

**A VALUATION OF THE
VICTORIA MINING CLAIM
FOR
OTTARASKO MINES LTD.**

February 2010

Prepared by:

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EXECUTIVE SUMMARY

Ross Glanville & Associates Ltd. ("Glanville") was retained by Mr. Louis Berniolles, President of Ottarasko Mines Ltd., to determine the Fair Market Value of the Victoria Mining Claim, a gold property located on Mt. Skinner, near Tatlayoko Lake in British Columbia. For this purpose, Fair Market Value means the highest price expressed in money obtainable in an open and unrestricted market between knowledgeable, prudent and willing parties dealing at arm's length, who are fully informed and under no compulsion to transact.

In order to carry out the assignment, Glanville reviewed or analysed a variety of reports and documents as set out in the "Introduction and Terms of Reference" section of this report. Glanville also had meetings with Mr. Louis Berniolles. In addition, Glanville reviewed industry, corporate, economic, and market data as well as his own files relating to valuations of gold mines and exploration properties.

In June 1990, Ottarasko Mines Ltd. discovered and staked the Victoria Vein, on the western slope of Mt. Skinner. The work conducted to date on this vein and in the immediate vicinity includes hand and mechanical trenching, geochemical and geophysical surveys, diamond drilling, and the taking of a bulk sample of 172 dry metric tonnes from surface in 1992-93, and a second bulk sample of 529 tonnes underground in 1995-96, for a total of 701 dry metric tonnes. The net pre-tax profit from the bulk sampling, after deduction of all costs (including mining, transportation, and milling), was over \$230,000, or about \$330 per tonne of ore. Based on the average shipping grade of ore of 1.84 ounces of gold per tonne, the profit per ounce was approximately Cdn. \$180. The average price of gold at the time of these shipments was Cdn. \$482 per ounce.

Planned developments for 2010 and 2011 include the mining of measured and indicated resources totalling approximately 950 tonnes grading 1.70 ounces of gold per tonne. Production of 1300 tonnes of inferred resources of similar grade is expected. In addition to the planned mining operation, additional trenching and drilling will be carried out with a view to enlarging the resource base.

The components of value of the Victoria Mining Claim, along with the appropriate valuation methodologies (as discussed in the Valuation Methodology section of this report), have been calculated as follows:

<u>Component of Value</u>	<u>Valuation Methodology</u>	<u>Valuation Summary</u>
Measured & Indicated Resources	After-Tax Discounted Cash Flow	\$ 531,000
Inferred Resources	Adjusted After-Tax Discounted Cash Flow	408,000
Exploration Potential	Various Approaches	<u>200,000</u>
TOTAL VALUE		\$ 1,139,000

As can be seen from the foregoing, the total value of the Victoria Mining Claim is approximately **\$1.1 million**. However, due to the risks inherent in mining and exploration, as well as the uncertainty of external factors such as gold price and exchange rate, it is Glanville's opinion that a reasonable range of value is between \$0.8 million and \$1.4 million.

INTRODUCTION AND TERMS OF REFERENCE

Ross Glanville & Associates Ltd. was retained by Mr. Louis Berniolles, President of Ottarasko Mines Ltd., to determine the Fair Market Value of the Victoria Mining Claim. In order to carry out the valuation assignment, Glanville reviewed or analysed a variety of reports and documents, as follows:

1. Option Agreement between Northair Mines Ltd. and Ottarasko Mines Ltd., dated December 27, 1990.
2. Northair Press Release, dated January 25, 1991.
3. Northern Miner Article, February 4, 1991.
4. Geochemical Report on the Skinner Group, by Dave Visagie of Northair Mines Ltd., dated May 28, 1991.
5. Summary Report on Geophysical Surveys, Skinner Project, for Northair Mines Ltd. by L.M. Bzdel of Interpretex Resources Ltd., September 1991.
6. Prospecting Report, Skinner Group, by Louis Berniolles, December 23, 1991.
7. Skinner Mesothermal Vein Prospect, by Tom Shroeter and Bob Lane of the British Columbia Geological Survey, prepared in early 1992.
8. Mt. Skinner Bulk Sampling Project by Louis Berniolles of Ottarasko Mines Ltd., prepared in early 1992.
9. Metallurgical Report on Mt. Skinner Ore Deposit, by Rodney Clary, P. Eng., of Westmin Resources Ltd. dated April 10, 1992.
10. Drilling Report, Mt. Skinner Property, for International Northair Mines Ltd. and Louis Berniolles, by Dave Visagie, B.Sc. May 8, 1992.
11. Ore Purchase Agreement between Westmin Resources Limited and Ottarasko Mines, dated June 16, 1992.
12. Summary of recovered gold from the Premier Mill of Westmin Resources Limited (letters of September 11 and September 25, 1992 and September 30, 1993).
13. Minfile Map NTS 092N Mount Waddington, and Minfile data on the Victoria vein.
14. Exploration in B.C. 1993, Geological Survey Branch.

15. Mount Skinner Project, 1993 Underground Bulk Sampling Program, by Louis Berniolles, dated November 10, 1992.
16. Option Agreement between Cheni Gold Mines Inc. and Ottarasko Mines Ltd., dated May 16, 1994.
17. 1994 Mount Skinner Exploration Report, by Austin Hitchins for Cheni Gold Mines Inc., September 9, 1994.
18. Invoices and Assays for shipments 1995-1 through 7 to Westmin's Premier Mill.
19. Invoices and Assays for shipments 1996-1 through 8 to Cominco's Trail Smelter.
20. Mt. Skinner Bulk Sampling - Summary, prepared by Ottarasko Mines Ltd. in 1998.
21. Victoria Mine longsection and drill result compilation, 1998.
22. U-Pb and K-Ar Isotopic dates from the Beece Creek-Tatlayoko Lake Area, p. 154, Schiarizza et al, 2004.
23. Victoria Mine - Mining Plan for 2010-2011. Louis Berniolles, October 2009.
24. Various maps, sampling results, claim boundaries, location of main showings, etc.

In accordance with the terms of this engagement, Glanville has relied in part upon the reports and documents presented to him by Ottarasko Mines Ltd., and has assumed that such information is accurate and complete. He has not independently verified the accuracy or completeness of any such information. As a result, Glanville hereby disclaims any and all liability arising out of the use of this report or its circulation.

VALUATION METHODOLOGIES

The discounted cash flow (DCF) method is the most commonly used, and most widely accepted, method of valuing mining operations. In addition, it is the usual method for valuing mineral properties that have been advanced to the stage at which a feasibility study has commenced.

Mines and mineral properties are usually exchanged at a purchase price which reflects the results of the DCF method of establishing value. The method is also utilized by mining companies to determine if mineral properties should be placed into production. In addition, other financial organizations such as banks and investment dealers use the DCF method as part of their financial analyses.

The discounted cash flow method gives recognition to all cash inflows (revenues) and outflows (or expenses) such as operating costs, capital costs, and income taxes. It also takes in account risk, inflation, and the cost of money (interest). The discounted cash flow method is forward looking (that is, past expenditures are irrelevant) and is general in application. This method has been utilized to value the measured and indicated resources.

Glanville has also applied the discounted cash flow method to the inferred resources. However the resulting value was reduced (adjusted discounted cash flow) by one-third to reflect the lesser certainty inherent in the inferred resources.

For the remainder of the Victoria Claim, where resources have not yet been indicated, it is not practical to use the conventional discounted cash flow approach. Not only is it difficult to quantify revenue and expenditures properly, and to judge the appropriate time for initiation of production, it is impossible to reflect the precise probabilities of success. Consequently other methods must, of necessity, be employed to value such exploration properties. Some of these methods, as outlined in Appendix II, and summarized below, although sometimes subjective in nature, are useful when logically derived and applied by experienced mining professionals. As a result, these valuations are accepted as being reasonable.

Comparable Deposit:

Each deposit or discovery is unique with regard to geology, costs, infrastructure, metallurgy, etc. Consequently this method can only give a rough guideline to value.

Premium or Discount on Expenditures Incurred:

This method implies a property is worth what has been spent on it, plus a premium if the results are good or a discount if the results are poor. However, expenditures are not truly indicative of value, and premiums or discounts are subjective. Nevertheless, there is some correlation between expenditures and values.

Market Capitalization:

If a public company owns an interest in a single property, the market capitalization (shares outstanding times price per share) can give an indication of the value of that interest. By extension, the value of the remaining interest can be calculated. However, the market price of a few shares traded is not necessarily that at which 100% of the shares could be sold.

Option Agreements:

A value can be ascribed to a property by calculating the committed future expenditures by an optionee, plus "the additional expenditures required to earn an

interest times a probability of making the non-committed expenditures". The value determined would be for the percentage to be earned by the optionee. Based on a "value per percentage point", the residual interest of the optioner can be ascribed a value.

Estimated "Earn-In" Costs for 50%:

One can estimate what a company might be willing to spend to earn a 50% interest in a property, and thereby ascribe a value to the remaining 50%.

LOCATION / ACCESS / INFRASTRUCTURE / CLIMATE

The Victoria Claim covers 20.04 hectares a few kilometres to the northeast of Tatlayoko Lake in the Western Chilcotin region of British Columbia. From Williams Lake, access to the area is by road to Tatla Lake, 225 km west of Williams Lake on Highway 20, then a further 25 km by good gravel road southward to Tatlayoko Lake, where a local 4 wheel drive road known as Skinner Road gives access to the property. Tatla Lake is a small unincorporated community; local businesses and services include a hotel, a motel, two restaurants, a general store, a garage and a nursing station.

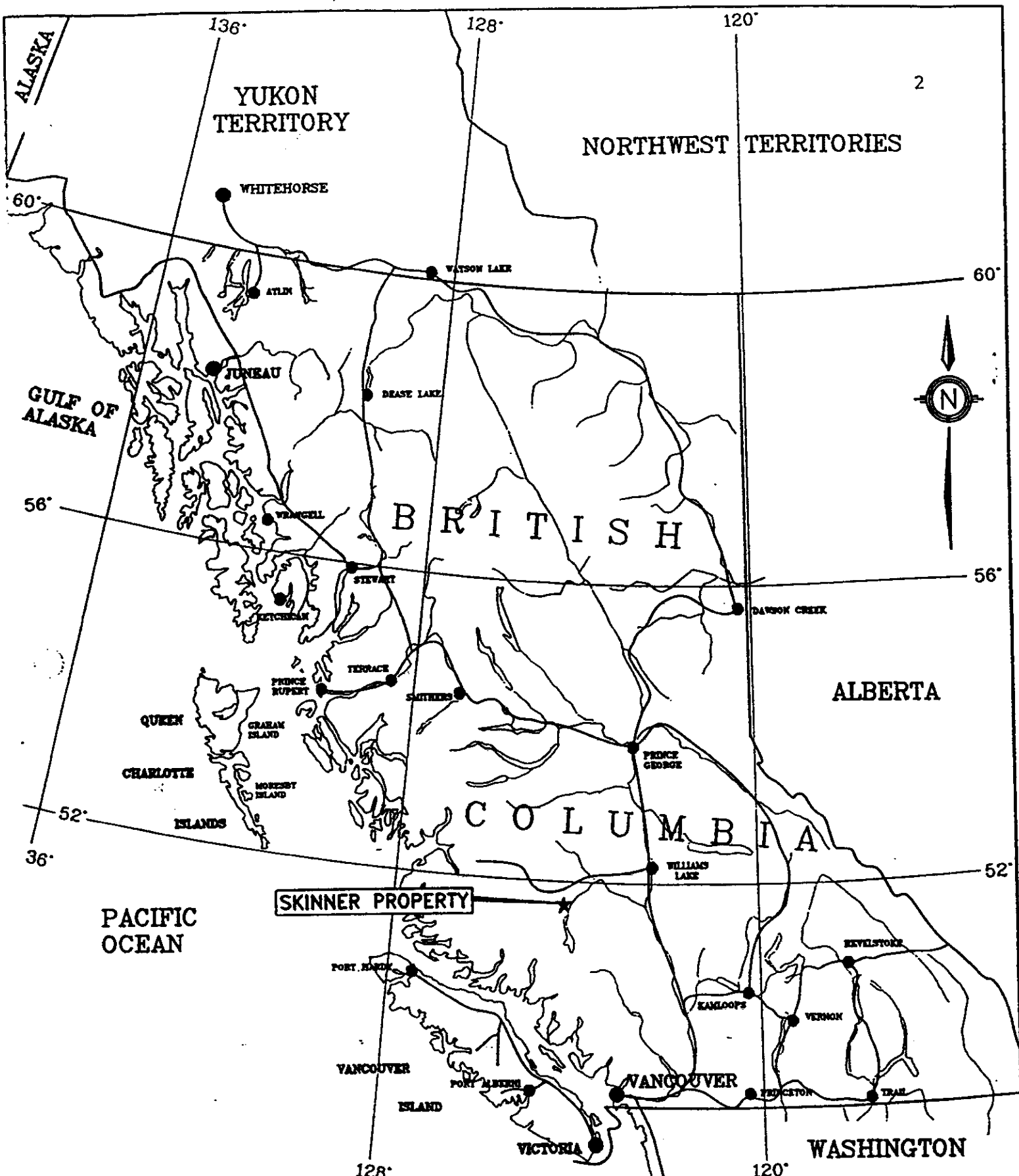
The topography of the area is typical of the West Chilcotin, consisting of broad valleys and uplands. Local elevation on the claim ranges from 1100 to 1300 metres, approximately 400 metres above the Tatlayoko Valley floor. The vegetation on the claim and in the vicinity consists of jack pine, Douglas firs and spruce trees with occasional open meadows and swamps. The weather tends to be dry and cool in the winter while summers are generally warm and dry.

OWNERSHIP/CLAIM STATUS

The Victoria Mining Claim (tenure # 528588) is owned 100% by Ottarasko Mines Ltd. (a company controlled by Mr. Louis Berniolles). It covers all the outcrops of the Victoria Vein, and all the mine works used for its exploitation. This claim will be brought to lease status as part of the start up process for the planned mining operation.

EXPLORATION HISTORY

Prior to 1990, only a limited amount of exploration for both base and precious metals had been completed intermittently within the immediate region of Mount Skinner. Placer gold was found in the early 1900's on nearby Lingfield Creek, but the source has not yet been located.



NORTHAIR MINES

SKINNER PROPERTY

DRAWN BY: T.K.	FIGURE NO: 1

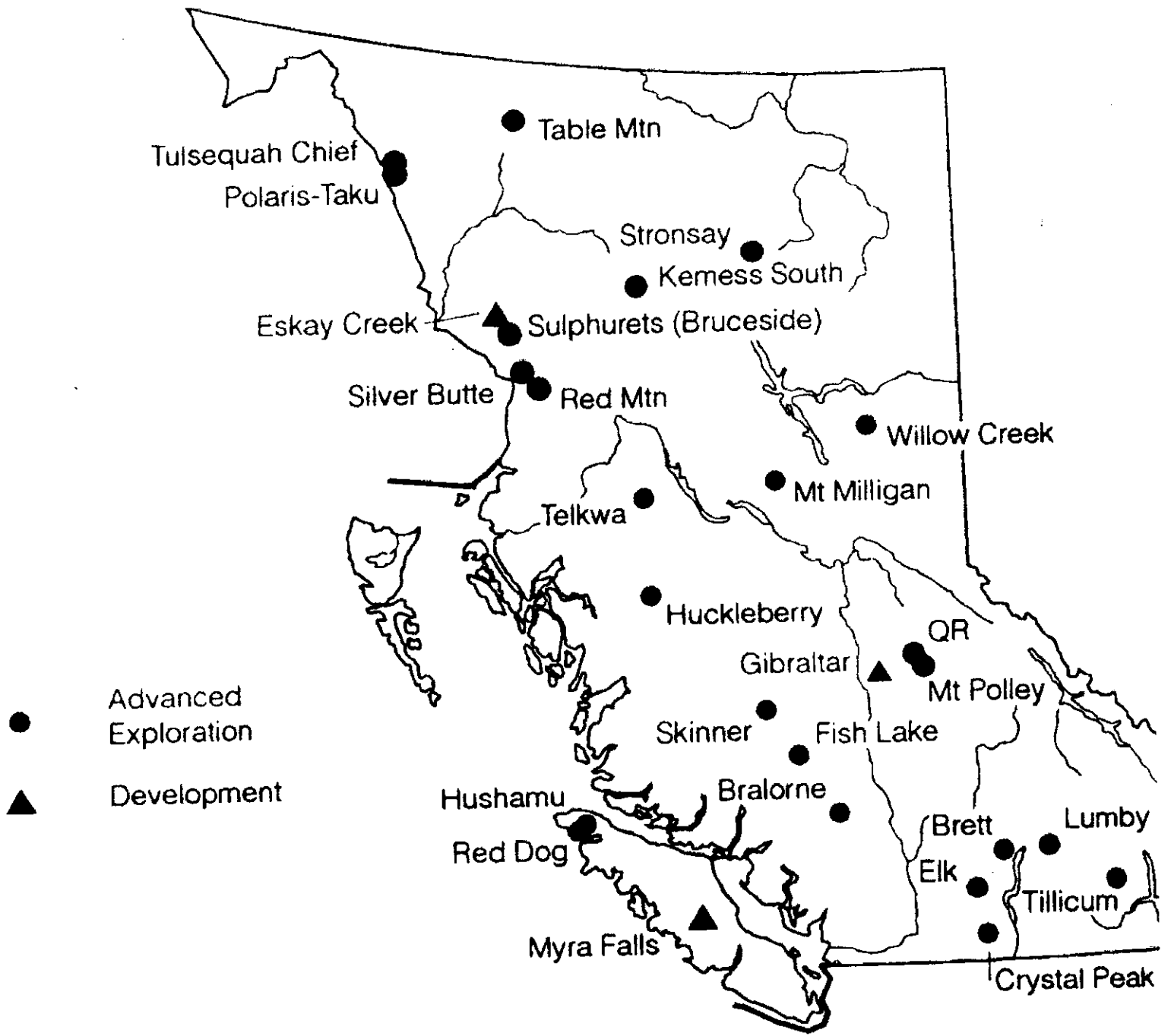
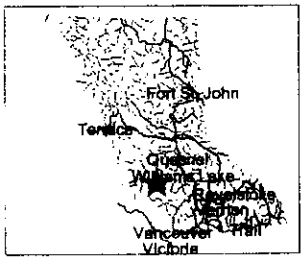
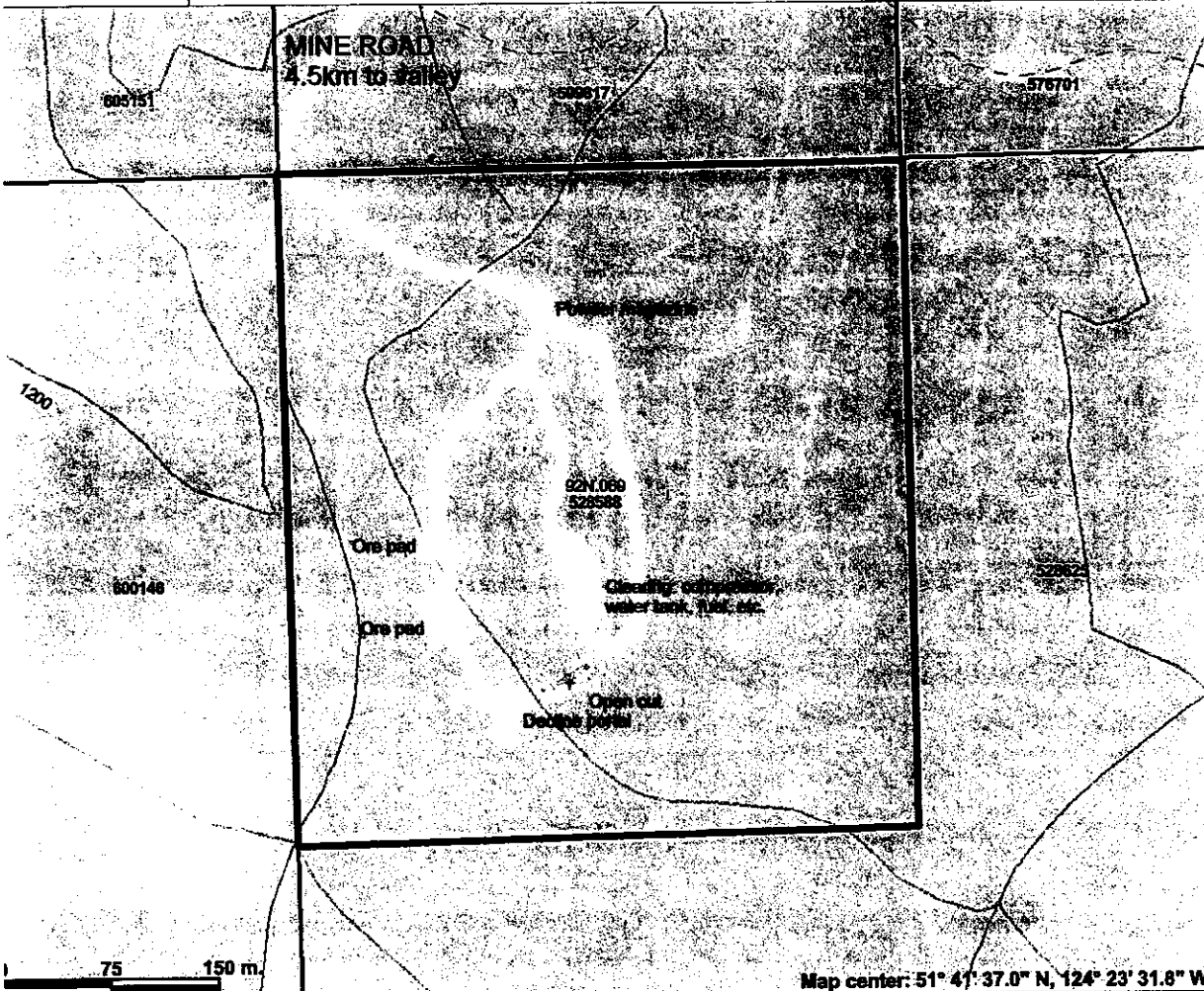


Figure 8. Advanced exploration and development projects in British Columbia.

extract from "Exploration in B.C. 1993", Geological Survey Branch, page 10

Mining Lease Application - Mount Skinner



Legend

- MINFILE Status**
- ⌘ Producer
 - ⌘ Past Producer
 - ⌘ Developed Prospect
 - All others
- Other Features**
- Indian Reserves
 - National Parks
 - Conservancy Areas
 - Parks
 - Mineral Tenure (current)
 - Mineral Claims
 - ▨ Mineral Lease
 - Integrated Cadastral Fabric
 - Survey Parcels
 - BCGS Grid
 - Contours (TRIM)
 - Contour - Index
 - Contour - Index, Indefinite
 - Contour - Index, Depression
 - Contour - Index, Depression Indefinite
 - Contour - Intermediate
 - Contour - Intermediate, Indefinite
 - Contour - Intermediate, Depression
 - Contour - Intermediate, Depression Indefinite
 - Areas of Exclusion
 - Areas of Indefinite Contours
 - Annotation (1:20K)
 - Transportation - Points (TRIM)
 - Heaped
 - Transportation - Lines (TRIM)
 - Airfield
- Scale: 1:4,254

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Notes: Yellow: roads, clearings, ore dumps
Blue: open cut

The Victoria Vein was discovered by Ottarasko Mines in June 1990 during a regional geochemical sampling program, and in the following months the company staked an extensive area surrounding the discovery vein on the flanks of Mount Skinner. After conducting a short program of hand trenching and sampling in the fall of 1990, Ottarasko optioned a 50% interest in the property to Northair Mines Ltd. for a total of \$2,135,000 in work commitments and cash payments over a five year period.

In 1991, Northair built road access to the Victoria Vein and funded approximately \$120,000 of geochemical and geophysical surveys, backhoe trenching, and drilling in the vicinity of the vein before relinquishing its option. Concurrently Ottarasko conducted a prospecting and sampling program of approximately \$40,000 on the surrounding area, during which the company found several extensions of the Victoria Vein to the northeast.

In 1992 and 1993 Ottarasko took a 172 tonne surface bulk sample on the Victoria Vein, in an open-cut 28 meters long, averaging three metres in depth and 0.6 metres in width.

In 1994 Ottarasko optioned a 100% interest in the property to Cheni Gold Mines Inc. for an aggregate of cash, gold deliveries and shares with a combined value of approximately \$1,000,000, with a 3% NSR on the property retained. Cheni conducted a drilling campaign, collared a decline giving access to the deposit 25 metres below the open-cut, and performed approximately 60 metres of underground development work and associated sampling, for total expenditures of \$199,000, before relinquishing its option.

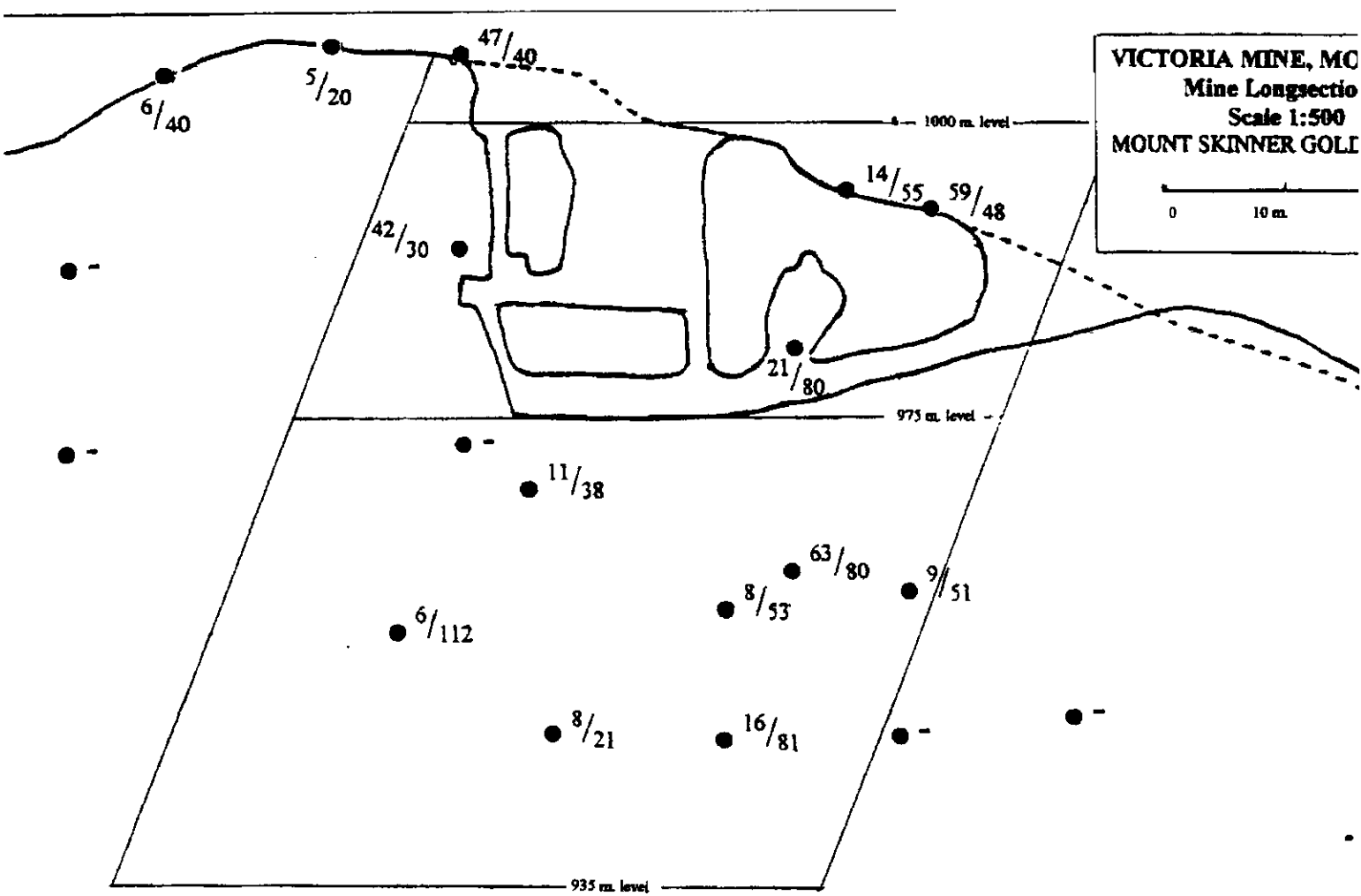
In 1995 and 1996, Ottarasko resumed bulk sampling, using the decline to test the grade obtainable from underground mining of the deposit, and the appropriate mining techniques for underground operations. A total of 529 tonnes of ore were taken and shipped for processing.

Operations were ended in 1997 due to the falling gold price, and the property has been on hold since then. A restart in 2010 is planned.

DRILLING RESULTS

As part of the evaluation of the property, fifteen drill holes, totalling 929 metres, were drilled in 1991 and 1994 to test the Victoria Vein. The drill sites were selected to test the vein over a 85 metre length and to a maximum depth of 75 metres. The significant drill results are summarized below:

Hole	From (m)	To (m)	Int (m)	Au (g/t)
91-1	28.4	28.7	0.30	41.6
91-3	24.5	25.4	0.90	20.8



INTERIM DRILL-INDICATED RESERVES * VICTORIA VEIN HIGH GRADE ORE SHOOT**

The paired values on this ore map represent gold content in grams per tonne (upper value) over true width of ore intersect in centimetres (lower value). All values are rounded to the nearest integer. A dash indicates a cut-off of either grade < 5g/t or width < 20 cm or both.

Bulk sampling of 773 tons containing 1295 ounces of gold indicates a mineable gold content of 80 oz in 50 tons of ore for each vertical metre of this ore shoot. The estimated mineable reserve between the 975 m. and 935 m. levels is 2000 tons containing 3200 ounces of gold, to which must be added approximately 300 tons containing 500 oz which remain to be mined above the 975 m. level.

The total interim mineable reserve of gold is 3700 oz. The ore shoot is open at depth.

91-4	33.9	34.9	1.00	62.3
94-1	50.34	50.74	0.40	11.4
94-3	42.10	42.63	0.53	9.5
94-6	52.89	53.43	0.54	8.1
94-7	66.16	67.00	0.84	15.5
94-9	70.62	71.78	1.16	5.9

All holes intersected the shear zone hosting the vein, but significant vein intersects are concentrated in the central section, over a distance of approximately 50 metres. The vein shows pronounced pinch and swell characteristics, both at surface in the trenches and underground, as shown by the drilling results. Additional shearing after the vein was in place resulted in locally stacked panels of ore, generally corresponding to the wider intersects in the drilling, and abundant quartz gouge, leading to poor recoveries of vein material in the drill core. Near surface the ore is highly pitted due to weathering of the minor sulphides in the ore, but this is less pronounced in deeper intersects, resulting in the appearance of noticeable pyrite and chalcopyrite. In general the alteration halo surrounding the vein is limited.

MINING

During the summers of 1992 and 1993, Ottarasko took a surface bulk sample of the Victoria Vein in an open cut 28 metres long, averaging three metres in depth and 0.6 metres in width. A total of 172.17 dry metric tonnes of ore were shipped to the Premier mill of Westmin Resources Limited. This bulk sample contained 369.93 ounces of gold, for a head grade of 2.148 ounce/tonne, with average recovery being 98.8%.

In 1995 and 1996, Ottarasko resumed bulk sampling to test the grade obtainable from underground mining of the deposit, and the appropriate mining techniques for underground operations. A total of 529.18 dry tonnes of ore were shipped for processing, in part to the Westmin mill and in part as direct shipping ore to Cominco's Trail smelter. The shipments to Westmin totalled 219.48 dry tonnes, and contained 381.74 ounces of gold, for a head grade of 1.739 ounces per tonne. The shipments to the Trail smelter totalled 309.70 dry tonnes containing 542.76 ounces of gold, for a head grade of 1.752 ounces per tonne. The decrease in grade, relative to the open cut bulk sample taken in 1992-93, is primarily attributable to an increase in dilution in underground mining conditions.

Overall, the bulk sampling produced 701.35 dry metric tonnes of ore at a total cost of \$276 815 for mining, local handling and beneficiation, shipping, and all related expenses. The returns from mill and smelter, after deduction of processing fees, was \$508 590, for a net pre-tax profit of \$231 775, or about \$330 per tonne. The price of gold realized fluctuated between Cdn\$401 and Cdn\$545 during the bulk sampling program, with a weighed average of Cdn\$482 over the entire 701 tonnes.

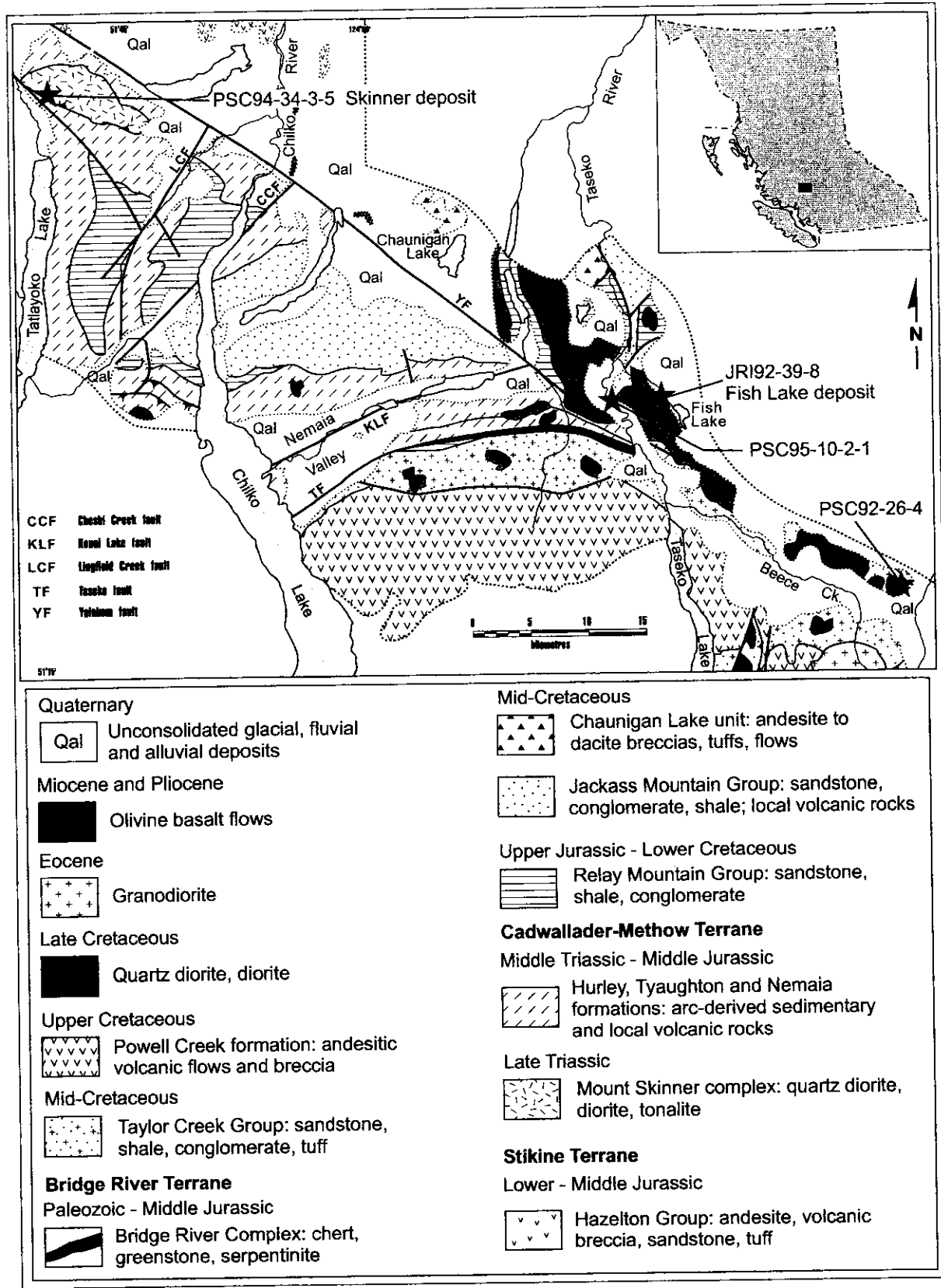


Figure 1. Simplified geological map of the Beece Creek - Tatlayoko Lake area, showing locations of samples discussed in this report.

REGIONAL GEOLOGY / PROPERTY GEOLOGY

The property is located on the southwest flank of Mt. Skinner in the northern part of the Chilcotin Ranges, an area of rugged, mountainous terrain. It is situated in the Cadwallader Terrane of the Coast Crystalline Belt between the northwest trending Yalakom and Tchaikazan Faults. The area is underlain by Early Cretaceous to late Triassic sedimentary rocks that have been dissected by northwest trending splays from the major fault systems and intruded by Early Tertiary granodiorite and quartz diorite of the Coast Plutonic Complex.

The quartz diorite that hosts the prospect has intruded Upper Norian conglomerate, limestone and greywacke sediments which lie to the north and Early to Middle Jurassic siltstone, shale grit and conglomerate which lie to the south.

Veins discovered to date occur in recessive weathering zones that have in part been identified as lineations on aerial photographs. Vein outcrop is almost non-existent on the property. The Victoria Vein is the most prominent vein located to date. It trends 070 degrees and has a northerly dip varying between 55 and 70 degrees. The vein, which at surface has been traced for 130 metres, pinches and swells, with widths variable to 1.4 metres. Vein mineralogy consists of a quartz gangue in which up to 5% pyrite along with minor chalcopyrite, malachite and on rare occasion visible gold occur as disseminations and along fracture faces. In general the sulphides at surface are pitted.

Wall rock alteration is patchy and generally weak. Where the alteration is well developed, chlorite, sericite and clay minerals are common while secondary silica is rare. Sericite occurs in minor amounts as a gangue mineral in the quartz vein. Throughout the property, and particularly in close proximity to the Victoria Vein, fine grained andesite dykes occur.

VALUATION OF PROPERTY

The value of the property has been determined by adding together the discounted net present value of the measured and indicated resources, the adjusted net present value of the inferred resources, and the exploration potential of the whole property. These components of value are determined in the following sections of this report.

Resources, Grade and Tonnage

For purposes of this discounted cash flow analysis, the remaining measured and indicated resources on the Victoria Vein have been estimated to be approximately 950 tonnes grading 1.70 ounces of gold per tonne, in the upper part of the ore body. This includes 300 tonnes remaining between surface at 1000 m and the decline portal at 975 m elevation (Level 0), and 650 tonnes between 975 m and 960 m (Level 1). An estimated

additional 1300 tonnes of ore between the 960 m and 935 m levels (Levels 2 and 3) is classified as inferred resources.

The tonnage and grade estimates are based on the experience and results of the bulk sampling at Level 0, with three different areas of the ore body yielding respectively 172 tonnes of 2.14 ounce per tonne, 219 tonnes of 1.74 ounce per tonne, and 310 tonnes of 1.75 ounce per tonne. Several additional multi-ounce areas above the 975 m level are identified and have yet to be mined.

Because of its pinch and swell characteristics, and wide differences of grade in different locations, the deposit must be mined selectively, in small discontinuous stopes. The estimated aggregate output of these stopes is 45 tonnes of ore grading 1.70 ounce of gold per tonne for each vertical metre of the Victoria Vein.

Mining Plan / Production Schedule

Most of the gold in the Victoria Vein is concentrated in pods of ore less than one metre thick and less than ten metres across, and production mining will be selective, in small stopes located by detailed panel sampling along underground drifts on the orebody. A three loop spiral decline ramp will be driven at a grade of minus 20%, using the existing portal and underground works at the 975 m level as a starting point. When completed, the ramp will reach down to the 935 m level, each loop giving access to a 14 m vertical extent of the vein. The first loop will give access to the 960 m level, which is considered the lowest limit of measured resources, the ore at lower levels being classified as inferred resources. The decline ramp will be centered on the vein and will intersect it twice for each loop of approximately 70 m, except for the first loop which will be entirely in the hanging wall of the vein and therefore will intersect it only once. Drifting on the ore will take place in both directions from each vein intersect, and sampling on the drifts will locate the stope areas to be mined selectively. During the production mining phases, pillars of ore will be left for safe access through the decline; these will be mined out at the end of the project.

Each of the three mining levels to be developed (Level 1, Level 2, Level 3) will require 70 m. of decline development for access by LHD, and 15 m. of raise development for ventilation and emergency access. Additionally an estimated 40 m. of horizontal drifting on the ore shoot will take place at each level. The decline will have the minimum dimensions for access by a 2 yard scooptram (2.4 m x 2.4 m); the raises and the drifts will measure 2m x 1.5m. For each level of mining of approximately 14 metres, an estimated 1100 tonnes of waste rock will be produced by decline development, plus 400 tonnes of diluted ore shoot material from raises and drifting, and an estimated 550 tonnes of high grade ore from the mining stopes. At each level it is expected that 100 tonnes of the development muck from the drifts and raises will be high grade, and this will be added to production mining; the other 300 tonnes will probably be of too low a grade to be shipped for processing.

TOTAL COSTS, RETREAT MINING \$183,000

Gold Price

The average gold price in Canadian dollars is estimated at C\$1,250 per ounce during the life of the project.

MEASURED AND INDICATED RESOURCES

At \$1,250 per ounce, the net return per tonne of ore would be as follows:

\$1,250 x 1.70 ounces =	\$2,125 Canadian per tonne
Milling/Smelting Fee	- 425 per tonne
Net Return	\$1,700 per tonne

Based on a total of 950 tonnes, the net revenue for the measured and indicated resources would be \$1,615,000, spread over two years.

Operating Profit

The expected operating profit for these 950 tonnes, with 650 tonnes shipped in Year 1, would be as follows:

	<u>Year 1 (2010)</u>	<u>Year 2 (2011)</u>
Net return from mill or smelter	\$ 1,105,000	\$ 510,000
Operating costs	<u>588,500</u>	<u>183,000</u>
Operating profit	\$ 516,500	\$ 327,000

Income taxes

It has been assumed that the effective tax rate is 30%, the maximum for a General Corporation. That rate would include both provincial and federal income tax and provincial mining tax. However the actual income taxes will be less if part of the operating profit is expended on exploration and development elsewhere on the property or on other properties, and also if the project is operated by a private company benefiting from the small business tax rate, such as Ottarasko Mines Ltd., the current owner.

Discount Rate

A 10% after tax constant-dollar (no inflation of prices and costs) discount rate has been utilized in the cash flow analysis. Such a rate is at the upper end of the range of an appropriate discount rate for a gold property.

Discounted Cash Flow

The net present value (as of February 1, 2010) of the projected cash flow from mining of the measured and indicated resources is calculated below:

	<u>Year 1 (2010)</u>	<u>Year 2 (2011)</u>
Pre-tax Operating Profit	\$ 516,500	\$327,000
Effective Income Tax (30%)	<u>154,950</u>	<u>98,100</u>
After-tax Cash Flow	\$ 361,550	\$228,900
Present Value Factor (10%)	0.932	0.847
<small>Assuming the cash flow is received (on average) on October 1 of each year</small>		
Net Present Value	\$336,900	\$193,800

Cumulative Net Present Value: **\$530,700**

INFERRED RESOURCES

The inferred resources are based on the ore continuing downward to the 935m level at the same grade (1.70 ounces per tonne) as that for the measured and indicated resources. This would result in two additional mining levels of 14 vertical metres each, and an additional 1300 tonnes of ore being produced in 2011. Development and mining costs for each of Level 2 and Level 3 would stay approximately the same as for Level 1, although the composition of costs would change somewhat, with added charges for haulage of ore and waste due to increased distances, but reduction or elimination of most of the initial input costs for the project. The total development and mining charge for the 1300 tonnes would therefore be approximately \$1,177,000

The inferred resources of 1300 tonnes of ore, grading 1.70 ounces of gold per tonne, would generate Net Returns of \$2,210,000, a Pre-tax Operating Profit of \$1,033,000, an After-tax Cash Flow of \$723,100, and, taking in account the Discount Rate of 10% and assuming that the cash flow would be received on October 1 of year 2 of the project (2011), a Net Present Value of \$612,400. However, for purposes of this valuation we have only added two thirds of this value (or **\$408,300**) to account for the greater risk associated with the inferred resources.

EXPLORATION POTENTIAL

The Victoria Vein is open at depth and should be drilled down-dip for additional resources. It occurs within a shear zone extending north-eastward in the granodioritic intrusive. En-echelon extension veins with the same attitude as the Victoria vein, to the north-east along this shear zone, have been briefly hand-trenched and should be further investigated.

It is Glanville's opinion that a reasonable value for the untested part of the property, including extensions of the Victoria vein along strike and at depth, would be approximately **\$200,000**.

VALUATION SUMMARY

The major components of value are summarized below:

	<u>Value</u>
Net Present Value of Measured & Indicated Resources	\$ 531,000
2/3 of Net Present Value of Inferred Resources	408,000
Value of Exploration Potential	<u>200,000</u>
TOTAL VALUE	\$ 1,139,000

As can be seen from the foregoing, the total value of the Mt. Skinner property is approximately **\$1.1 million**. Due to the risks inherent in exploration and mining, as well as fluctuations in the price of gold, exchange rates and other external factors, it is Glanville's opinion that a reasonable range of value is between \$0.8 million and \$1.4 million.

APPENDIX I

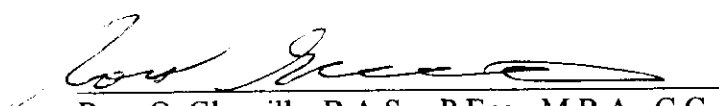
CERTIFICATE OF ROSS GLANVILLE

CERTIFICATE OF QUALIFICATION

I, Ross Glanville, of 401-188 West 29th Street, North Vancouver, British Columbia, Canada, hereby certify that:

- 1) I graduated with a B.A.Sc. (Mining Engineering) from the University of British Columbia (1970)
- 2) I hold a Masters Degree in Business Administration (M.B.A.) from the University of British Columbia (1974)
- 3) I am a registered member of the Association of Professional Engineers of British Columbia, and have been since 1972
- 4) I became a member of the Certified General Accountants Association of British Columbia in 1980
- 5) I am President of Ross Glanville & Associates Ltd., a company specializing in the valuations of exploration properties and mining companies.
- 6) I have been practicing my mining engineering profession since 1970 and have valued exploration and mining properties in many parts of Canada, the U.S.A., Australia, and Mexico, as well as in other areas of the world including South America and Africa.
- 7) I was formerly President of Giant Bay Resources Ltd. and Vice President - Valuations of Wright Engineers Limited, a large international mining, engineering and consulting company. Prior to that I was a mining engineer and transportation manager with Placer Development Ltd., and a mining and project analyst with two major investment holding companies.
- 8) My report is based on the terms of reference as set out in this report.
- 9) I have no interest, nor do I expect to receive any interest, either directly or indirectly, in Ottarasko Mines Ltd.
- 10) I hereby grant my permission for Ottarasko Mines Ltd. to use this report for whatever purpose it deems necessary.

DATED in Vancouver, British Columbia on the 1st day of February, 2010.


Ross O. Glanville, B.A.Sc., P.Eng., M.B.A., C.G.A.

APPENDIX II

VALUATION METHODOLOGIES

This section provides an introduction to valuation theory and a description of valuation methods used in the past.

INTRODUCTION

There are a variety of appropriate methods for valuing mineral properties depending on the stage, or status, of the property from initial exploration through to production. Some of these stages are outlined below:

- 1) Hypothetical analysis
- 2) Regional program
- 3) Anomalies
- 4) Claims staked (based on anomaly)
- 5) Claims staked (based on "hot" area)
- 6) Additional geological, geochemical or geophysical data
- 7) Development of a model for a target deposit
- 8) One drill hole in a mineralized zone
- 9) Two drill holes in a mineralized zone
- 10) Three drill holes to define a plane of mineralization
- 11) Additional drill holes for establishing inferred resources
- 12) Preliminary feasibility study
- 13) Enough holes to define proven, probable and possible ore
- 14) Exploratory development
- 15) Feasibility study
- 16) Construction of mine/mill
- 17) Producing mine

Some of the factors that affect the valuation of mining properties, especially at the early stages, are:

- 1) Local geological controls (faults, contacts, etc.)
- 2) Exploration and/or mining history of the area
- 3) General mining activity in the area
- 4) Comparison to similar geological settings elsewhere in the world
- 5) The "track record" of the exploration geologists
- 6) Presence of valuable minerals or metals (in situ, stockpiles, dumps, tailings, etc.)

- 7) Proximity to known resources
- 8) Staked, leased, or freehold claims
- 9) Infrastructure in place
- 10) Remoteness
- 11) Environmental sensitivities
- 12) Projected metal prices
- 13) General economic and political climate
- 14) Specific interests of a party bidding for the property

VALUATION METHODS USED IN THE PAST

A listing of the valuation methods, followed by brief descriptions of the methods that have been used in the past, is provided below:

- 1) Net present value (NPV) or discounted cash flow (DCF) method
- 2) The DCF method applied to a target or model deposit with the resulting value reduced by a factor to reflect the probability of achieving the target
- 3) Committed future expenditures by optionee plus the additional expenditures required to earn an interest times a probability of making the non-committed expenditures
- 4) Premium or discount on historical costs
- 5) Historical costs plus prudent expenditures for the next phase of work
- 6) Prices paid for comparable properties
- 7) Share price history
- 8) Market premium to, or discount from, share price
- 9) Book value per financial statements
- 10) Price/earnings ratio
- 11) Price/cash flow ratio
- 12) Statistical or probabilistic method
- 13) Replacement value of mine/mill complex
- 14) Value per tonne of ore in the ground
- 15) Payback period

1) Net Present Value (NPV) or Discounted Cash Flow (DCF)

If cash flows can be estimated or projected with some degree of certainty, the DCF method is the preferred one. Such cash flows are then discounted at an appropriate rate (considering the risk factors) to obtain a net present value.

2) DCF Adjust to Reflect the Probability of Success

For properties at a sufficiently advanced stage such that grade and tonnage can be estimated or projected, one can use a combination of the discounted cash flow method and a probability application. This probability is based on a judgement of

the likelihood of achieving a certain grade and tonnage, and, in addition, the chance and timing of proceeding to development.

3) Committed Future Expenditures by Optionee

One can determine the committed future expenditures by an optionee plus the additional expenditures required to earn an interest in a property times a probability of the non-committed expenditures being made. These expenditures should be further reduced by a discount rate to reflect the timing of the expenditures. One can then calculate the value ascribed to the optionor's remaining interest in the property

4) Premium or Discount on Historical Costs

This method implies a property is worth what has been spent on it (sometimes adjusted to present day dollars by an inflation index), plus a premium if the results are good, or a discount if the results are poor. However, expenditures on a property are not necessarily indicative of value, and a premium or discount is a subjective factor. Nevertheless, there is some correlation between costs and results.

5) Historical Costs plus Prudent Budgeted Expenditures

This method simply utilizes past costs and adds the budgeted costs of the next phase of work. As stated in "4" above, costs are not necessarily a good indicator of value. In addition, adding the costs of the next phase of work ignores the fact that expenditures have to be made (that is, an outlay of cash, which is a negative factor) in order to generate the value. Presumably, though, one budgets future expenditures on the expectation that the expended dollars will add at least that much in value. However, in order for this method to work, the added value has to be twice the budgeted expenditures for the next phase of the work. Although this is possible, the added value could just as easily be less than the expenditures, or many times the expenditure.

6) Comparable properties

This method has been used to establish a value based on a known transaction price of a comparable orebody. In mining, unlike oil and gas, there are no true comparables. Each property is relatively unique with regard to geology, costs, infrastructure, and some of the other factors mentioned earlier. However, transaction prices of similar properties can indicate a range of value for a particular property.

7) Share Price History

This method can give an indication of value, but is only applicable if the shares are listed on a public exchange, and if the company's only major asset is the property to

be valued. In addition, the price of a few shares sold is not necessarily reflective of what all the shares could be sold for.

8) Market Premium or Discount on Share Price

This method applies a premium or discount to a market price of a share. The method is subjective, but historical premiums or discounts (based on acquisitions) can be used as a guide to value.

9) Book Value

For exploration companies that capitalize exploration costs until a production or abandonment decision, this method is of little value. You may have unwisely spent exploration dollars, yet they appear on your books as assets. Conversely, you may have spent very few dollars, but have a very valuable orebody.

10) Price/Earnings Multiple

This method estimates earnings, which are multiplied by a price/earnings (P/E) multiple. The method is useful for a producing mine or company but is not as good as the discounted cash flow approach. Book items such as amortization and depreciation, which do not affect cash flow, can produce unrealistic values.

11) Price/Cash Flow Ratio

This method estimates cash flows which are then multiplied by a price/cash flow multiple typical of the mining industry. Although this method is acceptable for operating mines, it is not of much value for developing mines where the construction capital has not yet been spent.

12) Statistical or Probabilistic Method

This method is based on statistical analysis of the average value of an economic deposit (mine), the chance of discoveries becoming economic and of anomalies (drill targets) becoming discoveries. This method is somewhat subjective.

13) Replacement Value

What it costs to build a new mine/mill complex is not relevant to the value of a particular deposit. The mine/mill complex only has a value insofar as it enables one to generate cash flow.

14) Value per ton of Ore in the Ground

This method is extremely arbitrary since the material in the ground has no value until you establish the relationship between grades, recovery, metal prices, costs

and so on. However, brokers and analysts often determine approximate values for gold properties by applying market determined factors of "dollars per ounce of contained gold".

15) Payback Period

This determines when all your investment is repaid, and ignores the impact of cash flow in later years. For example, you could invest \$100 million and demand a four year payback. However your returns could be \$20 million a year for four years (which doesn't payback in four years) and then be \$200 million in year 5. The arbitrary application of the payback method would eliminate this good investment. In addition, the payback method ignores the time value of money (interest). The payback method is useful, though, when investing in politically unstable areas.