Canadian Arrow Mines Ltd

Mineral Resource Estimation for the Kenbridge Nickel-Copper Project, Ontario, Canada

Report Prepared for

Canadian Arrow Mines Ltd

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Report Prepared by

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Cover: Location of the Kenbridge Project area in Western Ontario, Canada

Executive Summary

Introduction

The assets of Canadian Arrow Mines Ltd ("Canadian Arrow") include an interest in the Kenbridge Nickel Property ("Kenbridge"), which it recently acquired from Falconbridge (now Xstrata) through an agreement with Blackstone Ventures Inc ("Blackstone"). Much of the Kenbridge Project is founded on historically derived data, most of which remains unverified.

In December 2006, SRK Consulting (Canada) Inc. ("SRK") was retained by Canadian Arrow to compile a 'current status' technical report and resource estimation for the Kenbridge Nickel Property. The scope of work included a site visit to examine the property (conducted in April 2007), the review of available technical information, the interviewing of project personnel and the collection of all relevant information for the compilation of the technical report and resource estimation according to Canadian Securities Administrators NI43-101 and Form 43-101F1 guidelines in conformity with generally accepted CIM "Exploration Best Practices" and "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines.

This resource estimate and classification will form the framework for a new phase of exploration expenditure in 2007 that would target deficiencies identified in the SRK resource estimation and technical report. Motivated by buoyant commodity prices, Canadian Arrow hopes to 'fast track' this nickel-copper project to production.

Work program

SRK received the final edited excel database from Canadian Arrow in January 2007. These datasets formed the basis for the construction of 3D mineralized shells in early February 2007. Geostatistics, block modelling and resource estimation commenced in mid February and were completed by mid March 2007.

A preliminary resource statement was generated by SRK in March 2007, which led to a Canadian Arrow news release on 22 March 2007.

The requisite technical report was generated in April 2007, which included a site visit during the period 5 to 8 April 2007. The major portion of this work program was completed at the SRK Toronto offices.

Geology and mineralization

The Kenbridge nickel sulphide deposit is a magmatic sulphide accumulation with tectonic, structural, and geological similarities to established larger deposits. The Kenbridge deposit cannot be rigidly compared with a single larger nickel sulphide deposit, but it contains many of the requisite characteristics which include: an association with a major structural lineament, a spatial association with large mafic-ultramafic intrusives, nickel and copper-rich sulphide hosted in a breccia pipe (possible feeder system), and the high nickel tenor of the sulphide.

Sulphide mineralization (pyrrhotite, pentlandite, and chalcopyrite ± pyrite) is found as massive to net-textured and disseminated sulphide zones primarily in mineralized gabbro with lesser amounts in other mafic volcanics and talc schists.

Exploration

Exploration activities at Kenbridge occurred during the period 1936 to 2005. These activities included geological mapping, geophysics and diamond drilling (both on surface and underground). These activities were undertaken by three (3) different exploration companies during four (4) distinct programs.

Table i: Summary of diamond drilling activities at the Kenbridge Project.

Company	Period	Type	Total drilled		Resource Estimate
			holes	metres	holes
Coniagas	1937	Surface	35	3,048	26
INCO	1948-1949	Surface	14	3,658	0
Falconbridge	1952-1957	Surface	53	12,579	52
	1952-1957	Underground	246	15,262	246
Blackstone	2005	Surface	21	4,118	21
Total			369	38,665	345

A reasonably dense drilling dataset has been generated for this project during the various historical exploration programs, as summarized in Table i. (particularly within the shallow IF1 resource definition). The quality of this dataset has been however been compromised by the historical adoption of exploration practices and procedures which do not conform to generally accepted "Exploration Best Practices and to Mineral Resource and Mineral Reserves Best Practices Guidelines" as adopted by the CIM and practiced by industry.

Canadian Arrow has taken cognisance of these deficiencies and has undertaken to remedy these wherever possible and to adopt 'best practice' exploration procedures and protocols during future exploration activities

Mineral Resource Estimation

The database considered for resource estimation purposes totals three hundred and forty five core drill holes. A large portion of this dataset remains unvalidated.

From the drill hole database provided by Canadian Arrow, SRK constructed several sectional string models to facilitate the definition of geologically valid gold mineralization solids within which grade estimation could be constrained. A single “mineralized envelope” solid was constructed, within which resource grade interpolation was undertaken.

Certain intervals within the historical database (within the “mineralized envelope”) were not sampled for reasons unknown. A composite file was created using uncapped values starting at the drillhole collar position and defined within the ‘mineralized envelope’ solid. All assays were composited to 2.5 metre intervals.

SRK decided not to apply any capping to the composited dataset. No significant outlier values are interpreted, which could potentially bias the resultant grade interpolations.

Traditional experimental variograms were modeled from the total composited datasets for nickel and copper for all three principle directions. For nickel the major axis is orientated at N000 degrees, whereas for copper the major axis is orientated at N315 degrees. For nickel the variogram reference plane has a vertical dip (90 degrees), whereas for copper the variogram reference plane dips 75 degrees to the NE.

The block model size was set as five by five by five metres in the easting, northing and elevation directions respectively.

Block grades were estimated using ordinary kriging as well as by an inverse distance squared function. Model validation studies suggest that the global resource estimate is fairly insensitive to the choices of extrapolation method applied in this study.

Mineral resources for the Kenbridge deposit have been estimated according to the “CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines” (December, 2005) by Glen Cole, P.Geo an appropriate Qualified Person as defined by NI43-101.

A confident understanding of the geological controls determining the distribution of mineralization at Kenbridge and the continuity of higher grade mineralization has been adversely affected by aspects related to the historically derived dataset. These aspects are outlined in this report.

All resources at the Kenbridge Project have been classified as Inferred. Two categories of Inferred Mineral resources (IF) are suggested by SRK and are reported at different cut-off’s. The higher confidence IF1 mineral resources are reported are a cut-off of 0.3% nickel that is believed to be suitable for open pit mining scenario, whereas the lower confidence IF2 mineral resources are reported at a cut-off of 0.7% nickel to reflect a possible underground mining scenario. A tabulated Mineral Resource statement for the Kenbridge Deposit is presented in Table ii

Table ii: Kenbridge Deposit: Mineral Resource Statement, SRK Consulting March 21, 2007.

Classification	Tonnage (10^6 tonne)	Nickel Grade (%)	Copper Grade (%)	Contained Nickel (000't)
Inferred 1*	2.1	0.58	0.26	12.18
Inferred 2**	1.1	1.01	0.52	11.11
Total	**3.2**	**0.73**	**0.35**	**23.29**

* reported at 0.3% nickel, ** reported at 0.7% nickel cut-off. All figures have been rounded to reflect the accuracy of the estimate.

Recommendations

Significant nickel and copper mineralization has been identified at the Kenbridge Project, but the accurate delineation of this mineralization and the grade estimation within this mineralization has been compromised by the quality of the historical data derived from the various exploration programs at this project.

SRK considers the resource estimate generated in this report to be merely a 'starting point' or framework upon which future exploration activities can be based. SRK believes that if best practice guidelines are adopted at this project that the assigned NI 43-101 compliant resource classification status of these resources has the potential to be upgraded.

SRK recommends that the following aspects receive special attention during future exploration activities at the Kenbridge Project:

- Construction of a new survey base line against which all historical drill collars and future exploration data should be referenced;
- Undertake a new topographical survey to precisely define the topographic profile for the project area to cater for all future resource modelling and projected mining infrastructure;
- Adoption of 'best practice exploration guidelines' as adopted by the CIM;
- The formulation and application of a NI 43-101 compliant industry best practice drilling and sampling protocols (a drilling and sampling quality management system) which would include a QAQC program for sample preparation and assay verification;
- Strategically designed verification drilling program (including twin holes) to drill test key intersections within the historical database;
- Re-logging of the Blackstone drill core and the sampling of unsampled mineralized (and unmineralized) drill intervals;
- Update the drillhole database (updated collar, survey, assay and geology files) and subsequent update of the 3D drillhole files and 'mineralized envelop solid';
- Attempt to develop a clearer understanding of the geological and structural control of mineralization and of the 3D continuity of higher grade zones;
- Future grade definition infill drilling should be orientated at shallow angles to the steeply dipping mineralization;

- Continue to develop a quality specific gravity database characterizing the range of all potential ore and waste material;
- Capture of all verified exploration data within a dedicated database software package, with the necessary data storage and security protocols in place;
- The availability of 3D geological modelling software for exploration field staff will promote the understanding of the 3D geological and grade trends and optimize and focus future exploration and drilling activities;
- Undertake ‘scoping level’ economic analyses of the project both opencast and underground portions) which could highlight areas for focussed drilling.

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1 Introduction

The assets of Canadian Arrow Mines Ltd (“Canadian Arrow”) include an interest in the Kenbridge Nickel Property (“Kenbridge”), which it recently acquired from Falconbridge (now Xstrata). Canadian Arrow signed an agreement with Blackstone Ventures Inc (“Blackstone”) whereby Blackstone granted an option to Canadian Arrow to acquire a 100 percent interest in 74 patented claims on the Kenbridge Nickel in return for pre-determined shares and project related expenditures over a set period of time.

Motivated by buoyant commodity prices, Canadian Arrow intends to ‘fast track’ this nickel-copper project to production. Much of the Kenbridge Project is founded on historically derived data, most of which remains unverified. In December 2006, SRK Consulting (Canada) Inc. (“SRK”) was retained by Canadian Arrow to compile a ‘current status’ technical report and resource estimation for the Kenbridge Nickel Property.

This technical report describes the resource estimation work conducted by SRK. This Canadian Securities Administrators National Instrument 43-101(“NI43-101”) compliant resource estimate and classification will form the framework for a new phase of exploration expenditure in 2007, which will target deficiencies identified in this technical report.

1.1 Background of the project

Canadian Arrow Mines first approached SRK in December 2006 to commission a NI43-101compliant resource estimate for the Kenbridge Project.

SRK received the final edited excel database from Canadian Arrow in January 2007. This database included validated and edited assay, geology, survey, topographical and density datasets. These datasets formed the basis for the construction of 3D mineralized shells in early February 2007. Geostatistics, block modelling and resource estimation commenced in mid February and were completed by mid March 2007.

A preliminary resource statement was generated by SRK in March 2007 which led to a Canadian Arrow news release on 22 March 2007. The requisite technical report was generated in April 2007, which included a site visit during the period 5 to 8 April 2007. The major portion of this work program was completed at the SRK Toronto offices.

1.2 Qualification of SRK

The SRK Group comprises over 500 professionals, offering expertise in a wide range of resource engineering disciplines. The SRK Group’s independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits SRK to provide its clients with conflict-free and objective recommendations on crucial judgment issues. SRK has a demonstrated track record in undertaking independent assessments of Mineral Resources and Mineral Reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. The SRK Group has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs.

1.3 Scope of work

The scope of work, as defined in a proposal presented by SRK to Canadian Arrow on November 21, 2006 includes the construction of a mineral resource model based largely on a historical drill dataset. This work was to be supported by an independently prepared technical report formatted in compliance with NI43-101 guidelines.
Typically the preparation of a technical report and resource estimation for an undeveloped mineral project involves the review and analyses of the following aspects of the project:

1. Regional and local geology;
2. Exploration work carried out on the project;
3. Audit of exploration database;
4. Review of quality assurance and quality control measures;
5. Definition of a geological model / mineralization framework;
6. Resource estimation methodology (geostatistics including variography);
7. Validation;
8. Outline of the resource classification methodology;
9. Exploration potential and recommendations for additional work.

The scope of work includes a site visit to examine the property, a review of available technical information, interviewing project personnel and collecting all relevant information for the compilation of the technical report according to NI43-101 and Form 43-101F1 guidelines in conformity with generally accepted CIM “Exploration Best Practices” and “Estimation of Mineral Resource and Mineral Reserves Best Practices” guidelines.

The technical report only discloses mineral resources as classified under the CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines (December, 2005).

1.4 Project team

This technical report was compiled by Mr. Glen Cole, P.Geo. (APGO#1416) and was reviewed by Dr. Jean-Francois Couture, P.Geo (APGO#0197).
Mr. Cole is a Principal Resource Geologist with SRK. He has been practicing his profession continuously since 1986 and has extensive experience in

estimating mineral resources in Canada as well as in Southern and West Africa. Mr. Cole visited the project during the period 5 to 8 April 2007.

Dr. Couture is a Principal Geologist with SRK and has been employed by SRK since 2001. He has been engaged in mineral exploration and mineral deposit studies since 1982. Since joining SRK, Dr. Couture has prepared independent technical reports on several exploration projects in Canada, United States, China, Kazakhstan, Northern Europe, West Africa and South Africa. Dr. Couture did not visit the project.

1.5 Basis of the Technical Report

This report is based on information provided to SRK by Canadian Arrow as well as information collected during the site visit.

SRK conducted certain verifications of exploration data from the Blackstone drilling program from drill core, files and records maintained by Canadian Arrow. Limited data verifications were possible for the pre-Blackstone data.

This technical report is based on the following sources of information:

- Discussions with Canadian Arrow Exploration Manager Mr Todd Keast;
- Datasets provided by Canadian Arrow Mines Ltd;
- Review of historical plans and sections for the Kenbridge Project area;
- Field based data verifications derived from the site visit;
- Additional information obtained from the public domain sources.

1.6 Site visit

In compliance with NI 43-101 guidelines, Mr Cole visited the Kenbridge Project site during the period 5 to 8 April 2007.

The main purpose of the site visit was to conduct geological investigations in the project area and to validate certain historical data inputted into the resource estimation process. This validation process included the inspection of historical drill collar locations and the inspection of drill core from the Blackstone drilling program in 2005.

Although the resource estimation process only applies to historically drilled data, the site visit enabled the review of current drilling methodologies and procedures. Future drilling is largely aimed at validating and extending mineralization trends recognised.

1.7 Acknowledgements

SRK would like to acknowledge the support and input provided by Canadian Arrow personnel for the preparation of this report. Mr Todd Keast in particular provided all the validated and formatted data and provided valuable technical insight and suggestions that enhanced the resource modelling process

2 Reliance on other Experts

SRK's opinion contained herein and effective April 30, 2007, is based on information provided to SRK by Canadian Arrow throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business environment, these conditions can change significantly over relatively short periods of time. Consequently actual results may be significantly more or less favourable.

Much of the Kenbridge project database originates from historically derived exploration programs. This data cannot always be adequately verified and a reliance on the integrity of such data received from Canadian Arrow exists.

This report includes technical information that requires subsequent calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or an affiliate of Canadian Arrow, and neither SRK nor any affiliate has acted as advisor to Canadian Arrow or its affiliates in connection with this project. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

SRK has not researched ownership information such as property title and mineral rights and has relied on information provided by Canadian Arrow as to the actual status of the mineral titles.

Potential environmental liabilities associated with the Kenbridge project were excluded from the work program. As such, no verification was conducted by SRK and no opinion is expressed regarding the environmental aspect of this exploration project.

SRK was informed by Canadian Arrow that there are no known litigations potentially affecting the Kenbridge project.

3 Property Description and Location

3.1 Introduction

The Kenbridge property stretches across the north-central part of the Atikwa Lake area and the south-central part of the Fisher Lake area, Kenora Mining Division, approximately 70 kilometres east-south east of the town of Kenora, Ontario (Figures 1 and 2). The property is situated between the southwest bay of Populous Lake, Betula Lake and Empire Lake. The center of the Kenbridge property is situated at 93 degrees 38 minutes western Longitude and 49 degrees 29 minutes northern Latitude.

Figure 1: Location of Kenbridge Project area in Western Ontario, Canada.

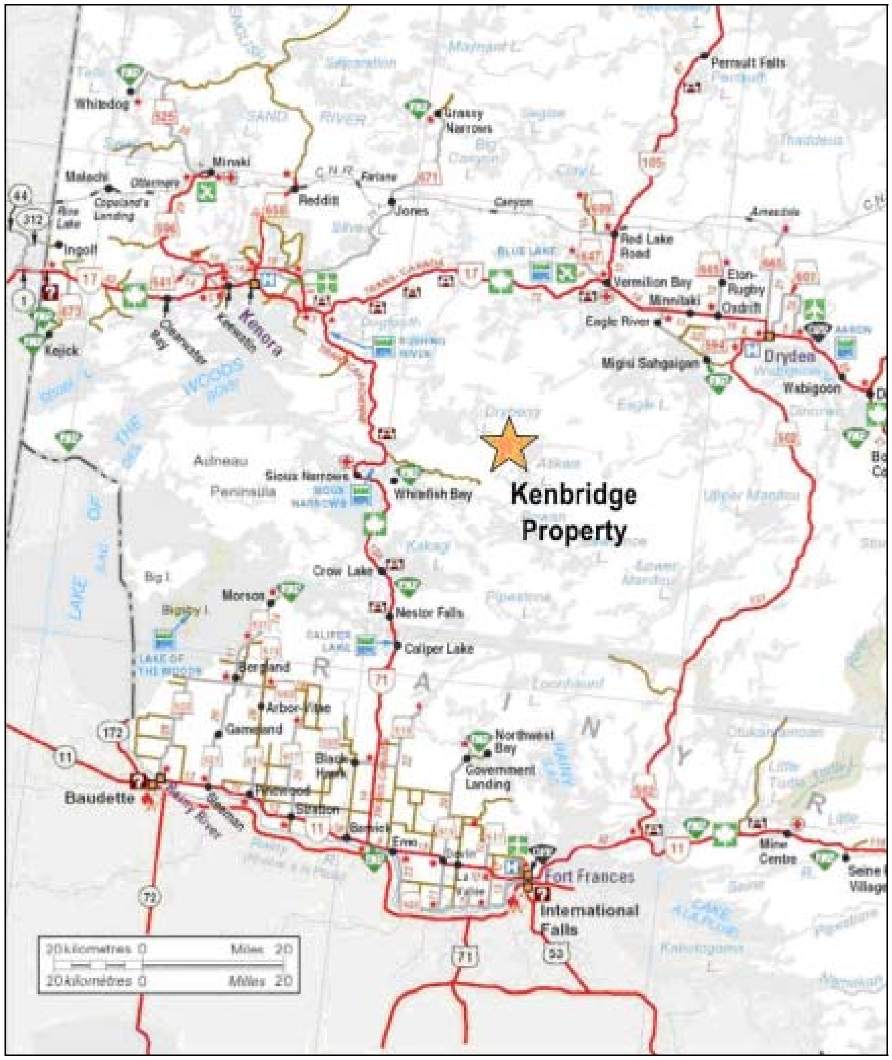


Figure 2: Detailed location map of the Kenbridge Property in relation to Western Ontario infrastructure.

3.2 Land Tenure

The Kenbridge property consists of 24 patented mining claims held by Kenbridge Nickel Mines Limited ("KNM") and 50 patented mining claims held by Blackstone Ventures Inc. These claims total 1,161.93 hectares. The claims are shown in Figure 3. The details of these claims are listed in Appendix A.

All claims are contiguous. Annual mining taxes for the claims total approximately $1,780.00. KNM was a private company with Falconbridge Limited holding 97.3 percent. Blackstone has since completed three additional purchases, to increase its ownership of KNM to 99.1 percent. The remaining 0.9 percent is held by persons deceased or unknown.

3.3 Underlying agreements

Under the terms of the agreement to acquire Blackstone's interest in KNM, and the 50 wholly owned, patented mining claims in the area, Canadian Arrow will issue 2,500,000 units in its capital stock to Blackstone (news release on September 14, 2006). Each unit consists of a common share and a one year common share purchase warrant. Each warrant entitles Blackstone to purchase one further common share. The warrant has an exercise price equal to 125 percent of the trading price of the common shares of Arrow on the day prior to the issuance. In addition, Canadian Arrow has agreed to spend CN$9 million in exploration and development of the property by December 31, 2010 and to make a one time payment to Blackstone of CN$1,000,000 by 2012.

Canadian Arrow also assumes the terms of the underlying Sale and Purchase Agreement between Blackstone and Falconbridge, signed in June 2004. In that agreement, should Blackstone expend less than CN$5 million or less than CN$3 million on the property by December 31, 2010, then Falconbridge will be granted a right to a 51 or 75 percent interest in the property, respectively. Falconbridge will retain a one-time back-in right to acquire a 51 percent interest in any new deposits found on the property, outside of the known historical resource area, where tonnage exceeds 10 million tonnes and metal grades indicate economic viability at the time of the assessment.

In order to exercise the back-in, Falconbridge is required to expend two times the amount that Blackstone expended on the new discovery within a two-year period. Falconbridge may elect to increase their interest to 70 percent by completing a bankable feasibility study. Falconbridge shall be entitled to receive concentrates from the property at commercial purchase rates and shall be entitled to a net smelter royalty in any deposit in which it is not an active participant. The net smelter royalty payable shall be: 1 percent if nickel is below US$4.00 per pound; 1.5 percent for nickel between US$4.00 and US$4.50; 2 percent from US$4.50 to US$5.00; and 2.5 percent if nickel is over US$5.00.

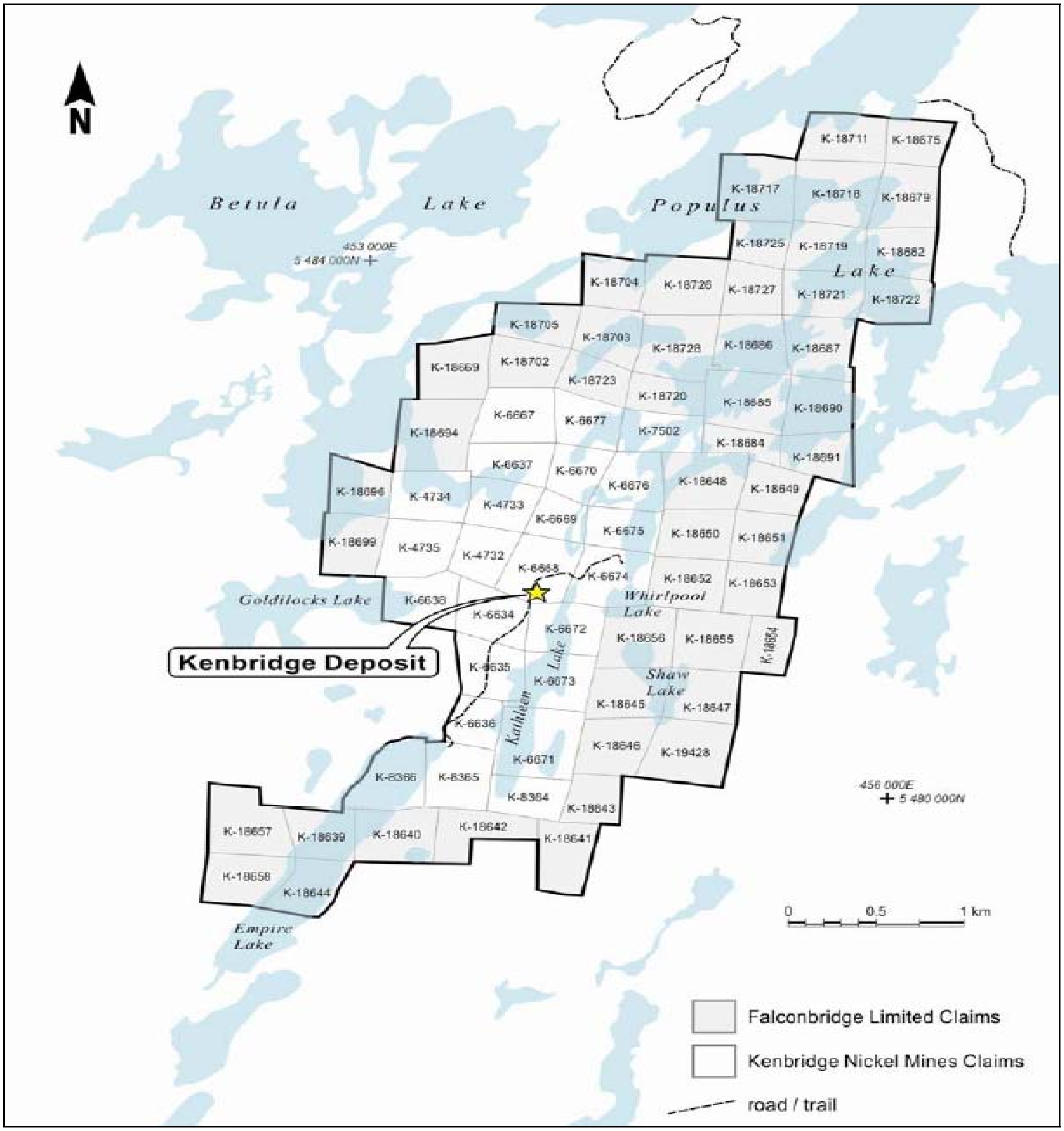


Figure 3: Kenbridge Property Mining Claim Plan.

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Topography in the area is generally moderate with elevations ranging from 360 to 420 metres above sea level. The area is covered by a mixed forest of mostly spruce, poplar and birch, with cedar swamps and related vegetation in low-lying wet areas and along the numerous lakes, rivers and ponds (Figure 4).The project area is in a temperate zone with an annual precipitation exceeding 100 millimetres. Temperatures range between -40 degrees Celsius in the winter to +30 degrees Celsius in the summer. Ground-based exploration can be carried out between June and October, although in lake covered or swampy areas exploration activities such as geophysical surveys and diamond drilling are best carried out after winter freeze-up.

Access to the Kenbridge property is best achieved by a well-maintained all season logging road (‘Maybrun road’) that connects the former producing Maybrun Copper-Gold Mine, located 7 kilometres south of the Kenbridge Deposit, to Highway 71 near Sioux Narrows. The logging road is 28 kilometres in length.

A new trail has been extended from the Maybrun site to the Kenbridge site that will permit year round access to the Kenbridge site. Logging roads from Vermillion Bay and Dryden, to the northeast (Figure 2) are becoming progressively closer to the property and may provide suitable points of helicopter access to property in the future. All permits have been applied for and received from the Ministry of Natural Resources regarding the access trail and the exploration program. Additional work permits will be required for advanced stages of exploration on the Kenbridge site.

Figure 4: Kenbridge Project Site. A, Typical landscape in the vicinity of the Kenbridge Project; B, Overhead view of the immediate Kenbridge Project site, showing remnants of historical exploration activities near surface expression of sulphide mineralization.

5 History

The discovery and early exploration history of Kenbridge during the period 1936 to 1958 includes various activities ranging from geological mapping to geophysics to drilling to underground development. Core drilling totalling 348 drill holes for 34,547 metres was completed within the project area during this period. The majority of the diamond drilling, and all underground development and exploration was completed between 1937 and 1957 by three different companies. These companies were Coniagas Mines Ltd (“Coniagas”), International Nickel Company of Canada (“Inco”) and Falconbridge.

A brief re-evaluation of the project data and regional potential took place during 1980’s and includes an Ontario Geological Survey (OGS) sponsored GEOTEM survey (OGS, 1987). In 2005, Blackstone completed a surface geophysics program on a portion of the property and completed 21 drill holes on the Kenbridge deposit, totalling 4,118 metres.

The exploration history of the Kenbridge project is summarized as follows:

<u>1936: F. McCallum</u>

F. McCallum staked a gossan zone (believed to be the surface expression of the Kenbridge deposit), located west of Kathleen Lake. Intense exploration activity followed, resulting in the discovery of numerous other mafic-ultramafic intrusions some of which contain nickel sulphide mineralization.

<u>1937- 1948: Coniagas Mines Limited</u>

Coniagas optioned the property in 1937 and completed trenching and drilling of 35 surface holes in the same year. Twenty-three holes were drilled over the original showing along a 274 metre strike length, 7 holes were drilled over the northern drift covered extension and 4 holes were drilled elsewhere on the prospect. The location of the 35th hole is unknown. Significant sulphide mineralization was intersected in 13 holes (numbers 1-3, 5, 6, 9, 11, 13-15, and 33-35) and define a number of parallel nickel-rich zones (Kenora Nickel Mines, 1937). A deep drilling program was recommended but never implemented. Coniagas incorporated a company Kenora Nickel Mines Limited that then controlled the property until 1948, when INCO secured an option on the property.

1948-1952: INCO

INCO optioned the property in 1948, staked an additional 34 surrounding claims and completed surface magnetic surveys. INCO completed 3,658 meters of diamond drilling designed to intersect the sulphide zones at depths of 152 metres and 305 metres below surface. Subsequently, INCO discontinued the option. The INCO data is unavailable for current evaluation.

1952-2005: Falconbridge

Falconbridge optioned the property in 1952 and staked an additional 90 claims. An extensive work program was carried out including: geological mapping, magnetic geophysical surveys and diamond drilling. Kenbridge Nickel Mines Ltd. was formed in 1955, which coincided with the initiation of underground development including a 2042 feet (622 metres) three compartment shaft with stations established at 50 metre intervals. Two levels were developed at 350 feet and 500 feet levels. A total of 412 metres of development was established (244 meters in drives and 168 metres in crosscuts), which served as exploration drill platforms. Underground development and exploration drilling ended in 1957 after which the emphasis shifted to regional work. The Falconbridge campaign ended in 1958. A brief gold exploration program was implemented in 1984 encompassing grid mapping and soil geochemistry but did not yield encouraging results.

Reconnaissance mapping and prospecting following the 1987 OGS sponsored GEOTEM survey was completed in 1988 again without encouraging results. In the late 1980’s, Falconbridge contracted Lakefield Research to tear down the head frame and cap and fence the shaft collar. A basic environmental clean up study was completed with no significant hazards reported.

Falconbridge Mining completed two estimates of the mineral resource at the Kenbridge deposit. These estimates include an undocumented estimate in 1957 and another by G.M. Archibald in 1970.

The 1970 estimate was constructed using selective mining and bulk mining ore resource scenarios (Table 1). The resource estimation methodology is described in a report by Archibald (1970) and is summarized by Keast and O’Flaherty (2006):

> *“Horizontal diamond drill holes were used to determine the ore zone areas between the 200 and 2000 levels. The total areas and average grades for nickel and copper were projected halfway to the adjacent levels above and below. Mineralized zones from the 650 level to the overlying 200 level were based upon 50 foot centered fan drilling from the 500 and 350 levels. Estimates for the 650 level to the underlying 2000 level were based on fewer (3 to 7) holes drilled from the shaft at each level. The 200 level ore zones were joined on 50 foot sections and projected up to this level. Assays from upward inclined holes drilled from the 350 level were used for grade calculation. Below the 2000 level diamond drill holes from two sections were used to calculate resources. A minimum 6 foot mining width and 0.50% nickel cut off grade was utilized and all ore shoots were assumed as*

continuous between levels. The 0.50% nickel cut off was waved over a few intersections in some instances to preserve continuity for resources and mining purposes”

Table 1: Undiluted resource tabulation as defined by Archibald (1970).

Selective Mining Estimate					
Classification	Interval (levels in feet)	Tonnage (tonnes)	Nickel Grade (%)	Copper Grade (%)
Measured	275 to 575	794,226	1.04	0.52
Indicated	Surface to 275 and 575 to 2000	2,187,507	1.05	0.55
Inferred	Below 2000	654,741	1.55	

Bulk Mining Estimate				
Classification	Interval (levels in feet)	Tonnage (tonnes)	Nickel Grade (%)	Copper Grade (%)
Measured	275 to 575	2,267,619	0.46	0.25
Indicated	Surface to 275 and 575 to 2000	5,345,692	0.55	0.34
Inferred	Below 2000			

Measured Resource represents the volume most densely drilled from the 350 and 500 levels. Ore zones here were projected 75 feet above the 350 level to 275, and 75 below the 500 level to 575. Indicated Resource is represented with lesser drilling; from surface to the 275 level, by upward inclined holes from the 350 level and from 575 to 2000 by fans drilled at stations every 150 feet down the shaft. Inferred Resource below 2000 level is based upon few holes drilled on two sections.

The resource estimate prepared by Falconbridge is historical, and as such do not conform to the requirements of National Instrument 43-101.

Bulk samples collected from the 350 level crosscuts yielded pilot mill results of 87 percent nickel recovery and 94.5 percent copper recovery with concentrate grades of 14.10 percent nickel, 8.27 percent copper and 34.4 percent sulphur (Falconbridge Metallurgical Research Laboratory Report, 1956). It is important to note that these results were obtained from samples with little or no talc-chlorite schist, which is present in certain areas of the deposit. Test samples from lower sections of the deposit containing this schist produced lower recoveries and concentrate grades. To compensate for high talc chlorite schist content a subsequent metallurgical study recommended a lower concentrate grade of 11.48 percent nickel, 6.16 percent copper, 0.36 percent cobalt, 32.0 percent iron, and 28.6 percent sulphur (P.B. McCrodan, 1957).

<u>2005: Blackstone</u>

The 2005 exploration program consisted of a 26 line km UTEM3 geophysical survey, a two phase 4,118 m diamond drilling program and also included mineralogical and metallurgical testing.

The main objectives of the 2005 Blackstone exploration program were to determine if any other large near surface, geophysical conductors were located on the northern portion of the property and to obtain information on the geometry of the known sulphide mineralization as well as to confirm the historical grades reported from previous drilling. In addition, the drilling program was designed to test for the potential for high grade nickel mineralization in the central part of the deposit above 200 metres vertical depth which could be accessible for mining via an open pit or a ramp.

Mineralogical and metallurgical studies were initiated following collection of suitable drill core from the phase 1 drilling. Additional core was collected during the phase 2 drill program and is stored in nitrogen filled bags and frozen at Lakefield Research's warehouse facilities. Mineralogical examination by SGS Lakefield (2006) on Kenbridge composites highlighted significant nickel concentrations in gangue species which effectively limits nickel recovery to approximately 85% in a bulk sulphide flotation circuit. Preliminary testwork indicates recoveries of 77 percent copper at a concentrate grade of 27.5 percent copper and recoveries of 74 percent nickel at a concentrate grade of 11 percent.

6 Geological Setting

6.1 Regional Geological setting

The regional geological setting surrounding the Kenbridge project is characterized a Precambrian metavolcanic sequence with coeval ultramafic-mafic intrusions and post deformation intermediate-felsic intrusions (Figure 5).

The Kenbridge deposit and its host rock sequence, lies between two granitic bodies, the Flora Lake pluton to the west, and the Atikwa batholith to the east. The intervening rocks are mainly composed of a sequence of intermediate to mafic volcanic rocks intruded by gabbro and numerous dikes that coincide with a prominent northeast-trending deformation zone. The exposure of the Flora Lake pluton is roughly elliptical with a length of 5.6 km and a width of 3.2 km. The pluton is zoned from an outer rim of monzodiroite to monzonite to a core of granite (Davies, 1973) with a strong positive magnetic signature associated with the outer part. The Atikwa batholith covers an area of 2,000 square kilometres and is composed of inner and outer zones. The inner zone consists of weakly foliated quartz diorite and trondhjemite while the outer zone is a heterogeneous diorite with abundant inclusions and xenoliths of basalt and gabbro

The proximity of the granitic intrusions to Kenbridge has resulted in varying degrees of hydrothermal and contact metamorphic alteration and recrystallization of the rocks.

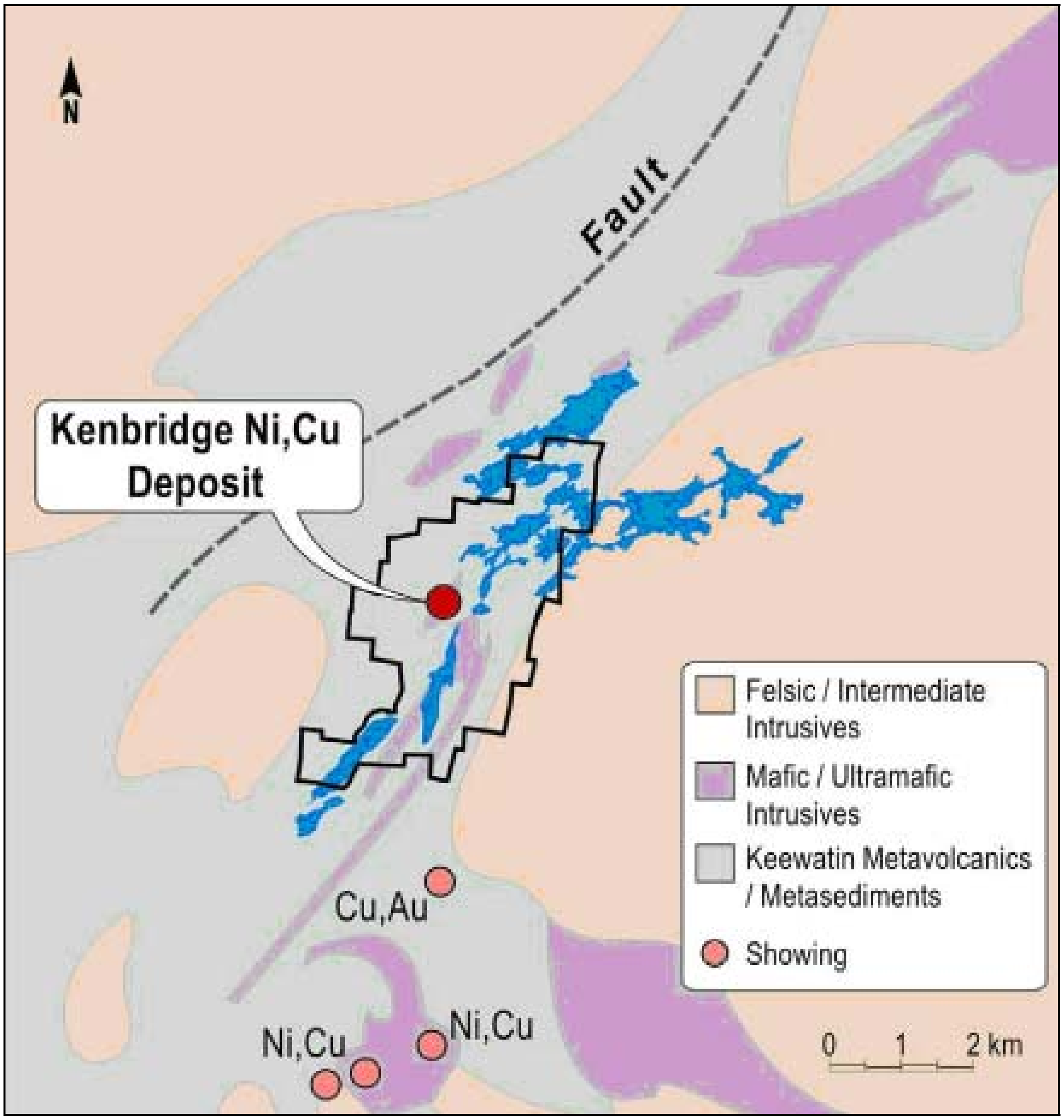


Figure 5: Simplified regional geological setting of the Kenbridge Project.

6.2 Property Geology

The Kenbridge nickel deposit is hosted by an oval shaped gabbroic suite and has a distinct “pipe” appearance. Interpretation of outcrop lithological information is complicated by deformation and metamorphism (regionally up to upper greenschist facies and with overprints of local contact metamorphism), and limited exposure within the project area. Extrusive and intrusive rock types are found on the property with associated nickel sulphide mineralization.

Rock types and their relationships with each other are complicated by wide-spread shearing, faulting and metamorphism (Figure 6).

The following descriptions of the geology of the Kenbridge project have been extracted from Keast and O'Flaherty (2006), who summarized previous detailed outcrop mapping and reports:

Mafic volcanic rocks or "greenstones" are described as the oldest rocks of the project area. The volcanic rocks are predominantly andesitic to basaltic in composition and include both flow and pyroclastic units. A variety of textures and compositions were noted in the Falconbridge outcrop mapping and notes (circa 1950's) but metamorphism and alteration combined with the lack of observed contacts resulted in poor definition of this group of rocks. A difficulty in distinguishing basalt from gabbro has been noted in some of the field reports. The volcanic sequence is intruded by gabbro, granite and quartz diorite and by the mafic-ultramafic breccias of the Kenbridge deposit.

Seven gabbroic groups were distinguished including the Kenbridge "ore zone" mafic body. The occurrence of gabbroic rocks within younger granitic intrusions, probably represent rafts within the granites. The gabbros range from fine-grained (probable chilled) to medium-grained with a massive texture to highly sheared and schistose (Figure 7), particularly near the granitic pluton contacts and fault zones. Pyroxenite phases and peridotite to pyroxenite bands occur locally. Massive magnetite bands have been reported in the more mafic parts. Diorite bodies occurring within the project area have been interpreted as a marginal phase of the gabbroic suite.

Felsic dikes are interpreted as the youngest rocks of the project area intruding the granites, volcanic rocks, and the gabbroic suites. There are a variety of dike compositions and textures but these likely represent just two magmatic events. A majority of the dikes are feldspar phyric and range from feldspar megacrystic porphyry (feldspar phenocrysts up to 2 cm) to very fine-grained, almost aphantic. These dikes have a pale grey groundmass. The other dikes are more equigranular diorite to monzodiorites.

Four structural trends have been recorded and reflect both syn- and post-gabbro intrusive events. Northeast-trending lineaments are the most prominent in the Kenbridge area and are reflected in the shearing and faulting of the rocks. The Kenbridge deposit coincides with the main northeast-trending deformation zone. North-, east-, and northwest-trending lineaments are also common in the region. The east-trending lineaments appear to control the larger mafic-ultramafic bodies at Denmark and Overflow Lakes, located south of the Kenbridge deposit.

Metavolcanic rocks of the area have been regionally metamorphosed to the almandine-amphibolite facies and locally retrograded to the greenschist facies co-incident with intense shearing and faulting.

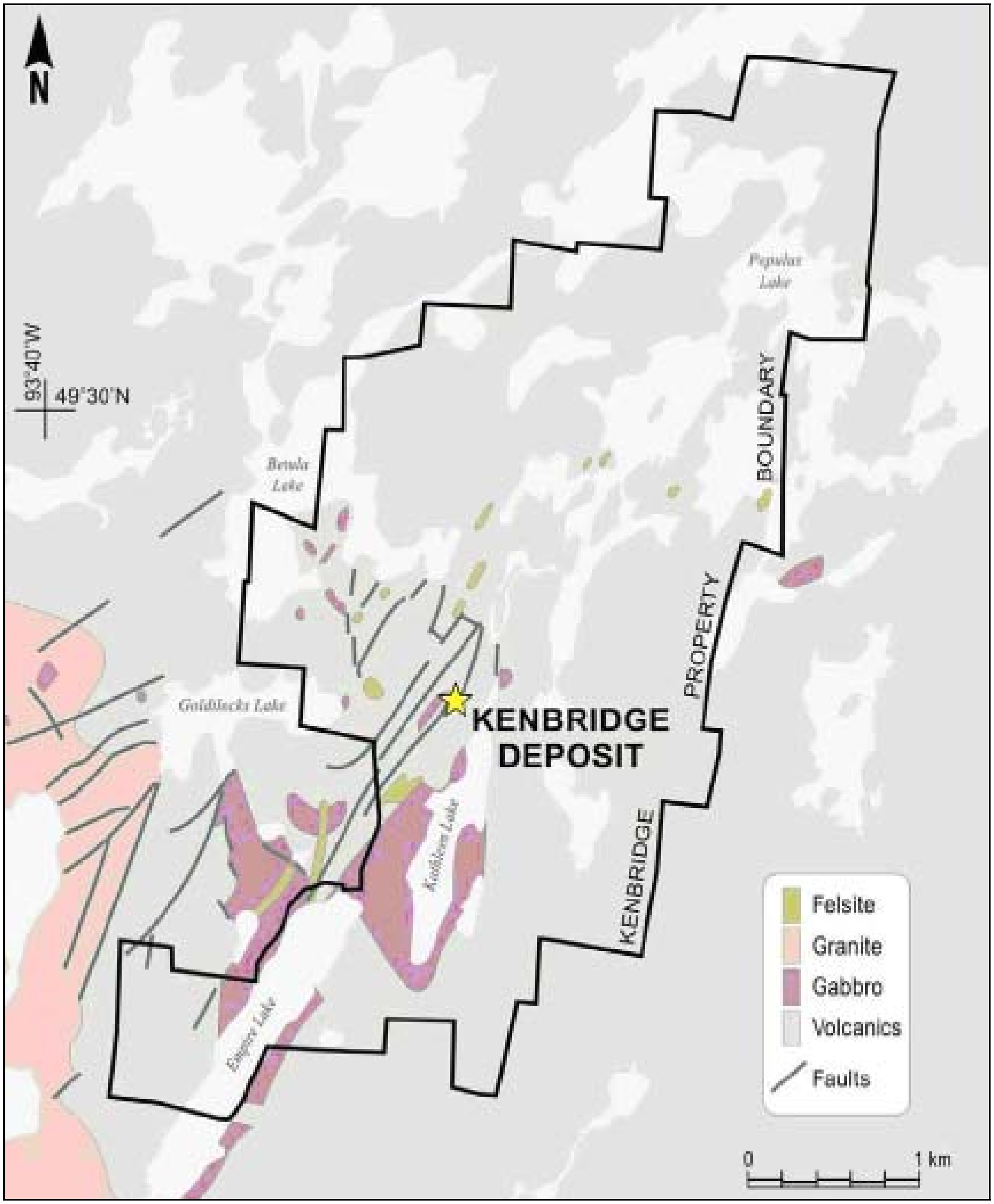


Figure 6: Simplified geological map of the Kenbridge Project area

The Kenbridge deposit occurs within a vertically dipping, lenticular gabbro and gabbro breccia with surface dimensions of 250 metres by 60 metres. The deposit and host rocks are situated within a regional northeast-trending deformation zone. The mafic intrusive body is hosted by a vertically dipping volcanic sequence comprised of andesitic flows, fragmental units and epivolcaniclastic sediments. A few hundred meters to the south of the deposit the host volcanic sequence hosts a thin rhyolite horizon.

The host volcanic rocks on the western side of the deposit are mostly composed of medium green, strongly foliated and sheared, tuffaceous units with fragments defined by a lensoid banding of matrix carbonate. Volcanic rocks on the eastern side of the deposit are characterized by larger fragments and less foliation. Most of the fragments are fine-grained greenstone with just subtle changes in shades of green (chlorite content) and interstitial carbonate that allows them to be recognized. This unit was logged as a volcanic breccia. Contacts between the mineralized gabbro and the enveloping volcanic rocks are marked by a variable thickness of talc schist (1-30 metres). The talc may or may not be mineralized.

The geology of the mineralized gabbro is complex and is composed of numerous rock types and sub-types including fine to coarse grained gabbro, quartz-phyric gabbro with 2-3 percent rounded blue quartz grains, and diorite. In the historical literature, terms such as anorthositic gabbro and norite were used but these names were not used during core logging. Some of the diorite may be later dikes. It is difficult to determine whether the gabbro is an intrusive mega-breccia with numerous xenoliths of aphanitc to coarse grained feldspar porphyry, diorite and fine grained volcanic rock, or whether it’s just a complexly folded gabbroic sheet with screens of country rock that has been intruded by multiple phases of dikes.

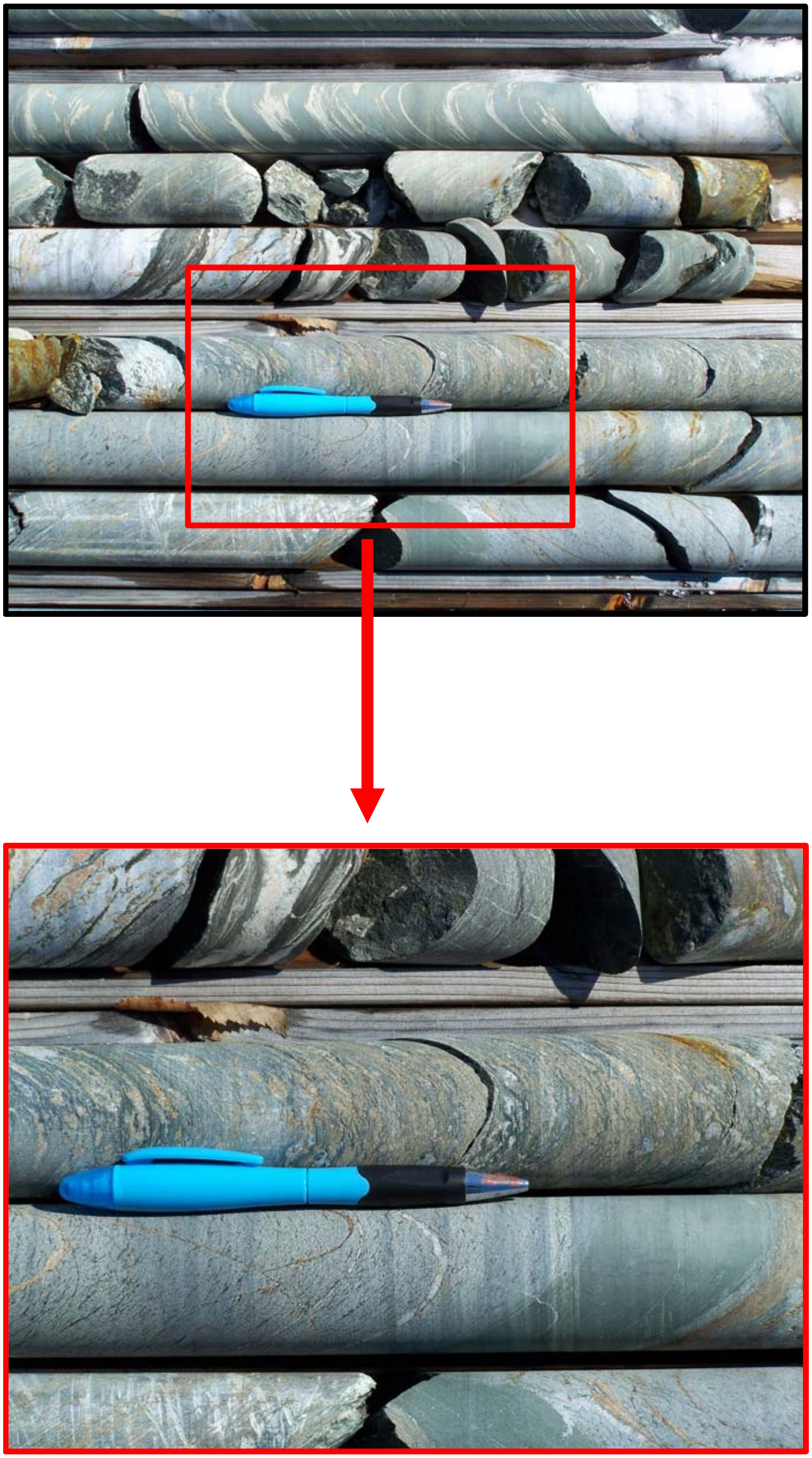


Figure 7: Strongly foliated and sheared gabbro from drillhole K05-16.

7 Deposit Types

Economic concentrations of nickel are associated with magmatic sulphide accumulations and weathered products of mafic-ultramafic rocks as lateritic nickel ores. Economic sulphide nickel deposits span a broad age range from the Achaean to Phanerozoic (2.7 Ga to 0.25 Ga). The largest discovered deposits to-date is the Noril'sk and Sudbury ore concentrations. Current popular theory for the formation of nickel sulphide deposits invokes partial melting of the upper mantle, magma fractionation, magma mixing, and contamination by country rock to form a separate sulphide melt from a mafic magma. Tectonic setting and structure are also used as a common theme, however all large nickel sulphide deposits also have unique characteristics that set them apart. The Kenbridge nickel sulphide deposit is a magmatic sulphide accumulation with tectonic, structural, and geological similarities to established larger deposits.

Established nickel sulphide deposits show similarities in geological setting while maintaining individual distinct and unique characteristics. The main components include nickel-copper association, proximity to a major structure(s), mafic-ultramafic association and host rock, and the presence of a possible breccia feeder system.

Several components of larger nickel sulphide deposits are recognized at Kenbridge, however similarities are insufficient to be uniquely correlated with any single major nickel deposit. The rifted tectonic setting, proximity to a major regional structure, breccia pipe, indications of multiple intrusive phases, and abundance of smaller mafic-ultramafic intrusions and nickel sulphide showings provide comparisons with larger nickel sulphide deposits. The deposit appears as one of several known (and perhaps additional undiscovered) multiple intrusive breccia pipes that may represent the conduits of a larger common system associated with the regional structure. Sulphides appear to be of the high nickel tenor variety, with nickel/copper approximating a 2:1 ratio overall. According to Keast and O'Flaherty (2006) there is potential to discover additional similar deposits along strike and/or at depth along the structural corridor which hosts the Kenbridge deposit.

8 Mineralization

Nickel sulphide mineralization in the Kenbridge project area is exposed in trenches over a distance of 150 metres, but the nickel-copper mineralized zone has a strike length of about 250 metres as indicated by drill data, although the gabbroic host rocks have a significantly greater extent. This mineralization has been investigated in detail on two underground levels at Kenbridge and with drilling to a depth of 823 metres (2700 feet). Mineralization (pyrrhotite, pentlandite, and chalcopyrite ± pyrite) is found as massive to net-textured and disseminated sulphide zones (Figure 8), primarily in gabbro with lesser amounts in talc schist.

Keast (2006) advocates a model in which the sulphides were remobilized in a breccia pipe conduit; this interpretation is consistent with the variable grade and less variable nickel/copper ratios of the deposit. Nickel grades within the deposit are proportional to the total amount of sulphide with massive sulphide zones locally grading in excess of 6 percent nickel.

Figure 8: Massive and disseminated sulphide mineralization (including pyrrhotite, pentlandite, chalcopyrite and pyrite) within altered gabbros from drillhole K05-9.

Mineralized drill core samples were submitted by Blackstone to SGS Lakefield Research in 2006 in order to obtain an estimation of modal abundances of high grade gabbro (HGG) and low grade gabbro (LGG) samples. The estimated modal abundance summary in Table 2 shows the percentage modal abundance of the major sulphide minerals relative to the silicate minerals at the Kenbridge Project for high and low grade gabbro samples.

Table 2: Modal abundances of major minerals in low (LGG) and high (HGG) grade gabbro composites.

Mineral Assemblage	LGG %	HGG %
Amphibole	28.5	28.2
Chlorite	24.8	15.0
Quartz	19.7	11.7
Talc	2.9	0.7
Pentlandite	1.2	3.4
Chalcopyrite	0.9	1.3
Pyrrhotite	3.1	14.9
Pyrite	0.8	1.0
Other	12.1	23.8

Various mineralized occurrences occur within the vicinity of the Kenbridge Project (Figure 9)

- The Maybrun Deposit, located 6 km south of the Kenbridge Deposit, was exploited for copper and gold during a short period of time in the 1950's and again in the 1970's. Surface and underground development work at Maybrun resulted in a partly blocked out 2,824,825 tons of rock with a grade of 1.18% copper, 0.08 ounce per ton gold (Davies, 1973).

- The Denmark Lake Property covers the following historical prospects: Ross Creek Ni-Cu Occurrence: The showing consists of coarse pyrrhotite and chalcopyrite mineralization within a coarse grained gabbro. Limited drilling has intersected 0.35% copper, 0.27% nickel over 1.2 metres.

  Green Bay Ni-Cu Occurrence: Trenching of a sulphide occurrence revealed pyrrhotite and chalcopyrite mineralization within a medium grained gabbro.

  Nelson Gauthier Ni-Cu Occurrence: The showing consists of blebs and disseminations of pyrrhotite and chalcopyrite hosted by a coarse grained pyroxenite. Limited diamond drilling here has intersected 0.78% copper and 0.78% nickel over a 15 metre wide interval.

  Apex Ni-Cu Occurrence: The showing consists of chalcopyrite and nickeliferous pyrrhotite in a discrete gabbro intrusion situated at the termination of an oval shaped magnetic anomaly. An unconfirmed historical resource is reported for the Apex Occurrence of 237,600 tonnes at 1.03% copper, 0.56% nickel, outlined by approximately thirteen diamond drill holes.

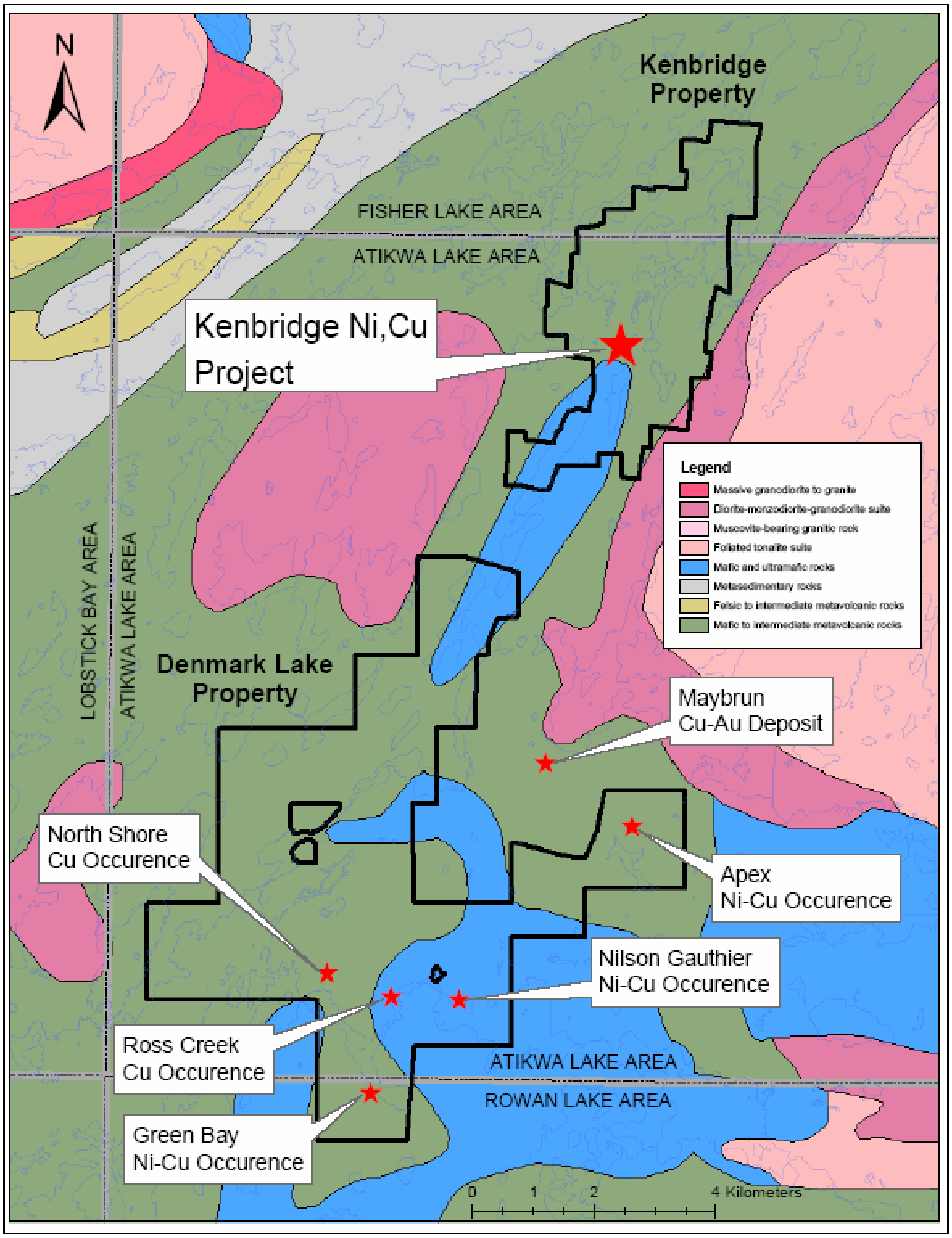


Figure 9: Plan showing locations of reported mineral occurrences in the immediate surrounds of the Kenbridge Project.

9 Exploration

9.1 Introduction

The discovery and early exploration history of Kenbridge during the period 1936 to 1958 includes various activities ranging from geological mapping to geophysics to drilling to underground development. Core drilling totalling 34,547 metres was completed within the project area during this period. The majority of the diamond drilling, and all underground development and exploration was completed between 1937 and 1957 by Coniagas, Inco and Falconbridge.

In 2005, Blackstone completed a surface geophysics program on a portion of the property and completed 21 drill holes on the Kenbridge deposit, totalling 4,118 metres.

9.2 Geophysical surveys

Details of the Ontario Geological Survey (OGS) sponsored GEOTEM survey (OGS, 1987) on the Kenbridge Project are not available, but a brief outline of the Blackstone (2005) sponsored 26 line kilometre UTEM3 geophysical survey is described here (modified from Keast and O'Flaherty, 2006).

A detailed description of the geophysical program is given by Krawinkel, (2005).The UTEM data were collected using Lamontagne UTEM 3 receivers s/n 1 and 11, coils s/n A1 and A2, and transmitter s/n 105. Multiple readings at varying distances from the loop edge on each line were routinely taken and used as a gauge of data quality. Location data were collected during the survey using hand-held GPS instruments (Figure 10). Slope measurements were taken along the lines to calculate elevations. Lines were spaced at 200 meters and placed by chain and compass, lines were generally 1,500 metres long. The loops were oriented parallel to the deposit trend (032 degrees) and the line direction was 122 degrees. The first loop was placed to survey over the Kenbridge deposit with another loop to the northeast. The other loop was moved to the southeast by 100 meters as some responses while surveying loop 2 were close to the forward loop edge. A total of 26 line kilometres were surveyed.

The response of the Kenbridge deposit (line 5000N/ 4450-4650) to the survey is seen by Krawinkel, (2005) as "a distinct but not remarkable feature." From drill data it is now thought that the massive sulphide (most conductive) part of the deposits consist of irregular shapes which are quite discontinuous along strike. Although net-textured and disseminated sulphide mineralization is much more continuous it does not have the required conductance to elicit a strong geophysical response. Responses over the rest of the survey area are subdued (Figure 10) and many are clearly related to landforms, particularly the western edges of the lakes. There are a few responses (L6200-6600; L7600-8000) where flat lying conductance similar to, but much weaker than, the Kenbridge deposit may indicate continuation of the host structure and possible weak sulphide mineralization. Keast and O'Flaherty, 2006 recommended that induced polarization geophysical surveys be tested over the Kenbridge deposit and if successful that this method be employed in the search for additional mineralization in the area.

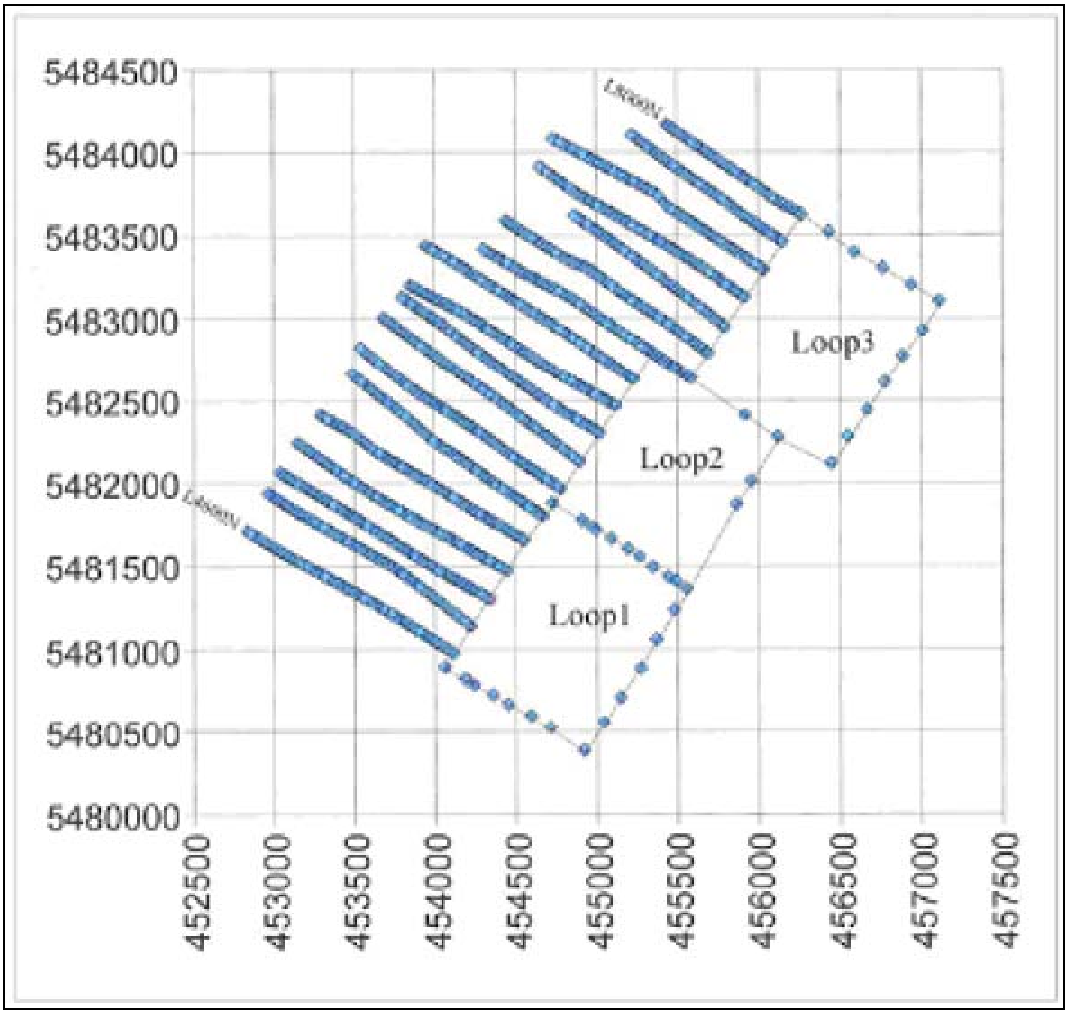


Figure 10: UTEM survey grid location (using a UTM NAD83 projection) from Krawinkel (2005).

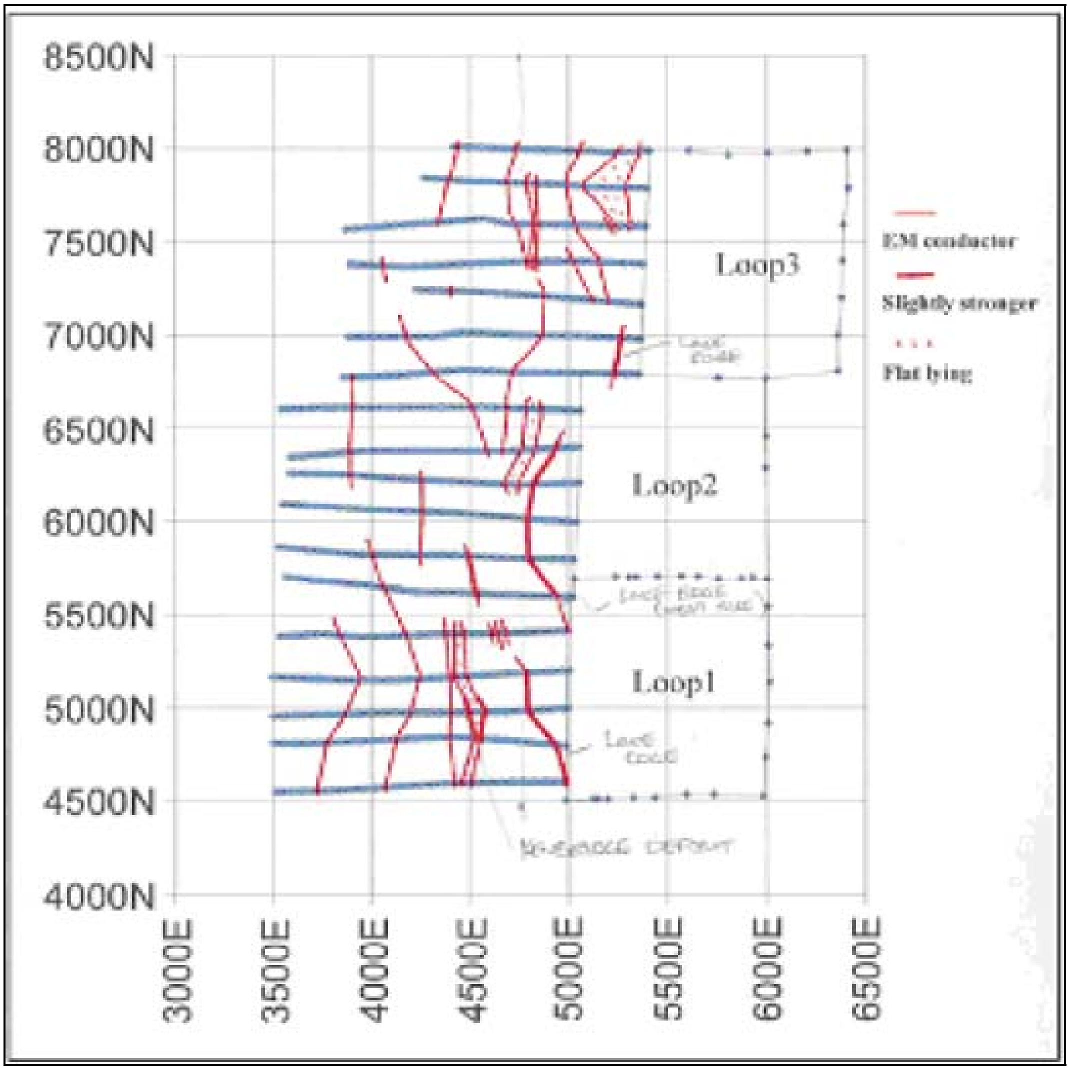


Figure 11: UTEM conductor response trends (using local grid projection) from Krawinkel, (2005).

10 Drilling

10.1 Introduction

During the period 1937 to 2005, four exploration companies undertook various phases of drilling activities on the Kenbridge Project (Table 3).

Table 3: Summary of diamond drilling activities at the Kenbridge Project.

Company	Period	Type	Total drilled		Resource Estimate
			holes	metres	holes
Coniagas	1937	Surface	35	3,048	26
INCO	1948-1949	Surface	14	3,658	0
Falconbridge	1952-1957	Surface	53	12,579	52
	1952-1957	Underground	246	15,262	246
Blackstone	2005	Surface	21	4,118	21
Total			369	38,665	345

All of the drilling on Kenbridge was diamond drilling, although core from the programs drilled prior to 2005 is not available for inspection by SRK. Drilling from the INCO program was not considered for resource information. Specifics regarding the Blackstone drilling program have been summarized by Keast and O'Flaherty, 2006 and are referenced here. Specifics regarding the Coniagas, INCO and Falconbridge drilling are not available in a report, but have been summarized by Keast and O'Flaherty, 2006 and are reproduced here.

10.2 Surveying

Coniagas and Falconbridge surface drilling were completed on a common grid, that was also used as the underground mine grid. The historical drill holes are referenced on several historical collar location plans, and the underground drilling is located on underground plan maps. Blackstone used non differential GPS units to establish the UTM location of mine site buildings identified on the historical drill plan maps. The historical mine grid with the Falconbridge and Coniagas drill holes were then transposed into UTM coordinates.

Blackstone used non differential GPS units to spot the drill holes during their 2005 phase of drilling.

The Coniagas and Falconbridge holes are accurate with respect to the other holes from this phase of surface and underground work. The accuracy of the location of the Blackstone holes with respect to the historical work may be offset by as much as 10-15 metres (pers. com Todd Keast, 2007). Canadian Arrow plan to establish a new surveyed base line prior to the next phase of drilling. This base line will also enable all historical drilling to be tied into a single base line. All drilled collars should be re-surveyed.

Downhole drillhole surveys are incomplete for much of the historical (pre-2005) drilling.

Average drill length for the Coniagas drilling was 90 metres. Nine drill logs were missing from the historical Coniagas drill database. Drill angle for the Coniagas drilling varied between minus 45 to minus 65 degrees. Dip tests were only completed on one hole, which had a 1 degree upward deflection for every 25 metres drilled. The Coniagas drillhole locations were identified on historical maps and sections by (pers. com Todd Keast, 2007).

Original INCO drill logs are not available for review. The average length of INCO holes was 166 metres. Dip survey information from 12 holes indicate an upwards deflection of 1 degree for every 6.6 metres drilled. The drill angle for the INCO holes varied between minus 45 and minus 60 degrees. The large dip deflection indicates significant drillhole deviation which was not measured in the horizontal direction (pers. com Todd Keast, 2007). The lack of reliable drillhole information and the high drillhole deviations led to the elimination of these holes from the resource estimation database.

Original Falconbridge (surface drilling) drill logs are not available for review. One drill log was missing from the historical database. The majority of the holes were started as vertical holes. Some holes had dip measurements recorded, however the direction of the holes is not indicated on drill log sheets. Forty eight of the holes had initial dips between minus 76 and minus 90 degree whereas 4 holes recorded dips of between minus 55 and minus 75 degrees. The average length of these holes was 230 metres. The average dip deflection of these holes was 1 degree for every 41meter drilled.

Original Falconbridge (underground drilling) drill logs are available for all holes except those on the 500 level. Geology and assays for holes on the 500 level were determined from the information on the level plans and from assay level plans. Typically holes are spaced every 50 feet on sections and between levels. The relatively short length to these holes probably minimizes drillhole deflection errors. Table 4 summarizes drill coverage per underground level. For the Blackstone program, drill holes were spotted by handheld GPS. A total of 4,118 metres of drilling was completed with an average drillhole length of 196 metres. Horizontal drillhole deflections and vertical deflections were measured for 19 of the 21 holes. Holes averaged 1 degree of horizontal deflection for every 106 metres of drilling and 1 degree of vertical deflection for every 57 meters of drilling.

Table 4: Summary the Falconbridge underground drill dataset.

Level	Holes	Drill metres	Average length
200	2	320	160
300	111	5045	45
500	86	3078	36
600	3	450	150
800	3	438	146
900	3	442	147
1100	3	424	141
1200	5	677	135
1400	3	403	135
1500	7	904	130
1700	3	376	125
1800	5	607	121
2000	12	2098	174
Total	**246**	**15,262**	**62**

10.3 Drilling pattern and density

Blackstone (2005) drilled 21 NQ diameter drill holes totalling 4118 metres (Table 3). Figure 12 shows a plan of Blackstone and pre-Blackstone program surface drill collar locations, relative to existing Kenbridge infrastructure.

The Coniagas surface drill holes were drilled along 35 metre fences. The Blackstone surface drill program was designed along 50 metre fences with drilling both towards the east and west. The Falconbridge surface program was designed to yield 30 x 20 metre drill coverage (Figure 13). The Falconbridge underground drill program generated drilling fanning out from underground development sites (drifts and shaft) to produce coverage of approximately 20 x 20 metre in the shallow portions and 40 x 40 metre in the deeper portions (Figure 13).

It is the opinion of SRK that the drilling strategy and pattern have produced an adequate drill density to construct initial resource models for this style of mineralization. The steeply dipping nature of foliation and lithological contacts on Kenbridge (with sub-parallel mineralization) however suggests that angled drill orientations are more optimal than steep drilling (some of the historical drilling was designed vertically).

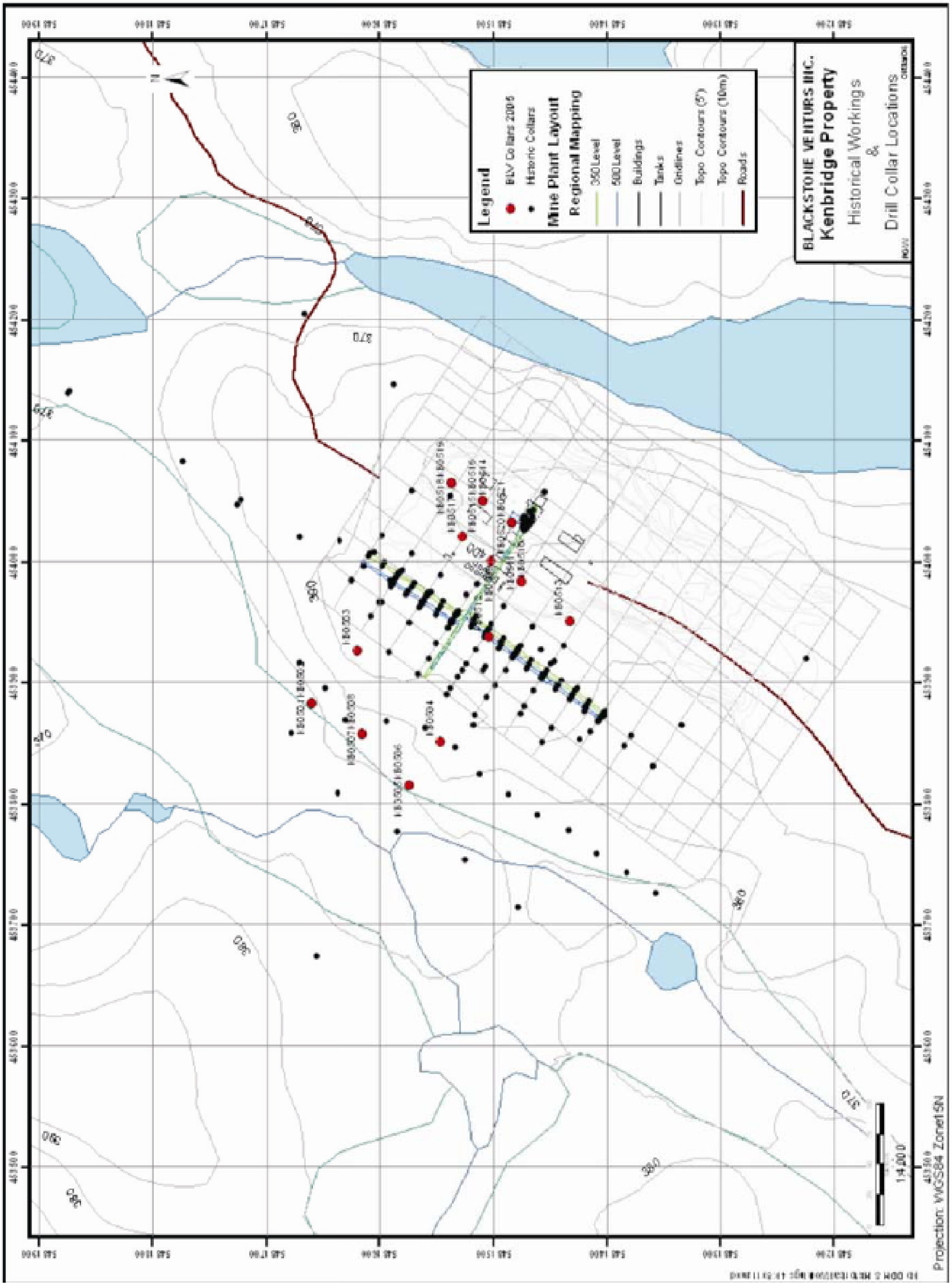


Figure 12 Plan showing surface drill collar locations in relation to historical Kenbridge project infrastructure.

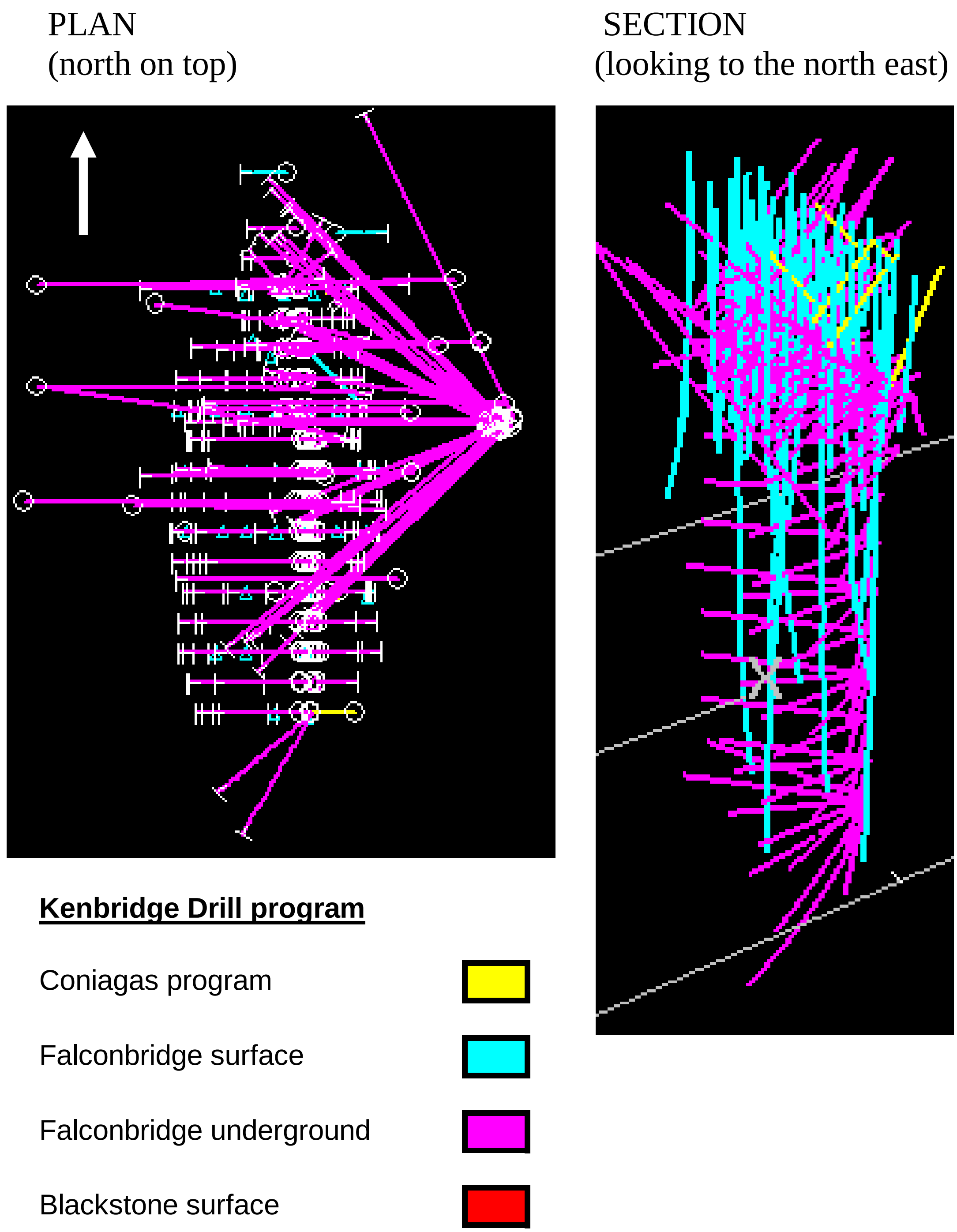


Figure 13 Plan and section showing contributions and drill coverage of the various drill programs

11 Sampling approach and methodology

11.1 Introduction

Data reviewed in this study and applied for geological modeling and resource estimation was the product of various phases of historical exploration by different companies. As the data is historical, actual field procedures implemented by exploration staff could not be reviewed. SRK could not review core handling, logging or sampling procedures implemented. The core from the Falconbridge exploration programs is stored in external on site core racks, which after over fifty years of exposure to the elements have made examination (and database validation) of historical core impossible. The details of the Coniagas, INCO and Falconbridge (both surface and underground) exploration procedures on the Kenbridge Project can not be commented on. Exploration reports on this historical work are unavailable.

Keast and O’Flaherty (2006) have summarized field procedures adopted by the Blackstone exploration team in 2005. These procedures were obtained from personal interviews with Blackstone exploration staff. The relevant details of the Blackstone exploration program in 2005 are included here.

All drill holes were logged on site and for the first phase the NQ core was sawn and quartered and metallurgical samples taken. Rapid production during the second phase of drilling resulted in most of the core splitters time being spent building drill pads and only a small amount of core was actually split on site during the drill program. As the project was helicopter supported it was more efficient to fly the remaining mineralized intervals (approx 120 boxes) to the Maybrun mine site and then transport the core to Sioux Narrows for splitting at facilities owned by a sub contractor. The second phase split core is currently being stored at the Maybrun Mine site and waiting for relocation to Kenbridge.

11.2 Historical sampling protocols

The sampling approach and methodology of the Coniagas, INCO and Falconbridge exploration programs has not been documented. It is unknown what criteria were applied to select sample intervals, but it is noted that some very large sample intervals occur in the historical database (Figure 14).
A limited insight into the Blackstone (2005) sampling approach and methodology is provided by Keast and O’Flaherty (2006). It is apparent from core inspection that only core with visible sulphide was sawn and sampled. There is a substantial amount of core that has not been sampled that may contain grades (albeit low grades). Canadian Arrow exploration staff has

recognised this and will be re-logging and re-sampling the unsampled Blackstone core.

Summary statistics for sample lengths for the total Kenbridge drill database is as follows:
Mean: 2.02 metres, Median: 1.52 metres, Mode: 1.00 metres, Standard Deviation: 2.04 metres, Minimum: 0.10 metres, Maximum: 65.23 metres, Count: 4773.

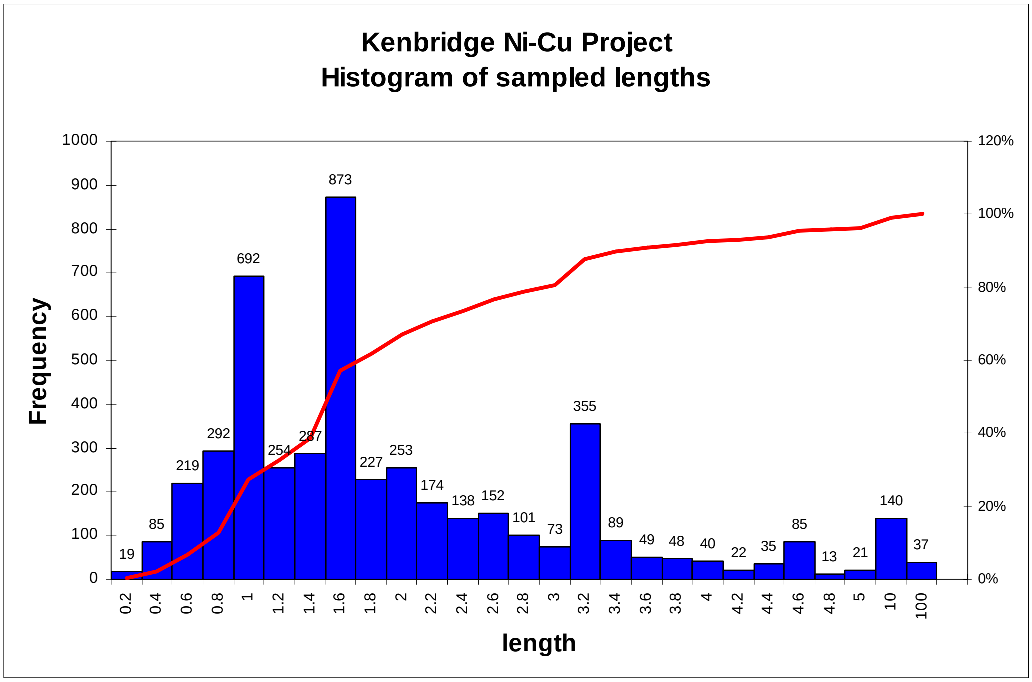


Figure 14: Histogram of sampled lengths from the total Kenbridge dataset.

12 Sample preparation, analyses and security

12.1 Sample preparation and analyses

Information regarding the historical Coniagas, INCO and Falconbridge sample preparation, analyses and procedures is not available to SRK. Summarized information regarding the Blackstone (2005) program is documented in Keast and O'Flaherty (2006).

The Blackstone NQ core was used for metallurgical testing, specific gravity determinations as well as for analytical analyses for a pre-selected suite of elements. Metallurgical samples were taken from various mineralized intervals with the objective of representing a range of mineralization types, grades and locations from Kenbridge. Where metallurgical samples were taken, half of the split core was taken and packed in nitrogen filled sealed bags, which were then packed within airtight nitrogen filled plastic containers and shipped to SGS Laboratories in Lakefield, Ontario. The residual half core was then sawn in half (quartered) and samples were used to determine specific gravity, before being placed into sealed bags for shipment to SGS Mineral Services in Sudbury, Ontario for analyses. Quality control procedures employed include the inclusion of blanks and standards at pre-determined intervals. It is reported by Keast and O'Flaherty (2006) that insufficient blanks and standards were available on site to cater for the entire sampling program.

Analyses were conducted in two phases: all samples were analysed for nickel, copper and cobalt by ICP-OES, following a sodium peroxide fusion. Mineralized intervals were then identified and samples within those intervals were analysed for platinum, palladium and gold by fire assay methods with atomic absorption finish and for silver by multi-acid digestion followed by atomic absorption. Sulphur was determined by Leco Furnace. Sample sizes used for analyses are not reported. Selective repeat samples were not taken. In addition, it is not reported whether an umpire laboratory was used for the Blackstone analyses.

The SGS Mineral Services Laboratory in Sudbury is accredited to ISO 17025 by the Standards Council of Canada for a number of specific test procedures.

SRK is unable to comment on the security measures in place during the sample handling processes over the various phases of data generation, as no information relating to this aspect is available.

12.2 Quality assurance and quality control program

Quality control measures are typically set in place to ensure the reliability and trustworthiness of exploration data. This includes written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, data management and database integrity. Appropriate documentation of quality control measures and analysis of quality control data are an integral component of a comprehensive quality assurance program and an important safeguard of project data.

The field procedures implemented by Coniagas, INCO and Falconbridge during their respective exploration programs cannot be commented upon by SRK, as documentation to verify exploration aspects such as surveying, drilling, core handling, sampling, assaying and database creation and management are not available. Reference to the quality assurance and quality control program implemented by Blackstone during their exploration program in 2005 is made by Keast and O'Flaherty (2006).

Analytical control measures typically involve internal and external laboratory measures implemented to monitor the precision and accuracy of the sampling, preparation and assaying process. They are also important to prevent and monitor the voluntary or inadvertent contamination of samples. Although assay certificates and Quality Assurance and Quality Control Reports from SGS Laboratories in Sudbury were not available to SRK, it is assumed that internal and external laboratory control measures were in place.

In addition to the inferred quality assurance measures taken by SGS Laboratories in Sudbury, a series of external analytical quality control measures to monitor the reliability of assaying results delivered by SGS Laboratories was implemented by Blackstone. A series of blanks and standards were inserted at approximately every 10 to 20 samples. It is however reported that blanks and standards were only inserted into 16 of the 21 drill holes of the program.

Blank samples used at Kenbridge were taken from previously drilled gabbro units. These gabbro units can contain pyrite and other mineralization, so SRK has reservations whether this material can effectively be used as a reliable source of blank material. The results of the assayed nickel, copper and cobalt 'blanks' is shown in Figure 15, where particularly the wide variance in nickel percentage results confirms that the gabbro is not a suitable 'blank' sample material.

Two 'uncertified' standards were applied by Blackstone. The results of the Blackstone standards for nickel, copper and cobalt percentages are plotted in Figure 16. SRK has been unable to determine what the certified values of these standards were, so is unable to comment on the deviation of these results from these 'standard' values.

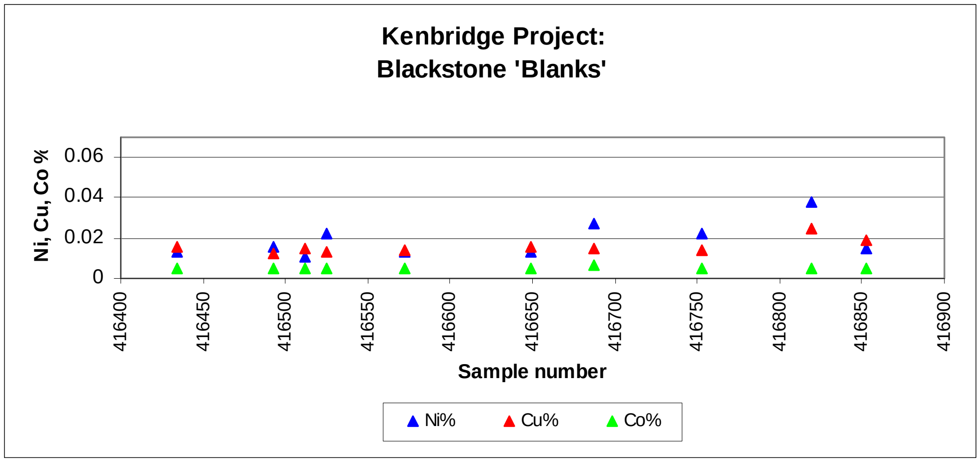


Figure 15: Plot of the Blackstone 'blank' analyses for nickel, copper and cobalt.

12.3 Specific gravity database

Specific gravity measurements were collected during the Blackstone core drilling program in 2005. No reliable specific gravity data exist for any of the previous historical drilling programs.

A total of 588 determinations were available for the Kenbridge project. These were all assigned to a single weathering profile with no geo-domain differentiation. The statistics of this dataset is summarized in Table 5.

A histogram of the resultant specific gravity data is shown in Figure 17. It is significant to note that specific gravity measurements were only taken for mineralized samples. As no distinct weathering surfaces were logged, an average of 2.95 has been applied for mineralized samples in this study. No specific gravity data is available from the other historical exploration programs.

A plot highlighting the relationship between nickel grade and specific gravity is shown in Figure 18. A linear relationship can be established characterized by the equation: Specific gravity = 0.167 x (Ni %) + 2.8583. The correlation coefficient between these two variables is 0.7569.

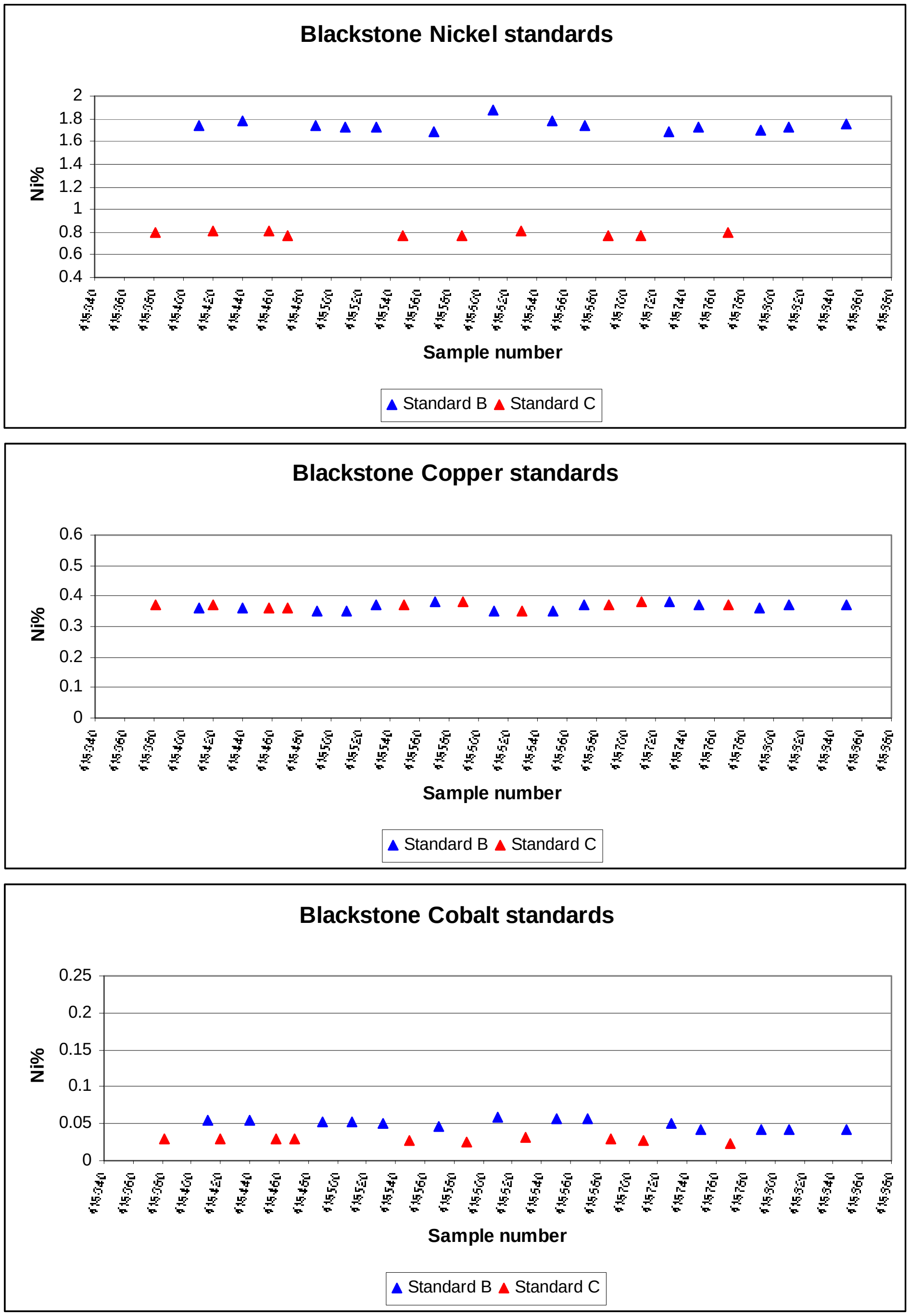


Figure 16 Plot of the Blackstone Nickel, Copper and Cobalt standards Assay results.

Table 5: Statistics of the specific gravity database considered for resource estimation.

Mean	2.95
Standard Error	0.01
Median	2.93
Mode	2.94
Standard Deviation	0.18
Sample Variance	0.03
Kurtosis	18.60
Skewness	3.26
Range	1.89
Minimum	2.64
Maximum	4.53
Sum	1735
Count	588

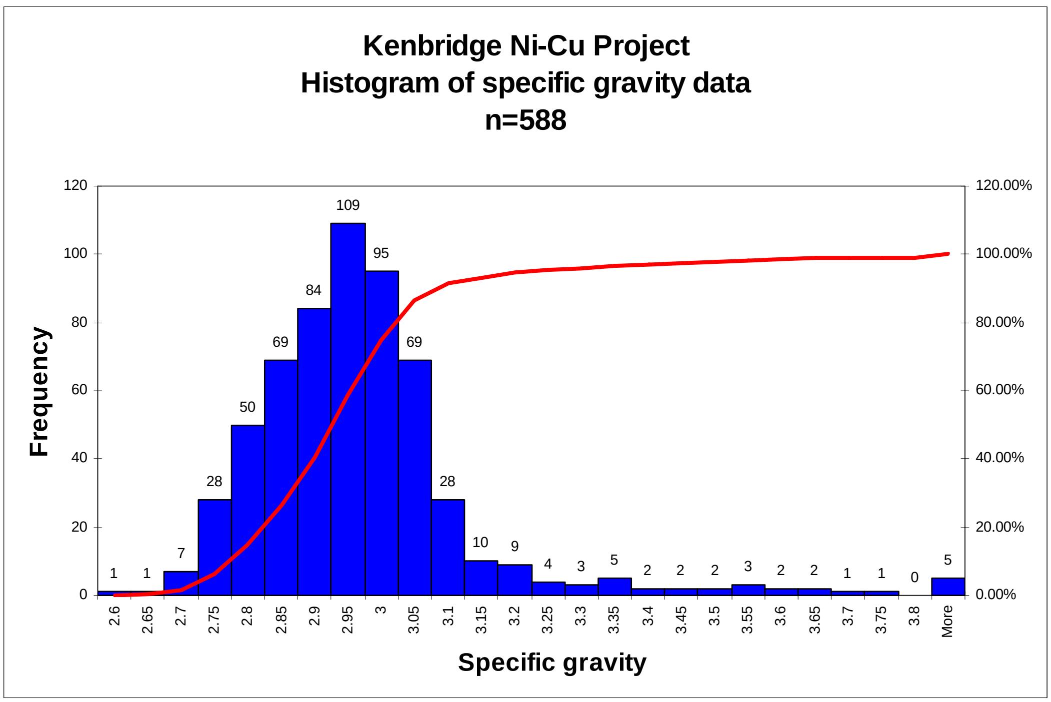


Figure 17: Histogram of specific gravity data for the Blackstone dataset.

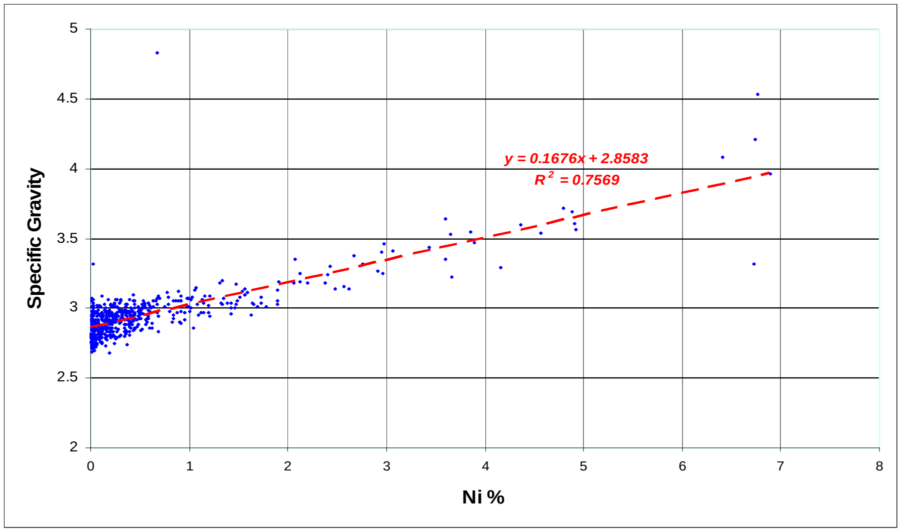


Figure 18: Scatter plot showing the relationship between SG and Ni% from the Blackstone drilling dataset.

To verify the quality of the Blackstone specific gravity dataset, Canadian Arrow selected a set of forty one samples for re-analyses at SGS Lakefield Laboratories. The results of this reconciliation are presented in Figure 19. Although the two sources of specific gravity yield similar average values, the inter-sample correlation coefficient (R^2) is 0.46.

Both specific gravity analyses were conducted by water immersion methodologies. The apparent low correlation could be attributed to the use of different lengths of sample from within the same sample measured core interval.

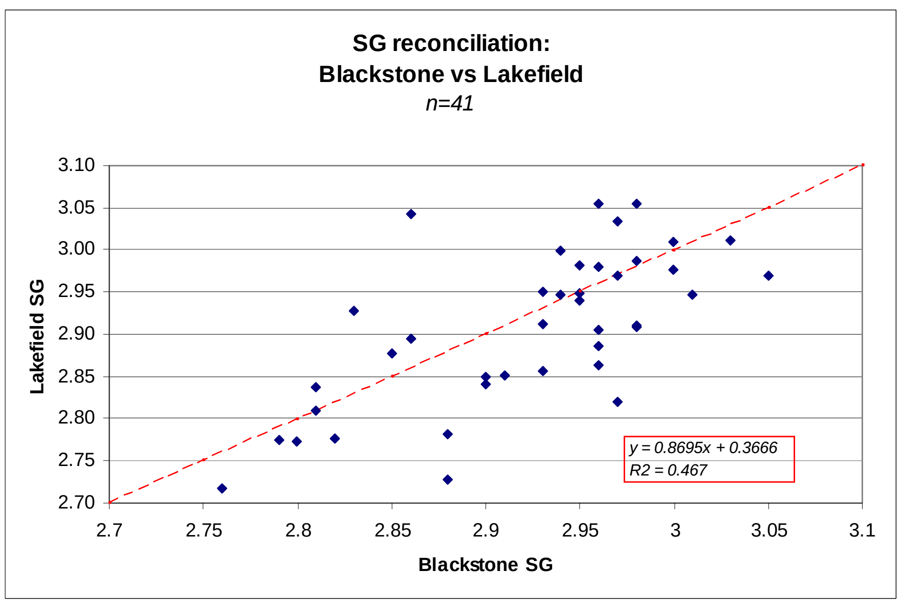


Figure 19: Reconciliation plot between Blackstone and SGS Lakefield specific gravity data.

13 Data verification

13.1 Historical data verifications

It is good practice for exploration staff to implement field procedures designed to verify the collection of exploration data and to minimize the potential for inadvertent data entry errors. SRK was unable to comment on the procedures adopted by Coniagas, Falconbridge and Blackstone. No record is available of the procedures adopted by these companies to undertake data verifications.

13.2 Control Sampling Assay protocols

Control sampling procedures include the techniques such as the following:

- Validation of the assay results in the database compared with the original assay certificates;
- Taking replicate core samples from a second split of the pulverized sample at the laboratory;
- Duplicate analyses of selected samples;
- Sieve tests to verify the grinding on the pulp required for assaying;
- Insertion of routine blank samples to check for possible sample contamination during the preparation and assaying process;
- Application of appropriate grade certified control samples (standards);
- A check assaying program with an umpire laboratory.
-

Besides a limited QAQC program applied by Blackstone (blanks and standards), no evidence was available to SRK to enable comment on any other control sampling procedures adopted.

13.3 SRK independent verifications

During the site visit to Kenbridge, SRK was able to verify many of the drill collars positions in the field. In addition SRK selected five drill holes from the Blackstone program for high level logging which was compared to database information. Generally logging compared well, but on occasion it is apparent that gabbro and the host mafic volcanics were not consistently logged. Canadian Arrow has indicated their intention to re-log the Blackstone core to ensure consistency. In addition, unsampled mineralized intervals will be sampled. Assay results were compared to actual core intersections and a good correlation between sulphide mineralization and higher grades was observed. SRK did not consider it necessary to take additional independent core samples for comparative analyses.

No independent data verifications were possible with any of the pre-Blackstone data.

14 Adjacent Properties

The areas surrounding the Kenbridge Project have experienced minor prospecting activities including geological mapping and diamond drilling with minor discoveries of sulphide mineralization. These mineral occurrences, which are shown in Figure 9 for reference, are not related to the Kenbridge Project and do not form part of this technical report.

15 Mineral Processing, Mineralogy and Metallurgical Testing

Approximately 1600 kilograms of drill core was forwarded to SGS Lakefield in April 2005 from which three metallurgical composites were compiled (SGS Lakefield, 2006). The composites were named Low grade Gabbro (LGG), High grade Gabbro (HGG) and Talc. A sufficient quantity of composite was created to allow assessment of several pre-concentration methods, plus flotation flowsheet development testwork for the as-received and concentrated material. The results of the metallurgical testing of mineralization from the Kenbridge Project are presented in SGS Lakefield (2006).

Metal distribution by size analyses was conducted on each composite and this highlighted little upgrading of base metals to the finer fractions. Composite hardness was assessed using the standard Bond work index methodology at a mesh of grind similar to that used in flotation.

A metallurgical study of each composite was conducted to identify the base metal sulphide and main gangue minerals, with the objective of accounting for all copper and nickel phases. Representative sub-samples of each composite were submitted for XRD analyses. The modal abundance of minerals in each composite was estimated using QEMSCAN. In addition, the main sulphide minerals and nickel bearing silicate species were submitted for microprobe analyses to assist in determining the deportment of nickel. The results of the flotation testwork on as-received LGG composites using standard copper – nickel reagents and an intermediate grind of 92 micron were positive.

Mineralogical examination by SGS Lakefield (2006) on Kenbridge composites highlighted significant nickel concentrations in gangue species which effectively limits nickel recovery to approximately 85 percent in a bulk sulphide flotation circuit.

Preliminary testwork indicates recoveries of 77 percent copper at a concentrate grade of 27.5 percent copper and recoveries of 74 percent nickel at a concentrate grade of 11 percent. Table 6 summarizes the SGS Lakefield (2006) flotation results.

	Weight		Assays, %, g/t				% Distribution			
	g	%	Cu	Ni	Fe	S	Cu	Ni	Fe	S
Cu Concentrate	84.6	0.7	27.5	2.2	30.8	33.6	76.7	2.9	2.1	10.7
Ni Concentrate	423	3.6	1.3	11	34.8	35.5	18.4	73.8	11.7	56.6
Bulk Concentrate	507.6	4.3	5.7	9.5	34.2	35.2	95.1	76.6	13.8	67.3
Cleaner Sacavenger Tail	1317	11.1	0.05	0.5	16.9	6	2.1	11.3	17.7	29.6
Bulk Rougher Tail	94840	82.8	0.01	0.1	8.6	0.1	2.3	13.2	67	4.6
Floatation Head (calculated)	46951	393.1	0.58	0.58	8.21	2.25	99.5	101.2	98.5	101.6

Table 6: Locked Cycle Metallurgical Projection (SGS, Lakefield, 2006)

16 Mineral Resource and Mineral Reserve Estimates

16.1 Introduction

Falconbridge Mining completed two estimates of the mineral resource at the Kenbridge deposit. These estimates include undocumented resource estimation in 1957 and another by G.M. Archibald in 1970. These resource estimations were historical estimates being prepared prior to the formulation of NI43-101 protocols. This NI43-101 compliant resource estimate by SRK presents a new resource model for the Kenbridge deposit and supersedes the previous two estimates.

This section summarizes the data and parameters used by SRK to estimate the mineral resources for the Kenbridge deposit. The mineral resource model considers all drilling data except the INCO (1948 to 1952) dataset.

All resource estimation work was completed by Glen Cole, P.Geo from data received from Todd Keast from Canadian Arrow. The resource estimation and accompanying technical report was reviewed by Dr JF Couture of SRK. Previous sections of this report have highlighted concerns about the documentation of the historical borehole data. These issues relate to aspects such as: drilling surveys, sampling approach, lack of documented quality assurance and quality control measures and the inability to undertake a reasonable data verification process for a large part of the dataset. Canadian Arrow has undertaken to remedy these deficiencies in future exploration activities.

The mineral resources presented herein are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101 and have been estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserves Best Practices" guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no guarantee that all or any part of the mineral resource will be converted into mineral reserve.

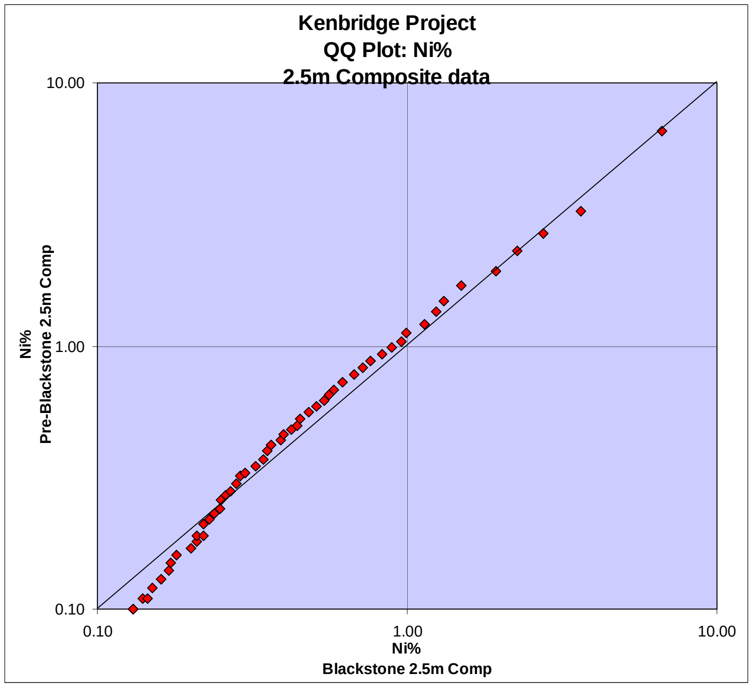
Datamine Studio Version 2.1 was used to construct solids, build composites and the block model, to run grade interpolation and to estimate and tabulate mineral resources. Isatis Version 5.1.7 was used to undertake geostatistical analyses of the dataset and to generate variograms for nickel and copper.

16.2 Database validation

The data verifications adopted by SRK and Canadian Arrow are discussed in Section 8.3. Minimal data verification was possible for the pre-Blackstone data, whereas only limited verification procedures could be carried for the Blackstone data. The database records provided to SRK by Canadian Arrow were audited against original paper log sheets, sections and plans. Database records reflect original data, except for the lithology codes which have been simplified and standardized by Canadian Arrow according to reasonable geological criteria. These lithology codes facilitated the geological modelling process.

The Excel database provided to SRK was checked for any missing data, overlapping intervals and for duplicated data inputs. The assay database comprises of only one data type viz. diamond drill data from various periods. No trenching, reverse circulation drilling or chip sampling data is present in this database.

Quantile-Quantile plots comparing the 2.5 metre composite data for both nickel and copper from the Blackstone exploration program data with that derived from Pre-Blackstone exploration programs (Coniagas, Falconbridge surface and Falconbridge underground) is shown in Figure 20. The data compare well.



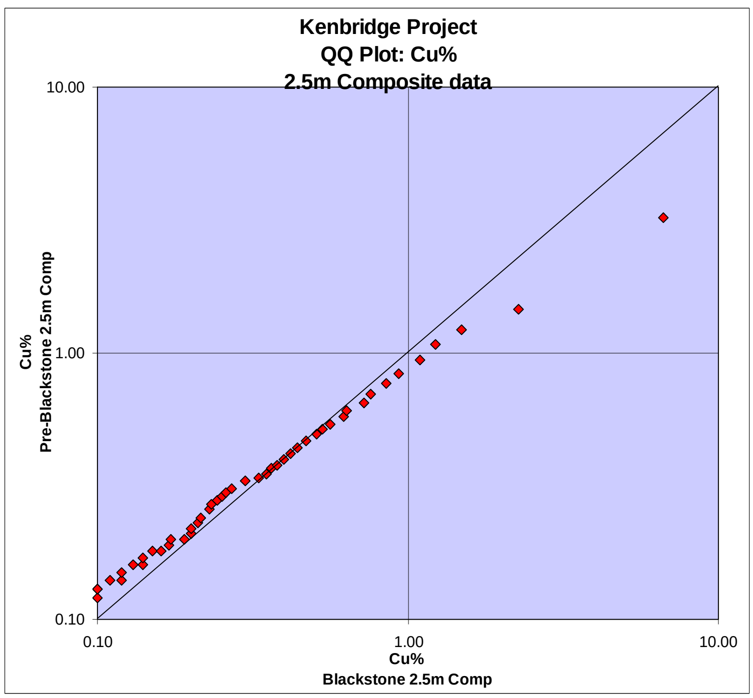


Figure 20: Quantile-quantile plots comparing copper and nickel data derived during the Blackstone program with that derived from pre-Blackstone programs at the Kenbridge Project.

16.3 Resource Estimation

16.3.1 Database

The database used for resource estimation includes exploration core drilling data collected during four exploration programs conducted during the period 1937 to 2005. The database considered for resource estimation purposes is tabulated in Table 3. The database totals three hundred and forty five core drill holes.

The borehole database received from Canadian Arrow Mines contains information about drill collar location, assay results for nickel and copper, lithology and surveying for all drill holes. No information was provided about aspects like structures, rock mass quality and alteration. SRK is of the opinion that the Kenbridge dataset is adequate for resource modelling for this style of sulphide mineralization.

16.3.2 Solid Body Modelling

From the drill hole database provided by Canadian Arrow Mines, SRK constructed several sectional string models to facilitate the definition of geologically valid gold mineralization solids within which grade estimation could be constrained. These sectional string models were constructed at about 15 metre intervals and were constrained to the area populated by drill holes. The modelled area was defined by local co-ordinates: maximum Y+12570 and X+6150 and minimum Y+12200 and X+6020).

With interpretive input from Canadian Arrow Mines staff, the following sectional sting models were constructed:

1. Intrusive sulphide bearing gabbro (host to all sulphide mineralization) definition;
2. High grade sulphide mineralization characterised by on average nickel grades greater than 1 percent (Figure 20);
3. Low-medium grade sulphide mineralization characterised by on average nickel grades greater than 0.25 percent (Figure 20);
4. Considering outputs from 2 and 3 above, a single interpretive “mineralized envelope” was constructed to constrain grade interpolation.

Three dimensional solids were generated by linking the interpretive sectional strings. Along strike, solids were terminated half way between drillhole intersections. Solids were closed by applying tag strings and by closing off each model end string. The ‘mineralized envelope’ solid was extended at depth beyond the direct range of drillhole information to conform to an interpretive northerly plunge of the sulphide body. This interpretive northerly plunge will be tested by future deep surface drilling.

The 'mineralized envelope' solid was fitted to a low confidence estimate of the surface topography. The topography surface was generated in Datamine from a gridded point file provided by Canadian Arrow which was created from a historically derived surface contour plan surrounding the mine workings. Canadian Arrow Mines has undertaken to update the surface topography information.

No weathered surfaces have been modelled, as all drilled material is considered fresh by all available logging detail and by site inspection of the Blackstone core by SRK.

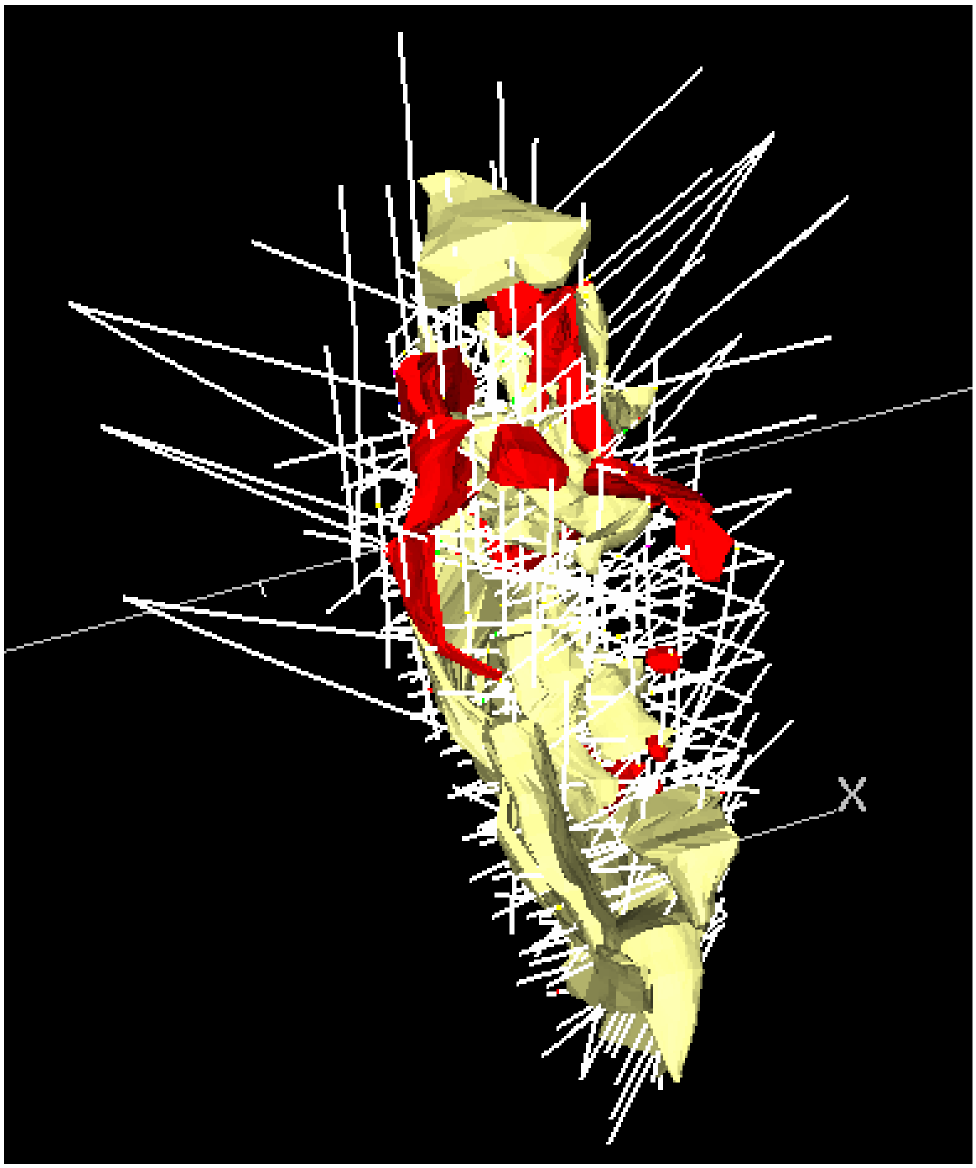
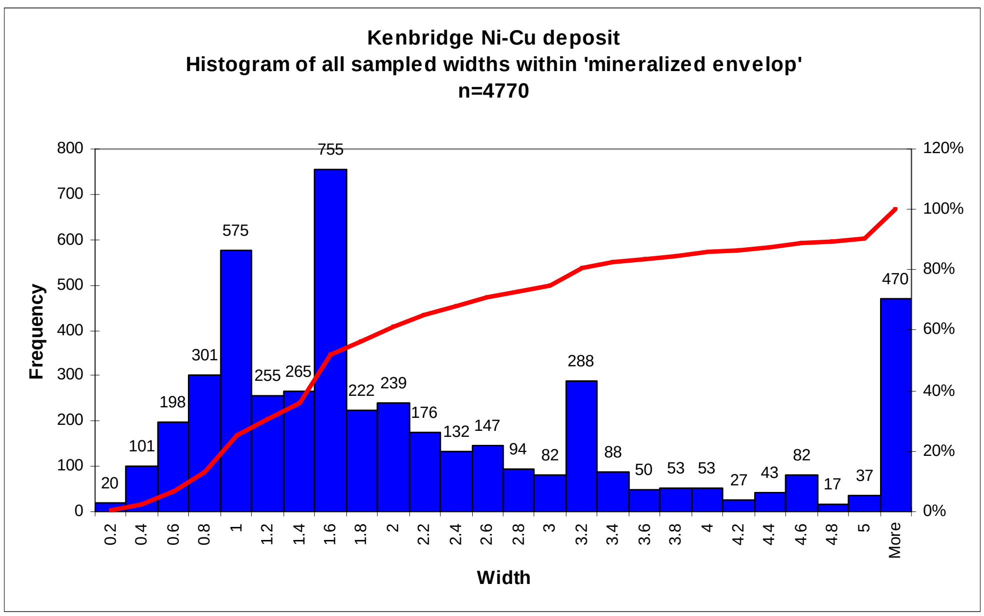


Figure 21: Oblique plan view looking north, highlighting modeled high Ni grade zones (red= >1%) and lower Ni grade zones (yellow= 0.25-1.0%), within the mineralized envelope. The zones are shown in relation to drillhole density.

16.3.3 Compositing

A composite file was created using uncapped values starting at the drillhole collar position and defined within the 'mineralized envelope' solid. All assays were composited to 2.5 metre intervals and extracted to a workspace for statistical analyses and grade interpolation. A histogram showing the distribution of original sample widths within the "mineralized envelope" is presented in Figure 22.

Certain intervals within the historical database (within the "mineralized envelope") were not sampled for reasons unknown. These intervals were assigned a value of zero in the compositing process. Inspection of the Blackstone drill core on site shows that these unsampled intervals sometimes contain sulphide mineralization. Canadian Arrow Mines will re-sample these intervals to enable a sampled value to be assigned to these intervals in future evaluations. In addition, a large proportion of the samples have lengths exceeding 5 metres, which results in a loss of grade definition (Figure 22).



Mean	2.80
Standard Error	0.06
Median	1.53
Mode	1.00
Standard Deviation	4.23
Sample Variance	17.85
Kurtosis	60.39
Skewness	6.39
Range	72.99
Minimum	0.10
Maximum	73.00
Sum	13334
Count	4770

Figure 22: Histogram and statistics of original sampled widths within the 'mineralized envelope'.

16.3.4 Statistics

Basic statistical tabulations for composited nickel and copper from all historical data sources are presented in Table 7. The Falconbridge underground data comprise 45 percent of the total dataset, whereas the historically derived Coniagas dataset comprises only 3 percent of the total dataset.

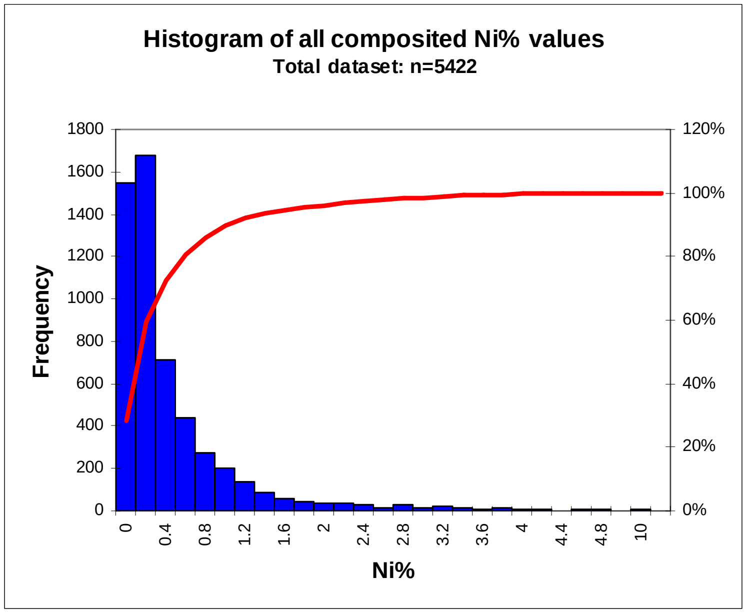
Histograms for composited nickel and copper for all data sources combined within the "mineralized envelope" are provided in Figure 23. It can be observed that the data is highly skewed, with very few high values in the higher grade tail. Comparison of the mean and median suggests that the mean composite grades are somewhat influenced by the skewed dataset. The mode of zero highlights the artificial allocation of zero values to unsampled intervals.

Table 7: Tabulation of Composited statistics for nickel and copper for all sources of data within the 'mineralized envelope'.

	Ni%				
	Coniagas	FB / Surface	FB / UG	B/stone	Combo
Mean	0.33	0.36	0.40	0.37	*0.38*
Standard Error	0.06	0.01	0.01	0.03	*0.01*
Median	0.00	0.10	0.15	0.15	*0.12*
Mode	0.00	0.00	0.00	0.00	*0.00*
Standard Deviation	0.77	0.64	0.66	0.69	*0.66*
Sample Variance	0.59	0.41	0.43	0.48	*0.43*
Kurtosis	8.84	11.96	13.76	20.74	*13.76*
Skewness	2.90	3.13	3.22	3.96	*3.26*
Range	4.08	5.24	6.54	6.64	*6.64*
Minimum	0.00	0.00	0.00	0.00	*0.00*
Maximum	4.08	5.24	6.54	6.64	*6.64*
Sum	60	790	975	223	*2048*
Count	180	2196	2450	596	*5422*

	Cu%				
	Coniagas	FB / Surface	FB / UG	B/stone	Combo
Mean	0.12	0.22	0.22	0.18	*0.21*
Standard Error	0.03	0.01	0.01	0.01	*0.00*
Median	0.00	0.09	0.12	0.07	*0.10*
Mode	0.00	0.00	0.00	0.00	*0.00*
Standard Deviation	0.34	0.33	0.31	0.28	*0.32*
Sample Variance	0.11	0.11	0.10	0.08	*0.10*
Kurtosis	32.34	10.95	14.80	14.97	*13.63*
Skewness	4.87	2.79	3.10	3.21	*3.03*
Range	2.99	3.23	3.21	2.58	*3.23*
Minimum	0.00	0.00	0.00	0.00	*0.00*
Maximum	2.99	3.23	3.21	2.58	*3.23*
Sum	22	473	546	105	*1147*
Count	180	2196	2450	596	*5422*

Percentage contribution	**3%**	**41%**	**45%**	**11%**	**100%**



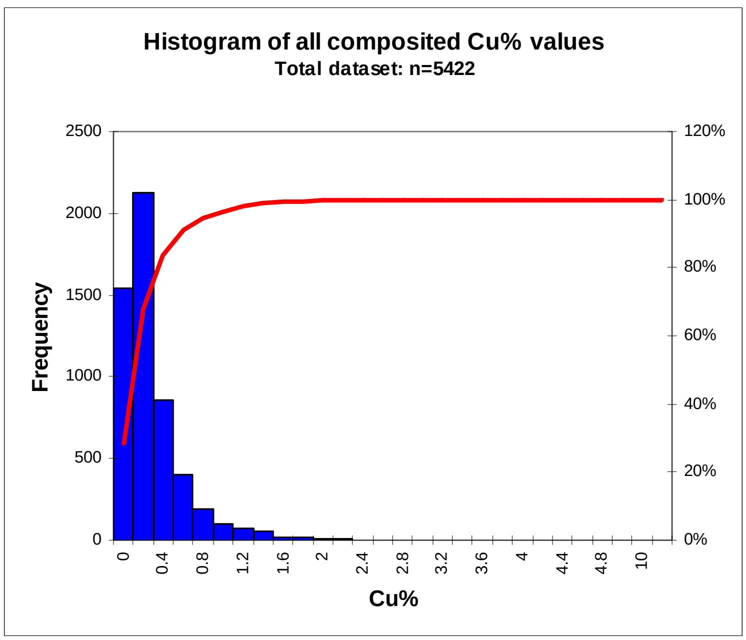


Figure 23: Histogram for composited nickel and copper for data sources within the 'mineralized envelope'.

16.3.5 Grade capping

Careful examination of the composited nickel and copper datasets for all data within the modelled 'mineralized envelop' (Figure 23) and by consideration of the respective probability plots (Figure 24), SRK decided not to apply any capping to the composited dataset. No significant outlier values are interpreted, which could potentially bias the resultant grade interpolations.

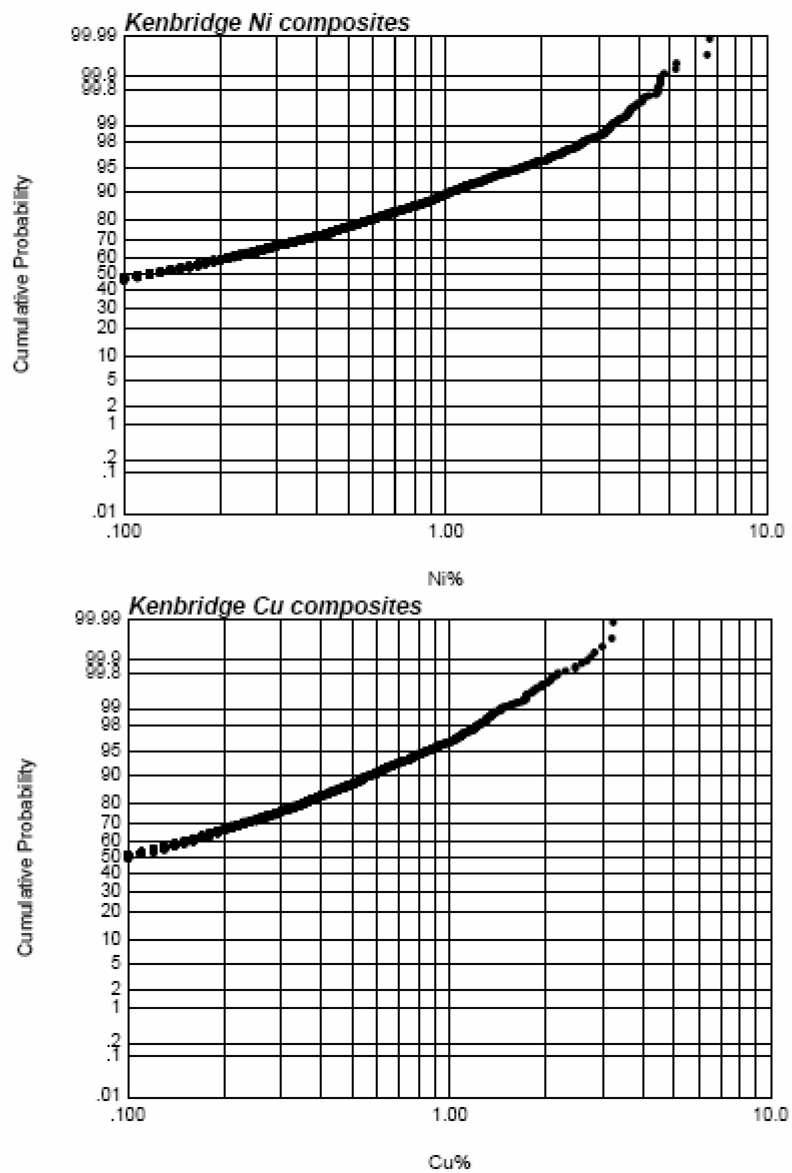


Figure 24: Probability Plots for composited nickel and copper for all data sources within the 'mineralized envelope'.

16.3.6 Variography

Isatis software version 5.1.7 was used to generate all variograms. Traditional experimental variograms were modeled from the total composited datasets for nickel and copper for all three principle directions. A total of six variograms were then fitted, yielding the parameters listed in Table 8. A two structure fitted variogram model was interpreted for both nickel and copper (structure 1 = exponential and structure 2 = spherical).

For nickel the major axis (X) is orientated at N000 degrees, the regular minor axis (Y) orientated at N90 degrees and the Z axis being orientated perpendicular to these. For copper the major axis (X) is orientated at N315 degrees, the regular minor axis (Y) orientated at N225 degrees and the Z axis being orientated perpendicular to these. For nickel the variogram reference plane has a vertical dip (90 degrees), whereas for copper the variogram reference plane dips 75 degrees to the northeast. For nickel grade estimation, the search ellipse was orientated at an azimuth of N000 degrees with a vertical dip, whereas for copper grade estimation the search ellipse was orientated at N315 and a dip of -75 degrees relative to the local grid.

Table 8: Variography Analyses: nuggets, variances and ranges for nickel and copper.

Variogram detail	Nickel %	Copper %
Nugget:	0.220	0.054
Variance:		
Structure 1	0.280	0.053
Structure 2	0.030	0.009
Ranges:		
Structure 1:		
X Axis	17.200	39.000
Y Axis	22.400	18.600
Z Axis	12.440	12.200
Structure 2:		
X Axis	41.50	62.000
Y Axis	43.40	24.900
Z Axis	15.88	27.840

16.3.7 Block Model and grade estimation

Criteria used in the selection of block size included the borehole spacing, composite assay length as well as the geometry of the modelled “mineralized envelope”. The block size was set at an isotropic five by five by five metres in the easting, northing and elevation directions respectively. The parameters of the block model constructed by SRK are presented in Table 9.
A Datamine sub block routine was applied during block model construction (with a minimum block size of one by one by one metres) to ensure that the “mineralized envelope” was adequately filled.

Table 9: Parameters of the Kenbridge Block Model constructed by SRK.

Aspect	Block Model
Block origin	
X	6020
Y	12180
Z	800
Rows	26 x 5m
Columns	74 x 5m
Levels	144 x 5m
Percent Model	No
Rotation	No

Block grades were estimated using ordinary kriging (applying the parameters established in the previous section) as well as by inverse distance squared.

Block grade estimation was completed in two passes for the two classes of Inferred Mineral Resources defined in this study. Higher confidence Inferred Mineral Resources (IF1) are estimated above z =1350 (shallower than 150 metres below surface) and by search ellipse ranges defined by variography (X=45 metres, Y=45 metres and Z=20 metres for nickel and X =60 metres, Y =25 metres and Z =25 metres for copper). Lower confidence Inferred Mineral Resources (IF2) are estimated below z=1350 (shallower than 150 metres below surface) and by search ellipse ranges defined by variography (X =90 metres, Y =90 metres and Z =40 metres for nickel and X =120 metres, Y =50 metres and Z =50 metres for copper). Limited IF2 resources do occur above z=1350, where search ellipse ranges of IF1 are exceeded. In addition, the minimum and maximum numbers of samples used for grade estimation were set at 2 and 15 respectively.

The block models generated by ordinary kriging and by inverse distance squared techniques were coded to differentiate between the two different classification codes.

16.4 Model validation

Global and local grade estimates were checked for appropriateness. Original nickel and copper grades were compared with block grades on a section-by-section basis. Ordinary kriging was found to appropriately reflect general grade trends and appropriately correspond to proximal borehole grades.

Model grade statistics from ordinary kriging and from inverse distance extrapolation techniques compare very well, with the mean nickel and copper grades varying by less than one per cent. This close comparison suggests that the global resource estimate is fairly insensitive to the choice of estimation method.

An example of the output generated by ordinary kriging is shown in Figure 25, which is an east to west section along Y=12425 (looking north) showing nickel grade distribution relative to drill hole density (white) and existing mine infrastructure (red).

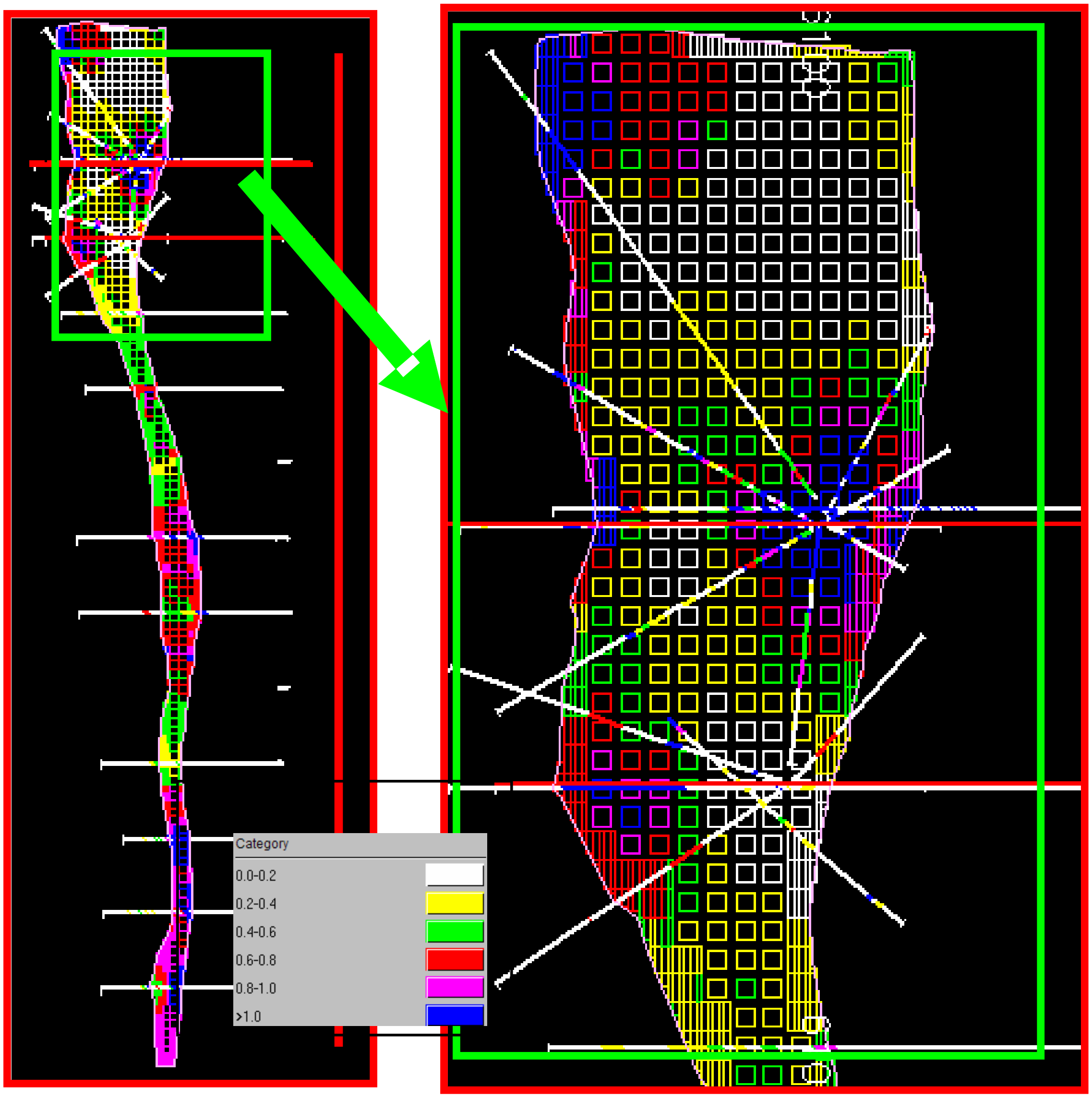


Figure 25 West to east section along Y=12425 (looking north), showing Ni% grade distribution relative to drill hole density (white) and existing mine infrastructure (red).

16.5 Mineral Resource Classification

Mineral resources have been estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserves Best Practices” Guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

SRK is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing or other relevant issues that could potentially affect this estimate of mineral resources. Mineral reserves can only be estimated based on the results of an economic evaluation as part of a preliminary feasibility study or a feasibility study. As such no mineral reserves have been estimated by SRK as part of the present assignment. There is no certainty that all or any part of the mineral resource will be converted into mineral reserve.

Mineral resources for the Kenbridge deposit have been classified according to the “CIM Standards on Mineral Resources and Reserves: Definitions and Guidelines” (December, 2005) by Glen Cole, P.Geo an appropriate Qualified Person as defined by NI43-101. Mineral resources were classified as Inferred Mineral Resources using the following criteria:

Inferred Mineral Resources 1 (“IF1”, higher confidence):

- Contained within the interpreted “mineralized envelope”;
- Located less than 150 metres below surface;
- Characterized by a higher drill hole density usually at less than 25 metres x 25 metres spacing throughout;
- Blocks informed by first pass search ellipses (45 metres x 45 metres x 20 metres);
- Blocks informed by a minimum of two (2) and a maximum of fifteen (15) samples.
-

Inferred Mineral Resources 2 (“IF2”, lower confidence):

- Contained within the interpreted “mineralized envelope”;
- Blocks informed by second pass search ellipses (90 metres x 90 metres x 40 metres) and / or;
- Located deeper than 150 metres below surface;
- Characterized by a wider drill hole density usually at more than 25 metres x 25 metres spacing throughout;
- Blocks informed by a minimum of two (2) and a maximum of fifteen (15) samples.

16.6 Mineral Resource Statement

The two categories of Inferred Mineral Resources for the Kenbridge deposit are reported at different cut-off's. The higher confidence IF1 mineral resources are reported are a cut-off of 0.3 percent nickel that is believed to be suitable for open pit mining scenario, whereas the lower confidence IF2 mineral resources are reported at a cut-off of 0.7 percent nickel to reflect a possible underground mining scenario. A tabulated Mineral Resource statement for the Kenbridge Deposit is presented in Table 10.These cut-off's have not been verified by metallurgical testing or by any mining engineering studies. The numbers have been rounded to reflect the relative accuracy of the estimate.

Table 10: Kenbridge Deposit: Mineral Resource Statement, SRK Consulting March 21, 2007.

Classification	Tonnage (tonne)	Nickel Grade (%)	Copper Grade (%)	Contained Nickel (000't)
Inferred 1*	2.1	0.58	0.26	12.18
Inferred 2**	1.1	1.01	0.52	11.11
Total	**3.2**	**0.73**	**0.35**	**23.29**

* reported at 0.3% nickel, ** reported at 0.7% nickel cut-off. All figures have been rounded to reflect the accuracy of the estimate.

Grade Tonnage curves for the various classifications of the nickel and copper resource at the Kenbridge deposit are presented in Figure 26 and Figure 27.

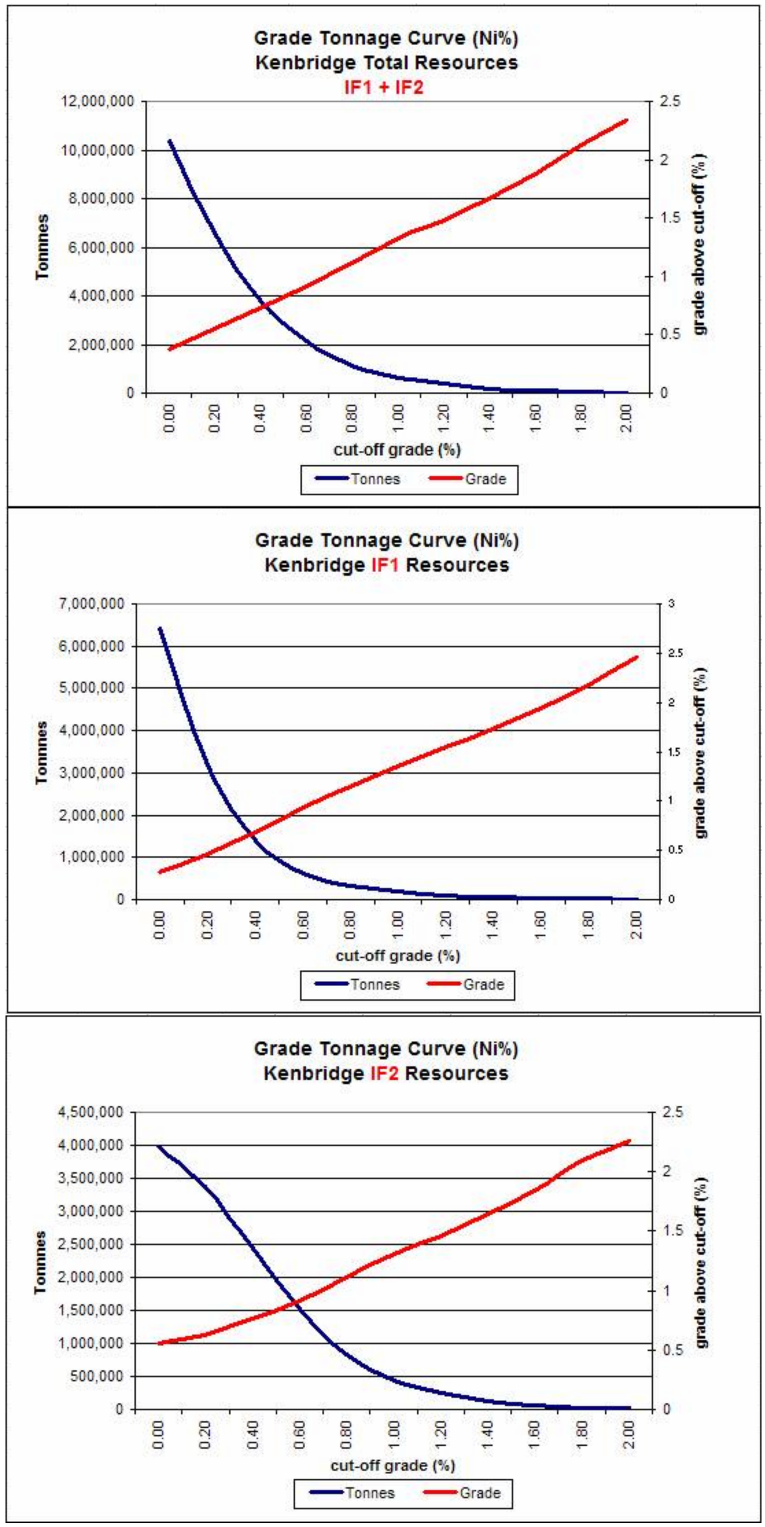


Figure 26: Grade Tonnage curves for the various classifications of the nickel resource at the Kenbridge deposit.

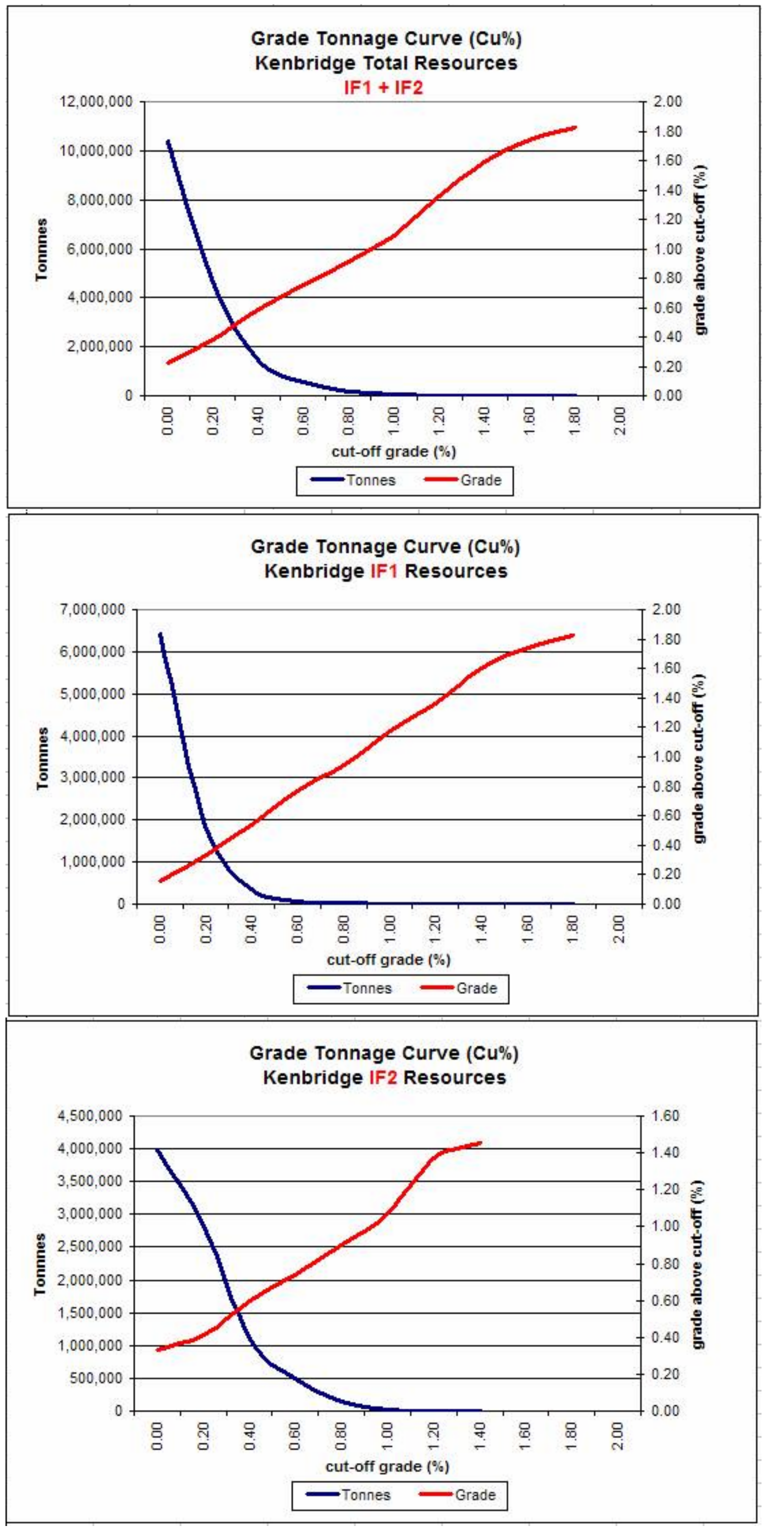


Figure 27: Grade Tonnage curves for the various classifications of the copper resource at the Kenbridge deposit.

17 Interpretation and Conclusions

The understanding of the geological controls determining the distribution of mineralization at Kenbridge and the continuity of higher grade mineralization is adversely affected by aspects related to the historically derived dataset.

Ninety-three percent of the database used in this resource estimation originates from poorly documented drilling prior to 1958. SRK has specific concerns related to this largely historically derived dataset. The specific concerns include:

- The lack of continuous sampling data within zones of mineralization;
- Inadequate surveying of drilling, resulting in uncertainty in location of downhole drill information;
- The quality assurance quality control (QAQC) procedures applied throughout the various exploration programmes does not conform to accepted best practice guidelines;
- a poor understanding of the geological controls of mineralization has resulted in poorly designed drilling orientations, which often resulted in historical drilling sub-parallel to the sulphide zones;
- Much of the field procedures adopted by the various exploration programs remains undocumented;
- Inability to verify much of the historical data.

Based on these deficiencies, SRK considers that it is appropriate to assign an Inferred Mineral Resource classification to all the resources. The IF1 category however is characterized by a higher drilling density and is located at depths less than one hundred and fifty meters below surface.

With additional verification drilling, the IF1 category resources have a higher probability than the deeper IF2 of being upgraded to Indicated Mineral resources. IF2 category resources will require more drilling than IF1 to be upgraded.

18 Recommendations

Significant nickel and copper mineralization has been identified at the Kenbridge Project, but the accurate delineation of the sulphide mineralization and grade estimation has been compromised by the poor quality of the historical data derived from the various exploration programs. Although a reasonably dense drilling dataset has been generated for this project (particularly at shallow depth), the quality of this dataset is affected by largely undocumented exploration practices which do not conform to generally accepted "Exploration Best Practices and to Mineral Resource and Mineral Reserves Best Practices Guidelines" as adopted by the CIM and practiced by industry.

SRK considers that the resource estimate for the Kenbridge Project represents a 'starting point' or framework upon which to base future exploration. SRK believes that if best practice guidelines are used in future drilling, that there is a strong potential to upgrade the classification of mineral resources to Indicated with additional drilling.

SRK is of the opinion that the Kenbridge Project is a project of merit and recommends that the following aspects receive special attention during future exploration drilling:

- Construction of a new survey base line against which all historical drill collars and future exploration data should be referenced;
- Re-survey all historical data;
- Undertake a new topographical survey to precisely define the topographic profile for the project area to cater for all future resource modelling and projected mining infrastructure;
- The formulation and application of a NI 43-101 compliant industry "best practice" drilling and sampling protocols (a drilling and sampling quality management system) which would include a QAQC program for sample preparation and assay verification;
- Strategically designed verification drilling program (including twin holes) to validate historical drilling;
- Infill drilling with inclined angle boreholes;
- Re-logging of the Blackstone drill core and the sampling of unsampled mineralized (and unmineralized) drill intervals;
- Update the drillhole database (updated collar, survey, assay and geology files) and subsequent update of the 3D drillhole files and "mineralized envelope" solid;
- Investigate the geological and structural control on the sulphide mineralization and of the 3D continuity of higher grade zones;
- Acquisition of additional specific gravity data characterizing the range of all potential sulphide mineralization and waste material;
- Capture of all verified exploration data within a dedicated database software package, with the necessary data storage and security protocols in place;

- The availability of 3D geological modelling software for exploration field staff will promote the understanding of the 3D geological and grade trends and optimize and focus future exploration and drilling activities.

Canadian Arrow has scheduled a new phase of exploration at Kenbridge for 2007, which will target aspects highlighted in this report. SRK recommends a two phase infill diamond drilling program at Kenbridge. The first phase should delineate shallow sulphide mineralization; whereas the second phase should focus on deeper extensions of trends established during the phase one drilling.

The estimated exploration expenditure for follow up exploration activities and for the infill drilling program has been sourced from Keast and O'Flaherty (2006) and is tabulated in Table 11.

Table 11: Kenbridge Project: Estimated budget for follow up exploration and infill drilling in 2007.

Phase	Budget Item	Detail	Estimated cost (CN$)
Phase 1	Resource Modeling		25,000
	Line cutting	50km	35,000
	Geophysics	IP	65,000
	Geophysics	UTEM	50,000
	Geology		25,000
	Diamond drilling	5,000 meters	500,000
	Assays		25,000
	Reports		25,000
	Phase 1 Subtotal		**750,000**
Phase 2	Metallurgical Testwork		100,000
	Geophysics	Downhole	
	Diamond drilling	15,000 meters	1,500,000
	Geology		50,000
	Reports		25,000
	Assays		100,000
	Phase 2 Subtotal		**1,825,000**
	Budget Total		**2,575,000**

19 References

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APPENDIX A

Kenbridge Property Mining Claims

Kenbridge Nickel Mines Claims

Property	Parcel No.	Claim No.	Area (Ha.)	Map Area	Title
Kenbridge	13183	K-6667	18.66	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13214	K-6677	14.05	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13215	K-7502	13.7	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13209	K-6637	13.46	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13179	K-6670	11.85	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13182	K-6676	15.16	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	12923	K-4734	16.59	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	12922	K-4733	13.83	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13178	K-6669	9.71	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13181***	K-6675	12.22	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	12924	K-4735	17.69	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	12921	K-4732	13.36	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13184	K-6668	18.12	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13180***	K-6674	18.55	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13210	K-6638	15.74	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13206	K-6634	16.24	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13212	K-6672	15.93	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13207	K-6635	16.35	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13212	K-6673	16.33	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13208	K-6636	10.8	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13211	K-6671	23.82	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13187	K-8366	18.81	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13186	K-8365	17.85	Atikwa Lake	Kenbridge Nickel Mines
Kenbridge	13185	K-8364	12.88	Atikwa Lake	Kenbridge Nickel Mines
			371.7		

**** In 1996, the surface rights on claims K6674 and K6675 and several of the old buildings on the property were sold to Populous Inspirational Camp Inc. Under the terms of the agreement, Kenbridge Nickel Mines retained the right to explore for and exploit minerals from these claims as well as to repurchase the surface rights.*

Blackstone Claims

Property	Parcel No.	Claim No.	Area (Ha.)	Map Area	Title
Kenbridge	21471 DK	K-18711	16.49	Fisher Lake	Falconbridge Ltd
Kenbridge	21481 DK	K-18675	11.58	Fisher Lake	Falconbridge Ltd
Kenbridge	21472 DK	K-18717	21.07	Fisher Lake	Falconbridge Ltd
Kenbridge	21473 DK	K-18718	21.72	Fisher Lake	Falconbridge Ltd
Kenbridge	21482 DK	K-18679	16.52	Fisher Lake	Falconbridge Ltd
Kenbridge	21475 DK	K-18725	10.44	Fisher Lake	Falconbridge Ltd
Kenbridge	21474 DK	K-18719	15.63	Fisher Lake	Falconbridge Ltd
Kenbridge	21466 DK	K-18682	14.09	Fisher Lake	Falconbridge Ltd
Kenbridge	21450 DK	K-18704	13.21	Fisher Lake	Falconbridge Ltd
Kenbridge	21454 DK	K-18726	20.24	Fisher Lake	Falconbridge Ltd
Kenbridge	21455 DK	K-18727	12.57	Fisher Lake	Falconbridge Ltd
Kenbridge	21452 DK	K-18721	15.87	Fisher Lake	Falconbridge Ltd
Kenbridge	21485 DK	K-18722	13.71	Atikwa Lake	Falconbridge Ltd
Kenbridge	21484 DK	K-18705	13.28	Fisher Lake	Falconbridge Ltd

Property	Parcel No.	Claim No.	Area (Ha.)	Map Area	Title
Kenbridge	21483 DK	K-18703	14.55	Fisher Lake	Falconbridge Ltd
Kenbridge	21456 DK	K-18728	20.02	Fisher Lake	Falconbridge Ltd
Kenbridge	21437 DK	K-18686	17.13	Fisher Lake	Falconbridge Ltd
Kenbridge	21436 DK	K-18687	17.44	Fisher Lake	Falconbridge Ltd
Kenbridge	21465 DK	K-18669	17.77	Atikwa Lake	Falconbridge Ltd
Kenbridge	21479 DK	K-18702	14.63	Atikwa Lake	Falconbridge Ltd
Kenbridge	21453 DK	K-18723	12.21	Atikwa Lake	Falconbridge Ltd
Kenbridge	21451 DK	K-18720	12.26	Atikwa Lake	Falconbridge Ltd
Kenbridge	21448 DK	K-18685	20.51	Atikwa Lake	Falconbridge Ltd
Kenbridge	21449 DK	K-18690	16	Atikwa Lake	Falconbridge Ltd
Kenbridge	21499 DK	K-18694	24.12	Atikwa Lake	Falconbridge Ltd
Kenbridge	21467 DK	K-18684	9.21	Atikwa Lake	Falconbridge Ltd
Kenbridge	21468 DK	K-18691	13.26	Atikwa Lake	Falconbridge Ltd
Kenbridge	21460 DK	K-18648	19.26	Atikwa Lake	Falconbridge Ltd
Kenbridge	21461 DK	K-18649	12.85	Atikwa Lake	Falconbridge Ltd
Kenbridge	21469 DK	K-18696	13.7	Atikwa Lake	Falconbridge Ltd
Kenbridge	21462 DK	K-18650	15.25	Atikwa Lake	Falconbridge Ltd
Kenbridge	21463 DK	K-18651	13.38	Atikwa Lake	Falconbridge Ltd
Kenbridge	21470 DK	K-18699	15.7	Atikwa Lake	Falconbridge Ltd
Kenbridge	21464 DK	K-18652	16.4	Atikwa Lake	Falconbridge Ltd
Kenbridge	21476 DK	K-18653	12.69	Atikwa Lake	Falconbridge Ltd
Kenbridge	21497 DK	K-18656	18.83	Atikwa Lake	Falconbridge Ltd
Kenbridge	21496 DK	K-18655	17.65	Atikwa Lake	Falconbridge Ltd
Kenbridge	21477 DK	K-18654	11.12	Atikwa Lake	Falconbridge Ltd
Kenbridge	21490 DK	K-18645	16.09	Atikwa Lake	Falconbridge Ltd
Kenbridge	21488 DK	K-18647	15.65	Atikwa Lake	Falconbridge Ltd
Kenbridge	21489 DK	K-18646	16.82	Atikwa Lake	Falconbridge Ltd
Kenbridge	21500 DK	K-19428	21.99	Atikwa Lake	Falconbridge Ltd
Kenbridge	21494 DK	K-18643	11.35	Atikwa Lake	Falconbridge Ltd
Kenbridge	21478 DK	K-18657	21.48	Atikwa Lake	Falconbridge Ltd
Kenbridge	21447 DK	K-18639	13.48	Atikwa Lake	Falconbridge Ltd
Kenbridge	21491 DK	K-18640	18.43	Atikwa Lake	Falconbridge Ltd
Kenbridge	21493 DK	K-18642	15.53	Atikwa Lake	Falconbridge Ltd
Kenbridge	21492 DK	K-18641	16.16	Atikwa Lake	Falconbridge Ltd
Kenbridge	21498 DK	K-18658	17.02	Atikwa Lake	Falconbridge Ltd
Kenbridge	21495 DK	K-18644	13.87	Atikwa Lake	Falconbridge Ltd
			790.23		

CERTIFICATE AND CONSENT

To accompany the report entitled: Mineral Resource Estimate for the Kenbridge Nickel - Copper Project in Ontario, Canada.

I, Glen Cole, residing at 15 Langmaid Court, Whitby, Ontario do hereby certify that:

I am a Principal Resource Geologist with the firm of SRK Consulting (Canada) Inc. (SRK) with an office at Suite 1000, 25 Adelaide Street East, Toronto, Ontario, Canada;

I am a graduate of the University of Cape Town in South Africa with a B.Sc (Hons) in Geology in 1983; I obtained an M.Sc (Geology) from the University of Johannesburg in South Africa in 1995 and an M.Eng in Mineral Economics from the University of the Witwatersrand in South Africa in 1999. I have practiced my profession continuously since 1986;

I am a Professional Geoscientist registered with the Association of Professional Geoscientists of the province of Ontario (APGO#1416) and am also registered as a Professional Natural Scientist with the South African Council for Scientific Professions (Reg#400070/02) ;

I have not received, nor do I expect to receive, any interest, directly or indirectly, in the Kenbridge project or securities of Canadian Arrow Mines Ltd.

That, as of the date of this certificate, to the best of my knowledge, information and belief, this technical report contains all scientific and technical information that is required to be disclosed to make the technical report not misleading;

I have read National Instrument 43-101 and Form 43-101F1 and I am a Qualified Person for the purpose of NI 43-101 and this technical report has been prepared in compliance with National Instrument 43-101 and Form 43-101F1;

I, as the qualified person, am independent of the issuer as defined in Section 1.4 of National Instrument 43-101;

I am the author of this report;

I have personally inspected the Kenbridge project and surrounding areas between April 5 and 8, 2007:

SRK Consulting (Canada) Inc. was retained by Canadian Arrow Mines Ltd. to prepare a mineral resource estimate for the Kenbridge Nickel-Copper Project. This assignment was completed using CIM "Best practices" and Canadian Securities Administrators National Instrument 43-101 guidelines;

I hereby consent to use of this report for submission to any Provincial regulatory authority

Glen Cole, P.Geo. Toronto, Canada
Principal Resource Geologist April 30, 2007