

Broker Sheet
Sept 5th 2017



Providence Gold Mines

TSX:-V: PHD

Providence Gold Mines: Rediscovered

- The Providence Gold mine in Tuolumne County, California, is a historic Mother Lode gold mine that has not been fully exploited or explored. It has been sitting abandoned and forgotten for 85 years.
- The mine was developed down to 1,200 feet and since it is a Mesothermal style quartz vein gold deposit, all of these historical mineralized zone shoots can continue to depth. In fact, according to historic documents, numerous veins in the mine were not mined out.
- The Providence Mine is flooded to the 600 foot level since 1916, and has never been drained below that level. All of the significant underground development is still in excellent shape.
- With modern exploration, extraction, and milling methods, the Providence Mines Property has the potential to become a significant gold producer.
- Historic reports estimate that 225,000 oz. of gold was recovered from the mine from 1894 to 1916. It is also reported that a single chamber (stope) in the mine has produced up to 30,000 oz. of gold with grades between 0.5 to 0.8 oz./ton. It should be noted that mill recoveries back then were very inefficient with maximum recoveries of only about 50%.

Only one of the major mineralized stopes was mined to 1,100 ft. depth. The other ore shoots were only mined down 100 to 200 ft. This leaves significant potential for expansion!

The Bottom Line

I believe Providence gold mine is an excellent high grade exploration opportunity. Mesothermal-style quartz vein hosted gold deposits are known to have deep root systems. Historic circumstances prevented this particular mine from being fully exploited. PHD has just commenced a first phase exploration program which I believe will lead to additional high-grade gold discoveries.



Capital Structure At Sept 5th, 2017

Providence Gold Mines

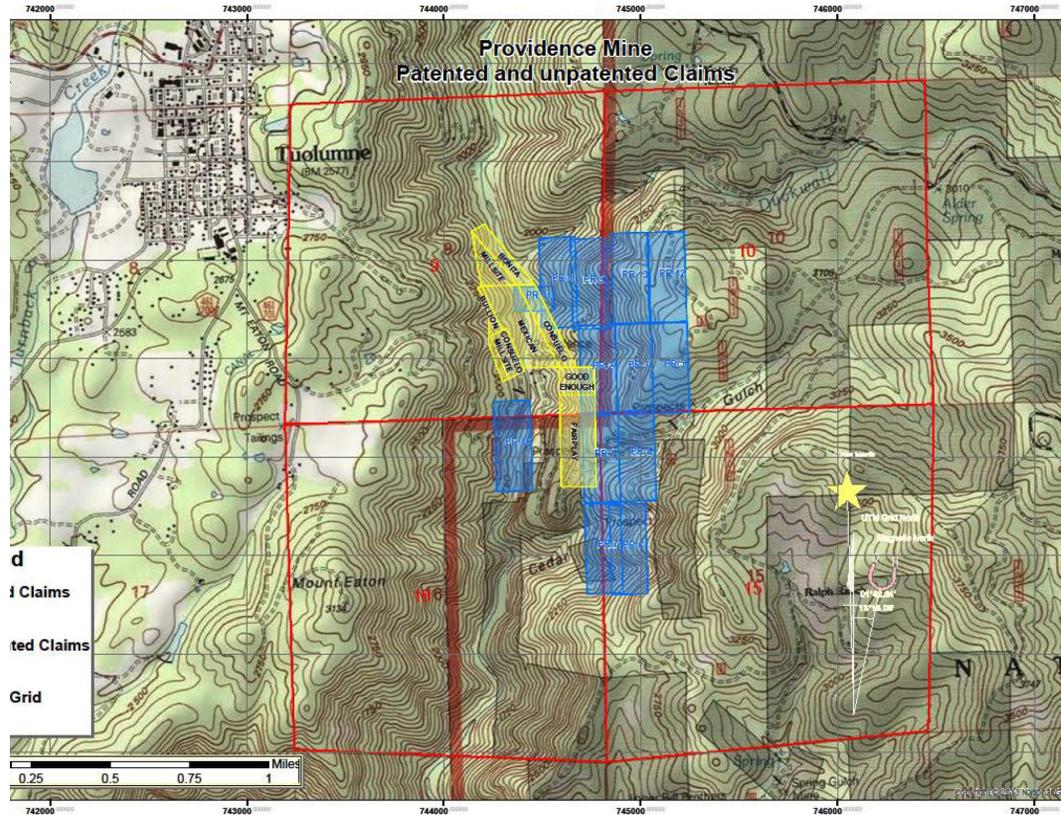
Shares Outstanding	21,836,051
Options	2,000,000 @ \$0.16
Warrants	3,037,700
Shares Fully Diluted	24,873,751

Trading Activity

Recent Share Price	\$0.21
Market Capitalization	\$5.22 million
52 Week High/Low	\$0.27/\$0.06
Average 30 Day trading volume	73,866
Working Capital	\$800,000

Management Share Holdings

Management and Insiders	12.5%
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Location and Access to the Property

The Providence Mines property consists of six patented mineral claims totaling 65 acres (26.3 hectares) and 22 located claims totaling 425 acres (171 ha). The property is located in the Summerville Mining District, Tuolumne County, California and situated on the east side of the North Fork of the Tuolumne river. The Providence mine shaft is found about 8 km east of the town of Tuolumne and 25 km east of the regional mining center of Sonora.

Access to the property is by all weather gravel road from the town of Tuolumne. Tuolumne can be reached by following California State Hwy #108 east for 55 miles from Interstate #5 at Stockton California.

What Excites me about the Providence Project?

High Grade Potential

In the current market high grade gold resources attract investors. That's because, if it is mined properly (without significant dilution) a high grade asset can make tremendous profits.

Easy Access and Excellent Infrastructure

The project is easily accessible just 8 km east of the town of Tuolumne, a historic mining town that can provide an experienced work force and services for heavy equipment. The area is well serviced by electric power from the California grid. The property is crisscrossed with old logging and mining roads providing excellent access to all of the property.

The Right Geology

Mother lode quartz vein deposits, also referred to as Mesothermal deposits, are known to be very productive and extend to great depths.

Underexplored and not fully Exploited

The Providence deposit was not fully exploited and there is historic evidence that suggests significant gold resources remain. No modern exploration has been performed on the property and not one exploration drill hole was collared.



Photo of Miners at Providence Gold Mine

- **1894:** The Providence Mine was opened by James Gloster and Frank W. Cook. They ran a tunnel from the ravine south of the present Providence Shaft following a narrow vein.
- **1898:** Tuolumne Consolidated Mining Company took control of the mine. In 1901, the mine was sold to the Providence Consolidated G.M. Co.
- **1904:** The Company was sold to New York investors who continued to work the mine under the same name and management.
- **1906:** The mine was leased to H A Wiltze for 18 months. Wiltze sank the shaft to the eleventh and twelfth levels.
- **1907:** At the conclusion of the Wiltze lease, the owner and the lessee could not agree on terms for the extension of the lease and the mine was shut down. The owner was looking to sell the mine. The mine was allowed to flood to the sixth level.

Lease Term: 3 years.

- Initial Payment: CDN\$25,000 on signing
- Work commitments:
 - CDN\$250,000 Year 1
 - CDN\$750,000 Year 2
 - CDN\$1 million Year 3

Upon completion of work commitments Providence Gold mine will have earned a 50% interest in the project

The owner retains a 2.5% Royalty, 1% of which can be purchased for CDN\$ million

Providence Gold Mines can buyout the remaining 50% interest in the mine for CDN\$5 million

If purchased, Providence Gold Mines will have 100% of the mining rights, surface rights, timber rights and water rights on the Patented Claims. Providence will also have 100% of the mineral rights to the Staked Claims.

History of the Providence Gold Mine Property

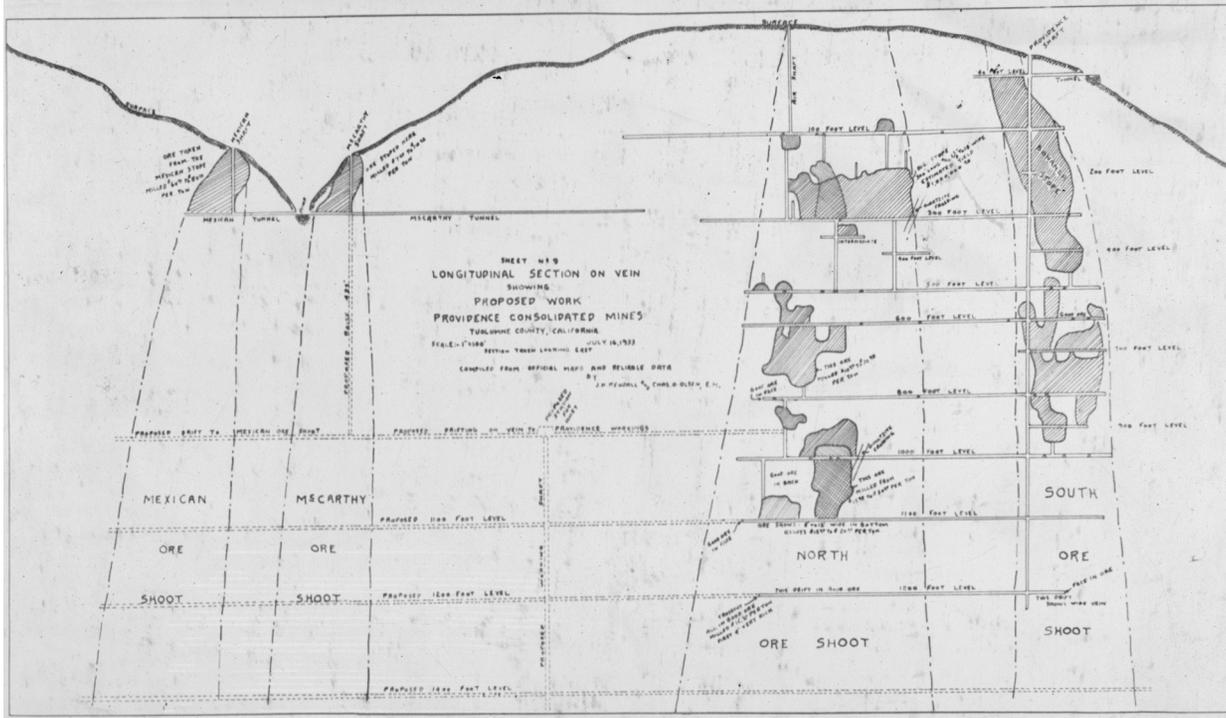
- **1911:** The mine was sold to New Providence Gold Mining Company. The group was underfunded and poorly equipped making mining very slow and expensive. After taking \$15,000 in bullion from the intermediate level between levels three and five and doing a large amount of repair work to the shaft and dewatering the mine to the number eight level, they ran out of development money.
- **1917:** Owing to illness of the owner and war conditions, the mining operations were suspended. Although they still had significant resources blocked out, the owner decided to sell the mine.
- **1918:** A large brush fire destroyed the surface workings of both the Providence Mine and Mill and the Consuelo Mine and Mill as well as all the operation records of the mine, except for a large scale map of the underground workings. The mine remained in probate until the 1930's.
- **1932:** A publicly traded company known as the Providence Tuolumne Gold Mines Inc., acquired the Providence Mine and drove a 904 foot cross-cut to join the Consuelo Mine to the Providence shaft. At Consuelo, "30 feet of vein matter, measuring more than one foot in width has been exposed on the face of the 340 foot drift" was reported. This 904 foot crosscut met the Providence Mine workings at the sixth level. There is no record of further work being completed at the mine.
- **1934:** President F.D. Roosevelt signed the Gold Reserve Act, which fixed the price of gold at US\$35/ oz and effectively closed all but the most profitable mines at the time.



Historic Mill site of Providence Gold Mine (Destroyed by fire in 1918)

- **1942:** The United States government closed down the gold mining industry as an unessential industry during the war. The closure was oriented towards making gold miners available for metal mines.
- **1964:** Fred Ellers acquired the Patented Claims through purchase and auction. The Patented Claims were transferred to The Ellers Family trust in 2,000 AD, when Fred and Mary Ellers established the trust. When Fred died in 2005 Richard F. Ellers became the successor trustee of the trust.

Old Workings and Gold Mineralization



Cross section of Historic ore shoots and underground development at Providence Mine

Summary of Historic Development Work

- A double compartment shaft was sunk to a depth of 1,470 ft. on the dip of the vein.
- Twelve drifts have been run north and south of the shaft on twelve different levels.
- From different levels, crosscuts have been run east or west to develop and open up parallel mineralized zones found in parallel veins. Some of this mineralization has been mined out. In others the mineralization is still in place.
- Historic reports indicate gold mineralization was not mined out in many shoots (stopes).

“...The eighth level was extended 699 feet north, showing a strong vein of good value in the face. At the eighth level near the shaft, a drift has been run in the foot wall ten feet on a spur vein twelve inches wide showing free gold.”

The vein was not followed by the management. It is my opinion as well as the miners who worked there, that by following this small side vein it would lead to something larger, or it may lead to the big Bonanza mineralized zone that has gone down below the floor of the third level...

The tenth level was extended 620 feet north of the shaft. This level produced a large amount of good mineralization still leaving a large vein in the opened stopes when the mine closed.”

Excerpt from a report by James H. Kendall and WM Bluett 1916

Referring to potential mineralization remaining in Providence Mine

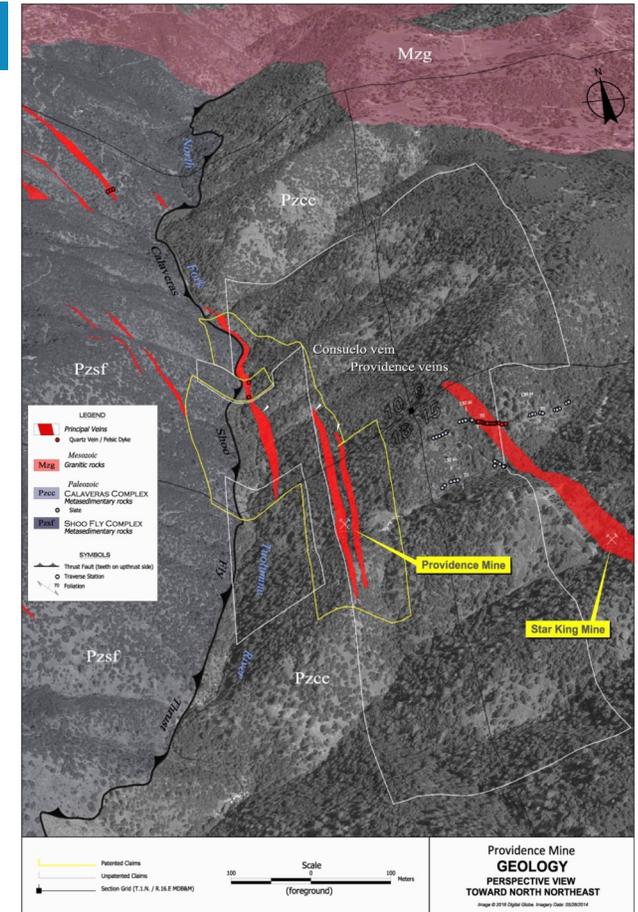
Historic Mineralization at Providence Gold Mine

The following descriptions of the mineralization are based on historical comments by miners and engineers who worked at the mine before it closed down. There is no hard data to support these comments and therefore they cannot be verified at this time. A coordinated exploration program is required to take these comments from hearsay to possible factual information.

- The veins lie parallel to each other striking northwest-southeast and dipping at an angle of about 45 to 60 degrees to the east.
- The mineralization occurs as lenses at varying distances along the veins. These lenses or “mineralized zones” were exposed on various levels of the mine and a large amount of mineralization was extracted.
- In the past single chambers in the mine are reputed to have produced:
 - North deposit (Big Stope) 30,000 oz gold at 0.5-0.8 oz/ton
 - Bonanza Stope 32,000 oz gold
 - Consuelo \$50,000.00 (2,500 oz gold recovered)

Total estimated production from the Providence Mines at \$20 per ounce gold, \$4.5 million (225,000 oz gold recovered).

- The average width of most of these mineralized bodies is about 5 feet. In at least one place the entire structure was filled with mineralization making a large mineable stope over 20 feet wide.
- Although the stopes are not continuous down dip, they do stopes go down 1,000 feet and are continue to the bottom of the mine development.



View of vein systems projected to surface looking towards the northeast.

The Deposit: Motherlode Gold Style

The Providence Mine and the Consuelo Mine both lie within the eastern side of the Motherlode District, a 350 km (200 mile) north-south trending belt of mineralization from Mariposa to the south and Grass Valley to the north.

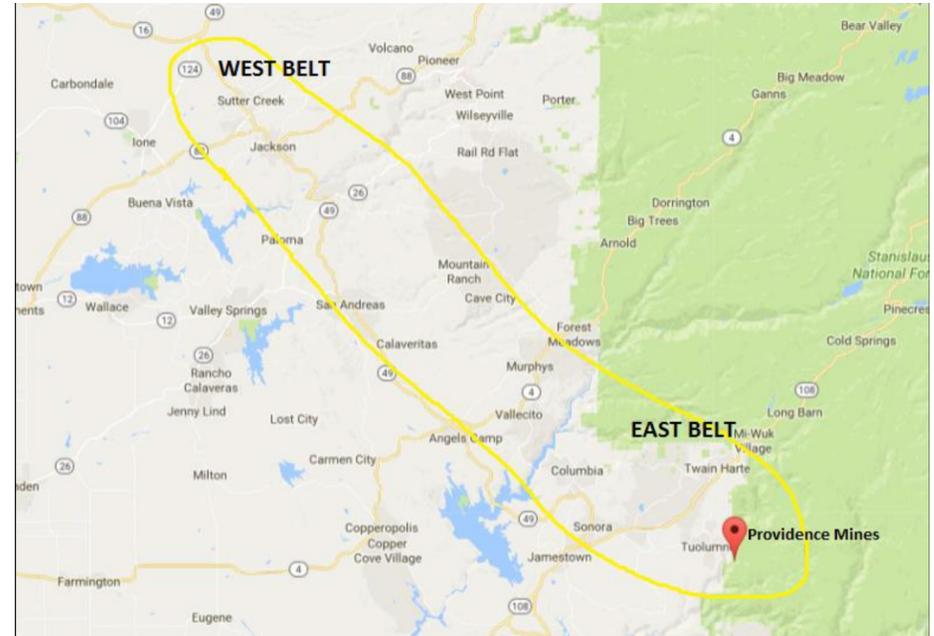
Hardrock mines in the Mother Lode region operated for almost 100 years, until a presidential order during the height of World War II shut most of them down, in 1942. At least eight of the mines boasted total production in excess of 1 million ounces. Overall, hard rock mining accounted for about 60% of the gold produced in the Mother Lode and Sierra Foothills.

Motherlode District deposits are historically deep quartz vein hosted gold deposits that can extend to depths of several thousands of feet.

These deposits are also often referred to as mesothermal, orogenic, greenstone gold (Archean-age), turbidite-hosted (Phanerozoic-age), and slate belt gold (Phanerozoic-age) deposits.

Motherlode quartz vein deposits can range from Tertiary to Archean in age and are primarily mined for their gold content. They generally contain no more than 2-to-3% sulfide minerals, mainly pyrite, and are hosted in allochthonous (fault bounded and/or stacked) terranes dominated by greenstone and turbidite sequences that have been metamorphosed.

Wall rocks contain abundant carbonate and sulfide minerals, quartz, and sericite. Alteration haloes around the mineralization are enriched in arsenic and antimony.



Map of Mother Lode District in California

Historic Production in Mother lode District in California

East Belt (Adjacent to Providence Mines)	Depth Mined	Historic Gold Production*
Buchanan Mine	500 ft.	225,000 oz.
Soulsby Mine	700 ft.	400,000 oz.
Confidence Mine	1,400 ft.	350,000 oz.
Black Oak Mine	2,000 ft.	200,000 oz.
United Mine (Dead Horse/New Albany)	2,100 ft.	575,000 oz.
West/Central Belt	Depth Mined	Historic Gold Production
Keystone Mine	2,600 ft.	1.2 million oz.
Carson Hill Mine	3,000 ft.	1.3 million oz.
Central Eureka Mine	4,855 ft.	1.8 million oz.
Argonaut Mine	5,570 ft.	1.0 million oz.
Kennedy Mine	5912 ft.	1.5 million oz.

* Note: Mill recoveries at the time were only about 50%

Permitting

Despite the rich history of gold mining in California the current permitting environment in the State is strict and as a result permitting a mine can be an onerous task.

Nevertheless, it is not impossible and there are a number of companies operating open pit mines in the State. For Example, both New Gold and Golden Queen Mining are producing gold from large open pit projects in California.

The Providence mine complex has some advantages in this permitting arena. It is seeking to acquire a vested (grandfathered) status. If this status is granted, it will make permitting easier and faster.

The owner and optioner of the Providence property is a retired permitting lawyer. He holds the opinion that given the location of the property and economic need of the surrounding area, that the permitting process, if researched and submitted properly, will be successful and take about two years.

That being said, step number one will be to prove to the market that high-grade mineral resources exist at Providence.

Providence Mine Photos



I believe that Providence Gold Mines has acquired a very exciting historic gold mine that has the potential to host significant high-grade gold mineralization.

The company geologist stated that he is confident that with systematic exploration and drilling, several more mineralized veins will be located which should contribute to increasing resources, not already noted in the historical comments.

I am of the opinion that good underground mining opportunities are often overlooked in the market since they tend to be smaller operations that have lower mill throughput. However, if their metal grades are high, they can be extremely profitable if they are mined properly.

A very experienced and successful underground miner once told me that he didn't mine for tonnage, he mined for grade. He would much rather mine less rock and recover more gold. That is the key to these high-grade underground mines. Many of them have narrow veins but dilution, in the form of too much waste rock going through the mill, ruins the mine's profitability.

That being said, if you want to develop a highly-profitable gold mine, you will require a sound mine plan. The key to developing a good mine plan is having a firm understanding of the controls of mineralization. Providence Gold Mines plans to do just that.

Their first step will be to determine what is controlling the high-grade gold mineralization and then target other areas that show similar characteristics. Doing this should allow them to efficiently and more importantly, economically, drill off a resource and build a mine plan that works best for this particular historic mine.

I feel that if investors in Providence Gold Mining will be rewarded with very impressive results if they have patience to wait for quality geological science to show the way to the mother lode.

Providence Mine Exploration

Surface and underground geological mapping and prospecting is designed to investigate the structural controls of mineralization.

A program of surface and underground channel sampling together with detailed soil geochemistry is planned.

PHD is also planning a modern 3D laser survey of accessible underground workings. This will be followed by structural mapping and sampling by geologist Gordon Gibson, P.Geo. The planned program is expected to be completed by the middle of September at which time follow up drilling is expected.

Phase 1 (~CDN\$260,000)

- Geological mapping of surface rocks and underground workings.
- Develop a structural model and determine controls for the location of various known mineralized shoots.

Phase 2 (~CDN\$775,000)

- Core Drilling, dewatering and reclamation of mine.

Phase 3 (~CDN\$1,000,000)

- Reclaim underground workings
- Rehabilitate inclined shaft
- Sample the underground workings via channel sampling and underground drilling.

Ronald Coombes, President & CEO and Director

Mr. Coombes is an experienced mining entrepreneur. He has been involved in mineral exploration and junior exploration company management for over 20 years, and has raised significant funding at home and internationally for various projects, including the Storie molybdenum deposit near Cassiar in northern British Columbia. Mr. Coombes has been responsible for the acquisition, exploration and development of several potentially significant VMS copper targets at the Marshall Lake and Norton Lake properties located in Ontario, Canada, and as well on numerous other exploration properties in Canada, USA and Mexico working closely with all levels of management and personnel. He is currently a director of Lincoln Mining Corp. which is currently developing the Ora Cruz and Pine Grove Gold bearing properties in California and Nevada.

Robert Eadie, Chairman and Director

In the past 20 years, Mr. Eadie has been actively involved in public resource companies raising over \$100 million dollars for various exploration and development projects around the world. Over the years, Mr. Eadie has built an impressive network of contacts in Europe, North America and Asia and has established a reputation as the catalyst behind various successful start-up resource companies. He brings extensive marketing and public relations expertise to the board and makes executive decisions based on long term sustainable growth. Mr. Eadie advocates open dialogue between management, directors, and shareholders as a key ingredient to success.

Mr. Eadie resides in Mexico City. He is a predominant business figure, family man and compassionate community member. Mr. Eadie's unique past experience as a private business owner reflects his down-to-earth approach to business and dedication to company growth. He is currently President and CEO of Starcore International Mines Ltd., a public company listed on the Toronto Stock Exchange.



Quartz vein with iron carbonate in Providence Gold Mine

Gary Arca CA CFO & Director

Mr. Arca is a Chartered Professional Accountant and has been a member of the Canadian Institute of Chartered Professional Accountants and British Columbia Institute of Chartered Professional Accountants since 1980. Mr. Arca was a partner with two separate public accounting firms from 1996 to December 2005. Mr. Arca has extensive experience dealing with public companies and, since 2005, has served as a director of many publicly traded resource companies. Mr. Arca is currently a Director and CFO of Starcore International Mines Ltd., a public company listed on the TSX.

Michael D. Sweatman, Director

Mr Sweatman is a Chartered Professional Accountant and has operated MDS Management Ltd., a Vancouver-based management consulting company, since November 1992. He obtained his Bachelor of Arts degree in economics and commerce from Simon Fraser University, gained his CA designation in 1982, and is a member of CPA British Columbia and the Yukon Territory. He has served as a director and officer of a number of public companies over the past 25 years and is currently the President and CEO of Eureka Resources. He is also a director and Chairman of Nevada Sunrise Gold Corp. (TSXV: NEV), a Director of Marifil Mines Limited (TSXV MFM) and formerly a Director of Mega Precious Metals Inc. (TSXV: MGP), which was in 2015 acquired by Yamana Gold Inc. (TSX: YRI), and Cortez Gold Corp. (TSXV: CUT), which was acquired by Starcore International Ltd. (TSX SAM).



Historic rail tracks in Providence Mine that hauled ore out of mine.

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