

Report of Work
On the
Blue Quartz Property

Beatty Township

(NTS 42 A/09)

Province of Ontario

Prepared for:

Red Mile Minerals Corporation

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Contents

Summary.....	3
Introduction and Terms of Reference.....	6
Disclaimer / Reliance on other Experts.....	6
Property Description and Location.....	7
Accessibility, Climate, Local Resources, Infrastructure and Physiography	11
History	12
Property ownership history.....	12
Historical Surface and Underground Exploration activities.....	14
Historic mineral resource and mineral reserve estimates	15
Historical Past Production	16
Geological Setting	16
Regional Geology	16
Local and Property Geology	17
Structural Geology	22
Deposit Types	23
Mineralization.....	25
2010 Diamond Drill Program	33
Sampling Method and Approach	49
Sample Preparation, Analyses and Security	49
Adjacent Properties	50
Interpretation and Conclusions	51
Recommendations	52
Expenditures.....	53
References	54
Certificate of Author.....	55

List of Figures

1. Regional Location Map
2. Claim location map of the Blue Quartz Property
3. Bedrock geology Map
4. Total Field Magnetism (AEM)
5. Significant Mines and Deposits of the Abitibi
6. Significant property showings including adjacent properties
7. Blue Quartz Shaft
8. Blue Quartz Waste Dump
9. Diamond Drill Hole Plan map
10. Section RBQ-10-01
11. Section RBQ-10-01 (Magnetic Susceptibility)
12. Section RBQ-10-02 / 03
13. Section RBQ-10-03 / BQ-89-12 & BQ-90-18
14. Photograph of Visible Gold Flecks
15. Photograph showing blow up massive Po segregations
16. Photograph showing massive segregations in RBQ-10-02 – No. 2 Vein
17. Photograph showing coarse grained arsenopyrite and quartz
18. Section RBQ-10-04

List of Tables

1. Blue Quartz Property Claims list
2. Blue Quartz Mine Historical Production
3. Gold Content of the 25 largest Mines in the Superior Province
4. Ministry of Northern Development and Mines sampling (1990)
5. Russet Lake Resources sampling of the Blue Quartz and Clifford dumps (2008)
6. Diamond Drill Hole Summary collar coordinates
7. Property Expenditures

List of Appendices

- I. Diamond Drill Logs
- II. Assay Certificates
- III. Diamond Drill Sections and Plans
- IV. CD containing - Report of Work; Surpac database; digital files; program costs; Full size scaled PDF maps of sections and plans

Summary

In 2008, Russet Lake Resources Inc. (a private Ontario registered Corporation) optioned the Blue Quartz Property from Thundermin Resources Inc. and Wesdome Gold Mines Ltd. In October of that same year, Russet Lake carried out a 4 hole diamond drill program on the property and incurred a total of \$121,444.11 of which \$20,000 were forwarded to Thundermin and Wesdome as option payments.

On June 22, 2009, Red Mile Capital Corporation signed a Letter of Intent with Russet Lake Resources and entered into an option agreement to acquire 100% interest in the Blue Quartz Property by:

- 1) issuing **3,505,000** of its common shares (the "Shares") to Russet Lake at a deemed price per share equal to the "Discounted Market Price" (as that term is defined in the Policies of the Exchange), against delivery to Red Mile of an assignment of Russet Lake's interest in the Option, the Option Agreement and the Property, together with all data, maps and information in respect of the Property in Russet Lake's possession; and
 - 2) assuming Russet Lake's remaining obligations under the Option Agreement in order to exercise the Option which include:
 - a) making a cash payment of \$20,000 and issuing 50,000 common shares on or before September 1st, 2009;
 - b) making a cash payment of \$20,000, issuing 100,000 common shares and completing \$150,000 in work expenditures on or before September 1st, 2010; and
 - c) making a cash payment of \$20,000, issuing 100,000 common shares and completing \$250,000 in work expenditures on or before September 1st, 2011.
- Up to an aggregate 0.5% of the NSR can be bought back for \$500,000.

Red Mile Capital Corporation is a capital pool company and intends for the Acquisition to constitute its Qualifying Transaction, as such terms are defined in the policies of the exchange. On January 29, 2010, Red Mile Capital Corporation announced completion of the Qualifying Transaction and shortly thereafter changed its name to Red Mile Minerals Corp.

The property is located approximately 12 kilometres north-northeast of Matheson, 73 kilometres east-northeast of Timmins and 56 kilometres northwest of Kirkland Lake, Ontario, Canada. Access from Matheson is achieved by travelling east along highway 101 towards the Ontario-Québec border for 4.2 kilometres, then north on Diamond Road for 4.5 kilometres, east for 3.25 kilometres on the Beatty Concessions 4 & 5 road, and then north for 4.2 kilometres to the shore of Painkiller Lake and the old Blue Quartz mine shaft. The Blue Quartz Shaft and waste stockpiles straddle two private cottage owners properties. The property is comprised of 25 patented mining

claims; as of April 2004 the patented claims have been consolidated into Parcel 23623. No unusual social or environmental issues are expected relating to the Blue Quartz Property, provided that normal good social and environmental practices are followed by the project operator. The property covers 400 hectares (4.0 square kilometres) of Early Precambrian gold mineralized rocks belonging to the Abitibi Greenstone Belt, located in the north central part of the Beatty Township.

Gold is the target commodity being investigated at the Blue Quartz Property. The property is favourably located, straddling both the Pipestone Fault and a subsidiary sub-parallel fault, the Painkiller Lake Fault. The rocks along the trace of these two faults have been silicified and are anomalous in gold. The project hosts a number of historic exploration prospects that include underground exploration and development, including the Blue Quartz Mine and the Clifford Shaft, both located on the Blue Quartz Property. Significant gold values have been found in two main veins at the Blue Quartz Mine; these include the Blue Quartz Vein on which early work was done, and the No. 2 Vein which is located 750 feet north of the Blue Quartz shaft and underneath Painkiller Lake. Both vein sets appear to be splays from the Painkiller Fault. The Clifford Shaft on the northeast portion of the property is mineralized but contains only traces of gold.

In May of 2010, Cabo Drilling of Kirkland Lake was awarded a surface diamond drilling contract for approximately 1500 meters of NQ diamond drilling. The program was designed to test Blue Quartz auriferous structures associated with the Painkiller fault at depth below the current underground workings and to the northwest of the existing workings as outlined in the NI 43-101 Technical Report by Luc Rioux P.Geo., (amended July 27th, 2009) and filed on SEDAR. Total budget for the program is \$200,000.

In June 2010, Red Mile Minerals completed 1500 meters of NQ diamond drilling in four holes. The program tested the gold potential of the Blue Quartz vein and the No. 2 vein along strike and down dip from historical workings developed on these veins. Significant results include intersections of 5.3 g/t Au over 2.8 meters in RBQ-10-01; 23.8 g/t Au over 1.0 meter including 11.9 g/t Au over 2.8 meters in RBQ-10-02; and 57.4 g/t Au over 0.2 meters included within 1.6 g/t Au over 9.1 meters in RBQ-10-03.

This report summarizes 2010 diamond drilling results undertaken on the Blue Quartz property by Red Mile Minerals Corporation targeting gold-enriched quartz veins. The report also reproduces and updates information contained in the NI43-101 report prepared by Luc Rioux, P.Geo, of Luc Rioux GeoServices for Red Mile dated July 27, 2009. Mr. Rioux was retained to undertake an independent technical due diligence review of the Blue Quartz Property and produce a summary report of historical results. The 2010 diamond drill program was centered on Mr. Rioux's recommendations.

This report was prepared by Kerry Sparkes M.Sc., P. Geo and director of Red Mile Minerals. Mr. Sparkes is responsible for all technical information related to the 2010 diamond drill program. Mr. Sparkes implemented and field supervised the diamond drill program on behalf of Red Mile Minerals Corporation. The report and program was commissioned by Red Mile Minerals Corp. and once complete will constitute the final requirement stipulated by the TSX Venture Exchange for minimum listing requirements (MLR) for Red Mile as a Teir 2 issuer.

Based upon the results of the diamond drill program, several conclusions can be made:

- 1) Mineralized intersections of quartz/pyrite/arsenopyrite bearing veins attributed to westward extensions of the Blue Quartz vein system contain only negligible to weakly elevated gold mineralization. Typical bluish quartz with reddish brown sphalerite is diagnostic of the Blue Quartz vein system.
- 2) The veins intersected ranged in thickness from millimetres to 40 cm, with an average being 5-6 centimetres thick.
- 3) Higher grade gold mineralization is clearly more related to coarse grained zoned and cubic pyrite mineralization occurring in pillow selvages with black chlorite, +/- quartz, than with arsenopyrite bearing quartz veins.
- 4) The No. 2 vein system appears to be much more pyrrhotite dominated in RBQ-10-02 & 03, and more pyrite dominated towards the western end of the old underground workings (RBQ-10-01 & 04).
- 5) Massive and semi-massive pyrrhotite zones were assayed for cobalt and nickel, although no pentlandite was noted in the core. Historical records show pyrrhotite assaying 1% nickel at the base of a pillow lava and serpentine unit on the border of Beatty and Munro townships (Satterly and Armstrong, 1947). No anomalous values were returned.
- 6) RBQ-10-04 intersected several new gold mineralized intervals
- 7) Several of the mineralized zones are clearly structurally controlled and probably represent generally east west trending splays from the Painkiller Fault.

In order to add value to the Blue Quartz Property, it is recommended to add to the property position to the west by acquiring the Windsor Option from VG Gold Corp, and possibly the Maude Lake property from Globex. The rationale is to be able to carry out a larger ground based walking magnetometer program using a Potassium Vapour mag unit. A winter survey when Painkiller Lake is frozen would enable for highly detailed magnetic information to be collected in order to help identify splays from the Pipestone Fault which would enable further ground follow up.

Soil sampling and IP over anomalous splays would provide the mechanisms for designing a future diamond drill program. In addition, a small diamond drill program east of Blue Quartz workings to test for gold bearing mineralization adjacent to the Pipestone Fault would be warranted.

Introduction and Terms of Reference

This report summarizes 2010 diamond drilling results undertaken on the Blue Quartz property by Red Mile Minerals Corporation, targeting gold-enriched quartz veins. The report also reproduces and updates information contained in the NI43-101 report prepared by Luc Rioux, P.Geo., of Luc Rioux GeoServices for Red Mile dated July 27, 2009. Mr. Rioux was retained to undertake an independent technical due diligence review of the Blue Quartz Property and produce a summary report of historical results. The 2010 diamond drill program was centered around Mr. Rioux's recommendations.

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Disclaimer / Reliance on other Experts

This report has been prepared by Kerry Sparkes M.Sc., P. Geo. of *Sparkes Consulting Ltd.*, for Red Mile Minerals Corporation. The author of the report is responsible for all information related to the 2010 diamond drill program. The author of the report also relies on the contents of various reports provided to Red Mile Minerals Corporation. These reports include a NI43-101 compliant report prepared by Luc Rioux, P.Geo, of Luc Rioux GeoServices for Red Mile dated July 27, 2009 and a Technical Report prepared by Kenneth Guy for Russet Lake Resources Inc. dated November 30, 2008.

The author also relies upon reports filed with the Ontario Ministry of Natural Resources that are available online including digital geophysical data derived from Operation Treasure Hunt. The historical work appears to be of good quality, and is accepted as useful information for establishing a database of project background information for this study. The writer has not directly verified these results. The samples that were taken during the 2008 Russet Lake Resources, sampling and diamond drilling programmes were sent to an ISO 9001:2000 certified laboratory in Rouyn-Noranda, Québec, Laboratoire Expert Inc.; every 10th sample from Expert was sent to Bourslamaque Laboratory in Val d'Or, Québec (also ISO 9001:2000 certified), in order to verify results obtained by Expert. No significant discrepancies are reported. All samples from the 2010 diamond drill program were sent to ALS Chemex labs in Timmins, Ontario for sample preparation, prior to being forwarded on to Vancouver for analysis. Chemex has ISO 9000:2008

registration and ISO 17025 accreditation in North America. The author did not implement a separate QA/QC program for the 2010 diamond drilling program, and relied upon internal duplicates, standards and blanks submitted by Chemex for quality control.

The author has relied on Red Mile Minerals to provide full information concerning the Option Agreement, current legal title of the property and environmental status. The author has reviewed a Title Opinion provided by the law office of Robert Dinnen in Kirkland Lake, dated August 7th, 2009. The author has also reviewed the 2010 documentation for Mining Land taxes provided by the Ontario Ministry of Northern Development and Mines and the Tax bill from the Township of Black River-Matheson. It should be noted that Title is still held in the name of Thundermin Resources Incorporated., and will do so until the earn-in has been completed. The author is satisfied that the land tenure as listed forms all of the Blue Quartz Property.

While it is believed that the information contained in this report is reliable under the conditions and subject to the limitations set forth herein, this report is based in part on information not within the control of the *author*, and the *author* cannot guarantee the validity or accuracy of conclusions or recommendations based upon that information that is outside the area of technical expertise of the *author*. While the *author* has taken all reasonable care in producing this report, it may still contain inaccuracies, omissions and / or typographical errors.

Property Description and Location

The property is located approximately 12 kilometres north-northeast of Matheson, 73 kilometres east-northeast of Timmins and 56 kilometres northwest of Kirkland Lake, Ontario, Canada (Figures 1&2). Access from Matheson is achieved by travelling east along highway 101 towards the Ontario-Québec border for 4.2 kilometres, then north on Diamond Road for 4.5 kilometres, east for 3.25 kilometres on the Beatty Concessions 4 & 5 road, and then north for 4.2 kilometres to the shore of Painkiller Lake and the old Blue Quartz mine shaft. The Blue Quartz Shaft and waste stockpiles straddle two private cottage owners properties. The property is comprised of 25 patented mining claims; as of April 2004 the patented claims have been consolidated into Parcel 23623. Patented claims do not have due dates or expiration dates and are not subject to any specific reporting criteria to the Ontario Ministry of Natural Resources. A flat fee is paid yearly to the Ontario Ministry of Natural Resources and to the Township of Black River-Matheson as Mining Land Taxes. No unusual social or environmental issues are expected relating to the Blue Quartz Property, provided that normal good social and environmental practices are followed by the project operator. The property covers 400 hectares (4.0 square kilometres) of Early Precambrian gold mineralized rocks belonging to the Abitibi Greenstone Belt, located in the north central part of the Beatty Township.

Figure 1: Regional Location Map

Figure 2: Claim Location Map

The Blue Quartz Property is centered approximately at: (NAD 83 –Zone 17U)

Latitude: 5,384,570 N (48° 36' 45" N)

Longitude: 547,833 E (80° 21' 04" W)

Surface rights are generally held by private landowners who have cottage lots surrounding Painkiller Lake. The Ministry of Mines and Northern Development only require exploration companies to give 24 hours notice prior to carrying out exploration activities on the surface, such as line-cutting, prospecting, sampling and or diamond drilling. It is the author's opinion that Red Mile has made every effort to give notice of exploration activities well in advance of any surface exploration program. As such, private cottage owners have been monetarily compensated by both Red Mile Minerals and Russet Lake Resources for any exploration activities carried out on private property.

The property boundaries are surveyed patented claims. No environmental liabilities are present on the property, and no permits are required prior to performing exploration work on patented mining claims in Ontario.

Historic claim numbers are tabulated in Table 1: Eight (8) claim numbers are not to be found on any given claim map, either from old reports or governmental database.

Table 1 - Blue Quartz Mine Property Claims List (Beatty Township)

PARCEL / CLAIM	CONCESSION	LOT
17370	V	7
L 8354	V	7
L 8737	VI	7
L 8933	VI	7
L 8934	VI	8
L 8736	VI	8
L 25588	VI	6
L 25587	VI	6
L 12537	VI	5
L 12538	VI	5
L 12539	VI	5
17369	V	7
22777	VI	7
17371	V	8
17372	V	8
1459	VI	6
1460	VI	5

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access from Matheson is achieved by travelling east along highway 101 towards the Ontario-Québec border for 4.2 kilometres, then north on Diamond Road for 4.5 kilometres, east for 3.25 kilometres on the Beatty Concessions 4 & 5 road, and then north for 4.2 kilometres to the shore of Painkiller Lake and the old Blue Quartz mine shaft (refer back to Figure 1).

The claims are located in a moderately rolling terrain just north of a reasonably flat belt of glacial till deposits and marginal farmland. Outcrop density varies from 10% to 80%. The area is covered with a mature forest of poplar with some birch, balsam, spruce and jack pine interspersed here and there and with an incredibly thick undergrowth of mainly tag alders and scrub maple, willow, chokes cherries, dogwood, cranberries, and raspberry canes. A large spruce-balsam swamp edged with alders is also present. The overburden generally consists of a sandy soil or till with occasional gravel portions. Boulders up to 3 metres in size are scattered here and there. The boulders are generally of a granitic composition. The shoreline of Painkiller Lake is generally sandy and is situated at an elevation of 252 meters above sea level. General topography of the area lies between 252 meters and 270 meters above sea level.

Beatty Township lies within the drainage basin of the Abitibi River, which flows north to James Bay. Drainage from Painkiller Lake eventually empties into the Black River. The Black River flows north-west and eventually joins the Abitibi north of Iroquois falls.

With the cities of Timmins, Matheson and Kirkland Lake being nearby, all the necessary mining, and supply services are available within moderate distances.

The climate is classified as being Continental with cold dry winters and relatively warm dry summers. The temperature range is 34°C where January is the coldest month with an average of minus 17°C and July is the warmest month with an average temperature of 17°C. Annual precipitation is approximately 900 mm. During the 2010 drill program, temperatures were unusually high and ranged between 20°C and 30°C for most of the month, with only occasional rainfall.

History

Property Ownership History

Blue Quartz

Gold was first discovered in 1907 on the south shore of Painkiller Lake. Cartwright Mines was formed in 1912 (to investigate the discovery vein), incorporating claims staked in this area by Mr. Cartwright and Veteran Lots acquired by a promoter. Blue Quartz Mines Ltd. was formed in 1921 to succeed Cartwright and Santa Lucia Mines, which was incorporated in 1919. Amalgamated Goldfields was then established in 1933 to take over the assets of Blue Quartz Mines.

In 1913, a vertical two-compartment shaft was sunk on the south shore of Painkiller Lake to a depth of 200 feet to investigate the potential of veins exposed on surface in that area. Working levels were established at 49, 91 and 191 feet with lateral work being done on the two lower levels. During this period of development, the surface plant was twice destroyed by fire (1913 & 1916), resulting in the closing of operations in 1916.

Exploration was renewed in 1921, and both surface and underground work was carried out by Blue Quartz Mines until 1928. Total development work during this period was as follows: a vertical, 3 –compartment shaft sunk to 514 feet with connections to the 100, 200 and 500 foot levels; a winze, inclined at 72 degrees to the south east from the 200 to the 500 foot level; a winze, 760 feet north of the shaft, sunk below the 500 foot level to a depth of 765 feet, from which lateral work was carried out on the 625 and 750 foot levels; 400 feet of raising; 6000 feet of crosscutting and drifting, over half of which was on the 500 foot level.

Work on the 750 level did encounter some veining but the 500 level vein was not found. Level stations were cut at 300 and 400 levels and a chute was also opened from 300 to 500. Poor results from this vein curtailed this work and no information regarding the 300 level and 400 level development works is available.

The mine remained idle until taken over by Amalgamated Goldfields in 1933. During the last half of that year, a 25 ton mill was installed, buildings and machinery were repaired, and the mine was dewatered to the 200 foot level. In 1934, stoping was carried on, 100 tons were hoisted. The property was closed down on August 31st, 1934.

Surface work began again in July 1944, with preparations being made for a surface diamond drilling program. Between July, 1944 & March 1945, seven holes were drilled, totalling almost 4850 feet (Satterly & Armstrong, 1947).

The subsequent formation of Headwater Mines in 1955 to take over Amalgamated Goldfields and Clifford Gold Mines was followed by the inception of Hardill Resources, (a private company) which in 1979 took over Headwater's holdings. The property was optioned to Larder Resources in 1980, but later returned to Hardill.

Joutel Resources Ltd. (now Thundermin Resources Ltd.) optioned the property in June, 1987 from Hardill Resources and directly entered into a joint venture agreement with Central Crude Limited in October of 1987 to explore the property. Central Crude Limited earned a 50% undivided interest in the property, with a subsequent 50/50 joint venture being formed with Thundermin Resources Ltd. as the operator.

In 1994, Central Crude Limited changed its name to River Gold Mines Ltd.

In 2006, River Gold Mines Ltd., merged with Wesdome Gold Mines Inc., and formed Wesdome Gold Mines Ltd.

In 2008, a private Ontario-based corporation (Russet Lake Resources) optioned the property from Thundermin Resources Ltd. and Wesdome Gold Mines Ltd., and carried out a four hole diamond drill program.

In 2009, Red Mile Capital entered into an agreement with Russett Lake to acquire 100% interest in the Blue Quartz Property by paying shares to Russet Lake and assuming all of Russet's earn in obligations.

Clifford Shaft

Clifford Gold Mines, Ltd., was organized in 1924 to develop a group of claims comprising L1890, 1891, 12537 to 12539, 25587, and 25588, and the veteran lot consisting of the south part of lot 7, concession VI. The numbered claims are located in lots 5 and 6, concession VI and are all part of the Blue Quartz Property parcel # 23623. Claims L1890 and 1891 were originally patented by Cartwright Gold Fields, Limited, in 1915. The property adjoins the holdings of Aljo Mines, Limited, and the Amalgamated Gold Fields Corporation, Limited.

The claims were explored by surface-trenching in 1924, during which year four holes were drilled, totalling 2,129 feet. It is reported that during 1925, the last year of operations, the company was engaged in shaft-sinking. H. S. Armstrong examined the outcrops in the northeast corner of Parcel 23623 in August, 1945, at which time a total of 16 trenches, pits, and shafts were found. The main shaft, which is situated at the southeast edge of the large outcrop, is reported to be 100 feet in depth.

Historical Surface and Underground Exploration Activities

1913-1916

(Cartwright Mines)

- 200 foot vertical 2 compartment shaft
- 100 foot level: 345 feet of lateral work
- 200 foot level: 790 feet of lateral work

*note: footages are totals for each level some work was completed from 1921-1928

1921 - 1928 (Blue Quartz Mines)

- shaft deepened to 514 feet - expanded to 3 compartments below 200 level
- winze sunk from 200 level to 500 level in eastern drift with chute from 300 level to 500 level
- winze sunk from 500 level to 750 level in northern drift, four short raises and one sub-level drift in this vicinity
- 500 level: 4200 feet of lateral workings
- 625 level: 970 feet of lateral workings
- 740 level: 720 feet of lateral workings

-surface and underground drilling, drift back removal (local)

- During the years 1923, 1926, 1928, and 1934, the Blue Quartz mine milled 500 tons of ore at an average grade of 0.162 oz/t for a total production of 81 ounces of gold. (Source: http://www.mndm.gov.on.ca/mines/ogs/resgeol/offices/kirk_gold.pdf)
- 1940-1945-surface drilling
- 1980-Larder Resources Inc. dewatered the workings for sampling, mapping and surveying.

Joutel Resources Ltd. (now Thundermin Resources Ltd.) and Central Crude Ltd. (now Wesdome Gold Mines Ltd.) optioned the property in 1987 and conducted the following exploration:

- Ground geophysics – Magnetic, VLF surveys (Blue Quartz) and HLEM (Clifford Shaft area)
- 2 diamond drill programmes totalling 19 holes (McGuinty, 1990).
 - 1989: 15 holes drilled for a total of 2,314 metres. 478 samples were analyzed for gold content. The best results from that drilling are found in diamond drill hole BQ-89-12 which intercepted 21.3 metres of spherulitic volcanics. This unit returned an average grade of 1.065 g/t Au over its entire length.

- 1989-1990: 4 holes drilled for a total of 858 metres. 151 samples were analyzed for gold content. The best results from that drilling are found in diamond drill hole BQ-90-18 which tested the mineralization outlined in hole BQ-89-12. The entire sulphide rich spherulitic unit from 202.4m to 278.0m returned anomalous gold values ranging from 25 ppb to 10,000 ppb for an average of 0.857 g/t Au over its entire length (75.6 metres). This unit included sections grading 3.7 g/t Au over 1.5m; 3.8 g/t Au over 2.1m; 5.3 g/t Au over 1.2m; 3.6 g/t Au over 5.2m; and 9.8 g/t Au over 0.9m (all lengths are core lengths).

In 1985, A.C. Bath of the Ministry of Northern Development and Mines visited and sampled the waste dumps at Blue Quartz. Significant results included one selective grab sample that returned a value of 2594 g/t Au.

In 1999, the OGS embarked on Operation Treasure Hunt by spending \$29,000,000 CA to fly airborne geophysical surveys in order to reduce Private Sector exploration risks. The survey covered the Blue Quartz claims with both Magnetics and EM.

In 2008, Russet Lake Resources Inc. (a private Ontario-registered Corporation) optioned the Blue Quartz Property from Thundermin Resources Inc. and Wesdome Gold Mines Ltd. Terms of the deal included \$500,000 worth of exploration expenditures, \$80,000 cash and 300,000 Russet lake shares over a three year period. Total known royalties are 2.5%, with a 0.5 % buyback for \$500,000.

In October of that same year, Russet Lake carried out a 4 hole (828 meter) diamond drill program on the property and incurred a total of \$121,444.11 of which \$20,000 were forwarded to Thundermin and Wesdome as option payments. Prior to the drill program commencement, the Blue Quartz dumps were also sampled by Russet Lake geologists, and significant results include a grab of 12.89 g/t Au.

2009: Red Mile Capital (now Red Mile Minerals) acquires the option to earn a 100% interest in the Blue Quartz Property by assuming Russet's remaining obligations and assuming all NSR's.

2010: Red Mile Minerals completes 1500 meters of NQ diamond drilling. Results are described in this report.

Historic mineral resource and mineral reserve estimates

Historic estimates are available from literature sources but backup data is not available. The following summarizes the historic estimates of mineralization; they are not NI43-101 compliant and therefore should not be relied upon and should be regarded as showing the potential for exploration only.

- 1927 - N. O. Carpenter calculated the first known reserve for Blue Quartz Mine. With a gold price of \$20.67 per ounce, Carpenter outlined 109,451 tons at 0.48 ounces Au per ton.
- 1946 - H.M. Butterfield calculated a reserve of 370,000 tons at 0.29 ounces Au per ton.
- 1962 – E.L. McVeigh calculates 128,000 tons at 0.86 ounces Au per ton for Hardill Resources

Historical Past Production

The only known records of past production from the Blue Quartz Mine are found in The 56th Annual Report of the Ontario Department of Mines published in 1947. Table 2 below summarizes known historical production.

Table 2 - Blue Quartz Mine Historical production (Beatty Township) after Satterly & Armstrong 1947

Year	Tons Milled	Au - Ounces	Au - Value	Ag - Ounces	Ag- Value	Total Value
1923		27	\$559.00			\$559.00
1926		28	\$589.00	23	\$15.00	\$504.00
1928		7	\$139.00	2	\$1.00	\$140.00
1934	500	19	\$659.00	8	\$4.00	\$663.00
Total		81	\$1946.00	33	\$20.00	\$1966.00

Geological Setting

Regional Geology

The Blue Quartz project is situated within the west-central portion of the Abitibi Greenstone Belt. The oldest rocks which underlie the area are volcanic rocks composed predominantly of tholeiitic basalts with lesser komatiitic basalts, calc-alkaline andesites to rhyolites, and sedimentary rocks, which have been intruded by dykes, sills and batholiths which range from granite to gabbro to peridotite in composition. Syn-volcanic intrusives include peridotite and gabbro, to syenite and felsic porphyries. The sediments are locally derived clastics that can contain cherty exhalites, iron formation, and carbonate beds. The entire volcano-sedimentary succession has been divided stratigraphically and litho-chemically into four mega-cycles. The properties fall near the base of the third mega-cycle in rocks of the Stoughton-Roquemaure mafic volcanic formation and at the top of the second mega-cycle in the Hunter Mine felsic fragmental formations.

The general geology of the Beatty Township area is described by J. Satterly and H. Armstrong (ODM Volume LVI, Part VII – Geology of Beatty Township, 1947). They describe the area as being underlain by Archean pillow lavas, felsic volcanoclastics, and clastic sediments that are intruded by peridotite and gabbro bodies; all of which have been cut by north trending Matachewan quartz diabase dykes and northeast trending Keweenawan olivine diabase dykes.

All rocks are Precambrian in age, and have been regionally metamorphosed to middle green schist facies or lower. Regionally, the rocks strike in an east-west direction and dip is near vertical. Northeast trending diabase dykes, which cut all rock units, represent the youngest rocks in the area.

Major structural deformation zones including the Porcupine-Destor Fault, Pipestone Fault and Munro Fault occur in the region. These structures are spatially associated with several current and past-producing gold mines and prospects, including the Glimmer mine in Beatty Township, Jonpol Explorations in Garrison Township and the Lightning Zone in Harker and Holloway Townships.

Local and Property Geology

Descriptions of lithologies described under Property Geology are all derived from work completed by Thundermin and Central Crude in the late 80's or from Satterly and Armstrong 1947. Bedrock mapped on the project area is Early Precambrian belonging to the Abitibi Greenstone Belt (Figure 3). The oldest rocks observed are a thick sequence of pillowed andesitic lavas, ranging in composition from basaltic to dacitic andesite. A few ash flow tuffs were also noted, intercalated amongst the andesitic lavas. No rhyolitic lavas were seen in the field, though they are noted in some drill logs. The andesitic lavas are intruded by large masses of gabbroic rocks, small porphyry dykes and a 100 foot wide diabase dyke. The major structural feature is the Pipestone Fault which lies along the south shore of Painkiller Lake and crosses the central part of the property on a 120°- 300° azimuth. A subsidiary sub-parallel fault is also present, crossing the northern margin of the property, the Painkiller Lake Fault.

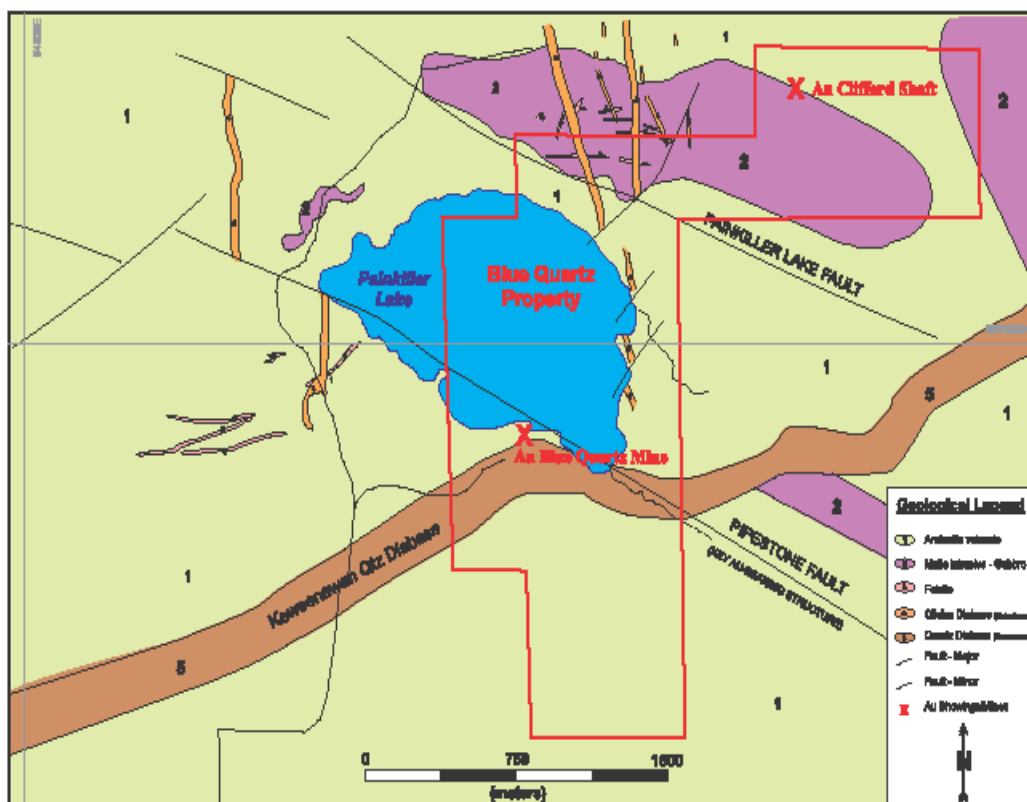


Figure 4: Property geology map.

Figure 3 – Bedrock Geology

Blue Quartz

Andesite

Rocks underlying the Blue Quartz area consist of fine grained andesitic volcanic flows and small intrusive dykes. The flows consist of a thick (> 900 metres) sequence of pillowed lavas. They appear to grade on a rough scale from a dark green basaltic sequence in the south to a grey dacitic sequence in the north. This sequence is interbedded with ash flows tuffs and rhyolitic rocks noted in several drill holes. Silicification is present along both faults and in vicinities of pillow rim breccias. The pillows at times are very indistinct with only a few visible selvages, though generally they are very well formed.

The pillows range in size, from one foot to fifteen feet in diameter. Pillow rim breccias are commonly scattered throughout the sequence. Sulphides are frequently present in the breccia areas and consist of disseminated pyrrhotite and pyrite in the matrix. Silicification is usually present with the sulphides and can be attributed to local fumorolic or hot spring activity at time of deposition as alteration haloes are present on the fragments. Amygdules are rare, generally spherical, and some of the larger pillows exhibit amygdaloidal quartz cores of several inches to quartz core segregations up to six or eight inches. Bleached cores are also present in the larger pillows. Tops were frequently determinable in two dimensions and occasionally in three dimensions and were always to the northeast. A hyaloclastic sequence was also observed adjacent to a mineralized pillow rim breccia. Selvages are generally irregular in shape and ranging in thickness from ½ inch to a foot. Most selvages are composed of dark fine grained chlorite and carbonate.

The massive andesites are at times very coarse grained and dioritic in appearance. Spherulitic lavas were noted at several locations and in the drill core. The spherulitic flow could serve as a marker horizon. It consists of 30%-60% coalesced spherules and is strongly silicified.

The ash flows weather a buff colour like the andesite lavas and are massive bedded, fine grained and granular with grey feldspar laths or needles and 5%-10% quartz eyes. Some ultrabasic flows with spinifex texture are noted in drill logs from adjoining properties.

Rhyolite

No rhyolite was seen in the field but it is noted in drill logs on the adjoining property. The rhyolite is described ranging from massive aphanitic grey cherty flows to light grey cherty tuffs. Chlorite clots and stringers are present. The tuffs carry pyrite in stringers and beds. Some of the bedded sections and flow tops carry graphitic beds and pyrite nodules.

Gabbro

Gabbro is present in the centre of the property as an irregular "Y" shaped intrusive and as a regular mass in the north-east corner. It is fine grained at the chill contacts and is usually medium grained over most of the area with rare coarse or pegmatitic parts. It weathers dark buff-grey and is usually very homogeneous and smooth-surfaced in contrast to the hackly irregular surface of the andesitic lavas. The jointing is very prominent, with a few regular strong directions.

The composition varies from anorthositic gabbro to gabbro. The amphiboles have been altered and have become fibrous and in places have been altered to fan shaped or stellate forms. The feldspar is grey and occasional laths up to a quarter inch in length are seen. Carbonatization is present locally in some of the finer grained rocks which lead to difficulty in differentiation from altered massive basaltic flows. Epidote as stringers and joint smears is a common accessory mineral. Titaniferous magnetite and pyrite are usually present from a trace to 0.5%.

Feldspar Porphyry

Feldspar porphyry dykes were seen in outcrops and were noted in diamond drill logs. The dykes usually occur in swarms and are on an average five feet wide. The feldspars occur as coarse grained whitish grey laths up to a quarter inch in length and comprise as much as 75% of the rock. The matrix consists of fine amphibole and biotite. Pyrite is commonly present in minor amounts.

Diabase dykes

Both Matachewan (north-south) and Keweenawan (N60°E) diabase dykes are found on the property. The Matachewan dykes are more prevalent and common and are usually narrow, 1 to 50 metres wide. The Keweenawan are less common, but are quite thick and relatively coarse grained as seen in the vicinity of the Blue Quartz mine where a 200 metre wide dyke forms the south side of the ore body (refer back to Figure 3 – Note that the labelling is incorrect on the map for the diabase dykes. The Keweenawan should be the olivine gabbros and gabbros of the Abitibi dyke swarm and the Matachewan should be the Quartz diabase).

The rock weathers a buff colour and is a salt and pepper colour when fresh. The weathered surfaces are homogeneous and much smoother than the adjacent andesites. The contacts are generally quite sharp and show some chilling. The feldspars comprise about 50% of the rock and are a grey to light green colour. Coarser light green feldspars or feldspathoids are commonly present, are rounded and up to a quarter inch across. The diabase contains up to five percent magnetite and is locally quite magnetic (Figure 4).

Figure 4 – Total Field Magnetics

Pleistocene and Recent

Most of the claim block is mantled by sandy till with occasional boulder till and gravel. The northwest and west central section hosts some spruce-balsam and alder swamps with a thick muskeg mantle. The northwest shoreline of Painkiller Lake is sandy though the lake has the dirty brown colour typical of clay rich till areas. In the northeast corner of the property drill hole data indicates that the overburden can reach 12 metres in thickness. Glacial shoulders are abundant throughout the area, and range in composition from granitic to basalt, but the granitic ones are predominant.

Clifford Shaft Area

The Clifford Shaft area is underlain by two major lithologies, with the dominant and earliest being a series of pillowed mafic flows of equivalent age to those found at the Blue Quartz Mine area. Pillow tops face and dip south in this area and strike 105 degrees (McGuinty, 1991).

A Quartz Diorite Sill intrudes the volcanic sequence south of the Clifford Shaft and north of Painkiller Lake. The sill is extensive as seen in Figure 4, and dips 65 degrees to the south. The unit is massive, medium grained and grey in color (McGuinty, 1991).

Both units are intruded by feldspar porphyry dykes and also by north south trending Matachewan dykes.

Structural Geology

The pillow lavas indicate that the strike of the rocks is generally on a 120-300° azimuth with local variations. Pillow tops in both 2 and 3 dimensions are to the north-east as is the dip of the formations. The local variations in strike are typical of a volcanic lava sequence.

Two sub-parallel faults are present on the property. The main structural feature is the Pipestone Fault which lies along the south shore of Painkiller Lake and crosses the central part of the property. The strike of the Pipestone Fault follows a 120°- 300° azimuth, parallel to the strike of the pillow lavas (refer to Figure 3). The diabase dyke shows a 487 metres displacement of the north-side to the west. A subsidiary sub-parallel fault is present on the northern part of the property, the Painkiller Lake Fault. This fault exhibits a strike of roughly 120°- 300° azimuth and appears to be curving into the Pipestone Fault to the west. There is also some displacement along the strike of this fault as the diabase dyke has been displaced and is not seen on the north side. The host rock along both faults show silicification.

Deposit Types

Gold mineralization on the Blue Quartz Property belongs to the structurally controlled Archean lode gold class of deposits. Structurally hosted, low-sulphide, lode gold vein systems in metamorphic terrains from around the world possess many characteristics in common, spatially and through time; they constitute a single class of epigenetic precious metal deposits.

The majority of lode gold deposits formed proximal to regional terrane-boundary structures that acted as vertically extensive hydrothermal plumbing systems. Major mining camps are sited near deflections, strike slip or dilatational jogs on the major structures. Accordingly, the mineralization and associated alteration is most intense in these flanking domains.

The Superior Province is the largest exposed Archean craton in the world, and has accounted for more gold production than any other Archean craton, with more than 55 million ounces produced to date. The following table lists the 25 largest known deposits; each of these has produced, or is known to contain, more than 1 million ounces (30 tonnes) of gold (Table 3). Figure 5 shows the location of several of these deposits and mines.

GOLD MINE (MILLIONS OF TROY OUNCES)

1. Hollinger, Porcupine (19.4) *
2. Dome, Porcupine (10.8) *
3. McIntyre, Porcupine (10.6)
4. Kerr Addison, Larder Lake (10.1)
5. Page Williams, Hemlo (9.1)
6. Lake Shore, Kirkland Lake (8.5)
7. Golden Giant, Hemlo (6.7)
8. Campbell Red Lake, Red Lake (5.5)
9. Wright- Hargreaves, Kirkland Lake (4.8)
10. Lamaque, Val d'Or (4.7)
11. Teck-Hughes, Kirkland Lake (3.7)
12. Sigma, Val d'Or (3.3)
13. David Bell, Hemlo (3.0)
14. Pamour (no.1), Porcupine (2.9) *
15. East Malartic, Val d'Or (2.9)
16. Macassa, Kirkland Lake (2.6)

Figure 5: Significant Mines and Deposits of the Abitibi.

17. Aunor (no.3), Porcupine (2.5)
18. Madsen, Red Lake (2.4)
19. Dickenson, Red Lake (2.3)
20. Malartic Goldfields, Val d'Or (1.7)
21. Sylvanite, Kirkland Lake (1.7)
22. Hallnor (no.2), Porcupine (1.6)
23. Preston, Porcupine (1.5)
24. Camflo, Val d'Or (1.5)
25. Detour Lake Mine, Detour Lake (1.5)

Source : Ministry of Northern Development and Mines, Ontario, web site.

*mines shown in Figure Five

Table 3: Gold content (production and/or reserves) of the 25 largest gold mines in the Superior Province.

The Abitibi belt is clearly the most prolific gold-producing greenstone terrain in the Superior Province: the Timmins (Porcupine) camp alone has contributed in excess of 51 million ounces of gold, far greater than production from the Kalgoorlie camp in Western Australia, or from the Homestake deposits in South Dakota.

Mineralization

Gold was first discovered on the south shore of Painkiller Lake in Beatty Township in 1907. Gold is the main exploration target in the area. Several mines, including the Aljo in Coulson Township, Blue Quartz and Argyll / Maude Lake, were all limited producers prior to 1940. All three mines share similarities including:

- host rock – pillowed mafic flows
- ore host of blue quartz veins with pyrite, arsenopyrite, telluride and visible gold
- alteration includes silicification, carbonatization and pyritization
- proximity to a major structure – Painkiller Lake fault or Pipestone fault

Intense work started in 1918 when a pit was dug on one of two veins which were reported to be mineralized with pyrrhotite, pyrite and abundant visible gold. This vein (No.2 vein) was located on the southwest shore of Painkiller Lake. The vein ranges in width from one half to three inches over a strike length of 106 metres, and was opened up by several pits. The vein strikes N 036° and dips 72° to the west-northwest. The wall rock was reported to be highly silicified. A shaft was sunk to a depth of 12 metres at the northern end of the vein exposure. Development work by Lynco Resources Inc. consisted of two short drifts that showed the presence of a silicified zone at the bottom of the shaft and in the drifts which assayed 0.22 oz. Au/ton over a 2.7 foot chip sample (7.5 g/t Au over 0.8m)– the Lucky Ben mine (Figure 6).

A sulphide zone (No. 1 Vein), varying in width from 0.6 to 1.83 metre, and extending in an east-west direction has also been opened up by a 32 foot shaft. The vein consists of a highly quartzose zone, comprising mainly massive arsenopyrite and pyrite with local chalcopyrite. It is reported to carry some gold values (Satterly and Armstrong), 1947).

Two shafts are located on the Blue Quartz property (refer to Figure 6). The Blue Quartz Shaft is located on the south shore of Painkiller Lake (Figures 7 & 8). The Clifford Shaft is located northeast of Painkiller Lake.

BLUE QUARTZ MINE SHAFT

In 1913, a vertical two compartment shaft was sunk on the south shore of Painkiller Lake to a depth of 200 feet to investigate the potential of veins exposed on surface in that area. Working levels were established at 49, 91 and 191 feet with lateral work being done on the two lower levels. During this period of development, the surface plant was twice destroyed by fire, resulting in the closing of operations in 1916.

Blue Quartz Mines Ltd. was formed in 1921 and operated the property until 1933 conducting both surface and underground work. The shaft was deepened to its current depth of 514 feet and expanded to 3 compartments below the 200 level. Underground work from the shaft consisted of drifting to the north and to the east on the 500 level. Development of the easterly drift included the sinking of a winze (72 degree inclination) from the 200 level to investigate the potential of a particular quartz vein. Level stations were cut at 300 and 400 levels and a chute was also opened from 300 to 500. During the years 1923, 1926, 1928, and 1934, the Blue Quartz Mine milled 500 tons of ore at an average grade of 0.162 oz/t for a total production of 81 ounces of gold (Satterly & Armstrong, 1947).

Amalgamated Goldfields was then established in 1933 to take over the assets of Blue Quartz Mines, followed by Headwater Mines in 1955 taking over Amalgamated Goldfields and Clifford

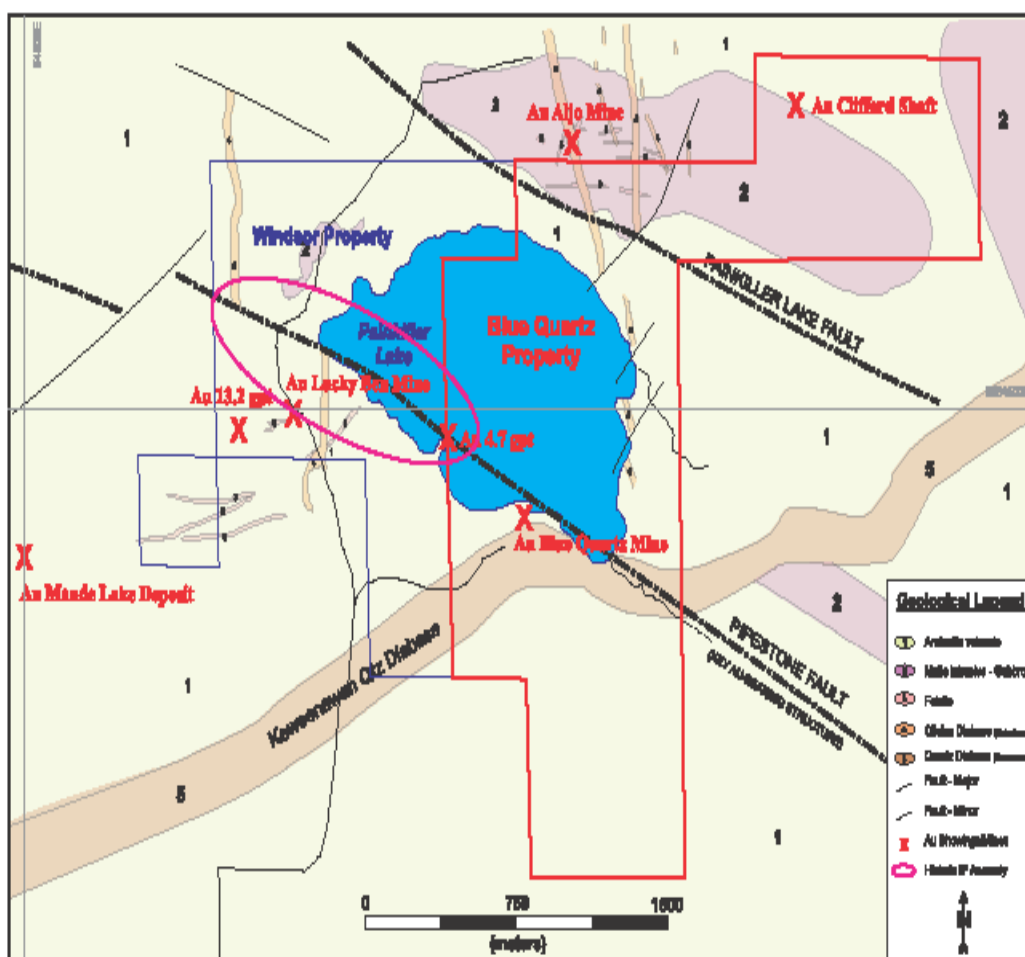


Figure 7: Adjacent properties and gold mineralization.

Figure 6: Significant Showings



Figure 7 – Blue Quartz Shaft on the shore of Painkiller Lake.



Figure 8 – Waste Dump in front of Blue Quartz Shaft on Painkiller Lake.

Gold Mines. This was followed by the inception of Hardill Resources, (a private company) which in 1979 took over Headwater's holdings. The property was optioned to Larder Resources in 1980, but later returned to Hardill. Joutel Resources Ltd. optioned the property in June 1987 and entered into a joint venture agreement with Central Crude Limited in October 1987. Two (2) diamond drilling programs (1989-1990) have outlined sulphide rich units within spherulitic metavolcanics. The best results from that drilling were intersected in BQ-89-12 with an average grade of 1.065 g/t Au over a core length interval of 21.3 metres; good results were also obtained from BQ-90-18 which was planned to test the mineralization intersected in BQ-89-12. The best results from BQ-90-18 returned anomalous gold values ranging from 25 ppb to 10,000 ppb for an average of 0.857 g/t Au over its entire length (75.6 metres of core length). This unit included sections grading 3.7 g/t Au over 1.5m; 3.8 g/t Au over 2.1m; 5.3 g/t Au over 1.2m; and 3.6 g/t Au over 5.2m (all lengths are core lengths).

Gold values have been found in two main veins, the discovery or Blue Quartz vein, on which the early work was done, and the No.2 vein, which lies under the lake 750 feet north of the shaft. The Blue Quartz vein is composed of bluish quartz and carries considerable amounts of pyrite together with varying quantities of pyrrhotite, galena, sphalerite, chalcopyrite, telluride and gold. The No.2 or Main vein extends in a roughly east-west direction and dips steeply toward the south. Mineralization consists of dark quartz and silicified wall rock mineralized with arsenopyrite and pyrite, together with some chalcopyrite, pyrrhotite, and sphalerite. In places the wall rock is mineralized with coarse pyrite cubes. Specimens of the feldspar porphyry show half-inch veinlets of quartz with pyrite and arsenopyrite; the veinlets are bordered by narrow bands of chloritic material. The mine dump was visited and sampled by the MNM, A. C. Bath (OGS OFR 1990, V.1, p.166-182) in 1985. (Bath, 1990) suggests that the No.2 vein system gold-sulphide mineralization is associated with brittle deformational regime quartz and quartz-calcite veins and veinlets hosted by variably Fe-dolomitized basalt and/or silicified and/or recrystallized interflow sedimentary material. Once formed, the quartz-(carbonate) vein material and siliceous host rock appear to have been tectonically shattered and sulfidized along fractures prior to having been brecciated and re-cemented by chloritic gouge.

The following table tabulates the results of the sampling conducted by Bath (Table 4).

MNMD sampling of the Blue Quartz Dump – by A. C. Bath							
Visited in 1985 by A. C. Bath (OGS OFR 1990, V.1, p.166-182).							
Analyses	Au		Au	Cu	Pb	Zn	As
Sample	ppb		gms/tonne	ppm	ppm	ppm	ppm

AB-85-56	7200		7.20	243	27	321	2
		6860		---	---	---	---
AB-85-57	2400		2.40	251	44	157	247
AB-85-58	820		0.82	525	36	300	1222
AB-85-59	6170		6.17	32100	58	654	18
AB-85-60	---			---	---	---	---
AB-85-61	320		0.32	147	5	138	700
AB-85-62	60000	68.18		227	448	671	1292
	chk	83.18	2594.74	---	---	---	---
AB-85-63	29010		29.01	170	12	107	1589
		28110		---	---	---	---
AB-85-64	9330		9.33	964	37	245	143
AB-85-65	5210		5.21	577	107	259	12300
AB-85-66	4390		4.39	2600	111	91	3613
AB-85-67	1990		1.99	1350	181	10200	23000
average of 11 samples			241.96	gpt Au			

Table 4: Ministry of Northern Development and Mines sampling (1990)

CLIFFORD MINE SHAFT

Clifford Gold Mines, Ltd., was organized in 1924 to develop a group of claims comprising L1890, 1891, 12537 to 12539, 25587, and 25588, and the veteran lot consisting of the south part of lot 7, concession VI. The numbered claims are located in lots 5 and 6, concession VI and are all part of the Blue Quartz Property Parcel 23623. Claims L1890 and 1891 were originally patented by Cartwright Gold Fields, Limited, in 1915. The property adjoins the holdings of Aljo Mines, Limited, and the Amalgamated Gold Fields Corporation, Limited.

The claims were explored by surface trenching in 1924, and 4 diamond drill holes totalling 2,129 feet. It is reported that during 1925, the last year of operations, the company was engaged in shaft-sinking. H. S. Armstrong examined the outcrops in the northeast corner of Parcel 23623 in August of 1945, at which time a total of 16 trenches, pits, and shafts were found. The main

shaft, which is situated at the southeast edge of the large outcrop, is reported to be 100 feet in depth.

The rocks on the claims consist of basic lavas. Most of the flows are pillowed, but some are massive and fine-grained. The lavas in the veteran lot to the northeast of Painkiller Lake are cut by the quartz diabase dikes that are prominent on the Aljo property to the north.

Top determinations in the lavas show that they face south and strike N75°W. The drilling records show faulting on a minor scale, but the lack of key horizons precludes recognition of displacement in the outcrop.

The surface development shows the presence of several zones of mineralization, generally slight shear zones with stringers of quartz and calcite. The chief sulphides are pyrrhotite and pyrite with lesser amounts of chalcopyrite and arsenopyrite. Much of the lava is mineralized with disseminated pyrrhotite resulting in the usual weathered surface. Table 5 below shows selective grab sample results collected from the Blue Quartz and Clifford waste dumps in 2008, prior to the commencement of the 2008 diamond drill program.

Russet Lake Resources sampling							
sample #	location	Au ppb	Au ppb	Au g/t	Au g/t		Au oz/t
Blue Quartz dump							
50939	BQ dump-host	904		0.904			0.026
50944	BQ dump-host	973	989	0.981			0.028
50946	BQ dump-host	624		0.624			0.018
50948	BQ dump-host	1406		1.37			0.041
50950	BQ dump-host	259		0.259			0.008
50940	BQ dump	>DL		13.23	12.89		0.386
50941	BQ dump	6625		6.72			0.193
50942	BQ dump	4486		4.53			0.131
50943	BQ dump	5942		6.03			0.173
50945	BQ dump	7721		7.89			0.225
50947	BQ dump	4621		4.53			0.135
50949	BQ dump	5892		5.97			0.172

87462	BQ dump	3016		3.15			0.088	0.092
87463	BQ dump	>DL		13.99	13.58		0.408	0.396
87464	BQ dump	2550		2.47			0.074	0.072
10 samples QV and mineralization			avg	6.85		avg	0.20	
Clifford Shaft dump								
87465	BQ dump - N shaft	392					0.011	
87466	BQ dump - N shaft	532					0.016	
87467	BQ dump - N shaft	43	43				0.001	0.001
87468	BQ dump - N shaft	144					0.004	
87469	BQ dump - N shaft	501					0.015	
87470	BQ dump - N shaft	24					<0.001	
87471	BQ dump - N shaft	92					0.003	

Table 5: Russet Lake Resources sampling of the Blue Quartz and Clifford Dumps (2008)

2010 Diamond Drill Program

In May of 2010, Cabo Drilling of Kirkland Lake was awarded a surface diamond drilling contract for approximately 1500 meters of NQ diamond drilling. The program was designed to test Blue Quartz auriferous structures associated with the Painkiller Fault at depth below the current underground workings and to the north west of the existing workings as outlined in the NI 43-101 Technical Report by Luc Rioux P.Geo., (amended July 27th, 2009) and filed on SEDAR. Total budget for the program was \$200,000.

Cabo Drilling mobilized to the property on May 5th, and drilling was complete by May 29th. Final logging, sampling and demobilization was complete by June 2nd. Casing was left in all holes, and the local land owner (Bob Winters) was shown the sites after drilling was complete. All holes were capped, and pictures were taken of all sites during and after the program.

All holes were surveyed with a Trimble GeoXT Real Time GPS system. All coordinates are recorded in nad83, UTM Zone 17 north. Error limits are within 0.1 m on the Northing and Easting and 0.3 meters on the elevation. Real Time elevations were collected and recorded in the remarks column of the diamond drill logs, however, a theoretical elevation was used in order to relate holes of the current program to the supplied historical database holes. All units

of measurement are in meters. All holes were surveyed with a Reflex Easy Shot down-hole tool. All survey data is reported in True North degrees. An 11 degree west declination was used for conversion from magnetic to true. Diamond drill holes from the 2008 Russet Lake program were also surveyed while in the field.

Logging of all holes was completed in the field by the author, including marking and tagging of sample intervals to be split. Charlie Fost (Millertown, Newfoundland) provided field assistance throughout the program. Mr. Fost is an able technician and excellent prospector. All drill core was labelled and transported to the old Davidson Tisdale mine site in South Porcupine where samples were split and sawed by both Mr. Fost and Scott Woolhead, a technician for VG Gold Corporation. VG has allowed for all drill core from the 2008 and 2010 program to be stored at their facility. In addition, coarse rejects from ALS Chemex in Timmins are stored as well in a sealed wooden container adjacent to the cross piled core.

All diamond drilling in 2010 was conducted south of Painkiller Lake and on private land owned by Bob Winters. Mr. Winters was provided a sum of money as payment for granting access to his land for drilling. Proper notification was given to Mr. Winters as per guidelines at the Ministry of Northern Development and Mines.

In addition to logging, magnetic susceptibility readings were taken at approximately every five feet for the entire length of the hole. When contacts were noted, the sample spacing was shortened to aid in determining precise contact locations. All readings were taken with a KT-10 Magnetic Susceptibility Meter. The meter provided a simple and useful method to distinguish lithologic units. Approximately 380 readings were taken.

Red Mile Minerals completed 1500 meters of NQ diamond drilling in four holes. The program tested the gold potential of the Blue Quartz vein and the No. 2 vein along strike and down dip from historical workings developed on these veins. Significant results include intersections of 5.3 g/t Au over 2.8 meters in RBQ-10-01; 23.8 g/t Au over 1.0 meter including 11.9 g/t Au over 2.8 meters in RBQ-10-02; and 57.4 g/t Au over 0.2 meters included within 1.6 g/t Au over 9.1 meters in RBQ-10-03. Approximately 280 samples were taken for analysis and submitted to ALS Chemex in Vancouver. Further information on sample procedures and analysis can be found under the section (Sample Preparation, Analysis and Security).

This report summarizes 2010 diamond drilling results undertaken on the Blue Quartz property by Red Mile Minerals Corporation, targeting gold-enriched quartz veins. Appendix I contains the diamond drill logs, Appendix II – contains the assay certificates, Appendix III – contains full size scaled plan maps and sections (Figures 9-13 & 18). The accompanying compact disk contains all digital data including CSV format files. These files include collar data, assay, survey, lithochem, rock codes with descriptions and magnetic susceptibility data. A final compiled

access database is also included. Sections and plans were created in Geosoft. All Surpac files including development levels are provided as string and dtm files. The development levels were originally obtained from Ken Guy of VG Gold, who provided consulting services to Russet Lake. The author does not take responsibility for the accuracy of this particular data set. A summary table is provided below detailing the drill hole information (Table 6).

Table 6: Diamond Drill hole summary collar coordinates

Drill Hole	UTM North	UTM East	Elevation	Azimuth (TN)	Dip	Depth (m)
RBQ-10-01	5384062.35	547422.11	3000.27	325	-45	351.5
RBQ-10-02	5384063.94	547423.75	3000.27	340	-51	384
RBQ-10-03	5384066.19	547424.71	3000.27	340	-45	357
RBQ-10-04	5384151.25	547212.73	2986.50	360	-45	409

RBQ-10-01

Geology

Three primary geological rock types were identified in RBQ-10-01: 1) pillowed basalts; 2) olivine diabase; and 3) feldspar porphyry. RBQ-10-01 collared directly into a 70 meter (core length) thick massive fine grained green highly magnetic dyke (Figure 9 – diamond drill hole plan; Figure 10 – Section; and Figure 11 – magnetic susceptibility section). The core intersection probably represents the chilled margin of the Keweenaw Dyke that is described in the literature. Surface expressions of the dyke east and south of the drill collar are much coarser grained. Figure 11 clearly shows the magnetic nature of the unit. The lower contact is generally sharp with the underlying pillowed basalts, however, mineralized quartz veins are intruded along the contact as well.

The dominant unit throughout this hole (and all holes) is a green fine grained massive to pillowed flow basalt. The unit is locally amygdaloidal, with amygdules being filled with quartz and carbonate. Quartz carbonate veining is abundant and local bleaching occurs. Pillow rims are frequently bleached and filled with black chlorite and buckshot pyrite.

The third rock unit identified is a fine to medium grained feldspar porphyry unit comprising 15-20% feldspars. Feldspars are generally sauceritized (pale yellow color). Both upper and lower

Figure 9 - Diamond Drill Plan Map

Figure 10 – Geological Section – RBQ-10-01

Figure 11 – Geological Section – RBQ-10-01 – Magnetic Susceptibility

contacts are sharp and chilled. Locally mineralized veinlets crosscut the unit. The unit appears to be about 12-15 meters thick and dips between 70-80 degrees to the southeast.

Mineralization

Three mineralized horizons or mineralized packages were intersected in RBQ-10-01. They include a new mineralized horizon that was intersected at the contact between the Keweenaw Dyke and the underlying pillowed basalts; a mineralized package that probably represents the westerly strike extension of the Blue Quartz vein system; and thirdly, a mineralized zone that represents the down dip extension of the No.2 vein. Zones are described in order of occurrence down-hole.

Contact Zone

A new or previously unrecognized vein system was discovered at the contact between the upper magnetic Keweenaw diabase dyke and the underlying pillow lavas, and was intersected in RBQ-10-01 – RBQ-10-03. The vein system occurs at a flexure in the dyke where it changes direction from NE to E. The contact appears structural and contains erratic cm sized quartz veins (generally comprising 20% of the host rock), with local pyrite and arsenopyrite throughout the wall rock. The veins contain little sulphide mineralization, however, in RBQ-10-03, two cm sized veins contained a number of flecks of visible gold. It is not known what extent this new zone may have. Assaying in RBQ-10-02/03 showed only weakly anomalous values in gold. The zone in RBQ-10-01 was not assayed as it contained no noted sulphide.

Blue Quartz Vein

The Blue Quartz vein system was intersected in all three holes targeting strike and or depth extensions of the zone. The Blue Quartz vein system was intersected 180 meters along strike to the west of the original shaft and 160 meters to the west of any known workings or drilling. The Blue Quartz mineralized system appears to consist of two to three distinct mineralized zones (1.5 – 5 m thick) separated by approximately 10 - 25 meters of weakly mineralized pillow basalts. The mineralized zones consist of silicified and variably sericitized pillowed flows with varying degrees of mineralized quartz veins (mm-cm size with the thickest being 40 cm). Veins comprise 10-20% of the mineralized zone and contain varying quantities of pyrite, arsenopyrite, pyrrhotite, reddish brown sphalerite and chalcopyrite. The vein system was intersected between 140 – 168 meters down hole. No visible gold was noted. No significant gold values were returned from Blue Quartz system. Satterly & Armstrong (1947) indicated that the Blue Quartz Mine showed really good values at surface and on the upper levels. The Blue Quartz zone was not located below the 300 foot level, which is where RBQ-10-01 – RBQ-10-03 are

located. Typical blue quartz that characterizes the Blue Quartz Mine was noted within the intersected mineralized packages.

No. 2 Vein

RBQ-10-01 & 04 displays a 1.5-2.5 meter thick zone of coarse grained cubic to buckshot pyrite. Locally the pyrite is zoned and is associated with heavy black chlorite. These zones contain up to 25% sulphide which is evenly distributed. No other sulphide types were noted throughout the zone. The mineralization in RBQ-10-01 was intersected approximately 65 meters down dip of the 2810 Level, between 339.15 – 341.95 meters down-hole. Significant results include 5.3 g/t Au over 2.8 meters, including 9.96 g/t Au & 5.7 g/t Ag over 1.0 meter from 340.15 – 341.15 m.

RBQ-10-02 / 03

Geology

Both RBQ-10-02 & 03 were collared from the same setup as RBQ-10-01, with varying degrees of azimuth and dip (Figure 12 & 13). The lithologies encountered were the same as in RBQ-10-01; Keweenawan diabase dyke; a feldspar porphyry and the usual thick sequence of pillowed flows and breccias. Contact relationships between the mineralized quartz veins at the *Contact Zone* and the base of the dyke prevent a good determination of the actual dip of the dyke however, it appears to have a moderately steep southward dip.

Contact Zone

Mineralization at the contact in RBQ-10-02 & 03 is much more developed than in RBQ-10-01. Here the mineralized vein package at the contact is clearly fault bounded with late erratic pyrite / arsenopyrite mineralized veins and veinlets. The quartz veining comprises between 10-20 % of the overall rock unit composed of altered pillowed basalts, and sulphide constituted no more than 10-12 % of any particular vein. Quartz veins are generally not greater than 10 cms in thickness. Of particular note was the occurrence of one fleck of visible gold at 64.2 m and 3-4 flecks at 65.5 meters down hole in RBQ-10-03. No sulphide was associated with the fine flecks (Figure 14). Unfortunately, no significant assay results were returned.

Blue Quartz Vein

The mineralized package attributed to the Blue Quartz Vein system starts at 194.3 m and the last zone ends at 223.5 meters down hole in RBQ-10-02 and in RBQ-10-03 starts from 182.9 and ends at 190.75 m. Mineralization consists of mm-dm sized veins and veinlets of quartz comprising 10% of the rock. The largest vein is 45 centimetres in length. Varying quantities of

Figure 12 – Geological Section – RBQ-10-02 / 03

Figure 13 – Geological Section – RBQ-10-03 – BQ-89-12 & BQ-90-18



Figure 14 – Visible gold Flecks

pyrite, arsenopyrite, pyrrhotite, reddish brown sphalerite and chalcopyrite constitute the sulphide mineralogy. Several mm massive arsenopyrite veinlets were noted throughout the pillowed sequence. As in RBQ-10-01, no significant gold assays were returned.

No. 2 Vein

The No. 2 vein system was intersected in all four holes. Holes RBQ-10-01-RBQ-10-03 intersected the vein between depths of 25 m to 80 meters under the western-most workings, and drill hole RBQ-10-04 intersected the vein system approximately 50 meters along strike from the western-most extent of the underground workings. Several styles of mineralization were intersected during the drill program. The predominant mineralized zone was characterized by moderate to strong stockwork chlorite mineralization comprising disseminated to stringer, including narrow massive sections of pyrrhotite (Figures 15 & 16), pyrite and quartz. Locally arsenopyrite is associated with the quartz, and overall sulphide content throughout the unit is approximately 5-8% (Figure 17). Local sections of under 2 meters may contain up to 25% total sulphide, which is pyrrhotite dominated.

In addition to these stockwork chlorite, pyrrhotite and pyrite-bearing zones, narrow intervals of pure black chlorite and associated coarse grained cubic to buckshot pyrite filled pillow rims. Up to 30% pyrite with no other sulphide type would typically fill an inter-pillow area. Maximum thickness was 20 centimetres.

Significant results include intersections of 23.8 g/t Au over 1.0 meter including 11.9 g/t Au over 2.8 meters in RBQ-10-02; and 57.4 g/t Au over 0.2 meters included within 1.6 g/t Au over 9.1 meters in RBQ-10-03. Gold values associated with the 57.4 g/t Au sample are associated with the style of mineralization described in RBQ-10-01, where mineralization is associated with cg pyrite and black chlorite. The gold values in RB-10-02 are associated with the quartz – pyrrhotite dominated zones. Several other narrow 1-4 g/t Au values are scattered throughout the mineralized intervals. Gold mineralization associated with RBQ-10-02 / 03 appear to coincide with the wide zones of low grade gold values intersected in BQ-89-12 and BQ-90-18.



Figure 15 – blow up of Figure 16 showing massive segregations in RBQ-10-02



Figure 16 – Massive Segregations of Pyrrhotite in the No. 2 Vein

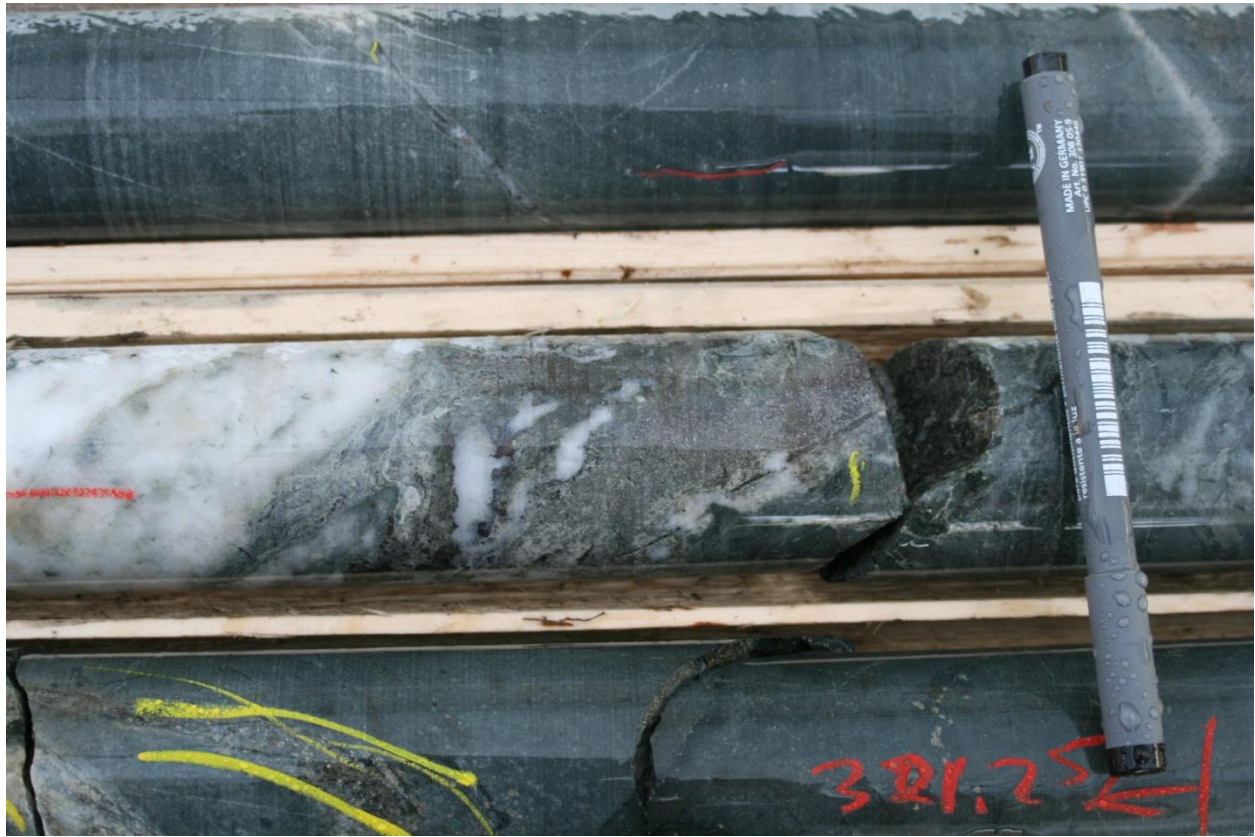


Figure 17 – mg arsenopyrite and quartz

RBQ-10-04*Geology*

RBQ-10-04 was drilled 200 meters further west than RBQ-10-01-03 and was designed to test the western extensions of the No. 2 vein and to test for associated mineralization with the Painkiller Fault (Figure 18). RBQ-10-04 collared to the north of the Keweenawan diabase dyke. Otherwise, geology in the top portion of the hole remained similar, with a thin feldspar porphyry dyke being intersected, and underlain by a thick package of variable mineralized and altered pillowed basalts. A second dyke was intersected near the bottom of the hole between 327-350 meters.

Below the 2851 level and No. 2 vein package, geology began to change somewhat from a pillowed / pillow breccia / pillowed flow regime to more of a massive fg-mg salt and pepper textured massive olive green flow basalt. The overall contact seems to have been marked by the presence of a green chloritic sediment unit that occurs directly below the No. 2 vein stockwork mineralization. In addition, the unit is clearly noted by elevated magnetic susceptibility readings.

Subsidiary Veins

Starting at 96 meters down-hole, several narrow intervals of elevated Au mineralization with assays ranging between 1.1 g/t Au and 4.83 g/t Au correspond to either quartz vein mineralization with significant arsenopyrite / pyrite or to zones of inter-pillow stockwork chlorite pyrite mineralization. It is not sure whether any of these zones are extensions of the blue quartz vein system.

No. 2 Vein

The No. 2 vein system was intersected 40 meters to the west of the historical workings and between the 2851 and 2810 levels. Here the No. 2 vein is made up predominantly of a quartz / pyrite / chlorite stockwork system with pyrrhotite being absent. Mineralization is dominated by quartz / pyrite veins. No wider zones of black chlorite and buckshot pyrite were noted. The best assay from the zone returned a value of 2.05 g / t Au over 0.5 meters.

From 297m – 308m – an additional zone of stockwork chlorite / pyrrhotite mineralization was intersected just below and approximately 65 meters north of the No. 2 vein development. This zone is bordered by a fault just above its top contact. The zone may represent a horizontal fault offset of the No. 2 vein, or could be a new zone associated with the Painkiller Fault. Elevated gold values were noted in the zone, with best assays being 0.8 g/t Au over 1.5 m.

Figure 18 – Section RBQ-10-04

Sampling Method and Approach

Core is retrieved from the drill string using standard wireline methods. Upon retrieval, the core is removed from the core tube and placed into wooden core boxes in the order in which it was drilled. All core obtained during the drill program was NQ diameter core. Core recovery was very high, exceeding 95%.

Mineralized drill core intervals were logged and marked based upon geological characteristics and mineralogy and not necessarily at regularly spaced 1.0 to 1.5 meter intervals. Maximum sample length is generally less than 1.5 m. Minimum sample length was 0.1 m. The sampling procedure is as follows:

- After logging is complete, mineralized sample intervals were marked with a red lumber crayon. Each sample length has a red crayon line drawn along the length of the core for more accurate cutting with the saw.
- All samples are contiguous with no blank intervals in between sampled intervals.
- Sample tags are placed in a plastic 'ziploc'-type bag and stapled into the core box at the beginning of each sample interval.
- Pertinent core logging information is written up into each drill log.
- Samples of marked drill core are split in half lengthwise with a diamond-bladed core saw by a technician. Less than 10% of the samples were split with a core splitter.
- Separate samples, around 1.0 m in length, are assayed at least three meters on either side of significant mineralization.
- Sawn samples are collected in large, new, clear plastic sample bags; the corresponding sample tag is placed in the bag and the bag is tied. Lots of 10 to 15 samples are put into shipping fibre bags that are also sealed and marked.
- Samples were trucked by Red Mile personnel to the ALS Chemex prep Labs in Timmins, Ontario.
- All drill core is stored at the old Davidson Tisdale Mine site in South Porcupine.
- The end of each box is well marked with aluminum labels showing DDH No., footages and box number.

Sample Preparation, Analyses and Security

Approximately 280 samples were taken for analysis. All samples from the 2010 diamond drill program were sent to ALS Chemex Labs in Timmins, Ontario for sample preparation, prior to being forwarded on to Vancouver for analysis. ALS Chemex has ISO 9000:2008 registration and ISO 17025 accreditation in North America. The author did not implement a separate QA/QC program for the 2010 diamond drilling program, and relied upon internal duplicates, standards and blanks submitted by Chemex for quality control. All samples were submitted directly to the lab by Red Mile personnel in sealed bags. All coarse rejects are stored in a large sealed wooden

box, and have been shipped by ALS Chemex (Timmins) to be stored with the core at the Davidson – Tisdale site.

Sample preparation includes the following procedures and operations:

1. Log sample into tracking system.
2. Record weight of material received from the client.
3. Crush drill core samples to finer than 70% at < 2mm..
4. Split sample using a riffle splitter.
5. Pulverize the split (up to approximately 300 g) to a particle size finer than 85% at < - 75um. Excess material is stored for the client as a crusher reject, then shipped offsite for long term storage.

Once the sample is pulverized, the following assay method is then applied to the sample.

- Gold assays are routinely performed using fire assay (FA) with atomic absorption (AA) finish. Gold assays greater than 1 g/t are automatically re-assayed using a FA with gravimetric finish.
- Silver assays are done by aqua regia digestion / AAS
- Base Metals were completed by Four Acid Digestion. Elements analyzed were Ag ,As, Cd, Co, Cu ,Mo, Ni, Pb & Zn / AAS
- Whole Rock analysis was completed using ICP –AES and traces were completed using the ICP-MS method.

Adjacent Properties

The Blue Quartz Property is located proximal to a number of historic gold properties (Figure 6).

To the west lies the VG Gold Corp. Windsor Property which includes the Lucky Ben historic property. A shaft was sunk to a depth of 12 metres at the northern end of the vein exposure. Development work by Lynco Resources Inc. consisted of two short drifts that showed the presence of a silicified zone at the bottom of the shaft and in the drifts which assayed 0.22 oz. Au/ton over a 2.7 foot chip sample (7.5 g/t Au over 0.8m)– the Lucky Ben mine.

In addition, directly on the west boundary of the Blue Quartz Property, and on the Windsor Claims, sampling by VG Gold returned assays of 4.7 g/t Au in a grab sample from a historic trench.

West of the Windsor Property is the Maude Lake Gold Property also known as the Ramp Gold Project, presently held by Globex Mining Enterprises Inc. The Maude Lake property received considerable exploration during the period 1981 through 1989. The mineralized zone was

stripped and considerable exploration conducted. Underground and surface exploration work was completed at the No. 5 Zone Mine with Equinox as operator. The underground exploration program completed an 833m long decline ramp to the 465 foot level, 661m of drifting, 200m of raising, 453m of other work on the 60, 100 and 140m levels, and 5,300m of underground diamond drilling. Historic Resources have been estimated at 1 million tons grading 0.204 ounces of Au per ton (not 43-101 compliant). The underground workings and ramp area above ground are currently all underwater.

To the north lies the historic Aljo Mine property which was discovered in 1916 with minor underground development completed in 1923. A 72 ton per day mill was built on site in 1939 with underground development on 5 levels to the 650 level. Forty-one veins have been located on the property. Gold values are reported in the silicified zones in the lavas and "quartz diorite." The gold is probably associated with quartz stringers and small concentrations of pyrite. Similar values are reported in the No. 2 feldspar porphyry dyke, which is locally well-mineralized with auriferous pyrite.

In 1940, the Aljo mine milled 2,333 tons with an average grade of 0.018 oz/t (0.6 g/t) for a total production of 42 ounces of gold over a 67 day period (Satterly & Armstrong, 1947).

Interpretation and Conclusions

In May of 2010, Cabo Drilling of Kirkland Lake was awarded a surface diamond drilling contract for approximately 1500 meters of NQ diamond drilling. The program was designed to test Blue Quartz auriferous structures associated with the Painkiller Fault at depth below the current underground workings and to the northwest of the existing workings as outlined in the NI 43-101 Technical Report by Luc Rioux P.Geo., (amended July 27th, 2009) and filed on SEDAR. Total budget for the program is \$200,000.

Red Mile Minerals completed 1500 meters of NQ diamond drilling in four holes. The program tested the gold potential of the Blue Quartz vein and the No. 2 vein along strike and down dip from historical workings developed on these veins. Approximately 280 samples were taken for analysis and submitted to ALS Chemex in Vancouver.

Three distinct mineralized horizons or were intersected over the course of the diamond drill program. They include a previously unrecognized mineralized horizon that was intersected at the contact between the Keweenaw Dyke and the underlying pillowed basalts; a mineralized package that probably represents the westerly strike extension of the Blue Quartz vein system; and thirdly, a mineralized zone that represents the down dip extension of the No.2 vein.

In addition, several gold-bearing veins were intersected in RBQ-10-04. Starting at 96 meters down-hole, several narrow intervals of elevated Au mineralization with assays ranging between 1.1 g/t Au and 4.83 g/t Au correspond to either quartz vein mineralization with significant arsenopyrite / pyrite or to zones of inter-pillow stockwork chlorite pyrite mineralization. It has not been determined whether any of these zones can be attributed to extensions of the Blue Quartz vein system.

Significant results include intersections of 5.3 g/t Au over 2.8 meters in RBQ-10-01; 23.8 g/t Au over 1.0 meter including 11.9 g/t Au over 2.8 meters in RBQ-10-02; and 57.4 g/t Au over 0.2 meters included within 1.6 g/t Au over 9.1 meters in RBQ-10-03.

Based upon the results of the diamond drill program, several conclusions can be made:

- 8) Well mineralized intersections of quartz/pyrite/arsenopyrite bearing veins attributed to westward extensions of the Blue Quartz vein system contain only negligible to weakly elevated gold mineralization. Typical bluish quartz with reddish brown sphalerite is diagnostic of the Blue quartz vein system.
- 9) The veins intersected ranged in thickness from millimetres to 40 cm, with an average being 5-6 centimetres thick.
- 10) Higher grade gold mineralization is clearly more related to coarse grained zoned and cubic pyrite mineralization occurring in pillow selvages with black chlorite, +/- quartz, than with arsenopyrite bearing quartz veins.
- 11) The No. 2 vein system appears to be much more pyrrhotite dominated in RBQ-10-02 & 03, and more pyrite dominated towards the western end of the old underground workings (RBQ-10-01 & 04).
- 12) Massive and semi-massive pyrrhotite zones were assayed for cobalt and nickel, although no pentlandite was ever noted in the core. Historical records show pyrrhotite assaying 1% nickel at the base of a pillow lava and serpentine unit on the border of Beatty and Munro townships (Satterly and Armstrong, 1947). No anomalous values were returned.
- 13) RBQ-10-04 intersected several new gold mineralized intervals
- 14) Several of the mineralized zones are clearly structurally controlled and probably represent generally east west trending splays from the Painkiller Fault.

Recommendations

In order to add value to the Blue Quartz Property, it is recommended to add to the property position to the west by acquiring the Windsor Option from VG Gold Corp, and possibly the Maude Lake property from Globex. The rational is to be able to carry out a larger ground based walking magnetometer program using a Potassium Vapour mag unit. A winter survey when

Painkiller Lake is frozen would enable for highly detailed magnetic information to be collected in order to help identify splays from the Pipestone Fault which would enable ground follow up.

Soil sampling and IP over anomalous splays would provide the mechanisms for designing a diamond drill program. In addition, a small diamond drill program east of Blue Quartz to test for gold bearing mineralization adjacent to the Pipestone Fault would be warranted.

No further work is suggested under Painkiller Lake targeting the No. 2 vein, due to depths and inconsistent grades intersected from the recently completed program.

Expenditures

Table 7 below provides an itemized list of expenditures as incurred for the 2010 diamond drill program. No mark-up has been incurred and no office overhead has been included in the tabulated results. Costs are summarized below, however, complete detailed itemized transactions are tabulated in an excel spreadsheet and attached to the compact disk.

Table 7: Property Expenditures

2010 Qualifying Program Activities	Costs
Assaying	9314.03
Transportation	6061.05
Camp Costs	7088.37
Computer Software Rental	1164
Field supplies and rentals	3341.2
Fuel	940.61
General Labour & Technician	9014.92
Geologist	16900
Truck Rental	3173.23
Diamond Drilling (Cabo)	135639.85
Easy Shot Rental	1320
Report Writing	8400
Report Materials Costs and shipping	834.14
Total	203191.40

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CERTIFICATE OF AUTHOR

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I, Kerry E. Sparkes, P.Geo, am a Registered Professional Geoscientist of the Association of Professional Engineers and Geoscientists of British Columbia since 1999; and a registered member of the Professional Engineers and Geoscientists of Newfoundland since 1991;

I graduated from Memorial University of Newfoundland with a Bachelor of Science (Honours) degree in Geology (1986) and subsequently obtained a Master of Science degree in Geology from Memorial University of Newfoundland (1989);

I have been practicing my profession as a geologist in mineral exploration continuously since 1989 in both Canada and abroad. My experience includes extensive management of exploration programs both small and large and includes substantial base metal exploration for nickel deposits, in addition to VMS style massive sulphide deposits and exploration for porphyry style` deposits.

I am not independent relative to Red Mile Minerals Corporation. I am currently a founding director of the company, and hold both shares and options.

Through my consulting company (Sparkes Consulting Ltd.) I was directly responsible for the implementation of the 2010 diamond drilling program and the completion of this report of work.

Dated at Vancouver, British Columbia, this 1st day of October, 2010.

Kerry Sparkes, P. Geo. "Qualified Person"

