

52 / 86 NORTHWEST COMPANY LTD

Pagwachuan Lake Property

Report of Work

NTS: 42E/09
Thunder Bay Mining Division

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INTRODUCTION

The Pagwachuan Lake property is situated in the Beardmore – Geraldton Greenstone Belt in Northwestern Ontario. The property is owned 100% by 52/86 Northwest Company (herein 52/86) and was recently reduced to 499 claim units from 717 units. This region of Ontario has produced approximately 4.1 million ounces of gold from 14 mines between 1934 and 1968 at an average grade of 12.7 g/t Au. The largest producer was the McLeod-Cockshutt mine near Geraldton which produced 1.5 million ounces, while the highest grades were realized from the Leitch deposit near Beardmore, producing 0.85 million ounces at a grade of 31.5 g/t Au. The past producing portion of the belt is located west of the 52/86 property and is currently being explored by Premier Gold (Hardrock Project). As of January, 2015 Premier have defined indicated gold resources of 4.9 million ounces (89 million tonnes @ 1.7 g/t Au) and inferred gold resources of 2.7 million ounces (23 million tonnes @ 3.7 g/t Au). Premier Gold recently announced a joint venture agreement with Centerra Gold to advance the property to production.

The 52/86 property was optioned to Prodigy Gold Inc. (Prodigy) in 2011, which later entered into an agreement with related company Goldstream Exploration (Goldstream) to explore the Pagwachuan property. The 2011 and 2012 assessment reports on the property have been filed by Prodigy and Goldstream respectively. The option agreement on the property was terminated by Goldstream in 2014. While under option the Pagwachuan Lake property was part of a larger project referred to as the Hardrock East Project.

This report covers work carried out on the property in 2013 by Goldstream Exploration, which consisted of grid geophysical and geochemical surveys in the eastern part of the property on Grid 2 and Lucky grids.

LOCATION AND ACCESS

The majority of the property is located on NTS 42E/09 with some claims also situated on adjacent sheets 42E/10 and 42E/16 to the west and north respectively (Figure 1). The nearest town, Longlac, is located approximately 15 km to the northwest of the property. The larger community of Geraldton is situated 30 km west of the town of Longlac.

The Trans Canada Highway (TCH Route 11) runs east-west to the north of the property. Highway 625 joins the TCH at a point 16 km east of Longlac, runs southeast and transects the central part of the property. The Catlonite all-weather road originates near Longlac and runs south which provides access to the western portion of the property. A network of logging roads and trails emanate from the all-weather roads and provide reasonable access to many parts of the property by four-wheel drive truck and / or all-terrain vehicles. Most of these roads are shown on the 1:100,000 Northern Adventure Map Series (Central Greenstone and East Greenstone sheets). Logging operations within the property have been intermittently active in recent years, which has further facilitated access.

PROPERTY DESCRIPTION

During 2014 the property was reduced from 57 claims comprising 717 units to the current holdings consisting of 40 claims totalling 499 units. A summary of the individual claims is given in Table 1 and illustrated in Figure 1. All coordinates given in this report, on maps and in sample location tables are for the NAD 83 datum and UTM zone 16 projection.

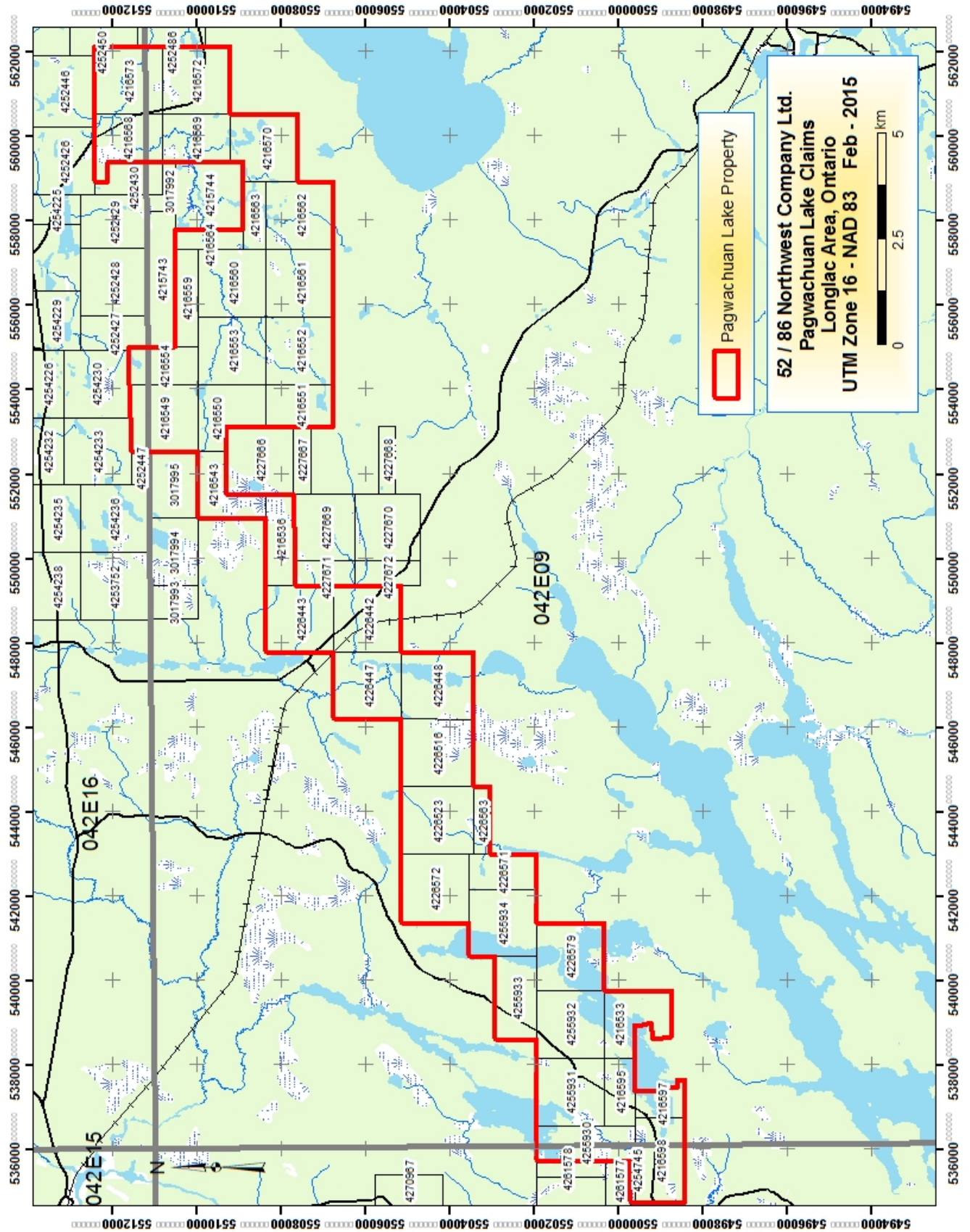


Figure 1: Pagwachuan Lake Claims

Table 1: Pagwachuan Lake Claims

<u>Claim</u>	<u>Units</u>	<u>Next renewal</u>	<u>Required for next renewal</u>
4216533	13	15/12/04	\$5,200
4216536	11	15/12/04	\$4,400
4216543	12	15/12/04	\$4,800
4216549	16	14/12/04	\$6,400
4216550	14	15/12/04	\$5,600
4216551	10	15/12/04	\$4,000
4216552	16	15/12/04	\$6,400
4216553	16	15/12/04	\$6,400
4216554	8	15/12/04	\$3,200
4216559	8	15/12/04	\$3,200
4216560	16	15/12/04	\$6,400
4216561	16	15/12/04	\$6,400
4216562	16	15/12/04	\$6,400
4216563	5	15/12/04	\$2,000
4216564	4	15/12/04	\$1,600
4216568	13	15/12/04	\$5,200
4216569	12	15/12/04	\$4,800
4216570	15	15/12/04	\$6,000
4216572	16	15/12/04	\$6,400
4216573	16	15/12/04	\$6,400
4216595	8	15/12/04	\$3,200
4216597	7	15/12/04	\$2,800
4216598	15	15/12/04	\$6,000
4226442	16	15/12/03	\$6,400
4226443	16	15/12/04	\$6,400
4226447	16	15/12/03	\$6,400
4226448	16	15/12/03	\$6,400
4226516	16	15/12/03	\$6,400
4226523	16	15/12/03	\$6,400
4226563	4	14/12/04	\$1,600
4226571	8	15/12/04	\$3,200
4226572	16	14/12/04	\$6,400
4226579	16	14/12/04	\$6,400
4255930	12	15/11/17	\$4,800
4255931	16	15/11/17	\$6,400
4255932	16	15/11/17	\$6,400
4255933	14	15/11/17	\$5,600
4255934	16	15/11/17	\$6,400
4254745	1	15/11/17	\$400
4254750	1	15/11/17	\$400
Totals	499		\$199,600

REGIONAL GEOLOGY and MINERALIZATION

The Pagwachuan Lake property is located within the Archean Superior Province of Ontario and straddles the, dominantly sedimentary, Quetico Sub-Province to the south and the Wabigoon Sub-Province to the north. The Wabigoon Sub-Province in the project area is comprised of the Beardmore – Geraldton Greenstone belt. The Pagwachuan Lake property was covered by two OGS mapping programs. The eastern part of the property, in the Klob Lake area, was mapped by S.E. Amukun with data published in 1984 (OGS report 235). The Seagrams Lake region of the property was mapped by D.U. Kresz and B. Zayachivsky with data released in 1993 (OGS report 287). Descriptions of the regional geology are from the OGS report 287.

The Beardmore – Geraldton Belt consists of a series of repetitive, east-trending, steeply dipping mafic volcanic and sedimentary units, believed to represent tectonically imbricated stratigraphy. Regional structures suggest that the belt is a north facing assemblage. The greenstone belt is greater than 20 km wide near the western boundary of the property and decreases significantly in width to the east. Archean metavolcanic rocks within the greenstone belt consist of massive and pillowed mafic flows with lesser, narrow felsic volcanics. Sedimentary rocks consist of turbiditic sandstone, conglomerate and iron formation. The supracrustal units are intruded by syn to post-tectonic gabbro, diorite, tonalite and quartz-feldspar porphyries. During the Proterozoic, all lithologies were intruded by northwest-trending diabase and lesser lamprophyre dikes.

A Prominent deformation zone (Barton Bay Deformation Zone) has been recognized in the area and is closely associated with gold mineralization at Geraldton. In the Geraldton area, the deformation zone is approximately 3 kilometres wide and trends ESE. The deformation zone swings ENE to NE in the area of the Pagwachuan Lake property, apparently deflected or otherwise influenced by felsic and alkalic intrusions in this region. A.J. MacDonald (OFR5694 - 1988) states that, in general, deformation in the Geraldton Camp is dominated by an easterly directed component of dextral simple shear and a general north – south compression. MacDonald describes several type of gold mineralization in the Geraldton area including: 1) Zones of fracturing and shearing along greywacke – albite porphyry contacts; 2) Iron formation hosted quartz vein and sulphide zones; 3) Quartz veins in deformed, massive quartz wacke or arkose; 4) Saddle veins; 5) zones in the vicinity of sheared lithological contacts; 6) Zones wholly within extrusive rocks ; and 7) Zones within major faults.

EXPLORATION HISTORY

A summary of mineral exploration activities carried out in the region prior to work performed by Alberta Ltd. and 52 / 86 Ltd. is given in the Nov 2009 assessment report covering the first year of exploration work. The initial phase of exploration by Alberta Ltd. consisted of a high resolution airborne magnetometer / VLF EM survey, soils sampling surveys (mobile metal ion and organics) and prospecting. Following the transfer of the claims to 52 / 86 Ltd., 33 reverse circulation drill holes and 13 test pits were completed over the eastern half of the property to test geochemical anomalies. During 2011 while under option to Prodigy, the property underwent extensive reconnaissance mapping and prospecting as well as stripping and geophysical surveys on grids over historic occurrences and other selected target areas. A new high grade occurrence (Lucky showing) was located through this work in the eastern portion of the property. A channel sample of a narrow quartz vein at the Lucky showing returned 17.7 g/t Au / 0.3 m. In 2012 Goldstream carried out additional mapping and sampling in the Grid 2 and Lucky areas. Six short holes totalling 384 meters were drilled by Goldstream in 2012 in the Grid 2 area. The holes tested the historic Ward-Morrow showing area as well as an IP chargeability anomaly to the south.

Hole PAG12-03 intersected a broad zone of low-grade Au-Ag mineralization in “lean iron formation” (0.55 g/t Au, 1.29 g/t Ag over 52 meters).

WORK PERFORMED

Exploration work was carried out on two grids in 2013 as indicated on the grid location sketch (Figure 2). Geophysical surveys were performed under contract to Matrix Geo Technologies Ltd. Soil samples were collected by Goldstream personnel and analysed by Activation Laboratories Ltd for soil gas hydrocarbons (SGH). In brief, the SGH method analyses for 162 hydrocarbon compounds that are loosely bound on the surface of soil particles. The hydrocarbons are produced by specific bacteria that consume the target elements. The hydrocarbons then migrate vertically from their source to the surface of the earth. Each element (in this study gold and silver) has a signature, which is comprised of a combination of hydrocarbons present that correlate most commonly with the targeted element. Anomalies are defined by a rating score relative to an idealized target.

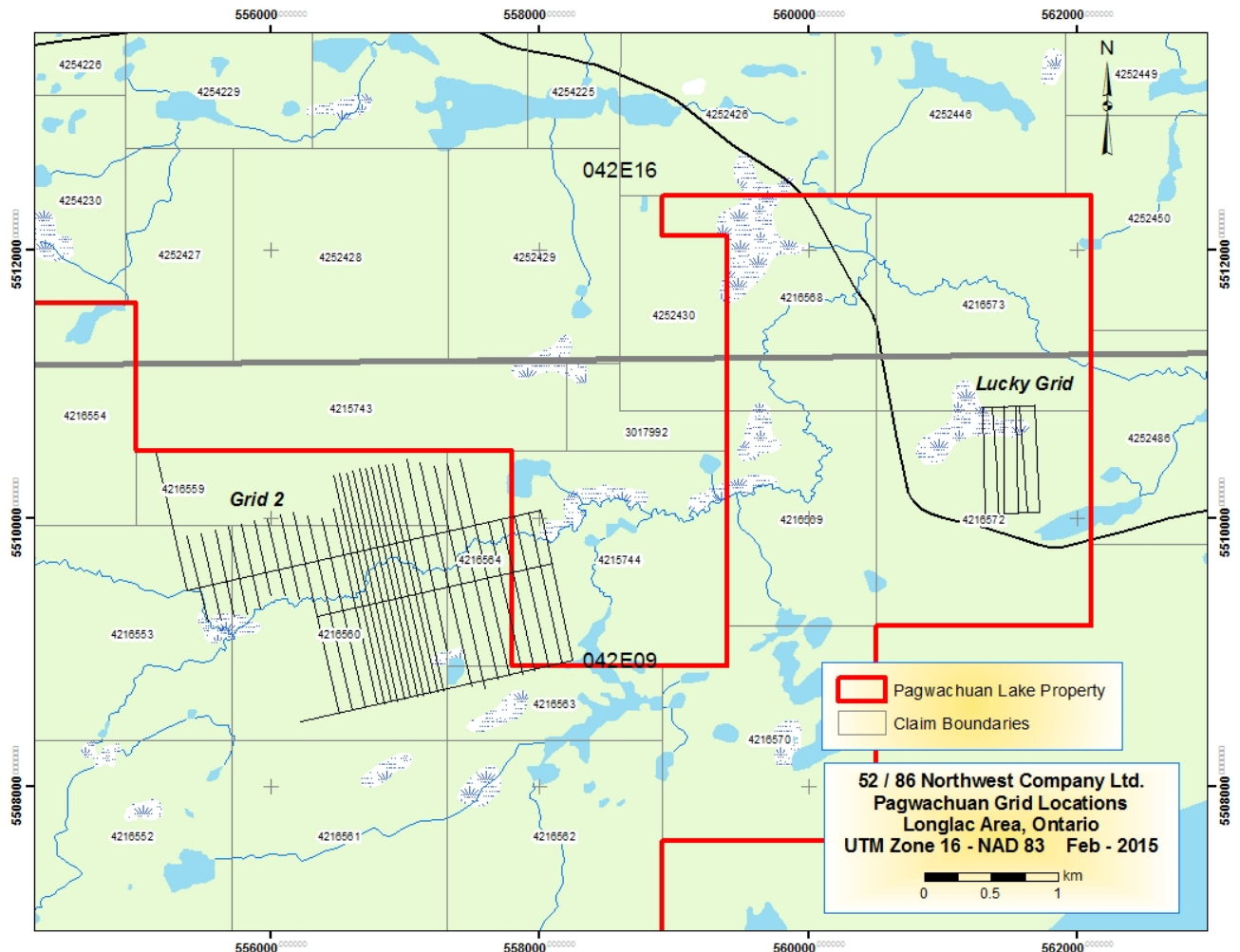


Figure 2: Grid Locations

Grid 2

Geophysical surveys including magnetometer and induced polarization (IP) were carried out on the eastern grid extension of Grid 2 (L 24+00E to L 28+00E). A total of 5.75 km of gradient array IP and 6.95 km of magnetometer were completed on the eastern grid extension. The purpose of the survey was to extend geophysical coverage to the east of the broad zone of low grade gold mineralization intersected in drill hole PAG12-03. Survey logistics and detailed geophysical interpretation is provided in the appended report and maps by Matrix Geo Technologies. The maps display the currently reported work merged with data from 2011. Moderate chargeability anomalies were located on the eastern grid extension. However, the magnetic anomaly associated with gold mineralization in DDH PAG12-003 attenuates to the east on the newly surveyed lines, as was expected from the earlier airborne survey.

A total of 146 soil samples were collected on Grid 2 as per the locations indicated on Figure 3. The samples were tested for SGH gold and silver signatures at Activation Laboratories. Field notes, laboratory analyses and the interpretive report with maps are appended. Three areas with a highly rated gold signature (up to 5.5 of 6.0) were located in the survey. The anomalies are coincident with an east west – trending magnetic high and are located approximately 50 to 70 m south of previous drill holes, which were drilled in a northerly direction and consequently did not test the SGH anomalies. Silver signature is generally coincident with gold but with a lower rating (2.5 of 6.0).

Lucky Grid

The lucky grid was established over a narrow, high grade gold occurrence that was found in 2011. Geophysical surveys including gradient array IP and magnetometer were carried out to determine whether any geophysical signature is associated with the mineralization. A total of 5.6 km of gradient array IP and 6.8 km of magnetometer were completed on the grid. Survey logistics and detailed geophysical interpretation is provided in the appended report and maps by Matrix Geo Technologies. An east to northeast trending, moderate chargeability anomaly was located approximately 50 meters north of the Lucky gold showing. The anomaly trends across all grid lines, strengthens toward the west, and is weakest in the vicinity of the Lucky showing. Magnetic trends are somewhat choppy in the grid area, possibly due to faulting. A generally east – northeast magnetic high trend occurs in the center of the grid, coincident with the Lucky showing. The magnetic anomaly runs along the south margin of the above-described chargeability anomaly except at the western end of the grid where the magnetic and IP anomalies are coincident.

A total of 92 soil samples were collected on the Lucky grid as per the locations indicated on Figure 4. The samples were tested for SGH gold signature at Activation Laboratories. Field notes, laboratory analyses and the interpretive report with maps are appended. The Lucky showing was picked up as a highly rated, singular anomalous site. More importantly, 2 parallel, east-northeast anomalous trends, located north and south of the Lucky occurrence, were defined across the grid area. These anomalies are interpreted as possible vein structures by Activation Laboratories and are situated along the north and south margins of the magnetic anomaly. The northern soil anomaly is also coincident with IP anomaly.

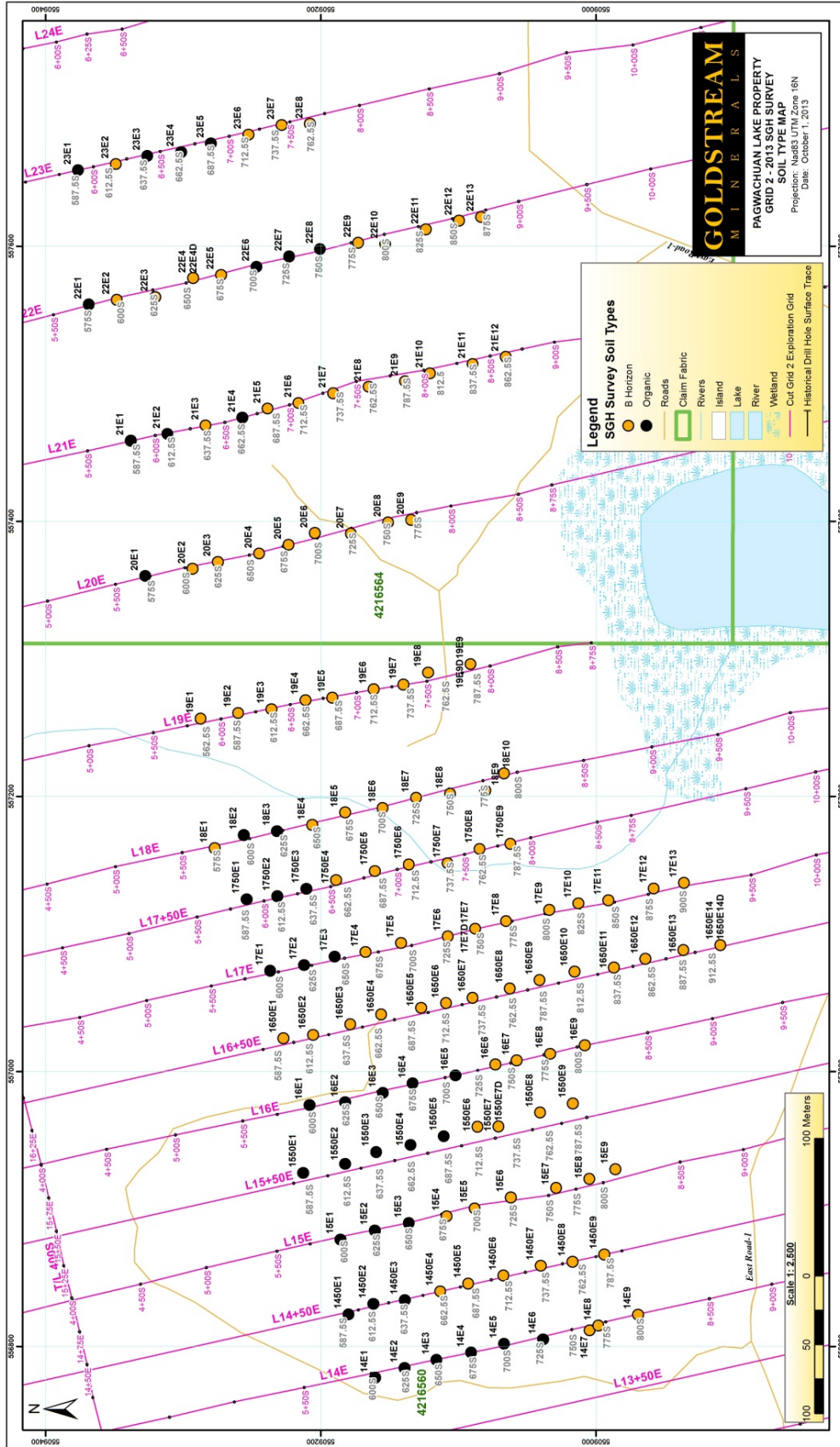


Figure 3: Soil Sample Locations - Grid 2

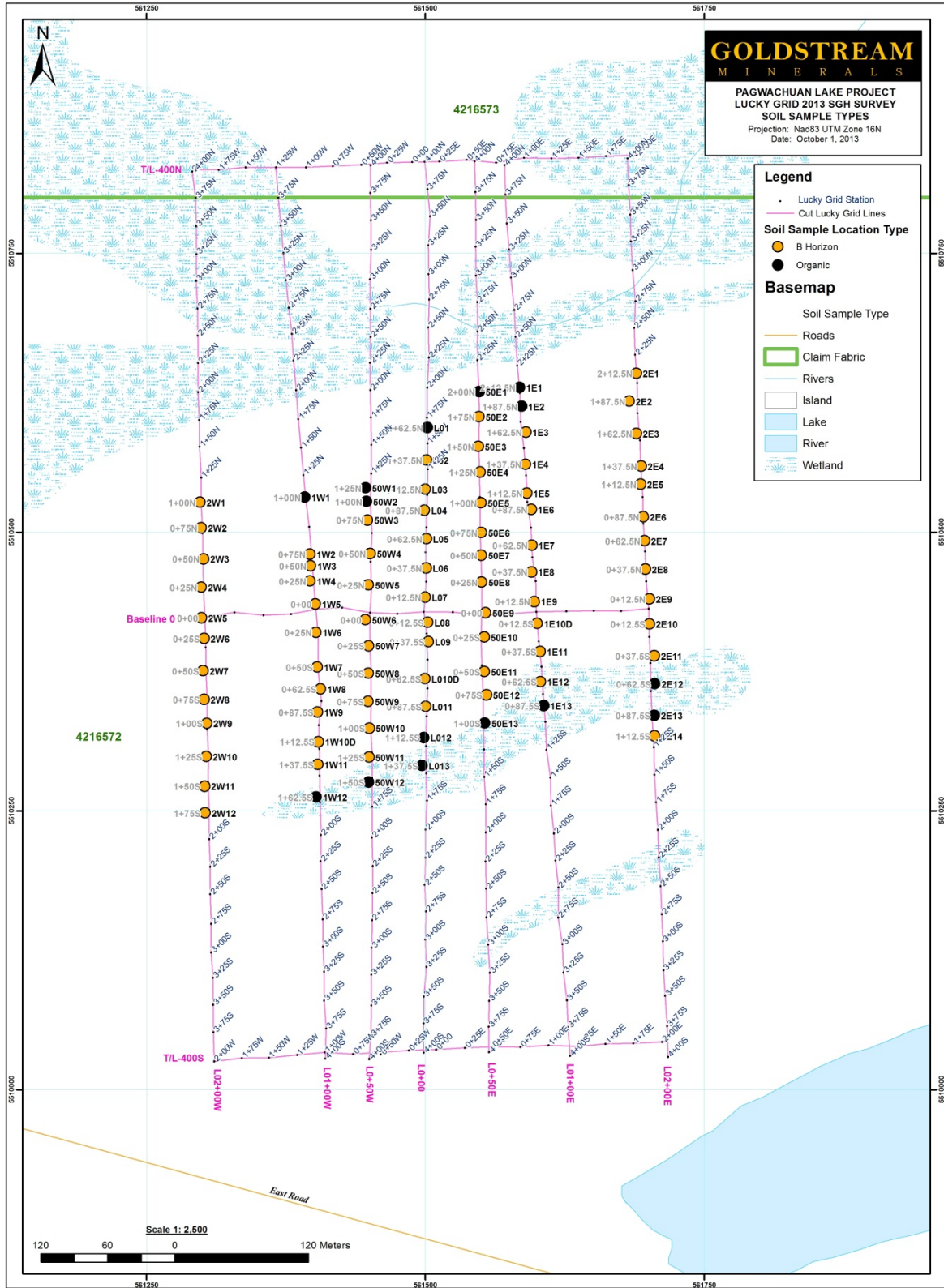


Figure 4: Soil Sample Locations - Lucky Grid

SUMMARY and RECOMMENDATIONS

Ground geophysics and Soil Gas Hydrocarbon (SGH) geochemistry was completed on the Grid2 and Lucky grid areas. A number of SGH anomalies were detected on both grids. Some of these anomalies and anomalous trends have coincident or flanking geophysical responses.

It is recommended that the SGH anomalies be tested by detailed prospecting / hand stripping or trenching. Should this work be successful in finding new gold mineralization it is further recommended that SGH sampling is expanded over adjacent areas of favourable geology.

Respectfully Submitted;

Denis Fitzpatrick P.Geo.

CERTIFICATE OF AUTHOR

I, Denis Fitzpatrick graduated with a B.Sc. Honours degree from Memorial University of Newfoundland in 1981.

I have practiced my profession for more than 30 years since university graduation

I have been a registered professional geoscientist in the province of Newfoundland and Labrador since 1996 (Member no. 03059).

I have been the principle contact person for 52/86 Northwest Company during the period which the Pagwachuan property was optioned to Prodigy Gold and Goldstream Exploration.