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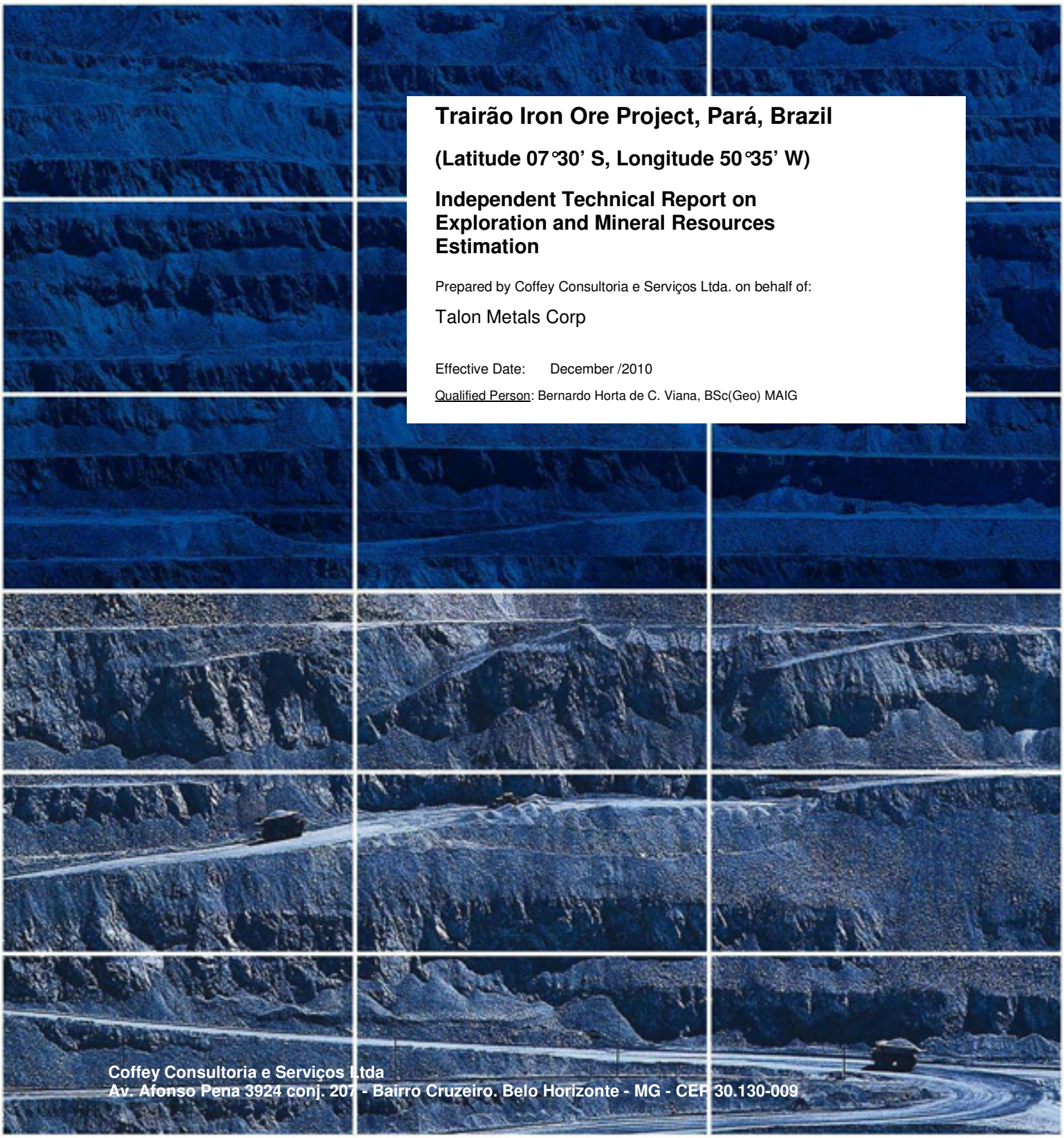
ESPECIALISTAS EM CONSULTORIA PARA A INDÚSTRIA MINERAL



Trairão Iron Ore Project, Pará, Brazil

(Latitude 07°30' S, Longitude 50°35' W)

Independent Technical Report on Exploration and Mineral Resources Estimation

Prepared by Coffey Consultoria e Serviços Ltda. on behalf of:

Talon Metals Corp

Effective Date: December /2010

Qualified Person: Bernardo Horta de C. Viana, BSc(Geo) MAIG

Coffey Consultoria e Serviços Ltda
Av. Afonso Pena 3924 conj. 207 - Bairro Cruzeiro. Belo Horizonte - MG - CEP 30.130-009

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Author(s):	Bernardo Horta de Cerqueira Viana	Mineral Exploration and Resources Manager – Brazil	BSc (Geo) MAIG

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Primary Author Bernardo Horta de Cerqueira Viana	Supervising Principal Reviewed By Norman Lock

List of Contents

List of Tables

List of Figures

List of Appendices

1 EXECUTIVE SUMMARY

Introduction

Coffey Mining Pty Ltd (Coffey Mining) under its Brazilian office in Belo Horizonte has been commissioned by Talon Metals Corp (Talon) to prepare an Independent Technical Report on Exploration and a Mineral Resource Estimate for the Trairão Iron Ore Project, in Pará State, Brazil.

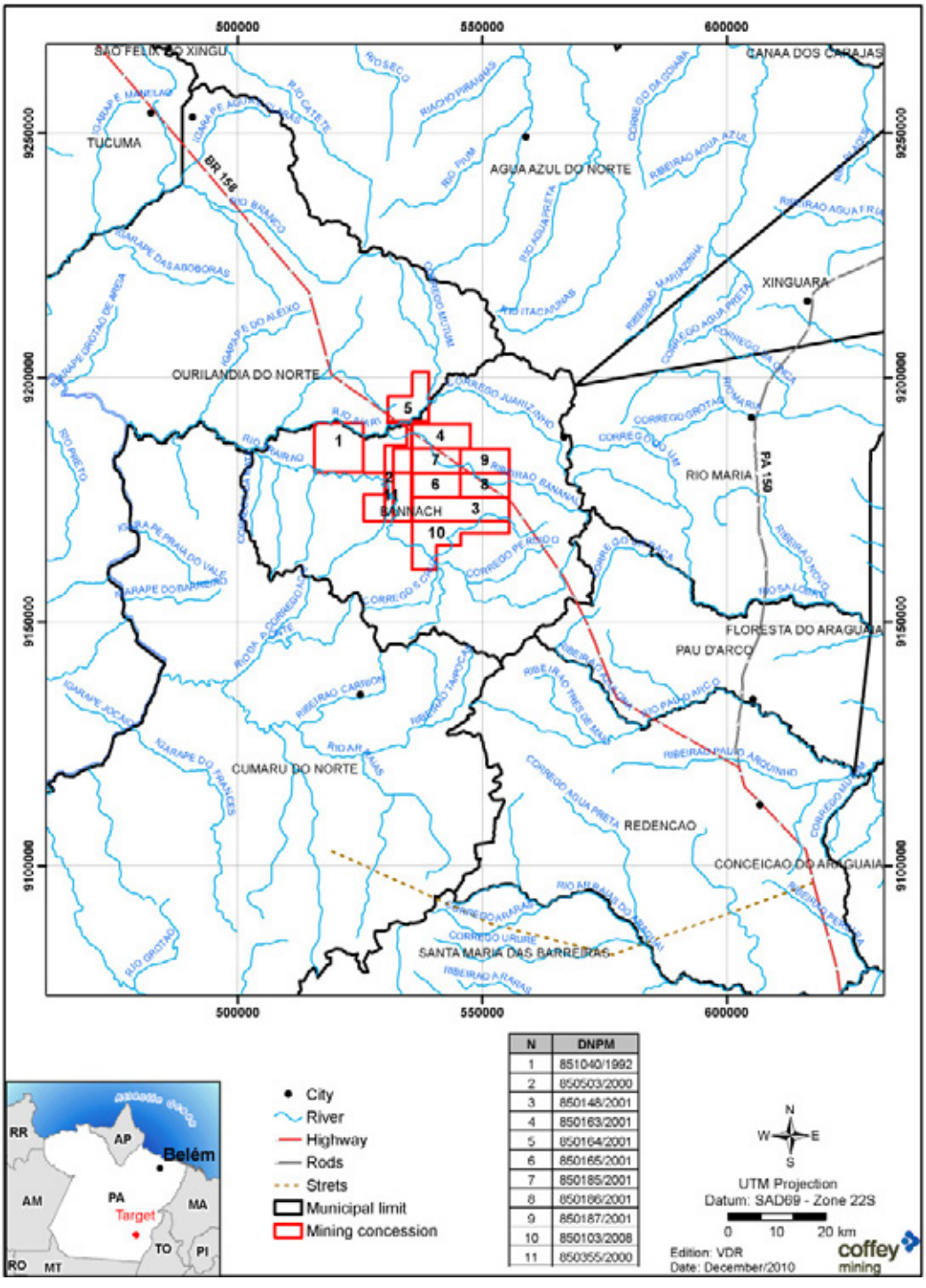
The Company's mineral property is considered to represent an Exploration Project which is inherently speculative in nature. However, Coffey Mining considers the property has been acquired based on sound technical merit. The property is also considered to be sufficiently prospective in general, subject to varying exploration risk degrees, to warrant further exploration and assessment of its economic potential, consistent with the programs proposed.

Location

The Trairão Iron Ore Project is located in Serra do Trairão region near the city named Bannach, approximately 200km south-southwest of Parauapebas city, and 250km from the Carajás railway that connects the mining district with the port 'da Madeira' in São Luis, Maranhão State Capital city (Figure ES_1).

Access to the project is from Marabá, which has regular flights to the main cities of Brazil. Rio Maria is located 260km south from Marabá, on the paved state highway PA-150. Bannach is located 60km W of Rio Maria, the last 40km stretch of road access is not paved.

Figure ES_1
Trairão Iron Ore Project
Project Location



Property

The property comprises 9 exploration authorizations or exploration licenses (DNPM exploration titles, or Alvarás de Pesquisa: 850.103/2008, 850.148/2001, 850.163/2001, 850.164/2001, 850.165/2001, 850.185/2001, 850.186/2001, 850.187/2001 and 850.503/2000) totaling 55,645.11 hectares. In addition there are two more areas under tender process (850.355/2000 and 851.040/1992), equivalent to 17,869.42 hectares. In total the area controlled by the Trairão Iron Project is therefore 73,515.03 hectares. The Table ES_01 below lists the areas and Figure ES_02 show the corresponding locations.

Table ES_01
Trairão Iron Ore Project
Summary of Talon Concession Status in the Trairão Iron Ore Project

Municipality	DNPM process no.	Stage	Mineral	Actual Owner	Size (hectares)	Licence Number.	Expired Date
Bannach	850.103/08	Exploration License	Gold	Barrick do Brasil Mineração Ltda	9 966.90	5290	07/05/2012
Bannach	850.148/01	Exploration License	Gold	Brazpot Mineração Ltda	9 703.53	6714	16/10/2011
Bannach	850.163/01	Exploration License	Gold	Brazpot Mineração Ltda	6 000.00	6719	11/11/2012
Ourilandia do Norte / Bannach	850.164/01	Exploration License	Gold	Brazpot Mineração Ltda	5 964.92	6720	11/11/2012
Bannach	850.165/01	Exploration License	Gold	Brazpot Mineração Ltda	5 000.00	6721	16/10/2011
Bannach	850.185/01	Exploration License	Gold	Codelco do Brasil Mineração Ltda	5 000.00	6729	16/10/2011
Bannach	850.186/01	Exploration License	Gold	Brazpot Mineração Ltda	5 000.00	6730	11/11/2012
Bannach	850.187/01	Exploration License	Gold	Codelco do Brasil Mineração Ltda	5 000.00	6731	11/11/2012
Ourilandia do Norte / Bannach	850.503/00	Exploration License	Gold	Codelco do Brasil Mineração Ltda	4 010.26	6698	13/12/2010
Bannach	850.355/00	Tender Process	Copper		7 869.42	pending	pending
Bannach / Ourilandia do Norte	851.040/92	Tender Process	Nickel		10 000.00	pending	pending

Ownership

Since 29th September 2010, Talon owns 100% of the rights for two iron ore projects in Pará State, Brazil, through concluding two separate agreements respectively with Codelco do Brasil Mineração Ltda. (“Codelco”) and Barrick International (Barbados) Corp. (“Barrick Barbados”).

Talon Metals Corp owns 100% of the Rancover Holdings Limited, which owns 100% of Talon Iron Cayman Limited and 99.9% of the Brazpot Mineração Ltda. Talon Iron Cayman Limited owns 99.9% of Talon Iron Mineração Ltda, which is the owner of all the projects acquired from

Barrick Iron. Brazpot Mineração Ltda is the owner of all the Projects acquired from Codelco Iron Projects.

The Trairão Project land surface belongs to 3 different farmers. Talon is preparing the agreements with the surface owners to run the second phase of the exploration campaign.

Geological Context

The Trairão Iron Ore Project area is part of the Serra da Seringa Greenstone belt of Southern Para domain. The banded iron formations ("BIF's") are part of a large volcano sedimentary sequence and are stratigraphically located in the Intermediate and Upper Units of the Tucumã Group (Archean).

Both units are formed by clastic and carbonate and/or siliceous meta-sedimentary rocks, in which the Intermediate Unit is formed mainly by carbonate meta-silts, whereas the Upper Unit is mainly composed of ferruginous meta-silts, which are the host rocks of the BIF oxide layers (Figure ES_02).

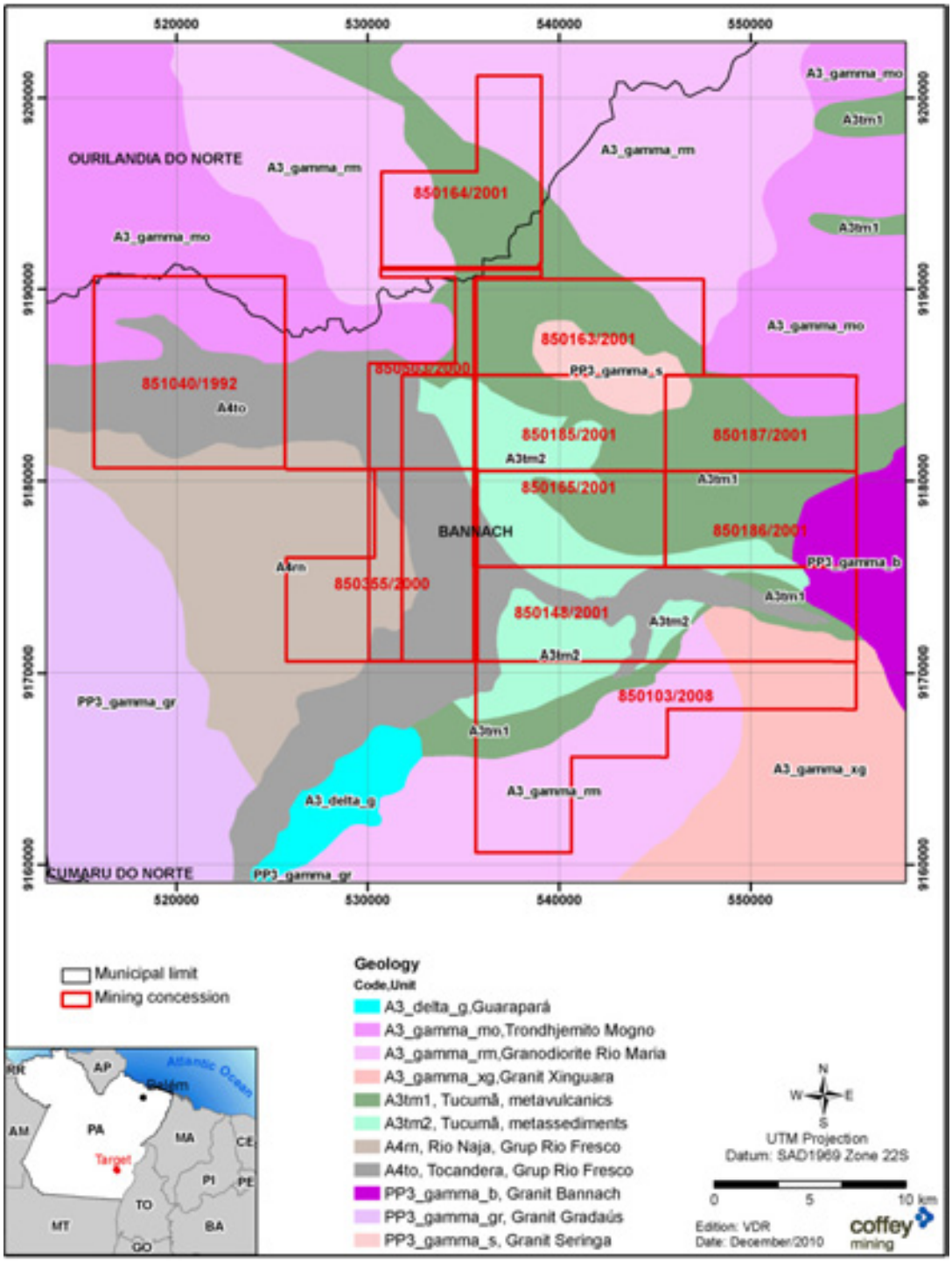
From a geomorphologic perspective, the Carajás ranges and the Trairão iron formations are at an altitude susceptible for lateritic soils development, increasing the possibility for the formation of ferric supergene enrichment near surface.

Besides the favorable geomorphologic conditions for developing secondary mineralization, the geological reconnaissance suggests the ferriferous formations were affected by metamorphic and hydrothermal processes that may have concentrated the primary epigenetic mineralization.

Figure ES_02

Trairão Iron Ore Project

Regional Geology Map Based on CPRM



Deposit Type

The BIF strata lie within the upper metasedimentary units of the Seringa greenstone belt. Numerous individual BIF horizons form a substantial surface outcrop area with several kilometers strike length, including major fold closures, which are thought to be synclinal keels. The overall geotectonic setting is similar to that of the giant iron ore deposits of the Carajás region, however prospectivity depends on the total volume of BIF, 3D geometry, and degree of supergene enrichment; all these factors are yet to be determined.

The Carajás ores are found within Archaean iron formations. The volcanic sequence has been weathered to a depth of between 100m and 150m, while oxidation is observed to a depth of up to 500m in the BIFs of the ore zone.

Mineralization

Banded iron formations (BIF) are chemical sediments which precipitated from seawater, and are defined by fine layering of silica and iron minerals (oxides, carbonates, silicates or sulfides). Oxide facies iron formations, containing magnetite and/or hematite, are the most economically relevant, and may contain up to 35% Fe. Supergene enrichment, particularly under tropical weathering conditions, can concentrate the iron in these rocks up to 65% Fe, and such enriched ore bodies form a potentially more valuable target.

Enrichment occurs commonly due to groundwater percolation through the BIF, and some of the worlds richest ore bodies are within synclinal keels, where Fe has been concentrated by downward-moving waters. This is particularly true where the underlying rocks are impervious to fluids.

Project Exploration Stage

Based on the old (Codelco) exploration data Talon has defined two small areas (Area 1 and Area 2) to investigate with RC drillings. The program started in October 2010 at the Trairão Property with the objective to delimit 2 surface mineralized iron ore areas. The exploration plan scope involved ground magnetic survey interpretation, geological mapping and a RC drilling campaign with a sampling program of over 4,000 samples.

The mineralization zone was intercepted by 100% of the 22 Area 1 drill holes and more than 90% of than stopped at the saprolite or saprock mineralized domain.

Mineral Resources Estimation

Based on current drilling results of the RC drilling, Coffey Mining carried out a Mineral Resources Estimation of the first area (Área 1) outlined by Talon. Resources were estimated using ordinary kriging. The Table ES_02 below presents the results.

Coffey Mining has estimated Inferred Mineral Resources for the Area 1 Trairão Iron Project in accordance with the guidelines as set out in the NI43-101. The in situ resources are wholly contained within the current license boundary and do not take into account any elements which may sterilize areas of the deposit for mining operations.

The total Inferred Mineral Resource for Area 1 has been estimated at 168.26 million tonnes with an average grade of 42.16% Fe (with 35% cutoff grade applied) (Table ES_02). As there are no density tests or samples were available Coffey Mining applied a density of 2.7t/m^3 supported by a bibliography of regional references. This number needs to be reviewed with further in situ and diamond core hole density tests.

Table ES_02
Trairão Iron Ore Project
Grade Tonnage Table – 17th Dec 2010
Inferred Mineral Resources - Block Model: 100, 100 10 (25, 25, 5); Rotate Bearing: 35°

Cut Off Grade (Fe %)	Tonnes (Mt)	Fe (%)	SiO2 (%)	Al2O3 (%)	Mn (%)	P (%)	LOI (%)
Soil							
25	22.40	50.21	7.94	10.63	0.05	0.092	8.89
35	22.40	50.21	7.94	10.63	0.05	0.092	8.89
Saprolite							
25	152.72	39.48	21.75	12.65	0.11	0.054	8.25
35	124.97	41.23	19.39	12.46	0.11	0.055	8.32
Saprock							
25	62.68	32.95	38.50	7.98	0.16	0.047	5.64
35	20.89	39.11	29.79	7.06	0.16	0.064	6.28
Grand Total							
25	237.80	38.77	24.86	11.23	0.12	0.056	7.62
35	168.26	42.16	19.16	11.55	0.11	0.061	8.14

In general, is possible the iron content enrichment but the mass yield varies a lot. It is necessary some testwork to allow a assessment of the commercial feasibility to implant a beneficiation and concentration plant.

The independent qualified person responsible for the mineral resource estimate in this report and summarised in Table ES_02 is Bernardo Viana, a geologist with 10 years of geological and mining related experience ranging from execution, management and coordination of geology projects, to resource estimation in a variety of commodities including Au, Cu, Fe, Al, U, Ni, Zn, Mn and diamond in Brazil, Angola and Chile. He is a member of the Australian Institute of Geoscientists (“MAIG”) and is independent of Talon as that term is defined in Section 1.4 of the Instrument.

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.

Recommendations

Given all this positive geological and prospective indications Coffey Mining considers the Trairão Property to be prospective for hosting iron ore deposits. The proposed exploration strategy is considered to be consistent with the potential of the Trairão Iron Ore Projects, providing that target priorities are clearly adhered to and exploration is appropriately staged to permit continual assessment of progressive exploration results.

100% of the RC drill holes had intercepted the mineralized domains suggesting that the iron mineralization is opened in all directions (x, y and z) and most of that had stopped at the saprolite and saprock mineralized domain. The mineralization continuity should be investigated with a further RC and diamond drilling campaign.

The proposed exploration program presented aims to evaluate the iron potential of Trairão Project and provide enough data that will support further NI 43 101-compliant mineral resource estimates. The iron mineralization at Trairão property is associated with hematite-goethite-rich colluviums, as well as with a supergene enrichment zone and fresh rock over a sequence of inter-bedded BIF and magnetite-rich phyllite that belong to the upper portion of Tucumã Group. The supergene process leached a significant amount of silica from the country rocks and transformed the magnetite into hematite-goethite creating a resistant cap rock that forms the prominent topography along the Trairão Range. The Trairão Range presents a pattern of folded rocksand extends for a total length of 19km. Apart of Trairão Range, other targets exist within the project area adding a cumulative length of 31km of prospective targets. In view of the large area the exploration program was divided into two stages, as indicated below;

- Stage 1 (6 months) – Target Testing with RC drilling and Mineral Resource Estimate of Area 1 and Area 2.
- Stage 2 (12 months) – Regional Assessment and Follow up Resource RC and Diamond Drilling Program.

Stage 1 started in October 2010 and will be finished in March 2011, when the results of the Area 2 drilling program will be available and the resource estimation will be reviewed. Stage 2 will start in April 2011.

The timing to complete the exploration program is estimated at 18 months and the preliminary budget is estimated at CD$1,660,000, including property acquisition costs and annual fees related to exploration licenses.

Coffey Mining has reviewed the proposed program and budget and concurs this is appropriate for the current status of the project. A further Stage 3 needs to be planned after the results of Stage 2 are available. If the results are positive Coffey Mining suggests Talon commission a Preliminary Assessment to evaluate the likely economic viability of the supergene enriched material.

2 INTRODUCION

2.1 Scope of Work

Coffey Mining Pty Ltd (Coffey Mining) under its Brazilian office in Belo Horizonte has been commissioned by Talon Metals Corp (Talon) to prepare an Independent Technical Report on Exploration and a Mineral Resource Estimate for the Trairão Iron Ore Project, in Pará State, Brazil.

The report complies with Canadian National Instrument 43-101, for the Standards of Disclosure for Mineral Projects of December 2005 (the Instrument) and the Mineral Resource and Reserve classifications adopted by CIM Council in December 2005.

2.2 Principal Sources of Information

In addition to site visits undertaken by Bernardo Viana to the Trairão Iron Ore Project between the 25th and 27th August 2010 and 07th and 10th November 2010, the authors of this report have relied extensively on information provided by Talon, extensive discussion with Talon, and technical reports by previous project owners (Barrick do Brasil Mineração and Codelco do Brasil Mineração), as well as other relevant published and unpublished data. A list of the principal information sources is included at the end of this Independent Technical Report. We have endeavored, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data on which the Independent Technical Report is based.

Talon has prepared an exploration and evaluation program divided into phases, tailored to the potential of the project, which is consistent with the budget allocations. Coffey Mining considers that the relevant area has sufficient technical merit to justify the proposed program and associated expenditures.

Coffey Mining has made all reasonable enquiries to establish the completeness and authenticity of the information provided and identified, and a final draft of this report was provided to Talon along with a written request to identify any material errors or omissions prior to lodgement.

2.3 Qualifications and Experience

Coffey Mining is a highly respected international consulting firm specializing in the areas of geology, mining and geotechnical engineering, metallurgy, hydrogeology, hydrology, tailings disposal, environmental science and social and physical infrastructure.

This report has been compiled by Mr. Viana, who is a professional geologist with 09 years experience in exploration and mining geology. Most of his experience has been with exploration and evaluation of iron ore properties in Brazil. He is Mineral Exploration and Resources Manager of Coffey Mining´s operations in Brazil. Mr. Viana is also a Member of the Australian Institute of Geosciences (AIG). Mr. Viana has visited the Trairão Iron Ore Project site between the 25th and 27th August 2010 and between 07th and 10th November 2010.

Neither Coffey Mining nor the author of this report has or has had any previous material interest in Talon or related entities or interests. Our relationship with Talon is solely one of professional association between client and independent consultant. This report is prepared in return for fees based on agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

2.4 Units of Measurements and Currency

Metric units are adopted in this report unless noted otherwise. Currency adopted is American Dollars ("US$"). Exchange rate at the time this report was prepared was R$1.72 (Brazilian Reais) per US$1.00 and R$1.67 per CD$1. Talon uses CD$ for most of its official cost and budget numbers and US$ for costs of acquisitions; for this reason Coffey Mining did not convert any currency figures during this study.

3 RELIANCE ON OTHER EXPERTS

The Trairão property is understood to consist of 9 exploration authorizations or exploration licenses totaling 55,645.11 hectares and two additional areas under tender process with area of 17,869.42 hectares. In total the area controlled by the Trairão Iron Project is therefore 73,515.03 hectares.

Coffey Mining has not independently verified, nor is it qualified to verify, the legal status of these concessions. The current status of tenements listed in this report is based on information and copies of documents provided by Talon and public information available from National Department of Mineral Production (DNPM), and the report has been prepared based on the assumption that the tenements will prove lawfully accessible for evaluation. Neither Coffey Mining nor the authors of this report are qualified to provide extensive comment on legal issues relating to the Trairão properties.

Similarly, neither Coffey Mining nor the authors of this report are qualified to provide comments on environmental issues associated with the Trairão Iron Ore Project. No warranty or guarantee, be it express or implied, is made by Coffey Mining with respect to the completeness or accuracy of the legal or environmental aspects of this document. Coffey Mining does not undertake or accept any responsibility or liability in any way whatsoever to any person or entity in respect of these parts of this document, or any errors in or omissions from it, whether arising from negligence or any other basis in law whatsoever.

4 PROPERTY DESCRIPTION AND LOCATION

4.1 Background Information on Brazil

The Brazilian land surface spans a total area of 8.5 million square kilometers approximately, a little more extensive than the area of Australia. The prevailing climate is tropical, with temperate regions towards the south. The topography is mostly flat, with rolling lowlands in the north, some plains and a narrow coastal belt. The total population is about 186 million and literacy is about 86%. The official language is Portuguese, while English, Spanish and French are also spoken. The capital city is Brasilia, located in the central region of the country.

The political environment in Brazil is generally stable. Brazil has been a member of the World Trade Organisation since 1995 and is a founding member of Mercosul, a trade liberalisation program for the South American continent.

The fundamentals of Brazilian macro-economic policy are based primarily on fiscal austerity, inflation control and free foreign exchange. Since 2004, the increasing strength of the global economy and the high level of liquidity in international financial rmarkets have accelerated production, led to more intense global trading activity, and have created favorable conditions for foreign investment and recovery of the local economy.

The Brazilian economy, aided by a favorable international environment, grew approximately 5.2% in 2008, had a slowdown of 0.2% due to the World Financial Crisis (WFC) in 2008 and is confirming a significant growth of 7.5 % in 2010. (Note: In early 2007, Brazilian Institute of Geography and Statistics (IBGE) reviewed its methodology for computing gross domestic product and announced reviewed figures for 2000-2006). Sustained growth has been associated with booming exports, re-organisation of external accounts, moderate inflation, decreasing unemployment indexes, and reductions in the debt-to-GDP ratio. President Luiz Inácio Lula da Silva and his economic management team have implemented prudent fiscal and monetary policies and have pursued necessary microeconomic reforms.

Brazil has made progress but significant vulnerabilities remain. Despite registering year-on-year declines from 2004 to 2006, Brazil's (largely domestic) government debt remains high, at 50% of GDP. Total foreign debt, while falling, is still large compared to the export base. Over time this concern will be reduced by healthy export growth, which has anchored the positive trade and current accounts in recent years. Personal incomes improved since 2004 after a significant decline over the previous decade. Income and land distribution remains skewed.

Sustaining high growth rates in the longer term depends on the impact of President Lula's structural reform program and efforts to build a more welcoming climate for investment, both domestic and foreign. In its first year, Lula's administration appoved key tax and pension reforms to improve the government fiscal accounts. Judicial reform and an overhaul of the bankruptcy law were approved in late 2004, along with tax measures to create incentives for long-term savings and investments.

Legislation promoting public-private partnerships, a key effort to attract private investment to infrastructure, also were approved in 2004. Labor reform and proposals to increase autonomy for the Central Bank are still pending. In January 2007, the Lula administration announced a package of reforms to increase public investment and control expenditure growth. Despite this well-considered reform agenda, much remains to be done to improve the regulatory climate for investments, particularly in the energy sector; to simplify tax systems at the state and federal levels; and to further reform the pension system. The legislation apparently will continue the same with the new President Dilma Roussef command (2011-2014).

Brazil's production from resources, oil and gas reached US$28billion (or 4.2% of GDP) in 2004. Brazil is the world's largest producer of niobium and iron ore, the second largest producer of tantalum, and the third largest producer of aluminum, graphite and manganese.

The 1995 constitutional amendment provided a landmark in Brazilian mining legislation by granting foreign companies the right to hold majority ownership in Brazilian projects and equality of fiscal and economic treatment. Nowadays, numerous multi-national major and junior mining companies operate in Brazil.

4.2 Mineral Tenure

Tenements in Brazil are granted subject to various conditions prescribed by the Mining Code, including rental payment and reporting requirements, and each tenement is granted subject to standard conditions that regulate the holder's activities or are designed to protect the environment.

Mineral tenements in Brazil generally comprise Prospecting Licenses, Exploration Licenses and Mining Licenses.

The holder of a granted Prospecting License, Exploration License or Mining License is not required to spend a set annual amount per hectare in each tenement on exploration or mining activities. Therefore, there is no statutory or other minimum expenditure requirement in Brazil. However, annual rental payments are made to the DNPM and the holder of an Exploration License must pay rates and taxes, ranging, based on current exchange rate, from US$1.18 to US$1.8 per hectare, to the Local Government.

Lodging a caveat or registering a material agreement against the tenement may protect various interests in a Mining License.

If a mineral tenement is located on private land, then the holder must arrange or agree with the landowners to secure access to the property.

4.2.1 Prospecting Licenses

A Prospecting License entitles the holder, to the exclusion of all others, to explore for minerals in the area of the License, but not to conduct commercial mining. A Prospecting License may cover a maximum area of 50 hectares and remains in force for up to 5 years. The holder may

apply for a renewal of the Prospecting License which, is subject to approval by DNPM. The period of renewal may be up to a further 5 years.

4.2.2 Exploration Licenses

An Exploration License entitles a holder, to the exclusion of all others, to explore for minerals in the area of the License, but not to conduct commercial mining. The maximum area of an Exploration License is 2,000 hectares outside of the Amazonia region and 10,000 hectares within the Amazonia region (Amazonas, Para, Mato Grosso, Amapá, Rondônia, Roraima and Tocantins States). An Exploration License remains in force for a maximum period of 3 years and can be extended by no more than a further 3 year period. Any extension is at DNPM's discretion and will require full compliance with the conditions stipulated by the Mining Code that must be outlined in a report to DNPM applying for the extension of the License.

Once all legal and regulatory requirements have been met, exploration authorization is granted under an Exploration License, granting its holder all rights and obligations relating to public authorities and third parties. An Exploration License is granted subject to conditions regulating the conduct of activities, which includes the obligation to commence exploration work no later than 60 days after the Exploration License has been published in the Federal Official Gazette and not to interrupt it without due reason for more than 3 consecutive months or 120 non-consecutive days, to perform exploration work under the responsibility of a geologist or mining engineer, legally qualified in Brazil, to inform DNPM of the occurrence of any other mineral substance not included in the exploration permit and to inform DNPM of the start or resumption of the exploration work and any possible interruption.

If the holder of an exploration License proves the existence of a commercial ore reserve on the granted Exploration License, the DNPM cannot refuse the grant of a Mining License with respect to that particular tenement if the License holder has undertaken the following:

- An exploration study to prove the existence of an ore reserve.
- A feasibility study on the commercial viability of the reserve.
- The grant of an environmental License to mine on the particular tenement.

4.2.3 Mining Licenses

A Mining License entitles the holder to work, mine and take minerals from the mining lease subject to obtaining certain approvals.

Mining rights can be denied in very occasional circumstances, where a public authority considers that a subsequent public interest exceeds that of the utility of mineral exploration, in which case the Federal Government must compensate the mining concession holder.

In Brazil, a Mining License covers maximum areas ranging from 2,000 hectares to 10,000 hectares, depending on the geographical area, as detailed above, and remains in force indefinitely. The holder must report annually on the status and condition of the mine.

As with other mining tenements, a Mining License is granted subject to conditions regulating activities. Standard conditions regulating activities include matters such as:

- The area intended for mining must lie within the boundary of the exploration area.
- Work described in the mining plan must be commenced no later than 6 months from the date of official publication of the grant of the Mining License, except in the event of a force majeure.
- Mining activity must not cease for more than 6 consecutive months once the operation has begun, except where there is proof of force majeure.
- The holder must develop the deposit according to the mining plan approved by the DNPM.
- The holder must undertake the mining activity according to environmental protection standards detailed in an environmental License obtained by the holder.
- The holder must pay the landowner's share of mining proceeds according to values and conditions of payments set forth by law, which is a minimum of 50% of CFEM (see below), but it is usually agreed to be higher under a contract between the holder of the Mining License and the landowner.
- The holder must pay financial compensation to States and local authorities for exploring mineral resources by way of a Federal royalty, the CFEM, which is a maximum of 3% of revenue, but varies from state to state.

An application for a Mining License is granted solely and exclusively to individual firms or companies incorporated under Brazilian law, which will have a head office, management and administration in Brazil, and are authorized to operate as a mining company.

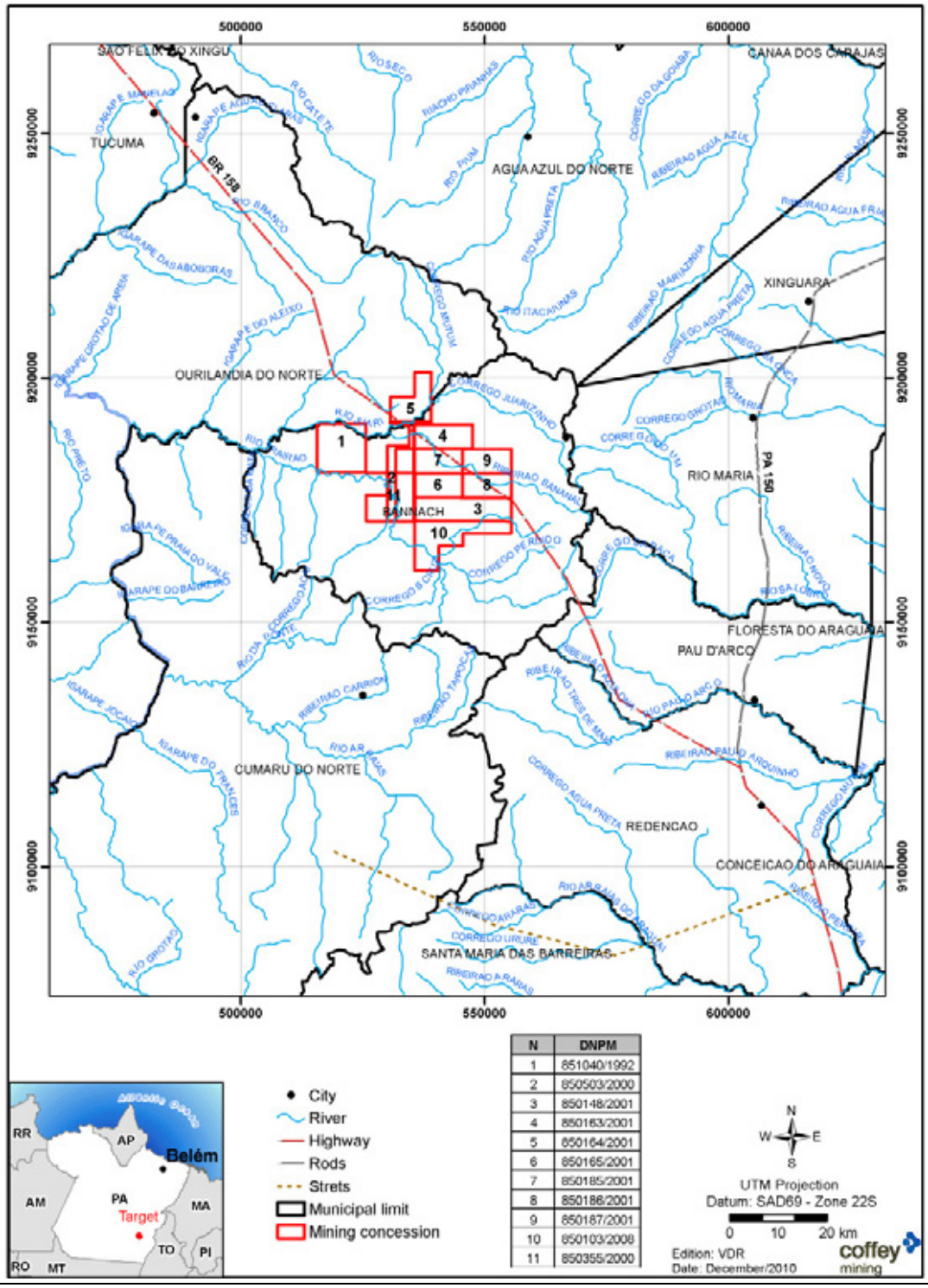
4.3 Project Location

The Trairão Iron Ore Project (73,515.03 hectares) is located in Serra do Trairão region near the city named Bannach, approximately 200km directly south-southwest of Parauapebas city, and 250km from the Carajás railway that connects the mining district with the port 'da Madeira' in São Luis, Maranhão State Capital city (Figure 4_3.1).

Access to the project is from Marabá, which has regular flights to the main cities of Brazil. Rio Maria is located 260km south from Marabá, on the paved state highway PA-150. Bannach is located 60km W of Rio Maria, the last 40km stretch of road access is not paved.

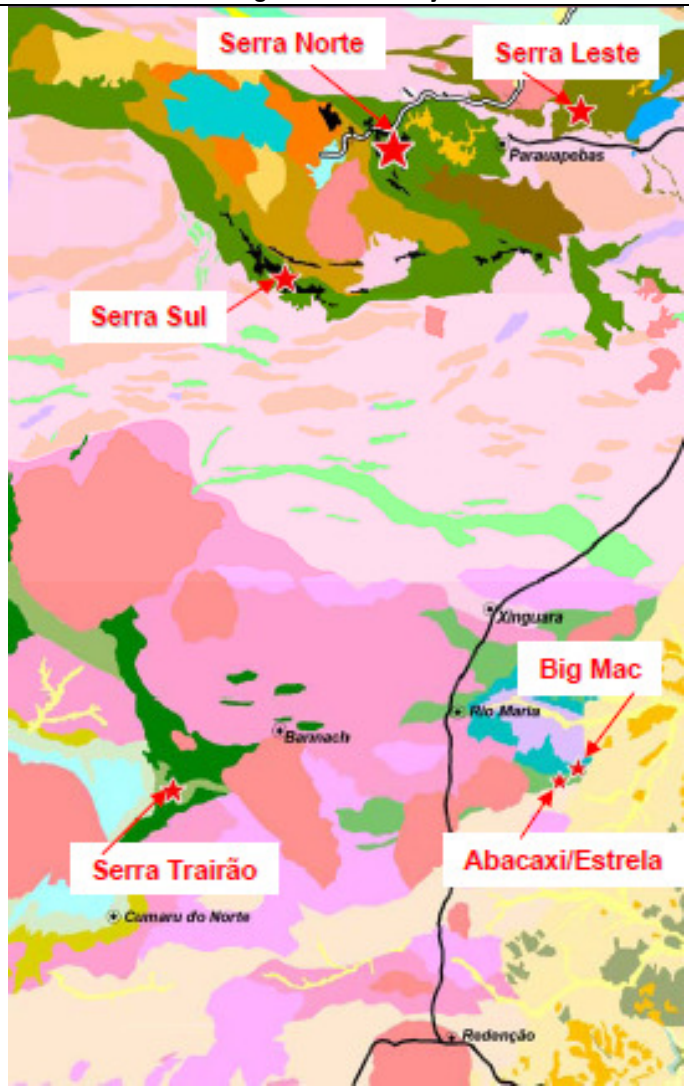
Geographical coordinates for the project are Latitude 07°30' S, Longitude 50°35' W.

Figure 4.3_1
Trairão Iron Ore Project
Project Location



N	DNPM
1	851040/1992
2	850503/2000
3	850148/2001
4	850163/2001
5	850164/2001
6	850165/2001
7	850185/2001
8	850186/2001
9	850187/2001
10	850103/2000
11	850355/2000

Figure 4.3_2
Trairão Iron Ore Project
Para State Larges Iron Ore Projects Location



The Trairão Iron Ore Project is located on the southern margin of Carajás Mineral Province. Several iron deposits exist in the province (Figure 4.3_2).

4.4 Tenement Status

The property comprises 9 exploration licenses (DNPM exploration licenses, or Alvarás de Pesquisa: 850.103/2008, 850.148/2001, 850.163/2001, 850.164/2001, 850.165/2001, 850.185/2001, 850.186/2001, 850.187/2001 and 850.503/2000; totaling 55,645.11 hectares) and (two additional areas under tender process: 850.355/2000 and 851.040/1992; with area of 17,869.42 hectares), as published by DNPM - National Department of Mineral Production:

https://sistemas.dnpm.gov.br/SCM/Extra/site/admin/dadosProcesso.aspx

The research was completed by Coffey Mining on 24-November-2010. Details of the concession holding in the Trairão region are shown in Table 4.4_1:

Table 4.4_1
Trairão Iron Ore Project
Summary of Talon Concession Status in the Trairão Region

Municipality	DNPM process no.	Stage	Mineral	Actual Owner	Size (hectares)	License Number.	Expired Date
Bannach	850.103/08	Exploration License	Gold	Barrick do Brasil Mineração Ltda	9 966.90	5290	07/05/2012
Bannach	850.148/01	Exploration License	Gold	Brazpot Mineração Ltda	9 703.53	6714	16/10/2011
Bannach	850.163/01	Exploration License	Gold	Brazpot Mineração Ltda	6 000.00	6719	11/11/2012
Ourilandia do Norte / Bannach	850.164/01	Exploration License	Gold	Brazpot Mineração Ltda	5 964.92	6720	11/11/2012
Bannach	850.165/01	Exploration License	Gold	Brazpot Mineração Ltda	5 000.00	6721	16/10/2011
Bannach	850.185/01	Exploration License	Gold	Codelco do Brasil Mineração Ltda	5 000.00	6729	16/10/2011
Bannach	850.186/01	Exploration License	Gold	Brazpot Mineração Ltda	5 000.00	6730	11/11/2012
Bannach	850.187/01	Exploration License	Gold	Codelco do Brasil Mineração Ltda	5 000.00	6731	11/11/2012
Ourilandia do Norte / Bannach	850.503/00	Exploration License	Gold	Codelco do Brasil Mineração Ltda	4 010.26	6698	13/12/2010
Bannach	850.355/00	Tender Process	Copper		7 869.42	pending	pending
Bannach / Ourilandia do Norte	851.040/92	Tender Process	Nickel		10 000.00	pending	pending

Brazpot Mineração Ltda. is Talon's Brazilian Subsidiary. The DNPM site owned 3 exploration licenses (Table 4.4_1 above) owned to Codelco do Brasil Mineração Ltda but the total rights official transfer to Brazpot Mineração Ltda. has been lodged (249 - aut pesq/transf direitos - cessão total protocolizada).

The process application 850.103/08 is still registered under Barrick do Brasil Mineração Ltda. at DNPM site, but a Royalty Agreement dated 27th September 2010 has been made between Talon Iron Mineração Ltda. and Barrick Barbados (as defined below). The tender process numbers 851.040/92 and 850.355/00 were registered at DNPM by Brazpot Mineração Ltda.

The property boundaries are currently not physically marked on the ground. Actually, the boundaries are delineated based on the property description described on the exploration licences.

Talon applied in 29-November-2010 into DNPM the request to change the commodity (from gold to iron ore) in all exploration licenses.

4.5 Royalties and Landowner Agreements

On September 29, 2010, Talon completed the acquisition of 100% of the rights to two iron ore projects in Pará State, Brazil, by concluding two separate agreements respectively with Codelco do Brasil Mineração Ltda. ("Codelco") and Barrick International (Barbados) Corp. ("Barrick Barbados").

The agreement with Codelco resulted in Talon acquiring a 70.05% interest in the Trairão iron project ("Trairão Project"). Talon separately acquired Barrick do Brasil Mineração Ltda., ("Barrick Brasil"), which holds the remaining 29.95% interest in the Trairão Project, from Barrick Barbados. With this acquisition, Barrick Brasil became a wholly owned subsidiary of Talon and was renamed Talon Iron Mineração Ltda.. Barrick Brasil (now named Talon Mineração Ltda.) also has a 100% interest in an exploration license with potential for iron ore in the Inajá greenstone belt ("Inajá South Project") and a 33.69% interest in the Terra Escura Nickel Project, also in Pará State.

Under the agreement with Codelco, Talon paid Codelco a nominal purchase price and will pay royalties of US$0.7005 per tonne of iron mined and sold, in the event of mining in the future on the licences.

Under the agreement with Barrick Barbados, Talon paid Barrick Barbados a nominal purchase price and is obliged to pay certain production related royalties, at varying levels in respect of specific metals, in the event of mining on any of the rights to projects held by Barrick Brasil.

For the Trairão Project, royalties payable to Barrick Barbados are valued at US$0.2995 per tonne of iron mined and sold. However, Talon has the right to buy back this royalty for US$598,000 during the 12 month period following commencement of commercial production. For the Inajá South Project, Barrick will receive a net smelter royalty of 0.5% for any base metals that may be produced and sold and 1.0% for any precious metals that may be produced and sold. There are also provisions for Talon to buy back the base metal royalty and for Barrick Barbados to buy back up to 50% interest in any future gold mining operation that exceeds a reserve of three million ounces.

4.6 Brazil Environmental Legislation

Article 225 of the Brazilian Constitution requires reclamation and rehabilitation of mined out areas by the operators. All possible polluting activities are required to be licensed under the terms of the Brazilian National Environmental Policy (Federal Law 6.938 of 31 August 1981). Regulations for the administration are established by National Council of the Environment (CONAMA)'s Resolution 237 issued on 19 December 1997. CONAMA sets the conditions, limits and the control and use measures for natural resources, and permits implementation and operation of projects. Licenses are issued by either a federal, state or a municipal agency.

The areal extent of the proposed impact is considered by CONAMA in determining the issuance of a license and is based on regulations set forth by Resolution 237/97, listed below:

- Federal entities are responsible for licensing activities which may cause national or regional-level environmental impact (more than two federal States).
- State entities and Federal District Entities are responsible for the activities which may cause State-level environmental impact (two or more cities).
- Municipal entities are responsible for licensing the activities, which may cause local environmental impact (within city limits).

The license may be issued in one of the forms described in Table 4.6_1.

Table 4.6_1
Trairão Iron Ore Project
Main Environmental Licensing Stages of Brazilian Mining Projects

License	Description
Preliminary License (LP*)	Indicates environmental viability of project. Location and concept approval, subject to a specific environmental impact assessment and a formal public hearing
Installation License (LI*)	Authorizes project initiation. Permits the engineering work, subject to an environmental control plan.
Operation License (LO*)	Authorizes the start of operations. Requirement to demonstrate establishment of all the environmental programs and control systems.

* Brazilian abbreviation

The license will be subject to approval by the relevant municipality to confirm compliance with the Organic Act and the Municipal Law of Use and Occupation of the Terrain. This will be particularly important for the LP.

In addition to the environmental license process and according to Resolution 237/97, requirements of the preliminary licensing phase also include:

- Approval for water resources use.
- The Authorization for Forest Exploration (APEF) which is required in the cases where there is change in the soil usage or vegetation suppression.
- The Authorization for disturbance of vegetation in Permanent Protected Areas (APP) or in Units of Conservation (UC) by the Authorized Environmental entity.

4.7 Environmental Permits

Talon (through the Brazilian subsidiary Brazpot Mineração Ltda.) has the Operation License (LO) No 4920/2010 approved and valid until 15-Aug-2013. The LO authorizes environmentally the iron ore exploration program in 19,670.43 hectares within the DNPM numbers

850,148/2001 and 850,103/2008 which cover the main iron targets. At the end of the exploration program Talon is responsible for the rehabilitation of the field work degraded lands.

4.8 Environmental Liabilities

No environmental liabilities have been identified within the mineral titles.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Project Access

The Trairão Iron Ore Project is located in the municipality of Bannach, approximately 200km directly south-southwest of Parauapebas city, and 250km from the Carajás railway that connects the mining district with the port 'da Madeira' in São Luis, Maranhão State Capital city.

The region vegetation consists in typical Amazon Rainforest. The Amazon Rainforest is a moist broadleaf forest that covers most of the Amazon Basin of South America. Reflecting environmental conditions as well as past human influence, the Amazon is made up of a mosaic of ecosystems and vegetation types including rainforests, seasonal forests, deciduous forests, flooded forests, and savannas. The project vegetation type consists in rainforests at the top of the Trairão Mountains and farms in the surrounding area (Figure 5.4_1).

The exploration properties can be accessed by plane or/and car. There are regular flights from Brasilia to Redenção and Marabá.

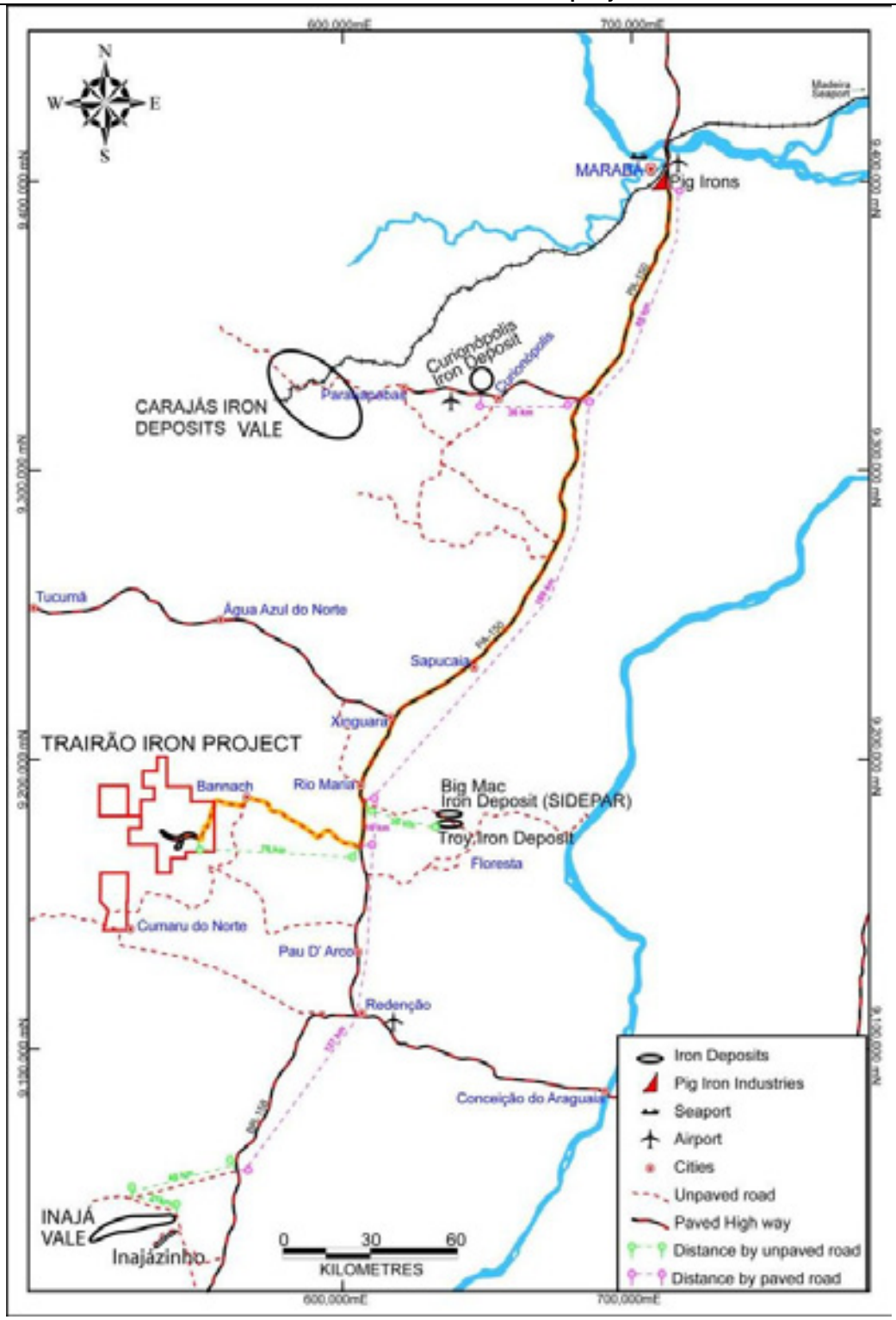
From Redenção, access can be made using the paved highway PA-150 for about 61km in the north direction, turning west on the unpaved road for 53km to Bannach, and turning southwest for a further 25km to the project area.

From Marabá, access can be made using the paved highway PA-150 for about 270km heading south, turning west on the unpaved road for 53km to Bannach, and turning southwest for a further 25km to the project area.

Figure 5.1_1

Trairão Iron Ore Project

Local Access to the Trairão Property



5.2 Climate

The climate is characterized by two well defined seasons, a wet season from December to April (summer–autumn) and a dry season from May to November (winter-spring), with ninety percent of the annual 1.5m to 2.5m of precipitation falling in the wet season.

The temperature ranges from 17ºC to 38ºC.Annual average temperature is 26ºC. Highest temperatures occur from July to September.

Besides being hot, and at times humid, the climate is not a major problem for running surface mining of any type, including iron ore.

5.3 Local Resources and Infrastructure

For a long time this area was considered almost inaccessible. Nevertheless the implementation of the Carajás development project in the middle of the 1970s brought investment in infrastructure to the region, including federal and state roads, a modern railroad and power plant. Large-scale mining enterprises raised interest in smaller mining ventures, mainly artisanal and small-scale mining for gold and cassiterite. The Carajás mining district proved to be very rich in metals other than iron, and deposits of manganese, gold, nickel and copper are being currently developed. Mine development was also followed by timber exploitation, cattle farms and commerce, utilizing the new infrastructure.

The city of Marabá, with almost 200,000 inhabitants, is the major regional town, accessible by paved road (PA 150) from the major agricultural centres of the region: Xinguara (238km from Maraba), Rio Maria (266km), and Redenção (353km). Redenção is also linked to Conceição do Araguaia by paved road.

The closest major commercial airport is located in Marabá, which has daily flights to various major cities in Brazil. Other important airstrips are located at Ourilândia do Norte and Carajás. The rail line connecting the iron mine operations at Carajás to the port of São Luis crosses Marabá area.

A major dam and power station at Tucuruí, on the Rio Tocantins, about 185km north of Marabá has installed capacity of about 6,000MW, expandable to 12,000MW. This energy source supplies power to the region, including Vale's iron mining complex at Carajás. A major transmission line runs south from Tucuruí, passing by Marabá. From Marabá, two 1,000kV lines follow the highway BR 150 contour to Xinguara, Rio Maria and Redenção. From Redenção a distribution line runs to Cumaru do Norte.

This region is booming economically, which has accelerated due to the implantation of two big nickel laterite projects, namely Onça Puma and Vermelho. With increasing activity in the mining sector, significant improvements can be expected in the regional infrastructure in the next few years.

5.4 Physiography and Geomorphology

Landscape forms depend strongly on the lithologies underlying the area and weathering effects. The topography variation goes from 420m at the base of the mountains until 750m elevation at the top.

Granitic basement of the Xingu Complex forms strongly eroded low elevation terrain with small rounded hills. Large granitic batholiths form erratically distributed hills, which vary between those with rounded outline to completely irregular forms, varying in size from a few hundred square meters to 20km². Highly deformed areas like Trairão show a strong structural control on relief, with topographic features oriented along northeast or northwest trends (Figure 5.4_1). Ridges, from a few hundred meters to kilometers in length, are formed by resistant units such quartz veins, chert units and BIF. Ridges and valleys commonly reflect the underlying lithological distribution, and are a reflection of folds, faults and sedimentary basins. Drainage patterns reflect the topography, and may be controlled by rock fracturing and other structural features.

Figure 5.4_1

Trairão Iron Ore Project

Local Access to the Trairão Landsat Image and General Overview

6 HISTORY

In the past, the project was explored by a joint venture ("JV") between Codelco do Brasil Mineração Ltda. ("Codelco"), 70%, and Barrick do Brasil Mineração Ltda. ("Barrick"), 30%. Under this JV agreement, both companies developed an exploration program in phases from 2001 to 2009 which focused on iron-copper-gold (IOCG) mineralization. During the referred exploration program, the potential for iron ore was identified on a target area known as Trairão. The identification and evaluation of the areas with a potential for iron ore was based on the reinterpretation of an aeromagnetic survey. The highest priority magnetic anomalies were subjected to limited follow-up exploration that included geochemical grid sampling, geological mapping and limited exploration drilling.

At that time the Trairão Iron Ore Project was named by the JV as "Prospecto Serra do Trairão".

The Codelco-Barrick JV has undertaken several exploration stages. At the beginning, the aim was to discover IOCG mineralization. In the years 2005 to 2006 the Santa Fé and Santa Cruz (Terra Escura Project) areas were explored for lateritic nickel deposits. This report is only concerned with the work relevant to iron potential of the prospect. Historical activities carried out on the project area included:

- Landsat and radar imagery interpretation;
- Airborne geophysics - Aeromagnetic flight with 250m line spacing; this included a gamma-spectrometry survey;
- Regional and detailed geological mapping, rock grab sampling and stream sediment and soil geochemistry;
- Semi detailed profile geological mapping;
- Geological reconnaissance and geochemical sampling of the ferriferous formations.
- Auger and diamond drilling.

Identification and evaluation of the areas with potential for iron ore was based on the reinterpretation of the aeromagnetic survey. The best categorized magnetic anomalies were subjected to follow-up exploration that included geochemical grid sampling, geological mapping and exploration drilling.

The geological reconnaissance carried out over the 'upward projected' area of the aeromagnetic anomalies allowed indication the potential for iron ore of the Trairão ranges based on a 58% Fe iron grade obtained from hand specimens. These areas were subject to systematic rock geochemistry sampling along profiles and reinterpretation and modeling of the aeromagnetic data that in conjunction allowed the establishment of a potential iron ore area within the Trairão project.

Three of the largest and strongest iron potential aeromagnetic anomalies were subjected to rock geochemical sampling along 800m x 200m and 400m x 200m grids. For the geochemical sampling and geological mapping, a total of 29km of access roads needed to be built.
Overall, exploration activities developed in the project area can be summarized on Table 6_1.

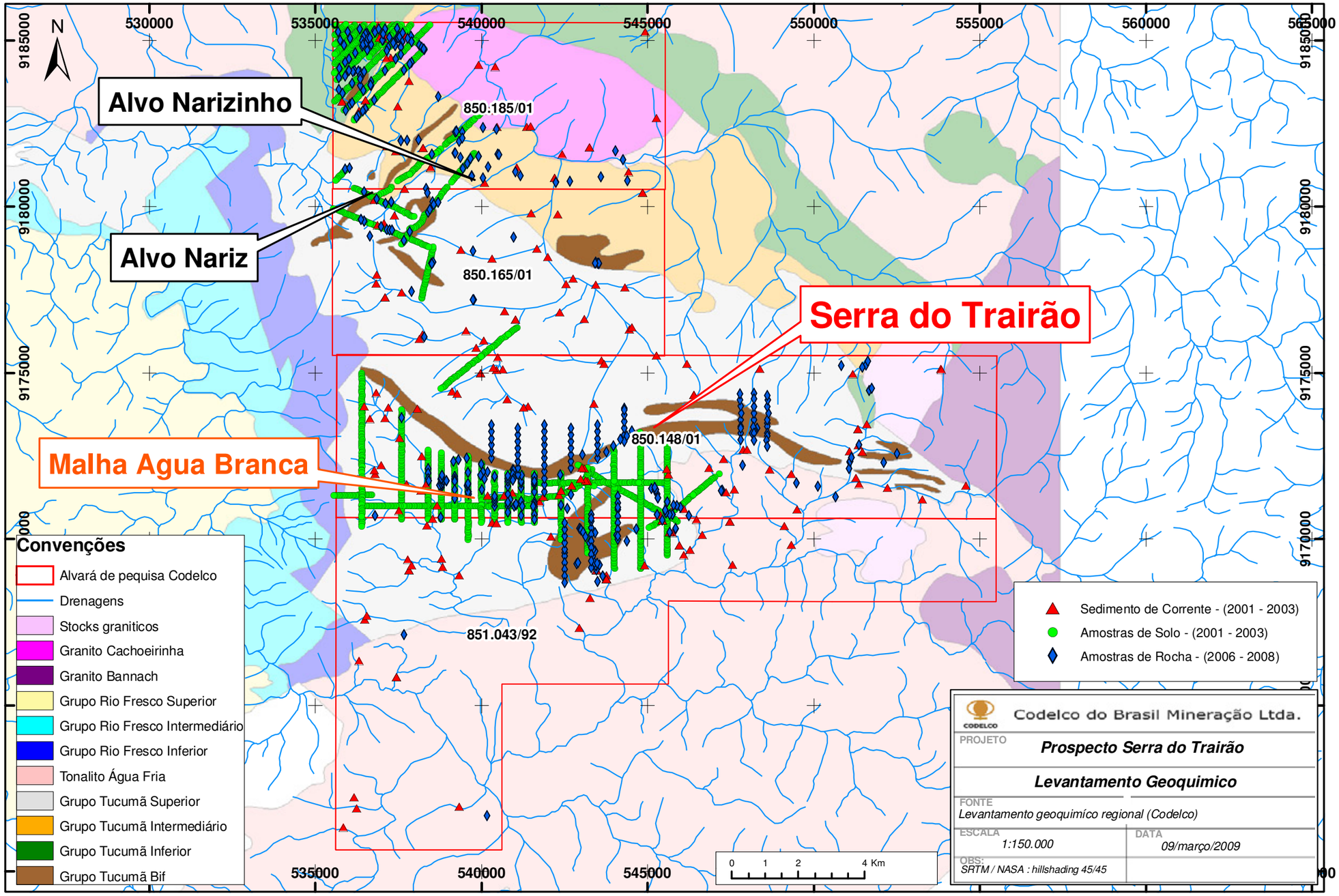
Table 6_1
Trairão Iron Ore Project
Previous Exploration Activities Undertaken by Codelco from 2001 to 2009

ACTIVITIES	AMOUNT	COMMODITY	PERÍOD
TOPOGRAPHY			
Opening trail (km)	112.90	Cu-Au-Fe	2001-2008
Opening roads (km)	29.00	Fe	2008
GEOCHEMICAL			
Stream sediment assay	156	Cu-Au	2001-2002
Soil assay	1,196		2001-2008
Rock assay	246	Cu-Au-Fe	
GEOPHYSICS			
Airborne geophysical survey - MAG & GAMMA (km)	1,500	Cu-Au	2001
GEOLOGY			
Regional Geological Mapping (km²)	300.00	Cu-Au	2001-2002
Semi detail Geological Mapping (ha)	3,260.00	Cu-Au-Fe	2001-2008
DRILLING			
Auger Drilling(m)	59.00	Cu	2008-2009
Auger Drilling (n° bore holes/ amt.)	12 / 61		
Diamond Drilling (m)	754.40	Fe	2008-2009
Diamond Drilling (n° drill holes / amt.)	03 / 256		

6.1 Geochemistry History

Codelco carried out a sampling program that included 156 flow sediment samples, 1196 soil samples in regular 200m x 50m grids and cross sections, and rock chip sampling for IOCG exploration located at Trairão, Alvo Nariz and Alvo Narizinho targets (Figure 6.1_1).

Figure 6.1_1
Trairão Iron Ore Project
Codelco Geochemical Survey



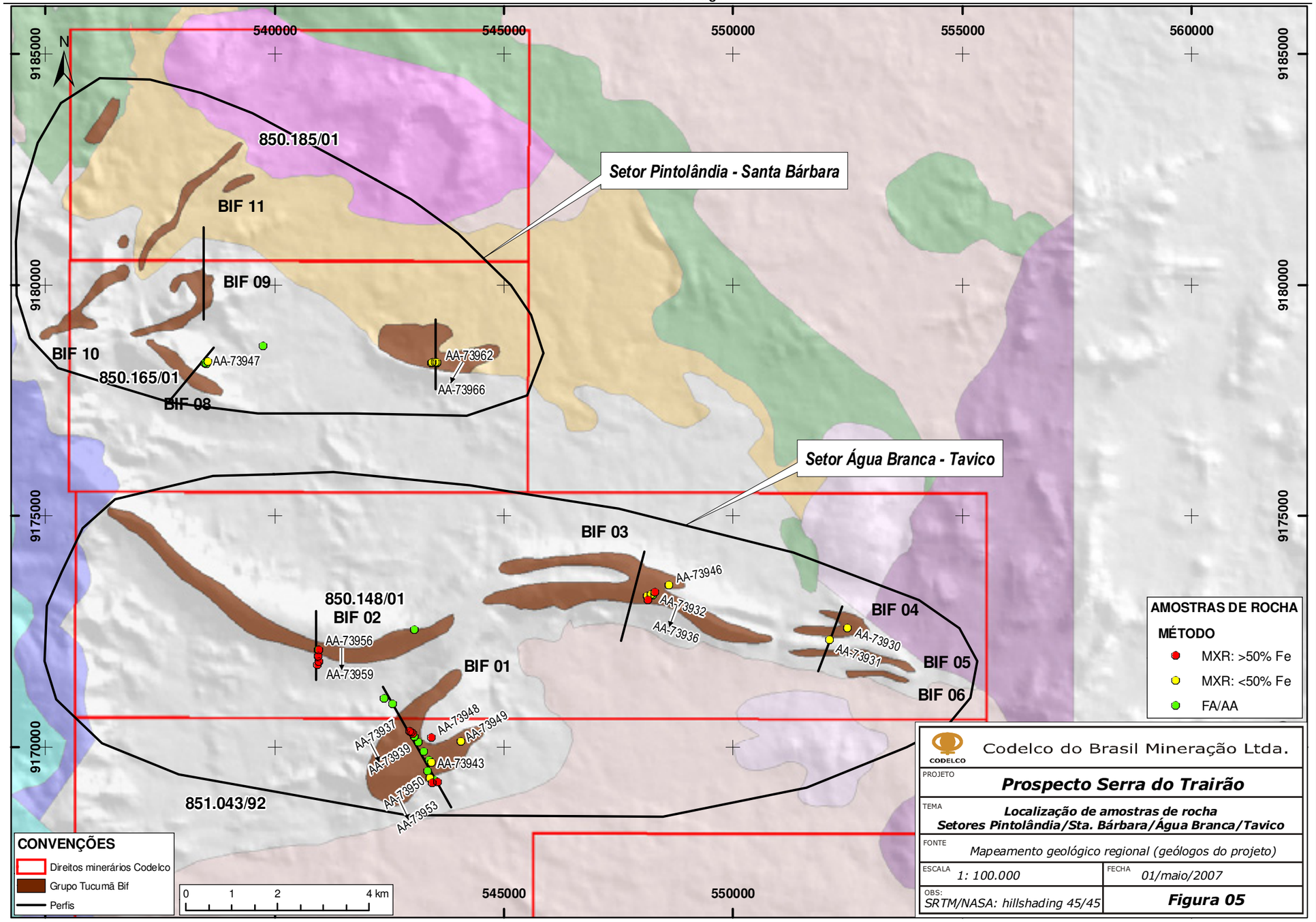
From the results of the sampling campaign Codelco defined 11 main iron ore potential targets (BIFs) (Figure 6.1_2). The 3 main targets (BIF01, BIF02 and BIF03) are located in the Trairão area.

Rock Sampling was done with the specific aim of identifying occurrences of iron, over the two major magnetic anomalies (BIF01 and BIF02) and over a geologically favorable area (BIF 3). The sampling was performed along cross sections and regular grids of 800m x 200m and 400m x 200m (Figure 6.3_1).

Samples were analyzed for iron according to the following industry accepted three grain sizes: > 32mm: coarse material; 32mm to 6mm: granulated and < 6mm: extra fine sinter or pellet feed.

Iron assaying was done by X-Ray Fluorescence and the results are expressed in weight percent of Al_2O_3, CaO, Fe_2O_3, MgO, MnO, P_2O_5, SiO_2, TiO_2, K_2O, and Na_2O. Metallic Fe was obtained by means of stoichiometric calculations, dividing the resulting Fe_2O_3 by a specific constant. Likewise, the amount of phosphorous was obtained by dividing the P_2O_5 by a pre-determined constant.

Figure 6.1_1
Trairão Iron Ore Project
Iron Ore Potential Targets



6.2 Aeromagnetic Survey History

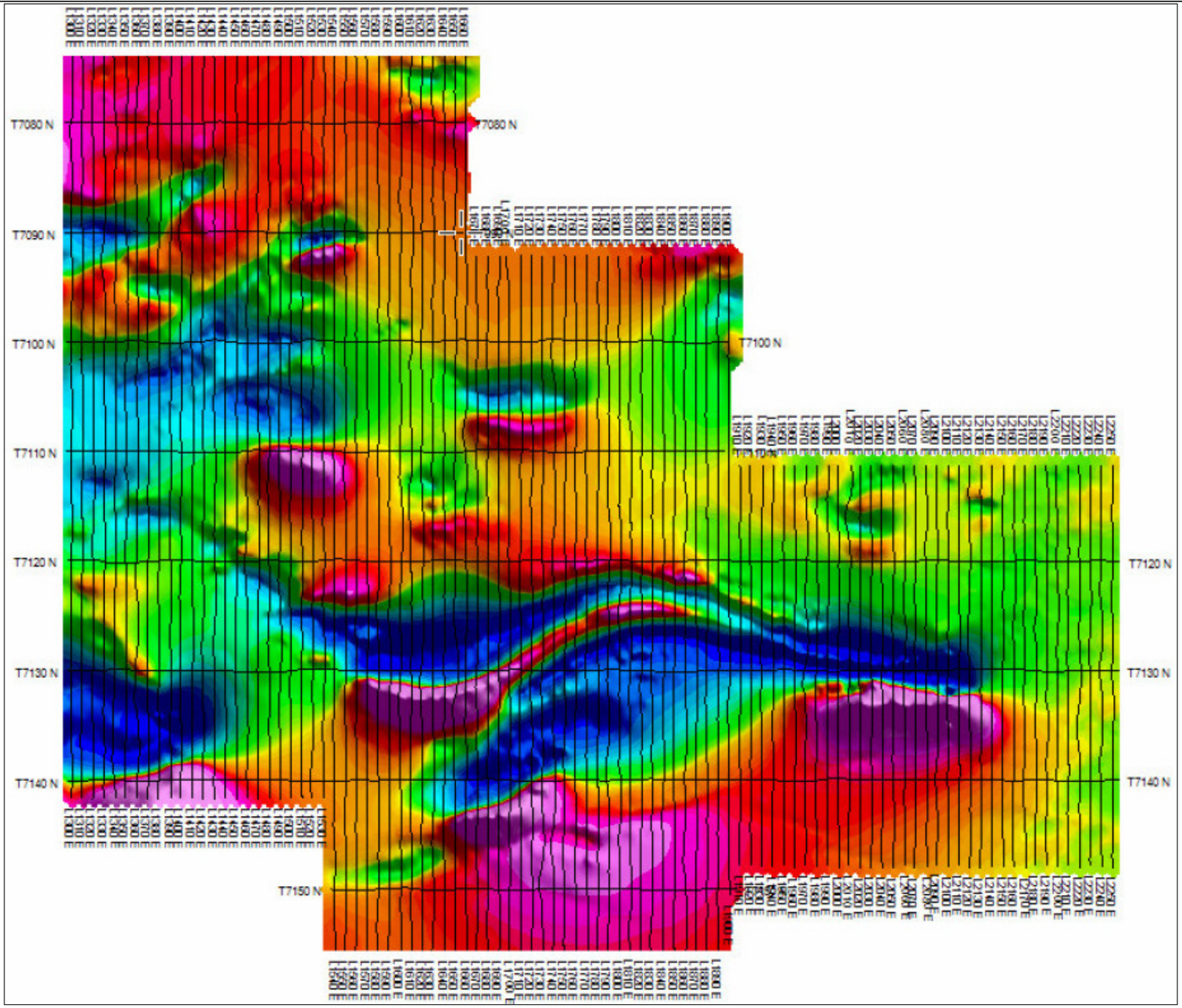
The Codelco (2001) aeromagnetic and gamma-spectometric survey shows strong positive anomalies over the whole iron formation area (Figure 6.2_1). These anomalies help with the identification of the iron formations and show a strong contrast, fairly clear within the Upper Unit of the Tucumã Group that allows the Middle Clastic Unit to be mapped. All stratigraphic definitions were based on an informal field work definition, based on geological field notes.

The gamma-spectometry (thorium channel) shows an excellent correlation between the lateritic crusts over the BIF and the thorium high values, reflecting the higher duricrust concentrations.

Figure 6.2_1

Trairão Iron Ore Project

Codelco TMI Geophysical Map



The 3D analysis of the magnetic data gives a fairly good approximation to the magnetic sources related with BIF anomalies (Reconsult, 2007). Based on their relative size, BIF numbers 1 and 2 were selected for diamond core drilling, and more detailed rock sampling was carried out at outcrop (Figure 6.3_1).

6.3 Geological Mapping History

Regional geological mapping, to 1:100,000 scale, was undertaken and identified the iron formations in the Trairão ranges and Pintolândia region. Semi-detail mapping was done over limited areas based on the trenches dug for geochemical rock sampling. The main objective of such mapping was to identify the areas with the greatest hematite concentrations above BIF 1 and 2 magnetic anomalies. A structurally favorable zone (BIF 3) with similar geochemical data to that found in BIF 1 and 2 was mapped (Figure 6.3_1).

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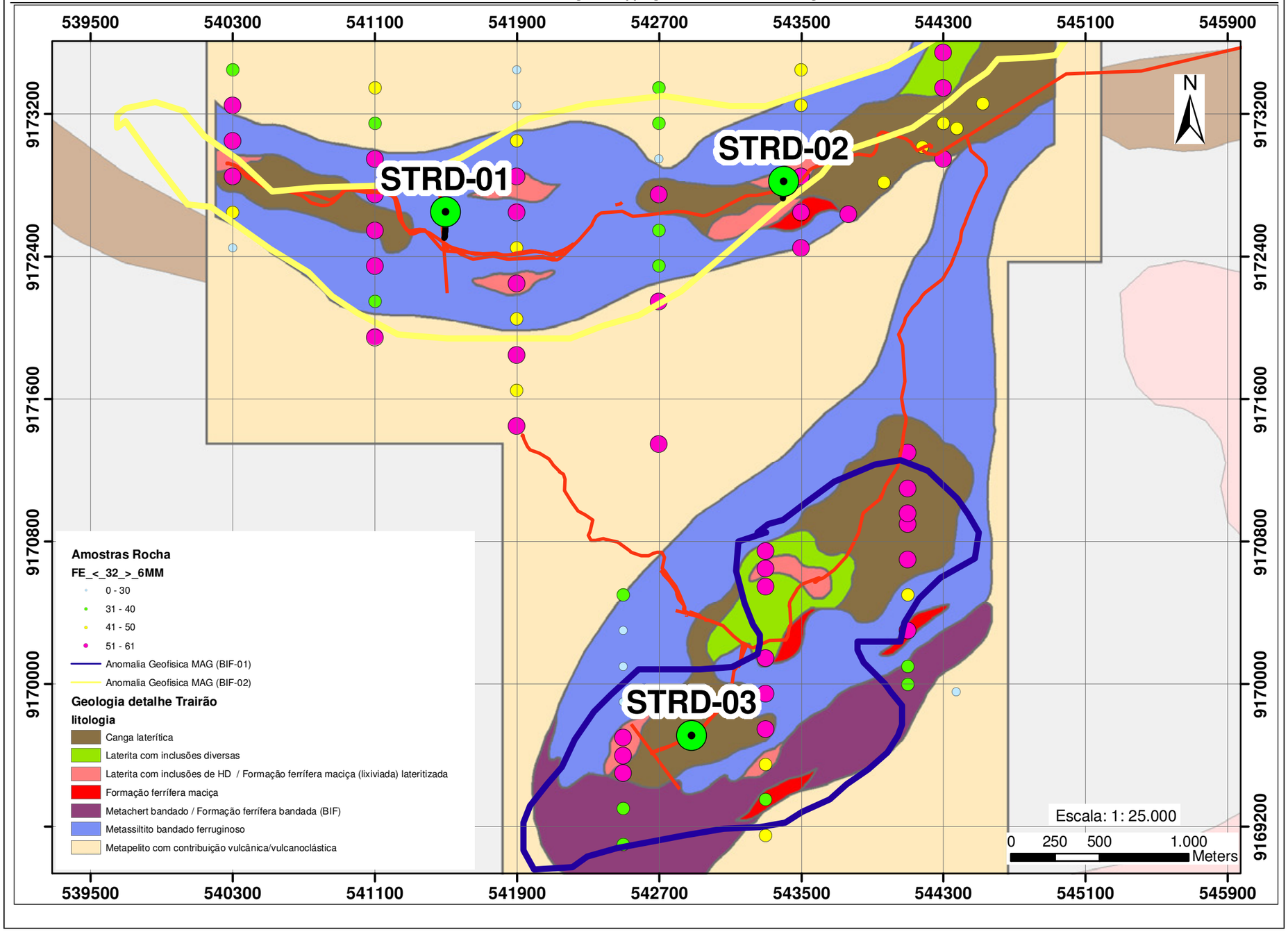
Figure 6.3_1

Trairão Iron Ore Project

Codelco Semi-detail Geological Mapping with the Diamond Drilling Location



6.4 Diamond Drilling History

Codelco's total drilling program in Trairão Iron Project was 754.4 meters (Table 6.4_1) divided into three drill holes (Table 6.4_1 and Figure 6.4_1). Drill holes aimed to test the magnetic anomalies in depth obtained from 3D magnetic modeling.

Table 6.4_1
Trairão Iron Ore Project
Codelco Drill Holes Location

Drill Hole	X	Y	Z	Depth (m)	Azimuth	Dip	BIF
STRD-01	541499,98	9172649,71	769,76	282,6	180	-60	BIF-02
STRD-02	543400,00	9172821,82	712,30	211,4	180	-60	BIF-02
STRD-03	542882,54	9169710,95	734,50	260,4	0	-90	BIF-01

Figure 6.4_1
Trairão Iron Ore Project
Codelco Drill Holes – SRTD-01, SRTD-02 and SRTD-03

Drill hole STRD-01 intercepted a vertical section from 0m to 28.40m with average grade of 47% Fe. This interval comprises an unconsolidated material composed of pebble martite plates, clay and ferruginous phyllite fragments. The drill hole shows a decrease in the iron grades as it penetrated the fresh rock, suggesting that the BIF of the area does not have ore grade levels of iron, compared to the surface deposits.

Drill hole STRD-02 intercepted a vertical section from o.0m to 61.65m with average grade of 45% Fe. This interval comprises an unconsolidated material composed of pebble martite plates, clay and ferruginous phyllite fragments. This drill hole shows the same characteristics observed in drill hole SRTD-01, with a decrease in the iron grades in the fresh rock.

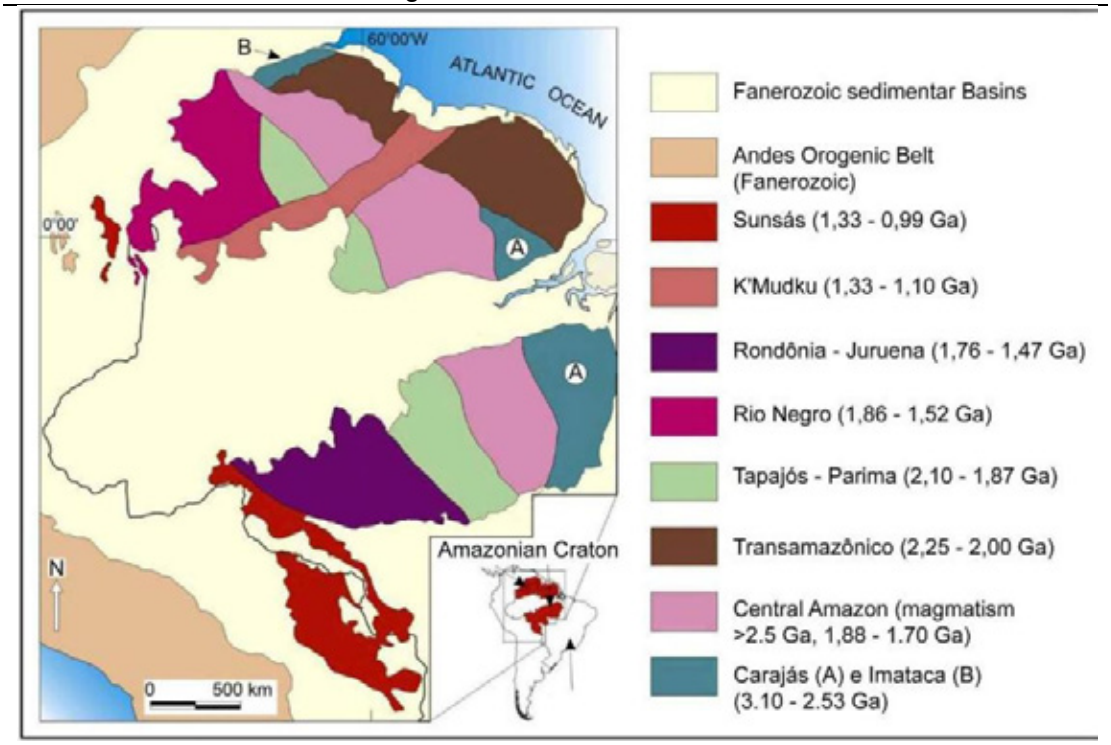
Drill hole STRD-03 intercepted a vertical section from 0.0m to 31m with an average grade of 51.85%Fe. This interval comprises a more fine-grained unconsolidated material composed of fine pebble martite plates, clay and ferruginous phyllite fragments. Massive iron fragments were observed locally (Figure 32) together with brecciated BIFs. The drill hole also shows a decrease in the iron grades as drilling penetrated the fresh rock lower in the drill holes.

7 GEOLOGICAL SETTING

7.1 Regional Geology

The Trairão Iron Project is located within the Serra dos Carajás mineral province that covers an approximate area of 6,000km² in the eastern part of the Amazon Craton (Figure 7.1_1).

Figure 7.1_1
Trairão Iron Ore Project
Geochronological Provinces of the Amazonian Craton



Carajás province was originally identified in the late 1960s as one of the world's largest iron ore fields. Following the discovery of extensive iron ore reserves within this previously unexplored, densely rainforest-covered area, numerous other metalliferous deposits have been identified including; manganese, alumina, nickel, tin, gold, platinum group elements and copper. More recently, the area was recognized as a major copper-gold province, after the discovery of a number of world-class IOCG deposits, and an emerging nickel laterite district, making Carajás an important and under-explored metallogenic province.

Carajás province lies at the southeastern margin of the Southern Amazonian Craton, and is represented by granitoid-greenstone terrains, intracratonic basins, and high grade metamorphic complexes. The province comprises two Archaean tectonic blocks; the northern Itacaiúnas belt, a tectonic block that hosts Carajás basin, and the southern Rio Maria granitoid-greenstone terrain represented by the Andorinhas Supergroup.

The Andorinhas Supergroup comprises seven individual greenstone belts, including the Seringa greenstone belt, which occurs in the Trairão Iron project area. The Supergroup has been divided into a lower Babaçu Group and an upper Lagoa Seca Group. The Supergroup evolves upwards, with lithological distribution suggesting greenstone belt accretion from south to north. It has been suggested that the greenstone belts were deposited in a series of transtensional basins formed during dextral transcurrent movement on east-west, north-south and northeast-southwest faults.

The Rio Maria granitoid-greenstone terrain and the Itacaiúnas belt can be differentiated in terms of both their geological setting and associated mineral deposits.

The Itacaiúnas belt and Carajás basin form a structural province consisting of the major east-west to northwest-southeast trending Carajás and Cinzento strike-slip fault systems.

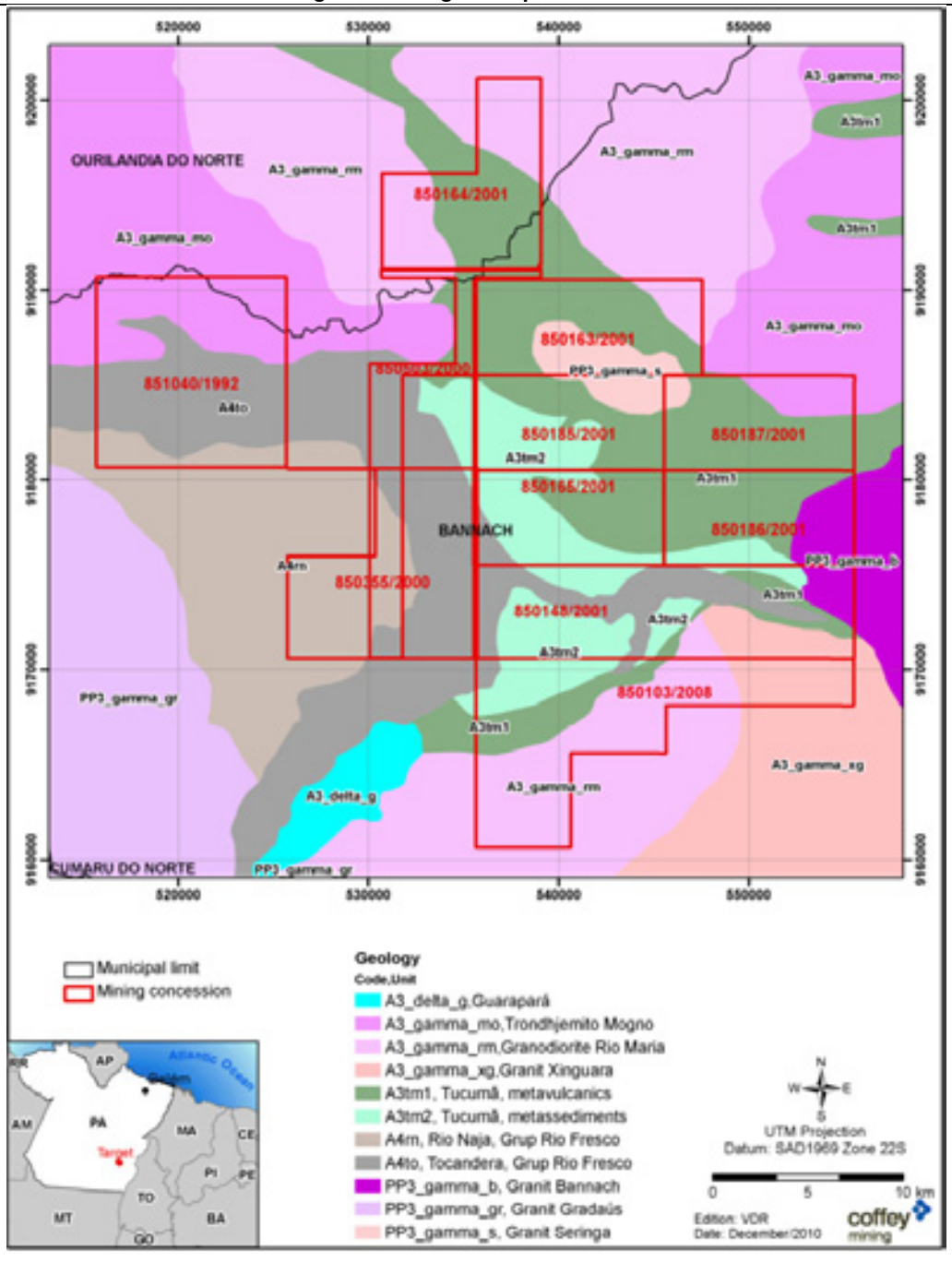
The Rio Maria granitoid-greenstone terrain is composed largely of east, northwest, and northeast trending shear zones around dextral strike-slip faults that have chiefly affected the supracrustal rocks. Synformal structures along the shear directions, previously interpreted as *synclinoria*, are considered to be transpressive duplexes. The larger duplexes are related to east trending shear zones consisting of sedimentary rock cores bordered by thrust faults.

Figure 7.1_2 shows the regional geology within the project tenements from CPRM (the Brazilian Geological Survey).

Figure 7.1_2

Trairão Iron Ore Project

Regional Geological Map From CPRM



7.2 Local and Project Geology

The oldest rocks within Trairão Iron project area are the Archean tonalitic gneisses that form the basement to the Seringa Greenstone belt, which has been dated at 3.002Ga. The greenstone belt comprises a lower ultramafic to mafic volcanic sequence, passing up into intermediate to acid volcanic rocks, and an upper unit of siliceous metasediments. The metasediments contain abundant units of BIF, some of them attaining considerable thickness, including those comprising the Trairão iron project (Figure 7.2_1). Tonalitic rocks providing younger radiometric ages than the greenstone belt are probably intrusive, although they are not everywhere distinguished from the basement gneisses.

Metasedimentary rocks of the Proterozoic Rio Fresco Group occur in the western portion of the area. Basal conglomerates and quartzites pass up into psammites and pelites, which become finer upwards; the uppermost units of the Group are carbonates and siltstones.

BIFs form part of a larger volcano-sedimentary sequence, stratigraphically located in the Intermediate and Upper Units of Tucumã Group. Both units are formed by clastic and carbonaceous and/or siliceous meta-sedimentary rocks, in which the Intermediate Unit is mainly formed by carbonate meta-siltstones, whereas the Upper Unit is composed mainly of ferruginous meta-siltstones that are host rocks of the BIF oxide layers.

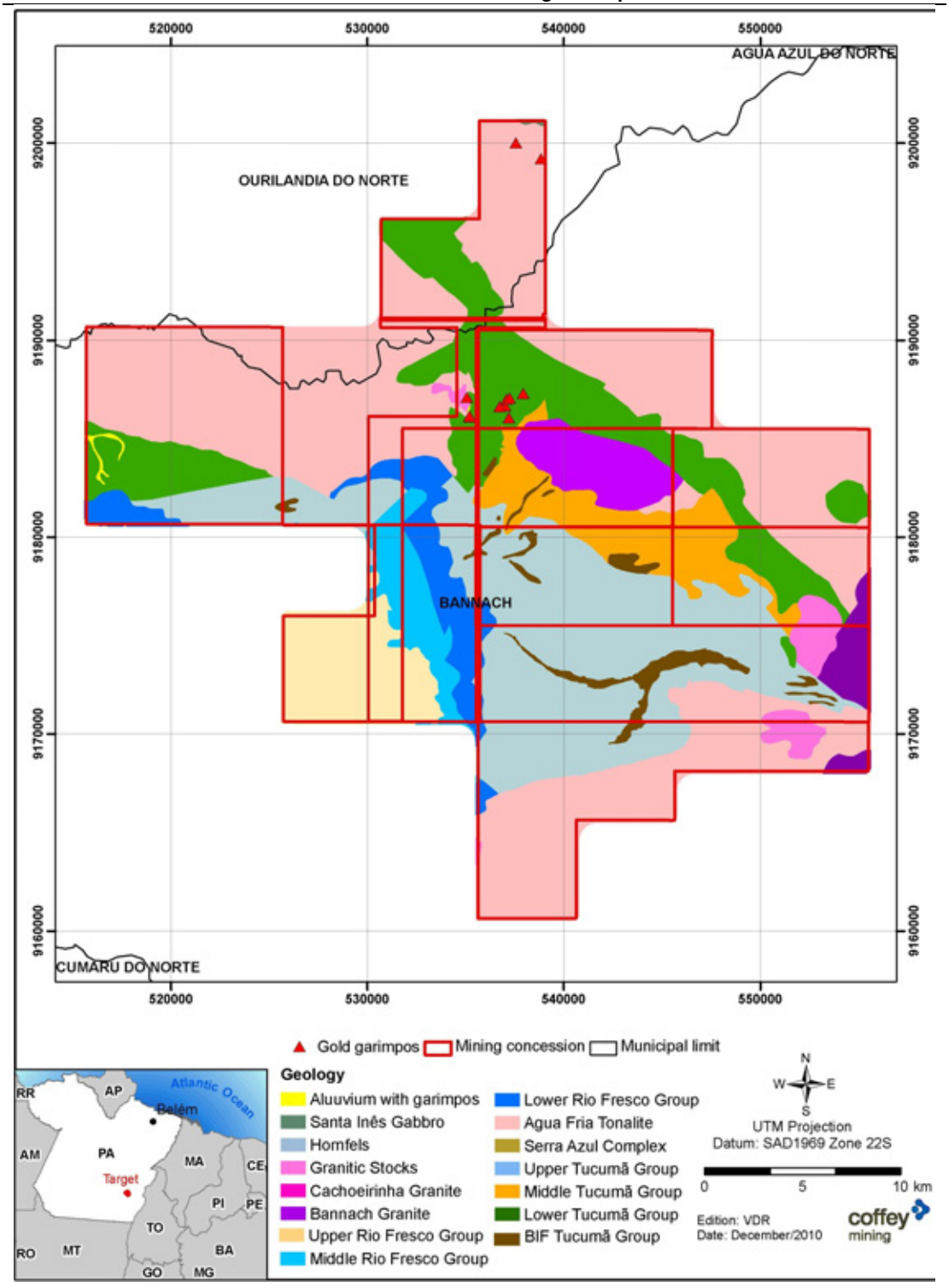
From a geomorphologic point of view, the Carajás ranges and the Trairão iron formations are at an altitude in which lateritic soils develop, enhancing the possibility for the formation of ferric supergene enrichment near surface.

Besides the favorable geomorphologic conditions for developing secondary mineralization, the geological reconnaissance suggests that the iron formations were affected by metamorphic and hydrothermal processes that may have concentrated the primary epigenetic mineralization.

Figure 7.1_2

Trairão Iron Ore Project

Local Semi-Detail Geological Map



8 DEPOSIT TYPES

The BIF strata lie within the upper metasedimentary units of the Seringa greenstone belt. Numerous individual BIF horizons form a substantial surface outcrop area with several kilometers strike length, including major fold closures, which are thought to be synclinal keels. The overall geotectonic setting is similar to that of the giant iron ore deposits of Carajás region, however prospectivity depends on the total volume of BIF, 3D geometry, and degree of supergene enrichment; all these factors are yet to be determined.]

The Carajás Mine is the world's largest iron ore mine and is located in the state of Para in Northern Brazil. The Carajás ores are found within Archaean iron formations. The volcanic sequence has been weathered to a depth of between 100m and 150m, while oxidation is observed to a depth of up to 500m in the BIFs of the ore zone. The upper 80% of the reserve comprises a soft, friable enriched limonite near surface passing down into hematite to a vertical depth of around 300m. Hematite rich, but harder and more siliceous pods occur within the soft hematite, but also as a transition to the un-enriched BIF at depth. The Carajás District contains known reserves of the order of 18 billion tons with an average grade of 65.4%Fe.

In terms of geomorphology, both the Serra dos Carajás iron formations and the Trairão Project have elevations compatible with the South American Surface Planing, which indicates the maturity of the laterite profile and therefore suggests the possibility of supergene enrichment of iron in their upper portions.

The preliminary geological reconnaissance suggests that the iron formations of Trairão Project were affected by metamorphism and hydrothermal alteration processes, followed by supergene enrichment zones mainly along and structural features representing about 14% of the area.

There is insufficient information to determine the iron content in the fresh rocks, as there are only three deeper diamond drill holes in the area; RC drill holes show enrichment at surface.

This type of deposit is commonly known for lower iron grades at depth and higher phosphorous and aluminum oxide grades near surface.

9 MINERALIZATION

The iron mineralization at the Trairão property is associated with hematite-goethite-rich colluviums, as well as with a supergene enrichment zone over a sequence of inter-bedded BIFs and magnetite-rich phyllite that belong to the upper portion of Tucuma Group. The supergene enrichment process leached a significant amount of silica from the country rocks and transformed the magnetite into hematite-goethite creating a resistant cap rock which is manifest as the prominent topography along the Trairão Range. The Trairão Range presents a folded pattern and its total length is 19km, over Target Áreas 1, 2 and 3.

Banded iron formations (BIFs) are chemical sediments which precipitated from seawater, and are characterized by fine layering of silica and iron minerals (oxides, carbonates, silicates or sulphide). Oxide facies iron formations, containing magnetite and/or hematite, are the most significant in economic terms, and may contain up to 35% Fe. Supergene enrichment, particularly under tropical weathering conditions, may concentrate the iron in these rocks up to grades of 65%Fe.

Enrichment occurs commonly due to groundwater percolation through BIF, and some of the world richest ore bodies are within synclinal keels, where iron has been concentrated by downward-moving waters. This is particularly true where the underlying rocks are impervious to fluids.

Figure 9_1

Trairão Iron Ore Project

Mineralization

Codelco diamond drill holes sample results show a supergene iron enrichment in all the three drill holes; which in some cases, as in the STRD-02 drill hole, is more than 60m thick (Figure 9_2).

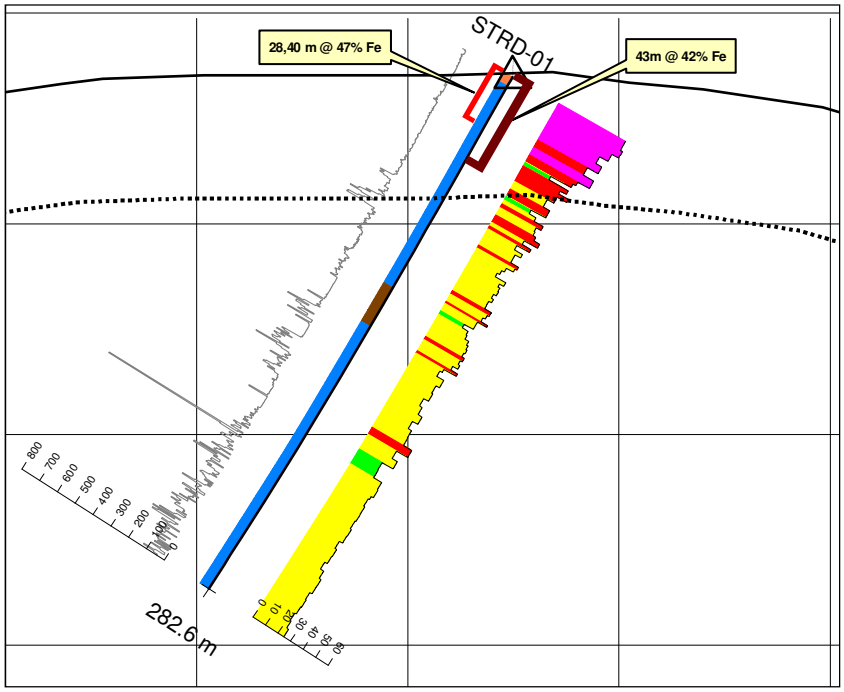
The potentially economic supergene iron mineralization (Fe> 40%) of the Serra do Trairão Iron Project is, provisionally identified as colluvial deposits with local enrichment zones with thicknesses ranging from 20m to 60m. This iron mineralization has characteristics which are common to these types of deposits, such as:

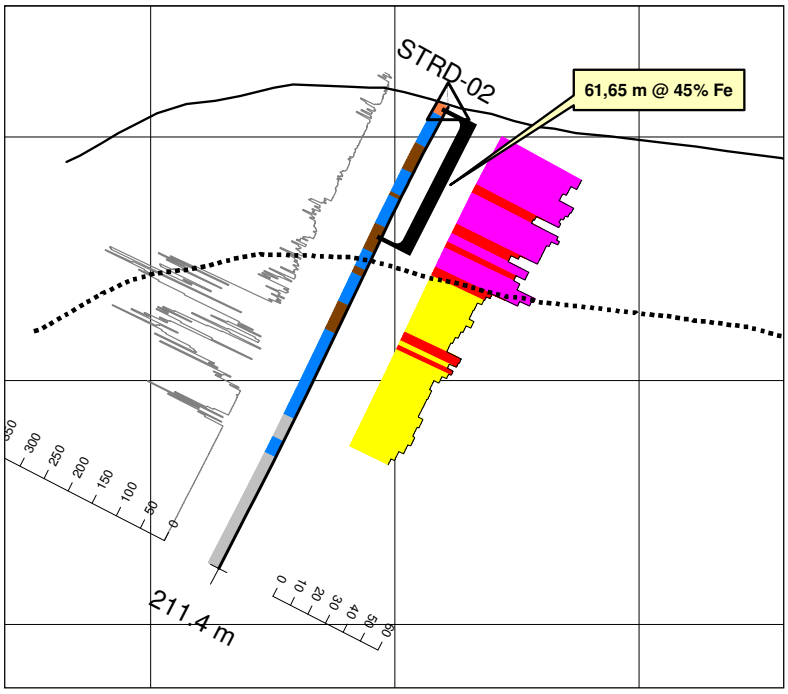
- Mineralization has a fine grain size;
- Oxidized mineralization is associated with contamination element associations ofAl_20_3, MnO, P_2O_5, SiO_2 and moisture) and has higher grades at surface;
- Fe and P grades decrease with depth;
- Such shallow near surface mineralization deposits are commonly amenable to simple surface mining techniques.

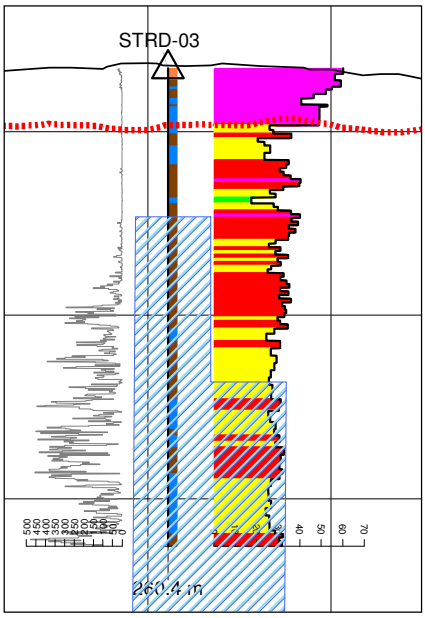
Figure 9_2

Trairão Iron Ore Project

Codelco Drill Holes with Supergene Fe Enrichment







10 EXPLORATION

Talon has carried out, as the first project phase, a complementary campaign with geological field evaluation, rock sampling, and geophysical exploration which included a reinterpretation of the original airborne magnetic survey data as well as undertaking a ground magnetic survey over the drilling areas on Target Areas 1 and 2 as well as RC drilling.

The exploration work focused on two areas, Target Area 1 and Area 2. The two areas, being of limited extent, represented some five kilometres of strike, selected as test areas to confirm Codelco's exploration results and hence the potential of the iron mineralization and to test the various exploration methods to be applied within the proposed Talon program. The Area 1 corresponds to the BIF01 and the Area 2 corresponds to the eastern part of BIF02, as annotated by Codelco.

The exploration program was aimed at evaluating the Trairão Iron Ore Project potential for iron ore and providing sufficient data that will support an initial NI 43-101 compliant mineral resource estimate within the limited areas.

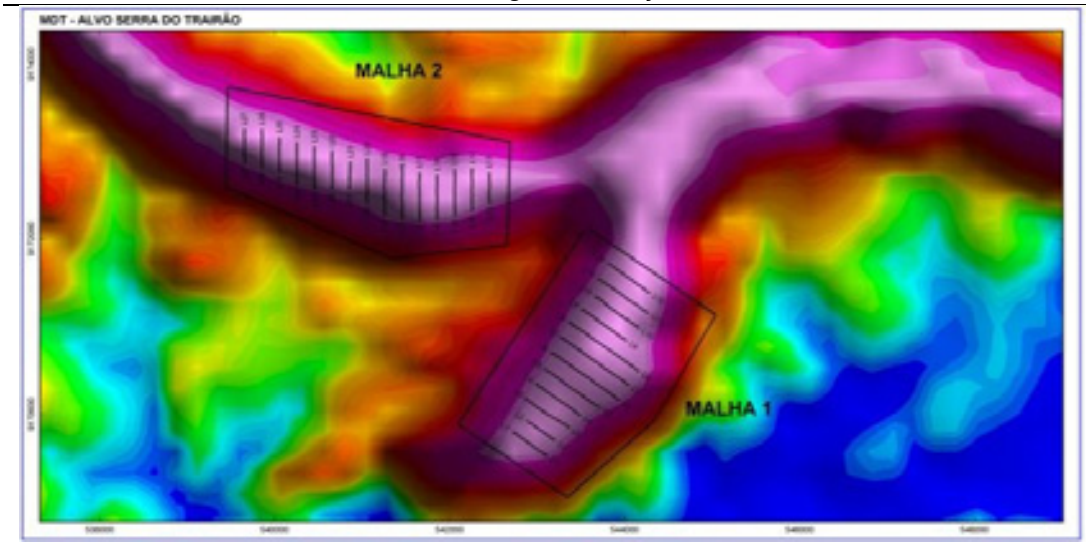
10.1 Ground Magnetic Survey

Coffey Mining carried out a ground magnetic survey in Trairão at the request of Talon. It was conducted near the district/municipality of Bannach, state of Pará. Coffey Mining completed the acquisition of 16.2km linear ground magnetic data from two targets (Area/Malha 1 and Area/Malha 2). The Figure 10.1_1 shows the line locations.

Figure 10.1_1

Trairão Iron Ore Project

Ground Magnetic Survey Lines



The magnetometry focused on identifying the lateral continuity of saprolite and to determine the thickness. The study of magnetic susceptibility showed a great contrast between saprolite (considered in this work up to 50m deep) and metasiltite with is present in the Trairão area. It was interpreted that the source of the magnetic anomalies was the metasiltite (and BIFs), and that the anomalies reflect the shallow geology that was the focus of Talon's program. The parameters used in the survey are described below:

- Inclination of the geomagnetic field: -7.05º
- Declination of the geomagnetic field: -19.50°
- Magnetic DATUM: 25036nT
- Magnetometers: Scintrex Navimag SM5 w / GPS and Scintrex ENVIMAG
- Sensor's orientation (cesium vapor): Horizontal (90° / 0°)
- Orientation lines: N-S (Area 1), 125 AZ (Area 2)
- Extension lines: from 300m to 900m
- Spacing between lines: 200m
- Sampling preprocessed: Navimag 1Hz and 0.5 Hz ENVIMAG
- Sampling final average: 0.6m
- Bandwidth filter: 4
- Sensor height: 2m

Acquisition lines were programmed to cross structures observed in the field. Access was along 27 cutlines with directions Az 125 (Malha 1) and Az 0 (Malha 2) (figure). The lines ranged from 300m to 900m in length.

Two Scintrex magnetometers were used for data acquisition, one NAVMAG SM5 cesium vapor coupled with GPS, used as mobile magnetometer, and one ENVIMAG precession proton magnetometer used as the base station. The magnetometer's internal GPS was used for georeferencing of lines. The mobile magnetometer was used with SM5 "hands-free" configuration, acquiring data continuously every 1 second.

CSAZ software was used for sensor's orientation. This software uses geomagnetic field parameters and calculates the direction in order to amplify the signal and reduce noise.

Data processing consisted of reducing the total magnetic intensity to anomalous magnetic intensity, and after calculating the amplitude of analytic signal (AAS) and the first vertical

derivative, using the algorithms distributed by Geosoft in the package MAGMAP. Results are shown in the Figures 10.1_2 and 10.1_3.

Figure 10.1.1_2

Trairão Iron Ore Project

Total Magnetic Intensity – Area 1

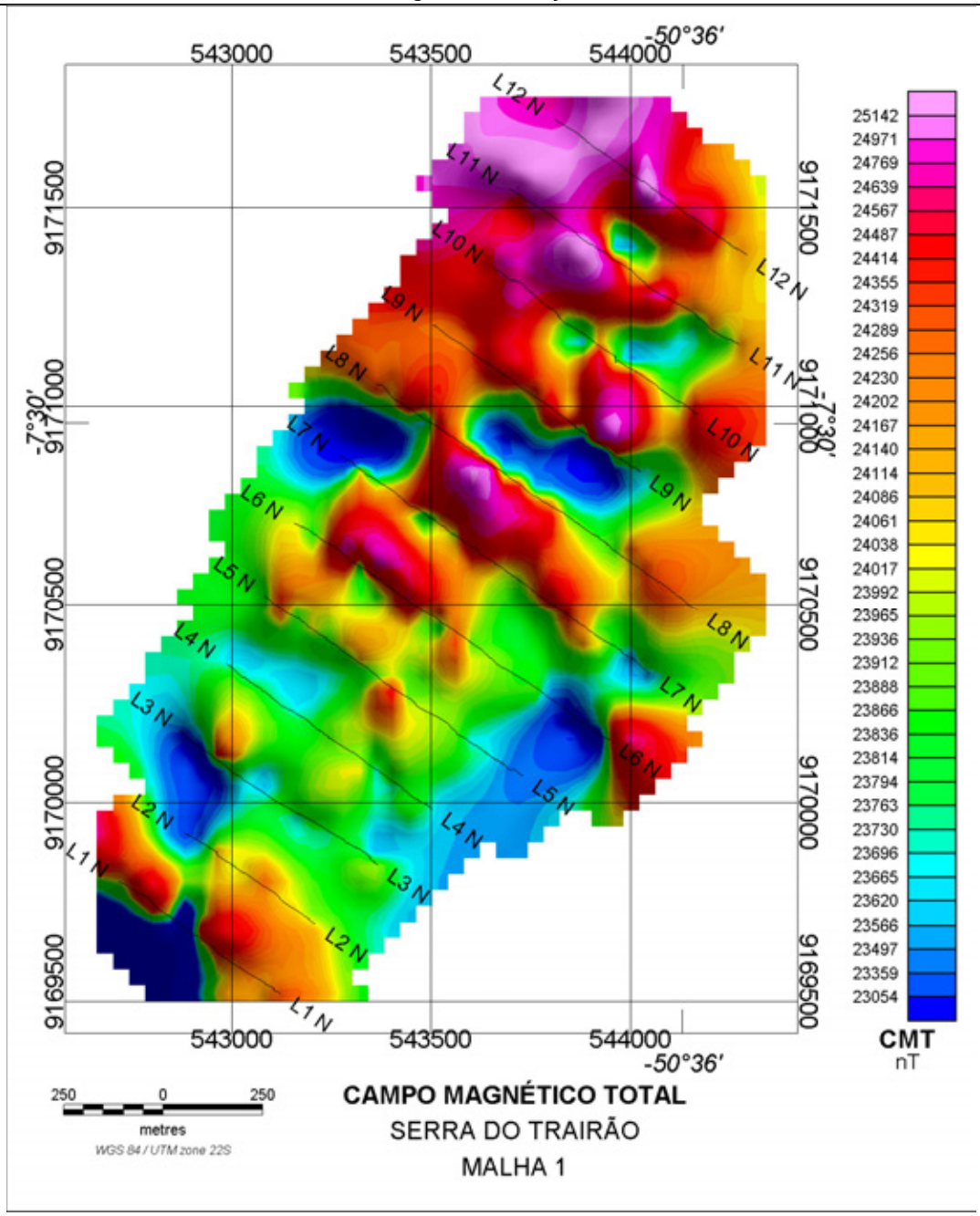
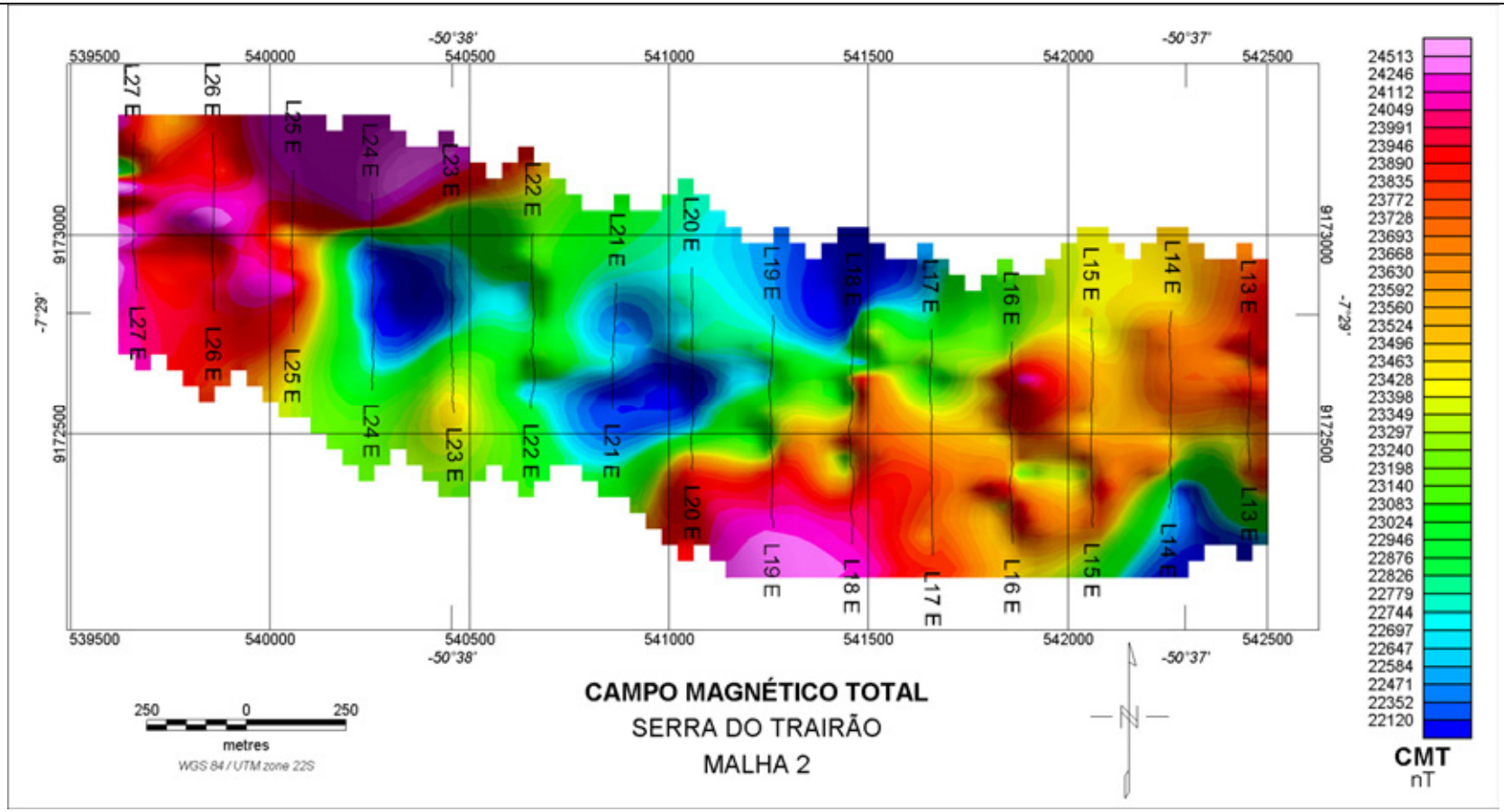


Figure 10.1_3

Trairão Iron Ore Project

Total Magnetic Intensity – Area 2



From the anomalous magnetic intensity three more products were generated through field transformation to assist interpretation. Figures 10.1_4 and 10.1_5 show the amplitude of the analytical signal obtained for Areas 1 and 2.

Figure 10.1_4
Trairão Iron Ore Project
Amplitude of Analytic Signal - Area 1

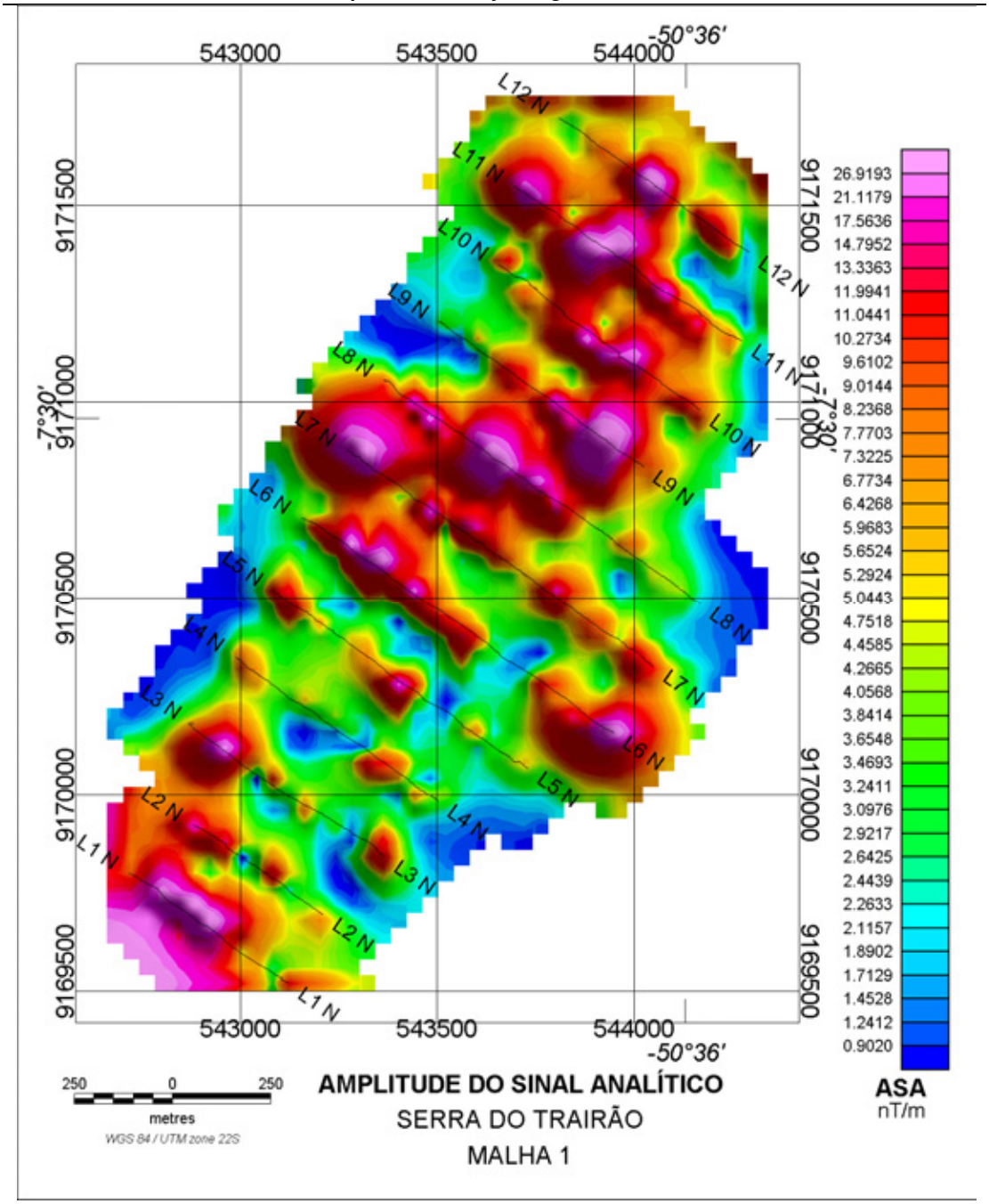
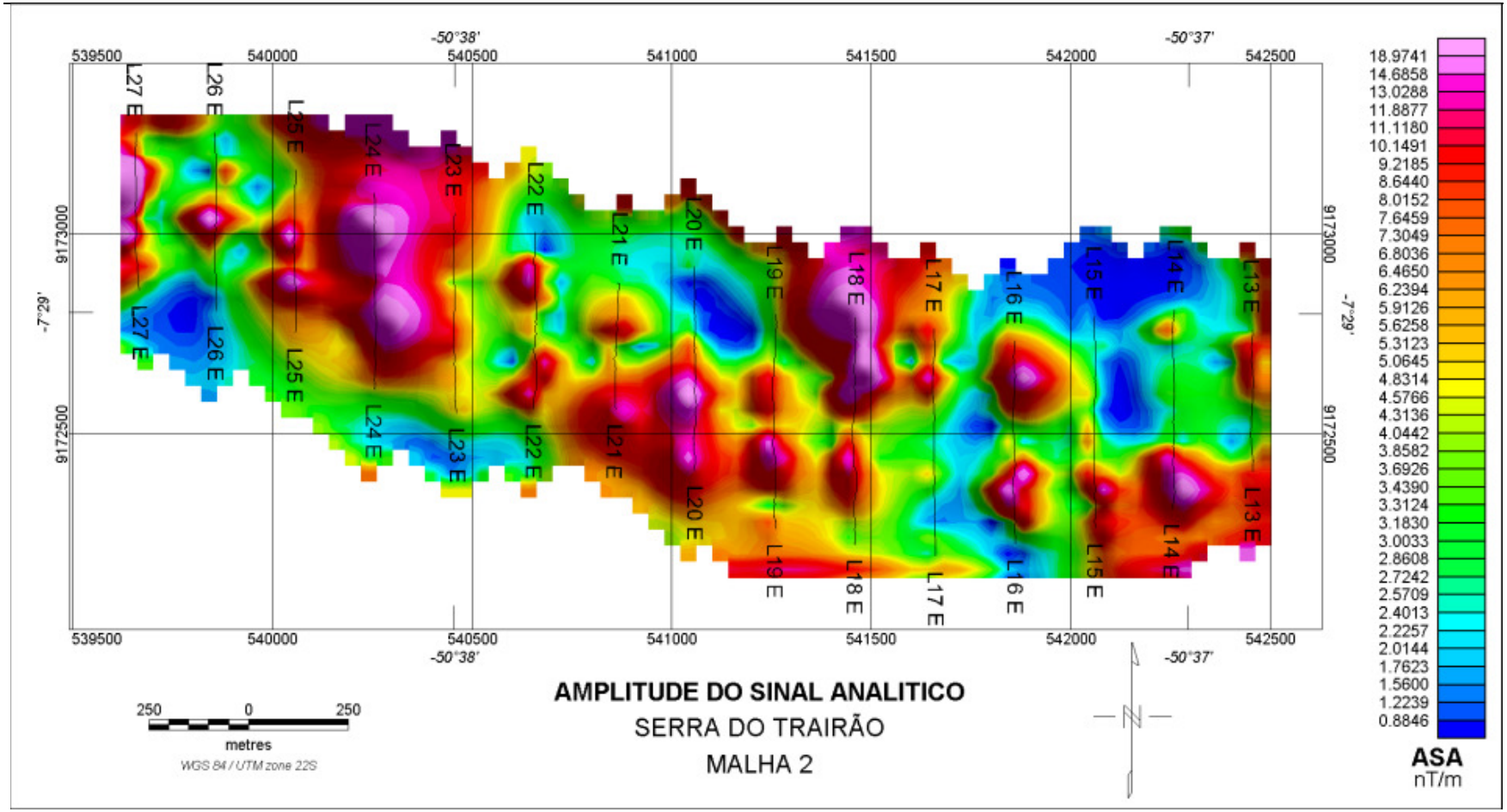


Figure 10.1_5

Trairão Iron Ore Project

Amplitude of Analytic Signal - Area 2



The analytical signal is very useful for the interpretation of the shape of source that produced the magnetic anomaly.

To highlight lineaments and shallow magnetic anomalies the first vertical derivative, or vertical gradient was calculated (Figures 10.1_6 and 10.1_7).

Figure 10.1_6

Trairão Iron Ore Project

First Vertical Derivative Magnetic –Area 1

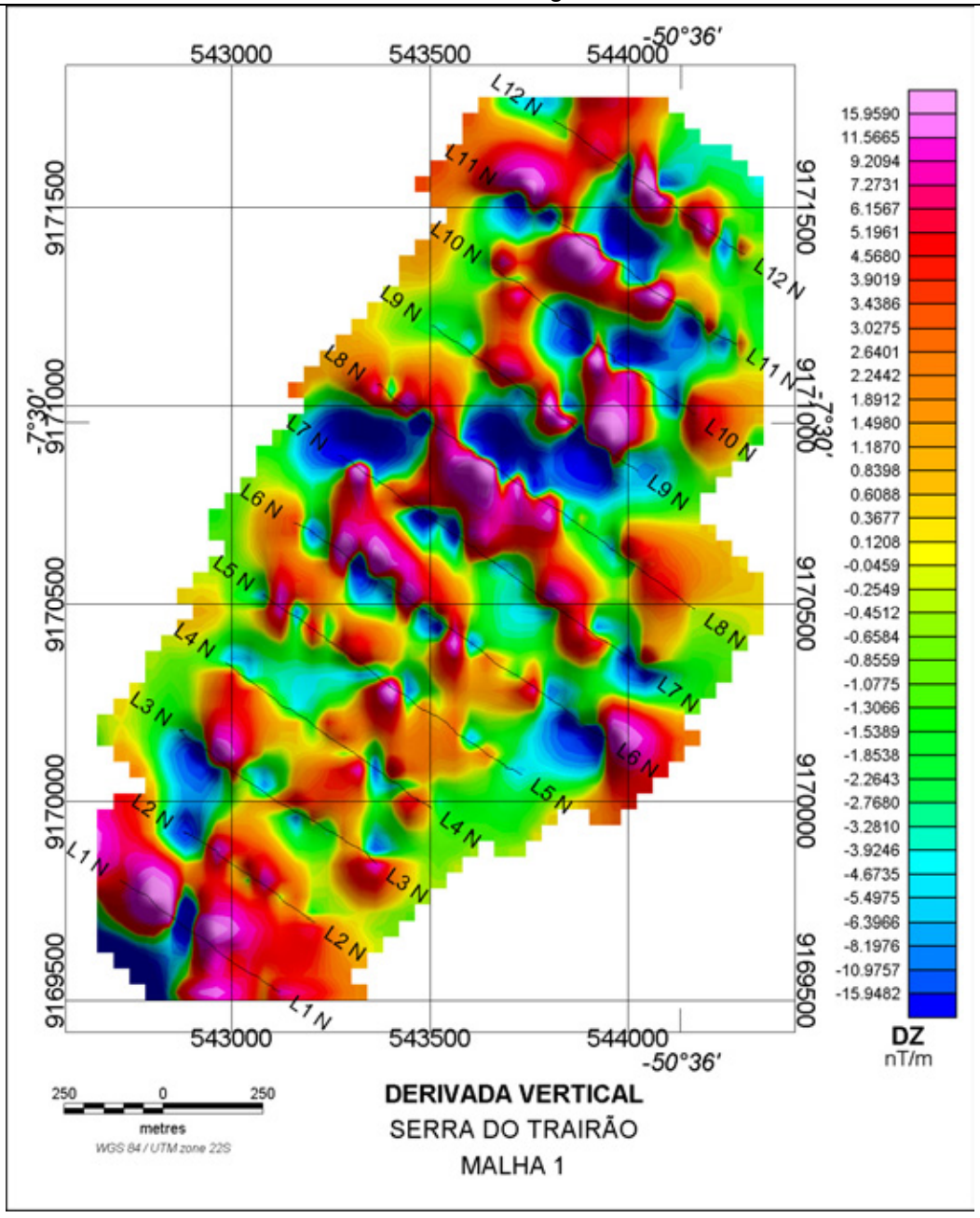
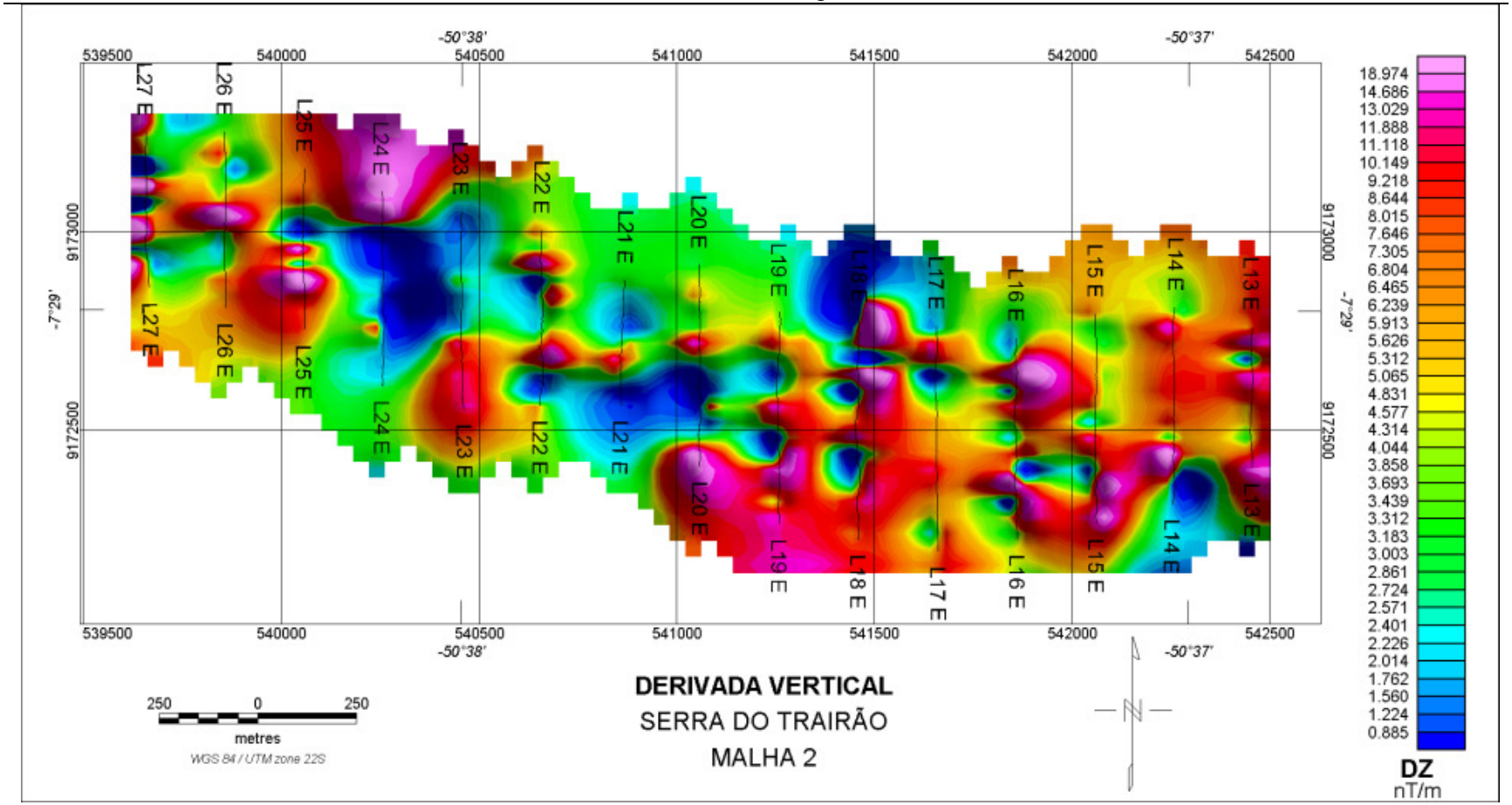


Figure 10.1_7

Trairão Iron Ore Project

First Vertical Derivative Magnetic –Area 2



10.2 Airborne Magnetic Survey Reinterpretation

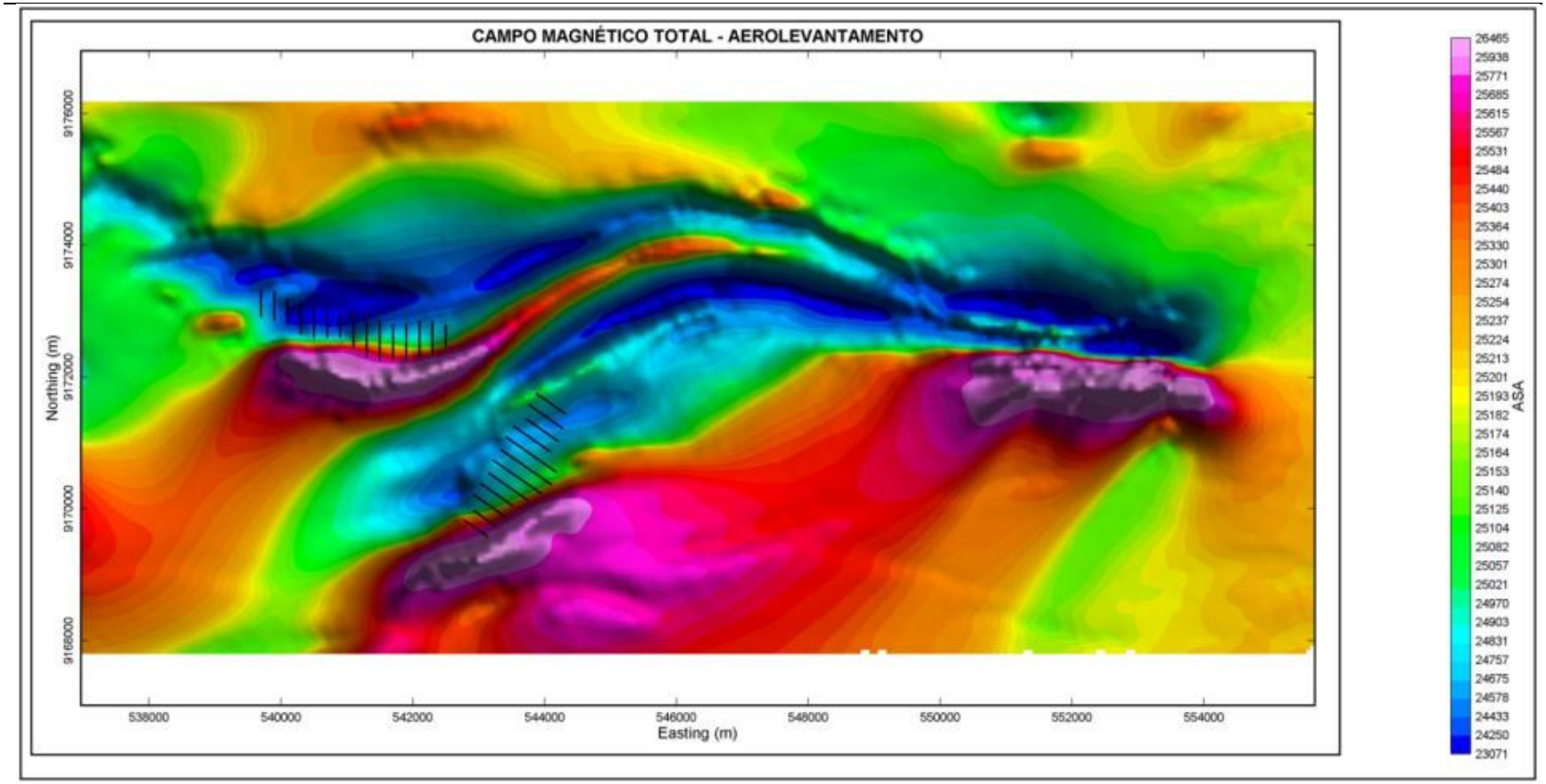
The airborne magnetic survey was carried out by Codelco in September 2001 with the acquisition lines in north-south direction and 250m spacing. The investigation covered the entire Trairão Iron Ore Project area.

The Figure 10.2_1 shows the reinterpretation of the total magnetic field obtained in the airborne survey. There are two very strong elongated magnetic anomalies, and correspondence with the topography, which indicates that the magnetic source is the Trairão. With analysis of data only and without the benefit of deep drilling, it is not possible to determine which lithology is causing the magnetic anomaly and its depth.

Figure 10.2_1

Trairão Iron Ore Project

Total Magnetic Intensity



Due to the low inclination of the geomagnetic field in the area, the induced magnetic anomalies in the region will be magnetic lows and not dipolar anomalies. Figure 10.2_2 shows a typical magnetic anomaly from the same body but in different magnetic regions (Minas Gerais Iron Quadrangle Region and the Trairão in Bannach, Pará State).

Figure 10.2_2

Trairão Iron Ore Project

Comparison Between the Anomalies in the Geomagnetic Intensity of MG (left) and PA (right)

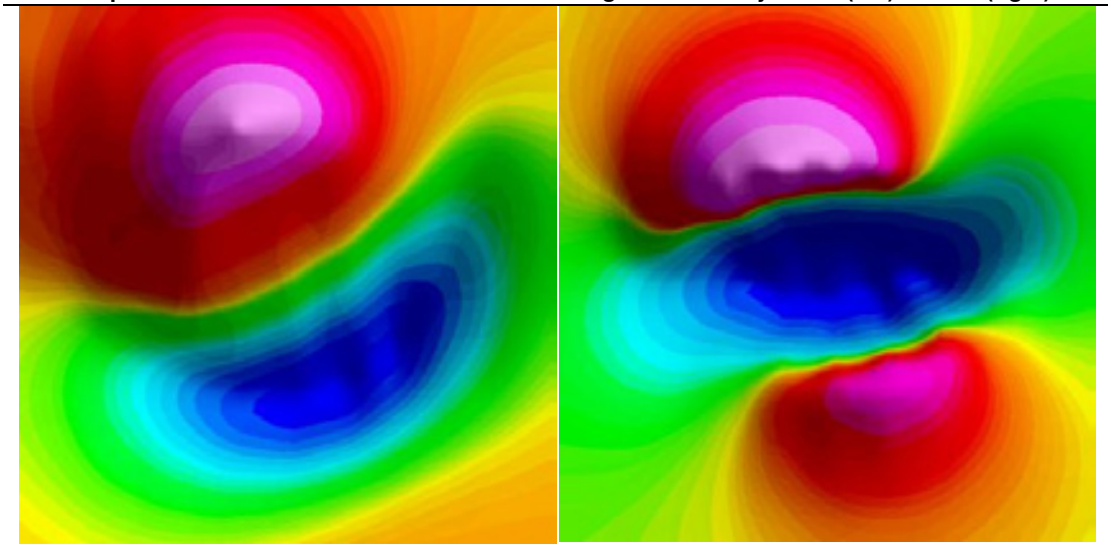
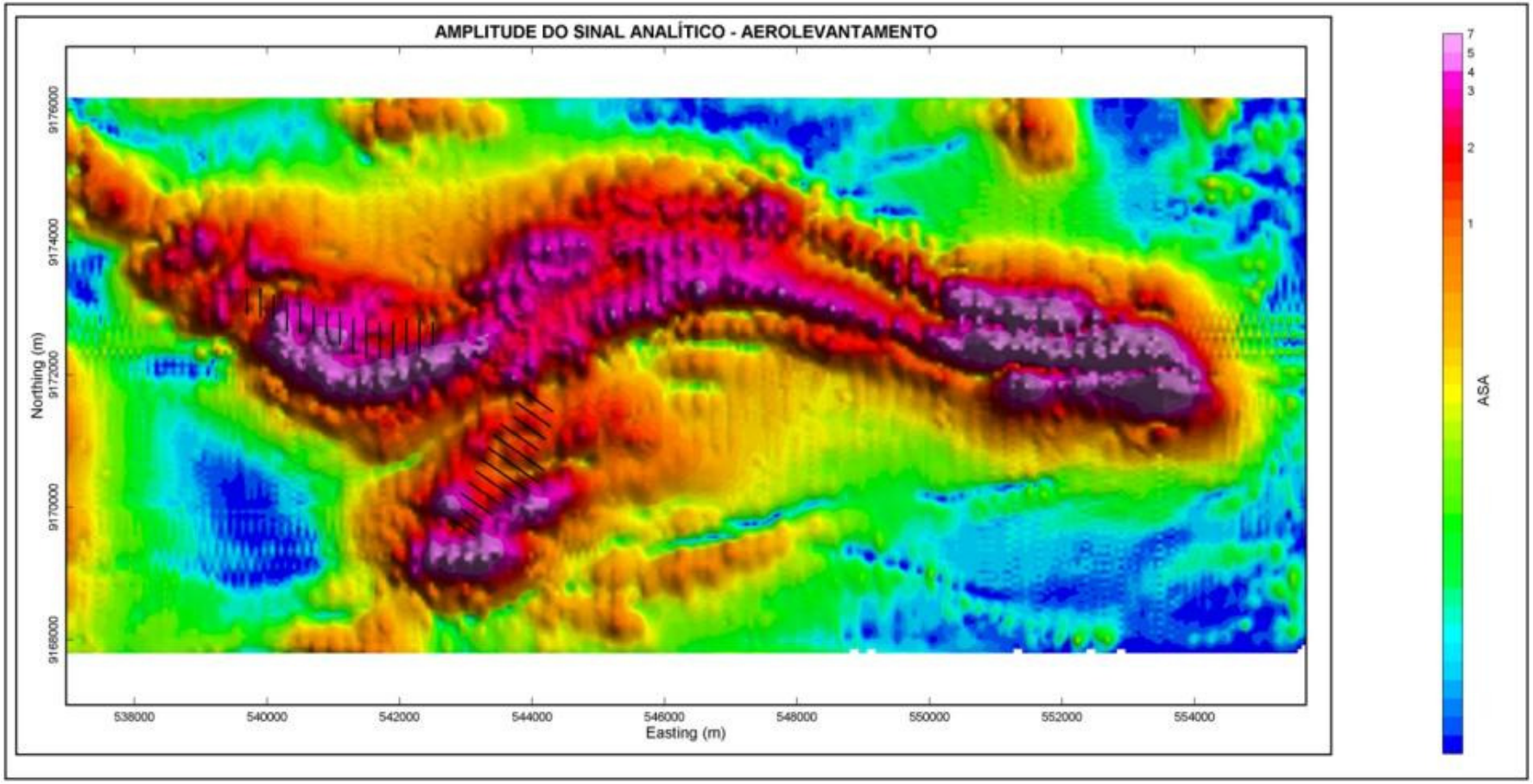


Figure 10.2_3 shows the amplitude of the analytic signal from the target at Trairão.

Figure 10.2_3

Trairão Iron Ore Project

Amplitude of Analytic Signal



It is possible to conclude from the reinterpretation study, that there are additional targets at depth, located outside of major anomalies. This is explained by the fact that Talon contracted the ground magnetic survey only in the regions of plateau topography.

From the amplitude of the analytical signal, it is possible to conclude that there are strong anomalies in the extremities of the Serra do Trairão plateau. This conclusion is interpreted to suggest that the main anomalies are caused by the metasiltite or BIF at depth. The source of these anomalies need to be confirmed by deeper drill holes to be drilled at the base of the plateau.

10.3 Magnetic Susceptibility

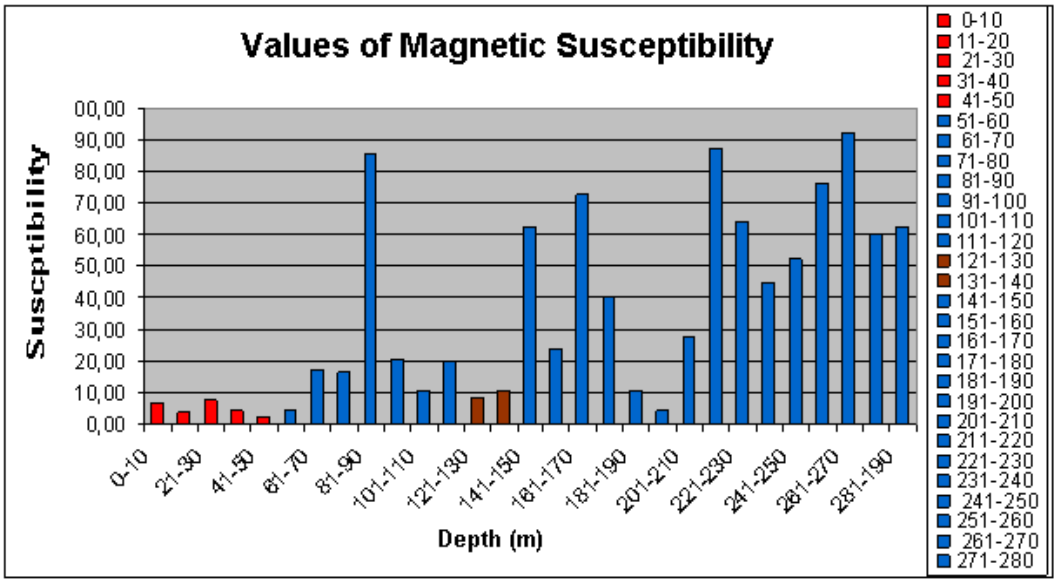
Through the study of magnetic susceptibility it is possible to define the main sources of magnetic anomalies observed in both ground and airborne survey methods.

In order to identify the main sources, Coffey Mining calculated the average of measurements for every ten meters. The Figure 10.3_1 shows the susceptibility plot of the STRD-01.

Figure 10.3_1

Trairão Iron Ore Project

Susceptibility Values for STRD-01 - Red Bars Represent the Range of Interest to Talon, as the Brown Bar Represents the BIFs



The susceptibility analysis for drill hole STRD-01 shows low values for magnetic susceptibility at the drill collar and higher values with depth. The average for the saprolite described by Codelco was 4.97 x 10^{-5} SI while the rest of the drill hole presents magnetic susceptibility of 40.65 x 10^{-5} SI, ie ten times more magnetic than those within Talon's zone of primary interest.

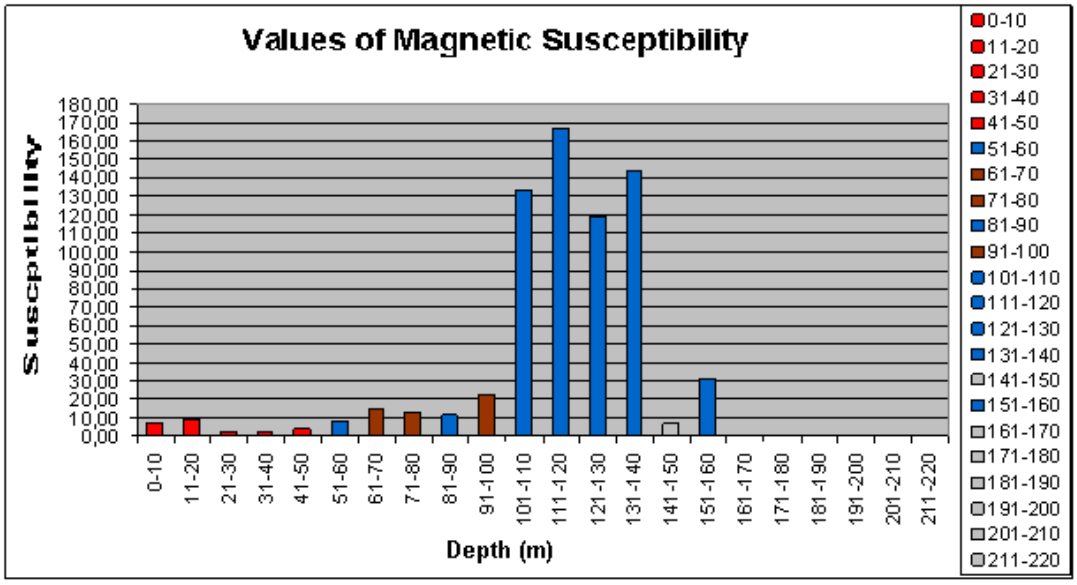
Codelco described the presence of BIFs in the interval from 120m to 140m BIFs (highlighted in brown in Figure 10.3_1) that also has low magnetic susceptibility values. BIFs present values of magnetic susceptibility of 9.47 x 10^{-5} SI.

In the drill hole STRD-02 the difference between the magnetization of the metasiltite (in blue) and the other lithologies is more apparent (Figure 10.3_2). The average magnetic susceptibility of saprolite is 4.83 x 10^{-5} SI (red), whereas BIFs have magnetic susceptibility around 16.68 x 10^{-5} SI (brown). It is important to recognize that the volcaniclastic rocks are non-magnetic.

Figure 10.3_2

Trairão Iron Ore Project

Susceptibility Values for STRD-02 - Red Bars Represent the Range of Interest to Talon, as the Brown Bar Represents the BIFs

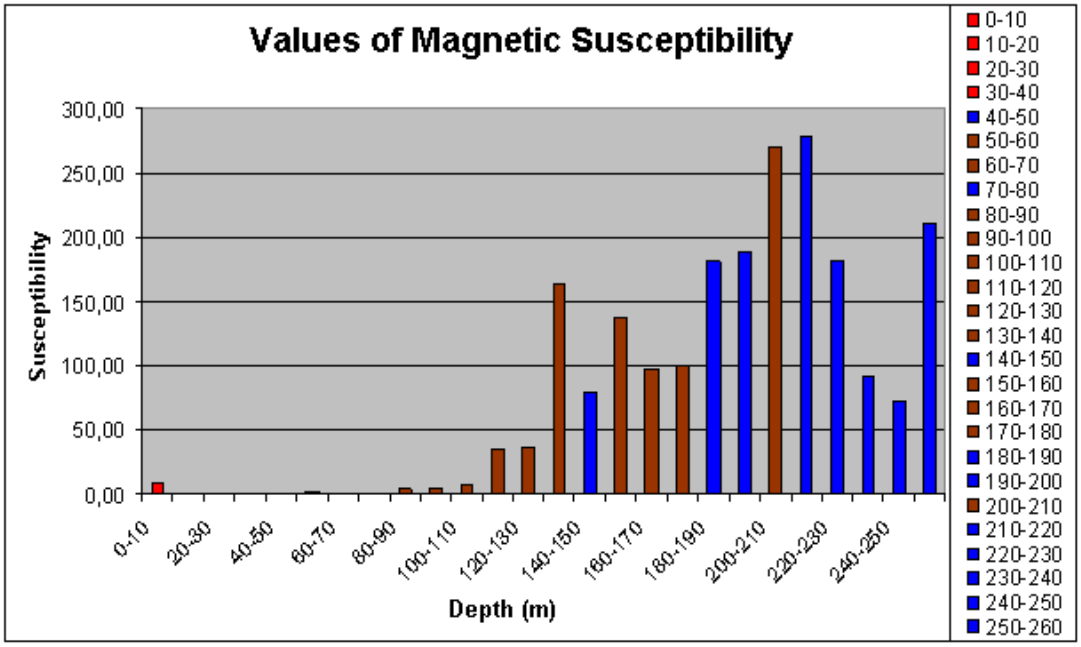


The drill hole STRD-03 intercepted various layers of BIFs, as shown in Figure 10.3_3. In this area the BIFs are much more magnetic than the others, but most of the anomalies are still related to the ferruginous metasiltites described by Codelco. The saprolite has a susceptibility of 2.46 x 10^{-5} SI (red), the BIFs have a magnetic susceptibility of 71.35 x 10^{-5} SI, being much more magnetic at depth. The metasiltite has a susceptibility of 128 x 10^{-5} SI.

Figure 10.3_3

Trairão Iron Ore Project

Susceptibility Values for STRD-03 - Red Bars Represent the Range of Interest to Talon, as the Brown Bar Represents the BIFs



From analysis of these three drill holes, it is clear that within the upper and oxidized parts of the holes drilled that the iron grades decreases inversely with the increase of values of magnetic susceptibility. Because of this behavior susceptibility values can be used to model the base and the top of saprolite, due to the fact that the highest iron grades occur in saprolite, despite the lower values for magnetic susceptibility.

Probability is high that the lower layers present higher magnetite concentration than the upper layers. In the upper layers, it is possible to postulate that hematite is the iron mineral present, because high grade was registered, but without high magnetism anomalies.

10.4 Magnetic 3D Modeling

With the results of the ground magnetic survey and the magnetic susceptibility Coffey Mining carried out magnetic modelling to estimate the total potential mineralization target within Area 1, Area 2 and all Serra do Trairão Iron Ore Project. Areas 1 and 2 are the areas defined by Talon as the area of the initial RC drilling program.

The magnetic susceptibility study proved that the saprolite (the primary target of Talon) is not magnetic, however the bedrock is very magnetic. A model of the bedrock can be used to estimate the volume of saprolite by subtraction of the topographic model from the bedrock model.

This methodology was only possible because we have the values of magnetic susceptibility, which decreases significantly the uncertainties of the magnetic model, and the three drill holes made by Codelco in the area.

The GM-SYS software was used for the magnetic modeling. This takes the susceptibility values and creates a 2D magnetic model. After this the sections in 2D are integrated in Gemcon Surpac to generate a 3D geophysical model.

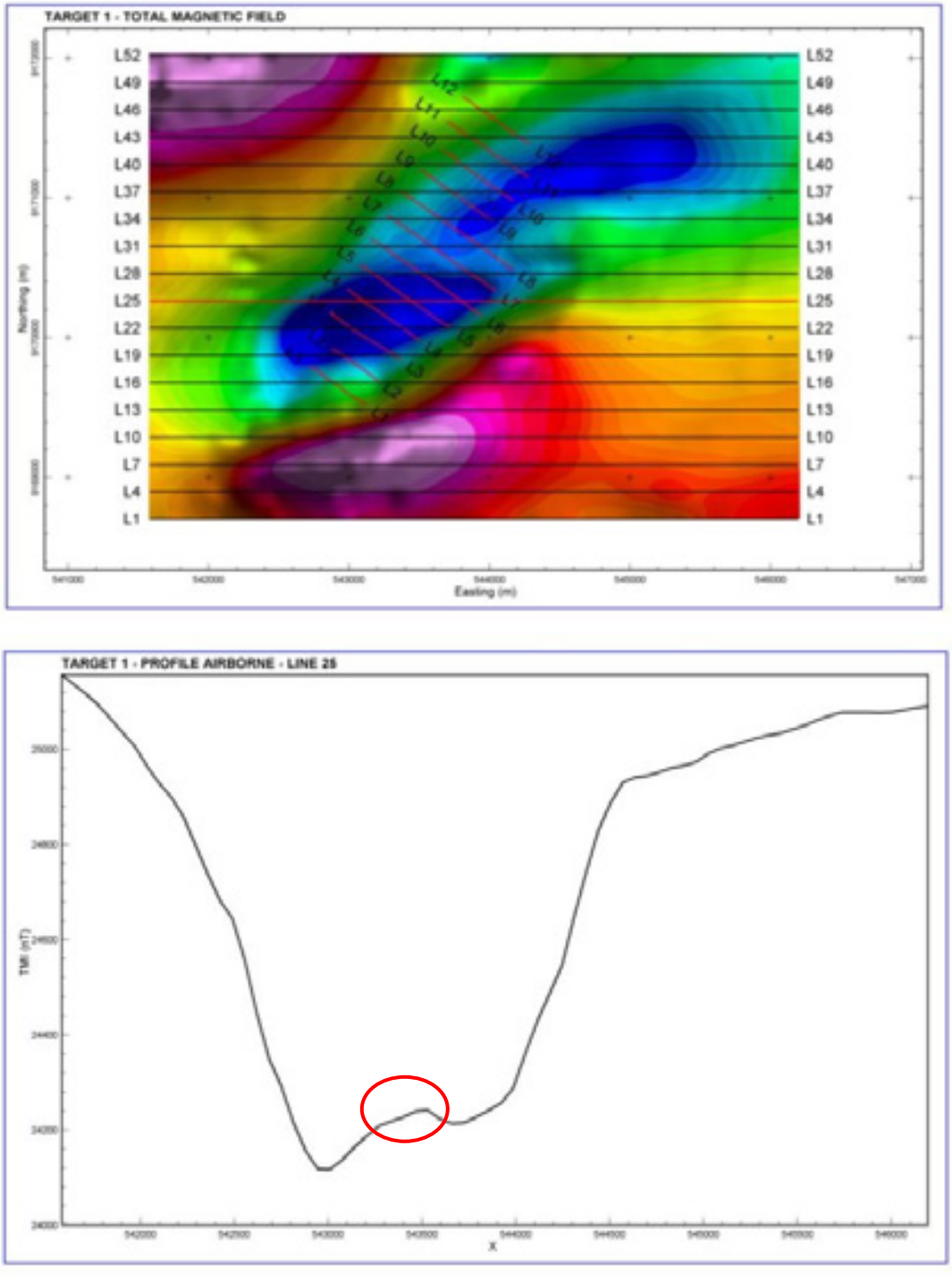
Area 1

The anomaly of the Area 1 is very weak however it is sufficient for magnetic modeling (Figure 10.4_1).

Figure 10.4_1

Trairão Iron Ore Project

Area 1 Anomaly



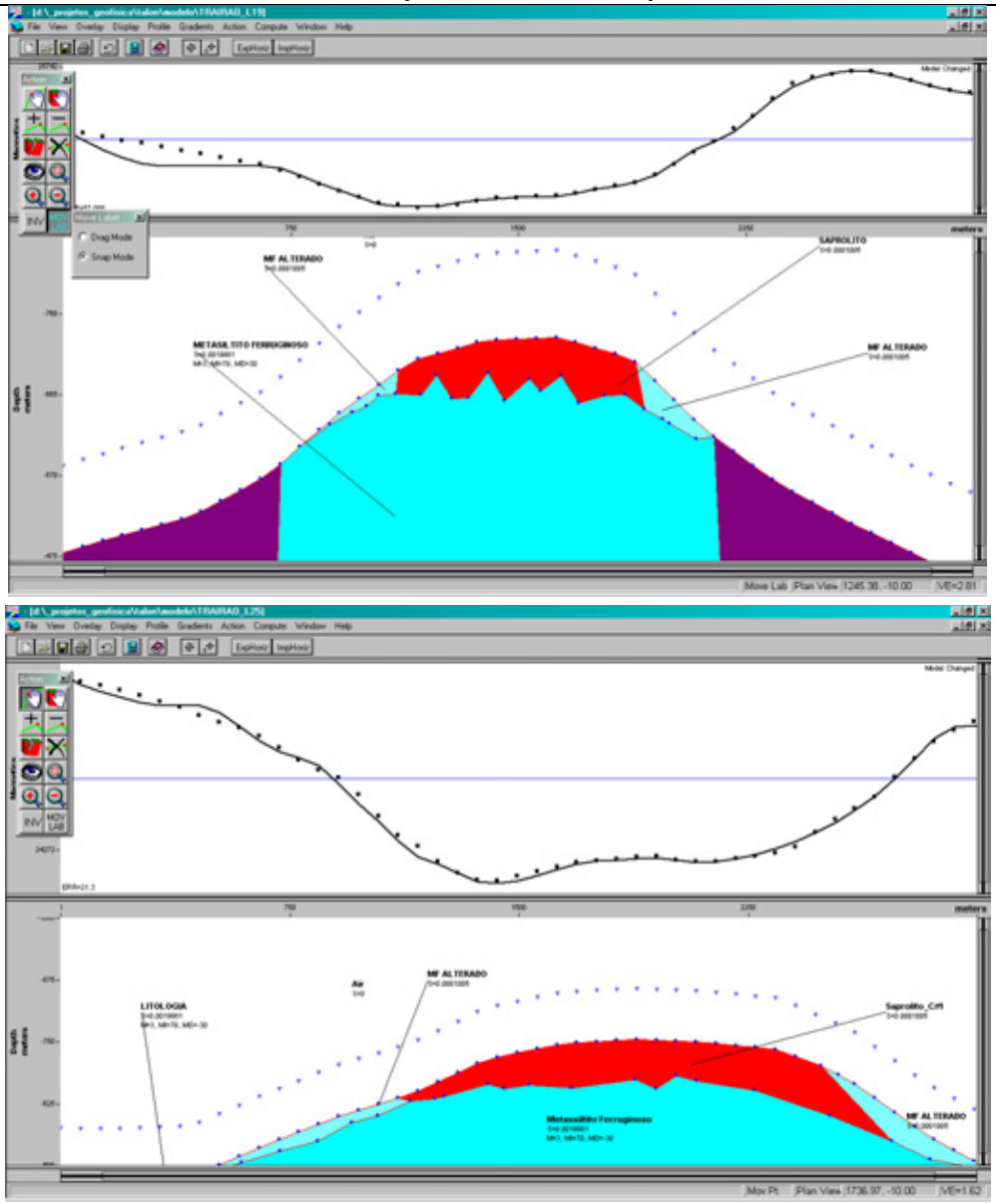
The GM-SYS software uses the Talwani algorithm and calculates the magnetic response for the polygon represented by the anomaly.

The Figure 10.1.4_2 below shows the results in GM-SYS 2D. The dotted line is the observed anomaly and the continuous line is the calculated anomaly. The best fit is when the continuous line is totally coincident with the dotted line.

Figure 10.1.1_3

Trairão Iron Ore Project

Area 1 Anomaly Vertical Section Interpretation

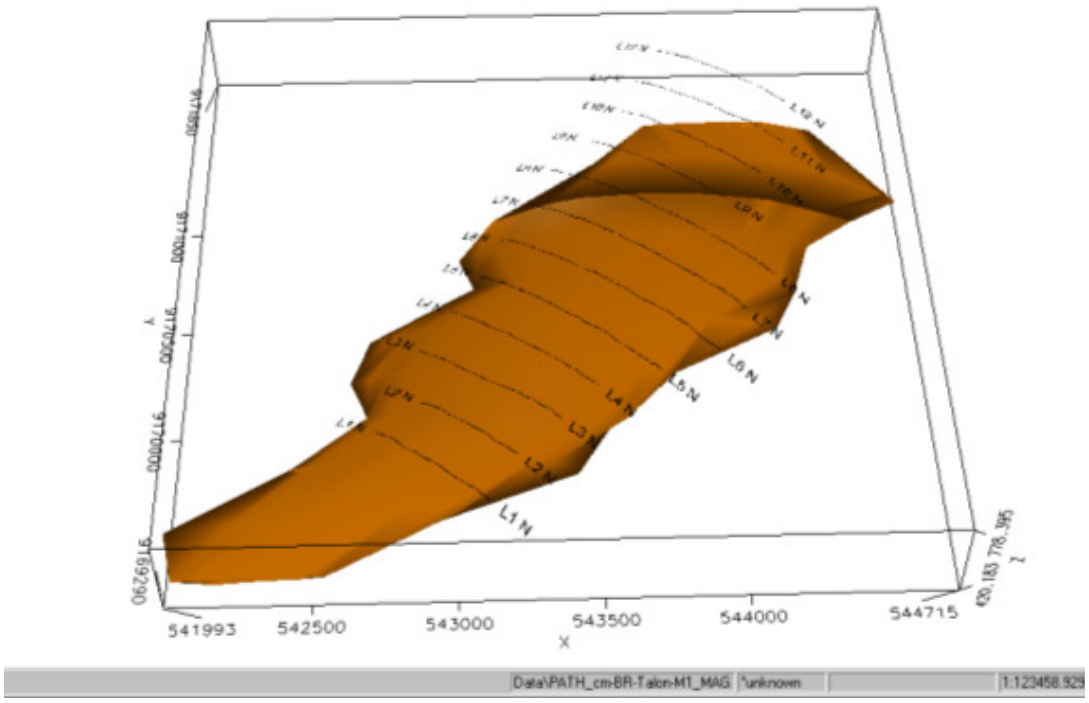


All the lines show a good fit (using the susceptibility values found in the susceptibility study). The sections generated in GM-SYS modeling were integrated in 3D environment using the Gemcom Surpac software to create a 3D solid (Figure 10.1.4_3).

Figure 10.1.4_3

Trairão Iron Ore Project

Area 1 Anomaly 3D Solid. The Black Lines are the Acquisition Lines of the Ground Magnetic Survey



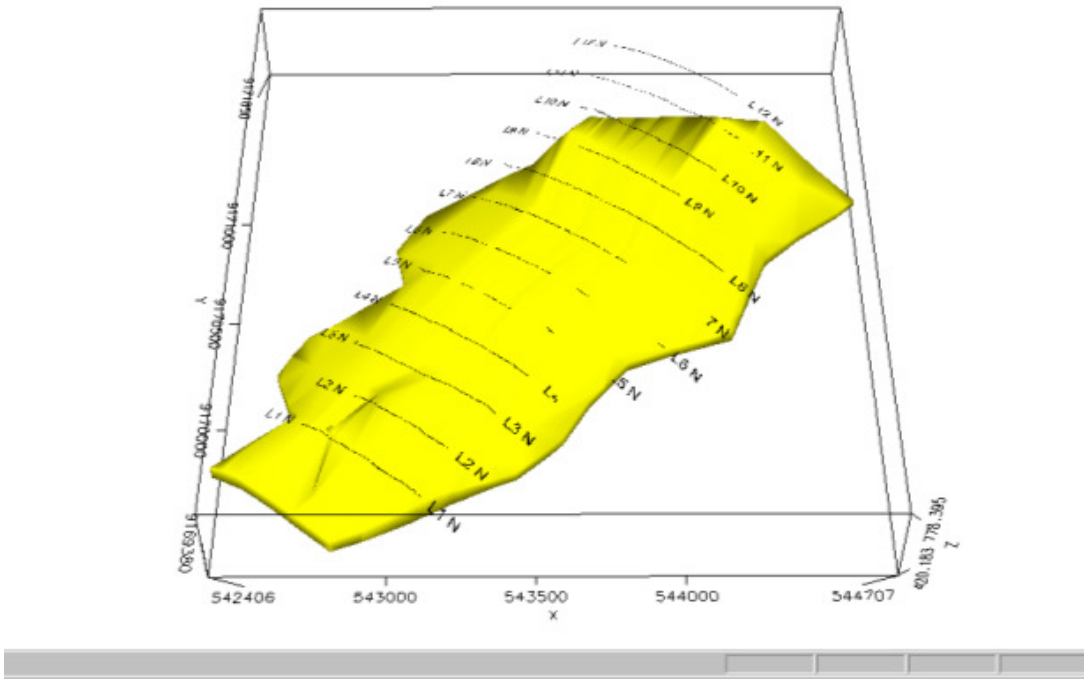
The 3D model probably corresponds with the weathering profile. As the bedrock is not Talon´s objective at this time it was not represented in the model.

The comparison between the 3D solid interpolated from the vertical sections modeled using the 22 RC drill holes in Area 1 (Figure 10.1.4_4) and the 3D solid from the magnetic interpretation shows good similarity in form and in volumes. The volume difference was less than 10%.

Figure 10.1.4_4

Trairão Iron Ore Project

3D Solid from the Geological Interpretation



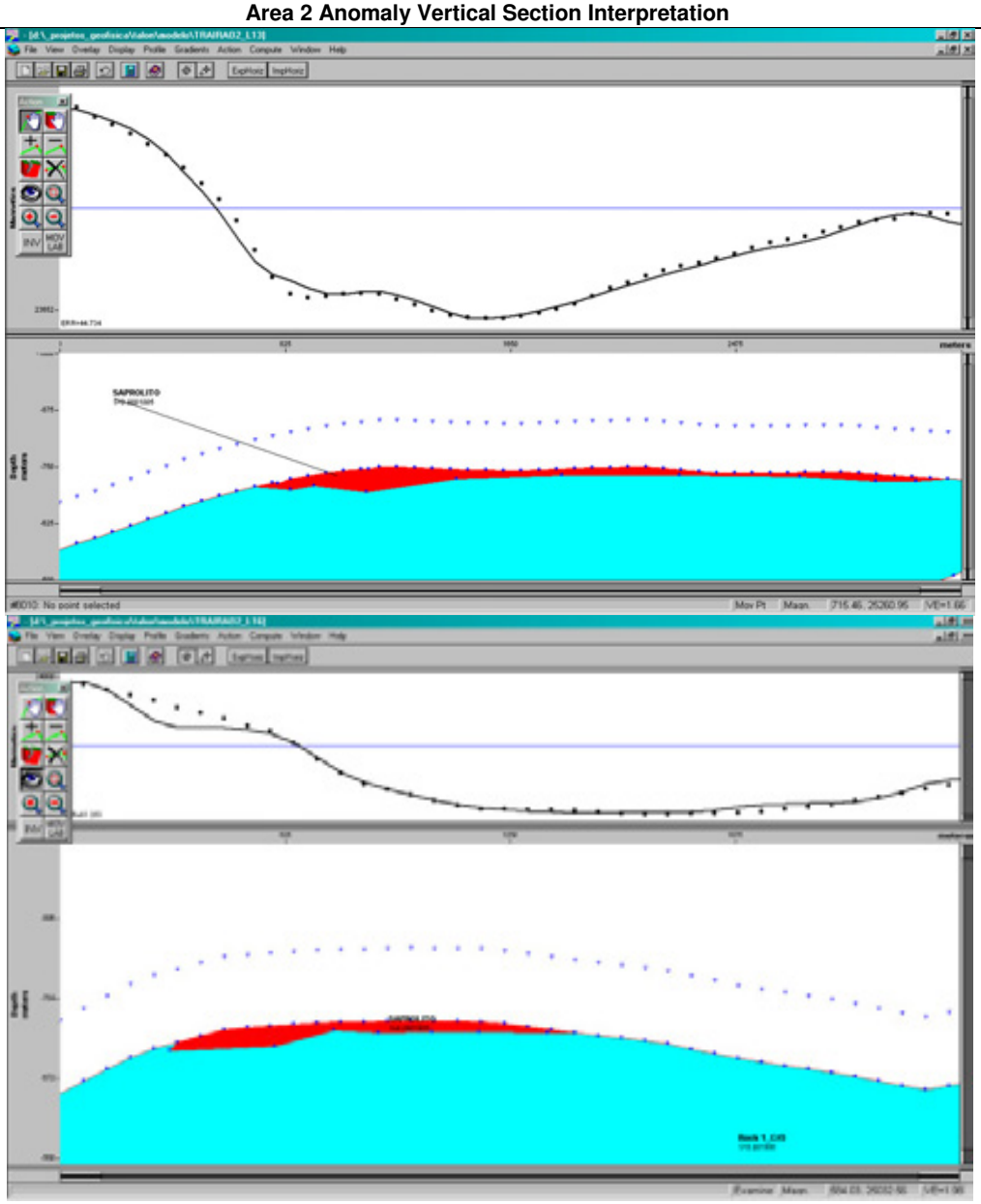
Area 2

The same process was completed for the Area 2 anomaly. Figures 10.1.4_5 shows the magnetic profile for the Area 2.

Figure 10.1.4_5

Trairão Iron Ore Project

Area 2 Anomaly Vertical Section Interpretation

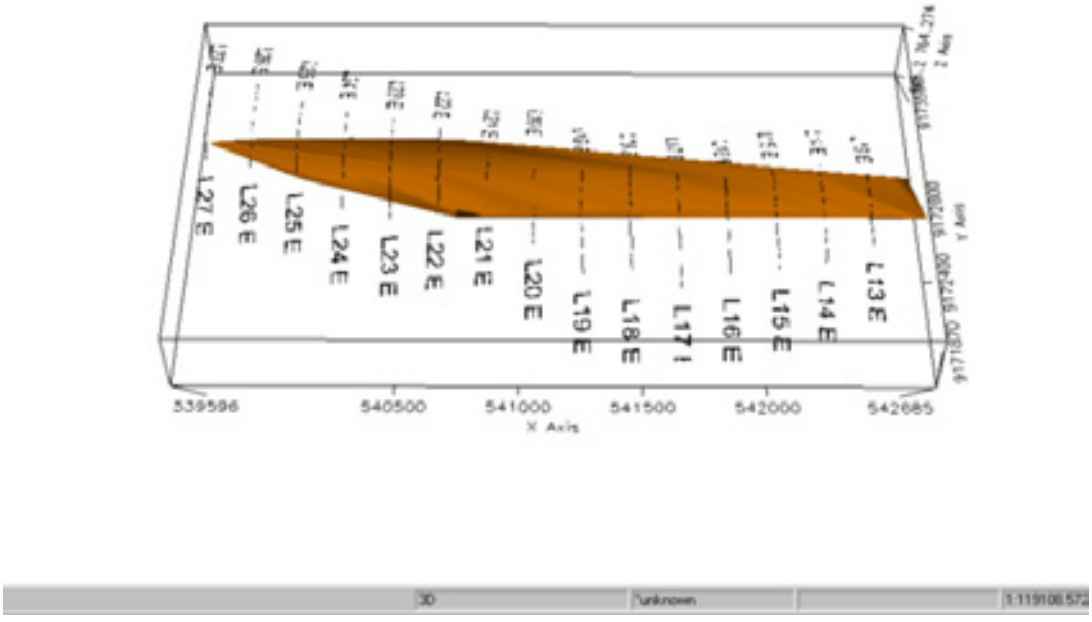


The 3D solid (Figure 10.1.4_6) represents the Area 2 Anomaly. As at the date of this report, there was no available data about the drilling campaign in this area, it is not possible to run the comparison. The volume estimated by the magnetic interpretation in this area is 17,000,000m^3 but this should be validated with the geology and drill holes.

Figure 10.1.4_6

Trairão Iron Ore Project

Area 2 Anomaly 3D Solid. The Black Lines are the Acquisition Lines of the Ground Magnetic Survey



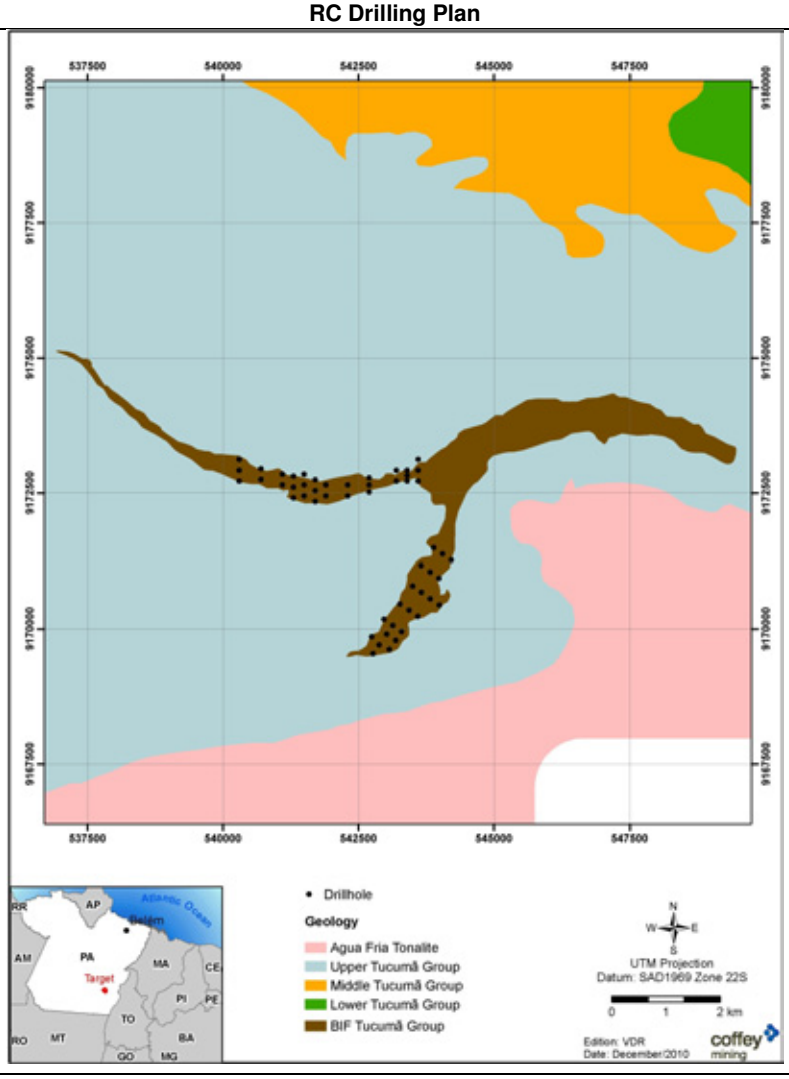
Trairão Iron Ore Project

To support the definition of the futures Areas to be explored Coffey Mining carried out 3D anomaly interpretation for the whole of the Serra do Trairão area. The results demonstrate that the entire area, of some 19 kilometres of strike, represented by Target Areas 1, 2 and 3 in the Trairão Iron Ore Project has potential for surface enriched iron ore mineralization.

11 DRILLING

Talon carried out an RC drilling program to evaluate the potential for iron ore on selective prospective areas which were denominated Target Areas 1 and 2. On Area 1, drilling tested a strike length of 2000 meters and at Area 2 the drilling program covered a strike length of 3000 meters, for a total of 5000 meters. RC drill holes were vertical and spaced by 200m x 400m with an average depth of 50m. A total of 53 drill holes (2,559m) were planned to drill test the supergene enriched material in Area 1 and Area 2 (Figure 11_1).

Figure 11_1
Trairão Iron Ore Project
RC Drilling Plan



The Area 1 drilling program comprised 22 drill holes (1,054m) and the Area 2 program comprised 31 drill holes (1,505m). The mineralization zone was intercepted by 100% of the 22 Area 1 drill holes and more than 90% of than stopped at the saprolite or saprock mineralized domain.

The Table 11_1 below shows the location and the details of each RC Area 1 and Area 2 drill holes. All the drill holes are vertical and located using the Datum UTM SAD69 zone 22S.

Table 11.1_1

Trairão Iron Ore Project

Area 1 and Area 2 RC Drill Holes Location

HOLE_ID	UTM_E	UTM_N	RL (m)	TARGET
TRC-001-10	542884	9169708	730	AREA 1
TRC-002-10	542769	9169545	718	AREA 1
TRC-003-10	543068	9169626	704	AREA 1
TRC-004-10	542774	9169856	697	AREA 1
TRC-005-10	543016	9169908	722	AREA 1
TRC-006-10	543181	9169789	724	AREA 1
TRC-007-10	543137	9170067	735	AREA 1
TRC-008-10	542971	9170182	727	AREA 1
TRC-009-10	543285	9169961	719	AREA 1
TRC-010-10	543429	9170350	761	AREA 1
TRC-011-10	543265	9170461	759	AREA 1
TRC-012-10	543589	9170237	755	AREA 1
TRC-015-10	543823	9170561	777	AREA 1
TRC-016-10	543986	9170449	756	AREA 1
TRC-013-10	543663	9170679	784	AREA 1
TRC-014-10	543497	9170791	761	AREA 1
TRC-017-10	543820	9171056	773	AREA 1
TRC-018-10	543659	9171171	749	AREA 1
TRC-019-10	543983	9170937	766	AREA 1
TRC-020-10	544051	9171382	756	AREA 1
TRC-021-10	543885	9171491	733	AREA 1
TRC-022-10	544217	9171266	753	AREA 1

HOLE_ID	UTM_E	UTM_N	RL (m)	TARGET
TRC-023-10	540300	9173124	755	AREA 2
TRC-024-10	540300	9172924	745	AREA 2
TRC-025-10	540302	9172720	733	AREA 2
TRC-026-10	540698	9172954	742	AREA 2
TRC-027-10	540699	9172750	746	AREA 2
TRC-028-10	541102	9172851	740	AREA 2
TRC-029-10	541103	9172649	700	AREA 2
TRC-030-10	541305	9172409	757	AREA 2
TRC-031-10	541302	9172618	764	AREA 2
TRC-032-10	541305	9172805	730	AREA 2
TRC-033-10	541501	9172838	738	AREA 2
TRC-034-10	541497	9172654	768	AREA 2
TRC-035-10	541502	9172451	749	AREA 2
TRC-036-10	541703	9172750	764	AREA 2
TRC-037-10	541700	9172550	761	AREA 2
TRC-038-10	541714	9172358	747	AREA 2
TRC-039-10	541898	9172650	748	AREA 2
TRC-040-10	541900	9172449	763	AREA 2
TRC-041-10	542302	9172645	744	AREA 2
TRC-042-10	542298	9172454	751	AREA 2
TRC-043-10	542698	9172777	716	AREA 2
TRC-044-10	542700	9172526	703	AREA 2
TRC-045-10	542696	9172646	719	AREA 2
TRC-046-10	543200	9172724	713	AREA 2
TRC-047-10	543205	9172926	682	AREA 2
TRC-048-10	543415	9172713	717	AREA 2
TRC-049-10	543411	9172830	718	AREA 2
TRC-050-10	543401	9172914	684	AREA 2
TRC-051-10	543582	9172833	712	AREA 2
TRC-052-10	543600	9172920	711	AREA 2
TRC-053-10	543598	9173019	702	AREA 2

Figure 11_2

Trairão Iron Ore Project

Area 2 Drilling Program

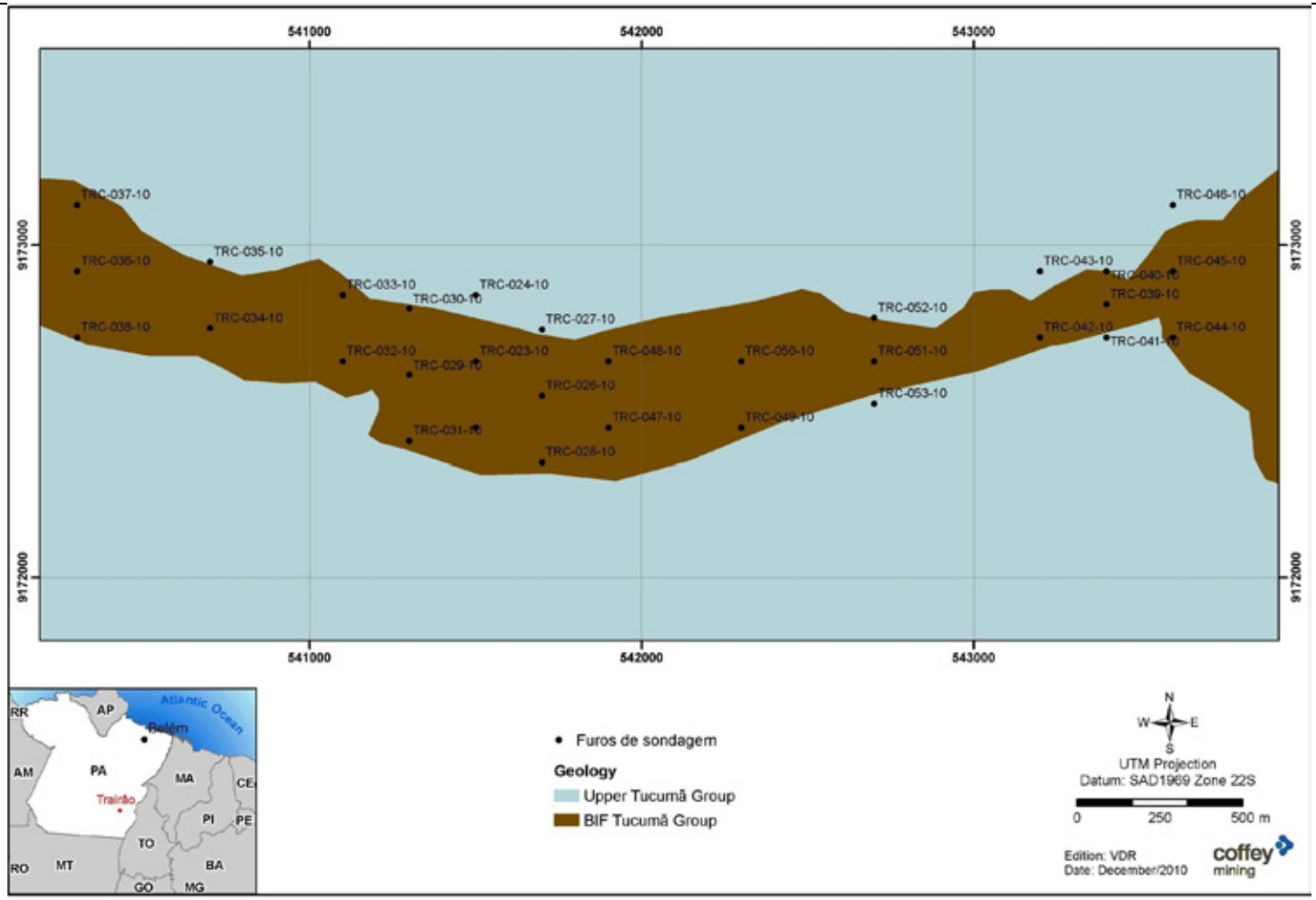
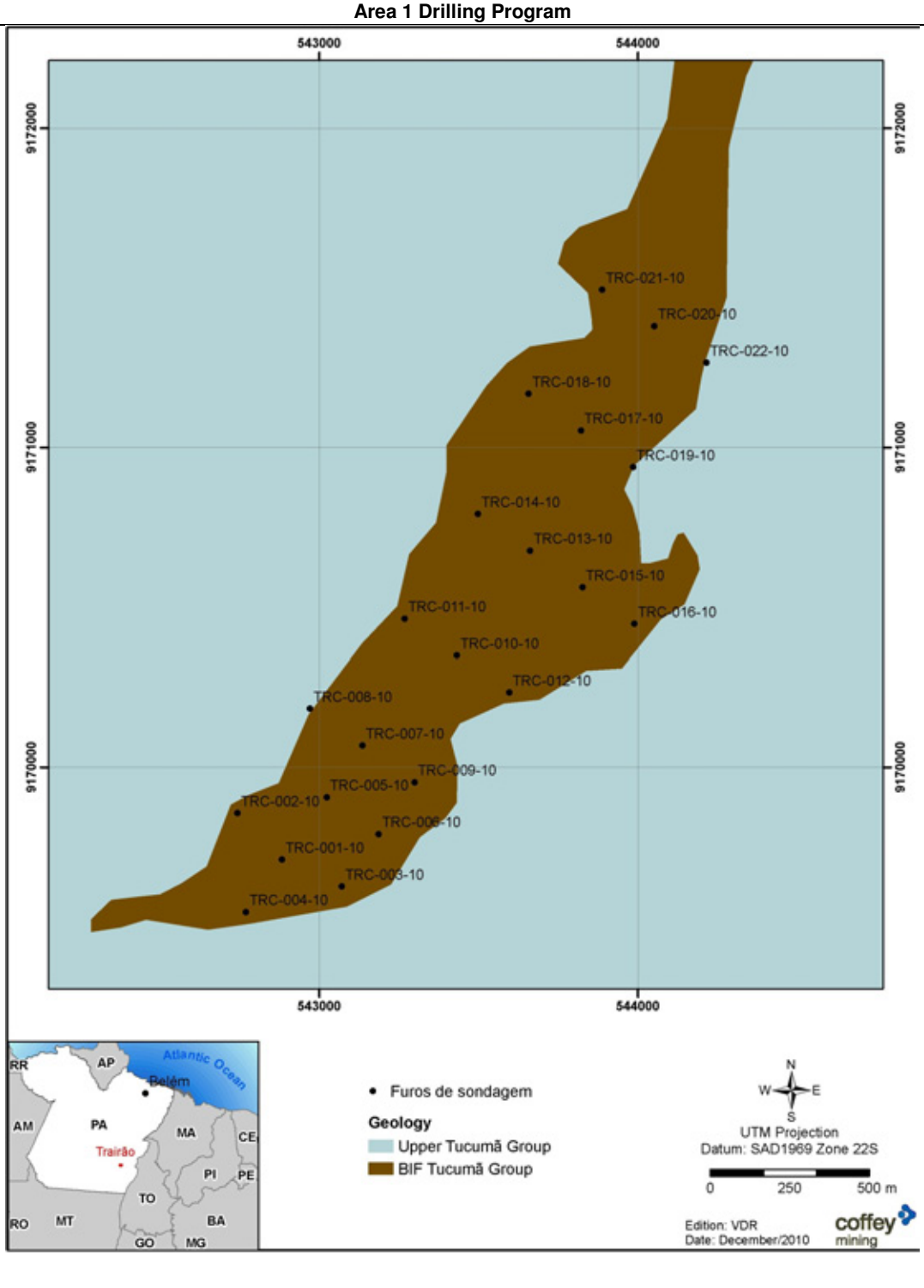


Figure 11_3

Trairão Iron Ore Project

Area 1 Drilling Program



Servitech, the drilling company, which is independent of Talon, used one Explorac R50 drill rig to complete the work (Figure 11_2).

Figure 11_2
Trairão Iron Ore Project
Drill Rig Explorac R50

11.1 Drilling Recovery

As at the date of this report, only the drilling results, including geological logs and chemical analysis of samples, for Area 1 had been received by Coffey Mining. The Area 2 drilling program was completed on December 14th and the samples are undergoing preparation and awaiting analysis in January 2011. The RC drilling samples recovery was calculated by Coffey Mining considering the density value of 2.7 following the regional bibliographic information.

The recovery average is 76.17%, attesting, in average, the good drill hole sample representativeness. However, there is a representative variation of recovery between the samples (mainly at the firsts 10 meters). There are 222 samples with more than 100% of recovery and 155 with less than 50% of recovery, or 35% of the total, that presents problems with recovery.

For the study objective the RC drilling is adherent with the industry standards. The data is consistent with the confidence level of key criteria of the mineral resources classification.

11.2 Drilling Interceptions and Result

The Table 11.2_1 below shows the results of the Fe average grade of the Area 1 RC drill holes interceptions.

Table 11.2_1
Trairão Iron Ore Project
Area 1 RC Drill Holes Fe Average Grade Interceptions

Hole ID	E.O.H.* (m)	From (m)	To (m)	Interval** (m)	Grade*** (% Fe)	Zone
TRC-001-10	69.00	0.00	47.00	47.00	47.21	Upper Zone
		47.00	69.00	21.00	28.44	Lower Zone
TRC-002-10	50.00	0.00	50.00	50.00	42.70	Upper Zone
TRC-003-10	25.00	0.00	23.00	23.00	45.05	Upper Zone
		23.00	25.00	2.00	27.35	Lower Zone
TRC-004-10	15.00	0.00	7.00	7.00	42.27	Upper Zone
		7.00	15.00	8.00	17.58	Lower Zone
TRC-005-10	50.00	0.00	50.00	50.00	48.70	Upper Zone
TRC-006-10	45.00	0.00	33.00	33.00	37.44	Upper Zone
		33.00	45.00	12.00	24.15	Lower Zone
TRC-007-10	50.00	0.00	25.00	25.00	45.07	Upper Zone
		25.00	50.00	25.00	29.56	Lower Zone
TRC-008-10	50.00	0.00	32.00	32.00	46.28	Upper Zone
		32.00	50.00	18.00	32.77	Lower Zone
TRC-009-10	50.00	0.00	26.00	26.00	39.61	Upper Zone
		26.00	50.00	24.00	19.67	Lower Zone
TRC-010-10	50.00	00.00	39.00	39.00	40.40	Upper Zone
		39.00	50.00	11.00	16.03	Lower Zone
TRC-011-10	47.00	0.00	32.00	32.00	45.70	Upper Zone
		32.00	47.00	15.00	32.51	Lower Zone
TRC-012-10	50.00	0.00	27.00	27.00	36.91	Upper Zone
		27.00	50.00	23.00	20.34	Lower Zone
TRC-013-10	50.00	0.00	33.00	33.00	40.24	Upper Zone
		33.00	50.00	17.00	23.28	Lower Zone
TRC-014-10	50.00	0.00	27.00	27.00	40.17	Upper Zone
		27.00	50.00	23.00	27.62	Lower Zone
TRC-015-10	50.00	0.00	32.00	32.00	36.93	Upper Zone
		32.00	50.00	18.00	24.38	Lower Zone
TRC-016-10	50.00	1.00	32.00	31.00	36.11	Upper Zone
		32.00	50.00	18.00	30.30	Lower Zone
TRC-017-10	50.00	0.00	50.00	50.00	47.89	Upper Zone
TRC-018-10	50.00	0.00	46.00	46.00	35.50	Upper Zone
TRC-019-10	50.00	0.00	50.00	50.00	44.08	Upper Zone
TRC-020-10	48.00	0.00	30.00	30.00	41.63	Upper Zone
		30.00	48.00	18.00	30.56	Lower Zone
TRC-021-10	50.00	0.00	21.00	21.00	50.34	Upper Zone
		21.00	50.00	29.00	33.27	Lower Zone
TRC-022-10	50.00	0.00	10.00	10.00	40.42	Upper Zone
		10.00	50.00	40.00	23.75	Lower Zone

Notes: (*) E.O.H. means "End of the hole; (**) intervals do not represent the true widths; (***) Fe grade are uncut

The chemical results shows that all Area 1 RC drill holes have intercepted positive Fe grades interceptions at the end of some drill holes (Table 11.2_2). The results suggest that the Fe mineralization is opened in depth, which needs to be investigated with further drill holes.

Table 11.2_2
Trairão Iron Ore Project
Area 1 RC Drill Holes Last Samples Results

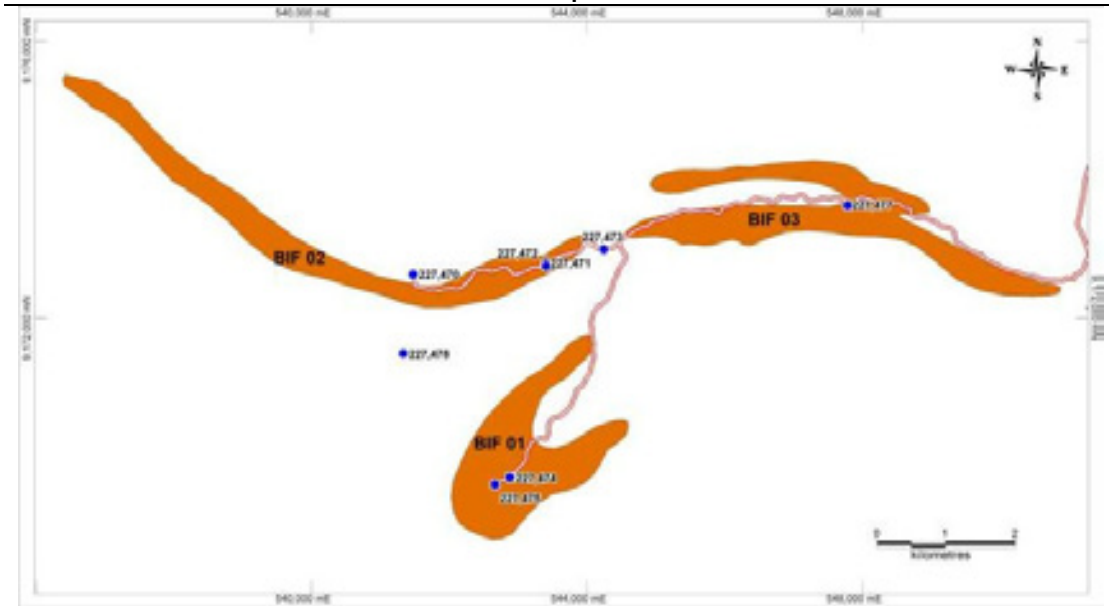
HOLE_ID	From	To	Sample	Fe (%)	Fe2O3 (%)	FeO (%)	SiO2 (%)	Al2O3 (%)	P (%)	Mn (%)	LOI (%)
TRC-001-10	68	69	TR-100081	45.9	65.7	0.14	21.9	2.44	0.26	0.24	8.29
TRC-002-10	49	50	TR-100139	35.4	50.6	0.14	42.4	2.98	0.01	0.32	3.92
TRC-003-10	24	25	TR-100168	25.9	37.1	0.07	47.8	8.42	0.04	0.27	6.59
TRC-004-10	14	15	TR-100186	17	24.3	0.14	32.2	27.7	0.06	0.29	12.46
TRC-005-10	49	50	TR-100245	32.5	46.4	0.36	42.1	5.3	0.04	0.07	5.81
TRC-006-10	44	45	TR-100298	19.3	27.6	0.35	58.8	8.78	0.02	0.04	3.88
TRC-007-10	49	50	TR-100357	28.9	40.9	0.43	39.1	10.8	0.07	0.07	8.99
TRC-008-10	49	50	TR-100415	26.3	36.4	1.14	49.9	5.39	0.03	0.09	5.94
TRC-009-10	49	50	TR-100475	26.5	37.8	0.14	40.8	12.2	0.08	0.08	7.89
TRC-010-10	49	50	TR-100534	11.6	16.1	0.5	57.7	16.6	0.05	0.05	5.34
TRC-011-10	46	47	TR-100589	34.9	48.7	1.07	37.1	5.86	0.01	0.14	6.12
TRC-012-10	49	50	TR-100648	15.5	21.6	0.43	55.2	15	0.01	0.01	4.66
TRC-013-10	49	50	TR-100707	15.2	21.3	0.43	66.4	8.31	0.01	0.01	3.59
TRC-014-10	49	50	TR-100766	18.6	26.2	0.36	49.9	16.2	0.04	0.19	6.36
TRC-015-10	49	50	TR-100825	28.4	40.3	0.21	50	6.27	0.03	0.01	3.2
TRC-016-10	49	50	TR-100883	34.2	46.5	2.19	44.2	3.33	0.06	0.06	3.02
TRC-017-10	49	50	TR-100942	51.2	71.5	1.58	11.5	9.24	0.03	0.04	5.21
TRC-018-10	45	46	TR-100995	31	43.6	0.71	45.6	6.53	0.03	0.23	4.05
TRC-019-10	49	50	TR-101059	45.6	64.7	0.43	15.9	12.2	0.06	0.004	6.48
TRC-020-10	47	48	TR-101174	23.4	33.3	0.21	54.7	6.2	0.09	0.68	5.24
TRC-021-10	49	50	TR-101118	37.1	52.8	0.21	31.9	8.16	0.05	0.09	5.63
TRC-022-10	49	50	TR-101233	21.4	30	0.56	58.8	7.07	0.01	0.05	4.17

12 SAMPLING METHOD AND APPROACH

12.1 Field Sampling

The sampling undertaken by Talon aimed to confirm the iron content obtained by Codelco, as well as test the lateritic crust located in the central portion of the deposit. During the evaluation program, nine rock samples were collected for analytical purposes (Figure 12.1_1). The description, location and assays results of the samples are summarized in the Tables 12.1_1 and 12.1_2.

Figure 12.1_1
Trairão Iron Ore Project
Talon Rock Samples Location



The sample number 227,474 (Figure 12.1_4), collected close to the collar of drill hole STRD-03, was sent for analysis of the chemistry and density of the mineralization. The density is reported as 3.18g/cm ^{3}.

The iron grade varied in the lump fraction (>6.3mm) from 46.47% in the lateritic crust up to 65.60% in colluvium of the target BIF01 (Figure 12.1_2).

In the sinter feed fraction (<6.3mm) the iron grade ranged from 42.74% in the vertical channel sample (Figure 10.1_4), to 61.38% in the composite sample collected along the road covering 240m (Figure 12.1_3).

The assay results suggest that the target BIF01 possesses iron grades slightly higher than the other two targets that were sampled.

Figure 12.1_2

Trairão Iron Ore Project

Rock samples: Iron assay results in lump fraction (>6.3mm)

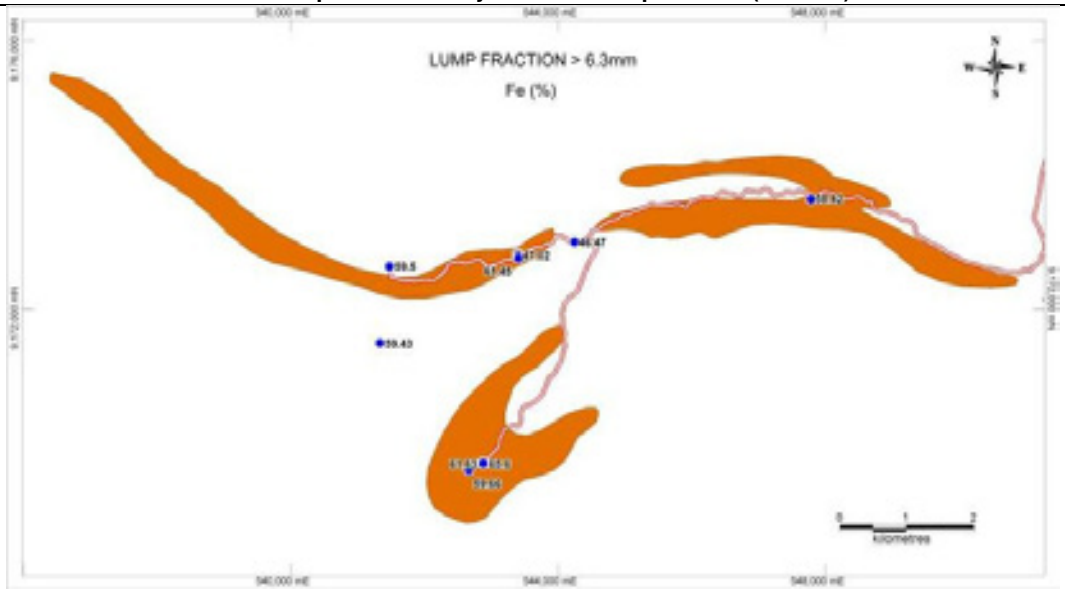
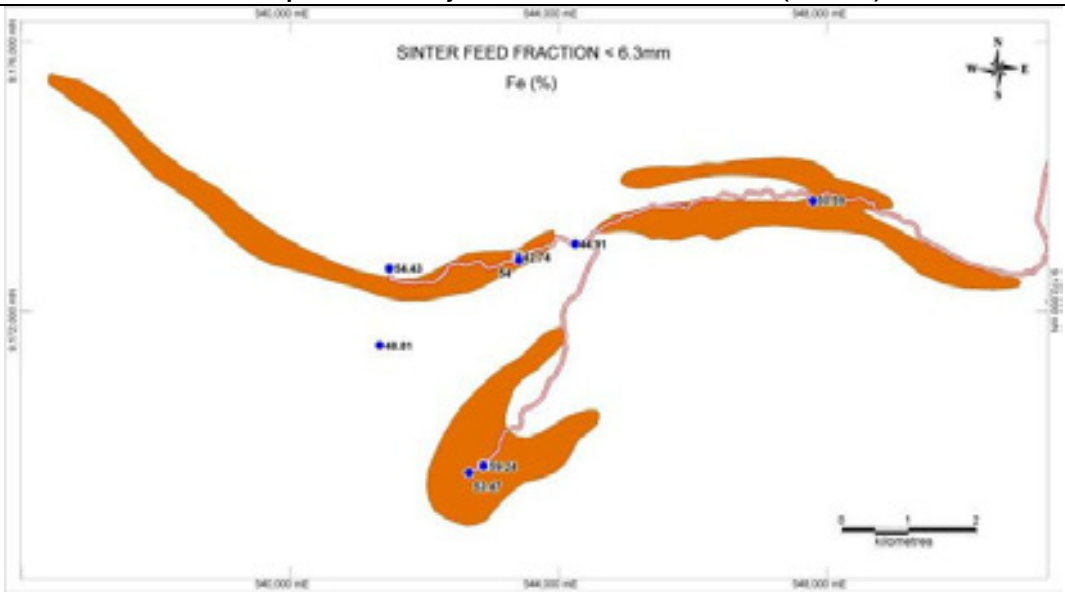


Figure 12.1_3

Trairão Iron Ore Project

Rock samples: Iron assay results in sinter feed fraction (<6.3mm)



The iron levels were relatively higher in the lump fraction (>6.3mm) compared to the sinter feed fraction (<6.3mm), due to a higher concentration of clay in the finer fractions. This hypothesis is confirmed with the presence of the high Al_2O_3 grades.

The grade of phosphorous associated with iron ore are, in general, considered high and probably related to the surface weathering, as is common in this kind of deposit.

Table 12.1_1
Trairão Iron Ore Project
Talon Rock Samples

Sample ID	Sample type	Easting	Northing	Elevation	Width	Description
227470	Composite sample (Float blocks)	541479	9172647	770		Colluvium composed by 60% pebbles of martite (hematite>magnetite) plates and 40% clay minerals+martite granules (< 6mm)
227471	Vertical Channel	543407	9172809	708	1.30m	Colluvium composed by pebbles of ferruginous phyllite 70% and 30% martite plates.
227472	Composite sample (Float blocks)	543409	9172769	714		Colluvium composed by pebbles of martite (hematite>magnetite) plates, goethite and lateritized BIF. Rich in grained-fine material.
227473	Composite sample (Float blocks)	544248	9173009	720		Lateritic crust composed by phyllite, martite plates and quartz.
227474	Composite sample (Float blocks)	542894	9169715	734		Sample collected in 0.4m depth. Colluvium composed by 60% pebbles of martite (hematite>magnetite) plates and 40% clay minerals+phyllite+laterite+quartz.
227475	Composite sample (Float blocks)	542668	9169609	720		Colluvium composed by 80% pebbles of martite (hematite>magnetite) plates and 20% clay minerals+martite granules (< 6mm)
227476	Composite sample (Float blocks)	542883	9169711	734		Sample collected on the road, covering a space of 240m (from sample 227475 to Drill hole STRD-03). Colluvium composed by pebbles of martite (hematite>magnetite) plates, phyllite, clay, laterite and quartz.
227477	Composite sample (Float blocks)	547788	9173649	700		Colluvium composed by 40% coarse pebbles of martite (hematite>magnetite) plates, 40% fine pebbles of martite and 20% clay minerals.
227478	Composite sample (Float blocks)	541337	9171507	452		Colluvium composed by boulders, cobbles and pebbles of laterite with fragments of martite plates, phyllite, BIF and quartz.

Table 12.1_2
Trairão Iron Ore Project
Talon Rock Samples Results

Sample Number	Lump Fraction (>6.3mm)						Sinter Feed Fraction (<6.3mm)					
	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	Mn (%)	LOI (%)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	Mn (%)	LOI (%)
227470	59.50	5.65	5.22	0.114	0.02	4.13	54.43	5.47	6.69	0.084	0.03	9.38
227471	47.02	10.00	12.60	0.056	0.06	9.34	42.74	8.97	16.32	0.054	0.06	11.93
227472	61.45	4.09	3.88	0.127	0.03	3.60	54.00	6.95	7.92	0.104	0.03	7.66
227473	46.47	9.99	13.33	0.100	bld	9.90	44.91	10.28	12.77	0.191	bld	12.77
227474	65.60	1.87	2.20	0.084	0.02	2.69	59.24	3.43	6.15	0.110	0.02	5.28
227475	59.66	3.00	2.30	0.265	0.03	8.52	53.47	6.67	6.58	0.211	0.03	10.10
227476	61.63	4.32	3.68	0.078	0.02	3.34	61.38	3.97	4.06	0.072	0.02	3.64
227477	58.42	5.64	5.22	0.149	0.02	5.47	50.59	6.47	8.98	0.138	0.04	10.27
227478	59.43	6.43	4.42	0.144	0.08	4.16	48.81	15.62	6.21	0.076	0.07	6.98

bld=below level of detection

Figure 12.1_4
Trairão Iron Ore Project
Rock Samples Photos

1 – Colluvium rich in martite plates: sample 227470: 59.50%Fe (>6.3mm) and 54.43%Fe (<6.3mm)

2 – Vertical channel sample: colluvium above of the drill hole STRD-02. Sample 227471: 47.02% Fe (>6.3mm) and 42.74% Fe (<6.3mm)

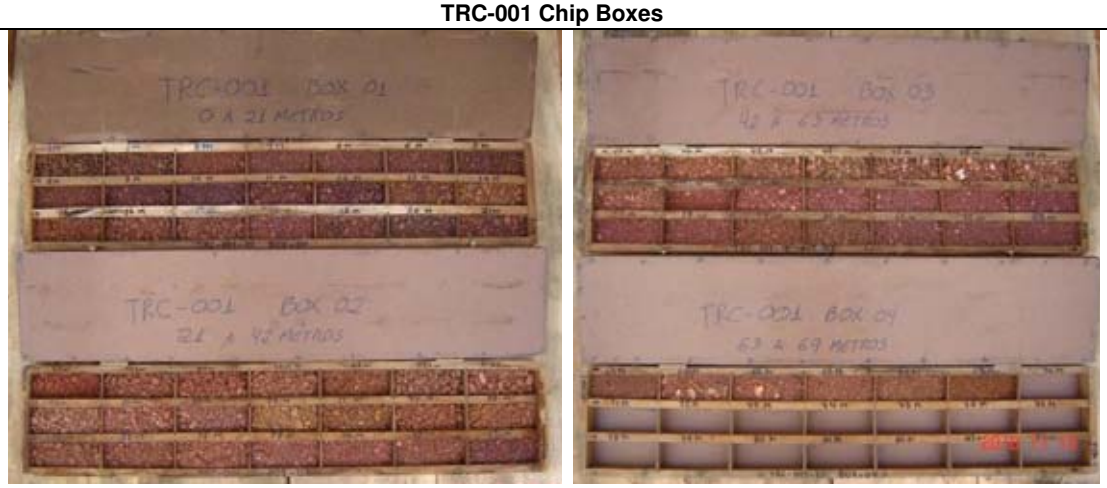
3 – Sample 227474: (density and chemical), 65.60%Fe (>6.3mm) and 59.24%Fe (<6.3mm)

4 – Colluvium: Sample 227472 with 61.45%Fe (>6.3mm) and 54.00%Fe (<6.3mm)

12.2 Logging

Each one meter drill RC sample was logged by a Talon senior geologist and was systematically sampled in accordance with the different kinds of regolith. A small sample of the chips was stored in chip boxes for future reference (Figure 12.2_1). Basic weathering, lithologies, mineralogy and observations were recorded by the geologist and entered into a digital MS-Excel database. The RC samples were taken at 1m intervals and riffle split down to 4kg samples.

Figure 12.2_1
Trairão Iron Ore Project
TRC-001 Chip Boxes



12.3 Adequacy of Procedures

Coffey Mining considers the sampling sampling method and approach to be in line with current industry best practice and adequate for the purpose of mineral resource estimation.

13 SAMPLE PREPARATION, ANALYSES AND SECURITY

13.1 Sample Preparation and Analysis

The RC samples preparation was completed by Servitec staff with Talon supervision. Each one meter sample was weighed, manually homogenized and split (Jones) to produce two samples of 4kg (Figure 13.1_1), one to send to the lab and other to duplicate storage. The rest of the material was deposited into the original sample bag and retained.

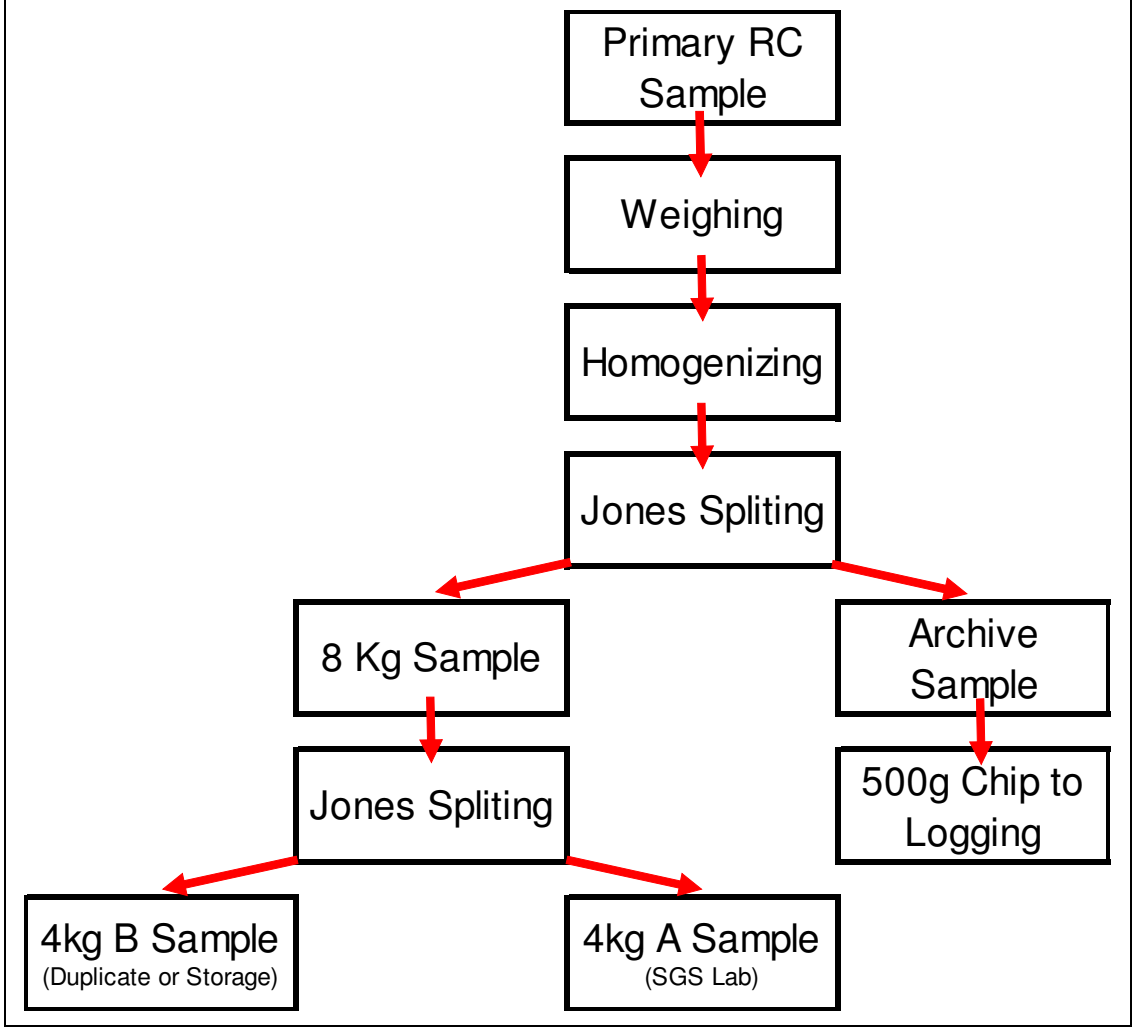
Figure 13.1_1
Trairão Iron Ore Project
RC Sample Field Preparation

The Figure 13.1_2 shows the sample preparation flowchart.

Figure 13.1_2

Trairão Iron Ore Project

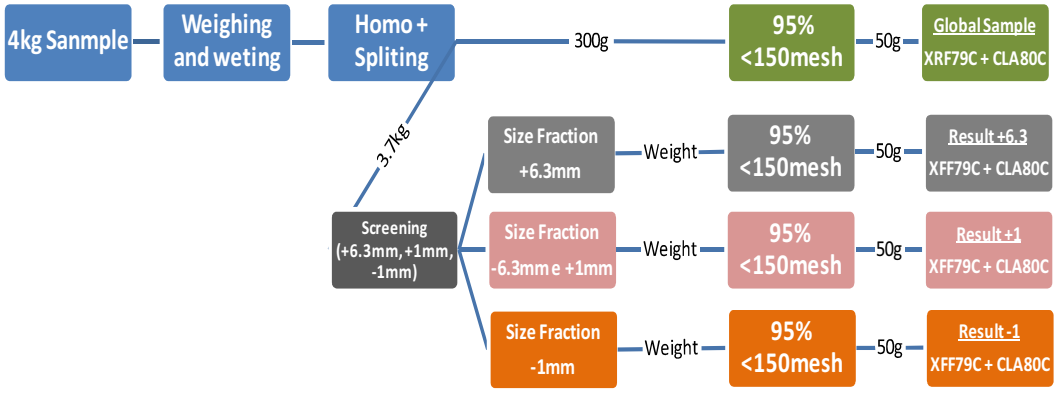
RC Sample Field Preparation



The 4kg 'A' sample, and the duplicate preparation and analysis of all the samples taken by Talon was performed by SGS Geosol Laboratórios Ltda. (www.sgsgeosol.com.br), an ISO 9000-2001 certified laboratory, which is independent of Talon. The laboratory is located in Parauapebas, Pará State, Brazil.

The sample preparation procedure was carried out in two phases. In the first phase, for drill holes 1 to 13, Talon requested SGS to analyze the global results for the total sample mass. For the second phase, from the drill hole 14 onwards and focusing on future geometallurgical and process studies, Talon requested the analysis off 3 different size fractions in addition to the global results. The Figure 13.1_3 shows the current analytical flowchart applied by SGS Geosol.

Figure 13.1_3
Trairão Iron Ore Project
SGS Geosol Analytical Flowchart



The analysis method was XRF (fusion with lithium tetra borate) to analyze 10 elements plus LOI (calcination at 1000°C - SGS internal code: XRF79C_10) and FeO (by wet chemistry- SGS internal code: CLA80C). The Table 13.1_1 below lists the detection limits.

Table 13.1_1
Trairão Iron Ore Project
SGS Analysis Detection Limit

Element	Minimum	Maximum
Al_2O_3	0.1%	100%
CaO	0.1%	70%
Fe_2O_3	0.1%	103%
K_2O	0.1%	18%
MgO	0.1%	100%
MnO	0.1%	75%
Na_2O	0.1%	12%
P_2O_5	0.1%	45%
SiO_2	0.1%	100%
TiO_2	0.1%	100%
FeO	0.14%	80%

13.2 Sample Security

All samples following drilling were sent via a Talon vehicle to the SGS laboratory in Parauapebas, PA, for analysis.

The B samples and the Talon archive sample storage is at the company's Bannach local office (Figure 13.2_1).

Figure 13.2_1
Trairão Iron Ore Project
SGS Geosol Analytical Flowchart

B Samples for Storage

B Samples Organized by Drill Hole

Archive Samples

A Samples Ready for the SGS Lab

13.3 Adequacy of Procedures

Coffey Mining considers the sampling preparation, security and analytical procedures to be in line with current industry best practice and adequate for the purpose of mineral resource estimation.

14 DATA VERIFICATION

A quality control program was implemented by Talon on the complete drilling program (Table 14_1), including:

- Standard samples inserted at a nominal rate of 1:20 samples;
- Duplicates (B Sample - Figure 13.1_2) at a nominal rate of 1:20 samples;
- Blank samples inserted at a nominal rate of 1:20 samples.

Table 14_1
Trairão Iron Ore Project
Trairão Quality Control Sample Summary

Company	Sample Type	Analyzed Sample Number
TALON	Standard	112
	Duplicate	62
SGS	Standard	127
	Duplicate	110

The quality control data has been assessed statistically by Coffey Mining using a number of comparative analyses for available datasets. The objectives of these analyses were to determine relative precision and accuracy levels between various sets of assay pairs and the quantum of relative error. The results of the statistical analyses are presented as summary plots, which include the following:

- Thompson and Howarth Plot showing the mean relative percentage error of grouped assay pairs across the entire grade range, used to visualize precision levels by comparing against given control lines.
- Rank % HARD Plot, which ranks all assay pairs in terms of precision levels measured as half of the absolute relative difference from the mean of the assay pairs (% HARD), used to visualize relative precision levels and to determine the percentage of the assay pairs population occurring at a certain precision level.
- Mean vs. % HARD Plot, used as another way of illustrating relative precision levels by showing the range of % HARD over the grade range.
- Mean vs. % HRD Plot is similar to the above, but the sign is retained, thus allowing negative or positive differences to be computed. This plot gives an overall impression of precision and also shows whether or not there is significant bias between the assay pairs by illustrating the mean percent half relative difference between the assay pairs (mean % HRD).
- Correlation Plot is a simple plot of the value of assay 1 against assay 2. This plot allows an overall visualization of precision and bias over selected grade ranges. Correlation coefficients are also used.

- Quantile-Quantile (Q-Q) Plot is a means where the marginal distributions of two datasets can be compared. Similar distributions should be noted if the data is unbiased.

Comments on the results of the statistical analyses are provided below. All the QAQC plots are in Appendix B.

In the general context, the parameters from the quality control analysis of the reference samples from exploration are inside the acceptance limits. The blank samples used by the Talon and SGS laboratory resulted from contamination in the sample preparation process.

14.1 Standard and Blank Samples

A total of 2 iron Talon standards (inserted by the Lab following the request from Talon at a rate of 1:20 samples) and 2 SGS standards (internal Lab standard sample) were utilized in the drilling program. All standards analyses were evaluated using Coffey Mining's QC Assure statistical software.

Table 14.1_1
Trairão Iron Ore Project
Standards and Blanks QAQC Summary Results

Reference values				Analyzed Results				Results	
Standard / Variable	Origin (%)	Min (%)	Max (%)	Sample N°	Min (%)	Max (%)	Mean (%)	% inside precision limits	% outside precision limits
TALON									
Blank / Fe_2O_3	0.00	0.00	0.01	51	0.04	49.00	2.12	0.0	100.0
Blank / FeO	0.00	0.00	0.01	51	0.21	3.94	1.51	0.0	100.0
SG-099 / Fe	68.44	67.46	69.42	25	67.50	69.00	68.19	100.0	0.0
SG-070 / Fe	39.38	38.68	40.08	35	38.80	39.60	39.15	100.0	0.0
SG-099 / Fe_2O_3	97.85	96.45	99.25	18	96.40	98.50	97.34	94.4	5.6
SG-070 / Fe_2O_3	56.30	55.30	57.30	24	53.30	99.40	57.00	62.5	37.5
SGS									
Blank / Fe_2O_3	0.00	0.00	0.01	33	0.01	2.13	0.66	21.2	78.8
Blank / FeO	0.00	0.00	0.01	33	0.21	2.41	1.10	0.0	100.0
SG_051 / FeO	2.23	1.47	2.98	32	1.76	2.76	2.19	100.0	0.0
SG-099 / FeO	14.04	13.54	14.54	32	13.55	14.26	13.89	100.0	0.0
SG-070 / Fe	39.38	38.68	40.08	32	38.70	39.70	39.10	100.0	0.0
SG-099 / FeO	68.44	67.46	69.42	12	67.50	68.70	68.03	100.0	0.0

The results for the standards show acceptable values inside the limits of reference values, except for the Blank samples and for the one Talon SG-070 (Fe_2O_3) Standard. This specific standard sample did not produce acceptable results, perhaps related to a laboratory mistake, as the Fe_2O_3 grade shows the value of 99.4% and the Fe total shows 39.1%. This sample was rejected by Coffey Mining.

The analyses of the blank samples used by the Talon show a high mean and a proportion of values above the acceptable limit demonstrating contamination in the blank material used in the batches of samples. The data base standard samples SG-051, SG-070 and SG-099 from SGS in these batches were verified and show results inside the precision limits.

14.2 Comparative Data Analyses

The comparative data was statistically analyzed using the Coffey Mining QC Assure software. The objective of this is to determine the relative precision among some pairs of results and to quantify the relative error.

The analyzed duplicates are summarized in the Table 14.2_1 and in the plots of comparative analysis in Appendix B. The duplicate samples are sorted from pulp.

From 172 existing duplicate samples in the database for the analyzed variables Fe_2O_3, FeO, SiO_2, Al_2O_3, Mn, P and LOI, 94,5% of the data pairs (total of 1033 pairs) are in the acceptable 10% precision limits. The variable FeO and the Talon replicates for Mn show percentages under 90% of pairs in precision limits as a result of low mean grades obtained near the detection limits of the chemical analysis.

Coffey Mining concludes that the results of the sample duplicates of Talon are acceptable for the style of mineralization.

Table 14.2_1

Trairão Iron Ore Project

Comparative Data Analyses Summary Results

Reference values		Analyzed Results	Results Evaluation				
Variable	**Precision Limits (%)**	**Analyses Pairs N°**	**HRD Mean**	**HRD Median**	**HARD Mean**	**HARD Median**	**% inside precision limits**
TALON							
Fe_2O_3	10	62	0.12	-0.22	1.17	0.82	100.0
FeO	10	36	-1.36	0.00	12.74	7.28	58.3
SiO_2	10	62	0.16	-0.07	1.59	1.07	100.0
Al_2O_3	10	62	-0.32	0.00	1.45	0.98	100.0
Mn	10	62	0.08	0.00	6.43	0.00	75.8
P	10	52	-0.133	0.000	2.765	2.363	98.1
LOI	10	62	0.23	0.06	1.79	0.93	98.4
SGS (Duplicates)							
Fe_2O_3	10	56	2.16	0.08	2.59	0.32	96.4
FeO	10	27	-1.52	0.00	3.93	3.91	88.9
SiO_2	10	56	-0.19	0.00	0.66	0.37	98.2
Al_2O_3	10	56	0.20	0.05	0.67	0.46	100.0
Mn	10	49	0.05	0.00	1.00	2.15	93.9
P	10	49	0.816	0.000	3.306	1.818	98.0
LOI	10	49	0.82	0.00	3.31	1.82	98.0
SGS (Replicates)							
Fe_2O_3	10	9	0.28	-0.09	0.56	0.27	100.0
FeO	10	29	3.00	0.00	6.26	5.79	69.0
SiO_2	10	54	0.02	0.00	0.32	0.26	100.0
Al_2O_3	10	54	0.14	0.00	0.65	0.44	100.0
Mn	10	49	0.13	0.00	2.46	0.00	90.0
P	10	49	-0.415	-0.302	1.855	1.408	100.0
LOI	10	49	-0.41	-0.30	1.86	1.41	100.0

15 ADJACENT PROPERTIES

The Trairão Iron Project is located at Rio Maria Province that shows many features that are positive for the presence of mineral deposits, for a range of commodities and deposit types.

Close to the area of the iron targets there are some Cu, Au and Ni (lateritic) anomalies found by Codelco and Barrick exploration campaign, within the Talon rights area. These are at an early stage of exploration is known of them. There are many gold garimpeiros occurrences 20km to 25km from the Serra do Trairão Iron Project.

Coffey Mining has been unable to verify the information on the Cu, Au and Ni areas. The information is not necessarily indicative of the mineralization on the property that is the subject of this technical report. Talon needs to develop an exploration program focused in those commodities in order to assess the real economic potential of each one of the occurrences.

16 MINERAL PROCESSING AND METALLURGICAL TESTING

No mineral processing or metallurgical testing has been undertaken.

17 MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

17.1 Mineral Resources Estimates

17.1.1 Introduction

This report complies with disclosure and reporting requirements set forth in NI43-101. The grade estimates have been classified as Inferred Mineral Resources in accordance with NI43-101. A brief discussion on the classification criteria is provided.

Coffey Mining carried out the Area 1 enriched supergene material mineral resources estimation based on the current available information.

17.1.2 Data Base

The Area 1 drilling data base was stored in a MS-Access database from the original MS-Excel format. Table 17.1.2_1 summarizes the Area 1 RC drill hole database used for the mineral resource estimation.

Table 17.1.2_1
Trairão Iron Ore Project
Area 1 RC Drill Holes Database Summary

Number or Drillholes	22
Number of Meters	1,054
Number of Samples with Chemical Results	1,048
Number of Samples without Chemical Results	6

Coffey Mining carried out an electronic validation of the data base at Gemcom Surpac software. No errors, as gaps or overlapping data, or other material inconsistencies were found.

17.1.3 Geological Modeling

Coffey Mining interpreted 8 vertical geological sections (aligned southwest to northeast) using with the information recorded in field “rec_code” in “table lito”, Figure 17.1.3_1.

The field “rec_code”, represents the altered zone described by the field geologist, and can be filled with 4 different units, as below:

- CO = Colluvium;
- SAP = Saprolite;
- SAR= Saprock;
- FrR= Fresh Rock.

In the Data Base are 11 different lithologies; five of them are potential iron mineralization. The iron mineralization within the near surface supergene weathered deposits is situated on a

plateau area on the crest of the Trairão ridge. The mineralization together with the underlying BIF mineralization extends down to a depth of 220m, as seen in drill hole STRD-03.

Three layers were interpreted in each section. The first layer is related to the Soil unit, occurring on the top of most of the drill holes with a limited thickness of less than 10 meters. The intermediate unit is the Saprolite, with a thickness ranging from 4 meters to 46 meters. The lowest unit intersected in the 50 meters REC drill holes was interpreted as Saprock (Figure 17.1.3_2). An additional lower unit, which was not intersected in the 50 meter deep RC holes is the Fresh Rock, at depth.

These intersected layers reflect different degrees of alteration by weathering. Soil is the most altered layer. Saprolite shows altered minerals, but also retains some structures of the original rock. Saprock is the layer below the Saprolite and shows the least weathering of the interpreted units (Figure 17.1.3_3) and contains remnants of the original rock.

Figure 17.3.1_1

Trairão Iron Ore Project

Area 1 Vertical Sections Location

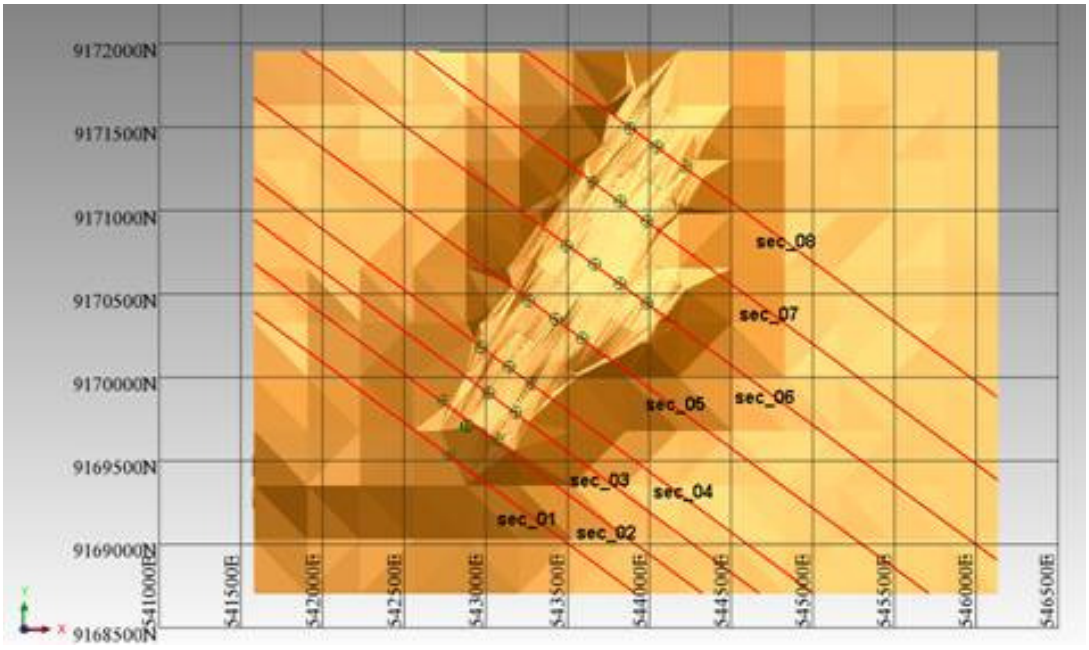


Figure 17.3.1_2

Trairão Iron Ore Project

Area 1 Typical Vertical Section with the Detail of the Area Used to Mineral Resources Estimation

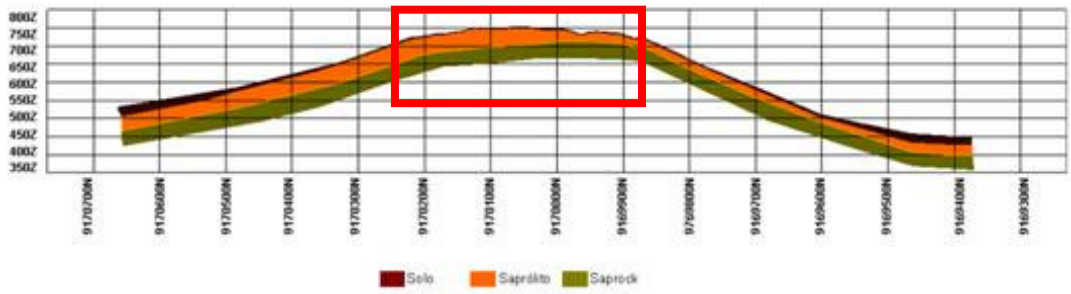
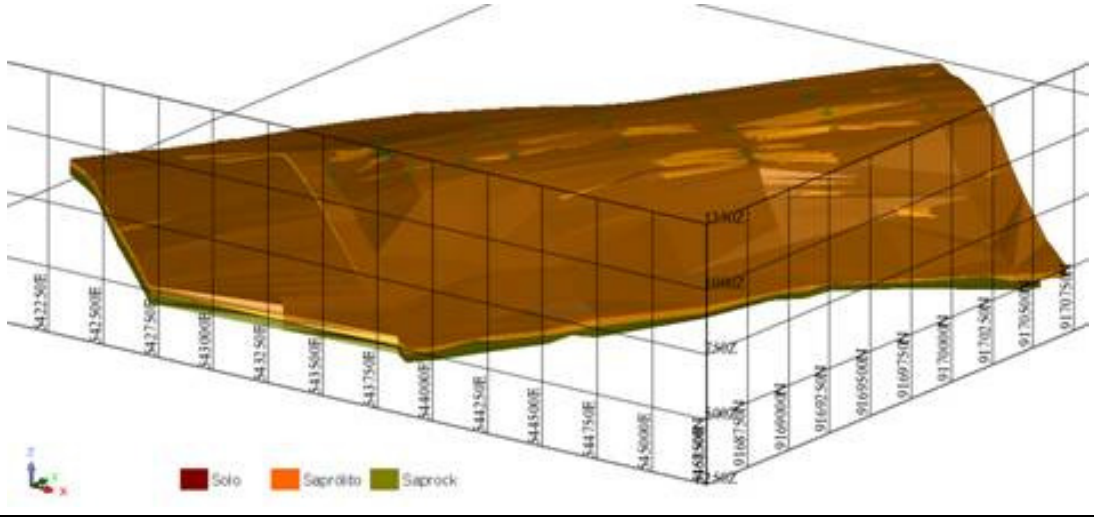


Figure 17.3.1_3

Trairão Iron Ore Project

3D Wireframing Geological Model

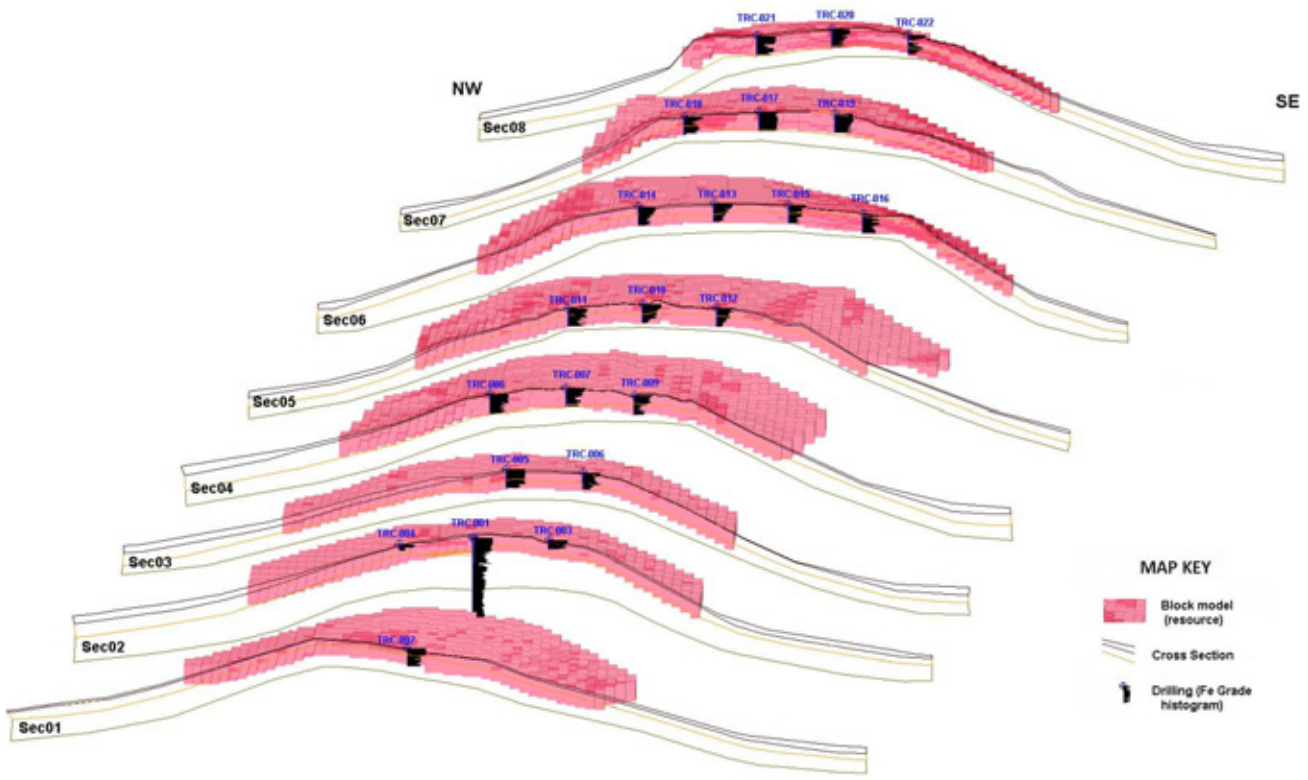


100% of the RC drill holes had intercepted the mineralized domains suggesting that the iron mineralization is opened in all directions (x, y and z) and most of than had stopped at the saprolite and saprock mineralized domain. The mineralization continuity should be investigated with a further RC and diamond drilling campaign (Figure 17.3.1_4).

Figure 17.3.1_4

Trairão Iron Ore Project

3D Mineralized Iron Block Model



17.1.4 Block Modeling

A 3D block model was constructed for resource estimation purposes, considering the units Soil, Saprolite, Saprock.

The block dimensions were defined as 100m x 100m x 10m in axis X, Y, Z respectively, approximately a quarter of the drilling grid.

A sub-blocking of 25m x 25m x 5m was used, with rotation in the Y axis of 35°E. The sub-blocking and rotation was done to assure a good correspondence with the geological model and attitude of the domain (Table 17.1.4_1).

Table 17.1.4_1
Trairão Iron Ore Project
Block Model Summary

Item	Y	X	Z
Minimum Coordinates	9,169 200	541,000,	250.00
Maximum Coordinates	9,173,700	543, 500	950
User Block Size	100.0	100.0	10.0
Minimum Block Size	25.0	25.0	5.0
Rotation (°)	35.	0.	0.

Table 17.1.4_2
Trairão Iron Ore Project
Block Model Attributes

Attribute Name	Type	Description
Density	Real	density = 2.7
limit_area1	Integer	1-Inside; 2-Outside
lito	Integer	0 = Air; 1 = Soil; 2 = Saprolite; 3 = Saprock
al2o3	Real	Al_2O_3 Grade estimated for OK (%) on Saprolite and Saprock
fe	Real	Fe Grade(%)
loi	Real	LOI Grade (%)
mn	Real	Mn Grade (%)
p	Real	P Grade (%)
sio2	Real	SiO_2 Grade (%)
estimation_method	Character	estimate methodology
passo_fe	Integer	Estimation Step of Fe
passo_iqd	Integer	Estimation Step for IDW
passo_loi	Integer	Estimation Step of LOI
passo_mn	Integer	Estimation Step of Mn
passo_p	Integer	Estimation Step of P
passo_sio2	Integer	Estimation Step of SiO_2
passso_al2o3	Integer	Estimation Step of Al_2O_3

The density used in the block model was defined based on geologic regional literature, and set at 2.7.

Visual and Volumetric Block Model Validation

The visual and volumetric comparison between the geological wireframes and the block model shows a good fit for Saprolite and Saprock units, but only a reasonable fit for the Soil unit, because it is thin in comparison to the block dimensions.

17.1.5 Statistics Analysis

Descriptive and distribution statistics have been compiled based upon the 1m composite grade data for the mineralized area. The statistical examinations and the grade characteristics of the mineralized intervals of each area were organized in Table 17.1.5_1.

The basic statistics also assisted in determining if a high grade cap applied. Appendix C presents a complete statistical analysis.

Table 17.1.5_1
Trairão Iron Ore Project
Basic Statistical Analysis Summary

Lithology	Variable	Mean	Variance	Standard Deviation	CV (%)	Sample N°	Inferior Lim.	Superior Lim.
Sol	Fe(%)	50.41	22.66	4.76	9%	57	38.10	60.80
	SiO_2(%)	7.72	6.68	2.58	33%	57	3.08	14.70
	Al(%)	10.67	7.92	2.81	26%	57	4.05	16.90
	Mn(%) CAP	0.05	0.00	0.02	45%	56	0.01	0.12
	P(%) CAP	0.07	0.00	0.03	34%	56	0.03	0.19
	LOI(%)	8.71	4.98	2.23	26%	57	3.61	14.23
Sap	Fe(%)	40.50	104.94	10.24	25%	615	1.96	60.40
	SiO_2(%) CAP	20.12	160.63	12.67	63%	614	2.90	72.20
	Al(%)	12.49	25.63	5.06	41%	615	0.47	30.50
	Mn(%) CAP	0.10	0.04	0.19	182%	610	0.00	1.51
	P(%) CAP	0.06	0.00	0.04	64%	612	0.00	0.24
	LOI(%)	8.40	3.54	1.88	22%	615	0.00	13.47
Sar	Fe(%)	30.80	86.83	9.32	30%	371	9.77	59.80
	SiO_2(%)	40.31	185.04	13.60	34%	371	3.98	66.40
	Al(%)	8.94	21.06	4.59	51%	371	1.55	24.20
	Mn(%) CAP	0.12	0.02	0.13	109%	359	0.00	0.69
	P(%) CAP	0.04	0.00	0.03	76%	369	0.00	0.18
	LOI(%)	5.81	3.77	1.94	33%	371	2.15	11.43

17.1.6 Variography

Variography is used to describe the spatial variability or correlation of an attribute recognized as a regionalized variable. The spatial variability is traditionally measured by means of a variogram, which is generated by determining the averaged squared difference of data points at a nominated distance or lag (h). The averaged squared difference (Variogram or $\gamma(h)$) for each lag distance is plotted on bivariate plot where the X-axis is the lag distance and Y-axis represent the average squared differences γ (h) for the nominated lag distance.

In this document, the term “variogram” is used as a generic word to designate the function characterizing the variability of variables versus the distance between two samples. The traditional measures have been applied for the estimation studies completed for mineralized intervals of Trairão Iron Ore Project.

The Gemcom Surpac Software has been employed to generate and model the Variography. The rotation is reported as input for grade estimation, with Y (rotation around Y axis), X (rotation around X) and Z (rotation around Z axis) also being referred to as the major, semi major and minor axes.

Variography Discussion

The downhole experimental variograms were calculated to establish the structures for composite grades. Variogram maps were not constructed because of a lack of data. Then omni-directional horizontal variograms were calculated for the purpose of determination of major axis variability. A horizontal isotropic variogram was considered, because of the small number of samples and because no robust single direction variogram was found. The variography results are summarized in the Table 17.1.6_1.

Table 17.1.6_1
Trairão Iron Ore Project
Area 1 Variogram Models Summary

Layer	Variable	C0	C1	A1	C2	A2	C3	A3	RSM	RM
Saprolite	Fe	8.60	2.90	120	65.50	300	-	-	1	10
	SiO_2	13.00	50.00	120	97.00	300	-	-	1	10
	Al_2O_3	2.40	5.00	108	18.30	300	-	-	1	10
	Mn	0.01	0.03	144	0.01	300	-	-	1	10
	P	0.00	0.00	300	-	0	-	-	1	10
	LOI	0.29	3.50	450	-	0	-	-	1	10
Layer	**Variable**	**C0**	**C1**	**A1**	**C2**	**A2**	**C3**	**A3**	**RSM**	**RM**
Saprock	Fe	6.80	51.00	168.75	29.00	300	-	-	1	10
	SiO_2	6.80	49.00	91.45	130.00	300	-	-	1	10
	Al_2O_3	1.67	19.42	300	-	0	-	-	1	10
	Mn	0.01	0.01	300	-	0	-	-	1	10
	P	0.00	0.00	75	0.00	300	0.00	500.00	1	10
	LOI	0.29	3.50	450	-	0	-	-	1	10

17.1.7 Grade Estimation

The Ordinary Kriging (OK) method was used to estimate Fe%, SiO_2%, Al_2O_3%, Mn%, P% and LOI% for Saprolite and Saprock units. The method used to estimate the same attributes in the Soil unit was Inverse Distance Weighting (IDW).

Ordinary Kriging (OK) is one of the most common geostatistical methods for grade estimation of the block. In this interpolation technique, the contributing composited samples are identified

through a search applied from the center of each block. The weights are determined to minimize the variance error, considering the spatial localization of the selected composites and the modeled variogram. The grade of the weighted composited sample is combined to generate the estimation of the block grade and the variance.

The established Kriging plan, for all attributes, considered three estimation steps, as presented in the Table 17.1.7_1.

Table 17.1.7_1
Trairão Iron Ore Project
Ordinary Kriging Strategy

Lithology	Step	Minimum search distance (m)	Search	Minimum sample numbers	Maximum sample numbers
Mineral Resource					
SAP (Saprolite)	1	300	Ellipsoid	8	30
	2	600	Ellipsoid	8	30
	3	1200	Ellipsoid	1	30
SAR (Saprorock)	1	300	Ellipsoid	8	30
	2	600	Ellipsoid	8	30
	3	1200	Ellipsoid	1	30

Inverse Distance Weighting (IDW) is a conventional method for grade estimation of the block. In this interpolation technique the weights are determined by the inverse of the anisotropic distance (square distance for this project), considering the spatial localization of the selected composites.

The established IDW plan, for all attribute in the Soil unit, considered three steps of estimation, as presented in the Table 17.1.7_2.

Table 17.1.7_2
Trairão Iron Ore Project
Inverse Distance Weighting Strategy

Lithology	Step	Minimum search distance (m)	Anisotrophy: Maj/SMaj/Min	Minimum sample numbers	Maximum sample numbers
Mineral Resource					
SOL (Soil)	1	300	1/1/0.1	3	30
	2	600	1/1/0.1	3	30
	3	1200	1/1/0.1	1	30

Resource Validation - NN-Check

Validation for estimated grade was carried out with a comparative Nearest Neighboring estimation (NN). This validation consists in a comparative statistical analysis over global results for Fe% to the mineralized intervals Figures 17.1.7_1 and 17.1.7_2.

The comparative analysis of OK with the Nearest Neighboring results for Fe show different grade distributions. The relative smoothing in the kriging results are compatible with the kriging technique and is acceptable based on the resources classification and the data density and distribution.

Figure 17.1.7_1

Trairão Iron Ore Project

Comparative Statistic Saprolito - Saprock – Grade Estimate – Fe (%)

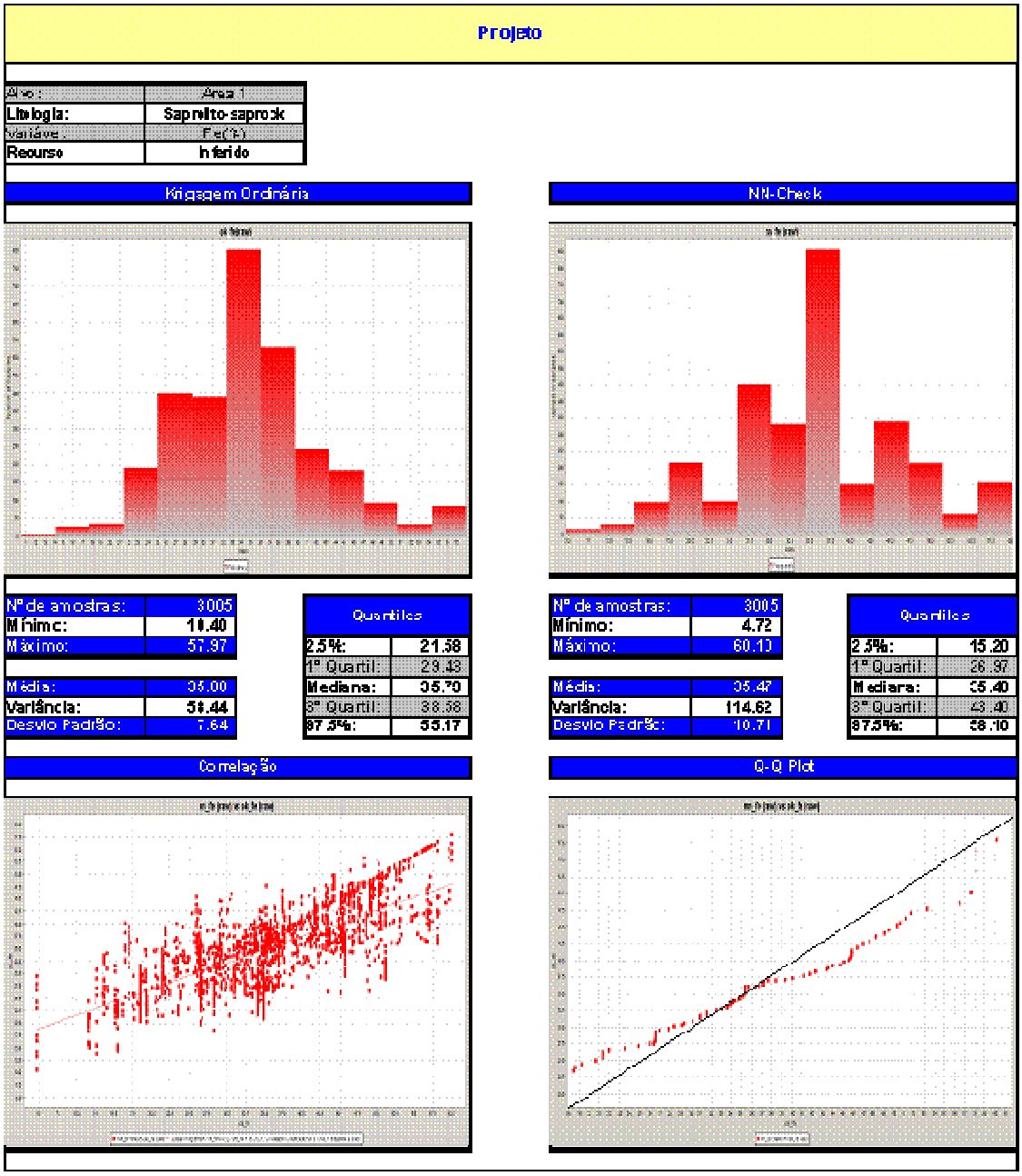
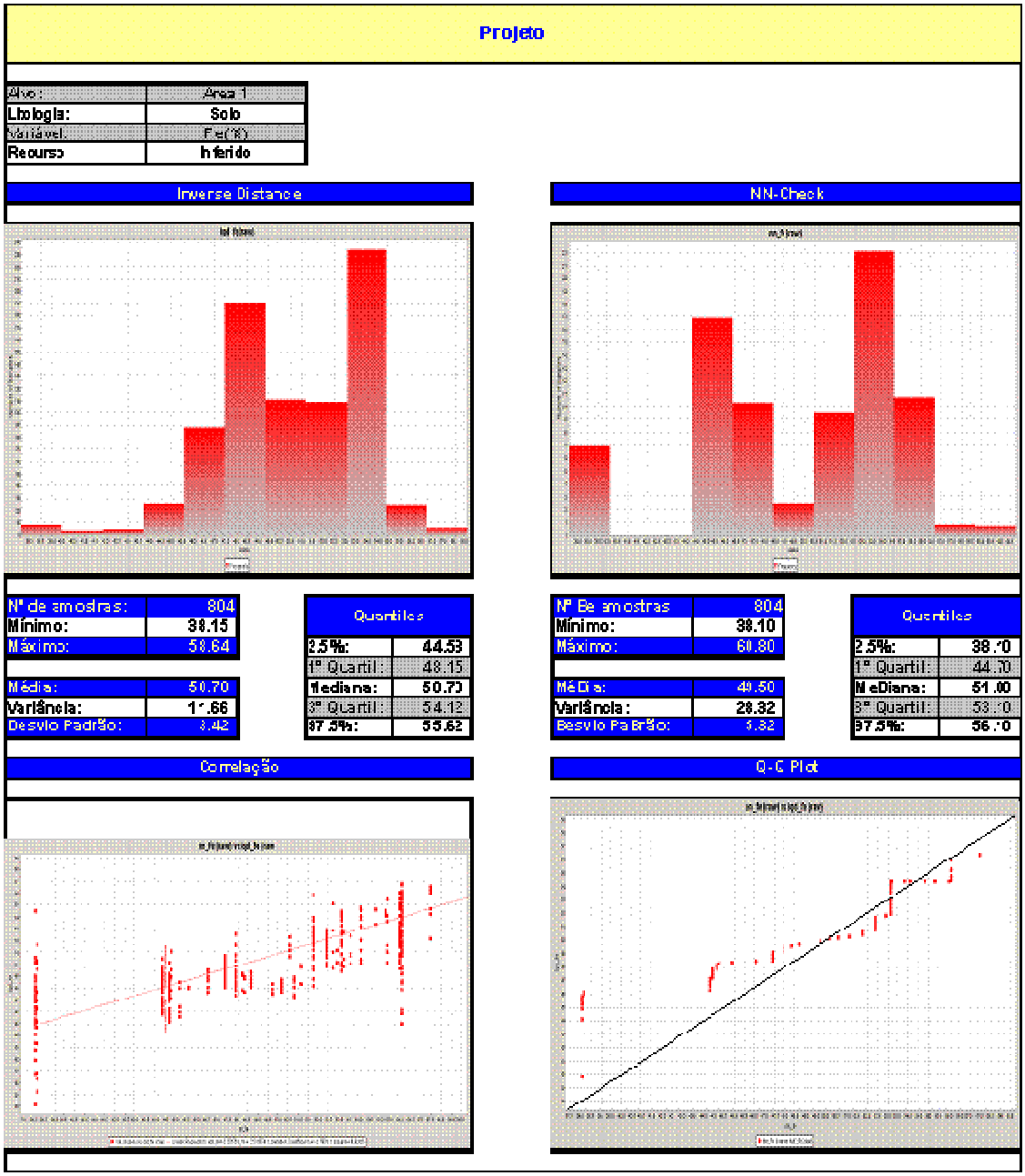


Figure 17.1.7_2

Trairão Iron Ore Project

Comparative Statistic Solo – Grade Estimate – Fe (%)



Resource Validation Swath Plot

Local validation by Swath Plot method consists in verify the existence of local bias from comparative .graphs for estimated grades by ordinary kriging and nn-check considering x, y, or z coordinates (Figures 17.1.7_3 to 17.1.7_5)

Figure 17.1.7_3

Trairão Iron Ore Project

Swath Plot – East Coordinate – Fe (%)

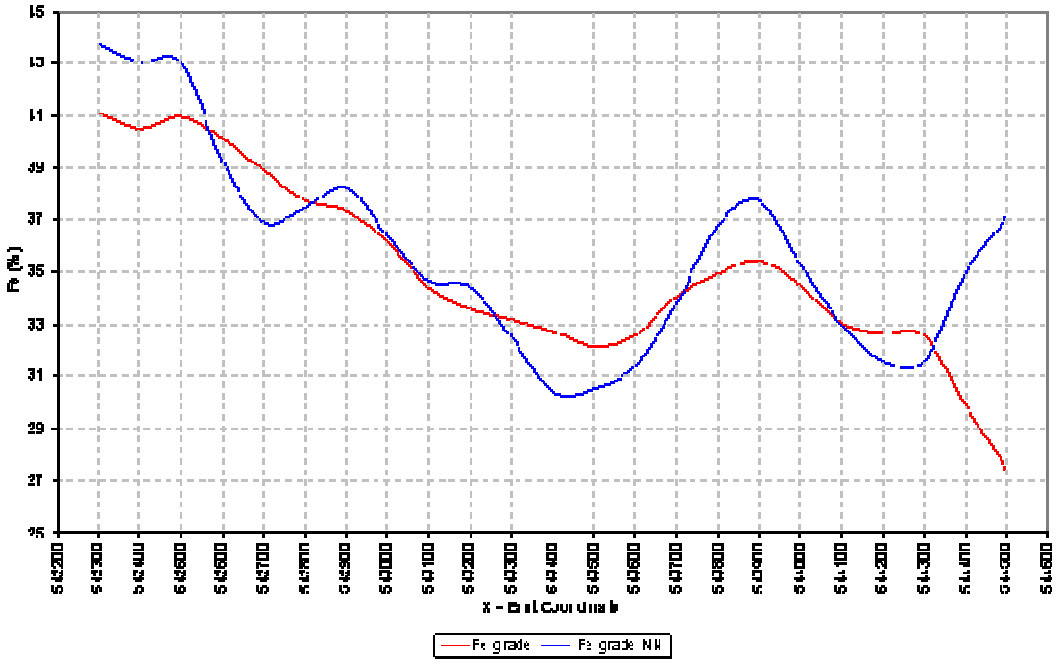


Figure 17.1.7_4

Trairão Iron Ore Project

Swath Plot – North Coordinate – Fe (%)

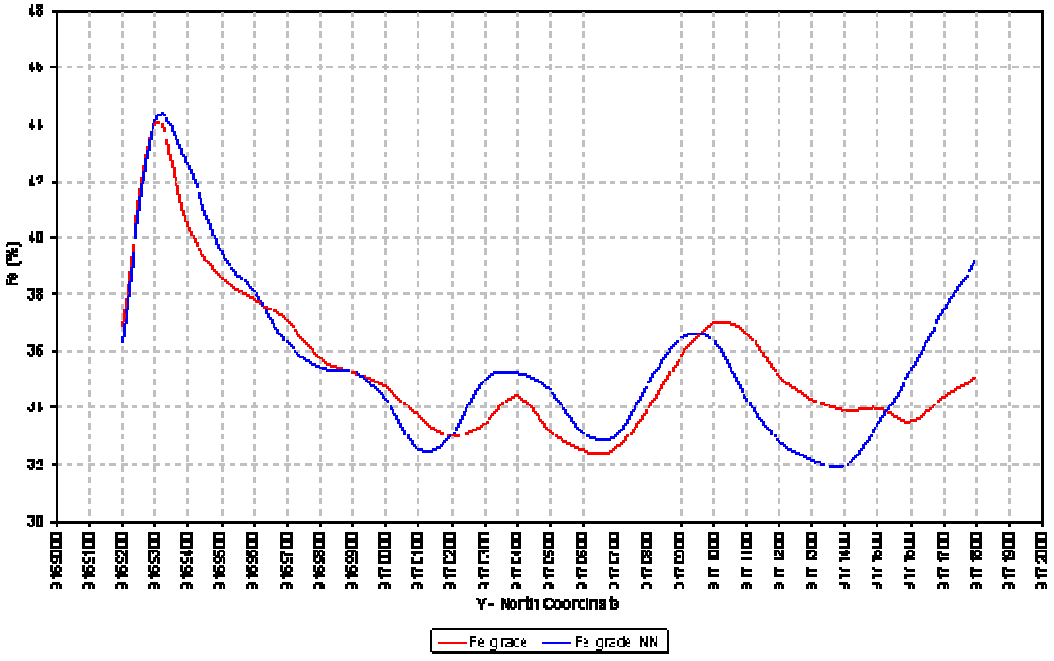
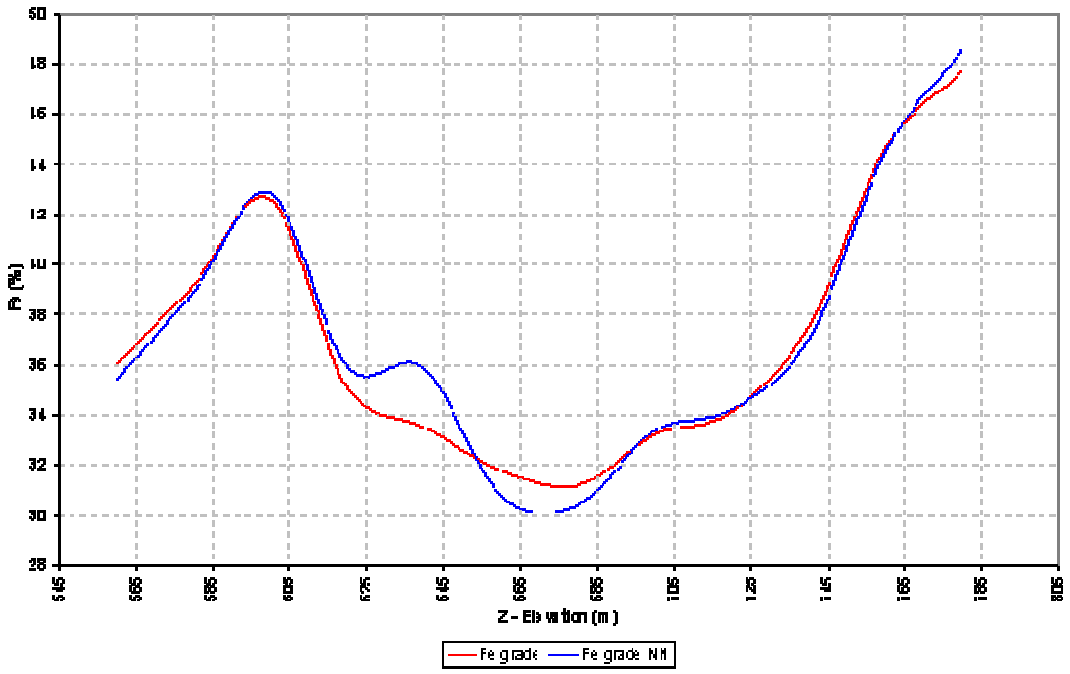


Figure 17.1.7_5

Trairão Iron Ore Project

Swath Plot – Elevation Coordinate – Fe (%)



17.1.8 Resource Reporting

The Area 1 supergene enriched horizon has been classified as an Inferred Mineral Resource based on the assessment of the input data, geological interpretation and quality of grade estimation. The key criteria assessed as part of the Resource classification are set out in Table 17.1.8_1. The Figures 17.1.8_1 to 17.1.8_4 shows the grade tonnage curves.

Coffey are considering all the 3 lithologies as mineral resources. It is important to recognize that the material from the Soil lithology may well have a different recovery process at any future process plant, when compared to the recommended recovery process for the material from other lithologies.

Table 17.1.8_1 Trairão Iron Ore Project Confidence Level of Key Criteria		
Items	**Discussion**	**Confidence**
Drilling Techniques	All drill holes were completed by RC drilling methods and are industry standard approach.	High
Logging	Standard nomenclature and apparent good quality	Moderate – High
Drill Sample Recovery	The RC samples presents a good average recovery but there was a big recovery variation related to the material type (from 10% to 180%).	Low - Moderate
Sub-sampling Techniques and Sample Preparation	Sampling was planned on a nominal 1m interval following the RC drilling progess. The field preparation and the lab preparation were industry standard. The blank samples show one low contamination tendency that needs to be analyzed.	Moderate
Quality of Assay Data	In the general context, the parameters from the quality control analysis of the reference samples from exploration are inside the acceptance limits.	Moderate - High
Drill hole Surveying	As the RC drill holes are shallow there was no necessity for deviation measurements.	-
Location of Sampling Points	The field samples and the drill holes collars were collected using hand-held GPS.	Low - Moderate
Data Density and Distribution	The Area 1 drilling was done approximately on 400m to 800m x 400m to 800m spacing. The drill spacing is not close enough to enable confident interpretation of the mineralized lithologies and domains.	Moderate
Database Integrity	The drillhole database was presented without errors and in a Microsoft Access (mdb) format.	High
Geological Interpretation	There is a reasonable understanding of the stratigraphy and structural controls to construct a robust geological model (there is good surface exposure). The defined enriched supergene horizons are considered to be reasonably robust but drill density needs to be increased.	Moderate - High
Density	There are no density tests available.	Low
Estimation and Modelling Techniques	Ordinary Kriging (OK) method has been used to obtain estimates of Fe, Al_2O_3, SiO_2, Mn, P and LOI. The OK estimation techniques are accepted industry practice.	High

Table 17.1.8_1 presents the mineral resources for each lithology with the different cut-off grades of Fe applied. The total aggregated Inferred Mineral Resource with 35%Fe cut-off

grade applied is 168.26Mt at 42.16%Fe, 19.16%SiO_2 11.55%Al_2O_3 0.11%Mn, 0.061%P and 8.14%LOI.

Table 17.1.8_2
Trairão Iron Ore Project
Grade Tonnage Table – 17th Dec 2010
Inferred Mineral Resources - Block Model: 100, 100 10 (25, 25, 5); Rotate Bearing: 35°

Cut Off Grade (Fe %)	Tonnes (Mt)	Fe (%)	SiO_2 (%)	Al_2O3 (%)	Mn (%)	P (%)	LOI (%)
Soil							
25	22.40	50.21	7.94	10.63	0.05	0.092	8.89
35	22.40	50.21	7.94	10.63	0.05	0.092	8.89
Saprolite							
25	152.72	39.48	21.75	12.65	0.11	0.054	8.25
35	124.97	41.23	19.39	12.46	0.11	0.055	8.32
Saprock							
25	62.68	32.95	38.50	7.98	0.16	0.047	5.64
35	20.89	39.11	29.79	7.06	0.16	0.064	6.28
Grand Total							
25	237.80	38.77	24.86	11.23	0.12	0.056	7.62
35	168.26	42.16	19.16	11.55	0.11	0.061	8.14

The main products considered for this kind of deposits are:

- Lump Ore: >6.3mm;
- Coarse Sinter Feed: >1mm and < 6.3mm;
- Fine Sinter Feed: >0.1mm and <1mm;
- Pellet Feed: <0.1mm.

The Fe content, in general, decreases with the decreasing of the product size, then for direct sales to the local market, represented by small to medium pig iron producers, is open just for Lump Ore and the Coarse Sinter Feed. To reach this market, commonly the enterprise required a lower CAPEX and OPEX than more fines products project. Otherwise the fines co-produced would be stockpiled for future concentration and reclamation.

In general, is possible the iron content enrichment but the mass yield varies a lot. It is necessary some testwork to allow an assessment of the commercial feasibility to implant a beneficiation and concentration plant.

The independent qualified person responsible for the mineral resource estimate in this report and summarised in Table 17.1.8_2 is Bernardo Viana, a geologist with 10 years of geological and mining related experience ranging from execution, management and coordination of

geology projects, to resource estimation in a variety of commodities including Au, Cu, Fe, Al, U, Ni, Zn, Mn and diamond in Brazil, Angola and Chile. He is a member of the Australian Institute of Geoscientists ("MAIG") and is independent of Talon as that term is defined in Section 1.4 of the Instrument.

Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues.

Figure 17.8.1_1

Trairão Iron Ore Project

Soil Grade Tonnage Curve

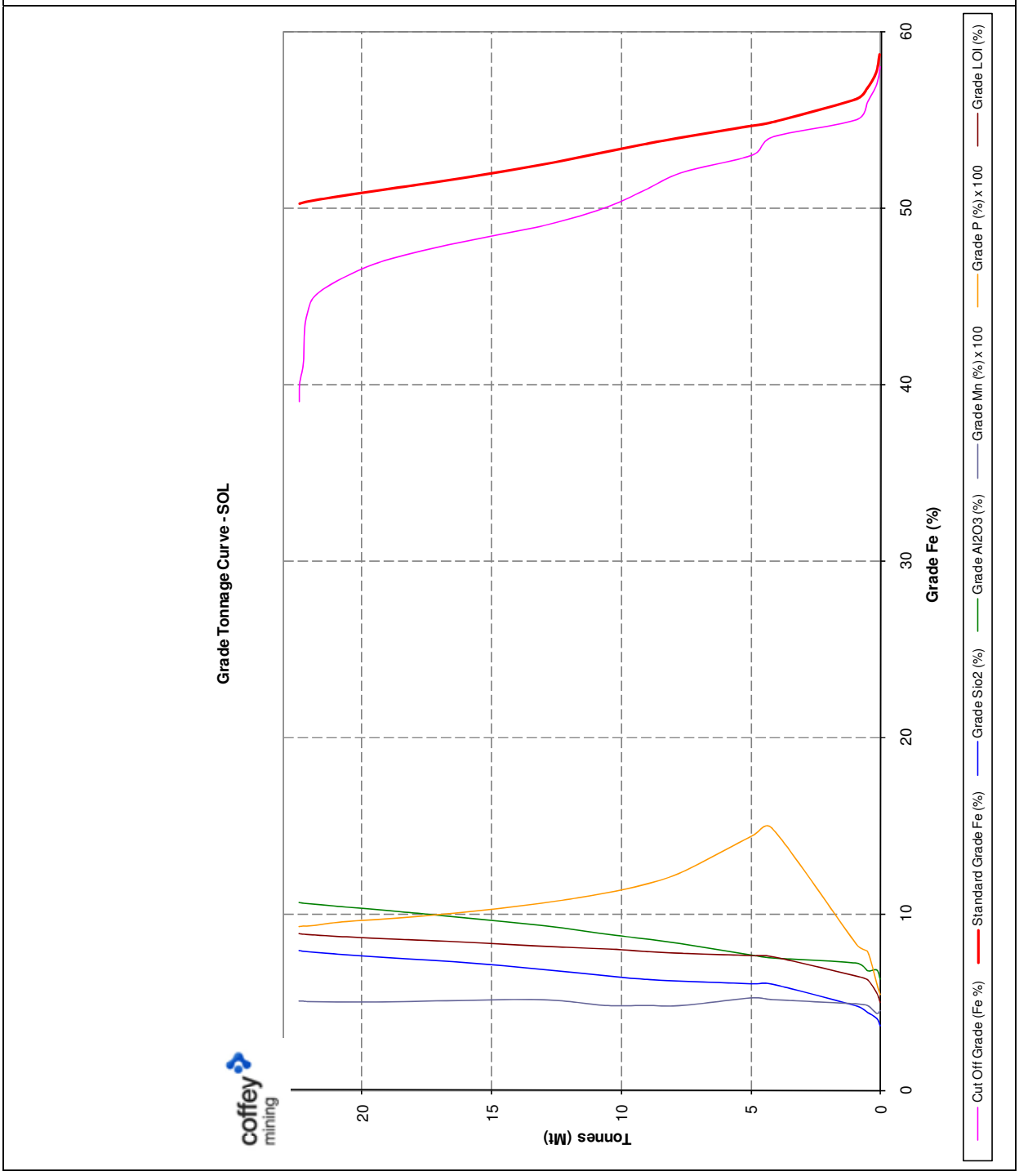


Figure 17.8.1_2

Trairão Iron Ore Project

Sap Grade Tonnage Curve

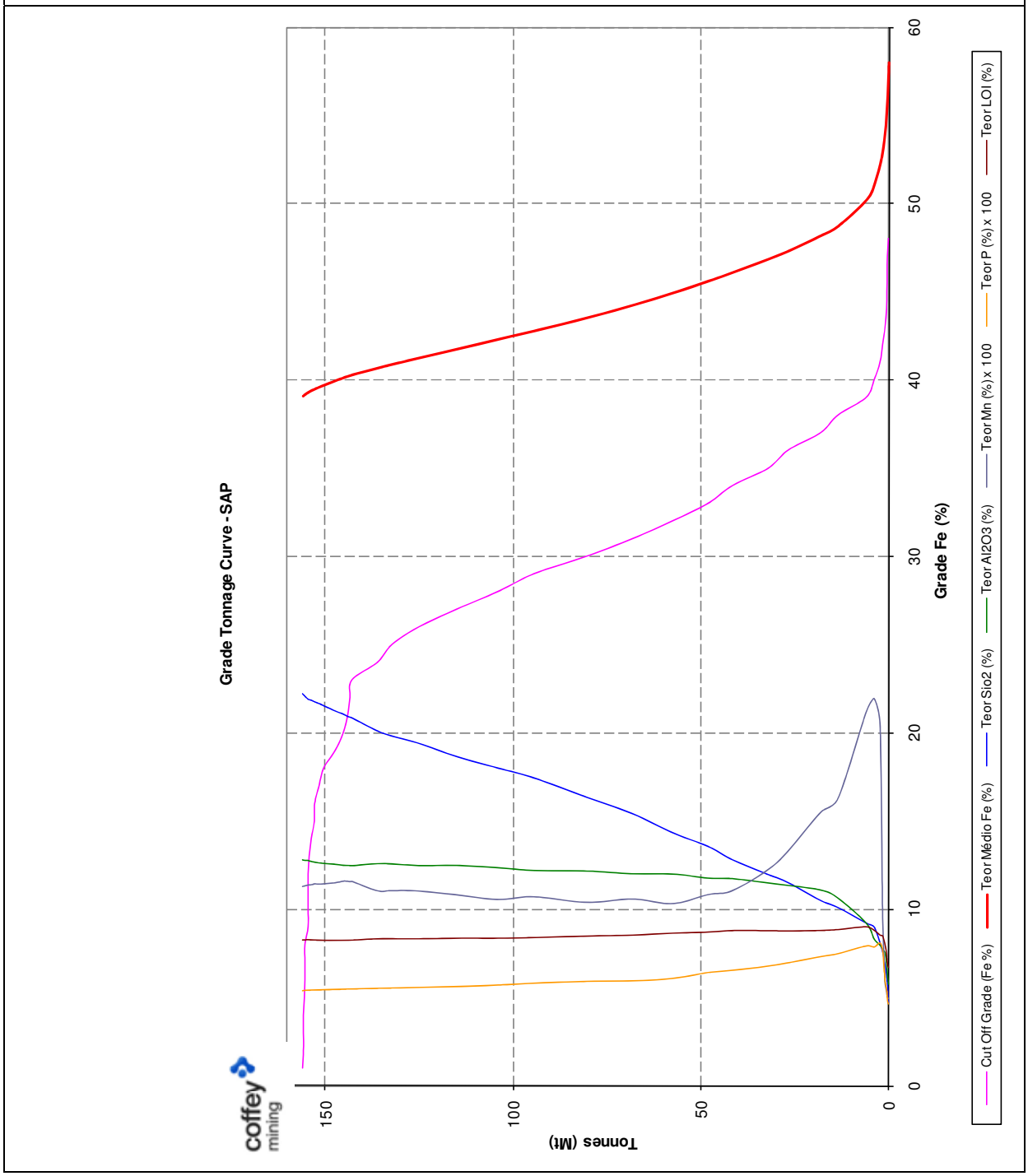


Figure 17.8.1_3

Trairão Iron Ore Project

Sar Grade Tonnage Curve

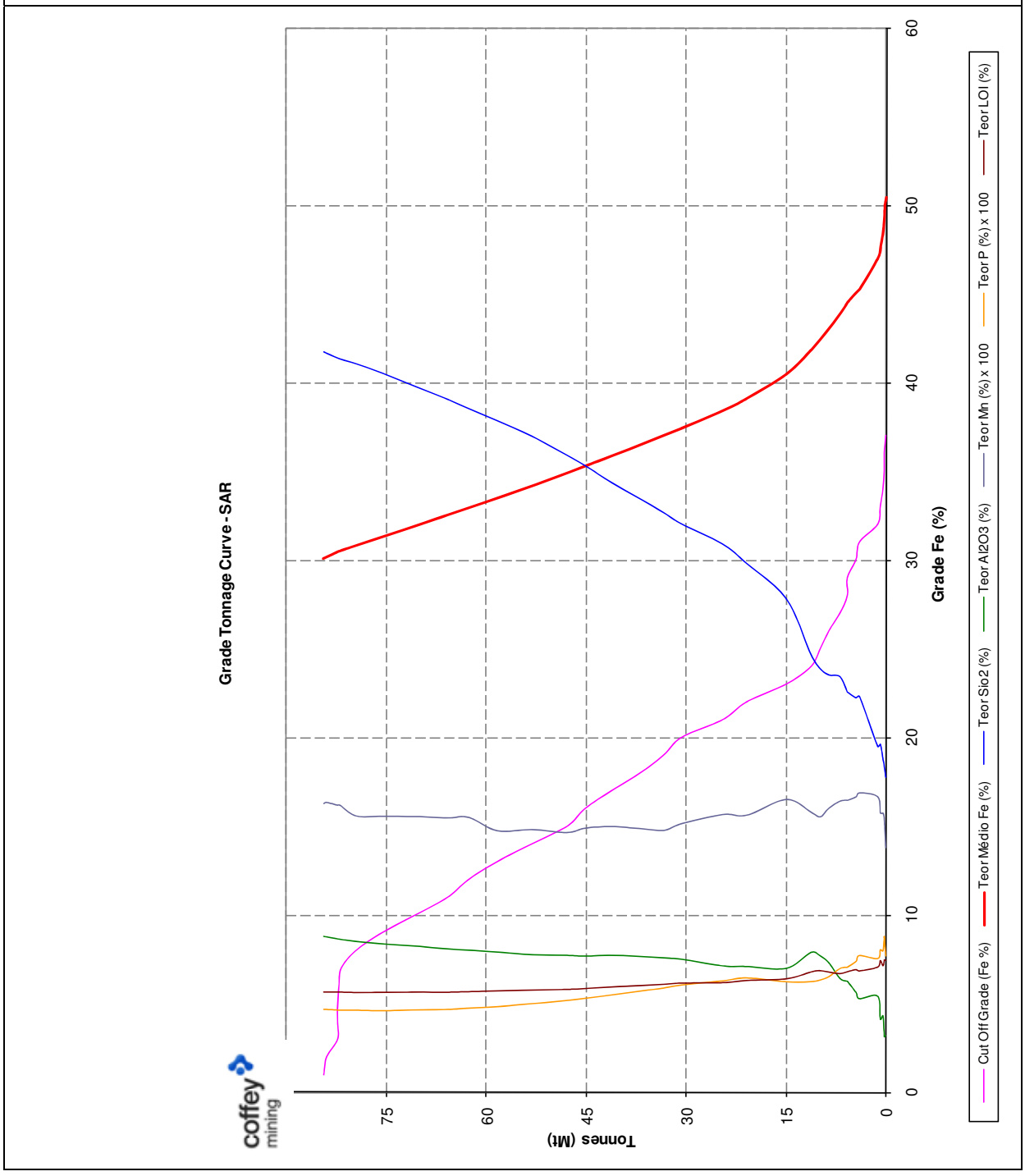
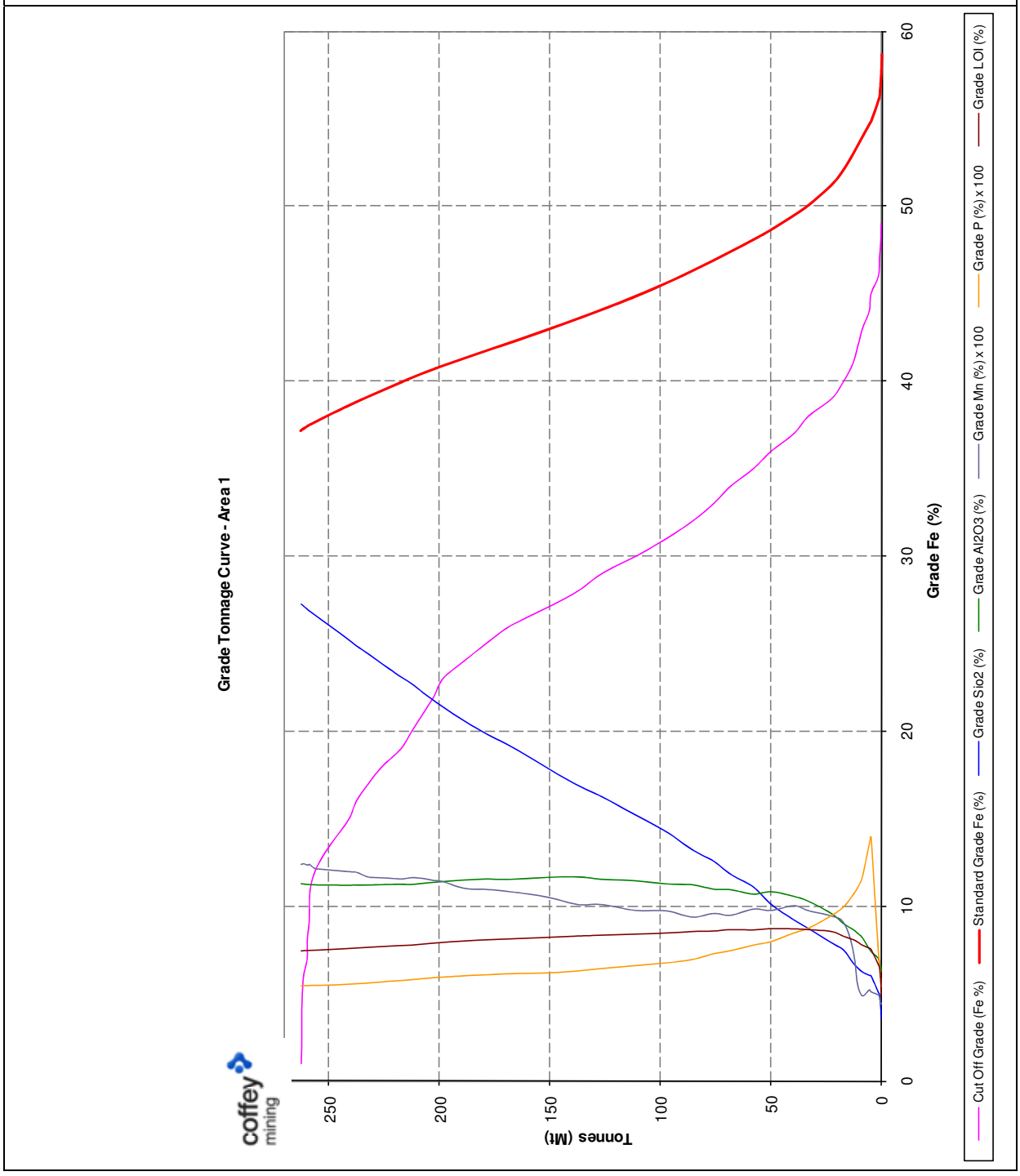


Figure 17.8.1_4

Trairão Iron Ore Project

Global Resources Grade Tonnage Curve



17.2 Mineral Reserves Estimates

No mineral reserves estimates have been undertaken.

18 OTHER RELEVANT DATA AND INFORMATION

Coffey Mining is not aware of other relevant data pertaining to the Trairão Iron Ore Project.

19 INTERPRETATION AND CONCLUSIONS

The Serra do Trairão Iron Project contains a large prospective tonnage of supergene iron mineralization which to date has been demonstrated mainly in Target Areas 1 and 2 (previously referred to as BIF's 1 and 2 by Codelco), where RC drilling programs have been undertaken by Talon. In particular complete results from a preliminary RC drilling program have only been received from Target Area 1, on which the current estimate of inferred mineral resources is based.

Drilling extended to a depth of 50m with the objective to evaluate only the supergene enriched material. With the current drilling program it is not possible to analyse the deep mineralized BIF potential. The RC drilling recovery shows a representative variation which requires validation with diamond drill holes and local pits. For the objective of this study, the RC drilling is adherent with the industry standards. The data is consistent with the confidence level of key criteria of the mineral resources classification.

100% of the RC drill holes had intercepted the mineralized domains suggesting that the iron mineralization is opened in all directions (x, y and z) and most of that had stopped at the saprolite and saprock mineralized domain.

The geophysical ground magnetic 3D interpretation estimates a potential of more than 600Mm3 of supergene material on the 19km length of Trairão topography feature (Trairão Range), which includes Target Areas 1, 2 and 3. This volume needs to be confirmed with future exploration and drilling programs about the quality of this material. Drilling will be required to provide analytical data that can support a more accurate estimation of the potential of this exploration target.

Coffey Mining has estimated Inferred Mineral Resources for the Area 1 Trairão Iron Project in accordance with the guidelines as set out in the NI43-101. The in situ resources are wholly contained within the current license boundary and do not take into account any elements which may sterilize areas of the deposit for mining operations.

The lateritic duricrusts are exposed at Trairão Iron Project as an enriched lateritic profile overlying the mineralized BIFs.

The total Inferred Mineral Resource for Area 1 has been estimated at 168.26Mt with an average grade of 42.16%Fe (with 35%Fe cut off grade applied). As density measurements are not currently available, Coffey Mining applied a density value of 2.7t/m^3, which is supported by public bibliographic data related to other iron deposits located within the same geological environment. This number needs to be reviewed with further in situ and diamond core hole density tests.

The contaminant grades, mainly the P grade, are considered high in comparison with the current industrial standards. It is necessary that some mineral process testwork is undetaken to evaluate possible use for the local pig iron producers and the external market.

While Coffey Mining considers that this project has met the company's objectives, Stage 2 of the Trairão Project exploration program will provide more information related to the Area 1 and Area 2 supergene and deep mineralized material besides providing more data and information about the entire project geology and potential. This is a project in progress.

20 RECOMMENDATIONS

Given all this positive geological and prospective indications Coffey Mining considers the Trairão Property to be prospective for hosting iron ore deposits. Talon's proposed exploration strategy is considered to be consistent with the potential of the Trairão Iron Ore Project, providing that target priorities are clearly adhered to and exploration is appropriately staged to permit continual assessment of progressive exploration results.

Talon personnel have also provided comprehensive work programs and budgets covering proposed exploration for 18 months.

It is for this reason that Coffey Mining recommends the continuity of the current follow up exploration program and an additional exploration budget to:

- Complete the semi-detailed geological mapping of all the property and available bedrock exposures below the soil and lateritic cover to improve the knowledge of the iron mineralization.
- Finish the Area 2 RC drilling program and complete the resource estimation if justified.
- Undertake a ground geophysics survey with magnetic surveys in all the property to define new "Areas" to be drilled.
- Undertake a diamond drilling program to be completed by infill of the RC drilling area to validate the RC program and to investigate the mineralization in depth, east and north.
- To consider metallurgical tests to evaluate the feasibility of processing this supergene material.
- Undertake in situ and drill hole core dry bulk density determinations to be obtained from direct measurements on diamond core billets. This should address not only the mineralized horizons but also the waste rocks, oxidation and weathering.
- To continue with the current QAQC program
- The Trairão Iron Project has Cu-Au and Ni targets that have been identified but warrant further assessment. These have not been assessed during this study, as the main focus was the potential for iron ore. However they should be assessed in the future.

The proposed exploration program presented aims to evaluate the iron potential of Serra do Trairao Project and provide enough data that will support another NI 43 101-compliant mineral resource estimate. The iron mineralization at Trairão property is associated with hematite-goethite-rich colluviums, as well as with a supergene enrichment zone over a sequence of interbedded BIF and magnetite-rich phyllite that belong to the upper portion of Tucumã Group. The supergene process leached a significant amount of silica from the country rocks and transformed the magnetite into hematite-goethite creating a resistant cap rock, which supports the actual prominent topography along the Trairão Range. The Trairão Range presents a

folded pattern and extends for a total length of 19 kilometres. According to this, the exploration program was divided into two stages, as indicated below;

- Stage 1 (6 months) – Target Testing with RC drilling and Mineral Resource Estimate of Area 1 and Area 2.
- Stage 2 (12 months) – Regional Assessment and Follow up Resource RC and Diamond Drilling Program.

The Stage 1 program started in October 2010 and will be finished in March 2011, when the results of the Area 2 drilling program will be available and the current resource estimation will be reviewed.

The Stage 2 program will start in April 2011.

The timing to complete the exploration program presented is estimated at 18 months and the preliminary budget is estimated at CD$1,660,000, including property acquisition costs and annual fees related to exploration licenses.

Coffey Mining has reviewed the proposed program and budget (Table 20_1) and concurs this is appropriate for the current status of the project.

Table 20_1
Trairão Iron Ore Project
Talon Exploration Schedule and Budget

Stage	Activity	Months	Estimated Budget (CD$)
Stage 1	Property Acquisition	0.5	150,000
	Mapping & Assays	0.5	35,000
	Environmental Licences	0.5	10,000
	Drilling & Assays	2	350,000
	Resource Estimate & Report	2	50,000
	Salaries and Admin Costs	6	60,000
	Total	*4*	*655,000*
Stage 2	Exploration Licences	4	80,000
	Drilling & Assays	10	750,000
	Resource Estimate & Report	3	70,000
	Salaries and Admin Costs	12	105,000
	Total	*12*	*1,005,000*
TOTAL		**18**	**1,660,000**

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Talon 2010: Talon Status Report, November 2010

22 DATE AND SIGNATURE PAGE

This report titled Independent technical report on Mineral Resources, Trairão Iron Ore Project, Pará, Brazil with an effective date 23 December 2010 was prepared on behalf of Talon Metals Corp by Bernardo Horta de Cerqueira Viana and signed:

Dated at Belo Horizonte, this 23 December 2010

[SIGNED]

Bernardo Horta de Cerqueria Viana, Author – BSc (Geo) MAIG

Mineral Exploration and Resources Manager of Coffey Mining Brazil

23 ADDITIONAL REQUIREMENTS FOR TECHNICAL REPORTS ON DEVELOPMENT PROPERTIES AND PRODUCTION PROPERTIES

Nothing to report.

Appendix A

Certificate of Bernardo H. C. Viana

Certificate of Qualified Person

As the primary author of the report entitled "Independent Technical Report, Trairão Iron Ore Project, Pará, Brazil" dated 23 December 2010 of Talon Metals Corp (the "Study"), I hereby state:

1. My name is Bernardo Horta de Cerqueira Viana and I have been employed since 2002 as a Consulting Geologist with the firm of Coffey Consultoria e Serviços Ltda, of Av Afonso Pena, 3924, Conjunto 207, Mangabeiras- CEP 30.130-009. My residential address is number 39, Santa Helena Street, Apartment 201, Serra, Belo Horizonte, MG - Brazil.
2. I am a practicing Geologist with 09 years of Mining Industry experience. I am a member of the Australian Institute of Geoscientists ("AIG").
3. I am a professional geologist with more than 09 years of relevant experience in iron ore exploration and mining, involving numerous iron ore properties in Brazil.
4. I am a graduate of Federal University of Minas Gerais, Belo Horizonte, Brazil and hold a Bachelor of Science Degree in Geology (2001) and Master Business Administration in Project Management (2009).
5. I have practiced my profession continuously since 2001.
6. I am a "qualified person" as that term is defined in National Instrument 43-101 (Standards of Disclosure for Mineral Projects) (the "Instrument").
7. I have visited the Trairão Iron Ore Project between the 25th and 27th August 2010 and the 07th and 10th November 2010.
8. I prepared and am responsible for all sections of this report.
9. I have not had any prior involvement with the Trairão property or project.
10. I am independent of Talon Metals Corp, pursuant to section 1.4 of the Instrument.
11. I have read the National Instrument and Form 43-101F1 (the "Form") and the Study has been prepared in compliance with the Instrument and the Form.
12. I do not have nor do I expect to receive a direct or indirect interest in the Trairão Iron Ore Project of Talon Metals Corp, and I do not beneficially own, directly or indirectly, any securities of Talon Metals Corp or any associate or affiliate of such company.
13. As of the date hereof, to the best of my knowledge, information and belief, the study contains all scientific and technical information that is required to be disclosed to make the study not misleading.

Belo Horizonte, Brazil, 23 December, 2010.

[SIGNED]

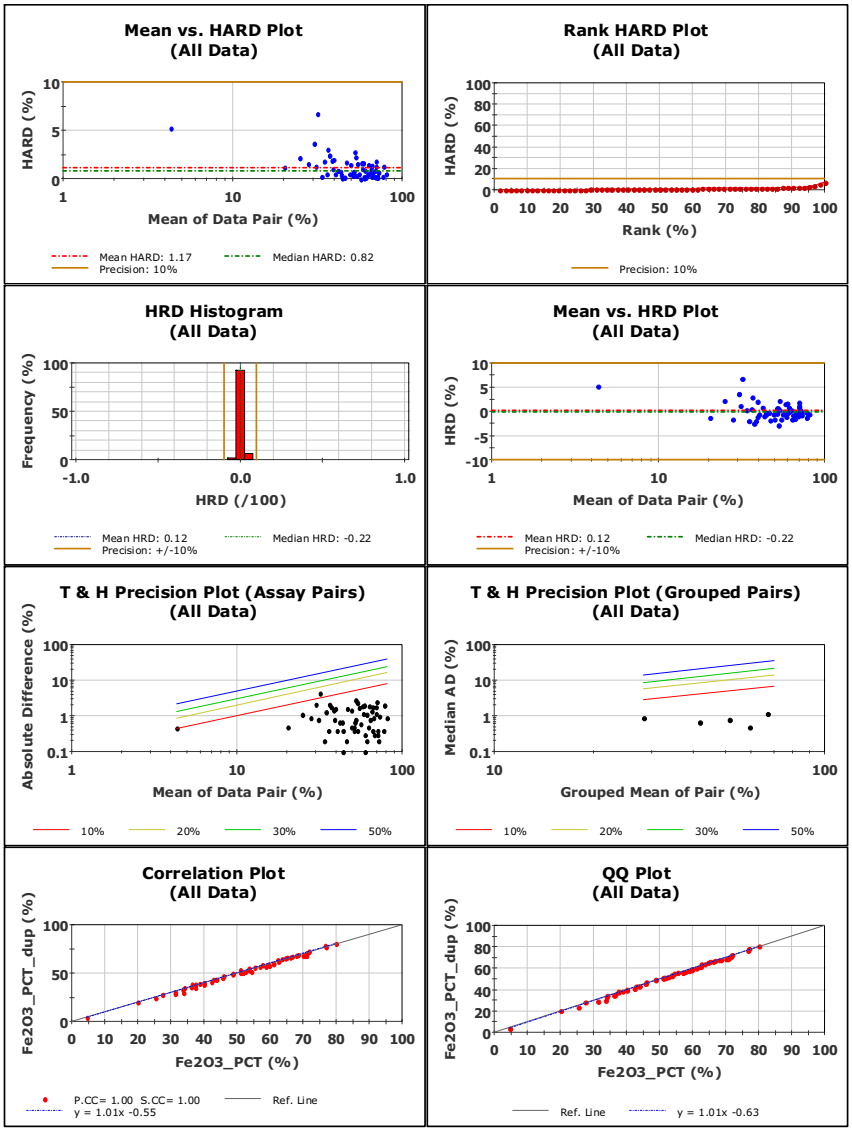
Bernardo Horta de Cerqueira Viana

Appendix B

QAQC Plots

Fe2O3 (pct) TALON Duplicates
(All Data)

	Fe2O3_PCT	Fe2O3_PCT_dup	Units			Result
No. Pairs:	62	62			Pearson CC:	1.00
Minimum:	4.57	4.11	%		Spearman CC:	1.00
Maximum:	80.00	80.90	%		Mean HARD:	1.17
Mean:	52.27	52.30	%		Median HARD:	0.82
Median	53.60	53.55	%			
Std. Deviation:	15.53	15.75	%		Mean HRD:	0.12
Coefficient of Variation:	0.30	0.30			Median HRD	-0.22



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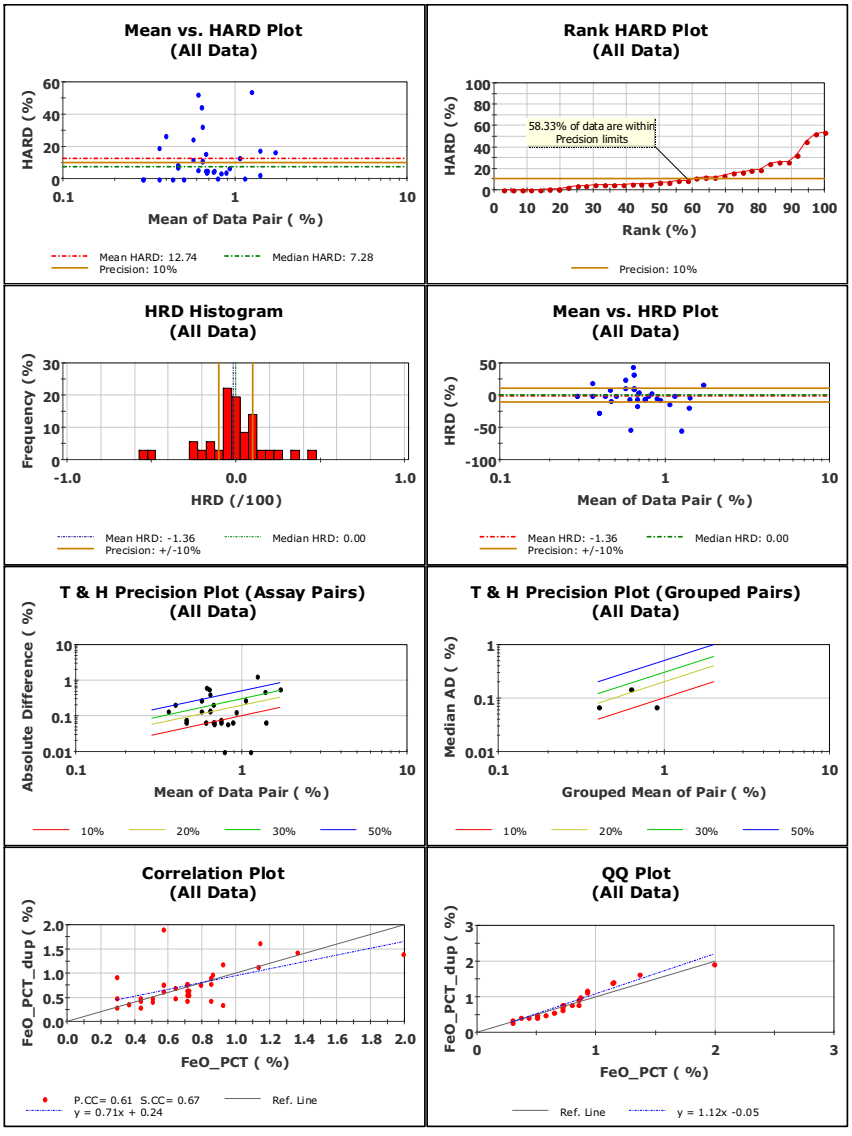
FeO (pct) TALON Duplicates
(All Data)

	FeO_PCT	FeO_PCT_dup	Units			Result
No. Pairs:	36	36			Pearson CC:	0.61
Minimum:	0.29	0.29	%		Spearman CC:	0.67
Maximum:	1.99	1.92	%		Mean HARD:	12.74
Mean:	0.69	0.73	%		Median HARD:	7.28
Median	0.71	0.65	%			
Std. Deviation:	0.33	0.39	%		Mean HRD:	-1.36
Coefficient of Variation:	0.48	0.53			Median HRD	0.00



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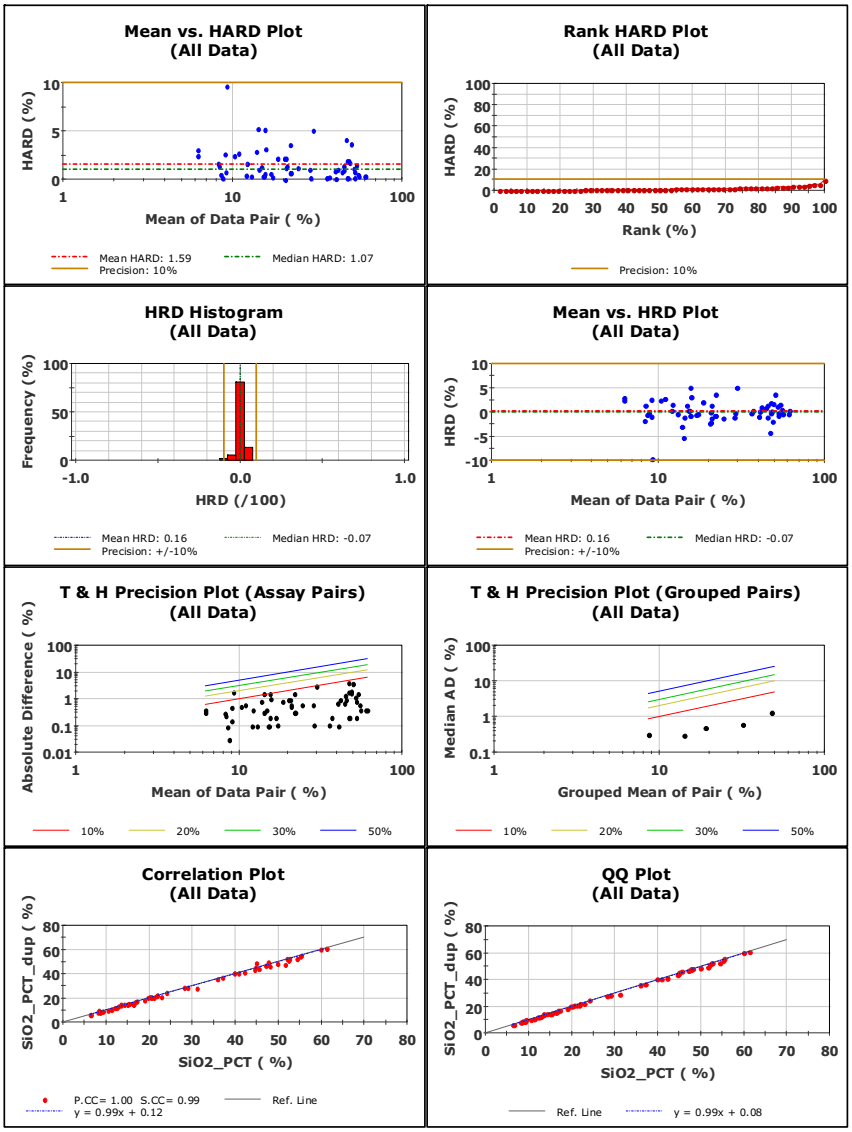
SiO2 (pct) TALON Duplicates
(All Data)

	SiO2_PCT	SiO2_PCT_dup	Units			Result
No. Pairs:	62	62			Pearson CC:	1.00
Minimum:	6.36	6.05	%		Spearman CC:	0.99
Maximum:	61.30	60.90	%		Mean HARD:	1.59
Mean:	27.84	27.73	%		Median HARD:	1.07
Median	20.80	21.00	%			
Std. Deviation:	16.94	16.83	%		Mean HRD:	0.16
Coefficient of Variation:	0.61	0.61			Median HRD	-0.07



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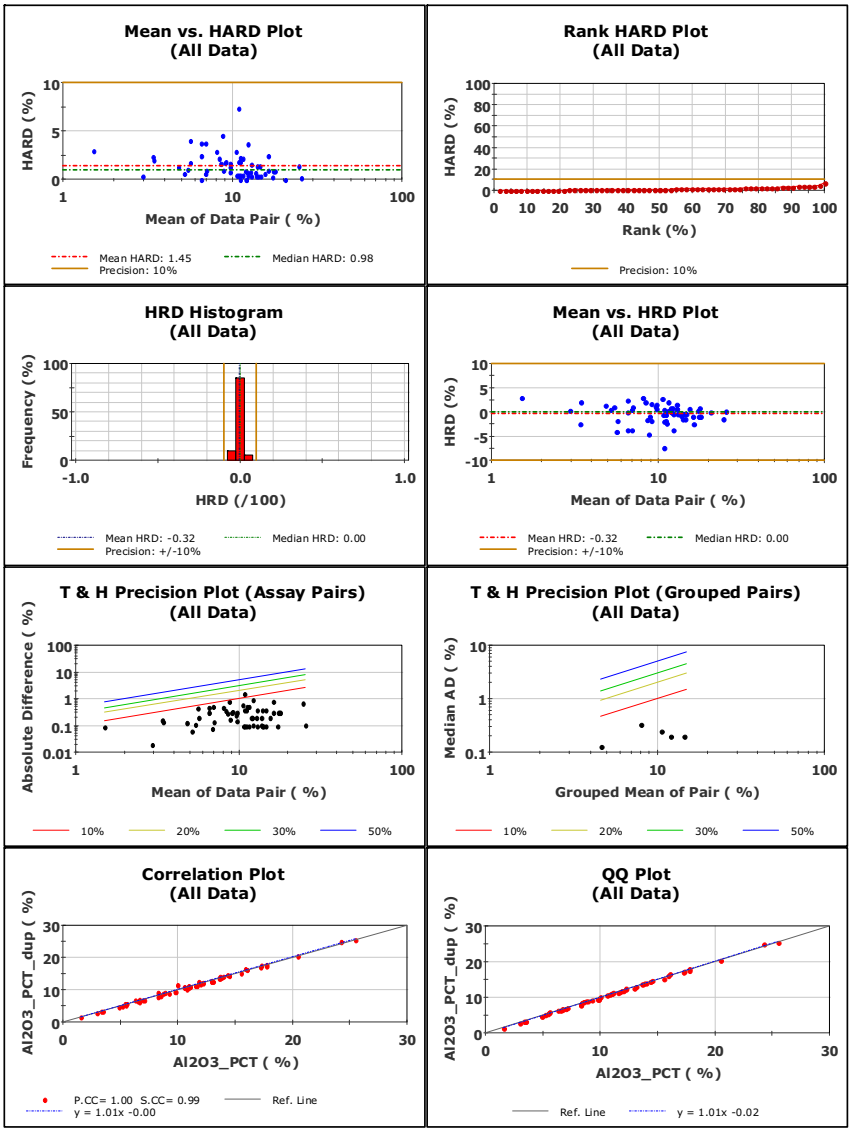
Al2O3 (pct) TALON Duplicates
(All Data)

	Al2O3_PCT	Al2O3_PCT_dup	Units			Result
No. Pairs:	62	62			Pearson CC:	1.00
Minimum:	1.55	1.46	%		Spearman CC:	0.99
Maximum:	25.50	25.40	%		Mean HARD:	1.45
Mean:	11.03	11.12	%		Median HARD:	0.98
Median	10.90	11.15	%			
Std. Deviation:	4.72	4.78	%		Mean HRD:	-0.32
Coefficient of Variation:	0.43	0.43			Median HRD	0.00



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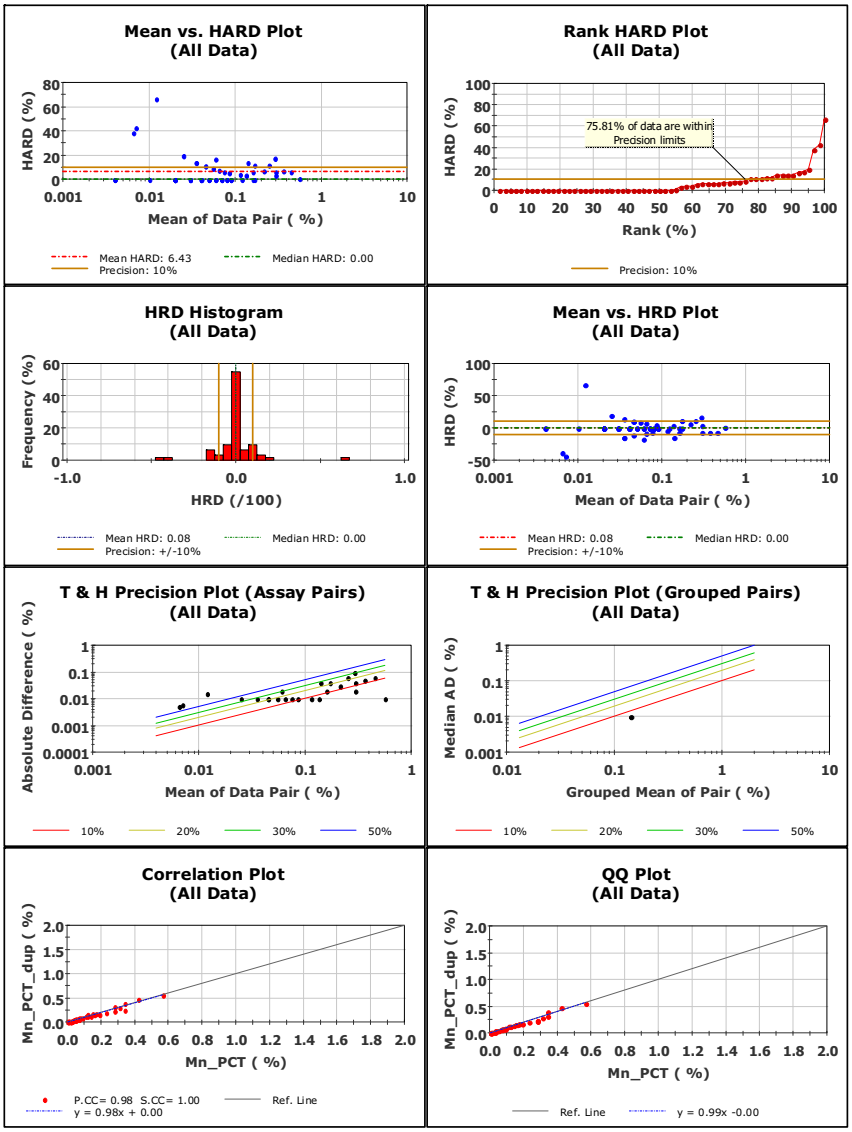
Mn (pct) TALON Duplicates
(All Data)

	Mn_PCT	Mn_PCT_dup	Units			Result
No. Pairs:	62	62			Pearson CC:	0.98
Minimum:	0.00	0.00	%		Spearman CC:	1.00
Maximum:	0.57	0.56	%		Mean HARD:	6.43
Mean:	0.10	0.09	%		Median HARD:	0.00
Median	0.06	0.06	%			
Std. Deviation:	0.11	0.11	%		Mean HRD:	0.08
Coefficient of Variation:	1.16	1.17			Median HRD	0.00



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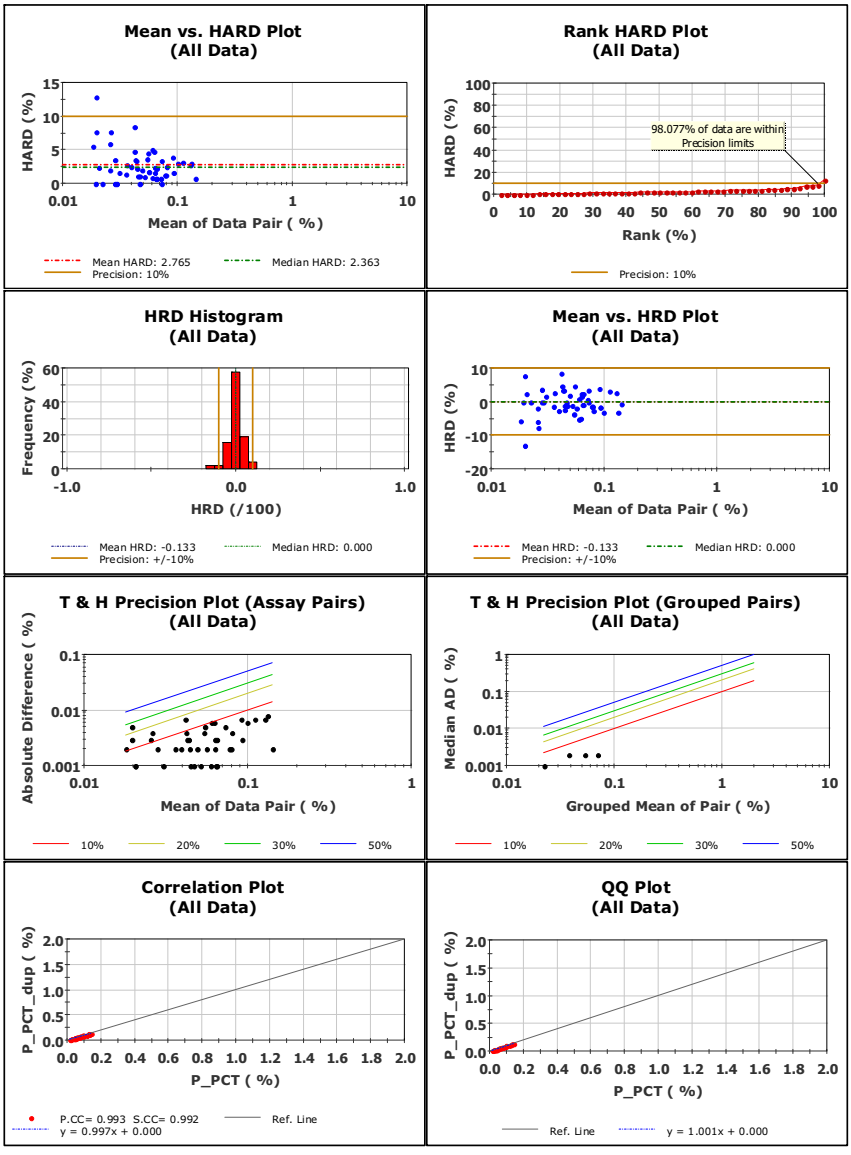
P (pct) TALON Duplicates
(All Data)

	P_PCT	P_PCT_dup	Units			Result
No. Pairs:	52	52			Pearson CC:	0.993
Minimum:	0.017	0.018	%		Spearman CC:	0.992
Maximum:	0.140	0.142	%		Mean HARD:	2.765
Mean:	0.056	0.056	%		Median HARD:	2.363
Median	0.051	0.050	%			
Std. Deviation:	0.030	0.030	%		Mean HRD:	-0.133
Coefficient of Variation:	0.538	0.539			Median HRD	0.000



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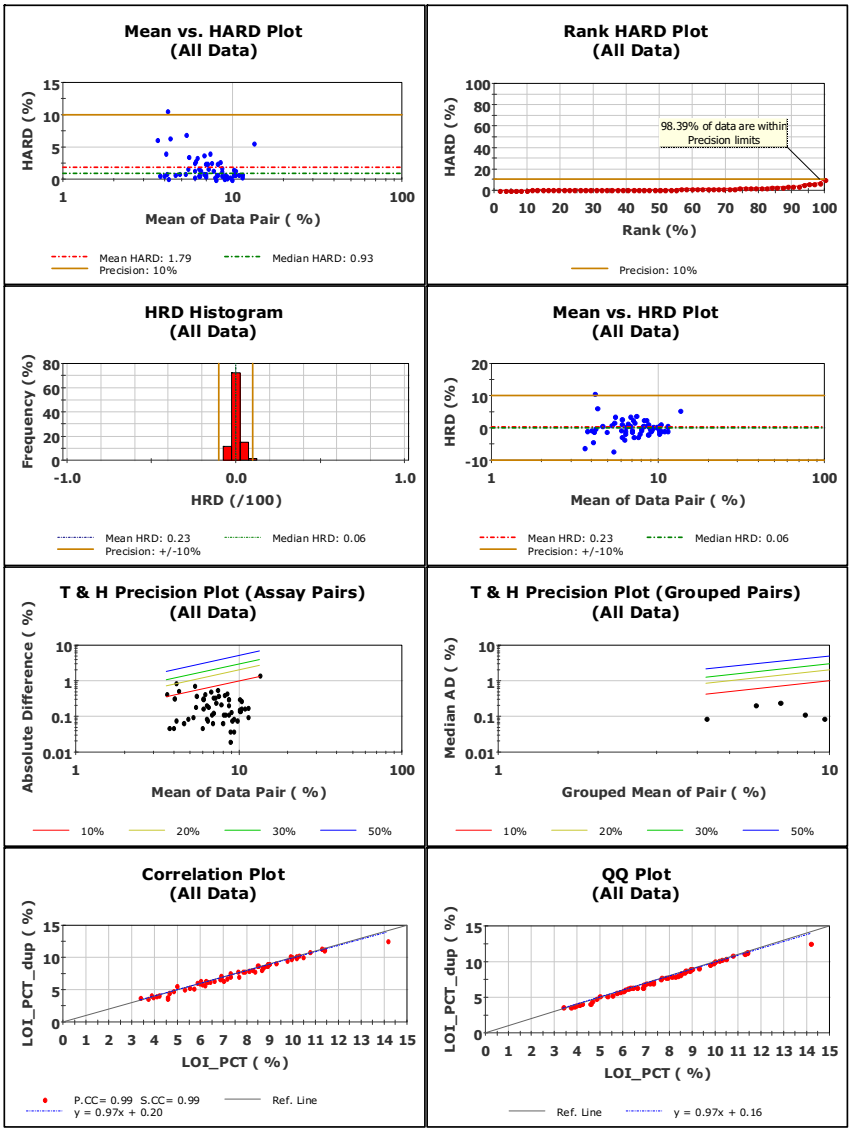
LOI (pct) TALON Duplicates
(All Data)

	LOI_PCT	LOI_PCT_dup	Units			Result
No. Pairs:	62	62			Pearson CC:	0.99
Minimum:	3.36	3.68	%		Spearman CC:	0.99
Maximum:	14.16	12.66	%		Mean HARD:	1.79
Mean:	7.53	7.49	%		Median HARD:	0.93
Median	7.45	7.46	%			
Std. Deviation:	2.29	2.24	%		Mean HRD:	0.23
Coefficient of Variation:	0.30	0.30			Median HRD	0.06



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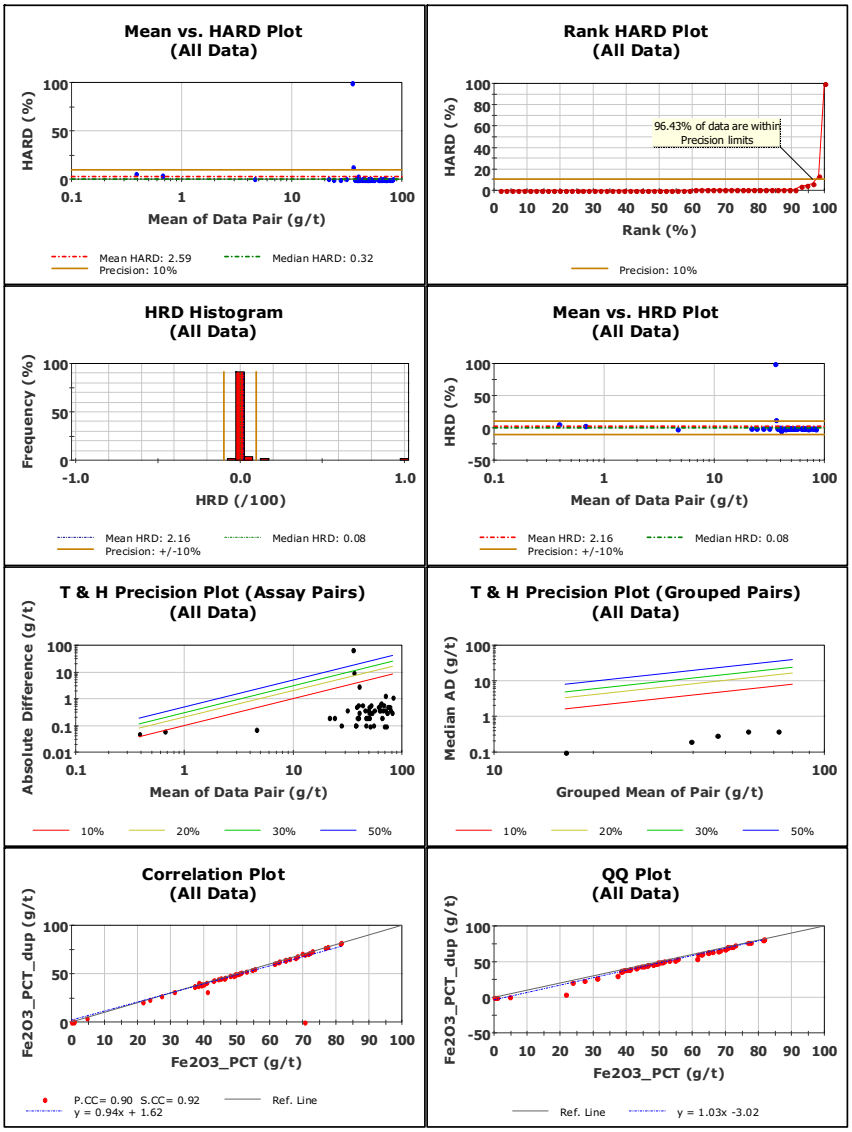
Fe2O3 (pct) SGS Duplicates
(All Data)

	Fe2O3_PCT	Fe2O3_PCT_dup	Units			Result
No. Pairs:	56	56			Pearson CC:	0.90
Minimum:	0.00	0.00	g/t		Spearman CC:	0.92
Maximum:	81.50	82.70	g/t		Mean HARD:	2.59
Mean:	48.02	46.64	g/t		Median HARD:	0.32
Median	49.15	48.30	g/t			
Std. Deviation:	20.59	21.44	g/t		Mean HRD:	2.16
Coefficient of Variation:	0.43	0.46			Median HRD	0.08



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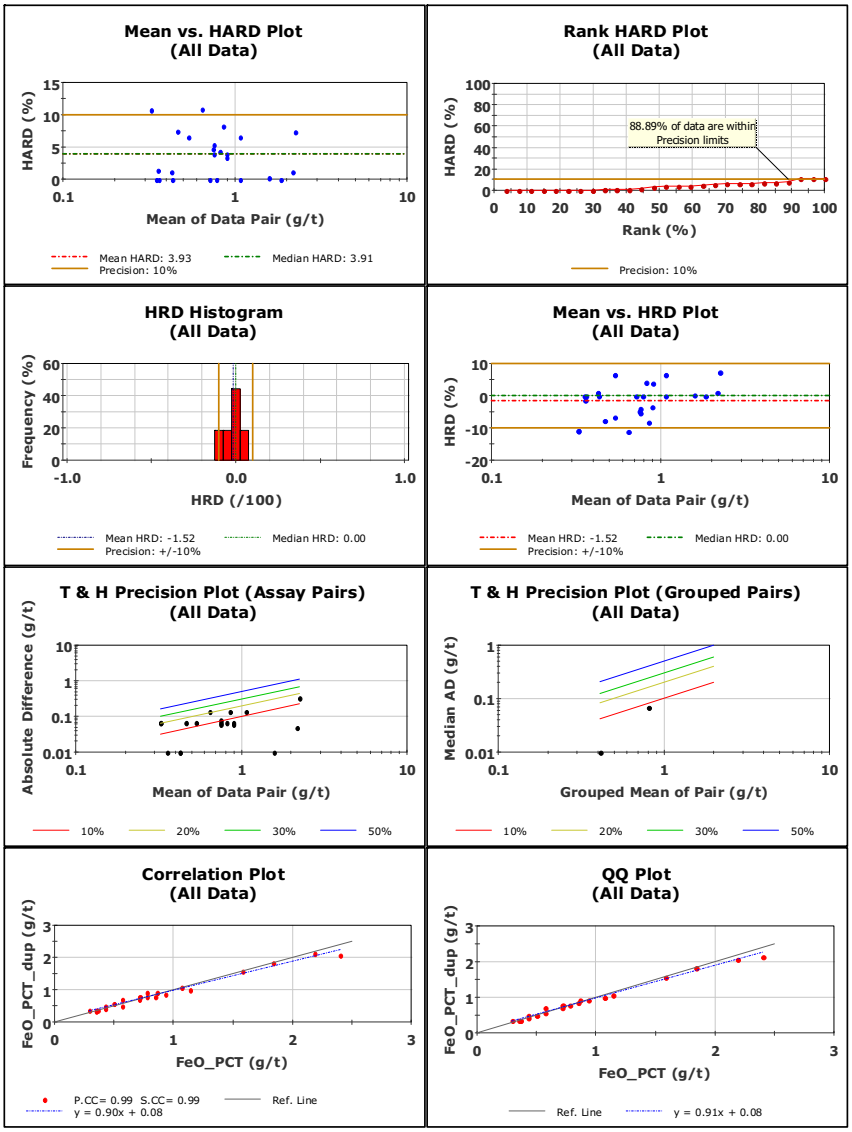
FeO (pct) SGS Duplicates
(All Data)

	FeO_PCT	FeO_PCT_dup	Units			Result
No. Pairs:	27	27			Pearson CC:	0.99
Minimum:	0.29	0.35	g/t		Spearman CC:	0.99
Maximum:	2.40	2.14	g/t		Mean HARD:	3.93
Mean:	0.82	0.83	g/t		Median HARD:	3.91
Median	0.71	0.78	g/t			
Std. Deviation:	0.55	0.50	g/t		Mean HRD:	-1.52
Coefficient of Variation:	0.67	0.61			Median HRD	0.00



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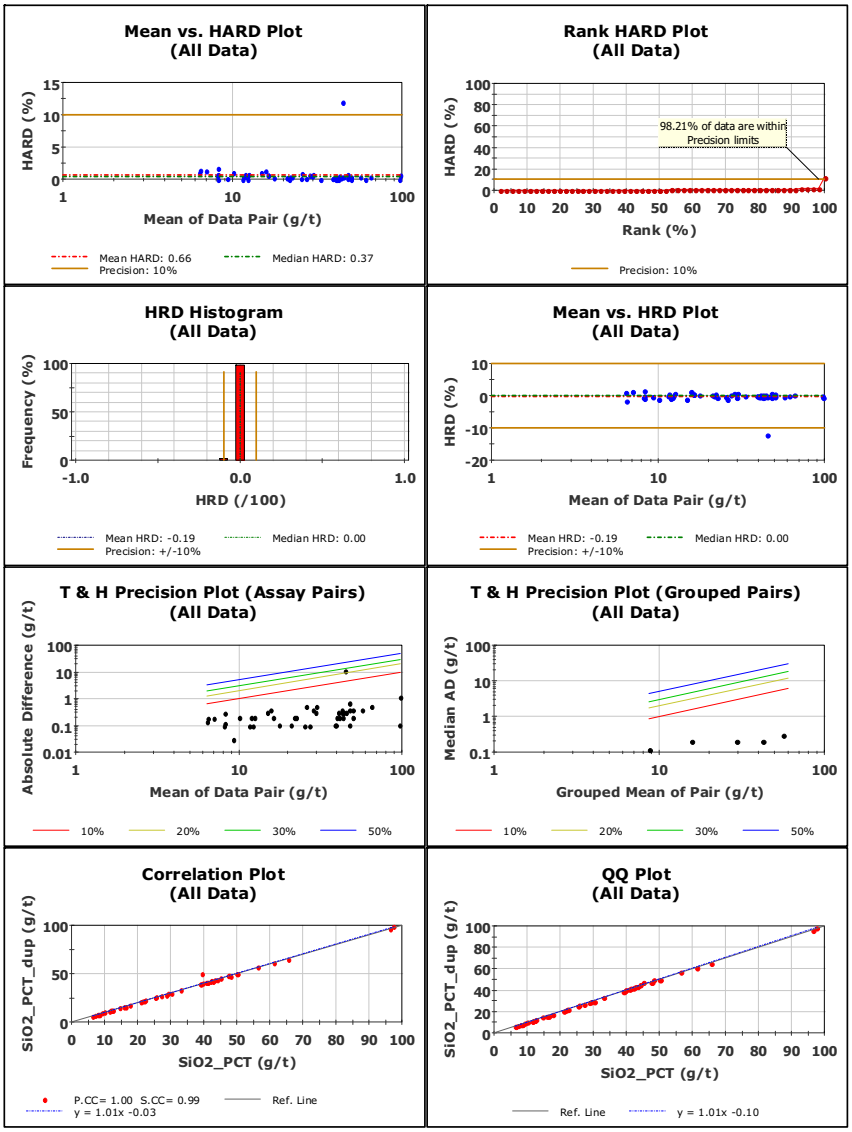
SiO2 (pct) SGS Duplicates
(All Data)

	SiO2_PCT	SiO2_PCT_dup	Units			Result
No. Pairs:	56	56			Pearson CC:	1.00
Minimum:	6.35	6.29	g/t		Spearman CC:	0.99
Maximum:	97.50	98.70	g/t		Mean HARD:	0.66
Mean:	31.50	31.70	g/t		Median HARD:	0.37
Median	29.00	28.95	g/t			
Std. Deviation:	20.47	20.67	g/t		Mean HRD:	-0.19
Coefficient of Variation:	0.65	0.65			Median HRD	0.00



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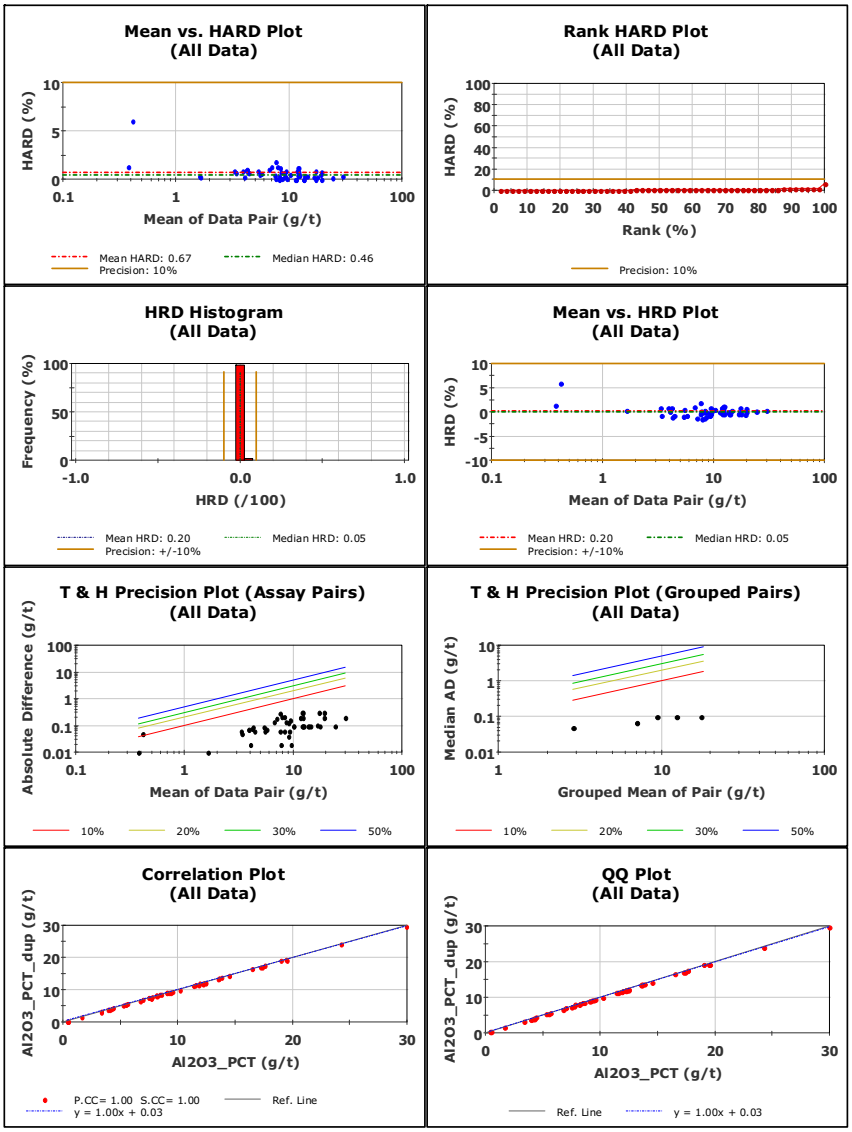
Al2O3 (pct) SGS Duplicates
(All Data)

	Al2O3_PCT	Al2O3_PCT_dup	Units			Result
No. Pairs:	56	56			Pearson CC:	1.00
Minimum:	0.38	0.37	g/t		Spearman CC:	1.00
Maximum:	29.90	29.70	g/t		Mean HARD:	0.67
Mean:	10.18	10.16	g/t		Median HARD:	0.46
Median	9.32	9.27	g/t			
Std. Deviation:	5.80	5.77	g/t		Mean HRD:	0.20
Coefficient of Variation:	0.57	0.57			Median HRD	0.05



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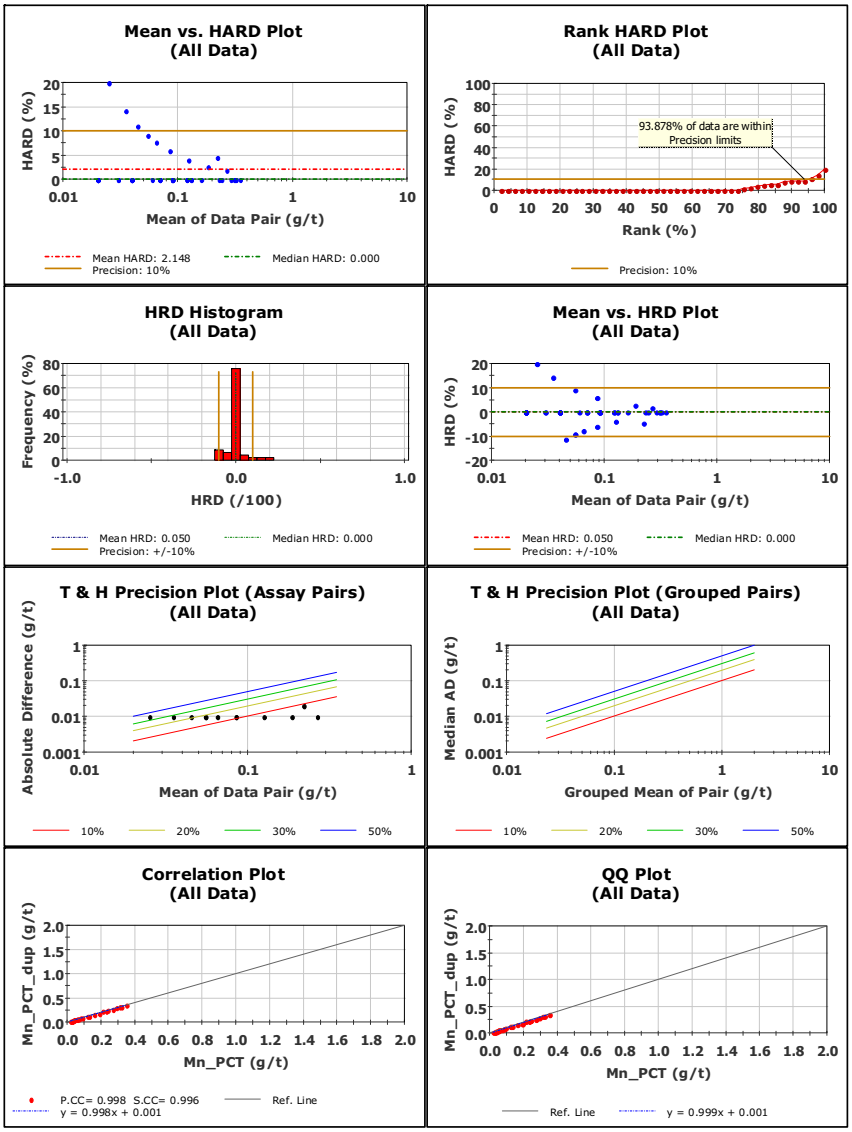
Mn (pct) SGS Duplicates
(All Data)

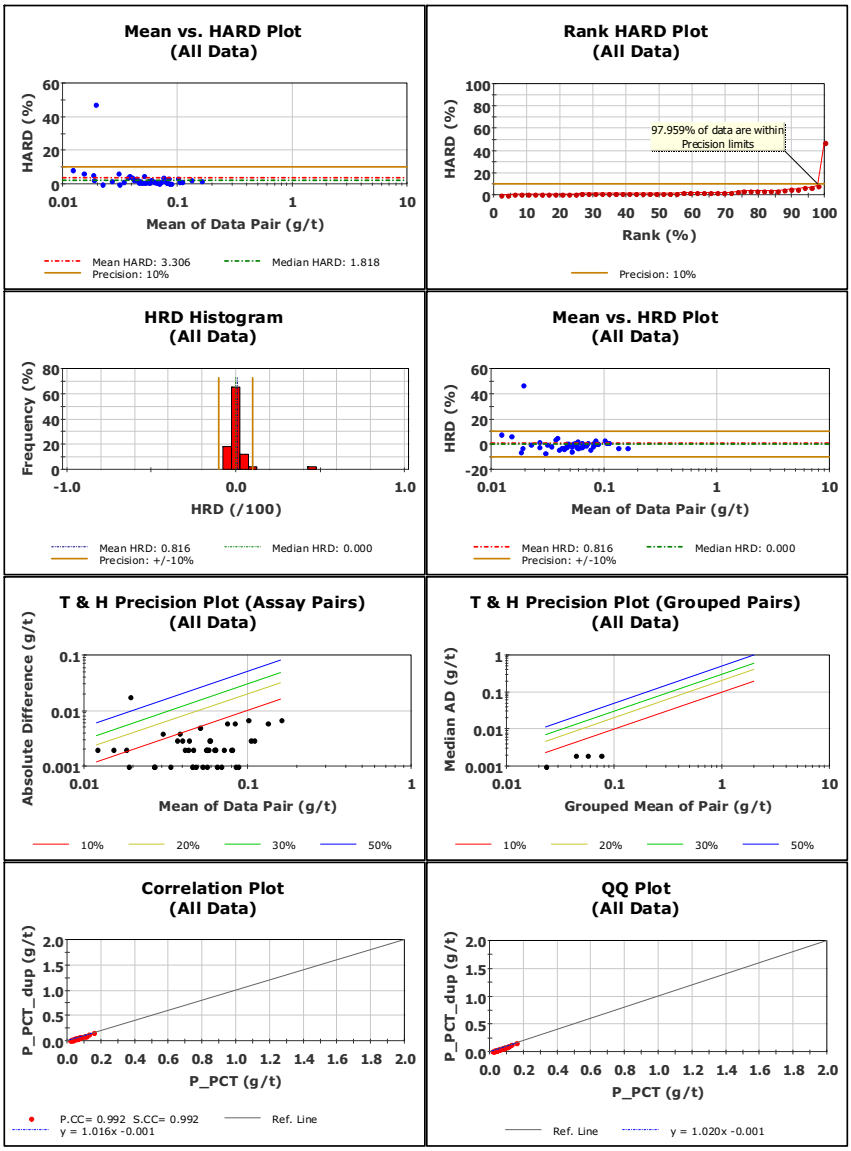
	Mn_PCT	Mn_PCT_dup	Units			Result
No. Pairs:	49	49			Pearson CC:	0.998
Minimum:	0.020	0.020	g/t		Spearman CC:	0.996
Maximum:	0.350	0.350	g/t		Mean HARD:	2.148
Mean:	0.105	0.106	g/t		Median HARD:	0.000
Median	0.070	0.070	g/t			
Std. Deviation:	0.093	0.093	g/t		Mean HRD:	0.050
Coefficient of Variation:	0.887	0.884			Median HRD	0.000



Printed: 15-dez-2010 11:52:43 Data Imported: 15-dez-2010 11:40:53 Page 1

P (pct) SGS Duplicates
(All Data)

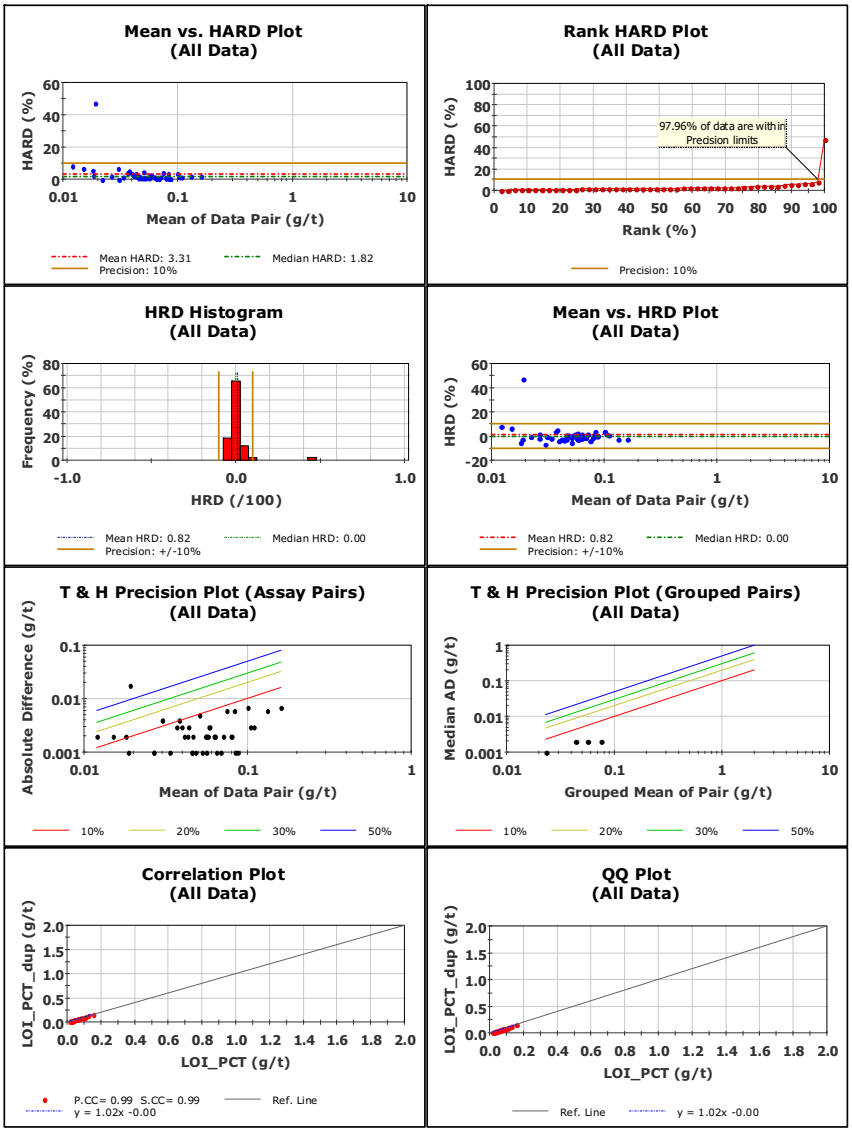
	P_PCT	P_PCT_dup	Units			Result
No. Pairs:	49	49			Pearson CC:	0.992
Minimum:	0.013	0.010	g/t		Spearman CC:	0.992
Maximum:	0.156	0.163	g/t		Mean HARD:	3.306
Mean:	0.056	0.056	g/t		Median HARD:	1.818
Median	0.055	0.054	g/t			
Std. Deviation:	0.029	0.030	g/t		Mean HRD:	0.816
Coefficient of Variation:	0.514	0.528			Median HRD	0.000



Printed: 15-dez-2010 11:54:07 Data Imported: 15-dez-2010 11:40:53 Page 1

LOI (pct) SGS Duplicates
(All Data)

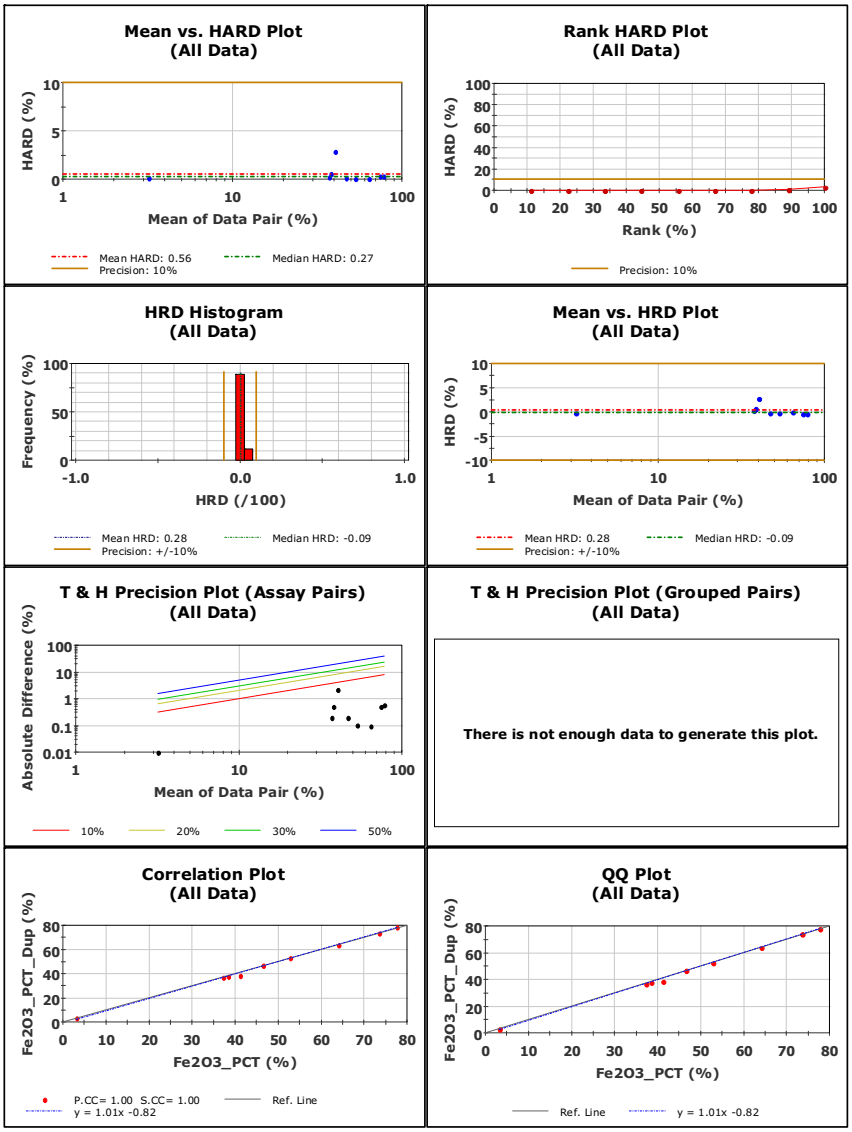
	LOI_PCT	LOI_PCT_dup	Units			Result
No. Pairs:	49	49			Pearson CC:	0.99
Minimum:	0.01	0.01	g/t		Spearman CC:	0.99
Maximum:	0.16	0.16	g/t		Mean HARD:	3.31
Mean:	0.06	0.06	g/t		Median HARD:	1.82
Median	0.06	0.05	g/t			
Std. Deviation:	0.03	0.03	g/t		Mean HRD:	0.82
Coefficient of Variation:	0.51	0.53			Median HRD	0.00



Printed: 15-dez-2010 11:55:48 Data Imported: 15-dez-2010 11:40:53 Page 1

Fe2O3 (pct) SGS Replicates
(All Data)

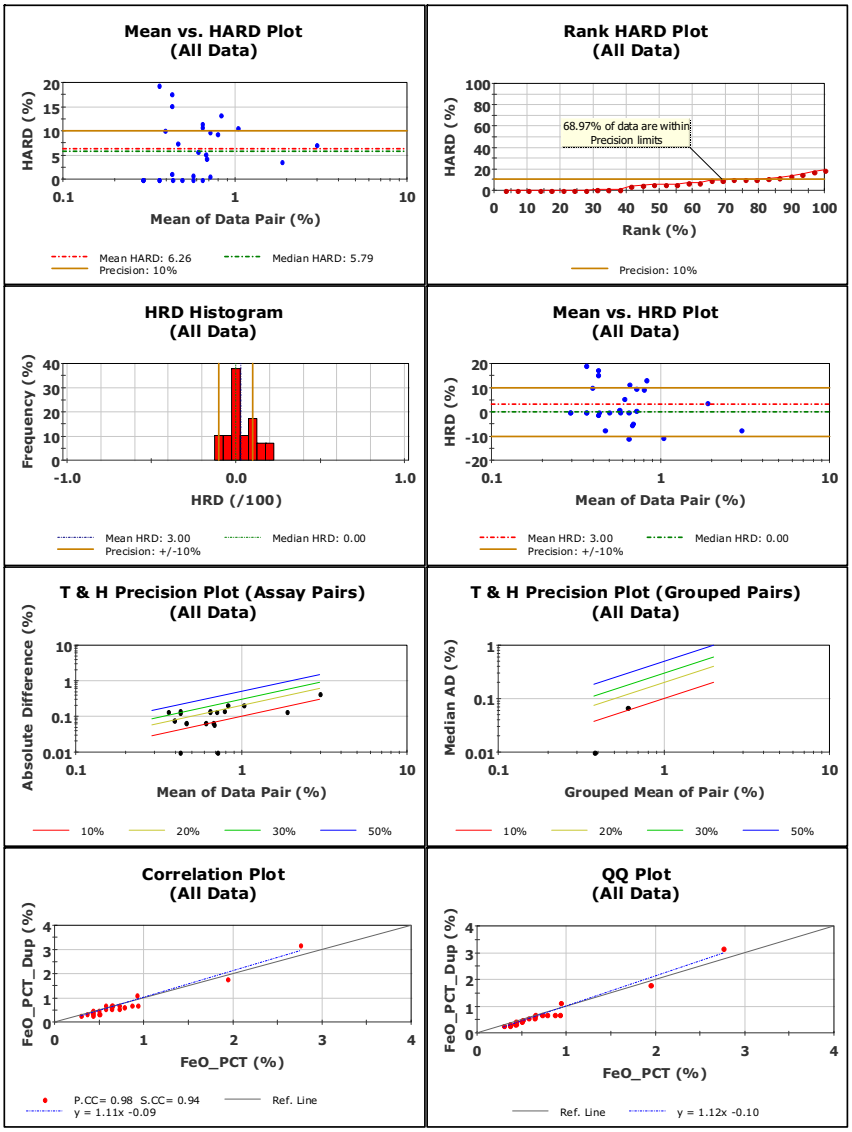
	Fe2O3_PCT	Fe2O3_PCT_Dup	Units			Result
No. Pairs:	9	9			Pearson CC:	1.00
Minimum:	3.19	3.20	%		Spearman CC:	1.00
Maximum:	77.70	78.30	%		Mean HARD:	0.56
Mean:	48.30	48.13	%		Median HARD:	0.27
Median	46.50	46.70	%			
Std. Deviation:	21.28	21.58	%		Mean HRD:	0.28
Coefficient of Variation:	0.44	0.45			Median HRD	-0.09



Printed: 15-dez-2010 13:15:40 Data Imported: 15-dez-2010 13:14:13 Page 1

FeO (pct) SGS Replicates
(All Data)

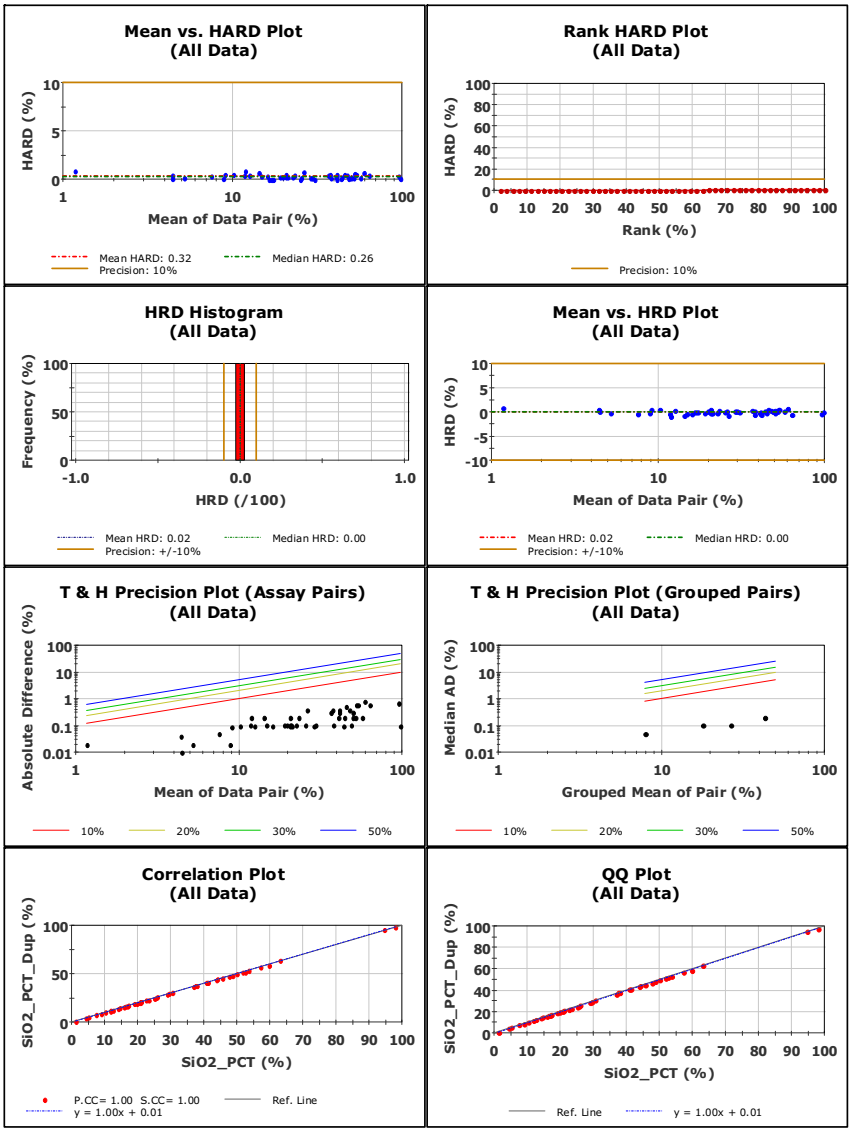
	FeO_PCT	FeO_PCT_Dup	Units			Result
No. Pairs:	29	29			Pearson CC:	0.98
Minimum:	0.29	0.29	%		Spearman CC:	0.94
Maximum:	2.76	3.19	%		Mean HARD:	6.26
Mean:	0.69	0.67	%		Median HARD:	5.79
Median	0.57	0.57	%			
Std. Deviation:	0.50	0.56	%		Mean HRD:	3.00
Coefficient of Variation:	0.72	0.84			Median HRD	0.00



Printed: 15-dez-2010 13:17:08 Data Imported: 15-dez-2010 13:14:13 Page 1

SiO2 (pct) SGS Replicates
(All Data)

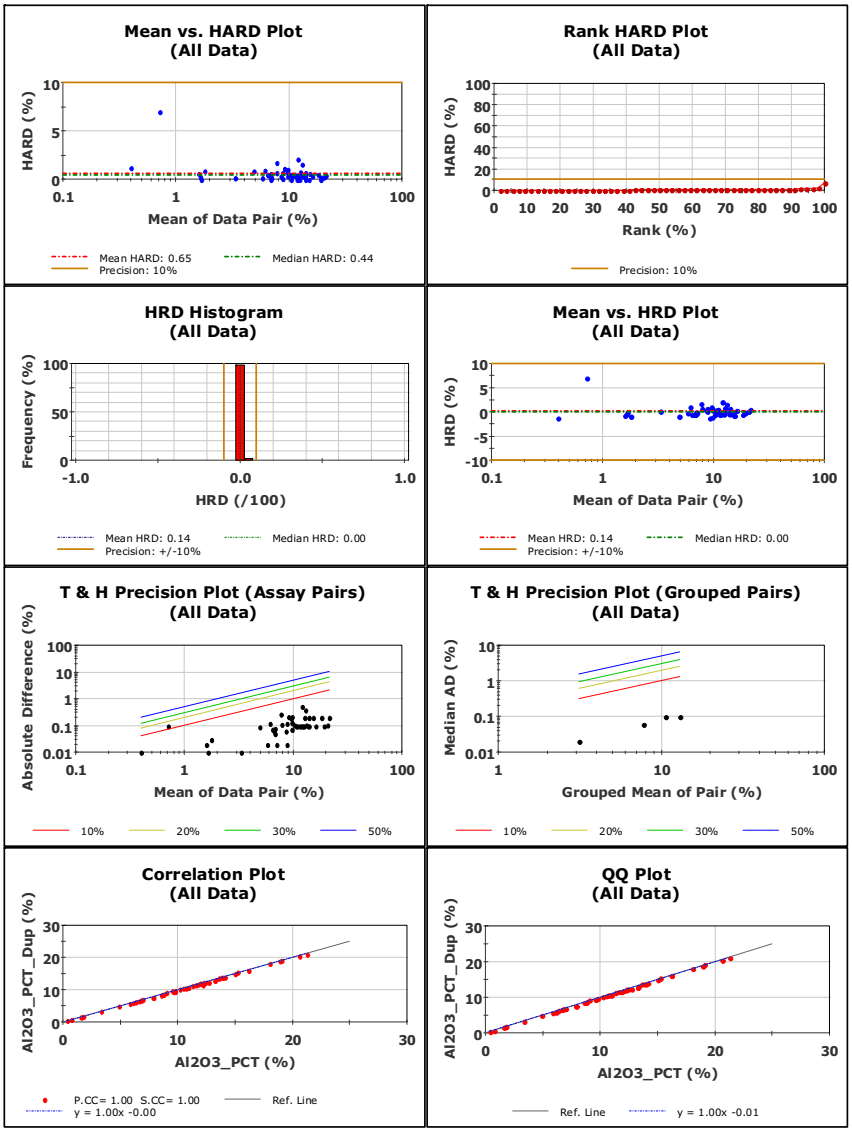
	SiO2_PCT	SiO2_PCT_Dup	Units			Result
No. Pairs:	54	54			Pearson CC:	1.00
Minimum:	1.18	1.16	%		Spearman CC:	1.00
Maximum:	98.00	97.90	%		Mean HARD:	0.32
Mean:	30.99	30.98	%		Median HARD:	0.26
Median	25.30	25.25	%			
Std. Deviation:	20.78	20.76	%		Mean HRD:	0.02
Coefficient of Variation:	0.67	0.67			Median HRD	0.00



Printed: 15-dez-2010 13:19:53 Data Imported: 15-dez-2010 13:14:13 Page 1

Al2O3 (pct) SGS Replicates
(All Data)

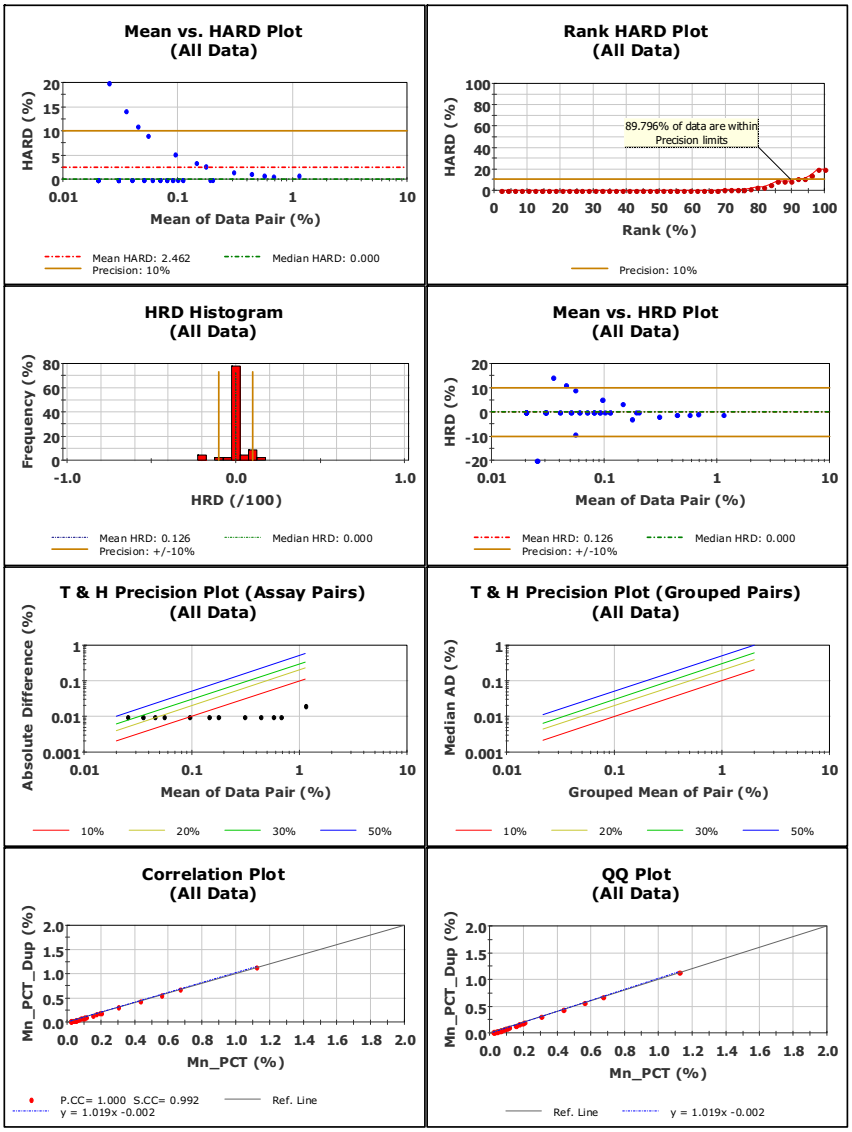
	Al2O3_PCT	Al2O3_PCT_Dup	Units			Result
No. Pairs:	54	54			Pearson CC:	1.00
Minimum:	0.39	0.40	%		Spearman CC:	1.00
Maximum:	21.30	21.10	%		Mean HARD:	0.65
Mean:	10.19	10.17	%		Median HARD:	0.44
Median	10.35	10.40	%			
Std. Deviation:	4.99	4.98	%		Mean HRD:	0.14
Coefficient of Variation:	0.49	0.49			Median HRD	0.00



Printed: 15-dez-2010 13:21:46 Data Imported: 15-dez-2010 13:14:13 Page 1

Mn (pct) SGS Replicates
(All Data)

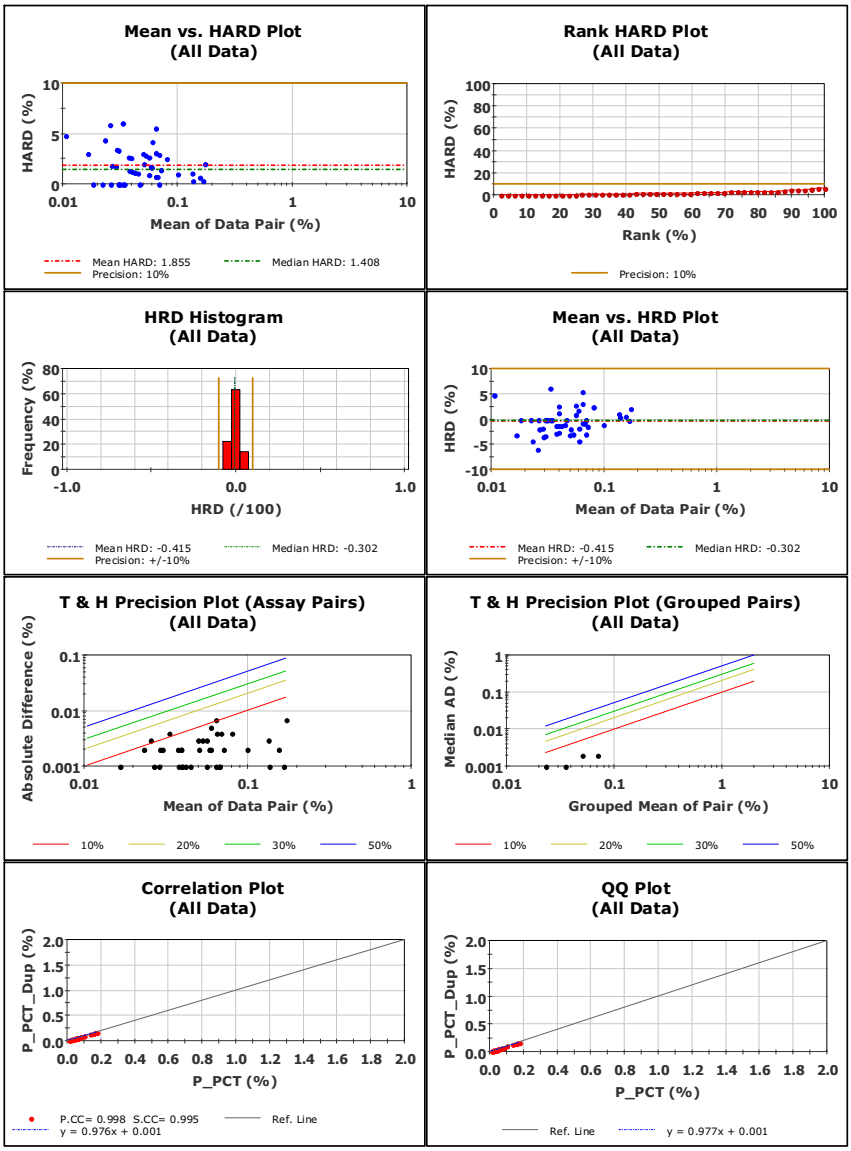
	Mn_PCT	Mn_PCT_Dup	Units			Result
No. Pairs:	49	49			Pearson CC:	1.000
Minimum:	0.020	0.020	%		Spearman CC:	0.992
Maximum:	1.120	1.140	%		Mean HARD:	2.462
Mean:	0.118	0.119	%		Median HARD:	0.000
Median	0.050	0.050	%			
Std. Deviation:	0.195	0.199	%		Mean HRD:	0.126
Coefficient of Variation:	1.652	1.675			Median HRD	0.000



Printed: 15-dez-2010 13:24:03 Data Imported: 15-dez-2010 13:14:13 Page 1

P (pct) SGS Replicates
(All Data)

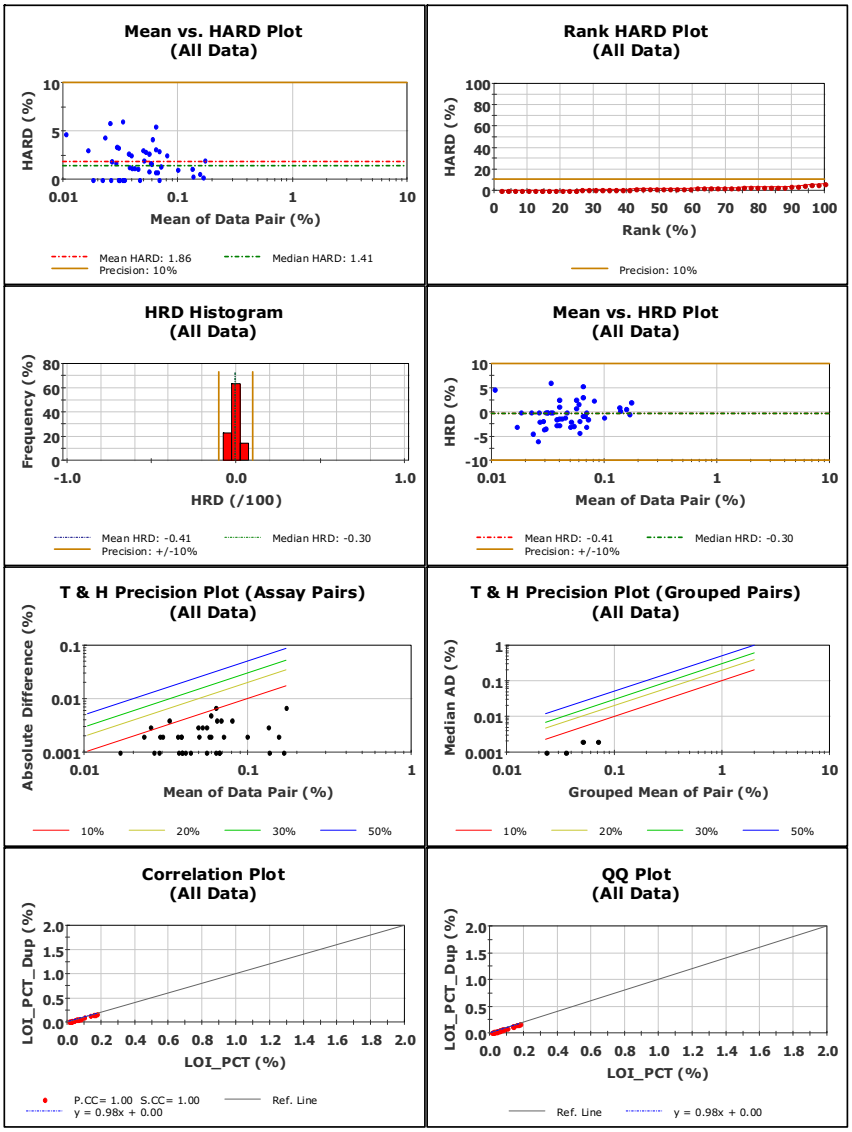
	P_PCT	P_PCT_Dup	Units			Result
No. Pairs:	49	49			Pearson CC:	0.998
Minimum:	0.011	0.010	%		Spearman CC:	0.995
Maximum:	0.175	0.168	%		Mean HARD:	1.855
Mean:	0.055	0.056	%		Median HARD:	1.408
Median	0.044	0.045	%			
Std. Deviation:	0.038	0.037	%		Mean HRD:	-0.415
Coefficient of Variation:	0.682	0.666			Median HRD	-0.302



Printed: 15-dez-2010 13:25:55 Data Imported: 15-dez-2010 13:14:13 Page 1

LOI (pct) SGS Replicates
(All Data)

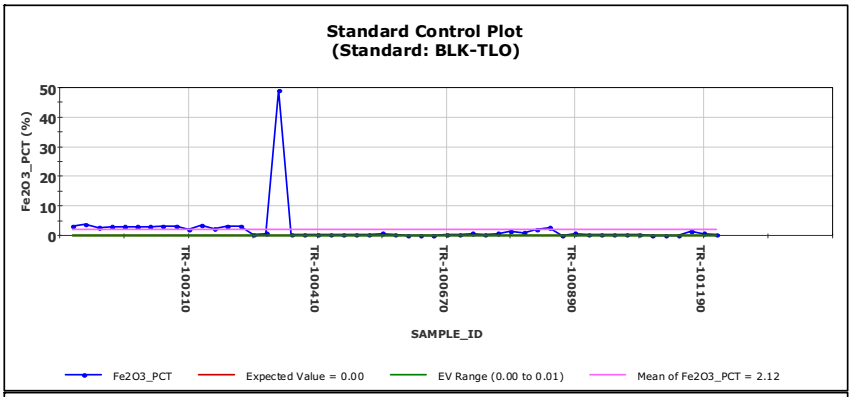
	LOI_PCT	LOI_PCT_Dup	Units			Result
No. Pairs:	49	49			Pearson CC:	1.00
Minimum:	0.01	0.01	%		Spearman CC:	1.00
Maximum:	0.18	0.17	%		Mean HARD:	1.86
Mean:	0.06	0.06	%		Median HARD:	1.41
Median	0.04	0.05	%			
Std. Deviation:	0.04	0.04	%		Mean HRD:	-0.41
Coefficient of Variation:	0.68	0.67			Median HRD	-0.30

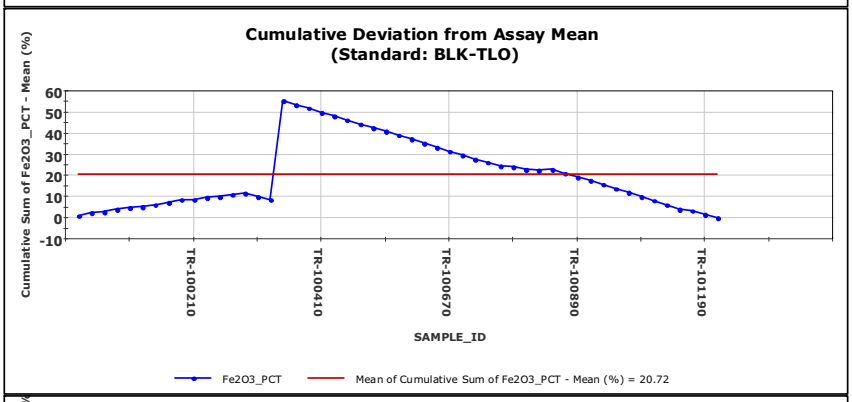


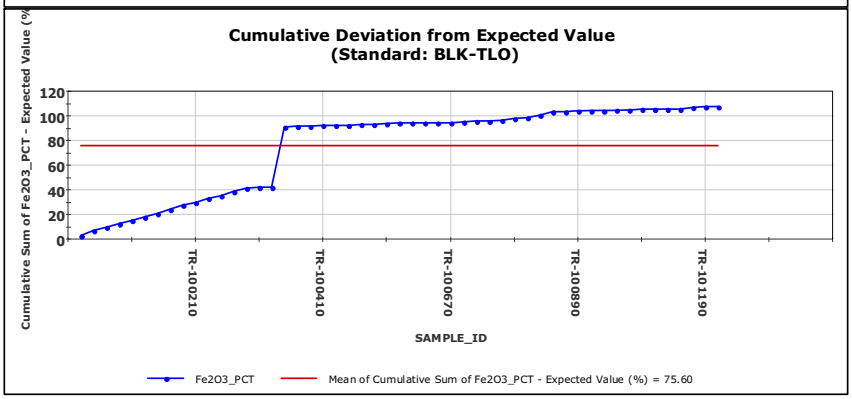
Printed: 15-dez-2010 13:27:24 Data Imported: 15-dez-2010 13:14:13 Page 1

Fe2O3 (pct) TALON Blank
(Standard: BLK-TLO)

Standard:	BLK-TLO		No of Analyses:	51
Element:	Fe2O3_PCT		Minimum:	0.04
Units:	%		Maximum:	49.00
Detection Limit:			Mean:	2.12
Expected Value (EV):	0.00		Std Deviation:	6.74
E.V. Range:	0.00 to 0.01		% in Tolerance	0.00 %
			% Bias	42 221.57 %
			% RSD	318.48 %



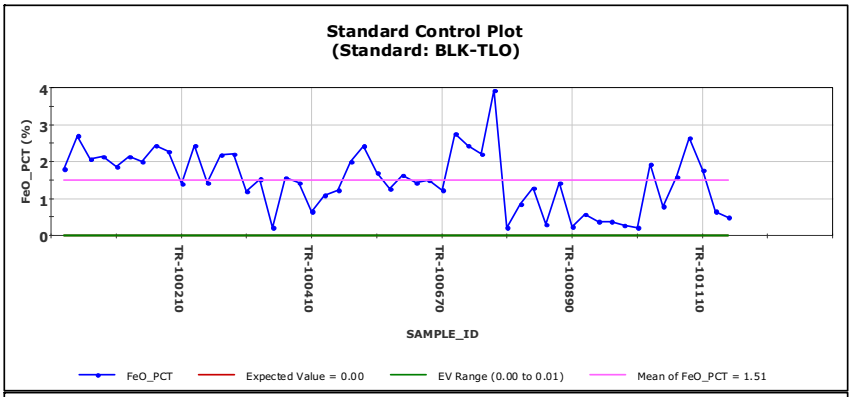


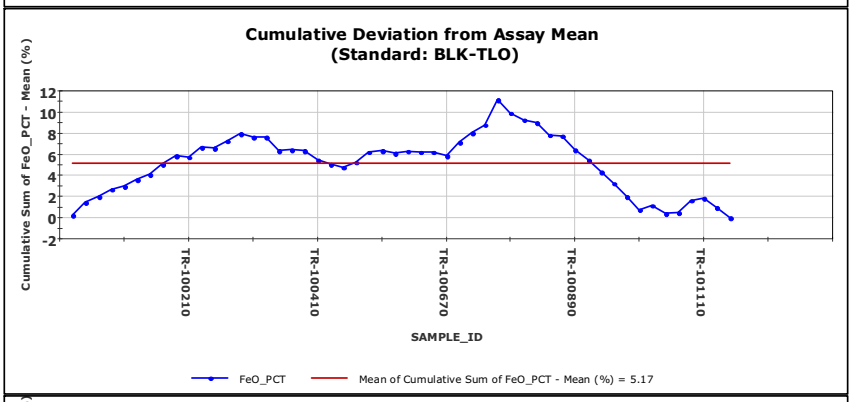


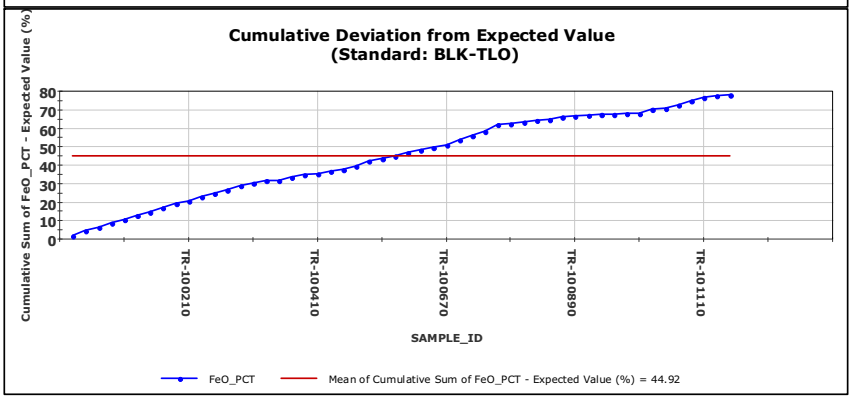
Printed: 15-dez-2010 14:11:19 Data Imported: 15-dez-2010 13:32:00 Page 1

FeO (pct) TALON Blank
(Standard: BLK-TLO)

Standard:	BLK-TLO		No of Analyses:	52
Element:	Fe2O3_PCT		Minimum:	0.21
Units:	%		Maximum:	3.94
Detection Limit:			Mean:	1.51
Expected Value (EV):	0.00		Std Deviation:	0.82
E.V. Range:	0.00 to 0.01		% in Tolerance	0.00 %
			% Bias	30 000.00 %
			% RSD	54.55 %



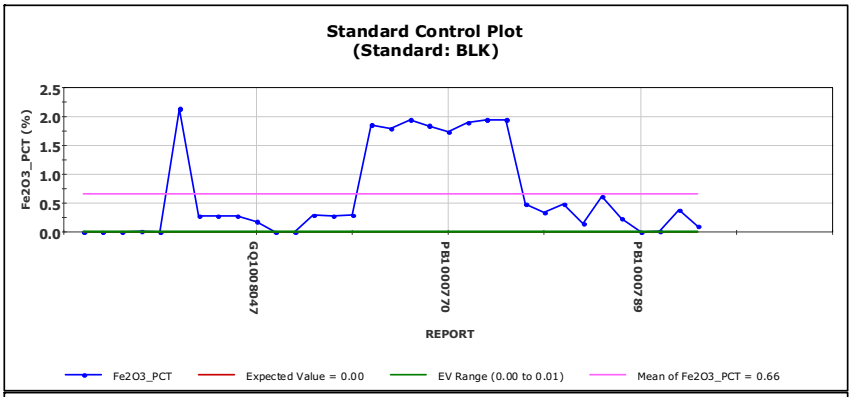


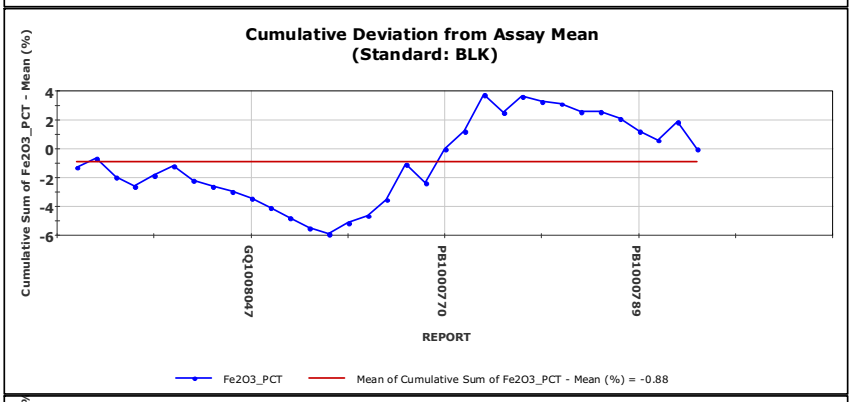


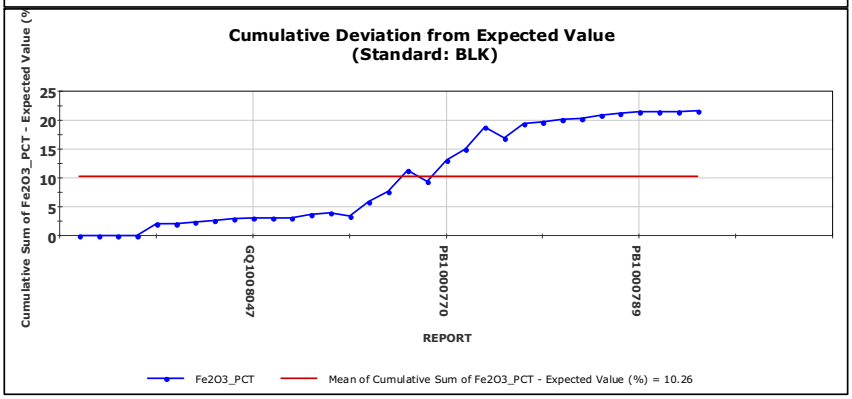
Printed: 16-dez-2010 10:08:21 Data Imported: 15-dez-2010 13:32:00 Page 1

Fe2O3 (pct) SGS Blank
(Standard: BLK)

Standard:	BLK		No of Analyses:	33
Element:	Fe2O3_PCT		Minimum:	0.01
Units:	%		Maximum:	2.13
Detection Limit:			Mean:	0.66
Expected Value (EV):	0.00		Std Deviation:	0.77
E.V. Range:	0.00 to 0.01		% in Tolerance	21.21 %
			% Bias	13 109.09 %
			% RSD	117.19 %



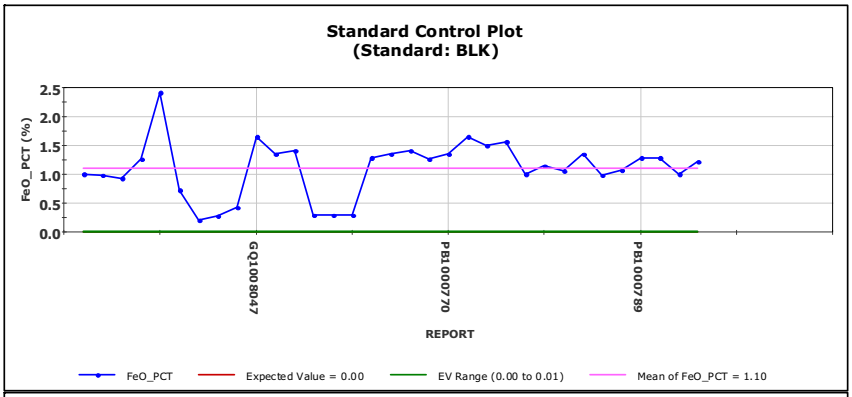


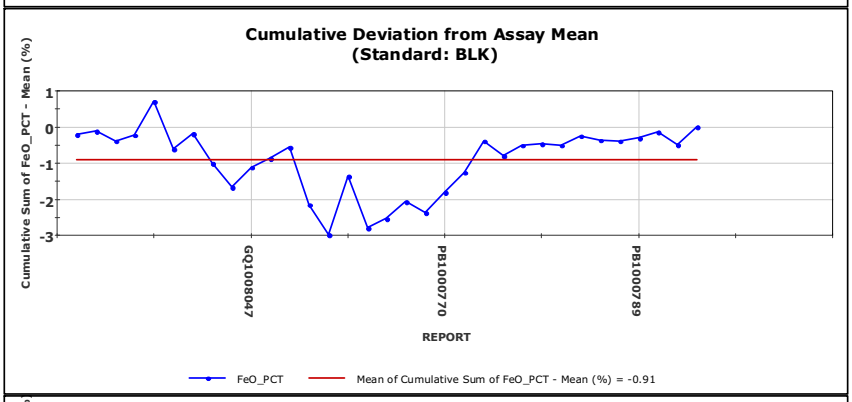


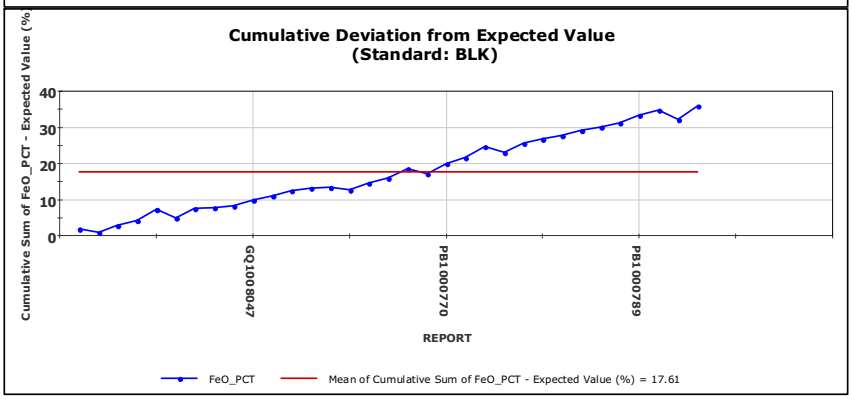
Printed: 16-dez-2010 10:15:24 Data Imported: 15-dez-2010 13:59:39 Page 1

FeO (pct) SGS Blank
(Standard: BLK)

Standard:	BLK		No of Analyses:	33
Element:	Fe2O3_PCT		Minimum:	0.21
Units:	%		Maximum:	2.41
Detection Limit:	-		Mean:	1.10
Expected Value (EV):	0.00		Std Deviation:	0.47
E.V. Range:	0.00 to 0.01		% in Tolerance	0.00 %
			% Bias	10 893.94 %
			% RSD	43.13 %



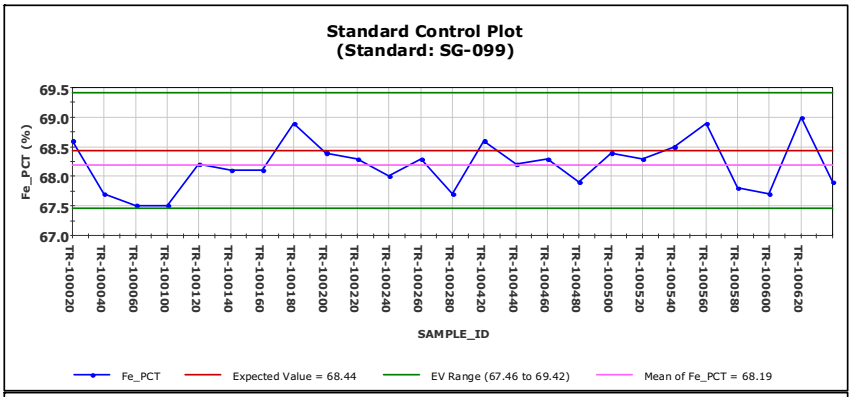


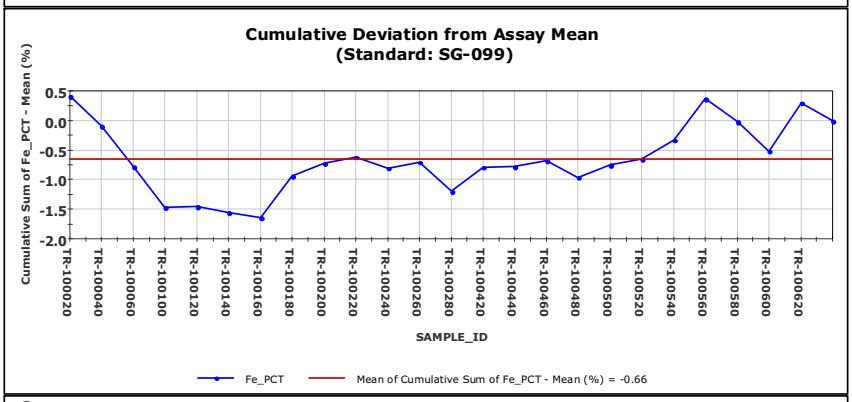


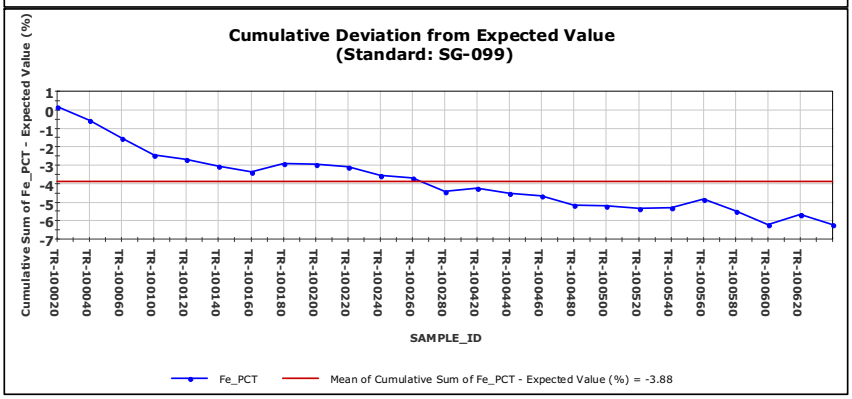
Printed: 15-dez-2010 14:08:16 Data Imported: 15-dez-2010 13:59:39 Page 1

Fe (pct) TALON Standards
(Standard: SG-099)

Standard:	SG-099		No of Analyses:	25
Element:	Fe_PCT		Minimum:	67.50
Units:	%		Maximum:	69.00
Detection Limit:	-		Mean:	68.19
Expected Value (EV):	68.44		Std Deviation:	0.41
E.V. Range:	67.46 to 69.42		% in Tolerance	100.00 %
			% Bias	-0.36 %
			% RSD	0.61 %



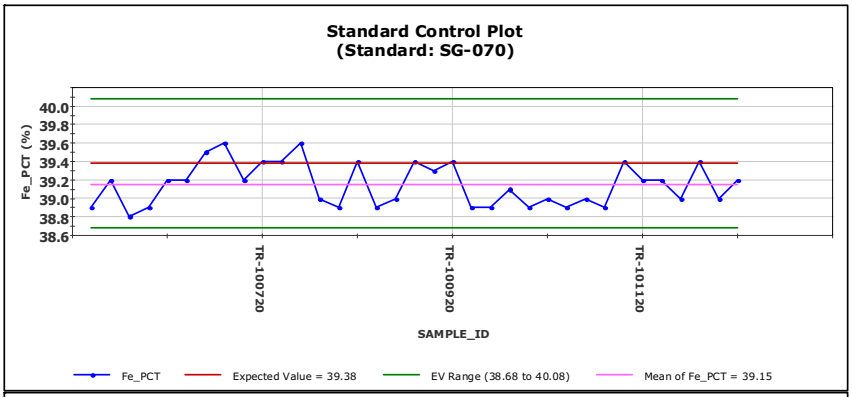


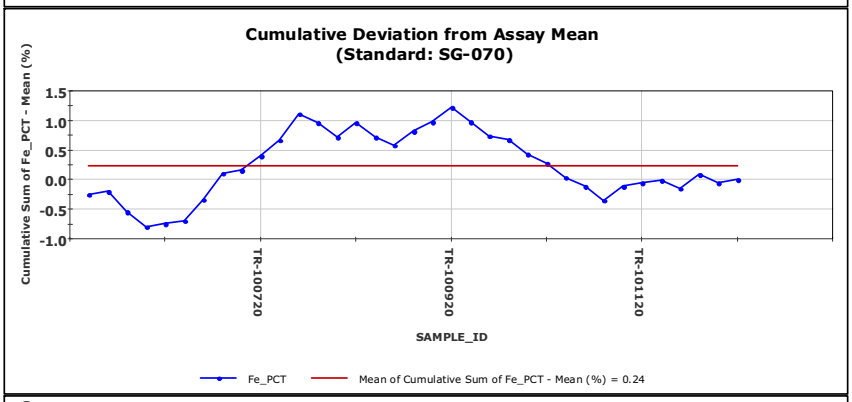


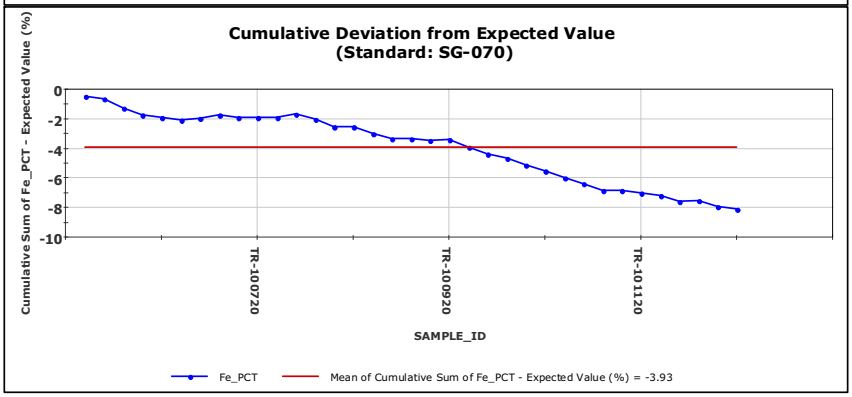
Printed: 16-dez-2010 09:53:11 Data Imported: 16-dez-2010 09:50:02 Page 1

Fe (pct) TALON Standards
(Standard: SG-070)

Standard:	SG-070		No of Analyses:	35
Element:	Fe_PCT		Minimum:	38.80
Units:	%		Maximum:	39.60
Detection Limit:	-		Mean:	39.15
Expected Value (EV):	39.38		Std Deviation:	0.23
E.V. Range:	38.68 to 40.08		% in Tolerance	100.00 %
			% Bias	-0.59 %
			% RSD	0.58 %



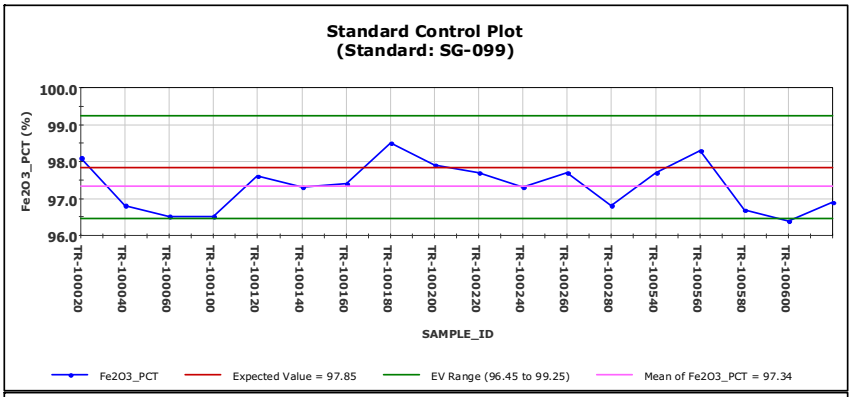


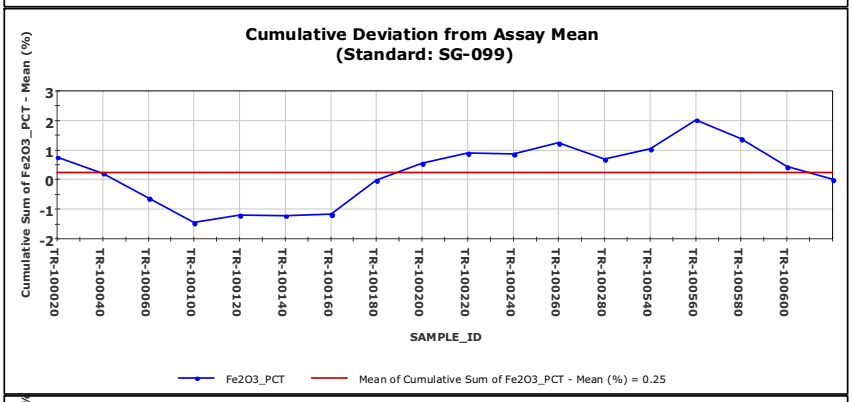


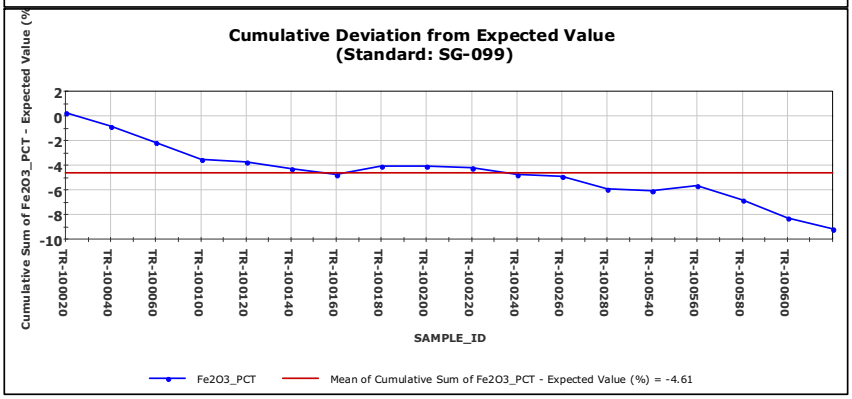
Printed: 16-dez-2010 09:54:22 Data Imported: 16-dez-2010 09:50:02 Page 1

Fe2O3 (pct) TALON Standards
(Standard: SG-099)

Standard:	SG-099		No of Analyses:	18
Element:	Fe2O3_PCT		Minimum:	96.40
Units:	%		Maximum:	98.50
Detection Limit:	-		Mean:	97.34
Expected Value (EV):	97.85		Std Deviation:	0.63
E.V. Range:	96.45 to 99.25		% in Tolerance	94.44 %
			% Bias	-0.52 %
			% RSD	0.65 %



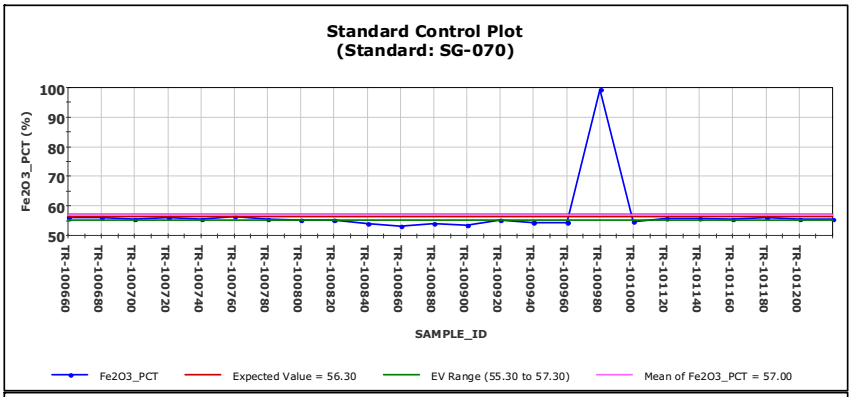


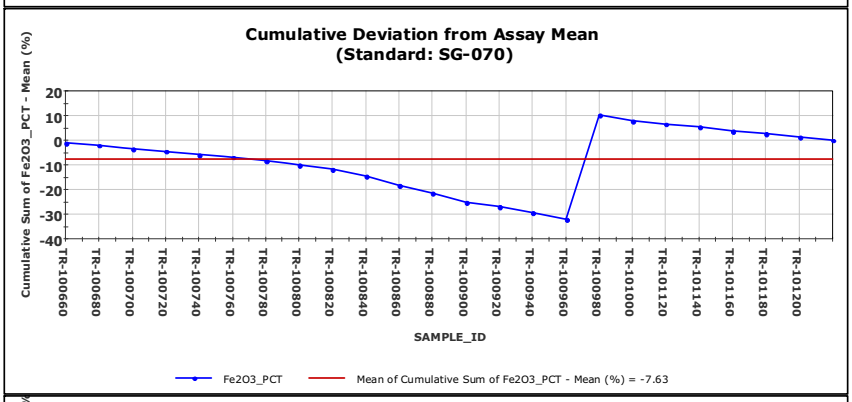


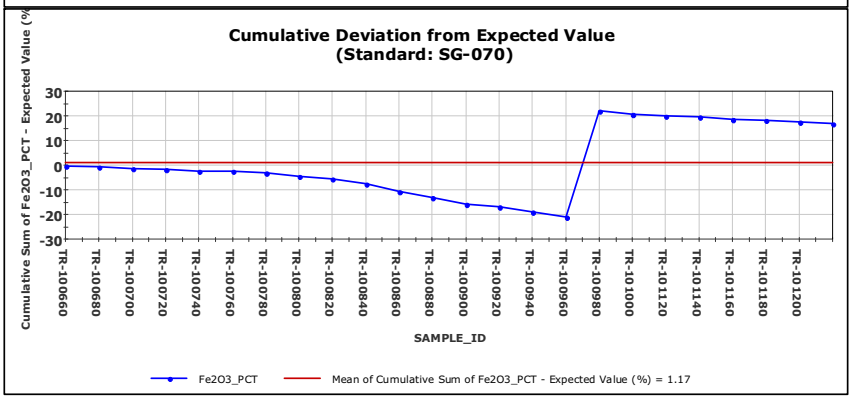
Printed: 16-dez-2010 09:57:45 Data Imported: 16-dez-2010 09:50:02 Page 1

Fe2O3 (pct) TALON Standards
(Standard: SG-070)

Standard:	SG-070		No of Analyses:	24
Element:	Fe2O3_PCT		Minimum:	53.30
Units:	%		Maximum:	99.40
Detection Limit:	-		Mean:	57.00
Expected Value (EV):	56.30		Std Deviation:	8.88
E.V. Range:	55.30 to 57.30		% in Tolerance	62.50 %
			% Bias	1.25 %
			% RSD	15.58 %



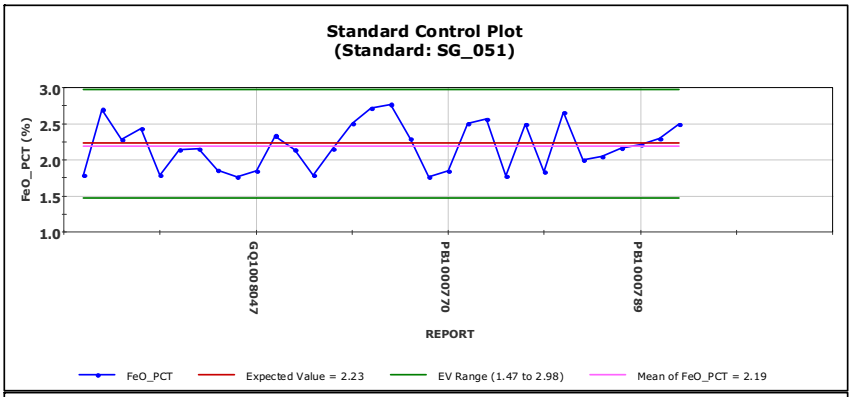


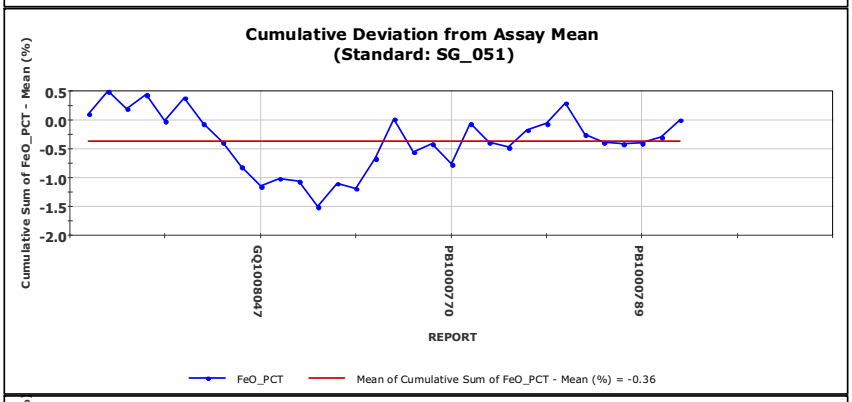


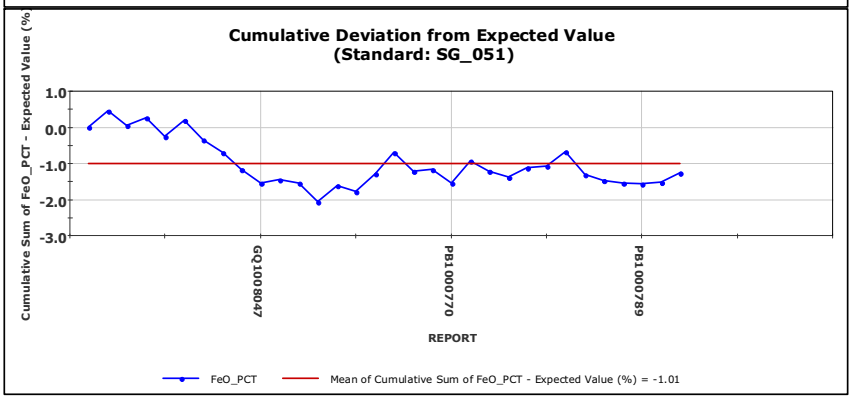
Printed: 16-dez-2010 09:58:06 Data Imported: 16-dez-2010 09:50:02 Page 1

FeO (pct) SGS Standards
(Standard: SG_051)

Standard:	SG_051		No of Analyses:	32
Element:	FeO_PCT		Minimum:	1.76
Units:	%		Maximum:	2.76
Detection Limit:			Mean:	2.19
Expected Value (EV):	2.23		Std Deviation:	0.32
E.V. Range:	1.47 to 2.98		% in Tolerance	100.00 %
			% Bias	-1.75 %
			% RSD	14.55 %



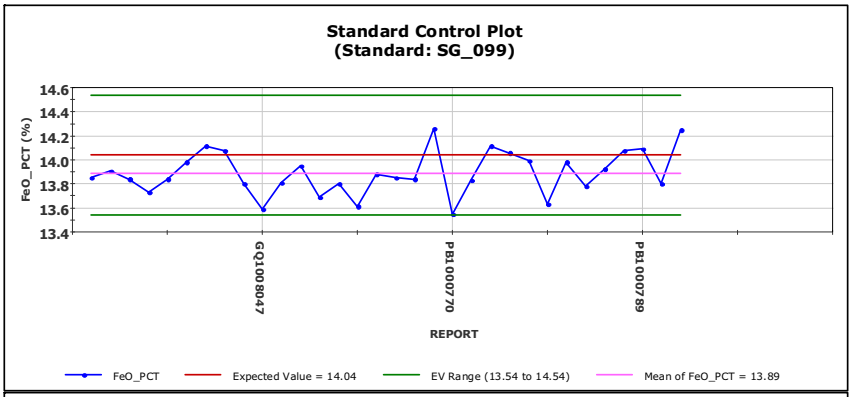


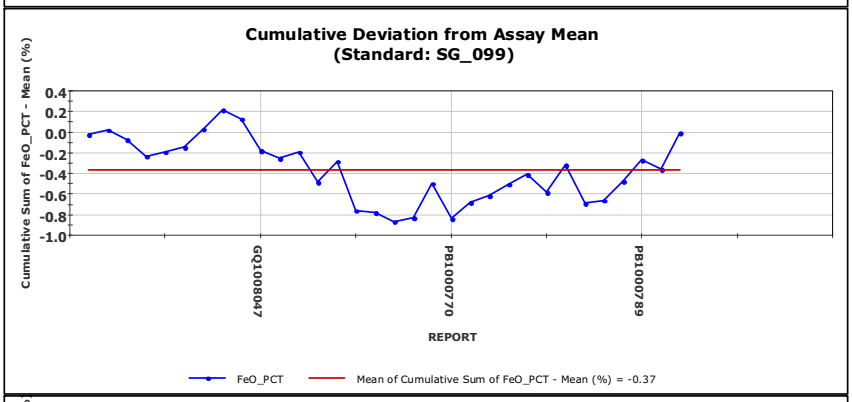


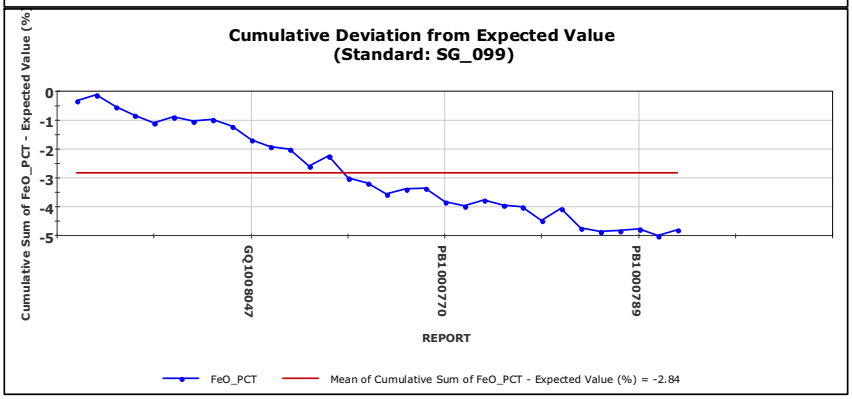
Printed: 15-dez-2010 16:52:25 Data Imported: 15-dez-2010 14:43:14 Page 1

FeO (pct) SGS Standards
(Standard: SG_099)

Standard:	SG_099		No of Analyses:	32
Element:	FeO_PCT		Minimum:	13.55
Units:	%		Maximum:	14.26
Detection Limit:			Mean:	13.89
Expected Value (EV):	14.04		Std Deviation:	0.18
E.V. Range:	13.54 to 14.54		% in Tolerance	100.00 %
			% Bias	-1.07 %
			% RSD	1.28 %



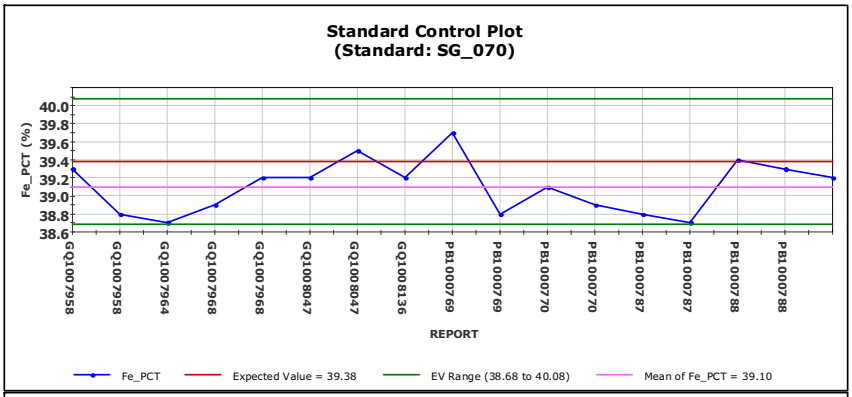


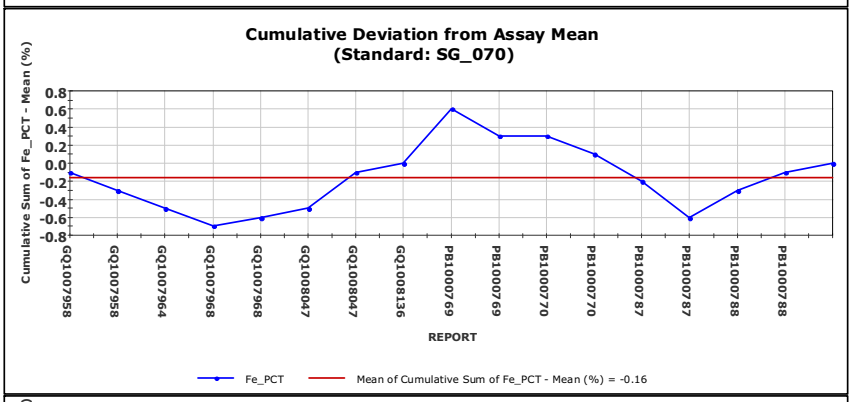


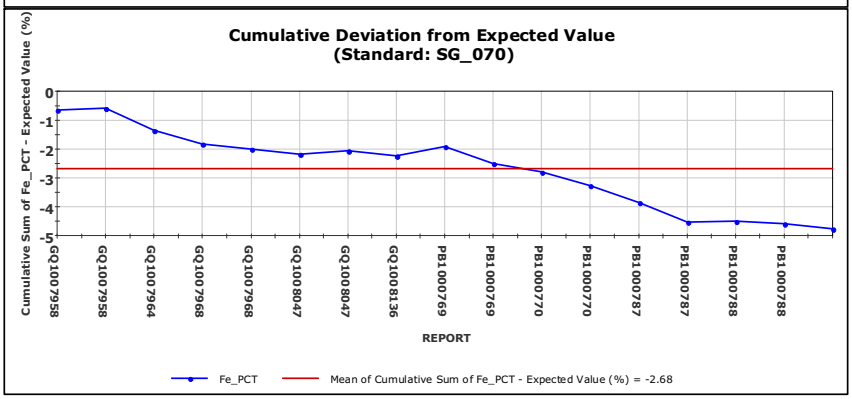
Printed: 15-dez-2010 16:53:35 Data Imported: 15-dez-2010 14:43:14 Page 1

Fe (pct) SGS Standards
(Standard: SG_070)

Standard:	SG_070		No of Analyses:	17
Element:	Fe_PCT		Minimum:	38.70
Units:	%		Maximum:	39.70
Detection Limit:			Mean:	39.10
Expected Value (EV):	39.38		Std Deviation:	0.29
E.V. Range:	38.68 to 40.08		% in Tolerance	100.00 %
			% Bias	-0.71 %
			% RSD	0.73 %



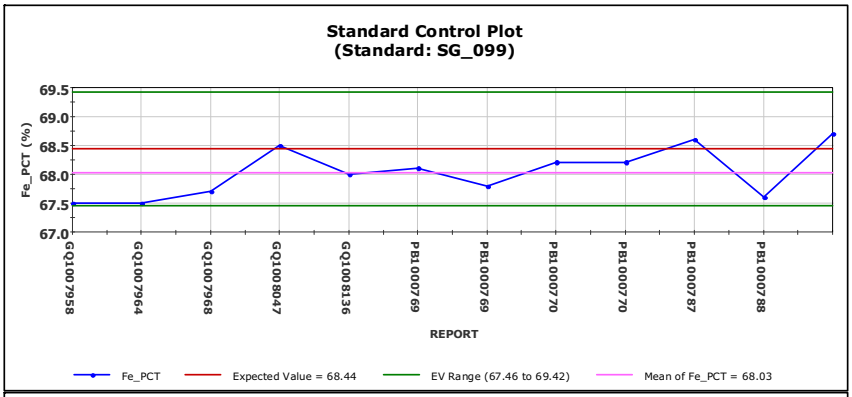


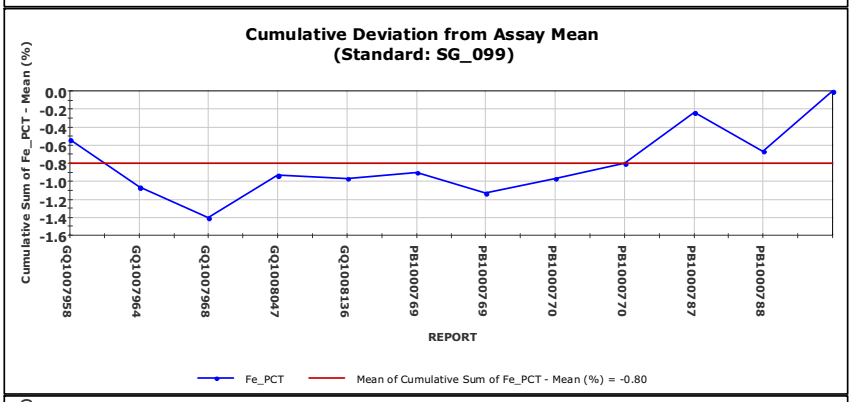


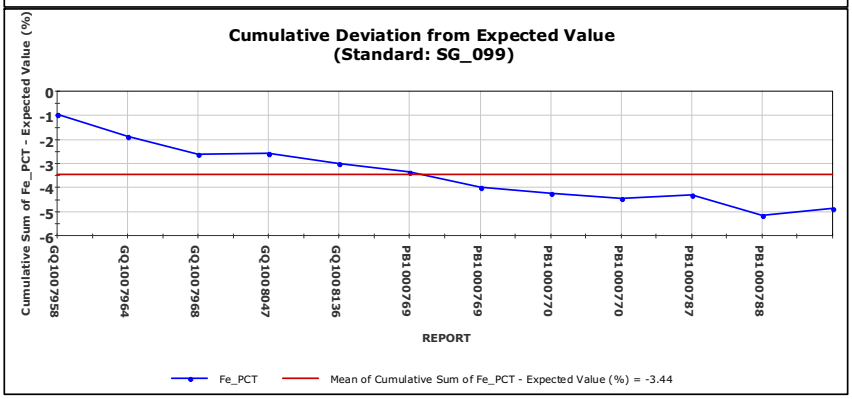
Printed: 16-dez-2010 10:31:46 Data Imported: 15-dez-2010 14:43:14 Page 1

Fe (pct) SGS Standards
(Standard: SG_099)

Standard:	SG_099		No of Analyses:	12
Element:	Fe_PCT		Minimum:	67.50
Units:	%		Maximum:	68.70
Detection Limit:			Mean:	68.03
Expected Value (EV):	68.44		Std Deviation:	0.40
E.V. Range:	67.46 to 69.42		% in Tolerance	100.00 %
			% Bias	-0.59 %
			% RSD	0.60 %







Printed: 15-dez-2010 16:55:48 Data Imported: 15-dez-2010 14:43:14 Page 1

Appendix C

Basic Statistics Histograms and Plots

Trairão Iron Ore Project

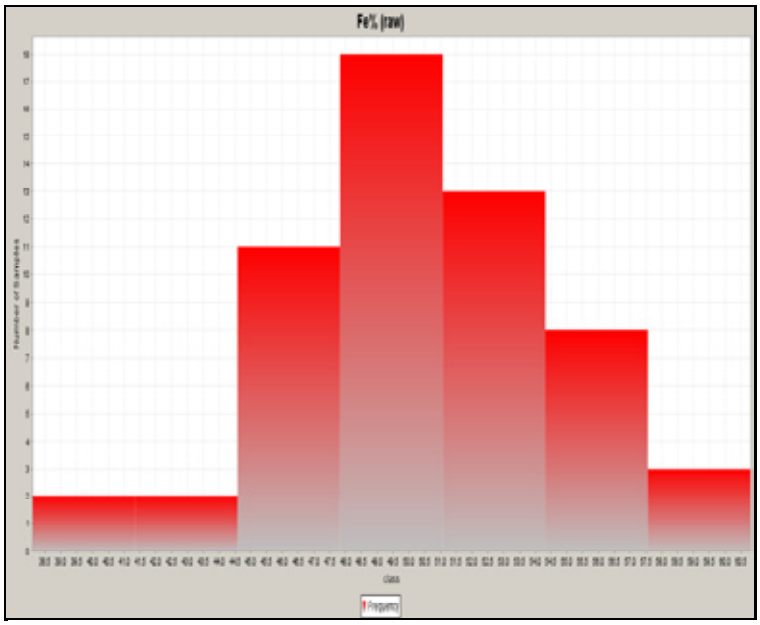
Statistics – Fe (%) – Sol

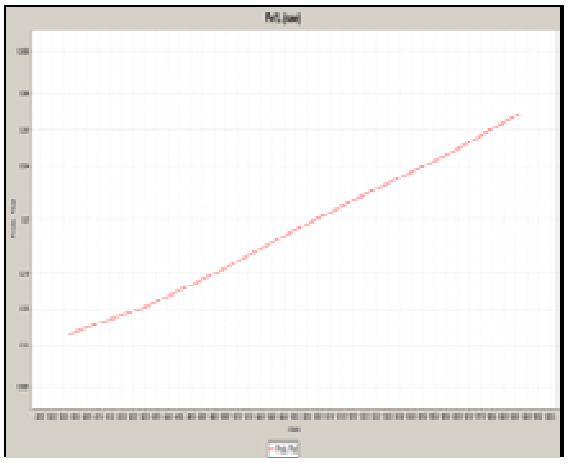
Target:	area1
Lithology:	Sol
Variable:	Fe(%)

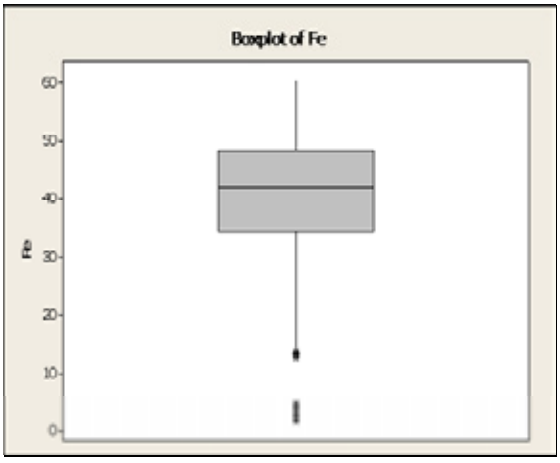
Sample Number:	57
Mínimum:	38.10
Maximum:	60.80
N° Classes (Sturges):	7
Interval (Sturges):	3.31

Quantiles	
2.5%:	38.15
5.0%:	44.40
25.0%:	47.35
Median:	50.20
75.0%:	53.70
95.0%:	58.55
97.5%:	60.75

Mean:	50.41
Variance:	22.66
Standard Deviation:	4.76
Coef. de variation:	9%
Range interquartil:	6.35







Trairão Iron Ore Project

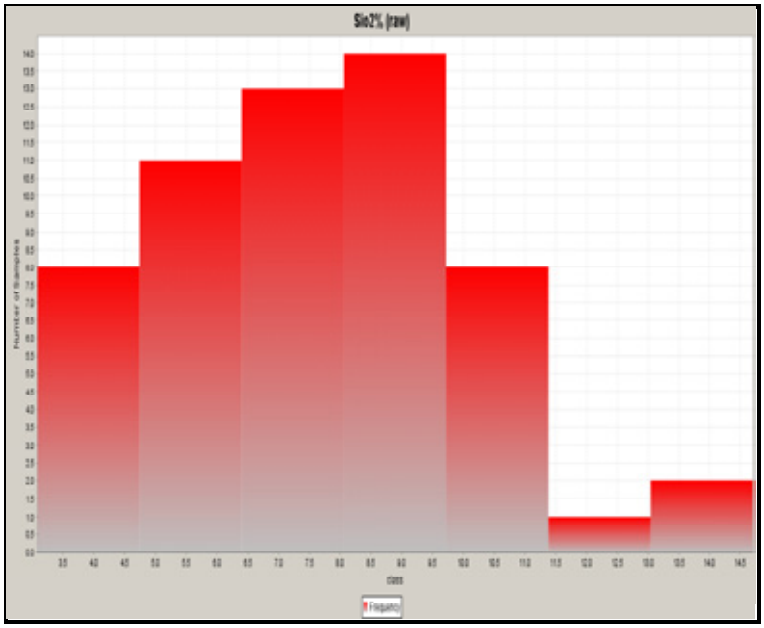
Statistics – SiO_2 (%) – Sol

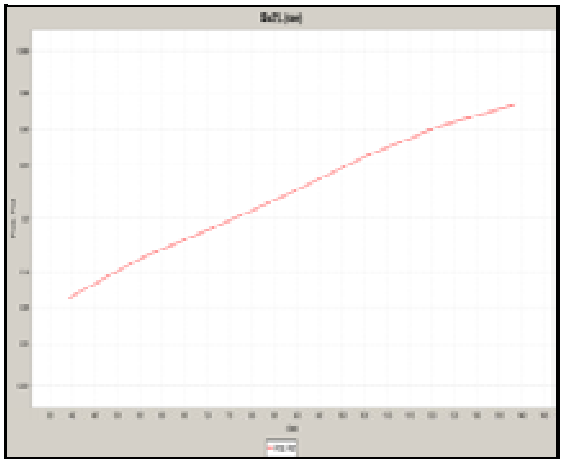
Target:	area1
Lithology:	Sol
Variable:	SiO2(%)

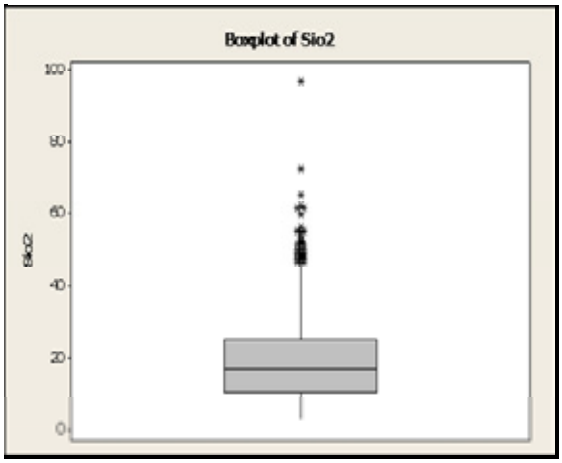
Sample Number:	57
Mínimum:	3.08
Maximum:	14.70
N° Classes (Sturges):	7
Interval (Sturges):	1.70

Quantiles	
2.5%:	3.10
5.0%:	3.36
25.0%:	5.88
Mediana:	7.92
75.0%:	9.42
95.0%:	11.45
97.5%:	14.55

Mean:	7.72
Variance:	6.68
Standard Deviation:	2.58
Coef. de variation:	33%
Range interquartil:	3.54







Trairão Iron Ore Project

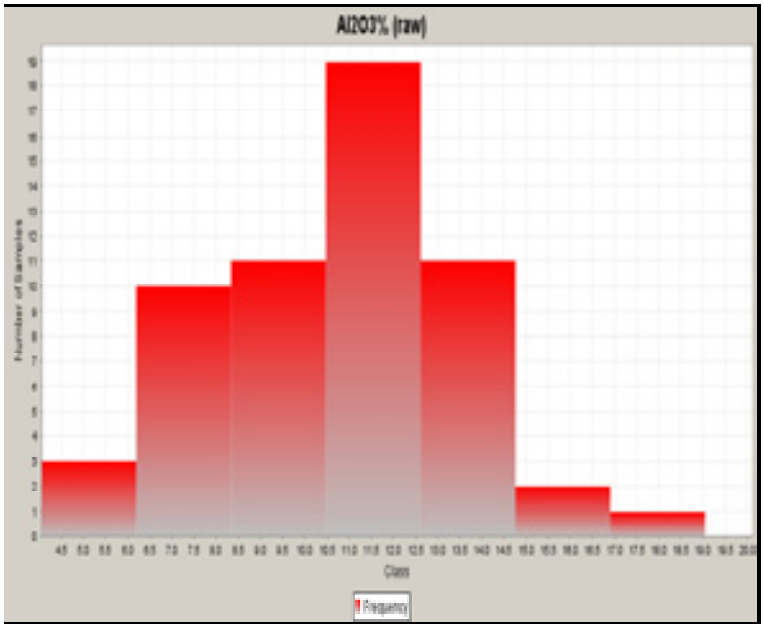
Statistics – Al_2O_3 (%) – Sol

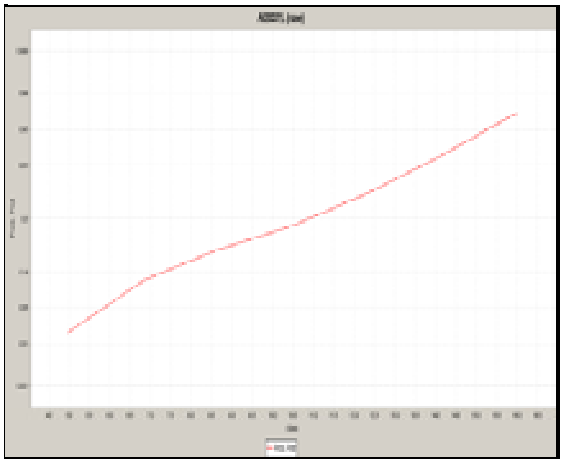
Target:	area1
Lithology:	Sol
Variable:	Al2O3(%)

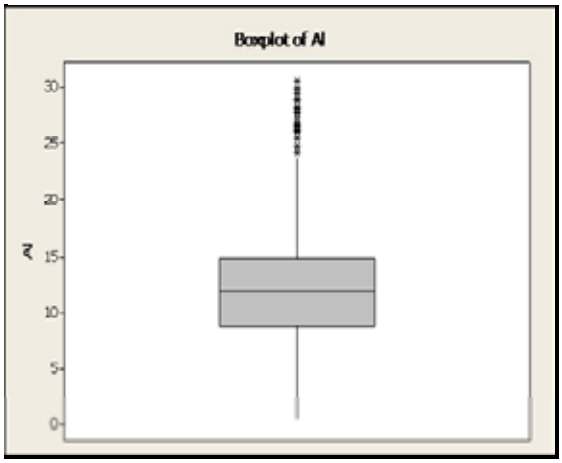
Sample Number:	57
Mínimum:	4.05
Maximum:	0.00
N° Classes (Sturges):	7
Interval (Sturges):	(0.59)

Quantiles	
2.5%:	4.51
5.0%:	6.11
25.0%:	8.70
Mediana:	11.20
75.0%:	12.60
95.0%:	15.05
97.5%:	16.60

Mean:	10.67
Variance:	7.92
Standard Deviation:	2.81
Coef. de variation:	26%
Range interquartil:	3.91







Trairão Iron Ore Project

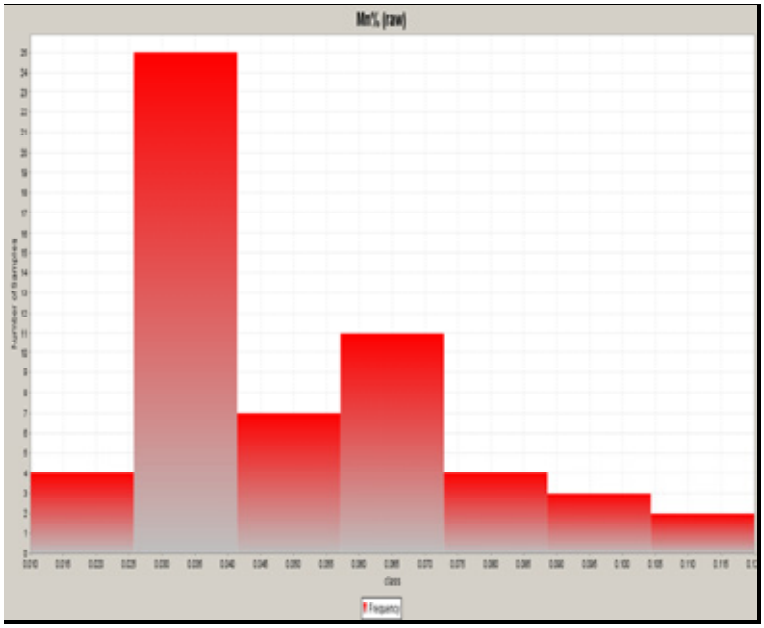
Statistics – Mn (%) – Sol

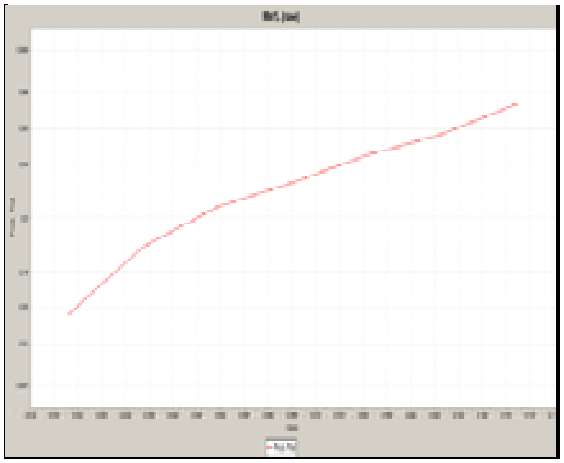
Target:	area1
Lithology:	Sol
Variable:	Mn(%)

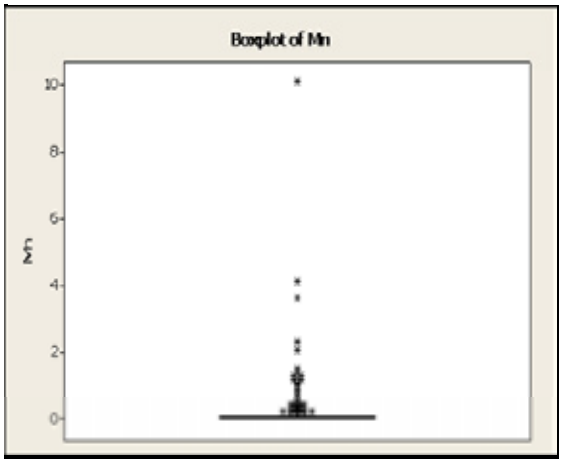
Sample Number:	56
Mínimum:	0.01
Maximum:	0.12
N° Classes (Sturges):	7
Interval (Sturges):	0.02

Quantiles	
2.5%:	0.01
5.0%:	0.02
25.0%:	0.04
Mediana:	0.04
75.0%:	0.06
95.0%:	0.09
97.5%:	0.12

Mean:	0.05
Variance:	0.00
Standard Deviation:	0.02
Coef. de variation:	45%
Range interquartil:	0.02







Trairão Iron Ore Project

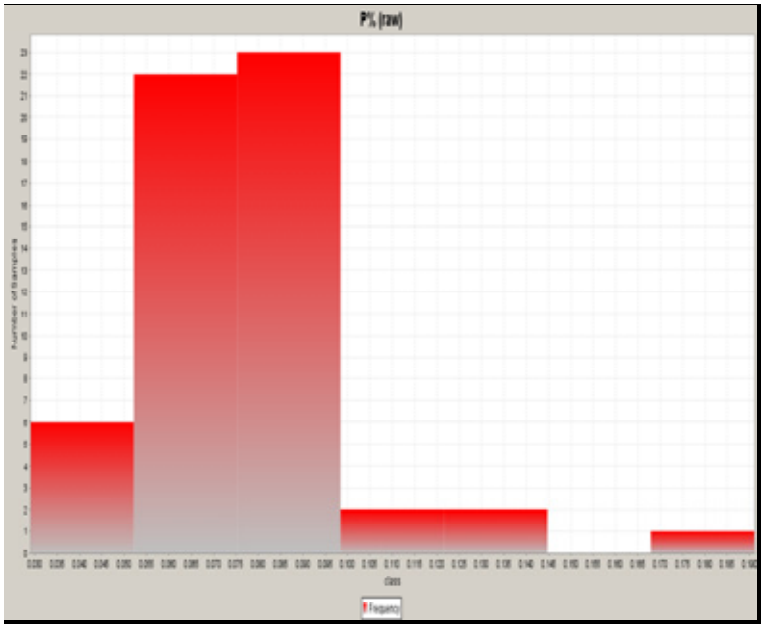
Statistics – P (%) – Sol

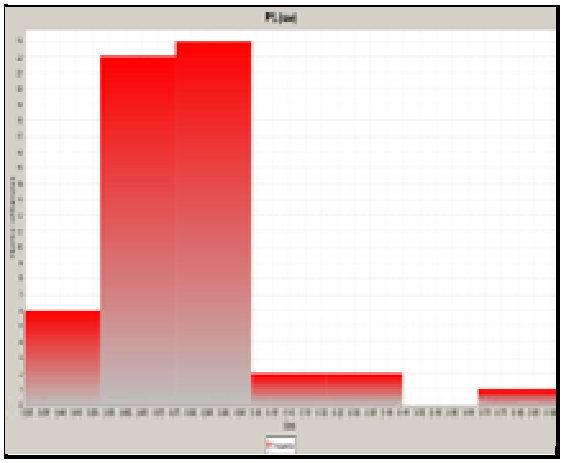
Target:	area1
Lithology:	Sol
Variable:	P(%)

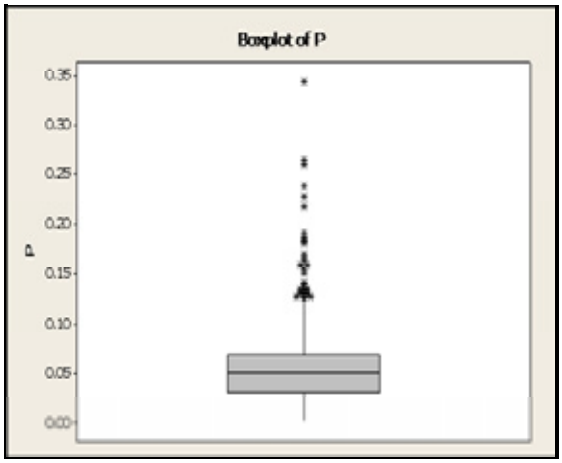
Sample Number:	56
Mínimum:	0.03
Maximum:	0.19
N° Classes (Sturges):	7
Interval (Sturges):	0.02

Quantiles	
2.5%:	0.03
5.0%:	0.04
25.0%:	0.06
Mediana:	0.08
75.0%:	0.08
95.0%:	0.12
97.5%:	0.16

Mean:	0.07
Variance:	0.00
Standard Deviation:	0.03
Coef. de variation:	34%
Range interquartil:	0.02







Trairão Iron Ore Project

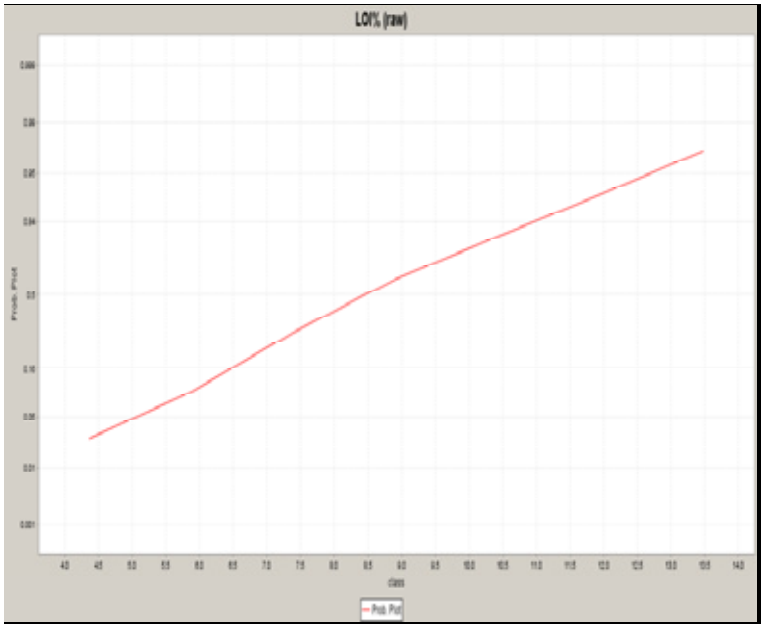
Statistics – LOI (%) – Sol

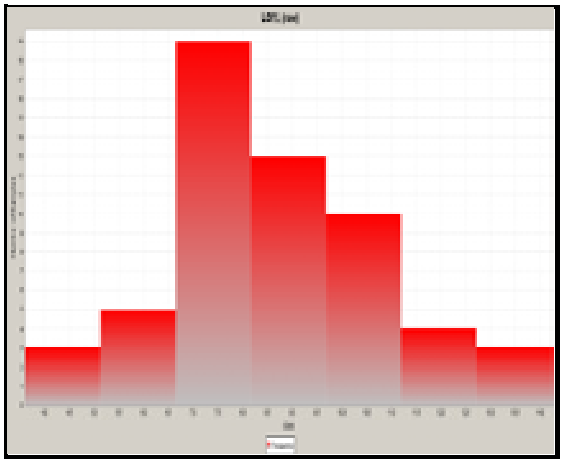
Target:	area1
Lithology:	Sol
Variable:	LOI(%)

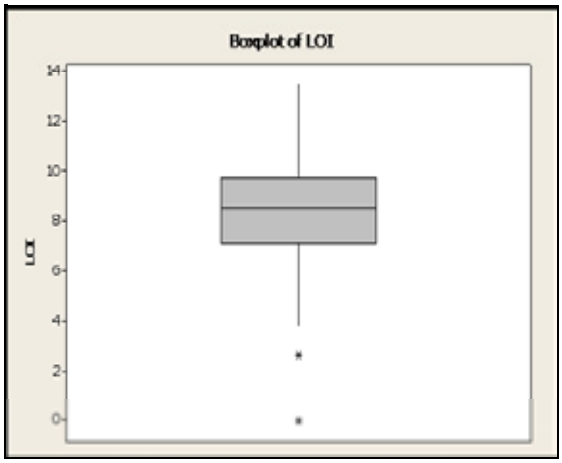
Sample Number:	57
Mínimum:	3.61
Maximum:	14.23
N° Classes (Sturges):	7
Interval (Sturges):	1.55

Quantiles	
2.5%:	3.73
5.0%:	5.02
25.0%:	7.50
Mediana:	8.39
75.0%:	10.24
95.0%:	12.60
97.5%:	14.20

Mean:	8.71
Variance:	4.98
Standard Deviation:	2.23
Coef. de variation:	26%
Range interquartil:	2.74







Trairão Iron Ore Project

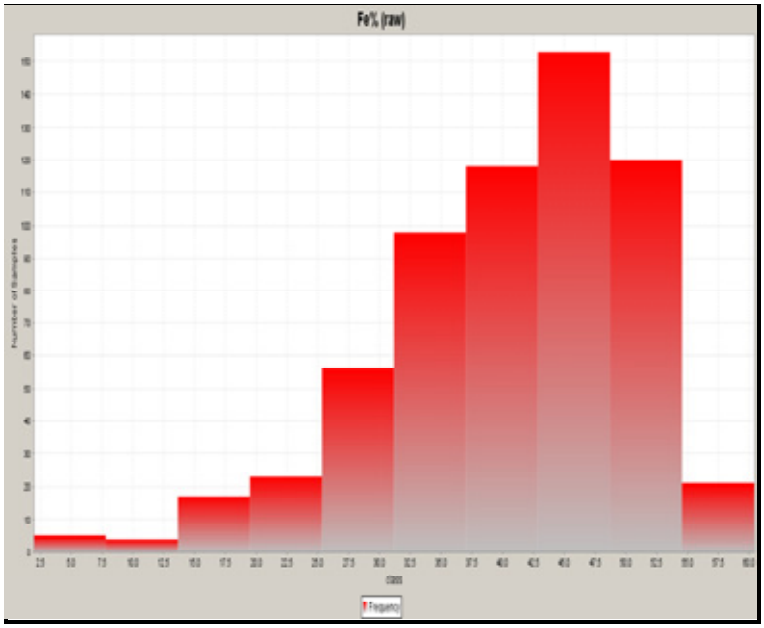
Statistics – Fe (%) – Sap

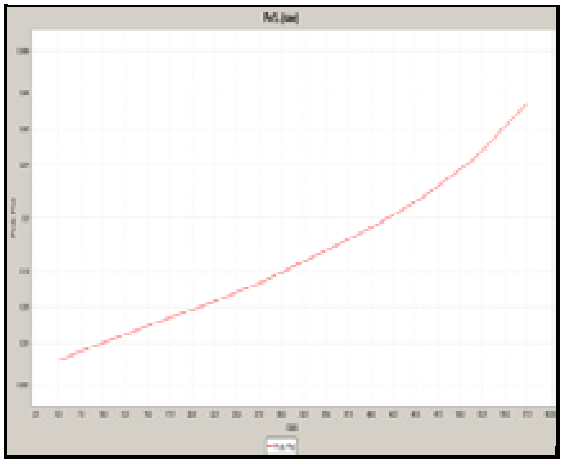
Target:	area1
Lithology:	Sap
Variable:	Fe(%)

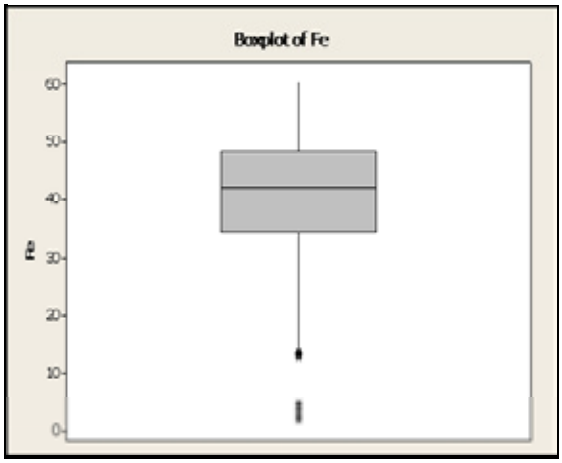
Sample Number:	615
Mínimum:	1.96
Maximum:	60.40
N° Classes (Sturges):	10
Interval (Sturges):	5.68

Quantiles	
2.5%:	15.95
5.0%:	21.25
25.0%:	34.55
Mediana:	42.10
75.0%:	48.30
95.0%:	53.65
97.5%:	56.25

Mean:	40.50
Variance:	104.94
Standard Deviation:	10.24
Coef. de variation:	25%
Range interquartil:	13.75







Trairão Iron Ore Project

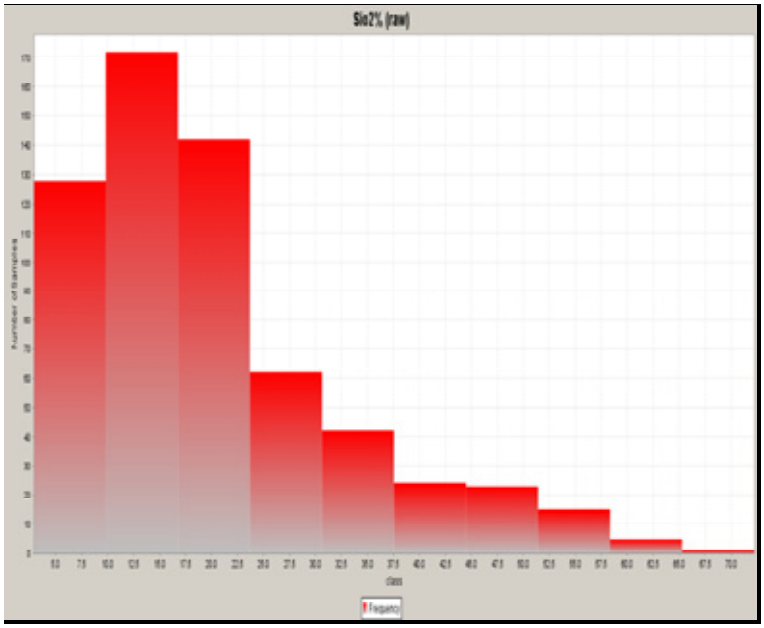
Statistics – SiO_2 (%) – Sap

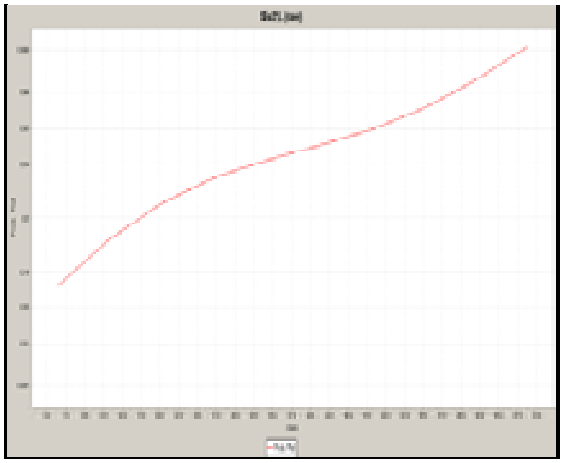
Target:	area1
Lithology:	Sap
Variable:	SiO2(%)

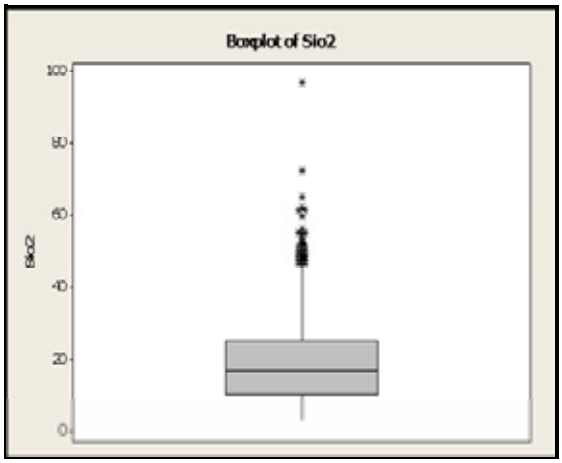
Sample Number:	614
Mínimum:	2.90
Maximum:	72.20
N° Classes (Sturges):	10
Interval (Sturges):	6.73

Quantiles	
2.5%:	4.81
5.0%:	6.24
25.0%:	10.70
Mediana:	17.00
75.0%:	25.00
95.0%:	48.45
97.5%:	52.65

Mean:	20.12
Variance:	160.63
Standard Deviation:	12.67
Coef. de variation:	63%
Range interquartil:	14.30







Trairão Iron Ore Project

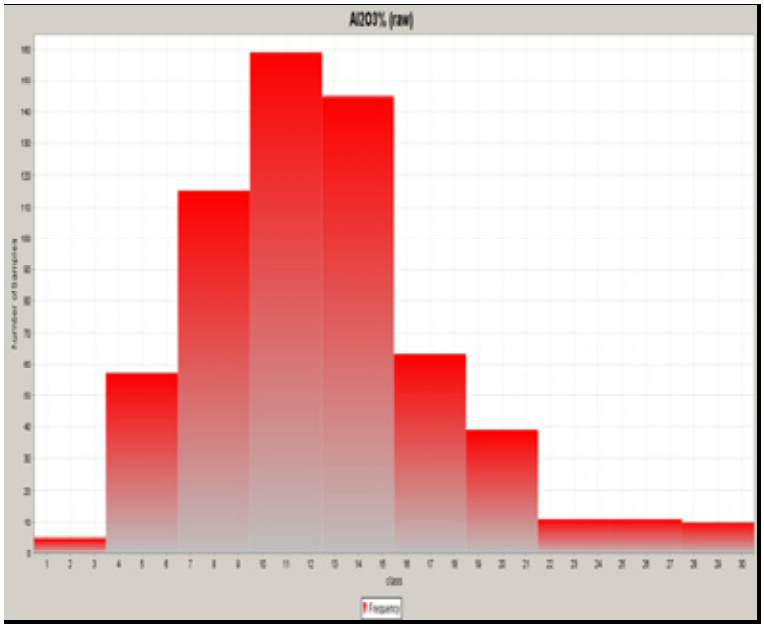
Statistics – Al_2O_3 (%) – Sap

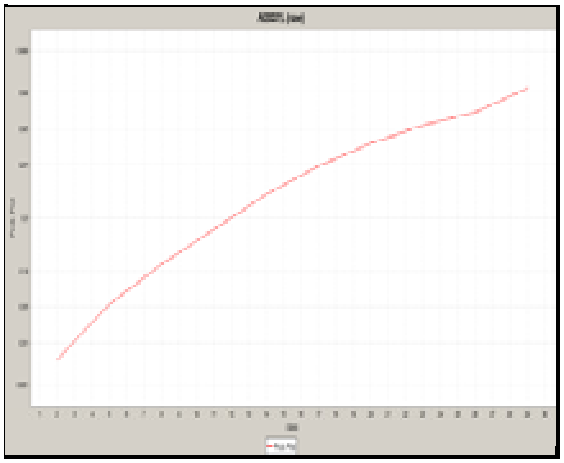
Target:	area1
Lithology:	Sap
Variable:	Al2O3(%)

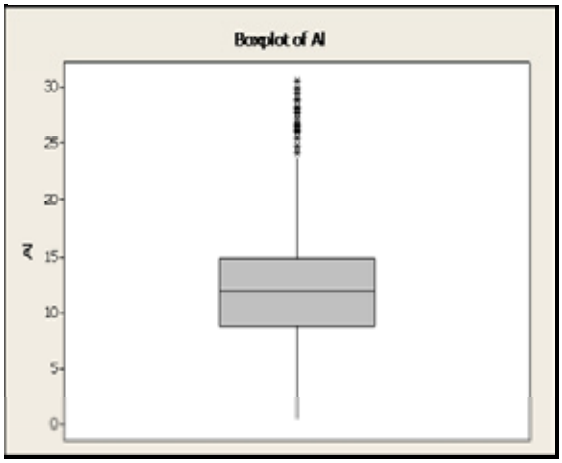
Sample Number:	615
Mínimum:	0.47
Maximum:	30.50
N° Classes (Sturges):	10
Interval (Sturges):	2.92

Quantiles	
2.5%:	4.71
5.0%:	5.44
25.0%:	8.89
Mediana:	12.00
75.0%:	14.85
95.0%:	21.70
97.5%:	26.55

Mean:	12.49
Variance:	25.63
Standard Deviation:	5.06
Coef. de variation:	41%
Range interquartil:	5.97







Trairão Iron Ore Project

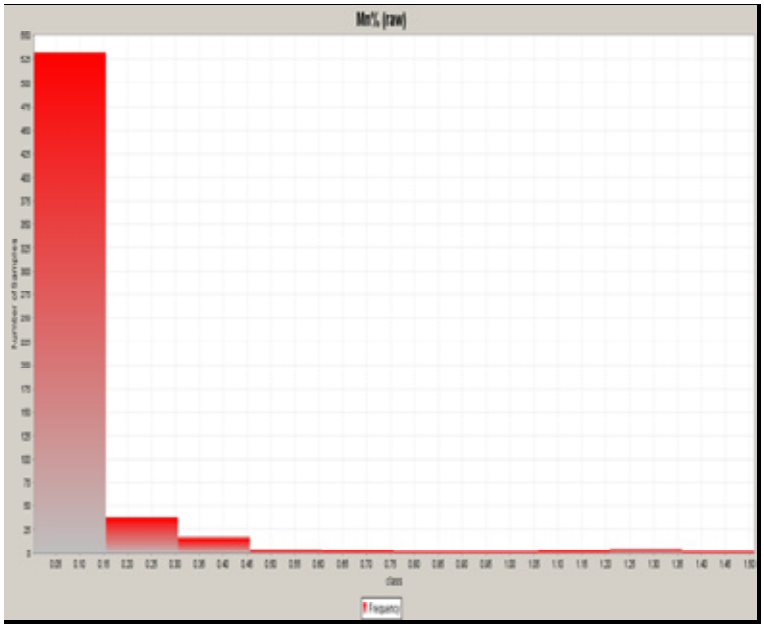
Statistics – Mn (%) – Sap

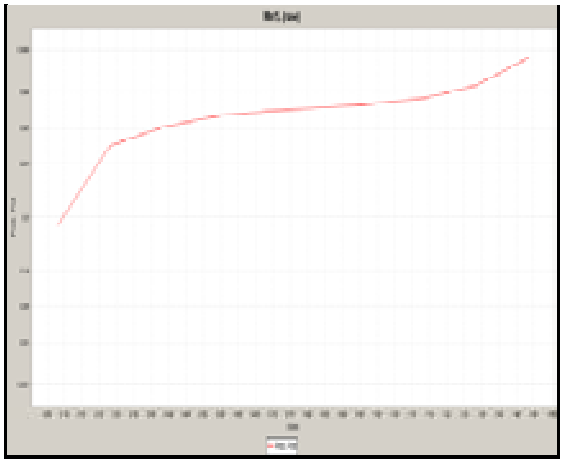
Target:	area1
Lithology:	Sap
Variable:	Mn(%)

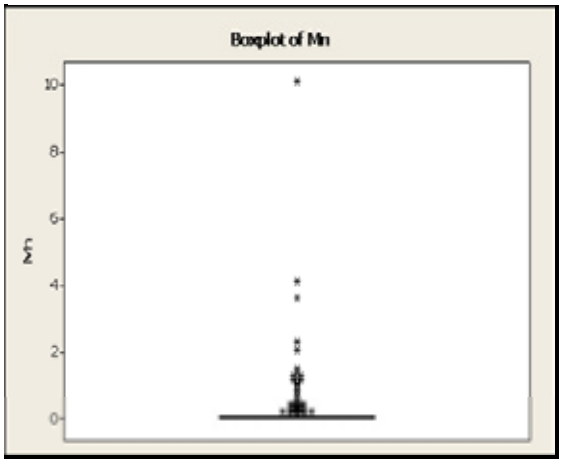
Sample Number:	610
Mínimum:	0.00
Maximum:	1.51
N° Classes (Sturges):	10
Interval (Sturges):	0.15

Quantiles	
2.5%:	0.00
5.0%:	0.00
25.0%:	0.03
Mediana:	0.05
75.0%:	0.09
95.0%:	0.36
97.5%:	0.72

Mean:	0.10
Variance:	0.04
Standard Deviation:	0.19
Coef. de variation:	182%
Range interquartil:	0.06







Trairão Iron Ore Project

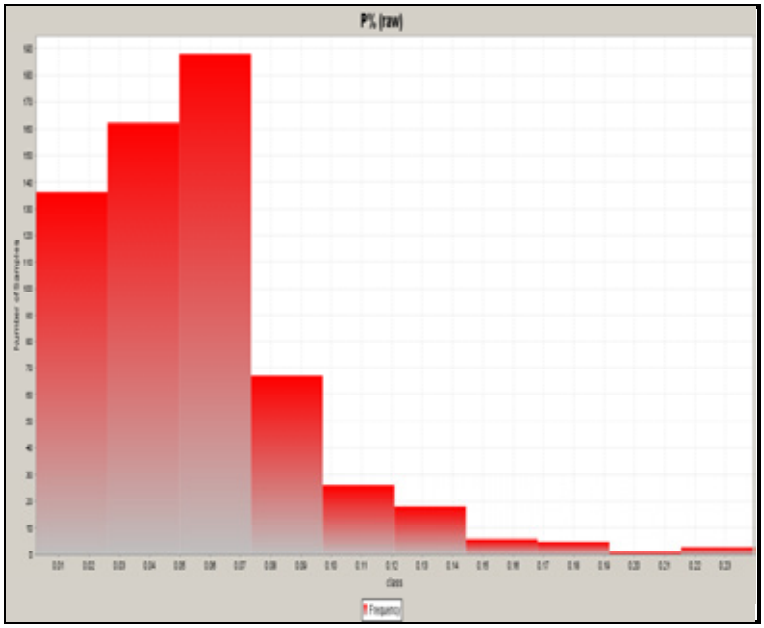
Statistics – P (%) – Sap

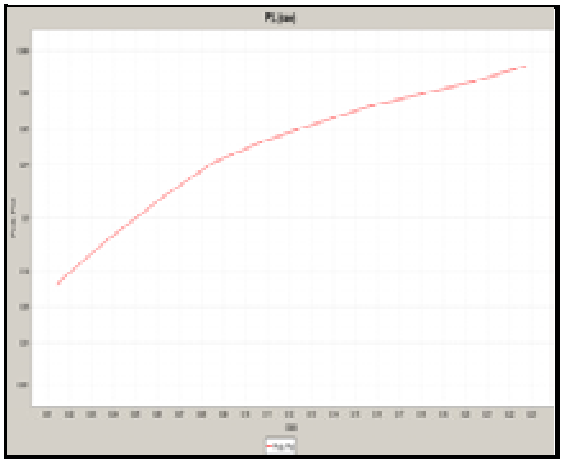
Target:	area1
Lithology:	Sap
Variable:	P(%)

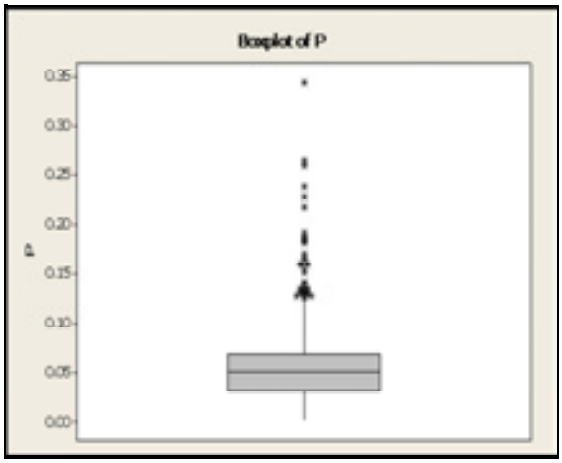
Sample Number:	612
Mínimum:	0.00
Maximum:	0.24
N° Classes (Sturges):	10
Interval (Sturges):	0.02

Quantiles	
2.5%:	0.01
5.0%:	0.01
25.0%:	0.03
Mediana:	0.05
75.0%:	0.07
95.0%:	0.13
97.5%:	0.15

Mean:	0.06
Variance:	0.00
Standard Deviation:	0.04
Coef. de variation:	64%
Range interquartil:	0.04







Trairão Iron Ore Project

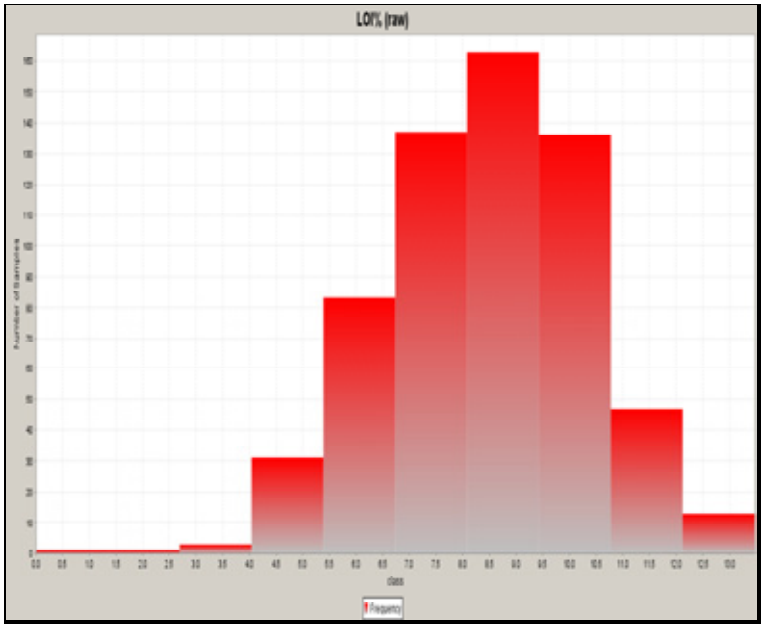
Statistics – LOI (%) – Sap

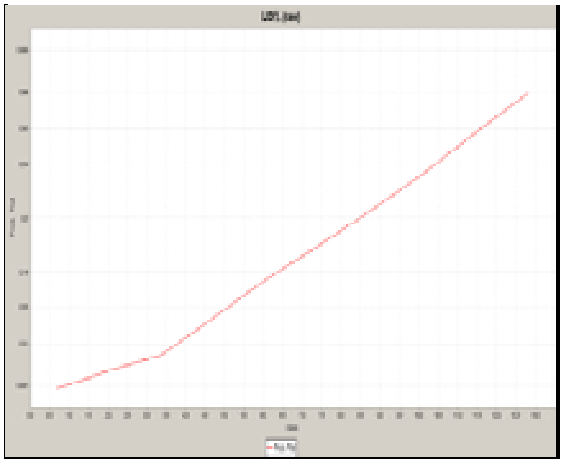
Target:	area1
Lithology:	Sap
Variable:	LOI(%)

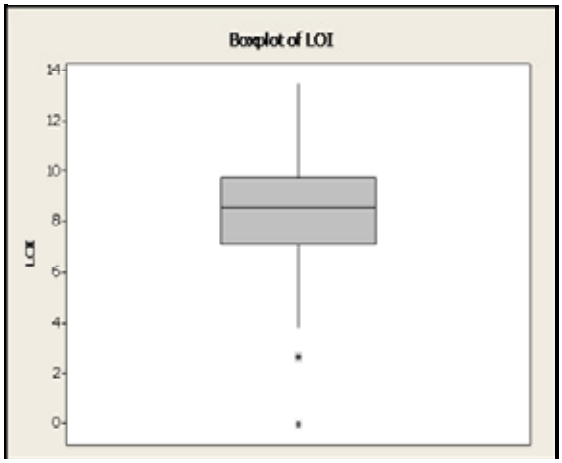
Sample Number:	615
Mínimum:	0.00
Maximum:	13.47
N° Classes (Sturges):	10
Interval (Sturges):	1.31

Quantiles	
2.5%:	4.70
5.0%:	5.22
25.0%:	7.14
Mediana:	8.55
75.0%:	9.74
95.0%:	11.37
97.5%:	11.82

Mean:	8.40
Variance:	3.54
Standard Deviation:	1.88
Coef. de variation:	22%
Range interquartil:	2.61







Trairão Iron Ore Project

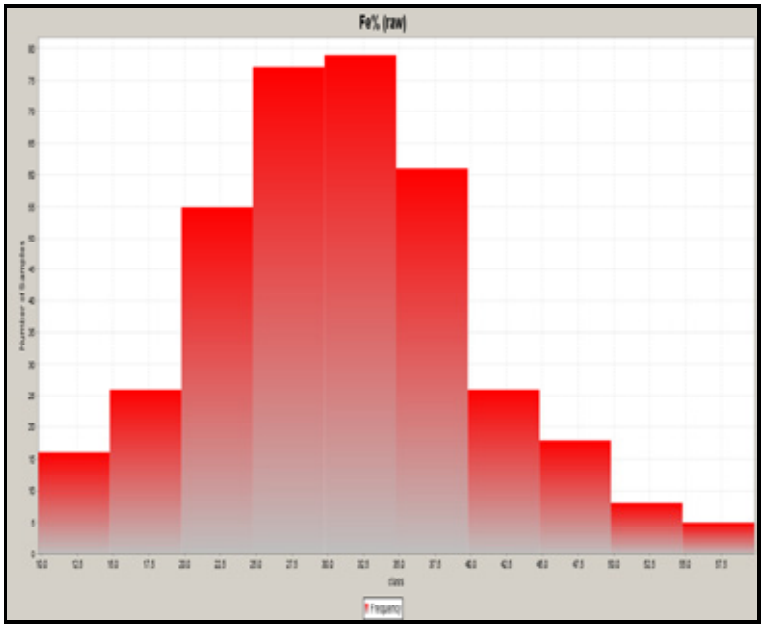
Statistics – Fe(%) – Sar

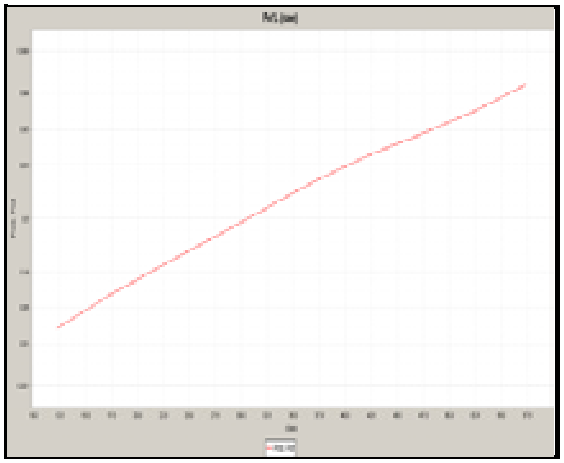
Target:	area1
Lithology:	Sar
Variable:	Fe(%)

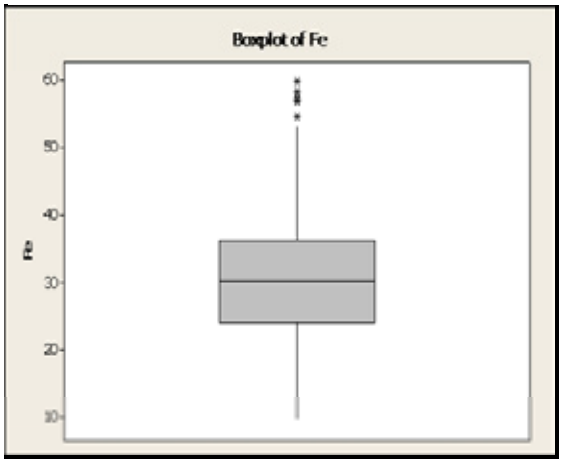
Sample Number:	371
Mínimum:	9.77
Maximum:	59.80
N° Classes (Sturges):	10
Interval (Sturges):	5.23

Quantiles	
2.5%:	13.00
5.0%:	15.45
25.0%:	24.30
Mediana:	30.30
75.0%:	36.25
95.0%:	47.80
97.5%:	51.75

Mean:	30.80
Variance:	86.83
Standard Deviation:	9.32
Coef. de variation:	30%
Range interquartil:	11.95







Trairão Iron Ore Project

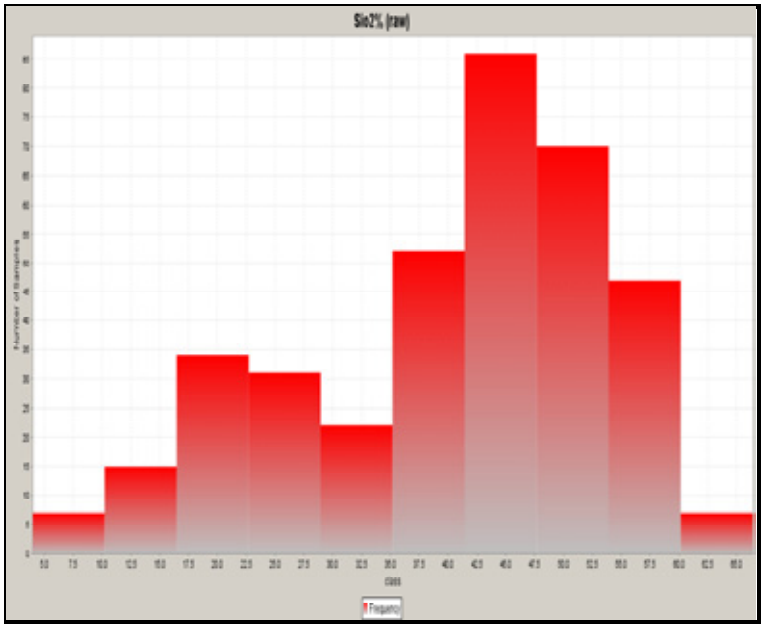
Statistics – SiO_2 (%) – Sar

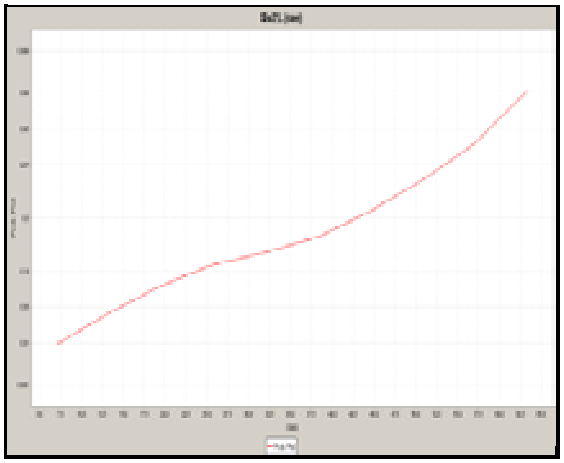
Target:	area1
Lithology:	Sar
Variable:	SiO2(%)

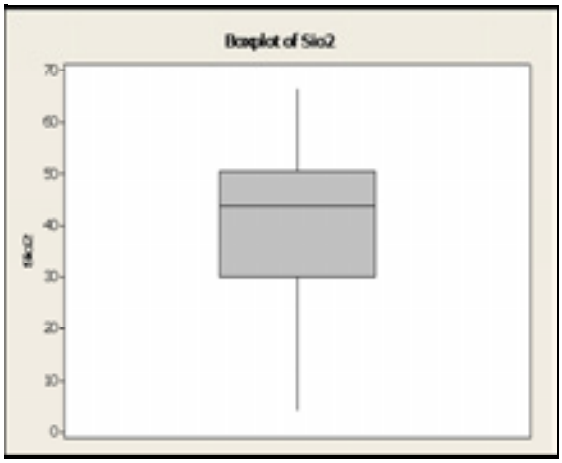
Sample Number:	371
Mínimum:	3.98
Maximum:	66.40
N° Classes (Sturges):	10
Interval (Sturges):	6.53

Quantiles	
2.5%:	11.65
5.0%:	14.40
25.0%:	30.00
Mediana:	43.60
75.0%:	50.35
95.0%:	58.55
97.5%:	59.55

Mean:	40.31
Variance:	185.04
Standard Deviation:	13.60
Coef. de variation:	34%
Range interquartil:	20.35







Trairão Iron Ore Project

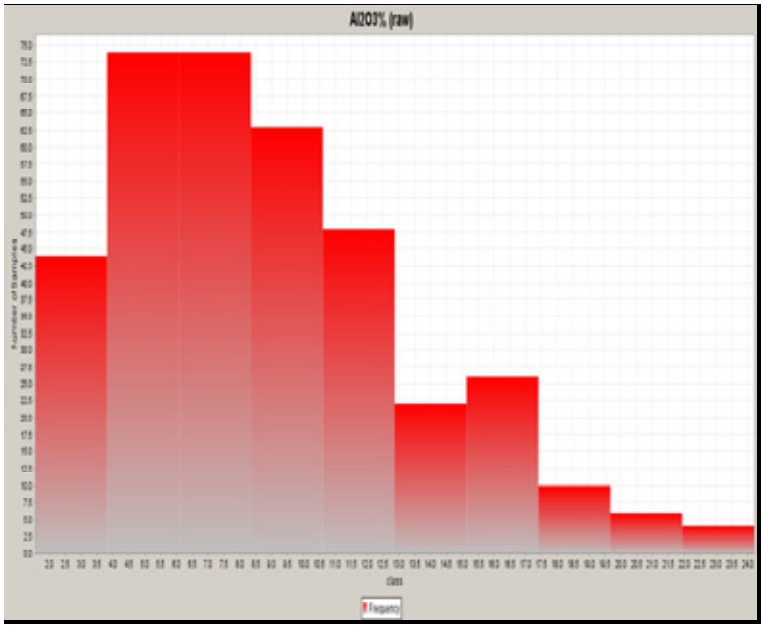
Statistics – Al_2O_3 (%) – Sar

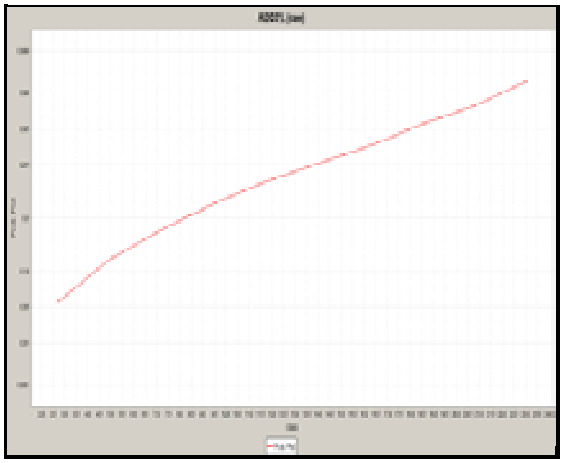
Target:	area1
Lithology:	Sar
Variable:	Al2O3(%)

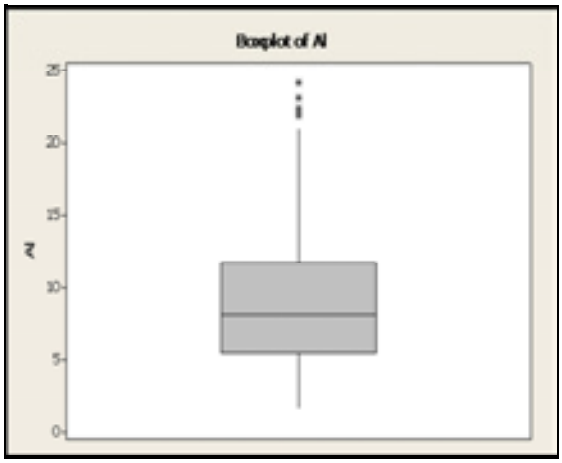
Sample Number:	371
Mínimum:	1.55
Maximum:	24.20
N° Classes (Sturges):	10
Interval (Sturges):	2.37

Quantiles	
2.5%:	2.42
5.0%:	2.81
25.0%:	5.45
Mediana:	8.10
75.0%:	11.65
95.0%:	17.60
97.5%:	19.90

Mean:	8.94
Variance:	21.06
Standard Deviation:	4.59
Coef. de variation:	51%
Range interquartil:	6.21







Trairão Iron Ore Project

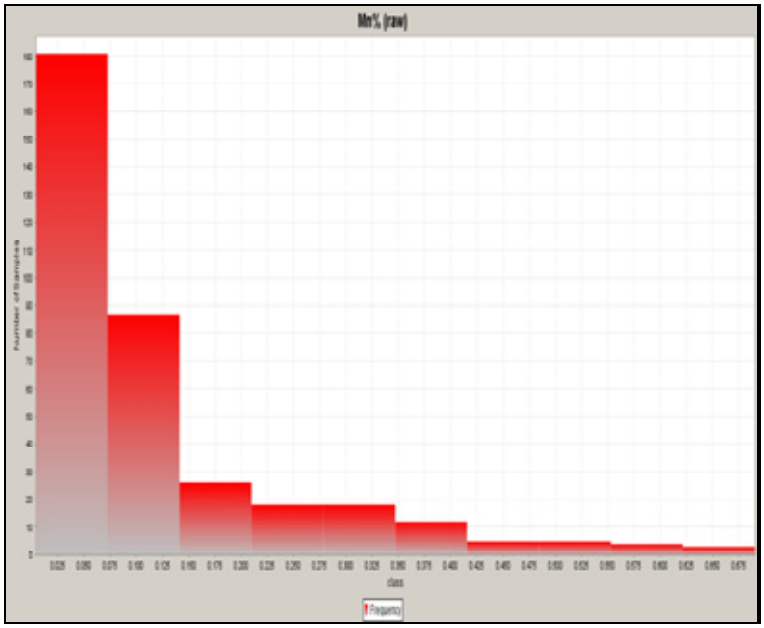
Statistics – Mn (%) – Sar

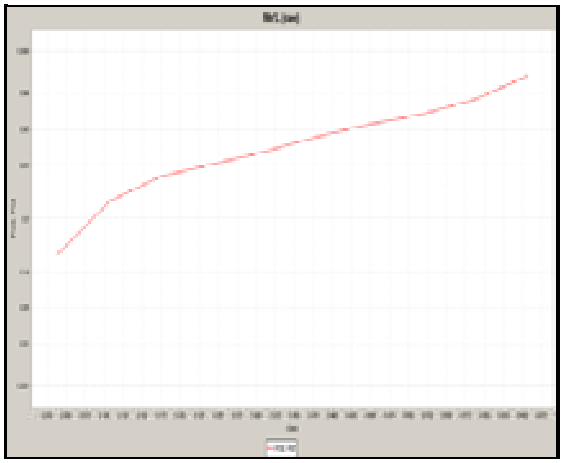
Target:	area1
Lithology:	Sar
Variable:	Mn(%)

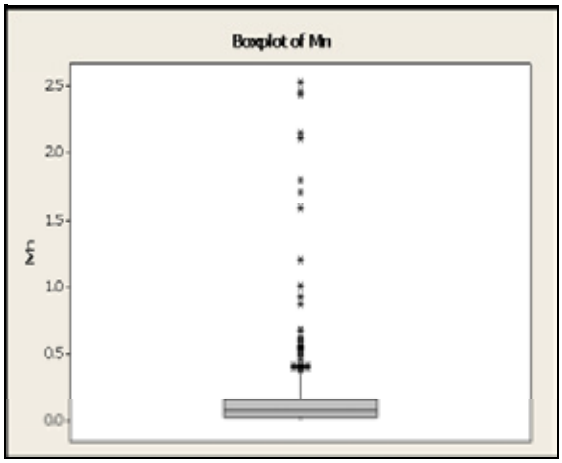
Sample Number:	359
Mínimum:	0.00
Maximum:	0.69
N° Classes (Sturges):	10
Interval (Sturges):	0.07

Quantiles	
2.5%:	0.01
5.0%:	0.01
25.0%:	0.03
Mediana:	0.07
75.0%:	0.15
95.0%:	0.41
97.5%:	0.54

Mean:	0.12
Variance:	0.02
Standard Deviation:	0.13
Coef. de variation:	109%
Range interquartil:	0.12







Trairão Iron Ore Project

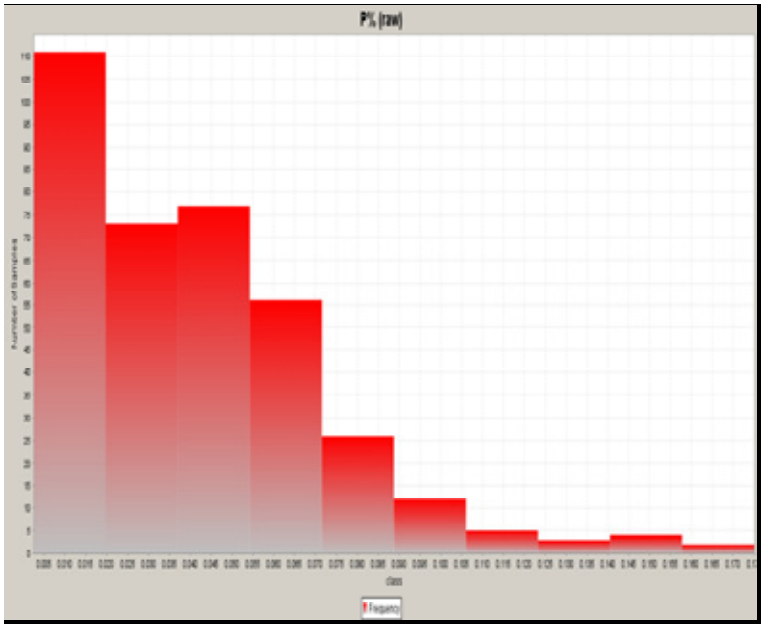
Statistics – P (%) – Sar

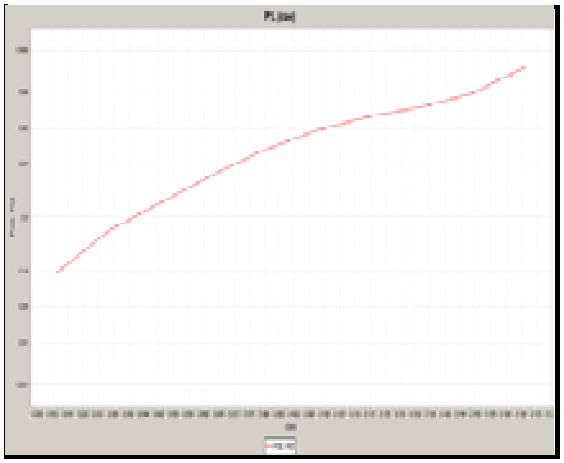
Target:	area1
Lithology:	Sar
Variable:	P(%)

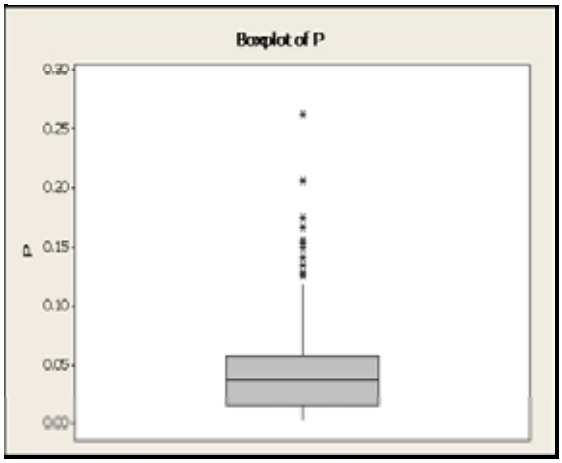
Sample Number:	369
Mínimum:	0.00
Maximum:	0.18
N° Classes (Sturges):	10
Interval (Sturges):	0.02

Quantiles	
2.5%:	0.00
5.0%:	0.01
25.0%:	0.02
Mediana:	0.04
75.0%:	0.06
95.0%:	0.10
97.5%:	0.12

Mean:	0.04
Variance:	0.00
Standard Deviation:	0.03
Coef. de variation:	76%
Range interquartil:	0.04







Trairão Iron Ore Project

Statistics – LOI (%) – Sar

Target:	area1
Lithology:	Sar
Variable:	LOI(%)

Sample Number:	371
Mínimum:	2.15
Maximum:	11.43
N° Classes (Sturges):	10
Interval (Sturges):	0.97

Quantiles	
2.5%:	2.75
5.0%:	3.19
25.0%:	4.24
Mediana:	5.54
75.0%:	7.09
95.0%:	9.31
97.5%:	9.92

Mean:	5.81
Variance:	3.77
Standard Deviation:	1.94
Coef. de variation:	33%
Range interquartil:	2.85