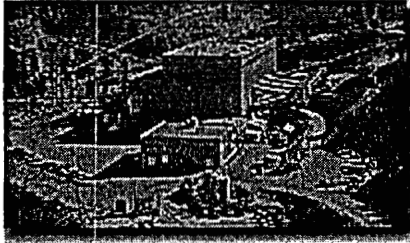



Similco Mines Ltd.
Similco Site Plan
Introduction

Operations & Administration Buildings
of the Similco Plant Site.

The Similco Mine is a fully permitted open pit copper gold mine located in southern British Columbia. This mine is owned by Princeton Mining Corporation through its wholly owned subsidiary Similco Mines Ltd. Open pit mining on this property commenced in 1972. Despite operations being suspended in November of 1996, Similco produced 40,630,000 pounds of copper, 29,422 ounces of gold and 85,943 ounces of silver in that year. In 1997 several drill programs were initiated and are still underway to reassess the property and determine

commercial viability of the mine.

In-Situ Facilities

Existing facilities at Similco provide an extremely good backstop for the development of deposits in the mine area. A 25,000 to 27,000 ton per day concentrator and related facilities have a replacement value in the \$200 million range and an actual cost of approximately \$100 million. These facilities include the following major systems, equipment and other assets:

Copper Mountain:

- Shop and Warehouse Complex
- Explosive Silos
- Tailings Dam and Reclaim Water System
- Primary Crusher
- Cable belt to move crushed ore from Copper Mountain to the Ingerbelle Concentrator



Grinding Circuit with 2 Ball Mills in
Foreground and 3 SAG Mills in Background

Ingerbelle:

- Concentrator, warehouse and administration building
- 3 SAG Mills
- 2 Ball Mills
- 1 Regrind Mill
- Flotation Circuit
- Concentrate Dryer
- Assay & Metallurgical Labs
- Mill Shop
- Shop Complex

Location and Access

The Similco mine is located 14 kilometres south of the town of Princeton, B.C. Travel time by road is approximately 10 minutes from Princeton and three hours from Vancouver. The mine property covers an area of approximately 75 square kilometres and is divided by the northerly flowing Similkameen River into an eastern part (Copper Mountain side) and a western part (Ingerbelle side).

History

(c) Crown Grants (Continued)

Lot No.

Name

L-3265

Diamond Dot

L-3262

Olympia

L-322S

Great Western Fr.

L-3568

Robert Bryant

L-2340

Frisco

L-3357

R.S.

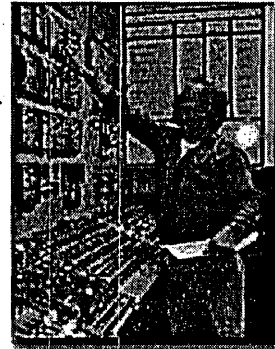


Cable Belt from Copper Mountain to Ingerbelle

Similco Mines Ltd.'s Copper Mountain deposits comprise the oldest copper mine operation in British Columbia. Production first commenced in 1927 by Granby Mining Company. Between 1927 and 1957 Granby mined, primarily by underground methods, approximately 34 million tons of ore from the Copper Mountain camp, grading in excess of 1% copper.

Newmont Mining Corporation purchased all of Granby's assets in 1968 and exploration by Newmont in the late 1960s culminated in the discovery and development of the Ingerbelle open pit deposit which is located on the West side of the Similkameen River. Production commenced from the Ingerbelle deposit in 1972 and the Similco Mine celebrated its first shipment of concentrate to Mitsubishi Materials Corporation of Japan. Following depletion of the Ingerbelle Pit in 1981, Newmont developed open pits at Copper Mountain which is located on the east side of the Similkameen River in the areas previously exploited by Granby with underground methods (Pits 1 & 3).

Similco Mines Ltd. was purchased by the Company from Newmont in 1988. Production continued from Pit 3 as well as Pit 1 and the Virginia Pit. Up to the end of 1996 the Copper Mountain camp has produced a total of 1.74 billion pounds of copper, 9.1 million ounces of silver and 0.73 million ounces of gold from five pit areas.



Mill control room.

In 1996 there was a sudden, dramatic drop in the price of copper. This, coupled with the need for significant capital investment to commence mining operations on the Copper Mountain side, resulted in the decision to proceed with an orderly shutdown of Similco and place the operation on a care and maintenance basis. In November 1996 mining operations ceased.

Environment



Reclaimed waste dump

Reclamation of areas previously mined and which are now inactive is an ongoing process. Aerial seeding and fertilizing programs have been successful. A five year biosolids reclamation program using biosolids derived from the Greater Vancouver Regional District (GVRD) sewage, began in 1995 under the direction of the Greater Vancouver Sewage and

Drainage District's Residuals Management Group. 56 hectares have been reclaimed with biosolids and 43.5 hectares have received maintenance applications for a total of 99.5 hectares reclaimed using biosolids to date.

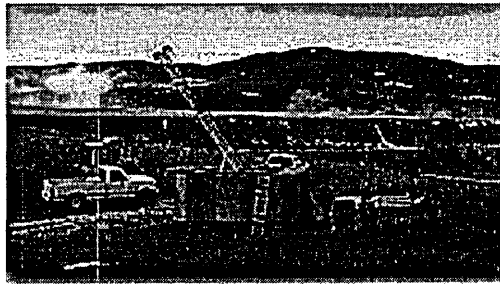
A plant designed to treat hydro-carbon contaminated soils for use in Similco's reclamation program has been commissioned by Envirogreen Technologies Ltd. Treatment commenced in 1996 using state-of-the-art thermal remediation technology. This facility has treated and stockpiled 17,050 tonnes of clean soil for future reclamation use.

Similco has a reclamation bond in place totaling \$3.6 million to cover the estimated outstanding costs of reclamation.

Resources

The geological resource at Similco totals 142,400,000 tons of ore grading 0.40% copper.

Exploration & Development



Drilling at Copper Mountain:

A \$1 million, 40,000 foot drill program was initiated in 1996 and completed in the first half of 1997. The objective of this program was to define new reserves and reduce the strip ratio in potential expansions of Pits 2 and 3. An independent consultant and Similco's geologist assessed the results in the context of historical drilling and geologic data. They concluded that the property has potential for a mineable reserve in excess of 50 million tons within the

Copper Mountain Pit 2 and Pit 3 areas. The first stage of a follow up program consisting of 11 diamond drill holes in the Pit 2 area has just been completed with encouraging results. A second stage program is planned to prove up this potential reserve.

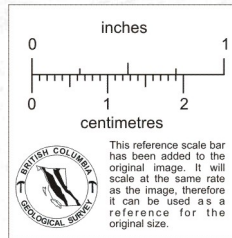
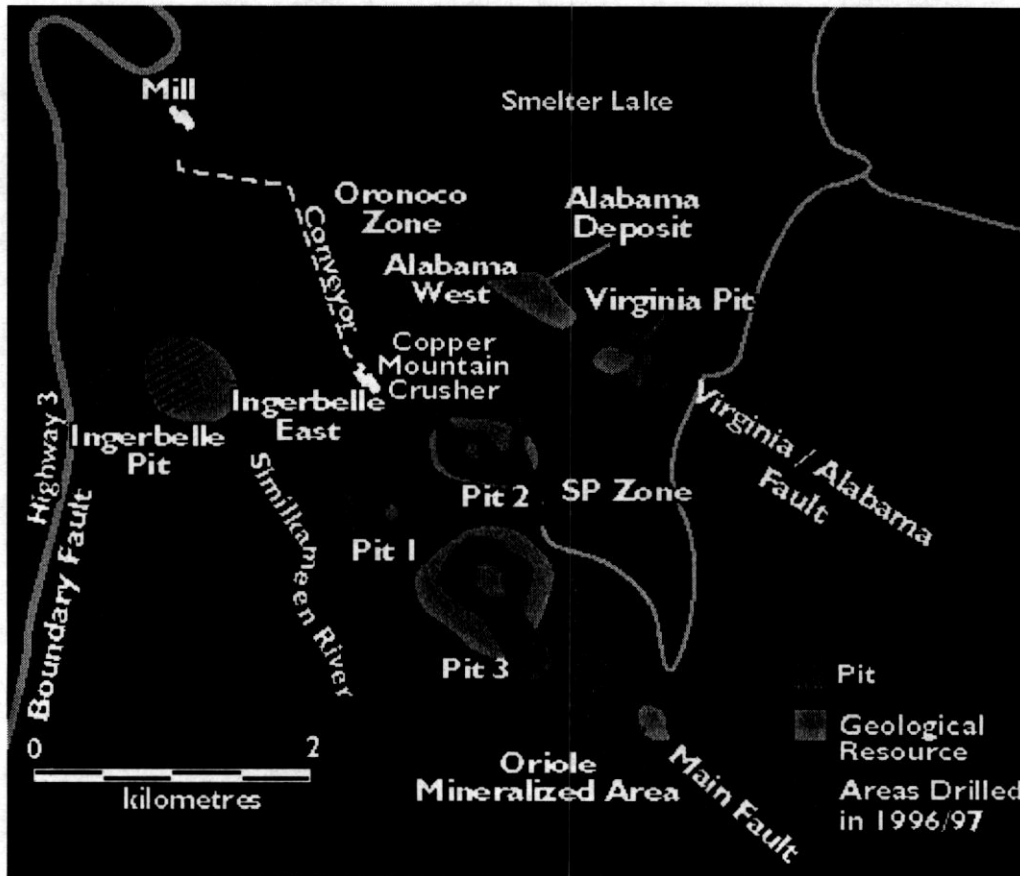
The Future of Similco

In order for production to commence again at Similco, a reserve base must be identified by the drill programs, new capital and an adequate copper price outlook for the mid to long term are required.

PRINCETON Suite 2000, 1055 West Hastings Street, Vancouver, B.C., Canada, V6E 3V3
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Similco Site Plan



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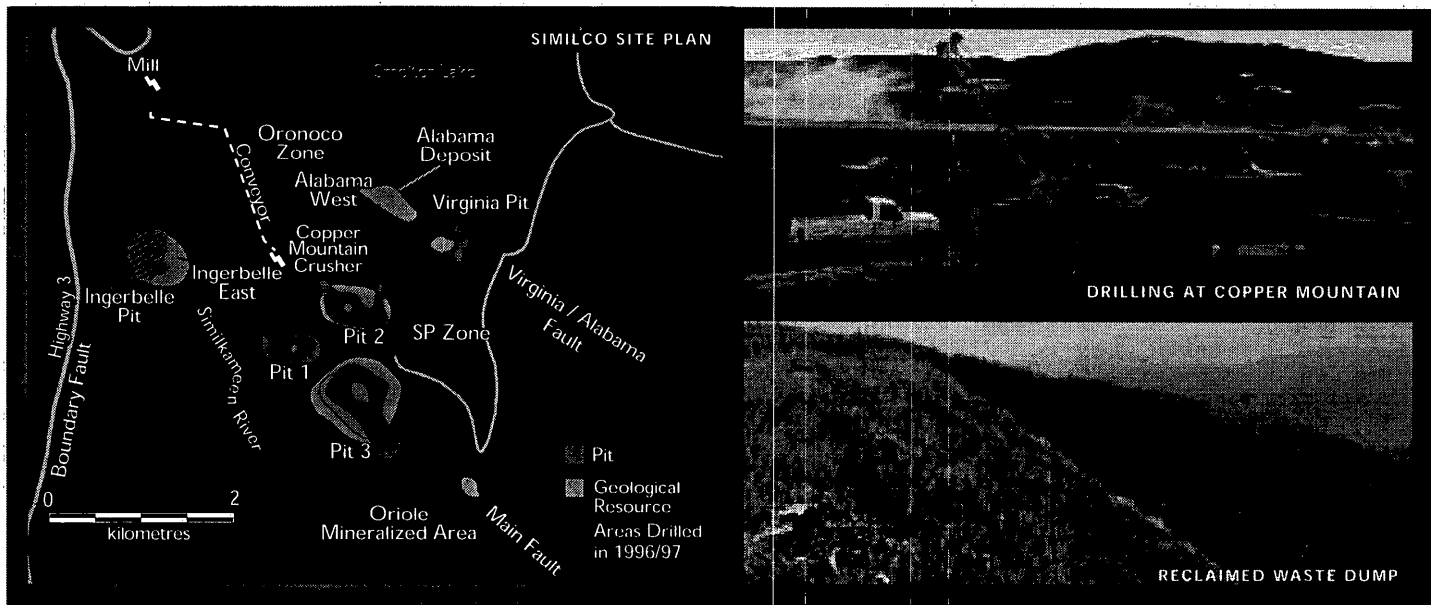
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Quick Facts

- Location:**
- 14 km south of the town of Princeton, B.C.
 - 280 km East of Vancouver
- History:**
- First claim staked on Copper Mountain in 1892.
 - 1927-1957 Granby Mining Company mined approx. 34 million tons ore.
 - 1968 Newmont Mining Corporation purchased assets from Granby. Discovered and developed Ingerbelle pit.
 - 1972 production commenced.
 - In 1988 Princeton Mining purchased the Similco Mine.
 - From 1927 to 1996 the Similco mine produced 1.74 billion lbs copper, 0.73 million oz gold and 9.1 million oz silver.
- Current Status:**
- Operations suspended in November 1996 due to low copper prices.
- Total Capital Costs:**
- Approximately Cdn \$100 million
- Minerals:**
- Copper with gold and silver byproducts.
- Mining Method:**
- Open Pit, Truck/Shovel: Pits 1, 2 & 3, Ingerbelle Alabama and Virginia
- Process Plant/Mill:**
- Conventional primary crushing, SAG mill - ball mill grinding, flotation for recovery of minerals. 7,154,000 tons ore milled
- 1996 Production Rate:**
- 40,630,000 lbs copper
 - 29,422 oz gold
 - 85,943 oz silver
- Geological Resource:**
- 142,400,000 tons
 - grading 0.40% Cu
- Power Supply:**
- B.C. Hydro
- Access:**
- Paved road 14 km from Princeton, B.C.
- 1996 Operations Workforce:**
- 276 employees
- Ownership:**
- 100% Princeton Mining Corporation
- Acting Mine Manager:**
- W. Van Damme

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Results of a \$1 million exploration program... they become available to assess the mine's economic potential in that property.



O V E R V I E W

The Similco open-pit copper/gold mine is located in southern British Columbia, 14 kilometres south of the town of Princeton. The mine is 100% owned by Similco Mines Ltd., a wholly owned subsidiary of the Company.

The mine and property were purchased by Princeton from Newmont Mining Corporation in 1988. The property, up to the end of 1996, has produced a total of 1.74 billion pounds of copper, 9.1 million

ounces of silver and 0.73 million ounces of gold.

The Copper Mountain property covers an area of approximately 75 square kilometres and is divided by the northerly flowing Similkameen River into an eastern part (Copper Mountain side) and a western part (Ingerbelle side). A 6,500 foot long conveyor system connects the Copper Mountain crusher with the concentrator.

	*1996	1995	**1994	***1993	1992
Ore Milled (tons x 1000)	7,154	8,958	3,034	7,416	8,132
Waste Mined (tons x 1000)	4,811	7,955	-	6,553	8,828
Head Grade (% Cu)	0.331	0.270	0.265	0.450	0.450
Recovery (% Cu)	85.9	77.9	77.2	77.8	77.2
Copper Produced (lbs x 1000)	40,630	37,694	12,269	51,991	56,667
Gold Produced (ozs)	29,422	23,682	7,392	14,181	16,039
Silver Produced (ozs)	85,943	95,565	32,829	370,129	314,490
Number of Employees (Dec 31)	35	287	198	32	274

*10.5 months operation **4.5 months operation from stockpile *** 11 months operation

O P E R A T I O N S

In June 1996 copper prices took a sudden and unpredicted fall as a result of events involving trading irregularities on world markets. This, coupled with the inability of Similco to obtain attractive forward prices for its 1997 production and significant capital investment required to commence mining operations on the Copper Mountain side, resulted in the decision to proceed with an orderly shut-down and to place the operation on a care and maintenance basis. Similco ceased mining operations on November 8, 1996

and milling of residual ore was completed by November 12, 1996. Production compared favorably with 1995 in spite of the shut-down and closure was carried out by November 15. The total work force at year end was 35 people.

December 31, 1996. The decision to suspend operations enabled Similco to protect its cash position and embark on an exploration program to evaluate the economic potential of the Copper Mountain deposit before committing to major expenditures.

Because of the uncertainty as to whether the mine will re-start operations, reserves have been downgraded to the resource category and a write-down of \$10.7 million was recorded. The following table outlines Similco's geological resource as at



Up to the end of 1996, Similco had produced a total of 1.74 billion pounds of copper, 9.1 million ounces of silver and 0.73 million ounces of gold.

SIMILCO GEOLOGICAL RESOURCE

as at December 31, 1996

	Ore Tons (x 1,000)	Cut-Off % Cu	Grade % Cu	Waste Tons (x 1,000)	Total Tons (x 1,000)	Strip Ratio
Virginia	1,439	0.21	0.420	1,969	3,408	1.37
Oriole	2,923	0.23	0.437	10,805	13,728	3.70
Salvage & Other	1,120	0	0.403	797	1,917	0.71
Pit 2	39,000	0.20	0.330	69,420	108,420	1.78
Pit 3, Phase 1	37,537	0.23	0.478	83,276	120,813	2.22
Pit 3, Phase 2	21,100	0.23	0.493	54,300	75,400	2.57
Ingerbelle, Phase 2	39,288	0.20	0.329	68,363	107,651	1.74
Total	142,407		0.397	288,930	431,337	2.03

MARKETING

The copper metal market in 1996 was one of turmoil, with the price collapsing in June to below U.S. \$0.90 per pound following the discovery of irregularities in metals trading. However, the price recovered somewhat by year end in the face of continuing tight fundamentals. The 1996 average price was U.S. \$1.04 per pound compared with U.S. \$1.33 per pound in 1995.

EXPLORATION & DEVELOPMENT

Exploration work continued in 1996 on the Alabama West/Oronoco and the SP Target, the two main areas on the Copper Mountain site. A \$1 million, 40,000 foot drill program was instituted with the objective of defining new reserves and reducing the waste to ore ratio. This drill program is still underway, with approximately 5 holes yet to be drilled. Available results are currently being assessed. When all of the data has been compiled, new resource figures will be calculated. Based on results of this drilling campaign a mine model will be developed and costs of mining updated to reflect the use of larger equipment.

Alabama West/Oronoco
Drilling at Alabama West/Oronoco concentrated on locating mineralization along a 3000 foot untested portion of the mineralized Alabama/Virginia fault zone. Previous drilling along this structure resulted in the discovery of the Alabama and Virginia deposits. The untested portion of the structure was bounded to the west by the Oronoco zone where previous trenching had returned values up to 0.94% Cu over 150 feet, and to the east by one step-out hole at Alabama West that graded 0.42% Cu over 260 feet.

The program achieved encouraging results at Oronoco (147 feet at 0.39% Cu, 0.202 g/t Au in hole 960RN-1) and at Alabama West (125 feet at 0.55% Cu, 0.239 g/t Au in hole 96A-37), although

no significant zones of mineralization were encountered between these areas.

As well, three infill holes were drilled at Alabama West to establish continuity of mineralization. These holes were considered successful, indicating the presence of mineralization near surface beneath 1-3 metres of glacial till.

SP Target

The SP Target area includes the previously abandoned Pits 2 & 3 which contain a geologic resource of 39 million tons @ 0.33% Cu and 59 million tons @ 0.48% Cu respectively. A total of 25,804 feet of drilling from 40 holes was completed in areas that were previously modeled as waste but where little or no drilling data had been obtained. The results of this drilling are currently being assessed.

RECLAMATION

The biosolids reclamation project continued at Similco in 1996 under the direction of the Greater Vancouver Sewage and Drainage District's Residuals Management Group, completing year three of a five year program.

In total 3,241 dry tonnes of biosolids were applied to 33 hectares of disturbed land in 1996. The success of the biosolids application has been well demonstrated

at Similco. The program will continue in 1997.

Envirogreen Technologies Ltd. commissioned and commenced treatment of hydro-carbon contaminated soils at the Similco Mine in 1996 using state-of-the-art thermal remediation technology. The Envirogreen facility treated and stockpiled 8,750 tonnes of clean soil for future reclamation use.

Of the estimated 880 hectares of disturbed land at the Similco minesite, approximately 250 hectares have been reclaimed.

Similco has a reclamation bond totaling \$3.6 million to cover the estimated outstanding costs of reclamation. Projected reclamation costs will be updated in 1997.

(c) Crown Grants (Continued)

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Name

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