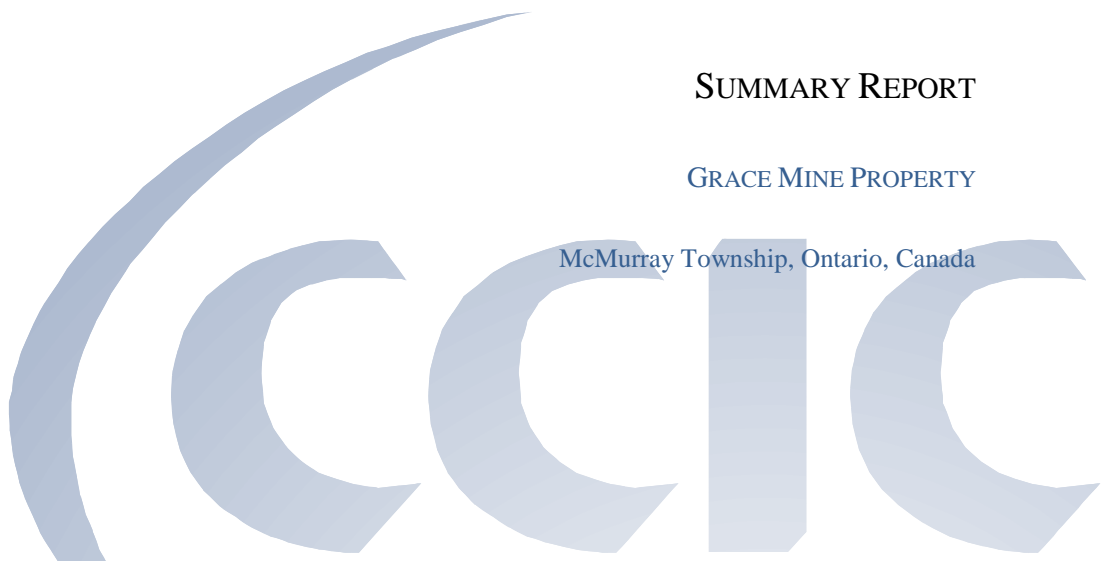


SUMMARY REPORT

GRACE MINE PROPERTY

McMurray Township, Ontario, Canada



ESSAR STEEL ALGOMA INC.
105 West Street,
Sault Ste. Marie, Ontario, Canada
P6A 7B4

Date: February 15, 2013

Prepared By:

CARACLE CREEK INTERNATIONAL CONSULTING INC.
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1.0 HIGHLIGHTS

- The Grace Mine Property is a 1.234 ha claim located within the Michipicoten Greenstone Belt, which hosts several operating and historical gold mines.
- There are six gold occurrences within 1.5 km of the property boundaries, one of which, the Grace Mine, operated intermittently between 1901 and 1944.
- Surluga Gold Mine is 4.5 km from the Grace Property and contains an inferred resource of 32.2 M tonnes @ 1.14 g/t Au (0.2 g/t Au cut-off; Duke, 2012)

2.0 LOCATION AND TENURE

The Grace Mine Property is located approximately 3 km south-southeast of Wawa, northeastern Ontario, in McMurray Twp. The approximate center of the Property in UTM coordinates is: 668141 E, 5312445 N, Zone 16, NAD 83 and in geographic coordinates: 84°44'54.12"W and 47°56'35.68"N.

The Grace Mine Property consists of one freehold patent with area of 1.234 ha (Table 2-1, Figure 2-1). The Property Identification Number ("PIN") of the patent is 31169-0261. Essar has both surface and mining rights on the patent. The PIN is owned 100% by Essar. The patent has no expiry date and the only obligation is to pay land tax on it. The patent is subject to reservations in Crown Grant.

Table 2-1 Essar's tenure for the Grace Mine Property

MNDMF patent number	Land Registry Pin No.	MPAC Roll Number	Township	Area (ha)	Name
DJ97	31169-0261 LT	577600001644401	McMurray	1.234	Grace Mine

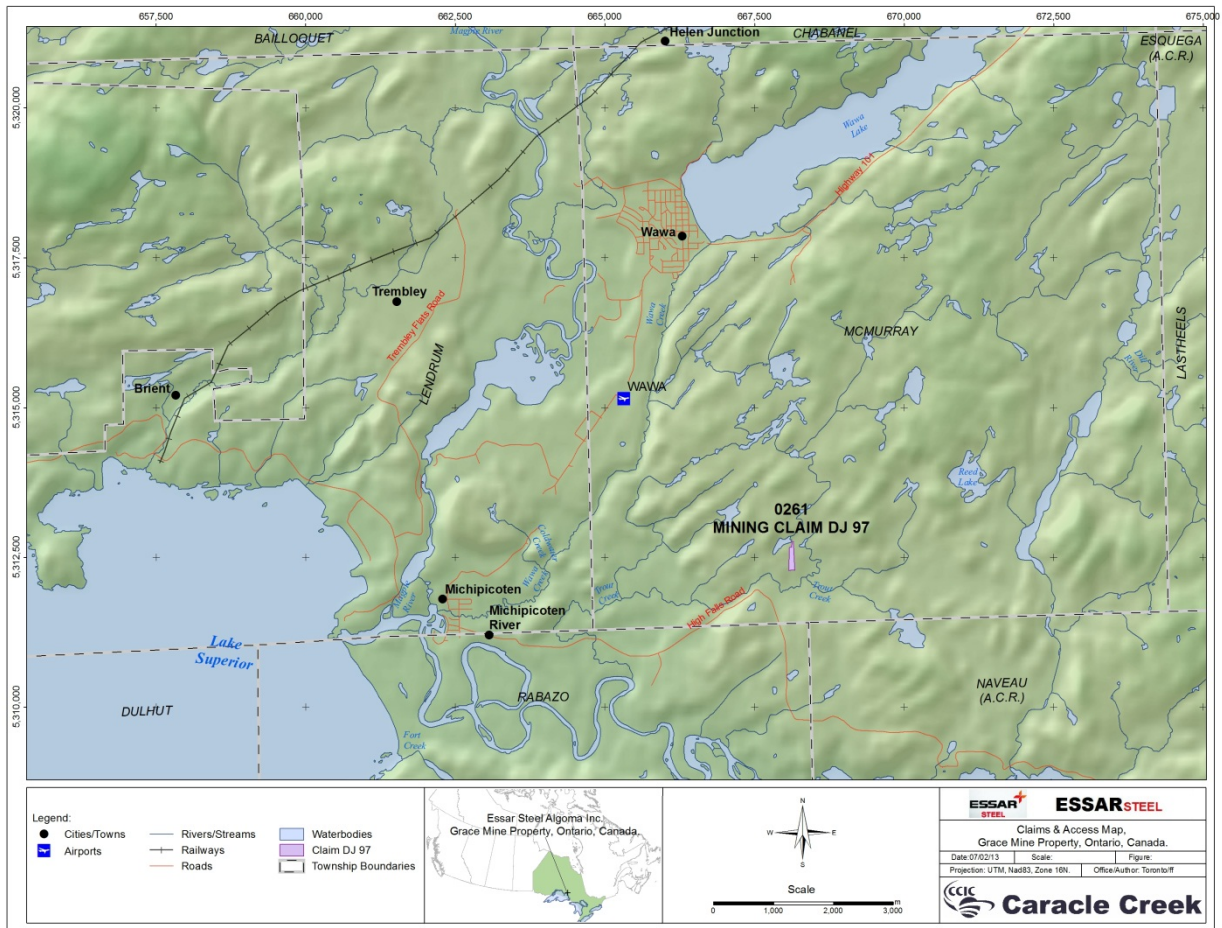


Figure 2-1 Tenure map for the Grace Mine Property

3.0 ACCESS AND INFRASTRUCTURE

The Grace Mine Property is located approximately 3 km south-southeast of Wawa and is approximately 250 m from a gravel road (Surluga Road) that runs south from Hwy 101 approximately 1 km east of Wawa. The nearest airport and the nearest railway tracks to the Property are in Wawa. There are no powerlines on the Property.

The town of Wawa has restaurants, hotels, hospital, and Ontario Provincial Police Station. The town of Wawa could supply most of the needs of an exploration program at Grace Mine. Wawa has an urban

population of 2,634 people in 2011 (Statistics Canada: <http://www.citypopulation.de/php/canada-ua-ontario.php?cityid=394>).

4.0 EXPLORATION HISTORY

There is no information on exploration history on Essar's Grace Mine Property.

5.0 GEOLOGY

The Grace Mine Property occurs within the Wawa Subprovince of the Superior Province. The Wawa Subprovince is an aggregation of Archean greenstone belts and granitoid plutons (Williams et al., 1991). The greenstone belts are composed of metamorphosed komatiite, basalt, dacite and rhyolite and associated metasedimentary rocks dispersed in a sea of granitoid rocks. The Wawa Subprovince is composed of two linear greenstone belts: one along its northern border with the Quetico Subprovince and another in the Mishibishu-Michipicoten-Gamitagama area.

The Grace Mine Property is located within the Michipicoten greenstone belt. The Michipicoten greenstone belt is approximately 140 km long and reaches a maximum width of about 45 km (Williams et al., 1991). Regional mapping delineated three discrete episodes of volcanism: the Hawk assemblage, the Wawa assemblage and the Catfish assemblage, from oldest to youngest. The Grace Mine Property is located in the Wawa assemblage (2.75 Ga), which consists of felsic, intermediate and minor mafic volcanic rocks and synvolcanic granitoid plutons (Figure 5-1).

The Grace Mine Property is underlain by intermediate volcanic rocks composed of massive dacite, andesite and diorite, and pyroclastic breccia and conglomerate, which were intruded by intermediate and felsic rocks of the Jubilee stock (Williams et al., 1991, Rupert, 1975, Sage, 1982). Foliation strikes east to northeast and dips steeply to moderately to the south (45° to 70°). The presence of quartz veins has been recorded on the property. No iron formation has been reported on the Grace Mine Property.

Augustine Ventures Inc., the owner of the adjacent property exploring for gold in the area, completed an airborne magnetic and electromagnetic survey at 100 m line interval, that covered Essar's Grace Mine Property, but no significant anomalies were located on the Grace Mine Property (Duke, 2012). However,

the anomalies identified by the survey do not seem to coincide with known gold mineralization on Augustine’s property.

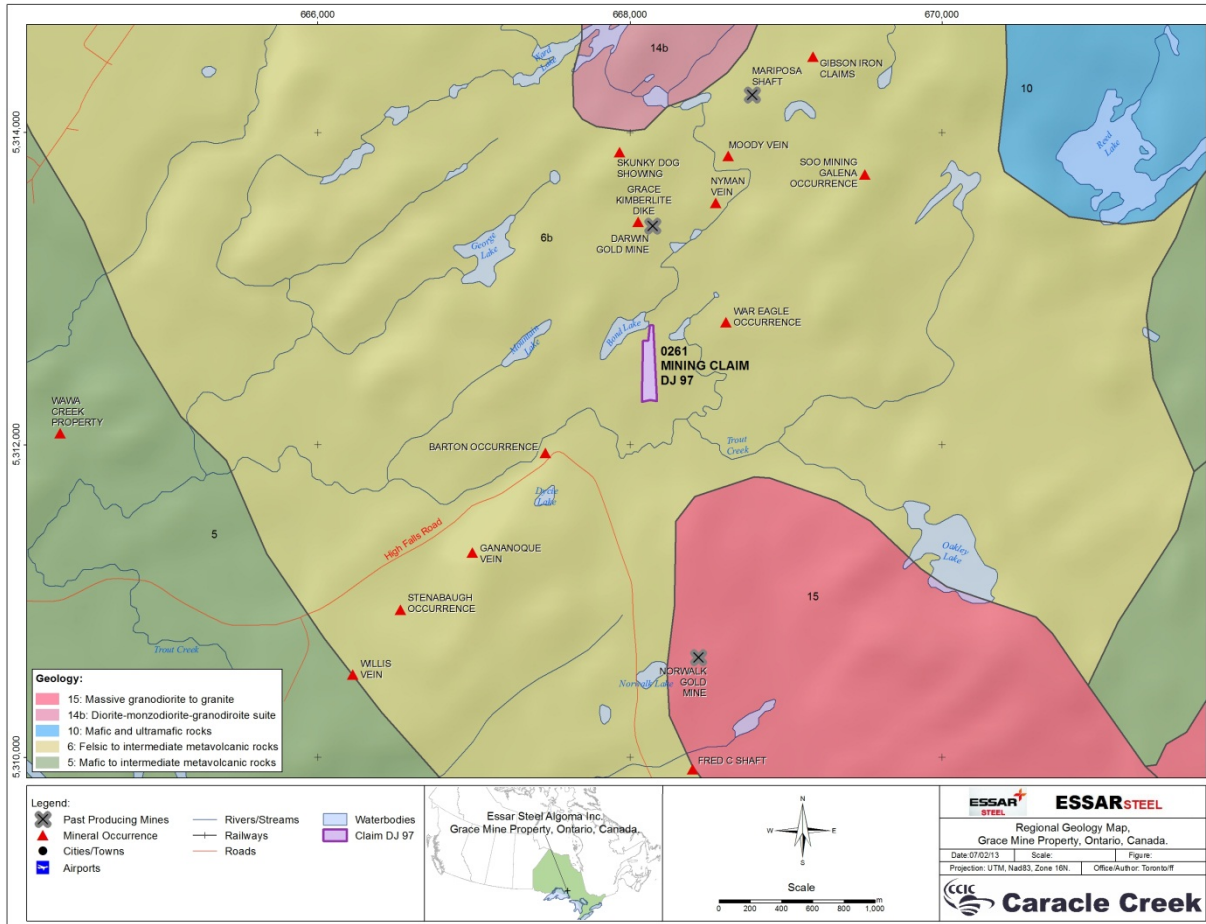


Figure 5-1 Local geology map for the Grace Mine Property (modified from OGS map MRD126, 2011)

6.0 MINERALIZATION

There is no publicly known mineral occurrence within the Grace Mine Property, but it is surrounded by numerous occurrences in the area, described in the adjacent properties section.

7.0 ADJACENT PROPERTIES

The closest iron formation is the Barton occurrence and abandoned mine located approximately 0.7 km southwest of the Grace Mine Property (MNDMF Mineral Deposit Inventory, Shklanka, 1968). Gold is a secondary commodity. The occurrence consists of two parallel bands of iron formation, 4 and 6 feet wide and at least 100 feet long, in green schists. The iron formation consists of granular silica, minor iron oxides and pyrite. No assay results are available for the occurrence.

There are several gold occurrences near the Grace Mine Property. Gold mineralization in the Michipicoten greenstone belt occurs in shear zones or quartz or quartz-carbonate veins cutting rocks within or felsic to intermediate tuffs surrounding the Jubilee stock (Sage, 1993). The quartz veins strike either northwest and dip northeast or east to northeast and dip south. Gold occurs as native metal. Other minerals in the veins include tourmaline, pyrrhotite, pyrite, chalcopyrite, arsenopyrite, and small amounts of galena, sphalerite, marcasite and cubanite. The alteration minerals in the wall rocks include biotite, chlorite and sericite.

The occurrences near the Grace Mine Property include the War Eagle occurrence located 0.5 km east-northeast, the abandoned Grace Mine (Darwin Gold Mine) located 0.75 km north, Nyman Vein occurrence located 1 km north-northeast, the Moody Vein occurrence located 1.3 km north-northeast, and the Skunky Dog occurrence located 1.3 km north of the property (MNDMF Mineral Deposit Inventory). The Grace Mine operated intermittently between 1901 and 1944 by several companies, including Algoma. In 1901 a mill run of 52 tons of ore contained a total gold value of \$ 34.5 oz/t gold. From the War Eagle occurrence the best assay returned 0.45 oz/t of gold from vein.

Most of the surrounding patents and claims are held by Augustine Ventures Inc., who is actively exploring for gold in the area. A mineral resource estimate on the old Surluga gold mine, located approximately 4.5 km north of Essar's Grace Mine Property, was completed by Augustine in 2012 and estimated an inferred resource of 32.2 million tonnes grading 1.14 g/t gold, above a 0.2 g/t cut-off grade (Duke, 2012).

New Oroperu Resources Inc. owns the patents 0.35 km south of Essar's Property, but no public information is available on exploration activities.

8.0 REFERENCES

- Duke, C.J. (2012): Amended technical review and mineral resource estimate for the Jubilee-Surluga Property, near Wawa, Ontario, Canada, for Augustine Ventures Inc., 74p.
- Ontario Geological Survey (2011): 1:250 000 scale bedrock geology of Ontario, Ontario Geological Survey, Miscellaneous Release-Data 126-Revision 1.
- Rupert, R.J. (1975): McMurray Township and parts of surrounding townships, District of Algoma, Ontario Div. Mines, Prelim. Map P.828, Geol. Ser., scale 1 inch to 1/2 mile. Compilation 1970 to 1972.
- Sage, R.P., Sawitsky, E., Turner, J., Leeselleur, P., and Sagle E. (1982): Precambrian Geology of McMurray Township, Wawa Area, Algoma District, Ontario Geological Survey Preliminary Map P. 2441, Geological Series, Scale 1:15 840 or 1 inch to 1/4 mile. Geology 1979.
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