

# Blue Note and Critical Elements announce updated prefeasibility study and resource estimate for the Croinor gold project

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MONTREAL, Feb. 22, 2012 /CNW Telbec/ - [Blue Note Mining Inc.](#) ('Blue Note') and [Critical Elements Corporation](#) ('Critical Elements') announce results from the updated Prefeasibility and Mineral Resource Estimate (the 'Prefeasibility Study') for their jointly owned Croinor gold project located near Val d'Or, Quebec. The Prefeasibility Study was completed by InnovExplo Inc. with the participation and contribution of Golder Associates, Genivar and other contractors, and confirms the project's positive economics.

The Prefeasibility Study includes updated mineral resources/reserves with respect to Measured and Indicated resources. In order to evaluate the impact of the Inferred resources on the project economics with the assumption that the Inferred resources would be converted into Indicated Resources, a second study was completed. A preliminary economic assessment (the 'PEA') that includes Inferred resources potentially viable to mining is presented in the same release. The Inferred resources are all in the immediate vicinity of the Indicated resources. The bulk of the Inferred resources represent a fringe around the Indicated resources and extend to a maximum of 70m and do not have enough drill holes intersects to be categorized as Indicated although it would be relatively easy to convert all or parts of the Inferred into Indicated category by definition drilling. The reader is cautioned that the results of the PEA is preliminary in nature; it includes Inferred mineral resources that are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. The existing mineral reserves and Prefeasibility Study are still current and valid in light of the key assumptions and parameters used in the PEA.

The Prefeasibility Study outlines an underground mining operation using custom milling at a fully permitted milling facility near Val d'Or and projects a five-year mine life. The Prefeasibility Study and PEA will be filed on [www.sedar.com](#) within 45 days of this news release in accordance with Regulation 43-101. Highlights from the Prefeasibility Study and PEA are presented in the following table. All currency in this report is in Canadian dollars unless otherwise noted.

## HIGHLIGHTS OF PREFEASIBILITY STUDY AND PEA((1))

This table compares Mineral Reserves with Mineral Resources potentially viable to mining((2)).

Parameters	Prefeasibility Results	PEA Results(2)
Resources included in Mine Plan(2)	566,872 t at 6.64g/t (3)	583,285 t at 6.64g/t (Measured+Indicated) 105,876 t at 7.13 g/t (Inferred) (3)
Proven & probable mineral reserve	566,872 t at 6.64g/t (3)	N/A
Total contained gold	120,883 oz	124,503 oz (Measured+Indicated) 24,287 oz (Inferred)
Mine life (including 18-month pre-production)	5 years (58 months)	5 years (65 months)
Daily mine production	425 t/day ramping up to 675 t/day in year 4	425 t/day ramping up to 760 t/day in year 3
Gold recovery	97.5%	97.5%

Annual gold production	21.259 to 41,578 oz	22,785 to 47,477 oz
LOM recovered gold	117,956 oz	145,073 oz
Average cash operating cost	\$164/tonne	\$160/tonne
Average cash operating cost	US\$762/oz	US\$731/oz
Capital cost(4)	\$ 37.4 million(4)	\$ 38.5 million(4)
Total cost per ounce	US\$1022/oz	US\$951/oz
Total revenue	\$166 million	\$203.9 million
Total operating cost	\$87 million	\$104.2 million
Total project cost	\$124 million	\$142.7 million
Total operating cash flow (before tax & royalties)	\$47.2 million	\$66.7 million
Estimated mining and income taxes	\$12.5 million	\$18.2 million
Net cash flow (After tax & royalties)	\$31 million	\$42.1 million
Pre-tax NPV (7% discount )	\$30.6 million	\$42.8 million
Pre-tax IRR	57 %	70 %
After-tax NPV (7% discount )	\$21 million	\$28.9 million
After-tax IRR	44 %	53 %
Payback period	38 months	36 months
Pre-production period (including 41,115t of production)	18 months	18 months

(1) Bloomberg base case consensus forecasts as of December 19, 2011				
	2012	2013	2014	2015
Gold price (\$US/oz)	1,834	1,893	1,572	1,506
Exchange rate (\$C/\$US)	1.03	1.01	1.04	1.01

(2) The reader is cautioned that the results of the PEA is preliminary in nature; it includes Inferred mineral resources that are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized

(3) Tonnage and grade take into account the mining dilution and recovery

(4) Includes 17.9M sustaining/working capital in the case of Prefeasibility Study, 19.10M sustaining/working capital in the case of PEA and capitalized preproduction operating costs net of associated revenue in all cases

## OUTLOOK

Blue Note intends to pursue project financing based on this new updated information. Upon successful completion of such financing, Blue Note intends to proceed with mine dewatering and pre-production as outlined in the Prefeasibility Study.

Blue Note intends to evaluate the possibility of mining an open-pit on the western part of the project to reduce capital requirements and generate cash flow that would improve the project economics and accelerate the development process.

## Resource Estimation

The Mineral Resource Estimate was performed by Karine Brousseau, Eng. and Tafadzwa Gomwe, Ph.D., G.I.T., under the supervision of Carl Pelletier, B.Sc., P.Geo, all from the Val d'Or based consulting firm InnovExplo Inc. One of the objectives of InnovExplo's work was to prepare a Mineral Resources estimate in compliance with Regulation 43-101 for the Croinor deposit using 3D block modelling instead of polygonal method like the previous estimates. The effective date of this Mineral Resource Estimate is November 4, 2011.

At a cut-off grade of 4 g/t Au, the Measured Resources contains 80,000 tonnes at 8.41 g/t Au for 22,000 ounces, the Indicated Resources contains 600,000 tonnes at 9.18 g/t Au for 177,000 ounces and the Inferred Resources contains 160,000 tonnes at 8.56 g/t Au for 44,000 ounces.

The Mineral Resource Estimate was made using 3D block modelling and the inverse distance (1/D(6)) interpolation method for a 1,570-m strike-length corridor of the Croinor property and down to a vertical depth of 545 metres below surface on 54 mineralized zones.

InnovExplo compiled drill holes of the Croinor property. The 2010 and 2011 surface drill holes were added up to CR-11-413, which was complete, in term of assays results, at the time of the current Mineral Resource Estimate. The current Mineral Resource Estimate considered 1,219 surface and underground diamond drill holes and covers an east-west distance of 1,530 m on the Croinor deposit.

The database contains a total of 27,655 assays taken from the 122,339 metres of core drilled in 1,219 drill holes. The data base also comprise 4,309 assays taken from 1,927 channel samples compiled by InnovExplo in 2005 (Pelletier C. and Boudrias, G., 2005) combining chip samples from the development headings done between 1983 and 1986.

At a cut-off grade of 5 g/t Au, the Measured Resources contains 59,000 tonnes at 9.81 g/t Au for 19,000 ounces, Indicated Resources contains 447,000 tonnes at 10.78 g/t Au for 155,000 ounces and Inferred Resources contains 102,000 tonnes at 10.90 g/t Au for 36,000 ounces.

For the previous Mineral Resources Estimate made by O'Dowd (2009), the Measured Resources contained 31,192 tonnes at 8.59 g/t Au for 8,615 ounces, Indicated Resources contained 783,036 tonnes at 9.13 g/t Au

for 229,799 ounces and no Inferred Resources.

For the current Mineral Resources Estimate, Inferred Resources were calculated. No Inferred were calculated in the previous estimate. Because additional drilling was done in the lateral extension and at depth in 2010 and 2011, it has been demonstrated that the mineralized zones were continuous outside the area of the known resources and that sufficient information was available to establish the geological and grade continuities of the zones. The Inferred resources of the Croinor deposit are all in the immediate vicinity of the Indicated resources. The bulk of the Inferred Resources represent a fringe around the indicated resources and extend to a maximum of 70m and do not have enough drill holes intersects to be categorized as Indicated although it would be relatively easy to convert all or parts of the Inferred into Indicated category by definition drilling.

After the Mineral Resource Estimate was performed by O'Dowd in 2009, a total of 65 drill holes for a total of 15,390 m were drilled by Blue Note. In order to quantify the impact of the recent drilling on the Mineral Resources, a second calculation of the block model was done without the 2010-2011 drill holes. A total of 47 drill holes and 2,444 assays were removed from the database and the block model was recalculated with the same 3D solids and the same parameters.

The results show that without the 2010 and 2011 drill holes, the Measured Resources contains 59,000 tonnes at 9.81 g/t Au for 19,000 ounces, Indicated Resources contains 430,000 tonnes at 10.79 g/t Au for 149,500 ounces and Inferred Resources contains 65,000 tonnes at 10.61 g/t Au for 22,000 ounces.

There was a decrease of 336,036 tonnes from the 2009 resource estimate to the 2012 estimate based on changes in resource estimation methodology and geological interpretation. Based on results from the 2010 and 2011 diamond drill campaigns, 16,209 tonnes of indicated resources and 37,990 tonnes of inferred resources were added to the 2012 resources.

This exercise demonstrates that the 2010-2011 drilling programs had a positive impact on the mineral resources and that the decrease in Mineral Resources is mainly cause by the change of estimation method. O'Dowd (2009) used polygonal method on cross section and InnovExplo used 3D block modelling with inverse distance power six (1/D(6)).

The table below show the Mineral Resources Estimate with cut-off variation from 3 g/t to 5 g/t Au.

Category	MineralResourceEstimate							
	Cut-off 3g/t Au			Cut-off 4g/t Au			Cut-off 5g/t Au	
	tonnes	g/t	ounces	tonnes	g/t	ounces	tonnes	g/t
Measured	112,395	7.00	25,306	80,517	8.41	21,759	59,390	9.81
Indicated	848,260	7.51	204,726	599,565	9.18	176,866	447,322	10.78
Total								
Measured and indicated	960,700	7.45	230,000	680,100	9.08	198,700	506,700	10.66
Inferred	227,751	7.03	51,512	160,140	8.56	44,071	102,428	10.90

## PREFEASIBILITY STUDY HIGHLIGHTS

### Reserve Estimation

Mineral reserves were classified in accordance with the CIM Definition Standards for Mineral Resources and Mineral Reserves. Mineral Reserves for the project incorporate appropriate allowances for mining dilution and mining recovery according to the selected mining method.

In order to determine the Resource to be converted to Reserve, the MSO (Mineable Shape Optimizer), a Datamine software application, was used. According to specified stope parameters, MSO generates individual stope shapes from the block model.

Two mining methods appear to be most convenient for the Croinor deposit, long-hole retreat and room-and-pillar. In order to select the most appropriate mining method, two MSO runs were completed on the block model using the following parameters for both methods. A small block size was selected in order to obtain results adapted to the narrow vein nature of the deposit.

Long-hole mining method:

- Cut-off grade value: 3.7 g/t;
- Minimal mining width of 1.8 m (stope thickness);

- Mining dilution of 0.4 m on the hanging wall and 0.2 m on the footwall;
- Minimal slope walls angles of 45 degrees;
- Sub-level interval of 13 m (vertical height);
- Spacing interval of 5 m (stope length).

Room and pillar mining method:

- Cut-off grade value: 5.4 g/t;
- Minimal mining width of 1.8 m (stope thickness);
- Maximal mining width of 3 m (stope thickness);
- Maximal slope walls angles of 45 degrees;
- Spacing interval of 5m x 5m (stope size long strike).

The estimated proven and probable reserves are presented in Table below and totalled 120,883 ounces after applying the mining recovery and dilution factor according to the selected method.

Diluted Mineral Reserve Estimate			
Category	tonnes	g/t	ounces
Proven	68,849	6.23	13,789
Probable	498,023	6.69	107,094
Total Reserves	566,872	6.64	120,883

The current study report a lower tonnage and grade leading to lower ounces compared with the 2010 prefeasibility study. Lower tonnage result of changes in resource estimation methodology, geological interpretation and changes in the criterion of resources category. Lower grade is caused by the increase in long hole mining method application. In the current mine plan, 75% of the resources is planned with the long hole method as oppose to 20% in the 2010 prefeasibility study. This method was applied as much as possible due to lower mining cost and higher productivity.

## Ore Recovery and Dilution

The ore recovery and dilution factor applied in the mining plan and reserve calculations were based on rock geomechanical study and on common factors applied to the selected method.

In the long-hole method, as a first step, each stope was evaluated individually and pillar locations were determined according to the geomechanical evaluation. A 95% recovery factor was then applied to the remaining tonnage. A 0.6-meter thickness dilution was initially applied in the MSO parameters. Once compiled, the overall stope resulting dilution was 24%. In order to remain conservative, a 6% dilution factor was added to consider an overall dilution factor of 30% for the long-hole stopes resulting average mining width of 4.0 m including 1.2 m of dilution. The dilution grade was set at 0.0 g/t Au.

The room-and-pillar stopes were evaluated considering a recovery factor of 85%. In the cases where the stope dimension was smaller and considered stable from the geomechanical study, a 100% recovery factor was applied. A dilution factor of 5% was applied to room-and-pillar stopes.

## Cut-off grade

The estimated cut-off grade was calculated using a metal price of \$1205.52 at an exchange rate of 1.07. This metal price reflected the three-year average metal prices as of October 31, 2011 at the time the stope shapes were generated.

The remaining parameters used in the cut-off grade estimation are presented in the following Table.

Cut-off grade parameters		
	Long-hole	Room-and-pillar
Operating Cost	\$150.00/t	\$203.00/t
Mint cost	\$5.00 /oz	\$ 5.00 /oz
Mill recovery	97.5 %	97.5 %
Mining dilution	Included in the MSO parameters	5.0%

InnovExplo is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant issues that would materially affect the Mineral Reserve Estimate. InnovExplo considers the present Prefeasibility Study to be reliable and thorough, based on quality data, reasonable

hypotheses and parameters compliant with Regulation 43-101 and CIM standards with regard to Mineral Reserve and Resource estimates.

## Mining

The proposed mining plan of the Croinor project involves the underground mining of narrow subvertical vein. A large portion of the identified resources presents a dip running below 45 degrees. This dip is unfavorable to long-hole mining since the broken ore does not flow easily on the footwall. It is also unfavorable for room-and-pillar as the dip makes it hard for workers to travel in the stope with the equipment and the material. However, in the recent years, the introduction of electronic detonators demonstrated better results in control in blasting leading to better mining recovery in stopes with low dipping footwall angle.

The mining plan for the Croinor project comprises a combination of conventional and mechanized mining. The approach in this study was to force long-hole mining application by adding dilution to ensure a minimal footwall angle of 45 degrees. When this approach was not convenient, room-and-pillar mining was selected. The use of MSO software permitted this stope analyses by calculating optimized stope shape according to specified mining parameters.

The ore will be transported to surface using a combination of 3.5-yd and 6-yd scooptrams and 30-tons truck. Waste material will either be brought to surface or used to fill mined out stope when possible.

The deposit will be accessed via a ramp. The existing ramp will be restored to level 125 and a new section will be excavated to access all resources. The production drifts will be accessed via crosscuts connecting the ramp. A small portion of the resources will be mined with captive method; however, the haulage will always be mechanized.

## Existing Mine Infrastructure

The Croinor deposit is serviced by a ramp measuring 300m long by 4m high by 4.5m wide (4m x 4.5m) that extends to level 125 (38m), and by a 3-compartment shaft extending 195m deep. Development was completed on four (4) levels: 496 metres on level 125; 560 metres on level 250; 233 metres on level 375; and 730 metres on level 500. Approximately 320 metres of raise development was also completed. The Croinor mine is currently flooded to the portal entrance.

## Production Schedule

InnovExplo developed a preliminary development and production schedule based on the existing underground development. The operation will use a production schedule of two 10-hour shifts, 6 days a week for a total of 300 days per year. The underground mine design provides for a five-year mine plan producing 566,429 tonnes of ore assaying 6.64 g/tonne. Using a mill recovery of 97.5%, a total of 117,950 oz of gold will be produced during this period.

The mining method will have a 75/25 ratio for long-hole mining to room-and-pillar. The mining plan includes all development required to access and mine the mineralized zones. The Table below presents the mine life production schedule.

Prefeasibility Mine Life ProductionSchedule

	Year1		Year2	Year3	Year4	Year5	
	Pre-prod	Pre-prod	Prod	Month25-36	Month36-48	Month49-58	
Long hole							
(t)	0	19,110	53,455	81,966	154,299	112,746	42
Grade (g/t)	0.00	6.05	7.70	5.17	6.18	5.48	
Development							
(t)	4,914	7,623	6,552	20,686	12,726	0	5
Grade (g/t)	5.63	6.40	5.73	5.42	5.75	0.00	
Room and							
pillar (t)	0	4,554	3,522	33,319	34,584	16,374	9
Grade (g/t)	0.00	9.06	6.66	14	8.66	7.41	
Mill							
tonnage							
(mt)	4,914	31,287	63,529	135,971	201,609	129,120	50
Grade (g/t)	5.63	6.58	7.44	7.29	6.58	5.73	

## Processing and Metallurgy

Ore from Croinor will be processed at a mill in the Val-d'Or area which will have excess capacity for the duration of the Croinor operation. Contact has been made with potential custom milling partners and tentative commitments have been arranged for processing the ore. Ore previously mined from the Croinor open pit operations was processed at a mill in the area and, based on actual results achieved during these runs, a gold recovery of 97.5% has been used in this study.

## Infrastructure

A 25 KV transmission line will be extended from the nearby Chimo mine site to the Croinor site to supply electrical power for the site.

The existing roads to and on the site will be upgraded to support vehicle travel to and from the site including the offsite transportation of ore for processing.

The mine will be dewatered and the existing 300-meter ramp and 2-km mine level development will be reconditioned and extended to meet mine requirements. The existing 200-meter deep shaft will be reconditioned and used as a ventilation raise and emergency escape way. Ore and waste will be hauled to surface via ramp.

One existing building will be set up for use as a cold storage building and additional buildings will be erected to serve as dry, offices, garage and core shack.

## Environmental Studies and Permitting

The Certificate of Authorization (CofA) for operating a mine was delivered to Blue Note from MDDEP in September 2010. Other studies and permits with respect to environment, rehabilitation, crown pillar required to operate a mine are also completed. Other miscellaneous accessory permits will be obtained once project is started upon completion of financing.

## Operating Costs

Operating costs over the life of mine are projected to average US\$762 per oz. The cost distribution is as follows:

Summary of Total Life-of-Mine Operating Costs				
Description	Total cost		Unit cost	
Definition drilling	\$2,332,270	4.40 \$/t	20.44 US\$/oz	
Stope development	\$16,039,477	30.25 \$/t	140.55 US\$/oz	
Mining	\$19,372,502	36.54 \$/t	169.76 US\$/oz	
Blue Note staff	\$10,847,925	20.46 \$/t	95.06 US\$/oz	
Contractor (indirect cost)	\$10,885,100	20.53 \$/t	95.38 US\$/oz	
Surface services	\$189,508	0.36 \$/t	1.66 US\$/oz	
Energy cost	\$4,482,168	8.45 \$/t	39.28 US\$/oz	
Milling and transportation	\$22,055,439	41.60 \$/t	193.27 US\$/oz	
Environment	\$779,739	1.47 \$/t	6.83 US\$/oz	
Total	\$86,984,128	164 \$/t	762 US\$/oz	

## Capital Costs

The pre-production costs are estimated at \$19.49 million, including \$1.23 million of capitalized operating costs net of production revenue received during the pre-production period. Sustaining capital is estimated at \$17.88 million, excluding \$0.66 million for final closure costs. The cost breakdown is presented in the Table below.

Description	Capital expenditure breakdown		Total cost
	Pre-production	Sustaining	
Capitalized operating cost	\$16,363,677		\$16,363,677
Capitalized revenue	-\$15,133,846		-\$15,133,846
Dewatering and rehabilitation	\$1,249,609		\$1,249,609
Development	\$4,537,911	\$10,760,313	\$15,298,224
Ventilation equipment	\$340,075		\$340,075
Mine dewatering	\$442,718	\$56,614	\$499,331
Surface installation and equipment	\$2,081,591	\$670,628	\$2,752,219
Electrical distribution	\$6,029,064	\$1,232,000	\$7,261,064
Mobile equipment	\$2,955,638	\$4,903,494	\$7,859,132
Environment	\$371,596	\$258,162	\$629,758
Contractor demobilization	\$255,642		\$255,642
Total capital expenditures	\$19,493,675	\$17,881,210	\$37,374,885

## Economic Analysis

An after-tax model was developed for the Croinor project. All costs are in 2010 Canadian dollars with no allowance for inflation or escalation.

The Croinor project is subject to the following taxes:

- Quebec mining rights;
- Federal and provincial taxes.

The income tax rate is 26.9% (2012 federal and Québec tax rate) and the mining tax rate is 16% (2012) rate and will be sanctioned as proposed in May 2011 bill.

It is assumed that Blue Note and Blue Note's wholly-owned subsidiary, X-Ore Resources Inc. ('X-Ore'), will proceed with a vertical amalgamation. This vertical amalgamation will allow the available non-capital losses of Blue Note and X-Ore to be used by the resulting corporation to offset any future income derived from its mining activities.

The economic valuation of the project was performed using the Internal Rate of Return (IRR) and Net Present Value (NPV) methods. The IRR on an investment is defined as the rate of interest earned on the unrecovered balance of an investment. The NPV method converts all cash flows for investments and revenues occurring throughout the planning horizon of a project to an equivalent single sum at present time at a specific discount rate. The discount rate used in the analysis is 7%. According to the NPV method, a positive NPV represents a profitable investment where the initial investment plus any financing interest are recovered.

The following parameters were considered in the financial analysis:

An average gold price of US\$1495/oz and an exchange rate of 1.03 CA/US which correspond to the Bloomberg consensus estimate of December 19, 2011. It also considers that the pre-production would be initiated in April 2012.

## PEA HIGHLIGHTS

The objective of the PEA was to evaluate the impact of the Inferred Resources on the project economics with the assumption that the Inferred resources would be converted into Indicated Resources with future definition drilling. The PEA was evaluated in using the same methodology and parameters as in the Prefeasibility Study except that Inferred Resources potentially viable to mining were included in the mine plan. Additional development was required to advance the ramps 45 metres below the last elevation reached in the prefeasibility mining plan. The Resources potentially viable to mining resulting from the assessment are presented in the Table below. Mining dilution and recovery factors are considered in the numbers presented. The existing mineral reserves and Prefeasibility Study are still current and valid in light of the key assumptions and parameters used in the PEA.

The reader is cautioned that the results of the PEA is preliminary in nature; it includes Inferred mineral

resources that are too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized

#### Resources Potentially Viable ToMining

Resources Potentially Viable to Mining  
(Tonnage considered in the PEA assessment)

Category	Undiluted tonnes	cut-off g/t	5 g/t Au ounces
Measured	75,006	6.31	15,228
Indicated	508,279	6.69	109,275
Total Measured and Indicated	583,285	6.64	124,503
Inferred	105,876	7.13	24,287

The results of the mine plan prepared for the PEA assessment is described in the table below.

PEA Proposed ProductionSchedule	Year 1		Year2	Year 3	Year 4	Year 5	Year 6	
	Pre-prod	Pre-prod	Prod	Month 25-36	Month 36-48	Month 49-60	Month 61-65	
Long hole (t)	0	19,110	54,242	86,863	161,232	163,264	22,175	50
Grade (g/t)	0.00	5.99	7.66	5.06	6.13	5.97	7.63	
Development (t)	4,914	7,623	6,552	20,686	12,726	0	0	5
Grade (g/t)	5.61	6.39	5.73	5.34	5.75	0.00	0.00	
Room and pillar (t)	0	4,554	8,971	39,552	53,858	22,847	0	12
Grade (g/t)	0.00	8.89	7.80	12.40	8.42	7.68	0.00	
Mill tonnage (mt)	4,914	31,287	69,765	147,101	227,816	186,111	22,175	60
Grade (g/t)	5.61	6.51	7.50	7.07	6.65	6.18	7.63	

## Operating Costs

Operating costs for the proposed production schedule are estimated at an average of US\$731 per oz. The cost distribution is as follows:

PEA Summary of Total Life-of-Mine OperatingCosts				
Description	Totalcost		Unitcost	
Definition drilling	\$2,414,540	3.70 \$/t	16.94 US\$/oz	
Stope development	\$19,670,429	30.12 \$/t	138.07 US\$/oz	
Mining	\$24,925,440	38.17 \$/t	174.96 US\$/oz	
Blue Note staff	\$12,817,511	19.63 \$/t	89.97 US\$/oz	
Contractor (indirect cost)	\$11,164,056	17.10 \$/t	78.36 US\$/oz	
Surface services	\$207,556	0.32 \$/t	1.46 US\$/oz	
Energy cost	\$4,920,617	7.54 \$/t	34.54 US\$/oz	
Milling and transportation	\$27,160,968	41.60 \$/t	190.65 US\$/oz	
Environment	\$902,396	1.38 \$/t	6.33 US\$/oz	
Total	\$104,183,512	160 \$/t	731 US\$/oz	

## Capital Costs

The pre-production costs are estimated at \$19.38 million, including \$1.12 million of capitalized operating costs, net of production revenue received during the pre-production period. Sustaining capital is estimated at \$19.10 million, excluding \$0.66 million for final closure costs. The cost breakdown is presented in the Table below.

Description	PEA Capital expenditurebreakdown		
	Pre-production	Sustaining	Total cost
Capitalized operating cost	\$16,116,179		\$16,116,179
Capitalized revenue	-\$14,999,058		-\$14,999,058
Dewatering and rehabilitation	\$1,249,609		\$1,249,609
Development	\$4,537,911	\$11,976,753	\$16,514,665
Ventilation equipment	\$340,075		\$340,075
Mine dewatering	\$442,718	\$56,614	\$499,331
Surface installation and equipment	\$2,081,591	\$670,628	\$2,752,219
Electrical distribution	\$6,029,064	\$1,232,000	\$7,261,064
Mobile equipment	\$2,955,638	\$4,903,494	\$7,859,132
Environment	\$371,596	\$258,162	\$629,758
Contractor demobilization	\$255,642		\$255,642
Total capital expenditures	\$19,380,964	\$19,097,651	\$38,478,615

## SENSITIVITY ANALYSIS

Sensitivity of the Croinor project to certain operating and financial factors has been analyzed in order to determine the robustness of the investment to the variation of these factors to those estimated.

The sensitivity has been carried out on the economic model of the project and is represented as changes to the discounted Net Present Value (NPV) from the Bloomberg base case. The factors considered to have the greatest impact are the ore grade, gold price, operating cost and capital cost. The following table demonstrates the impact of 10% and 20% changes in these parameters on the project undiscounted NPV

Prefeasibility Study Sensitivity Analysis - NPV(\$M)					
Parameter	Change				
	-20%	-10%	Base Case	10%	20%
Ore grade	5.7	13.5	21.0	28.5	36.0
Gold price	5.7	13.5	21.0	28.5	36.1
Operating cost	29.2	25.1	21.0	16.9	12.44
Capital Cost	28.3	23.9	21.0	18.1	15.18

PEA Sensitivity Analysis - NPV(\$M)					
Parameter	Change				
	-20%	-10%	Base Case	10%	20%
Ore grade	11.05	20.04	28.9	37.7	46.5
Gold price	10.6	19.8	28.9	38.0	47.1
Operating cost	38.4	33.7	28.9	24.1	19.2
Capital Cost	34.8	31.8	28.9	25.9	22.9

## Qualified Persons

The overall content in this news release has been prepared, reviewed and approved by Stephane Dubois, P.Eng., Vice-President, Operations of Blue Note Mining Inc.; Qualified Person as defined under Regulation 43-101 guidelines.

The Resources Estimate was prepared under the supervision of Carl Pelletier, P.Geo, consulting geologist with InnovExplo Inc. Mr. Pelletier is a qualified and independent person in accordance with NI 43-101 and has reviewed and approved the technical contents of this news release pertaining to resource estimation of the technical report he prepared and authored.

The Prefeasibility Study and the PEA was prepared under the supervision of Sylvie Poirier, P.Eng., senior engineer with InnovExplo Inc. Ms. Poirier is a qualified and independent person in accordance with NI 43-101 and has reviewed and approved the technical contents of this news release pertaining to the Prefeasibility Study and the PEA she prepared and authored.

A technical report NI 43-101 compliant containing the results of the Resource Estimate and the Prefeasibility

along with a Technical report NI 43-101 compliant presenting the PEA are currently being prepared by InnovExplo and will be filed on SEDAR by Blue Note within 45 days of this news release.

### **About Blue Note Mining**

Blue Note Mining is a mineral exploration and mining company headquartered in Montreal with properties located in known gold regions of Canada, including the prolific Val-d'Or region of Quebec and northern New Brunswick.

### **About Critical Elements**

Critical Elements is actively developing its 100%-owned Rose lithium-tantalum flagship project located in Quebec.

A recent financial analysis of the Rose Project based on price forecasts of US\$260/kg (\$118/lb) for Ta(2)O(5) contained in a tantalite concentrate and US\$6,000/t for lithium carbonate (Li(2)CO(3)) show an after-tax Internal Rate of Return (IRR) of an estimated 25% for the Rose Project, with an estimated Net Present Value (NPV) of CA\$279 million at an 8% discount rate. The payback period is estimated at 4.1 years. The pre-tax IRR is estimated at 33% and the NPV at \$488 million at a discount rate of 8%. (Mineral resources that are not mineral reserves do not have demonstrated economic viability).

The project hosts a current NI 43-101-compliant Indicated resource of 26.5 million tonnes of 1.30% Li(2)O Eq. or 0.98% Li(2)O and 163 ppm Ta(2)O(5) and an Inferred resource of 10.7 million tonnes of 1.14% Li(2)O Eq. or 0.86% Li(2)O and 145 ppm Ta(2)O(5).

Critical Elements is presently in the tendering process for the various aspects of the feasibility study and has commissioned Genivar to complete an environmental impact study of Rose deposit and Acme Metallurgical Ltd. of Vancouver is carrying out project metallurgy.

Critical Elements' portfolio also includes rare-earth and tantalum-niobium projects in the Rocky Mountains of British Columbia and in Quebec, as well as a 50% interest in the Croinor project, which is located in Quebec and hosts a current NI 43-101-compliant measured and indicated resource of 814,228 tonnes at 9.11 g/t Au, for 238,414 ounces of gold at a 5 g/t cut-off.

### **Forward-Looking Statements**

*This news release contains discussion of items that may constitute forward-looking statements within the meaning of securities laws that involve risks and uncertainties. Although the company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Factors that could cause actual results to differ materially from expectations include the effects of general economic conditions, actions by government authorities, uncertainties associated with contract negotiations, additional financing requirements, market acceptance of the Company's products, technical uncertainties associated with operating an underground mine and competitive pressures. These factors and others are more fully discussed in Company filings with Canadian securities regulatory authorities.*

*'Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.'*

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