BLUE LAGOON RESOURCES
DOME MOUNTAIN MINE

Preliminary Economic Assessment Dome Mountain Mine, British Columbia, Canada

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Prepared for:

Blue Lagoon Resources
610-700 West Pender St.
Vancouver BC V6C 1G8

Report Prepared by:

Roughstock Mining Services LLC
250 Blue Sky Trail
Bozeman, MT 59718

TABLE OF CONTENTS

1 Executive Summary 1
1.1 Introduction 1
1.2 Geology and Mineralization 1
1.3 Mineral Processing and Metallurgy 1
1.4 Mining Operations 2
1.5 Economics Overview 3
1.6 Conclusion 3
2 Introduction 4
2.1 Scope/Reference 4
2.2 Statement of Independence 4
2.3 Units and Currency 4
2.4 Table of Abbreviations 4
3 Reliance on Other Experts 5
4 Property Description and Location 6
5 Accessibility, Climate, Local Resources, Infrastructure, and Physiography 13
5.1 Accessibility 13
5.2 Climate 13
5.3 Local Resources 13
5.4 Infrastructure 13
5.5 Physiography 13
6 History 13
7 Geological Setting and Mineralization 15
7.1 Vein Geometry and Structure 16
7.2 Alteration 17
7.3 Mineralization 17
8 Deposit Types 18
9 Exploration 19
10 Drilling 19
11 Sample Preparation, Analyses and Security 20
12 Data Verification 20
12.1 Standards 21
12.2 Pulp Duplicates 22
12.3 Reject Duplicates 23
12.4 Field Duplicates 24
13 Mineral Processing and Metallurgical Testing 25
14 Mineral Resource Estimates 26
14.1 Database Verification 26
14.2 Resource Estimation 26
14.3 Database 26
14.4 Solid Body Modeling 27
14.5 Compositing 27
14.6 Statistics 30
14.7 Grade Capping 30
14.8 Variography 31
14.9 Block Model and Grade Estimation 33
14.10 Model Validation 35
14.11 Mineral Resource Classification 35
14.12 Mineral Resource Statement 35
14.13 Dilution 36
15 Mineral Reserve Estimate 37
16 Mining Methods 37
16.1 Production 37
16.3 Development 42

16.4 Production and Development Schedules 43
16.5 Important Caution Regarding Mine Planning 48
17 Recovery Methods 48
18 Project Infrastructure 49
19 Market Studies and Contracts 49
19.1 Market Studies 49
19.2 Commodity Price Projections 49
19.3 Contracts 49
19.4 Comments on Section 19 50
20 Environmental Studies, Permitting, and Social or Community Impact 50
21 Capital and Operating Costs 51
21.1 Capital Costs 51
21.2 Operating Costs 52
21.3 Mining Costs 53
21.4 Mine Owner Costs 54
21.5 Processing Costs 55
21.6 Closure Costs 55
22 Economic Analysis 57
22.1 Forward-Looking Statement 57
22.2 Methodology Used 57
22.3 Production, Prices and Revenues 59
22.4 Capital Costs 60
22.5 Operating Costs 60
22.6 Other Cash and Non-Cash Costs 60
22.6.1 Net Smelter Return Royalties and Milling Profit Sharing 61
22.6.2 Tax Depreciation and Other Allowed Deductions for Income Tax Computation 61
22.6.3 Taxes 61
22.6.4 Closure 62
22.6.5 Working Capital Change 62
22.7 Cash Flow 63
22.8 Sensitivity Analysis 63
23 Adjacent Properties 68
24 Other Relevant Data and Information 68
25 Conclusions 68
25.1 Risks and Uncertainties 68
26 Recommendations 68
27 References 70
28 DATE, SIGNATURE AND CERTIFICATION 70

LIST OF TABLES

Table 1: Economic Summary 3
Table 2: Abbreviations Used 5
Table 3: Claim Details 8
Table 4: NSR Allocations 9
Table 5: Exploration Target References 9
Table 6: Historical Summary of Dome Mountain Project 15
Table 7: Drill Program Samples Submitted 20
Table 8: Dome Mountain Project Composites 30
Table 9: Volume Validations 35
Table 10: Dome Mountain Indicated and Inferred Resources for all Veins 36
Table 11: Life of Mine Production Schedule 44
Table 12: Rehabilitation Capital (‘000 of $CAD) 51
Table 13: Operating Cost Summary ($CAD per tonne) 52
Table 14: Operating Cost Summary ($US per ounce sold) 52

Table 15: Contract Mining ($CAD per tonne) 53
Table 16: General and Administrative Costs by Other Than Mining Contractor 54
Table 17:Transport, milling, smelting and refining costs ($CAD per tonne) 55
Table 18: Reclamation Costs 56
Table 19: Operating and Economic Parameter Summary, in millions of $CAD, except where noted 58
Table 20: Proposed Production, Prices and Revenues 59
Table 21: Operating Costs by Year 60
Table 22: Other Cash and Non-Cash Costs 60
Table 23: Net Smelter Return Royalties 61
Table 24: Income Taxes 62
Table 25: Reclamation and Monitoring Cost by Year 62
Table 26: Working Capital Change 63
Table 27: Cash Flow 65
Table 28: Phase 1 Work Estimate 69
Table 29: Phase 2 Work Estimate 69

LIST OF FIGURES

Figure 1: Property Location Map 6
Figure 2: Claim Location Map (with permit area in blue) 7
Figure 3: Dome Mountain Area Mineral Occurrences 10
Figure 5: Vein Systems 16
Figure 6: Standards vs. Time Plot 21
Figure 7: CDN-GS-7E Standard vs. Time 21
Figure 8: CDN-GS-9A Standard vs. Time 22
Figure 9: Pulp Duplicates Scatter Plot 23
Figure 10: Prep Dups vs. Originals 23
Figure 11: Check Assays for Core Duplicates in Au, g/t 24
Figure 12: Triangulated Solids. Shown are the Boulder, Boulder East, Boulder HW and Argillite Veins 27
Figure 13: Composite spacing for Boulder and Boulder East Veins 28
Figure 14: Composite spacing for Argillite Vein 28
Figure 15: Composite spacing for Boulder HW Vein 29
Figure 16: Gold grade histogram for flagged mineral resource zone intervals 30
Figure 17: Boulder Vein Variography 31
Figure 18: Boulder East and Boulder HW Vein Variography 32
Figure 19: Argillite Vein Variography 32
Figure 20: Boulder and Boulder East Veins undiluted grade block model and block model extent 33
Figure 21: Origin location and block sizes of Boulder block model 33
Figure 22: Argillite and Boulder HW Veins undiluted grade block models and block model extents 34
Figure 23: Origin location and block sizes of Argillite block model 34
Figure 24: Proposed Development, Longitudinal View Looking North 38
Figure 25: Typical CF Cross Section View Looking West 38
Figure 26: 1312 Stope Access Plan, 1312 Level Stopes 39
Figure 27: 1330 Stope Access Plan, 1330 Level Stopes 39
Figure 28: 1348 Stope Access Plan, 1348 Level Stopes 40
Figure 29: 1358 Stope Access Plan, 1358 Level Stopes 40
Figure 30: 1370 Stope Access Plan, 1370 Level Stopes 41
Figure 31: 1312 Stope Access Plan and Ventilation Raise from 1290 to 1370 Level 42
Figure 32: Proposed Development, Side View looking East 43
Figure 33: Year 1 Development and Stope Schedule, View looking north 45
Figure 34: Year 1 to 2 Development and Stope Schedule, View looking north 46
Figure 35: Year 1 to 3, Development and Stope Schedule View looking north 46
Figure 36: Year 1 to 4, Development and Stope Schedule View looking north 47
Figure 37: Year 1 to 5, Development and Stope Schedule View looking north 47
Figure 38: Year 1 to 5, Development and Stope Schedule with block model view looking north 48

Figure 39: Forecast Cash Flow 65
Figure 40: NPV 5% Sensitivity Chart 66
Figure 41: IRR Sensitivity Chart 67

1 EXECUTIVE SUMMARY

1.1 Introduction

The assets of Blue Lagoon Resources include the Dome Mountain Mine, which is located approximately 38 kilometres due east of the town of Smithers in northwest British Columbia. The property is within the Omineca Mining Division and holds a current Mining Permit (M-237, for up to 75,000 tonnes per year) and an effluent permit (104869).

Roughstock Mining Services was retained by Blue Lagoon Resources to complete a preliminary economic assessment for the Dome Mountain Mine. The scope of work included planning an infill diamond drilling program for the Boulder East vein, an update of mine economics, and collection of all additional relevant information for the compilation of this report.

QP Steve Cutler visited the site in June 2010, January 2012, and September 2017. QP Jennifer Evans visited the site in January 2016. No substantial changes were made to the property since the last QP visits.

1.2 Geology and Mineralization

The Dome Mountain property consists of two principal zones of gold-silver mineralization known as the Boulder and Argillite Veins. Both veins occur within folded fragmental volcanic rocks of the Telkwa Formation and within amygdaloidal basalts and altered volcanic rocks of the Nilkitkwa Formation. The Boulder Vein has hanging wall and footwall veins and the Argillite Vein has a hanging wall vein. These additional veins are generally splays and shoots off the main vein structures.

The veins are characterized by quartz with lesser carbonate and sulphide mineralization. Massive quartz-carbonate veins lacking sulphides are typically barren with respect to gold and silver. Quartz occurs as both a white massive variety and as a clear variety which is associated with higher gold grades. Carbonate minerals (ankerite and calcite) occur as cream to beige crystals. Small scale folds in the veins attest to continued movement after their formation.

Sulphide minerals in the Boulder Vein constitute approximately 10% of the vein mineralogy. In decreasing order of abundance, the sulphide minerals are: pyrite (6%), sphalerite (2.5%), chalcopyrite (1%), and galena-tetrahedrite-arsenopyrite (<1%). Pyrite occurs as fine euhedral cubic crystals disseminated throughout the wall rock alteration and quartz veins. Coarse masses of pyrite also occur as well as some individual pyrite crystals up to one centimetre wide.

Even though gold grades as high as several grams per metric tonne are present, visible gold is rare. Microscopic examination indicates that the gold usually occurs as minute grains along the pyrite crystal margins and in microfractures within the pyrite crystals. Metallurgical test work indicates an average grain size of 25 microns. Gold may be present as electrum since gold analyses indicate 18% to 23% silver.

Silver values up to 514 g/t have been reported from core assays although no silver minerals have been identified. It appears that the silver values reflect the abundance of galena and tetrahedrite as indicated by an analysis of tetrahedrite that contained 2% to 4% silver.

1.3 Mineral Processing and Metallurgy

Mineralized material from the Dome Mountain Project will be trucked and processed at an offsite mill owned by Nicola Mining Inc. located in Merritt, B.C. Mill recoveries were based on a scoping level metallurgical

program which was conducted on muck samples from Dome Mountain Mine in 2010 and a test run of 6,690 tonnes of material that was run through the Nicola mill in 2016 at a grade of 8.75 gram/ton, with a 95.2% gold recovery.

A total of approximately 1,070 kg of samples from six draw points containing significant levels of gold and silver were sent to Inspectorate Labs in Richmond, BC for this program in 2010. On average, the samples contained 13.3 g/t Au and 61.8 g/t Ag.

The test work objectives included the following: head characterization for all six samples, bottle roll cyanidation and alternative leaching, gravity separation testing, and flotation as well as preliminary tailings evaluation and settling tests.

A total of 5 flotation tests were completed to investigate the grade-recovery characteristics of gold and silver in rougher and cleaner flotation tests. All rougher tests were done at a constant target primary grind P80 of 105 micrometers.

Test work indicated that approximately 96% of gold and silver each could be recovered into a rougher concentrate accounting for 15.7% of the feed mass, or 6.4:1 mass ratio. The rougher con grades varied between 80-93 g/t Au and 420-470 g/t Ag. Regrinding followed by cleaner flotation in test 3 however, reduced the concentrate mass pull to 11% (or 9.1:1 mass ratio) with subsequent reduction in gold and silver recoveries to 94% for gold and 92% for silver. The corresponding grades of the concentrate were 118 g/t Au and 612 g/t Ag.

Minor element analysis on the flotation concentrates were not carried and are planned for the upcoming test program where grind-regrind sensitivity and other process parameters will be studied.

1.4 Mining Operations

The Dome Mountain deposit is a system of structure-controlled orogenic (mesothermal) quartz-carbonate-sulphide veins with associated gold and silver mineralization. Mechanized ramp cut and fill is to be utilized at the Dome Mountain Mine to maximize recovery of the mineralized material. The mechanized cut and fill method will optimize extraction since this method allows for the ability to follow irregular mineralized surfaces quite precisely, and thus allows greater selectivity in mining and results in a higher-grade product. A variation of this method will be used in narrow mineralized zones (less than 1.5 meters) in which the zone will be backstoped on retreat, the material recovered, and then the waste will be shot down and remain in place to be utilized as backfill. Recovery for this method is planned at 95% and dilution is estimated at less than 10%.

Unconsolidated backfill will be used in all cut and fill stopes after mining is completed to stabilize the ground and to provide a working platform for the next cut and fill lift (stope). This backfill will be development waste from the Dome Mountain Mine. This will reduce the production and overall closure costs for the operation.

Mine production and development have been scheduled for a 12-year period. A detailed schedule was developed based on a 100 tonne per day production rate (approximately 50% of the permitted production rate). During the Life of Mine 114k tonnes of development waste will be required. Using a cut-off grade of 3.42 g/t, 436k tonnes of diluted mineralized material at 6.7 g/t will be produced.

Broken material will be moved from the underground via LHD to the surface and then trucked to an offsite mill for processing.

This report does not take broken material contained within the existing historical stopes or mineralized material contained within the hangingwall or footwall of the historical stopes in the mine plan. It is anticipated this material will be recovered and processed where possible.

1.5 Economics Overview

Economics are based on indicated and inferred resources as incorporated into a 12-year mine plan followed by one year of reclamation and four years of monitoring for a complete project evaluation period. Five-year economics are presented only to characterize the portion of the mine plan that develops indicated resources. Unless otherwise stated, all per ounce values are in US dollars with all other dollar figures in Canadian dollars ("$CAD"). Masses are in metric tonnes. Production rate used is 100 tonnes per day. Exchange rate is $0.71 USD for each $1.00 $CAD. Gold and silver per troy ounce sales prices of US$1,450 and $14.50 respectively are chosen based on market at time of issuance of this PEA. All monetary values are in constant dollar terms (i.e., no inflation or escalation) and no leverage or financing is included. Summary economics are shown in Table 1.

The PEA is preliminary in nature, in that it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized.

Economic Summary - $CAD Millions		
	5 year	12 year
Gross Revenue	$95.4	$179.0
Pre-tax NPV 5	$14.1	$15.4
Pre-tax Internal Rate of Return	287%	287%
LOM Pre-tax cash flow (undiscounted)	$17.3	$19.4
After-tax NPV 5	$11.2	$11.1
After-tax Internal Rate of Return	277%	277%
LOM after-tax cash flow (undiscounted)	$14.2	$14.2
Payable Au Sold - ounces	45,433	85,231
Gold price - $US/oz	$1,450	$1,450
Cash operating costs - $US/oz	$987	$1,124
Preproduction Capital	$1.46	$1.46

Table 1: Economic Summary

1.6 Conclusion

Based on the historical development of the Dome Mountain property and the results of this study, further drilling is warranted to advance this project towards a feasibility study and/or a development decision.

2 INTRODUCTION

2.1 Scope/Reference

Blue Lagoon Resources contracted Roughstock Mining in 2020 to complete a preliminary economic assessment for the Dome Mountain mine. Roughstock previously completed a mine plan update in December 2017 and in July 2016, an internal report that updated the mineralized resources based on a 2016 surface drilling program and a new resource model estimate of which the results of that update model is also included in this report.

Previously, on March 25, 2013, Linden Mining produced a "Mine Plan Update" for the Dome Mountain mine. Many of the assumptions and parameters for that plan were provided by the previous owner Gavin Mines Inc., some of which are used in this plan, in addition to assumptions developed by Roughstock Mining. Roughstock Mining has adjusted economics over the past several years to update internal mine plans based on changes in the mining methods, changes in the production levels, and utilizing off-site processing versus an on-site milling plan. The resource information for this report was documented in the "Mineral Resource Estimate Update Report, Dome Mountain Mine" issued July 20, 2016 by Roughstock Mining.

The information presented in this preliminary economic assessment was developed and has been referenced from the documents listed above.

2.2 Statement of Independence

The authors of this report have no beneficial interest in the outcome of the technical assessment. The fee for completing this report is based on normal professional rates plus reimbursement of incidental expenses. The payment of the professional fees is not contingent on the outcome of the report.

2.3 Units and Currency

Unless otherwise stated, all units used in this report are metric. Assay values are reported in g/t. The currency, unless otherwise stated, is Canadian dollars.

2.4 Table of Abbreviations

Abbreviations found within this document include those in Table 2 below.

Abbreviation	Description
$CAD	Canadian Dollar
$US	US Dollar
°	Degree
°C	Celcius degree
3D-IP	Three-dimensional Induced Polarity
Ag	Silver
Au	Gold
BC	British Columbia
CAPEX	Capital Expense
CIM	Canadian Institute of Mining, Metallurgy, and Petroleum
cm	Centimeter
CRF	Cemented rock fill
ERM	Environmental Resource Management
g	Grams
G&A	General and administrative

g/t	Gram per metric tonne
GMI	Gavin Mines Inc.
ha	Hectare
HW	Hangingwall
Hz	Horizontal
IRR	Internal Rate of Return
k	Thousands
Km	Kilometer
koz	1,000 troy ounces
kt	Kilotonne
l	Liter
LHD	Load Haul Dump machine
LOM	Life of Mine
m	Meter
mm	Millimeter
m.t.	Million tonnes
NI 43-101	Canadian National Instrument 43-101
NPV	Net Present Value
NSR	Net Smelter Return
OPEX	Operating Expense
opt	Troy Ounce per short ton
oz	Troy ounce
PEA	Preliminary Economic Analysis
PFS	Pre-feasibility Study
ppb	Parts per billion
ppm	Parts per million
Prj	Project
RMS	Roughstock Mining Services
t	Metric tonne
T&M	Time and materials
UG	Underground

Table 2: Abbreviations Used

3 RELIANCE ON OTHER EXPERTS

The authors have not verified the legality of any underlying agreement(s) that may exist concerning licenses or other agreement(s) between third parties but have relied on Blue Lagoon to have conducted the proper legal due diligence.

4 PROPERTY DESCRIPTION AND LOCATION

The subject mineral property is located approximately 38 kilometres due east of the town of Smithers in northwest British Columbia at 126°37' W longitude and 54°44' N latitude. The property is accessible from Smithers, B.C. by way of 66.5 km all weather road and is within the Omineca Mining Division on NTS Map Sheet 93L 10E. Figure 1.

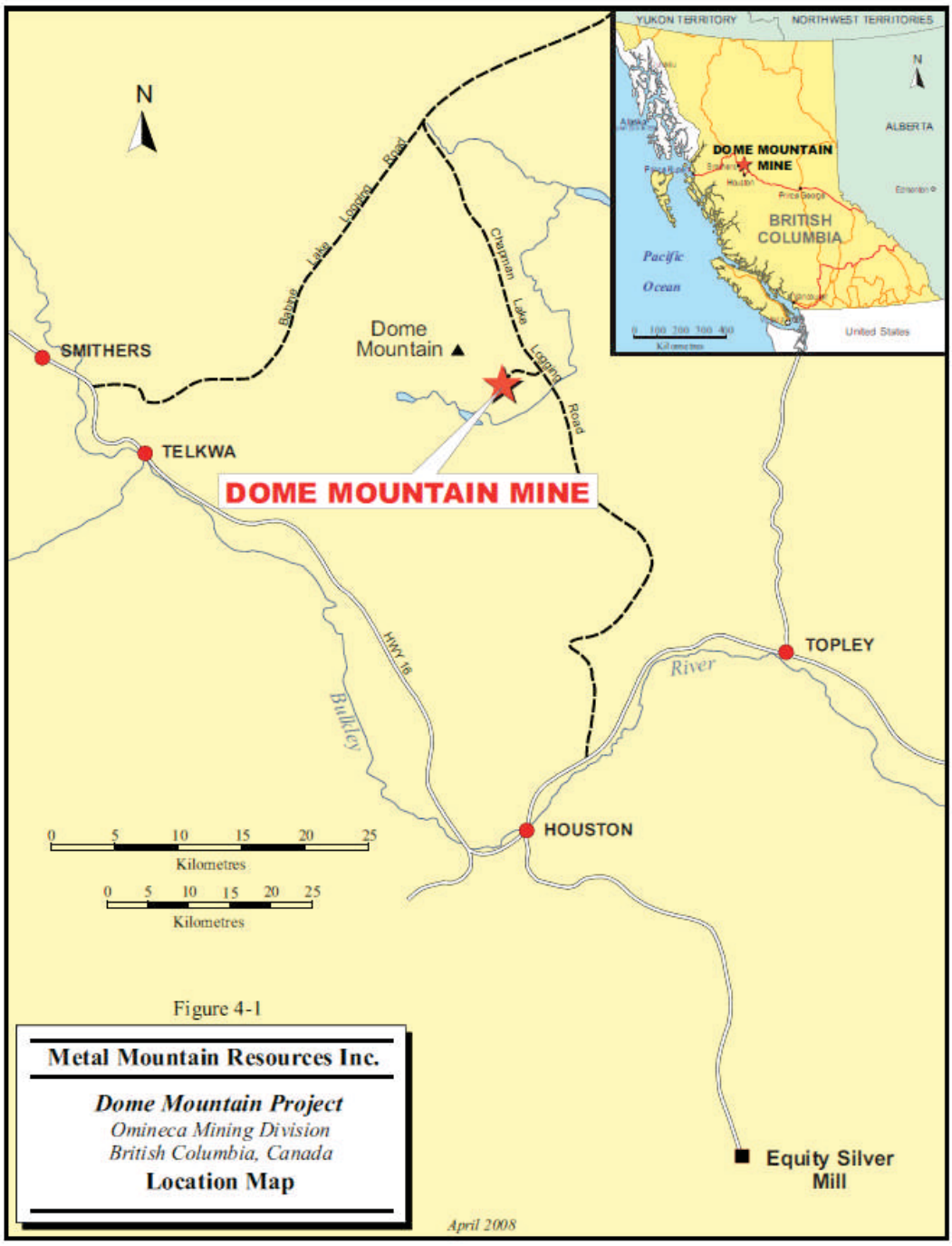

Figure 1: Property Location Map

The Dome Mountain property consists of 41 claims and one lease, comprising approximately 10,971 ha. The claims and lease are 100% held by Gavin Mines Inc. The claim positions are illustrated in Figure 2 and Table 3. Two NSR royalties are attached to the project. The first to Dome Royalties at 2% and the second to a collection of individuals totaling 2.25%. The NSR royalties are detailed in Table 4.

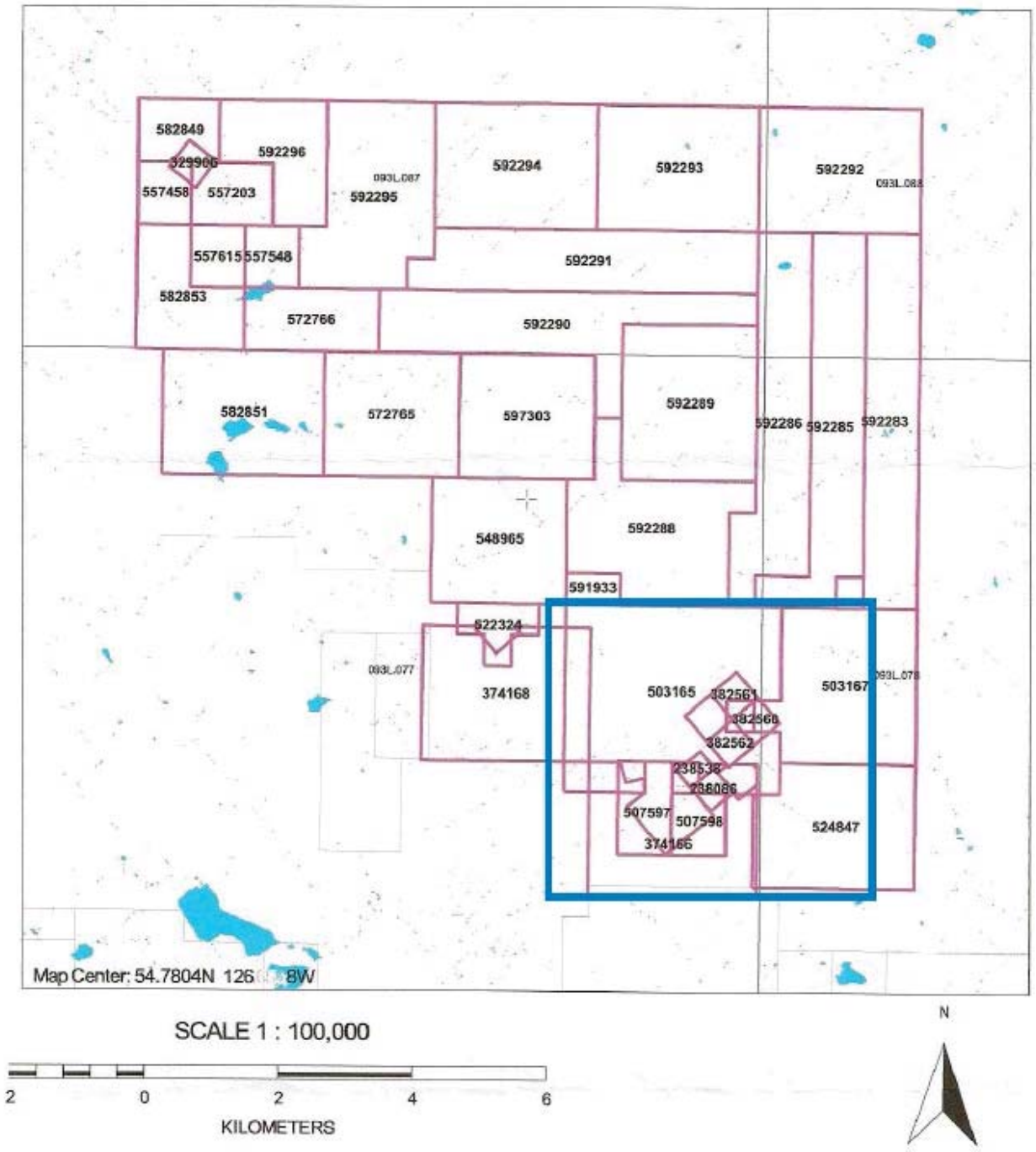

Figure 2: Claim Location Map (with permit area in blue)

Tenure Number	Type	Claim Name	Expires	Area (ha)
308801	lease		14-Sep-22	54.8
238086	claim		01-Aug-20	25.0
238538	claim	COPE 1	01-Aug-20	25.0
507597	claim		01-Aug-20	93.4
507598	claim		01-Aug-20	74.7
522324	claim		01-Aug-20	74.7
548965	claim		01-Aug-20	373.1
374166	claim	DOME 400	01-Aug-20	500.0
374168	claim	DOME 100	01-Aug-20	500.0
381072	claim	HOO	01-Aug-20	25.0
503165	claim		01-Aug-20	802.7
503167	claim		01-Aug-20	485.3
524847	claim		01-Aug-20	429.5
525968	claim	HOO FRACTION	01-Aug-20	18.7
382560	claim	FREE GOLD - 1	01-Aug-20	25.0
382561	claim	FREE GOLD - 2	01-Aug-20	25.0
382562	claim	FREE GOLD - 3	01-Aug-20	25.0
382563	claim	FREE GOLD - 4	01-Aug-20	25.0
591933	claim	LITTLE MCKINNY	01-Aug-20	37.3
592283	claim	HILO	01-Aug-20	447.6
592285	claim	HILO	01-Aug-20	466.3
592286	claim	HILO	01-Aug-20	466.2
592288	claim	HILO	01-Aug-20	466.4
592289	claim	HILO	01-Aug-20	466.2
592290	claim	HILO	01-Aug-20	466.1
592291	claim	HILO	01-Aug-20	466.0
592292	claim	HILO	01-Aug-20	447.2
592293	claim	HILO	01-Aug-20	447.2
592294	claim	HILO	01-Aug-20	447.2
592295	claim	HILO	01-Aug-20	465.9
592296	claim	HILO	01-Aug-20	223.6
597303	claim		01-Aug-20	373.0
329906	claim	DREA	01-Aug-20	25.0
557203	claim		01-Aug-20	111.8
557458	claim		01-Aug-20	74.5
557548	claim		01-Aug-20	74.6
557615	claim		01-Aug-20	74.6
572765	claim		01-Aug-20	373.0
572766	claim		01-Aug-20	186.4
582849	claim		01-Aug-20	111.8
582851	claim		01-Aug-20	447.6
582853	claim		01-Aug-20	223.7
			Total	**10,970.9**

Table 3: Claim Details

Royalty	Property	NSR %
Dome Royalties	Dome	2.000%
NSR #1		**2.000%**

Royalty	Property	NSR %
Holder 1	Dome	0.250%
Holder 2	Dome	0.250%
Holder 3	Dome	0.125%
Holder 4	Dome	0.125%
Holder 5	Dome	0.625%
Holder 6	Dome	0.125%
Holder 7	Dome	0.125%
Holder 8	Dome	0.125%
Holder 9	Dome	0.125%
Holder 10	Dome	0.125%
Holder 11.	Dome	0.125%
Holder 12	Dome	0.125%
NSR #2		**2.250%**

Table 4: NSR Allocations

Blue Lagoon's land package associated with the Dome Mine includes additional exploration targets that warrant further exploration. Past mine owners Eagle Peak Resources and Metal Mountain Resources have compiled exploration information with respect to these additional exploration targets. Blue Lagoon has compiled this information which is documented in BC Minefile reports which are shown in Table 5 below. These reports provide historic documentation that describe the targets and what exploration or mining work has been completed on them.

Exploration Target	Minefile Number
9800 Zone	093L 277
Cabin	093L 275
Chance	093L 278
Forks	093L 022
Free Gold	093L 023
Gem	093L 285
Hawk	093L 282
Hoopes	093L 280
Jane-Chisolm	093L 279
Ptarmigan	093L 283
Raven	093L 281

Table 5: Exploration Target References

This information is reported to show that additional exploration potential exists to expand the resources at Dome Mountain. No reported resources or economic evaluation of these veins was completed as part of

this PEA. Figure 3 shows the location of the Boulder Project Vein targets relative to the Boulder Vein System.

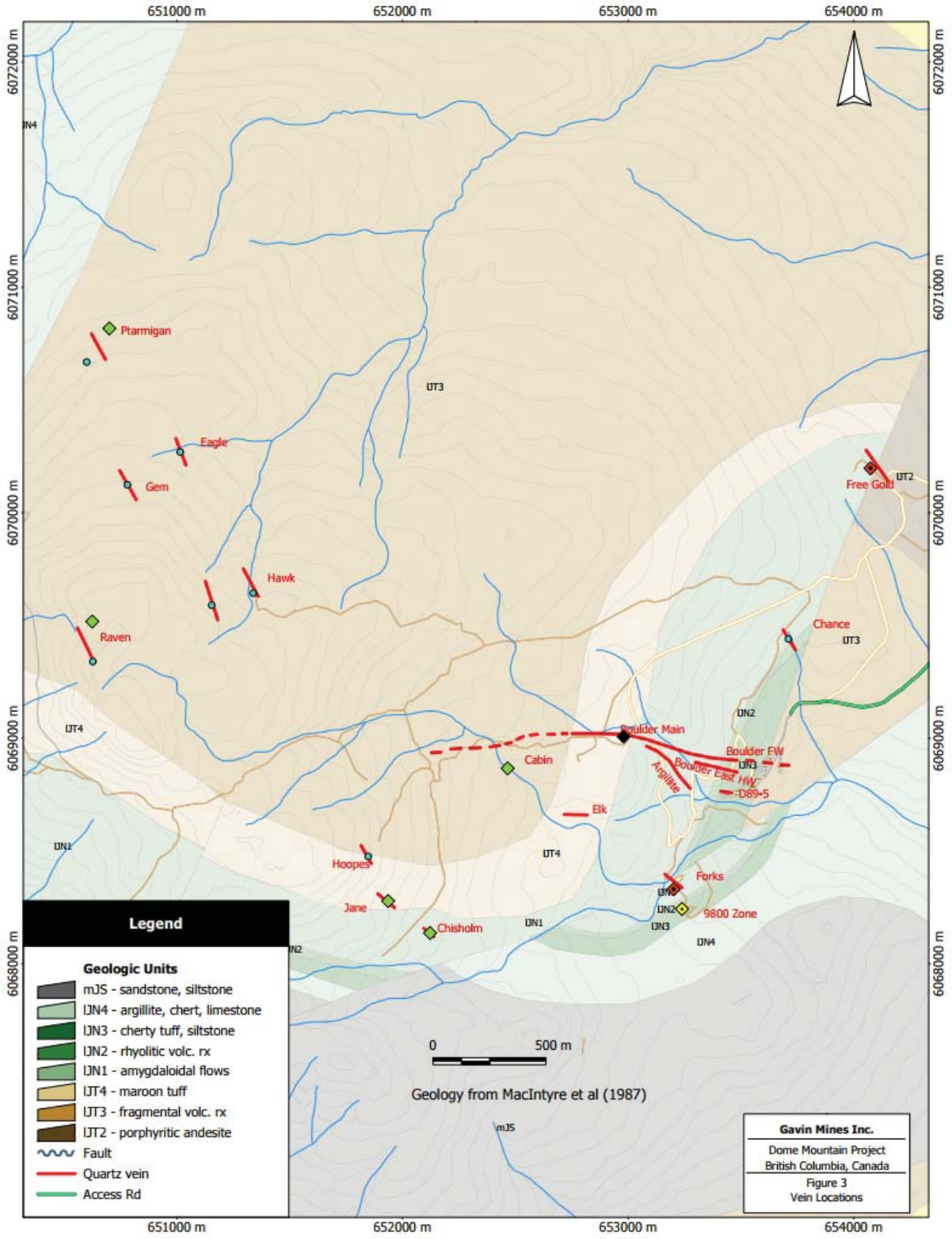

Figure 3: Dome Mountain Area Mineral Occurrences

Shown below are a summary of the additional identified gold-bearing veins. Figure 3 shows these veins in relation to the Boulder and Boulder East Veins.

- The Cabin Vein is interpreted to be an extension of the Boulder Vein and was explored historically since 1922, including a historic shaft and drift and cross cut work in 1923. Surface sampling of the outcropping Cabin Vein in 1986 returned values of 5.5 g/t Au, 126 g/t Ag, 0.8% Cu, 48.8% Pb and 24.2% Zn. Other samples containing 8.2 g/t Au, 4.1 g/t Au and7.5 g/t Au and 12.3 g/t Au also show anomalous silver and base metals (MacIntyre 1987). The Cabin Vein extends the Boulder Vein mineralized trend an additional 500 meters plus to the west.

- The Forks Vein was drilled by Noranda from 1985-87 with 23 diamond drill holes and a gold resource of 20,000 tonnes at 23.6 g/t Au (Myers, D.E., 1985) was reported. This resource is considered historical and nature and does not comply with NI 43-101. The Forks consists of two veins that are found to be striking west south/west and dipping at a shallow angle towards the Boulder structure. The Forks Gold Deposit is a flat lying, extremely sheared and altered quartz breccia vein structure with a thickness of up to 12 metres. Drilling in 1987 (Noranda) intersected intervals up to 7.6 meters grading 10.42 g/t gold and 53.38 g/t silver (Myers, D.E., 1985). Both the 9800 Zone and the Hoopes Vein are considered extensions of the Forks structure and consist of mineralization within a gently north dipping breccia structure up to 12 meters thick. A Qualified Person has not conducted the work necessary to classify the historical estimate as a current mineral resource. The information is considered relevant and reliable, however additional drilling will be required in order to verify historical drill results and to potentially establish a current mineral resource on the Forks Vein.

- The 9800 Vein has historic trenching and drilling with historic grab samples with gold and base metal values. The 9800 Zone has seen little drilling with low gold and silver values as a result although, surface trenching did recover high grade mineralization. The 9800 Zone is similar to the Forks vein system and contains semi-massive sulfides. Mineralization in the 9800 zone is a discordant vein which cuts stratigraphy and cleavage. Mineralization occurs as: (1) foliated to massive sphalerite-galena-pyrite-chalcopyrite layers and lenses; and (2) white quartz veins and stringers with disseminated pyrite, sphalerite, and galena. Quartz and massive sulfide contacts with host rock shale and grey tuff are sharp. The Geological Survey Branch analyzed five surface grab samples and one sample from a trench contained 76.62 g/t Au, 1809 g/t Ag, 29.8% Zn, 14.7% Pb and 0.7% Cu. (MacIntyre 1987)Noranda Exploration Corporation Limited consolidated all the claims on Dome Mountain in 1984 and conducted a program of soil geochemistry surveys, geological mapping, trenching and 33 diamond-drill holes. The 9800 zone was first discovered in 1985 by Canadian-United Minerals. In 1986, Teeshin Resources completed trenching and bulk sampling on the occurrence. In 1986, 50.8 tonnes of ore were shipped from the 9800 Showing and produced 30.17 g/t gold and 771.4 g/t silver (MacIntyre 1987).

- The Hawk Veins were drilled by two holes in 1987 with a reported high-grade gold intersection. In 1985, Teeshin Resources Ltd followed up on Noranda's geochemical/geological program with two holes on the Hawk-Gem vein zone. In 2000, Guardsmen Resources collected rock samples from the Hawk zone. a northwest trending quartz-sulphide vein (possible extension of Ptarmigan vein trend) assayed up to 4.16 g/t gold with silver, bismuth, copper, lead, zinc, cadmium and iron plus moderate enrichment in arsenic and antimony (Gravel, J., 2001

- The Gem veins consist of 4 parallel veins and with reported high gold values. Four parallel quartz veins, 0.3 to 1 meter wide, strike southeast and dip moderately northeast to steeply southwest. The

host rock is medium to thickly bedded tuffs of the Lower Jurassic Telkwa Formation (Hazelton Group), which are weak to moderately foliated. The veins contain shattered pyrite and lesser amounts of chalcopyrite, arsenopyrite, sphalerite and galena. This northwest trending quartz sulfide vein reports gold grade as high as 129 g/t (Gravel 2001).

- The Ptarmigan Veins have been explored with historic mining and reported high gold values. Four parallel quartz veins are exposed up to 75 centimeters wide, dipping steeply southwest or northeast. The host rock is strongly schistose (but unaltered) andesite of the Lower Jurassic Telkwa Formation (Hazelton Group). On the surface the veins contain pyrite and arsenopyrite rich bands and underground the No. 2 vein is reported to contain lenses of galena, pyrite and sphalerite. In 2000, the northwest trending quartz-sulphide Ptarmigan vein yielded from 7.6 to 75 g/t gold along with associated high arsenic, lead, zinc and iron and moderate enrichment in silver, antimony, bismuth and copper (Gravel. J., 2001).

- The Raven Vein has been explored with historic mining and reported high gold values.

- The Free Gold Area is reported to contain 5 major veins. Multiple historic bulk samples have been shipped from the Free Gold veins with reported high-grade gold values. Unlike the other showings on Dome Mountain which occur in foliated and altered tuff, the Free Gold veins are hosted in massive dark green andesite which is only slightly altered and lacks foliation. Interbedded andesite, tuff, and breccia of the Lower Jurassic Nilkitkwa Formation (Hazelton Group) strike northwest and are intruded by irregular dike-like quartz porphyry bodies and several small diorite plugs and dikes. The andesitic tuffs exhibit moderate chlorite alteration with minor epidote along fractures. The quartz feldspar porphyry intrusive shows weak potassium feldspar flooding and clay alteration. Three bulk samples are described in the database with the last one collected in 1980. In 1980, there were shipped to Trail 295 tonnes of vein material reportedly averaging 41.83 g/t gold and 85.71 g/t silver; there are an estimated 1814 tonnes of dump material at the portal of the Free Gold adit and there are 10500 tonnes grading 21.26 g/t gold, 26.74 g/t silver, 0.39 per cent lead and 0.99 per cent zinc in the No. 3 and 4 veins. (as reported in National Mineral Inventory card 093L/15 AU 1).

- The Elk Vein has historic drilling with a reported high-grade gold intercept.

- The Eagle Vein has historic sampling that indicates high grade gold potential.

- The above sampling results were obtained from available records from sampling work conducted by previous operators as noted. A qualified person has not verified the above sampling results on behalf of the Company. Additional sampling and testing work is required to verify these results.

5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

5.1 Accessibility

The Dome Mountain Mine property is accessible from Smithers B.C. by way of a 66.5 Km all weather road. Smithers is accessible year-round by air, rail, and overland road.

5.2 Climate

The climate of the Dome Mountain Mine is humid continental/subarctic climate. Average annual snowfall (measured in Smithers) is 204 cm with the highest snow accumulation typically occurring in February with and average accumulation of 36 cm. The average total precipitation of the area is 51.3 cm. Temperatures range from an average low of -30.0 °C in the winter to an average high of 30.0 °C. in the summer.

5.3 Local Resources

The local population numbers over 10,000 people. The town of Smithers provides air and rail transportation and shipping to the area.

5.4 Infrastructure

The Dome Mountain Mine currently has an office and dry house structure as well as a shop. Additional detail on infrastructure is provided in section 18 below.

5.5 Physiography

The Dome Mountain Mine is on the eastern slope of Dome Mountain at an elevation of approximately 1,300 metres. The area is heavily forested, with significant logging occurring in the general area.

6 HISTORY

The Dome Mountain area has a long history of successful exploration that resulted in the discovery of numerous gold bearing quartz-sulphide veins. The Boulder Vein has a complicated history of development and production with various operators, option agreements and name changes occurring over a short period of time between discovery by Noranda in 1985 and cessation of operations in 1993. A synopsis of the exploration, development and production history is listed in Table 6.

The historic calculations and classifications pre-date NI 43-101 and should not be relied upon for economic assessment. The authors of this assessment did not rely on the historic resource calculations in evaluating the potential economics of the project.

In 1989, D.R. Melling calculated a "reserve estimate" for the Boulder and Argillite veins of 318,312 tons at a grade of 0.345 opt gold and 2.22 opt silver. The Melling (1989) estimate was subsequently reviewed by Derry Michener Booth & Wahl who reclassified the Argillite Vein "reserves" of 70,316 tons grading 0.412 opt gold and 3.45 opt silver as "possible reserves".

Timmins Nickel Inc. commenced underground mining in August 1991 and stopped in 1993. During this period 43,900 tonnes at an average grade of 12.0 g/t gold were reportedly mined from shrinkage stopes accessed from trackless drift developments on the 1290 and 1370 levels. The mineral resource was shipped off-site to either the Equity Silver mill near Houston, BC or to the Westmin Premier Mill near Stewart, BC for toll milling.

In 1993 Roscoe Postle Associates Inc. (RPA, a predecessor company to Scott Wilson RPA) prepared a historical resource estimate by a longitudinal, polygonal method. The "in situ proven and probable reserves"

reported for the Dome Mountain property were 181,780 tonnes grading 14.8 g/t gold, with "possible reserves" of 39,650 tonnes at an average grade of 12.6 g/t gold. This is a historical estimate as defined by NI 43-101 and as such should not be relied upon for investment decisions. These historical resources were contained within the following five zones of the Boulder Vein System: The Boulder Main Vein, Boulder Vein HW, Boulder Vein FW, Argillite Vein, and Argillite Vein HW. All high gold values were cut to 51.4 g/t gold.

EPR optioned the Block A tenures in 2007 and conducted orientation "Ultra-Trace" soil geochemistry and 3D induced polarization (3DIP) surveys over the Boulder Vein System and its projected eastern extension in 2008.

In 2009 EPR drilled 4817.2 metres in 42 HQ holes to fill in gaps in the Boulder Main Vein drill pattern and to confirm the results of the historic drilling. Also, in 2009, four exploration holes totaling 888.2 metres were drilled to test coincident 3DIP and zinc soil geochemical anomalies.

In mid-2010, Gavin Mines Inc. was incorporated as a wholly owned subsidiary of Metal Mountain Resources (MMR) and will be the operating company for the Dome Mountain Mine. A mining Permit and effluent permit were obtained.

In September of 2010, Linden Mining completed a non-43-101 Prefeasibility Study on the Dome Mountain property.

In July of 2016, Roughstock Mining Services updated the non-43-101 mineral resource estimate for the Dome Mountain property.

In March 2020, Blue Lagoon Resources Inc., acquired Metal Mountain Resources. Concurrently with the transaction, Blue Lagoon acquired an additional 27.44 per cent of Gavin Mines Inc. bringing its ownership position to a 78.28 percent interest.

Year	Event
1898	Mineral occurrences on Dome Mountain first staked by W.B. Forrest
1923-24	Surface and underground work was done by the Dome Mountain Mining Company Ltd. Work included 32 m of shaft sinking, 102 m of drifting and cross-cutting, and driving of adits on the Forks Vein.
1924-80	No work recorded. Property was acquired by Silver Standard Mines Ltd., McIntyre Mines Ltd., T. L'Orsa, K. Coswan, L. Warren and B. McGowen
1980	Panther Mines Ltd. and Reako Exploration Ltd. optioned L. Warren claims
1981	Reako Exploration Ltd. optioned McIntyre Mines Ltd. claims
1982	Panther Mines Ltd. and Reako Exploration Ltd. optioned Silver Standard Mines Ltd. claims
1984-85	Noranda Exploration Company Ltd. (Noranda) optioned claims from various parties and conducted extensive exploration work consisting of geological mapping, geophysical surveys, geochemical surveys, trenching and diamond drilling. The Boulder Vein was discovered by trenching a zinc soil anomaly on the eastern strike extension of the Cabin Vein.
1985	Canadian United Minerals Inc. (Canadian United) optioned the Noranda interest subject to a back-in right to re-acquire 50%. Canadian United then optioned a 75% interest to Teeshin Resources Inc. (Teeshin).
1986	Canadian United drilled the Boulder Vein. Total Erickson Resources Ltd. (Total) acquired Noranda's back-in rights.
1987	Canadian United formed a joint venture with Total and Teeshin. Surface and underground diamond drilled, air-borne geophysical surveys (DIGHEM III EM, magnetometer, and VLFEM), and underground development (1370 adit) were carried out. The Argillite Vein was discovered.
1988	Conceptual mine design and cost estimates were prepared by Dynatec Mining Limited.
1989	Teeshin became the operator and drilled 14 holes on the west and east extensions of the Boulder Zone. A feasibility study was completed by M.P.D. Consultants Inc.
1990	Teeshin acquired Canadian United's interest and drilled 18 diamond drill holes

1991	Teeshin formed a joint venture with Timmins Nickel Inc. (Timmins). Teeshin changed its name to Habsburg Resources Inc. (Habsburg). Mining commenced on the Boulder Vein and mineral resource was shipped direct to the Equity Silver Mill. The 1290 cross-cut was started.
1992	Mining Lease was approved. Mine operated with 28 employees.
1993	Mining was suspended due to Timmins' financial and legal problems. Total production was 48,400 tons at an average grade of 0.35 oz/ton gold.
1994	Habsburg changed its name to Dome Mountain Resources Ltd.
1996	Dome Mountain Resources Ltd. changed its name to DMR Resources Ltd. (DMR).
2001	DMR is delisted
2005	DMR transferred ownership of the Mining Lease and their remaining claims to Angel Jade Mines Ltd., K. Coswan, A. L'Orsa and J. L'Orsa (L'Orsa-Coswan-Angel Jade).
2007	Eagle Peak Resources Inc. (Eagle Peak) optioned the property from L'Orsa-Coswan-Angel Jade.
2008	Eagle Peak conducted soil geochemistry and 3D induced polarization surveys over the Boulder Vein System and its projected extension to the east.
2009	Eagle Peak drilled 46 HQ diameter holes (4817.2 meters in 42 in-fill holes and 888.2 meters in 4 exploration holes). Eagle Peak Resources sold 100% interest to MMR.
2010	MMR completed a NI 43-101 mineral resource estimate in 2010 and received Small Mines and Effluent Discharge permits in August 2010. In mid-2010, Gavin Mines Inc. was incorporated as a wholly owned subsidiary of Metal Mountain Resources and will be the operating company for the Dome Mountain Mine.
2012/2013	Gavin Mines Inc. completed an update to the mineral resource estimate.
2016	Gavin Mines Inc. completed an update to the mineral resource estimate.
2020	Blue Lagoon Resources Inc. acquired MMR and additional interest in Gavin Mines Inc.

Table 6: Historical Summary of Dome Mountain Project

7 GEOLOGICAL SETTING AND MINERALIZATION

The Dome Mountain Project consists of two principal zones of high-grade gold-silver mineralization known as the Boulder and Argillite Veins, Figure 4. This subdivision was established by earlier mine workers for the purposes of "reserve" estimation and is a function of vein orientation and host rock lithology. Both veins occur within folded fragmental volcanic rocks of the Telkwa Formation and within amygdaloidal basalts and altered volcanic rocks of the Nilkitkwa Formation. The Boulder Vein has hanging wall and footwall veins and the Argillite Vein has a hanging wall vein. These additional veins are generally splays and shoots off the main vein structures. In addition to the Boulder Vein System, the project is host to the Cabin, Elk, Forks, 9800, Free Gold, Ptarmigan, Eagle, Gem, Raven, Hawk, Chance, Hoopes, Jane and Pioneer veins.

The Cabin Vein is interpreted as the westward extension of the Boulder Vein. The other veins mentioned are separate from the Boulder Vein system. A modest amount of drilling has been carried out on these veins, but to date, no mineral resources have been defined. The quartz veins are mineralized with a sulphide assemblage consisting of pyrite, sphalerite, galena, and chalcopyrite. Wall rocks are typically altered and moderately deformed for several metres on either side of the veins.

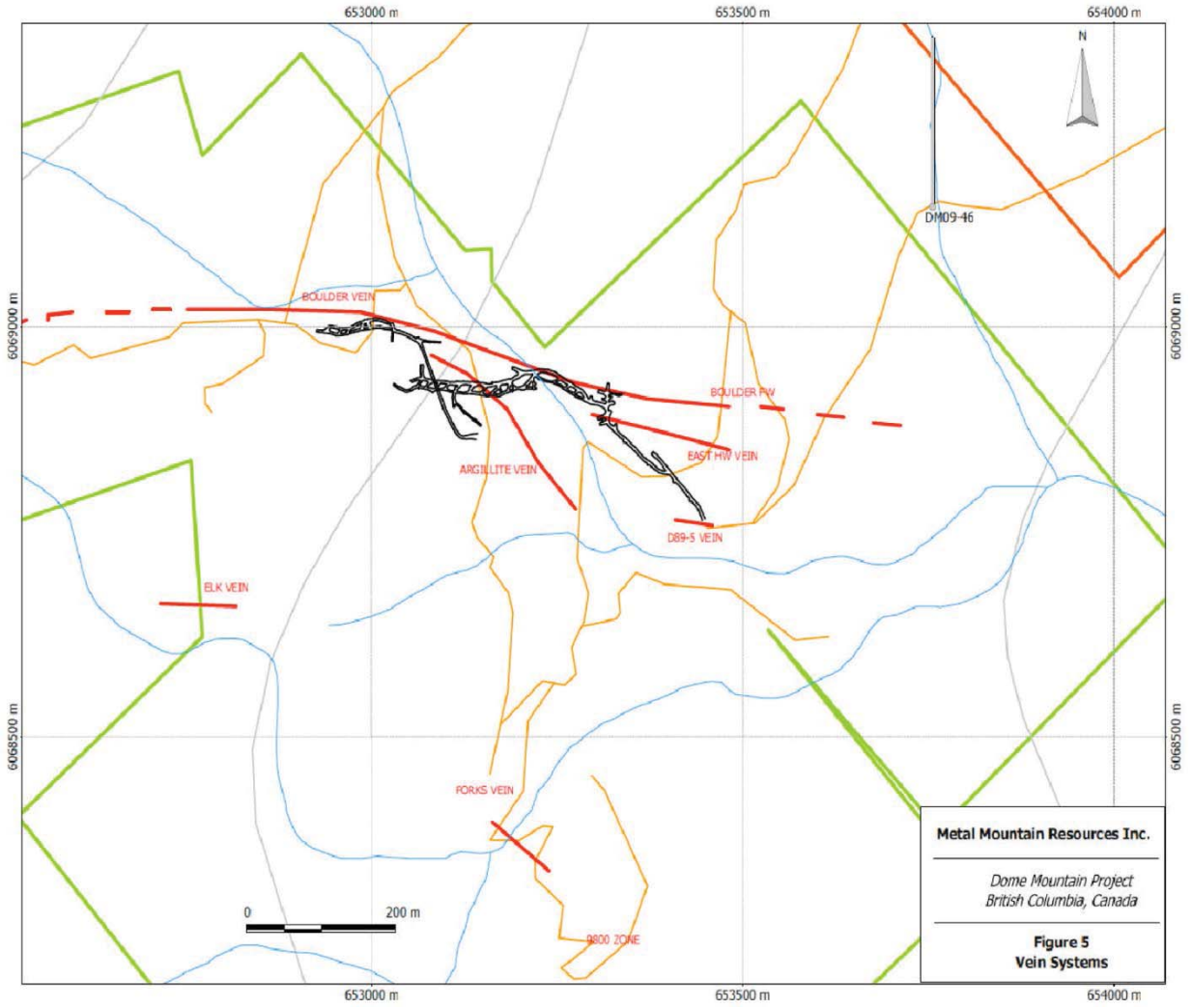

Figure 4: Vein Systems

7.1 Vein Geometry and Structure

In detail, the veins are not simple planar structures. They display variations in thickness, strike and dip. They are gently curved or flexed and are concave towards the south. The veins occur within a deformation zone averaging less than 10 m in thickness. The host rocks are penetratively deformed (sheared) with foliation development most pronounced adjacent to the veins. The veins and associated foliation crosscut the bedding in the host rocks. The veins display a diverse range of deformation structures. They may be massive, boudinaged, brecciated, banded or tightly folded. Locally minor offsets occur along narrow shears which are parallel to and at high angles to the veins.

The Boulder Main Vein has an average orientation of 100°/50°S and a strike length of approximately 440 m. Dips tend to be steeper, 50° to 85°S, in the central and eastern portion of the vein and flatter, 30° to 40°S, towards the western extremity. The vein varies in true width from 0.7 m to 4.5 m but averages 1.45 m. Thickness and grade contours demonstrate that the deposit pitches about 45° east within the plane of the vein. Small off-shoots or splays, branching from the main vein structure, occur in the hanging wall and footwall of the main vein.

The mineralized zone is particularly thick in the areas of intersection. The thickness and grade of the mineralized vein is most consistent when the hanging wall is amygdaloidal basalt.

The Argillite Vein has an average orientation of about 120°/41°S and a strike length of approximately 240 m. It is a major splay or bifurcation of the Boulder Vein. The mineralization varies in true width from 0.7 m to 4.75 m but averages 1.24 m. Correlations of the Argillite Vein between sections are more difficult than for the Boulder Vein but may still be done with reasonable confidence. The best Argillite Vein mineralization reportedly occurs where the shear zone hosting the vein intersects less competent volcanic sediments. Small splays and offshoots from the main structure are more common in the Argillite Vein.

7.2 Alteration

Enveloping the Dome Mountain veins are alteration zones which extend several metres into the wall rocks. These "bleached" zones are characterized by abundant carbonate, and sericite. In close proximity to the vein contacts, the sericite is a distinctive lime green color. Locally, euhedral pyrite is present in the altered zones. The alteration zones rarely contain significant gold/silver mineralization except where they contain quartz-carbonate-sulphide stringers.

The Boulder Vein is characterized by a more pronounced alteration envelope than the Argillite Vein - probably a function of host rock lithology. The correlation of alteration in section is an important consideration for geological interpretation.

Alteration varies both in thickness and intensity and in general, gold mineralization and intensity of alteration is positively correlated. Intensely altered rocks are schistose with an almost white color and disseminated pyrite. Weakly altered rocks are marked by chlorite alteration of mafic minerals.

7.3 Mineralization

The veins are characterized by quartz with lesser carbonate and sulphide mineralization. Massive quartz-carbonate veins lacking sulphides are typically barren with respect to gold and silver. Quartz occurs as both a white massive variety and as a clear variety which is associated with higher gold grades. Carbonate minerals (ankerite and calcite) occur as cream to beige crystals. Small scale folds in the veins attest to continued movement after their formation.

Sulphide minerals in the Boulder Vein constitute approximately 10% of the vein mineralogy. In decreasing order of abundance, the sulphide minerals are: pyrite (6%), sphalerite (2.5%), chalcopyrite (1%), and galena-tetrahedrite-arsenopyrite (<1%). Pyrite occurs as fine euhedral cubic crystals disseminated throughout the wall rock alteration and quartz veins. Coarse masses of pyrite also occur as well as some individual pyrite crystals up to one centimetre wide.

Often the pyrite crystals show evidence of crushing with the interstices filled with other sulphides. Aggregates of fine-grained reddish-brown sphalerite occur as irregular masses associated with pyrite, galena, chalcopyrite and arsenopyrite. Chalcopyrite is commonly intergrown with pyrite. Fine-grained tetrahedrite, galena and arsenopyrite occur as disseminations, as thin fracture coatings, or as fine irregular masses with the other sulphides.

Even though gold grades as high as several grams per metric tonne are present, visible gold is rare. Microscopic examination indicates that the gold usually occurs as minute grains along the pyrite crystal margins and in microfractures within the pyrite crystals. Metallurgical test work indicates an average grain size of 25 microns. Gold may be present as electrum since gold analyses indicate 18% to 23% silver.

Silver values up to 514 g/t have been reported from core assays although no silver minerals have been identified. It appears that the silver values reflect the abundance of galena and tetrahedrite as indicated by an analysis of tetrahedrite that contained 2% to 4% silver.

The most significant gold mineralization on the Dome Mountain Project is contained within five zones (Figure 4) of the past-producing Boulder Vein System (listed in order of importance):

- **Boulder Main Vein:** This zone has a strike ranging from 090° to 100° and dips ranging from 45° to 70° south. The vein has been defined over a strike length of 440 metres from section 652,800 UTME to 653,240 UTME and a down-dip extent of more than 300 metres starting at the surface. The mineralized zone within the vein has a shallow easterly plunge with an average horizontal width of 2.4 metres, ranging from less than a meter to 21.2 metres. The majority of the 43,900 tonnes of past production came from this zone.

- **Argillite Vein:** The Argillite Vein is a splay off the Boulder Main Vein. It strikes at 120° and dips to the southwest at angles ranging from 35° to 50° and it appears to flatten along strike to the southeast. The zone is somewhat discontinuous over the defined strike length of 240 metres and a maximum down-dip extent of 90 metres. The mineralized zone in the vein has an average horizontal thickness of 3.2 metres, ranging from less than a meter to 8.0 metres.

- **Boulder Footwall Vein:** This zone is sub-parallel to the Boulder Main Vein and is located at the east end of the Boulder Vein System. It has been defined by drilling over a strike length of 550 metres from 653,300 UTME to 653,850 UTME and over a down-dip extent of approximately 200 metres. The zone has an average horizontal width of 1.9 metres, ranging from less than a meter to 15.4 metres. The zone is open down-plunge to the east and down-dip. Minor past-production came from this zone.

- **Boulder West Hangingwall Vein:** This vein is also sub-parallel to the Boulder Main Vein. It is a somewhat discontinuous vein with an overall strike length of 100 metres located between 652,960 UTME and 653,060 UTME and a defined down-dip extent of approximately 100 metres. It has an average horizontal width of about 2.4 metres, ranging from 1.8 to 3.8 metres.

- **Boulder East Hangingwall Vein:** This is a thin and somewhat discontinuous vein that occurs over a strike length of about 320 metres at the east end of and sub-parallel to the Boulder Main Vein.

In addition to the past producing Boulder Vein System, gold mineralization at the Dome Mountain Project is present at twelve separate locations: Free Gold, Forks, 9800, Ptarmigan, Elk, Eagle, Gem, Raven, Hawk, Chance, Hoopes, Jane, Cabin, and Pioneer. The Free Gold and Forks zones are classified as past-producers by the B.C. Government Minefile database while the others are listed as either prospects or showings. The Cabin Vein is considered to be the westward extension of the Boulder Vein.

The veins occur in a roughly northwest-southeast 12-kilometer trend from southeast of Dome Mountain to Mt. McKendrick. This trend may reflect the presence of a deep-seated structure. A modest amount of diamond drilling has been conducted on the various veins but to date no minerals resources have been defined.

8 DEPOSIT TYPES

The mineral deposits at Dome Mountain are structure-controlled orogenic (mesothermal) quartz-carbonate-sulphide veins with associated gold and silver mineralization. Controlling structures are east-west and northwest-southeast trending brittle fault zones that dip moderately to steeply south and southwest. The host rocks are Lower to Middle Jurassic subaerial volcanic flows, pyroclastic, and related volcanoclastic rocks.

According to Goldfarb et al (2005) orogenic gold deposits are generally located along deep crustal fault zones or in related second and third order shears and faults, particularly at jogs or changes in strike along crustal fault zones. There is generally a spatial association with granitoid bodies which are related to the orogenic event. Mineralization styles vary from stockworks and breccias in shallow brittle regimes, through laminated crack-seal veins and sigmoidal vein arrays in brittle-ductile crustal regions, to replacement and disseminated-type mineralized bodies in deeper ductile environments. Most orogenic gold deposits contain 2 to 5 percent sulphide minerals (mainly pyrite and arsenopyrite) and have gold/ratios of 5 to 10 and gold fineness >900. Host rock lithology is critical for concentration of gold in some provinces where iron or carbon rich rocks along a flow path are important sinks for the release of gold from hydrothermal solutions. Competency of the host lithology may influence the width of the mineralized vein. Alteration intensity, width and assemblage may also vary with the host rock lithology, but carbonates, sulphides, muscovite, chlorite, K-feldspar, biotite, tourmaline and albite are generally present.

The best-known deposit of this type in the Canadian Cordillera is the Bralorne-Pioneer Mine near Gold Bridge, BC.

9 EXPLORATION

The following summarizes exploration work that has been completed since Gavin Mines has acquired the Dome Mountain Mine.

- 2008- Eagle Peak conducted 3D - IP and ultra-trace soil geochemistry orientation surveys over the Boulder Vein System. The 2008 geochemistry and geophysics surveys added significantly to the geological understanding of the Dome Mountain Project area. Both the 3D-IP and the zinc soil geochemistry results were able to detect the known extent of the Boulder, Argillite, Elk, and Forks Veins. In addition, new anomalous zones were detected.
- 2009- Eagle Peak drilled 46 HQ diamond drill holes (4817.2 metres in 42 in-fill holes and 888.2 metres in 4 exploration holes).
- 2010- Metal Mountain Resources (associate of Eagle Peak) drilled 32 HQ and NQ diamond drill holes totaling 4698.4 metres (21 exploration and 11 in-fill holes).
- 2016- Gavin Mines Inc. drilled 35 HQ diamond drill holes totaling 6953.7 metres to expand the inferred resource of the Boulder Vein System. This program of drilling and resource modeling is basis for this report

10 DRILLING

Since Eagle Peak acquired the Dome Mountain Property in 2009 a total of 113 surface drill holes have been completed. Numerous surface and underground drill holes were completed prior to the acquisition of the project by a variety of mine owners. These drill holes are not part of the current resource modeling and are not reported on in this report as the quality of the data from these drilling programs could not be authenticated.

In the 2009 drill program 46 holes were completed. Of these 46 holes, 42 were surveyed by Theodolite surveys, and 4 were surveyed by Global Position System (GPS).

In the 2010 drill program 32 holes were drilled. These holes were all surveyed by the RTK survey methods.

In the 2016 drill program 35 core holes were completed. Of these holes all were surveyed by GPS.

11 SAMPLE PREPARATION, ANALYSES AND SECURITY

The samples from the 2016 surface drilling program were shipped to the prep facility of Bureau Veritas (Acme Analytical Laboratories) Ltd. in Smithers, BC. These samples were crushed to approximately 0.5 cm and then approximately half the sample was pulverized to minus 100 mesh. Samples then were analyzed at Bureau Veritas (Acme) Laboratory Ltd. in Vancouver, using a standard 36-Element ICP package and a 30-gram Fire Assay gold and silver analysis with an AA finish.

Standards used are from CDN Resource Laboratories Ltd. and were included in the sample stream alternately, together at a rate of 1 in 20 (5%), as a control on laboratory accuracy, precision, and bias. The ore reference standards used were CDN-GS-7E, which has a recommended value of 7.40 +/- 0.57 ppm Au, and CDN-GS-9A, which has a recommended value of 9.31 +/- 0.69 ppm Au, respectively. The Certificates are attached as Appendix A.

Blank samples of limestone aggregate were inserted into the sample stream randomly at a rate of 5% as a check on laboratory contamination.

Duplicate core samples were taken at the rate of 1 in 20 (5%). The core was split and then re-split with one quarter of the total core making up each sample.

A “chain of custody” was maintained from the drill to the laboratory to ensure sample security.

12 DATA VERIFICATION

During the 2016 drill program, 2,969.2 meters were drilled in 35 holes. There were 1,157 samples submitted to ACME Laboratory in Vancouver, Canada for assay. Shown in Table 7 below are the number of QA/QC samples that were submitted with the core samples.

Blanks	22
CDN-GS-7E standard	30
CDN-GS-9A standard	24
Core DUPS	20

Table 7: Drill Program Samples Submitted

In addition to this, the lab performed 78 pulp duplicates and 33 prep duplicates as well as internal Standard checks.

12.1 Standards

Figure 5 shows the Acme Laboratory results for the gold standards as a percentage of their expected value vs. time.

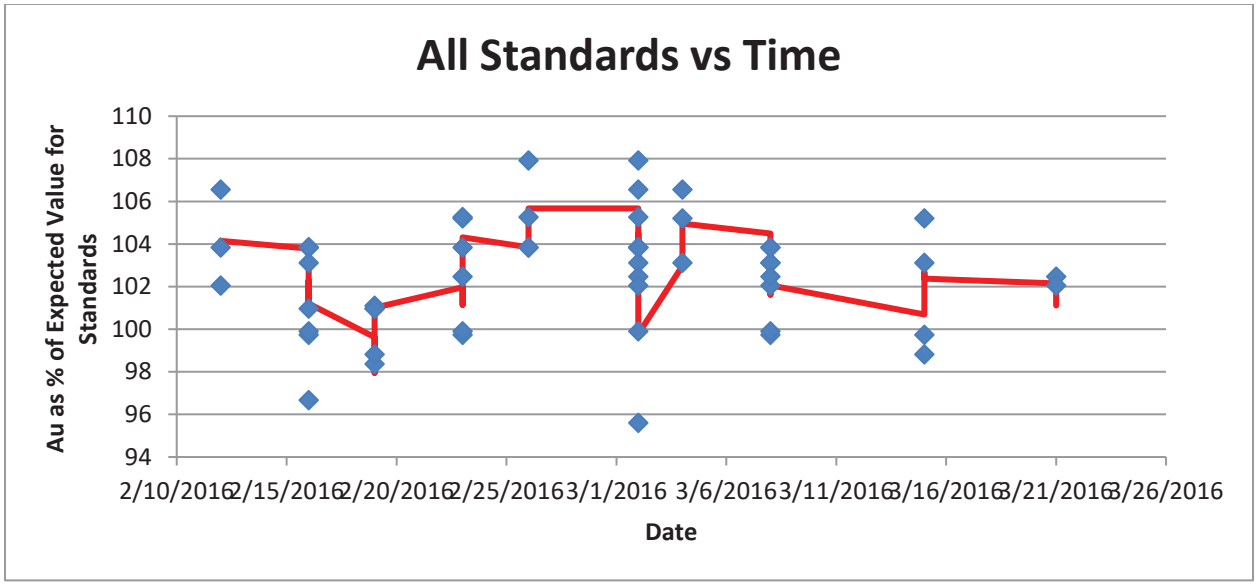

Figure 5: Standards vs. Time Plot

In general, the results show a slight positive bias averaging around 102.5%
There were no QA/QC failures according to the criteria of Z-score > ABS (3) and %Diff > ABS (10).
The two standards used in the 2016 drill program are charted in Figure 7 and Figure 8 below.

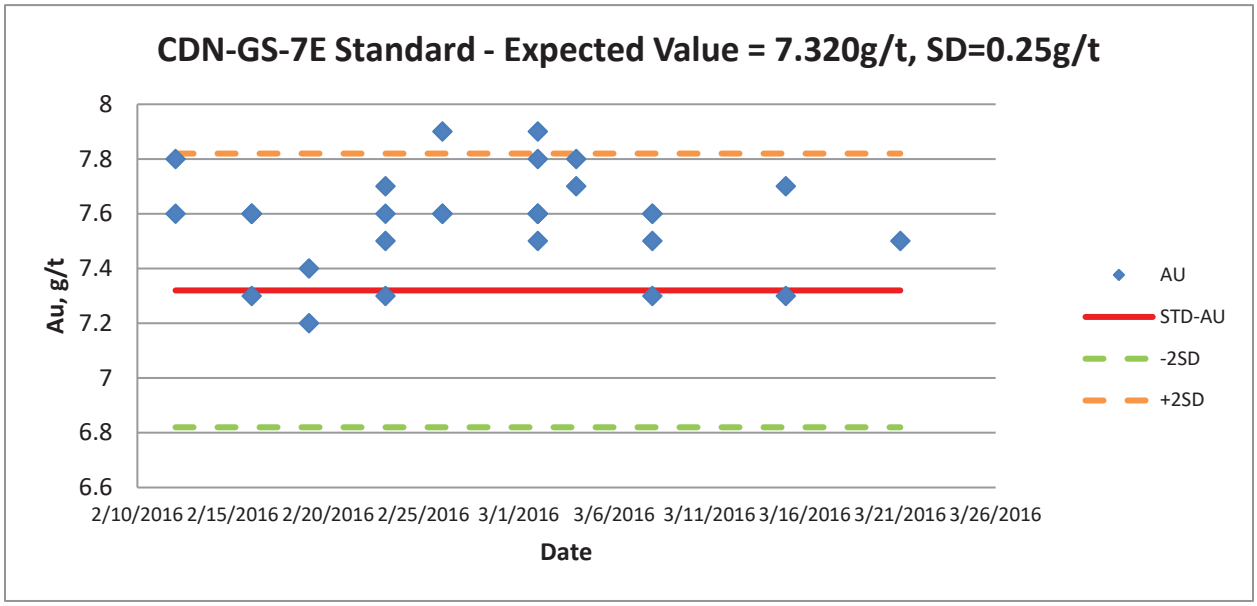

Figure 6: CDN-GS-7E Standard vs. Time

Standard GS-7E appears to have assayed a little higher than expected, though within acceptable ranges.

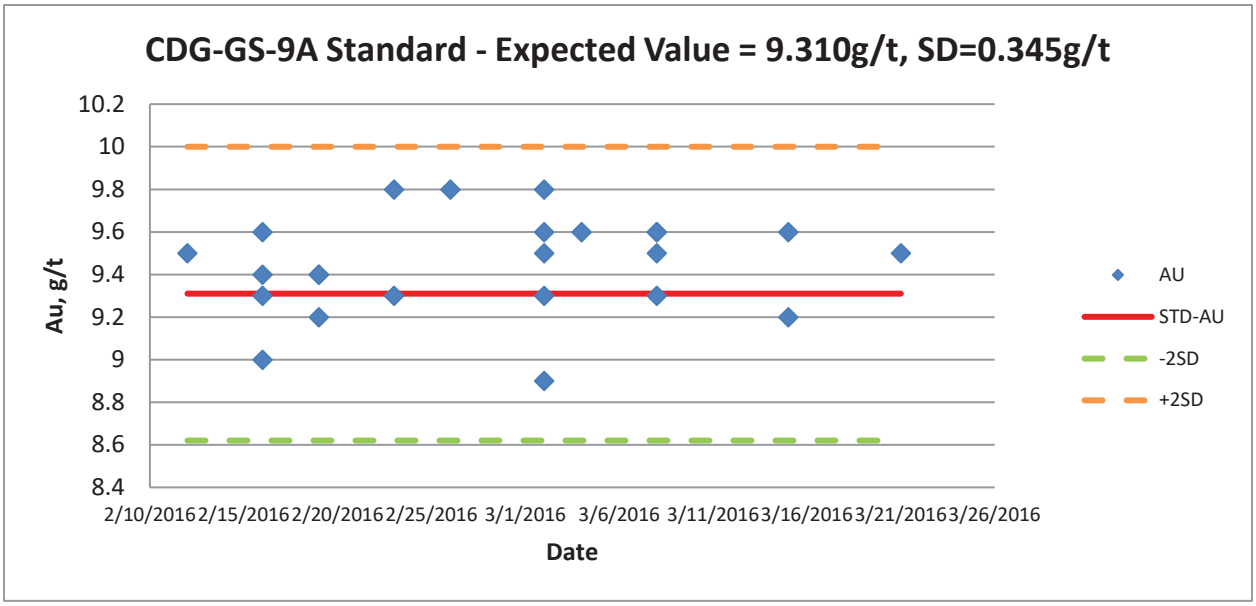

Figure 7: CDN-GS-9A Standard vs. Time

Standard GS-9A assayed well within two standard deviations of expected value.

12.2 Pulp Duplicates

Acme Labs assayed gold as ppb with a lower detection limit of 0.5ppb. As well, they assayed gold in gm/t with a 0.9 gm/t detection limit. If Au-ppm was <0.9 g/t, it was entered as half of the detection limit, or 0.45 g/t. If Au-ppb was <0.5 ppb, it was entered as 0.25. Au-ppb was divided by 1000 to get it to ppm.
If Au-ppm was below detection limit, Au-ppb/1000 was used, or else Au-ppm was used, as it was considered the more accurate assay method.

Given this situation, there are two detection limits to deal with in duplicate data. In some cases, original assay was in A-ppb/1000, while the duplicate assay was only done in A-ppm. Of the 78 duplicates completed, only 14 were above the A-ppm detection limit, graphed in Figure 8 below.

Using only these 14 samples, the average of the original assays was 11.627 g/t, while duplicates averaged 11.504 g/t.

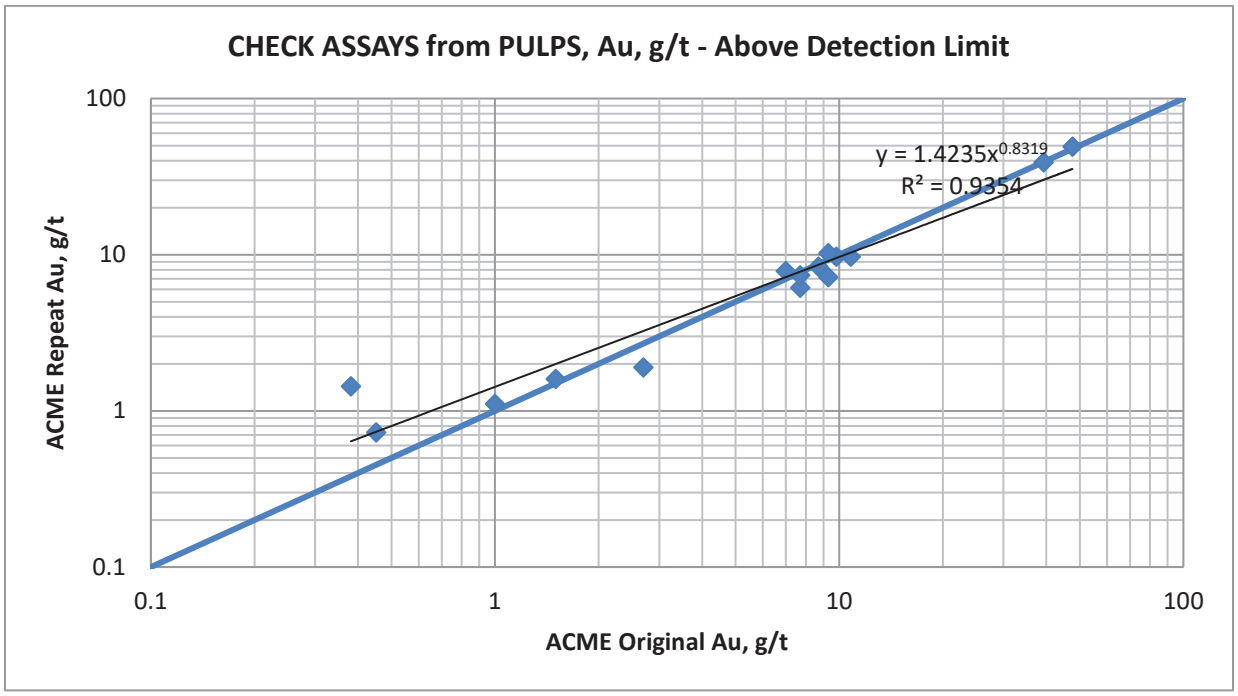

Figure 8: Pulp Duplicates Scatter Plot

12.3 Reject Duplicates

The scatter plot for gold prep duplicates is shown in Figure 10 below. All of the 33 data pairs were included in the chart. Detection limit was not as much of a problem in theses assays.
Original assays averaged 0.927 g/t while duplicate assays averaged 1.111 g/t.

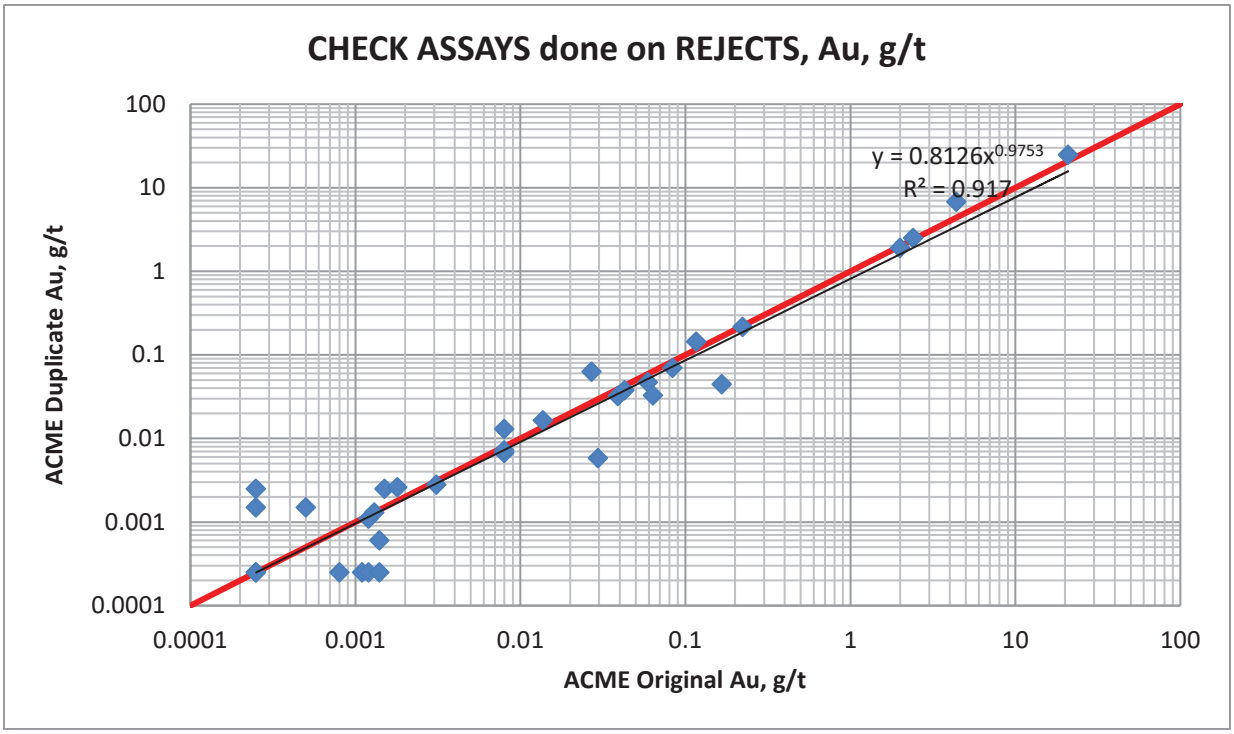

Figure 9: Prep Dups vs. Originals

12.4 Field Duplicates

Quarter core samples are not true duplicate samples but serve as an indication that assays are reproducible. Twenty quarter core field duplicates were taken and are charted in Figure 11 below. The chart shows a reasonable correlation between originals and duplicates.

Original samples averaged 2.18 g/t, ranging between 0.00025 and 31.8 g/t, while duplicate samples averaged 1.63 g/t and ranged between 0.00025 and 20.4 g/t.

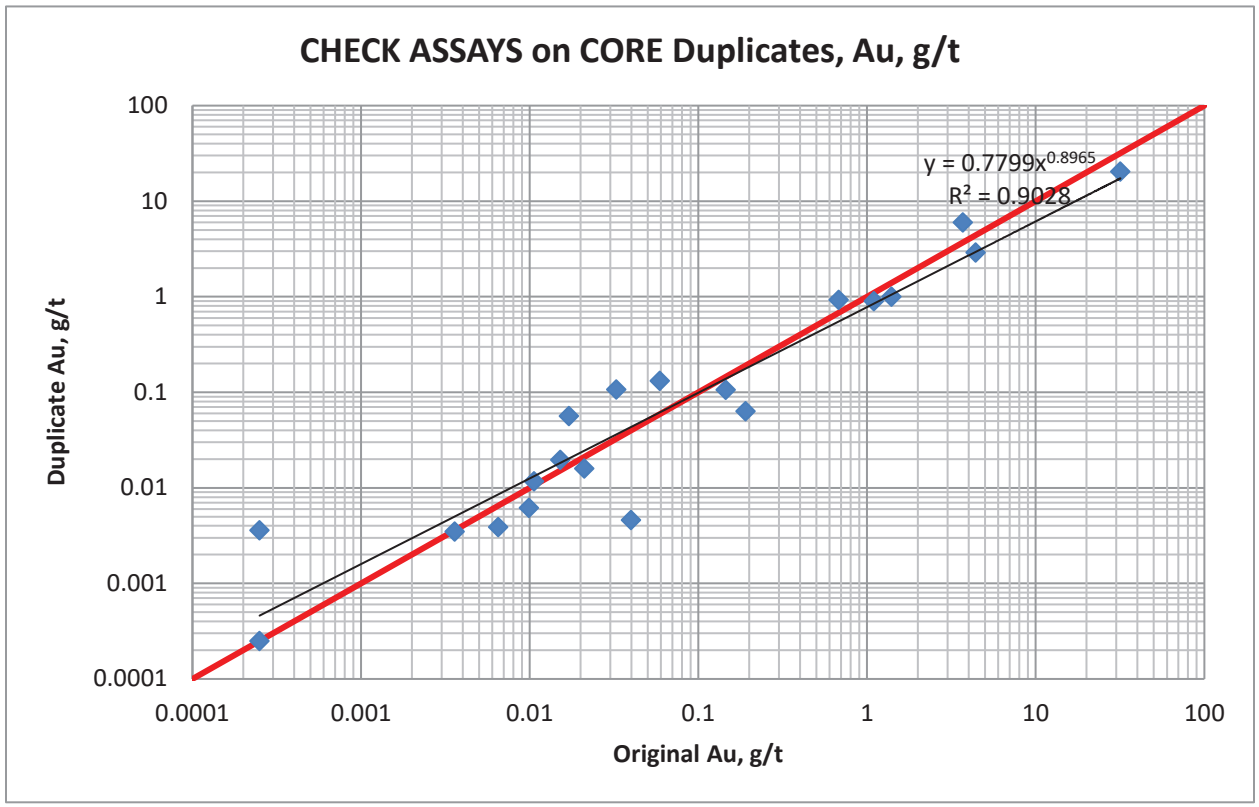

Figure 10: Check Assays for Core Duplicates in Au, g/t

13 MINERAL PROCESSING AND METALLURGICAL TESTING

Dome Mountain mineralized material will be trucked and processed at an offsite mill owned by Nicola Mining Inc. located in Merritt, B.C. Mill recoveries were based on a scoping level metallurgical program which was conducted on muck samples from Dome Mountain Mine in 2010 and a test run of 6,690 tonnes of material that was run through the Nicola mill in 2016 at a grade of 8.75 g/t, with a 95.2% gold recovery.

A total of approximately 1,070 kg of samples from six draw points containing significant levels of gold and silver were sent to Inspectorate Labs in Richmond, BC for the 2010 program. On average, the samples contained 13.3 g/t Au and 61.8 g/t Ag.

The test work objectives included the following: head characterization for all six samples, bottle roll cyanidation and alternative leaching, gravity separation testing, and flotation as well as preliminary tailings evaluation and settling tests.

A total 5 flotation tests were completed to investigate the grade-recovery characteristics of gold and silver in rougher and cleaner flotation tests. All rougher tests were done at a constant target primary grind P80 of 105 micrometers.

Test work indicated that approximately 96% of gold and silver each could be recovered into a rougher concentrate accounting for 15.7% of the feed mass, or 6.4:1 mass ratio. The rougher con grades varied between 80-93 g/t Au and 420-470 g/t Ag. Regrinding followed by cleaner flotation in test 3 however, reduced the concentrate mass pull to 11% (or 9.1:1 mass ratio) with subsequent reduction in gold and silver recoveries to 94% for gold and 92% for silver. The corresponding grades of the concentrate were 118 g/t Au and 612 g/t Ag.

14 MINERAL RESOURCE ESTIMATES

A technical review and resource estimation was completed by Linden Mining in 2012 and updated in 2013 and again in 2016 using Vulcan software. The geostatistics used for the block model grade estimation parameters were also updated in 2016 for this evaluation. Since the 2013 geostatistics update, 35 drillholes have been added to the Vulcan drillhole database and one new vein was modeled. The 9% increase in drillhole data as well as the additional modeled vein prompted the review of geostatistics parameters for this mineral resource estimate. All resources were evaluated using the cut and fill mining method and a 2.25-meter minimum mining width. In this resource estimate, all material excavated during the period of mining operation prior to 1993 has been removed. All grade values reported represent in situ material.

For the purposes of the resource evaluation, four mineralized gold veins were analyzed. The Boulder Vein has strike length of about 470 meters at an azimuth of 100 and average dip of 50 degrees south. The geologic and statistical characteristics of the Boulder East and Boulder HW veins are very similar and for that reason, these veins were evaluated together for this resource estimate. The strike length of the Boulder East is about 585 meters, while the Boulder HW is about 335 meters, both striking at an azimuth of 090 with an average dip of 70 degrees south. The Argillite Vein was also evaluated and has a strike length of 285 meters at an azimuth of 120 and an average dip of 40 degrees south.

14.1 Database Verification

All data used for this resource estimate was provided by GMI to Roughstock Mining in an Access database. Section 8 of this report details the work that was done to verify historic diamond drill hole data as well as the current QA/QC procedures used since the 2009 drilling program. This data validation work supports that the provided diamond drill hole database appears to be complete and accurate.

Data from the GMI Access database was imported into Vulcan software to complete this resource estimate. Upon import, Vulcan software checked for any overlapping assay intervals, overlapping lithologic intervals, duplicate collar locations, and that each required field has data.

14.2 Resource Estimation

Mineral resource estimation for the Dome Mountain Project was based on drill hole data provided by GMI and was reported according to CIM Definition Standards for classification of Mineral Resources and Mineral Reserves.

Assayed sample intervals determined to fall within the mineralized mineral resource zones were flagged and later composited to create a single interval for each drill hole representing the grade and width of the mineral resource zone in that location. These composited intervals were later used to estimate grade using kriging for the block model.

Solid triangulations were created using polygons based on flagged mineral resource zone locations. These solid triangulations were split into blocks representing the mineral resource body. Blocks without actual drill hole data falling within them were then assigned an estimated grade by using kriging in Vulcan block modeling software. The parameters for kriging were determined by variography on the composite dataset. Finally, a dilution script was applied to all estimated blocks. From these blocks, tonnage, grade, and gram values were calculated and reported.

14.3 Database

The provided diamond drill hole database contained 5,751 assayed intervals with an average Au grade of 2.81 grams/tonne. From this database, 785 sample intervals were determined to fall within the mineralized veins being evaluated in this study and were flagged as mineral resource zones of the Boulder, Boulder East, Boulder HW or Argillite Veins. The average grade of these flagged samples was 11.85 grams/tonne Au.

14.4 Solid Body Modeling

Three-dimensional solids were created to represent the mineral resource zones of each the Boulder, Boulder East, Boulder HW and Argillite Veins. Figure 12. These solids were created by flagging composited intervals representing mineral resource grade material for each vein. These flagged intervals were then displayed in Vulcan and by snapping to the intervals, two-dimensional polygon shapes were created in section view. The Boulder and Boulder East Veins had 25-meter spacing between polygons. Boulder HW Vein had 60-meter spacing, while the Argillite Vein had 15-meter spacing between polygons. The polygons were then connected to create a three-dimensional solid representing the mineral resource grade material for each vein.

As mentioned earlier, all material removed during mining operations was also removed for this evaluation. In order to do this, surveyed shapes of the mined-out areas were booleaned to the mineral resource zone solids and any areas previously mined areas were excluded from the solids. Block modeling was completed using the entire modeled mineral resource zone solids to best represent the original diamond drilling data. Resource calculation was completed using the booleaned mineral resource zone solids to best calculate actual remaining mineral resources

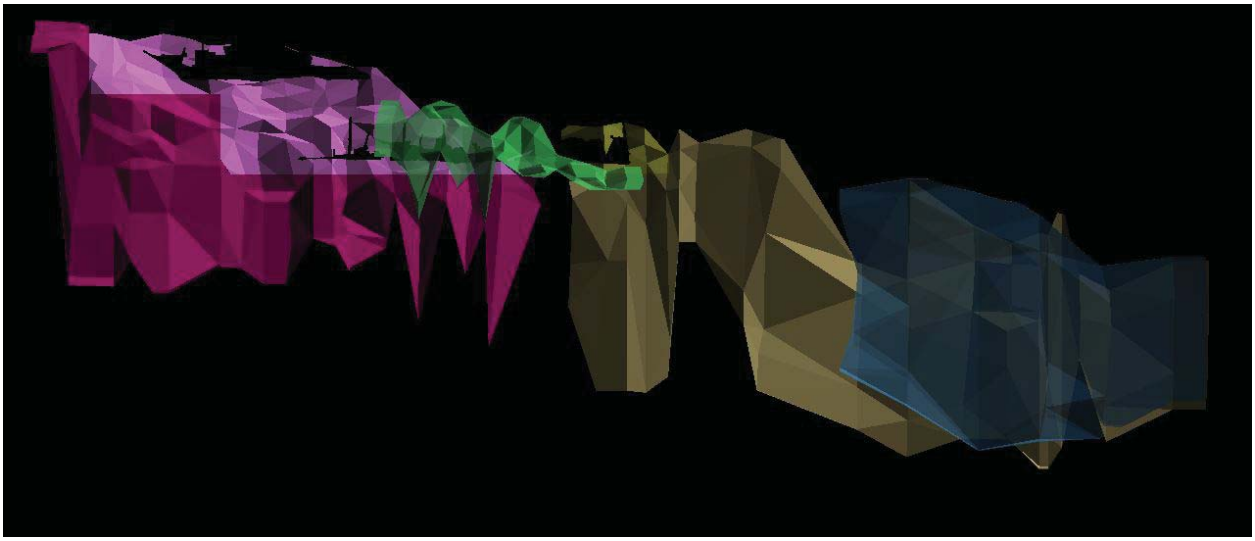

Figure 11: Triangulated Solids. Shown are the Boulder, Boulder East, Boulder HW and Argillite Veins

14.5 Compositing

Original data for each assayed interval, in drill holes that were determined to intercept the mineralized veins of interest, were used to calculate composited mineral resource zone grades. Drill holes were evaluated individually and assayed intervals falling within one of the veins of interest and having grades greater than 6.25 g/t combined Au/Ag were flagged as mineral resource zone intervals. Boulder and Boulder East Vein intercepts were flagged as 1, Boulder HW Vein intercepts were flagged as 4, and Argillite Vein intercepts were flagged as 3. Vulcan software then calculated composited mineral resource zones for each drill hole using the flagged interval grades weighted by width.

The estimation of the Boulder and Boulder East veins utilized 189 drill hole mineral resource zone composites with an average grade of 4.38 g/t Au and average composite length of 2.2 meters. The estimation of the Argillite Vein used 75 drill hole mineral resource zone composites with an average grade of 5.0 g/t Au and an average composite length of 1.6 meters. Boulder HW Vein estimation used 40 mineral resource zone composites with an average grade of 0.31 g/t Au and average composite length of 2.4 meters. Locations of these composites within the mineral resource zone solids can be seen in Figure 12 through Figure 14.

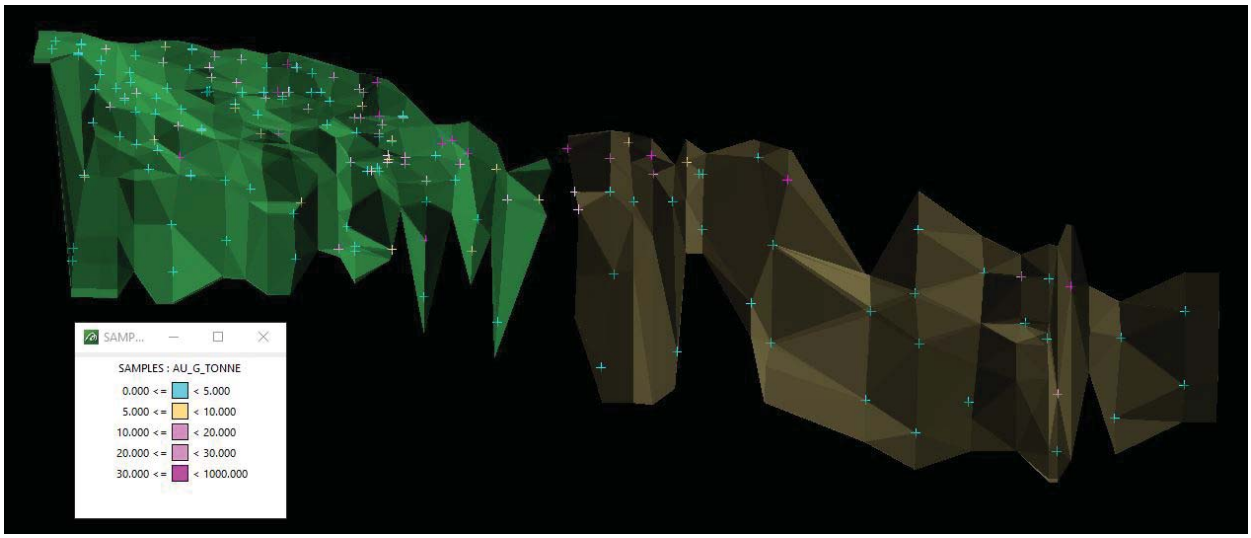

Figure 12: Composite spacing for Boulder and Boulder East Veins

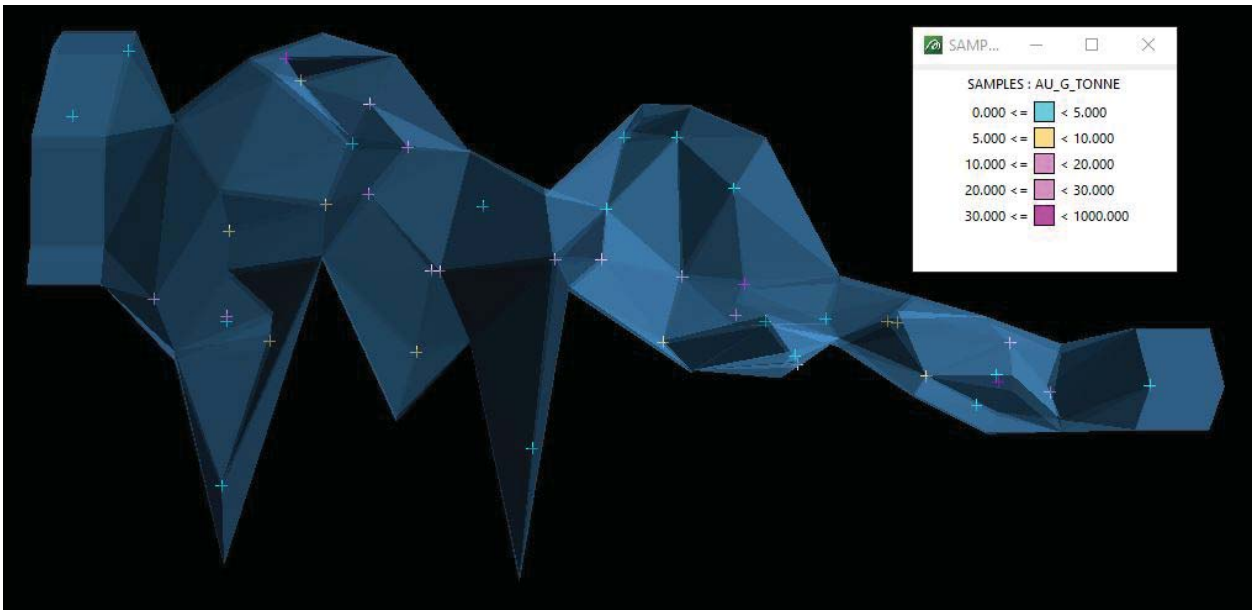

Figure 13: Composite spacing for Argillite Vein

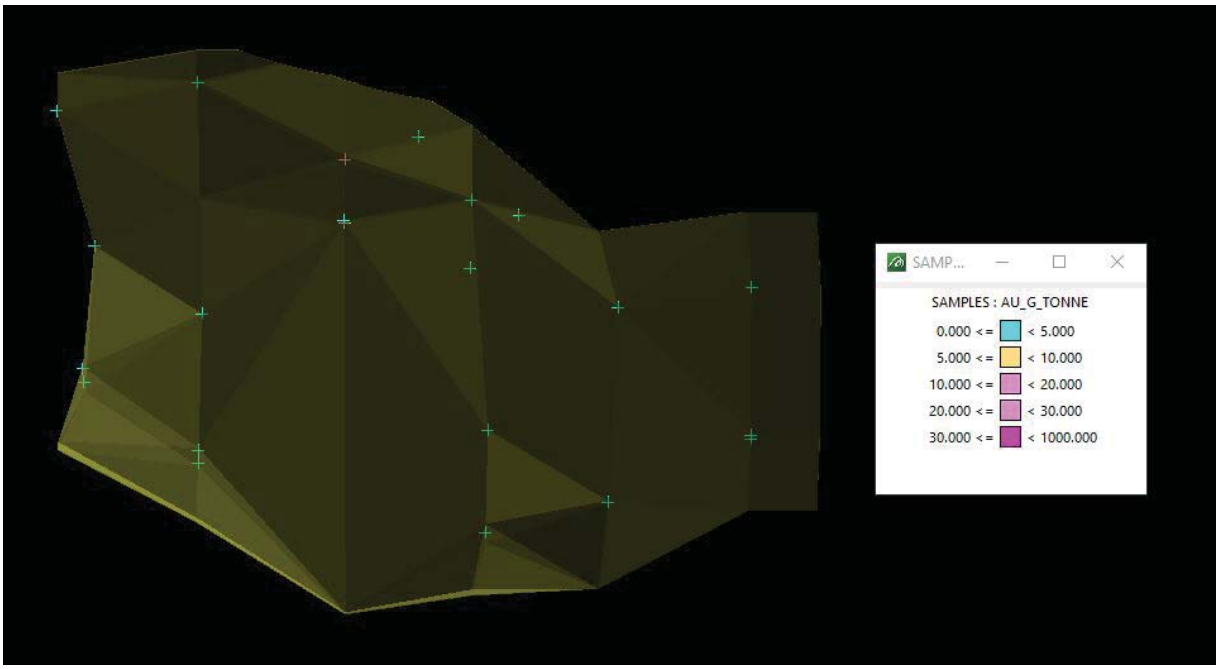

Figure 14: Composite spacing for Boulder HW Vein

14.6 Statistics

Basic statistics were run for the entire diamond drill hole database provided by GMI as well as individually for flagged mineral resource zones and composite intervals for each mineralized vein. These statistics were used for the 2016 evaluation. Figure 16 below shows the gold grade distribution of all sample intervals flagged as mineralized vein mineral resource zones.

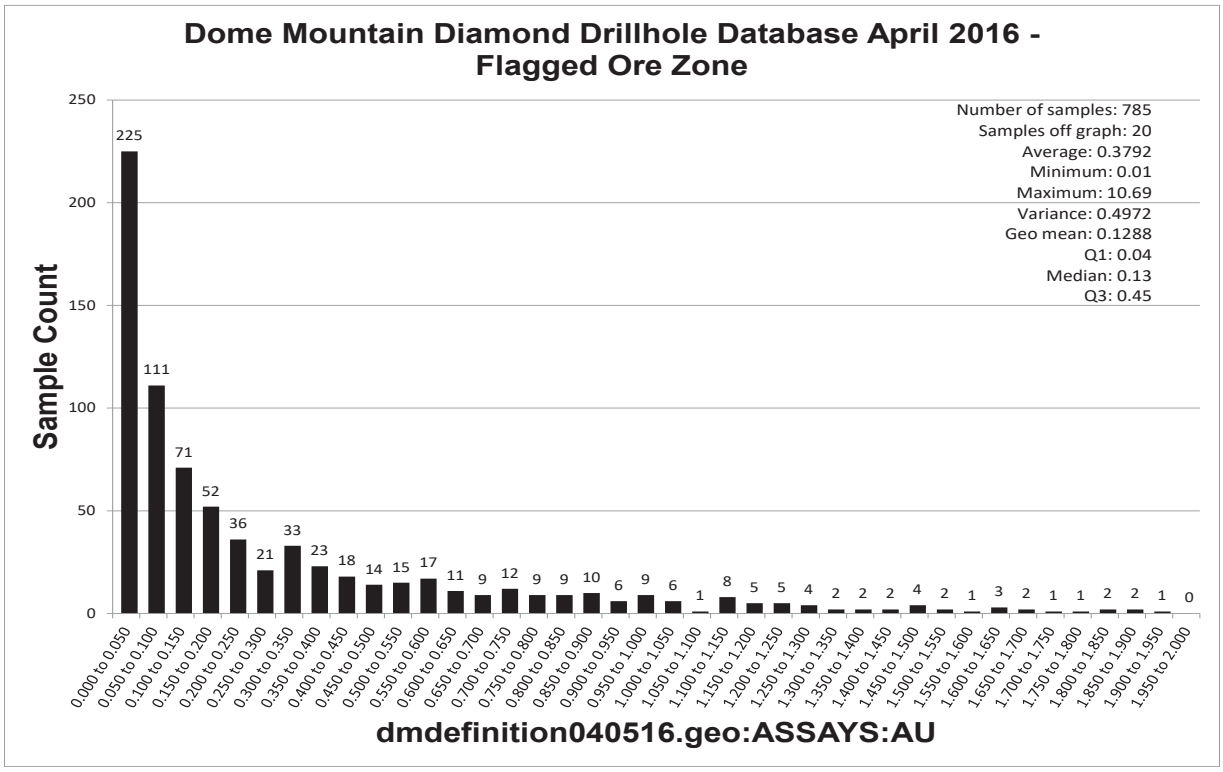

Figure 15: Gold grade histogram for flagged mineral resource zone intervals

Table 8 below summarizes the general statistics for all composites used in the Dome Mountain resource estimation. Statistics were also run to calculate the average true width of composited intervals. The Boulder Vein had a composite average true width of 2.2 m, the Boulder East and Boulder HW had a combined average true with of 2.4 m, while the Argillite Vein had a composite average true width of 1.6 m.

Basic Statistics - Dome Mountain Project Composite Dataset April 2016 (All Values Au grams/tonne)								
Vein Name	**UTM Range**	**# of Comps**	**Min**	**Max**	**Median**	**Std Dev**	**Variance**	**99% Clip**
Boulder and Boulder East	652800 to 653850	189	0.31	129.69	4.38	16.25	8.44	69.38
Boulder HW	653515 to 653855	40	0.00	24.38	0.31	4.69	0.63	20.31
Argillite	653100 to 653350	75	0.00	87.19	5.00	14.69	6.88	80.31

Table 8: Dome Mountain Project Composites

14.7 Grade Capping

High values for both gold and silver are present in assays for the Dome Mountain Project. In order to avoid skewed grade estimates when block modeling the geologic resource, composited grades were capped to eliminate the upper 1% of assay results. Using Vulcan software, the grade value for the 99th percentile was calculated.

As a result of the 2016 geostatistics update, the 99% clip for each of the veins changed. The Boulder and Boulder East clip lowered from 89.69 to 69.38 grams/tonne, the Argillite increased from 71.56 to 80.31 grams/tonne and the Boulder HW was added with a clip of 20.31 grams/tonne. These capping limits were defined within and applied by Vulcan software during the estimation of block grade values in the block modeling process.

14.8 Variography

Omnidirectional and directional correllograms were created for both the Boulder, Boulder East and Boulder HW Veins, and the Argillite Vein. The populations are clearly isotropic for both vein systems; thus the omnidirectional correllogram values were chosen to be used for block modeling parameters. Declustering of data was unnecessary since drillhole spacing was relatively even throughout the exploration of the veins of interest. It should be noted that even with 2009 infill drilling data included, there is still limited drillhole data for these veins. Likely, the cyclicity observed in the omnicorrellograms is a result of limited data.

Figure 17 through Figure 18 below show the variography results for the Boulder, Boulder East and HW, and Argillite Veins. All models use a 50% nugget as well as 99% clipping based on assay grade to eliminate skewness from very high-grade samples. The Boulder Vein has a single spherical structure at 30 meters, the Boulder East and Boulder HW veins were evaluated together and have a single spherical structure at meters, while the Argillite vein is at 25 meters.

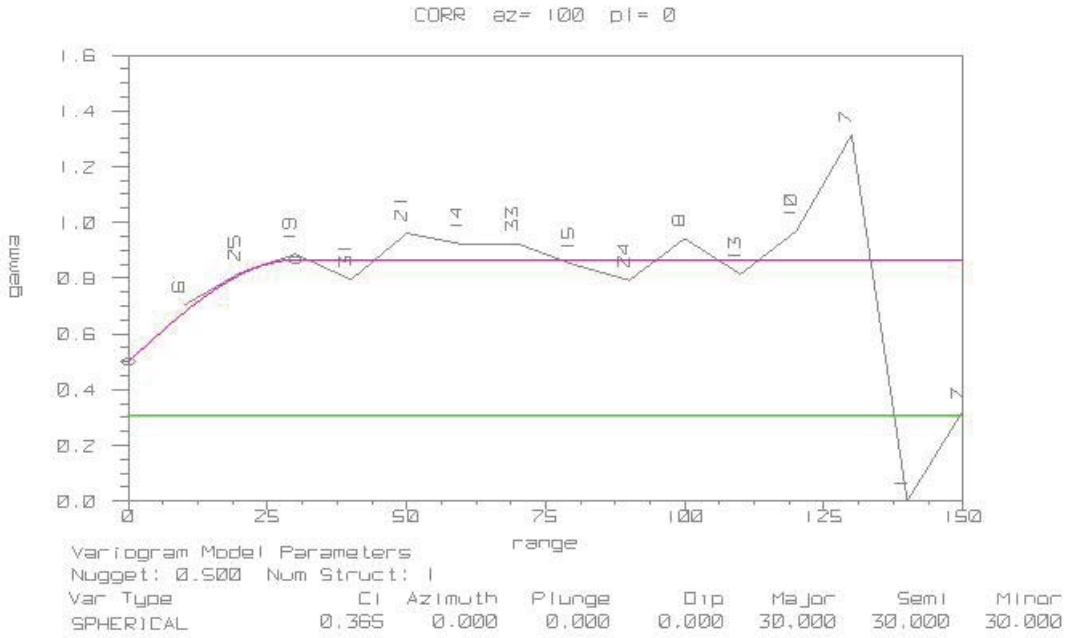

Figure 16: Boulder Vein Variography

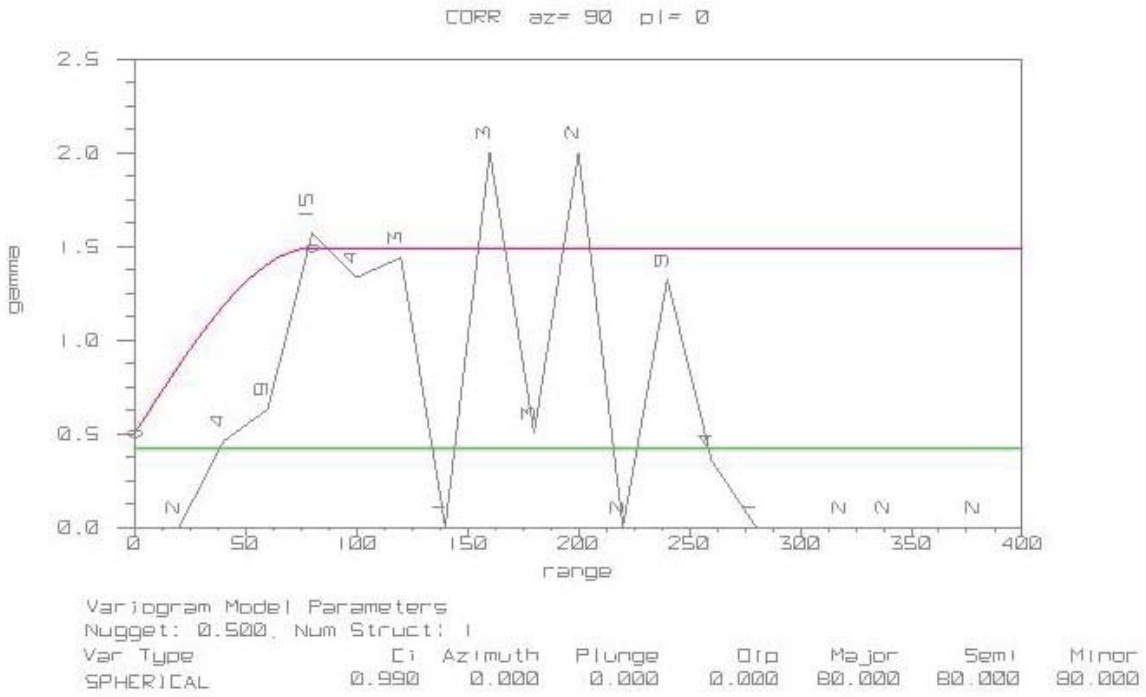

Figure 17: Boulder East and Boulder HW Vein Variography

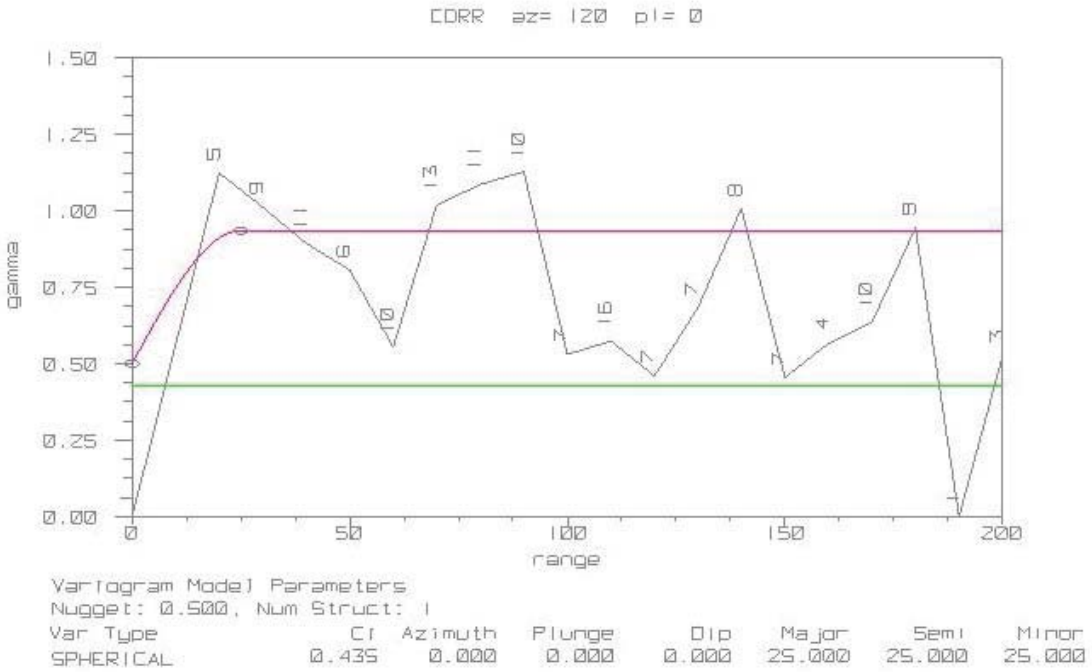

Figure 18: Argillite Vein Variography

14.9 Block Model and Grade Estimation

A single block model was generated for the Boulder East and Boulder HW veins as well as separate block models for each the Argillite Vein and Boulder Vein. Each of these block models used blocks 3m x 3m mineral resource zone thickness to best represent the solid mineral resource body. Blocks were confined to the limits of the solid mineral resource body triangulations. For this portion of the evaluation, previously mined areas were included in the block model to best represent drill hole data. A density of 3.06 was used for all calculations.

The Boulder and Boulder East Vein block models shown below display the undiluted grade and extents of the block models.

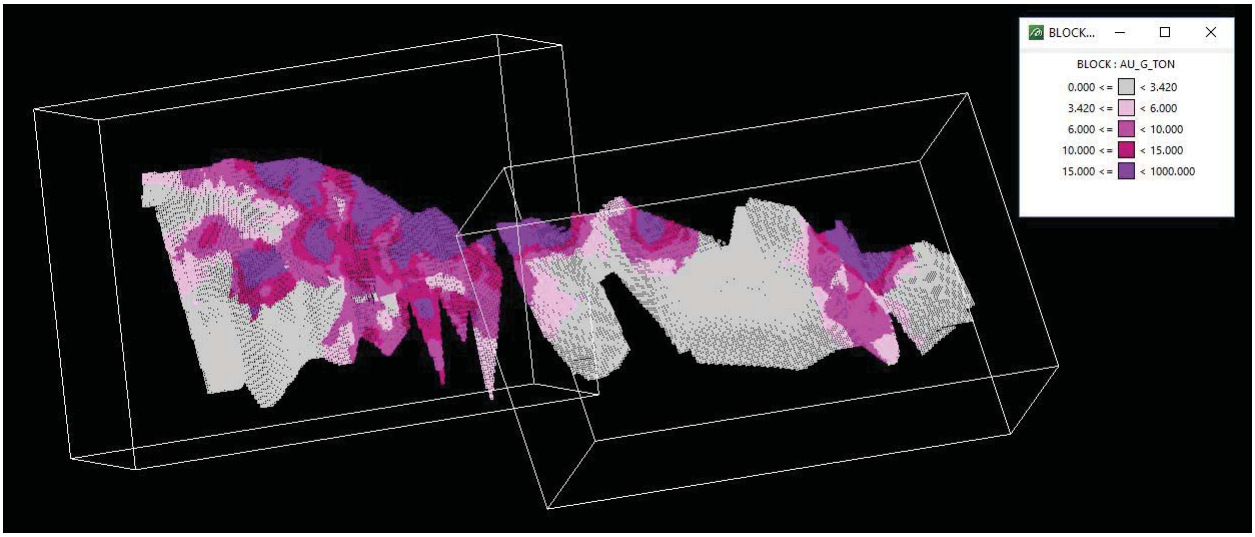

Figure 19: Boulder and Boulder East Veins undiluted grade block model and block model extent

Origin
X Coordinate 653240.0
Y Coordinate 6068740.0
Z Coordinate 1000.0

Rotation
Bearing 90.0 (absolute bearing of X axis around Z axis)
Plunge 0.0 (relative rotation of X axis around Y axis)
Dip 20.0 (relative rotation of Y axis around X axis)
(Rotations follow left hand rule)

Display
Pick Origin

(Offsets are the minimum distance from the origin).

Schemes

	Scheme	Start X Offset	Start Y Offset	Start Z Offset	End X Offset	End Y Offset	End Z Offset	Block X Size	Block Y Size	Block Z Size	Bl X M
1	parent	0.0	0.0	0.0	651.0	200.0	390.0	3.0	200.0	3.0	
2	subblock	0.0	0.0	0.0	651.0	200.0	390.0	3.0	0.25	3.0	
*											

Figure 20: Origin location and block sizes of Boulder block model

Below in Figure 21 the Argillite Vein block model shown on the left and Boulder HW shown on right display undiluted grade and the extents of the block models.

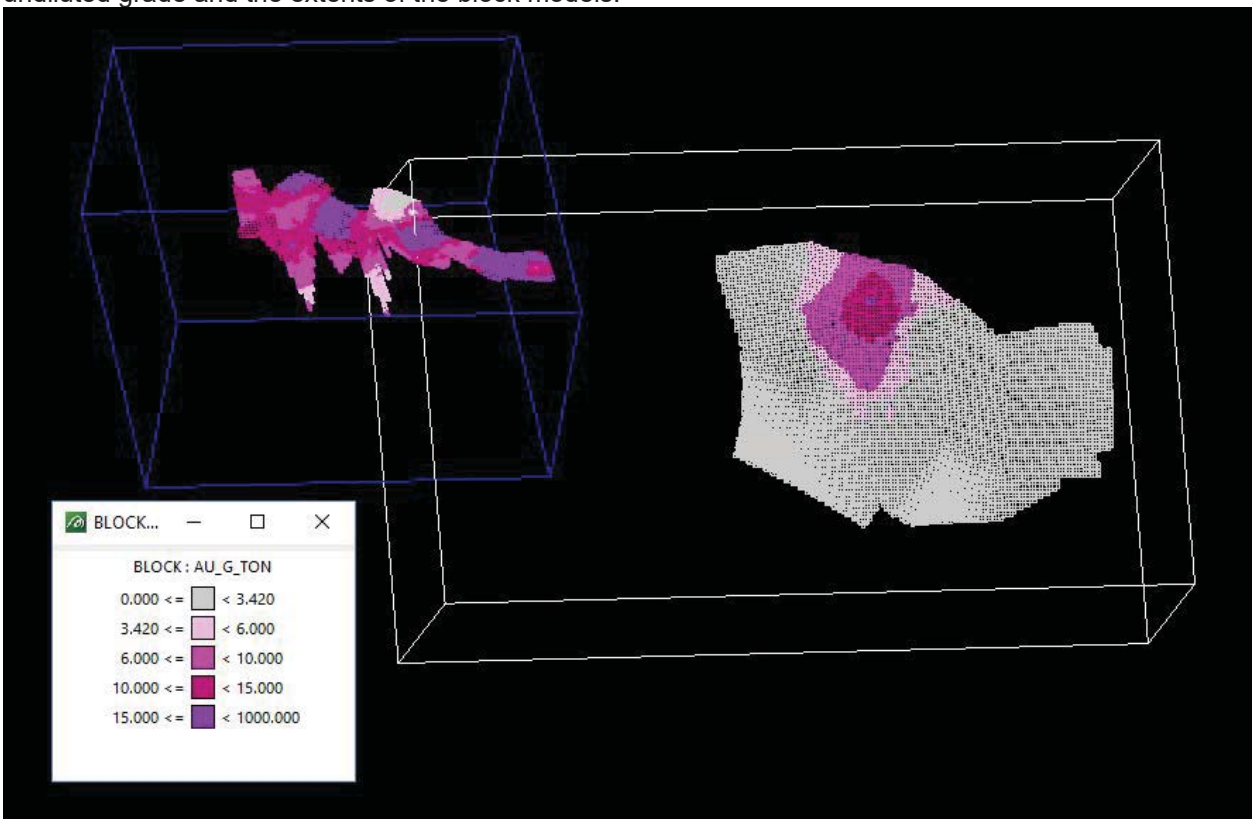

Figure 21: Argillite and Boulder HW Veins undiluted grade block models and block model extents

Origin
X Coordinate 653000.0
Y Coordinate 6068700.0
Z Coordinate 1250.0

Rotation
Bearing 90.0 (absolute bearing of X axis around Z axis)
Plunge 0.0 (relative rotation of X axis around Y axis)
Dip 50.0 (relative rotation of Y axis around X axis)
(Rotations follow left hand rule)

Display
Pick Origin

(Offsets are the minimum distance from the origin).

Schemes

	Scheme	Start X Offset	Start Y Offset	Start Z Offset	End X Offset	End Y Offset	End Z Offset	Block X Size	Block Y Size	Block Z Size	Bl X M
1	parent	0.0	0.0	0.0	351.0	200.0	327.0	3.0	200.0	3.0	
2	subblock	0.0	0.0	0.0	351.0	200.0	327.0	3.0	0.25	3.0	
*											

Figure 22: Origin location and block sizes of Argillite block model

Once blocks were created using the defined block sizes and locations, each block was assigned an estimated grade using ordinary kriging. Each block estimate was completed in a series of four passes searching for the nearest composite interval values to the block being estimated. Each block utilized a minimum of two and maximum of five composite intervals in its grade estimation. The number of structures

and the search radius for each grade estimation were based on results of variography for that particular mineralized vein.

14.10 Model Validation

Various checks were completed to assure the block model accurately represented the modeled mineralized veins. After the solid body was broken into individual blocks, the original polygons as well as composited intervals were loaded in section view in Vulcan. The blocks were then overlaid in this section to confirm that block sizes matched the modeled mineral resource body and composited intervals and that all blocks fell within the modeled solid.

Another confirmation that the block model accurately represents the modeled solid was comparison of the solid body tonnage to undiluted block model tonnage. Table 9 below shows the percent difference in tonnages. The Boulder HW Vein had a larger difference because there were some blocks not estimated at the edges of the block model due to the closest composite value being too far away.

	Tri Tons	Undiluted Tons	% Difference
Boulder Vein	834100	834552	0.05%
Boulder East Vein	595935	589060	-1.17%
Boulder HW Vein	361986	326914	-10.73%
Argillite	84914	84617	-0.35%

Table 9: Volume Validations

14.11 Mineral Resource Classification

All resource values for the Dome Mountain Project are classified according to CIM (2005) definitions. Based on these definitions, Dome Mountain reported both Indicated and Inferred Mineral Resources. No Measured Mineral Resources are present at the Dome Mountain Project. Portions of both the Boulder and Boulder East Veins have detailed and reliable diamond drilling information, these areas have been classified as Indicated Mineral Resources. Areas of the Boulder and Boulder East Veins with sparse diamond drilling information as well as the Boulder HW and Argillite Veins have been classified as Inferred Mineral Resources.

14.12 Mineral Resource Statement

The Dome Mountain Mineral Resource was calculated by limiting tonnage and grade reporting to solid mineral resource zone triangulations with material mined before 1993 removed, since those areas are now void of economic material. Table 10 below provides a summary of the Dome Mountain Mineral Resource estimate with an effective date of July 1, 2020.

INDICATED RESOURCE

UNDILUTED

AU CUTOFF GRADE 3.42 g/tonne					**AG CUTOFF GRADE 23.94 g/tonne**
	Tonnes	Grade	Gold Grams	Gold Ounces	Silver Ounces
Boulder Vein	164,735	14.00	2,306,915	74,169	372,203
Boulder East Vein	8,736	24.38	212,997	6,848	25,260
TOTAL	173,471	15.78	2,519,912	81,017	397,463

CUT AND FILL

AU CUTOFF GRADE 3.42 g/tonne					**AG CUTOFF GRADE 23.94 g/tonne**
	Tonnes	Grade	Gold Grams	Gold Ounces	Silver Ounces
Boulder Vein	213,647	10.46	2,223,698	71,815	380,523
Boulder East Vein	13,629	14.71	200,462	6,445	25,260
TOTAL	227,276	10.71	2,434,160	78,260	405,783

INFERRED RESOURCE

UNDILUTED

AU CUTOFF GRADE 3.42 g/tonne					**AG CUTOFF GRADE 23.94 g/tonne**
	Tonnes	Grade	Gold Grams	Gold Ounces	Silver Ounces
Boulder Vein	171,611	9.83	1,687,427	54,252	324,479
Boulder East Vein	166,852	8.96	1,494,959	48,064	109,997
Argillite Vein	75,486	14.23	1,074,159	34,535	192,411
Boulder HW Vein	46,079	8.36	385,341	12,389	47,769
TOTAL	460,028	10.09	4,641,886	149,240	674,656

CUT AND FILL

AU CUTOFF GRADE 3.42 g/tonne					**AG CUTOFF GRADE 23.94 g/tonne**
	Tonnes	Grade	Gold Grams	Gold Ounces	Silver Ounces
Boulder Vein	198,452	7.48	1,483,637	47,700	260,791
Boulder East Vein	174,754	6.75	1,178,854	37,901	35,820
Argillite Vein	108,175	9.39	1,015,467	32,648	167,781
Boulder HW Vein	48,803	6.32	308,671	9,924	8,162
TOTAL	530,183	7.52	3,986,629	128,173	472,554

Table 10: Dome Mountain Indicated and Inferred Resources for all Veins

14.13 Dilution

In order to most accurately report true mining widths and grades, a dilution script was applied to the Dome Mountain Mineral Resource estimate. The resource was diluted to best represent a cut and fill mining method. Cut and fill minimum mining width is estimated at 2.25 meters based on experience at other narrow

vein mining operations. In order to account for material handling between mining at the face and transport to a milling site, an additional 0.91 meters of dilution was applied. Dilution was calculated by taking undiluted composite thickness and adding 0.91 meters. If this total width was still below minimum mining width for the mining method being calculated, then the total width was increased to the minimum mining width. If the undiluted thickness plus material handling dilution was greater than minimum mining width, then the undiluted thickness plus material handling dilution thickness was used. All cut and fill resources were reported utilizing diluted thickness and grade based on mining method.

15 MINERAL RESERVE ESTIMATE

The Project has no declared Mineral Reserves per CIM definitions.

16 MINING METHODS

16.1 Production

The Dome Mountain deposit is a system of structure-controlled orogenic (mesothermal) quartz-carbonate-sulphide veins with associated gold and silver mineralization. The mining method, mechanized ramp cut and fill, is contemplated being utilized at the Dome Mountain Mine to maximize recovery of the mineral resource. The mechanized cut and fill method optimizes mineral resource extraction since this method allows for the ability to follow irregular mineralized zones quite precisely and allow greater selectivity in mining and results in a higher-grade mineralized product. Recovery for this method was planned at 95% and dilution was estimated at less than 10%. Other mining methods that could be proposed in the future may include narrow vein long hole stopes in areas where the mineralized zone is dipping at more than 45 degrees, captive slusher stopes, shrinkage stopes, or resue mining to minimize dilution where the ore zone is too narrow.

Unconsolidated rock backfill is planned to be used in all mechanized ramp cut and fill stopes after mining is completed to stabilize the ground and to provide a working platform for the next cut and fill lift (stope). This backfill is the development waste from the Dome Mountain Mine. This will reduce the overall closure costs for the operation. It is planned to carry out geotechnical studies in the future to determine if cemented rock fill (CRF) is an option for backfill. This is also depended on future permitting requirements.

Cut and fill stoping includes methods in which a single excavation pass, or a lift is completed and backfilled before another cut is made. The initial horizontal ore drifts are mined 3.0 meters in height and are mined advancing away from the stope access point with the subsequent horizontal cuts being mined 2.4 meters in height. The excavated mineral resource falls and rests on the backfill placed during the previous cut and fill cycle. As cut and fill cycles are completed, the stope is advanced upward. This means that the vein must be developed from the bottom.

For the purposes of this study, a production rate of 100 tonnes per day was utilized.

Figure 23 is a long section showing ramp design with the vertical locations of the vein access. As shown on Figure 23, a strike ramp was designed from the 1312 level to the 1370 level. This ramp is designed at 3.4 meters wide by 4 meters high with a maximum grade of 15%. The current design was started at the face of the existing ramp which was mined to the 1317 elevation and is planned to connect to the 1370 level.

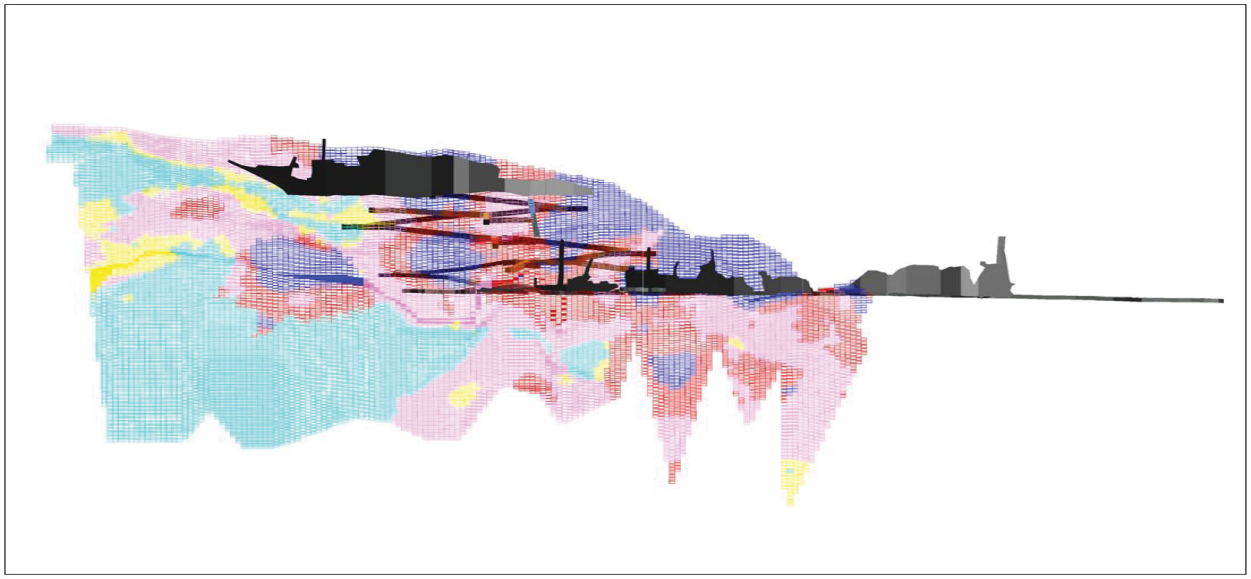

Figure 23: Proposed Development, Longitudinal View Looking North

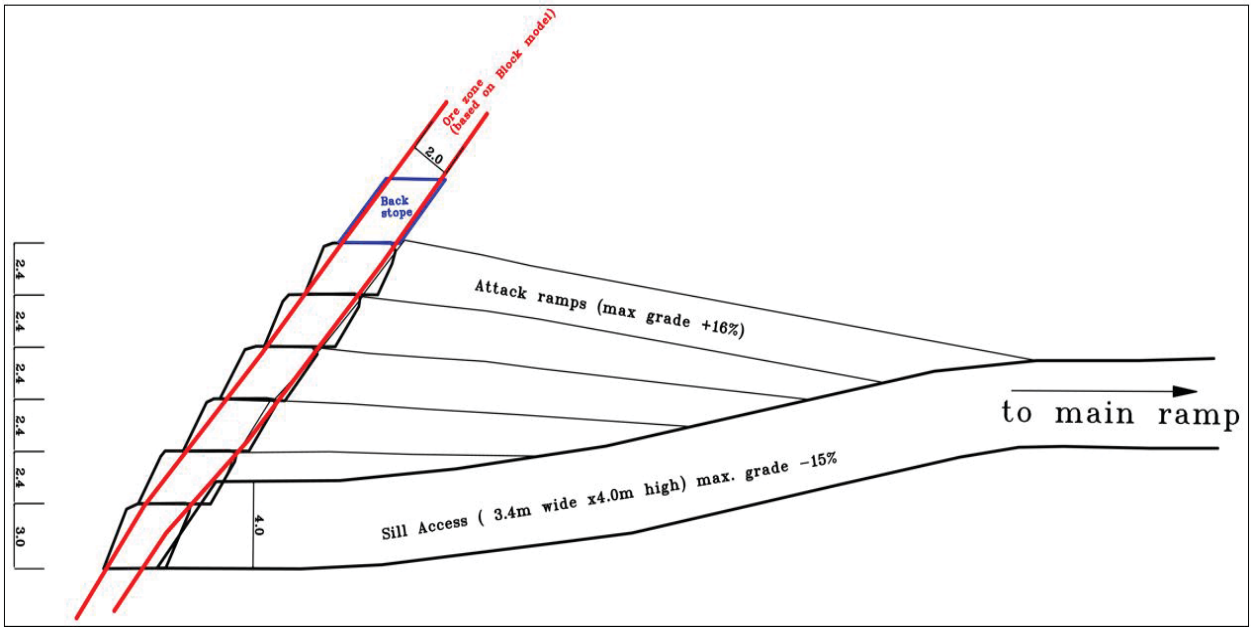

Figure 24: Typical CF Cross Section View Looking West

Cut and fill accesses were designed off the 1312 elevation, 1330 elevation, 1348 elevation and 1358 elevation, and a short decline off the 1370 level. Figure 24 is a typical cross section showing access and attack ramps. Production mining is currently in progress off the 1290 level. Figure 25 to Figure 29 show the designs of the accesses.

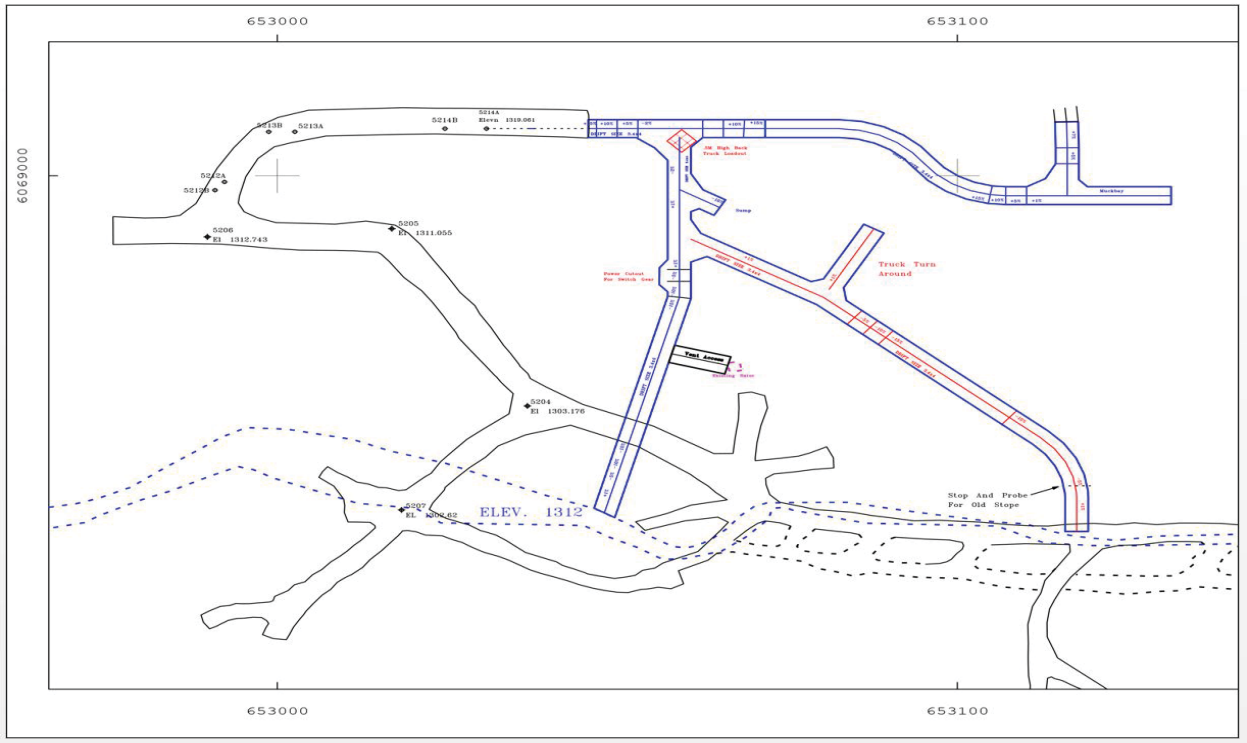

Figure 25: 1312 Stope Access Plan, 1312 Level Stopes

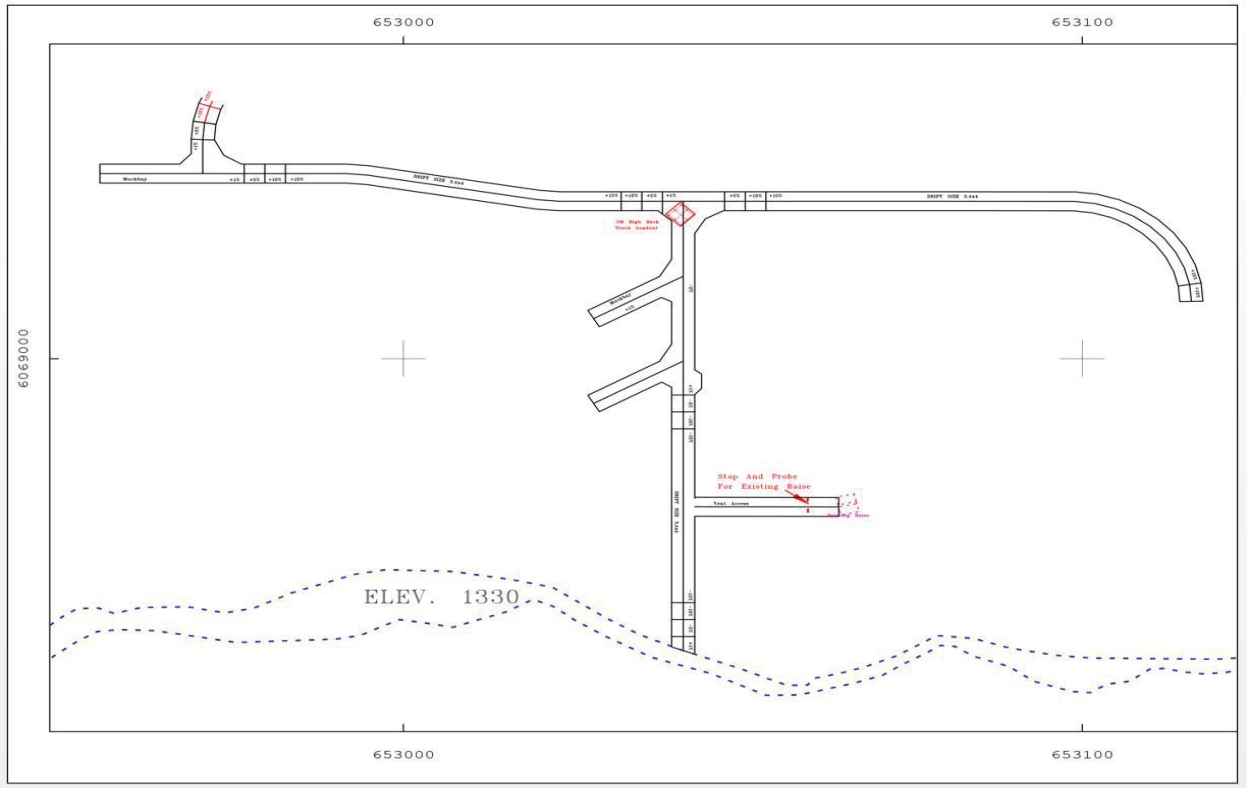

Figure 26: 1330 Stope Access Plan, 1330 Level Stopes

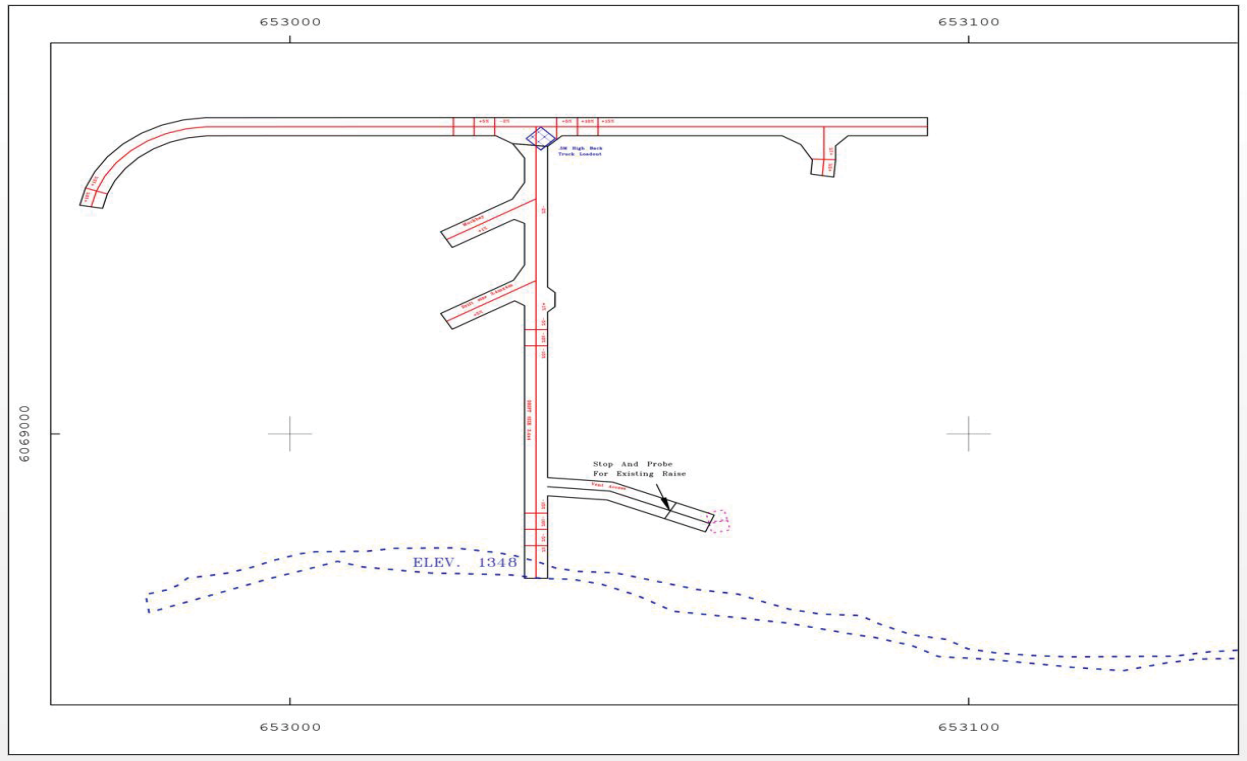

Figure 27: 1348 Stope Access Plan, 1348 Level Stopes

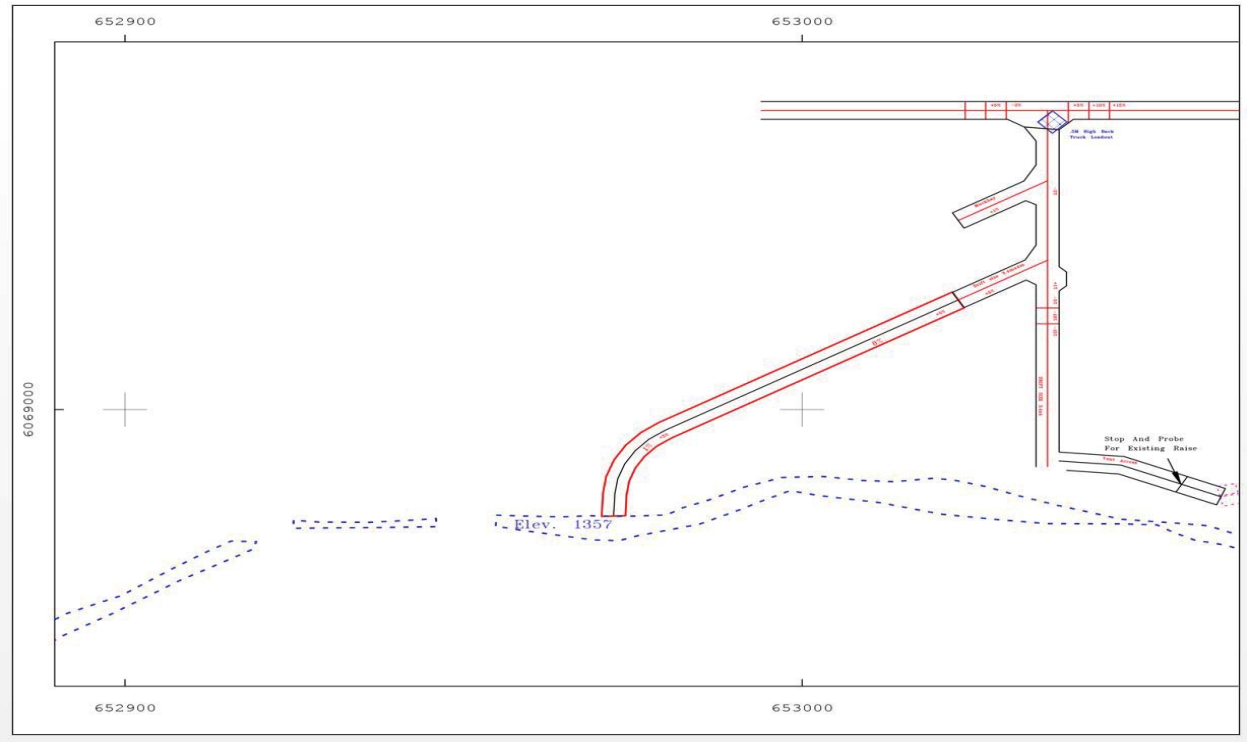

Figure 28: 1358 Stope Access Plan, 1358 Level Stopes

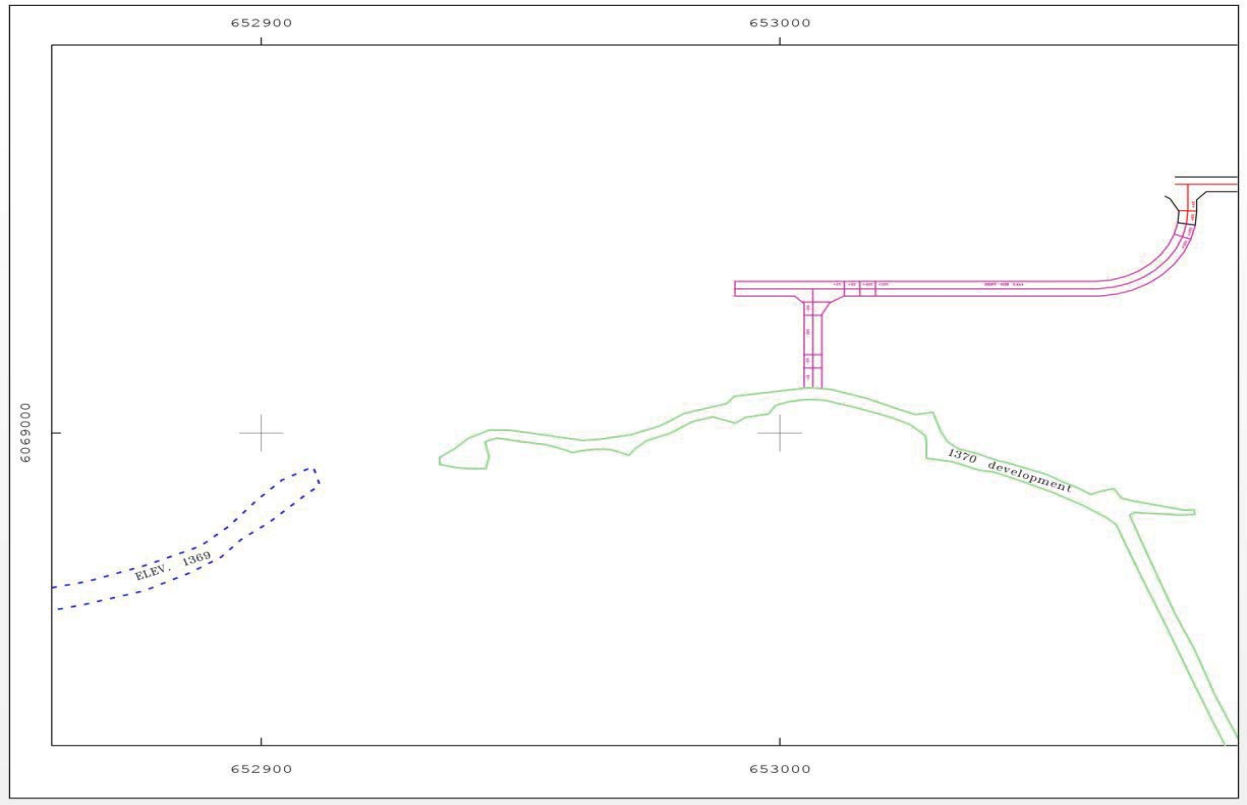

Figure 29: 1370 Stope Access Plan, 1370 Level Stopes

The accesses are designed at a size of 3.4 meters wide by 4 meters high at a maximum decline or incline of 15% off the ramp.

A transition zone from +15% to level over 3 rounds was designed for each access to allow a flat area for the transition of equipment from the ramp to the access and allow a safe area for the loading of trucks.

The accesses were designed to provide a maximum of 5 cut and fill stopes from each access with a 3 to 4.5 meter pillar between the top cut of one access and the bottom cut of the next access up the ramp being mined as a back-stope. Accesses were designed to be breasted down after the completion of each cut with the waste remaining in the access for fill as a platform to work the next cut. Transitions were designed at the top of the ramp from level to -15%, and again prior to intersecting the Boulder Vein to allow equipment a safe transition zone. A small cut-out was completed near the transition to -15% to allow utility holes to be installed from level to level.

A small decline from the 1370 level will be mined to access an area of mineralization on the west side of ramp area that cannot be accessed from the 1348 access.

The stopes will be filled with waste development muck. There will not be any processing of the development waste prior to backfilling. Typically, a minus 305 mm sizing of the waste material is preferred to optimize compacting of the fill, but most waste fill can be placed without special sizing gradation and still provide adequate wall support and working surface. However as mentioned earlier it is planned to carry out geotechnical studies in the future to determine if cemented rock fill (CRF) is an option for backfill.

The waste fill will be placed in the stope using a load-haul-dump (LHD) machine. The LHD will dump the load and push the material into place from the stope entrance to the end of the stope. Tight filling to the back of the stope is not required. Compacting of fill material will occur during the breasting operation of the

next cut and fill lift. The compacting of the backfill will occur automatically as the mining equipment (jumbo and LHD) are operating on the backfill material.

16.3 Development

Development for the mine is limited to excavation required to establish and maintain operations at an average production rate of 100 tonnes per day. The mine is accessed via the existing 1290 and 1370 levels. The 1370 level has been designated as the fresh air intake and the 1290 level has been designated the main haulage way and will provide the exhaust pathway for the ventilation system. A ramp and a ventilation raise as shown in Figure 30 will be excavated between the 1290 and 1370 levels to allow access to the cut and fill stopes and to provide fresh, clean air to the working headings. Figure 31 shows a view of the development looking east down the strike of the vein.

The development throughout the proposed mine will be standardized with the following excavation sizes:

Ramp	3.4 meters wide	x	4 meters high
Tramming Level	3.4 meters wide	x	4 meters high
Ventilation Headings	3.4 meters wide	x	4 meters high
Stope Accesses	3.4 meters wide	x	4 meters high
Sumps	3.4 meters wide	x	4 meters high

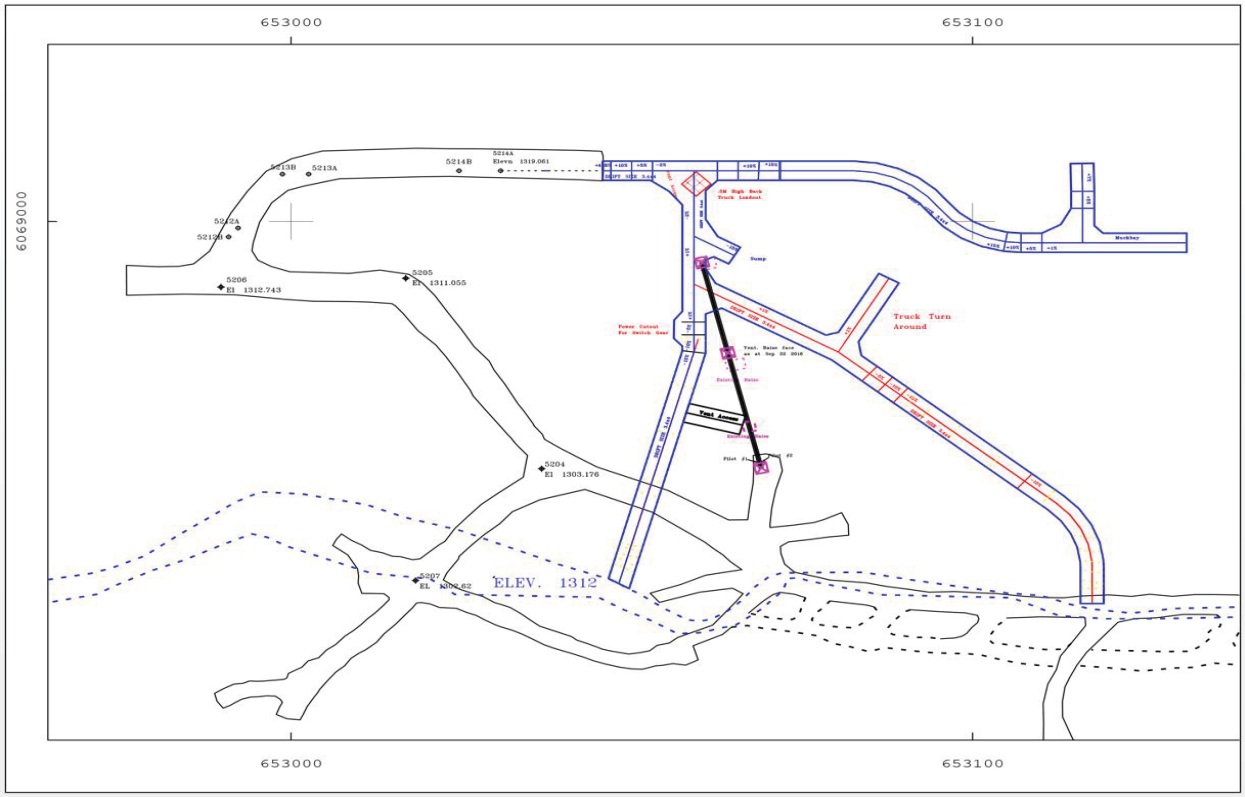

Figure 30: 1312 Stope Access Plan and Ventilation Raise from 1290 to 1370 Level

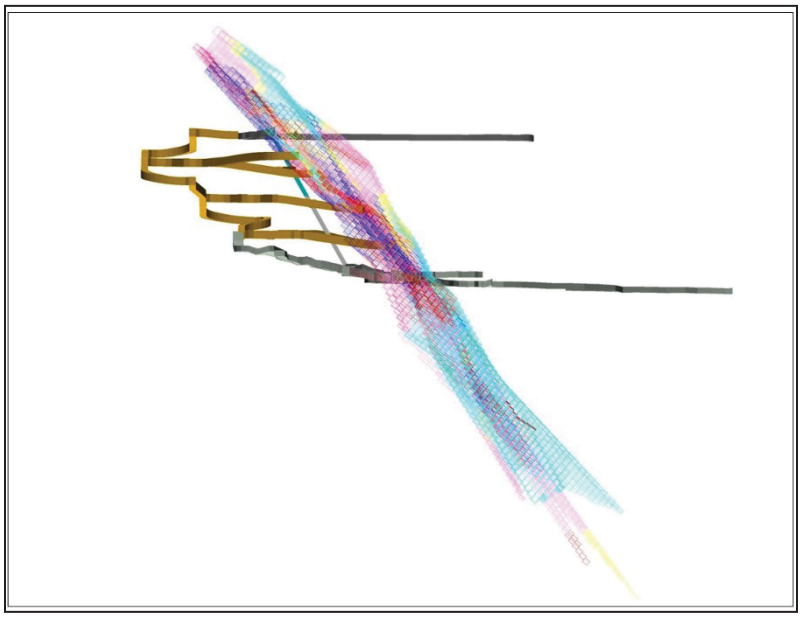

Figure 31: Proposed Development, Side View looking East

16.4 Production and Development Schedules

A 12-year Life of Mine production and development schedule was developed based on the detailed stope outlines from the 2016 block model and the mining reserves detailed in Table 11Table 11 below using a 10% dilution factor and 95% mining recovery factor. A detailed schedule was developed based on a 100 tonne per day production rate. The following assumptions were made regarding the future production and development of the Dome Mountain Mine:

- An average development rate of 3.0 meters x 2 rounds per day, single development crew
- Ore production rate of 100 tonnes per day
- Mining ore rounds_ sill drifts averaging 1.83 meters long x 3 rounds or
- Mining ore rounds_ cut and fill averaging 2.44 meters long x 3 rounds
- Backfilling of mined out stopes at a rate of 180 tonnes per day

Completing this exercise indicates that development and production mining continues for 12 years. During this 12-year mine plan, 114k tonnes of development waste and 436k tonnes of mineralization will be produced at an estimated recovery grade of 6.6 g/t Au and 27.3 g/t Ag. A summary of the production schedule is shown in Table 11.

Project Year		Total	0	1	2	3	4	5	6	7	8	9	10	11	12
Mineralization mined	*t*	436,321	-	33,489	37,546	37,616	37,450	37,869	37,859	37,870	38,101	37,734	38,139	37,884	24,764
Au Grade	*g/t*	6.7		10.72	7.05	8.77	8.31	7.52	5.21	4.63	4.88	4.58	4.87	6.75	7.47
Au Grams	*g*	2,906,784	-	358,962	264,631	330,073	311,232	284,596	197,124	175,167	185,900	172,856	185,585	255,746	184,912
Au Ounces	*oz*	93,455	-	11,541	8,508	10,612	10,006	9,150	6,338	5,632	5,977	5,557	5,967	8,222	5,945
Ag Grade	*g/t*	27.3		44.00	28.93	36.02	34.11	30.85	21.37	18.99	20.03	18.80	19.97	27.71	30.65
Ag Grams	*g*	11,931,468	-	1,473,432	1,086,231	1,354,849	1,277,514	1,168,180	809,134	719,006	763,061	709,521	761,772	1,049,760	759,008
Ag Ounces	*oz*	383,604	-	47,372	34,923	43,559	41,073	37,558	26,014	23,116	24,533	22,812	24,491	33,750	24,403

Hz Dev	*m*	2,987	-	1,477	797	498	62	84	-	5	53	11	-	-	-
Hz Dev	*t*	114,401	-	61,075	29,762	18,644	1,080	2,088	-	126	1,345	281	-	-	-
Vertical Dev	*m*	33	33	-	-	-	-	-	-	-	-	-	-	-	-
Vertical Dev	*t*	587	587	-	-	-	-	-	-	-	-	-	-	-	-

Table 11: Life of Mine Production Schedule

The Life of Mine development and production schedules are depicted in Figure 32 to Figure 37 below.

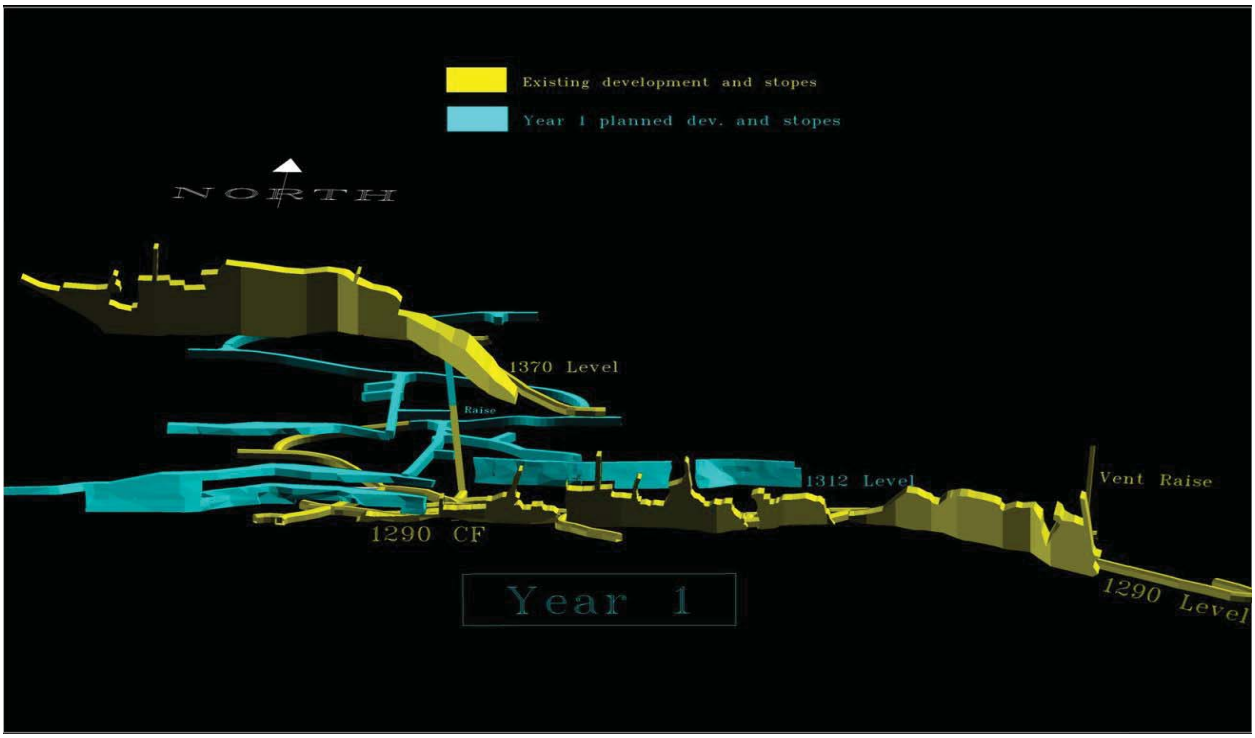

Figure 32: Year 1 Development and Stope Schedule, View looking north

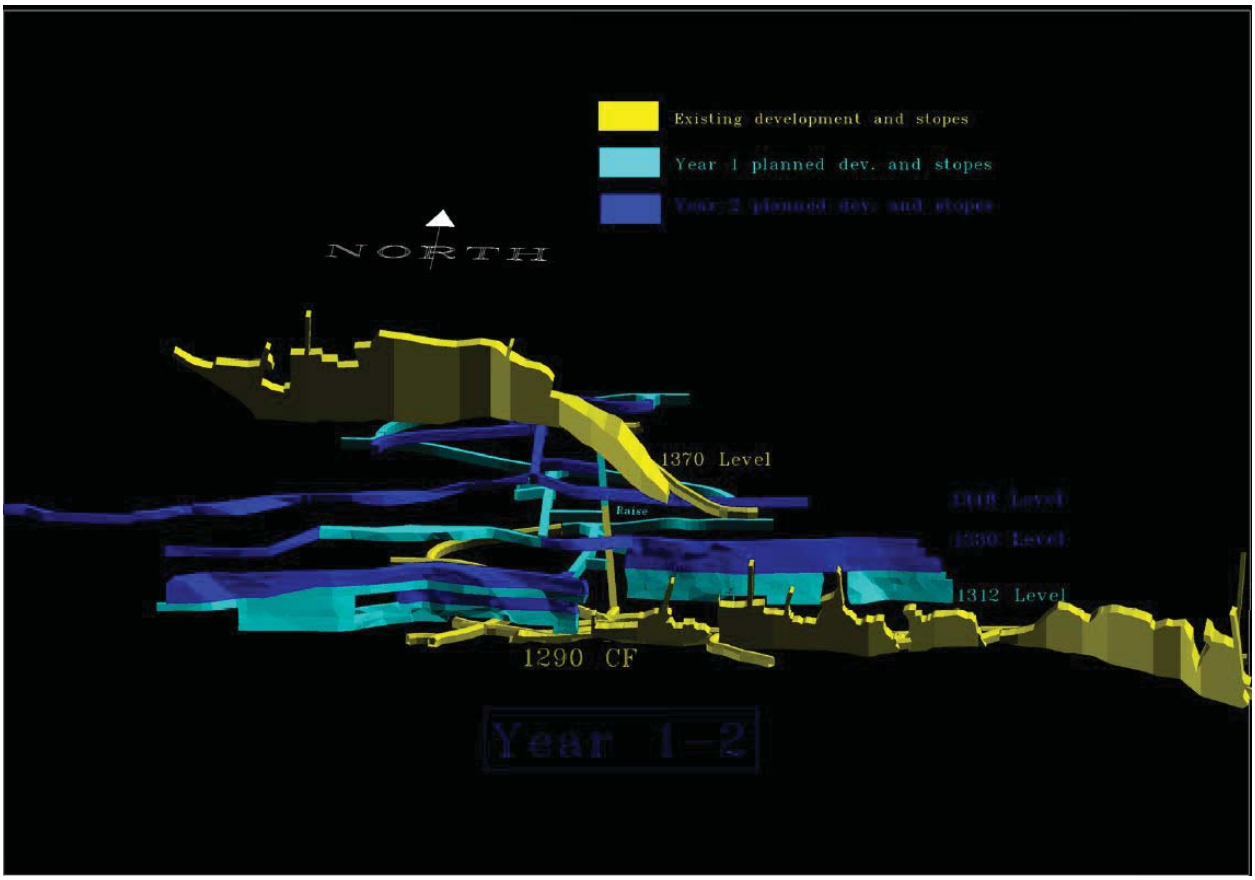

Figure 33: Year 1 to 2 Development and Stope Schedule, View looking north

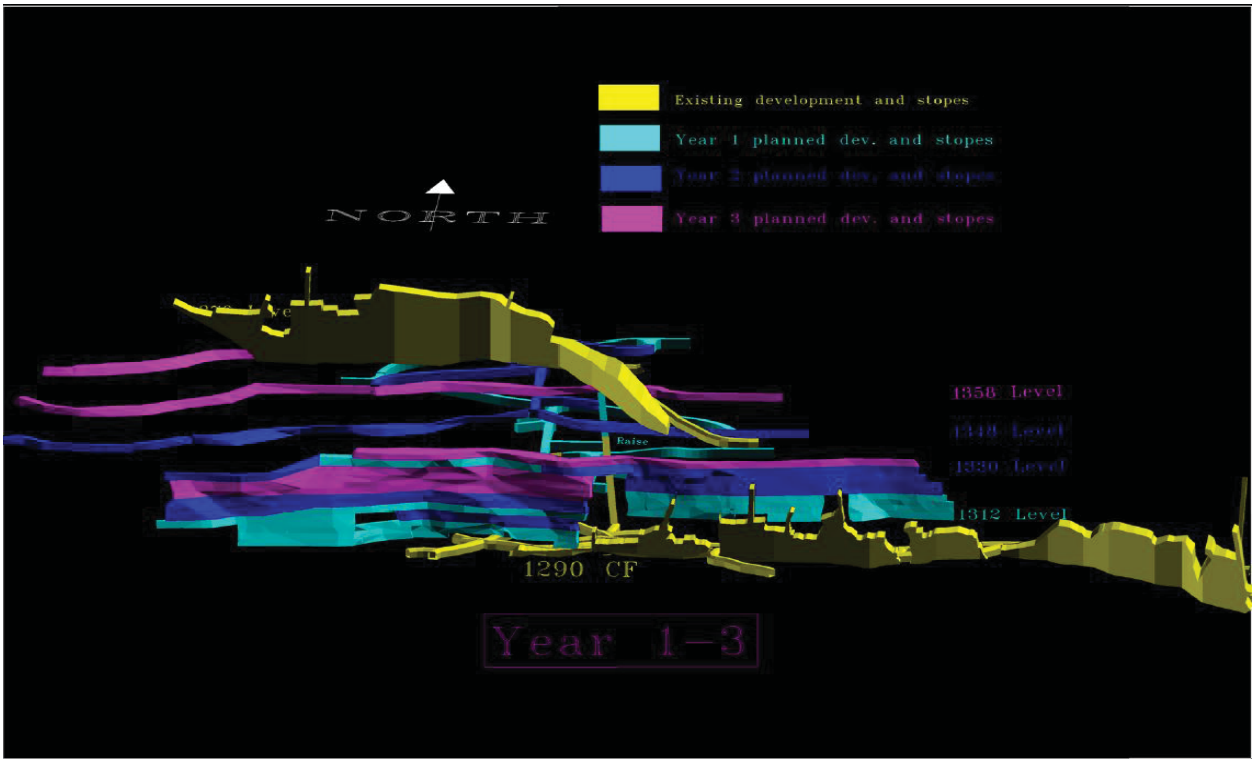

Figure 34: Year 1 to 3, Development and Stope Schedule View looking north

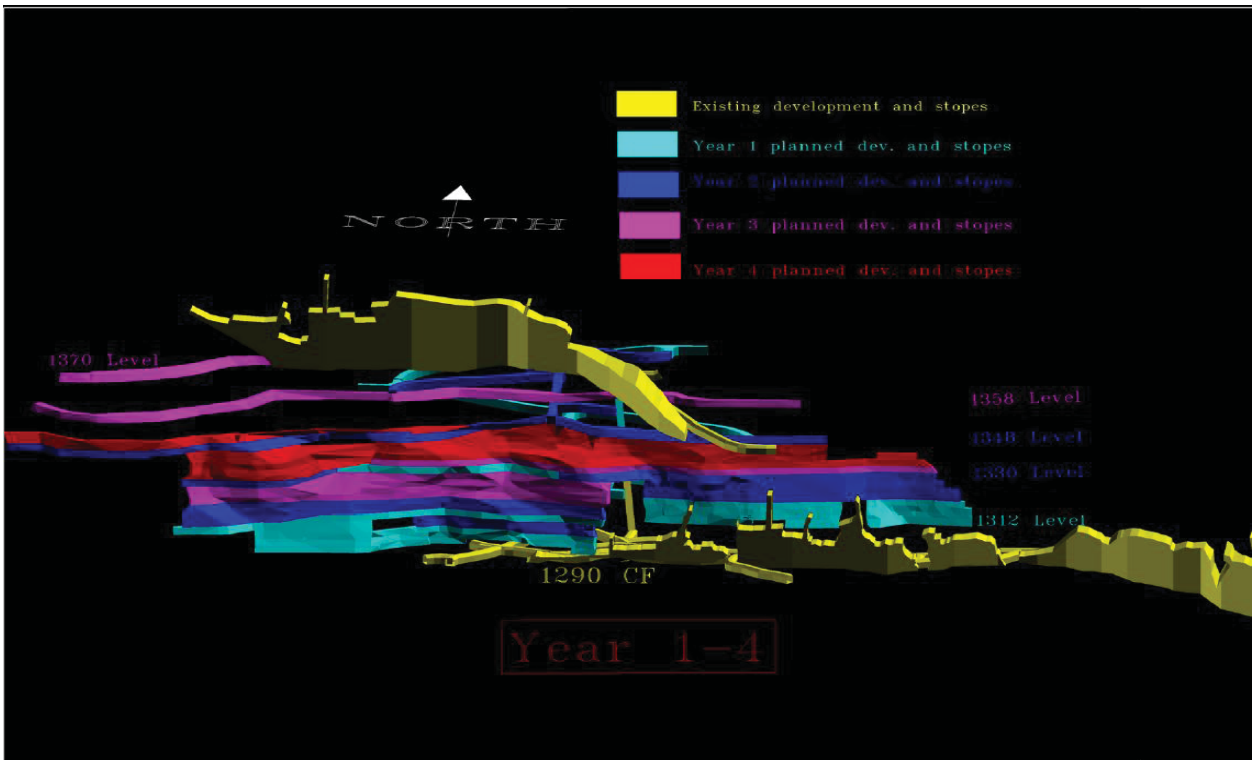

Figure 35: Year 1 to 4, Development and Stope Schedule View looking north

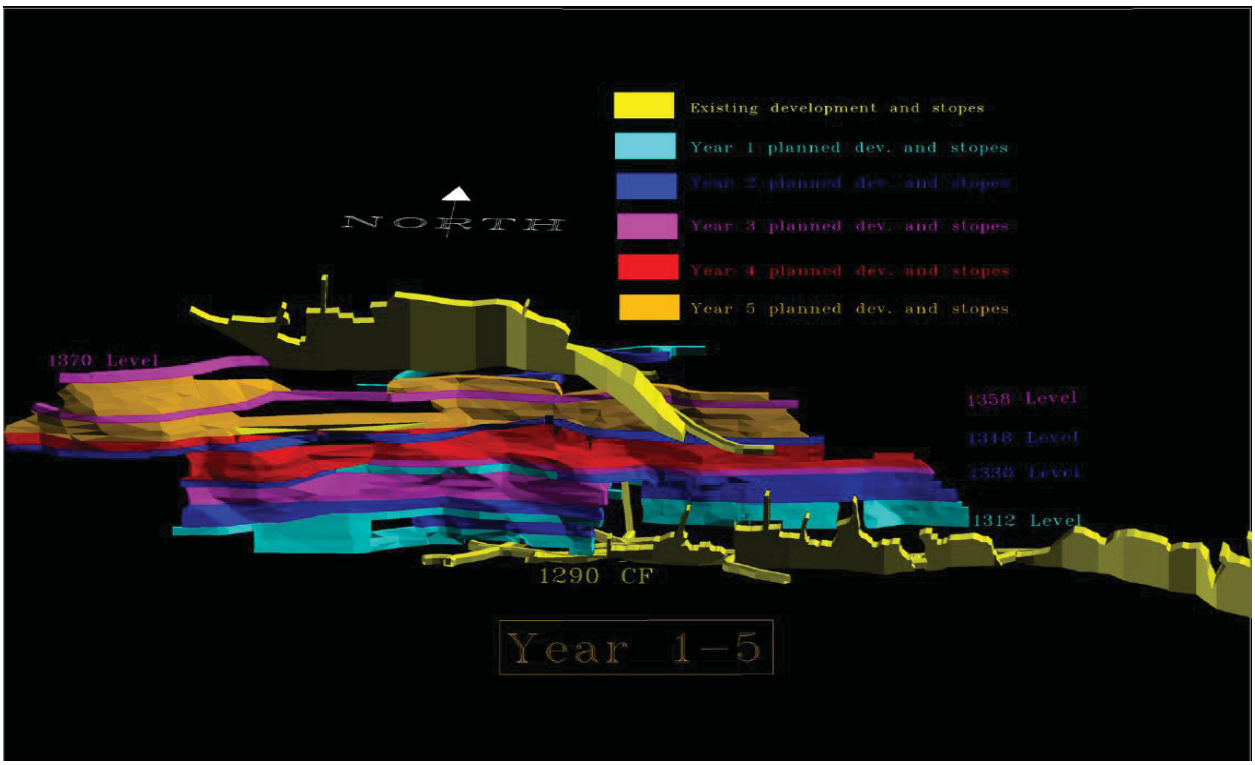

Figure 36: Year 1 to 5, Development and Stope Schedule View looking north

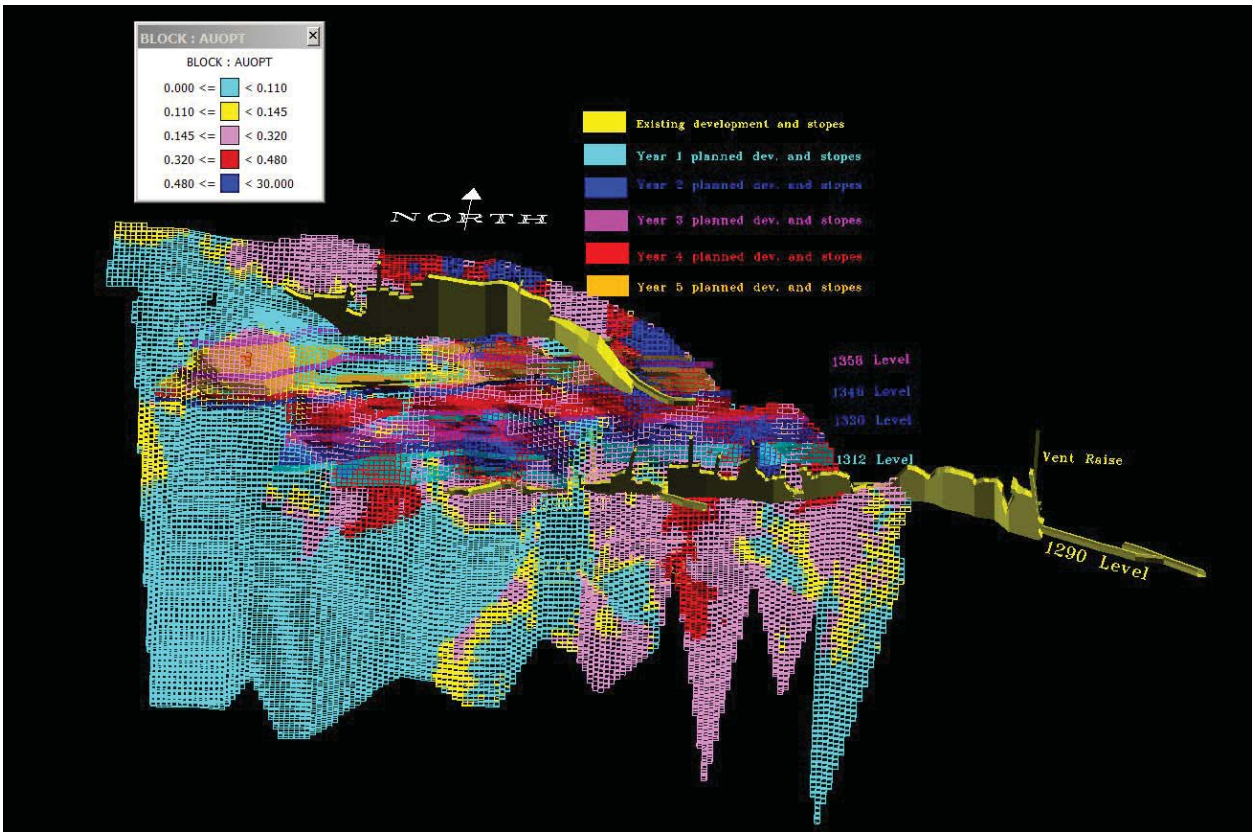

Figure 37: Year 1 to 5, Development and Stope Schedule with block model view looking north

16.5 Important Caution Regarding Mine Planning

The PEA is preliminary in nature, in that it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realized.

17 RECOVERY METHODS

Milling will be performed by a third party, Nicola Mining. A bulk sample from the Dome Mountain Mine was milled in 2016. The processing of ore involved crushing, grinding, conditioning, rougher, scavenger and cleaning flotation and filtering of the flotation concentrate. The ore was crushed to minus 3/8 inches and ground in a 6.5 ft x 10 ft ball mill. The average grind of the ore was 90 microns or 75% minus 200 mesh. The ore was then conditioned with reagents and floated. The rougher flotation concentrate was cleaned to produce a cleaner concentrate. The recovery in the second batch of ore was higher than the first batch primarily due to additional reagents added to the scavenger cells. The average flotation time in the mill was 88 minutes at 4 tonnes/hour. The cleaner concentrates were shipped to a smelter in China. Additional detail on milling recovery was detailed in section 13.

No evaluation of the methods used was performed by RMS for this assessment.

18 PROJECT INFRASTRUCTURE

The Dome Mountain Mine Project is located 38 km due east of Smithers, BC at UTM 9U 653450 E and 6068762 N on the southeast flank of Dome Mountain. The mine is accessible from Smithers by way of a 66.5 km all-weather gravel road. The mine site and proposed infrastructure are located within the Fedral Creek watershed, a tributary to Guess Creek which flows into the upper Fulton River 33 km downstream of the project. No Parks designated environmentally sensitive areas, or cultural sites occur at the Dome Mountain Mine Project. The project is within the traditional territory of the Lake Babine Nation (LBN) - Nedut'en Nation.

Existing Infrastructure at Dome Mountain includes the following:

- Existing adits and underground (ventilation, plumbing, electrical, vent raise development, air lines)
- 1290 Elevation waste dump.
- Shop/warehouse, mine dry/office/first aid trailer, compressor, fuel tank, and generators.
- Sewage lagoon
- Water management structures.
- Plumbing to collect mine effluent and pipe it to the sediment control pond
- 1,290 sediment control pond and water treatment plant.
- 1.25 km long access road.

Numerous groundwater monitoring wells.

19 MARKET STUDIES AND CONTRACTS

19.1 Market Studies

No market studies have been completed. The mineralized material that will be produced by the mine is readily marketable.

19.2 Commodity Price Projections

Commodity prices used in Mineral Resource estimates are set by Blue Lagoon at a corporate level. The financial evaluation in the 2020 PEA uses a $US1,450 gold price.

19.3 Contracts

Significant contracts in place for the development and completion of the PEA include mining, milling, environmental (closure plan and water treatment plant). Additional contracts that will be required include engineering services associated with mine and infrastructure design, and detailed cost estimation.

There are currently four contracts in place for the development and construction of the project or the operation of the mine.

These contracts are as follows:

- Cobra Mining and Excavating LTD; Mining contract
- Nicola Mining Inc; Milling of mineralized material
- ERM; Reclamation Closure Plan
- Muddy River Technologies; Water Treatment Plant

For future operations it would be required to establish contracts for all key consumables such as power, fuel, ground support, general consumables and project support services.

19.4 Comments on Section 19

The QP has reviewed commodity pricing assumptions, marketing assumptions, and the potential major contracts that may be entered into and considers the information acceptable for use in estimating Mineral Resources and in the economic analysis that supports the 2020 PEA.

20 ENVIRONMENTAL STUDIES, PERMITTING, AND SOCIAL OR COMMUNITY IMPACT

Environmental baseline studies undertaken by MMR (parent company of GMI) in 2009-2010 were submitted in 2010 for agency review as part of the Stage 1 permitting process. Work plans for each discipline were reviewed in advance by regulators and standard methodologies were followed. The results are summarized briefly in this report. Topics included:

- aquatic ecology, aquatic sediments, and surface water quality;
- terrestrial ecosystem mapping and vegetation, wildlife and wetlands;
- surface water hydrology;
- soil and terrain classification, and reclamation and closure planning;
- preliminary ML/ARD characterization;
- archaeological impact assessment, traditional use and scoping of Valued Ecosystems Components;
- fish and fish habitat; and
- meteorological, snow surveys and air quality.

Stage 1 of the Dome Mountain Project occurred between 2009 and 2012. Environmental and engineering studies were completed in 2009 and 2010 to support permit applications. A joint permit application was submitted by MMR in April 2010 to obtain an Effluent Discharge Permit under the Environmental Management Act (EMA) and a mine operating permit under the Mines Act for Stage 1 construction and resumption of underground mining. The Stage 1 Application provided a comprehensive summary of the environmental baselines, 2010 mine plan, management plans, reclamation plan and permit requirements. In August 2010, Permit M-237 was issued approving the Dome Mountain Mine Plan and Reclamation Program as well as the Effluent Discharge Permit 104869. Stage 1 included re activation of the underground mine, short-term mineral resource stockpiling onsite, and direct shipment of mineral resources to an off-site mill.

Since the Stage 1 application in 2010, several activities were ongoing and included the following. Several of these studies were recently initiated for the Stage 2 application:

- Supervision between 2010 and 2012 of construction to prevent impacts to water quality;
- Continued meteorological data collection, snow surveys, and surface water hydrology;
- ML/ARD kinetic testing in 2011 of waste rock, ore, and tailings;
- Water sampling in 2012 of treated effluent and monthly water sampling at five stream sites;
- Sampling of invertebrate and aquatic resources for environmental effects monitoring (EEM);
- Drilling and groundwater well installation in January 2013 for hydrogeology modelling;
- Geotechnical site investigations to support design for the mill; and

Engineering studies to determine the best available technology (BAT) for tailings disposal.

21 CAPITAL AND OPERATING COSTS

Capital and operating costs for the project is estimated using a combination of vendor estimates and first principles build-outs from RMS' in-house database of mining costs (updated 2019).

Based on the May 2020 estimate from Cobra Mining & Excavating Ltd ("Cobra Mining"), underground rehabilitation and pre-production construction will occur over three months. The developed state of the existing underground workings facilitates this relatively quick pre-production phase. Stoping areas are immediately available for production.

21.1 Capital Costs

The total initial capital cost estimate is $1.46 million distributed over the first quarter preceding production. Underground pre-production capital items include the rehabilitation of existing excavations and the construction of a 33m long ventilation raise. Both these items are assumed to be performed by Cobra Mining. Surface pre-production capital items include a contact water treatment plant, rescue station, mined material storage building, and a used 980 class loader. Environmental capital includes a reclamation closure plan to be performed by Environmental Resource Management ("ERM"). Based on the vendor proposals for work and equipment, contingency of 10% captures the remaining uncertainty of the capital cost estimate. A summary of capital items is shown in Table 12.

Rehab UG workings	$327
Vent Raise	$134
Water Treatment Plant	$285
Rescue Station	$120
Mined Material Storage Building	$100
Loader Purchase	$150
Environmental Consulting ("ERM")	$212
Contingency @ 10%	$133
Total Pre-Production Capital	$1,460

Table 12: Rehabilitation Capital ('000 of $CAD)

Sustaining capital is not included in the capital costs as ongoing equipment and excavation costs are included in the fixed rate bid for the services provided by the proposed mining contractor (Cobra Mining).

21.2 Operating Costs

Operations have been, for PEA purposes, broken into two comparative periods – one the first five years for production and the second covering the full 12 years of production. Five-year economics are presented only to characterize the portion of the mine plan that develops indicated resources.

Estimated total operating costs average $343 per tonne for the first five years of operation, and average $308 per tonne over the full 12-year LOM. Operating costs include direct mining costs, site G&A, transportation, milling and refining. Mining, transportation, milling, smelting, and refining are all to be performed by contractors. Only site G&A and contract management will be done by Dome personnel.

Operating costs per tonne and ounce of gold are summarized in Table 13 and Table 14 with details for each element subsequently discussed.

	5 year	12 year
Total Mining	$ 157	$ 123
Mine G&A	$ 38	$ 38
Transportation	$ 88	$ 88
Processing	$ 60	$ 60
Total operating cost	**$ 343**	**$ 308**
Royalties/Milling Profit Share	$ 82	$ 49
Taxes & Reclamation (*)	$ -	$ 4
Total costs	**$ 424**	**$ 362**

Table 13: Operating Cost Summary ($CAD per tonne)

	5 year	12 year
Total Mining	$ 454	$ 449
Mine G&A	$ 109	$ 137
Transportation	$ 252	$ 319
Processing	$ 173	$ 219
Total operating cost	**$ 987**	**$ 1,124**
Royalties/Milling Profit Share	$ 236	$ 180
Taxes & Reclamation (*)	$ 53	$ 67
Total costs	**$ 1,276**	**$ 1,371**

Table 14: Operating Cost Summary ($US per ounce sold)

21.3 Mining Costs

Mining costs are estimated using a fixed rate estimate from Cobra Mining and include all drilling, blasting and mucking components of the mining cycle – including horizontal and vertical development and mining of mineralized material. Ground support, ventilation, utilities, and backfilling components are based on average cycle times under a time and materials (T&M) supplement to the mining contract. Unit rates for these T&M items per tonne moved (either development or mining of mill feed material) are shown in Table 15.

	contract unit cost per tonne of either development or mineralization	Cost per tonne	
		5 year	12 year
Ground Support	$ 9	$ 14	$ 11
Ventilation	$ 2	$ 3	$ 3
Utilities	$ 5	$ 8	$ 6
Backfilling	$ 4	$ 6	$ 5
All other mining activities	$ 78	$ 126	$ 98
Total Mining	**$ 98**	**$ 157**	**$ 123**

Table 15: Contract Mining ($CAD per tonne)

21.4 Mine Owner Costs

Cost of mine operating activities as listed per month in Table 16 will be executed by Dome or by contactors other than Cobra Mining include provision for site G&A, site power generation and maintenance, communications, fuel, engineering support, water treatment and environmental compliance. Costs are derived using Dome Mountain estimates of expected staffing, hours and materials costs.

Diesel costs were estimated at $0.90/l based on local rates as of April 2020. Engineering contracts are budgetary estimates from communications with individual parties. Delwisch Design group will provide periodic underground surveying services, RMS will provide mine design and reconciliation services, Starlynx provides satellite communication equipment and subscriptions, Bulkley Valley provides on site electrical maintenance and installations, Suncor provides fuel for underground equipment and power generation, and Radley provides for road maintenance and snow removal as needed.

General and Administrative Costs by other than Mining Contractor

	avg. $CAD/month
General Costs	
Insurance & property tax	$6,500
Office operating	$6,000
Onsite Personnel	
Mine Geologist	$9,200
Mine Planner	$9,200
Safety Coordinator	$3,000
Surface Foreman	$10,000
Engineering Contracts	
Delwisch Design Group	$2,000
Roughstock Mining Services	$7,500
Other Contracts	
Starlynx	$1,500
Electrical Contract	$5,000
Suncor	$40,000
Radley	$1,000
Environmental and Monitoring Costs	
Environmental monitoring	$5,175
Water Treatment, maintenance	$6,325
Other (Storage, Assays, Rentals, Interest)	$13,333
G&A Monthly Total	$125,733
Annual Cost	$1,508,800
Cost/tonne @ 40,000 tpy rate	$37.72

Table 16: General and Administrative Costs by Other Than Mining Contractor

***Note - The monthly costs were derived using staffing required for a 40,000 tonne per year rate and commercial quotes and estimates for other contract services**

21.5 Processing Costs

Transportation, milling, smelting, and refining costs were based on an existing contract with Nicola Mining Inc. in Merritt, BC for transportation and milling. The contract is dated 2017 and the principals at Nicola provided updated pricing for 2020. Nicola also provided an estimate of smelting and refining costs in Vancouver, B.C. These costs include on-site loading, transportation of mineralized material from Smithers to Merritt, BC, and milling and transportation of concentrate from Merritt to Vancouver, BC, for smelting and refining. These costs are summarized in Table 17.

Loading	$	4
Mineralization Trucking (Smithers to Merritt)	$	80
Milling	$	45
Concentrate Trucking (Merritt to Vancouver)	$	4
Smelting	$	8
Refining	$	7
Other (Storage, Assays, Rentals, Interest)	$	4
Total Mining	**$**	**152**

Table 17:Transport, milling, smelting and refining costs ($CAD per tonne)

21.6 Closure Costs

The closure plan for the Project, as submitted as part of its Stage 2 permit application and prepared in a 2013 report by Graff Engineering, is to: 1) return, through reclamation, the disturbed area to a state as close as possible to the pre-disturbed condition in terms of ecosystem units, soils, water quality and other resource values, and 2) monitor reclamation work and water treatment systems for five years.

Reclamation includes: construction of systems to prevent any acid mine drainage, removal of existing mill and all other buildings and regrade their footprints, contouring to a 2:1 slope waste rock dumps, grading/sloping all other areas, with all disturbed areas re-vegetated with reclamation mixture and conifers.

The monitoring plan calls for operation of a water treatment plant, maintenance of all roads and systems, and surveillance of environmental effects and efficacy of the systems. Table 18 summarizes the reclamation plan elements and costs.

All costs used in the Graff Engineering plan were in 2013 dollars and have been escalated at 2.3% per year to bring them to 2020 dollars. Table 18 below shows costs by year.

Reclamation Costs – in '000s of $CAD

Description of Activity or Cost Category	Disturbed Area (ha)	Dozing, Ripping, Excavating	Scarify & install water control	Topsoil Load, Haul spread	Tree Planting	Seed & Fertilizer	Total Costs
Unit and associated cost		ha	ha	m^3	ha	ha	
		$3,223	$967	$2	$2,191	$486	
1290 Sediment Control Pond, spillway and topsoil stockpiles; 1290 portal area and waste dump, sewage lagoon, mill site area; non-contact ditches	4.5	$12		$23	$8	$2	$46
1370 portal area; boulder Zone exploration trails; drill sites	9.3	$22		$28	$20	$5	$75
1290 Portal Level (Infrastructure)	lump						$18
Clear cuts	1.8				$4	$1	$5
Chemical and Soil Management							$23
Existing Access Roads and Trails	7.9	$26	$8	$65		$4	$102
Forks Zone	0.9	$3	$1	$8	$2	$0	$14
9800 Zone	0.6	$2	$1	$5	$1	$0	$9
Main access road	7.4						
Rock borrow pit	1.1	$4		$9	$2	$1	$16
Gravel borrow pits	2.4	$8		$17	$5	$1	$31
TMF including topsoil stockpiles, till borrow areas, cleared buffer, dam face, diversions seepage collection	21.7	$12		$109	$37	$10	$168
Till cover on NAG cell	lump						$128
Access road to TMF, pipeline from mill to TMF; pipeline from TMF seepage pond to 1290 sediment control pond	0.4						
1290 and 1370 portal & vent raise sealing	lump						$12
Passive water treatment	lump						$59
Mobilization/demobilization	lump						$15
SUBTOTAL		$88	$9	$264	$81	$24	$720
Project Management (5%)	5%	$4	$0	$13	$4	$1	$36
Contingency (10%)	10%	$9	$1	$26	$8	$2	$72
TOTAL		**$102**	**$11**	**$304**	**$93**	**$28**	**$828**

Table 18: Reclamation Costs

22 ECONOMIC ANALYSIS

22.1 Forward-Looking Statement

The PEA is preliminary in nature, and is partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA based on these Mineral Resources will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

The results of the economic analyses discussed in this section represent forward-looking information as defined under Canadian securities law. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. Information that is forward-looking includes:

- Mineral Resource estimates;
- Assumed commodity prices and exchange rates;
- The proposed mine production plan;
- Projected mining and process recovery rates;
- Assumptions as to mining dilution;
- Sustaining costs and proposed operating costs;
- Assumptions as to closure costs and closure requirements;
- Assumptions as to environmental, permitting and social risks.

Additional risks to the forward-looking information include:

- Changes to costs of production from what is assumed;
- Unrecognized environmental risks;
- Unanticipated reclamation or ongoing closure monitoring expenses;
- Unexpected variations in quantity of mineralized material, grade or recovery rates;
- Geotechnical or hydrogeological considerations during mining being different from what was assumed;
- Failure of plant, equipment or processes to operate as anticipated;
- Ability to maintain the social license to operate;
- Accidents, labour disputes and other risks of the mining industry;
- Changes to interest rates or financing terms;
- Changes to tax rates, including Federal, Provincial income and local government tax rates.

22.2 Methodology Used

The economic viability of the Project has been evaluated using a constant-dollar, after-tax discounted cashflow (DCF) methodology. This method requires projecting material balances estimated from operations and calculating resulting economic value. Economic value is calculated from sales of metal less cash outflows such as operating and administrative expenses, royalties, capital expenditures, working capital changes, any applicable taxes and closure costs. No effects of corporate tax or accounting benefits that reside with the Project and the Project's owner are included. No financing is assumed. Resulting annual cash flows are used to calculate the net present value (NPV), internal rate of return (IRR) and payback of the Project.

Table 19 summarizes the Project's potential economic drivers, principal outputs and economic metrics. All dollar figures are expressed in Canadian dollars unless otherwise noted.

Operating and Economic Parameter Summary, in millions of $CAD, except where noted

Production

	5 year	12 year
Mineralization mined, tonnes	183,970	436,321
Development & waste, tonnes	112,649	114,401
Au grade - g/t	8.42	6.66
Ag grade - g/t	34.57	27.35
Mined Au - oz	49,817	93,455
Mined Ag - oz	204,484	383,604
Payable Au - oz	45,433	85,231
Payable Ag - oz	139,049	260,851

Estimated Potential Economics

	5 year	12 year
Revenues	$ 95.4	$ 179.0
Gold price - $US/oz	$ 1,450	$ 1,450
Cash oper costs - $US/oz	$ 987	$ 1,124
Initial capital	$ 1.46	$ 1.46
Cumulative net cash flow	$ 13.7	$ 13.3
After-tax NPV 5	$ 11.2	$ 11.1
IRR	277%	277%
Payback, in months	3.6	3.6

Table 19: Operating and Economic Parameter Summary, in millions of $CAD, except where noted

22.3 Production, Prices and Revenues

Mining plans and processing recoveries presented elsewhere in this report dictate volumes that drive costs and sales.

Table 20 below summarizes, by year, values associated with the principal economic drivers of the Project.

Proposed Production, Prices and Revenues (in millions of $CAD)

	Unit	-1 (3 mo)	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12
Development	m	33	1,477	797	498	62	84	-	5	53	11	-	-	-
Development	000s of t	1	61	30	19	1	2	-	0	1	0	-	-	-
Minerals mined	000s of t	-	33	38	38	37	38	38	38	38	38	38	38	25
Au grade	g/t		10.7	7	8.8	8.3	7.5	5.2	4.6	4.9	4.6	4.9	6.8	7.5
Ag grade	g/t		44	28.9	36	34.1	30.8	21.4	19	20	18.8	20	27.7	30.6
Au grams	000s of g	-	359	265	330	311	285	197	175	186	173	186	256	185
Ag grams	000s of g	-	1,473	1,086	1,355	1,278	1,168	809	719	763	710	762	1,050	759
Au contained	000s of oz	-	12	9	11	10	9	6	6	6	6	6	8	6
Ag contained	000s of oz	-	47	35	44	41	38	26	23	25	23	24	34	24
Payable Au	000s of oz	-	11	8	10	9	8	6	5	5	5	5	7	5
Payable Ag	000s of oz	-	32	24	30	28	26	18	16	17	16	17	23	17
Gold price	$US/oz		$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450
Silver price	$US/oz		$14.50	$14.50	$14.50	$14.50	$14.50	$14.50	$14.50	$14.50	$14.50	$14.50	$14.50	$14.50
Gold revenue	$		$21.40	$15.80	$19.70	$18.60	$17.00	$11.80	$10.50	$11.10	$10.30	$11.10	$15.30	$11.00
Silver revenue	$		$0.70	$0.50	$0.60	$0.60	$0.50	$0.40	$0.30	$0.30	$0.30	$0.30	$0.50	$0.30

Table 20: Proposed Production, Prices and Revenues

22.4 Capital Costs

Capital costs for the project are discussed in detail in Section 21.2 and are incorporated into the cash flows in the quarter preceding first production.

22.5 Operating Costs

As presented elsewhere in this report, operating costs include mining, milling, transportation and general and administrative costs. Activities related to production of metal include underground mining, milling and processing (refer to Section 21.3 for a detailed discussion of all operating costs). Table 21 summarizes the distribution of these operating costs by year.

Operating Costs, by year, in millions of $CAD	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12
Total Mining	$9.2	$6.6	$5.5	$3.8	$3.9	$3.7	$3.7	$3.9	$3.7	$3.7	$3.7	$2.4
Mine G&A	$1.3	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$1.4	$0.9
Transportation	$2.9	$3.3	$3.3	$3.3	$3.3	$3.3	$3.3	$3.3	$3.3	$3.3	$3.3	$2.2
Processing	$2.0	$2.3	$2.3	$2.2	$2.3	$2.3	$2.3	$2.3	$2.3	$2.3	$2.3	$1.5
Total operating cost	$15.4	$13.5	$12.5	$10.7	$10.9	$10.7	$10.7	$10.9	$10.7	$10.8	$10.7	$7.0

Table 21: Operating Costs by Year

22.6 Other Cash and Non-Cash Costs

Other cash costs include royalties, taxes and reclamation. Non-cash costs of depreciation and working capital changes are discussed in the following sub-sections. Table 22 summarizes these costs by year.

Other Cash and Non-Cash Costs, in millions of $CAD	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Total Royalties and Milling Profit 'Sharing	$3.2	$1.5	$3.6	$3.8	$3.0	$0.8	$0.2	$0.4	$0.2	$0.5	$2.3	$2.0	$0.0	$0.0	$0.0	$0.0
Depreciation	$0.4	$0.2	$0.2	$0.2	$0.1	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0
Income taxes	$0.0	$0.0	$0.2	$1.7	$1.5	$0.3	$0.0	$0.1	$0.0	$0.2	$1.1	$1.0	$0.0	$0.0	$0.0	$0.0
Closure costs	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$1.3	$0.2	$0.2	$0.1	$0.1
Working capital change	$1.4	-$0.2	$0.0	$0.0	$0.0	-$0.2	-$0.1	$0.0	$0.0	$0.0	$0.2	-$1.1	$0.0	$0.0	$0.0	$0.0

Table 22: Other Cash and Non-Cash Costs

22.6.1 Net Smelter Return Royalties and Milling Profit Sharing

Two NSR royalties are attached to the project. The first to Dome Royalties at 2% and the second to a collection of individuals totaling 2.25%. Nicola Mining is entitled to 37.5% of the net profits from the sale of gold products (concentrate and free gold) under the milling and profit-sharing agreement between Nicola Mining and Gavin Mines. This 37.5% was used throughout this PEA for financial analysis. Table 23 summarizes the two NSR costs by year.

	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12
NSR #1 @ (2%)	$0.30	$0.20	$0.30	$0.30	$0.20	$0.10	$0.10	$0.10	$0.10	$0.10	$0.20	$0.20
NSR #2 @ (2.25%)	$0.40	$0.20	$0.30	$0.30	$0.30	$0.10	$0.10	$0.10	$0.10	$0.10	$0.20	$0.20
Total Royalties	$0.70	$0.40	$0.60	$0.60	$0.50	$0.20	$0.20	$0.20	$0.20	$0.20	$0.40	$0.40

Table 23: Net Smelter Return Royalties

22.6.2 Tax Depreciation and Other Allowed Deductions for Income Tax Computation

Recovery of capital expenditures over the Project's operating life is assumed through allowed annual deductions that lower taxable income. The Project's deductions were computed per Canadian tax code for each asset class or system, with any undepreciated basis written off in the final year of operations and are listed as Tax depreciation in Table 27.

22.6.3 Taxes

Estimates of annual tax liability for the Project is incorporated into the economic analysis at the Project level. While there are existing asset balances and net operating losses that could be depreciated or applied to reduce taxable income at the corporate level, these are not included.

Tax liabilities for the Project were calculated by DMCL Chartered Professional Accountants in Vancouver, BC and are summarized in Table 24 below. For the project, net current proceeds are calculated for both Federal and BC Provincial Mineral Tax liability computations. Net current proceeds are determined by deducting cumulative expenditure account (CEA) allowances from net proceeds (revenues reduced by any NSR shares less mine operating costs adjusted by share of development costs) and adding back any contributions to qualifying environmental trusts (no contributions are assumed).

Federal income tax liability for the Project is determined by deducting from net current proceeds depreciation and the BC Mineral tax using accumulated Project-sourced (not existing) net operating losses from income from operations and applying appropriate rates for Federal liability (15%) and BC Provincial liability (12%).

The BC Mineral Tax is assumed to be the sum of the BC net current proceeds tax (2%), net revenue tax (13%) less any reclamation tax credits.

Net current proceeds tax is the product of net current proceeds tax and the 2% BC net current proceeds tax.

Net revenue tax is defined as the product of the maximum of zero and net proceeds less any cumulative expenditure account balances (operating costs in excess of net current proceeds plus deductions for pre-production discovery costs, new mine allowance and Investment Allowance (2.5% of average CEA balance)) and 13% (the BC net revenue tax rate). No allowances for pre-production discovery or new mine were taken.

	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
BC Net current proceeds tax	$0.0	$0.0	$0.1	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.1	$0.1	$0.0	$0.0	$0.0	$0.0
BC Net revenue tax	$0.0	$0.0	$0.0	$0.5	$0.5	$0.1	$0.0	$0.0	$0.0	$0.0	$0.4	$0.4	$0.0	$0.0	$0.0	$0.0
BC Mineral tax	$0.0	$0.0	$0.1	$0.4	$0.5	$0.1	$0.0	$0.0	$0.0	$0.0	$0.2	$0.3	$0.0	$0.0	$0.0	$0.0
Federal income tax	$0.0	$0.0	$0.1	$0.7	$0.5	$0.1	$0.0	$0.0	$0.0	$0.1	$0.5	$0.4	$0.0	$0.0	$0.0	$0.0
BC Income tax	$0.0	$0.0	$0.0	$0.6	$0.4	$0.1	$0.0	$0.0	$0.0	$0.1	$0.4	$0.3	$0.0	$0.0	$0.0	$0.0
BC & Fed. income taxes	$0.0	$0.0	$0.1	$1.3	$1.0	$0.2	$0.0	$0.1	$0.0	$0.1	$0.9	$0.7	$0.0	$0.0	$0.0	$0.0

Table 24: Income Taxes

22.6.4 Closure

Reclamation and Monitoring costs associated with closure are summarized in Table 25 below per detailed discussion in Section 17.2.4.

Reclamation and Monitoring cost by year - in '000s of $CAD

	Year following final production					
	1	2	3	4	5	Total
Reclamation	$828					$828
Monitoring	$303	$223	$223	$107	$107	$963
Total cost per period	$1,131	$223	$223	$107	$107	$1,791

Table 25: Reclamation and Monitoring Cost by Year

22.6.5 Working Capital Change

Working capital change describes the cash flow effect of changes to accounts payable, accounts receivable and inventory. Changes to the values of these accounts period to period reflect differences between when associated transactions (e.g., revenue booked for sale of gold) are booked or accrued (shown on accounting statements) and when the cash is actually received. Income statements show the values of transactions when they occur, cash flow statements reflect when the cash associated with the booked account is actually received by the company. The line item “Working capital change” in the cash flow statement captures the cash effect of these timing differences.

Dome’s standard payment terms with vendors is expected to be 45 days, and as such, accounts payable change recognizes the cash effect of this payment delay to vendors. For example, in Project year one, applicable costs that will have these terms total $19.0 million. The delay of 45 days is 12.3% or $2.34 million delayed. As costs decrease to zero at the end of the Project life, the benefit of this is reversed.

The terms of the selling agreement with Nicola (payment five days following placement for sale) cause the receipt of payment for booked revenues to be delayed. Further delay between when revenues are booked versus cash received results from the time for shipping, refining, and smelting and reflected in inventory. In Dome’s case this period is estimated based on transportation and process contracts of 10 days. Any initial cash reductions due to these delays are made up at the end of the project.

Total working capital change for a project is zero. Annual changes are tabulated below and with the total identified as “Change in non-cash working capital items” in cash flow Table 26.

	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12
Accounts payable change	$2.3	-$0.5	$0.1	$0.0	-$0.1	-$0.4	-$0.1	$0.1	-$0.1	$0.1	$0.3	-$1.7
Accounts receivable change	-$0.3	$0.1	-$0.1	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	-$0.1	$0.2
Inventory change	-$0.6	$0.2	-$0.1	$0.0	$0.0	$0.1	$0.0	$0.0	$0.0	$0.0	-$0.1	$0.4
Working capital change	$1.4	-$0.2	$0.0	$0.0	$0.0	-$0.2	-$0.1	$0.0	$0.0	$0.0	$0.2	-$1.1

Table 26: Working Capital Change

22.7 Cash Flow

Based on the assumptions presented in this report, the Project would return an after-tax NPV 5% of $CAD 11.1 million and an IRR of 277%. It would also pay back its capital investment in approximately four months after production commences.

The reason for the high IRR is that the amount of capital expenditure (and therefore negative cash – a required component of the IRR calculation) in the first period of IRR calculation is proportionally low compared to the stream of positive cash flows in subsequent periods.

The cash flows that generate the Project’s potential economic metrics are presented in Table 27 and displayed graphically in Figure 39.

22.8 Sensitivity Analysis

Project sensitivity to variations of operating costs, capital costs, gold grade and metals price were evaluated. The NPV 5% of the Project changes rapidly with changes in metals price as noted in Figure 40. For example, at a gold price of $US1,250/oz, a 14% decrease, the after-tax NPV 5% decreases to $CAD 3.3 million and the IRR declines to 152%. A gold price over the Project period that averaged $1,188/oz would cause the NPV 5% to decline to zero.

The NPV 5% of the project changes less rapidly with changes to capital and operating costs until the increase in operating costs exceeds 10% of the estimate when the decline is rapid.

The Project’s IRR sensitivity to variations to operating costs, capital costs, grade and metals price is evaluated with results shown in Figure 41. The IRR of the project changes rapidly with changes in grade and metals price, and less rapidly with changes in capital and operating costs.

		Period ==>>																
	Units	LOM Total	3 months	Prj yr 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Production & Revenue																			
Mineralization mined	kt	436.3	-	33.5	37.5	37.6	37.5	37.9	37.9	37.9	38.1	37.7	38.1	37.9	24.8				
Average gold grade	g/t	6.66		10.72	7.05	8.77	8.31	7.52	5.21	4.63	4.88	4.58	4.87	6.75	7.47				
Average silver grade	g/t	27.35		44.00	28.93	36.02	34.11	30.85	21.37	18.99	20.03	18.80	19.97	27.71	30.65				
Net Gold Ounces Sold	koz	93,455		11,541	8,508	10,612	10,006	9,150	6,338	5,632	5,977	5,557	5,967	8,222	5,945				
Gold Price	$/oz	$1,450		$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450	$1,450				
Gold Revenue		$173,636		$21,443	$15,808	$19,717	$18,591	$17,000	$11,775	$10,464	$11,105	$10,326	$11,086	$15,277	$11,046				
Silver Revenue		$5,314		$656	$484	$603	$569	$520	$360	$320	$340	$316	$339	$468	$338				
Revenues		$178,951		$22,099	$16,292	$20,320	$19,160	$17,521	$12,136	$10,784	$11,445	$10,642	$11,425	$15,745	$11,384				
Costs																			
Production costs		$(134,584)		$(15,435)	$(13,526)	$(12,460)	$(10,698)	$(10,915)	$(10,709)	$(10,724)	$(10,908)	$(10,701)	$(10,788)	$(10,716)	$(7,005)				
Total royalties		$(21,530)		$(3,228)	$(1,494)	$(3,575)	$(3,753)	$(2,984)	$(814)	$(243)	$(449)	$(216)	$(486)	$(2,318)	$(1,971)				
Tax depreciation		$(1,460)		$(355)	$(249)	$(243)	$(173)	$(124)	$(89)	$(64)	$(46)	$(20)	$(27)	$(19)	$(51)				
Closure costs		$(1,956)		$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$(1,297)	$(223)	$(223)	$(107)	$(107)
Income and mineral tax		$(6,119)		$-	$-	$(154)	$(1,745)	$(1,482)	$(348)	$(29)	$(104)	$(14)	$(174)	$(1,091)	$(1,019)	$21	$10	$10	$-
Net earnings		**$13,302**		**$3,080**	**$1,023**	**$3,888**	**$2,791**	**$2,015**	**$176**	**$(276)**	**$(62)**	**$(309)**	**$(48)**	**$1,601**	**$41**	**$(202)**	**$(213)**	**$(97)**	**$(107)**
Cash Flow																			
Depreciation		$1,460		$355	$249	$243	$173	$124	$89	$64	$46	$20	$27	$19	$51	$-	$-	$-	$-
Change in non-cash working capital items		$0		$1,437	$(224)	$(22)	$40	$(39)	$(216)	$(55)	$28	$(36)	$32	$152	$(1,097)	$-	$-	$-	$-
Capital costs		$(1,460)	$(1,460)																
Net Cash Flow		**$13,302**	**$(1,460)**	**$4,872**	**$1,048**	**$4,109**	**$3,004**	**$2,100**	**$49**	**$(268)**	**$12**	**$(324)**	**$11**	**$1,772**	**$(1,004)**	**$(202)**	**$(213)**	**$(97)**	**$(107)**
Cumulative Net Cash Flow		$13,302	$(1,460)	$3,412	$4,460	$8,569	$11,573	$13,673	$13,722	$13,454	$13,466	$13,142	$13,152	$14,924	$13,920	$13,718	$13,505	$13,408	$13,302

Estimated Potential Economics	**Production Period**	
	12-year	5-year
Cumulative Net Cash Flow	$13,302	$13,673
After-tax NPV 5	$11,062	$11,235
After-tax NPV 10	$9,255	$9,344
IRR	277%	277%
Payback, months	3.6	3.6

Table 27: Cash Flow

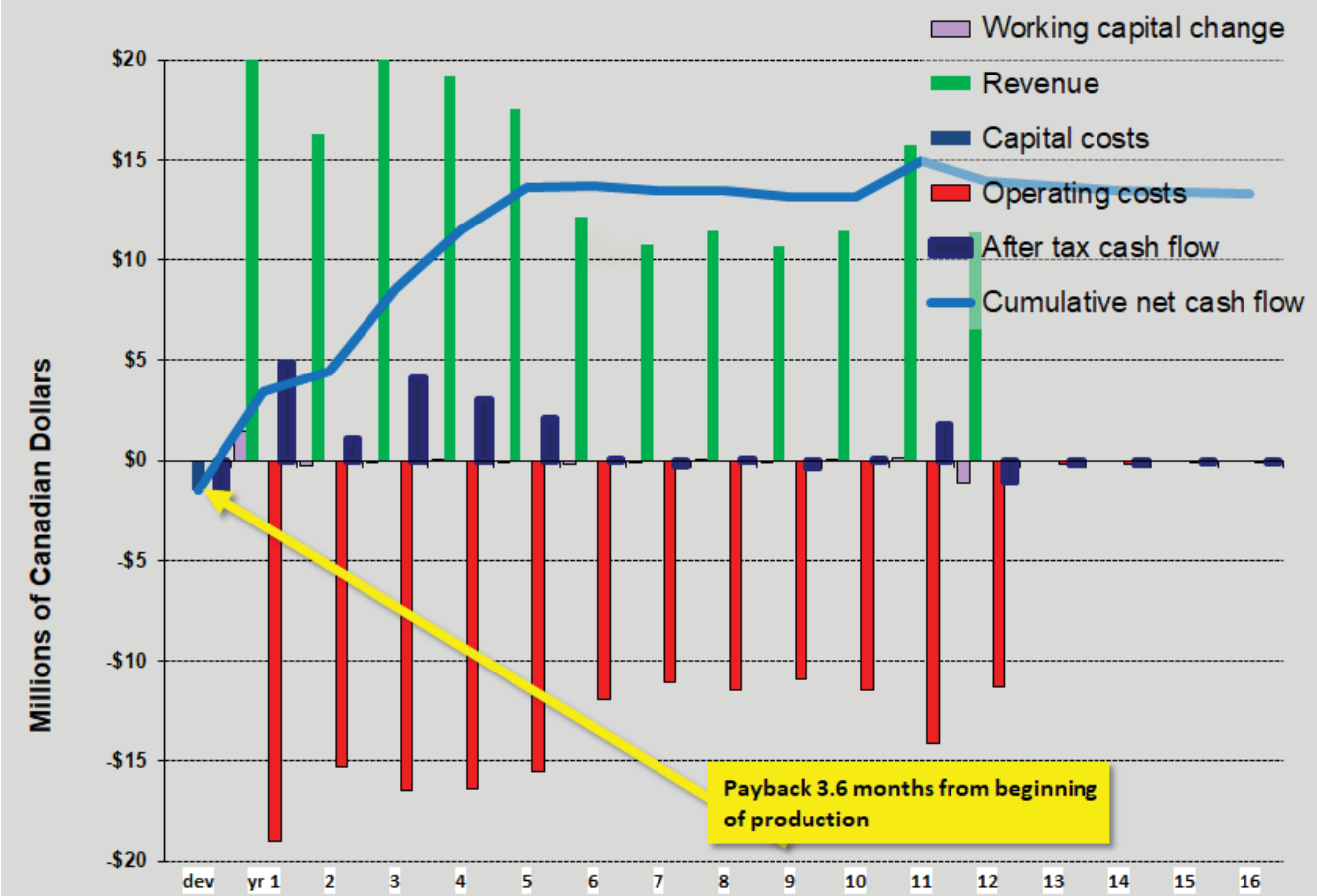

Figure 38: Forecast Cash Flow

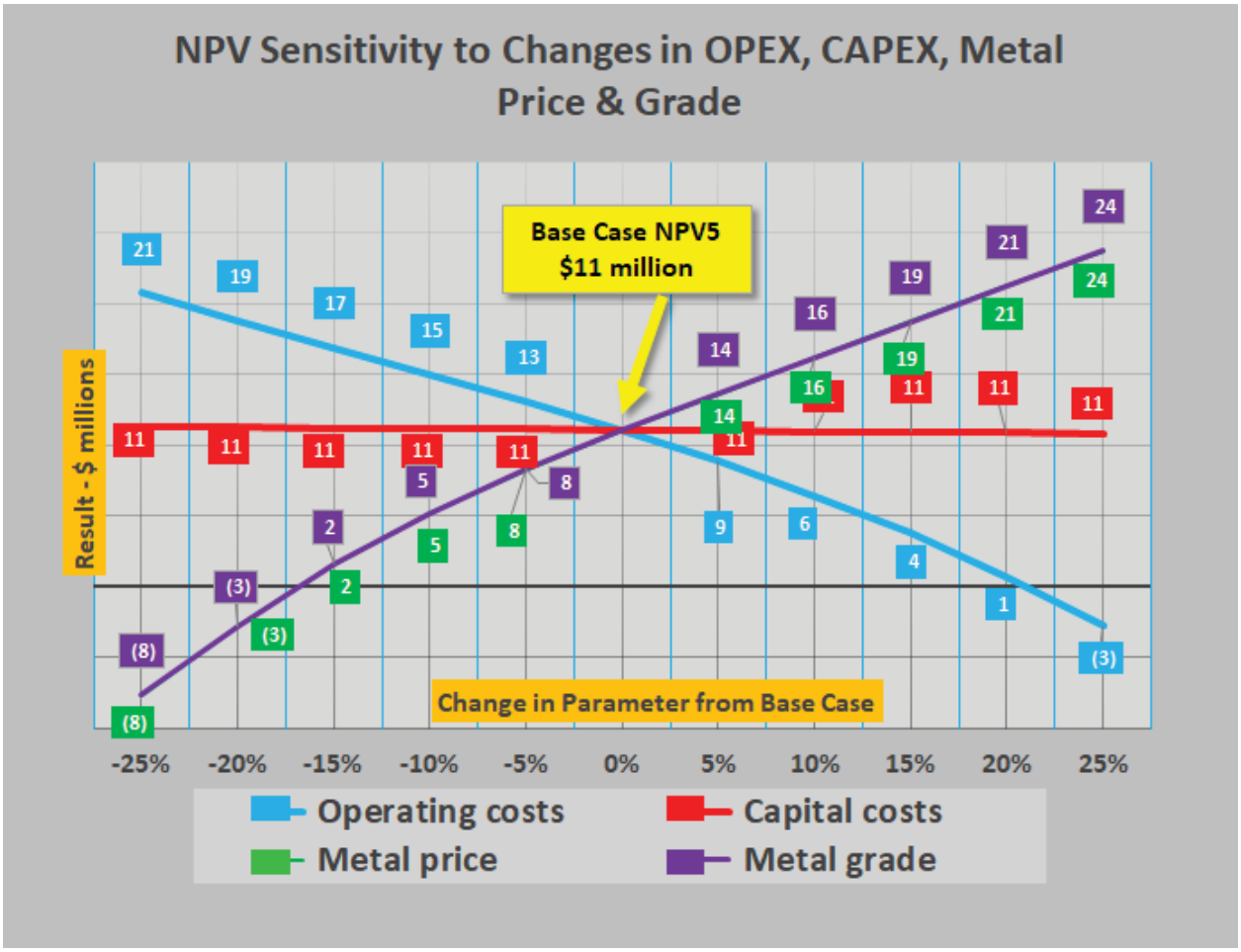

Figure 39: NPV 5% Sensitivity Chart

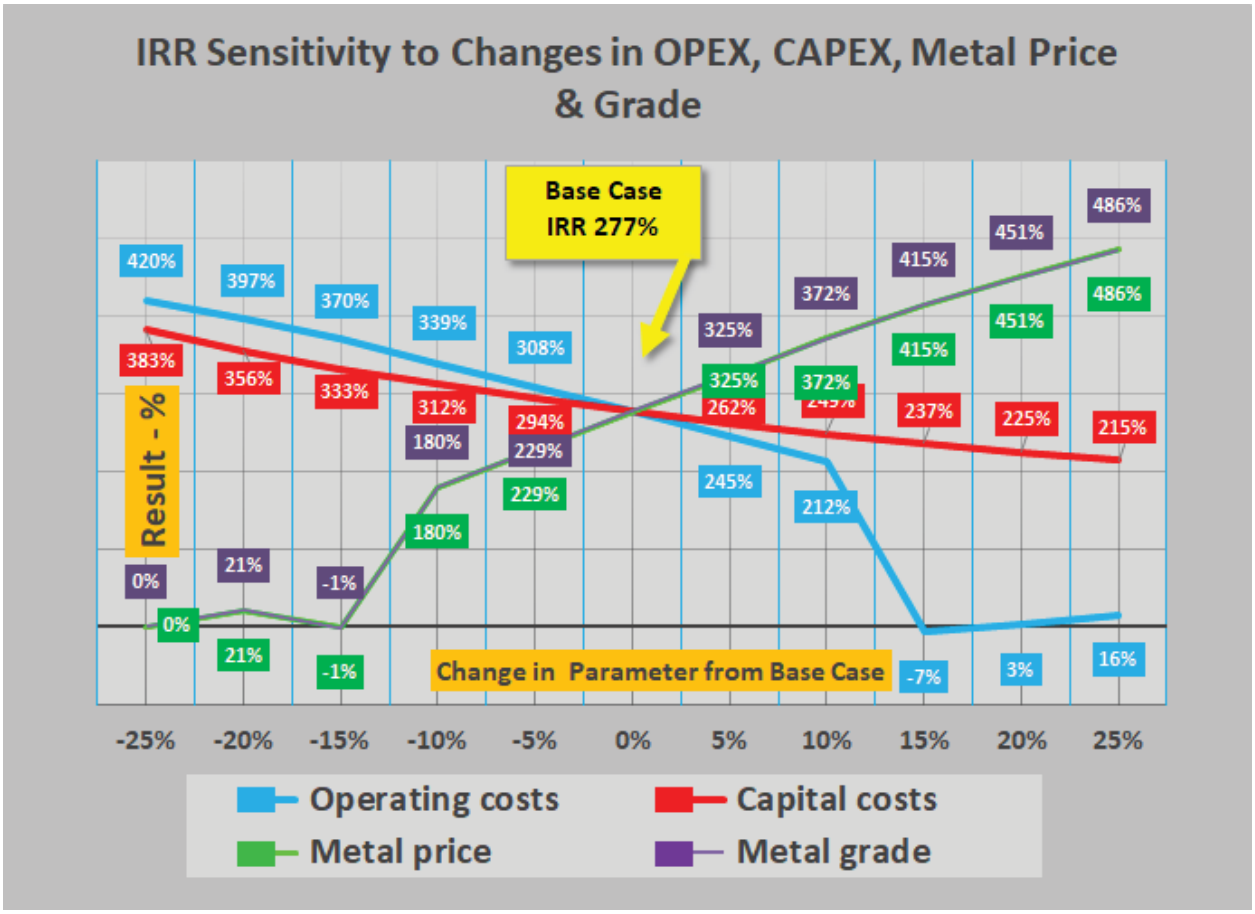

Figure 40: IRR Sensitivity Chart

23 ADJACENT PROPERTIES

There are no other adjacent properties to the Project.

24 OTHER RELEVANT DATA AND INFORMATION

25 CONCLUSIONS

It is the conclusion of the Qualified Persons preparing this technical report that the information contained within adequately supports the economic results obtained for the Project. The Project contains Indicated Resources of 227k tonnes, grading at 10.7 g/t Au, yielding 78k ounces and Inferred Resources of 530k tonnes, grading at 7.5 g/t, yielding 149k ounces, using a 3.42 g/t Au cut-off grade that can be mined by underground mining methods.

As demonstrated by the information contained in this report, the Project is economically viable, with a positive post-tax NPV5% of $11.0 million, with an IRR of 277%, and payback of less than one year. This Project should proceed to the next level of evaluation, either a prefeasibility, a feasibility study stage, or development decision.

25.1 Risks and Uncertainties

As with any mining project, there are risks that could affect the economic viability of the Project. Many of these risks are based on lack of detailed knowledge, and can be managed as more sampling, testing, design, and engineering are conducted at the next study stages.

The potential risks associated with the Project are lower than expected grades and recoveries than those projected, unanticipated mining dilution, operating and capital cost changes, permitting and environmental compliance changes, unforeseen schedule delays, changes in regulatory requirements, ability to raise financing, and market prices for metal. These risks are common to most mining projects, many of which can be mitigated with adequate engineering, planning and proactive management.

The Project does not appear to have any environmental risks, as it is in non-potentially acid-generating host rocks.

The Project also does not appear to have any mining or infrastructure risks.

Additional diamond infill drilling will be needed to categorize a proven probable reserve for this Project.

26 RECOMMENDATIONS

It is recommended that the following actions be undertaken to explore the property further:

Phase One

- All amendment requirements designated by the MEMPR needs to be addressed before mining can commence. These tasks include:
  - completion of installation of new water treatment plant
  - complete Ground Control Management Plan
  - complete Reclamation and Closure Plan

- Complete site infrastructure improvements including installation of underground Rescue station, install ore storage building on ore storage pad and, purchase heavy material loader for use at the ore storage station
- Permit and initiate Phase One diamond drilling to focus on near term mine life and upgrade portions of the Inferred resource to Indicated. Drilling should consist of at least 2800 meters of HQ core drilling.
- Revisit property wide vein targets with clear focus on prioritization of Freegold, Forks and the 9800 Zone and complete on-site visits and work including mapping and sampling and ground based geophysics to better define Phase Two drilling targets.
- Explore the merits of drilling the down-dip extension of the Boulder Vein system.
- Permits should be acquired for purposes of ground Geophysics and, Diamond drilling select vein targets at Freegold, Forks and the 9800 Zone.

Phase Two

- Based on work completed during Phase One, and development of priority targets, perform at least 3000 meter of diamond drilling in two phases. Drill setups should be established which would test as many veins as possible with a two-hole per setup recommended to hit these veins at depth in such a way as to establish full samples for analysis and metallurgical work and, to establish a solid understanding of the litho-structural setting. In addition, drill hole setups along strike can further the understanding of the inferred resources available for exploitation.
- 10,000m HQ diamond drilling for continued resource development down-dip of the current resource on the Boulder Vein system and/or, as follow-up drilling on the prioritized vein targets as they develop.
- Maintain on-going field work including mapping and sampling to better define further drill targets on the Dome Mountain Project Property.

The estimated cost of these recommendations is shown in Table 28 and Table 29.

Activity		Cost ($CAD)
Phase One Amendment Work	$	1,030,000
Infrastructure Improvements	$	430,000
Drilling (all in)	$	550,000
Geochemistry	$	75,000
Geology	$	240,000
Geophysics	$	200,000
Environmental &Permitting	$	45,000
External Relations	$	30,000
Support & Equipment	$	400,000
Total	**$**	**3,000,000**

Table 28: Phase 1 Work Estimate

Activity		Cost ($CAD)
13,000m Drilling (all in)	$	2,600,000
Metallurgical Test Work	$	75,000
Geophysics	$	100,000
Environmental &Permitting	$	65,000
External Relations	$	30,000
Support & Equipment	$	25,000
Total	**$**	**2,895,000**

Table 29: Phase 2 Work Estimate

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28 DATE, SIGNATURE AND CERTIFICATION

This NI 43-101 technical report entitled "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada" has been prepared and signed by the following author.
Dated this 13th day of July 2020 (Effective date)

/s/ Steve E. Cutler
Steve E. Cutler, P.G.

Certificate of Qualified Person

I, Steven E. Cutler of 250 Blue Sky Trail, Bozeman, Montana 59718
hereby certify that:

- I am a Consulting Geologist, affiliated with Roughstock Mining Services, LLC at 250 Blue Sky Trail, Bozeman, Montana 59718, USA. I am Professional Geologist, AIPG #11103, in good standing.
- I was awarded a B.S. in Geology from Montana State University, Bozeman, Montana in 1984, and an M.S Degree in Economic Geology from the University of Alaska-Fairbanks, Fairbanks, Alaska in 1992.
- Since 1984 I have practiced continuously as a Geologist, Supervisor, Chief Mine Engineer, Technical Services Manager, and Consultant for mining firms, and other mining consulting firms. This work encompassed a wide variety of mining and metals types, reserve estimation evaluations, mining planning, equipment selection, and cost analyses. I am the author of several publications on subjects relating to the mining industry.
- I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
- I am responsible for the preparation of sections 1.0, 3.0, 4.0, 7.0, 10.0, 11.0, 12.0, 13.0, 16.0, 18.0, 19,0, 25.0, 26.0of the report "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada." Dated July 13th, 2020.
- I visited the Dome Mountain Property in June, 2010, and January, 2012, and September, 2017 and have collaborated on a number of reports and mine plans for the Dome Property
- As defined in Section 1.5 of National Instrument 43-101, I am independent of the issuer, Blue Lagoon Resources.
- I am not aware of any material fact or change with respect to the subjects of this report which is not reflected in this report, the exclusion of which would make this report misleading.
- I have read National Instrument 43-101 and Form 43-101F1, and the report has been prepared in compliance with that Instrument and Form.

Dated this 13th day of July 2020.

Signed: *"Steve E. Cutler"*
Steve E. Cutler, P.G.

This NI 43-101 technical report entitled "Preli75minary Economic Assessment, Dome Mountain Mine, British Columbia, Canada" has been prepared and signed by the following author.
Dated this 13th day of July 2020 (Effective date)

Godfrey Mhembere

Certificate of Qualified Person

I, Godfrey Mhembere of 816 Royal Avenue, Billings, Montana 59105
hereby certify that:

- I am a Mine Engineer, affiliated with Roughstock Mining Services, LLC at 250 Blue Sky Trail, Bozeman, Montana 59718, USA.
- I was awarded a Diploma in Mine surveying by Messina Transvaal Development (SA)_Shackleton Mine in Zimbabwe then Rhodesia in 1979.
- Since 1979 I have practiced continuously as a Mine surveyor, Chief Surveyor, Planning Engineer in Zimbabwe and from 2004 as Mine surveyor, Production Mine Engineer, Planning and production engineer in the USA, mine designs and planning for mining firms, and other mining consulting firms. This work encompassed a wide variety of mining and metals types, mine design and planning, equipment selection, and cost analyses.
- I have read the definition of "qualified person" set out in National Instrument 43-101 **("NI** 43-101") and certify that by reason of my past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
- I am responsible for the preparation of all or part of the report "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada."
- I have not visited the Dome Mountain Property but have completed mine plans for Dome for the 2016 internal report.
- I am responsible for the preparation of sections 16.0 of the report "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada." As defined in Section 1.5 of National Instrument 43-101, I am independent of the issuer, Blue Lagoon Resources.
- I am not aware of any material fact or change with respect to the subjects of this report which is not reflected in this report, the exclusion of which would make this report misleading.
- I have read National Instrument 43-101 and Form 43-101F1, and the report has been prepared in compliance with that Instrument and Form.

Dated this 13th[1] day of July 2020.Signed:

"Godfrey Mhembere"

Godfrey Mhembere.

Certificate of Qualified Person

I, Jennifer Evans of 707 McLeod Street, Big Timber, Montana 59011
hereby certify that:

- I am a Consulting Geologist, affiliated with Roughstock Mining Services, LLC at 250 Blue Sky Trail, Bozeman, Montana 59718, USA. I am Professional Geologist, AIPG #11669, in good standing.
- I was awarded a B.S. in Geology from Montana State University, Bozeman, Montana in 2003.
- Since 2005, I have practiced continuously as a Geologist and Consultant for mining firms and other mining consulting firms. This work has included reserve estimation evaluations, exploration drill program planning, quality control, and core logging.
- I have read the definition of “qualified person” set out in National Instrument 43-101 (“NI 43-101”) and certify that by reason of my education, affiliation with a professional association, and past relevant work experience, I fulfill the requirements to be a “qualified person” for the purposes of NI 43-101.
- I am responsible for the preparation of all or part of section 14 of this report.
- I visited the Dome Mountain Property in January 2016 and have completed resource estimates for the Dome Property in the past.
- As defined in Section 1.5 of National Instrument 43-101, I am independent of the issuer, Blue Lagoon Resources.
- I am not aware of any material fact or change with respect to the subjects of this report, which is not reflected in this report, the exclusion of which would make this report misleading.
- I have read National Instrument 43-101 and Form 43-101F1, and the report has been prepared in compliance with that Instrument and Form.

Dated this 13th day of July 2020.

Signed:

"Jennifer Evans"

Jennifer Evans, P.G.

This NI 43-101 technical report Section #22 as part of the "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada" has been prepared and signed by the following author. Dated this 13th day of July 2020 (Effective date)

/s/ Bruce M. Genereaux
Bruce M. Genereaux, RM, SME

Certificate of Qualified Person

I, Bruce M. Genereaux of 16 Cliff Street, Norwich, VT 05055
hereby certify that:

- I am a Consulting Mineral Economist affiliated with Roughstock Mining Services, LLC at 250 Blue Sky Trail, Bozeman, Montana 59718, USA.
- I am a Registered Member of the Society of Mining Engineers, #4067729RM, in good standing.
- I was awarded a B.A. in Geology from Middlebury College, Middlebury, Vermont in 1986, and an M.S. Degree in Mineral Economics from the Colorado School of Mines in 1989.
- Since 1989 I have practiced continuously as either an economist or financial analyst for various corporations or as an independent consultant. This work encompassed a wide variety of mining and metals types, markets, corporate and operating structures and international settings.
- I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
- I am responsible for the preparation of Section 22 and references to or discussion of economics elsewhere in the report "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada."
- As my work relied on information provided by others who have visited, a visit to the Dome Mountain Property was not conducted.
- As defined in Section 1.5 of National Instrument 43-101, I am independent of the issuer, Blue Lagoon Resources.
- I am not aware of any material fact or change with respect to the subjects of this report which is not reflected in this report, the exclusion of which would make this report misleading.
- I have read National Instrument 43-101 and Form 43-101F1, and the report has been prepared in compliance with that Instrument and Form.

Dated this 13th day of July 2020.

Signed:

"Bruce M. Genereaux"

Bruce M. Genereaux, RM, SME

This NI 43-101 technical report Section #19 and #21 as part of the "Preliminary Economic Assessment, Dome Mountain Mine, British Columbia, Canada" has been prepared and signed by the following author. Dated this 13th day of July, 2020 (Effective date)

"Jason Todd"

Jason Todd, PG

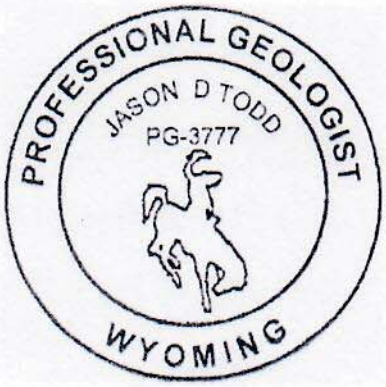
Certificate of Qualified Person

I, Jason Todd of 2006 Glen Ave, Cody, WY 82414
hereby certify that:

- I am a Consulting Geologist, affiliated with Roughstock Mining Services, LLC at 250 Blue Sky Trail, Bozeman, Montana 59718, USA.
- I am Professional Geologist, Wyoming PG #3777, in good standing.
- I was awarded a B.S. in Geology from Montana State University, Bozeman, Montana in 1996.
- Since 1995 I have practiced continuously as a Geologist, Mine Engineer, Technical Services Manager, and Consultant for mining firms, and other mining consulting firms. This work encompassed a wide variety of mining and metals types, reserve estimation evaluations, mining planning, equipment selection, and cost analyses.
- I have read the definition of "qualified person" set out in National Instrument 43-101 ("NI 43-101") and certify that by reason of my education, affiliation with a professional association, and past relevant work experience, I fulfill the requirements to be a "qualified person" for the purposes of NI 43-101.
- I am responsible for the preparation of all or part of sections 19 and 21 of this report.
- As my work relied on information provided by others who have visited, a visit to the Dome Mountain Property was not conducted.
- As defined in Section 1.5 of National Instrument 43-101, I am independent of the issuer, Blue Lagoon Resources.
- I am not aware of any material fact or change with respect to the subjects of this report, which is not reflected in this report, the exclusion of which would make this report misleading.
- I have read National Instrument 43-101 and Form 43-101F1, and the report has been prepared in compliance with that Instrument and Form.

Dated this 13th day of July 2020.

Signed:



"Jason Todd"

Jason Todd, P.G.