

*TJS → KLG*  
*Kamloops*

**Schroeter, Tom EM:EX**

**From:** Cathro, Mike EM:EX  
**Sent:** Friday, October 17, 2003 5:21 PM  
**To:** Anderson, Duane EM:EX; Booth, Richard EM:EX; Conte, Rick EM:EX; Errington, John EM:EX; Grant, Brian EM:EX; Hermann, Fred EM:EX; Lefebure, Dave EM:EX; McArthur, Gib EM:EX; McKillop, Greg EM:EX; Pardy, Jamie EM:EX; Schroeter, Tom EM:EX; Simandl, George EM:EX; Webster, Ian EM:EX; Wilcox, Allan EM:EX; David Terry; Lane, Bob; Wojdak, Paul  
**Subject:** Semi-Weekly Report to 10/17/03

**EXPLORATION AND DEVELOPMENT HIGHLIGHTS**

**Afton (DRC Resources)** - "Pre-feasibility study" released showing >20% internal rate of return, 3.7 year payback and 17.5 year mine life based on an underground block cave operation at 9000 tonnes per day, with a \$150 million initial capital cost and \$191 million in on-going capital. The company clarified the study as a "scoping study" shortly afterwards, at the request of provincial regulators, because it does not meet the requirements of NI 43-101. The main problem was the inclusion of inferred resources in the mine plan. Company has been drilling 800 m long holes beneath the Pothook pit, using 2 drills with rumours of good results. Company is still considering a winter underground program, and is rumoured to be completing a \$20 million financing.

**Bralorne (Bralorne-Pioneer Gold Mines)** - construction of tailings pond (approved in 1996) is underway. Cost is \$500,000 according to previous estimates. Mining of 6000 tonne bulk sample planned for this winter to feed mill start-up.

**J&L** - prominent engineering/environmental company called to scope out permitting issues to explore and develop this polymetallic deposit north of Revelstoke. Client is unknown.

**Elk (Almaden Minerals)** - 4000 m drill program well underway with two drills. Expected to be complete by Oct 31. Company consultant is scoping out permitting issues for a 150 tpd gravity-flotation mill and underground mine.

**Big Kidd (Christopher James Gold)** - 5 ddh completed on alkalic porphyry Au-Cu prospect located east of Merritt.

**Lodestone Mountain (Sargold Resources)** - 15 holes planned on magnetite deposit south of Tulameen.

**Rainbow (Abacus Mining)** - located next to Afton, SW of Kamloops. A 3D IP survey is underway and will be followed by about 2500 m of drilling (Nov) in 800 m long holes to test beneath the Rainbow Cu-Au deposit. Project and company are benefitting from renewed interest in alkalic porphyry deposits due to Afton, Red Chris and Mt. Polley results.

**Panorama Ridge (Goldcliff Resources)** - drilling underway on gold skarn near the Nickel Plate mine.

**Wood (Green Valley)** - drilling to test IP anomalies on property south of Afton.

**Bonaparte (North American Gem)** - trenching and drilling to begin shortly on vein gold prospect north of Kamloops.

**OTHER ACTIVITIES**

**Horsefly-Mt. Polley airborne geophysical survey.** Fugro survey completed on Sept. 29th. Bob Lane and I have spent 4 days following up anomalies in the field, in preparation for upcoming publications. Timing was excellent given the discovery of the NE zone at Mt. Polley, which is covered by the Imperial Metals partnership survey. Radio interview about the survey was replayed several times on Cariboo Radio. Data release planned for March 31, 2003, however, we have asked the GSC to look into expediting the publication for Round-up (unlikely), to take advantage of excitement around Mt. Polley.

**CIM South-Central Branch Conference (Sept 20th)** - presented talk on exploration highlights to a crowd of about 70 people.

**MX tour (Oct 16th)** - led an "exploration and mining 101" educational tour to the Elk property for four Kamloops-based MSRM land use planners. I believe they have gained a better appreciation of mining and exploration practices, and hopefully it will allow them to better incorporate minerals issues into their plans.

**Lillooet LRMP** - rumours of cabinet briefing notes being prepared, and behind the scenes discussions. Upcoming decision?

TBS → Lodestone  
Mtn.

**Schroeter, Tom EM:EX**

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**From:** Conte, Rick EM:EX  
**Sent:** Wednesday, December 02, 1998 4:20 PM  
**To:** Wickstrom, Ron PREM:EX; Schroeter, Tom EM:EX  
**Subject:** William Warke, Lodestone Mountain Mining Inc., Tulameen claims

For your info., no action required.

This is subsequent to the meeting held in the boardroom in our Vancouver offices, attended by William Warke, Hans Klob, Ron Wickstorm, Tom Schroeter and myself.

I have been informed that legal action may be pending between Mr. Warke and Lodestone Mountain Mining, regarding the various mineral claims in the Tulameen area. At the meeting, Mr. Warke was the president of Lodestone Mountain Mining.

Rick Conte  
Assistant Director, Operations

Empire Gold.

**Cc:** Smyth, Ron EM:EX; Meyers, Rick EM:EX; Beresford, Eric EM:EX; Conte, Rick EM:EX; Hermann, Fred EM:EX  
**Subject:** RE: Lodestone Mountain  
**Sensitivity:** Private

You are correct - the Ministry neither itself undertakes nor does it have money to put into feasibility studies for private sector ventures. (The Northern Development Agency may have some funds for studies, but the first criteria is that the subject must have something to do with the Northern economy.)

I met with Mr. Warke on this project several times several years ago. He may have received some assistance from Lome to write a business plan for his project, but that would have been the most that was on offer at that time.

In terms of what is available from government to assist mine project financing, if a mine is in itself economically viable except that it cannot finance required infrastructure (road, power line), we have in the past negotiated soft loans to cost-share infrastructure, with pay-back triggered by mine profitability or commodity prices exceeding certain thresholds. Also, if the project is essentially viable, it may be eligible for power discounts under the Power for Jobs Act administered by MEI (Les McLaren is the contact).

The government did not do a feasibility study of Placer Dome's Mt. Milligan project. There was discussion last Spring of an "MOU", which is a publicly announced agreement to try to negotiate infrastructure loans, power discounts, etc., but I don't believe it was ever finalized and signed by the Premier and PD. An MOU was signed with Cominco for a hydromet facility/mine expansion at Highland Valley but Cominco is not proceeding with it. Possibly based on the lack of success of the Cominco MOU, government is no longer using the MOU route and relying instead on the old Ministry-responsible route - which is that the DM or designate leads a negotiation with the proponent on soft loans, power, etc. and as things firm up, goes to Treasury Board for a mandate then for the money required to do the deal.

With the difficulty investors are having in raising money on the stock exchanges right now, we should brace ourselves for more such requests for \$\$\$\$. I recently had a call from Mr. Rod Alfinger of Richmond who is trying to restart the Summit Lake property and is looking for government to invest in the project. I would appreciate hearing your views on it.

Hope this helps and I'll look forward to becoming reacquainted with Mr. Wark,  
Karen K.

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**From:** Schroeter, Tom EM:EX  
**Sent:** Wednesday, October 14, 1998 10:58 AM  
**To:** Koncohrada, Karen EM:EX  
**Cc:** Smyth, Ron EM:EX; Meyers, Rick EM:EX; Beresford, Eric EM:EX; Conte, Rick EM:EX  
**Subject:** Lodestone Mountain  
**Sensitivity:** Private

Last Spring (May 19th), a meeting on this project was held in the MDO with Ron Wickstrom (Office of the Premier), Bill Warke (owner/instigator), Hans Klob (Empire Gold Inc. - interested in JV with Warke), Rick Conte and myself. You may recall that this project, in the Tulameen area has been 'before' the government in the early 1990s. Lome Sivertson, then with Ministry of Industry and Small Business, was involved at the time; I assume all relevant reports on this issue remain on file somewhere in Victoria? In any event, after much discussion and armwaving, the proponent (Warke) asked the government (especially Wickstrom) what it could do to help him get this project resurrected and back on track. He felt/wanted the government to conduct its own FEASIBILITY study for the project (similar to one apparently done for Placer Dome on Mt. Milligan). "our' concise answer was that the government was NOT in the business of doingg such

studies, nor did it have access to funding for same. From my perspective, I (MDO) offered to assist with access to our database systems, such as Minfile, Property File and MapPlace, PROVIDED the company give some SPECIFIC information/request, PRIOR to doing anything. To make a long story short, the company did/has NOT done so (due I suspect to the financing problems). Today, I received a "follow-up" call from Mr. Warke - again "what can the government do to help me?". He mentioned that he had just/recently spoken to Mr. Wickstrom with the same request; he referred him to yours truly. I explained to Bill that I do NOT have a mandate to order or committ to something like a feasibility study; nor did I have access to all previous information on this project. I did, nonetheless, commit to contacting you in the "Resource Development Division", as an "introduction" to Mr. Warke (i.e. he will be contacting your group for "assistance". I'd appreciate it if you could keep me informed of this scenario. Please contact Bill Warke directly at (604) 682-7407. Tom.

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