

Bralorne-Pioneer Gold Mines Ltd.

(BPN – TSX Venture)

Progressing to Restart the Historic Bralorne-Pioneer Mine,
located in B.C. Several mining options available.
Gold Loan Recently Announced to Advance Project.

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Jeff Howlett is a financial analyst who for over the past 10 years has provided research services to companies lacking adequate coverage. Mr. Howlett was previously affiliated with a major Canadian investment firm specializing in Mergers & Acquisitions and has received a B.Sc. in Economics from the Wharton School of the University of Pennsylvania.

Property History

1800's – 1971. The Bralorne-Pioneer has a long history of production, with mining of **4.15 million ounces of gold** and 0.95 million ounces of silver from 7.9 million tons of ore, for a recovered grade of **0.53 oz / ton**. This began primarily in 1932 when a series of mergers occurred among small producers. The mine closed in 1971 due to low gold prices (\$35/oz).

1980's. Higher gold prices sparked renewed interest in the property and several million dollars were spent to define reserves suitable for mining. Efforts focused on "readily available" material

1991-92. Avino Mines acquired the property and combined it with its adjacent Loco property, on which new veins had been discovered in the 1980's. New calculations for mineable material above the 8th level were pegged at 308,000 tons.

1993 - 96. Bralorne-Pioneer optioned the property – work focused on retesting known areas as well as discovering extensions to the new vein systems, both of which were successful. "Probable" and "possible" reserves were calculated at **440,000 tons @ 0.30 opt.** (note – all figures do not qualify as reserves under Policy 43-101). **Studies began to restart mining operations, a mine permit was obtained, a mining camp was constructed, and equipment was purchased to mine and mill at a rate of 150 tons per day.** Low gold prices served to halt that program.

Current Program – 2003 / 04

With recent higher gold prices, Management has reactivated the project with a view to commencing initial mining as envisioned earlier. Positive exploration results at the Peter vein offer new, additional mining alternatives and point to potential to continue mining into the future.



Share Data (\$Cdn):

Recent Price:	\$0.38
52-week Price Range:	\$0.10 - \$0.48
Shares Outstanding (1/09/03):	19.9 million
Fully Diluted Shares (1):	27.3 million
(1) Incl. 7.4 million options & warrants @ Cdn \$0.11 - \$0.30.	

Capitalization (\$Cdn):

Market Capitalization:	\$7.56 million
Total Debt (Convertible @ \$x.xx):	\$2.99 million

Corporate Information:

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WE BELIEVE THAT BRALORNE-PIONEER OFFERS SIGNIFICANT POTENTIAL FOR SEVERAL REASONS:

- Past mining experience has been favorable (i.e. competency of rocks, vertical continuity of veins, high recoveries).
- Recovered grades have invariably been higher than drill-indicated grades due to the nugget effect present.
- Past studies have been mainly concerned with reserves required to support a mining / milling operation over a 5 – 8 year life. New work at the combined Bralorne / Loco properties has successfully established that the new veins are faulted extensions of those historically mined.
- It is known that the previously identified and newly discovered veins have a significant strike extent.
- Virtually all past studies have pointed to strong potential to find significant additional resources.
- There is now in place much of the required infrastructure and mining / milling assets to quickly and efficiently start operations.
- Gold Loan financing recently announced.

Management expects that past studies, combined with positive new exploration results makes available a variety of mining options. Assets now in place makes it cost effective to justify initial development and processing combined with additional exploration to continue mining. Should financing be actualized, we believe that a new era in the Bralorne Pioneer mine is possible.

THE BRALORNE PIONEER PROPERTY (100% owned)

Background

The property is located about 100 miles (160 km) due northeast of Vancouver in southwestern B.C.. Road access is via highway 40, an all-weather gravel road from Lillooet. Summer access is possible via the Hurley River logging road from Pemberton. Elevation in the area is approximately 2,500 feet and is characterized by rugged mountain terrain.

The property as it is presently constituted was actually assembled over many years, beginning in roughly 1930, when a series of mergers between individual producing gold mines began. The last major merger occurred in 1959 with the coming together of *Bralorne Mines* and *Pioneer Gold Mines*. The property now comprises 2422 hectares.

Production History

The Bralorne-Pioneer property represents the largest single producer of gold in B.C., having produced approximately 4 million ounces of gold from ore averaging 0.5 oz / ton from 1932 – 1971. Highlights of its production history can be summarized as follows:

- The Bralorne and Pioneer properties produced **4.15 million ounces of gold** and 0.95 million ounces of silver from 7.9 million tons of ore.
- Recovered grades were **0.53 oz / ton gold** and 0.12 oz / ton silver.
- Of the 52 veins discovered in the 40 years of operation, ore was produced from the shoots of 19 – which averaged 2 meters wide, 50 – 200 meters in strike length, and had dip lengths of up to 2000 meters, exhibiting **an exceptionally large vertical continuity**.
- Ore represented, on average 47% of the veins.
- The mine closed in 1971, with a low \$35 per ounce gold price. (note – in 1973, after cessation of mining operations, the ore potential of the 77 vein at depth below the Bralorne 4577 decline was estimated as 89,000 tons at 1.12 opt Au in the first 300' below the bottom level of the mine).

Nature of The Deposit

The property hosts orebodies which occur in a series of quartz veins, most of which are bounded on the northeast by the northeast dipping *Fergusson fault* and on the southwest by the southwest dipping *Cadwallader fault*. The majority of the veins strike N60-70W and dip north at 60°-85° except for the important crossover veins (27 and 85) which strike N/S and dip west. The principal veins are found within Bralorne Intrusives and Pioneer Greenstones.

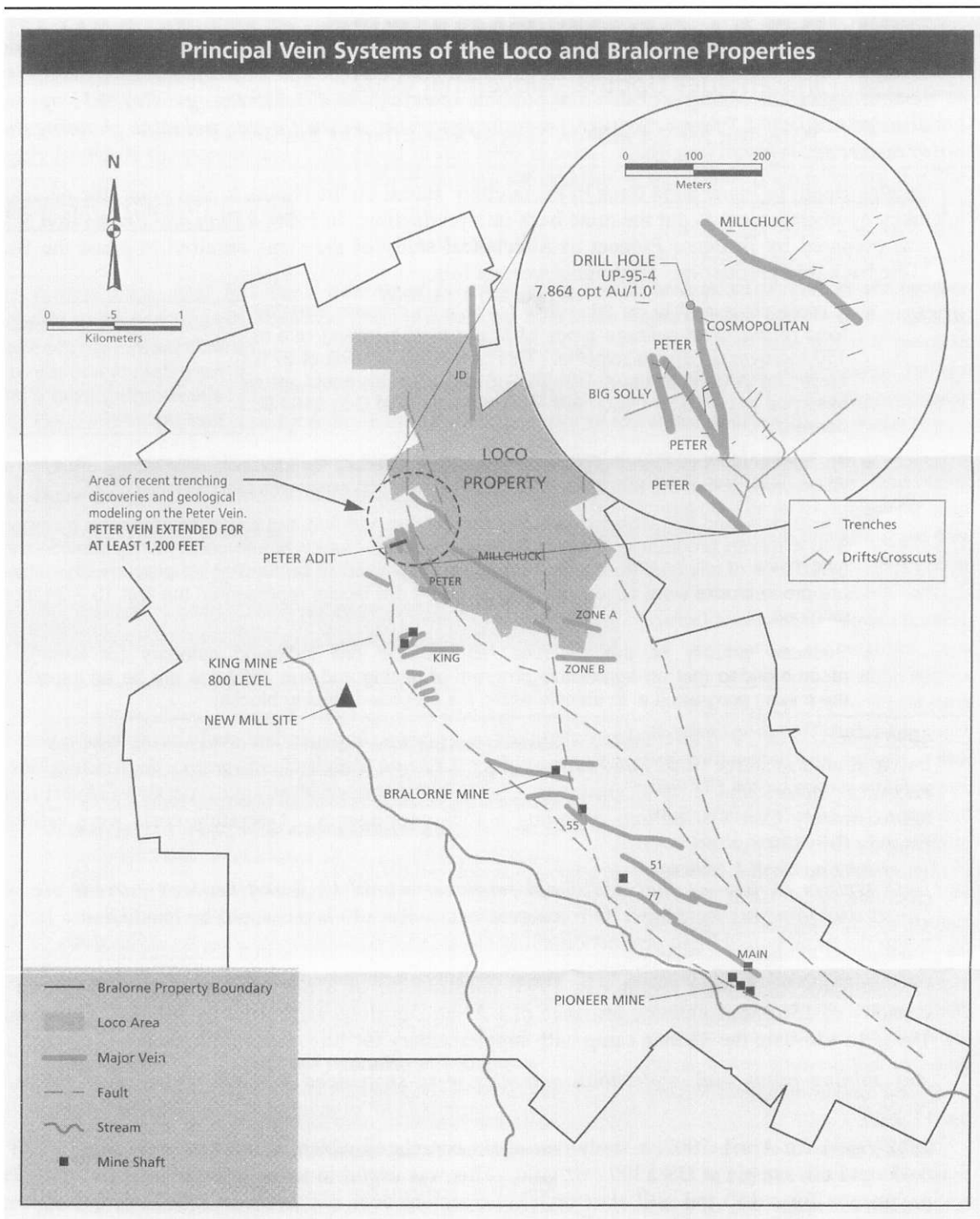
Later Exploration Programs

Renewed Interest in 1980's. From closing in 1971, the property lay dormant until 1980 in an era of higher gold prices, when it was optioned by *E and B Exploration*. Through 1991, E&B carried out 3 major exploration programs (1981/82, 1984, 1988) together with associated companies (*Mascot*, *International Corona*, *Golden North*) which included:

- Extensive exploration and rehabilitation programs from 1980 through 1991 at the Bralorne Mine.
- Exploring veins with remaining reserves above the 2600 level and particularly above the 8th level (the lowest adit level).
- A mineral inventory calculation above the 2600 level (1988) – only the ore blocks where there were no major rehabilitation problems were used for "readily available" ore – further geological evaluations pointed to an additional 5 years of ore that were not so "readily available" and **potential reserves of up to at least 10 years of production were outlined**.
- In 1987, an adit was collared and a cross cut driven to intersect the Peter vein about 100' below surface followed by 215' of drifting along the vein – chip samples reported 0.38 opt over an average width of 3.4' (including 0.611 opt over 105' with a 3.4' width). At this time, it was concluded that further development and engineering studies would be required to determine an economically viable reserve.

Additional Properties Added. In 1991 - 92, an important change occurred, when the property was acquired by *Avino Mines* and combined it with the adjoining *Loco property*, on which Avino was actively exploring two principal veins, *Peter* and *Millchuck*, discovered in 1987. Avino rehabilitated access to areas of indicated reserves and conducted a sampling program.

Together with *Procon Mining and Tunneling*, indicated reserves were calculated above the 8th level (at the Bralorne mine) as **308,000 tons** with significant potential for expansion. A \$1.1 million program of drilling and underground development was proposed.



Bralorne-Pioneer Becomes Involved

Initial Exploration. In 1993, the new *Bralorne-Pioneer* company optioned the entire property from Avino to earn a 50% interest in the property by spending \$1 million over 3 years. There were a series of programs to follow up on the earlier 1992 recommendations. Mapping and geochemical soil sampling was carried out over the former Loco property and areas of the original Bralorne property (southeast and northwest) in order to explore for *extensions* of the Peter and Millchuck vein systems. A follow up 700' of underground drifting on the Peter vein in the area of extensive overburden *identified ore grade mineralization where prospecting during the life of the operating gold mine (and diamond drilling) had been unsuccessful.*

In 1995, Bralorne Pioneer tested the Bralorne-Pioneer block with 5 underground holes from the 400 level, 4 of which intersected significant mineralization. At that time, it was concluded that the overall reserve figure combining probable and possible reserves was **476,835 tons grading 0.31 opt over an average width of 4.7 feet – this represents the figures now used for internal mine planning purposes to restart mining.**

Studies Begin to Place Mine Back in Production Based on the results to that point, the decision was taken by management to put the mine back into production. In 1996, a *Plan and Production Schedule* was prepared by Bralorne Pioneer as a technical study of the steps required to place the Bralorne Mine back into production. Highlights were as follows:

- It was determined to be financially feasible to process **440,000 tons** of ore at an average grade of **0.30 ppt** at a milling rate of 150 tpd over an 8 year minelife. This generated an IRR of 27% assuming a gold price of US \$380 / oz. Capital costs were assumed to be \$6.39 million with operating costs at Cdn \$104.88 per ton.
- This study used blocks of ground previously identified as "readily available" during the 1980's, all of which were above the 800 level (the level above which water was self draining).
- It was proposed that higher grade ore blocks be mined first, but would be accessed by means of a 3 to 4 month program of cross cutting and raising – which would conveniently provide the initial 8,000 tons of mill feed (to ensure that all operations would be functioning properly when the higher ore grade blocks were accessed. Higher grade ore blocks represented the first 18 – 24 months of mill feed.
- Because virtually all ore reserves fall into the drill indicated category (or lower), it was recommended that an aggressive program of raising and sub drifting in ore be an integral part of the mining program (i.e. to sample within the proposed stoping blocks).

This study, combined with new information on the Peter Zone and hard assets already in place, is very encouraging from a mining perspective.

1995 report. The 1996 internal report followed a positive independent study completed a year earlier based upon a resource of **325,000 tons** grading **0.35 opt**, a higher **450 ton per day** milling rate, **90% recovery factor**, and a gold price of US \$375 per ounce. Capital costs were estimated at approximately Cdn \$10 million including a 15% contingency. Operating costs were estimated at roughly Cdn \$79 per ton.

Both studies envisioned that additional resources would be found between current ore reserve blocks and previous workings. Ore reserves below the 800 level would be handled at a later stage, when the mine would be in production.

Preparations for Mining Begin. In 1998, construction of a new mill was started with an initial capacity of 150 tpd, following issuance of a Mine Development Permit by the B.C. Government in 1995. In addition, the 35 man camp with supplementary facilities was refurbished.

Any mining plans and exploration activities were suspended because of low gold prices, until recently.

2002 Work. In April, 2002, a study was again completed which envisioned processing a 7,000 ton, 0.43 opt bulk sample at US \$300 / oz gold. This was useful in terms of establishing specific costing parameters for a 150 tpd mill start up. Management does not envision following this approach in favor of previous approaches to process lower grade material from other areas in the initial start up period.

In September, 2002, a new report was completed which re-interpreted the geology and mineralization in the Loco portion of the property and improved the understanding of the geological controls on gold mineralization in the Peter vein.

Recently, Bralorne-Pioneer completed a 9-hole drilling program to investigate the newly discovered Peter Vein extension with encouraging results – virtually every hole encountered mineralization and included one intercept of 1.525 opt over 4.5' (incl. 4.329 opt over 1.5'). Given the nature of the deposits (i.e. with a pronounced nugget effect), this is encouraging.

To date, previous exploration has identified the Peter Zone strike length to be between 2,000 to 3,000 feet in length and is known to be over 1,000 feet deep. It represents a structural extension of the Bralorne-Pioneer vein system.

CURRENT PROGRAM

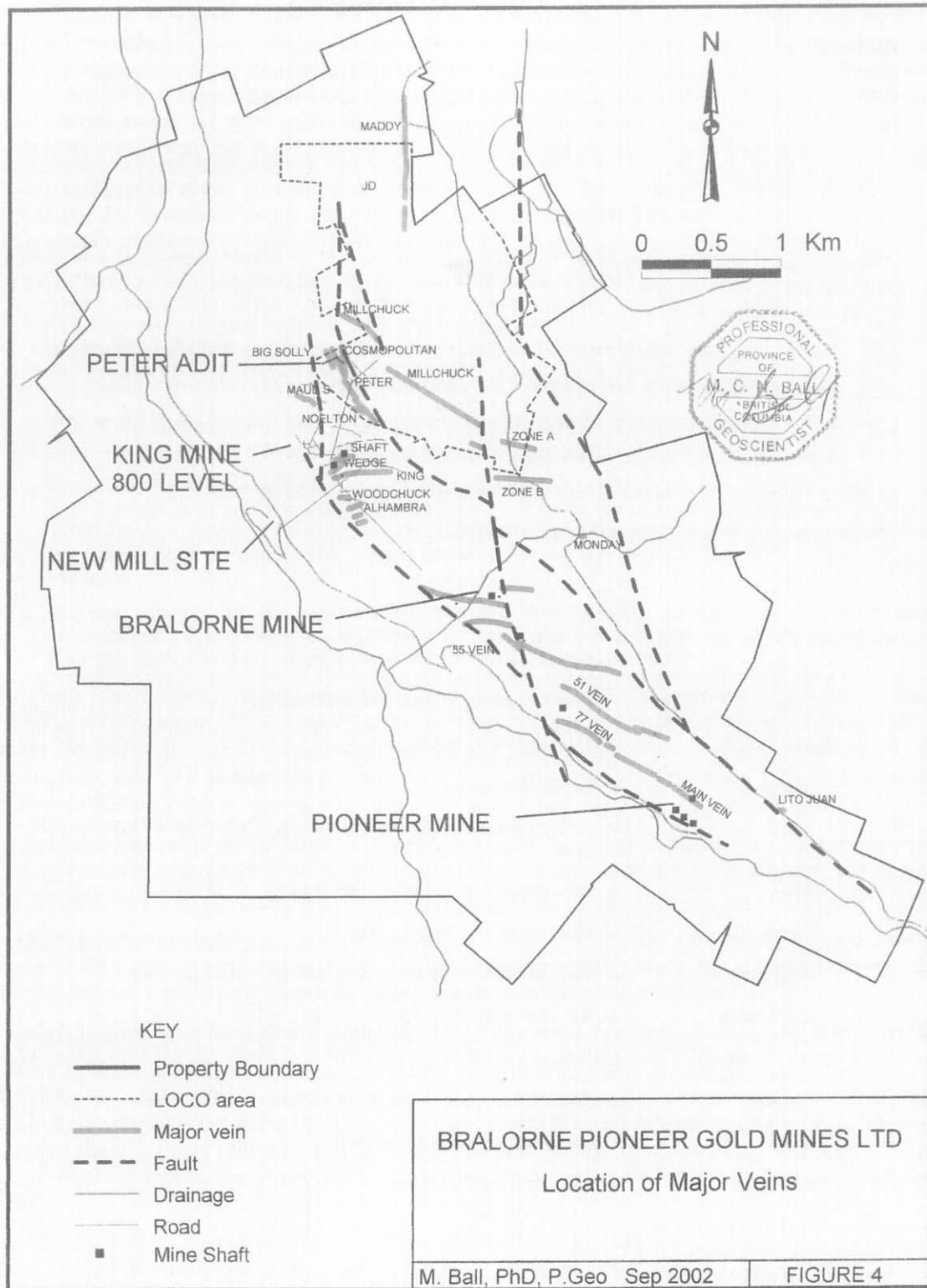
Re-establish mining. In view of the past exploration and development work, combined with positive studies on establishing operations and equipment and infrastructure present, management intends to initiate mining at the property. This would be based on the 150 tpd capacity of the present mill and largely based on the parameters established in the 1996 in house study and based on the 476,835 ton resource estimated in 1995, combined with promising information at the "new" Loco property (i.e. the Peter vein in particular).

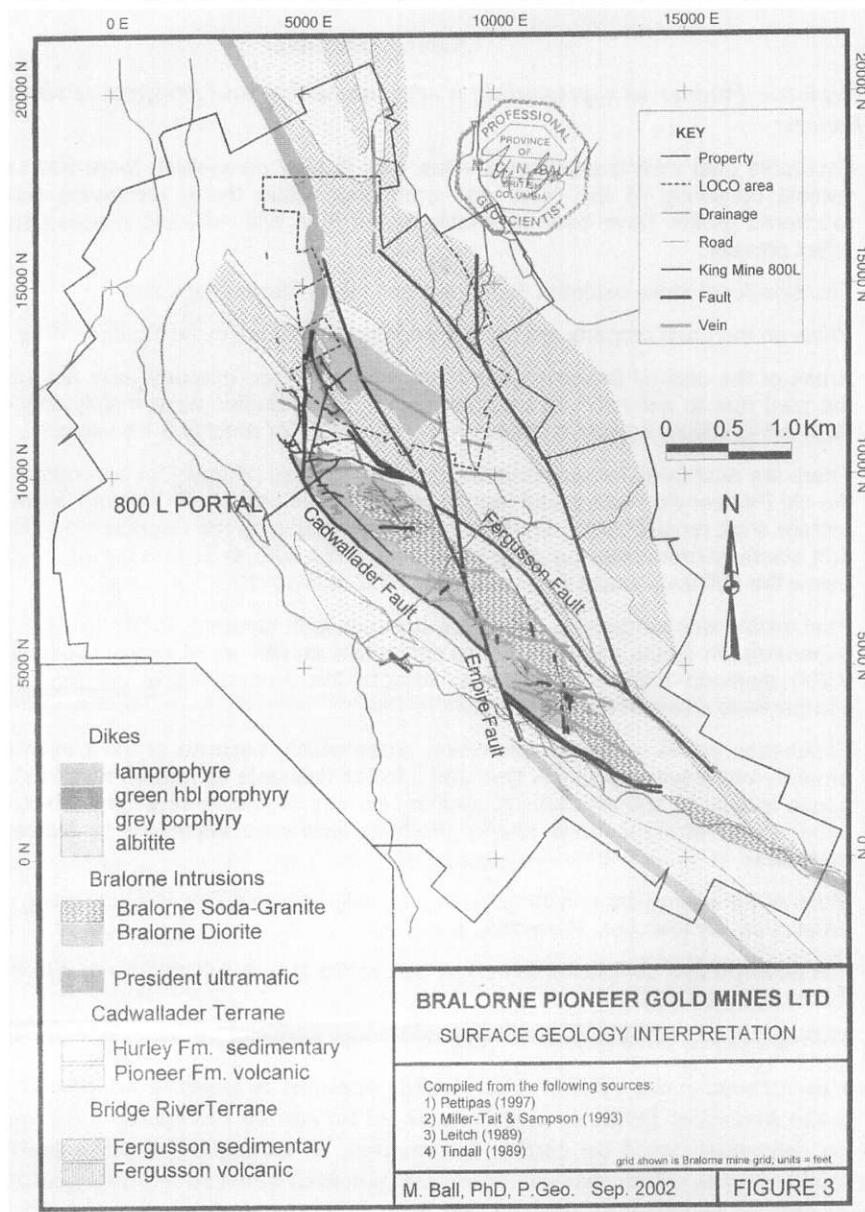
The central issue that has been addressed is whether to continue exploring and studying the property or to complete the construction of a mining operation begun in the 1990's and begin to produce gold. It is felt that:

- because the hard assets associated with a mining operation are largely in place,*
- future mining profits can pay back the financing required to restart operations,*
- recent exploration points to very promising new areas and extensions of resources,*
- there are several options with respect to mining, and*
- the nugget effect makes it very difficult and costly to delineate reserves,*

it makes more sense to follow the mining approach.

Anticipated Development Schedule	
2003 Timeline	Development Milestone
March	• Capital Received
April	• Underground development begins on Peter vein & Bralorne 800 level.
May	• Work begins to complete 150 tpd mill.
June	• Work begins on tailings pond.
August	• Mill complete, tune up begins, tailings pond complete.
December	• Mill operating at 150 tpd.
2004 Timeline	Development Milestone
March	• Complete underground development.
July	• Begin mill upgrade to 300 tpd.
October	• Mill expansion complete





Zone	Status	Type	Miner. Length	Total Length	Width	Width	Depth	Grade (opt)	Continuity	Comments
Peter	1	Vein	65 m	640 m	1.3 m	1.3 m	> 300 m	0.331	98%	Continuous mineralization Over 30 m intervals & Up to 65m
Cosmopolitan	2	Vein		260 m	1.3 m	1.3 m	> 300 m	0.353	15%	Feet development in grade
Big Solly	2	Vein		140 m	1.4 m	1.4 m	> 300 m			
Millchuck	2	Vein		1280 m	1.5 m	1.5 m	> 300 m		8%	Success ratio for 13 holes
Maddie	2	Vein		850 m	1.0 m	1.0 m	Open	<0.839	14%	Success ratio for 7 holes
Zone A (1993)	2	Vein		240 m	0.1 – 2.7 m	0.1 – 2.7 m	Open	<0.376	36%	Success ratio for 9 trenches + 2 holes.
Zone B (1993)	3	Vein		400 m	0 – 3.0 m	0 – 3.0 m	Open	<0.318	40%	Success ratio for 17 trenches + 3 holes.
Zone C (1993)	3	Vein		83 m	0 – 1.2 m	0 – 1.2 m	Open	<0.464	60%	Success ratio for 5 trenches
Zone D (1993)	3	Shear	Open	Open	3 m	3 m	Open	0.321	100%	Success ratio for 1 trench

Status:

1. Significant assays from underground
2. Significant drill intercepts
3. Significant trench assays
4. Geochemical Anomaly

CONCLUSIONS

We see Bralorne-Pioneer as representing a very interesting and prospective situation as a result of several factors:

- Favorable past mining experience – the rock is very competent, there has been a great deal of vertical continuity of the veins and orebodies within them, recoveries have been high, and recovered grades have been invariably higher than drill indicated grades because of the nugget effect present.
- The significant strike extent of the known and newly discovered veins.
- Veins on the Loco property are faulted extensions of those in the Bralorne King mine.
- Areas of the original Bralorne ground adjoining the Loco property were not intensively explored in the past due to extensive overburden cover. Past studies were mainly concerned with reserves required to initially support a mine / milling operation for roughly 5 – 8 years.
- There are areas with known reserves, but were ignored primarily for cost purposes (i.e. ① access to the old Pioneer workings would require both time and capital, ② reserves below the 800 level would require shaft rehabilitation, dewatering, etc., ③ accessing the Countless adit would require a major drift slashing / rehabilitation program costing \$250,000, ④ accessing the 52 and Countless veins below the 400 level would likely require a 1000' access cross cut in waste).
- Past mining was suspended due to low gold prices in the early 1970's and it is known that potential mineralization exists between the known zones as well as at depth. Although there have been 2,200 diamond drill holes drilled to explore the property, it is believed to be underexplored compared to other mines in Canada.
- Exploration points to several promising areas which, because of the known nugget effect at the property will require additional time and effort to delineate as formal "reserves". It may make more sense initially to spend capital to develop access to known structures which (based on years of experience), stand a good chance to host resources amenable to successful and profitable extraction.
- Much of the equipment and infrastructure is now in place and a 150 tpd mining operation can be set up at relatively low cost. Permitting is in place.
- It is believed that sufficient information now exists to justify initial mining with multiple opportunities for resource extraction.
- From a financial point of view, a major Gold Loan financing has recently been announced.

From an investment point of view, the central question is whether additional prolific structures similar to the historical Bralorne and Pioneer mines can be discovered. Although this is certainly difficult to determine based on current information, as management will readily state, we too are encouraged by studies which indicate significant potential between the historical mines, at depth, and at the new ground between the Bralorne and Peter zone (Loco property) where there have been very encouraging results. Bralorne-Pioneer is in an enviable position of being able to restart a sizable operation at relatively low cost, a strategy which is not unwise.

For these reasons, there could be potential for mining at the property to continue for the foreseeable future.

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