

LAURA CREEK

GEOLOGICAL EVALUATION

DAWSON MINING DISTRICT, YUKON TERRITORY

PROSPECTING LEASE CERTIFICATE NUMBER: ID01195

DESCRIPTION: RLT OF KLONDIKE SOUTH RIVER

NTS MAP SHEET: 116B01

UTM COORDINATES: 07N 633406 m E 7101146 m N

FIELD WORK COMPLETED AUGUST 29 - 30, 2014.

BY

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September 15, 2014

SUMMARY

A Geological Evaluation was conducted on prospecting lease ID01195 on the dates of August 29 - 30, 2014. Clayton Jones, author of the report, traversed the valley walls of Laura Creek and mapped the surficial and bedrock geology.

A test shaft conducted upstream from lease ID01195 in the spring of 2014 encountered significant placer gold values with an average of 0.4 g Au per cubic meter. The pay dirt was approximately 1 m deep and overlain by approximately 28 ft of overburden. Lease ID01195 was subsequently staked after the discovery.

Prior to the 2014 test shaft, no documented exploration for placer has occurred on the drainage. However, test pits and shafts were noted a mile up the Laura Creek drainage while conducting the geological evaluation. The trees growing on top of the tailings piles suggest they were excavated more than 70 years ago. This correlates with the time period when the Ditch Road was being constructed and it is hypothesized that gold was discovered during the excavation of the ditch across the Laura Creek mouth and workers subsequently decided to test the drainage for richer and shallower areas.

The purpose of the geological evaluation was to ground truth the regional surficial mappings conducted by A. Duk Rodkins in 1996 and ultimately determine a general placer gold evolution model to explain the gold currently discovered upstream. In addition the geological evaluation will help to design future exploration programs.

The evaluation showed that lease surficial geology was relatively consistent with regional surficial mapping. The upper portion of the lease contains increased valley fill with limited outcrop. The right limit of the valley contains a steep terrace wall of glaciofluvial gravel presumed to be derived from outwash deposits of the Pre Reid glaciation. It is postulated that the glaciofluvial terrace has sluffed down the hillside and is in fact conforming to an incised bedrock wall as seen at the lower end of Laura Creek. Geophysical induced polarity (IP)/resistivity survey lines are highly recommended to be conducted perpendicular to the valley in order to determine the depth to bedrock and channel width.

The lower portion of Laura Creek valley contains much less valley fill as both valley walls contain primarily bedrock or colluvium. A test shaft is recommended at the lower portion of Laura Creek as overburden thickness near the center valley bottom may be significantly less than the upper portion.

Based on the two day field work, 2014 shaft stratigraphy and regional surficial geological mapping; a placer evolution model has been hypothesized. It appears the Pre Reid glaciation flowed from the east south east (following the Tintina Trench) crossing over the paleo Laura valley perpendicular/obliquely. As observed in other glaciated placer districts (Livingstone), it is theorized that original auriferous gravels developed in the paleo Laura Creek valley, prior to the Pre Reid glaciation (Late Pliocene (10 – 3 ma), may have been preserved and not scattered by the advancing ice sheet. The subsequent retreat of the Pre Reid ice sheet resulted in valley fill in Laura Creek with weakly auriferous glaciofluvial outwash deposits derived from local periglacial gravels in the area. Post pre Reid, Paleo Laura Creek was not exposed to any more ice sheets and the glaciofluvial outwash terrace would have incised the weakly auriferous glacial fluvial outwash gravels, further concentrating the gold along the bedrock channel forming present day Laura Creek Valley. And lastly the valley was capped with colluvium and organic matter the formed during the Upper Quaternary period (50 Ka to present).

The placer evolution model resembles that of the Bonanza and Hunker Creeks of the Klondike gold fields however the re - concentrated gravels are compositionally and depositional different. The source of gold is presumed to be derived from the Tombstone suite intrusives and associated mineralized quartz veins of the Brewery Creek area.

Several small test pits along the right limit gravel terrace are recommended to be excavated and material panned in order to determine if the glaciofluvial terrace in fact contain weakly anomalous gold and further supports the placer evolution model suggested in this report.

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1.0 INTRODUCTION

1.1 GENERAL

Placer Lease ID01195 was staked by Jay Jones on June 26, 2014. The lease was staked after obtaining good results from a test shaft located upstream on the Brewmaster claims. Refer to figure 1 showing the shaft location. Geologist Clayton Jones conducted the geological evaluation on the lease during the dates of August 29 to 30, 2014. The following report was compiled from data obtained in the field and in addition from data obtained from government geological and surficial mapping. The main purpose of the report was to derive a general placer gold evolution model and using this model, design an exploration program to test for placer gold. The costs of the geological evaluation will be used as a portion of the assessment work required for the lease.

1.2 UNITS AND CURRENCY

Metric units are used throughout this report. Tonnages are shown as tonnes (1,000 kg), linear measurements as metres ("m"), or kilometres ("km") and precious metal values as grams per tonne ("g/t") and/or parts per billion ("ppb").

Conversions: 31.1034 grams = 1 troy ounce
 1 gram per tonne = 0.0292 troy ounces per ton
 1.0 metric ton (1,000 kg) = tonne ("t") = 1.10231 short tons ("T")
 1 part per million ("ppm") = 1000 parts per billion ("ppb")
 1.0 metre ("m") = 3.28 feet
 1.0 hectare ("ha") = 2.47105 acres

Currency amounts are expressed in Canadian dollars ("CDN\$"), unless indicated otherwise. Geological time scale units are used throughout the report. Billions of Years ago is denoted as (Ba), Millions of years ago is denoted as (Ma), and Thousands of years ago is denoted as (Ka).

1.3 LEASE INFORMATION

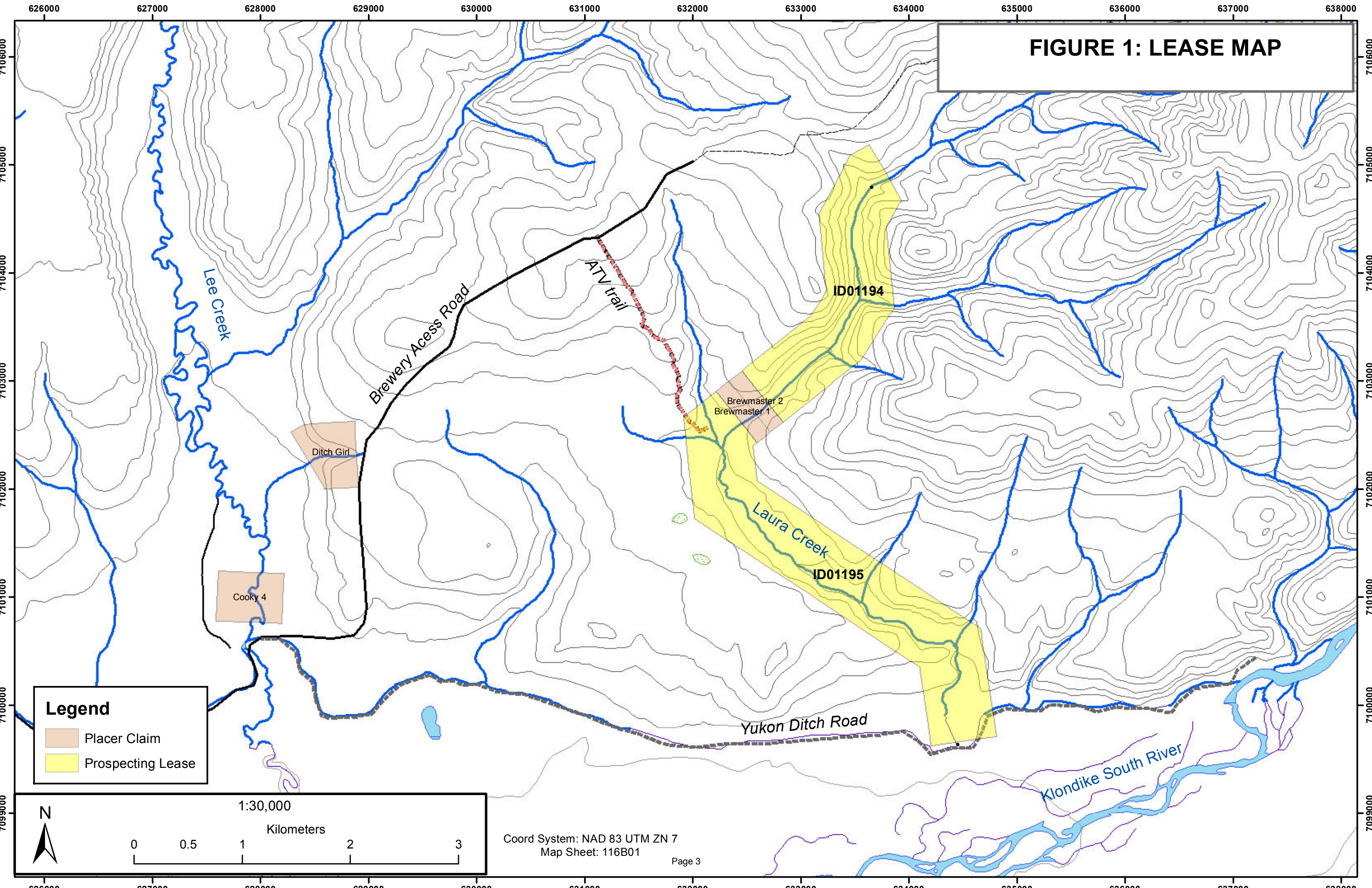
The geological evaluation was conducted on placer lease ID01195. The lease is located in the Dawson Mining District within the 1:50 000 NTS map sheet 116B01 and situated along the lower portion of Laura Creek, a right limit tributary of the Klondike South River. The 3 mile placer lease was staked by Jay Jones on June 26, 2014 and is 100% owned by Jay Jones. The lease expires July 2, 2015.

The prospecting lease is located within a large package of 1075 quartz claims that make up the Brewery Creek Property that is owned by American Bullion Royalty Corporation and Golden Predator Mining Corporation. The Brewery Creek quartz property contains a class 4 quartz land use permit. Refer to figure 1 for the prospecting lease map and table 1 for detailed lease information.

TABLE 1: LEASE INFORMATION

Placer Prospecting Lease Information							
<i>Grant Number</i>	<i>Owner</i>	<i>Staking Date</i>	<i>Recorded Date</i>	<i>Expiry Date</i>	<i>Mining District</i>	<i>Status</i>	<i>Length</i>
ID01195	Jay Jones	6/26/2014	7/2/2014	7/2/2015	Dawson	Active	3 Mile

FIGURE 1: LEASE MAP



Legend

- Placer Claim
- Prospecting Lease

N

1:30,000

Kilometers

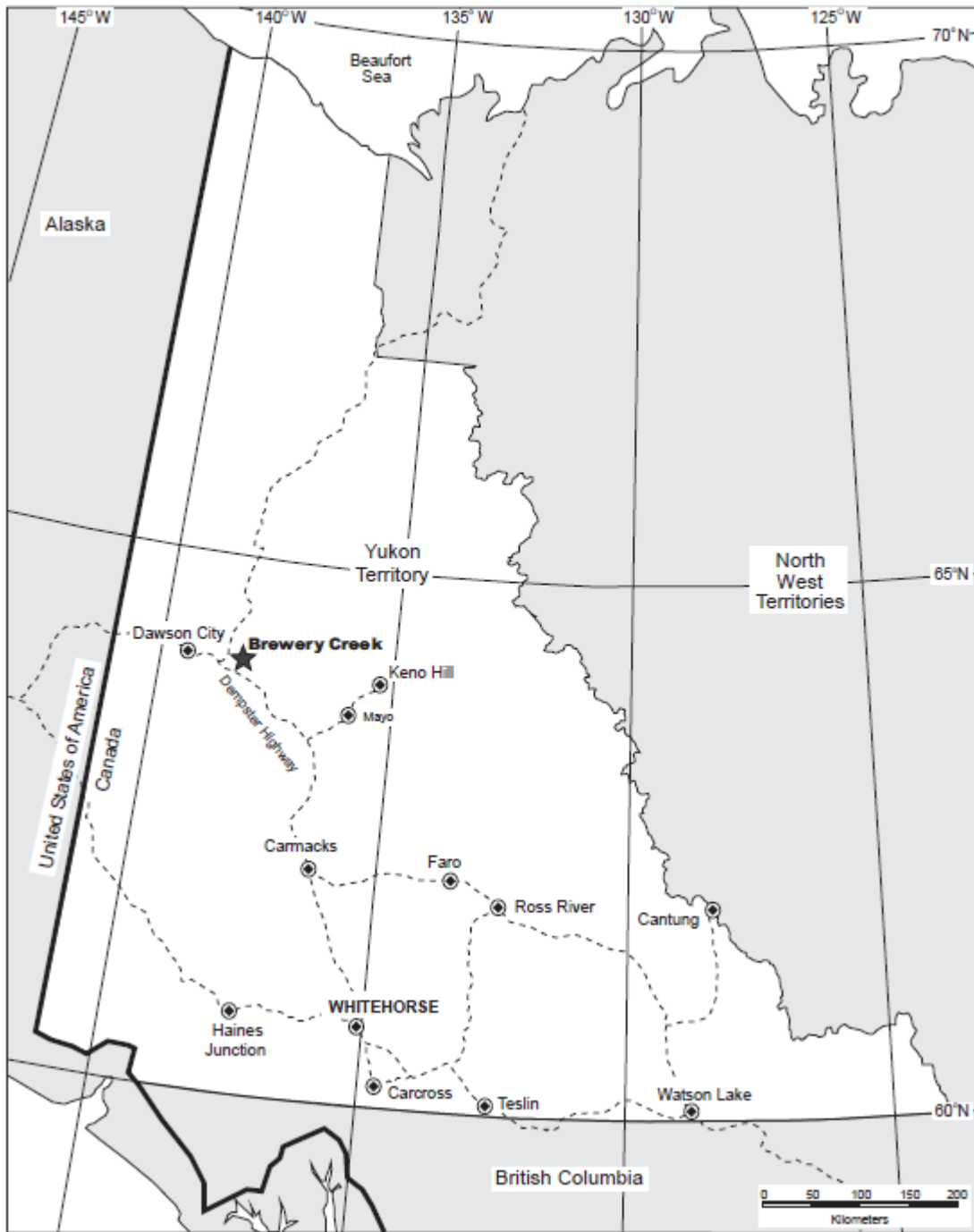
0 0.5 1 2 3

Coord System: NAD 83 UTM ZN 7
Map Sheet: 116B01

2.0 LOCATION AND ACCESS

The lease is centered at approximately UTM 07N 633406 m E 7101146 m N on the NTS 1: 50 000 map sheet 116B01. The Lease is located approximately 55 kilometers east of Dawson City, Yukon and drains the western extension of the Brewery Creek gold mine that was operated by Viceroy Resources Corporation from 1996 to 2002. Refer to figure 2 for the property location map. The area can be accessed from Dawson City, Yukon by taking Highway 7 (Klondike Hwy.) and Highway 5 (Dempster Hwy.) and the Brewery Creek Mine access road (public). The upper portion of the lease can be accessed via an ATV trail and the lower portion of the lease can be accessed by a 4 wheel drive vehicle via the Yukon Ditch rd. Refer to figure 1 showing access roads. The Brewery Creek mine area lies between the two richest placer districts in the Yukon Territory (Klondike and Mayo-McQuesten).

FIGURE 2: LOCATION MAP (modified from Lindsey, 2006)



3.0 HISTORY

The Brewery Creek area is located between Yukon's richest historical and currently producing placer districts. The Klondike gold fields are located 40 km west of the leases and have produced over 20 million ounces of gold since its discovery in 1896 and remains the top producing placer district in the Yukon with over 33 337 ounces of gold produced in 2011 (Bond, 2012).

The general area that prospecting lease covers has been subjected to significant historical hard rock exploration in the past 25 years. Anomalous gold concentrations were first discovered in stream sediment samples conducted by the Geological Survey of Canada (GSC) in the mid 1980's. The hard rock source of gold was later discovered by Noranda Exploration in 1987 and was subsequently mined by Viceroy Resources Corp. from 1996 to 2002 (YGS, 2008). The Brewery Creek mine recovered 266 537 oz of gold from near surface oxide deposits and Americas Bullion Royalty Corporation (ABRC), now owner of the deposit, has demonstrated the deposit contains an Indicated oxide resource total of 577,000 troy ounces of contained gold in 14,152,000 tonnes of material at 1.27 g/t Au and Inferred oxide resource total of 279,000 troy ounces of contained gold in 9,309,000 tonnes of material at 0.93 g/t Au (Husle, 2012). To date the Brewery Creek property has been explored for shallow oxide gold deposit as it is much easier to extract the gold from the oxide ore compared to deeper seated sulphide ore. Sulphide ore at depth has seen limited exploration to date and has strong potential to host a large low grade bulk tonnage gold deposit similar to the 45 million oz gold Donlin Creek deposit in south western Alaska, USA. Despite the limited sulphide ore exploration, ABRC has demonstrated an Indicated sulphide resources total of 142,000 troy ounces of contained gold in 3,459,000 tonnes of material at 1.28 g/t Au (ABRC website).

The gold contained in the Brewery Creek deposit is hosted in Cretaceous (65 – 100 ma) porphyritic intrusives and surrounding meta-sediments and is structurally controlled by an east west thrust fault. A total of 8 main oxide deposits are located along a 12 km east west mineralized corridor. The placer lease drain the Pacific, Blue, Moosehead, Canadian, Foster, and Kokanee open pits of the western extension of the mineralized corridor.

The gold mineralization at Brewery Creek consists primarily of micron sized particles contained within fine disseminated arsenopyrite and pyrite grains. This is not a standard lode source for

placer deposits, however many coarse placer gold deposits throughout Yukon and Alaska are located near low grade, bulk tonnage gold deposits or no hard rock gold source at all. The best example of this phenomenon is the numerous placer gold deposits that surround the low grade bulk tonnage Donlin Creek gold deposit in the Iditarod placer district in Alaska, USA. The Donlin Creek gold deposit shares very similar geological and mineralogical characteristics to that of the Brewery Creek gold mine. The gold at the Donlin Creek hard rock deposit is also micron size and contained in fine pyrite and arsenopyrite grains. Recent Research has shown that organic microbes in supergene conditions can cause gold dispersion and secondary precipitation of gold potentially aiding in the coursing of gold grain, forming gold nuggets (Reith 2006, Reith 2010).

In the spring of 2014 a single shaft was sunk on the Brewmaster 1 claim. The bottom 3.5 feet contained 0.6 gram gold with averages to about 0.4 gram per cubic meter. Refer to figure 3 for results obtained from the shaft. The pay dirt (3.5 feet) is a poorly sorted and crudely stratified, matrix supported clay sand cobble boulder gravel and is overlain by approximately 5 feet of similar but more oxidized and less clay bearing sandy muddy cobble gravel. This unit is capped by a 3 ft organic rich silty clay gravel followed by 21 feet muck (approx. 28.5 feet overburden). Refer to figure 4 for shaft stratigraphy.

Three old pits/shafts were discovered approximately 1 mile up the Laura Creek valley. In addition several artefacts were discovered. The artifacts included three rusted out buckets and some sheet metal. The pits ranged from 6X6ft to 3x3ft and were spaced 5 meters apart across the width of the valley floor. The pits were all caved in and filled with 1 m water. It is unclear if bedrock was reached but all shaft penetrated the organic layer as there were gravel piles beside the pits. The size of the piles of dirt suggest the pits/shafts were relatively shallow (< 15 ft). The gravel piles are subtle humps with a 30 cm moss mat growing on top. One pit may be the remnants of an old shaft and contains cribbing at the base. The largest tree growing on top of the gravel piles was estimated to be 70 years old (number of rings at base). It is postulated that the shaft was sunk around the time the Yukon Ditch was being constructed. The Yukon Ditch was a water canal diverting water from the south Klondike River to the to the North Klondike River and provided additional water to the hydroelectric plant when the North Klondike water supply could not keep up with the demand. The construction of Yukon Ditch was financed by the Yukon Consolidated Gold Corporation and commenced around 1928 and finished in 1937. It is hypothesized that gold was encountered from the ditch excavations at the mouth of the Laura Creek drainage. Workers subsequently followed up by minimal test shafts

upstream in search of richer and shallower ground. It is unclear why there are 3 pits/shafts 5 meters apart. Either the pits were abandoned half way through for whatever reason or gold was encountered in the first one and the additional shafts were sunk nearby to find the richer pay streaks.

FIGURE 3: 2014 SHAFT RESULTS

A.) shows gold recovered from 2'x4'x4' gravel at bottom of shaft B.) Shows gold recovered from 1.5'x4'x4' gravel / bedrock mix at bottom of shaft C.) Total gold recovered from shaft (0.6 grams) D.) fine gold recovered from 1.5 cubic meter of oxidized gravel overlying the pay dirt.

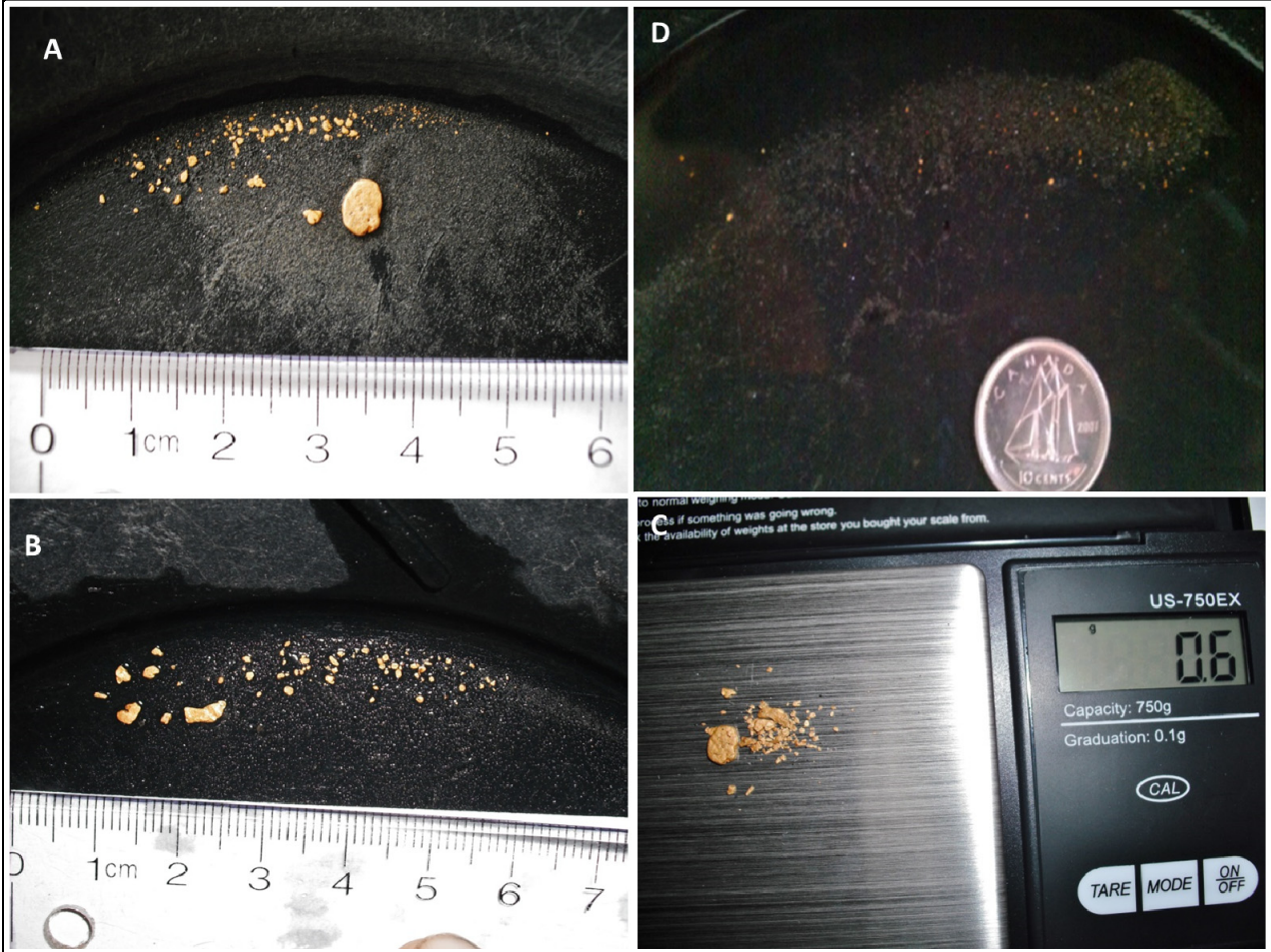


FIGURE 4: 2014 SAHFT STRATIGRAPHY

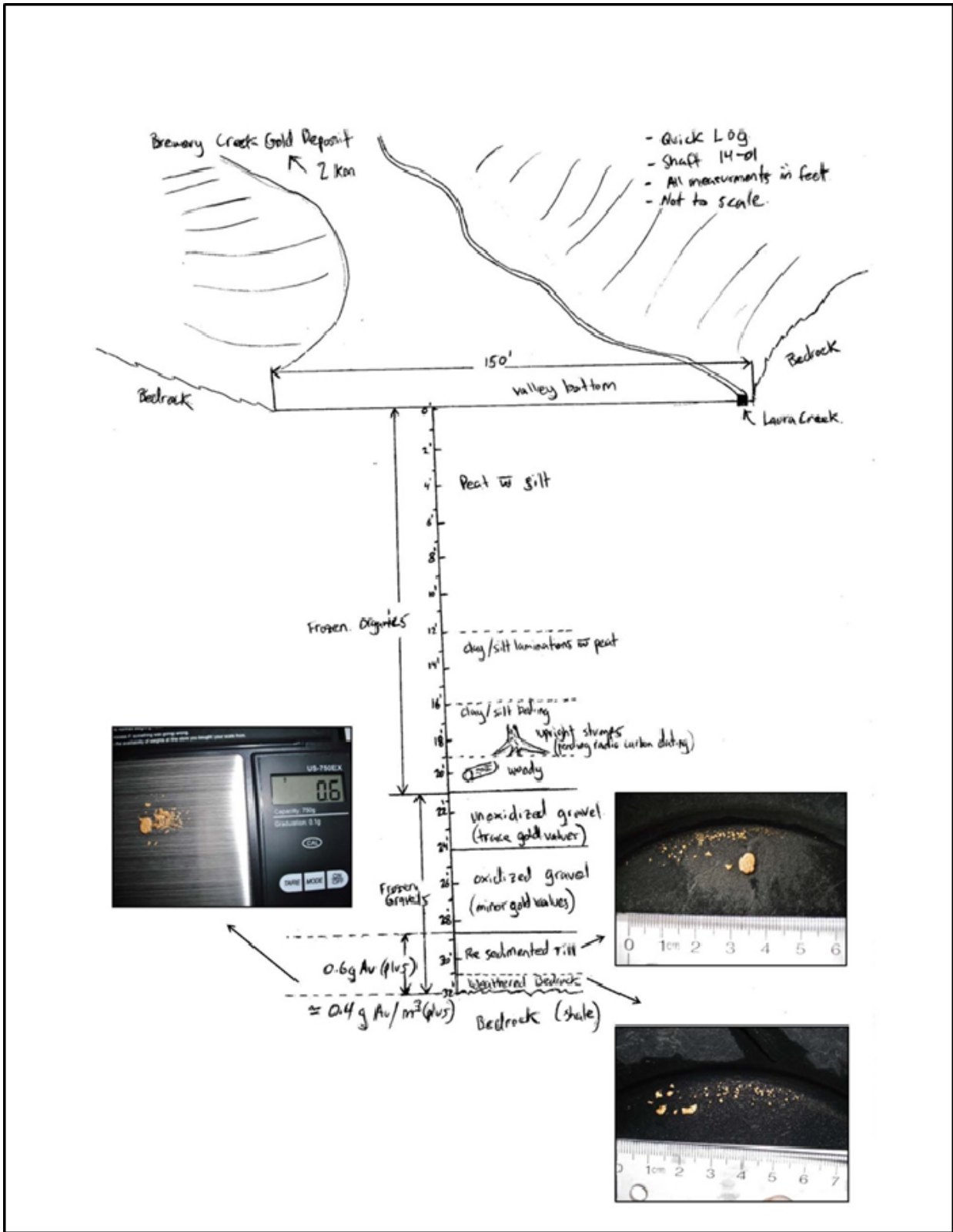
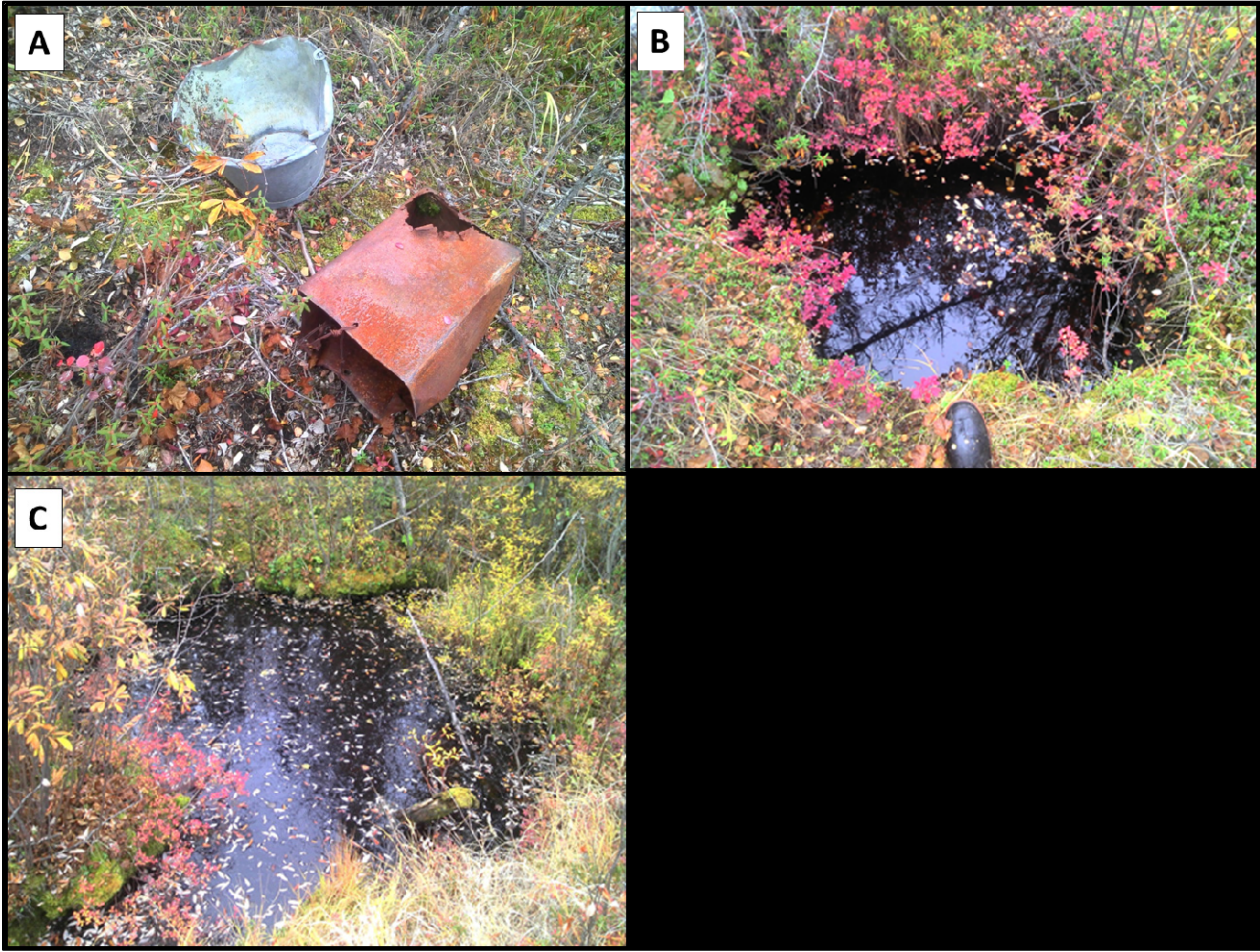


FIGURE 5: HISTORIC TEST SHAFTS

A.) shows buckets used to remove dirt from pits B.) shows small 3'X3' shaft with log cribbing at top (assumed to be initial test shaft) C.) Larger 6'X6 '(assumed to be second follow up or production shaft)



4.0 GEOLOGICAL SETTING

4.1 Glacial Geology

There has been several glacial advances in the Yukon during the Pleistocene (1.8 ma – 10 ka) and these be can divided into three episodes commonly known as the Pre Reid, Reid, and McConnell, in order of oldest to most recent (La Barge, 2006). Refer to figure 6 depicting the glacial extent of the glacial episodes in the Yukon.

The Pre Reid glacial episode occurred in the early Pleistocene, approximately 2.6 ma to 200 ka (La Barge, 2006). The Pre Reid was the most extensive episode, advancing up the Tintina Trench as far as Dawson City, Yukon. Glacial outwash and gravels (known as the Klondike gravels) from the Pre Reid glacier covered portions of the famous gold rich White Channel gravel's in the Hunker and Bonanza Creeks of the Klondike gold fields. The Reid Glaciation episode included multiple glacial advances that persisted from 200 to 20 ka (La Barge, 2006). The Reid glaciation was less extensive than the Pre Reid glaciation. The most recent McConnell glaciation was the least extensive and occurred between 20 and 10 ka (La Barge, 2006). The glacial deposits of the McConnell glaciation are easily observed in air photos and in the field as they have been subjected to limited colluvial and alluvial processes over the past 10 ka.

Lease ID01195 is situated at the fringe of unglaciated terrain and the maximum extent of the Pre Reid glaciation. Refer to figure 6 for property scale glacial geology. The unglaciated terrain in the Yukon is responsible for the majority of the placer production as gold rich paleo-placers are preserved from scouring effects of the ice sheets and melt water. The Klondike, Fortymile, Sixtymile, Indian, and Moosehorn placer districts are all located in unglaciated or mildly glaciated terrain and in 2006 accounted for approximately 85% of Yukon's placer gold production (Lowey, 2004).

Brewery Creek Mine Area

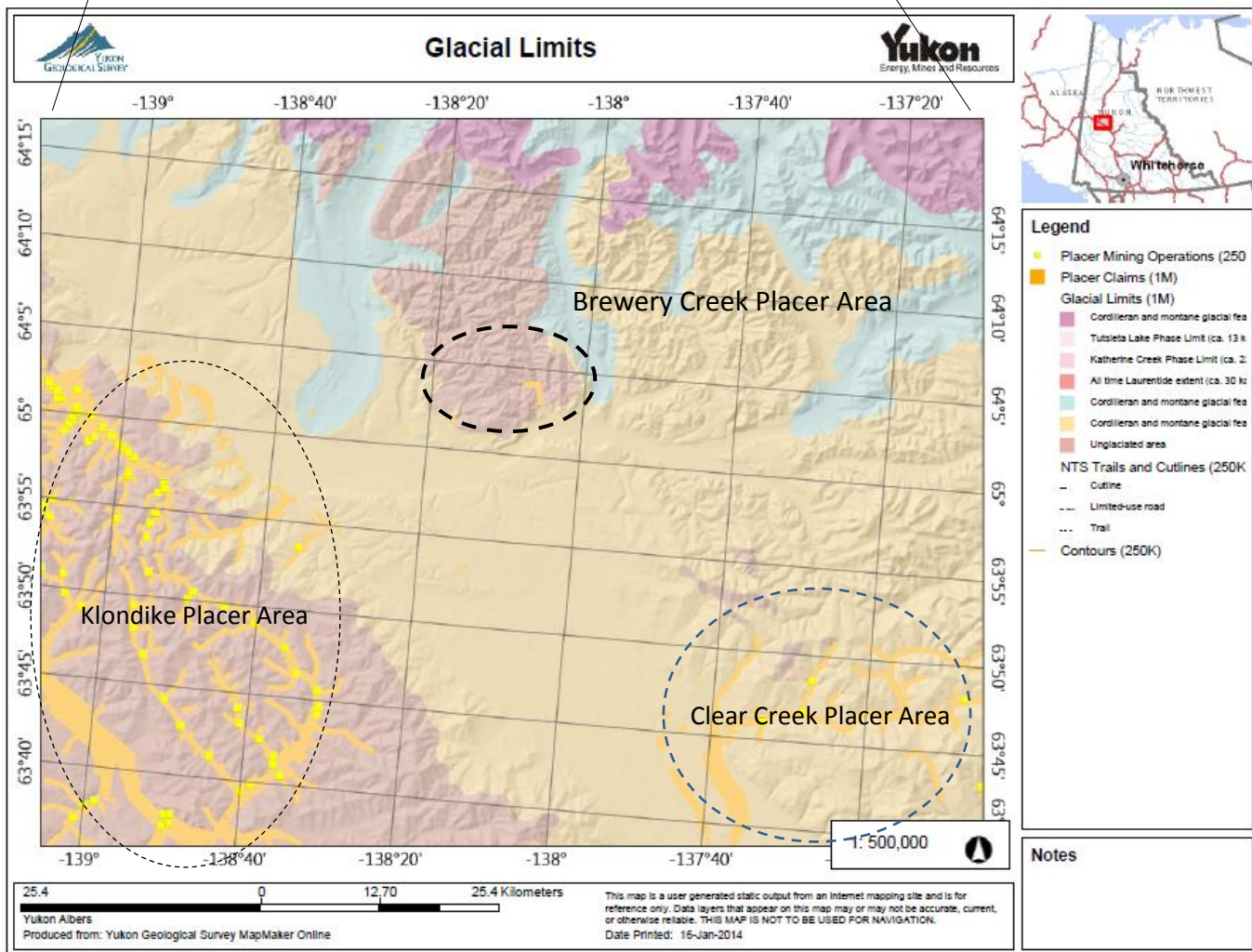
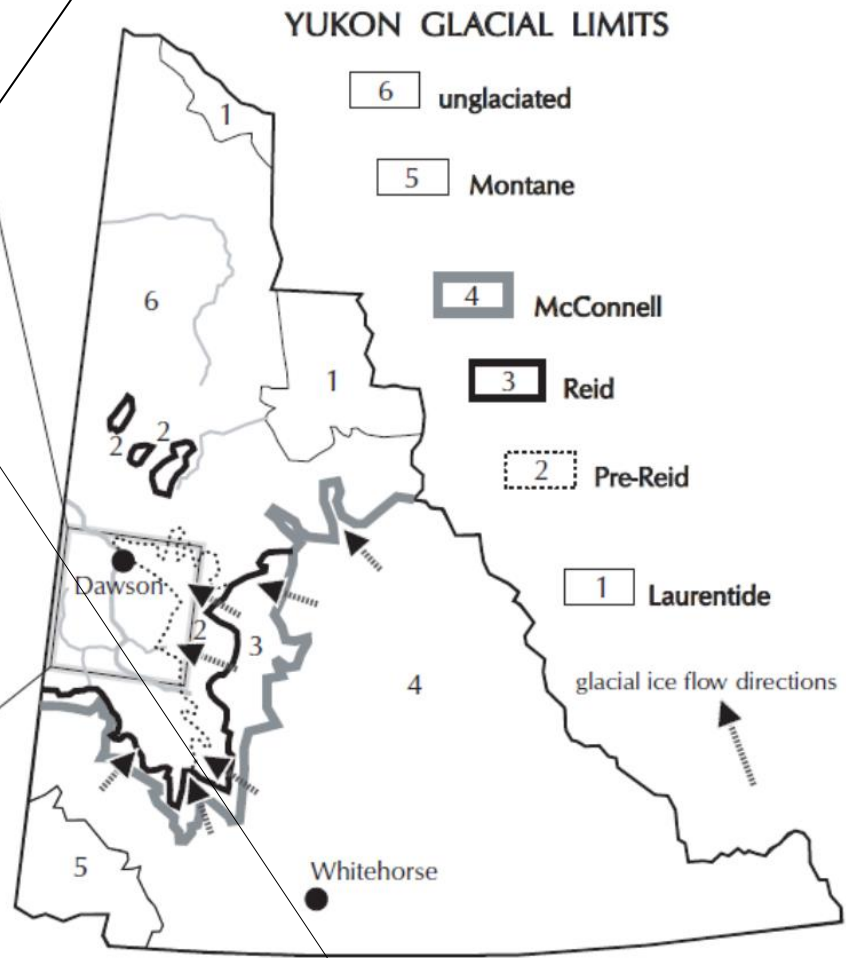
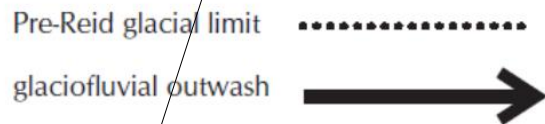
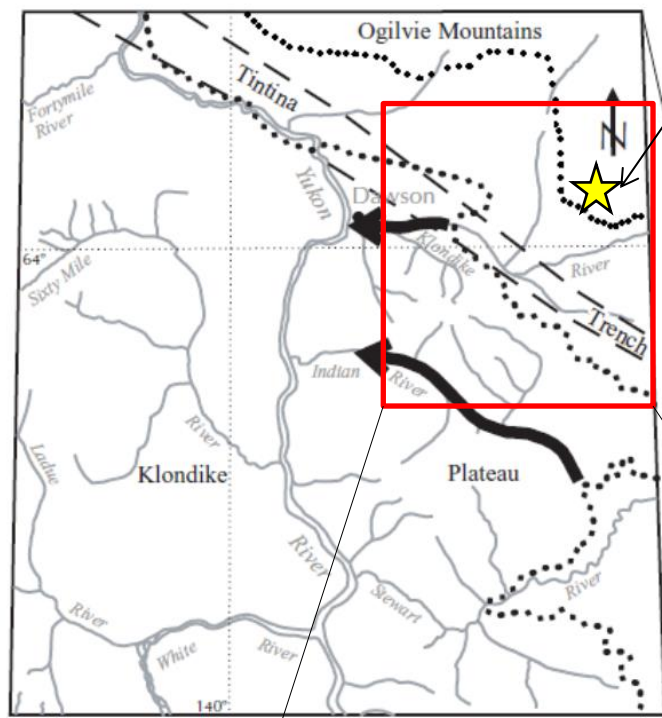


FIGURE 6: Yukon Wide Glacial Limits map (modified from Lowey,2004) and Brewery Creek area glacial limits map (produced from YGS map maker online)

4.2 Surficial Geology and Physiography

Lease ID01195 is situated at the fringe of unglaciated terrain and the maximum extent of the Pre Reid glaciation. The maximum extent of the Pre Reid ice sheet can be observed in a bench like formation scaped into the left limit of the Laura Creek valley. This can be clearly seen in the air photo (figure 12) and google earth image (figure 14). The upper portion of the right limit of lease ID01195 contains a steeply dipping glaciofluvial terrace deposit with limited outcrop exposure. The upper left limit contains a gentler slope of glaciofluvial gravel which is thought to be conforming to a bedrock channel wall. A geophysical survey is required to confirm this hypothesis.

The right limit terrace consists of what is presumed to be glaciofluvial outwash that was deposited during the retreat (melting) of the Pre Reid ice sheet. The gravel resembles braided river deposits and is similar to Klondike valley fill (dredge tailings). The gravel is framework supported sandy cobble boulder gravel. The clasts are well rounded and mainly local rock types.

A slightly different gravel unit is observed locally as a 1 m veneer conforming to bedrock and appears to stratigraphically underlie the terrace outwash unit. This unit is characterized by a bright orange oxidation, smaller clast sizes (pebbles to cobbles), and less round fragments. This unit is observed in a few localities along the upper right limit of lease ID01195 and in the 2014 shaft. It is possible this gravel represents the peri glacial gravel that was deposited before the pre Reid glaciation? It may also represent lower level gravel that was deposited post pre Reid outwash deposits?

The lower half of the creek valley contains outcrop along the right limit and a colluvium veneer on the left limit. There appears to be some landsides and slumping along the left limit near the end of the drainage. Refer to figure 7 for the regional surficial geology mapped by A. Duk Rodkins in 1996. Rodkins mapping was surprisingly accurate. A more detailed geological map (figure 8) was produced that further breaks down Rodkins slope complex (CX) unit into bedrock, colluvium, and glaciofluvial sub units.

The entirety of the Laura Creek drainage experienced a forest fire approximately 20 years ago. The majority of the forest is burnt throughout valley and the dead trees have since fallen to the

ground making navigation by foot very difficult. There are local pockets of evergreen forest that survived the forest fire, in particularly straddling the margins of the creek. The valley floor contains a thick spongy moss mat. The upper portion of the lease consist of wide open, moderate to gently sloping valley walls while the lower potion contains steep valley walls. Refer to figure 8 showing pictures of the Laura Creek valley.

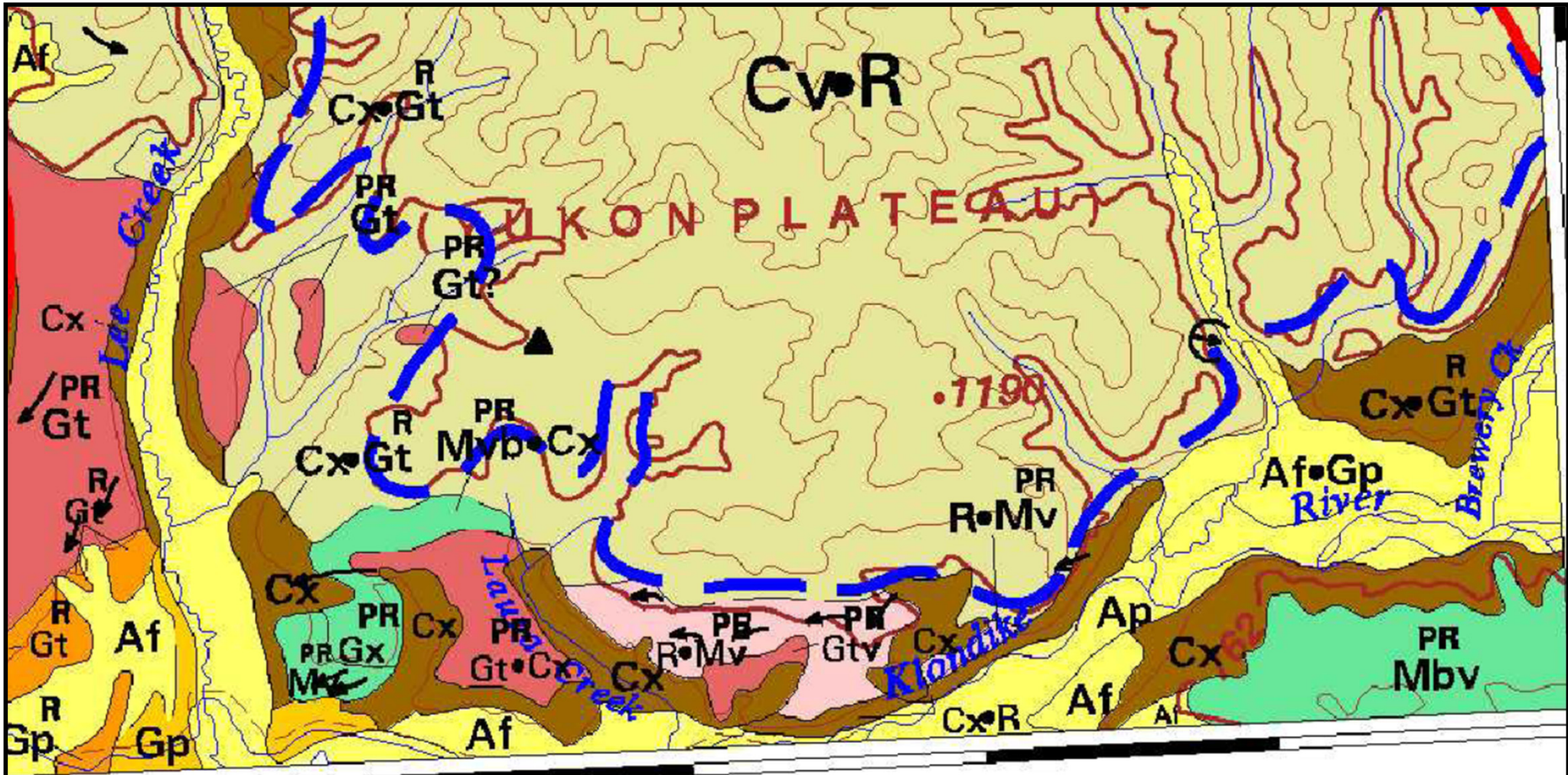


FIGURE 7: Regional Surficial Geology Map

DAWSON
YUKON TERRITORY

Scale 1:250 000

Transverse Mercator Projection - North American Datum 1983

Duk-Rodkin, A
1996: Surficial geology, Dawson, Yukon Territory; Geological Survey of Canada. Open File 3288, scale 1:250,000

FIGURE 7b

LEGEND



FIGURE 8: SLOPE COMPLEX MAP

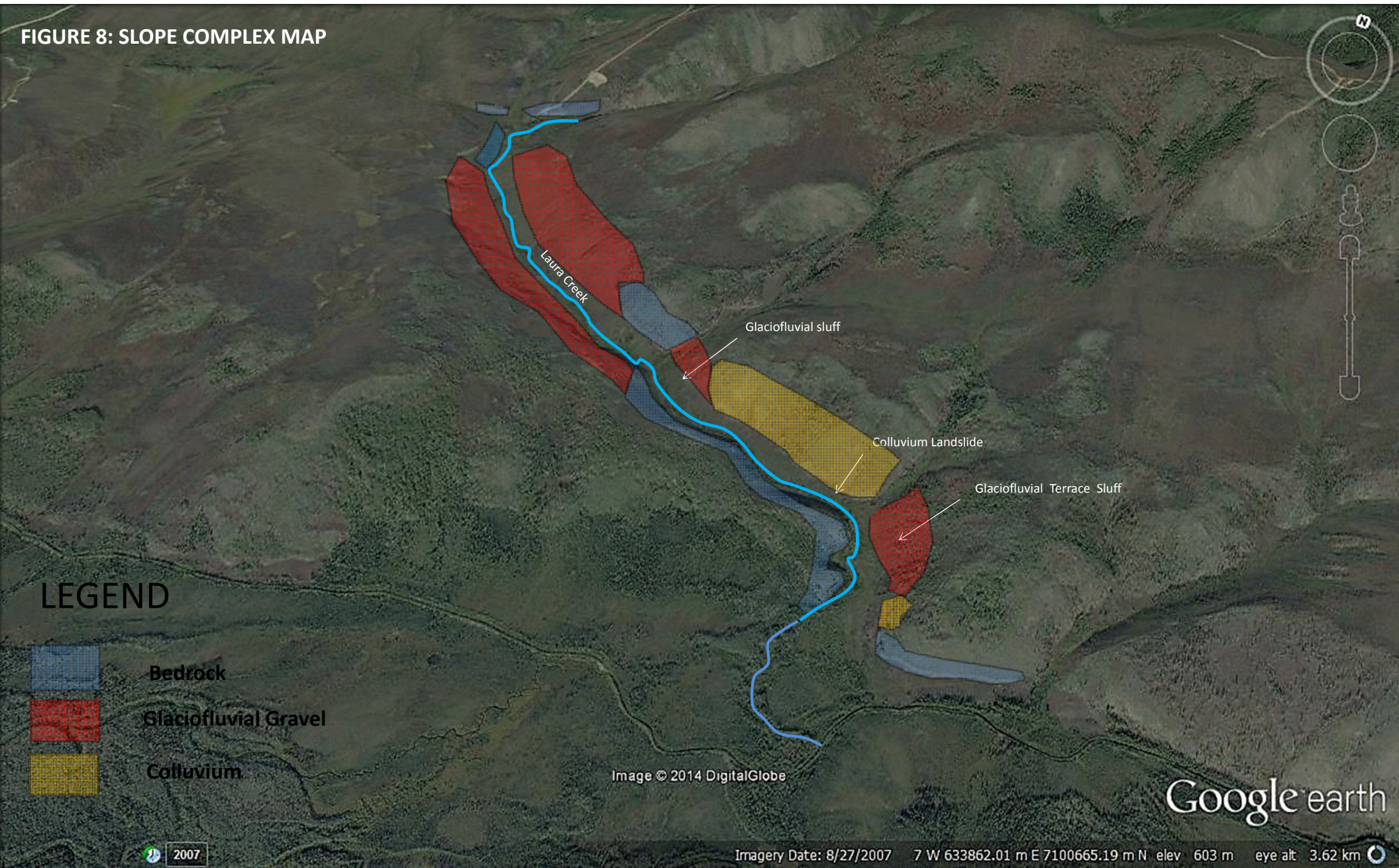
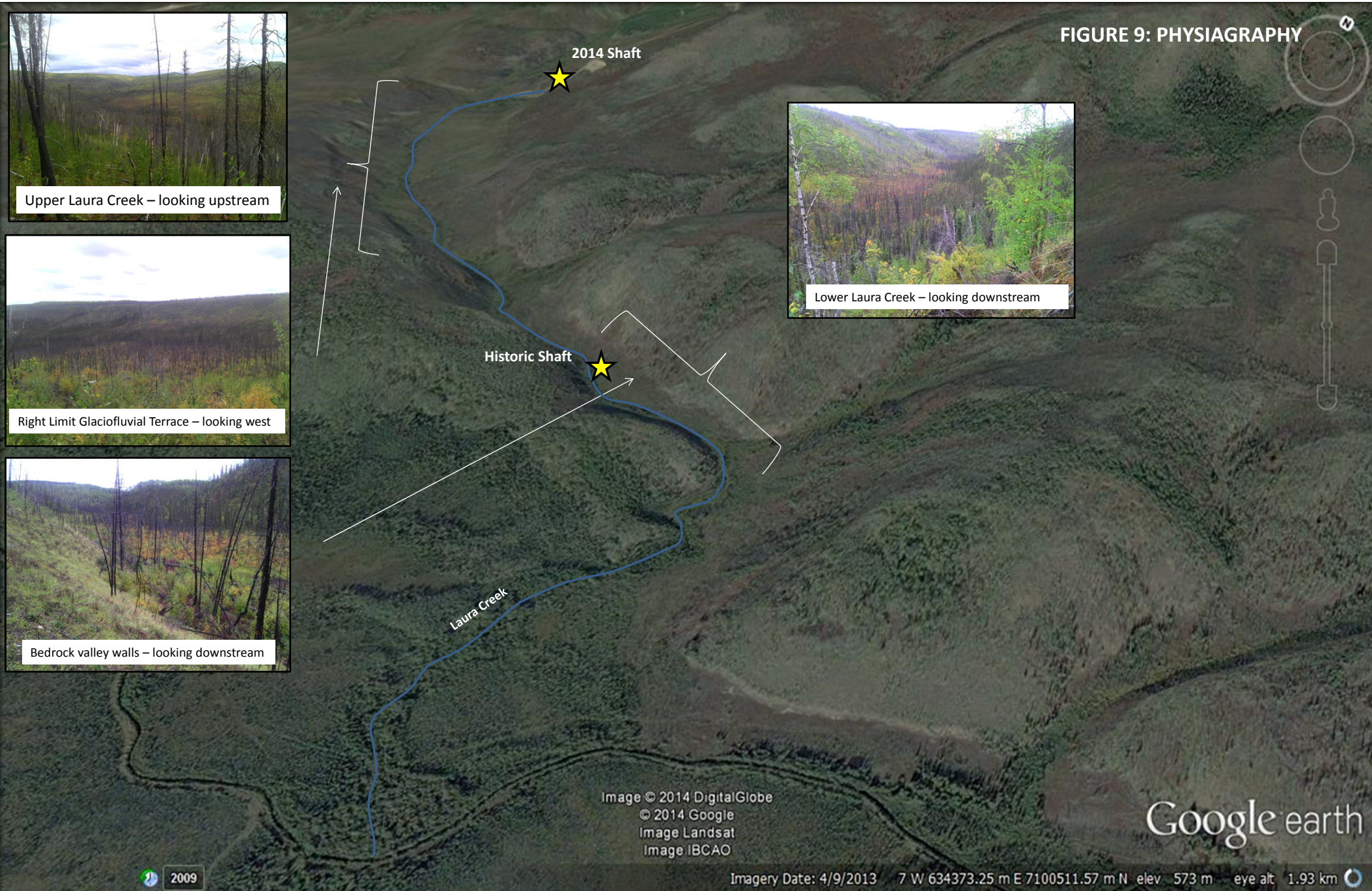


FIGURE 9: PHYSIAGRAPHY



Upper Laura Creek – looking upstream

Right Limit Glaciofluvial Terrace – looking west

Bedrock valley walls – looking downstream

Lower Laura Creek – looking downstream

Image © 2014 DigitalGlobe
© 2014 Google
Image Landsat
Image IBCAO

Google earth

2009

Imagery Date: 4/9/2013 7 W 634373.25 m E 7100511.57 m N elev 573 m eye alt 1.93 km

4.3 BEDROCK GEOLOGY

The leases are located in the Selwyn Basin Stratigraphic package. The Selwyn Basin is located within the mineral rich Tintina Gold Belt. The Tintina Gold Belt is a 400 km wide mineral rich province spanning 2000 km from Fair Banks, Alaska to Watson Lake, Yukon Territory and hosts world class gold deposits such as the 45 million oz Donlin Creek, 5 million oz Fort Knox deposits in Alaska USA and the 4 million oz Dublin Gulch deposit of Yukon Territory. The miogeocline is a westward thickening, then tapering, sedimentary prism that accumulated on the westerly sloping Precambrian basement of Ancestral North America from late Proterozoic to mid-Jurassic time (Héon, 2003). Deposition of the Earn Group during lower Devonian to mid-Mississippian time marks the subsidence of the entire miogeocline (transgression) and local uplift and faulting caused by localized secondary basins. In Jurassic and Early Cretaceous time the miogeocline was deformed by northeast-directed compression caused by plate convergence and the accretion of pericratonic terranes onto North America, which lead to complex thrust faulting and the development of northwest regional scale folds. Widespread Early to mid-Cretaceous granitic magmatism intruded the deformed rocks of the miogeocline. Spatially, the Selwyn Basin is bound to the north by the Dawson Fault; it grades into platformal facies to the east (Mackenzie Platform) and southwest (Cassiar Platform); may be bound by a Mesozoic thrust fault separating it from the Yukon- Tanana Terrane in the Anvil district; and is offset to the southwest by the Tintina Fault (Héon, 2003).

The lease drains Ordovician - Mississippian sediments primarily consisting of the Road River and Earn group and several phases of Tombstone Suite intrusives. Refer to figure 9 for the regional geology map with local property geology observations noted during the geological survey. The Laura Creek drainage represents a thrust fault separating the Devonian Earn Group sediments and Silurian to Devonian Road River Group. The Road River Group consists of black shale, chert and limestone. This group is composed of two formations: the basal, dark-weathering Duo Lake Formation and the overlying tan to orange-weathering Steel Formation. The Earn Group is the remnants of a regional marine transgression event. This group can be divided into two units separated by an unconformity: the Lower to Middle Devonian Portrait Lake chert and shale unit

and the overlying Upper Devonian to Mississippian coarse clastic Prevost Formation. These sedimentary packages are intruded by mid Cretaceous felsic sills and dykes that intruded along a mid-cretaceous thrust fault.

The majority of the Brewery Creek gold is hosted in quartz monzonite dykes and sills of the Tombstone Suite that range from 5 to 100 m wide (Dimment, 1999). The gold exists as very fine (micron size) particles within fine disseminated arsenopyrite and pyrite mineral grains. This type of gold mineralization and deposit style is known as an intrusion related gold deposit (IRGS). The Donlin Creek Gold Deposit in Alaska, USA, is also an intrusion related gold deposit and shares many similar characteristics to that of Brewery Creek. Donlin Creek contains 34 million oz gold at an average grade of 2.1 g/t Au (nova gold website). The creeks and rivers draining the Donlin Creek deposit contain numerous placer gold deposits that include the Crooked Creek, Lewis Gulch, and Snow Gulch placer operations.

The only major difference noted in the geological evaluation compared to the regional geology mapping was a coarse textured mafic intrusive (gabbro) noted at the very end of the Laura Creek valley on the left limit. This suggests the Tombstone Intrusive is much more pervasive than previously thought.

FIGURE 10: BEDROCK GEOLOGY

Legend

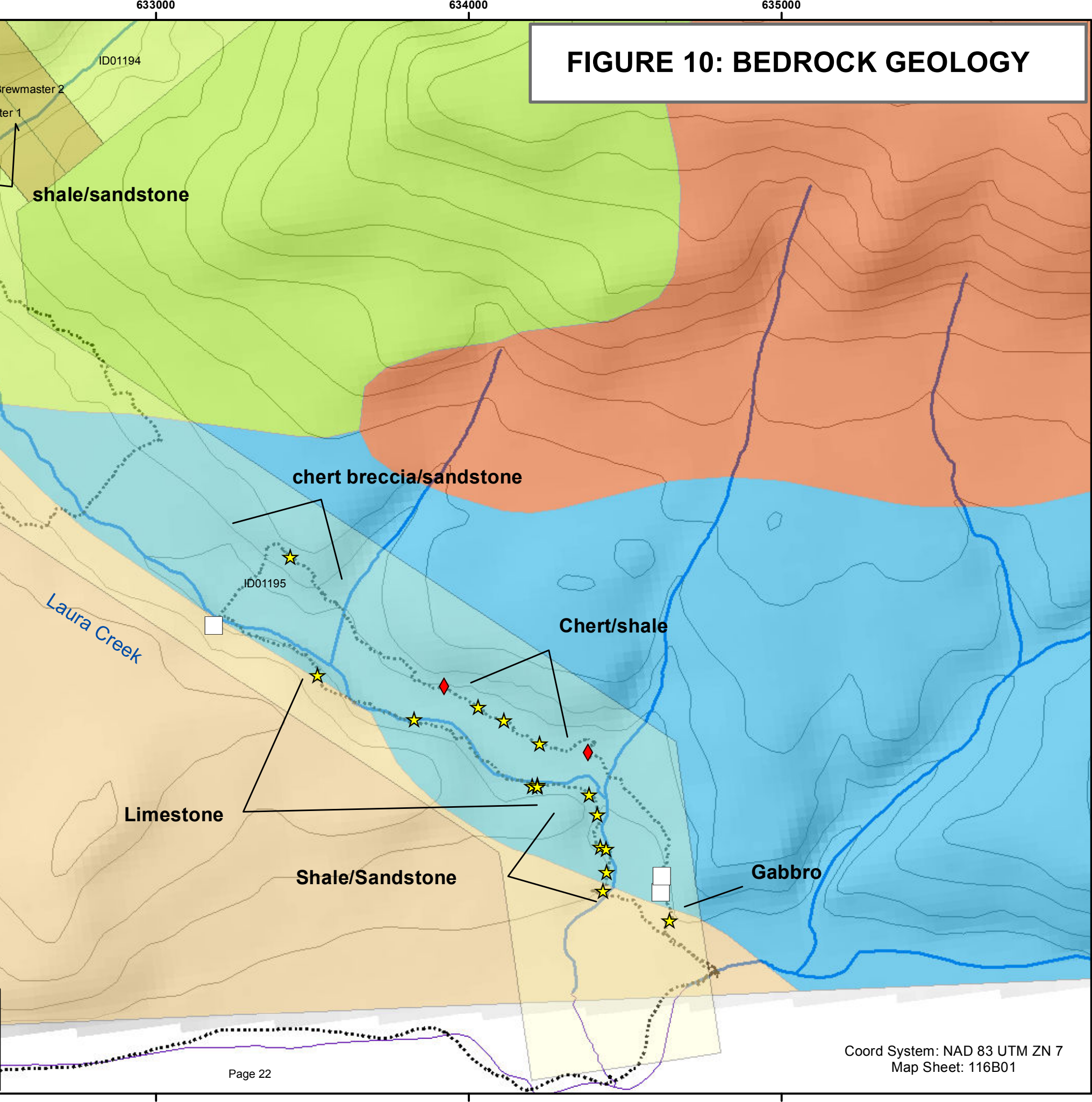
- 2014 Geological Assesment Traverse
- ★ Outcrop
- ◆ Colluvium
- Glaciofluvial Sediments
- Quaternary - Un Consolidated River Deposits (Bench Gravels)
- Mid - Cretaceous - Tomstone Suite Syenite
- Ordovician - Silurian Road River Group
- Dovonian - Mississippian Earn Group
- Placer Claim
- Prospecting Lease

N

1:13,000

Kilometers

0 0.125 0.25 0.5 0.75 1

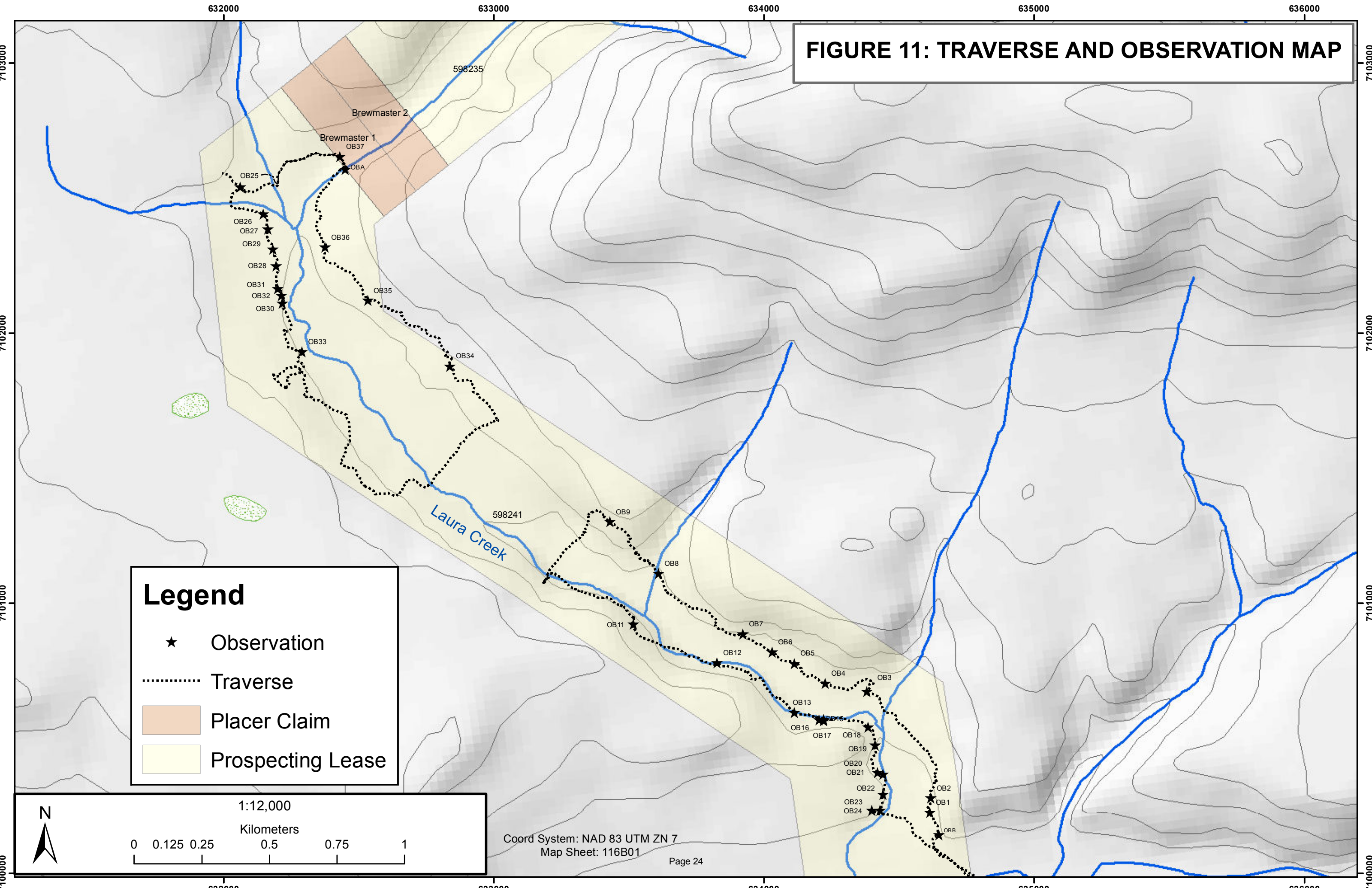


5.0 FIELD PROCEDURE

The survey took place on August 28 and 29, 2014. The property was accessed by a combination of the all-weather Brewery Creek mine access road, Yukon Ditch road, and an ATV trail constructed in the spring of 2014. Geologist, Clayton Jones traversed the Laura Creek Valley walls and mapped the surficial and hard rock geology. A small shovel was used to dig a few small pits along the hillsides in order to determine if bedrock was buried by a thin veneer of overburden. Refer to figure 11 for a map showing the traverse and observation locations. Descriptions of the observations can be found in appendix 1.

The purpose of the Geological Evaluation was to ground truth the regional surficial mappings conducted by A. Duk Rodkins in 1996 and ultimately determine a general placer gold evolution model to explain the gold currently discovered upstream. The evaluation will help to determine future exploration programs on the lease.

FIGURE 11: TRAVERSE AND OBSERVATION MAP



Legend

- ★ Observation
- Traverse
- Placer Claim
- Prospecting Lease

1:12,000
Kilometers

0 0.125 0.25 0.5 0.75 1

Coord System: NAD 83 UTM ZN 7
Map Sheet: 116B01

6.0 INTERPRETATION & CONCLUSION

STRATIGRAPHY

One of the major concerns is that the placer gold discovered in the 2014 shaft was not continuous down the remainder of the Laura Creek valley. It is possible that paleo Laura Creek may have continued to flow in an east – west direction (not conforming to present day valley) and the remainder of the paleo creek was now buried by the glaciofluvial outwash terrace (as observed along the right limit of Laura Creek). The geological mapping confirmed bedrock walls along the right limit where Laura Creek takes a sharp 90 degree and flows south toward the Klondike South River. This supports that the present day drainage represent the original paleo Laura Creek valley and hence placer gold should be continuous along the length of the valley. In addition the presence of historic shaft at the lower end further strengthens this assumption.

The second major concern is the depth of overburden (valley fill) at the upper part of lease ID01195. The right limit glaciofluvial terrace does not appear to end directly at the centre valley bottom but rather appears to be conforming to a flat lying bedrock terrace situated above the valley bottom. The terrace wall is marked by a steep (angle of repose) greater than 10 m wall that dips toward the valley. The terrace wall is located approximately 50 – 100 m from the centre valley bottom. The area between the terrace and valley bottom is much more subdued (gentler slope) and ranges from colluvium to a glaciofluvial blanket (> 2m) derived from the terrace above. Refer to figure 12 showing a cross section of the valley illustrating the interpreted stratigraphy. An IP/resistivity program is highly recommended in order to determine the depth to bedrock and overall valley profile to confirm the following interpretations.

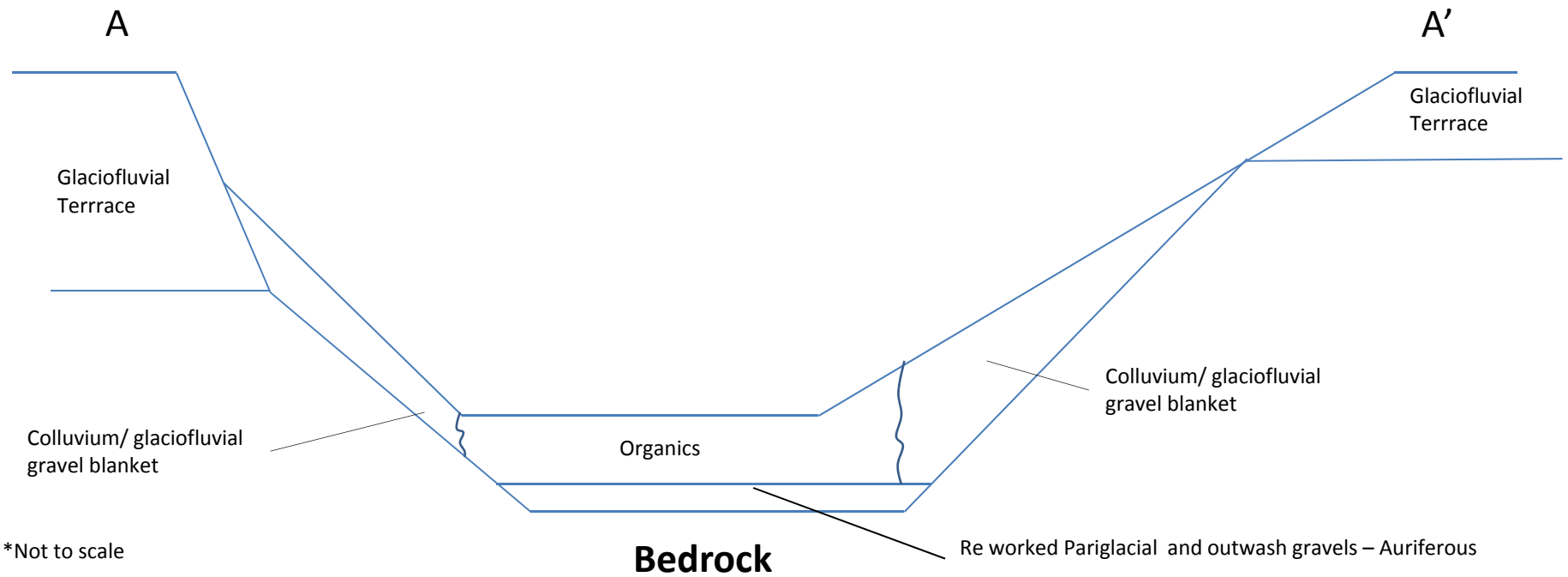
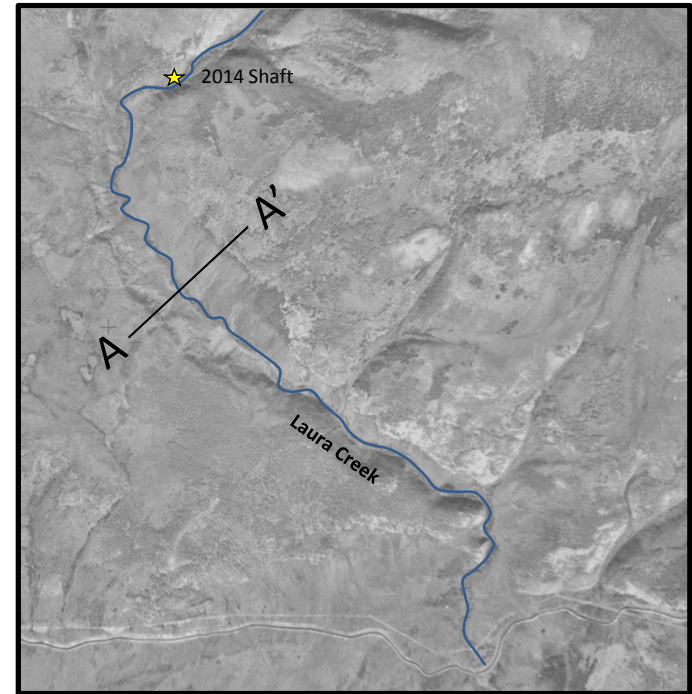
A single test pit located directly below the terrace wall showed bedrock was capped by a thin 1 m veneer of glaciofluvial sediment. This glaciofluvial veneer had a highly oxidized (orange) matrix and the clasts were all heavily oxidized and less rounded than the terrace gravel located above. Figure 13 shows a picture of the orange gravel observed in the pit. The very same gravel type capped the auriferous pay dirt in the 2014 shaft and is presumed to represent a different depositional event than the glaciofluvial outwash terrace that flanks the right limit of the Laura Creek. It is postulated this different gravel may represent a lower level gravel deposited post pre Reid outwash or peri glacial gravel that formed during the onset of the Pre Reid glaciation

and in fact survived the scouring force of the ice sheet. In the 2014 shaft, this oxidized unit contained weakly anomalous placer gold concentration. Refer to figure 3d showing placer gold recovered from 1 cubic yard of the gravel sluiced.

The left limit along the upper end of lease ID01195 appears to contain glaciofluvial gravel similar to the left limit terrace and presumed to be of the same outwash event. The terrace is not as pronounced as the right limit as increased sloughing has smoothed the terrace wall. The right limit bench is flat lying along the length of Laura Creek and at similar elevation (650 m) to the terrace on the opposite side of the creek valley. The lower mile of the lease contains mainly outcrop or a colluvium veneer along the valley walls. However, glaciofluvial terrace deposits still flank the flat lying bench along the left limit. It is hypothesized the outwash terrace was continuous and conformed to a bedrock during deposition (3 ma).

The lower end of the lease is highly perspective as overburden does not appear to be an issue. In addition the discovery of the historic shafts further shows the lower end deserves a good look. The 3 shafts were spaced 5 meters apart with one small 3X3 ft shaft in the middle and two large 6X6 ft pits on either side. It is guessed that gold was encountered in the small shaft and the other two bigger pits may have been production shafts? The site deserves good examination.

FIGURE 12: Upper Laura Creek Geological Profile



*Not to scale

FIGURE 13 OXIDIZED LOWER LEVEL GRAVEL

Shows characteristic bright orange oxidized gravel unit observed along the right limit on the upper end of the lease as well as in the shaft stratigraphy.



PLACER EVOLUTION

Based on the information obtained from the two day program as well as stratigraphy logs from the 2014 shaft; a placer evolution model has been hypothesised.

It is postulated the gold discovered in the 2014 shaft was derived by reworking and concentration of pre Reid glaciofluvial outwash gravel. The lower Laura Creek appears to have incised a deep (>20 m) flat lying glacial fluvial outwash gravel through to bedrock, re concentrating a weakly anomalous gravel to a much richer auriferous gravel at the valley bottom. Further testing needs to be done on the terrace gravel in order to confirm this theory. This model is similar to the Klondike Gold field's evolution model as described by Lowey 2004, however the deposition and source of gold is obviously different.

The source of gold is no doubt derived from the Tomstone suite intrusives and associated mineralized quartz veining at head waters of Laura Creek. The course nature of the gold discovered in the shaft does not resemble the gold that was mined from 1996 – 2002. The gold mined was mainly from the reserve trend which consisted of a series of mineralized quartz monzonite sills containing very fine disseminated artesian pyrite with micron size (invisible to the naked eye) gold grains locked up in the crystal lattice (refractory ore). Metallurgical testing conducted on the reserve trend showed less than 10% of the ore contained free gold (Lindsay, 2006).

It is interesting to note though metallurgical testing showed 36% of sedimentary ore contained free gold that is associated with carbonatous material and iron oxides (Lindsay, 2006). The bulk of placer gold discovered in the 2014 shaft is believed to be coming from a separate intrusive phase than the reserve trend. The placer gold is believed to be sourced from a syenite/diorite stock that hosts the un mined Classic deposit which is a low grade deposit consisting of sheeted quartz pyrite veins and hosts 183 000 Oz Au resource (Lindsay, 2006). The gold associated with the classic zone is believed to be entirely free gold as the bottle roll test recoveries were similar for both oxidized and unoxidized ore (Lindsay, 2006). This is significant as Laura Creek directly drains the classic zone and associated intrusive stock which represents approximately 13% of the total resource for the Brewery Creek gold deposit. The Classic zone has seen very little drilling due to its low grade and proximity to the mining facilities and thus has potential to host

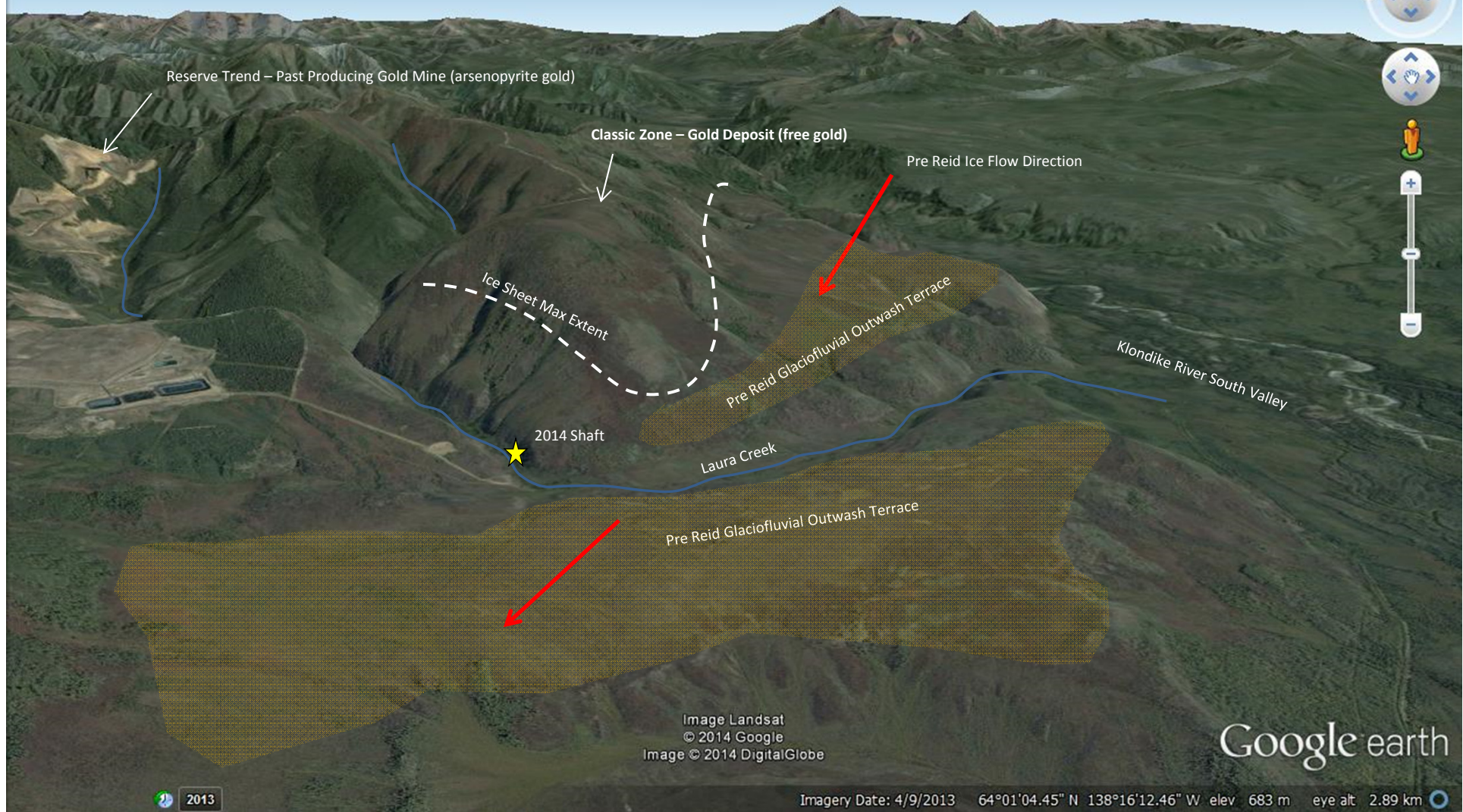
much higher grade and perhaps visible gold mineralization that is assumed to be the source of the placer gold.

The following breaks down the placer gold evolution:

Approximately 10 million years ago, a rich auriferous saprolite layer would have formed in the Brewery Creek Mountains. The initial placer deposition would have begun to accumulate at the base of the mountains that make up the Brewery Creek Property. It is possible that a much more subdued paleo Laura Creek Valley may have formed during this time and resembled the present day drainage. During the advance of the Pre Reid ice sheet, approximately 3 -5 million years ago, climatic condition would have changed drastically resulting in a rise of base level and increased accommodation space. The resisting power of the bedrock would have been greater than the stream erosion power and hence deep peri glacial gravel was deposited at the base of the mountains (analogous to the white channel gravels of the Klondike placer district). Eventually this auriferous peri glacial gravel would have been scrambled by the advancing ice sheet and subsequently re sediment as outwash gravel as the ice sheet receded, approximately 3 million years ago. This glaciofluvial outwash gravel is analogous to the Klondike gravel of the Klondike placer district. The outwash gravel deposited a deep terrace that lay on top a gently sloping plain formed by the advancing ice sheet. It is postulated that meltwater flowed in an east to west direction following the Klondike South river valley.

Since the retreat of the maximum extent of the pre Reid glaciation, many interglacial glacial and deglaciations resulted in a low base level, where stream power was much greater than resisting power of the rock and sediment supply was less than transport capacity. This would have resulted in the incision of the weakly anomalous Pre Reid outwash sediments, forming the present day Laura Creek drainage and placer gold along the valley bottom. It is also postulated that placer gold formation in paleo Laura Creek valley, before the pre Reid glaciation may have been preserved as the advancing ice sheet crossed the present day valley obliquely and potentially did not scour and dilute the valley bottom placers. Refer to figure 14 showing the ice sheet movement and outwash terrace deposits in relation to Laura Creek.

FIGURE 14: PRE REID ICE SHEET AND OUTWASH TERRACE



7.0 RECOMMENDATIONS

There are three main questions that remain to be answered and are critical to finding out whether or not the creek will contain economic placer gold deposits and thus warrants continued exploration efforts. The number one objective is to determine if the gold is continuous throughout the valley floor; thus a second shaft should be conducted in the vicinity of the historic shafts at lower end of the drainage. The second objective is to conduct a geophysical survey to determine bedrock depths at certain localities along the valley bottom and hence see if placer gold can be economically be extracted. And lastly, the terrace gravels should be tested for potential to yield bulk tonnage low grade deposits and other creeks in the area that are flanked by glaciofluvial terrace deposits should be explored. Refer to figure 15 for proposed exploration work on the lease.

Geophysical Survey

An IP/resistivity program should be conducted on the lease in order to determine depths to bedrock. Several lines perpendicular to the valley should be completed, in particular the upper half of the lease where there is limited outcrop and abundant glaciofluvial sediment. Also, areas with landslides and major hillside slump should receive survey lines to determine bedrock depth. Refer to figure 15 for a map showing the proposed IP/Resistivity survey lines.

Test Pits and Shafts

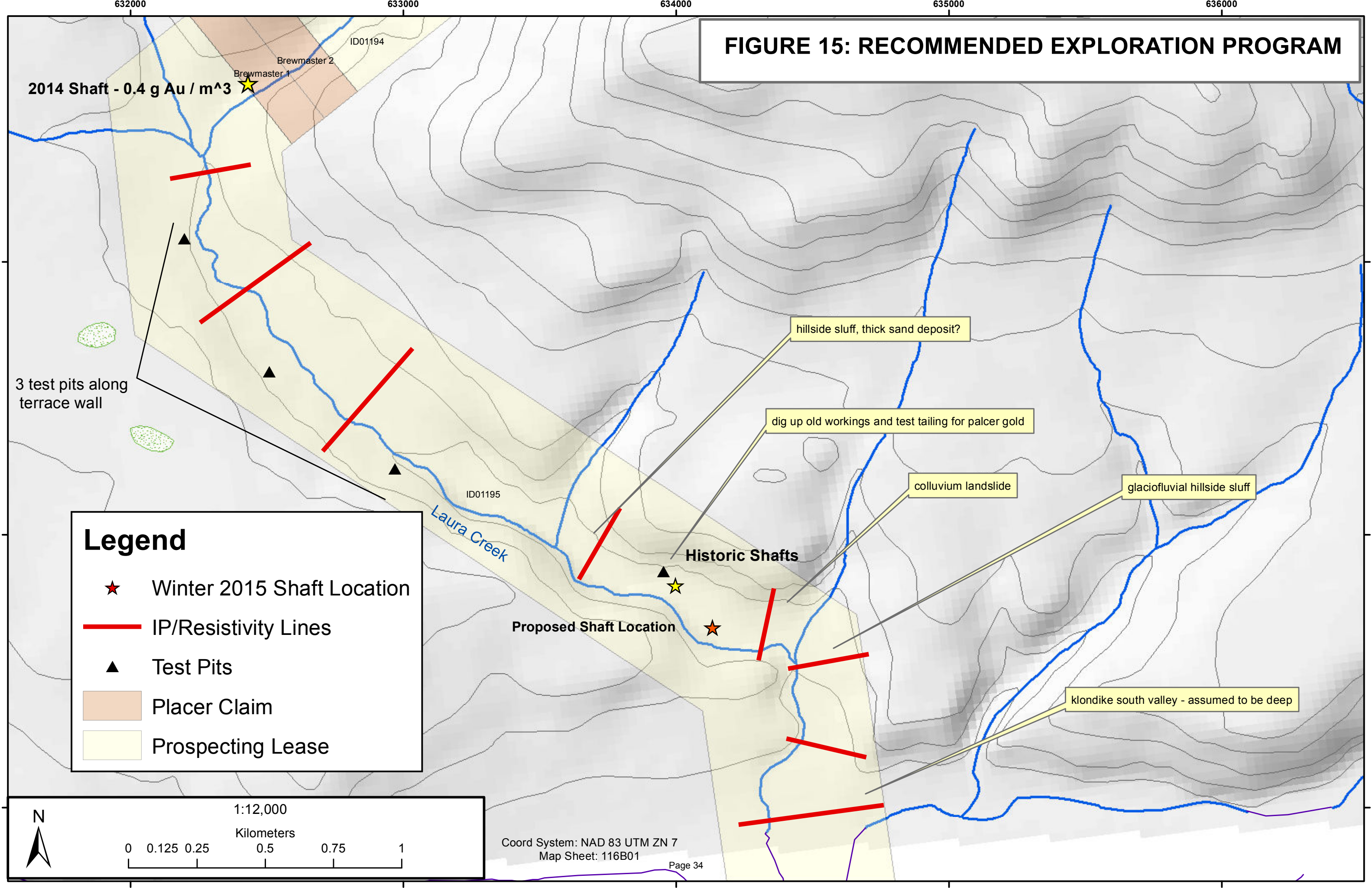
A few small test pits should be conducted along the glaciofluvial terrace that straddles the upper right limit of the lease. If minor gold values are obtained from the gravels; it will help conclude that the gold in Laura Creek is derived from the concentration of glaciofluvial terrace material. In addition, if the results are significant, terrace gravel on either side may warrant further exploration for a low grade bulk tonnage placer deposit.

The old working discovered in the geological evaluation should be followed up. The piles of gravels that were removed from the shafts should be thoroughly examined to see if bedrock was reached and if the contents contain gold. A shaft to bedrock should be conducted centre valley bottom near the old workings.

Other Targets

The creek due north of Laura Creek, draining west into Lee Creek shares very similar glacial, surficial, and bedrock geology and shows strong potential to host placer gold deposit. The creek drains a portion of the past producing Brewery Creek gold mine and has incised a pre Reid Glaciofluvial terrace similar, if not the same, as the one observed along the edges of Laura Creek.

FIGURE 15: RECOMMENDED EXPLORATION PROGRAM



Legend

- ★ Winter 2015 Shaft Location
- IP/Resistivity Lines
- ▲ Test Pits
- Placer Claim
- Prospecting Lease

N

1:12,000

Kilometers

0 0.125 0.25 0.5 0.75 1

Coord System: NAD 83 UTM ZN 7
Map Sheet: 116B01
Page 34

Respectfully submitted,

A handwritten signature in black ink that reads "Clayton Jones". The signature is written in a cursive style with a long, sweeping tail on the letter "s".

Clayton Jones
B.Sc., (Geology)
September 15, 2014

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9.0 STATEMENT OF QUALIFICATION OF AUTHOR[S]

I, Clayton Jones, of:

1898 Ranch Road,
Roberts Creek B.C.,
V0N 2W5

Do hereby certify that:

1. I am a mineral exploration geologist with over 5 years of experience working in the Yukon and British Columbia.
2. I am a graduate of the University of British Columbia Okanagan (UBCO), with a degree in geology (B.Sc., 2011) and have been involved in geology and mineral exploration continuously since 2009.
3. I am a registered geologist in good standing with the Association of Professional Geologists and Engineers of British Columbia (APEGBC) and hold the title “geologist in training” (ID # 164436).
4. I am a member of The Association for Mineral Exploration British Columbia, AME BC.
5. I am the author of this report on the Brewery Creek Mine Placer Project, located in the Dawson, Mining District, Yukon. The report is based on my personal examination of the ground between the dates of May 15 – September 15 2014.

Clayton Jones, B.Sc.

September 15, 2014

APPENDIX I

Costs

Laura Creek - Lease ID01195				
Geological Evaluation - Costs Occurred				
August 28 - September 14, 2014				
ITEM	DESCRIPTION	COST/UNIT	# of UNITS	TOTAL
Geologist Wage	Geological Traverse	400/day	2	800
Report	Maps and Interpretation	400	1	400
TOTAL				\$1,200

APPENDIX II

Laura Creek - Lease ID01195					
Geological Evaluation - Waypoints					
August 29 - 30, 2014					
ID	TYPE	COORDINATES (NAD 83 UTM)		ELEVATION	DETAILS
		NORTH	EAST		
OB1	GLACIOFLUVIAL	7100226	634614	547	Glaciofluvial, unsorted matrix supported sandy pebble cobble gravel
OB2	GLACIOFLUVIAL	7100279	634617	549	Glaciofluvial, unsorted matrix supported sandy pebble cobble gravel
OB3	Colluvium	7100673	634382	552	black shale colluvium
OB4	Outcrop	7100704	634227	552	black shale colluvium
OB5	Outcrop	7100778	634112	562	grey chert
OB6	Outcrop	7100821	634030	559	grey limestone
OB7	Colluvium	7100886	633922	574	black shale colluvium
OB8	OTHER	7101110	633610	569	<1m deep fine brown sand
OB9	Outcrop	7101301	633430	623	black shale
OB11	Outcrop	7100922	633516	592	large limestone outcrop (cliff) with qtz and clacite stockwork
OB12	Outcrop	7100781	633826	556	limestone
OB13	Organic	7100597	634114	554	thick organics (<1m over talus), interpreted
OB15	Outcrop	7100568	634204	552	shale
OB16	Outcrop	7100571	634221	551	Limestone
OB17	Outcrop	7100566	634221	553	oxidized shale/chert 356/75 , large cliff outcrop
OB18	Outcrop	7100540	634386	556	shale
OB19	Outcrop	7100475	634412	546	black shale outcrop
OB20	Outcrop	7100373	634422	542	shale
OB21	Outcrop	7100367	634440	545	shale.sandstone 40/55 E, large outcrop @ valley bottom
OB22	Outcrop	7100293	634441	542	dark grey sandstone
OB23	Outcrop	7100233	634430	541	dark grey sandstone
OB24	Road	7100233	634400	542	old road
OB25	Outcrop	7102540	632061	691	grey chert
OB26	Outcrop	7102442	632147	676	grey chert
OB27	GLACIOFLUVIAL	7102385	632164	673	Glaciofluvial, unsorted matrix supported sandy pebble cobble gravel
OB28	Outcrop	7102249	632195	666	dark grey chert
OB29	Outcrop	7102310	632183	615	grey chert to shale
OB30	Outcrop	7102165	632200	665	soft beige siltstone
OB31	Outcrop	7102140	632214	658	very oxidized glaciofluvial sediment
OB32	GLACIOFLUVIAL	7102110	632217	654	Glaciofluvial
OB33	GLACIOFLUVIAL	7101931	632290	646	orange silty clay glacifluvial sediment, same unit seen in shaft
OB34	Boulder	7101878	632837	636	qtz, 2 ft
OB35	Boulder	7102121	632534	635	granite boulder
OB36	Colluvium	7102318	632376	618	dark grey shale
OB37	SHAFT	7102653	632431	628	2014 Shaft location
OBA	Outcrop	7102583	632424	n/a	128/65, greywackie, large cliff outcrop
OBB	Outcrop	7100090	634633	n/a	course textured mafic intrusive, gabbro