

Property File

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northwood pulp and timber limited



P.O. Box 9000, Prince George, B.C. V2L 4W2 • Phone 962-9611

Sept. 29, 1988

Trifco Minerals Ltd.
c/o Mr. Arne Fardal
408 Fiege Road
Quesnel, B.C.
V2J 5C9

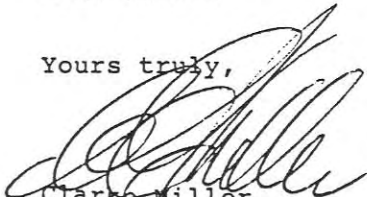
Dear Mr. Fardal,

I am in receipt of your letter addressed to Mr. Matson, our Vice President, Pulp Division, regarding talc.

As the first pulpmill in B.C. to go 100% bulk material which we have always purchased in the U.S., we would be interested.

Northwood would have to be totally confident that the quality, and the supply along with competitive price would be there before our commitment.

Yours truly,



Clarke Miller
Manager Purchasing

CM/rb



Cariboo

LETTER OF INTENT

March 22, 1988

Trifco Minerals Ltd.
308 - 751 Clark Road
Coquitlam, B.C.
V3J 3Y3

Attention: Mr. R. Trifaux Sr., President

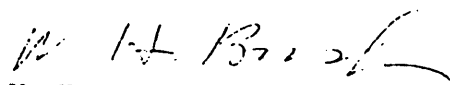
Dear Sirs;

Reference: Micronized Talc

Further to our earlier conversation and correspondence be advised that, provided your company is able to supply us sufficient quantity of product comparable in quality to what we now use at a price advantageous to us, we would definitely be prepared to purchase our annual requirements of Talc from a local supplier like you.

Yours very truly,

CARIBOO PULP & PAPER COMPANY



W. H. Bush,
Resident Manager

WHB/mr

TRIFCO MINERALS LTD.

Financial Proposal

Prepared by

Rene Trifaux

President of Trifco Minerals Ltd.

Trifco Minerals Ltd.
308-751 Clarke Road
Coquitlam, BC. V3J 3Y3
Telephone 939-3802

TRIFCO MINERALS LTD. - FINANCIAL PROPOSAL

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SUMMARY

TRIFCO MINERALS LTD. is a British Columbia company incorporated in 1984. Rene Trifaux is the founder, is 74 years of age and holds 50% of the shares. There are 43 shareholders.

320,000 tons of ore. 150,000 tons of talc of proven reserves valued at \$300 per ton equals \$45,000,000. 300,000 tons of talc have been calculated as probable reserves (300,000 x \$300 = 90,000,000. More reserves exist on the sites. The equity available is substantial. We have established 2 products with the Ontario Research Foundation. The Cariboo Pulp Company is interested in buying our talc.

We need capital to build a pilot plant to produce 25 tons of talc per day to supply the mills in the region of Quesnel, Prince George, McKenzie etc. The future lies not only in talc but in kaolin and magnesite - all needed in the pulp and paper industries. We are prepared to give up equity if necessary.

The cost of the pilot plant has been estimated at \$849,000 - dry mill only. Besides the plant we need working capital of \$500,000. Wet mill, diesel power plant, truck for deliveries and storage facilities add \$1,251,000. The calculated current return on investment is 19%.

The booming pulp and paper industries need the talc from B.C. At this time the mills import their supply from California and Montana with high transportation costs and exchange rates. The geographical situation of our talc in the heart in the pulp and paper industry will permit us to sell our products at a strong calculated price with less transportation cost and no exchange.

We are able to produce any quality of talc, even the cosmetic ones which are selling \$18,900 per ton in B.C. from Johnson & Johnson.

We can capture the B.C. market. A one billion dollar expansion is contemplated by Damoshay in Quesnel. Ten mills are planned for the North west of the province. Nortek is building the explosion process for the pulp industry in British Columbia, Alberta and Saskatchewan.

BACKGROUND - HISTORY OF THE COMPANY

TRIFCO MINERALS LTD. was founded November 1, 1984 by R. Trifaux with the help of several shareholders from the region of Toronto. In 1985, the first year a geologist was hired to establish the geology of the deposit. (Consultants Nevin, Sadlier-Brown & Goodbrand Ltd.) In 1986 two geologists from the same firm established 150,000+ proven reserves of talc or 320,000 tons of ores.

In 1987, probable reserves have been calculated on the basis of numerous samples analyses and petrography + XRD, plus some information taken in the field and diamond drilling. Today we have:

| | | |
|---------------------------|--------------|-------------------------|
| 150,000 x \$300 per ton = | \$45,000,000 | fixed assets of talc |
| 300,000 x \$300 per ton = | \$90,000,000 | probable assets of talc |

In 1985 we sent 200 pounds of samples of talc from the top of the peridotite deposit before drilling and the Ontario Research Foundation established two products which can compete with the products of Cyprus and Montana. We are prepared to show the specifications if necessary.

We have proven the presence of an extensive body of talc plus two saleable products needed and already in demand by a mill in the province of B.C.

The Ontario Research Foundation's report is included in the appendix and all the processing methods to obtain the two products are detailed in the said report.

We have established all the reports, geology, reserves, processing, diamond drilling, trenching in three years - 1985, 1986 and 1987, with a small budget.

MANAGEMENT

We are fully aware that we need the following people in the future:

- (a) Director of marketing (marketing and sales experience)
- (b) Chemical engineer (specifications for products)
- (c) Processing engineer
- (d) General manager
- (e) Cost accountant

At this stage, R. Trifaux is in charge of the management.

Education

Two diplomas in Exploration and Mining from Belgium.

One year university certificate in Mining, exploration and sciences.

Two years in cost accounting with McMaster University.

Experience

Eighteen years in exploration and mining gold, tin, tantalite, columbite, wolframite in Africa as manager of groups of mines. Experience in establishing reserves and updating them as the mines progressed.

Technical Reports and Accounting

Civil Engineering and costs of the Chemainus Georgia generating station with success (\$16,000,000 project). Sandwell Consultants, Vancouver.

Office manager (13 employees) on the construction of the Brazeau Dam in Alberta. (costing, accounting, inventory of parts for earth moving machines & equipment, costs, payrolls etc.) Reported to head office of Calgary Power once a month. Completed the project and the full audit of the books.

Three years in Montreal in the contract department of Montreal Engineering Ltd.

Three years on the Sundance steam plant doing accounting, cost accounting, report of costs for computer report. Allocations done (by myself) with success.

Two years as cost engineer for Syncrude Canada Ltd. in the project services. Five computer programs, kept the papers up to date. Analyses of use of power, natural gas in the camps and on the sites. Cost of camp establishment on the site. Went to San Francisco for the budget preparation of Syncrude in 1974, cost of mounting of GOC4. Draglines, miscellaneous studies.

MANAGEMENT (continued)

Exploration of industrial minerals in British Columbia, Canada.
Success in locating the following minerals:
Talc, kaolin, calcium carbonate, calcium silicate,
graphite, mica, syenites, ilmenite, magnesite, also base metals
and precious metals.

PRODUCT

Talc occurs as veinlets, tabular bodies and irregular masses. It is valued for its extreme whiteness, smoothness, high fusion point, low thermal and electrical conductivity and chemical inertness. It is provided in various grades classified by uses:

| | | |
|----------------|--------------|-----------------|
| Pulp and paper | Ceramics | Pharmaceuticals |
| Paint | Rubber | Cosmetics |
| Plastics | Insecticides | |

There are two broad types of talc, the peridodite and the platy or dolomite talcs of which 14 grades can be produced. Two products have been identified for the pulp and paper industries by the Ontario Research Foundation.

The average price of talc is as follows. (Source - The Mining and Engineering Journal, U.S.A.)

| | | | |
|------------------------------|-------------|----|---------------------|
| Medium grade | \$ 70+ U.S. | or | \$ 92.20 Canadian |
| High grade | \$160+ U.S. | or | \$ 217.60 Canadian |
| High beneficiated grade | \$250+ U.S. | or | \$ 340.00 Canadian |
| Statite (Prudhomme - Ottawa) | | | \$1,000.00 Canadian |

\$1,649.80

Average price \$1,649.80 ÷ 4 = \$412.45 per ton (say \$300 per ton)

Uniqueness of TRIFCO MINERALS LTD. for producing talc in the proximity of the mills - transportation costs reduced to the minimum. Quality of our talc in the peridodite (cosmetics) and in the platy (paper, plastics and paints).

With the actual proven reserves of 150,000 tons at 25 tons per day will produce 9000 tons per year. (150,000 ÷ 9000 = 16.6 years). All the talc mines of Canada, France, Austria and the U.S.A. have at least 100 years and are still going strong. Our exploration went to 95 feet, some deposits go from 300 to 500 meters deep. The total length of our deposit is 1490 meters.

In Creek No 1, 2 and 3 the talc reserves calculated as an estimation: as possible.

1000m x 57m = 57,000 m x 30m = 1,710,000 projection only
1,710,000 x 2.8 = 4,788,000 tons at 100 feet deep.

PRODUCT (continued)

Pricing

Prices of talc vary according to quality, methods of processing, specifications from customers, origin of the ores and transportation costs.

Since 1982 prices have remained steady with an average increase of 8%. Canadian prices vary as follows:

Medium grade talc - between \$35 & \$70 per ton

High grade talc - between \$95 & \$160 per ton

Highly beneficiated talc - between \$180 & \$250 per ton

Prices are negotiated between producers and customers. Appreciable growth is expected in the pulp and paper industries with news of new mills to be built in British Columbia, Alberta and Saskatchewan. Also, the growth is assured not only with the paper and pulp industries, but because of the versatility of the talc itself as a functional filler and pitch absorbing agent.

Steetly Talc. is selling its talc today for \$200 F.O.B. the Ontario plant. The micronized talc in the U.S. costs \$220 U.S. per ton or $\$220 \times 1.35 = \297 Canadian F.O.B. plant. (See Exploration & Mining Journal)

A ton of talc imported from the United States in British Columbia costs from \$290 to \$350 rendered to the B.C. mills.

PRODUCT (continued)

Applications and Uses

Talc is produced in various grades classified by end-use. Talc is used mostly in fine-ground state. For filler usage particle size should be below 20 microns.

Pulp and paper industries - softness, chemical inertness, brightness
Paint and coating pigment - filler - below 10 microns
Plastic - filler - increase dimensional stability, chemical and heat resistance
Ceramic - increase translucence and fluorecence 90/98% - 325 mesh
Pharmaceutical - high purity talc
Insecticides -
Cosmetics - high purity talc
Rubber - low grade talc
Joint Cement - filler
Auto body compounds - low grade talc
Dusting agent is asphalt roofing
Floor covering
Pitch control - close to 1 micron

Customers

1. Directly to the pulp and paper industry in British Columbia. The pricing of TRIFCO MINERALS LTD. mill will be lower than any competition because of a solid reduction in transportation costs.
2. We have the capacity of supplying the talc with the same specifications as the ores produced in California and Montana.
3. The quality and the ability to diversify our products because of their basic nature will permit us to penetrate the plastic industries at once.
4. With the high rating of growth in the plastics industries, the U.S. are doubling their production from 1 million to 2 million tons, our efforts will tend to penetrate that market.
5. Japan is also increasing the use of plastic and the third world demand also the low cost plastic products. This will boost the use of talc minerals. Japan has no talc mines.

MARKET

Development and Growth

Demand for talc and pyrophyllite in the world is expected to be about 15.8 million tons in the year 2000, 9.6 million tons in 1990. With an average growth rate of 5% during 1983 - 2000 period (Mineral Policy sector, Energy, Mines and Resources Canada - Mr. Prudhomme - 613-995-9466). The demand for talc in the United States is forecast at 2.2 million tons in the year 2000 (double the present demand and production) - U.S. Bureau of Mines.

The forecast annual growth in plastics for talc is between 10 and 12 % for the period 1983 - 2000 as per Resources Canada.

Japan presently imports 600,000+ of talc per year from China, North Korea and Australia. The use of plastic is also increasing in that country and the far east is growing fast. They will need talc and we are on the Pacific rim.

A new 50,000 ton talc mill in Montana, by Nicor Meridian Minerals Ltd., will cost \$12,000,000. (Mine & Plant)

The shift from aluminum and silica refractories to basic refractories will contribute to the increasing acceptance of talc minerals in the metallurgical industries.

Increase consumption of coated paper and the uniqueness of talc in pitch control and for filler purposes will contribute to a high growth rate. (Resources Canada - Ottawa).

Size of our Share of the Market

In 1985, all the industries combined in the west imported the following tonnages of talc from the United States. (Pulp and paper, paints, plastic, cosmetics, asphalt products and others).

| | 1985 | 1984 | Total Imports - Canada | |
|---------------|--------|--------|------------------------|--------|
| | | | 1983 | 1984 |
| | ----- | ----- | ----- | ----- |
| In B.C. | 9,566 | 8,614 | | |
| In Alta | 3,116 | 3,636 | | |
| In Sask | 639 | 285 | | |
| In Man | 1,912 | 612 | | |
| | ----- | ----- | ----- | ----- |
| Total tonnage | 15,233 | 13,147 | 39,497 | 34,522 |

MARKET (continued)

Size of our Share of the Market - (continued)

In the west, more than 15,000 tons were used in 1985. Even with an 8% growth it should be now:

| | | |
|------|---------------------|-------------------------|
| 1986 | 15,233 x 8% = 1,218 | 15,233 + 1,218 = 16,451 |
| 1987 | 16,451 x 8% = 1,316 | 16,451 + 1,316 = 17,767 |

We will start with a mill (pilot plant) producing 9000 tons per year to be in the market.

Following the positive statistical information produced by "Stats Canada" our percentage of growth will give us the following possibilities:

| | Per Year | 8% Growth factor used | |
|------|--|-----------------------|----------|
| 1988 | - 9,000 | | |
| 1989 | - 9,000 x 8% = 720 tons + 9,000 | | 9,720 T |
| 1990 | - 9,000 + 720 = 9,720 x 8% = 754.6 | | |
| 1991 | - 9,720 + 754 = 10,474 x 8% = 838 | | 10,474 T |
| 1992 | - 10,474 + 838 = 11,312 x 8% = 904.96 | | 11,312 T |
| 1993 | - 11,312 + 904 = 12,216 x 8% = 977.28 | | 12,216 T |
| 1994 | - 12,216 + 977 = 13,193 x 8% = 1,055 | | 13,193 T |
| 1995 | - 13,193 + 1,055 = 14,248 x 8% = 1,139 | | 14,248 T |
| 1996 | - 14,248 + 1,139 = 15,387 x 8% = 1,231 | | 15,387 T |
| 1997 | - 15,387 + 1,231 = 16,618 x 8% = 1,329 | | 16,618 T |
| 1998 | - 16,618 + 1,329 = 17,957 x 8% = 1,436 | | 17,957 T |
| 1999 | - 17,957 + 1,436 = 19,393 T in British Columbia per year (without cosmetics) | | |

This represents more than double in ten years with the same plant and considering only the pulp and paper industries as customers.

Competition

Directly Cyprus and Montana Talc. They are situated 1200 miles from the centre of British Columbia. Their transportation costs are high. Their talc costs \$170 F.O.B U.S. plant, plus costs of transportation and exchange. They impose loading and unloading on the customer to have their talc at the mills. Also the competition is Steetly Talc and Canada Talc in Canada, but they are 2500 miles away. Steetly Talc costs \$200 F.O.B plant.

We will distribute our talc by bulk carrier and unload in the mills without any unloading by hand, without bags, pallets fork-lifts etc.

MARKET (continued)

| Mills | Brief descriptions. Names of Companies, cities etc. | Pulp & Paper :ton/day | Tons :Talc/yr |
|-------------------------|--|--------------------------|------------------|
| <u>ALBERTA</u> | | | |
| 1- | Calgary, Alberta. Iko Industries. Paper Board | 45 | 50T |
| 2- | Edmonton. Building Products of Canada Ltd. | 90 | 100T |
| 3- | Grande-Prairie, Alberta. Procter & Gamble Cellulose Ltd. | 300 | 315T |
| 4- | Hinton-St Regis, Alberta Ltd. | 514 | 530T |
| <u>BRITISH COLUMBIA</u> | | | |
| 5- | Burnaby: Belkin Paper Board. | 500 | 525T |
| 6- | Campbell River. Crown Forest Ind. Ltd. | 1200 | 1260T |
| 7- | Castlegar. B.C. Timber Ltd. | 535 | 560T |
| 8- | Cranbrook. Crestbrook Forest Industries Ltd. | 475 | 520T |
| 9- | Crofton. B.C. Forest Products. | 1560 | 1638T |
| 10- | Gold River. Thasis Co. Ltd. | 1270 | 1300T |
| 11- | Kamloops. Weyerhaeuser Canada Ltd. | 1200 | 1260T |
| 12- | Kitimat. Eurocan Pulp & Paper Co. Ltd. | 1010 | 1060T |
| 13- | MacKenzie. B.C. Forest Products. | 545 | 570T |
| 14- | MacKenzie. Finlay Forest Products. | 450 | 500T |
| 15- | Nanaimo. McMillan & Bloedel. | 800 | 850T |
| 16- | New Westminster. Canadian Forest Products. | 200 | 210T |
| 17- | Island Pulp & Paper | 110 | 115T |
| 18- | Scott Paper Ltd. New Westminster. | 160 | 170T |
| 19- | Port Alberni. McMillan & Bloedel. | 1420 | 1484T |
| 20- | Port Alice. Western Forest Products. | 450 | 500T |
| 21- | Port Melon. A. Mill | 525 | 551T |
| 22- | Powell River. McMillan & Bloedel | 1855 | 1947T |
| 23- | Prince George. Intercontinental Pulp Co. Limited. | 645 | 677T |
| 24- | Prince George. Northwood Pulp and Paper. | 1450 | 1522T |
| 25- | Prince George. Canadian Forest Products. | 810 | 850T |
| 26- | Prince Rupert. Pulp. | 1200 | 1260T |
| 27- | Quesnel. Cariboo Pulp and Paper | 750 | 800T |
| 28- | Quesnel. Quesnel River Pulp. | 450 | 500T |
| 29- | Squamish. Western Forest Products. | 460 | 500T |
| TOTAL | | | 22124T |

PRODUCT SUPPLY**Report on Talcs by the Ontario Research Foundation**

Ball mill time of 120 minutes for each type of talc. This Ball mill time would prepare a product approximately 80% finer than 325 mesh (44 μ m) in size particle. This particle size would conform to commercial talc milling practice. The talc would be sufficiently liberated with 80% of the material finer than 200 mesh.

Product evaluation

The products from the 2 talc-bearing samples were evaluated and compared to specifications for a commercially available product using standard tests.

Tests

Platy talc material reduces at a faster rate than the peridotite material. Consequently the peridotite material required a 60 minute grind, while the platy talc required a 30 minutes grind only. The particle size distribution of the peridotite product is very similar to the Beaverwhite 200 size distributed on the market today.

The brightness of the 2 grind Talc concentrates is higher than other commercial samples at this stage of beneficiation. Some commercial talc may have a brightness as low as 60% at this stage. Also the brightness may not affect severely the quality of paper if used as pitch control. The low oil absorption for the peridotite indicates that a lower amount of organic material is required to completely wet each mineral grain. This indicates that the peridotite product is more hydrophobic than the commercial product.

This is a desirable quality for filters in the polymer industry (plastics).

The density and PH for both the Quesnel Talc concentrates were found to be similar to the commercial Beaverwhite 200 product.

PRODUCT SUPPLY (continued)

Report on Talcs by the Ontario Research Foundation (continued)

Comparison of Product Quality

| Particle size distribution Property % (U) | Beaverwhite Cyprus California | Peridotite | Platy |
|--|-------------------------------------|------------|------------|
| 74 micros | 99.6-00.8 | 100 | 98 |
| 44 | 96 | 100 | 90 |
| 20 | 90 | 86 | 66 |
| 10 | 68 | 63 | 44 |
| 5 | 34 | 37 | 23 |
| 2 | 15 | 14 | 8 |
| 1 | 6 | 6 | 4 |
| 0.5 | 1 | 2 | 1 |
| Medium size (U) | 7.5 | 6.9 | 12 |
| Brightness | 87 | 78.5 | 80.1 |
| Oil absorption | 28 | (20 (47 | (16 (38 |
| PH | 9 | 9 | 9.1 |
| Specific Gravity | 2.8 | 2.6 | 2.7 |

Brightness

The samples beneficiated came from weathered (oxidation) environment. No drilling was done when the samples were taken and the surface of the deposit is of course weathered.

PRODUCT SUPPLY (continued)

Consumption and Trade in Canada

The value of shipments of Talc increased by 7% in 1985. The average unit value of Talc increased by 9.4%. Increased tonnages and values are the result of major expansion programs by all Canadian producers during 1985 and this should continue in 1986. Mr. Prudhomme, Mineral Policy Sector, Energy, Mines and Resources, Ottawa. Telephone (613) 995-9466.

For 1984, the value of imports of crude Talc rose by 9.5%, on a nine month basis. In 1985, imports of Talc increased by 11.5% in terms of tonnage and by 23% in terms of value in current dollars.

The unit value of imports increased by 8%, up to nearly \$209 per ton.

The U.S. accounts for 99% of Canadian imports. British Columbia imports 23% of the imports of the U.S., Alberta 7%, Ontario 40%, Quebec 22%. Canadian Talc is exported to Europe, Japan and the States.

Prices

They vary according to quality, method of processing, specifications and transportation costs. In 1985, Canadian prices ranged from \$35 - \$70 per ton for medium grade Talc, \$95-\$160 per ton for high grade Talc, \$180-\$250 per ton for highly beneficiated Talc and \$1,000 a ton for Steatite Blocks. In 1985, prices increased by an average of 5%. They will be the same in 1986 but prices vary between producers and consumers.

NOTE: the micronized Talc in the States cost \$220 per ton in 1985.

\$22 x 1.35(exchange rate) = \$297.00 cdn. F.O.B. plant
in the States

Source: Engineering and Mining Journal

PRODUCT SUPPLY (continued)

Talc usage in Canada

The pulp and paper industries alone, are represented by 25 mills in our Province, and 5 mills in Northern Alberta. One new mill has been approved for construction in Quesnel (200 million dollars).

One new mill has been proposed for the region of Squamish to be constructed by Matkin Company Ltd. of Calgary. Bakertalc in Quebec - 10,000 tons per year to be used in the pulp and paper industries, a similar tonnage used as industrial filler in paints and plastic.

Luzcan in Quebec produces ground talc materials containing 70% talc, used as a filler in joint cement and auto-body compounds, as a dusting agent in asphalt roofing shingles, and in rubber production. Canada Talc produces talc to be suitable for low grade fillers, also products for paints, plastic, paper and floor covering.

In British Columbia we will produce talc for the pulp and paper industries, for paints, for plastic materials, and for ceramics. The new developments in the ceramic engines for cars and for the plastic car already produced in China, and for the upholstery already in use in today's new cars.

In plastic, talc improves dimensional stability, chemical and heat resistance, impact and tensile strength, electrical and insulation properties. It is used in thermo-plastics and in thermosets, mainly in polypropylene, nylon and polyesters.

Pharmaceuticals and cosmetics are using high purity talc, relying on its softness, hydrophobic property and chemical inertness.

PROJECTIONS

- 1988 -
1. Financing
 2. Marketing - visit to mills
 3. Plant design
 4. Construction of road access
 5. Opening talc mine - Do-Do creek
 6. Trenching Creek No. 1, 2, 3 & 4 - south of main road
 7. Drilling Creek No. 3
 8. New talc reserves
 9. Research magnesite and base, plus precious metals
 10. Metals east of the Trifco claims
 11. Contact with pulp mills - letter of intent or contract for talc supply in Quesnel
 12. Sorting cosmetic talcs on the mill site - 10 people
 13. Contract with mining people for open pit mine
 14. Equipment purchase - receiving
 15. Camp for construction - trailer
 16. Office in Quesnel
 17. Mine management
- 1989 -
1. Production of 9000 tons per year, plus base and precious metals.
 2. Specifications for pitch control talc
 3. Formation of specialized employees for talc
 4. Product improvement and diversification
 5. Advertisement with new products
 6. Diamond drilling to introduce platinum values

PROJECTIONS (continued)

Outlook

The extenders and fillers pigments represent one of the most stable and attractive segments of the industrial minerals. The products have experienced real growth in North America of over 4% annually for the past 10 years (including recession years of 1980 through 1984).

| Estimated Worth | 1978 - 1988 (millions of dollars) | | |
|----------------------|-----------------------------------|-------------|----------------|
| <u>America sales</u> | <u>1978</u> | <u>1983</u> | <u>1988</u> |
| Talc | 35 +30% | 50 +33% | 75 million \$ |
| Kaolin clays | 210 | 440 | 610 million \$ |

Until the late 1970's the North American filler and extender market was virtually controlled by the U.S. During the past 5 years Canadian suppliers of Talc, Calcium Carbonate, Micas and others, have become more aggressive.

TRIFCO MINERALS LTD. possess such commodities in our province and we can become an exporter south of the border and to the west. (Pacific) Talc will be in demand especially as a reinforcement in plastics with a forecast annual growth rate between 10 and 12 % for the 1983 - 2000 period. Shift from low alumina and silica refractions to basic refractions will contribute to increasing acceptance of Talc minerals in the metallurgical industry. Increasing consumption of coated paper and the uniqueness of the use of Talc for pitch control and for filler purposes will contribute to a high growth rate of 7%.

The high tech ceramics drive occasioned by the development of the "ceramic engine" by the United States, Japan and Europe will increase the Talc products consumption.

The world market for ceramics was estimated to be worth \$4 billion in 1985 and is predicted to be worth between \$30 billion and \$60 billion in 2010 - (report prepared for the Government of Canada, Department of Regional Expansion). Alcan Aluminum Ltd. of Montreal has embarked on a major effort to develop new advanced materials. Japan is the leading developer of ceramic engines. Increased use of Talc will be major in plastics, ceramics, paper making to 2010. Trifco Minerals Ltd. has several industrial minerals that it can produce:

Talc, Calcium carbonate, Wollastonite, Dolomite, Graphite, Syenite & Magnesite.

In Quesnel alone, the Talc needed is 2.5 tons per mill per day. There are two mills now and a third will be approved in 1986. The Talc need can be 7.5 tons per day x 365 days = 2737 tons. Say, 2500 tons per year.

PROJECTIONS (continued)

Outlook (continued)

Prince George has three mills, say also 2500 tons per year. MacKenzie uses Talc in one mill - 900 tons - total 5900 tons. There are pulp and paper mills in Prince Rupert, Kamloops and the lower mainland.

Demand for Talc and Pyrophyllite is expected to be 15.8 million tons in 2000, 9.6 million tons in 1990, with an average growth rate of 5% during the 1983-2000 period. Talc will be in demand especially as a Reinforcement in Plastics with a forecast annual growth of 10-12% for the 1983-2000 period.

Shift from low-aluminum and Silicon refractions to basic refractions will increase the acceptance of Talc minerals in the metallurgical industries.

Increasing consumption of coated paper and the uniqueness of Talc for pitch control and for filler purposes will contribute to a high growth rate of 7%.

In ceramics, paints, insecticides, roofing and rubber products, consumption growth is forecast to be around 3.5% in North America.

The Province of Ontario produces incentives for new developments in industrial minerals. The provincial government gave a grant of \$675,000 in 1982 to increase the number of products of Canada Talc. The same government gave a grant \$940,000 to Steetley Talc for plant expansion.

In British Columbia, 1 ton of Talc to use for pitch control and paper industry, taken F.O.B. plant in the states cost from \$400 to 450 Cdn in Prince George and Mackenzie.

Our geographical location in the central interior of the Province will permit the supply of Talc at a substantially reduced cost to the mills.

Our plant will be located in Quesnel or 40 Km South-east of the town. Railway has access to Vancouver, Prince Rupert and the east. Two companies in the lower mainland need 4000 and 5000 tons of talc annually.

It has been recognized all over the world that the talc beds in a deposit are always extensive. Eastern Magnesia and Talc in Vermont started in 1902 in that state. Canada Talc has been worked since the beginning of the century. Steetley Talc also has been developed at the beginning of the century.

In the States, talc has been produced since the late 1800 until now, with the same mines.

PROJECTIONS (continued)

Outlook (continued)

TRIFCO MINERALS LTD. with a very limited drilling program came up this summer with 150,000 tons of talc (peridotite talc only) and it has huge showings in the platy talc which have not been drilled.

If we take into consideration the experiences of the talc companies in Canada only, and with the studies already done on the TRIFCO MINERALS LTD. talc property, and by extensive showings seen on the claims on the distance of at least 1000m, we can forecast the probable reserves at 20m deep.

$$1000 \times 35 = 35,000\text{m}^2 \times 20 = 70,000 \text{ cubic metres}$$

Specific gravity = $2.7 \times 70,000 = 1 \text{ million } 890,000 \text{ tons}$
to 20m

Talc deposits go down generally to 300m. Some go to 800m in the States and Italy.

Producing at the rate of 200T per day $\times 365 = 73,000\text{T}$ per year. The domestic market is assured for the years to come.

PROJECTIONS (continued)

Commercial uses of Talc

The commercial uses of Talc are extensive and growing rapidly all over the world - uses -

- | | |
|-----------------------------|--|
| 1. Pulp and Paper Industry | 8. in Insecticides |
| 2. Plastics Industry | 9. in Pharmaceuticals |
| 3. in the Paint Industry | 10. in the huge Cosmetic market |
| 4. in the Textiles Industry | 11. in Lubricant |
| 5. in the Ceramic Industry | 12. in Agricultural Applications |
| 6. in Roofing Products | 13. in the Rubber Industry |
| 7. in Coated Fillers | 14. in Putties, Caulks, Sealants, and Adhesives |

Specifications

Talc is mostly used in a fine-ground state. There are many applications for Ground Talc.

For Filler usage (Pulp and Paper Manufacture) maximum particle size should be below 20 microns.

The ceramic industry uses Talc with 6 to 14 micron size.

In Plastic, Talc improves dimensional stability, chemical and heat resistance. It is used in Thermo-plastics mainly in polypropylene, nylon and polyester. Talc must be free of any impurities.

High quality Talc is used as an extender if paints.

Pharmaceutical industries are known as users of high purity Talcs, also are the Cosmetic industries.

B.C. Talc requirements in the Pulp and Paper Industries

We have at this time 25 Pulp and Paper Mills in the Province: 5 mills in North-west Alberta using the Talc in pitch-control and as filler and coating. From enquiries from the mills, some of them use 2.5 tons of Talc per day, every day of the year, or 1,000 tons per year. (Alberta)

Roughly estimated 25,000 tons of Talc are used in B.C. in the paper, paint, roofing granules, insecticides, the sealants joint-fillers industries and cosmetics.

Makin Pulp and Paper is trying to establish a 275 million dollar plant near Squamish. They specialize in coated and uncoated papers production, with the latest technology.

FINANCIAL PROPOSAL

Trifco Minerals Ltd - Financial Pr

| DESCRIPTION | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 |
|--|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Talc - production and sales 25 tons per Day x 30 Base and Precious Metals 50 Tons per Day + additional 50 tons per day | 750T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T | 750 T 1,500T 1,500T |
| REVENUES Talc/month - \$200/est | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 |
| Metals Recovered 18,000 tons @ \$30.52 per ton | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 | 45,750 45,750 |
| Total Gross Revenue | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 |
| Costs - Talc | NOTE - if 100 tons of talc produced or 200 tons of ores per day, th | | | | | | | | |
| Mining ore + waste | | | | | | | | | |
| Milling storage supplies | | | | | | | | | |
| Power safety security | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 |
| Milling metals alone | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 |
| Selling and Administration | | | | | | | | | |
| Marketing | | | | | | | | | |
| Laboratory | | | | | | | | | |
| Management | 14,600 | 14,600 | 14,600 | 14,600 | 14,600 | 14,600 | 14,600 | 14,600 | 14,600 |
| Gross Profit Before Tax | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 | \$72,460 \$169,000 |
| Tax (25 %) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) |
| Net Profit | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 |
| Repayment on Loan 3,000,000 / 5 years | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Interest | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 |
| Net | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 |

Estimate 20% concentrate 720T for metals = transportation and hydrometallurgy (36,000)

No dilution
 No depletion
 No amortisement on Equipment

\ - Has been included at this stage
/

Ball park estimate at this stage by R.T.

| Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL(1988) | % | 1989 | 1990 | |
|------------|--|------------|-------------|-------------|-------------|--------------------|-----------|-------------|-----------|--|
| 50 T | 750 T | 750 T | 750 T | 750 T | 750 T | 9,000T | | 9,000T | | |
| 500T | 1,500T | 1,500T | 1,500T | 1,500T | 1,500T | 18,000T | | 18,000T | | |
| 500T | 1,500T | 1,500T | 1,500T | 1,500T | 1,500T | 18,000T | | 18,000T | | |
| 000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$150,000 | \$1,800,000 | | \$1,800,000 | | |
| | | | | | | (no cosmetic talc) | | | | |
| 750 | 45,750 | 45,750 | 45,750 | 45,750 | 45,750 | \$549,000 | | \$549,000 | | |
| 750 | 45,750 | 45,750 | 45,750 | 45,750 | 45,750 | \$549,000 | | \$549,000 | | |
| 500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$241,500 | \$2,898,000 | | \$2,898,000 | | |
| | day, the revenue is multiplied by 4 or 9,500,000 | | | | | | | | | |
| 400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$49,400 | \$593,200 | | | | |
| 355 | 8,355 | 8,355 | 8,355 | 8,355 | 8,355 | \$100,260 | | | | |
| 600 | 14,600 | 14,600 | 14,600 | 14,600 | 14,600 | \$176,000 | | | | |
| 460 | \$72,460 | \$72,460 | \$72,460 | \$72,460 | \$72,460 | \$869,000 | 48.3% | \$869,000 | | |
| 000 | \$169,000 | \$169,000 | \$169,000 | \$169,000 | \$169,000 | \$2,028,000 | | \$2,028,000 | | |
| 000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$42,000) | (\$507,000) | | (\$507,000) | | |
| 000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$127,000 | \$1,521,000 | 49% | \$1,521,000 | | |
| 000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$600,000 | | \$1,521,000 | | |
| 000 | 5,000 | 5,000 | -5,000 | 5,000 | 5,000 | \$60,000 | | | | |
| 000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$55,000 | \$660,000 | | \$660,000 | | |
| 000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$72,000 | \$864,000 | | \$864,000 | | |
| | (36,000T x 0.20 = 720T) | | | | | | \$100,000 | | \$100,000 | |
| | | | | | | \$764,000 | | \$764,000 | \$764,000 | |

FINANCIAL PROGRAM

Cost of Talc & Metals - Do-Do Platy

Talc - 18,000 of ores per year

| | | | |
|---|----------|---------|------------|
| 1. Mining ore - waste 18,000 x 5.57 per ton | | | \$ 100,260 |
| 2. Sorting by hand - 10 men x \$6 per hr x 8 hrs = 480 x 22 x 12 | | | 126,720 |
| 3. Extra grinding - 325 mesh 9,000 tons x \$10 | | | 90,000 |
| 4. Micronizing - 4,000 tons x \$30 | | | 120,000 |
| 5. Storage - silos (10,000) & warehouse (10,000) | | | 20,000 |
| 6. Bagging and bags - 50 bags x \$3 = 15,000 x 3 | | | 45,000 |
| 7. Pallets - 25 x \$200 | | | 5,000 |
| | Granisle | Sherrit | |
| | ----- | ----- | |
| 8. Crushing | 0.08 | 0.26 | |
| 9. Grinding | 0.52 | 0.68 | |
| 10. Conveying | 0.03 | | |
| 11. Flotation | | 0.66 | |
| 12. Leaching | 0.08 | | |
| 13. Assaying | | | |
| 14. Drying | 0.01 | | |
| 15. Refining supervision | 0.38 | | |
| 16. Maintenance | 0.19 | 0.30 | |
| 17. Labor | 0.14 | 0.35 | |
| 18. Supplies | 0.56 | 0.16 | |
| 19. Power | 0.19 | | |
| | ----- | ----- | |
| | 2.18 | 2.41 | |
| 20. Safety | | | 41,220 |
| 21. Security | | | 25,000 |
| | | | 20,000 |
| | | | ----- |
| | | | \$ 593,200 |

Selling & Administration - Fixed Overhead

| | |
|------------------------------|------------|
| Office machines and computer | |
| Secretarial | 25,000 |
| Telephone | 3,000 |
| Stationery | 3,000 |
| Accountant | 35,000 |
| Marketing | 40,000 |
| Laboratory | 30,000 |
| Management | 40,000 |
| | ----- |
| | \$ 176,000 |

| | Month 9 | Month 10 | Month 11 | Month 12 | TOTAL | REMARKS |
|------|-------------|-------------|-------------|-------------|--------------|---|
| .000 | \$1,386,000 | \$1,386,000 | \$1,386,000 | \$1,386,000 | \$16,632,000 | Gravity concentrates for metals recovery |
| .000 | 120,000 | 120,000 | 120,000 | 120,000 | \$1,440,000 | To store |
| .000 | \$1,386,000 | \$1,386,000 | \$1,386,000 | \$1,386,000 | \$16,632,000 | Jigs, spirals, concentrations |
| 710 | \$16,710 | \$16,710 | \$16,710 | \$16,710 | \$200,520 | Magnetic separation for Minerals |

FINANCIAL PROGRAM (continued)

Magnesite Talc Metals

| SAMPLES OR TEST | NI | CO | AU ppb | AG | PT | CR203 | IRON | CU |
|--------------------|----|----|-----------|----|----|-------|------|----|
|--------------------|----|----|-----------|----|----|-------|------|----|

Ferro Magnesite report:

| | | | | | | | | |
|---|-------|-------|-----|--|--|--|--|--|
| 3 | 0.224 | | 340 | | | | | |
| 5 | 0.221 | 0.012 | | | | | | |
| - | 0.228 | 0.011 | | | | | | |

Coast Eldridge report:

| | | | | | | | | |
|------|------|-------|------|---------|----|------|--|--|
| 1A | 0.23 | 0.010 | 340 | 0.35 | | 0.57 | | |
| 1B | 0.23 | 0.015 | 340 | | | 0.46 | | |
| 1C | 0.21 | 0.02 | 0.01 | | | 0.49 | | |
| 3A | Tr | 0.005 | 340 | | | 0.27 | | |
| 4A | Tr | 0.01 | 340 | | Tr | 0.25 | | |
| 5A | 0.22 | 0.015 | 340 | | | 0.56 | | |
| 7A | 0.23 | 0.015 | 340 | | | 0.67 | | |
| 7B | 0.18 | 0.010 | 340 | | | 0.61 | | |
| 7C | 0.21 | 0.030 | 340 | | | 0.56 | | |
| 7D | 0.01 | 0.020 | 340 | | | 0.29 | | |
| 8A | 0.21 | 0.015 | 340 | | | 0.62 | | |
| 8B | 0.25 | 0.015 | 340 | | | 0.55 | | |
| 0.40 | 0.15 | | | | | 0.39 | | |
| .41 | 0.26 | | | | | 0.48 | | |
| .42 | 0.21 | | | Average | | 0.53 | | |
| .43 | 0.24 | | | 7.6 | | 0.62 | | |
| .44 | 0.19 | | | ppm | | 0.46 | | |
| .45 | 0.22 | | | | | 0.56 | | |
| .46 | 0.26 | | | | | 0.54 | | |
| .47 | 0.24 | | | | | 0.27 | | |

Department of Mines - Victoria - report

| | | | | | | | |
|-------|------|------|--|--------|--|------|------|
| 11690 | 0.21 | 0.02 | | | | | 7.85 |
| 11861 | 0.17 | 0.02 | | | | 0.29 | 6.16 |
| 11859 | 0.21 | 0.02 | | 0.1 oz | | 0.27 | 5.90 |
| 11860 | 0.02 | 0.04 | | 3ppb | | 0.04 | 4.03 |

Consistent values for 15 - 25 nickel.

FINANCIAL PROGRAM (continued)

Magnesite Talc Metals (continued)

Findlay Consultant's report:

| NI | CU |
|---------------------|--------------|
| 0.16 | 0.02 |
| 0.17 | 0.02 |
| 0.17 | 0.02 |
| 0.15 | 0.02 |
| 0.12 | 0.02 |
| 0.16 | 0.02 |
| 0.11 | 0.02 |
| 0.19 | 0.02 |
| 0.20 | 0.02 |
| ----- | ----- |
| 1.43 \div 9 = 16% | 0.02 average |

Bondar - Clegg Findlay reports:

| | | |
|---------------------|-----------|---------|
| NI | Ni | .19 % |
| ----- | Co | 0.16 |
| 0.19 | Au | 340 ppb |
| 0.20 | Ag | 7.6 ppm |
| 0.20 | CR203 | 0.44 % |
| 0.18 | Cu | 0.02 |
| ----- | Magnesite | |
| 0.77 \div 4 = 19% | Talc | |

Letter from Victoria where trace specified less than 340 ppb.

FINANCIAL PROGRAM (continued)

Financing Outline - Application of Funds

| | | |
|------|---|-------------|
| 1. | Feasibility study | |
| 2. | Equipment | |
| | (a) Crushers | |
| | (b) Pebble mill - grinders | |
| | (c) Air separators | |
| | (d) Bins | |
| | (e) Spirals | |
| | (f) Magnetic separator - high density | |
| | (g) Fine particles technology | |
| | 1. Wet recirculation - ceramic balls | |
| | Feed 40 to 100 microns - 99.5% < 4-5 microns | |
| | produced. 3500 kgs per hour (Suisse product) | |
| | 2. Dry grinding process - 10 tons per hour | \$ 300,000 |
| | 3. Dry milling - dry dispersion | |
| | Wet milling - wet dispersion | |
| | 4. Deagglomeration | |
| | (h) Compressor | |
| | (i) Flotation cells | |
| | (j) Drier | |
| | (k) Classifier to the final product system | |
| | (l) Belts and equipment to move the talc in the plant | |
| | (m) Talc silos and storage buildings | |
| | Five tons of talc to test in manufacturer of equipment and wait for their advice. | |
| 3. | Building: | |
| | Excavation | |
| | Foundation | |
| | Formwork or metal clad rafter steel works done | |
| | Roof | |
| | Pedestal for machine | |
| | Bacon & Donaldson, Vancouver. (Consultants) | |
| | all together - rough estimate | \$ 849,000 |
| 4. | Storage building for powder talc | 100,000 |
| 5. | Office building | 50,000 |
| 6. | Laboratory in plant | 35,000 |
| 7. | Mining - open pit crusher | 35,000 |
| 1988 | - road access to open pit mine | 50,000 |
| | - truck for stock pile - 10 tons | 15,000 |
| | - loader or truck - 6 cubic yards | 150,000 |
| | - bulldozer for pit - D6 or D7 | 150,000 |
| | - safety chamber plus supplies | 10,000 |
| | - ambulance | 85,000 |
| | | ----- |
| | | \$1,529,000 |
| | Survey of claims, permits, reclamation | 21,000 |
| | Working capital | 500,000 |
| | | ----- |
| | | \$2,050,000 |

FINANCIAL PROGRAM (continued)

Downside

1. Lead time for initial order is longer than anticipated.
2. Feed back from market is slower than expected.
3. Modification in specifications in our product takes longer than envisioned.
4. More time to deliver.
5. Overhead too high.
6. Our management does not prove satisfactory.

Changes, modification, action to be taken

1. Contact customers and tell them the time to wait, if any.
2. Pressure marketing personnel to come with information and orders.
3. Change the management - cut costs.
4. Cut in overhead - cut costs.
5. Cut dead wood.
6. Selling for cash or less than 30 day payment.
7. Reorganize, obviate, progress.

| | |
|---|-------------|
| Working capital | \$ 500,000 |
| Total funds needed | 2,050,000 |
| Supplies | |
| 1) Reagents | |
| 2) Safety products | |
| 3) Parts, instruments | |
| 4) Security | |
| 5) Oil, gas, nails, diesel | |
| 6) Bolts, etc. | |
| 7) Plastic bags, samples | |
| 8) Picks, shovels, wheelbarrow | |
| 9) Analyses | 20,000 |
| Contractor mining \$1 per ton: | |
| 1 st operation (18,000 x \$1) | 18,000 |
| 2 nd operation (150,000 x \$1) | 150,000 |
| Travel - marketing, supplies, customers | 20,000 |
| Hiring management | 25,000 |
| Miscellaneous | 30,000 |
| | ----- |
| | \$2,313,000 |
| say | \$2,500,000 |

FINANCIAL PROGRAM (continued)

Financing Outline

| | |
|--|-------------------|
| Capital | \$2,500.000 |
| If debt - 5 to 7 years to repay - interest nominal rate | |
| Working capital | 500,000 |
| Plant | 1,813,000 |
| Total | 2,313.000 |
| Miscellaneous (more cost for marketing, advertisement) recruitment of management. Direct contacts with customers, reputation to be built. Financial statement, annual reports. Internal research. | 187,000 |
| Venture Capital: | |
| Trifco Minerals Ltd. | 10,000,000 shares |
| Trifaux | 5,000,000 shares |
| Shareholder and escrow shares Not sold | |
| Equity: | |
| 3,000,000 + shares at \$2 = 6,000,000 | to look at |

BASIC DATA

TRIFCO MINERALS LTD. is incorporated under the law of British Columbia since November 1, 1984 and was started by Rene Trifaux, President.

The company is involved in the exploration and development of base and precious metals and industrial minerals.

The principal officers are as follows:

- | | |
|---|---|
| Dan Ferroni 1400 Greendale Terrace, Oakville, Ontario. L6M 1W6 Telephone: 1-416-827-2460 | - is in business selling boats |
| Kelvin Pruenster 158 Jeffcoat Drive, Rexdale, Ontario M9W 3C6 Telephone: 1-416-742-8641 | - is finishing a business administration course in California. |
| Thomas Trifaux Unit 72 - 1200 Walden Circle Mississauga, Ontario L5J 4N2 Telephone: 1-416-823-8018 | - manager of a sporting goods store, executing sales, inventories, returns etc. |
| James Lewis 33 City Centre Drive Mississauga, Ontario L5B 2T4 Telephone: 1-416-858-3756 | - corporate lawyer |
| Rene Trifaux 308 -751 Clarke Road Coquitlam, B.C. V3J 3Y3 Telephone: 939-3802 | - exploration and mining manager (Au, Ag, Zn, Pb, Ni, Co, Be, Talc etc.) Calculation of reserves, cost engineer. |
| A. Fardal 408 Fiege Road, Quesnel, B.C. V2J 5E2 Telephone: 747-2548 | - involved in exploration procedures at this time. |
| C. Ward 571 Perry Street, Quesnel, B.C. V2J 1P1 Telephone: 992-5292 | - responsible situation with mill in Quesnel. |

BASIC DATA (continued)

| | |
|--------------------------------------|---|
| Bank | Bank of Montreal 9855 Austin Avenue Burnaby, B.C. V3J 1N4 Branch Manager - Ron N. Smith Telephone: 520-5327 |
| Legal Adviser | Darrel E. McEachern McEachern & Associates 22328 McIntosh Avenue Maple Ridge, B.C. V2X 3C1 Telephone: 467-6951 |
| Accountants | Leo VanTongerren, Carlyle Shepperd & Co. 1150 Austin Avenue Coquitlam, B.C. V3J 1S7 Telephone: 931-3585 |
| Number of authorized shares | 10,000,000 |
| Number of shares issued - R. Trifaux | 5,000,000 |
| - other | 1,346,705 |
| Number of shares remaining | 3,653,295 |
| Recent valuation | \$1 |

Management:

Rene Trifaux, President & Chief Executive Officer has the following qualifications and experience:

1. Diploma from Chatelineau School of Mines, Belgium - 2 years
2. Diploma from Tamines School of Mines, Belgium - 2 years
3. University du Travail, Charleroi, Belgium - 1 year
4. Cost accounting McMaster University, Ontario - 2 years by correspondence.
5. Surveyor of the coal mines of Farcicmus, Belgium
6. Eighteen years as manager of different groups of mines in Zaire and Ruanda, Burundi.
7. Accountant on Brazeau Dam project and Sundance Steam plant with Calgary Power Ltd. and Montreal Engineering.
8. Civil engineering works on the Georgia generating station - Sandwell Ltd. Vancouver.
9. Cost engineer with Syncrude Canada Ltd. at Fort McMurray (initial salary \$24,000 in 1974) Experienced in approaching gold, tin, wolframite, columbite and tantalite mines, calculation of reserves, surveys and reports.
10. Experience in industrial minerals, talc, beryl, kaolin, calcium carbonate, calcium silicate, graphite, micas and ilmenite.

ONTARIO RESEARCH FOUNDATION

SHERIDAN PARK RESEARCH COMMUNITY

MISSISSAUGA, ONTARIO, CANADA L5K 1B3 • (416) 822-4111 • TELEX 06-982311

093A 013

April 4, 1986

Mr. R. Trifaux
Trifco Minerals Ltd.
308-751 Clarke Road
Coquitlan, British Columbia
V3J 3Y3

Dear Mr. Trifaux:

In a letter to you on March 10, 1986, Craig Booth listed several manufactures of equipment that may be used for fine grinding applications. The Paddle Mill and the Mather Mill are currently being used in pilot plant and full size grinding circuits respectively. The Szego mill is a grinding system developed at the University of Toronto and is currently being marketed and developed by General Comminution in Toronto.

The Comil is a grinding circuit used exclusively by the food and pharmaceutical industries, but had potential as a pre-grinding circuit for soft ore such as talc. The Comil, manufactured by Quadro Engineering has an impellor and a screen that both grinds and classifies the feed. This necessitates a rather soft feed to the mill in order to minimize wear on the screen.

A visit to the Quadro Engineering by Craig and myself enabled us to test this mill with your ore. Two tests were conducted. The first test passed the ore through a coarser screen (0.75 mm). The second test re-passed the ground material from the first coarse grind, through a fine grinding screen (0.18 mm). The partical size analysis of the original feed material, the primary grind and the secondary grind are listed. Size analysis was done with screening and sedigraph.

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QUADRO
 ENGINEERING INC.
 613 Colby Drive, Waterloo, Ont.
 N2V 1A1
 Phone (519) 884-9660
 Telex 069-55260

Test No. _____

CONFIDENTIAL LABORATORY TEST REPORT

COMPANY: _____ CITY: _____

ATT.: _____ TITLE: _____

TEST MATERIAL: PERIDOTITE SAMPLE TEL #: _____

YOUR REQUIREMENTS: _____

SCREEN ANALYSIS (U.S.STD. mesh size) A COLUMN—% PASSING ON INDIVIDUAL SIEVE
 B COLUMN—CUMULATIVE % PASSING

POZZOLAN

| MICRONS | INFEED SAMPLE | | TEST 1 | | | 2 | | | 3 | | | 4 | | | 5 | | |
|--------------|---------------|------|---------|------|---|---------|------|---|---|---|---|---|---|---|---|---|---|
| | A | % B | A | % | B | A | % | B | A | % | B | A | % | B | A | % | B |
| 1180 | | 72.2 | | | | | | | | | | | | | | | |
| 250 | | 27.1 | | | | | | | | | | | | | | | |
| 106 | | — | | 62.4 | | | 87.3 | | | | | | | | | | |
| 80 | | — | | 60.5 | | | 85.6 | | | | | | | | | | |
| 50 | | 6.7 | | 51.2 | | | 79.4 | | | | | | | | | | |
| 20 | | | | 32.4 | | | 54.1 | | | | | | | | | | |
| 10 | | | | 21.2 | | | 39.2 | | | | | | | | | | |
| 5 | | | | 10.6 | | | 20.9 | | | | | | | | | | |
| 2 | | | | 3.7 | | | 6.9 | | | | | | | | | | |
| MODEL | | | 1F196T | | | 1F196T | | | | | | | | | | | |
| SCREEN | | | 1F075R | | | 1F018R* | | | | | | | | | | | |
| IMPELLER | | | 1F1601 | | | 1F1601 | | | | | | | | | | | |
| IMPELLER RPM | | | 3600 | | | 5,000 | | | | | | | | | | | |
| GAP SETTING | | | CLOSE | | | CLOSE | | | | | | | | | | | |
| VOLTAGE | | | 460 | | | 460 | | | | | | | | | | | |
| HP | | | 15 vari | | | 15 vari | | | | | | | | | | | |
| LB/HR. RATE | | | NIL | | | NIL | | | | | | | | | | | |
| POWER USED | | | 210A | | | 210A | | | | | | | | | | | |
| BULK DENSITY | | | NIL | | | NIL | | | | | | | | | | | |

PRE-BREAK: TEST 1 FEED: MANUAL/CONF INTAKE: _____

TESTED BY: _____ AT: _____ DATE: _____

TEST OBSERVATIONS ON REVERSE SIDE

Mr. R. Trifaux

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April 4, 1986

I have also included in this letter two articles which may be of interest to you. It may be of benefit to you to review the Industrial Minerals Magazine. It may provide some valuable information.

Yours truly,



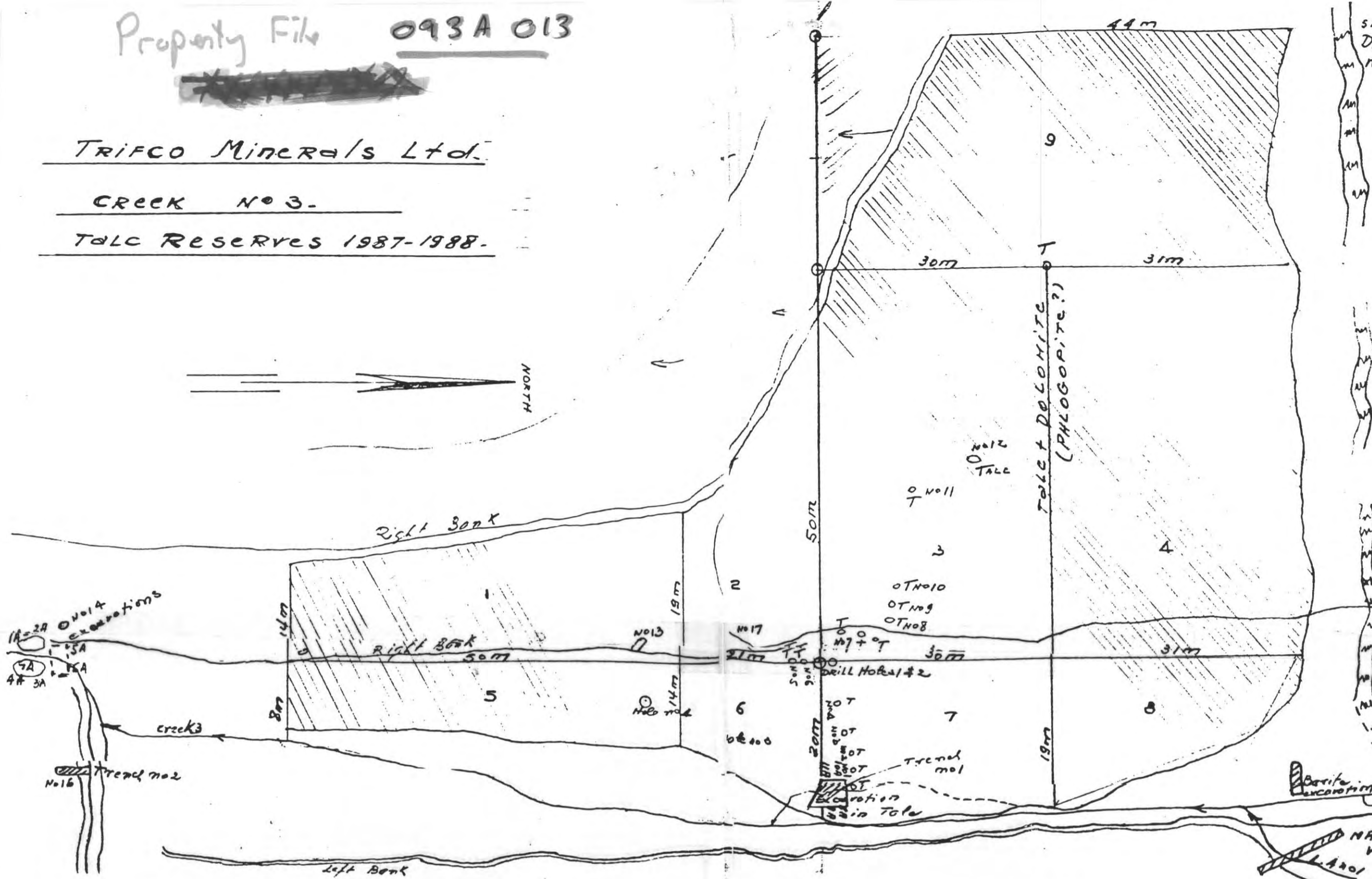
M.L. Petrovic
Project Scientist
Inorganic Materials Centre

fm

TRIFCO Minerals Ltd.

CREEK NO 3.

TALC RESERVES 1987-1988.



| AREAS ABOVE COLLARS OF DRILLED HOLES | |
|---|---------------------------|
| No. 1. TRAPEZE - $19m + 14m \times 50m \div 2 = 825 m^2$ | |
| No. 2. " - $50m + 19m \times 21m \div 2 = 725 m^2$ | |
| No. 3. Rectangle - $50m \times 30m = 1500 m^2$ | |
| No. 4. " - $50m \times 31m = 1550 m^2$ | |
| No. 5. TRAPEZE - $8m + 14m \times 50 \div 2 = 550 m^2$ | |
| No. 6. " - $20m + 14m \times 21 \div 2 = 357 m^2$ | |
| No. 7. " - $20m + 19m \times 30 \div 2 = 585 m^2$ | |
| No. 8. " - $19m + 10m \times 31 \div 2 = 378 m^2$ | |
| No. 9. " - $61m + 44m \times 30 \div 2 = 1575 m^2$ | |
| | 8045 m² |
| ESTIMATED AREA - 8045 m ² | |
| Based on measurements. | |
| SAMPLES TAKEN IN DIGGINGS IN CREEKS AND CUTS ON THE BANK. | |
| No. 1. RIGHT AFFLUENT - HOLE NO. 1. MICACEOUS SCHISTOSIS WITH NODULES OF ORIGINAL ROCKS DISCOVERY. 2M. FROM TRENCH 4.5M X 2M X 1.50M. | |
| No. 2. ON RIGHT BANK OF AFFLUENT. HOLE NO. 1. MICACEOUS-LIMONITIC COLOUR. ALTERED. + NO NODULES OF ROCK IN PLACE. | |
| No. 3. ON RIGHT BANK. 2M FROM No. 2. Going WEST - MICACEOUS SCHISTOSE WITH NODULES. | |
| No. 4. SAME BANK. 3M FROM No. 3. NODULES - GOING WEST. | |
| No. 5. 18M WEST OF TRENCH No. 1. NO NODULES. SCHISTOSIS ONLY. | |
| No. 6. 7M SOUTH OF DRILLED HOLE No. 1. SCHISTOSIS IN PLACE. | |
| No. 7. 18M WEST OF TRENCH No. 1. 5M SOUTH OF HOLE No. 1. | |
| No. 8. MICACEOUS SCHISTOSE WITH NODULES IN THE ALTERED PORTION. | |
| No. 9. 4M. NORTH-WEST OF No. 7. SAMPLE WITH NODULES. | |
| No. 10. 6M. WEST OF No. 5. SAME " " | |
| No. 11. 10M " " No. 9 " " | |
| No. 12. 5M " " No. 10 " " | |
| No. 13. NORTH-WEST OF No. 11 " " | |
| No. 14. 2.9M SOUTH OF HOLE No. 1. (DRILLED) " " | |
| No. 15. RIGHT BANK OF CREEK - NEAR DIGGINGS IN CREEK. | |

| DEPTHS | | CUTAGE | |
|-----------------|---------------------|---|---|
| No. 1 - 10m | 8250 m ³ | Hole No. 1. Zone of influence - 50x50 = 2500 m ² | |
| No. 2 - 19m | 10875 " | depth - 27m - | |
| No. 3 - 28m | 37500 " | Cubage - 2500 x 27 = 67500 m ³ | |
| No. 4 - 31m | 46500 " | Tonnage - 67500 x 2.8 = 189,000 tons. | |
| No. 5 - 11m | 5500 " | Total Tonnage = 470,990 + 189,000 = 660,000 | |
| No. 6 - 14m | 3750 " | Specific gravity used 2.8. | |
| No. 7 - 15m | 8775.00 | | |
| No. 8 - 15m | 4536.00 | | |
| No. 9 - 27m | 42525.00 | | |
| Sp. gravity 2.8 | | 168211 m ³ | Hole No. 1. Zone of influence - 33x33 = 1089 m ² |
| Tonnage | | 470,990 tons | depth 47' or 14.17m = 1089 x 14 = 15246 m ³ |
| | | | Tonnage - 15246 x 2.8 = 42,700 tons x 0.15 = |
| | | | Total tonnage of ores = 660,000 + 42,700 = 702,700 |
| | | | Talc Tonnage - 702,700 x 0.46 = 321,200 tons |

- LEGEND**
- DRILLED HOLES.
 - DUG HOLES
 - ▨ EXCAVATIONS
 - ▨ TRENCH.
 - ⋯ SMALL TRENCH.
 - ▨ MARBLE VEIN.
 - ▨ BARITE DIGGINGS.
 - ← CREEK.

SCALE 2cm = 10m.

JULY-18-1987-

R. J. J. J.

DOLCHITE - 702,700 tons x 0.4490 = 310,000 TONS.

