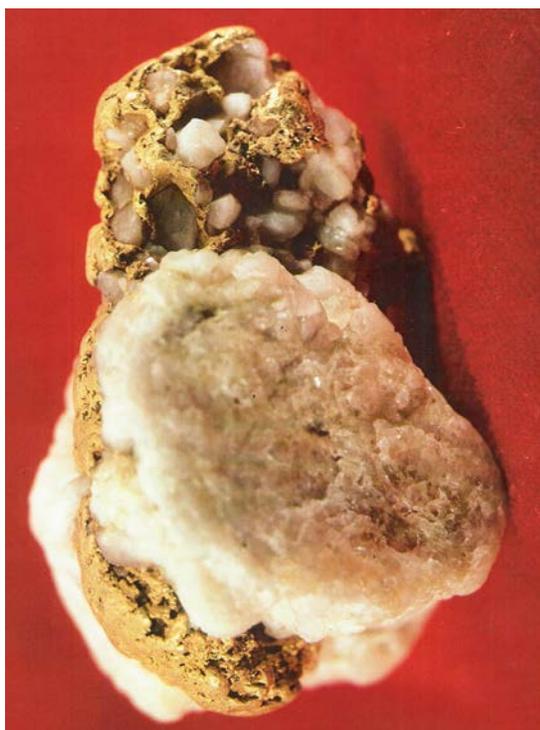


Caribou Project

Avalon Development Corporation Summary Report 2015

The Caribou Creek (No Grub Creek) gold project is located in the uplands of the Salcha River drainage in eastern-interior Alaska approximately 100 kilometers west of Fairbanks, Alaska in the Big Delta C-4 quadrangle. Alaska State Mining claims occur in the southern portion of the project area and are bordered to the north by lands owned by the Alaska State Mental Health Land Trust. Access to the property is via helicopter or fixed wing aircraft with roads and trails allowing access from airstrips at Caribou and Pasco Creeks. A winter trail follows the Salcha River from the Richardson Highway bridge and ATV trails allow ridgetop access from the Richardson Highway. No Grub Creek is accessible primarily by watercraft by way of the Salcha River from the Richardson Highway bridge.



Placer gold was discovered in the district in 1905. Over 50,000 ounces of gold were dredged from Caribou Creek in the 1940s and 1950s and over 5,000 ounces of gold was reported to have been extracted from the gravels of No Grub Creek in the early 1940's. Small scale placer mining has sporadically resumed on No Grub and Caribou Creeks since the 1950's, however, the number of ounces produced from these operations is unavailable to the author at the time of writing. It is reported that placer miners recovered gold on Butte and Pasco Creeks prior to 1940. The amount of gold produced during these operations is also unavailable to the author. Recreational mining on No Grub and possibly Caribou Creek continues to this day. Reports of placer bismuth nuggets continue to draw attention to the region due to the Bi-Au association at Fort Knox and Pogo. A number of gold lode prospects have been identified in the Caribou Creek project area since the early 1900's. Recent lode

exploration, dating from the 1970s through 2001, has identified a series of gold and gold-pathfinder element anomalies within or adjacent to the western margin of the No Grub Creek Pluton. There has been no confirmable past lode mining on the project and there currently are no NI-43-101 compliant resources on the Caribou Creek project.

The project is underlain by a highly deformed northeasterly trending belt of Precambrian to Paleozoic schists of the Yukon Tanana Terrane which have been intruded by Late Cretaceous felsic plutons. The country rock is composed of interbedded quartz-mica schist, marble, quartzite, calcareous quartzite, arkose and mafic volcanic tuff which have been metamorphosed to the garnet-staurolite subfacies. These rocks are cut by a set of high angle NE-trending faults

that cut a set of younger EW-trending faults, which subsequently cut sets of NW-trending high angle faults. This structural framework is most evident from aeromagnetic and geomorphologic lineations and has been confirmed on the ground by successive geological mapping programs. Most of the known gold occurrences on the project are intrusive-related and commonly are structurally controlled in high angle normal faults, contact zones and shear zones. Gold is associated with elevated arsenic, antimony, and locally, bismuth and tungsten. Hydrothermal alteration is predominately quartz-sericite with sulfides. Local hornfelsing, silicate-sericite alteration, and arsenopyrite-stibnite-bismuth mineralization occur on the project.

Based on available geological, geophysical and geochemical data, the No Grub-Caribou Creek prospect shares several significant characteristics with genetically related and time-equivalent mid-Cretaceous plutonic activity in the nearby Fairbanks Mining District. The 2.4 Moz Ryan Lode deposit 110 kilometers to the northwest may be the model most similar to the gold geochemical anomalies in the No Grub Creek drainage basin. Similarities between the two areas include high grade metamorphic host rocks, fault-controlled mineralization, an Au-As-Sb geochemical signature, and a nearby pluton source. Also located in the Fairbanks Mining District, Cleary style high grade mineralization (500,000oz), 95 kilometers to the northwest may be another model similar to the gold geochemical anomaly in the headwater region of No Grub Creek. Similarities between the two areas include high grade metamorphic host rocks with structurally controlled mineralization hosted by schist-only high angle shear zones. Associated metals are Au, As, Sb, and W, hosted in quartz \pm sulfide veins, with sericite alteration of metamorphic host rocks, and a nearby pluton source.

Gold mineralization occurs in several styles at the No Grub-Caribou Creek project. Most of the known gold occurrences on the project are intrusive-related and commonly are structurally controlled in faults, contact zones and shear zones. Quartz-sericite and sulfidation are the dominant alteration styles. Chip channel rock sample results show the highest Au values hosted predominantly in blue-grey quartzite. The quartzite contains abundant fractures, iron-stained, disseminated sulfide veinlets, and trace sericite. Sulfides consist of weathered pyrite (2-5%) and arsenopyrite (0-1%) \pm very fine-grained disseminated stibnite (<1%). These rocks are proximal to an east-west trending secondary shear zone (Lessard 2006). Tourmaline + arsenopyrite + quartz + scorodite + pyrite + sericite veins occur in the Caribou Creek drainage. Veins and breccias with this mineral assemblage also occur in apparently fault-controlled vein-breccia zones on the ridgeline between Caribou Creek, and No Grub and Pasco Creeks. Geochemically, Caribou Creek mineralized occurrences are anomalous in Au, As, Sb, and in some prospects, Bi and Ag.

Previous workers suggested that an undiscovered 92 Ma pluton underlies the ridge between No Grub and Caribou Creeks and is responsible for the gold mineralization in the Caribou Creek project area. The textures, mineralogy, and metal ratios of the known gold-bearing rocks in this area suggest they are as far as a kilometer from the parent pluton; it is suspected that they are this distance above the pluton. This location for the hypothetical gold-related pluton is supported by the fact that the majority of the placer gold found in the region was in the No Grub and Caribou Creek drainages. Insignificant placer gold was reported from Pasco and Butte Creeks. This hypothetical pluton provided the fluid necessary to carry valuable metals along previously established faults, and as the fluid cooled it deposited quartz with Au, Bi, and

Te minerals along with associated hydrothermal sericitization. If this model is correct, then the search for additional lode gold should be focused on the central, kyanite-bearing fault-bound block encompassing the southern end of the ridge between No Grub, Bullfrog, and Caribou Creeks.

The exploration program conducted by NovaGold in 1998 and 1999 successfully identified three kilometric scale drill targets on the No Grub-Caribou property. Each of the three areas consists of anomalous gold, arsenic, antimony, and bismuth in surface rock chip and soil geochemical sampling. Sericitization, silicification, and sulfidation are the main alteration phases associated with gold mineralization in these zones. These areas were designated; The No Grub Zone, The Headwaters Zone, and the Caribou Zone. The highest grade mineralized occurrences within these zones are within or proximal to shear zones or in structurally prepared zones peripheral to the northeast-elongate No Grub Pluton. Although some mineralized anomalies in the project area appear to be controlled by northeast trending structures, the trend of the highest grade shear in the No Grub Zone is east-west trending and along a secondary structure to the dominant NE trending No Grub Fault. Additional outcrop exposures and shear zones outside of the three defined anomalous zones identified at the No Grub-Caribou Creek project have received only limited exploration.

Potential exists at Caribou for significant grade-tonnage accumulations of intrusive and/or gneiss-hosted gold mineralization similar to that currently being explored and mined at the Pogo deposit to the east, and in the Fairbanks District, to the northwest.

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