NI 43-101 TECHNICAL REPORT
on the
CRATER LAKE Sc-Nb-REE PROJECT
Québec, Canada

Prepared for:
Peak Mining Corporation
NQ Exploration Inc.
Imperial Mining Group Ltd.

Author:
Paul J. Daigle, P.Geo.

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1. Summary

1.1 Introduction

Peak Mining Corporation (Peak Mining) is a privately held and Toronto-based mineral resource company. Peak Mining is a junior exploration company focused on the exploration and development of the Crater Lake scandium-niobium-rare earth elements (Sc-Nb-REE) Project (Project); formerly known as the Misery Lake Project.

NQ Exploration Inc. (NQ Exploration) is a Canadian-registered resource company publically listed on the TSX Venture Exchange (TSXV). Imperial Mining Group is a wholly owned private subsidiary of NQ Exploration. NQ Exploration maintains several exploration properties in Québec for polymetallic and gold deposits. As of the date of this report, NQ Exploration was subject to multiple reverse takeover arrangements by Peak Mining and AM Resources SAS (AMSAS), a Colombian coal exploration company and private third party. Two, new independent companies will be formed upon completion of the reverse takeovers. Imperial Mining Group Ltd. will be spun out as a public company and will beneficially own NQ Exploration’s Quebec base metal and gold properties and Peak Mining’s Crater Lake property; whereas AMSAS will be the 100% owner of the Columbian coal asset.

The following is a National Instrument 43-101 (NI 43-101) technical report for the Crater Lake Sc-Nb-REE Project (the Project or the Property). The Property is located in northern Québec (QC), Canada, approximately 200 km east-northeast of Schefferville, QC. This technical report conforms to the standards set out in NI 43-101 Standards of Disclosure for Mineral Projects and is in compliance with Form 43-101F1. The Qualified Person (QP) responsible for this report is Paul J. Daigle, P.Geo., Senior Geologist for P. Daigle Consulting Services.

Prior to 2017, the Crater Lake Project was named the Misery Lake Project. All reports written prior to 2017 are described as the Misery Lake Project. For clarity, the Crater Lake Project and Misery Lake Project represent the same project.

The Property is defined by the mineral rights to 57 mineral claims in the province of Québec and covers a total area of approximately 2,783 ha. The mineral claims are 100% held by Peak Mining (under the name 2457661 Ontario Ltd.).

1.2 Geology and Mineralization

The region is underlain by five structural provinces comprising the Nain, Superior, Churchill, Makkovik, and Grenville, which together record a crustal history ranging from approximately 3.8 to 0.6 Ga. The Nain and Superior provinces are the oldest, both forming in the Archean. They are bounded by the Lower Proterozoic Churchill and Makkovik provinces, which in turn are truncated by the Early Proterozoic Grenville Province.

The Churchill Province is subdivided into three parts. The western part consists of low-grade sedimentary and volcanic rocks in a west-verging fold and thrust belt (the Labrador Trough). The central part appears to consist of predominantly re-worked Archean rocks, which are juxtaposed against the Labrador Trough in mylonitic shear zones. The eastern part of the Churchill includes anorthosite and gabbro of the Rae Province.
The syenite intrusion of Crater Lake is located in the Churchill Province and intrudes (or is coeval) into the southeast end of the Mistastin Batholith. The Mistastin Batholith covers an area of approximately 5,000 km²; the dominant lithologies are granite and quartz monzonite with pyroxene. It is cut by younger biotite hornblende granite, which is in turn cut by a smaller olivine quartz syenite, the Crater Lake syenite. Uranium-lead dating of three zircons places the age of the batholith at approximately 1.4 Ga.

Assay results from surface samples, and more recently in 2014 drill core, indicate that fayalite syenite (FASYN) is the main host to the scandium and REE mineralization at Crater Lake. The unit is dark grey-green, medium- to fine-grained, and highly magnetic. Mineralogy consists of a medium-fine-grained matrix of amphibole, magnetite, and K-feldspar, with approximately 20% fayalite. The minerals in the matrix are subhedral to interstitial and several millimetres in size.

### 1.3 Exploration and Drilling

Peak Mining has not yet conducted its own exploration activities on the Property. All exploration on the Property to date has been completed by Quest Rare Minerals Inc. (Quest).

From 2009, Quest began their exploration activities on the Property through a series of airborne magnetic geophysical surveys and more detailed ground magnetic geophysical surveys to follow up on several magnetic anomalies. In 2011 and 2012, Quest completed two surface exploration programs of geological mapping, geochemical till, and boulder sampling. Prior to 2011, all surface and geophysical surveys were conducted by contractors on Quest’s behalf, and were filed as separate assessment reports to the Government of Quebec by those contractors. From 2010 to 2012, Quest completed three drill programs that targeted geophysical anomalies to determine the cause of these anomalies. In 2012, drilling in the north central portion of the Property returned several intersections of elevated REE values. In 2014, Quest focused the drilling program on a concentric magnetic anomaly in the north central portion of the Property. Several of the drillholes were located over the anomaly below the lake and results of this drill program confirmed and expanded on the previous results with further intersections of elevated REE and scandium values.

There are no mineral resources on the Property.

### 1.4 Conclusions and Recommendations

The key target areas at the Project in the northeast and southwest edges of Crater Lake. Both target areas have been subject to ground geophysical surveys, surface sampling and drilling in the past. The northeast grid covered an area of roughly 1 km x 1.5 km and the southwest grid covered an area of 0.5 km x 2.5 km. Anomalous REE and scandium occur in both these areas, in surface samples and drill core samples, and coincide with the outer boundary of the syenite intrusion. It should be noted that results are preliminary and only further investigation will determine the extent of the REE, niobium and scandium mineralization.

The Crater Lake Property shows potential for hosting a Sc-Nb-REE deposit based on elevated REE and scandium results found in several of the historical 2012 and 2014 drillholes. Further investigation is required to determine the geology and grade continuity through additional exploration activities. The author is of the opinion that further work is warranted and...
recommends continued exploration of the Property.

Peak Mining has planned several exploration activities for Q4 2017 and into 2018. The first of these programs consists of geological and geophysical data compilation work. Based on this work, preliminary metallurgical testwork is planned on selected 200 - 400 kg bulk sample. Subsequent to the metallurgical testwork will incorporate field programs that consist of geological mapping and trenching and a small 200 m drill program to test the surface anomalies in the target areas. A second phase of exploration is also proposed consisting of an 800 m drill program as follow-up of the first phase of drilling depending on the results of the Phase 1.

The author is of the opinion that the proposed exploration programs are adequate to develop and characterize the known mineralization. Pending positive results from these outlined work programs, further exploration and drilling programs may then be proposed. The expected budget for these exploration activities is approximately $900,000.
2. Introduction

Peak Mining Corporation (Peak Mining) is a privately held and Toronto-based mineral resource company. Peak Mining is a junior exploration company focused on the exploration and development of the Crater Lake scandium-niobium-rare earth elements (Sc-Nb-REE) Project (Project); formerly known as the Misery Lake Project.

NQ Exploration Inc. (NQ Exploration) is a Canadian-registered resource company publicly-listed on the TSX Venture Exchange (TSXV). NQ Exploration maintains several exploration properties in Québec for polymetallic and gold deposits. As of the date of this report, NQ Exploration was subject to two separate reverse takeovers by Peak Mining and AM Resources SAS (AMSAS) a Colombian coal exploration company and private third party. Two new, independent companies will be formed upon completion of the reverse takeover. Imperial Mining Group Ltd., one of the subject companies in this report, will be the beneficial owner of NQ Exploration’s Quebec base metal and gold properties and Peak’s Crater Lake project.

The following technical report is on the Crater Lake Sc-Nb-REE Project (Project). Peak Resources has requested an update to the NI 43-101 technical report to reflect the new name of the project and ownership. The Crater Lake Property (Property) is located in northern Québec, Canada, approximately 200 km east-northeast of Schefferville, QC.

Prior to 2017, the Crater Lake Project was named the Misery Lake Project. All reports written prior to 2017 are described as the Misery Lake Project. For clarity, the Crater Lake Project and Misery Lake Project represent the same project.

2.1 Terms of Reference

This technical report conforms to the standards set out in NI 43-101 Standards of Disclosure for Mineral Projects and is in compliance with Form 43-101F1. The QP responsible for this report is Paul J. Daigle, P.Geo., Senior Geologist for P. Daigle Consulting Services.

All units of measurement used in this technical report and resource estimate update are in metric, unless otherwise stated.

2.2 Site Visit

The author conducted a site visit on September 31 and October 1, 2014 for two days. The author was accompanied on the site visit by Pierre Guay, Vice President, Exploration, for Peak Mining.

Inspection of the Crater Lake camp included storage of the most recent drill core, and the inspection of several drill collar locations. Drill core from earlier drill programs is stored at Quest Rare Mineral’s (Quest) Strange Lake camp, located approximately 110 km north of the Crater Lake camp.

There has been no further exploration activities on the Property since this last site visit.
2.3 Information and Data Sources

The main sources of information in preparing this report are from technical reports from Peak Mining and previous owners of the Property. The two reports mentioned below, were used extensively in the preparation of Sections 4 through 8 of this report. A complete list of references is provided in Section 19.0.


3. Reliance on Other Experts

The data used in this report has been verified where possible and this report is based upon information believed to be accurate at the time of completion. The author has no reason to believe the data was not collected in a professional manner.

The author has also relied on several sources of information on the Property, including digital, geological, and assay data. Therefore, in writing this report, the QP relied on the truth and accuracy as presented in the various sources listed in the References section of this report.

The author has not verified the legal status, legal title to any permits, or the legality of any underlying agreements for the subject properties regarding mineral rights, surface rights, permitting, and environmental issues in sections of this technical report. The author has relied on information provided by Peak Mining for matters relating to property ownership, property titles, and environmental issues.

The author has relied on references and maps pertaining to mineral claim locations and were referenced from SIGEOM, the online Geographic Information System from the Québec Ministère d’Énergie et Resources Naturelles (MERN); the Ministry of Energy and Natural Resources which was most recently consulted, by the author, on 1 November, 2017.
4. Property Location and Description

The Property is defined by the mineral rights to 57 mineral claims in the province of Québec. The mineral claims are 100% held by Peak Mining (under the name 2457661 Ontario Ltd.). The mineral claims cover a total area of approximately 2,783 ha.

4.1 Property Location

The Property is located:

- within National Topographic System (NTS) map sheets 013M05 (Lac Chapiteau), and 023P08 (Lac Raude)
- at approximately 55°20’ N and 63°54’ W in northern QC, in eastern Canada
- approximately 200 km east northeast of Schefferville, QC
- approximately 190 km southwest of Nain, Newfoundland and Labrador (NL) and 155 km southwest of Voisey’s Bay nickel-copper-cobalt mine, owned and operated by Vale
- approximately 210 km north of Churchill Falls (hydro power generation)
- approximately 200 km northeast of Menehek Dam (hydro power generation)
- approximately 100 km north-northwest from the end of Orma Lake Road (NL)
- in the Administrative Regions of Nord-du-Québec and Kativik Regional Government
- approximately 20 km west of the provincial border between QC and NL

The Property is situated as shown in Figure 4.1.
Figure 4.1 Crater Lake Project Location Map

Source: modified from Quest (2014)
4.2 Property Description

The Property is defined by the mineral rights to 57 mineral claims in the province of Québec and covers a total area of approximately 2,783 ha. The mineral claims are 100% held by Peak Mining (under the name 2457661 Ontario Ltd.).

The mineral claim map is presented in Figure 4.2. The summary list of the mineral claims for the Property are shown in Table 4.1.

All claims are current and the author is unaware of any outstanding issues with these claims. The author is unaware of any royalties, back-in rights, payments, or other agreements associated with the mineral claims.
Figure 4.2  Crater Lake Mineral Claim Map

Source: Peak (2017), MERN, Sigeom (1 Nov., 2017)
Table 4.1 Crater Lake Mineral Claims

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Source: MERN, Sigeom (1 November, 2017)
4.3 Property Agreements

On July 11, 2017, Peak Mining signed a letter of intent with NQ Exploration for the acquisition of the Crater Lake Property, by a new public company. The new public company is to be created for NQ Exploration’s Quebec based properties, the Carheil and Brouillan projects (not subject to this report), including the Crater Lake Property.

On September 11, 2017, NQ Exploration announced the execution of:
- The purchase and sale agreements as well as the arrangement agreement with Imperial Mining Group Ltd., a wholly owned subsidiary of NQ which will be spun-out as a separate public company that will own a 100% interest in two other exploration projects, subject to the Option.
- A share exchange agreement with AM Resources SAS (“AM”), an arm's-length Colombian-based private coal mining exploration company, for the reverse take-over (“RTO”) of NQ.

Concurrent with the closing of the above two agreements, Imperial Mining Group will acquire the Crater Lake property from Peak Mining.

4.4 Surface Rights and Permits

Any new work programs, however, will require the appropriate permits and processes be completed under the MERN guidelines.

4.5 Environmental Liabilities

The author is not aware or any environmental liabilities on the Property.
5. ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE AND PHYSIOGRAPHY

5.1 Accessibility

The Property is situated roughly 1,080 km northeast of Québec City, the provincial capital of QC, and is accessible only by aircraft from Schefferville, QC, or Goose Bay, NL. There are several regularly scheduled flights to Schefferville and Goose Bay, from the major cities in eastern Canada, and aircraft may be chartered out of these nearby towns.

Fixed wing flights from Schefferville are typically 60 minutes and flights from Goose Bay are typically 90 minutes (1.5 hours). Staging for the Project is done from both Schefferville and Happy Valley-Goose Bay with support from Quest’s Strange Lake Camp. Due to the lack of airstrip at the camp, fixed wing aircraft are equipped with either floats during the summer months or skis during the winter months.

5.2 Climate

This region of northern Québec is characterized by a cool subarctic climatic zone (Dfc; Köppen climate classification) where summers are short and cool and winters are long and cold with heavy snowfall. Specifically, the project is located within the Kingurutik-Fraser Rivers ecoregion of the Taiga Shield ecozone (Marsgall and Schut 1999).

The minimum and maximum mean annual temperatures are -10.4°C and -1°C respectively. July average minimum and maximum temperatures are 5.7°C and 16.2°C and January average minimum and maximum temperatures are -27.3°C and -17.4°C (website: WorldClimate, Border A, QC). Annual average precipitation is approximately 665 mm (website: WorldClimate, Border, QC). The region receives up to approximately 350 cm of snow annually and the ground is snow covered for six to eight months of the year.

Exploration activities may be conducted during the summer and autumn months (June to November) and during the winter to early spring (January to April).

5.3 Local Resources

There are no local resources in or around the project area. Some local labour may be hired out of Schefferville; however, most skilled and professional labour must be sourced elsewhere.

The nearest mine to the Property is Vale’s nickel-copper mine at Voisey’s Bay, roughly 175 km to the northeast, on the coast of Labrador.
5.4 Infrastructure

The Property and environs have no developed infrastructure. The nearest developed infrastructure is in the town of Schefferville. Schefferville, and the adjacent Montagnais community of Matimekush, with a population of approximately 850 as well as the Naskapi community of Kawawatchikamach, 12 km northwest of Schefferville, with a population of 900. They are serviced year round by passenger and freight train service and have regularly scheduled flights to Quebec City and Sept-Îles, QC, and Wabush, NL. The town acts as the local service and supply center for a number of iron mines and hydro dams in the area.

The nearest seaport is in Nain, 200 km northeast of the Property and the nearest railhead in Schefferville, 200 km southwest of the Property, with access to the seaport at Sept-Îles on the Bay of St. Lawrence.

There is no source of electricity on or near the Property and power must be generated on site. The nearest sources of electricity are in Schefferville, whose power originates at Menehek dam, and Churchill Falls.

Water sources are abundant on and adjacent to the Property.

5.5 Physiography

The Property is situated in a glacially scoured terrain of moderate rolling hills and lakes. Steeper hills are present in the northwest of the property. Elevation ranges from 450 to 700 m above sea level. Eskers and boulder fields are common throughout the Property. The shortened growing season (approximately 3 months) results in a vegetation of thinly spaced stunted spruce and evergreens, tamarack, shrubs, and moss. Wind swept hilltops are often devoid of trees and larger shrubs or bushes. Approximately 30% of the Property is covered by lakes, rivers, or bogs.
6. HISTORY

The following is a summary of previously completed work in the Project area. This consists of work carried out by federal and provincial governments and private industry. This summary is taken from Hayes et al. (2014) and Lakeside Minerals Inc. (2015).

Prior to 1979, there are no known exploration activities on the Property.

6.1 Government Work

6.1.1 Geological Survey of Canada, 1979-2010

In 1979, an airborne gamma ray spectrometric survey was run in the Mistastin Lake area, including portions of NTS map sheets 13M, 14D, 23P, and 24A which includes the Property area (Geophysical Series Map 36313G).

In 1980, the Lac Chapiteau and Lac Ramusio map sheets were completed by the Geological Survey of Canada (GSC) as part of a magnetic airborne survey completed at 1:50,000 scale, which includes the project area (Geophysical Series Map 6204G).

In 2009, the area was covered as part of a joint Open File release by the GSC, the Geological Survey of Newfoundland and Labrador, and the Direction générale de géologie du Québec. This release covers ten maps covering a portion of western Labrador, north of the Churchill Reservoir, and adjoining parts of Québec. Results are available as 1:250 000 scale full-coloured maps in pdf format. Eight of these are radiometric maps and the result of the new 2009 airborne survey (Open File 6532).

6.1.2 Newfoundland and Labrador, Department of Natural Resources, 1978-2009

In 2009, the Geological Survey of Newfoundland and Labrador released lake-sediment and lake-water geochemical data collected from historic surveys. These surveys were conducted in Labrador by the Newfoundland and Labrador Geological Survey, during the period 1978 to 2005. Most of the data had been released previously in various Open File reports. However, as new analytical methods became available, some samples were re-analyzed for additional elements, and some of these data had not been released previously (Open File LAB/1465).

6.1.3 Québec MERN and McGill University, 2010-2011

As part of a joint project between Quest, McGill University, and MERN, Laura Petrella completed a Master’s thesis to characterize the syenite intrusion and associated rare earth element mineralization at Crater Lake. Data was made available by Quest of the 2010-2011 surface mapping and drilling programs. The Master’s thesis was submitted in October 2012.

This work concluded that the Crater Lake (Misery Lake for the purposes of the thesis) syenite intrudes the Mistastin Batholith and consists primarily of coarse-grained syenite and lesser mafic syenite; the center of the circular intrusion consists of medium-grained syenite with lesser mafic syenite. Rare earth element mineralization includes allanite and gittinsite (Petrella 2012).
6.2 Major General Resources Ltd. and Donner Resources Ltd., 1996

In 1996, Major General Resources Ltd. completed a reconnaissance geological and geochemical program on their Lac Chapiteau property in the Mistassin Lake area, central Labrador. The program was undertaken to evaluate the area for potential Voisey’s Bay style nickel-copper-cobalt mineralization. The result of this program identified the area as having limited potential to host base metal mineralization (Wares and Leriche 1996).

6.3 Freewest Resources Canada Inc. and Quest, 2007-2008

In 2007, as part of a regional evaluation program, Freewest Resources Canada Inc. (Freewest) collected six samples in the area of what is now the Property. There are no reports available on this program.

In January 2008, Quest Uranium Corporation (Quest Uranium) was formed and part of Freewest’s uranium property assets were brought under this company, of which the Property was included. In April 2010, Quest Uranium changed its name to Quest Rare Minerals Inc.

In 2014, ownership of the Property was transferred to Peak Mining (under the name 2457661 Ontario Limited).

6.4 Quest, Exploration Activities, 2009 - 2014

6.4.1 MPX Geophysics Ltd., 2009

In 2009, Quest retained MPX Geophysics Ltd. (MPX), to conduct a helicopter-borne high resolution magnetic and radiometric survey. The survey area was flown at a nominal mean terrain clearance of 70 m. The survey block was flown along north-south (000°Azimuth (Az)) flight lines separated by 400 m line spacings, and east-west (090°Az) tie lines at a line separation of 400 m.

Geophysical data acquisition involved the use of precision differential global positioning system (GPS) positioning, a Pico-Envirotec GRS-10 multi-channel gamma-ray spectrometer system, and a high sensitivity magnetometer installed in a towed-bird airfoil suspended on a long-line 23 m below the helicopter.

6.4.2 Applied Petrographic Services Inc., 2010

In 2010, a report was completed containing a petrographic study of 14 thin sections, taken from samples collected in 2009.

6.4.3 Vista Geoscience Ltd., 2010

Between July and August 2010, a glacial till survey was carried out over the Crater Lake claim block by Vista Geoscience (Vista), on behalf of Quest. A total of 1,222 sandy till samples, between 25 cm and 50 cm deep, were collected over approximately 25 days by a 3-man crew. The till samples were analysed by a till-specific multi-element assay package at Activation Laboratories (Actlabs) in Ancaster, Ontario,
The survey indicated REE anomalies over the margins and down-ice of the circular magnetic anomalies. Previous exploration by Quest and its contractors demonstrated glacial transport distances of at least 7 km at Crater Lake. Most of the anomalies reflect short distance down-ice transport with till deposition at topographic barriers (Quest 2010). Figure 6.1 and Figure 6.2 present the till sample locations and the rock and boulder sample locations, respectively, from the 2011 program. Figure 6.3 and Figure 6.4 present Light and Medium REE (LMREE) and HREE results and anomalies shown. Note, LMREE results include europium, gadolinium.

**Figure 6.1 Till Sample Location Map**

![Till Sample Location Map](image_url)

*Source: Vista (2011)*
Figure 6.2  Outcrop and Boulder Sample Location Map

Source: Vista (2011)
Figure 6.3  Till Sample LREE Results

Source: Vista (2011)
6.4.4 PGW Consulting Geophysicists, 2010

In 2010, PGW Consulting Geophysicists (PGW) was retained by Quest to interpret airborne geophysical data in relation to four, stand-alone, lines of ground magnetic data. These four lines of ground magnetics were completed, independently of each other, over the outer response of the Crater Lake magnetic ring.

The models produced by PGW were tabular in shape with a strike length of 800 m. Base stations data was smoothed with a five-point Naudy filter, and a 200 m LP filter was applied to smooth the ground data profiles.
6.4.5 Exploration Sans Frontière, 2011

During the 2011 field season Quest contracted Exploration Sans Frontière, a Sept-Îles based company, to complete a prospecting program over the Property. Four prospectors were used to complete daily traverse over the entire property focusing on areas highlighted by the 2010 till geochemical survey and high level prospecting. The till sampling survey highlighted property scale anomalies over the margins and down-ice of the circular magnetic anomalies. Selected areas were chosen for detailed work, including stripping and channel sampling. The main prospecting tool that was used was a RS-111 SCINT handheld scintillometer. A total of 191 samples were collected and submitted for analysis (Figure 9.5).

Bedrock mapping was completed by a McGill masters student and an assistant geologist contracted from Exploration Sans Frontière. Additional work was completed by a contract geologist later in the season. Stations were collected, mostly over the main Crater Lake Intrusion, in order to better define the geology surrounding that intrusion. A total of 101 stations were collected by the team and incorporated into the mapping (Figure 6.5).

The Property was accessed for daily traverses with the use of a contracted Canadian Helicopters Bell 206 Long Ranger that was based with the crews at the Lac Chapiteau camp.
Figure 6.5  2011 Surface Sample Location Map

Source: Peak Mining (2017)
6.4.6 Surface Exploration, Quest 2012

Between July and September 2012, Quest geologists, along with contract exploration crews from Exploration Sans Frontière, completed a prospecting and geological investigation program over the Property. Five prospectors were used for daily traverses over the entire Property. The focus of this work was on areas highlighted by historic work that included prospecting, mapping and a geochemical till survey. The till sampling survey highlighted property scale anomalies over the margins and down-ice of the circular magnetic anomalies.

Selected areas were chosen for more detailed work that included stripping of outcrops and channel sampling. The work completed in the previous 2011 program highlighted single samples that returned elevatedREE values which were followed up. The handheld RS-111 SCINT scintillometer was also used for this purpose. A total of 231 samples were collected and submitted for analysis.

Geological stations were collected over the entire property recording information required for interpretation and follow-up to elevated samples. A total of 261 stations were collected by the team and incorporated into the mapping details.

Channels were cut in 11 different locations on the property for a total of 80 samples (Figure 9.6). These locations were chosen as follow-up work to areas of interest where elevated samples were collected in previous years or to test newly identified areas where detailed information was required.

The property was accessed for daily traverses with the use of a contracted Canadian Helicopters Bell 206 Long Ranger that was based with the crews at the Crater Lake camp.

6.4.7 Abitibi Geophysics, 2012

In October 2012, exploration focused on the circular magnetic anomaly in the north end of the Property. Abitibi Geophysics were contracted by Quest to conduct to small ground magnetic geophysical surveys to characterize the large circular airborne magnetic feature, for any internal differentiations and to delineate potential zones of REE mineralization related to the intrusion.

Two grids were laid out on the northeast and southwest sides of the magnetic anomaly. A total of 24.75 line-km were surveyed at 25 m station separation. The northeast grid was ten lines, on a 45°Az strike, approximately 1.5 km each. The southwest grid was four lines, running east-west, of 2.5 km each. The locations of the two grids are shown in Figure 6.6.

It was found that the two grids correlate well with the previous airborne magnetic geophysical survey.
Figure 6.6  Residual Magnetic Field, 2012 Geophysical Survey; showing Northeast Grid and Southwest Grid

Source: Abitibi Geophysics (2012)
**Northeast Grid**

The results of the northeast grid magnetic survey are presented in Figure 6.7 and Figure 6.8.

Abitibi Geophysics found the northwest grid can be broadly divided into two zones. The following is taken from Abitibi Geophysics (2012):

Zone I covers most of the central and northeast parts of the grid; this zone is free from any significant magnetic anomalies and spatially it correlates with the quartzite monzonite rock. However, the ground magnetic survey allowed the identification of several short-wavelength magnetic lineaments trending northwest-southeast. Amplitudes of these lineaments varies from 50 to 400 nanoTeslas (nT) above a background of 55 025 nT and the width of the causative sources is likely to be in the 15 to 50 m range. The outlined short-wavelength features may represent dike-like structures where some of them correspond to the porphyritic quartz syenite as shown in Figure 6.10.

Zone II covers the rest of the study area; this portion of the NE grid is characterized by high magnetic anomalies reaching an amplitude of 300 - 450 nT above a high background of 55 200 nT. Analysis of the residual anomaly with the normalized derivatives show that the dominant magnetic feature consists of two magnetic lineaments striking NW, open ended to the west of the grid (Figures 6.7 and 6.8). With reference to the geological map of the studied grid, one of the lineaments correlates with the inclusion bearing coarse grained syenite rocks while the second one is located in the contact line between the quartz monzonite and the coarse grained syenite rocks. Quantitative interpretation of these lineaments reveals that the causative source is located at a depth of 50 - 60 m with size of 100 - 150 m wide and a magnetic susceptibility contrast of 0.04 to 0.05 SI, which can correspond to mafic-ultramafic rock.
Figure 6.7 Residual Magnetic Field, Airborne Magnetic Geophysical Survey; Abitibi Geophysics (2012)

Figure 6.8 Residual Magnetic Field, 2012 Ground Magnetic Geophysical Survey; Abitibi Geophysics (2012)
Figure 6.9 Northeast Grid; comparing geology to magnetic results

Source: Abitibi Geophysics (2012)
**Southwest Grid**

The results of the southwest grid magnetic survey are presented in Figure 6.10.

Abitibi Geophysics found three distinctive magnetic signatures. The first was a low magnetic field in the center of the area, free from any significant anomaly. The second, a moderate magnetic features that trends northeast-southwest, where the source may be located at 120 m depth, 200 m wide with a steep dip to the east. The third, a high magnetic anomaly on the west end of the grid. Further investigation reveals that a source may be located at 50 m to 80 m deep, 300 m to 400 m wide.

**Figure 6.10 Southwest Grid, Total Magnetic Intensity; 2012 Results overlaying Airborne Geophysical Survey**

![Southwest Grid, Total Magnetic Intensity; 2012 Results overlaying Airborne Geophysical Survey](image)

*Source: Abitibi Geophysics (2012)*

The interpretation of the ground magnetic survey has improved the understanding of the geological setting of the Project. Several short to moderate wavelength magnetic anomalies were identified thanks to the high resolution of the ground magnetic survey. The physical and geometrical parameters (width, depth-to-top, and magnetic susceptibility) of the outlined magnetic features have been estimated for each grid using 2.5-D magnetic inversions.

**6.4.8 Abitibi Geophysics, 2013**

In March and April 2013, Quest retained Abitibi Geophysics to conduct a larger ground magnetic geophysical survey to cover the entire circular geophysical anomaly. A large portion of the survey area is covered by lakes and swamps, therefore, the survey was conducted during the winter when these areas are frozen.

The geophysical survey grid consisted of 71 lines at 100 m line spacings oriented in a north-south direction. The lines were between 5 km and 7 km. Eight tie lines were established on 1,000 m line spacings oriented east-west. A total of 470.5 line km were surveyed with readings taken every 25 m (Abitibi Geophysics 2013). The geophysical survey grid is presented in Figure 6.11.
Overall, the ground magnetic geophysical survey correlates very well with the less detailed airborne magnetic survey. This is shown in the comparison of the Magnetic Intensity results in Figure 6.12.

**Figure 6.11  2013 Ground Geophysical Survey Grid**

*Source: Abitibi Geophysics (2013)*
Figure 6.12 2013 Ground Geophysical Survey Grid

Source: Abitibi Geophysics (2013)
Abitibi Geophysics (2013) reports:

The resulting total magnetic anomaly over the Misery Lake (now Crater Lake) grid is predominantly positive. The most dominant feature on map 1.2 is a broad concentric magnetic anomaly of 5.5 km by 5.0 km in size. As shown on the geophysical interpretation map (Figure 9.13) amplitudes of the ring magnetic feature range from 300 nT to more than 1500 nT above a magnetic background of 55 450 nT. The strongest magnetic amplitudes are outlined in the northwest and west-southwest parts of the surveyed grid.

Analysis of the magnetic data also allowed the identification of two distinctive magnetic lineaments in the center of the ring magnetic feature. Amplitudes of these lineaments reach 750 nT above a background of approximately 55 250 nT. The delineated lineaments appear trending east-northeast direction and extend for more than 2 - 3 km in length. Several short wavelength and isolated magnetic features were also identified in this survey. These features are considered as shallow sources and some of them may represent dike-like structures striking in different directions.

To help with the interpretation procedure, enhancement techniques consisting of reduction to the pole of the magnetic field, total gradient amplitude (analytic signal), first vertical and tilt derivatives are used in order to better characterize / define the magnetic contacts or boundaries of the causative sources. Several lineations that are indicative of faults/shear zones have been interpreted and reported in Figure 6.13.
Figure 6.13  Interpreted Lineations from the 2013 Ground Magnetic Survey

Source: Abitibi Geophysics (2013)

3D Magnetic Inversion

As part of the ground magnetic survey, Abitibi Geophysics also created, as part of the geophysical interpretation, an unconstrained 3D subsurface magnetic susceptibility model of the Property. The resulting 3D models and maps were used in the planning of the 2014 exploration and drilling program. The results of this interpretation are shown in Figure 6.14. Figure 6.15 illustrates three vertical sections cut east-west across the concentric magnetic anomaly showing the same magnetic intensity as seen on surface.
Figure 6.14  3D rendering of the Unconstrained Magnetic Anomaly; Perspective View Looking North

Source: Abitibi Geophysics (2013)

Note: North-South lines are at 100 m separation
Figure 6.15  East-West Vertical Sections; moving from south to north across the concentric magnetic anomaly

Source: Abitibi Geophysics (2013)
6.4.9 Downhole Magnetic Susceptibility, 2014

During the 2014 drill program, downhole magnetic susceptibility data were collected upon the completion of each hole. Data was collected using a QL40MGS-1000 magnetic susceptibility probe, MX winch, and MATRIX data capture console.

The profiles matched well with the 3D magnetic models created from Abitibi’s ground geophysical survey. The profiles also identify areas with REE enriched fayalite syenite or ferrosyenite. It is possible to correlate magnetic profiles from hole to hole. Drill collars from 2010-2012 drilling could not be located due to snow depth so no additional holes were tested.

6.5 Quest, Drilling Activities, 2010 - 2014

6.5.1 Drill Program, 2010 - 2012

During September 2010, an eight-hole drilling program was conducted to test magnetic anomalies from the 2009 airborne magnetic survey. A total of 1,241 m was drilled and 639 samples collected. Units intersected in the drilling mainly consist of syenite, however, no significant assay results were obtained.

During the 2011 exploration season Quest conducted mapping and prospecting at Crater Lake. This program was comprised prospecting to follow-up the results from the 2010 geochemical till survey conducted on the Property. Between July and October, a total of 199 samples were collected and submitted for assay. Of the 199 surface samples collected, 40 of them returned grades greater than 0.50% TREO. A limited mapping program was completed between August and October where 101 stations were recorded, but samples were not collected. This work was completed to provide a property scale map of the Crater Lake Intrusion.

In September and October 2012, a total of 2,498 m in 11 holes was completed. All holes in the Crater Lake Intrusion intersected variably textured medium grained syenite. Two holes were completed outside of the Crater Lake Intrusion, testing weak circular magnetic features south of the Crater Lake magnetic ring feature.

Table 6.1 Summary of Crater Lake Drill Programs, 2010-2012

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Drill Holes</th>
<th>No. of Metres (m)</th>
<th>No. of Samples</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>8</td>
<td>1,170.15</td>
<td>663</td>
</tr>
<tr>
<td>2011</td>
<td>6</td>
<td>1,894.00</td>
<td>1,171</td>
</tr>
<tr>
<td>2012</td>
<td>11</td>
<td>2,498.00</td>
<td>1,395</td>
</tr>
<tr>
<td>TOTAL</td>
<td>25</td>
<td>5,562.15</td>
<td>3,229</td>
</tr>
</tbody>
</table>
Figure 6.1  2010-2012 Drillhole Location Map

Source: Peak Mining (2017)
6.5.2 Drill Program, 2014

In the winter, during April 2014, a total of 1,446 m in 7 holes were completed. Each hole was completely sampled. Drill targets were focused on areas under lake cover that were not previously tested and where geochemical and geophysical evidence suggested potential for REE mineralization. The entire drill hole was sampled and a total of 879 samples were collected.

Drillholes targeting magnetic lows, such as ML14024, ML14025, and ML14027 mostly intersected varying amounts of medium grained syenite, fine grained syenite, coarse grained syenite, and variably textured syenite. These holes did not result in any significant TREO values. Holes ML14026, ML14028, and ML14029 all targeted an east-west linear magnetic high feature in the north of the drilling area. Each of these holes intersected between approximately 110 to 190 m of fayalite syenite. Fayalite syenite contains increased values of TREO and scandium oxide. For example, ML14026 returned TREO values of 1.738% over 26.4 m and 1.087% over 189.2 m. Although ML14030 targeted a magnetic high feature and intersected ferrosyenite, significant TREO values were not present.

Table 6.2 summarizes the 2014 drill holes; where UTM coordinates are in NAD83 Zone 20N projection. All coordinates were measured using a handheld Garmin 60CSx GPS unit as no DGPS survey was conducted due to poor weather limiting the field schedule. Figure 6.2 presents the collar locations with respect to the ground magnetic geophysical model.
Figure 6.2  2014 Drillhole Collar Location Map

Source: Peak Mining (2017)
Table 6.3 is a summary of the best composited drilling intersections. In this table, TREO+Y% represents the total percentage of rare earth oxides; HREO+Y% and LREO% represent the absolute percentage of heavy and light rare earth oxides and HREO/TREO% represents the proportion of heavy rare earth oxides in the total rare earth oxides as a percentage.

Table 6.3  Composited 2014 Drilling Results

<table>
<thead>
<tr>
<th>Hole ID</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Thickness (m)</th>
<th>TREO+Y¹ (wt.%)</th>
<th>LREO² (wt.%)</th>
<th>HREO+Y³ (wt.%)</th>
<th>HREO+Y/TREO+Y</th>
<th>Sc₂O₃ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ML14026</td>
<td>14.77</td>
<td>182.60</td>
<td>167.83</td>
<td>1.1760</td>
<td>1.0013</td>
<td>0.1747</td>
<td>14.86</td>
<td>0.0262</td>
</tr>
<tr>
<td>including</td>
<td>14.77</td>
<td>42.40</td>
<td>27.63</td>
<td>1.7206</td>
<td>1.4686</td>
<td>0.2521</td>
<td>14.65</td>
<td>0.0351</td>
</tr>
<tr>
<td>ML14028</td>
<td>13.22</td>
<td>212.91</td>
<td>199.69</td>
<td>1.4779</td>
<td>1.2607</td>
<td>0.2172</td>
<td>14.70</td>
<td>0.0304</td>
</tr>
<tr>
<td>including</td>
<td>13.22</td>
<td>91.14</td>
<td>77.92</td>
<td>1.0800</td>
<td>0.9178</td>
<td>0.1621</td>
<td>15.01</td>
<td>0.0235</td>
</tr>
<tr>
<td>ML14029</td>
<td>13.35</td>
<td>93.40</td>
<td>80.05</td>
<td>1.3353</td>
<td>1.1362</td>
<td>0.1991</td>
<td>14.91</td>
<td>0.0286</td>
</tr>
<tr>
<td>ML14030</td>
<td>177.00</td>
<td>183.04</td>
<td>6.04</td>
<td>1.1442</td>
<td>0.9632</td>
<td>0.1810</td>
<td>15.82</td>
<td>0.0319</td>
</tr>
</tbody>
</table>

Notes:
¹Total Rare Earth Oxides (TREO+Y) include: La₂O₃, CeO₂, Pr₆O₁₇, Nd₂O₃, Sm₂O₃, Eu₂O₃, Gd₂O₃, Tb₂O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃ and Y₂O₃
²Heavy Rare Earth Oxides (HREO+Y) include: Eu2O3, Gd₂O₃, Tb₂O₇, Dy₂O₃, Ho₂O₃, Er₂O₃, Tm₂O₃, Yb₂O₃, Lu₂O₃ and Y₂O₃
³Light Rare Earth Oxides (LREO) include: La₂O₃, CeO₂, Pr₆O₁₇, Nd₂O₃, Sm₂O₃

As previously mentioned in Section 7.3.1, most recent NI 43-101 or JORC compliant mineral resources on scandium in nickel laterite deposits report resource grades ranging between 158 g/t and 274 g/t Sc₂O₃ (or 0.0158 % and 0.0274 %Sc₂O₃). In comparison to syenite-hosted Crater Lake, the scandium results have returned values of up to 319 g/t Sc₂O₃ (or 0.0315 %Sc₂O₃). These elevated assay results may be an indication that scandium may be an important element that should be investigated further.
7. GEOLOGY AND MINERALIZATION

The following geological summary is taken from Daigle (2014) and Daigle (2015).

7.1 Property Geology

The region is underlain by five structural provinces comprising the Nain, Superior, Churchill, Makkovik, and Grenville, which together record a crustal history ranging from about 3.8 to 0.6 Ga. The Nain and Superior provinces are the oldest, both forming in the Archean. They are bounded by the Lower Proterozoic Churchill and Makkovik provinces, which in turn are truncated by the Early Proterozoic Grenville Province (Figure 7.1).

The Churchill Province is subdivided into three parts. The western part consists of low-grade sedimentary and volcanic rocks in a west-verging fold and thrust belt (the Labrador Trough). The central part appears to consist of predominantly reworked Archean rocks, which are juxtaposed against the Labrador Trough in mylonitic shear zones. The eastern part of the Churchill includes anorthosite and gabbro of the Rae Province (Swinden et al. 1991).

The syenite intrusion of Crater Lake is located in the Churchill Province and intrudes (or is coeval) into the southeast end of the Mistastin Batholith (Figure 7.2). The Mistastin Batholith covers an area of approximately 5,000 km²; the dominant lithologies are granite and quartz monzonite with pyroxene. It is cut by younger biotite hornblende granite, which is in turn cut by a smaller olivine quartz syenite, the Crater Lake syenite. Uranium-lead dating of three zircons places the age of the batholith at approximately 1.4 Ga (Petrella 2011).
Figure 7.1  Geological Map of the Churchill Province; showing the location of the Crater Lake Deposit and the Strange Lake Deposit

Source: modified from Hammouche et. al. (2012)
Figure 7.2  Regional Geology of the Crater Lake Project

Source: Quest (2014)
7.2 Regional Geology

The Crater Lake intrusion displays a gradational contact with its host, the Mistastin rapakivi granite (Figure 7.3). Both have an A-type affinity and similar trace element composition. The Crater Lake syenites are therefore interpreted to be a late differentiate product of the Mistastin batholith. The dominant exposed lithology (much of the intrusion is covered by a lake) is a medium-grained, massive syenite, which is mainly composed of perthitic K-feldspar and 1 to 10 volume% of interstitial ferromagnesian minerals, namely fayalite (iron chrysolite, Fe₂SiO₄), hedenbergite, ferropargasite and annite (iron-rich biotite); the accessory minerals are quartz, iron oxides (magnetite, titanium-rich magnetite and ilmenite), zircon, fluorite, apatite and britholite (Petrella 2012). A melanocratic unit, fayalite syenite, which commonly contains greater than 50% by volume ferromagnesian minerals, including cumulate fayalite and hedenbergite, occurs as amoeboid-like inclusions or narrow dikes in the syenite and as described below, a significant body of fayalite syenite occurs immediately south of the outer magnetic ring feature. This fayalite syenite body is elongate approximately west-northwest to east-southeast and dips sub-vertically to the north; the magnetic signature of the unit suggests the main body is approximately 500 m long, up to 175 m wide, up to 200 m deep and may extend in a narrower morphology to the east-southeast. Petrella (2012), interpreted narrow fayalite or ferrosyenite dikes to have formed by fractional crystallization of ferromagnesian minerals leaving behind a residual magma which produced the felsic syenites. With continued fractional crystallization, the felsic syenites became more enriched in alkali and silica, and only became saturated with ferromagnesian at a very late stage explaining the interstitial crystallization of the latter in the perthite-dominated syenite.
Figure 7.3 Crater Lake Intrusion Geology

Source: Peak Mining (2017)
7.2.1 Geology Units; Intersected in 2014

Prior to the start of the 2014 drilling campaign, Quest geologists reinterpreted previous drilling results and reclassified some previously intersected units to better reflect the mineralogy of the Crater Lake lithologies. The following is a summary of the units that were intersected during winter 2014 drilling.

Medium-Grained Syenite

Medium grained syenite is the main unit throughout the central part of the Crater Lake intrusion. Predominately grey to pale pink-orange in colour, mineralogy consists of approximately 70 to 90% perthitic K-feldspars with the remainder of the unit comprising ferromagnesian minerals including iron-amphibole and minor fayalite and titanium-rich magnetite (Petrella 2011). Trace interstitial quartz is rare. Zircon, fluorite, carbonate, and pyrite can also occur at trace levels. Feldspar grains are mostly subhedral and 1 to 1.5 cm but can be up to 2.5 cm in size. The mafic minerals are interstitial and are sub 5 mm in size. The unit is typically massive.

Relatively narrow (2 to 25 cm wide) mafic rich sections occur throughout this unit. These bands or cumulates are made up of 5 to 15 mm subhedral amphibole grains with interstitial magnetite and olivine. Minor REE mineralization can occur in these accumulations as interstitial cerium-britholite (Petrella 2011). These mafic bands/cumulates often have sharp contacts and low angle (less than 25° to CA) orientations.

Potassic alteration is common throughout medium grained syenite and results in a patchy appearance. Feldspar grains often exhibit pink cores. Amphibole commonly displays partial replacement by aegirine.

Fine-Grained Leucosyenite

Fine grained leucosyenite is made up of less than 1 to 4 mm K-feldspars and amphibole crystals. Feldspars are subhedral and make up approximately 90% of the unit. The remainder is made up of interstitial amphibole, magnetite and olivine. Mafic minerals are observed concentrating near the upper and lower contacts of this unit in some drillholes. This unit often displays a weak preferred orientation that is defined by K-feldspar laths and can range from approximately 10 to 35°. Alteration can occur as pink potassic overprinting. The alteration can occur parallel to the fabric of the unit.

Coarse-Grained Leucosyenite

Coarse grained leucosyenite contains a similar mineralogy to fine grained leucosyenite, differing only in grain size. Coarse grained leucosyenite is made up of approximately 90% subhedral K-feldspar. The remainder of the unit is made up of interstitial mafic minerals. A minor amount of millimetre-sized disseminated pyrite occurs locally. Feldspar grains range in size from 1 to 5 cm in size but in local megacrystic sections they can exceed 10 cm. Zonation is observed in some feldspar grains, especially megacrystic grains. Interstitial mafic minerals are usually 1 to 5 cm in size. In megacrystic sections, subhedral amphibole can occur and can exceed 5 cm. Potassic overprinting is common. Amphibole is commonly replaced by aegirine. Complete replacement of the larger amphibole grains by epidote is observed in several drillholes. The unit is weakly
magnetic in areas with interstitial mafic minerals.

**Variably Textured Syenite**

Variably textured syenite, as the name suggests, exhibits textural affinities for several other units, commonly in a chaotic arrangement, including medium grained syenite, fine and coarse grained leucosyenites and often pegmatite. In these units, abundances of each section can range from several centimetres to a metre in length and appear to have no order. Contacts between each section can be sharp, irregular, or gradational.

**Ferrosyenite**

Two separate FSYN units were identified during the 2014 drilling program. While they are currently labeled as FSYN additional classifying based on mineralogical, geochemical, and textural properties is required. The only instances of these units were intersected in drillhole ML14030. The first section is located in the upper 60 m of the hole while the second is located below 177 m.

**Dark green-grey, fine to medium grained, and magnetic ferrosyenite:** Mineralogy includes approximately 70% K-feldspar with the remainder of the unit consisting of iron rich mafic minerals. Mafic minerals are made up of amphibole>olivine>magnetite. Olivine consists of up to 10% of the overall unit. Feldspar crystals are subhedral and range in size from 5 to 10 mm. Some feldspar grains are up to 2 cm in size. Amphibole is sub cm and interstitial. Olivine occurs as 1 to 3 mm sub rounded grains interstitial grains. Magnetite is interstitial and 2 to 10 mm in size. The dark green-grey appearance on the unit is present in most minerals. Only patchy sections of olivine display the yellow-green colour which is characteristic of the fayalite syenite. This unit is geochemically and texturally distinct from the fayalite syenite and they are not spatially associated.

**Dark black-grey, fine grained, and highly magnetic ferrosyenite:** The mineralogy cannot be accurately determined due to being fine grained and massive, but commonly it is distinguished from fayalite syenite by a lack of obvious olivine crystals. Grains are 1 to 4 mm in size and angular and interlocking. Unit is highly magnetic. This unit is geochemically distinct from fayalite syenite and they are not spatially associated.

### 7.3 Mineralization

Assay results from surface samples, and more recently in 2014 drill core, indicate that FASYN is the main host to scandium and REE mineralization at Crater Lake. The unit is dark grey-green, medium to fine grained, and highly magnetic. Mineralogy consists of a medium-fine grained matrix of amphibole, magnetite, and K-feldspar with approximately 20% fayalite. Fayalite is an iron rich member of the olivine solid-solution series

The minerals in the matrix are subhedral to interstitial and several millimetres in size. Feldspar abundances and grain size can vary, locally occurring as subhedral phenocrysts up to 2 cm wide. Fayalite occurs as 2 to 4 mm yellow-green coloured sub rounded grains. Fayalite is often concentrated in 1 to 15 cm cumulate bands. These cumulates can display weak orientations or possible gradational modal layering.
According to Petrella’s (2011) description of ferrosyenite (re-classified by Quest in 2014 as fayalite syenite):

Ferrosyenite also contains 1 to 2 vol.% of small primary idiomorphic zircon and hydroxyapatite crystals (identified by XRD analysis). The latter locally form aggregates that were partly or completely replaced by britholite-(Ce). Two types of hydroxyapatite and one type of britholite-(Ce) have been identified in this unit. The first type of hydroxyapatite is magmatic, and occurs as euhedral to subhedral, unzoned, clear crystals that do not show evidence of having been altered. This apatite-type is very frequently observed in the other rock-types of the intrusion. The second type of hydroxyapatite also occurs as primary, magmatic crystals. Both types of hydroxyapatite commonly occur as inclusions within pyroxene, amphibole and less commonly in fayalite. Hydroxyapatite 2 is compositionally zoned, and its core is similar in composition to unzoned hydroxyapatite 1. This indicates that hydroxyapatite 2 continued to crystallize after hydroxyapatite 1. Crystals of hydroxyapatite 2 are commonly replaced in their outer parts by britholite-(Ce).

Current mineralization has been intersected in three historic drill holes over roughly 200 m strike length in the northeast grid (target area). Continuity of mineralization has not yet been established.

7.3.1 Scandium

Scandium, element 21 of the periodic table, is a silvery-white metallic transition metal, often classified as a REE, together with yttrium and the 15 lanthanides. High-grade, large tonnage, easily mineable scandium deposits with favourable metallurgy and location are scarce, making it a commodity that is difficult to obtain in commercial quantities. Scandium is often found in trace amounts in other REE deposits and occurrences and has been mined as a by-product in only a few uranium and REE mines in the world, for example in Zhovti Vody, Ukraine and Bayan Obo, China.
### 7.3.2 Nomenclature

Nomenclature for scandium, REE and associated metals are shown in Table 7.3. References to total rare earth oxide (TREO), unless otherwise stated, include yttrium oxide.

#### Table 7.2 List of Elements and Oxides Associated with REE Mineralization

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<th>Element Symbol</th>
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<td>Total Rare Earth Oxides</td>
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</tr>
<tr>
<td>Scandium</td>
<td>Sc</td>
<td>Y₂O₃</td>
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</table>
8. DEPOSIT TYPES

The following is taken from Daigle (2014) and Daigle (2015):

The Crater Lake Intrusion is a large, scandium-REE bearing alkali igneous intrusive complex. Carbonatite and alkaline intrusive complexes (as well as their weathering products), are the primary sources of rare earth elements. Apart from REE, these rock types can also host deposits of niobium, phosphate, titanium, vermiculite, barite, fluorite, copper, calcite, and zirconium. Although these deposits are found throughout the world (Figure 8.1), only six deposits of these type are currently being mined for REE: five carbonatites (Bayan Obo, Daluxiang, Maoniuping, and Weishan deposits in China, and the Mountain Pass deposit in California, US) and one peralkaline intrusion-related deposit (as a byproduct at Lovozero deposit, Russia). The important REE bearing minerals include: ancyelite, parasite, synchysite, apatite, eudialyte, loparite, gittinsite, xenotime, gadolinite, monazite, bastnasite, kainosite, mosandrite, britholite, allanite, fergusonite, and zircon (Verplanck et al. 2014).

Carbonatite and alkaline intrusive complexes are derived from partial melts of mantle material. Neodymium isotopic data of these deposits consistently indicate that the REE are derived from these parental magmas. These deposits and their associated rock types usually occur within stable cratonic settings, and are generally associated with intracontinental rift and fault systems. Extended periods of fractional crystallization of the magma in these settings lead to enrichment in REE and other incompatible elements. In alkaline intrusive complexes mineralization of REE occur as primary phases in magmatic layering or as later-stage dykes and veins (Verplanck et al. 2014).

Certain REE deposits pose particular environmental challenges due to the associated uranium and thorium. There is also uncertainty surrounding the toxicity of the elements themselves. Acid-drainage is typically not an issue due to the alkali nature of the rock types and minerals. Uranium has the potential for recovery as a byproduct, but thorium remains a waste-product that requires management. Additionally, in some deposits fluorine and beryllium can pose environmental challenges (Verplanck et al. 2014).
Figure 8.1  Global Distribution of Carbonatite and Peralkaline Intrusion-related REE Deposits

Source: Verplanck et. al. (2014)
9. **EXPLORATION**

Peak Mining has not yet conducted its own exploration activities on the Property. All exploration on the Property to date has been completed by Quest.

Prior to 2011, all surface and geophysical surveys were conducted by contractors on Quest’s behalf and filed as separate assessment reports by those contractors (see Section 6.0).

It should be noted that prior to 2014 the Property incorporated a larger set of claims. By January 2014, the original 1,000 mineral claims, held by Quest, were reduced to the current 57 mineral claims to focus on what is now the Property (see Section 4.2).
10. DRILLING

Peak has not yet conducted its own drilling programs on the Property.

Historic drilling on the Property to date was carried out by Quest where approximately 4,107 m from 32 drill holes were completed (see Section 6.0).
11. SAMPLE PREPARATION, ANALYSES AND SECURITY

Peak Mining has not conducted any exploration or activities on the Property. This section is not applicable to this report.
12. DATA VERIFICATION

12.1 Site Inspection

Paul J. Daigle, P.Geo., Senior Geologist with P. Daigle Consulting Services, conducted a site visit to the Property on September 30 and October 1, 2014, for two days. The project site and drill core logging and sampling facilities were inspected during the site visit. Mr. Daigle was accompanied on the site visit by Mr. Pierre Guay, Exploration Manager for Peak Mining.

From Schefferville, a BA A-Star helicopter, from Canadian Helicopters, was chartered as the method of transport to the Property. The flight time from Schefferville to the Crater Lake camp was approximately one hour. Snow was falling and had already covered most of the ground at the time of the site visit.

12.1.1 Crater Lake Exploration Camp

The camp consists of two semi-permanent buildings that serve as the kitchen and toilets; six Weatherhaven dome tents for accommodation; and two smaller semi-permanent buildings (Table 12.1). One of the smaller buildings serves at the core shack. There are also four framed and plywood floor platforms were also at the camp. Several fuel drums were stored at the camp which included fuel for the helicopter.

Figure 12.1 Crater Lake Exploration Camp
12.1.2 Drill Core

Drill Core Storage

Drill core boxes are stored outside in a criss-cross fashion near the core shack (Figure 12.2). Two small core racks are available, one outside and one inside the core shack (Figure 12.3), for temporary storage during the core logging procedure. Core logging tables were also built outside the core shack.

Figure 12.2 Stacked Drill Core at the Crater Lake Camp
**Drill Core Saw**

During the drill programs a diamond bit core saw was used for the splitting and sampling of the drill core. The drill saw was still stored at the Crater Lake camp (Figure 12.4).
The locations of several drillholes were measured for comparison with coordinates provided by Quest. The helicopter was used to move from collar location to collar location for expediency. For two of the collar locations, it was not possible to access via helicopter or on foot. The waypoint was taken by hovering over the visible collar.

It should also be noted that drill collars drilled from the frozen lake could not be sited as the drill core barrels are required to be extracted upon completion of drill holes in open water.

Similar to Quest, the author used a handheld Garmin GPSmap 62s unit to take readings (Figure 12.5). The drillhole locations found closely match in coordinates as shown in Table 12.1.
### Table 12.1  Verified Drillhole Collar Coordinates (NAD83, Zone 20U)

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<th>Author’s Coordinates</th>
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<th>Δ Y (m)</th>
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*Note: UTM = Universal Transverse Mercator; NAD = North American Datum*

### Figure 12.5  GPS reading at Drill Hole ML12015

![GPS reading at Drill Hole ML12015](image)

#### 12.2 Check Samples

Independent check samples were collected during the site visit by the author. Four samples were collected from the available drill core at the core storage site at the Crater Lake camp.

The check sample intervals were selected randomly within the mineralized drill holes. The samples were collected from the same sample intervals as Quest’s sample intervals. The core boxes in which the samples were taken was located at the Crater Lake camp. The selected core boxes were securely closed, and transported by helicopter to the Strange Lake camp as the camp was equipped with operational core cutting facilities.

The check samples were taken by sawing the half core in the box into quarters, where one quarter was returned to the core box and the second quarter placed in a sample bag. The core sawing was supervised by the author. The samples were placed in sample bags with a sample tag, labelled and sealed by zip tie on site by the author. A sample tag was stapled into the core.
box to record where the check sample was collected. The check samples were kept with the author at all times for the duration of the site visit and return to Toronto. Upon return to Toronto, the check samples were sent to Actlabs in Ancaster, ON for analysis.

At Actlabs, the sample were prepared and analyzed in the same manner as Rare Earth Metals’ analyses. Sample preparation was by crushing the sample was crushed to up to 90% of the sample passing a 2 mm screen, was split to 250 g and was pulverized where 90% passed 105 µm screen (Actlabs Code RX-1). Analysis was conducted using a fusion and ICP-MS analysis method (Actlabs Code 8 – REE Assay Package).

The purpose of the check sample assays are to confirm indications of mineralization are not intended as duplicate samples for QA/QC samples. The results of check sample analysis correlates well with Quest’s assay results.

Results of the check assay sample analysis and corresponding sample analysis by Quest are shown in Table 12.2 and Table 12.3.

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12.3 Author’s Opinion

The author is of the opinion that the sample preparation and security meet or exceed industry norms. Geochemical analysis and methods, historically used for the Crater Lake project, are adequate for this type of mineralization and deposit.
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<td>8</td>
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</table>

Note: All assay values are in ppm unless otherwise stated.
13. MINERAL PROCESSING AND METALLURGICAL TESTING

There is no mineral processing or metallurgical test work completed on the Property.

14. MINERAL RESOURCE ESTIMATES

There are no mineral resources completed on the Property.

15. ADJACENT PROPERTIES

There are no significant mining properties adjacent to the Property.

16. OTHER RELEVANT DATA AND INFORMATION

There is no other relevant data or information for this Property.
17. INTERPRETATIONS AND CONCLUSIONS

The Crater Lake Property is located in northern Quebec, near the border of Newfoundland and Labrador, approximately 200 km east northeast of Schefferville, QC and approximately 190 km southwest of Nain, NL. The project area is located in the Lac Chapiteau (NTS 013M05) and Lac Raude (NTS 023P08) mapsheets. There is no infrastructure in this area except for an exploration camp at Crater Lake.

The syenite intrusion of Crater Lake is located in the Churchill Province of the Canadian Shield and intrudes (or is coeval) into the southeast end of the Mistastin Batholith. The Mistastin Batholith covers an area of approximately 5,000 km²; the dominant lithologies are granite and quartz monzonite with pyroxene. It is cut by younger biotite hornblende granite, which is in turn cut by a smaller olivine quartz syenite, the Crater Lake syenite.

Assay results from surface samples, and more recently in 2014 drill core, indicate that fayalite syenite (FASYN) is the main host to the scandium and REE mineralization at Crater Lake. The unit is dark grey-green, medium- to fine-grained, and highly magnetic. Mineralogy consists of a medium-fine-grained matrix of amphibole, magnetite, and K-feldspar, with approximately 20% fayalite. The minerals in the matrix are subhedral to interstitial and several millimetres in size.

The key target areas at the Project in the northeast and southwest edges of Crater Lake. Both target areas have been subject to ground geophysical surveys, surface sampling and drilling in the past. The northeast grid covered an area of roughly 1 km x 1.5 km and the southwest grid covered an area of 0.5 km x 2.5 km. Anomalous REE and scandium occur in both these areas, in surface samples and drill core samples, and coincide with the outer boundary of the syenite intrusion. It should be noted that results are preliminary and only further investigation will determine the extent of the REE, niobium and scandium mineralization.

The Crater Lake Property shows potential for hosting a Sc-Nb-REE deposit based on elevated REE and scandium results found in several of the historical 2012 and 2014 drillholes. Further investigation is required to determine the geology and grade continuity through additional exploration activities. The author is of the opinion that further work is warranted and recommends continued exploration of the Property.
18. RECOMMENDATIONS

The author is of the opinion that the Crater Lake Sc-Nb-REE Project warrants further investigation and recommends further exploration and drilling to follow up on the elevated REE values found in the 2014 drill program.

Peak Mining has planned several exploration activities for Q4 2017 and into 2018. The first of these programs consists of geological and geophysical data compilation work. Based on this work, preliminary metallurgical testwork is planned on selected 200 - 400 kg bulk sample. Subsequent to the metallurgical testwork will incorporate field programs that consist of geological mapping and trenching and a small 200 m diamond drill program to test the surface anomalies in the target areas. A second phase of exploration is also proposed consisting of an 800 m drill program as follow-up of the first phase of drilling depending on the results of the Phase 1.

The author is of the opinion that the proposed exploration programs are adequate to develop and characterize the known mineralization. Pending positive results from these outlined work programs, further exploration and drilling programs may then be proposed. The expected budget for these exploration activities is approximately $900,000.

Table 18.1 shows the breakdown of the proposed exploration programs.

Table 18.1  Estimated Budget for the Proposed Exploration Program (Phase 1)

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<thead>
<tr>
<th>Description</th>
<th>Estimated Cost (SCAD)</th>
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<td><strong>Data Compilation</strong></td>
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<td>Geological Compilation</td>
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<td>Geophysical Survey Compilation</td>
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<tr>
<td><strong>Metallurgical Testwork</strong></td>
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<tr>
<td>Sample collection</td>
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<tr>
<td>Preliminary Metallurgical Testwork</td>
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<tr>
<td><strong>Field Exploration Programs</strong></td>
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<td>Geological mapping</td>
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<td>Downhole geophysical survey</td>
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<td>Sample analysis</td>
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<td><strong>Transportation</strong></td>
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<td>Fixed wing aircraft</td>
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Table 18.2  Estimated Budget for the Proposed Exploration Program (Phase 2)

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<td><strong>TOTAL</strong></td>
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19. REFERENCES


Petrella, L., “Caractérisation lithologique et pétrographique de l’Intrusion syénitique de Misery (Québec)“, Ministère des Ressources Naturelles et de la Faune (MRNF), Mars 2011.


Wares, R and Leriche, P.D. First year assessment report on geological, geochemical and geophysical exploration for licence 3059m on claims in the Lac Chapiteau area, central Labrador, 2 reports. Newfoundland and Labrador Geological Survey, Assessment File 13M/05/0070, 1996, 67 pages
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MERN – SIGEOM - Système d'information géominière. Date of consultation: 1 November, 2017
http://sigeom.mines.gouv.qc.ca/signet/classes/l1102_aLaCarte?numr_utls=1785785


Quest Rare Minerals Inc. – Company Website
http://www.questrareminerals.com/

World Climate – Schefferville, QC
http://www.worldclimate.com/cgi-bin/grid.pl?gr=N54W066

World Climate – Indian House Lake, QC
http://www.worldclimate.com/cgi-bin/grid.pl?gr=N56W064

World Climate – Border, QC
http://www.worldclimate.com/cgi-bin/grid.pl?gr=N55W063
20. CERTIFICATE

Paul Daigle, P.Geo.

I, Paul Joseph Daigle, P.Geo., of Toronto, Ontario, do hereby certify:

- I am a Senior Geologist with P. Daigle Consulting Services with a business address at 153 Glebemount Avenue, Toronto, Ontario, M4C 3S6


- My most recent personal inspection of the Property was on September 30 and October 1, 2014, for a period of two days.

- I am responsible for all sections of the Technical Report.

- I am independent of Peak Mining Corp., NQ Exploration Inc. and Imperial Mining Group Ltd. as defined by Section 1.5 of the Instrument.

- My prior involvement with the Property was that of authoring two previous technical reports, both titled “National Instrument 43-101 Technical Report for the Misery Lake Rare Earth Project, Northern Québec”, dated October 30, 2014 and April 30, 2015, respectively.

- I have read the Instrument and the sections of the Technical Report that I am responsible for have been prepared in compliance with the Instrument.

- As of the date of this certificate, to the best of my knowledge, information, and belief, the sections of the Technical Report that I am responsible for contain all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Signed and dated this 1st day of November, 2017, at Toronto, Ontario, Canada

(“Original signed by and sealed by

Paul J. Daigle”)

Paul J. Daigle, P.Geo.
Senior Geologist