YBA 0024

Candace Creek Placer Property
Dawson Mining District, Yukon Territory

Final Report for YMEP Grant YMEP15-043

by

William LeBarge, P. Geo

for

CANDACE CREEK MINING LTD.

PLACER CLAIM GRANTS VAN 1 – 42
P508833 – P508842; P 515264 – P 515295

Location: 63°18'36"N to 63°21'11"N
and 138° 53°36"W to 138°56'39" W
NTS: 115O/07
Date: March 27, 2016

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Executive Summary

This is the final report submitted as per the requirements of the Yukon Mineral Exploration Program, under grant number YMEP15-043. Candace Creek Mining Ltd. was previously funded under YMEP grant YMEP14-048 in 2014 and YMIP grant YMIP13-051 in 2013.

Candace Creek (an un-named left limit tributary of Maisy May Creek), is located 145 km from Dawson City via secondary gravel roads. The property consists of the Van 1 to Van 10 (P508833 to P508842), and Van 11-42 (P515264 to P515295) placer claims.

Government royalty records show that Maisy May Creek produced at least 25,926 crude ounces of gold between 1980 and 2010, the majority of which (19,202 crude ounces) was produced by Queenstake Resources in the period 1984 to 1989. Since the gold production by Queenstake on Maisy May Creek is coincident with the trace of a mapped thrust fault; this may be evidence of structural control to the bedrock (and spatially-related placer) gold mineralization. In addition, a test pit located approximately 1600 feet from the mouth of Candace Creek was excavated by Queenstake around 1987. Former Queenstake workers have stated that gravel from this pit had a grade of 1.4 ounces of gold per 100 cubic yards (0.014 ounces per cubic yard; 0.569 grams per cubic metre). This is approximately equivalent to the grades reported by Queenstake on the main Maisy May Creek drainage.

The foregoing historical and geological evidence prompted the staking of the Candace Creek property in 2011. In 2012, Candace Creek Mining Ltd. commissioned Arctic Geophysics Inc. to conduct three lines of Resistivity & Induced Polarization on the property. In 2013, Candace Creek Mining Ltd. conducted a program of access road rehabilitation, claim staking, resistivity geophysical surveys, sonic drilling, excavator test pitting and sample processing. The 2014 exploration program included 6-inch auger drilling, resistivity geophysical surveys, bulldozer trenching and excavator test-pitting.

The 2015 exploration program consisted of excavator test-pitting and processing of several small bulk samples. Results showed that there appears to be a relationship between the coarse rutile and better gold values. Excavator pit samples from the centre of the valley had better gold results than samples from the left limit.

Overall, the gravel exposed along the bulldozer trench and in the excavator pits from 2013 to 2015 is thin (3 to 6 ft.), and is overlying a pervasively-fractured schist which when thawed, would be easily excavated. Gravel is fairly coarse and gold grains are chunky (not flat) and appear to be only moderately travelled or close to source. Muck, gravel and bedrock in Candace Creek are pervasively frozen and have proven problematic for testing and sampling programs, however, testing has shown the presence of placer gold which is relatively coarse. Placer paystreaks from local, structurally-controlled bedrock sources within the drainage are likely to be discontinuous, and would therefore not be evident in the limited sampling of downstream reaches.

Therefore, further testing on a larger scale is recommended. A wash plant with a minimum capacity of over 50 cubic yards an hour should be used to process material from the present stockpile and from new trenches on upstream reaches of Candace Creek. Test areas should be stripped and drained several weeks (or up to one season) ahead of time to ensure adequate washing of the materials.

Introduction

This is the final report submitted as per the requirements of the Yukon Mineral Exploration Program, under grant number YMEP15-043. Candace Creek Mining Ltd. was previously funded under YMEP grant YMEP14-048 in 2014 and YMIP grant YMIP13-051 in 2013.

Dates of Work and Personnel

The work documented herein was conducted on the property between August 2 and August 10, 2015. The project manager was William LeBarge of Geoplacer Exploration Ltd. The heavy equipment operator was Bud Davis of La Tierra Resources Ltd. Contractors included Bedrock Mining Company Inc., which conducted trenching with a Caterpillar 345 excavator and Tatra Ventures Ltd., which supplied the Caterpillar 225 excavator for use by La Tierra Resources Ltd.

Location and Access

Maisy May Creek is a right limit tributary of the lower Stewart River, located in central Yukon approximately 100 km by air south of Dawson City, Yukon (Figure 1).

The Candace Creek Property is located on an un-named left limit tributary of Maisy May Creek, which is locally known and will heretofore be referred to in this document as Candace Creek. The placer claims of the Candace Creek Property are all adjoining.

The extent of the current property has geographic coordinates from 63°18'36"N to 63°21'11"N and 138° 53°36"W to 138°56'39" W, on NTS map sheet 115O/07, in the Dawson Mining District. Figures 2, 3 and 4 illustrate the property boundaries relative to other creeks and claims in the South Dawson area.

Access to the property can be gained via secondary gravel roads, with the usual route along Hunker Creek to King Solomon Dome, down Sulfur Creek to Indian River, up Eureka Creek to Eureka Dome, down Black Hills Creek to the Henderson road turnoff towards Henderson Dome. At Henderson Dome a south-fork turn leads down Maisy May Creek road towards the property. The total road distance from Dawson City to the Candace Creek placer claims is approximately 145 kilometres. A 600 metre-long "bush" airstrip is located in the valley of Maisy May Creek a distance of 3.7 km north of the Candace Creek property. The geographic coordinates of the airstrip are 63°20'05"N and 138°59'02"W.

An improved road is proposed as part of the Kaminak Gold Corporation Coffee Creek mine. This road is currently routed through Maisy May Creek and will pass by the mouth of Candace Creek. This is shown on Figure 2 and Figure 3.

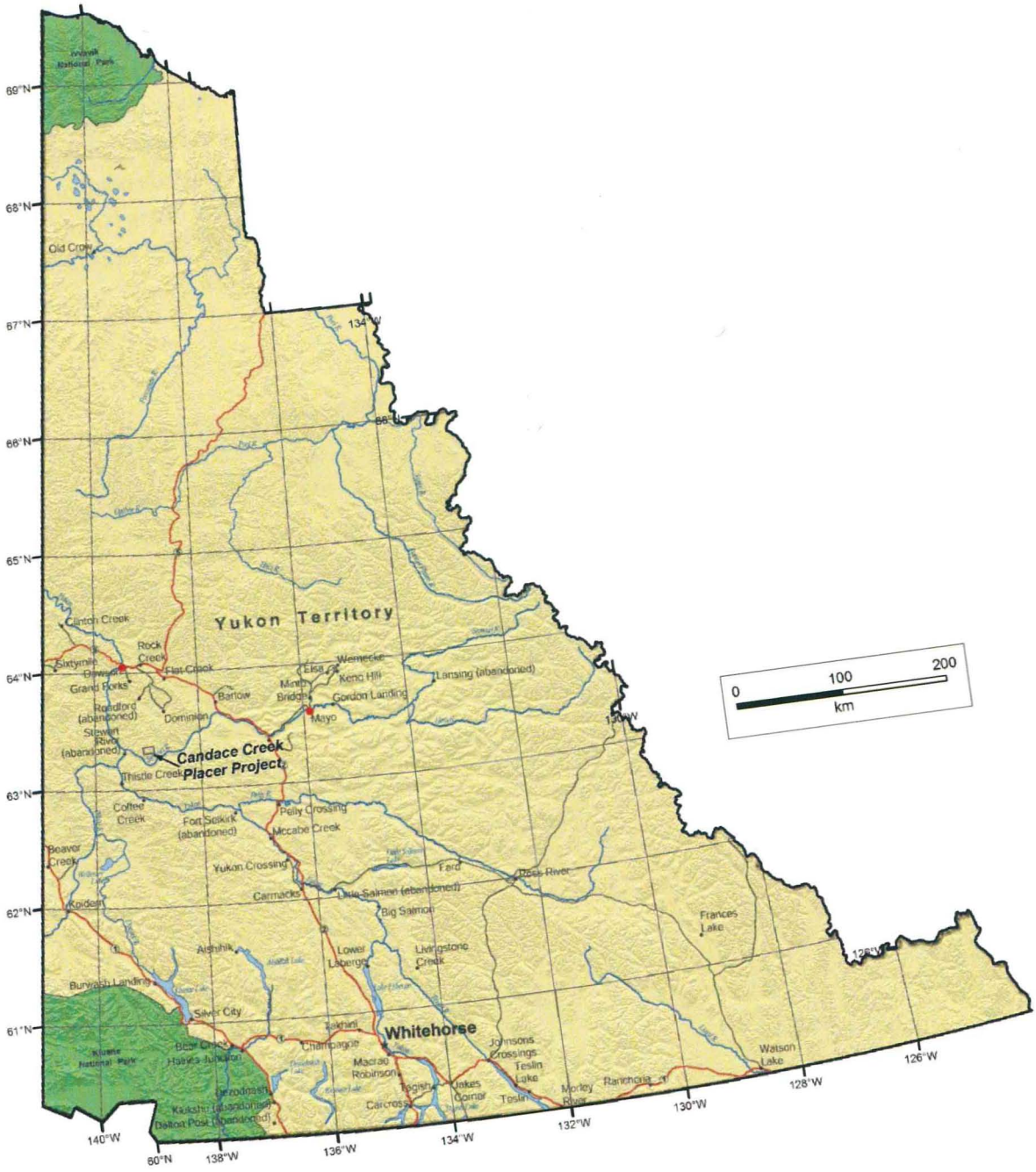

Figure 1 - General Location of Candace Creek Project, Yukon.

Placer Tenure

The Candace Creek property consists of 42 adjoining claims, shown in Figure 4. The Van 1 claim (P508833) is in good standing until October 9, 2016 with 8 years of excess credit remaining. The Van 2-10 claims (P508834-P508842) are in good standing to October 9, 2016 with 9 years of excess credit remaining. The Van 11-18 claims (P515264-P 515271) are in good standing to October 4, 2016 with 8 years of excess credit remaining, and the Van 19-20 claims (P515272-P515273) are in good standing until October 4, 2016 with 7 years of excess credit remaining. The Van 21 to Van 31 claims (P515274-P515284) claims are in good standing until October 4, 2016 with 5 years of excess credit. The Van 32-34 claims (P515285-P515287) are in good standing until October 4, 2016 with 7 years of excess credit. The Van 35-Van 42 claims (P515288-P515295) are in good standing until October 4, 2016 with 5 years of excess credit remaining. Table 1 illustrates the current claim status of the Candace Creek property.

Plate 1 – View looking northeast upstream on Candace Creek, September 20, 2015. Candace Creek joins Maisy May Creek in the lower left part of photo. The camp shown is that of Maisy May miner Bedrock Mining Company Inc.

Table 1 - Claim Status, Candace Creek Property

Grant Number	Claim Name	Claim Owner	Recording Date	Staking Date	Claim Expiry Date	Status	Lease	Total Excess Credit	NTS Map Number
P 508833	Van 1	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	8	115O07
P 508834	Van 2	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508835	Van 3	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508836	Van 4	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508837	Van 5	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508838	Van 6	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508839	Van 7	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508840	Van 8	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508841	Van 9	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 508842	Van 10	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	9	115O07
P 515264	Van 11	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515265	Van 12	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515266	Van 13	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515267	Van 14	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515268	Van 15	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515269	Van 16	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515270	Van 17	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515271	Van 18	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	8	115O07
P 515272	Van 19	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	7	115O07
P 515273	Van 20	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	7	115O07
P 515274	Van 21	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515275	Van 22	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515276	Van 23	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515277	Van 24	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515278	Van 25	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515279	Van 26	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07

Grant Number	Claim Name	Claim Owner	Recording Date	Staking Date	Claim Expiry Date	Status	Lease	Total Excess Credit	NTS Map Number
P 515280	Van 27	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515281	Van 28	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515282	Van 29	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515283	Van 30	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515284	Van 31	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	5	115O07
P 515285	Van 32	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	-	7	115O07
P 515286	Van 33	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	7	115O07
P 515287	Van 34	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	7	115O07
P 515288	Van 35	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515289	Van 36	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515290	Van 37	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515291	Van 38	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515292	Van 39	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515293	Van 40	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515294	Van 41	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07
P 515295	Van 42	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	5	115O07

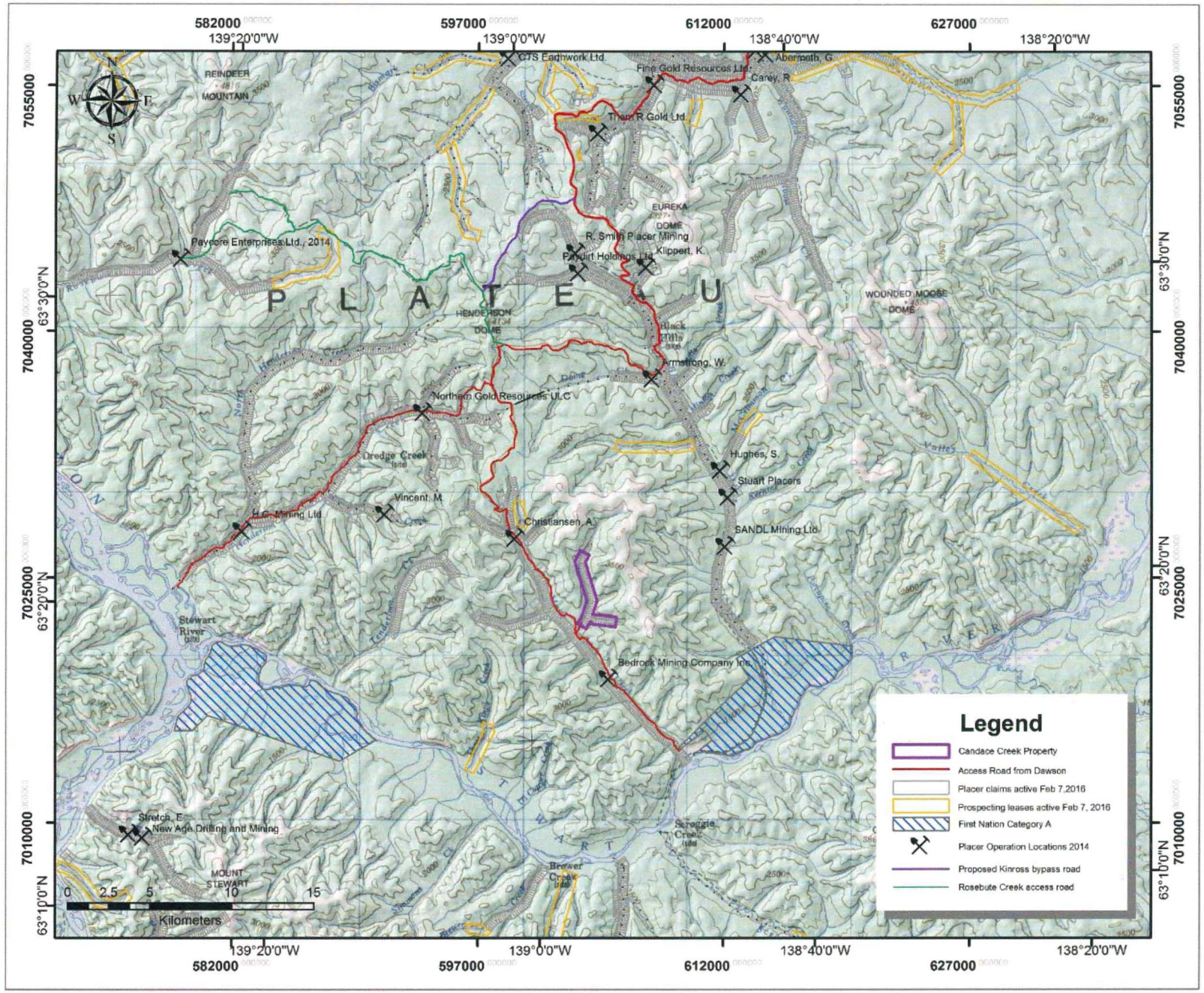

Figure 2– Location of Candace Creek Placer Project and South Dawson region placer tenures.

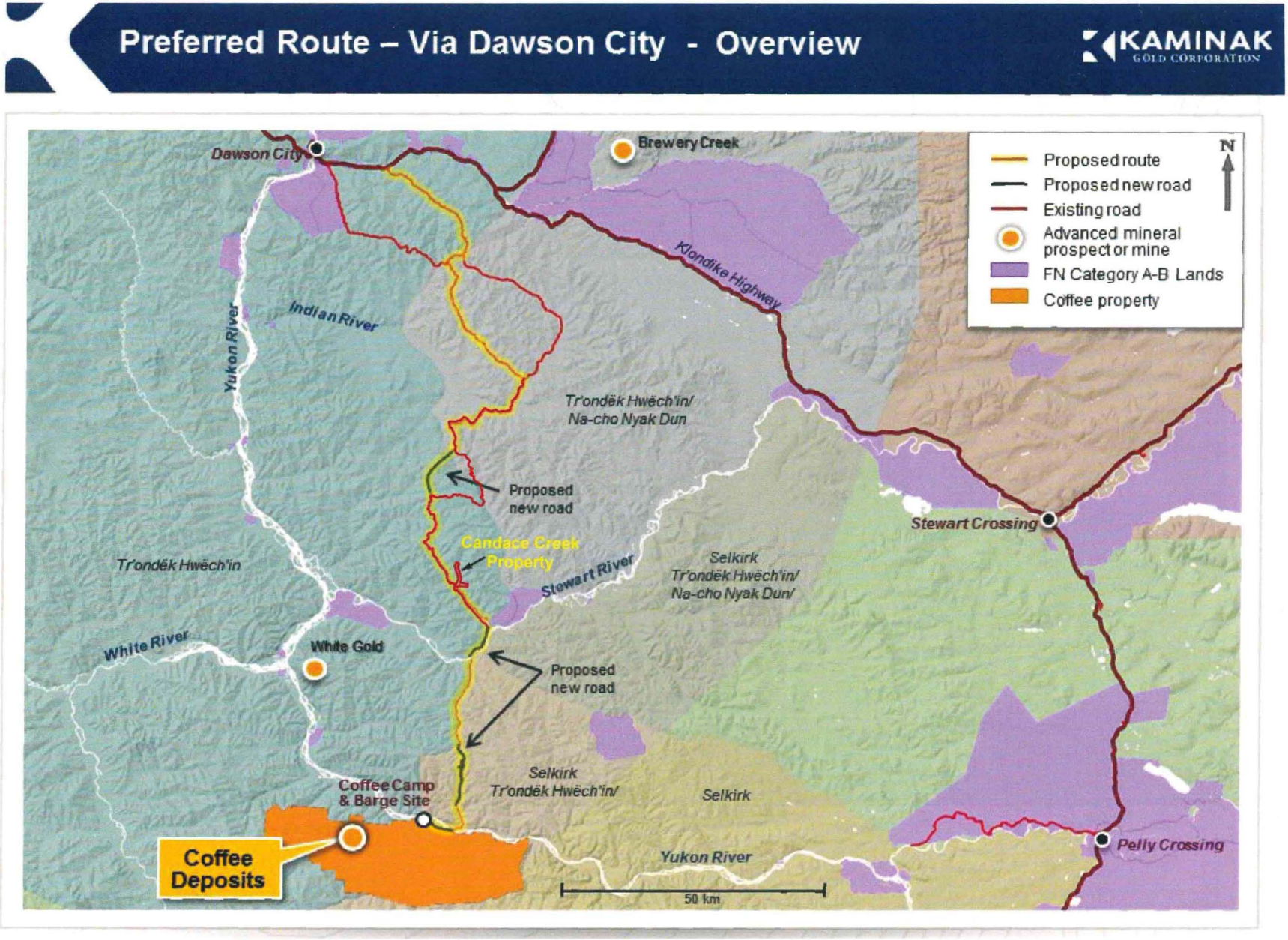

Figure 3 - Proposed access route for the Coffee Creek mine of Kaminak Gold Corporation. The route will run along Maisy May creek past the mouth of Candace Creek.

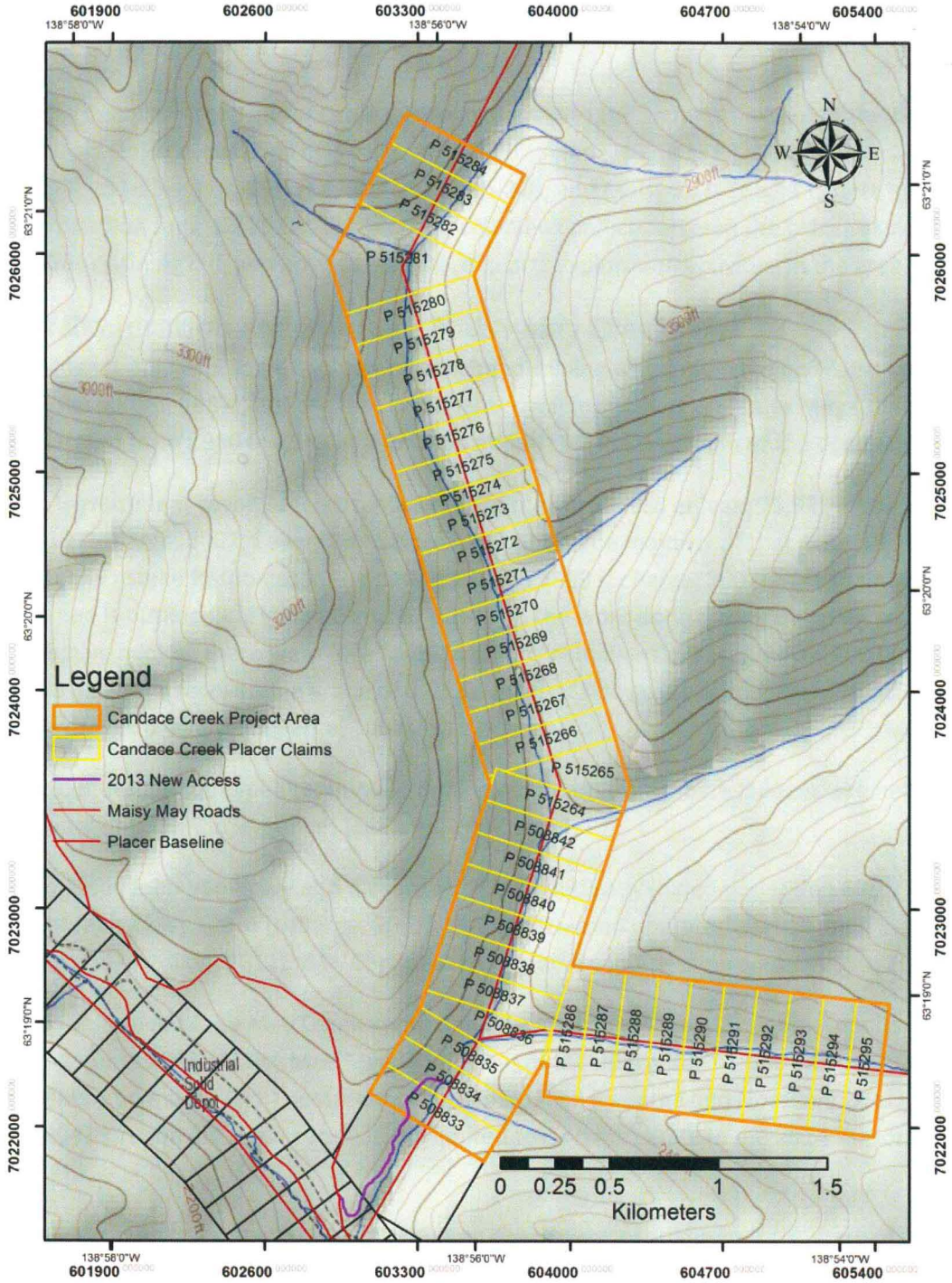

Figure 4 - Candace Creek Project Area Claims.

Permitting

A Type B Water Use Licence (PM12-070) for Placer Mining and a Class 4 Mining Land Use Permit (AP12070) are in place for all claims on Candace Creek. The Water License and Mining Land Use Permits are valid until June 4, 2023.

Quartz Tenure

The area of the Candace Creek placer project is coincident with the southern extent of the JP Ross property formerly owned by Kinross Gold Corporation and currently held by Selene Holdings LP. The quartz claims which overlap include Maisy 125, 127; 153-158; 179, 181-184; 207-212; 235-240; and Maisy 257- 268. A Quartz Mining Land Use permit (LQ00293) expired on June 17, 2015. There is no perceived conflict between the placer exploration and mining activities of Candace Creek Mining Ltd. and any past or future quartz exploration activities in the area.

History of Exploration and Mining – Maisy May Creek

Anecdotal evidence suggests some exploration and hand-mining was conducted on Maisy May Creek in the 1920's (Queenstake Resources, 1987), but the first documented mining activity on Maisy May Creek was by Maisy May Mines Ltd. They operated from 1980 to 1983 at a location about 11.7 km upstream of the confluence with the Stewart River.

According to Government royalty records, Maisy May Creek produced at least 25,926 crude ounces of gold between 1980 and 2010 (LeBarge, 2007; LeBarge and Nordling, 2011). The majority of that gold (19,202 crude ounces) was produced by Queenstake Resources in the period 1984 to 1989 (LeBarge, 2007). The main area that Queenstake Resources mined is outlined in Figures 6 and 8. Based on the work done during the 1984 season, Queenstake estimated that with selective mining, there were (pre NI43-101, non "compliant") "reserves" of 200,000 cubic yards (152, 911 cubic metres) of gravel with a recoverable grade of 0.012 ounces of fine gold per cubic yard (0.488 grams per cubic metre) at the Maisy May creek property (LeBarge, 2007).

From 1990-1993, Jasper Equipment continued mining upstream from where Queenstake had finished mining in 1989, recovering approximately 2,650 ounces (LeBarge, 2007).

From 1993 to 1998, John Van Every and Richard Fitch intermittently mined under Van Every Inc. upstream near the headwaters of Maisy May Creek (LeBarge, 2007). Art Christiansen operated a small mine in the same area from 2007 to 2009 (LeBarge and Nordling, 2011). Mr. Christiansen was active in the same area in 2013, 2014 and 2015.

35249 Yukon Inc. mined Maisy May Creek approximately 3.5 miles (5 km) upstream from its confluence with the Stewart River from 2001 until 2003. Maisy Mae Mining Inc. bought the operation in 2006 and processed a mine cut in 2007 and 2008 located about 4 miles (7 km) upstream of the confluence (LeBarge and Nordling, 2011). The claims were later returned to 40419 Yukon Inc., who conducted a limited test program late in the 2014 season. They were not active in 2015.

H.C. Mining Ltd. conducted a limited test program on the uppermost right-limit tributary of Maisy May Creek in 2012, 2013 and 2014.

In 2013, Bedrock Mining Company Inc. bought many of the Maisy May Creek claims (in the middle reaches) from 40419 Yukon Inc., and subsequently conducted a program of camp and access construction as well as limited test mining. In 2014, the test mining was expanded to an area on Maisy May creek downstream of the confluence of Candace Creek and just upstream of the 2014 test cut of 40419 Yukon Inc. Additional stripping and sluicing was conducted in the same area in 2015.

Previous Exploration History – Candace Creek

Early History

A test pit lies approximately 120 feet upstream from Post #1 on Placer Claim Van 1. The pit has approximate dimensions of 90 feet by 40 feet, and is shown on Plate 4. This pit was excavated by Queenstake Resources Ltd. during their activity in the area from 1984 to 1987, as a Prospecting Lease was held by them at this location during that time (Queenstake Resources, 1987). No written results are known from this pit, although local miners and former Queenstake workers have stated that it had a grade of 1.4 ounces per 100 cubic yards (0.014 ounces per cubic yard; 0.569 grams per cubic metre). This compares favourably to the 0.012 ounces of fine gold per cubic yard (0.488 grams per cubic metre) grades that Queenstake reported on the main valley of Maisy May Creek.

Queenstake left the Yukon in 1989 for reasons unrelated to their mining and exploration activities in the Yukon.

In 1989, Mr. Allan Dendys staked a prospecting lease on Candace (known at the time as Moosetooth) Creek and conducted a brief stripping program with a D8 bulldozer. He did not reach bedrock due to equipment problems and subsequently allowed the lease to expire.

Modern Exploration History

In 2012, Candace Creek Mining Ltd. commissioned Arctic Geophysics Inc. to conduct three lines of Resistivity & induced polarization on the property. These included: a) 237 metre line on Placer Claim Van 2; b) 94.5 metre line on Prospecting Lease ID 00934; and c) 146 metre line on Prospecting Lease ID 01054. Bedrock was interpreted to be relatively shallow (less than 6 metres).

The 2013 exploration program included staking the leases to claims, access construction, 2D resistivity geophysics, sonic drilling, excavator test-pitting, geological descriptions and gravel sampling for gold and heavy mineral content. This work is documented in detail in the assessment report filed in 2013 by Geoplacer Exploration Ltd. for Candace Creek Mining Ltd. (LeBarge, 2013). The geophysical and sonic drill contractor was Kryotek Arctic Innovation Inc. of Whitehorse. A total of 551 metres of geophysical surveys were completed. Ten sonic drill holes were completed totalling 150 feet (46 metres). The sonic drill reached a maximum depth of 16.4 feet (5 metres) but most of the holes averaged 15 feet (4.5 metres) in depth. A Caterpillar 345LC excavator was hired from local Maisy May miner Bedrock Mining Company Inc. to dig test pits. The most successful test pit was BD Pit 3, which reached apparent bedrock at an approximate depth of 16 feet (5 metres), although since it was under water the stratigraphic details were not visible. Bedrock consisted of clay-altered mafic schist with abundant fresh pyrite. The gravel was a subangular mixture of mafic schist, quartzite, muscovite schist and vein quartz.

The 2014 exploration program consisted of resistivity geophysics, auger drilling, bulldozer trenching and excavator test-pitting, geological logging of drill hole and test pits, and processing of test pit and drill hole samples for gold and heavy minerals. This work is documented in detail in the assessment report filed in 2014 by Geoplacer Exploration Ltd. for Candace Creek Mining Ltd. (LeBarge, 2014). The geophysical and auger drilling contractor for 2014 was Kryotek Arctic Innovation Inc. One line of resistivity geophysics was surveyed on the Van 1 and Van 2 claims, across the unnamed left-limit tributary of Candace Creek locally known as Road Creek. Eight 6-inch diameter auger drill holes were completed in 2014, for a total of 93 feet (28.3 metres) of drilling. Two of the drill holes were targeted on the Arctic Geophysics 2012 resistivity profile (Moll, 2012) on claim Van 2 (CAN14-BH02, 03); one on a regional magnetic geophysical anomaly (CAN14-BH-01); two at the confluence of a tributary drainage (CAN14-BH-04, 05); and three on two separate left-limit tributary drainages to Candace Creek (CAN14-BH-06, 07, 08).

Plate 2 - Gold found in the BD-3 test pit in 2013 was "chunky" and tabular, not flat. Heavy minerals were a bi-modal mixture of fine-grained pyrite and coarse-grained magnetite, rutile, pyrite, garnet and scheelite.

Plate 3 – In 2014, tabular, moderately-coarse gold grains were obtained from sample WL14-03, from excavator pit CAN14-01.

Regional Bedrock Geology

Figure 5 shows that the project area is situated within the Yukon-Tanana terrane, an accreted pericratonic sequence that covers a large part of the northern Cordillera from northern British Columbia to east-central Alaska (Gordey and Ryan, 2005; Colpron and Nelson, 2006). The Yukon Tanana Terrane consists of Paleozoic schist and gneiss that were deformed and metamorphosed in the late Paleozoic, and intruded by several suites of Mesozoic intrusions that range in age from Jurassic to Eocene (Colpron and Nelson, 2006). The Paleozoic rocks are pervasively foliated with at least two overprinting fabrics (MacKenzie and Craw, 2010; MacKenzie et al, 2008). During Late Permian to Early Jurassic time these rocks were tectonically-stacked along thrust faults which were parallel to regional foliation. Later tensional-extensional tectonics occurred during the mid-Cretaceous, and this resulted in brittle fracture of the Paleozoic rocks, which is likely responsible for structurally-controlled gold mineralization in the south Klondike area including the White Gold exploration camp (MacKenzie et al, 2008; MacKenzie and Craw, 2010; MacKenzie and Craw, 2012).

Regional Geophysics and Major Structures

Enhanced regional total field aeromagnetic geophysics (modified from Hayward et. al., 2012) is shown in Figure 6. The map shows several northwest-trending magnetic anomalies which coincide with major structures and lineaments. One anomaly at the lower reaches of Candace Creek appears to follow the thrust fault mapped by MacKenzie and Craw (2012) – for reference this fault trace is overlain. Additionally, a narrow, linear magnetic high appears to splay off of this thrust fault, and trends SE to NW all the way from the right limit tributaries of Black Hills Creek to the headwaters of Tenderfoot Creek.

These structures and their associated cross-faults are thought to be related to structurally-controlled gold mineralization in brittle units of the Yukon Tanana Terrane including orthogneiss, amphibolite and quartzite (MacKenzie and Craw, 2010) and have been linked to the gold occurrences in the Coffee Creek area to the south (Wainwright et al., 2011).

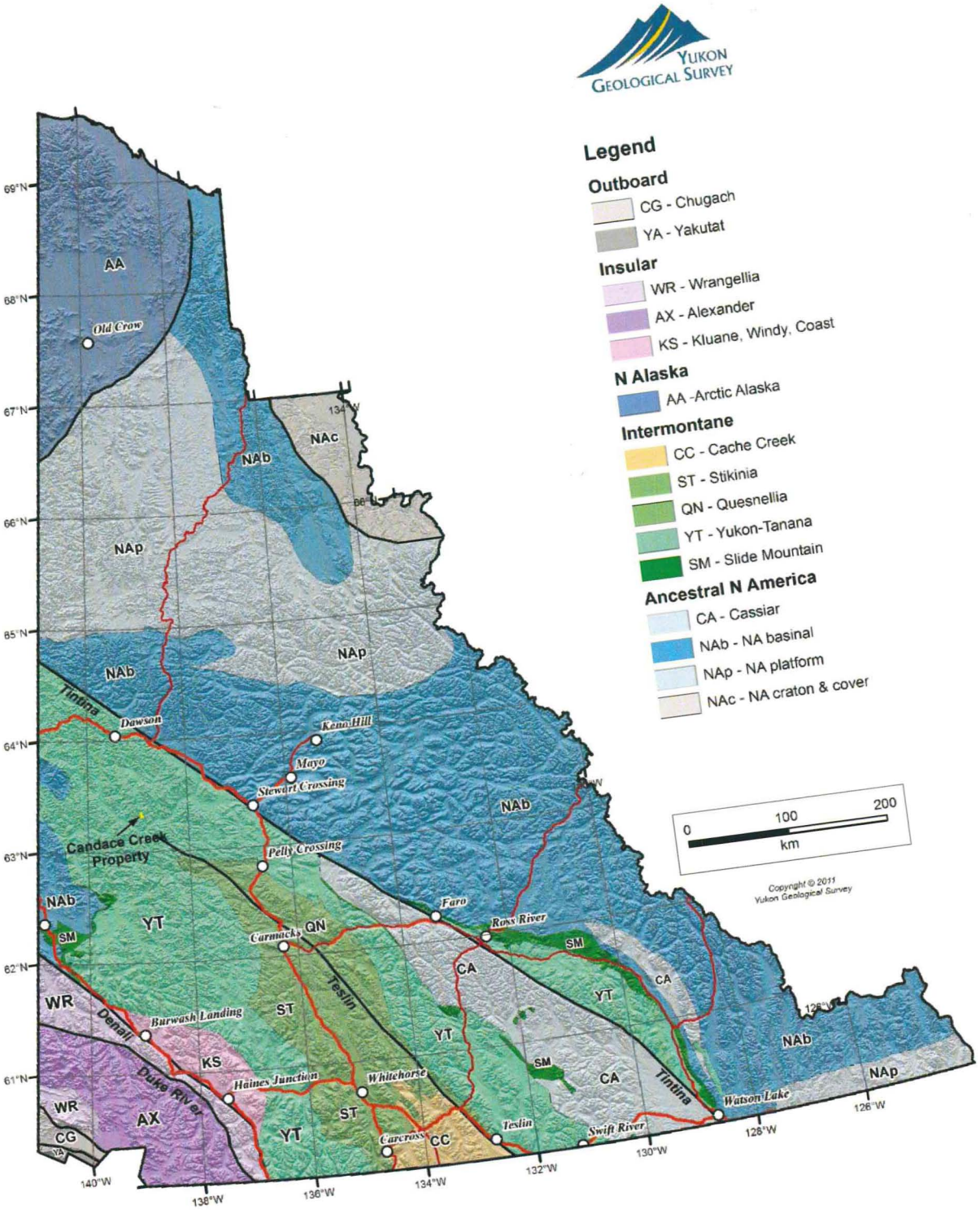

Figure 5 - Bedrock geology of the Yukon showing the location of the Candace Creek project, from Yukon Geological Survey (2016).

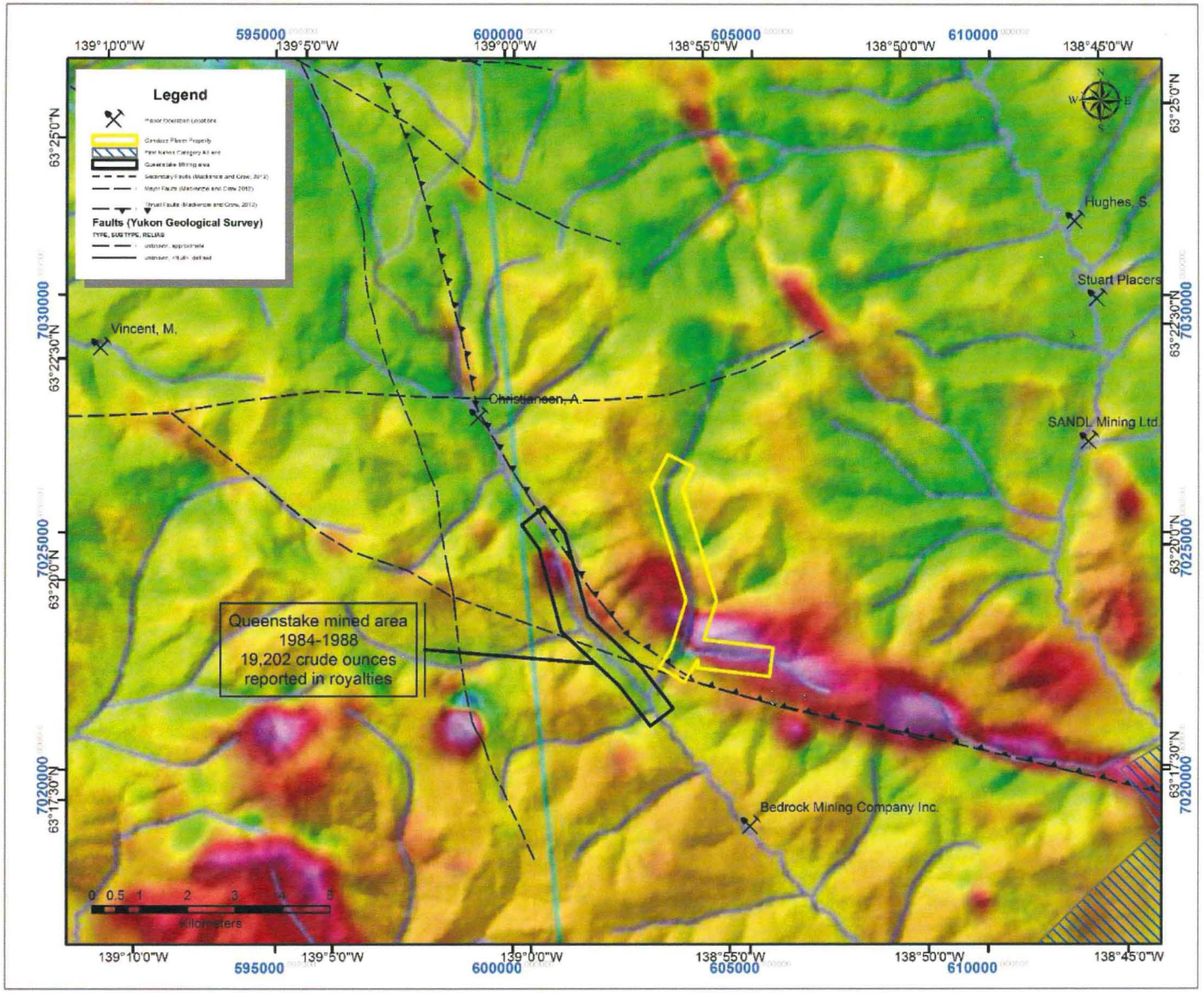

Figure 6 – Enhanced Residual Total Magnetic Field, Maisy May Creek area, modified from Hayward et. al. (2012).

Quaternary History and Regional Surficial Geology

Most of the south Klondike region has not been glaciated (Duk-Rodkin, 1999) and in fact strong evidence exists that all of Maisy May creek and most of Black Hills Creek escaped glaciation altogether (Jackson et al., 2001). As such, the south Klondike region is dominated by colluvium on the upper slopes and ridges, variably-buried Tertiary to Late Pleistocene alluvial terraces in mid-slope reaches and Late Pleistocene to modern alluvial fans, stream complexes and gulch deposits in the lowermost points of valleys (Jackson, 2005a; Jackson, 2005b). Major trunk valleys such as the Stewart River were the locale for meltwater channels during the Pleistocene glaciations and contain glaciofluvial terraces well beyond the maximum extent of the Cordilleran ice, however these did not affect most major tributaries (such as Black Hills, Maisy May and Henderson creeks) except at their confluence.

Property Surficial Geology

Figure 7 (after Jackson, 2005a) shows that Candace Creek has surficial units of several ages and types. These include CEaP/AtT (Pleistocene Colluvial-Aeolian sediments overlying Tertiary Alluvial Terrace sediments) at the confluence with Maisy May Creek; CEaP (Pleistocene Colluvial-Aeolian sediments) along the eastern slope (left limit); and ACxP (Pleistocene Alluvial Complex sediments) along the centre of the valley and within the major tributaries on both limits. Higher parts of the slope above the creek consist of Cb-v (Colluvial blanket-veneer) and in one location, Cl (Colluvial landslide). A prominent left-limit tributary, the location of the Van 32-42 claims, is mapped as having some placer tailings present (unit m), although an examination of the airphotos of the creek is not convincing for that interpretation. No history of this mining activity exists in the available data. Exposed bedrock (unit R) is mapped on the high points along the ridges.

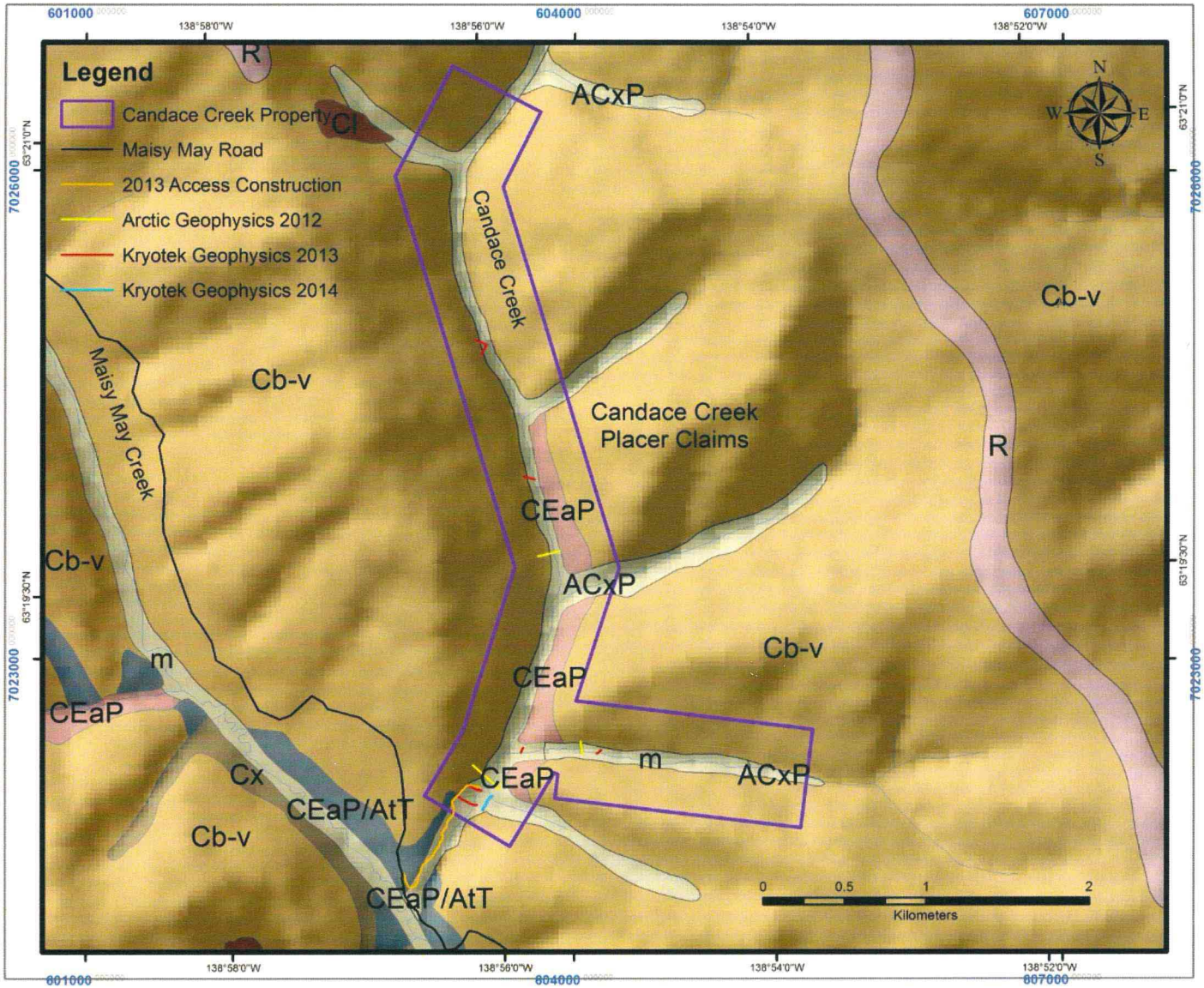

Figure 7 - Surficial Geology (after Jackson, 2005a) and location of 2012, 2013 and 2014 geophysical surveys, Candace Creek. Surficial unit description in text.

Local Bedrock, Mineral Potential and Mineral Occurrences

Maisy May Creek area bedrock according to the Yukon Geological Survey (2016) is mapped as several metamorphic, metaplutonic and volcanic bedrock types (Figure 8). These include Late Proterozoic clastics and marble of the Snowcap Assemblage (map units PDS1 and PDS2); Devonian-Mississippian mafic volcanic rocks, quartzite, carbonate and serpentinite (map units DMF1 and DMF6); Late Devonian granite, granodiorite, tonalite and diorite - orthogneiss (map unit MgSR); middle Permian Sulphur Creek quartz monzonite gneiss (map unit PgS); Late Triassic/Early Jurassic Minto Suite intrusives (map units LTrEJgM and LTrEJgbM); lower Cretaceous Indian River conglomerate (map unit lKIR), and Upper Cretaceous Carmacks volcanics (map unit uKC3).

Recent mapping by MacKenzie and Craw (2012) shows numerous faults transecting the region between Maisy May and Black Hills creeks; this includes an east-dipping thrust fault which trends north along the mid-to upper reaches of Maisy May Creek before turning east to cross the lower reaches of Candace Creek.

The Candace Creek property lies at the southern extent of the JP Ross property held by Selene Holdings LP (formerly Kinross). Recently released soil geochemical and geological data (Hollis and Bayliss, 2011) has been georeferenced and overlain on the Yukon Geological Survey (2016) bedrock geology, and this data is also shown on Figure 8. Most of this new data is concordant with the mapping by MacKenzie and Craw (2012).

With the exception of the 115O160 HEN (As-Au) mineral occurrence on Henderson Creek, no government (Yukon Minfile) mineral occurrences are documented near Maisy May Creek. However, several new mineral occurrences and anomalous areas were discovered during the Kinross exploration program. These are shown in a broad, northwest-trending zone on the map (Figure 8) which roughly follows the mapped thrust fault. The new anomalous areas in the JP Ross property include the X-man, North Frenzy, Frenzy, Life Boat, Sabotage, Psycho, Vertigo, Suspicion and Spellbound occurrences.

This mineral-rich zone includes both the Candace Creek placer property owned by Candace Creek Mining Ltd., and the Patton Creek Placer Property owned by Geoplacer Exploration Ltd. Geoplacer Exploration Ltd. correctly predicted the existence of the Spellbound mineral occurrence above Patton Creek during its recent exploration programs (LeBarge, 2016); this has now been confirmed by the release of the Kinross report by Hollis and Bayliss (2011).

In addition, the Kinross exploration program (Hollis and Bayliss, 2011) reported a large soil anomaly (2.44 ppm Au) above Candace Creek, which is shown in Figure 8. This gold-in-soil anomaly supports the hypothesis that structurally-controlled mineralization crosses both Patton Creek and Candace Creek, and thus supports further exploration in the area.

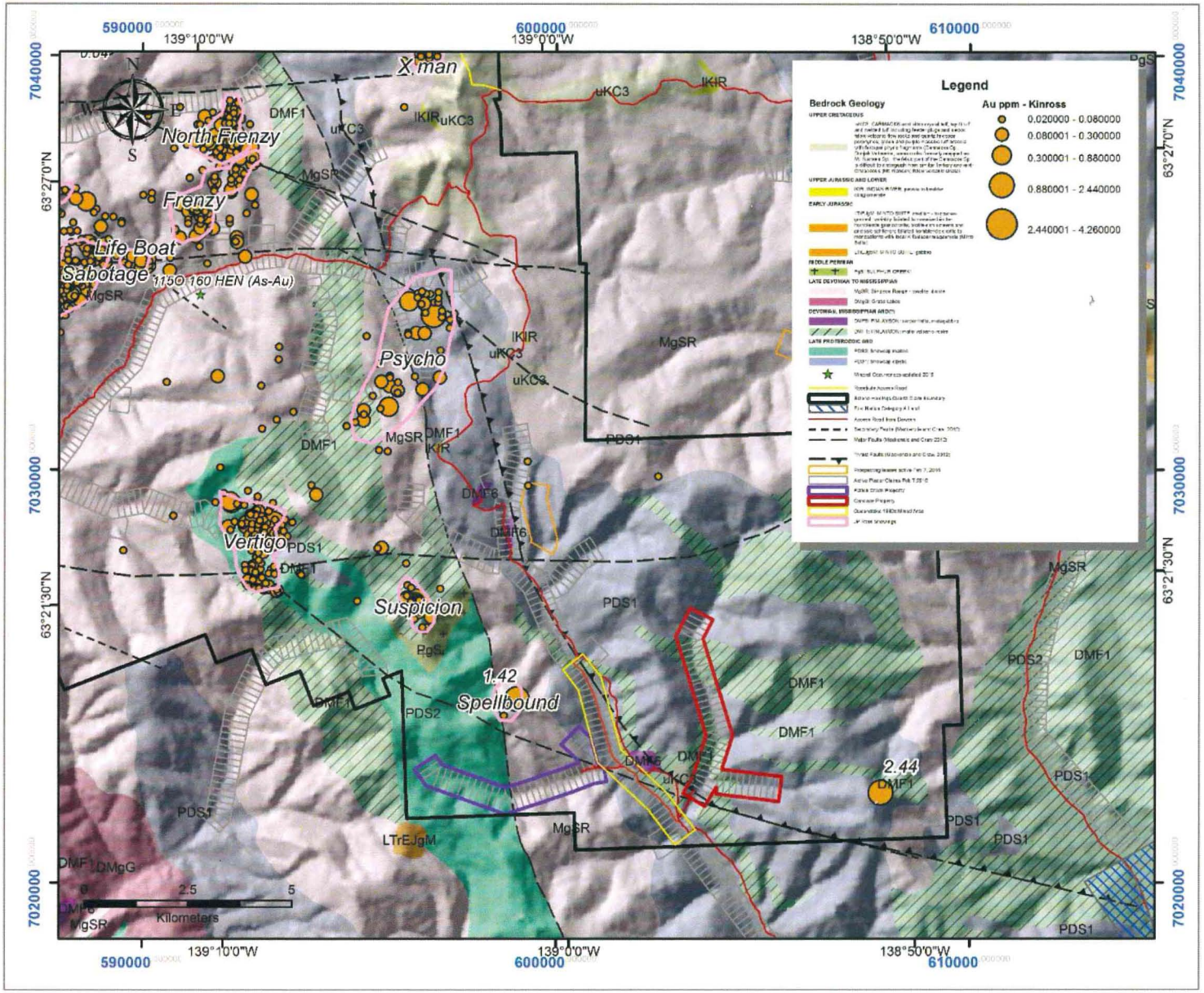

Figure 8 - Bedrock Geology and Mineral Occurrences, Maisy May, Patton and Candace Creeks, after Gordey and Ryan (2005); MacKenzie and Craw (2012) and Yukon Geological Survey (2016). Soil anomalies and new mineral occurrences (JP Ross property) from Hollis and Bayliss, (2011).

Plate 4 - View showing bulldozer trench on Candace Creek on September 20, 2015. Inset photo shows location of trench across Candace Creek.

2015 Exploration Program

Excavator test-pitting

In early August, 2015, operations were set up at the location of the bulldozer trench which had been previously stripped down to gravel on the Van 1 claim, shown on Figure 9. A Caterpillar 345LC excavator from Bedrock Mining Company Inc. stripped muck and trees from an area on the eastern edge of the bulldozer trench. The 345LC excavator also excavated a test pit on the southeast edge of the trench. This pit (CAN15-1) had dimensions of 15 ft. (4.57 m) by 10 ft. (3.05 m) with a depth of 5 ft. (1.52 m).

Following this, a Caterpillar 225 excavator (equipped with a "frost bucket") was brought to the site, and proceeded to establish drainage of the bulldozer trench, strip thawed muck from within the trench and dig four test pits in the central part of the trench. The coordinates of these test pits are shown in Table 2, and they are plotted on Figure 9. Test-pit CAN15-2 had dimensions of 20 ft. (6.1 m) by 15 ft. (4.57 m) with a depth of 8 ft. (2.43 m); the second test pit (CAN15-3) had dimensions of 12 ft. (3.66 m) by 10 ft. (3.05 m) with a depth of 5 ft. (1.52 m); and the third test pit (CAN15-4) had dimensions of 25 ft. (7.62 m) by 18 ft. (5.48 m) with a depth of 9 ft. (2.74 m). A final test pit (CAN15-5) had dimensions of approximately 14 ft. (4.27 m) by 11 ft. (3.35 m) with a depth of 4 ft. (1.22 m). Material from this final pit was stockpiled on the north side of the trench for later processing.

Table 2 - Coordinates of 2015 test pit locations, Candace Creek.

Pit Number	Latitude Decimal Degrees	Longitude Decimal Degrees	Latitude Degree Minute Seconds	Longitude Degree Minute Seconds
CAN15-1	63.312905	-138.937292	63° 18' 46.447" N	138° 56' 14.164" W
CAN15-2	63.312864	-138.936951	63° 18' 46.299" N	138° 56' 12.936" W
CAN15-3	63.31283	-138.936882	63° 18' 46.174" N	138° 56' 12.687" W
CAN15-4	63.312965	-138.937558	63° 18' 46.661" N	138° 56' 15.122" W
CAN15-5	63.312906	-138.937324	63° 18' 46.451" N	138° 56' 14.280" W

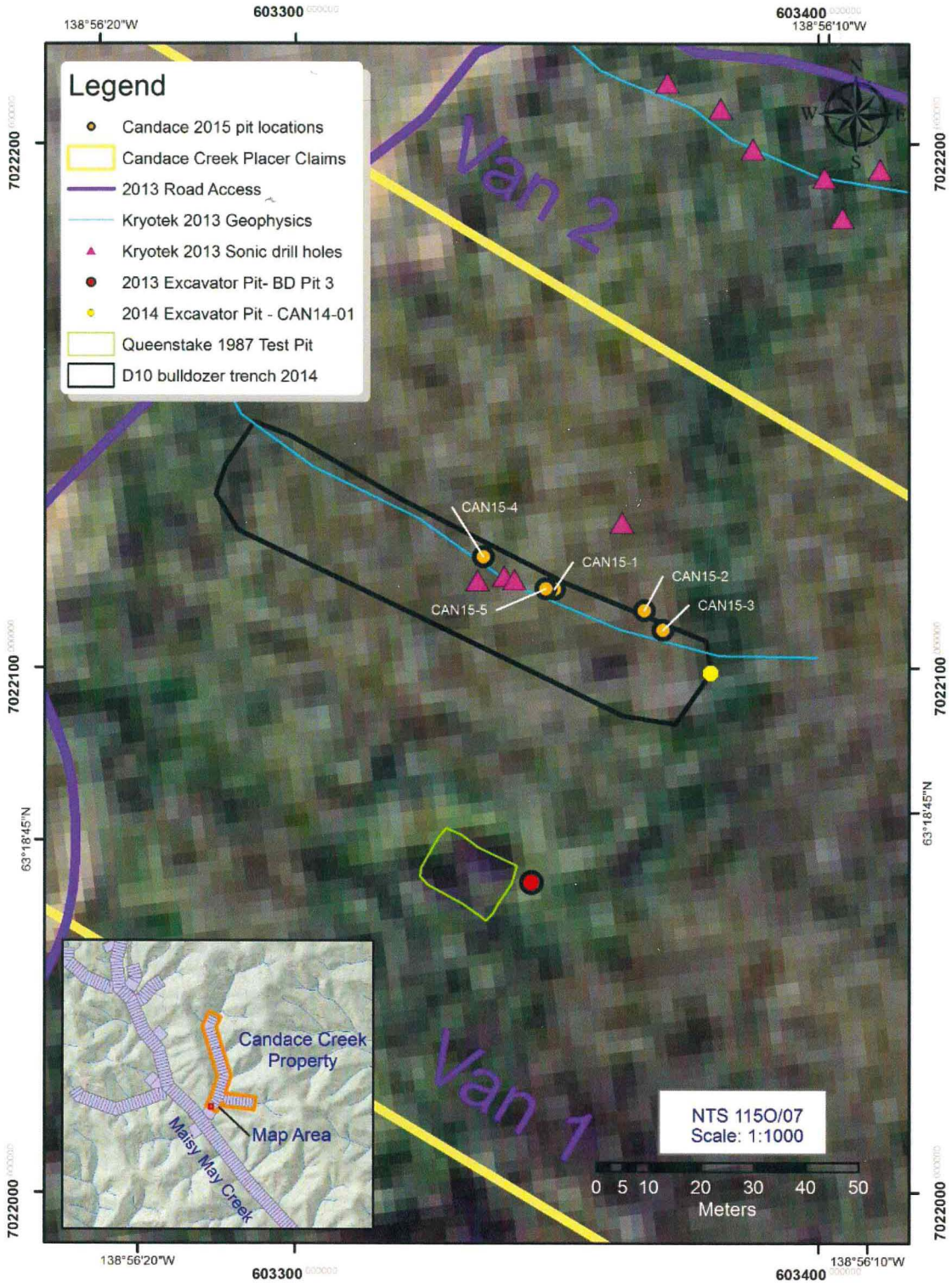

Figure 9 - Location of 2015 test pits, Candace Creek property.

Placer Stratigraphy

The stratigraphy exposed in excavator pit CAN15-4 is shown on Plate 5. With 5 to 6 feet (1.5-2 m) of organics and black muck that was previously stripped in the trench in 2014, the excavator pit exposed a further 1 to 2 feet (0.3 – 0.6 m) of well-sorted fine to medium sand, overlying 3 to 5 feet (0.9 -1.5 m) of massive to disorganized, poorly-sorted cobble-boulder pebble gravel on top of a pervasively-fractured schist bedrock.

Plate 5 - Excavator test-pit CAN15-4, showing the stratigraphy down to bedrock. View looking north-northeast within the bulldozer trench.

Sample Processing

Samples from the excavator test-pits were processed using a custom-made ATV-portable trommel. The trommel was powered by a generator-powered electric motor and equipped with a ½ inch screen which fed to a 6 foot sluice run lined with unbacked Nomad matting and expanded metal riffles, followed by a 4 foot "Le Trap" long tom sluice run (Plate 6). A Honda 1.5 inch pump supplied the water for sluicing and panning. Sluice concentrates were hand-panned to recover final gold and heavy minerals.

Plate 6 – The test trommel was mounted on an ATV-portable frame and had a ½ inch screen. Powered by an electrical motor with water supplied by a 1.5 inch pump, sluiced material was fed to a 6 foot aluminum sluice run with expanded metal riffles over unbacked Nomad matting, followed by 4 feet of a "Le Trap" sluice run.

Gold and Heavy Mineral Results

Table 3 documents the gold and heavy mineral results from the excavator test pits, along with approximate volume of each sample and an approximate grade if calculated. Results were quite variable, however there appears to be a relationship between the coarse rutile and better gold values. Examination of the location of the test pits on Figure 9 shows that samples from the centre of the valley had better results than samples from the left limit. No right limit samples were taken.

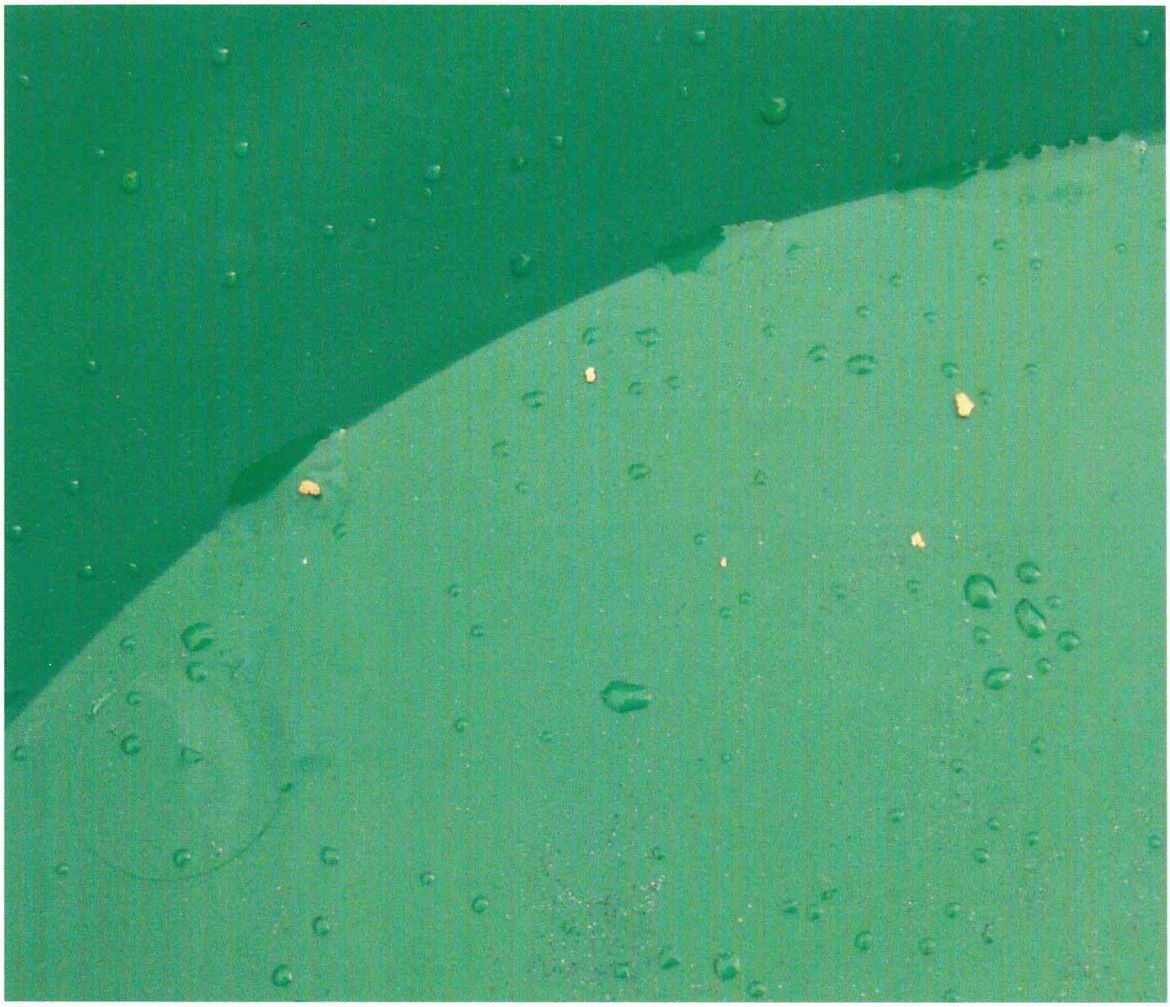

Plate 7 - The placer gold recovered from pit CAN15-02, shown here, was granular and chunky, similar to that recovered in testing programs in 2013 and 2014.

Table 3 - Gold and Heavy Mineral Results, Candace Creek 2015 Exploration Program.

Pit number	Sample number	Gold	Heavy minerals	Approximate Volume	Approximate grade (mg/m3)
CAN15-1	CAN15-01	1 medium colour	Abundant fine magnetite	3 litres	Not calculated
CAN15-2	CAN15-02	2 coarse colours, 6 medium colours, 1 fine colour (approximately 15 mg)	Abundant fine magnetite, coarse rutile	160 litres	94 mg/m3
CAN15-3	CAN15-03	Not seen	Abundant fine magnetite, garnet	160 litres	Not calculated
CAN15-4	CAN15-04	3 coarse colours, 2 medium colours (approximately 30 mg)	Fine magnetite and garnet, coarse rutile	140 litres	214 mg/m3
CAN15-5	CAN15-05	1 medium colour	Fine magnetite and garnet, coarse rutile	100 litres	Not calculated
CAN15-5	CAN15-06	Not seen	Fine magnetite and garnet, coarse rutile	18 litres	Not calculated

Conclusions and Recommendations

The Statement of Costs for the YMEP-funded 2015 exploration program are given below in Table 4.

The 2015 exploration program results showed that there appears to be a relationship between the coarse rutile and better gold values. Excavator pit samples from the centre of the valley had better results than samples from the left limit.

The gravel exposed along the bulldozer trench and in the excavator pits from 2013 to 2015 is relatively thin (3 to 6 ft.), and is overlying a pervasively-fractured schist which when thawed, would be easily excavated. Gravel is fairly coarse and gold grains are chunky (not flat) and appear to be only moderately travelled or close to source.

Muck, gravel and bedrock in Candace Creek are pervasively frozen and have proven problematic for testing and sampling programs, however, testing has shown the presence of placer gold which is relatively coarse and is unrelated to the main Maisy May creek channel at the mouth.

Placer paystreaks from local, structurally-controlled bedrock sources within the drainage are likely to be discontinuous, and would therefore not be evident in the limited sampling of downstream reaches.

The small trommel proved inadequate for processing a large bulk sample. Therefore, further testing on a larger scale is recommended. A wash plant with a minimum capacity of over 50 cubic yards an hour should be used to process material from the present 20 cubic yard stockpile and from new trenches on upstream reaches of Candace Creek. Test areas should be stripped and drained several weeks (or up to one season) ahead of time to ensure adequate washing of the materials.

Statement of Costs, 2015 Placer Exploration Program, Candace Creek.

Table 4 - Statement of Costs, 2015 Exploration program, Candace Creek.

2015 Placer Exploration Program - Candace Creek	Rate	Subtotal	GST	Total
William LeBarge- Project management, geological mapping, sample processing	8 days@$500/day	$4,000.00	$0.00	$4,000.00
William LeBarge- Data Compilation and Report Production	2 days@$500/day	$1,000.00	$0.00	$1,000.00
William LeBarge- Truck	8 days@$50/day	$400.00	$0.00	$400.00
William LeBarge- ATV	8 days@$40/day	$320.00	$0.00	$320.00
William LeBarge- ATV transport trailer	8 days@$16/day	$128.00	$0.00	$128.00
William LeBarge- ATV tub trailer	8 days@$10/day	$80.00	$0.00	$80.00
William LeBarge- 2 inch pump	8 days@$10/day	$80.00	$0.00	$80.00
Bud Davis - Field assistance, sample processing	8 days@$350/day	$2,800.00	$0.00	$2,800.00
Bud Davis - Mob/Demobilization Whitehorse to Candace Creek	1400 km@0.625/km	$875.00	$0.00	$875.00
Bedrock Mining Company Inc. Caterpillar 345LC excavator	3 hours @$275/hr	$825.00	$41.25	$866.25
Caterpillar 225 excavator (self-owned rate, discounted to 75% of commercial rate)	6.4 hours @$120/hr	$768.00	$0.00	$768.00
Camp costs	16 person days@$100/day	$1,600.00	$0.00	$1,600.00
Totals		$12,876.00	$41.25	$12,917.25

Statement of Qualifications – William LeBarge

I, William LeBarge, of 13 Tigereye Crescent, Whitehorse, Yukon, Canada, DO HEREBY CERTIFY THAT:

1. I am a Consulting Geologist with current address at 13 Tigereye Crescent, Whitehorse, Yukon, Canada, Y1A 6G6.
2. I am a graduate of the University of Alberta (B.Sc., 1985, Geology) and the University of Calgary (M.Sc., 1993, Geology – Sedimentology)
3. I am a Practicing Member in Good Standing (#37932) of the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC).
4. I have practiced my Profession as a Geologist continuously since 1985.
5. I am author of the report entitled: "Candace Creek Placer Property, Dawson Mining District, Yukon Territory, Final Report for YMEP Grant YMEP15-043, by William LeBarge, for CANDACE CREEK MINING LTD.
6. I am President and a Shareholder of Candace Creek Mining Ltd., a Yukon Registered Company.
7. The aforementioned report is based on my personal observations and interpretation and compilation of previously existing data.

Dated this 27th day of March, 2016

William LeBarge, P. Geo.

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