Mineral Resource and Mineral Reserve Estimate Seabee Gold Operation Saskatchewan, Canada

2012 Year End
NI 43-101 Technical Report

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Senior Vice President & Chief Operating Officer

December 23rd, 2013
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1 Executive Summary

This technical report provides technical information to support the estimates of mineral reserves and mineral resources ("MRMR") at the Seabee Gold Operation for Claude Resources Inc ("Claude or CRI"). The format and content of this report is consistent with CIM mineral resource and mineral reserve guidelines as well as the requirements of National Instrument 43-101 of the Canadian Securities Administrators. Unless otherwise indicated, all financial values are reported in Canadian currency while the Metric System has been used for units of measure. The effective date of this technical report is December 31st, 2012.

CRI commenced commercial production at the Seabee Gold Operation, approximately 125 km northeast of La Ronge, Saskatchewan, in December 1991. The property consists of 17,200 hectares and has been the subject of exploration since the late 1940s and has been in steady production since 1991. Since start-up, the property has produced approximately 1,000,000 ounces of gold including 46,827 ounces in 2009, 47,293 ounces in 2010, 44,756 ounces in 2011 and 49,570 ounces in 2012.

1.1 Property Description, Location, Access and Physiography

The Seabee Gold Operation is located on Provincial Crown land in the La Ronge Mining District at the north end of Laonil Lake approximately 125 kilometres northeast of the town of La Ronge, Saskatchewan and about 150 kilometres northwest of Flin Flon, Manitoba.

The Seabee Gold Operation has produced gold from five mineral leases. The current land position under control of CRI comprises an area in excess of 17,200 hectares within 26 claims and 6 mineral leases. The original ten quartz claims covering the Seabee mine site were consolidated into a single mineral lease (ML 5519) of approximately 201 hectares granted by the Crown on November 25, 1999. In November 1994, the Company entered into an option agreement to acquire a 100 percent working interest in the surrounding Currie Rose property. After fulfilling the conditions in the option agreement and obtaining a 100 percent interest in the property, a portion of the claims were converted to a mineral lease (ML 5520) on January 1, 1999. The leases were renegotiated in June of 2002 and expire in 2025. Mineral Leases have also been applied for and granted at Santoy 7 (ML 5535), Santoy 8 (ML 5543), Porky West (ML 5536) and Santoy Gap (ML 5551). In 2012, gold was produced from ML 5519, 5520 and 5543. The Seabee claims and leases owned by CRI are currently in good standing and are free of any encumbrances. The mining leases have been legally surveyed.

Topography of the region is characterized by low rocky ridges interspersed with lakes and muskeg. Temperature in the region typically ranges from -13 degrees Fahrenheit (-25 degrees Celsius) in January to 62 degrees Fahrenheit (17 degrees Celsius) in July. Mean annual precipitation is approximately 20 inches per year which includes snowfall from late October to mid-April.

Access to the minesite is by fixed wing aircraft from La Ronge or Flin Flon to a 1,275 metre airstrip located on the property. Equipment and bulky supplies are trucked to the site via a 60 kilometre winter road from Brabant Lake on Highway 102. The winter road is typically in use from January through March.

The Seabee Gold Operation directly supports a workforce of approximately 325 employees with permanent camp facilities. Electrical power is provided by a transmission line to the Operation by the provincial power authority, Saskatchewan Power Corporation.

1.2 History

The area around Laonil Lake has been intermittently explored since the 1940’s, with gold first discovered in 1947 by prospectors acting on behalf of Cominco Inc. ("Cominco").
The history of the Seabee Gold Operation can be subdivided into four main periods:

- The exploration of the property by Cominco between initial prospecting in 1947, staking in 1958 and detailed drilling and exploration from 1974 through 1983.
- The exploration and development work performed by Placer dome between 1985 and 1988.
- The exploration and development work conducted by CRI upon return of the property from Placer Dome. Based on a positive pre-feasibility study in 1989, CRI made the decision to put the deposit into production and construction of the mine began in the summer of 1990. Mining commenced at the Seabee Gold Operation in December 1991.
- The subsequent production, exploration and land consolidation from 1991 through to 2012.

1.3 Geology

The Seabee Gold Operation lies within the Glennie Domain of the Proterozoic Trans-Hudson Orogen. The Trans-Hudson Orogen is divided into two distinctive zones: the Cree Lake Zone, composed of Early Proterozoic continental-shelf sedimentary rocks that overlie the Archean Hearne Province; and the Reindeer Zone consisting of mid-oceanic ridge basalts, oceanic island-arc basalts, inter-arc volcanogenic sedimentary rocks, and molasse-type sedimentary rocks. Plutonic rocks of various ages and compositions intrude the supracrustal sequences. The Glennie Domain is one of the components of the Reindeer Zone.

The Seabee, Santoy 8, Santoy Gap and Porky gold deposits are quartz-vein hosted and associated with shear zones within the meta-volcanic, meta-sedimentary and intrusive rocks of the Glennie Domain.

The Seabee gold deposit is hosted in shear structures within the Laonil Lake Intrusive Complex. Gold mineralisation occurs within an extensive network of sub-parallel shear structures which crosscut the Complex. Feldspar porphyry, dioritic, intermediate, and mafic dykes occur proximal to many of the major structures. The Santoy Gap and Santoy 8 gold deposits are hosted in north-northwest-trending shear structures, subparallel to and immediately east of the Santoy Shear Zone. Gold mineralisation occurs within well-defined shear structures which crosscut mafic metavolcanic rocks of Assemblage A.

1.4 Reserve and Resource Estimation

Drill holes are logged and sampled by the company’s geological staff as well as professional staff on contract. Analyses of samples are performed externally by TSL Laboratories and ALS Laboratories, both certified laboratories as well as internally by Claude’s non-certified assay laboratory. Drill logs and analytical results are stored in a database managed by CRI. Drill-hole data and data collected during mining provide the basis for all resource estimates.

The methodology for estimating MMRMR is: i) polygonal, a manual interpolation and extrapolation between sill sampling, raise sampling and diamond drill holes; or, ii) block modeling, a statistical 3-dimensional process based on sill sampling, raise sampling and diamond drill holes. High-grade gold assays are routinely cut to 50 grams per tonne (g/t) Au at Seabee, Santoy 8 and Santoy Gap, 30 g/t at Porky Main, 72 g/t at L62 and 15 g/t at Porky West prior to grade estimation. This cutting factor has been established from statistics and is supported by experience during mining or exploration.

Mineral reserve estimates have been prepared in accordance with Council of the Canadian Institute of Mining, Metallurgy and Petroleum, (“CIM”), guidelines. Mineral reserve estimates are
derived from resource models and scheduled. Economic evaluations are performed to determine the viability of each ore body. Assumptions used in the economic evaluation of material include the following:

- Estimates of capital and operating costs based on current and forecast costs;
- Estimates of metallurgical recovery at milling facilities, based on the historical performance of Seabee and Santoy ore types; and
- Metal price and exchange rate assumptions are based on forecasts provided by CRI’s corporate office.

Only the portion of measured and indicated resources that are demonstrably economic to mine are converted to reserves. Measured and indicated resources in future mining areas that do not, as of yet, have an associated pre-feasibility level study to substantiate costs are not converted to reserves. Estimates of tonnes and grade of material contained in the reserve model are reconciled with credits from the mill and refinery.

### 1.5 Mineral Reserve and Mineral Resource Statement

MRMR estimates are based on definitions adopted by the CIM. Table 1 details the Seabee Gold Operation MRMR using a long-term gold price of $1,500 per ounce Canadian.

Table 1: Seabee Gold Operation consolidated MRMR

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<th>December 31, 2012</th>
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<th>December 31, 2011</th>
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<tr>
<td></td>
<td>Tonnes</td>
<td>Grade (g/t)</td>
<td>Ounces</td>
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<td><strong>Proven and Probable Reserves</strong></td>
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<tr>
<td></td>
<td>2,785,200</td>
<td>6.19</td>
<td>554,100</td>
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<td></td>
<td>469,600</td>
<td>5.10</td>
<td>77,000</td>
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<td><strong>Inferred Mineral Resources</strong></td>
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<tr>
<td></td>
<td>2,957,600</td>
<td>6.35</td>
<td>603,400</td>
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1. Mineral resources and reserves for the Seabee deposit are reported at a cut-off of 4.5 grams of gold per tonne and at Santoy 8 and Santoy Gap at a cut-off of 3.00 grams of gold per tonne. A price of Can $1,500 per ounce of gold using metallurgical and process recovery of 95.2 percent percent and overall ore mining and processing costs derived from 2012 realized costs. All figures are rounded to reflect the relative accuracy of the estimates.

2. Mineral resources are not mineral reserves and 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 resource and reserve evaluation work was completed by a team of geologists under the supervision Brian Skanderbeg, P.Geo., full time employee of Claude Resources. He has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activities undertaken to qualify as a Qualified Person as defined by National Instrument 43-101.

3. The mineral resources and reserves reported herein have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines and are reported in accordance with Canadian Securities Administrators’ National Instrument 43-101.

### 1.6 Exploration, Development and Operations, Risks and Opportunities

Exploration at the Seabee Gold Operation in 2012 consisted of over 50,000 metres of underground drilling as well as over 4,000 metres of surface drilling. Surface and underground exploration in 2012 resulted in the continued expansion of two new deposits in the Seabee area, namely the L62 and Santoy Gap deposits. The Seabee Gold Operation produced 49,570 ounces of gold in 2012.
The main areas of risk to the current resource and reserve estimate is the inherent uncertainty in estimating reserves in narrow vein orebodies, escalating operating and cash costs and long term gold price. Other risks are common to other the industry and are summarized in section 15.

The main opportunities to increase reserves and resources and improve upon the current life of mine plan are through successful exploration, an increase in site production capacities and a reduction in site production costs. The majority of the existing ore deposits are open down-plunge and will be explored in the future. The regional mineralized structures are also open along strike.

1.7 Conclusions and Recommendations

1.7.1 Conclusions

CRI's Seabee Gold Operation is Saskatchewan’s oldest gold mine, producing a record 60,200 oz Au in 1998. Since production began in December 1991, in excess of 1,000,000 oz Au has been produced.

The zones currently being mined are accessed by a 3.4 by 4.5 metre ramp to the 1,200 metre level at Seabee and a 4.0 by 5.0 metre ramp to the 250 level at Santoy. Mining efforts are currently being focused on the 2b, 2c, 8A, 8B and 8E zones. At Seabee, the shaft and hoisting facility, commissioned in the fourth quarter of 1997 (with an extension commissioned in November, 2003), provides ore and waste transport to surface from as deep as the 550 metre level. A second extension of the shaft was completed in Q1 2013 to the 950 metre level. As much as 850 tonnes per day of ore and waste are moved to the ore and waste pass system and hoisted to surface with the ore then conveyed to the mill.

In 2011, a second satellite mine called Santoy 8 was successfully brought into production. Santoy 8 is a shallow orebody access via decline from surface. Infrastructure (camp, water management pond, waste/ore stockpiles, dry, electrical distribution, etc) exists on surface. All ore from Santoy is hauled via an all season surface road to the Seabee mill. The mill process consists of a three stage crushing circuit, a two stage grinding circuit, followed by cyanide leaching. The leached gold is collected in a carbon-in-pulp circuit, stripped using mild caustic and collected on stainless steel mesh cathodes by Electrowinning. The product from Electrowinning is refined into Dore bars in a bullion furnace. Power is supplied by line from Saskatchewan Power Corporation’s provincial power grid.

During 2012, Claude Resources Inc. continued an aggressive underground drilling program on its Seabee Gold Operation approximately 120 kilometres northeast of the La Ronge, Saskatchewan. The program was successful in adding and upgrading resources and reserves to the Seabee property.

MRMR have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” Guidelines. Mineral resources have been classified according to the “CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines”. Claude uses industry best practices to acquire, manage, and interpret data collected for the Seabee Gold Operation.

SRK Consulting (Canada) Inc. have audited and reviewed the MRMR data for 2011 and concluded that Claude’s policy, calculations and tabulations are conformable to CIM Definition Standards (November 2010) and National Instrument 43-101.
1.7.2 Recommendations

The Seabee, Porky West, Porky Main, Santoy 8 and Santoy Gap deposits are not completely delineated either down dip or along strike. Further drilling is necessary to outline the gold mineralization continuity and determine future resource and reserve growth. Infill drilling in more widely spaced areas is required to increase the confidence in the lateral continuity of the gold mineralization and upgrade inferred resources into reserves.

During 2013 exploration drilling is planned on the 2b, 2c, L62, Santoy 8 and Santoy Gap structures both at depth and along strike. Total metreage is anticipated to be approximately 55,000 metres. Pre-feasibility studies and an updated Life of Mine plan are in progress and will incorporate the Santoy Gap and L62 deposits. Based on the results of these studies future mill and infrastructure expansion may be warranted.

The gold mineralization delineated at the Seabee Gold Operation exhibits complex geometrical patterns arising from a combination of structural and/or lithological controls. The area investigated by drilling extends over 15 km in strike length to depth exceeding 1,400 metres. CRI believe that the current mineral resource model developed represents a reasonable and appropriate reflection of the geological and grade continuity given current level of sampling and understanding of the geological and structural setting of the gold mineralization.

The potential to add to the mineral resources of this project is considered high as the main gold-bearing structures remain open laterally and at depth. Furthermore, the exploration potential of the large surrounding property remains poorly tested away from resource area.
2 Introduction and Terms of Reference

2.1 Introduction

CRI has operated the Seabee Gold Operation since 1991. CRI is a gold mining and exploration company based in Saskatoon, Saskatchewan, Canada. The Company's mission is to create and deliver outstanding stakeholder value through the exploration, development, and mining of gold and other precious metals. Its vision is to be highly valued by all stakeholders for its ability to discover, develop and produce gold and other precious metals in a disciplined, safe, environmentally responsible and profitable manner.

For the year ending December 31, 2012 the Company had 176 million shares outstanding. Claude Resources Inc. is listed on the Toronto Stock Exchange (CRJ-TSX) and OTCQB (CLGRF-OTCQB).

CRI's principal producing mining asset is the Seabee Gold Operation, accessed by air 125 kilometres northeast of La Ronge, Saskatchewan. This property went into production in 1991 and has produced in excess of 1,000,000 ounces of gold from the Seabee, Porky West, Santoy 7 and Santoy 8 deposits. The mines are narrow vein underground operations which, at December 31, 2012, had approximately 2,785,200 tonnes of proven and probable reserves at 6.19 grams of gold per tonne and an additional 469,600 tonnes of measured and indicated resources at 5.10 grams of gold per tonne and 2,957,600 tonnes of inferred resources at 6.35 grams of gold per tonne.

During 2007, expansion of the Seabee Mill to 925 tonnes per day ("TPD") was completed. Phase 1 expansion consisted of the commissioning of the primary ball mill and the reconfiguration of the two existing ball mills as components of the secondary grinding circuit. Phase 2 in 2008 consisted of the installation and commissioning of a Knelsen Concentrator to reduce operating costs. These improvements increased our mill tonnage capacity from future gold projects such as the Porky West, Porky Main, and Santoy Gap deposits, which are all within trucking distance. CRI controls a large land package surrounding the Seabee Mill.

2.2 Sources of Data and Information

Drillhole information for CRI’s Seabee Gold Operation is located at site or at the corporate head office. Audits to confirm the integrity of data are conducted as part of the resource estimation process. The status of claims, mineral leases and mining rights is managed by CRI.

Mine operating cost estimates are based on historical performance and are obtained from CRI's accounting systems. Mine capital cost estimates are derived from first principals as part of pre-feasibility or feasibility studies.

CRI’s corporate office provides the metal price and exchange rate assumptions and other macro-economic parameters that are used in the economic evaluations. The corporate office also provides guidance on the allocation of overhead costs.

The progressive decommissioning plan is budgeted by the central environmental group, and is in accordance with the Seabee Gold Operation closure plan.

The reference contains a list of supporting documents. Parts reproduced from non-CRI documents are in italics.
2.3 **Metric Equivalents**

For ease of reference, the following factors for converting metric measurements into imperial equivalents are provided.

**Table 2: Conversion parameters**

<table>
<thead>
<tr>
<th>To Convert from Metric</th>
<th>To Imperial</th>
<th>Multiply by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hectares</td>
<td>Acres</td>
<td>2.471</td>
</tr>
<tr>
<td>Metres</td>
<td>Feet (ft.)</td>
<td>3.281</td>
</tr>
<tr>
<td>Kilometres (km)</td>
<td>Miles</td>
<td>0.621</td>
</tr>
<tr>
<td>Tonnes</td>
<td>Tons (2000 pounds)</td>
<td>1.102</td>
</tr>
<tr>
<td>Grams</td>
<td>Troy Ounces</td>
<td>0.029</td>
</tr>
</tbody>
</table>
2.4 Glossary of Terms

Alteration – any change in the mineral composition of a rock brought about by physical or chemical means.

Amphibolite - a metamorphic rock that may have originated as a basalt lava flow or mafic dike/sill.

Arsenopyrite - the most common arsenic mineral and principal ore of arsenic; occurs in many sulfide ore deposits, particularly those containing lead, silver, and gold.

Assaying - laboratory examination that determines the content or proportion of a specific metal (i.e.: silver) contained within a sample. Technique usually involves firing/smelting.

Autoclave – a high pressure and temperature vessel for oxidizing refractory ore. Ore or concentrate is fed into the strong vessel and placed under high pressure and temperature conditions with elevated oxygen levels to liberate the gold or base metals.

Batholith – a very large intrusive mass of igneous rock.

Boudinage - a structure common in strongly deformed sedimentary and metamorphic rocks, in which an original continuous competent layer or bed has been stretched, thinned and broken at regular intervals into bodies resembling boudins or sausages.

BQ Drill – a drill having a core diameter of 36.5 mm and a hole diameter of 60 mm.

Brecciated – broken into sharp-angled fragments surrounded by finer-grained material.

Bulk Sample – collection of representative mineralized material whose location, geologic character and metal assay content can be used for testing.

Carbon-in-pulp - a method of recovering gold and silver from pregnant cyanide solutions by absorbing the precious metals within the solution onto granules of activated carbon.

Care and Maintenance Basis - in reference to mining means the indefinite suspension of all operations except those services and personnel necessary to insure the safeguarding of mining property and assets against controllable acts.

Carried Interest – the Company's working interest share of capital and operating costs are paid by another party for a specified period of time or until a specific event occurs.

Chalcopyrite - a sulphide mineral of copper and iron.

Clastic - fragments of minerals and rocks that have been moved individually from their places of origin.

Core Samples - the cylindrical form of rock called “core” that is extracted from a diamond drill hole. Mineralized sections are separated and these samples are sent to a laboratory for analysis.

Cross-cut - a horizontal opening driven from a shaft or haulage drift at an oblique or right angle to the strike of a vein or other orebody.

Cut-off Grade - the lowest grade of mineralized material that qualifies as a reserve in a deposit (i.e.: contributing material of the lowest assay that is included in a reserve estimate).

Cut Value - applies to assays that have been reduced by a statistically determined maximum to prevent erratic high values from inflating the average.

Developed or Development - in oil and gas refers to land to which proved or probable reserves have been assigned, with any wells drilled in a developed area specified as development wells.

Diamond Drilling – a type of rotary drilling in which diamond bits are used as the rock-cutting tool to produce a recoverable drill core sample of rock for observation and analysis.

Dip – the angle that a structural surface, a bedding or fault plane makes with the horizontal, measured perpendicular to the strike of the structure.

Disposition – rights granted by the Crown under a permit, claim or lease.

Disseminated – where minerals occur as scattered particles in the rock.

Dore – final saleable product from a gold mine.

Drift - a horizontal underground opening that follows along the length of a vein or rock formation.
Electrowinning – the process of recovering metal from solution by electrolysis.
Environmental Baseline Study - a geotechnical study that monitors and establishes the numerous naturally occurring base levels present within a specific area/environment. These can include: water chemistry, flora and fauna.
Epithermal – low temperature hydrothermal process or product.
Exploration – work involved in searching for ore, from prospecting to diamond drilling or driving a drift.
Exploration Wells - wells drilled to find hydrocarbons in an unproved area.
Face - the end of a drift, crosscut or stope in which work is taking place.
Facies – the character and composition of sedimentary deposits.
Fault – a fracture or break in rock along which there has been movement.
Feasibility Study – a definitive study of the viability of a mineral project by a qualified professional that defines: (1) mining methods, pit configuration, mine scheduling, mine equipment and all related costing, (2) method of mineral processing and all related plant, equipment and costing, (3) necessary determination of all infrastructure required and relevant costs, and (4) all requirements of government and markets for mine operation. A definitive financial analysis of the mineral project taking into consideration all relevant factors, which will establish the presence of a Mineral Reserve and the details of its economic viability.
Felsic – an adjective describing an igneous rock having mostly light colour minerals and rich in silica, potassium and/or sodium rich aluminosilicated minerals.
Fire Assay - the assaying of metallic minerals by use of a miniature smelting procedure with various agents.
Footwall - the rock on the underside of a vein or ore structure.
Fracture – a break or crack in rock.
Fracture-controlled - a type of mineralization where circulating fluids deposit minerals preferentially upon fracture planes within a rock mass.
Gabbro – a coarse-grained, crystalline, dark igneous rock.
Geochemistry - the study of the chemical properties of rocks.
Geophysical Survey - a scientific method of prospecting that measures the physical properties of rock formations. Common properties investigated include magnetism, specific gravity, electrical conductivity and radioactivity.
Gneiss - a layered or banded crystalline metamorphic rock, the grains of which are aligned or elongated into a roughly parallel arrangement.
Grade – the metal content of rock with precious metals, grade can be expressed as troy ounces or grams of gold per tonne of rock.
Gross - in reference to land or wells means a 100 percent interest. When referring to the Company’s natural gas, crude oil, and natural gas liquids production, it means total projected production or reserves from the property.
Gross Reserves - total remaining projected production from a 100 percent interest in the applicable property.
Head Grade – the average grade of ore fed into a mill.
Highwall - the unexcavated face of ore in an underground stope.
Hydrothermal – the products or the actions of heated waters in a rock mass such as a mineral deposit precipitating from a hot solution.
Hydrothermal Alteration - the process by which heated or superheated water/solutions alter the chemistry of the rocks they circulate through.
ICA – Investment Canada Act (Canada).
Igneous – a primary type of rock formed by the cooling of molten material.
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.

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.

Intrusion; Intrusive molten rock that is intruded (injected) into spaces that are created by a combination of melting and displacement.

ITA – Income Tax Act (Canada).

Lens - a body of ore that is thick in the middle and tapers towards the ends.

LT - long tons.

Mafic - igneous rocks composed mostly of dark, iron and magnesium-rich minerals.

MLT - thousands of long tons.

Mesothermal – a hydrothermal mineral deposit formed at considerable depth and in the temperature range of 200 to 300 degrees C (Celsius).

Measured Mineral Resource - in reference to minerals, means a quantity is computed from dimensions revealed in outcrops, trenches, workings, or drill holes; grade and (or) quality are computed from the results of detailed sampling. The sites for inspection, sampling, and measurement are spaced so closely and the geological character is so well defined that size, shape, depth and mineral content of the resource are well established.

Metamorphosed Rocks - are changed in character by processes of intense heat and pressure deep within the earth’s crust.

Metallurgy – the study of the extractive processes which produce minerals from their host rocks.

Metallurgical Tests - scientific examinations of rock/material to determine the optimum extraction of metal contained. Core samples from diamond drill holes are often used as representative samples of the mineralization for this test work.

Mineral – a naturally formed chemical element or compound having a definitive chemical composition and usually a characteristic crystal form.

Mineralization – a natural concentration in rocks or soil of one or more minerals.

Mineral Reserve – the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Prefeasibility 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.

Mineral Resource – a concentration or occurrence of natural, solid, inorganic, or fossilized organic material 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.

Muck - ore or rock that has been broken by blasting.

Muskeg – a thick deposit of decayed vegetable matter forming swampy areas.

Net Profit Interest (“NPI”) – a phrase used to describe a royalty payment made by a producer of metals based on a percentage of revenue from production, less the deduction of the equivalent percentage of costs of commercial production, including exploration, capital and operating costs.
Net Smelter Return Royalty ("NSR") – a phrase used to describe a royalty payment made by a producer of metals based on a percentage of gross metal production from the property, less deduction of certain limited costs including smelting, refining, transportation and insurance costs.

Pillar - a block of solid ore or other rock left in place to structurally support the shaft, walls or roof of a mine.

Plunge - the vertical angle a linear geological feature makes with the horizontal plane.

Porphyry - any igneous rock in which relatively large crystals are set in a fine-grained groundmass.

Prefeasibility Study – a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and where an effective method of mineral processing has been determined. This study must include a financial analysis based on reasonable assumptions of technical engineering, operating, and economic factors, which are sufficient for a Qualified Person acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

Pulp - a mixture of ground ore and water.

Pyrite - an iron sulphide mineral (FeS2), the most common naturally occurring sulphide mineral.

Pyrrhotite - a bronze-colour, often magnetic iron sulphide mineral.

Qualified Person – an individual who is an engineer or geoscientist with at least five (5) years of experience in mineral exploration, mine development, mine operation, project assessment or any combination of these; has experience relevant to the subject matter of the mineral project and technical report; and is a member in good standing of a professional association.

Quartz – crystalline silica, often forming veins in fractures and faults within older rocks.

Quartz Monzonite - coarse grained, quartz rich igneous rock usually occurring as a smaller rock mass associated with major granitic bodies.

QP – Qualified Person

Raise - a vertical or inclined underground working that has been excavated from the bottom upward.

Recovery Rate - percentage of valuable metal in the ore that is recovered by metallurgical treatment.

Refractory – ore that resists the action of chemical reagents in the normal treatment processes and which may require pressure leaching or other means to affect the full recovery of the valuable minerals.

Resource – a concentration of mineral material in such form and amount that economic extraction of a commodity from the concentration is currently or potentially feasible. Locations, grade, quality or quantity are estimated from specific geological evidence.

Reverse Circulation Drilling (RC) – a drilling method used in geological appraisals whereby the drilling fluid passes inside the drill stem to a down-the-hole percussion bit and returns to the surface outside the drill stem carrying the drill chip samples.

Roasting – to heat a refractory ore to drive off volatile substances or oxidize the ore. The oxidation of the ore liberates the gold.

Sericite – a fine-grained potassium mica found in various metamorphic rocks.

Shear Zone - a zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.

Showing - surface occurrence of mineral.

Shrinkage Stoping – any mining method in which broken ore is temporarily retained in the stope to provide a working platform and/or to offer temporary support to the stope walls during active mining.

Silificiation – the insitu alteration of a rock, which involves an increase in the proportion of silica minerals.

Sill - an intrusive sheet of igneous rock of roughly uniform thickness that has been forced between the bedding planes of existing rock; the initial horizontal drift along the strike of the ore vein.

Specific Gravity - the ratio between the weight of a unit volume of a substance and that of water.
Splay - one of a series of divergent small faults or fractures at the extremities of a major fault.

STB - stock tank barrels equals 34.972 Imperial gallons or 42 U.S. gallons.

Stope - an underground excavation from which ore has been extracted, either above or below a level. Access to stopes is usually by way of adjacent raises.

Stratigraphy – the sequence of bedded rocks in a particular area.

Supergene Effects – the near surface effect of the water/solutions percolating down from the earth's surface (weathering); these solutions can dissolve minerals at the surface and then reconcentrated at depth.

Synform - a fold whose limbs close downward in strata for which the stratigraphic sequence is unknown.

Tailings Pond - a low-lying depression used to confine tailings, the prime function of which is to allow enough time for heavy metals to settle out or for cyanide to be destroyed before water is discharged into the local watershed.

Tonne – a metric ton or 2,204 pounds.

Tourmaline – a complex, crystallized silicate containing boron.

Trenching - the process of exploration by which till is removed from a trench cut from the earth’s surface.

Undeveloped Acreage - in reference to oil and gas reserves, means land to which no proven or probable reserves have been assigned.

Unitized - the consolidation of several producing leases into one operating unit; is usually undertaken to enable greater recovery of natural gas, crude oil and liquids because it allows for more economical operations.

Vein – a thin, sheet-like, cross-cutting body of hydrothermal mineralization, principally quartz.

Volcanics – those originally molten rocks, generally fine grained, that have reached or nearly reached the Earth’s surface before solidifying.

Waste – barren rock in a mine, or mineralized material that is too low in grade to be mined and milled at a profit.
### 2.5 Definition of abbreviations

#### Table 3: Technical abbreviations, units and elements

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag</td>
<td>Silver</td>
</tr>
<tr>
<td>As</td>
<td>Arsenic</td>
</tr>
<tr>
<td>AQ</td>
<td>1.06” drill core size</td>
</tr>
<tr>
<td>Au</td>
<td>Gold</td>
</tr>
<tr>
<td>BQ</td>
<td>1.43” drill core size</td>
</tr>
<tr>
<td>Co</td>
<td>Cobalt</td>
</tr>
<tr>
<td>Cp</td>
<td>Chalcopyrite</td>
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<tr>
<td>Cu</td>
<td>Copper</td>
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<td>Fe</td>
<td>Iron</td>
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<td>Ft</td>
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<td>g</td>
<td>grams</td>
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<td>HQ</td>
<td>2.5” drill core size</td>
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<tr>
<td>Ir</td>
<td>Iridium</td>
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<td>In</td>
<td>Inches</td>
</tr>
<tr>
<td>M</td>
<td>Metres</td>
</tr>
<tr>
<td>Ma</td>
<td>millions of years</td>
</tr>
<tr>
<td>Mi</td>
<td>Miles</td>
</tr>
<tr>
<td>Mm</td>
<td>Millimetres</td>
</tr>
<tr>
<td>Ni</td>
<td>Nickel</td>
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<td>NQ</td>
<td>1.875” drill core size</td>
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<td>Os</td>
<td>Osmium</td>
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<tr>
<td>Pb</td>
<td>Lead</td>
</tr>
<tr>
<td>Pd</td>
<td>Palladium</td>
</tr>
<tr>
<td>PGE</td>
<td>platinum group elements</td>
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<tr>
<td>Pn</td>
<td>Pentlandite</td>
</tr>
<tr>
<td>Po</td>
<td>Pyrrhotite</td>
</tr>
<tr>
<td>Pt</td>
<td>Platinum</td>
</tr>
<tr>
<td>PQ</td>
<td>3.345” drill core size</td>
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<tr>
<td>Rh</td>
<td>Rhodium</td>
</tr>
<tr>
<td>Ru</td>
<td>Ruthenium</td>
</tr>
<tr>
<td>S</td>
<td>Sulphur</td>
</tr>
<tr>
<td>SG</td>
<td>Specific gravity</td>
</tr>
<tr>
<td>TPM</td>
<td>Total precious metals</td>
</tr>
<tr>
<td>Zn</td>
<td>Zinc</td>
</tr>
</tbody>
</table>
3 Declaration by Qualified Persons

This report provides technical disclosure to support estimates of MRMR at the Seabee Gold Operation. It has been prepared in accordance with the requirements of National Instrument 43-101 - “Standards of Disclosure for Mineral Projects” and Form 43-101F1 – “Technical Report of the Canadian Securities Administrators”. The authors each meet the requirements of a ‘Qualified Person’, as defined by the CIM (November, 2010).

All material assumptions, measurements and other parameters that have been used as the basis for the estimates of MRMR have been reviewed. In general, these reviews have concluded the methodology for estimating resources and reserves is robust. As a consequence, in the opinion of the Qualified Person (“QP”), the statements of MRMR contained in this document fairly present, in all material aspects, the in-situ resources and reserves for Seabee Gold Operation as of December 31, 2012.

The estimates of MRMR presented in this Technical Report should be interpreted as a commitment or intent to mine. To the best of our knowledge, there are no known issues that would materially affect the reported MRMR estimates.

In the opinion of the QP, the methods used to estimate resources at Seabee are in accordance with CIM guidelines and National Instrument 43-101. Every reasonable step was taken to ensure the accuracy of estimate. The resulting resource models represent a reliable estimate of mineral inventory.

The method of resource estimation provides a reasonable estimate of the global resource within a given mineralized envelope, but does not take into account the spatial variability of mineralization. Reasonable steps were taken to ensure the accuracy of results. This estimation methodology limits the accuracy of estimates on a regional scale and the result is considered to be unreliable for purposes of short-term planning. Improved methods of estimating local variability in mineralization are under investigation.

The QP responsible for generating this report is:

Brian Skanderbeg, Senior Vice President and Chief Operating Officer at Claude Resources Inc. and the principal QP for geological information, engineering and operations. Mr. Skanderbeg has reviewed and/or audited the data at the Seabee Gold Operation and is responsible for all aspects of the estimate within CRI.

Effective Date of Report: December 31, 2012.

Signed and sealed this 23rd day of December, 2013.

[Signature]
Brian Skanderbeg, P.GEO.
4 Property Description and Location

4.1 Location

The Seabee Gold Operation has produced gold from five mineral leases. The original ten quartz claims covering the mine site were consolidated into a single mineral lease (ML 5519) of approximately 201 hectares granted by the Crown on November 25, 1999. In November 1994, the Company entered into an option agreement to acquire a 100 percent working interest in the surrounding Currie Rose property. After fulfilling the conditions in the option agreement and obtaining a 100 percent interest in the property, a portion of the claims were converted to a mineral lease (ML 5520) on January 1, 1999. The leases were renegotiated in June of 2002 and expire in 2025. Additional mineral leases were added during 2007 at Porky West (ML 5536) and Santoy 7 (ML 5535), during 2009 at Santoy 8 (ML 5543) and during 2013 at Santoy Gap (ML 5551). The current land position under control of CRI comprises an area in excess of 17,200 hectares. It includes two joint venture claims, namely the Carina and Shane Properties (Table 4, Figure 2). The remaining claims are 100 percent owned by CRI.

The Seabee Gold Operation is located in the La Ronge Mining District at the north end of Laonil Lake approximately 125 kilometres northeast of the town of La Ronge, Saskatchewan and about 150 kilometres northwest of Flin Flon, Manitoba.

Topography of the region is characterized by low rocky ridges interspersed with lakes and muskeg. Temperature in the region typically ranges from -13 degrees Fahrenheit (-25 degrees Celsius) in January to 62 degrees Fahrenheit (17 degrees Celsius) in July. Mean annual precipitation is approximately 20 inches per year which includes snowfall from late October to mid-April.

Access to the minesite is by fixed wing aircraft from La Ronge or Flin Flon to a 1,275 metre airstrip located on the property. Equipment and bulky supplies are trucked to the site via a 60 kilometre winter road from Brabant Lake on Highway 102. The winter road is typically in use from January through March.

The Seabee Gold Operation directly supports a workforce of approximately 325 employees with permanent camp facilities. Electrical power is provided by a transmission line to the operation by the provincial power authority, Saskatchewan Power Corporation.
Table 4: Seabee Gold Operation disposition list

<table>
<thead>
<tr>
<th>Disposition Number</th>
<th>Area (hectares)</th>
<th>Effective Date</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>S- 97986</td>
<td>250</td>
<td>22-Mar-90</td>
<td>100% CRI</td>
</tr>
<tr>
<td>S-106678</td>
<td>1880</td>
<td>27-Jun-03</td>
<td>100% CRI</td>
</tr>
<tr>
<td>S-106771</td>
<td>196</td>
<td>28-Mar-80</td>
<td>100% CRI</td>
</tr>
<tr>
<td>S-106772</td>
<td>193</td>
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<tr>
<td>S-106773</td>
<td>328</td>
<td>30-Sep-02</td>
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<tr>
<td>S-111431</td>
<td>774</td>
<td>26-Aug-08</td>
<td>100% CRI</td>
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<tr>
<td>S-111432</td>
<td>847</td>
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<tr>
<td>CBS 7058</td>
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<tr>
<td>CBS 7076</td>
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<td>ML 5519</td>
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<td>ML 5520</td>
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<td>ML 5536</td>
<td>50</td>
<td>4-May-07</td>
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<td>S-102737</td>
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<td>S-110855</td>
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<td>CBS 9347</td>
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<td>ML 5535</td>
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<td>ML 5543</td>
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<td>27-Oct-09</td>
<td>100% CRI</td>
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<td>ML 5551</td>
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<td>3-Oct-13</td>
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<td>S-100748</td>
<td>930</td>
<td>17-Aug-90</td>
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<td>S-110856</td>
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<td>MC000000070</td>
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<td>14-Dec-12</td>
<td>100% CRI</td>
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<td>S- 99942</td>
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<td>3-Aug-88</td>
<td>50% Consolidated Carina, 50% CRI</td>
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<tr>
<td>S-105301</td>
<td>642</td>
<td>10-Aug-95</td>
<td>51% CRI, 49% Shane Resources</td>
</tr>
</tbody>
</table>

Total 17,179
4.2 Statutory Payments (Taxes)

Municipal taxes, annual rental and mining land taxes for Seabee Gold Operation are paid annually and all required payments have been made to maintain the properties in good standing.

4.3 Property Royalties

4.3.1 Red Mile Royalty Agreements

From 2004 through 2007 the Company sold production royalties pursuant to four Royalty Agreements, for proceeds of $7.1 million, $14.0 million, $35.0 million and $25.6 million, respectively. Proceeds from the sale of the royalties were deposited in exchange for a restricted promissory note. Interest and principal from the restricted promissory note will be sufficient to fund the expected basic royalty payments and any interest expense. Under certain circumstances the Company has the right, by way of a call option, to acquire the partnership which owns the royalty, for the lower of market value or for the outstanding amount of the restricted promissory note at the end of the tenth year of each Royalty Agreement. This would effectively terminate the applicable royalty obligation.

In addition to the royalty, the Company granted a net profit interest ("NPI") of varying percentages, payable only if gold prices exceed a pre-determined threshold. Prior to any NPI payment, the Company is entitled to first recover from the NPI expenditures (including capital expenditures), working capital, operating losses, interest charges and asset retirement obligations relating to the production of ore at the Seabee Operation. These expenditures are calculated on a cumulative basis from the commencement of the individual Royalty Agreements. At December 31, 2012, the cumulative carry forward amounts remained in a deficiency position under each of the Royalty Agreements.
Prior to any NPI payment, the Company is entitled to first recover from the NPI expenditures (including capital expenditures), working capital, operating losses, interest charges and asset retirement obligations relating to the production of ore at the Seabee Operation. These expenditures are calculated on a cumulative basis from the commencement of the individual agreements. At December 31, 2012, the cumulative carry forward amounts remained in a deficiency position under each of the agreements. No payments are anticipated over the next calendar year.

4.3.2 Santoy NPI

An NPI agreement between Saskatchewan Mining Development Corporation, a predecessor to Cameco, and CRI outlines a royalty applied to a portion of the Seabee claims. The 5 percent NPI is applicable to the resources and reserves hosted at Santoy 8, Santoy Gap, Porky West and Porky Main. The Seabee deposit is not included in the NPI.

5 Environmental Impacts and Reclamation

5.1.1 Impacts of Mining Activity

The Seabee Gold Operation has been the subject of mining activities since 1991. Impacts of mining on the local environment are generally the result of the deposit of tailings and associated mine effluents. Surface and groundwater monitoring are undertaken as required under Provincial and Federal regulations.

Contamination of the local watershed is mitigated by the collection and treatment of run-off from many of these sources. Noise levels are not an issue due to the distance of the mine from the nearest community. Operations at Seabee do not significantly impact the local air quality.

5.1.2 Reclamation

A Preliminary Decommissioning and Reclamation Plan for the Seabee Gold Operation was updated and filed with our regulator in 2007 following a compilation of existing site data gathered from internal records and background studies conducted by external consultants. The closure plan addresses issues involving environmental protection and public safety while considering the future use of the site. Water quality, rehabilitation and reclamation were assessed in this report. The plan also identifies various site rehabilitation activities that can be conducted prior to and following site closure and is updated as required. An updated plan was submitted and accepted by regulators accordance with CRI’s approval to operate (P012-066) on December 10, 2013.
6 Accessibility, Climate, Local Resources, Infrastructure and Physiography

6.1 Physiography & Climate

The physiography of the mine area is typical of Precambrian terrain of the Canadian Shield. The mine occurs within an area of low relief, rising to a maximum elevation of 50 metres. The area has been glacially scoured and comprises rocky, ice moulded ridges separated by lake or swamp filled depressions. Ice movement was from the north-northeast indicated by glacial striations, glacial grooving and glacially moulded outcrops. Lakes in the area are generally small, and are often aligned with faults or major structural lineaments.

The area lies within the northern boreal forest eco region. The vegetation is essentially spruce and pine with an occasional aspen grove. A variety of willows, bog birches and occasionally alders form narrow bands about the perimetres of muskegs.

The climate for the area is essentially similar to that of the nearby Environment Canada weather stations at Island Falls and Brabant Lake. The mean monthly temperatures for these stations between 1951 and 1980 ranged from minus 25 degrees Celsius in January to plus 17 degrees Celsius in July. Extreme maximum temperatures for the same period were 6 to 10 degrees Celsius in January and 30 to 36 degrees Celsius in July. Extreme minimum temperatures for these months were minus 49 degrees Celsius and plus 1 degree Celsius respectively. The mean annual precipitation varies from 514 millimetres at Island Falls to 530 millimetres at Brabant Lake. Mean annual snowfall is 467 centimetres at Island Falls and 233 centimetres at Brabant Lake.

The median date for the first snow cover in excess of 25 millimetres is October 31, and April 20, for the last such cover. In excess of 250 millimetres of snow remains for a period of 160 days, and the median depth of maximum snow cover is about 500 millimetres.

6.2 Power, Water, Camp, Access and Labour

Access to the mine site is by fixed wing aircraft from La Ronge or Flin Flon to a 1,275 metre airstrip located on the property. Equipment and bulky or heavier supplies are trucked to the site via a 60 kilometre winter road from Brabant Lake on Highway 102. The winter road is typically in use from January through early April.

Electrical power is provided by a transmission line to the mine by the provincial power authority, Saskatchewan Power Corporation. The mine is connected to a 138 KV hydro electric power line from Island Falls. An ample supply of potable water is obtainable locally through CRI’s potable water system. At the Seabee Gold Operation’s Central Camp Area, there are facilities to accommodate up to 200 workers including room, board and recreation facilities. The Seabee Gold Operation directly employs a workforce of approximately 325 employees. Employees work on rotating schedules and are flown to site from points across Canada with a significant portion from northern Saskatchewan.
7 Geological Setting

7.1 Regional Geology

The Laonil Lake area lies within the Glennie Domain of the Proterozoic Trans-Hudson Orogen (Hoffman, 1981). The Trans-Hudson Orogen is divided into two distinctive zones (Stauffer, 1984): the Cree Lake Zone, composed of Early Proterozoic continental-shelf sedimentary rocks that overlie the Archean Hearne Province (Western Craton); and the Reindeer Zone (Southeastern complex) consisting of mid-oceanic ridge basalts, oceanic island-arc basalts, inter-arc volcanogenic sedimentary rocks, and molasse-type sedimentary rocks. Plutonic rocks of various ages and compositions intrude the supracrustal sequences. The Reindeer Zone is further subdivided into various lithotectonic domains based on similarities of lithology, metamorphic grade, and structure (Lewry and Sibbald, 1977). The Glennie Domain is one of the components of the Reindeer Zone (Figure 3).

The Glennie Domain is characterized by arcuate belts of Lower Proterozoic supracrustal rocks separated by granitoid gneisses and granitoid intrusions (Macdonald, 1987). The domain is triangular in shape, bounded on the west by the north-northeast trending Stanley Shear Zone; and bounded on the east by the north-south trending Tabbernor Fault Zone. To the south, the domain is covered by relatively flat-lying Phanerozoic sedimentary rocks. Archean rocks, or inliers, found within the Glennie Domain (Chiarenzelli et al., 1987) and in the neighbouring Hanson Lake Block (Bell and Macdonald, 1982; Craig, 1989) led Lewry et al. (1990) to interpret the Reindeer Zone as a folded stack of nappes and thrust complexes divided by ductile mylonitic zones, which were emplaced during the terminal collision of the Trans-Hudson Orogen. The interpretation implies that the Reindeer Zone is underlain in part by Archean rocks (Lewry et al., 1990; Bickford et al., 1990). Extensive seismic geophysical studies (White et al., 1994), and samarium-neodymium systematics (Chauvel et al., 1987) support this hypothesis. The Seabee Gold Operation is contained in one of the nappe sheets referred to as the Wapassini Allochthon (Lewry, 1984; Lewry et al., 1990). It is interpreted as being an upper tectonic assemblage separated from a lower sequence (the Iskwatikan Subdomain) by a high strain zone known as the Guncoat Gneisses (Macdonald, 1987). The allochthon was then refolded and intruded by later plutons.
Figure 3: Regional geology, Northern Saskatchewan
7.2 Local Geology, Mineralization, and Deposits

7.2.1 Seabee Mine Region

The Glennie Lake area was mapped by the Saskatchewan Geological Survey (Report no. 143; Lewry, 1977) at 1:63,360 scale. The Laonil Lake area was mapped in 1986 at 1:20,000 scale (Delaney, 1986).

The Laonil Lake area is underlain by the Laonil Lake Intrusive Complex and a sequence of metamorphosed volcanic and sedimentary rocks that have been tectonically deformed and compressed into a structurally complex subtriangular form with bounding intrusive bodies to the south and northeast (Figure 4).

The Laonil Lake Intrusive Complex consists of a sequence of mafic intrusive layers or sheets commonly capped by dioritic units. A sample of the dioritic phase was dated by zircon U/Pb at 1889±9 Ma (million years ago) (Chiarenzelli, 1989). Mafic layering within the intrusive body varies from melanocratic gabbro to ultramafic compositions. Mafic volcanic rocks, volcaniclastic rocks, and mafic to intermediate sedimentary units of variable thickness occur throughout the intrusive body as rafts or xenoliths. Numerous layers of intermediate to felsic intrusive rocks occur throughout the complex. These include intermediate dykes, quartz diorite dykes, and feldspar porphyry dykes.

To the north and northeast, the Laonil Lake Intrusive Complex is unconformably overlain by felsic volcanic-volcaniclastic rocks and conglomerates of the Pine Lake sequence. The felsic volcanic rocks extend from the southwest of Porky Lake to the east of Pine Lake within an east-west belt thickening to the west of Pine Lake. The layered pyroclastic rocks and graywackes that form the bulk of the Pine Lake metavolcanic sequence taper sharply to a point at the north end.
of Pigeon Lake. The unit is centrally intruded and also bounded to the northeast by granodioritic bodies.

To the west the complex is bounded by a sequence of earlier granodioritic to dioritic gneisses, and to the south by the younger (1859±5 Ma) Eyaphaise granodiorite pluton (Chiairenzelli, 1989). A large scale regional lineament of intense deformation, the Laonil Lake Shear Zone, is located at the contact between the Eyaphaise Pluton and Laonil Lake Intrusive Complex, and serves as a structural boundary between these two bodies. Younger quartzose and conglomeratic sediments of the Porky Lake siliciclastic sequence occur further to the west in a broad synformal structure. The contact zone along the elongated Pigeon Lake trend has a narrow interband of older mafic volcanic rocks.

The Porky Lake Synform is the dominant structural feature in the Laonil Lake area. The synform plunges to the southeast with the axis passing through Porky Lake. Within the synform there is a thick layer of arenaceous sediments that overlie a volcanic sequence composed of mafic to intermediate flows and pyroclastic rocks. The volcanic rocks extend southwest through the long axis of Pigeon Lake.

The Seabee gold deposits are hosted in northeast-trending shear structures within the Laonil Lake Intrusive Complex. Gold mineralisation occurs within an extensive network of sub-parallel shear structures which crosscut the Complex. Feldspar porphyry, dioritic, intermediate, and mafic dykes occur proximal to many of the major structures.

Delaney (1992) suggested that lithological heterogeneities between the feldspar porphyry dykes and gabbros of the Laonil Lake Intrusive Complex were responsible for the localization and propagation of the shear zones at Seabee. The structures trend between 045 to 085, and dip north near vertically. Three discrete subsets of structures have been recognized trending at 070, 085, and 045 respectively. The 070 structures contain the auriferous veins (zones 2b and 2c, 5-1, L62 and 161), whereas the 045 and 085 structures contain subeconomical to barren vein systems. In addition, anomalous gold values have been returned from the volcano-sedimentary rock sequence during past prospecting programs of gold.

The most common vein geometries within the shear zones are a combination of the S and Z oblique and extensional types, and second order or Riedel shears. The main gold bearing structures at Seabee were formed under conditions of high strain in a high fluid pressure environment with gold mineralisation occurring under brittle-ductile conditions.

The economic gold zones occur in quartz-tourmaline shear veins. Accessory minerals include biotite and actinolite with minor amounts of chlorite and epidote. Sulphide minerals associated with gold mineralisation include pyrrhotite, pyrite and chalcopyrite with rare amounts of sphalerite, scheelite and tellurides. Mafic host rocks proximal to the quartz veins have been altered to biotite, actinolite, and epidote assemblages as the result of hydrothermal activity. Two stages of mineralisation are present within quartz veins of the Seabee Deposit. Stage I consists of quartz, tourmaline, potassium feldspar, and pyrite. Stage II is confined within microfractures that cut the Stage I assemblage. Stage II is dominated by carbonate, pyrrhotite, chalcopyrite, tellurides, and gold.

The majority of Seabee ore has been mined from the ‘2’ structure. This shear zone comprises two to six sub parallel shears that contain gold-bearing shear veins. The zone is up to 50 metres wide and extends over a length of three kilometres. The high gold grades occur at the intersection of the primary “S” shears with subordinate shear structures and/or where potassic altered diorite dykes have intruded the Laonil Lake gabbro prior to strain occurrence. It is probable that secondary dykes introduced additional gold to the system. This gold was later remobilized under strain conditions.
7.2.2 Santoy Region

The Glennie Lake area was mapped by the Saskatchewan Geological Survey (Report no. 143; Lewry, 1977) at 1:63,360 scale. The Santoy area was subject to an extensive forest fire in 1989 and as a result of extensive new outcrop areas was mapped in 1992 at 1:20,000 scale (Delaney and Cutler, 1992).

In the Santoy area, the Pine Lake sequence comprises metamorphosed volcanic and sedimentary rocks, termed Assemblage A and B, that have been tectonically deformed and compressed into a north-south structurally complex panel with bounding intrusive bodies to the southwest, east and northwest (Figure 5).

Assemblage A, the immediate host of the Santoy 8 and Santoy Gap gold deposits, consists of intermediate to mafic volcanic, volcaniclastic and submarine intrusive rocks as well as minor sedimentary rocks, most of which have been metamorphosed to varieties of amphibolites and biotite-hornblende-plagioclase gneiss (Delaney and Cutler, 1992). Assemblage B is a sequence of metamorphosed, altered and variably deformed volcaniclastic and sedimentary rocks.

Figure 5: local geology, Santoy Minesite (Delaney and Cutler, 1992)
including conglomerate, felsic volcaniclastics, hornblendic volcaniclastics, politic sediments, lapilli tuffs and chlorite-actinolite schists.

To the east and north the assemblages are bounded by a north-south sequence of earlier tonoalitic gneisses and paragneissess, and to the southwest by the younger (1859±5 Ma) Eyaphaise granodiorite pluton (Chiarenzelli, 1989). A large scale regional high strain zone, the Santoy Shear Zone, defines the contact between Assemblage A and B, and serves as a structural boundary between these two assemblages.

The Santoy Gap and Santoy 8 gold deposits are hosted in north-northwest-trending shear structures, subparallel to and immediately east of the Santoy Shear Zone. Gold mineralisation occurs within well-defined shear structures which crosscut mafic metavolcanic rocks of Assemblage A. Dioritic and granodioritic dykes occur proximal to and within the major structures, often being direct hosts to gold mineralization.

Delaney (1992) suggested that lithological heterogeneities between the dykes and gabbros of the Laonil Lake Intrusive Complex were responsible for the localization and propagation of the shear zones at Seabee. A similar relationship is observed in the Santoy region. The Santoy Gap and Santoy 8 structures trend between 340 at Santoy 8 to 315 at Santoy Gap, and dip east moderately. At Santoy 8, three discrete, subparallel structures have been recognized, namely the 8A, 8B and 8F from west to east. Plunge varies from 40 degrees to the north at 8E, through 40 to 55 degrees to the north-northwest at 8A, to 60 to 60 degrees to the north at 8B.

The economic gold zones occur in quartz veins hosted in actinolite-biotite shear zones. Sulphide minerals associated with gold mineralisation include pyrrhotite, pyrite and chalcopyrite. Mafic host rocks proximal to the quartz veins have been altered to biotite and actinolite assemblages as the result of hydrothermal activity.

The zone is up to 50 metres wide and extends over a length of three kilometres. The high gold grades occur at the intersection of the primary “S” shears with subordinate shear structures and/or where potassic altered diorite dykes have intruded the Laonil Lake gabbro prior to strain occurrence. It is probable that secondary dykes introduced additional gold to the system. This gold was later remobilized under strain conditions.
8 Exploration

8.1 Historical Exploration

Gold was first discovered around Laonil Lake in 1947 by prospectors acting on behalf of Cominco Inc. ("Cominco"). Between 1947 and 1950, Cominco conducted an extensive program of prospecting, trenching, geological mapping and diamond drilling. The latter activity involved 79 holes totalling 4,414 metres and identified four gold-bearing structures or zones on the property.

The property remained dormant until 1974, although in 1958 Cominco applied for and was granted 10 Quartz mining leases covering the property. In 1961, Cominco drilled 2 shallow holes of 41 metres as part of an overall review of the known property data. This review allowed Cominco to estimate the property contained a small gold resource. Cominco resumed exploration in 1974 and drilled 16 holes totalling 458 metres to test additional vein structures. In 1982-83, Cominco resumed work and drilled 3,776 metres in 20 holes, but they did not complete the entire program as Cominco sold the property to BEC International Corporation who subsequently reached an agreement with CRI which became the beneficial owner.

After its acquisition of the Seabee property, CRI drilled 3 holes totalling 226 metres to corroborate Cominco’s prior work and property estimates. In June 1985, CRI optioned the property to Placer Development Limited (subsequently Placer Dome Inc. “Placer”). Placer carried out an extensive exploration program, which included geologic mapping, trenching and stripping, geophysical, geochemical, environmental and metallurgical studies, as well as both surface and underground drilling: 95 surface drill holes were completed and 72 underground drill holes were drilled from an underground exploration decline on Zone 2. The decline was 305 metres long and diamond drill stations were cut from one of two drives. At the completion of this program, Placer determined the property did not meet its criteria for development and allowed its option on the Seabee property to expire in June 1988 and returned the property to CRI.

After the return of the property, CRI initiated geological compilation and analytical studies designed to correlate and substantiate the work done by Placer. The Company engaged Cominco Engineering Services Limited (“Cominco Engineering”) to conduct bulk sampling and drilling as part of a feasibility study. A.C.A. Howe International Limited (“A.C.A. Howe”) completed a reserve estimate for the property in December 1988 and Cominco Engineering submitted a positive Feasibility Study in August 1989 and subsequently revised the study in May 1990. At that time, CRI made the decision to put the deposit into production and construction of the mine began in the summer of 1990. Mining commenced at Seabee in December 1991.

In June of 1994, CRI acquired from Currie Rose Resources Inc. a 100 percent interest in the property subject to a 30 percent NPI by Currie Rose. CRI then carried out a prospecting and sampling programme during the late summer of 1994 which located at least 10 new drill targets. A 1995 drill program consisted of 3,458 metres of diamond drilling in 27 holes and concentrated on investigating a major gold-bearing shear structure discovered during the 1994 prospecting program. Significant gold mineralisation was intersected at three locations:

- Laonil Island West where drilling indicates the presence of an extensive silicified zone with quartz-tourmaline shears assaying to 3.32 g/t Au over 1.1 metres.
- Bird Bay where drilling intersected two wide quartz veins and an interval of quartz-epidote alteration assaying 5.67 g/t Au over 0.5 metres.
- Powerline Bay where a quartz-bearing shear zone located immediately to the north of the Currie #1 vein assayed 2.26 g/t Au over 1.55 metres.
The 1996 diamond drill program explored at depth and along strike the 10 vein west shear zones found during the 1995 prospecting. The program consisted of 2,567 metres of diamond drilling in 23 holes and economic gold mineralisation over mineable widths was intersected in at least a half of the holes drilled. The drilling identified three parallel zones over a strike length of 150 metres and to a depth of 80 metres. All zones are open on strike and at depth.

The 1997 diamond drill program explored at depth and along strike the 2c and 10 vein shear systems between sections 250E and 525E and investigated at depth a quartz-sulphide shear zone on Laonil Island. The program consisted of 1,573 metres of diamond drilling in 7 holes and economic gold mineralization over mineable widths was intersected on both the 2c and 10 shear structures between Sections 350E and 425E. These zones were open to depth.

In 1998, work crews conducted basic prospecting and mapping and discovered several new veins in the Santoy area. In the first quarter of 2002, these targets were drill-tested with encouraging results. The Santoy area became the subject of an ongoing exploration program with two significant deposits (Santoy 7 and Santoy 8 & 8 East) outlined in 2004/2005 and a third, Santoy Gap, outlined in 2011.

The 1998 drill program, which explored for gold southwest of the Seabee Mine site, consisted of 7,726 metres of diamond drilling in 47 holes and investigated the Seabee 2, 3 and 5 vein structures and several additional vein structures discovered during the 1997 prospecting and mapping program. Significant gold mineralization was intersected at Section 75E (11.90 g/t Au/0.6m) and 200W (12.30 g/t Au/3.2m) along the 2d structure.

A surface exploration program was carried out in early 1999 on both the Seabee and Currie Rose sectors. Underground, the ongoing diamond drill program continues to identify shear vein structures containing quartz, pyrite, and chalcopyrite minerals that correlate positively with the occurrence of gold mineralisation.

The underground diamond drilling is carried out by CRI employees. The surface drilling was contracted to Newmac Industries Ltd. of Prince Albert, Saskatchewan, Canada. Fire assays for gold are completed in an on-site assay laboratory and/or at an independent ISO-certified lab.

Regular check-assays were performed by Dunn Analytical Laboratories in Saskatoon. ACA Howe did not conduct check sampling, but reviewed the sampling and assay laboratory procedures on site and examined assay certificates and bullion certificates from Johnson Matthey, and was satisfied that the sampling was representative and the assay results accurate.

8.2 Recent Activities

8.2.1 Seabee

Mine production during 2011 originated from the 2B and 2C zones at depths down towards 1200 metre level. For 2013, mining will continue to focus on the 2B and 2C zones and from the newly discovered L62. Seabee will continue to operate under a life of mine plan which will focus on the 2B, 2C and L62 zones at depth and laterally to the east and west.

The L62 lense is located approximately 200 metres away from existing development in the hanging wall of the Seabee Mine. The deposit was discovered in mid-2011 and incorporated into a National Instrument 43-101 resource calculation release in the first quarter of 2012.

Mineralization in the 2B and 2C is known to extend below the current lowest working levels at Seabee. The L62 lense remains open up-dip and along strike. CRI is planning in excess of 60,000 metres of underground drilling at Seabee and Santoy 8 to replace 2012 production and expand mineral reserves and mineral resources. Drilling will be focused on the 2B, 2C, L62 and Santoy 8 systems as well as exploration drilling to the south beneath Laonil Lake.
8.2.2 Santoy

The Santoy region is a claim group located in the eastern portion of the Seabee Gold Operation, approximately 11.5 kilometres east of the Company’s operating Seabee Mine. CRI holds a 100 percent interest in the property subject to a 5 percent NPI. There are no underlying royalties. An all-weather road providing access from the Seabee Mine was completed in 2006.

The 2004 and 2005 drilling programs of gold concentrated on Santoy 6, 7 and 8. Seven gold zones had been discovered in the Santoy region during the Company’s previous prospecting programs of gold, with Santoy 7 and 8 looking the most promising. In 2004, there were 5 holes drilled in Santoy 6 (598 metres), 48 holes in Santoy 7 (6,164 metres) and 21 holes (2,797 metres) drilled in Santoy 8. The 2005 program in the Santoy area was devoted to the 8 and 8 East zones. Sixty-eight diamond drill holes totalling approximately 15,296 metres were drilled. This drilling was carried out to test the north-northwest plunge and dip extensions of the mineralized shear structures outlined in previous drill campaigns. The summer 2005 program consisted of 20 diamond drill holes totaling 6,272 metres in Santoy 8 (15 hole totaling 4,725 metres) and Santoy 8E (5 holes totaling 1,546 metres). Total drilling in 2007 in the Santoy region was 127 holes and 36,310 metres, with 31,670 metres at Santoy 8 and 8E and 4,640 metres at Santoy 7.

Gold mineralization at Santoy 8 is hosted in siliceous, skarnified, shear structures with sulfide-chlorite-quartz veins and in silicified granitoid sills. Three mineralized lenses dip moderately to steeply (50 to 85 degrees) to the east and are interpreted to be amenable to bulk mining techniques.

Permitting for a bulk sampling program at the Santoy 7 zone was received from the necessary regulatory agencies and road construction to Santoy commenced in 2006.

During 2007, concurrent with the processing of Santoy 7 bulk sample tonnes in the first half, infill drilling continued on Santoy 7 and Santoy 8 to provide more accurate information for proposed mine plans. The Santoy area, as a whole, contains a number of high grade gold showings, some of which were drill-tested in previous years. A structural review of the surface geology and existing drill sections has been carried out and is expected to result in further drill targets in the area.

The core from this program was logged and split at the Company's core logging facility at the Seabee Mine. Assaying has been done by TSL Laboratories of Saskatoon with random checks of pulps and rejects performed by an independent accredited lab. All core intervals have been fire assayed with a gravimetric finish, with samples that assayed greater than 10 g/t checked by a total metallics assay.

In 2007, bulk sampling of the Santoy 7 deposit was initiated during the first quarter and continued through to October when commercial production was attained. Mining is currently active on three levels at a production rate of approximately 150 tonnes per day.

At Santoy 8, Claude carried out a drill program of 147 diamond drill holes totaling 31,670 metres in Santoy 8 (23,430 metres in 103 holes) and Santoy 8E (8,240 metres in 44 holes). The program provided 25-metre infill data to a depth of 250 metres on the deposits as well as testing strike and plunge extensions.

During 2010 and 2012, CRI focused regional exploration on the Santoy region and successfully discovered and outlined the Santoy Gap deposit. The system remains open in all directions and is located 300 metres from the existing Santoy 8 resource. The structure has been drilled to 50-metre spacing to a depth of in excess of 500 metres, defining a deposit approximately 650 metres in strike length. A total of 173 holes and 67,857 metres were completed at Santoy Gap to the end of 2012. This drilling to the end of December 2012 forms the basis for the Santoy Gap Reserve and Resource presented herein.
8.2.3 Porky

CRI wholly owns Porky Lake structural zones located approximately three kilometres northwest of CRI’s Seabee gold mine in northern Saskatchewan and is within economical trucking distance of the Seabee Mill.

The Porky West, Porky Main and Neptune gold zones lie on opposite flanks of the large Porky Lake anticline, along a gold-bearing horizon which has been traced intermittently over 7.5 kilometres from the western extent of Porky West zone to the north of the Pigeon Lake zone in the east. Drill testing from 2002 to 2006 successfully discovered two structural zones of significant mineralization, Main and Porky West. Approval to bulk sample the Porky West zone was received in June 2005. In 2010, gold mineralization was discovered at Neptune. Drill testing included 2 holes in 2010 and a further 28 holes in 2011. Drilling for 2012 is anticipated to comprise another 15 to 20 holes.

CRI developed road access and all surface infrastructures to support a third quarter 2006 bulk sample at the Porky West site. After developing road access and surface infrastructure, a decline was driven to access the top and lower grade portion of Porky West on the 45 metre and at 65 metre Levels. On 45 m and 65 m Levels, 4,518 tonnes with a sampled and reconciled grade of 3.76 g/t and 2,478 tonnes with a sampled and reconciled grade of 5.61 g/t were extracted.

After the gold pour, it was determined 7,657 tonnes was milled with a reconciled head grade of 3.69 g/t and gold recovery of 95.5 percent. The lower head grade can be attributed to inadvertent stripping of waste (low grading) material off the top of the temporary ore pads and mixing with waste piles.

In 2009, 33,068 tonnes at a grade of 3.34 g/t from Porky West was mined and processed at Seabee. Due to the opportunity available at Santoy 8, it was decided to direct corporate efforts towards the Santoy 8 Mine and Porky West was reclassified to a mineral resource, pending further economic analysis. No further work was completed on the deposit during 2011 or 2012.

8.2.4 Shane Property

The Shane Property is located approximately five kilometres east of CRI’s operating Seabee gold mine. CRI owns a 51 percent interest in the property and Shane Resources Ltd. holds the remaining 49 percent.

The 2006 exploration program delineated a horizon containing gold mineralization hosted by quartz-tourmaline-sulphide veins within one main mineralized horizon, traceable through drilling and prospecting for approximately 1,300 metres. This east-trending horizon typically contains one to three metres of gold bearing quartz-tourmaline-sulphide flooding. It has been drill-tested along approximately 500 to 600 metres of this length.

Mineralization along this structure is in the form of west-plunging lenses. Drill core intercepts contain the following notable grades: 12.16 g/t over 8.43 metres (6.46 metres true width) and 23.88 g/t over 3.74 metres (2.86 metres true width). The anomalous intersection of 23.88 g/t over 3.74 metres is the down-plunge extension of the 12.16 g/t over 8.43 metres, reflecting the strong mineral lineation measured in the field during the mapping program.

The Shane mineralization lies within 200 metres of the Santoy road, however is considered a relatively low priority target considering with partial ownership and limited size potential. No work has been completed on the property since 2007. At present, no further work is planned on the claim.
8.2.5 Adjacent Properties

To the best of our knowledge, CRI is not aware of any adjacent property of any significance that has not been discussed.
9 Drilling

9.1 Layout of Underground Drill Holes

The drill hole collars are determined based on the current survey plans produced by the mine’s engineering department. Plans and sections showing the dip, length, anticipated trajectory, collar location, drillhole number, dip and azimuth are produced. A standard cover letter with all pertinent information is also generated. This includes drill hole information safety information and the expiry date.

Prior to drilling, the diamond drill foreman inspect all set-ups and audits the collared holes for dip and azimuth. All lines are surveyed and front and back sights are marked. The completed hole is then measured for its deviation to the initial collar setup dictated by the surveyed front and back sights. The collar location is then adjusted appropriately. It is the opinion of the QP that this method of surveying the drill hole results in an acceptable level of accuracy for the positional estimate. Drill holes are spaced at intervals as required by the type of mineralization and the information required (i.e., exploration or definition drilling), with the typical hole spacing being 25 metres.

9.2 Layout of Surface Drill Holes

Once a mineralized zone has been outlined on surface, a drill program is designed to test the zone at depth. This is reviewed and approved. The project geologist places the collar and foresight pickets in place in the field. The drill is visited regularly to review progress and to shut down drilling at the appropriate metreage. Exploration holes are designed to intersect the horizon with a spacing and interval of approximately 50 metres, while follow up infill drilling where warranted has a spacing interval of down to 25 metres.

9.3 Core Reception, Handling and Storage

Diamond drill core is inserted into wooden core trays, secured with a lid and strapped. The core is transported to the core logging area, then unbundled and placed in racks where it is logged by geological staff.

Access to the core logging facility is controlled and no unauthorized personnel can gain entry. Drill core generated at Seabee is exclusively logged at core logging facility at Seabee Mine by Seabee geological staff.

9.4 Core Recovery

Historically, core recovery is nearly 100 percent for Seabee and Santoy 8 mines. The majority of core losses come from areas of fault gouge.

9.5 Core Logging

All observations and measurements obtained from drill core are systematically recorded. Geological logging of diamond drill core is performed by geologists. Core logging includes identification of rock types, description of mineralization and recording of structures and geotechnical information. Guidelines and steps required for the logging of diamond drill core are well established. Training for new personnel is typically done by the senior geologists.

All drillcore is geologically logged and is entered into a database. For exploration stage core, several geotechnical parameters such as fracture patterns and RQD are also noted while core logging. RQD is a quantitative index measured from diamond drill core. It incorporates only those pieces of hard, sound core which are 100mm (4 inches) or greater in length. Shorter lengths of core are ignored. RQD is calculated as follows:
• RQD (percent) = length of core in pieces >10 cm x 100 length of core run

The relationship between the numerical value of RQD and the engineering quality of the rock is as follows:

<table>
<thead>
<tr>
<th>Rock Quality Designation (RQD)</th>
<th>RQD Value (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Poor</td>
<td>0 – 25</td>
</tr>
<tr>
<td>Poor</td>
<td>25 – 50</td>
</tr>
<tr>
<td>Fair</td>
<td>50 – 75</td>
</tr>
<tr>
<td>Good</td>
<td>75 – 90</td>
</tr>
<tr>
<td>Excellent</td>
<td>90 – 100</td>
</tr>
</tbody>
</table>

In hard rock mining application, RQD typically measures from 60 to 100. Values lower than 50 represent poor rockmass conditions. Exceptions include RQD measured perpendicular to schistosity or foliation. Such a measurement may be much lower than the RQD of surrounding rock. Blast damage to a rockmass can also be reflected in a reduced RQD (Khosrow, 1997). Drill core sample intervals are selectively marked in variable core lengths based on geology.

10 Sampling Method and Approach

10.1 Underground

Sampling procedures are in accordance with accepted industry standards and practices. Drill core is examined visually for the distribution of mineralization. High and low-grade intervals are broken out as separate samples. Continuous samples are collected through the entire mineralized zone with barren samples taken to bracket the zone on either side. Non-mineralized inclusions within the mineral zone are also sampled to allow proper statistical evaluations of mineral distribution to be performed.

The sampling interval is established by minimum or maximum sampling lengths and geological and/or structural criteria. The minimum sampling length is 0.3 metres while the maximum is typically 1.0 metres. During exploration drilling, representative samples are taken for future reference.

Handling and sampling of core entails the following steps:

- Unloading of core as it is brought into the core logging area.
- Opening the core boxes.
- Logging and tagging sample intervals.

The sample tagging procedure involves the geologist clearly marking the start and end of each sample on the core with a grease pencil. The geologist or geological technician transfers all sample intervals to a sample book. Each page in the sample book represents a unique number with two identical sample tags. The borehole number and sample interval are transferred to one of the tags. The first tag, which does not list the borehole number, is placed in a plastic sample bag with the sample and the second is kept in the book as a permanent record. This method of recording sample numbers is a quality control measure that ensures the proper sample tag is inserted into the correct sample bag.
Drill core as marked by the geologist is accordingly split lengthwise with a pneumatic core splitter or rock saw. One half is bagged and numbered as a sample for assaying and the other half is returned to the core box. In the case of underground core, all the samples chosen for assaying are put into plastic sample bags in their entirety. Bracket samples are taken around mineralized intervals.

The underground drill core samples are taken by the geologist or technician and delivered to the Seabee Mine assay laboratory (non-accredited). The remaining un-sampled core is rejected to a waste area and disposed in the case of underground “production” core.

10.2 Surface Exploration

As a detailed description of each hole is logged, including detailed documentation of rock quality and core recovery, any zones of potential mineralization are marked off for sampling, together with samples in both the hanging and foot walls. Samples are of one to one and a half metre widths, although 0.5 metre widths are taken in places for geological interpretation purposes.

Samples are chosen based on geology. Lode gold mineralization in the greenstone belts currently explored by Claude have shown through numerous exploration programs of gold carried out by the Company to have the economic concentrations of gold located within the visually identifiable quartz-sulphide bearing dilation or shear zones within the host rocks. However, field geologists are also trained to sample any other interval in the core that may have mineralization associated with it, such as simple increases in sulphide mineral content or quartz veining not associated with a known zone.

Once the drill hole has been logged and marked for assay, the core is transferred to the core cutting facility and the selected sections are cut with a core saw, bagged and sealed using strict cleanliness guidelines. These sealed and labelled bags are then put into sacks that are then sealed with security tags for transport to the approved laboratory offsite.

Drill core is monitored as it is taken out of the ground until it is split and the samples delivered to the laboratory. Unauthorized personnel are not permitted access to the drill machines or the core logging and splitting facilities. Samples split for assay are bagged within the splitting facility with coded security tags and the laboratory receiving the samples report any tags that are broken or any sample bags that appear to have been tampered with.

10.3 QP Opinion

It is the QPs’ opinion that best efforts are made during the exploration and underground stage to sample the proper rock units and that proper in-field and mine site transportation and handling procedures are followed during all exploration programs.
11 Sample Preparation, Analysis and Security

11.1 ALS Laboratories, Vancouver

Samples are collected and delivered by transport to ALS Laboratories in Vancouver, British Columbia. ALS Laboratories is an accredited laboratory that conducts rigorous Quality Assurance and Quality Control (“QAQC”) inter-laboratory test programs of gold, covering both sample preparation and analysis. Regular internal audits are completed to ensure compliance with documented procedures.

Upon receipt of samples, ALS Laboratories attach a bar code label to the original sample bag. This label is then scanned and the weight of sample recorded together with information such as date, time, equipment used and operator name. The scanning process allows for complete traceability of the sample through the entire laboratory process.

The sample is crushed to 70 percent passing 10 Mesh in two stages. ALS Laboratories homogenizes the crushed reject by passing it once through a Jones riffle split down to 250 grams of gold and then recombines the two halves from which 250 grams of gold are split using the same Jones riffle. The split is ring pulverized to 95 percent passing 200 Mesh. Currently all samples are analysed for Au using one assay (29.16 grams) with atomic absorption and/or gravimetric finish (0.03 g/t detection limit). The pulps and rejects are placed in containers and stored on the lab property.

ALS Laboratories employ comprehensive and transparent QA/QC protocols. Control charts for standards assayed at ALS Laboratories show routine performance within two standard deviations of the certified values. The relative precision for Au meets contract specifications and established limits. It should be noted that Au is affected by a moderate nugget effect. The CRI’s QA/QC program consists of monitoring ALS Laboratories’ internal quality control samples and an extensive internal QA/QC program inclusive of blanks, standards and duplicates CRI inserts standards, blanks and duplicates on a regular basis comprising approximately 1 in 10 samples for exploration programs and 1 in 20 samples for definition programs.

11.2 Seabee Mine Laboratory

Samples are delivered to the mine assay laboratory immediately after collection by the geologist or geological technician. Samples are recorded then placed in the drying oven for 30 minutes to 1 hour, then crushed to 10 mesh. This is then riffle split (Jones splitter) until only 200 grams remains which is then pulverized in a ring and puck pulverizer until 80 percent passes through a 200 mesh screen. A 30 gram pulp sample is then analysed for Au by fire assay with gravimetric finish (0.01 g/t detection limit).

CRI inserts standards, blanks and duplicates on a regular basis comprising approximately 1 in 20 samples. CRI also randomly selects samples for check analysis at a third party lab. Results from the external check assays confirm the accuracy and precision of the Seabee lab.

11.3 QP Opinion

In the QPs’ opinion, that the samples collected and analyzed for this property are transported and received in the above manner and that the above QA/QC procedures were followed during the analysis in order to produce the data required for each stage of mineral exploration and for operations.
12 Data Verification

12.1 Underground

Following receipt of assays from the laboratory, results are entered with the drill logs. The geologist reviews the results and compares them to the drill log. The geologist may request reassays on this basis but reviews the log before it is released to the database for use in interpretation and modelling.

Internal checks are done on a daily basis at the onsite assay lab. This is done to ensure as much accuracy in assay results as possible, as well as provide a confidence level with the reported assay. Each day the assayer will run four fire assay tests on mill tail samples, to closely approximate or repeat the initial test. This also provides confidence in the assaying procedure of the ore at Seabee. Also each day two tests are done on mill leach tail samples. One is by fire assay and one is by atomic absorption. This test provides confidence in the fire assay procedure conducted at the Seabee Mine Assay Lab. Duplicate testing of all underground samples are conducted when the initial assay return is 60 g or greater.

Samples given to the Seabee lab for testing are prepared by drying/crushing/sieving, they are then tested by fire assaying procedures. A quality control program has been implemented since January 1 2006, and is set forth to be routinely followed on a monthly basis. Each month the pulps of a select group of samples are saved for a one month period. The procedure set forth is for the lab to save the pulps of all samples ending in "01" for January, "02" for February ... "12" for December. This will ensure no "favourable" samples will be manually collected, hoping that these samples (which amount to ~ 75 per month) will routinely "represent" the ore at Seabee. At the end of the month a random individual selected by the chief geologist, with no prior bias or knowledge of results, will select 15 of the pulp samples. These samples are brought to the chief geologist, who records the sample numbers, the assay results, and the location of the samples. They are then packaged and shipped to TSL Laboratories in Saskatoon, SK. There, they are tested for Au content by fire assaying and metallic assaying. The returned results are correlated with the "home" results and presented on a scatter plot.

The drillhole database used for resource estimation is stored at site. The database was migrated to a modern relational-database to facilitate the electronic transfer of data. Several steps are employed to validate data and ensure the integrity of the database. Most of these checks are performed by checking routines that verify data at various stages prior to it being uploaded.

12.2 Surface Exploration

The Quality Assurance program put in place since 2005 by Claude’s exploration division provides the Company with the degree of certainty required to use the resulting data as the basis for further exploration and development. It involves the routine placement of control samples to monitor the performance of the laboratories used by Claude, all of which are ISO approved. Every batch of samples that goes into a laboratory’s furnace has at least one known powder from a suite of standards purchased from recognized laboratories, resulting in a frequency of 1 in 20, or 5 percent. A “blank” sample is inserted after every sample containing the occurrence of visible gold. Pulp duplicates are run every tenth sample by the laboratory.

The Quality Control program reviews results from the above control samples and makes the required decisions to either accept the data from each individual batch or to reject the data and request a re-run of a batch. A batch is rejected if the result for the standard exceeds the tolerance of the 95 percent confidence level stated on the certificates that accompany each standard. Regarding the “blanks”, a batch is rejected if the result is more than 3 times the detection limit of the laboratory. Regarding the pulp duplicates, the failure trigger is not as clear-
cut due to the lode-gold nature of the mineralization. However batches will start to be considered for re-run where the duplicates are greater than ±10 relative percent. Decisions will be balanced with the industry rule of thumb is that roughly 10 percent of duplicate pairs will fail.

12.3 Security of Samples

Drill core is monitored from when it is taken out of the ground until it is cut and the samples delivered to the laboratory. Unauthorized personnel are not permitted access to the drill machines or the core logging and cutting facilities. Samples cut for assay are bagged within the splitting facility with coded security tags and the laboratory receiving the samples report any tags that are broken or any sample bags that appear to have been tampered with.

The drillhole database used for resource estimation is stored at site. The database was migrated to a modern relational-database to facilitate the electronic transfer of data. Several steps are employed to validate data and ensure the integrity of the database. Most of these checks are performed by checking routines that rigorously verify data at various stages prior to it being uploaded. For instance, Geologists review logs after assay merging for consistency of result. Assay files are also validated and, in the event of errors, the sample import is rejected until the assays are verified.

Prior to use in resource estimation, data is extracted into a project file and reviewed again for improbable entries and high values. These errors are usually data entry errors and the boreholes are flagged and corrected.

12.4 QP Opinion

It is the QPs’ opinion that data contained is reliable and suitable for use in resource modeling, because several stages of validation are implemented to ensure quality control. The exploration drill core is retained to enable cross-reference checking of any suspect sample interval data. The Seabee Mine drillhole database is reviewed and every error found is corrected by geological staff under the supervision of the QP.
13 Mineral Processing and Metallurgical Testing

13.1 Objectives of Testing
Mineralogy at operations is generally well-understood, as mining of this material has been conducted for over 20 years. The Seabee mill has successfully processed ore from a variety of different zones with an average recovery of 95%. These ore zones include:

- Seabee – 2B, 2C, 2D and L62
- Santoy 7
- Santoy 8 – A, B and F Zones
- Porky West

Metallurgical testing at laboratories and other facilities is used mainly to investigate potentially deleterious mineralogy and to determine if the test material will perform within acceptable operational ranges. After deposits have been brought into production, estimates of metallurgical performance are primarily based on operational experience.

13.2 Testing
Metallurgical testing was conducted by CRI during late 2006 and early 2007 for Porky West and Santoy 7 as part of an economic study. The test consists of bulk samples of ore batched thru the Seabee Mill. Metallurgical testing indicated excellent recoveries between 90 percent and 97 percent using the existing cyanide leach circuit with a gravity concentrator.

Three important issues are addressed by the mill test:

1) Determination of head and tailings grades;
2) Determination of the process and reagent requirements; and
3) Determination of tailings effluent.

No significant issues were identified in any of the three criteria with regards to the Porky West and Santoy 7 bulk sample. Metallurgical testing of the Santoy Gap ore has not been completed, although mineralogically it is very similar to the Seabee and Santoy 8 ore that is currently being processed.

13.3 Discussion
The metallurgical tests are primarily for the purpose of qualifying the type of ore as well as metallurgical recoveries. Ore is labelled either “Seabee Type” or “Not Seabee Type”, based on the type of mineralogy and the associated deleterious metals.

The metallurgical tests also identify the presence of deleterious minerals and other possible problems. On occasion bulk samples have been processed and monitored through the mill circuit.

13.4 Mill Variables
All reserve and resource data is quoted at full grade value with no (mill) correction factors built in. Mill recoveries are considered in the development of an operating cut-off grade for the mines.
14 Mineral Resource Estimation

14.1 Introduction

The methodology for estimating mineral resources at Seabee and Santoy 8 mines and satellite deposits, with the exception of Santoy Gap, are essentially an interpolation of development sampling used in conjunction with polygonal resources derived from diamond drill hole sampling. For Santoy Gap, the mineral resources reported have been estimated using a geostatistical block modelling approach informed from borehole data and constrained by a single gold mineralization wireframe. High-grade gold assays were cut prior to grade estimation. Factors such as planned stope dimensions, dilution, block cut-off grade, and recovery are then applied to convert resources to reserves. Reserves are updated bi-annually and adjusted accordingly as new sample data becomes known.

The Santoy Gap resource was prepared by SRK Consulting (Canada) Inc. (“SRK”) under the supervision of CRI’s QP, Brian Skanderbeg. Data presented herein has been excerpted from Banerjee and Cole (2012).

14.1.1 Seabee

Mining to date at Seabee has demonstrated the presence of well defined, near vertical shoots that may include high grade segments with moderately steep plunges; thus the lateral limits of mineral resource blocks within individual shoots are clearly delineated. Depth continuity for the various vein zones has been established from deep core drilling conducted from underground diamond drill stations.

14.1.2 Santoy 8

Surface drilling and mining to date at Santoy 8 have defined sub-parallel ore bodies dipping from 40 to 60 degrees east and plunging to the north. In the case of Santoy 8, both the lateral and horizontal limits of the blocks have been defined through underground development. Future deeper drilling is required to determine the potential for continuity of the deposits with depth.

14.1.3 Santoy Gap

Surface drilling at Santoy Gap has defined sub-parallel ore bodies dipping from 45 to 55 degrees east and plunging to the north. At Santoy Gap, the lateral and depth continuity are defined by diamond drilling, remaining open in all directions. Future deeper drilling is required to determine the potential for continuity of the deposits with depth.

14.1.4 Porky

Drilling and mining at Porky West has defined sub-vertical ore bodies dipping approximately 65°SW. Future drilling and development is required to determine strike and depth continuity.

14.2 Seabee and Santoy 8 Resource Classification

Taken from the CIM Definition Standards (November 2010), a mineral resource is a concentration or occurrence of base and precious metals 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 classifications and terminology for reporting resources at Seabee and Santoy 8 mines and satellite deposits are consistent with NI 43-101. Resource categorization is based on the following criteria.

14.2.1 Measured Mineral Resources

A measured mineral resource is a resource for which quantity, grade or quality, densities, shape, and 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 and drillholes that are spaced closely enough to confirm both geological and grade continuity. (CIM Definition Standards, November 2010)

Seabee classifies a measured mineral resource by either of the following criteria:

- Sampled in two dimensions by a sill and a raise; or
- Sampled by silling and projected no more than one mine level (<= 75 m) & have closely spaced diamond drill holes on the same structure (< 35 m)

14.2.2 Indicated Mineral Resources

An indicated mineral resource is a 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 economical 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, and drill holes spaced closely enough for geological and grade continuity to be reasonably assumed. (CIM Definition Standards, November 2010)

Seabee classifies an indicated mineral resource by either of the following criteria:

- Sampled by silling and projected beyond diamond drilling to a maximum of 75 metres; or
- Sampled by closely spaced diamond drill holes (< 35 m) on structures with demonstrated geological and grade continuity; or
- Mapping and sampling done at surface with a previous production history;

14.2.3 Inferred Mineral Resources

An inferred mineral resource is 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, geology and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques. (CIM Definition Standards, November 2010)

Seabee classifies an inferred mineral resource by either of the following criteria

- Estimated using widely spaced diamond drill holes (>35 m); or
- Surface indications on structures without a production history; or
- Projected more than one mine level (>75 m) from ore development; or
  - Extrapolated within well-defined shoots associated with higher confidence blocks to a maximum of 150 m down plunge and 50 m normal to the interpreted plunge axis.

14.3 Santoy Gap Resource Classification

Mineral resource classification is typically a subjective concept. Industry best practices suggest that resource classification should consider both the confidence in the geological interpretation and geological continuity of the mineralized structures; the quality and quantity of exploration data supporting the estimates; and the geostatistical confidence in the quality of the tonnage and grade estimates. Appropriate classification criteria should aim at integrating these concepts to delineate regular areas of similar resource classification.

The location of the samples and the assay data are sufficiently reliable to support resource evaluation and do not present a risk to resource classification. The mineral resource model is
largely based on geological knowledge derived from boreholes drilled on sections spaced at around 50 metres.

For the mineral resource classification, a combination of tools, including confidence in the geological interpretation, variography results, search ellipse volume, kriging variance, and estimated block gold continuity for a potential underground extraction scenario.

Generally, the northwestern part of the deposit exhibits reasonable geological continuity, and is investigated at an adequate spacing. Blocks estimated during the first or second estimation passes were classified as Inferred resources. The majority of the blocks were estimated during the first pass. The level of confidence in the resource model is not sufficient to allow appropriate application of technical and economic parameters to support mine planning and to allow evaluation of the economic viability of the deposit. Additional infill drilling, increased confidence in gold grade continuity should allow for resource classification upgrades in future resource models.

14.4 Resource-Reserve Conversion Factors

The bulk of Measured and Indicated Mineral Resources occur within the well-defined shoots currently being mined. The following mining and economic factors have been applied to those resource categories, resulting in their conversion to proven and probable mineral reserves;

14.4.1 Block Dimensions
In cases where the resource block boundary differs from the planned stope dimension, the margins may be adjusted and subsequently recalculated.

14.4.2 Drillhole Composites
Any drillholes used in the calculation of the reserve are composited at a “minimum mining width” dependant on the mining method utilized. Typically, widths ranging from 1.50 m to 5.0 m in the true thickness plane are used.

14.4.3 Dilution
An external dilution is applied to blocks based on the geology of the ore body, the proposed mining method for extraction, CMS data and historical dilution. Dilution can range from 10 percent to 40 percent, but typically a dilution of 20 percent to 25 percent is applied.

14.4.4 Block Cut-off Grade
A block cut-off grade of 4.5 g/t Au is currently used when converting resources to reserves at Seabee. Santoy 8, Santoy Gap and Porky use a lower cut-off grade of 3.0 g/t as operating costs are lower. Cut-off values are based on projected operating costs for Santoy 8 and Seabee based on a relatively equal distribution of production tonnage. Other important parameters include gold price forecasts of $1500 per ounce and a metallurgical recovery of 95.2 percent. This is based off total projected milled tonnes of 299,000 and a total projected operating cost of $53,000,000 CDN for 2013. It may be beneficial on occasion to mine and haul lower grade material to access defined reserve blocks, but if this lower grade material averages less than the respective cut-off grades, it is stockpiled for blending.

14.4.5 Mining Recovery
Mining recovery is based on the mining method and historical recovery of ounces encountered at both Seabee and Santoy mines. Recoveries range from 65 percent to 100 percent with an average recovery of 97 percent.

The mine recovery is broken down into two components. The first component is called the planned recovery which includes that component of ore which is planned to be mined. Remaining portions of the resource that are not planned to be mined include crown and rib pillars left in place for ground stability reasons.
The second component of recovery is the unplanned recovery during the mining process. Unplanned recovery occurs during the mining process including drilling, blasting, mucking and transportation of the ore to the mill. It is dependent upon a variety of factors including mining method employed, extraction equipment used, the continuity and consistency in orebody boundaries, as well as geotechnical factors.

14.5 Seabee and Santoy 8 Resource Calculation Procedures

The Mine Geology department is currently maintaining a day-to-day data entry program of all pertinent geological, diamond drilling and sampling data from the mine in order to carry out resource and reserve estimations. This includes the utilization of Gemcom® for resource estimations. To date, the three-dimensional representation of development, stoping and diamond drilling is providing valuable information in the interpretation and correlation of structures.

The procedure for calculating resources as well as the variables taken into consideration is as follows:

14.5.1 Sections

At the Seabee mine where the ore bodies are near vertical (greater than 85°), the longitudinal sections used in resource calculations are assumed to be vertical planes and oriented parallel to the mine co-ordinate system. In cases where the ore body has a shallower dip, such as the satellite deposits Santoy 8 and Porky West, inclined sections are used;

14.5.2 Top-Cut Values

At the Seabee and Santoy 8 mines, chip samples are presently capped at 50 g/t and muck samples are capped at 38 g/t (Table 5). All underground drillcore assays are presently capped at 50 g/t with the exception of the newly discovered L62 zone. Recent geostatistical analysis, using the 95th percentile, supports the use of a 70 g/t top cut for the L62 zone. Future analysis of top cut values is planned for each discrete zone at Seabee and its satellite deposits for chip, muck and drillcore assays.

Table 5: Top-cut values for Seabee Gold Operation

<table>
<thead>
<tr>
<th>Deposit / Zone</th>
<th>Top Cut Applied (g/t)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DD</td>
<td>Chip</td>
</tr>
<tr>
<td>Seabee</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Santoy 8</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Porky</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>L62</td>
<td>70</td>
<td>TBD</td>
</tr>
<tr>
<td>Santoy Gap</td>
<td>50</td>
<td>TBD</td>
</tr>
</tbody>
</table>

14.5.3 Specific Gravities

Based on regular test work at Seabee mine, a specific gravity, or in-situ dry bulk density, value of 2.85 tonnes per cubic metre (“t/m³”) is utilized in tonnage estimates. Similar test work at the Santoy 8 mine and Porky West satellite orebody have shown a specific gravity value of 2.8 and 2.7 t/m³, respectively. Based on internal and external test work at the Santoy Gap, a specific gravity value of 2.85 t/m³ is utilized in tonnage estimates (Table 6).
Table 6: Specific gravity values for Seabee Gold Operation

<table>
<thead>
<tr>
<th>Deposit / Zone</th>
<th>S.G Applied</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seabee 2d zone</td>
<td>2.9</td>
<td>Snowden Report</td>
</tr>
<tr>
<td>Seabee 2b &amp; 2c zones</td>
<td>2.85</td>
<td>Seabee &amp; TSL labwork</td>
</tr>
<tr>
<td>Santoy 8</td>
<td>2.8</td>
<td>Seabee &amp; TSL labwork</td>
</tr>
<tr>
<td>Santoy Gap zone</td>
<td>2.85</td>
<td>Exploration &amp; ALS labwork</td>
</tr>
<tr>
<td>Porky West and Main</td>
<td>2.70</td>
<td>Seabee labwork</td>
</tr>
</tbody>
</table>

**14.5.4 Resource Calculation Procedure**

The procedure for estimating mineral resources at Seabee mine and its satellite deposits is essentially an interpolation of development sampling used in conjunction with polygonal resources derived from diamond drill hole sampling. Resources derived from diamond drillhole intersects are estimated using the Gemcom® polygonal method.

Depending on the stage of development for a block, different methods are utilized:

- **For undeveloped resource blocks**, grades and tonnages are derived solely from the polygonal resource calculation derived from Gems.
- **For developed resource blocks**, an interpolation of development sampling is used in conjunction with drillhole intersects.
  - Either Access or Gemcom is used to calculate individual face grades, as well as an average grade and width for development headings.
  - A tonnage is also calculated from development using the block dimensions and the average width previously calculated.
  - Grades and tonnages calculated from development are then weighted with the polygonal resource. Drillhole intersects are assigned an equal weighting to face samples. The resulting average grade and tonnage is the value then assigned to the resource block.

**14.6 Santoy Gap Resource Procedures**

**14.6.1 Geological Model**

The initial three-dimensional geological model of the alteration zone was developed by Claude. The boundaries for the gold mineralization were interpreted from drilling and outcrop data on plan and vertical sections. They were connected into a single three-dimensional wireframe by Claude using Gemcom, which was later modified by SRK. The gold mineralization domain extends for approximately 800 metres along strike down dip and is based on a 0.5 gpt gold cut-off.
SRK identified and modelled various “waste” subdomains within the main gold mineralization. While reviewing grade data, SRK was able to identify a relatively continuous zone comprising high grades in the northwestern part of the deposit. SRK developed a high grade wireframe domain typically characterized by gold grades greater than 1.0 gpt (Figure 6).

14.6.2 Database Preparation, Compositing and Statistical Analysis
Of the total 837 samples intersecting the mineralization wireframe, 740 samples (approximately 88 percent) are within 1.5 metres in length (Figure 7). The rest of the samples have higher lengths, up to 8.00 metres. All assay samples were composited to equal 1.5-metre lengths for geostatistical analysis and variography.
High grade outliers in the composite data were investigated using cumulative probability plots (Figure 8). After review, SRK is of the opinion that it is necessary to cap high grade composites to limit their influence during the grade estimation. SRK selected a cap of 50 gpt gold, with only seven composites affected (99th percentile).

![Cumulative Probability Plot](image)

**Figure 8: Cumulative frequency plots for gold composites (within gold mineralization wireframes), selected capping value as illustrated**

For unsampled borehole intervals intersecting geological wireframes, SRK assigned half of the detection limit (0.003 gpt gold). Table 7 illustrates the basic statistics for raw sample data, composites, and capped composites. In addition to a 50 gpt gold capping, statistical analysis was also performed on 30 and 80 gpt gold capping to for sensitivity analyses.

<table>
<thead>
<tr>
<th>Assays</th>
<th>Uncapped</th>
<th>Capped 30 gpt Au</th>
<th>Capped 50 gpt Au</th>
<th>Capped 80 gpt Au</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>827</td>
<td>765</td>
<td>765</td>
<td>765</td>
</tr>
<tr>
<td>Minimum</td>
<td>0.00</td>
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<td>0.01</td>
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<tr>
<td>Maximum</td>
<td>533</td>
<td>208.96</td>
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<td>Mean</td>
<td>6.07</td>
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<td>3.72</td>
</tr>
<tr>
<td>Number of Cut</td>
<td>-</td>
<td>20</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>28.63</td>
<td>13.07</td>
<td>6.46</td>
<td>8.36</td>
</tr>
<tr>
<td>Sample Variance</td>
<td>819.60</td>
<td>170.93</td>
<td>41.73</td>
<td>69.89</td>
</tr>
<tr>
<td>COV</td>
<td>4.72</td>
<td>3.13</td>
<td>1.93</td>
<td>2.25</td>
</tr>
</tbody>
</table>

### 14.6.3 Specific Gravity

The exploration database also contains 543 specific gravity measurements taken mainly from vein quartz. The measurements were determined at Seabee exploration camp (430 samples).
and ALS (113 samples) using a water displacement methodology. SRK has found that sample intervals measured for specific gravity sometimes overlap and do not always match with intervals for gold assays. SRK generated a clean specific gravity database of 478 records, of which 326 were within the modeled gold mineralization domain. Table 8 presents basic statistics of the specific gravity measurements from different lithologies located within the modeled gold mineralization domain.

Table 8: Basic statistics for the specific gravity data

<table>
<thead>
<tr>
<th>Lithology*</th>
<th>No. of Samples</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Variance</th>
<th>St. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMV</td>
<td>2</td>
<td>2.90</td>
<td>2.94</td>
<td>2.92</td>
<td>0.00</td>
<td>0.02</td>
</tr>
<tr>
<td>BMV</td>
<td>4</td>
<td>2.88</td>
<td>2.96</td>
<td>2.92</td>
<td>0.00</td>
<td>0.04</td>
</tr>
<tr>
<td>BSCH</td>
<td>27</td>
<td>2.69</td>
<td>3.01</td>
<td>2.90</td>
<td>0.01</td>
<td>0.08</td>
</tr>
<tr>
<td>CBFS</td>
<td>17</td>
<td>2.88</td>
<td>2.99</td>
<td>2.95</td>
<td>0.00</td>
<td>0.04</td>
</tr>
<tr>
<td>CBSCH</td>
<td>4</td>
<td>2.95</td>
<td>2.98</td>
<td>2.97</td>
<td>0.00</td>
<td>0.02</td>
</tr>
<tr>
<td>DAMV</td>
<td>6</td>
<td>2.81</td>
<td>2.99</td>
<td>2.90</td>
<td>0.01</td>
<td>0.08</td>
</tr>
<tr>
<td>DIOR</td>
<td>5</td>
<td>2.68</td>
<td>2.73</td>
<td>2.70</td>
<td>0.00</td>
<td>0.02</td>
</tr>
<tr>
<td>FZ</td>
<td>1</td>
<td>2.85</td>
<td>2.85</td>
<td>2.85</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GRD</td>
<td>14</td>
<td>2.11</td>
<td>2.96</td>
<td>2.71</td>
<td>0.04</td>
<td>0.19</td>
</tr>
<tr>
<td>MV</td>
<td>70</td>
<td>2.64</td>
<td>3.04</td>
<td>2.94</td>
<td>0.00</td>
<td>0.06</td>
</tr>
<tr>
<td>QTZ</td>
<td>3</td>
<td>2.64</td>
<td>2.84</td>
<td>2.77</td>
<td>0.01</td>
<td>0.09</td>
</tr>
<tr>
<td>VNQZ</td>
<td>173</td>
<td>1.73</td>
<td>3.12</td>
<td>2.78</td>
<td>0.03</td>
<td>0.17</td>
</tr>
</tbody>
</table>

* Lithology codes are those used at the Seabee Gold Operation and are not described in this memorandum.

14.6.4 Variography

The variography for gold was completed using GSLib to characterize the spatial continuity of the metal grade data in the resource domain.

The general methodology to calculate and model variograms consists of calculating both directional and isotropic variograms. For each geologic and grade domain and for each variable, SRK examined three different spatial metrics: (1) traditional semivariogram, (2) traditional correlogram, and (3) normal scores semivariogram.

The normal score semi-variogram was chosen to best represent continuity of the structure. It is a common practice to back transform to the original units. Experimental variograms were fitted with a spherical model with two structures. The variogram parameters modelled by SRK are presented in Table 9 and illustrated in Table 9.

Table 9: Variogram models for the Santoy Gap deposit

<table>
<thead>
<tr>
<th>Structure</th>
<th>C(X)</th>
<th>Rx</th>
<th>Ry</th>
<th>Rz</th>
<th>Azimuth</th>
<th>Dip</th>
<th>Plunge</th>
<th>Structure Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nugget</td>
<td>0.15</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>0.60</td>
<td>40</td>
<td>40</td>
<td>3</td>
<td>50</td>
<td>-50</td>
<td>-40</td>
<td>Exponential</td>
</tr>
<tr>
<td>2</td>
<td>0.25</td>
<td>100</td>
<td>100</td>
<td>12</td>
<td>50</td>
<td>-50</td>
<td>-40</td>
<td>Spherical</td>
</tr>
</tbody>
</table>
14.6.5 Grade Estimation

The block model was created in Gems software. Criteria used in the selection of block size included the borehole spacing, composite length, size of selective mining units, as well as the geometry of the modelled auriferous zones. A block model with parent block size of 5 metres by 5 metres by 5 metres was created. Table 10 summarizes the block model parameters.

Table 10: Santoy Gap deposit block model parameters

<table>
<thead>
<tr>
<th></th>
<th>X (m)</th>
<th>Y (m)</th>
<th>Z (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum*</td>
<td>598,470</td>
<td>6,169,860</td>
<td>-360</td>
</tr>
<tr>
<td>Maximum*</td>
<td>599,770</td>
<td>6,171,210</td>
<td>485</td>
</tr>
<tr>
<td>Number of blocks</td>
<td>260</td>
<td>270</td>
<td>170</td>
</tr>
<tr>
<td>Parent block size</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Rotation</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

* UTM Coordinates NAD83 Zone 13

14.6.6 Grade Interpolation

The block model was populated with gold values interpolated by ordinary kriging (OK). Variogram parameters were derived from variography (Table 10). Grade interpolation was completed in two successive passes. The estimation parameters and search parameters for the first and second pass interpolations are summarized in Table 11. Variogram ranges were considered for the first estimation pass. The search neighbourhoods were inflated to double the variogram ranges for the second pass (Table 12).

Table 11: Grade estimation parameters

<table>
<thead>
<tr>
<th>Estimation Parameters</th>
<th>1st Pass</th>
<th>2nd Pass</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpolation Method</td>
<td>Ordinary Kriging</td>
<td>Ordinary Kriging</td>
</tr>
<tr>
<td>Search Method</td>
<td>Octant</td>
<td>Ellipsoidal</td>
</tr>
<tr>
<td>Minimum Number of Octants</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Maximum Number of Composites per Octant</td>
<td>5</td>
<td>-</td>
</tr>
</tbody>
</table>
### Table 12: Gold grade search neighbourhood parameters

<table>
<thead>
<tr>
<th>Search Direction</th>
<th>1st Pass (m)</th>
<th>2nd Pass (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Y</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>Z</td>
<td>12</td>
<td>24</td>
</tr>
</tbody>
</table>

### 14.6.7 Resource Model Validation

The block model was validated by:

- Visual comparison of OK block estimates relative to informing composites on plan and section.
- A Q-Q plot of capped composited data versus OK block estimates.

These checks confirm that the resource model adequately represents the informing data.

![Q-Q Plot: Au Composite vs BM](image)

Figure 11: Q-Q plot comparing block model grades (OK) to declustered vs capped composites (left) and OK estimates v/s IPD estimates (right)

### 14.7 Recommendations

SRK Consulting Inc conducted an independent audit of the Seabee MRMR during the first quarter of 2012. They recommended that other geostatistical grade interpolation methods such
as ID2, ID3 or kriging be carried out for resource model validation purposes. Comparison of the global average grades and tonnages generated by the three methods can be plotted using multivariate grade-tonnage curve plots. The plots can help ascertain which of the methods best reflects the resource estimate based on the wide grade variations seen within the zones. Such comparisons and research is an area of current focus and development.

14.8 Quality Assurance/Quality Control

In 2006, the Mine Geology Department implemented an analytical Quality Assurance and Quality Control (“QA/QC”) program to monitor the on-site assay laboratory utilizing both internal and external procedures. External independent audits are also carried out on both assaying and resource/reserve estimation procedures.

14.8.1 Internal Procedures

Internal checks are done on a daily basis at the onsite assay lab. This is done to ensure as much accuracy in assay results as possible, as well as to provide a confidence level with the reported assay. Each day the assayer will run four fire assays on the mill tails, two on the thickener underflow, two on the #1 CIP, and two fire assays on the loaded carbon in order to closely approximate or repeat the initial test. Also, the assayer runs three assays on the leach tails – two with fire assay and one with atomic absorption in order to provide confidence in the fire assaying procedure. Also, duplicate testing of all underground samples are conducted when the initial assay return is 60 g/t or greater. In addition to the above procedures, blanks, duplicates and standards are inserted at a frequency of 1 in 20 with results monitored on a batch basis.

These QA/QC procedures provide confidence in the assaying procedures employed at the Seabee onsite laboratory.

14.8.2 External Procedures

External checks on the assay results are conducted on a monthly basis. Each month the pulps of a select group of samples are saved according to the month (all samples ending in "01" for January, "02" for February and so forth). This is to ensure that both no "favorable" samples will be manually collected and that these samples (which amount to ~ 75 per month) will routinely "represent" the ore at Seabee. At the end of the month a random individual selected by the geologist, with no prior bias or knowledge of results, will select 15-20 of the pulp samples. These sample numbers are recorded along with the assay result and the location from which the sample was taken. They are then packaged and shipped to TSL Laboratories in Saskatoon, SK, an ISO/IEC Standard 17025 accredited laboratory. There, they are tested for Au content by fire assaying and metallic assaying. The returned results are correlated with the "home" results and presented on a scatter plot.

14.8.3 Independent Audits

ACA Howe conducted annual independent audits of the reserves and resources at Seabee Mine from 1994 to 2006. Although Howe has not conducted an independent check sampling program, the sampling and assay procedures have been examined. Howe has also examined assay and bullion certificates and production statistics in detail during the audit. These demonstrate that the assay results used in the resource estimates are acceptable.

Howe has also examined the methodology of resource/reserve estimations and its application at the mine over the course of annual visits since 1994 and was generally satisfied that the methodology and its application conform to industry standards.

SRK Consulting (Canada) Inc. has conducted an independent audit of the reserves and resources at the Seabee Gold Operation in the first quarter of 2012. No independent check sampling was conducted, although all sampling and assay procedures were examined. SRK has
also examined the methodology of resource/reserve estimations and its application at the mine and was satisfied that the methodology and its application conform to CIM Guidelines and industry standards.

### 14.9 Resource Potential

Areas with exploration potential have also been identified whose dimensions are defined on the basis of limited drilling, surface exposure, or strong geological reasoning. Grades have been assigned to these inferred resources based on the limited sampling information and or grades in adjacent possible blocks.

#### 14.10 QP Declaration

In the opinion of the QP, the methods used to estimate resources at Seabee Gold Operation in accordance with industry best practices. Every reasonable step was taken to ensure the accuracy of estimate. The resulting resource models represent the most reliable estimate of mineral inventory – on both a global and regional scale - that could be constructed with the available data.

The method of resource estimation provides a reasonable estimate of the global resource within a given mineralized envelope, but does not take into account the spatial variability of mineralization. Reasonable steps were taken to ensure the accuracy of results. This estimation methodology limits the accuracy of estimates on a regional scale and the result is considered to be unreliable for purposes of short-term planning. Improved methods of estimating local variability in mineralization are under investigation.

### 14.11 Conclusion

At the Seabee and Santoy mines and satellite deposits, there are several classifications for both resources and reserves that conform to CIM standards. There are several factors which are considered when converting resources to reserves which include the planned stope dimensions, minimum compositing widths for drillhole intersects, dilution, block cut-off grade and recovery. Factors which are considered when estimating resources include the geometry of the ore body and the subsequent section used, top capping values, specific gravity, and the radius of influence given to drillholes. The methodology for estimating mineral resources is essentially an interpolation of development sampling used in conjunction with polygonal resources derived from diamond drill hole sampling. Quality assurance and quality control procedures have been established in order to demonstrate that the assay results used in the resource estimates are acceptable.
15 Mineral Reserve Estimation

15.1 Overview
The following methodology is used for estimating reserves:

The resource model is updated to reflect the expected status of mining blocks at the start date of the new mining plan.

Mining methods are selected for discrete zones of each orebody, based primarily on the geometry of mineralization. Operating and capital costs are estimated for each orebody, based on the mining methods used. These costs are used to calculate cut-off values and delineate resource blocks that would be potentially economic to mine.

Stope outlines are designed for potentially economic resource blocks. These outlines are based on realistic mining shapes and historic factors for mining recovery and dilution. This process is conducted iteratively, between the engineering and geology departments.

The following sections provide details of each activity listed above.

15.2 Resource Model Updates
Listings are generally updated at the end of the 4th quarter of each year, using forecasts of mining activity to the end of the year.

15.3 Reserve Classification
Again taken from the CIM Definition Standards (November 2010), a mineral reserve is the economically mineable part of a measured or indicated resource demonstrated by at least a preliminary feasibility study to demonstrate that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when that material is mined. This in turn is split into two categories, a probable and proven mineral reserve, which are the economically mineable parts of the orebody taken from the indicated and measured mineral resources’ respectively. At Seabee, reserves are broken into three categories depending on their stage of production.

15.3.1 Unbroken Ore Reserve
Encompasses the indicated and measured resources successfully converted to proven and probable reserves.

15.3.2 Broken Ore Reserve
Encompasses the proven and probable reserves which have been broke and contains an average grade above the block cut-off grade.

15.3.3 Low Grade Ore Reserve
Encompasses the proven and probable reserves which have been broke and contains an average grade less than block cut-off grade.

15.4 Mining Operations
15.4.1 Dilution and Mining Recovery Definitions
Factors for dilution and mining recovery are applied as follows:

Internal or planned dilution represents zones of mineralization below the cut-off grade that is un-avoidably mined along with mineralization above the cut-off grade due to the selectivity of the specific stoping method employed. Planned dilution is included in the estimate of resource tonnage and grade.
External or unplanned dilution represents waste tonnage (such as overbreak) that is mined along with mineralization above the cut-off grade. Unplanned dilution is included in the conversion from resource tonnage and grade to reserve tonnage and grade.

Mining recovery is a measure of the resource ounces that is extracted, with losses resulting from planned (e.g., pillars) or unplanned (e.g., failure to pull blast hole toes) events. Mining recovery is included in the conversion from resource tonnage to reserve tonnage, but does not affect grade as the grade of losses is assumed to equal the resource average.

Mill Recovery is 95 percent and is used in the determination of cut off grade for mineral reserve calculation purposes.

15.5 Shrinkage Mining

Shrinkage stope is a generic term used in mining to describe the process of mining upwards from a lower to a high horizon, leaving broken rock in the excavation created. The broken rock acts as a working platform, and helps to stabilise the excavation by supporting the walls (Figure 12).

The technique can be used for ore mining in shrinkage stopes, for raising, and for underground construction projects where excavations of considerable vertical height may be required, such as ore and waste bins, crusher rooms, penstocks and tailrace tunnels.

Shrinkage stoping is a flexible mining method for narrow orebodies that need no backfill during stoping. Successive horizontal slices of ore, usually about 3 metres high, are taken along the length of a stope, in a manner similar to cut-and-fill. The ore is removed from the stope through drawpoints at the bottom horizon spaced about every 7.5 metres along strike. Just enough ore is left in the place to provide a floor from which to work when taking the next cut. This requires considerable planning and coordination.

When the ore is blasted, it fills a space about 1.5 times the size of the space it filled as a solid mass. This is called swell and is an important factor in determining how much ore to draw from the bottom of the stope in order to maintain adequate working room. The process is continued upward until the stope either reaches the next level or is stopped at some predetermined elevation. Horizontal crown pillars are left behind at the top of the stope. The broken ore is drawn down from chutes below, thus "shrinking" the volume of broken ore in the stope. Because blasted rock takes up more volume than rock in situ, some of the broken material must be removed on a periodic basis, to maintain the required relationship between the back (or roof) of the excavation, and the level of the broken material in the excavation. This is achieved by drawing the blasted material through drawpoints on the lower level, which is constructed before shrinkage begins. Access to the space between the broken material and the back of the excavation must be maintained for access of men and materials, and for ventilation. Such access is usually provided by previously installed raises, usually equipped with ladder ways.
When properly planned and executed, shrinkage mining is a very effective technique for ore mining and underground construction. It is used where the hanging and footwalls of the excavation are strong enough to be self supporting, although artificial support such as rock and cable bolts may be installed as shrinkage progresses. Where the technique is used for ore mining, careful planning and scheduling are required to ensure consistency of ore grade and production tonnage.

15.5.1 Longhole Methods

Bulk mining methods employed up or down blastholes to extract ore between sills, in crown pillars, or sill pillars in areas of continuous mineralization. The mining recovery for bulk methods is typically 80 percent-97 percent. Dilution is typically a combined 1 metre off the hanging wall and footwalls.

Longhole mining has historically been completed longitudinally (along strike of the ore) due to the narrow width of the ore at both Seabee and Santoy 8. As production advances into the Santoy Gap deposit the significantly thicker ore veins allow for transverse mining (perpendicular to the ore). Transverse will allow for greater productivities as tonnages per stope increase significantly. However the larger openings and lack of pillars will require increased ground support and/or cemented backfill. Transverse mining in Santoy Gap incorporates waste zones in between the ore zones as internal dilution. During mining operations additional investigation and actions will be initiated to separate the waste zones and reduce the dilution impacts.
The Avoca is a variation of the long-hole mining method and is employed in steeply dipping narrow orebodies. The mining aims to maximize the known resource and extract the orebody from the bottom up. Ore is blasted at one end of an open stope while dry waste rock fill is added to the other end to limit the length of the exposed wall in order to control wall failure.

15.5.2 Overhand Cut and Fill

Overhand Narrow Vein Cut and Fill mining is a highly selective mining method that uses smaller scale LHDs, jacklegs and stopers and/or jumbos. Ground support is installed manually. Sweepers and dozers can be utilized to clean stopes before backfilling.

This method has a high mining recovery, estimated at 90-97 percent. Dilution is less than 1 metre and consists of backfill as well as some sidewall and hanging wall overbreak.

15.6 Costs

The following table details the operations data of the Seabee Gold Operation over the past 6 years.

Table 13: Seabee - historical operating data

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Mined and Milled (tonnes)</td>
<td>205,596</td>
<td>275,235</td>
<td>257,181</td>
<td>203,958</td>
<td>247,664</td>
</tr>
<tr>
<td>Grade processed (grams of gold per tonne)</td>
<td>4.94</td>
<td>5.86</td>
<td>5.68</td>
<td>7.55</td>
<td>6.17</td>
</tr>
<tr>
<td>Mill Recoveries (percent)</td>
<td>95.2</td>
<td>95.3</td>
<td>95.3</td>
<td>95.5</td>
<td>95.3</td>
</tr>
<tr>
<td>Gold Produced (ounces)</td>
<td>31,061</td>
<td>49,570</td>
<td>44,756</td>
<td>47,270</td>
<td>46,827</td>
</tr>
<tr>
<td>Gold Poured (ounces)</td>
<td>31,707</td>
<td>48,558</td>
<td>44,498</td>
<td>44,594</td>
<td>46,984</td>
</tr>
<tr>
<td>Cash Cost (CDNS/ounce)*</td>
<td>999</td>
<td>997</td>
<td>908</td>
<td>709</td>
<td>699</td>
</tr>
</tbody>
</table>

* The Company reports its operating costs on a per-ounce basis based on uniform standards developed by the Gold Institute. Management uses this measure to analyze the profitability (compared to average realized gold prices) of the Seabee and Santoy Mines, before depreciation, depletion and accretion. When evaluating this profitability measure, investors should be aware that no provision has been made for exploration or development costs. 2006 through 2009 calculations reflect application of Canadian GAAP, whereas 2010 and 2011 reflect International Financial Reporting Standards (“IFRS”).

Readers are cautioned that the above measures may not be comparable to other similarly titled measures of other companies should these companies not follow Gold Institute standards.

15.7 Cut-Offs and Stope Designs

The geological block model (including measured, indicated and inferred resources) is converted into an economic model. Block values represented in the economic model therefore represent the value per tonne of ore, after deducting all costs other than mining. Two cut-offs are employed to select blocks for mining. Full-Cost cut-off, the ore value (after accounting for dilution) must exceed the total operating and capital cost. This is the cut-off applied to delineate economic mining blocks. Incremental cut-off, the ore value (after accounting for dilution) exceeds the cost of hoisting and transportation to the mill as well as milling costs, but is less than the full mining cost. This cut-off is only applied when a block of ground must be mined to access higher value ore blocks.
Stopes are designed for blocks that exceed the appropriate cut-off value, using the
design criteria presented. Note that dilution and mineability are calculated uniquely for
each stope, based on its unique geometry and the stoping method selected.

15.8 Scheduling and Economic Evaluation
An annual production schedule is generated for stopes that have been designed using resource
blocks. Key design criteria used in the scheduling of production from stopes include logistical
and geotechnical constraints. The production schedule is then evaluated to produce a cash
flow. The evaluation is performed using real terms and no escalation. Recoverable metal is
estimated using historic mill performance. Processing factors are applied as a line item in the
financial evaluation. Capital expenditures are subtracted from cash flow to arrive at net cash
flow. A discount rate of 5 percent is used to calculate the Net Present Value (“NPV”). Closure
costs are included in the evaluation.

15.9 Risk Assessment
The Company is engaged in the acquisition, exploration, and development of precious metal
properties. The majority of Claude’s mineral properties are in northern Saskatchewan, northwestern Ontario and northern Manitoba.
The Company is the sole owner and operator of the Seabee Gold Operation, accessed by air
and located 125 kilometres northeast of La Ronge, Saskatchewan. This operation has been in
production since December 1991.
Operations, although affected by weather, are not seasonal as both gold and oil & natural gas
are produced year round. The Company’s products are commodities for which there is an active
market and are not differentiated from the products of competitors. Therefore, the Company
conducts no special marketing for its products and its revenue is largely determined by prevailing
market prices.
The Company is not dependent upon any patents, licenses or new manufacturing processes, nor
is it dependent upon any financial contracts other than those entered into in the ordinary course
of its business.

15.9.1 The Company is Involved in the Resource Industry which has Certain Inherent
Exploration and Operating Risks
The exploration for and development of mineral deposits involves significant risks, which even
the combination of careful evaluation, experience and knowledge may not eliminate. It is
impossible to guarantee that current or future exploration programs on existing mineral
properties will establish reserves.
The level of profitability of the Company in future years will depend mainly on gold prices, the
cost of production at the Seabee Operation and whether any of the Company’s exploration stage
properties can be brought into production. The exploration for and development of mineral
deposits involves significant risks, which even a combination of careful evaluation, experience
and knowledge may not eliminate. It is impossible to ensure that the current and future
exploration programs on the Company’s mineral properties will establish reserves. Whether an
ore body will continue to be commercially viable depends on a number of factors, some of which
are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as
well as metal prices, which cannot be predicted and which have been highly volatile in the past,
mining costs, and government regulations, including regulations relating to prices, taxes,
royalties, land tenure, land use, importing and exporting of minerals, environmental protection
and reclamation and closure obligations. The effect of these factors cannot be accurately
predicted, but the combination of these factors may cause a mineral deposit that has been
mined profitably in the past, such as the Seabee Operation, to become unprofitable. The
Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, cave-ins or other hazards against which it cannot insure or against which it may elect not to insure.

The development of gold and other mineral properties is affected by many factors, including the cost of operations, variations in the grade of ore, fluctuations in commodity markets, costs of processing equipment and other factors such as government regulations, including regulations relating to royalties, fluctuations in the U.S. dollar versus Canadian dollar exchange rate, allowable production, importing and exporting of minerals and environmental protection.

15.9.2 Persistent Low Gold Prices Could Cause Mine Operations to be Suspended or Shutdown and Negatively Affect the Company’s Profitability

The economics of developing gold and other metal properties are affected by many factors including the cost of operations, variations in the grade of ore mined and the price of gold or other metals. Depending on the price of gold, the Company may determine that it is impractical to commence or continue commercial production. The price of gold has fluctuated in recent years.

Any significant drop in the price of gold adversely impacts the Company’s revenues, profitability and cash flows. Also, sustained low gold prices can:

1. Reduce production revenues as a result of cutbacks caused by the cessation of mining operations involving deposits or portions of deposits that have become uneconomic at the prevailing price of gold;
2. Cause the cessation or deferral of new mining projects;
3. Decrease the amount of capital available for exploration activities;
4. Reduce existing reserves by removing ore from reserves that cannot be economically mined at prevailing prices; or,
5. Cause the write-off of an asset whose value is impaired by the low price of gold.

Gold prices may fluctuate widely and are affected by numerous industry factors, such as demand for precious metals, forward selling by producers and central bank sales and purchases of gold. Moreover, gold prices are also affected by macro-economic factors such as expectations for inflation, interest rates, currency exchange rates and global or regional political and economic situations. The current demand for and supply of gold affects gold prices, but not necessarily in the same manner as current demand and supply affects the price of other commodities. The potential supply of gold consists of new mine production plus existing stocks of bullion and fabricated gold held by governments, financial institutions, industrial organizations and individuals. If gold prices remain at low market levels for a sustained period, the Company could determine that it is not economically feasible to continue mining operations or exploration activities.

There can be no assurance that the price of gold will remain stable or that such price will be at a level that will prove feasible to continue the Company’s exploration activities, or if applicable, begin development of its properties, or commence or, if commenced, continue commercial production.

15.9.3 Fluctuations in the U.S. Dollar versus Canadian Dollar Exchange Rate Could Negatively Impact Operating Results

The price of gold is denominated in U.S. dollars and, accordingly, the Company’s proceeds from gold sales will be denominated and received in U.S. dollars. As a result, fluctuations in the U.S. dollar against the Canadian dollar could result in unanticipated fluctuations in the Company’s financial results, which are reported in Canadian dollars.
15.9.4 Inability to Raise Required Funding Could Cause Deferral of Projects and/or Dilution of Property Interests

The Company’s ability to continue its production, exploration and development activities depends in part on its ability to generate revenues from its operations or to obtain financing through joint ventures, debt financing, equity financing, and production sharing arrangements or other means. The failure of the Company to meet its ongoing obligations on a timely basis could result in the loss or substantial dilution of its interest (as existing or as proposed to be acquired) in its properties.

15.9.5 Unfavourable Government Regulatory Changes May Cause Cessation of Mining Operations and Exploration Activities

The Company’s exploration activities and mining operations are affected to varying degrees by government regulations relating to mining operations, the acquisition of land, pollution control and environmental protection, safety, production and expropriation of property. Changes in these regulations or in their application are beyond the control of the Company and may adversely affect its operations, business and results of operations. Failure to comply with the conditions set out in any permit or failure to comply with the applicable statutes and regulations may result in orders to cease or curtail operations or to install additional equipment. The Company may be required to compensate those suffering loss or damage by reason of its operating or exploration activities.

Currently, all of the Company’s properties are subject to the federal laws of Canada and, depending upon the location of the Company’s properties, may be subject to the provincial laws of Saskatchewan and Ontario as well as local municipal laws. Mineral exploration and mining may be affected in varying degrees by government regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business.

Operations may be affected in varying degrees by government regulations with respect to price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental and mine safety legislation.

15.9.6 Aboriginal Rights, Title Claims and the Duty to Consult

Exploration, development and mining activities at the Company’s Saskatchewan and Ontario properties may affect established or potential treaty or Aboriginal rights, title or other claims held by Aboriginal groups, in these circumstances, First Nation and Métis, with related duty to consult issues. The Company is committed to effectively managing any impacts to such rights, title and claims and any resulting consultation requirements that may arise. However, there is no assurance that the Company will not face material adverse consequences because of the legal and factual uncertainties associated with these issues.

15.9.7 Failure to Effectively Manage the Company’s Tailings Facilities could Negatively Impact Gold Production

The Company’s Seabee Mill produces tailings. Managing these tailings is integral to gold production. The Seabee Operation’s East Lake and Triangle Lake tailings management facilities have the capacity to store tailings from milling ore from the Seabee Mill until approximately 2016. The Company is currently in the process of planning tailings capacity expansion beyond 2016. This will support the extension of Seabee’s mine life and provide additional tailings capacity to process ore from the Santoy 8 Gold Mine and other potential sources such as Santoy Gap. If the Company does not receive regulatory approval for new or expanded tailings facilities, gold production could be constrained.
15.9.8 Changes to Safety, Health and Environmental Regulations Could Have a Material Adverse Effect on Future Operations

Safety, health and environmental legislation affects nearly all aspects of the Company’s operations including exploration, mine development, working conditions, waste disposal, emission controls and protection of endangered and protected species. Compliance with safety, health and environmental legislation can require significant expenditures and failure to comply with such safety, health and environmental legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs resulting from contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from the Company’s existing operations, but from operations that have been closed or sold to third parties. Generally, the Company is required to reclaim properties after mining is completed and specific requirements vary among jurisdictions. The Company is required to provide financial assurances as security for reclamation costs, which may exceed the Company’s estimates for such costs. The Company could also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Company will at all times be in compliance with all safety, health and environmental regulations or that steps to achieve compliance would not materially adversely affect the Company’s business.

Safety, health and environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in safety, health and environmental laws and regulations may have on its operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent safety, health and environmental regulation. For example, emissions standards are poised to become increasingly stringent. Further changes in safety, health and environmental laws, new information on existing safety, health and environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, may require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company.

Environmental and regulatory review is a long and complex process that can delay the opening, modification or expansion of a mine, extend decommissioning at a closed mine, or restrict areas where exploration activities may take place.

15.9.9 Decommissioning and Reclamation Obligations May Constrain Production

Environmental regulators are demanding more and more financial assurances so that the parties involved, and not the government, bear the costs of decommissioning and reclaiming sites. Decommissioning plans have been filed for the Seabee and Madsen properties. These plans are reviewed, as necessary, or at the time of an amendment or renewal of an operating licence. Regulators may conduct a further review of the detailed decommissioning plans, and this can lead to additional requirements, costs and financial assurances. It is not possible to predict what level of decommissioning and reclamation and financial assurances regulators may require in the future.

15.9.10 Imprecise Ore Reserves and Ore Grade Estimates may Negatively Impact Gold Production and Operating Profitability

Although the Company has assessed the Mineral Reserve and Mineral Resource estimates contained in this document and believes that the methods used to estimate such Mineral Reserves and Mineral Resources are appropriate, such figures are estimates. Estimates of Mineral Reserves and Mineral Resources are inherently imprecise and depend to some extent on statistical inferences drawn from limited drilling, which may prove unreliable. Furthermore, the indicated level of recovery of gold may not be realized. Market price fluctuations of gold may
render reserves and deposits containing relatively lower grades of mineralization uneconomic. Moreover, short-term operating factors relating to Mineral Reserves, such as the need for orderly development of the deposits or the processing of new or different grades, may cause mining operations to be unprofitable in any particular period.

15.9.11 Inability to Hire Enough Skilled Employees to Support Operations

Many of the projects undertaken by the Company rely on the availability of skilled labour and the capital outlays required to employ such labour. The Company employs full and part time employees, contractors and consultants to assist in executing operations and providing technical guidance. In the event of a skilled labour shortage, various projects of the Company may not become operational due to increased capital outlays associated with labour. Further, a skilled labour shortage could result in operational issues such as production shortfalls and higher mining costs.

15.9.12 Potential Shareholder Dilution Could Impact Share Price and New Equity Issues

As of December 31, 2011, there were stock options outstanding to purchase 5,484,250 common shares and share purchase warrants outstanding to purchase 2,716,200 common shares. The common shares issuable under these options and warrants, if fully exercised, would constitute approximately 5.0 percent of the Company’s resulting share capital. The exercise of such options or warrants and the subsequent resale of such shares in the public market could adversely affect the prevailing share market price and the Company’s ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant additional share purchase warrants and stock options. Any share issuances from the Company’s treasury could result in immediate dilution to existing shareholders.

15.9.13 Industry Competition may Hinder Corporate Growth

The Company’s business is intensely competitive, and the Company competes with other mining companies, some of which have greater resources and experience. Competition in the precious metals mining industry is primarily for mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and produce such properties; the labour to operate the properties; and, the capital for the purpose of financing development of such properties. Many competitors not only explore for and mine precious metals, but also conduct refining and marketing operations on a worldwide basis and some of these companies have much greater financial and technical resources than the Company. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company’s inability to compete with other mining companies could have a material adverse effect on the Company’s results of operations and its business.

15.9.14 Extreme and Persistent Weather Conditions could Cause Operating and Exploration Difficulties

The Company’s mining and exploration properties are all located in the northern portions of Saskatchewan and Ontario. Access to these properties and the ability to conduct work on them can be affected by adverse weather conditions. Adverse weather conditions can also increase the costs of both access and work on the Company’s properties.

15.9.15 Title to Company Properties could be Challenged with Potential Loss of Ownership

Acquisition of title to mineral properties is a very detailed and time-consuming process. The Company believes it has investigated title to all of its mineral properties and has obtained title
opinions with respect to its most significant properties. To the best of the Company’s knowledge, titles to all such properties are in good standing. For the Madsen properties, the Company has searched title records for any and all encumbrances. For the Seabee and Amisk properties, the Company has examined property search abstracts from the Saskatchewan Energy and Resources as well as made inquiries and reviewed lease files from the Ministry. It has also received confirmation of title from Saskatchewan Environment.

The title to the Company’s properties could be challenged or impugned. The properties may have been acquired in error from parties who did not possess transferable title, may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

15.9.16 Uninsured Risks could Negatively Impact Profitability

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fire and flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increased costs and a decline in the value of the securities of the Company.

15.9.17 The Company is Subject to Evolving Corporate Governance and Public Disclosure Regulations that have Increased the Cost of Compliance and the Risk of Non-compliance

The Company is subject to changing rules and regulations promulgated by a number of Canadian and United States governmental and self-regulating organizations, including the Canadian Securities Administrators, the Toronto Stock Exchange, the U.S. Securities and Exchange Commission, the NYSE Amex and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. Efforts to comply with new regulations have resulted, and are likely to continue to result in, increased general and administrative expenses and a diversion of Management time and attention from revenue-generating activities to compliance activities.

15.9.18 Internal Controls Provide No Absolute Assurances as to Reliability of Financial Reporting

The Company has invested resources to document and assess its system of internal controls over financial reporting and it is continuing its evaluation of such internal controls. Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

The Company is required to satisfy the requirement of Section 404 of the U.S. Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), which requires an annual assessment by management of the effectiveness of the Company’s internal control over financial reporting and an attestation report by the Company’s independent auditors addressing the effectiveness of the Company’s internal control over financial reporting.

If the Company fails to maintain the adequacy of its internal control over financial reporting, as such standards are modified, supplemented, or amended from time to time, the Company may not be able to ensure that it can conclude on an ongoing basis that it has effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. The Company's failure to satisfy the requirement of Section 404 of the Sarbanes-Oxley Act on an ongoing, timely basis could result in the loss of investor confidence in the reality of its financial
statements, which in turn could harm the Company’s business and negatively impact the trading price of its common shares. In addition, any failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company’s operating results or cause it to fail to meet its reporting obligations.

Although the Company intends to devote substantial time and incur substantial costs, as necessary, to ensure ongoing compliance, the Company cannot be certain that it will be successful in complying with Section 404 of the Sarbanes-Oxley Act.

15.9.19 The Company is Subject to Certain Legal Proceedings and Maybe Subject to Additional Litigation in the Future

All industries, including the mining industry, are subject to legal claims, with and without merit. The Company is currently involved in litigation of a non-material nature and may become involved in legal disputes in the future. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material adverse effect on the Company’s financial position or results of operations.

15.9.20 Issuance of Flow-Through Securities and the Potential Liabilities Associated with the Failure to Incur Defined Exploration Expenditures within a Certain Time Frame

Flow-through securities are securities of the Company which meet certain criteria and qualify for flow-through tax treatment for the purposes of the Income Tax Act (Canada) (“ITA”). Qualification as a “flow-through share” enables the Company to renounce certain eligible resource expenditures incurred by the Company for the benefit of any investor who is a Canadian taxpayer. Once issued, the shares are common shares of the Company and are not differentiated from shares which were not flow-through shares.

Under the ITA, companies are permitted to issue flow-through shares pursuant to a written agreement under which the issuer agrees to incur certain eligible Canadian exploration expenses within the time frame specified in the agreement (generally, 12 to 24 months) and to flow-through or “renounce” the related tax deduction to the investor. The proceeds from the issuance of flow-through shares must be expended on “qualifying expenditures,” which are related to mineral exploration in Canada.

15.9.21 Conflicts of Interest

Certain of the directors of the Company are also directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. As such, situations may arise where such directors are in a conflict of interest with the Company. The Company will resolve any actual conflicts of interest if and when the same arise in accordance with the Company’s Code of Ethics Policy.

15.10 Opportunities

Seabee Mine Area has the following opportunities:

- Increase gold price would potentially boost reserves and resources.
- Significant operational synergies, including reduced mining and ore transportation costs as well as improved metallurgical recovery, could be achieved through mine or mill expansions.
- Portions of the existing resources are open along strike and down-plunge and will be explored.
- Regional mineralized structures are not fully explored.
### 15.11 Mineral Reserve and Mineral Resource Statement

MRMR estimates are based on definitions adopted by the CIM (November, 2010). Tables 14 and figures 13 and 14 summarize MRMR estimates for the key mineral domains at Seabee Gold Operation.

#### Table 14: Seabee Gold Operation – MRMR

<table>
<thead>
<tr>
<th>Projects</th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>Grade (g/t)</td>
</tr>
<tr>
<td>Seabee</td>
<td>947,100</td>
<td>7.26</td>
</tr>
<tr>
<td>Santoy 8</td>
<td>628,100</td>
<td>4.45</td>
</tr>
<tr>
<td>Santoy Gap</td>
<td>1,210,000</td>
<td>6.24</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2,785,200</strong></td>
<td><strong>6.19</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projects</th>
<th>December 31, 2011</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>Grade (g/t)</td>
</tr>
<tr>
<td>Seabee</td>
<td>45,400</td>
<td>4.86</td>
</tr>
<tr>
<td>Santoy 8</td>
<td>59,300</td>
<td>3.28</td>
</tr>
<tr>
<td>Santoy Gap</td>
<td>94,000</td>
<td>4.65</td>
</tr>
<tr>
<td>Porky Main</td>
<td>160,000</td>
<td>7.50</td>
</tr>
<tr>
<td>Porky West</td>
<td>111,000</td>
<td>3.10</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>469,600</strong></td>
<td><strong>5.10</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Projects</th>
<th>December 31, 2011</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>Grade (g/t)</td>
</tr>
<tr>
<td>Seabee</td>
<td>355,600</td>
<td>8.55</td>
</tr>
<tr>
<td>Santoy 8</td>
<td>518,700</td>
<td>5.91</td>
</tr>
<tr>
<td>Santoy Gap</td>
<td>1,875,000</td>
<td>5.92</td>
</tr>
<tr>
<td>Porky Main</td>
<td>70,000</td>
<td>10.43</td>
</tr>
<tr>
<td>Porky West</td>
<td>138,300</td>
<td>6.03</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>2,957,600</strong></td>
<td><strong>6.35</strong></td>
</tr>
</tbody>
</table>

Footnotes to the Mineral Resource Statement:

1. Mineral resources and reserves for the Seabee deposit are reported at a cut-off of 4.5 grams of gold per tonne and at Santoy 8 and Santoy Gap at a cut-off of 3.00 grams of gold per tonne. A price of Can $1,500 per ounce of gold using metallurgical and process recovery of 95.2 percent and overall ore mining and processing costs derived from 2012 realized costs. All figures are rounded to reflect the relative accuracy of the estimates.

2. Mineral resources are not mineral reserves and 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 resource and reserve evaluation work was completed by a team of geologists under the supervision Brian Skanderbeg, P.Geoc., full time employee of Claude Resources. He has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activities undertaken to qualify as a Qualified Person as defined by National Instrument 43-101.

3. The mineral resources and reserves reported herein have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines and are reported in accordance with Canadian Securities Administrators’ National Instrument 43-101.
Seabee Mine - Laonil Lake, Saskatchewan
End of Q4 2012 Resources Longitudinal Section

Figure 13: Longitudinal section of the Seabee Mine

Figure 14: Longitudinal section of the Santoy 8 mine and Santoy Gap
15.12 Potential Mineral Deposits

Areas with exploration potential have also been identified whose dimensions are defined on the basis of limited drilling, surface exposure, or strong geological reasoning. Grades have been assigned to these inferred resources based on the limited sampling information and or grades in adjacent possible blocks.

A potential mineral deposit is a target for future exploration that has been identified by extrapolation of diamond drilling and or geophysical methods. Note that the density of data is insufficient to allow classification as an inferred resource and there is uncertainty as to whether further exploration will be successful in upgrading the target to resource classification.

Mineral reserve estimates have been prepared in accordance with CIM guidelines. Mineral reserve estimates are derived from resource models and scheduled. Economic evaluations are performed to determine the viability of each ore body.

Estimates of capital and operating costs based on current and forecasted costs. Estimates of metallurgical recovery at the concentrator, mill and refineries, based on the historical performance of Seabee Mine ore types. Metal price and exchange rate assumptions are based on forecasts provided by the CRI's corporate office. Block cut-off grades of 4.5 (Seabee), 3.0 (Santoy 8 and Santoy Gap) and 3.0 (Porky West) grams of gold per tonne are applied. This is the operating break-even grade at a Canadian gold price of $1,500 per ounce. External dilution was estimated to range from 10 to 100 percent at 0.5 g/t Au with average stope recovery of 85 percent.

Only the portion of measured and indicated resources that are demonstrably economic to mine are converted to reserves. Measured and indicated resources in future mining areas that do not, as yet, have an associated pre-feasibility study to substantiate costs are not converted to reserves. Estimates of tons and grade of material contained in the reserve model are reconciled with credits from the mill and refinery.

As of December 31, 2012, the Company updated its proven and probable reserves at its Seabee Mining Area property. The proven and probable mineral reserves totalled 2,785,200 tonnes, grading 6.19 grams per tonne or 554,100 ounces.

The company's mineral resources at its Seabee Gold Operation included measured and indicated mineral resources of 469,400 tonnes at 5.10 grams per tonne (77,000 ozs) while the inferred mineral resources totalled 2,957,600 tonnes at 6.35 grams per tonne (603,400 ozs). Mineral resources which are not mineral reserves do not have demonstrated economic viability.
15.13 Mineral Reserve and Mineral Resource – Economic Analysis

The production profile presented in Table 15 was prepared in 2013 and is a preliminary estimate on potential production profile for the Seabee Gold Operation. Updated life of mine planning is planned for the first and second quarters of 2014 which will incorporate the mineral resources and reserves added during 2012 and 2013. The production profile for 2014 through 2018 ranges from 750 tpd to 1364 tpd (Table 15). Annual operating costs range from $42 million to about $50 million in 2016 due to increases in tonnage processed and higher manpower costs. Operating costs per tonne with the contribution of near surface deposits are estimated to range from $140 to $153 per tonne.

Table 15: Seabee Gold Operation – operating parameters

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production Forecast</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TPD</td>
<td>750</td>
<td>923</td>
<td>1133</td>
<td>1242</td>
<td>1364</td>
</tr>
<tr>
<td>Tonnes</td>
<td>273,000</td>
<td>337,000</td>
<td>414,000</td>
<td>453,000</td>
<td>498,000</td>
</tr>
<tr>
<td>Grade (Grams/Tonne)</td>
<td>6.17</td>
<td>6.27</td>
<td>5.70</td>
<td>5.85</td>
<td>6.09</td>
</tr>
<tr>
<td>Produced Ozs</td>
<td>52,000</td>
<td>65,000</td>
<td>72,000</td>
<td>81,000</td>
<td>93,000</td>
</tr>
<tr>
<td>Estimate Operating Costs ($M)</td>
<td>41.7</td>
<td>50.0</td>
<td>58.4</td>
<td>61.4</td>
<td>67.1</td>
</tr>
<tr>
<td>Capital Development ($M)</td>
<td>19</td>
<td>17</td>
<td>16.8</td>
<td>16.3</td>
<td>16.3</td>
</tr>
<tr>
<td>Capital Projects + Capital Equipment (PPE)</td>
<td>9.3</td>
<td>25.1</td>
<td>25.5</td>
<td>11.9</td>
<td>12.5</td>
</tr>
<tr>
<td>Total Cash Cost</td>
<td>770</td>
<td>736</td>
<td>771</td>
<td>721</td>
<td>688</td>
</tr>
<tr>
<td>Cost per Tonne</td>
<td>$153</td>
<td>$148</td>
<td>$141</td>
<td>$136</td>
<td>$135</td>
</tr>
</tbody>
</table>

Using a $1,500/oz gold price, the NPV of Seabee Gold Operation at 5 percent discount is $61.1 million Canadian dollars (Table 16). At $1,600/oz gold price, the NPV at 5 percent discount is more than $90.2 million dollars with annualized free cash as high as $40.1 million dollars.
Table 16: Estimated free cash & net present values

### Estimated Free Cash

<table>
<thead>
<tr>
<th>Gold Price</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,700</td>
<td>$11.01</td>
<td>$14.21</td>
<td>$19.17</td>
<td>$45.32</td>
<td>$54.38</td>
</tr>
<tr>
<td>$1,600</td>
<td>$6.29</td>
<td>$7.87</td>
<td>$12.04</td>
<td>$37.30</td>
<td>$48.83</td>
</tr>
<tr>
<td>$1,500</td>
<td>$1.56</td>
<td>$1.52</td>
<td>$4.90</td>
<td>$29.28</td>
<td>$40.14</td>
</tr>
<tr>
<td>$1,400</td>
<td>($3.16)</td>
<td>($4.82)</td>
<td>($2.23)</td>
<td>$21.26</td>
<td>$30.98</td>
</tr>
<tr>
<td>$1,300</td>
<td>($7.88)</td>
<td>($11.16)</td>
<td>($9.37)</td>
<td>$13.24</td>
<td>$21.82</td>
</tr>
</tbody>
</table>

### Net Present Values

<table>
<thead>
<tr>
<th>Gold Price</th>
<th>0%</th>
<th>5%</th>
<th>10%</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,700</td>
<td>144.1</td>
<td>116.9</td>
<td>96.2</td>
<td>80.1</td>
</tr>
<tr>
<td>$1,600</td>
<td>112.3</td>
<td>90.2</td>
<td>73.5</td>
<td>60.6</td>
</tr>
<tr>
<td>$1,500</td>
<td>77.4</td>
<td>61.1</td>
<td>48.9</td>
<td>39.6</td>
</tr>
<tr>
<td>$1,400</td>
<td>42.0</td>
<td>31.7</td>
<td>24.1</td>
<td>18.4</td>
</tr>
<tr>
<td>$1,300</td>
<td>6.3</td>
<td>1.9</td>
<td>(1.1)</td>
<td>(3.1)</td>
</tr>
</tbody>
</table>
Certificate of Qualified Person – Brian Skanderbeg

I, Brian Skanderbeg, B.Sc Geology, P. Geo (SASK), do hereby certify that:

a) I am a Professional Geologist registered with the Association of Professional Geologists of Saskatchewan (APEGS, No. 16664).

b) I graduated with a degree in Bachelor of Science (Geology) from University of Manitoba in 1999.

c) I am the Senior Vice President and Chief Operating Officer with Claude Resources Inc., Saskatoon, Saskatchewan. Claude Resources is headquartered at 200, 224-4th Avenue South, Saskatoon. I am not independent of Claude Resources Inc., having worked for Claude Resources Inc. since March 2007 and having been granted share options packages.

d) I have visited the property regularly since my employment with Claude Resources Inc.

e) I have approximately 14 years of direct experience with exploration and mining operations and projects located across Canada and Africa.


g) I am not aware of any material fact or material change with respect to the subject matter of the audit report that is not reflected in the audit report, the omission to disclose which makes the letter report misleading.

h) I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfil the requirements to be a “qualified person” for the purposes of NI 43-101.

i) I consent to the use of this report by Claude Resources Inc. for the purpose of complying with the requirements set out in NI 43-101 for completing Annual Information Forms and/or Management Discussion and Analysis papers, for the purpose of financing (Short Form Prospectus) and for submission to SEDAR for electronic filings.

Brian Skanderbeg  BSc.Geol.,  P. GEO, (SASK)
Dated this 23rd day of December, 2013
16 Conclusions and Recommendations

16.1 Conclusions

CRI’s Seabee Gold Operation is Saskatchewan’s oldest gold mine, producing a record 60,200 oz Au in 1998. Since production began in December 1991, in excess of 1,000,000 ounces of gold has been produced.

The zones currently being mined are accessed by a 3.4 by 4.5 metre ramp to the 1,200 metre level at Seabee and a 4.0 by 5.0 metre ramp to the 250 level at Santoy. Mining efforts are currently being focused on the 2b, 2c, 8A, 8B and 8E zones. At Seabee, the shaft and hoisting facility provides ore and waste transport to surface from as deep as the 980 metre level. As much as 850 tpd of ore and waste are moved to the ore and waste pass system and hoisted to surface with the ore then conveyed to the mill.

In 2011, a second satellite mine called Santoy 8 was successfully brought into production. Santoy 8 is a shallow orebody access via decline from surface. Infrastructure (camp, water management pond, waste/ore stockpiles, dry, electrical distribution, etc) exists on surface. All ore from Santoy is hauled via an all season surface road to the Seabee mill. The mill process consists of a three stage crushing circuit, a two stage grinding circuit, followed by cyanide leaching. The leached gold is collected in a carbon-in-pulp circuit, stripped using mild caustic and collected on stainless steel mesh cathodes by Electrowinning. The product from Electrowinning is refined into Dore bars in a bullion furnace. Power is supplied by line from Saskatchewan Power Corporation’s provincial power grid.

During 2011 and 2012, Claude Resources Inc. completed an aggressive drilling program on its Seabee Gold Operation approximately 125 kilometres northeast of the La Ronge, Saskatchewan. The program was extremely successful in adding additional resources and reserves to the Seabee property.

MRMR have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” Guidelines. Mineral resources have been classified according to the “CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines”. Claude uses industry best practices to acquire, manage, and interpret data collected for the Seabee Gold Operation.

SRK Consulting (Canada) Inc. have audited and reviewed the mineral resource and mineral reserve data for 2011 and concluded that Claude’s policy, calculations and tabulations are conformable to CIM Definition Standards (November 2010) and National Instrument 43-101.

Table 17: Seabee Gold Operation consolidated MRMR

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2012</th>
<th>December 31, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes Grade (g/t) Ounces</td>
<td>Tonnes Grade (g/t) Ounces</td>
</tr>
<tr>
<td>Proven and Probable Reserves</td>
<td>2,785,200 6.19 554,100</td>
<td>2,059,900 5.37 355,600</td>
</tr>
<tr>
<td>Measured and Indicated Resources</td>
<td>469,600 5.10 77,000</td>
<td>410,900 5.35 70,700</td>
</tr>
<tr>
<td>Inferred Resources</td>
<td>2,957,600 6.35 603,400</td>
<td>4,193,200 6.48 873,400</td>
</tr>
</tbody>
</table>
16.2 Recommendations

The Seabee, Porky West, Porky Main, Santoy 8 and Santoy Gap deposits are not completely delineated either down dip or along strike. Further drilling is necessary to outline the gold mineralization continuity and determine future resource and reserve growth. Infill drilling in more widely spaced areas is required to increase the confidence in the lateral continuity of the gold mineralization and upgrade inferred resources into reserves.

During 2014 exploration drilling is planned on the 2b, 2c, L62, Santoy 8 and Santoy Gap structures both at depth and along strike. Total metreage is anticipated to be approximately 55,000 metres. An updated Life of Mine plan is in progress and will incorporate the Santoy Gap deposit. Based on the results of these studies future mill and infrastructure expansion may be warranted.

The gold mineralization delineated at the Seabee Gold Operation exhibits complex geometrical patterns arising from a combination of structural and/or lithological controls. The area investigated by drilling extends over 15 km in strike length to depth exceeding 1,400 metres. CRI believe that the current mineral resource model developed represents a reasonable and appropriate reflection of the geological and grade continuity given current level of sampling and understanding of the geological and structural setting of the gold mineralization.

The potential to add to the mineral resources of this project is considered high as the main gold-bearing structures remain open laterally and at depth. Furthermore, the exploration potential of the large surrounding property remains poorly tested away from resource area.
17 References


A.C.A. Howe International Limited, 1999. REPORT ON THE SEABEE MINE PROPERTY For CLAUDE RESOURCES INC. By A C A HOWE INTERNATIONAL LIMITED


