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Assessment Report for Peanut Claims, LP00573
Geophysical Results Peanut Claims
Victoria Creek, tributary of Nisling River
Whitehorse Mining District

Date: October 7, 2015
NTS Map Sheet: 115I03
Map Co-ordinates:
62°06'13.7"N 137°09'19.8"W

[redacted]

120254

By
Kryotek Arctic Innovation Inc.
173-108 Elliott Street
Whitehorse, Yukon
Y1A 6C4

For
Mario Ley
Peanut Claims
Victoria Creek, Yukon

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Introduction

Overview

Kryotek Arctic Innovation Inc. conducted three geophysical surveys for Mario Ley on the Peanut claims, on Victoria Creek on September 16, 2015. The survey lines were conducted using a Lippmann 4-point Resistivity System by James Coates and Milo Mielniczuk of Kryotek Inc.

Kryotek also hand panned 3 samples from along the Peanut 1 geophysics line. Each pan contained black sand and 1 of the 3 pans contained an approximately ¼ to ½ gram size nugget (panned along line 2).

Location Maps

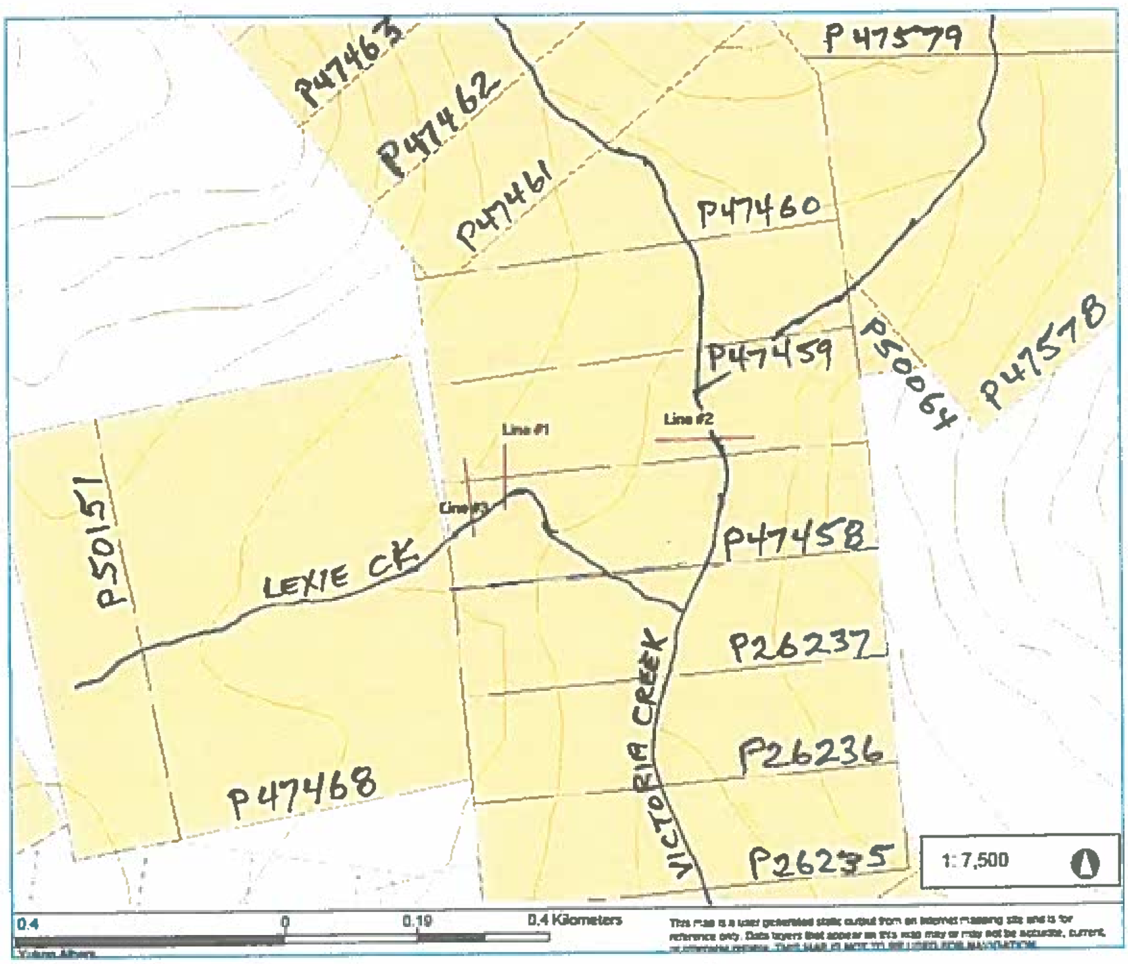

Figure 1 – Location of Geophysical lines conducted by Kryotek on the Peanut Claims, Victoria Creek, Nansen area west of Carmacks

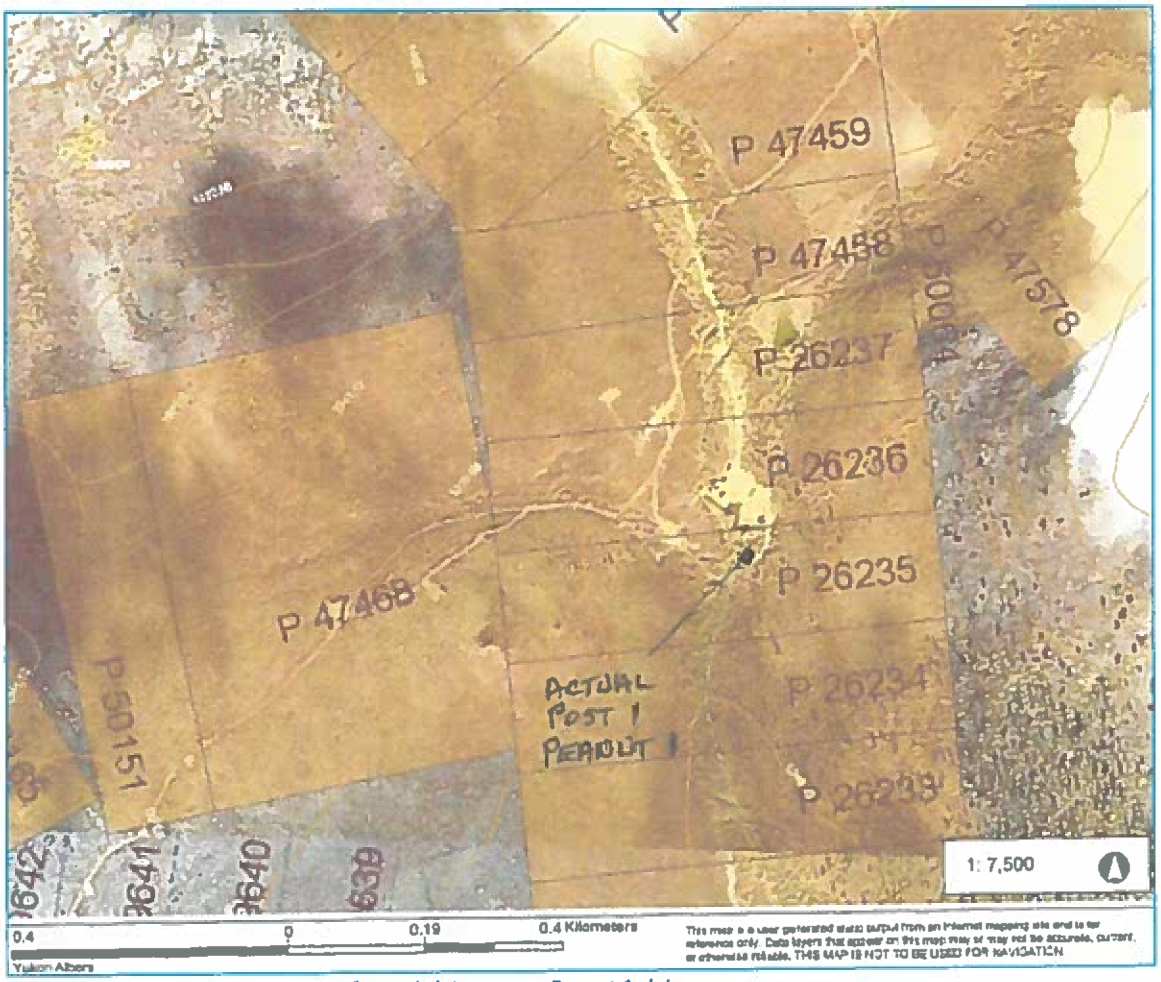

Figure 2 – For reference, placement of actual claim post at Peanut 1 claim

Methodology

Geophysics

Resistivity was used for this area as the electrical properties of overburden, schist bedrock and mineralized fault systems are distinct and easily definable. A Lippmann 4- point Resistivity System was used. This system allows over 100 m of depth penetration.

Data was collected and inverted using AGI Earth Imager 2D software. Noisy data points and electrodes with poor contact resistance were removed and data was filtered for spikes or depressions in resistivity. The software produced two- dimensional tomograms using a smoothed, least squares damped and robust inversion parameters. Preliminary interpretations were conducted on the processed data.

DC Electrical Resistivity Tomography

This technique injects a direct electrical current into the ground surface, and then measures the voltage that remains at a number of distances from the injection point. As different soils have different resistances to electrical current, a tomogram (subsurface diagram) of resistivity can be produced.

Earth Imager 2D Software

Earth Imager 2D software (Advanced Geosciences Inc.) was used to invert and process the geophysics data. This software produces two-dimensional tomograms of resistivity data. The images were processed using both smoothed and robust inversion parameters in order to clarify transitions between material types as well as resistivity properties of those materials.

Data Interpretation

The images were interpreted by James Coates and features such as thawed regions, ice-rich permafrost, competent bedrock, degraded bedrock and top of bedrock contours were identified. James Coates has ten years of experience performing geophysics surveys in permafrost areas commercially and academically at the doctoral level.

These are preliminary interpretations. The central Yukon area is a unique landscape with complex and poorly understood surficial and bedrock geology. Best efforts were made to identify ground material types based on surface exposure, borehole and test pit data as well as experience in the area.

Geophysical readings and interpretations are complicated by the presence of permafrost, which greatly alters geophysical properties of soil.

Interpretations are subjective and highly dependent on the experience of the interpreter. General principles and assumptions followed in the interpretation are as follows:

1. Fine-grained materials over 600 Ohm/m are generally frozen.
2. Frozen gravels and ice-rich materials have much higher resistivity (up to 100,000 Ohm/m).
3. Frozen granite bedrock (as well as granite boulders) has a relatively low resistivity, similar to the thawed overburden in the area. There is little difference between frozen and thawed granite.
4. Frozen schist can have a very high resistivity due to the presence of interstitial water.
5. High-induced polarization chargeability in bedrock can indicate mineralization and faulting.
6. Low induced polarization chargeability in bedrock appears to indicate massive buried ice.
7. Low resistivity can indicate thawed and saturated areas.
8. Contrasts between resistivity readings indicate transitions between materials and are more important than absolute values.
9. Resistivity is the primary tool. IP sections are only provided when it provides insights in addition to the findings from resistivity data. As a result only resistivity images will be labeled, with supplementary information on the IP sections where relevant.

Limitations

The electrical resistivity and induced polarizations method provide an estimate of subsurface conditions only at the specific locations where lines were conducted and only to the depths penetrated, and within the accuracy of the method. Data gathered represents a hemispherical cross-section extending downwards from the surface. Results are more accurate closer to the surface and become more general with increasing depths. The presence of permafrost is a major complicating factor and can cause changes in resistivity of up to several orders of magnitude.

These data are indirect and the interpreted features subjective in nature, with identified anomalies based on a visual assessment of the characteristic signatures in the data coupled with information from nearby boreholes and test pits.

Interpretation is largely based on the experience of the operator with the specific equipment and terrain types. Certain material types can be very similar in resistivity, resulting in ambiguous results.

Geophysical Disclaimer

Subsurface information shown on these drawings was obtained solely for use in establishing design controls for the project. The accuracy of this information is not guaranteed and it is not to be construed as part of the plans governing construction of the project. It is the client's responsibility to inquire of the owner if additional information is available, to make arrangements to review the same prior development to conduct whatever site investigation or testing may be required, and to make their own determinations as to all subsurface conditions.

James Coates and Kryotek Arctic Innovation Inc. accept no liability whatsoever for any use or application of this information by any and all authorized or unauthorized parties.

This is a preliminary report with limited analysis. Complete analysis and detailed interpretation of each geophysics image has not been conducted. This report should serve only as a guide to understanding ground conditions surrounding boreholes and/or test pits, and is not to be used for planning or construction purposes.

Survey Locations

Waypoint	Latitude Degree Minutes Seconds	Longitude Degree Minutes Seconds
Peanut 1 Start	62°06'13.7"N	137°09'19.8"W
Peanut 1 End	62° 06' 16.4"N	137°09'16.8"W
Peanut 2 Start	62°06'16.1"N	137°09'06.7"W
Peanut 2 End	62°06'15.6"N	137°08'59.6"W
Peanut 3 Start	62°06'13.7"N	137°09'19.8"W
Peanut 3 End	62°06'16.0"N	137°09'20.0"W

Table 1. GPS Co-ordinates for geophysical lines

Resistivity Tomograms

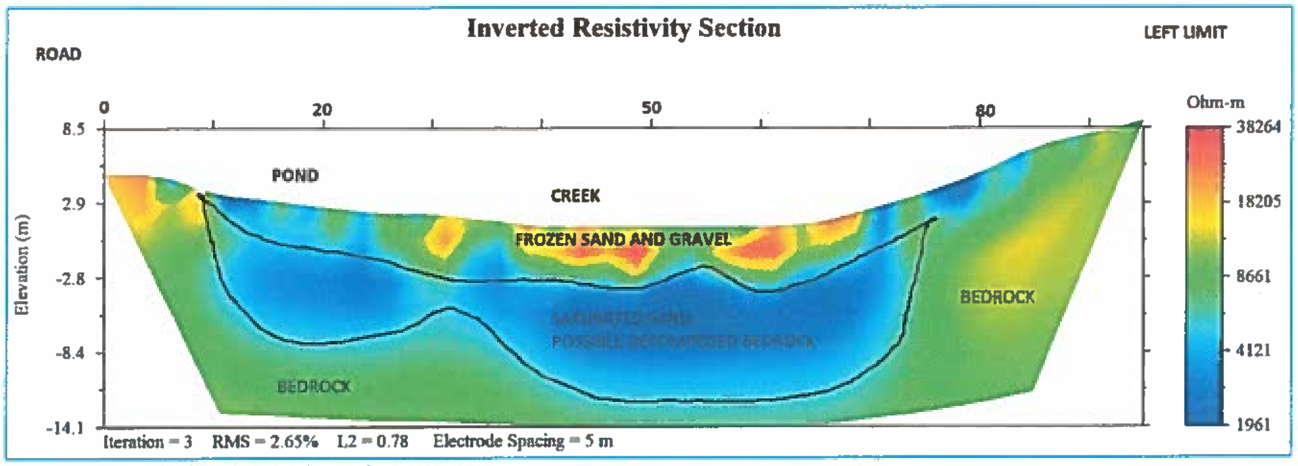

Figure 3 - Geophysics line Peanut 1

This survey extends from south to north across the right limit tributary to Victoria Creek 100 m downstream of Peanut 3. The survey shows two possible bedrock contacts, similar to Peanut 1 and 2 surveys. The first is 3-4 m deep and runs across the valley bottom. This may be fluvial (possibly frozen) sands and gravels (red and green region) overlying deeply decomposed and saturated bedrock (blue region). An alternate interpretation is that a thin layer of frozen sands and gravels overlies two deep channels in-filled with saturated sand to 10 m depths.

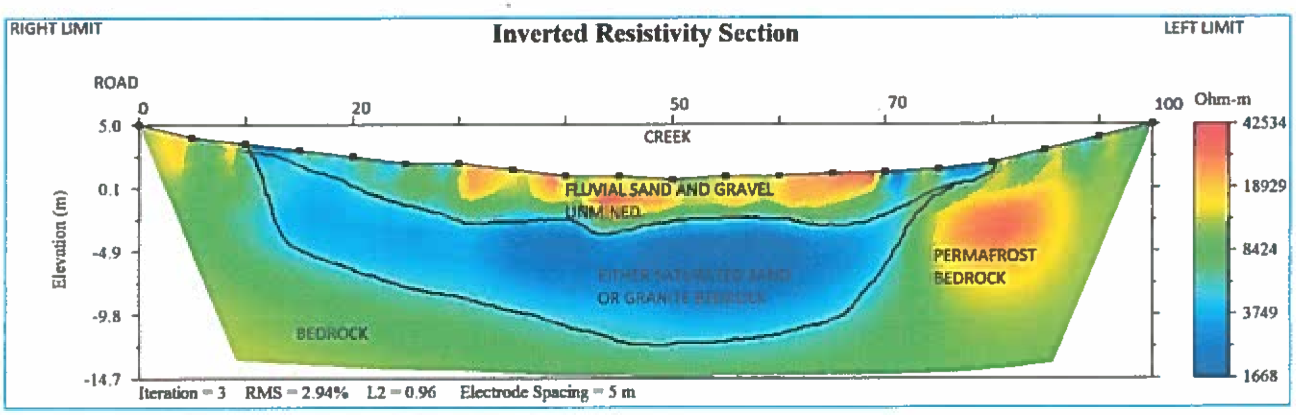

Figure 4 - Geophysics line Peanut 3

This survey runs across a right limit tributary to Victoria Creek roughly 100 m upstream of Peanut 1 line. The survey shows 3-5 m of fluvial sand and gravel (possibly frozen) above a deep channel, which is either deeply weathered saturated bedrock or saturated sand. Drilling or test pitting will be required to determine if this is actually a deep fluvial channel.

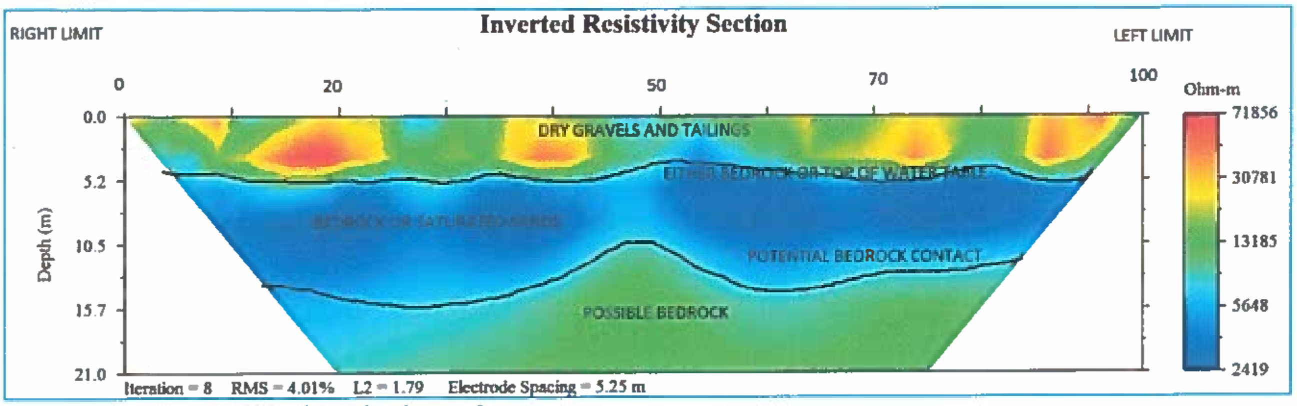

Figure 5 - Geophysics line Peanut 2

This survey runs across Victoria Creek from the right limit to the left limit. The area has been previously mined and the line ran across disturbed gravel and tailings. Groundwater was visible in test pits and tailings ponds roughly 5 m below the ground surface. The geophysics image shows a sharp contact at roughly 5 m. This could be the top of the groundwater table or bedrock. Beneath this contact is 6-8 m of low resistivity material (blue), which is either saturated decomposed bedrock or saturated sand and gravel. A lower bedrock contact appears at 10-12 m depths.

Note: A ½ to ¼ gram sized gold nugget was hand panned at electrode 70 along this line.

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Statement of Qualifications

James Coates

I, James Coates of 173-108 Elliott Street, Whitehorse, Yukon, Canada DO HEREBY CERTIFY THAT:

1. I am a Consulting Geomorphologist with current address at 173-108 Elliott Street, Whitehorse, Yukon, Canada, Y1A 6C4.
2. I am a graduate of the University of Calgary (B.Sc., 2004, Geography) and the University of Ottawa (M.Sc., 2008, Geography)
3. I have practiced my Profession as a Geomorphologist continuously since 2008.
4. I am President and sole shareholder of Kryotek Arctic Innovation Inc., a Yukon Registered Company.