

HIGHLIGHTS

1995
Ann. Rpt.
Gibraltar

High copper prices result in earnings of \$3.4 million or \$0.13 per share

Positive feasibility study completed on Lomas Bayas

Successful share offering raised \$70.0 million

OPERATIONS (in thousands, except grade)

Millfeed (tons)

Grade (% copper)

Production

Copper in concentrate (lbs.)

Cathode copper (lbs.)

Molybdenum (lbs.)

PRODUCTION COSTS (US\$/lb.)

Cash

Total

FINANCIAL (in thousands)

Revenues

Net earnings (loss)

Investing activities excluding short-term investments

PER SHARE

Net earnings (loss)

Book value

AVERAGE METAL PRICES (US\$/lb.)

Copper Grade A (London Metal Exchange)

Molybdenum contained in molybdic oxide (Metals Week)

EMPLOYEES

Total remuneration (in thousands)

Total number

1995

1994

883405

3

15,273

0.27

61,224

5,724

67

4,141

0.28

15,406

5,107

\$ 0.86

1.21

\$100,090

3,373

23,175

\$ 21,603

(10,080)

31,537

\$ 0.13

5.17

\$ (0.44)

4.15

\$ 1.33

7.42

\$ 1.05

4.50

\$17,582

294

\$ 8,708

269

Note: All amounts are for the years ended December 31, except for book value per share and number of employees which are at December 31. Grades and metal prices are the averages for each of the years.

TABLE 1 MINEABLE ORE RESERVES

		Cutoff (%Cu)	Tons (Millions)	GRADE		Contained Cu (Billion lbs)
				(%Cu)	(%Mo)	
Pollyanna	proven	0.20	43.1	0.301	0.009	0.259
	probable	0.20	4.6	0.286	0.009	0.026
	combined	0.20	47.7	0.300	0.009	0.285
Granite Lake	proven	0.20	74.4	0.311	0.009	0.463
	probable	0.20	6.5	0.239	0.007	0.031
	combined	0.20	80.9	0.305	0.009	0.494
Gibraltar East	proven	0.18	45.7	0.286	0.008	0.261
	probable	0.18	3.5	0.216	0.008	0.015
	combined	0.18	49.2	0.281	0.008	0.276
Connector (Leachable Ore Reserves)	proven	0.13	0.6	0.429	-	0.005
	probable	0.13	0.6	0.321	-	0.004
	combined	0.13	1.2	0.372	-	0.009
Total Mineable Reserves	proven		163.8	0.301	0.009	0.988
	probable		15.2	0.251	0.008	0.076
	combined		179.0	0.297	0.009	1.064

1993 through to 1995 respectively. Corresponding daily production levels were 76,400, 84,900 and 74,800 tons per day at respective costs of \$0.50, \$0.50 and \$0.56 per ton mined. The 1995 unit costs are higher due to low grade ore rehandling and oxide placement on leach pads which was not performed in the earlier periods.

During 1995, the mill processed 15.3 million tons of ore at an average grade of 0.27% copper compared to 11.2 million tons at 0.30% copper in 1993 and 4.1 million tons at 0.28% copper in 1994. Copper recovery was 75.1%, 66.9% and 74.9% for 1993 through 1995 respectively.

Production for the year totaled 66.9 million pounds of copper. Of this 61.2 million pounds were contained in concentrate and 5.7 million

pounds were cathode copper. Total copper produced in 1993 and 1994 was 56.5 and 20.5 million pounds respectively; of this cathode copper produced was 6.0 and 5.1 million pounds respectively. Cathode production is being maintained through increased acid additions to cure heap leaches which improve recoveries. Concentrate produced from 1993 through to 1995 was 89,100, 27,600 and 106,100 short dry tons. The molybdenum circuit was refurbished and put into service in November 1995 and produced 67,400 pounds of molybdenum.

The Company had sales of 71.3 million pounds of copper in 1995 (63.7 million in 1993 and 14.3 million in 1994) of which 65.3 million pounds were in the form of copper in concentrate (57.8 million in 1993 and 9.1

million in 1994) and 6.0 million pounds were in the form of cathode copper (5.9 million pounds in 1993 and 5.2 million pounds in 1994). Molybdenum sales for the year totaled 39,800 pounds.

Capital expenditures on the property during 1995 were \$4.3 million compared to \$3.5 million in 1993 and \$4.2 million in 1994.

Ore Reserves

The ore reserves have been restated based on new information that has become available and revisions to the mine plan since the preparation of the 1994 year-end reserve statement. Proven and probable ore reserves as of December 31, 1995 are indicated in Table 1.

The majority of the reserve is contained in three separate copper-molybdenum mineralized zones, namely Gibraltar East, Pollyanna and Granite Lake. A small zone of oxide copper ore, called the Connector zone, has been delineated, between the Pollyanna and Gibraltar East pits. All zones are contained within an area of about 2.5 miles west to east and one mile north to south.

These ore reserves are based on mineral inventories that were revised by re-interpolation with new mine planning software, updated topographic contours as a result of recent aerial mapping, and new pit designs that were modified or re-optimized and smoothed in 1995. Pit optimizations were based on zero minimum profit, assuming 1995 economic parameters and a long-term copper price of U.S.\$1.10 per pound.

The average strip ratio for the above reserves is 1.21:1. The cut-off grade is lower for Gibraltar East as ore in this zone is usually not as hard as the other zones and can be milled at higher rates.

Reserves for Cuisson Lake Mines Ltd. are included in the table as part of the Granite Lake zone. At the end of December 1995, reserves for Cuisson Lake were 4.2 million tons grading 0.344% copper and 0.010% molybdenum, at a 4.2:1 strip ratio, based on a 0.20% cut-off grade. The 1995 copper grade has increased from the 1994 reserve estimate of 0.339% copper and strip ratio of 3.8:1 due to a change in mine planning software and new surface