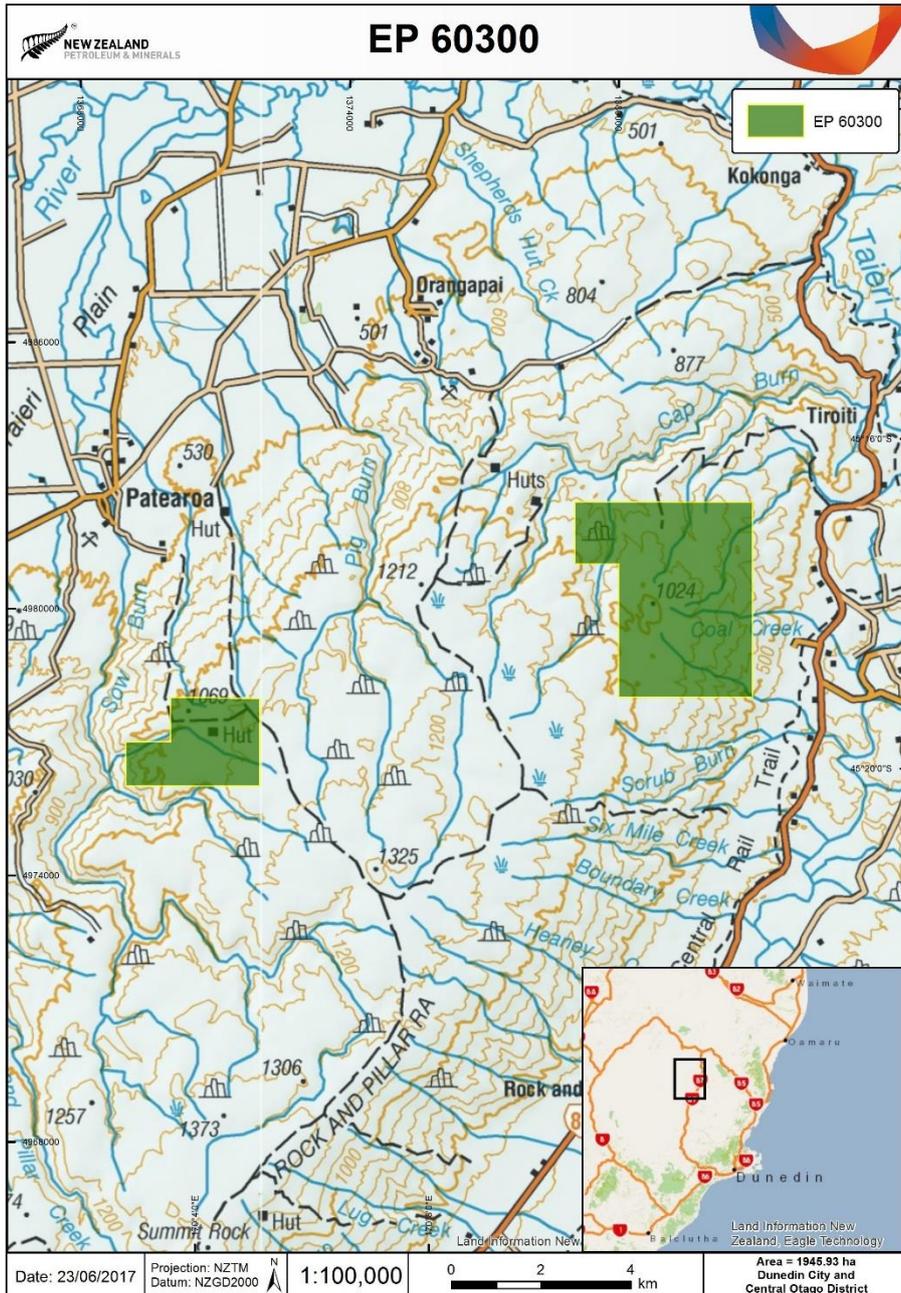


CAP BURN EXPLORATION PERMIT



- The Cap Burn Exploration Permit 60300 (formerly PP54616) lies in two separate parts on the Rock and Pillar Range 16km west of the Macraes mine and 100km NNW of Dunedin. The east part covers 13.5sqkm and the west part 5sqkm.
- **In the east part near Hyde** gold deposited during rock metamorphism as it has at the Macraes mine. Anomalous gold, arsenic and antimony appear in soils over a 2 to 3 sqkm area covering texture zone IV schist. At the mine gold occurs in texture zone III schist.
- The Cap Burn fault cuts WNW-ESE across the east part of the permit and separates texture zone III and IV schist as does the NW-SE Footwall fault bounding the Macraes Mine. Shear zones like those at the mine may lie on the permit, hidden under the arsenic and gold enriched soils on the south side of the fault. Rock exposure is poor.

- Mapping of the schist foliation south of the fault shows a shallow open antiformal fold with all the anomalous soils confined to the west arm where schist foliation approximates the orientation of the mined Hyde-Macraes shear zone.
- The northern half of the eastern area anomaly has had C-horizon soil sampling at 20m spacing in four E-W lines. The seven highest **arsenic** values range from 114 to 254ppm. In all 128 samples (37%) in an area greater than one sqkm, have more than 30ppm As. Loess may dilute these values.
- Of 345 samples analysed for **gold**, thirty-two (14%) have over 10ppb; one over 50ppb.
- For the same samples with antimony, thirty-two had 1 to 5 ppm with one at 16ppm.
- With tungsten, 20 samples had 10 to 20ppm, but high values did not coincide with Au-As.
- The operator believes that after identifying Au-As rich areas by soil sampling that local quartz float should be sampled to determine whether the gold is metamorphogenic. So far this has been confirmed only in one area and not tried elsewhere.
- **In the west block near the Patearoa** gold arsenic and antimony have accumulated in soils again over a 2-3sqkm area, but here gold accumulated in textural zone IV schist **after** metamorphism. Scattered quartz vein float has schist breccia and open space drusy quartz-lined cavities indicating brittle rock deformation. Similar deposits throughout Otago where essentially more oxidized ores were processed have yielded resources in the 3000 to 180,000oz range. Today such deposits may yield larger resources using the new processing for refractory gold pioneered at the Macraes mine.
- Mapping of the schist orientations and the quartz veining in the west block plus correlating the anomalies across the soil lines indicate that the mineralization cross-cuts the schist foliation.
- Of the 398 soils collected in N-S lines 20m apart in this west part of the permit, the twenty highest **arsenic** values range from 100 to 531ppm.
- Only 25 soils were analysed for **antimony** with 18 running 15 to 255ppm.
- Twenty quartz vein float samples analysed for **gold** in the west area displayed drusy quartz and brecciated schist. Three had over 1ppm gold, all had over 100ppb gold, thirteen had between 0.1 and 0.5ppm, two had 0.5 to 1ppm. Of these samples four had antimony over 2000ppm with one at 6%. Stibnite is visible in places. One quartz float sample had 8500ppm arsenic.
- **Placer workings at Hyde, Hamiltons, Shepherds Hut and Patearoa** lie at the foot of the Rock and Pillar Range *at both ends of the Cap Burn Fault*. They indicate gold potential in upstream schist, but no rock deposits were ever developed. Despite extensive sampling, no coupled gold-arsenic anomalies are known in soils between these placers and the two permit anomalies.
- Just over 1500 soil samples have been collected within the two permit areas. The Operator believes that more mapping plus analyzing for arsenic at 2000 more soil sites by portable XRF will reveal drill targets.