



## ***Strategic Seeks Strike Extension of Reefton Goldfields***

***The Reefton South project is aiming to make a new gold discovery under cover and along strike from the Reefton goldfield, South Island New Zealand.***

Strategic Elements Ltd (ASX:SOR) is pleased to announce that Strategic Materials Pty Ltd (100% owned) has substantially extended the area of the Reefton South project. The project is located 3km along strike from the prolific Reefton goldfield, which historically produced approx. 2,100,000 ounces of gold. The project has potential for a strike extension of the Reefton Goldfield.

The Reefton goldfield is undergoing a significant resurgence with major mining company Oceana Gold Ltd developing the Globe Progress Open Pit mine with a JORC resource of 1,200,000 ounces of gold. Oceana Gold believes the Reefton goldfield to be “under-explored” with “excellent potential for further exploration success”. They are seeking to reopen further old mines, such as the Blackwater mine, and make new discoveries through new exploration approaches.

### ***Seeing Through Cover***

The Company has extended its Reefton South application to cover an extensive area of ground south of the Reefton goldfield. A layer of gravel and glacial till covers the prospective gold bearing rocks. Old miners could not explore these prospective rocks beneath the cover. This has left the project area completely unexplored for hard rock gold, despite it being only a few kilometers along strike from southern end of the Reefton goldfield.

For some time, the Australian government has supplied airborne geophysics data to explorers to assist them to ‘see through the cover’. Thus in Australia, an area with such close proximity to a major goldfield would have already been extensively explored. This year will see the very first release of New Zealand government airborne geophysics data over the Reefton goldfield and the Company’s Reefton South project area. The Company is extremely appreciative of the efforts of the West Coast mining industry and government bodies that have organized and funded the critical airborne geophysical surveys currently being conducted.

Oceana Gold have also recently announced a new Reefton gold discovery (near Big River) by applying a new approach to exploration to explore under the thin layer of cover. They are using a wacker drill (modified jack hammer) to reach bedrock under cover. The company will also seek to apply this technique in its project area where depth of cover is appropriate.

Reefton is a very high-grade goldfield, Oceana Gold have announced new exploration drilling intercepts at Big River of 3m @ 18.5 g/t and at Blackwater of 1m @ 23.3 g/t, and the average grade of the historical mining was typically around 15g/t gold, ranging up to two ounces.

Managing Director Charles Murphy said “Modern exploration techniques enable exploration of rocks beneath cover and there is a global trend in new gold discoveries being made through these methods.”

“It is an exciting thought to consider, that the Reefton South project is a few kilometers along strike from a significant producing goldfield, and modern ‘under cover’ exploration approaches mean its prospectivity is completely wide open”.

“We are building a strategic position (>1200 sq km) across a number of rare (tungsten, rare earths, tin) and precious (gold) metal projects on the South Island of New Zealand. In a country such as New Zealand, we believe that new data, combined with a strategic ground holding underpinned by fundamental geological concepts, is the way forward to make new discoveries”.

#### ***Project Area Contains Rock Type That Hosts Reefton Goldfield***

The project contains a few areas where Ordovician Greenland Group rocks, which host the Reefton Goldfield to the north, outcrop from cover. The project area is mapped as mainly Quaternary river gravel, sand and till, **which are inferred to cover an extensive area of Greenland Group rocks.**

The northern permit boundary is approximately **5 km south** of the historic Blackwater Mine at Waiuta, which was the biggest mine in the Reefton Goldfield. Historic mining extended south from the Blackwater Mine, where the Greenland Group rocks outcropped towards the Reefton South project area. **However, mining stopped at the contact with overlying gravel, as historic mining methods could not locate mineralisation beneath gravel cover.**

#### ***Line of Lode***

The mines in the Reefton Goldfield are located in a zone known as the Reefton “Line of Lode”, which comprises a zone of folding and shearing extending for a strike length of 30 km. The Reefton “Line of Lode” structures are also mapped southwards to the contact of the Greenland Group rocks with covering fluvioglacial sediments on the south side of the Snowy River. Further south, there is total cover of fluvioglacial gravel of unknown thickness, so structures have not been able to be mapped further south.

**The Greenland Group rocks and the Reefton “Line of Lode” structures are inferred to extend further to the south in the Reefton South project area, but beneath gravel cover.**

#### ***Reefton Mines - Blackwater Mine***

The mine produced 733,000 oz of gold from the Birthday Reef from 1905 up to 1951, when the collapse of the Blackwater shaft forced the mine’s closure. However Oceana Gold Ltd is currently undertaking a ten-hole deep drilling programme at the Blackwater Mine with a view to developing a decline to reopen underground mining of the Birthday Reef. The Birthday Reef at the Blackwater Mine was only discovered by chance as an exposed quartz vein in Greek Creek, as this area is also difficult to explore due to gravel cover. Oceana Gold recently announced that deep “drilling successfully intersected a high grade quartz reef approximately 650m down plunge **below** previously mined workings of the historic Blackwater mine” (ASX Announcement 19 April 2012).

#### ***Reefton Mines - Globe Progress Mine***

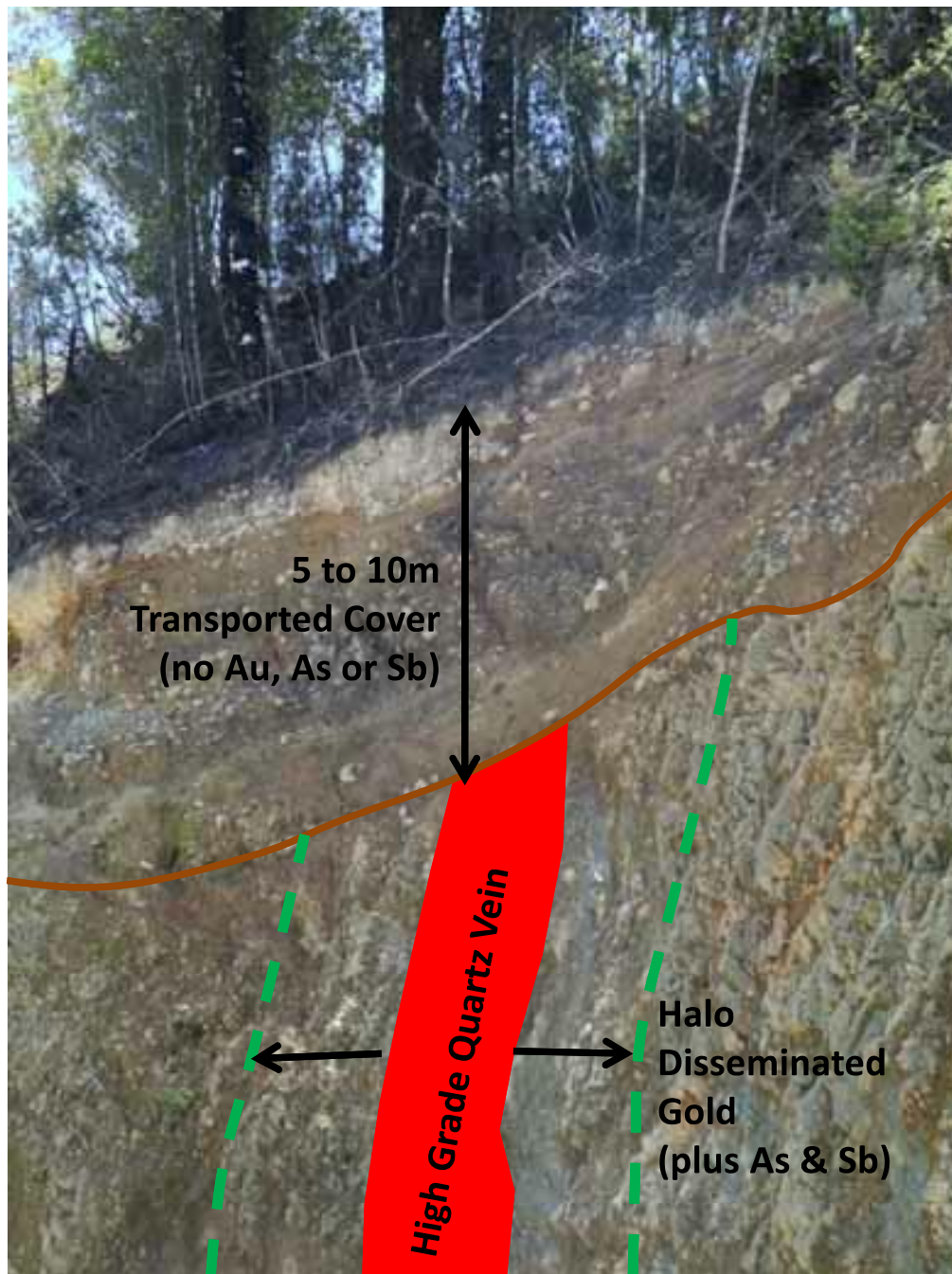
The Globe Progress gold mine operated by Oceana Gold Ltd is 20 km to the north. The mine commenced production in March 2007 from an open pit mine. Production for 2011 was 77,648 ounces and total production to the end of 2011 was 364,862 oz.

#### ***Alluvial Gold Production***

There has been considerable production of alluvial gold from the area: Blackwater River (>18,000 oz), Snowy River (>56,000 oz), Mossy Creek (>10,000 oz), Waipuna (>3,000 oz), Nelson Creek (>76,000 oz) and minor production from Upper Grey River, Orwell Creek and Ahaura River.

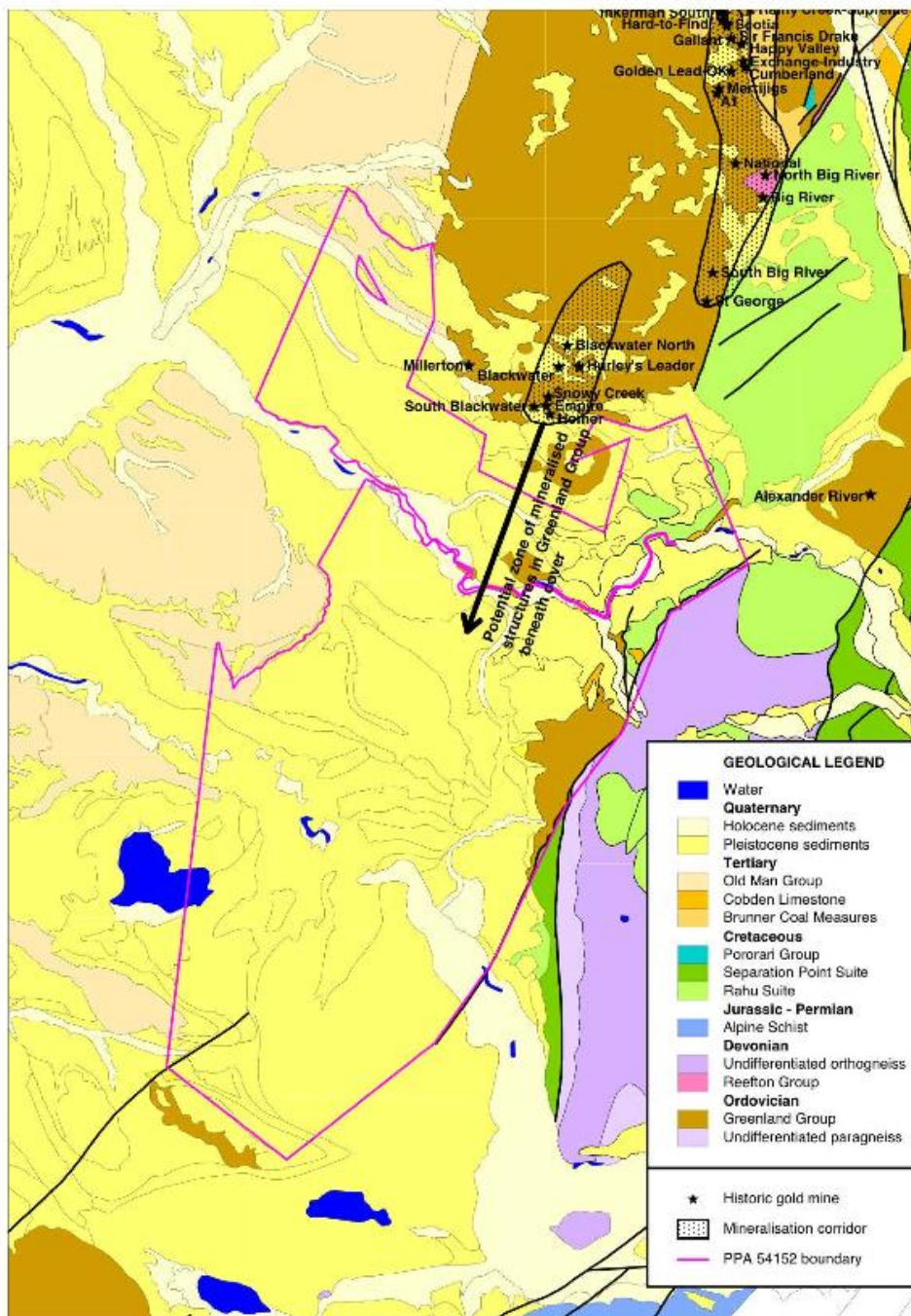
#### ***Prospecting Permit Information***

The prospecting permit application 54152 Reefton South covers 276.3 sq. km and abuts prospecting permit 52704 Hohonu, also held by Strategic Materials Pty Ltd (100% owned) at its southern boundary.



*Oceana Gold Presentation Showing Thin Cover in their Reefton Permit Area*





**Map of Reefton South Project Showing Old Mines and Quaternary Cover**



*The information in this report that relates to Exploration Results is based on information compiled by Geoff Price, who is a Member of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Geoff Price is employed by Geopex Ltd. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Geoff Price consents to the inclusion in the report of the matters based on his information in the form and context in which it appears".*

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### **About Strategic Elements Ltd**

The Company develops and funds multi-commodity assets with exposure to rare and precious metals (e.g. rare earths, tungsten, tin, gold, silver). This includes the development of projects in territories with large-scale potential where modern techniques have yet to be applied. The Company strategically restricts its activities to countries with low political risk.

The Company is registered by the Federal government as a Pooled Development Fund, which enables most shareholders to pay no tax on capital gains or dividend income received from their shareholding in the Company. This structure has the potential to significantly multiply the benefit of any capital gain made by the Company's shareholders.