Yukon Mining Exploration Program 2016
Report on the

Australia Creek Placer Project

Target Evaluation 16-006

AUS 1-53: P515612-64
5 Mile Prospecting Lease: ID01306
5 Mile Prospecting Lease: ID01528
3 Mile Prospecting Lease: ID01529
3 Mile Prospecting Lease: ID01530
5 Mile Prospecting Lease: ID01531
3 Mile Prospecting Lease: ID01532
5 Mile Prospecting Lease: ID01533
2 Mile Prospecting Lease: ID 01534
5 Mile Prospecting Lease: ID01535

NTS map Sheet 115 O/9 & O/10
Dawson Mining District
63°33'N 138°43'W

April 5, 2017
Produced for Fry Exploration and Mining
By
Bill Harris

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1 Summary

The road accessible Australia Creek Placer Project (the "Project") is located approximately 70 km southeast of Dawson City, Yukon (Figure 1) in the Dawson Mining District and centred at 63° 33' N latitude and 138° 43' W longitude, on NTS map sheet 1150/10. The Project consists of 53 contiguous placer claims (Aus 1-53), and 36 miles of bench placer lease along Australia and Melba Creeks. The placer claims and leases are situated along Australia Creek and Melba Creek originating 1 km upstream from the confluence of Australia Creek and Indian River. All claims and leases are under a partnership between Fry Exploration and Mining and Bill Harris. The Yukon Government has settled land claims with First Nations in the area, Tr'ondek Hweich'in.

In the Australia Creek area, gold has been mined from Sulphur and Dominion Creeks since the early 1900's. More recently, the Indian River has been mined starting in the early 1980's, and according to Lowery (2004) produced 38% of the total placer gold in the Yukon (647,925 oz between 1978 and 2001). The Indian River itself ranked second and produced 223,732 oz between 1978 and 2001. Large left limit tributaries of the Indian River such as Ruby, Montana and its tributaries, and Wounded Moose are just coming into their own as producing placer creeks. These left limit tributaries are mining both the active channel of Indian River and its left limit benches. Active mining at the mouth of Australia Creek is ongoing by 2 operators.

The exploration programs done in the past on Australia Creek have been, because of the size of the target, too small, too sporadic, and too spread out to gain enough of a body of knowledge to get a good understanding of the potential of this creek as a large placer producer. A program of auger drilling, trenching and test pitting was proposed for the creek in 2016, in conjunction with a drone, ground penetrating radar and DC resistivity Geophysics survey. Due to various constraints, this program was modified.

The 2016-2017 program at Australia Creek included a 840 cu meter trenching program in July and a 9,700 cu meter trenching program in August, both with an EX330 Excavator. Several short prospecting programs over the summer were performed searching for new bedrock exposures, and panning new areas of the creek. During these short prospecting visits various access corridors and options for trail and future road construction were explored. Two property tours were done with prospective property optionor/lessees, one in September and one in December. From these tours, at least one deal to develop and mine a portion of the Australia Creek Property has been negotiated, with the possibility of another agreement as well. A large staking program was initiated in December with the staking of 31 miles of placer leases upstream on Melba and Australia Creek.

In Spring of 2017, after the -35° cold snap, the program was restarted with the digging of two shafts in two widely separated areas. One of the shafts (Kane's shaft) is on the newly staked leases farther upstream on the left limit of Australia Creek. This shaft, once through 4 feet of overlying muck, returned fine gold in pans from the gravels, to the bottom of the shaft at 17 feet. One large flake of gold was recovered from the first few feet of gravel. This result was very encouraging for the first work that that had been done this far up the creek and bodes well for a good enrichment of gold once bedrock is

reached. The good results from this shaft are also encouraging as it was well back from the creek on a very wide bench and thus helps prove the potential of this bench farther upstream. Another shaft was started downstream and across Australia Creek from the Discovery Outcrop, out in the creek valley approximately 100 metres. This shaft only attained a depth of 7 feet (all in black muck), but once completed later in April will provide additional, useful information about depth to bedrock, depth of black muck and gravel and information about the tenor of gold grades out into the main valley in the area of the Discovery Outcrop. A small program (3.86 line km) of Ground Penetrating Radar(GPR) was undertaken to better understand depth to bedrock and depth of gravels in several areas along the left limit of Australia Creek valley, its benches and several tributaries. This depth information will be invaluable in planning future exploration pits and mining cuts.

Further work is recommended to focus on three key areas:

- Target 1: High-grade area near Trench 2015-4: Auger drilling within the bench area beside Trench 2015-4 and deepening of the trench to reach bedrock. The GPR survey completed in March 2017 has indicated the bedrock depth in several locations. The past drilling by earlier operators, combined with favorable drill results over the last few years have proven this area to be ready for a significant trenching program and mine development planning.

- Target 2: Discovery Outcrop Area: Auger drilling, trenching and completing shafts to bedrock in the Discovery Outcrop area, along the bench and tributary, and out into the main valley of Australia Creek. Trench 2015-1 would also be deepened to reach bedrock. A decision for a bulk test in either the area of the shaft for upon the bench above the Discovery Outrcop would depend upon results from deepening the shafts and drilling.

- Target 3: Kane's Shaft: Geophysical surveys (GPR/Resistivity) in the area of Kane's shaft to determine depth to bedrock. Complete shaft to bedrock if warranted. Follow up with auger drilling.

Prospecting will continue along the left limit of the creek valley, as well as along the bench and the tributaries of Australia Creek for more areas of high potential to contain economic placer deposits.

Drone photography should be done to better map surface features and prepare for exploration trench and mining pit planning. Prospecting should be done along all of the areas of exposed bedrock which were discovered during the 2016/2017 YMEP program. Additional occurrences of bedrock discovered in other areas of the very large land package, should be prospected as well. Ground Penetrating Radar (GPR) surveying should be done on several areas of each lease along Australia Creek, its benches and along Melba Creek and its benches.

2 Introduction

This report describes 5 field exploration programs carried out on the Australia Creek property in 2016/2017. This report was prepared to satisfy requirements for the Yukon Mineral Exploration Program (YMEP) reporting. The work was carried out by Midnight Mining Services Ltd. and funded by Fry Exploration and Bill Harris with assistance from YMEP.

3 Project Description and Location

The Australia Creek Placer Project (the "Project") is located approximately 70 km southeast of Dawson City, Yukon (Figure 1). The Project consists of 53 contiguous placer claims (Aus 1-53) and 36 miles of placer bench lease along Australia and Melba Creeks, of which 31 miles were acquired during the 2016/2017 YMEP program. The placer claims and lease are situated along Australia Creek originating 1 km upstream from the confluence of Australia Creek and Indian River.

All claims are owned by and registered to Bill Harris, while the placer leases are held in trust for Bill Harris. All claims and the leases are under partnership agreement with Fry Exploration and Mining and Bill Harris. All claims are located in the Dawson Mining District and in good standing. The centre of the property is at 63° 33' N latitude and 138° 43' W longitude, on NTS map sheet 115010. Claim data is presented in table below.

The Yukon Government has settled land claims with First Nations in the area, Tr'ondek Hweich'in. Figure 1 shows the general location of the project as well as the location of settlement lands closest to the Australia Creek and Melba Creek properties. A detailed claim map is shown in Figure 2. The 2016/2017 work program was conducted under a Yukon Government Class 1 Placer Mining Land Use permit and Schedule 3 Water Use licence. A Type B Water Licence and Class 4 Mining Land Use Permit have been applied for. The project has completed its assessment through YESAB and the Water Board and the Water Licence is in good standing until May 2026.

Table 1 - Claim and Prospecting Lease List

Claims	Grant Number	No. of Claims	Registered owner	Recording Date	Expiry Date
Aus 1-20	P515612-31	20	Bill Harris	7/30/13	11/8/19
Aus 21-53	P515632-64	33	Bill Harris	7/30/13	11/8/19
5 Mile Prospecting Lease	ID01306		Mike Linley	7/10/15	7/13/16
5 Mile Prospecting Lease	ID01528		Sue Lancaster	12/17/16	12/19/17
3 Mile Prospecting Lease	ID01529		Fry Exploration & Mining Inc.	12/18/16	12/19/17
3 Mile Prospecting Lease	ID01530		Susan P. Craig	12/17/16	12/19/17
5 Mile Prospecting Lease	ID01531		Monster Mining Co	12/17/16	12/19/17
3 Mile Prospecting Lease	ID01532		31982 Yukon Inc.	12/18/16	12/19/17
5 Mile Prospecting Lease	ID01533		Midnight Mining Services Ltd.	12/17/16	12/19/17

2 Mile Prospecting Lease	ID01534		Bill Harris	12/18/16	12/19/17
5 Mile Prospecting Lease	ID01535		Group Ten Metals	12/17/16	12/19/17

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the main area of work is by the all weather gravel road along Hunker and Dominion Creeks to Indian River, There is access to the claims and lease via the Australia Ditch road along the right limit of Australia Creek. Approximately 3.5 miles upstream along the Ditch road the trail crosses the Australia Creek Valley and connects to a system of cat trails and cat cut tier lines which proceed downstream along the left limit and upstream to the old Australia Creek Dam Site. This Dam site is the upstream end of the Australia Creek Ditch and is near the location of Fry's upstream exploration area, as well as one of the 2015 camps. The new staking done under the YMEP program in December 2016 has covered the upper reaches of both Melba and Australia Creek resulting in a total of 36 miles of leases and 53 claims.

4.1 Camp

Two small temporary camps were constructed during the field programs. The first was approximately 4 miles up Australia Creek along the left limit. The camp was put in where the access trial continuation from the ditch road crosses Australia Creek itself in the area of TR2015-4.

The second temporary camp was near the upstream end of the Australia Creek ditch, near the old dam site on the left limit of Australia Creek. The existing trail that ends at the dam site runs along the left limit first tier line and was utilized to access the camp. The second camp is very near the 2016 shaft location and TR2015-1.

Yukon
Energy, Mines and Resources

Figure 1 Location Map

Legend

- Current Class 1 Notifications
- Areas defined by OIC
- First Nation Surveyed Lands -
- First Nation Unsurveyed Lands
- Placer Claims (1M)
- Areas withdrawn from staking
- Settlement Lands (Surveyed)
  - A: Surface and Subsurface Rights
  - B: Surface Rights
  - FS: Fee Simple
  - 4.1.1 Retained Reserve
- Settlement Lands (Unsurveyed
  - A: Surface and Subsurface Rights
  - B: Surface Rights
  - FS: Fee Simple
- Interim Protected Lands (Unsu

1: 1,280,000

65.0 0 32.51 65.0 Kilometers

Yukon Albers

Produced from: Yukon Mining Viewer

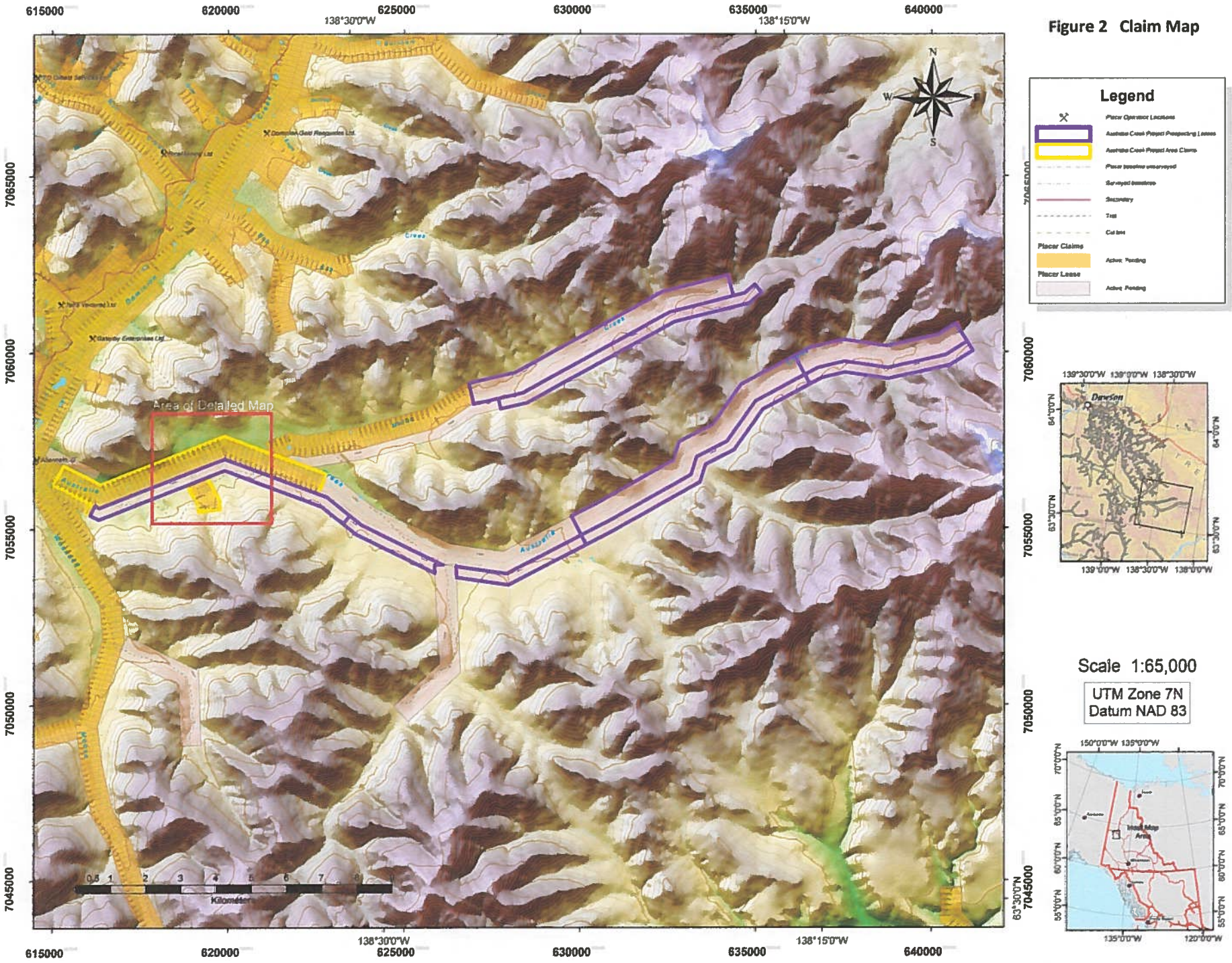
This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Date Printed: 06-Apr-2017

Notes

Blue Dot represents Property Location

Figure 2 Claim Map



5 Regional Setting and Australia Creek Details

Australia Creek is a very mature creek system, with a broad valley and a meandering creek. The valley is covered mostly with short grasses and bushes (tussocks and sedges); in the lower reaches of the creek, large coniferous trees are restricted to the present day creek banks, but they eventually cover the valley as the creek nears its headwaters. The valley generally has a steep slope on the southern side and a gradual slope, with paleobenches, on the south side.

The Klondike region was not glaciated and, as a result, the deeply weathered, pre-glacial, gently rolling upland service has been preserved. Depths to bedrock average 12 metres, and the bedrock is deeply weathered

5.1 History

The Klondike is well known for its placer gold history, and only the areas adjacent to Australia Creek will be discussed here. Following the initial discovery of gold on Bonanza Creek in 1896, gold was soon found in drainages to the southeast. The main producers were Sulphur, Gold run and Dominion Creeks. No work was done on Australia Creek at this time.

Following the early mining using hand methods, dredges were introduced into the region. Dredges were active in the three creeks mentioned above, and mined down Dominion Creek to the confluence with Australia Creek. The Yukon Consolidated Gold Corporation (YCGC), the main dredge operator, did limited churn drilling at the mouth of Australia Creek, but no further exploration. YCGC did construct a dam and ditch system on Australia and Wounded Moose Creeks to supply water for its operation on nearby creeks. Dredging continued until the 1960's.

In the late 1970's placer activity in the area increased, and continues to the present. Modern operations use heavy machinery to move large volumes of gravels through sluice boxes. Aside from the historically productive creeks, mining occurs on the Indian River, which is currently the most important gold producer in the Yukon.

Australia Creek has been explored intermittently since before the Gold Rush. Robert Henderson was the first one known to have prospected Australia Creek in 1894. During his work there he tripped, fell over and got a stick stuck through the calf of his leg. He wrote the creek off, saying values were too low to mine. In the early 1900s Yukon Consolidated Gold Company (YCGC) held the ground. They controlled Australia Creek and built dams on Melba Creek, Australia Creek and Wounded Moose Creek as well as a ditch to provide water and energy for the dredges on Lower Dominion and Sulphur Creeks. YCGC did drill the mouth of Australia creek (pers. Comm. Erich Raguth), but the records have not been obtainable to this point. YCGC held the ground until the early 1970's after which it came open and was staked by others over the years.

Modern exploration began in the 1980s when John Brown mined Dominion Creek near the mouth of Australia Creek. Later in the 1980s Yukon Engineering Services for RK Resources, Hughes Lang Corp and others. Aurora Geosciences or its predecessors Amerok Geosciences and Mike Power have performed Placer Magnetometer Surveys and Ground Penetrating Radar Surveys in the lower reaches of Australia

Creek in 1989 and 1998. Since that time placer operations have been in operation in lower Australia Creek near its confluence with Dominion Creek. Erickson operated for several years in the early 2000's and George Aberneth (Gyppo Mining) has been in operation for approximately 6 to 7 years (with an option to Colonial Gold). Fry Exploration and Mining leased the ground in this proposal and carried out auger drilling in 2013 and 2014.

5.2 Geology

5.2.1 Regional Geology

There are five major units in the Klondike area; the Nasina Series, the Klondike Series, the Moosehide Assemblage, early Tertiary volcanics/volcanoclastics, and the Tertiary intrusives (Figure 3). The basement unit is the Nasina Series, consisting of metamorphosed schists and quartzites. It is overlain by the Klondike Series, which is thought to be genetically related to the placer gold of the Kondike.

The Klondike Series is a dominantly quartzofeldspathic schists of Early Permian (280 m.y.) age. This suite underlies all of the rich placer gold deposits in the area, and has been found to contain economic values of hard rock gold. To the south and west, the Klondike Series is in contact with a Late Devonian to Mississippian orthogneiss.

Structurally overlying the Klondike and Nasina Series are greenstone and altered ultramafics of the Moosehide Assemblage. In the east and south, early Tertiary andesitic volcanics and clastic sediments occur. All of the above units are intruded by diabase to rhyolite Tertiary dykes and sills.

5.2.2 Property Geology

Surficial and drill geology confirmed the published data on the area i.e. a schist with minor graphitic and dyke units underlies most of the property, with an orthogneiss at the western edge.

Only one outcrop was observed along the left limit bench edge and that was a schist approximately five miles upstream along Australia Creek right near the old Australia Dam Site.

5.2.3 Surficial Geology

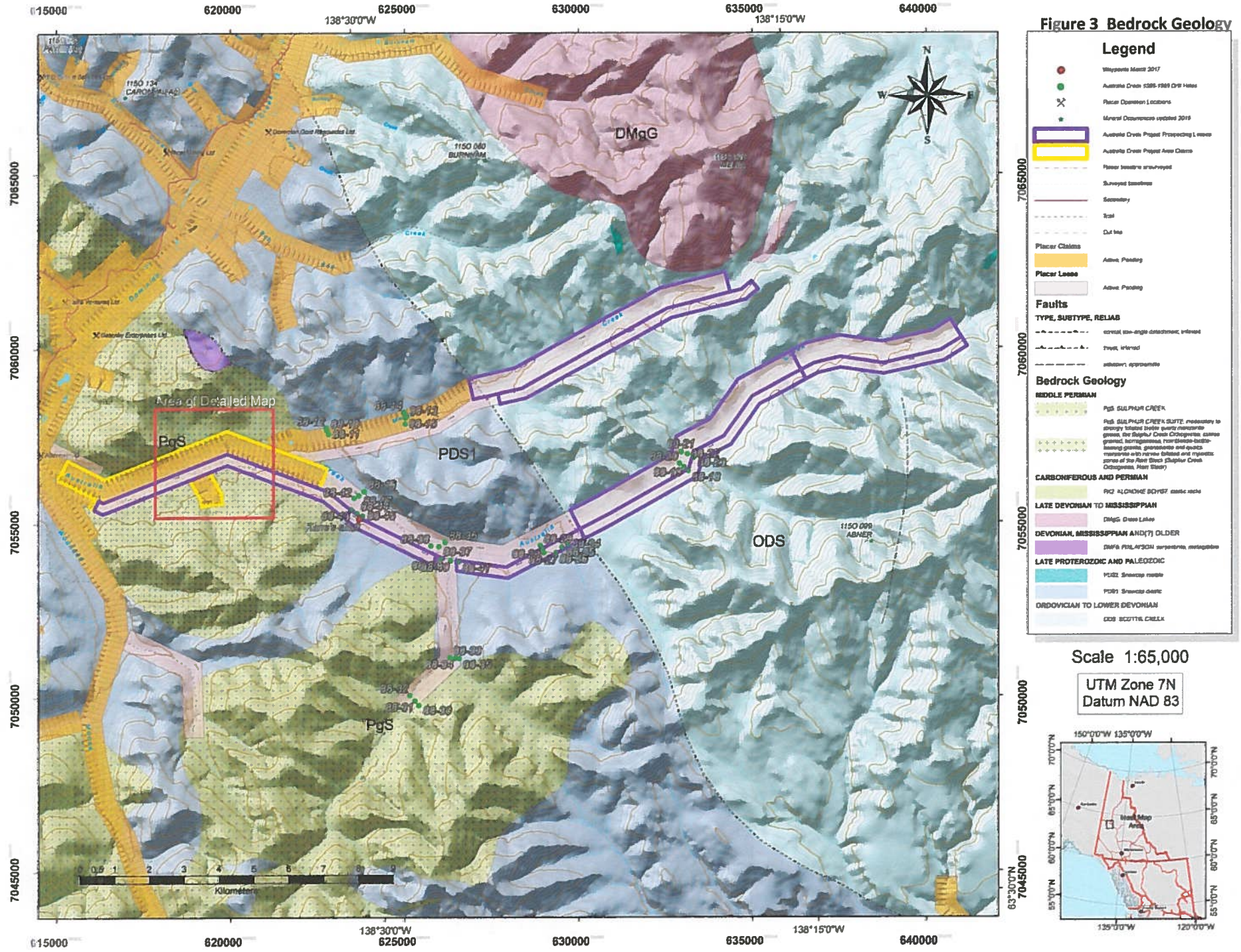
Australia Creek is a mature tributary to the Indian River, situated in a broad valley within the unglaciated portion of the Klondike Plateau. Broad terraces of Tertiary (White Channel) gravel lie along the valley of Australia Creek, most dominantly on the southern (left-limit) side. These terraces are overlain and reworked by glaciofluvial outwash gravel of pre-Reid age, which was deposited when glacial meltwaters breached the divide of the Indian River at its headwaters near Australia Mountain. However, the regional glacial ice did not advance into the Australia Creek drainage, nor did any subsequent glacial advances. Pleistocene alluvial complexes, alluvial fans and intermediate level terraces were later deposited, and these lie extensively along the valley especially at the confluences with major tributary valleys to Australia and Melba creeks.

Recent stream action has incised, reworked and redeposited pre-existing glaciofluvial and older alluvial sediments including the Tertiary bench gravels (Lebarge, 2007). Figure 4 shows the surficial geology in the vicinity of the Australia Creek property.

5.2.4 Regional Geophysics and Major Structures

Regional total field aeromagnetic geophysics is shown in Figure 5, and regional first vertical derivative aeromagnetic geophysics is shown in Figure 6. The maps show several northwest-trending anomalies which may coincide with major structures and lineaments. The maps also show that active placer operations are associated with some of the "highs" on the map, yet also with the lows and everything in between. The regional geophysics do not necessarily help with targets at the Australia Creek property; geophysical work on a more detailed scale or a different type of geophysics will hopefully help define targets.

Figure 3 Bedrock Geology



Legend

- Waypoints March 2017
- Australia Creek 1985-1989 Drill Holes
- Placer Operation Locations
- Mineral Occurrences updated 2019
- Australia Creek Project Prospecting Leases
- Australia Creek Project Area Claims
- Placer baseline area surveyed
- Surveyed baselines
- Secondary
- Trail
- Cut line

Placer Claims

- Active, Pending

Placer Lease

- Active, Pending

Faults

TYPE, SUBTYPE, RELIAB

- normal, low-angle detachment, inferred
- thrust, inferred
- unknown, approximate

Bedrock Geology

MIDDLE PERMIAN

- PgS SULPHUR CREEK
- PgS SULPHUR CREEK SUITE: moderately to strongly foliated biotite quartz monzonite gneiss, the Sulphur Creek Orthogneiss; coarse grained, homogeneous, non-foliated to foliated leucogranite, monzogranite, granodiorite and quartz monzonite with narrow foliated and migmatitic zones of the Rent Stock (Sulphur Creek Orthogneiss, Rent Stock)

CARBONIFEROUS AND PERMIAN

- PK2 KLONDIKE SCHIST clastic rocks

LATE DEVONIAN TO MISSISSIPPIAN

- DMgG Grass Lakes

DEVONIAN, MISSISSIPPIAN AND(?) OLDER

- DMPs PINLAYSON serpentinite, metagabbro

LATE PROTEROZOIC AND PALEOZOIC

- PzEs Snowcap mafic
- PzPs Snowcap clastic

ORDOVICIAN TO LOWER DEVONIAN

- ODS SCOTTIE CREEK

Scale 1:65,000

UTM Zone 7N
Datum NAD 83

Figure 4 Surficial Geology

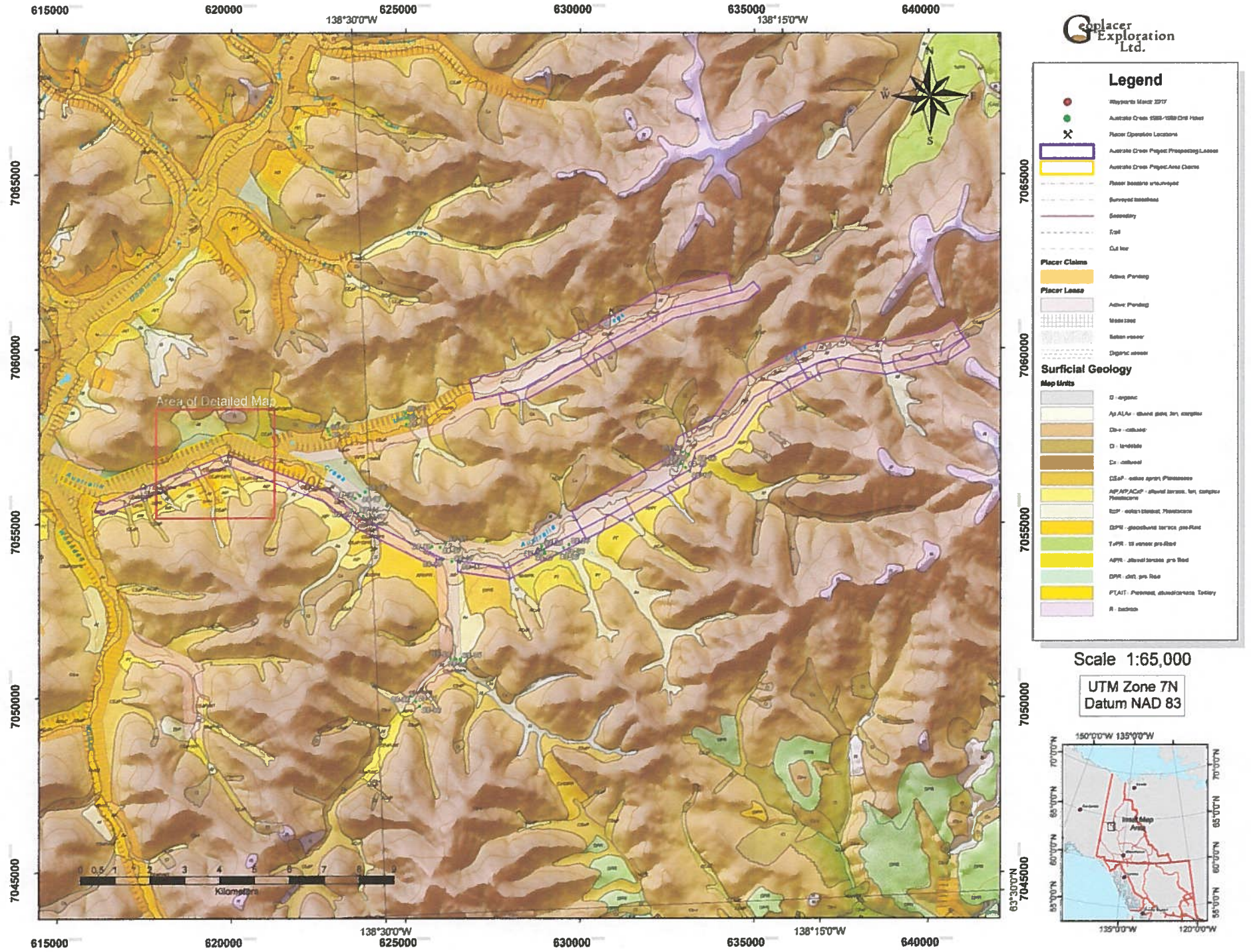


Figure 5 Total Field Aeromagnetics

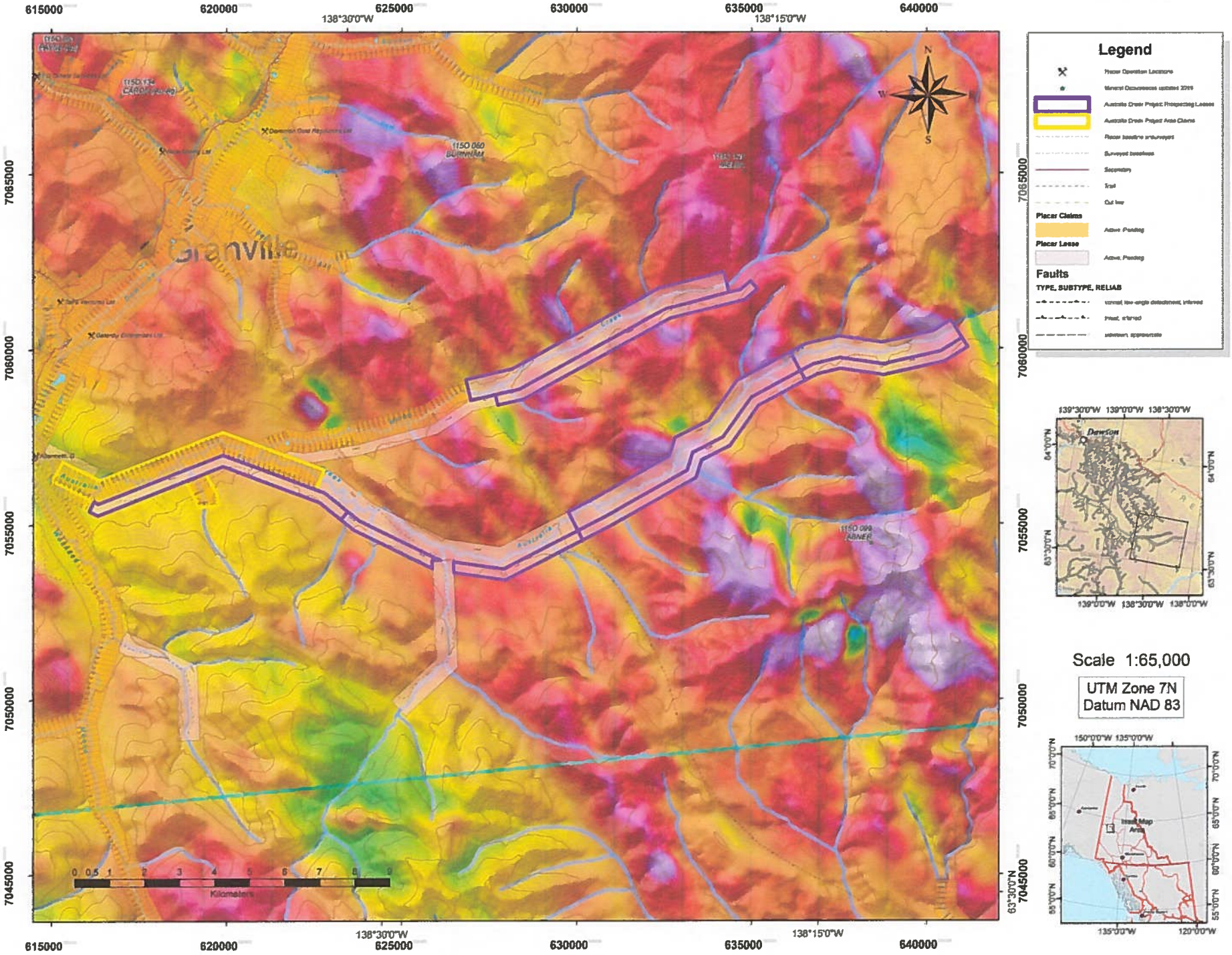
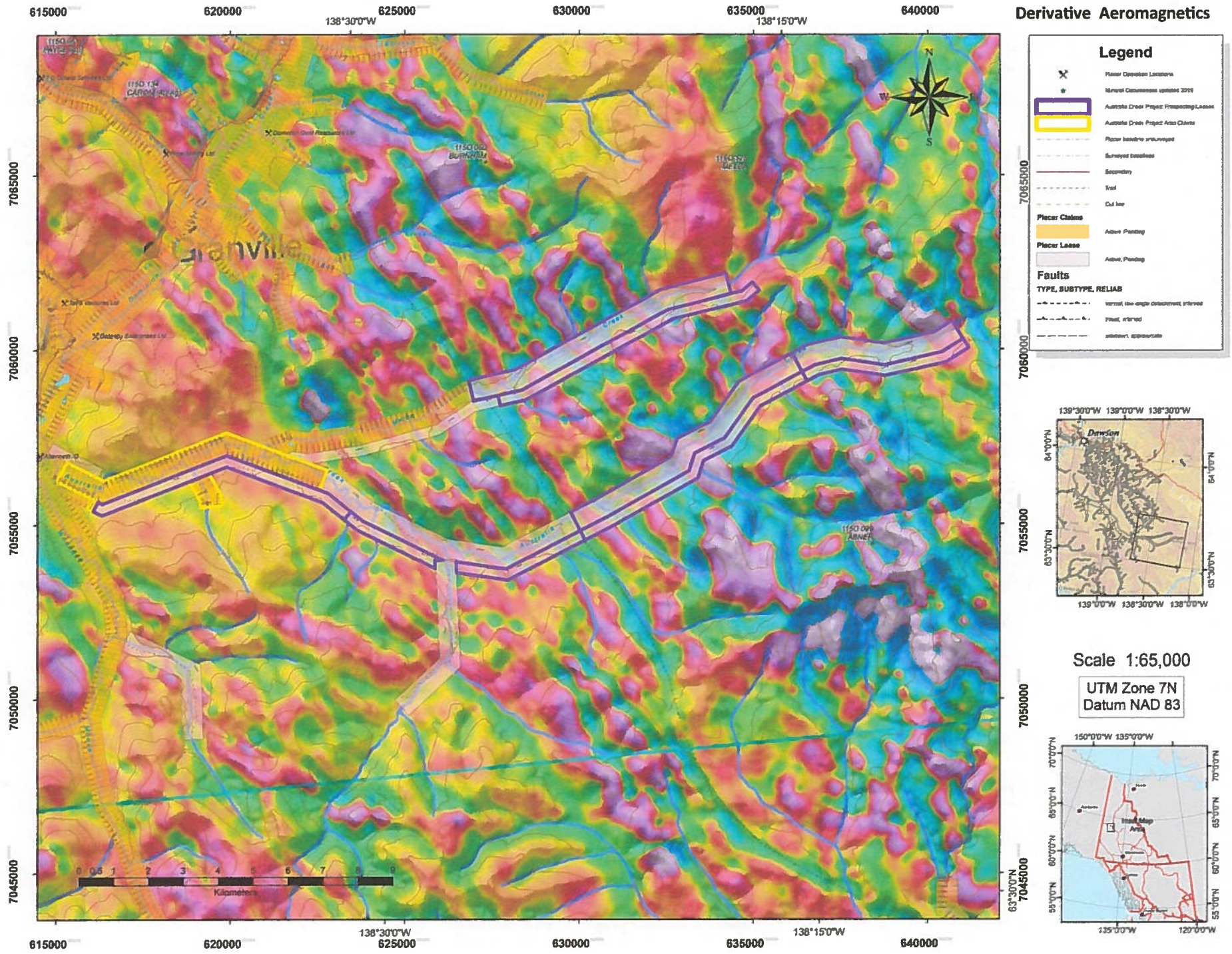


Figure 6 First Vertical Derivative Aeromagnetics



5.3 Drilling

5.3.1 Rotary Drilling

A total of 66 reverse circulation rotary drill holes were drilled in 1988, and a further 22 were drilled in 1989. A Schramm T560H air rotary rig mounted on a TF 360 Nodwell carrier was used to drill 13.0 cm diameter holes. Drilling was carried out by Midnight Sun Drilling of Whitehorse, Yukon.

All holes were drilled vertically at sites marked by flagging tape. All of the holes encountered an overlying layer of black organic muck, averaging 3 to 6 metres in depth. Previous mining in the region indicates that this layer never carries economic gold, so after testing the first few holes, this layer was not recovered to facilitate drilling. Below the organic layer is a layer of clay, sand, and gravels averaging 6 to 12 m thick. These sediments were collected 0.6 m in labelled plastic bags. At an average depth of 6 to 12 m bedrock was encountered, although a few holes extended to over 30 m. A 0.6 to 1.2 m sample of bedrock was also collected.

Holes 88AUS-1 through 88AUS-49 were drilled as reconnaissance holes over the entire length of the property (Figure 5). There were two principles for the targeting of these drill holes; first, that placer gold is concentrated where a tributary enters a stream, and second, to test tributaries for their placer gold. The first principle was tested by drilling a fence of three holes across the major stream downstream from where a large tributary entered, one fence approximately every 2 km. The second principle was tested by drilling a fence of three holes across the mouths of large tributaries.

Holes 88AUS-50 thorugh 88AUS-66 were concentrated around the western limit of the property to follow up encouraging results from 88AUS-3 and 4 (Figure 6). Eight of these holes were located along the southern bench to test the possibility of a bench placer deposit.

In 1989, holes 89AUS-1 to 89AUS-22 were drilled, also near 88AUS-3 and 4. These holes were pattern drilled to delineate an area suitable for a bulk testing program

Drill Results

Economic values (i.e. >$5.00/cubic yard) are listed below:

Hole No.	Interval (feet)	Au Content (g/cu m)	Au Content (Cdn$/cu yd)
88AUS-3	4-6	21.68	264.90
	12-16	5.232	63.93
88AUS-4	16-18	3.464	42.33
	18-22	11.000	134.41
	52-56	0.648	7.92
88AUS-5	54-58	1.208	14.76
	62-64	1.264	15.44
88AUS-11	28-30	0.600	7.33
88AUS-15	44-46	0.648	7.92

88AUS-40	52-56 56-58	0.864 1.112	10.56 13.59
88AUS-47	38-42 42-44	1.808 0.912	22.09 11.14
88AUS-48	12-14	0.680	8.31
89AUS-12	12-16	1.984	24.24

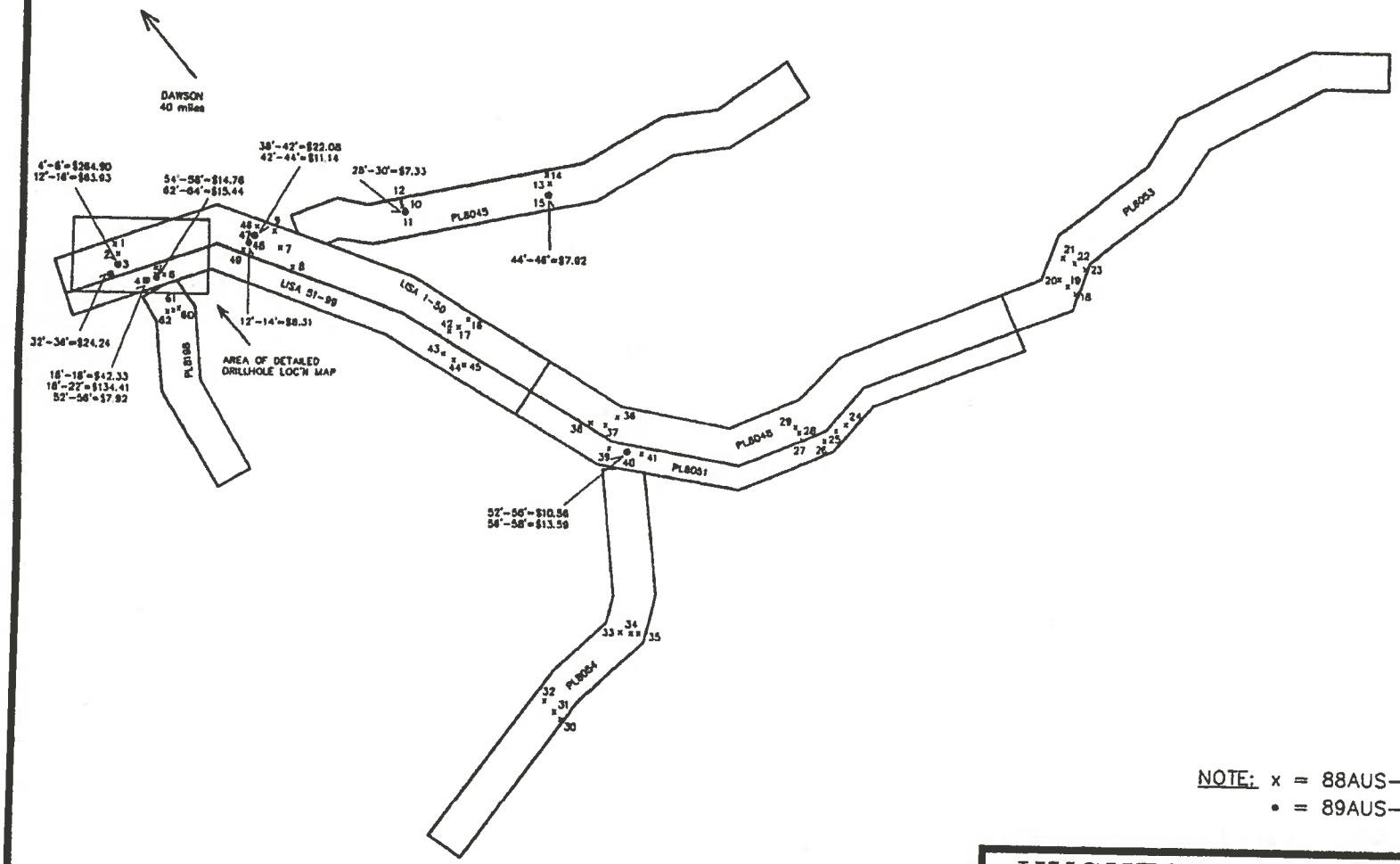
Although the gold values are erratic, there are some extremely high values which may represent an economic pay streak, particularly near holes 88AUS-3 and 4. The best values near these holes correspond to a bedrock high that is possibly due to an underlying granite dyke.

5.3.2 Auger Drilling

There have been several campaigns of auger drilling carried out in the Australia Creek valley. Most of the auger drilling since 1990 has been close to the mouth of Australia Creek and drilled in lines crossing the valley looking for economic deposits farther downstream that would enable a mining operation to begin downstream, close to road access and then have mining proceed upstream.

Fry Exploration and Mining has approached the creek in a different fashion. Fry proceeded directly to the area of the drill holes with the highest grades (see rotary drilling section) and drilled a group of holes in 2013 and 2014 to try and replicate those values. As can be seen by the attached maps and tables they were unable to match the higher grades found in the 1998 drilling. As drilling progressed in 2013 and 2014 the values increased toward the left limit at the main valley. The final three holes along the creek on the left limit were the best of the program. A 2014 program of drilling auger drill holes was performed on the left limit of Australia Creek starting 45 metres from the creek along an east-west line. Although the drilling was completed a huge flooding event occurred and the drill crew had to evacuate before the drill samples could be concentrated and panned out. Depths can be seen from the attached drill log. The erratic values returned from the auger drilling campaigns could be due to the fact that the gravels in the Australia Creek valley are intermittently thawed. Several levels of gravels were shown to be thawed during the rotary drilling project done by Hughes Lang. The absence of casing in auger drilling may result in gold values washing off the flygts of the drill while drilling thawed sections of the gravel column.

Photo looking south; area of 2013 and 2014 drilling.



SCALE 1:100,000

0 1 2 3 4

KILOMETRES

NOTE: x = 88AUS-
• = 89AUS-12

HUGHES LANG CORPORATION

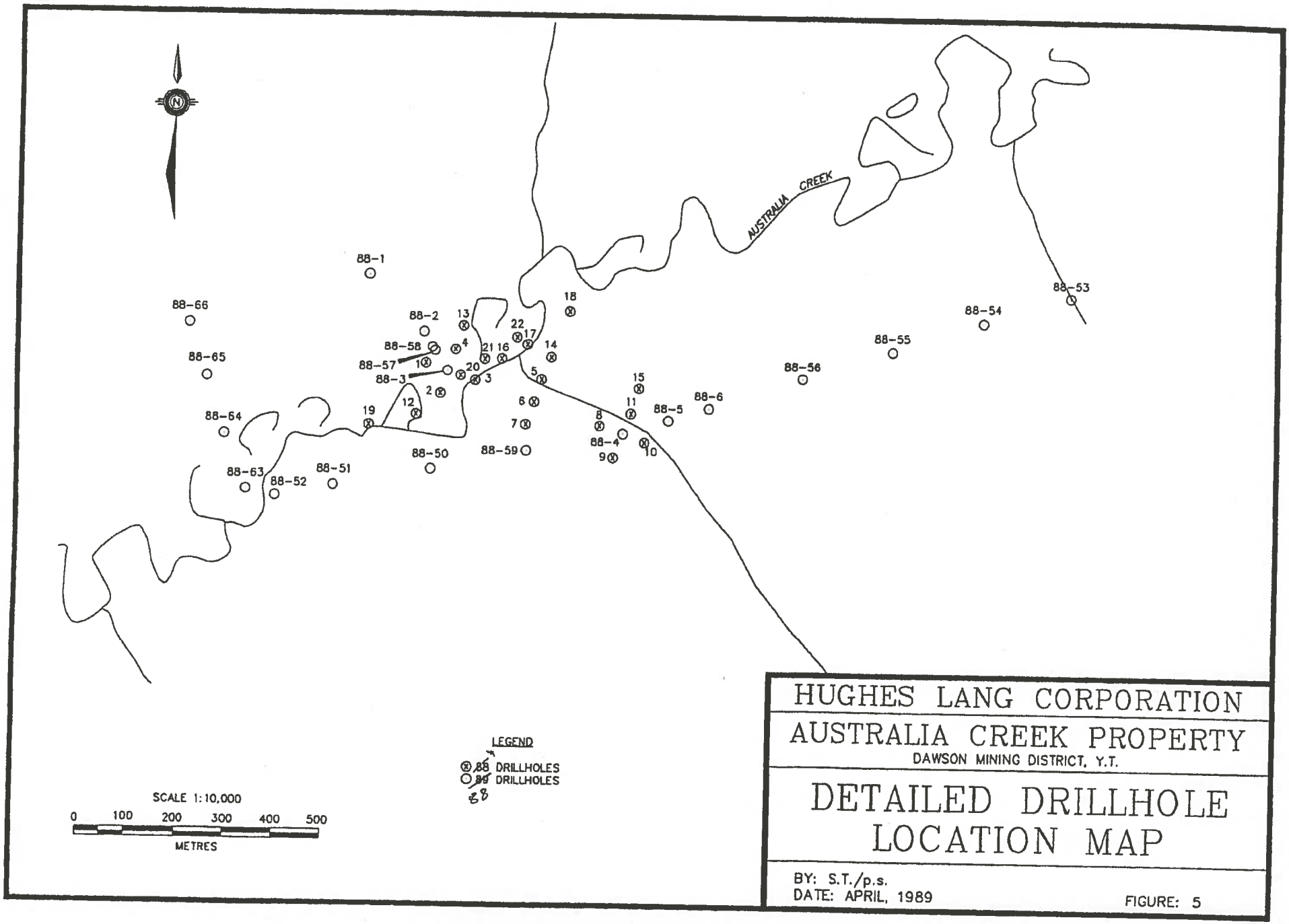
AUSTRALIA CREEK PROPERTY

DAWSON MINING DISTRICT, Y.T.

REGIONAL DRILLHOLE LOCATION MAP

BY: S.T./p.s.
MARCH, 1989

FIGURE: 4



HUGHES LANG CORPORATION

AUSTRALIA CREEK PROPERTY

DAWSON MINING DISTRICT, Y.T.

DETAILED DRILLHOLE LOCATION MAP

BY: S.T./p.s.

DATE: APRIL, 1989

FIGURE: 5

PLACER DRILL LOG

Print Form

DATE: 02/08/14 to 08/08/2014 TIME: _____ DRILLER: Kyler Hardy HELPER: Nicolai Goeppel

TYPE OF DRILL: Nodwell mounted 6in Auger drill INSIDE DIAMETER OF DRILL: 6inch

LOCATION: Australia Creek, Dawson Mining District LEASE/GRANT #s: _____

DRILL HOLE NUMBER	TOTAL FOOTAGE	BREAKDOWN IN FEET (of materials encountered)	REMARKS (Samples/Results)
AUS-2014-01	20ft	0-12' Black muck, 12-20' green brown gravel	Did not reach bedrock, Aug 2nd
AUS-2014-02	44ft	0-20' Black muck, 20-41' green-brown/grey gravels, 41-44' decomposed bedrock	Boulders top of gravels, qtz chips, hard permafrost in overburden, Aug 2nd
AUS-2014-03	45ft	0-20' Black Muck, 20-41' green brown to grey gravels, 41-45' decomposed bedrock	Boulders in top of gravels, hard permafrost in Overburden, Aug 3rd
AUS-2014-04	25ft	0-22' Overburden Black Muck, 22-25' brown Sandy gravels	Did not reach bed rock, Aug 4th
AUS-2014-05	45ft	0-18' Black muck, 18-41' green-brown gravels, 41-45' decomposed Bedrock	Interbedded Clay layers within lower section of gravels, Aug 6th
AUS-2014-06	25 ft	0-22' Black Muck, 22-25' brown green gravels	Hard permafrost in Overburden, Aug 7th
AUS-2014-07	35 ft	0-4' overburden Black Muck, 4-35' green brown to grey gravels	Boulder Section towards base of gravels, Aug 8th

DATE: August 20th, 2014 SIGNED: (Driller or Representative) Nicolai Goeppel

2014 Drilling

Braided streams and photo showing size of left limit benches.

Photo showing thawed material on top of bench.

6 Overview of the 2016/2017 Australia Creek YMEP Program

The work program at Australia Creek in 2016/2017 was done in several segments. The program as first proposed in the application process had to be modified due to drill parts not being available. Although the drill was on the property all year, parts to repair the drill were not available and it was not used during the 2016 program as was planned.

As a result, the work in 2016/2017 included:

- 840 cu m trenching program in July using the Hitachi EX 330 along Australia Creek
- 9,700 cu m trenching program using the Hitachi EX 330 along Australia Creek (August).
- Field visit with prospective buyer in September 2016
- Field visit with prospective buyer in December 2016
- Staking of 8 adjacent prospecting leases (31 miles) in December 2016
- Shafting program (2 shafts, 24 feet depth) in March of 2017 and
- Ground Penetrating Radar (GPR) in March 2017.

6.1 Trenching

A total of 840 cu m of trenching took place in July and a total of 9,700 cu m of trenching took place between August 1 and August 8, 2015. Trench, shaft and outcrop locations are shown in Figure 9.

Trench 2016-A and A1 were an extension and deepening of Trench 2015-1. Material was dug back (see photos below) to frost in two campaigns during the season in an ongoing effort to reach a bedrock bench edge and test it for gold values. A good long exposure has now been cut into the downstream bank of the tributary by the Discovery Outcrop. A line of GPR was run down the extent of this trench and out into the main Australia Creek valley past the Outcrop shaft. Areas of the trench were seen to be 6 metres below the current bottom of the trench. The excavator on site should be able to reach bedrock in the coming season.

Trench 2016-B was a small trench cut into the upstream side of the Discovery Tributary to attempt to reach the bedrock bench edge above the Discovery Outcrop. It was dug to the frost level and will be continued by chasing the thawed material down the frost level in future trenching programs.

Trench 2016-B

Trench 2016-C

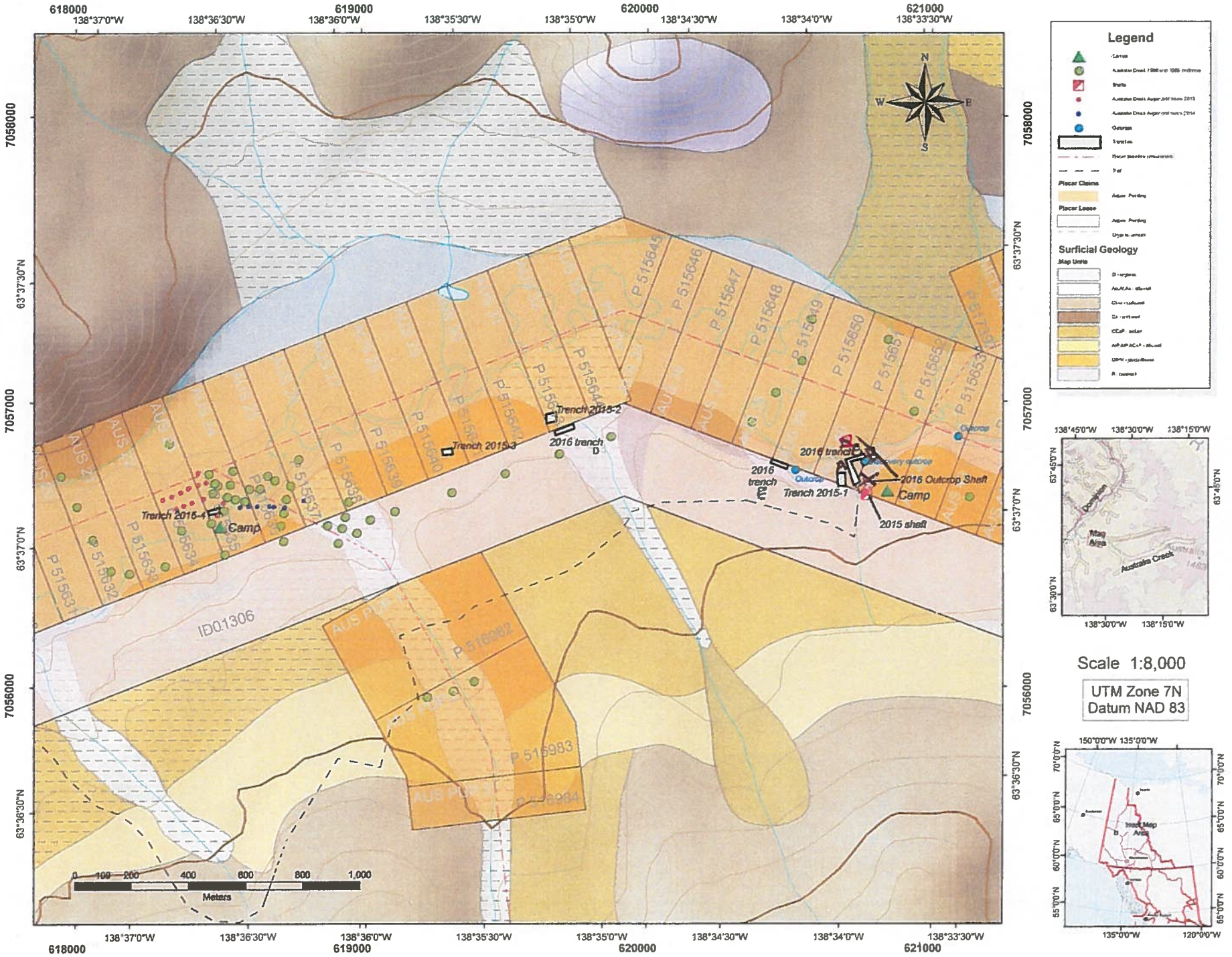
Trench 2016-C was excavated across the tributary at the level we considered would be most likely to intercept the bench edge. The GPR program in March 2017 indicates that bedrock will be deeper than previously believed. The auger drilling program planned for the 2017 season will provide more data about depths to bedrock under this trench and it will be deepened or reclaimed, depending upon that information.

Trench 2016-D was dug in July 2016 between July 1 and July 8 on an uphill side of the tier line trail, thus allowing access to the site. It was dug on the crest of the hill above a left limit tributary of Australia Creek, along the downstream hillside. The trench was dug in an attempt to find a bench edge along that area which would give us information on depth of gravels, depth to bedrock, and a window into the gravels in that area to see if they contained economic quantities of gold. No gold was recovered during panning in this location. The trench encountered frozen material that the excavator couldnot dig, so the trench was left open for a continuation in the future. The dimensions of the trench were 15 m long x 10 m wide by 5 m deep (750 cu m).

Trench 2016-E was a side hill trench on a small, low, intermediate bench along the left limit of the main Australia Creek valley. Within the 6.5m x 6.5m x 2.3 deep trench (90 cu m) at the end of an existing trail, materials encountered after 2 m of thaw included frozen gravel with intermittently thawed gravels within a thin overlying layer of frozen black muck. This trench will be recontoured in future programs to continue the effort to expose and test bedrock exposures along the bench.

Figure 9 2016/2017

Trenching, Shafting, Outcrop Map



Scale 1:8,000

UTM Zone 7N
Datum NAD 83

6.2 Shafting

Two shafts totalling 24 feet were excavated in March 2017, namely the Outcrop Shaft and Kane's Shaft. During the trenching program in 2015 gold was panned from a trench in the downstream bank of a small tributary of Australia Creek near the discovery outcrop. A small bulk sample was sluiced from material on the bedrock just upstream of the discovery outcrop, yielding 1.2 grams Au/cu yd. The shaft dug in March of 2016 (Mark's shaft) was located in this area based on these multiple locations yielding gold in good quantities. A spot on the upstream side of the left limit tributary was chosen because it had a flat area that could be closer to bedrock than the downstream side of the tributary. This shaft site is approximately 100 meters uphill from the Discovery Outcrop. The March 2017 Outcrop Shaft is located on Figure 9, and the Kane's Shaft can be located on Figure xx.

6.2.1 2017-2 (Outcrop Shaft)

This shaft was dug in March 2017 downstream and across Australia Creek from the Discovery Outcrop. It was dug to test the depth of material, the makeup of the soil/gravel profile and to ascertain the presence of gold in the gravels and at the bedrock interface. The shaft was dug directly in front of the tributary stream on the left limit of Australia Creek, that enters the main creek just downstream from the Discovery Outcrop. Several large trenches were excavated within the confines of the tributary in 2015/2016 and one shaft was begun on the upstream side of the tributary valley. The Discovery Outcrop, the shaft and the largest of the trenches all returned good values in gold.

The decision was made to dig the shaft outbound of the known occurrences of gold in this area to try to expand the known gold bearing area and try to ascertain whether gold values at depth would be enough to plan a mining pit in that area of the main creek valley. There are several large boulders lying in Australia Creek beside the Discovery Outcrop; it is unclear if they represent bedrock outcrops or boulders laying in the stream. Finding gold in this creek valley location would be very important for mine planning going forward. The most sensible and economic method of mining this area would include diverting the creek, mining a cut in the valley location and then to start mining areas of the bench which show significant gold values (to 1.2 grams/ton/cu yard/m. The 2017-2 (Outcrop Shaft) had only reached a depth of 7 feet by March 20, 2017, but is being continued into the month of April due to its importance for near future production planning.

6.2.2 2017-1 (Kane's Shaft)

Shaft 2017-1 was dug on the left limit bench of upper Australia Creek, on one of the 2 mile bench leases staked during the December 2016 staking program that greatly expanded the ground position of the property. The shaft is located on a wide flat bench on the upstream side of a tributary stream several hundred metres from the tributary itself. There is a fairly open growth of smaller spruce trees (perhaps an old burn) in the area, and moss under the snow. The first 3 feet of the shaft were frozen black muck (mud), then a foot of muddy gravel. The following 4 feet of fine gravel contained fine gold and one large flake of gold. The next 1.5 feet consisted of coarse rock and gravel, after which there was 5 feet of fine gravel. The last 3 feet of the shaft that we were able to dig in April of 2017 consisted of 1 foot of coarse

gravel overlaying the final two feet of fine gravel. All of this material (once through the muddy gravel at the 4 foot mark) contained fine colors of gold when panned. The alternating layers of fine and coarse gravels could suggest intervening periods of high and low energy flows as material washed from upstream and reworked. This shaft was dug to gain knowledge of the soil/gravel profile to bedrock, determine if gold was present in the gravel and bedrock interface and to develop information about economic gold potential of the bench.

The photos on the following page show the tripod and safety covering on Kane's shaft, as well as an image taken down the shaft and a pile of large boulders from the top 4 feet of gravel within the shaft (where the large flake of gold was recovered). This material looks like outwash gravels as the boulders are rounded to subrounded and somewhat oblate, typical of glacially-derived material.

6.3 *Outcrop Mapping*

Five outcrops were mapped (and GPS'd) along the left limit slope of Australia Creek, both upstream and downstream of the Discovery Outcrop, some of which are marked on Figure 10 (and photos taken below). The top left photos represents an area where line 10 of the ground penetrating radar (GPR) was completed. Bedrock was broken schist with quartz/calcite veining, mostly light brown to tan in color.

6.4 Field Tours with Prospective Buyer Representative

A one day property visit was performed by Bill Harris and Deryk Law, in September accompanied by two representatives of buyers. Two other representatives visited the area the day before but couldn't access the far reaches of the project. Another one day property visit was performed by Bill Harris and Deryk Law and accompanied by Mike McDougall (long time miner and advisor) and a representative for a prospective buyer on December 16, 2017 by helicopter. The purpose of the trips was to familiarize the prospective buyers with the project and acquaint them with the scale of the target at Australia Creek and its similarity in scope and setting to the Indian River placers downstream of the confluence of Australia Creek, Dominion and Sulphur Creeks. The actively mined cuts along the left limit benches of the Indian River are very alike the left limit benches of Australia Creek in gravel type, size, depths and vegetative cover.

6.5 Ground Penetrating Radar Survey

6.5.1 Introduction

A total of 10 lines (3860m) of Ground Penetrating Radar (GPR) geophysical surveys were undertaken in March of 2017 on the claims and leases. The trace of these lines are shown on Figures 10 and 11(more detailed) and the profiles are shown in Figures 12a to 12j. The table below shows the geographic coordinates of the endpoints of the lines, as well as the line lengths and maximum depths to bedrock on each line.

Australia Creek GPR Survey Line details

			Geographical Coordinates			
№ GPR L	Length (m)	Length (ft)	Start		End	
1	1155	3789	63°37'4.57"	138°36'6.35"	63°37'8.15"	138°34'48.93"
2	790	2592	63°37'2.62"	138°34'46.46"	63°36'58.05"	138°33'54.20"
3	310	1017	63°36'57.59"	138°33'53.82"	63°37'6.92"	138°33'53.42"
4	135	443	63°37'6.68"	138°33'53.40"	63°37'10.73"	138°33'54.83"
5	140	459	63°37'0.27"	138°33'54.68"	63°37'3.31"	138°33'47.57"
6	85	279	63°37'11.55"	138°33'25.43"	63°37'9.39"	138°33'27.40"
7	435	1427	63°37'4.55"	138°36'6.25"	63°36'56.15"	138°36'27.12"
8	220	722	63°36'55.21"	138°36'32.37"	63°37'0.37"	138°36'38.28"
9	375	1230	63°37'0.15"	138°36'35.68"	63°37'10.36"	138°36'28.41"
10	215	705	63°37'3.13"	138°36'19.36"	63°37'4.41"	138°36'32.14"
Total	**3860**	**12 664**				

6.5.2 Methodology

The GPR survey was conducted using the GRP "EasyRad PRO+", equipped with antenna with a working frequency of 100 MHz and a practical resolution of 0.2 m. The survey data was analyzed using the software program EasyRad PRO+ end RadMax. Survey lines were georeferenced in the field by recording the endpoints on a hand-held GPS.

6.5.3 General Results

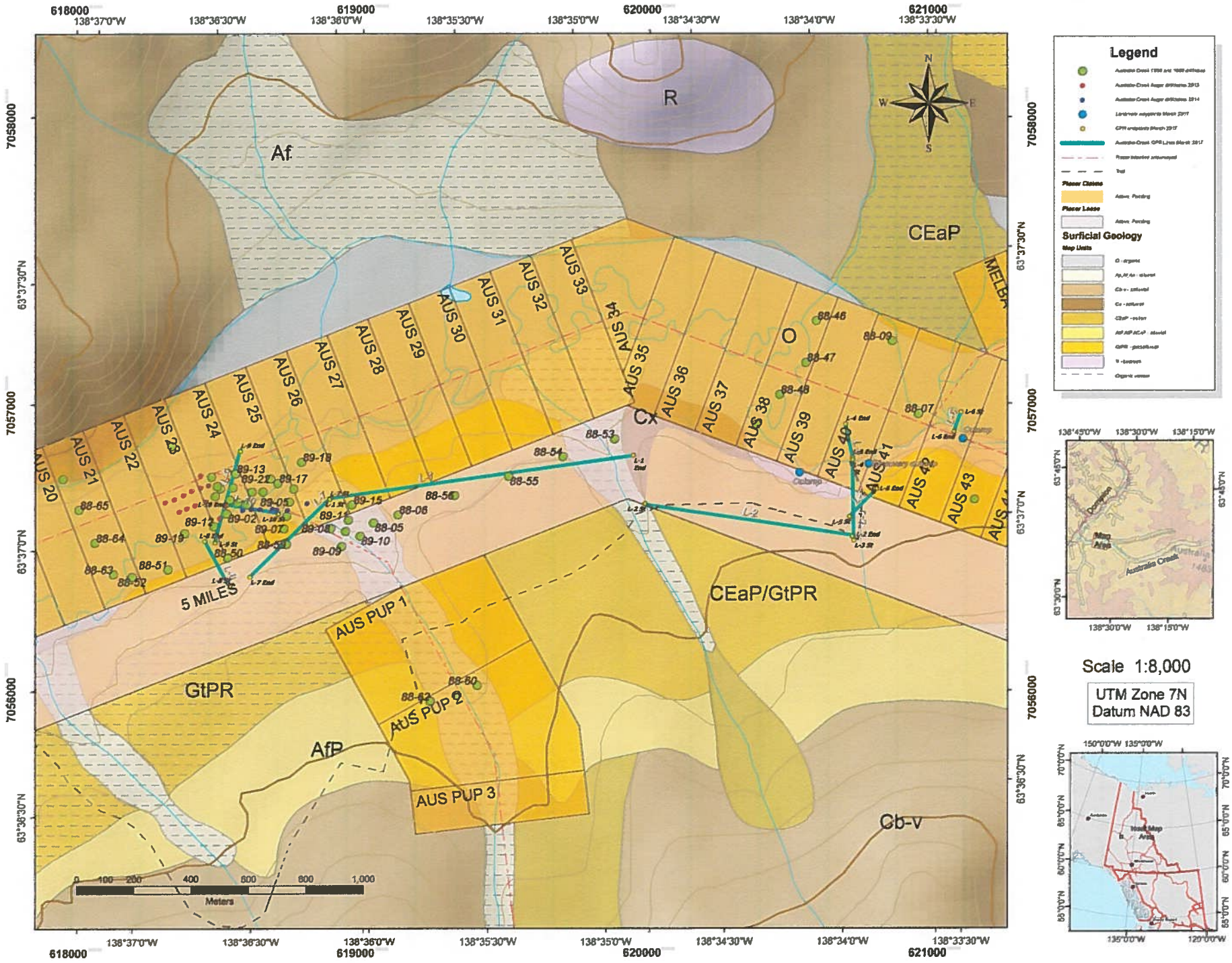
In this survey, the effective depth of penetration is estimated to be at least 57 m.

The results of these conducted surveys confirmed the strong ability of recognition of the main lithological units at the radar's-images including:

- **Overburden»**- thickness **2.0 – 6.0 m** (possibly);
- **Gravel**- thickness **2.5 - 48 m;**
- The surface of the **bedrock** at a depth of **2 to 48 m**.

Figure 10 2017

GPR Line Traces

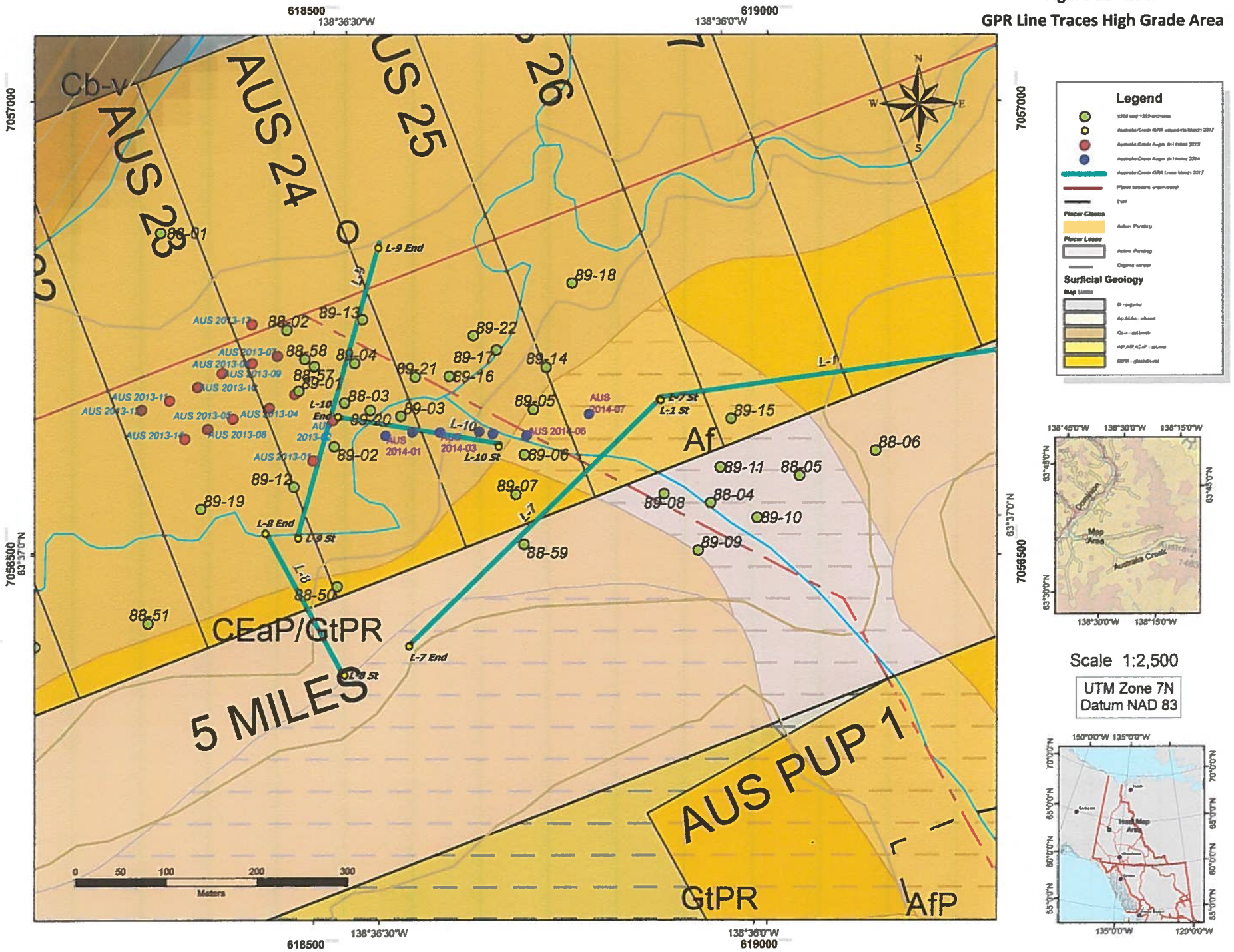


Scale 1:8,000

UTM Zone 7N
Datum NAD 83

Figure 11 2017

GPR Line Traces High Grade Area



Scale 1:2,500

UTM Zone 7N
Datum NAD 83

Figure 12a L-1 Depth to bedrock 6 to 48 m

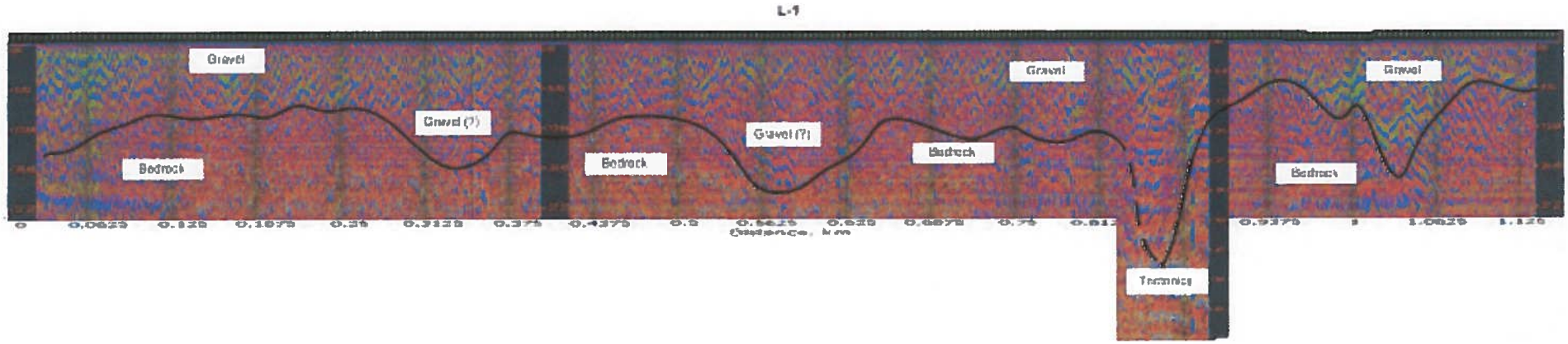


Figure 12b L-2 Depth to bedrock 4 to 18 m

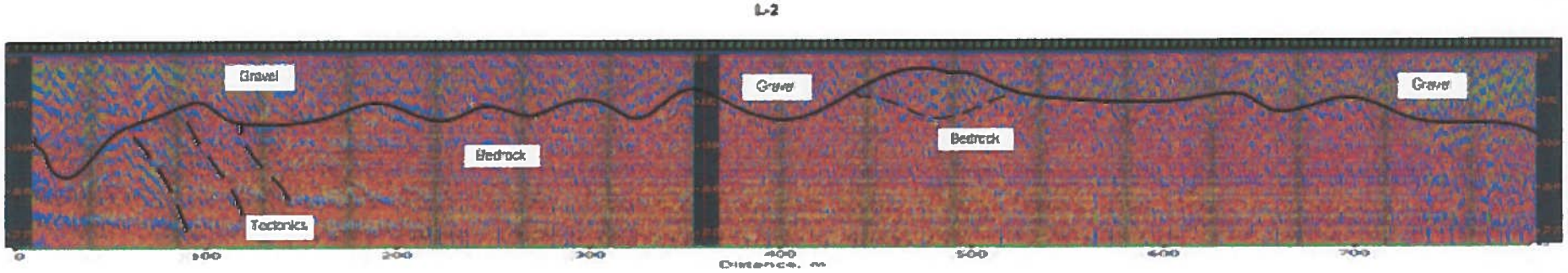


Figure 12c L-3 Depth to bedrock 6 to 25 m

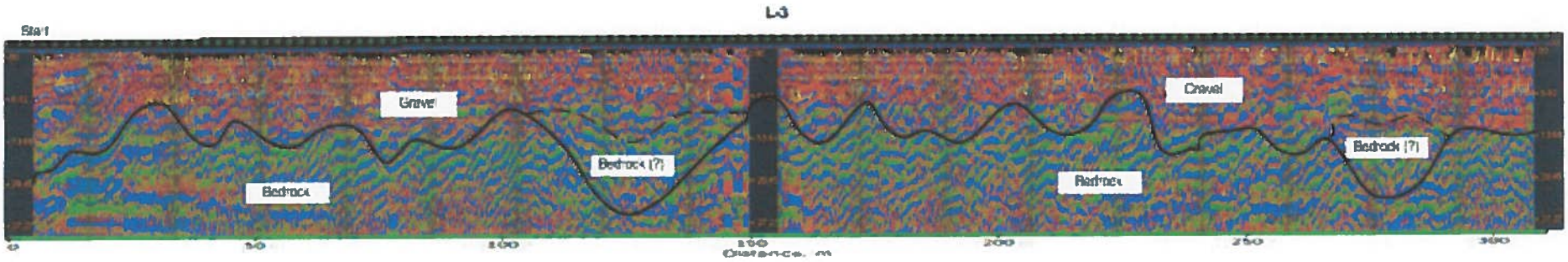


Figure 12d L-4 Depth to bedrock 3 to 13 m

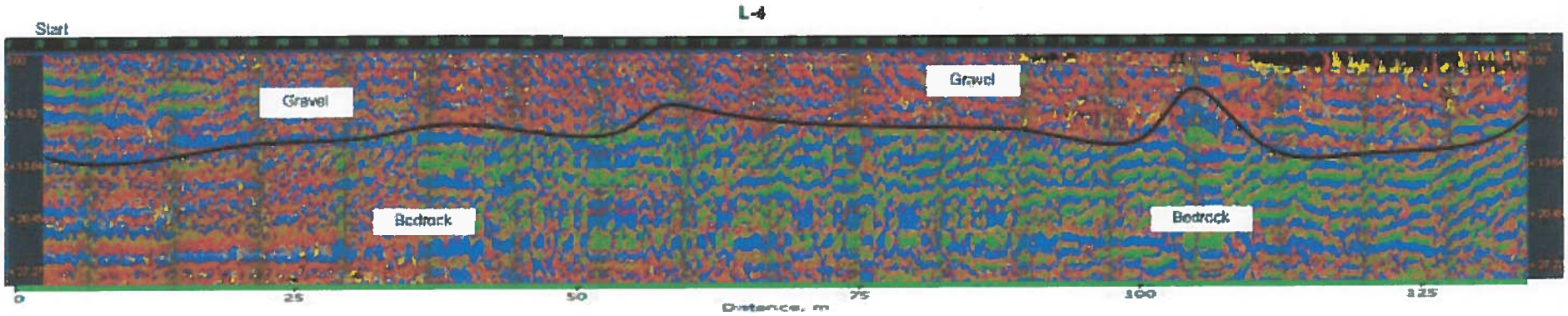


Figure 12e L-5 Depth to bedrock 3 to 19 m

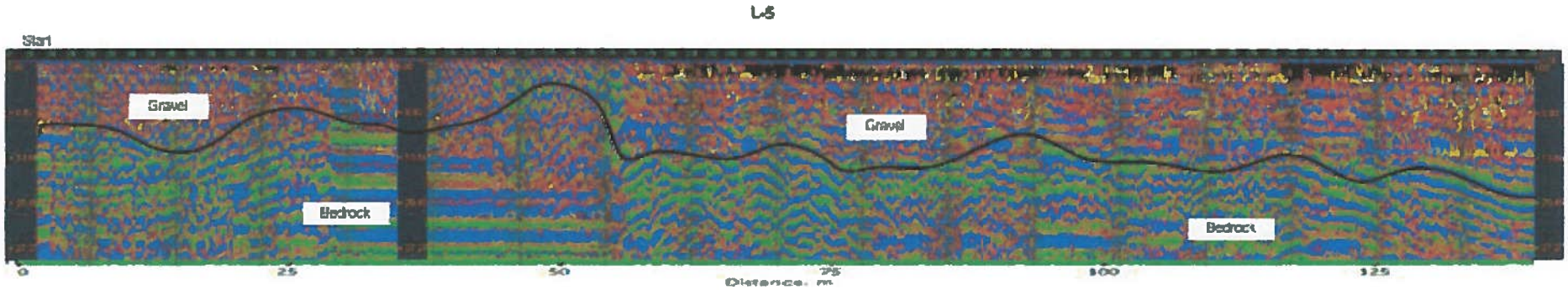


Figure 12f L-6 Depth to bedrock 2 to 16 m

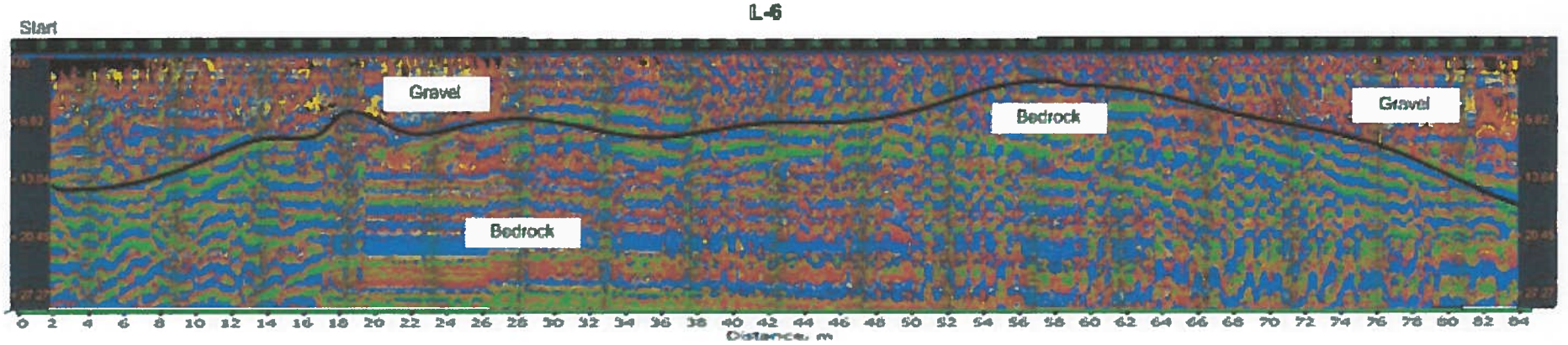


Figure 12g L-7 Depth to bedrock 9 to 27 m

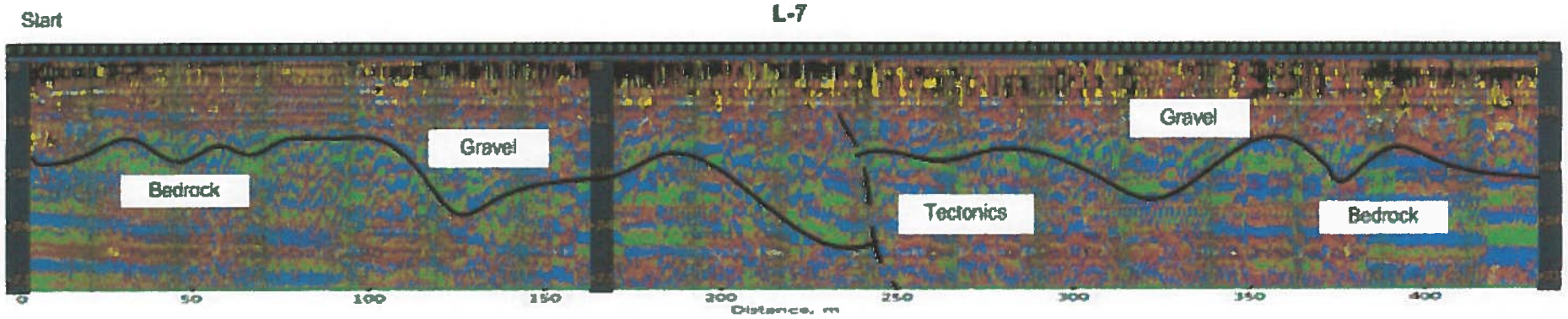


Figure 12h L-8 Depth to bedrock 8 to 22 m

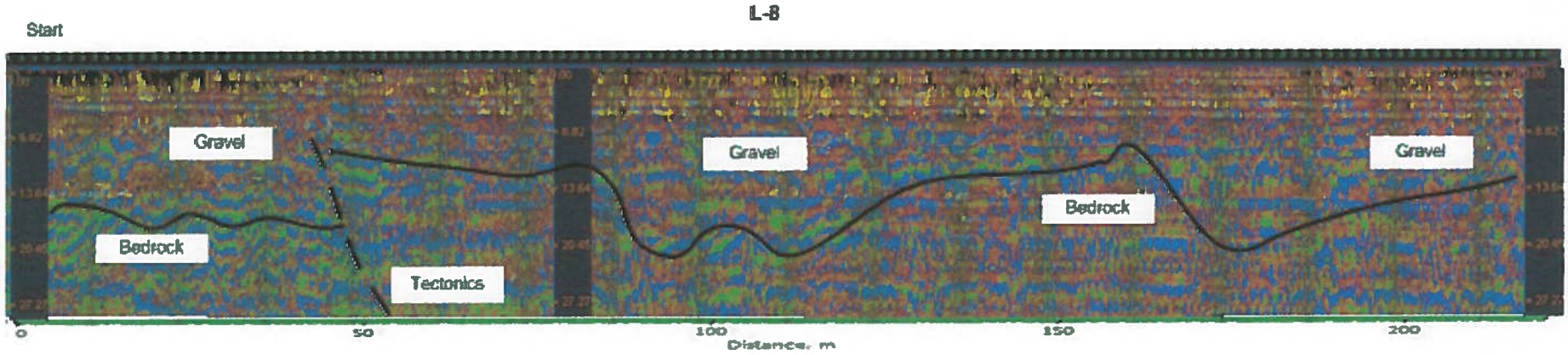


Figure 12i L-9 Depth to bedrock 7 to 18 m

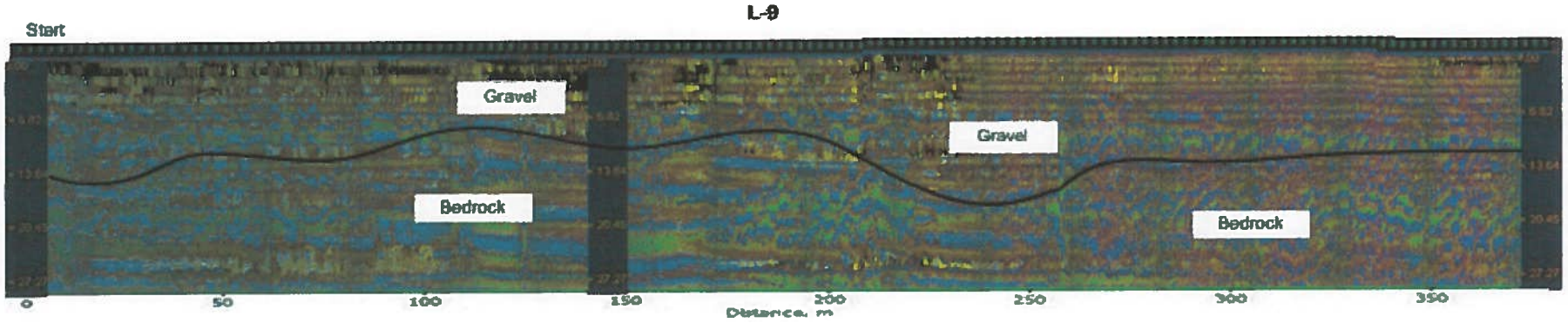
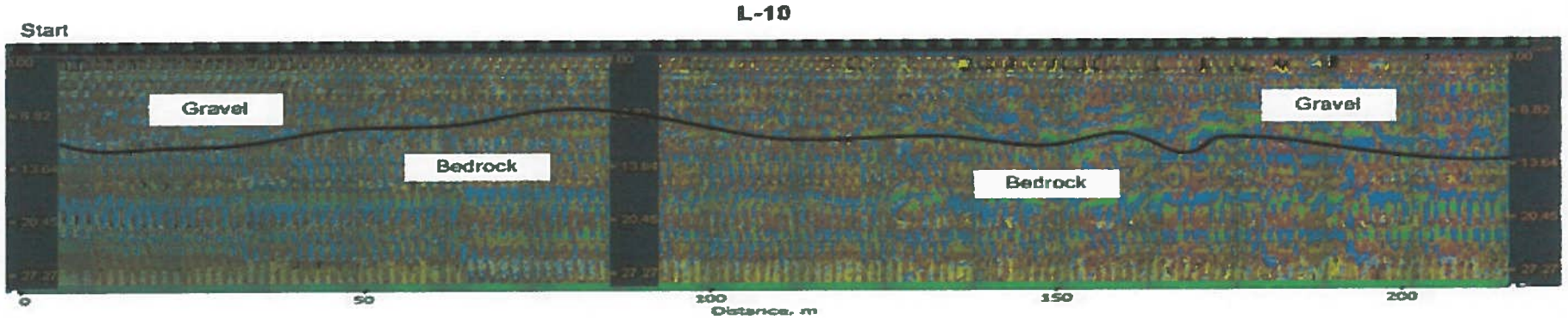


Figure 12j L-10 Depth to bedrock 6 to 13 m



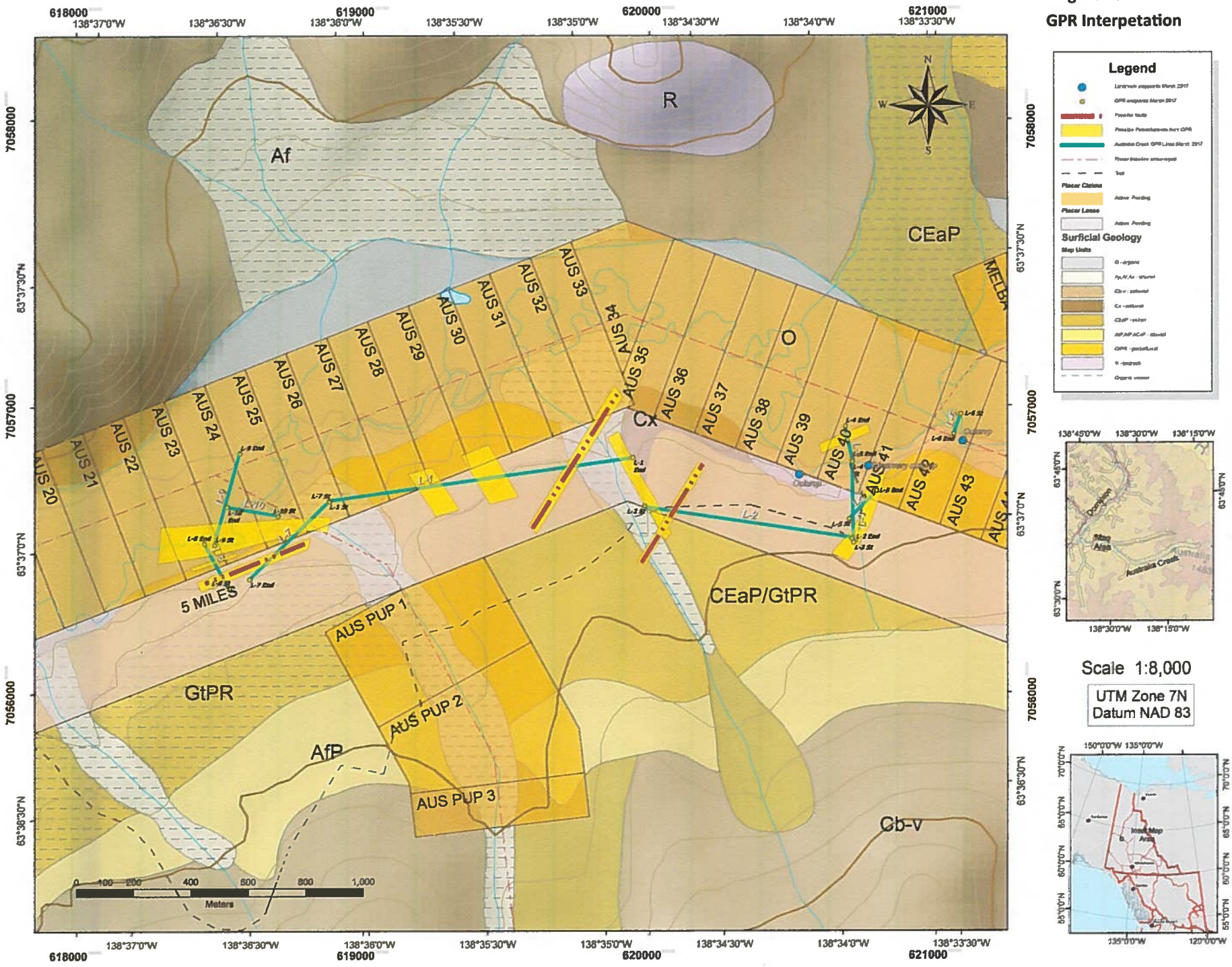
Preliminary interpretation of the data indicates multiple paleochannels as shown in Figure 13, as well as several faults. The survey lines (7 to10) conducted in the High Grade Area suggest two main paleochannels; one of which appears to be related to a fault structure. Depths of gravels (to bedrock) range in the shallowest regions from 7 to 9 m.

The survey lines (3 to 5) are interpreted as having several paleochannels. Line 3 is of interest as the interpretation shows evidence of smaller, multiple paleochannels (not shown on Figure 13) with depths of gravel to bedrock 6 metres at its shallowest. conducted near the Discovery outcrop show (reference to Line 3)

Line 6 was completed in area of one of the new outcrop discoveries, with the shallowest depth to bedrock being 2 m.

Lines 1 and 2 were longer lines run east-west along the benches and several paleochannels are interpreted along the sections. The shallowest depth to bedrock (in the gravels) in this area was 4 to 6 m.

Figure 13 2017
GPR Interpetation



Scale 1:8,000

UTM Zone 7N
Datum NAD 83

7 Summary and Conclusions

Although the planned program for Australia Creek had to be altered for various reasons, results obtained from the trenching, shafting and GPR surveys were encouraging. The 2016/2017 work program focused on three areas:

- High Grade Area (GPR survey)
- Discovery Outcrop Area (trenches, GPR survey, an additional shaft, and outcrop mapping)
- Kane's Area (Shaft on newly acquired prospecting lease upstream Australia Creek).

Prospecting, outcrop mapping, and trenching in various areas along benches and tributary valleys within the lower 7 miles of the prospecting leases also took place.

Within the High Grade area the GPR survey indicated several paleochannels within the vicinity of the historical earlier drilling campaigns along the left limit had returned good results and Trench 2015-4. Although this trench did not reach bedrock, the presence of a fairly significant number of fine colours high up in the gravel column suggest the potential for a significant concentration of placer gold on bedrock. Work to date supports that this area still has potential to host a mineable placer deposit.

Within the Discovery Outcrop area, an additional shaft, and trenching was completed. The GPR survey lines in this area will help better understand depth to bedrock and depth of the gravels in several of the areas. Interpretation from the GPR suggests several paleochannels in the area. This work combined with the shaft and trenching completed in 2015/2016 which showed significant colours in the trenches (bedrock was not reached) and garnets recovered (a key indicator and companion element in Indian River placers) in the shaft indicated the area warrants follow up work. Additional outcrops were also mapped in the 2016/2017 program on the left limit side of Australia Creek upstream and downstream from the Discovery Outcrop.

Kane's shaft in the newly acquired prospecting lease upstream returned gold in pan from gravels to the bottom of the shaft at 17 feet. One large flake of gravel was recovered from the first few feet of gravel. These results are encouraging as this was the first work done this far up the creek, and the fact that the shaft was well back from the creek on a wide bench, helps show the potential of this bench farther upstream. A video produced from aerial drone photography in fall of 2015 shows the large scale target of the Australia Creek area.

Results from the trenching, shafting program, and GPR survey over the past 2 seasons not only indicate the potential for an economic placer deposit, yet have also focused the target areas to work on.

8 Recommendations for Further Work

Further work is recommended to focus on these key areas:

- Target 1: High Grade area Trench 2015-4;
    - Auger drilling within the bench area beside the trench
    - Deepening the trench in Australia Creek Valley to reach bedrock.
    - From the GPR data (38 feet in channel gravels) plan a cross-cut in the valley and use data for better drill hole targeting
- Target 2: Discovery Outcrop Area
    - Deepen 2016 shaft to bedrock (maybe) depending upon GPR data
    - Deepen 2017 shaft to bedrock
    - Trench "high" spots along Line 3 – which show 6 m to gravel horizons to reach and test bedrock
    - Auger drilling along the bench and tributary and out into the main valley of Australia Creek prior to larger test pits/bulk samples
    - Deepen trench 2016-A to reach bedrock.
- Target 3: Kane's shaft Area
    - Geophysics in the area (GPR/Resistivity) to determine depth of gravels
    - Auger drilling; complete shaft to bedrock

Overall approach to all of the new ground acquired would include some type of geophysics (GPR/Resistivity); shafting and then auger drilling.

Aerial photography (UAV supported) would provide better surface controls and aid in delineating targets.

Prospecting will continue along the left limit of the creek valley, as well as along the bench and the tributaries of Australia Creek for more areas of high potential to contain economic placer deposits.

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