

# WESTERN KELTIC MINES INC.

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T68 → Kutcho  
Creek  
1041006, 052  
884679

January 11, 2005

WKM-TSXV

## NEW RESOURCE ESTIMATES FOR KUTCHO CREEK PROJECT

- Kutcho deposit resource at 11.6 Mt grading 3.36% CuEq
- Esso West deposit expanded to 2.12 Mt at 5.82% CuEq
- Project contains 672 million lbs copper and 959 million lbs zinc

Western Keltic Mines Inc. is pleased to announce new resource estimates at the Kutcho Creek Project, in north-central British Columbia. The Project contains 672 million pounds of copper and 959 million pounds of zinc at an average copper equivalent (CuEq\*) grade of 3.65% within the two deposits. The resource estimates follow completion of 41 drill holes during the 2004 exploration program. Resources were estimated using 158 drill holes in the Kutcho deposit and 44 drill holes in and around the Esso West deposit. All assayed samples have an associated specific gravity value. Three dimensional solids models were constructed to outline the sulphide deposits. Copper, zinc, silver and gold grades and specific gravity for each block within the models were estimated using an inverse distance cubed interpolation. Results at various Cu % cutoff grades are listed below.

### Kutcho Deposit Measured and Indicated Resources

Cut-off (% Cu)	Tonnes (000's)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	CuEq* (%)
0.5	13,061	1.94	2.59	33.7	0.41	3.10
0.7	12,565	2.00	2.65	34.6	0.42	3.19
1.0	11,554	2.10	2.80	36.2	0.44	3.36
1.2	10,364	2.22	2.98	38.1	0.47	3.55

### Esso West Deposit Indicated Resources

Cut-off (% Cu)	Tonnes (000's)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)	CuEq* (%)
1.5	2,120	3.26	5.86	75.7	0.71	5.82

\*The copper equivalent calculation is based on the following: metal prices of US\$1.00 Cu, \$0.50 Zn, \$6 Ag and \$400 Au; metallurgical recoveries for Cu (88%), Zn (85%), Ag (60%) and Au (50%); and smelter payables for Cu (70%), Zn (44%), Ag (85%), and Au (68%).

The copper equivalent algorithm is:  $CuEq\% = Cu\% + Zn\%/3.29 + Ag\ g/t/138.3 + Au\ g/t/3.105$ .

The new Kutcho resource estimate resulted in a slight increase in grade and slight decrease in tonnage over the previous resource estimate. The increase in copper, silver and gold grades is attributed to larger diameter core samples and improved core recovery. The decrease in tonnage is a result of constraining the interpolation within the solids model.

The new Esso West resource estimate resulted in a 25% increase in tonnage. The previously reported estimate was 1.5 million tonnes grading 3.37% Cu, 5.71% Zn, 63.4 g/t Ag and 0.54 g/t Au. The 2004 drilling program returned slightly higher precious metal grades relative to the previous work.

The resource estimates and the 2004 drilling campaign at Kutcho Creek were performed by or under the supervision of Western Keltic's Vice President of Exploration Peter Holbek, MSc, P.Geo., a qualified person as defined by National Instrument 43-101. All drill holes were logged and split on site. Half of the core was sent to Lakefield Research for metallurgical test work and one-quarter of the core was sent to ALS Chemex Labs of North Vancouver for analysis. A system of quality control was in place for the 2004 program including the use of regular check assaying using standards and blanks.

The 2004 drilling program not only increased tonnage at the higher grade Esso West deposit but also confirmed continuity of mineralization within both deposits. Samples obtained from both the Kutcho and Esso West deposits have been shipped to Lakefield Research and will be used for metallurgical testing.

Western Keltic is a mineral exploration and development company currently focused on the discovery and development of copper and gold assets. The company is engaged in searching for additional assets to compliment its current project portfolio. The company has 22.3 million shares outstanding and has no debt. For further information on the Company please visit the website at <http://www.keltic.com> or please call Donald McInnes at 604-682-8414 or 1-800-501-1201.

On behalf of the Board of Directors

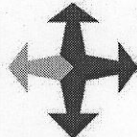
**Western Keltic Mines Inc.**

"signed"

Donald McInnes  
President

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release

www  
keltic  
com



Western Keltic  
Mines Inc.

WKM  
TSX.V

You are cordially invited to attend a presentation updating the



**Kutcho Creek Cu-Zn Project**  
North-Central British Columbia

Join us in the  
**Atkins Room**  
**Terminal City Club**  
837 West Hastings Street

Refreshments will be provided at the hosted reception following the presentation.

**Tuesday, January 11 1:00 to 4:00 pm**

Company management will provide a review of the 2004 program  
and a brief overview of the exciting possibilities  
for the future of Western Keltic Mines.

Jeff Franzen (*Franzen Mineral Engineering Limited*) has been assisting  
the Company in updating the resource estimate for the deposits  
and will present his evaluations to-date.

For further information, contact Robert Carriere (*Manager, Investor Relations*) 604. 682. 8414



- begins @ 400m below sur. Max thick = 22m

- incr. size by 25% in 2004

- open to expansion, to west

[6-17% Cu Equiv]

2.1MT @ 5.82% Cu Eq.

Totals ~ 15.18MT @ 3.47% Cu Eq

(202 Cu, 305% Zn, 39.6 Ag, 0.41 Au)

ASK Cu% Equiv

Cu - 65%

Au & Ag - rest

Zn - 25%

~~Modd Reverse~~

672 M lbs Cu 959 M lbs Zn (3.65% Cu Eq)

13.65MT @ 2.23Cu, 3.18Zn, 47.7Ag, 0.47Au

Franzen: 1.5 km traced on surface W/O = 617

Kutcho Dep.: - ideally suited for open pit  
- resulted - strip AW material to get it



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Drilling Fluids Engineer

Drilling Mud Products & Additives, Extreme Heat Water Line & Camp Heaters

Drill Pipe, DTH Hammers & Bits, Grout Tubing, Portable Buildings



Costs: ~ \$10/tonne (cf. \$40/H - 4/6)

Thickness map

- drilled down - plunge ~ 300m

eq. 8m thick - continuity ("8-m shell")

⇒ 1.1 km long ~ 10<sup>3</sup>MT (non 43-101)

- ind. surface material = 'starter' pit (East end)

Eq. Cut-off grade pit ~ 1.2% Cu

90 pierce points

(1.5 km x 400-m down-di)

~ 20 m<sup>2</sup> ⇒ up to 1.8% Cu

(@ 8-m thickness) ~ 2.2% Cu

Zn: @ 2.4% Zn (850m x 400 thick)

Cu Eq: 3% → 3.5%

3800 tpd 10-yr. \$215M cap. cost

Revenue Cu 61%; Zn-27%; Ag-8%; Au-4%

operating margin: ~ 38% Home (Kutcha Dep)

NSR Cu Eq = 3.65% Cu

10-yr. mine life + starter pit 3-yr. payback

59M lb Cu @ US \$1.76

- Proj. NPV @ 8%

= \$132M

@ US \$1.16 Cu



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JF - project @ the "topping" pit

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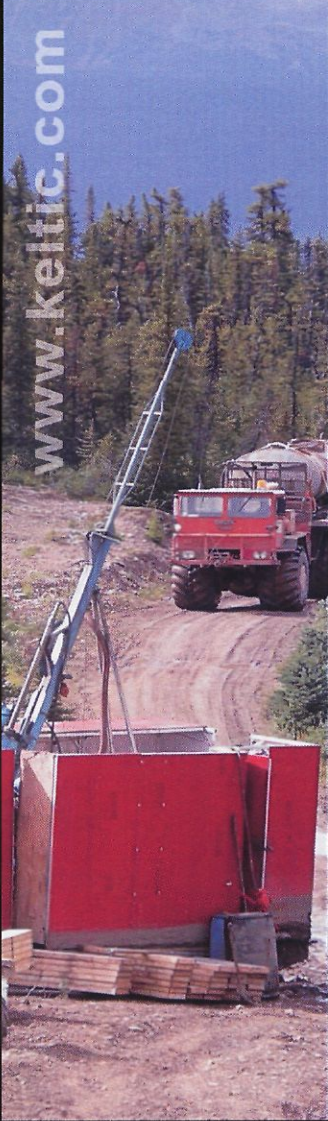


**Western Keltic  
Mines Inc.**

WKM TSXV

# KUTCHO CREEK PROJECT Cu-Zn DEPOSITS

+650 million pounds of copper +950 million pounds of zinc



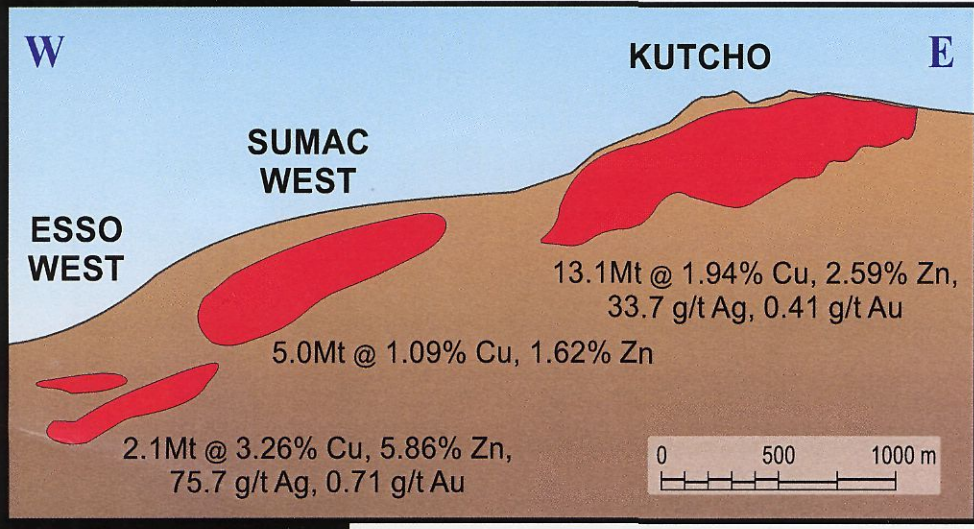
The Kutcho Creek property is situated in north-central British Columbia, approximately 100 km east of Dease Lake. Property elevations range from 700 to 2000 m. The project area is accessible by a rough road from Dease Lake or by air to a 1,100m airstrip on the northwest corner of the property.

The Kutcho deposits were discovered by Esso Minerals Canada Ltd. and Sumac Mines Ltd., a subsidiary of Sumitomo Metal Mining Company of Japan, in the early 1970s during follow-up work to independently conducted stream geochemical surveys. Exploration through the 70's defined three sulphide deposits, the Kutcho deposit, the Sumac West deposit and the Esso West deposit, and culminated in a 1985 pre-feasibility study on the Kutcho deposit.



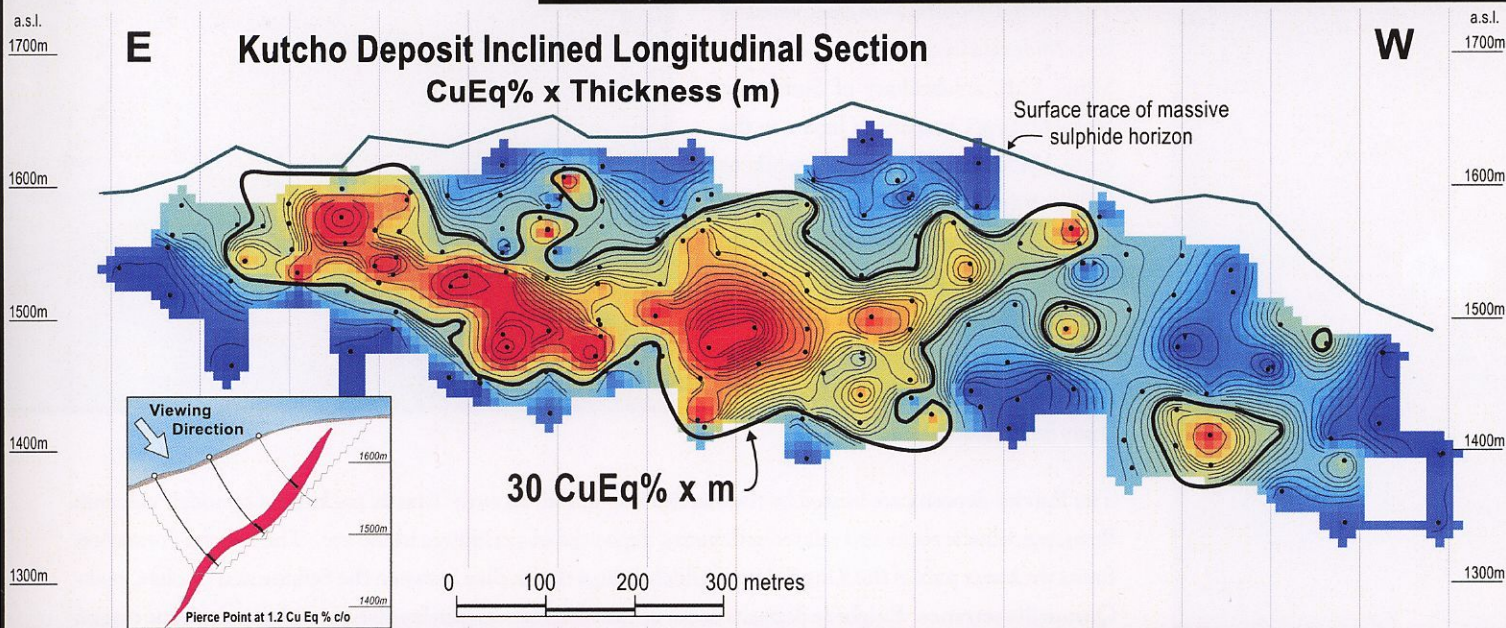
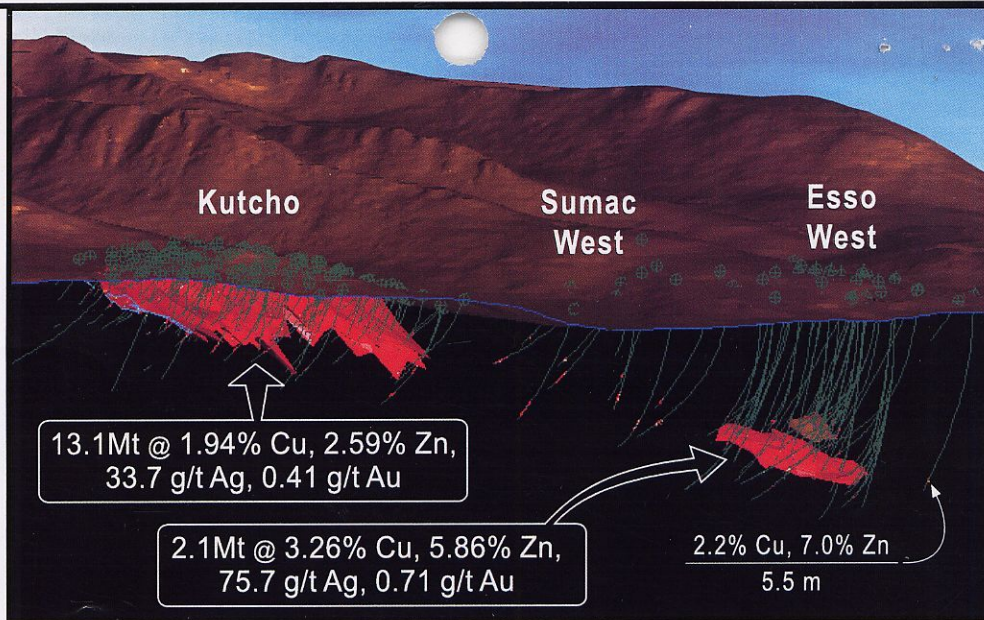
The Kutcho deposits are hosted by the Kutcho Formation, an early Triassic package of bimodal, volcanic flows, pyroclastic rocks and related sediments, deposited in a primitive island arc. The Kutcho Formation forms the lower part of the King Salmon Allochthon, a thrust slice between the Stikine and Cache Creek-Quesnellia terranes. Sulphide deposits occur at the contact between lapilli tuffs and quartz phytic crystal tuffs and appear to have been localized in half-graben type structures. The Kutcho Formation has been subjected to a single phase of folding and greenschist facies metamorphism.

The property hosts three sulphide deposits that lie along a gentle westerly plunging trend. Recent resource estimates for the Kutcho and Esso West deposits are: 13.1 million tonnes grading 1.94% Cu, 2.59% Zn, 33.7 g/t Ag and 0.41 g/t Au and 2.1 million tonnes grading 3.26% Cu, 5.86% Zn, 75.7 g/t Ag and 0.71 g/t Au, respectively. The Esso West deposit remains open to the west. The Sumac West deposit contains a historically estimated resource of 5 million tonnes grading 1.09% Cu and 1.62% Zn based on relatively sparse drilling, within an approximate 10 million tonne massive sulphide body.





Unification of the property by Western Keltic provides significantly more flexibility in mine planning and operational parameters. Western Keltic is advancing the project towards production through: 1. Focused exploration on the discovery and/or expansion of resources; 2. Metallurgical work to enhance metal recoveries, lower processing costs and improve concentrate grades; 3. Optimizing the Kutcho mine plan and incorporating underground mining of the Esso West deposit; and 4. Completing the permitting process. Potential government sponsored regional infrastructure developments could further improve project economics.



## GENERATING VALUE THROUGH Discovery and Development



**Western Keltic  
Mines Inc.**

WKM TSX.V

Shares Outstanding 22,399,258 Fully Diluted 31,714,200  
 Dec. 10 2004

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