LARDER GEOPHYSICS LTD.
PO Box 219
14579 Government Road
Larder Lake, Ontario
P0K 1L0, Canada
Phone (705) 643-1122
Fax (705) 643-2191

ASHLEY GOLD MINES LIMITED

Magnetometer Survey Over the

HILLVIEW PROPERTY

Chamberlain and Dack Townships, Ontario

TABLE OF CONTENTS

LIST OF APPENDICES

LIST OF TABLES AND FIGURES

1. SURVEY DETAILS

1.1 PROJECT NAME

This project is known as the **Hillview Property**.

1.2 CLIENT

ASHLEY GOLD MINES LIMITED

14579 Government Rd.
Larder Lake, Ontario
P0K1L0

1.3 LOCATION

The Hillview Property is located approximately 4km west of Englehart, Ontario. The magnetic traverse area is located in Chamberlain and Dack Townships and covers mining claim 4217647, 4217596 and 4217648, within the Larder Lake Mining Division.

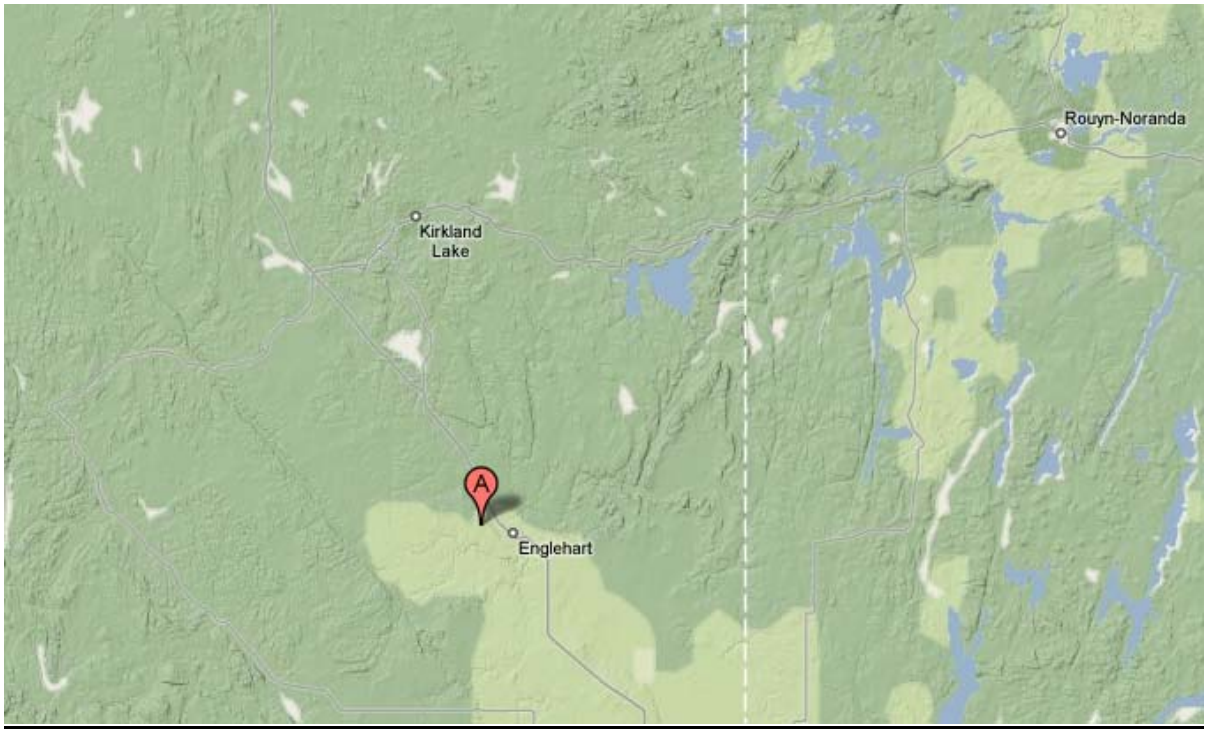

Figure 1: Location of Hillview Property

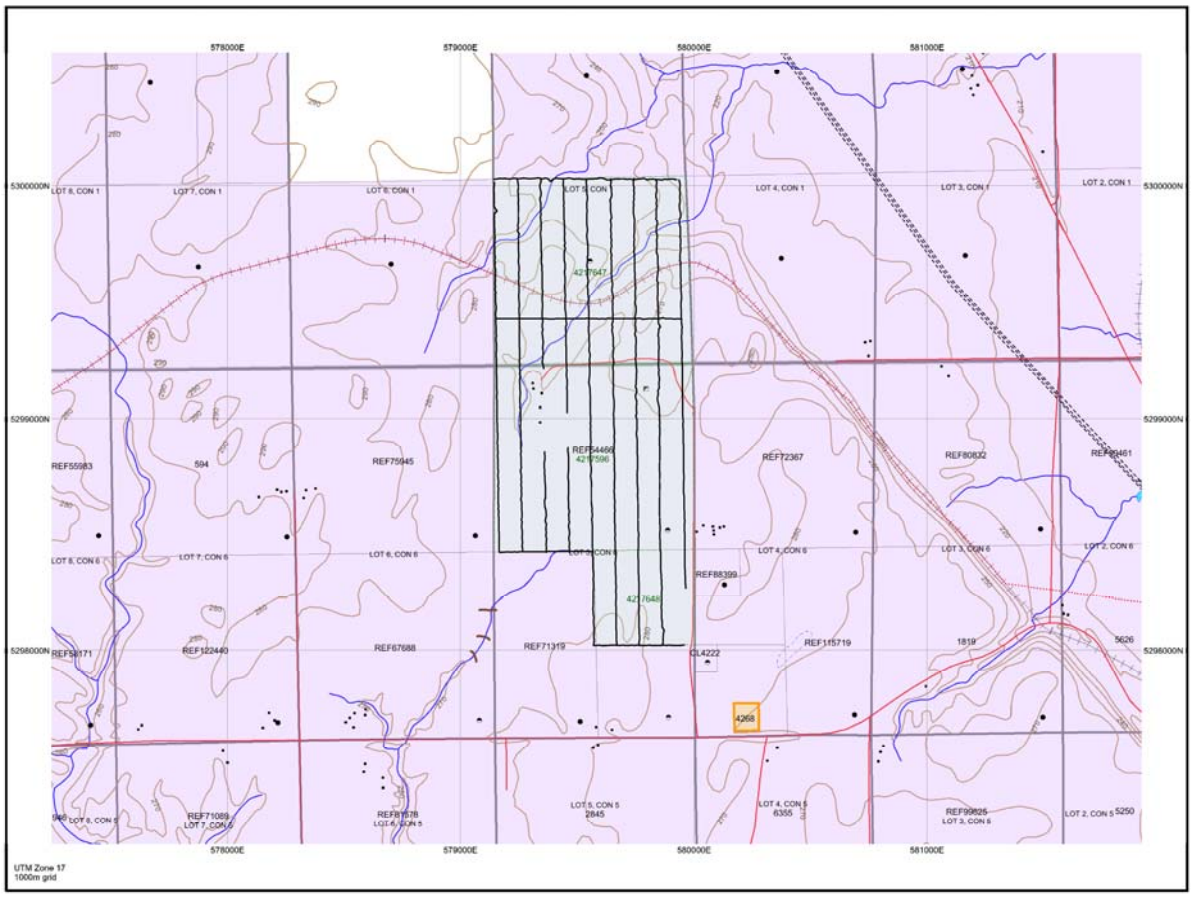

Figure 2: Claim Map with Hillview Property Traverses

1.4 ACCESS

Access to the property was attained with a 4x4 truck via highway 560 approximately 3.5 kilometers west of Englehart, Ontario. From this point an all season Lot/Concession road heads north for 1.5 to a farmers field and house. The survey area passes through the fields and bush surrounding the farm.

1.5 SURVEY GRID

The traversed lines were established using a GPS in conjunction with the execution of the survey. The GPS operator would establish sample locations while remaining approximately 25m in front of the magnetometer operator. GPS waypoints and magnetic samples were taken every 25m along these controlled traverses. The GPS used was a Garmin 76 with an external antenna for added accuracy.

2. SURVEY WORK UNDERTAKEN

2.1 SURVEY LOG

Date	Description	Line	Min Extent	Max Extent	Total Survey
6 November 2008	Locate survey area. Poor conditions hamper survey progress.	900E	250N	2000N	1750
		800E	1200N	2000N	800
10 November 2008	Continue survey.	800E	0	1200N	1200
		700E	0	2000N	2000
		600E	0	2000N	2000
		500E	0	1200N	1200
11 November 2008	Continue survey.	500E	1200N	2000N	800
		400E	400N	2000N	1475
		300E	400N	2000N	1250
		2000N	300E	900E	600
12 November 2008	Complete survey.	200E	400N	2000N	1600
		100E	400N	2000N	1600
		2000N	100E	300E	200
		1400N	100E	900E	800
		400N	100E	500N	400
		0	500E	900E	400

Table 1: Survey log

2.2 PERSONNEL

Shane Buckland of Haileybury, Ontario conducted all the magnetic data collection and Barry Allen was responsible for the GPS control and GPS waypoint collection.

2.3 SURVEY SPECIFICATIONS

The survey was conducted with a GSM-19 v7 Overhauser magnetometer/VLF with a second GSM-19 magnetometer for a base station mode for diurnal correction.

A total of 18.075 line kilometers of no grid magnetometer/VLF EM survey was read over the Hillview Property between November 6th and November 12th, 2008. This consisted of 1446 magnetometer samples taken at a 12.5m interval.

2.4 ACCURACY AND REPEATABILITY

Generally baseline repeatability was within 15nT in low gradient areas. This error was due to the small errors (<5m) generated by the GPS location.

3. OVERVIEW OF SURVEY RESULTS

3.1 SUMMARY INTERPRETATION

The general geologic fabric of the survey area appears to trend in a northeast direction. This trend coincides with the interpolated geologic boundary between the Round Lake Batholith and the volcanic units to the south. This interpreted contact is most likely expressed along the northern flank of the magnetic high trend that extends from approximately 1475N on 900E to 1150N on 100E.

South of this probable contact can be seen numerous parallel linear magnetic features. This may indicate volcanic variations between ultramafic and mafic flows or tuffs.

The VLF survey encountered difficulties through the survey period. Throughout the survey time the signal strength was periodic with numerous and random down times through the various available frequencies. When the frequencies were available a the signal was corrupted by culture such as powerlines and electric fences. These made the results extremely erratic and difficult to interpret.

A compilation of historic work should be performed to assist in the determination of the location, significance and potential of historic results.

APPENDIX A

STATEMENT OF QUALIFICATIONS

I, C. Jason Ploeger, hereby declare that:

1. I am a geophysicist (non-professional) with residence in Larder Lake, Ontario and am presently employed as president of Larder Geophysics Ltd. of Larder Lake, Ontario.

2. I graduated with a Bachelor of Science degree in geophysics from the University of Western Ontario, in London Ontario, in 1999.

3. I have practiced my profession continuously since graduation in Africa, Bulgaria, Canada, Mexico and Mongolia.

4. I am a member of the Ontario Prospectors Association.

5. I have no interest, nor do I expect to receive any interest in the properties or securities of **Ashley Gold Mines Ltd.**

6. I am responsible for the final processing and validation of the survey results and the compilation of the presentation of this report. The statements made in this report represent my professional opinion based on my consideration of the information available to me at the time of writing this report.

Larder Lake, ON
January 2009

C. Jason Ploeger, B.Sc. (geophysics)
President of Larder Geophysics Ltd.

APPENDIX B

THEORETICAL BASIS AND SURVEY PROCEDURES

TOTAL FIELD MAGNETIC SURVEY

Base station corrected Total Field Magnetic surveying is conducted using at least two synchronized magnetometers of identical type. One magnetometer unit is set in a fixed position in a region of stable geomagnetic gradient, and away from possible cultural effects (i.e. moving vehicles) to monitor and correct for daily diurnal drift. This magnetometer, given the term 'base station', stores the time, date and total field measurement at fixed time intervals over the survey day. The second, remote mobile unit stores the coordinates, time, date, and the total field measurements simultaneously. The procedure consists of taking total magnetic measurements of the Earth's field at stations, along individual profiles, including Tie and Base lines. A 2 meter staff is used to mount the sensor, in order to optimally minimize localized near-surface geologic noise. At the end of a survey day, the mobile and base-station units are linked, via RS-232 ports, for diurnal drift and other magnetic activity (ionospheric and sferic) corrections using internal software.

For the gradiometer application, two identical sensors are mounted vertically at the ends of a rigid fiberglass tube. The centers of the coils are spaced a fixed distance apart (0.5 to 1.0m). The two coils are then read simultaneously, which alleviates the need to correct the gradient readings for diurnal variations, to measure the gradient of the total magnetic field.

VLF Electromagnetic

The frequency domain VLF electromagnetic survey is designed to measure both the vertical and horizontal in-phase (IP) and Quadrature (OP) components of the anomalous field from electrically conductive zones. The sources for VLF EM surveys are several powerful radio transmitters located around the world which generate EM radiation in the low frequency band of 15-25kHZ. The signals created by these long-range communications and navigational systems may be used for surveying up to several thousand kilometres away from the transmitter. The quality of the incoming VLF signal can be monitored using the field strength. A field strength above 5pT will produce excellent quality results. Anything lower indicates a weak signal strength, and possibly lower data quality. A very low signal strength (<1pT) may indicate the radio station is down.

The EM field is planar and horizontal at large distances from the EM source. The two components, electric (E) and magnetic (H), created by the source field are orthogonal to each other. E lies in a vertical plane while H lies at right angles to the direction of propagation in a horizontal plane. In order to ensure good coupling, the strike of possible conductors should lie in the direction of the transmitter to allow the H vector to pass through the anomaly, in turn, creating a secondary EM field.

The VLF EM receiver has two orthogonal aerials which are tuned to the frequency of the transmitting station. The direction of the source station is locate by rotating the sensor around a vertical axis until a null position is found. The VLF EM survey procedure consists of taking measurements at stations along each line on the grid. The receiver is rotated about a horizontal axis, right angles to the traverse and the tilt recorded at the null position.

APPENDIX C

GSM 19

Specifications

Overhauser Performance

Resolution: 0.01 nT
Relative Sensitivity: 0.02 nT
Absolute Accuracy: 0.2nT
Range: 20,000 to 120,000 nT
Gradient Tolerance: Over 10,000nT/m
Operating Temperature: -40°C to +60°C

Operation Modes

Manual: Coordinates, time, date and reading stored automatically at min. 3 second interval.
Base Station: Time, date and reading stored at 3 to 60 second intervals.
Walking Mag: Time, date and reading stored at coordinates of fiducial.
Remote Control: Optional remote control using RS-232 interface.
Input/Output: RS-232 or analog (optional) output using 6-pin weatherproof connector.

Operating Parameters

Power Consumption: Only 2Ws per reading. Operates continuously for 45 hours on standby.
Power Source: 12V 2.6Ah sealed lead acid battery standard, other batteries available
Operating Temperature: -50°C to +60°C

Storage Capacity

Manual Operation: 29,000 readings standard, with up to 116,000 optional. With 3 VLF stations: 12,000 standard and up to 48,000 optional.

Base Station: 105,000 readings standard, with up to 419,000 optional (88 hours or 14 days uninterrupted operation with 3 sec. intervals)

Gradiometer: 25,000 readings standard, with up to 100,000 optional. With 3 VLF stations: 12,000, with up to 45,000 optional.

Omnidirectional VLF

Performance Parameters: Resolution 0.5% and range to ±200% of total field. Frequency 15 to 30 kHz.

Measured Parameters: Vertical in-phase & out-of-phase, 2 horizontal components, total field coordinates, date, and time.

Features: Up to 3 stations measured automatically, in-field data review, displays station field strength continuously, and tilt correction for up to ±10° tilts.

Dimensions and Weights: 93 x 143 x 150mm and weighs only 1.0kg.

Dimensions and Weights

Dimensions:
Console: 223 x 69 x 240mm
Sensor: 170 x 71mm diameter cylinder
Weight:
Console: 2.1kg
Sensor and Staff Assembly: 2.0kg

Standard Components

GSM-19 magnetometer console, harness, battery charger, shipping case, sensor with cable, staff, instruction manual, data transfer cable and software.

Taking Advantage of a "Quirk" of Physics

Overhauser effect magnetometers are essentially proton precession devices except that they produce an order-of magnitude greater sensitivity. These "supercharged" quantum magnetometers also deliver high absolute accuracy, rapid cycling (up to 5 readings / second), and exceptionally low power consumption.

The Overhauser effect occurs when a special liquid (with unpaired electrons) is combined with hydrogen atoms and then exposed to secondary polarization from a radio frequency (RF) magnetic field. The unpaired electrons transfer their stronger polarization to hydrogen atoms, thereby generating a strong precession signal-- that is ideal for very high-sensitivity total field measurement. In comparison with proton precession methods, RF signal generation also keeps power consumption to an absolute minimum and reduces noise (i.e. generating RF frequencies are well out of the bandwidth of the precession signal).

In addition, polarization and signal measurement can occur simultaneously - which enables faster, sequential measurements. This, in turn, facilitates advanced statistical averaging over the sampling period and/or increased cycling rates (i.e. sampling speeds).

The unique Overhauser unit blends physics, data quality, operational efficiency, system design and options into an instrumentation package that ... exceeds proton precession and matches costlier optically pumped cesium capabilities.

APPENDIX C

GARMIN GPS 76

GPS Performance

Receiver: WAAS-enabled, 12 parallel channel GPS receiver continuously tracks and uses up to 12 satellites to compute and update your position

Navigation Features

Waypoints/icons: 500 with name and graphic symbol, 10 nearest (automatic), 10 proximity
Routes: 50 reversible routes with up to 50 points each, plus MOB and TracBack® modes
Tracks: Automatic track log; 10 saved tracks let you retrace your path in both directions
Trip computer: Current speed, average speed, resettable max. speed, trip timer and trip distance
Alarms: Anchor drag, approach and arrival, off-course, proximity waypoint, shallow water and deep water
Tables: Built-in celestial tables for best times to fish and hunt, sun and moon rise, set and location
Map datums: More than 100 plus user datum
Position format: Lat/Lon, UTM/UPS, Maidenhead, MGRS, Loran TDs and other grids, including user grid

Acquisition times

Warm: Approximately 15 seconds
Cold: Approximately 45 seconds
AutoLocate®: Approximately 2 minutes
Update rate: 1/second, continuous

GPS accuracy

Position: < 15 meters, 95% typical*
Velocity: 0.05 meter/sec steady state

WAAS accuracy

Position: < 3 meters, 95% typical*
Velocity: 0.05 meter/sec steady state

Power

Source: Two "AA" batteries (not included)
Battery Life: Up to 16 hours

Physical

Size: 2.7"W x 6.2"H x 1.2"D (6.9 x 15.7 x 3.0 cm)
Weight: 7.7 ounces

Display

1.6"W x 2.2"H (4.1 x 5.6 cm)
180 x 240 pixels, high-contrast

FSTN with bright backlighting

Case:	Fully gasketed, high-impact plastic alloy, waterproof to IEC 529 IPX7 standards
Interfaces:	RS232 with NMEA 0183, RTCM 104 DGPS data format and proprietary Garmin®
Antenna:	Built-in quadrifilar, with external antenna connection (MCX)
Differential:	DGPS (USCG and WAAS capable)
Temperature range:	5°F to 158°F (-15°C to 70°C)
Dynamics:	6 g's
User data storage:	Indefinite, no memory battery required

Specifications obtained from www.garmin.com

APPENDIX D

LIST OF MAPS (IN MAP POCKET)

Posted profiled TFM plan map (1:2500)

1) ASHLEY GOLD-HILLVIEW-MAG-CONT

Posted contoured fraser filtered profiled VLF EM plan map (1:2500)

2) ASHLEY GOLD-HILLVIEW-VLF-NAA

TOTAL MAPS=2

579250 579500 579750 580000

5300000 5299750 5299500 5299250 5299000 5298750 5298500 5298250 5298000

L2000N L1400N L0N

L1000E L1100E L1200E L1500E L1600E L1700E L1800E L1900E L2000E L300E L400E L500E L600E L700E L800E L900E

Scale 1:2500

50 0 50 100 150

(meters)

NAD83 / UTM zone 17N

IP OP

Fraser Filter
Crossover Direction
negative-positive

ASHLEY GOLD MINES LTD.

HILLVIEW GRID
Dack & Chamberlain Township, Ontario

VLF IN PHASE/OUT PHASE PROFILE
VLF FRASER FILTERED CONTOURED PLAN MAP
24.0kHz NAA - CUTLER USA

In Phase: Posted Right/Bottom (Red)
Out Phase: Posted Left/Top (Blue)

Vertical Profile Scales: 3%/mm
Contour Interval: 0, 5, 10, 15, 20, 25, 50, 100

Station Seperation: 25 meters
Posting Level: 0

GSM-19 OVERHAUSER MAGNETOMETER/VLF v7

Reciever Operated By: Barry Allen
GPS Operated By: Shane Buckland
Processed by: C Jason Ploeger, B.Sc.
Map Drawn By: Belinda Bailey
November 6 to 12, 2008

LARDER GEOPHYSICS LTD.
(705) 643-1122

Drawing : ASHLEY GOLD-HILLVIEW-VLF-NAA

TOTAL FIELD MAGNETIC
nanoTesla (nT)

56373, 56300, 56277, 56261, 56245, 56230, 56219, 56211, 56203, 56197, 56191, 56187, 56182, 56178, 56175, 56172, 56169, 56167, 56164, 56162, 56160, 56158, 56156, 56154, 56152, 56150, 56148, 56146, 56144, 56142, 56140, 56137, 56134, 56130, 56126, 56120, 56112, 56100

ASHLEY GOLD MINES LTD.

HILLVIEW GRID
Dack & Chamberlain Township, Ontario

TOTAL FIELD MAGNETIC CONTOURED PLAN MAP
Base Station Corrected

Posting Level: 0nT
Field Inclination/Declination: 74degN/12degW
Station Seperation: 12.5 meters
Total Field Magnetic Contours: 50nT

GSM-19 OVERHAUSER MAGNETOMETER/VLF v7

Reciever Operated By: Shane Buckland
GPS Operated By: Barry Allen
Processed by: C Jason Ploeger, B.Sc.
Map Drawn By: Belinda Bailey
November 6 to 12, 2008

LARDER GEOPHYSICS LTD.

Drawing : ASHLEY GOLD-HILLVIEW-MAG-CONT