097181

REPORT ON 2018 DRILL PROGRAM COMPLETED ON THE DIVISION MOUNTAIN COAL PROPERTY, YUKON TERRITORY, CANADA

Located at Latitude 61^0 20' N and Longitude 136^0 05' W

Submitted to:
2560344 Ontario Inc.

Date:
July 2018

Kevin Brewer, P. Geo
6 Carnelian Court
Whitehorse, YT
Y1A 6A3
Tel: (709) 746 3711
Cell: (+52) 669 198 8503
Kbrewer80@hotmail.com

Author:
K. J. Brewer, B.Sc (Hons) MBA, P. Geo

TABLE OF CONTENTS

1 Executive Summary

The Division Mountain coal deposit is located 90 km north-northwest of Whitehorse in south western Yukon Territory. Access is by a 31 km four-wheel drive road leaving the Klondike Highway at Braeburn. The project area lies 20 km west of the highway and parallels the Yukon Energy Corporation electrical transmission grid. This point is 290 km by road from a year-round tidewater port at Skagway, Alaska.

The coal deposit is 100 % controlled by 2560344 Ontario Inc. Most of the area of detailed exploration at Division Mountain lies within five coal leases which grant mining rights for a renewable twenty-one year term. In addition the company owns fifteen active Territorial Coal Exploration Licences encompassing approximately 244,520 hectares (ha) of coal bearing stratigraphy in the Division Mountain area. These were acquired in October 1992 and are held under renewable three-year terms.

Past exploration efforts at Division Mountain were directed toward outlining sufficient resources to support an export coal mine and/or a 20 to 50 megawatt (MW, net) generating station for a period in excess of twenty years. Exploration on the property occurred between 1972 and 2008, and has comprised of 10.2 kilometers of excavator trenching, 68 diamond drill holes totaling 11,442 meters, and 20 reverse circulation percussion drill holes totaling 1,869 meters.

The current exploration program consisted of four (4) Rotary Air Blast (RAB) drill holes. The program was problematic as the RAB drill is not well suited for drilling wet sediments that were encountered in all holes at levels prior to proposed target depths. The program was designed to test the possible extension of the coal seams from the northeastern corner of the proposed Pit #4 following up on coal seams identified on the surface, and to also verify the proposed pit boundaries. Norwest (2008) evaluated four potential pits to determine which mine pit would provide the best project economics for a 20 year mine operation. The program was completed in late May and early June of 2018. This report will detail the drilling effort.

Exploration to date at Division Mountain has identified a historic probable reserve of 26.4 million tonnes and a historic measured resource of 52.5 million tonnes (Mt) of high Volatile "B" Bituminous coal. The Division Mountain deposit remains open to the southeast, north, and west. Approximately 47.2 Mt of the resource falls into the area covered by the five coal leases while 5.3 Mt lie just to the southeast of leases, on licenses also controlled by 2560344 Ontario Inc. It is proposed that the leases be extended to cover the entire deposit.

Previous reverse circulation percussion drilling, excavator and hand trenches have exposed both coal and favorable stratigraphy within a 7.5 kilometer radius of the Division Mountain coal deposit. The coal at Division Mountain also holds the potential to host coal bed methane and/or conventional hydrocarbons. This has been documented in a number of assessment reports and most recently by several studies on the hydrocarbon potential of the Whitehorse Trough by the Yukon Geological Survey. Historic estimates for coal bed methane were noted in exploration efforts in the 1990's by R.C. Carne but have not been investigated to any degree. Therefore the overall potential of coal bed methane deposits within the Division Mountain deposit and the exploration licences can only be described as inconclusive. However, recent study efforts by the Yukon Geological Survey on the potential for both conventional and unconventional hydrocarbon resources within the Whitehorse Trough highlighted the Division Mountain and Five Fingers areas as potentially good host areas and this is very encouraging.

A pre-feasibility level study was completed in 2008 by the Norwest Corporation (Norwest) of Salt Lake City, Utah. The study was based on the coal being surface mined using conventional truck/shovel practices, with a run-of-mine (ROM) product sold as a fuel for a local 50MW (net) generating station. This operational scenario described by Norwest (2008) to date demonstrates better economics than an operation where coal would also be exported to global markets. More studies are required to also analyze the feasibility of a mine mouth generating station in Yukon.

2 Introduction

The Division Mountain coal property is located at latitude 61°20' North and longitude 136°05' West on NTS map sheet 115 H/8, 90 km north-northwest of Whitehorse and 290 km from tidewater at Skagway, Alaska (See Figure 2.1). It is 100% owned by 2560344 Ontario Inc. of which most of the deposit is covered by five coal mining leases with the remainder covered by an exploration licence. These holds along with the other exploration licences held 100% by 2560344 Ontario Inc. cover a majority of the Whitehorse Trough coal basin that extends northwards for over 100 kilometers.

In the spring of 2018, Kevin Brewer, P.Geo. was retained by 2560344 Ontario Inc. to undertake a small exploration program in early summer 2018. The results of this work are presented in later sections of this report.

In addition, the author of this report was contracted by 2560344 Ontario Inc. in 2017 to compile all previous work related to the detailed studies of the Division Mountain deposit and surrounding area, and to report on the prospectivity of all of the other exploration licenses in a Technical Report that was NI 43-101 compliant.

All resources and reserve estimates presented in that report were based on work by Norwest (2005, 2007, 2008) and were therefore deemed historic and all financial data and related assumptions were considered to need updating and were presented for background information purposes and to ensure all known information to date is summarized and presented in an NI 43-101 report format.

The author of this report had managed the holdings for several years on behalf of previous property owners including Pitchblack Resources Inc. who had acquired the licences from Cash Minerals Ltd. in a friendly transaction and had conducted several visits to the property during the period 2009-2011 to both verify data, inform the company of the property status, and conduct promotional activities.

3 Reliance on Other Experts

There are no other experts relied upon for this report. However references are made regarding previous exploration efforts by other parties and are sufficiently referenced.

- Claim Information: Information about the location and status of five coal leases and fifteen coal exploration licenses was provided by company documents and offices of the Whitehorse mining recorder. The author has independently verified their validity.
- Qualified Person: The author is deemed the Qualified Person. He has not conducted sufficient work to classify the historical mineral resources and mineral reserve as current mineral resources and reserve and 2560344 Ontario Inc. is not treating the historic estimates as current mineral resources.
- Sampling and Diamond Drill Data: The author could not verify any of the previous drill hole logs with the core on site as testing for coal is done as whole sample and therefore there is no historical record of the coal portions of the core nor can one verify the coal quality estimates. The coal quality estimates are therefore also deemed historic.

4 Property Description and Location

The Division Mountain deposit is located at latitude 61°20' North and longitude 136°05' West on NTS map sheet 115 H/8, 90 km north-northwest of Whitehorse and 290 km from tidewater at Skagway, Alaska (Figure 4.1).

The area of detailed exploration and resource definition at Division Mountain lies largely within five Coal Leases. These leases are held by 2560344 Ontario Inc. and cover 776.4 ha. Under the Yukon Coal Regulations Act, the five coal leases grant coal mining rights for a renewable twenty-one year term.

In addition, fifteen (15) Territorial Coal Exploration Licences are also held by 2560344 Ontario Inc. extending from the Division Mountain area northwards (not contiguously) to the Five Fingers Rapid Area, and eastwards from Carmacks adjacent to the Robert Campbell Highway (See Figure 2.1). The easternmost licence (CYW) is isolated and only accessible by helicopter and is located in the Walsh Creek area. The licences cover a total area of 244,520 hectares. Under the Coal Regulations Act, these licences are valid for a three-year, renewable term. These licences cover a majority of the known coal stratigraphy in the Whitehorse Trough.

The exploration licences and leases encompass Upper Jurassic, Lower Cretaceous and Tertiary coal-bearing stratigraphy including a number of previously known coal occurrences. Figure 4.2 outlines the general location of the Coal Exploration Licences immediately surrounding the Division Mountain project area. Renewal dates of both Licences and Leases are given below in Table 4.1.

TABLE 4.1 CLAIM LIST

License No.	Mining District	Renewal Date
CYW0153, 146-151, 143-144	Whitehorse	6-Sep-17
CYW0152, 145	Whitehorse	6-Sep-18
CYW0156-0157	Whitehorse	6-Mar-18
CYW0154-0155	Whitehorse	6-Sep-17
Lease No.		
CMW3000-3004	Whitehorse	Date to be confirmed

Under the Yukon Coal Regulations Act, exploration licenses are currently subject to rental fees of $0.05/acre in the first year, $0.10/acre in the second year and $0.20/acre in the third and final year for each license period. Costs incurred by the license holder on exploration work may be reported to the Yukon Mining Recorder and credited against rental fees. Annual fees for the coal mining leases are currently levied at $1/acre. Work conducted on the leases may be applied against the levy charges for a maximum period of five (5) years.

5 Accessibility, Physiography, Local Resources, Infrastructure and Climate

5.1 Accessibility

Access is by 85 km of paved highway from Whitehorse northwards on the Dawson Highwy to Braeburn and then on a 31 km all-season four- wheel drive road from Braeburn (Figure 5.1) to Division Mountain.

Approximately 300 meters north of Braeburn Lodge you turn into a residential area. The northernmost portion of the lake has to be forded and this crossing is generally 50 meters wide and approximately 0.5-0.75 meters deep. On the other side of the brief ford is Scuttlebutt Lodge which is owned and operated by Mr. Don Banks. This lodge was used during this project for crew accommodations and meals and is recommended as a possible base for any future explorations otherwise a base camp at Division Mountain would have to be newly constructed.

The trail to Division Mountain then continues to the northwest and eventually joins the historic Dawson Trail stage route, which then extends southward and westward for a distance of approximately 22.5 kilometers to a point opposite the northwest end of Corduroy Mountain and approximately due east of the coal occurrences at Division Mountain. From this point, a variety of exploration trails have been constructed over the decades of activity in the area. The main property trail extends another 8.5 kilometers westward across Klusha Creek Valley and then climbs up the slopes of Division Mountain to the southernmost portion of the deposit area. There are a number of short steep grades (7 – 15% slope) along the stretch just prior to the trail descending into the Nordenskiold valley.

Crews traversed the access trial daily to the work area. The trail is generally 3-4 meters wide and is currently passable with an ATV and/or a 4WD pickup. Minor upgrading of the trail would be required to allow for improved access as there are a couple of areas along the trail that are flooded and in addition there are two major creek crossings. The daily traverse by ATV took crews approximately 75 minutes to traverse in each direction from Scuttlebutt Lodge to the drill sites.

5.2 Physiography

Tree line in the property area is at approximately 1300 meters on south-facing slopes with willow, alder and black spruce at lower elevations giving way to dwarf birch, alder and stunted spruce at tree line, and finally to grass and lichen at elevations above 1500 meters. Stands of heavy timber occur at lower elevations near Braeburn Lake.

Topography in the Division Mountain area is characterized by rolling hills and broad river valleys with local regions of moderate to steep relief along northerly-trending ridges. Elevations range between 670 and 1680 meters. Most of the area is mantled by glacial till and outwash between 1 and 60 meters thick. Permafrost is generally restricted to poorly drained areas of moderate to dense vegetation. Natural bedrock exposure is less than 5%, especially within the generally recessive coal measures. Creeks flowing to the north and west off the property are tributaries of the Nordenskiold River (approximately 5-8 meters wide and 2 meters deep), which is part of the Yukon River watershed, while creeks draining to the south and east flow into Klusha Creek (approximately 3 to 4 meters wide and one meter in depth), which joins the Nordenskiold River further to the north. Several small lakes are present, some of which cover areas of up to 1.0 square kilometer.

The whole areas is covered with volcanic ash to a depth of about 6 inches (Teslin Exploration Ltd., 1970).

The area appears to have escaped Pleistocene glaciation but glacio-fluvial outwash and loess exceeding 30 meters or more in thickness typically mantles all of the area below the 900 meter elevation level (Carne, 1992). Above the 900 meter elevation level, residual overburden cover is typically thin and bedrock exposures are more common.

5.3 Local Resources and Infrastructure

The nearest permanent buildings are at the northern end of Braeburn Lake just off the Klondike Highway. There are about 10-12 year-round and/or seasonal residential homes in the area. Braeburn Lodge is at Mile 55 of the Dawson Highway but now only comprises of a store and a seasonal restaurant. At Braeburn Lodge there is also a 3000 foot airstrip which runs immediately adjacent to the Dawson Highway.

The Whitehorse-Aishihik-Faro electrical transmission line parallels the Klondike Highway, 20 kilometers east of the main coal reserves.

Being only 85 kilometers from Whitehorse, the project benefits from the infrastructure of the capital city of Yukon. Whitehorse has an international airport, it is the primary center for government and all of the regulatory agencies are also headquartered in Whitehorse, most of the First Nations have offices in Whitehorse or in the nearby communities, and the city also has numerous equipment and supplies stores. The city has a vibrant population of over 28,000 persons.

Yukon College is headquartered in Whitehorse. The college has established the Centre for Northern Innovation in Mining (CNUM) that develops and delivers innovative and flexible employment and career training to suit the labour needs of Yukon's mining sector. Its facilities are state-of-the-art and include mobile classrooms and high-tech simulators. Through the Yukon Research Centre, CNIM conducts applied research to grow and improve the competitiveness of Yukon's mining sector and its environmental sustainability.

Whitehorse also has a large base of consultants and specialists with expertise in environmental, engineering, mine planning, geology, and construction and also a work force that is experienced in all aspects of exploration, mine development and operations.

5.4 Climate

The area has a continental climate with low levels of precipitation and a wide temperature range. Temperatures range from – 40C in the winter to 30C in the summer. Summers are typically pleasant with extended daylight hours whereas winters are long and cold. Lakes in the area are suitable for floatplane use during the ice-free period of early June to late September. Explorations programs are usually conducted between late-May and mid-October but winter drill programs have been conducted on the property to take advantage of easier access over frozen ground which also limits the environmental impact associated with construction of temporary drill access roads.

6 History

There has been over a century of exploration activity in the Division Mountain area (see Summary of Exploration Activity, Table 6.1). In 1903, John Quinn and H.E. Porter staked coal near Division Mountain. In 1907 D. Cairnes of the Geological Survey of Canada mapped and sampled three coal seams in Teslin Creek Canyon, 2 km north of Division Mountain. An additional coal occurrence was located by Cairnes near the base of Red Ridge approximately 5 kilometers northwest of the Teslin Creek showings.

No exploration was carried out on the showings until 1970 when Arjay Kirker Resources Ltd. For Teslin Exploration Ltd. excavated seven bulldozer pits near the Teslin Creek coal outcrop. Eight seams were exposed ranging in thickness from 0.6 to 4.4 m. A 1047 m, six-hole diamond drill program conducted in the Teslin Creek area by Arjay Kirker in 1972 outlined a geological resource of 2.5 Mt (historic resource estimate was not completed to the standards of NI43-101). Also in 1970, Norman H. Ursel Associates Ltd. conducted geological mapping of the Cub Mountain area. Teslin Exploration Ltd. also conducted exploration and drilling of coal seams north of Carmacks in 1971. Proximate analysis was conducted on samples in 1972.

However in 1974, a decision by the Government of Canada to proceed with construction of the Aishihik hydroelectric project resulted in termination of coal exploration at Division Mountain by Teslin Exploration Ltd.

In 1975, Allen Resource Consultants Ltd. (Resourcex Ltd.) located coal float on Cub Mountain in gopher holes (Allen, 1975).

In 1991, the Geological Survey of Canada carried out detailed analysis of coal samples including petrological and geochemical studies on samples obtained from some of the trench sites still exposed from previous exploration efforts.

The W4 Joint Venture was then encouraged to explore for coal in the area and completed a minor trenching and short hole (2 holes) program at Division Mountain. Sample testing was completed by Birtley Engineering (Canada) Ltd. of Calgary who reported that a trench sample provided a calorific value of 7500 kcal/kg, 0.3% Sulphur and 21.8% ash, of which the ash occurred as adventitious material and could therefore be removed by washing (Carne, 1992). They reported various coal seam intersections of between 4.7 and 12.1 meters (Carne, 1990, 1992) and test results of 31.3% Ash, 22% volatile matter, 45% fixed carbon, 0.5% Sulphur, and a calorific values ranging from 7130-7870 kcal/kg, and 2.5% moisture. Carne (1992) noted that the coal qualities being identified were comparable with thermal coal quality values in a range of coal deposits in British Columbia, Alberta and Alabama. (Carne (1992) also concluded that the Division Mountain basin appeared to have good potential for coal bed methane (CBM). The coal was noted to have a high liptinite content (spores, cuticular plant matter, resins and waxes) and this coupled with the high volatile rank, suggested that the potential for significant CBM was high. Carne (1992) then further noted that depending on the method of calculation, the CBM potential of the Division Mountain area ranged from

17.5 billion cubic meters to 75 billion cubic meters (Carne, 1992). Carne based his own estimates for CBM potential at that time using the Alberta Geological Survey Method of estimation which was noted at that time to be 13.5 cubic meters of gas per tonne of bituminous coal in seams greater than 0.5 meters thick, half of which is then considered to be recoverable. He concluded that further exploration should be conducted in the area, and along with proximate and ultimate analyses of coal seams, the coal should also be tested for CBM.

In October 1992 Cash Resources Ltd. purchased four Territorial Coal Exploration Licenses enclosing the Division Mountain coal occurrences and later applied for others covering extensions of the favorable rocks to the north. During the 1993 field season 16 holes totaling 1,810 meters were drilled to test the Teslin Creek area (Wengzynowski et al. 1994). This diamond drilling program defined four seams with an average raw coal aggregate thickness of 10 meters over a 1 kilometer strike length forming the eastern limb of the Cairnes Syncline. Measured near-surface resources were calculated at 2.6 Mt to a depth of 200 meters, confirming the Arjay Kirker estimate (historic resource estimate was not completed to the standards of NI43-101). Hand trenching at Red Ridge 5 kilometers to the north exposed a total thickness of 11.4 meters of raw coal in three seams and demonstrated lateral continuity of the coal measures.

An exploration program consisting of 5.9 kilometers of excavator trenching and 6,034 meters of HQ-size diamond drilling in 32 holes was carried out during 1994 and 1995 to explore a 5 kilometer long south- easterly extension of previously known coal-bearing strata along the limbs of a northerly- plunging syncline-anticline pair (Gish, 1995 and Gish, 1996). This work was successful in discovering a new area of coal deposition with thicker seams than the Teslin Creek area and a dramatically lower strip ratio.

All coal drill intersections greater than 1 meter thick were submitted for proximate analysis, generally in samples composed of the entire seam core intersection. In conjunction with the 1994 and 1995 programs environmental surveys, including biological and botanical inventories and water quality assessment, were carried out (Gish, 1995 and Gish, 1996) and representative intersections of coal from the 1993 drill program was composited for secondary tests such as grindability, washability, ash chemistry and Ultimate Analysis.

Exploration during 1997 consisted of 1,667 meters of HQ-size diamond drilling in ten holes and twenty-one excavator trenches totaling 2,695 meters on both Division Mountain and Corduroy Mountain (Gish et al, 1998). The diamond drilling focused on further delineating west-dipping coal-bearing strata discovered during the 1994-1995 exploration season. The objective of the program was to increase resources from approximately 30 million tonnes of coal to 50 million tonnes (Gish, 1998). More than 900 meters of strike length was added to the southwest while the average aggregate raw coal thickness increased to 24.7 meters.

A short excavator trenching program was conducted in early fall 1998 by Cash Resources (Gish, 1998). The work consisted of six excavator trenches totaling 1,329 meters and was designed to test favorable Tanglefoot Formation stratigraphy in the vicinity of Cub Mountain, approximately 4.5 kilomters northeast of Division Mountain. No significant coal seams were exposed in any of the trenches.

In November 1998 the Division Mountain property was optioned to Usibelli Coal Mine, Inc. (Usibelli) (Sedar, 1998b). Exploration in the spring of 1999 consisted of 20 reverse circulation percussion drill holes totaling 1,869 meters and 4 excavator trenches totaling 315 meters (Gish, 2000). The excavator trenching and three of the drill holes were designed as a check of geologic data that formed the basis of the 1998 historic resource estimate but the bulk of the reverse circulation drilling was carried out to explore three target areas outside the defined deposit. The program confirmed the results of earlier drilling and outlined several new coal seams on Corduroy Mountain but ultimately Usibelli dropped its option on the property in May 1999 (Sedar, 1999).

On March 13, 2001 Cash Resources Ltd. announced a change of name to Cash Minerals Ltd.. (Sedar, 2001).

In 2005, Cash Minerals Ltd. completed a total of four diamond drill holes (886.57 m) on the Division Mountain property. That same year, Norwest Corporation ("Norwest") of Salt Lake City, Utah, was contracted by Cash Minerals Ltd. to complete an initial resource estimate to NI 43-101 standards. The results of the 2005 drilling program, a review of all previous assessment work, coal quality tests and a site visit were completed and a report entitled "*Geologic Evaluation and Resources Calculation on the Division Mountain Property, Yukon Territory, Canada*" was prepared by T. Becker and published on March 9, 2005.

This initial report by Norwest was followed up with a series of reports between 2006-2008 including:

- Norwest Corporation., 2008. **Division Mountain Project Pre-Feasibility Study** for Cash Minerals Ltd.
- SNC-LAVALIN Thermal Power, 2006 **Division Mountain Power Project** for Cash Minerals Ltd.
- The McCloskey Group, Ltd., 2008. **The Markets for Division Mountain Steam and PCI coals** for Cash Minerals Ltd.

Various changes in management of the company then occurred and on June 24, 2010 Cash Minerals Ltd. announced a name change and share consolidation to Pitchblack Resources Inc. ("PIT"). In 2009, PIT undertook promotional efforts to sell the property but there was no interest due to a downturn of the industry at that time. The author of this report was contracted at that time to complete a site visit to update the management on the status of the property, examine the condition of core storage at site, and to locate former diamond drill hole locations. A majority of the former drill hole locations were verified and located at their prescribed locations. As whole core of coal samples was removed for testing the author as previously stated was unable to verify any of the coal data but did find that the remainder of the core was relatively intact.

Recently the Yukon Geological Survey has been actively studying the hydrocarbon and coal bed methane potential of the Whitehorse Trough (YGS Open File 2015-23; Lowey et al, 2008 and 2009; Beaton et al, 1992; Hayes et al, 2012; White et. al, 2012, Hutchison, 2017). These reports noted that the Whitehorse Trough is a frontier intermontane basin that is prospective for oil and gas from both conventional and unconventional reservoirs in nine possible plays. All nine plays were deemed prospective for gas and three were deemed to have potential for oil as well. They further highlighted three areas with the greatest potential for hydrocarbon resources, two of which (i.e. Five Fingers Area and Division Mountain) are within the coal exploration licence areas held by 2560344 Ontario Inc. The studies have concluded that the evidence for the presence of both conventional and unconventional hydrocarbons in the Whitehorse trough is compelling and assessed volumes are sufficiently substantial to support additional exploration and assessment work (Hayes et. al, 2012).

In the fall of 2017, all of the coal exploration licences and leases associated with the Division Mountain property and other areas throughout the Whitehorse Trough were transferred from Pitchblack Resources Inc. to 2560344 Ontario Inc. As a Qualified Person, the author of this report prepared a revised NI 43-101 Technical Report on the Division Mountain Property and related Exploration Licences. That report recommended a small exploration program be undertaken in 2018 as part requirement of 2560344 Ontario Inc. completing other corporate transactions.

7 Geological Setting and Mineralization

This section describes regional geology, stratigraphy and structural geology of the Division Mountain property.

7.1 Regional Geology

The Division Mountain area lies within Whitehorse Trough, a northwest-trending, fore-arc basin comprised of Mesozoic volcanic and sedimentary rocks (See Figure 7.1). The Whitehorse Trough constitutes the northern end of the Intermontane Belt of the Canadian Cordillera. The Whitehorse Trough sequences are bounded by the Omineca Crystalline Belt to the east and the Coast Plutonic Complex to the west. The Division Mountain terranes are bounded by the Braeburn Fault to the north and the Miners Fault to the south. Yukon Crystalline Terrane comprises both Paleozioc igneous and sedimentary rocks as well as their metamorphosed equivalents. The Whitehorse Trough contains the coal-bearing strata currently under exploration.

During Late Triassic time an island arc assemblage consisting of a 7,000 m thick succession of Lewes River Group aphyric to augite-phyric basaltic andesite flows, breccias and tuff, conglomerate, wacke, limestone and shale was deposited within Whitehorse Trough. Succeeding Jurassic basin-fill stratigraphy is more complex due to disconformities and hiatus in sedimentation and to diachronous or inter-fingering relationships in the shallow water and nearshore facies. In general, two sequences are present: Lower to Upper Jurassic conglomerate and sandstone turbidites of the marine to deltaic Laberge Group; and, Upper Jurassic to Cretaceous conglomerate, sandstone, mudstone and coal of the largely alluvial Tantalus Formation.

7.2 Stratigraphy

Generalized geology of the Division Mountain area is given on Figure 7.2. Whitehorse Trough stratigraphy can be divided using major bounding disconformities between distinct sedimentary sequences deposited along the basin margins. These sequences are the Lewes River Group shallow marine carbonate and clastic rocks; Laberge Group conglomerate and sandstone turbidites; and the Tantalus Formation, a largely alluvial package of chert pebble conglomerate, sandstone, shale and coal.

The Lewes River Group represents to oldest stratigraphy within the Trough consisting of Upper Triassic to Jurassic volcaniclastic conglomerates overlain by alternating lenses of greywacke and limestone.

The Laberge Group is subdivided into the following formations: (i) Conglomerate Formation, Hettangian to Bajocian in age, and consisting of polymitic cobble-boulder conglomerates dominated by granitic to granodioritic clasts; (ii) Richtofen Formation, Hettangian to Bajocian in age, and consisting of interlaminated black shale and wispy silt to fine sandstone laminae; and (iii) the Nordenskiold Dacite, of Sinemurian to Toarcian age, and consisting of thick epiclastic and primary dacite tuffs and flows.

In the Division Mountain area, the stratigraphy encountered within the coal measure is comprised of three distinctive lithologies; coal bearing strata within the Tanglefoot Formation; the underlying Richtofen Formation; and intrusive andesite bodies (Gish, 1995).

7.2.1 Tanglefoot Formation

The Tanglefoot Formation is the main coal-bearing unit on the property and occurs as fining-upward cycles of subrounded, clast-supported quartz granule conglomerate, brown coarse-grained sandstone and chocolate brown siltstone that often contains plant fossils; and black shale, coaly shale, shaly coal and coal (Gish, 1995). Contacts vary from gradational over several meters to sharp. Thicknesses of all of the constituents of an individual cycle and the number of cycles encountered per drill section vary greatly (Gish, 1995). Often a unit of grey arkosic sandstone with 2 to 8 mm angular ripup clats of coaly shale and/or shale lies between the lower contact of the earliest coal-bearing cycle and the Richtofen Formation (Gish, 1995).

A section measured at Red Ridge consists of fifteen sedimentary cycles, each on the order of approximately 10 meters thick.

A typical cycle consists of:

1. A scour-based arkosic pebble conglomerate containing fossils, twigs and branches
lying transverse to paleoflow along 1 to 2 meter trough foresets;
2. Conglomerate lags infilling troughs as lenticular beds;
3. A fining-upward zone of medium- to fine-grained arkose containing trough cross-beds, which exhibit an upward decrease in set size;
4. Grey organic rich shale or shaly mudstone containing leaves, grasses and Metasequoia needles and twigs;
5. Coaly shale to shaly coal, commonly rich in coalified twigs and branches;
6. Banded coal; and,
7. Either a transition back to grey shale or an abrupt termination by the basal pebbly conglomerate bed of the next cycle.

The depositional environment was one of a broad costal zone characterized by tidal marshes and high- constructive river-dominated deltas (Lowey, 2008). rapidly aggrading flood-dominated delta. Cross-bedded conglomerate-sandstone cycles represent point-bar deposits from a high energy fluvial system. Paleo-current variance supports a meandering river interpretation. Of particular interest is that, despite the generally coarse-grained nature of the channel sandstones and conglomerates, the overbank deposits and related coals are relatively thick and demonstrate remarkable lateral continuity. The coal seams were deposited in long-lived delta plain swamps that served as collection sites for transported organic material and for generation of peat bogs. Closer to the Tanglefoot-Tantalus contact, coal becomes less abundant. Instead, grey shale and coaly shale predominates as much thinner beds than the coal seams lower in the succession.

Past trenching in the vicinity of Cub Mountain and Corduroy Mountain exposed northeast-dipping coal and Tanglefoot Formation stratigraphy. This is thought to be a fold repeat of the coal-bearing Division Mountain and Cairnes Syncline Tanglefoot Formation sequences.

Resistant beds of thick-bedded chert pebble conglomerate of the Upper Jurassic to Lower Cretaceous Tantalus Formation cap the Tanglefoot Formation coal-bearing sequence, form prominent topographic highs at Division Mountain, Red Ridge and Corduroy Mountain. Depositional environment of the Tantalus Formation appears to be one of an active flood plain.

7.2.2 Richtofen Formation

The lithologically distinctive Richtofen Formation serves as an easily recognizable base for the overlying coal measures (Gish, 1995). Brown weathering black mudstone, with wispy siltstone to fine sandstone laminae in the form of low amplitude cross-stratification, alternates with thick (>10 m) intervals of massive brown weathering calcareous sandstone. Fossil gastropods were found in the Richtofen Formation in diamond drill hole 94-38 (Gish, 1995). However these are not considered index fossils and cannot therefore be used for accurate dating (Gish, 1995). A Lower to Middle Jurassic depositional span is recorded elsewhere in Whitehorse Trough for the unit but since this sequence is likely diachronous, being a record of a nearshore facies that migrated with basin fill, the precise age of the Richtofen Formation in this area will remain unknown until it can be locally constrained by paleontological data.

7.2.3 Andesite

Small stocks, dykes and sills of porphyritic basalt, andesite and dacite intrude the Tanglefoot Formation coal measures. This intermediate to mafic altered andesite to basalt sequence, of likely intrusive origin, appears for the most part to be sill-like bodies conformable with the Tanglefoot and Richtofen stratigraphy although they do on occasion crosscut the formations (Gish, 1995). The presence of glassy chill zones and rare amygdaloidal textures are indicative of emplacement in a near-surface setting (Norwest, 2008). Colours vary from pale green to dark green. Carbonate veins, veinlets and stringers are common throughout (Gish, 1995). Composition is primarily cryptocrystalline clay and/or plagioclase, carbonate, augite and quartz (Gish, 1995). Age of the intrusions is unknown but they are probably related to regionally extensive volcanic rocks of the Upper Cretaceous Carmacks Group, which unconformably overlie the Laberge and Tantalus stratigraphy in the Division Mountain area. In 1995 eight drill core samples were sent for analysis at Vancouver Petrographics Ltd. in Langley, British Columbia (Gish, 1995). All the samples were recognized as intermediate-mafic volcanic lithology, representing altered porphyritic andesite to basalt.

7.3 Stratigraphy – Whitehorse Trough

Other important stratigraphic units assigned to the Whitehorse trough basin underly the coal exploration licence areas of 2560344 Ontario Inc. and will now be briefly described in the following sections.

7.3.1 Cache Creek Terrane

The Cache Creek Terrane is an oceanic allochthon within the Whitehorse trough that comprises of a massive, finely crystalline, locally crinoidal and fusiline limestone with limestone breccia, recrystallized limestone, and minor dolostone (Colpron, 2011). These rocks were thrust over Whitehorse Trough strata during a Middle Jurassic accretionary event.

7.3.2 Lewes River Group

In the Whitehorse trough the Lewes River Group is represented by the Povoas Formation and the Aksala Formation.

The Povoas Formation is interpreted as predominantly subaqeous lava flows and volcaniclastic deposits (Templeman-Kluit, 1978).

The Aksala Formation is assigned to the upper member of the Lewes River Group. The Aksala Formation is interpreted as platform to slope, reef, and littoral deposits (Templeman-Kluit, 1978).

An unconformity (spanning approximately 5 Ma.) separates this formation of the Lewes River Group from the overlying Laberge Group (i.e. Richtofen, Nordenskiold and Tanglefoot Formations).

7.3.3 Nordenskiold Formation (Laberge Group)

The Nordenskiold Formation is the middle unit of the Laberge Group and underlies the Tanglefoot Formation and overlies the Richtofen Formation. It is characterized massive bedded crystal-rich volcaniclastic rocks. It is approximately 100 meters thick and occurs mainly as isolated, massive outcrops near the centre and western margins of the Whitehorse Trough. U-PB zircon ages date the formation at a range of 188.5 – 182.5 Ma. It represents mainly subaerially erupted pyroclastic beds.

7.3.4 Tantalus Formation

The Tantalus Formation (Middle Jurassic-Lower Cretaceous) overlies unconformably with the Tantalus Formation, the uppermost sequence of the Laberge Group. It consists of chert-pebble conglomerate and coal-bearing sandstone and mudstone. This formation is host to the major coal deposits mined at Tantalus Butte and Tantalus immediately northeast of Carmacks. This formation is at least 1000 meters thick and occurs widely scattered throughout the Whitehorse Trough and represents sedimentation in fluvial and lake environments.

7.4 Detailed Geology of the Division Mountain Coal Measures

Coal seams occur throughout the 450 meter thick Tanglefoot Formation but to date the thickest and most continuous accumulations of coal in the Division Mountain area are found to be present near the base of the Tanglefoot Formation.

At Division Mountain three depositional basins are present (Gish, 2000). On the southeastern end of the coal deposit at approximately coal seams lie near the Tanglefoot-Richtofen contact.

7.5 Structural Geology

Deformation in the Whitehorse Trough occurred primarily as flexural slip folding during the Middle Cretaceous. Within Synclinal and anticlinal axes trend north-northwest, parallel to the trough axis. Fold wavelengths are generally between 500 m and 2 km, although complex tight folds with wavelengths less than 3 m have been noted (Gish, 2000). The coal-bearing Cairnes Syncline outlined in 1994-95 exploration efforts, was found to trend 310° and plunge 9° to the northwest. The limbs were also found to dip between 25 and 72°. Drilling in 1997 and 1999 concentrated on the coal rich east limb of the Division Mountain Syncline about 2 kilometers south of the Cairnes Syncline. This syncline also was found to trend approximately 310° with the east limb dipping 45 to 55° to the southwest. Exploration to date has not yet defined either the fold nose or the western limb of the Division Mountain Syncline. The folded stratigraphy has only been slightly modified by northwest- and northeast-trending normal faults with minor dip-slip displacements (Gish, 2000).

In the northernmost licence areas, the Tantalus Basins appear to have been deposited in narrow valley-confined systems during intervals of regional convergence of Stikinia, Quesnellia, and the Yukon-Tanana Terranes with the North American craton. Deformation of the pre-Tantalus strata in the Whitehorse Trough began in the Bajocian and continued during deposition of the Tantalus Formation, continuing into the Paleogene. The *en echelon* pattern of folds in the Whitehorse Trough suggests that some dextral strike-slip movement may have occurred during Upper Jurassic to Lower Cretaceous folding and this may have directly influenced the geometry of ther Tantalus basins (Colpron, 2011). Lowey (2008) estimated that the Tantalus and Tanglefoot Formations in the northern part of the Whitehorse Trough must have been buried by about 3-4 kilometers of strata, prior to Aptian to Albian uplift, erosion and deposition of volcanic strata (Mount Nansen Group) and overlying Carmacks Groups (Colpron, 2011).

7.6 Mineralization

Coal mineralization has been identified in a large number of occurrences throughout the Whitehorse Trough, many of which are included within the current licence holdings of 2560344 Ontario Inc. The focus of this report is on the coal found in the Division Mountain area but other coal occurrences occur in the Walsh Mountain area, Five Fingers area, and close to the community of Carmacks.

7.6.1 Division Mountain

There are limited natural exposures of coal in the Division Mountain area. Almost all of the bedrock occurrences have either been located by hand or machine trenching through glacial till cover in areas of coal float or where coal-bearing stratigraphy has been projected to be present.

Coal seams occur throughout the 450 meter thick Tanglefoot Formation but the thickest and most continuous accumulations of coal are present near the base of the unit. Coal-bearing rocks comprise of interbedded sandstones and shales in roughly equal proportion

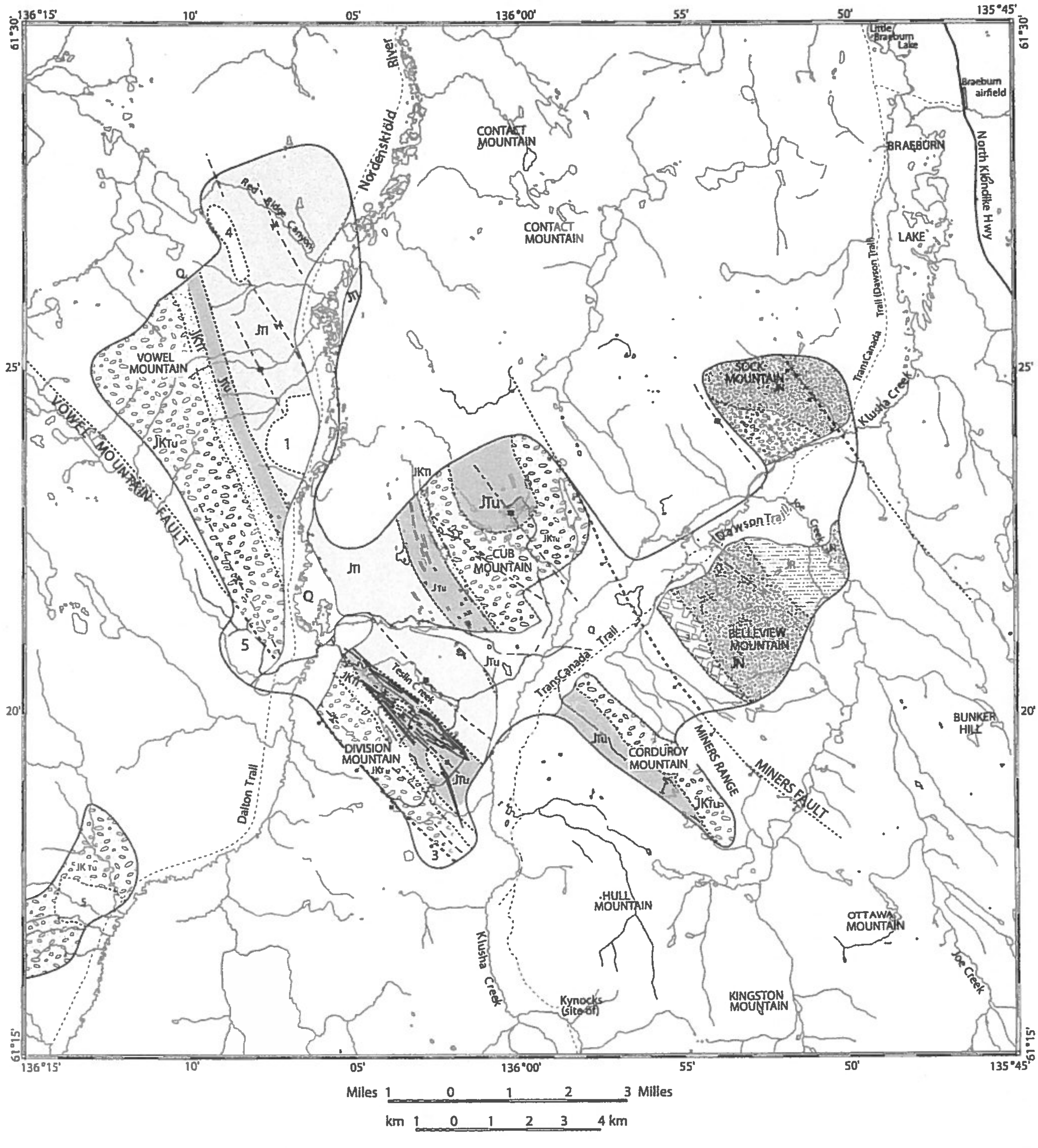


FIGURE 7.3	
2560344 Ontario Inc. GEOLOGICAL MAP OF THE DIVISION MOUNTAIN AREA AFTER ALLEN (2000)	
DATE: 01/05/2017	K. Brewer P.Geo.

(Carne, 1992).

The coal seams are generally vitreous to dull black in color fissile to massive bedded and brittle (Gish, 1995). Fissility varies with argillaceous content (Gish, 1995).

Sections of coal with moderate to high amounts of argillaceous matter are also more susceptible to shearing. Pyrite content is low and occurs as flakes or plates along bedding/shear planes. Calcite veins (<1mm) also occur infrequently within the coal seams (Gish, 1995). Competency of the coal intersected in drill holes is variable but was, for the most part, rated as high (Gish, 1995).

Previous petrographic analysis of the coal seams noted that on a mineral-matter free basis, the coals form the Teslin Creek portion of the Division Mountain deposit contained an average of 54% vitrinite, predominantly desmocollinite. Macerals of the liptinite group (primarily sporangite) comprised on average 10% of the coal, and an average total inertite content (principally fusinites) was approximately 36% (Gish, 1996). No petrographic analysis was completed on any of the coal seams intersected in the 2018 exploration effort.

Also due to the nature of the sample derived from RAB drilling being essentially crushed fine powder it was not possible during the 2018 exploration program to provide a detailed description of the coal seams intersected.

7.7 Coal Quality

There is extensive information on coal quality in the Whitehorse Trough from studies conducted on the Division Mountain and Tantalus Mine deposits. Studies to date suggest that the coal quality improves in the northernmost sections of the Whitehorse Trough. Studies also show that slight variations in coal quality can exist within individual deposits as is the case in Division Mountain.

Due to the lack of significant coal intersections in the 2018 program it was determined that coal quality testing programs would not be undertaken.

8 Exploration

Prior to the drilling program. The author completed reconnaissance traverses of the area northeast of the proposed Pit 4 (see Figure 8.1). The reconnaissance efforts served to identify the presence of several coal seams at surface the extent of which was not possible to fully determine.

In addition examination of past data also indicated that coal seams existed 300-400 meters west of the proposed Pit 4 and also possible outcrops of coal on the west side of Division Mountain. Due to lack of trail access and the limited scope of the 2018 exploration program it was not possible to investigate these areas. However it is considered that any future exploration efforts should include an examination of these areas through a program of new trail construction and trenching to verify the existence of coal seams/outcrops and then potentially followed by reverse circulation or conventional drilling techniques.

As a result of the reconnaissance efforts, it was determined that the 2018 program would test the possible extension of coal seams on the northeastern corner of the proposed Pit 4 and also serve to verify the pit wall boundary as proposed by Norwest (2007).

10 Drilling

10.1 Drilling Challenges

A total of four (4) rotary air blast (RAB) drill holes for a total of 409 feet of drilling (see Figure 10.1). The drilling was conducted by Ground Truth Exploration of Dawson City, Yukon. As previously noted problems were encountered in the drilling program as RAB drilling is not suited to drilling any wet sediments.

Unfortunately the author was not aware of the limited capabilities of the RAB technique to be able to drill through wet sediments prior to the commencement of the program. Basically as the RAB drill uses a drill hammer bit that crushes intersected material into a fine powder. This fine powder is then suctioned back through an air hose to the surface and while the drill is operating a continuous sample is generated. The sample was then collected in a tray which was then observed for the rock type and possible coal seams. Five (5) foot intersections are sampled which is coincident with the length of the drill roads used with the RAB drill.

Due to the nature of the air suction system, when wet sediments or clayey material is encountered, the ability of the air system to retrieve sample becomes very limited or nonexistent as the material no longer is able to flow freely through the air system and may in fact also create a clay ring close or at the drill bit or clogs of the air hose occur. Therefore none of the drill holes reached their target depths and the program was terminated early as it was determined that further drilling using the RAB technology was futile as each hole intersected wet sediments.

Other unforeseen problems with the drill equipment were also encountered as follows:

- The RAB drill is only suited to short traverses between drill holes and not suited for traverses in excess of 2-3 kilometers as the tracked system is not designed for those purposes. In this program the drill could only be mobilized on ground as the drill weight is over 3 tons and could not be moved in a 4WD pickup. It would require a 5 ton flatbed pickup to be moved other than by itself. The drill is remote controlled and had a limited speed of 2-3 kilometers per hour and its track system performed poorly with frequent breakdowns despite alleged claims of operating speeds of 5 km per hour and characterized as being "versatile" in field operations.
- The operation of the RAB drill is dependent on significant volumes of compressed air provided by a large compressor that has to be located within 300 feet of the drill site. In this program it was possible to move the compressor using a 4WD pickup from site to site as existing roads and trails provided good access in close proximity to the drill sites. However the drill crew was unfamiliar with a new compressor provided by Ground Truth and frequent delays occurred in the drilling as the compressor kept shutting down. After three days of intermittent drilling it was determined that the frequent shutdowns were resultant of poor fuel feed which was resolved by elevating the fuel drum to the level of the compressor to the height of the

pickup bed. This resolved the fuel feed issues with the compressor which then ran smoothly and enabled uninterrupted drilling.

- The drill is of limited size and drilling through overburden is problematic and takes a long time. Although overburden depths encountered were less than 10-15 meters as predicted by previous overburden intersections in the drill area, drilling through overburden depths of 25-30 feet often took up to 3 hours.

Surface inclination of the diamond drill holes was determined using a compass. No further downhole inclination tests were conducted but due to the limited depth of the holes it is thought that there would be little or no change of the drill hole angles from surface inclinations.

It has since been determined that conventional reverse circulation and/or diamond drill are the only drill techniques suited to drilling for coal in the Division Mountain area.

10.2 Drill Results

10.2.1 DDH-2018-1

Drill hole 1 was drilled in the northeastern corner of the proposed Pit 4 at UTM coordinates 44285W 6798440N, drilled at an angle of 50 degrees towards 40 degrees NE (see Figure 10.2).

The hole was designed to verify the proposed pit wall boundary and to also provide infill drilling of that portion of the previously identified coal deposit. The proposed drill hole length was in the range of 75-100 meters. The hole was drilled at 50 degrees which was the maximum angle capable with the RAB drill and drill direction was 40 degrees.

The hole intersected a 5 foot intersection of coal at a depth of 67 feet. No other coal was intersected and drilling was suspended after damp clay sediments were intersected at 107 - 122 feet and creating clogging of the air sample return hose making further drilling impossible. The hole was suspended at the 122 foot level, well short of the proposed target depth, as further drilling could have potentially resulted in loss of drill rods and the drill hammer bit.

10.2.2 DDH-2018-2

Drill hole 2 was drilled just northeast of previous drill holes 94-37 and 99-65 at UTM 444203W 6798639N, drilled at an angle of 45 degrees towards 40 degrees NE (see Figure 10.3).

DDH 94-37 had intersected 5 thin coal seams and advance reconnaissance efforts in the area identified numerous surface coal sign to the east and northeast. The hole was therefore designed to see if these coal seams extended to the northeast and to also determine whether the thickness of the coal seams remained consistent or improved.

The hole intersected a thin (3 foot) coal seam at 90 feet. Similar to hole 1 wet clays were intersected at 115 feet and the hole had to be suspended at the 120 foot level after hitting a good water flow. The hole result was well short of the proposed 75-100 meters.

10.2.3 DDH-2018-3

Drill hole 3 was drilled just 75 meters northeast of DDH 2018-2 at UTM 444147W 6798700N approximately 60 meters west of a hillslope with outcrops of Tanglefoot Formation (see Figure 10.4). The proposed hole depth was 50-60 meters, at an angle of 45 degrees drilled in the direction of 40 degrees NE.

This hole intersected three (3) thin coal seams at 52 feet (2 foot intersection), 68 feet (4 foot intersection) and 89 feet (1 foot intersection) which are thought to be the same seams intersected by previous drill hole 94-37 and had the same estimated thickness. Wet clays were intersected at 103 feet and continued to 115 feet. The driller started to have problems with a "clay ring" and equipment retrieval took 3 hours to complete.

10.2.4 DDH-2018-4

Drill hole 4 was drilled approximately 350 meters northeast of drill hole 3 at UTM 443850W 6798900N (see Figure 10.5). The proposed hole depth was 50-70 meters, at an angle of 45 degrees drilled in the direction of 40 degrees NE.

Reconnaissance efforts had identified coal sign on a ridge just before the hole location and the hole was designed to test an area not previously drilled. The hole encountered a thin coal seam at 40 feet which may be a continuation of the first seam encountered in DDH-2018-3 and DDH 94-37. The hole encountered very wet sediments at 50 feet and was suspended at 52 feet as no returns were possible as the air sample return hose was clogging.

11 Interpretation and Conclusions

The 2018 drill program was successful in verifying that the proposed drill wall boundary in the northeastern corner of Pit 4 was accurately located by Norwest (2007). Pit 4 is challenged with high strip ratios so it was hoped that possible extensions of the coal seams to the northeast and improvements in the seam thicknesses if encountered in the 2018 program could potentially serve to expand the resource and lessen pit strip ratios as the area has a more moderate topography compared to the central and southeastern portions of proposed Pit 4. However the coal seams to the northeast of Pit 4 appear to be consistently thin and would not support viable open pit mining. The problems associated with utilization of the RAB drill technique were surprising and disappointing. Although target depths were not reached in any of the drill holes the program did serve to test the extent of surface coal signs ubiquitous throughout that area of Division Mountain although the results were discouraging.

The most effective exploration techniques to explore for coal in the Division Mountain remain to be trail construction to provide access for initial trenching followed by reverse circulation or conventional diamond drill methods.

Areas with significant coal sign yet to be explored and that could result in a significant expansion of coal resources in the Division Mountain area include:

- An area west of proposed Pit 4 with coal float identified over an area of up to 400 meters in strike and 250 meters in width.
- Possible coal outcrops on the western side of Division Mountain.
- Testing of known coal outcrops in the Corduroy Mountain area as this could be a repeat structure of the Cairnes Syncline.

These three areas hold the potential to identify repeat structures to the known structures in the Division Mountain area that could host significant coal resources.

Trenching can be effective to provide an initial indication of the coal extent and possible coal thickness in areas where the coal seams come to surface. These can then be further delineated with conventional drill techniques that in the Division Mountain area are challenging due to the lack of available water resources often requiring very long water lines.

The condition of the access trail access has significantly deteriorated since the author started visiting the area in 2009. Trails have been subjected to frequent by Yukon residents for hunting and fishing activities and have become heavily rutted and bumpy. Furthermore the lack of trapping has resulted in an increase in the population of beavers who are increasing water levels in creek crossings from their dam construction. Any future exploration program should consider the inclusion of permitting improvements to the trail at several sites and an examination on how creek crossings could be improved.

References

Coal leases 3000-3004 and applicable Territorial Coal Regulations documents

Norwest Corporation, Division Mountain Feasibility Study

Norwest Corporation, 2005 Division Mountain Scoping Study

Norwest Corporation, 2005 Geologic Evaluation and Resource Calculation on the Division Mountain Property.

Allen, T.L., 2000. An evaluation of coal-bearing strata at Division Mountain (115H/8 east-half, 105E/5 west-half) south-central Yukon. In: Yukon Exploration and Geology, 1999, Exploration and Geological Services Division, Yukon Indian and Northern Affairs Canada, pp. 177-198.

Carne, R.C., and Gish, R.F., 1996. Geology of the Division Mountain coal deposit of Cash Resources Ltd. In Yukon Exploration and Geology, 1995, pp. 37-47.

Cash Resources Ltd. 1995. Assessment report #093307, by R.F. Gish.

Cash Resources Ltd. 1996. Assessment report #093508, by R.F. Gish.

Cash Resources Ltd. 1998. Assessment report #093824, by R.F. Gish.

Cash Resources Ltd. 2000. Assessment report #094129, by R.F. Gish.

Colpron, M., 2011. Geological compilation of the Whitehorse trough – Whitehorse (105D), Lake Laberge (105E) and parts of Carmacks (115I) and Teslin (105C). Including maps and appendices. Yukon Geological Survey, Geoscience Map 2011-1.

Latour, B.A. 1972. Coal deposits of western and northern Canada. In: Info Series No. 60, Research Council of Alberta, pp. 1-9.

Long, D.G.F., 1980. Coals of the Yukon, their depositional environment, tectonic setting and resource potential. In: Seventh Geoscience Forum, Whitehorse, Yukon, Dec. 2-4, 1979, p. 16.

Long, D.G.F, 1983a. Depositional setting of coal deposits in the Whitehorse trough, Yukon Territory, Canada. In Mesozoic of Middle North America, Canadian Society of Petroleum Geologists, Program and Abstracts, p. 57.

Long, D.G.F., 1983b. Coal in the Yukon. In: Mineral Deposits of Northern Cordillera, abstracts. Canadian Institute of Mining and Metallurgy, Dec 5-7, Whitehorse, Yukon, pp22-23.

Long, D.G.F., 1986. Coal in Yukon. In: Mineral Deposits of Northern Cordillera. CIM Special Paper No. 37, pp 311-318.

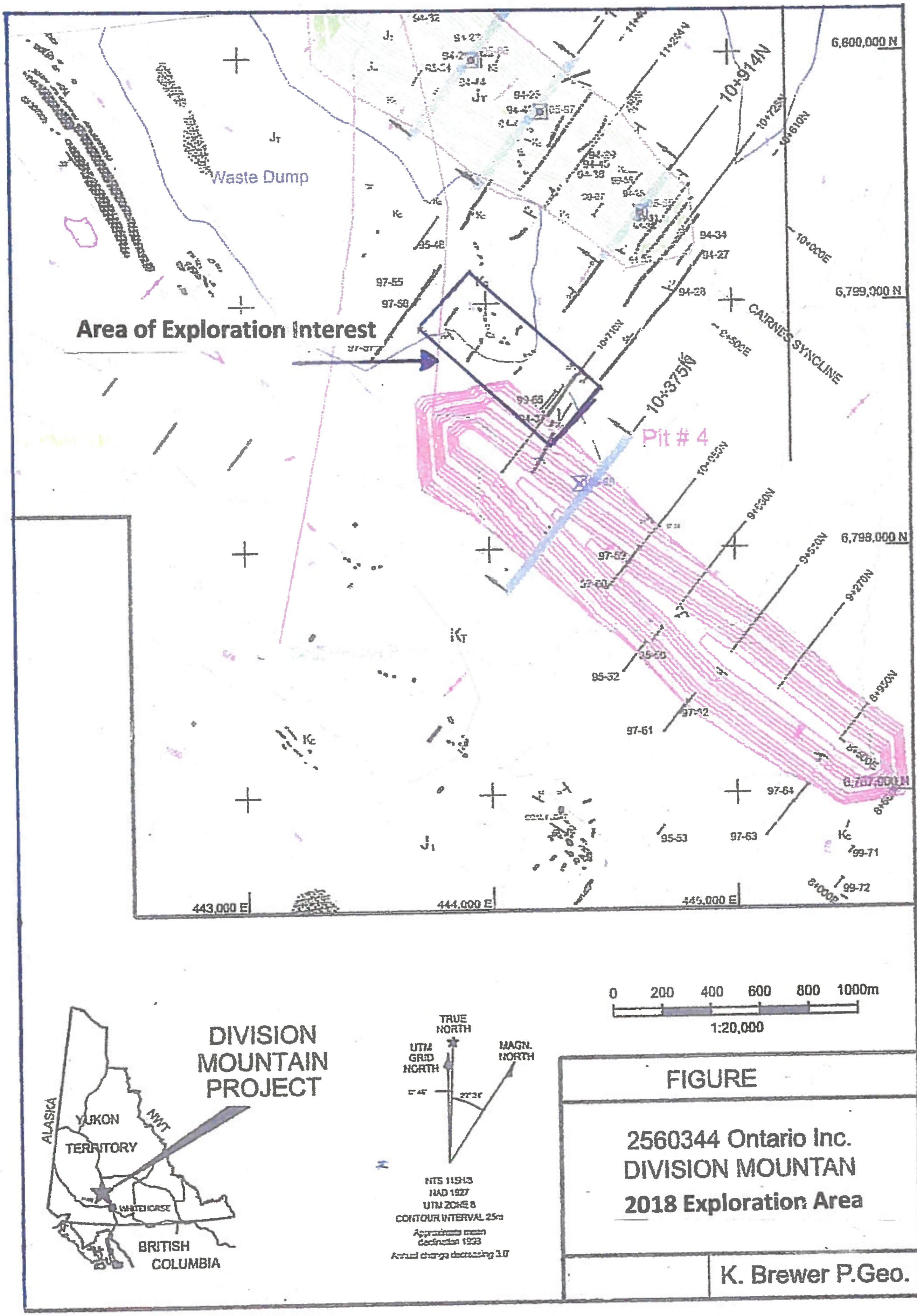
Teslin Explorations Ltd., 1970. Assessment report #092937 by R. J. Kirker.

Teslin Explorations Ltd., 1971. Assessment report #060582, Report on Explorations for Coal in the Carmacks and Nordenskold Areas, Yukon

W4 Joint Venture, 1990. Assessment report #092937 by R.C. Carne.

W4 Joint Venture, 1991. Assessment report #09 by R.C. Carne.

W4 Joint Venture, 1992. Assessment report #093032 by R.C. Carne.



Area of Exploration Interest
Waste Dump
Pit # 4
CAIRNES SYNCLINE
10+914N
10+375N
6,800,000 N
6,799,000 N
6,798,000 N
6,797,000 N
443,000 E
444,000 E
445,000 E
0 200 400 600 800 1000m
1:20,000
DIVISION MOUNTAIN PROJECT
ALASKA
YUKON TERRITORY
NWT
WHITEHORSE
BRITISH COLUMBIA
TRUE NORTH
UTM GRID NORTH
MAGN. NORTH
NTS 115H3
NAD 1927
UTM ZONE 8
CONTOUR INTERVAL 25m
FIGURE
2560344 Ontario Inc.
DIVISION MOUNTAN
2018 Exploration Area
K. Brewer P.Geo.

CERTIFICATE OF QUALIFICATION

I, Kevin J. Brewer, of Whitehorse, Yukon do hereby certify that:

1. I am currently self-employed as a geologist
2. I graduated from Memorial University of Newfoundland in 1984 with a B.Sc. (Hons) in Geology and in 1990 with a Masters of Business Administration. In 2016 I also completed the Certificate of Mining Studies with the University of British Columbia.
3. I am a member of the Association of Professional Engineers and Geoscientists of British Columbia (Member #148312)
4. From 1980 to current day I have been actively engaged in mineral exploration in Canada, Mexico, and Brazil.
5. I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43- 101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
6. I am familiar with the belt of rocks within which the property lies and the exploration model, I have worked on various aspects of the geology of this property since 2009. My last visit to the site was in 2018
7. I am not aware of any material fact or material change with respect to the subject matter of the Technical Report that is not reflected in the report, non-disclosure of which would make this report misleading.
8. I am independent of the issuer applying all of the tests in Section 1.5 of National Instrument 43- 101.
9. I have read NI 43-101 and Form 43-101(F1), and the Technical Report has been prepared in compliance with that instrument and form.

Dated at Whitehorse, Yukon, this 30th day of July, 2018

Respectively submitted,

"ORIGINAL SIGNED AND SEALED BY AUTHOR"

Kevin J. Brewer, B.Sc (Hons) MBA, CMS, P. Geo

CERTIFICATION AND DATE

The effective date of publication of this Technical Report is July

Dated this 30th day of July, 2018.

"ORIGINAL SIGNED AND SEALED BY AUTHOR" Kevin Brewer

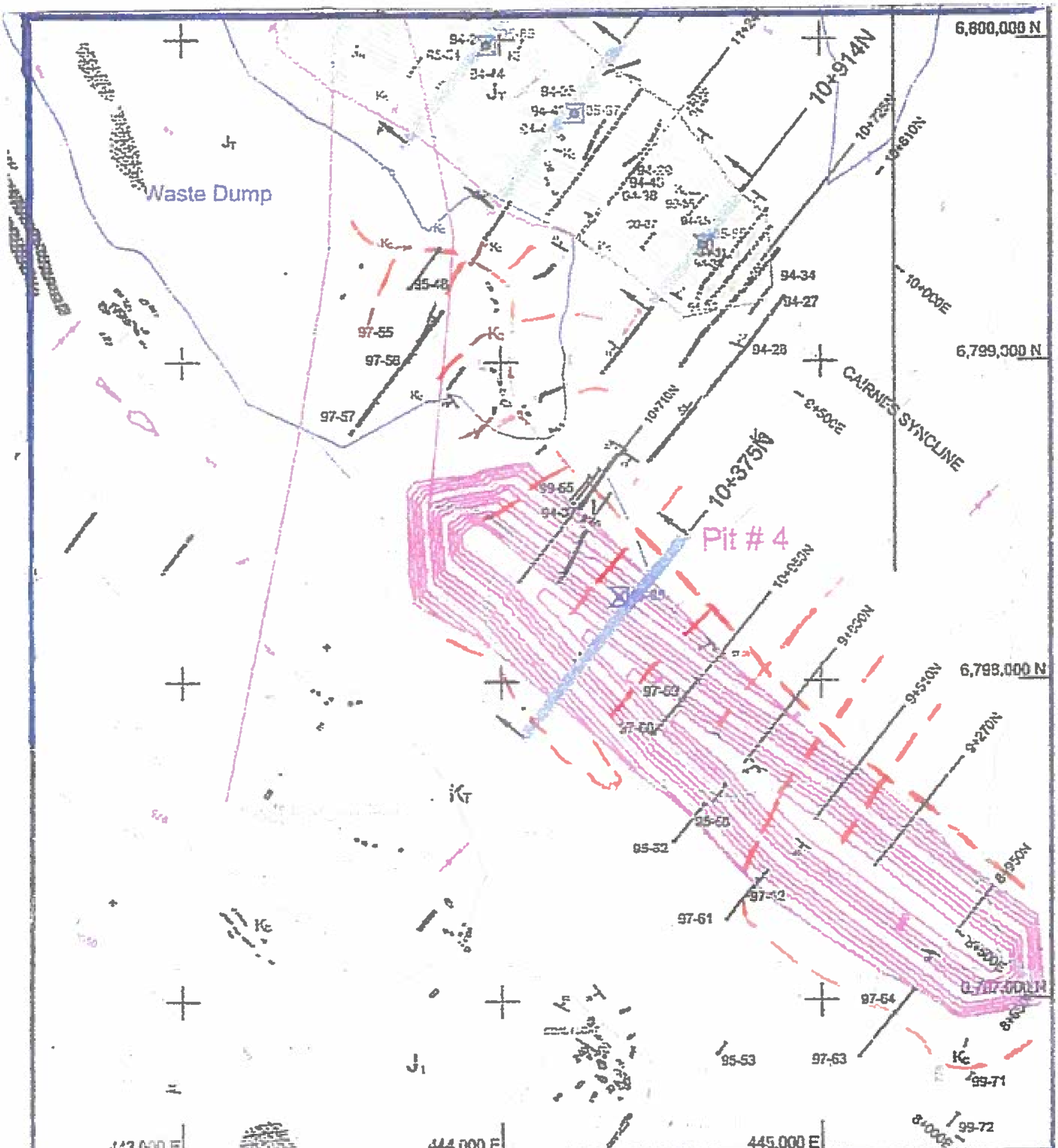
Kevin J. Brewer, B.Sc (Hons), MBA, CMS, P. Geo

Following is the signed and dated Certificates of Qualification of the author involved in preparing this report.

Project Expenditure Summary

2018 Exploration - Division Mountain Project

Accommodations and Meals	$	6,450.00
Meals - Other	$	671.20
Mileage	$	1,346.18
Misc Equipment	$	1,884.29
Fuel	$	3,856.58
Other	$	193.02
Equipment Rental	$	5,598.25
Expediting	$	6,480.25
Drilling	$	59,645.00
Project Geologist	$	16,050.00
Field Asst #1	$	2,000.00
Field Asst #2	$	2,000.00
TOTAL	$	106,174.77

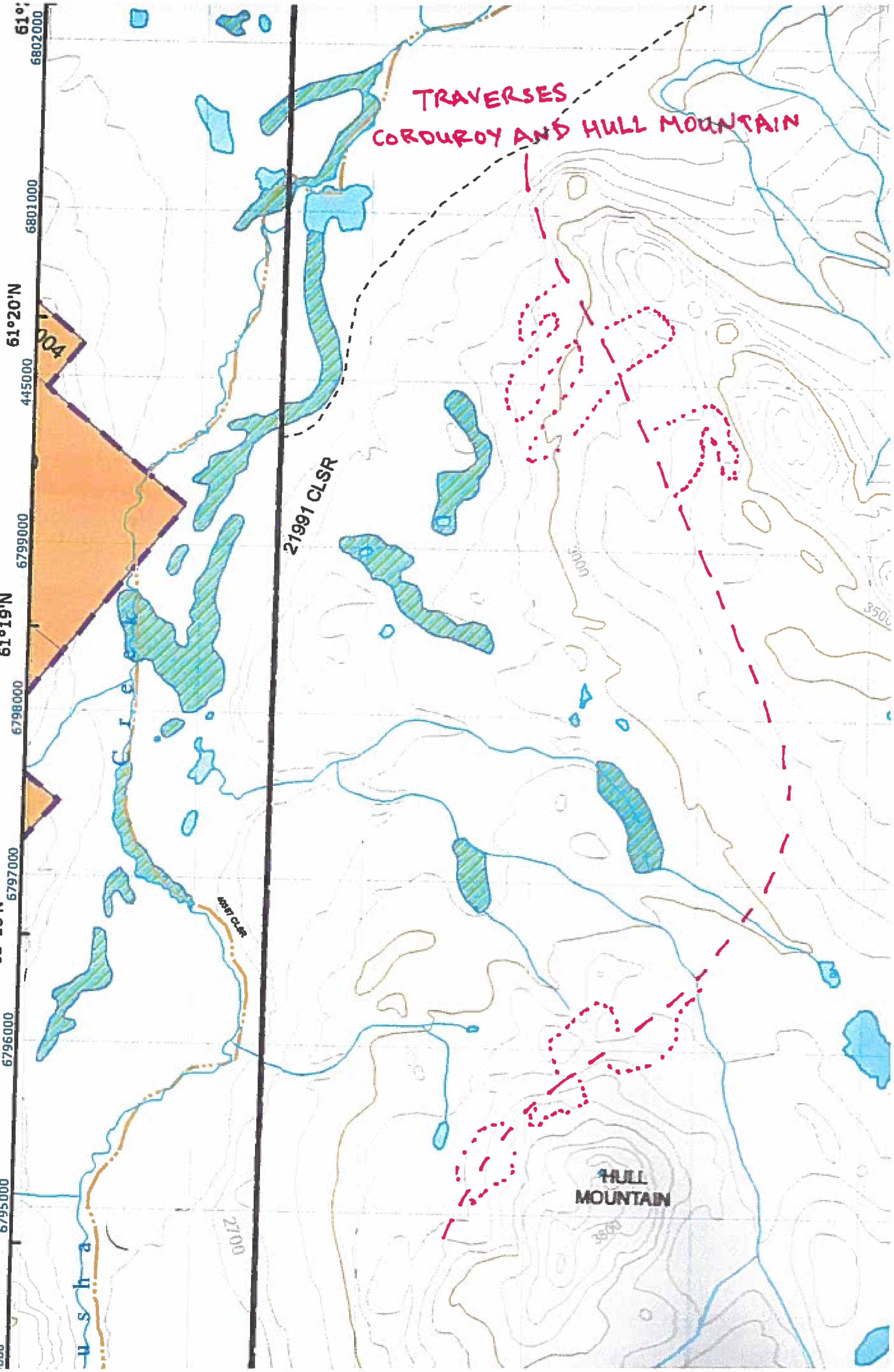


Traverse Direction

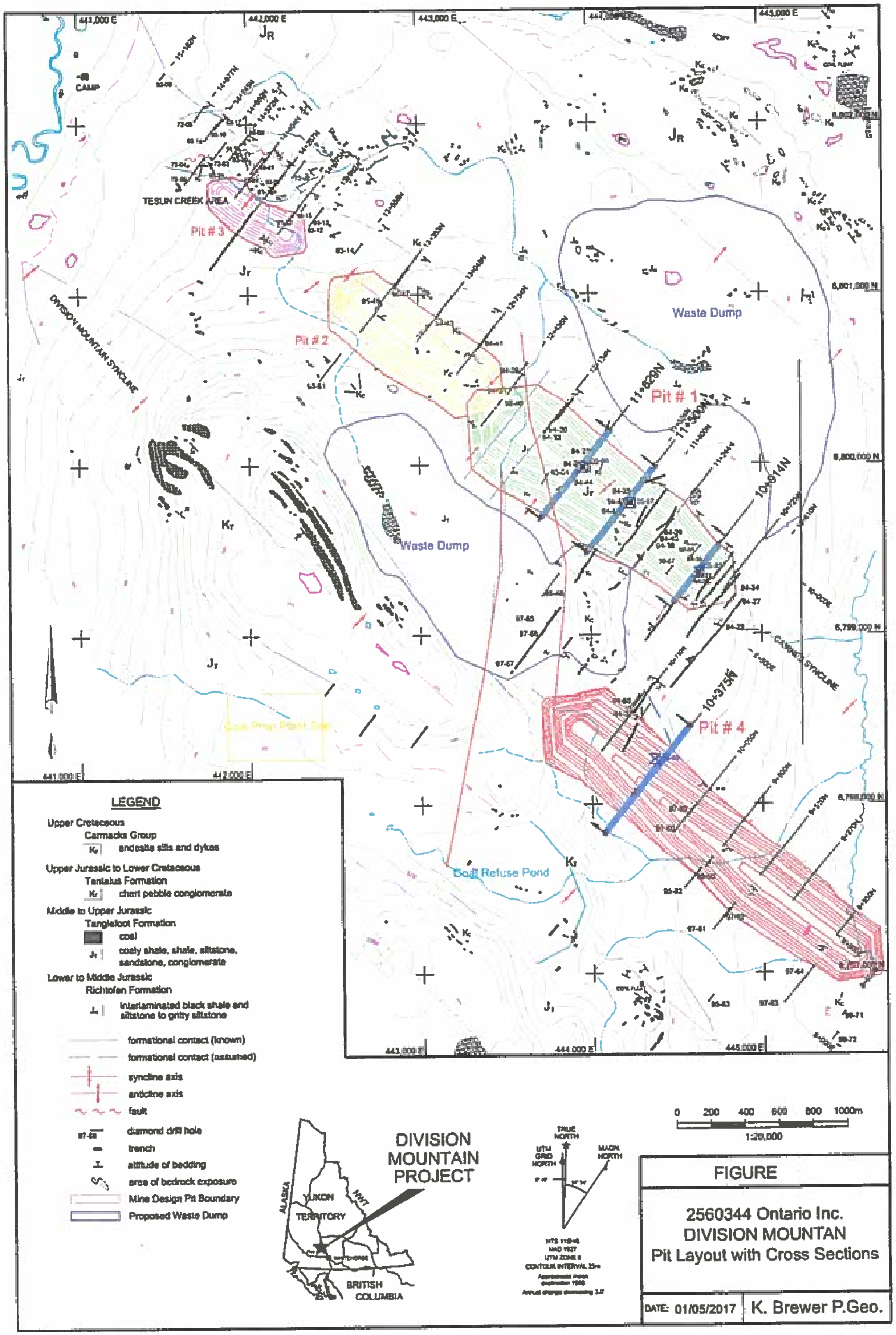
Figure 8.2

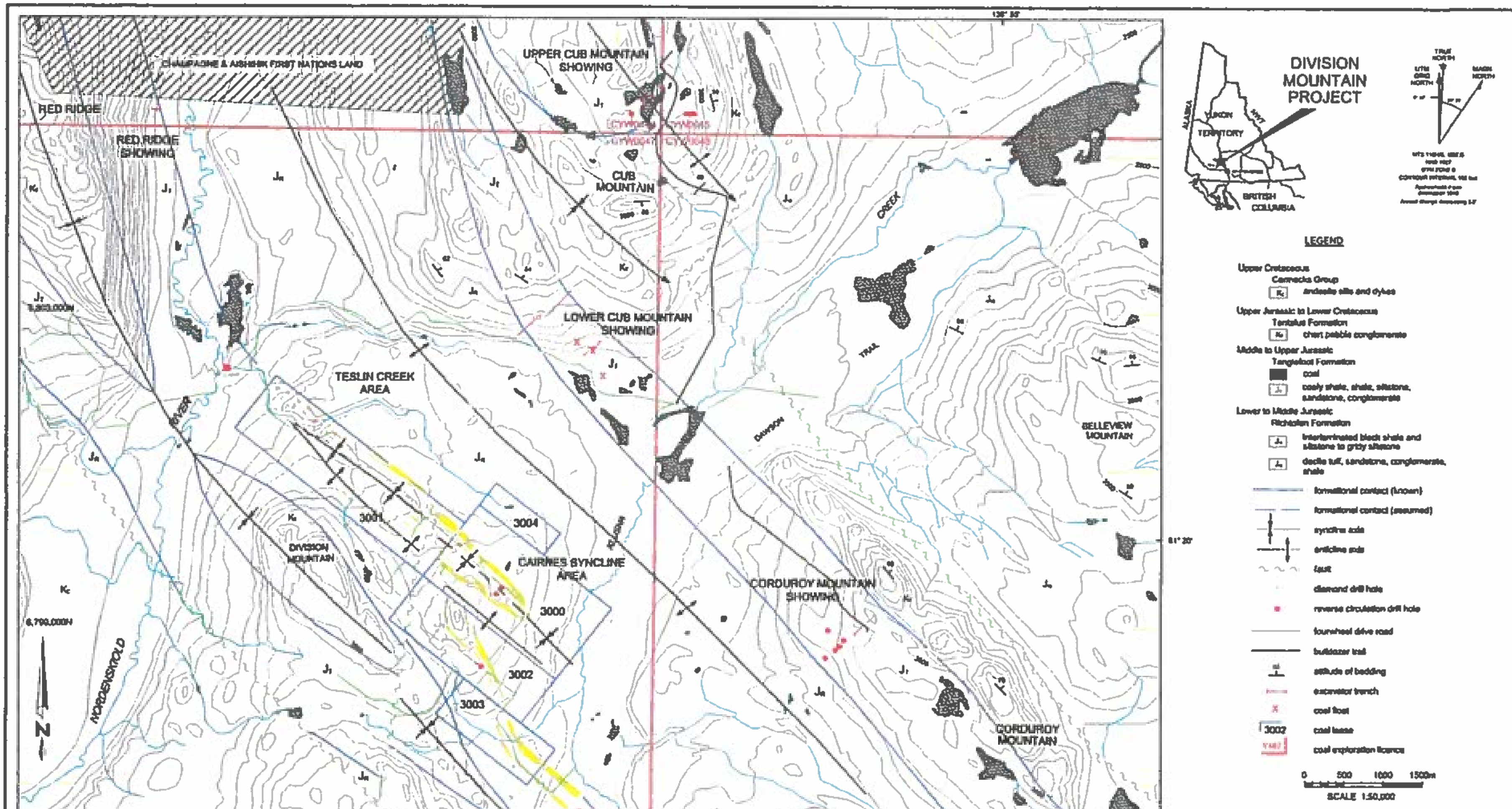
2560344 Ontario Inc.

Traverse Map



TRAVERSES
CORDUROY AND HULL MOUNTAIN
HULL
MOUNTAIN
21991 CLSR
61°20'N
61°19'N
61°18'N
61°17'N
6802000
6801000
445000
6799000
6798000
6797000
6796000
6795000
3000
3500
2700

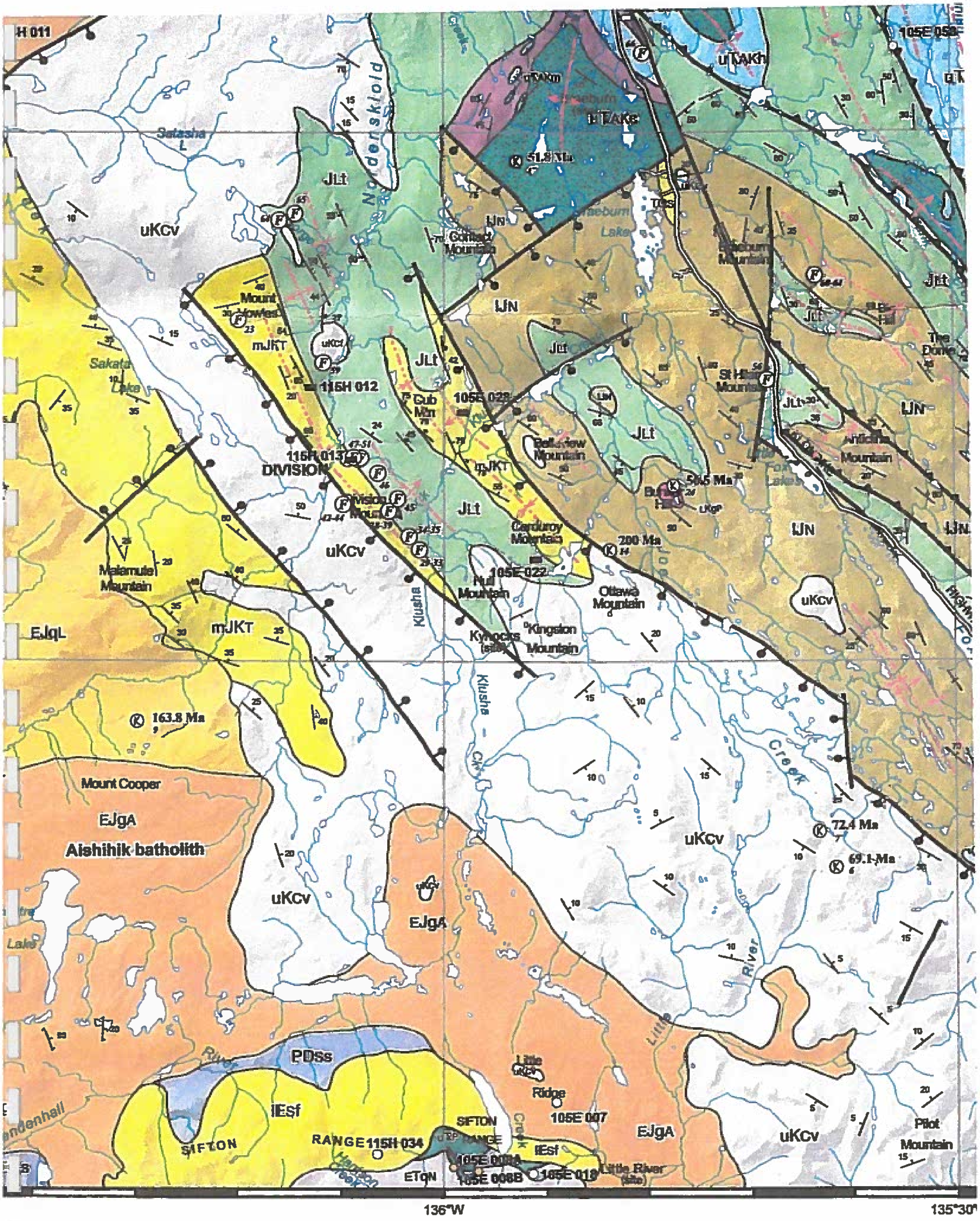

441,000 E
442,000 E
443,000 E
445,000 E
CAMP
TESLIN CREEK AREA
Pit # 3
Pit # 2
Pit # 1
Pit # 4
DIVISION MOUNTAIN SYNCLINE
CARMACKS SYNCLINE
Waste Dump
Waste Dump
Coal Refuse Pond
11+820N
11+500N
10+914N
10+375N
6,801,000 N
6,800,000 N
6,799,000 N
6,798,000 N
6,797,000 N
LEGEND
Upper Cretaceous
Carmacks Group
andesite sills and dykes
Upper Jurassic to Lower Cretaceous
Tantalus Formation
chert pebble conglomerate
Middle to Upper Jurassic
Tanglefoot Formation
coal
coaly shale, shale, siltstone, sandstone, conglomerate
Lower to Middle Jurassic
Richtofen Formation
interlaminated black shale and siltstone to gritty siltstone
formational contact (known)
formational contact (assumed)
syncline axis
anticline axis
fault
diamond drill hole
trench
attitude of bedding
area of bedrock exposure
Mine Design Pit Boundary
Proposed Waste Dump
DIVISION MOUNTAIN PROJECT
ALASKA
YUKON TERRITORY
NWT
BRITISH COLUMBIA
TRUE NORTH
UTM GRID NORTH
MAGN. NORTH
0 200 400 600 800 1000m
1:20,000
FIGURE
2560344 Ontario Inc.
DIVISION MOUNTAN
Pit Layout with Cross Sections
DATE: 01/05/2017
K. Brewer P.Geo.



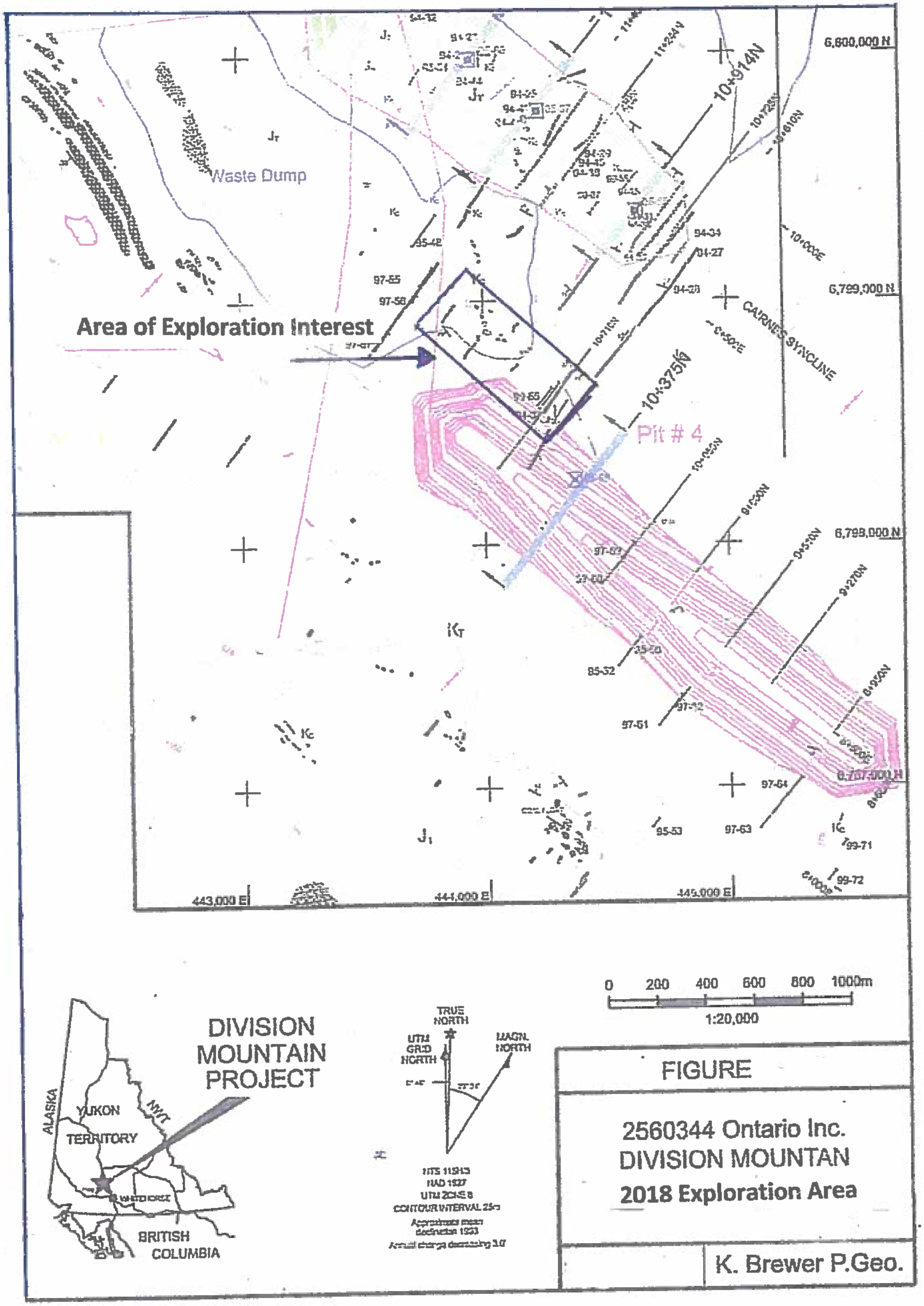
FIGURE

2560344 Ontario Inc.
DIVISION MOUNTAIN
GENERAL GEOLOGY &
COAL LEASES

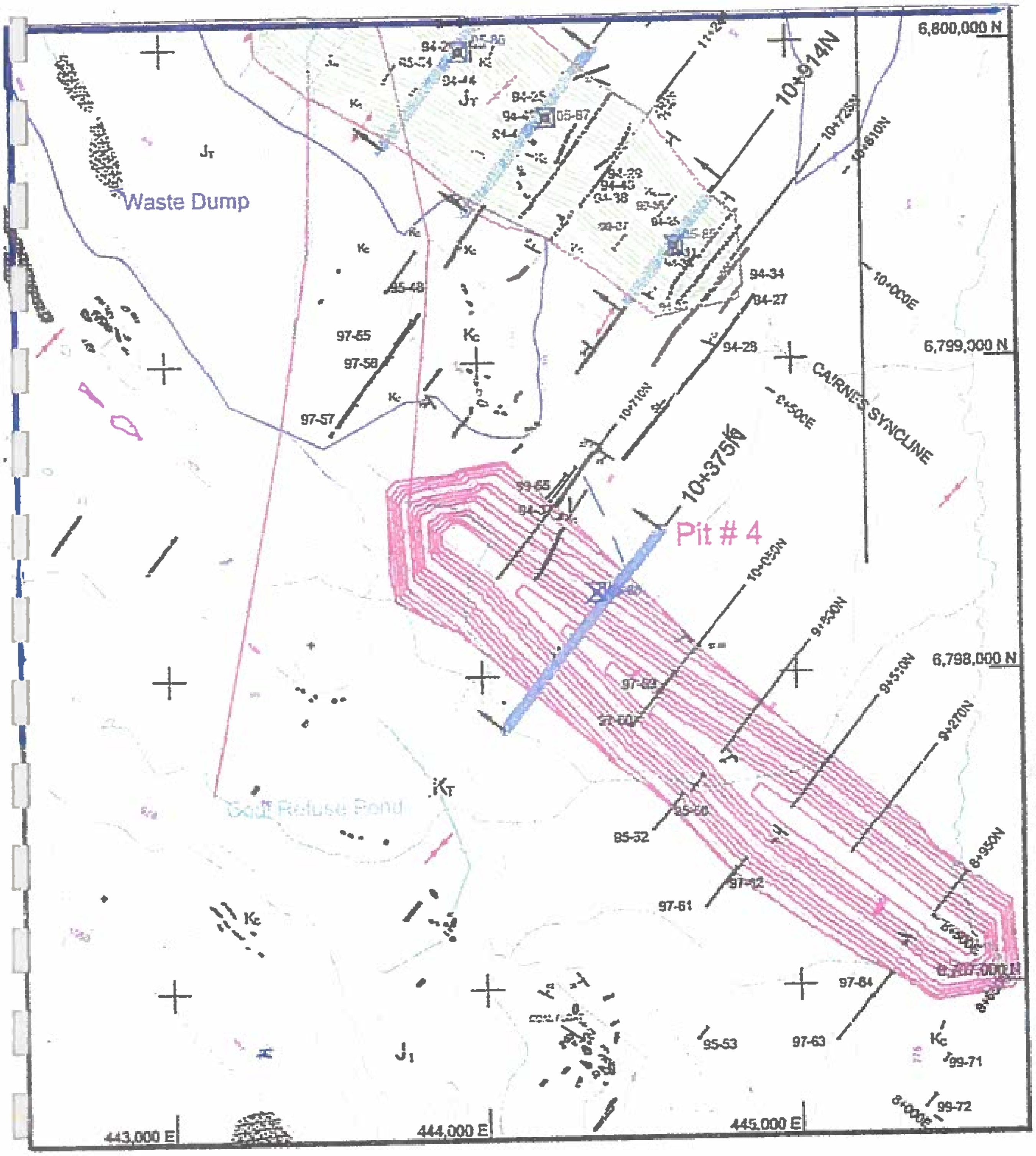
DATE: 01/05/2017 | K. Brewer P.Geo.

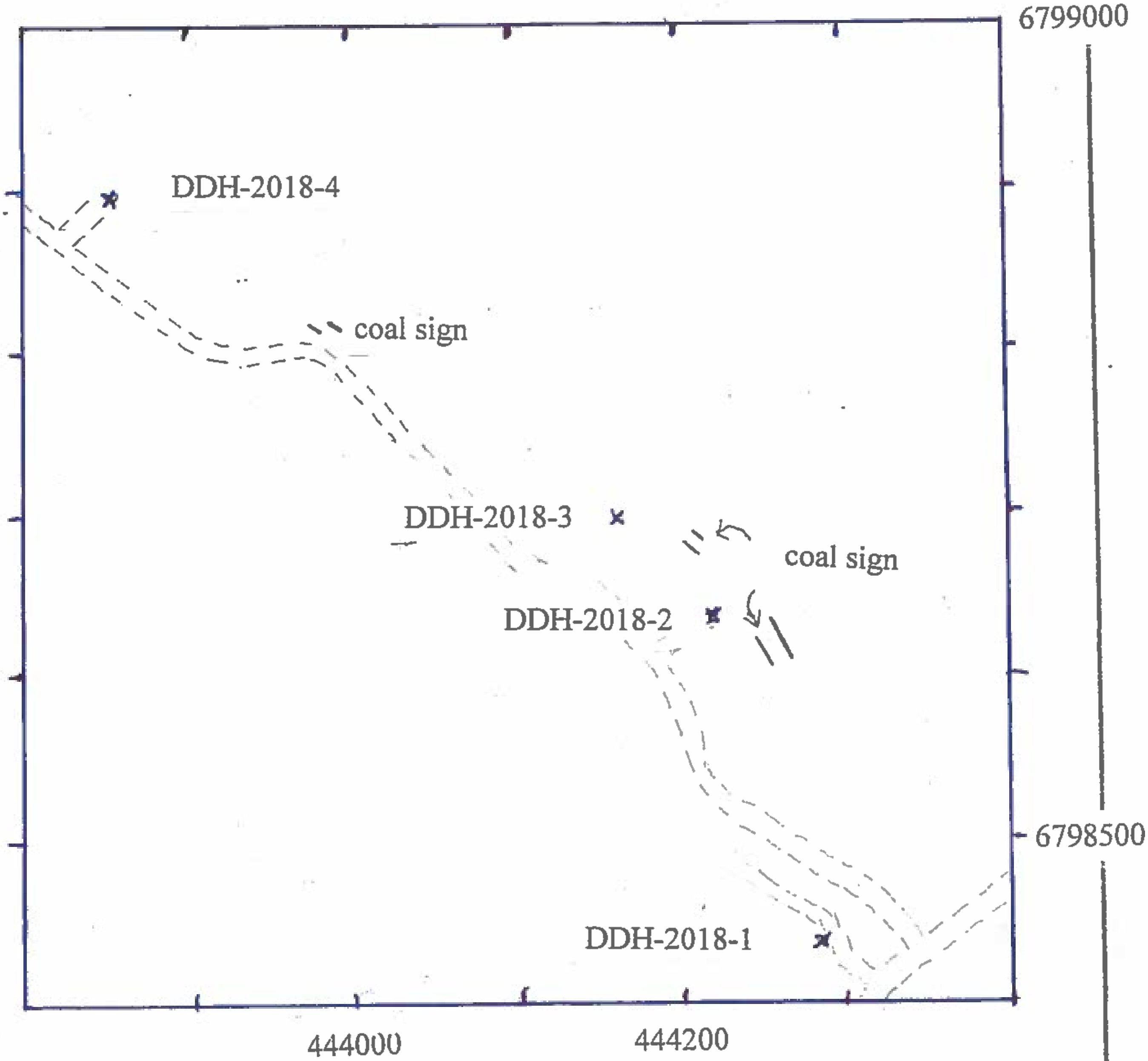


H 011
105E 050
uTAKh
uTAKm
uTAKs
51.8 Ma
Satasha L
Nordenskiold
JLt
uKCv
lJN
Contact Mountain
Mount Vowles
mJKT
uKCt
115H 012
105E 028
Cub Mtn
115H 013
DIVISION
Vision Mountain
Corduroy Mountain
200 Ma
105E 022
Hutl Mountain
Ottawa Mountain
Kingston Mountain
Kynocks (site)
Klusha
Klusha Cr
St Hilaire Mountain
Bellevue Mountain
Anticline Mountain
The Dome
58.5 Ma
uKgP
Sakata Lake
Malamute Mountain
EJqL
163.8 Ma
Mount Cooper
EJgA
Aishihik batholith
72.4 Ma
69.1 Ma
Creek
River
Little
PDSs
lEsf
SIFTON
RANGE
115H 034
SIFTON RANGE
Little Ridge
105E 007
105E 008A
105E 008B
105E 018
Little River (site)
ETON
Mendenhall
Pilot Mountain
136°W
135°30'



Waste Dump
Area of Exploration Interest
Pit # 4
CAIRNES SYNCLINE
10+914N
10+375N
6,800,000 N
6,799,000 N
6,798,000 N
6,797,000 N
443,000 E
444,000 E
445,000 E
0 200 400 600 800 1000m
1:20,000
DIVISION MOUNTAIN PROJECT
ALASKA
YUKON TERRITORY
NWT
BRITISH COLUMBIA
TRUE NORTH
UTM GRID NORTH
MAGN. NORTH
FIGURE
2560344 Ontario Inc.
DIVISION MOUNTAN
2018 Exploration Area
K. Brewer P.Geo.


6,800,000 N
6,799,000 N
6,798,000 N
443,000 E
444,000 E
445,000 E
Waste Dump
Pit # 4
CAIRNES SYNCLINE
10+914N
10+375N
10+725N
10+810N
10+710N
10+050N
10+000E
9+500E
9+930N
9+510N
9+270N
8+950N
8+000E
94-34
94-27
94-28
95-48
97-65
97-58
97-57
97-61
97-62
97-64
97-63
95-53
95-52
99-71
99-72
05-86
05-87
94-44
94-25
Kc
JT
KT
J1



SCALE

0 100 200

(meters)

Figure 9.1

2560344 Ontario Inc.

Location of 2018 Drill Holes

K. Brewer, P.Geo.