Freeport Resources Inc. is a junior exploration company that discovered several remarkably high grade heavy mineral sand beaches in Labrador, the Hutton Garnet Beaches. Over 1.25 million tonnes high quality garnet is estimated — ample for over 20 years production. Demand is extremely high due to India’s year-long export ban, with retail prices averaging about $500/tonne in North America, well above operating costs. A 5,000 tonne bulk sample has been approved and released from Environmental Assessment. **Our goal is to advance the Hutton project to production.**
Hutton Garnet Beaches

HUTTON GARNET BEACHES, LABRADOR:

- UNIQUE, HIGH GRADE INDUSTRIAL GARNET RESOURCE.
  High quality abrasive suitable for a high-tech cutting technique – waterjet cutting.
- SOUTH BEACH: HIGHEST GRADE PLACER DEPOSIT WORLD-WIDE,
  over 60% average garnet, exceeding 75% locally.
- OVER 1.25 MILLION TONNES GARNET ESTIMATED, AMPLE FOR 20+ YEARS SUPPLY.
- ADVANCED STAGE OF EXPLORATION. 5,000 tonne bulk sample project approved and released from Environmental Assessment.
- LOW VISUAL AND ENVIRONMENTAL IMPACT.
- RAPIDLY EXPANDING USES & DEMAND - ANGULAR GRAINS SUITED TO CUTTING.
- WELL SITUATED TO SERVE NORTH AMERICA & EUROPE.

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ADVANCING TOWARDS PRODUCTION
LOCATION:

- 350 km north of Nain, Labrador
- Between Ryans and Seven Islands Bay
- Beaches are **red on satellite images** (see right) due to significant concentrations of garnet
**NORTH BEACH:**
- Onshore: ~27.0 weight % garnet
- Offshore: ~28.0 weight % garnet
- Approx. 300,000 square metres
- Over 2.2 km in length

**SOUTH BEACH:**
- Onshore: ~63.0 wt.% garnet
- Offshore: 28.0 wt.% garnet
- Approx. 186,000 sq.m., 1.7 km long
- Approx. 775,000 sq.m.

**BEACH FORMATION:**
- Garnet-rich ‘bayhead’ beaches, collecting between headlands.
- Exceptionally high grade, due to garnet-rich country rock.
- Ocean as ‘sluice box’, reworking a heavy mineral rich glacial outwash fan offshore -- refined by waves and wind since the last glaciation.
South Beach:

- Highest grade deposit (~63% garnet).
- Primary target for current development.
- Requires simple processing to upgrade to high quality waterjet product; sizing well suited to waterjet cutting; some for sandblasting.
### NI 43-101 ESTABLISHED RESOURCES (October 2004)

<table>
<thead>
<tr>
<th></th>
<th>Garnet Content (weight %)</th>
<th>Total Area (square metres)</th>
<th>Estimated Resource (tonnes per metre depth)</th>
<th>Estimated Total Depth (metres)</th>
<th>Estimated Total Garnet (tonnes)*1</th>
<th>Estimated Total Garnet (tons)*2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MEASURED RESOURCES</strong></td>
<td></td>
<td></td>
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<tr>
<td>S. Beach Onshore</td>
<td>60</td>
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<td>256,000</td>
<td>2</td>
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<td><strong>Sub-Total</strong></td>
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<td><strong>INDICATED RESOURCES</strong></td>
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<td><strong>Sub-Total</strong></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>918,000</td>
<td></td>
<td>1,308,000</td>
<td>1,439,000</td>
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</tbody>
</table>

*1 256,000 tonnes included as Probable Reserve
*2 Note: Tonne=2205 lbs., Ton = 2000 lbs (Canadian metric tonne x 1.1 = US short ton)
EXTRACTION PLAN:
- Similar to small scale sand & gravel operation. Seasonal, over a few weeks in summer. Most processing off-site.

PRODUCTION PROFILE:
- Full scale production anticipated at about 20,000 tonnes per year garnet product. South Beach could sustain a 20,000 tonnes annually for over 20 years -- small in comparison to volume of sand at the site (1.25 million tonnes preliminary estimates).

LIMITED IMPACT:
- Extraction concept: Removal of thin sand layers in areas of accumulation in the active beach. Wind and storms will quickly erase traces of work – minimal visual or environmental impact.
- High grade of South Beach deposit means 0.72 ha (1.8 acres) 1 metre deep would produce 10,000 tonnes garnet concentrate.

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HUTTON HIGHLIGHTS
- World class garnet discovery, unique world-wide.
- Significant NI 43-101 garnet resource identified.
- High grades; flat & continuous; on tidewater; no overburden.
- Garnet distribution at South Beach has been well identified – geologic risk minimized.
- Hutton garnet is “hard-rock” quality and has performed well in many abrasive waterjet tests.
- Target markets are eastern North America as well as Europe.

PROJECT STATUS
- 5000 tonne bulk sample at South Beach released from Environmental Assessment.
- Permits underway for summer 2017.
- Full scale Feasibility Study & plant design upcoming.

PROJECT ECONOMICS
- Resource of sufficient size/grade to support >20 year mine life @ production rate of 20,000 TPA.
- Greater production capacities may be considered, depending on market demand.
- Technically feasible, without need for significant infrastructure.
- Low upfront capital costs (beach placer mining advantage).
- Strong garnet economics — selling price of garnet far exceeds project costs.
- Significant garnet prospective land holdings offshore remain largely untested.
ADVANTAGES OF HEAVY MINERAL SANDS

Beach placer vs. hard rock mining:
- Faster timeline to production
- Reduced Capital Costs
  - no drilling, blasting or crushing
  - less complex plant
  - simple mineral separation, no dust
- Shorter payback period
- Scalability
- Reduced footprint
- Lower technical risk
  - on surface deposit; no stripping
  - Red garnet mineralization is easily seen

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HUTTON GARNET:

HARD ROCK QUALITY IN A BEACH GARNET

- Hard rock garnet products are often thought ideal for waterjet cutting, as angular grain shape improves cutting ability. However, hardrock is expensive to mine and process.

**Hutton performs like hard rock**, because of:

- sub-angular grains (geologically ‘young’ deposits)
- few inclusions and fractures – “competent” (tend not to break)

- Placer mines in India & Australia are geologically older with rounded grains; less effective in waterjet cutting, good for sandblasting.

- Producing mines operate at ~8-30% garnet.

HUTTON GARNET:
Angular to sub-angular grains, naturally suited to waterjet cutting
MINERAL PROCESSING:

- Simple, environmentally friendly techniques (wet gravity, magnetic, possibly electrostatic separation & screening).
- Sizing naturally suited to waterjet cutting

PROPOSED FLOW SHEET: (Centre for Industrial Minerals Innovations)
Uses of Industrial Garnet

APPLICATIONS:
- Abrasive Waterjet Cutting
- Sandblasting (cleaner than slag)
- Water Filtration & Coated papers

PRICING & DEMAND:
- Waterjet garnet US$0.15-0.40 per pound, or C$350-925/metric tonne, depending on quality and amount purchased (www.waterjets.org).
- Retail prices for mid-range product are ~C$500 average. **Abrasive blasting** slightly lower cost, but a larger market (i.e. navy, ships), with silica sand being displaced by garnet
- Waterjet market expanding 12% world-wide annually because:
  - Versatile, many uses.
  - Growing applications: Aerospace, large components, precision parts, prototypes, architecture, control panels, 3D, mobile, industrial, art, underwater cutting, quarries, tire recycling, military applications, museum exhibits, signage, trade show exhibits, etc.
**Hutton Garnet**

- **Hutton garnet is high quality:**
  - natural sizing, shape and quality **remarkably well suited** to abrasive waterjet cutting.
  - No dust to clog waterjet nozzles, commonly known in products from southeast Asia.

- Hutton concentrate performs **comparable to other high quality hardrock commercial waterjet products.**
  - Tested in **3 independent industry-wide tests** in the UK, US & Canada.
  - Hutton concentrates made with distinct processing methods **meet or exceed performance** of commercial products. Initial waterjet concentrate ~96% industry leader.
  - **Favourable responses** from waterjet users.
Abrasive Waterjet Cutting

MULTI-AXIS WATERJETS:

- ‘State of the art’ cutting tool
- Precise, complex 3D parts.
- Cuts many materials, from metals like titanium, to composites, by mixing garnet abrasive with high pressure water.
- Aerospace, machined parts, prototypes, signage, etc. ...

http://www.wardjet.com

CONTEMPORARY CUTTING TECHNOLOGY
Bulk Sampling

BULK SAMPLING:

- **Tug and 2 barge loading scenario**, as site has no infrastructure.
- Smaller landing barge beached as **temporary dock** for larger loading barge.
- Bulk sample to confirm logistics for commercial production, finalize pilot plant design, fine-tune sizing of garnet products, and **complete Feasibility Study**.
2019 - 2022 OBJECTIVES

- Use results from test mining, processing & marketing to Update NI 43-101 resource estimate, and complete Feasibility study, based on Business Plan research.
- Continued community engagement, including Impact and Benefits Agreement.
- Mine Permitting.

PROPOSED EXPENDITURES

- 5000 tonne bulk sample
- Feasibility Resource Estimates
- Environmental Baseline & Related Permitting
- Metallurgy/Plant Design, Plant & Set-up
- Mine Design/Planning
- Permitting/Operating Costs

ESTIMATED TOTAL: Approximately $3.5m