

RESULTS OF OPERATIONS – PROJECTS REVIEW

A –Duquesne-Ottoman Property, Quebec

Property Description and Location

The Duquesne-Ottoman Property is located approximately 50 kilometres north of the city of Rouyn-Noranda and 10 kilometres east of the village of Duparquet within the townships of Duparquet and Destor in the province of Quebec (Figure 1).

The Duquesne-Ottoman property is comprised of 20 claims known as Duquesne West Block and 40 claims, known as Ottoman Fault Block (more commonly referred to as Ottoman), and covers an area of 928.6 hectares. All claims are in good standing; the Duquesne West portion is currently held 100% by Duparquet Assets Inc.

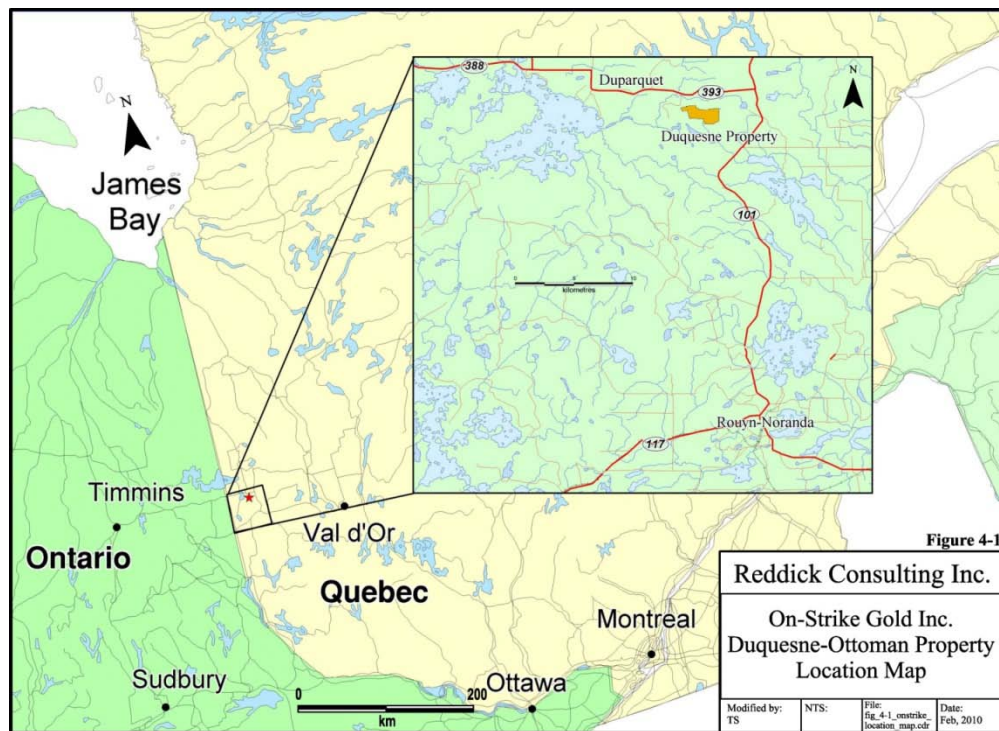


Figure 1: Location of Duquesne-Ottoman property.

Location and Access

The Duquesne-Ottoman property is accessible via a bush road south from Highway 393, approximately 4.5 kilometres west of Highway 101. A network of drill roads and all terrain vehicle trails traverse the remainder of the property from east to west. The terrain in and around the property is undulating with rolling hills and low swampy ground. Relief across the area is less than 25 metres. The vegetation is mostly mature deciduous poplars with scattered spruce and pine with thick alder underbrush. The area was previously logged and parts of the property are currently being logged.

The property contains several small lakes and streams, which supply sufficient water for drilling, trenching and exploration work in general. A power line runs north, approximately one kilometre west of Route 101, on the adjoining Duquesne mine property, which lies five kilometres east of the centre of the Duquesne-Ottoman Project. The old power line that ran through the Duquesne-Ottoman Project from Duparquet has been dismantled and the land that such power line was located on is currently being used as a snowmobile trail.

History

The Duquesne-Ottoman property has been the subject of documented exploration since 1927. A total of 239 diamond drill holes totalling 65,063 m have been documented on the Duquesne West block and an additional 8 holes totalling 3,106 m have been reported on the Ottoman block. In 1983 Claremont Mines sunk an 80 foot (24 m) shaft on the Duquesne West block and reportedly produced a bulk sample in the order of 425 tons. The reported grade of the bulk sample was 0.11 opt (3.8 g/t Au).

The current property was consolidated in 1987 by Globex Mining Enterprises Ltd. ("Globex") (Duquesne West block) and Geoconseil Jack Stock Ltd. ("GJSL") (Ottoman block) and between 1990 and 2007 the property was successively optioned and explored by Noranda Mines Ltd., Globex, Santa Fe Canadian Mining Ltd., Kinross Gold Corp., Queenston Mining Inc. ("Queenston") and Diadem Resources Ltd ("Diadem"). During this period 132 holes were drilled totalling 58,863 m, mainly on the Duquesne West block and with little work on the Ottoman block of claims.

Two previous resource estimates were prepared for the Duquesne-Ottoman Property for internal purposes. These estimates were prepared by previous operators over a period of years from 1997 to 2003. There have been no NI 43-101 compliant Mineral Resource estimates publically released for the Property; the estimate prepared by Kinross was compliant in 2003 but was never released.

Although the previous estimates are useful in demonstrating the general potential of the Property, these estimates were based on data that do not include all currently available drilling and assumed gold prices and operating costs that are very different than might be expected at present and are therefore considered historical estimates that should not be relied upon.

Kinross prepared the resource estimate using two different assumptions - one called "conservative" with a 5 g/t Au cut-off and another "optimistic" case with a 4 g/t Au cut-off. For each case, estimates were made with uncut values and with top values cut at 30 g/t Au. This historic resource varies between 257,000 and 316,000 tonnes using the cut and uncut values, respectively. All the estimated Resource ounces are of inferred category and historic in nature and should not be relied upon and Xmet does not consider these resources as relevant except in their historical context.

Since the Kinross resource estimate, two additional diamond drilling programs were undertaken on the property. A total of 32 diamond drill holes totalling 19,878 m were drilled, all on the Duquesne West block. Many of these holes were drilled on the extensions of the known mineralized zones but no resource estimate was carried out.

On 21 September, 2010 Xmet announced the results of an independent resource estimate on the Duquesne-Ottoman Property. The study identified a total inferred resource of 2,730,000 tonnes grading 6.00 g/t Au or 5.29 g/t using assays cut to 30 g/t Au for a total of 525,000 ounces or 465,000 ounces (cut). The bulk of the resource is found in two zones, namely the Liz and Fox which together comprise a total of 402,000 ounces (341,000 ounces with cut assays) at a grade of 7.95 g/t Au (5.93 g/t cut assays). On 8 November the company published the NI 43-101 compliant report on SEDAR (<http://sedar.com>). This resource is considered historic in nature and is not current and should not be relied upon as it has been superseded by a current resource (next paragraph).

Since issuing a first-ever NI43-101 compliant mineral resource in September 2010 Xmet undertook a 13,000 metre diamond drilling program which was completed in May of 2011. Watt's, Griffis and McQuat were retained to prepare a revised NI43-101 compliant mineral resource estimate that included this drilling along with all available NI43-101 compliant drill information. A new resource was announced on 8 September 2011 which identified 853,000 ounces of gold (727,000 ounces with a top cut-off of 30g/t Au) at a grade of 6.36 g/t Au (5.42 g/t Au cut) (table 1). This represents a 56% increase over the September 2010 resource estimate and several of the mineralized zones remain open along strike and at depth. On 25 October Xmet published the NI 43-101 compliant report on SEDAR

Table 1: Duquesne-Ottoman Property Inferred Mineral Resources Breakdown by Zone. Minimum 3g/t Au cut-off, 2.5m Horizontal width.

ZONE	TONNES	Au g/t (Cut to 30 g/t Au)	Au g/t (Uncut)	Ounces (Cut)	Ounces (Uncut)	Average HorizontalWidth (m)
Liz	1,343,000	4.64	4.64	200,000	200,000	7.26
Fox	921,000	7.43	9.54	220,000	282,000	5.43
Nip-Nord	361,000	5.92	6.13	69,000	71,000	5.79
Nip-Sud	129,000	6.51	21.13	27,000	88,000	2.86
South Shaft	162,000	6.08	6.29	32,000	33,000	3.14
Shaft	468,000	4.51	4.51	68,000	68,000	2.82
Stinger	365,000	3.90	3.90	46,000	46,000	5.87
20-20	422,000	4.80	4.80	65,000	65,000	6.23
TOTAL	4,171,000	5.42	6.36	727,000	853,000	5.71

Mineralisation

The Duquesne-Ottoman Project hosts broad, structurally controlled zones (with sericite, carbonate, silica and hematite alteration) within which there are anomalous levels of gold mineralisation that is associated with varying degrees of quartz-carbonate-pyrite alteration. The boundaries of the zones are not sharp and the intensity of alteration associated with them is quite variable. The zones can be difficult to define at high cut-off levels but are quite continuous at low cut-off levels which resulted in some differences between the interpretations for high grade zones completed by previous operators.

Within the zones single or multiple quartz-carbonate veins exist and, in some of the drill holes with better results there a number of consecutive, well-mineralised assay intervals within a particular zone.

Gold mineralisation has been interpreted as being hosted by five significant zones that all strike roughly east-west and dip from 65° to 90° south. One of these zones, the Shaft Zone, has two minor sub parallel zones associated with it: the South Shaft and the North Shaft. From south to north the major zones are:

1. LizZone: striking parallel to sub-parallel to DPFZ and hosted by sheared and widely altered (carbonate-sericite) mafic volcanic with locally increased quartz-carbonate-pyrite alteration associated with better gold mineralisation;
2. South Zone: poorly defined by drilling but similar to the Liz and possibly the faulted eastern extension of Liz;
3. Shaft Zone: generally occurs in east-west striking highly foliated mafic volcanic near the contact of massive and pillowed flows and felsic intrusive quartz-feldspar porphyries and syenite, (the South Porphyry in particular). Locally the zone cuts and is hosted by felsic intrusive;
4. Fox Zone: an east-west striking zone near or along the south contact of the North Porphyry but mostly occurring in altered mafic tuff;
5. 20-20 Zone: The 20-20 Zone is a mineralized E-W trending, subvertically dipping shear zone located along the northern margin of a large quartz feldspar porphyry intrusion adjacent to the southern margin of the Duparquet Formation, a Temiskaming-type metasedimentary basin. Gold mineralization occurs proximal to the contact within sericitized, hematized and brecciated quartz feldspar porphyry dikes. The geological and structural setting is remarkably similar to both the Beattie and Donchester gold deposits, currently being developed by Clifton Star Resources on claims adjacent to the Duquesne-Ottoman property;
6. East Stinger Zone: in and near the North Porphyry (actually appearing as a series of dykes on section) near the north contact of the porphyry adjacent to mafic intrusive; and

7. Nip Zones: The Nip Nord and Nip Sud zones are the western extension of the E-W trending Nipissing mineralized zone occurring on the adjacent Duquesne Mine property to the east currently being explored by the Clifton Star joint venture. The structures are parallel and dip sub-vertically and cross-cut regional stratigraphy at a low angle. Wide zones of gold-bearing disseminated sulphide mineralization (up to 17m) are typically associated within sheared, silicified, and sericitized host rocks which commonly contain breccia fragments of other host rocks.

Adjacent Properties

In addition to the current resource estimated for the Duquesne-Ottoman property, adjacent properties also contain historic or current gold resources (figure 2).

Immediately adjacent to the west of Duquesne-Ottoman, Clifton Star Resources released a NI 43-101 compliant resource estimate on the Donchester property on July 15, 2011 with 1.29 million ounces gold at a grade of 1.84 g/t Au in the indicated category and an additional 306,000 ounces gold at 2.02 g/t Au in the inferred category in near surface, open-pit resources and 28,000 ounces gold indicated and 95,000 ounces gold in the inferred category in an underground resource. On the adjacent Beattie property the company reported a resource of 1.72 million ounces gold in-pit at 1.67 g/t Au in the inferred category.

The Pitt property, located immediately adjacent to the southwest of the Duquesne-Ottoman property and immediately west of the Duquesne West block, is held by Brionor Resources Inc. On 20 June 2011 the company published the results of a NI 43-101 compliant resource estimate on the property and reported the presence of 151,000 ounces of gold at a grade of 7.83 g/t in the indicated category and an additional 106,000 ounces at 6.91 g/t Au in the inferred category.

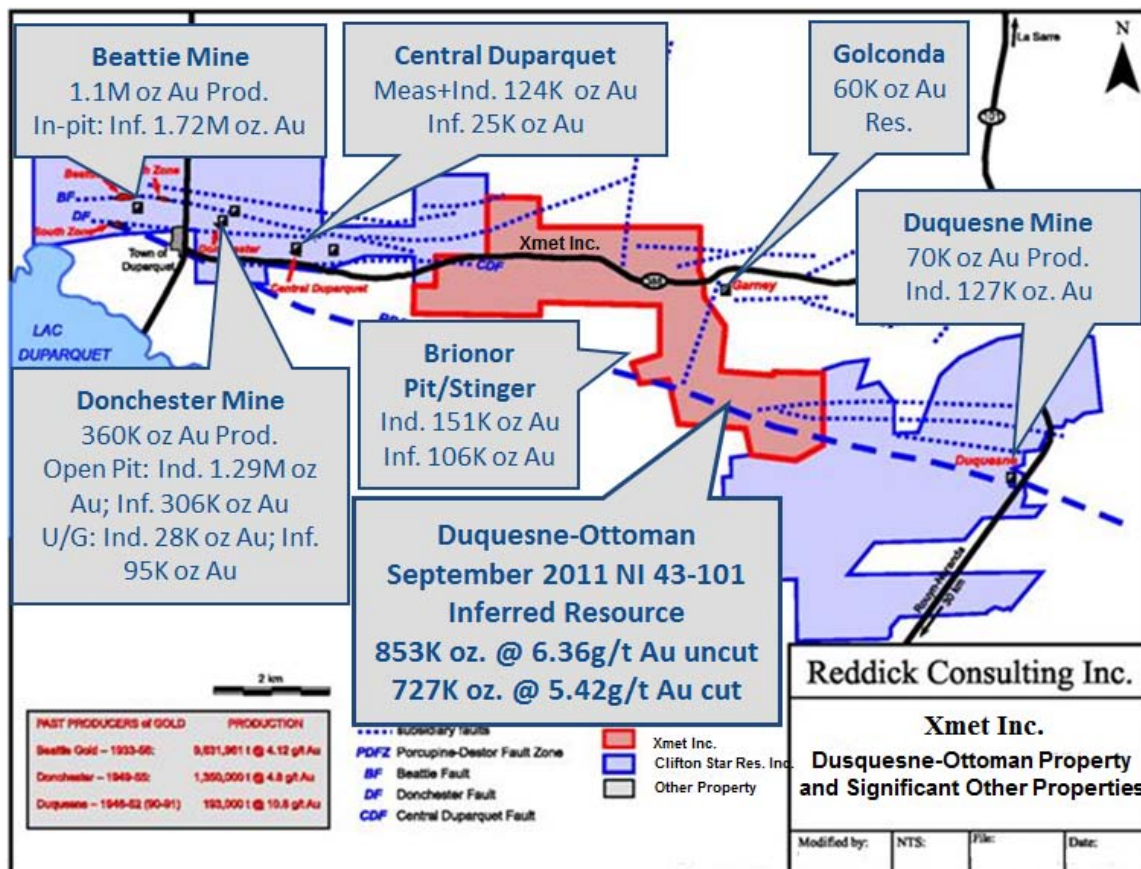


Figure 2: Summary of Resources on Duquesne-Ottoman and adjacent properties.

To the east, the Duquesne mine property is being explored by the Clifton Star Resources. The old Duquesne mine produced 70,000 ounces of gold and on 26 July 2011 Clifton Star Resource published a NI43-101 compliant indicated resource of 127,000 ounces at a grade of 6.44 g/t Au.

To the northeast the Golconda zone (also called the Garney zone), located on the Goldcorp Resources property immediately to the northeast of Duquesne-Ottoman, a small historical resource of 60,000 ounces Au (non NI 43-101 compliant) has been estimated. The mineralized zone was delineated in drill hole and extends to within 100m of the property boundary.

Recent Results

Trenching and Channel Sampling

Stripping and channel sampling of the Shaft and 20-20 zones were completed in August and September along with extensions to the trenching on the Shaft Zone. All the trenches have been mapped in detail

and channel sampled with a diamond bladed rock saw. The trenching program was designed to expose mineralization and structural controls at the 20-20 Zone and Shaft Zones.

1 – Shaft zone

On surface the Shaft Zone shows the general N285 Z shape contact between the North porphyry (QFP) to the north and the volcanic flows to the south. We observed many other smaller QFP (1 to 5 meters) that are mostly oriented N070. These smaller dykes pinch and swell and lack lateral continuity. The mineralized zone, inside a shear zone, seems to be parallel to one of the dykes that strikes N070 degrees. The better gold values are observed inside a shear within the QFP. The volcanics can also carry anomalous gold values.

The mineralized zone observed on surface that trends N070 is considered to be the Shaft zone. The N-shaft zone is interpreted to be striking N090 so both zone are meeting on trench 4 (to the east), where they are expected to be 30 meters apart on trench 1 (to the west). Highlights of this sampling along the 130m length of anomalous gold zone are shown in figures 3, 4 and 5.

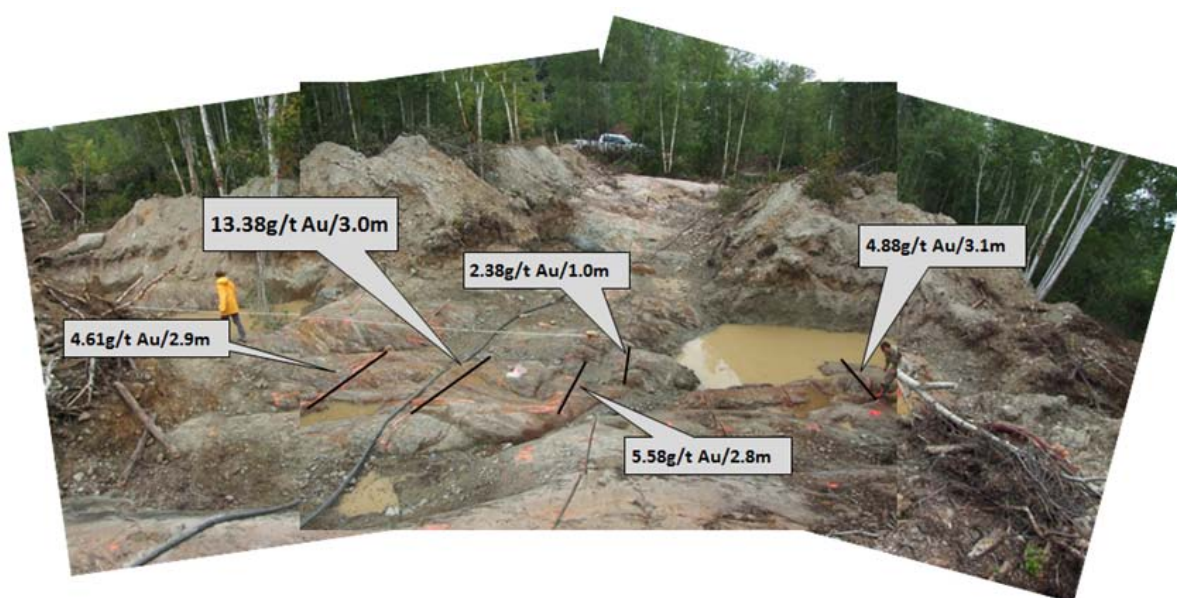


Figure 3: Photo-Mosaic of Trench 4, Shaft Zone, looking north showing selected channel sampling results. The Shaft shear zone shows as iron-staining in andesite and QFP due to oxidation of sulphides. North Porphyry outcrops in the back of the photo.

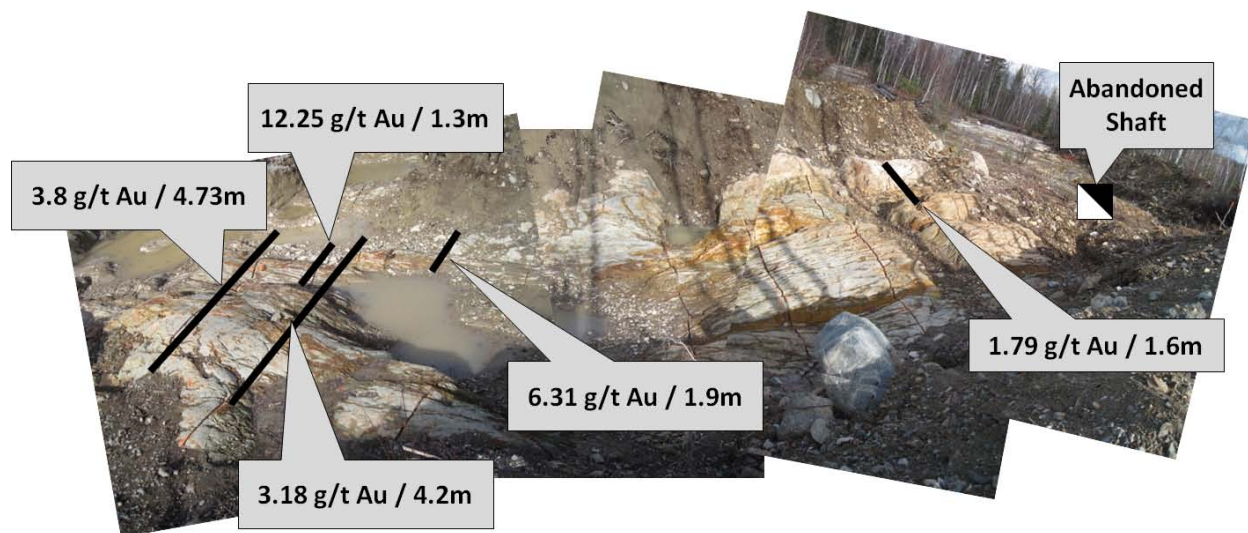


Figure 4: Photo-Mosaic of Trench 2, Shaft Zone, looking north showing selected channel sampling results. The old abandoned shaft is located on the right.

Plotting of the surface results along with previous drill holes, at least those holes that can be reasonably positioned, shows that the N070 trending Shaft zone is nearly vertical. As a result of the trenching some drill hole intersections that were previously interpreted to belong to the N-Shaft Zone are now interpreted to be part of the Shaft Zone.

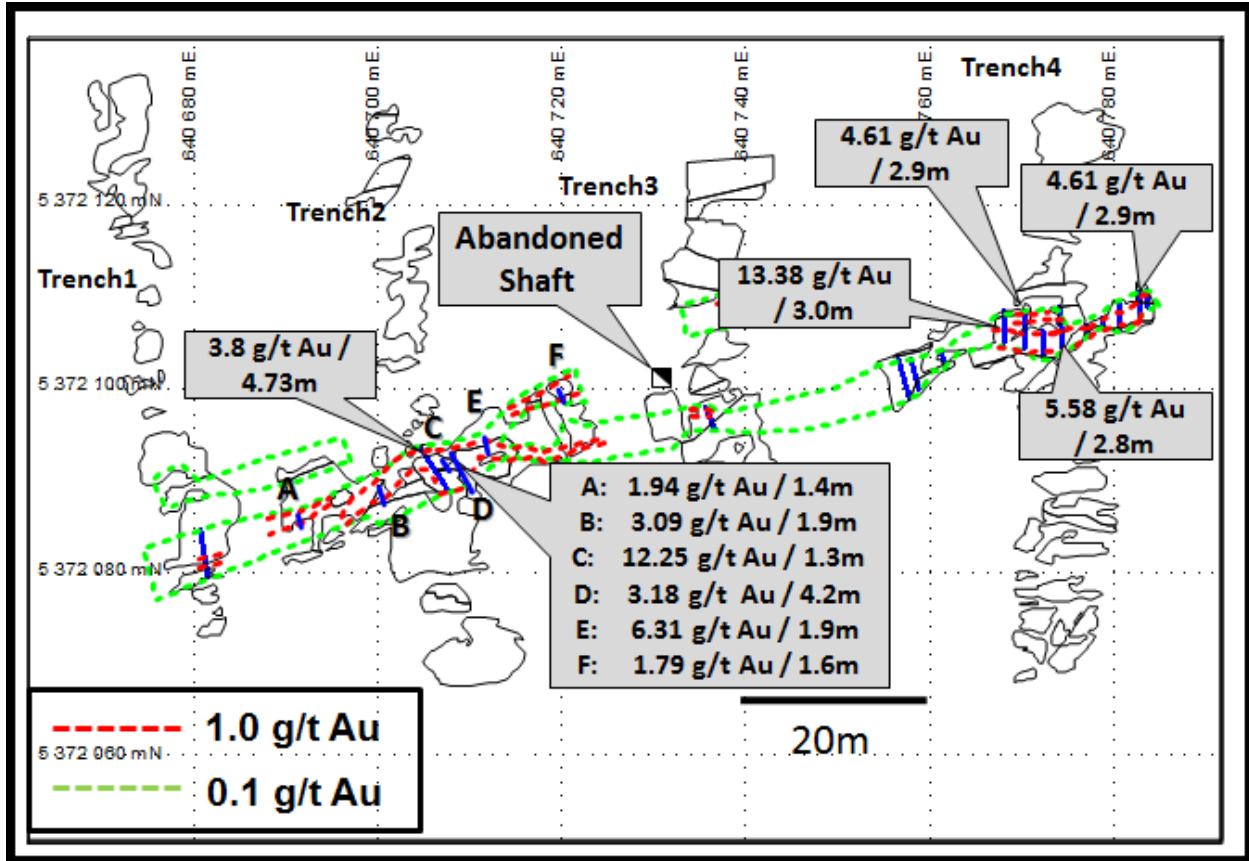


Figure 5: Map of trenching on Shaft Zone with some current and historic drill hole results.

Close to surface, the Shaft zone stays open to the west for at least 200m along strike. To the east the zone intersects the North Porphyry dyke and projects along the same N070 degree azimuth to the area of surface projection of the 20-20 Zone. However it is impossible at this point to do more trenches to the east due to proximity of the beaver dam and a creek that runs from it to the south.

2 – 20-20 zone

At 20-20, the two most eastern trenches show intensively fractured, carbonated mafic pillow flow in contact with the North Porphyry dyke. The contact between the two units is East-West, a fault oriented N030 is showing a horizontal sinistral displacement of a least 10m and probably more.

On the two most western trenches, we observed an E-W contact between a QFP and a breccia. The breccia is not present on the two most eastern trenches. We have try to verify if the breccia was more like a plug with the contact striking E-W and then turning N-S between trench 2 and trench 3 or if it was

shift to the north by a N-S trending fault. Unfortunately, the bedrock started to drop to below 3m and we had to stop before we could confirm anything.

We have not been able to reach the bedrock where the zone is expected on surface. It is likely that the zone probably subcrops beneath the overburden to the north of the trenches and we just missed the zone by a few meters. In the drillhole the zone was near the contact of the QFP and a gabbro. However the gabbro was not observed on surface in the trenches.

The results from the breccia on the trench from the 20-20 zone also have not returned significant values. This was expected and does not downgrade the potential of the 20-20 Zone. The breccia occurs on the south side of the zone and is exposed in the trenching but the mineralized zone itself occurs in a low-lying area to the north and was not exposed in the trenching.

Drilling

Drilling started on September 12 with 2 rigs with Forage Rouiller as the drilling contractor. At the end of October 3,789.5 metres were completed with 25 holes either completed or in progress. Refer to table 2 for a summary of drilling statistics as of 31 October, 2011.

1 - Shaft Zone

As of the end of October, a total 21 holes have been completed on the near surface Shaft Zone for a total of 2,279.5m of the approximately 2,800 planned metres on the Shaft zone at shallow depth (0-100m vertically).

Table 3 and figure 6 show all the Shaft zone intersections with the results received so far within the first 11 drill holes (the intersections are selected to make the 3.0 g/t Au over 2.5m horizontal when possible).



Table 2: Summary diamond drilling statistics as of 31 October, 2011 on Duquesne-Ottoman Project.

Hole ID	Easting	Northing	AZ(avg)	Dip(avg)	Starting date	Depth (m)	Ending date	Samples	QAQC	Cummulative
DO-11-34	640184	5372042	354.5	-54.9	2011-sep-12	591	2011-sep-22	131	16	591.0
DO-11-35	640817	5372064	339	-55.8	2011-sep-13	120	2011-sep-14	44	4	711.0
DO-11-36	640817	5372064	338.2	-63.6	2011-sep-14	150	2011-sep-15	69	8	861.0
DO-11-37	640807	5372090	339.2	-45	2011-sep-15	51	2011-sep-15	17	2	912.0
DO-11-38	640807	5372090	337.9	-61.7	2011-sep-15	84	2011-sep-18	35	4	996.0
DO-11-39	640785	5372083	335.6	-44.1	2011-sep-19	51	2011-sep-19	34	4	1,047.0
DO-11-40	640785	5372083	335.4	-62.7	2011-sep-19	81	2011-sep-20	54	6	1,128.0
DO-11-41	640793	5372056	340.7	-56.2	2011-sep-20	120	2011-sep-22	20	2	1,248.0
DO-11-42	640793	5372056	337.08	-63.52	2011-sep-22	150	2011-sep-26	49	6	1,398.0
DO-11-43	640771	5372051	339.72	-53.92	2011-sep-26	120	2011-sep-27	69	8	1,518.0
DO-11-44	640771	5372051	336.95	-61.35	2011-sep-28	150	2011-sep-29	80	10	1,668.0
DO-11-45	640762	5372078	338.1	-44.06	2011-sep-29	54	2011-sep-30	25	4	1,722.0
DQ06-09ext					2011-sep-22	983	2011-sep-30			2,705.0
DO-11-46	640762	5372075	337.62	-62.07	2011-sep-30	81	2011-oct-03	71	8	2,786.0
DO-11-47	640745	5372043	341.48	-57.4	2011-oct-03	120	2011-oct-04	100	12	2,906.0
DO-11-48	640745	5372043	341.2	-63.9	2011-oct-04	130	2011-oct-05	96	12	3,036.0
DO-11-49	640739	5372069	344.8	-55.4	2011-oct-05	70	2011-oct-07	56	8	3,106.0
DO-11-50	640722	5372039	338.4	-58.44	2011-oct-07	120	2011-oct-25	84	9	3,226.0
DO-11-51	640722	5372039	340.94	-41.1	2011-oct-25	132	2011-oct-26	90	10	3,358.0
DO-11-52	640705	5372015	341.45	-47.75	2011-oct-26	150	2011-oct-27	106	12	3,508.0
DO-11-53	640705	5372015	345.82	-61.24	2011-oct-28	110.45	2011-oct-29	67	8	3,618.5
DO-11-54	640712	5372072	341.65	-47.15	2011-oct-30	60	2011-oct-30	54	6	3,678.5
DQ-04-23W							2011-oct-30			
DO-11-55										
DO-11-56	640679	5372018	340.775	-60.725	2011-oct-30	111	2011-oct-31	56	8	3,789.5

Table 3: Summary of mineralized intersections on the Shaft Zone near surface drilling program.

Hole-id	Teta (hole dip)	beta (zone dip)	from	to	core length	Au (uncut)	Au (cut)	zone	hw
DO-11-35	55.2	75	52.75	54.66	1.91	0.34	0.34	shaft-trench	1.51
DO-11-36	-63	75	60.85	61.9	1.05	0.04	0.04	shaft-trench	0.23
DO-11-37	45	75	16.4	19.4	3	3.8	3.8	shaft-trench	2.69
DO-11-38	61.7	75	16.9	22	5.1	11.65	8.77	shaft-trench	3.62
DO-11-39	43.4	75	33.65	36.95	3.3	3.27	3.17	shaft-trench	3.01
DO-11-40	62.7	75	43.5	50.4	6.9	4.1	4.13	shaft-trench	4.81
DO-11-41	56	75	70.8	74.75	3.95	5.91	5.6	shaft-trench	3.09
DO-11-42	63.1	75	82.15	84.4	2.25	0.85	0.85	shaft-trench	1.56
DO-11-43	53.6	75	76.4	80.55	4.15	1.55	1.55	shaft-trench	3.36
DO-11-44	60	75	89.3	92.9	3.6	2.02	2.02	shaft-trench	2.64
DO-11-45	43.9	75	39	42.2	3.2	1.94	1.94	shaft-trench	2.90

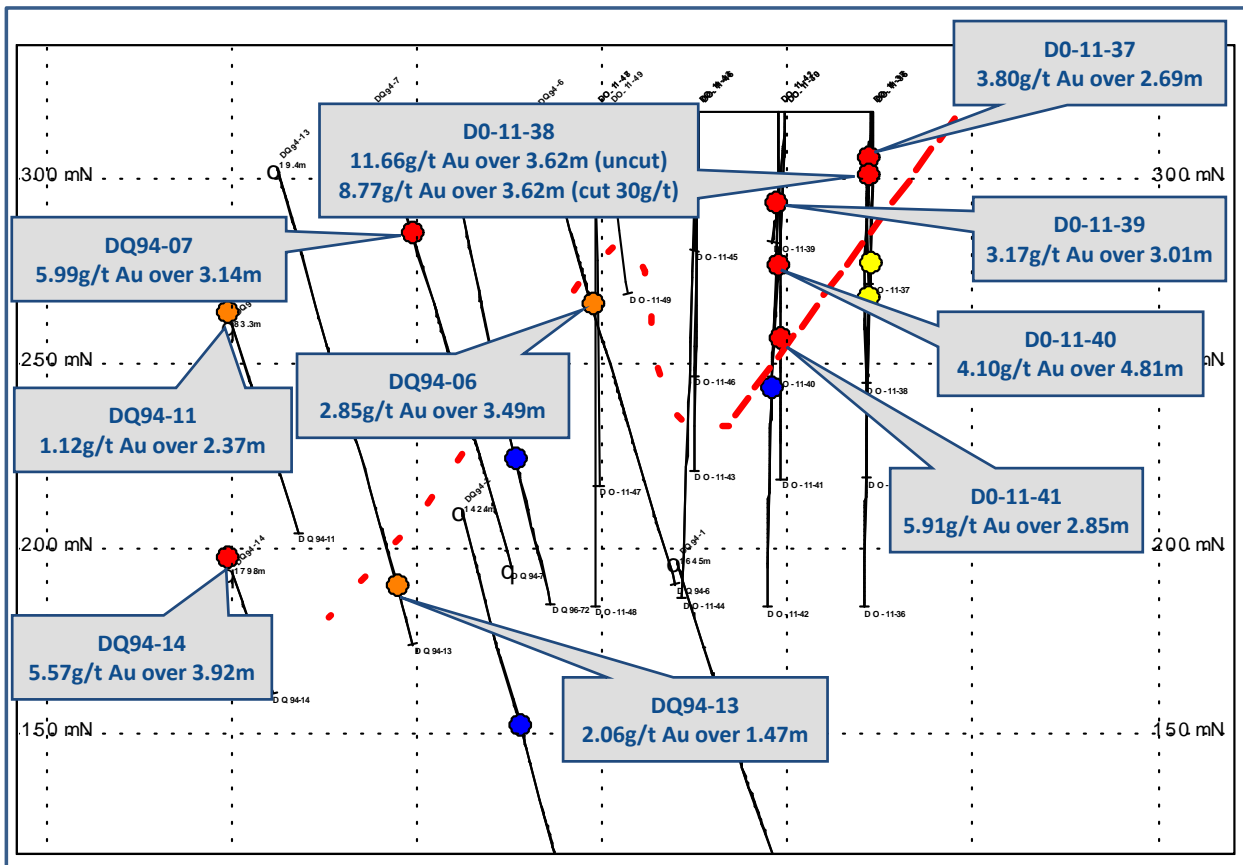


Figure 6: Shaft Zone Vertical Longitudinal Section (looking 340 degrees).

2 – Fox Zone

On the Fox Zone, as of the end of October one new hole and two historical hole extensions have been completed for a total of 1,315.5m over the approximately 4,200m earmarked for the Fox zone from 400 to 800m below the surface.

Commitment and Budgets

Pursuant to the terms of a Mineral Option Agreement with Duparquet Assets Ltd. And subsequent amendments the Company has committed to cash and exploration expenditures totalling \$18,200,000.00 for this project. As of 29 November, 2011 a total of \$2,421,142 was spent in expenditures on the project and total of \$520,000 in payments have been made. At the end of December 2011 management anticipates that a total of \$3M will have been spent on the Duquesne-Ottoman property and that the expenditure commitments for the second year of the option will have been met.