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PO Box 219, 14579 Government Road, Larder Lake, Ontario, POK 1L0, Canada Phone (705) 643-2345 Fax (705) 643-2191 www.cxsltd.com



SKEAD HOLDINGS LTD.

Magnetometer Survey Over the MacMURCHY EAST PROPERTY MacMurchy Township, Ontario





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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 MacMurchy East Property is located approximately 100km south of Timmins, Ontario. The magnetic traverse area is located in MacMurchy Township and covers a portion of mining claim 4263893, within the Larder Lake Mining Division.



Figure 1: Location of the MacMurchy East Property





1.4 ACCESS

Access to the property was attained with a 4x4 truck via highway 560, 34km west of Gowganda, Ontario. From here the Bay Lumber Road was followed southward by ATV, for 5km to the vicinity of Jerry 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. The GPS operator would establish sample locations while remaining approximately 12.5m in front of the magnetometer operator. GPS waypoints, magnetic samples were taken every 12.5m along these controlled traverses. 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
May 11, 2016	Locate survey area and begin				(11)
	survey.	0N	0	500E	500
		400E	0	275N	275
		500E	0	175N	175

Table 1: Survey Log

2.2 PERSONNEL

Claudia Moraga of Britt, Ontario conducted the magnetic data collection while Bruce Lavalley of Britt, Ontario 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 with a second GSM-19 magnetometer for a base station mode for diurnal correction.

A total of 0.95 line kilometers of no grid mag was performed on May 11th, 2016. This consisted of 76 magnetometer samples taken at 12.5m intervals.





3. OVERVIEW OF SURVEY RESULTS

3.1 SUMMARY INTERPRETATION



Figure 3: Magnetic Plan overlaying Google Satellite Image

The magnetic survey indicates the presence of two magnetic anomalies. These anomalies most likely are related to regional north-south dike systems, such as the Matachewan Dike swarm. The northern magnetic anomaly near the north end of line 400E does not appear to correlate to a signature on the baseline or line 500E. This may indicate that this is either a unique anomaly or the same probable dike, just offset by a late structural feature.

I would recommend continuing the magnetic survey westward across the property.





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 May 13, 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 $\pm 200\%$ 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 $\pm 10^{\circ}$ 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 recom- mended
Battery life:	20 hours
Waterproof:	yes (IPX7)
Floats:	no
High-sensitivity re- ceiver:	yes
Interface:	high-speed USB and NMEA 0183 compatible



Magnetometer Survey MacMurchy East Property MacMurchy Township, Ontario



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	yes (with optional mapping for detailed			
on roads):	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-	yes			
olagged pholos):				
Outdoor GPS games:	no			
Hunt/fish calendar:	yes			
Sun and moon information:	yes			
Tide tables:	yes			
Area calculation:	yes			



Magnetometer Survey MacMurchy East Property MacMurchy Township, Ontario



Custom POIs (ability to add additional points of interest):	yes
Unit-to-unit transfer (shares data wire- lessly with similar units):	yes
Picture viewer:	yes
Garmin Connect™ compatible (online community where you analyze, catego-rize 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) ASHLEY/SKEAD-MacMURCHY EAST-MAG-CONT

Grid Sketch on Claim Map (1:20000)

2) ASHLEY/SKEAD- MacMURCHY EAST-GRID

TOTAL MAPS = 2



