

Ophir Gold adds Red Hills permit to Central Otago reef prospect

20 February 2007 - Dunedin-based Ophir Gold Ltd which last year took over the Ophir gold reefs project in Central Otago has been awarded a prospecting permit over the Red Hills northeast of Milford Sound on the West Coast of the South Island.

Dr John Scott, senior geologist and director of Ophir Gold, said that the 820 sq km area contained ultramafic intrusives which were highly prospective for hard rock gold and platinum.

Dr Scott said the company intends to work up this prospect over the coming months and identify areas of interest for more intensive exploration. The use of geophysics by exploration contractors will feature in the exploration of the permit (PP 39 340).

He said the Red Hills area contains layered and podiform chromite mineralisation in ultramafic host rocks (dunite, peridotite), associated with anomalous nickel and copper. Asbestos (chrysotile) also occurs as vein stockworks within serpentinites.

The mafic/ultramafic intrusive rocks of Red Hills represent a characteristic host setting for gold, platinum, chromium, copper and nickel mineralisation. In addition, gold bearing quartz veins (Jackson River) and tin mineralisation (Cascade River) have been reported in the area.

Dr Scott said Ophir Gold was currently in a restructuring mode and gearing up for the next phase of feasibility drilling to be undertaken within the next few months at its Ophir gold project, about 20 km north of Alexandra near the town of Omakau. A budget of \$800,000 is required for this prospect-wide drill programme.

Bakery Hill Holdings Ltd (BHH) assumed exploration management of Ophir Gold properties in May 2006. Prior to this the 650ha project area of EP 40427 was controlled by Centago Mining Ltd.

The company has launched an intensive exploration and resource drilling campaign. Initial focus has been on the Wai-iti prospect where highly encouraging gold grades have been intersected in drill holes along a mineralised shear zone.

Last year Ophir Gold announced a 870% increase in the gold resource estimate for the Wai-iti prospect.

The new resource estimate was prepared by independent consultants Otago Geological Services Limited, and was based on the results of the successful Phase 2 step-out drilling programme last year, as well as historical drilling and geochemical data.

The new JORC-compliant total inferred resource was 849,619 tonnes @ 3.99 g/t gold for 109,354 contained ounces. This compared with the previous non-JORC compliant inferred resource estimate of 111,910 tonnes at 3.48g/t gold for 12,562 contained ounces.

"Of the nine mineralised prospect areas identified by BHH within the Ophir project, four are at the stage where drilling can commence with very limited additional fieldwork. This is a direct result of the implementation of the successful exploration models used at Wai-iti in Phase 2."

"Resource upgrades are ongoing at the Ophir Project, and this work will be incorporated into the 3-year plan which OGL and BHH are currently developing," he said.

The company's broader objective is to delineate a long-term reserve base to provide a continuous source of ore feed to a mining plant within the next three years.