

**Project:** KERR/SULPHSIDES **Location:** Iskut R., BC. **Contact:** R. Boyd, Geographe

**Owner 1:** Placer Dome Ltd 100 % **Market cap:** \_\_\_\_\_

**Status:** advanced exploration

	<i>Tonnes</i>	<i>Cu %</i>	<i>Zn %</i>	<i>Au g/t</i>	<i>Ag g/t</i>	<i>Other</i>
<b>Reserves</b>						
<b>Resources</b>	193,600,000	0.57		0.49		3 pits in 3kms
<b>Potential</b>	520,000,000	0.37		0.67		5 pits in 6 kms

### First Pass Economic Analysis

		<i>LOC*</i>	<i>Comments / Data source</i>
<b>Tonnes (millions)</b>	193.6	3	(all mineable??) / Placer
<b>Grade (% or g/t)</b>	0.57%, 0.49g/t g/t	3	40% con. (Copper)
<b>Throughput /day (t)</b>	30Ktpd - 60Ktpd		
<b>Annual production (t or ozs)</b>			
<b>Capex (\$millions)</b>	518.7 - 779.2		
<b>NSR (\$/t ore)</b>			
<b>Operating costs (\$/t ore)</b>			
<b>Cash costs (\$/lb or \$/oz)</b>			
<b>Total costs (\$/lb or \$/oz)</b>			Includes capex and royalties
<b>Cash flow /yr (\$millions)</b>			
<b>Payback period (yrs)</b>	none - 7.3		
<b>Life of Mine (yrs)</b>	12.6 - 8.9		
<b>Rate of return</b>			
<b>NPV (@ 7 %) (\$C)</b>	-211.1 - -118.5		

\*Level of confidence (1 = very poor; 10 = excellent)

**Assumptions** (metal prices, process method, grade distribution, etc.)

ALL FINANCIAL DATA FROM 1996 PLACER STUDY

Au = US\$375/oz

Cu = 0.95/lb

C\$1.00 = US\$0.763

2:1 strip

### What is Inmets' Opportunity?

Some similarities to TROILUS but on a much larger scale. Placer not fully appreciating the copper  
Possible VMS targets not evaluated

### Other Issues / Comments

-project faces serious challenges: access (17km from road at Eskay Ck), acid generating waste rock, location of TMF, plant etc in Iskut R. valley, property is already acid generating, property holding costs and advance royalty.



GEOGRAPHE  
INTERNATIONAL MFS INC.

*Placer Dome (CLA) Limited*

*Kerr/Sulphside Project  
British Columbia*

*Information Memorandum*

*Prepared for Inmet Mining Corporation*

*June, 1999*

**CONFIDENTIAL**

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Dated June, 1999

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**At these initial stages, the management of Placer should not be contacted directly without the consent of Geographe**

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## ***1.0 Executive Summary***

Placer Dome (CLA) Limited ("Placer") has recently appointed Geographe International MFS Inc. ("Geographe") to assist in the sale of certain advanced stage Canadian exploration assets on behalf of Placer and its various joint venture partners. One of these assets is the Kerr/Sulphside copper-gold porphyry project located in British Columbia.

The Kerr and Sulphside (Sulphurets) Properties are comprised of two contiguous claim blocks in the Iskut-Stikine region. The properties are centred on Sulphurets and Mitchell Creeks that drain into the Unuk River. For the purposes of this report the combined properties will be referred to as the Kerr/Sulphside Property.

Placer initially acquired the southern most Kerr Property in 1989 from Western Canadian Mining Corporation ("Western Canadian") by way of acquiring, through a lock-up agreement and public tender, all the common shares of publicly traded Sulphurets Gold Corporation. The transaction included the acquisition of a 50% Joint Venture interest in the Tedray 13 Claim. Placer subsequently earned a 100% interest in this claim in February 1992, as part of Placer's acquisition of the adjoining, and northern most, Sulphside Property in late 1992 from Newhawk Gold Mines. Acquisition expenditures to date total C\$18.65 million for the Kerr/Sulphside Property.

The original discovery of the Kerr copper-gold porphyry deposit was identified and drilled on a wide-spaced pattern by Western Canadian. Placer completed two separate diamond drilling campaigns in 1990 and 1992, on the Kerr deposit, which resulted in the definition of a resource estimate of 140.81 million tonnes grading 0.75% Cu and 0.36 g/t Au (0.40% Cu cut-off). Exploration drilling on the northern Sulphside Property was focussed on the Sulphurets Gold Zone in 1992 which resulted in an estimated resource for this zone of 54.8 million tonnes grading 1.02 g/t Au and 0.32% Cu (0.50 g/t Au cut-off). The exploration potential to extend the Sulphurets Gold Zone in a southwesterly trend towards the Canyon and Sulphurets Lake Gold Zones is excellent. Several other promising exploration targets have been partially defined on the Sulphurets Property. These include the Mitchell Gold, Main Copper, McQuillan and Alder Zones. Placer has estimated the total defined resources and geological potential on the property to be 716 million tonnes grading 0.44% Cu and 0.64 g/t Au (over 10 million ounces of gold). Exploration expenditures to date on the Kerr/Sulphside Property total C\$6.6 million.

Placer wishes to have the sale of the Kerr/Sulphside Property concluded in a timely fashion and has therefore engaged Geographe to assist in this task. Geographe will schedule Vancouver data room visits to enable parties to review the extensive available information. Due to weather considerations, site visits will not be possible until July. Any sale would be contingent upon Placer obtaining a waiver, or otherwise being satisfied, regarding all future environmental liabilities from the British Columbia government under the Mines Act and the Waste Management Act.

## **2.0 Location, Access and Climate**

The Kerr/Sulphside property is located in the Iskut-Stikine River region, approximately 65 km northwest of Stewart, British Columbia. (Figure 1). The property is centred at latitude 56°30' North and longitude 130° West on NTS map sheets 104B/8W and 8E, 104B/9W and 9E.

Access to the property is by helicopter from Stewart. Mobilization of equipment and personnel can be staged quite effectively from the Tide Lake airstrip, Bronson Strip or from Bob Quinn and Bell II Crossing on the Stewart Cassiar Highway.

Daily weather patterns in the Iskut region are unpredictable. However, prolonged clear sunny days can prevail during the summers. Snowfalls and strong winds can be expected from early-October until mid-April with temperatures varying widely between 0° and -40°C. Snowpack ranges from one to two metres but high winds can create snowdrifts up to 10 metres.

## **3.0 Exploration and Ownership History**

The following is a chronology of exploration history on the Kerr and Sulphside Properties:

- |              |  |
|--------------|--|
| 1880's       | Placer gold discovered in Sulphurets Creek.  |
| 1935         | Copper mineralization discovered on Mitchell-Sulphurets Ridge in a location now known as Main Copper Zone.   |
| 1959         | Gold-silver mineralization discovered in Brucejack Lake area. These showings were subsequently explored with surface and underground exploration in the 1980's and 1990's as three comparatively small high grade gold-silver zones by Newhawk Gold Mines Ltd. and Lacana Mining Corp.   |
| 1960         | Main claims on the Sulphside property were staked by Granduc Mines Ltd. and some independent prospectors from Ketchikan, Don Ross and Fendell Dawson. Geological mapping, airborne/ground geophysical and lithochemical surveys, packsack and diamond drilling were completed over an eight year period on Sulphurets Gold, Main Copper and Quartz Stockwork Zones by Granduc and the Newmont Mines Joint Venture. Gold-silver mineralization was discovered at the base of the Iron Cap area. Phelps Dodge and Granduc optioned and explored the claims owned by the Ketchikan prospectors. |
| 1971 to 1975 | Granduc continued exploration on the Sulphside Property. The main activities included geochemical sampling, geological mapping and trenching on the Sulphurets Gold and Main Copper Zones.   |

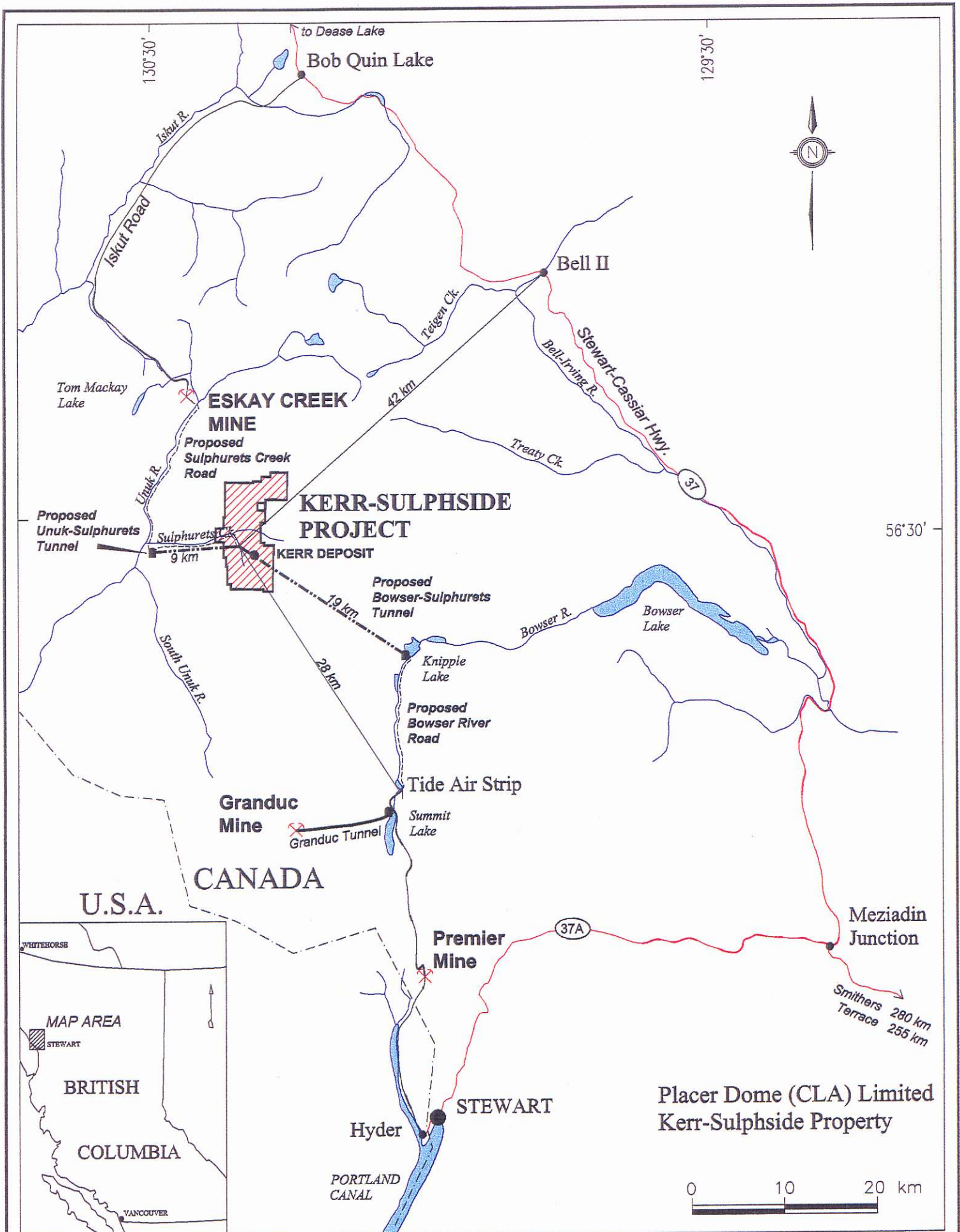


Figure 1: Location Map



- 1980 to 1985 Esso Minerals optioned the Sulphurets (Sulphside) Property from Granduc with a focus to explore for porphyry molybdenum, bulk mineable copper-molybdenum-gold and gold-bearing vein type deposits. They initially performed work on the Iron Cap, Moly, Brucejack Lake and Sulphurets Gold Zones. Exploration was continued primarily on the Brucejack Lake Zone and also on Canyon, Sulphurets Lake Gold, Snowfield Gold and Quartz Stockwork Zones. In 1985, Esso surrendered its interest in the Sulphurets Property to Granduc.
- 1982 The Alpha Joint Venture (“Alpha”) staked the Kerr Property to cover a large altered, pyritized and gossanous zone adjacent to promising gold mineralization discovered by Esso on the Sulphurets Property. Anomalous gold values in soils were identified in 1983 by Alpha and based on these results Brinco Limited optioned the Kerr Property in 1984 and funded the next phase of geological mapping, prospecting and geochemical sampling. This work outlined a gold anomaly over one kilometre long.
- 1985 Newhawk Gold Mines Ltd. and Lacana Mining Corp. formed a joint venture, and optioned the adjoining Sulphurets Property from Granduc. The main focus of their activities was to explore the Brucejack Lake prospect with an extensive underground program. Over the next six years the joint venture also completed work on several other mineralized zones, namely the Sulphurets Gold, Main Copper, Alder, Mitchell Gold, Sulphurets Lake Gold, Hanging Glacier and McQuillan Zones. Work included diamond drilling on the above first five zones.
- 1986 Brinco earned its 70% interest in the Kerr project and formed a 70/30 Joint Venture with the Alpha Group. Brinco then transferred its interest in the joint venture to Western Canadian Mining Corporation. Field work results defined the geochemical anomaly, some very high rock chip samples and preliminary drilling results confirmed the occurrence of several mineralized zones.
- 1987/88 The Alpha Joint Venture transferred its 30% interest to Sulphurets Gold Corporation which completed an Initial Public Offering on the VSE. Diamond drilling by the Western Canadian/Sulphurets Gold Corporation Joint Venture identified the large stockwork of pyrite-chalcopyrite which would ultimately be defined as the Kerr copper-gold porphyry deposit. A major diamond drill program in 1988 tested the mineralized zone over a 1,000 m strike length.
- 1989 In January 1989, Western Canadian acquired 7,645,512 common shares of Sulphurets Gold Corporation in exchange for their 70% joint venture interest in the Kerr Property. This resulted in Sulphurets Gold Corporation becoming sole owner of the Kerr Property with Western Canadian holding approximately 74% of the issued and outstanding shares of publically listed Sulphurets Gold Corporation.

In October 1989, Placer Dome Inc. completed a lockup and acquisition agreement with Western Canadian that delivered all of Western Canadian’s share holdings in Sulphurets Gold. By November 1989, Placer Dome’s follow up tender offer to the

remaining shareholders resulted in the acquisition of 99% of the issued and outstanding shares of Sulphurets Gold Corporation for C\$11.45 million. The Western Canadian acquisition agreement also resulted in the assignment of the Tedray 13 claim and 50% Option Agreement to Placer Dome. The owners of the remaining 50% interest were Newhawk Gold (60%) and Granduc (40%). The Tedray 13 Claim is strategically located at the north end of the Kerr Property.

The 1989 field work included additional diamond drilling to extend the Kerr deposit to over 1,600 m strike length and onto part of the Tedray 13 Claim.

- 1990 Placer Dome completed a major diamond drill program on the Kerr Property to further define the deposit.
- 1992 Newhawk acquired Granduc's 40% interest in the Sulphurets Property and Tedray 13 Claim. Placer Dome, in turn, acquired 100% interest in the Sulphurets Property (Sulphside Property and Tedray 13 Claim) from Newhawk for C\$7.2 million. This acquisition included the assignment of two underlying agreements, the Dawson Agreement and the Don Ross Agreement. Placer completed a major diamond drill program on the Sulphurets Gold Zones and adjoining Kerr deposit during the summer 1992. Total exploration expenditures incurred by Placer on the Kerr/Sulphside property through to year-end 1992 was C\$6.6 million.
- 1993 Resource estimates were calculated for the Sulphurets Gold Zone and Kerr deposit.
- 1996 The Don Ross option agreement was terminated in October 1996 resulting in Placer Dome forfeiting its rights to the Arbee 35, 39, 54, and 55 claims and Dawson-Ross No. 1 and No. 3.

#### **4.0 Property, Legal, and Holding Costs**

The Kerr property is owned 100% by Placer Dome (KS) Limited, a 100% owned subsidiary of Placer Dome (CLA) Limited. The Kerr Property consists of 18 mineral claims (190 units) and 10 placer claims along Sulphurets Creek (Figure 2). The Kerr Property will require application of assessment work or portable assessment credits for some of the claims in June 2000. Annual Assessment requirements or cash-in-lieu payments for the 190 Kerr units is C\$39,900.00. About C\$125,000 in reclamation work will be incurred during the 1999 field season which will be applied for assessment credits. The associated placer claims require annual rental payments totalling C\$6,000.

The Sulphside property is also owned 100% by Placer Dome (KS) Limited, subject to a contractual royalty payment obligation on two claims in accordance with terms in the underlying Dawson Agreement. The Sulphside property consists of 40 mineral claims totalling 158 units (Figure 2). The Sulphside Property will require application for assessment work or portable assessment credits for some of the claims in August 2001. Annual assessment requirements for the 158 Sulphside units are C\$33,180. A listing of the claims and expiry dates for both properties are summarized in Appendix II.



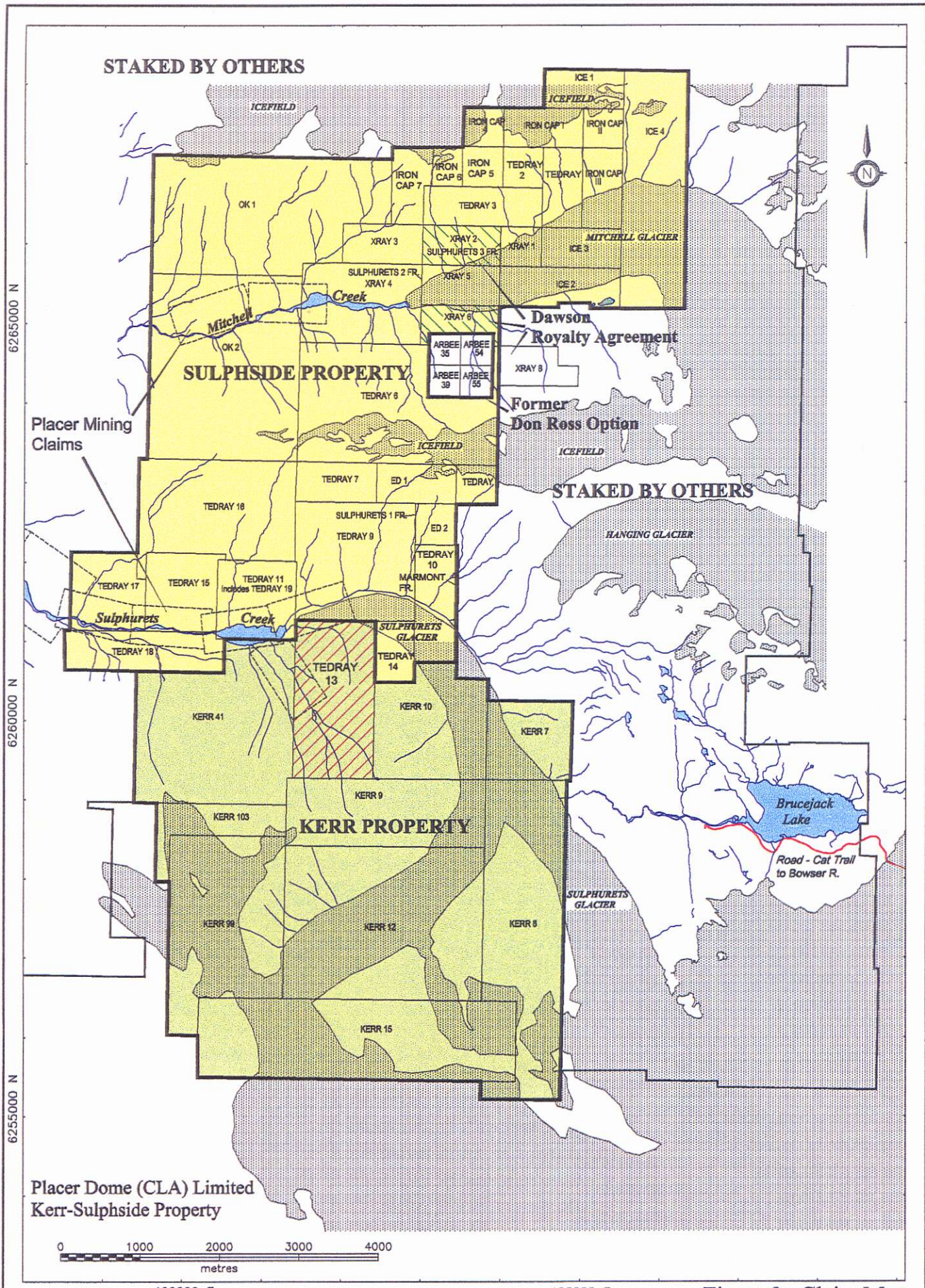


Figure 2: Claim Map



The Grace Dawson Agreement is the only underlying royalty agreement that presently remains in effect. The agreement is dated as of December 31, 1990 between Newhawk Gold Mines Ltd., Granduc Mines Limited and Grace Dawson. Mrs. Dawson's late husband owned several mineral claims that were effectively internal and within the larger Sulphside Property. Three of these claims, namely XRAY 2, 6 and 8 are covered by the 1990 Grace Dawson Agreement. The three claims were purchased from Mrs. Dawson in 1990, for a sum of US\$25,000, subject to a net smelter return royalty of 2% of one-half of net smelter returns (effective 1% NSR) on ore production. The Dawson Royalty is capped at US\$650,000 less the property purchase amount and advance annual royalties of US\$5,000 per year commencing on December 15, 1991, and may be bought out for US\$450,000. To date, US\$35,000 in advance royalties has been paid to Dawson.

There is a further underlying agreement between Placer Dome Inc. and Newhawk Gold Mines Ltd. dated February 4, 1992, whereby the advance annual royalties payable to Dawson are being paid two-thirds Placer Dome and one third Newhawk. This split is based on the fact that two of three claims, namely the XRAY 2 and 6, are now part of Placer Dome's Sulphside Property and the XRAY 8 is on Newhawk's property.

The following is a summary of the minimal annual holding costs for the Kerr/Sulphside property:

Year	Minimum Holding Costs (C\$)		Advance Royalty (Dawson)(C\$) <sup>(2)</sup>	Total Annual Requirement (C\$)
	Minimum Annual Assessment and Recording Fee Requirements (C\$) <sup>(1)</sup>			
	Kerr	Sulphside		
1999	\$6,000	\$0	\$7,400	\$13,400
2000	\$43,380	\$18,480	\$7,400	\$69,260
2001	\$45,900	\$31,500	\$7,400	\$84,800
2002	\$45,900	\$33,180	\$7,400	\$86,480
2003 Forward	\$45,900	\$33,180	\$7,400	\$86,480

(1) *Annual Exploration Expenditures in excess of this amount can be applied as credits against future assessment requirements (subject to grouping and assessment distribution regulations). Cash-in-lieu of assessment work for the same amount could also be applied.*

(2) *The Advance Royalty is payable as US\$5,000.*

The reclamation requirements of C\$125,000 will be incurred in 1999 and are described in more detail in section 11.0. After 1999, annual maintenance costs will not include reclamation expenditures.

## **5.0 Cassiar-Iskut-Stikine LRMP, First Nations**

The Kerr/Sulphside Property falls within the Cassiar-Iskut-Stikine Land and Resource Management Plans (LRMP). At this stage, there are no direct Protected or Special Management Areas overlapping the Kerr/Sulphside Property. However, as negotiations on recommendations proceed, there may be potential Land Use conflicts arising from future allocations by the Regional Protected Areas Team in the vicinity of the Kerr/Sulphside project. In particular, a Conservation-oriented Protection Area and large River Corridor Special Management Area are currently being recommended along the lower two-thirds of the Unuk River. The establishment of this type of Protected Area, although it does not overlap the Kerr/Sulphside Property, could impact the approval process of potential development plans and valley access to the project.

The Kerr/Sulphside Project falls within the traditional lands of the Tahltan first nation. The Tahltan have been active community and development partners to other mining projects such as the Golden Bear mine, and Homestake's Eskay Creek Mine in Northern British Columbia.

## **6.0 Geology**

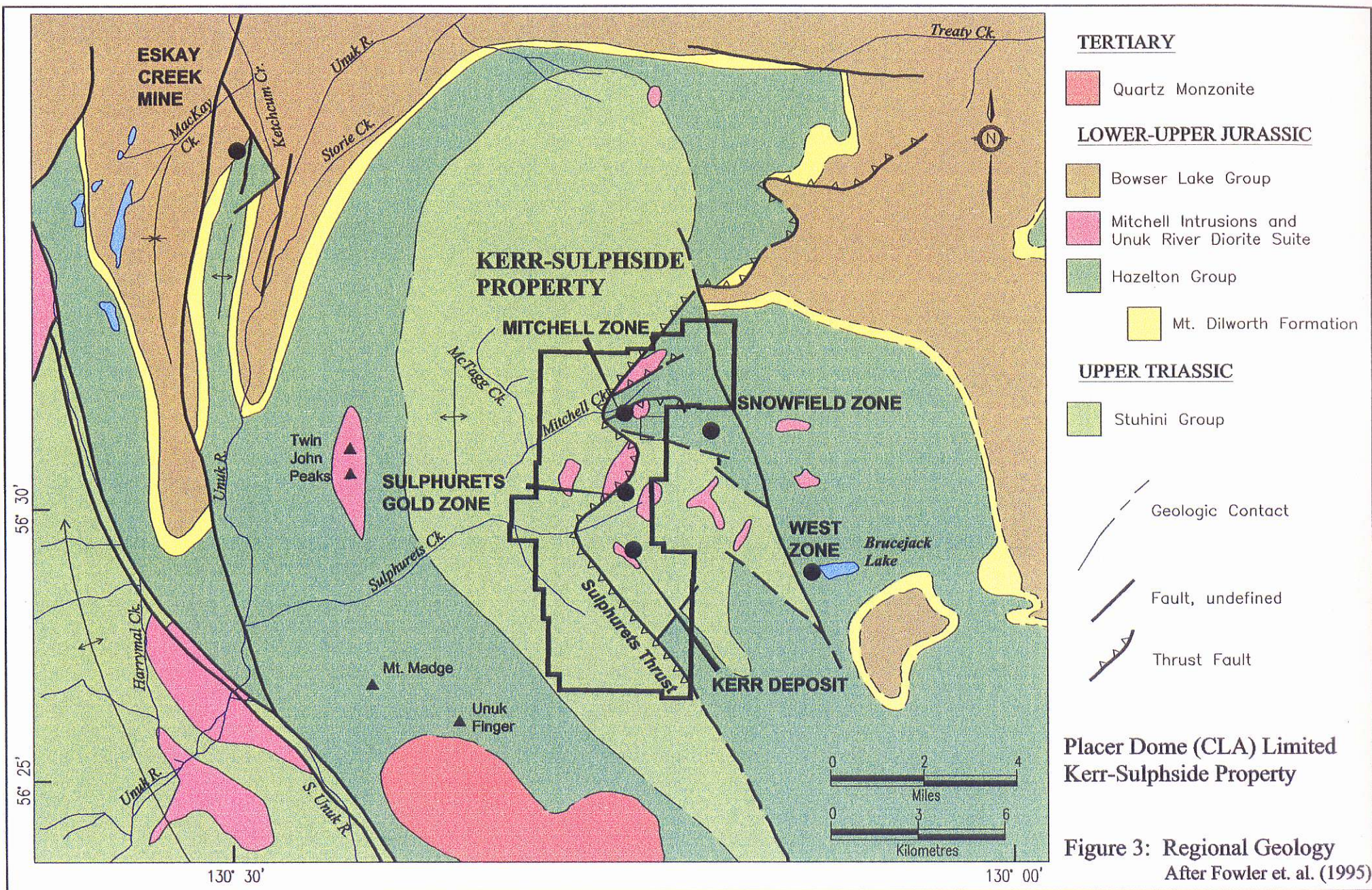
The Kerr/Sulphside property lies within the Stikine Terrane and is underlain largely by Upper Triassic to Middle Jurassic Hazelton Group volcanic, volcanoclastic and sedimentary rocks at the western edge of the Bowser Basin (Figure 3). At least three intrusive episodes have been documented in the area. The most important of these relative to mineralization appears to be felsic to intermediate plugs, small stocks and dykes. In the Sulphurets area, these intrusions are referred to as the Mitchell Intrusions; many of the intrusions are intensely altered and cut by faults.

The property is centred along the axis of the broad northerly plunging McTagg anticlinorium which forms the major structural element in the region. Upper Triassic Stuhini Group argillaceous and turbiditic sedimentary rocks form the centre for the anticlinorium. These rocks are flanked by younger volcanic sequence forming the Betty Creek, Unuk River and Mount Dilworth Formations of the Hazelton Group. Within this geologic framework, copper, gold and molybdenum mineralization and associated alteration are focussed in a local core of the anticlinorium where intense folding, faulting, thrust faulting and intrusions are prevalent.

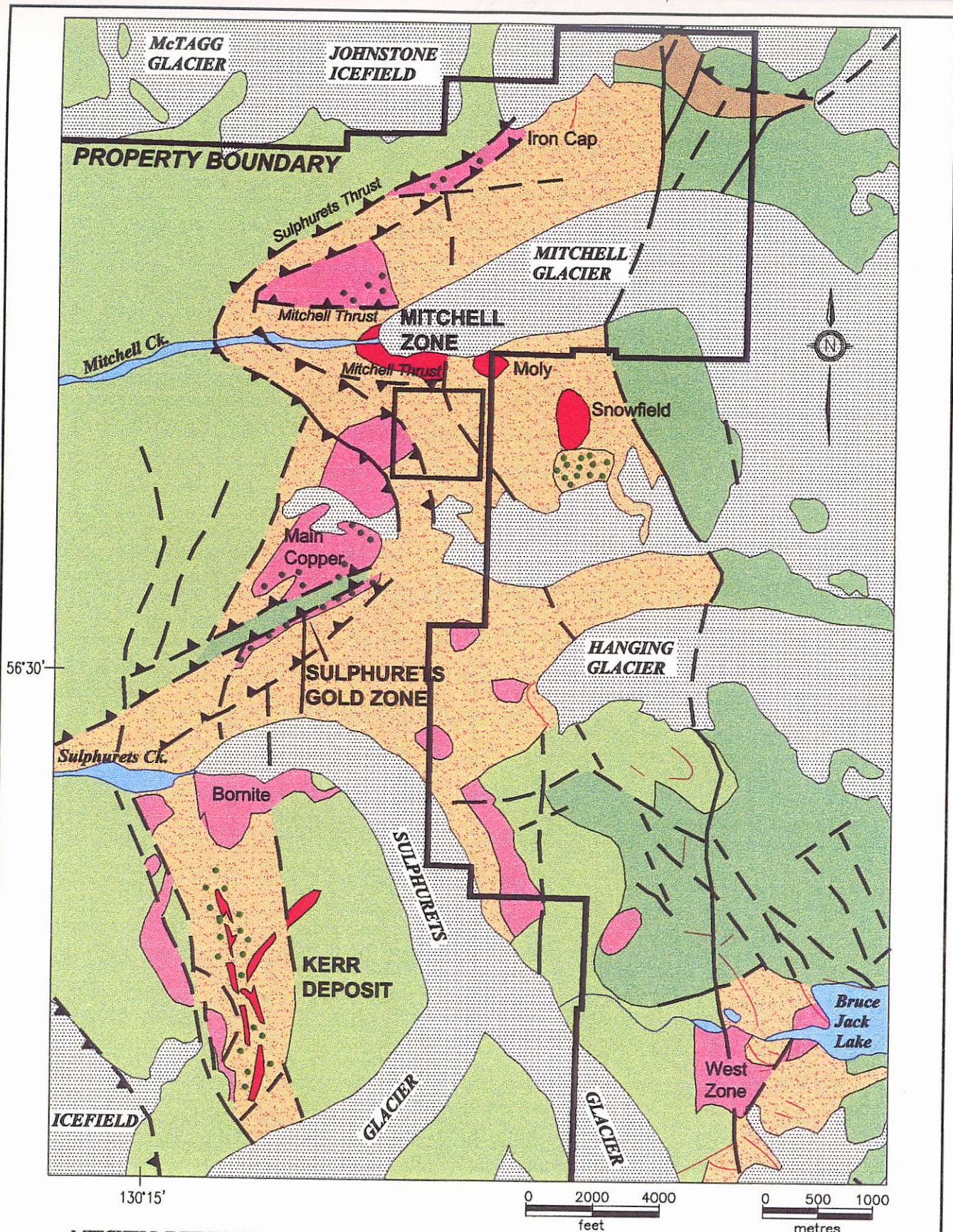
A number of deformed porphyry and vein type deposits occur in the Mitchell-Sulphurets area. These deposits are characterized by a strong copper-gold and minor molybdenum association, and spatially occur along the flanks of a horseshoe-shaped trend (Figures 3 & 4). A distinct mineral zoning pattern can be interpreted with gold-silver along the eastern flank, gold with minor copper and molybdenum at the north end, gold and copper along the west flank and copper with lesser gold at the southwest end.

The following are brief descriptions of the main deposits and more prospective occurrences on the Kerr/Sulphside property. Placer's defined target zones on the Kerr/Sulphside and adjoining properties are summarized on Figures 4 & 5.









- |  |  |                                   |                           |
|--|--|-----------------------------------|---------------------------|
| <b>MITCHELL INTRUSIONS</b>               |  | Pyritic altered rocks             | Placer Dome (CLA) Limited |
| Syenite, Monzonite, Diorite Monzodiorite |  | Quartz-Sulphide Stockwork         |                           |
| <b>LAYERED ROCKS</b>                     |  | Thrust Fault                      |                           |
| Bowser Lake Group                        |  | Fault                             |                           |
| Hazelton Group                           |  | Au-Ag Veins                       |                           |
| Stuhini Group                            |  | Disseminated Cu-Au Mineralization |                           |

After RVK (1992) Geology by RVK, JMB, DJA, RMB, SR, JRH, MNP, JM

**Figure 4: Sulphurets District Geology**  
After Fowler et. al. (1995)





## 6.1 Kerr Copper-Gold Porphyry Deposit

The deposit extends approximately 3,000 m in a northerly trend from the crest of a ridge above the southwestern branch of the Sulphurets Glacier down to the lower slopes of a cirque-like basin just above Sulphurets Lake. A large strongly-leached, schistose pyritic gossan is developed along the face of the cirque (Figure 6).

The Kerr deposit is a pyrite-rich copper-gold system that has been developed in strongly altered and deformed monzonitic intrusions in Stuhini Group sedimentary and volcanoclastic rocks. Alteration and mineralization are characterized primarily by variable amounts of sericite, chlorite, quartz, anhydrite, pyrite and chalcopryite. The most important mineralization type is quartz stockwork with associated pyrite, chalcopryite, bornite, tetrahedrite and rare enargite. The strongest copper-gold mineralization is associated with a core of chlorite-bearing alteration and quartz stockwork. Strong phyllic alteration with quartz and disseminated pyrite flanks the core zone.

A total of 144 diamond drill holes have been completed on the Kerr deposit during the period 1985 to 1992. The deposit is primarily defined by its copper content in a 50° to 60° westerly dipping, 100 to 150m wide, 1,900m long zone, that extends to depths of 350 m below surface. Vertically, the mineralization has been defined on surface from an elevation of 1150 m at the base of the cirque to elevation 1750 m at the crest of the cirque. A typical section through the deposit is illustrated in Figure 7. A measured, indicated and inferred resource based on 134 diamond drill holes is estimated at 140.81 million tonnes grading 0.75% Cu and 0.36 g/t Au at 0.40% Cu cut-off grade.

## 6.2 Sulphurets Gold Zone

Disseminated copper-gold mineralization in the Sulphurets Gold Zone is centred about a hydrothermal breccia (Breccia Gold Zone) and dyke complex (Raewyn Copper-Gold Zone) representing the higher levels of a monzonite-related copper-gold porphyry system (Figure 8). The zone trends northeasterly and lies in strongly altered and fractured volcanic and immature sedimentary rocks of the Hazelton Group below the Sulphurets Thrust Fault. Copper and gold mineralization in the Sulphurets Gold Zone is concentrated within a potassic feldspar alteration halo centred about intensely altered hydrothermal breccias and monzonite dykes. Features of these rocks have been largely overprinted by later silicification (including siliceous hydrothermal pipes) in the Breccia Gold Zone and strong biotite, silica and local chlorite-albite alteration in the Raewyn Copper-Gold Zone. Both zones are enveloped by a broad halo of phyllic quartz-sericite-pyrite alteration along the length of the Raewyn structural panel. Alteration overprinting in proximal areas was accompanied by significant local remobilization of copper and gold. Later faulting within the Raewyn panel was probably associated with regional scale Cretaceous compression and has further complicated the geologic relationships. The combined gold (>340 ppb) and copper (>1000 ppm) lithochemical anomaly associated with the Sulphurets Gold Zone Target has a strike length of 2.5 kilometres by up to one kilometre in width.

The Sulphurets Gold Zone contains two distinct styles of gold-copper mineralization which are central to a complex series of overlapping hydrothermal alteration zones. The Breccia Gold Zone contains gold in the 2.0 g/t Au to 4.0 g/t Au range, minor copper and, possibly, an association



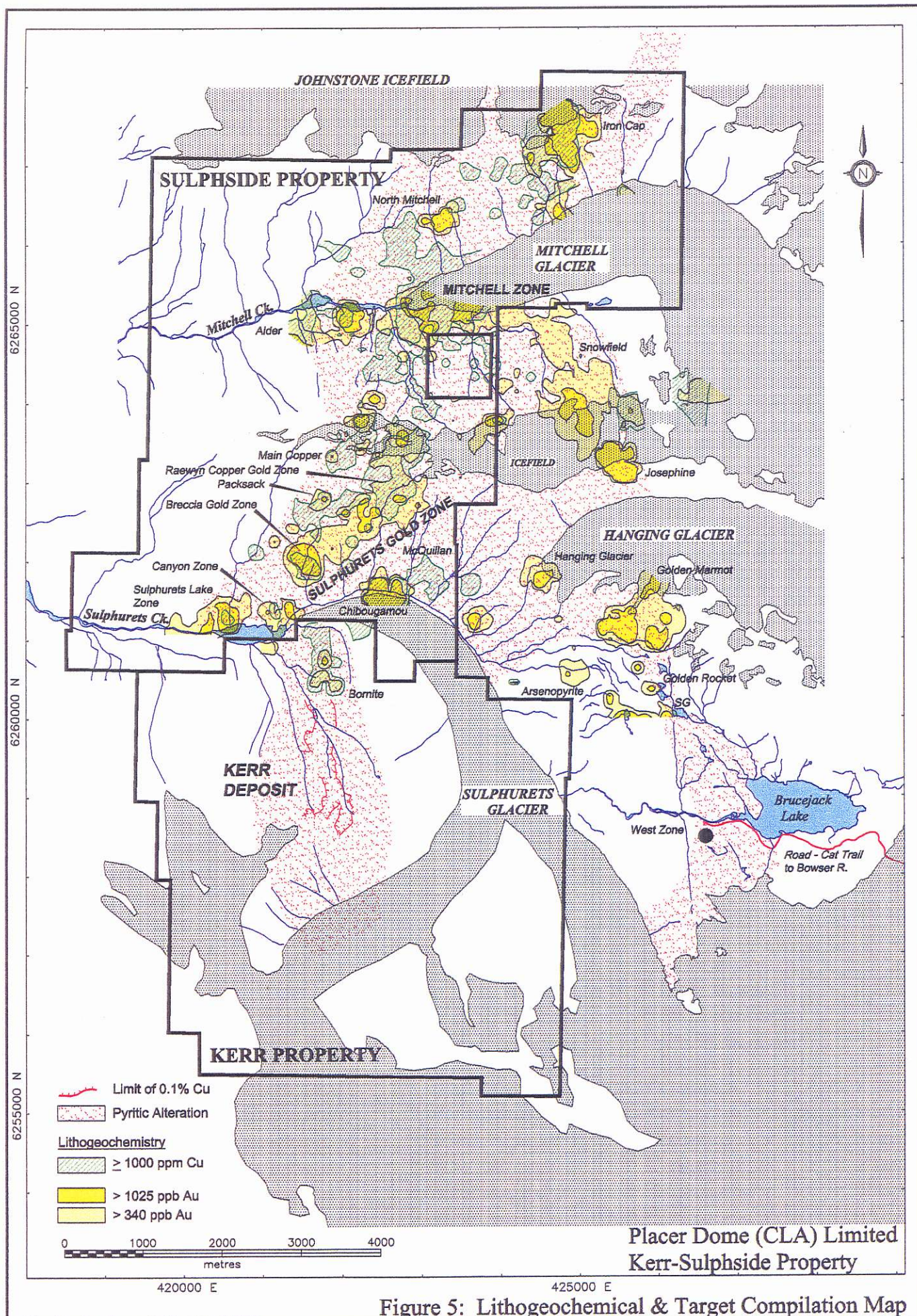
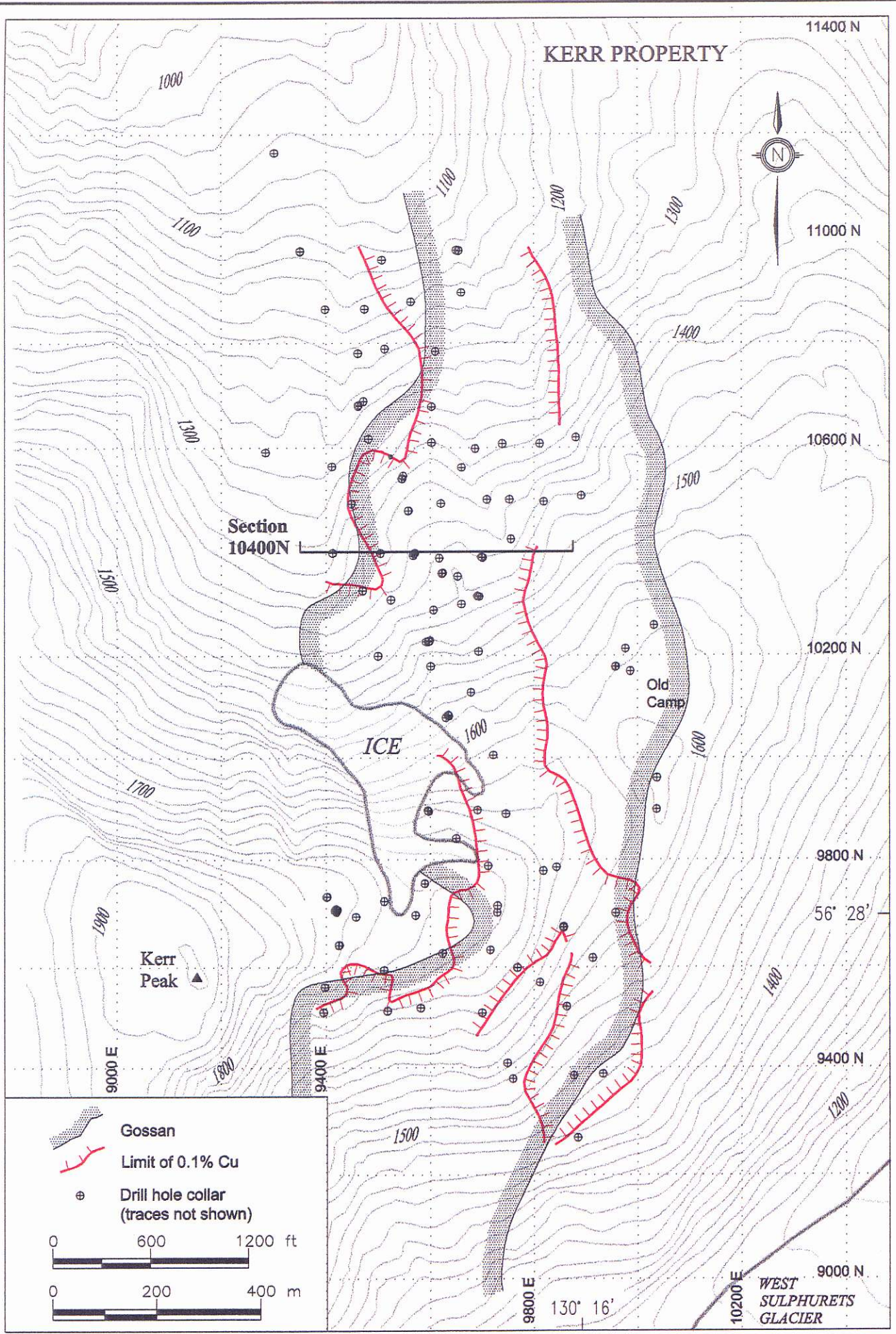


Figure 5: Lithochemical & Target Compilation Map

Graphics by: Jaworski Mapping & GIS



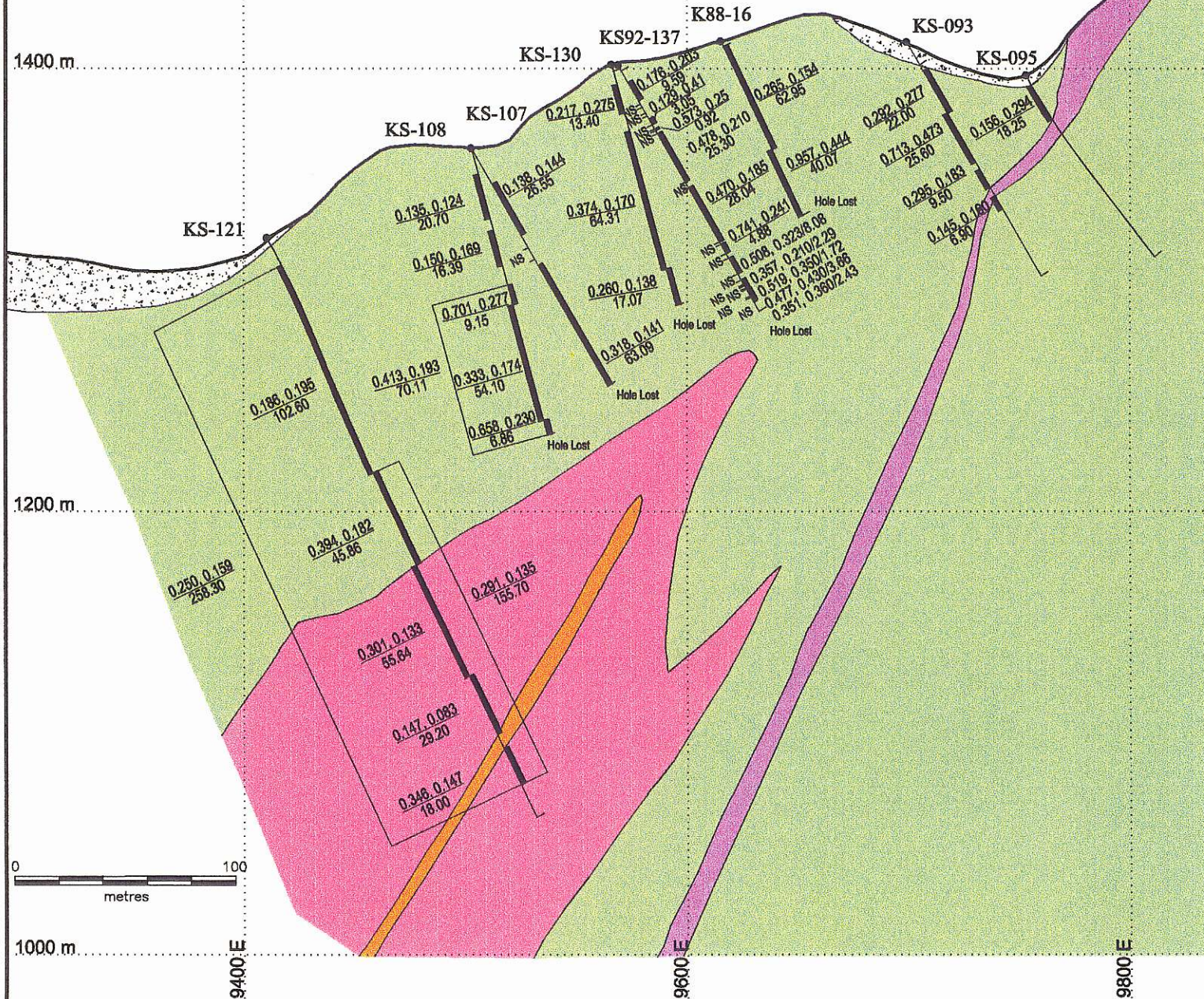


Placer Dome (CLA) Limited






Figure 6: Kerr Property - Kerr Zone Compilation  
After Ditson et. al. (1995)



Section 10400N  
(section looking north)



**LEGEND**

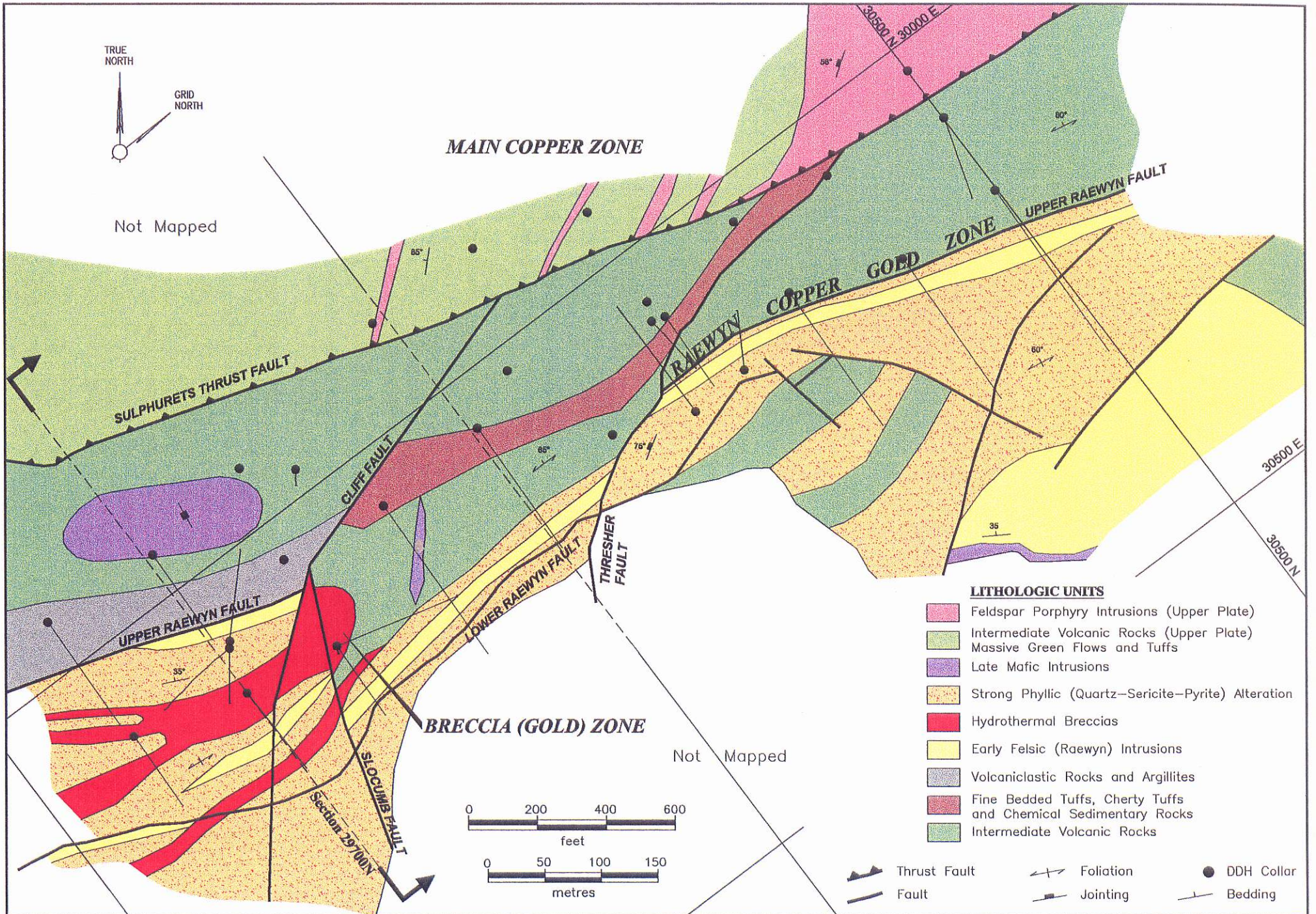
-  Overburden
-  Megacrystic Porphyry
-  Other Post-Mineral Intrusions
-  Monzonite
-  Stuhini Group

$\frac{0.250, 0.159}{258.30}$     % Cu, g/t Au  
                                  metres  
 NS    Not Sampled  
          0.1% Cu cutoff

Placer Dome (CLA) Limited

Figure 7: Kerr Property,  
Section 10400N





Placer Dome (CLA) Limited

Figure 8: Sulphurets Gold Zone Geology  
 After Fowler et. al. (1995)



between gold and coarse pyrite. The Raewyn Copper-Gold Zone has a significant copper content as chalcopyrite with closely associated gold and local molybdenum mineralization. Values in the range of 0.30% Cu to 0.80% Cu and 0.40 g/t Au to 1.00 g/t Au are common.

The Sulphurets Gold Zone trends northeasterly and sub-parallel to the Sulphurets Thrust Fault. The zone which has a relatively shallow northwesterly dip with variable widths of between 75m to 200m has been defined by drilling over a strike length of 1,000m (Figure 8). Section 29700N on Figure 9 shows some of the drill intersections in the Breccia Gold Zone portion of the Sulphurets Gold Zone Target. It is open to the southwest; a lithochemical anomaly indicates the potential extension of this zone towards the Sulphurets Lake Gold Zone for at least another one kilometre.

A preliminary measured and indicated resource has been estimated at 54.8 million tonnes grading 1.02 g/t Au and 0.32% Cu at a 0.50 g/t Au cut-off grade.

### **6.3 Mitchell Gold Zone**

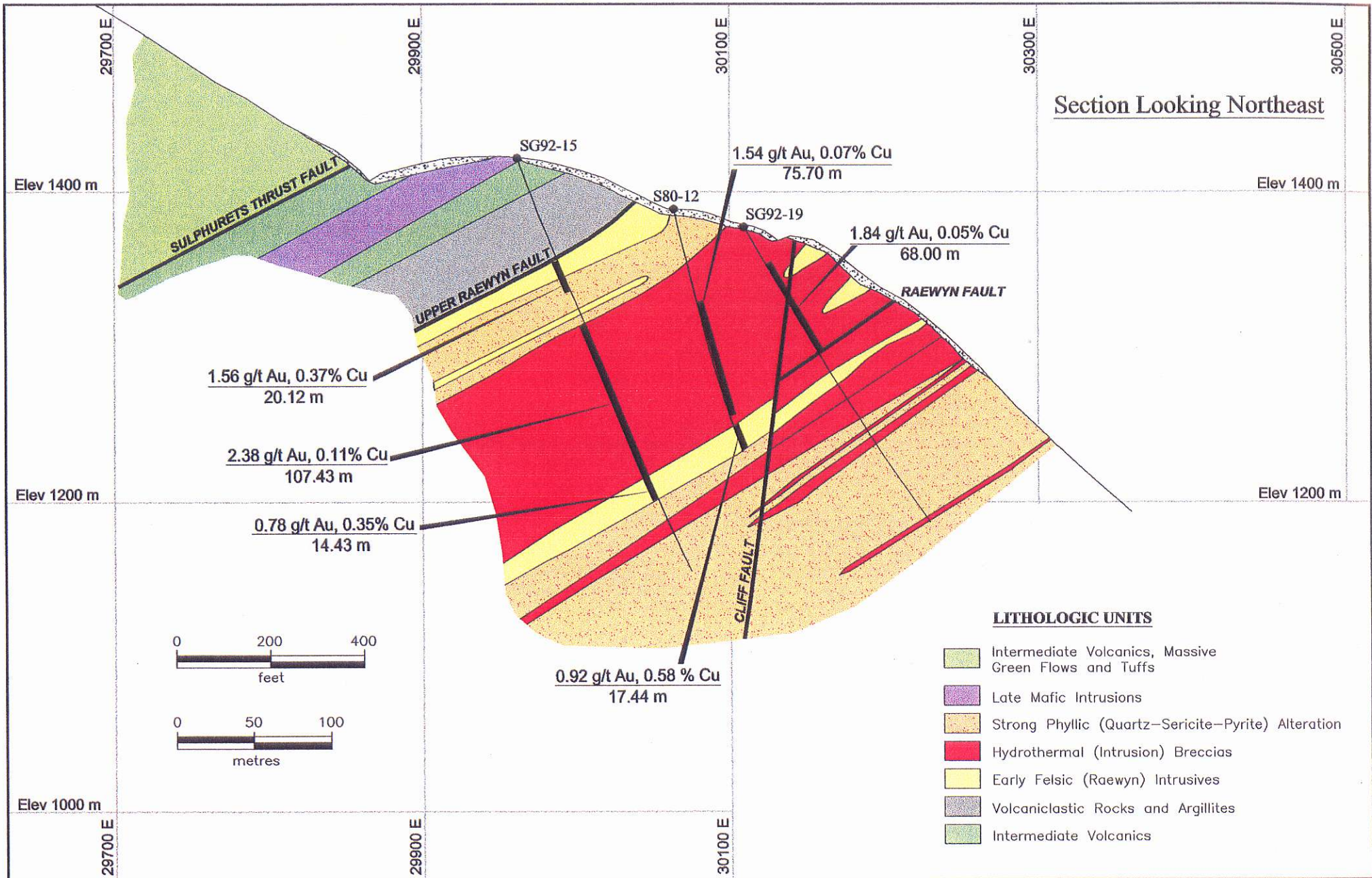
A large zone of deformed copper and gold-bearing stockwork occurs in highly quartz, sericite, pyrite and chlorite altered andesitic tuff at the toe of the Mitchell Glacier (see Figures 4 & 5). Mineralization occurs as pyrite, minor chalcopyrite and molybdenite. The potential zone is defined by a broad 1,200m by 300m lithochemical anomaly in which gold values average 0.66 g/t Au and copper averages 0.10% Cu. Three diamond drill holes were drilled near the east end of the anomaly, and all holes intersected continuous and very consistent mineralization averaging 0.69 g/t Au and 0.15% Cu over hole lengths, down to 128m. Additional drilling is warranted to explore this large anomaly.

### **6.4 Main Copper Zone and Packsack No. 3 Zone**

These two targets are in the central part of the property and are 300 to 500m northwest and west of the Sulphurets Gold Zone. The Main Copper Zone mineralization was the initial copper discovery on the Sulphurets property in 1964 by Granduc Mines. This zone along with the Packsack No. 3 Zone are porphyry copper occurrences situated along the contact of a megacrystic monzonite stock and emanating dykes which intrude chloropotassically altered trachyandesite volcanic rocks in the hanging wall of the Sulphurets Thrust Fault. Mineralization consists of disseminated pyrite, up to 2% chalcopyrite, and minor malachite. Exploratory diamond drill holes have intersected copper-gold mineralization ranging from 0.17 to 0.56% Cu and up to 0.45 g/t Au over drill core lengths from 32 to 212 m. Both prospects constitute significant porphyry copper-gold exploration targets.

### **6.5 Sulphurets Lake Gold Zone**

This zone, located about one kilometre southwest and along trend from the Sulphurets Gold Zone, is exposed on the gossanous rock wall along the north side of Sulphurets Lake. Pyrite mineralization occurs mainly as fracture-fillings and veins in a quartz-sericite altered, pyrite flooded tuff horizon within a sequence of thin bedded tuffs and diorite sills. The alteration generally occurs in areas proximal to north-northeasterly-trending faults. Sampling by Esso Minerals outlined a 30m wide zone that averaged 2.40 g/t Au and 19.5 g/t Ag. Two diamond drill holes intersected andesitic tuff



Placer Dome (CLA) Limited

Figure 9: Section 29700N - Breccia (Gold) Zone within Sulphurets Gold Zone  
After Fowler et. al. (1995)

and breccia with local sections containing 10-35% pyrite and gold values of 0.75 to 1.65 g/t Au.

### **6.6 Canyon Zone**

The zone is exposed in a canyon of Erin Creek approximately 800m southwest of the Sulphurets Gold Zone and 500 metres east of the Sulphurets Lake Zone. Coarse pyrite in an altered intrusive breccia is the main style of mineralization within highly altered rocks in the footwall of the Sulphurets Thrust Fault. Esso Minerals drilled six holes in 1981 and three of the holes encountered wide zones of gold and copper mineralization with average grades ranging from 1.00 to 1.15 g/t Au and 0.09 to 0.14% Cu over drill core lengths from 49 to 129m.

### **6.7 Iron Cap**

This showing located 3.0 to 3.5 km northeast of the Mitchell Gold Zone, consists of three parallel sets of quartz-pyrite veins and associated stockwork within a broad potassic altered zone in a sedimentary rock unit. Results from trenching and drilling by Esso Minerals indicates generally disappointing copper and gold grades for the zone.

### **6.8 Snowfields Gold Zone**

The Snowfield Property is adjoining and to the east of Placer's Sulphside Property. The Property hosts the Snowfield Gold Zone on which a global resource based on nine drill holes has been estimated at 35 million tonnes grading 2.04 g/t Au. The Snowfield Gold Zone is a continuation of the mineralizing system on Placer's Sulphside Property. Gold is associated with pyrite which occurs as disseminations and fracture fillings in a weakly developed quartz stockwork in sericitic and chloritic altered andesite. The associated lithogeochemical anomaly when combined with the adjoining Josephine zone is defined by 2.5 km by 500 metres to 1 km wide lithogeochemical anomaly in which gold values average over 340 ppb.

This target is not part of the Kerr/Sulphside Property.

## 7.0 Summary of Resources for the Kerr/Sulphside Property

Geological models were developed for the Kerr and Sulphurets Gold Zone deposits with the objective of calculating the resources. Both studies were based on geological cross-sections and incorporating lithologic, structural, alteration and mineralogical controls to manually develop detailed polygonal bands and blocks at selected cut-off grades. Geostatistical estimates of grade were not utilized.

The Kerr and the Sulphurets Gold Zone resource estimates were completed in March, 1993. Additionally, potential resources based on projected geological extensions and interpretive geological models were estimated for the Kerr, Sulphurets Gold, Mitchell Gold and Main Copper Zones. The latter two zones are considered to be the most prospective for adding major resources on the property.

The following Table summarizes Placer's measured, indicated, and inferred resources for the Kerr/Sulphside Property.

		<u>Million Tonnes</u>	<u>% Cu</u>	<u>g/t Au</u>
<b>KERR DEPOSIT - Geological Resource</b>	<b>(measured/indicated)</b>	116.55	0.75	0.35
	<b>(drill-inferred)</b>	24.26	0.74	0.37
	<b>TOTAL</b>	<b>140.81</b>	<b>0.75</b>	<b>0.35</b>
<b>SULPHURETS GOLD ZONE - Geological Resource</b>				
<b>Breccia (Gold) Zone</b>	<b>(measured/indicated)</b>	25.8	0.16	1.17
<b>Raewyn Copper-Gold Zone</b>	<b>(measured/indicated)</b>	29.0	0.47	0.88
	<b>TOTAL</b>	<b>54.8</b>	<b>0.32</b>	<b>1.02</b>

Hence, between the Kerr Deposit and Sulphurets Gold Zone, Placer has calculated total measured, indicated, and drill inferred geological resources of 2.7 billion pounds of copper and 3.39 million ounces of gold.

## 8.0 Exploration Potential

The Kerr/Sulphside property covers part of a large mineralized system that is commonly referred to as the Sulphurets Camp. In addition to the deposits and prospective targets that have been summarized in this report there are several others on the adjoining and surrounding properties. These include the Brucejack Lake (Au/Ag), Snowfield Gold Zone (Au), Goldwedge Zone (Au) and C10 Zone (Cu Au).

There is potential for extensions to the *Kerr deposit*. The mineralized zone is becoming narrower to the north and the potential could be limited as deeper overburden is encountered. However a favourable IP anomaly over the Bornite Zone on the northeast slope from the Kerr deposit presents a potential drill target. The Kerr target zone is narrow at the south end, but the gossan that characterizes the deposit continues as a comparatively wide pattern on the down-slope south of the



cirque crest to indicate the justification for drill testing. Depth extensions to the main mineralized zone are also possible, but the possibilities for developing an open pit would be questionable.

The *Sulphurets Gold Zone* is open to the southwest, and the potential along this trend is favourable. Lithochemical sampling indicated an anomalous gold trend extending towards the Sulphurets Lake Gold Zone. The opportunities to extend the zone to depth are present, but the deposit dips into the rising topography, and therefore, adversely affects the strip ratio for possible open pit development.

The *Mitchell Gold Zone* is an attractive target for a sizeable deposit. The three drill holes at the east end of anomaly indicated very uniform mineralization. The average grade for the holes is 0.69 g/t Au and 0.15% Cu; future drilling could determine if this tenor of mineralization persists over the extent of the 1,200 by 300 m lithochemical anomaly and if a higher grade zone can be defined within the anomaly area.

Mineralization for the *Main Copper target* occurs within an intrusive breccia 400m in diameter. The porphyritic intrusion that hosts the Packsack No. 3 copper-gold mineralization is exposed over a 200m area. These two targets with characteristic copper-gold porphyry style of signatures warrant further drill testing to determine the potential deposit size and grade.

There are several other targets on the property. These include the Canyon, McQuillan, Alder, Mitchell Silver and Kirkham Zones. Re-interpretation of existing data and follow-up field work are warranted with the objectives of advancing these targets to the drilling stage.

The following summarizes Placer's estimate of the additional geological exploration potential on the Kerr/Sulphside Project:

#### ADDITIONAL ESTIMATED GEOLOGICAL POTENTIAL

	Million Tonnes	% Cu	g/t Au
<b>KERR DEPOSIT</b>	100	0.76	0.36
<b>Breccia Zone, Southern Extension</b>	50	0.16	1.20
<b>Raewyn Cu-Au Zone, Northern Extension</b>	50	0.47	0.88
<b>Mitchell Gold Zone</b>	170	0.15	0.70
<b>Main Copper Zone</b>	150	0.40	0.60
<b>TOTAL ESTIMATED GEOLOGICAL POTENTIAL</b>	<b>520</b>	<b>0.37</b>	<b>0.67</b>

Hence, Placer believes the Kerr/Sulphside Project has potential for discovery of over ten million ounces of gold and 3.8 billion pounds of copper.

## 9.0 Metallurgical Testwork

There have been a total of eight samples from the Kerr copper-gold deposit that were submitted to three separate laboratories for metallurgical testwork. The first two tests were co-ordinated by Western Canadian during 1988-1989 and samples were sent to Coastech Research Inc. of North Vancouver and Brenda Mines in Peachland. Two other studies were carried out by Placer Dome Metallurgical Research Centre in Vancouver during 1990 and 1991.

The metallurgical samples tested to date have represented a mixture of various mineralogic characteristics. These also included some oxidized samples from surface excavations as well as considerable amounts of material below cut-off grade. Consequently, the results for copper and gold are varied, and at this stage it is difficult to determine whether the results can be considered as being reliable and representative.

According to independent evaluations of Brenda's testwork, the recoveries for copper and gold were low and a marketable grade copper concentrate was not produced. The following results were reported in the evaluation reports.

Test No.	% Cu Recovery	% Au Recovery	Concentrate Grade
12	65.5	30.8	16% Cu
13	79.6	43.9	13% Cu

Coastech Research tested two samples from composited Kerr drill core that were identified as "High Grade" and "Low Grade". An analysis of the sample material indicates that the Low Grade sample is probably fairly representative of the deposit, whereas the High Grade sample was heavily weighted with Rubble material that can be erratically higher grade. Coastech combined portions of the two samples to provide a third test.

Sample	Head Grade	% Cu Recovery	% Au Recovery	Concentrate Grade % Cu
High Grade	1.05% Cu 0.44 g/t Au	70.7	65.6	28.0
		53.4	26.1	31.5
Low Grade	0.68% Cu 0.55 g/t Au	93.1	89.0	6.5
		85.2	50.0	11.0
		81.5	26.1	10.0
		71.5	29.6	30.0
Combined	0.86 % Cu 0.45 g/t Au	74.9	34.6	30.5
		71.2	31.6	30.6
		51.6	22.2	31.5

Placer Dome Metallurgical Research completed two series of tests in 1990 and 1991. The first test was performed on four drill core composites and material left over from Coastech's High Grade and Low Grade samples.

<b>Sample</b>	<b>Head Grade</b>	<b>Avg. % Cu Rec. (No. of runs)</b>	<b>Avg. % Au Rec.</b>	<b>Concentrate Grade % Cu</b>
1	0.52% Cu 0.26 g/t Au	86.8 (4)	47.8 (4)	13.2 (4)
2	0.59% Cu 0.32 g/t Au	84.2 (7)	58.3 (7)	12.9 (7)
3	0.40% Cu 0.29 g/t Au	85.2 (4)	40.2 (4)	21.3 (4)
4	1.30 % Cu 0.44 g/t Au	90.1 (5)	55.4 (5)	23.1 (5)
High Grade	1.03% Cu 0.36 g/t Au	76.8 (4)	47.2 (4)	25.0 (4)
Low Grade	0.71% Cu 0.39 g/t Au	81.3 (4)	46.6 (4)	22.8 (4)

Placer Dome Metallurgical Research tested two bulk samples in 1991. These samples were collected from blasted material at two diamond drill sites. It should be noted that the gold content for BS-1 sample is anomalously high, and as a result this sample is unrepresentative of typical material. The testwork involved four stages of cleaning and therefore the recoveries and concentrate grade were reported in ranges from the 1<sup>st</sup> to 4<sup>th</sup> cleaner concentrate.

<b>Sample</b>	<b>Head Grade</b>	<b>Avg. % Cu Rec. (No of runs)</b>	<b>Avg. % Au Rec.</b>	<b>Conc. Grade % Cu</b>
BS-1	0.78% Cu 1.29 g/t Au	80.7 - 74.0 (4)	53.5 - 43.6	21.1 - 30.7
BS-2	0.41% Cu 0.38 g/t Au	78.0 - 64.2 (4)	44.2 - 28.7	12.1 - 30.0

No metallurgical testwork has been performed on Sulphurets Gold or Mitchell Gold Zone material.

## ***10.0 Development Concepts and Evaluations***

The Kerr/Sulphside Property is host to a large copper and gold resource. There are, however, several major hurdles to overcome in order to develop the deposits. The most problematic hurdles are:

- Difficult access to the property
- Rugged terrain for open pit development and also weather conditions could affect production schedules
- Very high snowpack and associated runoff
- Acid generating potential from waste rock
- Off-site location of concentrator and tailing pond.

Several studies have been coordinated to investigate possible development concepts and costs to operate a mine at Kerr/Sulphside. The first study by Placer Dome initially included only the Kerr deposit. The main criterion for the development concept was to drive a 19.4 km access tunnel from Knipple Lake on the east, interior side of the range, to the Kerr property. A more recent study (1996) by Placer Dome was based on the known and potential resources from the Kerr and Sulphside Properties. This study also assumed the concept of driving the 19.4 km tunnel and locating the concentrator/plant site near Knipple Lake. The mine access road would follow Treaty Creek to the Stewart-Cassiar Highway. There were other subsidiary studies related to access route alternatives. The studies investigated the possibilities of a shorter 8.0 km tunnel from the site to the Unuk River drainage and then road access through the Eskay Creek Mine to the existing Iskut Road. The tunnel and road alternatives are summarized on Figure 1.

The concept of tunnel access to the site is potentially feasible, but there are other problems that must be considered. These could include the logistics of mobilizing the large equipment requirements of an open pit mining operation to the site and the construction of a power line to the site.

### **10.1 1996 Preliminary Economic Evaluation**

In 1996, Placer Dome's engineering group completed a preliminary economic evaluation or "Rough-Cut" evaluation. Placer applied a 90% recovery rate and 10% dilution at zero grade to arrive at a mining reserve for the Kerr deposit of 139.4 Mt at 0.33 g/t Au and 0.68% Cu. Using the same recovery dilution assumptions for the Sulphurets deposit yields a total of 54.3 Mt at 0.93 g/t Au and 0.29% Cu. Combining the Kerr and Sulphurets deposit provides a mining reserve of 193.6 Mt at 0.49 g/t Au and 0.57% Cu.

For the purpose of their study, two mining rates were investigated, 30,000 and 60,000 t/d. The 30,000 t/d milling rate would see the Kerr deposit mined in 12.6 years. The 60,000 t/d milling rate would see the combined Kerr-Sulphurets deposits mined in 8.9 years.

Commodity prices used in the rough-cut evaluation were: Gold: \$375 US/oz Au, Copper: US\$0.95 lb Cu with an exchange rate of \$1.00 Cdn. = \$0.763 US.

The rough-cut capital costs for this project were estimated for the 30,000 and 60,000 t/d mining scenarios. The 30,000 t/d scenario would require \$518.7 million during the first three years for construction capital. The 60,000 t/d scenario would require \$779.2 million upon start-up and \$40 million in year 8 to develop the Sulphurets property.

The operating costs estimated were based on industry standards with additional expenses added due to remote location of the deposits. The operating costs were estimated at \$7.83/t milled for the 30,000 t/d case and \$6.14 milled for the 60,000 t/d case. This is calculated from the following break-down:

	<i>30,000 t/d C\$/t milled</i>	<i>60,000 t/d C\$/t milled</i>
Mining (at a 2:1 strip ratio)	3.00	2.14
Milling	3.50	3.05
General and Administrative Costs	1.33	0.95
Total	7.83	6.14

No manpower estimates were completed for this rough-cut evaluation.

The cash flow model produced the following results for the two mining rates:

	<i>30,000 t/d</i>	<i>60,000 t/d</i>
Cumulative Net Cashflow (M C\$)	-27.4	202.3
Net Present Value @ 7% (M C\$)	-211.1	-118.50
Cash Flow Index @ 7%	-0.45	-0.17
Payback (Years)	(none)	7.3

The net present value at a 7% discount rate of mining the Kerr at 30,000 t/d is negative \$211.1 million and the net present value of both the Kerr and Sulphurets deposits at 60,000 t/d is negative \$118.5 million. A 10% increase in metals prices would see the net present value of mining both the Kerr and Sulphurets at a rate of 60,000 t/d rise to a positive \$6.4 million.

Placer's 1996 economic evaluation indicated that neither the mining of the Kerr deposit at a rate of 30,000 t/d nor the mining of the Kerr and Sulphurets deposits at a rate of 60,000 t/d meet Placer's investment threshold for new mine development.

However, the report stated that a more detailed review of the block model and open pit mining phases should be undertaken to ensure the correct information is being used. This study did not undertake a Lerchs-Grossman optimization of the pits. Instead, 90% of the total geological resource was assumed mineable as ore. The strip ratios were estimated to be 2 tonnes of waste to 1 tonne of ore

milled. In all likelihood the tonnage of ore relative to the tonnage of resource may be optimistically stated as no economic pit limits were established for either the Kerr or Sulphurets Gold Zone mineral deposits.

Placer recommended further block modelling and open pit optimization to evaluate the potential for better economics. In addition, the discovery of a higher grade core could positively affect the economics of developing a project in this district.

### ***11.0 Environmental Studies and Reclamation***

An environmental baseline water sampling program was initiated during 1988 for the Kerr Project. The sampling program was continued until summer 1992. All work was co-ordinated by Norecol Environmental Consultants Ltd. for the period of 1988 to 1991, and the results of the water sampling are compiled in their reports. The natural ground water draining directly from the Kerr deposit and into Sulphurets Lake is highly acidic (pH 3.0 to 3.5), whereas a sample at the outlet of Sulphurets Lake and further downstream on Sulphurets Creek recorded pH levels at 7.0 and 6.8 respectively. It was concluded that the proportionately large volume of meltwater from Sulphurets Glacier completely neutralizes the Kerr drainage stream. The 1992 water sampling at the same sampling sites as established by Norecol was co-ordinated by Placer Dome Environmental staff. The results from this survey are filed as field forms and assay certificates.

Norecol also co-ordinated a hydrological survey at the outlet of Sulphurets Lake. This study was continued from July 1989 to May 1990.

Placer Dome conducted comprehensive acid rock drainage (ARD) testwork on 223 composite samples of waste rock from the Kerr deposit area. The results indicated that over 80% of the samples were potentially acid generating. The waste rock to be generated from the Kerr project appears likely to become acid generating as the neutralization potential in the rock is only low to moderate. Norecol also conducted a minor acid generating potential test on eight samples.

No baseline water sampling program was established for the Sulphside Property. Mitchell Creek drains the north side of the Sulphside Property where the Mitchell Gold and Snowfield Gold deposits occur at the headwaters of Mitchell Creek. A sample site at the lower reaches of Mitchell Creek was established for the Kerr sampling program. Results from two sampling phases at this site in 1991 and 1992 recorded pH levels of 7.86 and 6.0 respectively. These results are not surprising as the huge volume of meltwater from the Mitchell Glacier completely neutralizes the acidic waters from the Mitchell Gold and Snowfield Gold Zones.

Reclamation and decommissioning activities have been initiated and almost completed on the Kerr/Sulphside Property. The main activities include response to periodic inspections by the British Columbia Ministry of Energy and Mines. Key activities have concentrated on decommissioning the Kerr Camp, the old Western Canadian Camp, general clean-up of old equipment and materials, and reclamation of drill access roads and drill sites. The majority of the tasks as check-listed on the appended Inspection letter from the Ministry dated September 25, 1998 (Appendix III) have been completed including the plugging and cementing of water-making drill hole collars. There are

outstanding activities that are still required to be administered in accordance with recommendations from the Ministry. These include:

- Additional possible reclamation on drill access roads
- Equipment and material clean-up in the two sites.
- Incinerator to be demobilized.
- Possibly additional supports for buildings at the Kerr camp.

The estimated budget to complete these tasks in summer 1999 is C\$125,000. All reclamation on the Sulphside Property has been completed. Placer has budgeted for the completion of this program for 1999. Mr. Daniel Connelly, a Ministry approved contractor based in Atlin, BC has been engaged previously in the reclamation activities on the Kerr/Sulphside Property.

## ***12.0 Expectations, Timetable, and Next Steps***

### **12.1 Placer's Requirements**

Placer wishes to have the sale of the Kerr/Sulphside Property concluded as soon as possible. Placer is flexible on its deal requirements but would prefer a cash deal, and does not necessarily need to retain a royalty or any other participating interest in the Kerr/Sulphside Property.

The sale of the Kerr/Sulphside Property is contingent upon Placer obtaining a waiver, or otherwise being satisfied, regarding all future environmental liabilities from the British Columbia government under the Mines Act and the Waste Management Act. Also the purchaser will be required to assume responsibility for completion of reclamation work arising from all past exploration on the Property, which is not completed as of the date of sale.

In order to identify potentially interested parties and expedite the sale process, Placer has authorized Geographe to act on its behalf.

### **12.2 Visits to Placer's Data Room**

A data room with the pertinent reports and maps is available in Geographe's office in Vancouver. The major reports and important related correspondence listed in Appendix I are available in the data room. Drill hole data is available for review and evaluation. Parties visiting the Vancouver data room will be responsible for the third party costs of copying any data or reports. Placer and/or Geographe reserve the right to limit data room visits to two days maximum. Due to limited space, a maximum of three individuals can be accommodated at any time. If a Party wishes to send more than three individuals, special arrangements can be made. Placer management familiar with the project now have been reassigned to other responsibilities within Placer but could be made available for interviews and discussions with interested parties by special arrangement. Mr. Ed Kimura, formerly the Manager of Canadian Exploration for Placer, is also available to respond to questions which can be arranged by contacting Geographe. Prospective Purchasers are requested to coordinate their initial questions on the Information Memorandum with Geographe.

### **12.3 Site Visits**

Site visits will not be available until late June 1999 at the earliest. Parties are encouraged to make their site visit as a condition of their detailed due diligence.

# *Appendix I*

## *List of Data Room Contents*



*Kerr/Sulphside Property*  
*Vancouver Data Room*  
*(listed by date)*

**BOX 1**

**KERR/SULPHSIDE PROPERTIES - COMMON FILES**

**Publically Available References, Government Publications, Reports and Maps**

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Kirkham, R.V. and Margolis, J. (1994) Overview of the Sulphurets Area, northwestern British Columbia, *Porphyry Deposits of the Cordillera and North America*, CIM Special Volume 46

Ditson, G.M., Wells R.C. and Bridge, D.J. (1995); Kerr; The geology and evolution of a deformed porphyry copper-gold deposit, northwestern British Columbia, in *CIM Special Volume 46*, pp 509-523.

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**Geology, Geochemistry**

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**LEGAL AGREEMENTS**

Donald Ross - Termination of Agreement on Arbee and Dawson-Ross Claims October 21, 1996.

Newhawk Gold Mines, Granduc Mines and Grace Dawson Agreement, December 31, 1990 Xray 2, 6, 8 claims.

Dawson Royalty Agreement - In-house Legal Agreement Summary Report

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Newhawk Gold Mines Assignment and Assumption Agreement February 4, 1992, Xray 2, 6, 8 claims.

Newhawk Gold Mines Sale Agreement for 100% interest in Sulphside Claims and Newhawk/Granduc JV interest in Tedray 13 February 3, 1992.

Kerr Property	Share Subscription Agreement December 21, 1988 between Sulphurets Gold Corporation and Western Canadian Mining Corporation
Kerr Property	Share Acquisition Agreement, October 4, 1989, by Placer Dome, Western Canadian Mining Corporation Inc. and PDI Acquisitions Corp.
Tedray 13 claim	Sulphurets Gold, Newhawk Gold Mines and Granduc Mines Joint Venture Agreement October 29, 1990 [Draft]
Tedray 13 Claim	Newhawk Gold Mines Purchase Agreement January 29, 1992 [Draft]

Summary of Transfer of Kerr Sulphside claims to PD subsidiary Kiena Gold Mines Limited.; Change of name from Kiena Gold Mines Limited to Placer Dome (KS).

### **Claim Status and LRMP Maps**

1999 Claim Maps from Mine Titles Branch, B.C. Government

1999 Breakdown of holding costs for Kerr/Sulphside Property

1999 LRMP Map Compiled by Shari Gardiner

### **Access Compilation**

Iskut Road Studies

## **SULPHSIDE PROPERTY**

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Ostensoe, E. (1975) Compilation of assessment and other materials on Sulphurets property, mostly for Granduc Mines

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Bridge, D. and Melnyk, W. (1982) Report on 1981 Field Work, In-house Esso Minerals report

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Simpson (1983) Geology and Hydrothermal Alteration of Sulphurets Deposits, Thesis (no maps)

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Visagie, D. (1991) Drilling Report on Sulphside 2 Group, Assessment Report by Newhawk (incl. maps, logs and assays)

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**Resource Estimates**

Roach, S. (1992) Resource Estimate, Sulphurets Gold Zone, In-house Newhawk Gold Mines report.

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**Drill database**

Electronic	Drill logs Assays for holes		
		Granduc	s62-1 to s62-2
		Granduc	s68-1-s68-4
		Esso	s80-9(s68-5), s80-13(s68-6)
		Esso	s80-10 to s80-12, s80-14-s80-16
		Esso	s81-18 to s81-39
		Newhawk	s91-386 to s91-398
		Placer Dome	s92-1 to s92-23
Hard copy	Drill logs, Assay, +/- Geotech* for holes		
		Granduc	pre 1962 Packsack drill holes
		Granduc	s62-1 to s62-2
		Granduc	s68-1 to s68-4
		Esso	s80-9 to s80-16
		Esso	s81-18 to s81-39
		Newhawk	s91-386 to s91-398
		Placer Dome	s92-1 to s92-23*

**KERR PROPERTY**

**Environment**

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Ott, Bruce (1991) Kerr property Water Quality Data November 1988-May 1991, June 1991 for Norecol Consultants

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Hewton, R.S., Butterworth, B.P., Casselman, S. and Payne, J.G. (1989) Kerr Project Report (Geology, Drilling and Environmental) – 1989, In-house Western Canadian Mining report (3 volumes)

Payne, J.G. (1989) Geological Report, Kerr and Tedray Properties for Western Canadian Mining

Copland, Hugh (1991) Diamond Drilling Report on the Kerr Property, In-house Placer Dome report (6 volumes)

#### **BOX 5**

Blackwell, Jerry (1992) Notes on the proposed Kerr to Knipple Tunnel, for Placer Dome (incl. map and section)

Ditson, G.M. (1993) Kerr-Projected Surface Geology (as per attached map), In-house Placer Dome report

Ditson, G.M. (1993) Evaluation of Grade Controls, In House Placer Dome memo.

#### **Resource Assessment**

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Wright, J.D (1989) Metallurgical Research Report – Flotation Tests on Kerr Ore Samples, January 1989 for Western Canadian Mining

Wright, J.D. Letter to Western Canadian Mining Re: Brenda Report No 2 on Low Grade Kerr Sample, June 1989

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Nikodijevic, B. (1989) Preliminary Metallurgical Testwork on "106' Low Grade Sample for Western Canadian Mining, May 1989

Hall, D.R. (1990) Kerr Project, B.C. Report #1: Bench Scale Grinding and Flotation Testing on Six Composites, In-house Placer Dome report, October 1990

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Ditson, G.M. (1993) Review of Kerr Metallurgy, In-house Placer Dome report

**Drill database**

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	Brinco 85-1,2,3
	Western Canadian 87-1,2,3,4,5,6,7,8,9,10,11,12,13,14
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	Placer Dome (re-logs) K88-1,2,3,4,5,6 K88-11,12,13,14,15,16,17,18,19,20,21,22
	Western Canadian K89-1,2,3,4,5,6,7,10,15,19
	Placer Dome (1990) KS-062,63,64,65,66,67,68,69,70,71,72,73,74,75,76,77,78,79 KS-080,81,82,83,84,85,86,87,88,89,90,91,92,93,94,95,96,97 KS-098,99,100,101,102,103,104,105,106,107,108,109,110 KS-111,112,113,114,115,116,117,118,119,120,121,122,123 KS-124,125,126,127,128,129,130,131,132,133,134
	Placer Dome KS92-135,136,137,138,139,140,141,142,143,144



## *Appendix II*

### *Kerr/Sulphside Mineral and Placer Claims and Assessment Dates*

***KERR PROPERTY***

<b>Mineral Claim</b>	<b>Record Number</b>	<b>Units</b>	<b>Expiry Date</b>	<b>New Record Number</b>
Kerr 7	3662	6.00	2000/12/17	251079
Kerr 8	3663	16.00	2000/12/17	251080
Kerr 9	3664	10.00	2000/12/17	251081
Kerr 10	3665	9.00	2000/12/17	251082
Kerr 12	3666	20.00	2000/12/17	251083
Kerr 15	3669	16.00	2000/12/17	251084
Kerr 41	3697	20.00	2000/12/20	251085
Kerr 99	4690	20.00	2000/10/30	251184
Kerr 100	6286	10.00	2000/07/17	251917
Kerr 101	6725	15.00	2000/06/30	252135
Kerr 102	6884	20.00	2000/08/23	252206
Kerr 103	6885	10.00	2000/08/23	252207
Kerr 104	6886	6.00	2000/08/23	252208
Kerr 2P1	9063	1.00	2001/08/10	254268
Kerr 2P2	9064	1.00	2001/08/10	254269
Kerr 2P3	9065	1.00	2001/08/10	254270
Kerr 2P4	9066	1.00	2001/08/10	254271
Tedray 13	165	8.00	2001/08/26	250389

***KERR PROPERTY  
PLACER CLAIMS***

<b>Mineral Claim</b>	<b>Record Number</b>	<b>Units</b>	<b>Expiry Date</b>
Sul 1	305411	1.00	1999/09/28
Sul 2	305412	1.00	1999/09/28
Sul 3	305413	1.00	1999/09/28
Sul 4	305414	1.00	1999/09/28
Sul 5	305415	1.00	1999/09/28
Sul 6	305416	1.00	1999/09/28
Sul 7	305417	1.00	1999/09/28
Sul 8	305418	1.00	1999/09/28
Sul 9	305419	1.00	1999/09/28
Sul 10	305420	1.00	1999/09/28

***SULPHSIDE PROPERTY***

<b>Mineral Claim</b>	<b>Record Number</b>	<b>Units</b>	<b>Expiry Date</b>	<b>New Record Number</b>
Tedray No 1	153	2.00	2001/08/26	350379
Tedray No 2	154	1.00	2001/08/26	350380
Tedray No 3	155	3.00	2001/08/26	250381
Tedray No 6	158	15.00	2001/08/26	250382
Tedray No 7	159	2.00	2001/08/26	250383
Tedray No 8	160	1.00	2001/08/26	250384
Tedray No 9	161	9.00	2001/08/26	250385
Tedray No 10	162	3.00	2001/08/26	250386
Tedray No 11	163	4.00	2001/08/26	250387
Tedray 14	2413	2.00	2003/06/30	250890
Tedray 15	2586	4.00	2002/09/23	250915
Tedray 16	2643	12.00	2001/11/03	250933
Tedray 17	2644	4.00	2001/11/03	250934
Tedray 18	2645	4.00	2001/11/03	250935
Tedray 19	2646	2.00	2001/11/03	250936

***SULPHSIDE PROPERTY***

<b>Mineral Claim</b>	<b>Record Number</b>	<b>Units</b>	<b>Expiry Date</b>	<b>New Record Number</b>
Ed No 1	150	2.00	2001/08/26	250399
Ed No 2	151	1.00	2001/08/26	250378
Iron Cap I	315	2.00	2001/09/07	250396
Iron Cap II	316	1.00	2001/09/07	250397
Iron Cap III	317	2.00	2001/09/07	250398
Iron Cap 4	2409	1.00	2002/06/30	250886
Iron Cap 5	2410	1.00	2002/06/30	250887
Xray 1	1861	1.00	2001/10/12	250817
Xray 2	1862	2.00	2001/10/12	250818
Xray 3	1863	2.00	2001/10/12	250819
Xray 4	1864	6.00	2001/10/12	250820
Xray 5	1865	2.00	2001/10/12	250821
Xray 6	1866	2.00	2001/10/12	250822
Iron Cap 6	2584	2.00	2002/09/23	250913
Iron Cap 7	3696	2.00	2002/09/23	250914
Ice 1	2411	2.00	2003/06/30	250888
Ice 2	2412	3.00	2003/06/30	250889
Ice 3	2647	2.00	2001/11/03	250937
Ice 4	3111	12.00	2002/06/30	250987
Sulphurets 1 Fr.	2582	1.00	2002/09/23	250911
Sulphurets 2 Fr.	2583	1.00	2002/09/23	250912
Sulphurets 3 Fr.	2648	1.00	2001/11/03	250938
OK #1	5101	18.00	2002/12/10	251280
OK #2	5102	20.00	2002/12/10	251281
Marmont Fr.	302498	1.00	2003/07/11	302498

*Appendix III*

*Environmental Inspection  
Letter from  
Ministry of Energy and Mines*



September 25, 1998.

File No. 18050-02-02  
Mine No. 0100108  
Mx-1-397

Pat Lindsay, Environmental Coordinator  
Placer Dome (CLA) Limited  
1440 Hugh Allan Drive  
Kamloops, B.C.  
V1S 1L8

RECEIVED  
SEP 30 1998

Dear Pat Lindsay:

Re: Inspection of the Kerr/Sulphurets Mineral Property - Skeena M.D.

The Ministry of Energy and Mines - Northwest Region would like to apologize for the lateness of this written report, but again due to an extensive inspection schedule this summer all property inspection reporting has been deferred until now.

This office has received some photographs from your contractor Dan Connelly regarding some reclamation on the above property as discussed with you earlier this summer. The Ministry of Energy and Mines - Northwest Region would like to take this opportunity to acknowledge your efforts, which demonstrate an environmentally responsible attitude on the part of your company towards the well being of the natural environment. It was very satisfying to see a company such as yours do progressive reclamation on their mineral exploration properties in this time of tight markets.

As you are aware the ministry completed an inspection of the property on June 25, 1998, in the accompaniment of Harley Goddard. The inspection was necessary to ascertain what immediate reclamation was required on the property, in order, to stay within the accordance of the requirements of the Mineral Exploration Code - Part 11 - Health, Safety and Reclamation Code for British Columbia, 1997 and the *Mines Act, R.S.B.C. 1996, c.293*.

The property was assessed for any imminent health, safety and/or environmental remediation requirements. It was determined that the sealing and cementing of the drill collar which was producing water had to be remediated in 1998. As the property itself maybe sold the ministry was of the understanding that final reclamation would not be budgeted for 1998.

An assessment of potential reclamation liabilities for the site were discussed with Mr. Goddard. As you are aware on the property is a large camp and associated materials which will have to be removed from the site as part of any final reclamation effort. The same goes for all the steel pipe, wood, miscellaneous garbage and fuel drums containing samples at the top of the mountain.

As for the deactivation of the drill access roads, this discussion was left for future determination as several of the roads have begun to slough over and revegetate naturally.

.../2

Ministry of  
Energy and Mines

Mines Branch

Mailing address  
Bag 5000  
3793 Alfred Avenue  
Smithers, B.C. V0J 2N0

Tel: (250) 847-7383  
Fax: (250) 847-7603  
1998Insp/104B/98104B09.doc



During the inspection Mr. Goddard made a complete list of items remaining at the camp, which had to be either removed or appropriately reclaimed in the future. For completeness of your file the ministry assembled the following summary of items it noted on-site:

Ridge top

- several drill roads on the east side of the ridge,
- several hundred (?) meters of steel water line,
- several fuel barrels filled with ore samples sitting on a tent frame, and
- miscellaneous garbage materials.

Cirque area

- several hundred (?) meters of drill access road, were some have sloughed and others appear to have been made yesterday,
- a drill hole making water,
- several drill pads, and
- miscellaneous garbage strewn about the area.

Lower camp

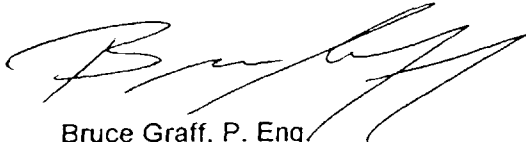
- approximately twenty-two living and working tent frame units, consisting of a cook house, dry and a few other secured outbuildings. A majority of the tent frames have been dismantled down to the tent floor level, and the three (3) buildings with steel roofs have been firmly secured against the weather. It was quite evident that dry rot has begun to affect much of the wooden structures on-site.
- some of the supplies noted at the camp included a large incinerator, five cylinders of propane, cook stove, miscellaneous pieces of hand equipment, equipment batteries, dishes, cooking gear, first aid equipment, fire fighting equipment, drying oven for samples, stretcher, heaters, oil stoves, mattresses, file cabinets, showers, ATV trailer, approx. 70 pieces of BQ core barrel, 200 feet of water line, steel cable, approx. 25 pieces of NQ core barrel, two oil barrels, some Teck cable, several feet of black plastic water line, 1 barrel of diesel, a stack of NQ core boxes, and several five gallon fuel containers.
- Eight small stacks of BQ core need to be cross stacked, and
- the three Rebagliati core racks (4" by 4") treated lumber are in excellent shape.

In the near future, if your company decides to proceed with the reclamation of the property then the appropriate requirements of the Mineral Exploration Code - Part 11 - Health, Safety and Reclamation Code for British Columbia, 1997 and the *Mines Act, R.S.B.C. 1996, c.293* will prevail.

Pat Lindsay  
September 25, 1998  
Page 3

Thank you again for your cooperation. If you have any questions with respect to this report, please do not hesitate to call me at (250) 847-7768 or fax (250) 847-7603.

Yours truly,

A handwritten signature in black ink, appearing to read 'Bruce Graff', written in a cursive style.

Bruce Graff, P. Eng.  
District Manager/Engineer  
Northwest Region

BG/bg