

Report on Diamond Drilling, Prospecting and Ground Magnetics on the Klondike Property, Dawson Mining District, Yukon Territory, Canada

On the following claims groups:

*AC, BAD, Bar, BR, Cal, Chi, CIM, Cul, DE, DN, Gap, Giga, IF, Joe, KG, KG F, KH, Klondike, LB, LLIB, ND,
Nug, Nugget, On, Oyro, Rado, Red, Reef, Rex, RJ, Ron, Stam, Syndicate, UELD, VI, Win*

See detailed list in Appendix II

NTS MAP-SHEETS 1150/14

62°52'N 139°15'W

588500mE / 7084500mN NAD83, Zone 7N

DAWSON MINING DISTRICT

Work completed: May 2 – October 4, 2016

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**On behalf of
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1.0 Introduction

Exploration on the Klondike Property, which includes the Lone Star, Quartz, Dominion and Bonanza claim groupings, in 2016 consisted of 240 line kilometers of ground magnetics surveying completed by Ground Truth Exploration, 71 NWT diamond drill holes completed by Kluane Drilling Ltd. and soil sampling, prospecting, sampling and reclamation work, totaling \$675,273.16. Additional work not claimed for credit includes additional soils, prospecting, mapping, trenching, airphoto surveying and orthophoto mosaic creation, and significant remediation of past disturbances. Exploration focused on six main zones, the Nugget Zone, Gay Gulch, Violet, Christy, Dominion and the Lone Star Zone.

2.0 Property Description and Location

The Lone Star property is centered on 63°52'N, 139°15'W, covering the western portion of the Klondike goldfields, located some 500 km NNW of the territorial capital of Whitehorse, YT. The Lone Star property is comprised of 707 contiguous quartz claims and 14 Crown Grants covering a 135 square kilometer area. The Lone Star property quartz claims are divided for purposes of administration into the Lone Star grouping and the Bonanza grouping. The Lone Star property extends northward along Adams Gulch and the entirety of Bonanza Creek, north to the Klondike River at Bear Creek, east across Chance Creek and Independence Creek, south to Blanche Creek and covering the entirety of Eldorado Creek.

The claims lie on NTS map sheet 115O/14 within the Dawson mining district. Property and claim locations are shown in Figure 1 and Figure 2, and a detailed claim list is located in Appendix II. As of the date of this report all quartz claims are listed and owned 100% by Klondike Gold Corp. without encumbrance or underlying royalty. Klondike Gold also owns 14 crown grants within the Lone Star property. Ownership in one of these crown grants, "Argyle", situated at Adams Gulch has recently (January 2016) been reduced by the Yukon government to 25% from 100%; this is subject to discussion since Klondike Gold has apparently paid 100% of taxes to the Yukon government since c.1980. The remaining 13 crown grants are owned 100% by Klondike Gold without encumbrance or underlying royalty.

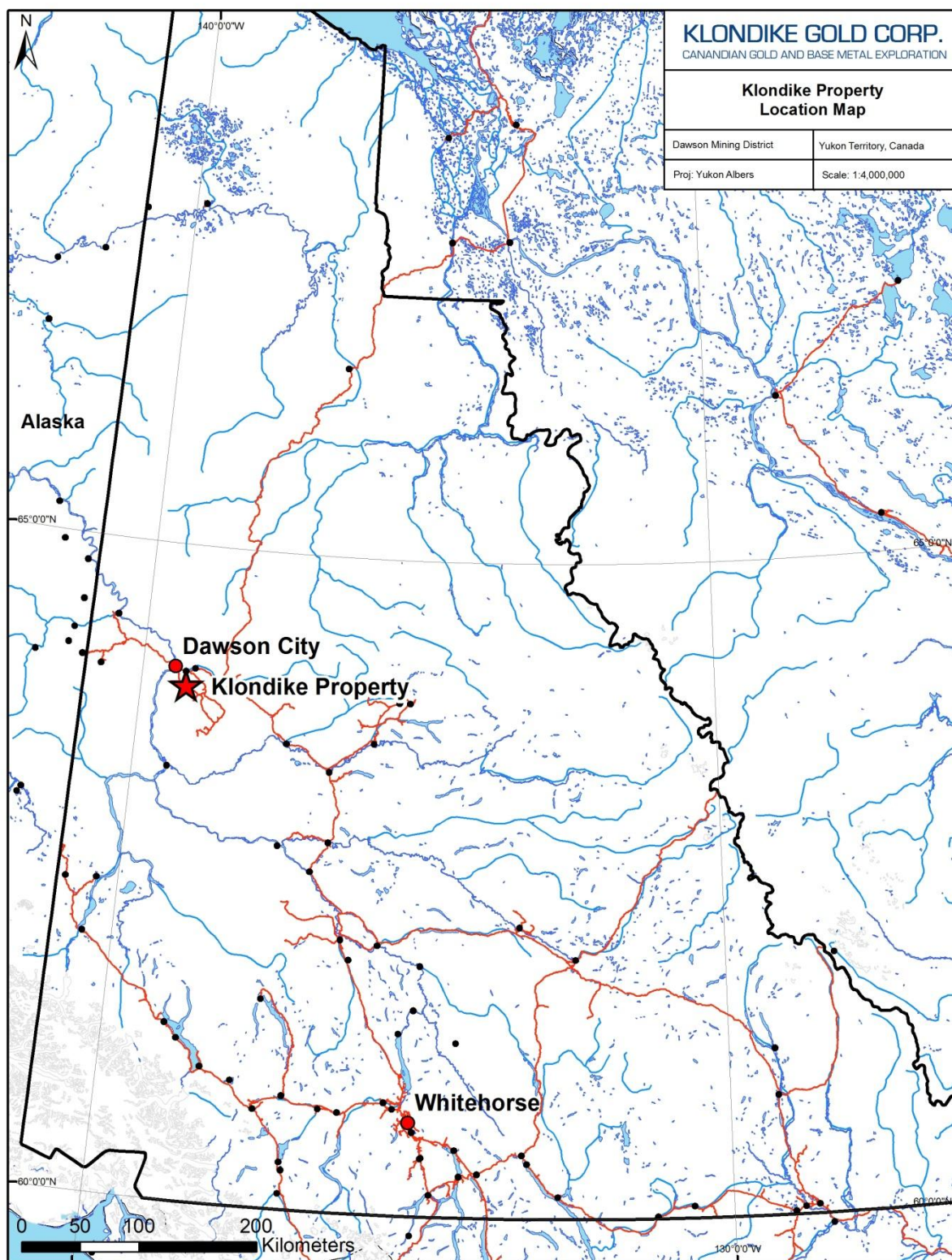


Figure 1: Lone Star Property Location Map

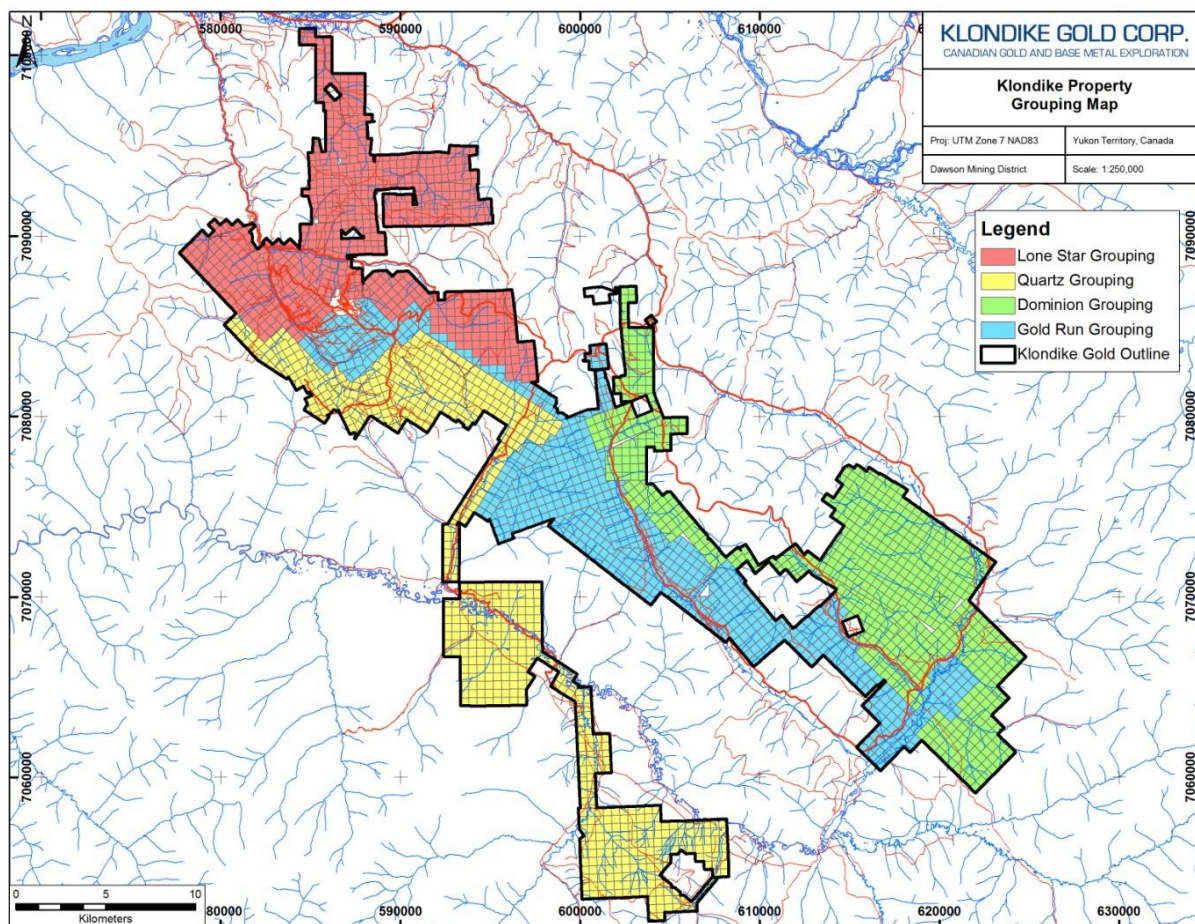


Figure 2: Lone Star Property Claims Map

3.0 Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Lone Star Property covers the discovery creeks of the Klondike placer goldfields located near Dawson City (“Dawson”), Yukon Territory. Gold was originally discovered and mined from gravels in lower Quartz Creek near Indian River in 1894. Another nearby discovery of abundant gold on Rabbit Creek (now Bonanza Creek) and two weeks later in Eldorado Creek initiated the “Klondike Gold Rush” in 1896. Gold in the gravels and bedrock within the Klondike district has been the target of prospectors and placer gold miners since that time.

Dawson is connected to the territorial capital of Whitehorse via a 540 km sealed, government maintained two-lane highway (the “Klondike Highway”). Electricity in Dawson is supplied by the Yukon Energy Corporation’s territorial power grid (connected in 2004) with back-up diesel power. A 5000’ x 100’ gravel surface lighted Yukon Government airfield at 1214’ (370 m) elevation is located on the outskirts of Dawson. Scheduled daily air service to Dawson is maintained by Air North using twin-engine turboprop aircraft from Whitehorse, and seasonally by Boeing 737 jet (with special gravel landing kit installed) from Fairbanks, Alaska for cruise ship tourists. A smaller unmaintained 800’ grass/gravel airstrip at 2100’ (640 m) elevation suitable for light aircraft is located on the Lone Star property

alongside Eldorado Creek. Charter fixed wing light aircraft of various capabilities are available locally or in Whitehorse. In addition, there are two year-round helicopter bases (Trans North Helicopters and Fireweed Helicopters) in Dawson. Other helicopter companies establish seasonal bases as needed. Regular truck freight, parcel and mail, and fuel services supply Dawson via the highway. Dawson offers normal town facilities such as hotels, restaurants, grocery, clothing, building supplies and hardware stores, engineering supplies, four bulk fuel and one bulk propane depot, as well as vehicle and heavy equipment repair capability. Dawson also serves as a construction hub for materials, equipment, and personnel extending the Dempster Highway north from Inuvik to Tuktoyaktuk on the Arctic Ocean slated for completion in 2017.

The Lone Star Property lies within the traditional territory of the Tr'ondëk Hwëch'in First Nation. The Tr'ondëk Hwëch'in are based in Dawson with roughly 1,100 members who are descended from the Han-speaking people. Tr'ondëk Hwëch'in began negotiating their individual land claim in 1991. The Tr'ondëk Hwëch'in Final Agreement was signed on July 16, 1998, and came into effect on September 15, 1998.

The Lone Star property has a number of access points. The Bonanza Creek road begins in Dawson, connects south and west to the Hunker Creek road, and is a major government-maintained loop which provides access for miners from two points along the Klondike Highway to the centre of the Klondike. This east-west road cuts across the northern part of the Lone Star property. The Eldorado Creek road, a north-south branch off the Bonanza Creek road, runs along Eldorado Creek to its headwater and transects the Lone Star property. The Lone Star Ridge road, one main branch off the Eldorado Creek road, provides access to high ground above both Eldorado and Bonanza Creeks, is a long-used road (in existence at least from 1896) that wears well in summer and is an alternative to the Bonanza Creek road. The Violet road, a second branch off the Eldorado Creek road, loops west on high ground and then runs along the west ridge above Eldorado Creek. The Bonanza and Eldorado creek roads are 2-wheel drive dirt and gravel roads and have significant mining and tourist traffic through the summer. The Bonanza Creek road is ploughed during winter, the other main roads are cleared and graded from April until October. The Lone Star Ridge and Violet roads are maintained privately by Klondike Gold and others as needed. Roads to individual placer claims, old cut roads, and dirt trails, some requiring 4-wheel drive or ATV, branch from these roads. Taken together, there is an extensive road network which allows excellent access by vehicles and heavy equipment throughout the property.

The Lone Star property is within Central Yukon Basin climatic zone, characterized by a sub-arctic climate, with normally low annual precipitation (approximately 400 mm total precipitation). The exploration season typically extends from May through October, by which time nightly temperatures are below freezing and there may be a few centimeters of snow on the ground. Winter temperatures may drop to at least -40 °C for up to six weeks in January and February.

The Klondike region consists of rugged topography of rounded hills and V-section valleys, as this region was not affected by late Cenozoic glaciation (specifically the Nansen, Klaza, Reid, and McConnell advances (Bostock, 1966)). In-situ weathering of the region has had a lengthy, multi-million-year history resulting in few natural fresh rock exposures.

Dawson City is on the Yukon River at 1050' (320 m) elevation and the highest point near to the Lone Star property, King Solomon Dome, is at 4032' (1229 m). The highest point on the Lone Star property is at the Eldorado Dome at 1160 m on the "AC" claims. The region surrounding the claims has been historically denuded of large timber by cutting to supply mines and fuel boilers or by forest fires, and is now covered by regrowth of spruce, poplar, birch and alder. Only the very highest ridges are covered by dwarf willow and birch ("buckbrush").

4.0 History

The Klondike area has been prospected since the discovery of placer gold on Bonanza Creek and Eldorado Creek in 1896, which sparked the Klondike Gold Rush. Many small bedrock gold showings were investigated by hand-dug pits, trenches, shallow shafts, or short adits driven on notable prospects. Prospecting circa 1900 was most successful in locating bedrock gold-bearing quartz veins on/near the ridge crests where colluvium/overburden is generally thinnest. Prospectors dug holes, collected the quartz boulders, crushed them, and panned the crushed material. If gold was visually identified, additional pits, shafts, or adits would be excavated. Notable prospects discovered around 1900 include Lone Star, Pioneer, and Parnell showings situated on the east ridge above Eldorado and Bonanza Creeks (Minfile #'s 072, 150, and 147), Violet on the west ridge above Eldorado Creek (Minfile #146), and the Mitchell and Sheba veins off the property to the east near King Solomon Dome (Minfile #068).

The Lone Star prospect was first staked in 1897 and the adjacent Parnell and Pioneer prospects in 1900. The Violet prospect was first staked in 1901. Lone Star and Violet were both explored by various episodes of underground mining from short multi-level drifts between 1910 and 1948.

A summary of exploration work from 1896 to present is listed below.

- 1896: Discovery of placer gold, start of placer exploration and mining, along with quartz exploration. Eldorado and Bonanza Creek drainages which underlie the Lone Star property have been the creeks with the most placer gold production, with mining continuing to the present.
- 1897: Lone Star prospect staked by Messrs. *Chute, Corthay and Stewart*. They prospected the discordant quartz body known as the Corthay vein by shaft sinking and drifting.
- 1909-1914: Lone Star Company developed the 'Boulder Lode' at the Lone Star "mine". The company excavated an open-cut and connected it below to a 225 m adit by means of two ore passes. An amalgamation plate 4-head stamp mill with Wilfley table was built 1.5 km downslope on Victoria Gulch and a gravity cable tramway connected this to the mine. By 1914 some 7650 tons of rock had been mined and milled (calculated, with approximately a head grade of 0.202 oz/ton Au: Cathro, 1979).
- 1914: GSC investigated and sampled surface and underground at the Lone Star mine (MacLean, 1914).
- 1929-1936: Consolidated Lone Star Ltd conducted limited work at the Lone Star mine.
- 1935: GSC investigated and sampled surface and underground at the Lone Star mine.
- 1946-1947: Yukon Consolidated Gold Corp ("YGCG") conducted cable-driven percussion "churn" drilling and underground examination of the Lone Star mine site, under option.

- 1960-1962: Klondike Lode Gold Mines prospected, bulldozed five contour trenches, and sluiced the ~85 liter size samples collected. Gold concentrations were expressed qualitatively as number of colours. Colluvial gold was found in the 7 Pup-O'Neil area, also Gay Gulch and Oro Grande Gulch. Trenching by engineer Gordon Hilchey was conducted on the Bonanza side of the ridge alongside the Lone Star, and also east of Eldorado Creek at French Gulch (one trench of 2100 ft) and between Gay Gulch and Oro Grande (five smaller trenches). Four churn holes at 7 Pup indicated gold there, including holes VC-10 and VC-11 with 'considerable gold'. Nine churn holes tested Oro Grande; C-1 to C-6 contained 'colours' including C-6 with '40 coarse colours'. Also 160 meters of diamond drilling in 5 holes near French Gulch with no gold result, plus other drilling at Gay Gulch and 7 Pup.
- 1979-1985: Dawson Eldorado Gold Explorations Ltd hired Archer Cathro and Associates Ltd who re-evaluated the Lone Star prospect. Soils, resistivity surveying, and geological mapping were completed. Mapping observed the Lone Star prospect contained gold in vertical quartz 'stringers' that are discordant to the attitude of the dominant foliation of the host schist, hosted within an "F3" antiform fold. The Lone Star mine adit portal was re-opened. Six reverse circulation holes totaling 416 meters were drilled in 1985 between the Lone Star mine and the Hilchey showing. A sixth hole near Oro Grande was 21 meters. All had anomalous results.
- 1983-1986: A claims syndicate, the "Dawson Syndicate" was created by contribution of properties from Arbor Resources (now Klondike Gold), Ebony Gold Corp, Perron Gold Mines, Eastern Mines, Cream Silver Resources, Tiberon Petroleum, Texoro Resources, H-L Corp, Standard Gold Mines, Silver Sceptre, and Dawson Syndicate (as an entity). The collective carried out systematic prospecting that covered much of the Klondike from upper Adams Gulch to Hunker Creek, and from Grand Forks to the Klondike River. Five grids were laid out for soil sampling and geophysics; four on the south side of the Klondike River within 3 km of its valley and the fourth (Penibe claims) south of Hunker on the ridge to the west of Last Chance Creek. Induced polarization surveys detected no response in the Oro Grande to Gay Gulch grids, and a prominent response from the 27 Pup area likely due to outcropping graphitic schist. At the French Gulch / Eldorado junction a split anomaly was defined and at Big Skookum a resistivity anomaly noted. Detailed surveying of the Lone Star grid produced some very distinct responses. Twenty-seven diamond drill holes were used to test anomalies over the whole region, with unknown or little result.
- 1984: Bedrock geology map, 1:50,000 published (Debicki, Open File 1984-3).
- 1986-present: Arbor Resources (later changes name to Klondike Gold Corp in 1996) optioned the Klondike property in 1986 and continued exploration of both the large claim block and the Lone Star Crown Grants (Grunenberg and Gonzales, 1987). At French Gulch, near the junction with Eldorado Creek, ten diamond drill holes were used to investigate I.P. and VLF/EM anomalies close to zones of quartz veins exposed in placer workings. The shear zones intersected did not yield any anomalous geochemistry and pyritic chlorite schists were barren of gold. The geophysical anomalies correlated with graphitic layers and linear magnetic anomalies with diabase dykes that are reverse polarized and hence give very sharp negative anomalies. Five zones of from 1.5 to 8 ft. (0.46-2.4 m) thickness were intersected giving gold grades of 0.01-

0.20 oz/t Au, each in quartz veins. Seven holes were drilled along Eldorado Creek between Golden Gulch and Little Eldorado Gulch to test shear zones indicated by geophysics and five of the holes were abandoned due to 'broken ground'. At Lone Star, twelve diamond drill holes were completed; holes 86LS01 to 86LS02 beneath the Lone Star mine workings and the rest to test soil geochemistry or I.P. chargeability/resistivity anomalies. 86LS03 and 86LS11 proved the most promising, with narrow intervals (2.5 ft.) up to 0.345 oz/t Au. Also, twenty three rotary drill holes were completed during the 1986-87 winter, mostly between Oro Grande and Gay Gulch. Several 5 to 10 ft. zones of 0.013-0.23 oz/t Au were intersected.

- 1992: Kennecott optioned the Lone Star Property and continued the rotary percussion and reverse circulation drilling started by Arbor Resources. The Lone Star mine mineralization was extended out to 250 metres west-northwest of the open cut, including 92LS14. Doyle (1993) considers this to be part of an alteration zone that trends northwest from the Pioneer prospect (with right hand fault offset) and which continues towards O'Neil Gulch.
- 1993: Kennecott (Finlayson, 1994) prepared heavy mineral concentrates from cuttings of hole 92LS14. Assays of concentrates were lower than the original 1992 drill cutting assays and free gold was not found. Kennecott concluded that coarse free gold was not present and, on the basis of gold content in pyrite, that two generations of sulphides exist in the Lone Star rocks: i.e., that gold mineralization was impressed upon existing pyritic schists. The 1993 drilling tested the gold soil anomaly downslope of the Lone Star workings defined by Arbor Resources. Mineralization encountered in their drilling consisted of intersections of less than 10 metres of >1g/t Au (>0.029 oz/t Au) in Boulder Lode drill holes 92LS01, 92LS03, 92LS04, 92LS07, 92LS08 and 92LS09. In the Buckland Zone holes 92LS20 to 92LS22 encountered 3 to 15 metre intersections of >1g/t Au.
- 1994: Kennecott (Cranswick et al., 1995a) targeted the Buckland Zone. Power driven soil augers sampled lines spaced at 1 km intervals down the spurs from the ridge road to Eldorado Creek and over the Lone Star mine. Anomalies up to 500 ppm Au were obtained from spurs between 27 Pup and Oro Grande, the northwest side of Gay Gulch, and directly above O'Neil Gulch. The anomaly at the Nugget Zone was trenched (94TR02). Assays of 2.35g/t Au / 12.0 m and 26.5g/t Au / 2.0 m were obtained. In addition, low in Gay Gulch, trench 90GGTR06 was re-cut and sampled, yielding individual assays of 3.71 g/t Au / 2 m; 3.01 g/t Au / 2 m; 1.25g/t Au / 2 m; and 1.17g/t Au / 2 m in discordant pyritic quartz veins. Reprocessed helicopter-borne magnetic survey (from 1986?) was used to infer the presence of a magnetite-type granitic intrusion at Sourdough Gulch, based upon magnetite-bearing porphyry dykes at 77 Pup and Discovery Pup (off Bonanza Creek). Auger sampling found no significant gold at the other localities. Kennecott terminated the property option in January 1995.
- 1996: Arbor Resources changed name to Klondike Gold Corp ("KG") in January 1996. Newmont Exploration evaluated the property, under option, by studying the mineralogy and amenability to milling of bulk samples. Coarse gold >100 mesh was found in lab tests, as well as in assays, indicating considerably higher numbers compared with rotary drill cutting results. J.E. Tilsley and Associates (Hayden and Tilsley, 1997) carried out surface sampling at the Lone Star mine to

investigate techniques to obtain representative assays. Coarse gold was encountered in large size (≈ 30 kg) samples.

- 1996: Work consisted of trenching at Lone Star, Pioneer, Parnell, Buckland, French Hill, Glacier and Oro Grande showings, together with a reinterpretation of the geology (Van Angeren, 1996), which recommended concentration of work on the Boulder Lode, Buckland Shear and 27 Pup Zones aimed at finding primarily disseminated mineralization rather than crosscutting quartz veins. Also in 1996, Barramundi Gold Ltd staked and optioned much of the Klondike area, over 3000 claims, adjacent to KG's Lone Star property. YGS also produced new bedrock geology maps, 1:50,000 published, including 1150/15.
- 1999: Barramundi commissioned a fixed wing airborne magnetics and VLF-EM survey over a 16 by 24 km area adjacent to Lone Star property. Later, Barramundi optioned all of their Klondike region claims to KSL Exploration (Yukon) Ltd, a private Australian company who conducted airphoto and Landsat interpretation with minor rock and soil sampling (assessment report #094119). Claims that were held by Barramundi under option from JAE Resources and United Keno Hill Mines were excluded from the deal, hence KSL only explored peripheral to the project.
- 2002: Airborne magnetics and radiometrics geophysical survey, 1:50,000 scale published (Shives et. al., GSC Open File 3992). No one from KG looked at this data?
- 2002-2015: Klondike Gold ("KG") optioned a $\sim 50\%$ interest in the property to Klondike Star Mineral Corporation ("KSMC"), which became a 50/50 joint venture in 2005. KSMC worked the Lone Star property until 2008. KG resumed work in 2011. KG purchased KSMC in 2015, thereby restoring a 100% interest.
- 2004: KSMC conducted exploration at the Lone Star mine, Oro Grande and 27 Pup areas. A gravity circuit mill was constructed on Eldorado Creek to process bulk samples of bedrock mineralization. The mill was fed by hand, so bulk samples were limited to $\sim 1,000$ kg in size. The 'process plan' circuit consisted of one small jaw crusher, two small ball mills, and a shaker gold finishing table. Tailings were disposed in local placer cuts with placer tailings. Twelve bulk samples ranging in size from 8 kg to 959 kg were processed. Free gold was recovered from all samples and estimated to constitute between 18 and 81% of the total gold in the samples. Heavy mineral concentrates, dominated by pyrite and iron oxide pseudomorphs of pyrite, contained significant amounts of gold. Tailings from the laboratory table used for cleaning the rough concentrates were also 'high' in gold. The mill tailings were gold-bearing, containing between 42% and 76% of the calculated gold head grade. Fieldwork consisted of surveying, detailed geological mapping and trail construction, and trenching. Seventeen trenches were excavated by backhoe and selectively chip sampled over five metre intervals.
- 2005: By 2005, KSMC had acquired a $\sim 55\%$ interest in the property. Thirty two diamond drill holes totaling 4830 metres were drilled; 27 at the Lone Star mine, 3 at the Veronika showing, and 2 at the Dysle showing, with no significant results. The bulk sampling gravity mill was upgraded in 2005 and processed 18 mini-bulk samples, ranging between 1394 and 4111 kg in weight, collected from Lone Star, 7 Pup, Nugget, Veronika and Dysle showings. These tests indicated a nugget effect with 50% of the gold present as coarse free gold and about one third of the gold in the mill tailings with the remainder as fine gold. Fourteen trenches were dug by

backhoe at nine locations in 2005. Good results were obtained from the '310 Zone', located on the ridge between Nugget Gulch and French Gulch where some older trenches were re-excavated and sampled, and also from the Nugget Zone from the re-excavation of the upper part of 94TR02. The trench below the Chateau at Lone Star, 05TR12, returned a broad mineralized interval corresponding to hole 05LS22, which is angled under the trench.

- 2006: Work included 23 diamond drill holes (17 at Lone Star mine, 3 at O'Neill Gulch, 3 at Nugget Zone), 8 trenches, IP geophysics at Buckland, 139 soil samples on the WIN claims, and 18 bulk samples.
- 2007: Work included remapping trenches and geology data compilation. 6 drill holes totalling 858.4 m targeted the Buckland and Pioneer showings, all with anomalous gold results associated with discordant quartz veins. Seven bulk samples from 3085 kg to 7471 kg and one hand excavated 350 kg bulk sample were processed. Twenty-three batches of chips from two rotary drill holes totaling 3892 kg were also processed through the gravity mill. Nugget effects were evident in results; in addition 07-LS-B1 had 96% of its gold reporting to tailings "suggesting the gold may be either of an extremely fine grain size or perhaps bound in silicate minerals to avoid being recovered in the heavies". Or the circuit didn't capture the gold. An induced polarization ("IP") geophysical survey at the "JF showing" consisted of eleven lines totaling 9.9 line km oriented northwest to southeast located above Gay Gulch targeted trench 06TR06 area. The IP grid was also soil sampled with 381 samples collected.
- 2008: KSMC conducted geological mapping, trench and rock sampling, and soil sampling on the WIN and LB-LLIB claims.
- 2011: Klondike Gold Corporation work consisted of excavating two trenches near the Lone Star mine and excavating a 6 m vertical section in the Lone Star mine to the depth of the first underground level. At Nugget Zone, trenches were enlarged and deepened. A soil sampling program using an excavator to obtain 1 m deep soil samples was conducted along the ridge road from near Grand Forks to the Calder Summit ridge. No significant new results were obtained.
- 2012: Klondike Gold Corporation drilled 4 holes to the southeast of the Lone Star mine. Results found that the low grade gold mineralization present at Lone Star does not extend eastward to the Pioneer Zone. Gold is present in all four holes, but is weak and sporadic. The faces of the Lone Star mine excavation were channel-sampled at close spacing. Quartz veins yielded interesting assay values (~10-60 g/t Au). The intervening schist yielded sporadic low grades (typically ≤ 1.0 g/t Au). Surficial terrain mapping was completed by AECOM Consulting based on 1996 1:25000 aerial photographs and 2009 0.5 m resolution satellite image interpretation. This analysis led to a soil sampling program near the upper headwaters of Little Blanche Creek (defining the "Boy" soil anomaly) and a recommendation to similarly sample the southeast of the property in the vicinity of Canyon Creek.
- 2015: Klondike Gold Corporation drilled 19 NWT holes on the Nugget zone, Buckland zone and Gay Gulch, as well as spent 85 man days on regional prospecting, sampling and reclamation work. Ground Truth Exploration was contracted to complete 690 line kilometers of ground magnetic surveying. Results of the ground magnetic survey imaged the WNW-trending fault system in greater detail than previous surveys. Diamond drilling successfully intersected gold-

bearing quartz veins in a variety of lithologies and structural environments. Discovery holes at Gay Gulch zone (EC15-10: 75.6 g/t Au over 2.8 meters) and Nugget zone (EC15-03: 5.3 g/t Au over 7.6 meters) indicate potential for economically interesting grades and widths can be generated by quartz vein arrays. Additional work not claimed for credit includes additional prospecting, mapping, trenching, airphoto surveying and orthophoto mosaic creation, and significant remediation of past disturbances.

Little Blanche Creek area was tested with 607 soil samples, following up on anomalous soil results obtained by Klondike Star between 2004 and 2008. Results show a strong north-south trending gold anomaly with a width of approximately 400 m and a length of 900 m. Analysis of soil results indicated a high correlation between Au and Ag and no correlation between Au and As in this area.

In 2012, exploration on the Violet to 310 quartz vein trend consisted of soil sampling, prospecting, and rock sampling. Two selected grab samples from the Violet mine ore pile ran 41.25 g/t Au with 524 g/t Ag and 47.4 g/t Au with 894 g/t Ag in agreement with historical reported samples of up to 131.6 g/t Au in surface sampling (Source: Yukon MINFILE 1150 073). Prospecting along the Violet to 310-trend revealed a number of historical unmarked pits from the early 1900s. Rock samples from pits show stockwork quartz veining with common pyrite and limonite and with local galena, chalcopyrite, and barite. Results from these samples show anomalous gold. Of the 130 rock samples assayed, 11 returned greater than 1 g/t Au and silver had 14 samples greater than 10 g/t Ag.

The JF target is located on the Lone Star Property near the upper headwaters of Gay Gulch and Eldorado Creek and is an area of anomalous gold associated with quartz veining and quartz rich fault gouge. The JF target was first excavated with a 1.2 km long trench cut 150 meters wide (could be seen prominently from space; remediated in 2015) and first sampled in 2006. Anomalous gold values at the western end of this trench prompted an extension of the trench in 2007, resulting in a slight increase of the mineralized zone. An IP grid over the trench area was also completed in 2007. In 2012, a portion of the JF trench was deepened significantly to provide better exposure and 67 samples were collected over 101 metres. The new results redefined the anomalous zone to 1.75 g/t Au over 10.2 metres.

5.0 Geological Setting and Mineralization

5.1 Yukon-Tanana Terrane

The Klondike region is underlain by Permian age Klondike Schist, correlative with units of the Yukon-Tanana terrane ("YTT"), which extends from Alaska through the Yukon to British Columbia. The YTT is a diverse lithotectonic terrane of continental affinity consisting primarily of quartzitic, pelitic and calcic metasedimentary rocks, as well as local mafic and felsic meta-igneous rocks. These protoliths are intruded by Mesozoic and Cenozoic granitic rocks. The YTT is bound to the north by the Tintina-Kaltag fault system, to the south by the Tanana-Denali-Farewell fault system, and is cut in the middle by the Teslin fault system. These fault systems form zones of major right lateral strike-slip movement. Units of YTT are polydeformed and, over a regional scale, show a range of metamorphic grade from lower green schist to amphibolite facies. Structural styles are consistent with deformation during east to northeast

directed accretion and crustal shortening. In part, the Yukon-Tanana terrane forms the basement for Quesnellia, and the existence of mid-Jurassic plutons that intrude both terranes indicates they were sutured by that time (Nelson and Friedman, 2004). Current Klondike Gold exploration thinking links a northwesterly extension/termination of the Teslin fault system during the mid-Jurassic to orogenesis and emplacement of gold-bearing quartz veins in the Klondike area.

Igneous rocks are widespread throughout the YTT, but are most abundant in the eastern portion of the province. Age dates of plutonic rocks in the YTT generally cluster into three distinctive groups: 1) 215-188 Ma (Late Triassic to Early Jurassic), 2) 110-85 Ma (Mid to Late Cretaceous), and 3) 70-50 Ma (Latest Cretaceous to Eocene).

5.2 Geology and Structure

Late Permian back-arc volcanism related to subduction beneath the Slide Mountain ocean produced the rocks of the Klondike schist within the Lone Star property. The Klondike Schist represents a Permian transition from plutonism, represented by the Sulphur Creek orthogneiss on the Violet ridge along the western portion of the property, to arc volcanism and related volcanoclastic rocks extending through the Lone Star property eastward 50 km to Dominion Creek.

Obduction of the Klondike Schist arc terrane onto cratonic North America created pervasive S1+S2 foliation(s) from deformation and metamorphism of these units. Continued ductile deformation produced a spaced crenulation cleavage across the region. Medium to large scale folds verge to the NE and this phase of folding produced an asymmetric anticline along the Lone Star ridge associated with regional thrusting and imbrication within the Klondike schist.

In the mid-Jurassic, Slide Mountain terrane mafic and ultramafic rocks were underthrust beneath the Klondike Schist, which produced angular kink folds, reverse faults, and subsequent quartz veining. Devolatilization of the Slide Mountain underthrust slab produced volumes of carbonate and gold-bearing fluids which ascended into the Klondike Schist. Uplift and brittle deformation produced conduits for gold-bearing fluids which channeled and formed the distinctive discordant gold-bearing quartz veins.

Northward trending faults within the YTT are a result of transpression and initiation of the Tintina fault in the Tertiary. Late Cretaceous felsic and mafic intrusions (Carmacks Group) and Eocene bimodal dykes emplaced in these N-S structures. Lamprophyre dykes, another phase of intrusion, are known from drill core at the Nugget zone to also intrude along N-S structures.

Within the western end of the Klondike Schist, in the vicinity of Eldorado Creek (Lone Star property), quartz augen schist representing a deformed subvolcanic dacitic intrusion outcrops along the west side of Eldorado Creek. Graphitic schist outcrops beneath and immediately adjacent to Eldorado Creek. Felsic tuffaceous volcanics and sediments that are locally cherty outcrop on the hills east of Eldorado Creek and into the high ground south of Bonanza Creek. Further east, the ridge is largely chlorite schist derived from mafic tuffaceous volcanic and intrusive rocks.

5.4 Quartz Veining and Mineralization

Two types of quartz veins are common in the Klondike and are distinguishable by not being an exploration target (no gold) or being an exploration target (with gold,) respectively:

- a) foliaform veins that are typically concordant with transposed bedding and may be metres thick, but are usually lenticular and have subtle to prominent foliation(s). These are always barren of gold and,
- b) discordant veins that carry sulphide mineralization (pyrite, with rare galena, chalcopyrite and tetrahedrite) and visible gold, which is both commonly contained in selvages of pyrite (or after weathering, pseudomorphs of goethite/limonite) and as free gold grains in the white quartz. Discordant veins are rarely up to 2-3 metres thick and can persist for hundreds of meters strike length (eg. Violet to 310 trend). Some spectacular gold grades are reported from this vein type (Rushton et al., 1993; Klondike Gold NR 14-Jan-2015 results from Lone Star mine of 1,766 g/t Au grab sample(s); Klondike Gold NR 26-Oct-2015 results from Gay Gulch of 75.6 g/t Au over 2.8m drill hole).

5.5 Quaternary Geology

The Lone Star property lies in unglaciated terrain near the western margin of the Cordilleran ice sheet limits. It is in the zone of widespread discontinuous permafrost, with permafrost generally present on north and east facing slopes.

The upland soils in the area, dominated by colluvium have been described by Bond and Sanborn (2006): "... a thin veneer (<25 cm) of loess is preserved on moderate upland slopes. On slopes with a south-facing aspect the loess forms a distinct unit at the top of the B horizon. A minor component of coarser, locally derived colluvium appears to have been incorporated in the loess by slope processes in many places. On north-facing slopes, permafrost is commonly present (or has been present), which enhances the colluviation of the surficial deposits. On these slopes, the loess has been incorporated in the underlying colluvium by cryoturbation." The dominant soil types on ridge crests and south facing slopes are dystric brunisols. The dominant soils on north facing slopes are turbic cryosols.

5.6 Property Geology

The geology of the Klondike district, which is underlain by Permian age Klondike Schist, is poorly known due to a paucity of outcrop. As such, the Klondike Schist has not been subdivided despite indications the eastern end near Dominion Creek exhibits amphibolite facies metamorphism while rocks at the western end near Eldorado Creek exhibit greenschist facies.

In general, the Klondike Schist lithologies are comprised of typical island arc volcanic lithologies, including mafic and felsic tuffaceous rocks and derived sediments, plus interlayered graphitic schists. The western end of the belt is bounded by the Jim Creek pluton, described as an orthogneiss, which outcrops along Violet ridge, west of Eldorado Creek.

Gordey and Makepeace (2001) indicate a small andesite porphyry of Upper Cretaceous age in their compilation of the geology of the Lone Star property area, as originally mapped/reported by Mortenson (1996). The andesite porphyry corresponds to a magnetic 'high' in GSC airborne surveying (2002) and

Klondike Gold's 2015 more detailed ground magnetic survey. In YT MINFILE records, the area is named the Jen zone (Minfile ID 115O078).

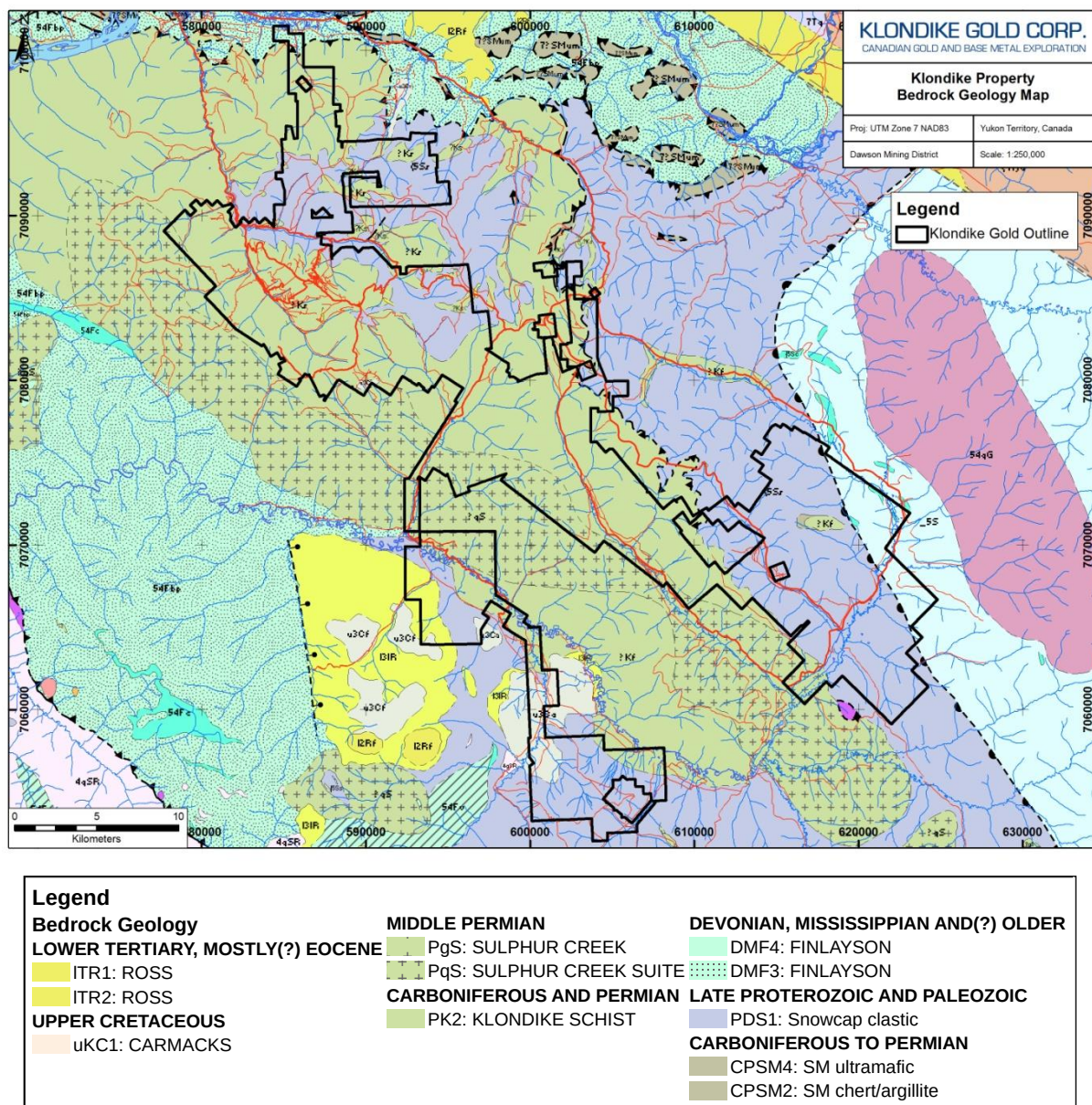


Figure 4: Lone Star Property Regional Geology (From Gordey And Makepeace, 2001);

6.0 2016 Exploration Program

Exploration in 2016 consisted of 240-line km of ground magnetics surveying completed by Ground Truth Exploration and 71 diamond drill holes completed by Kluane Drilling Ltd. Additional work not claimed for credit includes soil sampling, prospecting, mapping, trenching, airphoto surveying and orthophoto mosaic creation, and significant remediation of past disturbances.

A minimum total of \$675,273.16 consisting of approximately \$483,560.85 was spent on exploration work including: prospecting and mapping, assays, soil sampling and ground magnetic surveying, as well as associated helicopter costs for work performed from May 2 to October 4, 2016. Approximately \$191,712.31 of the \$675,273.16 was spent on diamond drilling performed between May 12 and October 4, 2016.

Assessment credit claimed for the 2016 exploration season at Eldorado Creek and Lone Star is summarized in Table 1 below.

Table 1: 2016 Exploration Assessment Claim Credit

Number of Claims	Years	Claim Years
20	4.75	95.0
291	4.5	1,309.5
1887	4	7,548.0
41	3.75	153.75
423	3.25	1,374.75
TOTAL		10,481.0

Exploration of the Lone Star property was based from accommodations in Dawson with daily access to the property via 2WD and 4WD trucks. The exploration program consisted of prospecting and mapping work performed by Klondike Gold employees, ground magnetic, soil sampling and orthophoto surveys conducted by GroundTruth Exploration of Dawson, diamond drilling by Kluane Drilling of Whitehorse, dozer rental for diamond drilling and remediation work by Gimlex Enterprises of Dawson, and remediation of trenches and old camp sites using Klondike Gold excavators and personnel.

6.1 Prospecting

Prospecting on the Lone Star Property was completed between May 2 and September 24, 2016 with daily access to the property via company truck and based from accommodations in Dawson. No company exploration camp is located on the property.

Prospecting was guided by interpreted magnetic and soil anomalies and investigated areas of faulting with the objective of documenting gold-enriched quartz veins and distinguishing them from unmineralized quartz and carbonate veins. 616 prospecting samples of all types of quartz veins were collected for assay from throughout the Lone Star property and submitted to Bureau Veritas Labs in Whitehorse for analysis.

Ninety-one samples submitted had gold assay results above 0.5 g/t Au with thirty-six samples assaying greater than 5.0 g/t Au to 170.0 g/t Au in a sample with visible gold (see Appendix III and IV for rock sample data and assay data). Several of these thirty-six high grade samples also returned elevated concentrations of chalcophiles and base metals, such as molybdenum (up to 65.4 ppm Mo), copper (up to 499.2 ppm Cu), lead (up to 10,000 ppm Pb), silver (up to 206 ppm Ag) and arsenic (up to 429.3 ppm

As). These elevated chalcophile values are generally associated with the presence of sulphide minerals, such as chalcopyrite, galena and pyrite, noted in the quartz vein samples.

Extensional quartz veins of economic interest sampled at the Lone Star property are ascribed to late or post-D4 veining; all have similar observed textural features, structural characteristics, and geochemistry, and are interpreted to be generated by an extensional fault system documented by Company and GSC airborne magnetics.

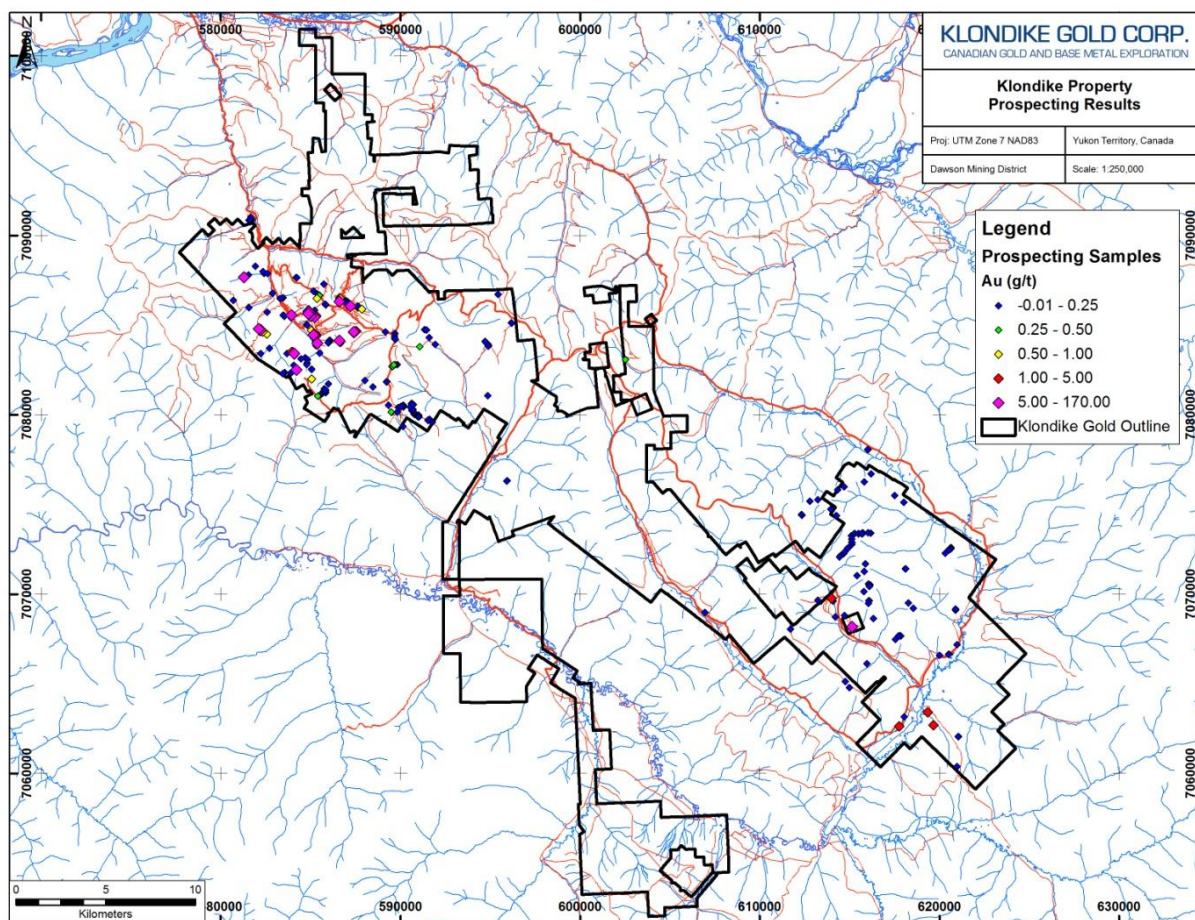


Figure 5: 2016 Gold Prospecting Results

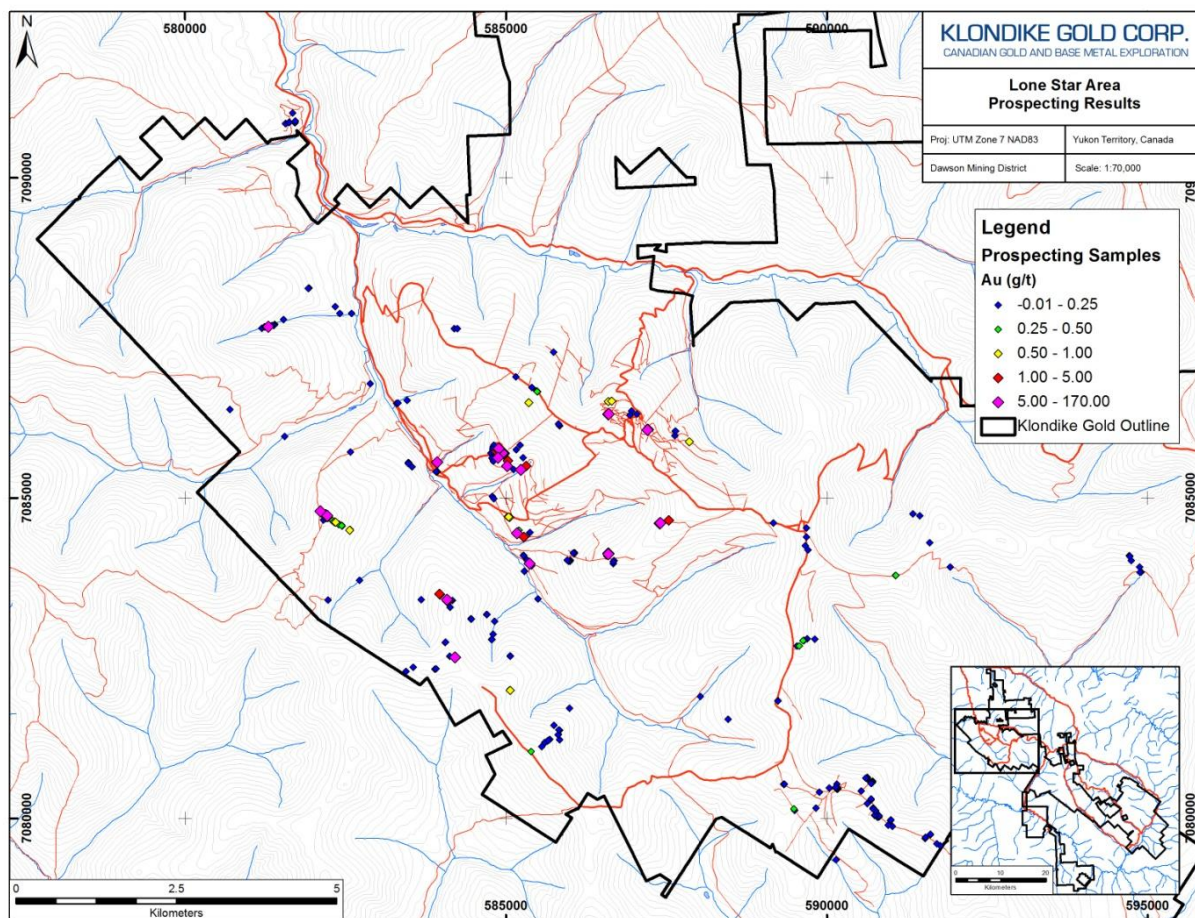


Figure 5: 2016 Gold Prospecting Results

6.2 Ground Magnetics:

During 2014 Klondike Gold completed an interpretation of Geological Survey of Canada (“GSC”) airborne magnetics (published 2002), particularly relying on first vertical derivative data, and discerned a dextral shear fault which transects the area of the Klondike goldfields from Eldorado Creek to Dominion Creek. A significant proportion of this fault system, including the horsetail pattern termination, runs through the Lone Star property. GroundTruth Exploration Inc. of Dawson, YT was engaged to run a ground magnetic program on the property to map this inferred structure and investigate any pinnate fractures or splays which may indicate faulting and help with exploration targeting. GroundTruth Exploration completed a ground magnetics survey in 2015 (see 2015 assessment) and expanded the survey in 2016.

The 2016 ground magnetic survey area covered the northwest portion of the property from Adams Creek south east to French Gulch along the western side of Eldorado Creek. The magnetic program began on June 3, 2016. A total of 230-line kilometers of walking magnetics was completed between June 3, 2016 and July 17, 2016 and totaled 45 man days to complete. Two portable Gem Systems Overhauser proton magnetometers plus one base station were utilized to conduct the survey. Survey data was collected by walking in an E-W direction at nominal 50-meter spaced lines. The magnetometers were set up to “walk” mode and set to record reading every two seconds. The GPS location of the walking line

was recorded with a Garmin GPSMap 60cx or 76cx GPS device in UTM NAD 83 format and was merged with the magnetic data based on the reading times which were synchronized daily. The data was collected in the field and then sent to Dawson daily via satellite. The data was then de-spiked, corrected for IGRF values and diurnal variation, and then leveled for plotting as the final total field magnetic product. The magnetics survey is not claimed for assessment credit.

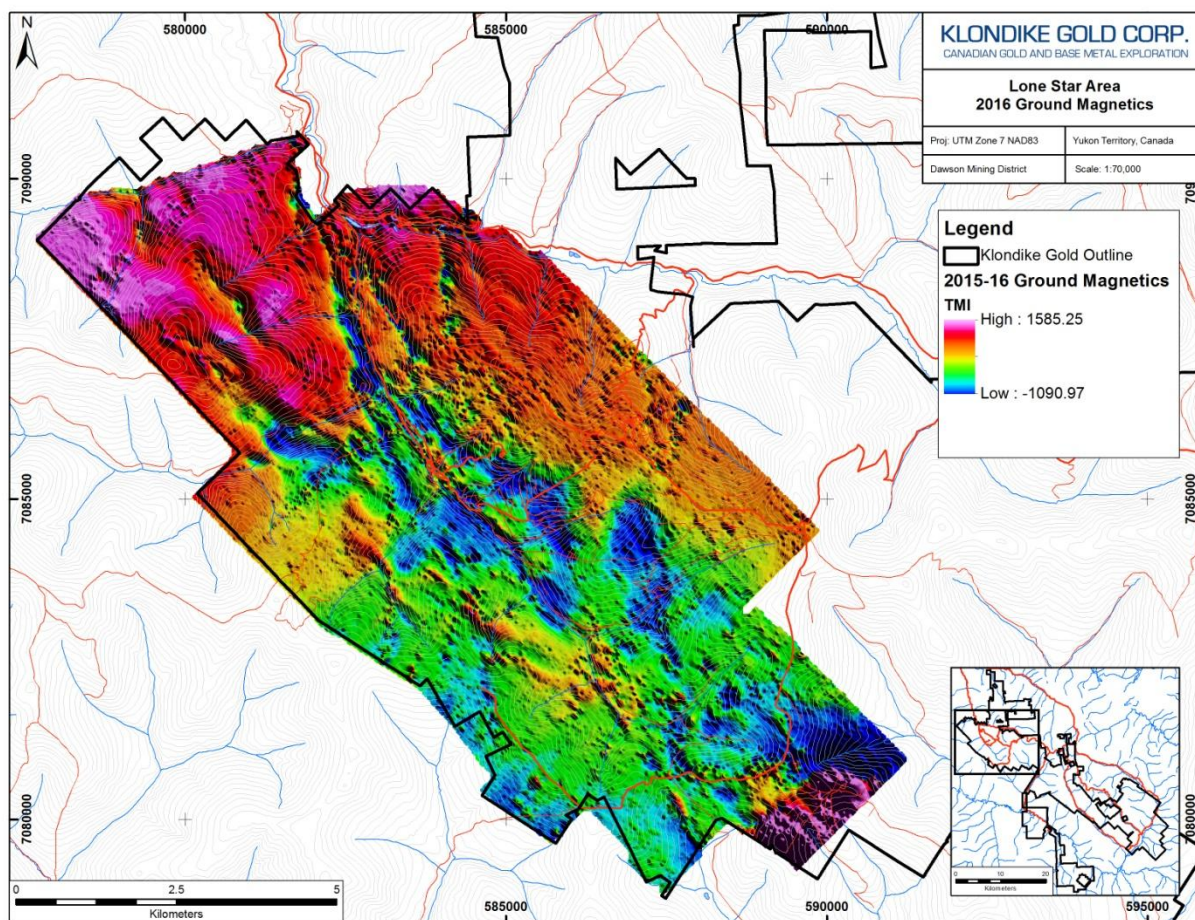


Figure 6: Lone Star Property Ground Magnetic Survey - Total Magnetic Intensity

6.3 Orthophoto Survey

GroundTruth Exploration Inc. of Dawson, YT was contracted to fly a drone orthophoto survey of the Lone Star property in order to create an orthophoto mosaic to support in mapping historical work and help with future exploration programs. This program was flown on June 14, 2016.

GroundTruth utilized a camera mounted in a fixed-wing light plane flying from Dawson drone to capture the airphotos. The fixed-wing aircraft nominally flies at 150-metres above the ground and captures high definition airphotos utilizing its onboard 18.2 MP WX RGB Camera. This allows for a ground resolution of ~10 cm depending on the flight altitude. The photos are then geolocated internally to approximately 3 metre horizontal and vertical accuracy. Ground control points can be added in post processing to ensure accurate georectification of the images.

The aircraft flight path was programmed using the supplied eMotion software to maximize coverage of the property while allowing the entire property to be flown in two days. This resulted in a flight altitude of ~600 metres and a resulting average ground sampling distance of 15.4 cm (pixel size). A total of 27 flight lines totaling 2,494 images were needed to create the optimal 60% forward overlap and 30% side overlap suitable for stereoscopic viewing and orthophoto creation.

The data was then transported to Dawson where it was processed using the Postflight Terra 3D program. A single ortho-rectified mosaic, point cloud and digital elevation model (“DEM”) was then created and delivered in “.Tiff” format (see Figure 7). The orthophoto survey was not claimed for assessment credit.

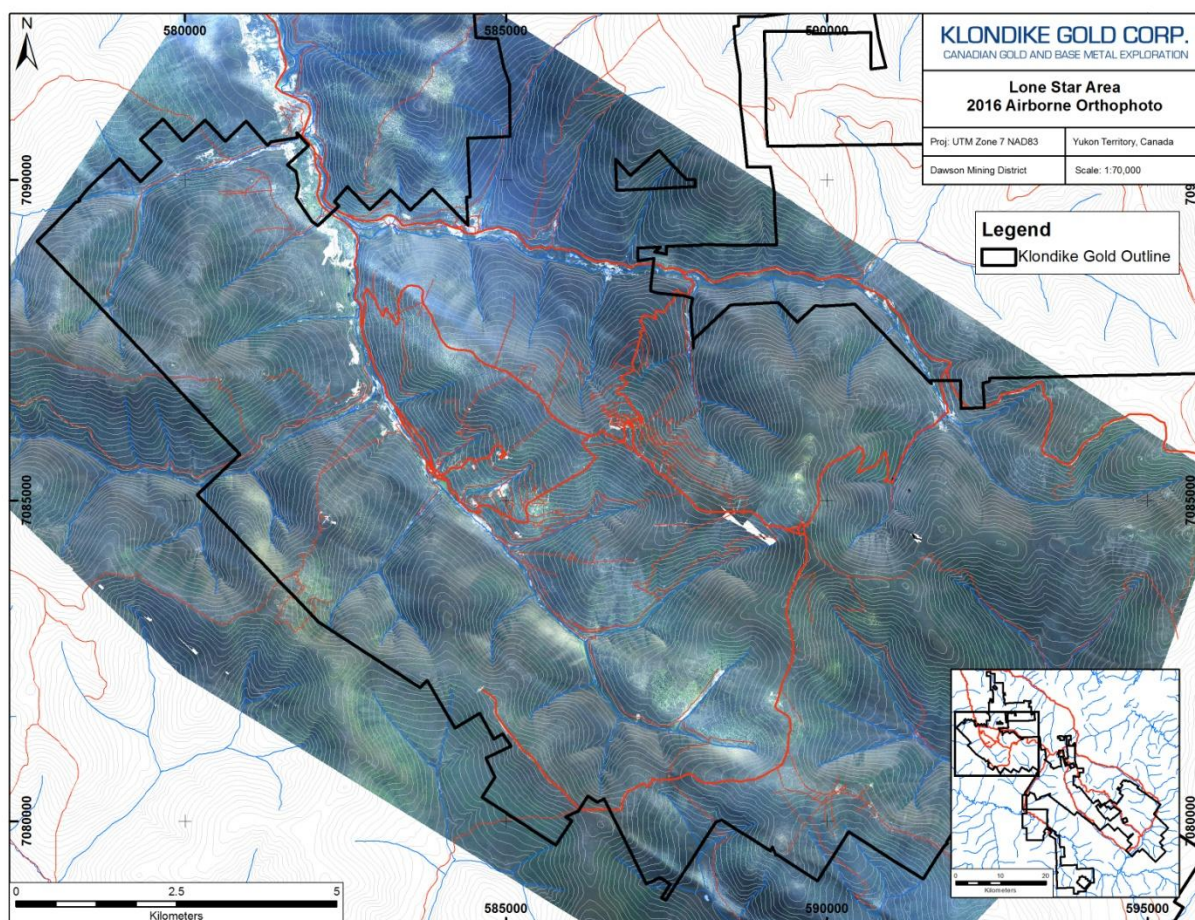


Figure 7: Orthophoto Survey

6.4 Diamond Drilling

A total of 5,375.17 metres of diamond drilling was completed on the Lone Star Property in 2016, resulting in 5,260 core samples, blanks, and standards submitted to Bureau Veritas Lab for analysis. Kluane Drilling of Whitehorse, YT was contracted to supply the diamond drill. Gimlex Enterprises of Dawson, YT provided a Komatsu dozer which was used to move the drill, prepare drill pads, and in many

places for reclamation work backfilling old trenches. Fireweed Helicopters of Dawson, YT provided helicopter-support for drill moves along the Violet ridge.

Six general areas, Christy, Nugget, Lone Star, Gay Gulch, Violet, and Dominion, respectively, were drill tested as shown below grouped north to south.

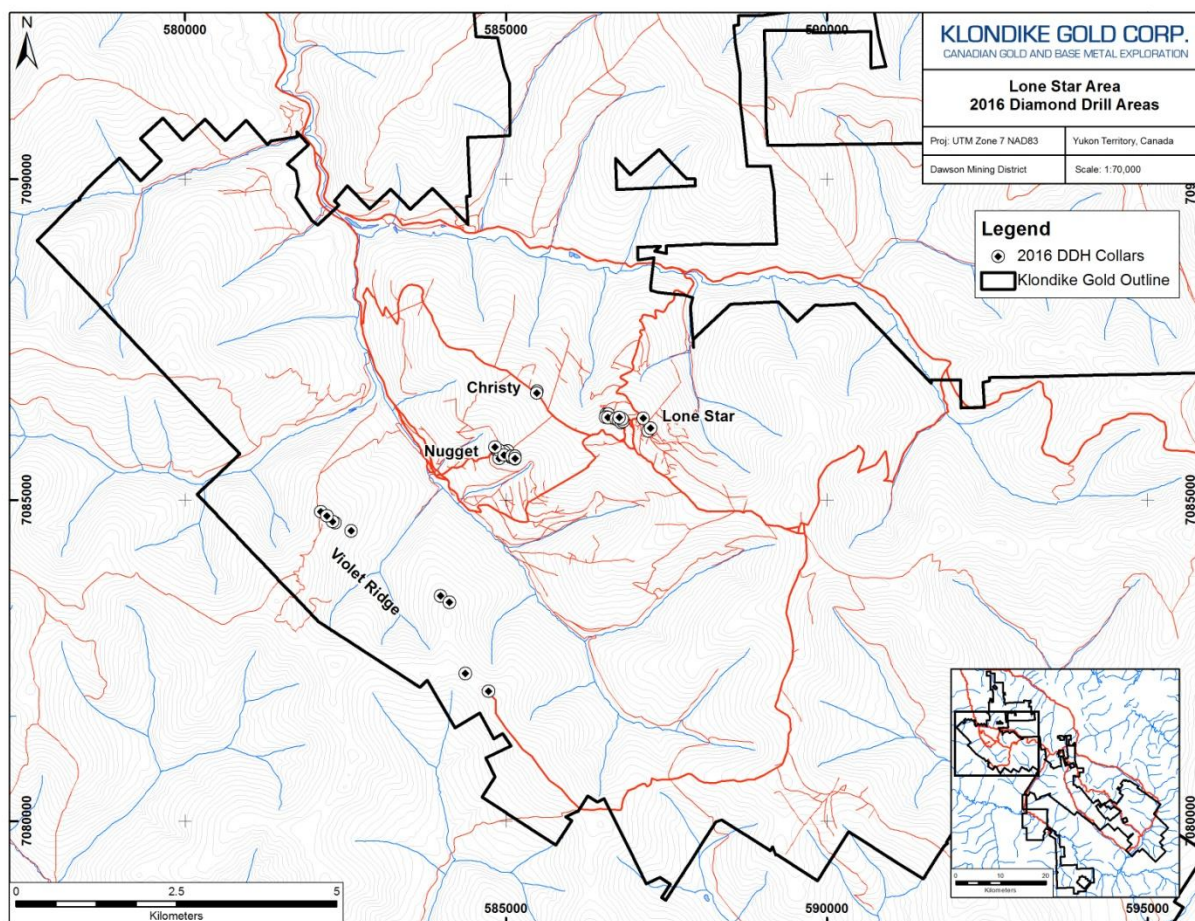


Figure 8: 2016 Lone Star Drill Areas

2016 exploration drilling tested several zones including Nugget (EC16-23 to EC16-33, EC16-51 to EC16-57, and EC16-78 to EC16-80), Violet (EC16-34 to EC16-42), Gay Gulch (EC16-20 to EC16-22), Lone Star (LS16-58 to LS16-74), Christie (EC16-74 to EC16-77), and various targets in the Dominion area (DM16-01 to DM16-10)(see Table 2). Core logging results show that individual quartz veins with visible gold can be 0.05 to 1.0 meters in thickness and that “zones” are comprised of several to many related quartz veins (“vein arrays”) occurring over widths of up to ~10 meters true thickness and which exhibit along-strike and down-dip continuity.

Table 2: Diamond Drill Locations

Hole ID	UTM East	UTM North	Elevation	Dip	Azimuth	Depth (m)	Zone	Date Started	Date Completed
EC16-20	585191	7084476	649	-51°	228	78.33	Gay Gulch	12-May-16	14-May-16
EC16-21	585190	7084475	649	-86°	236	63.26	Gay Gulch	16-May-16	16-May-16
EC16-22	585156	7084510	649	-50°	224	54.86	Gay Gulch	17-May-16	18-May-16
EC16-23	585030	7085766	812	-51°	216	100.58	Nugget Zone	19-May-16	19-May-16
EC16-24	585030	7085766	812	-86°	213	72.34	Nugget Zone	19-May-16	19-May-16
EC16-25	584970	7085754	795	-51°	218	117.65	Nugget Zone	20-May-16	21-May-16
EC16-26	584970	7085754	795	-85°	213	100.58	Nugget Zone	21-May-16	21-May-16
EC16-27	584908	7085728	778	-49°	201	100.58	Nugget Zone	21-May-16	22-May-16
EC16-28	584908	7085728	778	-86°	212	76.20	Nugget Zone	23-May-16	23-May-16
EC16-29	584873	7085762	769	-51°	209	74.68	Nugget Zone	23-May-16	23-May-16
EC16-30	584873	7085763	769	-85°	204	77.72	Nugget Zone	23-May-16	24-May-16
EC16-31	585081	7085668	801	-50°	213	76.20	Nugget Zone	24-May-16	25-May-16
EC16-32	585081	7085669	802	-86°	208	76.20	Nugget Zone	25-May-16	26-May-16
EC16-33	584893	7085649	774	-51°	212	120.40	Nugget Zone	26-May-16	27-May-16
EC16-34	582114	7084819	879	-51°	201	77.72	Violet Ridge	28-May-16	29-May-16
EC16-35	582114	7084819	879	-76°	200	54.86	Violet Ridge	29-May-16	29-May-16
EC16-36	582342	7084648	885	-50°	211	76.20	Violet Ridge	30-May-16	31-May-16
EC16-37	582342	7084648	885	-76°	218	50.29	Violet Ridge	31-May-16	31-May-16
EC16-38	582296	7084666	900	-51°	199	69.80	Violet Ridge	1-Jun-16	2-Jun-16
EC16-39	582296	7084666	900	-76°	199	60.96	Violet Ridge	2-Jun-16	2-Jun-16
EC16-40	582209	7084754	903	-50°	222	65.53	Violet Ridge	3-Jun-16	4-Jun-16
EC16-41	582209	7084754	903	-77°	222	60.96	Violet Ridge	4-Jun-16	4-Jun-16
EC16-42	582587	7084523	791	-50°	218	83.82	Violet Ridge	18-Jun-16	19-Jun-16
EC16-43	583968	7083515	895	-50°	199	100.58	Violet Ridge	19-Jun-16	21-Jun-16
EC16-44	583968	7083515	895	-75°	200	100.58	Violet Ridge	21-Jun-16	22-Jun-16
EC16-45	584114	7083411	907	-50°	201	100.58	Violet Ridge	22-Jun-16	24-Jun-16
EC16-46	584114	7083411	907	-75°	202	115.82	Violet Ridge	24-Jun-16	25-Jun-16

EC16-47	584358	7082300	924	-50°	212	100.58	Violet Ridge	25-Jun-16	26-Jun-16
EC16-48	584358	7082300	924	-76°	210	50.29	Violet Ridge	26-Jun-16	26-Jun-16
EC16-49	584728	7082019	929	-50°	209	100.58	Violet Ridge	26-Jun-16	27-Jun-16
EC16-50	584728	7082019	929	-77°	209	59.44	Violet Ridge	27-Jun-16	28-Jun-16
EC16-51	584891	7085780	774	-50°	202	56.39	Nugget	11-Aug-16	14-Aug-16
EC16-52	584890	7085779	774	-85°	202	70.1	Nugget	14-Aug-16	14-Aug-16
EC16-53	584972	7085703	794	-50°	214	50.29	Nugget	15-Aug-16	15-Aug-16
EC16-54	584972	7085704	794	-85°	213	56.39	Nugget	15-Aug-16	15-Aug-16
EC16-55	585089	7085684	806	-50°	209	60.96	Nugget	16-Aug-16	16-Aug-16
EC16-56	585144	7085681	804	-50°	213	70.1	Nugget	17-Aug-16	17-Aug-16
EC16-57	585145	7085681	804	-85°	210	72.85	Nugget	17-Aug-16	18-Aug-16
LS16-58	586567	7086343	977	-55°	210	60.96	Lone Star	14-Sep-16	15-Sep-16
LS16-59	586597	7086342	979	-55°	206	60.96	Lone Star	15-Sep-16	16-Sep-16
LS16-60	586554	7086293	991	-53°	205	67.06	Lone Star	16-Sep-16	16-Sep-16
LS16-61	586590	7086290	994	-54°	29	67.06	Lone Star	16-Sep-16	17-Sep-16
LS16-62	586716	7086271	1009	-56°	205	102.11	Lone Star	17-Sep-16	18-Sep-16
LS16-63	586757	7086246	1014	-55°	208	73.15	Lone Star	18-Sep-16	18-Sep-16
LS16-64	586797	7086211	1018	-51°	208	103.63	Lone Star	19-Sep-16	20-Sep-16
LS16-65	586796	7086211	1018	-76°	207	47.24	Lone Star	20-Sep-16	20-Sep-16
LS16-66	586823	7086231	1013	-61°	210	100.58	Lone Star	20-Sep-16	21-Sep-16
LS16-67	586809	7086267	1008	-51°	205	102.11	Lone Star	21-Sep-16	22-Sep-16
LS16-68	586809	7086267	1008	-76°	203	100.58	Lone Star	22-Sep-16	23-Sep-16
LS16-69	586764	7086287	1005	-51°	208	108.2	Lone Star	23-Sep-16	24-Sep-16
LS16-70	586764	7086288	1005	-75°	209	103.63	Lone Star	24-Sep-16	24-Sep-16
LS16-71	587216	7086082	949	-50°	211	60.96	Lone Star	25-Sep-16	25-Sep-16
LS16-72	587216	7086082	948	-75°	210	50.29	Lone Star	25-Sep-16	26-Sep-16
LS16-73	587254	7086121	934	-56°	204	100.58	Lone Star	26-Sep-16	27-Sep-16
LS16-74	587141	7086277	958	-80°	218	105.16	Lone Star	27-Sep-16	28-Sep-16

EC16-75	585489	7086697	980	-81°	212	53.3	Christy	28-Sep-16	28-Sep-16
EC16-76	585489	7086697	980	-50°	200	51.82	Christy	28-Sep-16	29-Sep-16
EC16-77	585481	7086668	980	-49°	20	64.01	Christy	29-Sep-16	30-Sep-16
EC16-78	585143	7085645	795	-50°	219	50.29	Nugget	30-Sep-16	1-Oct-16
EC16-79	585143	7085646	795	-81°	204	50.29	Nugget	1-Oct-16	2-Oct-16
EC16-80	584827	7085825	759	-50°	202	129.54	Nugget	2-Oct-16	4-Oct-16
DM16-01	603134	7083245	977	-50°	230	94.35	Dominion	28-Jun-16	1-Jul-16
DM16-02	603134	7083245	977	-74°	226	90.96	Dominion	1-Jul-16	1-Jul-16
DM16-03	602935	7083384	993	-49°	208	90.96	Dominion	2-Jul-16	2-Jul-16
DM16-04	602935	7083385	993	-70°	232	70.10	Dominion	2-Jul-16	3-Jul-16
DM16-05	602794	7083357	987	-60°	216	77.72	Dominion	3-Jul-16	4-Jul-16
DM16-06	602794	7083358	987	-70°	218	41.15	Dominion	4-Jul-16	4-Jul-16
DM16-07	602732	7083397	989	-49°	223	51.82	Dominion	4-Jul-16	5-Jul-16
DM16-08	602732	7083398	989	-69°	227	48.77	Dominion	5-Jul-16	5-Jul-16
DM16-09	602672	7084012	1091	-49°	201	50.29	Dominion	5-Jul-16	5-Jul-16
DM16-10	602670	7084014	1091	-71°	204	50.29	Dominion	6-Jul-16	8-Jul-16

Gay Gulch NW Zone Drill Results

The first 3 holes of the 2016 drill program (EC16-20 to EC16-22) tested the Gay Gulch NW Zone to investigate a 285 g/t Au sample from a trench on the area to determine vein intersections and strike length. Drill holes encountered significant fault zones with strong iron oxide staining, sericite ± clay gouge and multiple, off white to milky white quartz veins with trace euhedral pyrite. Samples sent for assay in this zone did not intersect any significant gold or base metal values (Table 3).

Table 3: Summary of Gay Gulch NW Zone Drilling Assay Results

Hole ID	Dip	From (m)	To (m)	Interval (m)	Grade Au g/t
EC16-20	-51°				No significant results.
EC16-21	-86°				No significant results.
EC16-22	-50°				No significant results.

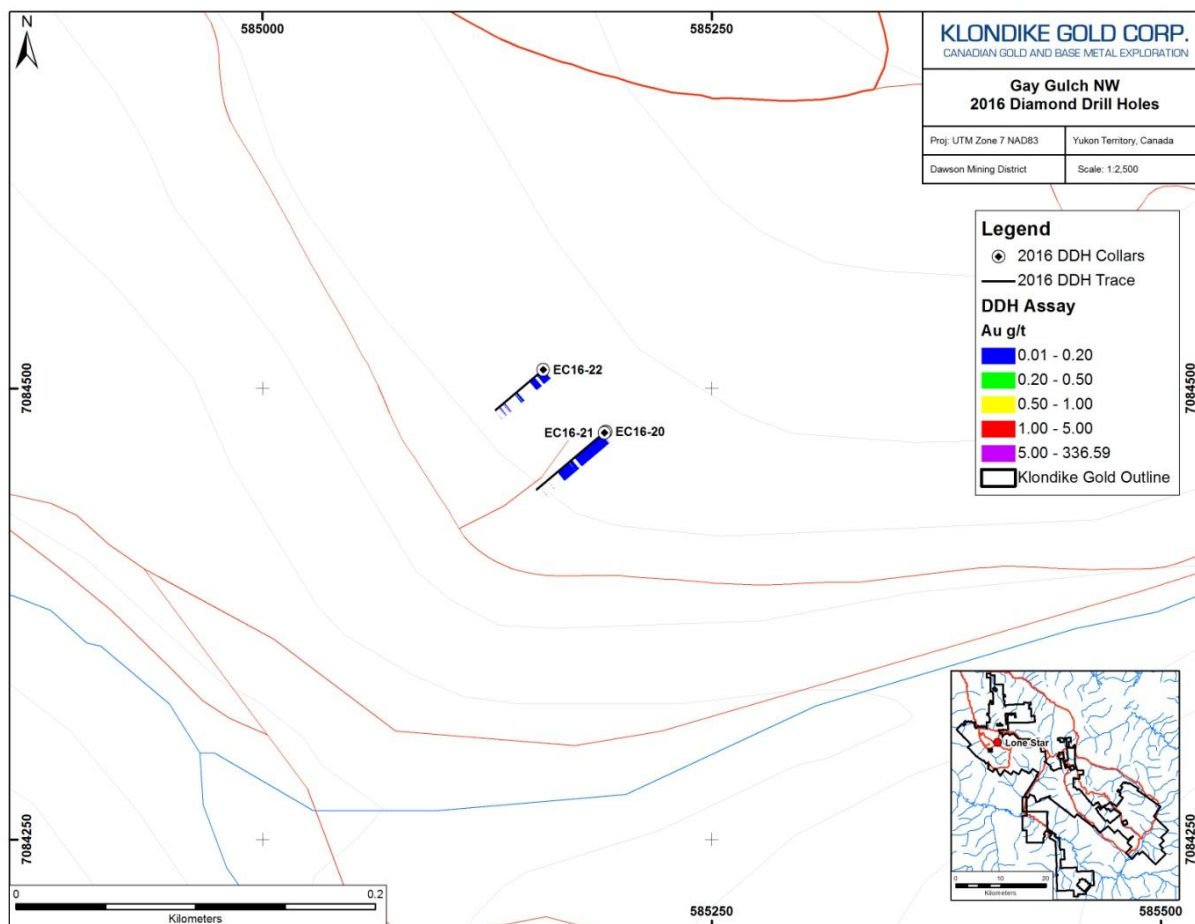


Figure 9: Gay Gulch Zone Plan Map

Nugget Zone Drill Results

Twenty-one holes (EC16-23 to EC16-33, EC16-51 to EC16-57, and EC16-78 to EC16-80) were drilled in 2016 on the Nugget Zone to:

1. Follow up on visible gold identified in two vein arrays discovered in the 2015 drilling and prospecting program which returned up to 40 g/t Au;
2. Evaluate the Nugget vein arrays down dip and determine strike and dip continuity of the upper and lower arrays;
3. Test targets below surface based on high grade gold in grab samples;
4. Infill geology and mineralization between previous drill holes, and;
5. Test the eastern and western extensions of the Nugget zone.

Significant gold intercepts based on assay results are summarized in Table 4. True thickness of the quartz veins containing high assay results is unknown and only the drilled interval length is reported below.

Table 4: Summary of Nugget Zone Drilling Assay Results

Hole ID	Dip	From (m)	To (m)	Interval (m)	Grade Au g/t
EC16-23	-51°	61.92	62.24	0.32	0.71
EC16-24	-86°		No significant results.		
EC16-25	-51°	31.88	31.99	0.40	0.11
EC16-26	-85°		No significant results.		
EC16-27	-49°	6.30	6.50	0.20	0.37
EC16-27	-49°	25.89	26.21	0.32	1.00
EC16-27	-49°	48.46	54.45	5.99	0.48
	Including:	48.46	50.27	1.81	0.40
		52.78	54.45	1.67	1.18
EC16-28	-86°	5.09	50.28	0.19	0.48
EC16-29	-51°		No significant results.		
EC16-30	-85°		No significant results.		
EC16-31	-50°	5.85	6.10	0.25	0.80
EC16-31	-50°	8.33	10.20	1.87	1.43
EC16-31	-50°	19.72	22.75	3.03	2.85
	Including:	21.01	22.75	1.74	4.76
EC16-31	-50°	57.08	57.30	0.22	5.81
EC16-32	-86°	5.1	7.45	2.35	19.56
	Including:	5.1	5.32	0.22	146.96
		5.32	7.45	2.13	6.40
EC16-32	-86°	11.26	15.96	4.70	4.40
EC16-33	-51°	23.07	23.47	0.40	7.64
EC16-33	-51°	89.57	90.2	0.63	1.78
EC16-51	-50°		No significant results.		
EC16-52	-85°		No significant results.		
EC16-53	-50°	4.88	5.73	0.85	2.13
EC16-54	-85°	33.05	33.27	0.22	336.59
EC16-54	-85°	36.79	42.08	5.29	2.04
EC16-55	-50°	19.12	35.25	16.04	2.48
	Including:	19.21	31.14	11.93	3.31
		21.56	24.86	3.30	8.20
EC16-56	-50°	40.82	43.20	2.38	0.49
EC16-57	-85°		No significant results.		
EC16-78	-50°		No significant results.		
EC16-79	-81°		No significant results.		
EC16-80	-50°		No significant results.		

The Nugget zone was tested from pairs of holes drilled at approximately 20 metre to 50 metre spaced intervals along a 315 metre total length. Each drill pad had a -50° and a -85° dipping hole collared from it. All holes were drilled at azimuths ranging from 210° to 220°. Drilling encountered visible gold in individual off white, locally iron oxide stained, fractured quartz veins and stringers with euhedral, cubic pyrite in arrays, similar to those vein arrays noted in the 2015 drilling program. Gold values in assays sampled from these individual veins range from 5 g/t Au up to 336.59 g/t Au.

While the 2015 drilling season identified two separate vein arrays, denoted the “upper” and “lower” vein arrays, results from the 2016 exploration program indicate no apparent spatial association related to depth between vein arrays containing visible gold. The geometry outline to date is one of an elongate tube, outcropping in part, that has true widths of 5 metres to 15 metres. Detailed mapping in the area during the 2016 season has revealed centimetre to metre scale northeast late faults, which offset the northwesterly trending, 250 km strike length gold mineralization. This flexure or fault offset in the Nugget vein array was tested by holes EC16-53 and EC15-54, which intersected 336.6 g/t Au over 0.22 metres and 2.1 g/t Au over 0.85 metres, respectively.

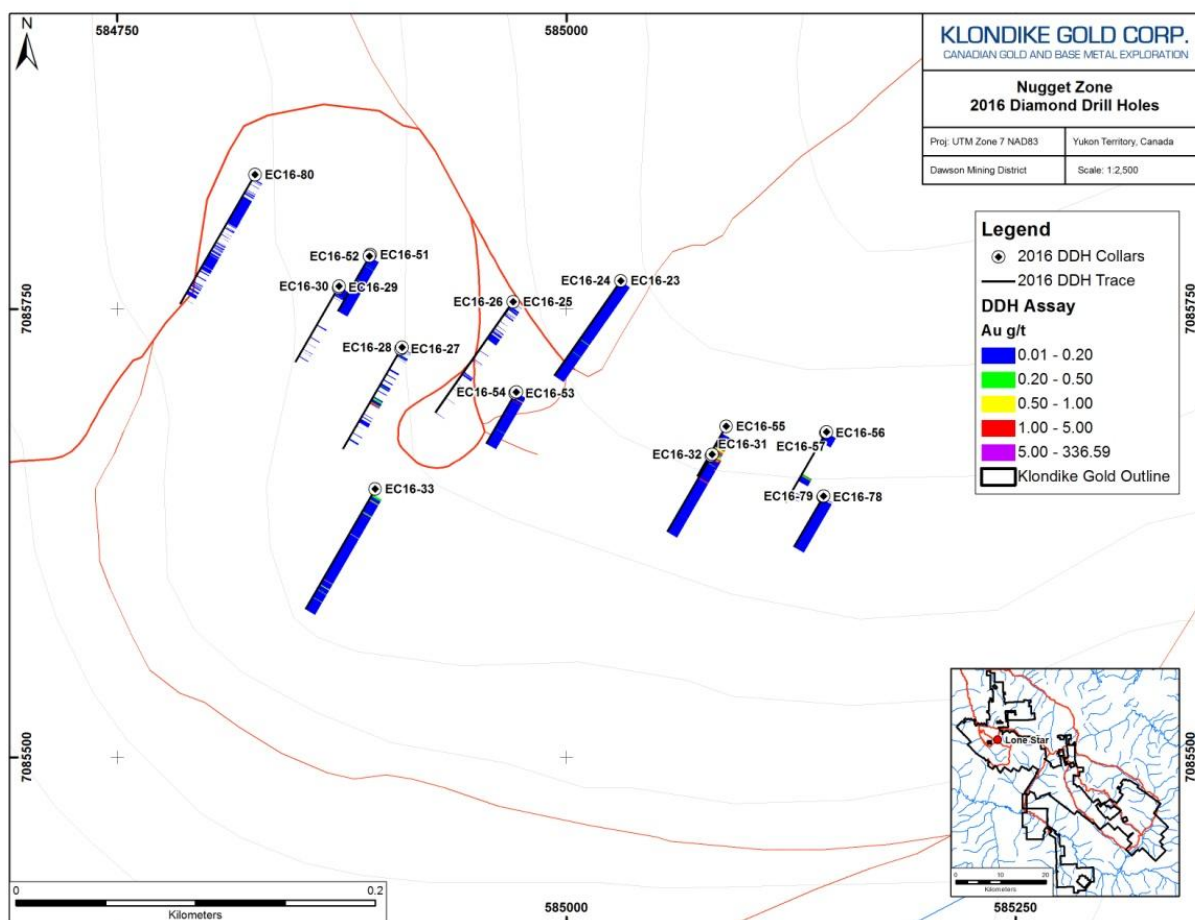


Figure 10: Nugget Zone Plan Map

Violet Zone Drill Results

Seventeen holes (EC16-34 to EC16-50) were drilled on the Violet ridge zone in 2016 to test the Violet vein continuity along strike and down dip as an extension from rock samples with reported high grade Au values. Drill holes encountered silicification and sections of iron oxide stained to milky white quartz veins, stockwork quartz veining and sheeted quartz stringers up to 1 cm wide with trace oxidized to

fresh euhedral pyrite, as well as sections of faulting and brecciation. Samples sent for assay in this zone did not intersect any significant gold or base metal values (Table 5).

Table 5: Summary of Violet Zone Drilling Assay Results

Hole ID	Dip	From (m)	To (m)	Interval (m)	Grade Au g/t
EC16-34	-51°				No significant results.
EC16-35	-76°				No significant results.
EC16-36	-50°				No significant results.
EC16-37	-76°				No significant results.
EC16-38	-51°				No significant results.
EC16-39	-76°				No significant results.
EC16-40	-50°				No significant results.
EC16-41	-77°				No significant results.
EC16-42	-50°				No significant results.
EC16-43	-50°				No significant results.
EC16-44	-75°				No significant results.
EC16-45	-50°				No significant results.
EC16-46	-75°				No significant results.
EC16-47	-50°				No significant results.
EC16-48	-76°				No significant results.
EC16-49	-50°				No significant results.
EC16-50	-77°				No significant results.

The Violet zone was tested from pairs of holes drilled along a 3.8 kilometre total length at interval spacing ranging from 50 metres to 350 metres. Each drill pad had a -50° and a -85° dipping hole collared from it. All holes were drilled at azimuths ranging from 200° to 220°. Helicopter support from Fireweed Helicopters of Dawson City, YT was used for drill moves along the Violet Ridge. Coureur des Bois Ltd of Whitehorse, YT were contracted to build and remove drill pads.

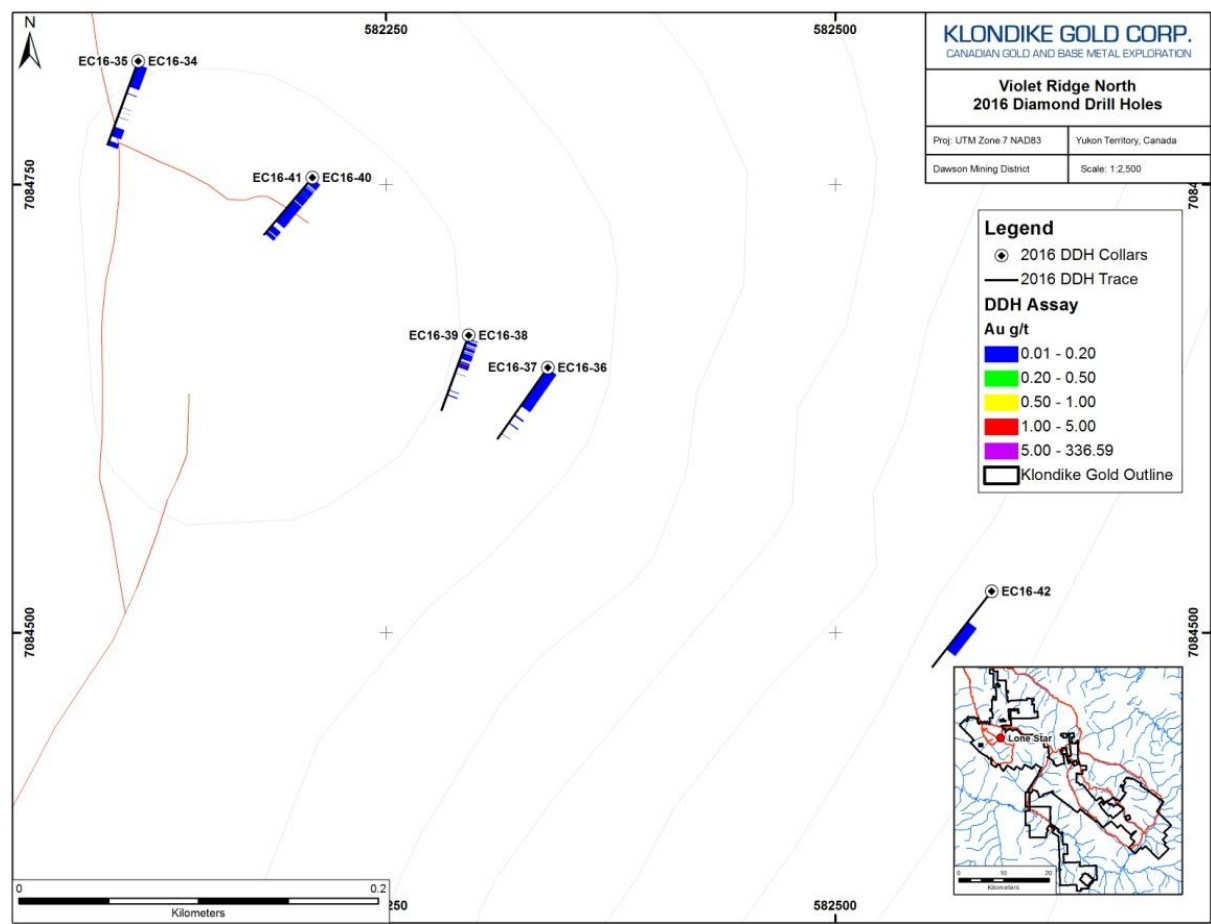


Figure 11a: Violet Zone North Plan Map

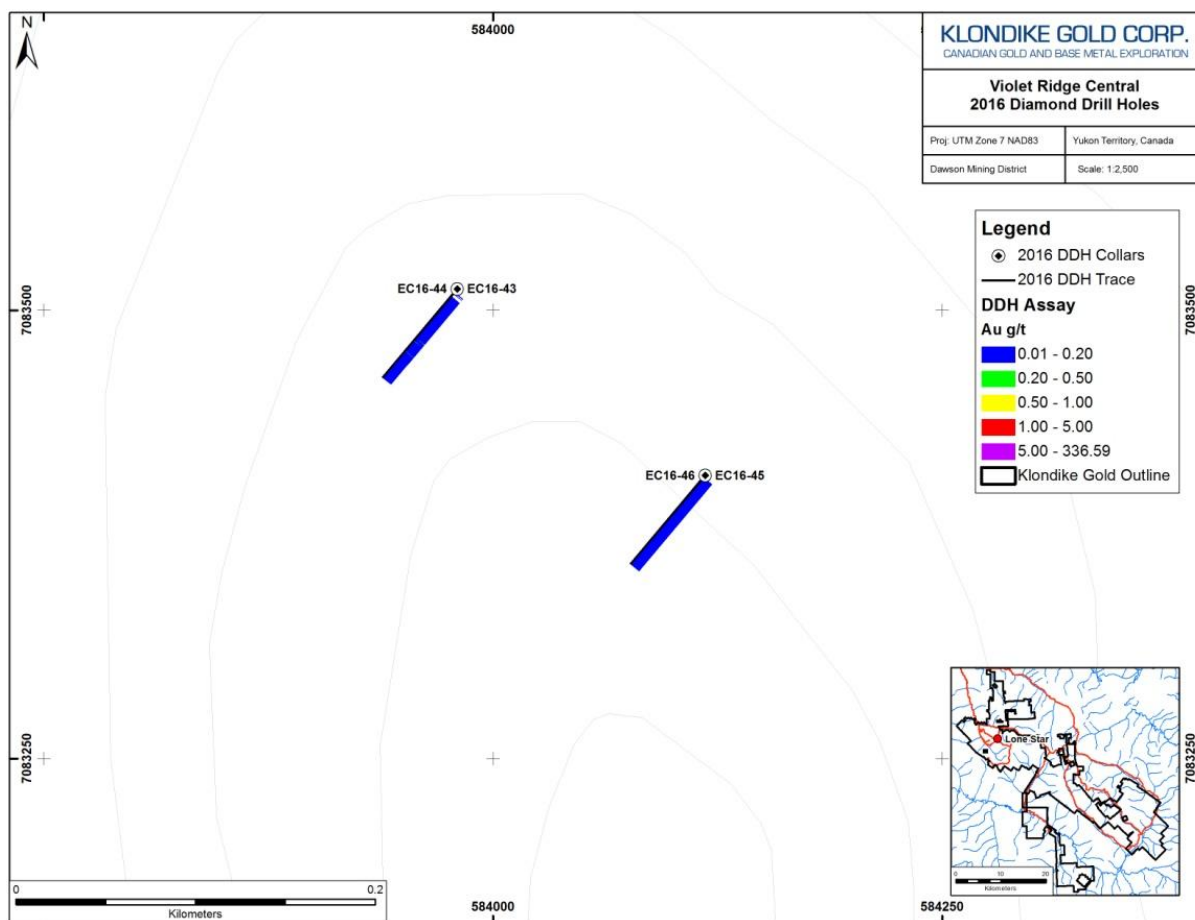


Figure 11b: Violet Zone Central Plan Map

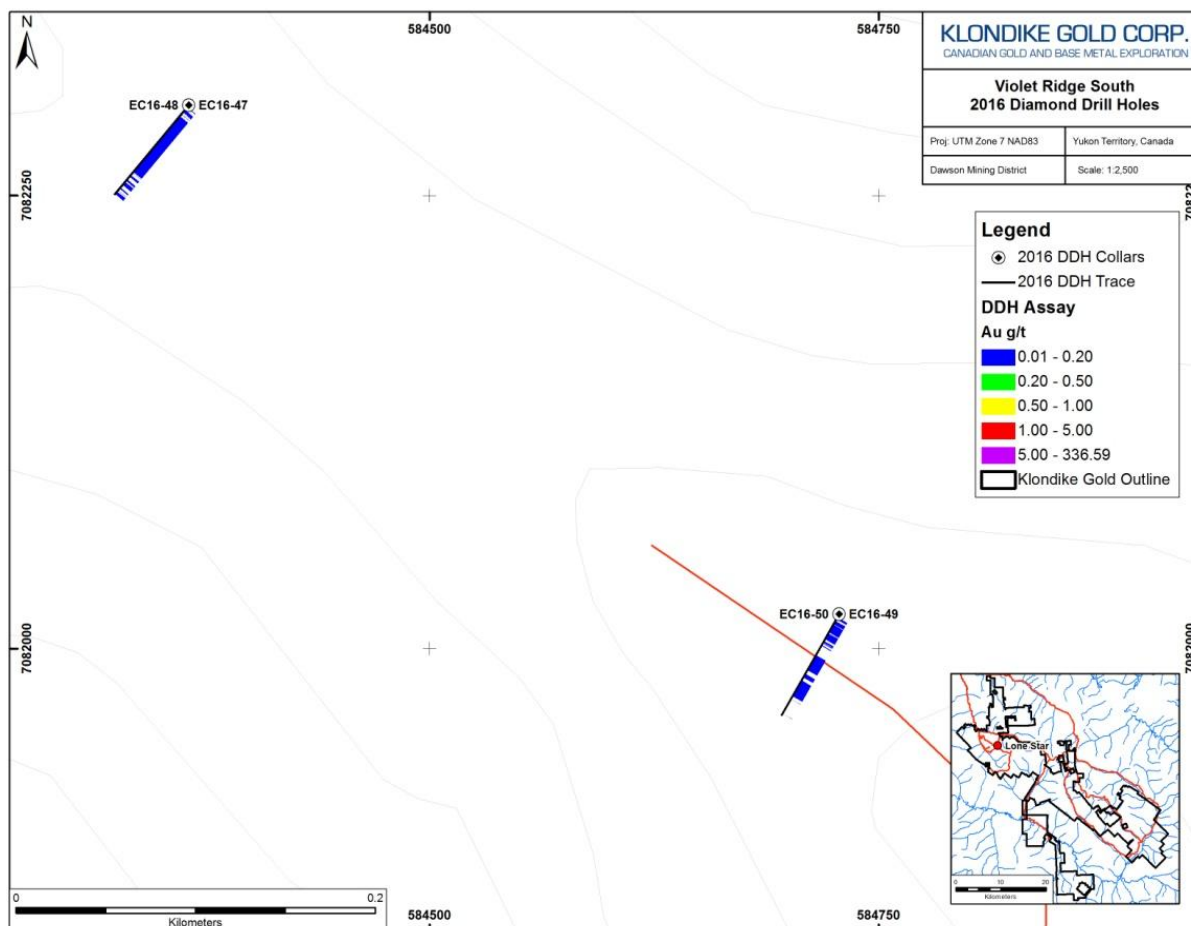


Figure 11c: Violet Zone South Plan Map

Lone Star Drill Results

Prospecting outside the eastern and western limits of the Lone Star zone during the 2016 exploration program discovered gold-enriched quartz veining with visible gold in outcrop. These outcrops are positioned in the hanging wall of a known thrust fault with unknown, likely significant displacement that is consistent with the current model for gold mineralization on the Property.

Seventeen holes (LS16-58 to LS16-74) were drilled on the Lone Star zone in late 2016, following prospecting results, to systematically test a geological framework and determine mineralization continuity to upgrade the potential for economically interesting gold mineralization on the Lone Star project. Drill holes tested western, central, and eastern sections of the Lone Star target along a 700 metre strike length to provide a better understanding of grade, deposit width, and geological information within the zone, as well as potentially extend the zone past known limits to the east and west.

Significant gold intercepts are summarized in Table 6. True thickness of the mineralized zones is approximately the interval width within each hole.

Table 6: Summary of Lone Star Drilling Assay Results

Hole ID	From (m)	To (m)	Interval (m)	Grade Au g/t
LS16-58	6.50	43.50	37.0	2.37
Including:	6.50	13.55	7.05	6.61
And:	27.10	30.70	3.60	9.36
LS16-59	16.50	44.20	27.70	1.16
Including:	16.50	23.80	7.30	2.31
LS16-60	No significant results.			
LS16-61	25.80	67.06	41.26	0.51
LS16-62	5.50	10.50	5.00	1.65
LS16-63	3.05	45.00	41.95	0.85
LS16-64	29.50	54.00	24.50	1.52
LS16-65	26.20	32.20	6.00	2.74
LS16-66	12.82	24.97	12.15	0.52
LS16-66	81.00	89.00	8.00	1.63
LS16-67	45.80	48.80	3.00	1.02
LS16-67	87.50	92.00	4.50	1.62
LS16-68	33.00	37.00	4.00	4.65
LS16-68	57.00	60.00	3.00	0.68
LS16-68	67.00	81.00	14.00	1.24
LS16-69	4.88	16.92	12.04	0.92
Including:	4.88	13.12	8.24	0.99
LS16-69	88.71	98.64	9.93	2.48
LS16-70	8.30	16.86	8.56	1.58
LS16-70	68.00	79.25	11.25	3.53
Including:	74.52	79.25	4.73	7.94
LS16-71	38.26	51.00	12.74	0.48
LS16-72	No significant results.			
LS16-73	No significant results.			
LS16-74	59.00	63.00	4.00	1.50

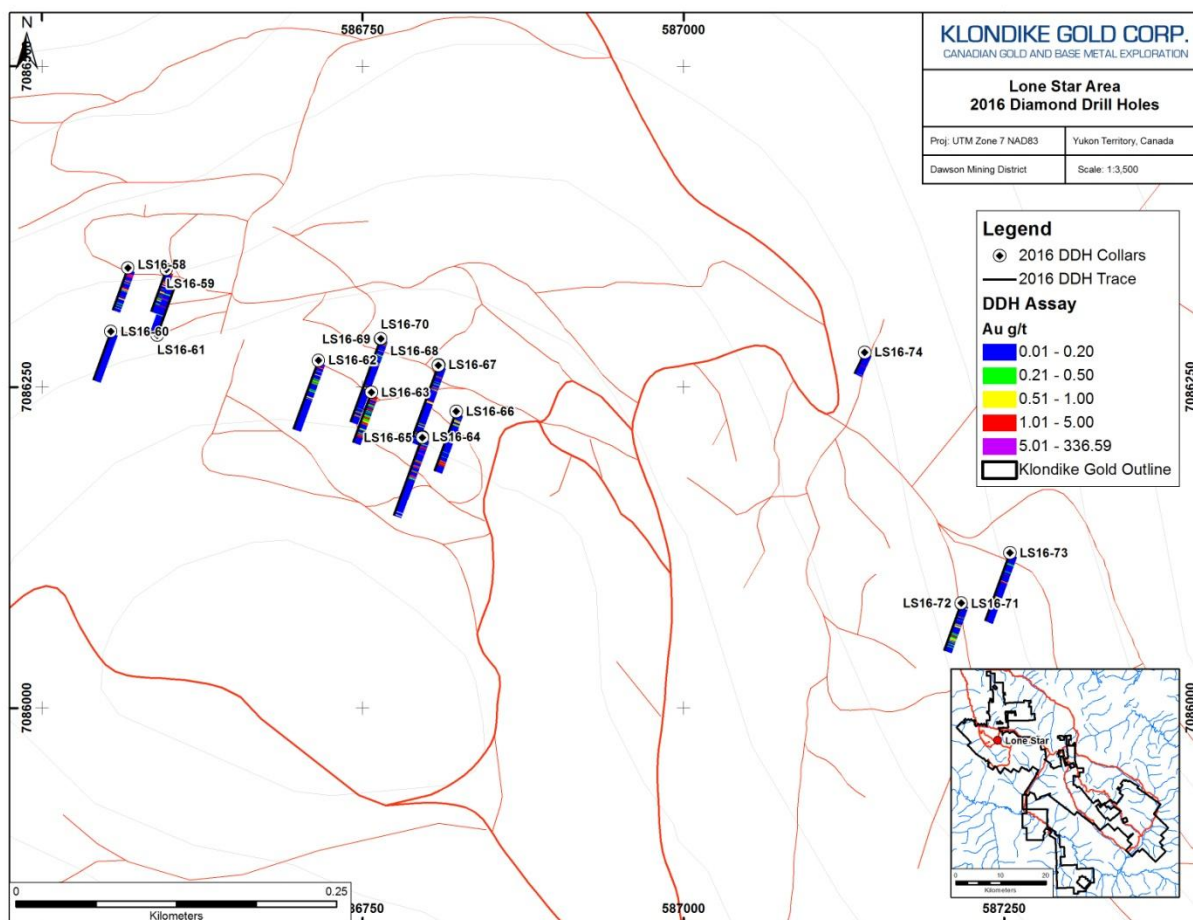


Figure 12: Lone Star Zone Plan Map

The Lone Star Zone was tested from single holes and pairs of holes drilled along a 700 metre total length. Each drill pad had a -50° to -80° dipping hole collared from it, with pairs of holes drilled from the same pad at dip angles of -50° and -75°. All holes were drilled at azimuths ranging from 200° to 210°. Drilling encountered visible gold as disseminations throughout a wide “intermediate schist” unit and associated with euhedral pyrite within quartz veining noted in the schist unit.

The first target at Lone Star, LS16-58, intersected a wide zone of disseminated gold mineralization and two quartz vein arrays, which assayed 2.37 g/t Au over 37.0 metres with zones of higher grade returning 6.61 g/t Au over 7.05 metres and 9.36 g/t Au over 3.6 metres from 6.50 to 13.55 metres and 27.1 to 30.7 metres, respectively. The majority of holes drilled following LS16-58 on the Lone Star target also intersected disseminated and vein-hosted gold with grades from 0.85 g/t Au over 41.95 metres to 7.94 g/t Au over 4.73 metres.

Christy Zone Drill Results

The Christy Zone is a c.1900 named prospect located on the Lone Star Ridge northwest of the Lone Star Zone and is comprised of large outcropping and sub-cropping quartz blocks containing rare galena and gold in a 50 meter area of old prospect pits.

Three rotary air blast (“RAB”) holes were completed by GroundTruth of Dawson, YT as a test of the RAB technology at the Christy Zone. Each of the RAB holes was surveyed using the “Televiewer” camera system, and samples collected from RAB drilling were analyzed for ICP. No gold anomalous samples were from RAB; the Televiewer camera saw a quartz vein in one hole but was it could not be determined to be cross-cutting (therefore gold-bearing) or foliaform (therefore not gold-bearing). The host rock and vein relationships are not preserved in RAB drilling so no geological information was gained.

To gain some geological understanding, three NTW diamond drill holes (EC16-75 to EC16-77) were drilled on the Christy Zone. Drill holes encountered silicification and local quartz veining within a felsic schist which is part of the Lone Star Zone ‘footwall felsic schist’ unit. No significant gold values were noted in the assay results (Table 7).

Table 7: Summary of Christy Zone Drilling Assay Results

Hole ID	Dip	From (m)	To (m)	Interval (m)	Grade Au g/t
EC16-75	-81°				No significant results.
EC16-76	-50°				No significant results.
EC16-77	-49°				No significant results.



Ten “NTW” holes (DM16-01 to DM16-10) were drilled on the Dominion Zone in the 2016 exploration program to test and intersect the Dome Load Veins. Holes generally encountered locally iron oxide stained quartz veining with euhedral to blebby pyrite and galena, as well as sections of local faulting. Quartz veining returned anomalous lead (up to 10,000 ppm Pb) and silver (up to 211 ppm Ag); however, gold contents were quite low overall with up to 15.37 g/t Au over 0.34 m in hole DM16-01 (Table 5).

Hole ID	Dip	From (m)	To (m)	Interval (m)	Grade Au g/t
DM16-01	-50°	34.96	40.40	2.13	2.76
	Including:	34.96	35.30	0.34	15.37
DM16-02	-74°		No significant results.		
DM16-03	-49°	44.00	44.80	0.80	1.13
DM16-04	-70°		No significant results.		
DM16-05	-60°		No significant results.		

DM16-06	-70°		No significant results.		
DM16-07	-49°		No significant results.		
DM16-08	-69°	26.75	28.20	1.45	2.08
DM16-09	-49°		No significant results.		
DM16-10	-71°		No significant results.		

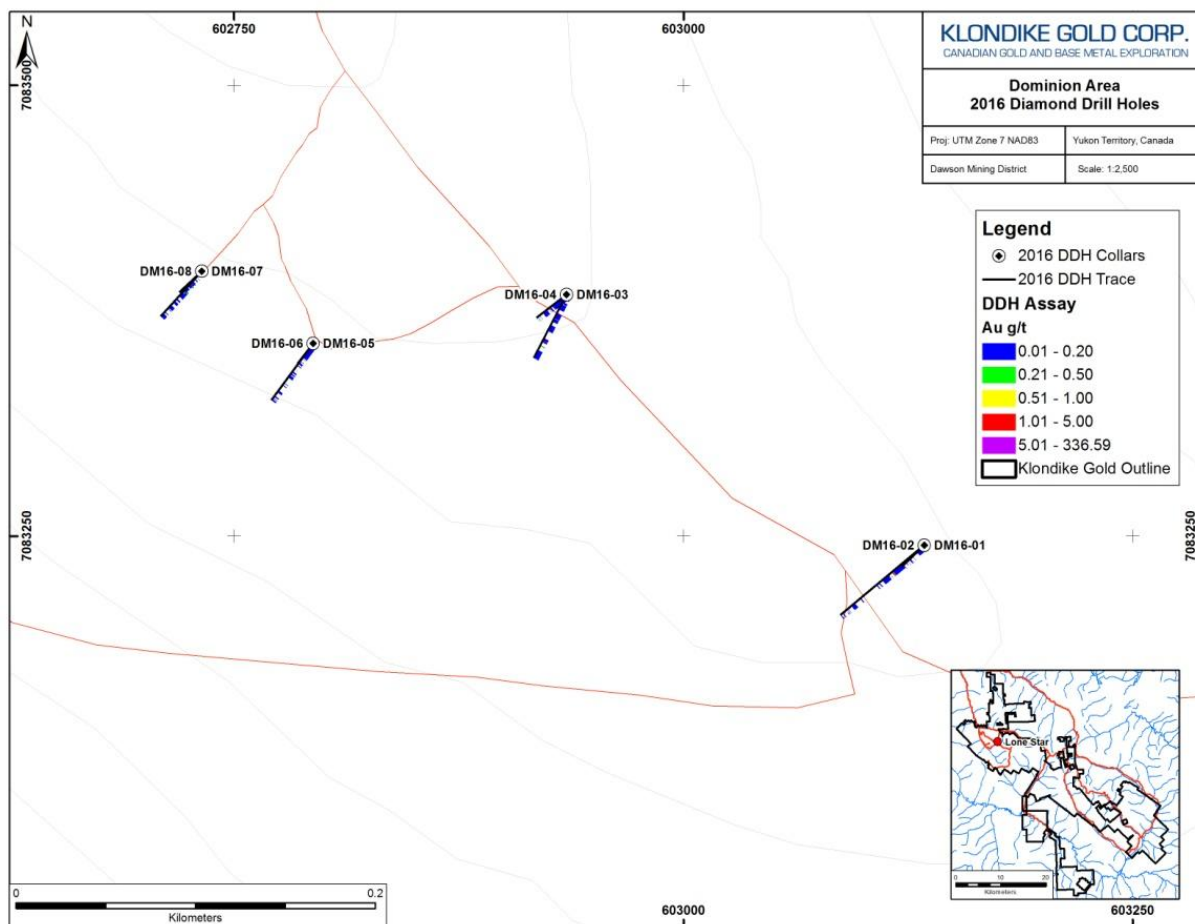


Figure 14: Dominion Zone Plan Map

7.0 Sample Preparation, Quality Assurance and Quality Control, Analysis, and Security

Rock/Prospecting Grab Sample Assay Protocols

Prospecting samples are selective in nature, non-representative rock grab samples of bedrock or boulders are collected to test for the presence or absence of gold and other economic minerals. Systematic additional test results may vary significantly. Samples are usually 0.5 kg to 2.0 kg in weight.

The Company's samples are spatially located to within 5 meters using a hand-held Global Positioning System ("GPS") in NAD83 datum, assigned a unique assay tag, described, photographed using a GPS-enabled camera, then placed in a plastic bag and sealed. Groups of sealed sample bags are aggregated in large fiber bags and security sealed for shipment. For samples collected in 2016, the fiber bags were retained in locked storage in the Company's Dawson office until after the end of the field season before being delivered by Company personnel directly to the lab. Samples were submitted to Bureau Veritas Mineral Laboratories ("BV Labs") (formerly Acme Labs) preparation facility in Whitehorse, YT with chemical analysis of sample pulps completed in Vancouver, British Columbia. Bureau Veritas Labs is an accredited ISO 9001:2008 full-service commercial laboratory.

At BV Labs, each 1 kg rock sample is crushed to 80% passing 2 mm size. A 250 g subsample is pulverized to >85% passing -75 microns size (Code PRP70-250). A 30 g (1 assay ton) subsample is assayed for gold by fire assay ("FA") fusion with an atomic absorption ("AA") finish (Code FA430). All over-limit results in excess of 10 ppm (10 g/t) for both silver and gold are re-assayed. The re-assay uses a 30 g subsample and is assayed by FA with a gravimetric finish (Code FA530-Au/Ag). Samples were also analyzed for multi-element chemistry by ICP-MS analysis (AQ200+U code).

No Company standards, blanks, or duplicates or blank samples were inserted into the sample stream in 2016, as it was not considered necessary for a small program of early stage work. BV Labs inserted and completed analyses on 8 duplicates, 17 blanks, 21 Au-only standards, and 6 ICP-MS standards as part of QA/QC process on Klondike Gold's 2016 submitted samples. All results were within expected bounds and within error limits of detection.

Drill Core and Assay Protocols

All drill holes are photographed wet and dry. Magnetic susceptibility, foliation, and rock quality determination ("RQD") measurements are systematically collected. All cross-cutting (potentially mineralized) quartz veins and adjoining alteration envelopes are individually photographed and upper and lower contact angles measured. Core logging records lithology, structure, and alteration. Visible gold is identified, measured, photographed, and then excluded from the assay sample for that interval. Assay samples from drill core are cut using a diamond saw. Half the core sample interval is bagged, tagged, and sealed; the other half is returned to the core box with a corresponding tag and retained for reference. Sample bags are aggregated into rice bags, sealed, and submitted by Klondike Gold personnel to Bureau Veritas Mineral Laboratories ("BV Labs") (formerly Acme Labs) preparation facility in Whitehorse, YT with chemical analysis of sample pulps completed in Vancouver, British Columbia. Bureau Veritas Labs is an accredited ISO 9001:2008 full-service commercial laboratory.

At BV Labs each rock sample is crushed to 80% passing 2 mm size. A 500 g subsample is pulverized to >85% passing -75 microns size (Code PRP70-500). The 500 g subsample is then sieved to 106 microns (140 mesh) for "metallic screen" assaying. The plus 140 mesh fraction is then weighed and assayed for gold by fire assay ("FA") fusion with a gravimetric finish (Code FS631). A 30 g subsample of the minus 140 mesh fraction is assayed for gold by fire assay ("FA") fusion with an atomic absorption ("AA") finish (Code FA430). All over-limit results in excess of 10 ppm (10 g/t) for both silver and gold are re-assayed

using a 30 g subsample and assayed by FA with a gravimetric finish (Code FA530-Au/Ag). Total gold grade is then calculated using a weighted average of the plus and minus fraction assay results. Samples were also analyzed for multi-element chemistry by ICP-MS analysis (AQ200+U code). Samples over-limit in lead are rerun by a high-detection limit ICP-ES procedure (Code MA370). QA/QC includes the insertion and continual monitoring of numerous standards, blanks, and duplicates within each batch. Blanks and standards are obtained commercially from Canadian Resource Laboratories of Langley, British Columbia. In 2016, the Company inserted blank BL-10, and standards GS-7F, GS-5H, GS-7G, and GS-P4G. Analytical certificates for these are available at <http://www.cdnlabs.com/Certificates.htm>.

8.0 Interpretation and Conclusions

The Lone Star property covers a 527 square kilometer area in the vicinity of Eldorado Creek and Bonanza Creek underlying the western half of the Klondike placer goldfields. The area is prospective for orogenic gold deposits that have an implied mid-Jurassic age and are analogues of similar mineralization in the White Gold district and the Coffee district.

Interpretation of GSC airborne magnetics flown in 2002, particularly first vertical derivative data, suggests a main WNW-ESE dextral fault runs the 50 km length of the Klondike goldfields and terminates in a NNW horsetail pattern within the Lone Star property in a series of sub-parallel structures near Eldorado Creek, as well as NNW oriented pinnate faults east of Eldorado Creek. One such NNW trending pinnate extensional fracture fault extends northerly from the main WNW-ESE dextral fault and transects the Boulder Lode occurrence. This extensional fault system, a late deformational event, is assumed to be the source of extensional quartz veining containing gold found in outcrop and float on the property. These veins have similar physical and chemical characteristics throughout the Klondike area.

Ground magnetics surveying collected in 2015 and 2016 images the WNW-trending fault system in much greater detail than the 2002 GSC survey. In the Eldorado Creek area, a series of 'horse-tail splays' terminate the regional dextral fault. The 'horse-tail' structures occur on both sides of Eldorado Creek; as far west as the Violet ridge and as far east as the top of the Lone Star ridge. Examination of outcrops in drilling areas at Gay Gulch and Nugget zones suggests conjecturally there could be both a shear component and thrust component to movement along these structures, although vein textures in most places are open-space filling and thus extensional in nature.

At the end of 2015, the ground magnetic survey coverage stopped along the bottom of Eldorado valley leaving a 2 km by 7 km area of no data between the creek and the claim boundary. This gap in magnetic coverage was filled in 2016. This area includes the Violet mine occurrence and associated untested soil anomaly, which was tested with seventeen drill holes in the 2016 exploration program along a 3.8 kilometre length. Drilling in the 2016 program was designed to test the possible upper ore zone of a geological model similar to that documented in the Coffee deposit, as the Violet ridge zone is interpreted to be undercut by the Lone Star thrust fault at depth with geological meta-granite and quartz-feldspar schist lithological packages and quartz vein structure similarities to Coffee. While significant high-grade gold and base metal results were not returned in assay, drill holes intersected

numerous, locally iron oxide stained quartz veins and areas of silicification with stockwork veining and sheeted quartz stringers up to 1 cm wide. Trace, euhedral to blebby pyrite was noted within these veins and veins generally returned low grade gold values (up to 4.13 g/t Au over 0.44 metres). Further exploration is warranted in this zone.

Diamond drilling was successful in intersecting gold-bearing quartz vein arrays in a variety of lithologic and structural environs. High grade holes at the Lone Star zone (EC16-58: 2.73 g/t Au over 37.0 metres) and Nugget zone (EC16-32: 5.06 g/t Au over 14.34 metres and EC16-54: 336.59 g/t Au over 0.22 metres) indicate potential for economically interesting grades and widths can be generated by quartz vein arrays. The Lone Star and Nugget zones targeted by drilling in 2016 both yielded significant gold assays in general, with visible gold identified in 9 of the 17 holes drilled at Lone Star and 2 of the 21 holes drilled at Nugget. Overall, the 2016 exploration was quite successful with 36 of the total 71 holes drilled returning gold assays >1 g/t Au and 16 of the total 71 drill holes returning gold assay values >5 g/t Au in all zones drilled.

In general, the Lone Star property is considered to have potential for gold-bearing extensional quartz vein arrays and brecciation in proximity to the main WNW-ESE dextral fault, along the NNW-SSE trending pinnate extensional fault, and in areas where these two structures intersect. The 2016 exploration drilling program also identified a gold target area on the Lone Star zone comprised of disseminated visible gold and pyrite within wide sections of an “intermediate schist” unit combined with gold-enriched quartz veining within the schist unit. Compilation of surface prospecting and mapping outside the eastern and western limits, as well as logging of historical drill core, prior to the drilling program was consistent with drilling outcomes on the Lone Star property. The Lone Star target is thought to be positioned in the hanging wall of a thrust fault with unknown, but quite large displacement. The overall geology of the Lone Star property and veining is interpreted to be lithologically and structurally similar to that of the Nugget zone gold target, though further work to test for consistent shallow-depth gold mineralization and to test the application of the Nugget model in the area is recommended. Results so far suggest a continuity to the potentially gold-enriched zone that may be associated with large faults in the area.

While the 2015 drilling season identified two separate vein arrays at the Nugget zone, denoted the “upper” and “lower” vein arrays, results from the 2016 exploration program indicate no apparent spatial association related to depth between vein arrays containing visible gold. The geometry outline to date is one of an elongate tube, outcropping in part, that has true widths of 5 metres to 15 metres. Detailed mapping in the area during the 2016 season has revealed centimetre to metre scale northeast late faults, which offset the northwesterly trending, 250 km strike length gold mineralization.

The Dominion Zone, 30 km to the southeast of the Lone Star claims, straddles a north-south trending thrust fault within late-Permian Klondike Schist. Chlorite-rich schists and phyllites are the dominant lithology in the hanging wall of the thrust fault and muscovite-rich quartzites and, less commonly, muscovite schists are present in the foot wall. Drilling intersected the “Dome Load Vein” in all ten holes and generally encountered stockwork quartz veining with euhedral to blebby pyrite and galena, as well as local faulting from the interpreted thrust fault. Samples generally returned few gold assays of

economic values with locally anomalous galena and silver values, similar to results noted on the Violet ridge target. No further work is recommended for the 2017 exploration program.

The Christy Zone was tested by RAB drilling and these yielded indeterminate, negative results. Three NTW diamond drill holes were drilled to test geological relationships surrounding an outcropping vein containing anomalous gold values with similar geological characteristics to the Violet target veins. Drill holes encountered local quartz veining with sporadic low-grade gold mineralization hosted by felsic schist that is part of the footwall felsic schist unit at the Lone Star Zone along strike. No further work is recommended here for the 2017 exploration program.

9.0 Recommendations

Regional:

Regional prospecting and soil sampling should be completed as a systematic, district-scale survey in the 2017 exploration program to identify anomalous zones across the Klondike properties for further follow. Further mapping of the Klondike district is also recommended and should include the eastern properties, such as the Gold Run claims, which have previously remained “unmapped”. The results of these surveys should generate new exploration targets, as well as a district scale geological map for the Klondike.

Violet zone:

Further exploration drilling is warranted in the Violet ridge zone to continue testing quartz veins and areas of silicification with zones of low grade, geochemically anomalous gold values (up to 4.13 g/t Au over 0.44 metres).

Lone Star zone:

Detailed soil sampling along grid lines is recommended over the Lone Star area to replace data recovered from paper maps with low density soil sampling in the 1980's and to better define possible high grade define targets within the area.

Property-wide ground magnetics survey should be completed to the western claim boundary on the west side of Eldorado Creek, focusing in particular on the Lone Star zone. An IP/Resistivity geophysical survey should be considered as a secondary targeting tool in the Lone Star area to help define and highlight disseminated pyrite in wide zones of intermediate schist as an indicator for disseminated gold within these units. Geophysics would also help define the geometry of individual fault structures, particularly in areas to be tested with follow-up drilling at Lone Star.

Diamond drilling is recommended to follow-up on high grade gold drilling results from the 2016 exploration program and to test outcropping and sub-cropping gold-bearing quartz vein arrays wherever identified on the property, irrespective of host rock or associated structural features. The intent of the

2017 drill program is to document the geological and economic characteristics of a wide range of gold-bearing mineralization. Specific potential targets under consideration at this time include step out drilling at the Nugget and Lone Star zones.

Diamond drilling is recommended to follow up 2016 drill discoveries of gold-bearing quartz vein arrays and disseminated gold within intermediate schist units at the Lone Star zone, particularly along large fault structures (ex. Bonanza Fault) in the area. The objective of this drilling would be to investigate the extent of gold mineralization associated with the currently known strike of faults in the area to determine if mineralization occurs as one continuous zone or multiple zones.

Nugget zone:

Further diamond drilling is recommended on the Nugget zone to follow up on high grade visible gold in quartz veins and stringers. Step out drilling should test the Nugget Fault for character and extent of gold mineralization in the 2017 drilling program.

10.0 Statement of Qualifications

I, Peter Tallman, of Vancouver, British Columbia hereby certify that:

- I am a graduate of the University of Western Ontario with a Bachelor of Science (Geology) degree (1984).
- I am a practicing Professional Geoscientist (#02366) with the Professional Engineers and Geoscientists of Newfoundland and Labrador (PEGNL) since May 1991.
- I have practiced my profession as a geologist in Canada, throughout the America's as well as Australia and Africa continuously since graduation.
- I have held the position of executive officer and/or director of various publically listed Canadian corporations since 1995.
- I currently hold the position of President and Chief Executive Officer with Klondike Gold Corp., a company listed publically on the TSXV Exchange.
- I own shares and have been granted options to purchase shares in Klondike Gold Corp.
- I directed work on the Lone Star Property and am the designated Qualified Person as defined by National Instrument 43-101 policy.

Dawson, Yukon Territory

A handwritten signature in black ink, appearing to read 'Peter Tallman', followed by a period.

Peter Tallman, P.Geol.

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Appendix I: Statement of Costs

Item	Type	Rate	Unit	Dates Worked	No. Units	Cost
Drilling						
Kluane Drilling Ltd.	Diamond Drill	\$84	Meter	May 12 - Oct 4, 2016	5,375m	\$449,905.90
Geophysics						
GroundTruth Exploration	Ground Magnetics	\$145	Line Km	June 5 - June 30, 2016	240 Line Km	\$34,755.00
Assay Samples						
Bureau Veritas	Prospecting Samples	\$30	Sample	May 2 - Oct 17, 2016	625 Samples	\$18,750.00
Bureau Veritas	Drill Core	\$45	Sample	May 24 - Dec 10, 2016	4488 Samples	\$201,960.00
Total						\$752,343.37