CANDACE CREEK PLACER PROPERTY

DAWSON MINING DISTRICT, YUKON TERRITORY

GEOLOGICAL ASSESSMENT REPORT

by

William LeBarge, P. Geo

for

CANDACE CREEK MINING LTD.

PLACER CLAIM GRANTS VAN 1 – 42

P 508833 – P508842, P 515264 – P 515295

Location: 63°18’36”N to 63°21’11”N and 138° 53°36”W to 138°56’39” W
NTS: 115O/07

Date: September 18, 2015
Dates of Work: August 4 to August 10, 2015

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Executive Summary

The following is a geological assessment report submitted for Candace Creek Mining Ltd. under the requirements of the Schedule of Representation Work, Section 42, Yukon Placer Mining Act., 2003. Candace Creek (an un-named left limit tributary of Maisy May Creek), is located 145 km from Dawson City via secondary gravel roads. The property consists of the Van 1 to Van 10 (P508833 to P508842), and Van 11-42 (P515264 to P515295) placer claims.

Government royalty records show that Maisy May Creek produced at least 25,926 crude ounces of gold between 1980 and 2010, the majority of which (19,202 crude ounces) was produced by Queenstake Resources in the period 1984 to 1989. Since the gold production by Queenstake on Maisy May Creek is coincident with the trace of a thrust fault mapped by MacKenzie and Craw (2012); this may be evidence of structural control to the bedrock (and spatially-related placer) gold mineralization.

In 2013, Candace Creek Mining Ltd. conducted a program of access road rehabilitation, claim staking, resistivity geophysical surveys, sonic drilling, excavator test pitting and sample processing. The 2014 exploration program included 6-inch auger drilling, resistivity geophysical surveys, bulldozer trenching and excavator test-pitting.

2015 exploration program results were quite variable, however there appears to be a relationship between the coarse rutile and better gold values. Excavator pit samples from the centre of the valley had better results than samples from the left limit.

Overall, the gravel exposed along the bulldozer trench and in the excavator pits from 2013 to 2015 is quite thin (1 to 2 m), and is overlying a pervasively-fractured schist which when thawed, would be easily excavated. Gravel and gold grains, when encountered, are quite coarse. However, the muck, gravel and bedrock in Candace Creek are all pervasively frozen and problematic for testing and sampling programs. In addition, the coarseness of the gravel and the associated gold grains requires a large bulk sample using a large capacity wash plant which is capable of handling that material. The ATV portable trommel, while an improvement over previous testing programs, proved inadequate for the 2015 testing program on Candace Creek.

It is recommended that at a minimum, a wash plant with a capacity of over 50 cubic yards an hour (preferably higher) be used to process any future test material from Candace Creek.

In addition, future test areas of Candace Creek must be stripped and drained at least a season ahead of time to ensure adequate testing of the materials.

Introduction

This report is a geological assessment report submitted for Candace Creek Mining Ltd. under the requirements of the Schedule of Representation Work, Section 42, Yukon Placer Mining Act., 2003.

Dates of Work and Personnel

The work documented herein was conducted on the property between August 4 and August 10, 2015. The project manager was William LeBarge of Geoplacer Exploration Ltd. The heavy equipment operator was Bud Davis of La Tierra Resources Ltd. Contractors included Bedrock Mining Corporation Inc., which conducted trenching with a Caterpillar 345 excavator and Tatra Ventures Ltd., which supplied the Caterpillar 225 excavator for use by La Tierra Resources Ltd.

Location and Access

Maisy May Creek is a right limit tributary of the lower Stewart River, located in central Yukon approximately 100 km by air south of Dawson City, Yukon (Figure 1).

The Candace Creek Property is located on an un-named left limit tributary of Maisy May Creek, which is locally known and will heretofore be referred to in this document as Candace Creek. The placer claims of the Candace Creek Property are all adjoining.

The extent of the current property has geographic coordinates from 63°18’36”N to 63°21’11”N and 138° 53°36”W to 138°56’39” W, on NTS map sheet 115O/07, in the Dawson Mining District. Figures 2 and 3 illustrate the property boundaries relative to other creeks and claims in the South Dawson area.

Access to the property can be gained via secondary gravel roads, with the usual route along Hunker Creek to King Solomon Dome, down Sulfur Creek to Indian River, up Eureka Creek to Eureka Dome, down Black Hills Creek to the Henderson road turnoff towards Henderson Dome. At Henderson Dome a south-fork turn leads down Maisy May Creek road towards the property. The total road distance from Dawson City to the Candace Creek placer claims is approximately 145 kilometres. A 600 metre-long “bush” airstrip is located in the valley of Maisy May Creek a distance of 3.7 km north of the Candace Creek property. The geographic coordinates of the airstrip are 63°20'05"N and 138°59'02"W.

Figure 1 - General Location of Candace Creek Project, Yukon.

Placer Tenure

The Candace Creek property consists of 42 adjoining claims, shown in Figure 3. The Van 1 claim (P508833) is in good standing until October 9, 2016 with 4 years of excess credit remaining. The Van 2-10 claims (P508834-P508842) are in good standing to October 9, 2016 with 5 years of excess credit remaining. The Van 11-18 claims (P515264-P 515271) are in good standing to October 4, 2016 with 5 years of excess credit remaining, and the Van 19-42 claims (P515272-P515295) are in good standing until October 4, 2016 with 4 years of excess credit remaining. Table 1 illustrates the current claim status of the Candace Creek property.

Plate 1 – View looking downstream of the confluence of Maisy May Creek and Candace Creek, June 13, 2013. Candace Creek in mid-foreground joins Maisy May Creek from the lower right side of photo.

Table 1 - Claim Status, Candace Creek Property

Grant Number	Claim Name	Claim Owner	Recording Date	Staking Date	Claim Expiry Date	Status	Lease	Total Excess Credit	NTS Map Number
P 508833	Van 1	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	4	115O07
P 508834	Van 2	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508835	Van 3	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508836	Van 4	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508837	Van 5	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508838	Van 6	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508839	Van 7	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508840	Van 8	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508841	Van 9	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 508842	Van 10	Candace Creek Mining Ltd. - 100%	09/07/2012	07/07/2012	09/10/2016	Active	ID00933	5	115O07
P 515264	Van 11	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515265	Van 12	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515266	Van 13	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515267	Van 14	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515268	Van 15	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515269	Van 16	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515270	Van 17	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515271	Van 18	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	5	115O07
P 515272	Van 19	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	4	115O07
P 515273	Van 20	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	4	115O07
P 515274	Van 21	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01054	4	115O07
P 515275	Van 22	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515276	Van 23	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515277	Van 24	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515278	Van 25	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07

Grant Number	Claim Name	Claim Owner	Recording Date	Staking Date	Claim Expiry Date	Status	Lease	Total Excess Credit	NTS Map Number
P 515279	Van 26	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515280	Van 27	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515281	Van 28	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515282	Van 29	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515283	Van 30	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515284	Van 31	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID01050	4	115O07
P 515285	Van 32	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	-	4	115O07
P 515286	Van 33	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515287	Van 34	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515288	Van 35	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515289	Van 36	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515290	Van 37	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515291	Van 38	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515292	Van 39	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515293	Van 40	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515294	Van 41	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07
P 515295	Van 42	Candace Creek Mining Ltd. - 100%	04/07/2013	03/07/2013	04/10/2016	Active	ID00934	4	115O07

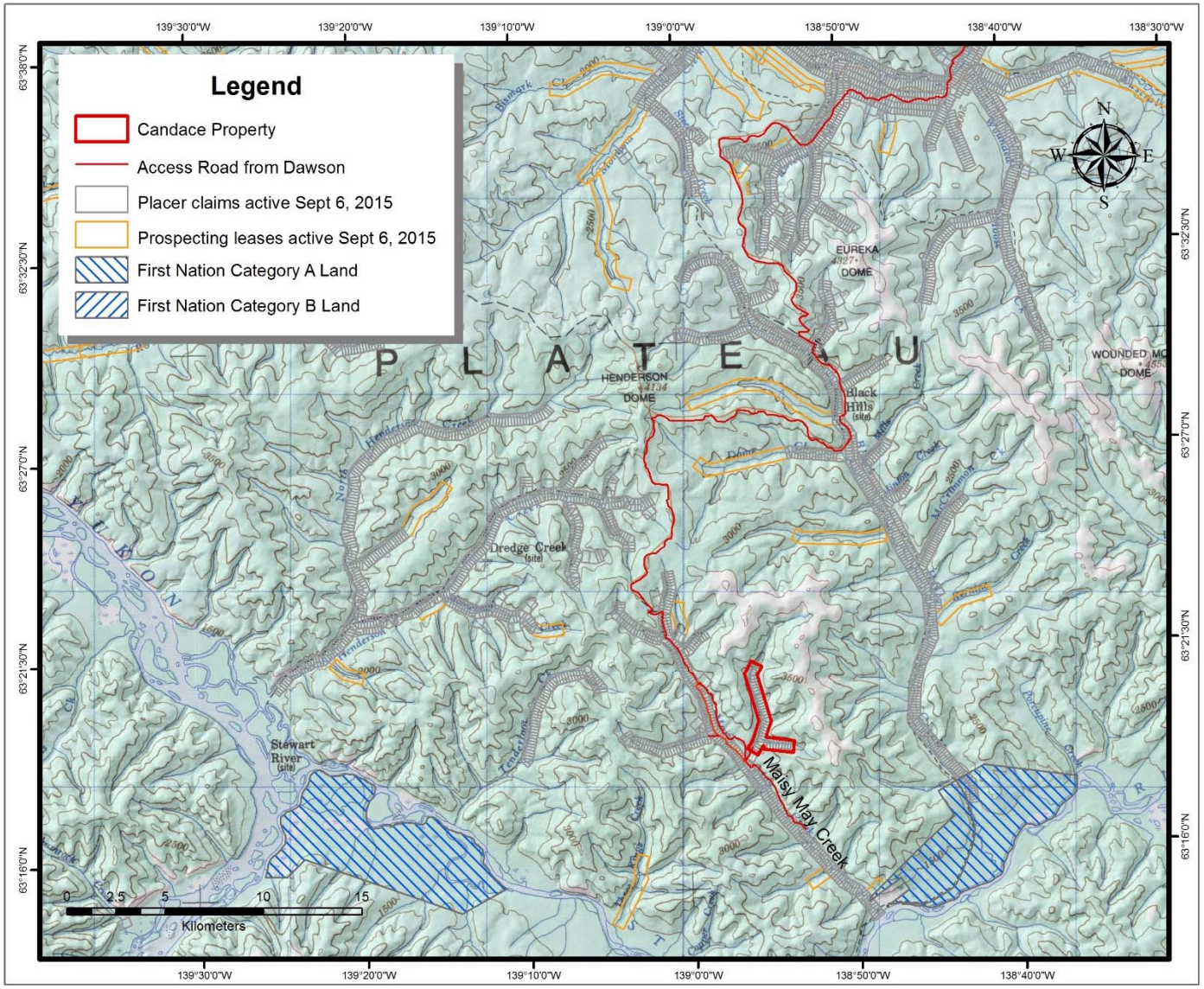

Figure 2– Location of Candace Creek Placer Project and South Dawson region placer tenures.

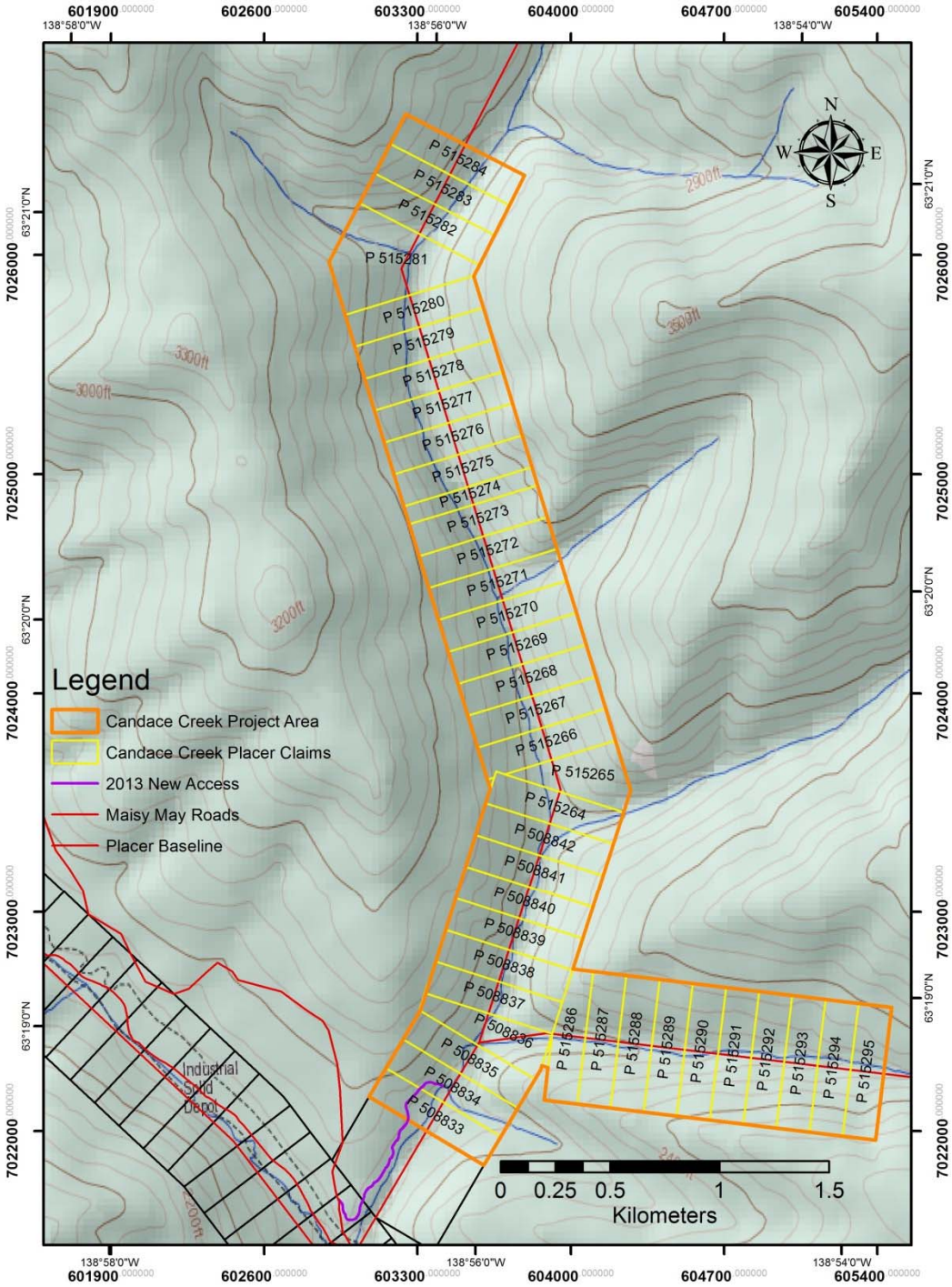

Figure 3 - Candace Creek Project Area Claims.

Permitting

A Type B Water Use Licence (PM12-070) for Placer Mining and a Class 4 Mining Land Use Permit (AP12070) are in place for the Candace Creek placer project. The Water License and Mining Land Use Permits are valid until June 4, 2023.

Quartz Tenure

The area of the Candace Creek placer project is coincident with the southern extent of the JP Ross property owned by Kinross Gold Corporation. The quartz claims which overlap include Maisy 125, 127; 153-158; 179, 181-184; 207-212; 235-240; and Maisy 257- 268. A Quartz Mining Land Use permit (LQ00293) is in good standing until June 17, 2015. There is no perceived conflict between the placer exploration and mining activities of Candace Creek Mining Ltd. and the past or future quartz exploration activities of Kinross Gold Corporation.

History of Exploration and Mining – Maisy May Creek

Anecdotal evidence suggests some exploration and hand-mining was conducted on Maisy May Creek in the 1920's (Queenstake Resources, 1987), but the first documented mining activity on Maisy May Creek was by Maisy May Mines Ltd. They operated from 1980 to 1983 at a location about 11.7 km upstream of the confluence with the Stewart River (Figure 4).

According to Government royalty records, Maisy May Creek produced at least 25,926 crude ounces of gold between 1980 and 2010 (LeBarge, 2007; LeBarge and Nordling, 2011). The majority of that gold (19,202 crude ounces) was produced by Queenstake Resources in the period 1984 to 1989 (LeBarge, 2007). The main area that Queenstake Resources mined is outlined in Figure 4.

Based on the work done during the 1984 season, Queenstake estimated that with selective mining, there were (pre NI43-101, non "compliant") "reserves" of 200,000 cubic yards (152, 911 cubic metres) of gravel with a recoverable grade of 0.012 ounces of fine gold per cubic yard (0.488 grams per cubic metre) at the property (LeBarge, 2007).

From 1990-1993, Jasper Equipment continued mining upstream from where Queenstake had finished mining in 1989 (Figure 4), recovering approximately 2,650 ounces (LeBarge, 2007).

From 1993 to 1998, John Van Every and Richard Fitch intermittently mined under Van Every Inc. upstream near the headwaters of Maisy May Creek (Figure 4; LeBarge, 2007). Art Christiansen operated a small mine in the same area from 2007 to 2009 (LeBarge and Nordling, 2011). Mr. Christiansen was active in the same area in 2013, 2014 and 2015.

35249 Yukon Inc. mined Maisy May Creek approximately 3.5 miles (5 km) upstream from its confluence with the Stewart River from 2001 until 2003 (Figure 4). Maisy Mae Mining Inc. bought the operation in 2006 and processed a mine cut in 2007 and 2008 located about 4 miles (7 km) upstream of the confluence (Figure 4; LeBarge and Nordling, 2011). The claims were later returned to 40419 Yukon Inc., who conducted a limited test program late in the 2014 season. They were not active in 2015.

H.C. Mining Ltd. conducted a limited test program on the uppermost right-limit tributary of Maisy May Creek in 2012, 2013 and 2014.

In 2013, Bedrock Mining Ltd. bought many of the Maisy May Creek claims (in the middle reaches) from 40419 Yukon Inc., and subsequently conducted a program of camp and access construction as well as limited test mining. In 2014, the test mining was expanded to an area on Maisy May creek downstream of the confluence of Candace Creek and just

upstream of the 2014 test cut of 40419 Yukon Inc. Additional stripping and sluicing was conducted in the same area in 2015.

Previous Exploration History – Candace Creek

Early History

Airphoto number 86 from Flight Line A27325 (Figure 4) shows a test pit approximately 120 feet upstream from Post #1 on Placer Claim Van 1. This pit has approximate dimensions of 90 feet by 40 feet. This pit was probably excavated by Queenstake Resources Ltd. during their activity in the area from 1984 to 1988, as a Prospecting Lease was held by them at this location during that time (Queenstake Resources, 1987). No results are known from this pit, and Queenstake left the Yukon in 1989 for reasons unrelated to their mining and exploration activities in the Yukon.

In 1989, Mr. Allan Dendys staked a prospecting lease on Candace (known at the time as Moosetooth) Creek and conducted a brief stripping program with a D8 bulldozer. He did not reach bedrock due to equipment problems and subsequently allowed the lease to expire.

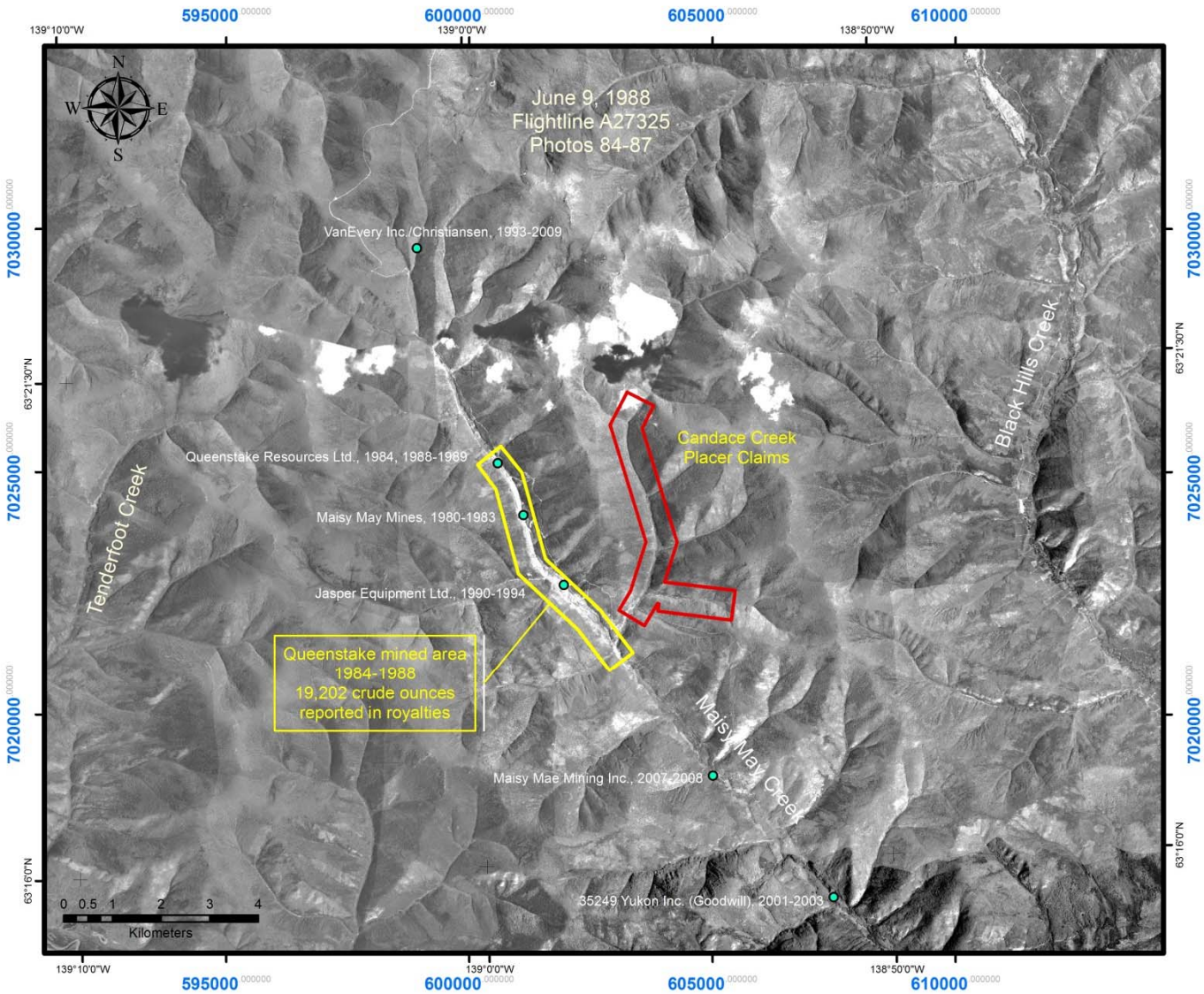

Figure 4 - Maisy May Creek and Tributaries - Location of claims and historical mining operations.

Modern Exploration History

In 2012, Candace Creek Mining Ltd. commissioned Arctic Geophysics Inc. to conduct three lines of Resistivity & induced polarization on the property. These included: a) 237 metre line on Placer Claim Van 2; b) 94.5 metre line on Prospecting Lease ID 00934; and c) 146 metre line on Prospecting Lease ID 01054. Bedrock was interpreted to be relatively shallow (less than 6 metres).

The 2013 exploration program included staking the leases to claims, access construction, 2D resistivity geophysics, sonic drilling, excavator test-pitting, geological descriptions and gravel sampling for gold and heavy mineral content. This work is documented in detail in the assessment report filed in 2013 by Geoplacer Exploration Ltd. for Candace Creek Mining Ltd. (LeBarge, 2013). The geophysical and sonic drill contractor was Kryotek Arctic Innovation Inc. of Whitehorse. A total of 551 metres of geophysical surveys were completed. Ten sonic drill holes were completed totalling 150 feet (46 metres). The sonic drill reached a maximum depth of 16.4 feet (5 metres) but most of the holes averaged 15 feet (4.5 metres) in depth. A Caterpillar 345LC excavator was hired from local Maisy May miner Bedrock Mining Ltd. to dig test pits. The most successful test pit was BD Pit 3, which reached apparent bedrock at an approximate depth of 16 feet (5 metres), although since it was under water the stratigraphic details were not visible. Bedrock consisted of clay-altered mafic schist with abundant fresh pyrite. The gravel was a subangular mixture of mafic schist, quartzite, muscovite schist and vein quartz.

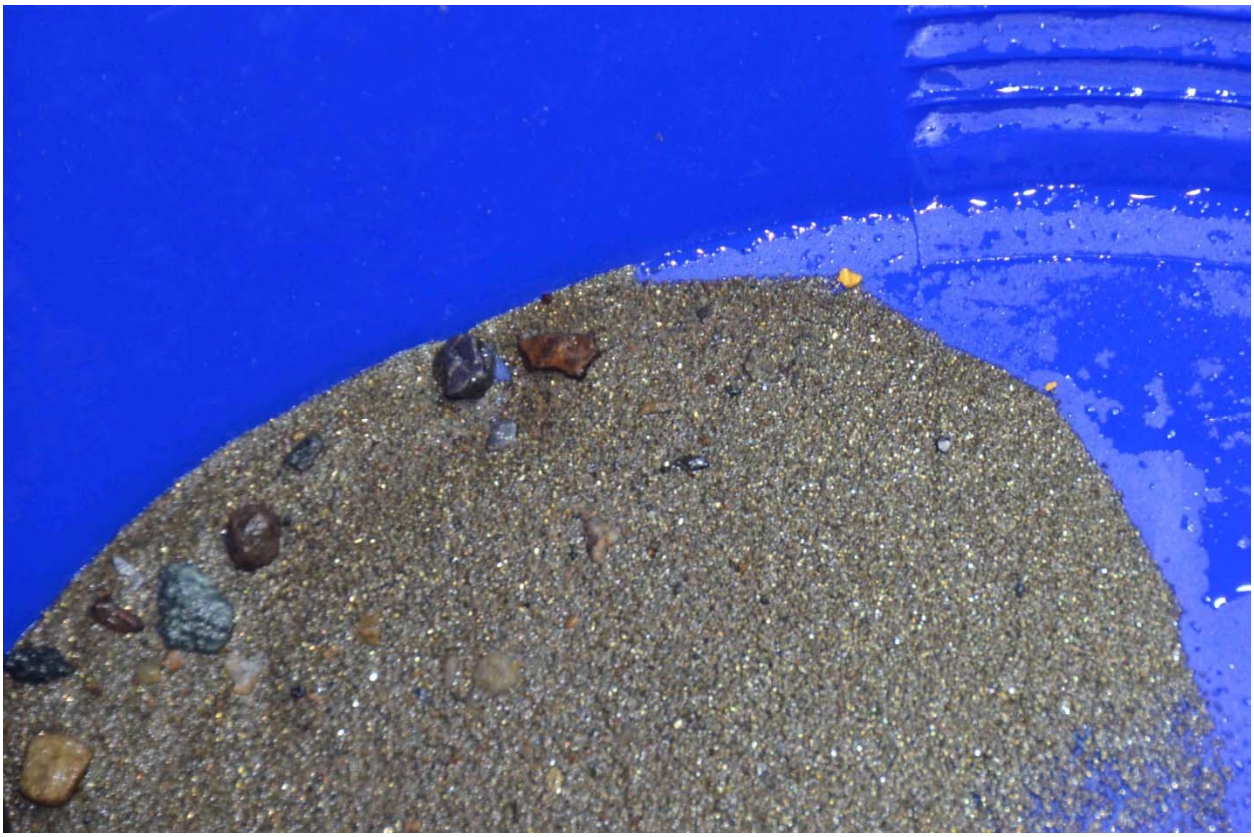

Plate 2 - Gold found in the BD-3 test pit in 2013 was "chunky" and tabular, not flat. Heavy minerals were a bi-modal mixture of fine-grained pyrite and coarse-grained magnetite, pyrite, garnet and scheelite.

The 2014 exploration program consisted of resistivity geophysics, auger drilling, bulldozer trenching and excavator test-pitting, geological logging of drill hole and test pits, and processing of test pit and drill hole samples for gold and heavy minerals. This work is documented in detail in the assessment report filed in 2014 by Geoplacer Exploration Ltd. for Candace Creek Mining Ltd. (LeBarge, 2014). The geophysical and auger drilling contractor for 2014 was Kryotek Arctic Innovation Inc. One line of resistivity geophysics was surveyed on the Van 1 and Van 2 claims, across the unnamed left-limit tributary of Candace Creek locally known as Road Creek. Eight 6-inch diameter auger drill holes were completed in 2014, for a total of 93 feet (28.3 metres) of drilling. Two of the drill holes were targeted on the Arctic Geophysics 2012 resistivity profile (Moll, 2012) on claim Van 2 (CAN14-BH02, 03); one on a regional magnetic geophysical anomaly (CAN14-BH-01); two at the confluence of a tributary drainage (CAN14-BH-04, 05); and three on two separate left-limit tributary drainages to Candace Creek (CAN14-BH-06, 07, 08).

Plate 3 – In 2014, tabular, moderately-coarse gold grains were obtained from sample WL14-03, from excavator pit CAN14-01.

Bedrock Geology

The project area is situated within the Yukon-Tanana terrane, an accreted pericratonic sequence that covers a large part of the northern Cordillera from northern British Columbia to east-central Alaska (Gordey and Ryan, 2005; Colpron and Nelson, 2006). The Yukon Tanana Terrane consists of Paleozoic schist and gneiss that were deformed and metamorphosed in the late Paleozoic, and intruded by several suites of Mesozoic intrusions that range in age from Jurassic to Eocene (Colpron and Nelson, 2006). The Paleozoic rocks are pervasively foliated with at least two overprinting fabrics (Mackenzie and Craw, 2010; MacKenzie et al, 2008). During Late Permian to Early Jurassic time these rocks were tectonically-stacked along thrust faults which were parallel to regional foliation. Later tensional-extensional tectonics occurred during the mid-Cretaceous, and this resulted in brittle fracture of the Paleozoic rocks, which is likely responsible for structurally-controlled gold mineralization in the south Klondike area including the White Gold exploration camp (Mackenzie et al, 2008; Mackenzie and Craw, 2010; Mackenzie and Craw, 2012).

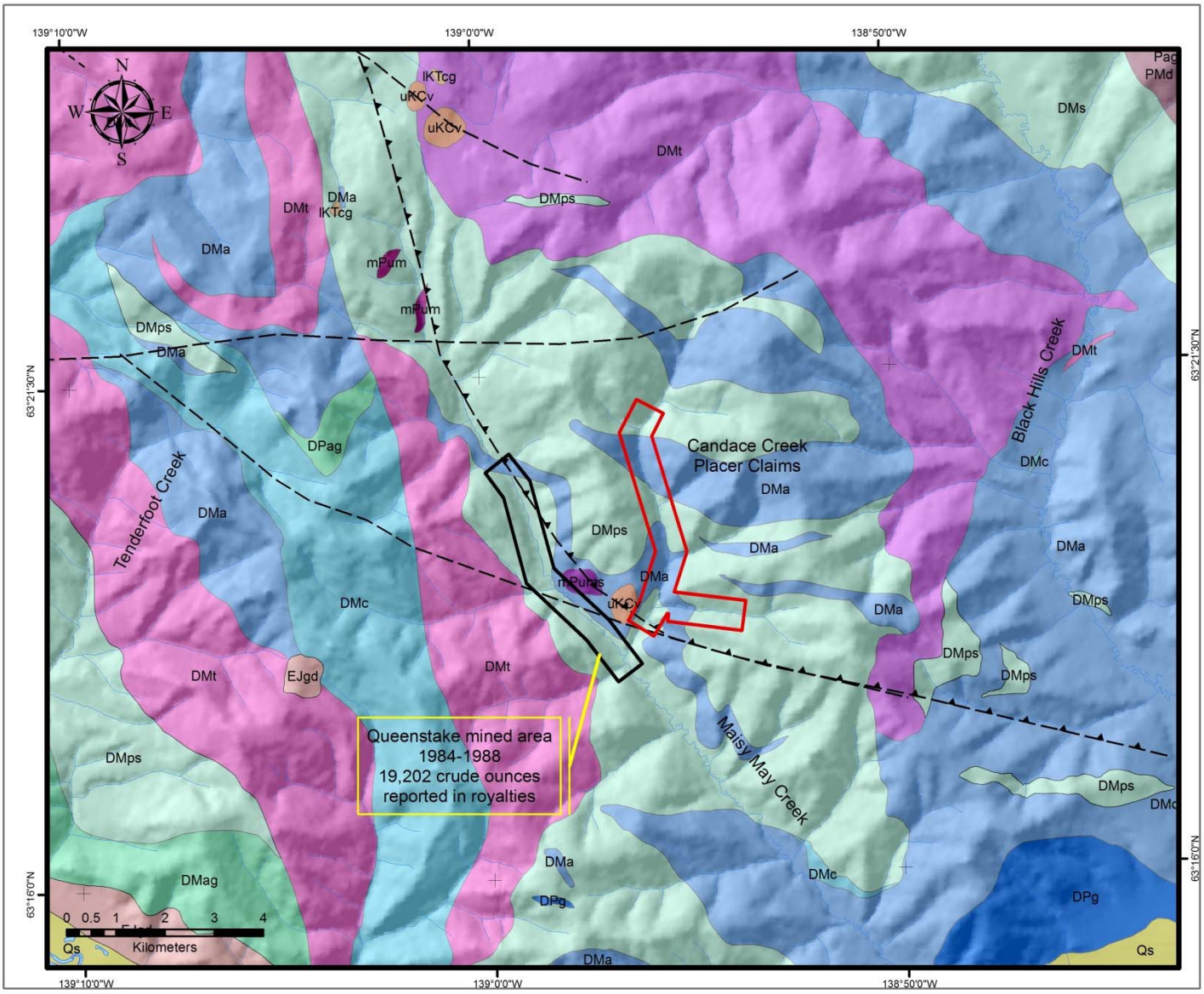

Figure 5 - Bedrock Geology, Maisy May and Candace Creeks, after Gordey and Ryan (2005) and MacKenzie and Craw (2012).

Maisy May Creek area bedrock is mapped as several metamorphic, plutonic and volcanic bedrock types (Figure 5). These include Devonian-Mississippian quartz-mica schist (map unit DMps), orthogneiss (map units DMt, DMag, DPg), marble (map unit DMc), amphibolite (map unit DMa), Paleozoic ultramafic-gabbro (map unit mPum) and Upper Cretaceous Carmacks volcanics (map unit uKCv). Gordey and Ryan (2005) show that the Candace Creek project area includes quartz-mica schist (DMps) as well as amphibolite (DMa), bedrock units that are contiguous with the upper reaches of the mined portions of Maisy May Creek. More recent mapping by MacKenzie and Craw (2012) shows numerous faults transecting the region between Maisy May and Black Hills creeks; this includes an east-dipping thrust fault which trends north along the mid-to upper reaches of Maisy May Creek before turning east to cross the lower reaches of Candace Creek.

Regional Geophysics and Major Structures

Enhanced regional total field aeromagnetic geophysics (modified from Hayward et. al., 2012) is shown in Figure 6. The map shows several northwest-trending magnetic anomalies which coincide with major structures and lineaments. One anomaly at the lower reaches of Candace Creek appears to follow the thrust fault mapped by MacKenzie and Craw (2012) – for reference this fault trace is overlain. Additionally, a narrow, linear magnetic high appears to splay off of this thrust fault, and trends SE to NW all the way from the right limit tributaries of Black Hills Creek to the headwaters of Tenderfoot Creek.

These structures and their associated cross-faults are thought to be related to structurally-controlled gold mineralization in brittle units of the Yukon Tanana Terrane including orthogneiss, amphibolite and quartzite (MacKenzie and Craw, 2010) and have been linked to the gold occurrences in the Coffee Creek area to the south (Wainwright et al., 2011).

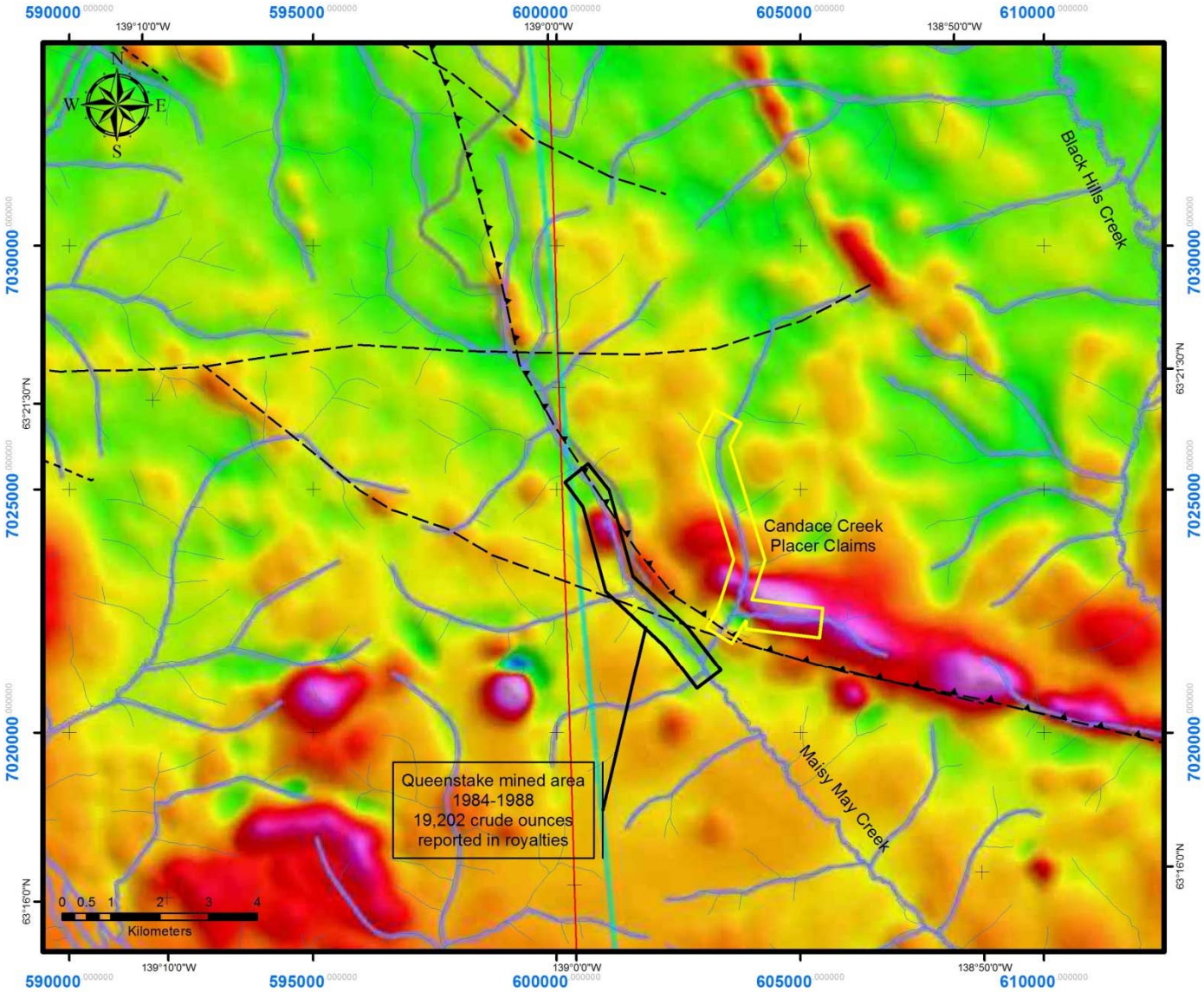

Figure 6 – Enhanced Residual Total Magnetic Field, Maisy May Creek area, modified from Hayward et. al. (2012).

Quaternary History and Regional Surficial Geology

Most of the south Klondike region has not been glaciated (Duk-Rodkin, 1999) and in fact strong evidence exists that all of Maisy May creek and most of Black Hills Creek escaped glaciation altogether (Jackson et al., 2001). As such, the south Klondike region is dominated by colluvium on the upper slopes and ridges, variably-buried Tertiary to Late Pleistocene alluvial terraces in mid-slope reaches and Late Pleistocene to modern alluvial fans, stream complexes and gulch deposits in the lowermost points of valleys (Jackson, 2005a; Jackson, 2005b). Major trunk valleys such as the Stewart River were the locale for meltwater channels during the Pleistocene glaciations and contain glaciofluvial terraces well beyond the maximum extent of the Cordilleran ice, however these did not affect most major tributaries (such as Black Hills, Maisy May and Henderson creeks) except at their confluence.

Plate 4 - View looking upstream on Candace Creek in September, 2014. The bulldozer trench can be discerned at the centre of photo. Photo courtesy J.D. Bond, Yukon Geological Survey.

Property Surficial Geology

Figure 7 shows that Candace Creek has surficial units of several ages and types. These include CEaP/AtT (Pleistocene Colluvial-Aeolian sediments overlying Tertiary Alluvial Terrace sediments) at the confluence with Maisy May Creek; CEaP (Pleistocene Colluvial-Aeolian sediments) along the eastern slope (left limit); and ACxP (Pleistocene Alluvial Complex sediments) along the centre of the valley and within the major tributaries on both limits. Higher parts of the slope above the creek consist of Cb-v (Colluvial blanket-veneer) and in one location, Cl (Colluvial landslide). A prominent left-limit tributary, the location of the Van 32-42 claims, is mapped as having some placer tailings present (unit m), although an examination of the airphotos of the creek is not convincing for that interpretation. No history of this mining activity exists in the available data. Exposed bedrock (unit R) is mapped on the high points along the ridges.

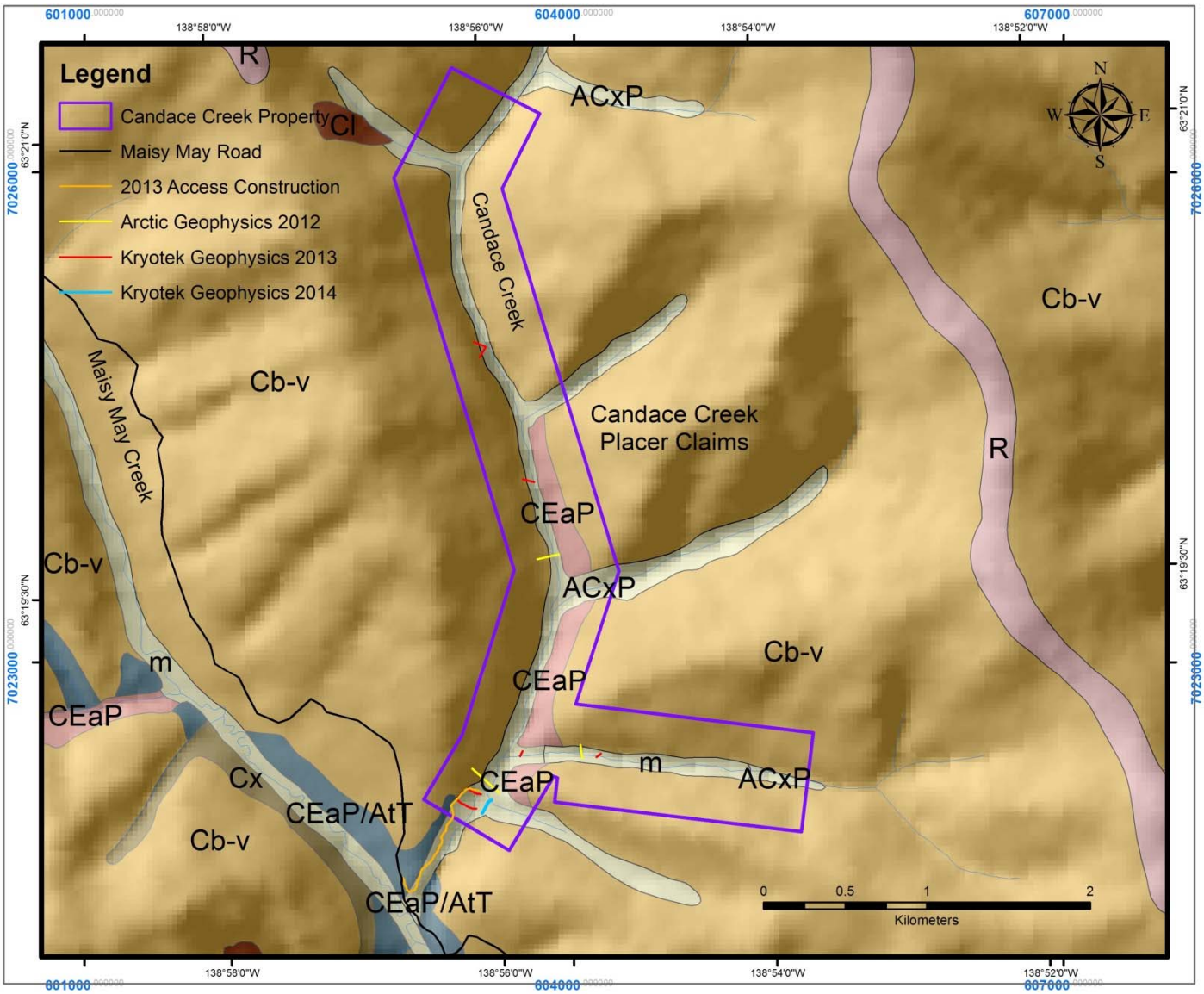

Figure 7 - Surficial Geology (after Jackson, 2005a) and location of 2012, 2013 and 2014 geophysical surveys, Candace Creek. Surficial unit description in text.

2015 Exploration Program

Excavator test-pitting

In early August, 2015, operations were set up at the location of the bulldozer trench which had been previously stripped down to gravel on the Van 1 claim. A Caterpillar 345LC excavator from Bedrock Mining Company Inc. stripped muck and trees from an area on the eastern edge of the bulldozer trench. The 345LC excavator also excavated a test pit on the southeast edge of the trench. This pit (CAN15-1) had dimensions of 15 ft. (4.57 m) by 10 ft. (3.05 m) with a depth of 5 ft. (1.52 m).

Following this, a Caterpillar 225 excavator (equipped with a "frost bucket") was brought to the site, and proceeded to establish drainage of the bulldozer trench, strip thawed muck from within the trench and dig four test pits in the central part of the trench. Test-pit CAN15-2 had dimensions of 20 ft. (6.1 m) by 15 ft. (4.57 m) with a depth of 8 ft. (2.43 m); the second test pit (CAN15-3) had dimensions of 12 ft. (3.66 m) by 10 ft. (3.05 m) with a depth of 5 ft. (1.52 m); and the third test pit (CAN15-4) had dimensions of 25 ft. (7.62 m) by 18 ft. (5.48 m) with a depth of 9 ft. (2.74 m). A final test pit (CAN15-5) had dimensions of approximately 14 ft. (4.27 m) by 11 ft. (3.35 m) with a depth of 4 ft. (1.22 m). Material from this final pit was stockpiled on the north side of the trench for later processing.

Pit Number	Latitude Decimal Degrees	Longitude Decimal Degrees	Latitude Degree Minute Seconds	Longitude Degree Minute Seconds
CAN15-1	63.312905	-138.937292	63° 18' 46.447" N	138° 56' 14.164" W
CAN15-2	63.312864	-138.936951	63° 18' 46.299" N	138° 56' 12.936" W
CAN15-3	63.31283	-138.936882	63° 18' 46.174" N	138° 56' 12.687" W
CAN15-4	63.312965	-138.937558	63° 18' 46.661" N	138° 56' 15.122" W
CAN15-5	63.312906	-138.937324	63° 18' 46.451" N	138° 56' 14.280" W

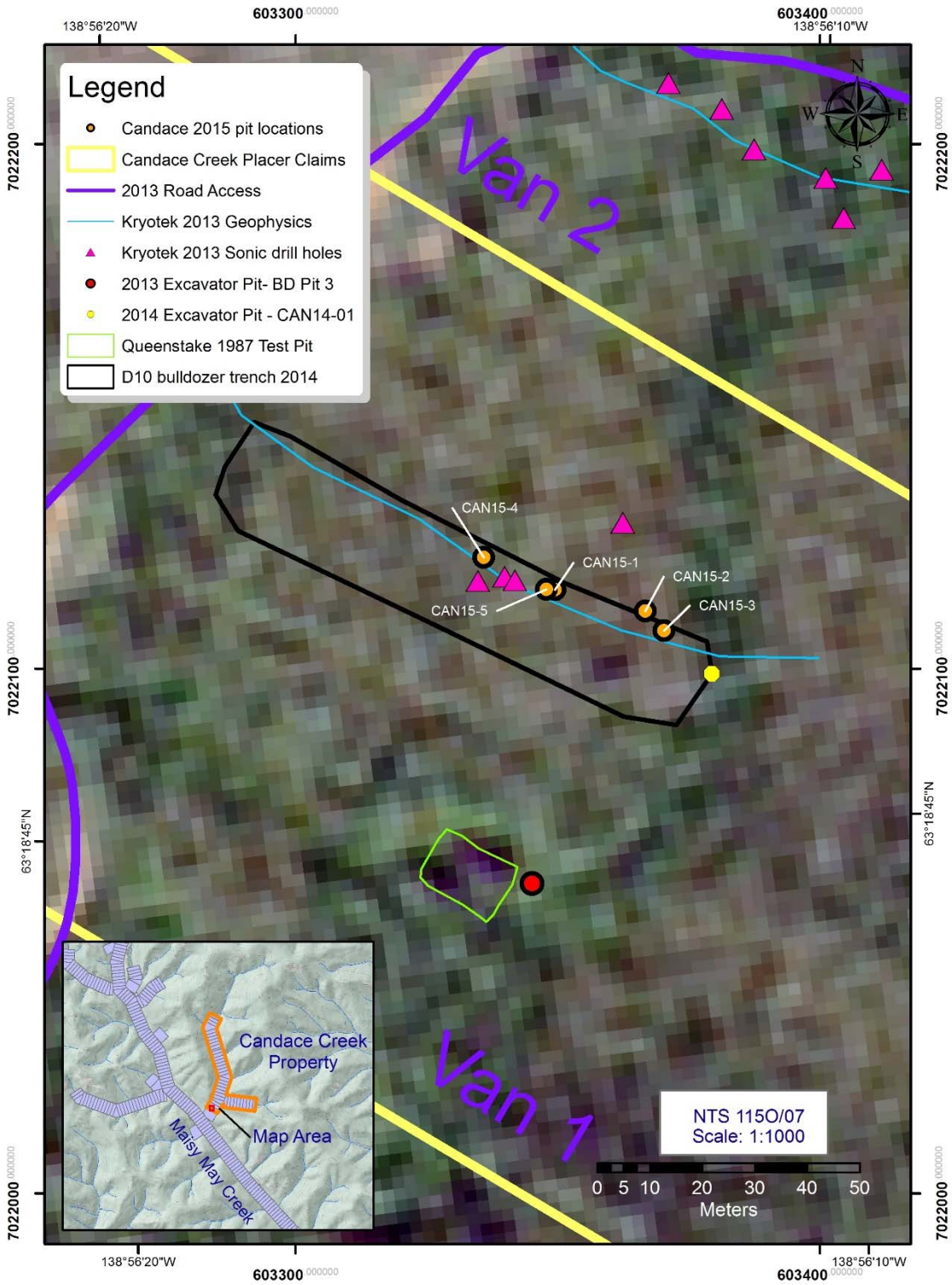

Figure 8 - Location of 2015 test pits, Candace Creek property.

The stratigraphy exposed in excavator pit CAN15-4 is shown on Plate 5. With 5 to 6 feet (1.5-2 m) of organics and black muck that was previously stripped in the trench in 2014, the excavator pit exposed a further 1 to 2 feet (0.3 – 0.6 m) of well-sorted fine to medium sand, overlying 3 to 5 feet (0.9 -1.5 m) of massive to disorganized, poorly-sorted cobble-boulder pebble gravel on top of a pervasively-fractured schist bedrock.

Plate 5 - Excavator test-pit CAN15-4, showing the stratigraphy down to bedrock. View looking north-northeast.

Sample Processing

Samples from the excavator test-pits were processed using a custom-made ATV-portable trommel. The trommel was powered by a generator-powered electric motor and equipped with a ½ inch screen which fed to a 6 foot sluice run lined with unbacked Nomad matting and expanded metal riffles, followed by a 4 foot “Le Trap” long tom sluice run (Plate 6). A Honda 1.5 inch pump supplied the water for sluicing and panning. Sluice concentrates were hand-panned to recover final gold and heavy minerals.

Plate 6 – The test trommel was mounted on an ATV-portable frame and had a ½ inch screen. Powered by an electrical motor with water supplied by a 1.5 inch pump, sluiced material was fed to a 6 foot aluminum sluice run with expanded metal riffles over unbacked Nomad matting, followed by 4 feet of a "Le Trap" sluice run.

Table 2 - Gold and Heavy Mineral Results, Candace Creek 2015 Exploration Program.

Pit number	Sample number	Gold	Heavy minerals	Approximate Volume	Approximate grade (mg/m3)
CAN15-1	CAN15-01	1 medium colour	Abundant fine magnetite	3 litres	Not calculated
CAN15-2	CAN15-02	2 coarse colours, 6 medium colours, 1 fine colour (approximately 15 mg)	Abundant fine magnetite, coarse rutile	160 litres	94 mg/m3
CAN15-3	CAN15-03	Not seen	Abundant fine magnetite, garnet	160 litres	Not calculated
CAN15-4	CAN15-04	3 coarse colours, 2 medium colours (approximately 30 mg)	Fine magnetite and garnet, coarse rutile	140 litres	214 mg/m3
CAN15-5	CAN15-05	1 medium colour	Fine magnetite and garnet, coarse rutile	100 litres	Not calculated
CAN15-5	CAN15-06	Not seen	Fine magnetite and garnet, coarse rutile	18 litres	Not calculated

Gold and Heavy Mineral Results

Table 2 documents the gold and heavy mineral results from the excavator test pits, along with approximate volume of each sample and an approximate grade if calculated. Results were quite variable, however there appears to be a relationship between the coarse rutile and better gold values. Examination of the location of the test pits on Figure 8 shows that samples from the centre of the valley had better results than samples from the left limit. No right limit samples were taken.

Conclusions and Recommendations

Overall, the gravel exposed along the bulldozer trench and in the excavator pits from 2013 to 2015 is quite thin (1 to 2 m), and is overlying a pervasively-fractured schist which when thawed, would be easily excavated. Gravel and gold grains, when encountered, are quite coarse. However, the muck, gravel and bedrock in Candace Creek are all pervasively frozen and problematic for testing and sampling programs. In addition, the coarseness of the gravel and the associated gold grains requires a large bulk sample using a large capacity wash plant which is capable of handling that material. The ATV portable trommel, while an improvement over previous testing programs, proved inadequate for the 2015 testing program on Candace Creek.

Approximately 20 cubic yards of material is stockpiled for further testing adjacent to the trench on Candace Creek. It is recommended that at a minimum, a wash plant with a capacity of over 50 cubic yards an hour (preferably higher) be used to process this material, and any other test material from Candace Creek. In addition, future test areas of Candace Creek must be stripped and drained at least a season ahead of time to ensure adequate testing of the materials.

Plate 7 - The placer gold recovered from pit CAN15-02, shown here, was granular and chunky, similar to that recovered in testing programs in 2013 and 2014.

Statement of Costs for 2015 Exploration Program

2015 Placer Exploration Program	Rate	Subtotal	GST	Total	Invoice #
William LeBarge, Director - Geological descriptions of pits, sample processing	8 days@$500/day	$4,000.00	$0.00	$4,000.00	None
William LeBarge - Data Compilation and Report Production	2 days@$500/day	$1,000.00	$0.00	$1,000.00	None
William LeBarge, Director - 4X4 Truck	8 days@$50/day	$400.00	$0.00	$400.00	None
Bud Davis, Director - Prospecting, sample processing	8 days@$350/day	$2,800.00	$0.00	$2,800.00	None
Caterpillar 225 excavator (owner operated)	6.4 hours @$120/hr	$768.00	$0.00	$768.00	None
Bedrock Mining Company Inc. Caterpillar 345LC excavator	3 hours @$275/hr	$825.00	$41.25	$866.25	#10
Totals		$9,793.00	$41.25	$9,834.25	

Statement of Qualifications – William LeBarge

I, William LeBarge, of 13 Tigereye Crescent, Whitehorse, Yukon, Canada, DO HEREBY CERTIFY THAT:

1. I am a Consulting Geologist with current address at 13 Tigereye Crescent, Whitehorse, Yukon, Canada, Y1A 6G6.
2. I am a graduate of the University of Alberta (B.Sc., 1985, Geology) and the University of Calgary (M.Sc., 1993, Geology – Sedimentology)
3. I am a Practicing Member in Good Standing (#37932) of the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC).
4. I have practiced my Profession as a Geologist continuously since 1985.
5. I am author of the report entitled: "CANDACE CREEK PLACER PROPERTY, DAWSON MINING DISTRICT, YUKON TERRITORY; GEOLOGICAL ASSESSMENT REPORT by William LeBarge, P. Geo., for CANDACE CREEK MINING LTD.
6. I am President and a Shareholder of Candace Creek Mining Ltd., a Yukon Registered Company.
7. The aforementioned report is based on my personal observations and interpretation and compilation of previously existing data.

Dated this 18th day of September, 2015

William LeBarge, P. Geo.

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