Stone Rock Bay and Salmon Bay REE Projects

- Rock and soil samples with >1% TREE (La, Ce, Pr, Nd, Sm, Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu, Y)
- Early stage programs, one ten day, five man program at each site
- Both projects at tidewater on Federal Land open to mineral entry, Salmon Bay is road accessible

The Stone Rock Bay project, controlled by Contango Ore Inc., is located at the southeastern tip of Prince of Wales Island in the Tongass National Forest of Southeast Alaska. The US Bureau of Mines (BOM) reports that REE enriched andesite dikes are hosted in quartz syenite of the Stone Rock Bay shoreline. A small field crew investigated these dikes and the surrounding area and discovered four areas with elevated REE in surface material (Figure 1a). Two rock samples contained more than 3000 ppm Total REE. The highest grade rock sample collected during Contango's field program (Figure 1b) contained 5889 ppm TREE (95% Light REE) in granodiorite with angular matrix supported purple syenite clasts and 5% aggregate pyrite. The next highest grade rock sample collected contained 3667 ppm TREE (98% LREE) in dark purple syenite with 15% disseminated pyrite, 15% white to milky dolomite, and 1-2% malachite. A sample of decayed bedrock mineral soil collected from an exposure under a blown over tree root wad returned the highest concentration of REE on the project, 10528 ppm TREE (97% LREE, 0.5% Ce). Numerous other soil samples contained more than 0.1% TREE, areas of elevated REE concentrations are displayed in Figure 1a.

The exploration program conducted at the Stone Rock Bay project is preliminary in nature, but has already discovered ore grade material suggesting the mineralizing system is able to produce a mineral deposit of possible economic grade. The discovery of REE enriched soil nearly a kilometer west of the US BOM's initial discovery requires an expanded sampling program to define the limits of this expanding REE occurrence. A large portion of the mapped syenite unit remains unexplored and the portion of the Stone Rock Bay area that has received an initial exploration program requires a follow-up exploration program to expand on known mineralization and investigate the interaction of the various igneous bodies within the area.

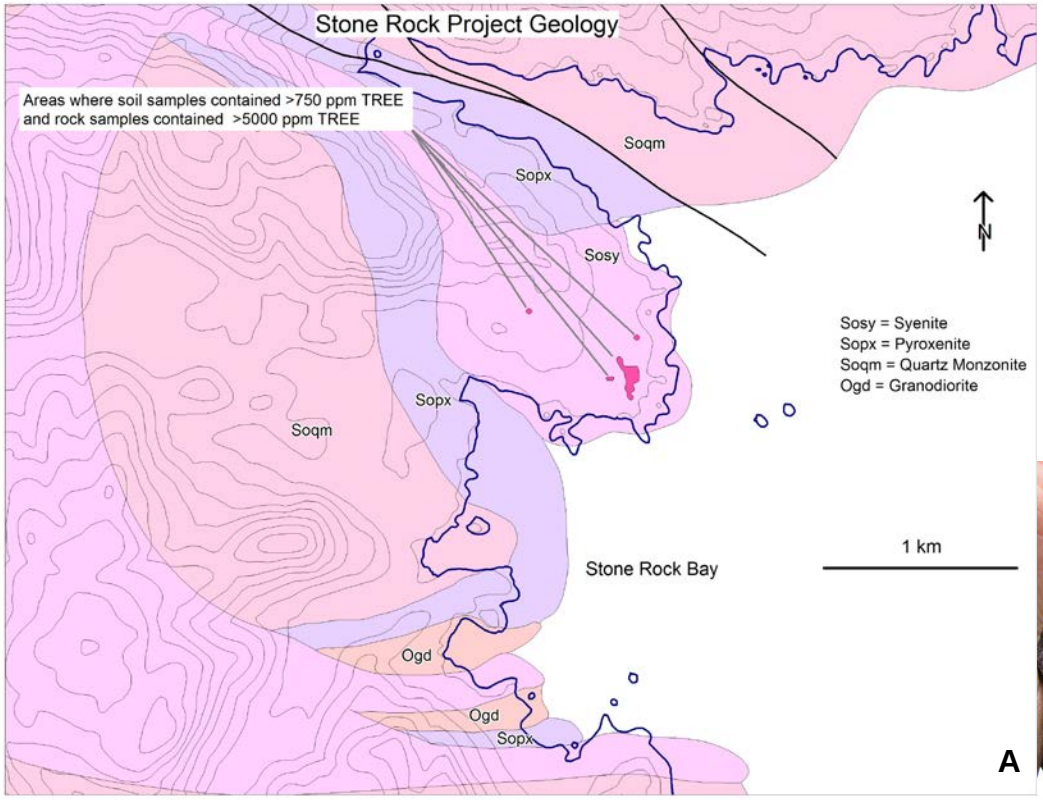

Figure 1a Geologic map of the Stone Rock Bay area displaying the concentric distribution of rock types in the composite pluton and areas of elevated REE contents in surface samples.

Figure 2b Photograph of the rock sample containing the highest concentration of REE collected during the initial field program.

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The Salmon Bay project, controlled by Contango Ore Inc., is located at the northeastern tip of Prince of Wales Island in the Tongass National Forest of Southeast Alaska a short drive from the village of Whale Pass. The US Bureau of Mines (BOM) reports that REE enriched carbonatite dikes are hosted in graywacke of the Salmon Bay shoreline. A small field crew investigated these dikes and the surrounding area and confirmed two areas with elevated REE in surface material (Figure 2a). The larger of these two areas of elevated REE concentrations in calcareous dikes/veins runs for 5 kilometers NE-SW along the coastline in the northern project area. Twenty two of the 104 outcrop samples collected return analysis values of 1000 ppm TREE or greater with three outcrop samples from three different vein sets contain >1% TREE. Soil sample analysis also confirms the presence of elevated REE in the basal mineral soils derived from the bedrock of the Salmon Bay area; 19 of the 191 soil samples collected return analysis results of 200 ppm TREE or greater.

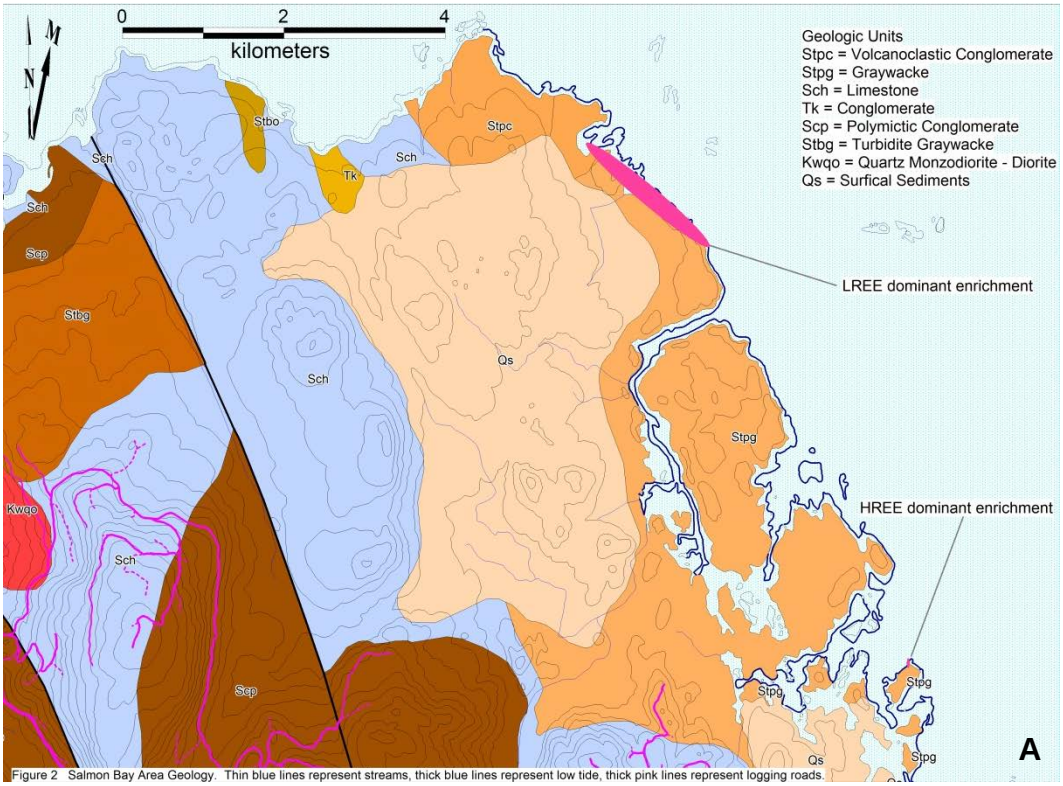
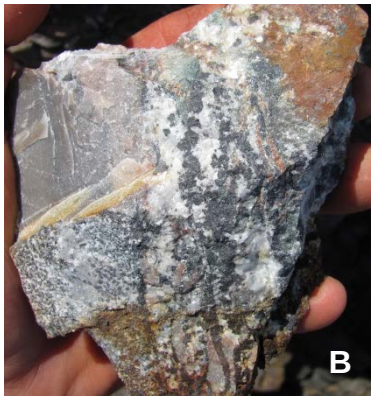


Figure 2 Salmon Bay Area Geology. Thin blue lines represent streams, thick blue lines represent low tide, thick pink lines represent logging roads.



TREE	LREE	HREE	% HREE
12465	12101	364	3
12255	11917	338	3
9559	9513	47	0
12112	11997	115	1
5282	4424	858	16
6971	5858	1114	16
6056	5236	820	14
8217	3492	4725	58
8082	3417	4664	58
6715	3268	3447	51
5330	3738	1591	30

Figure 2a Salmon Bay Area Geology. Figure 2b Photograph of the rock sample containing 12255 ppm TREE.

Table 1 Selected Outcrop Sample Results. The two REE populations are easily split by the ratios of heavy to light elements, but even within a population there are differences in LREE ratios, with apparent Ce and Nd enrichment in the top bracket samples and mild HREE enrichment in the third bracket.

There are many types of veins encountered on the Salmon Bay property, but all bare the tell-tale orange rusty appearance of weathered iron bearing carbonate minerals. Some of these veins contain euhedral coarse-grained magnetite (Figure 2b) and potassium feldspar, while others contain angular clasts of the host greywacke. These veins have a wide range of thicknesses from a minimum of hairline to a maximum of 2.5 m. The analytical results displayed in Table 1 show a wide range of REE contents; some outcrop samples returned large amounts of the LREE, while others were Heavy REE dominant (Table 1). When these analytical results are normalized to the primitive mantle (a standard procedure to compare geochemical data) and graphed they display a wide range of REE trends. But samples collected from the same vein or series of closely spaced veins display similar REE trends. This cursory examination of the outcrop sample results indicates that there are numerous styles of REE bearing carbonate veins, and indicates that the mineralizing system is more complex than a simple carbonatite type deposit. The presence of HREE does not fit with a classic carbonatite hosted deposit and may greatly increase the profitability of a potential ore body.

Interested parties are encouraged to contact Mr. Curt Freeman, President of Avalon Development, and agent for Contango Ore Inc., at the contact information listed below.

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