ASSESSMENT REPORT TITLE PAGE AND SUMMARY

TITLE OF REPORT: Goldsteam Mill tailings Pond

TOTAL COST: $C 71,598.20

AUTHOR(S): Malcolm B. Fraser

SIGNATURE(S):

NOTICE OF WORK PERMIT NUMBER(S)/DATE(S): M-147
STATEMENT OF WORK EVENT NUMBER(S)/DATE(S): # 5742429/2019/MAY/25, 5750909/2019/AUG/11; 5755652/2019/SEP/17

PROPERTY NAME: Goldstream Mine, Mine # 040024
CLAIM NAME(S) (on which work was done): Goldstream 3 (1056424), part of contiguous Mineral Claims Goldstream 1 (1306422) to Goldstream 8 (1036429) inclusive

COMMODITIES SOUGHT: Copper, Zinc

MINERAL INVENTORY MINFILE NUMBER(S), IF KNOWN: Minfile 082M 141

MINING DIVISION: Kootenay/Boundary
NTS / BCGS: 51.638465° N, 118.503299° E
LATITUDE: 51° 37' 59.25"
LONGITUDE: -118° 32' 45.85" (at centre of work)
UTM Zone: 11 (WGS 84) 392998.98 EASTING: 5721366.51 NORTING:

OWNER(S): Armex Mining Corp

MAILING ADDRESS: 1000 – 355 Burrard Street
Vancouver, BC V6C 2G8

OPERATOR(S) [Armex Mining Corp:

MAILING ADDRESS:
1000 – 355 Burrard Street
Vancouver, BC V6C 2G8

REPORT KEYWORDS (lithology, age, stratigraphy, structure, alteration, mineralization, size and attitude. Do not use abbreviations or codes) Mineralization, metallurgical recoveries

REFERENCES TO PREVIOUS ASSESSMENT WORK AND ASSESSMENT REPORT NUMBERS:

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ASSESSMENT TECHNICAL REPORT

GOLDSTREAM MILL TAILINGS POND

BOUNDARY MINING DISTRICT, BRITISH COLUMBIA
CANADA

BCGS 082M068

Centered at Approximately:
Latitude 51.638465 North by Longitude -118.503299 West

PREPARED FOR

Claims Owner and Operator
ARMEX MINING CORP
(MTO ID 283230)
#1000-355 Burrard Street
Vancouver, BC, Canada V6C 2G8

By
Malcolm B. Fraser, B.Sc., M.A. LLB

Mineral Claims covered:
1036422-1036429 inclusive

Filed in support of Statements of Work:
5742429, 5750909 5755652
Registered
May 25, 2019, August 11, 2019 & September 17, 2019

REPORT DATE    August 29th, 2019
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1.0 SUMMARY

1.1 Overview

This Assessment Technical Report (ATR) has been prepared by Malcolm B. Fraser (the Author), Vice President-Operations and Chief Geologist for Armex Mining Corp. (Armex). The principal purposes of the ATR are to provide follow through on the previous Technical Report 37350 (Fraser, M; Tailings Pond Technical Assessment Report, 21 February, 2018, Event # 37350) describing metallurgical test work leading to preparation of a Preliminary Economic Assessment on the recovery of copper/zinc tailings from the Goldstream Tailings Storage Facility (TDF) and to cover performance of regulatory expenses necessary for the operation of the TDF. This ATR deals only with these two Items and does not constitute a Preliminary Economic Assessment. For the purposes of this ATR, the TDF is herein named the “Project Area”.

Armex, a private British Columbia corporation, holds 100% ownership of the 2 mineral leases (# 306287, # 343698 and the 8 mineral claims, #1036422-29 inclusive, including the Goldstream Mine, Mill and the TDF, aggregating 15,539.48 hectares of sub-surface mineral rights, surface rights and associated governmental permits. Armex acquired the Goldstream Project on September 8th, 2016, from Barkerville Gold Mines Ltd of 1111 Melville Street, Vancouver, BC, a Reporting British Columbia issuer.

An initial tailings drill program had been conducted in 2007 for prior owners, International Bethlehem Resources Ltd., (Pardy J., Pollmer A. & Groome W.; A.R.I.S # 30543) which, although adequately covering the entire area of the tailings within the TDF, unfortunately, contained high percentages of sample loss due to the drilling and recovery techniques used, rendering the results questionable, leading Armex to re-drill the TDF to obtain a representative sample of sufficient volume to provide acceptable credence for subsequent metallurgical testing. The averaged metal grades obtained by Armex in the 2017 drilling for the TDF were 0.42% copper and 1.44% zinc. The average metal grades determined by Pardy et al were 0.46% copper and 1.56% zinc. These two grade sets are reasonably consistent. Metal grades determined from the Goldstream Mill production records over the period June, 1991 to December, 1996 were 0.33% copper and 2.59% zinc. The difference between the two grade sets drilled and the production record average grade remains inexplicable.

All materials processed by Noranda/Bethlehem from the mine were processed within the Goldstream Mill and were deposited solely in the TDF. The tonnage of tailings in the TDF is based on the measured tonnage deposited within the onsite tailing storage facility, as compiled from the historic daily mill production records. The monthly-compiled analytical records taken from the monthly Managers Reports, disclose an aggregate of 1,866,996 metric tonnes of tailings deposited containing 14,197.020 lbs of copper and 105,532,982 lbs of zinc.

This ATR does not deal in any manner with historical in-situ unmined mineralization identified in and about the historic Goldstream Mine. All data and interpretations are based on historical information available prior to the effective date of this report, being January 21st, 2018 and are extracted from factual, existing records.

1.2 Property Description and Ownership

The Project Area is reached by proceeding 98.6 kilometers north of the City of Revelstoke, BC on British Columbia Highway 23 North, starting from the intersection of Trans-Canada Highway 1 and Highway 23 North, located on the east side of Revelstoke, British Columbia, Canada. Turning east from Highway 23 North, proceed 13.3 kilometers east and south-east on the all-weather gravel Goldstream Main Forestry Service Roads to the Goldstream Mine gate, denoted as 4750 Goldstream Road. One-way driving time from Revelstoke is approximately one hour and twenty minutes. The mine property is centered approximately at Latitude 51.638674 North and Longitude -118.502044 West, on National Topographic Series Map 082M09W or British Columbia Geological Series Map 082M068;

The Project Area is situated in the Northern Selkirk Mountains of eastern British Columbia within a tributary “U” shaped glacial valley opening north-westwards into Revelstoke Lake, which has an elevation of approximately 540 meters. The area is heavily forested with Western Cedar, Douglas Fir, Hemlock and other lesser commercial species. Due to the high annual precipitation of both rain and snow (700-1,100 mm), there are many permanent drainages including the Goldstream River feeding the Columbia River system of which Revelstoke Lake now forms part. Revelstoke Lake, which now forms the western boundary of Highway 23, was formed subsequent to 1983 by completion of the 2300 MW Revelstoke Dam and subsequent flooding of an 80-kilometer section of the Columbia River system, extending north-easterly to the toe of the 2780 MW Mica Dam, completed in 1978.
Mineral Titles to the lands underlying the Project Area set out in Table 4.2.1, comprise two Mining Leases and 8 Mineral Claims aggregating 15,539.48 hectares registered under the British Columbia Mineral Titles system in the name of Armex Mining Corp. These Leases are currently in good standing until September 30th, 2019 and aerially cover all of the TDF, the mine workings, the mine buildings and related civil works. The TDF lies entirely within the area of Mineral Claim 1036424 and is not included within the area of mineral leases 306287 and 343698 for the purposes of assessment work. The area covered by the mineral claims is presented in yellow in Figure 1.2.2 below; the mineral leases appear as the orange figure within mineral claim 1036422.
1.3 Geology and Mineralization

The Big Bend area of the Northern Selkirk Mountains which contains the Project Area, is part of the eastern margin of the Omineca Tectonic Belt and lies between the fold and thrust-fault belt of the southern Canadian Rockies on the east, and the Shuswap Metamorphic Complex on the west. The Big Bend area is underlain by strongly deformed Neoproterozoic to Late Paleozoic metasedimentary and metavolcanic rocks of the Kootenay Terrain intruded by numerous granitic plutons. The Shuswap Metamorphic Complex is separated from the rocks of the Big Bend Area by the east-dipping Columbia River fault zone, a major extensional fault of Eocene age.

The northern Selkirk Mountains form part of a large, tectonically transported block (allochthon) that was displaced eastward along the Monashee decollement for some 200 km (Brown et al., 1986). The sliding resulted in a complex pattern of folding and faulting that is dominated to the east of Downie Creek and Standfast Creeks by the northwest-trending Selkirk fan structure. The Selkirk fan is terminated in the Rocky Mountain fold and thrust belt by the northeast-verging Purcell thrust.
The majority of the known mineral occurrences in the Big Bend area are situated west of the Selkirk Fan structure axis and to the west of the Downie Creek and Standfast fault systems. Recent government mapping studies (Logan et al., 1994, 1995, 1996) and university thesis projects (Lane, 1977 and 1984; McKinlay, 1987) have provided definition to the area’s stratigraphy as outlined by earlier workers (Gunning, 1929; Wheeler, 1965; and Hoy, 1979). The stratigraphy of the zone has been summarized by Logan and Colpron (1995) as shown in Figure 1.3.1. Proterozoic rocks are represented by metasedimentary rocks of the Horsethief Creek Group, and Lower Paleozoic rocks are represented by metasedimentary and metavolcanic rocks of the Hamill Group overlain by the Badshot Formation and in turn by metasedimentary and metavolcanic rocks of the Lardeau Group. The lithologic similarities between the Horsethief Creek, Hamill and Lardeau Groups and intense deformation and metamorphism have complicated both local and regional correlation.

Paleozoic rocks are host to most of the volcanogenic massive sulphide and replacement zinc-lead deposits in the Big Bend area. They occur in a NNW trending belt of rocks situated between the Columbia River fault and the Downie Creek-Standfast Creek fault systems. The major mineral deposits of the area are strata-bound, similar to the Besshi deposits of Japan and the Kiestager or bedded cupferous iron sulphide class (Hoy, Gibson, and Berg, 1984).

The mineralization of the mined ore zone of the Goldstream mine comprises a massive sulphide lens consisting of chalcopyrite, pyrrhotite, sphalerite and lesser amounts of pyrite. Adjoining the massive sulphide zones, are occasional narrow bands of disseminated mineralization containing chalcopyrite and pyrrhotite, usually in siliceous sericite. The final calculation of the mineral inventory published by Noranda in 1979, based upon the results of surface drilling, indicated a total of 3,177,903 metric tonnes, grading 4.49% copper, 3.24% zinc and 0.68 troy ounces per tonne of silver. Noranda estimated a dilution of 24% based upon the proposed mining system (Noranda; Preliminary Economic Assessment, 1979).
1.4 History of Production
Mill production records covering the periods of operation from June 1983 to March 1984 (Noranda) and from June 1991 to January, 1996 (Bethlehem), record a total of 2,233,472 metric tonnes of ore mined and 2,232,664 metric tonnes of ore milled, producing 33,200 metric tonnes of copper concentrate averaging 23.41% copper and 12,620 metric tonnes of zinc concentrate averaging 46.62% zinc. A total of 1,866,996 metric tonnes of tailings were recorded as produced and delivered to the tailings pond averaging 14.4% solids and average pH of 11.1, containing 14,197,420 lbs of copper (0.33%) and 105,532,982 lbs of zinc (2.59%). The average metal recoveries into concentrates were recorded at 92.57% for copper and 11.53% for zinc. These numbers, compiled from the Goldstream Mill daily production records as summarized in the Monthly Mine/Mill Production Report to the Mine Manager, were based upon routine multiple assays produced daily by the mill analyst and employees. The concentrate grades and assays were verified and reconciled against the relevant smelter payments for contained metals and tonnages received by the smelters to which the concentrates were shipped. The solids content of the tailings slurry pumped to the tailings pond was measured daily for specific gravity, metal content and flow rate, providing a reconciliation against measured material mined and milled, less concentrates shipped, with a difference of 0.61%. There remains unsolved, a discrepancy between the average reported grades derived from mill records, as noted above, and the grades derived from the 2017 winter drill program. For the purposes of consistent and conservative reporting, the lower grades, reported in the 2017 drilling, will be used.

The last recorded remaining mine Resource produced by Christopher Wild, P.Eng., Mine Geologist, dated 27th September 1995 recorded total remaining resources of 1,003,726 mt in the mine in all panels, having an average grade of 3.92% copper and 2.14% zinc with an additional inferred tonnage of 127,714 metric tonnes grading 3.86% Cu and 2.11% Zn. Mine records further indicate that a total of 104,906 metric tonnes were milled between September 1st, 1995 and mill closure in January 1996 and that 814 tonnes of mined rock remained underground.

On March 20, 2018 a Technical Report by Gordon Gibson, P.Geo. was produced, indicating a remaining underground Resource of Measured plus Indicated 703,872 mt grading 3.39 % copper and 2.36% zinc, with an Inferred category of an additional 195,752 mt grading 3.92% Cu and 2.15% Zn, with the ore zone continuing to depth. The Report cautions that these numbers are based upon “Historical: reserves (pre-February 1st, 2002), which must be re-confirmed by current underground testing in accordance with current NI 43-101 requirements to re-establish their status.

The present BC Ministry of Mines Minfile record (082M 1410, reports 22,000 metric tonnes grading 3.5% copper and 2.15% zinc (Information Circular, 1997-1, page 10). This latter reserve of 22,000 tonnes appears to be incorrect. The mine was closed due to the concurrence of low copper prices, rising underground haulage costs, continuing poor zinc recoveries, and an unfortunate mine fatality due to bad ground conditions at the 100 level. (Personal Communications; January 2017; G. Gibson, independent P.Geo.; July 2017, H. Ewanchuck, former CEO, Bethlehem Resources (1996) Corp.), (August, 2017).

1.5 Tailings Impoundment

The existing Tailing Disposal Facility (TDF) covers a drainage area of approximately 15.3 hectares, including the West and North dams, access and service roads and drainages and is located approximately 6.8 km west of the Goldstream Mine concentrator building. The tailings pond, located downslope on the north side of the Goldstream FSR between road kilometer markers 6 and 7, encloses an area of 7.9 hectares within the two dams with water depths varying from 1 to 3 meters. Total depth of tailings is up to 22 meters from the existing water surface (elevation 690.5 masl). The dams and Malcolm
Each of the two dams consists of a low permeability upstream zone constructed of glacial till and a random-fill downstream shell, all located on non-lacustrine glacial till. The dams were built with fine-sand infiltration filters wrapping the core, to permit limited seepage to the downstream drainage, for relief of internal hydrostatic pressures and drainage of minor seepage from within the dam. Stage One of the dam system was constructed in 1982 by Noranda, supervised by Klohn Leonoff. The TDF went into operation between May 1st, 1983 until April 15th, 1984, during which time approximately 375,000 metric tonnes of high grade tailings were deposited in the pond. After the 1984 mine shut down by Noranda until the 1989 acquisition by Bethlehem Resources, the TDF was maintained by Noranda personnel. Two inspections were made by Klohn Leonoff personnel on October 15th, 1984 and April 15th, 1989. Following acquisition of the project by Bethlehem Resources in early 1989, a decision was made to increase the available capacity to 2.4 million tonnes of tailings by raising the dam crest elevation to 694.5 meters above sea level (masl). The crest elevation increase was based upon engineering design prepared by Klohn Leonoff in May 1989, subsequently reviewed and approved by Wright Engineers, also of Vancouver, B.C. An image of the current tailings pond appears as Figure 16.1.1 in Section 16.

During August 1993, the West and North Dams were widened and raised by 1.5m to the level of 691.5 masl (meters above sea level). In December 1993, a high-level (690.5 masl) emergency spillway was cut through the enclosing competent amphibolite bedrock at the northeastern end of the pond, permitting permanent, direct overflow drainage into Brewster Creek. From the existing mines records and reports, it is evident that water cover of the tailings deposited in the pond prior to the date of commencement of the above construction, was not impacted by the widening of the dam roads or creation of the spillway. Despite the best efforts of local resident beavers, the current dam water level has remained at 690.5 masl since the date of construction of the emergency spillway. All surface precipitation occurring within the 7.9-hectare area of the TDF (less limited dam seepage of approximately 40 m³/24 hr day) exits eastwards to Brewster Creek. All surface drainage from surrounding lands upslope of the TDF is collected in the southerly diversion ditch and diverted into Brewster Creek thence downstream into the Goldstream River. These drainage rates vary from nil to 12,000 m³/24 hr day, depending upon precipitation, with the monthly average in the order of 1,000-2000m³/24 hr day. Seepage drainage from the West and North dams are drained away from the dam downslope faces for water quality monitoring and are then allowed to drain naturally into a large low-lying wetland which drains into the Goldstream River.

Based upon their Report on the tailings pond (Klohn Crippen; March 7th, 1995; PM 5219 09), the remaining storage volume within the pond from the date of last sounding in November 1994 was estimated at approximately 450,000 cubic meters or 540,000 metric tonnes of tailings, providing for a further 18 months of production, based on maximum filling to the 690.0 level. From November 1st, 1994 to closure in early January 1996 a total of 329,568 metric tonnes of tailings were deposited into the tailings pond, leaving a nominal remainder of 210,000 metric tonnes available capacity.

Residual water discharge since the cessation of operations in 1996 has been pH neutral to very slightly alkaline (7.0-7.8); all discharge has remained entirely within existing BC Ministry of Environment Discharge Permit PE 6168 levels for the past 22 years since 1996. Daily seepage from the two dams from 1991 to 2019 have averaged approximately 40 m³/24 hr day, which appears to be the design capability.
1.6 Mineral Resource

All ore mined from the Goldstream mineral reserve was processed in the Goldstream mill and all processed tailings were deposited directly into the Goldstream tailings pond and not elsewhere. No cyclonic separation of coarse and fine tailings materials was made for the purposes of building coarse tailings abutments, so metals distribution within the pond is a direct result of hindered settling, with limited modifying in-pond water currents. All tailings weights, grades, specific gravities and slurry volumes were routinely recorded daily under the supervision of the Mill Superintendent and Mine Manager. Daily totals and grades of tailings sent to the tailings storage facility were compiled into consecutive written monthly reports signed by the Mine Manager. The monthly reports are complete and continuous for the production periods and form part of the stored records at the Goldstream Mill. A summary compiled from recorded tailings production and metal content is set out as Table 1.6.1 below. The compilation of the monthly records appears as Table 21.1.1, Pages 49 & 50.

Table 1.6.1: Mineral Resource-Tailings

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<tr>
<th>Classification</th>
<th>Tonnage</th>
<th>Volume</th>
<th>Copper</th>
<th>Zinc</th>
<th>Gold</th>
<th>Silver</th>
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<tr>
<td></td>
<td>dmt</td>
<td>m³</td>
<td>%</td>
<td>%</td>
<td>g.mt</td>
<td>g/mt</td>
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<td>Measured⁵</td>
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<td>1.44</td>
<td>0.16</td>
<td>25</td>
</tr>
</tbody>
</table>

Note:
1. Mineral Resources do not have demonstrated economic viability.
2. All Resources are stated without cut-off as they will be entirely recovered for processing, regardless of grade variations.
3. Mineral Resource tonnage and grades have been rounded to reflect the accuracy of the recorded information and may not add due to rounding.
4. One Troy Ounce (troy oz) is equivalent to 31.1035 grams.
5. Copper and Zinc grades established from 2017 drill composite (KMS Report 5317; Table 1-2). Gold and Silver grades are derived from the composite analyses of the bulk sulphide concentrates produced by ALS, Kamloops: (Sloan R., Report # KMS517, Dec. 1 2017).
6. The average recorded grade, based on mill records is 0.33% copper and 2.59% zinc. The copper and zinc grades shown are based on the results of 2 drilling programs. The discrepancy between mill assays and drilling results has not yet been explained so the lowest grades based on drilling as will be used.

There remains an unresolved difference between the average of the recorded 0.33% copper and 2.59% zinc tailings grades deposited in the pond and the average grades of 0.42% copper and 1.44% zinc determined from 2 separate drilling programs, with drilled copper grades appearing to be 27% higher and zinc grades appearing to be 44% lower. These differences may be attributable to partial oxidization of the zinc and subsequent ex-solution into the pond discharge water over the intervening 20 years, or to some unexplained distribution of tailings deposited within the pond not seen in the two drilling programs, or to some unexplained systemic assay error in the original mill assays. For the purposes of determining recoverable metals, the lowest grades of copper and zinc determined by the independent drilling have been used but may not accurately reflect the real recovered values from reprocessing.

Other than the amounts contained in the tailing records, all other mineral resources are included in the NI 43-101 compliant Technical Resource Report of Gordon Gibson, dated 20th March, 2018. This Mineral Resource Estimate has been prepared in accordance with NI43-101 but not filed with securities regulators. No resource is attributed to potential mineralization to be identified from future drilling of the previously identified Inferred Resource or to future potential mineralization to be identified from possible extensions of the Goldstream ore zone to the north-east down-plunge extension of the mine ore zone or from the possible extensions of the ore zone to the south-west from the “Pierce Point”, as identified by G. Gibson, P.Geo..
1.7 Drilling
No diamond drilling has been carried out on the TDF other than previously reported (Gibson, G., Fraser, M.).

1.8 Metallurgical Test Work
Preliminary metallurgical test work was undertaken in 2017 with ALS-Metallurgical, Kamloops, BC, to receive, analyse and do preliminary flotation testing to develop a bulk sulphide concentrate which could be used for further metallurgical evaluation of the TDF mineralization. This was done and previously reported (Fraser, M., March 2018). Further test work was indicated to determine whether the preliminary test work carried out with Cominco Engineering Services Limited (CESL), Richmond, BC, a subsidiary of Teck Limited, would justify the use of pressure oxidative leaching using the low-grade bulk-sulphide concentrate. The extensive test work done by CESL indicated a very good recovery of zinc (95.8%) but a lesser recovery of copper (88.6%), limited uptake of iron (8%) and limited conversion of the sulphide to elemental sulphur. While these were reasonably satisfactory results, preparation by CESL of a preliminary operating cost and capital cost structure for the CESL Process indicated the project would be struggling to recover necessary cash flow to service capital cost recovery and profit expectations without significant reduction in both the operating and capital costs.

Based on the CESL findings, Armex has engaged in further metallurgical enquiries and in developing a more modest capital and operating cost environment. These studies are currently underway.

1.9 Property Maintenance
Continuing maintenance costs are necessary to comply with regulatory requirements for the safe management of the TDF and in meeting existing permit requirements for discharge of water to the environment. These ongoing expenses fall within the definition of “development” as appearing in Section 16(1) of the Mineral Tenure Act.

The failure of the Mount Polly Tailings dam on 4th August 2014, has created heightened concern for all water enclosed mineral tailings dams within British Columbia and has triggered an increase in the level of surveillance and reporting. Consequently, a Dam Safety Review Report for the Goldstream Mine Tailings Dams (2) was requested by the Ministry of Mines for 2015, in addition to the annual requirement of a Mines Tailings Pond Inspection Report for those dams, and for the appointment of an independent Resident Engineer and an independent member of the corporate owner’s Board of Directors to be entitles as the “Tailings Director”. Compounding the reporting requirements, the Canadian Dams Safety Council has made a change in the design characteristics of earthen dams which has retrospectively made the Goldstream Tailings dams “out of compliance”

These additional requirements have been made notwithstanding that the subject dams have stood unchanged for 36 years and performed fully in accordance with the design characteristics pursuant to which they were constructed.

In response to these additional demands, Armex has commissioned an independent geotechnical Engineer to prepare the Annual Dam Inspection Reports and has made preliminary arrangements for completion of the Dam Safety Review Report. These reports are being prepared as Armex’s funding permits. The expenses for the reports are included in the expenditures filed for the Events covered by this present Assessment Report.
1.8 Permit Amendments
All drilling, reclamation and re-processing activities will be conducted within the scope of existing Permits M-147 & PE-6168 which, at the time of writing of this Report, are in process of transfer from the prior owners into the name of Armex Mining Corp.

1.9 Observations and Conclusions
The principal purpose of the additional metallurgical test work has been to establish a reliable, groundwork for establishing an economic recovery method for development of the tailings recovery. Annual Report expenses are included in the total of expenses filed, as on-ground expenses necessary to the development of the tailings resource.

1.10 Value of Work Done
A total of $Cad 71,598.20 ($46,498.20, $25,100.00), was expended on the metallurgical test work, regulatory report requirements and related on-ground compliance work. The sum formed the basis for Mineral Tenures Exploration and Development Statements of Work # 5742429 and 5750909 dated May 25 2019 and August 11, 2019 respectively.

1.11 Recommendations
Recommended additional test work should include:

- Mineralogical evaluation, including quantification of mineral locking to resolution of 0.01μm
- Comprehensive particle size analysis for the existing tailings
- Grind size tests to achieve maximum recoveries of metal sulphides into a bulk sulphide concentrate
- Optimization of reagent regime for separation of gangue to tailings and sulphides
- Characterization of the re-cleaned tailings, including Acid-Base Accounting
- Determination of alkali dosing (if any) necessary to ensure long-term buffering of residual sulphides in tailings
- Characterization of the residual sulphide tailings and final leach residues
- Development of hydrometallurgical processes economically optimal for the maximum recovery of salable metal and other products from the TDF tailings
- Determine water and mass balances and disposition of surplus tailings pond water
- Preparation of a final flow sheet design incorporating optimized testing results and mass balances
- Identification of acceptable hydrometallurgical processes suitable for recovery of all hazardous and/or toxic heavy metals and for subsequent sequestration of same in geologically suitable environments
• Preparation of full operating, capital and financing costs on a life-of-mine basis, for inclusion in a pre-feasibility-level financial model.

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<th>Source</th>
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<th>Budget</th>
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<td>$3,000</td>
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<td>Flotation tests (SGS-Lakefield)</td>
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<td>Bulk sulphide concentrates</td>
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Notes:

a) Unit costs and budgeted costs are estimates awaiting final quotation and may vary depending upon results obtained and re-runs ordered.

b) All work will be supervised by M. B. Fraser, VP Operations for Amex Mining Corp and incurred at the expense of Armex, but will be conducted by independent, qualified engineering groups and metallurgical laboratories. All reports will be signed off by independent Qualified Persons within the meaning of NI 43-101.

c) Selection of the Engineering Group to design the revised process flow sheet will be undertaken once all metallurgical and other engineering results are to hand.
2.0 INTRODUCTION

2.1 Terms of Reference and Purpose of Report

Armex Mining Corp. (Armex) has directed the Author to oversee preparation of an Assessment Technical Report (ATR) for the Mineral Claims comprising the Goldstream Tailings Recovery Project (GTRP), located in the province of British Columbia, Canada. Armex is a private non-reporting British Columbia company, not presently listed on any public stock exchange. Armex has acquired 100% ownership of the two Mining Leases and eight Mineral Claims comprising the GTRP area. This ATR records technical work specific to Mineral Claim 1036424 which includes all of the Tailings Disposal facility (TDF), conducted by Armex during the period June 2018 to August 2019. The Technical work includes the second phase of metallurgical testing of a composite representative sample of the mineral tailings located in the TDF and expenses incurred on the TDF for the purposes of regulatory compliance.

This report and the Resource herein were prepared in compliance with the disclosure and reporting requirements set forth in Canadian National Instrument 43-101 (NI 43-101), Companion Policy 43-101CP, and Form 43-101F1 (June 2011), as well as with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Definition Standards for Mineral Resources and Reserves, Definitions and Guidelines adopted by the CIM Council on November 27, 2010. Those sections of the NI 43-101 format not relating to work covered in this ATR relating to same have been omitted.

2.2 Sources of Information

The Author sourced information from referenced documents as cited in the text and summarized in Section 27 of this report. Since the preparation of an Engineering Report by Wright Engineers in 1989, which pre-dates the institution of National Instrument Policy for Technical Reports which became effective on February 1st, 2001, no Technical Reports, other than the Mineral Resource Estimate prepared by Gordon Gibson, P.Geo. dated March 20th, 2018, in accordance with NI43-101 but not filed with securities regulators, have been filed for evaluation of the economic aspects of the GTRP. Except as noted in this Report, all prior technical work on the project area and adjacent properties carried out by the former owners of the Project area, had been focused on exploration of naturally occurring mineralization. Excluding a drilling program carried out on the tailings pond in 2007, mineralogical and metallurgical test work contracted by International Bethlehem Resources Ltd., (formerly Orphan Boy Resources Inc.) between 2001 and 2007, and work carried out under the direction of Armex Mining Corp during 2016 and 2017, all production work and resulting data were concluded prior to the effective date of NI 43-10, being February 1st, 2001.

Armex was advised by the prior owners, Barkerville Gold Mines Ltd., that they had provided Armex with all information on the Project Area within their files. With respect to Section 6, Sections 9 through 13, Sections 15, and 16 of this Report, the authors have relied, in part, on historical production information including Goldstream mine and mill records, records from Noranda Mines, Bethlehem Resources, Orphan Boy Resources Limited and Barkerville gold Mines Ltd., exploration reports, technical papers, sample descriptions, assay results, computer data, maps and drill logs generated by previous operators and associated third party consultants or as located in the BC Minfile database and metallurgical test work carried out by ALS Metallurgical, Kamloops, BC, during 2016 and 2017. The author cannot guarantee the quality, completeness, or accuracy of historical information, prepared prior to the implementation of NI 43-101 standards. Historical documents and data sources used during the preparation of this report are cited in the bibliography provided in Section 27.
The scope of this study included a review of pertinent technical reports and data sourced by the Author and as provided to the Author by Armex regarding the general project setting, geology, history, exploration activities and results, methodology, quality assurance, interpretations, drilling programs, and metallurgy. The Author relied on the data and information provided by Armex during the completion of this report, including the supporting data for the estimation of the Mineral Resource. Where deemed either inadequate or unreliable, the data was either eliminated from use or procedures were modified to account for lack of confidence in that specific information.

2.3 Qualified Persons and Scope of Personal Investigation

The Author has over 50 years’ experience working as an economic geologist and geological engineer but is not presently registered as a Professional Engineer or Professional Geologist and thus, is not a “Qualified Person” within the meaning of NI 43-101. He has had substantial working experience world-wide in all phases of exploration, development, production, metallurgy and worldwide marketing of minerals and mineral concentrates in non-ferrous metals, precious metals and industrial minerals. The Author has executed numerous property evaluations reviewing all aspects related to feasibility.

ALS Metallurgical, Kamloops, Cominco Engineering Services Ltd., Richmond and SGS-Lakefield, Ontario are independent, professional, ISO Certified metallurgical and chemical laboratories with offices in Kamloops, Richmond, Burnaby and Lakefield, Ontario and other major centers world-wide.

2.4 Site Investigations

The Mine site was visited by the Author on multiple occasions during 2018 and 2019 for the purposes of the work covered by this ATR. These visits aggregate approximately 30 days.

2.5 Measures and Abbreviation

Unless otherwise stated, all measurements reported in this report are in metric units, and currencies are expressed in 2018 Canadian dollars.

3.0 RELIANCE ON OTHER EXPERTS

During preparation of this report, The Author relied on internal records from Armex Mining Corp., Barkerville Gold Mines Ltd., Bethlehem Resources Corporation, Orphan Boy Resources Inc., and Noranda Mines Ltd., for information regarding land agreements, options, titles, royalty information, and environmental liabilities associated with GTRP. The Author independently conducted a review of the two public registered Mining Leases and eight Mineral Claims and the state of titles called Crown Granted Mineral Claims and surface rights lying within or adjacent to the subject area.
4.0 PROPERTY DESCRIPTION AND LOCATION

4.1 Project Location
The former Goldstream Mine and Mill plant and facilities are located 73.24 kilometers by air north-northwest (Azimuth 347.14°) from the City of Revelstoke, British Columbia, Canada. Access to the property is obtained from the recently (2016) re-paved 2 lane provincial Highway 23 North, located on the east side of Revelstoke Lake, a flooded portion of the Columbia River, lying between the Revelstoke Dam, situated 3 km north of Revelstoke, and the Mica Dam, situated 140 kilometers north of Revelstoke. Just past the Highway 23 North Kilometer 98 marker, (known locally as the “50 Mile” turn-off”), a short section of paved road exits east, connecting with the all-weather graveled Goldstream Main Forestry Service Road (Goldstream FSR) which proceeds from Highway 23 North for 6.3 kilometers east, then 6.8 kilometers south-easterly to the Goldstream Mine gate located at kilometer 13.6. The Goldstream FSR is maintained by the Revelstoke Community Forest Corp. (“RCFC”) under license with the B.C. Forest Service. The Goldstream FSR and other FSR’s branching from the Goldstream FSR are private, currently active, radio-controlled (Channel 21), logging roads maintained by the RCFC, extending approximately 35 km beyond the Goldstream Mine.

The property is centered within National Topographic System map sheet number 082M09W and British Columbia Geographic System map sheet number 082K068, at 51.638674° North Latitude and -118.502044° West Longitude. The reference location using the Universal Transvers Mercator System co-ordinates is Zone 11(NAD 83) 572079.33 North and 401322.23 East. The general location is shown in Figures 1.2.1, 1.2.2, 5.2.1 and 5.5.1.

4.2 Mineral Titles
Ownership of mineral rights in British Columbia is administered by the Ministry of Energy Mines and Natural Gas under the Mineral Tenure Act (RSBC 1996 Chapter 292). Under the Web page heading “British Columbia Mineral Titles Online” details of registration are freely-accessible, public records. Legal ownership of mineral tailings remains with the owner of the mineral titles at the time of severance until abandonment of the mineral titles. In the case of the Goldstream tailings, there has been a clear, continuing and undisputed chain of ownership of the mineral rights by the former owners, Barkerville Gold Mines Ltd., Orphan Boy Resources Ltd., Bethlehem Resources (1996) Corporation and Noranda Mines Ltd. Title to the mineral rights passed to Armex on September 8th, 2016, comprised two Mineral Leases and eight Mineral Claims listed below in Table 4.2.1. The Mineral Leases include exclusive ownership of all surface civil works, buildings, plant and fixtures, use and occupation of the related surface rights and sub-surface mineral rights. The Mineral Claims include ownership of all mineral rights beneath the surface except those reserved to the Crown, being specifically, oil, gas, coal and marl.

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<th>Type</th>
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Ownership number 283230 is issued to Armex Mining Corp, a Private British Columbia corporation.

Assessment Events # 5742429 & # 5750909 registered 25 May 2019 & 11 Aug 201, extends the above mineral claims “Good To” date to Nov 3, 2018; pending approval

* Contains entire area of Tailings Disposal Facility (TDF).

4.3 Armex Mining Corp. Purchase
Armex Mining Corp. acquired a 100% ownership of the Mining Leases and Mineral Claims, effective September 8th, 2016, pursuant to a private purchase agreement with Barkerville Gold Mines Ltd. of 1111 Melville Street, Vancouver, BC.

4.4 Environmental and Permit Compliance Responsibilities
Pursuant to the laws of the province of British Columbia, no mining or other minerals related activities may be carried out without specific permit approvals issued and enforced by the Ministry of Mines and the Ministry of the Environment. All necessary permit approvals and consultations were applied for and obtained, initially by Noranda Mines Ltd., then doing business as MacLaren Forest Products, on December 10th, 1981 under Ministry of Mines Rehabilitation Permit M-147 and Ministry of the Environment Discharge Permits PE-6167,8 and 9. These permits were subsequently transferred to Bethlehem Resources by Amendment dated October 21, 1991 and to Barkerville in 2015. The Permits were in good standing at the date of cessation of operations in January 1996. Excluding Permits PE 06167 and 06169 which were discontinued by the Ministry of Environment, all the above permits have been continuously maintained in good order to date, with regular discharge water quality and quantity monitoring conducted and reports filed monthly by the Property Maintenance Manager to the responsible Ministries. The change of ownership of the Project to Armex will entail a review of all permit conditions by the regulatory agencies to ensure appropriate future compliance. This process has been commenced and is not anticipated to require more than nine months to achieve completion.

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

5.1 Topography, Elevation and Vegetation
The former Goldstream Mine is located in the eastern Selkirk Mountains. The Selkirk Mountains span the northern portion of the Idaho Panhandle, eastern Washington, and southeastern British Columbia. They begin at Mica Peak near Coeur d'Alene, Idaho and extend approximately 540 km north (338 miles) to the northern border of Kinbasket Lake which lies approximately 80 km north of the Mine site.
The Goldstream valley is “U” shaped with the central portion covered by thick glacial till, gravels and sand. Overburden decreases with increased elevation up the valley slopes where locally derived mass wasting material prevails.

Vegetation consists of mixed stands of mature cedar, hemlock, balsam and spruce with logged areas covered by dense undergrowth of alder and devil’s club. The entire area has been subjected to prolonged logging activities with a mosaic of cut and re-growth areas, serviced by existing logging roads. The area is subject to current logging operations, requiring radio notification of road use and driver care when using access roads.

5.2 Access
The former Goldstream Mine and Mill plant and facilities are located 73.24 kilometers by air north-northwest (Azimuth 347.14°) from the City of Revelstoke, British Columbia, Canada. Access to the property is obtained from the recently (2016) re-paved 2 lane provincial Highway 23 North, located on the east side of Revelstoke Lake, a flooded portion of the Columbia River, lying between the Revelstoke Dam, situated 3 km north of Revelstoke, and the Mica Dam, situated 140 kilometers north of Revelstoke. Just past the Highway 23 North Kilometer 98 marker, (known locally as the “50 Mile” turn-off”), a short section of paved road exits east, connecting with the all-weather graveled Goldstream Main Forestry Service Road (Goldstream FSR) which proceeds from Highway 23 North for 6.3 kilometers east, then 6.8 kilometers south-easterly to the Goldstream Mine gate located at kilometer 13.6. The Goldstream FSR is maintained by the Revelstoke Community Forest Corp. (“RCFC”) under license with the B.C. Forest Service. The Goldstream FSR and other FSR’s branching from the Goldstream FSR are private, currently active, radio-controlled (Channel 21), logging roads maintained by the RCFC, extending approximately 35 km beyond the Goldstream Mine.

5.3 Climate
Climate in the region of the Goldstream property is that of the Interior Rain Belt with temperatures ranging between -15°C and +30°C. Annual precipitation averages 1.15m (45.3”) of which more than half falls as snow. Elevation varies from 660m at the Goldstream River to over 2,700m up the valley slopes. Winter snow accumulation can exceed 10 feet.

5.4 Native Land Claims
All British Columbia lands are subject to treaty negotiations with various First Nations groups. The Goldstream area falls within the larger "Revelstoke" treaty area extending from the U.S.A. border to the south, north to Mica Creek, east to the Alberta border and west to Revelstoke Lake. Federal and Provincial negotiations with the Ktunaxa Nation and Kinbasket People cover this traditional territory of British Columbia. All appropriate consultations with First Nations representatives for the Goldstream Project required under then-relevant provincial legislation were completed prior to the issue of the present Permit M-147 and commencement of mining operations. No need for further consultations are presently anticipated although ongoing information meetings will be held with qualified First Nations representatives to provide information on site activities and to address any social concerns that may arise.
The GTRP property is remote. Food, fuel and lodging are available within a one hour and fifteen-minute drive at Revelstoke. There are presently no gasoline, toilet, food, cellular telephone or other service facilities along Highway 23 North, north of Revelstoke. BC Hydro maintains a large private camp at Mica Creek, approximately 50 km further north on Highway 23. The balance of the buildings includes: the main administration office, the mill, (concentrator building), light equipment service building, mechanical storage, assay laboratory, minor outbuildings. The general Layout of the Plant Site is shown in Figure 5.5.1 below.
6.0 HISTORY

6.1 Noranda/Norex
Oxidized massive sulphide float was first discovered in glacial till in the Goldstream valley during logging road construction in 1972. By 1974, the Goldstream property had been staked by a prospecting syndicate comprised of Gordon Bried, Bruce Bried and Frank E. King. The property was optioned by the syndicate to Noranda Exploration Company, Limited (no personal liability) ("Norex"), a subsidiary of Noranda Inc. of Toronto, Ontario. Surface diamond drilling, commenced in 1975, outlined the known reserve. This surface drilling program was followed in 1976 by an underground exploration program of drifting and detailed diamond drilling. A decision to place the property into production was made in January 1980, based upon designs made by Kilborn Engineering, a subsidiary of SNC-Lavalin, Montreal. Production was started in May 1983. The recorded capital cost for the mine, mill and tailings disposal facility at initial start-up was $Cad 72,000,000. On April 16, 1984, the Goldstream mine was placed on a care and maintenance basis, and one year later it was shut down due to declining copper prices, and drastically lower than predicted recovery of commercially salable zinc concentrate from operations. Mineralogical studies and test-work completed during the operation indicated that the poor zinc recovery was related, in part, to secondary copper minerals in the open pit ores, which were not present in the underground ores used in the pilot plant testing and in part by the complex nature of the intergrowth of fine grained pyrrhotite and sphalerite cause by the intensive retrograde metamorphism of the mine rocks.
6.2 Bethlehem Resources Corporation

In early 1989, the Goldstream Property was acquired by Bethlehem Resources Corporation, (Bethlehem), a subsidiary of The Imperial Metals Group, Vancouver, through a financing arranged by its joint venture partner, Goldnev Resources Inc., also of Vancouver, at a purchase cost of approximately $Cad 6,000,000 and assumption of ongoing capital and inventory costs.

The Goldstream Property was the subject of a feasibility study prepared by Wright Engineers Limited dated May 19, 1989, (the "Wright Report"). The Wright Report stated that the current mineable ore reserves were estimated at 1,860,000 metric tonnes grading 4.81% copper and 3.06% zinc. It was proposed to re-establish the operation at a rate of 1,100 tonnes/day using a mining contractor for all underground development and production.

The Wright Report estimated that the cost of rehabilitation of the Goldstream Property would be $4,530,000. With the property purchase price and ongoing costs of $6,000,000 and a working capital and inventory cost of $5,080,000, a total capital expenditure of $15,610;000 was required to put the Goldstream property back into operation. Additional capital of $1,825,000 for tailings disposal and $5,922,000 for deepening the mine was required to sustain the operation, bringing the total project capital restart outlay to $22,357,000 and the total investment cost to over $104 million (1991) Canadian dollars.

The recommendations of the Wright Report were accepted by Bethlehem and Goldnev, its equal joint venture partner, and the property was put back into production in May 1991. Operations ran continuously thereafter until mining operations ceased in late November 1995 and the mine was shut down on December 22, 1995. Milling of ore remaining in the system continued into late January 1996. Thereafter the plant and equipment were placed into long term care and maintenance under the continuing supervision of Red Daley, Bethlehem’s former Mill Superintendent.

6.3 Orphan Boy Resources Inc.

Pursuant to an option-purchase agreement contracted on November 23, 1999, and completed in early 2002, Orphan Boy Resources Inc., of Vancouver, B.C. (“Orphan Boy”) acquired from Imperial Metals and Goldnev joint venture, 100% of the shares of Bethlehem Resources (1996) Corporation, the registered owner of the Goldstream mineral leases, mineral claims and mine plant and equipment. Orphan Boy continued sporadic exploration and metallurgical testing on the property until 2010.

6.4 Barkerville Gold Mines Ltd.

On November 16th, 2010, Barkerville Gold Mines Ltd. acquired from Orphan Boy Resources Inc., 100% of the shares of Bethlehem Resources (1996) Corporation, at an aggregate cost of $Cad 3,300,000, payable as $Cad 1,300,000 in cash and $Cad 2,000,000 in shares of Barkerville Gold Mines Ltd. It was Barkerville’s plan to relocate the mill to an area near Wells, B.C. to service its Cow Mountain properties. This project was later abandoned, and the property became available for sale.

6.5 Armex Mining Corp

On or about July 15, 2015, Armex Mining Corp. entered into a purchase option agreement with Barkerville Gold to acquire 100% of the shares of Bethlehem Resources (1996) Corporation. The purchase option under the agreement was exercised
on an “as an as-is” assets purchase. Armex acquired 100% ownership of the assets comprising all Mining Leases, Mineral Claims, plant, equipment, buildings, fixtures, permits and reclamation bonds. Closing occurred on September 8th, 2016. Armex will acquire all the shares of Bethlehem Resources (1996) Corporation when all outstanding debts of that Company have been cleared and a clean final accounting has been prepared and audited.

6.6 History of Exploration

6.6.1 Historical Exploration

Exploration history within and adjacent to the area of the Goldstream Mineral Claims has been reported elsewhere and is not included in this Report. That history is summarized here as archival information only. For further detail, the reader is referred to the Geological Assessment Reports and other information recorded in the Bibliography attached.

In 1975, Noranda Inc., then acting as MacLaren Forest Products, through its exploration subsidiary, Noranda Exploration Company Ltd. (Norex), optioned the property from the Bried / King prospecting syndicate and in the fall of that year drilled 8,912m in 50 drill holes, outlining a deposit of 3.175 Mmt grading 4.49% Cu and 3.24% Zn. A grid was established over the area and extensive soil geochemical, CEM, VLF, and magnetometer surveys were completed. Nine core holes, totaling 1139m, were drilled along strike of the orebody. No significant massive sulphide mineralization was discovered beyond the mine area.

Concurrently with exploration at Goldstream in 1976, Noranda initiated a regional exploration program targeting the area between the Goldstream and Standard deposits. Regional exploration continued into 1977 but on a somewhat reduced scale. Nine holes were drilled peripheral to the Goldstream orebody.

In 1980, a production decision was reached, and construction began on the Goldstream concentrator.

In 1982, Noranda staked the GR claims located 8km west of the mine, established a small grid, and ran ground-geophysical surveys (Swamp occurrence).

The Goldstream mine officially opened in May of 1983. Depressed metal prices forced closure of the mine in 1984. Limited exploration was continued on and adjacent to the property.

In 1986 Noranda conducted a regional bedrock mapping program as part of its re-assessment of the belt of rocks from the J&L deposit 50 km northward to the Goldstream River. Important fold relationships were recognized south of the open pit, suggesting that Goldstream host strata deflected sharply south-westward, east of the mine, projecting into the contact zone of the Goldstream granitic stock (and possibly surviving as pendants within the intrusion). These same units, together with sill material from the stock are then folded into an open synform completing a broad Z-shaped map pattern that ultimately extends to the Montgomery deposit. This knowledge opened up favourable new areas for exploration through lower Brewster Creek and in 1987 a small mapping, soil geochemistry, and geophysical program was centered in Brewster canyon. Geophysical surveys were largely inconclusive. Geochemical surveys revealed a significant Zn, Pb anomaly with values of up to 5100ppm Zn and 96ppm Pb, known as the Brewster anomaly.

Bethlehem and Goldnev acquired the Goldstream mine and property from Noranda (then operating as MacLaren Forest Products) in 1989. Geological mapping and sampling in the open pit and underground sampling were completed and surface geophysical Malcolm
surveys were re-run. Concurrent regional exploration focused on the Brewster-Montgomery trend, leading to discovery of the Grid, Brew (Cu) and Ice (Au) occurrences.

In 1990, Goldnev and Bethlehem re-established and extended the main grid over the Goldstream property and undertook major new soil geochemical and geophysical surveys. This work delineated several potential drill targets, and in 1991 forty-two drill holes totaling 8,013m, (including 10 drill holes in and near the Goldstream orebody) were completed. A significant new massive sulphide prospect, the C-1 zone, was discovered about 10km west of the mine. The C-1 zone coincides on surface with a discrete, narrow, Max-Min EM conductor, and with coincident multi-element soil anomalies. Subsequent drilling established one or more zones of disseminated, banded to locally semi-massive pyrrhotite and sphalerite mineralization, with trace amounts of chalcopyrite and galena. Sulphides occur in a dark, often sheared and contorted, calcareous chlorite-graphite phyllite unit. The C-1 zone was intersected over a strike length of some 400m and 75m down-dip. The best intersections were obtained at the western limit of drilling where a 14m interval grading 0.67% Zn and 0.25% Pb, contains a 2m interval of 3.94% Zn, 1.54% Pb, 0.04% Cu and 0.91oz/t Ag.

In 1993 detailed geological mapping, mainly on new logging roads above the open pit, revealed that mine-equivalent stratigraphy of the south fold limb occurs in a more northerly outcrop belt (at lower elevations) than was previously assumed. In October-December four drill holes (GR93-01 to 04; total 880m) tested the mine sequence and 250m of strata in the footwall of the deposit. To date, this remains the only drilling in the near-vertical south limb of the fold. Five conformable chert horizons were intersected, one with Mn-garnets, but no significant base metal mineralization was discovered. Two additional holes tested the western extension of the mine sequence. One hole was completed on the C-1 zone.

From February to March 1994, a deep drill test was completed north of the Goldstream River near McCulloch Creek. Work done in the C-1 zone during 1994 by Bethlehem Resources Corp., consisted of grid establishment, soil sampling, geological mapping, magnetometer and VLF-EM surveying and 283m of core drilling in 3 NQ holes.

During 2001, most ground exploration activities concentrated on further development of the C-1 area. Work consisted of grid establishment (61.4km) covering the northeastern extension of the partially defined Pb-Zn soil anomaly north of the C-1 zone and soil sampling (1348 samples). Geophysical surveys consisting of magnetometer and VLF-EM were carried out totaling 61.4km. Geological mapping and prospecting was carried out covering approximately 6km².

Core drilling investigation covering selected targets east and west of the Goldstream mine (4 holes totaling 683.4m and one hole of 148.7m) were drilled on the Pb-Zn soil anomaly on the C-1 zone.

Two E-W grid lines (totaling 1.4km, 53 soil samples) were established over the Goldstream deposit along with magnetometer and VLF-EM surveying.

### 6.7 Historical Production

All production of ore from the Goldstream Mine was milled on site and all tailings generated were placed in the Goldstream Tailings Facility. None of the tailings deposited were derived from production from other mines. All Production and milling occurred prior to February 1st, 2001, the commencement date for implementation of National Instrument 43-101. The historical production is set out in tabular form below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1000 tons</td>
</tr>
<tr>
<td>2001</td>
<td>2000 tons</td>
</tr>
<tr>
<td>2002</td>
<td>3000 tons</td>
</tr>
</tbody>
</table>

Malcolm
Table 6.7.1: Goldstream Mine Tailings Production; 1983-1995

<table>
<thead>
<tr>
<th>Classification</th>
<th>Tonnage</th>
<th>Volume</th>
<th>Copper</th>
<th>Zinc</th>
<th>Silver</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>dmt</td>
<td>m³</td>
<td>%</td>
<td>%</td>
<td>Troz/dmt tailings</td>
</tr>
<tr>
<td>Historic</td>
<td>1,866,996</td>
<td>1,349,232</td>
<td>0.33</td>
<td>2.59</td>
<td>0.022⁴</td>
</tr>
</tbody>
</table>

Note:
1. This Historic Production is stated without cut-off as all tailings will be recovered for processing, regardless of grade variations.
2. Tailings tonnage and contained metal have been rounded to reflect the accuracy of the recorded information and may not add due to rounding.
3. One Troy Ounce (troy) is 31.1035 grams.
4. Silver grade is calculated as the product of silver recovered per lb of copper accounted for by the receiving copper smelter and remaining copper in tailings divided by the measured tonnage of tailings.

7.0 GEOLOGICAL SETTING AND MINERALIZATION

7.1 Regional Geology

The northern Selkirk Mountains are a complex, deformed and metamorphosed region situated between the foreland fold and thrust belt of the Canadian Rockies on the east, and the Shuswap Metamorphic Complex on the west.

In the Goldstream River area, isoclinally-deformed Late Proterozoic to early Paleozoic metasedimentary and metavolcanic units of the Selkirk Allochthon, as well as numerous large plutonic bodies, are part of the pericratonic Kootenay Terrane. The Selkirk Allochthon is a composite terrane embracing at least four major fault-bounded tectonic slices (see Figure 1.2.1). It was emplaced from west to east over core gneiss and mantling gneiss of the metamorphic infrastructure (Monashee Complex) along the Monashee Decollement and east-dipping Columbia River Fault during middle Mesozoic to Eocene time (Read and Brown, 1981). In the Goldstream River area, structures in Goldstream Slice of the allochthon result from superposition of non-coaxial second and third phase folds on previously overturned stratigraphy.

Mineral deposits within the Goldstream Slice include a wide spectrum of deposit types from volcanogenic massive sulfide to lead-zinc carbonate replacement, tungsten-copper skarn, base and precious metal quartz veins, placer gold, and placer concentrations of garnet. Substantial undeveloped deposits of dolomitic limestone lie within 10 kilometers of the Goldstream Mine site.

7.2 Property Geology

GOLDSTREAM is a strata-bound Besshi-type Cu-Zn (Pb, Ag) volcanogenic massive sulphide deposit hosted by metasedimentary and metavolcanic units of the Paleozaic Lardeau Group (Index Formation). Immediate host lithologies include carbonaceous, chloritic and sericitic phyllite, limestone, and lesser quartzite and greenstone. The deposit is structurally overlain by a distinctive spessartine-bearing, pyrrhotite-rich, thin-laminated graphitic coticule unit (fine grained spessartine-quartz rock) termed the "Garnet Zone".

Host units at GOLDSTREAM strike east/west and dip approximately 35° northward. The deposit is ruler-shaped; averaging 200m width along the strike length, having a 1.9m true thickness, plunging approximately 1,930 m to the known limit of surface drilling, and remaining open to depth to the north-east and having unknown extension to the south-west. The
overall shape of the deposit, and internal sulphide textures are the product of retrograde metamorphism, associated
deformation and erosion, modified by subsequent glaciation.

Rocks within the Selkirk Allochthon have undergone at least three phases of deformation. Phase 1 is believed to have inverted much of the Goldstream slice possibly as the under limb of a major recumbent nappe. Large tight isoclinal to recumbent folds with strong axial planer foliation and northwest trending fold axes define Phase 2 folding. A third phase of deformation is evidenced by kink folds, crenulation cleavages and broad, upright, open folds. Local structures are dominated by the 3rd phase Goldstream Antiform located south of the mine. This gently east-plunging fold is reclined, with a vertical to overturned south limb. It resulted from protracted south transport and compression of Lardeau Group rocks against the pre to syn-kinematic Goldstream stock. Contact metamorphism near the stock has produced cordierite hornfels and calc-silicate gneiss.

Geological mapping in 1993 (Gibson, 1994) of abundant new roadside exposures above the open pit has led to a much better understanding of the fold geometry, and of the disposition of host units in the south fold limb. At approximately 3,500' in East Creek, a complete south-dipping example of the mine stratigraphy involving sericitic host phyllites and hanging wall dark banded carbonaceous phyllites has been identified. This work confirms that the favorable mine sequence in the south limb occupies a more northerly outcrop belt, at lower elevations, than had been previously assumed (Gibson, 1986, 1989; Wild 1988).

In 1994, geological mapping (Gibson, 1994) also established in detail where the Goldstream host sequence occurs in the vertical south limb of the Goldstream Antiform. Holes GR93-01 to 04 completed in November 1993 tested the south limb host sequence where it is most accessible, in the East Creek area, but failed to intersect any mineralization of economic grade or thickness. This drilling proves the continuity of "garnet zone" pathfinder horizons east of the orebody and establishes the stratigraphic position of at least 4 related chert layers.

Holes GR93-06 and GR94-01 greatly improved understanding of stratigraphy and facies variations west of the mine. Barring structural complications, the Goldstream mine horizon is now constrained to a relatively narrow untested belt crossing Brewster Creek south of GR93-06. More than 150' of drift cover has certainly voided the effectiveness of surface geophysics and geochemistry in this area.

7.3 Rock Types
The project area is underlain by complexly deformed metasedimentary and metavolcanic rocks of probable early to middle Paleozoic age. These rocks belong to the metavolcanic phyllite division (Lardeau Group) of the Omenican Crystalline Belt (Hoy, 1984) and are tentatively correlated with lesser deformed stratigraphy of the Kootenay Arc to the south. These rocks are interpreted to be miogeosynclinal rocks deposited in a transitional zone between platformal quartzites, and deeper water thin bedded impure carbonates, dark carbonaceous and calcareous phyllites, with interbedded metavolcanics. Increased carbonaceous material probably indicates restricted basinal conditions with metavolcanic intervals indicative of a rifting environment.

The Goldstream property is underlain by a 700-meter-thick succession of metasedimentary rocks with a minor metavolcanic component, locally referred to as the Goldstream stratigraphy. These rocks have an apparent west-northwest strike, along the Goldstream Valley, dip 30°-35° to the north and plunge to the northeast. Regional correlations indicate the entire sequence to be overturned. These rocks belong to the Index Formation of the Lower Paleozoic aged Lardeau Group.
The oldest rocks structurally underlying the Goldstream Mine area are correlated with the Lower Cambrian Hamill Group and consist mostly of metasedimentary siliceous chlorite-sericite phyllite and rhythmically bedded quartzite comprising a unit at least 1200 meters thick. Graded bedding in this sequence suggests that it is overturned.

The next unit is a carbonate-rich package of rocks correlated with the Lower Cambrian Badshot Formation which is approximately 160 meters thick. It is comprised largely of light grey thin bedded argillaceous limestone and thicker bedded grey marble with minor interbedded chlorite-biotite-sericite phyllite. There is a possible siliceous core within the Badshot Formation observed in some of the 1994 drill holes though this feature was not recognized in all of the holes. Local sections of impure, coarsely crystalline to fine grained, dense porcelainous dolomite was noted in a few of the drill holes particularly along the western ore boundary.

The next sequence of rocks belongs to the Lower Index Formation of the Lower Paleozoic aged Lardeau Group. This is the typical stratigraphic sequence observed at the Goldstream Mine, as the Hamill Group and Badshot Formation are only observed in the deeper holes drilled on the deposit. It appears to be conformable with the Badshot Formation and locally it is subdivided into a lower member composed of granular gritty metasediments, 50 to 500 meters thick and an upper member of phyllite, quartzite, marble and greenstone some 700 to 800 meters thick. The lower member has been subdivided into several sub-units, including the Goldstream Mine ore horizon. A general description of the sub-units follows.

The structurally highest unit consists of chlorite-sericite-biotite phyllite that has variable degrees of silicification. The unit is well foliated and locally quite broken and fractured along foliation planes when sericite content is high. The unit is much more competent when strongly silicified.

This unit is underlain by a thick succession of dark brown to black well banded variably calcareous and carbonaceous biotite-chlorite phyllite referred to as the dark banded phyllite. A notable feature in this unit is the presence of a tan or bronze coloured biotite more prevalent in areas of Phase 3 deformation and in irregular zones within portions of the unit. In the northern most holes completed on the deposit, this dark banded phyllite appears to have some facies changes as calcareous rocks very similar in appearance to the Badshot Formation were seen in the upper portion.

The next sequence of rocks can be considered the ore sequence that encloses the Goldstream Mine orebody. It begins with the garnet zone, a complex interval consisting of dark banded phyllite and chlorite-sericite phyllite, with the dark banded phyllite being the most prevalent unit. The zone is commonly contorted, sheared, broken, and quartz veined. It contains variable concentrations of rounded pinkish brown garnets from 1%-35% and banded chert in concentrations of 1%-20%. The contact with the overlying dark banded phyllite is usually broken and faulted with graphitic gouge and abundant quartz-carbonate tension gash infillings. It includes some dark grey to greasy black chlorite rich graphitic and calcareous quartzite layers. Sulphide mineralization is comprised largely of pyrrhotite as fine disseminations and foliation parallel streaks averaging 2-5% but is locally semi-massive to 35-40%. Very minor chalcopyrite is intergrown with the pyrrhotite, usually <1%.

Below the garnet zone is a variable sequence of rock units comprised largely of siliceous grey-green phyllite with lessor limestone and minor dark banded phyllite. These units have a variable thickness and degree of alteration which is usually silica. Mineralization in this unit is usually comprised of fine disseminations of pyrrhotite and chalcopyrite with occasional minor sphalerite and rare galena grading to stringers and local small sections of semi-massive sulphides with sulphide content increasing when approaching the massive sulphide layer.
The ore zone can be divided into three sub-units (Mitchell 1989) those being fragmental ore, banded massive sulphide and disseminated ore, and contorted disseminated ore. The fragmental ore consists of a matrix of massive sulphide material supporting clasts of grey to white quartz, banded massive sulphide material, and wall rock fragments. The matrix commonly shows flow or shear banding as a result of remobilization during deformation. Banded massive sulphide and disseminated ore consists of alternating lamellae or bands of massive sulphide and quartz carbonate material commonly folded and disrupted. The contorted, disseminated ore consists of highly contorted and brecciated banded ore along with stringers and lenses of remobilized sulphides and can be equated to the hanging and footwall sulphide zones.

The massive sulphide layer is generally 1 to 3 m thick but is found in thicknesses up to 5.5 m and is the highest-grade component of the ore. It is typically comprised of 20 to 40% pyrrhotite, 15 to 25% chalcopyrite, 10 to 15% sphalerite and rare galena. Gangue comprises 10-25% and is mostly silica.

Underlying the ore zone is the footwall disseminated zone which has weak disseminated and occasional disseminated stringer mineralization corresponding to the contorted disseminated ore. This unit is quite variable in thickness and is not always present or was not recognized as such.

Underlying this ore zone section is either the footwall limestone, similar to that within the Badshot Formation, or variable chlorite-sericite phyllite or micaceous quartzite that grades into the footwall marble or limestone.

8.0 DEPOSIT TYPE

8.1 Deposit Description

The deposit type being evaluated by Armex is entirely a man-made deposit and is not in-situ naturally occurring mineralization. The deposit has remained undisturbed since its formation.

The deposit is contained within a small partial valley south of the Goldstream River, approximately 6.8 km west of the mine/mill complex, forming part of the Goldstream glacial valley and lies entirely within Mineral Claim 1036424. The valley has been enclosed within two gravity dams, the “North” and “West” dams, which were constructed from glacial till forming the valley floor and walls. It is important to note that the tailings pond represents the sole depository of all ore mined and milled from the Goldstream Mine without admixture from other mines or mills. The complete records of mill production do not indicate any escape of tailings from the pond, either from overflow or dam leakage. The pond bottom is composed of fine sand and gravel, compacted and smooth-scrapped during construction of the two dams. Soils testing conducted prior to construction across the width of the dam structures, did not disclose the presence of any inter-lacustrine clay horizons.

The deposited tailings are and have been covered by water up to 8 meters in depth since initial deposition in 1983. The present tailings-bottom interface is not expected to exceed 2-3 inches in thickness. With an average porosity of 25%, this 3-inch thick interface, covering approximately 15 hectares or 150,000m², could be expected to contain approximately 11,500m³ of which 25% (2,885 m³) might be tailings. At an estimated specific gravity of 1.4 this volume would represent 4,038 dmt if the sand and gravel pore spaces were entirely filled with tailings material. The potential loss of this interface volume during mining of the measured tonnage of 1,866,966 dmt of tailings would represent a loss of 0.2 of one percent. An image of the tailings deposit appears as Figure 16.1.1
Deposition of tailings in the pond was executed at an average of 14% solids slurry; no cyclonic classification of the tailings was undertaken. Consequently, material settlement was controlled entirely by natural laws of hindered settling within the relatively still waters of the tailings pond, which resulted in the coarser (heavier) particle sizes settling closest to the discharge point with the finer particle sizes settling progressively further away from the discharge points in an irregular, quasi-radial, deltaic fashion. Changes in the mineral content of the mill feed would directly affect the mineral content of the settled tailings. Deposition was made using a floating, flexible discharge line connected to the fixed tailings discharge line at a single shore location on the south side of the tailings pond. Movement of the discharge points, to ensure even disposition of the tailings into the pond volume, also effected the horizontal and vertical disposition of the economic minerals within the tailings deposit. Consequently, a high degree of variation in copper and zinc content within the tailings deposit is expected in both the horizontal and vertical planes.

8.1 Deposit Mineralization

The mineralization occurring in this deposit comprises a mixture of finely-ground non-sulphide-bearing meta-sedimentary, igneous, calcareous and volcanic rock and their metamorphically-altered counterparts, comprised largely of quartz, sodic and calcareous feldspars, hornblende and various ultrabasic iron silicates. Admixed within this agglomeration are the iron sulphides, pyrrhotite and pyrite. Either liberated, partially liberated or entirely encapsulated within those iron sulphides are the sulphides of copper, primarily chalcopyrite and zinc, primarily sphalerite, occurring as marmatite, the iron rich end or the sphalerite series. Minor gold and silver mineralization occurs principally within the chalcopyrite and reports with it. Smelter records indicate average grades of 0.08g/t Au and 8 g/t Ag in the copper concentrates. The present average diameters of the rock and sulphide tailings particles are very fine, being approximately 72 microns (200 mesh Tyler or 0.075mm or 0.0029 inches). Results of a mineralogical evaluation of the tailings taken from the representative sample drilling in 2017 appear below:

<table>
<thead>
<tr>
<th>Mineral Composition</th>
<th>Tails Composite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chalcopyrite</td>
<td>1.3</td>
</tr>
<tr>
<td>Galena</td>
<td>0.1</td>
</tr>
<tr>
<td>Sphalerite</td>
<td>2.5</td>
</tr>
<tr>
<td>Pyrite</td>
<td>1.2</td>
</tr>
<tr>
<td>Pyrrhotite</td>
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<tr>
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<td>Micas</td>
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<tr>
<td>Carbonates</td>
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<td>Others</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 8.1.1 MINERALOGICAL ASSESSMENT OF THE TAILINGS COMPOSITE
Notes:  

a) Others includes trace amounts of Kaolinite, Zircon, and unresolved mineral species.  
b) Detailed mineralogical data is located in Appendix V, KM 5317.
Table 8.1.2
Sulphur Deporment

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Units</th>
<th>Tails Composite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chalcopryte</td>
<td>%</td>
<td>5.9</td>
</tr>
<tr>
<td>Galena</td>
<td>%</td>
<td>0.1</td>
</tr>
<tr>
<td>Sphalrite</td>
<td>%</td>
<td>11.1</td>
</tr>
<tr>
<td>Pyrite</td>
<td>%</td>
<td>8.7</td>
</tr>
<tr>
<td>Pyrrhotite</td>
<td>%</td>
<td>74.1</td>
</tr>
<tr>
<td>Total</td>
<td>%</td>
<td>100</td>
</tr>
</tbody>
</table>

9.0 EXPLORATION

9.1 Exploration Disclaimer
Armex has not previously carried out any mineral exploration on or adjacent to the mineral titles constituting the project area, other than drilling of the tailings pond as described in Section 10.0 below. All exploration reported in this Report is historical in nature and is provided in compliance with the provisions of NI Policy 43-101 to form a background outline of work previously conducted to locate and determine the mineralization constituting the former Goldstream Mine. A separate program of diamond drilling to test for possible extensions of the main Goldstream ore zone west of Brewster Creek is planned for 2018 and will be the subject of a separate information report and is unconnected with this Report.

10.0 DRILLING

No drilling was carried out for the purposes of this ATR.
11.0 SAMPLE PREPARATION, ANALYSIS and SECURITY

11.1 Prior Sampling and Analyses for the Mine and Mill
Historic sample acquisition, handling of samples taken during mine and mill production and assay procedures employed by the Goldstream mine and mill employed in the course of generating the total of tailings in the tailings storage facility, were all carried out under the supervision of experienced and qualified mine and mill personnel at the time. Mill records reviewed, to date, have not disclosed exact procedures followed, so no opinion is expressed on the adequacy or completeness of their procedures. However, it must be observed that it is normal mine / mill practice to reconcile assayed production results against concentrate metal contents received and accounted for by the receiving smelters. Any
discrepancies, either over or under are usually subject to close scrutiny to determine the source of error, with corrections applied immediately. Consequently, while individual assay results may contain errors, aggregate totals from month to month rapidly and accurately identify any systemic errors in procedures. As all relevant assay work was performed prior to the inception of NI 43-101, it cannot be said that work was performed by “Qualified Persons”. However, the continuous monitoring of assay information against concentrate sales assayed independently provides a high level of confidence in the assay accuracy of the mill laboratory. As normal practice, access to mine and mill facilities during operation is very restricted, so the probability of deliberate tampering with samples by outside persons is very low. Casual contamination or systemic errors are a greater risk and are generally well supervised by senior mill staff as a routine matter. These risks are higher where visible gold or silver is present and virtually unheard of where non-precious metals are being processed as was the case with copper / zinc production at Goldstream.

11.2 Sample Preparation and Analysis: Metallurgical Drilling Program
Core obtained during the 2017 TDF drill program, when extracted from the core barrel was immediately transferred to new, clean 22 liter (5 gallon) white polyethylene sample buckets supplied by ALS Metallurgical. After settling for several hours, excess settled water was decanted from the bucket, leaving a 2 inch-thick water layer to prevent oxidization, then the sample was allowed to freeze. The bucket was then sealed, tagged and delivered by the Qualified Person directly to the ALS sample laboratory in Kamloops. No sample preparation other than sealing of sample buckets and application of identification tags was done on site. At no time was any Armex personnel present at the drill site or in any form of contact with the samples.

ALS Metallurgy Kamloops, located in Kamloops, BC, is an independent ISO 9001 AND ISO 1705-accredited facility, experienced in the handling of unconsolidated sediment samples and subsequent assay test work.

A total of 151 pails containing tailings slurry were received by ALS Metallurgy on March 21, 2017. The samples were reportedly extracted by a floating drill platform from the Goldstream mine tailings impoundment located north of Revelstoke, British Columbia. The sample material contained in these buckets were used for the purposes of KM 5317 test work.

Water was decanted from each pail, and two sub-samples were removed from the pail using a pipe sampler: one sub-sample was oven dried and used for a head assay, while a second sub-sample was removed to form the Tailings Composite of approximately 220 kilograms which was not oven dried. A summary of the individual head assays for each sample is attached as Certificates of Analysis. A third sub-sample was removed as a blind duplicate for 8 samples selected by the client, as indicated by Table 11.2.1.
Table: 11.2.1
BLIND DUPLICATE SAMPLE SELECTION

<table>
<thead>
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<th>Sample ID</th>
<th>Unique Sample ID for Duplicate</th>
</tr>
</thead>
<tbody>
<tr>
<td>V064519</td>
<td>V064520</td>
</tr>
<tr>
<td>V064539</td>
<td>V064540</td>
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<tr>
<td>V064559</td>
<td>V064560</td>
</tr>
<tr>
<td>V064579</td>
<td>V064580</td>
</tr>
<tr>
<td>V064599</td>
<td>V064600</td>
</tr>
<tr>
<td>V064619</td>
<td>V064620</td>
</tr>
<tr>
<td>V064639</td>
<td>V064640</td>
</tr>
</tbody>
</table>

The Tailings Composite was homogenized by hand as a thick mud and separated into approximately 2 kilogram charges. The test charges were sealed in plastic bags and placed in freezer storage until required in the test program. Duplicate sub-samples were removed for head assay; results can be found in Table 1-2.

<table>
<thead>
<tr>
<th>Product</th>
<th>Elements for Assay - percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cu</td>
</tr>
<tr>
<td>Tailings Comp Head 1</td>
<td>0.41</td>
</tr>
<tr>
<td>Tailings Comp Head 2</td>
<td>0.42</td>
</tr>
<tr>
<td>Average</td>
<td>0.42</td>
</tr>
</tbody>
</table>

Assays were taken for copper, zinc, iron, and sulphur for each sample, using ICP analytical routines. Composite samples were given full 32 element analyses including precious metals and minor metals. Routine water samples were taken to monitor pH levels, before, during and after drilling was completed. Specific gravity readings were made by ALS labs. All assays procedures were accompanied by routine, irregular, periodic insertion of blanks and standard samples, made by Longford Exploration, to quantify and eliminate any risk of inadvertent bias. All assay results were subjected to statistical analyses to ensure compliance within expected deviations.

12.0 DATA VERIFICATION

No sample material used for metallurgical test work described in this ATR has been in the possession of any persons other than employees of ALS Metallurgical, Kamloops or CESL, Richmond.

13. MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Subsequent Metallurgical Test Work
Preliminary bench testing of a 4 kg sample prepared by ALS Metallurgy Kamloops from their KM 4800 test work was undertaken by Cominco Engineering Services Limited, Richmond, BC, a technical service division of Teck Resources
Limited and reported in March 2017. The “proof of concept” testing was to determine whether pressure oxidization of the bulk sulphide concentrate would be able to demonstrate commercial viability. Notwithstanding the low grade (0.9% copper and 3.8% zinc) of the concentrate, the “CESL” process was able to demonstrate recovery of 88.7% of the copper and 96.5% of the zinc without loss of contained gold, silver and other precious metals.

The results of the preliminary CESL test work were sufficiently encouraging to justify a second test program with a representative sample of the tailing, which was prepared as a 20 kg bulk sulphide flotation concentrate by ALS Metallurgy Kamloops from test work KM 5317 and delivered to CESL in November 2017. Results from this test program were received in late 2017 under a Report dated December 17, 2017.

The test work undertaken by CESL in their second report were based on a received grade of bulk sulphide concentrate containing 1.3% Cu, 4.8 %Zn, 0.3% Pb. 29.1% Fe and 23.3% S at a P$_{80}$ particle size of 21 microns. The objective of the test series was to optimize operating conditions under which the primary copper-zinc concentrate could be leached to maximize extraction for copper and zinc while minimizing operating costs.

The concentrate material was processed in 6 tests to optimize conditions and a final 7$^{th}$ test to repeat the best conditions. Common conditions for each test were 150$^\circ$C operating temperature, 200 psig autoclave pressure, >85% O$_2$ concentration in the autoclave gas bleed, 12 g/L chloride catalyst in the feed liquor, 250 g/L solids density in the autoclave, 1.5 hour retention time and 8 kg/mt lignosol dosage as a sulphur dispersant.

The repeat test results demonstrated net oxygen consumption of 0.26 t/t of oxygen, 8$^\circ$ mass loss with 94.1% recovery of zinc and 80.5% recovery of copper with 5.3% extraction of iron (Fe). Optimal acid dosing of 10g/L pre-leach to eliminate carbonates followed with 25 g/L in the oxide slurry provided decreased oxygen consumption and limited iron extraction. CESL’s comments were to the effect that the low grade of copper in the slurry feed reflected in lower overall copper recovery and higher grades of copper recovery had been experienced by CESL in testing third party materials with higher copper content.

The CESL pressure oxidization system was created by CESL/Teck Limited for the recovery of copper and zinc in a 2-circuit electrowinning circuit. While solvent extraction and electrowinning of copper can be carried out in an acid circuit without significant uptake of iron, elimination of lead and iron prior to electrowinning of zinc is mandatory and requires neutralization of the zinc-rich raffinate generated from the copper solvent extraction circuit. The co-generation of gypsum/lead/iron cake created by the addition of Ca/Na creates a significant additional process cost in order to make the Zn pregnant leach solution sufficiently clean for zinc electrowinning to produce, at minimum, an SHG grade of zinc cathode.

### 13.4 Summary of Metallurgical Observations

In summary, the following observations are drawn from the test work completed by CESL and are being incorporated in and applied to the further programs of metallurgical test work:

- Other methods of pressure oxidization and leaching need to be investigated to provide lower operating and capital cost alternatives suitable to the Goldstream tailings; and
- Mineral locking of chalcopyrite and sphalerite within the pyrrhotite remains a serious issue. Additional grinding tests to finer sizes down to 1 micron with oxidative leaching will be undertaken to establish a statistically reliable
grind size/liberation factor for determination of optimal grind sizing and flotation guidance and its effects on acid leach time and % liberation and relative costs; and

- A close study is required of the surface condition of the chalcopyrite and sphalerite regarding sulphatic “poisoning”, ionic bubble surface conditions, pH control and electrochemical (eH) reaction interface conditions as a new basis for the selection of the correct reagents, to ensure optimal selective extraction of the copper and zinc from the pyrrhotite/pyrite gangue in the bulk sulphide pre-concentrate; and

- Careful attention is required in the flow sheet design to optimize both recovery and grade of the bulk sulphide concentrate. It is obvious from the Bethlehem production records that copper recovery of 93% or better is easily and routinely achievable. It is now obvious and demonstrated by the results of ALS Metallurgy’s KM 5317 Test 12 that bulk sulphide copper recovery of 92.4% and zinc recovery of 95.8% are achievable at a grind size of 30 microns. What needs further resolution is whether the mass pull can be significantly reduced by finer grinding and whether the operating costs are beneficially affected; and

- Tracking and processing of non-desirable elements (As, Bi, Cd, Fe, Hg, Sb, Te, V and Se is required. (It is worth noting that the distribution of these undesirable elements is a function of the degree to which they are entrained in the crystal lattices of the chalcopyrite and sphalerite or are contained in separate sulphide minerals such as arsenopyrite, tetrahedrite, tennantite or various tellurides which may be part of the sulphides but not yet identified).
14. MINERAL RESOURCE ESTIMATES

14.1 Historical Production

The words “Mineral Resource” and Mineral Reserve” are defined standards set by the Canadian Institute of Mining and Metallurgy ("CIM"), as adopted by the CIM Council effective February 1st, 2001 and given legislative sanction under Canadian Securities National Instrument 43-101, effective as at that date. Consequently, these definitions have application to the mineralization referred to in this Report.

The specific wordings of the definitions are set out below:

MINERAL RESOURCE

“A Mineral Resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. The phrase ‘reasonable prospects for economic extraction’ implies a judgement by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. A Mineral Resource is an inventory of mineralization that under realistically assumed and justifiable technical and economic conditions, might become economically extractable. These assumptions must be presented explicitly in Reports.

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.”
**Measured Mineral Resource**

“A ‘Measured Mineral Resource’ is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.”

The Goldstream tailings pond is the sole depository of mineral tailings generated solely from the Goldstream Mine. The records of production maintained by Bethlehem Resources are complete for 57 out of 66 months of production representing 77.1% of total production time. The remaining 22.9% of the production and tailings records were recorded by Wright Engineers at the time of the Noranda shut-down and are believed to have been accurately recorded at that time. These two production number sets cover the entire production period of the mining and milling of ore mined and tailings produced. This makes the Goldstream tailings pond a unique receptacle with a sole source of mineralization and no exit.

Production records are hard raw data based upon routine sampling and assay practices over a 66 month period. They are not exploration data or exploration estimates and are thus not subject to the restrictions on reporting or usage applied by NI 43-101. Issues such as sampling bias, sampling procedures, sample handling security, assay procedures and reporting disciplines, which are fully present in the acquisition of new exploration data are largely self-cancelling in routine commercial production where the end results (metal concentrates) are weighed, assayed and accounted for by cash payments by independent, highly-professional and qualified third parties. The reconciliation of metal receipts and payments, verified by independent public auditors (for both Noranda and Bethlehem Resources) is a strong assurance that any bias or assay errors would be immediately spotted and corrected internally, as a matter of sound commercial practice.

Based upon the complete nature of the mill production records for Bethlehem Resources and Noranda Ltd and the method of production of those records, this Author’s opinion is there is a sufficiently high level of confidence in the accuracy and completeness of those records to classify the mineralization deposited into the tailings pond in the manner set out in Table 14.1.1 below as a Measured Resource within the meaning prescribed by the CIM Definition above. This Mineral Resource Estimate has been prepared by Gordon Gibson, P.Geo, in accordance with NI43-101 but not filed with securities regulators.
<table>
<thead>
<tr>
<th>Month</th>
<th>Year</th>
<th>Mined</th>
<th>Daily</th>
<th>Mill Rate</th>
<th>Cu Grade (%)</th>
<th>Zn Grade (%)</th>
<th>Recovery</th>
<th>Concentrate Grades</th>
<th>Cu Content</th>
<th>Zn Content</th>
<th>TMFF</th>
<th>DMT Concentrate</th>
<th>TDFS-MT</th>
<th>%</th>
<th>pH</th>
<th>Us Gsm</th>
<th>Average/Mo</th>
</tr>
</thead>
<tbody>
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<td>June 1992</td>
<td>233,479</td>
<td>2,473</td>
<td>3.2</td>
<td>2.2</td>
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<td>23.5</td>
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<td>16.4</td>
<td>49,275</td>
<td>1,569</td>
<td>0.5</td>
<td>28.1</td>
<td>29.5</td>
<td>0.712</td>
</tr>
<tr>
<td>November 1993</td>
<td>500,412</td>
<td>5,086</td>
<td>6.4</td>
<td>2.3</td>
<td>92.4</td>
<td>15.9</td>
<td>23.5</td>
<td>45.5</td>
<td>3,695</td>
<td>49,005</td>
<td>16.5</td>
<td>49,861</td>
<td>1,584</td>
<td>0.5</td>
<td>28.2</td>
<td>29.5</td>
<td>0.712</td>
</tr>
<tr>
<td>December 1993</td>
<td>515,968</td>
<td>5,238</td>
<td>6.5</td>
<td>2.3</td>
<td>92.4</td>
<td>15.9</td>
<td>23.5</td>
<td>45.5</td>
<td>3,713</td>
<td>50,005</td>
<td>16.6</td>
<td>50,447</td>
<td>1,599</td>
<td>0.5</td>
<td>28.3</td>
<td>29.5</td>
<td>0.712</td>
</tr>
</tbody>
</table>

Note: * During the Noranda operational period June, 1983-March, 1984, Noranda experienced severe operational difficulties with metallurgical recovery of the copper and the zinc in t and was over 50% oxidized resulting inactivation of the sphalhite and consequently lower recoveries of copper and poor separation of the copper and zinc. The Noranda records are contained in a Report dated January 26, 1985 prepared by Wright Engineers of Vancouver for Bethlehem Resources for the purposes of determining the metallurgical flow sheet.

The tonnages are in DMT. The recoveries for the Noranda operation (1983-1984) are as follows: Reserve Gr and oxidized ore. From the Wright Engineers Report, the recorded information for the Noranda operation (1983-1984) are as follows: Reserve Gr and oxidized ore. From the Wright Engineers Report, the recorded information for the Noranda operation (1983-1984) are as follows: Reserve Gr and oxidized ore. From the Wright Engineers Report, the recorded information for the Noranda operation (1983-1984) are as follows: Reserve Gr and oxidized ore. From the Wright Engineers Report, the recorded information for the Noranda operation (1983-1984) are as follows: Reserve Gr and oxidized ore.
<table>
<thead>
<tr>
<th>Sequence</th>
<th>Goldstream Monthly Production - Page 2</th>
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</thead>
<tbody>
<tr>
<td>US gpm</td>
<td>pH 0.00</td>
</tr>
<tr>
<td>0 0 0 0</td>
<td>2,687.291</td>
</tr>
<tr>
<td>0 0 0 0</td>
<td>4,346.256</td>
</tr>
</tbody>
</table>

**Note:**
- Copper and zinc in the ore, as the ore being mined is primarily from the open pit.
- Non-recoverable amounts are not available, but represent the metal recovery allowance due to the loss of gold and silver in the concentrate prior to the smelting. Losses include the copper and zinc in the concentrate, plus any other material losses occurring at the concentrator.
- Reserve Grade: 4.5% Cu, 8.1% Zn.
- Reserve Grade: 3.8% Cu, 7.1% Zn.
- The metals production were based on the existing TDF. No reliable record of the mill department production is available.

**Reference:**
15. MINERAL RESERVE ESTIMATES
There are no Mineral Reserves identified in this Report

16. MINING METHODS
16.1 Overview

The Goldstream tailings deposit is presently fully contained within two existing dam structures and lies under a water cover of approximately 3-32 feet (1-8m) depth. The profile of the bottom of the tailings pond is predominately inwards sloping to depths of up to 22 meters below the water surface. The bottom is comprised of glacial till of medium to fine grain size which was smoothed by bulldozer blading during dam construction. Extraction of tailings for re-processing will be carried out using a floating pontoon barge carrying a submersible gravel pump, screened for trash then pumped to the Concentrator Building through the existing 8-inch tailings return line for settling and partial dewatering prior to uptake into the existing rod and ball mills. Overflow water from the thickener will be returned to the TDF using the existing 10-inch tailings line.

To ensure segregation of re-processed tailings from the original tailings in the tailings pond, the returned tailings will be dewatered to 80%+ solids at the deposition site and formed into a series of raised berms with contours running approximately parallel to the downstream slopes of the two dams. The dry-stacked tailings berms will be terraced from 670.0 masl to 691.0 masl, at a residual grade of approximately 28 degrees. The dry-stack mass will provide additional mass and horizontal support to the downstream sides of both dams and returning both of the dams to compliance with present-day Dam Safety Guidelines. The dry-stack design will incorporate provisions for collection of all engineered dam seepage and dry-stack drainage into lined collection ponds for monitoring to ensure compliance with existing PE 06168 Ministry of Environment Permit discharge levels prior to discharge of drainage waters into the surrounding environment.
16.1.1 Goldstream Tailings Pond, Contoured Plan

17. RECOVERY METHODS
This section does not form part of this Report.

18. PROJECT INFRASTRUCTURE
This Section does not form part of this Report

19. MARKET STUDIES AND CONTRACTS
This Section does not form part of this Report
20. ENVIRONMENTAL STUDIES, PERMITTING AND SOCIAL OR COMMUNITY IMPACT

This Section does not form part of this Report

21. CAPITAL AND OPERATING COSTS

This Section contains only the Statement of Expenditures related to the costs for the CESL metallurgical test work and expenditures incurred on the existing tailings dams and related regulatory reporting, as required pursuant to Regulation 16(1)(d) of The Mineral Tenure Act Regulations; B.C. Regulations 529/2004

Table 21.1.1 STATEMENT OF EXPENDITURES

Expenses related to conduct of drill program on the Goldstream Tailings Disposal Facility for representative metallurgical sample and metallurgical test work carried out on those samples

Event # 5742429:MC 1036424, including the area of the Tailings Disposal Facility, West Dam and North Dam:

a) Reclamation of access road from West Dam to Virginia Creek:
   i. 6 hours machine (Cat 903C) + operator at $120.75/hour $724.50
   ii. Accommodation -1 day $100.00
   iii. Travel: 230 kilometers at $0.68/kilometer $156.40
   iv. Supervisor 6 hours @ $40.00/hour $240.00
      Subtotal $1,220.90

b) Reclamation of Seepage Weirs for West and North tailings dams for purposes of Annual Tailings Dam Safety Review Report and EMPR Inspection:
   i. 6 hours machine time (Cat 930 C) transport and setting of Weir dam walls at $120.75/hour $724.50
   ii. Accommodation -1 day $100.00
   iii. Travel: 230 kilometers @ $0.68/km $156.40
   iv. Supervisor: 6 hours @ $40/hour $240.00
      Subtotal $1,220.90

c) Reclamation of East Spillway Weir for purposes of Annual Tailings Dam Safety Review Report and EMPR Inspection:
   i. 8 hours labour drilling and insertion of support pins, Staff Gauge and installation of two weir walls @ $35.00/hour $280.00
   ii. Accommodation -2 days $100.00
   iii. Travel: 230 km@$0.68/km $156.40
   iv. Supervisor: 8 hours @ $40/hour $320.00
      Subtotal $856.40

d) Reclamation of Tailings Pond Diversion Ditch:
   i. trapping 9 beaver colonies $1,200.00

Malcolm
e) M.B. Fraser 900 hours professional time in preparation of Technical Report for development of mineral resources in tailings pond @ $200/hr  
   $18,000.00

f) M. B Fraser 100 hours professional time in dealing with EMPR Inspection; review of Inspection Report and responses to 13 Orders for Dam Safety Geotechnical Issues @ $200.00/hr  
   $2,000.00

g) Cominco Engineering Services Limited technical studies on Metallurgical recovery of tailings utilizing pressure oxidization/Solvent extraction for mineral tailings from Goldstream Tailings  
   $22,000.00

Total:  
   $46,498.20

Event # 5750909: MC 1036424, including the area of the Tailings Disposal Facility, West Dam and North Dam:

   a) ALS Metallurgical – Kamloops: Metallurgical test work performed to August 10, 2019
      For testing of TDF samples, storage, consulting  
      $12,000.00

   b) ALS Environmental – Burnaby: Water testing for discharge water pursuant to PE 06168  
      $5,600.00

   c) SRK – Cranbrook: Annual Dam Safety Review Report done by Peter Mikes, P.Eng  
      $7,500.00

Subtotal  
   $25,100.00

Drawn from Armex PAC account:  
   $5,328.56

Subtotal  
   $30,428.56

Total:  
   $71,598.20

Total Filed for ATR for Events # 5742429 & # 5750909

22. ECONOMIC ANALYSIS

This Section does not form part of this Report
23. ADJACENT PROPERTIES

23.1 Adjacent Properties
Any information related to adjacent properties included in this report has been previously published in exploration information contained in Reports or other data which has been prepared by independent Qualified Persons and previously filed in publicly-accessible sites. Such information has been relied upon solely for background information for the presentation of Regional, Local and General geology. Those Reports are identified in the bibliography appearing in Section 27. Where information has been used from Reports made in respect of adjacent properties that were formerly held by current or prior owners of the present Goldstream Project Area, those Reports have been specifically identified and reliance has been placed on the information contained therein.

24. OTHER RELEVANT INFORMATION

24.1 Other Relevant Information
All information relevant to this Project area has been included within the text of the Report.

25. INTERPRETATION AND CONCLUSIONS

25.1 Observations
The Goldstream Tailings Reclamation Project offers a unique opportunity to achieve those objectives listed below:

- Recovery of significant quantities of zinc, copper and other metals with relatively low operating and capital costs;
- Rehabilitation of a valuable asset to good operating condition for future use for other projects;
- Rehabilitation of the tailing storage facility in a manner that eliminates future risk of dam failure;
- Removal of acid generating minerals from tailings storage; the remaining sulphides, are permanently buffered from residual flotation reagent lime and 12% residual carbonate content of the tailing gangue, eliminating any possibility of future release of heavy-metal bearing acid from oxidization of remaining 1% sulphur;
- Permanently sequestering acid generating sulphides presently located in the flooded portion of the former Goldstream Mine, thereby permanently eliminating future risk of acid generation by oxidization;
- Creation of the ability to significantly increase future clean dry tailings storage capacity within the volume of the existing tailing storage permit envelope for future custom milling;
- Declassifying the Goldstream Tailings Storage Facilities wet dams on a permanent basis;
- Creating the opportunity to use the facility for the treatment of other BC mine concentrates and ores on a custom basis as opportunities arise;
- Working co-operatively with other community interests to enhance land use values;
Providing incentive for further exploration and re-evaluation of mineral prospects within the immediate area;

Creating a model for innovative and zero environmental impact mineral processing technology with a very low carbon footprint and maximum use of renewable electric power.

25.2 Interpretation

Closure of the Goldstream Mine appears to have been the result of a decline in metal prices, increased geotechnical difficulties at the lower levels and a persistent difficulty in achieving satisfactory zinc recovery. Without the ability to improve economic recovery of the zinc, there presently appears to be no case for re-opening the underground mine for additional mining notwithstanding the evidence of continued mineralization down-plunge, based on reports of the mine geologist and subsequent drilling near the mine, as conducted by Orphan Boy Resources. However, results of future diamond drill exploration for extensions of the existing mine mineralization to the north east and south west will be continued as cash flow provides such opportunities.

While the capital cost of rehabilitating the mill, commissioning the necessary drilling and metallurgical testing seem high for an old mill, the economic benefits to be gained appear to far outweigh the risk of investment. The greatest risks are: a) the possibility of further declines in metal prices, b) improvements in Canadian foreign exchange against the U.S. dollar-priced metal commodities, which would affect Canadian profitability and c) continuation of the risk-adverse attitude of the present capital markets. Fortunately for this type of project, while shutting down for a period of months or even years while waiting for a return of favourable metal prices or foreign exchange is not impossible, particularly if other metal prices, such as gold and silver increased during the same period, the mill can and will switch to custom milling of higher value ores from other sources as an alternative for maintaining cash flow and debt servicing and as a method of spreading risk.

As the amount of contained metals and tonnage of tailings is known with certainty, there appears to be little risk associated with the quantity and quality of the recoverable metals. Given that an economic return appears reasonably achievable based on the results demonstrated by the recent metallurgical test work completed by ALS and CESL, the test work to be carried out under the recommendations which appear in Section 26 following, will be essential to conclusively confirm that a sufficient margin of profit over capital, operating and financing costs to assure investors and management that an economic return on investment can and will be achievable.

26. RECOMMENDATIONS

26.1 Recommendations

The following are recommendations for a program of work to establish a level of confidence sufficient to support a Measured Mineral Reserve status for tailings production. Also required will be confirmation of all capital and operating costs to feasibility levels of confidence, completion of transfer of all existing permits, bonds and other sureties to Armex’s order and confirmation, that same are in good standing with the relevant governmental authorities and that all plant, equipment and services are in good operable condition and are in full compliance with all relevant operating codes and conditions:
### Table 26.1.1 Table of Recommendations

<table>
<thead>
<tr>
<th>Item</th>
<th>Unit</th>
<th>Source</th>
<th>Unit Cost</th>
<th>Budget</th>
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</thead>
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<td>1.</td>
<td>Mineralogy (ALS)</td>
<td>1 composite Report</td>
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<td>$3,000</td>
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<td>2.</td>
<td>Grinding (SGS-Lakefield)</td>
<td>Multiple iterations 200 kg ALS Composite ground fines</td>
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<td>3.</td>
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<td>4.</td>
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<td>Multiple iterations Oxidized Concentrates</td>
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<td>$6,000</td>
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<td>5.</td>
<td>Leach Filtration (SGS)</td>
<td>Flocculation &amp; Filtration Leach residues</td>
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<td>$4,500</td>
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<td>6.</td>
<td>Solvent Extraction (SGS) Multiple for Cu and Zn</td>
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<td>7.</td>
<td>Electrowinning (SGS) Cu SX Raffinate</td>
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<td>Iron Extraction (SGS) Fe Zn Cleanings</td>
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<td>Process Residues Neutralization (SGS) F, Cd, As, Cyanides, sulphates Process liquids &amp; solids</td>
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<td>13.</td>
<td>Waste Characterization (SGS) Solids and Liquid Wastes Process Residues</td>
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<td>14.</td>
<td>ARD/PAG studies (SGS) Tailings and Residues Bulk Sulphide Tails and leach residues</td>
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<td>15.</td>
<td>Flow Sheet Design Engineering Group To be selected</td>
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<td>$50,000</td>
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<td>16.</td>
<td>Compliance Reports Dam Safety Review; Annual Tailings Pond Reports SRK</td>
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<td>17.</td>
<td>Permit Amendments Inspection and Report for all mechanical fixtures and fittings by qualified millwright QP’s &amp; EMPR</td>
<td>$5,000</td>
<td>$5,000</td>
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<td>18.</td>
<td>Permit Amendments Inspection and Report for all electrical services by qualified electricians QP’s &amp; EMPR</td>
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<td>19.</td>
<td>Permit Amendments Inspection and Report by qualified structural engineer for all site buildings QP’s &amp; EMPR</td>
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<td>20.</td>
<td>Permit Amendments Inspection and quotation for management of dry-stack construction QP’s &amp; EMPR</td>
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<td>21.</td>
<td>Public Consultation Consultation with local First Nations Groups and Community Information Meetings Mine Management &amp; EMPR &amp; MOE</td>
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<td>22.</td>
<td>Feasibility Report Preparation of NI 43-101 Feasibility Report by an Independent Engineering Consulting Firm QP(s)</td>
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<td>EMPR</td>
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<td>TOTAL</td>
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</table>

___“Malcolm B. Fraser”________________________

Malcolm B. Fraser, B.Sc, MA, LLB
Vice President Operations & Chief Geologist
Armex Mining Corp.
27. BIBLIOGRAPHY

The following is a listing of reports and other information sources used in the preparation of this Report.


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