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Ministry of
Energy and MinesMines
Branch

MEMORANDUM

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April 1998 Monthly Report
for the
Northeast-Central Region
by
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MINES AND MINE DEVELOPMENTS

QR. Mining stopped on March 31 and the mill processed its last ore in late April. An estimated 128,000 ounces of gold were recovered during the mines operation (almost three full years of production).

Exploration continued into 1998 with a total of 84 diamond drill holes completed by the end of the program (April 28th) for a composite length of 6318 metres. Many of the holes reached vertical depths of only 75 metres and the focus of the program was to outline near surface, open pit reserves. Encouraging assay results from late 1997 led to a concentration of drilling in an area just north of the West zone haul road. The new zone (Northwest zone) covers an area 150 m by 50 m by 20-30 m deep and represents approximately 120,000 tonnes grading about 3.5 g/t Au. The overburden in the area is also enriched and may make 'ore grade' and the stripping ratio would essentially be zero. The program represents about a \$450,000 expenditure. The area requires further evaluation, but a follow-up drill program is unlikely.

Remaining reserves in the Midwest and West zones, together with the resource in the new Northwest zone, may support economic mining if the price of gold recovers sufficiently. Alternative processing techniques, such as heap leaching, may also contribute to a more economically sound project (*visited April 30th*).

Kemess. The plant is energized and production is expected to begin in mid May. To date over 9 million tonnes of waste has been stripped from the open pit area.

Mount Polley. Imperial Metals is considering a temporary suspension of operations at the mine. The suspension would go into effect as of July 31, 1998. The mine is presently working on an economic plan with the Job Protection Commission that would enable the it to remain in operation. The mine directly employs 167 people.

Gibraltar. George Barker, mine geologist, provided Romona Blackwell and me with an update of activities and a tour of the site. Boliden's announcement regarding the suspension of operations at Gibraltar by the end of the year should be regarded as a notice of standby or temporary shutdown, not closure. However, the mine does not appear to figure into Bolidens plans and it is being aggressively shopped around. The operation employs 278 people.

The mine wisely presold 50% of its 1998 copper production at \$0.98/pound. This has allowed the mine to remain operational until the end of the year when reserves from the Gibraltar East pit will be exhausted. Development of the Pollyanna phase IV pit has been halted. The prestripping program would have allowed mining to commence from the new development at the end of the year—replacing the lost production from Gib East. The SX-EW plant continues to produce on schedule. It is currently drawing pregnant solution from two dumps and one engineered leach pad.