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Assessment Report for 2020 Drone Magnetic Survey
Pen Gold Project

Ontario, Canada

Porcupine and Larder Lake Mining Divisions

Penhorwood, Sewell, Reeves, and Kenogaming Townships

NTS sheet: 42B01I, 42B01I, 42A04L, and 42A04E

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1. SUMMARY OF PROGRAM

Between June 18th to July 4th of 2020, Pioneer Exploration Consultants Ltd. (Pioneer) completed an airborne magnetic survey using an Unmanned Aerial Vehicle (UAV) over an area near Timmins, Ontario. The survey was flown at the request of GFG Resources Inc. This report covers data acquisition, instrument descriptions, data processing and interpretations.

The locales of interest are known as the Boundary area and the Broadway area. Boundary was identified by surface grabs in 2019 and Broadway produced significant assays from drilling and trenching. Boundary is centered on 423400E, 5337436N (NAD83, Zone 17) and Broadway is centered on 426076E, 5340400N (NAD83, Zone 17). A total of 585-line kilometers were flown at Boundary and 140-line kilometers were flown at Broadway. Detailed magnetics will be used to identify structural trends in the Boundary and Broadway areas. Several of these trends are of interest and will aid in the development of our 2020 winter drilling program.

2. PROJECT LOCATION AND ACCESS

The Pen Gold Project is located in the townships of Kenogaming, Penhorwood, Reeves and Sewell in northeastern Ontario approximately 70 kilometers west of the city of Timmins (Figure 1). Access to the project is via Ontario Provincial Highway 101 west. A number of gravel roads run north and south from this highway and provide good access to most of the property. The Kenogaming and Penhorwood gravel roads were used to access the survey area (Figure 1).

3. PROJECT DESCRIPTION

The Pen Gold Project consists of 42 patented mining claims, of which 37 are held by Magris Talc Canada Inc. (formerly known as Imerys Talc Inc.) and five by GFG Resources (Table 1), 15 leased mining claims held by Magris (Table 2), three mining licences of occupation held by Magris (Table 3) and 2671 unpatented mining claims (Appendix I).

The outline of the eastern portion of the Pen Gold Project is shown on the location map in Figure 1. GFG Resources Inc. holds the rights to all non-talc minerals on the patented and leased mining claims and mining licenses of occupation held by Magris through a sub-lease. GFG Resources Inc. is the recorded holder of all 2671 unpatented mining claims.

4. PERSONNEL

The survey was conducted under the supervision of Monica Oosterman (Exploration Manager for GFG Resources). The field crew for Pioneer Exploration Consultants is stated below:

- **Pilot in Command:** Mackenzie Evenden
- **Ground Crew:** Kiyavash Parvar
- **Data Processing and QA/QC:** Kiyavash Parvar

Figure 1. Regional location.

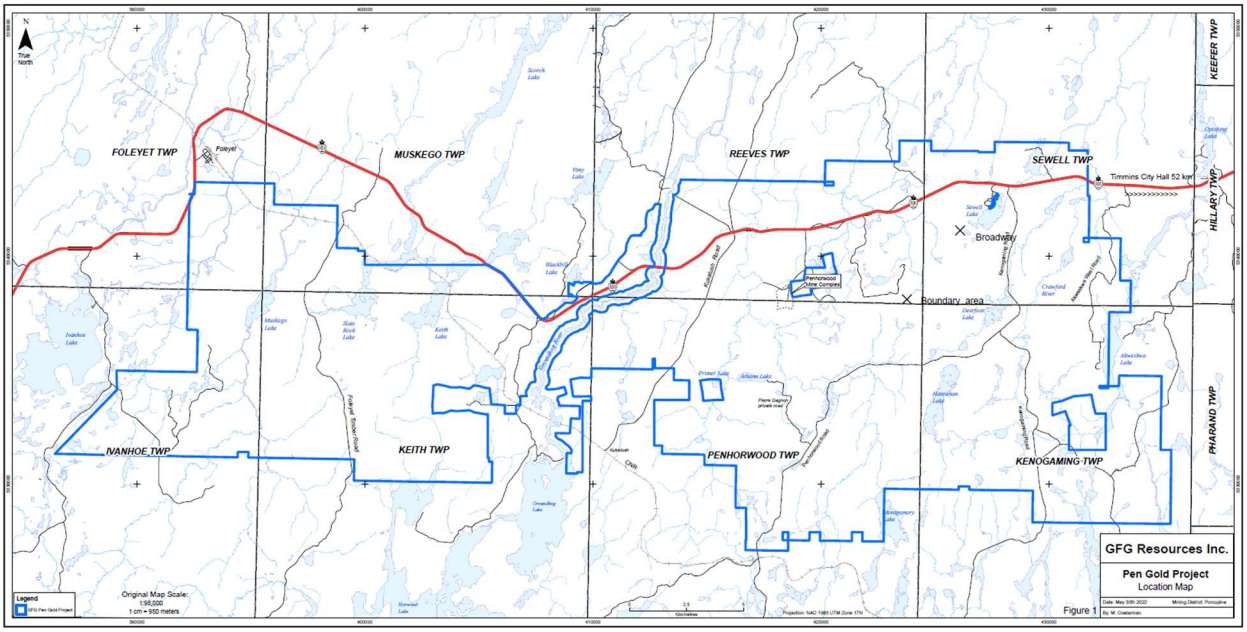


Table 1. List of Patented Mining Claims

Township	Patent	Patentee	Parcel Number	Land Titles PIN	Hectares
Reeves	S.58288	IMERYS TALC CANADA INC.	15602 SWS	73017-0007	27.587
Reeves	S.58474	IMERYS TALC CANADA INC.	15589 SWS	73017-0025	20.170
Reeves	S.58863	IMERYS TALC CANADA INC.	15611 SWS	73017-0033	19.567
Reeves	S.58864	IMERYS TALC CANADA INC.	15603 SWS	73017-0016	22.278
Reeves	S.58865	IMERYS TALC CANADA INC.	15591 SWS	73017-0051	32.205
Penhorwood	S.59017	IMERYS TALC CANADA INC.	15582 SWS	73017-0018	17.458
Reeves	S.59719	IMERYS TALC CANADA INC.	15631 SWS	73017-0049	15.228
Reeves	S.59720	IMERYS TALC CANADA INC.	15578 SWS	73017-0014	20.505
Reeves	S.59721	IMERYS TALC CANADA INC.	15577 SWS	73017-0013	15.273
Penhorwood	S.60442	IMERYS TALC CANADA INC.	15607 SWS	73042-0025	11.505
Reeves	S.63908	IMERYS TALC CANADA INC.	15617 SWS	73017-0039	18.308
Reeves	S.63909	IMERYS TALC CANADA INC.	15618 SWS	73017-0040	8.502
Reeves	S.63910	IMERYS TALC CANADA INC.	15632 SWS	73017-0050	9.340
Penhorwood	S.63911	IMERYS TALC CANADA INC.	15608 SWS	73042-0050	13.055
Penhorwood	S.63912	IMERYS TALC CANADA INC.	15633 SWS	73042-0024	8.668
Penhorwood	S.63913	IMERYS TALC CANADA INC.	15609 SWS	73042-0051	11.489
Penhorwood	S.63914	IMERYS TALC CANADA INC.	15653 SWS	73042-0022	14.111
Penhorwood	S.64063	IMERYS TALC CANADA INC.	15610 SWS	73042-0026	2.282
Penhorwood	S.64064	IMERYS TALC CANADA INC.	15654 SWS	73042-0023	5.220
Penhorwood	S.82787	IMERYS TALC CANADA INC.	18626 SWS	73042-0018	20.295
Penhorwood	S.82788	IMERYS TALC CANADA INC.	18627 SWS	73042-0042	22.310
Penhorwood	S.82789	IMERYS TALC CANADA INC.	18628 SWS	73042-0043	16.374
Penhorwood	S.82790	IMERYS TALC CANADA INC.	18629 SWS	73042-0044	20.542
Penhorwood	S.82791	IMERYS TALC CANADA INC.	18630 SWS	73042-0045	10.028
Penhorwood	S.82796	IMERYS TALC CANADA INC.	18633 SWS	73042-0046	14.637
Penhorwood	S.82797	IMERYS TALC CANADA INC.	18634 SWS	73042-0047	17.401
Penhorwood	S.82798	IMERYS TALC CANADA INC.	18635 SWS	73042-0048	8.086
Penhorwood	S.82799	IMERYS TALC CANADA INC.	18636 SWS	73042-0049	17.717
Penhorwood	S.82800	IMERYS TALC CANADA INC.	18645 SWS	73042-0016	27.033
Penhorwood	S.82801	IMERYS TALC CANADA INC.	18646 SWS	73042-0039	16.548
Penhorwood	S.82802	IMERYS TALC CANADA INC.	18637 SWS	73042-0019	14.484
Penhorwood	S.82803	IMERYS TALC CANADA INC.	18647 SWS	73042-0040	12.687
Penhorwood	S.82804	IMERYS TALC CANADA INC.	18648 SWS	73042-0041	11.060
Penhorwood	S.82805	IMERYS TALC CANADA INC.	18649 SWS	73042-0017	13.274
Penhorwood	S.94205	IMERYS TALC CANADA INC.	18655 SWS	73042-0014	21.351
Penhorwood	S.94206	IMERYS TALC CANADA INC.	18656 SWS	73042-0038	18.126
Penhorwood	S.94211	IMERYS TALC CANADA INC.	18657 SWS	73042-0015	17.956
Sewell	S.36916	GFG RESOURCS INC.	10996 SWS	73016-0004	17.094
Sewell	S.36940	GFG RESOURCS INC.	10997 SWS	73016-0005	18.417
Sewell	S.36915	GFG RESOURCS INC.	10998 SWS	73016-0006	13.225
Sewell	S.36941	GFG RESOURCS INC.	10999 SWS	73016-0007	13.897
Sewell	S.38613	GFG RESOURCS INC.	11667 SWS	73016-0008	17.345

Table 2. List of Leased Mining Claims

Township	Parcel Number	Land Titles PIN	Lease	Lease Number	Lessee	Hectares
Reeves	1509 LSWS	73017-0006	P372078	107432	IMERYS TALC CANADA INC.	22.076
Reeves	1509 LSWS	73017-0006	P372079	107432	IMERYS TALC CANADA INC.	21.525
Reeves	1509 LSWS	73017-0006	P372080	107432	IMERYS TALC CANADA INC.	23.286
Reeves	1509 LSWS	73017-0006	P380230	107432	IMERYS TALC CANADA INC.	20.667
Penhorwood	1509 LSWS	73017-0006	P380231	107432	IMERYS TALC CANADA INC.	23.617
Reeves	1509 LSWS	73017-0006	P380233	107432	IMERYS TALC CANADA INC.	31.549
Penhorwood	1011 LSWS	73042-0001	S120744	106744	IMERYS TALC CANADA INC.	15.969
Penhorwood	1011 LSWS	73042-0001	S120747	106744	IMERYS TALC CANADA INC.	6.503
Penhorwood	1011 LSWS	73042-0001	S120748	106744	IMERYS TALC CANADA INC.	18.652
Reeves	1013 LSWS	73017-0002	S119680	106742	IMERYS TALC CANADA INC.	15.593
Reeves	1013 LSWS	73017-0002	S119682	106742	IMERYS TALC CANADA INC.	17.858
Reeves	1014 LSWS	73017-0003	S120230	106738	IMERYS TALC CANADA INC.	14.617
Reeves	1014 LSWS	73017-0003	S120231	106738	IMERYS TALC CANADA INC.	18.316
Reeves	1014 LSWS	73017-0003	S120242	106738	IMERYS TALC CANADA INC.	19.032
Penhorwood	1029 LSWS	73017-0004	S.120244	106743	IMERYS TALC CANADA INC.	16.596

Table 3. List of Mining License of Occupation

Township	Mining Licence of Occupation	Licensee	Hectares
Penhorwood	MLO 14919	IMERYS TALC CANADA INC.	0.158
Penhorwood	MLO 14918	IMERYS TALC CANADA INC.	1.744
Penhorwood	MLO 12701	IMERYS TALC CANADA INC.	0.348

5. PROJECT HISTORY, PREVIOUS EXPLORATION AND PRODUCTION

The Pen Gold Project property consists of: 1) the West Porcupine Property acquired from Probe Metals Inc. (Probe Metals) in 2017; 2) the Pen Gold Project property acquired from Rapier Gold Inc. (Rapier Gold) in 2018 and, 3) the Sewell Property acquired from a subsidiary of Alamos Gold Inc. (Alamos Gold) in 2018.

GFG Resources acquired a 100% interest in the West Porcupine Property from Probe Metals on December 21, 2017 (2017 GFG Resources press release). The West Porcupine Property consisted of an east and west block separated by the Rapier Pen Gold Property. The east block consists of what is now the northeastern part of the property on the east claim map and the west block consists of the majority of the claims on the west claim map. In 2016 and 2017, Probe Metals completed LiDAR (light detection and ranging), airborne magnetic and IP surveys, geological mapping, prospecting, grab sample and channel sampling on both blocks, MMI soil sampling on the west block, 2670 meters of NQ-size diamond drilling in nine holes on the east block and 912 meters of NQ-size diamond drilling in three holes on the west block.

Deerfoot Deformation Zone and Crawford Creek Area

The Deerfoot Deformation Zone, including the Crawford Creek area, is situated primarily on what was the east block of Probe Metals' West Porcupine Property, but also extended to the south-central part of the Rapier Pen Gold Property. Previous exploration in the area is summarized in reports by Calhoun (1996), Thompson (2008) and Ferraro and Middleton (2011). This includes:

- 1984-1988: Glen Auden and Golden Dragon; geological mapping, lithogeochemistry, line cutting, magnetics and IP
- 1988-1989: American Barrick; prospecting, geological mapping, line cutting, magnetics and VLF and diamond drilling
- 1990-1992: Noranda Exploration Company; geological mapping, soil sampling, mechanized stripping, IP and diamond drilling
- 1993-1996: Hemlo Gold Mines; geological mapping, soil sampling, mechanized stripping, IP and diamond drilling
- 1996-2000: Battle Mountain Gold; geological mapping, soil sampling, mechanized stripping, IP and diamond drilling
- 2001-2002: Newmont Mining; geological mapping, soil sampling, mechanized stripping, IP and diamond drilling
- 2003: Maple Minerals, Canadian Golden Dragon; a three-hole diamond drill program totalling 729 meters
- 2007: Trillium North Minerals; an eight-hole diamond drill program totalling 1,029 meters
- 2011: Trillium North; a six-hole diamond drill program totalling 1,874 meters

A number of geochemically anomalous drill intercepts were returned from the historic diamond drilling in the Deerfoot Deformation Zone area, the most significant being 43.44 g/t Au over a core length of 1.5 meters at a downhole depth of 325.5-327 meters in hole DF94-18. This is documented in the Ontario Ministry of Energy and Northern Development and Mines Mineral Deposit Inventory (MDI) as the "Hemlo Gold Mines Occurrence". Follow-up drilling on this

occurrence was conducted by Trillium in 2011 and intersected 28.2 g/t Au over 1 meter and 3.58 g/t Au over 7 meters in hole DF-11-01.

Significant drill intercepts returned from the Crawford Creek area by Trillium in 2007 included 1.06 g/t Au over 1 meter in hole WPP-07-001, 2.20 g/t Au over 1 meter and 4.06 g/t Au over 0.8 meter in hole WPP-07-002 from sheared ultramafic volcanic and quartz feldspar porphyry.

Johns-Manville Company Ltd. (Johns-Manville) identified, developed and operated the Reeves chrysotile asbestos mine and plant located on the northern portion of the patented and leased mining claims in the southern part of Reeves Township (east claim map). They first became interested in the serpentinite bodies in 1951. During their term of exploration and development from the 1950's through the 1970's, Johns-Manville evaluated numerous serpentinite bodies in the region to determine their potential for asbestos mineralization. In 1973 the talc carbonate mineralization of the Penhorwood ore body, situated on the boundary of Penhorwood and Reeves Townships, was defined as part of one of their programs (Penhorwood Mine Complex on east claim map).

Johns-Manville operated the Penhorwood Talc Mine and flotation plant from 1974 to 1976. In 1976 Johns-Manville made the decision to cease operations at both the Penhorwood Mine and flotation plant operations as well as the Timmins mill. The operations were inactive until 1978 when Steetley PLC purchased both operations and resumed production. Steetley operated the mine, plant and mill until 1988 when Luzenac Inc., in partnership with its parent RTZ (now Rio Tinto) purchased the operations as part of their North American expansion. The Canadian operations were operated under separate management from the Luzenac operations in the United States until 1988 when the corporate management in Denver became responsible for all North American operations. In 2006, the Luzenac North America operations were merged with the Borax Americas operations to form part of a new global industrial minerals company within Rio Tinto, called Rio Tinto Minerals (RTM). In 2011, Imerys Talc Canada Inc. (Imerys) purchased the Penhorwood mine, plant and mill from RTM.

In 2008, RTM completed 1,305 meters of NQ-size diamond drilling in seven holes on the Penhorwood mine property. The holes were designed to follow-up vein-hosted gold mineralization encountered in the lower part of vertical hole PC98-36 drilled to outline the talc deposit and identified in a previous re-logging program. Also in 2008, ten holes from the 1998 Luzenac BQ-core drill program were re-logged and re-sampled for gold (Pope et al., 2009).

A LiDAR survey was flown by Terrapoint Canada (2008) Inc. in May of 2010 on behalf of RTM over the claim group. A high-resolution digital satellite image (photo) of the same area was also purchased by RTM from Intrasearch Inc. in Denver, CO.

Between June and October of 2010, RTM carried out reconnaissance geological mapping, prospecting and grab sampling for gold over selected areas in the north central part of the claim group. A geochemical survey report presenting the gold assays, trace element and lithogeochemistry results from the grab samples was filed as an assessment report (Pope, 2015b). As part of the 2010 field program, RTM also carried out detailed geological mapping, prospecting

and grab sampling on the western half of legacy mining claim 4247081 (filed as an assessment report in Pope, 2011b).

In the winter of 2010, Exsics Exploration Ltd. carried out 225 kilometers of line-cutting, ground magnetic and VLF-EM geophysical surveys on behalf of RTM over the patented and leased mining claims and 30 staked mining claims (filed as an assessment report in Grant, 2010). In March of 2010, RTM completed 1,256 meters of NQ-size diamond drilling in seven holes on the Penhorwood Mine Property to follow-up on the encouraging results in the 2008 program (filed as an assessment report in Pope, 2011a).

In 2012, Rapier Gold entered into a share purchase agreement with Nat River Gold Inc., a wholly owned subsidiary of RTM. This was for the rights to all non-talc minerals on the patented mining claims, leased mining claims and mining licenses of occupation held by Imerys Talc Canada Inc. through a sub-lease as well as 30 adjacent unpatented mining claims, subject to certain terms and conditions. This claim group was referred to by Rapier Gold in subsequent reporting as the Pen Gold North claims. The same year, Rapier also entered into a license and option agreement with Rogue Resources Inc. (Rogue), Rapier's parent company, on 57 unpatented mining claims referred to by Rapier in subsequent reporting as the Pen Gold South claims. Also in 2012, Rapier Gold entered into an option agreement with a group of prospectors on two claims in Kenogaming Township, which in 2013 was amended and called the Pen Gold East Property.

In the late fall of 2012, Rapier Gold carried out prospecting, grab sampling, overburden stripping and channel sampling on legacy mining claim 4247692, known as Kukatush Porphyry Hill, and in the sedimentary rocks on legacy mining claim 4201492 to the south (filed as assessment reports in Pope, 2013a and 2013b).

In the spring of 2013, Rapier Gold completed 4,359 meters of NQ-size diamond drilling in 13 holes on the Pen Gold Project. Six of the holes were submitted in assessment reports: drill hole PG13-101 on legacy claim 4247692 (Stalker, 2013a); drillhole PG13-102 on claim S58865 (Stalker, 2013b); drill holes PG13-109 and PG13-110 on claims S63908, S63909 and S63910 (Pope, 2015a), and drill holes PG13-112 and PG13-113 on claims S119680 and S59720 (Pope, 2014a). Also in 2013, four holes from the 2000 Luzenac NQ-core drill program were re-logged and re-sampled for gold.

A LiDAR survey was flown by GeoDigital International Inc. in June of 2013 on behalf of Rapier Gold over the southern part of the Pen Gold Project. The survey was flown to complete coverage of the project area to assist with locating areas of outcrop for geological mapping and prospecting. Between July and October of 2013, Rapier Gold carried out detailed geological mapping, prospecting and grab sampling on the Pen Gold Project. The work was filed for assessment as a geological survey and prospecting report (Pope, 2014b). The 2013 program focussed mainly on the north central part of the project with only limited work done on the central or southern portions and the newly acquired Reeves property (legacy claim 4240115). The 2013 geological mapping and prospecting program delineated a number of areas with encouraging lithology, structure, alteration, quartz veining and sulphide mineralization. These were considered highly prospective for gold mineralization including Westgate, Eastgate, Kukatush Porphyry Hill, the Nib Yellowknife showing and west of the talc mine.

A compilation report of the previous work on the southern part of the Rapier Pen Gold Project area was completed by Gary Lustig for PDM Technical Services Ltd. (Lustig, 2011). Rogue, formerly Golden Chalice Resources Ltd., completed two property-wide airborne magnetic and VTEM surveys (Orta, 2005 and Orta, 2007). In 2007, there were a number of small Mobile Metal Ion (MMI) geochemical surveys completed on various small grids and one hole was drilled. In 2009, more extensive gridding was carried out, with MMI, conventional geochemistry and soil gas hydrocarbon samples analyzed. Numerous holes were drilled in the eastern part of the grid with no significant results.

In 2013, David Gliddon undertook a compilation of the previous work available in the assessment files on behalf of Rapier Gold, focussing on Reeves Township and the west half of Penhorwood Township (Gliddon, 2013). The relevant geophysical, geological, trenching and diamond drill hole plan maps were scanned and registered in ArcGIS. Excel spreadsheet files were created for the diamond drill hole collars, downhole surveys, lithology and assays. Shapefiles of the drill hole data were created in Target for use in ArcGIS to aid in the geological interpretation. In 2016 and 2017, David Gliddon continued compilation of the historical diamond drilling in Penhorwood and Kenogaming Townships.

In February 2015, Scott Hogg & Associates completed a helicopter-towed aeromagnetic gradient survey on behalf of Rapier Gold covering the north central portion of the Pen Gold Project. The airborne survey consisted of 923 kilometers with a traverse line direction of 0 and 180 degrees with a terrain clearance of 30 meters. A line spacing of 75 meters was covered over the Reeves Ultramafic Complex and 100 meters over the remainder of the area. The airborne survey was filed for assessment in Scott Hogg & Associates Ltd. (2015).

In September and October of 2015, Rapier Gold carried out geological mapping and grab sampling over the Fox outcrop exposed during overburden stripping carried out by Imerys at the north end of the talc pit. A total of 51 grab samples were taken from bedrock with encouraging assay results up to 20.7 g/t Au, 13.6 g/t Au and 5.95 g/t Au. These were from quartz veins occurring close to the vertical projection of the "New Vein" intercept in drill hole PG13-108, containing 13.02 g/t Au over a core length of 4.3 meters at a vertical depth of 150 meters. In addition, Rapier Gold carried out six days of detailed geological mapping, prospecting and grab sampling on parts of the central portion of the Pen Gold Project. The work was filed for assessment as a geological survey and prospecting report (Gliddon, 2016).

In December of 2015, six holes from the 1998 Luzenac BQ-core drill program and two holes from the 2000 Luzenac NQ-core drill program were re-logged and re-sampled for gold by Rapier Gold. In January of 2016, Rapier Gold completed 1,410 meters of NQ-size diamond drilling in seven short holes in the Penhorwood talc mine area (Pope, 2016). The holes were designed to test for a sub-vertical geometry of the "New Vein" intercept in drillhole PG13-108 and encouraging grab sample results returned in 2015 from the Fox Outcrop.

In the summer and fall of 2016, Rapier Gold carried out geological mapping, prospecting, grab sampling and channel sampling on the Pen Gold Project. Prospecting and mapping was focused on the central portion of the project, including the Reeves Property (legacy claim 4240115) and

Pen Gold East legacy claims 4248298 and 4248299, continuing a methodical exploration of the property both south and east from the 2010, 2012, 2013 and 2015 field programs. Channel sampling and detailed geological mapping was carried out over two areas; the newly discovered Broadsword area hand-stripped by Rapier Gold in 2016, and; the Sabre Nat River iron formation mechanically-stripped by Golden Chalice on 2007. The work was filed for assessment in three reports: 1) a prospecting and grab sampling report dated January 18, 2017 (Pope, 2017a); 2) a channel sampling report dated May 15, 2017 (Gliddon, 2017) and, 3) a geological survey report dated August 3, 2017 (Pope, 2017b).

The 2016 geological mapping and prospecting program was successful in defining areas of encouraging lithology, structure, alteration, quartz veining and sulphide mineralization considered highly prospective for gold mineralization in the Kukatush Porphyry Hill, Nib Yellowknife, northeast of Jehann Lake, Sabre-Karvinen and Broadsword showing areas.

In the summer and fall of 2017, Rapier Gold carried out further geological mapping, prospecting, grab sampling over the central and southeastern part of the Pen Gold Project. The objective of the work program was to continue methodical exploration for gold mineralization on the project, continuing the field work initiated by RTM in 2010 and carried out by Rapier Gold between 2012 and 2016. The work was filed for assessment in a geological survey and prospecting survey report (Pope, 2018).

GFG Resources acquired all the shares of Rapier Gold, the holder of the rights or options on its Pen Gold Project claims, on February 28, 2018 (2018 GFG Resources press release). This completed a consolidation of a large land package subsequently referred to as the Pen Gold Project. The Rapier Pen Gold Project claims comprised what is now the central and southern part of the project on the east claim map.

Nib Yellowknife Prospect

In 1946, gold associated with arsenopyrite mineralization was discovered east of the west branch of the Nat River and north of Jehann Lake in Penhorwood Township, on what is now claim S120748 by J.C. Bromley and J.P. Lafortune. In 1947, Nib Yellowknife Mines Ltd. optioned the Bromley-Lafortune claims and carried out geological mapping and prospecting (Milne, 1972 and Joubin, 1947). The Bromley-Lafortune showing is referred to in this report as the Nib Yellowknife showing or prospect to maintain consistency with Milne (1972).

Prior to the work covered in a 1947 report by Joubin, there was trenching and the sinking of a test pit to the depth of 40 feet, presumably conducted by Bromley and Lafortune. This early work was centered on a number of quartz-filled shears and narrow quartz arsenopyrite stringers in diorite, which reportedly carried appreciable gold values. All mineral showings of interest in the area are described by Joubin as occurring in diorite, just east of the talc schist zone (komatiitic ultramafic volcanic). The showings consist of quartz-filled shears which strike at azimuth 045; contain a little pyrite and locally some arsenopyrite. Gold values from the showings were reported as negligible, running 0.01 to 0.02 oz/ton or 0.34 to 0.69 g/t.

In the vicinity of the test pit, Joubin describes a fracture or shatter zone in relatively massive diorite. The fractures strike generally northeast, dip in many directions and are filled with stringers of quartz and abundant arsenopyrite. The mineralized fractures along with the silicified brecciated diorite carry gold values. Samples of the fracture zone from the pit assayed up to 0.20 oz/ton (6.86 g/t) with selected material of higher grade. Joubin stated that the mineralized fracture zone was tested on surface for continuity but was found to be lacking.

In late 1987, Steetley Industries Ltd. (Steetley) carried out geological mapping and grab sampling on three claims (P82800, P82801 and S120748) in the Nib Yellowknife showing area (Burke, 1987). The main objective of the program was to locate and sample the historic gold showing presumed to be on one of the claims. An old pit, 3 meters by 3 meters and 10 meters deep, was found at the site along with a number of shallow, overgrown trenches (Burk, 1987). Eight samples of arsenopyrite mineralization, quartz veining and various phases of the host diorite were collected and assayed for gold. The reported gold assays ranged from 0.01 to 11.16 g/t, with the highest results obtained from samples with appreciable arsenopyrite mineralization. Burk's geological description of the showing is similar to that of Joubin's.

In late 1987 and early 1988, Steetley carried out ground magnetic, VLF-EM and IP surveys over the same three claims in the Nib Yellowknife showing area (Hodges, 1988). In March of 1988, Steetley drilled a 127 meter hole (S-88-1) at a dip of -51 degrees oriented south under the showing, designed to test a strong IP anomaly and the showing at depth (Bent, 1988). The hole encountered variably silicified and fractured diorite with local pyrite-pyrrhotite-arsenopyrite mineralization. A number of anomalous gold values in the 0.1 to 1.30 g/t range were returned from selective sampling of the better mineralized sections, however, bracket sampling appears to be insufficient around many of the mineralized zones. The highest assay returned was 6.2 g/t over 0.52 meters from the lower part of the hole, possibly the down-dip extension of the east-west trending Steetley "Vein 1", discussed further in the Steetley trenching program below.

In the summer and fall of 1988, Steetley carried out mechanical stripping, geological mapping, grab and channel sampling over the Nib Yellowknife showing (Farrow, 1988). An area of bedrock approximately 75 meters in a north-south direction by 30 meters in an east-west direction was exposed, primarily north and east of the old pit. A complex system of dominantly north to northeast trending quartz veining, less common east-west trending quartz veining and silica flooding in the host diorite was exposed and mapped in detail at a scale of 1:100.

A total of 62 channel samples and 13 grab samples were collected by Steetley for gold assay. The best assay results were returned from the east-west trending arsenopyrite rich Steetley "Vein 1" structure that extends eastwards from the old pit in the southern part of stripped area. Here, grab sampling returned gold values up to 45.02 g/t and channel sampling returned gold values up to 5.66 g/t over 0.7 meters. Assay results from sampling of veining and host diorite north of the pit were more sporadic, ranging from trace to 3.74 g/t from grab sampling and from trace to 7.61 g/t over 0.8 meters from channel sampling.

In early 1989, Steetley drilled two additional holes (SP89-01 and SP89-02) totalling 244 meters under the showing (Farrow, 1989). The drill holes were oriented west-northwest to northwest and were designed to test the complex vein systems mapped in the stripping program. Both drill holes

encountered diorite with multiple zones of encouraging silica, carbonate and chlorite alteration; quartz veining and local pyrite-pyrrhotite-arsenopyrite mineralization interpreted to be the down-dip extension of some of the vein zones mapped on surface. Anomalous gold values in the 0.1 to 1 g/t range were returned from sampling some of the mineralized zones in both holes. Three samples returned gold values higher than 1 g/t with the highest assay 2.11 g/t over 0.61 meters from the upper part of hole SP89-02. Only limited bracket sampling and few samples overall were taken from the drill holes.

Mining Corp Occurrence

On June 25, 2018, GFG Resources (2018 GFG Resources press release) purchased a 100% interest in the Sewell Property contiguous to the project's eastern boundary from a subsidiary of Alamos Gold Inc. (Alamos Gold). The Mining Corp occurrence situated on the Sewell Property is documented in the Ontario Ministry of Energy and Northern Development and Mines Mineral Deposit Inventory (MDI) as the "Mining Corporation Property".

Exploration work on the Sewell Property in the 1940's consisted of trenching that exposed an east-northeast trending zone of shearing in gabbro and syenite over a width of 50 feet and a length of 450 feet, containing a series of sub-parallel quartz veins, locally well-mineralized with pyrite, chalcopyrite and a little visible gold. In 1946-1947, the Mining Corporation of Canada Ltd. drilled 15 short holes totalling 1,235 meters with most of the holes designed to test the shear zone. A number of narrow drill intercepts in the 1-10 g/t Au range were returned from selective sampling in multiple zones, with three samples returning assays greater than 10 g/t Au, the highest 92.6 g/t Au over 0.6 meters from hole MC-2.

Between 1980 and 1983, Mining Corporation of Canada - Noranda Exploration Ltd. drilled 17 short holes totalling 1,862 meters, again primarily targeting the shear zone. Numerous geochemically anomalous to more significant assay intercepts in the 0.1-10 g/t range were returned from selective sampling in multiple zones with seven samples returning values greater than 10 g/t Au, the highest 30.2 g/t Au over 1.2 meters from hole S-81-1.

In 1984, drilling by Storimin on the Noranda option consisted of 16 short holes totalling 1,657 meters, again targeting the shear zone. Similar assay results were returned as in the previous drill programs with three samples returning values greater than 10 g/t Au, the highest 33.5 g/t Au over 0.6 meters from hole 84ST-12.

In 2002, Richmont Mines Inc. (Richmont) acquired the property from Newmont Canada Ltd. In 2004, Richmont drilled 1,034 meters of NQ-size core in four holes to test two geological models: a first model consisting of a vertical quartz vein open at depth and a second model of two parallel shear zones dipping at 40-50 degrees north controlling the quartz vein distribution (Guay, 2006). Similar assay results were returned as in the previous drill programs, with numerous geochemically anomalous to significant assay intercepts in the 0.1-10 g/t range returned from multiple zones, with four samples returning values greater than 10 g/t Au, the highest 152.5 g/t Au over 0.4 meters from hole SW-04-01. Guay concluded the vertical vein system was not encountered at depth and the potential for gold mineralization in a vertical structure was minimal. However, using a structural

model of a shear zone dipping at 40-50 degrees north, the quartz vein system remained open at depth to the northwest. Alamos Gold acquired Richmont in 2017.

Summary

Since acquiring and assembling the Pen Gold Project property in late 2017 and the first half of 2018, GFG Resources has carried out:

1) in early 2018: a Geotech helicopter-borne stinger aeromagnetic survey at 50-meter line spacing and a mean terrain clearance of 30 meters over the property, excluding the north-central portion covered by the 2015 Rapier Gold survey.

2) in early 2018: contracted a geological interpretation of the airborne magnetic data.

3) in early 2018: contracted David Gliddon to compile the historical diamond drill hole data on the Probe Metals and Sewell Properties in a similar format as the work done for Rapier Gold; a diamond drill hole database was then compiled in Geotic v8.0.8 for the entire project.

4) in the summer and fall of 2018 and 2019: prospecting, grab sampling, geological mapping and selective channel sampling over much of the Probe Metals east block, part of the Probe Metals west block, the Sewell Property and southeastern part of the Rapier block (2018 prospecting report filed for assessment in Pope, 2019).

5) in the summer and fall of 2018 and 2019: regional and follow-up basal till sampling over most of the property.

6) in the summer and fall of 2018: line cutting and IP surveys on two grids; one covering the Reeves target area west of the talc mine and the Nib Yellowknife showing (68 line-kilometers at 200 meter line spacing) and a second over the Deerfoot Deformation Zone and the Mining Corp occurrence (45 line-kilometers at 100 meter line spacing).

7) in the summer and fall of 2018: selective re-logging of the Richmont holes at the Mining Corp occurrence and interpretation of the historical drill hole data on cross section and level plan.

8) in the fall 2018: 4,744.6 meters of NQ-size diamond drilling in 19 holes.

9) in the winter of 2019: re-logging and in-fill sampling of select historical diamond drill holes in the Mining Corp occurrence and Deerfoot Deformation Zone areas

10) in the winter 2019: 4,392 meters of NQ-size diamond drilling in 15 holes designed to test a number of geological and airborne magnetic geophysical targets, anomalous gold values in grab and till samples and historical drill intercepts.

11) on-going petrographic studies of core samples from select areas, including the Mining Corp occurrence.

12) on-going evaluation and interpretation of multi-element geochemical results of the grab and core samples.

6. REGIONAL AND LOCAL GEOLOGY

The Pen Gold Project is situated in the northern part of the Swayze greenstone belt within the Wawa-Abitibi Terrane of the Superior Province of the Canadian Shield. The Swayze belt is interpreted to represent the deeper level of a once continuous Abitibi greenstone belt as it contains many of the same structures and stratigraphic assemblages (Ayer et al., 2002).

The Abitibi and Swayze greenstone belts consist of an overall east-west trending sequence of ultramafic to felsic volcanic and sedimentary assemblages that have been intruded by volumetrically significant mafic to felsic intrusive rocks (Figure 3). The entire succession has undergone regional greenschist grade metamorphism.

The description of the regional volcanic and sedimentary assemblages and intrusive rocks below is based largely on the work by Ayer et al. (1995 and 2002); the description and interpretation of the local geology pertinent to the areas of diamond drilling covered in this report are based on the work by Rapier Gold (see property geology map in Pope, 2018 for interpretation prior to GFG) and GFG Resources (unpublished geological interpretation of the airborne magnetic data and the results of prospecting and mapping carried out in 2018 and 2019). A list of the project lithology or rock types are in Table 4.

The northern part of the project is correlated with the 2719-2710 Ma Kidd-Munro assemblage, based upon a limited number of age dates in Keith Township. The Kidd-Munro assemblage is comprised of intercalated ultramafic, mafic and lesser intermediate to felsic volcanic rocks; ultramafic, mafic and intermediate to felsic intrusive rocks; and clastic and chemical (comprised of narrow units of chert-magnetite iron formation) sedimentary rocks.

The southeastern part of the project is correlated with the 2730-2724 Ma Deloro assemblage. The Deloro assemblage occurs in the core of the Hanrahan antiform and is comprised of calc-alkaline, primarily intermediate to felsic and lessor mafic volcanic rocks, rarer tholeiitic mafic volcanic or intrusive rocks and is capped by the regionally extensive Nat River iron formation.

The southernmost part of the project is correlated with the 2710-2704 Ma Tisdale assemblage. The Tisdale assemblage uncomformably overlies the Deloro assemblage and consists of tholeiitic ultramafic, mafic and felsic volcanic rocks; and calc-alkaline intermediate to felsic volcanic rocks. The Tisdale assemblage has historically been interpreted to be in fault contact with the Kidd-Munro assemblage.

The sequence of sedimentary rocks situated in the central part of the project, east of the north-easterly trending Reeves ultramafic complex, extending from the Nat River westward under Keith and Slate Rock lakes to the western property boundary, have historically been correlated with the 2690-2685 Ma Porcupine assemblage (Ayer et al, 2002). The Porcupine assemblage is comprised mainly of intercalated argillite, siltstone and greywacke, with local conglomerate sections.

New outcrops of coarse clastic sedimentary rocks exposed in overburden stripping by Rapier Gold in the northern part of Penhorwood Township south of Kukatush Porphyry Hill have been described in Bleeker et al. (2014) as polymictic conglomerates and pebbly sandstone with granite, quartz and feldspar porphyry clasts. These rocks were tentatively interpreted as being of synorogenic origin and possibly represent the western continuation of the Timiskaming assemblage of the Porcupine Mining camp.

Figure 2. Regional Geology

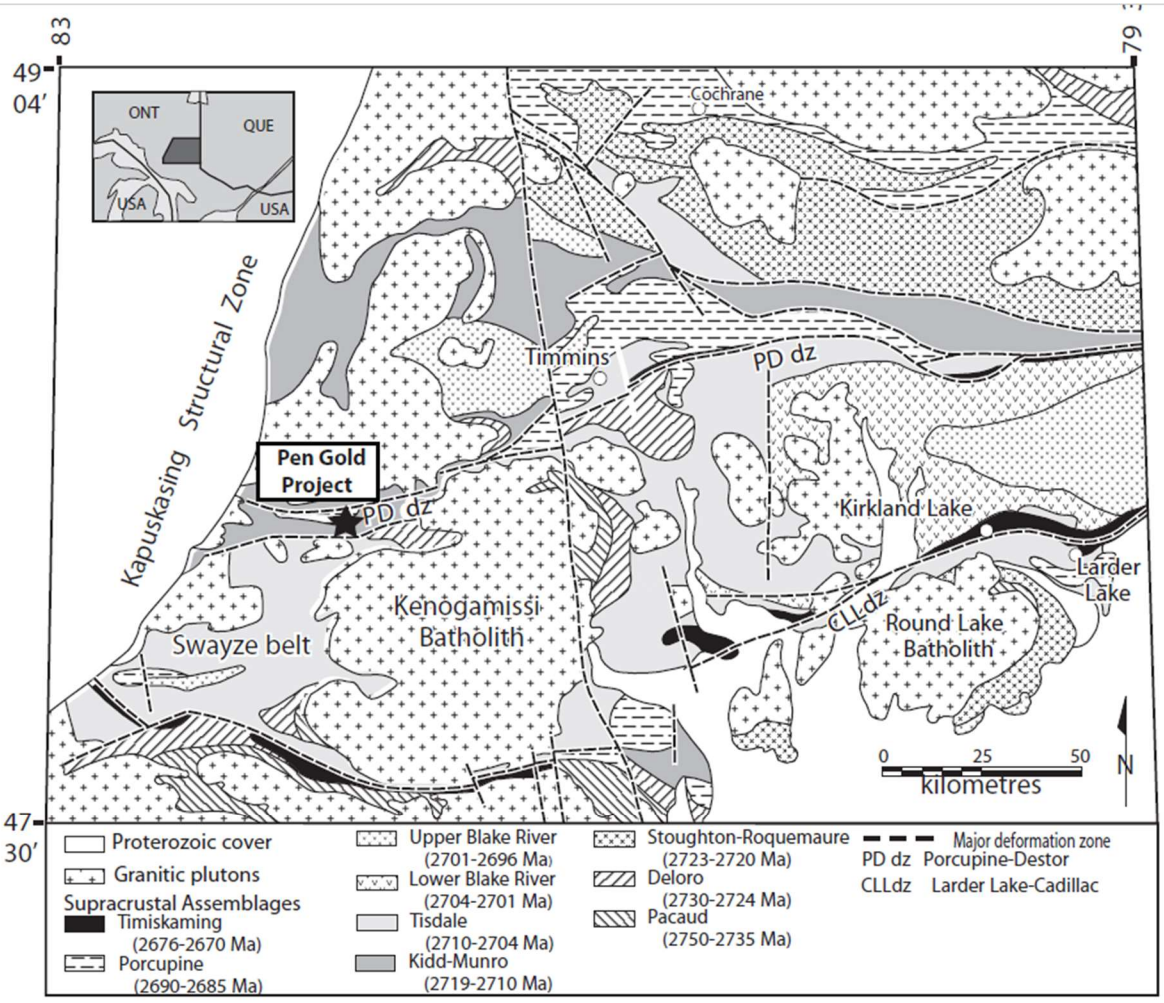


FIG. 2. Map of the Abitibi subprovince showing the distribution of assemblages (Ayer et al., 2002a). Taken from Bateman et al. (2008) Economic Geology v. 103.

Table 4. Pen Gold Project Rock Types

CLASS	LITHOLOGY	CODE
Ultramafic Volcanic Rocks	Undifferentiated Ultramafic Volcanic	KUND
Ultramafic Volcanic Rocks	Massive Ultramafic Volcanic	KMAS
Ultramafic Volcanic Rocks	Spinifex Ultramafic Volcanic	KSPX
Ultramafic Volcanic Rocks	Polyhedral Jointing Ultramafic Volcanic	KPYJ
Ultramafic Volcanic Rocks	Brecciated Ultramafic Volcanic	KBRC
Ultramafic Volcanic Rocks	Carb Rock	KKCB
Ultramafic Volcanic Rocks	Fuchsitic Carb Rock	KFCB
Ultramafic Volcanic Rocks	Chloritic Carb Rock	KCCB
Ultramafic Volcanic Rocks	Biotite Carb Rock	KBCB
Ultramafic Volcanic Rocks	Grey Alteration in Carb Rock	KGCB
Ultramafic Volcanic Rocks	Talc Chlorite Schist	KTCS
Mafic Volcanic Rocks	Undifferentiated Mafic Volcanic	MUND
Mafic Volcanic Rocks	Massive Mafic Volcanic	MMAS
Mafic Volcanic Rocks	Amygdaloidal Mafic Volcanic	MAMG
Mafic Volcanic Rocks	Pillowed Mafic Volcanic	MPLW
Mafic Volcanic Rocks	Pillowed Amygdaloidal Mafic Volcanic	MPAM
Mafic Volcanic Rocks	Pillow Breccia Mafic Volcanic	MPLB
Mafic Volcanic Rocks	Variolitic Mafic Volcanic	MVAR
Mafic Volcanic Rocks	Brecciated Mafic Volcanic	MBRC
Mafic Volcanic Rocks	Mafic Tuff	MTUF
Mafic Volcanic Rocks	Chlorite Clots Mafic Volcanic	MCLC
Mafic Volcanic Rocks	Amphibolite Mafic Volcanic	MAMP
Mafic Volcanic Rocks	Feldspar Porphyritic Mafic Volcanic	MFPO
Intermediate Volcanic Rocks	Undifferentiated Intermediate Volcanic	IUND
Intermediate Volcanic Rocks	Massive Intermediate Volcanic	IMAS
Intermediate Volcanic Rocks	Amygdaloidal Intermediate Volcanic	IAMG
Intermediate Volcanic Rocks	Pillowed Intermediate Volcanic	IPLW
Intermediate Volcanic Rocks	Pillowed Amygdaloidal Intermediate Volcanic	IPAM
Intermediate Volcanic Rocks	Pillow Breccia Intermediate Volcanic	IPLB
Intermediate Volcanic Rocks	Spherulitic Intermediate Volcanic	ISPH
Intermediate Volcanic Rocks	Brecciated Intermediate Volcanic	IBRC
Intermediate Volcanic Rocks	Intermediate Tuff	ITUF
Intermediate Volcanic Rocks	Intermediate Agglomerate	IAGL
Intermediate Volcanic Rocks	Intermediate Dacite	IDAC
Felsic Volcanic Rocks	Undifferentiated Felsic Volcanic	FUND
Felsic Volcanic Rocks	Massive Felsic Volcanic	FMAS
Felsic Volcanic Rocks	Spherulitic Felsic Volcanic	FSPH
Felsic Volcanic Rocks	Brecciated Felsic Volcanic	FBRC
Felsic Volcanic Rocks	Felsic Tuff	FTUF
Felsic Volcanic Rocks	Felsic Agglomerate	FAGL

CLASS	LITHOLOGY	CODE
Clastic Sedimentary Rocks	Undifferentiated Clastic Sedimentary	SUND
Clastic Sedimentary Rocks	Greywacke	SGWK
Clastic Sedimentary Rocks	Siltstone	SSST
Clastic Sedimentary Rocks	Argillite	SARG
Clastic Sedimentary Rocks	Graphitic Argillite	SGRA
Clastic Sedimentary Rocks	Greywacke and Argillite Layered	SGWA
Clastic Sedimentary Rocks	Arkosic Sandstone	SAST
Clastic Sedimentary Rocks	Conglomerate	SCON
Chemical Sedimentary Rocks	Undifferentiated Iron Formation	CUIF
Chemical Sedimentary Rocks	Magnetic Iron Formation	CMIF
Chemical Sedimentary Rocks	Graphite Iron Formation	CGIF
Chemical Sedimentary Rocks	Sulphide Iron Formation	CSIF
Chemical Sedimentary Rocks	Carbonate Iron Formation	CCIB
Chemical Sedimentary Rocks	Chert	CCRT
Ultramafic Cumulate Rocks	Undifferentiated Ultramafic Cumulate	UUND
Ultramafic Cumulate Rocks	Dunite	UDUN
Ultramafic Cumulate Rocks	Peridotite	UPER
Ultramafic Cumulate Rocks	Pyroxenite	UPYX
Ultramafic Cumulate Rocks	Talc Carbonate	UUTC
Ultramafic Cumulate Rocks	Chloritic Talc Carbonate	UCTC
Ultramafic Cumulate Rocks	Serpentinite	USRP
Mafic To Intermediate Intrusive Rocks	Undifferentiated Mafic Intrusive	BUND
Mafic To Intermediate Intrusive Rocks	Gabbro	BGBR
Mafic To Intermediate Intrusive Rocks	Diorite	BDIO
Mafic To Intermediate Intrusive Rocks	Quartz Diorite	BQDI
Mafic To Intermediate Intrusive Rocks	Fine-Grained Quartz Diorite	BFQD
Mafic To Intermediate Intrusive Rocks	Mafic Feldspar Porphyry	BPFP
Early Felsic to Intermediate Intrusive Rocks	Undifferentiated Early Felsic to Intermediate Intrusive	PUND
Early Felsic to Intermediate Intrusive Rocks	Porphyry undifferentiated	PPOR
Early Felsic to Intermediate Intrusive Rocks	Quartz Porphyry	PPQP
Early Felsic to Intermediate Intrusive Rocks	Feldspar Porphyry	PPFP
Early Felsic to Intermediate Intrusive Rocks	Megacrystic Feldspar Porphyry	PMFP
Early Felsic to Intermediate Intrusive Rocks	Quartz Feldspar Porphyry	PQFP
Early Felsic to Intermediate Intrusive Rocks	Syenite	PSYN
Late Felsic Intrusive Rocks	Undifferentiated Late Felsic Intrusive	GUND
Late Felsic Intrusive Rocks	Granite	GGRN
Late Felsic Intrusive Rocks	Granodiorite	GGRD
Late Felsic Intrusive Rocks	Aplite	PAPL
Late Felsic Intrusive Rocks	Pegmatite	GPEG
Late Intermediate to Ultramafic Intrusive Rocks	Intermediate Dike	LITM
Late Intermediate to Ultramafic Intrusive Rocks	Mafic Dike	LLMD
Late Intermediate to Ultramafic Intrusive Rocks	Ultramafic Dike	LUMD

CLASS	LITHOLOGY	CODE
Late Intermediate to Ultramafic Intrusive Rocks	Lamprophyre	LLMP
Late Mafic Intrusive Rocks	Diabase	DDDB
Late Mafic Intrusive Rocks	Matachewan Diabase	DMDB
Late Mafic Intrusive Rocks	Abitibi Diabase	DADB
Carbonatite	Undifferentiated	YUND
Carbonatite	Carbonate Rich Dike	YCBI
Carbonatite	Lamproite	YLPT
Veins	Undifferentiated Vein	VUND
Veins	Quartz Vein	VVQV
Veins	Quartz Carbonate Vein	VQCV
Veins	Quartz Fuchsite Vein	VQFV
Veins	Quartz Tourmaline Vein	VQTV
Veins	Carbonate Vein	VVCV

7. 2020 Airborne Magnetic Survey

Introduction

The purpose of the aeromagnetic survey was to generate maps showing the magnetic pattern of the area to interpret lithology and structural characteristics of the bedrock.

Commissioned by GFG Resources, Pioneer Exploration Consultants Ltd. (Pioneer) completed an airborne magnetic survey over the central part of the Pen Gold project. A total of 725-line kilometers were flown between June 18th and July 4th. The reader is referred to Appendix V data collection, data processing and product generation.

Survey Specifications and Procedure

The nominal magnetic sensor altitude above ground level (AGL) was set to 25 meters for the Boundary and Broadway survey areas. Elevation from the terrain may vary depending on the treeline and obstacles on the flight route. LiDAR-based elevation data was provided by GFG Resources Inc. for these surveys. The nominal production groundspeed is 8.5m/s for flat topography with no wind. The survey speed may vary depending on the terrain and environmental conditions.

The ground crews performed daily safety meetings and pre-flight checks prior to the start of drone flight operations. The Pilot in Command (PIC) is responsible for the safety of the crew and equipment during the survey operations. Each survey flight is pre-planned using ground control software then the flight plans are uploaded to the UAV prior to takeoff. The UAV system flies the pre-defined waypoint-based flight plans while the ground crew maintains visual line of sight with the craft and the flight telemetry information. Flights are terminated and the UAV returns for landing when the battery voltage reaches a certain limit, or when the flight plan is complete. The survey flights can be manually terminated and taken over with full manual pilot control at anytime. Upon landing, the flight batteries are exchanged and sensor is downloaded for QAQC checks. The average distance covered by each flight is approximately 6-10-line kilometers of data acquisition.

Addition details on the completed survey can be found in Table 5 below.

Table 5. Details of Survey

Area Name	Line Spacing (m)	Line Direction (deg)	Tie Line Spacing (m)	Flight Lines (km)	Tie Lines (km)	Total Line Kilometres (km)
Boundary	20	0	200	522.64	57.59	580.23
Broadway	20	90	200	129.23	15.45	144.68

Instrumentation and Software

The principal airborne sensor used was a GEM Systems Canada GSMP-35U potassium vapor sensor mounted on a UAV platform. Ancillary equipment included a laser altimeter with a 130 meter range, Global Positioning Satellite (GPS) system antenna and Inertial Measurement Unit (IMU). A stationary GSM-19 Overhauser magnetometer was used as a base station. Raw aerial

magnetometer data was collected at a rate of 10 Hz while base station data was collected at a rate of 0.16 Hz. Total field and GPS UTC time was recorded with each data point, enabling diurnal correction to be applied during final data processing.

Magnetic Base Station

A GSM-19 Overhauser Magnetometer base station was placed in a location of low magnetic gradient away from electrical transmission lines and moving metallic objects, such as motor vehicles and aircrafts. The data collected from this base station was used to diurnally correct the aeromagnetic data. The GSM-19 Overhauser Magnetometer is supplied by GEM systems of Markham, Ontario. General specifications of the magnetometer are included in Appendix 1: Instrument Specification.

Unmanned Aerial Vehicle – Matrice 600

Pioneer used the Matrice M600 Pro UAV to complete this survey. The Matrice 600 (M600) is DJI's platform designed for professional aerial photography and industrial applications. It is built to closely integrate with a host of powerful DJI technologies, including the A3 flight controller, Lightbridge 2 transmission system, Intelligent Batteries and Battery Management system, for maximum performance and quick setup. As stated by the manufacturer, some of the advantages to using this type of helicopter systems are:

> Total Integration: The modular design makes the M600 easy to set up and ready to use in just minutes. Its dust proof propulsion systems simplify maintenance while actively cooled motors make for reliable operation during extended use.
>
> Smart Flight Safety: The M600 uses sine-wave driven, intelligent ESCs to ensure it performs accurately, safely and efficiently while A3's self-adaptive flight systems adjust flight parameters automatically based on different payloads. The A3 can be upgraded with two additional GNSS and IMU units to A3 Pro or with D-RTK GNSS for enhanced accuracy.
>
> Extended Flight Time and Transmission Range: The M600 features an extended flight time and a 5km long-range, ultra-low latency HD image transmission for accurate image composition and capture. The system uses six small DJI Intelligent Batteries, allowing it to be shipped easily to wherever it is needed. A customized battery management system and power distribution board allows all six batteries to be turned on with the press of a single button and keeps the system in flight in the event of a battery failure. It also allows users to check the battery status in real-time during flight.
>
> Powerful App Control: The M600 supports a live HD view, battery status, redundancy status, transmission strength and much more, straight from the tablet application.

UAV Aeromagnetic Configuration

GEM System's UAV GSMP-35U is a potassium magnetometer providing unmatched sensitivity in addition to a low heading error effect. The GSMP-35U operates similarly to other alkali vapor magnetometers while benefiting from the unique spectral properties of potassium. Each GSMP-

35U system has 0.0002 nT sensitivity combined with +/- 0.1 nT absolute accuracy over its full operating range. More details on the instrument can be found in Appendix V: Instrument Specification. The UAV aeromagnetic setup consists of a towed bird configuration with a sensor-aircraft separation distance of either 3 meters or 5 meters. The sensor is flown along the survey lines with a fixed heading to maximize the signal amplitude and provide the best sensor orientation for the local conditions. This action minimizes heading errors. The data is both stored on board during acquisition and transmitted in real-time back to the ground control station to monitor the collection during flight and ground clearance of the sensor from the laser altimeter data.

Data Deliverables and Channel Descriptions

All data is typically delivered in either Geosoft Database (GDB) or simple formats such as .txt or csv. The data deliverables are client specific to best suit their needs and software requirements. Regardless of software, a database is supplied to the client with channel descriptions as described in Table 6 below.

Table 6. Parameter legend

Parameter	Explanation	Units/Format
Date	Flight Date	yyyy/mm/dd
hhmmss_s	GNSS time stamp	hhmmss.ss
lat	Latitude (WGS84)	Decimal degrees
lon	Longitude (WGS84)	Decimal degrees
alt	GPS altitude above the average sea level	metres
utmE	UTM easting (WGS84)	metres
utmN	UTM northing (WGS84)	metres
sat	Number of locked satellites	metres
zone	UTM zone	-
yaw	IMU yaw reading	Degrees
pitch	IMU pitch reading	Degrees
roll	IMU roll reading	Degrees
nT	Magnetic field readings (Raw)	Nanotesla
nT2	Diurnal correction has been applied on the nT channel (Diurnal datum: 55650 nT)	Nanotesla
Final	Final Residual Magnetic Intensity	Nanotesla
VD1	1st Vertical derivative	nT/m
AS	Analytic Signal	nT/m
Dist	Distance to the first point of the line	metres
Laser	Laser altimeter data	metres

Data Processing

All general magnetic QA/QC and data processing techniques have been applied to the data. All post-field data processing was carried out using Geosoft Oasis Montaj, Python and Microsoft Excel software/programming languages. Presentation of final maps used ESRI ArcMap and/or Geosoft Oasis Montaj. Results were gridded using minimum curvature method and a grid cell size of approximately 1/3 of flight line spacing.

The geophysical images accompanying this report are positioned using the WGS 1984 datum. The survey geodetic GPS positions have been map projected using the Universal Transverse Mercator (UTM) projection. A summary of the map datum and projection specifications are as follows:

- Datum: WGS 1984 UTM Zone 17U
- Scale Factor 1:15,000 and 1:7,500
- Linear Unit: Meter (1)

The magnetic data was first quality checked in the field and any points lacking sufficient georeferenced data or which were excessively noisy were removed. The resulting data was processed as mosaics throughout the survey area as data was collected daily. The final result is a combination of all collected data, including lines that were re-flown due to weak or insufficient magnetic signal.

The base station readings were initially processed and filtered to remove high frequency noise. The filtered base station dataset was then used to perform a diurnal correction on the magnetic survey data. The diurnally corrected profile data were interpolated into a grid using the minimum curvature technique with a grid size of approximately 1/3 of flight line spacing. All final maps have a normalized color interval.

After finishing interpolation, initial processing subjected the data to a non-linear filter with a wavelength limit of 3-4 fiducials and tolerance of 0.001. This filter removes high frequency noise which mostly occur because the sensor is in the dead zone due to sudden changes in sensor orientation, effect of ferro-metallic objects, or the influence of weather conditions on the sensor. This filter smooths out noise and high frequency features.

After leveling the data using the tie lines, the data was micro-levelled. This step is performed to mitigate the corrugation effect associated with gaps between the data lines and is completed by applying a high-pass butterworth filter with the threshold of 80 meters (line spacing x 4) followed by a directional cosine filter perpendicular to the line direction. The resulted noise channel was then subtracted from the leveled values to microlevel the data. The final result of the leveling and micro-leveling processes was then put in “Final” Channel of the database.

The following corrections were applied to the airborne magnetic data:

- Correction for diurnal variation using the digitally recorded ground base station magnetic values as described above
- Lag was measured by a lag test prior to the operation. Only a minor lag correction is applied to final data
- Heading biases were negligible therefore no heading correction was applied
- Micro-leveling
- Analytic Signal calculation

Results and Interpretation

Pioneer provided to GFG the survey data as a digital database in Geosoft .gdb format, raster grids in Geosoft .grd format, and images in geotiff format for the following products: line path map, total magnetic intensity (TMI) map, residual magnetic intensity (RMI) map, Analytical signal (AS) map, and First vertical derivative map (1VD) map.

Appendix VI contains maps showing below information for both areas:

1. Flight lines in relation to claim boundaries, topographic features and roads
2. Total magnetic intensity
3. First vertical derivative of the total magnetic intensity
4. Analytical signal

The detailed magnetics aided in showing the vertical dykes as well as significant breaks in the Boundary's magnetics show a large scale drag fold which has two 70 degree structures cutting the fold. These 70 degrees structures are significant in the Timmins Mining Camp. Further prosecting is warranted along these structures. The Broadway area shows two distinct north-south trending magnetic highs which are geologically the magnetic diorite which hosts the gold mineralization at surface. The mag highs are continuous, subparallel and have a strike length of ~1km.

Figure 4. Boundary aeromagnetic data represented as total magnetic intensity (TMI).

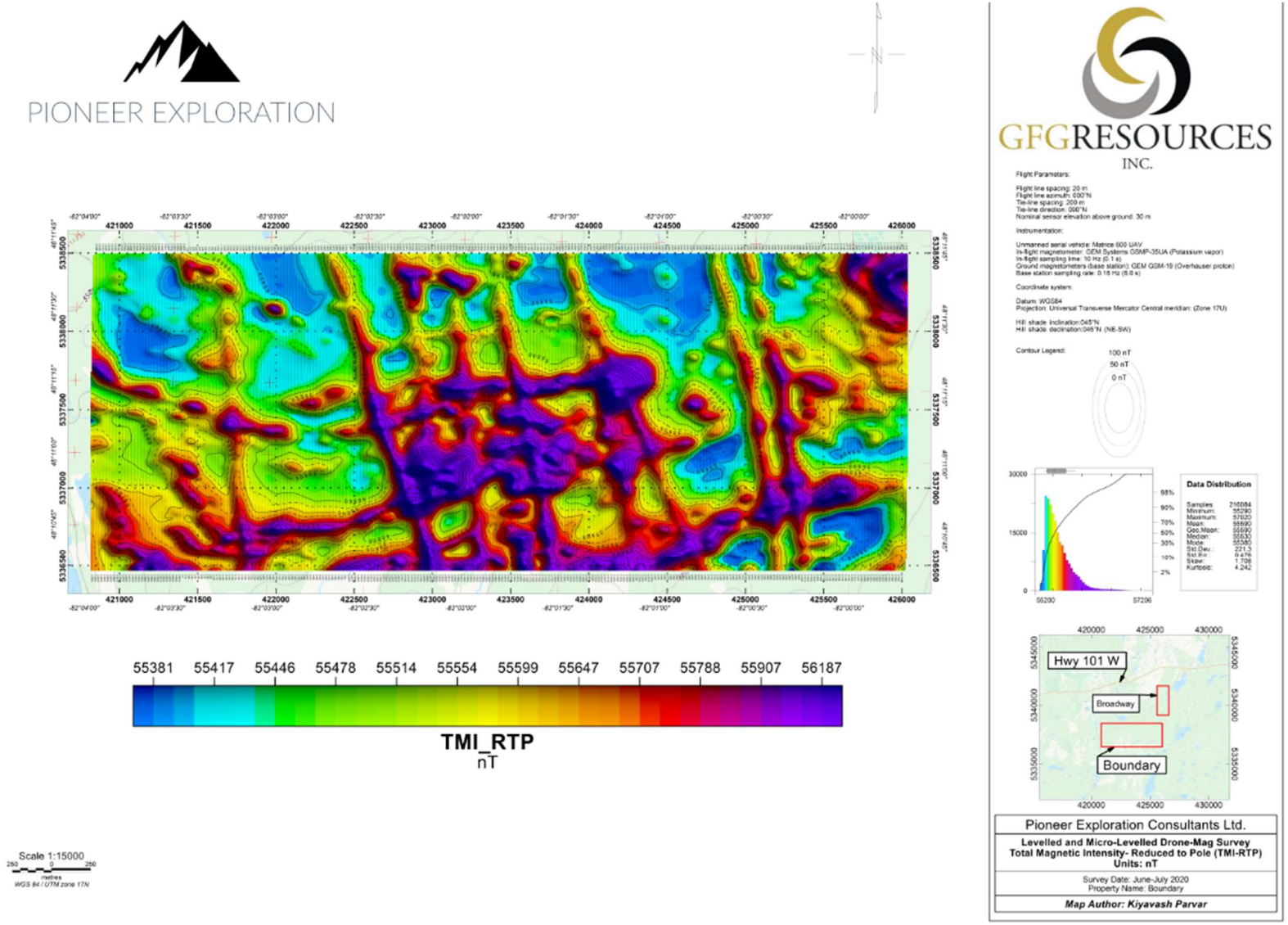


Figure 5. Broadway aeromagnetic data represented as total magnetic intensity (TMI).

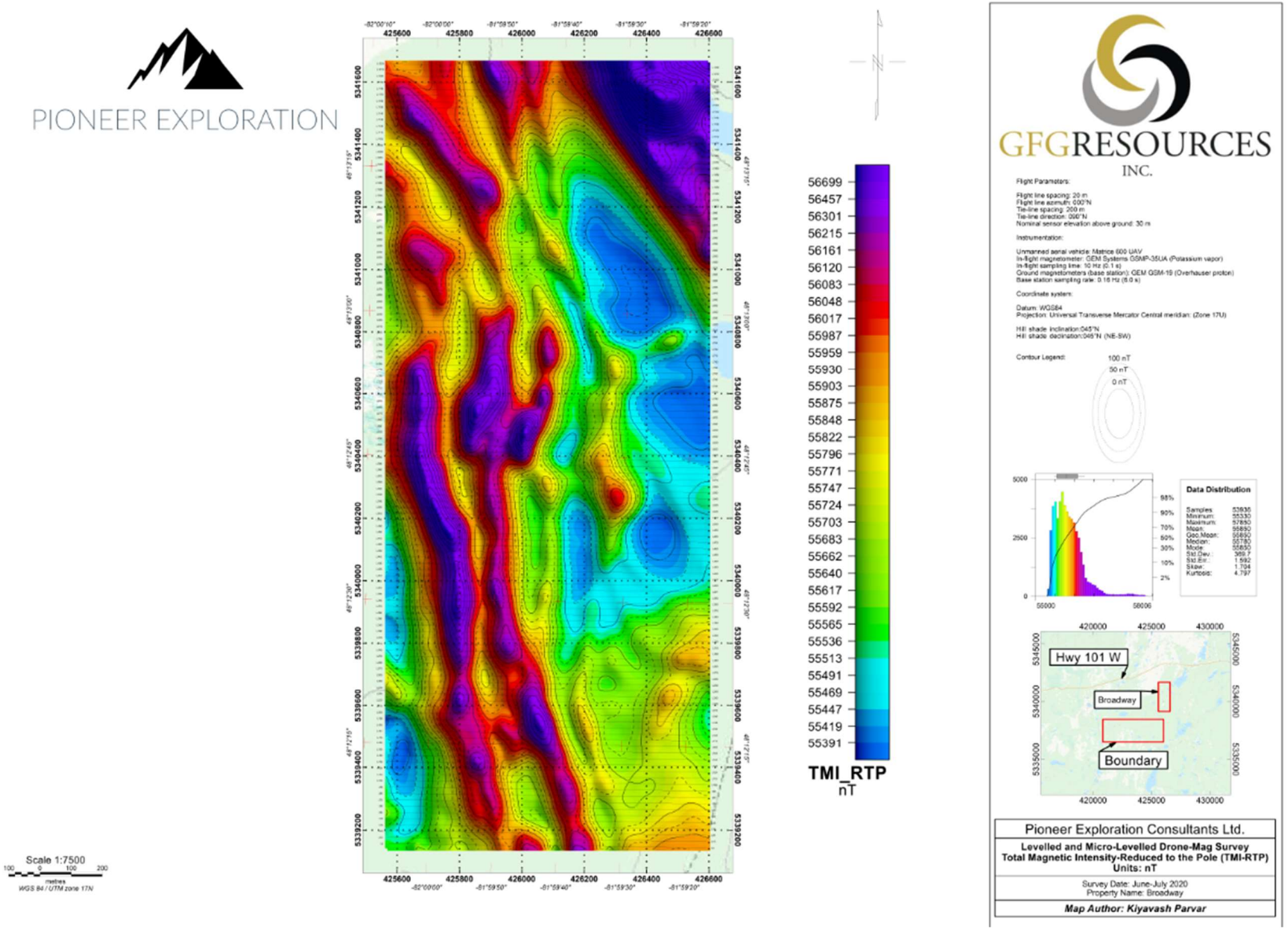


Figure 6. Structural interpretation of the drone survey data at Boundary

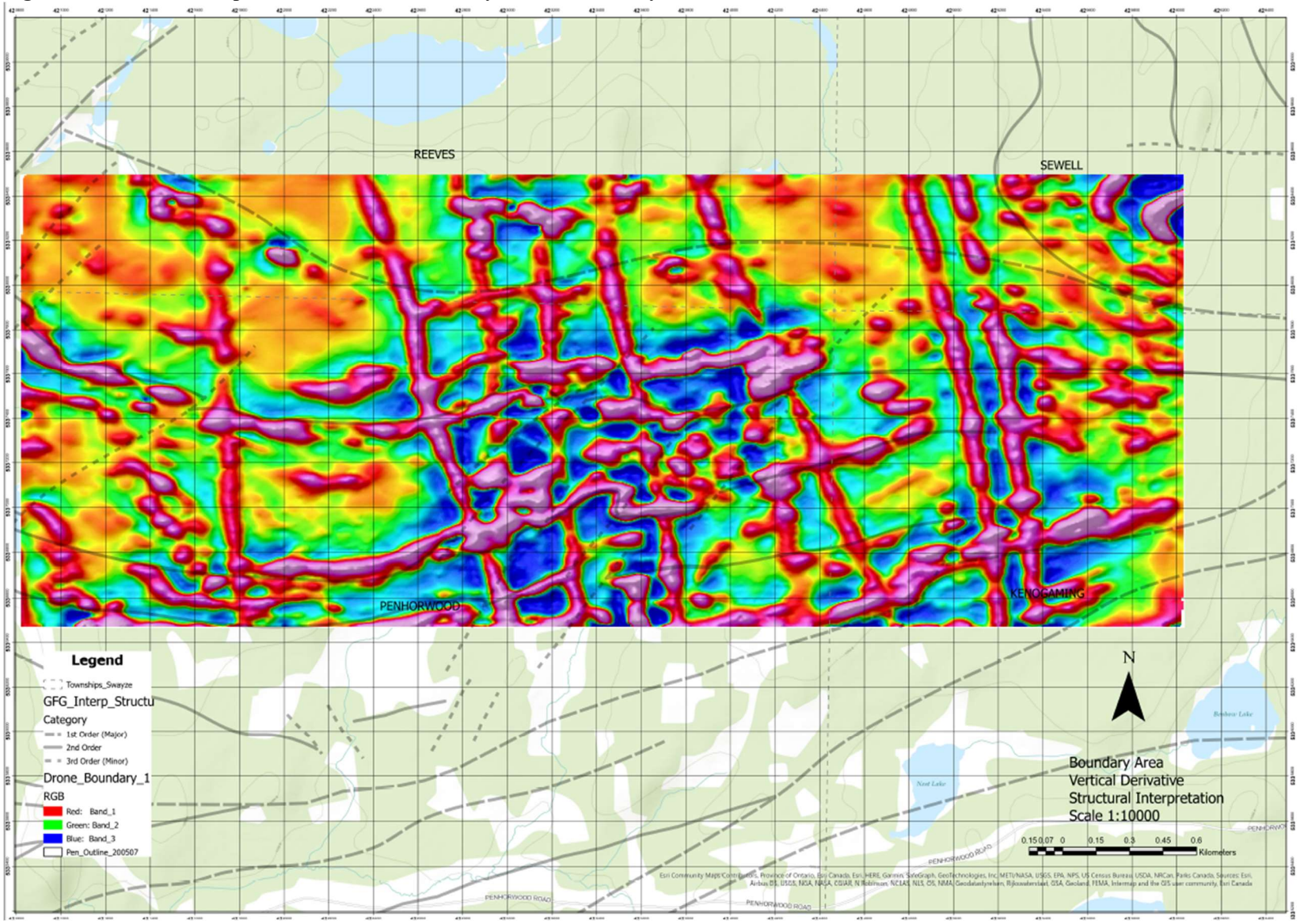
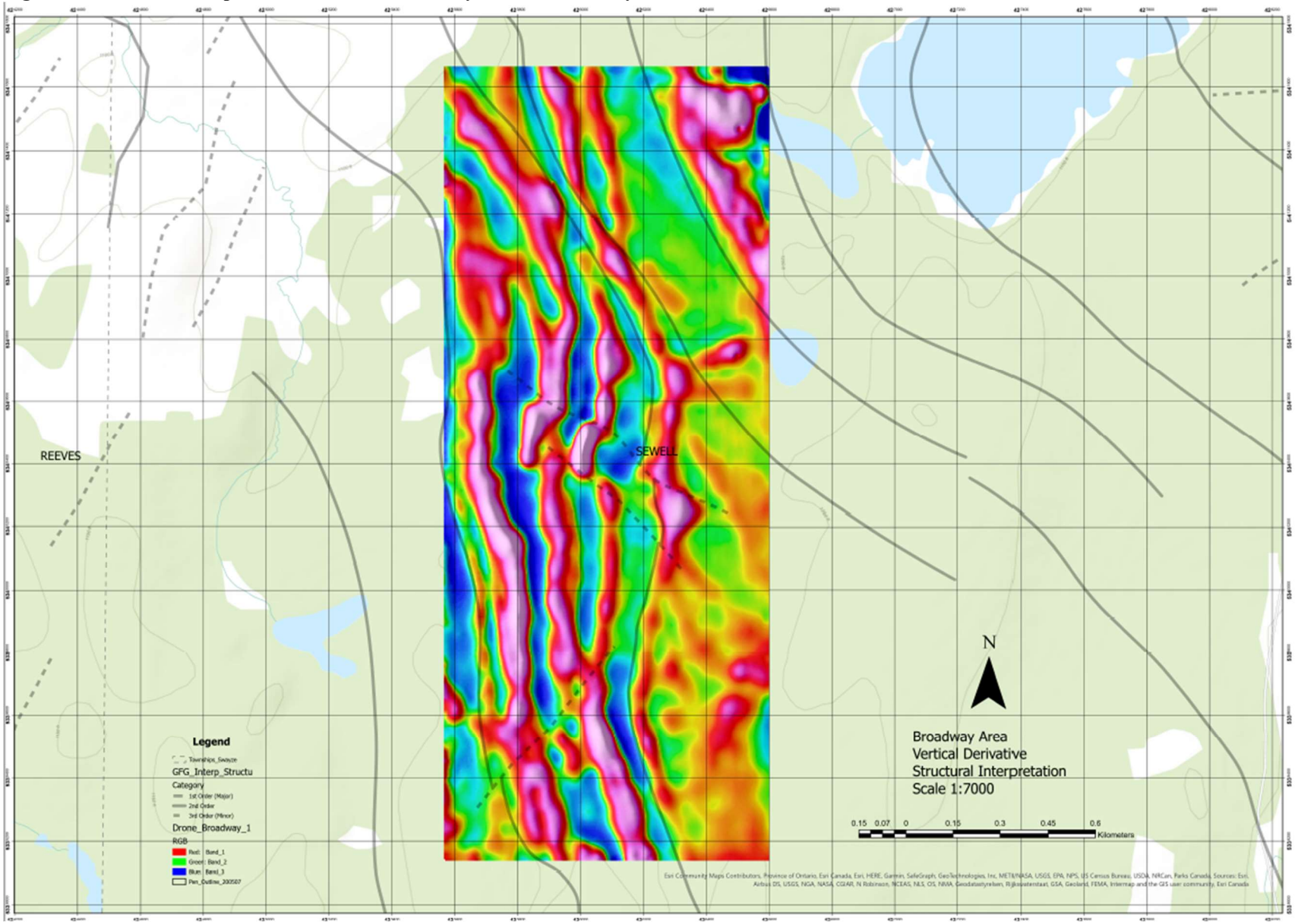


Figure 7. Structural interpretation of the drone survey data at Broadway



8. CONCLUSION AND RECOMMENDATIONS

During June and July of 2020, Pioneer Exploration Consultants Ltd. (Pioneer) completed and airborne magnetic survey using an Unmanned Aerial Vehicle (UAV) over an area near Timmins, Ontario. The survey was flown at the request of GFG Resources Inc.

Interpretation of survey results successfully delineated the gold bearing diorite at Broadway and two 70 degree structures at Boundary. These interpreted features, which will guide future prospecting and mapping efforts, are highlighted in Figure 6 and 7.

A 3-hole drill program is recommended to test interpreted extensions of the prospective structures at Broadway. A cost estimate for the reconnaissance 300m drill program is $90,000

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9. STATEMENT OF QUALIFICATIONS

STATEMENT OF QUALIFICATIONS – MONICA OOSTERMAN

I, **Monica Oosterman,** do hereby certify that:

1. I am a Professional Geologist employed by GFG Resources Inc.
2. I graduated with a Bachelor of Science (Earth Science) from Laurentian University in 2002.
3. I am a Professional Geoscientist Registered with the Association of Professional Geoscientists of Ontario.
4. I have worked as a geologist for a total of 18 years since my graduation from university.
5. I certify that this Drone survey on the Pen Gold Project meets the technical standards for reporting assessment work under the provisions of the Ontario Mining Act, in respect of airborne geophysical survey work.

Dated this June 2, 2022.

M.Oosterman

MONICA OOSTERMAN, P.Geo.

Boundary and Broadway With Claims

REEVES

PENHORWOOD

SEWELL

KENOGAMING

Ben's Pond

Sewell Lake

Deerfoot Lake

Benbow Lake

Nest Lake

PENHORWOOD ROAD

Nad 83 zone 17

0 0.25 0.5 1 1.5 2 Kilometers

N

Esri, NASA, NGA, USGS, FEMA, Province of Ontario, Esri Canada, Esri, HERE, Garmin, SafeGraph, GeoTechnologies, Inc, METI/NASA, USGS, EPA, NPS, US Census Bureau, USDA, NRCan, Parks Canada, Esri Canada