

4 History (Item 8)

4.1 Ownership History

The property was first explored by Dominion Gulf in 1952 and then by Hollinger in 1962. In 1988, Glimmer Mine Inc. put together the property package using a combination of crown and private lands. In 1989, Noranda Exploration Company Ltd. (Noranda) entered into a joint venture agreement with Glimmer. As a result of this agreement, Noranda held a 60% interest in the property. During their ownership, Noranda merged with Hemlo Gold Mines Inc. (Hemlo). Exall purchased the property from Hemlo in April 1996, obtaining approximately 60% interest in the property with Glimmer retaining 40%. Apollo acquired a 100% ownership in the fall of 2002 and renamed the property “Black Fox” (Prenn, 2006).

4.2 Exploration History

4.2.1 Drilling

The first drilling on the property was done by Dominion Gulf in 1952. Hollinger next tested the area in 1962 near the diabase dikes located in the easternmost part of the property. Between 1989 and 1994, Noranda, and later Hemlo, completed eight surface diamond drill programs with a total of 27,800m of drilling in 142 drillholes. The result of these drilling programs was the definition of an intensive grouping of ore zones in two areas of the property. These ore zones were all within 250m of the surface. Some high-grade intercepts, including abundant visible gold, were recovered during the drilling program. Between 1995 and 1999, Exall completed another 142 surface diamond drillholes, as well as 720 underground diamond drillholes with mine development (Dyck, 2007).

4.2.2 Mapping and Geophysics

Noranda first performed detailed geological mapping of the property and much of the surrounding area in 1989. This data has provided a very good base of information from which subsequent workers have determine structural trends and location of the most favorable stratigraphic units (Dyck, 2007).

The property has had a number of different geophysical surveys completed by different previous owners in combination with various drilling programs. In conjunction with Noranda’s 1989 drilling program, a total field magnetic survey over most of the property was conducted by Exsics Exploration Ltd. Noranda also had Lamontagne Geophysics Ltd. complete an Inductive Source Resistivity survey and R.S. Middleton Exploration Services conduct a conventional IP survey over portions of the property at that time Additional IP surveys were completed in 1997 for Glimmer by JVX Ltd. This later survey was limited to the area adjacent to the mine (Dyck, 2007).

Exploration was also conducted using geological, magnetic and gradiometer surveys conducted by the University of Toronto Electro-Magnetometer (UTEM) survey, and a limited induced polarity (IP) survey (Prenn, 2006).

The highly magnetic anomalies have assisted in the mapping of the basalt and ultramafic units on the property. In addition to this, low magnetic trends may be indicative of hydrothermal alteration that altered the magnetic qualities of the surrounding rocks (Dyck, 2007).

4.3 Historic Resource and Reserve Estimates

The historic resource estimates are summarized in Table 4.3.1. All of the resource estimates include reserves, except the 1998 estimate which is resource only and does not include the 1998 reserves listed in Table 4.3.1. Table 4.3.2 summarizes the historic reserve estimates made on the Black Fox deposit. The historical reserve and resource estimates performed before the MDA 2006 estimates, pre-dates the development of NI 43-101 reporting guidelines and was not estimated in compliance with NI 43-101 procedures.

Table 4.3.1: Historic Resource Estimates

Year	Measured			Indicated			Total Measured and Indicated			Inferred			Estimator
	kt	Grade gpt-Au	koz-Au	kt	Grade gpt-Au	koz-Au	kt	Grade gpt-Au	koz-Au	kt	Grade gpt-Au	koz-Au	
1994							727	11.30	264				Hemlo (Jarvi)
1996							551	11.52	204				Roscoe Postle
1996							678	11.30	246				Roscoe Postle
1998	44	4.84	7	154	5.58	28	198	5.42	34	382	10.33	127	Exall
1999	410	7.27	96	796	8.20	210	1,205	7.88	306	274	5.96	52	Exall
2000	586	6.93	131	1,022	7.36	242	1,608	7.20	372	381	6.65	81	Exall
2001	268	4.09	35	566	4.93	90	833	4.66	125	353	7.00	79	Exall
2006										7,854	4.89	1.2	MDA

Note: All resources include material reported as reserves except 1998 which is in addition to reserves, Roscoe Postle audited all Exall Estimates

Table 4.3.2: Historic Reserve Estimates*

Year	Proven			Probable			Total Proven & Probable			Estimator
	kt	Grade gpt-Au	koz-Au	kt	Grade gpt-Au	koz-Au	kt	Grade gpt-Au	koz-Au	
1996				499	11.14	179	499	11.14	179	Canadian Mine Development (Feasibility)
1996				477	10.70	164	477	10.70	164	Bharti Engineering Associates
1996				621	11.60	232	621	11.60	232	Roscoe Postle
1997				665	12.90	275	665	12.90	275	Roscoe Postle
1998	330	9.88	105	488	10.32	162	818	10.14	267	Exall
1999	284	8.48	77	553	9.50	169	837	9.15	246	Exall
2000	422	7.82	106	560	8.93	161	981	8.45	267	Exall
2001	303	8.45	82	475	9.21	141	778	8.92	223	Exall
2006				3,063	4.56	449	3,063	4.56	449	MDA

*All resource estimates prior to MDA in 2006 are historical and were not reported to NI 43-101 compliance.

4.4 Production History

Ore mined from Black Fox was custom milled from 1997 through September 1999 at the St. Andrew Goldfields Stock Mill located 34km from the mine. From October 1999 through May 2001, ore was milled at Kinross Gold's Macassa facility in Kirkland Lake, subsequent to mineral tests carried out by Lakefield Research and other metallurgical laboratories. These mills used cyanidation of the whole ore to process the ore. Testwork has indicated that gravity pre-concentration may improve gold recovery (Prenn, 2006).

Black Fox was formally owned and operated by Exall. The previously estimated ore reserves were 3.1Mt with a grade of 4.6gpt-Au (449koz-Au) all from open pit mining (Prenn, 2006). The open pit total waste is 47.2Mt of waste rock and overburden material with an equivalent overall strip ratio of 15.4 waste: 1 ore. The underground ore resources (below 9,815m) were 1.6Mt with a grade of 8.1gpt-Au.

Table 4.4.1 summarizes the reported gold production of 210.8koz from the Black Fox property, with the grades required at 100% recovery. Figure 4-1 illustrates several views of the underground workings of the mine at end of year 2000.

Table 4.4.1: Black Fox Project Production History*

Year	kt	Grade gpt-Au	koz-Au
1997	194	6.79	40
1998	309	6.67	64
1999	259	5.82	48
2000	255	5.82	46
2001	82	4.81	12
Total	1,099	5.97	211

*Actual reported production.

Exall mined portions of the deposit from the bottom of the crown pillar to the 225m level (measured vertically 225m below the surface) using conventional underground mining methods including jumbo drills, diesel load haul dump (LHD's) loaders and haul trucks in a random room and pillar method. The limited amount of surface or underground core drilling that was completed by Exall did not allow for detailed mine planning, subsequently the daily mining production planning was determined by management and geological decisions at the face before each round was mined as ore or waste.

Comparing the reserves estimated in Table 4.3.2 to historic production in Table 4.4.1 shows that the grade and tonnage estimates are not very close to the actual production of about 1.1Mt with an average grade of approximately 6gpt-Au. The estimates between 1996 and 1997 show a range from 162koz to 275koz-Au. In 2001 the reserve estimate was 140koz, most of which is still in the ground. All of the historic reserve estimates show higher grades and less tonnes than were actually mined during historic production (Prenn, 2006).

