Frenchie Prospect
Avalon Development Report -- 2014

Highlights:

- Gold values to 11 gpt (grams per ton) over 1 meter (3 feet)
- Zinc content to 4.8% Zn over 13 feet (3.9 meters)
- Basal pyrite layer is highly conductive
- Modern helicopter electromagnetic (HEM) and airmagnetic databases
- Detailed soil geochemical database

Zarembo Island and the Frenchie prospect are located 15 miles (24 kilometers) west of the town of Wrangell, Alaska near the headwaters of St. John's Bay; a deep water and sheltered anchorage in southeastern Alaska (fig. 1). The area is accessible by boat or float plane. There is a well-developed dock and road system on Zarembo Island. There is a new logging road into the claim area.

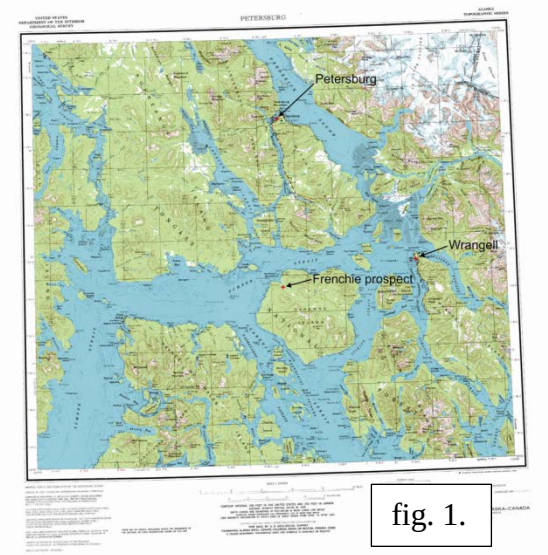
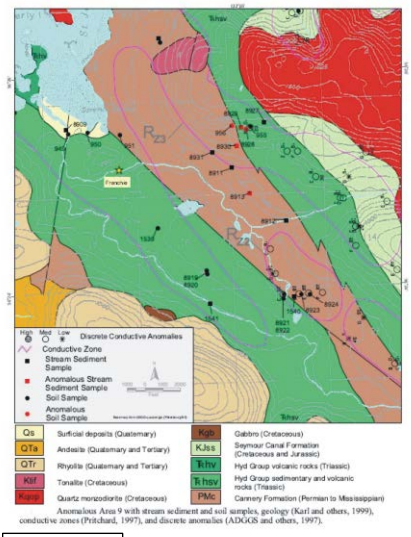


fig. 1.

The Frenchie project consists of 54 unpatented Federal lode claims covering approximately 1080 acres and is owned 100% by Wrangell-based Zarembo Minerals Co. L.L.C. The claims are registered in the Petersburg Recording District under U.S. Bureau of Land Management (BLM) case files recorded in Anchorage, Alaska; and at the Wrangell ranger district office of the U.S Forest Service in Wrangell, Alaska.



Anomalous Area 9 with stream sediment and soil samples, geology (Karl and others, 1999), conductive zones (Pritchard, 1997), and discrete anomalies (ADGGS and others, 1997).

fig 2.

Gold and massive sulfide exploration has occurred on Zarembo Island and in the area of the Frenchie prospect since the early 1900's. Limited drilling has been done but until the early 1980's, no comprehensive exploration was conducted using the Greens Creek model for volcanogenic massive sulfide (VMS) mineralization or epithermal and intrusive related gold models for gold mineralization. Reconnaissance-scale prospecting and drilling by Zarembo Minerals Co. has resulted in discovery of widespread Pb-Zn-Ag-Au VMS near and to the northwest of the Frenchie prospect. Preliminary results indicate that the area has potential to host a Greens Creek-style VMS deposit.

The Frenchie prospect is hosted in rocks of the Hyd Group (fig 2). Hyd Group (late Triassic) rocks at Frenchie are a complex mixture of brown and black shale, dark gray and black argillite and minor

AVALON DEVELOPMENT CORPORATION
P.O. Box 80268, Fairbanks AK 99708
907-457-5159 Fax: 907-455-8069 avalon@avalonalaska.com

calcareous sediments. Cannery Formation (Permian) rocks are present north and east of Frenchie and are dominated by dark gray phyllite.

DEPOSIT TYPES

Based on field visits by the author to Woewodski Island and to the Greens Creek Mine near Juneau, between 1978 and 2009, and work on Zarembo Island between 2004 and 2014 it is believed that the VMS mineralization at Frenchie is very similar to Hyd Group-hosted mineralization at Greens Creek. Rocks near Frenchie contain at least two distinctive and genetically unrelated types of mineralization.

1. **Triassic VMS mineralization:** Syngenetic VMS mineralization occurs at the Frenchie prospect fig.3. Zarembo Minerals Co. drill holes in 2006 and 2009 at Frenchie contain mineralization that is characterized by bedded semi-massive to massive precious metal enriched zinc-lead-copper sulfide mineralization in pervasively quartz-sericite altered metasedimentary and metavolcanic host rock.

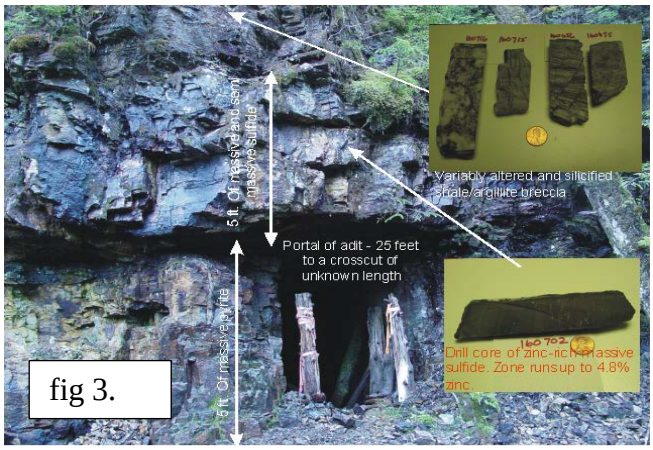


fig 3.

The portal, adit and crosscut (unknown length) were constructed some time near the beginning of the twentieth century. The underground work was driven on a massive pyrite layer near the base of the mineralized section (fig. 3). Zinc to lead ratios are relatively high (~10:1) in areas with low-grade disseminated and semi-massive mineralization while zinc to lead ratios are considerably lower (<5:1) in areas where massive sulfide mineralization is best developed. Silver to gold ratios are highly variable and range from 5.1:1 to 684:1. Silver values appear to be closely linked to zinc and lead concentrations but gold is less clearly associated with elevated base metal values. Rock exposures west of the discovery outcrop at Frenchie contain 16.5 feet (5 meters) of semi-massive sulfide containing 1-2.5% Zn, 0.2 %

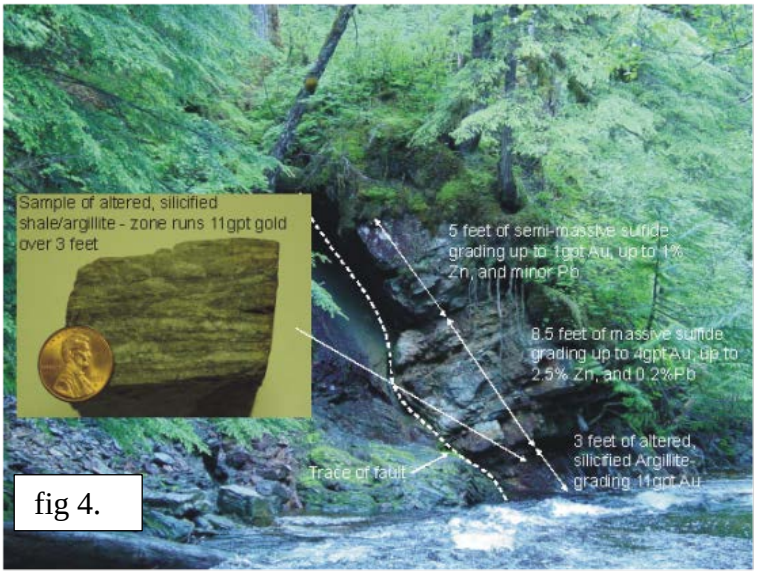


fig 4.

Pb, minor Ag and up to 11 gpt (grams per ton) (fig. 4). Au (gold) Metallic screen analysis indicates that 80% of the gold values are contained in the +80 mesh fraction, indicating that there is a coarse-grained component to the gold content.

The basal pyrite layer is highly conductive (fig 5.) and is present on helicopter electromagnetic (HEM) surveys conducted by Dighem under contract with the Alaska Division of Geological Surveys (DGGS) and the U.S. Bureau of Land Management (BLM) in 1996.

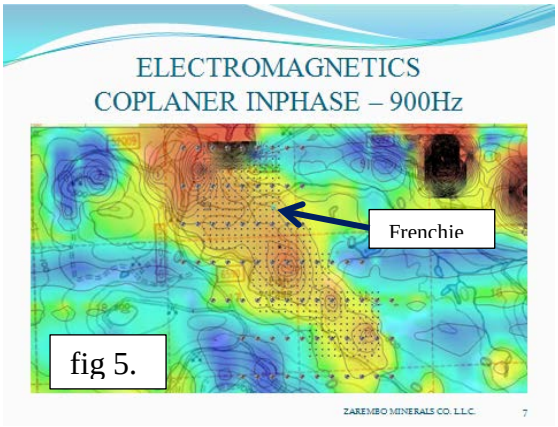


fig 5.

The footwall(?) of the mineralized section is exposed in Frenchie Creek. At this exposure; the footwall is a very coarse-grained muscovite-quartz semi-schist.

2. **Epithermal(?) Au-Ag-As-Sb mineralization**: Epithermal style mineralization (fig 6.) with associated pyrite is present south of the Frenchie prospect. Quartz vein swarms are hosted in northeast-trending structures in or adjacent to intensely altered felsic volcanics. This style of mineralization has not yet been explored in detail. The undeformed nature of these rocks and contained veins indicates that they are younger than and likely unrelated to the VMS mineralization at Frenchie.


Fig 6.

Recommendations:

- Seek outside funding
- Reprocess airborne geophysical data
- Conduct 3D - Induced polarization survey (3D modelling)
- Collect additional soil and rock samples
- Continue to prospect and map
- Drill coincident geophysical and geochemical anomalies

Interested parties should contact:
Curt Freeman, President
Avalon Development Corp.
PO Box 80268
Fairbanks, AK 99708
Phone: 907-457-5159
Fax: 907-455-8069
Email: avalon@avalonalaska.com