

On June 18, 1996 Bob Lane and I visited the Gibraltar copper-molybdenum mine, 20 km east of McLeese Lake. George Miller, Chief Geologist, very kindly toured us around. Discussions were also had with Tom Milner, mine manager., 275 persons are currently employed; mining is from the Gib East pit. Mine life is estimated at 12 years, not including resources outlined in the Gib North (approx 40 million tonnes @ 0.4% Cu with sig. gold), GM (approx. 13 million tonnes @ 0.32% Cu), Connector (1.2 million tonnes @ 0.3% Cu), and the Sawmill zones. The exploration potential of all zones is part of a longer-term exploration strategy. Recent drilling on the GM claims, adjacent to the Pollyana pit has been successful in adding reserves to the Pollyana Stage 4 pit expansion. The Granite Lake pit has a resource of 80 million tonnes @ 0.3% Cu in Phase 3 and 4. Drilling on the Connector zone (between Gib East and Pollyana pits) will further test the oxide zone for material amenable to SX-EW leaching at a grade of 0.1% acid soluble copper.

The 1996 exploration budget is approx. \$100,000; 16 diamond drill holes totalling approx. 8000 feet were recently completed in the Sawmill (skarn) zone, located to the southern portion of the property. Preliminary results are encouraging. During 1997 and 1998 an aggressive exploration program is planned for all targets. [TGS Comment: management recognises the importance of exploration!].

Proven and probable reserves (Jan. 1/96) are 162.1 million tonnes grading 0.297% Cu and 0.009% Mo. The current mining cut-off grade is 0.2% Cu. The molybdenum circuit, which was re-activated in Oct. '95, is currently in operation, despite low grades in the Gib East pit. The SX-EW plant, which accounts for about 1/7th of the mines copper production, is treating material from 4 active dumps on site.