



**Starfield Resources Inc.**

**STARFIELD RESOURCES INC.**

**ANNUAL INFORMATION FORM**

**FISCAL PERIOD ENDED FEBRUARY 29, 2008**

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**MAY 29, 2008**

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## PRELIMINARY NOTES

### Date of Information

All information in this Annual Information Form (“AIF”) is as of February 29, 2008, unless otherwise indicated.

### Currency

Except where otherwise indicated, all references to currency in this AIF are to Canadian dollars.

### Conversion Factors

Metric Unit	Imperial Measure	Imperial Measure	Metric Unit
1 hectare	2.471 acres	1 acre	0.4047 hectares
1 meter	3.281 feet	1 foot	0.3048 metres
1 kilometre	0.621 miles	1 mile	1.609 kilometres
1 kilogram	2.205 pounds	1 pound	0.454 kilograms
1 tonne	1.102 short tons	1 short ton	0.907 tonnes

### Forward-Looking Statements

Certain statements in this AIF and the information incorporated herein by reference constitute “forward-looking statements”. Such forward-looking statements include, without limitation, statements evaluating the market and general economic conditions and discussing future-oriented costs, expenditures and other financial or operating performances. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes” or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. While the Corporation has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Corporation’s future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgements in the course of preparing forward-looking statements. Please refer to the heading “*Risk Factors*” herein and the risk factors in our MD&A for the year ended February 29, 2008 for a discussion of these and other factors underlying forward-looking statements. In light of these factors, the forward-looking events discussed in this prospectus might not occur. Further, although the Corporation has attempted to identify factors that could cause actual actions, events or results to differ

materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

## CORPORATE STRUCTURE

### Name, Address and Incorporation

Starfield Resources Inc. (the “**Corporation**”) was incorporated on April 22, 1994 under the *Business Corporations Act* (Alberta). The Corporation amended its articles on October 6, 1994 to change the Corporation’s name to Starfield Communications Group Inc. The articles of the Corporation were amended on December 18, 1997 to change its name to Starfield Resources Inc. On October 27, 2006, the Corporation filed articles of continuance in British Columbia. The Corporation is governed by the *Business Corporations Act* (British Columbia) and is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, and in the North West Territories. The registered office of the Corporation is located at 2900-550 Burrard Street, Vancouver, British Columbia V6C 0A3, and the head office of the Corporation is located at 130 Adelaide Street West, Suite 2210, Toronto, Ontario M5H 3P5. The Corporation has no subsidiaries.

## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

The Corporation is an advanced exploration and development company focused on its Ferguson Lake copper-nickel-cobalt-palladium-platinum property located in Nunavut, Canada (the “**Resource Property**” or the “**Ferguson Lake Property**”).

The Ferguson Lake Property covers more than one million acres and is 100% owned by the Corporation. Since 1999, the Corporation has completed more than 132,000 metres of diamond drilling in 359 holes.

The Corporation has received a National Instrument 43-101 (“**NI 43-101**”) report on the Ferguson Lake Property entitled *Preliminary Assessment of the Ferguson Lake Project, Nunavut Territory, Canada* dated April 30, 2008 and authored by Graham G. Clow, P.Eng, R. Dennis Bergen, P.Eng, Jason J. Cox, P.Eng, G. Bryn Harris, Ph.D., FIMMM and James G. Lavigne, P.Geo., M.Sc. (the “**2008 Report**”). The 2008 Report updates the resource estimates provided in the NI 43-101 report on the Ferguson Lake Property entitled *Technical Review and Report on Revised Mineral Estimates of Mineral Resources, Ferguson Lake Nickel-Copper-Cobalt-PGE Property* dated July 15, 2007 and authored by John A. Nicholson, P. Geo. FRGS, James G. Lavigne, P. Geo., M. Sc., Dr. Bryn Harris and Dr. Nicholas C. Carter, Ph. D., P. Eng (the “**2007 Report**”), which 2007 Report updates the resource estimates provided in the NI 43-101 technical report prepared by Dr. Nicholas C. Carter dated May 15, 2006 (the “**Carter Report**”). Each of the 2008 Report, the 2007 Report and the Carter Report are filed on SEDAR. In addition to

these technical reports, the Corporation filed a geostatistical evaluation report dated August 4, 2006 and a mapping-petrography report dated May 9, 2007.

### ***Graduation to the Toronto Stock Exchange***

The Corporation, which was listed on the TSX Venture Exchange, applied to list its common shares on the Toronto Stock Exchange. That application was approved, and on April 24, 2007 the Corporation's common shares were delisted from the TSX Venture Exchange and began trading on the Toronto Stock Exchange under the symbol "SRU".

### ***Private Placement Financings***

In the period since the February 29, 2008 year-end, the Corporation engaged in the following financings:

- (a) On May 6, 2008, the Corporation issued 15,000,000 flow-through common shares of the Corporation at a price of \$1.00 per such flow-through common share, and 5,555,556 common shares of the Corporation at a price of \$0.90 per such common share. The Corporation intends to use the proceeds from the offering for general exploration expenditures and general working capital purposes. The Corporation paid issuance costs of \$870,141.

During the year ended February 29, 2008, the Corporation engaged in the following financings:

- (a) On March 27, 2007, the Corporation issued 31,249,999 units at a price of \$0.24 per unit and 27,142,855 flow-through common shares of the Corporation at a price of \$0.28 per flow-through share. Each unit consists of one common share of the Corporation and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share of the Corporation at an exercise price of \$0.30 per common share. The warrants are exercisable for 24 months following the closing of the offering. After four months from the date of issue, in the event that the common shares trade at a closing price on the TSX of greater than \$0.375 per share for a period of 20 consecutive trading days, the Corporation may accelerate the expiry date of the warrants by giving notice to the holders thereof and, in such case, the warrants will expire on the 30th day after the date on which such notice is given by the Corporation. The Corporation intends to use the proceeds from the offering for general exploration expenditures and general working capital purposes.
- (b) The agents in the offering referenced at (a) above received a cash commission fee of \$910,000 and, in addition, the Corporation issued 3,250,000 non-transferable broker warrants to Westwind Partners Inc. and 812,500 non-transferable broker warrants to Dundee Securities Corporation, with each broker warrant entitling the holder to buy one common share of the Corporation at \$0.24. The broker warrants are exercisable, in whole or in part, for a period of 24 months following the closing of the offering; however, the broker warrants are also subject to the same acceleration feature as the warrants that were issued to the investors in the offering, as described in (a) above.

- (c) In recognition of certain contractual commitments that had been made by the Corporation in regard to past financings where capital market services were provided to the Company by Max Capital Markets Ltd. (“**Max Capital**”), the Corporation also issued 507,500 warrants to Max Capital along with cash consideration of \$142,100. Each one of these warrants entitle Max Capital to buy a common share of the Corporation at \$0.24 for a period of 24 months following the closing of the offering (subject to the same expiry date acceleration feature as the warrants that were issued to the investors in the offering, as described in (a) above).

During the year ended February 28, 2007, the Corporation engaged in the following financings:

- (a) In May 2006, the Corporation issued 24,424,501 units at \$0.53 per unit and 5,571,796 flow-through shares at \$0.65 per share for gross proceeds of \$16,566,653. Each unit consisted of one common share and one-half of one transferable common share purchase warrant; each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.75 per share expiring May 10, 2007. The Corporation paid issuance costs of \$1,183,509 and granted finder’s warrants, valued at \$107,810, entitling the holder to acquire an additional 1,002,347 common shares of the Corporation at an exercise price of \$0.65 per share expiring May 10, 2007 (859,182) and May 23, 2007 (143,165). The finder’s warrants were valued using the Black-Scholes option pricing model with an expected volatility of 56%, a risk free interest rate of 4.11%, an expected life of 1 year and an expected dividend yield of 0%. The Corporation also granted the agent the right to participate in up to 50% of any further private placements to May 2007.
- (b) In December 2006, the Corporation issued 5,884,865 flow-through shares at \$0.30 per share for gross proceeds of \$1,765,459, and paid issuance costs of \$157,206.

During the year ended February 28, 2006, the Corporation engaged in the following financings:

- (a) In June 2005, the Corporation issued 2,000,000 flow-through shares at \$0.55 per share for gross proceeds of \$1,100,000, and paid share issuance costs of \$99,000.
- (b) In August 2005, the Corporation issued 1,030,000 flow-through shares at \$0.55 per share for net proceeds of \$566,500.
- (c) In October 2005, the Corporation issued 8,675,995 flow-through shares at \$0.45 per share for gross proceeds of \$3,904,198 and 9,999,875 units at \$0.40 per unit for gross proceeds of \$3,999,950. Each unit consisted of one common share and one share purchase warrant, with two warrants entitling the holder to purchase an additional common share for \$0.50 and expiring December 28, 2007 (3,250,000 warrants) and January 20, 2008 (6,749,875 warrants). Share issuance costs of \$442,483 were paid.

## **DESCRIPTION OF THE BUSINESS**

### **Business in General**

The Corporation is an advanced exploration and development company focused on its 100% owned Ferguson Lake copper-nickel-cobalt-palladium-platinum property located in Nunavut, Canada. The overall business objective of the Corporation is to explore for, develop and commence production on the Ferguson Lake Property. More particularly, the Corporation's primary near-term objectives are to continue exploration on the Ferguson Lake Property, to commence an engineered scoping study as soon as possible and have it substantially complete by year-end, to accelerate the metallurgical test work, to maintain the camp, to continue with permitting, to begin prospecting the remainder of the Ferguson Lake Property, and further explore the foot-wall high-grade platinum group metals' zone.

### **Competitive Conditions**

Competition in the mineral exploration and production industry is intense. The Corporation competes with other mineral exploration and development companies, many of which have greater financial resources and technical facilities for the acquisition and development of, and production from, mineral concessions, claims, leases and other interests, as well as for the recruitment and retention of qualified employees and consultants.

Competitors include other small to medium sized metallic mineral exploration companies that are looking for similar resource properties. Companies actively exploring in the Ferguson Lake area include, among others, De Beers Canada Exploration Inc., Kennecott Canada Exploration Inc. and BHP Billiton Diamonds Inc.

### **Cycles**

The Corporation's field exploration and development endeavours take place between March and December of each year. Potential production, if and when attained, will run year round.

### **Environmental Protection**

Environmental legislation is evolving in a manner such that standards, enforcement, fines and penalties for non-compliance are increasingly stringent. Companies and their directors, officers and employees carry a heightened degree of responsibility in respect of environmental assessments. The cost of compliance with changes in government regulations has the potential to reduce the profitability of future operations.

### **Number of Employees**

The Corporation had 6 employees and 6 consultants under contract in management positions. The employees are not unionized. The relationship of the Corporation with its staff is considered to be excellent.

## **Risk Factors**

The securities of the Corporation are highly speculative and subject to a number of risks. These risks might affect the Corporation reaching its business objectives, which include successfully exploring and developing further mineral resources.

In addition to the matters set out elsewhere in this AIF, the following are also risks related to the Corporation. The risk factors outlined below are not a definitive list of all risk factors associated with an investment in the Corporation or in connection with the Corporation's operations.

### **(a) *Going Concern***

The Corporation's ability to continue as a going concern is dependent on its ability to successfully develop the Resource Property. The Corporation will actively seek financing from time to time to advance the Ferguson Lake project; however, the availability, amount and timing of this financing is not certain at this time.

### **(b) *The Corporation is Experiencing Negative Cash Flow***

The success of the Corporation's business will depend upon the Corporation's ability to develop its cash flow from operations to a point where it becomes profitable. The Corporation currently has limited cash on hand and no revenue from operations. Since it is experiencing negative cash flow its cash reserves are being depleted. Accordingly, the Corporation must obtain additional funds presently through the sale of equity and debt capital. The only alternatives for the financing of the Corporation's business would be the offering by the Corporation of an interest in its mining properties to be earned by another party or to obtain project or operating financing from financial institutions, neither of which is presently intended.

If the Corporation cannot increase its' cash flow and become profitable it will have to raise additional funds. However, such funds might not be available on acceptable terms, which will result in a material adverse effect on the Corporation, its business and results of operations, and it may not achieve its business objectives.

### **(c) *The Corporation may not Secure Additional Financing***

There can be no assurance that the Corporation will be able to find additional financing upon terms and conditions acceptable to the Corporation.

### **(d) *The Corporation has Engaged in Exploration and Has No History of Development Activities***

The Corporation has no history of, and is in the early stages of, development on its Resource Property. The Corporation may experience higher costs than budgeted and unexpected delays. The Corporation must also locate and retain qualified personnel to conduct exploration work. Further adverse changes in any one of such factors or the failure to locate and retain such personnel will have an additional adverse effect on the Corporation, its business and results of operations.

***(e) The Corporation Currently Depends on a Single Property***

The Corporation's only material mineral producing property is the Ferguson Lake Property. Unless the Corporation acquires or develops additional material properties or projects, the Corporation will be solely dependent upon the operation of the Resource Property for its revenue and profits, if any.

***(f) The Mining Industry is Speculative and of a Very High Risk Nature***

Mining activities are speculative by their nature and involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

The Corporation's drilling activities are in the development stage, and such development is subject to the risk that previously reported inferred mineralization is not economic. If this occurs, the Corporation's existing resources may not be sufficient to support a profitable mining operation.

The Corporation's activities are subject to a number of factors beyond its control, including intense industry competition and changes in economic conditions and costs. Its operations are subject to all the hazards normally incidental to exploration, development and production of base and precious metals, any of which could result in work stoppages, damage to or loss of property and equipment and possible environmental damage.

An adverse change in any one of such factors, hazards and risks would have a material adverse effect on the Corporation, its business and results of operations. This might result in the Corporation not meeting its business objectives.

***(g) The Mining Industry is Competitive***

The mining industry is competitive and the Corporation faces strong competition from other exploration companies, or prospective exploration companies, in connection with the exploration and development of nickel, copper, cobalt and platinum group elements ("PGE") resource properties in Canada. A number of these companies have greater financial resources, operational experience and technical capabilities than the Corporation. As a result of this competition, the Corporation may be unable to maintain its explorations on terms it considers acceptable or at all. Consequently, the Corporation's revenues, operations and financial condition could be materially adversely affected.

***(h) The Corporation is Dependent on Various Key Personnel***

The Corporation's success is dependent upon the performance of key personnel. The Corporation does not maintain life insurance for key personnel and the loss of the services of senior management or key personnel could have a material and adverse effect on the Corporation, its business and results of operations.

***(i) The Corporation's Activities might suffer Losses from or Liabilities for Risks which are not Insurable***

Hazards such as unusual or unexpected geological formations and other conditions are associated with mineral exploration and development. The Corporation may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities would have a material, adverse effect on the Corporation's financial position and results of operation.

The Corporation currently carries general commercial liability, tenant's legal liability, building, contents and contractors equipment insurance, as well as directors' and officers' insurance. Additionally, all contractors carry their own general and equipment liability insurance.

Although the Corporation intends to maintain liability insurance in an amount that it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Corporation could incur significant costs that could have a materially adverse effect upon its financial condition and results of operation.

***(j) There is Uncertainty of the Nature and Amount of the Corporation's Resources***

While the Corporation has carried out, and will carry out on an annual basis, estimates of its mineral resources, this should not be construed as a guarantee that such estimates are accurate. If such estimates prove to be materially inaccurate, that would have a material and adverse effect on the Corporation's business and results of operations.

***(k) The Corporation may Experience Uncertainty in Marketing the Nickel, Copper, Cobalt and PGE which it may Potentially Mine***

The Corporation's future revenues are expected to be in large part derived from the mining and sale of nickel, copper, cobalt and PGE. The price of these metals fluctuate and are affected by numerous factors beyond the Corporation's control, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new mine development and improved mining and production methods.

***(l) The Corporation's Activities are Subject to Extensive Governmental Regulation and Permitting Requirements***

Exploration, development and mining of minerals are subject to extensive federal, provincial and local laws and regulations governing acquisition of the mining interests, prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, water use, land use, land claims of First Nations and local people, environmental protection and remediation, endangered and protected species, mine safety and other matters. These laws and regulations are administered by various governmental authorities including but not limited to:

- (a) Government of Canada:
  - (i) Canada Customs and Revenue Agency (taxation);
  - (ii) Canadian Environmental Assessment Agency, Environment Canada (environmental protection);
  - (iii) Natural Resources Canada (land use and conservation);
  - (iv) Dept. of Fisheries and Oceans (land use and conservation); and
  - (v) Dept. of Indian Affairs and Northern Development (land use and conservation);
  
- (b) Government of Nunavut:
  - (i) Dept. of Sustainable Development (mineral tenure, development and use);
  - (ii) Nunavut Planning Commission (land use and conservation);
  - (iii) Nunavut Water Board, (environmental protection) (land use and conservation);
  - (iv) Dept. of Finance (taxation);
  - (v) Nunavut Impact Review Board (mine plans, labour rights and relations);
  - (vi) Dept. of Culture, Language, Elders and Youth (mine plans, labour rights and relations); and
  - (vii) Kivalliq Inuit Association (land use and conservation); and
  
- (c) Kivalliq Designated Inuit Organization:
  - (i) Inuit Impact and Benefit Agreement (tax assessment);
  - (ii) Keewatin Regional Land Use Plan (building permitting); and
  - (iii) Kivalliq Inuit Association (business licensing).

In addition, the current and future operations of the Corporation, from exploration through development activities and production, require permits, licenses and approvals from some of these governmental authorities. The Corporation has obtained all government licenses, permits and approvals necessary for the operation of its business to date, however, additional licenses, permits and approvals may be required. The failure to obtain any licenses, permits or approvals that may be required, or the revocation of existing ones would have a material and adverse effect on the Corporation, its business and results of operations.

Failure to comply with applicable laws, regulations and permits may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities requiring the Corporation's operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Corporation may be required to compensate those suffering loss or damage by reason of its mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits. Any such events could have a material and adverse effect on the Corporation and its business and could result in the Corporation not meeting its business objectives.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of its mining properties. 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 production, development or exploration.

***(m) The Corporation is Awaiting Additional Permits to Complete an Airfield***

The Corporation has received the permit to construct a dirt airstrip near the new Ferguson Lake camp in the central part of the Ferguson Lake Property that will be capable of handling wheel-equipped aircraft. Although this permit provides for the construction of the airstrip, the construction of associated roads, and the construction of the required fuel storage area, additional permits will be required to commence construction of the airstrip, such as a required quarrying permit. Federal and local laws and regulations governing the permitting of this airstrip may affect the Corporation's ability to transport people and materials to and from the camp. The failure to obtain these additional permits or approvals that may be required or their subsequent revocation could have a material and adverse effect on the Corporation, its business and results of operations.

***(n) The Corporation's Activities are Subject to Aboriginal Consultation and Accommodation***

In 1993, Canada entered into the Nunavut Land Claims Agreement with the Inuit of the Nunavut Settlement Area, which resulted in the creation of the Nunavut Territory. Pursuant to that agreement, in order for the Corporation to proceed with exploitation of minerals from its properties, it may be required to enter into an Inuit Impact and Benefit Agreement ("IIBA"). The terms of such an IIBA are uncertain, as they would be the product of future negotiations between the Corporation and the Kivalliq Inuit Association.

Although the Corporation has exercised the usual due diligence with respect to determining title to properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Title to, and the area of, resource claims may be disputed. The Corporation's interests may be subject to prior unregistered agreements or transfers, aboriginal land claims, aboriginal rights, treaty rights, and title may be affected by undetected

defects. There may be valid challenges to the title of the Corporation's properties, which, if successful, could impair their development and/or operations.

Although a land claim agreement has been reached between the Inuit and the Canadian government, no modern agreement has been reached with any First Nation or Métis group which might have an interest in the area of the Corporation's properties. The Supreme Court of Canada has held that aboriginal groups, including Métis, may have a spectrum of aboriginal or treaty rights in lands that have been traditionally used or occupied by their ancestors; however, such rights or title are not absolute and may be infringed by government in furtherance of a legislative objective, subject to meeting a justification test. However, a recent decision of the Supreme Court of Canada casts doubt on the ability of a territorial government to justify infringements of treaty rights. The effect on any particular lands will not be determinable until the exact nature of historical use, occupancy and rights in any particular piece of property have been clarified. The Supreme Court of Canada has determined that there is a duty on government to consult with and, where appropriate, accommodate aboriginal peoples where government decisions may impact on claimed, but as yet unproven, aboriginal rights, treaty rights or title. The Court found that third parties are not responsible for consultation or accommodation of aboriginal interests and that this responsibility lies with government. However, government permits, including environmental and mine permits will not be granted unless the government is satisfied that the duty to consult and accommodate has been fully met. Failure to satisfy the government as to the duty to consult or accommodate aboriginal interests may result in the Corporation failing to obtain necessary government permits, which could have a material and adverse effect on the Corporation and its business and could result in the Corporation not meeting its business objectives.

***(o) The Corporation's Activities are Subject to Environmental Risks***

All phases of the Corporation's operations are subject to federal, provincial and local environmental regulation in the various jurisdictions in which it operates, which could potentially make operations expensive or prohibit them all together. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations or prevent operations all together. Environmental hazards may exist on the properties on which the Corporation holds and will hold interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, and may in the future be, required in connection with the Corporation's operations, which could potentially make operations expensive or prohibit them altogether. To the extent such future approvals are required and not obtained, the Corporation may be curtailed or prohibited from restarting, continuing or proceeding with planned exploration or development of the Resource Property.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the development of resource properties may be required to compensate those suffering loss or damage by reason of the mining activities, and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

***(p) The Corporation does not Insure Against All Risks***

The Corporation's insurance will not cover all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for environmental occurrences pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

***(q) The Corporation's Directors and Officers may have Conflicts of Interest***

Certain of the directors and officers of the Corporation also serve as directors, officers and/or significant shareholders of other companies involved in natural resource exploration and development, and consequently there exists the possibility for such directors and officers to be in a position of conflict.

***(r) The Corporation does not Pay Dividends***

Investors cannot expect to receive a dividend on their investment in the foreseeable future, if at all. Accordingly, it is likely investors will not receive any return on their investment in the Corporation's securities other than possible capital gains.

***(s) Potential Volatility of Material Price of Common Shares***

The TSX has, from time to time, experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Corporation's common shares. In addition, the market price of the common shares is likely to be highly volatile. Factors such as the price of nickel, copper, PGE and other minerals, announcements by competitors, changes in stock market analyst recommendations regarding the Corporation, and general market conditions and attitudes affecting other exploration and mining companies may have a significant effect on the market price of the common shares. Moreover, it is likely that during the future quarterly periods, the Corporation's results and exploration activities may fluctuate significantly or may fail to meet the expectations of stock market analysts and investors and, in such event, the market price of the common shares could be materially adversely affected.

***(t) Certain Groups are Opposed to Mining***

In North America there are organizations opposed to mining. The Corporation believes it has the support of representatives from the local communities and First Nation groups nearest the Ferguson Lake Property and from various levels of the federal government and the Nunavut government having jurisdiction over the Resource Property. Although the Corporation intends to comply with all environmental laws and permitting obligations in conducting its business, there is a risk that those opposed to its operation at the Ferguson Lake Property will attempt to interfere with the Corporation's operations, whether by legal process, regulatory process or otherwise. Such interference could have an impact on the Corporation's ability to operate its properties in the manner that is most efficient or appropriate, if at all, and any such impact could materially adversely affect the financial condition and results of operations of the Corporation.

**MINERAL PROJECTS: FERGUSON LAKE PROPERTY**

**Overview**

The Corporation engaged Scott Wilson Roscoe Postle Associates Inc. to prepare the 2008 Report. The authors of the 2008 Report are Graham G. Clow, P.Eng., R Dennis Bergen, P.Eng., Jason J. Cox, P.Eng., G. Bryn Harris, Ph.D. and James G. Lavigne, P. Geo., (each is a "Qualified Person" as such term is defined under NI 43-101, and each is independent of the Corporation). The 2008 Report provides an independent preliminary assessment of the Ferguson Lake Property.

Graham G. Clow is the Principal Mining Engineer with Scott Wilson Roscoe Postle Associates Inc. of Toronto, Ontario.

R Dennis Bergen is an Associate Engineer engaged by Scott Wilson Roscoe Postle Associates Inc. of Toronto, Ontario.

Jason J. Cox is a Senior Mining Engineer engaged by Scott Wilson Roscoe Postle Associates Inc. of Toronto, Ontario.

Bryn Harris is hydrometallurgical consultant based in Montreal, Quebec and is solely responsible for the preparation of the metallurgical process set out in the 2008 Report.

James G. Lavigne is a consulting geologist based in Sudbury, Ontario, and is solely responsible for the preparation of resource estimates reported in the Mineral Resource and Mineral Reserve Estimates section of the 2008 Report.

As of the date of the 2008 Report, the Corporation owns a 100% undivided interest in 540 mineral claims covering an area of 521,149.57 hectares that comprise the Ferguson Lake nickel-copper-cobalt-PGE property situated west of Rankin Inlet in Nunavut Territory, Canada.

Advanced exploration has been conducted by the Corporation on the Ferguson Lake Property since entering into an option agreement in early 1999 whereby the Corporation purchased a 100% interest in the mineral claims comprising the Ferguson Lake Property. The Corporation has undertaken a number of exploratory programs, which have included geological mapping,

prospecting, surface and airborne geophysical surveys. More than 132,000 metres of diamond drilling have been completed by the Corporation to the end of 2007.

Unless stated otherwise, information in this section is summarized, derived or extracted from the 2008 Report. The following information under this heading “Mineral Projects: Ferguson Lake Property” is based on assumptions, qualifications and procedures that are set out only in the 2008 Report, unless otherwise stated. For a complete description of assumptions, qualifications and procedures associated with the information in the 2008 Report, reference should be made to the full text of the report that is available for review on SEDAR located at the following website: [www.sedar.com](http://www.sedar.com)

### **Project Description and Location**

The Ferguson Lake Property consists of 540 mineral claims comprising an area of 521,149.57 hectares (1,287,778.63 acres) in the Kivalliq region of southern Nunavut Territory some 240 kilometres west of Rankin Inlet and 160 kilometres south-southwest of Baker Lake. Ferguson Lake, central to the large property area, is midway between Yathkyed and Kaminuriak Lakes. The Ferguson Lake Property measures 125 kilometres in an east-west direction and approximately 80 kilometres north-south. These mineral claims are issued pursuant to the *Canada Mining Regulations*, C.R.C.C. 1516.

All of the mineral claims are contiguous and extend east, west, south and northwest of Ferguson Lake between latitudes 62° 30’ and 63° 15’ North and longitudes 96° 00’ and 98° 15’ West.

In 2006 and 2007, the Corporation contracted McElhanney Associates Land Surveying Ltd., a Canada Land Surveyor, to conduct Canadian Legal Survey (“CLS”) work at the Ferguson Lake Property to have certain mineral claims converted to mining leases as required under the Canada Mining Regulations. The work entailed a detailed CLS of the key mineral claims hosting the mineral resources at the Ferguson Lake Property. The CLS was completed in 2007. Twelve lease applications were submitted, along with applicable fees, to the Mining Recorder.

The Mining Recorder administers most of the subsurface rights of Crown Lands in Nunavut and grants the mining lease status of mineral claims. The Corporation’s application and registry for the mining leases was completed in 2007 and the mining leases have been accepted and will be issued in due course.

Parts of the current Resource Property were initially located in 1997 by way of one Prospecting Permit covering the northwest quarter of NTS map-area, and three contiguous mineral claims. Additional mineral claims were located in 1998 and 1999 to cover the area of the Prospecting Permit which expired February 1, 2000. A number of these claims were allowed to lapse following detailed prospecting in 2001. The mineral claims acquired by the Corporation prior to 2003 included the area of a former Mining Lease previously held by Canadian Nickel Company, Ltd., a subsidiary of Vale Inco Ltd (formerly Inco Limited, “**Inco**”).

Most of the mineral claims comprising the expanded property area were located between January and November of 2005.

Mineral claims in Nunavut are valid for two years from the recording date and may be renewed for an additional year by completing representation (assessment) work in the amount of \$4.00/acre within the initial two-year period. Annual work in the amount of \$2.00/acre is required to renew the claims beyond the third year. Representation work for the various mineral claims has been routinely filed on an annual basis since 1999.

Land use permits, including an Exploration Permit, Right of Way for winter transport, a Water Licence, and a Commercial Lease, enable exploration work to be conducted over the entire property area. These permits have been issued or renewed by the Kivalliq Inuit Association for parts of the Resource Property covering Inuit owned lands and by Indian and Northern Affairs Canada for Crown lands. Preliminary environmental studies, conducted by Rescan Environmental Services Ltd. on behalf of the Corporation, have been ongoing since 1999.

The majority of exploration work completed since 1999 has been directed to several mineral zones east and west of Ferguson Lake.

The Corporation entered into an option agreement in February 1999 to purchase a 100% interest in the mineral claims comprising part of the Ferguson Lake Property (the “**Original Ferguson Lake Property**”) from a syndicate of the vendors (the “**Ferguson Lake Syndicate**”) in exchange for an initial cash payment, the issuance of common shares and scheduled work commitments. The issuance of additional common shares to the Ferguson Lake Syndicate was based on incurred exploration expenditures. The Corporation’s current 100% earned interest in the Original Ferguson Lake Property is subject to a 3% net smelter royalty (“**NSR**”) on potential future mineral production, a 3% gross overriding royalty on any diamond production and a \$25,000 annual advance royalty payment. The Corporation has the right to purchase 1% of the NSR for \$1 million for a period of 180 days following receipt of a positive feasibility study on the Original Ferguson Lake Property recommending commercial production. Subsequent to the purchase of the Original Ferguson Lake Property, the Corporation staked certain other claims that comprise the Ferguson Lake Property, and these additional stake claims are not subject to the NSR.

The Corporation is not aware of any environmental, infrastructure, or permitting issues which would adversely affect the potential viability of the Ferguson Lake Property. The Corporation can not provide any assurance that agencies or government departments (Government of Nunavut, Dept. of Indian Affairs and Northern Development, Dept. of Fisheries and Oceans, Canadian Environmental Assessment Agency, Dept. of Natural resources Canada, Dept. of Sustainable Development GN, Nunavut Water Board, Dept. of Culture, Language, Elders and Youth GN, Nunavut Planning Commission, Nunavut Impact Review Board, Kivalliq Inuit Association, Keewatin Regional Land Use Plan, Inuit Impact and Benefit Agreement, Community Land and Resources Committee, Designated Inuit Organization and others) will approve mine production at the Ferguson Lake Property.

The Corporation is in compliance and in accordance with applicable agency requirements and government regulators’ requirements and continues to operate the Ferguson Lake Property by holding all necessary permits, which are in good standing, or hold extensions to existing permits or has applications being processed with the applicably authority. The Corporation has paid all application fees, costs, rents and securities deposits relating to these permits, extensions or

applications. The information in this paragraph is provided by the Corporation and is not extracted from the 2008 Report.

### **Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Access to the Ferguson Lake Property is by air from Rankin Inlet, Baker Lake, Thompson, or Churchill, all of which have scheduled airline service and offer a number of facilities. A 500m dirt airstrip on a large island in central Ferguson is capable of handling wheel equipped aircraft. The Company has received approval for and has commenced construction of a new larger airstrip.

Limited supplies and services are available in Rankin Inlet and Baker Lake, and the staging points for recent programs have been Thompson, Manitoba, 765 kilometres south of Ferguson Lake, and Yellowknife, Northwest Territories, 900 kilometres west. Both of these communities, with populations of about 15,000, are accessible by highway, have scheduled airline service and are major exploration and mining supply centres.

Previous and current programs involved shipping supplies, equipment and fuel by larger aircraft to an ice airstrip established on Ferguson Lake, and fuel and other supplies have also been transported to the Resource Property by winter Cat train from Baker Lake, Rankin Inlet, and Arviat. Communications in this remote area are excellent, made possible by satellite, which provides for telephone and high speed internet connections.

A subarctic climate is characterized by long winters (October through April) with mean temperatures of -30 degrees C; a short summer season with mean temperatures in the 15 degrees C range extends from July through mid-September. Mineral exploration is most conveniently carried out during the summer months and between March and May when geophysical surveys and diamond drilling can make use of ice-covered lakes.

There is little or no infrastructure in this remote part of Canada other than abundant water supplies. The Nunavut government has been studying the possibility of extending an all weather road into the territory from northern Manitoba. The potential route would be approximately 150km east of Ferguson Lake, making a "spur road" to Ferguson Lake a reasonable possibility. Diesel generated electrical power has been used for past mining operations in the general area, including at Cullaton Lake which is 200 kilometres south of Ferguson Lake. Annual re-supply to the communities of Rankin Inlet, Arviat and Baker Lake is done by commercial barge service from Churchill Manitoba or Montreal, Quebec. Daily flights into Rankin Inlet from Southern Canada bring routine supplies and passenger service.

The area is one of low relief, featuring numerous smaller lakes and a few large river systems, notably Kazan and Ferguson Rivers. Yathkyed and Ferguson Lakes are 141 and 114 metres above sea level, respectively, and maximum elevations in the surrounding area range from 200 to 275 metres. Elevations within the current property area average less than 200 metres and range from slightly less than 100 metres at the Resource Property's eastern boundary to 290 metres north of Yathkyed Lake. The orientations of Ferguson Lake and a number of smaller lakes reflect the dominant south-easterly glacial direction. Bedrock is fairly well exposed on numerous low hills and ridges in contrast to lower areas where bedrock may be obscured by between 6 and 25

metres of glacial debris. The terrain is typical of the barren grounds; the tree line is 150 km south of Ferguson Lake and vegetation consists principally of moss, lichen, dwarf birch and Labrador tea. Wildlife includes caribou, arctic fox, musk ox and barren ground grizzly bear.

## History

Canadian Nickel Company Ltd., the then exploration arm of Inco, discovered copper-nickel mineralization at Ferguson Lake in 1950. A 3000 square kilometre concession was granted in late 1950, and work over the ensuing five years included construction of a 90 person all-season camp, airborne and surface geophysics, geological mapping and 37,576 metres of diamond drilling.

Nearly three-quarters of the total drilling (27732 metres) was directed to mineralized zones east and west of Ferguson Lake and the intervening area beneath the lake (East Zone, West Zone and Central or lake Zone). The remainder of the drilling tested other targets within and outside the original concession area. Standard drilling techniques recovered EX-size (2.23 centimetre diameter) core.

A 10 ton bulk sample, extracted from the West Zone in 1953, was transported to Copper Cliff, Ontario for mill testing. A central area of 200 claims (4,180 hectares) of the original concession was taken to a mining lease in 1957; this was subsequently reduced by 50% in 1978.

Esso Minerals Canada optioned the property from Inco in 1980 and extracted a 9-tonne bulk sample. Homestake Mineral Development Company (“**Homestake**”) was aware of platinum and palladium values in the area of Ferguson Lake in 1981 and acquired claims and prospecting permits around the existing Inco mining lease in 1986. A comprehensive program in 1987 consisted of reconnaissance geological mapping and, with Inco’s permission, the collection of 339 rock and 266 soil samples mainly from the known East and West mineral zones.

Homestake’s mineral claims in the area subsequently lapsed and the Inco mining lease expired June 17, 1992. A Prospecting Permit covering part of the area of the original Inco property was issued in early February, 1997 and the FERG 1-3 mineral claims were located in mid-September of the same year. Ten rock and four soil samples were collected from East and West Zones and from one of the other known mineralized zones at that time.

A 1998 field program, carried out on behalf of the Ferguson Lake Syndicate between mid-August and early September, 1998, included the re-establishment of survey control at several points along the 1950’s Inco baseline, prospecting, and the collection and analyses of rock samples from the East, West and several other mineralized zones.

The Corporation entered into an agreement with the Ferguson Lake Syndicate in February of 1999 and undertook a two-phase exploratory program in the spring and summer of the same year. See “Exploration” for further details.

## **Geological Setting**

### ***Regional Geology***

The Ferguson Lake Property is situated in the Western Churchill Province, an Archean craton which is divided into the lithologically distinct Rae and Hearne domains by the northeast-trending Snowbird Tectonic Zone.

Ferguson Lake, 100 km east of the Snowbird Tectonic Zone, is more precisely within the northwestern Hearne domain which is made up principally of Archean metavolcanic and metasedimentary rocks and extensive gneissic terranes derived from both Archean volcanosedimentary and plutonic rocks and early Proterozoic plutonic rocks. The northwestern Hearne domain is bounded by northeast-trending, regional shear zones including the Tulemalu Fault Zone (part of the Snowbird Tectonic Zone) on the north and by the northeastern extension of the Tyrrell Shear Zone on the southeast.

The Ferguson Lake area includes the most northerly extension of the northeast-trending Yathkyed greenstone belt, mainly present as strongly deformed, gneissic Archean supracrustal and intrusive rocks and variably deformed Proterozoic plutons and dykes. The deformed sequences are metamorphosed to upper amphibolite facies, and protoliths of the older supracrustal rocks are comparatively rare. Where seen, they consist principally of mafic metavolcanics with cherty iron formations and lesser intermediate to felsic metavolcanics and clastic metasedimentary rocks.

The widespread Archean gneissic rocks are intruded by Archean granodiorites, quartz monzonites, and a variety of mafic intrusions including diorites and gabbros. Late Archean intrusions include the east- to northeast-trending Kazan dykes, which consist of variably metamorphosed gabbros and hornblendites.

Early Proterozoic gabbros and slightly younger diabase dykes cut all older rocks, as do late Proterozoic syenites and lamprophyres, such as the Martell Syenite. A large (13 km x 5 km) pluton of Martell Syenite, centred on Uligattilik Hill several kilometres east of the Ferguson Lake Property, is characterized by a positive magnetic anomaly on published airborne magnetic survey results for map-area 651.

The Western Churchill Province, because of its diverse geological environments which span a 1.5-billion-year interval, is host to a variety of mineral deposit types. Known mineral deposits, prospects and occurrences include mafic - ultramafic-related magmatic nickel-copper-cobalt-PGE, orogenic (mesothermal) lode gold, volcanic hosted massive sulphides, syngenetic and epigenetic uranium deposits and prospects, quartz-carbonate veins containing precious metals and diamonds associated with Phanerozoic kimberlite intrusions.

### ***Property Geology***

The oldest rocks in the southern and northeastern parts of the Ferguson Lake Property are east to northeast trending, fine to medium-grained amphibolites which are the metamorphic products of original mafic and intermediate volcanic rocks of Archean age. These supracrustal rocks, which contain sulphide, oxide and silicate banded iron formations in a number of localities, are

interlayered with more widespread quartz-feldspar-biotite-(hornblende) gneiss and paragneiss, and all units have been intruded by Archean tonalities, granite gneisses and smaller, complex, coarse-grained pegmatite bodies. A variety of younger (Proterozoic) dykes, sills and irregular intrusions cut the older rocks.

Pronounced layering in the supracrustal rocks trends east-northeast to northeast and dips moderately to steeply north. Medium to coarse grained, massive to weakly foliated gabbros, containing +60% hornblende and termed hornblendites in earlier reports, mainly occur within, and are conformable with, the layering in amphibolite-hornblende-biotite gneiss sequences. Petrographic studies suggest that these hornblende-rich gabbros, which are the principal host rocks for base metal sulphides and PGE, may be metamorphic products of original tholeiitic mafic or ultramafic (pyroxenite-peridotite) intrusions.

All of the foregoing lithologic units, including the host gabbros, are cut by younger (mid-Proterozoic) gabbros and diabases and by late Proterozoic syenites, quartz-feldspar porphyries and fine-grained, locally biotite-rich mafic dykes.

Younger syenites, part of the Martell Syenites, and distinctly post-mineral mafic dykes, are also evident in many of the diamond drill holes completed to date. Larger bodies of this syenite occur near the east shore of Ferguson Lake and a larger body underlying Uligattilik Hill borders the Resource Property's eastern boundary.

A structural mapping program in the areas of two of the principal mineralized zones, East and West Zones, indicated that most of the foregoing lithologic units, including the granitic intrusive rocks (but excluding the younger gabbro, diabase and mafic dykes and syenite plutons), were subjected to high grade metamorphism and deformation. Intricate folding of the gneissic rocks and the hornblendites (gabbros) has produced antiform and synform structures which are particularly evident in the area east of Ferguson Lake. The East and West mineralized zones were interpreted as being within the south limb of a recumbent, doubly-plunging synform or canoe-shaped structure modified by numerous faults and shear zones which offset the various lithologic units.

### ***Mineralization & Drilling***

The various mineral zones identified to date in that part of the Resource Property bordering Ferguson Lake are magmatic nickel-copper sulphide deposits which also contain cobalt and PGE values. These zones are spatially related to mafic (and ultramafic) intrusions which are principally in the form of fine- to coarse-grained gabbros.

Nickel-copper-cobalt-PGE mineralization at Ferguson Lake is hosted mainly by fine- to coarse-grained gabbros which include hornblendites. Three of the mineral zones (East, Central (lake) and West) are at least spatially related to the same gabbro unit which is between 10 and 600 metres thick and has been traced by intermittent exposures and by diamond drilling over a strike length of more than 12 km east and west of Ferguson Lake. This and the other gabbro units hosting the several other mineral zones dip moderately to steeply north and are generally conformable with enclosing hornblende-rich gneisses.

Better grades of base and precious metals mineralization are present within massive to semi-massive sulphide lenses, pods and stringers which consist of between 80% and 90% pyrrhotite and lesser chalcopyrite, some pyrite and very fine-grained pentlandite. Rounded magnetite grains, up to one cm in size, are a common constituent of the sulphide lenses. Better grades are contained within zones having thicknesses of between two and tens of metres.

Sulphide matrix breccias, featuring 1-2 cm subrounded mafic clasts, are a common feature of massive sulphide zones. Net-textures have been noted in some of the stringer and fracture-filling sulphide sections. The sulphide zones occur mainly in the upper, structural hangingwall portion of the of north-dipping gabbro units and to a lesser degree as remobilized lenses within hangingwall and footwall gneisses. The sulphide-rich zones are marked on surface by prominent gossans up to 25 metres wide and several hundred metres long.

The East, West and Central (lake) Zones were tested by more than 27,000 metres of diamond drilling in 170 holes by Inco in the early 1950s. Most drilling was on 120 to 150 metre-spaced north-south sections; distance between holes along these sections averaged about 70 metres. Hole lengths averaged 150 to 180 metres, with the deepest hole being 640 metres. This drilling did not test the zones below a vertical depth of about 240 metres.

The most significant drilling results obtained by the Corporation to date have been from the East and West Zones. Better grades (+1% combined copper-nickel) of nickel-copper-cobalt-PGE mineralization within and marginal to the host gabbro intrusion in both of these zones are contained in lenses and pods of massive and semi-massive sulphides which have a lateral extent of 350 metres in the East Zone II to more than 4,000 metres in the West Zone and apparent down-dip continuities of between 60 and over 500 metres. Lens widths range between 1 and 71 metres (average 10 metres) for the West Zone and between 1 and 24 metres (average 6 metres) for the East Zone. Two or more parallel lenses, separated by between 5 and 100 metres of lower grade sulphide mineralization and/or unmineralized hostrock, are evident in many of the holes drilled on the West Zone.

The principal focus of previous and current work has been directed to the West Zone, which has been traced by intermittent bedrock exposures, geophysical surveys and by a considerable amount of diamond drilling over a zone length of several kilometres. The zone has been tested by 72 Inco holes (10,833 metres) between 1951 and 1955 and by more than 76,000 metres of drilling in 183 holes by Starfield since 1999.

Other mineral zones identified east of Ferguson Lake include M Zone, discovered in 2000 and situated 1 kilometre southeast of the East Zone II. This zone was tested by ten inclined holes to test a blind, gently north-dipping UTEM conductor. The drilling confirmed that the conductive zone was due to the presence of sulphide minerals within a gabbro, a setting similar to the other known mineral zones. Assay results were not particularly impressive. Further surface geophysical surveys were conducted over this zone in 2004 and three additional holes, drilled to test a new interpretation of geophysical signatures, returned results similar to those obtained from earlier drilling.

Anomaly 51, also known as the Pointed Lake Zone, includes a northeast-trending, 50-metres wide, gossanous gabbro exposed over 2,500 metres of strike length, and is located one kilometre

south of M Zone. This zone, which contains pods and stringers of massive pyrrhotite with lesser chalcopyrite and pyrite, particularly in its western half, was tested over 1,700 metres of strike length by 1,094 metres of diamond drilling in nine widely-spaced, inclined diamond drill holes in the 1950s. Several holes contained narrow intervals of copper-nickel mineralization; better grades (+1% combined copper-nickel) are associated with narrow intervals (0.15 to 2.29 metres) of massive pyrrhotite and pyrite hosted by gabbro in most holes drilled. No results for PGE's were reported. Nickel values were generally higher than copper as opposed to results from other zones at Ferguson Lake.

This zone (and its potential extensions) was further tested in 2000 and 2004 by eight holes which were drilled in several locations to test isolated UTEM conductors north and east of the area previously drilled. Only narrow sulphide intervals were encountered.

Most exploratory work to date (and 80% of diamond drilling since 1999) has been directed to several mineral zones west of Ferguson Lake. Those zones of apparent lesser importance include the West Zone South, which is intermittently exposed over a strike length of approximately one kilometre. Associated with a gossanous gabbro, this zone is subparallel to the West Zone and located one kilometre to the south. Previous surface sampling returned relatively high PGE values of between 540 ppb and 1,170 ppb platinum and 1,250 ppb to 4,500 ppb palladium.

South Discovery Zone, a sulphide-bearing gabbro unit some 3 kilometres southwest of 119 Zone has an exposed northeast strike length of 800 metres and is offset by two parallel, northwest-striking faults. Two holes drilled to test the central part of the zone in 1999 intersected 1.5 to 2 metres intervals grading 0.30-0.62% copper, 0.11-0.50% nickel, 0.02-0.10% cobalt and 0.13-0.67 grams/tonne PGEs.

The Central or lake zone, underlying Ferguson Lake between the East and West zones, was tested by some 35 vertical and inclined drill holes in the 1950s. The majority of these holes intersected at least some copper-nickel values and ten holes contained significant results. One of the better holes (10515), drilled near the centre of the lake north of, and between the large and small islands, intersected 17.4 metres grading more than 2% combined copper-nickel and 1.51 g/t PGE. Two holes drilled down-dip (10518,10520) returned no significant values; however, hole 9924, drilled 250 metres further west, intersected 3.4 metres of 0.54% copper, 0.79% nickel and 5.31 g/t PGE. There is a clustering of better-grade holes immediately north of the small island; three of these have five metre or greater intervals with grades of up to 1.96% copper, 1.01% nickel and 1.95 g/t PGE.

Near the western shore of Ferguson Lake, hole 11310 cut 13.5 metres grading 0.78% copper, 0.88% nickel and 1.44 grams/tonne PGE (palladium and platinum) plus a lower 5.8 metre interval containing 1.36% copper, 0.50% nickel and 0.69 grams/tonne PGE. Two holes were drilled through ice-covered Ferguson Lake by the Corporation in the spring of 2000 in an attempt to further test this part of the zone some 40 metres down-dip of the previous intersections. The first hole was abandoned in lake-bottom sediments; the second hole intersected gabbro host rocks over three intervals, but base and precious metals value were low. This zone was further tested by ten holes in 2003 and 2004 as part of the definition drilling program undertaken in the eastern part of the West Zone. A degree of continuity of grades in sulphide lenses was identified

and a part of this zone has been incorporated into the revised resource estimates for the West Zone.

The West Zone proper has been the focus of most of the exploratory programs undertaken between 1999 and 2004, during which time the zone was tested by more than 150 holes plus five wedge holes (for a total of 62,000 metres) drilled over 3 kilometres of strike length. Much of this drilling was designed to expand the zone both to depth and along strike with a number of deeper holes testing the deeper, western part of the zone between sections 52+00W and 68+00W in 2001. Most of these holes intersected intervals of ten's of metres containing +1% combined copper+nickel, most of which included significant sections of +1.5% and +2% combined copper+nickel plus PGE averaging more than 2 grams/tonne.

Much of the drilling undertaken on the West Zone between 2002 and 2004 was directed to definition drilling in 74 relatively shallow holes (20,200 metres) in the eastern part of the zone between sections 39+00W and 51+000W to better define near-surface sulphide mineralization.

The nature and scope of the 2002 – 2004 drilling programs consisted of collaring drill holes between existing holes such that this part of the West Zone has now been drilled on sections at an average of 30 metre spacings or less. Most holes intersected two or three (and in some cases, up to six), parallel sulphide lenses containing grades of at least 1% combined copper plus nickel, and over minimum hole lengths of 2 metres. Intervals of lower (or zero) grades between the parallel lenses range from 2 metres to as much 65 metres. Most of the inclined holes drilled to date are essentially normal to the moderately north-dipping sulphide lenses, and apparent true widths of the various sulphide lenses range from 2 metres to a maximum of 45 metres, with an overall average of 7 metres. The down-dip extent of the various sulphide lenses is variable, and ranges from 20 to 250 metres. Many of the drill sections feature a well mineralized sulphide lens in one hole that may or may not continue through holes drilled up or down-dip of the mineralized lens.

## **Exploration**

For the 1999 exploration program, work completed included the establishment of 170 kilometres of survey grid off an east-west baseline with north-south crosslines at 200 metre spacings, airborne and surface geophysical surveys, detailed geological mapping, prospecting and surface sampling, preliminary environmental baseline studies and 3,918.5 metres of diamond drilling in nineteen holes.

Exploratory programs in 2000, undertaken between April and early December, consisted of expanded geophysical surveys (UTEM and magnetics) over 170 km of grid and the testing of six mineralized zones by 15,600 metres of diamond drilling in 49 holes.

The 2001 program was designed to confirm and expand upon results obtained from drilling on the West Zone in late 2000. Several holes from this program, which tested the zone to depth, returned markedly higher copper-nickel grades accompanied by enhanced concentrations of cobalt and PGE's. The initial objective of the 2001 program was to explore this higher grade zone to depth and along strike and to further test the strong UTEM conductor, which indicates continuity of the West Zone to depth and along strike for a considerable distance to the west.

Drilling consisted of 28 inclined holes for a total 18,570 metres. Further interpretation of UTEM geophysical data for M Zone, east of Ferguson Lake, suggested that the previous drill holes may have been too shallow to properly test this zone. An additional five holes (1,871 metres) were completed on this zone and four holes (635 metres) were drilled to test a UTEM conductor immediately east of the East Zone II resource area. Total diamond drilling completed between April and October of 2001 amounted to 21,076 metres in 37 holes.

The 2002 program, consisting mainly of diamond drilling, was directed entirely to the West Zone and its western extension. The program on the West Zone proper consisted of 10,952 metres of drilling and included five wedge holes off hole FL01-101, an additional deep hole on section 64+00W and definition drilling (39 inclined holes) in the eastern part of the zone. The initial objective of this definition drilling was to further define near surface sulphide resources over a 1,000-meter section of the eastern part of the West Zone (“**Pit Area**”) where an inferred resource with combined copper-nickel grades greater than 1.5% was initially explored by a number of shallow Inco holes completed in the early 1950s at 60 metre intervals along north-south section lines 122 metres apart. The 2002 drilling was conducted at 60 metre spacing, approximately midway between the original 120-metre sections. It was intended to provide detailed information regarding the down-dip and lateral continuity of the north-dipping sulphide horizon(s) plus confirmation of original copper and nickel grades and a more precise assessment of PGE and cobalt grades (original Inco results included only limited precious metals grades and no cobalt analyses). Further, the program would also provide ample material for anticipated metallurgical test work.

An exploratory program in 2003 included the completion of nine drill holes totalling 2,667 metres to further test both massive sulphide lenses and low-sulphide platinum-palladium mineralized horizons in footwall gabbro in the Pit Area, which is located in the eastern portion of the West Zone.

The 2003 program also included a 55.5 line-kilometer UTEM geophysical survey over a trend of magnetic anomalies interpreted to extend southwest from the 119 Zone discovered the previous year.

Exploration work on the Ferguson Lake Property in 2004 included 23,018 metres of diamond drilling in 52 holes, plus various airborne, surface and geophysical surveys. The West Zone and its extensions were the focus of much of the 2004 work, but the area east of Ferguson Lake also received some attention. Similar to the two previous seasons, the bulk of diamond drilling (more than 65%) was directed to additional definition drilling of near surface sulphide mineralization in the West Zone “Pit Area”. Nearly 14,000 metres of drilling were completed in 41 inclined holes in this area between sections 35+67W and 48+80W. Several of the easternmost holes were drilled beneath Ferguson Lake, while the remainder served to increase the density of drill hole spacings within previously drilled areas. In addition to further assessing the structural and grade continuity of the massive sulphide lenses, this program also provided additional data pertaining to the nature and distribution of PGE mineralization associated with low sulphide zones developed in gabbroic footwall rocks.

Four holes (1,800 metres) were drilled in the western half of the West Zone and two deep holes and two wedges, for a total of 3,950 metres of drilling, were drilled to test the apparent southwest

extension of the 119 Zone. Three additional holes on M Zone and two holes in the area of Anomaly 50, for a total of 1,700 metres of drilling, were completed east of Ferguson Lake as part of a joint venture with Wyn Developments Inc.

Geophysical surveys undertaken in 2004 included a helicopter-borne VTEM electromagnetic and magnetic survey completed by Geotech Ltd. over a 43 square kilometre area including the known mineralized zones east and west of Ferguson Lake in the central part of the Resource Property. Surface and borehole pulse electromagnetic surveys were also carried out in various parts of the Resource Property area by Crone Geophysics and Exploration Ltd. using the time domain method. Referred to as SQUID (Superconducting Quantum Interference Devices), this system has the capability of identifying conductive targets at depths exceeding 700 metres.

Other work completed as part of the 2004 program included ongoing metallurgical test work on drill core samples directed to the recoveries of PGE.

Exploration work in 2005 included 16,861 metres of diamond drilling in 29 holes plus surface and airborne geophysical surveys. Ten deep holes (11,213 metres) were drilled on three sections to test the “gap” between the 119 Zone and the known western limits of the West Zone. The 119 Zone itself was tested by an additional two holes (2,116 metres). A total of 17 holes (3,523 metres) were completed in the West Zone “Pit Area”. Eight holes were drilled in an attempt to further define footwall PGE mineralization, while the remaining nine holes (1,140 metres) were drilled at various azimuths to provide information on the continuity and consistency of base and precious metal grades for a geostatistical study.

Geophysical surveys undertaken in 2005 included 9,624 line kilometres of helicopter-borne VTEM and magnetics, and surface and borehole time domain pulse electromagnetic surveys on various parts of the Resource Property by Crone Geophysics and Exploration Ltd. Other work completed in 2005 included ongoing metallurgical testwork on drill core samples directed to the recovery of base metals and platinum group elements.

Much of the 2006 exploratory program at Ferguson Lake was directed at detailed infill diamond drilling of the West Zone Pit, West Zone Mid and Pit Extension, West Zone Main and East Zone II. Some 24,330 metres of core was recovered from 110 holes.

Two holes, totalling 211 metres, were drilled to collect samples for metallurgical work, and 19 shallow holes totalling 234 metres were drilled for geotechnical purposes. An additional six holes, totalling 657 metres, were drilled at azimuth grid north to test a south dipping magnetic anomaly (termed the Clarke Plate) located in the West Zone Pit Area.

In summary, 2006 diamond drilling at Ferguson Lake totalled 24,987 metres.

### **Sampling Methods, Security and Analytical Procedures**

Previous diamond drilling, core logging and sampling at the Ferguson Lake Property has been supervised and performed by John Nicholson, P.Geo., and Brian Game, P.Geo., both Qualified Persons in accordance with NI 43-101. Current diamond drilling, core logging and sampling at the Ferguson Lake Property are being supervised and performed by Don Cowan, MSc, P.Eng., and Ray Irwin, P.Geo, both Qualified Persons in accordance with NI 43-101.

NQ and BQ thin-wall sized core samples are logged and marked for sampling and subsequently halved by diamond saw, with one-half of the core comprising the sample and one-half retained as a rock record in core boxes stored for future reference at the Ferguson Lake camp. The one-half core comprising a sample is tagged, secured and bagged for air shipment from site to the sample preparation laboratories in Vancouver.

Samples are prepared at Acme Analytical Laboratories Ltd. in Vancouver, an ISO accredited laboratory which participates in proficiency testing and quality assurance and control procedures for sample preparation and analysis. Acme issues signed Certificates of Analysis and Assay Reports. The one-half drill core samples from sample intervals of generally one meter in length are crushed, riffle split and pulverized prior to analysis. Splits of massive sulphide samples weighing between 10-15 grams are then fire assayed for platinum and palladium. The doré bead is digested and then platinum and palladium are determined by ICP-ES (Group 6). The massive sulphide samples are also assayed for copper, nickel and cobalt, whereby 0.3g to 1.0g are digested by 4-acid decomposition and then analyzed by ICP-ES (Group 7TD).

Low-sulphide PGE samples are analyzed at Acme, where a 30g sample is digested by aqua regia, and then ICP-MS analysis is conducted for a suite of 51 elements plus platinum and palladium (Group 1F-MS). This geochemical ultratrace method allows for a screening of the samples prior to assay determinations being implemented. All samples containing greater than 500ppb palladium and/or 100ppb platinum as determined by ICP-MS are then forwarded for 1AT (29.2g) fire assay determination for platinum and palladium (Group 6). All samples containing greater than 5000ppm copper and/or 4000ppm nickel are sent for 4-acid ICP-ES assay determinations (Group 7TD).

### **Data Verification**

Quality control of core samples is maintained by routinely analyzing a number of sample blanks, duplicates and control reference standards of a similar matrix and content as samples provided. Selected high-grade samples are routinely subjected to repeat assay determinations. Interlaboratory checks have been an ongoing part of the Ferguson Lake program since 1999. As noted in the previous section, the facilities of Acme Analytical Laboratories Ltd. have been used for project analyses since 2002, Bondar Clegg was the laboratory of record in 2000 and 2001 and check analyses during those years were performed by ALS Chemex. Since the merger of these two firms in late 2001, most of the analytical work has been undertaken by Acme, while using ALS Chemex for necessary check analyses. In 2008, SGS Lakefield will perform the check analyses.

A number of interlaboratory checks of samples have been undertaken over the past several years. An example is the 2004 analytical work undertaken by ALS Chemex of 24 core sample pulps initially analyzed by Acme Laboratories. In summary, the results for copper are virtually identical, while Acme's nickel values are in general almost 10% higher. Palladium values determined by the two laboratories correspond reasonably well, but there are apparent difficulties in reproducing consistently similar platinum values.

N.C. Carter, Ph.D., P.Eng., undertook a thorough review of 1950s Inco drilling results in late 1999 and has confidence in those results and in the sampling, preparation and analytical procedures used in the more recent drilling programs.

All sample results have been transmitted by the laboratory directly to the designated person at the Corporation who dispersed the results to the writers of the technical reports for initial review of results and the calculation of weighted average grades for the mineralized intervals encountered in the holes drilled to date. These data have been subsequently reported to the Corporation on a timely basis.

### **Mineral Resource Estimates**

*The information under this heading “Mineral Resource Estimates” is extracted from the 2008 Report. James G. Lavigne estimated the Mineral Resource Estimates which were reported in the 2007 Report and adopted in the 2008 Report. The mineral resource estimates and geostatistical analysis were reviewed by James G. Lavigne in the preparation of the 2008 Report, and the 2008 Report concludes that the Mineral Resource Estimate is in compliance with NI 43-101 and the definitions set out by the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by the CIM Council in December 2005.*

### ***Drill Hole Database***

Mineral resources have been estimated for the Ferguson Lake Property exclusively from diamond drill hole data. No systematic excavations or surface sampling have been completed that contribute to the resource estimation database. A total of 540 diamond drill holes have been completed on the Resource Property, and include those drilled by Inco during the 1950's and those drilled by the Corporation from the period 1999 to 2006, for total metres drilled of 157,219.

### ***Sample and Assay Data***

The assay database of mineralized samples used in the resource calculations now numbers a total of 24,371 samples. All of the drill core samples collected by the Corporation have been analyzed by assay methods for Ni, Cu, Co, Pt, and Pd. In addition, the Corporation has collected whole rock and trace element geochemical data on selected samples. The Inco samples were initially assayed only for Ni and Cu. Subsequent to the Inco field programs at the Ferguson Lake Property (conducted to 1957), Inco re-assayed selected core samples for Pt, Pd, and Au. However, Inco has reported this precious metal data only as a total summation (i.e. Pt+Pd+Au equals total PGE). The total number of samples assayed account for a total of 26,896 metres of core analyzed.

### ***Lithology***

Logging by both Inco and the Corporation included the identification and documentation of rock types. This includes the major distinction between the intrusion, the country rocks to the intrusion, and massive sulphides. The country rocks are broken out into several types of amphibolites, gneisses, and granitic rocks. The intrusion is mainly described as gabbro with lesser hornblendite. Hornblendite is usually spatially associated with massive sulphide. Massive

sulphide was broken out as a rock type in the lithological description of the core. Mafic to felsic dykes have been logged as cross cutting the country rocks and the intrusion.

### ***Specific Gravity***

During 2002, the specific gravity was determined on 100 core samples. The samples were selected grab samples of core collected to be representative of the major rock types including massive and semi-massive sulphide.

During 2006, the specific gravity (“SG”) has been determined on a total of 1,342 drill core samples at Acme Analytical Laboratories Ltd. during the course of sample processing for base and precious metal analyses. The SG was determined during 2006 using the water immersion method.

### ***Data Verification***

During the period June 26 to June 28, 2007 R Dennis Bergen, one of the authors of the 2008 Report visited the Ferguson Lake Property. During that visit , three core samples were collected from areas identified by the Corporation’s geologist as portions of the resource estimate. The samples collected are not representative of the whole deposit nor were there sufficient samples collected to provide a statistical comparison with the Corporation’s samples. The analyses undertaken did indicate the presence of copper, nickel, cobalt and palladium in quantities similar to those in the resource estimate, and the presence of palladium was noted.

In addition during the period September 2006 to November 2006, the author of the 2007 Report visited the Ferguson Lake Property on two occasions for a total of fifteen days on site. During these visits, a number of 2006 as well as historical drill holes were examined and compared with drill log descriptions and assay data. It was concluded that the geological logging and sample descriptions are representative of the lithological units and distribution of sulphide mineralization. The sampling is appropriate for the deposit type, and the assay data is consistent with the sulphide abundance, textures, and mineralogy. Survey procedures used at the Ferguson Lake Property for drill hole location and down hole trajectory are completed to exploration industry standards. It was concluded on the basis of the field visits that the drill hole exploration data collection procedures utilized at the Ferguson Lake Property would support resource estimation to NI 43-101 standards.

The diamond drill programs have been managed for the Corporation since 1999 by Nicholson and Associates, a professional geological services company based in Vancouver and managed by Professional Geologists. Nicholson and Associates were responsible for data collection, data base management, drilling and analytical QA/QC, and data verification for the Ferguson Lake Property. The author has relied upon Nicholson and Associates for the provision of the verified database for resource modeling. Aspects of drilling, sample security, assaying, data handling and verification are contained in the appropriate sections of this report. Verification of Inco data has been referenced in the Carter Report.

## ***Estimation Methodology***

### Standards and Scope

The mineral resource estimate for the Ferguson Lake Property has been prepared and reported here in compliance with NI 43-101 for Mineral Resources and Mineral Reserves. James G. Lavigne, Professional Geologist and Qualified Person as defined in NI 43-101, is responsible for the preparation and reporting of the resource estimate.

As per NI 43-101, Mineral Reserves estimates can only be based on the results of a preliminary feasibility study or feasibility study of a mineral project. Thus, no reserves have been estimated for the Ferguson Lake Property. As per NI 43-101, Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

### Description of Domains

Massive sulphide intersections on the Ferguson Lake Property cover a strike length of approximately 15 kilometres. For the purposes of resource estimation, the Resource Property has been divided into three domains; the East Zone, the Main West Zone, and the West Extension Zone. Drill spacing, and therefore the amount of geological and assay information, is variable across the zones, and, accordingly, different approaches to resource estimation have been utilized.

#### Main West Zone

The central domain, (the Main West Zone) has been the target of the most detailed drilling and past geostatistical studies, and is the area from which past indicated (and measured) resources have been reported. Drill hole spacing in the Main West Zone is variable from 25 metres in selected test areas of the zone (i.e. in the “Pit” area) to a maximum of approximately 100 metres. Part of the West Main Zone was the object of a past geostatistical resource study and estimation. The drill density and historical work in the West Main Zone supports resource estimation using a geostatistical block model methodology based on a geological interpretation of the intrusion and mineralization.

#### West Extension and the East Zones

Drilling in the West Extension Zone has intersected mineralization between approximately 600 and 1200 metres below surface. Drilling has been completed on 200 metre spaced sections, with holes on section spaced irregularly, with an average of approximately 100 metres. All of the drilling in the West Extension Zone has been completed by the Corporation. Similarly, the East Zone is characterized by comparatively widely spaced drilling but does include clusters of more detailed drilling in specific target areas. The East Zone contains a higher proportion of Inco drill holes. Given the drill hole spacing, a detailed geological model was not created for the West Extension or the East Zones and a polygonal approach to estimation was utilized.

## **Main West Zone**

### Geological Model

Diamond drill holes in the Main West Zone are commonly characterized by multiple intersections of massive sulphide which can be of a highly variable width. Massive sulphide within the Main West Zone has been interpreted as a series of stacked lenses or sheets with a moderate north dip and approximate east-west strike (Carter Report).

Massive sulphide intersections interpreted on section are based on the occurrence of greater than 50% sulphide as estimated on a sample-by-sample basis, and incorporate inclusions of weakly mineralized to barren host of rock.

Three dimensional interpretation resulted in 56 individual lenses of massive sulphide across the Main West Zone of variable size and extent.

### Results and Classification

As per NI 43-101 ‘a mineral resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions might become economically extractable’. The economic and technical parameters used to evaluate the massive sulphide block model are summarized in the table below. No economic, environmental, legal, socio-economic, or governmental factors were known to the author of the 2008 Report that would impact the estimate of mineral resources at the Ferguson Lake Property.

Using the metal price, exchange rate, royalty payable, and recovery data, a dollar value was calculated for each block or partial block in massive sulphide. Resource cutoff value is established by the estimated operating costs. Blocks with value equal to or greater than CDN\$75 for the open pit model and CDN\$110 for the underground model have been deemed resources.

<b>Economic and Recovery Factors:</b>		
<b>Metal</b>	<b>Price per pound</b>	<b>Recovery</b>
Nickel	US\$7.00	93%
Copper	US\$1.75	93%
Cobalt	US\$15.00	64%
US\$/CDN\$ Exchange Rate: 1.18		
Royalty Payable: 3% NSR		
<b>Operating Costs:</b>		
Basis Open Pit Mining - Cost per tonne milled:		CDN\$75.00
Basis Underground Mining - Cost per tonne milled:		CDN\$110.00

\*Economic, mining, and processing values used to establish block value and cutoff value have been established for the Ferguson Lake Project by Scott Wilson Roscoe Postle Associated Ltd and NeoFerric.

Resource blocks in the West Main Zone have been classified as indicated resources and inferred resources. During block interpolation, the following data were recorded: a) the number of samples used to interpolate each block, b) the number of octants used for the interpolation of each block, and c) the block variance for Ni grade estimation. Classification of resource as indicated was based in part on consideration of the block model of these statistics in individual blocks, neighbouring blocks, and groups of blocks. Classification as indicated was also based on a) regular and tighter drill hole spacing and b) contours of sulphide thickness, and therefore interpretation of thicker and apparently more continuous massive sulphide. Other resources outside of the blocks are classified as inferred resources. No blocks have been classified as measured resources.

### ***West Extension and the East Zones***

#### **Assays and Intersections**

Massive sulphide intersections in diamond drill holes in the West Extension and the East Zones were evaluated for economic potential using the data and parameters contained in the previous table set out above. The cutoff value of CDN\$75 was used for evaluation of intersections in the East Zone and the cutoff value of CDN\$110 was used for evaluation of intersections in the West Extension Zone. Intersections above cutoff value were incorporated into the resource estimate. In both the West Extension and the East Zones, a horizontal and vertical width of 2.5 metres was used as a minimum width. As the West Extension Zone includes only holes drilled by the Corporation, all of the Ni, Cu, and Co assay data were used to calculate intersection values. However, the intersection values used for the Inco holes in the East Zone, which do not have associated Co assay data, included an average Co grade of 0.08% Co, based on the average block grade from the Main West Zone.

### ***Summary***

The resources for the Ferguson Lake Property, including the East, Main West, and West Extension zones are summarized in the Mineral Resources table below. The mineral resources were estimated by James G Lavigne and reported in the 2007 Report.

## Mineral Resources

### Indicated Resources

<u>Zone</u>	<u>Tonnes (Mt)</u>	<u>Ni(%)</u>	<u>Cu(%)</u>	<u>Co(%)</u>	<u>Pt(gpt)</u>	<u>Pd(gpt)</u>
Pit Area: Main West Zone	8.3	0.71	0.93	0.08	0.24	1.57
Underground: Main West Zone	7.0	0.70	1.17	0.08	0.32	1.74
<b>Total Indicated Resources</b>	15.3	0.71	1.04	0.08	0.28	1.64

### Inferred Resources

<u>Zone</u>	<u>Tonnes (Mt)</u>	<u>Ni(%)</u>	<u>Cu(%)</u>	<u>Co%</u>	<u>Pt(gpt)</u>	<u>Pd(gpt)</u>
Pit Area: Main West Zone	3.4	0.59	0.71	0.07	0.15	1.20
Underground: Main West Zone	1.3	0.64	1.19	0.07	0.36	1.73
Extension West Zone	14.7	0.71	1.23	0.08	0.31	1.88
East Zone	9.5	0.65	0.75	*	*	*
<b>Total Inferred Resources</b>	28.9	0.67	1.01	*	*	*
<b>Includes</b>	19.4	0.68	1.13	0.08	0.28	1.75

Notes:

mt = millions of tonnes

gpt = grams per metric tone

\* = Platinum, palladium, and cobalt not estimated for the East Zone as the East Zone contains a higher proportion of historical INCO holes, for which Cobalt or individual platinum or palladium grades have not been determined.

## Current Exploration and Development

The following information under this heading is provided by the Corporation and is not extracted from the 2008 Report.

The initial activities on the Ferguson Lake Property in the 2008 fiscal year were to mobilize fuel and supplies to the new camp area where completion of the infrastructure facilities was a priority. Due to uncertain spring conditions, the heavy equipment needed to start construction of the new airstrip and roads was not moved from Rankin Inlet into the new camp. Assessment and engineering evaluation of this infrastructure build is ongoing and design and tendered contract proposals are planned for implementation in the 2009 fiscal year.

In the old base camp area, moveable buildings and WeatherHaven tents have been disassembled and have been moved to the new camp area. Reclamation and cleanup of the old camp area is progressing well. The old camp gravel airstrip is maintained and will be used until the new airstrip is operational. The fuel storage area was constructed and is now in use.

In 2007, the geological program focused on surface rock exposure sampling and diamond drilling of low-sulphide PGE mineralization found within the Ferguson Lake Igneous Complex. The September 2007, initial phase one, 3,000 meter drill program targeted known broad intervals

of higher grade PGE low-sulphide mineralization within the West Zone "Pit Area". The drilling continued until the end of November 2007.

Late in 2007, the Corporation initiated a drill program to further define and evaluate the low sulphide, high-grade PGE potential that was discovered approximately 50 metres below and parallel to the massive sulphide resource described in the latest resource estimate. Most technical efforts during the 2008 fiscal year were turned toward initiating an engineered scoping study, getting the environmental and heritage background work on track for a spring 2010 permit receipt target, review of camp facilities and needs, and conducting a full review of exploration work to date. All of this was accomplished and an initial 19 hole PGE diamond drill program was completed as a precursor to the planned larger program to be started in April of the 2009 fiscal year

Wildlife monitoring, water sampling, aquatic studies and various other environmental surveys are being conducted throughout the field season. Archaeological and Traditional Knowledge studies are also being conducted at the Ferguson Lake Property with the assistance of the local communities. All of these baseline studies are building upon previous work undertaken by the Corporation in order to facilitate present permitting and regulatory requirements and for future development at the Ferguson Lake Property.

Canadian legal land surveyors have been active on the Resource Property constructing a newly surveyed mine grid and completing mining lease application mapping. An air photo aerial survey of the core of the Resource Property has been completed to enable detailed engineering and mine planning.

The Corporation entered into a 5 year Commercial Lease on July 23, 2007 with the Kivalliq Inuit Association which covers 2740 hectares of surface rights on the West side of Ferguson Lake in the area hosting the mineral resources and new camp structures, facilities and proposed infrastructure. The purpose of the agreement is to provide a yearly activities work plan which, upon approval, will advance development more easily in the area.

The Ferguson Lake Property is being evaluated in terms of an independent scoping study, and advanced metallurgical processing, including hydrometallurgical testing, is continuing.

Significant additional drilling is planned for 2008 to allow a resource estimate for the unique PGE mineralization at Ferguson Lake. In addition, the Company will evaluate its large land holding to determine its value for further expenditures or joint venture opportunities. Phase 1 of the 2008 exploration program anticipates diamond drilling approximately 15,000 metres between April and September. Of the total, approximately 10,000 metres will be drilled into the low sulphide, high grade PGE Zone to further define the mineralization in the high PGE Zone. The remaining 5,000 metres is designated for the deeper West Zone, just west of the current potential open pit resource, to upgrade more resources to indicated status. In addition, the deeper West Zone drilling will also probe for the presence of low sulphide, high grade PGE mineralization, and a feeder zone. Phase 2 of the 2008 program provides for 5,000 metres of diamond drilling later in the year. This work is designed to follow up exploration in the West South Zone and to conduct any additional drilling needed to follow up on Phase 1 drilling. Follow up on Phase 1 drilling will take precedence over the West South Zone. In an effort to further evaluate its

extremely large land holding, the Company will embark on a grassroots surface exploration program this summer to examine the kimberlite and gold potential of the Company's 207 active claims surrounding the Ferguson Lake project. The potential for kimberlites is indicated by the diamond exploration companies that have staked ground surrounding the Ferguson Lake camp. Starfield also believes there are prospects for gold mineralization in the Archean greenstone belt to the south.

Initially this program will entail the processing of approximately 1,100 20-litre pails containing unsieved till samples taken during the 2005/2006 regional sampling program. Once the samples have been screened to create a 30 kg sample, they will be sent out for mineral extraction, KIM (kimberlite indicator minerals) counts and ICP (inductively coupled plasma) assays, which determine concentrations of up to 70 elements simultaneously. The second phase of the surface exploration program will consist of follow up sampling around 10 geophysical targets picked from a 2005 VTEM survey done over the area and any follow up needed on the soil samples. This program will be helicopter supported and will consist of samples taken at 50 metre spacing around the targets. If the results of this sampling prove positive, a small-scale drill program to test the targets will be considered for the 2009/2010 season.

The 2008 Exploration Program also includes the re-staking of approximately 45 lapsed claims that are located in the west and southern part of the project that are considered to have good exploration potential and on which reconnaissance will be undertaken during the current field season. This reconnaissance, consisting of geologic mapping and rock chip geochemical sampling will be undertaken on some of the key geophysical targets some of which possess limited anomalous metal values located in the southern part of the project.

## **DIVIDENDS**

### **Dividend Policy**

The Corporation has neither declared nor paid any dividends on its common shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future. The actual timing, payment and amount of any dividends declared and paid by the Corporation will be determined by and at the sole discretion of the board of directors of the Corporation from time to time based upon, among other factors, the cash flow, results of operations and financial condition of the Corporation, the need for funds to finance ongoing operations and exploration and such other considerations as the board of directors in its discretion may consider or deem relevant.

## DESCRIPTION OF CAPITAL STRUCTURE

### General Description of Capital Structure

#### *Shares*

The Corporation is authorized to issue an unlimited number of common shares, of which 301,151,593 were issued and outstanding at the February 29, 2008 year-end, and 322,057,149 were issued and outstanding as of May 26, 2008. Holders of common shares are entitled to receive notice of any meeting of shareholders of the Corporation, and to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive dividends, if any, on a pro rata basis, such dividends, as and when declared by the Corporation's board of directors in its discretion (please see "Dividend Policy" above). Upon the liquidation, dissolution or winding up of the Corporation, holders of common shares are entitled to receive on a pro rata basis the net assets of the Corporation after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attending to any other series or class of shares ranking senior in priority to or on a pro rata basis with the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive subscription, redemption or conversion rights.

The Corporation is authorized to issue an unlimited number of First Preferred Shares and Second Preferred Shares. No First Preferred Shares or Second Preferred Shares are issued and outstanding.

#### *Special Rights and Restrictions Attached to Common Shares*

The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of shareholders of the Corporation except meetings of the holders of another class of shares. Each common share shall entitle the holder thereof to one vote.

Subject to the preferences and rights accorded to the holders of the First Preferred Shares, the Second Preferred Shares and any class of shares ranking senior to the common shares: (a) the holders of the common shares are entitled to receive and participate rateably in any dividends declared by the board of directors of the Corporation from time to time; and (b) in the event of the liquidation, dissolution or winding up of the Corporation, or other distribution of the assets of the Corporation among its shareholders for the purposes of winding up its affairs, the holders of the common shares shall participate rateably in the distribution of the assets of the Corporation.

#### *Special Rights and Restrictions Attached to First and Second Preferred Shares*

The First Preferred Shares and Second Preferred Shares, respectively, may include one or more series of shares and, subject to the *Business Corporations Act*, the directors may, by resolution, if none of the shares of any particular series are issued, alter the Articles of the Corporation and authorize the alteration of the Notice of Articles of the Corporation, as the case may be, to do one or more of: (a) determine the maximum number of shares of that series that the Corporation is

authorized to issue, determine that there is no such maximum number, or alter any such determination; (b) create an identifying name by which the shares of that series may be identified, or alter any such identifying name; and (c) attach special rights and restrictions to the shares of that series, or alter any such special rights or restrictions.

With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs: (a) the First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series and be entitled to preference over the Second Preferred Shares, the common shares and the shares of any other class ranking junior to the First Preferred Shares; and (b) the Second Preferred Shares of each series shall rank on a parity with the Second Preferred Shares of every other series and be entitled to preference over the common shares and the shares of any other class ranking junior to the Second Preferred Shares.

The Second Preferred shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Common shares and the shares of any other class ranking junior to the Second Preferred shares.

The First Preferred Shares and the Second Preferred Shares, respectively, of any series shall also be entitled to such other preferences not inconsistent with the Articles and, more particularly, not inconsistent with the priorities noted above.

### ***Warrants***

At the February 29, 2008 year-end, the Corporation had 800,000 common share purchase warrants outstanding as follows:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
800,000	\$1.67	September 5, 2012

### ***Options***

At the February 29, 2008 year-end, the Corporation had 19,958,000 options outstanding as follows:

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,090,000	\$0.40	August 27, 2009
690,000	\$0.40	January 31, 2010
760,000	\$0.60	March 11, 2011
2,763,000	\$0.285	February 1, 2012
2,400,000	\$0.32	April 23, 2012
1,200,000	\$0.29	May 4, 2012
1,000,000	\$1.08	May 15, 2012

<b>Number of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
2,800,000	\$1.71	July 12, 2012
1,750,000	\$1.18	September 13, 2012
1,250,000	\$1.59	September 28, 2012
2,400,000	\$1.69	October 12, 2012
1,855,000	\$1.05	January 15, 2013

## **MARKET FOR SECURITIES**

### **Trading Price and Volume**

The common shares of the Corporation are currently listed for trading on the TSX under the trading symbol “SRU”. Prior to April 24, 2007, the Corporation’s common shares traded on the TSX Venture Exchange under the trading symbol “SRU”. The following chart lists the price ranges and volumes traded for such shares for each month during the 12 month period ended February 29, 2008:

	<b>Low (\$)</b>	<b>High (\$)</b>	<b>Close (\$)</b>	<b>Volume</b>
March, 2007	0.23	0.29	0.24	5,225,700
April, 2007	0.23	0.35	0.30	17,079,900
May, 2007	0.28	1.59	1.47	246,793,100
June, 2007	1.11	1.64	1.40	64,475,800
July, 2007	1.20	1.93	1.29	57,565,700
August, 2007	1.00	1.55	1.21	43,822,200
September, 2007	1.18	1.65	1.59	51,731,600
October, 2007	1.31	1.77	1.50	31,680,300
November, 2007	1.15	1.61	1.20	17,383,200
December, 2007	0.98	1.40	1.14	16,386,000
January, 2008	0.73	1.17	0.82	11,666,900
February, 2008	0.75	0.99	0.91	12,977,000

## **DIRECTORS AND OFFICERS**

### **Names, Addresses, Occupation and Security Holdings**

The following table and the notes thereto set out the name and municipality of residence of each director and executive officer of the Corporation at February 29, 2008, their position and office with the Corporation, their principal occupation or employment for the past 5 years, the date on which they were first elected or appointed a director or officer of the Corporation, the

approximate number of common shares of the Corporation beneficially owned directly or indirectly or over which they exercise control or direction as at February 29, 2008, and the percentage of the total issued and outstanding common shares of the Corporation represented by such shares:

Name, Municipality of Residence and Date First Became a Director/Officer	Principal Occupation During Past Five Years	Voting Securities Beneficially Owned or Controlled (Feb. 29, 2008)
Norman Betts (1) (2) Fredericton, NB Director March 30, 2006	Associate Professor at University of New Brunswick. Cabinet Minister, Province of New Brunswick.	172,500 / ~0.1% 1,262,500 options
H. Stuart Bottomley (1) (3) Iden, East Sussex, UK Director January 19, 2007	Consultant, Self Employed.	1,650,000 / ~0.5% 1,540,000 options
Henry Giegerich (2) (3) Vancouver, BC Director January 6, 2000	Professional Mining Engineer.	300,000 / ~0.1% 1,090,000 options
Ross Glanville (1)(3) North Vancouver, BC Director August 16, 2004	Professional Mining Engineer, President, Ross Glanville & Associates Ltd.	75,000 / ~0.1% 1,165,000 options
Robert Maddigan (3) Edmonton, AB Director September 17, 2003	Professional Engineer, Construction Project Manager, Eastern Russia, Ferguson, Simek & Clark from 1996 – Present.	30,375/ ~0.1% 140,000 options
Shirley Mears(1) (2) Ottawa, ON Director July 12, 2007	Vice President, Finance of Edgewater Computer Systems, Inc. from May 2007 to present. Consultant, March 2006 to Present. Senior Vice President and Chief Financial Officer, Hydro Ottawa Holding Inc. from October 2003 to March, 2006.	32,000 / ~0.1% 1,540,000 options
Ulrich E. Rath (3) Toronto, ON Director July 12, 2007	President and Chief Executive Officer, Chariot Resources Ltd. from October 21, 2004 to present. President and Senior Partner of FOCUS-Rath and Associates Ltd. from April, 2003 to present. President and Chief Executive Officer of EAGC Ventures Corp. from April, 2002 to March, 2003.	No shares 1,540,000 options
André J. Douchane Toronto, ON President, and Chief Executive Officer February 1, 2007	Chairman, North American Palladium Ltd from 2006 to present. President and CEO, North American Palladium Ltd from 2003 to 2005. President, Chief Consolidated Mining Co. From 2001 to 2002.	300,000/ ~0.1% 1,900,000 options
Greg Van Staveren Toronto, ON Chief Financial Officer September 14, 2007	President of Strategic Financial Services.	100,000/ ~0.1% 1,925,000 options
Craig Brown Toronto, ON Assistant Secretary July 18, 2007	Partner, Fasken Martineau DuMoulin LLP	4,000 /~0% No options

Name, Municipality of Residence and Date First Became a Director/Officer	Principal Occupation During Past Five Years	Voting Securities Beneficially Owned or Controlled (Feb. 29, 2008)
Fred Mason Calgary, AB Vice-President, Operations September 13, 2007	Construction Manager, New Gold Inc. from 2006 to 2007. Vice President and General Manager of Refugio Project for Kinross Gold Corp. from 2003 to 2006.	19,500 /~0% 1,375,000 options

**Notes:**

- (1) Member of the Audit Committee.
- (2) Member of the Governance, Nominating and Compensation Committee.
- (3) Member of the Technical, Environmental, Health and Safety Committee.

The directors of the Corporation are elected by the shareholders at each annual general meeting and serve until the next annual general meeting, or until their successors are duly elected or appointed.

Officers of the Corporation are appointed by the board of directors.

As of the date hereof, the directors and executive officers of the Corporation, as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate 2,683,375 shares or approximately 0.8% of the Corporation's issued and outstanding common shares.

**Cease Trade Orders or Bankruptcies**

Sutcliffe Resources Inc. (now Zoloto Resources Ltd.), a company of which Mr. Robert Maddigan is currently a director, was subject to a cease trade order issued by the British Columbia Securities Commission on May 11, 2007 for failure to file financial statements and MD&A for the financial year ended December 31, 2006. That cease trade order was revoked on May 11, 2007. Thereafter, a management cease trade order in respect of insiders of Zoloto Resources Ltd. was issued by the British Columbia Securities Commission on May 14, 2008 for failure to file financial statements and MD&A for the financial year ended December 31, 2007.

Except as disclosed above, no director or officer of the Corporation nor any shareholder holding a sufficient number of securities the Corporation to affect materially the control of the Corporation:

- (a) is, as at the date of the AIF or has been, within the 10 years before the date of the AIF, a director or executive officer of any company (including the Corporation), that while that person was acting in that capacity,
  - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

### **Conflicts of Interest**

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time.

## **LEGAL PROCEEDINGS**

### **Legal Proceedings**

As of August 30, 2007, the Corporation is involved in one legal proceeding in connection with an alleged offence under the *Nunavut Wildlife Act*. On July 11, 2007, the Corporation was charged under the *Nunavut Wildlife Act* for allegedly feeding a wild animal. The Corporation is defending the charge. The potential penalty for a corporate accused, if convicted, is a fine ranging from \$500 to \$1,000,000. While the outcome of the action is subject to future resolution, management's evaluation and analysis of the action indicates that the probable ultimate resolution of the action will not have a material effect of the financial condition of the Corporation.

## **INTERESTS IN MATERIAL TRANSACTIONS**

### **Interest of Management and Others in Material Transactions**

Except as disclosed below or elsewhere in this AIF, the Corporation is not aware of any transaction of any of the following persons or companies within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect the Corporation: (i) a director or executive officer of the Corporation, (ii) a person or company that is the direct or indirect beneficial owner of, or who exercises control or

direction over, more than 10% of the outstanding common shares of the Corporation; and (iii) an associate or affiliate of any of the persons or companies referred to in (i) and (ii).

### **Related Party Transactions**

One of the directors of the Company is a major shareholder of Ferguson Simek Clark International, a professional engineering consulting practice specializing in cold climate and remote location projects. During the year ended February 29, 2008, the Corporation incurred costs of \$891,000 with that entity (2007 - \$265,000). The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### **Management Agreements**

The Corporation entered into an employment agreement with André J. Douchane and 1726582 Ontario Inc., a corporation wholly owned by Mr. Douchane effective February 1, 2007 until terminated, which provides for an annual salary of \$250,000, plus bonus payments, the size of which will vary based on performance. Mr. Douchane was also granted 2,000,000 stock options. The Agreement may be terminated by Mr. Douchane giving 90 days' written notice to the Corporation. The Corporation may terminate the Agreement with cause without provision of notice or payment of fees in lieu of notice. Without cause, the Corporation shall provide 90 days' written notice to terminate the Agreement. If the Corporation terminates the Agreement without cause within 12 months of a change of control or Mr. Douchane terminates the Agreement, the Corporation shall provide a lump sum payment to Mr. Douchane in the amount of 24 months' fees (as defined in the Agreement), plus an amount equal to the average bonus paid to him in the 3 prior fiscal years. In addition, upon a change of control, all unvested options granted to him shall be automatically accelerated, vested and exercisable.

The Corporation entered into an services agreement with Greg Van Staveren and 2013026 Ontario Inc. (operating as Strategic Financial Services), a corporation wholly owned by Mr. Van Staveren, for the provision of the services of a Chief Financial Officer to the Corporation. The agreement is effective September 14, 2007 until terminated, which provides for a monthly fee of \$16,666.66 (plus GST), plus bonus payments, the size of which will vary based on performance. Mr. Van Staveren was also granted 1,750,000 stock options. The Agreement may be terminated by Mr. Van Staveren giving 90 days' written notice to the Corporation. The Corporation may terminate the Agreement with cause without provision of notice or payment of fees in lieu of notice. Without cause, the Corporation shall provide 90 days' written notice to terminate the Agreement. If the Corporation terminates the Agreement without cause within 12 months of a change of control or Mr. Van Staveren terminates the Agreement, the Corporation shall provide a lump sum payment to Mr. Van Staveren in the amount of 24 months' fees (as defined in the Agreement), and all unvested options granted to him shall be automatically accelerated, vested and exercisable.

The Corporation entered into an employment agreement with Fred Mason for the provision of the services of a Vice-President – Operations to the Corporation. The agreement is effective October 1, 2007 until terminated, which provides for a base salary of \$200,000 per year, plus bonus payments (amounting to a maximum of 70% of base salary), the size of which will vary

based on performance. Mr. Mason was also granted 1,250,000 stock options. The Agreement may be terminated by Mr. Mason giving 4 weeks' written notice to the Corporation. The Corporation may terminate the Agreement with cause without provision of notice or payment of fees in lieu of notice. The Corporation may terminate the Agreement without cause by providing a lump sum payment to Mr. Mason in the amount of up to 12 months' fees (as defined in the Agreement).

## **TRANSFER AGENTS AND REGISTRARS**

### **Transfer Agents and Registrars**

Computershare Investor Services Inc. ("**Computershare**") is the Corporation's transfer agent and registrar, and is engaged at its principle offices in Toronto (100 University Ave., 9th Floor, North Tower, Toronto, Ontario M5J 2Y1) and in Calgary (600, 530 - 8th Avenue SW, Calgary, Alberta T2P 3S8).

## **MATERIAL CONTRACTS**

### **Material Contracts**

There are no material contracts entered into by the Corporation within the financial year ended February 29, 2008 or before the year ended February 29, 2008 but still in effect which were not entered into in the ordinary course of business.

In June 2007, the Corporation executed a camp management agreement with SIATSIAQ BLMS Ltd. ("**BLMS**") and Sodexho MS Canada Ltd. ("**Sodexho**"). The agreement has an initial term commencing on June 28, 2007 and continuing until December 31, 2007 (since extended), and may be extended for subsequent five year periods by the mutual written agreement of the parties. This agreement provides that BLMS and Sodexho shall jointly be responsible to mobilize, manage and perform camp management services for the Corporation and its employees, visitors and guests at the Ferguson Lake camp, including meal and food services, housekeeping services, plant operations and maintenance, laundry services, safety and security services, site reclamation, first aid, drill core splitting and loading, and environmental and garbage disposal services.

On April 14, 2008, the Corporation executed a drilling contract with Major Drilling Group International Inc. ("**Major**"). The agreement has a term expiring on December 31, 2008. Pursuant to the agreement, Major will mobilize a drill crew to diamond drill on certain areas of the Ferguson Lake Property.

On July 23, 2007 the Corporation entered into a five year commercial lease with the Kivalliq Inuit Association over 2740 hectares of land hosting the mineral resources, the new camp structures, facilities and proposed infrastructure. The Kivalliq Inuit Association is a Designated Inuit Organization that represents the interest of the Inuit people living in the Kivalliq region of Nunavut.

## INTERESTS OF EXPERTS

### Names of Experts

Scott Wilson Roscoe Postle and Associates.

Don Cowan, MSc, P.Eng.

Graham G. Clow, P.Eng, R. Dennis Bergen, P.Eng, Jason J. Cox, P.Eng, G. Bryn Harris, Ph.D., FIMMM and James G. Lavigne, P.Geo., M.Sc. prepared the 2008 Report.

John A. Nicholson, P.Geo, FRGS, with submissions by James G. Lavigne, P. Geo. M.Sc. and G. Bryn Harris, B.Sc. Ph.D. FCIM FIMMM, and reviewed by N.C. Carter, Ph.D. P.Eng., prepared the 2007 Report.

Miller & Associates prepared *The contribution to the geology of the Ferguson Lake Intrusive Complex* report; May 9, 2007

Isobel Clark Ph.D FSS FIMMM FSAIMM C.Eng. prepared the Cobalt-PGE Property Report; August 4, 2006.

N.C. Carter, Ph.D., P.Eng. prepared the Report on Revised Estimates of Mineral Resources, Ferguson Lake Nickel-Copper-Cobalt-PGE Property, Ferguson Lake Area, Kivalliq Region, Nunavut; May 15, 2006.

Rescan Environmental Services Ltd. prepared the Ferguson Lake Project, 2005 Meteorology Summary Report, Project #577-2, May 2006 and 2005 Water Quality Sampling Program, Rescan Environmental Services Ltd., Project #577-4; May 2006.

Jean Bussey of Points West Heritage Consulting Ltd., through Rescan Environmental Services Ltd., prepared *2005 Ferguson Lake Archaeological Investigations Report, April 12, 2006.*

Kevin Ralph of Crone Geophysics & Exploration Ltd. prepared Geophysical Survey Report Covering Surface and Borehole Pulse EM Surveys over the Ferguson Lake Property for Starfield Resources Inc. during May-December of 2005; April 2006.

Bob Lo, M.Sc., M.B.A., P.Eng., of BHL Earth Sciences prepared the Geophysical Report on a VTEM Survey over the Ferguson Lake 2005 Project, Nunavut, for Starfield Resources Inc.; February 2006.

The auditors of the Corporation were Davidson & Company LLP of Vancouver, British Columbia. At the Annual and General Shareholders Meeting held on July 12, 2007, Pricewaterhouse Coopers LLP of Toronto, Ontario were appointed as the auditors of the Corporation.

## **Interests of Experts**

As of the date hereof, to the Corporation's knowledge, the experts named in the foregoing section beneficially own, directly or indirectly, less than one percent of the securities of the Corporation.

PricewaterhouseCoopers LLP, the Corporation's auditors, have reported that they are independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

There have been no reservations contained in the reports of PricewaterhouseCoopers LLP for the recently completed fiscal year. There are no reportable events between the Company and PricewaterhouseCoopers LLP, and there have been no qualified opinions or denials of opinion of PricewaterhouseCoopers LLP.

## **AUDIT COMMITTEE INFORMATION**

The following information regarding the Audit Committee of the Corporation's Board of Directors is required to be disclosed pursuant to Multilateral Instrument 52-110 – Audit Committees (“**MI 52-110**”).

### ***Audit Committee***

The Audit Committee assists the board of directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the Committee is responsible for overseeing the work of the auditors, and pre-approving non-audit services. The Committee also reviews the Corporation's annual and interim financial statements and releases containing information taken from the Corporation's financial statements prior to their release. The Committee is responsible for reviewing the acceptability and quality of the Corporation's financial reporting and accounting standards and principles and any proposed material changes to them or their application.

The members of the Audit Committee are Shirley Mears (Chair), Ross Glanville, Stuart Bottomley and Norman Betts. Each of the Audit Committee members is “independent” and “financially literate” as those terms are defined MI 52-110.

### ***Education and Experience of Members of the Audit Committee***

All members of the Audit Committee are independent and financially literate, based on either their experience as senior executives of a public and/or private company or their experience in the mining industry.

### ***Audit Committee Mandate***

The Corporation has adopted a mandate to guide the Audit Committee in the fulfillment of its purpose. The mandate is reviewed by the Board of Directors on a periodic basis. The mandate as most recently approved by the Board of Directors is attached as Schedule A to this AIF.

***Pre-Approval Policies and Procedures for Non-Audit Services***

The policy of the Audit Committee regarding the engagement of non-audit services is set out at Section 3 of the Audit Committee's Charter, which is disclosed in its entirety as Schedule "A" hereto.

***External Auditor Service Fees (By Category)***

<b>Fiscal year ended February 28/29</b>	<b>2008</b>	<b>2007</b>
Audit Fees (for audit of the Corporation's annual financial statements for the respective year and reviews of the Corporation's quarterly financial statements)	\$92,630	\$99,000
Audit-Related Fees (for accounting consultation)	\$0	\$0
Total audit and audit-related fees	\$92,630	\$99,000
Tax Fees	\$5,278	\$7,700
All Other Fees	\$0	\$0
Total Fees	\$97,908	\$106,700
Audit Fees	\$92,630	\$99,000

**ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities, securities authorized for issuance under equity compensation plans and a statement as to the interest of insiders in material transactions, is contained in the Corporation's management proxy circular for the annual meeting of shareholders that was held on July 12, 2007.

Additional financial information is provided in the Corporation's audited financial statements and MD&A for the February 29, 2008 year-end.

The foregoing additional information is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's name.

**STARFIELD RESOURCES INC.**

**SCHEDULE “A”**

**TO ANNUAL INFORMATION FORM**

**FISCAL PERIOD ENDED FEBRUARY 29, 2008**

**STARFIELD RESOURCES INC.  
AUDIT COMMITTEE CHARTER**

**(1) Composition**

The Audit Committee shall consist of a minimum of three directors of the Corporation.

- (a) The Audit Committee shall be comprised entirely of independent directors, as such term is defined by applicable laws and related rules and regulations, and rules of relevant stock exchanges (collectively referred to as “Applicable Laws”). See section 4 for definition of “independent”.
- (b) A quorum for the transaction of business at all meetings of the Audit Committee shall be a majority of members.

**(2) Qualifications and Experience**

At the time of appointment or within a reasonable period of time following appointment, each member of the Committee must be financially literate, having the ability to read and understand a set of financial statements that present the breadth and level of complexity or accounting issues that are generally comparable to the breadth and complexity of the issues that can be reasonably be expected to be raised by the Corporation’s financial statements.

- (a) At least one member (the “financial expert”) of the Committee must have:
  - (i) An understanding of financial statements and accounting principles used by the Corporation to prepare its financial statements;
  - (ii) The ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
  - (iii) Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities;
  - (iv) An understanding of internal controls and procedures for financial reporting; and

- (v) An understanding of audit committee functions.
- (b) The financial expert must have acquired the foregoing attributes through one or more of the following:
  - (i) Education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;
  - (ii) Experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions;
  - (iii) Experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or
  - (iv) Other relevant experience.

**(3) Mandate and Responsibilities**

The Audit Committee shall:

- (a) Review and assess the adequacy of the Audit Committee Charter on an annual basis;
- (b) Meet with the Corporation's external auditors as necessary and before the submission of the audited annual financial statements to the Board and communicate to external auditors that they are ultimately accountable to the Board and the Audit Committee as representatives of shareholders;
- (c) Review the annual financial statements of the Corporation and "management's discussion and analysis" and recommend the financial statements for approval to the Board;
- (d) Review and approve interim financial statements of the Corporation and "management's discussion and analysis" prior to filing with the securities regulatory authorities and delivery to shareholders;
- (e) Obtain explanations from management on all the significant variances between comparative reporting periods and, in respect the annual financial statements, question management and the external auditor regarding the significant financial reporting issues discussed during the fiscal period and the method of resolution;

- (f) Be responsible for:
  - (i) Ensuring that a written statement is obtained from the external auditor describing all relationships between the external auditor and the Corporation;
  - (ii) Discussing with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and
  - (iii) Determining that the external auditors have a process in place to address the rotation of the lead partner and other audit partners serving the account as required under independence standards;
- (g) Assess the performance of the external auditors and recommend to the Board annually or as they may otherwise determine a duly qualified external auditor to be nominated (for appointment or retention) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation;
- (h) Review the plan and scope of the audit to be conducted by the internal (if any) and external auditors of the Corporation;
- (i) Approve, or recommend to the Board for approval, the compensation of the external auditors;
- (j) Directly oversee the work of the external auditors, including reviewing the Corporation's critical accounting policies and practices, material alternative accounting treatments and material written communications between the external auditors and management, and the resolution of disagreements between management and the external auditor regarding financial reporting;
- (k) Pre-approve all audit and permitted non-audit services to be provided to the Corporation or its subsidiary entities by its external auditors or the external auditors of the Corporation's subsidiary, in accordance with Applicable Laws;
- (l) Review all post-audit or management letters containing the recommendations of the external auditor and management's response or follow-up of any identified weakness;
- (m) Meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with external auditors;
- (n) Review all annual and interim earnings press releases;
- (o) Determine that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than disclosure in the Corporation's

financial statements, management's discussion and analysis and earnings press releases, and periodically assess the adequacy of these procedures;

- (p) Establish procedures for:
  - (i) The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
  - (ii) The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
- (q) Enquire as to the adequacy of the Corporation's system of internal controls;
- (r) Review and approve all related party transactions;
- (s) Review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation;
- (t) Have such other duties, powers and authorities, consistent with the provisions of the *Canada Business Corporations Act*, as the Board may, by resolution, delegate to the Audit Committee from time to time.