

1. Title Page

REPORT
on the
RICKABY PROPERTY

THUNDER BAY MINING DIVISION
ONTARIO

for
HIGHLAND RESOURCES INC.
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3. Summary

Highland Resources Inc. has an option to earn a 51% interest in the Rickaby property. The property consists of 31 unpatented claims in the Thunderbay Mining Division, Ontario made up of 337 claim units. Claim records show 28 of the claims are 100% owned by the William Wheeler, 2 of claims are 100% owned by Frank Houghton and 1 claim is 100% owned by Timothy Shiels.

The property is located in the Onaman-Tashota Greenstone belt in northwestern Ontario near Thunder Bay. Greenstone belts of the Canadian Shield are a main source of base and precious metals in Canada. The property is in the Geraldton-Beardmore Gold belt which has a long history of gold exploration and development and has produced an estimated 4,373,300 ounces of gold over the years from 24 mining operations of various sizes, including production from one deposit located in part on the property. Access to the property is very easy and it occurs in a mining exploration and development friendly province.

The property hosts gold-rich quartz veins and has exploration potential for base metal massive sulphide mineralization. The gold veins on the property occur in and around a granodiorite stock and are identical to gold veins that exhibit high grades, substantial widths and considerable continuity being developed on the adjacent Hercules property by Kodiak Exploration. Low grade base metal mineralization occurs on the property as well in a stringer/replacement type sulphide occurrence. The mineralization occurs in a rhyolite volcanogenic hydrothermal system of the kind in which many massive sulphide deposits in the Canadian Shield occur. There is unevaluated potential for massive sulphides at depth in the volcanogenic hydrothermal system.

An exploration program consisting of drilling on the known gold veins, prospecting for more gold veins in favourable areas and deep penetrating geophysics on the sulphide occurrence is recommended. The cost of the proposed program and follow-up is estimated at \$750,000.

4. Introduction

- (a) This report presents an evaluation of the Rickaby property in the Thunder Bay Mining Division, Ontario, for Highland Resources Inc. The report is done by an independent qualified person (QP) as defined by the National Instrument 43-101 (NI 43-101), Standards of Disclosure for Mineral Properties, according to the format and content specified in Form 43-101F1, Technical Report.
- (b) The purpose of the report is to support the information in a Short Form Offering for Highland Resources Inc.
- (c) Most of the information presented in this report comes from previous work done on the property as documented in reports listed under Section 23. References.

- (d) The author paid a visit to the property on November 26, 2008 as required by NI 43-101. Property vendor William James Wheeler accompanied the author. The author also spent November 25 in the office of the Ontario Geological Survey in Thunder Bay reviewing the property information.

5. Reliance On Other Experts

Most of the information technical information presented in this report comes from previous work done on the property before the inception of NI 43-101 and by individuals who may not be a QP as defined by NI 43-101. The author has not verified the historical work. The work was done by a number of recognized exploration and mining companies, qualified professionals and reputable contractors and service companies, using standards of the period. There is no reason to question the veracity of this work.

In the disclosure of issues related to title, permitting and related issues, as may be found in sections 6(c), 6(d), 6(i) and 6(j), the author has relied on information supplied by Highland Resources.

6. Property Description and Location

- (a) The Rickaby property has a nominal area of 5,328 hectares (ha). The area is based on the number of claim units, 333, which are 16ha in size. It is possible to have a unit that is less than 16ha but 16ha is considered the minimum size.
- (b) The Rickaby property is located in Rickaby and Elmhirst townships and Lapierre Lake area in the Kaby Lake area of northwestern Ontario on NTS map 42E13SE about 200km northeast of Thunder Bay (Figure 1). The geographic centre of the property is at 87°33'W longitude and 49°48'N latitude (NAD83, Zone 16 UTM 459843E, 5516624N).
- (c) The property consists of the 31 unpatented claims shown on Figures 3 and described in Appendix I. The claims are located in the Thunder Bay Mining Division and officially listed at the Ministry of Northern Development and Mines (MNDM) Mining Recorder as occurring claim maps (G-plans) G0161, Rickaby, G-plan G0162 Elmhirst, G-plan G-0165, Lapierre Lake and/or G-plan G0059 Kaby Lake Area.
- (d) According to claim information the claims are 100% owned by the vendor William Wheeler, with the exception of claims TB3011502 and TB3011862 which are 100% owned by Frank Houghton and claim TB4200400 which is 100% owned by Timothy Shiels. The claims are located on Ontario crown land where surface rights go along with the mineral rights. There are no known underlying royalties or encumbrances. By an agreement Highland may earn a 51% interest in the property by paying an aggregate of \$250,000, incurring expenditures in the amount of \$1,000,000 on the property and issuing 2,916,666 shares. The annual assessment

work for claims in Ontario is \$400 per claim unit that is 16ha in size. A claim that is smaller than 16ha is considered one unit for assessment work purposes. The property has 333 units so the annual assessment work is \$133,200. Some of the claims have residual assessment credits from previous work done. Claims may be held indefinitely as long as annual assessment work obligations are fulfilled but mining may only be done on a mining lease. To change a claim to a mining lease requires a land survey by an Ontario land surveyor.

- (e) The property boundaries are the claim lines as located on the respective claim maps and in the field. In staking claims the location of claim posts is typically determined by means of GPS coordinates. In an area with a long history of exploration like the Rickaby property claims tend to be repeatedly staked using pre-existing claim lines. The author walked a portion of the claim line of claim TB4211902 and found it clearly indicated by recent blazes and fluorescent paint and inspected post #3 of the claim. The claim line of claim TB4211902 forms a common boundary with the neighbouring property that effectively surrounds the Rickaby property. It would appear that the owner had recently re-furbished the claim lines possibly around the entire perimeter of the property.
- (f) Figure 4 shows the known mineralized zones in and around the Rickaby property. The Orphan Mine including a small waste dump, a fenced-off shaft and concrete foundations of the old mill are not actually on the property. The only other manmade structures on the property are the foundations of a logging camp that used to exist at the south end of Kaby Lake. At the time of the author's visit to the property the owner had a 3-tent exploration camp at this location.
- (g) There are no royalties, back-in rights, payments or other agreements and encumbrances that pertain to the property.
- (h) The author is not aware of any pre-existing environmental liabilities on the property for which Highland Resources could eventually be found responsible nor did he observe any on a brief visit to the property.
- (i) The Ministry of Northern Development and Mines regulates mining activities, including exploration, through the Mining Act. Mining activities are also subject to the Public Lands Act administered by the Ministry of Natural Resources. A work permit is not required for normal exploration activities in Ontario such as drilling and related activities such as access road building. Department of Fisheries and Ocean (DFO) regulations pertaining to fish habitat prevent trenching within 30m of a body of water, prevent any water de-water of trenches to drain into water courses or bodies and dictate trenches should be reclaimed after use. There are also DFO regulations for temporary crossings of water courses, preferably by bailey or log bridges, that pertain to fish habitat protection.