Independent Technical Report
Heino Gold Project
British Columbia, Canada

Report Prepared for

MGX Minerals Inc.

Source: Photo courtesy of Shaun Dykes, 2004 (High-grade Heino-Money Sample)

Report Prepared by

SRK Consulting (Canada) Inc.
2CM056.000
June 2020

Independent Technical Report
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Signature date: 20 June 2020

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Important Notice

This report was prepared as a National Instrument 43-101 Technical Report for MGX Minerals Inc. ("MGX") by SRK Consulting (Canada) Inc. ("SRK"). The quality of information, conclusions, and estimates contained herein is consistent with the level of effort involved in SRK's services, based on: i) information available at the time of preparation, ii) data supplied by outside sources, and iii) the assumptions, conditions, and qualifications set forth in this report. This report is intended for use by MGX subject to the terms and conditions of its contract with SRK and relevant securities legislation. The contract permits MGX to file this report as a Technical Report with Canadian securities regulatory authorities pursuant to National Instrument 43-101, Standards of Disclosure for Mineral Projects. Except for the purposes legislated under provincial securities law, any other uses of this report by any third party is at that party's sole risk. The responsibility for this disclosure remains with MGX. The user of this document should ensure that this is the most recent Technical Report for the property as it is not valid if a new Technical Report has been issued.

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1 Executive Summary

1.1 Introduction

The Heino Gold Project (“Project”) is an exploration property in south-eastern British Columbia, Canada, that has been undergone several phases of underground bulk sampling during the late 1980’s and early 1990’s. In May 2020 MGX Minerals Inc. (“MGX”) commissioned SRK Consulting (Canada) Inc. (“SRK”) to prepare an exploration technical report detailing the current status of the Project and a summary of all historical exploration and development activities.

This report was compiled by the following qualified persons (“QP”): Cliff Revering, Sheila Ulansky and Ron Uken, all of SRK.

This technical report was prepared following the guidelines of the Canadian Securities Administrators’ National Instrument 43-101.

1.2 Property Description and Ownership

The Heino Gold Project is located approximately 600 km, by road, east-northeast of the city of Vancouver, within the West Kootenay Region of British Columbia. Formerly known as the Tillicum property, the Heino Gold Project is a developed prospect with limited gold and silver production from underground development and bulk sampling, and contains additional mineral targets of significance.

Considerable exploration has occurred on the property since its discovery in 1980 by two local prospectors. During 1981 and 1989, Esperanza Explorations Ltd. diamond drilled at least 24,148 m and developed approximately 1,928 m of underground development on 5 levels. In 1993, an agreement with Columbia Gold Mines Ltd. (formerly Esperanza Explorations Ltd.) and Bethlehem Resources Corp and Goldnev Resources Inc. saw the property advance into the mining stage, where a total of 6,800 tonnes were mined from 4 levels and 5,503 tonnes were shipped to Bethlehem’s Goldstream mill, north of Revelstoke, for milling. Recovered grades were 18.62 g/t Au and 29.81 g/t Ag. Between 1996 and 2014, the Property was acquired by AMT Resources Ltd. and then optioned by 1033275 Ontario Limited and then returned to AMT Tillicum Holdings (the successor to AMT Resources Ltd.). Work during that period included surface and underground infrastructure evaluations, geological mapping, soil, stream and rock chip sampling, geophysical survey work, road rehabilitation, and compilation and digitization of historical data and 3D modelling. Various private groups held the property between 2014 and 2020 before MGX optioned the property on May 05, 2020.

The property consists of 13 contiguous mineral titles, covering an area of approximately 6,024 hectares, and one mining lease for a total of 40.3 hectares. The centre of the property is located at approximately 49° 49’ degrees latitude north and 117° 43’ degrees longitude west.

On May 05, 2020 MGX acquired 6 mineral claims and 1 mining lease from 1240089 B.C. Ltd. and Gustafson Holdings Ltd., respectively. This area overlies the historical Heino-Money mine. The Mineral Options Agreement state that MGX will pay an initial cash payment of CAD $2,000,000 for a 90% right, title and interest in and to the Assets, free and clear of all encumbrances, along with

20,000,000 common shares, on or before May 01, 2024. MGX may, at any time, make a cash payment of CAD$1,000,000 to acquire the additional 10% consideration.

In May 2020, MGX commissioned SRK to prepare an exploration technical report detailing the historical data collected, which is to be followed by a site visit to the property in the summer of 2020.

1.3 Geology and Mineralization

The Heino Gold Project is located on Tillicum Mountain, which is underlain by a sequence of pelitic schists, calc-silicates and metavolcanoclastics assigned to the Milford Group, of Upper Paleozoic to Triassic age. The strata trends northwesterly and lies between the Slocan syncline to the north and the Valhalla dome to the south. Three episodes of intrusion are recognized: The first consists of swarms of porphyritic dioritic sills, the second comprise large-scale Cretaceous monzonitic stocks (Goatcanyon and Halifax Creek stocks), and the third are swarms of late stage lamprophyre dykes of probable Eocene age. Gold and/or silver mineralization occurs in shear related calc-silicate quartz skarns developed adjacent to, or in close proximity to quartz monzodiorite porphyry sills

The area is structurally complex with at least two stages of folding recognized with metamorphic grade throughout the region typically of sillimanite facies.

A number of significant mineralized zones have been identified. These include the gold-rich zones: Heino-Money Zone, East Ridge Zone, Grizzly, Lower Jennie, and Road Ridge; and the silver-rich zones: Silver Queen and Arnie Flats.

Mineralization is structurally controlled with two structural styles recognized: A steeply dipping, crosscutting Heino-Money Zone type mineralization and shallower dipping stratabound East Ridge Zone type mineralization. The Heino-Money Zone is contained within a north trending shear/fracture zone. The steep fracture zone likely post-dates an earlier mineralization phase, probably represented by the East Ridge Zone, but predates faults and fractures associated with Cretaceous stocks and Tertiary lamprophyre dykes. The interrelationship between the East Ridge Zone and the Heino-Money Zone is poorly understood but high-grade mineralization is possibly the result of remobilization and enrichment of the earlier phase into the shear/fracture zone.

Skarn assemblages consist of quartz, plagioclase, sericite, tremolite-actinolite, clinozoisite, garnet, biotite and microcline with high grade gold hosted within quartz-actinolite-chlorite assemblages. Skarns contain quartz calc-silicate segregations and veins that vary from a few centimetres to 4 meters in width. Skarn zones vary in thickness from 1 to 60 meters and contain finely disseminated sulphides orientated within the foliation or as coarse-grained aggregates within segregations. Sulphides include pyrrhotite, pyrite, sphalerite, galena, as well as traces of chalcopyrite and tetrahedrite. Native gold occurs within the skarn assemblages as 25-micron disseminations to over several millimeter diameter flakes within and along the margins of the quartz calc-silicate segregations. Gold is generally free, but associated with pyrrhotite, arsenopyrite, sphalerite and pyrite-marcasite.

1.4 Sampling Method, Approach and Analysis

Assay methods of preparation and analysis are not available for any of the drilling campaigns. All original methods of analysis and assay certificates have been lost or misplaced. There are, however, scanned drill logs for years 1982, 1983, 1986, and 1989, along with limited hand-printed assay results. Assay methods of analysis and original assay certificates are available for soils and rock chips samples collected in 1996 and 2001; these samples were sent to Eco-Tech Laboratories in Kamloops and ALS Chemex in North Vancouver, respectively. Results of quality control and quantity control measures were not, however, recorded.

1.5 Data Verification

A site visit to the Heino Gold Project has tentatively been scheduled for July 2020. The data verification process will be initiated and completed after the site visit.

1.6 Mineral Resource and Mineral Reserve Estimates

Mineral Resources have not been prepared for this phase of work.

1.7 Conclusions

SRK is of the opinion that the Heino Project database, in its current form, is not adequate to support a mineral resource estimate. All assay data are historical in nature and currently there is no way to independently validate the results.

1.8 Recommendations

In reviewing the compiled database and historical reports pertaining to the Heino Gold Project, SRK makes the following recommendations to support future validation efforts:

- Relog and resample historical drill core;
- Channel sample exposed mineralization within the existing underground development;
- Twin drill a small sub-set of historical drill holes for data verification purposes
- Obtain a high-resolution topography for the site via LiDAR (or equivalent) survey technique;
- Re-survey existing underground workings;
- Create a chain of custody, and quality assurance - quality control program for future exploration and drilling programs; and
- Perform an in-depth structural review and create a detailed litho-structural model.

SRK estimates a budget of CDN$ 525,000 to complete the recommended work.

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2 Introduction and Terms of Reference

The Heino Gold Project is an exploration gold property in British Columbia, Canada. It is located approximately 64 km north-northwest of Nelson in southeastern British Columbia within NTS map sheets 82F/13 and 82K/04. The claims are centred near Tillicum Mountain at approximately 117°42’36.99’’ W, 49°59’22.55’’ N about 12.5 km east of Burton, lying at an elevation between 920 and 2,200 masl between Caribou and Snow Creeks.

Since it’s discovery in 1980 by two local prospectors, the Heino Gold Project has undergone two periods of exploration and minor development. From 1981 to 1993, the project was advanced rapidly by means of acquisition by Esperanza Explorations Ltd. who conducted surface and underground diamond drilling, geophysical and geochemical surveys, mapping, trenching and underground development and bulk sampling. Early exploration work was initially focused on the discovery zone, which later became the Heino-Money Mine. Later exploration work led to the finding of several other significant mineralized zones. In total, 376 diamond holes were drilled for a total of 32,874 m, and a sum of 1,928 m in underground development was completed. In 1993, a permit was obtained for an underground mining operation and 3 bulk samples for a total of 5,788 tonnes was extracted that summer.

The second period of exploration occurred between 1995 and 2014 when AMT Tillicum Holdings Inc. and 1330275 Ontario Limited successively owned the property. Between that time, surface and underground geological mapping were conducted, as well as rock chip, soil and stream sediment sampling. In addition, two geophysical surveys were completed during this time frame. This second period of exploration endeavoured to digitize the existing data, and build and rejuvenate the existing infrastructure. No drilling or bulk sampling was conducted during this time frame.

MGX Minerals Inc. acquired the Heino Gold Project in 2020 after 6 years in which the property was not actively explored.

The Heino Gold Property can be accessed by way of logging and mining roads extending from Burton, BC, along the south side of Caribou Creek to a former exploration camp near the headwaters of Londonderry Creek. The total distance from Burton is approximately 17 km. Four-wheel drive vehicles are required to negotiate the steep access road to the principal workings near the summit of Tillicum Mountain.

This Technical Report documents the current status of the Project and provides a summary of the historical exploration and development activities. It was prepared following the guidelines of the Canadian Securities Administrators’ National Instrument 43-101 and Form 43-101F1.

2.1 Scope of Work

The scope of work, as defined in a letter of engagement dated on May 19, 2020 between MGX and SRK, includes the preparation of an independent exploration technical report for the Heino Gold Property in compliance with National Instrument 43-101 and Form 43-101F1 guidelines. This work typically involves the assessment of the following aspects of the project:

- Topography, landscape and access;
- Regional and local geology;
- Exploration history;
- Audit of exploration work carried out on the project;
- Audit of database and quality assurance and quality control (QA/QC);
- Review of past production data and production reconciliation records, where available;
- Review of existing geological information and geological interpretation; and
- Recommendations for additional work.

2.2 Work Program

The scope of work includes the completion of an exploration technical report for the Heino Gold Project detailing the current status of the Project and a summary of historical exploration and development activities. Individual tasks for the proposed 2020 scope of work are described below.

- Compilation and review of all historical Project data and technical reports;
- Review of historical drill hole and sample database, data collection protocols, assay sample quality assurance/quality control (QA/QC) procedures and protocols;
- Review of historical underground development data, including any existing geological mapping, bulk sampling data, metallurgical testwork, and mill reconciliation information; and
- Compile preliminary NI43-101 exploration technical report, focusing on Sections 1 to 13, inclusive, for public disclosure.

The Technical Report was assembled in Vancouver during the month of June 2020.

2.3 Basis of Technical Report

This report is based on information sent to SRK by MGX in May 2020 SRK has not yet conducted a site visit to the Heino Gold Project.

SRK has no reason to doubt the reliability of the information provided by MGX, some of which has been corroborated by information obtained from the public domain. This technical report is based on the following sources of information:

- Data and reports sent to SRK by MGX personnel;

- Review of exploration data;
- In-house and assessment reports prepared by personnel working on the Heino Gold Project between the years 1983 to 2014; and
- Additional papers, maps and data from public domain sources.

2.4 Qualifications of SRK and SRK Team

The SRK Group comprises over 1,000 professionals, offering expertise in a wide range of resource engineering disciplines. The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This fact permits SRK to provide its clients with conflict-free and objective recommendations on crucial judgment issues. SRK has a demonstrated track record in undertaking independent assessments of Mineral Resources and Mineral Reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. Through its work with many major international mining companies, SRK Group has established a reputation for providing valuable consultancy services to the global mining industry.

The preparation and compilation of the technical report were completed by Ms. Sheila Ulansky, P.Geo (EGBC#36085). Geological review was conducted by Dr. Ron Uken, Pr.Sci.Nat (400322/11) Ms. Ulansky and Dr Uken are independent Qualified Persons as defined by National Instrument 43-101.

Mr. Cliff Revering, P.Eng (APEGS9764) a Principal Consultant (Resource Geology) with SRK, reviewed this Technical Report prior to delivery to MGX as per SRK's internal quality management procedures. Mr. Revering has not visited the Project.

2.5 Site Visit

SRK has not completed a site visit to date due to existing travel restrictions related to the COVID-19 pandemic. A site visit will be completed once travel restrictions have been removed.

2.6 Acknowledgement

SRK would like to acknowledge the support and collaboration provided by MGX personnel for this assignment.

2.7 Declaration

SRK's opinion contained herein and effective June 20, 2020 is based on information collected by SRK throughout the course of SRK's investigations, which in turn reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change significantly over relatively short periods of time. Consequently, actual results may be significantly more or less favourable.

This report may include technical information that requires subsequent calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and

consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK is not an insider, associate or an affiliate of MGX, and neither SRK nor any affiliate has acted as advisor to MGX, its subsidiaries or its affiliates in connection with this project. The results of the technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any undisclosed understandings concerning any future business dealings.

3 Reliance on Other Experts

SRK has not performed an independent verification of the land title and tenure information as it is summarized in Section 4 of this report. SRK reviewed MGX's claim holdings using the government of British Columbia's Mineral Title Online Viewer (MTO, 2020), as well as the claims details presented in the Mineral Property Option Agreement dated May 05, 2020 between MGX and 1240089 B.C Ltd. and Gustafson Holdings Ltd. SRK did not verify the legality of any underlying agreement(s) that may exist concerning the permits or other agreement(s) between third parties.

For the basis of the technical report, SRK relied on data and information presented within past technical reports and assessment reviews. SRK was informed by MGX that there are no legal proceedings on any of the properties.

4 Property Description and Location

The Heino Gold Project is located in the Arrow Lakes region of southeastern British Columbia, Canada, approximately 600 km, by road, east-northeast of the city of Vancouver (Figure 4-1).

The property is situated about 30 km southeast of Nakusp, BC and 12 km east of the village of Burton and overlies Tillicum Mountain on the western limits of the Valhalla Range, within the Slocan Mining District (Figure 4-2).

Access to the Heino Gold Project from Burton is by way of a network of logging and property access roads along the watersheds of Burton and Londonderry Creeks, a distance of approximately 17 km. This portion of the road is accessible by 2-wheel drive vehicle. Food, fuel and accommodation is available in the village of Burton, while the town of Nakusp, approximately 30 km to the North, offers more extensive services.

The property is located within UTM Zone 11 NTS mapsheets 82F/13 and 82K/4 with the centre at 49° 49’ N latitude and 117° 43’ W longitude.

Figure 4-1 and Figure 4-2 are regional and property scale location maps, respectively.

Figure 4-1: Location map of the Heino Gold Project (red star) in British Columbia, Canada

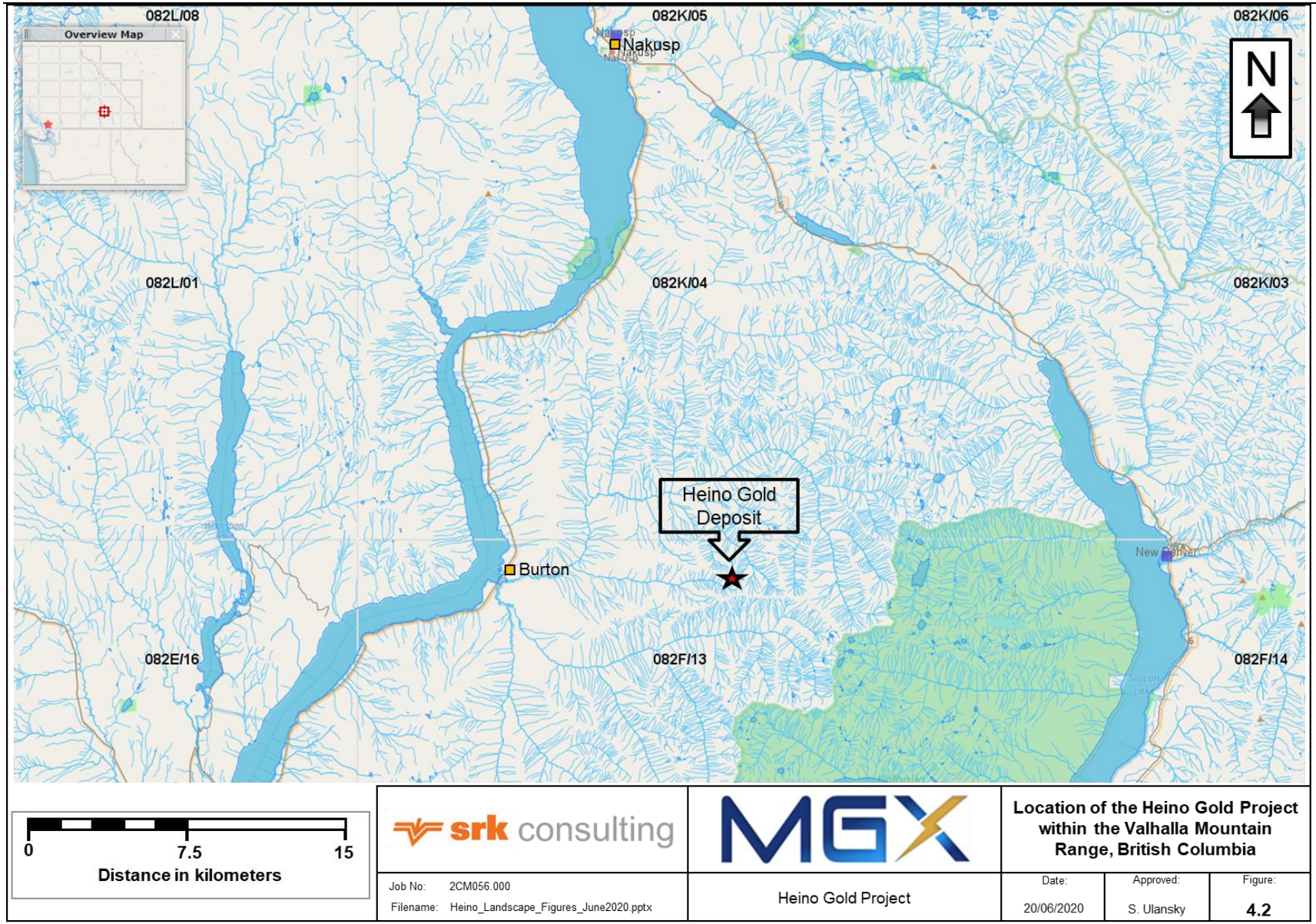

Figure 4-2: Location of the Heino Gold Project within the Valhalla Mountain Range, British Columbia
Source: MapPlace2, 2020

4.1 Mineral Tenure

The Heino Gold Project consists of 13 contiguous mineral claims totalling 6,024 hectares, and one mineral lease for an area of 40.30 hectares (Figure 4-3). The boundaries of the mineral claims have not been legally surveyed. A summary of the land tenure information, as extracted from the Government of British Columbia MTO website (as of the date of this Technical Report) is presented in Table 4-1 and Table 4-2. All claims are in a 'protected' status, with expiry dates on December 2021.

Table 4-1: Summary of current MGX mineral claims in map numbers 082F and 082K

Title Number	Claim Name	Owner	Title Sub Type	Issue Date	Good to Date	Status	Area (ha)
1075801	ICE	283853 (100%)	Mineral	2020/APR/19	2021/APR/19	PROTECTED	249.4449
1075802	SC	283853 (100%)	Mineral	2020/APR/20	2021/APR/20	PROTECTED	166.2744
1075803	JO	283853 (100%)	Mineral	2020/APR/20	2021/APR/20	PROTECTED	311.5098
1075913	TILLICUM NE EXT	283853 (100%)	Mineral	2020/APR/27	2021/APR/27	PROTECTED	415.1992
1075917	CARIBOU CREEK	283853 (100%)	Mineral	2020/APR/27	2021/APR/27	PROTECTED	394.3329
1075918	WOLF	283853 (100%)	Mineral	2020/APR/27	2021/APR/27	PROTECTED	291.0015
1075920	SNOW CREEK	283853 (100%)	Mineral	2020/APR/27	2021/APR/27	PROTECTED	311.7934
1072051	ARNIELAINE1	1240089 (100%)	Mineral	2019/OCT/15	2020/AUG/11	PROTECTED	3032.51
1072052	TIL NE	1240089 (100%)	Mineral	2019/OCT/15	2020/AUG/11	PROTECTED	20.77
1071800	SLOCAN TILLICUM GRIZZLY	1240089 (100%)	Mineral	2019/OCT/15	2020/DEC/01	PROTECTED	477.86
1073170	TIL NE2	1240089 (100%)	Mineral	2019/DEC/07	2020/DEC/07	PROTECTED	20.77
1072049	SLOCAN CHIEFTAIN EUREKA	1240089 (100%)	Mineral	2019/OCT/15	2020/AUG/11	PROTECTED	290.54
1072050	TILLICUM CHIEFTAIN CONN	1240089 (100%)	Mineral	2019/OCT/15	2020/AUG/10	PROTECTED	41.52
Total (ha)							**6,023.526**

Table 4-2: Summary of current MGX mineral lease in map number 082F

Title Number	Owner	Title Sub Type	Issue Date	Good to Date	Status	Area (ha)
320414	Gustafson Holdings Ltd. (100%)	Lease	1996/JAN/23	2020/JAN/23	PROTECTED	40.30

Source: Minerals Titles Online Viewer, Government of British Columbia (2020, June 04). Retrieved from https://www.mtonline.gov.bc.ca/mtov/jsp/searchTenures.jsp

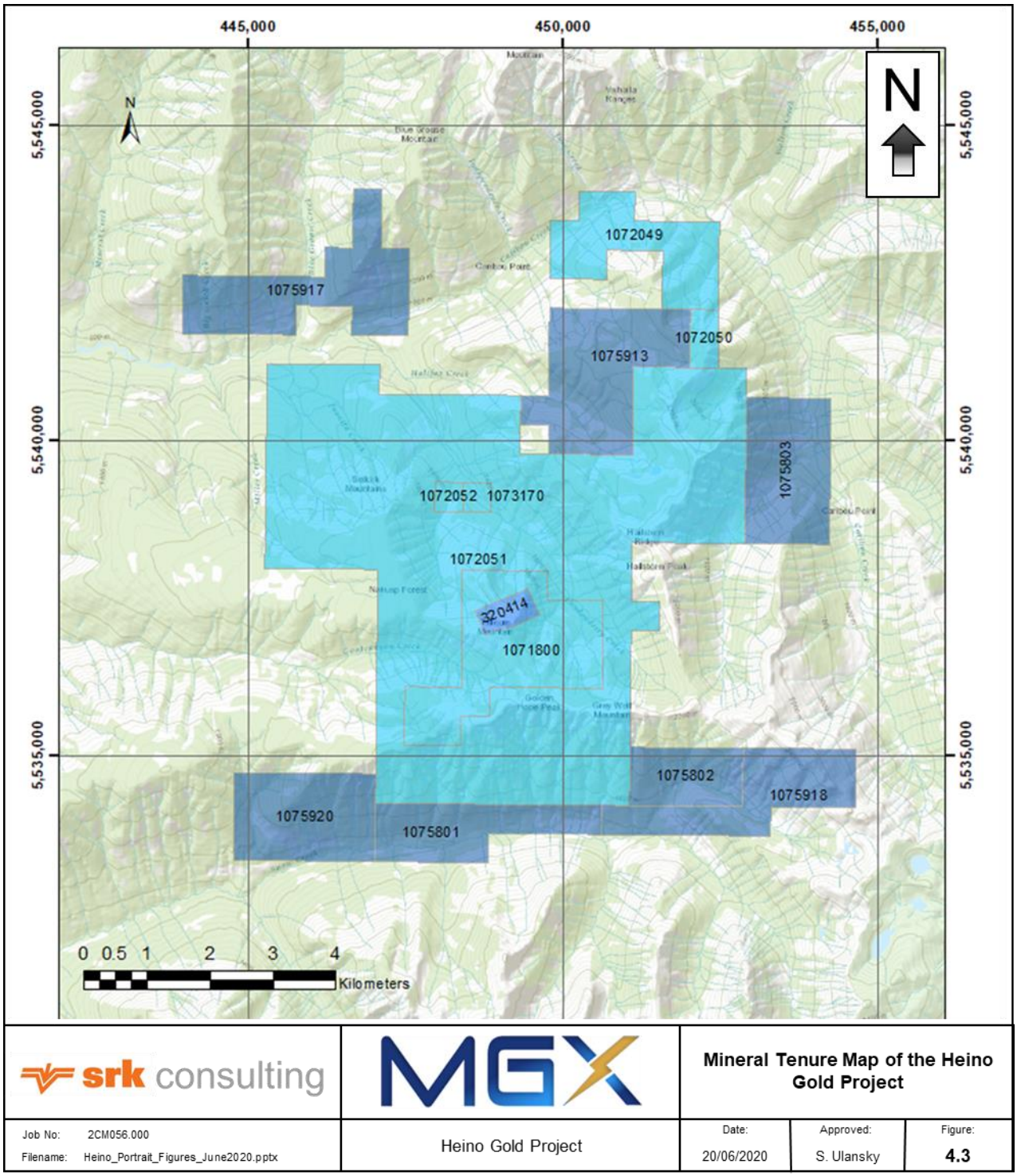

Figure 4-3: Mineral tenure map of the Heino Gold Project

Source: iMapBC, 2020

4.2 Underlying Agreements

On May 05, 2020, MGX Minerals Inc. entered into a mineral property option agreement with 1240089 B.C. Ltd., and Gustafson Holdings Ltd. to grant MGX the sole and exclusive right and option to acquire up to 100% of the right, title and interest in and to the Assets, free and clear of all encumbrances. The contract states that 90% of the option will be satisfied after an initial cash payment of CAD$2,000,000, in 17 installments, is made prior to May 01, 2024. In addition, 20,000,000 common shares will be made in 9 installments prior to May 01, 2024. MGX may expend an aggregate amount of CAD$1,050,000 of expenditures in respect of the Assets prior to December 01, 2023. The right to purchase the outstanding 10% is conditional upon a cash payment of CAD$1,000,000 at any time.

4.3 Taxes, Royalties & Payments

Not applicable.

4.4 Permits and Authorization

MGX is currently in the process of acquiring the necessary permits to conduct the work proposed for the property. No permits have yet been obtained by MGX.

4.5 Environmental Considerations

According to the option agreement entered into by MGX, there are no known environmental liabilities to which the property is subject.

5 Accessibility, Local Resources, Infrastructure, Physiography, Climate and Topography

5.1 Accessibility

The Heino Gold Project is accessible via Provincial Highway 6 that passes through Burton, BC. Access to the property from Burton is by way of logging and property access roads along the south side of Caribou Creek to a former exploration camp site near the headwaters of Londonderry Creek (Figure 5-1). The distance to the historical Heino-Money Mine site is approximately 17 km by road. This portion of the road is accessible by 2-wheel drive truck, whereas four-wheel drive vehicles are required to negotiate the steep access road to the principal Tillicum workings near the summit of Tillicum Mountain.

5.2 Local Resources and Infrastructure

Burton, BC, is a town on Arrow Lakes in the West Kootenay region of southeastern British Columbia. In the 2016 Census, Burton had a population of 111 in an area of 2.87 square kilometers (Statistics Canada Census Program, 2016). Burton provides services including lodging, food, fuel, electricity and cell service and it is well equipped to service the mining and exploration industry. The town of Nakusp, approximately 40 km to the north, offers more extensive services.

The Heino Gold Project contains historical infrastructure including roads, camp areas, workshops, core storage facility and limited underground mine workings; all of which were last assessed in 2014. At that time the access road to the lower camp of the Heino-Money Mine site was determined to be in excellent condition, requiring only a two-wheel drive vehicle. From the lower camp to the Heino-Money mine the roads were in reasonable shape requiring drainage ditching and rock debris clearing in several spots.

The lower camp area, at elevation 1,340 masl, immediately west of Londonderry Creek has one large, empty 12 x 18 m workshop with cement floor, which was deemed to be in good condition. Other buildings on the site include several connected Atco trailers forming office, dry, sleeping and kitchen facilities. The upper camp area located 800 m north of the main Heino-Money workings, occurs at an elevation of 2,040 masl. It has a large core storage area and a single wooden building. Drill core is stored in racks as well as in cross-stacked piles, however, winter snow cover has reportedly damaged the upper parts of the piles and rendered most of the historical core as non-referenceable. Drill core stored underneath has been mostly preserved and originates mainly from East Ridge Zone drill holes.

Reported conditions from 2002 described the underground workings to be in good condition with no water observed flowing out of any of the 5 adits. The large 3.7 m x 3.7 m main haulage level of the 2050 level was reported as open and accessible. Minor spall had occurred in some of the other levels, but overall, they were well ventilated, generally dry, and in good condition. Equipment stored inside the building and scattered around the general area includes 2 mine cars, slusher and motor, one electric motor, a small generator, various first aid equipment, underground track, drill steel, rock bolts and plates and miscellaneous parts. An electric locomotive is stored behind a tarp just inside the portal of the Heino-Money main haulage level (Carter and Hinzer, 2002).

SRK has not yet visited the project site and at this time cannot verify the conditions of the infrastructure located at the site.

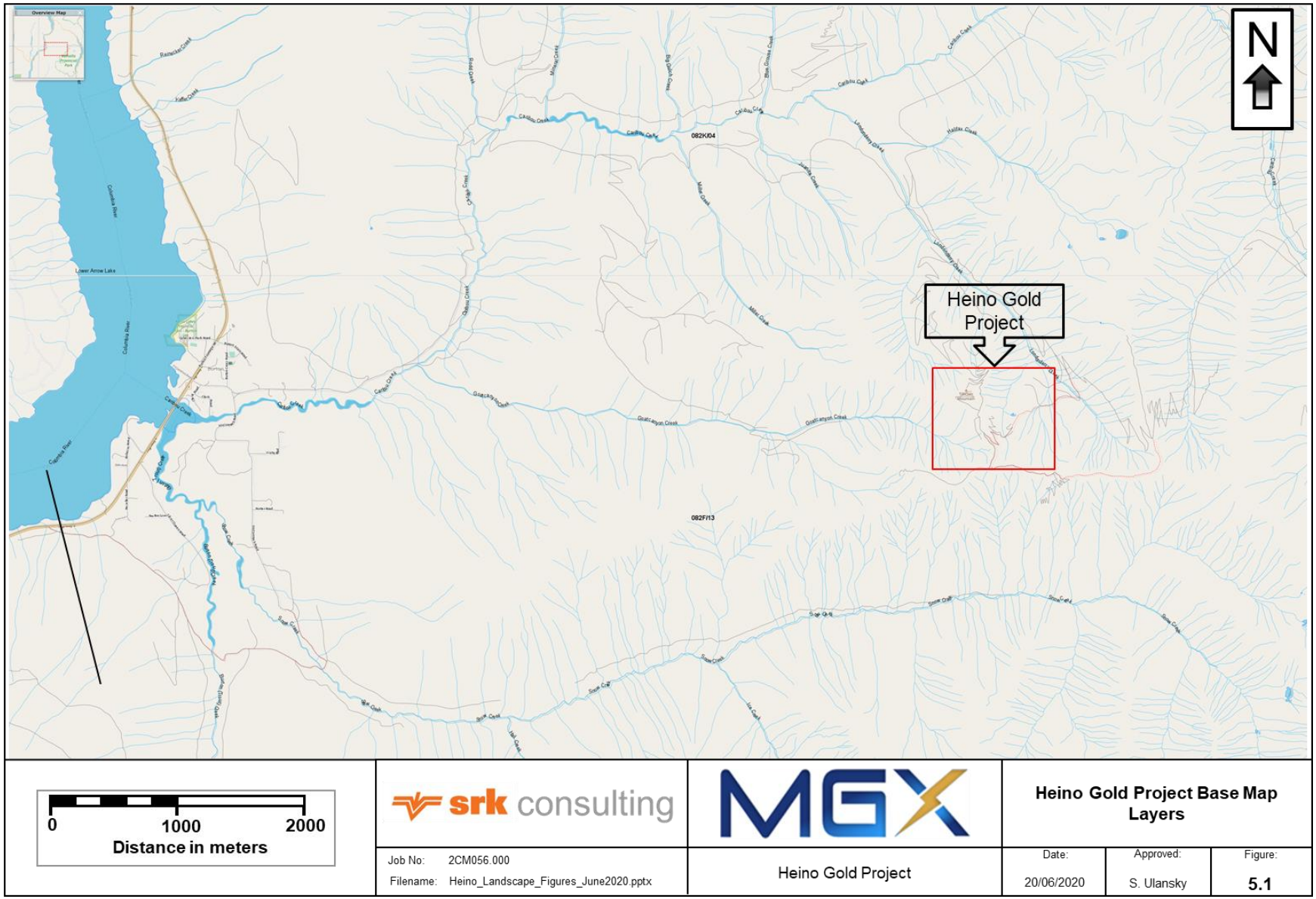

Figure 5-1: Heino Gold Project base map layers

5.3 Physiography

British Columbia occurs almost entirely within the North American Cordillera; one of seven physiographic regions of Canada (Figure 5-2) (The Canadian Encyclopedia, 2020). The Cordillera consists of parallel mountain ranges with intervening plateaus, valleys and plains. The Heino Gold Project occurs within the Kootenay mountains of the Canadian Cordillera.

The Kootenay Region is mountainous encompassing four mountain ranges. From east to west these include: the Rocky Mountains, the Purcell Mountains, the Selkirk Mountains and the Monashee Mountains (Figure 5-3). The region extends from the Alberta border in the east to the Okanagan Similkameen Regional District in the west and the Columbia-Shuswap Regional District in the North, encompassing the Canadian portion of the Columbia River Basin.

The Heino Gold Project is situated in the West Kootenay's within the Selkirk Mountain Range.

Figure 5-2: Physiographic regions in Canada (The Canadian Encyclopedia)
Source: Retrieved from https://thecanadianencyclopedia.ca/en/article/physiographic-regions

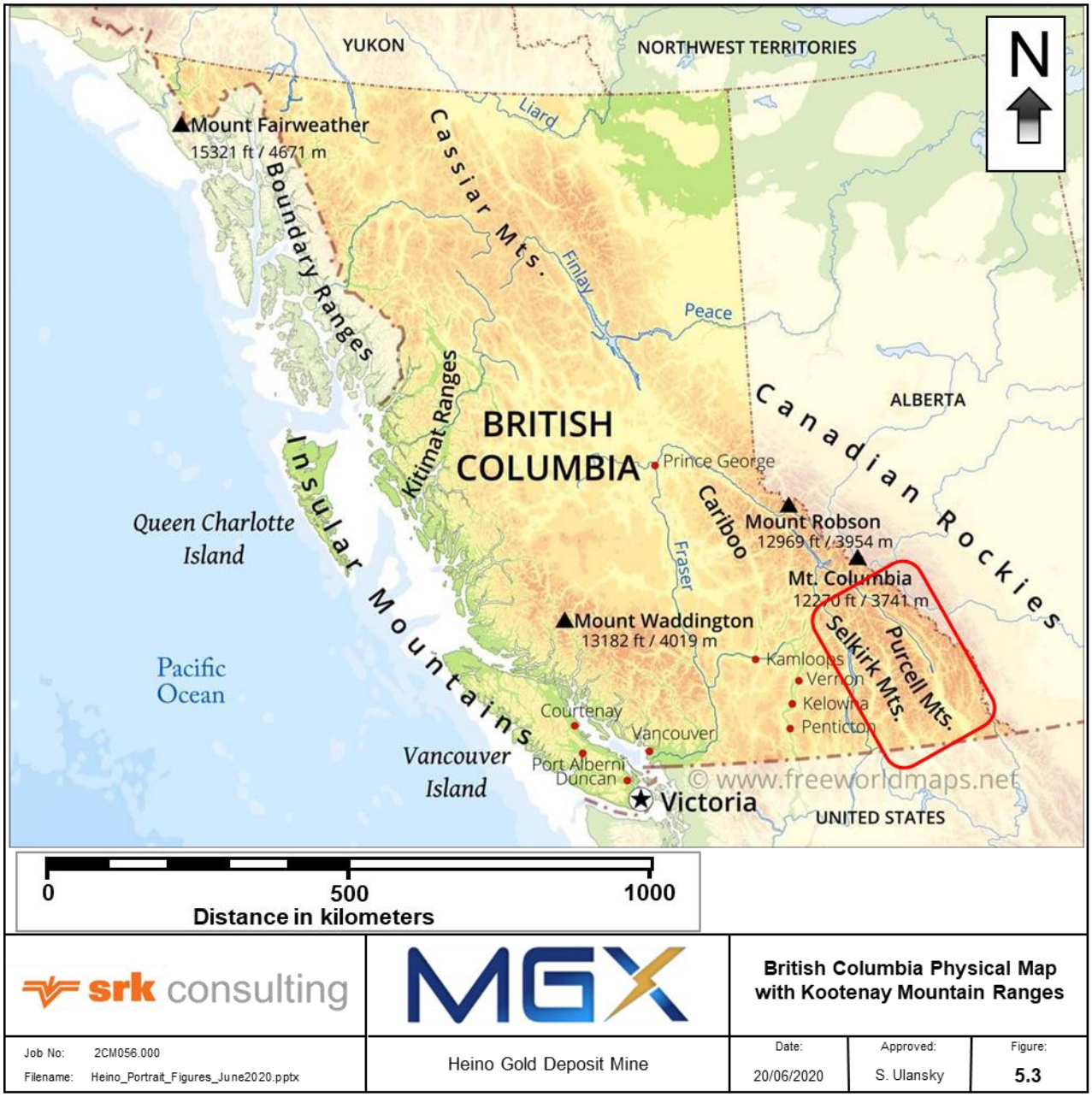

Figure 5-3: British Columbia physical map with Kootenay Mountain ranges (Freeworld Maps)

Source: Retrieved from https://www.freeworldmaps.net/northamerica/canada/britishcolumbia/map.html

5.4 Climate, Topography and Vegetation

The project area is characterized as having warm, moderately moist summers and cool, snowy winters, where temperatures range significantly between the lows of winter and highs of summer (Figure 5-4). The winter season can begin in October and extend through April, with temperatures ranging from 15°C to less than -5°C. Temperatures range from approximately of 15°C to 27°C during the summer months. Precipitation is at a maximum in June and a minimum in February. Total annual precipitation in the main valley is 810 mm with about 280 mm of that in the form of rain between May and September (Government of Canada, 2020). Both precipitation and temperature vary significantly with altitude; reinforcing the influence of local conditions. The property is generally free from snow from mid-June until well into October.

Elevations on the property range from 885 m to over 2,300 m on the highest peaks, with the historical camp area located at an elevation of 2,040 m. Topography is generally steep and in places, precipitous. Bedrock outcrop is generally restricted to ridge crests covering approximately 10% of the surface area. Slopes are mostly covered with overburden consisting of talus slopes, snow-avalanche debris tracks and unconsolidated glacial debris. Cedar-hemlock forests covers the entire area except for the highest peaks and ridges where barren rock occurs (Campbell, 2014; Dykes, 2003).

The area is contained within the Southern Interior Mountains Ecoprovince, in the Northern Columbia Mountain Ecoregion

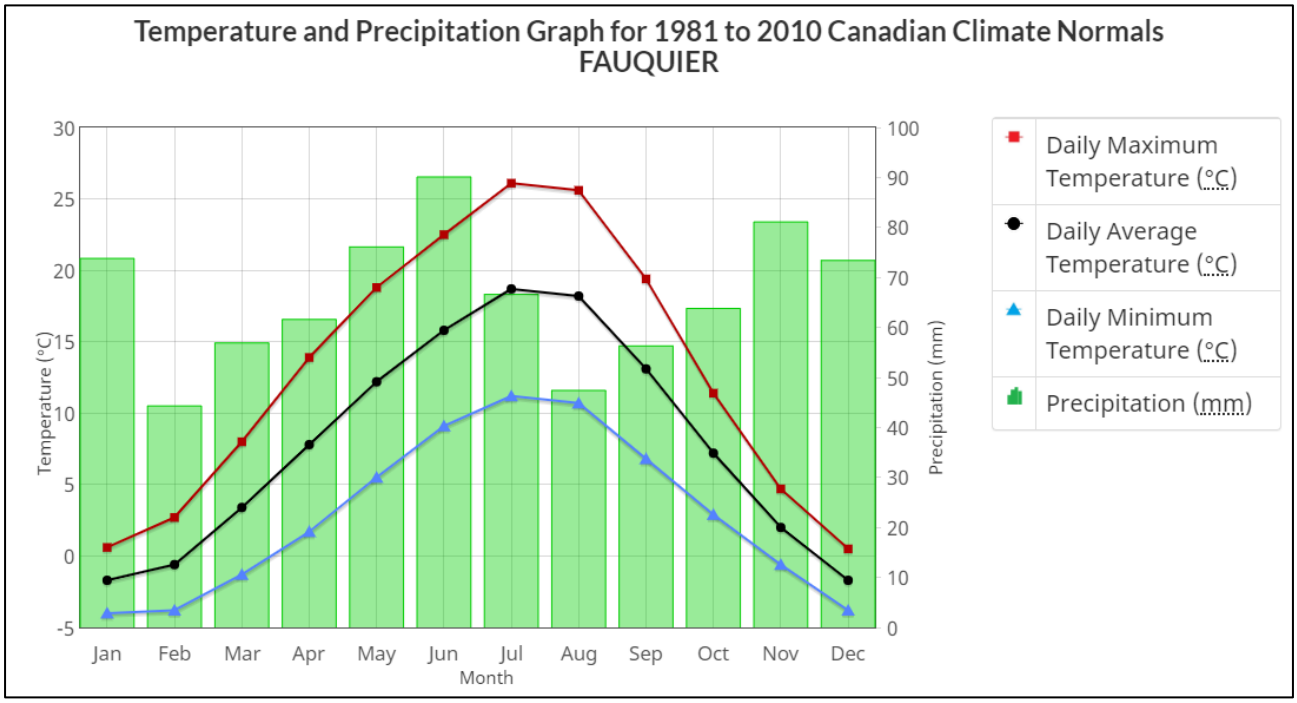

Figure 5-4: Temperature and precipitation graph for 1981 to 2010

Source: from Fauquier, BC (Government of Canada, http://climate.weather.gc.ca/climate_normals/)

6 History

The following paragraphs regarding the history of the Heino Gold Project are largely extracted from previous reports prepared by Dykes (2003) and Campbell (2014) using BC Government Minfile information, internal company reports, and assessment files.

A timeline from discovery to development summarizes Heino-Money's main activities (Table 6-1).

The town of Burton was founded in 1895 as a result of gold mining activity in the area. There are reports of numerous placer operations within the Caribou Creek drainage system during the early 1890's. During the period 1896 to 1930 several small-scale, hard rock mine workings were active and are found throughout the area. Prospecting was carried out in the Tillicum Mountain area up to 1960, but the source of the placer gold was never identified. In 1980 local prospectors, Arnie and Elaine Gustafson, discovered gold in what is now known as the Heino-Money Zone, on the north slope of Tillicum Mountain.

Esperanza Explorations Ltd. optioned the property in the fall of 1981 and initiated an exploration program that sparked a district wide staking rush. The original Tillicum property covered over 15,000 acres containing 10 known deposits and prospects of gold-silver mineralization. Early exploration was initially focused on the Discovery Zone, which later became the Heino-Money Mine. Work consisted of geophysical and geochemical surveys, mapping, trenching, surface drilling, underground development, underground drilling and bulk sampling. Exploration work outside of the Heino-Money Zone led to the finding of several other significant mineralized zones; including the East Ridge and Grizzly Zones.

In 1993 Bethlehem Resources Corporation and Goldnev Resources Inc. optioned the property from Columbia Gold Mines Ltd. (formerly Esperanza Explorations Ltd.) and obtained a permit for an underground mining operation. Mining commenced in mid-August of that year and was completed in late October. A total of 6,800 tonnes were mined from 4 levels, and 5,503 tonnes were shipped to Bethlehem's Goldstream mill, north of Revelstoke, for milling. Recovered grades were reported as 18.62 g/t Au and 29.81 g/t Ag.

The Gustafson's held the property for several years until AMT Resources Ltd. acquired the property from them in 1996. In that year the company undertook surface and underground geological evaluation and sampling, geophysical survey work, access road rehabilitation, VLF-EM surveys, extensive mapping and sampling and an updated tonnage estimate (historical estimate not compliant with NI43-101 reporting guidelines).

In 1997 the property was optioned to 1033275 Ontario Limited, a subsidiary of Mustang Minerals Corporation. In 2001 this company performed rock and soil sampling, a compilation of historical data and geological interpretation of the mineralization.

In 2002, 1033275 Ontario Limited undertook digitization of the existing data, geostatistical analysis of assay data and 3D modelling. Subsequently, the property was returned to AMT Industries Canada Inc. ("AMT-I"), the successor to AMT Resources Ltd. in 2007. The company then completed a soil sampling program in 2007.

In 2009, AMT-I completed a VLF-EM survey along the network of exploration roads on the claims. Since that time, AMT-I was restructured into AMT Tillicum Holdings, Inc. In 2013 and 2014, AMT-Tillicum Holdings Inc. completed significant physical improvements to the property, including the installation of a new 12-person sleeper with complete washrooms, washing and drying areas along with a refurbished kitchen with all new appliances. A new septic system and 100 kilo watt generator was installed, as well as a workshop with concrete floors measuring 10 m x 22 m. In addition, 17 new culverts and numerous ditches were installed for erosion control along the mine access roads; one of which was a 12.2 m x 2.4 m culvert on Londonderry Creek.

In May 2020 MGX signed an option agreement to acquire 100% interest in the Heino Gold Project, according to the terms specified in the option agreement, and commissioned SRK to complete a NI43-101 compliant exploration technical report.

Table 6-1: Historical summary of the Heino Gold Project

Year(s)	Mining Company	Activities
1895	n/a	Town of Burton founded due to placer activities along the Caribou Creek drainage system
1980	Arnie & Elaine Gustafson	Prospecting led to the discovery of the Heino-Money Zone
1981	Esperanza Exploration Ltd.	Geophysical & geochemical surveys, mapping, trenching, surface drilling, underground drifting & raising, underground drilling, bulk sampling
1981, 1985, 1991, 1993	Esperanza Exploration Ltd. (renamed to Columbia Gold Mines Ltd.)	Small scale mining from the Heino-Money Zone; discovery of other Zones, including East Ridge and Grizzly
1993	Bethlehem Resources Corporation & Goldney Resources Inc.	Underground mining commenced between mid-August to mid-October; surface & underground drilling; underground development
1994-1996	Arnie & Elaine Gustafson	Property held with no active work programs
1996	AMT Resources Ltd.	Surface & underground geological evaluations and sampling, geophysical survey work, access road rehabilitation, VLF-EM surveys, extensive mapping and sampling and tonnage estimate
1997	1033275 Ontario Limited	Optioned from AMT Resources Ltd.
2000	1033275 Ontario Limited	Report on the project was prepared (Handfield and Glanville, 2000)
2001	1033275 Ontario Limited	Soil sampling, compilation of historical data and modelling of the mineralization
2002	1033275 Ontario Limited	Computerization of existing data, geostatistical analysis and, 3D modelling
Fall 2002	AMT Industries Canada Inc. (AMT-I)	Bought the company
2009	AMT Tillicum Holdings Inc. (restructured from AMT-I)	Soil sampling
2009	AMT Tillicum Holdings Inc.	VLF-EM survey
2013-2014	AMT Tillicum Holdings Inc.	Infrastructure rejuvenation & geological remote sensing investigation
2020	MGX Minerals Inc.	Acquired 100% Interest in Heino Gold Project

6.1 Historical Exploration Work

The following summary of exploration activities has been compiled from all available in-house and assessment reports available to SRK. A timeline of exploration activities on the Heino Gold Project is summarized in Table 6-2.

Table 6-2: Summary of exploration activities on the Heino Gold Project

Year(s)	Mining Company	Activities
1980	Arnie & Elaine Gustafson	Discovered Money Zone while prospecting
1982	Esperanza Explorations Ltd.	Prospecting, geological mapping, soil sampling, trenching and diamond drilling. Extension of the previously discovered Money Pit now called the Heino-Money Zone.
1982		Airborne VLF-EM and Mag Survey
1982		Petrographic and environmental report
1983		Geological mapping, trenching, road building, diamond drilling, underground development; East Ridge Zone discovered; baseline environmental study
1985		227 tonne bulk sample from the Heino-Money Zone sent to Dankoe mill at Keremeos
1986		Surface and underground drilling; underground development (155 m drifting; 131 m slashing, 225 m test hole drilling)
1987		Preliminary engineering and environmental Report (Knight and Piesold, 1987)
1989	Esperanza Explorations Ltd. (renamed to Columbia Gold Mines Ltd.)	Diamond drilling on East Ridge Zone
1993	Bethlehem Resources Corporation & Goldney Resources Inc.	Bulk sampling commenced in mid-August and completed in late-October. Rock sample analysis and report
1994	Columbia Gold Mines Ltd.	Commissioned Ross Glanville & Associates to carry out a valuation of the Tillicum Mountain Project
1996	AMT Resources Ltd.	Surface and underground geological evaluations and sampling, geophysical survey work, limited road rehabilitation, data review; VLF EM-16 and limited Self-Potential surveys
2001	1330275 Ontario Limited (wholly owned subsidiary of Mustang Minerals Corp.)	Exhaustive re-examination of the historical database; stream sediment sampling, soil and rock chip samples; survey of the access road; camp and equipment inspections
2002	1330275 Ontario Limited	Site inspection of on-site facilities and underground workings, brief examination of mineralization and geology of the area
2009	AMT Tillicum Holdings Inc.	Soil sampling grid, VLF-EM Survey

Between 1982 and 1993, when Esperanza Explorations Ltd. held the property, the Heino Gold Project was taken from a grassroots prospect through to an advanced stage exploration project including limited underground exploration development. Over the 11 years, Esperanza Explorations Ltd. built roads, geologically mapped and prospected the area, collected and assayed rock samples, and conducted limited geochemical soil surveys. Surface and underground diamond drilling programs were undertaken almost continuously throughout those years (see Section 10). Gold mineralization discoveries outside of the Heino-Money and East Ridge Zones were also made.

In 1982 exploration work included geological mapping at a scale of 1:1,000 by Dr. J. Crawford, which concentrated on the north side of Tillicum Mountain, and over the area of the Heino-Money Zone. In addition, Dr. Ken Northcote, under the contract of Vancouver Petrographics Ltd., carried out a preliminary petrographic and mineralographic study on 34 thin sections collected from drill core and hand specimens. Geochemical soil surveys on the Tillicum Property during 1982 were restricted to four lines across the south end of Grizzly Valley and to 'reconnaissance contour-type' sampling in Sue Valley to the northwest of Tillicum Peak. Other short soil sample traverses were conducted in conjunction with prospecting on Hailstorm Ridge (Guild, 1983).

During 1982, Western Geophysical Aero Data Ltd. conducted a regional, low level airborne magnetometer and VLF-electromagnetometer survey across the Tillicum Mountain Gold prospect area. The purpose of the survey was to delineate any variations in magnetic intensity and near surface conductivity that assisted in the search for gold or massive sulphide mineralization (Guild, 1983).

Exploration in 1983 consisted of geological mapping at a scale of 1:300, surface rock chip sampling, bulldozer trenching, and 325 m of road building. In addition, 61 m of underground development was completed into the East Ridge Zone (Roberts and McClintock, 1983).

The Esperanza Explorations Ltd. exploration programs between 1985 and 1989 were focused on delineating "reserves" within the Heino-money Zone, as well as determining metallurgical qualities of mineralization; details of which are presented in Section 6.3 of this report. In addition to historical preliminary "ore reserve" estimates, the exploration programs included 1,518 m of underground development on the Heino-Money Zone and 410 m of drifting on the East Ridge Zone; all of which were conducted by Nemo Resources of New Denver, B.C. The underground development and bulk sampling program defined continuous gold bearing skarn along 37 m of drift length (Dewonck, McClintock and Roberts, 1986). Small-scale mining occurred in the summer of 1993.

After a hiatus of 5 years, exploration resumed on the property in 2001. Principal work included a partial survey of the access roads, an inspection and inventory of existing on-site facilities and equipment, and the collection of 79 stream sediment, soil and rock samples from selected parts of the property. Timberland Consultants of Nelson B.C. were contracted to collect Differentially Corrected Global Positioning System survey data along the access road to the mineralized area on the Tillicum property to confirm the location of the road in NAD83 coordinates to a precision of +/-1 m. In addition to the road, the survey was also designed to locate the position of the warehouse, the Heino-Money 2050, 2130 and 2160 level portals, the East Ridge 2060 level portal and other claim boundaries (Campbell, 2014).

In 2013 and 2014, significant physical improvements to the property were made, including the installation of a new 12-man sleeper, a new septic system and 100 kilo watt generator, and 10 m x 22 m workshop. In addition, the access road was refurbished with new culverts and ditches installed for erosion control (Campbell, 2014).

6.2 Historical Underground Development and Bulk Sampling

Underground development on the Heino-Money Zone totaled 1,518 m along with an additional 410 m of development on the East Ridge Zone (Addie, 1997). Table 6-3 summarizes the meterage of underground development per year of exploration.

Table 6-3: Summary of underground development within the Heino-Money and East Ridge Zones

Year(s)	Mineral Zone	Underground Development
1981-1987	Heino-Money	955 m on 4 levels
1988		442 m
1993		121 m
1981-1984	East Ridge	60 m on cross-section 2118
1988		350 m on drive 2062
Totals		
Heino-Money		**1,518m (on 5 levels)**
East Ridge		**410 m**

Small scale production occurred in 1981, 1984, and 1993 from the Heino-Money Zone. Table 6-4 summarizes tonnages and metal content recovered per year of extraction.

Table 6-4: Summary of bulk sampling conducted on the Heino-Money Zone

Year	Mined Tonnes	Milled Tonnes	Au Grams Recovered	Au Ounces Recovered	Ag Grams Recovered	Ag Ounces Recovered
1981	58	58	4,570	145	3,259	105
1984	227	168	48,351	1,554	51,570	1,658
1985/1986	2,972	2,972	98,910	3,180		
1993	6,800	5,503	102,455	3,294	164,071	5,275
Total	**10.057**	**8,701**	**254,286**	**8,173**	**218,900**	**7,038**

In 1981 a bulk sample of 58 tonnes was extracted from the Heino-Money pit, which averaged 78.8 g/t Au and 56.2 g/t Ag.

In 1984, a 227-tonne bulk sample was extracted from an underground adit driven into the upper part of the Heino-Money zone. This material was shipped to the Dankoe mill located in Keremeos, BC, in 1985, where 168 tonnes was milled. The average recovered Au grade was reported at 287.8 g/t.

In 1985 and 1986, a bulk sample of 2,972 tonnes of material was extracted from underground development and surface trenching on the Heino-Money Zone. This material was collected for metallurgical testwork that was conducted at a custom mill. It is reported that this material was found to be free-milling and standard crushing, grinding and gravity and flotation circuits yielded 92% gold recovery. A total of 3,180 oz of gold was recovered from this testwork, and it is reported that two-thirds of the gold was found to be associated with sulphide minerals. Results of this historical testwork have not been reviewed by SRK.

In May 1993, a total of 6,800 tonnes of material was mined from four underground levels within the Heino-Money zone and 5,503 tonnes were shipped to Bethlehem's Goldstream mill located north of Revelstoke, BC. Recovered average grades from this bulk sample were reported at 18.62 g/t Au and 29.81 g/t Ag.

6.3 Historical Mineral Resource and Reserve Estimates

A number of historical "reserve" estimates have been reported for the various mineralized zones located within the project footprint as presented in Table 6-5. The historical estimates are only relevant in that it presents an estimate of the relative size and grade of the property at the time that it was prepared. SRK has not reviewed the input data used to prepare the estimates and therefore cannot comment on the reliability of the estimate. The historical estimates do not use mineral resource categories as defined in NI43-101 and SRK does not consider the estimates to be current mineral resource estimates and therefore these estimates should not be relied upon. There are no current mineral resources for the Heino Gold Project.

The historical "ore reserve' estimate for the Heino-Money zone (circa 1986) was prepared by projecting the ore zones on to a longitudinal section and subdividing the zones into 16 separate blocks based on location of underground sampling and drill holes. Grades of individual blocks were assigned using the weighted average values obtained from muck, back and floor sampling of the underground or surface workings bounding the blocks. Drill hole assays within blocks were used to confirm continuity of the zone but were not included in the calculation of the grades of blocks. Volume estimates of individual blocks were calculated by determining the area of each block using a planimeter then multiplying by thickness. The block volumes were converted to tonnes using a density factor of 3 tonnes per cubic meter. Conversion of metric tonnes to imperial tons was achieved by multiplying tonnes by a factor of 1.1023 (Dewonck, McClintock and Roberts, 1986).

In 1997, historical "reserve" estimates for the East Ridge and Grizzly Zones were developed by George Addie (Consulting Geologist) for AMT Resource Ltd.. A total of 734,487 tonnes containing 260,159 oz Au with an average grade of 9.99 g/t Au were estimated (Addie, 1997).

In 1984 following the completion of a twelve-hole drill program, a “Potential reserves” estimate was developed consisting of 2.7 to 4.5 Mt grading at 103 g/t Ag. No significant gold content has been reported within the Silver Queen zone.

Table 6-5: Summary of historical reserve estimates

Zone	Year	Tonnes	Au Grade (g/t)	Cut-off Grade (Au g/t)	Ag Grade (g/t)
Heino- Money	1983	36,287	18.75	--	--
	1986	45,355	31.1	6.86	--
East Ridge	1988	238,268	13.51	6.86	--
	1989	1,259,415	8.23	4.11	--
	1990	1,063,185	8.91	5.14	--
	1997	474,642	8.75	9.38	--
Silver Queen	1984	2.7 – 4.5 Mt	--	--	103
Grizzly	1997	252,065	12.5	--	--

7 Geological Setting and Mineralization

7.1 Regional Geology

The following paragraphs have been largely extracted from an assessment report written by Campbell (2014).

The regional geological survey map (Massey et al. 2005) of the Heino Gold Property and surrounding area is shown in Figure 7-1. The area is underlain by the Early to Late Triassic Slocan Group, a sequence of metasedimentary argillites, carbonates and metavolcanics. The Slocan Group is underlain by the Milford Formation, a series of Pennsylvanian to Triassic volcano-sedimentary wackes, and overlain by the Lower Jurassic Rossland Group, a series of basaltic-andesitic flows and tuffaceous siltstones (Addie, 1997).

Intrusive into these are Jurassic granites and the Early to Late Cretaceous granodioritic Whatshan Batholith. On the property, Devlin and Roberts (1989) described a range of porphyritic stocks and sills intruding the sedimentary and volcanic country rocks with sub-alkalic to calc-alkaline affinities and quartz monzonite to quartz monzodiorite compositions. Dykes (2003) recognized three episodes of intrusion. The first consists of swarms of dioritic sills, the second comprise large-scale Cretaceous monzonitic stocks and sills (Goatcanyon and Halifax Creek stocks), and the third are swarms of late stage lamprophyre dykes of probable Eocene age (Addie, 1997).

At least two stages of folding are recognized with metamorphic grade throughout the region typically of the sillimanite facies, however the grade is lower around Tillicum Mountain with biotite, muscovite, chlorite and amphibole observed as the main metamorphic minerals (Dykes, 2003).

Gold and/or silver mineralization occurs in shear related calc-silicate quartz skarns developed in metavolcanic and metasedimentary rocks adjacent to, or in close proximity to stocks and sills.

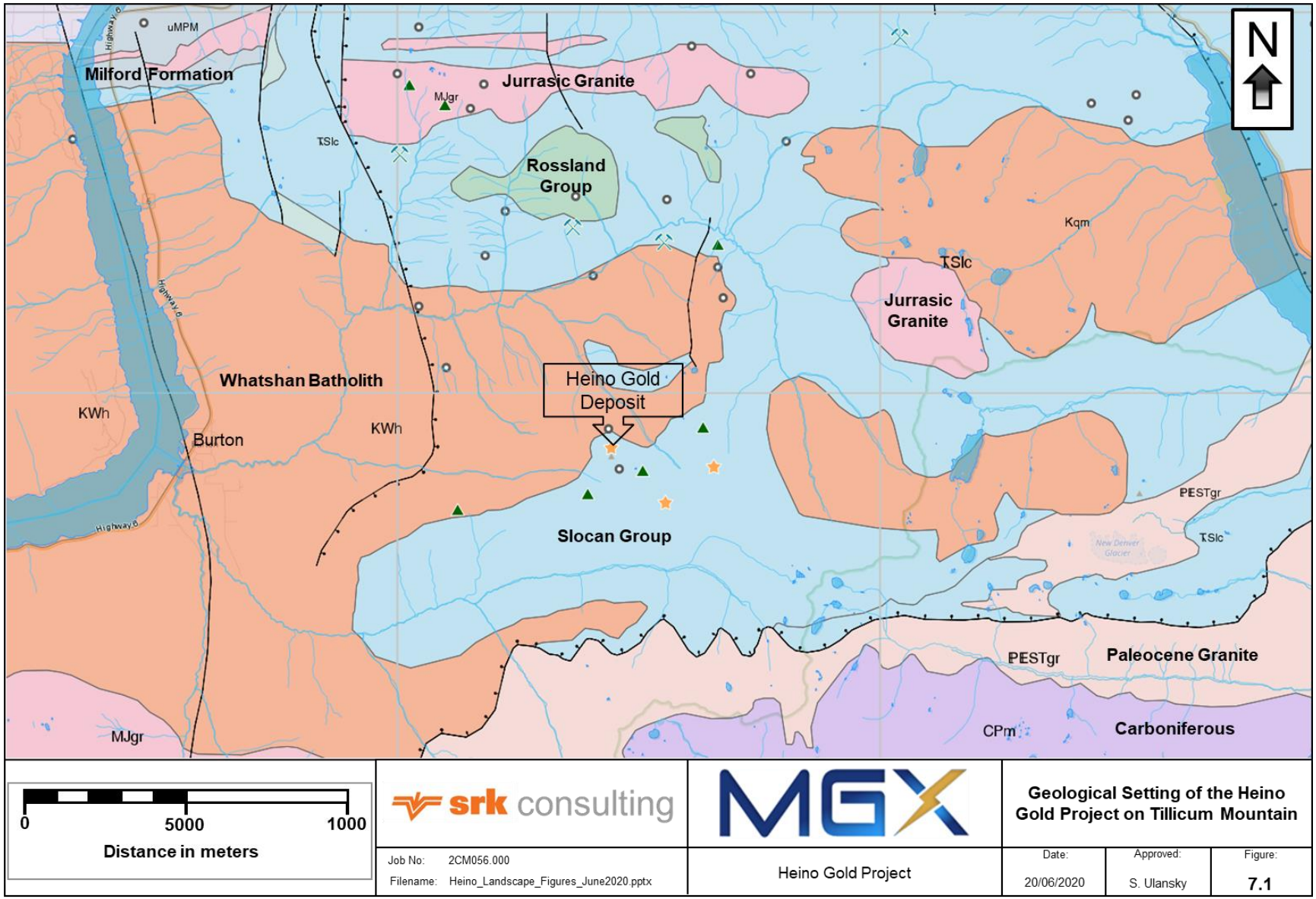

Figure 7-1: Geological setting of the Heino Gold Project on Tillicum Mountain

Source: British Columbia Mapplace2, https://www2.gov.bc.ca/gov/content/industry/mineral-exploration-mining/british-columbia-geological-survey/mapplace

7.2 Property Geology

The following paragraphs on the property geology of the Heino Gold Project are largely extracted from an assessment report written by Campbell (2014). Figure 7-2 depicts the Heino Gold Project in plan view.

The oldest rocks exposed on the Heino Gold Property comprise metasedimentary deformed and metamorphosed siltstones, calcareous siltstones, quartzites, greywackes impure carbonate and marbles. These units have been correlated with the late Paleozoic Milford Formation, or as in the most recent geological survey map (Figure 7-1) have been included in the Slocan Group. These are partly overlain in the central part of the property by massive metamorphosed basalt and andesite flows and fragmental rocks, which in turn are overlain by volcaniclastic rocks consisting of epiclastics, tuffaceous siltstones, lapilli tuffs and siltstones. These two volcanic units are thought to represent the lower and upper Elise Formation, which forms the basal part of the early Jurassic Rossland Group. Again, here the regional geological survey map has included these units in the Slocan Group with the Rossland Group exposed to the North of Caribou Creek.

The metasedimentary and overlying metavolcanic sequences are intruded by feldspar porphyry dykes and sills of possible Jurassic age, which predate the Cretaceous Halifax Creek and Goat Canyon Creek stocks (Whatshan Batholith). These intrusions are typically of quartz diorite quartz monzodiorite composition and possibly comagmatic with the metavolcanics. Individual sills and dykes are up to 60 m in thickness. Near Tillicum Mountain, they occur in two north-northeast-trending belts, which are 900 m wide and extend along a strike for 2 km. The younger Cretaceous Goat Canyon and Halifax Creek stocks of the Whatshan Batholith comprise medium-grained quartz monzonites and granodiorites that post-date the regional metamorphism with contact metamorphism evident along their margins.

The youngest rocks in the area are narrow, up to 3 m wide lamprophyre dykes of probable Eocene age, that parallel the dominant NNE structural trend. These dykes occur in swarms, which are particularly evident within the two principal mineralized zones, Heino-Money and East Ridge.

Structure is locally complex with numerous moderately to steeply dipping northerly trending normal and reverse faults recognized. Some of the larger faults have major displacements, notably the arcuate, west-dipping “Aussie Fault” which divides the central property into two structural domains, and which was previously thought to separate the Heino-Money Zone from the East Ridge Zone.

The two NE trending belts of early feldspar porphyry dykes and sills are intimately associated with all the known precious metals zones on the northern and eastern slopes of Tillicum Mountain. Gold (and silver)-enriched skarns are developed within and marginal to, the feldspar porphyry intrusions. These skarn zones, which vary in thickness from 2 m to 60 m, are structurally controlled and strike NNE and dip west, paralleling the trend of the intrusions. Native gold occurs as fine disseminations and as coarse flakes in quartz-rich segregations along the margins of quartz-actinolite-chlorite skarn zones. These also contain variable amounts of finely disseminated pyrrhotite, pyrite, sphalerite and galena and traces of chalcopyrite and tetrahedrite.

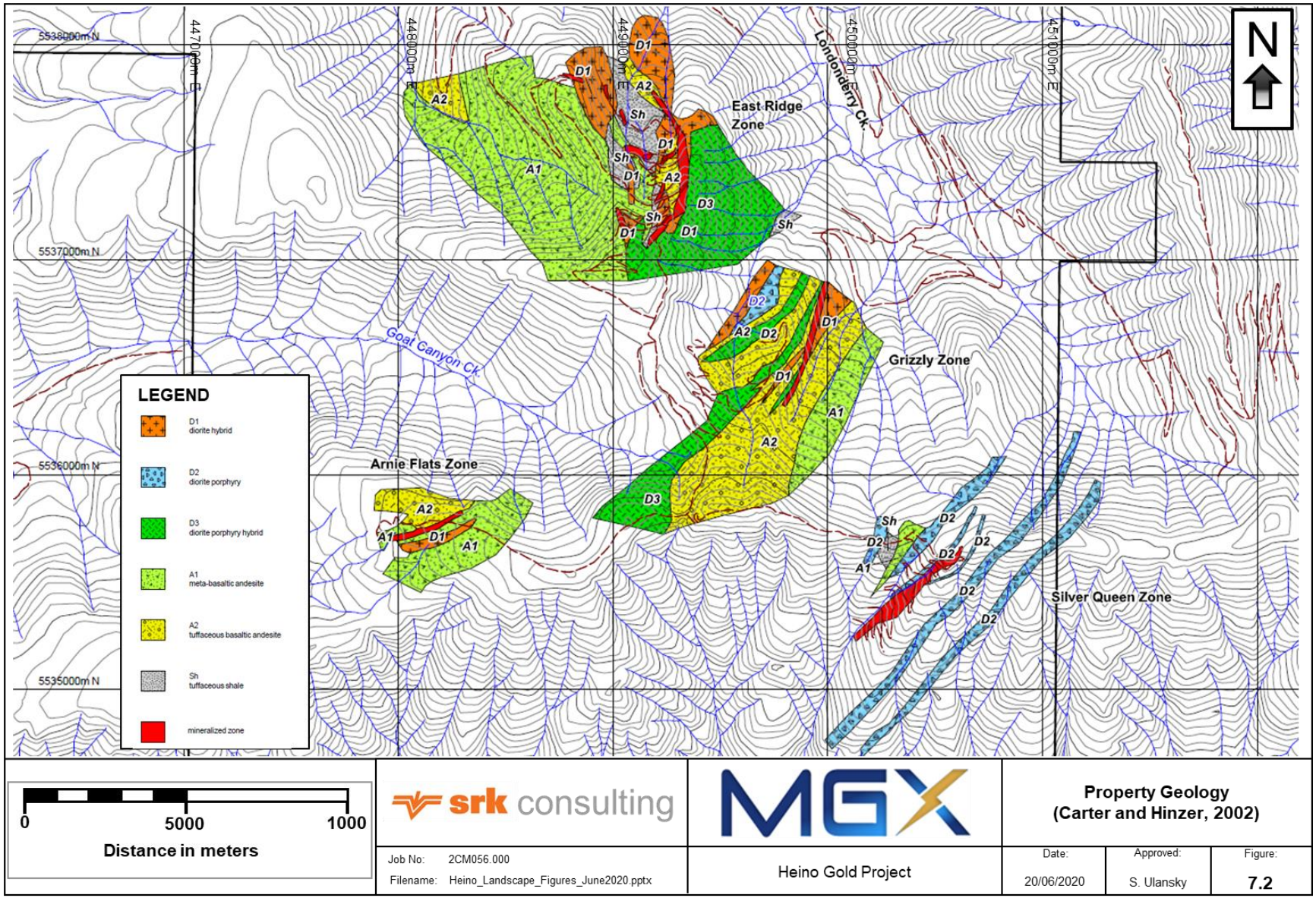

Figure 7-2: Property geology

Source: Campbell, 2014

7.3 Structural Setting

No adequate maps of the structural geological setting were available to SRK at the time of preparing this report, however, some structural data was digitized from the regional map of Hyndman (1962) and imported into Leapfrog Geo™.

The structure of the area is complex with several periods of folding recognized (Hyndman, 1968; Guild, 1983). A generally easterly trend is developed about axial planes which dip to the north and are overturned increasingly southward closer to the Valhalla gneiss complex. Fold Axis plunges vary from east to west, possibly indicating additional cross folding.

Guild (1983) reported that bedrock exposure along roadcuts, which cross the valley, reveal widespread fracturing and structural complexity. Primary stratification is generally well preserved in most rock types and is expressed by lamellar banding in argillites and tuffaceous argillites, and as thin pyrrhotite-rich lamellae providing a reliable expression of primary bedding. Metamorphic foliation is mostly concordant with primary layering. A well-developed schistosity is confined to the eastern portion of the North slope grid area and is expressed in the East Ridge Zone, where a sulphide-rich pearl-grey quartz sericite schist has been traced for several hundred metres.

Foliation and stratification generally have a southerly strike with steep to moderate westerly dips ranging between 65° to vertical Figure 7-3. At the Heino-Money Zone, dips range between 75°-80° east and strike 340°. On the East Ridge Zone, the westerly dipping foliation is shallower dipping, between 42° and 57° (Figure 7-3). Foliation data is deformed about a great circle, indicating a moderately to shallow westerly plugging fold axis (Figure 7-3) matching the westerly plunging lineation data represented on the Hyndman (1962) map. This would suggest the presence an EW trending fold axis, confirming the observation of Hyndman (1968).

Trenching along the Heino-Money Zone revealed northeasterly trending shears which exhibit a left lateral sense of displacement. Although displacements are typically less than a meter relative to the zone of mineralization, these have the potential to disrupt the mineralization continuity. A low angle joint set mapped in the Money Pit was also noted with left lateral movement.

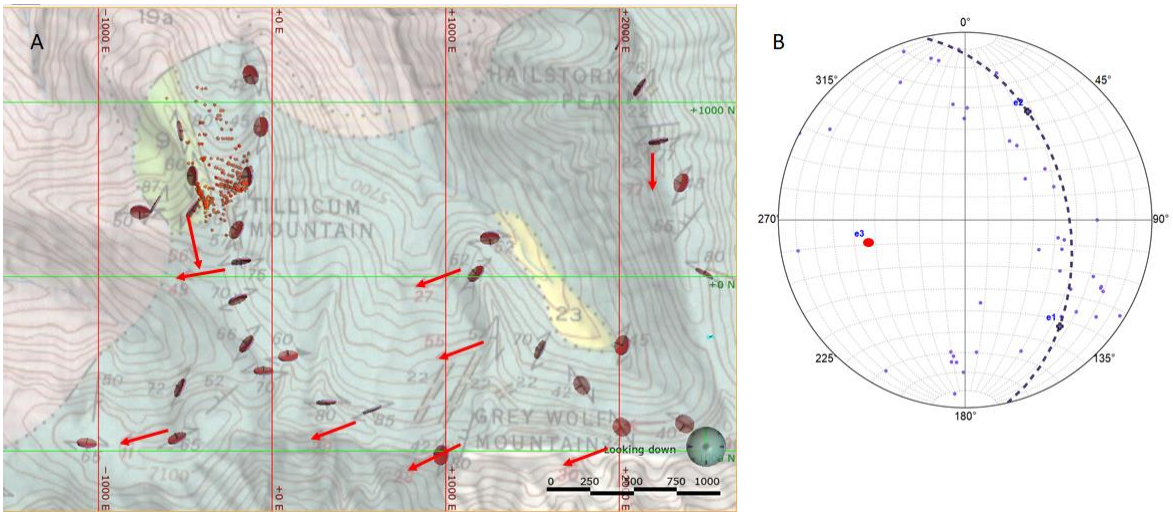

Figure 7-3: A) Digitized foliation data as structural disks (from Hyndman, 1962). B) Stereonet plot of poles to foliation showing best fit great circle and fold axis orientation. Note that this matches the lineation trends on the map (red arrows). Gold grades above 0.3 gpt (red points)

8 Deposit Types

The following excerpt from Dykes (2003), details the deposits on the Heino-Gold Property.

Gold and/or silver mineralization occurs in shear and fracture related, calc-silicate, quartz skarns developed in metasedimentary and metavolcanic rocks of both the Milford and Rossland Groups adjacent to, or in close proximity to quartz monzodiorite porphyry sills. Skarns can be subdivided into gold-rich and silver-rich types. Addie (1997) noted a semi-circular regional geochemical pattern centered on Tillicum Mountain, consisting of an outer anomalous molybdenum zone grading inward to higher silver values, followed by gold.

Skarn assemblages consist of quartz, plagioclase, sericite, tremolite-actinolite, clinozoisite, garnet, biotite and microcline. High grade "bonanza type" gold ore shoots are hosted within quartz-actinolite-chlorite assemblages. Skarns contain quartz-calc-silicate segregations; injections and veins that vary from less than 10 cm to 4 m thick. Skarn zones vary in thickness from 1 to 60 m and contain variable amounts of pyrrhotite, pyrite, sphalerite, galena, as well as traces of chalcopyrite and tetrahedrite. Sulphides occur as fine disseminations orientated within the metamorphic foliation, or as coarse-grained aggregates within segregations. Native gold occurs within the skarn assemblages as 25-micron disseminations to over several millimeter diameter flakes within and along the margins of the quartz calc-silicate segregations. Petrographic studies (Northcote, 1983) of polished thin sections indicate that the gold occurs as plates and anhedral grains which are generally free, but are intimately associated with pyrrhotite, arsenopyrite, sphalerite and pyrite-marcasite.

There are a number of significant mineralized zones identified to date on the property. These include the following gold rich zones: Heino-Money Zone, East Ridge Zone, Grizzly, Lower Jennie, and Road Ridge; and the following silver rich zones: Silver Queen and Arnie Flats. The Zones are depicted in Figure 8-1.

Mineralization is strongly structurally controlled with two structural styles recognized: A steeply dipping, crosscutting Heino-Money type mineralization as well as the shallower dipping conformable or stratabound East Ridge Zone type mineralization. The Heino-Money Zone is contained within a north trending shear/fracture zone. The fracture zone post-dates an earlier mineralization phase, probably represented by the East Ridge Zone, and the feldspar porphyry diorite sills and associated intrusions, but predates the faults and fractures associated with the Cretaceous intrusions and the Tertiary lamprophyre dykes.

High grade mineralization is likely the result of remobilization, recrystallization and enrichment of the earlier phase into the shear/fracture zone. The interrelationship between the East Ridge Zone and the Heino-Money Zone is poorly understood, however it is likely that the distribution of mineralization within the Heino-Money Zone is partially controlled by the intersection of the shear zone with the semi-conformable “skarn” alteration zones of the East Ridge Zone (Dykes, 2003).

Figure 8-2.depicts a preliminary lithological model designed by SRK showing East Ridge Zone and Heino-Money Zone mineralization.

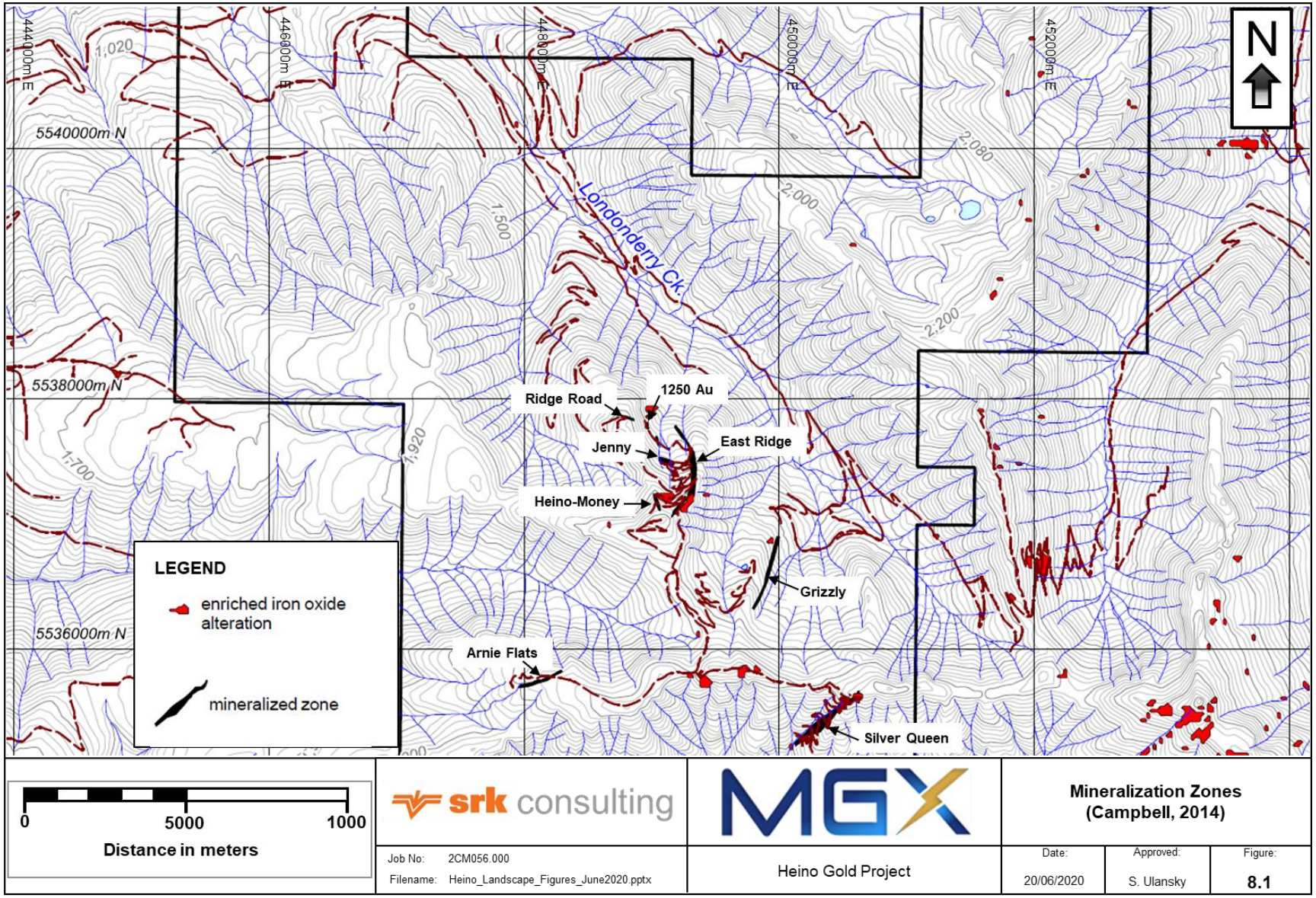

Figure 8-1: Mineralized zones
Source: Campbell, 2014

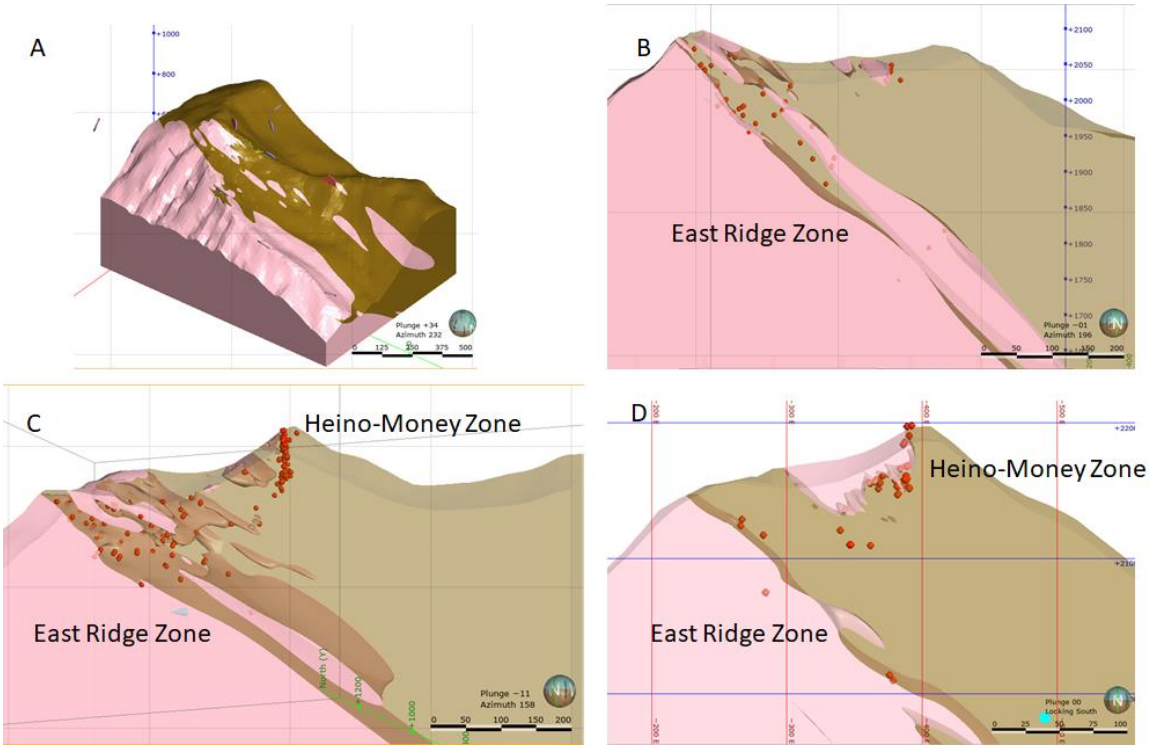

Figure 8-2: SRK preliminary lithology model showing intrusive rocks (pink) and country rock (brown). A) Oblique view onto Tillicum Mountain. B) East-West section looking North showing East Ridge Zone mineralization (assays above 3.0 gpt shown in red). C) and D) Sections showing East Ridge Zone and Heino-Money Zone mineralization

Heino-Money Zone

The Heino-Money Zone is a gold rich mineralized zone that has had extensive work including underground mining. A historical mining target was outlined in four South raking shoots that occur in a near vertical shear structure, which averages about 2 m wide with a strike length of approximately 200 m and vertical extent of 100 m.

Three distinct types of gold mineralization have been identified at the Heino-Money Zone:

High sulphide polymetallic mineralization occurs in the 2112 zone in a high angle crosscutting breccia. Alteration, consisting of strong silicification and calc-silicate replacement of wall rocks and breccia fragments is confined to the breccia zone. Sulphides in order of abundance, are pyrrhotite, sphalerite, galena and pyrite with minor chalcopyrite and arsenopyrite. These occur as blebs, lenses, stringers and massive accumulations. Sulphide content within the zone is highly variable but averaged in excess of 10%. Gold grades are significantly higher in areas of quartz stringer veining or high sulphide content.

Low sulphide polymetallic mineralization exemplified by the 2130 zone that crosscuts metavolcanics and metasedimentary rocks at a high angle confined by steeply dipping shears. Alteration consists of strong to moderate hornfels and calc-silicate replacement. Quartz stringers, lenses and small veins were common. Sulphide content is less than 5% consisting of pyrrhotite, pyrite, sphalerite and

galena with minor chalcopyrite and arsenopyrite. Gold values are extremely variable over short distances and were generally less than 0.5 oz/ton.

Low sulphide, pyrite dominated mineralization occurs on the 2148, 2160 and 2171 levels. Alteration ranges from moderate to strong hornfels and calc-silicate replacement to weak chloritization. In all levels, veining and alteration are confined to steeply dipping shear zones. Total sulphide content is generally less than 3% with pyrite predominant with only minor other base metal sulphides. Gold values tend to be highly erratic but generally low.

Ettlinger and Ray (1989) report that whole-rock and trace element analyses of samples from one of the Heino-Money drill holes indicate at least two episodes of mineralization; the first being gold-rich and silver-poor, followed by a slightly younger episode of silver and lead-rich, gold-poor mineralization.

East Ridge Zone

Mineralization in the East Ridge Zone occurs in multiple skarn horizons within a calc-silicate altered succession of tuffaceous sediments and volcanics approximately 125 m thick overlying a diorite porphyry intrusion. Mineralization has been traced for at least 1,100 m along strike and 360 m down dip; it is currently open in all directions. The exact nature and structural relationships of the mineralization to the host rocks however remains poorly understood. The zones may be up to 51 m in thickness and have a westerly dip of approximately 55°. High grade gold values are associated with quartz-pyrite-pyrrhotite mineralization with trace amounts of sphalerite and galena. The overall gold grade of the zone is considerably less than the Heino-Money Zone.

Grizzly Zone

This area of mineralization is approximately 900 m southeast of the Heino-Money Zone. Addie (1997) reports that mineralization is comparable in style to the Heino-Money Zone, where gold and silver mineralization occur in shear-related calc-silicate-quartz skarns that contain elongate zones of massive pyrrhotite with minor sphalerite, galena, chalcopyrite and traces of visible gold. Skarns are hosted within zones of moderate to intense calc-silicate alteration and silicification in the host rocks. The zone is poorly understood with only a limited amount of work done.

Lower Jennie, Command and Road Ridge Zones

The Lower Jennie, Command and Road Ridge Zones are thought to be similar to the East Ridge Zone, although only minor amounts of surface sampling and geological mapping have been completed on these 3 areas.

Silver Queen Zone

This prospect, active in the 1930's, is silver-rich and gold-poor. It consists of skarn alteration and mineralization associated with feldspar porphyry sills intruded into impure calcareous metasedimentary rocks. Skarn minerals include quartz, tremolite-actinolite, clinozoisite, garnet, biotite and carbonate. Sulphides include pyrite, pyrrhotite, tetrahedrite, sphalerite and galena.

Arnie Flats Zone

Arnie Flats is located 2 km to the southwest of the Heino-Money Zone. It is silver-rich and appears similar in setting to the East Ridge Zone. Mineralization is hosted in a sequence of interbedded tuffaceous volcanics and meta-basaltic-andesite of the Elise Formation overlain by a dioritic sill. Silver mineralization with low gold values occur in two sub-parallel calc-silicate-quartz skarn horizons within the host rock sequence. The two skarn horizons strike southwest and dip 45° to the northwest. The upper A horizon ranges from 1 to 3 m thick and contains 5%, medium grained disseminated pyrite. The lower B horizon is similar in thickness with 3% disseminated and stringer pyrrhotite and minor pyrite. Both horizons have been traced for 120 m along strike.

9 Exploration

MGX has not conducted any exploration work at the time of technical report writing.

10 Drilling

All drilling conducted to date on the Heino Gold Project was completed by Esperanza Exploration Ltd. during 1981 and 1989. MGX has not conducted any exploration activities or drilling on the property.

A total of 376 drill holes for a combined meterage of 32,874 m have been reportedly drilled on the property (Dykes, 2003). Over 80% of the surface drilling and all underground drilling was carried out on the Heino-Money and East Ridge Zones. Table 10-1 summarizes the surface and underground drill holes per year and zone.

The drill hole database supplied by MGX records a total of 339 drill holes for a combined meterage of 28,104.84. Figure 10-1 identifies these 339 drill hole traces in relation to the mineralized zones on the property. In 2003, the Heino-Money and East Ridge Zones were re-interpreted in three-dimensions taking into consideration the discontinuous, irregular nature of alteration and gold mineralization. Figure 10-2 provides a schematic cross-section depicting a series of drill holes intersecting the Heino-Money shear zones, where gold distribution is associated with patches of silicification. Figure 10-3 depicts the East Ridge Zone within the geologically defined “skarn” horizon (Dykes, 2003).

It is reported that numerous original documents pertaining to the historical exploration programs were lost in a mudslide at the residence of the Gustafson’s in Burton, B.C. during a hiatus in exploration during 1994 and 1996. Therefore, discrepancies between reported drill hole numbers and records contained in the project database cannot be resolved. Table 10-1 lists the drilling totals and meterage per year of exploration as documented by Dykes (2003).

Table 10-1: Summary of recorded drilling

Year(s)	Mineral Zone	Surface Drilling		Underground Drilling	
		No. of Holes	Meterage	No. of Holes	Meterage
1981-1987	Heino-Money	100	7,060	9	177
1988				92	3,079
1993				8	284
1981-1984	East Ridge	26	1,586		
1988		75	13,149	14	610
1989		10	1,446		
1984	Silver Queen	12	?		
1984	Grizzly	4	615		
1984	Arnie Flats	5	292		
Totals		**232**	**24,148**	**123**	**4,150**

Source: Dykes, 2003

Beaupre Diamond Drilling Ltd. of Princeton, BC completed the drilling in 1986 and 1989 using NQ-sized core (Dewonck, McClintock and Roberts, 1986; Devlin, 1989). Drill contracting details for the remaining years have not been documented.

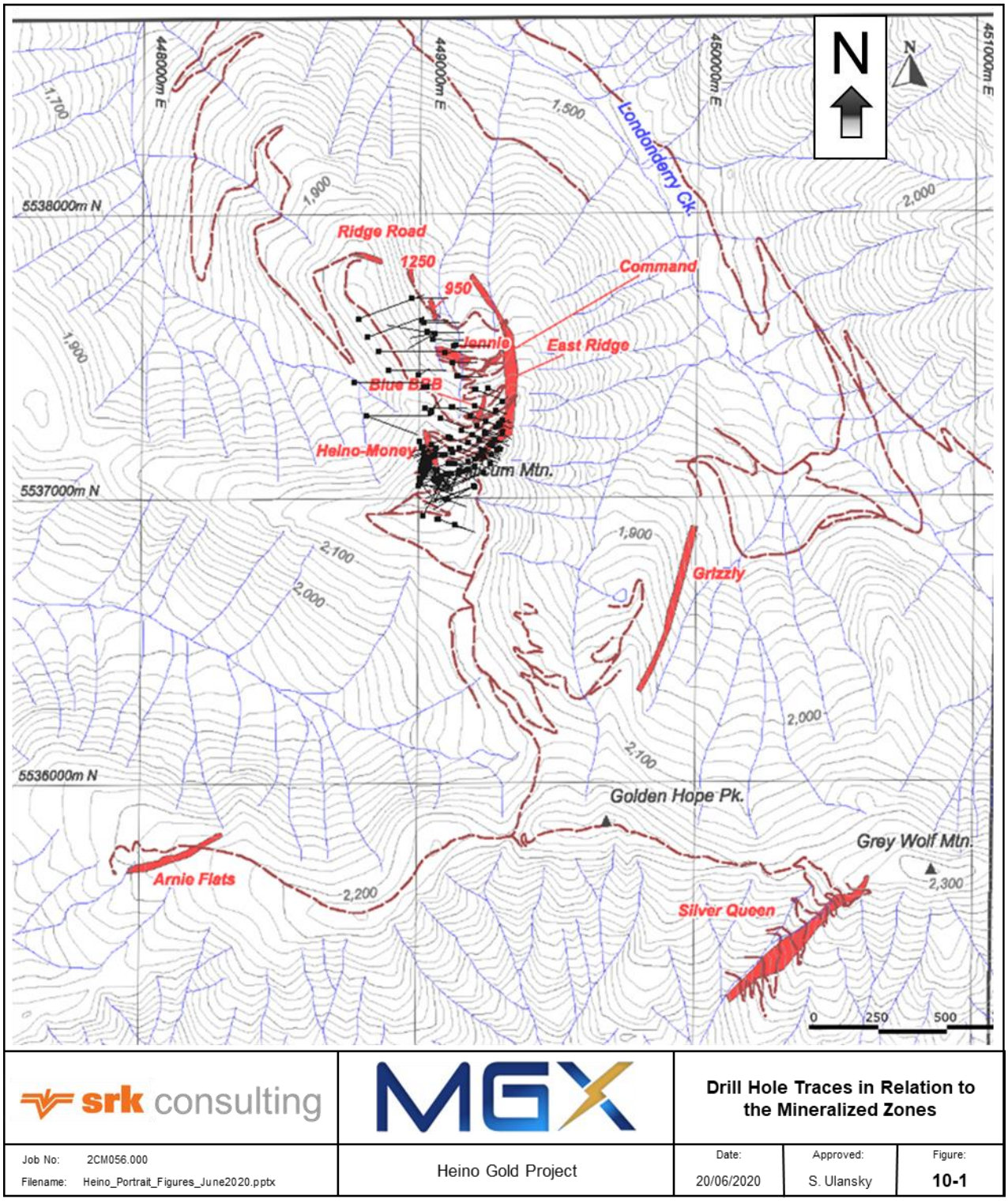

Figure 10-1: Drill hole traces in relation to the Mineralized Zones

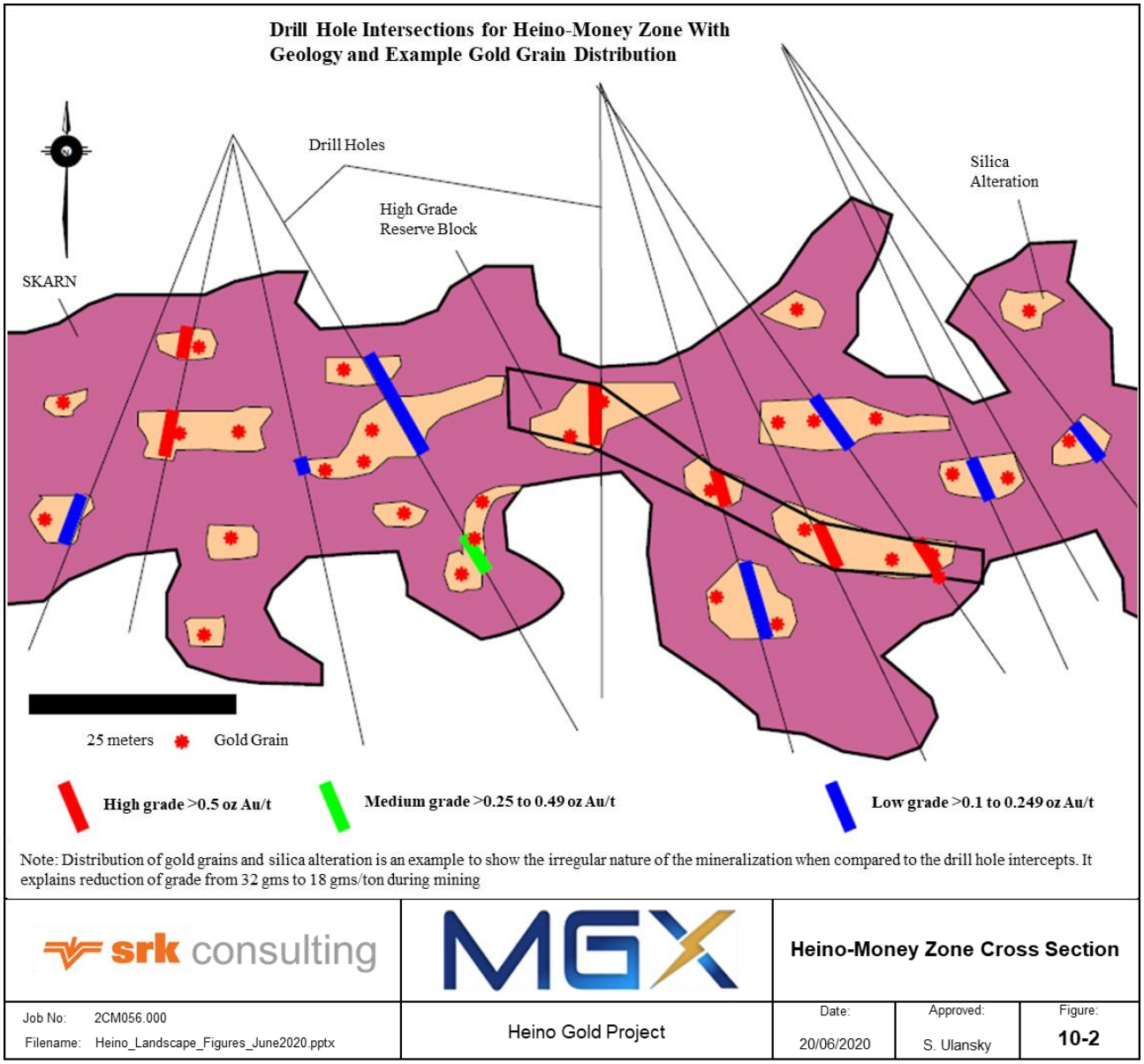

Figure 10-2: Heino-Money Zone historical schematic cross section

Source: Dykes, 2003

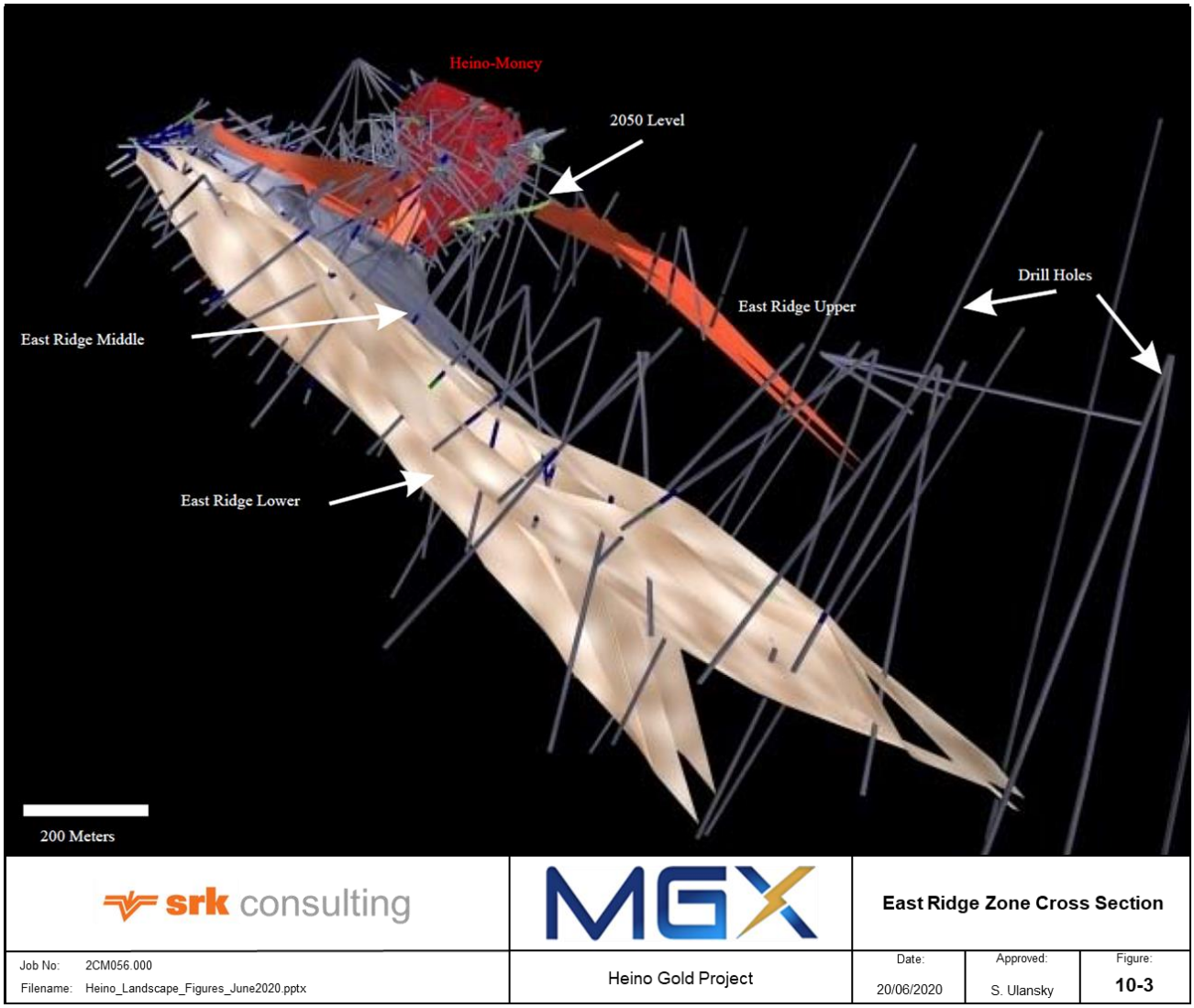

Figure 10-3: East Ridge Zone historical cross section

Source: Dykes, 2003

11 Sampling Preparation, Analysis and Security

All available historical in-house and assessment reports were reviewed for information regarding sampling method and approach, but limited information was available. MGX provided SRK with a drill hole database containing collar, survey, lithology, drill core sample assay, and trenching assay data. This data has been imported into Leapfrog Geo® for location verification. Original assay certificates for drill core were not found for any drill hole or any drilling campaign. Table 11-1 summarizes the original data available to SRK for independent review.

Table 11-1: Original data remaining for the Heino Gold Project

Year(s)	Available data	Reference
1982	Scanned drill logs; petrographic report; geophysical report	Guild, 1983
1983	Scanned drill logs	Roberts and McClintock, 1983
1986	Scanned drill logs	Dewonck, McClintock, and Roberts, 1986)
1989	Scanned drill logs	Devlin, 1989
1996	Scanned rock chip certificates	Addie, 1997
2001	Stream, soil and rock certificates	Carter, 2001

During 1982 all lithological logs were described on paper and assay results were hand copied onto the completed logs; scanned versions of these logs are available. Core recovery through the zone of mineralization was described as varying between 45% and 90%. The drill core was logged and sampled on the property and samples were bagged and shipped for analysis to Min-En Laboratories in Vancouver, B.C. All the core was sampled, where sections of apparent mineralization were assayed for gold and silver, and the balance of the core was analyzed geochemically for gold, silver, lead and zinc. Sampling of the mineralized zones was based on lithology rather than regular sample intervals. The core was split, and one half stored on the property for future reference (Guild, 1983).

Scanned drill logs with hand inserted assay values are available for the 1983 drilling campaign (Roberts and McClintock, 1983). All other data pertaining to additional sampling techniques were not recorded or have been lost.

In 1986 gold assays were determined by atomic absorption methods in the ‘on-site’ field laboratory operated by Esperanza, with the exception of underground development sample (i.e. back samples) assays, which were analysed by fire assay at Min-En Laboratories in North Vancouver, BC. Scanned drill logs are available with hand printed lithological and assay results; original assay certificates are not available (Dewonck, McClintock and Roberts, 1986).

Rock chip samples were submitted to Eco-Tech Laboratories in Kamloops in 1996. Fire assays were used for gold and other elements by ICP methods using partial digestions (Addie, 1997). Scanned assay certificates are available for these samples. It is reported that three pulp samples were sent to

Acme Analytical Laboratories in Vancouver, B.C. for independent verification and that excellent confirmation of assay results was received. These check results, however, are not available.

In 2001, stream sediment samples and soil geochemical grids from the Northern Claims areas and Grizzly Zone were sent to ALS Chemex in North Vancouver for determination of 32 major and trace elements by ICP (Induced Coupled Argon Plasma) and gold by fire assay with atomic absorption finish (Carter, 2001). Scanned assay certificates are available for these select few samples.

11.1 SRK Comments

SRK is of the opinion that the assay data, in its current form, is not robust enough to support estimation of a mineral resource. Additional sampling and data verification are required before a mineral resource can be prepared with the existing data.

11.2 Quality Assurance and Quality Control Programs (QA/QC)

There is currently no quality assurance and quality control (QA/QC) samples recorded or remaining.

12 Data Verification

SRK has not completed a site visit to the Heino Gold Project to date, due to winter weather conditions and travel restrictions associated with the Covid-19 pandemic. A site visit is scheduled to be completed in July 2020.

13 Mineral Processing and Metallurgical Testing

Not applicable.

14 Mineral Resource Estimates

There are no current mineral resources for the Heino Gold Project.

15 Adjacent Properties

There are no adjacent properties that are considered relevant to this technical report.

16 Other Relevant Data and Information

SRK is not aware of any other relevant data pertaining to the Heino Gold Project.

17 Interpretation and Conclusions

This section is not relevant at this stage.

18 Recommendations

In reviewing the compiled database and historical reports pertaining to the Heino Gold Project, SRK makes the following recommendations:

1. Relogging and resampling of historical drill core will be required to validate the existing project drill hole and assay database for future use in estimating mineral resources. This should be conducted prior to any additional drilling on the property.
2. Channel sampling of exposed mineralization within existing underground development should be considered for data validation purposes.
3. Twin drilling of a small sub-set of historical drill holes (6 holes in total, estimated 1,800m of drilling) should be completed for validation purposes, as well as to collect oriented drill core for structural analysis.
4. A LiDAR survey (or equivalent survey) should be conducted to obtain accurate topography of the project site;
5. Existing underground workings should be re-surveyed to confirm positioning and obtain accurate volume estimates.
6. Establish a chain of custody process, and quality assurance and quality control process for future drilling programs; and
7. Perform an in-depth structural review whereby a detailed litho-structural model is produced because mineralization is strongly structurally controlled. This includes the steeply dipping Heino-Money type mineralization as well as the shallower dipping conformable or stratabound East Ridge Zone type mineralization. A structural understanding of these zones is necessary to help develop structural targets in the area and to provide confidence to the resource estimation. To develop a structural model, good coverage of structural data is necessary. This can be obtained from detailed structural surface and underground mapping and structural logging of orientated drill core. These data are most effective when used in combination with a structural interpretation of high-resolution LiDAR, and if available high-resolution geophysical data sets.

Table 18-1 provides a cost estimate to complete the recommended work plan as defined above.

Table 18-1: Summary of costs for recommended work

Action Item	Estimated Cost (CDN$)
Relogging/Resampling Program	$20,000
Channel Sampling	$10,000
Twin Drilling	$400,000
LiDAR Survey	$60,000
Resurvey of UG Development	$15,000
Structural Geology Review	$20,000
Total Estimated Program Costs	**$525,000**

19 Acronyms and Abbreviations

Distance	
µm	micron (micrometre)
mm	millimetre
cm	centimetre
m	metre
km	km
”	inch
in	inch
’	foot
ft	foot
Area	
m^2	square metre
km^2	square km
ac	acre
Ha	hectare
Volume	
l	litre
m^3	cubic metre
ft^3	cubic foot
usg	US gallon
lcm	loose cubic metre
bcm	bank cubic metre
Mbcm	million bcm
Mass	
kg	kilogram
g	gram
t	metric tonne
Kt	kilotonne
lb	pound
Mt	megatonne
oz	troy ounce
wmt	wet metric tonne
dmt	dry metric tonne
Pressure	
psi	pounds per square inch
Pa	pascal
kPa	kilopascal
MPa	megapascal
Elements and Compounds	
Au	gold
Ag	silver
Cu	copper
Fe	iron
S	sulphur
CN	cyanide
NaCN	sodium cyanide

Other	
oC	degree Celsius
oF	degree Fahrenheit
Btu	British Thermal Unit
cfm	cubic feet per minute
elev	elevation above sea level
masl	m above sea level
hp	horsepower
hr	hour
kW	kilowatt
kWh	kilowatt hour
M	Million
mph	miles per hour
ppb	parts per billion
ppm	parts per million
s	second
s.g.	specific gravity
usgpm	US gallon per minute
V	volt
W	watt
Ω	ohm
A	ampere
tph	tonnes per hour
tpd	tonnes per day
mtpa	million tonnes per annum
Ø	diam
Acronyms	
SRK	SRK Consulting (Canada) Inc.
CIM	Canadian Institute of Mining
NI43-101	National Instrument 43-101
ABA	Acid- base accounting
AP	Acid potential
NP	Neutralization potential
NPTIC	Carbonate neutralization potential
ML/ARD	Metal leaching/ acid rock drainage
PAG	Potentially acid generating
non-PAG	Non-potentially acid generating
RC	reverse circulation
IP	induced polarization
COG	cut-off grade
NSR	net smelter return
NPV	net present value
LOM	life of mine
Conversion Factors	
1 tonne	2,204.62 lb
1 oz	31.1035 g

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21 Date and Signature Page

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All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices