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GroundTruth Exploration Inc.
Box 70, Dawson YT, Y0B 1G0 (867) 993-5612

Geophysical Report

on the

Independence Creek Placer Prospecting Lease

Whitehorse Mining District

Lease No.: IW00437

Owner: Tao Henderson 100%

Prepared by: Isaac Fage

GroundTruth Exploration Inc.

Location: 62.966° N, 139.5241° W
NTS Mapsheet: 115J/13, 14
Surveyed on: September 25, 2015
Report Date: October 14, 2015

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Summary

A High Resolution DC Resistivity survey with coincident UAV Drone and Ground Penetrating Radar surveys was conducted on the Independence Creek placer lease to map bedrock depth and classify overburden material. The lease is located 120km South of Dawson on Independence Creek which flows directly into the Yukon River (figure 1).

The survey was conducted by GroundTruth Exploration on September 25th, 2015. The property was accessed by helicopter based in Dawson City. A total of two DC resistivity arrays were set up and read on a profile positioned 50m upstream of the resistivity profile surveyed in 2013. Four Ground Penetrating Radar cross creek profiles were surveyed over and adjacent to the resistivity profiles surveyed in 2013. The drone survey was flown over the geophysical survey area covering 3km^2 at 6cm ground resolution.

The Resistivity Survey was read using a Supersting R8 resistivity meter with 84 electrodes spaced at 3m. The GPR survey was done using a GroundRadar 30 MHz GPR system. The drone survey was flown using a Sensefly Ebee UAV.

The resistivity survey was successful in profiling bedrock depth and detecting permafrost depth interval. The Ground Penetrating Radar survey produced horizontal reflector features which were compared with the DC Resistivity interpretation. The UAV survey successfully mapped detailed imagery and topography which assists in the interpretation of the geophysical data. Location of the surveys is shown on Figure 2.

1.0 History

Independence Creek has not seen any significant placer exploration activity. It is currently bound to river access at the mouth of the creek or helicopter. There are no current or historic trails observed on the creek or significant historical placer workings. The creek has previously been held in lease with one DC Resistivity profile surveyed in 2013. The data from this presented is presented in this report as a comparison to the 2015 survey. A ground magnetic survey was conducted in 2012 with the goal to identify magnetite bearing placer channels.

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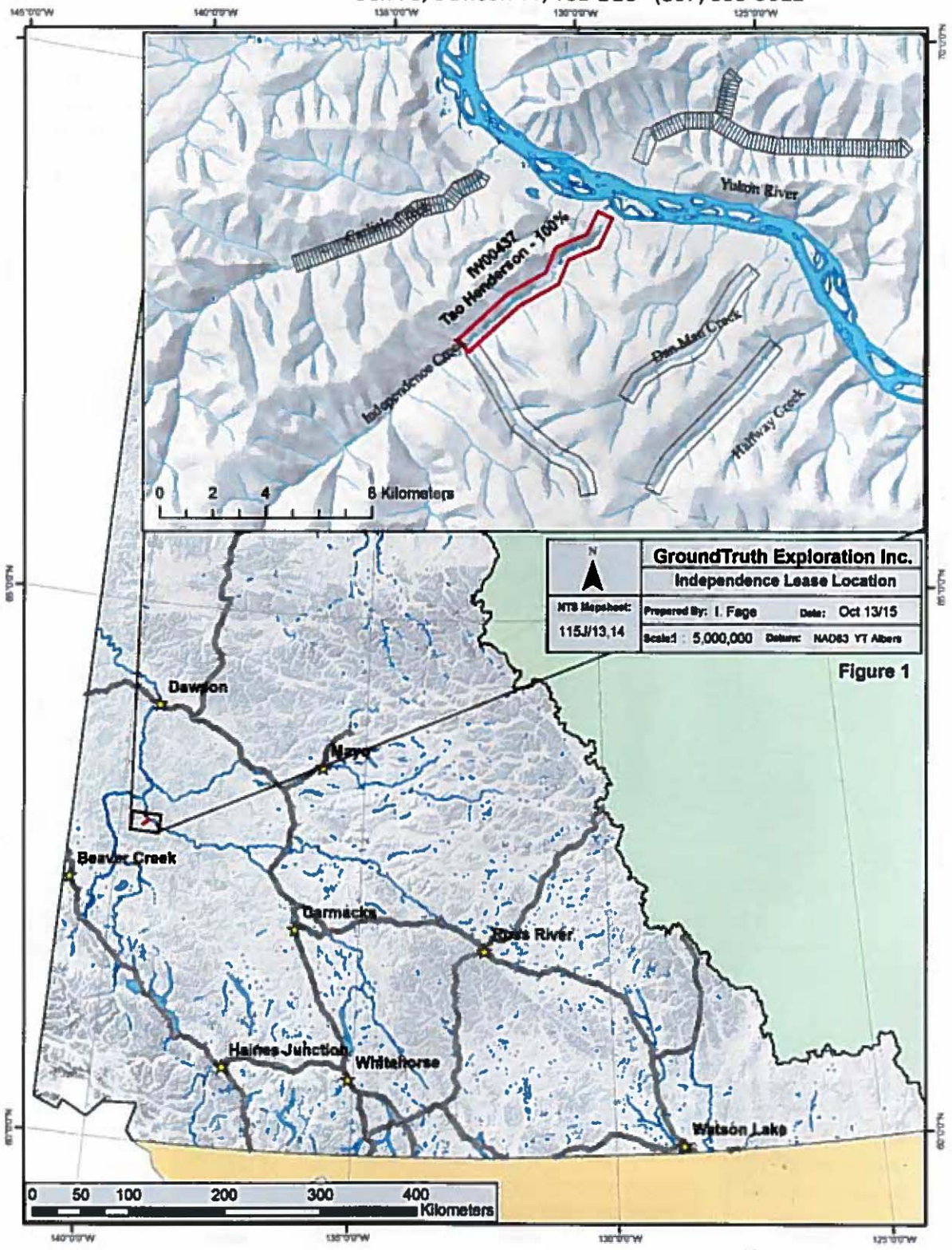

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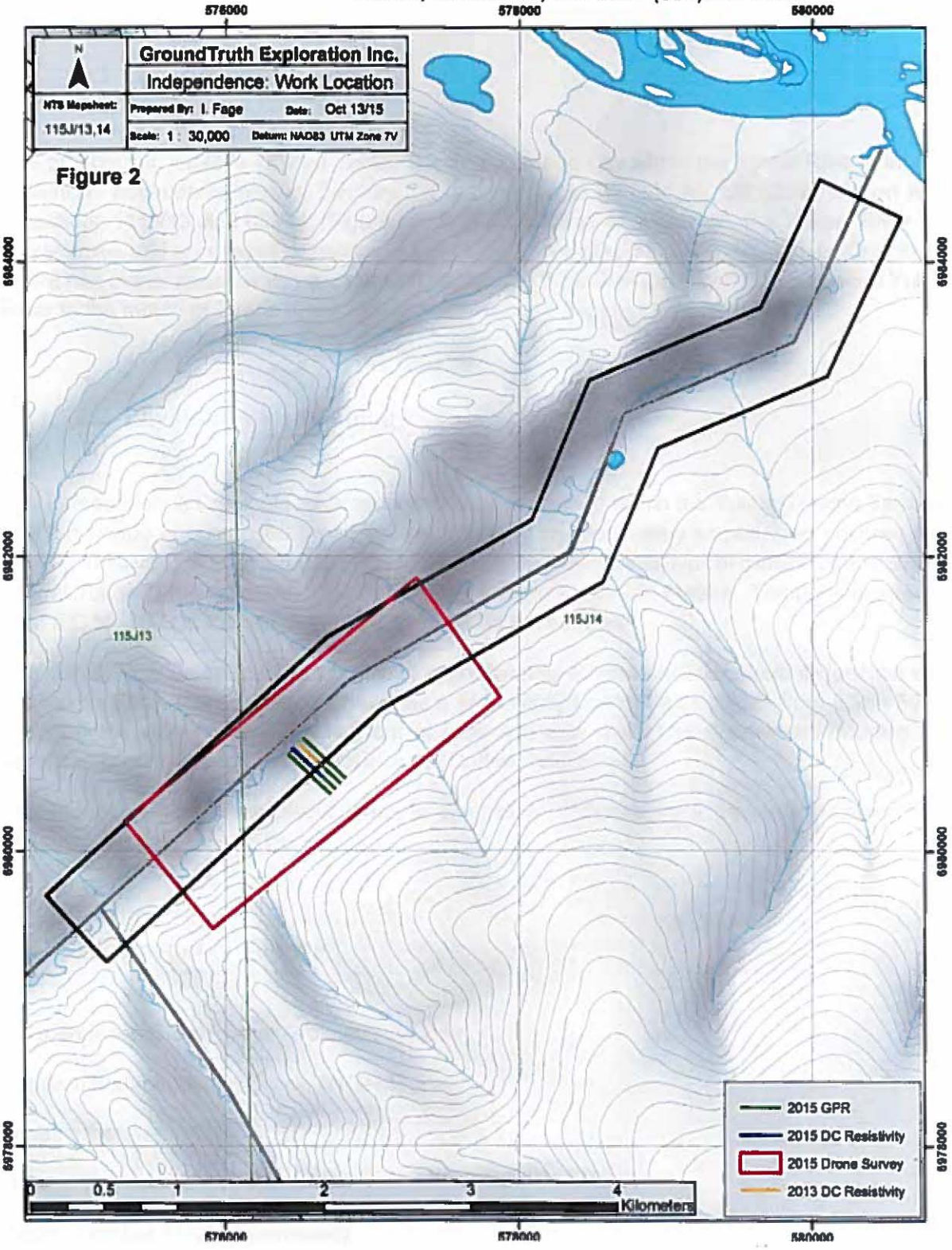

1.1 Location and Access

The prospecting lease is located 120km South of Dawson City within the Yukon River drainage system in west-central Yukon Territory. It is centered at 62.966° N, 139.5231 ° W, on NTS mapsheet 115J/13 & 115J/14 (Figure 1). It is accessible in winter on the Yukon River via snowmobile, and accessible by helicopter year round. Neighbouring Thistle Creek (~10km to the north) has placer mines which are currently accessed from Dawson City by barge on the Yukon River to the mouth of Thistle creek.

1.2 Physiology and Geology

The Independence Creek placer prospecting lease is located within the Yukon-Tanana Terrane. The landscape is composed broad valleys bordered by moderately sloped, tree covered hills ranging in elevations from 1200 to 5000 feet. The area experiences typical climatic conditions for central Yukon Territory with short, warm and dry summers and cold winters. Temperatures range from 0°C to -50°C in the winter and 0°C to +30°C in the summer.

The survey location on the 5 mile lease is approximately 4 miles upstream from its junction with the Yukon River. Independence Creek has a wide valley channel that ranges from 200m-500m width on the valley floor. The left fork of Independence creek has headwaters draining the significantly mineralized Kona deposit on the Coffee Gold Project.

The Independence Creek placer lease is completely underlain by a Devonian-Mississippian metamorphic unit. See Figure 3.

1.3 Property Tenure

Independence Creek Placer Prospecting lease:

Location: Independence Creek, IW00437

Length: 5 miles

Owner: Tao Henderson, 100%

Expiry: October 17/2015 (renewed)

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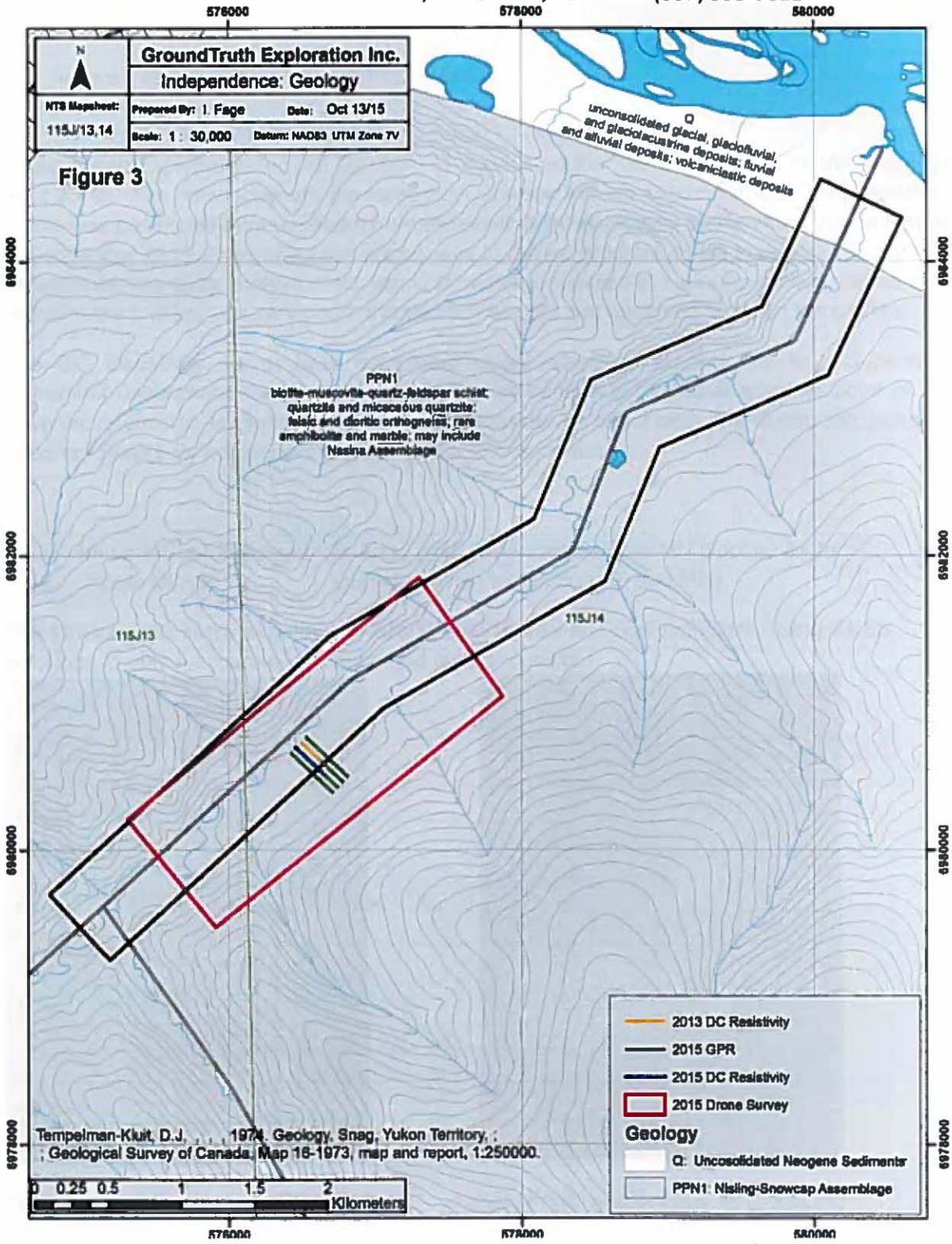


2.0 Survey description and Procedures

2.1 DC Resistivity Survey

GroundTruth Exploration Inc., of Dawson YT conducted the resistivity survey on this lease on Sept 25/15. The crew accessed the lease from Dawson with an Astar helicopter. The resistivity profile was positioned 50m upstream from the existing DC Resistivity profile which was surveyed in September 2013. The goal of this survey was to run an adjacent profile to observe agreement between the resistivity surveys which would increase confidence in the interpretation. Agreement between the profiles was very good and bedrock troughs are observed between the profiles.

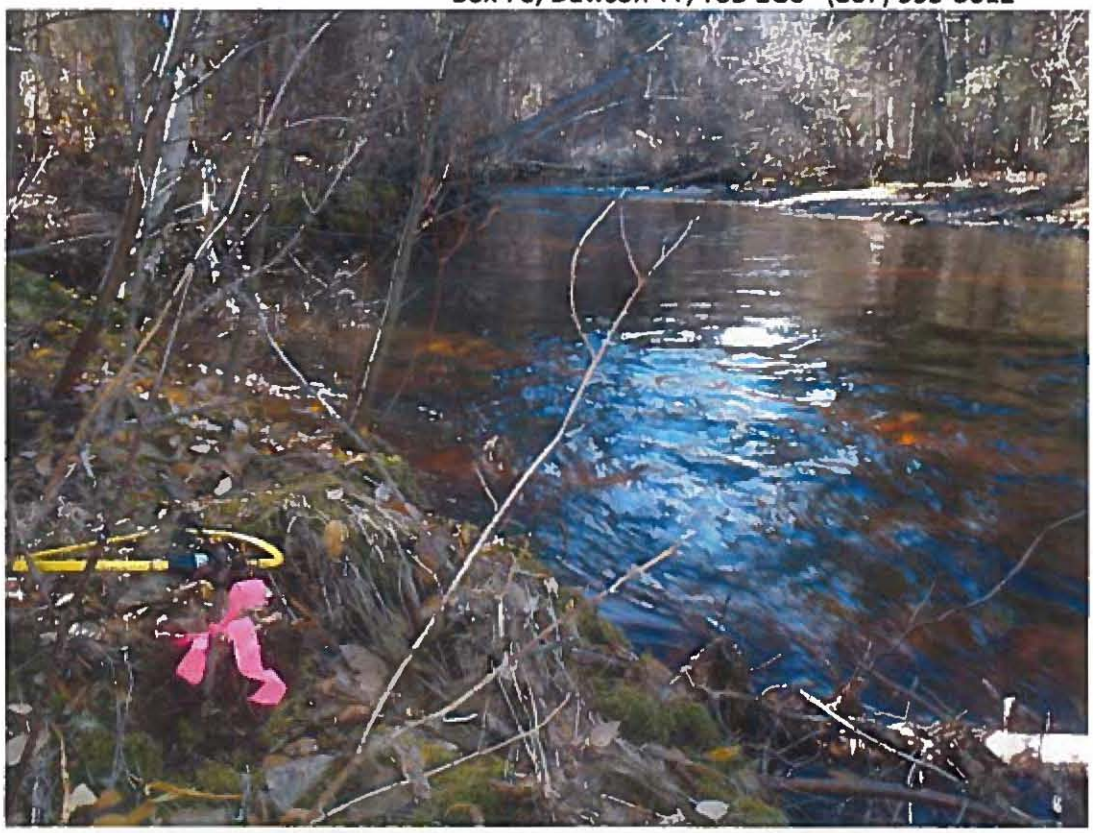
The DC Resistivity survey was completed using Advanced Geoscience Inc., Supersting instrument (Instrument specs in appendix) .The instrument is placed at a center point of the traverse; referred to as electrode #42, with 42 electrodes on either side. The Supersting gathered apparent Resistivity component only, using the -following arrays:

1. **Inverse Schlumberger** SI Array (with expanding AB and MN dipoles) A=3m
2. **Dipole Dipole** DD Array (with expanding AB and MN)

The traverse was surveyed with a ProMark3 DGPS units and post processed using GNSS Solutions to obtain accurate horizontal and vertical position.

Field Photo at Electrode 1 (SE limit)

Field Photo at Electrode 42 (midpoint)



Field Photo at Electrode 84 (NW limit) and showing size/flow of creek on Sept 25/15

Field Survey Operating Procedures:

- A crew of 5 is deployed to run survey.
- The midpoint of a traverse is located and the line is sighted-in using a DGPS.
- Minimal brush is cut along line to sight pickets and lay cables
- Crew places electrode at 3m spacing with measuring tape
- Electrodes are hammered to a depth of 30cm (10% of electrode spacing)
- Cables are laid and attached to the electrodes
- Contact resistance test is conducted
- Calcium Chloride (25% solution) added to all electrodes >2k ohms. CRT reread.
- Extra electrodes added to high CR electrodes. CRT reread.
- With satisfactory Contact Resistance, Resistivity survey is Read.
- Operator surveys the traverse using DGPS and marks the traverse with pickets every 10 electrodes.

Data Processing:

The collected data is downloaded in the field after every array and checked for integrity. This allows any field errors to be identified before moving the equipment. The RES data is processed daily by the lead operator using EarthImager2D software provided by Advanced Geosciences Inc. Resistivity data-misfits are removed and the cleaned data-set is inverted. The same process is done with the IP data. Terrain corrections collected using a differential GPS are applied to the inversions. The DGPS data is processed using GNSS Solutions software. A .csv is created containing the DGPS traverse points collected. All instrument raw data from the DGPS and SuperSting are archived. An ESRI shape file is created containing the traverse points collected

Survey Results:

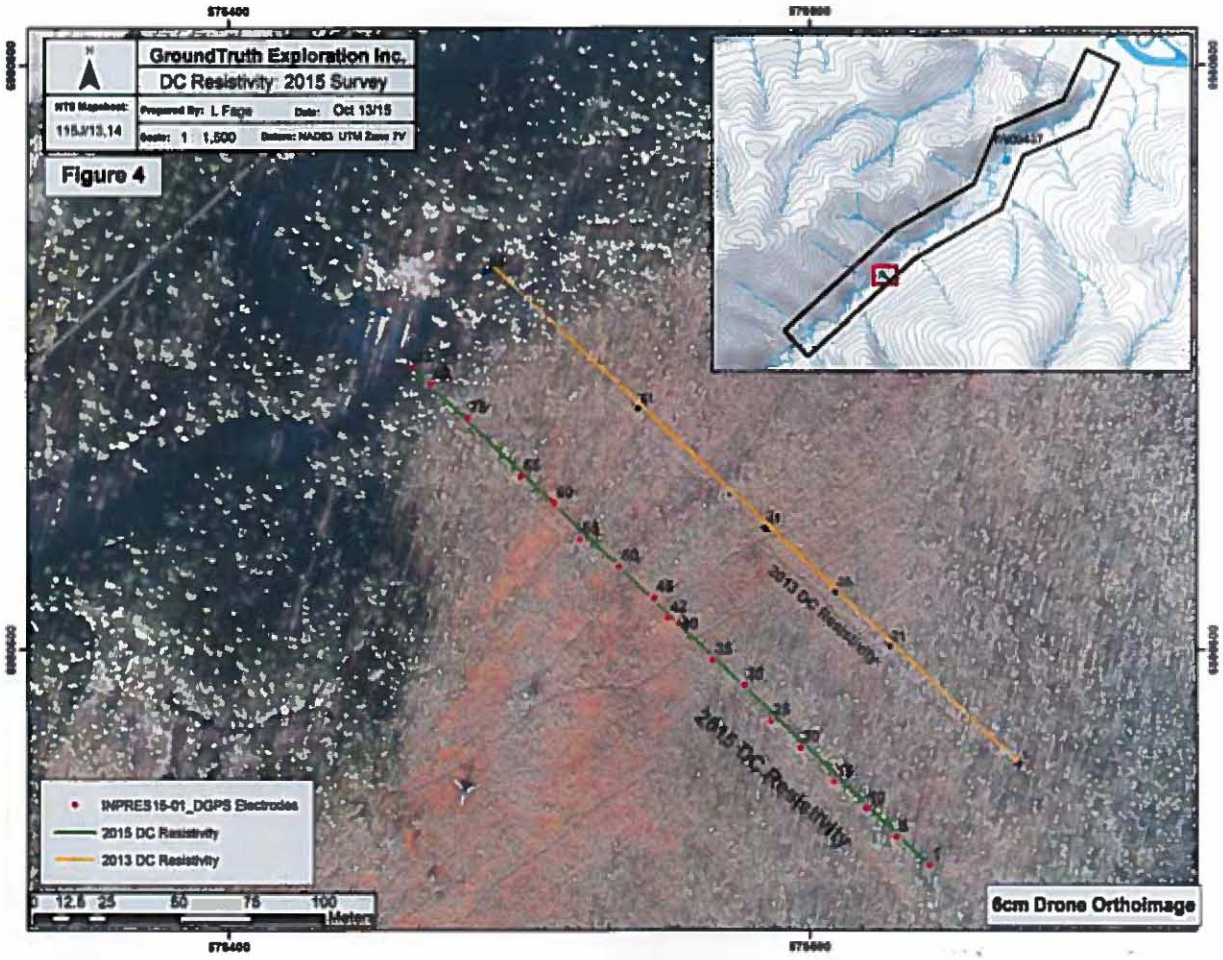
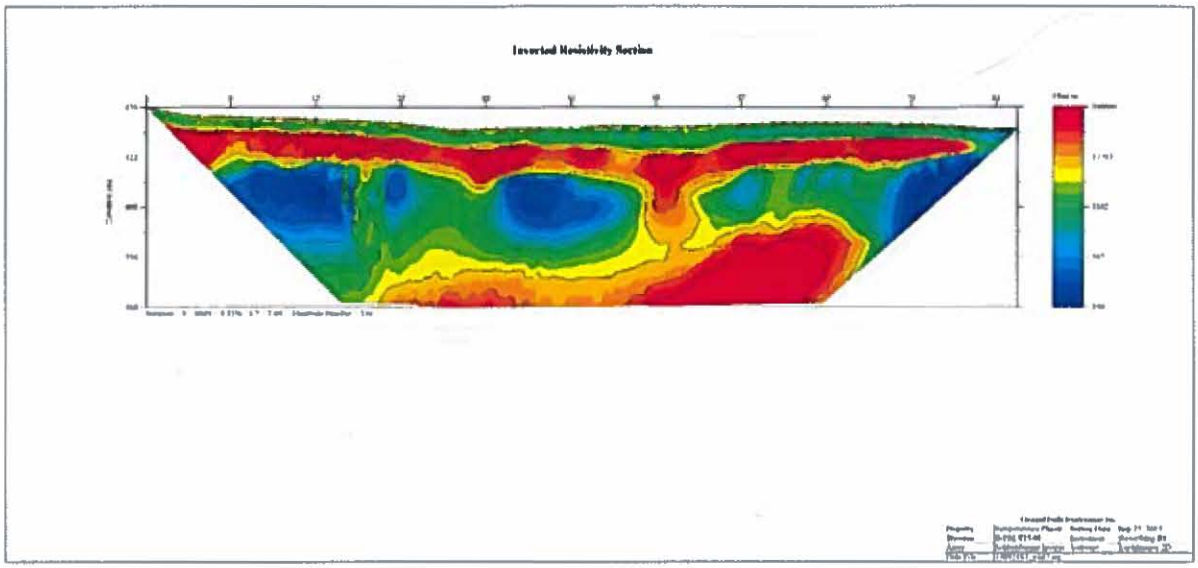


Figure 4: Location of 2015 DC Resistivity Survey (green line) with DGPS surveyed electrode locations (red points), overlaid on 6cm Drone orthoimage.

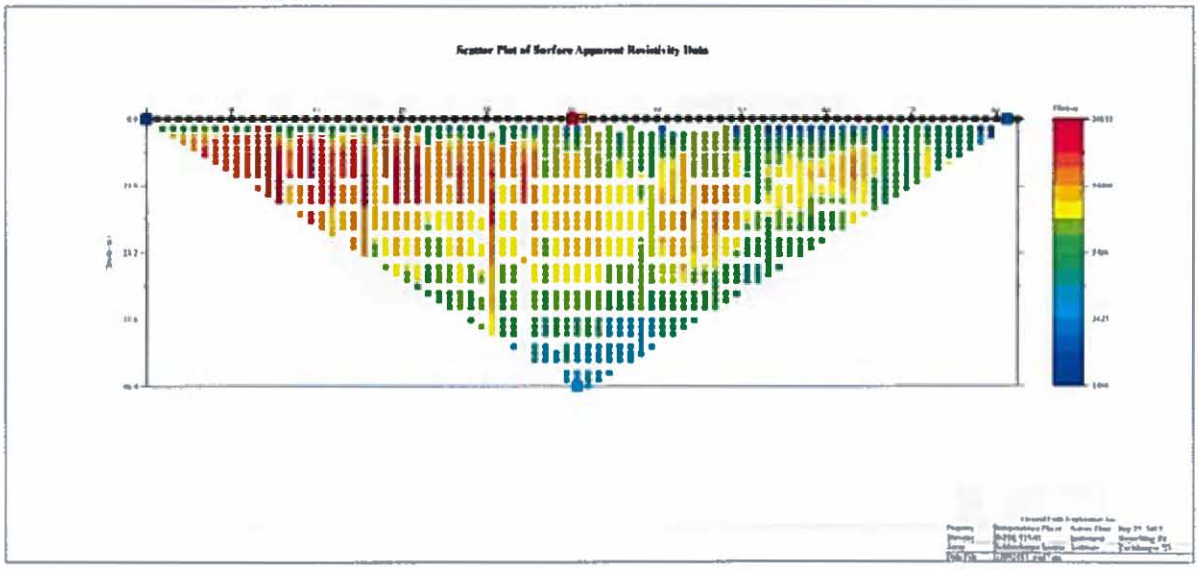
Inversion Results:

Figure 5: Inverse Schlumberger array Inversion



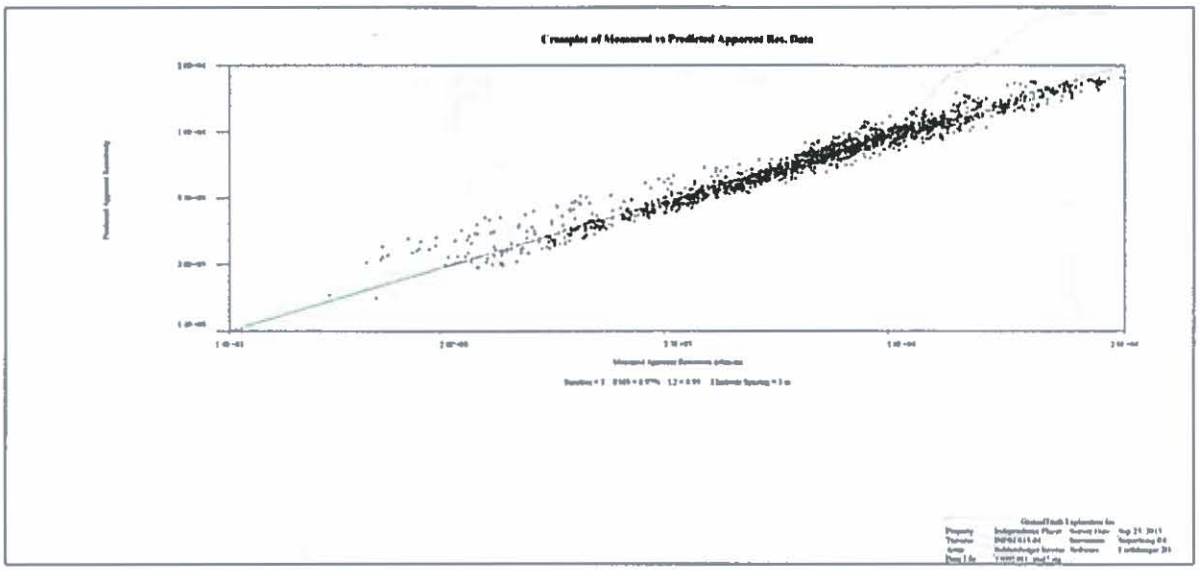
The Inverse Schlumberger inversion produced realistic horizontal features to interpret muck/gravel and gravel/bedrock interfaces.

Figure 6: Inverse Schlumberger Array Scatter plot



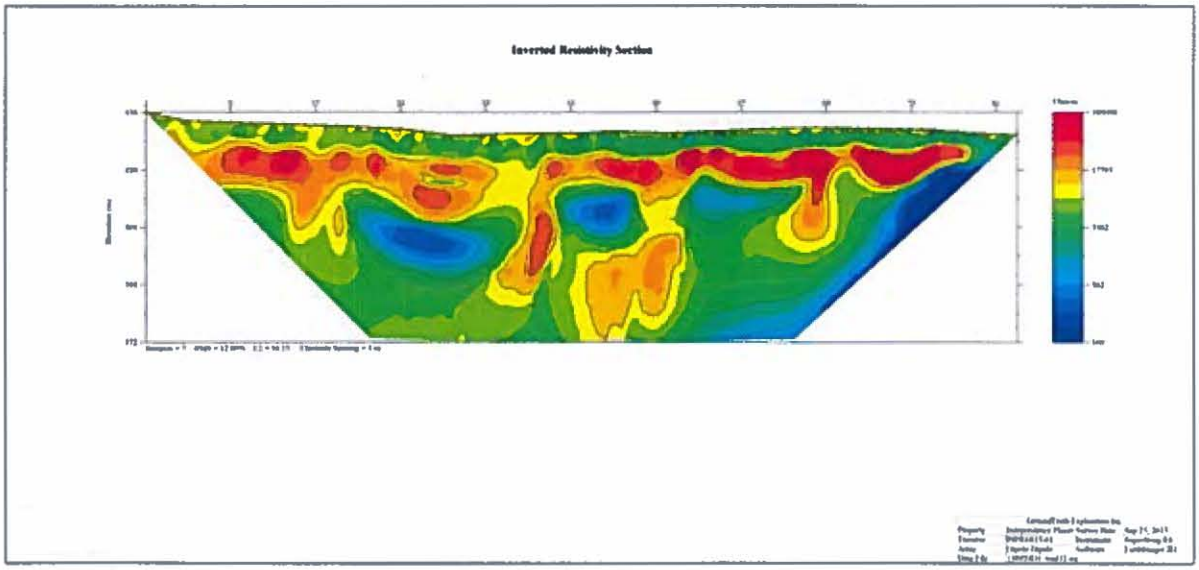
Data density is robust, with few rejected readings. Data quality is good.

Figure 7: Inverse Schlumberger Array Inversion Model Crossplot



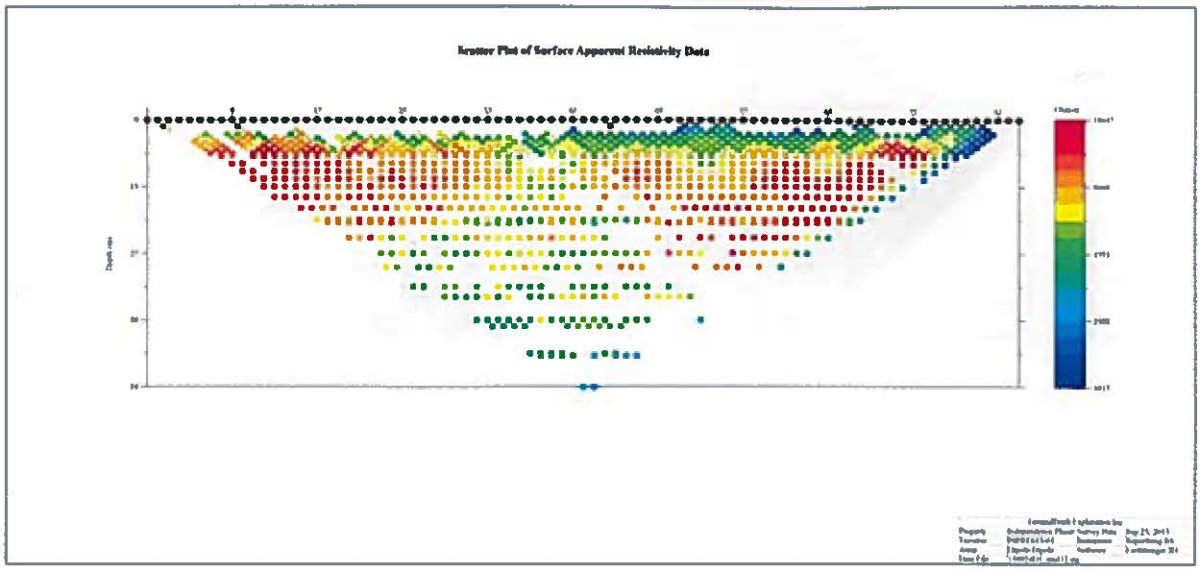
The inversion model fits the data reasonably well with an RMS of 8.97% on the final inversion.

Figure 8: Dipole-Dipole Array Inversion:



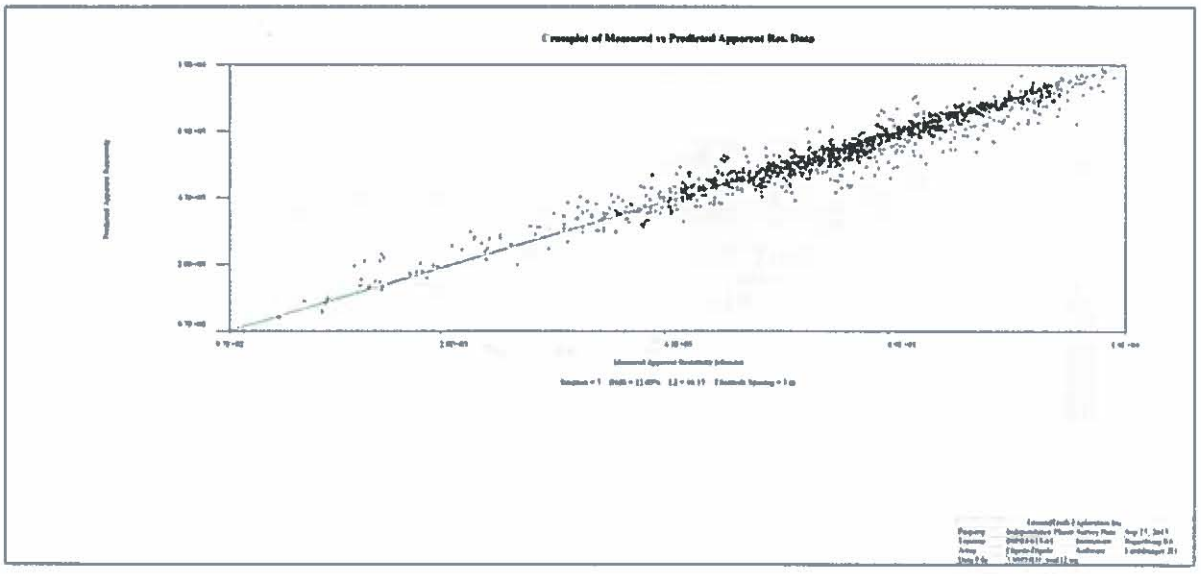
The Dipole-Dipole inversion shows the general interfaces but produces some erratic features.

Figure 9: Dipole-Dipole Array Scatterplot:



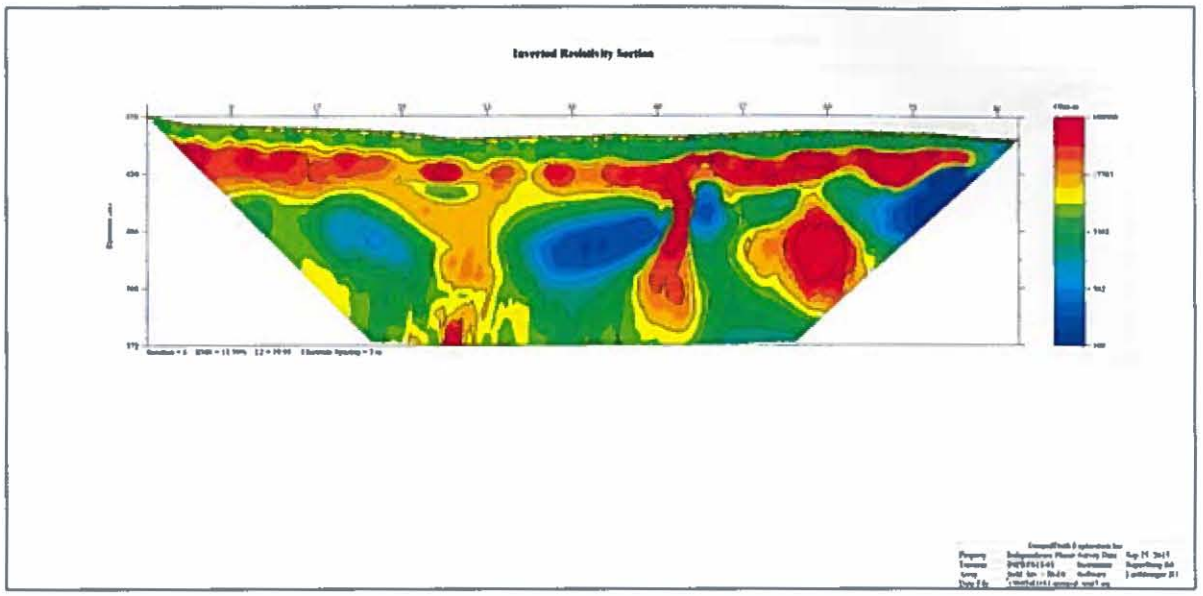
Less data points retained for inversion model than in the Inverse Schlumberger model.

Figure 10: Dipole-Dipole Array Inversion Model Crossplot:



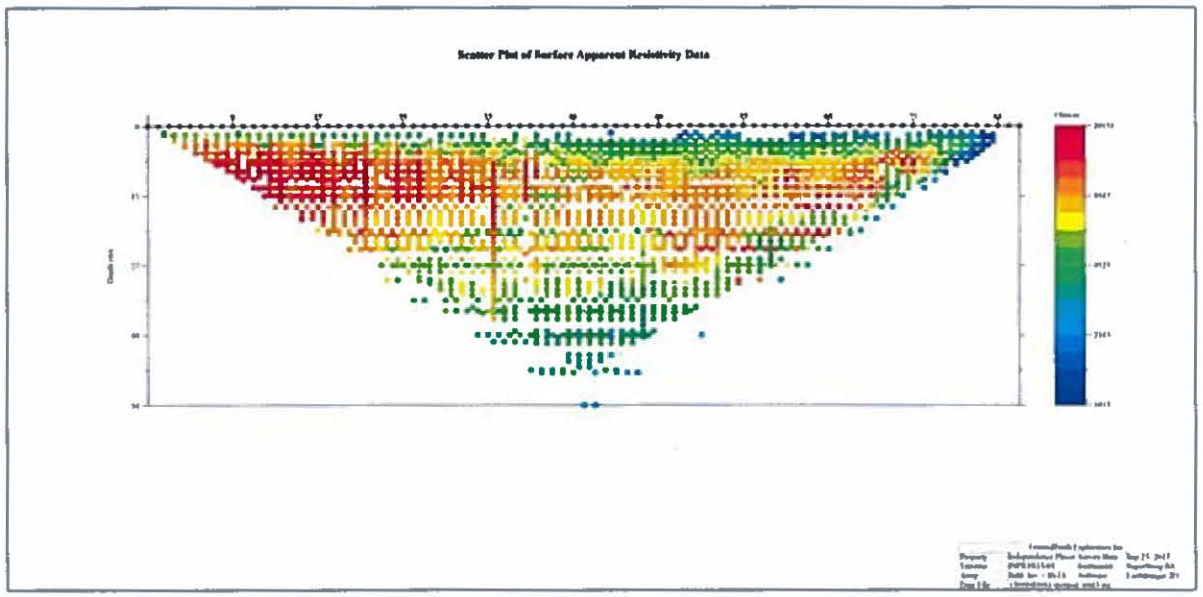
Dipole-Dipole Array final inversion with an RMS of 12.05%

Figure 11: Merged SI-DD Array Inversion



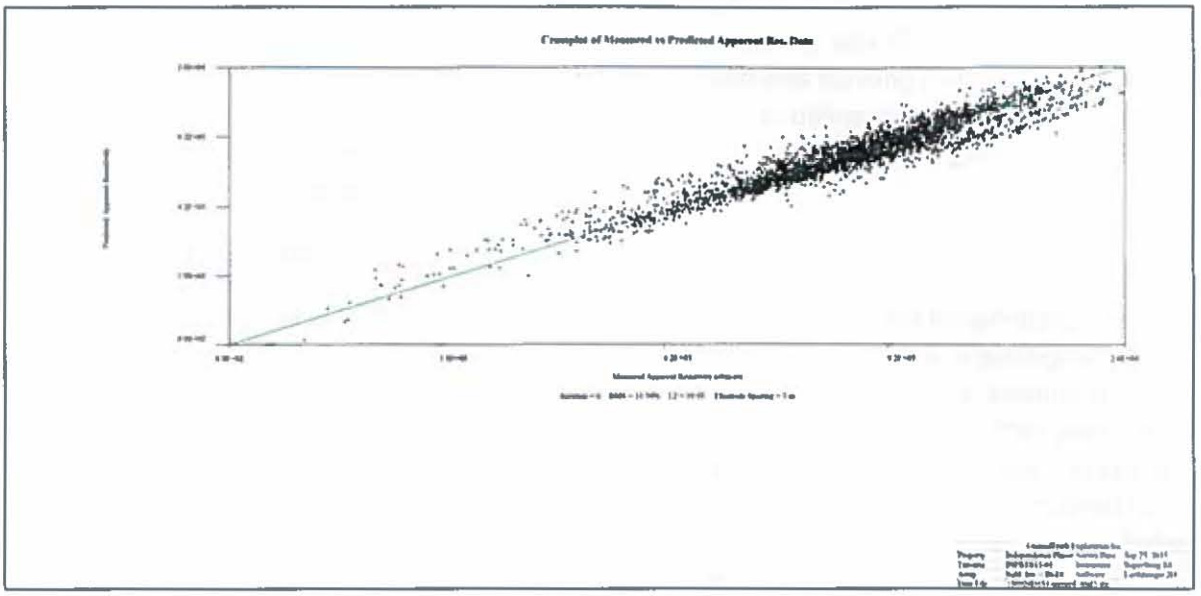
Merged Model shows horizontal target overburden features but with erratic vertical linear features

Figure 12: Merged SI-DD Model Scatterplot



Highest data density in model when merging both arrays

Figure 13: Merged SI-DD Model Crossplot



The merged array model has the highest RMS value of all 3 models at 13.39%, likely due to variability of adjacent data points produced from the 2 surveys, producing a poorer model fit.

Summary:

The Inverse Schlumberger Array inversion will be used as the primary dataset for interpretation in this report. Visually, it produced the most realistic representation of the anticipated overburden horizons. Statistically, it produced the best fit model of all 3 data sets. Additionally, it will be compared with the adjacent 2013 DC Resistivity survey which also was run with the Inverse Schlumberger array.

2.2 Ground Penetrating Radar Survey

GroundTruth Exploration conducted a GPR survey on September25, 2015. The survey consisted of 4 cross creek profiles at length 400m each. The lines spacing was 50m. GPR profiles were collected over the 2013 and 2015 DC Resistivity profiles with one flanking line on either side. The main objective of the survey is to map depth to bedrock, and to delineate any buried channel that exists along the creek. The overlapping GPR/DC Resistivity provides a good opportunity to evaluate agreement between the surveys.

GPR system and basic principle

Ground penetrating radar(GPR) works like seismic, in that it is based on transmitting energy to the ground and measuring the time taken for the energy to be reflected back at geological targets, be they localised ore-bodies or geological interfaces/boundaries. Instead of seismic or shock waves, GPR transmits electromagnetic energy of high frequency compared to other geophysical methods. It is a very high resolution technique that is very site specific, for example it works very well where the target is within a host rock that has a higher electrical resistivity compared to the target itself, and where there are no conductive surficial layers to absorb radar energy before reaching the target. Another important factor is that radar energy can be scattered and not captured optimally if the reflecting geology or target is not consolidated or of a certain geometry. In conducive settings GPR is a fast high resolution method, can be operated by a single person and can supplement other geophysical methods very well. For this particular project, the 30MHz UltraGPR supplied by Groundradar (see www.groundradar.com) was used. The system works together with a differential GPS (RTK-DGPS) for data positioning and a portable data logger.

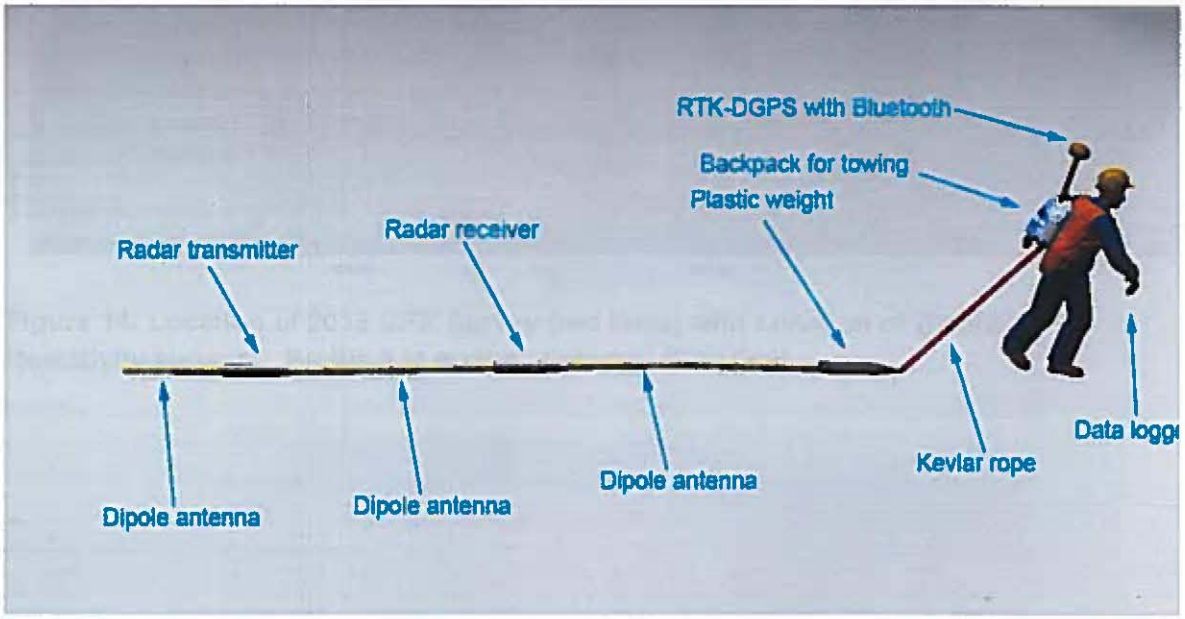


Diagram- UltraGPR 30MHz system

GPR Results:

Figure 14: GPR Survey Location

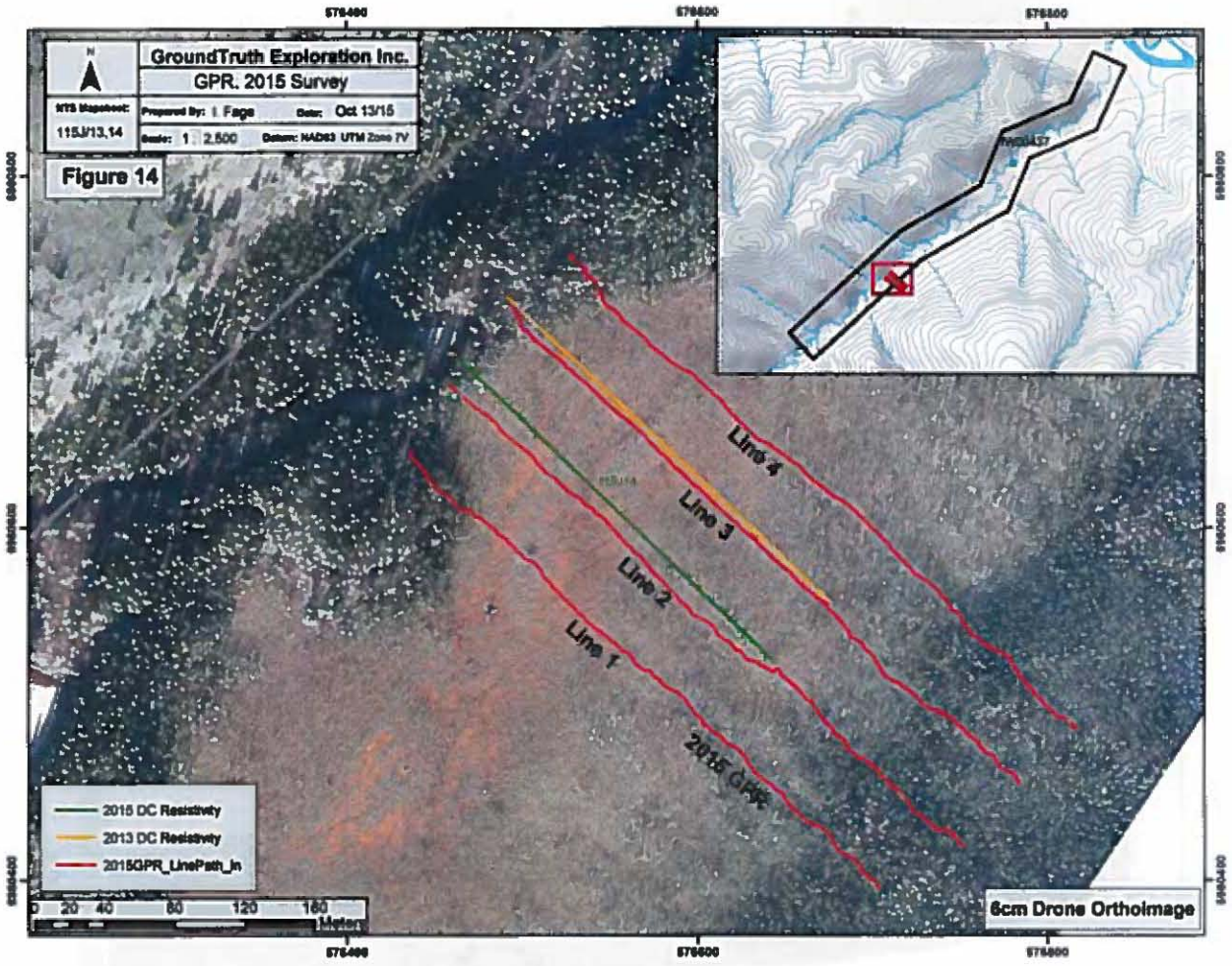


Figure 14: Location of 2015 GPR Survey (red lines) with Location of 2013/2015 DC Resistivity surveys. Profile 1 is on the upstream (SW) limit.

Figure 15: Line 1 GPR Radargram, Looking Downstream (NE)

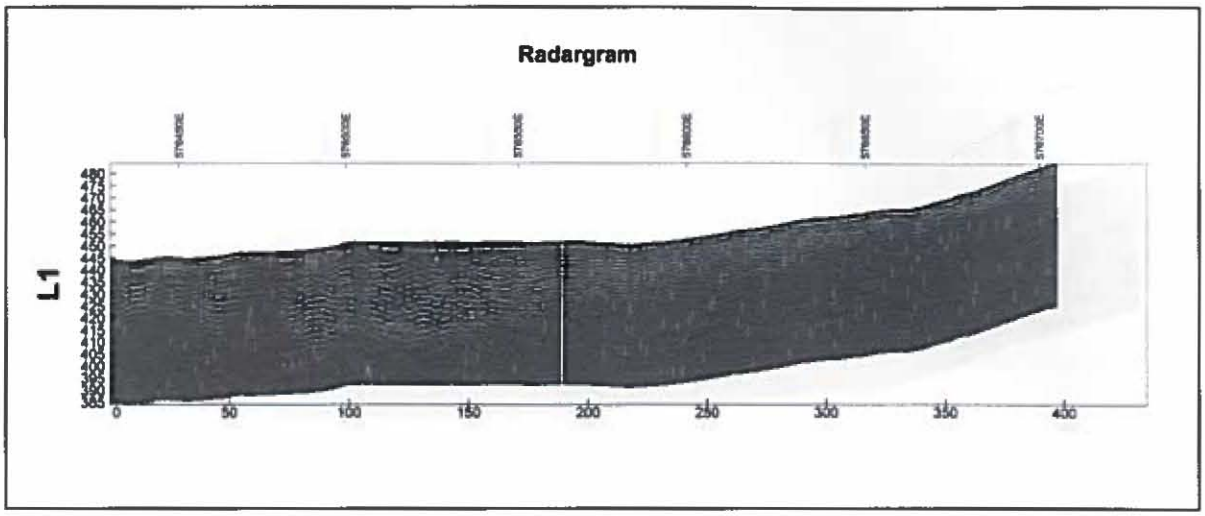


Figure 16: Line 2 GPR Radargram, Looking Downstream (NE)

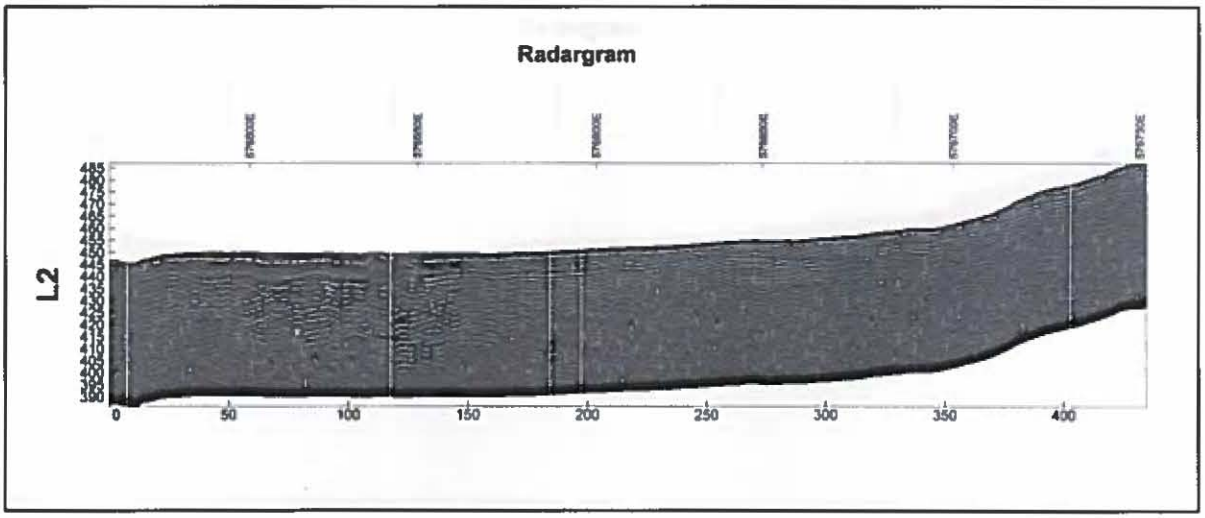


Figure 17: Line 3 GPR Radargram, Looking Downstream (NE)

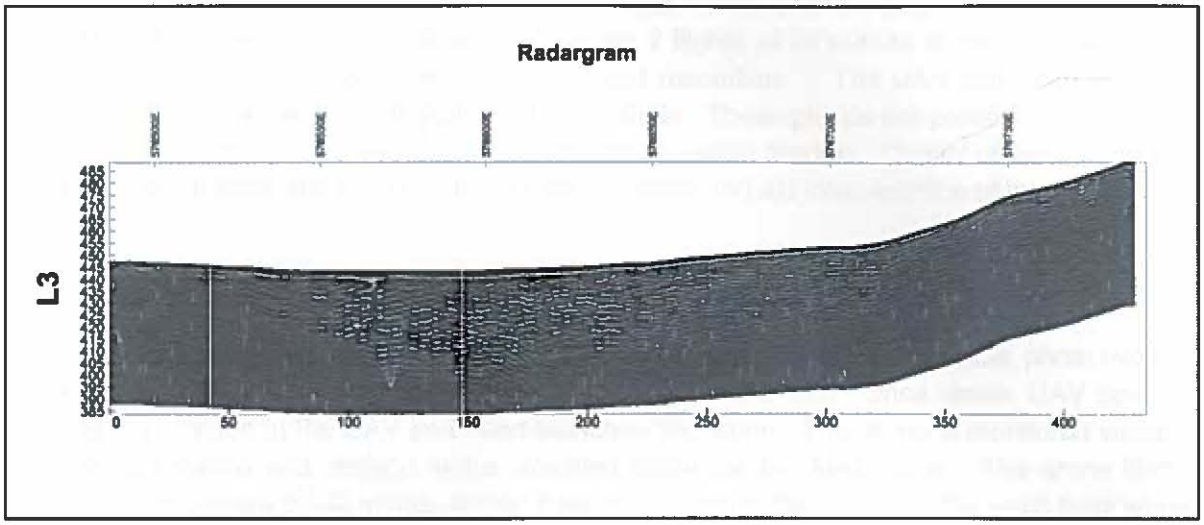
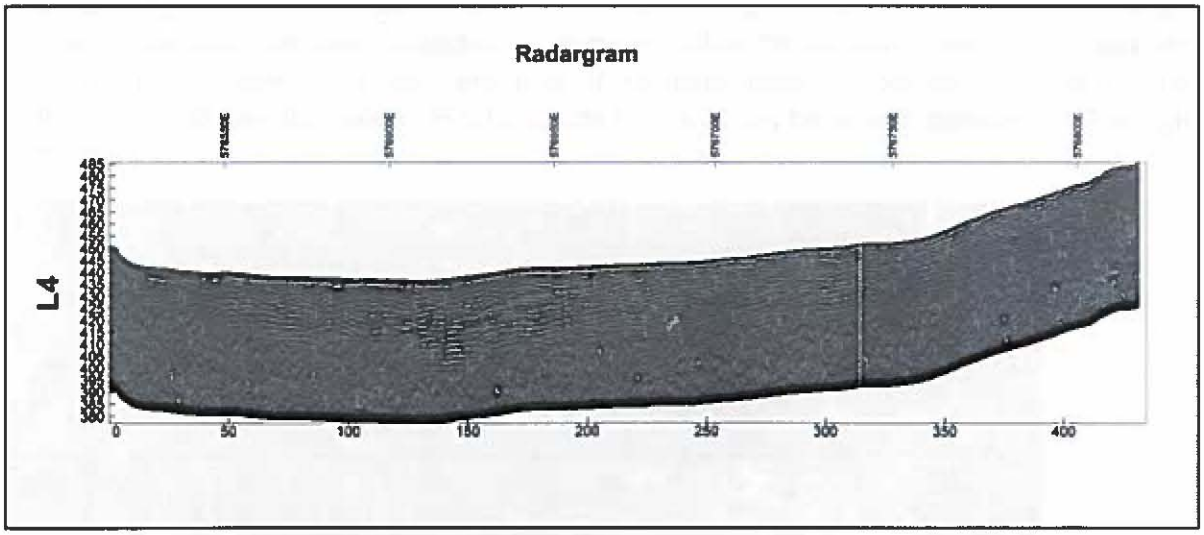


Figure 18: Line 4 GPR Radargram, Looking Downstream (NE)



Summary:

The GPR profiles show reasonably good agreement between the 50m spaced lines. There is very minimal data loss which helps trace the linear reflectors for interpretation. Depth penetration extends well below the expected depth to bedrock. Results are compared against the DC Resistivity inversions in the interpretation section.

2.3 UAV Drone Survey

GroundTruth Exploration Inc. conducted a UAV drone survey over the target area on September 25, 2015. A Sensefly EBEE fixed wing drone ran 2 flights of 30 minute duration to acquire an orthoimage and topographic model at 6cm ground resolution. The UAV collects a series of photos with high overlap along flightlines at low altitude. These photos are processes in a bundle to generate extremely high resolution imagery and elevation models. Quality of the data is very good and the imagery and topo has been used to model and aid interpretation of the geophysical datasets.

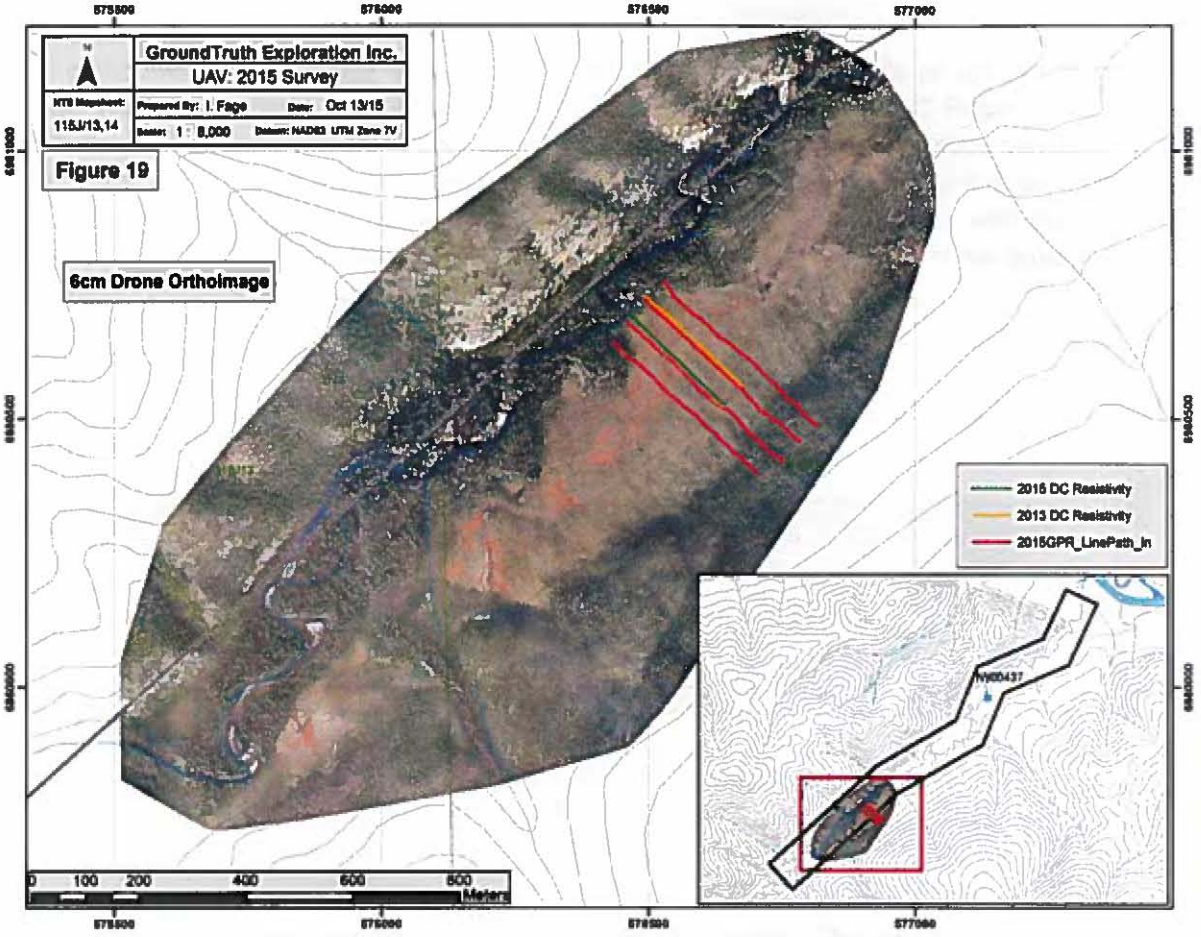
UAV Survey Procedure:

The UAV is operated by preplanning flightlines in E-motion software. Flight altitude, photo overlap, and number of flights are predetermined prior to survey in the field. Once onsite, UAV operator uploads the mission to the UAV and hand launches the drone. The drone is monitored visually. The UAV's location and mission status are also visible on the field laptop. The drone flies a mission in successive 30-40 minute flights. It returns to land at the operator after each flight where the data is uploaded and battery is swapped. The flights, data acquisition and landing of the UAV is completely autonomous. The operator monitors the status of the survey and has the capability to modify the mission or call the drone back to launch point should the need arise.

After each flight, the data is visually inspected and run through a quick quality assessment routine to ensure the data has been collected as planned. After the full acquisition of the data, the Operator returns back to the office and runs full Orthorectification processing to build the final orthomosaic and elevation model. Final products for this survey have been generated in Postflight Terra 3D.

EBEE UAV Drone launch and ground station.

Figure 19: UAV Survey Coverage



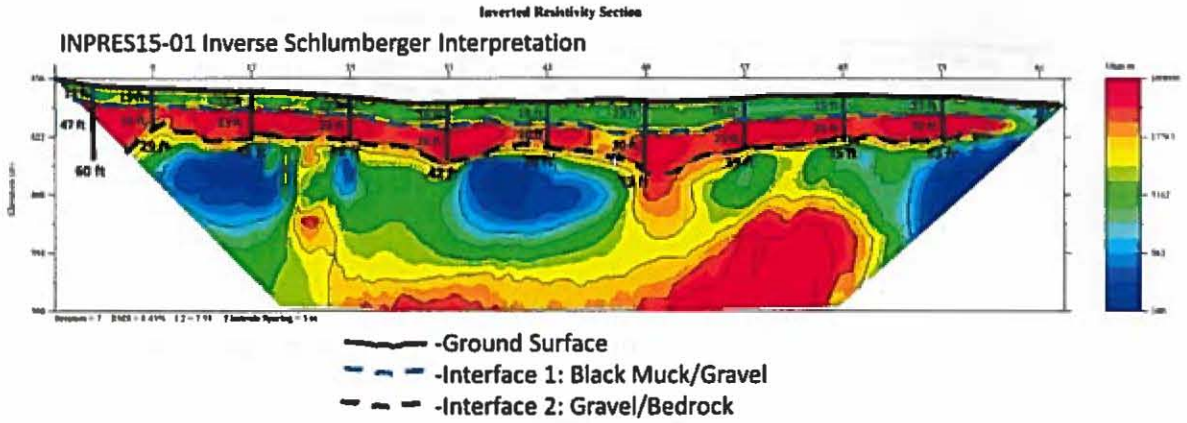
Summary:

Imagery/topography quality from the drone survey was very good. The coverage assists greatly in interpreting the ground surface conditions of the geophysical surveys and creates a 3D model which will be presented with the DC Resistivity/GPR subsurface data.

3.0 Results and interpretation

All 3 components of the 1 day survey are interpreted together to provide an estimation of depth of near surface organics, gravel thickness and depth to bedrock. The DC Resistivity survey of 2015 along with the historic 2013 DC Resistivity is providing the best information for mapping the subsurface. These surveys are interpreted together using the Inverse Schlumberger array. The GPR survey is presented in an overlay to compare primary GPR reflectors with the resistivity mapped interfaces. The drone is modelled in 3D to present all data and show ground surface conditions on the survey profiles.

Figure 20: INPRES15-01 (2015 DC Resistivity) Interpretation



The overburden horizons are coherent and clear on this profile. The top interface (blue vertical bars) is interpreted to be near surface organics which is moderately conductive in the range of ~3000 ohm-m. Thickness is consistent at 13-16ft, with a depression down to 23ft at electrodes 45-55 (X axis on figure). The horizon below which is mapped as red on the figure is interpreted to be frozen gravel that are very resistive in the range of 30,000-100,000 ohm-m. Interpreted thickness is variable, ranging from 47-16ft. There is a large interpreted thickness on the SE limit away from the creek, suggesting an old channel on the margin of the SE side of the valley. There is also an interpreted depression at electrode 50 where gravel thickness is in the range of 35ft. Bedrock contact is interpreted to be directly below the highly resistive frozen gravel layer. Depth to bedrock is locally variable with primary depressions at electrode 1 (60ft+), electrode 33 (42ft) and electrode 50 (~55ft).

Figure 21: INPRES13-01 (2013 DC Resistivity) Comparative Interpretation

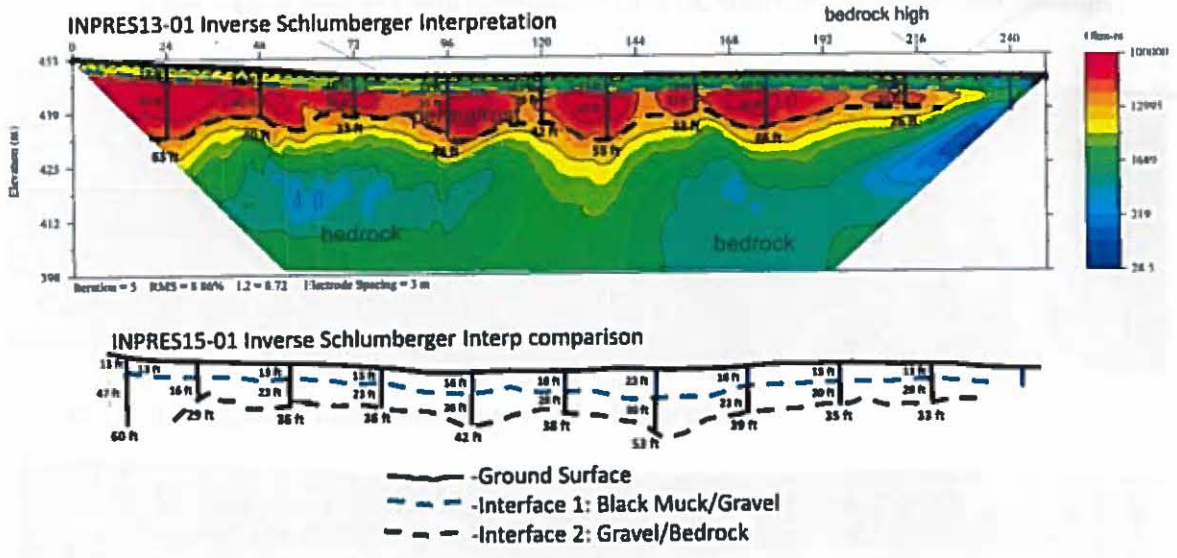
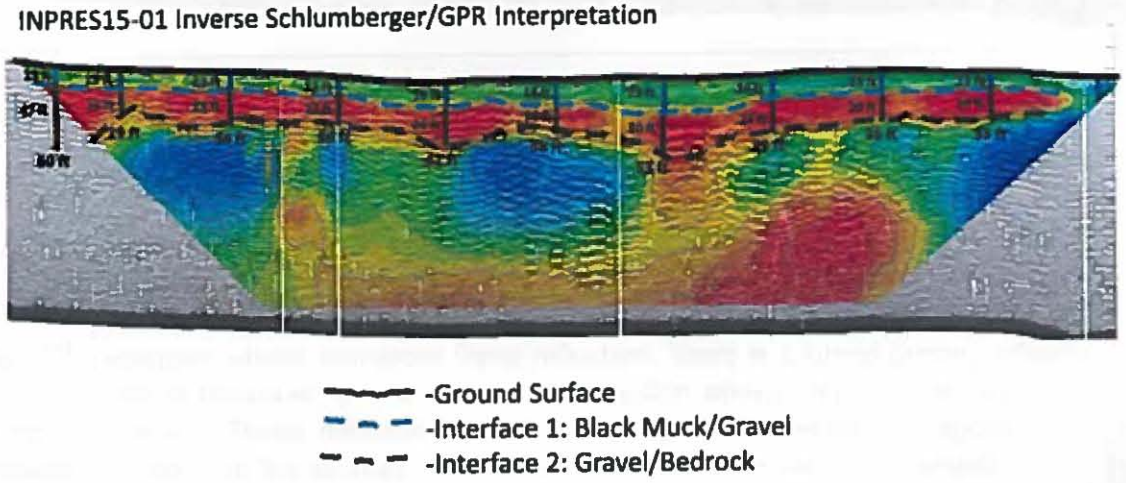
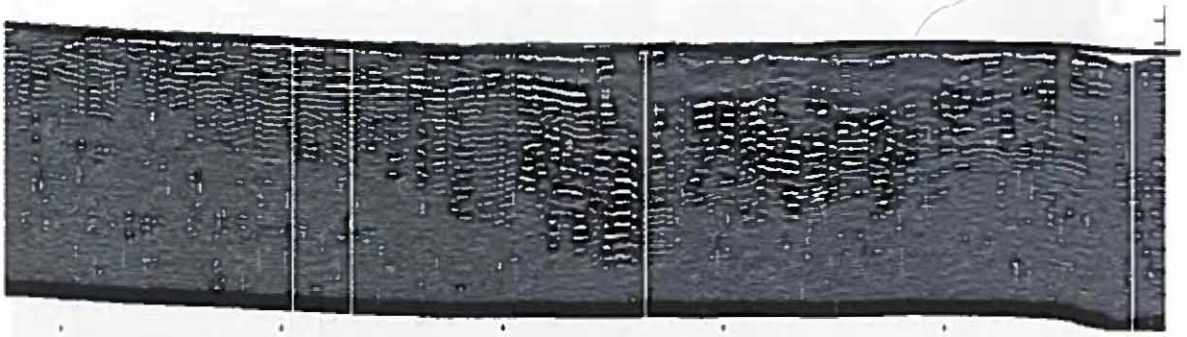


Figure 22: GPR Radargram over 2015 DC Resistivity profile

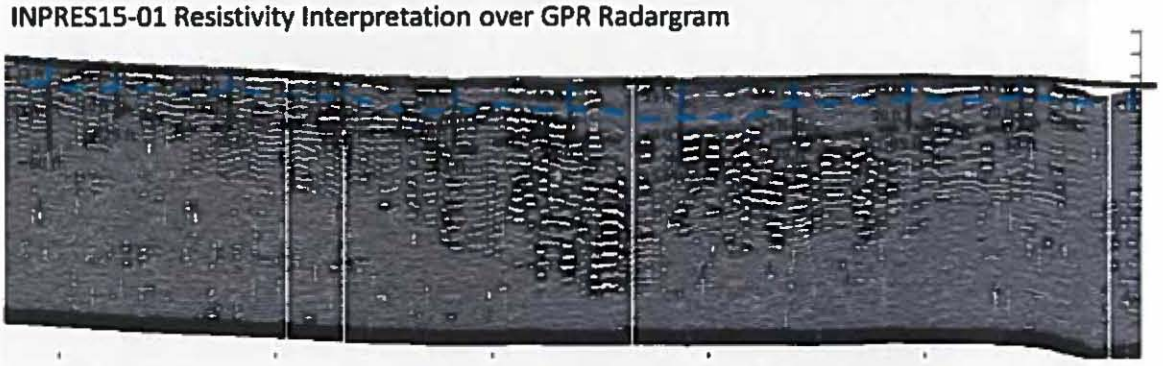


This figure presents an overlay of the 2015 interpreted resistivity on top of the GPR radargram. The next figure will present the radargram with no markups and the resistivity interp only to compare agreement.

Figure 23: GPR Radargram bare and with overlapping 2015 DC Resistivity interpretation markups



INPRES15-01 Resistivity Interpretation over GPR Radargram



-Ground Surface
-Interface 1: Black Muck/Gravel
-Interface 2: Gravel/Bedrock

The GPR radargram shows numerous linear reflectors. There is a strong primary reflector near to surface that is traceable for the length of the section above and a secondary continuous reflector at depth. These reflectors should correlate with the resistivity mapped interfaces. Agreement is poor on the primary near surface GPR reflector with DC resistivity interpreted organic/gravel interface. Agreement is good on the secondary GPR reflector on the NW (right side of section) end of the profile with DC Resistivity interpreted gravel/bedrock interface and variable on the SE (left side of section). Direct testing by drilling will be required to test the results of both of these surveys. Confidence is higher on the DC Resistivity interpretation.

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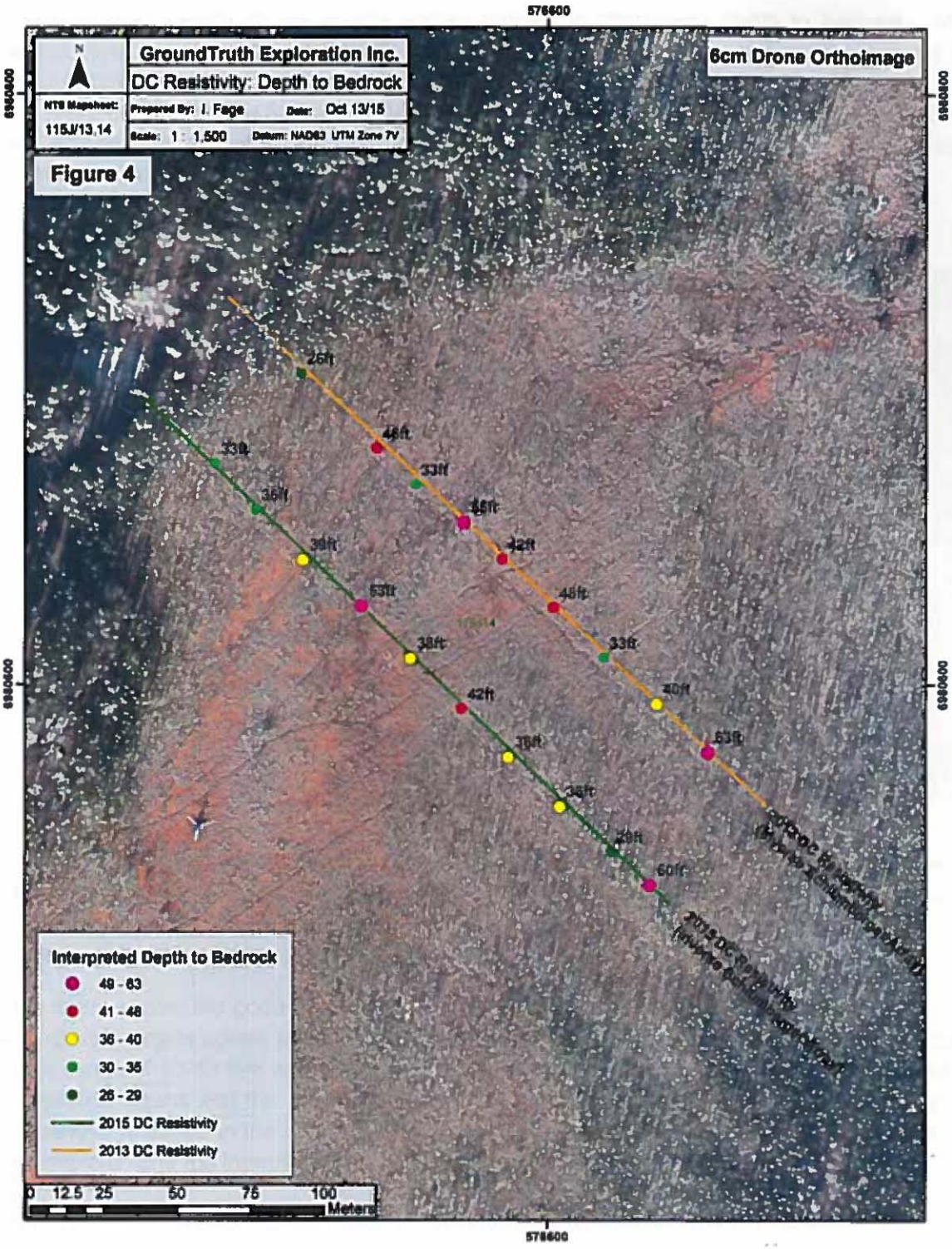
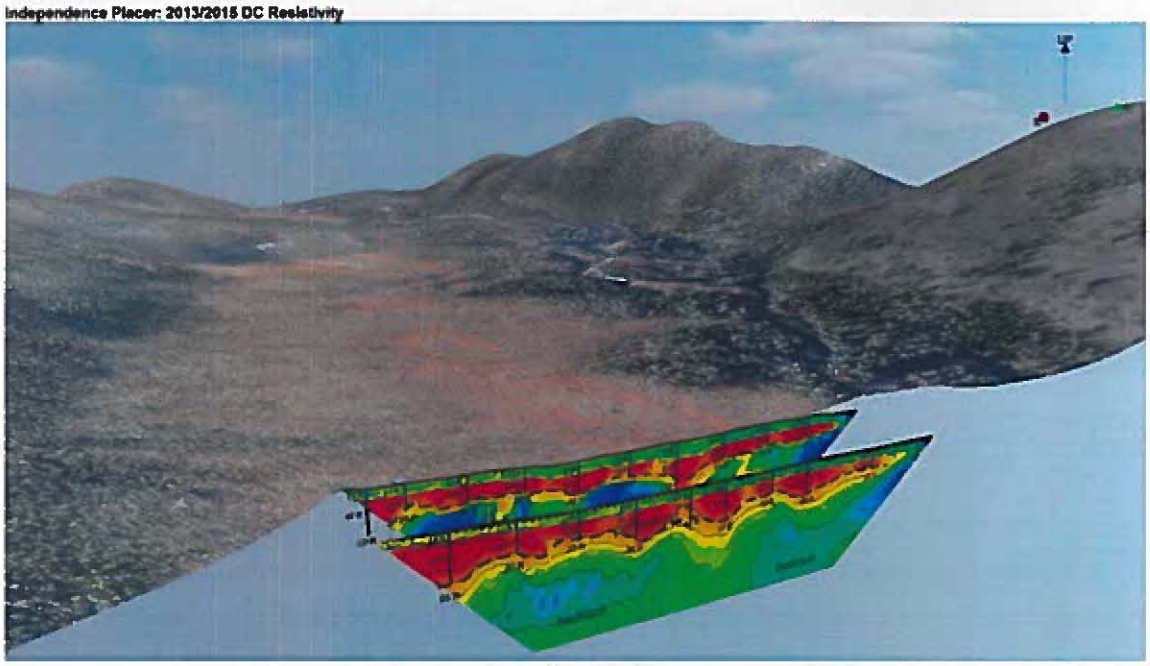
Figure 24: Plan Map of interpreted Depth to Bedrock on Drone Image



The plan map clearly shows trends across profiles in interpreted depth to bedrock. Major depressions are observed on the SE limit of both surveys and also mid profile on both. The depressions are symbolized by pink circles. The valley itself has a steeper slope on the NW side and more gradual on the SE side. This indicates that older channels would exist on the SE side and agrees with the interpreted depth on the SE limit of the resistivity surveys. Old buried channels would be expected to exist on the SE if they are present.

Figure 25: INPRES2015-01/INPRES13-01 Interpreted Resistivity with Drone 3D model



The 3d model shows the character of the valley and we can observe on the left of the figure where deeper channels may be present on the gradual slope just past the limit of the resistivity survey. The two primary depressions along the profile are observed as continuous features between both surveys. This data will be used to target followup exploration drilling.

This figure shows the good agreement between the 2 surveys positioned parallel at 50m apart and identify targets across profiles. Near surface organics are mapped at slightly less thickness- in the range of 10-13 feet across the profile. The gravel thickness/bedrock depth shows similar interpreted depths and the 3 identified depressions are consistent in both surveys, significantly boosting confidence in the interpretation. The figure above presents the interpreted depths on the inversion and the interpreted depths of the adjacent 2015 profile below.

Figure 26: INPRES2015-01 Interpreted Resistivity with Drone 3D model

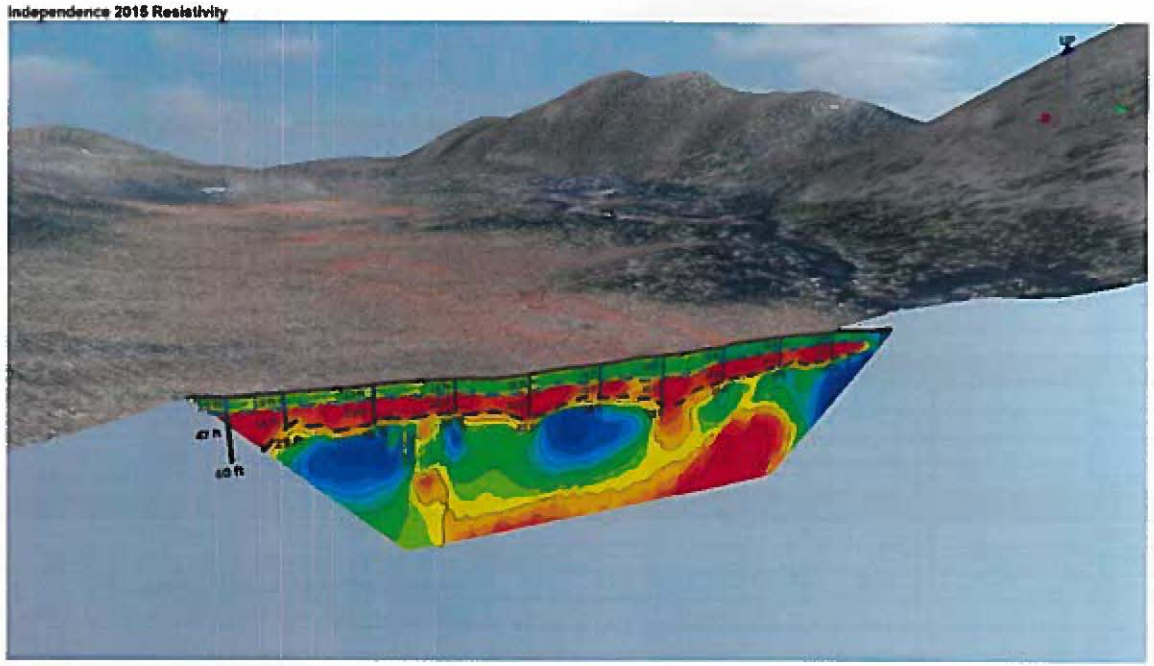
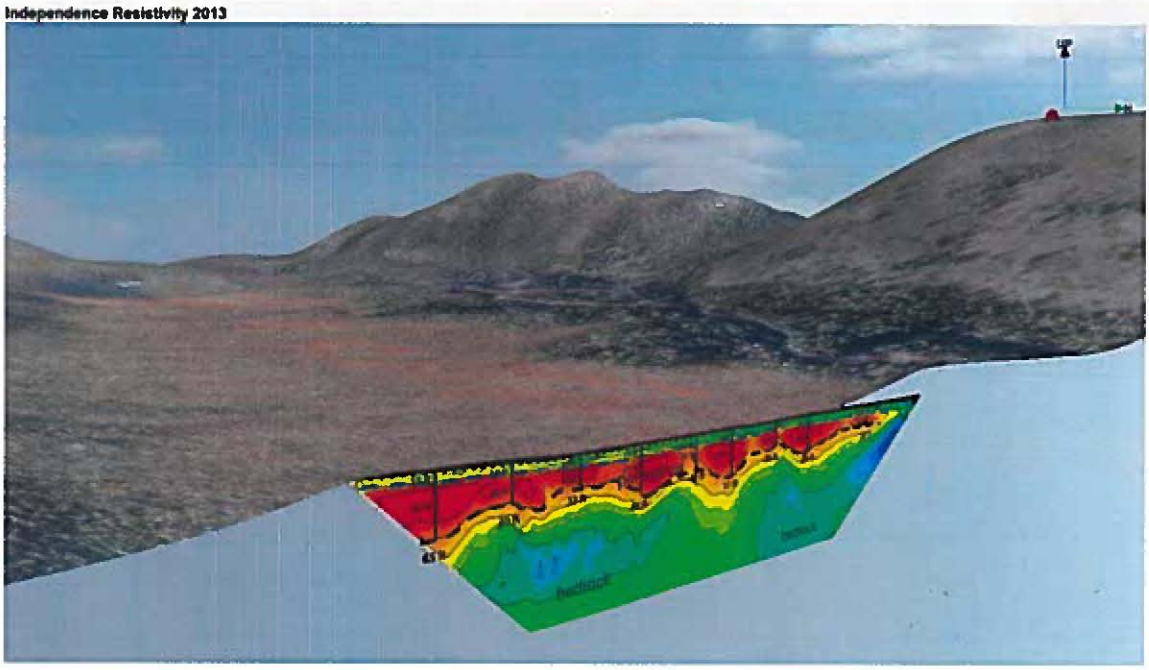


Figure 27: INPRES2013-01 Interpreted Resistivity with Drone 3D model



GroundTruth Exploration Inc.
Box 70, Dawson YT, Y0B 1G0 (867) 993-5612

4.0 Project Expenses

DC Resistivity/GPR/Drone Surveys by GroundTruth Exploration Inc.: Sept 25, 2015

Independence Placer: DC Resistivity/GPR/UAV Drone Invoice

Overview:		
GroundTruth Exploration Inc. deployed a crew of 5 to Independence placer lease IW00437 on September 25, 2015. One profile of DC Resistivity, 4 Profiles of Ground Penetrating Radar and a UAV Drone survey was run.		
Drone Acquisition Daily Cost Breakdown:		
Wages:		
1 UAV Drone Operator * $500/day	$	500.00
1 DC Resistivity Foreman * $450/day	$	450.00
1 GPR Operator * $450/day	$	450.00
2 DC Resistivity Field Technicians * $350/day	$	700.00
Survey Equipment:		
1 UAV Drone with Base Station *$500/day	$	500.00
1 DC Resistivity Meter with Cables and 84 electrodes * $600/day	$	600.00
1 30 MHz GPR System w/internal DGPS *$300/day	$	300.00
1 Ashtech Promark3 DGPS with Base Station *$50/day	$	50.00
2 Chainsaws *$50/day	$	100.00
1 Iridium Satellite Phone @ $35/day	$	35.00
5 Garmin GPS+5 Icom VHF Radios *$5/day ea	$	25.00
Consumables:		
Stainless Electrodes: wear & tear- 2 per profile, $6 ea	$	12.00
Calcium Chloride: 4kg per profile, $2/kg *2 profiles/day	$	8.00
Data Management and Processing Services:		
Drone Imagery Processing: Ortho/DEM/ QC check and Report @$100/flight - 2 flights	$	200.00
GPR 3rd Party Processing * $100/profile -4 profiles	$	400.00
DC Resistivity Inversions/ GPR section plotting *$60/hour - 8 hours	$	480.00
Report:		
GroundTruth Interpretation, Report preparation *$60/hr I. Fage - 12 hours	$	720.00
Invoice Total:	$	**5,530.00**

I. Fage, Oct 4/15

5.0 Statement of Qualifications

I, Isaac Fage have been president of GroundTruth Exploration in Dawson City since May 2010. I have overseen the collection of 300,000 + soil samples, numerous geophysical, UAV drone and drill programs across numerous projects in Yukon Territory. I have worked continuously in Mineral Exploration since 2004. I hold an advanced diploma in Remote Sensing from the Centre of Geographic Sciences in Lawrencetown, Nova Scotia.

I have overseen the survey work described in this report on the Independence Creek placer lease.

Dated this 15th day of October, 2015 in Dawson, YT.

Respectfully submitted

Isaac Fage

6.0 Conclusions and recommendations

The surveys conducted are producing a high confidence interpretation of the subsurface. DC Resistivity has been determined as the best tool to map overburden interfaces and depth to bedrock. The combination of DC Resistivity and UAV drone survey is recommended as the method to evaluate other target areas on this lease. Acquiring full drone coverage prior to future DC Resistivity surveys will assist in evaluating placer potential with topography and precise placement of profile lines to avoid unsuitable ground or vegetation conditions. Followup drilling with a heliportable, track mounted RAB drill is recommended on the targets identified in this report.

IW00437

GroundTruth Exploration

Box 70, Dawson YT, Y0B 1G0

(867) 993-5612

October 15, 2015

Dear Whitehorse Mining Recorder,

This letter accompanies the renewal of the 5 mile placer prospecting lease located on the lower limit of Independence Creek – IW00437. The lease is owned by Tao Henderson, 100%. I am writing to request permission to conduct an aerial UAV 'Drone' survey, and three ground geophysical surveys – DC resistivity, Ground Penetrating Radar (GPR) and Electrical Conductivity probing to be applicable for assessment.

The UAV drone survey collects ultra high resolution imagery and elevation that is utilized for detailed surficial geology analysis for placer exploration and mine planning. Additionally, we propose to conduct high resolution resistivity survey and Ground Penetrating Radar on the Placer Leases for detecting bedrock depth and classifying overburden between muck/gravel/bedrock. The Electrical Conductivity probe is a new method to placer being introduced by GroundTruth Exploration Inc. It is done by operating a Geoprobe direct push which is ground mobile on rubber tracks. A conductivity probe with 4 closely spaced electrodes in Wenner array configuration on the side of the probe head is driven to bedrock and a conductivity profile is directly measured downhole. The surface organics, gravel and refusal at bedrock will be mapped by their unique conductivity signature. It is a lowcost tool that will validate geophysical interpretations and target drilling with direct measurements at depth. We plan to utilize the drone imagery/elevation data to place the resistivity profiles in ideal locations to generate best resistivity data possible. Additionally the detailed imagery/elevation data is fully georeferenced and easily integrated with other data for precise 3d modelling. Please see the assessment report that accompanies this renewal for figures generated in the 3d model.

The proposed ground resolution for the Drone Imagery/Elevation survey will be 4cm/pixel and would cover the entirety of the leases. Resistivity, GPR and Magnetic survey tentative locations are indicated on the work program sketches.

This letter also serves as a statement of financial backing for the proposed exploration work on the leases.

Thanks

Isaac Fage

GroundTruth Exploration

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Isaac Fage