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ASHLEY GOLD MINES LIMITED

SKEAD HOLDINGS LTD.

Magnetometer Survey Over the BEAR LAKE-EAST PROPERTY McVittie and McGarry Townships, Ontario

C Jason Ploeger, B.Sc, P.Geo
September 21, 2016

TABLE OF CONTENTS

1. SURVEY DETAILS 3
1.1 PROJECT NAME 3
1.2 CLIENT 3
1.3 LOCATION 3
1.4 ACCESS 4
1.5 SURVEY GRID 4
2. SURVEY WORK UNDERTAKEN 5
2.1 SURVEY LOG 5
2.2 PERSONNEL 5
2.3 SURVEY SPECIFICATIONS 5
3. OVERVIEW OF SURVEY RESULTS 6
3.1 SUMMARY INTERPRETATION 6

LIST OF APPENDICES

APPENDIX A: STATEMENT OF QUALIFICATIONS
APPENDIX B: THEORETICAL BASIS AND SURVEY PROCEDURES
APPENDIX C: INSTRUMENT SPECIFICATIONS
APPENDIX D: LIST OF MAPS (IN MAP POCKET)

LIST OF TABLES AND FIGURES

Figure 1: Location of the Bear Lake East Property 3
Figure 2: Claim Map with Traverse Area 4
Figure 3: Magnetic Plan overlaying Google Satellite Image 6

Table 1: Survey Log 5

1. SURVEY DETAILS

1.1 PROJECT NAME

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

1.2 CLIENT

Ashley Gold Mines Limited
P.O. Box 219
Larder Lake, Ontario
P0K 1L0

Skead Holdings Ltd.
28 Ford St.
Sault St. Marie, ON
P6A 4N4

1.3 LOCATION

The Bear Lake - East Property is located approximately 6km east-northeast of Larder Lake, Ontario. The magnetic traverse area is located in McVittie Township. The magnetic traverse area is located in McVittie Township and covers a portion of mining claim 4274146, within the Larder Lake Mining Division.

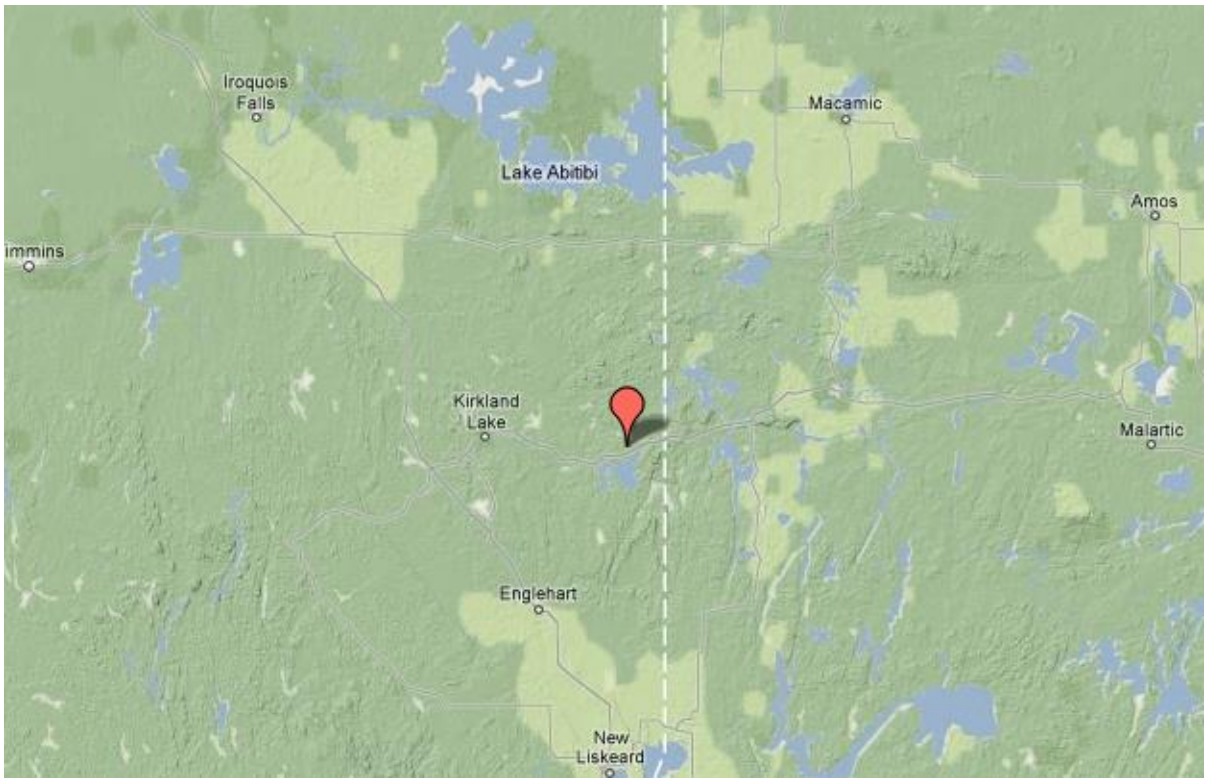


Figure 1: Location of the Bear Lake East Property

1.4 Access

Access to the property was via Highway 66, 6.5km east of the Town of Larder Lake. From here a boat was used to access Bear Lake, where the survey area is located.

1.5 Survey Grid

The traversed lines were established using a GPS in conjunction with the execution of the survey. A survey grid was outlined and loaded onto the GPS prior to the survey. The boat operator maintained a corridor along these pre-determined paths. The GPS used was a Garmin GPS Map 62S.

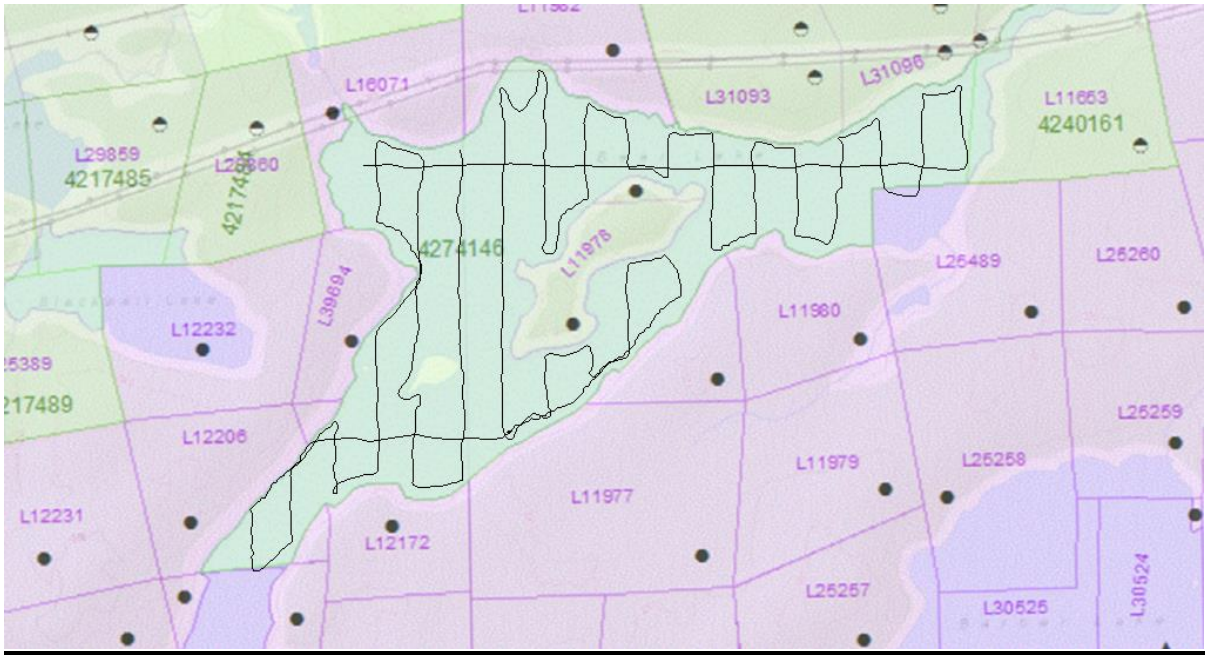


Figure 2: Claim Map with Traverse Area

2. SURVEY WORK UNDERTAKEN

2.1 SURVEY LOG

Date	Description	Line	Min Extent	Max Extent	Total Survey (m)
September 20, 2016	Locate survey area and begin survey.				11.7

Table 1: Survey Log

2.2 PERSONNEL

Jason Ploeger of Larder Lake conducted all the magnetic data collection and was also responsible for the GPS control and GPS waypoint collection. He was assisted by Mathew Cliche of Larder Lake.

2.3 SURVEY SPECIFICATIONS

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

A total of 11.7 line kilometers of no grid mag was performed on September 20th, 2016. This consisted of 8435 magnetometer samples taken at 1 second intervals.

3. OVERVIEW OF SURVEY RESULTS

3.1 SUMMARY INTERPRETATION

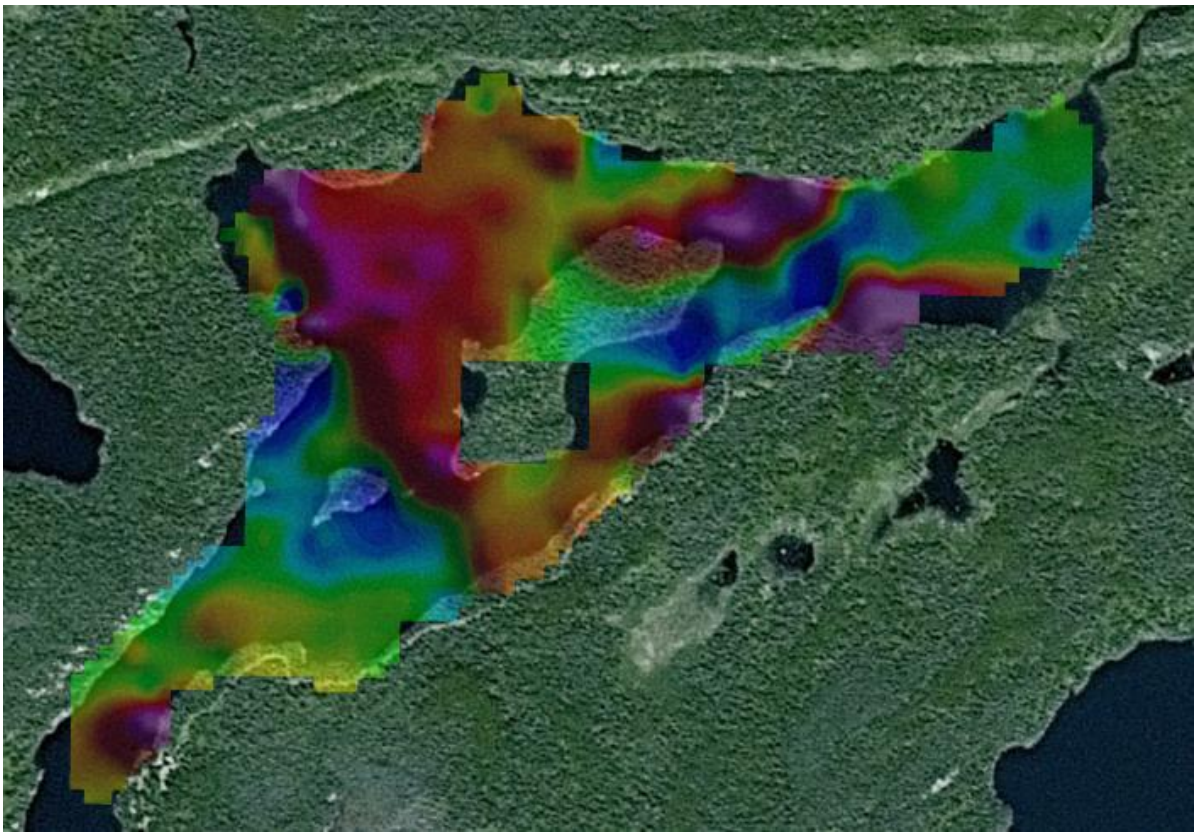


Figure 3: Magnetic Plan overlaying Google Satellite Image

On September 20th, 2016 a magnetometer survey was performed on Bear Lake. The GSM Magnetometer was towed 34 feet behind a 14 foot aluminum boat. The magnetometer was set for continuous reading with a simultaneous GPS coordinate and magnetometer sample every 1 second. A helper was used to help maintain the separation of the magnetometer and boat as to not corrupt the data.

Some strong magnetic variations occur within the survey area. Generally there appears to be two magnetic signatures which are then overprinted by a linear magnetic feature. The linear magnetic feature strikes approximately 350 degrees across the property. This trend appears to be consistent with the regional diabase trend in the area.

A series of strong magnetic east-west magnetic signatures are visible in the south central and north regions. These magnetic anomalies appear to represent an intrusive. Bisecting the signature in the central region appears to be a magnetic low area. This magnetic low appears to carry through the diabase indicating that there may be a structural source resulting a magnetite depletion within the probable intrusion.

The final magnetic signature appears to be represented by the average magnetic signature of the area. This most likely represents the regional valcanics in the area.

The strong magnetic signatures appear to extend to the shoreline of Bear Lake. Prospecting and geological mapping of the shoreline is essential in determining the source and implications of the anomalies. I would also recommend performing a VLF survey on the ice over the survey area.

APPENDIX A

STATEMENT OF QUALIFICATIONS

I, C. Jason Ploeger, hereby declare that:

1. I am a professional geophysicist with residence in Larder Lake, Ontario and am presently employed as a Geophysicist and Geophysical Manager of Canadian Exploration Services Ltd. of Larder Lake, Ontario.

2. I am a Practicing Member of the Association of Professional Geoscientists, with membership number 2172.

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

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

5. I am a member of the Ontario Prospectors Association, a Director of the Northern Prospectors Association and a member of the Society of Exploration Geophysicists.

6. I do not have nor expect an interest in the properties and securities of **Ashley Gold Mines Ltd and Skead Holdings Ltd.**

7. 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.

C. Jason Ploeger, P.Geo., B.Sc.
Geophysical Manager
Canadian Exploration Services Ltd.

Larder Lake, ON
September 21, 2016

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.

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 MAP 62S

Physical & Performance:	
Unit dimensions, WxHxD:	2.4" x 6.3" x 1.4" (6.1 x 16.0 x 3.6 cm)
Display size, WxH:	1.43" x 2.15" (3.6 x 5.5 cm); 2.6" diag (6.6 cm)
Display resolution, WxH:	160 x 240 pixels
Display type:	transflective, 65-K color TFT
Weight:	9.2 oz (260.1 g) with batteries
Battery:	2 AA batteries (not included); NiMH or Lithium recommended
Battery life:	20 hours
Waterproof:	yes (IPX7)
Floats:	no
High-sensitivity receiver:	yes
Interface:	high-speed USB and NMEA 0183 compatible

Maps & Memory:	
Basemap:	yes
Preloaded maps:	no
Ability to add maps:	yes
Built-in memory:	1.7 GB
Accepts data cards:	microSD™ card (not included)
Waypoints/favorites/locations:	2000
Routes:	200
Track log:	10,000 points, 200 saved tracks
Features & Benefits:	
Automatic routing (turn by turn routing on roads):	yes (with optional mapping for detailed roads)
Electronic compass:	yes (tilt-compensated, 3-axis)
Touchscreen:	no
Barometric altimeter:	yes
Camera:	no
Geocaching-friendly:	yes (paperless)
Custom maps compatible:	yes
Photo navigation (navigate to ge-otagged photos):	yes
Outdoor GPS games:	no
Hunt/fish calendar:	yes
Sun and moon information:	yes
Tide tables:	yes
Area calculation:	yes

Custom POIs (ability to add additional points of interest):	yes
Unit-to-unit transfer (shares data wirelessly with similar units):	yes
Picture viewer:	yes
Garmin Connect™ compatible (online community where you analyze, categorize and share data):	yes

- *Specifications obtained from www.garmin.com*

APPENDIX D

LIST OF MAPS (IN MAP POCKET)

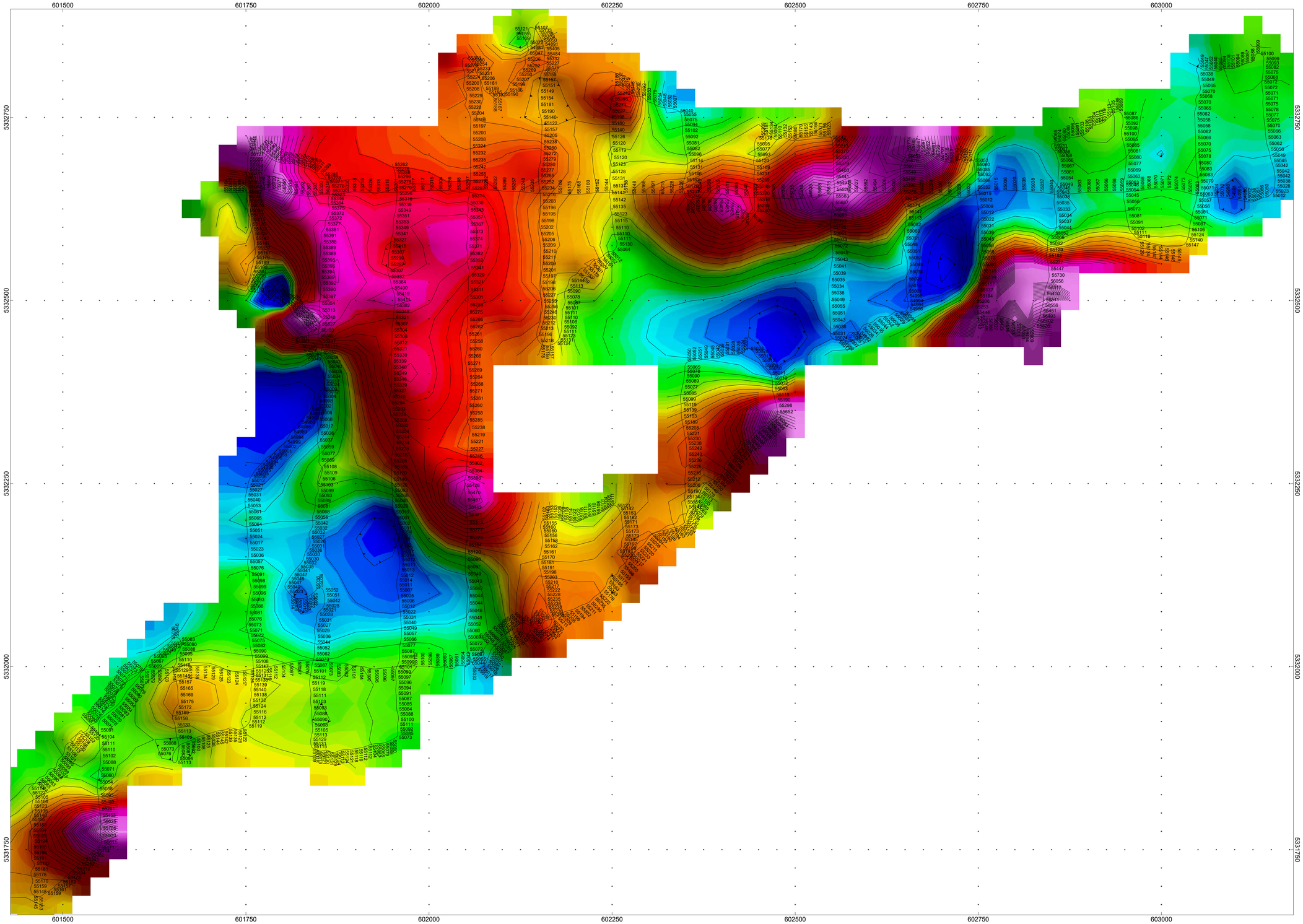
Posted Contoured TFM Plan Map (1:2500)

1) Q2254-SKEAD ASHLEY-BEAR EAST-MAG-CONT

Grid Sketch on Claim Map (1:20000)

2) Q2254-SKEAD ASHLEY-BEAR EAST-TRAVERSE

TOTAL MAPS = 2



Scale 1:2500

50 0 50 100 150

(meters)

NAD83 / UTM zone 17N

ASHLEY GOLD MINES LIMITED

SKEAD HOLDINGS LTD.

BEAR LAKE EAST PROPERTY
McVittie and McGarry Townships, Ontario

TOTAL FIELD MAGNETIC CONTOURED PLAN MAP
Base Station Corrected

Posting Level: 0nT
Field Inclination/Declination: 74degN/12degW
Station Seperation: 1 second
Total Field Magnetic Contours: 25nT

GSM-19 OVERHAUSER MAGNETOMETER v7

Receiver Operated By: C Jason Ploeger
GPS Operated By: Mathew Cliche
Processed by: C Jason Ploeger, P.Geo.
Map Drawn By: C Jason Ploeger, P.Geo.
September 2016

CXS CANADIAN EXPLORATION SERVICES LTD

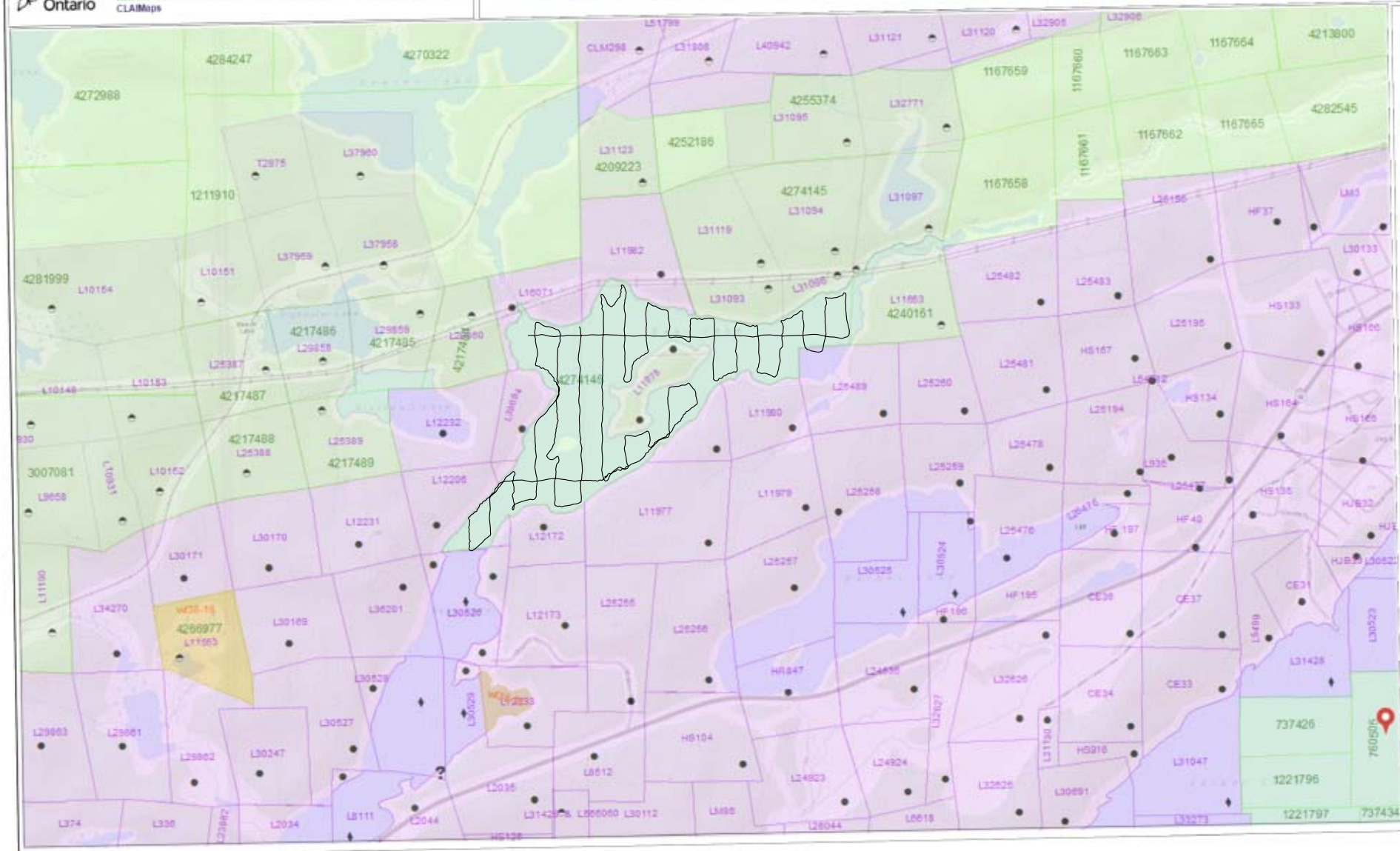
Drawing: Q2254-SKEADASHLEY-BEAR EAST-MAG-CONT

Ontario

MINISTRY OF NORTHERN DEVELOPMENT AND MINES
CLAIMaps

Skead Holdings Ltd/Ashley Gold Mines Limited

Notes: Enter map notes.



Legend

Administration Boundaries
Mining Divisions
Resident Geologist District
Townships and Areas
UTM Grid
Geographic List Point
Other Federal Land

Mineral Tenure Grid
OBTS Tenure Grid

Alienations
Withdrawal
Notice

Unpatented Claim
Active
Recorded
Pending

Disposition
Disposition

Disposition Symbols
Cancel
Disposition Unknown/Pending
Freehold Patent Mining Rights Only
Freehold Patent Surface Rights Only
Freehold Patent Surface and Mining Rights
Land Use Permit
Leasehold Patent Mining Rights Only
Leasehold Patent Surface Rights Only
Leasehold Patent Surface and Mining Rights
License of Occupation Mining Use Only
License of Occupation Surface Use Only
License of Occupation Surface and Mining Rights
License of Occupation Uses Not Specified
Order in Council
Lease
MPLA

Geology Layers
AMIS Sites
AMIS Features
Drill Holes
Mineral Occurrences

0 0.8 km

The Ontario Ministry of Northern Development and Mines shall not be liable in any way for the use of, or reliance upon, this map or any information on this map. This map should not be used for: navigation, a plan of survey, routes, nor locations.

Projection: Web Mercator

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