NI43-101 Report on the Jacobson Township
Property of Cline Mining Corporation

Dr. D. McBride P.Eng.
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EXECUTIVE SUMMARY

Introduction

The author was retained by Mr. K. Bates, President and CEO of Cline Mining Corporation to prepare a NI43-101 Report and develop an exploration plan for the Jacobson Township Property. Cline owns 100 percent of Mining Lease subject to a $200,000 net proceeds royalty to ROK Engineering and Construction Ltd which is followed by a 1.5 percent NSR payable equally to Noranda Exploration Company Limited and Freewest Resources Canada Inc. The property consists of Mining Lease 105942 which has six claims totalling 298 acres and is situated in the Goudreau-Lochalsh Gold Belt approximately 50 miles north of Wawa, Ontario.

The Cline Property contains the past producing Cline Mine which produced 332,670 tons grading 0.215 ounce per ton from 1938 to 1942 from the No. 4 Shaft. In the early 1960s, Pick Mines Ltd. examined the No. 3 Shaft area on surface with 45 drill holes and the first level with 17 drill holes and drifting. No production was attained, but a resource of 20,000 tons grading 0.57 ounce per ton was reported. From the mid 1980s to 1998 Noranda Exploration and partners carried out drilling programs mainly on the north part of the property with 88 drill holes. Cline Mining Corporation repurchased the property in 1997 and optioned it to Win-Elrich who drilled 8 holes. By 2005 Cline Mining Corporation had required 100 percent of the property subject to the royalties above. From 2005 until 2008, Cline drilled 58 holes.

Dr. Derek McBride P.Eng. last visited the property in July 2006. He has reviewed the historical data and the recent Cline drilling.

Geology

Volcanic and related rocks traverse the Cline property. They consist of two provenances one of felsic and the other mafic composition. This sequence lies north of and within a kilometer of the main felsic volcanic rocks to the south. The Edwards-Cline shear crosses the southern part of the property in the vicinity of the No. 4 Shaft. Mineralization occurs in both rock types and that in the mafic rocks is close to the felsic contacts.
Mineralization

The gold mineralization is in structures and veins that are generally narrow and contain visible gold. Those mined in the late 1930s were on a felsic-mafic contact or within two separate bands. Drilling has defined gold mineralization in these settings as well as in a carbonitized mafic volcanic north of the main felsic band. All known veins strike east-west and dip steeply. A rake steeply to the east seems prevalent. Drilling suggests that the economically interesting shoots are between 200 and 300 feet long and over 100 feet down dip. Mine production from 1938 to 1942 was 332,670 tons carrying 0.215 opt. Recent work has interpreted seven targets on the property which are extensions of known zones or new zones identified from drilling. Each has the potential to significantly increase the gold resource on the property. Ongoing studies are summarized in the section on Interpretation and show seven targets, each of which has the potential to add significantly to the total gold resource on the property.

Mineral Processing and Metallurgical testing

Metallurgical studies from the mining phase have been lost. Pick mines had work done in 1962. This preliminary study suggested that the “ore” was free milling and flotation followed by cyanidation of the concentrate gave recoveries of 90.4% and 81.5% respectively for gold and silver.

Mineral Resource Estimate

Mr. B. Edgar has calculated a resource for the 88-60 Zone under the direction of the author. A minimum horizontal width of 5 feet, a minimum value of 0.70 foot-ounces and a hole spacing of approximately 100 feet was applied. The resource to a depth of 750 feet was calculated at 204,000 tons grading 0.221 opt.

Gold Potential

Plans and sections were prepared to determine the position of the gold zones. Seven new gold zones and areas of potential were detected. Each of these targets has potential to significantly to the gold resource on the property and most remain open long strike and along the dip. To this end a program of 20,000 metres of drilling is proposed to test each of the targets with sufficient holes to assess its potential. The cost of this first phase program is $2,500,000.

The second part of the program will consist of a decline to explore the 88-60, Pick Zones and connect to the Old Mine workings on the 4th or 500 foot level. From this access, underground exploration can explore all the targets at depth and be used for a bulk sample. The cost of this phase is estimated at $12,500,000.
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By the Writer

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