site was conducted as well as a visit of the core shack and a random inspection of various drill cores.

2.5 UNITS AND CURRENCY

Metric units are used throughout this report unless specified otherwise and all dollar amounts are quoted in Canadian currency ("C$"). Historical data and some government map data are generally in Imperial units. WGM has converted the necessary data for inclusion in this report, although Imperial units are often provided for clearer reference to historical data.

Cap-Ex's 2011 and 2012 surface and drill core samples were analysed for iron by X-Ray Florescence ("XRF") methods on metaborate fused discs. Three different assay labs were engaged through the two programs. In 2011, SGS Minerals Services ("**SGS-Lakefield**") Lakefield, Ontario was the Primary assay laboratory for the program and Inspectorate Exploration & Mining Services Ltd. ("**Inspectorate**") of Richmond, B.C. was the Secondary assay laboratory used to Check assay selected samples. For the 2012 program, there were two Primary assay laboratories; SGS-Lakefield was again one of the two. The other was Acme Analytical Laboratories (Vancouver) Ltd., ("**AcmeLabs**").

Iron results on certificates of analysis from these labs are reported in the form of Fe_2O_3 and are total iron. Total Iron ("TFe") refers to the total iron in a sample. TFe is calculated from Fe_2O_3 by dividing the Fe_2O_3 wt% value by 1.4295. TFe assays are often completed on either Head or Crude samples of rock and also on the iron-rich concentrates produced from the rock. In this report, %TFe Head or %TFe_H refers to the percent total iron in a Head or Crude sample. Similarly, %SiO_2_H represents silica in the Head or Crude sample.

Cap-Ex's sample assaying, in addition to using instrumental and wet chemical assays, also included determining magnetic iron, or the magnetite content of samples using the Satmagan method (Satmagan is an acronym for Saturation Magnetization Analyzer). Satmagan refers to an electromagnetic method to estimate the magnetite content of a sample. These assays are expressed as %Fe_3O_4 or as %magnetite ("Mt") or %magFe. Magnetic iron ("magFe) is calculated by multiplying the %Fe_3O_4 or magnetite value by 0.7236. Hematitic iron or the iron in hematite (%hmFe) is estimated, accepting certain assumptions, by calculation from %TFe, %magFe and %FeO_{Total} derived from Head and/or Davis Tube results.

Cap-Ex also completed Davis Tube testwork for selected drill core samples. Davis Tube refers to the equipment and a procedure that produces a mineral concentrate high in magnetic iron by separating that portion of the sample that is magnetic from the portion that is non-magnetic, following sample comminution. Analysis of these Davis Tube concentrates ("DTCs") for iron provides an alternative method to Satmagan for estimating the magnetic iron content of a sample. Percent Davis Tube Weight Recovery ("%DTWR") refers to the weight percent of the sample concentrated in the magnetic fraction using the Davis Tube procedure. The result is approximately the same as percent magnetite in the Crude sample, but degree of liberation of the magnetite is an important issue. Davis Tube concentrates are also assayed for iron and other oxides expressed in weight percent. %Fe_DTC and %SiO_2_DTC refer respectively to the iron and silica content in Davis Tube concentrates and a number of other elements are often expressed in this same way. The %magnetic iron in the Crude sample can be estimated by multiplying the %DTWR figure by the %Fe in the Davis Tube concentrate. Total Iron Recovery ("TFe Recovery" or Rec'y) is the %TFe units recovered in the concentrate compared to the %TFe in the Crude sample.

Other whole rock analysis ("WR") results for samples are expressed in weight percent ("Wt%"). Table 1 documents several of the commonly used abbreviations and acronyms in the text of this report.

TABLE 1.
SUMMARY OF TERMS AND ABBREVIATIONS FOR UNITS

Abbreviation	Term
% or Wt%	Weight Percent
Head or Crude or H	Non-concentrated material
TFe	Total Iron
SFe	Soluble iron
Fe	Iron; SFe and TFe
DT, DTC or C	Davis Tube, Davis Tube Concentrate, Concentrate
%DTWR	% Davis Tube Weight Recovery
%Wt Recovery	General term for weight recovery
TFe Recovery or Rec'y	%TFe units recovered compared to TFe units in Head

3. RELIANCE ON OTHER EXPERTS

WGM prepared this study using the resource materials, reports and documents as noted in the text and "References" at the end of this report. Although the authors have made every effort to accurately convey the content of those reports, they can not guarantee either the accuracy or the validity of the work described within the reports.

WGM has not independently verified the legal title to the Property, nor has it verified the status of Cap-Ex's Property agreements. We are relying on public documents and information provided by Cap-Ex for the descriptions of title and status of the Property agreements. WGM has no reason to doubt the title situation is other than what is reported by Cap-Ex.

We have also not carried out any independent geological surveys of the Property, but did complete a site visit in November 2012 to view first-hand the Property site, view drilling sites, view 2011 and 2012 drill core, and collect samples from the drill core. These samples were collected and assayed independently of Cap-Ex to validate their results. We have relied for our geological descriptions and program results solely on the basis of historic reports, notes and communications with Cap-Ex.

4. PROPERTY DESCRIPTION AND LOCATION

4.1 PROPERTY LOCATION

The Property is located in western Labrador and is approximately 30 km northwest from the town of Schefferville, Québec. The Property consists of 14 contiguous map staked licenses totalling 831 mineral claims of 20,775 ha. It spans an area that extends about 6 km southwest-northeast and 16.4 km northwest-southeast in NTS map areas 23O/03, 23J/10, 23J/11 and 23J/14. It is centred at approximately 54°58'N latitude and 67°14'W longitude. Cap-Ex holds other property in the same area.

4.2 PROPERTY DESCRIPTION AND OWNERSHIP

In the claim system registry of the Government of Newfoundland and Labrador, the Property is registered to Schefferville Iron Ore Exploration Corp. ("**SIOEC**"). SIOEC was originally a wholly-owned subsidiary of Cap-Ex, but effective September 2012 was amalgamated with Cap-Ex.

The Crown holds all surface rights in the region. Cap-Ex recognizes that four aboriginal communities have asserted land claims, or in the case of the Innu Nation, have negotiated an AIP, and that the exploration activity and future development may affect the asserted or negotiated rights of each of these communities.

Table 2 summarizes the respective anniversary dates and report due dates for the 14 licenses comprising the Property.

The Property land holdings are depicted on Figure 2.

The Property has not been legally surveyed, but the licences were map-staked and are defined by UTM coordinates, so the Property location is accurate. Minor location discrepancies can however occur due to different datums. The licences are defined by NAD27 UTM datum and various work components are NAD83 or NAD84 datum and the relationship between NAD27 and the later systems is not completely defined for the region. WGM understands the uncertainties in location are small.

TABLE 2.
BLOCK 103 PROPERTY IN LABRADOR

Licence Number	Original Owner	Claims	Area (km^2)	NTS Area	Issuance Date	Renewal Date	Report Due Date	Expenditure Due Date	Expenditures Required ($)
14603M	Mandu, Bedford & 743584 Ontario Inc.	94	23.50	23O03 23J14	19-Feb-08	19-Feb-13	22-Apr-13	19-Feb-21	84,600
14855M	Adriana	55	13.75	23J14	23-Apr-08	23-Apr-13	24-Jun-13	23-Apr-21	49,500
14856M	Adriana	27	6.75	23O03 23J14	23-Apr-08	23-Apr-13	24-Jun-13	23-Apr-21	24,300
17130M	Darrin Hicks	5	1.25	23J14	29-Jan-10	29-Jan-15	1-Apr-13	29-Jan-22	4,500
18602M	Cap-Ex	97	24.25	23O03 23J14	7-Mar-11	7-Mar-16	6-May-13	7-Mar-22	87,300
18603M	Cap-Ex	1	0.25	23J14	7-Mar-11	7-Mar-16	6-May-13	7-Mar-22	900
18610M	Cap-Ex	8	2.00	23J14	7-Mar-11	7-Mar-16	6-May-13	7-Mar-22	7,200
19448M	Cap-Ex	2	0.50	23J14	17-Oct-11	17-Oct-16	16-Dec-13	17-Oct-22	1,800
19449M	Cap-Ex	1	0.25	23O03	17-Oct-11	17-Oct-16	16-Dec-13	17-Oct-22	900
19450M	Cap-Ex	1	0.25	23J14	17-Oct-11	17-Oct-16	16-Dec-13	17-Oct-22	900
19940M	Cap-Ex	1	0.25	23J14	9-Mar-12	9-Mar-17	8-May-13	9-Mar-13	200
19941M	Cap-Ex	256	64.00	23J10 23J14 23J11	9-Mar-12	9-Mar-17	8-May-13	9-Mar-13	51,200
19942M	Cap-Ex	256	64.00	23J10 23J11	9-Mar-12	9-Mar-17	8-May-13	9-Mar-13	51,200
19943M	Cap-Ex	27	6.75	23J10	9-Mar-12	9-Mar-17	8-May-13	9-Mar-13	5,400
Total 14		**831**	**207.75**						**369,900**

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Last revision date: Thursday 7 March, 2013

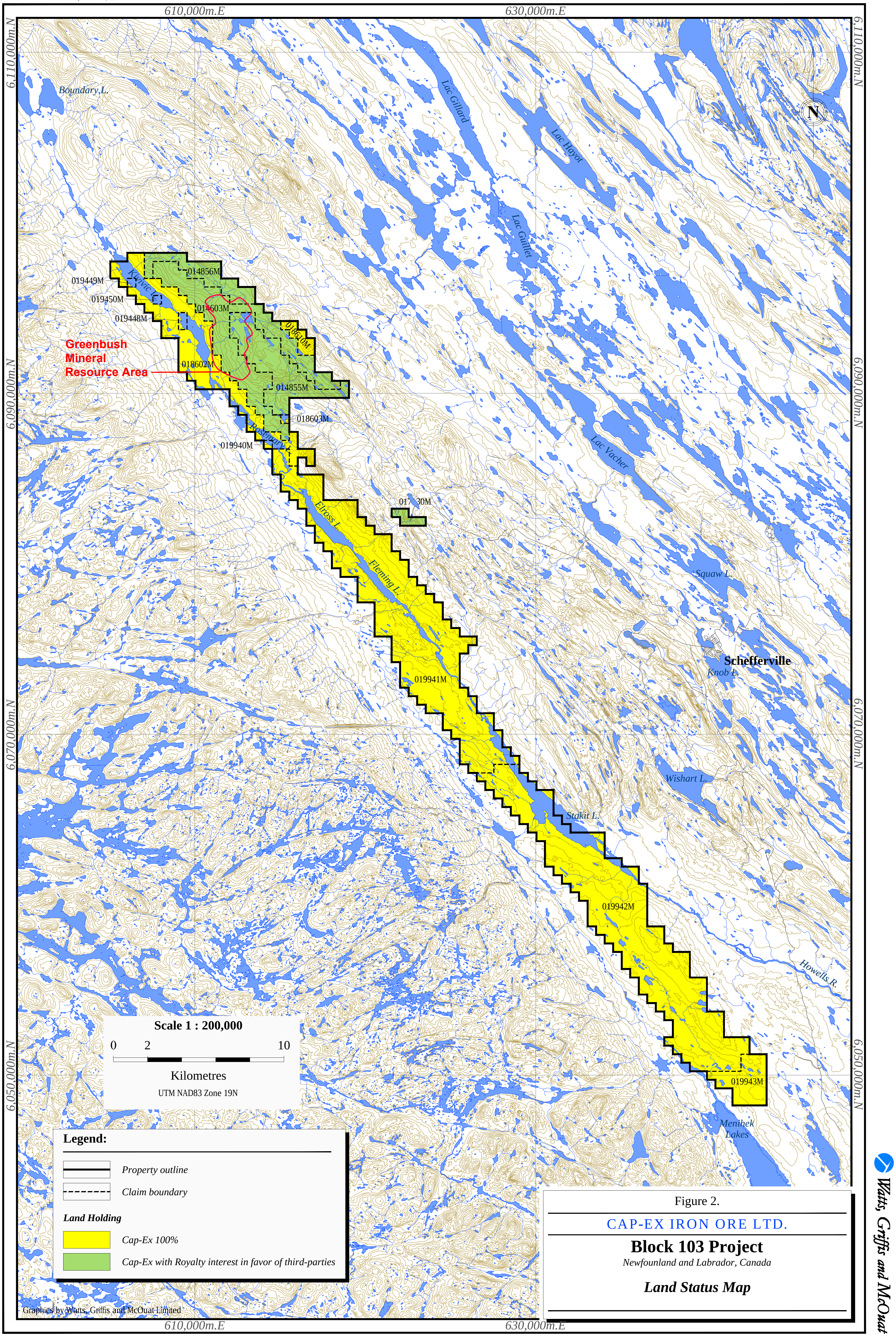

Figure 2.

CAP-EX IRON ORE LTD.

Block 103 Project

Newfounland and Labrador, Canada

Land Status Map

In Labrador, a mineral exploration licence is issued for a term of five years. However, a mineral exploration licence may be held for a maximum of twenty years provided the required annual assessment work is completed and reported upon and the mineral exploration licence is renewed every five years. The minimum annual assessment work required to be done on a licence are:

$200/claim in the first year
$250/claim in the second year
$300/claim in the third year
$350/claim in the fourth year
$400/claim in the fifth year
$600/claim/year for years six to ten, inclusive
$900/claim/year for years eleven to fifteen, inclusive
$1,200/claim/year for years sixteen to twenty, inclusive.

The renewal fees are:

for Year five $25/claim
for Year ten $50/claim
for Year fifteen $100/claim.

The minimum annual assessment work must be completed on or before the anniversary date. The assessment report must then be submitted within 60 days after the anniversary date.

The Newfoundland and Labrador claims registry website reports that the assessment filing for the 4th year was received on April 25, 2012. To maintain the Property in good standing, through February 19, 2021, the registry website says a total of $84,600 of acceptable work expenditures are required.

4.3 PROPERTY AGREEMENTS

Cap-Ex acquired a 100% interest in license 014603M in March 2011 from Mandu Resources Ltd. ("**Mandu**"), Bedford Resources Partners Inc. ("**Bedford**") and 743584 Ontario Inc. The acquisition agreement as well as including the license 014603M, also included two additional properties known as Block 44 and the Lac Connelly property. These three properties are referred to in the acquisition agreement as the "Schefferville Properties" and total 9,050 ha. The total consideration for the Schefferville Properties was $275,000 and 5,000,000 common shares of Cap-Ex.

The vendors have retained a 1.8% royalty on iron ore produced from the Property. Cap-Ex has the right, until March 8, 2013, to purchase 0.5% of the royalty (reducing the royalty to 1.3%) by paying to the vendors $1,000,000.

Cap-Ex acquired two mineral licences contiguous with licence 014603M from Adriana Resources Inc. ("**Adriana**"). Under the agreement (the "Adriana Agreement") between Cap-Ex and Adriana, Cap-Ex acquired a 100% right, title and interest in and to licences 014855M and 014856M. Consideration for the purchase of the licences was the issuance to Adriana of 500,000 shares of Cap-Ex and a cash payment to Adriana of $500,000. As a condition of the purchase, Cap-Ex entered into a royalty agreement with Adriana calling for Cap-Ex to pay to Adriana a 1% royalty on any commercial production from the properties.

A fourth license, 017130M was acquired in April 2011 from Darrin Hicks, who holds a 2% royalty, as well as an advanced royalty of $5,000 which is due in April 2016 for a period of 5 years.

The other 9 licenses were map-staked by Cap-Ex.

4.4 PERMITTING

Cap-Ex's 2011 and 2012 exploration programs required Exploration Approvals, respectively E110128 and E120054, that were granted by Government of Newfoundland and Labrador, Department of Natural Resources, Mines Branch, Mineral Lands Division. These approvals included conditions. These conditions included:

- necessity to comply with any other Provincial and Federal Act or Regulation, or obtain all permits that may be required in connection with the exploration activity;
- necessity for all personnel to comply with the Mineral Regulations, in particular sections which refers to the "Guidelines for Exploration and Construction Companies";
- requirements for notification to the Mineral Lands Division concerning mobilizing equipment to the project area, completion of the exploration activity; need to provide brief report on the progress of exploration program when it is completed;
- taking the necessary measures to ensure exploration activities do not have an adverse impact on aboriginal interests in the area;
- guidelines for the use of access roads particularly across wetlands;
- conditions referenced in your Water Use Licence; and
- guidelines for fuel storage, archeological sites, and fish and wildlife protection.

In addition, to build the 2012 field camp, a license (No. 140258), for Occupancy of Crown Land for the purpose of Temporary Work Camp, expiry July 2013, was issued by Government of Newfoundland and Labrador, Department of Environment and Conservation. To this license various conditions were also attached including requirements and conditions for fuel storage, water use, sewage and garbage disposal, fire prevention and tree cutting.

Fisheries and Oceans Canada ("**DFO**") also reviewed Cap-Ex's 2012 program proposal for impacts on fish and fish habitat. DFO recommended additional mitigation measures including:

- maintenance of buffer zones around all water courses;
- closed drilling systems;
- drilling wastes to not enter water bodies; and
- screens on water intake pipes.

Cap-Ex has no open exploration permits at this time and applications are being prepared for the 2013 field season.

Inspectors from the Newfoundland and Labrador Department of Natural Resources and Environment and Conservation visited the exploration operation at Block 103 late (September) in each of the 2011 and 2012 exploration seasons. The inspectors reported that Cap-Ex's work and the condition of the exploration sites was well above the regulatory and guidance standards. WGM's understanding from Cap-Ex is that the Project is in good standing with respect to all permitting and environmental issues.

5. ACCESS, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 ACCESS

The Property is accessible from Schefferville, Québec (see Figures 1 and 2). The Property is approximately 30 km northwest of the town and is traversed by gravel roads that access New Millennium Iron Corp. ("**New Millennium**") and Labrador Iron Mines Limited ("**LIM**") properties. There is no road access to Schefferville from the population centres of Québec or Labrador. There is daily scheduled air service between Schefferville and Wabush or Sept-Îles and from there to Québec City, Montréal and beyond. There is once-a-week round-trip train service for passengers and freight between Schefferville and Sept-Îles, which also provides service to Labrador West.

5.2 CLIMATE

The climate in the region is typical of north-central Québec/western Labrador. Daily average temperatures exceed 0ºC for only five months of the year. Winters are harsh, lasting about six to seven months, with heavy snow from December through April. Daily mean temperatures in Schefferville in January average -24.1ºC. Precipitation in the Schefferville area includes more than 50 cm of snowfall for each of November, December and January. Summers are generally cool and wet with the wettest month of summer being July with an average rainfall of 106.8 mm. Extended day-light, however, enhances the summer work-day period. Early and late-winter conditions are acceptable for ground geophysical surveys and drilling operations.

5.3 PHYSIOGRAPHY

The topography of the Schefferville area is bedrock controlled with elevation varying between 500 m and 700 m above sea level. The terrain is generally gently rolling to flat with relief of approximately 50 m to 100 m. Topographic highs are normally created by more resistive iron formation, quartzites, cherts and silicified units with the lower areas corresponding to siltstones and shales.

The Project is within the Atlantic watershed. The area is all part of the northern extents of the boreal forest. Conifers, low shrubs and lichens are dominant.

The area is covered by a thin veneer of till composed of glacial and glacial fluvial sediments. The till is composed of sandy gravels preserved within topographic lows.

5.4 LOCAL RESOURCES AND INFRASTRUCTURE

Schefferville with a population of approximately 250 non-native residents is an incorporated municipality in the Province of Québec, and has a number of new buildings, including medical clinics, a recreation centre and churches, and houses. The contiguous Matimekosh community has approximately 700 members of the Nation Innu Matimekosh-Lac John.

The economy of Schefferville is based on hunting and fishing, tourism and public service administration. In addition to the hunting and fishing outfitters, the population of the town consists mainly of motel, store and flying service operators, teachers, retired families and support staff for the town services.

A skilled labour force is accessible from other parts of Newfoundland and Labrador and Québec. Modern Canadian mining operations are very commuter friendly with labour travelling from all parts of Canada to satisfy labour needs.

The region is served by an airport with a 2,000 m runway capable of handling jet aircraft. Scheduled air service is available to Montreal, Wabush and Sept-Îles, Québec.

Rail service to Schefferville is provided by Tshiuetin Rail Transportation Inc. ("**TRT**"), which is owned in equal parts by the Naskapi Nation of Kawawachikamach, the Nation Innu Matimekosh - Lac John and Innu Takuaikan Uashat mak Mani. Twice weekly trains Schefferville to Sept-Îles provides freight and passenger service.

6. HISTORY

6.1 GENERAL

WGM believes the historical descriptions presented are generally accurate, but we have not independently verified the data.

The first substantial exploration in the Labrador Trough commenced in the late 1930s when Labrador Mining and Exploration company Limited ("**LM&E**") acquired large mineral concessions to explore for base and precious metals (Neal, 2001). In 1945, Hollinger Gold Mines bought control of LM&E and formed Hollinger North Shore Exploration Company Limited ("**Hollinger**"). M.A. Hanna Company of Cleveland joined Hollinger and Hanna was joined by other steel companies forming the Iron Ore Company of Canada ("**IOCC**"). The mining and shipping of iron ore in the Schefferville area commenced in 1954 under the management of the IOCC. The exploration and mining of the Direct Shipping Ore ("DSO") deposits at Schefferville ceased in 1982 after production of approximately 250 million tons of ore. IOCC's focus was the DSO deposits but some exploration of taconite mineralization in the Howells River area was also undertaken.

After the cessation of production the mineral concessions reverted to the crown. In recent years with the increase in demand for iron and steel worldwide, iron ore prices have increased and exploration and development activity in the Schefferville area has also been steadily on the rise.

The core of the current Property was IOCC's Block 103; IOCC referred to the property as Block 103. A part was also IOCC's Block 19.

In 1950, IOCC (Perrault, 1950 – Labrador Geofile 023J/0009) completed a 1,000 foot-spaced geological mapping program that covered parts of the present claim block and identified the various lithologies present. No sampling was reported.

In 1971, IOCC completed airborne electromagnetic and magnetic surveys over a number of areas, including parts of Block 103, and used the data acquired to estimate mineral resources. One of these mineral resource areas, Block 8, is covered by the present claims (Hetu, 1972 – Geofile 023J/0095).

In 1978, IOCC completed a ground magnetic and geological survey in the southwest portion of Block 103. Geophysics and geological mapping was competed along 500-foot spaced lines (Stubbins, 1978 – Geofile 23J/14/196).

In 1980, LM&E and IOCC, completed a helicopter magnetic, electromagnetic and radiometric survey over Block 103 (Grant, 1980 – Geofile LAB/0564).

In 2008, Bedford acquired license 014603M to cover an airborne magnetic anomaly. Subsequently, the property was optioned to Adriana and became known as the Bedford Iron Prospect.

In March 2008, Adriana map staked a total of 82 additional claims in two licenses, 014855M and 014856M, contiguous with the original Bedford property. It subsequently contracted MPX Geophysics Ltd. ("**MPX Geophysics**") to conduct an airborne geophysical survey of the property. The helicopter-borne survey comprised 670 line-km of surveying at 100 m spaced lines with a nominal terrain clearance of 50 m. The airborne survey identified a number of linear magnetic trends that correspond to previously mapped magnetite iron formation. Adriana collected two samples from the property, labelled A and B. These samples were submitted to SGS-Lakefield for Head assay and Davis Tube testwork. Sample A assayed 35.7 % TFe; Sample B assayed 18.4 % TFe. WGM is not aware of any other work completed by Adriana. In 2010, Adriana relinquished license 014603M and it was transferred to 743589 Ontario Inc.

In 2010, or early 2011 the property was offered to Cap-Ex. Cap-Ex contracted Paterson, Grant and Watson Ltd. ("**PGW**") to review MPX's survey results. PGW completed a reprocessing of the survey data. PGW's report, dated February 19, 2011, was titled: "*Interpretation of Airborne Magnetic Data for Iron Ore Deposits, Bedford 103 Block, Northwest Labrador*".

In January 2011, Cap-Ex entered into an agreement to acquire the property from Mandu, Bedford and 743589 Ontario Inc.

7. GEOLOGICAL SETTING AND MINERALIZATION

WGM has relied for our geological descriptions solely on the basis of historic reports, notes and communications with Cap-Ex.

7.1 REGIONAL, LOCAL AND PROPERTY GEOLOGY

7.1.1 REGIONAL GEOLOGY

The Property is situated in the Churchill Structural Province, close to the western margin of the Labrador Trough ("Trough") adjacent to Archean basement gneiss (Figure 3). The Trough, otherwise known as the Labrador-Québec Fold Belt, extends for more than 1,200 km along the eastern margin of the Superior Craton from Ungava Bay to Lake Pletipi, Québec, near Lac Manicouagan. The belt is about 100 km wide in its central part and narrows considerably to the north and south.

The Trough comprises a sequence of Proterozoic sedimentary rocks, including iron formation, volcanic rocks and mafic intrusions. The southern part of the Trough is crossed by the Grenville Front representing a metamorphic fold-thrust belt in which Archean basement and Early Proterozoic platformal cover were thrust north-westwards across the southern portion of the southern margin of the North American Craton during the 1,000 Ma Grenvillian Orogeny (Brown, Rivers, and Callon, 1992). Trough rocks in the Grenville Province are highly metamorphosed and complexly folded. Iron deposits in the Gagnon Terrane, Grenville part of the Trough, include Lac Jeannine, Fire Lake, Mont-Wright, Mont-Reed, and Bloom Lake in the Manicouagan-Fermont area and the Luce, Humphrey and Scully deposits in the Wabush-Labrador City area. The high-grade metamorphism of the Grenville Province is responsible for re-crystallization of both iron oxides and silica in primary iron formation, producing coarse-grained sugary quartz, magnetite, and specular hematite schists (meta-taconites) that are of improved quality for concentration and processing.

Cap-Ex's Block 103 Property is located north of the Grenville Front in the Churchill Province where the Trough rocks have been only subject to greenschist or sub-greenschist grade metamorphism and the principal iron formation unit is known as the Sokoman Formation. The lithological units of interest on the Property due to their iron content are members of the Sokoman. The Sokoman Formation is the same iron-bearing unit that hosts the Gagnon or Grenville Terrane iron deposits, but in the central part of the Trough, where the Property is located, it is less metamorphosed. The Sokoman Formation, a formation of the Ferriman Group, is overlain by the Menihek Formation (mudstone and shales) and underlain by the

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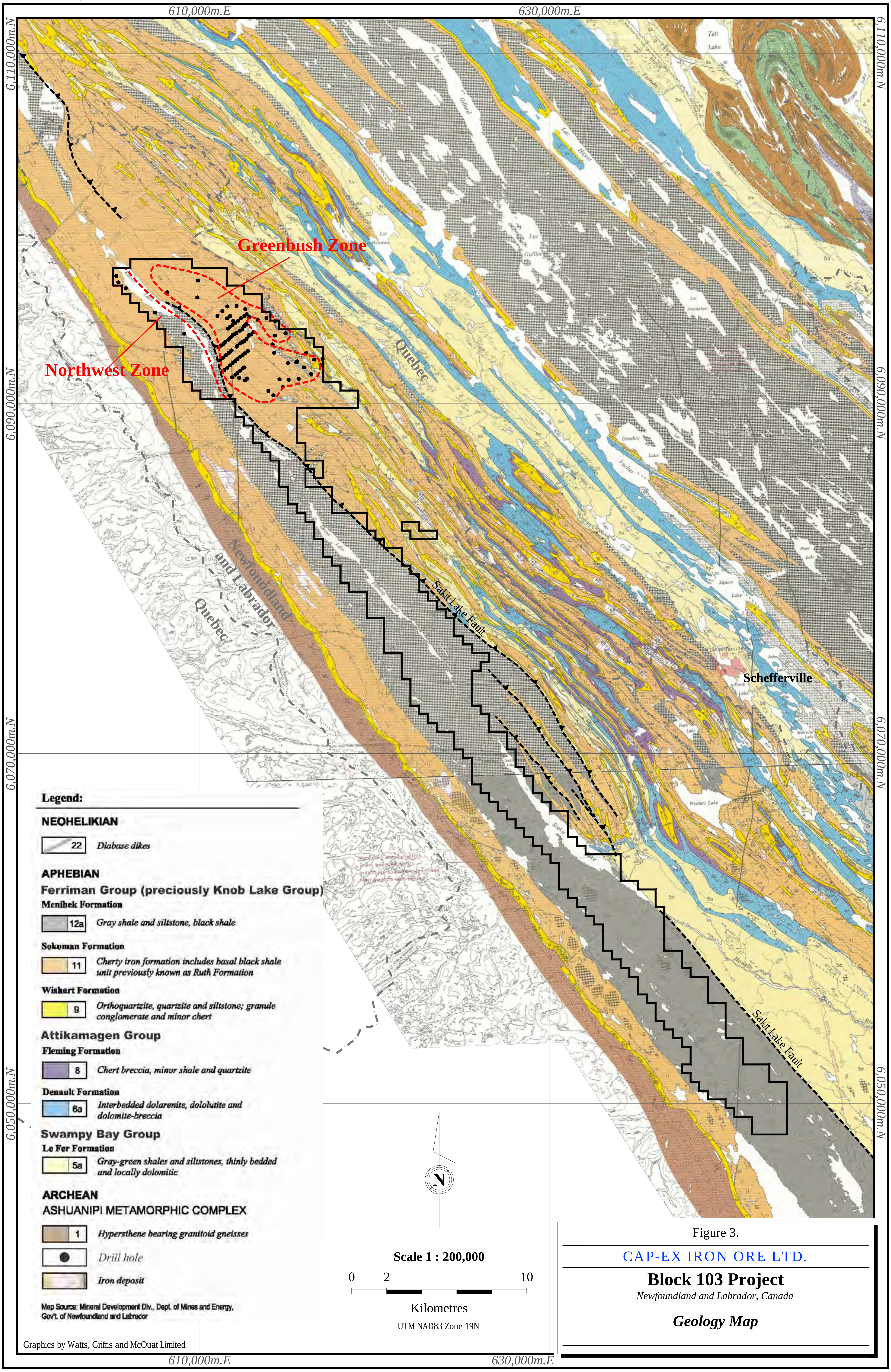

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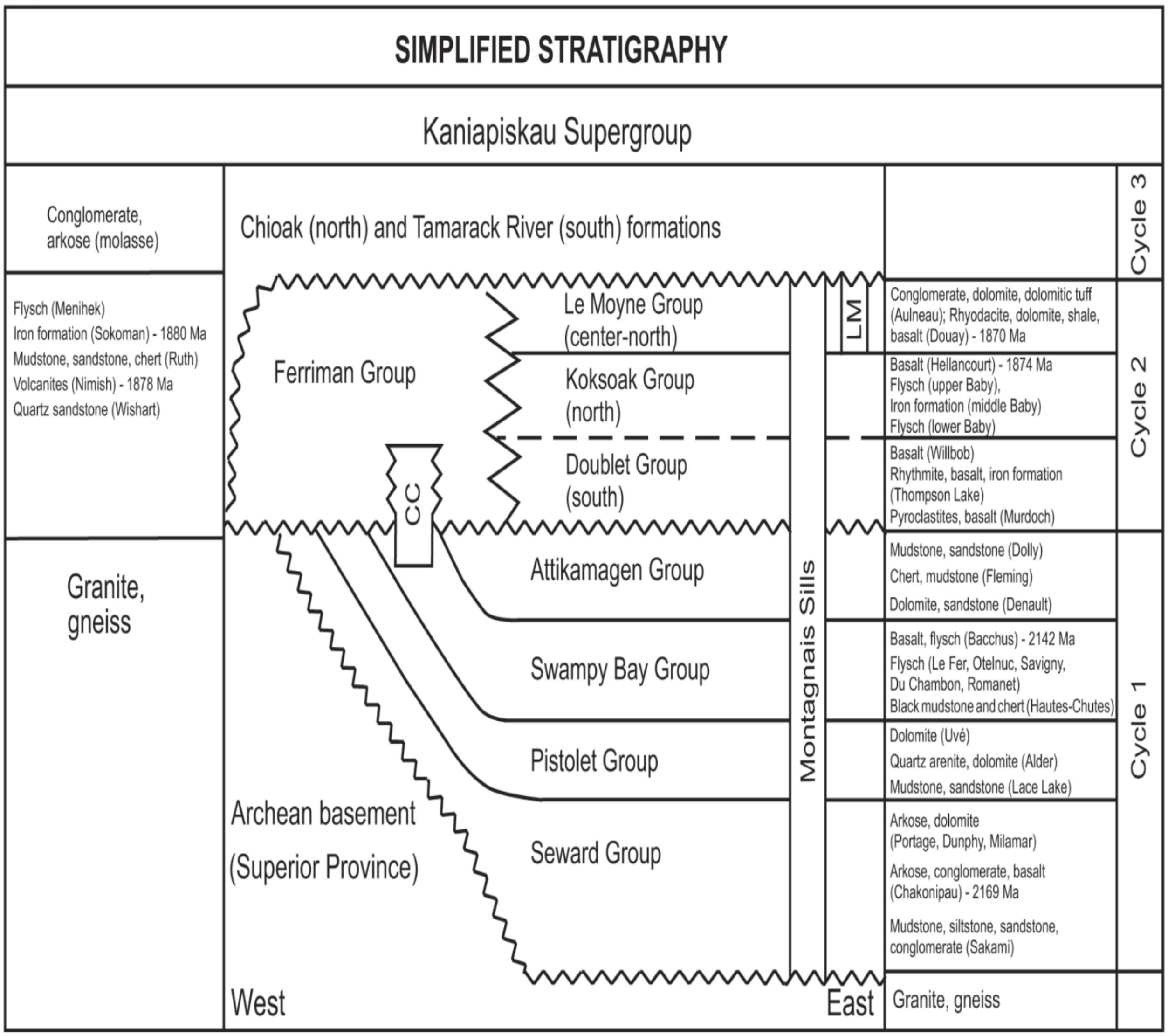
Wishart Formation (quartzite), and the Denault Formation (dolomite), a member of the Attikamagen Group. The Ferriman Group represents Cycle 2 of 3 volcaniclastic cycles defined in the Trough. The Attkamagen Group containing the Denault dolomite and the Fleming and Doly Formations, are mainly argillaceous rocks and are the upper members of the Cycle 1 sequence. The regional stratigraphic column after Clark and Wares (2006) is shown as Figure 4.



(*after Clark and Wares, 2006*)

Figure 4. Schematic Stratigraphy of the Labrador Trough

Clark and Wares (2006) defined lithotectonic zones ("LTZ") that divide the Trough or Orogen into subdivisions separated by tectonic discontinuities. These zones are defined by consistent lithologic assemblage or structure style traceable over large areas.

The Property straddles two major lithotectonic zones with different structural expressions of the same stratigraphy. The Stakit Lake Fault, located just east of, and sub-parallel to, the Howells River system separates the Tamarack LTZ to the west from the Schefferville LTZ to the east. This fault discontinuity runs along the west margin of the north part of the Property, so a major part of the north portion of the Property is in the Schefferville LTZ while its west margin is in the Tamarack LTZ. For the central to south portions of the Property, the Stakit Lake Fault cuts obliquely through the Property, so much more of the central and south parts are in the Tamarack LTZ. The Ferriman Group rocks in the Tamarack LTZ directly overlie the Superior Craton gneisses and are largely undeformed, dipping very gently eastwards. The Ferriman sequence in the Schefferville LTZ is characterized by multiple thrust faults and tight folding resulting in a stacked sequence of rocks. The Ferriman sequence in the Schefferville LTZ is underlain by Cycle 1 lithologies.

The Sokoman Formation, after IOCC, is traditionally divided up into three members: Lower, Middle and Upper. These three members, after Wardle (1979), are described as follows:

- Upper Member: Carbonate-rich grey cherts, grey magnetite-rich magnetite iron formation and Lean cherts;

- Middle Member: More thickly bedded blue-grey oxide iron formation with characteristic granular and oolitic textures;

- Lower Member: Silicate and silicate-carbonate cherty iron formation.

The three members are divided up into multiple sub-members as summarized in Table 3. This stratigraphic column was originally based on data compiled southwest of Block 103, west of the Howells River, and the geology on the Property may be slightly different. As presented here, the table has been updated based on observation by Cap-Ex.

Iron deposits in the Churchill portion of the Trough are taconites, or weakly metamorphosed iron formation. Taconite iron deposits in the Trough include New Millennium's KéMag and LabMag deposits, Adriana's Lac Otelnuk, Century Iron Mines Corporation's Rainy Lake deposit and the December Lake deposit. The "Direct Shipping Ore" deposits located near Schefferville, and mined by IOCC from 1954 to 1980, and adjacent deposits under development by New Millennium and LIM are taconite deposits that have been upgraded by supergene leaching and subsequent residual concentration.

TABLE 3.
SUB-MEMBER STRATIGRAPHY OF THE WESTERN MARGIN OF THE LABRADOR TROUGH

Unit	Est'd Avg True Thickness & Range (m)	Description
Youngest		
Granodiorite		Dikes, steep dipping.
Diabase		
Menihek Formation	>79.2	Dark grey to black shale with minor interbedded greywacke and carbonate lithofacies, carbonaceous pyritic shale.
		CONTACT OFTEN FAULTED
Sokoman Formation		
UIF Member		
Lean Chert Sub-member (LC) Silicate Facies	25.0 (18.4-32.5)	Greenish, green to grey-green and pink-grey magnetite-chert iron formation with local zones of laminated to shaley bedded (siderite-magnetite) chert iron formation. This unit is described as containing a stromatolite-bearing purple-red and green chert band with magnetite less than 3 m thick but this was not observed on the Property. Stilpnomelane-bearing magnetite-rich shales occur both above and below the stromatolitic band.
Jasper Upper Iron Formation (JUIF) Magnetite-Carbonate Facies	26.2 (20.7-30.8)	Layered to laminated, magnetite-chert iron formation. Red-grey-pink in colour, red chert and oolites.
Green Chert (GC) Magnetite-Carbonate Facies	3.8 (1.2-9.4)	Silicate-rich, green chert unit, laterally continuous. Recognized in the Howells River section to be an excellent marker horizon but Cap-Ex comments it was not reliably observed on the Property.
MIF Member		Predominantly arenitic oxide facies. Oolitic and granular texture with cross bedding, abundant iron oxides throughout with more jasper near the top (URC) and bottom (LRC) of unit.
Upper Red Cherty (URC) Hematite-Carbonate Facies	8.1 (4.4-16.8)	Massive to layered, jasper-magnetite-chert iron formation. Red-grey to reddish purple.
Pink-Grey Cherty (PGC) Magnetite-Carbonate Facies	12.6 (4.0-22.9)	Disseminated magnetite-chert iron formation. Grey to pink-grey to green-grey.
Lower Red Cherty (LRC) Hematite-Carbonate Facies	8.6 (0-18.6)	Layered magnetite-chert iron formation. Red-grey to reddish purple. Lower contact transitional.
LIF Member		
Lower Red Green Cherty (LRGC) Magnetite-Carbonate Facies	21.2 (0-46.0)	Layered silicate-magnetite-carbonate, magnetite-chert iron formation. Pink to reddish-grey to green-grey. More silicate in lower part, more oxide in upper part. Lower contact transitional with LIF.
Lower Iron Formation (LIF) Silicate Facies	8.2 (1.4-32.8)	Massive to layered green to grey-green silicate-carbonate-magnetite-chert iron formation.
Ruth Formation (RF) Sulphide Facies	5.2 (2.9-8.7)	Thin bedded to laminated chert-siderite, with thin interbeds of shale. Note - Zajac (1974) argues the term Ruth Formation should be abandoned because it is for most part equivalent to LIF. Cap-Ex maintains the Ruth as a Member. Black Chert 1.4 m (0.62-2.4 m. Cap-Ex interprets the Black Chert to be the basal Member of the Ruth.
Wishart Formation (Qzt)	17.7 (14.6-20.4)	Quartzites and/or re-crystalized cherts.
		UNCONFORMITY
Ashuanipi Complex - Archean		Granitic and Granodioritic gneiss and mafic intrusives. Paleosol on contact between Proterozoic Assemblage and Archean basement.

Adapted after Fink (1972) and Klein and Fink (1976)

7.1.2 PROPERTY GEOLOGY

General

The Property area was mapped initially by Perrault in 1950 for IOCC and additional work was done by LM&E. The area has also been the subject of several research papers by Klein and Fink in 1976 and 1977. Wardle (1981) recompiled the geology of the area using a number of sources including IOCC and LM&E. Wardle's work resulted in Map 85-2: "*Geology of the South-Central Labrador Trough*" and Report 79-1 "*Geology of the Westernmost part of the Labrador Trough*". Figure 5 is an enlarged portion of Figure 3 showing the north section of the Property where the Mineral Resources are located. Figures 3 and 5 are both based on Wardle's map.

The Property geology interpretation was assembled by Cap-Ex from historic work, reconnaissance geological mapping in 2011 and 2012 on scattered outcrops (the northwestern part of the Property and the area west of Howell's River has very few outcrops), diamond drilling and airborne geophysical surveys. Diamond drilling provided the densest data and allowed the use of the Fink stratigraphic column in some detail. All of the 2011 and 2012 drilling was done in the north part of the Property and is shown in Figure 6. Figures 7 to 9 also show the north section of the Property and the drillholes, magnetic and gravity responses from Cap-Ex's airborne geophysics surveys and the Greenbush Mineral Resource area. Interpretations from drill cross sections were projected to surface and compared with outcrops. Cap-Ex used these sources of data together to build a coherent interpretation. Figures 10 and 11 show the interpreted geology of the Mineral Resource area on two type cross sections; a part of the Greenbush Zone based largely on drillhole interpretation.

The Property is underlain by a sequence of northwest-southeast trending, greenschist facies folded and faulted, Ferriman Group that includes the sequence from Wishart, through the Sokoman and into the Menihek Formations. Some Cycle 1 rocks (Doly Formation (?)) may also be present but not yet clearly documented. The majority of the Property is underlain by Menihek Formation shales in the Tamarack LTZ. Only the north part of the Property is mainly underlain by Sokoman Formation at subsurface. The Sokoman Formation includes iron oxide, iron carbonate, and iron silicate facies and hosts the iron oxide deposits.

Cap-Ex's mapping and core logging protocol classified rock units according to the member or sub-member stratigraphy outlined in Table 3. Cap-Ex calls these units Members. Cap-Ex also used rock type codes based on percentage of magnetite, hematite, silicate and carbonate, i.e., the composition codes. Table 4 lists the composition codes used by Cap-Ex. Basically rocks with codes that start with "H" or "M" are dominated by hematite or magnetite, with

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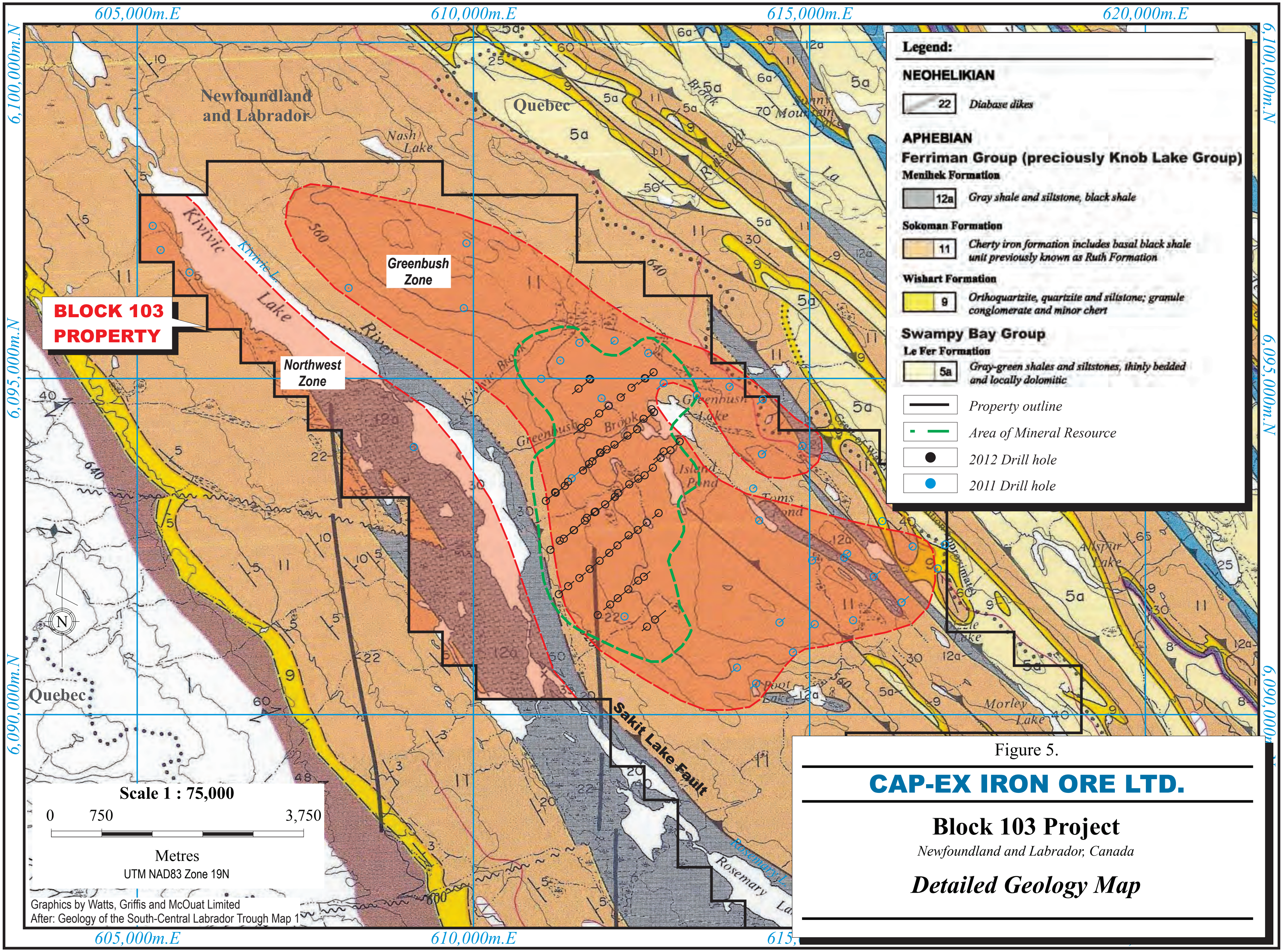

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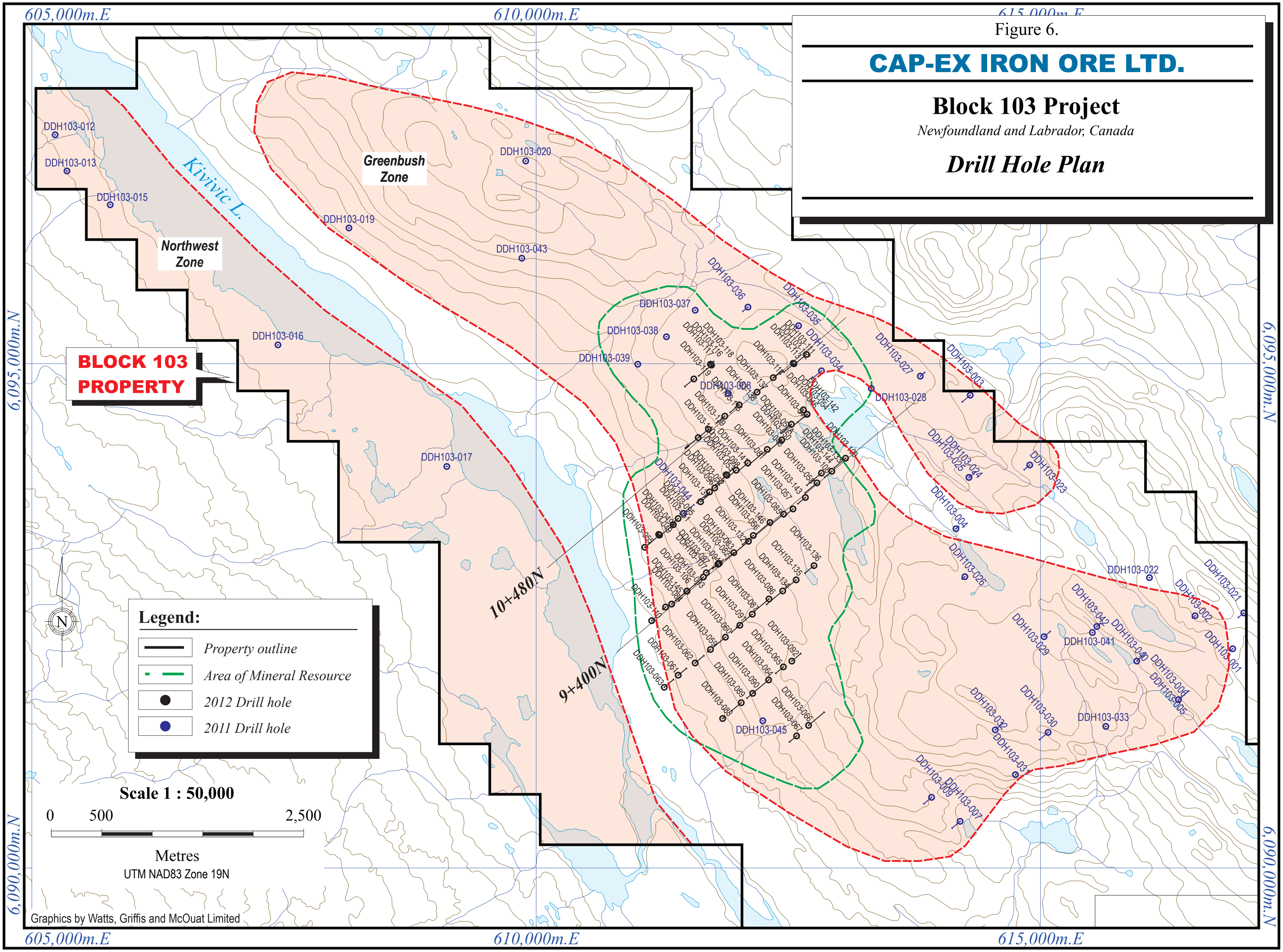
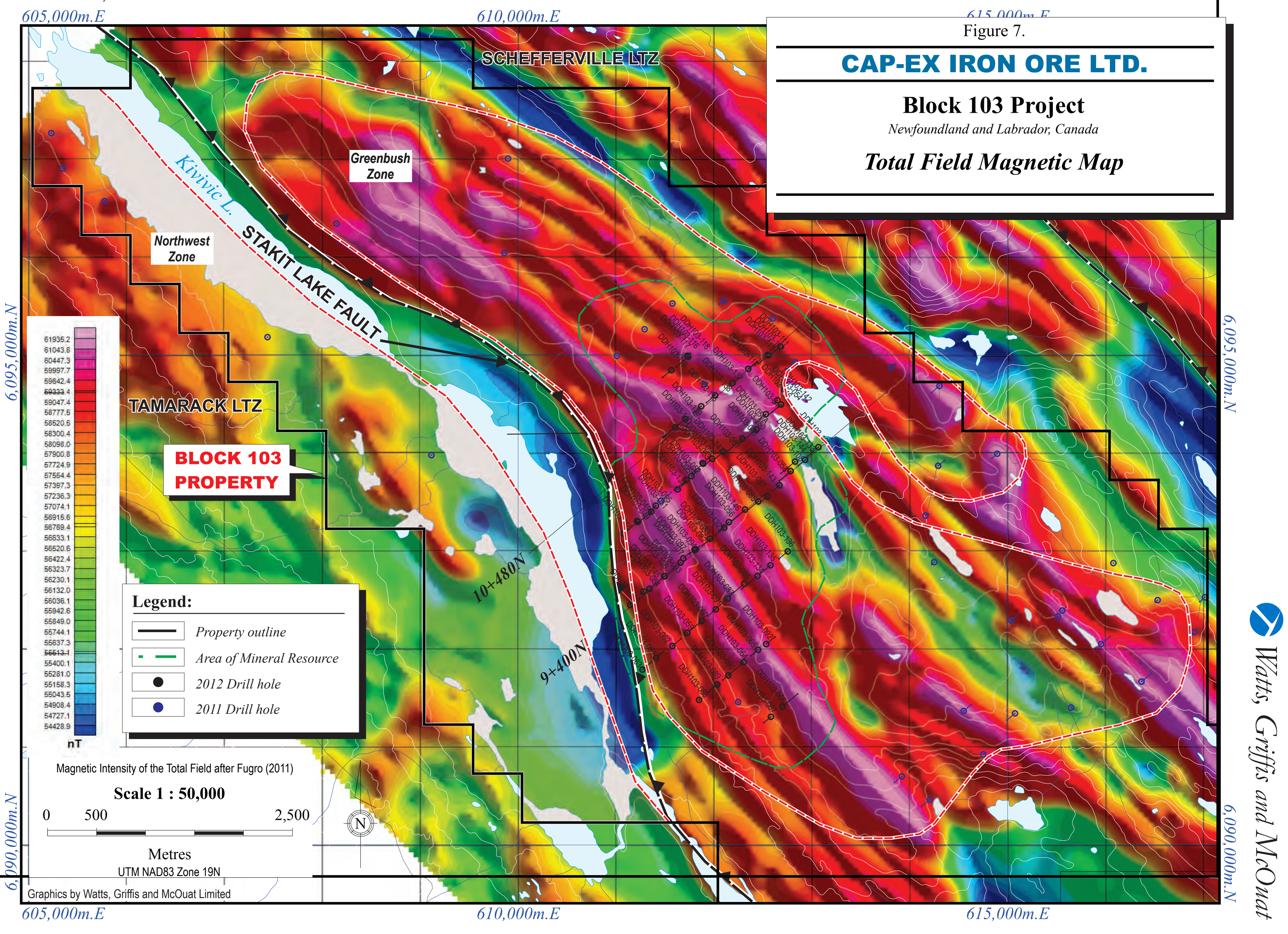


Watts, Griffis and McOuat

CEV REV / CEV_12_Total_Field_Magnetic.cdr
Last revision date: Saturday 9 March 2013



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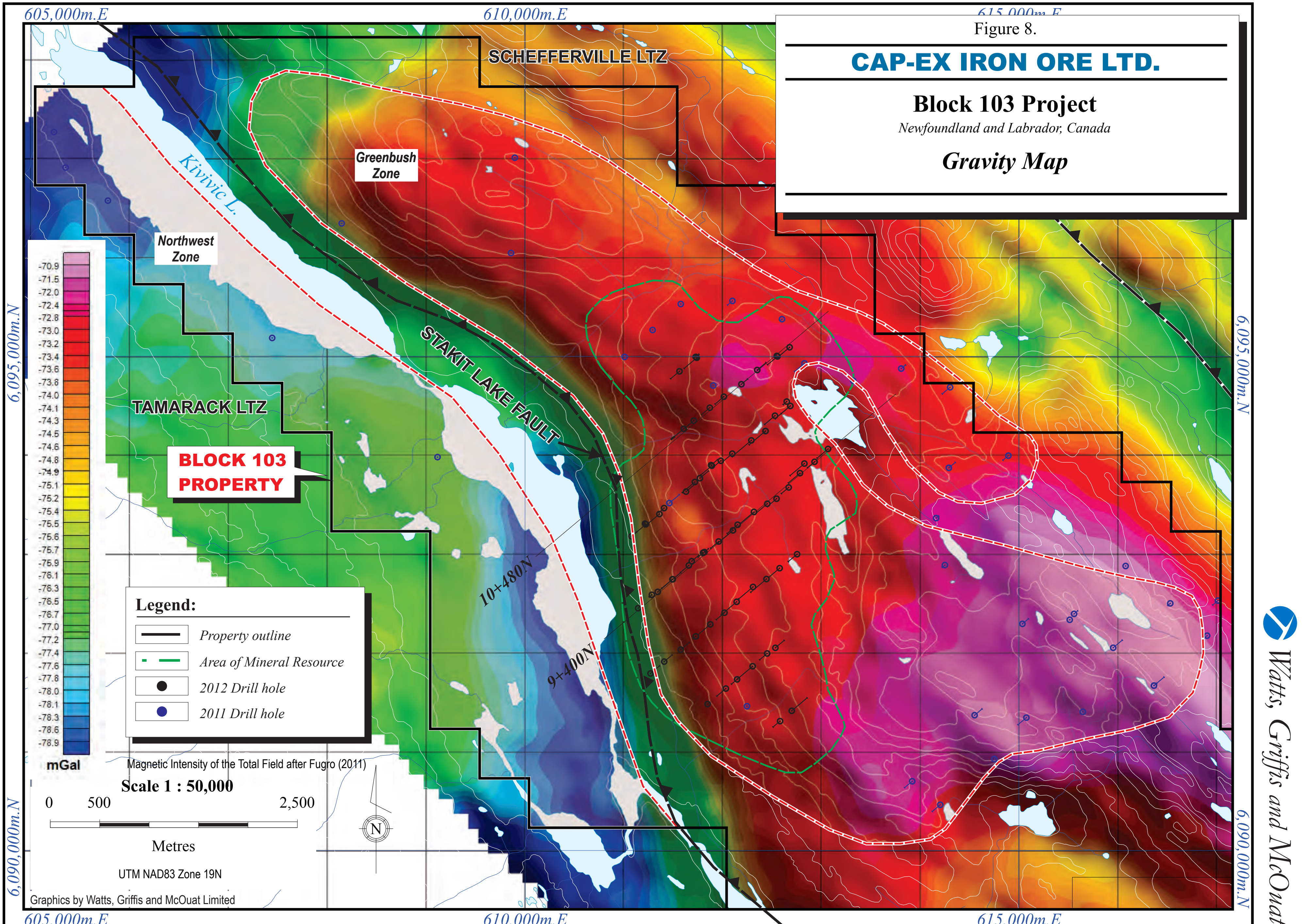
Last revision date: Saturday 9 March 2013



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Last revision date: Saturday 9 March 2013

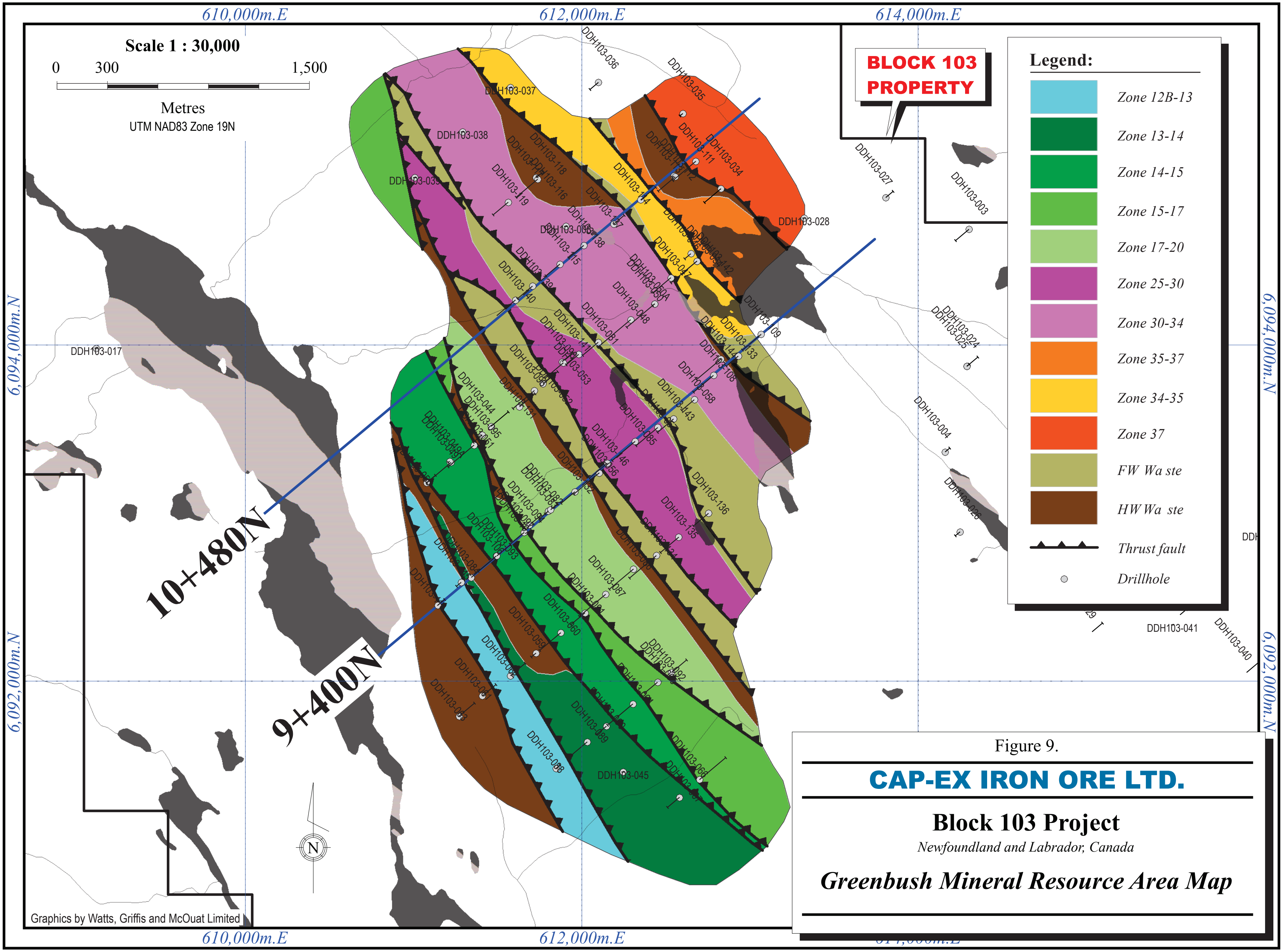


Figure 9.

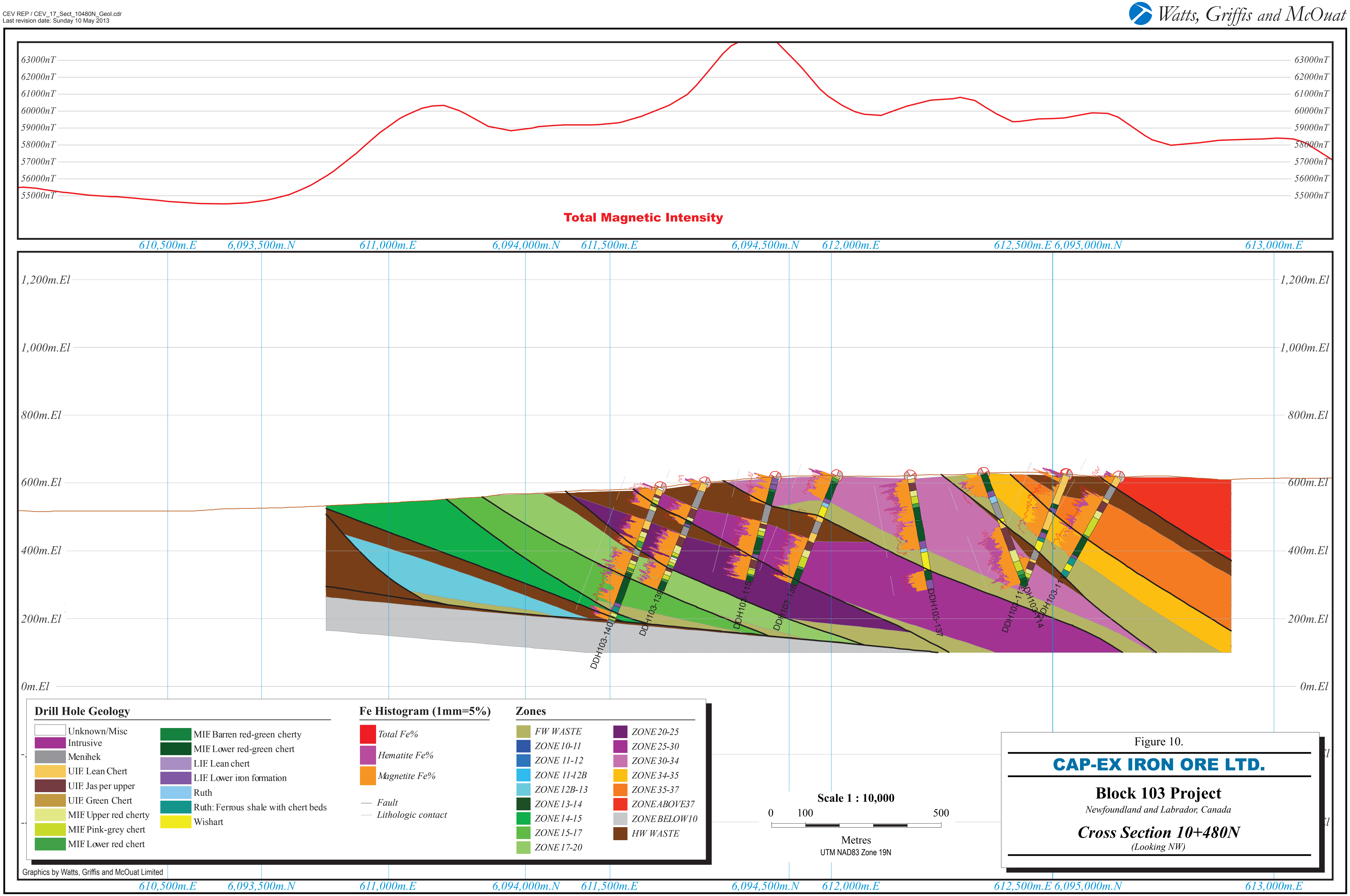
CAP-EX IRON ORE LTD.

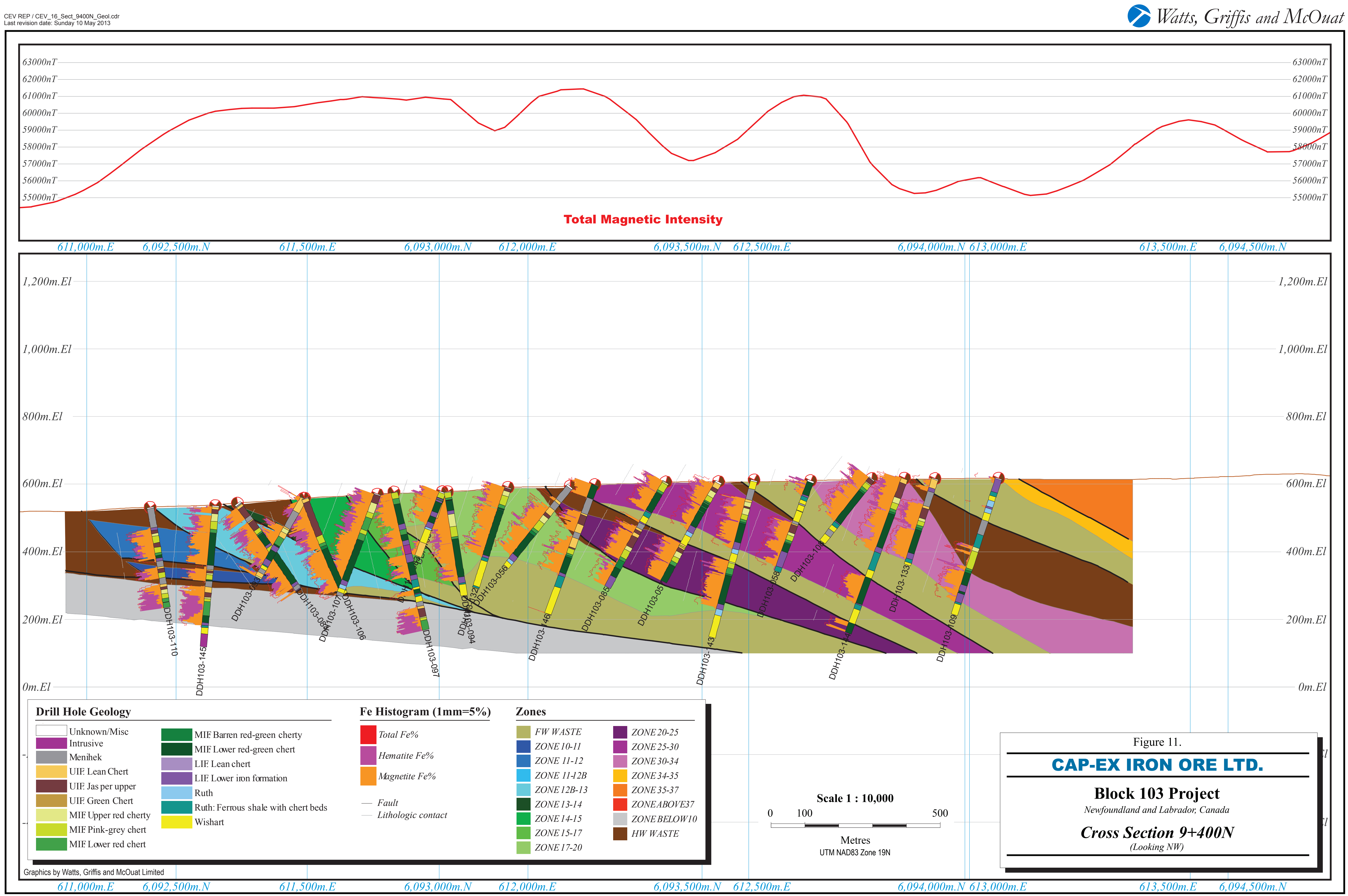
Block 103 Project

Newfoundland and Labrador, Canada

Greenbush Mineral Resource Area Map

Watts, Griffis and McOuat


CEV REP / CEV_17_Sect_10480N_Geol.cdr
Last revision date: Sunday 10 May 2013
Watts, Griffis and McOuat
63000nT
62000nT
61000nT
60000nT
59000nT
58000nT
57000nT
56000nT
55000nT
Total Magnetic Intensity
610,500m.E
6,093,500m.N
611,000m.E
6,094,000m.N
611,500m.E
6,094,500m.N
612,000m.E
612,500m.E
6,095,000m.N
613,000m.E
1,200m.El
1,000m.El
800m.El
600m.El
400m.El
200m.El
0m.El
DDH103-140
DDH103-139
DDH103-138
DDH103-137
Drill Hole Geology
Unknown/Misc
Intrusive
Menihek
UIF Lean Chert
UIF Jasper upper
UIF Green Chert
MIF Upper red cherty
MIF Pink-grey chert
MIF Lower red chert
MIF Barren red-green cherty
MIF Lower red-green chert
LIF Lean chert
LIF Lower iron formation
Ruth
Ruth: Ferrous shale with chert beds
Wishart
Fe Histogram (1mm=5%)
Total Fe%
Hematite Fe%
Magnetite Fe%
Fault
Lithologic contact
Zones
FW WASTE
ZONE 10-11
ZONE 11-12
ZONE 11-12B
ZONE 12B-13
ZONE 13-14
ZONE 14-15
ZONE 15-17
ZONE 17-20
ZONE 20-25
ZONE 25-30
ZONE 30-34
ZONE 34-35
ZONE 35-37
ZONE ABOVE 37
ZONE BELOW 10
HW WASTE
Scale 1 : 10,000
0
100
500
Metres
UTM NAD83 Zone 19N
Figure 10.
CAP-EX IRON ORE LTD.
Block 103 Project
Newfoundland and Labrador, Canada
Cross Section 10+480N
(Looking NW)
Graphics by Watts, Griffis and McOuat Limited



CEV REP / CEV_16_Sect_9400N_Geol.cdr
Last revision date: Sunday 10 May 2013
Watts, Griffis and McOuat
63000nT
62000nT
61000nT
60000nT
59000nT
58000nT
57000nT
56000nT
55000nT
Total Magnetic Intensity
611,000m.E
6,092,500m.N
611,500m.E
6,093,000m.N
612,000m.E
6,093,500m.N
612,500m.E
6,094,000m.N
613,000m.E
613,500m.E
6,094,500m.N
1,200m.El
1,000m.El
800m.El
600m.El
400m.El
200m.El
0m.El
DDH103-110
DDH103-145
DDH103-106
DDH103-097
DDH103-094
DDH103-056
DDH103-146
DDH103-085
DDH103-143
DDH103-058
DDH103-133
DDH103-109
Drill Hole Geology
Unknown/Misc
Intrusive
Menihek
UIF Lean Chert
UIF Jasper upper
UIF Green Chert
MIF Upper red cherty
MIF Pink-grey chert
MIF Lower red chert
MIF Barren red-green cherty
MIF Lower red-green chert
LIF Lean chert
LIF Lower iron formation
Ruth
Ruth: Ferrous shale with chert beds
Wishart
Fe Histogram (1mm=5%)
Total Fe%
Hematite Fe%
Magnetite Fe%
Fault
Lithologic contact
Zones
FW WASTE
ZONE 10-11
ZONE 11-12
ZONE 11-12B
ZONE 12B-13
ZONE 13-14
ZONE 14-15
ZONE 15-17
ZONE 17-20
ZONE 20-25
ZONE 25-30
ZONE 30-34
ZONE 34-35
ZONE 35-37
ZONE ABOVE37
ZONE BELOW10
HW WASTE
Scale 1 : 10,000
0 100 500
Metres
UTM NAD83 Zone 19N
Graphics by Watts, Griffis and McOuat Limited
Figure 11.
CAP-EX IRON ORE LTD.
Block 103 Project
Newfoundland and Labrador, Canada
Cross Section 9+400N
(Looking NW)

magnetite and/or hematite greater than 20% by volume of the lithology. "L" at the start of a code means Lean; this is iron formation that is relatively low in hematite and/or magnetite (magnetic Fe + hematititic Fe between 10% and 20%). "SIF" is Silicate Iron Formation; SIF is iron formation where most of the iron present is in silicates, rather than oxides, i.e., neither magnetite nor hematite.

TABLE 4.
SUMMARY OF ROCK COMPOSITION CODES USED FOR LOGGING 2012 DRILLHOLES

RockType	Description
HIF	hematite >20%-quartzite (minor marble Ca/Fe silicates)
HMIF	hematite>magnetite-quartzite [MT+HM>20%] (minor marble Ca/Fe silicates)
HMSIF	hematite>magnetite> 20%; silicate >50% iron formation
LHMIF	hematite>magnetite (HM+MT 10-20%) quartzite (minor marble Ca/Fe silicates)
LHSIF	hematite 10-20% silicate IF
LMCIF	magnetite 10-20% + carbonate IF
LMCSIF	magnetite (10-20%) carbonate silicate iron formation
LMHIF	magnetite>hematite(10-20%)+quartz (minor marble Ca/Fe-silicates)
LMIF	magnetite(10-20%)-quartzite (minor marble Ca/Fe-silicates)
LMQCIF	magnetite (10-20%) quartz carbonate silicate iron formation
LMQSIF	magnetite (10-20%) quartz silicate iron formation
LMSIF	magnetite (10-20%) silicate iron formation
MCIF	magnetite >20% + carbonate IF
MHCIF	magnetite+hematite >20% carbonate >50% silicate iron formation
MHIF	magnetite>hematite [MT+HM>20%]-quartzite w/minor marble Ca/Fe silicates
MHSIF	magnetite>hematite> 20%; silicate >50% iron formation
MIF	magnetite>20%-quartzite (minor marble Ca/Fe-silicates)
MSIF	magnetite >20% silicate iron formation
SIF	Fe-Ca silicates >50% w/ qzt marble + minor Fe oxide
QCIF	Quartz (50-90 qz)% carbonate iron formation
QSIF	Quartz (50-90% qz) + Ca-Fe silicates + minor Fe oxides

Structural Geology

The Property straddles two major lithotectonic zones with different structural expressions of the same stratigraphy. Figures 3 & 5 to 9 (shown previously) show the Stakit Lake Fault, a regional thrust structure over 150 km long, separating the Tamarack LTZ to the west from the Schefferville LTZ to the east. Another prominent thrust fault striking northwest lies along the northwestern edge of the Property parallel the Stakit River Fault, but within the Schefferville LTZ. Iron-oxide bearing Sokoman Formation lies on both sides of this fault. Most of the northern portion of the Property is underlain by the Ferriman Group rocks in the Schefferville LTZ.

Most of the north part of the Property is underlain by formations in the Schefferville LTZ. From drillhole and geophysical interpretation, the Schefferville LTZ on the Property is characterized by sequences of inclined, imbricate, Ferriman Group rocks stacked by folding and thrust faulting. The Trans-Hudsonian compression is believed to have lead initially to open folding then progressed to a series of listirc thrust fault sheets with steeper dips near surface, flattening to nearly horizontal as they merge to a basal decollement fault plane about 500 m below surface. The thrust faults are marked by healed cataclastic faults with angular clasts in cemented ("healed") hard matrix; the zones range from 0.15 to 1.5 m wide. Later gouge-filled faults show a secondary movement, but these appear to have less displacement; occasionally they occur in the healed cataclastic fault zones.

The multiple thrust faults stacked and juxtaposed the Sokoman and adjacent strata so that there are repetitions of the iron oxide members adjacent to each other. Menihek Formation may be adjacent to Wishart and members in the Sokoman Formation may be missing or repeated. Zajac (1974) estimates that the thrust faults shortened the basin by 28-35%, but this may be understated.

In contrast to the structural complexity prevalent in the Schefferville LTZ, the Sokoman Formations in the Tamarack LTZ dips uniformly and gently with 5°-12° dips to the NE. On the Property, drillholes DDH103-11 through 103-16 penetrate this stratigraphy west of Howell's River, which occupied the Stakit Lake Fault trace.

7.2 MINERALIZATION

Mineralization of economic interest on the Property is magnetite-rich oxide facies iron formation. The oxide iron formation ("OIF") consists mainly of semi-massive bands, or layers, and disseminations of magnetite (Fe_3O_4) and/or hematite (Fe_2O_3). Some iron also invariably occurs in siderite and ferro-ankerite and iron-bearing silicates. Iron oxide bands containing concentrations of magnetite and/or hematite alternate with grey chert or jasper. Where silicate or carbonate becomes more prevalent than magnetite and/or hematite, then the rock is SIF and/or silicate-carbonate iron formation and its variants. SIF consists mainly of amphibole and chert, often associated with carbonate (often iron carbonate) and can contain magnetite or hematite in minor amounts. Where carbonate becomes more prevalent the rock is named silicate-carbonate or carbonate-silicate iron formation, but in practice infinite variations exist between the OIF and silicate-carbonate iron formation composition end members (see Table 4). SIF and its variants and lean iron formation are also often interbedded with OIF.

Two zones of mineralization have been defined on the Property and both are located in the northern part of the Property. Drilling has only been done on the northern part of the Property. The two zones of mineralization are the Greenbush Zone located near Greenbush

Lake and the Northwest Zone named such because of its location along the northwest margin of the Property.

7.2.1 THE GREENBUSH ZONE

The Greenbush Zone is defined as a portion of the Sokoman sequence in the north part of the Property, adjacent to Greenbush Lake, and was the focus for most of the 2011 and 2012 drilling program. As currently defined, the Greenbush Zone is approximately 10 km long NW-SE and 5 km wide SW-NE and encompasses the area of the present Mineral Resource estimate (see Figures 3 & 5 to 9). The Sokoman and associated formations show a similar stratigraphic pattern as seen to the west and described, with some local variations, in Klein and Fink (1976), but multiple thrust faults (more than 12 have been interpreted by Cap-Ex within the drilled volume) have stacked Sokoman members to build a volume in excess of 500 vertical metres, compared with the normal ~125 m thickness of the Sokoman Formation. Various slices can contain any parts of the sequence that include Wishart, Ruth or Menihek, along with iron formation, thus creating sequences including iron formation and internal waste. The beds within a fault slice show NE dips, steeper in upper levels (~35°-45°), flattening at depth to less than 15°, which is consistent with multiple listric thrusts originating from the northeast. The mineralogy and grade are essentially the same throughout the fault slices, i.e., the same overall group of sub-members is repeated in whole or in part.

The limits of the Greenbush Zone are not completely understood or outlined yet, and this zone is only defined by sufficient drilling density in the Mineral Resource area which represents only a portion of the total volume of potentially economically significant iron oxide on the Property.

Figure 9 (shown previously) is a plan view of the more densely drilled part the Greenbush Zone showing the tectonically stacked slices comprising Sokoman and adjacent lithologies projected to surface. The slices are separated by thrust faults. Figures 10 and 11 (shown previously) are representative drill vertical cross sections through the Greenbush Zone. The cross sections show the individual stacked northeast dipping slices include various components of the Menihek to Wishart sequence. The slices have names assigned based on location, rather than lithological composition, because each contains sequences of various members and formations that repeat slice to slice.

7.2.2 THE NORTHWEST ZONE

The Northwest Zone lies west of the Stakit Lake Fault west of Howell's River where six 2011 drillholes (103-11 to 103-17, one drillhole is missing) encountered a single sequence of typical Sokoman iron formation. In this area, the Sokoman subcrops or lies beneath a veneer of Menihek Formation. The vertical holes consistently showed the rocks dip gently (~10°) dips to the northeast. No evidence of fault repetition was noted. This area lies on strike trend between New Millennium's LabMag deposit (to the southeast) and KéMag deposit (to the northwest). The entire zone, including all three deposits, is likely a continuous zone with varying amounts of iron oxide.

7.2.3 MINERALIZATION BY ROCK TYPE AND SPECIFIC GRAVITY

Mineralization by Rock Type

Table 5 provides average composition of rock types derived from the 2011 and 2012 drill core sample assays for the Greenbush Zone. In this table, the estimates of %Fe in the form of hematite (%hmFe) have been made by WGM. For these estimates, the distribution of Fe^{++} and Fe^{+++} to magnetite was done assuming the iron in magnetite is 33.3% Fe^{++} and 66.6% Fe^{+++}. The estimation method also assumes all iron in silicates, carbonates and sulphides is Fe^{++} and there are no other iron oxide species present in the mineralization, to a significant extent, other than hematite and magnetite. This latter assumption is believed to be substantially true. Where extensive weathering is prevalent and this results in the development of extensive limonite, ±goethite and hematite after magnetite this assumption is not true, but extensive mineralization of this type is not known on the Property.

For most Head or Crude samples %TFe was determined by XRF, $\%FeO_{Total}$ by titration and %magFe by Satmagan. Hematitic Fe was estimated by subtracting the iron in magnetite (determined from Satmagan) and the iron from the FeO_{Total} analysis, in excess of what can be attributed to the iron in the magnetite, from %TFe, and then restating this excess iron as hematitic Fe, as below:

$$(1) \quad \%hmFe = \%TFe - (Fe^{+++}_{\text{(computed from Satmagan)}} + Fe^{++}_{\text{(computed from FeO)}})$$

In practice, %OtherFe (equation 2) was computed as the first step in the calculation. %OtherFe is assumed to represent the Fe in sulphides, carbonates and/or silicates and is the iron represented by Fe^{++} from FeO_{Total} that is not in magnetite:

$$(2) \quad \%OtherFe = Fe^{++}_{\text{from FeO}} - magFe_{\text{fromSatmagan}} * 0.333$$

Subsequently, %hmFe (equation 3) is calculated from the difference between total Fe and magFe and OtherFe:

$$(3) \quad \%hmFe = \%TFe - (\%magFe + \%OtherFe)$$

TABLE 5.
GREENBUSH ZONE - AVERAGE COMPOSITION OF ROCK UNITS FROM 2011 AND 2012 DRILL CORE SAMPLE ASSAYS

RockType		HIF	HMIF	LHIF	LHMIF	LMHIF	LMIF	Low	MHIF	MIF	**Total**
Count_XRF	91	58	576	9	5	16	509	648	2077	2533	**6,522**
Avg %TFe_H	23.27	31.45	30.13	20.47	14.79	22.62	26.81	19.32	29.15	29.18	
Avg %magFe_Sat	13.55	1.92	10.65	1.59	3.68	6.14	10.55	1.92	18.62	20.71	
Avg FeO_H	17.70	3.47	6.80	15.75	8.55	19.20	24.89	22.31	11.91	18.40	
Avg %hmFe	2.82	27.47	17.64	7.22	5.69	3.60	0.57	0.88	7.46	1.22	
Avg %OtherFe	8.42	2.06	1.84	11.72	5.42	12.88	15.83	16.69	3.12	7.42	
Avg %SiO2_H	48.21	42.49	47.55	51.91	58.62	48.88	44.89	43.26	47.31	44.87	
Avg %Al2O3_H	2.69	0.04	0.16	0.71	0.44	0.97	0.42	1.79	0.15	0.22	
Avg %CaO_H	2.77	4.12	2.60	1.94	4.81	3.54	2.46	5.11	2.99	2.98	
Avg %MgO_H	2.70	1.08	1.44	2.13	1.92	3.42	3.21	4.41	2.00	2.70	
Count Na2O	67	13	51	2	0	4	88	166	333	540	**1,264**
Avg %Na2O_H	0.02	0.01	0.02	0.01		0.01	0.03	0.24	0.03	0.03	
Count K2O	68	14	102	2	0	5	127	174	499	736	**1,727**
Avg %K2O_H	0.07	0.01	0.02	0.07		0.04	0.08	0.51	0.04	0.05	
Avg %TiO2_H	0.15	0.01	0.02	0.06	0.04	0.13	0.05	0.20	0.02	0.03	
Avg %P_H	0.02	0.01	0.01	0.02	0.01	0.01	0.02	0.04	0.01	0.01	
Avg %Mn_H	0.43	0.92	0.77	0.62	1.78	0.86	0.48	0.69	0.59	0.42	
Avg %LOI_H	8.00	5.64	4.22	13.14	10.61	11.43	10.02	15.99	5.21	7.05	
Count %S_H	24	45	525	7	5	12	423	483	1752	2004	**5,280**
Avg %S_H	0.38	0.01	0.01	0.01	0.05	0.06	0.03	0.19	0.01	0.01	
Count SG	0	1	17	1	1	1	19	50	100	125	**315**
Avg SG_H		3.60	3.47	3.32	2.93	2.90	3.26	3.09	3.45	3.41	

Shaded cells generally represent mineralization that has sufficient magnetite to be of economic importance but other rock types also have Fe of economic importance. Details will vary depending on liberation characteristics and spatial factors.
91 samples have no assigned rock type.
Low refers to rocks where magFe + hmFe < 10%.

Where Fe^{++} from magnetite exceeds Fe^{++} from $\%FeO_{Total}$, negative values accrue. These negative values are often small, less than 2% and represent minor, but reasonably acceptable assay inaccuracy in either FeO_{Total} or Satmagan results. These negative values are replaced with zero in WGM's process of completing the calculations. Where the negative values are greater than 2%, significant assay error for either the Satmagan determinations or FeO_{Total} are suspected and there are some samples in this category.

The rock types compiled in Table 5 are what Cap-Ex calls their "Chem Rock Types". These have been assigned by processing of the assay data so they do conform well to composition data. Ninety-one of these Greenbush Zone samples have no rock type assigned. This is because the Chem rock type classification has not been extended to the non-iron ore lithologies. WGM would have preferred to use the rock types assigned during logging, but the logging rock types in the Project database are not completely consistent and contain a mixture of composition and stratigraphic codes. In WGM's opinion, these codes should be made more consistent.

Rocks classified as MHIF and MIF, respectively magnetite-hematite and magnetite iron formation (shaded in pink), represent the best mineralization as they contain the most magnetite. The rock codes starting with "H" indicate hematite dominant iron formation. As appropriate, %hmFe for these rocks are higher than for magnetite dominant iron formation. TFe is high for these rocks but they contain moderate to low magnetite. As appropriate, HMIF contains more hematite than MIF. %Other Fe in these two potential ore rock types average 3.1% and 7.4% and probably comes mainly from minor silicates and carbonate.

Phosphorus and sulfur is mostly low throughout all iron formation lithologies. Manganese averages 0.4% to 0.5%. Typical of Labrador Trough taconites, Greenbush Zone taconites are generally low in deleterious elements.

Alumina is highest in rocks with no assigned code because this group contains Menihek Formation shales.

Davis Tube Tests Results

In addition to completing Head assays including determination of magnetite or magFe on all samples, Cap-Ex completed exploration stage Davis Tube tests on selected samples (these Davis Tube tests were separate and distinct from metallurgical stage testwork managed by BBA described in Section 13 in this report). WGM understands that the purpose of the Davis Tube tests was to provide some first approximation to concentrate chemistry and support for its magFe determinations done by Satmagan.

Davis Tube tests were done at both SGS-Lakefield and at AcmeLabs. The feed for the tests was the material prepared for the Head assays – this being 80% (SGS-Lakefield) or 85% (AcmeLabs) passing -200 mesh (70μ), see Section 11. No optimization testwork to determine grind parameters or stage grinding was done.

At SGS-Lakefield, Davis Tube tests were done on 312 samples. At AcmeLabs, tests were done on 480 samples. At both labs the magnetic concentrates were analysed by XRF for major elements. Table 6 provides a summary of test results at SGS-Lakefield and AcmeLabs based on averaging the results for individual samples.

TABLE 6.
SUMMARY OF EXPLORATION STAGE DAVIS TUBE TEST RESULTS

	Samples	Feed TFe (%)	magFe_H Sat	magFe_H DT	DTC TFe (%)	DTC SiO_2 (%)	DTC MnO (%)	DTWR (%)	Fe Recv'y
SGS-Lakefield	312	29.87	18.9	18.2	67.57	5.28	0.10	26.6	60.8
AcmeLabs	480	29.43	17.7	12.1	64.90	8.05	0.13	28.6	64.3

At SGS-Lakefield, average iron recovered grades are reasonable. Silica, however, averaged a little high at 5.28% and very high levels of silica in concentrates were returned for a number of samples. At AcmeLabs, results were worse, with low recovered iron grade and high silica in the concentrate. DTWR is higher because of the high levels of silica in the magnetic concentrates. Mn levels in concentrates are low at both labs.

The reason for the poor performance of the Davis Tube tests is likely due to poorly constrained grinding; optimization testwork should have been conducted prior to tests on the Routine samples and stage grinding is required to determine this optimum grind.

Specific Gravity and Density

Cap-Ex selected 162 samples from samples initially submitted to SGS-Lakefield in 2012 for determination of specific gravity ("SG") determinations. The determinations were completed on the sample pulps representing Routine sample intervals using the gas comparison method. The samples were selected to be representative of the deposit.

Cap-Ex also requested SGS-Lakefield to determine SG on a set of 153 selected samples that had been originally prepared and assayed at AcmeLabs and sent to SGS-Lakefield for Check assaying. The SG for the 315 samples are plotted on Figure 12 against % TFe_H.

Cap-Ex has not yet requested any bulk density determinations, but WGM did have some done as part of its Independent sampling and assaying component (Section 13 of this report).

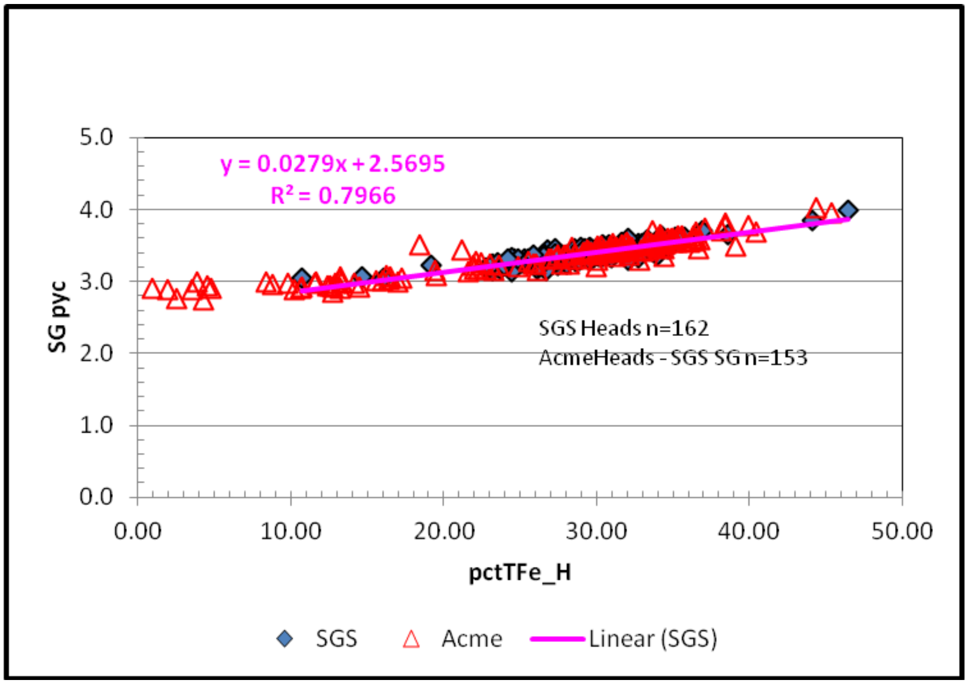


Figure 12. SG by pycnometer vs. %TFe_H

The SG data is coherent in that there is no strong difference between Head assays done at SGS-Lakefield and those done at AcmeLabs. The best fit line is well defined and relates SG to Head TFe. This relationship, SG = 0.0279 x %TFe + 2.5695, is similar to other taconite deposits in the same area and was used for the Mineral Resource estimate in Section 14 of this report. The accuracy of the pycnometer SG values is probably no better than 0.1 SG. From Table 5, MHIF/MIF rocks average approximately 29.2 %TFe and the average SG measured for them is approximately 3.42. From the best fit relationship defined on Figure 12, mineralization of TFe = 29.2% would have an estimated SG of 3.38 so there is reasonable, but imperfect agreement.

8. DEPOSIT TYPES

The iron formation on the Property is iron formation of the Lake Superior-type. Lake Superior-type iron formation consists of banded sedimentary rocks composed principally of bands of iron oxides, magnetite and hematite within quartz (chert)-rich rock with variable amounts of silicate, carbonate and sulphide lithofacies. Such iron formations have been the principal sources of iron throughout the world (Gross, 1996). Table 7 (after Eckstrand, editor, 1984) presents the salient characteristics of the Lake Superior-type iron deposit model.

Lithofacies that are not highly metamorphosed or altered by weathering and are fine grained are referred to as taconite. The Cap-Ex iron formation is taconite.

Metamorphosed taconites are known as meta-taconite or itabirite (particularly if hematite-rich). The iron deposits in the Grenville part of the Labrador Trough in the vicinity of Wabush and Labrador City, operated by IOCC (Carol), ArcelorMittal (Mont-Wright), Cliffs Natural Resources ("**Cliffs**") (Wabush Mine and Bloom) and Alderon's (Kami) are meta-taconite.

For non-supergene-enriched iron formation to be mined economically oxide iron content must be sufficiently high but also the iron oxides must be amenable to concentration (beneficiation) and the concentrates produced must be low in deleterious elements such as silica, aluminum, phosphorus, manganese, sulphur and alkalis. In meta-taconites, both the magnetite and hematite can often be concentrated to make a saleable product. In the taconites, the hematite is often too fine and is not easily concentrated, so little of it makes it into the saleable product.

For bulk mining, the silicate and carbonate lithofacies and other rock types interbedded within the iron formation must be sufficiently segregated from the iron oxides. Folding and thrust faulting can be important for repeating iron formation and thickening iron formation beds to create economic concentrations of iron.

TABLE 7.
DEPOSIT MODEL FOR LAKE SUPERIOR TYPE IRON FORMATION
(after Eckstrand, 1984)

Commodities	Fe (Mn)
Examples: Canadian - Foreign	Knob Lake, Wabush Lake and Mont-Wright areas, Que. and Lab. - Mesabi Range, Minnesota; Marquette Range, Michigan; Minas Gerais area, Brazil.
Importance	Canada: the major source of iron. World: the major source of iron.
Typical Grade, Tonnage	Up to billions of tonnes, at grades ranging from 15 to 45% Fe, averaging 30% Fe.
Geological Setting	Continental shelves and slopes possibly contemporaneous with offshore volcanic ridges. Principal development in middle Precambrian shelf sequences marginal to Archean cratons.
Host Rocks or Mineralized Rocks	Iron formations consist mainly of iron- and silica-rich beds; common varieties are taconite, itabirite, banded hematite quartzite, and jaspilite; composed of oxide, silicate and carbonate facies and may also include sulphide facies. Commonly intercalated with other shelf sediments: black
Associated Rocks	Bedded chert and chert breccia, dolomite, stromatolitic dolomite and chert, black shale, argillite, siltstone, quartzite, conglomerate, redbeds, tuff, lava, volcaniclastic rocks; metamorphic equivalents.
Form of Deposit, Distribution of Ore Minerals	Mineable deposits are sedimentary beds with cumulative thickness typically from 30 to 150 m and strike length of several kilometres. In many deposits, repetition of beds caused by isoclinal folding or thrust faulting has produced widths that are economically mineable. Ore mineral distribution is largely determined by primary sedimentary deposition. Granular and oolitic textures common.
Minerals: Principal Ore Minerals - *Associated* Minerals	Magnetite, hematite, goethite, pyrolusite, manganite, hollandite. - Finely laminated chert, quartz, Fe-silicates, Fe-carbonates and Fe-sulphides; primary or. metamorphic derivatives
Age, Host Rocks	Precambrian, predominantly early Proterozoic (2.4 to 1.9 Ga).
Age, Ore	Syngenetic, same age as host rocks. In Canada, major deformation during Hudsonian and, in places, Grenvillian orogenies produced mineable thicknesses of iron formation.
Genetic Model	A preferred model invokes chemical, collodial and possibly biochemical precipitates of iron and silica in euxinic to oxidizing environments, derived from hydrothermal effusive sources related to fracture systems and offshore volcanic activity. Deposition may be distal from effusive centres and hot spring activity. Other models derive silica and iron from deeply weathered land masses, or by leaching from euxinic sediments. Sedimentary reworking of beds is common. The greater development of Lake Superior-type iron formation in early Proterozoic time has been considered by some to be related to increased atmospheric oxygen content, resulting from biological evolution.
Ore Controls, Guides to Exploration	1. Distribution of iron formation is reasonably well known from aeromagnetic surveys. 2. Oxide facies is the most important, economically, of the iron formation facies. 3. Thick primary sections of iron formation are desirable. 4. Repetition of favourable beds by folding or faulting may be an essential factor in generating widths that are mineable (30 to 150 m). 5. Metamorphism increases grain size, improves metallurgical recovery. 6. Metamorphic mineral assemblages reflect the mineralogy of primary sedimentary facies. 7. Basin analysis and sedimentation modelling indicate controls for facies development, and help define location and distribution of different iron formation facies.
Author	G.A. Gross

9. EXPLORATION

9.1 GENERAL

Historic exploration is summarized under the History section of the report. WGM has relied, for our descriptions of exploration program results, solely on the basis of reports, notes and communications with Cap-Ex and various geophysical and other contractors. Cap-Ex's initial exploration program was in 2011, a second program was conducted in 2012. In addition, Cap-Ex acquired orthophotographic mapping by Eagle Mapping from an airborne survey completed in 2008.

9.2 CAP-EX 2011 EXPLORATION PROGRAM

Cap-Ex's initial exploration program was in 2011. This program consisted mainly of diamond drilling described under Section 10, Drilling, but also included a surface mapping component and an airborne geophysical survey by Fugro Airborne Surveys Pty Ltd. ("**Fugro**").

Fugro Airborne Geophysical Survey

Fugro conducted a high-sensitivity aeromagnetic and FALCON™ Airborne Gravity Gradiometer ("AGG") survey over the north part of the Block 103 Property and an adjacent property also owned by Cap-Ex (see Figures 7 and 8). The survey was completed between May 11, 2011 and May 20, 2011. To complete the survey, a total of 11 production flights were flown and a combined total of 3,441 line km of data acquired over both properties. The survey line spacing was 200 m. The nominal ground clearance was 100 m monitored using a laser scanning system.

The dual frequency GPS base, backup dual frequency station and magnetometer base stations were set up away from any cultural interference. The survey results were presented to Cap-Ex in two reports accompanied by digital data. The reports are titled: "*Block 103 and Redmond Newfoundland and Labrador FALCON™ Airborne Gravity Gradiometer Survey Processing Report*" and "*Interpretation Report FALCON™ Airborne Gravity Gradiometer and Magnetic Survey Block 103 and Redmond Areas Job No. 11804*", dated August 2011.

The products of the survey were a Digital Terrain Model ("DTM"), and various gravity gradiometer and magnetic data presentations.

The main purpose of the interpretation report was to define taconite and DSO exploration targets on the Property. Fugro's interpreters applied a simple model:

- DSO targets display an anomalous gravity high with a weak or absent magnetic response;
- Magnetite [taconite] targets display an anomalous response in both the gravity and magnetic field data; and
- Targets lie within or in the vicinity of iron formations.

Twenty DSO and 35 magnetite taconite targets were defined on the Block 103 Property.

Subsequently, Intrepid Geophysics Ltd. ("**Intrepid**") on behalf of Cap-Ex reviewed the Fugro data and applied additional filters to aid in the interpretation of the magnetic data. Additional products provided by Intrepid included edge filter enhancements to highlight edges surrounding both shallow and deeper magnetic sources. The results are used to infer the location of the boundaries of magnetised lithologies. The Block filter has the effect of transforming and segregating the data into apparent lithological categories or zones. Both filter groups change the textural character of a dataset and thereby facilitate interpretation of geological structures.

Geological Mapping Program

The geological mapping program was carried out during the diamond drilling program. WGM understands the main purpose of the mapping was to provide the information necessary to determine the set-up inclinations (dips) for the drillholes. Accordingly, strike and dip information from outcrops in the drill area was collected. The drillhole planning then considered this information towards selecting best azimuth and dip for the drillholes and subsequently for interpreting drillhole and deposit geology.

WGM understands that no formal report for this program component was generated but the rock attitude and rock type information was used to support the geological interpretation of the more densely drilled area of the Greenbush Zone.

Eagle Mapping Survey

The Eagle Mapping survey was conducted for SIOEC in 2008. Eagle Mapping subcontracted Airborne Sensing Corporation to fly the photo. With an agreement between Cap-Ex and SIOEC, Eagle Mapping was authorized to produce 1:5,000 scale mapping and orthophoto imagery at a resolution of 0.5 m from the photo. Positional accuracy is said to be ±2.5 m or better, horizontally and vertically. Maps with 5 m topographic contour intervals were generated. The mapping included planimetric features, such as roads, building, streams and lakes. This work was completed in the spring of 2012. The DTM from this survey was used for Cap-Ex's Mineral Resource estimate.

9.3 CAP-EX 2012 EXPLORATION PROGRAM

Cap-Ex's program consisted almost entirely of diamond drilling, but a component of surface geological mapping was also carried out.

The surface mapping component comprised structural measurements, location information and rock type observations. The purpose of the mapping was to provide information for geological interpretation and deposit modeling.

10. DRILLING

WGM has relied for our descriptions of drilling programs and results solely on the basis of historic reports, notes and communications with Cap-Ex.

10.1 HISTORIC DRILLING

WGM understands that no historic drilling is known on the Property.

10.2 CAP-EX 2011 DRILLING PROGRAM

10.2.1 GENERAL

Cap-Ex's 2011 drilling program consisted of 42 holes totalling 5,662.3 m, as listed in Table 8. The drillhole locations are shown previously on Figures 5 to 9. The program was managed by Alex Walus, P.Geo.; Cap-Ex's VP of Exploration at that time. Core size was BTW (4.2 cm diameter). The holes were drilled throughout the Property to test various magnetic anomalies. There were few cross sections that included more than one drillhole. Drillhole azimuths and dips varied with the interpretation of target geometry based on mapping and geophysical data.

Descriptions of mineralization and estimated true widths are discussed under the Mineralization Section of this report.

Drilling was carried out between July 01 and August 18 by Sunrise Drilling Ltd. ("**Sunrise**") of Vancouver, B.C. Sunrise provided two drills. A helicopter from Heli-Nation operated by Heli-Excel of Sept-Îles, QC was generally used to move the drills. In some cases, the drills were moved by tractor. Drilling took place on a two shifts per day basis, 24 hours per day, 7 days per week. The drillers were accommodated in Schefferville and accessed the Property by helicopter. Core logging and sampling was all done in Schefferville.

The drillhole casings were generally pulled. Subsequently, a geotechnical crew erected posts to mark the collars.

10.2.2 2011 DRILL HOLE COLLARS AND DOWN-HOLE SURVEYING

WGM understands that the 2011 drillhole collars were located using hand-held GPS and were not re-surveyed after drilling using a more precise method. In 2012, Allnorth Consultants Limited ("**Allnorth**") of Labrador City, NL formally surveyed the nine 2011 collars within the Greenbush Zone, but otherwise collar coordinates are understood to be hand-held GPS quality. The collars not surveyed by Allnorth are probably ±10 m horizontal. Elevations are from the Eagle Mapping survey. The collar location and downhole attitude survey status for each drillhole is compiled in Table 8.

No downhole attitude surveys were conducted for any of the 2011 drillholes.

10.3 CAP-EX 2012 DRILLING PROGRAM

10.3.1 GENERAL

The 2012 program got underway under the management of Alex Walus, but was completed under the management of Mr. Edward Lyons, Cap-Ex's Chief Geologist. The 2012 program consisted of 72 drillholes aggregating 22,359 m of drilling. Core size was mostly BTW, but towards the end of the program, core size changed to NQ. All of the 2012 holes were drilled on the Greenbush Zone. The holes were drilled along seven northeast-southwest oriented cross sections spaced 500 m to 600 m apart. Drillhole spacing along the cross sections was variable ranging commonly from 100 m to 300 m. The holes were drilled parallel to the cross sections at an azimuth of 230 degrees or opposite, at 50 degrees azimuth depending on interpretation of the target geometry. The 2012 program included: borehole geophysics, DGPS surveying of drillhole collars and the re-logging of 2011 drillhole cores.

Sunrise was again the diamond drilling contractor for the 2012 program. Throughout the campaign, between two and four diamond drill rigs were operating. Table 9 provides a summary of 2012 drilling.

10.3.2 2012 DRILL HOLE COLLAR AND DOWN-HOLE ATTITUDE SURVEYING

Prior to drilling the hole, collars were spotted with a hand-held GPS. The drilling azimuths for inclined drillholes were established by lining up the drill on fore-sight and/or back-sight pickets previously aligned along the desired azimuth, parallel with the previously surveyed grid lines. Drill inclinations were established with a protractor fixed on the drill head. In contrast to practice for the 2011 program, all the 2012 program casings were left in place. When a hole was completed, a post was placed at the collar of the hole and this post was temporarily surveyed with a hand-held GPS.

TABLE 8.
DRILLING SUMMARY – Cap-Ex 2011 PROGRAM

Hole Id	Easting	Northing	Elv	Collar Azi	Collar Dip	Total Depth (m)	Start Date	End Date	Collar Location Survey	Collar Azimuth Survey	Downhole Attitude Survey
DDH103-001	616905.23	6092173.58	709.17	230	-65	84.42	01-Jul-2011	03-Jul-2011	No	No	No
DDH103-002	616532.24	6092500.52	710.54	230	-65	81.40	03-Jul-2011	05-Jul-2011	No	No	No
DDH103-003	614303.32	6094687.23	647.42	230	-60	209.40	05-Jul-2011	12-Jul-2011	No	No	No
DDH103-004	614161.41	6093363.08	661.76	50	-45	50.44	12-Jul-2011	14-Jul-2011	Yes	No	No
DDH103-005	616367.29	6091668.42	679.67	50	-45	50.40	22-Jul-2011	23-Jul-2011	No	No	No
DDH103-006	616367.29	6091668.42	679.67	50	-50	209.40	24-Jul-2011	29-Jul-2011	No	No	No
DDH103-007	614203.33	6090462.39	594.15	230	-50	164.94	02-Aug-2011	06-Aug-2011	Yes	Yes	No
DDH103-008	611905.48	6094704.57	626.10	0	-90	121.01	07-Aug-2011	09-Aug-2011	Yes	Yes	No
DDH103-009	613919.82	6090700.29	627.60	230	-50	157.89	10-Aug-2011	13-Aug-2011	Yes	Yes	No
DDH103-011	605275.96	6097587.58	522.31	0	-90	124.36	14-Aug-2011	16-Aug-2011	No	No	No
DDH103-012	605231.00	6097269.50	528.36	0	-90	120.70	12-Aug-2011	14-Aug-2011	No	No	No
DDH103-013	605348.02	6096910.43	532.37	0	-90	122.83			No	No	No
DDH103-015	605777.03	6096575.37	527.83	0	-90	142.34			No	No	No
DDH103-016	607440.01	6095186.29	521.65	0	-90	172.82			No	No	No
DDH103-017	609113.90	6093980.33	520.96	0	-90	196.60			No	No	No
DDH103-018	608597.73	6097361.76	636.74	0	-90	197.21			No	No	No
DDH103-019	608143.85	6096345.52	547.32	0	-90	106.07			No	No	No
DDH103-020	609896.60	6097009.84	656.29	0	-90	148.44			No	No	No
DDH103-021	617015.20	6092528.64	716.49	230	-45	99.70	01-Jul-2011	03-Jul-2011	No	No	No
DDH103-022	616080.26	6092878.45	691.73	0	-90	63.95	03-Jul-2011	04-Jul-2011	No	No	No
DDH103-023	614893.31	6093995.29	671.92	230	-65	173.17	04-Jul-2011	10-Jul-2011	Yes	No	No
DDH103-024	614290.37	6093872.15	643.95	50	-60	39.01	10-Jul-2011	11-Jul-2011	No	No	No
DDH103-025	614290.37	6093872.15	643.95	50	-45	121.20	11-Jul-2011	15-Jul-2011	No	No	No
DDH103-026	614250.43	6092888.06	668.60	230	-65	87.74	15-Jul-2011	19-Jul-2011	No	No	No
DDH103-027	613808.34	6094876.16	620.61	50	-70	167.00	20-Jul-2011	24-Jul-2011	No	No	No
DDH103-028	613322.39	6094754.04	621.47	0	-90	139.90	25-Jul-2011	28-Jul-2011	No	No	No
DDH103-029	615035.39	6092293.18	687.09	50	-65	191.11	28-Jul-2011	31-Jul-2011	No	No	No
DDH103-030	615075.44	6091344.10	661.50	230	-50	174.16	01-Aug-2011	06-Aug-2011	Yes	No	No
DDH103-031	614751.49	6090924.98	639.45	50	-70	73.46	07-Aug-2011	09-Aug-2011	Yes	No	No
DDH103-032	614551.48	6091368.98	667.63	50	-50	154.83	09-Aug-2011	13-Aug-2011	Yes	No	No
DDH103-033	615647.37	6091403.24	659.22	0	-90	70.00	13-Aug-2011	14-Aug-2011	No	No	No
DDH103-034	612828.42	6094928.98	616.98	230	-45	182.00	13-Aug-2011	14-Aug-2011	No	No	No
DDH103-035	612601.41	6095375.98	619.99	230	-75	87.50	23-Aug-2011		No	No	No
DDH103-036	612099.43	6095560.90	607.03	230	-45	93.10	13-Jul-11	31-Jul-11	No	No	No
DDH103-037	611576.50	6095529.83	599.13	0	-90	69.70	06-Jul-11	14-Jul-11	No	No	No
DDH103-038	611291.54	6095266.76	588.24	0	-90	102.72	20-Jul-11	24-Jul-11	No	No	No
DDH103-039	611007.59	6094994.70	576.28	0	-90	194.20	16-Jul-11	20-Jul-11	No	No	No
DDH103-040	615954.31	6092051.35	680.83	50	-50	188.30	17-Aug-2011	18-Aug-2011	No	No	No
DDH103-041	615514.34	6092334.29	685.17	0	-90	41.80	11-Jul-2011		No	No	No
DDH103-042	615558.34	6092394.30	686.20	50	-50	75.30	16-Jul-2012		No	No	No
DDH103-043	609857.66	6096045.68	591.88	0	-90	178.92			No	No	No
DDH103-044	611461.15	6093515.52	579.95	50	-60	267.31			Yes	Yes	No
DDH103-045	612246.71	6091459.46	583.86	0	-90	165.51	16-Aug-2011	17-Aug-2011	No	No	No
Total 42 drillholes			**5,662.3**								

Drillhole coordinates are UTM NAD83 , Zone 19N

TABLE 9.
DRILLING SUMMARY – Cap-Ex 2012 PROGRAM

Hole ID	Easting	Northing	Elv	Collar Azi	Collar Dip	Total Depth (m)	Start Date	End Date	Collar Location Survey	Collar Azimuth Survey	Downhole Attitude Survey
DDH103-046	612649.22	6094542.27	613.33	230	-55	83.82	01-Aug-2012	16-Oct-2012	Yes	No	No
DDH103-047	612530.40	6094399.49	614.49	230	-55	239.88	05-May-2012		Yes	Yes	Yes
DDH103-048	612291.00	6094149.56	610.51	230	-55	447.80	28-Aug-2012		Yes	Yes	Yes
DDH103-049	611223.41	6093300.67	551.74	230	-55	330.71	03-Jul-2012	12-Jul-2012	Yes	Yes	No
DDH103-049A	611214.21	6093307.27	551.38	230	-55	19.81	04-Jul-2012	09-Jul-2012	No	No	No
DDH103-050	612434.52	6094244.23	610.48	230	-60	435.60	29-Aug-2012		Yes	Yes	Yes
DDH103-050A	612434.46	6094244.03	610.56	230	-60	32.92	05-Jul-2012	06-Jul-2012	Yes	Yes	No
DDH103-051	611359.84	6093403.78	565.35	230	-55	351.13	19-Jun-2012		Yes	Yes	No
DDH103-052	611770.18	6093767.32	596.00	50	-70	333.45	24-Aug-2012	27-Aug-2012	Yes	Yes	No
DDH103-053	611883.22	6093899.27	610.70	50	-60	171.30	13-Jul-2011	20-Jul-2011	No	No	No
DDH103-054	612685.65	6094498.18	615.17	230	-55	210.62	27-Jun-2012		Yes	Yes	No
DDH103-055	611077.01	6093179.60	537.51	50	-80	397.50	01-Aug-2012		Yes	Yes	No
DDH103-056	612104.76	6093239.02	593.14	230	-50	307.24	07-Jun-2012		Yes	Yes	No
DDH103-057	612452.38	6093508.29	606.03	230	-60	337.72	10-Jul-2012	18-Jul-2012	Yes	Yes	Yes
DDH103-058	612669.23	6093673.38	609.79	230	-70	286.21	03-May-2011	06-May-2011	Yes	Yes	No
DDH103-059	611728.19	6092166.57	565.69	230	-85	420.30	24-Sep-2012		Yes	Yes	Yes
DDH103-060	611876.00	6092288.15	576.71	230	-60	328.00	18-Jul-2012		Yes	Yes	Yes
DDH103-061	611408.80	6091911.16	535.45	50	-70	310.60	11-Jul-2012	17-Nov-2012	Yes	Yes	Yes
DDH103-062	611576.01	6092032.18	553.62	50	-69	320.65	16-May-2012	19-May-2012	Yes	Yes	Yes
DDH103-063	611270.02	6091791.44	523.91	50	-70	353.00	25-Jul-2012		Yes	Yes	Yes
DDH103-064	612304.35	6091864.28	599.58	230	-50	306.63	07-Aug-2012		Yes	Yes	No
DDH103-065	612450.92	6091993.42	608.52	230	-69	280.11	07-Aug-2012		Yes	Yes	No
DDH103-066	612700.30	6091413.68	613.10	50	-45	288.30	09-Aug-2012	14-Nov-2012	Yes	Yes	No
DDH103-067	612581.81	6091308.92	603.03	230	-70	274.00	14-Aug-2012		Yes	Yes	No
DDH103-081	612098.19	6094015.13	604.45	230	-70	354.48	04-May-2012		Yes	Yes	Yes
DDH103-082	611802.84	6093011.92	576.33	230	-70	78.64	24-May-2012		Yes	Yes	No
DDH103-083	611802.65	6093011.85	576.24	230	-70	203.80	15-Aug-2012	22-Aug-2012	Yes	Yes	No
DDH103-084	611343.36	6092616.74	542.08	50	-55	313.03	01-Oct-2012	09-Oct-2012	Yes	Yes	Yes
DDH103-085	612317.67	6093425.67	605.40	230	-60	356.31	26-Jul-2012	30-Oct-2012	Yes	Yes	Yes
DDH103-086	612308.07	6092666.87	599.99	230	-50	292.30	12-Jun-2012		Yes	Yes	Yes
DDH103-087	612142.28	6092516.21	588.06	230	-55	356.31	13-Aug-2012		Yes	Yes	Yes
DDH103-088	611848.52	6091481.68	555.33	50	-85	335.65			Yes	Yes	Yes
DDH103-089	612032.99	6091638.47	573.86	230	-70	352.96	12-Jul-2012	01-Aug-2012	Yes	Yes	Yes
DDH103-090	612146.76	6091731.52	585.83	230	-70	221.28	13-Jul-2012	01-Aug-2012	Yes	Yes	Yes
DDH103-091	612019.22	6092406.01	581.77	230	-70	320.70	07-Aug-2012		Yes	Yes	Yes
DDH103-092	612534.29	6092050.81	615.77	50	-55	204.20	24-Aug-2012		Yes	Yes	No
DDH103-093	611491.95	6092744.08	557.37	230	-59	274.10	10-Aug-2012	15-Aug-2012	Yes	Yes	No
DDH103-094	611815.45	6093019.52	576.78	50	-80	310.60	15-Aug-2012	19-Aug-2012	Yes	Yes	No
DDH103-095	611407.67	6093464.63	571.56	230	-80	397.80	19-Aug-2012		Yes	Yes	No
DDH103-096	611719.07	6093728.41	592.62	230	-65	395.90	04-Sep-2012		Yes	Yes	No
DDH103-097	611687.22	6092927.27	575.60	50	-77	417.30	17-Sep-2012	30-Oct-2012	No	No	No
DDH103-098	611891.22	6093893.27	610.80	230	-70	420.30	30-Sep-2012		No	No	No
DDH103-106	611495.72	6092744.54	557.19	50	-70	307.90	06-Aug-2012	21-Aug-2012	Yes	Yes	Yes
DDH103-107	611658.27	6092884.71	569.99	230	-70	322.20	14-Aug-2012		Yes	Yes	Yes
DDH103-108	612783.57	6093818.16	615.47	230	-50	240.80	16-Jul-2012	18-Jul-2012	Yes	Yes	No
DDH103-109	613067.47	6094062.65	616.31	230	-70	425.80	08-Aug-2012	23-Sep-2012	Yes	Yes	No
DDH103-110	611144.95	6092451.71	530.25	50	-80	299.50	20-Jun-2012		Yes	Yes	Yes
DDH103-111	612678.79	6095091.83	616.99	230	-58	337.11	02-Jul-2012		Yes	Yes	No
DDH103-112	612548.22	6095004.28	624.05	230	-68	31.50	26-Jul-2012	28-Jul-2012	No	No	No
DDH103-113	612555.96	6094999.30	623.05	230	-68	353.30	28-Jul-2012	01-Aug-2012	Yes	Yes	No
DDH103-114	612350.57	6094861.89	627.71	50	-70	341.10	28-Aug-2012		Yes	Yes	No
DDH103-115	611870.20	6094480.18	615.80	230	-70	317.60	08-Aug-2012	14-Aug-2012	Yes	Yes	No
DDH103-116	611728.22	6094994.28	605.23	50	-80	51.50	26-Aug-2012	01-Sep-2012	No	No	No
DDH103-117	611728.22	6094994.28	605.23	50	-45	60.70	07-Aug-2012		No	No	No
DDH103-118	611738.53	6094985.40	606.47	230	-60	335.90	11-Aug-2012	18-Aug-2012	Yes	Yes	No
DDH103-119	611563.30	6094848.51	597.34	230	-70	344.10	18-Aug-2012		Yes	Yes	No
DDH103-131	611629.87	6093631.22	590.83	50	-70	353.30	26-Sep-2012		Yes	Yes	Yes
DDH103-132	611959.75	6093126.46	589.32	230	-70	313.20	14-Aug-2012		Yes	Yes	Yes
DDH103-133	612930.98	6093932.97	615.20	230	-70	272.20	03-Jul-2012	08-Jul-2012	Yes	Yes	No
DDH103-134	612443.98	6092746.56	605.00	230	-50	324.61	03-Jul-2012		Yes	Yes	No
DDH103-135	612577.49	6092856.41	611.80	230	-65	337.41	03-Jul-2012		Yes	Yes	No
DDH103-136	612754.33	6092998.05	617.80	230	-70	343.81	24-Aug-2012		Yes	Yes	No
DDH103-137	612190.32	6094717.93	619.58	50	-76	338.02	25-Jul-2012	28-Jul-2012	Yes	Yes	No
DDH103-138	612012.50	6094591.53	620.18	230	-70	343.81	01-Aug-2012	04-Aug-2012	Yes	Yes	No
DDH103-139	611707.40	6094349.52	599.67	230	-70	342.29	08-Aug-2012	15-Aug-2012	Yes	Yes	No
DDH103-140	611606.29	6094266.91	585.26	230	-70	425.50	14-Aug-2012		Yes	Yes	No
DDH103-141	611982.11	6093943.50	615.34	230	-77	432.50	26-Aug-2012		Yes	Yes	No
DDH103-142	612685.41	6094498.17	615.13	230	-66	496.50	04-Aug-2012		Yes	Yes	No
DDH103-143	612546.22	6093559.27	611.11	230	-75	481.00	26-Aug-2012		No	No	No
DDH103-144	612828.22	6093915.27	616.49	230	-67	487.00	27-Sep-2012		No	No	No
DDH103-145	611283.21	6092587.27	535.60	230	-85	419.00	08-Oct-2012		No	No	No
DDH103-146	612152.22	6093296.27	597.40	230	-70	407.00	17-Oct-2012		No	No	No
Total 72 drillholes			**22,359.1**								

Drillhole coordinates are UTM NAD83 , Zone 19N

The survey firm Allnorth was contracted by Cap-Ex to survey the drillhole collars. Allnorth visited the Property from 5 October 2012 to 15 October 2012. Allnorth was contracted to measure the surface position and elevation of the collar, and determine the azimuth and deflection angle (drift) of each drill collar. A two person field crew accessed the sites by motor-vehicle and helicopter. Allnorth's results are reported in a report titled: "*Final Surveyor's Report*" dated November 29, 2012.

Observations were taken at the center of each drillhole, recording the horizontal and vertical position at the intersection of the collar and the existing ground. In order to determine an azimuth and deflection angle of the drill collar, a jig was attached to either the casing, or inserted in the shaft. The jig created a projection of the drill collar and casing, providing a greater separation between observations. A second observation was taken with the instrument at the top centre of the jig, for position and elevation. From the measurements, collar location, dip and azimuth were calculated.

Of the 74 drillholes surveyed by Allnorth for either location and/or azimuth, only 10 were 2011 program drillholes, and for many of these, only locations was surveyed, as casing had been pulled in 2011. Fifty-eight of the 2012 drillholes were surveyed with selection based on importance to the Greenbush Zone. Cap-Ex's plan for 2013 is to locate and survey the remaining drillholes.

Allnorth, as a check on their collar elevation data, plotted their coordinates against the DTM created by Eagle Mapping. One issue, however was that Eagle Mapping's ortho imagery and DTM were processed in NAD27, while the drill collar observations by Allnorth were recorded in NAD83 CSRS. This required a data conversion and the conversion for the Schefferville region is not well defined. Regardless, the drill collar coordinates were converted to NAD27 and overlaid on the DTM for a comparison of elevation. Through interpolation of the contour lines and random sampling of drill collar elevations observation, discrepancies between 0.2 and 1.7 metres were found, with the discrepancy increasing with an increase in elevation. Drill collars further west, closest to the lake at the base of the slope had the lowest discrepancy, and it generally increased moving east up the slope.

Allnorth took further steps to try to investigate and better quantify the discrepancy but the required data was not available because the DTM from August 2008 was flown at high altitude (1:30,000) and included an extremely large area.

Downhole tests were done on 23 of the 2012 drillholes with a North Seeking Gyroscope instrument by DGI as part of the borehole geophysics program. The 23 were selected due to of their availability and importance to the Greenbush Zone. A number of holes were not accessible because of blockage downhole.

The surveys were performed immediately after the termination of the drillhole while the drill rig was still set-up. The down-hole attitude surveys were performed with the rods inside the borehole to prevent the borehole from collapsing, thus minimizing risk to the equipment.

The gyro data and the Allnorth collar survey data when available was used by Cap-Ex to accurately locate the drillholes in completing the Mineral Resource estimate. When these survey products were not available, Cap-Ex's database and Mineral Resource estimate used the drill set-up collar locations and attitudes recorded by Cap-Ex's geologists.

10.3.3 GEOPHYSICAL DOWN-HOLE SURVEYING

DGI employed a multi-parameter digital logging system along with gyroscopic down-hole drillhole attitude surveying included, natural gamma, poly electric, magnetic susceptibility, calliper, and optical televiewer ("OTV") instrumentation to perform geophysical surveys of the drillholes.

The **Poly Gamma** probe measures variations in the presence of natural radioactivity. Changes in natural radioactivity are typically related to concentrations of uranium, thorium and potassium. Data acquired from this parameter is useful in identifying lithological changes.

The **Gamma-Gamma Density** probe measures rock density as a function of porosity, fluid content and mineralogical composition; heavy elements increase the density signature of the host rock. It is used to derive formation porosity, which is defined as the ratio of pore volume to total volume of the rock; plus identification of open fractures towards achieving quantitative in-situ density.

The **Poly-Electric** probe measures: normal resistivity, spontaneous potential ("SP"), single-point resistivity ("SPR"), fluid resistivity, fluid temperature and natural gamma radiation. Resistivity measurements can be used to identify lithology changes, often resulting from changes in porosity. Fluid resistivity measurements are often used to correct the resistivity measurements of the rock from the influence of drilling mud and borehole fluid, and can also be indicative of borehole fractures. Temperature contrast data can identify zones of water movement through borehole fractures and faults relative to static water in the borehole column.

The **Magnetic Susceptibility** probe delineates lithology by analyzing changes in the presence of magnetic minerals. Magnetic susceptibility data can illustrate lithological changes and degree of homogeneity, and can be indicative of alteration zones. The magnetic susceptibility probe is stabilized in the borehole fluid prior to calibration checks and the start of the survey runs. Calibration checks are performed before the deployment run and after the retrieval run using two points of known magnetic susceptibility. Susceptibility data was used in conjunction with assay data to develop an equation converting magnetic susceptibility (CGS units) to a % magnetite content value estimate.

The **Optical Televiewer** provides a detailed visualization of the borehole by capturing a high-resolution image of the borehole wall with precise depth control. The OTV captures a high-resolution 360º image perpendicular to the plane of the probe and borehole. This allows borehole bedding and fractures to be inspected by a direct camera angle. This 360° high-resolution image can be used to identify, measure and orient bedding, folding, faulting and lithological changes in the borehole. The use of a gyro provides the relative orientation data to correct the image and feature orientation. 2D and 3D projections of this data provide a variety of interpretive options for analysis.

The OTV data is reported as True Azimuth and as True Dip. It should be noted that Azimuth True for the feature is the azimuth of the dip direction rather than the strike of the feature. The strike azimuth for a feature is 90° from the value reported in the True Azimuth data column.

As aforementioned, 23 boreholes were surveyed during this project with various probes. It is WGM's understanding that the OTV images for several geological contacts were reviewed during geological modelling of the Greenbush Zone towards completing the geological interpretation but the bulk of the data has not yet been reviewed in detail.

10.4 WGM COMMENT ON 2011 AND 2012 DRILLING PROGRAMS

The 2011 drilling program focussed on testing individual geophysical anomalies defined by the MPX Geophysics airborne survey. The holes were scattered over the north part of the Property and there were few multi-hole cross sections. WGM observed that many of the drillholes were stopped in mineralization with apparent little regard for results. The casings were also mostly pulled making it impossible to re-enter interesting holes if required. There was only one multi-hole cross section where the holes on the cross section were reasonably close to each other, but it appeared that there was minimal targeting of these holes towards defining structure.

Regardless of these shortcomings, the program was sufficiently effective in showing the Property had potential, which appeared to be the main purpose of the 2011 program.

The 2012 drilling program had a more structured approach with all holes located on cross sections and drilled sufficiently close together to try to provide the necessary information towards better understanding the structure of the Greenbush Zone. All collar locations have not yet been formally surveyed but Cap-Ex's plans for 2013 include trying to find the remaining collars and to complete surveying of their locations.

The re-logging component of the 2012 program was required in order to try to improve standardization of the lithological nomenclature towards better geological and deposit interpretation. Seventeen of the 2011 holes outside of the Mineral Resource area remain to be re-logged and this is planned for this spring.

11. SAMPLE PREPARATION, ANALYSIS AND SECURITY

WGM has relied for our descriptions of sample preparation and analyses solely on the basis of reports, notes and communications with Cap-Ex as well as our own observations. WGM is also relying on reports produced by the analytical laboratories themselves.

11.1 FIELD SAMPLING AND PREPARATION

The description and discussions herein for sampling are for the drilling program conducted in 2011 and 2012 by Cap-Ex and derived mostly from Cap-Ex sampling protocol document and direct observations by WGM during its site visit. Descriptions of Cap-Ex's 2011 core handling, logging and sampling process are sparse and WGM's account reported here was developed almost entirely from observations of core logs and archived drill core. The review of assaying and sampling/assay QA/QC was completed by WGM using outtakes from the Project database supplied to it by Cap-Ex and was competed as a part of its validation process.

11.1.1 2011 DRILL CORE HANDLING, LOGGING AND SAMPLING

It is known that core from the field was transported to Schefferville for logging and sampling at a Cap-Ex operated facility. This facility was replaced early in 2012.

Original 2011 core logging was done by Ewa Radkiewicz-Walus, Alex Walus and Jacek Szczepanski. Reasonable quality descriptive core logs were generated in MSExcel spreadsheets reporting drillhole azimuth and dip, rock code, rock description, foliation/banding angle with respect to core axis, estimate of magnetite by unit and listing all core samples. The logs reviewed by WGM do not however report drillhole collar coordinates.

From the core logs, it is clear that sampling was done on a geological basis with mostly 3 m samples; samples were split coaxially using a mechanical core splitter. Neither field Standards or Blanks were inserted into the sample stream, but core Duplicates were collected (see Section 11.2.3). Samples were marked in the core trays using aluminum tags. These labels etched with the sample numbers were stapled into the core tray at the end of each sample interval.

Neither hand-held measurements of core magnetic susceptibility nor core photography were completed.

11.1.2 2012 DRILL CORE HANDLING, LOGGING AND SAMPLING

The early to mid parts of the 2012 drilling program were also run by Alex Walus, Ewa Radkiewicz-Walus and Jacek Szczepanski. Consequently, the logging and sampling protocols for these portions of the 2012 program were similar to the 2011 program. Later in 2012, Edward Lyons replaced Alex Walus, Ewa Radkiewicz-Walus and Jacek Szczepanski, who left for other projects, and the field practice was revised with new geologists.

Early to mid 2012 Program

As aforementioned, field practice during this period was similar to the 2011 program. One aspect that differed was that field-inserted Blanks and Standards were added to supplement the field Duplicates. These Standards and Blanks were inserted at a frequency of not less than one per 20 Routine samples, with the Blanks and Standards often staggered, so rather than Blanks and Standards being adjacent they were often 10-positions or less apart.

Mid to late 2012 Program

Core Handling

Core was brought to the core facility in Schefferville, by either truck or by helicopter. The core boxes were transported with plywood lids screwed on and upon receipt at the facility, they were organised by numerical order. Initially, the boxes were temporarily stacked on pallets. Subsequently the trays were placed on steel core racks when these were built later in the program.

Geotechnical Logging

Geotechnical logging starts with the organisation of core boxes on the logging benches. The geotechnicians checked the core for meterage blocks and continuity and orientation of core pieces. The geotechnical logging was done by measuring the core for recovery and Rock Quality Designation ("RQD"), as well as fracture types and fillings following the protocols established on other similar projects by geotechnical consultants. This logging was done on a drill run, block to block basis, generally at nominal three metre intervals. Core recovery and rock quality data were measured for all drillholes. The information is entered in the field into the acQuire™ database entry form on laptop computers.

Descriptive Logging

Core logging was conducted by several geologists, including Elsa Hernandez-Lyons, Keith Gillis, Allison Walsh, and supervised by Edward Lyons, a member of the Association of Professional Engineers and Geoscientists of British Columbia, the professional Engineers and Geoscientists of Newfoundland and Labrador, and the Ordre des Géologues du Québec.

After the core was logged for geotechnical data, the geologists marked the core for lithology, structure, and mineralization. The data was entered on laptop computers using acQuire™ entry panels developed by the ForbesWest geomatics staff and the site geologists. Attention was directed at evaluating the percent content of iron oxides, as well as the major constituent gangue components of the Sokoman Formation facies, using a quaternary diagram developed by Mr. Lyons. Where possible, efforts were made to also assign Sokoman "member" names to intervals but the essential data remains the descriptive techniques. Drillhole locations, sample tables and geotechnical tables were all created in acQuire™ separately and are able to be merged with the geological tables at will.

Sampling and Security

The geologist selects the samples following the Sampling Protocol. Samples are generally 3 m long or broken at changes in the lithology, including sharp changes in proportions of iron oxide minerals. The sample tag is placed at the start of the samples and is stapled to the box. This position for the sample tag differs from what was done in 2011 and early part of the 2012 program. The sample number is written on the core as well.

Prior to sample cutting, the core was photographed wet and dry using a digital SLR camera with good resolution. Generally, each photo includes five core boxes. A small white dry-erase board with a label is placed at the top of each photo and provides the drillhole number, box numbers and From-To intervals in metres for the group of trays. The core box was labelled with an aluminum tag containing the drillhole number, box number and From-To in metres stapled on their left (starting) end. Once the core logging and the sampling mark-up was completed, the boxes were stacked in core racks inside the core facility. After sampling, the core boxes containing the remaining half core and the un-split parts of the holes were stored in sequence on core racks with steel roofs. The core racks and facility are enclosed in a chain-link fence with a locked gate for security.

11.1.3 WGM COMMENT ON LOGGING AND SAMPLING AND DATABASE

WGM examined archived drill core from various drillholes from Cap-Ex's 2011 and 2012 campaign during its November 2012 site and found the core for the 2012 campaign in good order. WGM recommends that hand-held magnetic susceptibility be used in the field to supplement logging. Core recovery has been high throughout and sample intervals are more than adequate. WGM believes that the sampling is fairly representative of the mineralization.

11.2 LABORATORY SAMPLE PREPARATION AND ANALYSIS

11.2.1 2011 LABRATORY SAMPLE PREPARATION

In-lab sample preparation for the 2011 program, drillholes 103-001 to 103-045, was performed by SGS-Lakefield at its Lakefield, Ontario facility. SGS is an accredited laboratory meeting the requirements of ISO 9001 and ISO 17025. Samples were crushed to 9 mesh (2 mm) and 500 g of riffle split sample was pulverized to 80% -200 mesh (75 µm).

This same prepared product was the feed for the Davis Tube tests. No stage grinding was done.

11.2.2 2011 SAMPLE ASSAYING

Whole rock ("WR") analysis was performed by SGS-Lakefield by XRF on lithium metaborate/tetraborate fused discs. Fe_3O_4 or magFe was determined by Satmagan. FeO for most samples was determined by titration at Inspectorate, Richmond, B.C. on pulps sent to Inspectorate from SGS-Lakefield. At Inspectorate, FeO determinations were done using a HCL/HF digestion and are partial values rather than total ferrous iron. Some FeO determinations were also done at SGS-Lakefield by H_2SO_4/HF acid digest-potassium dichromate titration.

After realization that the Inspectorate determinations were low and not total FeO, 29 of these pulps were sent to Inspectorate Ultratrace Lab ("**UT**") lab in Australia for re-assay using a H_2SO_4/HF digestion similar to SGS-Lakefield's procedure. This work confirmed the Inspectorate FeO determinations were partial. WGM is not certain these assays are in the Project database.

Davis Tube tests were also performed on select samples at SGS-Lakefield. The Davis Tube magnetic concentrates were analysed for WR elements by XRF.

In 2012, selected 2011 program samples had Specific Gravity ("SG") determined at SGS-Lakefield by gas comparison pycnometer. Another set of selected sample pulps were sent to AcmeLabs, Vancouver as Umpire or Secondary Lab Check samples to validate original SGS-Lakefield assays.

Table 10 provides a summary of all field samples assayed as part of the 2011 drill program. The totals include Routine as well as field-inserted quality control materials.

TABLE 10.
SAMPLING AND ANALYSIS SUMMARY, Cap-Ex 2011 DRILL PROGRAM

Total Field samples		
Routine XRF-WR	SGS-Lakefield	1,682
Satmagan	SGS-Lakefield	1,682
Routine FeO_{Total}	SGS-Lakefield	557
Routine $FeO_{Partial}$	Inspectorate	1,387
FDUP XRF-WR	SGS-Lakefield	82
FDUP Satmagan	SGS-Lakefield	82
FDUP FeO_{Total}	SGS-Lakefield	12
Davis Tube Tests	SGS-Lakefield	230

11.2.3 2012 LABORATORY SAMPLE PREPARATION AND ASSAYING

For the 2012 drill program, two labs were used as Primary labs; most samples were sent to AcmeLabs while some samples were sent to SGS-Lakefield. In some cases, some samples from a drillhole went to one lab and other samples from the same drillhole went to the other lab.

Sample preparation and analysis at SGS-Lakefield in 2012 was similar to the 2011 protocol with major elements determined by WR-XRF and magnetic iron or Fe_3O_4 determined by Satmagan on most samples. FeO_{Total} was determined in 2012 by titration following H_2SO_4/HF digestion. SG was determined on selected sample pulps by gas comparison pycnometer. Table 11 provides a summary of sample analysis for the 2012 drill program.

Davis Tube tests were completed on selected samples. The feed material for the tests was again 80% passing 200 mesh (70-75μ).

Sample preparation at AcmeLabs was their code R200-250 procedure. The received drill core was crushed to 80% passing 10 mesh (2 mm), and homogenized. A sub-sample of 250 g was split out by riffle and pulverized to 85% passing 200 mesh (75 microns). The crusher and pulverizer are cleaned by brush and compressed air between routine samples. Granite/quartz-wash scours equipment after high-grade samples, between changes in rock colour and at the end of each sample batch. Granite/quartz is also crushed and pulverized as the first sample in sequence and carried through to analysis.

TABLE 11.
SAMPLING AND ANALYSIS SUMMARY, Cap-Ex 2012 DRILL PROGRAM

Total Field samples		
Routine XRF-WR	SGS-Lakefield	858
Satmagan	SGS-Lakefield	844
Routine FeO_{Total}	SGS-Lakefield	858
DT Tests	SGS-Lakefield	82
SG Pycnometer	SGS-Lakefield	315
FDUP XRF-WR	SGS-Lakefield	28
FDUP Satmagan	SGS-Lakefield	27
FDUP FeO_{Total}	SGS-Lakefield	28
FBLK XRF-WR	SGS-Lakefield	33
FBLK Satmagan	SGS-Lakefield	31
FBLK FeO_{Total}	SGS-Lakefield	33
FSTD XRF-WR	SGS-Lakefield	30
FSTD Satmagan	SGS-Lakefield	29
FSTD FeO_{Total}	SGS-Lakefield	30
Routine XRF-WR + S & C LECO	AcmeLabs	5257
Satmagan	AcmeLabs	5257
Routine FeO_{Total}	AcmeLabs	5232
DT Tests	AcmeLabs	480
FDUP XRF-WR	AcmeLabs	134
FDUP Satmagan	AcmeLabs	134
FDUP FeO_{Total}	AcmeLabs	124
FBLK XRF-WR	AcmeLabs	247
FBLK Satmagan	AcmeLabs	247
FBLK FeO_{Total}	AcmeLabs	221
FSTD XRF-WR	AcmeLabs	252
FSTD Satmagan	AcmeLabs	253
FSTD FeO_{Total}	AcmeLabs	223
FSTD S_{Total}	AcmeLabs	252

Major elements (often excluding K_2O and necessarily excluding Na_2O), and a selection of trace elements (mostly base metals) were determined by XRF per AcmeLabs Code Group 4X. A small portion of roasted sample is fused with lithium tetraborate flux forming a glass disc that is analysed by XRF. Total sulphur and carbon, determined by LECO are included in the package.

FeO_{Total} was determined using a potassium dichromate titration following initial H_2SO_4 digestion and a subsequent HF digestion. AcmeLab's code for the method is G806.

The Davis Tube tests used the feed from the R200-250 procedure at 85% passing 200 mesh. Similar to the process at SGS-Lakefield, Davis Tube magnetic concentrates were analysed for major elements by XRF.

The 2012 program field QA/QC protocol included the insertion of Blanks, Standards and Duplicates into the sample stream going to the labs.

11.2.4 2011 AND 2012 QUALITY ASSURANCE AND QUALITY CONTROL

General

Sample/assay quality control for Cap-Ex's drilling programs included in-field and in-laboratory components. The in-field component was operated by Cap-Ex and involved the insertion of quality control materials into the sample stream going to the Primary lab and also sending select samples for re-assay at a Secondary lab. Cap-Ex refers to this latter component as Umpire assaying. The various assay laboratories also operated their own, internal QA/QC programs. These programs included the insertion of various quality control materials, Certified Reference Standards, Blanks and preparation and analytical Duplicates.

2011 In-Field QA/QC

Cap-Ex's 2011 in-field QA/QC program implemented during core sampling consisted of core Duplicate sampling ("FDUP") and Secondary Lab Check or Umpire assaying.

2011 Field Duplicates (FDUP)

The core Duplicates appear to have been quarter core and the corresponding original samples may also have been quarter core. The Duplicates were taken from all drillholes at a frequency of no greater than one every 25 Routine samples, but usually more frequently. A total of 82 samples were Duplicates. In the original core logs, these Duplicates are labelled with "dupl." and the sample identifier for the sample for which they are the duplicate, i.e., 9575, and 9575(dupl). These FDUPs were evidently sent to the Primary assay laboratory under a different sample identifier as they show up in the certificates of analysis with a different identifier, a 3-letter prefix and a sequential number, i.e., DAN-5. The Project database provides the information necessary to match the samples to their Duplicates.

Figures 13 and 14 show results for the 2011 Field Duplicates in terms of TFe and magFe assays.

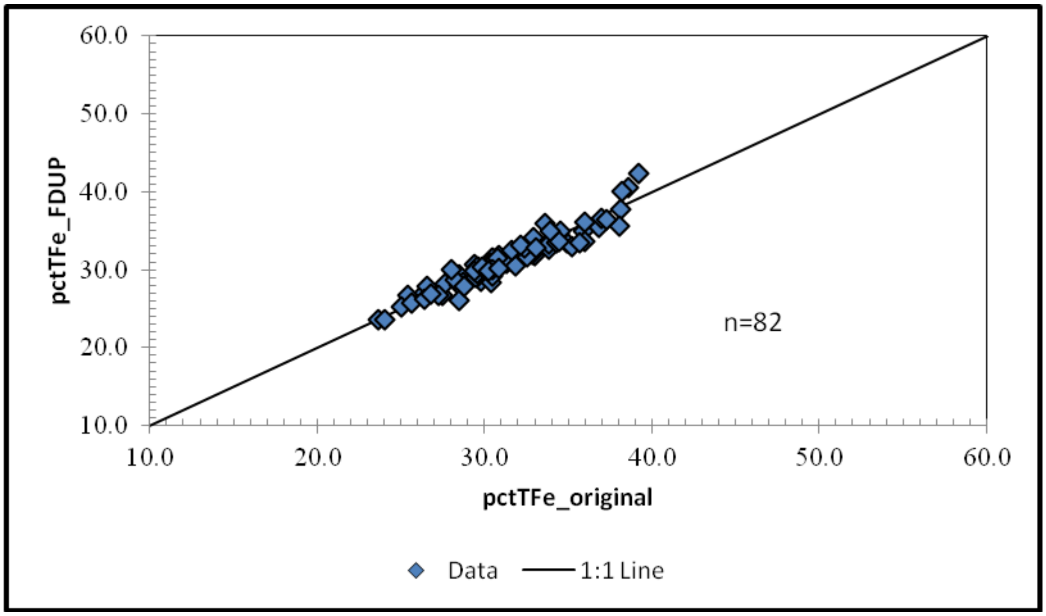


Figure 13. TFe in Field Duplicates – 2011 Program

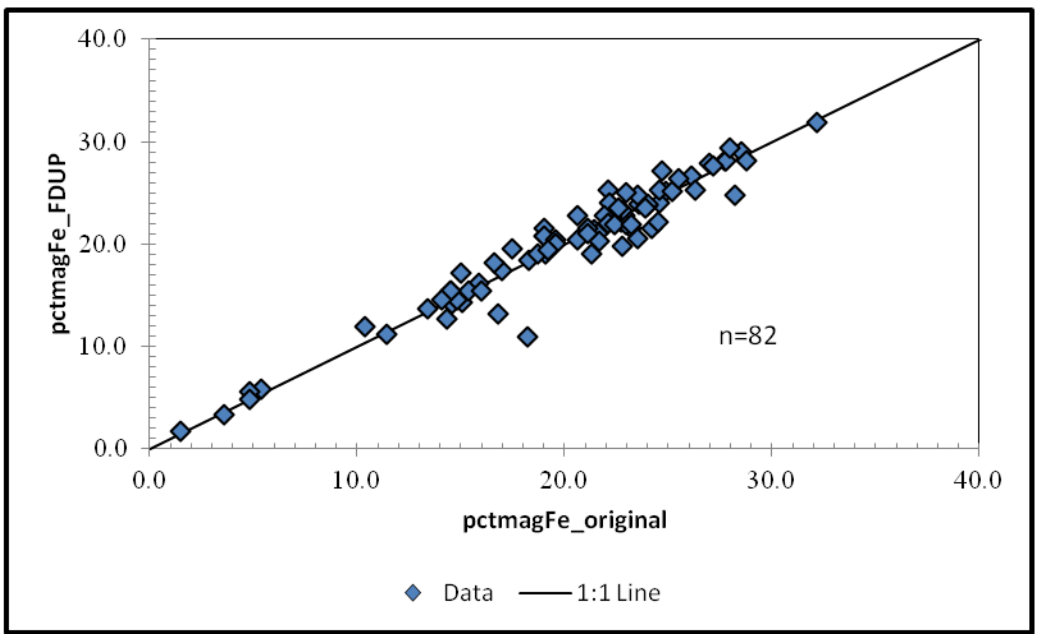


Figure 14. magFe in Field Duplicates 2011 Program

2011 Secondary Check or Umpire Assaying

For the 2011 drill program, Secondary Lab Check assaying was completed in spring 2012. Inspectorate was sent rejects for samples originally prepared and assayed at SGS-Lakefield. Cap-Ex requested that SGS-Lakefield riffle-out 1 kg of material from homogenized rejects. At Inspectorate, the samples were assayed for WR major elements by XRF and S_{Total} was determined by LECO. Neither FeO_{Total}, nor Satmagan determinations were completed on the samples sent to Inspectorate.

Figure 15 shows TFe assays completed at SGS-Lakefield in 2011 compared to Checks done at Inspectorate in early 2012.

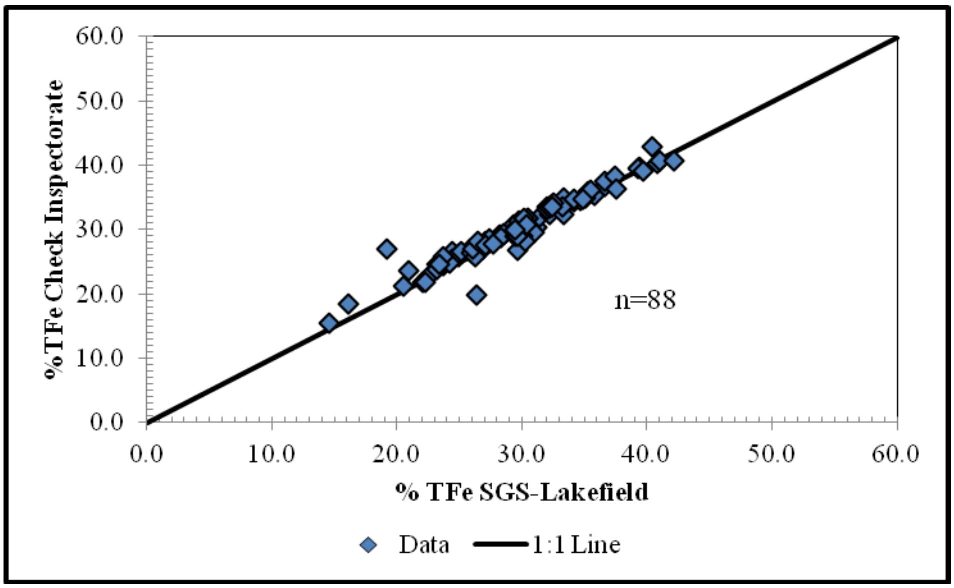


Figure 15. % TFe at SGS-Lakefield vs. Inspectorate Umpire Assays

The results for the Field Duplicates are reasonable indicating SGS-Lakefield assays are precise. The Secondary Check assays at Inspectorate are unbiased and correlate strongly with original SGS-Lakefield assays indicating SGS-Lakefield assays for TFe are also accurate.

2012 In-Field QA/QC Assaying

Cap-Ex's 2012 program included field-inserted Blanks, Certified Reference Standards and core Duplicates, as well as more Secondary Check assaying.

2012 Field Blanks (FBLK)

As part of the 2012 program, protocol Field Blanks were inserted into the sample stream going to the analytical lab at a frequency of 1 per 20 Routine samples. A total of 33 of these Blanks accompanied samples going to SGS-Lakefield. The Blanks generally performed well as shown in Table 12.

TABLE 12.
SUMMARY RESULTS FOR FIELD BLANKS ASSAYED AT SGS-LAKEFIELD

Analyte	Sample Count	Average	Min	Max
TFe (%)	33	0.15	0.09	0.29
magFe (%)	31	0.24	0.10	0.40
FeO_{Total} (%)	33	0.159	0.02	0.67
SiO_2 (%)	33	7.71	5.93	10.1

Many more accompanied Routine samples sent to AcmeLabs and results for selected analytes are summarized in Table 13.

TABLE 13.
SUMMARY RESULTS FOR FIELD BLANKS ASSAYED AT ACMELABS

Analyte	Sample Count	Average	Min	Max
TFe (%)	247	0.16	0.08	0.45
magFe (%)	247	0.09	0.07	0.22
FeO_{Total} (%)	221	0.319	0.010	27.57
SiO_2 (%)	247	7.43	4.15	11.5

Generally, results are reasonable, but one sample reported a FeO assay of 27.57 %. This sample is not anomalous in TFe, so either a data entry error or sample mix-up is indicated. In either case it is possible that adjacent samples in the analytical sequence have incorrect FeO values.

2012 Field Duplicates (FDUP)

Similar to Field Blanks, Field Duplicates were inserted into the sample stream going to the labs at a frequency of 1 per 20 Routine samples. During the 2012 program, 28 FDUPs were collected and analysed at SGS-Lakefield for XRF-WR elements. Twenty-seven had magFe determined by Satmagan. Results for TFe and magFe are shown on Figures 16 and 17.

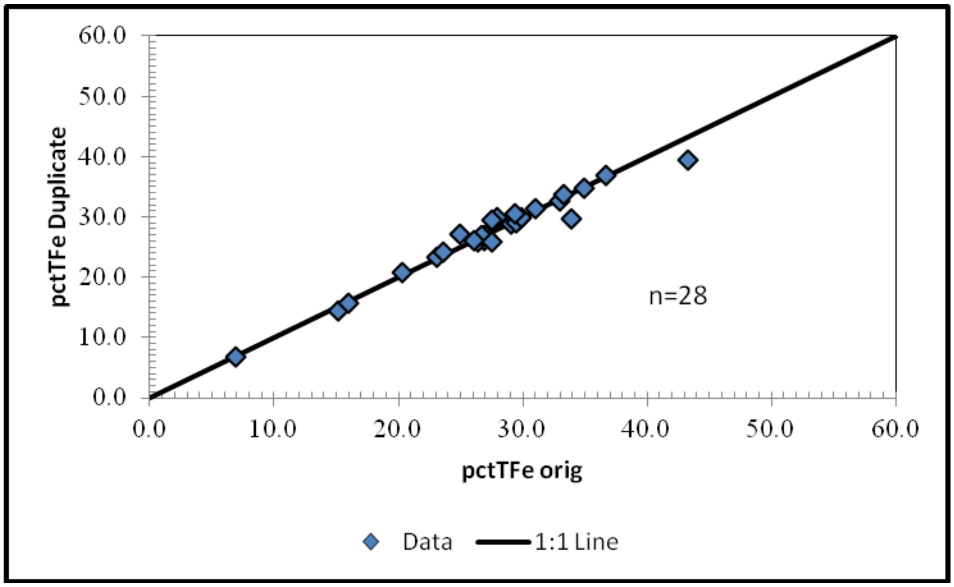


Figure 16. TFe in Field Duplicates 2012 Program at SGS-Lakefield

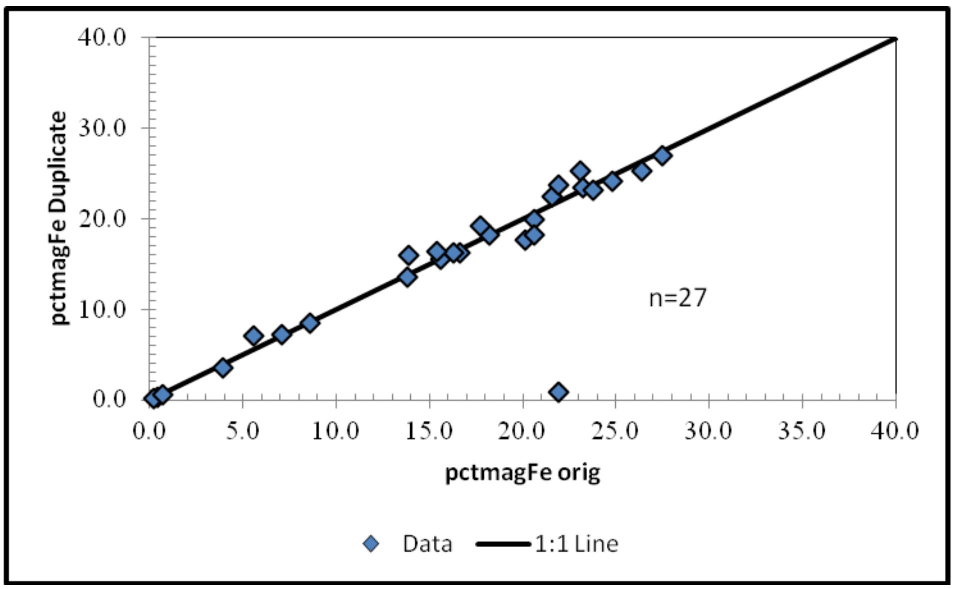


Figure 17. magFe in Field Duplicates 2012 Program at SGS-Lakefield

The results indicate that SGS-Lakefield assays for TFe and magFe are reasonably precise. As shown on Figure 17, one sample for magFe clearly has an issue. An issue for this sample is also evident for the other analytes indicating a probable sample mix up.

More FDUPs were sent to AcmeLabs than SGS-Lakefield in 2012 because more of the Project analysis in 2012 was done at AcmeLabs. Figures 18 and 19, respectively, show results for Field Duplicates at AcmeLabs in terms of TFe and magFe.

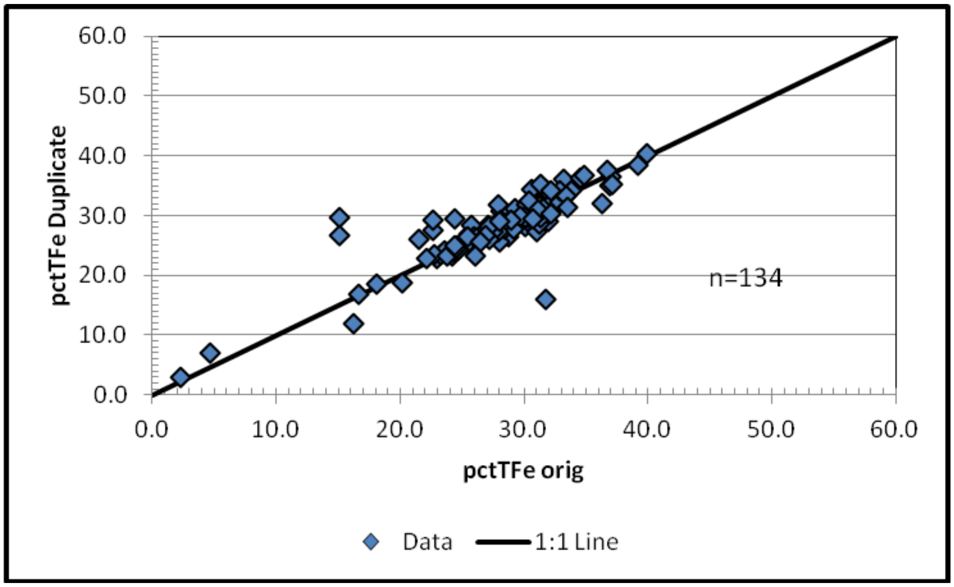


Figure 18. TFe in Field Duplicates 2012 Program at AcmeLabs

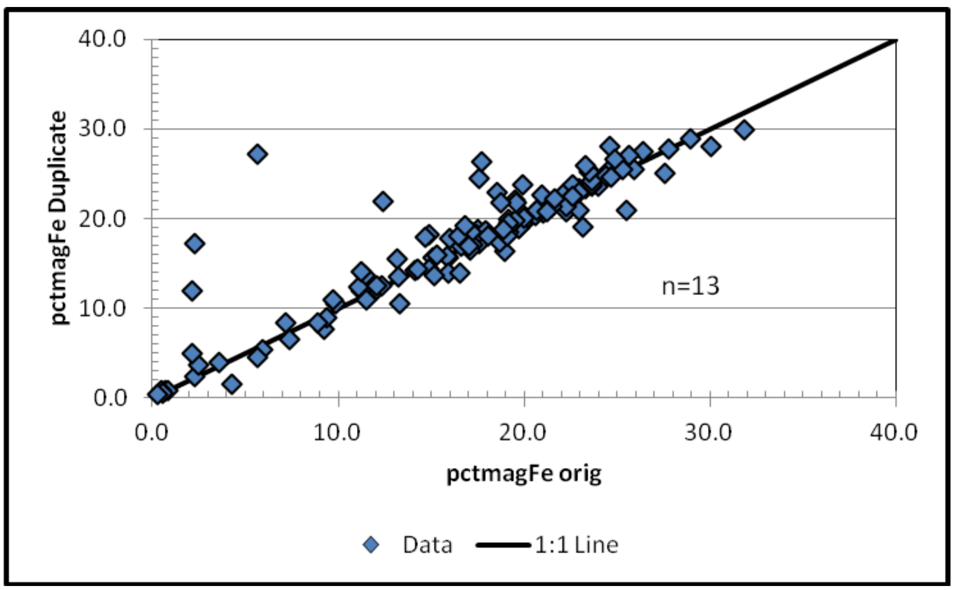


Figure 19. magFe in Field Duplicates 2012 Program at AcmeLabs

The results for TFe are reasonably good. For magFe, there are a few outliers that could have been followed-up towards assuring improved quality assays. The outlier samples and the adjacent samples to these issue samples in the sample sequence should have been checked.

2012 Field Standards (FSTD)

For the 2012 program, four different Certified Reference Standards were used. Two of these Standards, MW-1 and SCH-1, were purchased from CANMET, Natural Resources, Canada. The other two Standards, GB-1 and GB-2, were made by CDN Resources Ltd., Vancouver ("**CDN**") from drill core from the 2011 program provided to it by Cap-Ex. Following preparation at CDN, Smee &Associates Consulting Ltd. ("**Smee**") provided certification for the two Standards. This certification included the assaying of the Standards, under Smee's management, at six accredited laboratories with each laboratory performing 10 analyses on randomly selected cuts from the materials. Each analysis included determination of TFe, Fe^{++} and magnetite by Satmagan. Subsequently, Smee completed statistical analysis of the analytical results, defined a certified mean for each analyte and certified the two materials.

Table 14 provides a summary of Certified Values for each of the four Standards. The CANMET Standards are certified for major elements but not magFe. MW-1 is certified for ferrous Fe, (Fe^{++}), but SCH-1 is not. GB-1 and GB-2 are only certified for TFe, magFe and Fe^{++}. Figures 20 to 24 show results for the Standards at SGS-Lakefield and AcmeLabs through the 2012 program in terms of TFe, magFe, FeO_{Total}, SiO_2 and MnO. The dashed lines on these charts represent the Certified Values in Table 14. Tables 15 to 20 provide brief statistical summaries for the assay results obtained at both labs.

TABLE 14.
CERTIFIED VALUES FOR CERTIFIED REFERENCE STANDARDS 2012 PROGRAM

	TFe(%)	magFe(%)	FeO(%)	SiO_2(%)	MnO(%)
GB-1	28.64	25.34	15.97	-	-
GB-2	37.38	20.01	18.35	-	-
MW-1	66.08	-	1.749	4.6	0.021
SCH-1	60.73	-	-	8.08	1.003

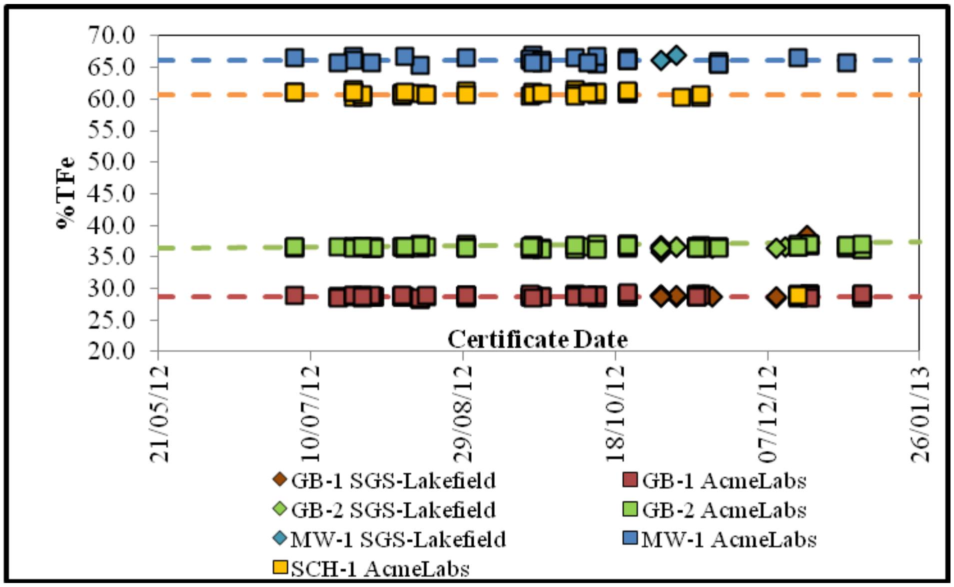


Figure 20. TFe in Field-Inserted Certified Reference Standards

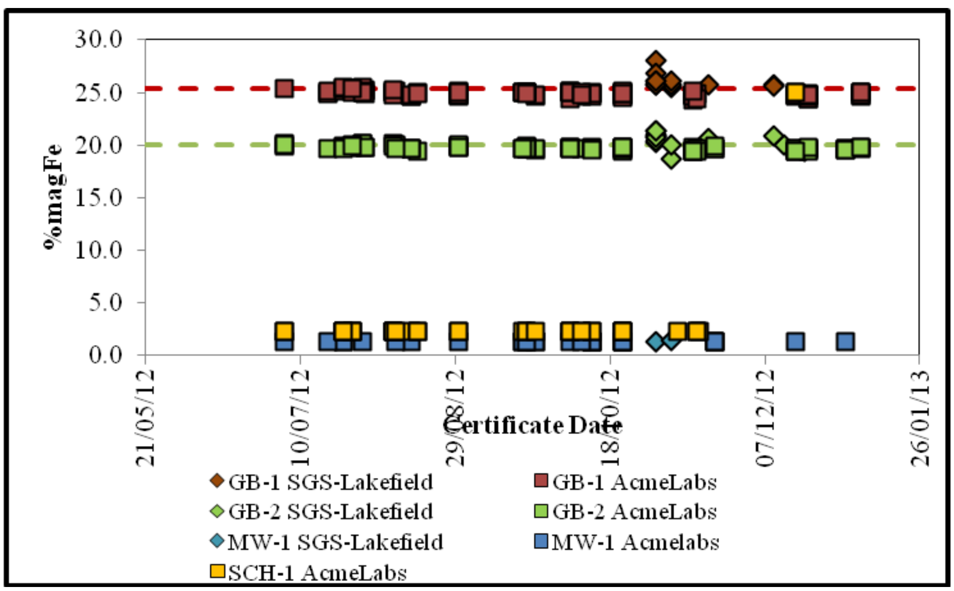


Figure 21. magFe in Field-Inserted Certified Reference Standards

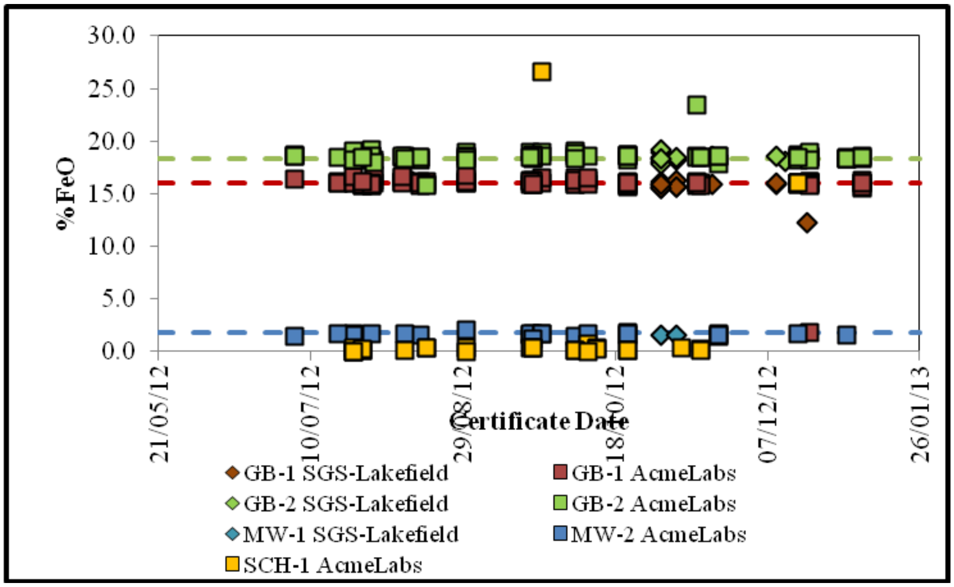


Figure 22. FeO in Field-Inserted Certified Reference Standards

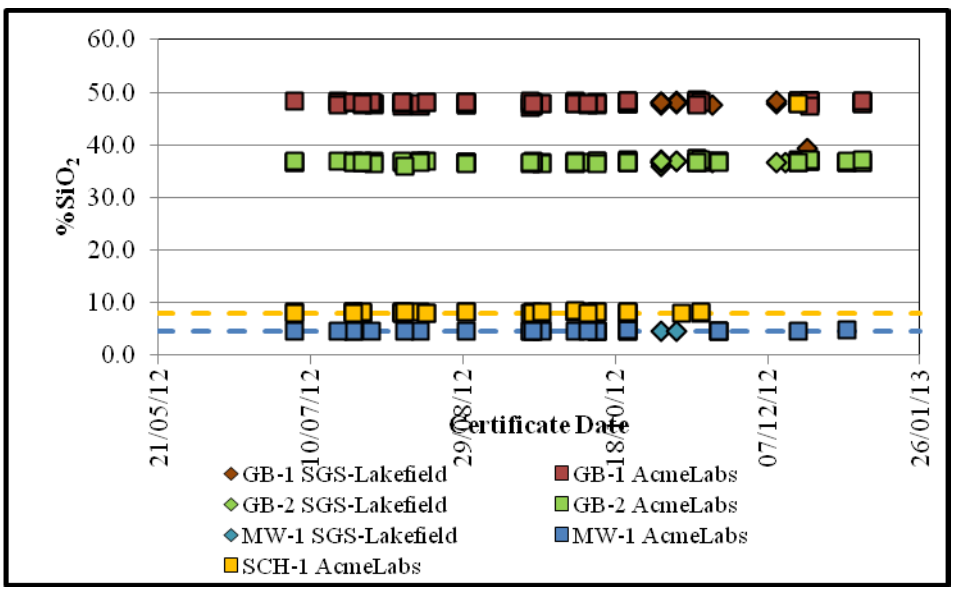


Figure 23. SiO_2 in Field-Inserted Certified Reference Standards

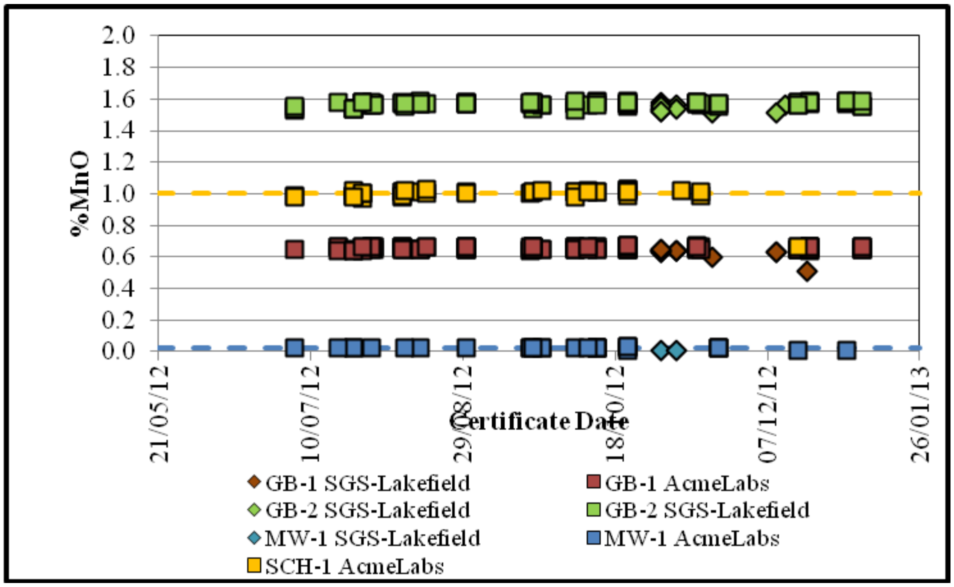


Figure 24. MnO in Field-Inserted Certified Reference Standards

TABLE 15.
SUMMARY FOR TFE IN FIELD–INSERTED STANDARDS AT SGS-LAKEFIELD

Standard	Count Samples	TFe Certified Value	Avg TFe	Min TFe	Max TFe
GB-1	15	28.64	29.42	28.54	38.47
GB-2	13	36.38	36.40	35.67	36.79
MW-1	2	66.08	66.52	66.17	66.87

TABLE 16.
SUMMARY FOR TFE IN FIELD–INSERTED STANDARDS AT ACMELABS

Standard	Count Samples	TFe Certified Value	Avg TFe	Min TFe	Max TFe
GB-1	101	28.64	28.78	28.30	29.26
GB-2	83	36.38	36.58	36.17	37.05
MW-1	29	66.08	66.09	65.25	66.85
SCH-1	39	60.73	60.00	28.79	61.52

TABLE 17.
SUMMARY FOR MAGFE IN FIELD–INSERTED STANDARDS AT SGS-LAKEFIELD

Standard	Count Samples	magFe Certified Value	Avg magFe	Min magFe	Max magFe
GB-1	14	25.3	25.6	19.4	28.0
GB-2	13	20.0	20.6	18.7	21.4
MW-1	2		1.4	1.3	1.4

TABLE 18.
SUMMARY FOR MAGFE IN FIELD–INSERTED STANDARDS AT ACMELABS

Standard	Count Samples	magFe Certified Value	Avg magFe	Min magFe	Max magFe
GB-1	101	25.3	24.9	24.2	25.5
GB-2	83	20.0	19.7	19.4	20.1
MW-1	29		1.4	1.3	1.4
SCH-1	39		2.9	2.2	25.0

TABLE 19.
SUMMARY FOR FEO IN FIELD–INSERTED STANDARDS AT SGS-LAKEFIELD

Standard	Count Samples	FeO Certified Value	Avg FeO	Min FeO	Max FeO
GB-1	15	15.97	15.58	12.23	16.31
GB-2	13	18.35	18.38	17.86	19.12
MW-1	2	1.75	1.58	1.56	1.59

TABLE 20.
SUMMARY FOR FEO IN FIELD–INSERTED STANDARDS AT ACMELABS

Standard	Count Samples	FeO Certified Value	Avg FeO	Min FeO	Max FeO
GB-1	94	15.97	15.92	1.77	16.75
GB-2	76	18.35	18.53	15.82	23.46
MW-1	24	1.75	1.62	1.16	2.02
SCH-1	28		1.71	0.04	26.60

For the most part, the results for the Standards during routine sample assaying returned appropriate values. However, there are a few exceptions that were not addressed through Cap-Ex's QA/QC review and follow-up process. For example, see Figure 20, one instance of GB-1 returned a value of TFe appropriate for GB-2 and one instance of SCH-1 returned a value of TFe appropriate for GB-1. With respect to magFe, see Figure 21, a similar issue exists for one instance of SCH-1 as it returns a value appropriate for GB-1. Most issues concern FeO, see Figure 21. Again several instances of Standards report values that are more appropriate for a different Standard and for a few instances the assay values reported are inappropriate for any Standard.

Where a Standard reports a value that is normal for another Standard, the probable cause is a mix-up in the field. For such cases, the issue has no impact on assay values for the Routine samples and the Mineral Resource estimate. However, the lab could also be at fault and in such a case the error is more serious. The follow-up of sampling documents should enable Cap-Ex to eliminate many of these sampling errors.

When the value for a Standard is altogether inappropriate and it cannot be traced to a different Standard, then checking of the archived core is required. If this doesn't resolve the issue the re-assay of the specific sample that defines the issue and at least some of its adjacent samples is called for. WGM does not know why these issues were not followed-up. Regardless, there are only a few assay issues indicated and for the most part assay the results for Routine samples are indicated to be accurate and precise and their impacts on the Mineral Resource estimate are negligible.

2012 Secondary Check Assaying

Secondary Lab Check assaying was done during and following the 2012 drilling program and included additional 2011 program samples, as well as 2012 program samples. Samples originally prepared and assayed at SGS-Lakefield were Check assayed at AcmeLabs. Samples originally prepared and assayed at AcmeLabs were sent to SGS-Lakefield for Check assay. The samples sent to SGS-Lakefield were pulps while those sent from SGS-Lakefield to AcmeLabs were all rejects, so AcmeLabs had to pulverize these samples. Check analysis for samples sent to either SGS-Lakefield or AcmeLabs included determinations for XRF-WR, Satmagan and FeO_{Total}.

Table 21 provides a summary for the distribution of 2012 program Secondary Check or Umpire Assays.

TABLE 21.
2012 PROGRAM SECONDARY LAB CHECK ASSAYING PROGRAM

Primary Lab	Secondary lab	Analytical Package	Number of samples
SGS-Lakefield	Acme	XRF-WR	22
SGS-Lakefield	Acme	Satmagan	22
SGS-Lakefield	Acme	FeO_{Total}	22
AcmeLabs	SGS-Lakefield	XRF-WR	79
AcmeLabs	SGS-Lakefield	Satmagan	79
AcmeLabs	SGS-Lakefield	FeO_{Total}	76

Figures 25 to 29 show comparisons for TFe, magFe, FeO_{Total}, SiO_2 and MnO for original sample assays done at AcmeLabs versus Check assays done at SGS-Lakefield.

Figures 30 and 31 show comparisons between TFe and magFe for original sample assays done at SGS-Lakefield versus Check assays done at AcmeLabs.

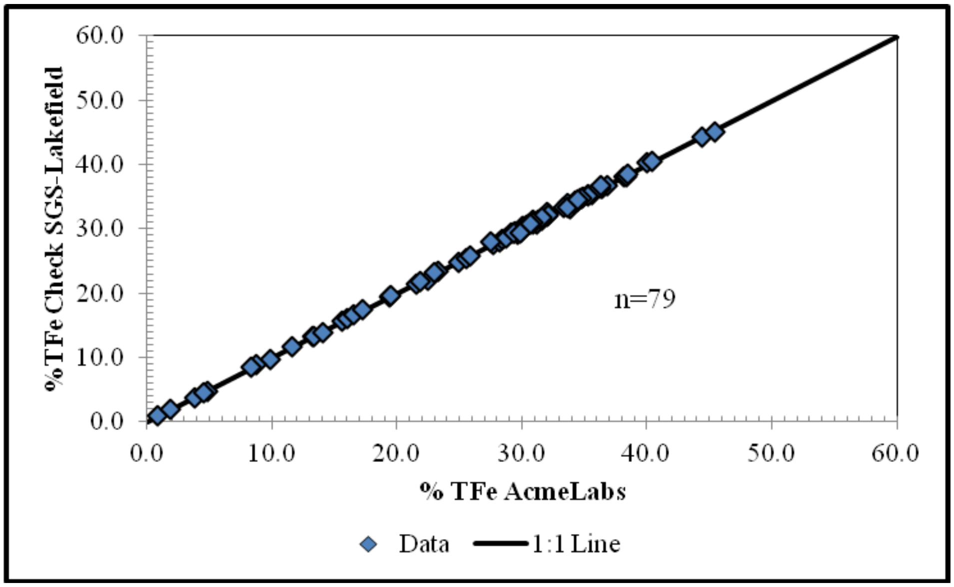


Figure 25. % TFe at AcmeLabs vs. SGS-Lakefield for Umpire Assays

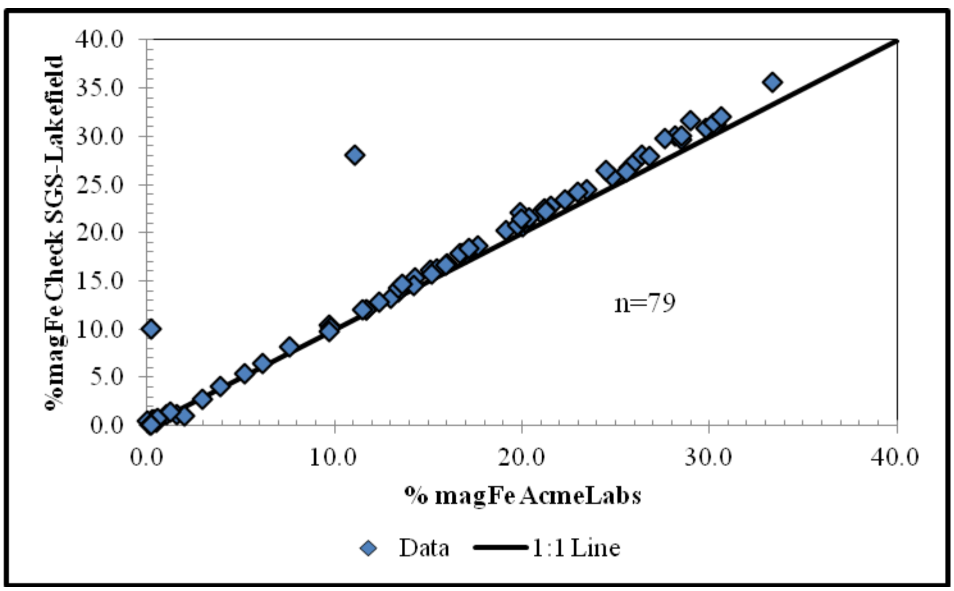


Figure 26. % magFe at AcmeLabs vs. SGS-Lakefield for Umpire Assays

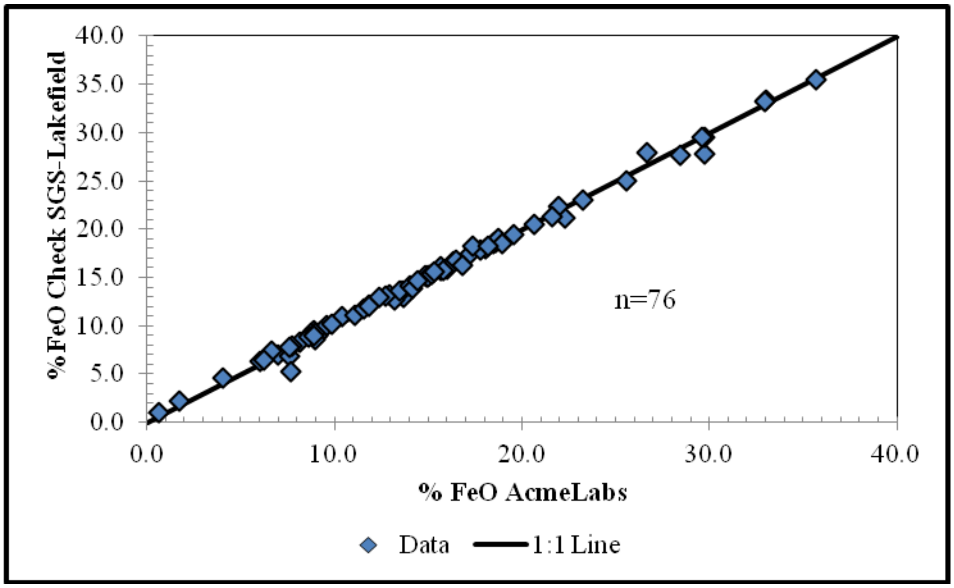


Figure 27. % FeO at AcmeLabs vs. SGS-Lakefield for Umpire Assays

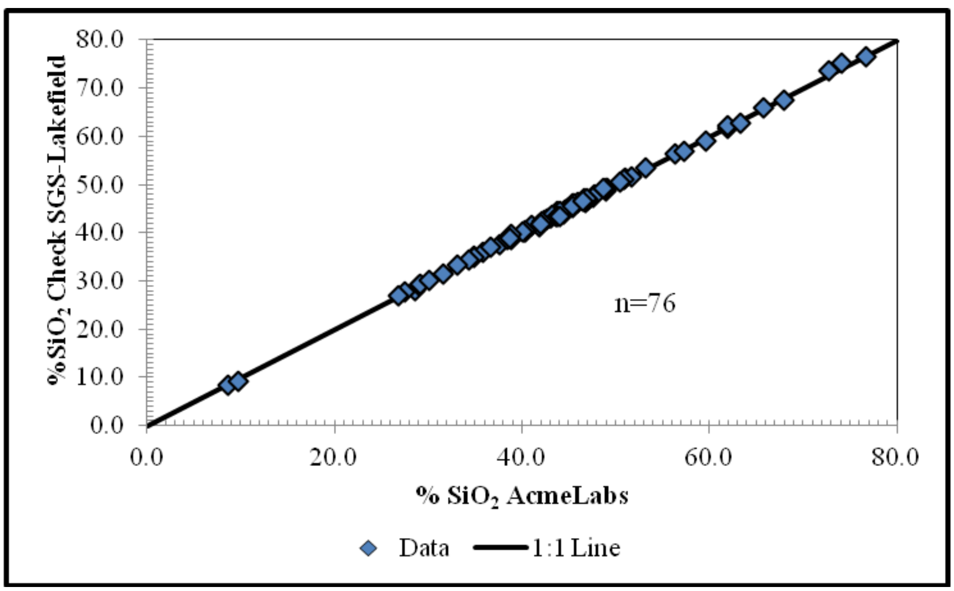


Figure 28. % SiO_2 at AcmeLabs vs. SGS-Lakefield for Umpire Assays

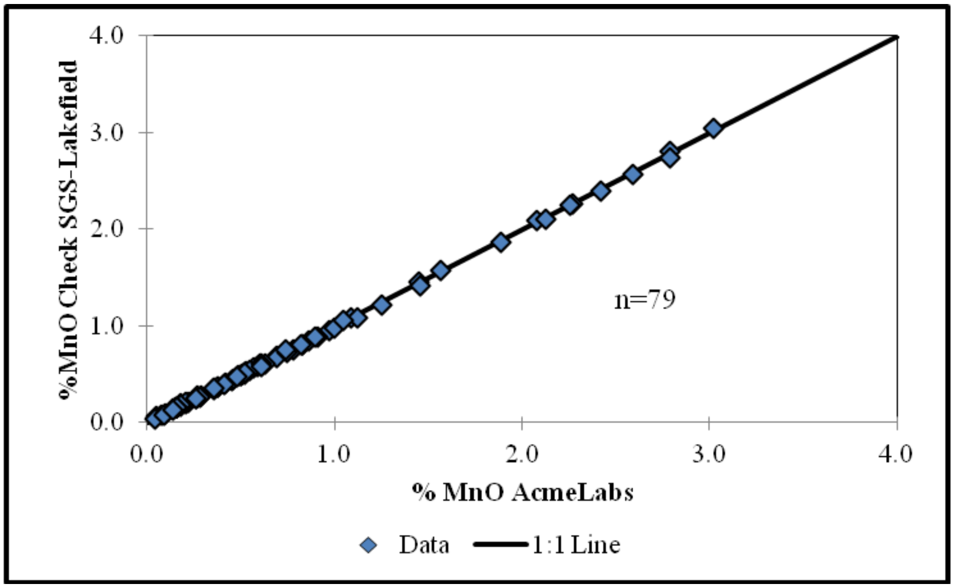


Figure 29. % MnO at AcmeLabs vs. SGS-Lakefield for Umpire Assays

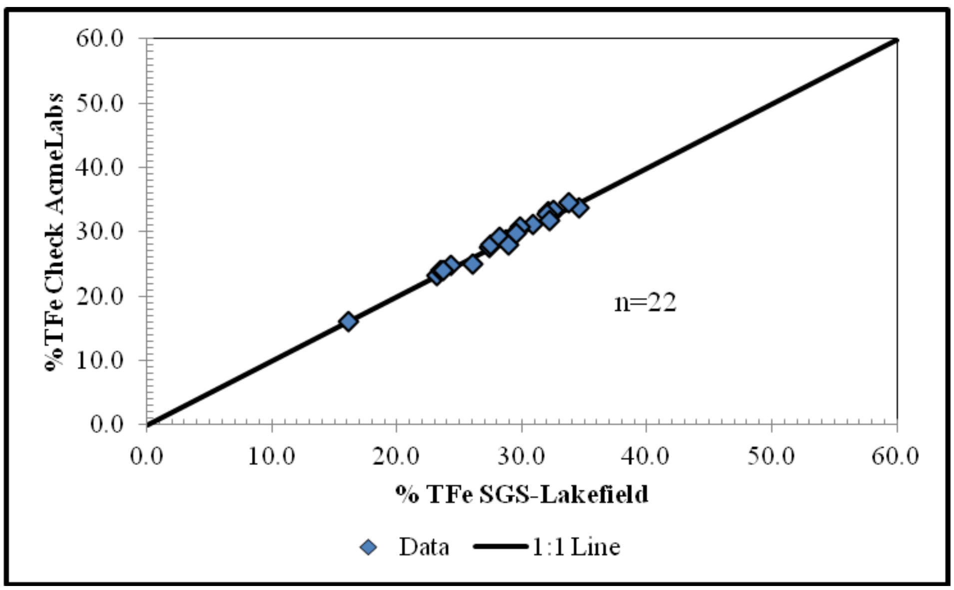


Figure 30. % TFe at SGS-Lakefield vs. AcmeLabs for Umpire Assays

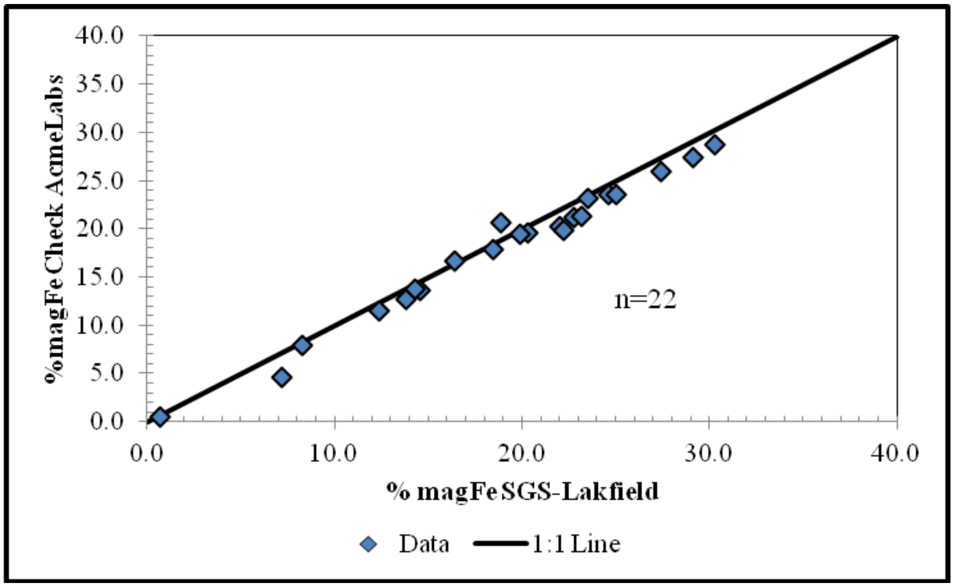


Figure 31. % magFe at SGS-Lakefield vs. AcmeLabs for Umpire Assays

The assays for the Check samples are generally strongly correlated with no apparent significant assay bias indicating assays at both labs are accurate.

In-Lab QA/QC

All three assay laboratories, SGS-Lakefield, AcmeLabs and Inspectorate are accredited and all carry out in-house QA/QC during the preparation and assaying of their clients samples.

Analytical and Preparation Blanks, Certified Reference Standards and Preparation and Analytical Duplicates are inserted into the sample stream in the lab and analysed along with the samples received. No results for Standards for Satmagan are reported by any of the three labs.

The tables below summarize results for in-lab Certified Reference Standards. Table 22 shows results for results for the Standards accompanying XRF analysis at SGS-Lakefield during the 2011 and 2012 programs. It shows that nine different Standards were used and these were assayed a total of 32 times during the course of the assaying program. Standard 607-1 from Institut de Recherches de la Sidérurgie Française, France was used the most frequently. Results for all instances are excellent as the results measured in the laboratory are close to the Certified Value for the Standard and the measured minimum and maximum values are close to the averages.

TABLE 22.
SUMMARY RESULTS FOR IRON IN CERTIFIED REFERENCE STANDARDS AT SGS-LAKEFIELD

Standard ID	Count Samples	Certified Value TFe (%)	Avg Measured TFe(%)	Min Measured TFE(%)	Max Measured TFE(%)
607-1	9	30.89	30.74	30.36	30.98
GBM304-15	1		19.09	19.09	19.09
GIOP-39	1	56.60	56.51	56.51	56.51
OREAS 406	1	61.44	61.62	61.62	61.62
SARM-12	4	66.60	66.74	66.59	66.94
SARM-42	2	3.27	3.34	3.32	3.36
SCH-1	6	60.73	60.89	60.71	61.06
SY4	4	4.34	4.39	4.38	4.41
TILL4	4	3.97	4.06	4.04	4.08
Total	**32**				

Similarly Table 23 shows results obtained by AcmeLabs for their inserted Standards during XRF analysis of 2012 program samples. AcmeLabs used four different Standards and assayed 681 instances. Results are again reasonable with average values measured close to certified values and tight ranges.

TABLE 23.
SUMMARY RESULTS IRON FOR CERTIFIED REFERENCE STANDARDS AT ACMELABS

Standard ID	Count Samples	Certified Value TFe (%)	Avg Measured TFe(%)	Min Measured TFe(%)	Max Measured TFe(%)
FER-1	227	53.04	53.03	52.49	53.54
GIOP-10	13	33.1	33.26	33.02	33.50
GIOP-19	214	63.5	63.45	62.73	64.27
NIST693	227	65.11	65.12	64.50	65.66
Total	**681**				

Table 24 shows results for silica at AcmeLabs.

TABLE 24.
SUMMARY RESULTS SILICA FOR CERTIFIED REFERENCE STANDARDS AT ACMELABS

Standard ID	Count Samples	Certified Value SiO_2(%)	Avg Measured SiO_2(%)	Min Measured SiO_2(%)	Max Measured SiO2(%)
FER-1	227	16.95	16.89	16.64	17.15
GIOP-10	13	36.60	36.73	36.55	36.94
GIOP-19	214	3.44	3.54	3.42	3.79
NIST693	227	3.87	3.91	3.81	4.14
Total	**681**				

Table 25 shows results for FeO_{Total} at AcmeLab. Two Standards FER-1 and FER-3 were used; both are CANMET Standards and gave good results.

TABLE 25.
SUMMARY RESULTS FeO FOR CERTIFIED REFERENCE STANDARDS AT ACMELABS

Standard ID	Count Samples	Certified Value FeO(%)	Avg Measured FeO(%)	Min Measured FeO(%)	Max Measured FeO(%)
FER-1	19	23.34	23.73	23.31	24.10
FER-3	242	13.63	13.65	13.00	14.30
Total	**261**				

MagFe determined by Satmagan versus Davis Tube and Fe Balance
WGM's review of Sample/Assay QA/QC also included review of the iron balance between TFe, magFe and FeO_{Total} completed on all samples and review of magFe determined by Satmagan versus Davis Tube tests.

Because there are three different and independent Fe determinations (TFe, magFe and FeO_{Total}) available for all samples and certain relationships between permissible values are stoichiometrically defined, we can infer possible assay errors by inspection of the relationships between the three iron assays on a sample by sample basis.

The permissible relationships between Fe species are developed from equations 2 and 3 (see Section 7.2.3 in this report) and three error types are defined.

1. Where %Other Fe (from equation 3) is less that -2%, assay error is suspected.
2. Where %hmFe (from equation 2) is less that -2%, error is also suspected.
3. Where magFe exceeds TFe, error is suspected.

In WGM's process of calculation of %OtherFe and %hmFe, small negative values greater than -2 are ignored and these parameters are replaced with 0. Neither TFe or magFe are revised, only %hmFe can be reduced, so TFe from XRF is not exceeded by the sum of magFe, hmFe and OtherFe.

Cap-Ex, as part of their quality assurance process, has screened assays received and requested re-assays based on similar but not identical criteria. WGM's review of final assays returned 34 out of a total of 7,804 samples with one or more of the three error types. Based on the magnitudes of the differences, i.e., the size of the negative residuals and their infrequency, the suspected assay errors don't however appear to be very critical.

Figure 32 shows Davis Tube magFe versus Satmagan magFe determined on sample Heads at SGS-Lakefield. Figure 33 shows the same for Davis Tube tests and Satmagan conducted at AcmeLabs.

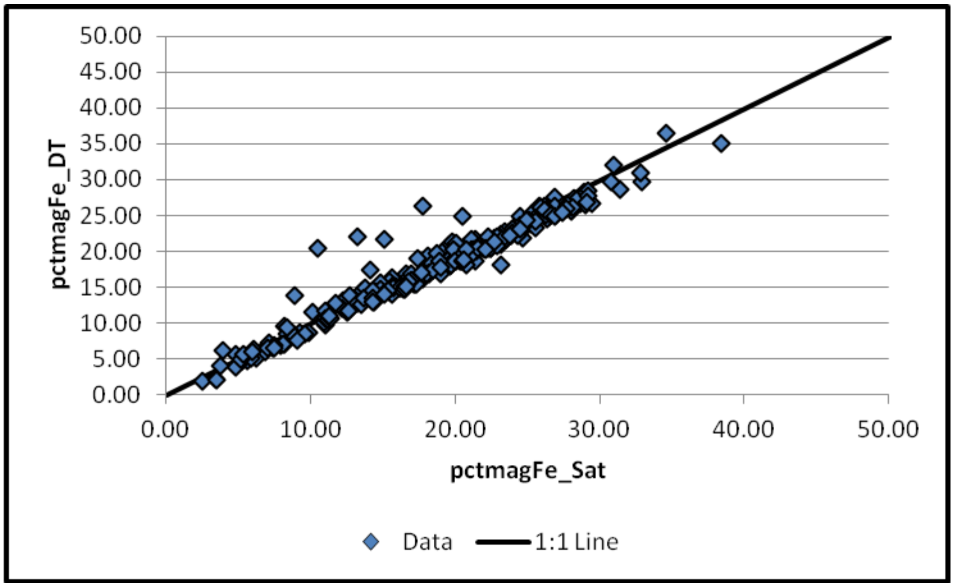


Figure 32. magFe by Davis Tube vs. Satmagan at SGS-Lakefield

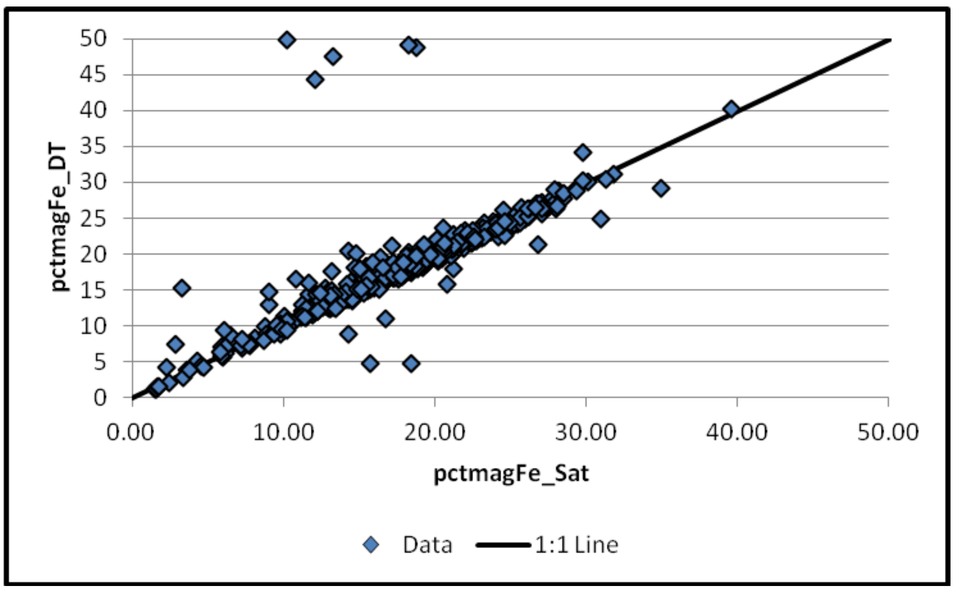


Figure 33. magFe by Davis Tube vs. Satmagan at AcmeLabs

Although for most samples the Davis Tube and Satmagan results agree, the magFe values for few samples are different and should be checked. It is most likely that additional erroneous magFe values remain in the database but such are not readily detected because most samples did not have both Satmagan and Davis Tube tests completed.

WGM Comments and Conclusions Concerning Sampling, Assaying, QA/QC and Project Database

WGM has been provided out-takes from Cap-Ex's acQuire^{TM} Project database to complete this NI 43-101 report and has found the information to be comprehensive. No actual 2012 drill logs were reviewed, but WGM's understanding is that the logs are just the database reformatted into forms.

WGM understands that Cap-Ex has employed a set of algorithms for classifying rock types based on assays and that Cap-Ex's plan is to archive the actual codes determined by their geologists during logging. WGM believes that the use of assays to estimate rock types is a useful technique to supplement drill core logging rock type codes but the logging codes should not be devalued. In WGM's opinion, logging codes, although not perfect are invaluable because they provide a guide to rock type independent of assays, while codes calculated from assays are dependent on the accuracy of sample location, on the algorithms used to determine the code and assay results that may harbour errors and issues.

WGM's believes Cap-Ex sampling and assay quality is more than adequate to support the Mineral Resource estimate at the Inferred level of categorization. Although some probable sample and assay errors remain in the project database and a few samples appear to have been lost (a group of six samples from drillhole 103-065 have no assays), the database is remarkably clean, indicating generally reliable and accurate assays. Some confusion still remains in the database regarding the nomenclature used to identify different laboratory QA/QC materials, particularly Blanks and Duplicates. Distinguishing Preparation Blanks from Analytical Blanks and Preparation Duplicates from Analytical Duplicates in the database is not easily accomplished. WGM believes it would be better to use generic names for these various materials rather than what the particular lab calls them. For instance, at AcmeLabs Preparation Blanks are called Core Reject Duplicates and Analytical Duplicates are called "REP". At SGS-Lakefield, Analytical Duplicates are called Duplicates and Preparation Duplicates are called Replicates. Maintaining this conflicting nomenclature in the database makes usage difficult. Suggestions are PDUP, ADUP, PBLK and ABLK respectively for Preparation and Analytical Duplicates and Blanks.

In WGM's opinion, the Davis Tube tests on the assay samples should have been completed on properly pulverized feed. Optimization tests are required to determine liberation size prior to routine tests. Proper optimized sample grinding would make the Davis Tube results more meaningful.

WGM encourages Cap-Ex to pursue the suspected errors that remain in the database and continue to improve and simplify its database structure. WGM also believes that Cap-Ex should the documentation of its QA/QC procedures and policies.

12. DATA VERIFICATION

WGM Senior Associate Geologist, Richard Risto, P.Geo., visited the Property from November 14, to November 16, 2012 just as logging and sampling for the 2012 program was finishing and the facilities were being closed up for the season. Cap-Ex's Chief Geologist, Mr. Edward Lyons, P.Geo. (BC), géo (QC), P.Geo. (NL) was host for the visit. Cap-Ex operates a core shed and sampling facility with a core storage area in the Schefferville industrial park. They also own and rent several houses to provide office facilities and accommodation for geotechnical personnel.

The purpose for this visit was to initiate the project review process. Mr. Risto reviewed drilling completed to date, deposit interpretation, logging and sampling procedures, collected independent samples and visited the Property to validate drilling sites.

Mr. Risto and Mr. Lyons accessed the Property by helicopter to check a number of abandoned drill sites on the Property. WGM observed that most were posted and labelled, but a few were missing labels and some posts had fallen down. WGM validated drillhole locations in the field using a hand-held GPS and checked casing inclinations and azimuths. Mr. Risto found that for most part his Eastings and Northings closely matched those in Cap-Ex's database within a few metres and collar dips closely matched database dips to within $\pm 2^{o}$. WGM found one drillhole, 103-034, that did not match its database location. Between the Project database and Mr. Risto's check, the drillhole's location differed by 200 m.

WGM also validated logging and sampling procedures; checked logging and checked sample locations in core trays during the independent sampling process.

Table 26 lists locations and selected analytical results for WGM's eleven independent second-half core samples collected from 2011 and 2012 drill core in storage at Schefferville. There are no Cap-Ex FeO determinations for several of the samples. Appendix 1 contains SGS-Lakefield's certificate of analysis for the samples. Figures 34 to 38 provide graphical comparison between Cap-Ex and WGM assays.

Drill core and surface rock samples collected by Cap-Ex in 2011 and 2012 were submitted by Cap-Ex to Inspectorate, AcmeLabs or SGS-Lakefield. All three are accredited facilities. Although WGM has reviewed a selection of assay results and Certificates generated by the labs and believes they are generally accurate and precise, WGM is relying on the assay labs as independent experts in the field of analyses.

TABLE 26.
COMPARISON OF ANALYTICAL RESULTS
WGM INDEPENDENT SAMPLE ASSAYS VERSUS 2011 AND 2012 ORIGINAL SAMPLE ASSAYS

Cap_Ex SampleID	WGM SampleID	Hole ID	Sample From (m)	Sample To (m)	TFe(%)		magFe(%)		FeO(%)		SiO2(%)		MnO(%)	
					Cap-Ex	WGM	Cap-Ex	WGM	Cap-Ex	WGM	Cap-Ex	WGM	Cap-Ex	WGM
123597	CXWGM-01	DDH103-052	303.89	306.93	26.27	26.79	20.19	22.1	13.72	14.02	44.09	43.6	0.3	0.26
1989463	CXWGM-02	DDH103-098	137.8	139.9	31.33	26.79	21.50	19.6	14.52	14.43	49.6	54.5	0.54	0.61
125196	CXWGM-03	DDH103-107	128.02	130.15	39.43	36.37	11.65	11.1	8.07	8.15	36.44	40.6	2.41	2.53
125398	CXWGM-04	DDH103-110	258.17	261.21	32.89	33.29	4.49	4	3.15	3.06	48.15	46.1	0.4	0.4
9683	CXWGM-05	DDH103-016	39.93	41.76	22.52	23.36	18.30	18.3		9.9	62.7	59	0.41	0.54
125658	CXWGM-06	DDH103-114	213.06	216.1	28.31	28.26	17.22	17.1	8.37	8.9	54.99	55.4	0.51	0.46
1989342	CXWGM-07	DDH103-119	27.1	30.2	31.47	31.54	31.00	29.2	12.35	12.06	53.1	54.3	0.25	0.25
123682	CXWGM-08	DDH103-131	210.01	213.06	29.16	28.75	10.13	30	28.72	28.87	50.47	49.9	0.07	0.06
11804	CXWGM-09	DDH103-027	38.9	40.08	31.33	29.66	24.20	24.2		14.36	47.6	50.5	0.54	0.52
121369	CXWGM-10	DDH103-061	139.6	142.65	26.19	28.96	18.45	21.2	15.17	17.28	46.12	41.1	0.36	0.36
1989078	CXWGM-11	DDH103-143	123	126	37.70	32.94	14.60	15.2	8.41	9.05	38.9	44.9	1.95	2.19
Count						11	11	11	9	11	11	11	11	11

Note: Drillholes 103-1 to 046 are 2011 program, 103-47 and later are 2012 program.

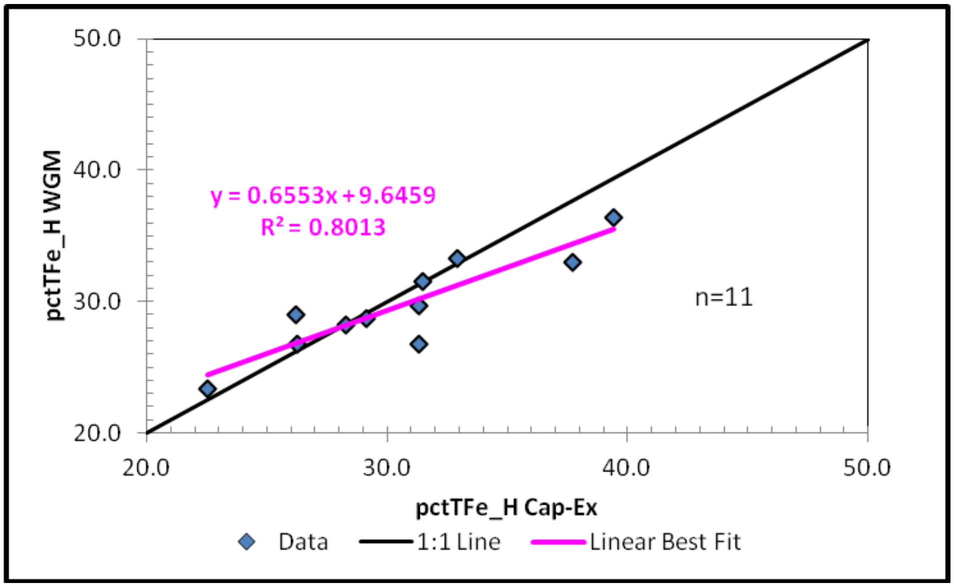


Figure 34. %TFe_H for WGM Independent Sample vs. Cap-Ex Original Sample

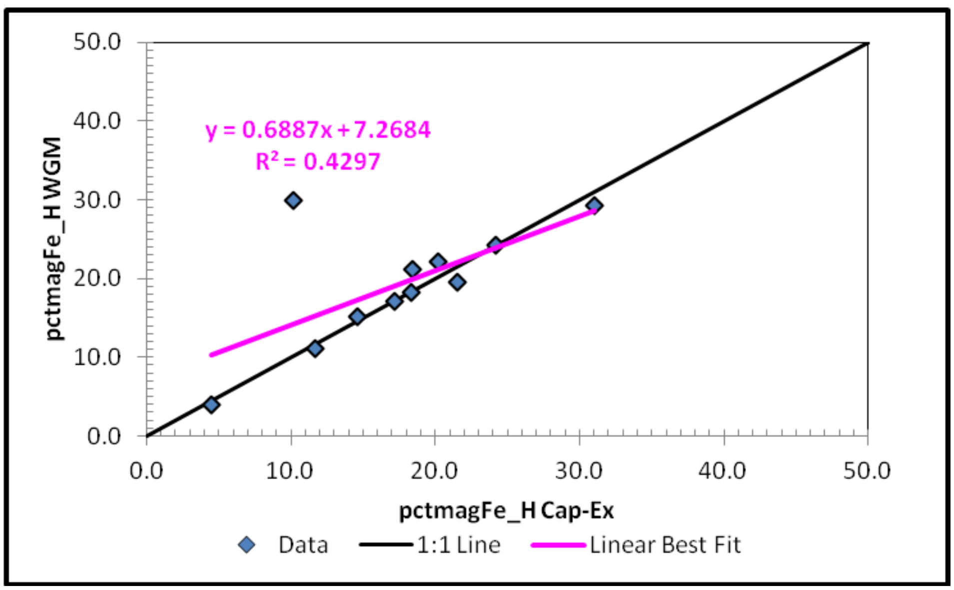


Figure 35. %magFe_H (Satmagan) for WGM Independent Sample vs. Cap-Ex Original Sample

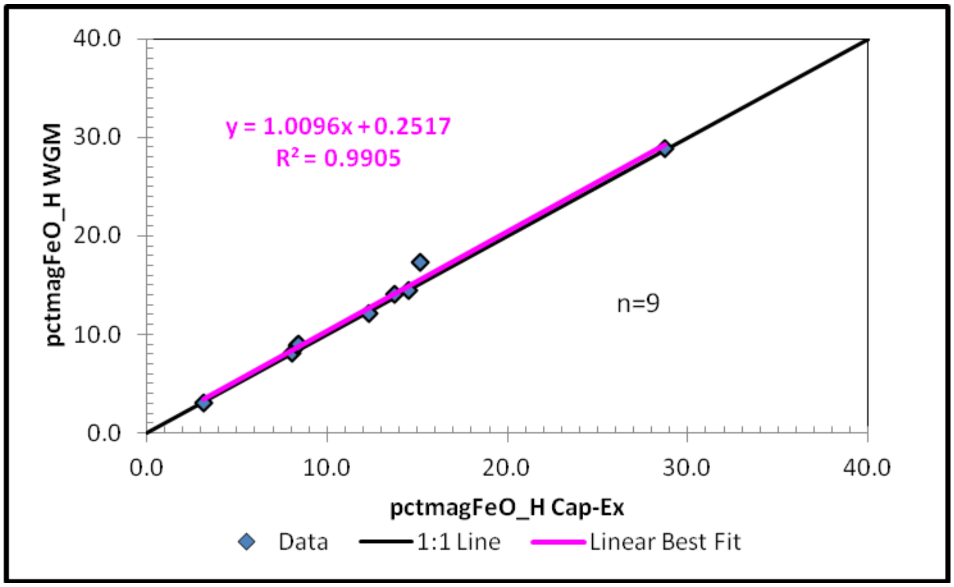


Figure 36. %FeO_H for WGM Independent Sample vs. Cap-Ex Original Sample

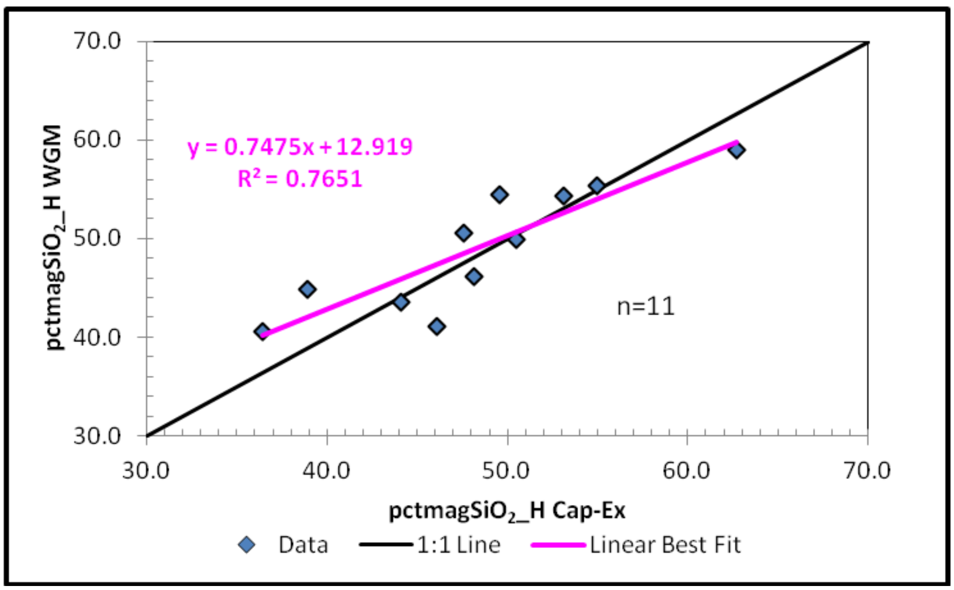


Figure 37. %SiO_2_H for WGM Independent Sample vs. Cap-Ex Original Sample

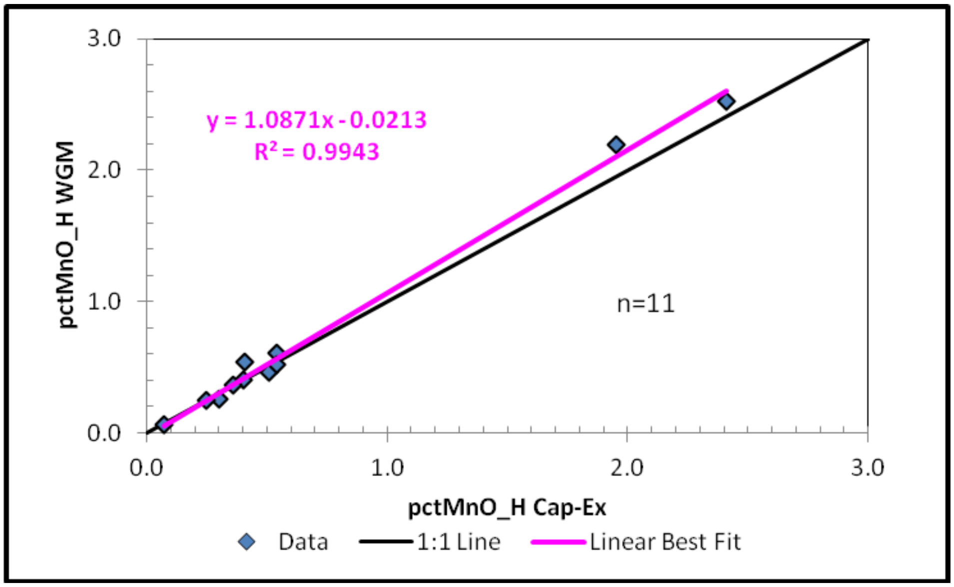


Figure 38. %MnO_H for WGM Independent Sample vs. Cap-Ex Original Sample

Assay results for WGM Independent samples and corresponding Cap-Ex samples are generally correlated but the degree of correlation for TFe and SiO_2 is lower than expected. The good correlation between data sets for MnO, FeO_{Total} and for magFe (excepting one sample) indicates minimal probability of any sample mix-ups in the field or in the lab. The poor correlation for TFe is unexplained. WGM observed during its site visit that the condition of the 2011 drill core was not ideal with sample tags often missing. The tags in the trays also did not include sample interval information. The fact of missing tags however, may not have been a product of original sampling, but 2012 re-logging. Regardless, several of the samples showing poor TFe correlation are 2012 samples.

WGM's samples had SG determined by gas comparison pycnometer and also had bulk density determined by weighing the samples in air and in water. Figure 39 shows WGM pycnometer SG, bulk density results, as well as the best fit line determined from Cap-Ex's pycnometer SG results (see Section 7.2.3 in this report).

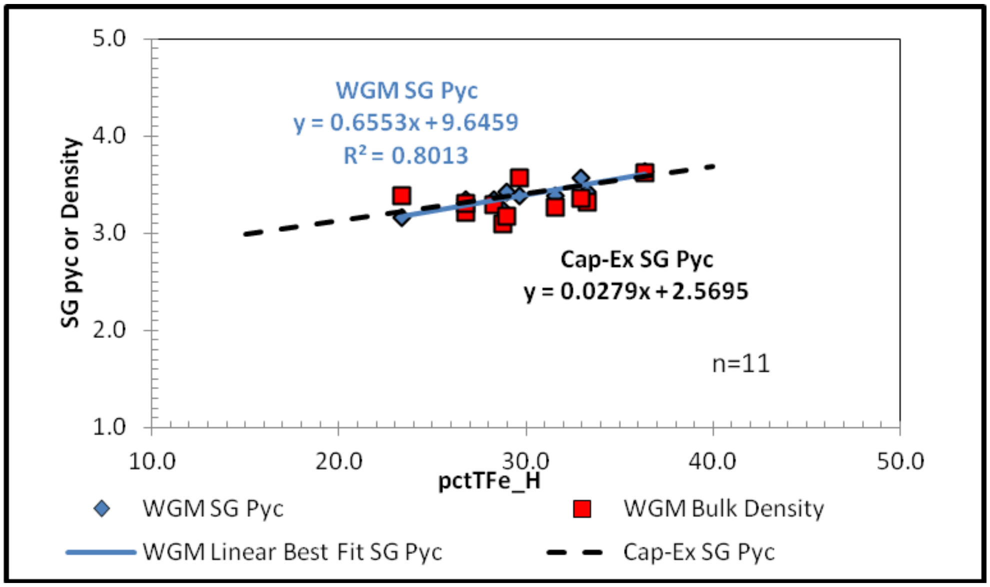


Figure 39. SG pycnometer vs. TFe Head Assays for WGM Independent Samples

WGM's bulk density results are a little more variable than the pycnometer SG results obtained for the same samples but both define a similar best fit line shown in blue. The black dashed line is from Cap-Ex's SG pycnometer results, see Section 7.2.3 under Mineralization. WGM concludes that Cap-Ex's best fit line function is reasonable.

WGM concludes Cap-Ex sampling and assaying is sufficiently reliable to support a Mineral Resource estimate.

Besides completing the aforementioned Site Visit in November 2012, WGM's data verification process included review of Cap-Ex's geological interpretation, and geophysical results in terms of coherency. WGM also checked selected assay certificates from various labs against the Project database to confirm data entry was accurate and complete. WGM also independently completed sections of the report concerned with analysis of assay data in regards to mineralization, Sections 7.2 and 11.2.4 the sample/assay QA/QC review. Additional verification by WGM, more directly concerned with the Mineral Resource estimate are described in Section 14.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 GREENBUSH ZONE TESTWORK PROGRAM

An initial testwork program was developed and managed by BBA to perform a preliminary metallurgical characterization of the Greenbush Zone mineralization as part of the project Preliminary Economic Assessment. With the limited geological information available during the sample selection and compositing process, metallurgical performance was evaluated on five composite samples representing five sectors of the mineral deposit identified within the northern (1), eastern (2) and western (2) areas. Metallurgical testwork based on magnetic separation and grindability test programs were designed by BBA and carried out at COREM laboratories ("**COREM**") in Quebec City, Quebec and at SGS in Lakefield Ontario.

For their testwork, COREM received 78 samples of drill core originating from a total of 22 drill holes. For the SMC grindability testwork, SGS received a set of half and full drill cores with cores varying in size from BTW to NTW. All samples were drilled during Cap-Ex's 2011 and 2012 campaigns. Sets of samples sent to both laboratories represented, in each case, the five metallurgical zones individually and were tested as such.

Table 27 details the tests executed according to samples and laboratory facility.

Preliminary results from the aforementioned testwork, available to date, were published in a press release dated February 26, 2013. The complete testwork results will be documented as part of the PEA which is scheduled to be completed by the end of June 2013. Considering the size of the overall deposit, the initial focus was put on the eastern and northern part of the deposit which is deemed to reasonably represent the first thirty years of operation according to the mine development plan envisioned at this time therefore the projected preliminary metallurgical performance and concentrate chemistry reflect developed to date are only based on average testwork results for the eastern and northern sectors and exclude the western sectors.

TABLE 27.
METALLURGICAL TESTWORK BY FACILITY

Test Facility	Samples	Zones Represented	Metallurgical Tests	Grindability Tests
COREM	5 composites (1 per zone) created from 78 drill core samples (sampled from 22 drill holes).	North (upper horizon) East (upper & lower horizons) West (upper & lower horizons)	Wet Low Intensity Magnetic Separation (LIMS) Mineralogical Liberation Analysis (MLA) **Head (overall & size-by-size):** Davis Tube, WRA and Satmagan; **LIMS mag. product (overall & size-by-size):** Davis Tube, WRA and Satmagan; **LIMS non-mag. product (overall & size-by-size):** Davis Tube, WRA and Satmagan;	Bond Work Index (BWi)
SGS Mineral Services	5 Half or Full Cores and 1 master composite created from the SMC test rejects of the North and Eastern zones.	**5 Half or Full Cores:** North (upper horizon) East (upper & lower horizons) West (upper & lower horizons) **Master Composite:** North and East combined	**Master Composite:** Master Composite Head: WRA and Satmagan; Dry magnetic separation Products (mag. & non-mag.): WRA and Satmagan; Wet magnetic separation Products (mag. & non-mag.): WRA and Satmagan;	**5 Half or Full Cores:** SMC testing

Based on the laboratory test results and their interpretation, metallurgical performance for the production of a magnetite concentrate reflecting the northern and eastern sectors has been projected as follows (Table 28):

TABLE 28.
PROJECTED METALLURGICAL PERFORMANCE BY FACILITY

Items	
Magnetite Recovery	93.7%
Concentrate Iron Grade	70.0%
Concentrate Silica Grade	3.4%
Concentrate Liberation Size P100	75µ
Ore Hardness	
SMC (Axb)	37
BWi (kWh/t at P_{80} 32µm)	15.5

This concentrate, suitable for pelletizing, is also projected to have the following chemical composition (Table 29):

TABLE 29.
PROJECTED CONCENTRATED CHEMICAL COMPOSITION

Fe	SiO_2	Al_2O_3	MgO	CaO	Na_2O	K_2O	Ti	Mn	P	Cr
70%	3.40%	0.08%	0.10%	0.11%	0.07%	0.01%	0.02%	0.046%	0.006%	0.02%

These abovementioned results are in line with similar deposits in the region.

14. MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

14.1 MINERAL RESOURCE ESTIMATE STATEMENT

Following the completion of additional drilling during 2012, Cap-Ex prepared an initial Mineral Resource estimate for the Block 103 Property. WGM was retained by Cap-Ex to audit this in-house estimate. Information used for this estimate was based on all drillhole data that was completed by the end of 2012 and included a minor amount of drilling from the previous year. The current Mineral Resource estimate was completed only on an area in the north part of the Property known as the Greenbush Zone where the drilling density and confidence was sufficient to define the resource. Most of the drilling from 2011 was therefore not included because it fell outside of this more densely drilled Greenbush Zone area.

The current Mineral Resource is categorized as Inferred based on drillhole spacing, data quality (and confidence) and search ellipse distances. Resources are interpolated out to a maximum of about 600 m along strike and 400 m on the ends/edges and at depth when supporting information from adjacent cross sections was available. The Mineral Resources are reported above 100 m elevation level (about 500 m from surface).

A summary of the Mineral Resources is provided in Table 30.

TABLE 30.
MINERAL RESOURCE ESTIMATE FOR BLOCK 103 DEPOSIT
(CUTOFF OF 12.5% magFe)

Category	Tonnes (Billion)	%TFe	%magFe
Inferred	7.2	29.2	18.9

Notes:
1. Interpretation of the mineralized zones were created as 3D wireframes/solids based on logged geology, interpreted thrust fault boundaries and a nominal 10% magFe when required.
2. Mineral Resources were estimated using a block model with a block size of 100m x 30m x 10m.
3. No grade capping was done. Tonnages and grades reported above are undiluted.
4. Assumed Fe price was US$110/dmt.
5. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues;
6. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category;
7. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

14.2 DEFINITIONS

The classification of Mineral Resources used in this report conforms with the definitions provided in the final version of NI 43-101, which came into effect on February 1, 2001, as revised on June 30, 2011. WGM further confirms that, in arriving at our classification, we have followed the guidelines adopted by the Council of the Canadian Institute of Mining Metallurgy and Petroleum ("**CIM**") Standards. The relevant definitions for the CIM Standards/NI 43-101 are as follows:

> A **Mineral Resource** is a concentration or occurrence of diamonds, natural, solid, inorganic or fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
>
> An **Inferred Mineral Resource** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
>
> An **Indicated Mineral Resource** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
>
> A **Measured Mineral Resource** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
>
> A **Mineral Reserve** is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, and economic and other relevant factors that demonstrate, at the time of reporting, that economic

extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

A **Probable Mineral Reserve** is the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

A **Proven Mineral Reserve** is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Mineral Resource classification is based on certainty and continuity of geology and grades. In most deposits, there are areas where the uncertainty is greater than in others. The majority of the time, this is directly related to the drilling density. Areas more densely drilled are usually better known and understood than areas with sparser drilling.

Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. WGM is not aware of any known environmental, permitting, and legal, title, taxation, socio-economic, marketing, political, mining, metallurgical, infrastructure and other relevant factors or other relevant issues that may affect the present estimate.

14.3 GENERAL MINERAL RESOURCE ESTIMATION PROCEDURES

Cap-Ex's general block model Mineral Resource estimate procedure included:

- validation of digital data in Gemcom Software International Inc.'s ("**Gemcom**™" or "**GEMS**") geological software package – the data was transferred to WGM from Cap-Ex in Gemcom™ format for our audit and was validated both within MSAccess and Gemcom™;
- generation of cross sections to be used for geological interpretations;
- basic statistical analyses to assess cutoff grades, compositing and cutting (capping) factors, if required;
- development of 3-D wireframe models for Block 103 with sufficient continuity of geology/mineralization, using available geochemical assays for each drill hole sample interval**;** and
- generation of block models for the Mineral Resource estimates and categorizing the results according to NI 43-101 and CIM definitions.

14.4 DATABASE

14.4.1 DRILLHOLE DATA

Data used to generate the Mineral Resource estimate for the Greenbush Zone originated from a dataset generated by Cap-Ex technical personnel and supplied to WGM for our audit. Gemcom^{TM} Software was utilized to hold all the requisite data to be used for any manipulations necessary and for completion of the geological and grade modelling for the Mineral Resource estimate.

The Gemcom^{TM} drillhole database consisted of 115 diamond drillholes; including holes that were re-drilled in whole or in part, due to lost core/bad recovery. The Mineral Resource estimate for the Greenbush Zone is based on results from 81 diamond drillholes totalling 23,735 m. These holes were fairly regularly dispersed in the iron mineralization along approximately 4,000 m of strike length and a range of 2,000 to 2,500 m of width for the north-central portion of the Property. The remaining drillholes (drilled mostly in 2011) in the database were located outside of the geological interpretation currently being used for the Mineral Resource estimate. These holes are located to the NW and SE of the more densely drilled area and often didn't penetrate the entire iron formation horizon(s) and therefore are excluded from the current Mineral Resource estimate which is limited to a portion of the Greenbush Zone as presently defined (see previous Figures 5 to 9). The current drillhole density is insufficient to completely understand the complex structure (folded and multiple thrust faults), geology and mineralization and therefore all Mineral Resources are currently categorized as Inferred until more infill drilling, particularly between cross sections, can be completed.

The drillholes contained geological codes and short descriptions for each unit and sub-unit and assay data for Head analyses. The raw sample intervals totalled 5,563 within the mineralized zones (including internal waste) and ranged from 0.50 m to 18.8 m, averaging 2.9 m. Additional information, including copies of the geological logs, summary reports and internal geological interpretations were supplied to WGM digitally or as hard copies.

14.4.2 DATA VALIDATION

Upon receipt of the data, WGM performed the following validation steps:

- ✓ checking for location and elevation discrepancies by comparing collar coordinates with the copies of the original drill logs received from the site;
- ✓ checking minimum and maximum values for each quality value field and confirming/modifying those outside of expected ranges;
- ✓ checking for inconsistency in lithological unit terminology and/or gaps in the lithological code;
- ✓ spot checking original assay certificates with information entered in the database; and
- ✓ checking gaps, overlaps and out of sequence intervals for both assays and lithology tables.

The database tables as originally supplied contained some errors and these were corrected and confirmed by the client before proceeding with the audit of the Mineral Resource estimate. During the course of the audit, some mineralized intervals were re-assayed for major elements by SGS. These corrected assays were incorporated into an updated database and the erroneous results were replaced. In the case of missing intervals, if these "non-sampled intervals" occurred within the mineralized wireframes, then null values were inserted for all the elements in the database and these intervals essentially became internal waste.

In general, WGM found the database to be in good order. After the errors that WGM originally identified were corrected and/or re-assays received, there were no additional database issues that would have a material impact on the Mineral Resource estimate, although some checking and validation of the database is still ongoing. WGM proceeded to audit the interpolated model supplied by Cap-Ex using the most up to date database at the time. As aforementioned, the database is a work in progress and will be updated as new information becomes available to be used for future Mineral Resource estimates. Future metallurgical testwork will determine the percentage of recoverable iron comprising the Mineral Resources, but it is currently assumed that the only recoverable iron will be magnetic Fe (magFe).

14.4.3 DATABASE MANAGEMENT

The drillhole data were stored in a Gemcom™ multi-tabled workspace specifically designed to manage collar and interval data. The line work for the geological interpretations and the resultant 3-D wireframes were also stored within the Gemcom™ Project. The Project database stored cross section and level plan definitions and the block models, such that all data pertaining to the Project are contained within the same Project database.

14.5 GEOLOGICAL MODELLING PROCEDURES

14.5.1 CROSS SECTION DEFINITION

Sixteen vertical cross sections were defined for the Greenbush Zone for the purpose of Mineral Resource estimation. The current Inferred Resource is based primarily on 2012 drilling which was conducted on eight cross sections (see Figure 6, Section 7) focused on the north part of the Block 103 Property. The main objective of the 2012 drilling campaign was to identify potential mineralized horizons for the purpose of modelling and Mineral Resource estimation and to ensure that the drillholes penetrated the entire stratigraphic package, which may be repeated multiple times due to low angle thrust faulting. Holes from the 2011 drilling program (mainly to the SE and NW of the Greenbush area) were excluded as they did not intersect the entire mineralized zone, or get through the repetitive packages. These drillholes were often aborted in the upper mineralized horizons before reaching the non-mineralized basal sedimentary unit. However, some of 2011 drilling was used for the Mineral Resource estimate if the holes were drilled in the vicinity of the 2012 drilling area.

The drillhole spacing, i.e., cross section spacing, along the strike of the mineralized zones is approximately 600 m. The section lines were planned to be perpendicular to the strike of the mineralized zones (oriented at 320°N). The drillhole spacing on the cross sections varied from 60 m to about 250 m and with vertical depths ranging from of 50 m to 400 m. Some cross sections have geological interpretations down to the 100 m level (about 500 m below surface), however no Mineral Resources are defined below the 100 m level. The mineralized zones in the south parts of the Greenbush Zone were drilled with tighter spacing within the cross sections (denser drilling pattern across the mineralized zones) to allow better definition of the geological and structural interpretations; however, the NW part of the Greenbush Zone (north of Cross Section 10960N) has wider spaced drilling along the sections (up to 600 m spacing) from the previous exploration program.

Because of the variable drilling pattern, most cross sections contained at least three holes, and many had more than 10 holes, passing through the mineralized zones. See previous Figures 5 to 9 for the locations of the drillholes in the Mineral Resource estimate area and the surface geological interpretation of these zones.

14.5.2 GEOLOGICAL INTERPRETATION AND 3-D WIREFRAME CREATION

Block 103 contains Lake Superior-type iron formation consisting of banded sedimentary rocks composed principally of bands of iron oxides, magnetite and hematite within quartz (chert)-rich rock. The interpretation for the mineralized units was first hand drawn on paper cross sections by Cap-Ex geologists on site during the drilling program. These units are fairly recognizable by logging based on lithological/mineralogical characteristics and color. The interpretation was also based on comparison with regional geological units in the Labrador Trough. Lithological member's nomenclature was adopted from IOCC previous work in the area and also from geology of similar properties like New Millennium Iron Corp's KeMag and LabMag deposits. WGM reviewed Cap-Ex's geological interpretations from the cross sections that defined the boundaries of the mineralized zone for the Mineral Resource estimate after the zone boundaries were imported into Gemcom™. Each polyline was assigned an appropriate rock type and stored with its section definition. The digitized lines were 'snapped' to drillhole intervals to anchor the line which allows for the creation of a true 3-D wireframe that honours the 3-D position of the drillhole interval.

Wireframes were created using the digitized footwall and hanging wall contacts for the mineralized zones and waste zones and the controlling set of thrust faults (see Figure 43). The wireframes for each mineralized zone were closed at the bedrock surface, at fault boundaries and at the maximum depth and strike boundaries. The Greenbush Zone is strongly influenced by a set of major listric faults. Some folding and multiple thrusting events have juxtaposed older units over younger units (or one entire sedimentary package on top of another) along these fault zones. Therefore, the thickness of iron formation has been dramatically increased over a much shorter strike length in comparison to the more advanced, simpler and better understood taconite deposits of New Millennium and Adriana Resources Inc. These thrust faults were chosen as hard boundaries between mineralized zones and non-mineralized sedimentary rocks and were modeled separately and tied to drillhole intervals. These faults were identified by visual observation of the healed contacts in core logging and the position of each member in context of the overall regional stratigraphy. The lithological characteristics of the Sokoman Formation and the other sedimentary units are described in Section 7 of this report.

Due to the early stage of exploration of the deposit and the lack of drilling leading to some uncertainty regarding the complex structural geology, it was decided to not define each sub-member separately for the current Mineral Resource estimate. The folding adds another complication to the structural geology, as well. Any discrepancies or differences between Cap-Ex's and WGM's interpretation were discussed with Cap-Ex technical personnel and it was determined that the differences in interpretation were not materially significant at this stage of drilling and definition of the deposit, so it was agreed that Cap-Ex's interpretation would be used. However, after more drilling is completed during the next phase of exploration, the modelling may be further refined based on a better understanding of the structural geology and the importance of differentiating the sub-members.

The continuity of the mineralization as a whole appeared to be quite good based on the existing drilling; there is enough confidence to extend the interpretation up to 600 m distance along strike and about 400 m at depth, based on previous experience with this type of mineralization. The wireframes extended as long as there was drillhole information and supporting data from adjacent cross sections. Even though the wireframes continued to a maximum depth of 100 m (approximately 500 m vertically below surface and extending 100 m past the deepest drilling), at this time no Mineral Resources were defined/considered below 100 m elevation. This hard boundary was marked by a major thrust and its listric branches in the west part of the Property. The upper elevations of the models were limited to the bedrock-overburden contact.

As a further refinement to the boundaries defining the potentially economic mineralization, a modeling cutoff grade for the horizons was set at 10% magFe, which appears to be almost a natural cutoff grade for the magnetite Fe mineralization. The boundaries were adjusted based on this 10% threshold and these outlines were digitized on each cross section as closed polygons in Leapfrog™ 3-D mining software and appropriately labelled. It is these final outlines that were used to create the 3-D wireframes for the Mineral Resource estimate in Gemcom™.

14.5.3 TOPOGRAPHIC SURFACE CREATION

A wireframed surface or triangulated irregular network ("TIN") was generated by Cap-Ex for the topography surface and overburden contacts. The wireframed topography surface was derived from a gridded digital elevation model which was supplied by Eagle Mapping Services as a product of an aerial photo survey. The topography wireframe was offset to drillhole overburden/bedrock contacts using Leapfrog™ software to create the overburden wireframe and to ensure the overburden did not cross the topography surface where no drillhole information existed.

WGM checked the overburden surface created by Cap-Ex against the drillhole information and found it to be properly created. These surfaces were used to limit the upper boundary of the geological block model, i.e., the Mineral Resources were defined up to the surface representing the bottom of the overburden. Cap-Ex ensured that the Mineral Resource estimate stayed below this overburden surface.

14.6 STATISTICAL ANALYSIS, COMPOSITING, CAPPING AND SPECIFIC GRAVITY

14.6.1 BACK-CODING OF ROCK CODE FIELD

The 3-D wireframes / solids that represented the interpreted mineralized zones were used to back-code a rock code field into the drillhole workspace, and these were checked against the logs and the final geological interpretation. Each interval in the original assay table and the composite table was assigned a rock code value based on the rock type wireframe that the interval midpoint fell within.

14.6.2 STATISTICAL ANALYSIS AND COMPOSITING

In order to carry out the Mineral Resource grade interpolation, a set of equal length composites of 3 m was generated from the raw drillhole intervals, as the original assay intervals were different lengths and required normalization to a consistent length. A 3 m composite length was chosen to ensure that more than one composite would be used for grade interpolation for each block in the model and 3 m is also the average length of the raw assay intervals for the zones. Regular down-the-drillhole compositing was used.

Table 31 summarizes the statistics of the 3 m composites inside the defined Block 103 geological wireframes for %TFe_Head, %magFe_Head and %Mn_Head. Figures 40 to 42 show the histograms for the %TFe_Head, %magFe_Head and %Mn_Head respectively.

TABLE 31.
BASIC STATISTICS OF 3 m COMPOSITES

Element	Number	Minimum	Maximum	Average	C.O.V.
%TFe	5458	0	48.8	28.4	0.16
%magFe	5458	0	43.0	17.7	0.35
%Mn	5458	0	3.7	0.51	0.76

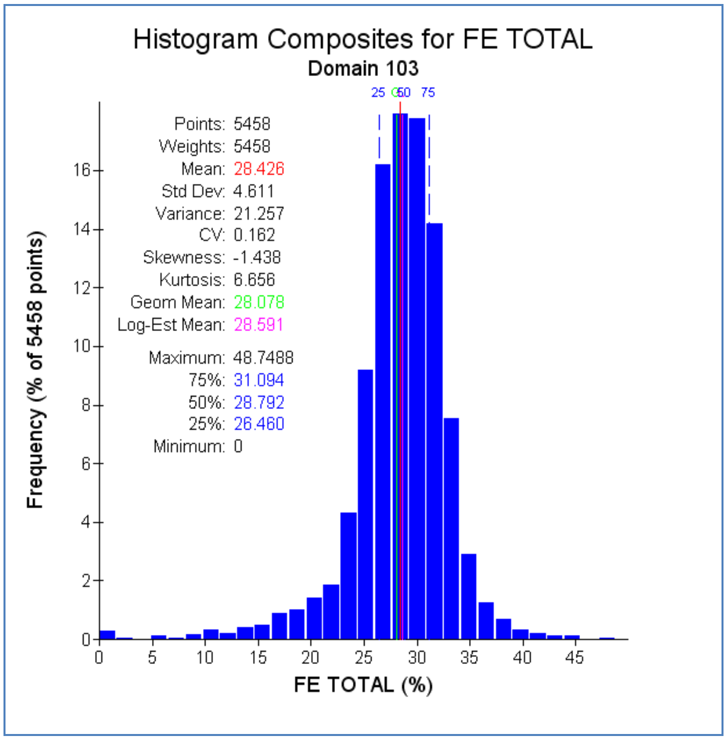


Figure 40. Histogram of %TFe_H

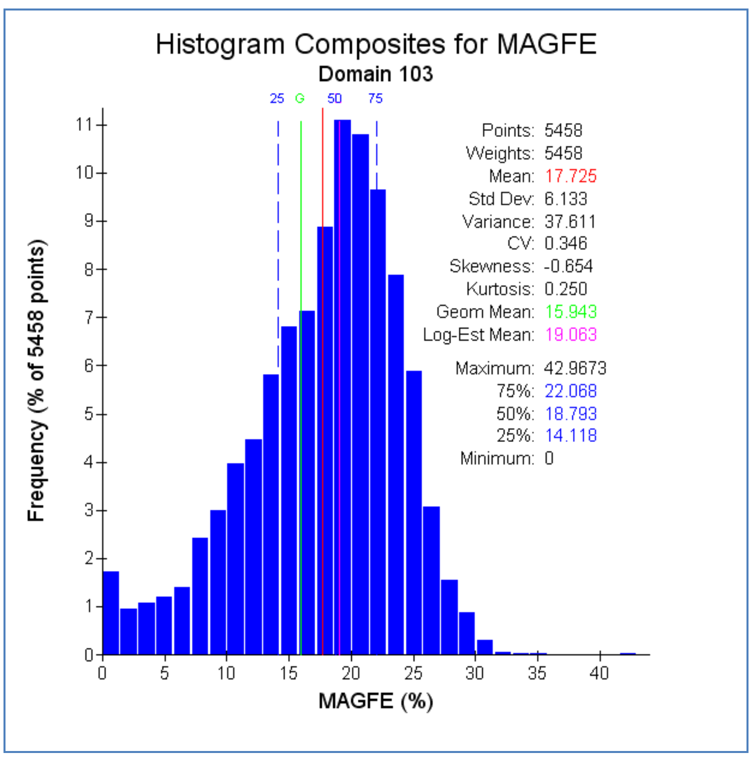


Figure 41. Histogram of %magFe_H

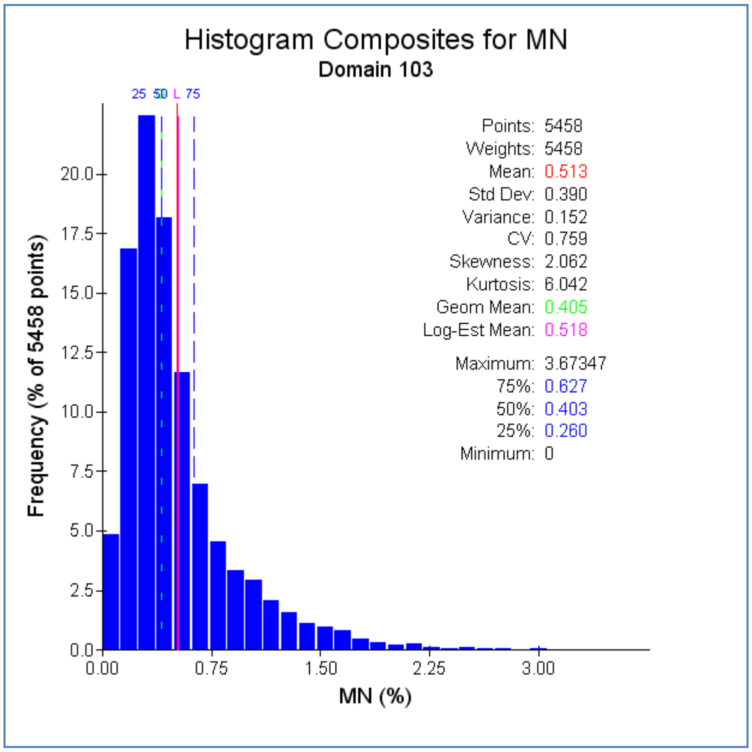


Figure 42. Histogram of %Mn_H

14.6.3 GRADE CAPPING

The statistical distribution of the %TFe and %magFe samples showed good normal distributions. Grade capping, also sometimes referred to as top cutting, is commonly used in the Mineral Resource estimation process to limit the effect (risk) associated with extremely high assay values, but considering the nature of the mineralization and the continuity of the zones, Cap-Ex determined that capping was not required for Block 103 and WGM agrees with this assessment.

14.6.4 DENSITY/SPECIFIC GRAVITY

Specific gravity is previously discussed in detail in Section 7.2.3 of this report. Most of the iron formation consists of a mix of magnetite and hematite, however, there are areas which contain very little hematite and are mostly magnetite and vice versa.

Previously for some of these types of deposits, WGM used one average density value for each sub-member for the Mineral Resource estimate. However, since there are so many repeating sub-units and there is not enough information to assess the SG on a per unit basis, WGM assessed the relationship of SG to %TFe on available samples. Cap-Ex completed SG determinations on selected pulps from 315 routine samples at SGS-Lakefield using the gas comparison pycnometer method. For the 2012 drilling program, Cap-Ex additionally used a DGI probe for selected holes and recorded major physical properties, including density. However, due to the size of the drill core barrels, Cap-Ex's contractor (DGI) could not use the full scale probe for the 2012 holes and therefore instead of actual density, a relative density was recorded by probe. This relative density required conversion to actual density. Due to the uncertainty in the method of conversion used by DGI, for the current Mineral Resource estimate a best fit line based on available laboratory measured SG data and %TFe was chosen to convert volumes to tonnes (see Figure 12, previously).

A best fit correlation line (%TFe x 0.0279 + 2.5695) based on the pycnometer data to obtain the density of each block in the model was used for the current Mineral Resource estimate to create a variable density model to estimate tonnage. WGM determined that a variable density model would more accurately define the local variations based on grade than the "per sub-unit basis" used for some previous Mineral Resource estimates. This formula reflects WGM's experience with other iron ore deposits that we have modeled and we have found that SG shows excellent correlation with %TFe, as is typical with these types of deposits. Our experience also shows that both methods returned very similar overall results when sufficient information is available. Using the variable density model, a 30% TFe gives a SG of approximately 3.40.

14.7 BLOCK MODEL PARAMETERS, GRADE INTERPOLATION AND CATEGORIZATION OF MINERAL RESOURCES

14.7.1 GENERAL

The Block 103 Mineral Resource estimates were completed using a block modelling method and the grades were interpolated using an Inverse Distance ("ID") estimation technique. ID belongs to a distance-weighted interpolation class of methods, similar to Kriging, where the grade of a block is interpolated from several composites within a defined distance range of that block. ID uses the inverse of the distance (to the selected power) between a composite and the block as the weighting factor.

Cap-Ex used an ID^2 interpolation method and for comparison and cross checking purposes, WGM used ID and ID^{10} methods, which closely resembles a Nearest Neighbour ("NN") technique. In the NN method, the grade of a block is estimated by assigning only the grade of the nearest composite to the block. In WGM's experience, all interpolation methods usually give similar results, as long as the grades are well constrained within the wireframes. The results of the interpolation approximated the average grade of the all the composites used for the estimate. WGM's experience with similar types of deposits showed that geostatistical methods, like Kriging, give very similar results when compared to ID interpolation, therefore we are of the opinion that ID interpolation is appropriate and excepted Cap-Ex's grade interpolation as supplied.

14.7.2 BLOCK MODEL SETUP / PARAMETERS

The Block 103 block model was created using the Gemcom™ software package to create a grid of regular blocks to estimate tonnes and grades. The parameters used for the block modelling are summarized below:

The block sizes used were:

Width of columns = 30 m
Width of rows = 100 m
Height of blocks = 10 m

The specific parameters for the block model are as follows:

Easting coordinate of model bottom left hand corner:	611950.00
Northing coordinate of model bottom left hand corner:	6089600.00
Datum elevation of top of model:	700.00 m
Model rotation (anti-clockwise around Origin):	40.00
Number of columns in model:	155
Number of rows in model:	60
Number of levels:	65

The block model coverage is shown in Figure 43 and was large enough to encompass the Mineral Resource area, down to the 50 m level. The major geological components which were modelled in 3-D for Mineral Resource estimation are also shown in the figure. Figures 44 and 45 show two typical cross sections with zone and fault boundaries and interpolated %magFe blocks for the Property. Figure 46 shows the zone outlines and interpolated %magFe blocks on Level 550 m elevation.

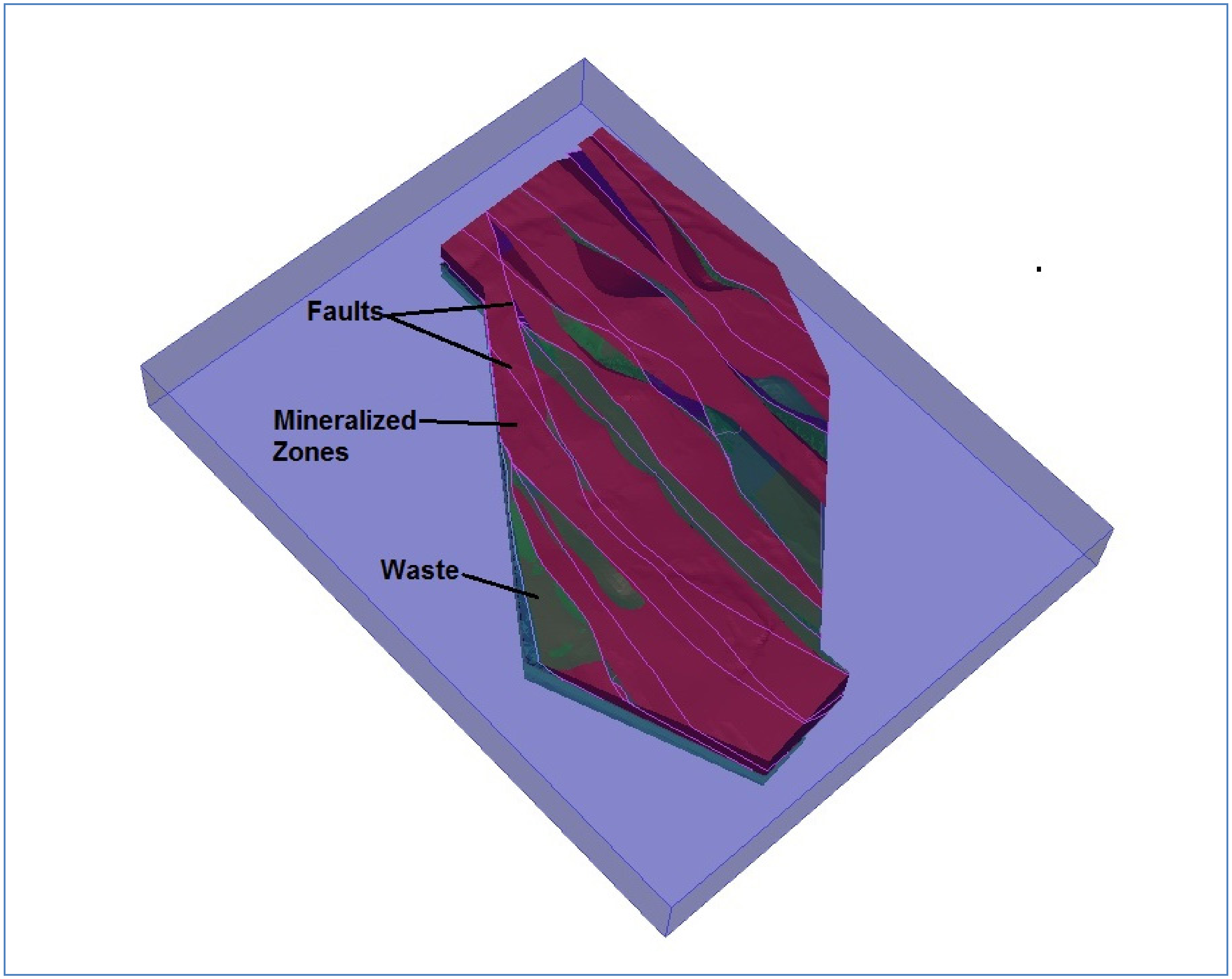


Figure 43. Block 103 Block Model Coverage And Major Wireframes Components
(Looking towards N, from above)

CEV REP / CEV_19_Sect_10480N_Block.cdr
Last revision date: Sunday 10 May 2013

Watts, Griffis and McOuat

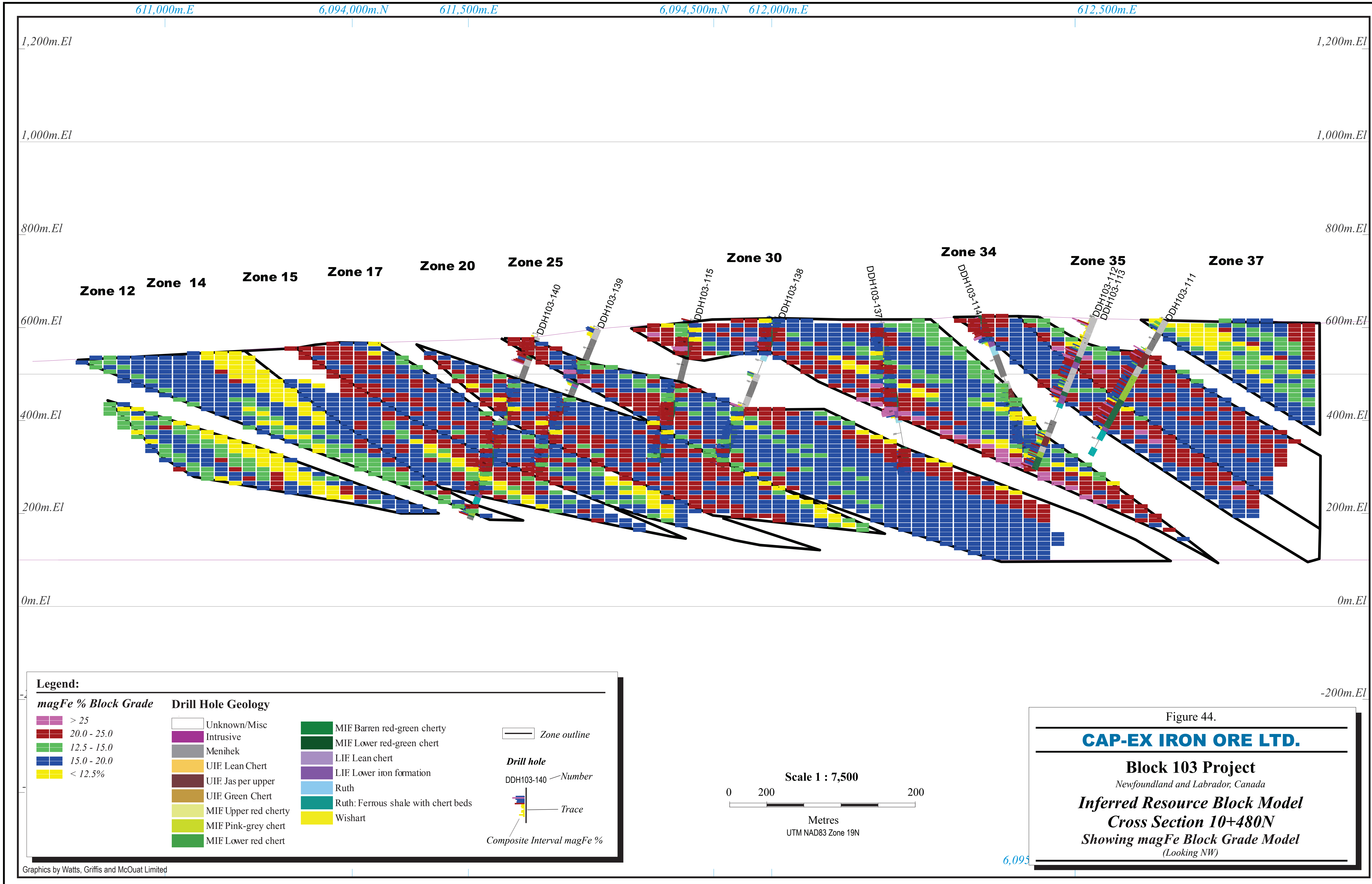


Figure 44.

CAP-EX IRON ORE LTD.

Block 103 Project

Newfoundland and Labrador, Canada

Inferred Resource Block Model

Cross Section 10+480N

Showing magFe Block Grade Model

(Looking NW)

CEV REP / CEV_18_Sect_9400N_Block.cdr
Last revision date: Sunday 10 May 2013

Watts, Griffis and McOuat

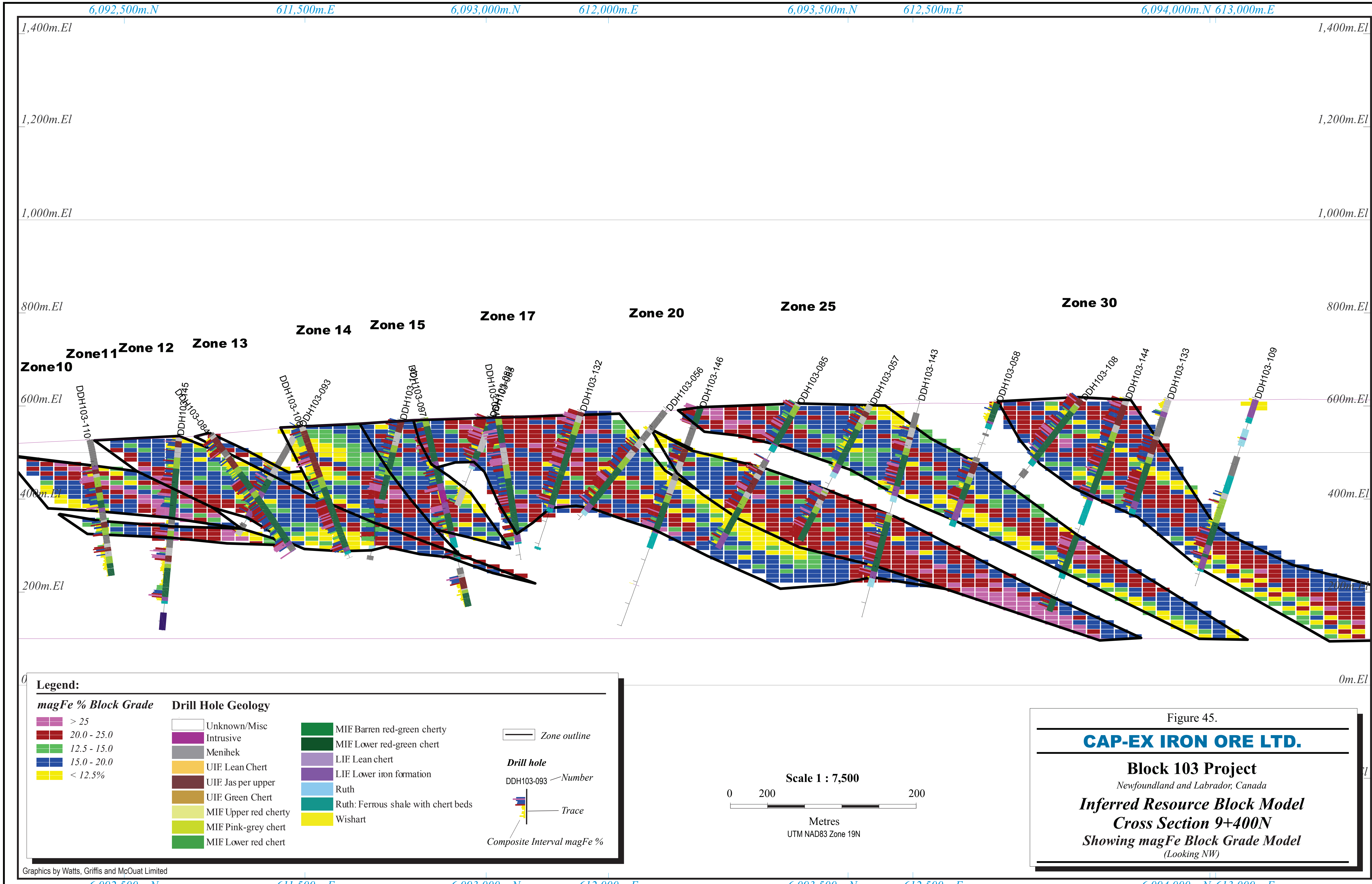


Figure 45.

CAP-EX IRON ORE LTD.

Block 103 Project

Newfoundland and Labrador, Canada

Inferred Resource Block Model Cross Section 9+400N

Showing magFe Block Grade Model

(Looking NW)

CEV REV / CEV_20_Plan_500m_Block.cdr
Last revision date: Saturday 9 March 2013

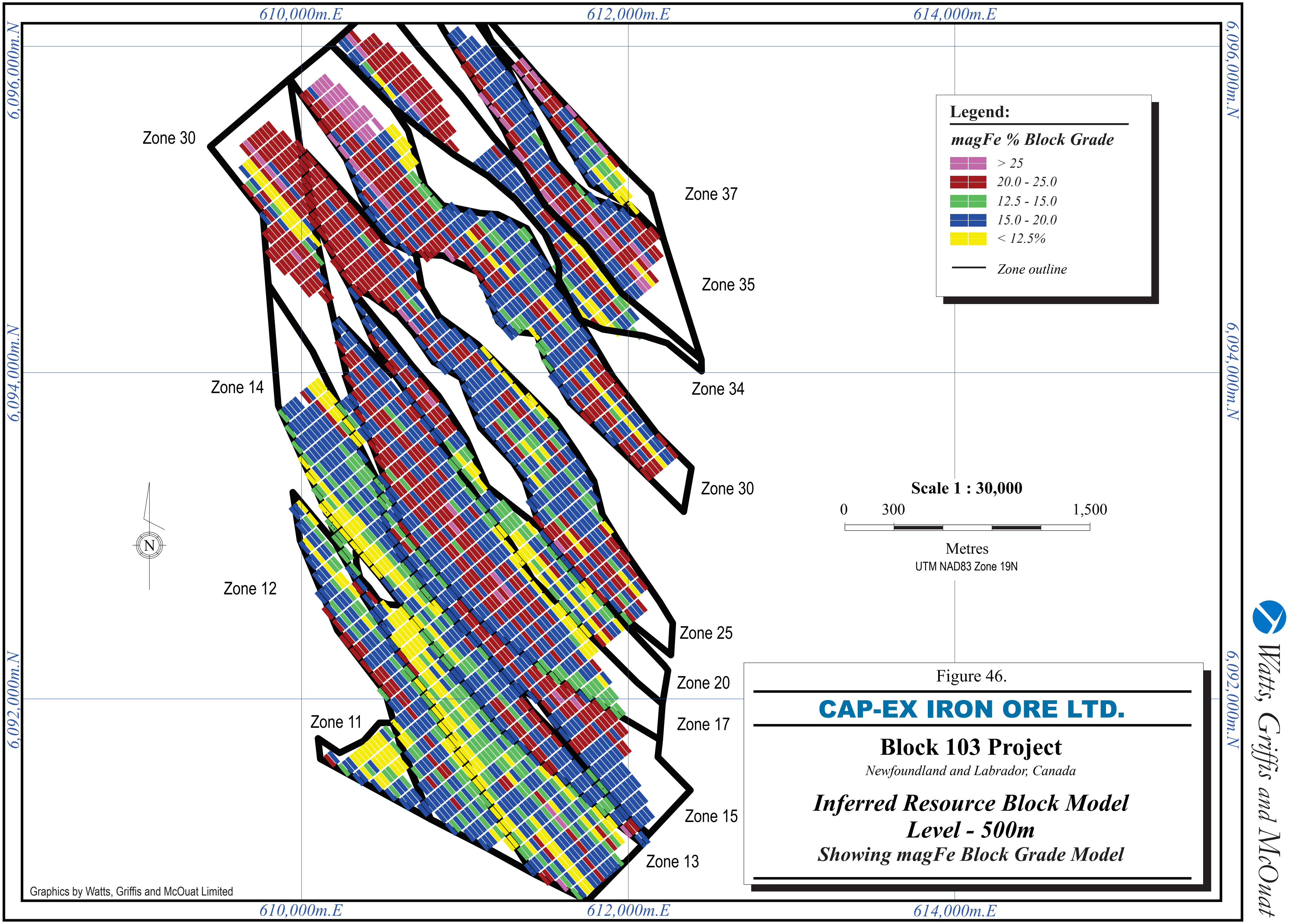


Figure 46.

CAP-EX IRON ORE LTD.

Block 103 Project

Newfoundland and Labrador, Canada

Inferred Resource Block Model
Level - 500m
Showing magFe Block Grade Model

14.7.3 GRADE INTERPOLATION

The structural geology and geometry of the sub-members and repeating stratigraphic packages are not completely understood due to the current lack of drilling. Experimental variograms were prepared for all the mineralized horizons using the composited assay dataset for magFe and TFe. The composited data was lumped together in order to achieve the maximum continuity for the entire mineralized package of the Greenbush Zone. This was considered to be appropriate at this stage of the project, as the Mineral Resources are all currently categorized as Inferred. Variograms were constructed by applying the average strike (320N°) of the deposit and the general dip of the mineralized units (-30°NE).

Based on these variograms, three directions of continuity (major, intermediate and minimum) were determined for the mineralized horizons. The maximum continuity was set to the range of variograms for each direction in order to inform the blocks with grade. Table 32 shows the three directions of continuity and their affiliated range of variograms.

TABLE 32.
SEARCH ANISOTROPY CONTINUITY FOR THE THREE MAJOR DIRECTIONS
(RANGE OF VARIOGRAMS)

Domain	Z	Y	Z	Intermediate Continuity (m, X)	Maximum Continuity (m, Y)	Minimum Continuity (m, Z)	Max. No. Per Hole	Min. No. Samples	Max. No. Samples
103	-180	-30	-20	350	600	150	2	2	9

Based on the range of the variograms, a search ellipsoid was designed incorporating an axis of anisotropy and the applied parameters to interpolate grade within the blocks. A Distance Model was also generated to validate the search criteria and to limit the extension of the grade interpolation into the blocks in the model. For the purposes of grade interpolation, some constraints were applied. The minimum and maximum number of sample composites used to estimate the grade of a block was set at 2 and 9, based on the drilling density and required degree of confidence. If there were not at least two samples within the defined search volume, then a default value of 0.00 was assigned to that block. If more than the maximum number of samples was found within the defined search volume, then only the closest nine were selected for use. The maximum number of samples to be selected per hole was set to 2. If more than two samples from one drillhole were found within the search ellipse, the interpolation routine searches further for other points (samples), even though the next closest may still be from the same drillhole.

Gemcom™ does not use the sub-blocking method for determining the proportion and spatial location of a block that falls partially within a wireframed object. Instead, the system makes use of a Percent or Partial block model (if it is important to track the different rock type's proportions in the block – usually if there is more than one important type) or uses a "needling technology" that is similar in concept, but offers greater flexibility and granularity for accurate volumetric calculations. For the purpose this Mineral Resource estimate, Cap-Ex/WGM decided not to use the Percent model due to the level of confidence in the resource at this stage. A 50-50 model was used, therefore blocks in the model were flagged as either 100% mineralized (and were used for grade interpolation) or 100% waste. It was also decided to use larger blocks (100 m x 30 m x 10 m high) due to the wide drillhole spacing and for the same reason of the entire resource being classified in the Inferred category (see below).

14.7.4 MINERAL RESOURCE CATEGORIZATION

Mineral Resource classification is based on certainty and continuity of geology and grades, and this is almost always directly related to the drilling density. Areas more densely drilled are usually better known and understood than areas with sparser drilling, which would be considered to have greater uncertainty, and hence lower confidence.

WGM has abundant experience with similar types of mineralization to Block 103 and we used this knowledge to assist with the interpretation and categorization of the Mineral Resources. In a general sense, the continuity of the mineralization was quite good; however, the internal continuity of some sub-members and some waste units is poorly understood because of the folding/geometric complexity and thrusting. WGM was of the opinion that extending the geological interpretation beyond the more densely drilled parts of the deposit was appropriate at this lower level of confidence, as long as there was supporting data from adjacent sections. All the Mineral Resources for the Block 103 Property were classified as Inferred and grades were interpolated to a maximum of approximately 600 m on the ends/edges and at depth. The average distance (from the Distance Model) for the Inferred Mineral Resources was approximately 165 m. The maximum depth that the mineralization was taken to was 100 m elevation (approximately 500 m vertically from surface).

Additional drilling is required to get a better understanding of the complex structural geology, particularly in the area where folding and thrusting occur together, as it can lead to ambiguous interpretations. There were some minor discrepancies or differences between Cap-Ex's and WGM's geological interpretation and these were discussed with Cap-Ex technical personnel. It was determined that the differences in interpretation were not materially significant at this stage of drilling and definition of the deposit, so it was agreed that Cap-Ex's interpretation would be used. However, after more drilling is completed during the next phase of exploration, the modelling will be further refined based on a better understanding of the structural geology and the importance of differentiating the sub-members and to possibly better control grade distribution by invoking more "hard boundaries".

14.7.5 MINERAL RESOURCE REPORTING

The Mineral Resource for Block 103, as determined by the methodology described above, is reported at a 12.5% magFe cutoff grade. The 12.5% cutoff grade was chosen on the basis of a preliminary review of the parameters that would likely determine the economic viability of a large open pit operation and with comparison with other deposits in Labrador Trough, taking into consideration the unknown weight recovery at this stage of the project. This cut-off was chosen and compares well to similar projects and to projects that are currently at a more advanced stage of study. Once more drilling is carried out and additional DT testwork is completed and the results of the current metallurgical test program are received and assessed, the cutoff grade for the Mineral Resources may change.

The Mineral Resource estimate was classified in accordance with CIM Standards and Definitions, taking into account drillhole spacing, data quality (and attendant confidence), variogram ranges and search volume and grade interpolation. The categorized Mineral Resource estimate for Block 103 is presented in Table 33.

TABLE 33.
MINERAL RESOURCE ESTIMATE FOR BLOCK 103 DEPOSIT
(CUTOFF OF 12.5% magFe)

Category	Tonnes (Billion)	%TFe	%magFe
Inferred	7.2	29.2	18.9

Notes:
1. Interpretation of the mineralized zones were created as 3D wireframes/solids based on logged geology, interpreted thrust fault boundaries and a nominal 10% magFe when required.
2. Mineral Resources were estimated using a block model with a block size of 100m x 30m x 10m.
3. No grade capping was done. Tonnages and grades reported above are undiluted.
4. Assumed Fe price was US$110/dmt.
5. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. There is no certainty that all or any part of the Mineral Resource will be converted into Mineral Reserves. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, socio-political, marketing, or other relevant issues;
6. The quantity and grade of reported Inferred Mineral Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category;
7. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards for Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

The Mineral Resources were estimated cumulatively for consecutive grade groups which allows for the results to be reported cumulatively for different cutoff grades and presented as a sensitivity analysis for comparison purposes. Table 34 presents the results of this analysis for various cutoff grades.

TABLE 34.
BLOCK 103 INFERRED MINERAL RESOURCES AT VARIOUS %MAGFE CUTOFF GRADES

Cutoff (%magFe)	Tonnes (Billion)	%TFe	%magFe
25.0	0.3	32.3	26.8
22.5	1.1	30.9	24.3
20.0	2.8	30.2	22.4
17.5	4.7	29.8	20.9
15.0	6.3	29.5	19.7
12.5	**7.2**	**29.2**	**18.9**
10.0	7.8	29.0	18.4

Due to the uncertainty that may be attached to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration. ***Confidence in the estimate is insufficient to allow the meaningful application of technical and economic parameters or to enable an evaluation of economic viability worthy of public disclosure.*** *Inferred Mineral Resources must be excluded from estimates forming the basis of feasibility or other economic studies.*

14.7.6 BLOCK MODEL VALIDATION

The validation of the Mineral Resource estimate was carried out in two separate steps. For the first step, block grades (%TFe and %magFe) were compared visually against drillhole assay data and composite data for each section and on plan views. The global validation of the block model results, when compared with the grade of the assay and composite intervals, were confirmed with this visual comparison.

For the second step, the average of the block grades was reported at 0.01% TFe cutoff when blocks in all classifications were totalled; in this case, all blocks are Inferred. This average is the average grade of all blocks within all the mineralized domains. The values of the interpolated grades for the block model were compared to the average grade of head assays and the average grade of composites of all samples from within the domains (Table 35).

TABLE 35.
COMPARISON OF AVERAGE GRADE OF RAW ASSAYS AND COMPOSITES WITH TOTAL BLOCK MODEL AVERAGE GRADES FOR BLOCK 103

Block 103	%TFe	%magFe
Assays	28.5	17.8
Composites	28.4	17.7
Blocks	28.8	17.7

The comparisons above show the global average of the interpolated grades of all the blocks in the wireframed (modelled) domains to be almost identical to the average of all assays and composites used for grade estimation. Some local differences may be evident, but at this early stage of exploration and the definition of Inferred Mineral Resources, any variances observed were not considered to be material.

14.7.7 INTERPRETATIONS AND CONCLUSIONS

In comparison with most other taconite deposits in the Labrador Trough, the Property contains a significant Mineral Resource tonnage along a much shorter strike length. The main reason for this tonnage increase is due to low angle thrust faulting in the Greenbush Zone area causing the stratigraphic units and mineralized packages to be repeated multiple times in the same volume. The multiple thrusting appears to have also decreased the amount of waste, as mineralized horizons are laid on top of each other.

Folding and thrust faulting of the sedimentary packages in the Property area is not a new discovery or interpretation, but the current tighter space drilling along the aforementioned north part of Block 103 on certain cross sections provides a good framework to refine the interpretation of the lithological units and identify sub-members of Sokoman Formation that are not normally in contact with each other. Mineralized and non-mineralized domains were modelled and separated into the hanging wall and footwall of these fault zones. The thrusting sometimes eliminated the waste units of Ruth or Wishart Formation and therefore mineralized horizons occur both on the hanging wall and footwall sides of these thrust fault zones. This was an extremely important factor that substantially increased the thickness (and hence tonnage) of mineralized Sokomon Formation in the central part of Block 103 by stacking of the stratigraphy.

The Block 103 Inferred Mineral Resource (Greenbush Zone) is open towards the NW and SE and also at depth. If future drilling proves the existence of similar structures in other parts of the Property, the current resource can be readily increased. This additional tonnage potential exists within a 12 km strike length.

The total iron grades have been included in this Report, but in WGM's opinion, the TFe grades in the Mineral Resource estimate should not be relied upon as a basis for evaluating the Greenbush Zone. Because of the considerable hematite and other non-recoverable component of the iron mineralization, the TFe assays and averages do not, in WGM's opinion, represent a truly meaningful measure of the deposit. Until additional metallurgical testwork is completed to more closely determine the percentage of recoverable iron comprising the Mineral Resources, it is assumed that the only recoverable iron will be magnetic Fe. To obtain a truly meaningful measure of the deposit, magFe is a much better basis to evaluate the economic potential of the deposit than TFe.

15. MINERAL RESERVE ESTIMATES

There are no Mineral Reserves defined for the Property.

16. MINING METHODS

As part of the Project PEA, currently being performed by BBA and scheduled to be completed by the end of June 2013, a preliminary mine plan is being developed in order to estimate mining, capital and operating costs, as well as to help Cap-Ex orient its next phase of exploration drilling. Considering that the total Mineral Resource is currently over 7 billion tonnes, a preliminary 2 billion tonne pit shell (equivalent to approximately 30 years of production at 16 Mt of concentrate per year) has been defined and will serve as the basis for the development of the PEA.

The contemplated mining method for this mineral deposit is based on conventional drill, blast, load and haul.

17. RECOVERY METHODS

Mineralization in the Greenbush Zone is predominantly magnetite. A process flowsheet based on progressive particle size reduction and magnetic separation, which is conventional and proven for this type of mineralization, is being developed by BBA. This flowsheet will be published in the NI 43-101 compliant PEA, the filing of which is planned for end of June 2013.

18. PROJECT INFRASTRUCTURE

Not Applicable to the Property.

19. MARKET STUDIES AND CONTRACTS

Not Applicable to the Property.

20. ENVIRONMENTAL STUDIES, PERMIT, AND SOCIAL OR COMMUNITY IMPACT

20.1 ENVIRONMENTAL ISSUES

Cap-Ex has not conducted any baseline investigations or studies on the Block 103 Property to date. Further, there are no known historical environmental investigations or reports carried out by previous owners of the Property.

Significant environmental investigations and studies have been conducted on various properties surrounding the Block 103 Property as part of permitting and development work by other exploration and mining companies. Based on review of publicly available reports, it is understood that there are no reports of vulnerable or threatened fish, wildlife, or vegetation species in the general area.

A small historical exploration camp existed along the northern boundary of the Property near the Quebec border where it is understood IOCC based exploration activities. As part of the application for the 2012 exploration permit, Cap-Ex requested permission to use the former IOCC camp area as lay-down for exploration equipment as the area was already cleared/disturbed and could be accessed directly by the gravel road to Schefferville. As part of this request, Cap-Ex committed to removing the several small, dilapidated, 5 m by 5 m camp buildings and dispose of the materials off-site. Cap-Ex completed this clean up of the former camp site in the summer of 2012.

Cap-Ex understands the requirements for environmental baseline investigations and studies in support of the Environmental Assessment of project impacts as the Project moves towards development. Cap-Ex is planning for these studies as part of the overall Project exploration and development schedule.

20.2 SOCIAL/COMMUNITY AND FIRST NATION ISSUES

On May 25, 2012, prior to the implementation of the 2012 exploration program, Cap-Ex successfully negotiated an exploration Memorandum of Understanding (“MOU”) with the Innu Takuaikan Uashat mak Mani-utnam (“**ITUM**”) of Sept-Îles who have asserted land claims on the properties being developed. Cap-Ex has an exploration agreement with ITUM with compensation conditional upon Cap-Ex completing certain levels of exploration activities on its properties. Cap-Ex has also agreed to work with ITUM to monitor environmental and other impacts of the company's exploration activities and will make an annual payment to ITUM to finance such monitoring by ITUM.

In exchange for various benefits including employment and contracting opportunities as well as environmental monitoring, ITUM has agreed to give its consent to exploration activities. WGM understands from Cap-Ex that it is in full compliance with their agreements with ITUM.

Similarly, on June 21, 2012 a MOU was negotiated with the Innu Nation of Labrador who has negotiated an Agreement in Principle ("AIP") in respect of their aboriginal rights over the properties being developed. Under this MOU, the Innu Nation has provided their consent and have committed to entering into Impact and Benefits Agreement ("IBA") discussions on the project. There are two other aboriginal communities in close vicinity to the Cap-Ex properties asserting aboriginal rights over these properties; the Innu community of Matimekush-Lac John and the Naskapi community of Kawawchikamach. Cap-Ex was in close contact with both communities during the 2012 exploration activity in best efforts to ensure both benefitted in employment and procurement contracts.

Cap-Ex recognizes that all four aboriginal communities have asserted land claims, and in the case of the Innu Nation, have negotiated an AIP, and that the exploration activity and future development may affect the asserted or negotiated rights of each of these communities. On that basis, Cap-Ex has communicated to each of these communities its intent to negotiate a fair IBA with each that will provide employment, contracts, training, education and social development opportunities while respecting the environment and their traditional way of life and therefore being responsible in assisting to protect and enhance that way of life. As the project proceeds into the development stage, Cap-Ex will continue to consult with the aboriginal communities, their leadership and their elders to ensure the project will be developed in a responsible manner and be mutually beneficial to all concerned. For the 2013 Exploration Program, Cap-Ex is preparing to meet all four aboriginal communities to brief them on the exploration activity planned for this year and to continue discussions towards a successful IBA with each.

21. CAPITAL AND OPERATING COSTS

Not Applicable to the Property.

22. ECONOMIC ANALYSIS

Not Applicable to the Property.

23. ADJACENT PROPERTIES

The Cap-Ex Block 103 Property is located immediately NE of the Howells River system. Tata Steel Global Minerals Holdings Pte Ltd. ("**Tata Steel**") / New Millennium's LabMag and KéMag projects are located on the SE side of the Howells River in Newfoundland and Labrador. New Millennium's LabMag deposit is located just 2 km SW of Block 103. The KéMag deposit, in Quebec, is located approximately 9 km NW of the Block 103 Property. Both LabMag and KéMag are taconite projects similar to Cap-Ex's Greenbush Zone. They are similar in the fact that they propose to exploit magnetite-rich taconites within approximately the same iron formation stratigraphy. New Millennium released its first Mineral Resource estimate for the LabMag deposit in 2006. The initial Mineral Resource estimate for the KéMag deposit, was completed in 2007. Prefeasibility studies for the LabMag and KéMag projects were completed, respectively in 2006 and 2009. A Feasibility Study for the projects started in 2011. Recently, in February 2013, New Millennium announced Mineral Resources for parts of their Property called the Sheps Lake property and the Perault Lake deposit south of the LabMag deposit. Tata Steel and New Millennium also operate a DSO project closer to Schefferville.

Century Iron Mines Corporation ("**Century**") also holds property in the area. Its Sunny Lake project, including the Rainy Lake Section, has both taconite and DSO potential. Century's Full Moon deposit at Rainy Lake is located in Quebec, approximately 40 km NW of Block 103. On October 22, 2012, the Company announced its first Mineral Resource statement for the Rainy Lake iron deposit. It was based on 2011 and 2012 program drillholes totalling 22,900 m in 124 holes. Like the Greenbush Zone, Rainy Lake mineralization is stacked by folding and faulting. Century has two partners: WISCO International Resources Development & Investment Limited ("**WISCO**") and Minmetals Exploration & Development (Luxembourg) Limited S.à r.l., both state-owned Chinese companies.

Adriana's Lac Otelnuk property is located further to the northwest, approximately 100 km NW of Block 103. The Lac Otelnuk deposit is also taconite. WISCO also owns 60% of the Lac Otelnuk project. Its first Mineral Resource was released in 2009. Negotiations to commence a feasibility study are currently under discussion.

24. OTHER RELEVANT DATA AND INFORMATION

WGM is unaware of any other available technical information pertinent to the Property.

25. INTERPRETATION AND CONCLUSIONS

Based on WGM's review of the available information for the Block 103 Property, we offer the following conclusions:

- Mineralization on the Property comprises magnetite-rich taconite iron formation of the Sokoman Formation;

- The Greenbush Zone on the Property lies within the Schefferville LTZ. In the Schefferville Zone the lithological units, including the Sokoman and other Ferriman Group members have been stacked by folding and low angle thrust faulting into a series of inclined imbricate slices. The result is an assemblage where the Sokoman Iron Formation repeats on itself providing increased volumes of mineralization over shorter strike lengths. Waste lithologies may also repeat in the juxtaposed units separated by thrust faults or tight folds;

- The Project database is adequate to support the Mineral Resource estimate. The sample/assay information is generally of excellent quality but some sample/assay issues persist. WGM regards these issues as immaterial for the current Mineral Resource estimate but higher levels of data scrutiny, issue follow-up and check assaying would improve data quality;

- The geological interpretation is based on 2012 and 2011 drilling, surface geological mapping and geophysical surveys. This information is not sufficient for completely defining mineralization in the Greenbush Zone but forms an adequate basis for Inferred Mineral Resources;

- A substantial deposit of taconite exists on the Property. With the currently available information from the drilling campaigns, WGM prepared an Inferred Mineral Resource estimate for the Greenbush Zone of 7.2 billion tonnes grading 29.2% TFe and 18.9% magFe. The Greenbush Zone is open towards the NW and SE and also at depth; additional tonnage potential exists within a 12 km strike length; and

- As the project is advanced with more drilling and mineralogical knowledge, additional metallurgical testwork will be required; it is currently assumed that the only recoverable iron will be magnetic Fe. Initial metallurgical testwork based on magnetic separation and grindability test programs were designed by BBA and are being carried out at COREM and SGS with the goal of determining a conventional process flowsheet. Initial (incomplete) testwork results based on limited information from five composite samples are positive and the complete testwork results will be documented as part of the PEA scheduled to be completed by the end of June 2013. The concentrate appears to be suitable for pelletizing.

26. RECOMMENDATIONS

Based on WGM's review of the available information for the Block 103 Property, we offer the following recommendations:

- Continue to simplify the Project database by making field names more systematic and consistent;
- Pursue follow-up of outstanding sample/assay QA/QC issues. Further define and clarify QA/QC follow-up policy;
- Consider adding hand-held magnetic susceptibility measurements of core to the core logging protocol;
- Complete additional bulk density measurements;
- Complete surveying and checking and re-surveying of drillhole collars;
- Complete program reports for each drillhole campaign to document program components, specifications and results;
- Folding and thrust faulting of the sedimentary packages in the Property area is complicated and has increased the thickness of mineralized Sokomon Formation in the central part of Block 103 (Greenbush Zone) by stacking of the stratigraphy. Substantial additional drilling is recommended by WGM, and planned by Cap-Ex, to upgrade the current Mineral Resources; and
- There is considerable hematite and other non-recoverable components of the iron mineralization in the Greenbush Zone (the TFe assays and averages do not, in WGM's opinion, represent a truly meaningful measure of the deposit), hence additional metallurgical testwork is required to determine the percentage of recoverable iron comprising the Mineral Resources. This is being planned by Cap-Ex and is under the supervision of BBA as part of the ongoing PEA.

Cap-Ex has developed a program and budget to advance the Project, which includes completion of a PEA to evaluate the economics of the Project (currently in progress), and to carry out Mineral Resource definition drilling, metallurgical testwork and environmental studies. The proposed work is estimated to cost approximately $12.25 million and will support Cap-Ex`s decision to advance the Project through environmental assessment and to the feasibility stage. WGM has reviewed the work program proposed by Cap-Ex and believes it to be reasonable. Infill drilling is not only required on cross sections but also between existing cross sections because of the structural complexity in order to trace individual units.

More detailed information on the proposed work program and budget is as follows:

Preliminary Economic Assessment

Cap-Ex anticipates the completion of its PEA Report by the end of June 2013. The PEA is being conducted by BBA Consultants, of Montreal, QC.

Mineral Resource Definition

Based on the large resource identified to date, Cap-Ex anticipates a drilling program focused on upgrading the currently Inferred category Mineral Resource estimate to Measured and Indicated categories within a planned 30 year pit area. BBA produced some preliminary pit scenarios outlining approximately 2 billion tonnes of iron formation that would equate to an approximate 30 year mine life at 16 mtpy. Most scenarios gave very similar results, so Cap-Ex selected the pit that covered one of the more densely drilled portions of the Greenbush Zone where there is a corresponding high level of assay results. This area also has a possible lower stripping ratio and a smaller impingement on sensitive watersheds in the area. This pit (or a variant of it) will be used in the upcoming PEA and WGM is of the opinion that this is a reasonable assumption to make to target the next round of drilling for upgrading of the Mineral Resource estimate. Drilling will be conducted over a 2 year period and will be coupled to condemnation drill work for infrastructure locations and pit slope geotechnical requirements for pit planning and design. It is currently planned that the first phase of drilling, to be conducted in the summer of 2013 will include approximately 11,000 m of drilling. The subsequent phase of drilling will be conducted in mid-2014 and the extent of that program is currently estimated to be on the order of 8,000 to 10,000 m, subject to the results of the 2013 program.

Metallurgical Test Work

Metallurgical test work is currently being conducted by BBA and a process flow sheet is being developed as part of the PEA. It is anticipated that additional metallurgical test work will be completed in late 2013 to provide further understanding of the iron recovery and process flow sheet for the Project.

Environmental Studies

Cap-Ex is in the process of outlining environmental baselines studies to be completed during the 2013 field seasons in support of the Environmental Assessment ("EA") process. It is currently anticipated that the Project will be registered into the EA process in Q3 of 2013.

The budget for the 2013 and 2014 program is as follows in Table 36:

TABLE 36.
2013 AND EARLY 2014 PLANNED WORK PROGRAM AND BUDGET FOR THE BLOCK 103 PROPERTY

Task	Estimated Units	Cost (C$)
Preliminary Economic Assessment (in progress)		$250,000
Drilling	11,000 m	$7,000,000
Geology and Assays		$1,000,000
Metallurgical Test Work		$200,000
Environmental Studies		$1,300,000
Overheads		$2,500,000
Total Estimated Cost *		**$12,250,000**

* Note: Program completion subject to financing

27. SIGNATURE PAGE

This report entitled "*Technical Report on Mineral Resource Estimate on the Greenbush Zone, Block 103 Property, Newfoundland and Labrador for Cap-Ex Iron Ore Ltd.*", was prepared and signed by the following authors:

Dated effective as of March 21, 2013.

Richard W. Risto, M.Sc., P.Geo.,
Senior Associate Geologist
Watts, Griffis and McOuat Limited

Michael Kociumbas, P.Geo.
Senior Geologist and Vice-President
Watts, Griffis and McOuat Limited

Angelo Grandillo, Eng, M.Eng.,
BBA Inc.

CERTIFICATE

I, Richard W. Risto, do hereby certify that:

1. I reside at 22 Northridge Ave, Toronto, Ontario, Canada, M4J 4P2.

2. I am a Senior Associate Geologist with Watts, Griffis and McOuat Limited, a firm of consulting engineers and geologists, which has been authorized to practice professional engineering by Professional Engineers Ontario since 1969, and professional geoscience by the Association of Professional Geoscientists of Ontario.

3. This certificate accompany the report titled "*Technical Report on Mineral Resource Estimate on the Greenbush Zone, Block 103 Property, Newfoundland and Labrador for Cap-Ex Iron Ore Ltd.*" dated March 21, 2013.

4. I am a graduate from the Brock University, St. Catherines, Ontario with an Honours B.Sc. Degree in Geology (1977), Queens University, Kingston, Ontario with a M.Sc. Degree in Mineral Exploration (1983), and I have practised my profession continuously since that time. My relevant experience includes: extensive experience with iron deposits, a variety of other deposit types and the preparation of technical reports.

5. I am a licenced Professional Geoscientist of the Association of Professional Geoscientists of Ontario (Membership #276) and Professional Engineers and Geoscientists of Newfoundland and Labrador (Membership #06333); I am a Member of: Association of Applied Geochemists; and Prospectors and Developers Association of Canada.

6. I have read the definition of "qualified person" set out in the 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 purposes of NI 43-101.

7. I visited the Property from November 14 to 16, 2012.

8. I am solely responsible for Sections 4 to 12 and 18 to 23. With co-author Michael W. Kociumbas, I am jointly responsible for Sections 1 to 3 and 24 to 26.

9. I am independent of the issuer as described in Section 1.5 of NI 43-101.

10. My relevant experience includes 30 years of field exploration and project evaluation for both precious and base metal projects including a number of iron deposits both in Canada and internationally.

11. I have read NI 43-101, Form 43-101F1 and the technical report and have prepared the technical report in compliance with NI 43-101, Form 43-101F1 and generally accepted Canadian mining industry practice.

12. As of the date of the technical report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

REGISTERED PROFESSIONAL GEOSCIENTIST
PEG Newfoundland and Labrador
RICHARD W. RISTO
SIGNATURE
March 21, 2013
DATE
NEWFOUNDLAND & LABRADOR

Richard W. Risto, M.Sc., P.Geo.
March 21, 2013

CERTIFICATE

I, Michael W. Kociumbas, do hereby certify that:

1. I reside at 420 Searles Court, Mississauga, Ontario, Canada, L5R 2C6.

2. I am a Senior Geologist and Vice-President with Watts, Griffis and McOuat Limited, a firm of consulting geologists and engineers, which has been authorized to practice professional engineering by Professional Engineers Ontario since 1969, and professional geoscience by the Association of Professional Geoscientists of Ontario.

3. This certificate accompany the report titled "*Technical Report on Mineral Resource Estimate on the Greenbush Zone, Block 103 Property, Newfoundland and Labrador for Cap-Ex Iron Ore Ltd.*" dated March 21, 2013.

4. I am a graduate from the University of Waterloo, Waterloo, Ontario with an Honours B.Sc. Degree in Applied Earth Sciences, Geology Option (1985), and I have practised my profession continuously since that time.

5. I am a licenced Professional Geoscientist of the Association of Professional Geoscientists of Ontario (Membership #0417) and Professional Engineers and Geoscientists, Newfoundland and Labrador (Membership #06332). I am a Member of: Canadian Institute of Mining, Metallurgy and Petroleum (Membership #94100); Prospectors and Developers Association of Canada (Membership #10463). I am an Associate of Geological Association of Canada.

6. I have read the definition of "qualified person" set out in the 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 purposes of NI 43-101.

7. I have not visited the Property.

8. I am solely responsible for Section 14 and 15. With co-author Richard W. Risto, I am jointly responsible for Sections 1 to 3 and 24 to 26.

9. I am independent of the issuer as described in Section 1.5 of NI 43-101.

10. My relevant experience includes 25 years of field exploration and project management for both gold and base metal projects, including a number of iron deposits both in Canada and internationally. I have extensive experience with Mineral Resource estimation techniques and the preparation of technical reports.

11. I have read NI 43-101, Form 43-101F1 and the technical report and have prepared the technical report in compliance with NI 43-101, Form 43-101F1 and generally accepted Canadian mining industry practice.

12. As of the date of the technical report, to the best of my knowledge, information and belief, the technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading.

Michael Kociumbas, P.Geo.
March 21, 2013

CERTIFICATE OF QUALIFIED PERSON

I, Angelo Grandillo, do hereby certify that:

1. I reside at 1060 des Perdrix, Longueuil, Québec, Canada, J4J 5J7.

2. I am an Associate and a Project Manager in the consulting firm:
   BBA Inc.
   630 René-Lévesque Blvd. West
   Suite 1900
   Montréal, Québec
   Canada H3B 1S6

3. This certificate accompanies the report titled "*Technical Report on Mineral Resource Estimate on the Greenbush Zone, Block 103 Property, Newfoundland and Labrador for Cap-Ex Iron Ore Ltd.*" dated March 21, 2013.

4. I graduated from McGill University of Montreal with a B. Eng. in Metallurgy in 1981, and M. Eng. in 1988.

5. I am in good standing as a member of the Order of Engineers of Québec (#38342) and Professional Engineers and Geoscientists, Newfoundland and Labrador (#06360).

6. I have read the definition of "qualified person" set out in the 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 purposes of NI 43-101.

7. I have personally visited the property on October 11, 2012.

8. I am solely responsible for Sections 13, 16 and 17.

9. I am independent of the issuer as described in Section 1.5 of NI 43-10. I have had prior involvement with the Project but I am involved in the ongoing Preliminary Economic Assessment.

10. I have practiced my profession continuously since my graduation in 1981. My relevant experience includes technical and operations management and project management in iron ore and gold projects.

11. I have read National Instrument 43-101, Form 43-101F1 and the Technical Report has been prepared in compliance with this Instrument.

12. As of the effective date of this Technical Report, to the best of my knowledge, information and belief, the Technical Report and the parts that I am responsible for, contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Prepared in Montréal, Québec, March 21, 2013

Angelo Grandillo

Signed
Angelo Grandillo, Eng. M.Eng.

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APPENDIX 1:
WGM INDEPENDENT SAMPLES ASSAY CERTIFICATE

SGS Canada Inc.
P.O. Box 4300 - 185 Concession St.
Lakefield - Ontario - KOL 2HO
Phone: 705-652-2000 FAX: 705-652-6365

Watts, Griffis and McOuat
Attn : Rick Risto

Suite 400, 8 King Street East
Toronto, Ontario, M5C 1B5
Canada -

Phone: 416-364-6244
Fax:416-864-1675

December 19, 2012

Date Rec. : 26 November 2012
LR Report : **CA03596-NOV12**
Client Ref : Watts, Griffis and McOuat

CERTIFICATE OF ANALYSIS

Final Report

Sample ID	SiO2 %	Al2O3 %	Fe2O3 %	MgO %	CaO %	Na2O %	K2O %	TiO2 %	P2O5 %
1: CXWGM-01	43.6	0.21	38.3	2.38	6.32	0.05	0.05	0.02	0.02
2: CXWGM-02	54.5	0.41	38.3	1.00	0.51	0.09	0.09	0.02	0.02
3: CXWGM-03	40.6	0.22	52.0	1.43	0.40	0.05	0.06	0.02	0.02
4: CXWGM-04	46.1	0.13	47.6	1.31	1.83	0.02	0.02	< 0.01	0.01
5: CXWGM-05	59.0	0.17	33.4	0.97	2.68	0.02	0.03	0.01	0.02
6: CXWGM-06	55.4	0.15	40.4	0.80	1.25	0.04	0.03	< 0.01	0.02
7: CXWGM-07	54.3	0.08	45.1	0.29	0.36	0.01	0.01	< 0.01	0.02
8: CXWGM-08	49.9	0.20	41.1	3.83	0.75	0.03	0.10	0.03	0.03
9: CXWGM-09	50.5	0.21	42.4	1.03	1.85	0.04	0.05	0.03	0.02
10: CXWGM-10	41.1	0.15	41.4	2.91	4.32	0.03	0.05	0.02	0.02
11: CXWGM-11	44.9	0.16	47.1	0.88	1.56	0.04	0.04	0.01	0.01

Sample ID	MnO %	Cr2O3 %	V2O5 %	LOI %	Sum %	Fe2+ as FeO %	Magnetic Fe Fe %	Fe3O4 %	Spec.Grav	SG-Wet
1: CXWGM-01	0.26	0.01	< 0.01	8.76	100.0	14.02	22.1	30.5	3.31	3.22
2: CXWGM-02	0.61	0.02	< 0.01	3.30	98.9	14.43	19.6	27.1	3.34	3.30
3: CXWGM-03	2.53	0.02	< 0.01	3.44	100.8	8.15	11.1	15.3	3.64	3.62
4: CXWGM-04	0.40	0.02	< 0.01	2.52	100.0	3.06	4.0	5.5	3.42	3.32
5: CXWGM-05	0.54	0.03	< 0.01	3.35	100.2	9.90	18.3	25.3	3.16	3.38
6: CXWGM-06	0.46	0.02	< 0.01	1.90	100.5	8.90	17.1	23.6	3.34	3.29
7: CXWGM-07	0.25	0.03	< 0.01	0.26	100.7	12.06	29.2	40.3	3.38	3.27
8: CXWGM-08	0.06	< 0.01	< 0.01	3.73	99.8	28.87	30.0	41.5	3.24	3.09
9: CXWGM-09	0.52	0.03	< 0.01	3.29	100.1	14.36	24.2	33.4	3.38	3.57
10: CXWGM-10	0.36	< 0.01	< 0.01	9.41	99.8	17.28	21.2	29.3	3.43	3.18
11: CXWGM-11	2.19	0.02	< 0.01	3.53	100.4	9.05	15.2	21.0	3.57	3.36

Control Quality Analysis - Not suitable for commercial exchange

SG completed on crushed material

April Rice
Project Coordinator

OnLine LIMS