

EXPLORATION HIGHLIGHTS 2008



NEWFOUNDLAND AND LABRADOR 2008 MINERAL EXPLORATION HIGHLIGHTS

OVERVIEW

Expenditures on mineral exploration and deposit appraisal in Newfoundland and Labrador are forecast to total about \$148 million in 2008, similar to those of 2007 (Figure 1). The breakdown is expected to be about \$94 million in Labrador and \$54 million on the Island of Newfoundland. As in 2007, most of the spending was on advanced exploration projects for uranium and nickel in Labrador, and for base metals on the island. The recent downturn in equity markets is expected to have a negative impact on expenditures for 2009.

Province-wide, the largest expenditures by commodity were for uranium, forecast at about \$74 million, and for base metals, at \$60 million. Expenditures for gold were about \$6 million. All figures are similar to those of 2007 (Figure 2).

In 2008 there were 18,377 new claims staked in Labrador and 14,781 staked in Newfoundland, for a total of 33,158 new claims (Figure 1). This compares to a total of 79,206 claims staked in 2007. As of December 31, there were 172,228 claims in good standing in the province, down from 189,283 at the end of 2007. The decline is likely a consequence of the very high levels of staking in recent years; however a high turnover of claims is seen as healthy in the exploration industry. The projected total for diamond drilling in 2008 is about 252,000 metres (Figure 1). Active exploration areas are shown on Figure 3.

In April 2008, the Nunatsiavut Government declared a 3 year moratorium on mining and development of uranium on Labrador Inuit Lands (LIL) to allow more time to study the possible effects of uranium mining, and to develop a land use plan. However, exploration is permitted to continue, and companies have continued to explore both within and outside of these lands. The LIL lands cover 15,800 square kilometres (about 5.4% of Labrador). The government of Newfoundland and Labrador continues to encourage mineral development, including uranium, in the remainder of the province.

An agreement-in-principle was announced on September 26th 2008, between the Province of Newfoundland and Labrador, the Energy Corporation of Newfoundland and Labrador and the Innu Nation that sets out the basic framework for a land claims agreement and also an Impact and Benefits Agreement (IBA) specific to the proposed Lower Churchill Hydro Development.

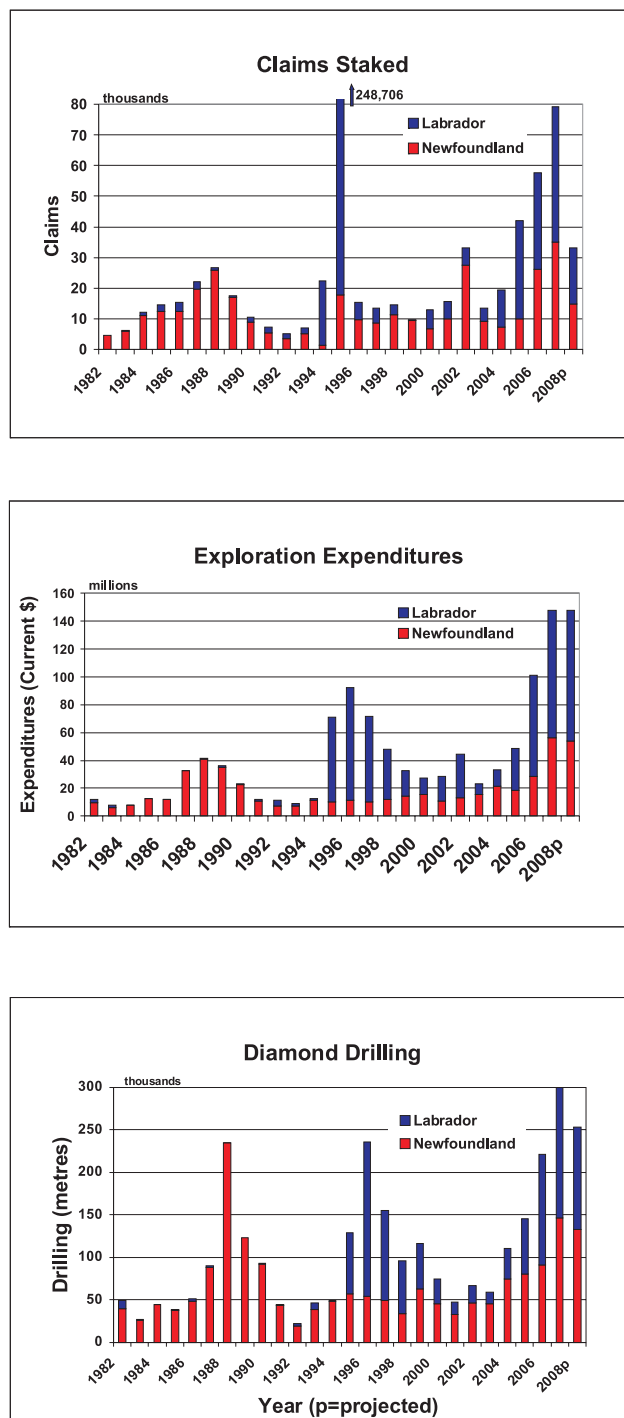


Figure 1. Claims staked, exploration expenditures and diamond drilling, 1982-2008.

Expenditures by Commodity

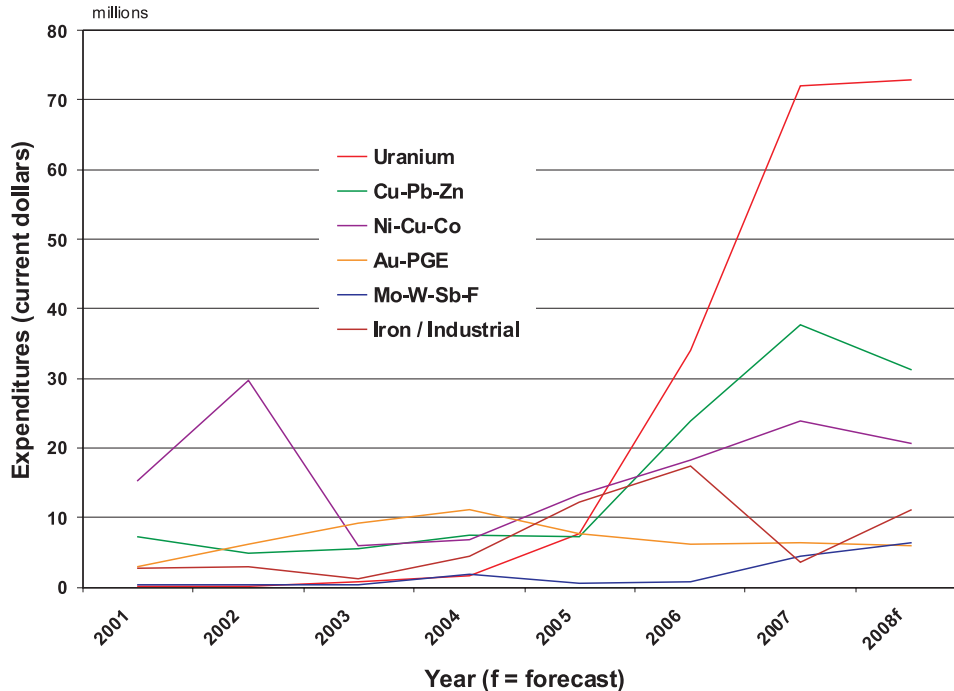


Figure 2. Expenditures by commodity 2001–2008.

The final agreement will establish four new categories of lands in Labrador. The existing framework for resource exploration and development will, subject to modifications in any final agreement, differ in three of these categories; the most significant changes are to the least extensive category (*Labrador Innu Lands* or LIL), which represents almost 13,000 square kilometres of territory (about 4.4% of Labrador). In all other categories of lands (*Labrador Innu Settlement Area* (LISA) outside LIL, *Category III* and *Economic Development Areas*), resource exploration and development will continue under the existing regulatory framework, and there will, subject to any final agreement, be no change from the perspective of explorationists. Lands identified as LIL, LISA, *Category III* and *Economic Development Areas* presently remain open to staking, unless they lie within previously-defined exempt mineral lands.

The Department of Natural Resources budgeted \$2.528 million for the Mineral Incentive Program in fiscal year 2008-09. Under the Junior Exploration Assistance program, 21 projects were supported for a total of \$2,100,000, and for Natural Stone Assessment, 2 projects were approved for

\$100,000. Under the Prospector's Assistance plan, 58 grants were awarded for a total of \$202,000, and two-week prospectors training courses were conducted in Stephenville and Goose Bay.

Substantial progress has been made on the introduction of an online mineral exploration approval system (MEAMS). A prototype is currently being tested, and the online application process is expected to be operational by late 2009.

Finally, the department continues to promote the mineral industry and mineral potential of the province both domestically and internationally. In 2008, the province had comprehensive displays at the Vancouver Roundup, the Prospectors and Developers Association of Canada Conference in Toronto, Quebec Exploration 2008 and the China Mining Conference in Beijing.

For further information on mining and mineral exploration in Newfoundland and Labrador, please visit our website at <http://www.nr.gov.nl.ca/nr/>

NOTE TO READER

This summary has been prepared on the basis of information available at the time of writing. The Department of Natural Resources, Mineral Lands Division makes no warranty of any kind with respect to the content and accepts no liability, either incidental, consequential, financial or otherwise, arising from the use of this document. Users should read the full disclaimer on the Department website at <http://www.gov.nf.ca/disclaimer.htm>.

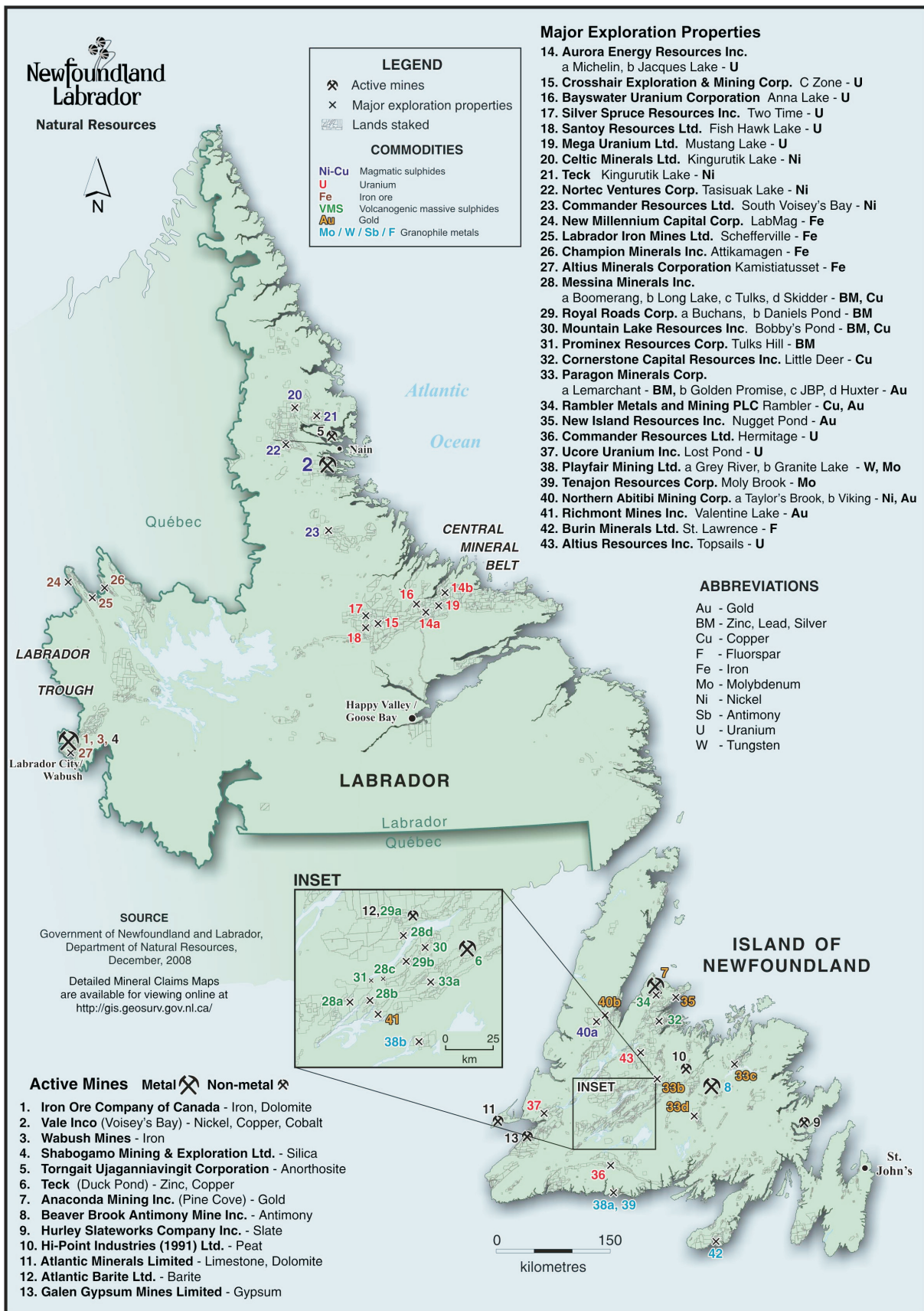


Figure 3. Land tenure and active exploration areas.

LABRADOR

Background

Recent exploration in Labrador has focused on three main commodities; uranium, iron and nickel. Exploration for uranium is concentrated in the Central Mineral Belt (CMB) in eastern Labrador. This belt contains numerous prospects discovered during the previous uranium boom from the 1950s to 1970s. Most of the major prospects are interpreted as epigenetic, hosted in Proterozoic volcanic and sedimentary rocks. Other uranium prospects in the area occur in a variety of plutonic, volcanic and sedimentary settings of various ages, including unconformity-related mineralization. Several projects are at an advanced stage, with published resource estimates.

In western Labrador, a number of iron deposits previously documented by the Iron Ore Company of Canada are hosted in extensive early- to mid-Proterozoic sedimentary iron formations of the Labrador Trough. Several of these prospects, mainly of direct shipping iron ore type, are being re-assessed for potential as near-term producers. Elsewhere in the trough, early-stage exploration for base metals and uranium has been initiated.

In central and northern Labrador, companies are exploring mid-Proterozoic mafic-ultramafic intrusions for magmatic nickel sulphides similar to those at Voisey's Bay. Some drilling has been done in 2008, but no significant new prospects have been reported.

Uranium

In February 2008, Aurora Energy Resources Inc. announced updated resource estimates for six uranium deposits in the CMB. The company reported a total measured and indicated resource for all deposits, including their flagship Michelin, of 83,910,000 pounds of U_3O_8 , and a total inferred resource of 49,779,000 pounds of U_3O_8 . At Michelin alone, total measured and indicated resources are 67,434,000 pounds of U_3O_8 .



Michelin Camp, Labrador. Courtesy of Aurora Energy Resources.

In 2008, Aurora conducted a multi-phase work program including a tailings management options study, an environmental baseline program, engineering studies, and infill drilling. The 13,233 m infill drill campaign at the Jacques Lake and Michelin deposits was designed to convert resources from the inferred to indicated reserve category. Results continue to affirm the grades previously encountered, and both deposits remain open for expansion. Aurora also conducted a 2,908 m geotechnical, environmental and metallurgical drill program, in support of ongoing engineering studies.

Crosshair Exploration & Mining Corp. is exploring a large land package in the Moran Lake area of the CMB. In August 2008, they announced updated resource estimates for the Upper and Lower C Zones, and the Trout Pond and Armstrong prospects. Crosshair interprets these prospects as forming part of a 4.5 km long mineralized corridor. The company reports a total indicated and inferred resource of 9,630,000 pounds of U_3O_8 in the Upper and Lower C Zones. Crosshair also reported that it has acquired from Universal Uranium Ltd., all of Universal's 60% interest in its CMB property, held in joint venture with Silver Spruce Resources Inc. Silver Spruce retains the other 40%. This property contains the Two Time Zone, for which a resource estimate was reported by Silver Spruce in April (see below).

Bayswater Uranium Corporation completed about 19,500 m of drilling on its CMB property, focused on the Anna Lake Prospect and on additional targets along an 11 km structural corridor to the northeast. Drilling at Anna Lake tested down-plunge targets identified by 3D modeling, and results will be used in calculation of a resource estimate. The work demonstrates that the deposit extends along a strike length of up to 600 m and to depths of over 550 m. Better assays include 0.04% U_3O_8 over 19.0 m and 0.10% U_3O_8 over 5.9 m. Bayswater has also reported the discovery of two new uranium mineralized areas. At Lake Minisnakwa, five of twenty-nine samples from angular float returned assays greater than 1.0% U_3O_8 with a high of 3.48%. Limited drilling failed to identify the mineralized zone but did confirm the favourable host rock. Bayswater also reported the discovery of 4 new bedrock uranium showings along a 5 km trend near Boiteau Lake, including a best assay from outcrop of 0.723% U_3O_8 .

In April 2008, Silver Spruce Resources Inc. published a resource estimate for the Two Time Zone located on its CMB Property, now held in joint venture with Crosshair Exploration & Mining. The deposit contains a total indicated and inferred resource of 6,060,000 pounds of U_3O_8 . Elsewhere, Silver Spruce reported drill results from its wholly-owned Mount Benedict property. Mineralization was intersected in several of the holes, with a highest grade of 0.025% U_3O_8 over 4.3 m in the T-649 Zone, and 0.044% U_3O_8 over 8.0 m in the T Super 7 Zone.

On its Snegamook Property, Silver Spruce reported the discovery of a new mineralized zone located 1.3 km south-south-east of the Two Time Zone, in the same structural corridor. The zone was tested with 17 drill holes, and returned intersections of 0.11% U_3O_8 over separate intervals of 3.0 and 2.0 m respectively in hole SN-08-18. At the Near Miss Showing, four holes intersected uranium mineralization over narrow widths, with a best intercept of 0.21% U_3O_8 over 1.0 m.

Mega Uranium Ltd. continued its exploration programs at the Mustang Lake and other uranium properties in the CMB. The highest grade obtained from drilling at Mustang Lake was 0.197% U_3O_8 over 1.0 m within a 6.5 m interval grading 0.047% U_3O_8 . Channel sampling at the Mustang East showing returned assays of 0.14% U_3O_8 over 3 m, 0.11% over 3 m, and 0.23% over 1.0 m, in trenches over a 12 m strike length. Follow up prospecting on several other properties in the CMB resulted in several new discoveries. At Aillik East, grab sampling returned assays up to 1.75% U_3O_8 from a radioactive zone termed the NB showing. Four showings have been selected for drill testing. At the Bruce River property, work has focused on 5 showings, as well as on a newly-discovered radioactive boulder train. Results of grab sampling were up to 0.67% U_3O_8 from the MEZ-3 showing, and up to 2.47% U_3O_8 from float in the Anderneill boulder field.



Mustang Lake Camp, Labrador. Courtesy Mega Uranium.

Santoy Resources Ltd. reported final results from 2007 drilling of the Fish Hawk Lake North and South zones on its Anomaly 7 Property in the CMB. Among the more encouraging results was an intersection of 6.03 m grading 0.114% U_3O_8 .

Golden Cross Resources Ltd. reported high grade assays from its Notakwanon Property in central Labrador, a joint venture with Altius Resources Inc. At the Notakwanon 1 prospect, assays of 2.28% U_3O_8 and 1.26% U_3O_8 were obtained in chip samples from a 0.5 m wide shear zone. Sampling from the Caribou Run and Notakwanon 3 East prospects returned assays of 0.51 and 0.49% U_3O_8 respectively.

Monroe Minerals Inc. conducted prospecting on its Alexis River Property in south-eastern Labrador, also a joint venture with Altius Resources Inc. Prospecting in the immediate vicinity of Anomaly Lake identified radioactive spot highs in outcrop and boulders, but these are not considered sufficient by Monroe to explain previously reported, highly anomalous lake sediment results. Monroe drilled 5 holes for a total of 1,295 m to test for uranium-bearing zones beneath Anomaly Lake. Narrow, higher grade intersections of 0.75% U_3O_8 over 0.2 m and 0.19% U_3O_8 over 0.85 m were obtained.

New Island Resources Inc. has completed an airborne magnetic and radiometric survey over its Sims Basin Property in western Labrador. Ground follow up was planned for the fall of 2008. Metals Creek Resources Corp. also initiated an airborne magnetic and radiometric survey over its Sims Basin Property.

Iron Ore

New Millennium Capital Corp. (NML) is advancing its plans to produce direct shipping iron ore (DSO) from deposits explored or previously mined by the Iron Ore Company of Canada in northwestern Labrador, near the Quebec border town of Schefferville. NML drilled 140 holes for a total of 7,835 m in 2008 to convert certain historical resources in areas 2, 3 and 4, to NI 43-101 compliant resources and reserves. Based on this drilling, the company has reported approximately 56.0 million tonnes of total measured and indicated mineral resources at an average grade of 59.0% Fe on a dry basis. The company is now proceeding with a prefeasibility study to convert resources to reserves and the project has been registered for environmental assessment with the governments of Newfoundland and Labrador, and Canada. Tata Steel Global Minerals Holdings Pte Limited agreed to acquire, by private placement, a 19.9% interest in New Millennium, and has the option to acquire an 80% interest in NML's DSO Project. The net proceeds from the private placement will be used by New Millennium primarily to advance the DSO Project through a feasibility study to be completed in the second quarter of 2009.



Iron ore, historic French Mine. Courtesy New Millennium Capital.

Labrador Iron Mines Holdings Limited also plans to produce direct shipping iron ore from deposits in the Schefferville area. Definition drilling is being conducted in order to produce updated resource estimates for an NI 43-101 compliant technical report expected by year-end. Bulk samples have been collected for metallurgical testing. Engineering and environmental studies are also in progress, and the project has been registered for environmental assessment.



Silver Yards crusher. Courtesy Labrador Iron Mines.

Altius Minerals Corporation recently signed an agreement with Norvista Resources Corporation to work toward forming a new, publicly-trading company to develop their Kamistiasusset iron ore project in Labrador West. A work program consisting of 24 drill holes totaling 6,008 m has been completed. Highlights of results include 30.10% iron over 108.50 m in hole K-08-01, and 31.65% iron over 100.26 m in hole K-08-18. Mineralization is dominated by magnetite-rich iron formation.

Champion Minerals Inc. is also evaluating the potential of several DSO deposits in the Schefferville area, under an agreement with Labec Century Iron Ore Corporation. Labec may earn a 60% interest in the property by funding \$12.5 million in exploration. Champion has completed an airborne geophysical survey and ground evaluation of its properties has begun. Some diamond drilling has been completed and further drilling is planned. Results are pending.

Nickel

Nortec Ventures Corp. is earning an interest in the Tasisuak Lake and Kingurutik Lake properties in northern Labrador, from Vulcan Minerals Inc. In 2008, Nortec completed an airborne electromagnetic survey over both properties, and conducted 1,960 m of drilling at the TL Property. Highlights of the drilling included intersections, from separate holes, of 14 m and 9 m, each grading 1.0% nickel and 0.5% copper.



Drilling at C Zone, TL Property. Courtesy Vulcan Minerals.

In northern Labrador, Celtic Minerals Ltd. flew an airborne VTEM electromagnetic survey over its Kingurutik and Black Duck properties. Drilling at the Toll Extension and West Margin areas of the Kingurutik property intersected sulphides with low nickel tenor in multiple holes at both areas.

Teck Limited is also exploring for nickel in the Kingurutik Lake area, in joint venture with Benton Resources Corp. The companies are performing prospecting and ground geophysics on anomalies resulting from airborne geophysical surveys. Benton is also conducting follow-up of airborne anomalies on its Rim nickel property, located about 100 km south of Vale Inco's Voisey's Bay nickel-copper-cobalt mine.

Commander Resources Ltd. completed ground electromagnetic surveys on its South Voisey's Bay Properties in central Labrador. Two large conductors were revealed, and subsequently drilled. Narrow intersections of semi-massive pyrrhotite with minor chalcopyrite were intersected within wider zones of disseminated sulphides. Assay results have not been reported.

Other

Cornerstone Capital Resources Inc. and Altius Resources Inc. announced the signing of a 50-50 joint venture agreement to explore a large area of the Labrador Trough in western for copper, gold and uranium. The 1,032 km² property covers approximately a 100 km strike length of favourable stratigraphy that hosts numerous copper occurrences and has potential for hosting several viable exploration targets, including sediment-hosted stratiform copper deposits. The 2008 exploration program consisted of an airborne magnetic and radiometric survey and a two month field program of prospecting and geology.

NEWFOUNDLAND

Background

On the Island of Newfoundland, most exploration in 2008 focused on volcanogenic massive sulphide (VMS) deposits hosted in early Palaeozoic volcano-sedimentary sequences in central Newfoundland. These deposits are mainly polymetallic, and zinc- or copper-rich, locally with significant gold content. The very high grade former Buchans orebodies and the Duck Pond Mine operated by Teck Limited are examples. Several projects are in the advanced stage of exploration and have recently-published resource estimates.

In other developments, high metal prices in recent years have prompted a renewed interest in certain specialty products including molybdenum, tungsten, fluor spar, rare earth elements and potash. Drilling is being conducted on several properties to enable resource estimates. Disseminated, fracture-controlled or vein-hosted molybdenum and tungsten mineralization is hosted in, or related to, Siluro-Devonian granitoids in south-central Newfoundland. At the former St. Lawrence fluor spar mine on the Burin Peninsula, fluorite veins intrude Devonian to Carboniferous granitoids. In western Newfoundland, rare earth oxides hosted in banded magnetite-hematite-chlorite-rich units have been discovered during uranium exploration. Potash exploration is at a very early stage, and little field work has been reported.

Base metals (Zn-Cu-Pb, Ni)

Rambler Metals and Mining PLC is continuing to develop the Rambler copper-gold project on the Baie Verte Peninsula. The old workings at the former Ming Mine site have been dewatered, and definition drilling and underground development have been conducted. A new resource estimate states measured reserves of 484,000 t grading 2.98% copper and 2.28 g/t gold, indicated reserves of 9,576,000 t at 1.78% copper and 0.20 g/t gold, and inferred reserves of 3,077,000 t grading 1.57% copper and 0.58 g/t gold. Metallurgical and environmental studies are in progress. Following recommendations from a recent scoping study, plans are now focused on mining of lower tonnages at higher grades, to reduce initial capital costs. Rambler has encountered some very high grades in recent drilling of the 1806 Zone, including intersections of 30.9 g/t gold, 2.1% copper and 7.9% zinc over 8.7m, and 20.3 g/t gold, 4.2% copper and 4.3% zinc over 9.5m.

Following a merger with Buchans River Ltd., Royal Roads Corp. now controls both the Tulks North and Buchans properties in central Newfoundland. At Tulks North, Royal Roads updated the resource estimate for the Daniels Pond deposit. At a cut-off grade of 2% zinc, the deposit is estimated to contain an indicated resource of 929,000 t of 7.98% combined zinc-lead-copper, 101.4 g/t silver and 0.63 g/t gold, and an inferred resource of 332,000 t grading



Drill station, Ming Mine. Courtesy Rambler Metals.

7.04% combined zinc-lead-copper, 85.9 g/t silver and 0.53 g/t gold. At Buchans, the company drilled the historic, near-surface Lundberg and Engine House deposits. These deposits are being evaluated for their bulk tonnage, open pit mining potential. The company reported that at a 2% zinc cut-off the Lundberg has an inferred resource of 5,340,000 t grading 4.76% combined zinc-lead-copper, 10.3 g/t silver and 0.12 g/t gold and the Engine House has an inferred resource of 370,000 t grading 5.86% combined zinc-lead-copper, 12.7 g/t silver and 0.19 g/t gold. Elsewhere at Buchans, the company has completed Titan 24 ground geophysical surveys, and a fall drill program is planned.



Drilling at Buchans. Courtesy Royal Roads.

Mountain Lake Resources Inc. has produced an updated resource estimate for its Bobby's Pond deposit in central Newfoundland. At a cut-off grade of 1.1% copper equivalent, the deposit contains 1,095,000 t grading 5.91% combined zinc-lead-copper, 16.6 g/t silver and 0.20 g/t gold, and an inferred resource of 1,177,000 t at a grade of 4.97% combined zinc-lead-copper, 10.9 g/t silver and 0.06 g/t gold.

Prominex Resources Corp. reported an initial resource estimate for the T-3 lens of its Tulks Hill deposit. The report

concluded that at a 1.1% copper-equivalent cut-off grade and a minimum 2 m horizontal thickness of mineralization, the T3 Lens contains an indicated resource of 431,000 t at a grade of 0.89% copper, 3.97% zinc, 1.61% lead, 35.09 g/t silver and 1.17 g/t gold.

Cornerstone Capital Resources Inc. and joint venture partner Thundermin Resources Inc. are drilling in the vicinity of the previously mined Little Deer copper deposit in north-central Newfoundland. Highlights include intersections of 2.7% copper over a core length of 46.6 m, including a 16.6 m interval containing 4.7% copper. Diamond drilling is now focused on delineation of higher grade zones and a resource calculation was planned for late 2008.

Messina Minerals Inc. reported on a thickened zone of massive sulphide mineralization intersected at the Main Zone prospect at Long Lake Property in central Newfoundland. Hole LL07-26B intersected 9.91 m assaying 11.4% zinc, 1.8% lead, 1.3% copper, 75 g/t silver and 1.1 g/t gold at 240 m below surface. Hole LL07-25 intersected 7.3 m assaying 16.9% zinc, 2.8% lead, 1.0% copper, 85 g/t silver and 0.7 g/t gold at 280 m below surface. Messina also conducted Titan 24 ground geophysical surveys in the vicinity of its Boomerang massive sulphide deposit in central Newfoundland. Drilling of resulting anomalies encountered several zones of massive pyrite with anomalous base metal values.

Paragon Minerals Corporation is continuing its evaluation of the Lemarchant Prospect on its South Tally Pond Property in central Newfoundland. The company has conducted Titan 24 ground geophysical surveys in the vicinity of the prospect and is drilling anomalies from the survey as well as favourable geology along strike of it. Drilling has intersected zones of massive and semi-massive sulphides, and strong stockwork-style alteration containing disseminated and stringer sulphides with anomalous base metals. Highlights include an 8.1 m interval grading 5.9% zinc, 2.2% lead, 0.7% copper, 102.7 g/t silver and 2.1 g/t gold.

Northern Abitibi Mining Corp. drilled 9 holes for a total of 1,430 m on its Taylor Brook nickel property in western Newfoundland. Among the better results was an intersection of 4.25 m with 1.63% nickel and 0.36% copper, including separate 0.25 m intervals containing 4.0% and 6.1% nickel respectively. Additional claims have been staked.

Metals Creek Resources Corp. has also staked claims in the Taylor Brook area and has flown an airborne magnetic and electromagnetic (EM) survey. Prospecting of priority targets is planned. Metals Creek has optioned property covering the historic Tilt Cove and Betts Cove copper mines on the east side of the Baie Verte Peninsula. An airborne EM-magnetic survey has been flown over this property, and a 500 m drill program commenced in December.



Tilt Cove Property. Courtesy Metals Creek Resources.

Golden Dory Resources Limited reported the discovery of significant skarn type mineralization on the Burin Property, in southern Newfoundland. Results include a best assay of 6.70% zinc, 2.42% copper, 74.7 g/t silver, and 0.11% bismuth from a grab sample. The mineralization is hosted within intense calc-silicate alteration that has been traced for over 50 m along strike and an apparent minimum thickness of 4 m, with the lower contact of the mineralization not observed due to overburden.

Canstar Resources Inc. has optioned the Conception Bay South property on the Avalon Peninsula in eastern Newfoundland from local prospectors. An airborne EM survey has been completed, and was followed by mapping, prospecting and diamond drilling. Twelve holes were drilled for a total of 1,196 m. The best result was a 14 m interval which returned assay results of 1% zinc, 0.6% lead, 0.2% copper and 8 g/t silver, including 2.2 m grading 2.6% zinc, 1.7% lead, 0.2% copper and 26 g/t silver.

Gold

Northern Abitibi Mining Corp. conducted an extensive trenching program on its Viking gold property in western Newfoundland, where they are earning an interest from Altius Resources Inc. The trenching was successful in outlining four new zones of gold mineralization in bedrock, with grades up to 335 g/t gold in grab samples, and 84.4 g/t gold over 1.0 m in channel samples. The company has completed a 10 hole, 575 m drill program on the property. Highlights of drill results from the Thor Vein include intersections of 33.74 g/t gold over 5.7 m and 5.1 g/t gold over 23 m in separate holes.

Paragon Minerals Corporation and partner Sprott Resource Corp. completed a drill program on the JBP-Appleton Linear Property in central Newfoundland. Drilling at the Pocket Pond Prospect has extended the zone over a strike length of 950 m, and included an intersection of 11.11 g/t gold over a core length of 11.9 m, including 255 g/t gold over 0.5 m. Sprott has recently withdrawn from the agreement.



Cutting core, Viking Project. Courtesy Northern Abitibi.

Crosshair Exploration & Mining continues to explore the Golden Promise gold prospect in central Newfoundland, under an option agreement with Paragon Minerals. A preliminary, independent NI 43-101 resource estimate has been completed at the Jaclyn Main Zone. The report estimates an inferred resource of 89,500 ounces of gold (921,000 t averaging 3.02 g/t gold) at a cut-off of 1 gram per tonne gold. Crosshair proposes to form a new company, Gemini Metals Corp., to explore its Golden Promise, South Golden Promise and Victoria Lake properties in Newfoundland. Under the arrangement, both Crosshair and Paragon will transfer their respective interests in these properties to Gemini.

Mountain Lake Resources Inc. plans to extract a surface bulk sample from its Valentine Lake gold deposit in south-central Newfoundland, a joint venture with Richmond Mines Inc. This will allow for a more reliable estimate of the grade of gold and its distribution, and for metallurgical testing. Mountain Lake has also optioned the Little River gold property in Baie D'Espoir, on the south coast of the island. Mineralized float with grab samples containing up to 136 g/t gold have been discovered during reconnaissance prospecting.

New Island Resources Inc. reported assay results from five holes drilled in the Nugget Pond Property on the Baie Verte Peninsula in central Newfoundland. All holes intersected the prospective Nugget Pond Horizon, and the best assay obtained was 3.6 g/t gold over 3.0 m. New Island also reported results from two holes drilled on the nearby West Pond Property, under option from South Coast Resources Inc. Anomalous copper, lead, gold and silver were noted. Elsewhere, New Island reports that exploration has started on its Glover Island gold property in western Newfoundland. An airborne survey and geological mapping are planned.

Metals Creek Resources Corp. has optioned the Staghorn Lake gold property in southwest Newfoundland from local prospectors. Property-wide lake sediment sampling and

prospecting led to the discovery of angular float with an assay of 213.8 g/t gold. Additional prospecting, geochemical and geophysical surveys are planned.

Specialty Metals and Minerals (Mo, W, F, Potash)

Specialty metals and minerals are being targeted by several companies exploring in Newfoundland. Tenajon Resources Inc has completed a 10,000 m drill program on its Moly Brook molybdenum prospect near Grey River on the south coast of the island. Results have included some very thick intersections of near-surface mineralization, including 213.5 m grading 0.10% molybdenum starting at a depth of 130 m and 112.8 m of 0.11% molybdenum at a depth of 117 m. The data are currently being compiled, and a preliminary resource calculation is expected in the first quarter of 2009.



Drilling at Moly Brook. Courtesy Tenajon Resources.

Meanwhile, at the nearby Grey River tungsten deposit, Playfair Mining Ltd. reported the results of an independent Preliminary Economic Assessment for its 100% owned Grey River Tungsten project. The study was based on the July 2007 inferred mineral resource calculation for the currently defined portion of the Grey River #10 Vein deposit. The study, which is based solely on the partially defined #10 Vein mineralization, indicates that the Net Present Value (NPV) of the project is positive, with a possible total pre-tax cash flow of \$US11 Million and NPV of \$US314,000 (or "break-even"), using a 7% discount rate. Attempting to improve the economics at Grey River, Playfair completed a 4,000 m drill program designed to test strike and dip extensions of the #10 Vein. Analytical results from core samples show that the #10 Vein extends an estimated 250 m down dip below the previously defined deposit (or about 160 m vertically below the adit level).

Playfair has also reported drilling 47 holes totalling 8,700 m on its molybdenum and tungsten prospects at Granite Lake in central Newfoundland. Recent drilling has targeted a large-scale, molybdenum-enriched area termed the Moly Hill



Grey River Adit. Courtesy Playfair Mining.

Zone. Among the better results was an intersection of 58.5 m grading 0.049% molybdenum, including 31.5 m of 0.074% molybdenum.

Burin Minerals Ltd. is conducting a 15,000 m drill program at the former St. Lawrence fluorspar mine on the Burin Peninsula in southern Newfoundland. The drilling is designed to upgrade the historic resource at the mine site, and to support a feasibility study.

Several companies have staked claims in the Bay St. George Basin in western Newfoundland, over areas interpreted to have potential for potash. Sprott Resource Corp. is earning an interest in a property held by Altius; exploration and evaluation of drill targets has begun. Cornerstone Capital Resources, Universal Uranium Ltd. and Vulcan Minerals Inc. also have large land positions in the area with potential for potash deposits.

Uranium

Ucore Uranium Inc. reported analytical results from 3 holes drilled on its Lost Pond uranium property in 2007. Results include 5.64 m grading 4.47% Rare Earth Oxides + Y_2O_3 from the U3 grid. The property has since been optioned to Monroe Minerals Inc, and further drilling was planned for 2008.

Commander Resources Ltd. has reported results of trenching and geochemical and geophysical surveys on its Hermitage uranium property in southern Newfoundland. Highlights include assays of 0.17% U_3O_8 over 1.15 m at the White Bear # 3 showing and a new boulder field with high grade values of 0.28% and 0.36% U_3O_8 near the Doucette Showing. The results are being evaluated for the next phase of drilling.

JNR Resources Inc. and Altius are jointly exploring the very large Topsails uranium project in central Newfoundland. The companies have conducted regional-scale airborne



Lost Pond Property. Courtesy Ucore Uranium.

radiometric/magnetic and lake sediment geochemical surveys, and are following up anomalous areas by mapping and prospecting. They also completed water sampling surveys on the Rocky Brook uranium project in western Newfoundland, where JNR is earning an interest from Altius. Analytical results are being reviewed.

Bayswater Uranium drilled 12 holes for 1,600 m at its Wisker Valley uranium property in 2008. Results were not encouraging, and the option has been terminated.

Golden Dory Resources has reported the discovery of new bedrock uranium occurrences on its Burin Property in southern Newfoundland. Assays up to 1.88% U_3O_8 have been obtained from hematized fracture zones in the St. Lawrence Granite. Golden Dory has signed an agreement with Cameco Corporation which will allow Cameco to earn an interest in the property.

Metals Creek has flown airborne magnetic and radiometric surveys over its property in the Sheffield Lake/Sops Arm area. Follow up prospecting has been initiated.

Monroe Minerals is prospecting its Berry Hill and Boxey Point properties in southern Newfoundland, under option from Altius Resources. Assays up to 0.06% U_3O_8 were obtained from rock samples at Boxey Point, and further work is planned.

Summary

Projected 2008 expenditures on exploration and deposit appraisal in the province are on a par with the record levels of 2007; however levels are expected to drop in 2009 in response to unfavourable market conditions. Most of the larger projects ongoing are related to uranium in Labrador and base metals in Newfoundland. There is continuing interest in specialty products such as molybdenum, tungsten, fluorspar and potash on the island, and emerging interest in copper and uranium in the Labrador Trough.



Prospectors Training Course, Stephenville. Department of Natural Resources.

New discoveries of note in 2008 include separate showings of uranium and skarn-type base metal mineralization on Golden Dory Resources' Burin Property; the latter is a new exploration concept for the area. New uranium occurrences in the CMB were reported by Bayswater Uranium, Mega Uranium and Silver Spruce Resources, and high grade rare earth oxide mineralization has been discovered by Ucore Uranium at Lost Pond, in western Newfoundland. New precious metal occurrences include gold in the Baie D'Espoir and Dover Fault areas, optioned by Mountain Lake Resources and Silver Spruce Resources respectively, and platinum group elements at the Betts Cove mine site, now held by Metals Creek.

A significant event in 2008 was the announcement of a framework for a land claims agreement among the Province of Newfoundland and Labrador, the Energy Corporation of Newfoundland and Labrador and the Innu Nation. This will provide a new level of assurance for companies wishing to invest in these Aboriginal lands.

The Department of Natural Resources continues to maintain and improve its services to the mineral industry. The Mineral Incentive Program for 2008-09 was fully subscribed, with a total of about \$2.4 million invested, and a new permitting system is in development which will allow online applications for mineral exploration approval.

NOTES

CURRENT EXPLORATION PLAYS

NEWFOUNDLAND & LABRADOR

