

Dime Creek Summary Report



For:

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Dime Creek Claim Summary Report

Summary

The Dime Creek area is a historic producer of gold and platinum located in the eastern portion of the Seward Peninsula, within the Koyuk Mining District of Alaska. Examination of U.S. Mint production records and other sources indicate that Dime Creek has produced an estimated 40,000-to-61,000 ounces of gold from 1915 to 1955—most of which was produced prior to 1952. According to U.S. Government mint records, 105 ounces of byproduct platinum has also been produced from the Koyuk district, mostly from Dime Creek. Due to its isolated location, gold and platinum resources have not been thoroughly mined or tested. Results from limited sampling and a review of historical documents indicate that significant placer resources of gold, and to a lesser extent platinum, remain in the Dime Creek drainage. At least one million cubic yards of auriferous pay remain in several defined areas within the Dime Creek basin. Lode sources for the placer gold and platinum remain elusive. However, lode targets for platinum and possibly gold have been outlined by an auger soil survey carried out by past investigators and from historical notations in published literature. Additional data on platinum lode targets can be acquired with follow-up drilling concurrent with placer gold exploration and is a recommended course of action for future exploration work.

Location and Access

The Dime Creek prospect is located in the eastern portion of the Seward Peninsula in the Koyuk Mining District of Alaska. Specifically in Township 3 north, Range 12 west within the Kateel River Meridian (See Figure 1). The closest towns are Buckland (40 miles to the north), Koyuk (40 miles to the south) and Candle (45 miles to the northeast). Access is provided by runways suitable for small aircraft, at Bear Creek and Quartz Creek. A larger airfield, located at Granite Mountain, is available for large cargo planes. The town of Haycock, inhabited on a seasonal basis, had a runway for small aircraft but is currently in disrepair. Past exploration efforts utilizing heavy equipment have been based out of Koyuk. Equipment is typically barged or flown to the 5,000 foot long, State of Alaska maintained airstrip at Koyuk and transported across winter trails to the Dime Creek area.

Topography

The topography of the Dime Creek area is characterized by low to moderate elevations with flat-topped mountains and ridges up to 2,800 feet. Hills and upper valleys are tundra covered. Stands of willow, birch, alder and low brush are found at lower elevations concentrated along creeks. The region has not been glaciated and therefore the valleys are free of glacial debris. Silt overburden in the area is reported to be relatively thin, although can reach 30 feet thick.

District Land Status and Claim Ownership

The Dime Creek area consists of a combination of Federal and State lands. The State land is confined to a 2 to 3 mile strip in the central portion of the exploration. The majority of the land in the Dime Creek area is open to mineral entry and very few claims currently exist (See Figure-1 for area land status and claim ownership).

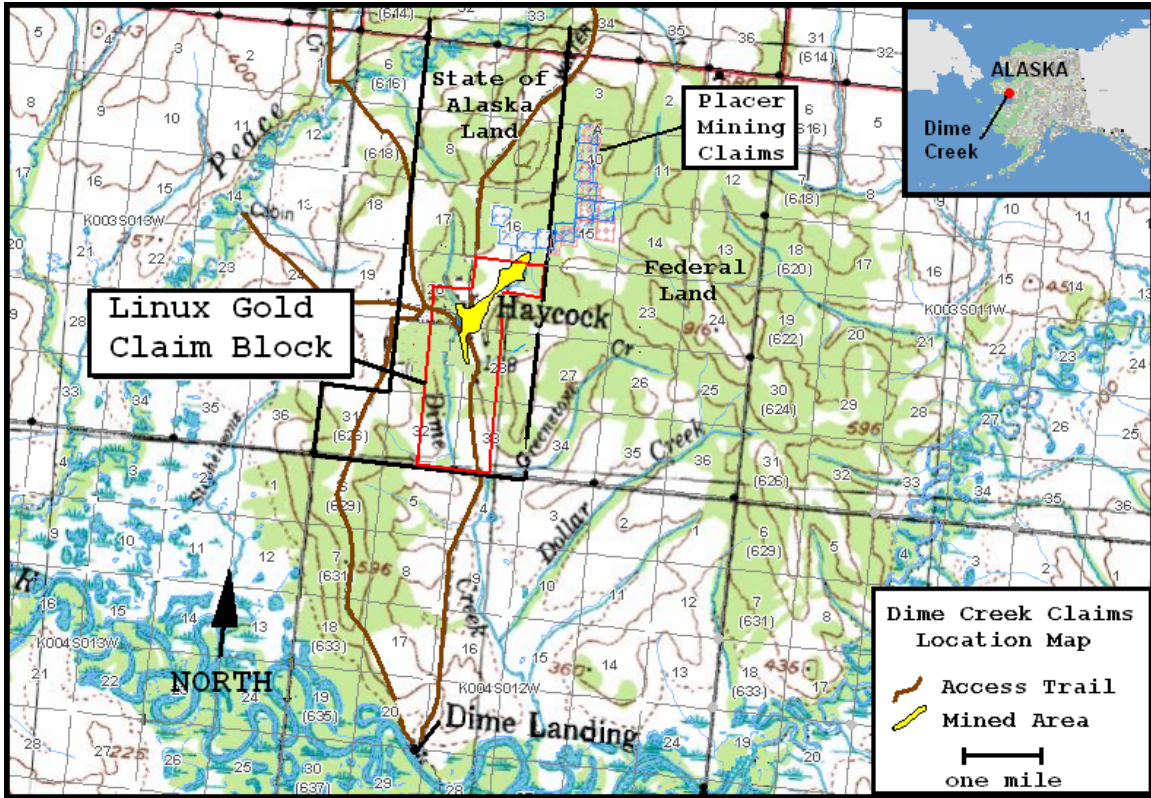


Figure 1 - Location, Land Status and Claim Ownership

Linux Gold controls 12 contiguous State of Alaska mining claims centered along Dime Creek, as well as a large claim block to the north in the Granite Mountain Area. The Dime Creek claims encompass 1,920 acres of land, including most of the historically mined areas and the most prospective ground for locating additional placer resources. All claims are currently in good standing.

Regional Geology

The Seward Terrane and the Koyukuk Terrane are the two major rock sequences in the Koyuk District. The Seward Terrane is composed of Pre-Cambrian to Paleozoic aged, low to high grade metamorphosed rocks. These metamorphic rocks consist of meta-sedimentary and metamorphosed felsic igneous rocks and metabasites (Till and Dumoulin 1994). The Koyukuk Terrane is a Jurassic to Cretaceous aged group of volcanic rocks consisting of andesite, basalt, tuffs and mafic/ultramafic rocks (Patton 1994). The Seward and Koyukuk Terranes are separated by a major fault zone, the “Kugruk-Koyuk Suture” (Till and Dumoulin 1994). Felsic-to-mafic plutons ranging from 99-113 Ma are found along this fault zone, intruding predominantly within the Koyukuk Terrane. Miocene to Quaternary age olivine basalts and recent alluvium and colluvium cover these older bedrock units over wide areas.

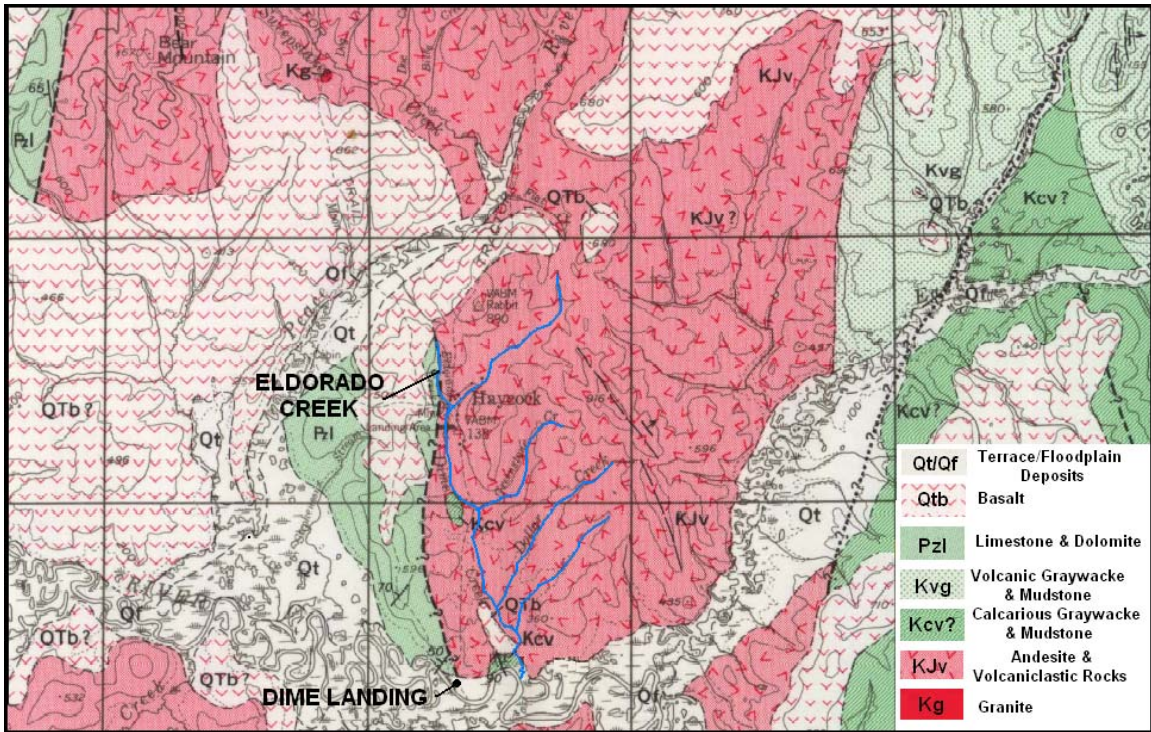


Figure 2 - Geologic Map of the Dime Creek Area; from Patton (1967)

Local Geology

Dime Creek and Eldorado Creek flow near a contact between Paleozoic recrystallized carbonate rocks of the Seward Terrane and Jurassic/Cretaceous andesitic volcanic rocks of the Koyukuk Terrane intruded by small mafic and ultramafic plutons (Harrington, 1919b, p. 373; Patton, 1967). Miocene to Quaternary aged olivine basalts cover large areas to the west and recent deposits of alluvium and colluvium obscure much of the bedrock within the Dime Creek drainage. The corundum minerals reported by Bundtzen and others (2001) from panned concentrates; i.e., sapphires, may be derived from the young volcanic rocks.

Historic Production and Exploration

The Koyuk Mining District is located on the eastern-most edge of the Seward Peninsula. Copper, gold, silver, and antimony lodes are known in the Koyuk District, but none have produced ore (Berg And Cobb, 1967, p.119). Lead, zinc and silver occurrences are found in the Granite Mountain and Quartz Creek areas, and a molybdenum, bismuth, silver, copper, lead and uranium deposit has been explored in the upper Peace River drainage. The Bear Creek area contains lead-zinc and gold prospects. All prospects are related to felsic plutonic rocks. Placer mining activity has taken place on Dime Creek, Eldorado Creek, Sweepstakes Creek, Quartz Creek and Bear Creek. The last three creeks all radiate out from intrusive rocks located at Granite Mountain, located 3 miles to the north of Dime Creek.

TABLE 1 - Reported Historical Production from Dime Creek by Year⁽¹⁾

<i>Production Year</i>	<i>Gold Recovery From Dredge (oz)</i>	<i>Gold Recovery From Drift Mining and other hand Methods (oz)</i>
1915		~145
1916		~5,000
1917		~7,500
1918 to 1927	Unknown (est. 900)	Unknown (est. 10,000)
1928	134	809
1929	233	947
1930	333	691
1931	207	872
1932	Unknown	402
1933 to 1935	Unknown	Unk. (est. 1,500)
1936	578 (Porter)	956
1937	765	1,062
1938	218	1,045
1939	302	812
1940	268	1,235
1941	Unreported	984
1942		1,261
1943		336
1944		86
1945		90
1946		141
1947		23
1948		20
1949 to 1954		<10 /yr
1955 (Swanson)		79
<i>Total</i>	<i>3,931</i>	<i>36,000</i>

⁽¹⁾ Date from Harrington (1919), Keener (2008), and Nome Miners and Merchants Bank 1928-1948

⁽²⁾ From Swanson files

Dime Creek produced both platinum and gold. Gold was first discovered on Eldorado Creek, a tributary of Dime Creek, in 1915. Gold production for Eldorado Creek is unknown, although in 1919 it was reported that coarse platinum nuggets up to ¼ ounce were recovered (Harrington 1919). Late-comers to the area staked open ground on Dime Creek and found the creek to be a rich and extensive source of gold bearing gravels. In addition to gold and platinum, magnetite, chromite, and rutile have also been historically

recovered in the placer concentrates. Gold mining has taken place on Dime Creek intermittently from 1915 to 1985 with estimates of production ranging from approximately 40,000 ounces (Keener 2008) to 61,000 ounces of Au (Bundtzen and others, 2001), the latter figure of which was derived from U.S. Mint production records.

After the drift miners recovered placer gold from high grade paystreaks, production resorted to mechanical methods, which reworked the original drifted areas. For example, a small flume dredge that operated on Dime Creek mainly from 1928- to-1940 reworked the drifted areas. Later, cat-mining reworked ground above Haycock as late as 1955. (See Table 1 - Historical Production from Dime Creek).

Historic mining along Dime Creek has focused along a 1.5 mile segment of the creek located north and south of the town of Haycock. The Dime Creek placer deposit forms a 300-to-600 foot-wide paystreak predominantly on the right limit bench in the northern ½ of section 27. As the paystreak moves downstream, the main pay channel crosses the creek valley and forms a 250-400 foot-wide left-limit auriferous deposit. Historic mining has taken place on the left limit of the creek for roughly ½ mile below Haycock.

The current creek valley and adjacent floodplains have been mined by a small dredge. The bench deposits have been mined mostly by hand methods utilizing open-cut and drift mining methods. The deep channel on the left limit of the creek was mined strictly by drift mining methods.

Placer Gold Resource Potential

Linux Gold tested Dime Creek’s placer gold and platinum potential with six samples taken from specific locations in previously mined areas. Four samples returned significant platinum assays and two samples generated significant gold assays (See Table-2).

Table 2 - Results from Linux Gold Placer Sampling Program

<i>Sample #</i>	<i>Location</i>	<i>Specific Location</i>	<i>Gold in ounces/cubic Yard</i>	<i>Value (USD) of cubic yard @ \$600/oz. Gold</i>	<i>Au ICP in ppb</i>	<i>Pt ICP In ppb</i>
60302	Dime Ck	Unwashed dump?	0.087	52.12	786	9230
60303	Dime Ck	Tails along right limit bench	<0.01	0.00	4	<3
60304	Dime Ck	Tails in old pit floor	<0.01	0.00	5	8
60305	Dime Ck	Gravel from old pit floor	0.035	20.85	84	633
60306	Dime Ck	Alongside old shaft	0.005	2.98	6	816
60307	Dime Ck	Alongside old shaft	<0.01	0.00	3	127

Bundtzen and others (2001) reported up to 4,050 ppb PGE and 0.410% Au from placer concentrates on Dime Creek. However, these were high graded grabs collected for mineralogical and geochemical testing, and cannot be used to calculate average grades of materials present in pay gravels.

Historical accounts (Harrington 1919) report that gold was found concentrated on bedrock and in the 2 to 4 feet of gravel above bedrock. Gold values ranging from \$.50/sq-ft (0.02 ounces/sq-ft) to \$2/sq-ft (0.11 ounces/sq-ft) of bedrock was reported at 1917 gold prices. Assuming a 2.0 foot thick section of pay, (as reported in Harrington (1919), These values calculate out to be 0.18-to-0.99 oz gold/cubic yard, which are gold grades typically encountered during the Alaska “gold rush” era. At \$700/oz, the values would range from \$126-to-693/yard³. It is unlikely that this range of gold grades characterizes the property grades today, as Alaska’s drift miners probably removed most high grade gold areas. The primitive flume dredge that mined areas previously drift mined recovered gold from materials that contained 0.018 oz/yd³ gold.

The main channel area previously mined on Dime Creek has been roughly estimated to cover 1,400,000 square feet (210,000 yds³). An additional 375,000 square feet of ground was exclusively mined by drift miners (55,600 yds³). An estimated 120,000 yards³ remains on Eldorado Creek. The total above Haycock is about 385,000 yards³.

The bench gravels below Haycock are reported (Harrington 1919) to be 250-800 feet wide and 10,000 feet long. Using 4 feet of pay gravel over an area of 250 feet x 10,000 feet generates 2.5 million sq-feet of pay gravel or 370,000 cubic yards. Main channel pay gravels below Haycock could be assumed to be roughly the same size or an additional 370,000 cubic yards of potentially auriferous pay gravels.

The total potential placer gravel resource on Dime Creek is about 1,125,600 cubic yards (Table 3). Not included are potential resources is the right limit bench above Haycock thought to contain lode potential. If one assumes that this ground averages 0.02 oz gold/yd³, which was the average grade mined by Alaska’s placer miners during 1981-1997, then about 22,500 oz +/- of potential placer gold resources could remain. Additional areas enriched in placer gold (and byproduct platinum) might also exist. The potential resource estimate is not compliant with Canadian Instrument 43-101 standards required to infer or indicate mineral resources and is presented here for discussion purposes only. Estimates shown in Table 3 do not consider depth to bedrock, grade variance, and other parameters, including the lack of drill testing. Although past records indicate relatively shallow depths to bedrock during past mining activities above Haycock, there is no drill control to verify depth to bedrock below Haycock.

Table-3 Placer Gold Resource Potential Areas, Dime Creek

<i>Exploration Areas to be Evaluated</i>	<i>Estimated Placer Resource Size</i>	<i>Potential Cubic Yards of pay gravels (rounded)</i>
Previously Area Mined by hand methods and dredge	7000 ft x 200ft. x 4ft	210,000
Previous Area mined by hand methods only	2,500 feet X 150 ft X 2ft	55,600
Bench Deposit South of Haycock	10,000ft X 250ft x 4ft	370,000
Main Channel South of Haycock	10,000ft X 250ft x 4ft	370,000
Eldorado Creek	4,000 ft X 200 ft. by 4 ft.	120,000
TOTAL	NA	1,125,000

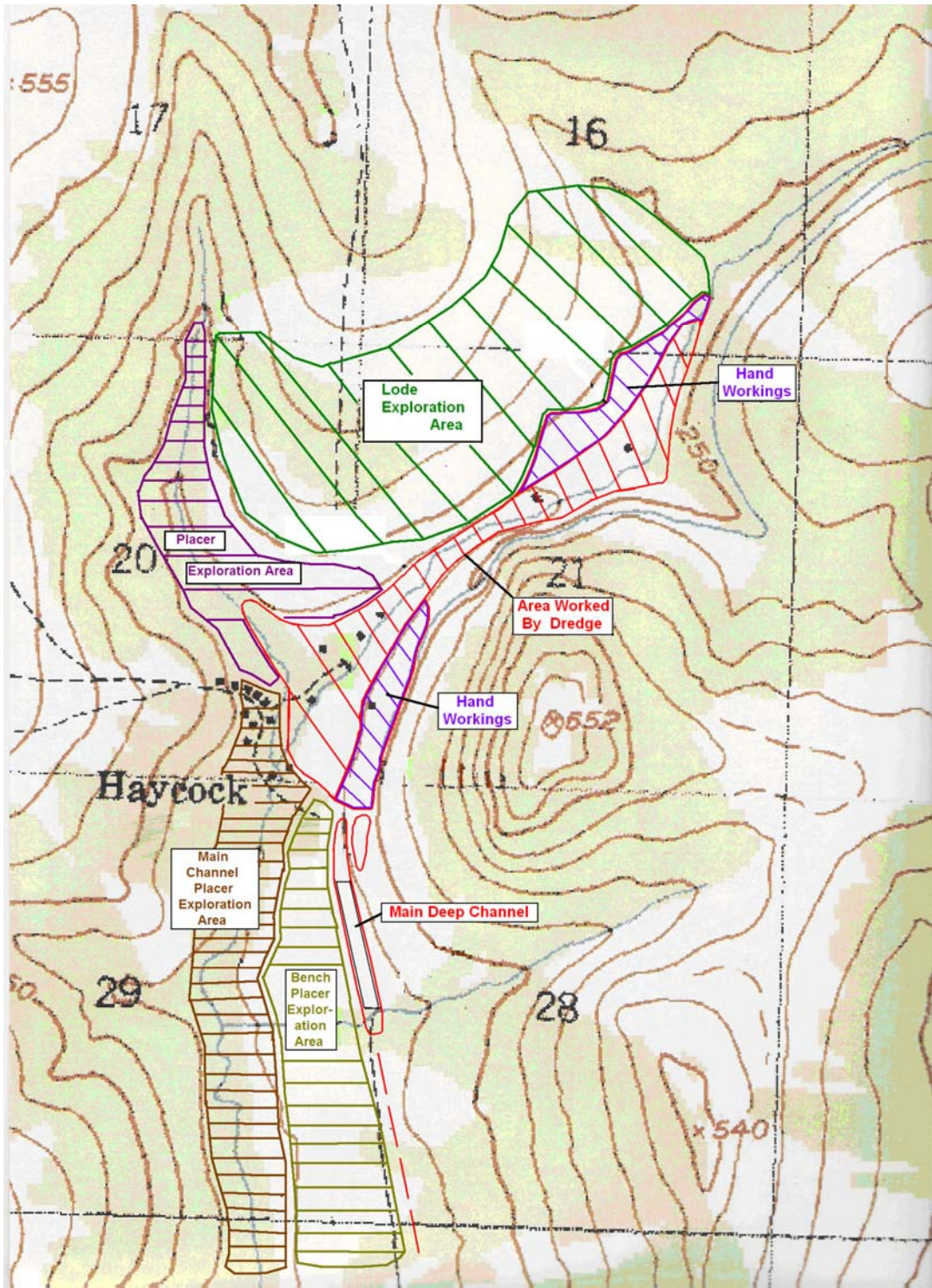


Figure 3 - Map of Potential Areas of Placer or Lode Resources and Previously Mined Areas

Lode Mineral Resource Potential

Lode targets in the Dime Creek area have been elusive. It was reported that about 1 ounce of platinum was recovered for each 250 ounces of gold that was mined from operations east and south of Haycock. On the upper claims, this ratio is higher and was reported to be as much as 1 ounce of platinum for every 100 ounces of gold. This may suggest a source for the platinum in the upper portion of the creek, although other reasons may cause these changes in concentrations.

Gold lode prospects and placer deposits located north of the Dime Creek area have been associated with felsic intrusive rocks. Although no felsic intrusive rocks are mapped in the immediate area, small outcrops may be hidden by overburden. Intrusive rocks can be found in the gravels of Dime Creek and historic data have reported granitic dikes in mine workings. Miner H.L. Sutton, who was tunneling on the right limit bench of upper Dime Creek in 1929, reported that gold and platinum was associated with a “40 foot gossan of dike along the contact of Cretaceous and Paleozoic rocks” (Alaska DNR Archives, Mining Report H. L. Sutton).

In 2000 and 2001, Platinum and Palladium Holdings Inc. (PPH), of Denver Colorado, under the overall management of Tom Bundtzen of Pacific Rim Geological Consulting, Inc. (PRGCI), performed exploration activities for platinum lodes along Dime Creek. In 2000, rock panned concentrate, and bulk heavy concentrate samples were obtained and analyzed from Dime Creek and from the Sweepstakes-Bear Creek area to the north. Microprobe studies were performed on placer gold and platinum grains by E.G. Sidorov, a scientist with the Russian Academy of Sciences in Kamchatka, Russia, which helped define a PGE lode deposit model for the area.

During April 21-May 20, 2001, PPH conducted a combined geophysical and soil survey over 2,750 acres of state mining claims in upper Dime Creek basin which included: 1) a detailed ground magnetic survey over most of the company claim group (figure 4); and 2) collection of 404 soil samples on the right limit bench of Dime Creek, focusing on the magnetically anomalous areas previously discovered (figure 5). The soil survey was conducted over two areas on 100m X 200m and 100m X 60m spacings. Samples collected with a bombardier-mounted auger drill. Bundtzen, along with a junior geologist, logged the chips stored in rock-chip trays.

Twenty five (25) of the 404 soil samples contained elevated metal values of up to 174 ppb platinum, 144 ppb palladium, 176 ppm copper, 208 ppm nickel, and 131 ppm cobalt. Most of the anomalous samples are restricted to in a 1,000m by 100m area 1.0 mile due south of VABM Rabbit; and 2) a smaller 100m by 100m, elliptically shaped area about 400m southwest of anomaly above. A high correlation coefficient (0.80-0.89) exists between platinum-palladium and a group of elements that include copper, tellurium, cadmium, nickel, and cobalt. This, coupled with recognition of altered mafic and ultramafic clasts in rock chip trays, suggested to PRGCI that the PGE anomalies were more likely derived from a lode source rather than from residual placer material.

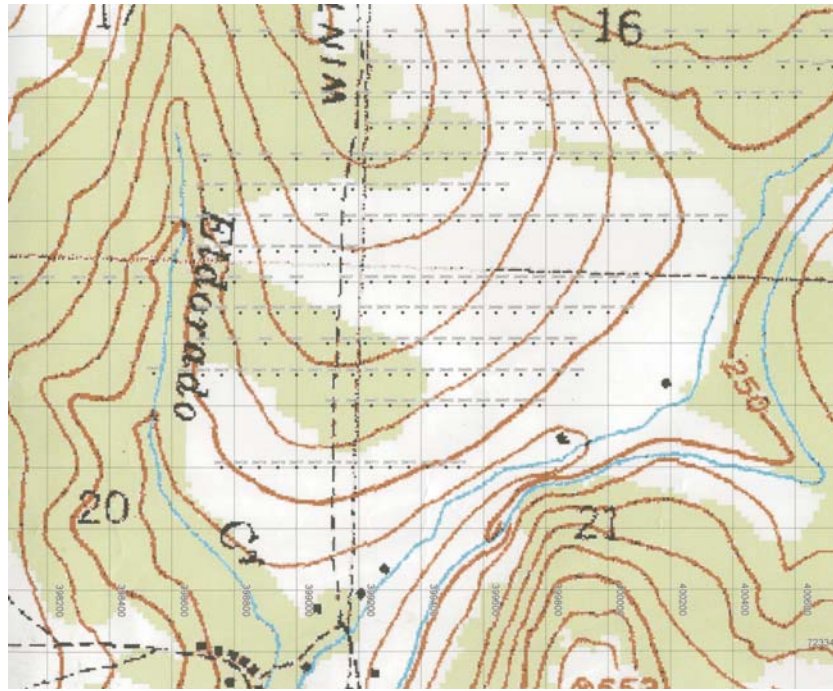


Figure 4 Distribution of soil sample coverage in Dime Creek basin below VABM Rabbit (From PRGCI files)

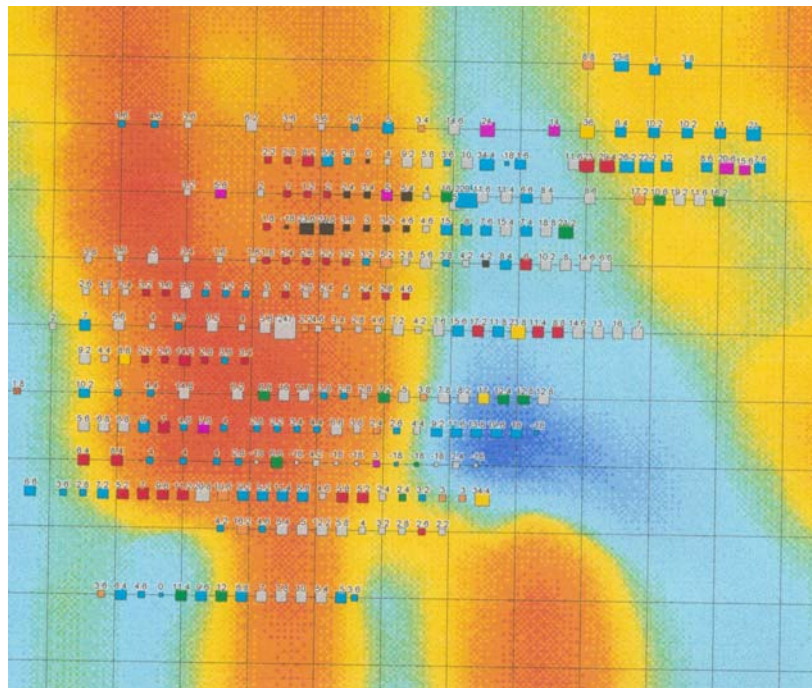


Figure 5 Depiction of soil sample grid, magnetic gradient map and PGE anomalous values, Dime Creek basin (from PRGCI files)

Conclusions

Past production of ~40,000-60,000 ounces was obtained by early hand and mechanized mining methods that targeted pay gravels in the valley floor and bench placers. No significant mine activities has taken place on Dime Creek since 1955.

Because of it's remoteness, Dime Creek did not undergo a re-development that characterized most Alaska placer gold districts during the 1970s-to-1990s. Sampling by Linux Gold geologists have demonstrated gold and platinum bearing gravels remain in the area (See Table 2). The placer gold-platinum deposit at Dime Creek offers a high potential for economic development.

The drainage area is prospective for significant amounts of placer gold and platinum occurring in virgin creek and bench placer deposits, as well as, remaining along the margins, dumps, and bedrock of previous mine workings. There is excellent potential to commercially recover placer gold and a byproduct of platinum from >1 million cubic yards of auriferous materials in Dime Creek basin. The potential to discover the sources for the placer gold and platinum may add considerable additional value to the property.

Dime Creek's remote location will require more time and planning than usual to support and develop the property in an efficient manner. The following phased reconnaissance exploration program is recommended in order to gather enough information to finance and initiate a placer resource definition program.

Recommendations For Development of Placer Gold Resource

The placer resource areas should be drill tested prior to any decisions to develop them. Placer ground in the upper portion of the basin above Haycock is relatively shallow (<20 feet) and drill-testing could be accomplished with a track-mounted auger drill similar to that used to conduct soil sampling in 2001. For ground below Haycock, however, the potential paystreaks may be deeper and in a frozen state. The issue of how to mobilize a drill into the area will depend on timing. In 2001, the drill and track vehicle were flown into Koyuk and then walked into Dime Creek via winter trails. In the summer, the Koyuk River might preclude this option. If drilling commenced this summer, then perhaps a similar auger-mounted drill could be flown to Granite Mountain airstrip and then walked into the area along existing RS 2477 right-of-ways. In either case, such activities will require appropriate State and Federal permits.

A 100 hole, 3,000 foot program would be a good start in completing the due diligence on the placer resource north of Haycock, and might initiate production planning. This due diligence program could be completed in the following year south of Haycock.

Recommendations for Lode Resource Exploration

Exploration by previous operators in 2000-2001 located elevated PGE values on a right limit bench of Haycock Creek below VABM Rabbit. These anomalies already define a potential PGE-bearing lode drill targets for Linux Gold Corp. However, some due diligence is required for the following reasons: 1) It is recommended that the metal-in-

soil anomalous be re-sampled in order to confirm the extent of the anomalous zones; 2) Due to logistical limitation, the 2001 soil survey did not completely test all areas underlain with magnetic anomalies. These areas should be sampled in addition to the re-sampling of anomalous areas described above; and 3) Chip trays and other documentation should be relocated if possible and re-examined in light of the rock lithology designations. The same type of rig-mounted auger as was used in 2001 would more than suffice for the effort—the same used in placer resource evaluation described above. The 2001 soil sample and magnetic survey program took place in late winter, when abundant snow and frozen conditions predominated. A summer program would require proper permitting for overland transport of a drill, just as the placer evaluation would. Once the soil samples are re-confirmed and the soil survey completed, then the anomalous PGE-in-soil zones could be re-drilled with an auger drill for confirmation and specific design of a core drilling program.

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