

Date: May 2, 2007

Date of previous note:

Cliff No.:

Mt. Milligan
885761

MINISTRY OF ENERGY, MINES AND PETROLEUM RESOURCES

BRIEFING NOTE FOR INFORMATION

I PREPARED FOR: *Honourable Kevin Krueger*

II ISSUE: *Terrane Metals Corp. Meeting with Minister of State for Mining on May 4, 2007*

III BACKGROUND:

- Terrane Metals Corp. (Terrane) is a relatively new Canadian mineral exploration and mine development company based in Vancouver.
- Rob Pease is the President and CEO of Terrane and worked for Placer Dome on the Mt. Milligan project. Glen Wonders is Vice President, Corporate Relations and Sustainability (previously was Coal Co-ordinator with MEMPR from the Prince George office)
- Terrane completed its acquisition of the Mt. Milligan (BC), Berg (BC), Maze Lake (Nunavut) and Howards Pass (Yukon) projects from Goldcorp Canada in July of 2006. These projects were originally owned by Placer Dome and sold to GoldCorp by Barrick Gold.
- Mt. Milligan is their primary project and is located 155 km northwest of Prince George, 75 km north of Fort St. James and 75 km west of Mackenzie.
- If developed, it would be an open pit copper-gold deposit requiring \$750M in capital costs and providing ongoing employment for approximately 400 workers.
- The Mt. Milligan property was purchased by Placer Dome in 1990 for \$300M; the company received an Environmental Assessment Certificate in 1993 for a mine development project. After a 5-year extension, Placer Dome allowed the Certificate to expire in 2003.
- Terrane applied to the Environmental Assessment office regarding their Mt. Milligan project in October 2006 and is in the pre-application stage.
- This past fall Terrane raised \$10M in private placements and initiated a large drilling program and metallurgical studies to support its ongoing feasibility study, expected to be completed in late 2007.
- Current company plans are to begin construction in late 2008, followed by production in possibly 2010.

- Terrane is planning to explore the Berg copper and molybdenum deposit located 80 km southwest of Houston with plans to proceed to mine development.

IV DISCUSSION:

The company will want to move forward quickly to take advantage of current high metal prices and will be concerned about any unnecessary or lengthy delays. They appear to have developed good relationships with both local communities and First Nations; however, it is in a region where First Nations have expressed concerns about mine development on their traditional territories. At this point it has not been identified if the 238 Kv power line will come from Fort St. James or Mackenzie.

V CONCLUSION:

The project is an exciting new major metal mine proposal that will benefit the province. MEMPR is prepared to work with other government agencies to complete the necessary reviews and permitting.

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BRIEFING NOTE: Terrane Metals Corp.

Notes by: Tom Schroeter (May 1/07)

- **President and CEO:** Rob Pease (ex- Placer Dome, and thus – very familiar with project)
- **1990:** Placer Dome purchased project for \$300M
- **1993:** Placer Dome received a Mine Development Certificate for project
- **2003:** After one (5-year) extension, Placer Dome allowed the Certificate to expire (with the hope/plan of resubmitting to EAO and Federal Gov't for review)
- **July 24, 2006:** Terrane Metals (a new Canadian mineral exploration and development company based in Vancouver) completed its acquisition of the Mt. Milligan (BC), Berg (BC), Maze Lake (Nunavut) and Howards Pass (Yukon) projects from Goldcorp Canada (result of recent takeover of Placer by Barrick)

Mt. Milligan: * 155km NW of Prince George; 75 km N of Fort St. James; 75 km W of Mackenzie.

- Open-pit style (2km X 1.5km) copper-gold deposit(s) defined by ~ 214,000m drilling in 955 holes.
- **Sept. 2006:** Terrane raised \$10M in private placements and initiated a large drilling program (incl. metallurgical studies) to support its on-going feasibility study, expected to be completed in Q4 2007.
- **March 2007:** Phase 2 winter drilling program completed (to convert Inferred resources into Measured and Indicated categories – announcement expected soon)
- **March 2007:** Terrane hired Glen Wonders (ex-Coal Co-Ordinator with BCMEMPR, PG office) as VP, Corporate relations and sustainability
- **Previous Proposal/Estimates:** i) Milling rate ~ 65,000 tpd; ii) Capital cost ~ \$750M (incl. 700 construction workers); iii) Mine employment ~ 400; iv) Mine life ~ Min. 15 years; v) Annual production ~ 264,000 oz gold, plus >35,000 tonnes copper; vi) Total in situ resources ~ 3.7 M oz Au; 1.12 B lbs Cu.
- **Upside Exploration Potential:** Significant (i.e. outside historic/previous resource limits (e.g. new DWBX zone, west of Main zone)
- Project will require a 238 KV power line (Issue? – from Fort St. James or Mackenzie?)
- **Late 2008:** Terrane hopes to begin construction
- **2010:** Production?

Berg: * 80 km SW of Houston

- Previous (non 43-101 compliant) resources contain 2.1 B lbs copper, plus significant amounts of molybdenum, silver and gold.
- Est. cash costs ~ \$0.80/lb Cu [Note: Mo eq. grade ~ 0.063% (same as Endako)]
- Production target ~ 2012

Possible Issue: Access/power/supplies, etc. – from Fort St. James or Mackenzie?
[www.terrane.com]