

## **Services Provided by Tetlin Village Members**

Since the start of the term of our Tetlin Lease, the Company has worked closely with the Tetlin Tribal Council to train and employ Tetlin residents during Tetlin project exploration programs. Currently, there are more than 15 Tetlin residents working on the Tetlin project exploration program, employed on a seasonal basis through Avalon. Their duties include reconnaissance soil, stream sediment and pan concentrate sampling, diamond drill core processing, drill pad construction and related tasks, expediting services, food services, database management, vehicle transportation and maintenance services, reclamation activities, and project management tasks.

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On October 15, 2010, the Company entered into a consulting agreement, as amended from time to time (the “Consulting Agreement”), with the Chief of the Tetlin Village (the “Consultant”). The Consultant has special knowledge and experience with governmental affairs and tribal affairs issues and operates an independent consulting practice. Under the terms of the Consulting Agreement, the Consultant assists the Company in negotiations with other native tribes to lease additional properties and assists the Company with State of Alaska and Federal governmental affairs issues. The Company pays the Consultant \$5,000 per month and certain lodging costs while Consultant is in Fairbanks, Alaska, in exchange for his services. In addition, the Company can pay discretionary bonuses for assistance in the Company’s efforts to acquire additional acreage in Alaska. Since inception, the Company has paid the Consultant \$80,000 for such assistance. Of this amount, \$15,000 was paid during the fiscal year ended June 30, 2013.

## **Community Affairs**

The Company’s activities have increased road traffic and general activity on the Tetlin lands. The Company has budgeted \$500,000 for the 2013 exploration season for road and infrastructure improvements and general community support. During the fiscal year ended June 30, 2013, the Company expended approximately \$208,000 on road work, snow plowing, flood relief, winter fuel, village repairs and charitable contributions. During July 2013, the Company expended approximately \$190,000 on additional road work, infrastructure improvements and community projects in the Tetlin community.

In August 2013, the Company advanced \$100,000 to the Tetlin Village Council under a Promissory Note (the “Tetlin Note”) for road improvements. Under the terms of the Tetlin Note, the advance will be repaid without interest on the earlier of (i) October 1, 2013 or (ii) a date that is within five days following the date the Tetlin Village Council receives funds from the State of Alaska for road improvements.