COURT FILE NO.: M/M/114/12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
JUDICIAL DISTRICT OF MONCTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, c. C-36, AS AMENDED

-and -

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LANDDRILL INTERNATIONAL INC. (A BRITISH COLUMBIA CORPORATION), LANDDRILL INTERNATIONAL LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL ATLANTIC LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL CONTRACT MINING LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. (A MEXICAN CORPORATION), LANDDRILL INTERNATIONAL LLC (A MONGOLIAN CORPORATION) and LANDDRILL INTERNATIONAL INC. (A BARBADOS CORPORATION)

(collectively, the Applicants)

RECORD ON MOTION

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Solicitor for **Ernst & Young Inc.**

INDEX

Cause No. M/M/114/12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK	COUR DU BANC DE LA REINE DU NOUVEAU-BRUNSWICK
TRIAL DIVISION JUDICIAL DISTRICT OF MONCTON	DIVISION DE PREMIERE INSTANCE CIRCONSCRIPTION JUDICIAIRE DE
BETWEEN:	ENTRE:

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

COURT OF QUEEN'S BENCH
TRIAL DIVISION
MONCTON, N.B.
FILED/REGISTERED
SEP 19 2012
COUR DU BANC DE LA REINE
DIV. DE PREMIERE INSTANSE
MONCTON, N.-B.
DÉPOSÉ/ENREGISTRE

-and -

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LANDDRILL INTERNATIONAL INC. (A BRITISH COLUMBIA CORPORATION), LANDDRILL INTERNATIONAL LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL ATLANTIC LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL CONTRACT MINING LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. (A MEXICAN CORPORATION), LANDDRILL INTERNATIONAL LLC (A MONGOLIAN CORPORATION) and LANDDRILL INTERNATIONAL INC. (A BARBADOS CORPORATION)

(collectively, the Applicants)

NOTICE OF MOTION **(Form 37A)**	**AVIS DE MOTION** **(Formule 37A)**
TO: All parties on the service list attached as Schedule "A".	DESTINAIRE:

Gold Canyon Resources Inc. ("**Gold Canyon**"), will apply to the Court of Queen's Bench, at Moncton Law Court 145 Assomption Blvd, Moncton, N.B., on the 27th day of September, 2012, at 9:30 a.m./p.m. for the following relief:	Le demandera à la Cour à le , 200, à h , d'ordonner:

a. an Order, if necessary, for the abridgment of time for service of this motion, excusing the lack of service of this motion, or excusing the lack of service of the record on motion pursuant to Rules 1.03, 2.01, 2.02 and 3.02 of the *Rules of Court*;

b. an Order:

   i. declaring that the Applicants hold or held the sum of $100,000, as an in trust deposit for the benefit of Gold Canyon and $200,000, as and by way of mistake by Gold Canyon, such mistake having been induced by the Applicants (or one of them);

   ii. declaring the whole of the $300,000 aforesaid (in aggregate, the "**Funds**") to be the sole and absolute property of Gold Canyon;

   iii. ordering the Applicants to account for and forthwith pay over the Funds to Gold Canyon;

   iv. in the alternative, ordering the Applicants to account for the Funds and to forthwith pay over such of the Funds as remain in the hands of the Applicants (or any of them) and further ordering the Applicants to identify the proceeds of the Funds (the "**Proceeds**") and declaring that there shall be a charge against the Proceeds (the "**Replacement Charge**") in priority to all Encumbrances and the Charges (as such terms are defined in the initial order of this Court in these proceedings dated August 31, 2012 (the "**Initial Order**"));

   v. directing that the Replacement Charge shall be enforceable as against the Proceeds forthwith and that the stay of proceedings provided for in the Initial Order is lifted in so far as is required to enforce the Replacement Charge.

c. such further and other relief as may be just.

The grounds upon which the Applicants rely are as follows:

a. the relief sought by Gold Canyon is appropriate in the circumstances and is in accordance with the jurisdiction of the Court under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and the inherent jurisdiction of the Court;

b. pursuant to the Initial Order, the Applicants were granted protection from their creditors pursuant to the terms of the CCAA;

c. the CCAA is intended to allow companies to deal with their assets, not those of other parties;

d. the onus is on the Applicants to demonstrate that the protection afforded by the CCAA should continue on the terms they seek;

e. Gold Canyon and Landdrill International Ltd. ("**Landdrill**", an Applicant) entered into a Memorandum of Agreement in May, 2011 (the "Agreement") that provided, among other things, that Landdrill would perform certain drilling services for Gold Canyon and that Gold Canyon would pay a deposit of $100,000.00 to Landdrill which was to be held in trust;

f. Landdrill rendered an invoice dated May 27, 2011, sent and received pursuant to the Agreement, for a deposit in the amount of $300,000.00;

g. through mistake, Gold Canyon paid the full $300,000.00 invoiced, rather than the $100,000.00 called for in the Agreement;

h. Gold Canyon has repeatedly demanded return of its funds from Landdrill and has commenced an action in the Ontario Superior Court of Justice seeking return of Gold Canyon's money;

i. Landdrill performed no work pursuant to the Agreement and issued no invoices for work performed.

j. In accordance with the Agreement, Landdrill has no right to or interest in the Funds;

k. Gold Canyon has not cancelled the Agreement and in fact relies on it;

l. At no point did Gold Canyon agree to increase the trust deposit required under the Agreement;

m. Landdrill drafted the Agreement and should not be allowed to disclaim its binding nature now;

n. the payment of $200,000.00 was honestly paid in error on the bona fide belief that Landdrill was sending an invoice for the correct amount;

o. Landdrill has no legal or equitable right to the $200,000.00 paid in error nor the $100,000 held in trust;

p. at no time did Gold Canyon agree that the deposit of $100,000.00 would not be held in trust as set out in the Agreement;

q. Gold Canyon did not terminate the Agreement and in fact relies upon it;

r. Landdrill has acknowledged the claim of Gold Canyon and most recently offered equipment in satisfaction of the claim for $300,000.00 less an amount for costs but at no time has he quantified same or claimed that the funds were not paid in trust and, in part, in error;

s. in accordance with the Agreement, Landdrill may be entitled to set-up costs once invoiced to Gold Canyon in accordance with the Agreement to a maximum of $32,320.80;

t. until Landdrill issues an invoice for set-up costs and same is satisfactory to Gold Canyon, the deposit of $100,000.00 is not its property or that of the Applicants and should not be subject to the charges of these proceedings;

u. Landdrill should not be permitted to use the CCAA process to deplete the Funds to the prejudice of Gold Canyon;

Gold Canyon relies on:

a. the Initial Order;

b. the inherent jurisdiction of this Honourable Court;

c. the *Rules of Court*, including but not limited to including Rules 1.03, 2.01, 2.02, 3.02, 37 and Rule 39 generally;

d. the *CCAA*, including but not limited to sections 2, 11, 11.2, 11.4, 11.51, 11.52 and 36 and each subsection of each of the foregoing; and

e. such further and other grounds as counsel for Gold Canyon may advise and this Honourable Court may permit.

UPON the hearing of the motion the following affidavit or other documentary evidence will be presented:

(1) Affidavit of Ronald Schmitz, sworn to the 14th day of September, 2012;

(2) Affidavit of Quinton Hennigh, sworn to the 19th day of September, 2012; and

(3) Such further and other affidavits or documentary evidence as counsel for the Applicants may advise and this Honourable Court may permit.

A l'audition de la motion, les affidavits ou les autres preuves littérales suivantes seront présentées:

You are advised that:

(a) you are entitled to issue documents and present evidence at the hearing in English or French or both;

Sachez que:

(a) vous avez le droit d'émettre des documents et de présenter votre preuve à l'audience en français, en anglais ou dans les deux langues;

(b) the Plaintiff intends to proceed in the English language; and

(b) le à l'intention d'utiliser la langue anglais; et

(c) if you intend to proceed in the other official language, an interpreter may be required and you must so advise the Clerk at least 7 days before the hearing.

(c) si vous avez l'intention d'utiliser l'autre langue officielle, les services d'un interprète pourront être requis et vous devrez un aviser le greffier au moins 7 jours avant l'audience.

DATED at Saint John, New Brunswick, this 19th day of September, 2012.

GEORGE L. COOPER of
COX & PALMER
Solicitors for Gold Canyon

COX & PALMER
Blue Cross Centre
644 Main Street, Suite 500
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Telephone: (506) 856-9800

Schedule "A"
Service List

Service List for Gold Canyon

Landdrill International Inc. (a British Columbia corporation), **Landdrill International Ltd.** (a New Brunswick corporation), **Landdrill Atlantic Ltd.** (a New Brunswick corporation), **Landdrill Contract Mining Ltd.** (a New Brunswick corporation), **Landdrill International Mexico S.A. de C.V.** (a Mexican corporation), **Landdrill International LLC** (a Mongolian corporation) and **Landdrill International Inc.** (a Barbados corporation)

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Norrep Credit Opportunities Fund, LP and Crown Capital Partners Inc.

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GE Commercial Equipment Financing, G.P.

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Ernst & Young Inc.

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COURT FILE NO.: M/M/114/12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

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COURT OF QUEEN'S BENCH
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MONCTON, N.B.
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COUR DU BANC DE LA REINE
DIV. DE PREMIERE INSTANSE
MONCTON, N.-B.
DÉPOSÉ/ENREGISTRE

PLAINTIFF,

AFFIDAVIT

I, RONALD A. SCHMITZ, of the City of Vancouver, Province of British Columbia, MAKE OATH AND SAY:

1. I am the Executive Vice-President and Corporate Secretary of Gold Canyon Resources Inc. ("Gold Canyon"), a respondent to the within Application. I am authorized to make this Affidavit and have personal knowledge of the facts to which I herein depose, except where stated to be on information and belief.

2. One of the Applicants herein, Landdrill International Ltd. ("Landdrill") currently holds $300,000.00 in Canadian Funds which is the true and rightful property of Gold Canyon. Gold Canyon has repeatedly demanded return of its funds from Landdrill and has commenced an action in the Ontario Superior Court of Justice seeking return of Gold Canyon's money. I attach and mark as Exhibit "A" a copy of the Statement of Claim filed by Gold Canyon against Landdrill in the Ontario Superior Court of Justice as of August 21, 2012.

3. As appears from a review of the Statement of Claim made Exhibit "A" hereto, Gold Canyon and Landdrill entered into a Memorandum of Agreement in May, 2011 (the "Agreement"). The Agreement provided, among other things, that Landdrill would

perform certain drilling services for Gold Canyon and that Gold Canyon would pay a deposit of $100,000.00 to Landdrill. Attached and marked as Exhibit "B" is a copy of the Agreement.

4. As appears from a review of the Agreement, the Agreement provided, in material part, as follows:

> *"a security deposit in the amount of $100,000.00 is to be made prior to commencement of mobilization. This deposit will be held in trust and applied to the Contractor's last invoice. All other invoices are to be paid as per this section."* (emphasis added)

5. Pursuant to an invoice dated May 27, 2011, sent and received pursuant to the Agreement, Landdrill invoiced Gold Canyon in the amount of $300,000.00. Through mistake, Gold Canyon paid the full $300,000.00 invoiced, rather than the $100,000 called for in the Agreement. Attached and marked as Exhibit "C" is a copy of the invoice.

6. As appears from an examination of the invoice, it is clearly stated that the invoice is made pursuant to the Agreement. It also indicates that the money is to be held and deducted from the "final" invoice. Landdrill performed no work pursuant to the Agreement and issued no invoices for work performed.

7. I learned of the within proceedings pursuant to the *Companies Creditors' Arrangement Act* (the "CCAA") through the Stockwatch newsire service. Soon thereafter I obtained a copy of the order of this Court made as of August 31, 2012 (the "Initial Order"). I have not been served with the Initial Order or any court materials filed to obtain the Initial Order. What copies I have obtained have been through my own sources, including Gold Canyon's legal counsel.

8. Upon learning of the within CCAA proceedings, I retained Messrs. Cox & Palmer as our New Brunswick counsel. I instructed Cox & Palmer to notify the relevant parties that Landdrill was holding $300,000 of Gold Canyon's money, so as to ensure that our money was not co-mingled with the property of Landdrill. Attached and marked as Exhibit "D" is a copy of my solicitor's letter to the Monitor herein (and others), dated September 10, 2012.

9. I have reviewed the Affidavit of Ronald J. Goguen, sworn August 27, 2012, in support of the within CCAA proceeding (the "First Goguen Affidavit"). I dispute the characterization of the claim of Gold Canyon as found at paragraph 66 of the First Goguen Affidavit. Mr. Goguen alleges that Landrill will defend our claim on the basis that we cancelled our Agreement with Landdrill and that Landdrill incurred expenses pursuant to the Agreement in an amount greater than the deposit. As is set out

below, we have not cancelled the Agreement. In fact we rely on the Agreement, and in particular the provisions establishing that $100,000 of our funds comprise trust funds in the hands of Landdrill and the balance was paid by mistake. At no point did Gold Canyon agree to increase the trust deposit required under the Agreement.

10. On September 13, 2012, I received a copy of a Notice of Motion, dated as of that date, and a further supporting Affidavit of Ronald J. Goguen, sworn September 12, 2012 (the "Second Goguen Affidavit").

11. In the Second Goguen Affidavit, Mr. Goguen proffers the view that the Agreement does not govern the relationship between Gold Canyon and Landrill, and that our "in trust" deposit was an advance, made to Landdrill for the purchase of drill rigs. These statements are not supported by any documentary evidence and are directly contradicted by the Agreement and the invoice sent pursuant to the Agreement. They are also directly contrary to Gold Canyon's understanding of the effect of the Agreement and the invoice.

12. In fact, despite the allegations in the First Goguen Affidavit and the Second Goguen Affidavit:

a) Prior to execution of the Agreement, Landdrill represented to Gold Canyon that Landdrill was in the process of expanding and would be acquiring new drilling equipment;

b) Landdrill did not represent or advise Gold Canyon that the new drilling equipment was being obtained as a result of or in order to obtain the Agreement;

c) At no time did Gold Canyon agree to permit its deposit to be used for the acquisition of drilling equipment and had we been asked we would have refused as it would have indicated to us that Landdrill lacked the financial capacity to complete the Agreement;

d) Landdrill drafted the Agreement and, while Gold Canyon provided certain comments, it was Landdrill which had control of the document;

e) Contrary to Mr. Goguen's allegation, there has been no change in management at Gold Canyon which affected the dealings between the parties for the work contemplated in the Agreement;

f) The invoice was sent to Gold Canyon and was paid in full in the amount of $300,000, of which $200,000 was paid in error;

g) At no time did Gold Canyon agree that the deposit of $100,000 would not be held in trust as set out in the Agreement;

h) Gold Canyon did not terminate the Agreement and in fact relies upon it;

i) Landdrill was retained in relation to the 2011 summer drilling program and then subsequently bid on the winter drilling program which tender it did not win; and

j) Ronald Goguen himself has acknowledged the claim of Gold Canyon and most recently offered equipment in satisfaction of the claim for $300,000, less an amount for costs but at no time has he quantified same or claimed that the funds were not paid in trust and, in part, in error.

13. Both the First Goguen Affidavit and Second Goguen Affidavit indicate that Landdrill intends to defend our claim on the basis that Gold Canyon owes Landdrill for set-up costs. These "costs" have never been invoiced to Gold Canyon and have not been detailed in any way. Further, the issue itself is covered by the Agreement. Set up costs are to be to a maximum of $32,320.80.

14. Gold Canyon wishes to ensure that our funds, which do not form part of Landdrill's estate, do not become subject to the charging provisions of the Initial Order. Gold Canyon will be requesting that the Initial Order, and particularly the charges set out therein, be clarified to ensure that while the charges may encumber the assets of Landdrill, even in preference to secured claims, that the Initial Order not affect the moneys belonging to Gold Canyon which Landdrill holds. We seek to have our funds set aside and segregated, so that we may have an adequate opportunity to contest the allegations made by Mr. Goguen and demonstrate our entitlement to our money.

15. Gold Canyon is also concerned that our funds not be depleted or used though operation of the CCAA process. We, as required by the Initial Order, requested (through counsel) copies of the sealed the cash-flow statements of Landdrill and have executed the non-disclosure agreement required by Landdrill for disclosure of the cash-flows. We received the cash-flows this morning and may lead further evidence when we have had the opportunity to fully examine the cash-flows.

SWORN TO at the City of Vancouver Province of British Columbia, this 11th day of September, 2012 BEFORE ME: A NOTARY PUBLIC in and for the Province of British Columbia (Affix Notarial Seal)	)	RONALD A. SCHMITZ

VIRGIL Z. HLUS
Barrister & Solicitor
CLARK WILSON LLP
800 - 885 WEST GEORGIA STREET
VANCOUVER, B.C. V6C 3H1
Telephone: (604) 687-5700

)
)
)

The following is Exhibit A to the
Affidavit of Ronald A. Schmitz, sworn before me
the 14th day of September, 2012.

Notary Public

VIRGIL Z. HLUS
Barrister & Solicitor
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Telephone: (604) 687-5700

COURT FILE NO.: CV-12-461857

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

GOLD CANYON RESOURCES INC.

Plaintiff

- and –

LANDDRILL INTERNATIONAL INC.

Defendant

STATEMENT OF CLAIM

TO THE DEFENDANT:

A LEGAL PROCEEDING HAS BEEN COMMENCED AGAINST YOU by the plaintiffs. The claim made against you is set out in the following pages.

IF YOU WISH TO DEFEND THIS PROCEEDING, you or an Ontario lawyer acting for you must prepare a statement of defence in Form 18A prescribed by the Rules of Civil Procedure, serve it on the plaintiffs' lawyer or, where the plaintiffs do not have a lawyer, serve it on the plaintiffs, and file it, with proof of service in this court office, **WITHIN TWENTY DAYS** after this statement of claim is served on you, if you are served in Ontario.

If you are served in another province or territory of Canada or in the United States of America, the period for serving and filing your statement of defence is forty days. If you are served outside Canada and the United States of America, the period is sixty days.

Instead of serving and filing a statement of defence, you may serve and file a notice of intent to defend in Form 18B prescribed by the Rules of Civil Procedure. This will entitle you to ten more days within which to serve and file your statement of defence.

IF YOU FAIL TO DEFEND THIS PROCEEDING, JUDGMENT MAY BE GIVEN AGAINST YOU IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO DEFEND THIS PROCEEDING BUT ARE UNABLE TO PAY

LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

IF YOU PAY THE PLAINTIFF'S CLAIM and $1,000 for costs, within the time for serving and filing your statement of defence you may move to have this proceeding dismissed by the court. If you believe the amount claimed for costs is excessive, ~~you may~~ pay the ~~plaintiffs'~~ claim and $100 for costs and have the costs assessed ~~by the court~~.

Date: August 21, 2012

Issued:

Local Registrar
393 University Avenue
10th Floor
Toronto, Ontario
M5G ~~1T3~~ 1E6

TO: LANDDRILL INTERNATIONAL INC.
160 MacNaughton Avenue
Moncton, New Brunswick
E1H 3L9

Attention: Michael D. Tripp

Phone:	(506) 388-8100, ext. 265
Fax:	(506) 388-8990
Email:	mtripp@landdrill.com

THE PLAINTIFF'S CLAIM

1. The plaintiff, Gold Canyon Resources Inc. ("Gold Canyon"), claims against the defendant Landdrill International Inc. ("Landdrill"), for:

   a. Damages in the amount of $300,000 for breach of trust;

   b. In the alternative, damages in the amount of $300,000 for breach of contract;

   c. In the further alternative, an order for Landdrill to disgorge all monies received by way of deposit from Gold Canyon on the basis of the doctrine of unjust enrichment;

   d. Consequential damages in an amount to be specified prior to trial, including, without limitation, for lost profits, lost business value, and lost use of rental equipment;

   e. Prejudgment and postjudgment interest pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended;

   f. Costs of this action on a substantial indemnity basis together with all applicable taxes thereon; and,

   g. Such further and other relief as this Honourable Court may deem just.

THE PARTIES

2. The plaintiff, Gold Canyon, is a Canadian-based unique mineral exploration company incorporated pursuant to the laws of the province of British Columbia. Gold Canyon currently trades on the TSX Venture Exchange under the symbol "GCU".

3. The defendant, Landdrill, is a Canadian-based company that specializes in providing mining-related equipment and exploration drilling services, including the necessary drilling rigs and related tools. Landdrill currently trades on the TSX Venture Exchange under the symbol "LDI".

THE SERVICE AGREEMENT

4. In or around May 2011, Gold Canyon and Landdrill entered into a Contract Agreement/Memorandum of Agreement (the "Service Agreement") for Landdrill to provide drilling related services (the "Services") to Gold Canyon as part of Gold Canyon's 2011 summer drilling program at its Springpole property in the province of Ontario.

5. Prior to signing the Service Agreement, Landdrill was made aware, understood and agreed that the Services were to be provided at the Springpole property starting in or around early June, 2011 and to continue until in or around October, 2011. Landdrill represented to Gold Canyon that it would be able to perform the services contemplated under the Service Agreement in accordance with this timeline. It was an implied term of the Service Agreement that the Services would be provided at the Springpole property starting in or around June, 2011.

6. As part of the Service Agreement, it was agreed that Gold Canyon would provide Landdrill with a security deposit in the amount of $100,000 to be held in trust by Landdrill and applied to Landdrill's last invoice.

7. On or around May 27, 2011, Landdrill sent Gold Canyon an invoice for the deposit for work to be done on the Springpole property in Ontario in the amount of $300,000. In reliance on Landdrill's representations, Gold Canyon promptly paid the entire $300,000 deposit to Landdrill.

NON-PERFORMANCE OF SERVICE AGREEMENT

8. Landdrill failed to provide any of the services contemplated under the Service Agreement and did not deliver to Gold Canyon any invoices for services rendered. The only invoice Gold Canyon received from Landdrill was the invoice dated May 27, 2011 for the deposit for work to be done on the Springpole property.

LANDDRILL HAS REFUSED TO RETURN THE DEPOSIT

9. Despite receiving several demands from Gold Canyon for the return of the entire $300,000 deposit payment after Landdrill's breach of the Service Agreement, Landdrill has failed to repay the deposit.

10. Gold Canyon pleads that $200,000 of the total $300,000 deposit payment was paid by mistake in response to Landdrill's May 27, 2011 invoice. The Service Agreement clearly stipulates that the deposit shall be in the amount of $100,000.

11. Gold Canyon pleads that the entire $300,000 deposit payment is held by Landdrill in an express, implied or constructive trust.

12. Gold Canyon pleads that Landdrill's failure to return the entire $300,000 deposit payment constitutes a breach of trust by Landdrill.

LANDDRILL'S BREACH OF CONTRACT

13. Gold Canyon pleads that Landdrill's non-performance constituted a breach of the Service Agreement which resulted in damages being suffered by Gold Canyon, including, but not limited to, the following:

    a. $300,000 plus applicable interest for the deposit payment made by Gold Canyon to Landdrill on or around May 27, 2011;

    b. Loss in profits and business value related to Gold Canyon's failure to maximize its 2011 summer drilling program and related revenues and value as a result of Landdrill's non-performance and breach of the Service Agreement; and,

    c. Loss of approximately $50,000 representing the cost of renting two barges which sat idle as a result of Landdrill's non-performance and breach of the Service Agreement.

14. In addition, as a result of Landdrill's breach of the Service Agreement, Gold Canyon was forced to employ the services of an alternate contractor at rates higher than the rates negotiated with Landdrill in order to mitigate its losses.

UNJUST ENRICHMENT

15. Gold Canyon pleads that Landdrill has been unjustly enriched as a result of its failure to return the $300,000 deposit payment; that Gold Canyon has suffered a corresponding deprivation; and that there is no juristic reason for Landdrill's enrichment.

SERVICE OUTSIDE ONTARIO

16. The originating process may be served without court order outside Ontario for the following reasons:

    a. The Service Agreement provides that it is to be governed by or interpreted in accordance with the law of Ontario (Rule 17.02(f)(ii)); and,

    b. The parties to the Service Agreement have agreed that the courts of Ontario are to have jurisdiction over legal proceedings in respect of the contract (Rule 17.02(f)(iii)).

17. Gold Canyon proposes that this action be tried in Toronto.

August 21, 2012

GROIA & COMPANY
Professional Corporation ■ Lawyers
Wildeboer Dellelce Place
365 Bay Street, 11th Floor
Toronto, Ontario M5H 2V1

Tel: 416-203-2115
Fax: 416-203-9231

Joseph Groia, LSUC No. 20612J
David Sischy, LSUC No. 57268B

Lawyers for the Plaintiff,
Gold Canyon Resources Inc.

COURT FILE NO.: CV-12-461857

GOLD CANYON RESOURCES INC.
Plaintiff

and

LANDDRILL INTERNATIONAL INC.
Defendant

ONTARIO
SUPERIOR COURT OF JUSTICE
(Proceeding commenced at Toronto)

STATEMENT OF CLAIM

GROIA & COMPANY
Professional Corporation ■ Lawyers
Wildeboer Dellelce Place
365 Bay Street, 11th Floor
Toronto, Ontario M5H 2V1
Tel: 416-203-2115
Fax: 416-203-9231

Joseph Groia, LSUC No. 20612J
David Sischy, LSUC No. 57268B

Lawyers for the Plaintiff,
Gold Canyon Resources Inc.

The following is Exhibit B to the
Affidavit of Ronald A. Schmitz, sworn before me
the 14th day of September, 2012.

Notary Public

VIRGIL Z. HLUS
Barrister & Solicitor
CLARK WILSON LLP
800 - 885 WEST GEORGIA STREET
VANCOUVER, B.C. V6C 3H1
Telephone: (604) 687-5700

CONTRACT AGREEMENT

MEMORANDUM OF AGREEMENT

Between: **GOLD CANYON RESOURCES ("Gold Canyon" or the "Company")**
Suit 801-609 Granville Street
PO Box 10356 Pacific Centre
Vancouver BC, V7Y 1G5

And: **LANDDRILL INTERNATIONAL LTD. ("Landdrill" or the "Contractor")**
160 MCNAUGHTON AVENUE
MONCTON (NB)
E1H 3L9

Registration number at the WSIB: 3021423

This Memorandum of Agreement (the "Agreement") made as of May ___, 2011 witnesses that whereas the Company has requested the Contractor perform and the Contractor has agreed to perform certain drilling and other services as part of the Company's drilling program at Gold Canyon's Springpole property 110 km northeast of Red Lake in the Province of Ontario subject to the rates, conditions, provisions and mutual agreements contained in this Agreement.

Now therefore for good and valuable consideration (the receipt and sufficiency of which is acknowledged), the parties agree as follows:

DRILLING SERVICES:

The Contractor shall drill a minimum of 20 000 lineal meters drill holes, drilled at locations specified by the Company. The maximum depth of any hole shall not exceed 1 000 meters, and the minimum depth shall be 30 meters. Measurement of all holes shall be from the top of the casing pipe. The drilling shall be conducted so that as high a percentage of core recovery will be made as due diligence and current techniques will allow. The Contractor does not guarantee the direction of the hole beyond the collar nor guarantee to drill any hole to any specified depth. The Contractor will, however, use its best efforts to complete all holes to the satisfaction of the Company.

It is agreed that should a cavity or loose and caving material be encountered in overburden or in rock, at a depth which prevent successful drilling, the Contractor does not guarantee to drill or sink a hole to any pre-specified depth, but will drill or sink as is practical under existing conditions, and Gold Canyon shall pay as per agreed rates for meterage or "Field Costs".

COMPANY REPRESENTATIVE:

The Company will have a representative on site, authorized to approve Company charges and special operation conditions on a daily basis. The Contractor agrees to give the Company engineer carbon copies of all daily diamond drill reports, if required.

RIGS, EQUIPMENT AND LABOUR:

The Contractor shall supply 2 heli-portable hydraulic rigs, each capable of drilling HQ to at least 500 meters, and 2 hydraulic skid rigs, one capable of drilling HQ to at least 500 meters and one capable of drilling HQ to at least 1 000 meters, as well as all labour, equipment, material, supplies and services necessary to the normal operation or maintenance of the drilling equipment for the duration of this Agreement. The Contractor shall be liable at all times for damages to or destruction of the Contractor's surface equipment and materials regardless of how the damage or destruction occurs. The Company shall be under no liability to reimburse the Contractor for any loss except loss or damage caused by negligence or wilful acts or omissions of the Company or the Company's agents, servants or employees.

COMPLIANCE WITH LAWS:

The Contractor agrees, at its own expense, to comply with all federal and provincial laws applicable to the Contractor's operations, including obtaining all necessary permits and licences, and agrees to indemnify the Company against all claims, losses, damages and expenses incurred by the Contractor's failure to make the necessary returns or payment by any violation of any laws. The Contractor will also observe all local environmental control and health regulations currently enforced in the project area.

LIENS:

The Contractor shall not allow any claims of lien to be filed against the Company's property in respect of a claim against the Contractor and the Contractor shall remove any lien that becomes a charge against the property. If the lien is not removed, the Company shall be at liberty to remove the lien and shall charge the Contractor for the amount it may be so required to pay, including its legal costs incurred thereby, regardless of whether or not the Contractor disputes the claim of lien.

ROOM AND BOARD:

The Company agrees, at its own expanse, to provide room and board, camps and cookery where necessary for all the employees of the Contractor providing services in accordance with this Agreement.

MOBILIZATION & DEMOBILIZATION:

The cost of mobilizing (moving of drill and equipment, supplies and if applicable Contractor's personnel) from Notre Dame du Nord to the to the first camp and drill site on the Springpole property, set up ready to drill will be invoiced on completion and charged to the Company at cost plus 15% up to a maximum of $32 320,80.

The cost of demobilizing (moving of drill and equipment, supplies and if applicable Contractor's personnel) from from the last camp and drill site on the Springpole property to Landdrill's shop in Notre Dame du Nord will be invoiced on completion and charged to the Company at cost plus 15% up to a maximum of $ 32 320,80.

PRICE FOR DRILLING OVERBURDEN :

	NW Size	HW Size
From 0 to 20 meter at:	$ 92,06	$ 105,87
From 20 to 40 meter at:	$100,34	$115,39

From 41 to 60 meter at:	$108,63$124,92	

PRICE FOR DRILLING BEDROCK:

	NQ Size	HQ Size
From 0 to 100 meter at:	$ 82,85	$ 92,08
From 101 to 200 meter at:	$ 86,99	$ 96,68
From 201 to 300 meter at:	$ 91,14	$101,28
From 301 to 400 meter at:	$ 95,28	$105,87
From 401 to 500 meter at:	$ 99,42	$110,47
From 501 to 600 meter at:	$103,56	$115.07
From 601 to 700 meter at:	$107.70	$119.67
From 701 to 800 meter at:	$111.84	$124.27
From 801 to 900 meter at:	$115.98	$128.87
From 901 to 1 000 meter at:	$120.12	$133.47

RECOVERY – AVERAGE OVER LENGTH OF DRILL HOLE:

	NQ Size	HQ Size
>80%	cost +15%	cost +15%
From 60% to 80%	at cost	at cost
<60%	cost -10%	cost -10%

CASING:

Where it is necessary to case any hole for special circumstances such as to seal off caving conditions or to recover lost circulation of water or if requested by Gold Canyon representative on site, the Contractor shall do so at "Field Costs."

EXCESSIVE DIAMOND BIT WEAR:

Gold Canyon agrees to pay for excessive bit wear due to ground conditions in accordance with the following table - for bits that last:

- Under 50m per bit – Gold Canyon pays 100% of the purchase price of the bit, and that such bits will be provided to Gold Canyon's on-site representative along with relevant documentation.
- Any diamond products damaged due to driller error or negligence will be to the Contractor's account.

MOVING:

The cost of moving drill and supporting equipment between holes will be invoiced and charged to the Company at "Field Costs." The Contractor shall consult and work with the Gold Canyon representative to ensure efficient movement of drills and to provide information in advance regarding the logistics for moving between successive holes.

WATER LINES:

The cost of supplying water to drill site will be charged to Gold Canyon in accordance with the following list:

0 to 500 meters	$ N/C
500 meters and more:	at $0.35/meter drilled/hundred feet of water line
Transport of water:	"Field cost"

Winter condition: When the water line will need to be heated a charge of $0,35 per meter drilled per hundred feet of water line will apply.

DELAYS:

For all delays caused directly or indirectly by the Company or its representatives, the Company will be charged at "Field Costs" for all equipment, living costs and workers continuously until the delay is removed.

CORE BOXES:

Gold Canyon will supply all necessary core boxes. The Contractor will place all core in trays, cover, wire and transport it to a location within the immediate drilling area designated by the Company's representative.

FIELD COSTS:

"Field Cost", where applied throughout this Agreement, comprises the following table of rates; the charge to Gold Canyon for "Field Costs" shall be calculated from these rates on the following basis:

Labour costs:	at $52,00 per man hour
Materials used:	at list price, plus 10%
Skidder rental:	at $80.00 per hour
Tractor rental:	at $150.00 per hour
Drill rental:	at $90,00 per hour

DOWN HOLE SURVEY TEST:

Gold Canyon is to supply to the Contractor all down hole equipment (Reflex or similar) to allow down hole survey measurements and tests to be conducted. The test(s) will be taken in such a manner as defined by the operating procedures and parameters, as provided by the manufacturer, of the individual down hole survey instrument used or required.

Down hole testing will be charged to Gold Canyon at "Field Costs".

The Contractor does not guarantee that each and every test can be taken. The Contractor will, however, use its best efforts to acquire all tests as is practical at the time. Gold Canyon's representative, or their elected representative, will supervise the down hole testing when required.

MATERIAL LEFT IN HOLE:

When it appears that materials may not be recoverable from the hole, Gold Canyon's representative must be contacted to determine whether additional attempts should be made to recover the material. When requested to do so by Gold Canyon's representative, any attempt to recover material left in a hole will be charged to Gold Canyon at "Field Costs." If materials in the hole are deemed to have been stuck or lost by Contractor's error or negligence, the Contractor shall be responsible for all related costs of recovery.

BREAKING IN OPEN STOPES OR MINE OPENINGS:

The Company knows of no historic mine workings at the Springpole project. Nevertheless, the Contractor shall consult and work with the Gold Canyon representative to avoid breaking into stopes, and not to drill in a manner that will accelerate deviation of the holes.

It is the responsibility of Gold Canyon to supervise drilling near or close to mine openings and to ensure that enough down hole survey is done to control where the hole is going.

Whenever, there is a breaking into mine openings, the Contractor shall take all reasonable steps necessary to avoid the loss of equipment.

RECOVERY OF CASING :

Recovery of casing from holes will be charged to Gold Canyon at "Field Costs."

WEDGING:

Gold Canyon representative will supervise the installation of wedges to insure proper deflection. Contractor will supply the wedges, bits and tools required and will be responsible for the installation of the wedges in a drill hole. Wedging operations will be charged to Gold Canyon at "Field Costs."

CEMENTING:

If cementing is required to continue drilling, Gold Canyon will be charged at "Field Costs" and the cost of materials used plus 10%.

REAMING CASING:

If reaming is required during drilling, Gold Canyon will be charged at "Field Costs."

INSURANCE

At any and all times during the term of this Agreement, the Contractor shall carry insurance of the types and in the minimum amounts as follows:

a) Ontario Workplace & Safety Insurance (WSIB) in full compliance with all applicable provincial laws and regulations to cover any injury to its employees or contractors while carrying on its work under this Agreement;

b) comprehensive general liability insurance carried in a company or companies and with minimum limits acceptable to the Company for all damages arising out of one occurrence in respect of bodily injury or death and arising out of one accident in respect of damage to the property of others; and

c) automotive liability insurance covering owned and non-owned vehicles carried in a company or companies and with minimum limits acceptable to the Company for bodily injury to or death of any person or damage to property.

Proof of such coverage is attached. All insurance shall be maintained in full force and effect during the term of this agreement, and shall not be cancelled, altered or amended without fourteen (14) days' prior written notice having first been furnished to the Company.

GOVERNMENT REGULATIONS:

It is agreed that Gold Canyon will, at its expense, obtain any necessary government land usage and/or environmental permits, and pay all costs of all stumpage or cordage tax on necessary wood cut, or used, by the Contractor for drilling and camp purposes.

PAYMENT:

The Company shall pay the Contractor for the work and equipment or materials furnished by the Contractor at the rate stipulated in the work orders provided for in this Agreement, subject to them being accepted by the Company as fully complying with all the terms, conditions, specifications and requirements of this contract and the work orders, provided the Contractor shall have satisfied the Company that there are no liens or claims on or against the Company or its property by reason of the operations of the Contractor under this Agreement.

Invoices will be submitted twice monthly. Payments to be made thirty (30) days thereafter. An administration fees of 2% per month (24% per year) will be charged on all past due account. A collection charge of 20% of amounts due shall be charged.

A security deposit in the amount of $100 000,00 is to be made prior to commencement of mobilization. This deposit will be held in trust and applied to the Contractor's last invoice. All other invoices are to be paid as per this section.

MAINTENANCE, OVERSIGHT & DISCIPLINE:

The Contractor shall at all times enforce strict discipline and maintain good order among its employees and shall not retain on the job any person not skilled in the work assigned to him. Any employee of the Contractor who is justifiably objectionable or unsatisfactory to the Company shall be removed from the job and replaced by an employee satisfactory to the Company.

Further, the Contractor will ensure that its drill foreman inspects the drill site with a Gold Canyon representative and ensures compliance in accordance with Appendix 1 attached hereto for each hole. The drill foreman will sign Appendix 1. The Contractor agrees to remedy any items that are not in compliance with the form within 5 days of completion of each hole.

ENVIRONMENTAL MATTERS:

No provision of this paragraph entitled "Environmental Matters" shall limit the generality of any other provision of this paragraph or this Agreement. As used in this paragraph entitled "Environmental Matters", the following words and phrases shall have the following meanings:

"Environmental Harm" means any harm, damage, degradation or adverse effect on the environment and shall include:

i) Any discharge, spill, escape, addition, deposit, emission or leak of any Hazardous Substances into the environment or contamination thereof;

ii) Any damage caused by acid generating material; and

iii) Any land (including sub-surface, timber and vegetation) disturbance.

"Environmental Laws" means all applicable environmental, health or safety laws, regulations, bylaws, approvals and ordinances; including all applicable orders, notices, rules, guidelines, directions, codes, requirements, policies and the like rendered or imposed by any court or level of government including any department, ministry, branch, instrumentality or administrative or regulatory agency or authority and, where applicable, by any organization or association acting with authority contained in a land claim agreement between aboriginals and the government of Canada.

"Hazardous Substances" means any materials, substances, pollutants, contaminants or wastes of any kind may potentially, at some immediate or future time, endanger, harm, damage, injure, adversely affect or pose risk to the environment, human beings or any other living things and shall also include any contaminant, pollutant, waste, special waste, hazardous waste, dangerous goods or toxic substances as defined in or pursuant to any Environmental Laws.

"Permits" means permits, licenses, approvals, certificates of approval and other authorizations.

The Contractor covenants, represents and warrants to Gold Canyon that:

a) The Contractor is familiar with all Environmental Laws that may be applicable to the Contractor's activities and the terms and conditions that apply to Gold Canyon right to conduct exploration under the terms of its agreement with the registered owner of the Mineral Claims constituting the Springpole property.

b) All employees, subcontractors or agents of the Contractor have been properly trained with respect to any environmental concerns directly or indirectly associated with the Contractor's activities and with methods and systems for preventing Environmental Harm.

c) The Contractor and all employees, subcontractors or agents of the Contractor will exercise due care in preventing Environmental Harm. Without limitation, the Contractor shall implement such systems and procedures and provide all such equipment and facilities necessary so as to prevent accidental occurrences that may result in Environmental Harm.

d) The Contractor shall dig a sump adjacent to each drill hole as deemed necessary by Gold Canyon representative to contain drill cuttings or drill fluids; bay or similar material may be requested to further contain fluids or drill cuttings at the request of Gold Canyon representative.

e) The Contractor's activities pursuant to this Agreement will be conducted in compliance with all Environmental Laws and Permits in respect thereof and any agreement conferring prospecting rights upon Gold Canyon and so as not to give rise to any breach or non-compliance thereof by Gold Canyon or any of its directors, officers, employees, agents, representatives or related corporations.

f) The Contractor shall store (110% secondary container) and transfer all hydrocarbons in a responsible manner and if release shall occur, the release will be immediately minimized and cleaned up by the Contractor.

g) In the event that any report or notification is required to be made by the Contractor or any employees, subcontractors or agents of the Contractor pursuant to any Environmental Laws or Permits to a governmental authority or other third party in respect of any environmental matter, the Contractor shall immediately make or cause to be made such report or notification and forthwith provide Gold Canyon with full particulars thereof. The Contractor shall immediately advise Gold Canyon of any circumstances within the Contractor's knowledge whereby Gold Canyon may be obligated to make any such report or notification.

h) The Contractor's drill foreman shall continuously be on site and supervise and regularly inspect all of the Contractor's activities and equipment in order to ensure that the Contractor fulfills its obligations pursuant to this Agreement.

i) The Contractor will not cross any stream or body of water and not come within 30 meters of such water bodies with any equipment without the expressed consent of Gold Canyon representative. Where access and/or crossing of a stream or water body is required; Gold Canyon representative will specifically flag the route to the stream and/or water body. Further if the stream or water body must be crossed, the actual point of crossing will be specifically marked. The Contractor shall ensure that his employees, contractors or agents will strictly adhere to directions and crossing markers. In the event that the water access point in unsuitable, the Contractor will immediately advise Gold Canyon representative and further instructions will be provided. The Contractor will make every effort to use the same access trail to the drill. Gold Canyon representative will flag all original access trails to the drill and provide and details pertaining to access. At drill sites care will be taken to minimize the amount of timber destroyed in the immediate drill set up area.

j) Except as may otherwise be expressly stated herein, the Contractor shall be solely responsible for any Hazardous Substances (including fuel, acids and waste oil) which are used, stored, transported or generated by the Contractor or any of the Contractor's employees, subcontractors or agents in connection with the Contractor's activities or which are otherwise brought on site.

k) The Contractor shall ensue that the premises are at all times kept free from the accumulation of waste material and rubbish by the Contractor's activities. Upon completion of the work to be performed by the Contractor pursuant to this Agreement, the Contractor shall remove all tools, scaffoldings, Hazardous Substances, fuel drums, equipment, containers, rubbish, supplies and surplus materials of the Contractor and any of the Contractor's employees, subcontractors or agents and dispose of to an approved facility. The Contractor shall also leave the premises in a clean and safe condition and, if the Contractor has operated its own exploration camp, abandon, dismantle and remove such camp in accordance with all Environmental Laws:

l) If any Environmental Harm (which is not authorized by a Permit issued to Gold Canyon), breach or violation of Environmental Laws or breach of any agreement conferring prospecting rights on Gold Canyon directly or indirectly results from any acts or omissions of the Contractor or any of the Contractor's employees, subcontractors or agents, the Contractor shall:

i) forthwith cause such Environmental Harm, breach or violation of Environmental Laws or such breach of agreement conferring prospecting rights to be remediated, repaired, reclaimed or otherwise corrected in such manner as Gold Canyon may direct, whether or not such measures are required by Environmental Laws or any governmental authority ("Remediation Measures"); or

ii) if Gold Canyon at its sole option, elects to carry out or arrange for the Remediation Measures itself, will deduct remediation costs from the final billing.

m) The Contractor shall be fully responsible for all acts and omissions of any subcontractors and their employees, agents and representative and the Contractor shall ensure that any subcontractors shall comply with the provisions of this paragraph and any other provisions of this Agreement which directly on indirectly relate to Environmental Harm, Environmental Laws and all the agreement conferring prospecting rights on Gold Canyon as if such subcontractor was the Contractor hereunder.

The Contractor shall indemnify Gold Canyon for any and all (i) liabilities, losses, claims, costs and damages (including lost profits, consequential damages, interest, penalties, fines, monetary sanctions); and (ii) expenses incurred or suffered by Gold Canyon or its related corporations or any of their respective directors, officers, employees, agents or representatives (including amounts paid to lawyers, accountants, and engineers) by reason of, resulting from, in connection with, or arising in any manner whatsoever out of:

a) any Environmental Harm being caused directly or indirectly (except to the extent authorized by a Permit issued to Gold Canyon and in accordance with Gold Canyon instructions);

b) the storage, transportation or generation of any Hazardous Substances (including fuels, acids and waste oil) ; or

c) any violation of any Environmental Laws or Permits or any agreement conferring prospecting rights of Gold Canyon caused directly or indirectly;

by any acts or omissions of the Contractor or any employees, subcontractors or agents of the Contractor.

OWNERSHIP OF DATA, INFORMATION AND CONFIDENTIALITY

All maps, data, reports, records, logs, samples, core, rock, cuttings, sludge or other information collected, developed or determined as a result of, or disclosed for the purposes of, this agreement shall be the property of the Company and the Contractor acknowledges that such information, other than that which is publicly known, is confidential and proprietary information and constitutes trade secrets of the Company (all of which is referred to as "Confidential Information"). The Contractor shall not permit any person other than employees, subcontractors or agents of the Company or the Contractor access to the Springpole property, any drill sites or any drill core or records related to the work or services performed under this agreement and shall cause its servants, employees, agents, officers and directors to maintain the confidentiality thereof, unless otherwise authorized by the Company in writing.

The Contractor shall keep confidential all Confidential Information, including the terms of this agreement. The Contractor shall not, during the term of this agreement or thereafter, use, disclose, divulge or make available any Confidential Information to any third party either directly or indirectly in any manner whatsoever without the prior written consent of the Company.

The Contractor's obligations related to confidentiality shall survive the expiry or termination of this Agreement.

NOTICE

All payments and communications which may be or are required to be given by either party to the other shall (in the absence of any specific provision to the contrary) be in writing and delivered personally or delivered, facsimiled or sent by commercial courier to the parties at their respective addresses and facsimile numbers last known to the other party and if any payment or communication is sent by prepaid registered mail, it shall, subject to the following sentence, be conclusively deemed to have been received on the third business day following the mailing of it and, if delivered or facsimiled, it shall be conclusively deemed to have been received at the time of delivery or transmission. Notwithstanding the foregoing provisions with respect to mailing, in the event that it may be reasonably anticipated that, due to any strike, lock-out or similar event involving an interruption in postal service, any payment or communication will not be received by the addressee by no later than the third business day following the mailing of it, then the mailing of any payment or communication as mentioned shall not be an effective means of sending it but rather any payment or communication must then be sent by an alternative means of transportation which it may reasonably be anticipated will cause the payment or communication to be received reasonably expeditiously by the addressee. Either party may from time to time change its address by notice to the other in accordance with this paragraph.

GENERAL:

No party hereto shall be held liable to the other and no party hereto shall be deemed in default under this agreement for any failure or delay to perform any of its covenants and agreements caused or arising out of any act not within the control of the party, excluding lack of funds but including, without limitation, acts of God, strikes, acts of the public enemy, riots, fire, storm, flood, explosion, government restriction, failure to obtain any approvals required from regulatory authorities including environmental protection agencies, interference of environmentalists or native rights pressure groups or other cause whether of the kind enumerated above or otherwise which is not reasonably in the control of the party.

The Contractor shall indemnify Gold Canyon for any and all Costs which may be incurred or suffered by Gold Canyon or its related corporations or any of their respective directors, officers, employees, agents or representatives, whether direct or indirect, as a result by any acts or omissions of the Contractors or any of the Contractor's employees, subcontractors or agents.

Time shall be of the essence of this Agreement and of every part of it and no extension or variation of this Agreement shall operate as a waiver of this provision.

The failure of any part to this Agreement to enforce at any time any of the provisions of this Agreement or any of its rights in respect to it or to insist on strict adherence to any term of this Agreement will not be considered to be a waiver of that provision, right or term or in any way to affect the validity of this Agreement or deprive the applicable party of the right thereafter to insist on strict adherence to that term or any other term of this Agreement. The exercise by any party to this Agreement of any of its rights provided by this Agreement will not preclude or prejudice the party from exercising any other right it may have by reason of this Agreement or otherwise, irrespective of any previous action or proceeding taken by it under this lease. Any waiver by any party of the performance of any of the provisions of this Agreement will be effective only if in writing and signed by a duly authorized representative of the party.

The Contractor may not assign, pledge, mortgage or otherwise encumber any of its rights under this Agreement without the prior written consent of the Company. This Agreement shall ensure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, successors and permitted assigns.

This Agreement and the rights and obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein (but without giving effect to any conflict of laws rules). The parties agree that the courts of Ontario shall have jurisdiction to entertain any action or other legal proceedings based on any provisions of this Agreement. Each party attorns to the jurisdiction of the courts of the Province of Ontario.

FACSIMILE TRANSMISSION COUNTERPARTS

This Agreement may be executed and delivered by facsimile transmission in one or more counterparts, each of which shall be considered one and the same agreement and shall become effective when the counterparts have been signed by each party and delivered to the other party.

IN WITNESS WHEREOF THE PRESENTS HAVE BEEN EXECUTED BY THE PARTIES HERETO THE DAY AND YEAR FIRST ABOVE WRITTEN.

GOLD CANYON RESOURCES

Quinton Hennigh, Director

LANDDRILL INTERNATIONAL LTD.

Daniel Thellend, Manager

PRICE LIST
-2011 -

Description	Unit Price $	Unit Price $	Unit Price $
1. Casing Consumables	**HW**	**NW**	**BW**
Casing 0.6 meter	108.77	100.25	101.83
Casing 1.5 meter	173.61	158.55	110.42
Casing 3 meter	268.11	244.85	169.08

2. Drilling consumables	**HQ**	**NQ**	**BQ**
Rods	217.75	158.70	132.25
Bits	695.00	587.40	467.50
Shoes	554.62	587.40	317.40
Core barrel, standard 3 meter	446.35	260.86	201.68
Outer tube assembly, standard 3 meter		1752.31	1527.49
3 Any other consumables			
Casing cap NW	72.60		
Continuous bag for sludge collection			
Liquid Polymer (20l)	133.24		
Powder polymer (DD-2000) 20l pail	158.70		
Torqless (20l)	130.92		
Bentonite Quick Gel	27.25		

The following is Exhibit C to the
Affidavit of Ronald A. Schmitz, sworn before me
the 14th day of September, 2012.

Notary Public

VIRGIL Z. HLUS
Barrister & Solicitor
CLARK WILSON LLP
800 - 885 WEST GEORGIA STREET
VANCOUVER, B.C. V6C 3H1
Telephone: (604) 687-5700

LANDDRILL INTERNATIONAL LTD

PAYMENT ADDRESS: ***160 MacNaughton Avenue***
Moncton, NB E1H 3L9
Phone: (506) 388-8100
Fax: (506) 388-8990

HST Number: 86371 1602 RT 0001

BILL: Gold Canyon
Suite 801-609 Granville Street
PO Box 10356 Pacific Centre
Vancouver, BC V7Y 1G5

DATE: 27/May/2011

INVOICE NO: 2011-092

DRILL NO:

PROJECT: Springpole

JOB NO:

INVOICE FOR THE DEPOSIT FOR WORK TO BE DONE ON YOUR SPRINGPOLE PROPERTY IN ONTARIO

Deposit for Drill Rigs As per contract agreement - Deposit to be deducted on last invoice.	3.00	x	$ 100,000.00	=	$	300,000.00

SUBTOTAL	$ 300,000.00
HST	$ -
TOTAL INVOICE	$ 300,000.00

TOTAL METERS DRILLED 0.00

***** Note: As per contract agreement - Deposit to be deducted on last invoice.**

PAYMENT TERMS - DUE ON RECEIPT IN CAD DOLLARS

Landdrill International Ltd. - C$

Account Name: Landdrill International Ltd.
Address: 160 MacNaughton Avenue
Moncton, NB E1H 3L9

Bank: CIBC
Bank Address: 759-761 Main Street
Moncton, New Brunswick
Canada
E1C 1E5

Bank Number: 010
Transit Number: 00024
Account Number: 11-27217
Swift Code: CIBCCATT

The following is Exhibit D to the
Affidavit of Ronald A. Schmitz, sworn before me
the 14th day of September, 2012.

Notary Public

VIRGIL Z. HLUS
Barrister & Solicitor
CLARK WILSON LLP
800 - 885 WEST GEORGIA STREET
VANCOUVER, B.C. V6C 3H1
Telephone: (604) 687-5700

COX & PALMER | coxandpalmerlaw.com

New Brunswick | Newfoundland and Labrador | Nova Scotia | Prince Edward Island

September 10, 2012

VIA FACSIMILE AT 652-1989	VIA FACSIMILE AT 1-709-726-0345
STEPHEN J. HUTCHISON STEWART McKELVEY 10th Floor, Brunswick House 44 Chipman Hill PO Box 7289, RPO Brunswick Square Saint John NB E2L 4S6	PAUL D. HICKEY, Senior Vice President ERNST & YOUNG INC., as Court appointed Monitor of Landdrill International Inc. et al The Fortis Building 139 Water Street, 7th Floor St. John's NL A1C 1B2

Dear Sirs:

RE: Landdrill International Inc. et al ("Landrill")
Court File No. : M M 114-12
Our file: 112/1304

Our firm has just been retained by Gold Canyon Resources Inc. ("Gold Canyon").

As disclosed at paragraph 66 of the affidavit of Ronald J. Goguen sworn August 27, 2012 (the "Affidavit"), there is ongoing litigation between Gold Canyon and Landrdrill. Please take this letter as notice that the claim of Gold Canyon is not fully set out in the Affidavit and that Landdrill holds $300,000.00 in trust for Gold Canyon, in whole or in part as a deposit made pursuant to an agreement entered into in May, 2011. On behalf of Gold Canyon, we require that Landdrill account to Gold Canyon for the funds held in trust and confirm that such funds are segregated from any property of Landdrill.

Please take further notice that any dealings by Landdrill (or others) with the property of Gold Canyon, other than in accordance with the terms of the trust, is a breach of trust and all person into whose hands such trust funds may be traceable shall be liable to Gold Canyon to account for and return the funds.

As the funds paid by Gold Canyon are not property of Landdrill, our client does not consider it as subject to any charges created by the Initial Order.

<u>We ask that the Monitor forward a copy of this correspondence to the debtor in possession lender and the director(s) who also benefit from Court ordered charges in the Initial Order.</u>

Yours very truly,

Josh J. B. McElman
JJBM/am

Josh J. B. McElman | Saint John Managing Partner
Direct 506 633 2708 Main 506 632 8900 Fax 506 632 8809 Email jmcelman@coxandpalmer.com
One Germain Street, Suite 1500 Brunswick Square Saint John NB E2L 4V1
Correspondence: P. O. Box 1324 Saint John NB E2L 4H8

COURT FILE NO.: M/M/114/12

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK
TRIAL DIVISION
JUDICIAL DISTRICT OF MONCTON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

-and -

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF LANDDRILL INTERNATIONAL INC. (A BRITISH COLUMBIA CORPORATION), LANDDRILL INTERNATIONAL LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL ATLANTIC LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL CONTRACT MINING LTD. (A NEW BRUNSWICK CORPORATION), LANDDRILL INTERNATIONAL MEXICO S.A. DE C.V. (A MEXICAN CORPORATION), LANDDRILL INTERNATIONAL LLC (A MONGOLIAN CORPORATION) and LANDDRILL INTERNATIONAL INC. (A BARBADOS CORPORATION)

PLAINTIFF,

AFFIDAVIT

I, **QUINTON HENNIGH**, of the City of Longmont, State of Colorado, United States of America, **MAKE OATH AND SAY:**

1. I am a Director of and Technical Advisor to Gold Canyon Resources Inc. ("Gold Canyon"), a respondent to the within Application. I am authorized to make this Affidavit and have personal knowledge of the facts to which I herein depose, except where stated to be on information and belief.

2. I have reviewed the Affidavit sworn by Ronald Schmitz, September 14, 2012, and can confirm that the facts contained therein are true, is so far as such facts are within my knowledge.

3. During the course of the negotiations between Gold Canyon and Landdrill International Ltd. ("Landdrill"), I communicated directly with Mr. Ronald J. Goguen, whom I understood to be the President of Landdrill. I was directly involved in the negotiation of the Memorandum of Agreement of May, 2011 (the "Agreement") and the mistaken over-payment of the related invoice.

4. My first dealings with Mr. Goguen concerning the Agreement were in April, 2011. In or about that time, Gold Canyon had been experiencing difficulty with its existing drilling contractor. On the recommendation of a contact I had in the industry, I made contact with Mr. Goguen in his capacity as president of Landdrill. After making initial contact, I arranged to meet with Mr. Goguen in Moncton, New Brunswick.

5. I flew to Moncton on April 4, 2011 and met with Mr. Goguen on the following day, April 5, 2011. I explained Gold Canyon's drilling needs to Mr. Goguen. Gold Canyon needed to perform "barge drilling" in the spring and summer of 2011. This drilling required specialized equipment, affixed to barges. Mr. Goguen commented that Landdrill was in the process of acquiring two drill rigs of the type required to fulfill Gold Canyon's needs. Mr. Goguen said that the drill rigs had already been ordered. Mr. Goguen assured me that the rigs were suitable and would require only slight modification when they arrived. Mr. Goguen further assured me that the rigs would be available to be deployed in early June, 2011. We agreed that following our meeting he would circulate a draft agreement for Gold Canyon to review.

6. Shortly following my meeting with Mr. Goguen, he circulated an initial draft of the Agreement. After some modifications, the parties finalized the Agreement.

7. After execution of the Agreement, Mr. Goguen emailed me an invoice. I received the emailed invoice on my mobile phone while I was travelling and was unable to scrutinize the amount. I forwarded the email to Mr. Schmitz for payment, having not confirmed the amount. I indicated to Mr. Schmitz that the invoice was time sensitive and that we needed to pay it in order to get Landdrill on site in early June, 2011, to start drilling.

8. I have subsequently examined the invoice. It was dated May 27, 2011, and was paid on receipt. I did not realize in May, 2011, that the invoice had been submitted in the amount of $300,000, rather than the $100,000 agreed upon in the Agreement. I was finally made aware of the mistaken payment in or about late December, 2011, when Gold Canyon sought return of its deposit and the Agreement was reviewed.

9. After payment of the invoice, I had further phone contact with Mr. Goguen. He indicated that the drilling would not be able to commence in early-June, 2011, but would be delayed until no later than late-June, 2011.

10. By May 31, 2012, Gold Canyon had the executed Agreement in hand, had paid the invoice and I had been advised by Mr. Goguen that work would start no later than late-June, 2011. Relying on the foregoing, I prepared a news release for Gold Canyon, so that Gold Canyon could announce, among other things, the drilling program outlined in the Agreement. I attach and mark as Exhibit "A" a copy of the news release which at page 4 indicates:

"Drilling from a pair of barges is expected to begin in mid to late June."

11. In mid-June, 2011, I was contacted by Mr. Goguen. He advised that he was in Denver, Colorado, and asked me to join him for dinner. I met Mr. Goguen for dinner and he mentioned that he was still waiting for delivery of the new drills from the manufacturer. This caused me concern because it was contrary to his earlier assurances that the rigs were to be delivered and fitted by about mid-June. I advised Mr. Goguen that Gold Canyon had already publically announced a late-June start to our drilling. He assured me that Landdrill would still meet the late-June deadline.

12. By the end of June, 2011, Landdrill had not brought drill rigs to the site and had not commenced drilling. I contacted Mr. Goguen and he advised me that the drills had not been delivered and he would not be able to commence drilling until mid-August, 2011. I informed Mr. Goguen that this delay put us at jeopardy with investors who expected us to start barge drilling by the end of June. As a result of this delay, I was required to contact our existing drill contractor to commence barge drilling on an urgent basis. We were able to arrange for barge drilling by our existing contractor by August, 2011, before the date Mr. Goguen had indicated he could get his drills on site.

13. During the summer of 2011, our site, along with many others, was affected by severe forest fires. These fires made access to the site by helicopter dangerous and unreliable. Moving equipment in and out (including drill rigs) became quite difficult. Mr. Daniel Thellend of Landdrill unexpectedly called me in late July to tell me that their drills had been delivered by the manufacturer and they were fitting them for work on our barges. I explained to him that we were now faced with forest fires and could not even consider getting them flown into site. The forest fires and resulting flight restrictions lasted through early September. In the meantime, we commenced drilling with our existing contractor by around August 1, 2011.

14. By early to mid-September, 2011, I was contacted again by Mr. Thellend who advised that the drill rigs were ready and inquired as to whether access to the site was possible or whether the site was inaccessible due to forest fires. I told Mr. Thellend that, with about four weeks left, the summer drilling 2011 season was almost over and that Landdrill had let us down, but that they might still be considered for Gold Canyon's winter drilling work.

15. In mid-September, Gold Canyon brought on a new project manager, Mr. James Muntzert. Mr. Muntzert requested bids from drill contractors for the winter program in mid- to late October. Landdrill was notified of this and asked to submit a bid. In or about late November, 2011, Landdrill submitted a bid for Gold Canyon's winter drilling work. The bid was not the winning bid under the tender process and was, in fact, for an amount much higher than agreed upon in the Agreement for the summer drilling. After Gold Canyon informed Mr. Goguen that Landdrill did not win this bid, he

said that they had made a serious error in their proposed costs in their proposal and asked if we would reconsider. I informed him that Gold Canyon had already awarded the contract to another company.

16. In or about late December, soon after I told Mr. Goguen that we would not be using Landdrill, Ron Schmitz began the process of retrieving Gold Canyon's deposit from Landdrill. It was in or about this time that I first learned that the Gold Canyon had made a mistaken payment of $200,000 over and above the agreed upon deposit, and had been induced to do so by Landdrill's invoice of May 27, 2011.

17. In or about late January, 2012, Ron Schmitz and I met with Ron Goguen at the Cambridge Mining Show in Vancouver, British Columbia. Mr. Schmitz and I explained to Mr. Goguen that we were disappointed with Landdrill and asked Mr. Goguen to arrange for the return of Gold Canyon's deposit. Mr. Goguen admitted that the summer attempts to mobilize drills by Landdrill had been a disaster and further admitted that Landdrill had not lived up to its obligations under the Agreement.

18. At the same meeting in January, 2012, Mr. Goguen also admitted, for the first time, that Landdrill no longer held Gold Canyon's deposit in trust. He did not say at that time what Landdrill had done with Gold Canyon's deposit but he did offer to provide Gold Canyon with a drill rig in lieu of repayment.

19. I have reviewed the Affidavits of Mr. Goguen, sworn August 27, 2012 and September 12, 2012. I can confirm the following (as has been set out in the Affidavit of Ronald Schmitz and herein):

   a) Prior to execution of the Agreement, Landdrill represented to Gold Canyon that Landdrill was in the process of expanding and would be acquiring new drilling equipment;

   b) Landdrill did not represent or advise Gold Canyon that the new drilling equipment was being obtained as a result of or in order to obtain the Agreement;

   c) At no time did Gold Canyon agree to permit its deposit to be used for the acquisition of drilling equipment and had we been asked we would have refused as it would have indicated to us that Landdrill lacked the financial capacity to complete the Agreement;

   d) Landdrill drafted the Agreement and, while Gold Canyon provided certain comments, it was Landdrill which had control of the document;

e) The invoice was sent to Gold Canyon and was paid in full in the amount of $300,000, of which $200,000 was paid in error;

f) At no time did Gold Canyon agree that the deposit of $100,000 would not be held in trust as set out in the Agreement;

g) Gold Canyon did not terminate the Agreement and in fact relies upon it;

h) Landdrill was retained in relation to the 2011 summer drilling program and then subsequently bid on the winter drilling program which tender it did not win; and

i) Ronald Goguen himself has acknowledged the claim of Gold Canyon and most recently offered equipment in satisfaction of the claim for $300,000, less an amount for costs but at no time has he quantified same or claimed that the funds were not paid in trust and, in part, in error

SWORN TO at the County of Boulder,)
State of Colorado, USA, this 17 day of)
September, 2012)
BEFORE ME:)

A NOTARY PUBLIC in and for the) QUINTON HENNIGH
State of Colorado, USA)
(Affix Notarial Seal))

LISA M WAGNER
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 04-23-2014

The following is Exhibit A to the
Affidavit of Quinton Hennigh, sworn before me
the 14 day of September, 2012.

Lisa M Wagner
Notary Public

LISA M WAGNER
NOTARY
PUBLIC
STATE OF COLORADO
My Commission Expires 04-23-2014

e) The invoice was sent to Gold Canyon and was paid in full in the amount of $300,000, of which $200,000 was paid in error;

f) At no time did Gold Canyon agree that the deposit of $100,000 would not be held in trust as set out in the Agreement;

g) Gold Canyon did not terminate the Agreement and in fact relies upon it;

h) Landdrill was retained in relation to the 2011 summer drilling program and then subsequently bid on the winter drilling program which tender it did not win; and

i) Ronald Goguen himself has acknowledged the claim of Gold Canyon and most recently offered equipment in satisfaction of the claim for $300,000, less an amount for costs but at no time has he quantified same or claimed that the funds were not paid in trust and, in part, in error

SWORN TO at the _________,	)	
State of Colorado, USA, this ___ day of	)	
September, 2012	)	
BEFORE ME:	)	
	)	
______________________________	)	______________________________
A NOTARY PUBLIC in and for the	)	**QUINTON HENNIGH**
State of Colorado, USA	)	
(Affix Notarial Seal)	)	
	)	
	)	
	)	

The following is Exhibit A___ to the
Affidavit of Quinton Hennigh, sworn before me
the _____ day of September, 2012.

____

Notary Public

GOLD CANYON RESOURCES INC.

GCU: TSX-V

GCU 999.9

Suite 810 - 609 Granville Street, P.O. Box 10356 Pacific Centre, Vancouver, BC, Canada V7Y 1G5
Tel: (604) 682-3234 Toll free: 1 (888) 242-3234 Fax: (604) 682-0537
www.goldcanyon.ca

May 31, 2011

NEWS RELEASE

GOLD CANYON INTERCEPTS 292.5 METERS AT 1.13 GRAMS PER TONNE GOLD AT SPRINGPOLE GOLD PROJECT – STAKES ADDITIONAL 10,000 ACRES

Gold Canyon Resources Inc. (GCU: TSX-V) ("Gold Canyon" or "the Company") is pleased to announce assays from the final four holes of its Winter 2011 Diamond Drill Program at its 100% controlled Springpole Gold Project, located 110 kilometers northeast of the Red Lake Mining Camp, Ontario, Canada. Results include 292.5 meters at 1.13 grams per tonne gold (959 feet at 0.033 oz per ton gold) including 198.5 meters at 1.42 grams per tonne gold (651 feet at 0.041 oz per ton gold) in hole SP11-059 drilled in the southeast part of the Portage Zone.

"Our infill drilling this winter continues to demonstrate remarkable consistency within the Portage Zone," comments Dr. Quinton Hennigh, Technical Advisor and Director of Gold Canyon Resources. "Although it is too early to estimate the average grade of the deposit, the weighted average grade of all 2010-11 drill intercepts in the Portage Zone is 1.30 grams per tonne. We believe the Portage Zone will prove to be one of the highest grade bulk tonnage projects in the Shield."

Summary of New Gold Assays from the Portage Zone

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP11-057	91.5	312.0	220.5	0.84	723	0.025
includes	229.5	303.0	73.5	1.32	241	0.039
Zones of no recovery from 216-229.5 and 246-247.5 meters						
SP11-059	72.0	364.5	292.5	1.13	959	0.033
includes	166.0	364.5	198.5	1.42	651	0.041
includes	244.5	278.0	33.5	2.14	110	0.062
includes	290.0	325.0	35.0	2.37	115	0.069
includes	360.0	364.5	4.5	2.55	15	0.074
Zone of no recovery from 343.5-345 meters						
SP11-060	51.0	255.0	204.0	1.15	669	0.034
includes	145.0	163.5	18.5	2.41	61	0.070
includes	159.0	163.5	4.5	6.61	15	0.193
Zones of no recovery from 180-181.5 and 231-234 meters						

Reported intervals apply a 0.2 gram per tonne gold (0.006 oz per ton gold) cutoff.

Internal dilution within reported intervals does not exceed core lengths of 13.5 meters.

Weighted averages were used to calculate all reported intervals.

1 troy ounce = 31.103 grams

Conversion factor – grams per tonne to troy ounces per short ton; g/t divided by 34.2857 or g/t multiplied by 0.0292

1 meter = 3.28 feet

Summary of Gold Assays from Exploration Drill Hole

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP11-055	18.0	33.0	15.0	0.36	49	0.011
	82.0	93.0	11.0	0.39	36	0.011
	139.0	173.0	34.0	0.33	112	0.010
	337.0	355.0	18.0	0.40	59	0.012

Reported intervals apply a 0.2 gram per tonne gold (0.006 oz per ton gold) cutoff.

Internal dilution within reported intervals does not exceed core lengths of 2 meters.

Weighted averages were used to calculate all reported intervals.

1 troy ounce = 31.103 grams

Conversion factor – grams per tonne to troy ounces per short ton; g/t divided by 34.2857 or g/t multiplied by 0.0292

1 meter = 3.28 feet

Summary:

- Diamond drill hole SP11-059, oriented with an azimuth of 220 degrees true north and an inclination of -45 degrees, tested the southeast part of the Portage Zone at depths of about 150-250 meters. This hole intersected 292.5 meters at 1.13 grams per tonne gold (959 feet at 0.033 oz per ton gold) including 198.5 meters at 1.42 grams per tonne gold (651 feet at 0.041 oz per ton gold). The last meter of this hole assayed 3.60 grams per tonne gold (0.105 oz per ton gold).
- Diamond drill hole SP11-057, oriented with an azimuth of 220 degrees true north and an inclination of -45 degrees, tested the mid-section of the Portage Zone at depths of about 150-250 meters. This hole intersected 220.5 meters at 0.84 grams per tonne gold (723 feet at 0.025 oz per ton gold).
- Diamond drill hole SP11-060 is a vertical hole drilled in the mid-section of the Portage Zone. This hole intersected 204 meters at 1.15 grams per tonne gold (669 feet at 0.034 oz per ton gold). Mineralization starts immediately beneath the lake sediment-bedrock interface and continues to the bottom of the hole.
- Diamond drill hole SP11-055 is an exploration hole collared approximately 615 meters southeast of hole SP11-059 and drilled with an azimuth of 220 degrees true north and an inclination of -45 degrees. This hole encountered multiple intervals of low-grade gold mineralization.
- A table attached to this press release summarizes all drill intercepts from the Portage Zone from the 2010-11 Diamond Drill Campaign. Although the average grade of the deposit has yet to be calculated, the weighted average grade of these drill intercepts is 1.30 grams per tonne gold.
- SP11-062, the first of a series of deep drill holes was collared on the southwest shore of the bay on the 0+00 section with an azimuth of 40 degrees true north and an inclination of -45 degrees. This hole was lost in bad ground at 467 meters. Assays are expected back within 1-2 weeks. A second attempt to drill this hole, SP11-063, was collared a few meters away and is currently in progress at a depth of approximately 830 meters. It is expected to reach its targeted depth of 1,000 meters some time in early June.
- Drilling from a pair of barges is expected to begin in mid to late June.

Claim Staking

Gold Canyon increased its property position at the Springpole Gold Project by staking approximately 10,000 additional acres of land. These new claims adjoin the existing claim block and increase the property size by approximately 50%. Although the entirety of known porphyry rocks with associated gold mineralization fall within the old claim block, these new claims give the Company a strategic position for developing future infrastructure critical to the advancement of the project.

Summary of Gold Assays from 2010-11 Drill Holes from Portage Zone

Numbers in italics have been announced in previous news releases

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP10-001	*12.5*	*64.0*	*51.5*	*0.93*	*169*	*0.027*
SP10-002	*242.0*	*335.0*	*93.0*	*2.40*	*305*	*0.070*
SP10-004	*31.0*	*182.0*	*151.0*	*0.72*	*495*	*0.021*
SP10-005	*202.0*	*268.0*	*66.0*	*1.88*	*216*	*0.055*
SP10-006	*278.0*	*363.0*	*85.0*	*0.93*	*279*	*0.027*
SP10-007	*33.0*	*250.0*	*217.0*	*1.57*	*712*	*0.046*
SP10-008	*257.0*	*451.0*	*194.0*	*1.22*	*636*	*0.036*
Zone of no recovery from 316-328 meters						
SP10-009	*3.0*	*167.0*	*164.0*	*1.02*	*538*	*0.030*
	214.0	*322.0*	*108.0*	*1.38*	*354*	*0.040*
Zone of no recovery from 238-244 meters						
SP10-011	*0.0*	*36.0*	*36.0*	*1.58*	*118*	*0.046*
	73.0	*128.0*	*55.0*	*0.50*	*180*	*0.015*
	229.0	*323.0*	*94.0*	*2.51*	*308*	*0.073*
SP10-012	*275.0*	*408.0*	*133.0*	*0.79*	*436*	*0.023*
Zones of no recovery from 314-317, 329-332 and 362-365 meters						
SP10-016	*206.0*	*511.0*	*305.0*	*1.03*	*1000*	*0.030*
Zones of no recovery from 247-250 and 445-448 meters						
SP10-019	*182.0*	*489.0*	*307.0*	*1.44*	*1007*	*0.042*
Zones of no recovery from 418-421 and 430-442 meters						
SP10-022	*155.0*	*378.0*	*223.0*	*1.45*	*731*	*0.042*
SP10-024	*166.0*	*391.0*	*225.0*	*1.48*	*738*	*0.043*
Zones of no recovery from 205-208 and 210.6-211 meters						
SP10-025	*215.0*	*253.0*	*38.0*	*1.53*	*125*	*0.045*
SP10-026	*54.0*	*407.0*	*353.0*	*1.17*	*1158*	*0.034*
SP10-028	*361.0*	*469.0*	*108.0*	*1.75*	*354*	*0.051*
Zones of no recovery from 394-400 and 439-445 meters						
SP10-029	*301.0*	*433.0*	*132.0*	*2.30*	*433*	*0.067*
Zones of no recovery from 337-340, 364-370 and 418-421 meters						
SP11-030	*14.0*	*73.0*	*59.0*	*2.51*	*194*	*0.073*
SP11-031	*5.4*	*91.0*	*85.6*	*1.09*	*281*	*0.032*
SP11-032	*13.0*	*70.0*	*57.0*	*0.54*	*187*	*0.016*
SP11-033	*13.0*	*315.0*	*302.0*	*1.39*	*991*	*0.041*
Zones of no recovery from 146.5-148, 203.5-205, 235-236.5, 239.5-244 and 302.5-304 meters						

cont'd: **Summary of Gold Assays from 2010-11 Drill Holes from Portage Zone**

Numbers in italics have been announced in previous news releases

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP11-034	*37.0*	*110.5*	*73.5*	*1.18*	*241*	*0.034*
	162.0	*331.0*	*169.0*	*1.08*	*554*	*0.032*
SP11-035	*37.0*	*68.0*	*31.0*	*1.01*	*102*	*0.029*
	105.0	*200.5*	*95.5*	*1.22*	*313*	*0.036*
SP11-036	*204.0*	*394.5*	*190.5*	*0.90*	*625*	*0.026*
Zones of no recovery from 355.6-358.5, 373.5-376.5, 379.5-382.5 and 385.5-391.5 meters						
SP11-037	*54.0*	*316.5*	*262.5*	*0.92*	*861*	*0.027*
SP11-038	*61.0*	*79.0*	*18.0*	*0.89*	*59*	*0.026*
	121.0	*202.0*	*81.0*	*1.21*	*266*	*0.035*
Zones of no recovery from 148-160 and 166-169 meters						
SP11-039	*60.0*	*117.0*	*57.0*	*0.40*	*187*	*0.012*
	132.0	*165.0*	*33.0*	*0.53*	*108*	*0.015*
SP11-040	*51.0*	*151.5*	*100.5*	*7.23*	*330*	*0.211*
SP11-041	*161.0*	*237.0*	*76.0*	*1.50*	*249*	*0.044*
Zone of no recovery from 231-232.5 meters						
SP11-042	*9.0*	*411.0*	*402.0*	*0.76*	*1319*	*0.022*
Zones of no recovery from 383.5-385.5, 388.5-390, 402-403.5 and 405-406.5 meters						
SP11-043	*42.0*	*153.0*	*111.0*	*2.03*	*364*	*0.059*
Zone of no recovery from 42.5-45 meters						
SP11-044	132.0	351.0	219.0	0.71	718	0.021
SP11-045	36.0	90.0	54.0	2.15	177	0.063
Zone of no recovery from 42-43.5 meters						
SP11-045A	63.0	213.0	150.0	2.56	492	0.075
SP11-046	34.0	63.0	29.0	0.57	95	0.017
	238.0	306.5	68.5	0.82	225	0.024
Zone of no recovery from 294.5-296 meters						
SP11-047	22.7	177.0	154.3	0.99	506	0.029
SP11-048	121.0	315.0	194.0	1.11	636	0.032
Zone of no recovery from 153-156 meters						
SP11-049	20.0	152.0	132.0	1.37	433	0.040
SP11-050	139.0	247.0	108.0	0.54	354	0.016
	304.0	328.0	24.0	0.63	79	0.018
Zones of no recovery from 244.5-246 and 282-283.5 meters						

cont'd: **Summary of Gold Assays from 2010-11 Drill Holes from Portage Zone**

Numbers in italics have been announced in previous news releases

Hole	From (meters)	To (meters)	Length (meters)	Gold (grams per tonne)	Length (feet)	Gold (oz per ton)
SP11-051	*14.0*	*164.0*	*150.0*	*1.15*	*492*	*0.034*
SP11-052	*19.0*	*158.0*	*139.0*	*1.04*	*456*	*0.030*
SP11-053	*11.4*	*21.0*	*9.6*	*2.95*	*31*	*0.086*
	130.0	*321.0*	*191.0*	*1.08*	*626*	*0.032*
	340.0	*351.0*	*11.0*	*1.19*	*36*	*0.035*
Zones of no recovery from 217.5-220.5 and 237-240 meters						
SP11-054	*23.0*	*165.0*	*142.0*	*0.81*	*466*	*0.024*
Zone of no recovery from 30-31.5 meters						
SP11-056	*55.5*	*228.0*	*172.5*	*0.93*	*566*	*0.027*
Zones of no recovery from 166.5-168, 172.5-174, 193.5-195 and 208.5-210 meters						
SP11-057	91.5	312.0	220.5	0.84	723	0.025
Zones of no recovery from 216-229.5 and 246-247.5 meters						
SP11-058	*48.4*	*159.0*	*110.6*	*2.48*	*363*	*0.072*
SP11-059	72.0	364.5	292.5	1.13	959	0.033
Zone of no recovery from 343.5-345 meters						
SP11-060	51.0	255.0	204.0	1.15	669	0.034
Zones of no recovery from 180-181.5 and 231-234 meters						

Reported intervals apply a 0.2 gram per tonne gold (0.006 oz per ton gold) cutoff.
Internal dilution within reported intervals does not exceed core lengths of 13.5 meters.
Weighted averages were used to calculate all reported intervals.
1 troy ounce = 31.103 grams
multiplied by 0.0292
1 meter = 3.28 feet

The ongoing diamond drill program is part of an effort to move the Springpole Gold deposit towards prefeasibility. Holes drilled this winter and from a pair of barges in summer are expected to allow the Company to revise the 43-101 compliant resource estimate for the deposit sometime late in the second half of 2011.

Springpole is an alkaline intrusion hosting a gold system that represents a potentially new style of Canadian Archean Shield gold deposit. The Portage zone is hosted by a trachytic porphyry intrusion displaying polyphase autolithic breccias that host gold mineralization. Other zones including the East Extension, Camp and Main, consist of high-grade veins and pods hosted in diatreme breccias composed of intrusive and country rock fragments. These breccias surround the northwest and northern margins of the Portage Zone. The known mineralized zones underlie a total known area of about 4 square kilometers representing only about 15 percent of the greater alkaline intrusive complex which is yet to be comprehensively explored.

Core was logged then split using diamond saws with one half sent for analyses and the other half stored for future reference. Quality control programs include the use of field and laboratory duplicates, standards, blanks, and internal and external check assaying. Certified sample standards were submitted with the normal sample stream. Gold and silver assays were completed by SGS Canada Inc. in Red Lake and Toronto, Ontario using a 30 gram charge, fire assay, with an ICP finish. For over limit assay results, initial assays in excess of 10.0 grams per tonne Au, a gravimetric finish is utilized.

Quinton Hennigh, Ph.D., P.Geo. and Alan Roberts, M.Sc., P.Geo. are the Qualified Persons pursuant to National Instrument 43-101 responsible for, and have reviewed and approved, the technical information contained in this news release. Dr. Hennigh is acting as a technical adviser to Gold Canyon and Alan Roberts is the Senior Geologist of Alaska Earth Sciences, Inc. and Project Manager at Springpole.

About Gold Canyon Resources Inc.:

Gold Canyon is engaged in the acquisition and exploration of mineral and precious metals properties. The Company controls a 100% interest in the Springpole Gold - Horseshoe Island Gold, Platinum, Palladium Project and Favourable Lake Poly-metallic property currently under option to Guyana Frontier Mining Corp. pursuant to an option and joint venture agreement entered into in December 2005 - all in the Red Lake Mining District of Ontario, Canada.

Through its wholly owned U.S. subsidiary, Gold Canyon Resources USA Inc., the Company controls a 100% interest in the Cordero Gallium Project situated in Humboldt County, Nevada, U.S.A.

Gold Canyon entered into a Joint Exploration Agreement with the Japan Oil, Gas and Metals National Corporation (JOGMEC) in January 2009.

Additional information can be found on the Company's website: www.goldcanyon.ca

Akiko Levinson,
President & Director

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Certain statements contained in this news release using the terms "may", "expects to", "project", "estimate", "plans", and other terms denoting future possibilities, are forward-looking statements in respect to various issues including upcoming events based upon current expectations which involve risks and uncertainties that could cause actual outcomes and results to differ materially. The future conduct of the Company's business and the feasibility of its mineral exploration properties are dependent upon a number of factors and there can be no assurance that the Company will be able to conduct its operations as contemplated and the accuracy of these statements cannot be guaranteed as they are subject to a variety of risks that are beyond our ability to predict or control and which may cause actual results to differ materially from the projections or estimates contained herein. The risks include, but are not limited to, the risks described in the above press release; those risks set out in the company's disclosure documents and its annual, quarterly and current reports; the fact that exploration activities seldom result in the discovery of a commercially viable mineral resource and are also significant amounts of capital to undertake and the other risks associated with start-up mineral exploration operations with insufficient liquidity, and no historical profitability. The Company disclaims any obligation to revise any forward looking statements as a result of information received after the fact or regarding future events.