

Schreiber May 1/96

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74) Kemess South: Following the official government announcement that gives Royal Oak Mines Inc. the Project Approval Certificate, the company reported it is proceeding with the construction of the project. The mine is scheduled to start production in April 1998. The average annual production rate is forecast at about 213,000 ounces of gold and 58,000 pounds of copper (a total of 450,000 equivalent ounces of gold) at an estimated cash cost of US\$175 per ounce of gold and equivalent ounces. Kemess will have a mine life of about 20 years; the exploration potential remains excellent. The mineable ore reserves contained some 4.1 million ounces of gold and 1 billion pounds of copper, with an additional 1.9 million ounces of gold and 623 million pounds of copper in (other) mineralized material. Engineering on the project is about 30% complete. Purchase orders for long-delivery items of equipment have already been placed. Construction contracts for the plant and infrastructure facilities will be awarded within the next few weeks. Construction on the project will start in mid-June. The capital cost has been estimated at Cdn. \$390 million. Financing will include Cdn. \$166 million by way of an economic assistance and compensation package from the province of B.C. The company's wholly owned subsidiary, Kemess Mines Inc. (formerly Geddes Resources Ltd.) received the first of two equal compensation payments of Cdn. \$14.5 million in early April, the final payment being due in April, 1997. The Kemess project will create up to 550 jobs during the construction phase and about 350 permanent jobs thereafter when the mine is in full production. [TGS Comment: Great News! Particularly satisfying for a "Toodoggoner". Also, this should increase awareness in the region as well as providing renewed interest in the area - god for Diakow's new project!].

75) Kennecott Canada has agreed to participate in a private placement with Abitibi Mining and Sedex Mining (Richard Hughes groups); the proceeds will be spent in 1996 on the companies. Cranbrook sedex-type properties (i.e. Sullivan target). Also, Kennecott will earn the first right of refusal on the properties. Kennecott can earn a 25% interest in a specific group of claims by funding \$1million in expl'n; it can ear an additional 25% by funding another \$1million. It can earn a total interest of 60% in any specific group by bringing such claims to a production decision. The companies hold over 20 separate claim blocks. [TGS Comment: this is a VERY significant area 'play'; a 'reprieve' from the departure of BHP recently].

Kennecott has recently expanded its Vancouver office significantly to include employees involved with diamond expl'n, plus the move of the Canadian head office from Toronto. John Stevenson has recently been promoted to the Perth, Australia office. Kennecott is/has set up an extensive research library.

76) Lawyers: Cheni Resources Inc. has concluded an agreement with Energex Minerals Ltd. whereby Energex may earn 50% of Cheni's interest in all (except the Al property) its Toodoggone properties, incl. the Lawyers property. The deal includes property expl'n expenditures of \$500,000 over the next 3 years, plus option payments.

77) LD: Pinsent (Apr. 30/96) reported that Flame Petro-Minerals Corp. has submitted a NOW for 7 drill holes for a total of 1000 metres on its VMS-target on the west side of Harrison Lake.