

Tiffany Resources Inc.

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92H/10

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LODESTONE PROJECT - TIFFANY RESOURCES

1. BACKGROUND

The Company has an iron ore deposit in the Princeton area of B.C. This is the only major and potentially economic known deposit in Western North America. The combination of low overburden ratio, low impurities, and the use of natural gas rather than coal make the feasibility a high probability and allows environmental impact to be within the B.C. limits likely to be set.

The consumers of iron ore pellets from a minesite plant would be Western steel producers, who need to displace scrap steel, which suffer from impurities and availability problems. With the China Steel prospect the Company could provide up to the full amount of iron ore required for the steel mill from B.C. itself.

There are other valuable products available for commercial scale production either certain or implied. These include platinum, vanadium, chromium, olefine (foundry and etc.), magnetite for coal separation.

2. FACTS

Iron Reserve - Proven 90 million tonnes/inferred - 1 billion/tonnes

Impurities - Nil except for trace amounts of titanium which does not affect steel process.

Concentration - as ore 17.56 soluble iron
- beneficiated iron 68%
- as pellets 98% iron

Cost for a 550,000 tonnes per year plant - C \$250 million
(larger production reduces prices accordingly)

Expected selling price f.o.b. plant per ton - C \$137 approx.

Mineral options are from Imperial Metal who would retain 50% working interest or be bought down to 15% for \$3.5 million after development monies spent.

3. OPPORTUNITIES

Employment - at least 100 direct jobs and 200 indirect jobs in Princeton area. (550,000 tonne plant)

(3 million tonne plant) approx. 400 direct and 800 indirect.

Market

- 100% market (up to 3 million tonnes) with China Steel if it proceeds.
- 100% market (for 550,000 tonnes) still available on West Coast without or in addition to China Steel.
- Potential export of pellets to Taiwan and Pacific Rim.

Other Products

- Good chance of platinum in major amounts (potentially more profitable than the iron itself)
- Vanadium (expensive and attractive bi-product)
- Potentially economic magnetite for B.C. coal producers if major plant proceeds. Other domestic supplies run out in 1993
- Olevines for western foundries

Infrastructure

- Site well located in relation to rail link to coast. All other utilities available immediately or self produced.

Environmental Impact

- Similar any open pit mine (gas use for pelletizing plant provides low and manageable impact).

Funding

- Inland Natural Gas have indicated readiness to finance plant after first \$100 million provided by or for plant operator, subject to gas purchase agreement. This would be by debenture or similar.

4. IMMEDIATE REQUIREMENT

C \$100,000 to complete prefeasibility.

5. SUBSEQUENT REQUIREMENT

C \$500,000 for bankable feasibility for which Western Diversification have indicated readiness to cover 50%.