

BALANCING NEAR-TERM PRODUCTION AND "BLUE-SKY" EXPLORATION AT SHERRIDON

Halo Resources Ltd. received the best kind of Christmas present at the end of 2009 when the company finalized a joint venture agreement with HudBay Minerals on two copper-zinc VMS deposits, the Cold deposit and Halo's recently discovered Lost deposit. The two copper-zinc deposits are part of Halo's large 200-square kilometer Sherridon VMS District that also includes the former producing East-West copper-zinc mine, operated by Sherritt Gordon during the Second World War at Sherridon, Manitoba, and a host of smaller copper-zinc deposits. The historic East-West Mine produced almost 8 million tonnes up to 1951, grading 2.5% copper and 5% zinc at which point Sherritt Gordon moved on to its Lynn Lake nickel operations.

Ore from the Cold and Lost deposits will hopefully form part of the solution to an upcoming shortfall in feed at HudBay's Flin Flon mill. HudBay's mill is 110 kilometers by road from Sherridon and will require additional new feed as mining at the Trout Lake mine winds down after 18 years in operation. The robust 777 mine will continue to supply ore for the 6,000 tonne per day mill, but because it is an underground mine it is difficult to quickly increase production rates from the current 4,000 tonnes per day.

This presents an opportunity for Halo and HudBay to work together on a mining scenario at the Cold and Lost deposits, to potentially satisfy HudBay's near-term ore requirements and Halo's

objective to test mining methods for the future development of the district. Initial results from HudBay's in-fill drilling campaign at the Lost and Cold deposits has been very encouraging with intersections of up to 2.7% Cu and 4.1% Zn over 17.3 m, all within 75m of surface and represent the best ever intersection in the Sherridon VMS District.

In addition to controlling a geologically favourable environment, it also takes perseverance and determination to build mines, which Halo has displayed by vigorously exploring the Sherridon VMS District since 2006 with total expenditures of almost \$15 million to date.

Halo has generated mineral resources on four copper-zinc deposits within the Sherridon VMS District. In October this year, Halo issued a revised NI43-101 compliant resource estimate for the Sherridon VMS District that incorporated drilling done since early 2008. The previously announced indicated resource tonnage almost doubled and the inferred resource tonnage increased by 50%. Resource estimates now stand at 6.5 million tonnes grading 0.85% copper and 1.22% zinc as Indicated Resources and an additional 15.9 million tonnes grading 0.68% copper and 0.84% zinc as Inferred Resources with precious metal credits. At least 75% of the material in both categories is contained within potentially economic open pits.

To take advantage of the increase in district-wide resources, Halo is consider-

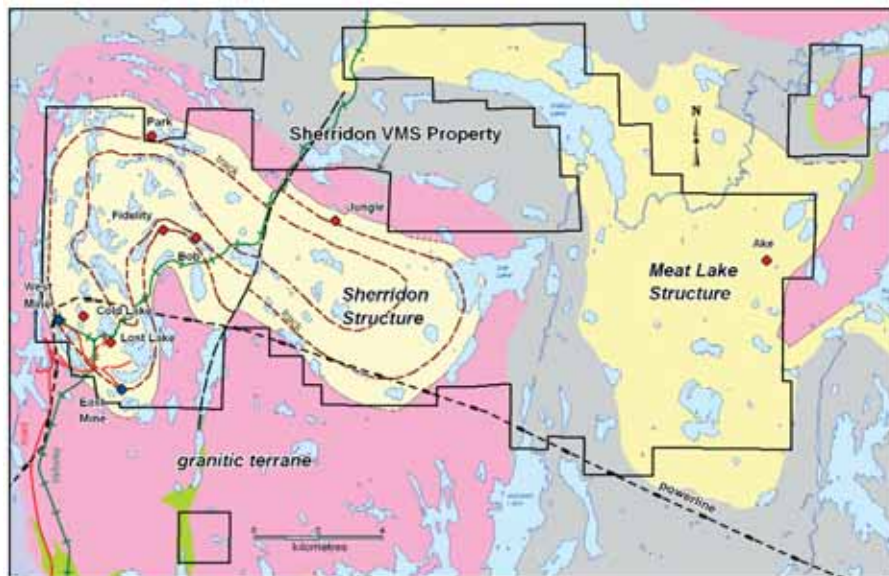
ing the cost-benefit of processing lower grade ore material nearby. Elimination of trucking costs to Flin Flon creates many opportunities in the district. In general, companies look to have more than 10 years of mine life defined before embarking on major capital expenditures, and Halo is taking the conservative view of also wanting to add additional resources with similar grades to the past producer or recent intersections on the Cold-Lost deposit trend.

To realize the goal, Halo implemented an exciting new focused-exploration strategy employing a multi-disciplined approach based on new structural interpretations and intensive field work. Halo continues to be excited about the potential for additional discoveries, like that at Lost Lake, and increasing metal reserves around existing deposits in the district. Some key areas Halo is presently focusing on are the extensions of the Cold-Lost mineralized trend located on ground still held 100% by Halo. There is at least a six-kilometer corridor that hosts a series of high priority geophysical anomalies and also where several seasons of field work have provided the key to unlocking the geology at Sherridon. This corridor, or "track", has an additional feature in that it lies parallel to the stratigraphy that hosts the historic East-West Mine and is only 750 meters away. The historic mine extended over a strike length of almost six kilometers and was only mined to a depth of 300 meters. Cold and Lost have

Category	Mining Method	Tonnes	Copper (%)	Zinc (%)	Gold (g/t)	Silver (g/t)	Copper (Mllbs)	Zinc (Mllbs)	Gold (ozs)	Silver (ozs)
Indicated	Open Pit	5,317,000	0.80	1.23	0.34	7.21	94	144	58,829	1,233,373
	Underground	1,235,800	1.04	1.18	0.48	8.19	28	32	19,230	325,343
	Total Indicated	6,552,800	0.85	1.22	0.37	7.40	122	176	78,059	1,558,716
Inferred	Open Pit	12,240,000	0.62	0.77	0.26	5.29	168	208	103,921	2,083,390
	Underground	3,620,000	0.91	1.08	0.32	7.37	72	87	37,324	857,689
	Total Inferred	15,860,000	0.68	0.84	0.28	5.77	240	294	141,245	2,941,079

NOTES:

- MINERAL RESOURCES ARE NOT MINERAL RESERVES AND DO NOT HAVE DEMONSTRATED ECONOMIC VIABILITY. THERE IS NO CERTAINTY THAT ALL OR ANY PART OF THE MINERAL RESOURCES ESTIMATED WILL BE CONVERTED INTO MINERAL RESERVES.
- MINERAL RESOURCES ARE ESTIMATED AT A NET SMELTER RETURN (NSR) CUT-OFF OF US\$20 PER TONNE AND US\$45 PER TONNE FOR OPEN PIT & UNDERGROUND RESPECTIVELY.
- METAL PRICES USED ARE US\$3.00/LB COPPER, US\$1.05/LB ZINC, US\$1,000/OZ GOLD AND US\$15.00/OZ SILVER.
- METALLURGICAL RECOVERY FACTORS ASSUMED WERE 92% FOR COPPER, 83% FOR ZINC, 65% FOR GOLD AND 57% FOR SILVER.
- THE MINERAL RESOURCES ARE REPORTED AT A CUT-OFF GRADE TO REFLECT REASONABLE PROSPECTS FOR ECONOMIC EXTRACTION, WHICH WERE EVALUATED BY DESIGNING A SERIES OF CONCEPTUAL PIT SHELLS USING THE LERCHS-GROSSMAN OPTIMIZING ALGORITHM.
- COMMON VALUES FOR OPERATING COSTS AND SMELTER TERMS WERE ASSUMED



been drilled to depths within 200 meters of surface and over less than 1.5 kilometer strike length, leaving a lot of high potential stratigraphy on the parallel track to explore for additional higher grade deposits.

Halo's exploration strategy is not only "in the shadow of the head frame" but the favourable stratigraphy that hosts the East-West and Cold-Lost deposits also

wraps around the kidney bean-shaped geological feature called the Sherridon Complex. In total, it is estimated that there is 22 kilometers of prospective track to explore on the west side of the Sherridon Complex that hosts the past producer and another 12 kilometers in the eastern part of the Sherridon Complex. Modern airborne geophysical targets have been identified within the

tracks and these are the next round of prospective drill targets.

Halo's unique situation as a junior company with 20,000 hectares to explore and develop within a major VMS district means that there will always be a wealth of opportunities. In Flin Flon-Snow Lake, some 26 deposits have been mined over 80 years with an average size of 3.5 million tonnes, and the Sherridon VMS District has similar geology and deposit types. Both Sherridon and Flin Flon will continue to have deposits mined, drilled, discovered and targets tested to find the next mine, all concurrently, and all with an eye to a long and prosperous future for the region.

Halo Resources Ltd. is a Canadian mineral exploration company that trades on the TSX Venture Exchange (HLO) and on the Frankfurt Exchange (HRE).

For further information on Halo Resources Ltd. call Michael Joyner at 416-619-7539 or visit their website at www.halores.com. □

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HALO RESOURCES IS EXPLORING 200 SQ. KMS. IN MANITOBA'S HISTORIC SHERRIDON BASE METAL CAMP.



- Resource estimates for four deposits completed
- 100% ownership of the Sherridon VMS District
- Advanced exploration targets
- Infrastructure includes rail, road and power
- Partnered with HudBay and Goldcorp
- Gold properties in Red Lake and Kenora



TSXV:HLO FSE: HRL