

**CASTLE RESOURCES INC.**

**TECHNICAL REPORT ON  
PRELIMINARY ASSESSMENT OF THE  
ELMTREE GOLD PROPERTY  
GLOUCESTER COUNTY  
NEW BRUNSWICK  
CANADA**

**LATITUDE 47° 46' 00''N  
LONGITUDE 65° 51' 37''W**

**PREPARED BY:**

**SAM SHOEMAKER Jr, MAusIMM  
CHRISTOPHER JACOBS, CEng, MIMMM  
MICHAEL P. CULLEN, P. Geo.**

**EFFECTIVE DATE: MARCH 5TH, 2010**

## TABLE OF CONTENTS

Page	
<b>1.0</b>	<b>SUMMARY ..... 1</b>
<b>2.0</b>	<b>INTRODUCTION AND TERMS OF REFERENCE.....7</b>
<b>3.0</b>	<b>RELIANCE ON OTHER EXPERTS.....8</b>
<b>4.0</b>	<b>PROPERTY DESCRIPTION AND LOCATION .....9</b>
<b>4.1</b>	<b>Location.....9</b>
<b>4.2</b>	<b>Property Status.....9</b>
<b>5.0</b>	<b>ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY .....12</b>
<b>5.1</b>	<b>Accessibility .....12</b>
<b>5.2</b>	<b>Climate and Physiography .....12</b>
<b>5.3</b>	<b>Local Resources and Infrastructure.....14</b>
<b>6.0</b>	<b>HISTORY .....15</b>
<b>6.1</b>	<b>Introduction.....15</b>
<b>6.2</b>	<b>Summary of Past Exploration.....15</b>
6.2.1	Amex Exploration Ltd. (1958).....15
6.2.2	Lacana Mining Corp. (1984-1988) .....15
6.2.3	George Murphy and Norm Pitre (2003-2004) .....16
6.2.4	Stratabound Minerals Corporation Exploration (2004-2008) .....16
<b>7.0</b>	<b>GEOLOGICAL SETTING .....17</b>
<b>7.1</b>	<b>Regional Geology.....17</b>
<b>7.2</b>	<b>Property Geology .....20</b>
<b>8.0</b>	<b>DEPOSIT TYPE .....23</b>
<b>8.1</b>	<b>Introduction.....23</b>
8.1.1	West Gabbro Zone .....23
8.1.2	Discovery Zone .....25
8.1.3	South Gold Zone .....27
<b>8.2</b>	<b>Deposit Model or Association.....27</b>
<b>9.0</b>	<b>MINERALIZATION .....29</b>
<b>10.0</b>	<b>EXPLORATION.....30</b>
<b>10.1</b>	<b>Previous Exploration .....30</b>
<b>10.2</b>	<b>CRI Exploration.....30</b>
<b>11.0</b>	<b>DRILLING .....31</b>
<b>11.1</b>	<b>General.....31</b>
<b>11.2</b>	<b>Logistics.....32</b>
<b>12.0</b>	<b>SAMPLING METHOD AND APPROACH.....33</b>
<b>12.1</b>	<b>Lacana Programs 1985-1988.....33</b>
<b>12.2</b>	<b>Stratabound Programs 2005-2008.....33</b>
12.2.1	Drilling .....33

12.2.2	Trenching .....	34
<b>12.3</b>	<b>Castle Resources Programs.....</b>	<b>34</b>
12.3.1	Drilling 2008-2009.....	34
<b>13.0</b>	<b>SAMPLE PREPARATION, ANALYSES AND SECURITY.....</b>	<b>35</b>
13.1	Lacana Programs 1985-1988.....	35
13.2	Stratabound Programs 2005-2008.....	35
13.3	Castle Resources Inc. Program 2009.....	36
<b>14.0</b>	<b>DATA VERIFICATION .....</b>	<b>37</b>
14.1	Site Visits.....	37
14.1.1	Mercator Visits.....	37
14.1.2	Micon Visit .....	37
14.2	Review and Validation of Project Data Sets.....	38
14.3	Quality Control and Quality Assurance (QA/QC).....	38
14.3.1	Lacana Programs 1985-1988.....	38
14.3.2	Stratabound Programs 2005-2006.....	38
14.3.3	Stratabound Programs 2007-2008.....	45
14.3.4	Castle Resources 2009 Programs .....	46
<b>15.0</b>	<b>ADJACENT PROPERTIES .....</b>	<b>54</b>
<b>16.0</b>	<b>MINERAL PROCESSING AND METALLURGICAL TESTING.....</b>	<b>55</b>
16.1	Previous Work.....	55
16.2	Current Work.....	55
16.3	Recommendations .....	56
<b>17.0</b>	<b>MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES.....</b>	<b>57</b>
17.1	General.....	57
17.2	Geological Interpretation used in Mercator (2008) Resource Estimate.....	57
17.3	Methodology of Mercator (2008) Resource Estimation.....	58
17.3.1	Discussion of Estimation Procedure .....	58
17.3.2	High Grade Capping Of Assay Values .....	64
17.3.3	Compositing of Drill Hole Data and Review of Historic Sample Lengths .....	65
17.3.4	Variography .....	66
17.3.5	Setup of Three Dimensional Block Model.....	68
17.3.6	Specific Gravity Values .....	69
17.3.7	Resource Category Definitions .....	69
17.3.8	Definition of Resource Categories .....	70
17.3.9	Statement of Mercator (2008) Resource Estimate .....	71
17.3.10	Validation of Model .....	71
17.4	Comments on Previous Resource or Reserve Estimates .....	73
<b>18.0</b>	<b>OTHER RELEVANT DATA AND INFORMATION .....</b>	<b>74</b>
18.1	Mining .....	74
18.1.1	Pit Optimization .....	74
18.1.2	Mine Operations.....	79

<b>18.2</b>	<b>Processing .....</b>	<b>79</b>
18.2.1	Process Design Criteria .....	82
18.2.2	Process Description .....	83
<b>18.3</b>	<b>Infrastructure .....</b>	<b>83</b>
18.3.1	Waste Disposal and Water Management .....	83
18.3.2	Water Supply .....	85
18.3.3	Road Access .....	85
18.3.4	Ancillary Buildings .....	85
18.3.5	Power Supply .....	85
<b>18.4</b>	<b>Environmental and Social Aspects .....</b>	<b>87</b>
18.4.1	Environmental and Surface Title Liabilities .....	87
18.4.2	Environmental Conditions .....	87
18.4.3	Social Conditions .....	88
18.4.4	Regulations and Permitting Process .....	88
18.4.5	Preliminary Impact Assessment, Mitigation, and Management .....	89
18.4.6	Consultation .....	89
18.4.7	Environmental and Social Capital and Operating Costs .....	90
18.4.8	Conclusions .....	90
18.4.9	Recommendations .....	90
<b>18.5</b>	<b>Project Economics .....</b>	<b>91</b>
18.5.1	Macro-economic Assumptions .....	91
18.5.2	Production Schedules .....	91
18.5.3	Revenue .....	92
18.5.4	Capital Costs .....	93
18.5.5	Operating Costs .....	95
18.5.6	Project Schedule .....	96
18.5.7	Cash Flow Forecast .....	96
18.5.8	Sensitivity Studies .....	97
<b>19.0</b>	<b>INTERPRETATION AND CONCLUSIONS .....</b>	<b>103</b>
<b>20.0</b>	<b>RECOMMENDATIONS .....</b>	<b>105</b>
20.1	Mercator 2008 .....	105
20.2	Micon .....	106
<b>21.0</b>	<b>SIGNATURES .....</b>	<b>108</b>
<b>22.0</b>	<b>REFERENCES .....</b>	<b>109</b>
<b>23.0</b>	<b>CERTIFICATES .....</b>	<b>112</b>

## LIST OF TABLES

	Page
Table 1.1	Mineral Resource Estimate for Elmtree Property – February 11, 2008.....1
Table 1.2	Material within Optimized Pit Shells at US\$900/oz Gold.....2
Table 1.3	Base Case Pre-Production Capital Costs .....2
Table 1.4	Cash Operating Costs – Base Case .....3
Table 1.5	Project Base Case - Sensitivity to Metal Price.....4
Table 1.6	Cash Operating Costs - Comparison.....4
Table 1.7	Comparison of Results - Base Case and Toll Milling.....5
Table 4.1	Claim Renewal Fees and Work Requirements .....9
Table 11.1	Diamond Drill Holes Listed by Company .....31
Table 14.1	Summary Statistics for Standards OREAS 18Pb and OREAS 15b.....47
Table 17.1	Gold Grade Descriptive Statistics for WGZ - 2.0 m Composites.....64
Table 17.2	Descriptive Statistics for Core Sample Lengths.....65
Table 17.3	Block Model Grid* Extents .....68
Table 17.4	Specific Gravity Values Used in Mercator (2008) Resource Estimate.....69
Table 17.5	Mineral Resource Estimate for Elmtree Property – February 11, 2008.....71
Table 17.6	Drill Hole Composite Grades and Resource Solid Grade Comparison .....72
Table 17.7	Comparison of Estimation Results for WGZ.....72
Table 17.8	Resource Estimate Check Results for SGZ and DZ areas .....73
Table 18.1	Block Model Extents.....75
Table 18.2	Assumptions used in the Whittle Pit Optimization .....76
Table 18.3	Elmtree Whittle Results .....77
Table 18.4	Castle Elmtree 130,000 t/y Production Schedule.....78
Table 18.5	Castle Elmtree 260,000 t/y Production Schedule.....78
Table 18.6	Castle Elmtree 559,000 t/y Production Schedule.....78
Table 18.7	Process Design Criteria .....82
Table 18.8	Major Equipment Sizes .....82
Table 18.9	Base Case Pre-Production Capital Costs .....93
Table 18.10	Processing Plant Capital Costs.....94
Table 18.11	Cash Operating Costs – Base Case .....95
Table 18.12	Process Operating Costs.....96