

VICTORY ALLUVIAL GOLD PROJECT

PERMIT: 40872

WESTLAND NEW ZEALAND

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SUPERIOR MINING INTERNATIONAL CORPORATION

VICTORY GOLD PROSPECT

Victory exploration permit: **EPA 40872**

Permit size: **2,906HA**

Permit locality: Immediately south of the settlement of Ruatapu.



Figure 1

Target Geology

The area south from the township of Ruatapu is characterised by a series of moraine fronts formed during the Otira Glaciation. The moraine sequences are dominated by Moana Formation material deposited during the final Kumara-3 glacial advance, though older Larrikins Formation moraines are also present (Suggate and White 1993). During the Aranui interglacial that followed, the Nine Mile Formation (or recent) deposits were formed; which in the Ruatapu area are dominated by beach deposits – the inland expression generally being a sea cliff cut into the older terrace deposits. Immediately north of Ruatapu is Lake Mahinapua; an example of a lake formed as a result of a sea level rise following a glacial retreat with a sand bar created by longshore drift effectively damming what was originally an embayment. The eastern boundary of the target area approximately follows the line of the Nine Mile sea cliff that runs south to Rocky Creek. The beach deposits – at the base of the sea cliff – contain both sand and (Pea) gravel. The gravel pebbles consist of Greenland Group greywacke – quartz – Torlesse greywacke – Alpine schist and granite (derived from Old Man Group gravels and conglomerates). Also within the beach sand there are concentrations of black sand which are generally hosts to elevated gold values. One such instance is the Aylmer Lead which is found at intervals between Ruatapu and Ross.

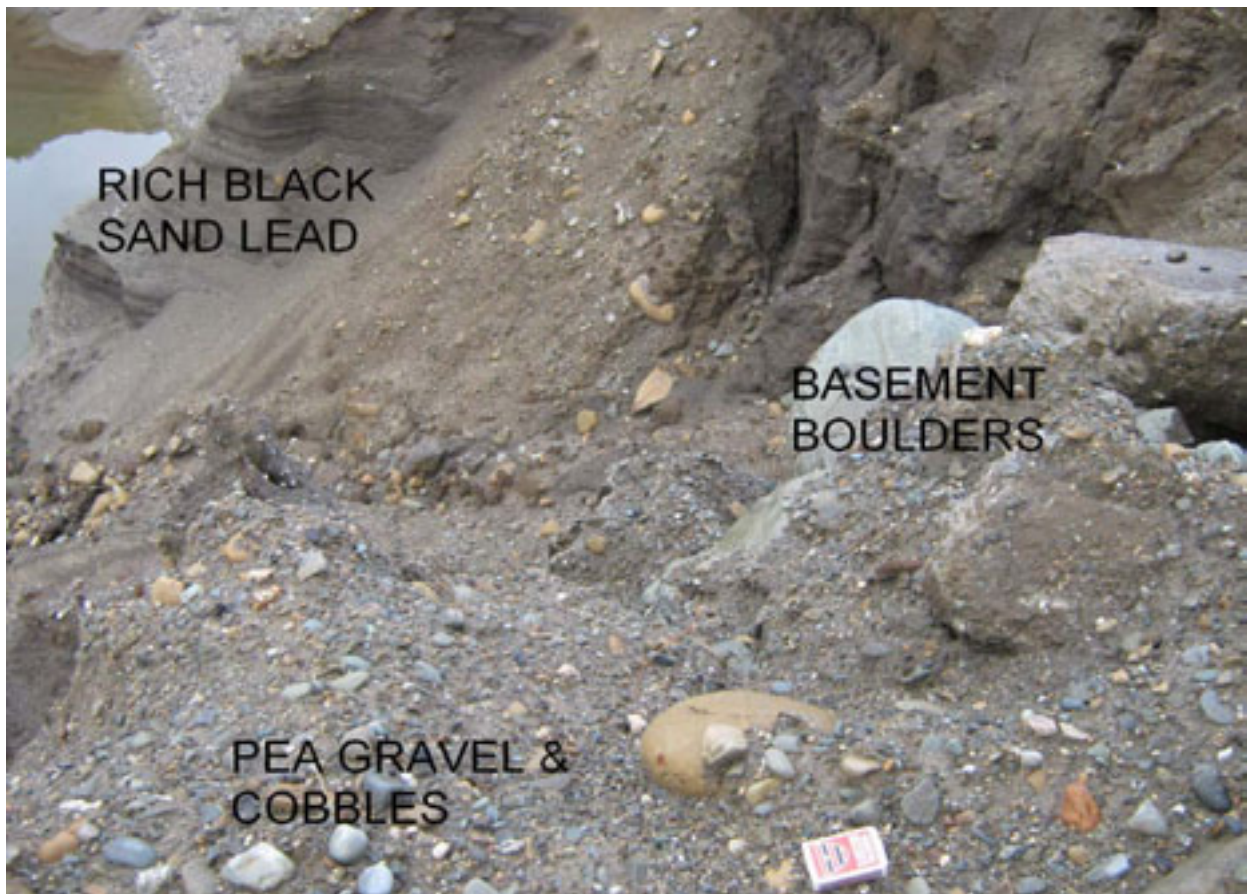


Figure 2

Exploration Completed by Superior Mining

For the year 2008:

A Helicopter Magnetometer Survey & Interpretation (Figure 1) was carried out.

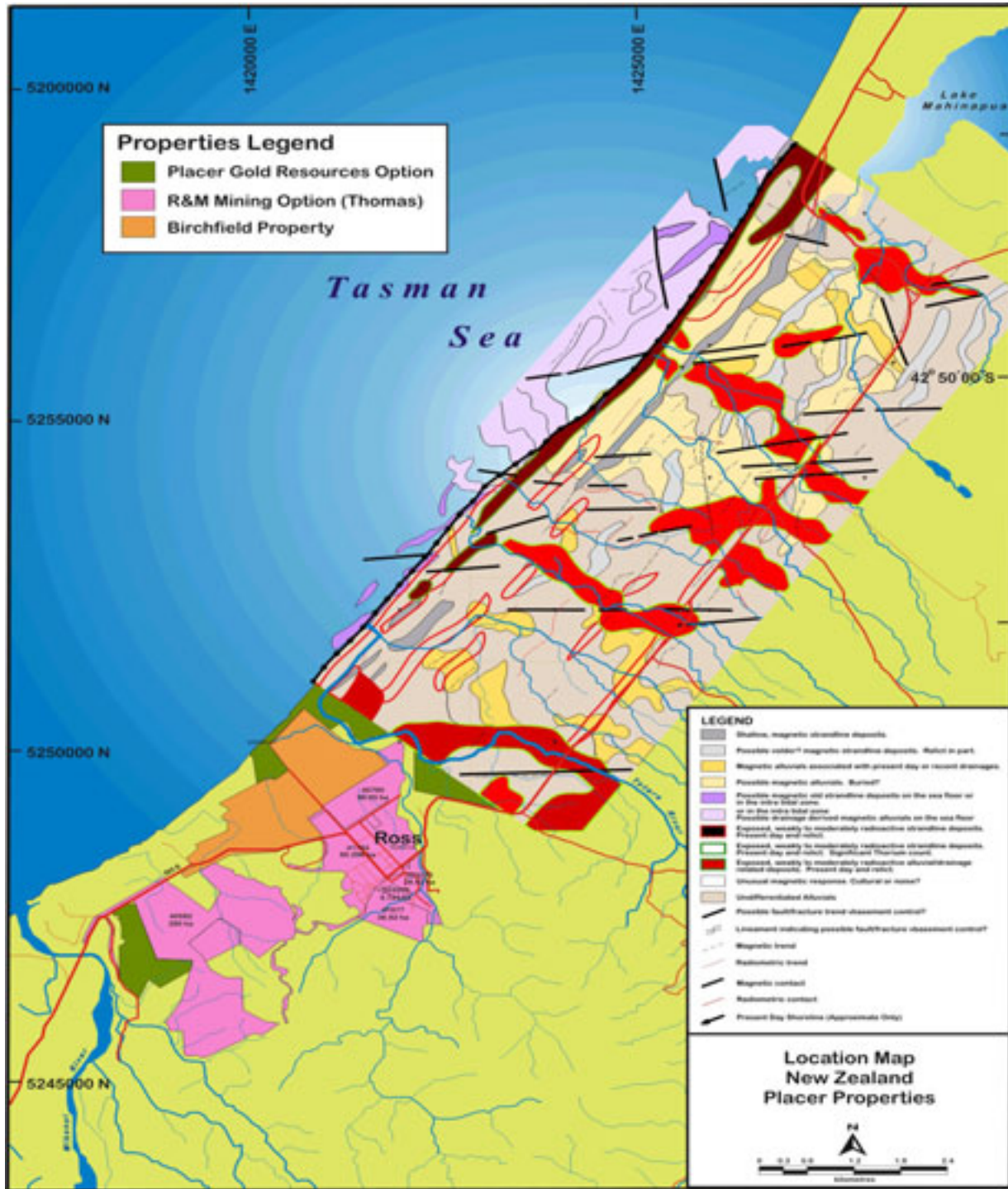


Figure 3: Magnetometer Survey

For the year 2009.

With the assistance of the magnetometer survey, the surface area of the permit was traversed on foot to study any magnetic anomalies.

2 distinct target areas were determined:

Mineralised target area (1)

An area (17.64 hectares) of rich obvious mineralisation was identified (Figure 2). A ground study of this portion of the permit revealed a concentration of mineralisation due to an embayment area which has an escarpment of glacial out-wash that has provided a 'dam wall' to ocean tides, thus providing mineralisation both from the sea and from the glacial moraine that is also known to be auriferous. Several terraces of strand line mineralisation can be identified on surface. Embayment areas are renowned for much more concentrated or 'richer' mineralisation than normal beach strand lines. The magnetometer interpretation identifies 'shallow' mineralisation in this area.



Figure 4: Strand line terrace

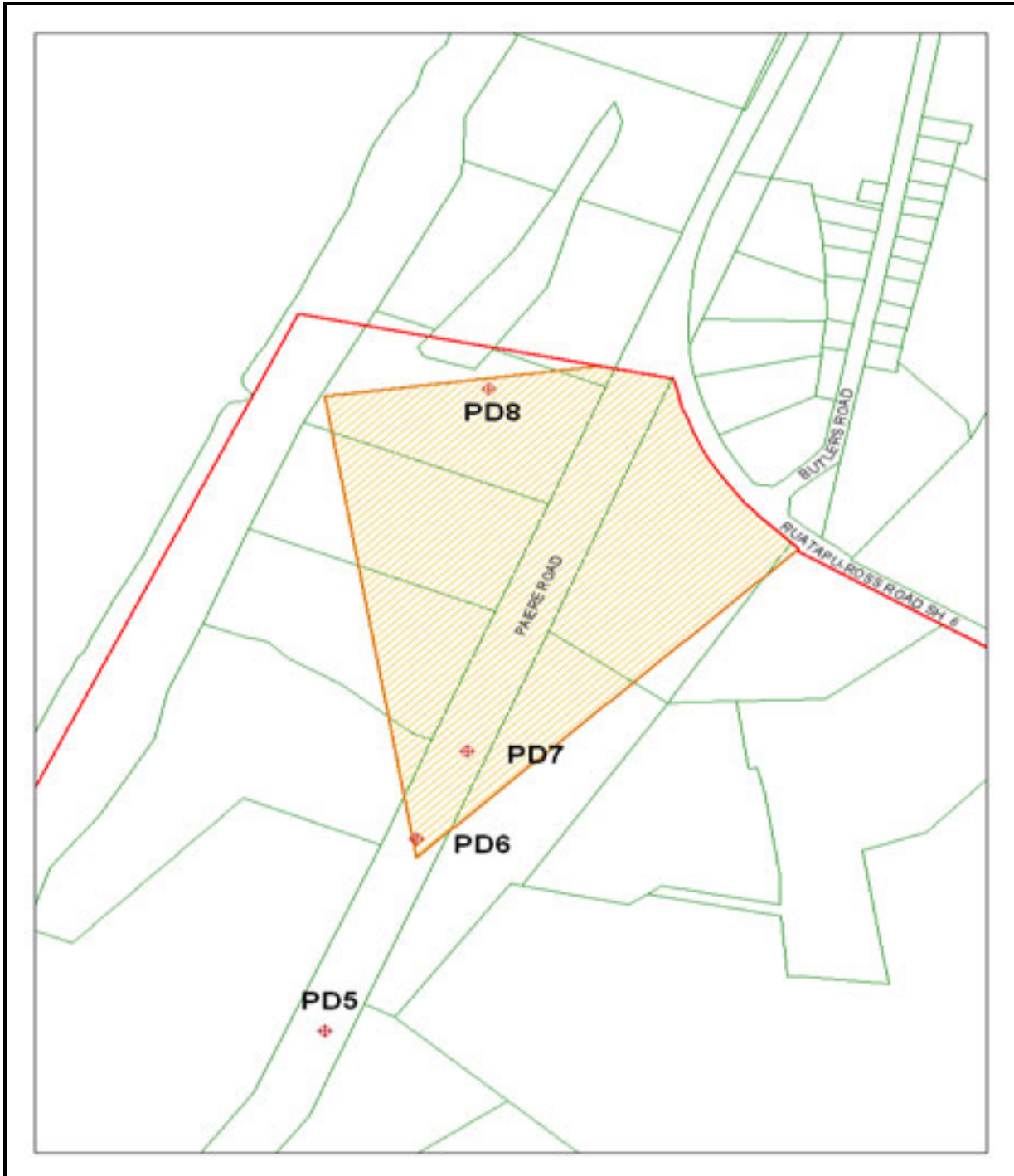


Figure 5: Diagram of mineralised embayment area

Inspection of the embayment area has revealed that the mineralisation is homogenous. Therefore large tonnages of sand hosting gold, magnetite, zircon and ilmenite are likely.



Figure 6: The Mineralisation is homogenous

Mineralised target area (2)

In the 1920's a railway line was constructed, connecting the towns of Hokitika and Ross. A part of this line had to be laid down through swampy land and the engineers took advantage of a marine strand line in order to save on ballast. Due to a bluff of glacial outwash just east of where the line was put through, the marine strand line was maximized, thus allowing it to be the host for large potential tonnages of rich, heavy mineral concentrations plus gold. When the railway line was abandoned, and the track and sleepers were pulled up, the thoroughfare was soon overgrown by gorse and other invasive vegetation. This vegetation was cleared, so that a better estimation of the strand line could be arrived at.



Figure 7: A portion of the clearing carried out.

This clearing work achieved the following results:

- a) It gave suitable access to explore the strand line.
- b) It has enabled the (once recalcitrant) landowner to the west access to most of his land by vehicle.
- c) It has pleased the landholders in the embayment area because they can ride their horses away from the marine road.
- d) It has pleased the Westland District Council as the cleared track makes an accessway for tourist cyclists and trampers.

While the clearing work was being carried out, it became obvious that the railway line had been put on rich, mineralised sand, and that very little outside ballast was introduced. This exercise also confirmed the results of the helimag survey – that there is a mineralised target area in excess of 8 kilometres.



Figure 8: Machine working on mineralised strand line



Figure 9: Example of rich sand mineralisation.

Drilling Programme

During the period 25 – 28 May 2009 a programme of 19 drill holes (Holes PRC01 – PRC19) was undertaken along the railway line and on private land. A map outlining the drill hole sites (Figure 3) is below.

Drilling target

The target was principally a shallow magnetic strand line deposit, marked grey on the magnetometer survey map ((Figure 1). Due to terrain access restrictions the drilling was mainly confined to the abandoned railway track, plus areas where the drill could be taken into farmers' paddocks. The embayment area (Figure 2) was also tested.

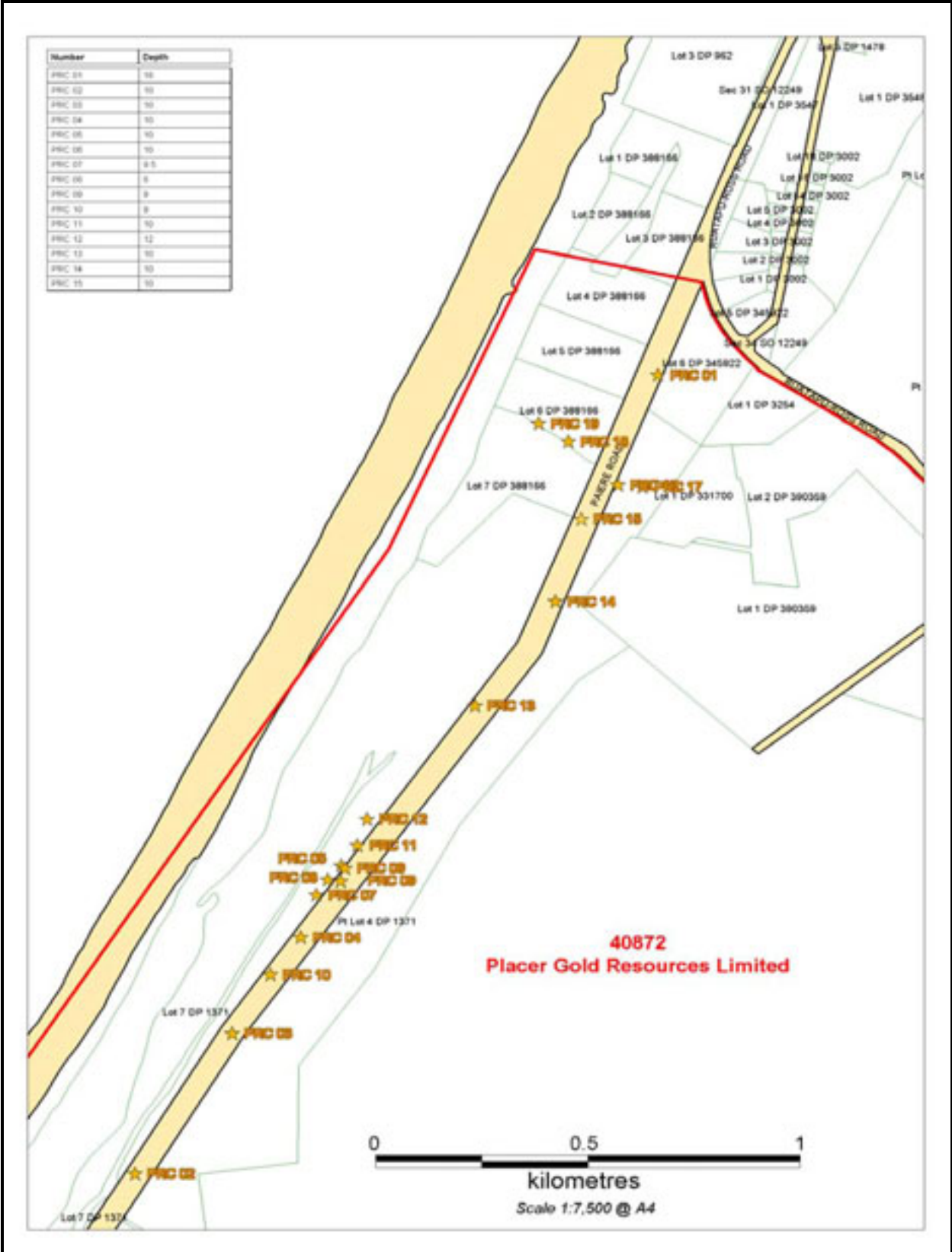


Figure 10: Drill hole locations

Drilling method

The method of drilling was reverse circulation. The samples were collected in 1- metre increments in plastic bags. The samples were delivered in rock chip form, where the gravel material was crushed by the down-hole hammer.



Figure 11: Drill Samples



Figure 12: Drilling Hole PRC03



Figure 13: Drilling Hole PRC14

Summary of drilling programme

It is important to note that this was a first-pass – prospecting – exercise only. There is a possibility that , if some of the holes were drilled deeper, more economic grades would have been identified (Figures 4 & 5). Hole PRC01 has demonstrated a further gold horizon at greater depth.

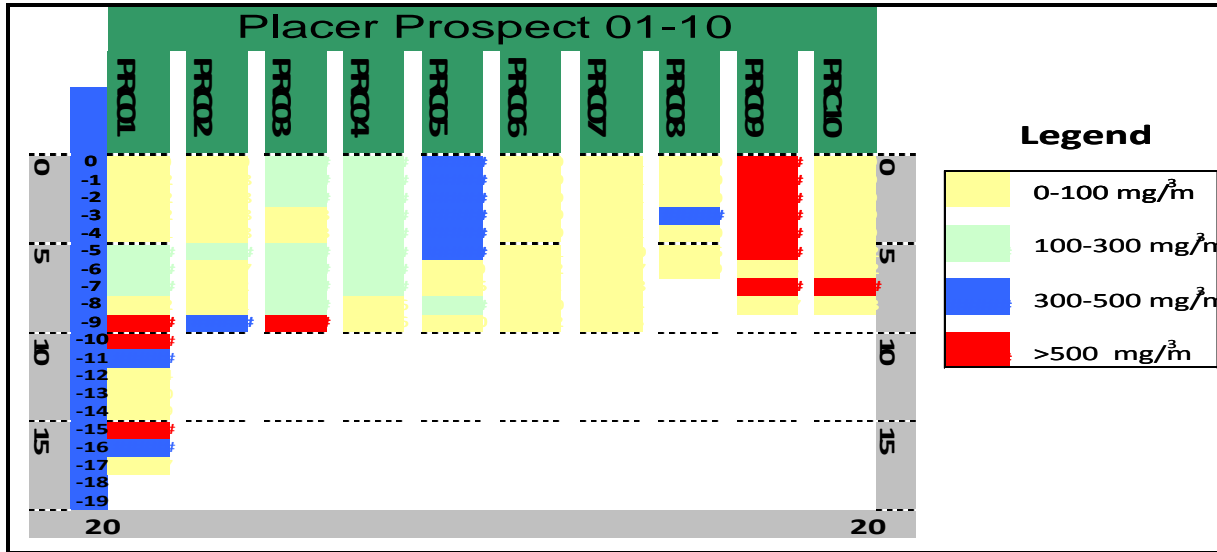


Figure 14: Drill profiles PRC01 -

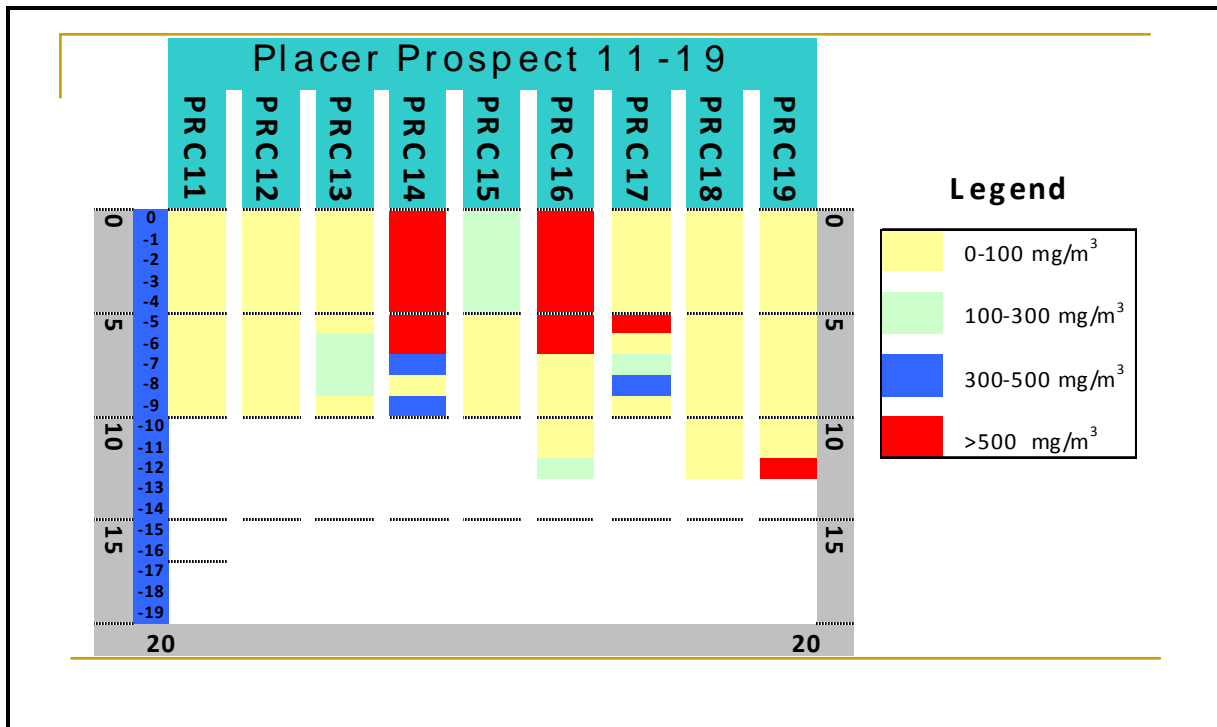


Figure 15: Drill hole profiles PRC11 - 19

For a first-pass programme, some very encouraging results were obtained. Furthermore, it appears obvious – that due to access restraints – there is a great chance that possibly even more impressive results would have been obtained if holes could have been drilled right at the base of the glacial moraine escarpment where the magnetic survey outlined a more anomalous target. Now that economic gold grades have been obtained so far – whereby further drilling is warranted – more site preparation can be carried out so that this magnetic anomaly can be tested more thoroughly.

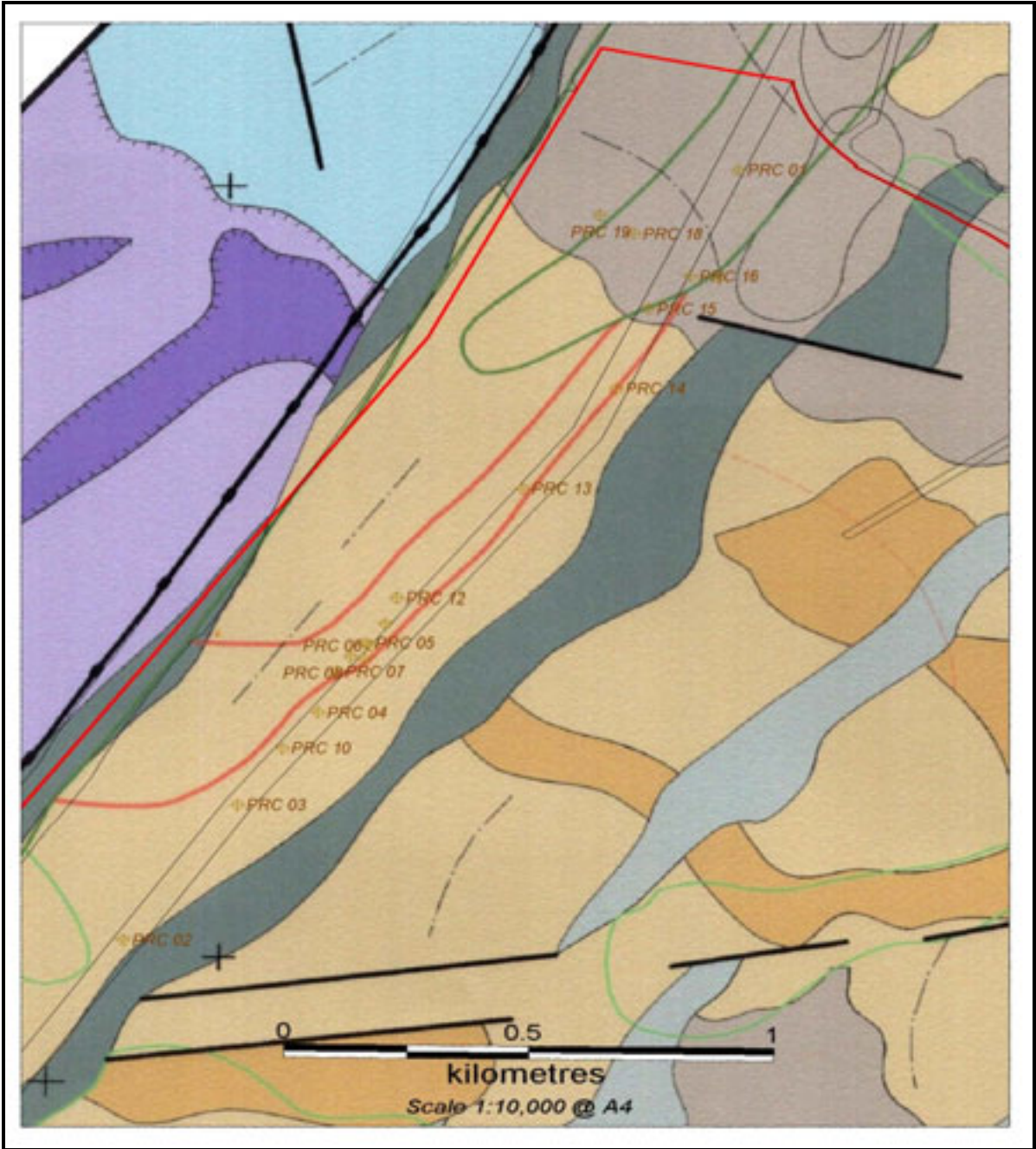


Figure 16: Drill hole sites relative to Magnetic survey

Proposed mining due north of the Placer Project.

Just east of the settlement of Ruatapu the glacial moraine escarpment continues in approximately a north-east/south-west direction. A syndicate is proposing to mine the same targeted strand line at the base of the escarpment adjacent to the Westco Lagan timber mill. This syndicate has excavated some prospecting trenches within the strand line and has managed to recover exceptionally high (1000 – 7000mgm) gold grades.



Figure 17

Prospecting trench

Prospecting trenches have proved very useful because the geology of the strand line was revealed in detail. As encountered in the PRC drill holes the formation of the strand line appears to be uniform all along the moraine escarpment.



Figure 18: Trench excavated within target strand line

Sample Concentration & Sample Analysis

In order to assess the total quantity of alluvial gold in each drill sample, each sample was concentrated by a Wilfley table and sluice box. The concentrate of each sample was submitted to the SGS laboratory at Rapahohe, and then it was sent on to the SGS laboratory at Waihi.

CONCLUSION

The drilling has proved that this prospect has merit and further evaluation is warranted. With the results obtained from the drilling campaign, additional drill site preparation should be carried out to test the base of the moraine escarpment. The drilling has also proved that additional drill holes should be drilled deeper.

FURTHER EXPLORATION RECOMMENDATIONS

Open-ended target

Only 50% of the anomalous target (Figure 19) has been tested. A decision needs to be arrived at with regard to the following:

- 1) For a first-pass programme, some very encouraging results were obtained. Furthermore, it appears obvious – that due to access restraints – there is every possibility that even better results would be available if holes are drilled right at the base of the glacial moraine escarpment where the magnetic survey outlined a more anomalous target (Figure 19). Now that good gold grades have been discovered so far, further drilling is warranted and more site preparation should be carried out so that this magnetic anomaly can be tested more thoroughly. In-fill drilling with deeper holes could test for additional leads at depth and further define the resource. A drilling programme should be designed to prospect the remainder of the magnetic anomaly further south.
- 2) In-fill drilling of the target strike tested so far would require at least another 20 x 20m drill holes. A similar programme could be used to complete a first-phase evaluation of the southern portion of the anomaly.

There are several more anomalous targets that need to be evaluated (marked in red Figure 19). Discussions with previous explorers have revealed that these targets are also auriferous and are possibly economic at today's gold prices.

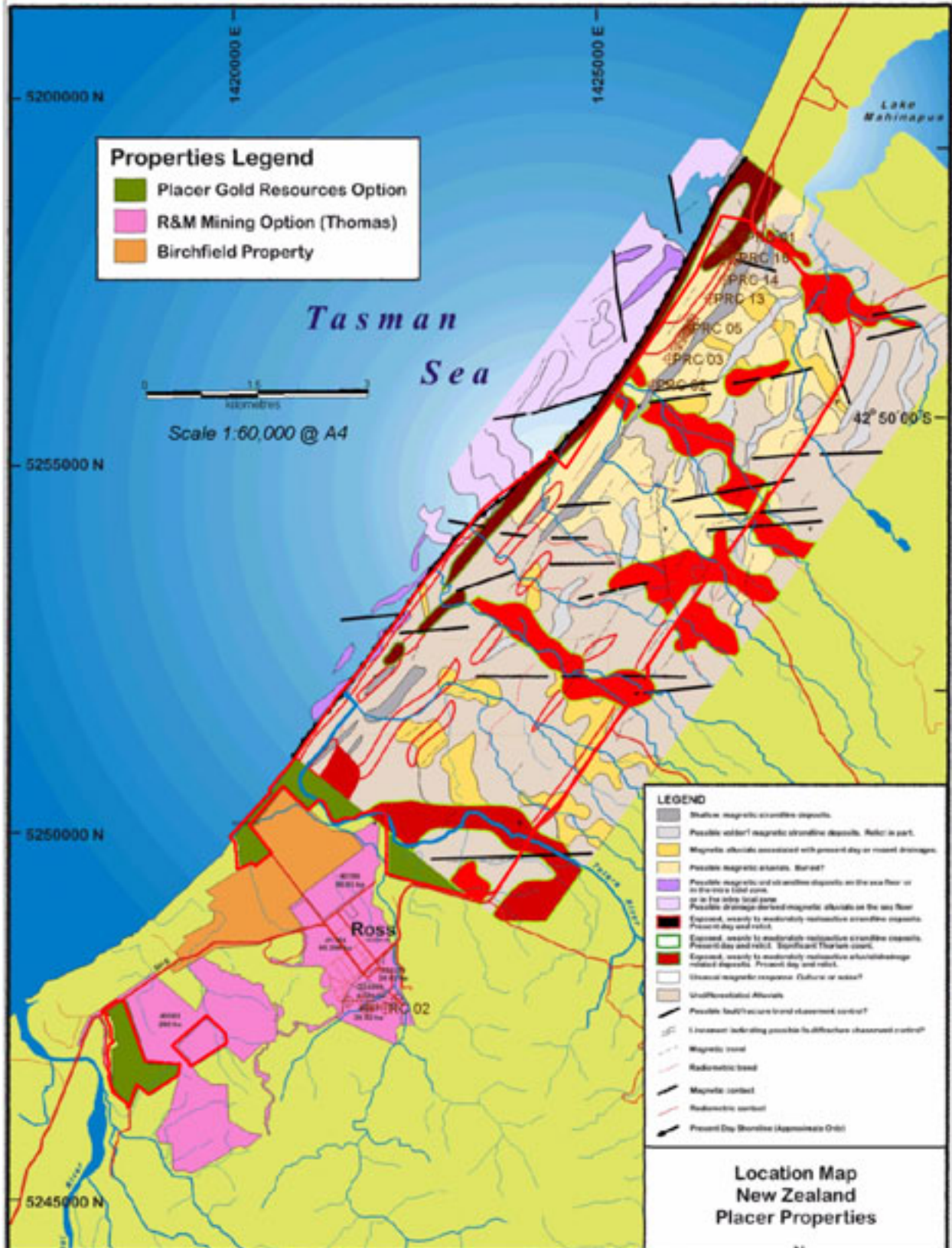


Figure 19: Portion of anomalous target tested