

Lefebure, Dave EM:EX

To: Cochrane, Marlene EM:EX
Subject: Similco Mine Background

Similco Mine Update

- * Located 12 km southeast of Princeton.
- * Incorporates the original Copper Mountain and Ingerbelle mines.
- * Former major producer of copper with credits for gold and silver.
- * Closed in 1993 and again in 1996 due to low copper prices; currently on a care and maintenance basis.
- * Leader Mining has acquired option to purchase property from Imperial Metals.
- * The main assets on the property are the mineral reserves, mill, service shop, other buildings, tailings impoundment area and some mining equipment.
- * Imperial Metals has moved much of the mining equipment to their Mt. Poley and Huckleberry mines.
- * Imperial Metals and its predecessor company, Princeton Mining Corporation, both aggressive smaller mining companies both felt they needed US\$1 copper prices to make a profit. This was during the days of higher gold prices (approximately US\$350 to 400 I believe).

Production

Underground mining from the Copper Mountain mine (1925-1930; 1937-1957) produced 31.6 Mt containing 1.08% Cu (recovered 0.88%Cu, 0.185 g/t Au and 4.32 g/t Ag). Open pit production (1970-1993) totalled 345 Mt grading 0.432% Cu (recovered 0.36% Cu, 0.11 g/t Au and 1.12 g/t Ag). Another 37 Mt produced between 1994 and 1996.

Reserves

Reserves estimated by the Princeton Mining Corp. as of January 7, 1996 were 129,163,140 tonnes grading 0.393 per cent copper, 0.155 gram per tonne gold and 1.576 gram per tonne silver.

Comments

- * Remaining reserves are large enough that it is likely that there will be more open pit mining in the future; however, it will require higher metal prices for copper and gold than we expect in the next five years.
- * Exploration for new higher grade reserves could result in new finds, particularly for an underground operation.
- * Ore contains palladium and platinum that were never recovered in the past; however, the recent price increases for both these metals may change this scenario for future mining.
- * Imperial Metals must see no near term potential for the Similco mine and some liabilities if they are prepared to sell property and assets for \$1M. The mill alone would be worth more than this.

Ministry Homework

1. Leader Mining states all permits in place to re-commence mining (**should be checked by Ministry**)
2. Given the large area of surface disturbance and lengthy history of mining, the status of the reclamation bond should be **checked by Ministry**.

From Leaders' web site (<http://www.leadermining.com/>)Introduction

In June 2000, Leader acquired the past producing Similco Mine and the Invermay Property; which are located approximately 200 km east of tide water at Vancouver B.C. The Similco Mine contains 129.2 million tonnes of open pit mineable resource grading 0.397% (containing 1.0 billion lbs of copper). A fully permitted and bonded (\$3.8 million) 25000 tonne/day mill, expandable tailings impoundment, and utilities infrastructure are in-place and managed on a care and maintenance basis. The Similco Project is debt free and has no environmental liabilities, and can commence re-production in a 12 to 18 month period.

Background

Leader Mining has acquired the option to purchase 100% of Similco Mines Ltd.; which includes the Ingerbelle and Copper Mountain mines; and the nearby Invermay property from Imperial Metals Corporation for C\$1.0 million.

The Ingerbelle/Copper Mountain is a world class Copper deposit with gold and silver by-products. To the end of 1996 this

project has produced 1.74 billion pounds of Copper, 9.1 million ounces of Silver and 730,000 ounces of Gold. The current open pit mineable resource is 129.2 million tonnes grading 0.39% Cu (plus significant gold and silver credits).

Operations were suspended in November 1996 due to low Copper prices.

Location

The Ingerbelle/Copper Mountain mines are located close to tide water, and adjacent to major highway. It is about 200km east of Vancouver, and only 12km from the town of Princeton. Invermay is located about 40 km east of the Similco Mines. Infrastructure: Fully serviced, permitted and bonded 27,000 tpd mill, tailing storage facility and related infrastructure preserved in excellent condition on care and maintenance basis. There are no outstanding environmental liabilities on the Project. The Project is debt free and there are no long term Smelter Contracts.

Exploration Targets

The exploration potential for additional open pit and underground resources is high, in view of certain deep intercepts, such as:

•Below the bottom of the Pit # 3 expansion, an intercept of 100 feet @ 3.38% Cu. •Below the Ingerbelle Pit, an intercept returned 156 feet @ 1.25% Cu. and near surface intercepts such as: •Alabama/Oronoco area western most step-out drill hole returned 260 feet @0.42% Cu., and drill hole 96A-37 returned 125 feet @0.55% Cu and 0.239 g/t Au

Objective

Leader Mining plans to produce a bankable production feasibility study over the next 12 to 18 months, and invite participation from a seasoned operator to commence production at a rate of 80 to 100 million pounds of Cu and 27,000 to 30,000 ounces of gold per annum.

From: Cochrane, Marlene EM:EX
Sent: Friday, July 21, 2000 9:50 AM
To: Lefebure, Dave EM:EX
Subject: Leader Mining Meeting

Hello Dave. Just a reminder that you were going to do a few bullets for me on the Similco Mine - Leader Mining. Thanks for your help.

*Thanks,
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