

MYRA FALLS OPERATIONS
Production and Exploration Statistics – 2000

*08.27/00
 (Howie from
 Sean McKnight
 Boldeen)*

As of January 1, 2000:

- **Total production to date** = 20.02 million tonnes (Mt) *NOTE: this is in conflict with the number in the 1999 report).
- **Proven and Probable Reserves (Mining reserves)** = 7,720,000 tonnes @ 1.4% Cu, 7.3% Zn, 0.5% Pb, 1.4g/t Au and 38.9 g/t Ag
- **Measured and Indicated Reserves (Geological Resource)** = 5.55 Mt @ 1.4% Cu, 7.2% Zn, 0.7% Pb, 1.8g/t Au and 56.5 g/t Ag.

Other production stats:

- **Average annual production** = 60-70,000 tonnes Zn in concentrate
 15-18,000 tonnes Cu in concentrate
 700 kg Au
- **Forecast 2000 production** = 1,116,000 tonnes @ 5.1% Zn, 1.8% Cu, 1.4 g/t Au and 25.3 g/t Ag.
- **Average cash costs** = US\$0.403 per pound of zinc.
- **Total employment** = 440 persons.

Production Notes:

Production in 2000 has come mainly from the H-W deposit, the 43 Block and the Battle Gap deposit. In addition, from a small resource outlined in late 1999, approximately 60,000 tonnes of ore have been mined in the bottom of the old Lynx open pit.

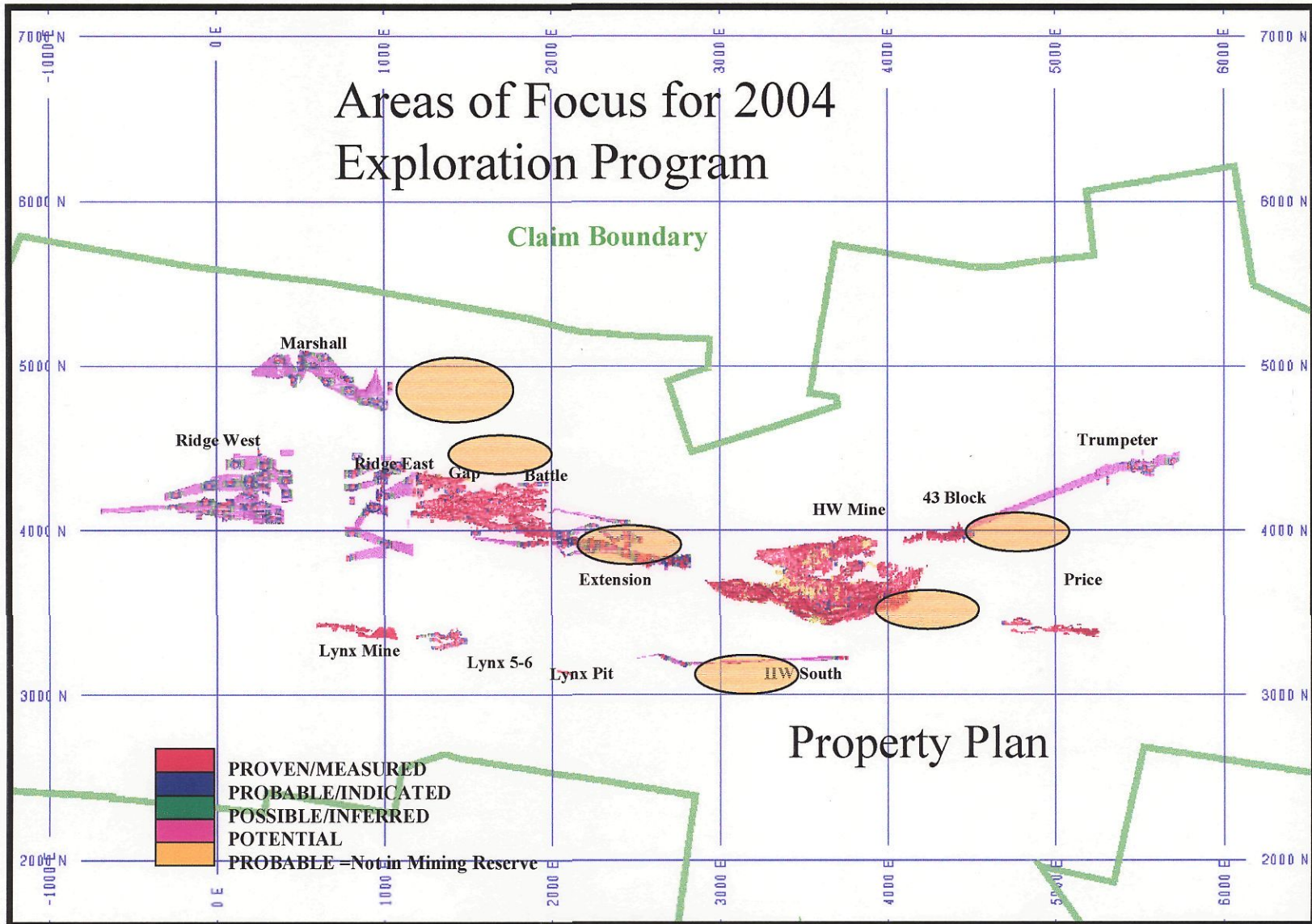
Exploration Statistics for 2000:

- **Exploration expenditures (estimated)** = CAN\$2.0 million
- **Total diamond drilling** = ~17,000 metres (15,000m u/g, 2000m surface)

Exploration Notes:

This year's program has focussed on gaining additional information on known resources in order to upgrade their reserve/resource categories and better assess their mining potential. These zones are the Ridge Zone East and West located to the west of Battle-Gap, the Extension Zone to the west of the H-W deposit and the Price Deposit accessed from Thelwood Valley on the east side of the property. It is anticipated that exploration efforts in 2001 will continue in the Ridge Zones with drilling and development in 10 Level of the Lynx Mine. Drilling will also be carried out from surface on the area between the Lynx and Myra mines, from 13 Level of the Price mine to test an area to the east of the H-W deposit, as well as from 4 Level of the Price Mine testing the Price deposit.

Areas of Focus for 2004 Exploration Program





BREAKWATER
RESOURCES LTD

→ Myra Falls

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News Release

Breakwater Reports Mineral Reserve And Mineral Resource Estimates

Toronto, Canada, February 22, 2007

Breakwater Resources Ltd. (TSX – BWR) (the “Company”) today announced its December 31, 2006 mineral reserves and mineral resources estimate, prepared in accordance with National Instrument 43-101 (“NI 43-101”).

As shown in the tables below, mineral reserves at the end of 2006 were estimated to total 15.6 million tonnes grading 7.3% zinc resulting in the replacement of the material mined in 2006 plus a slight (3%) increase year-over-year. Specifically, mineral reserves at Langlois increased by 10%. Measured and indicated resource estimates declined slightly over 2005, primarily due to a reclassification of indicated resources at the Marshall and Marshall Extension zones at Myra Falls to inferred. Inferred mineral resources have been estimated to total 13.3 million tonnes, representing a 59% increase year-over-year. In particular, drilling on the Porvenir deposit at El Toqui in 2006 has outlined a new inferred mineral resource of 1.6 million tonnes grading 9.6% zinc and 0.34 g/t gold.

For 2007, the Company plans to spend roughly \$27 million on exploration of the Company’s assets with the main goals of substantially increasing the mineral reserves at Langlois and El Toqui and the mineral resources (both measured and indicated, and inferred) at El Mochito and Myra Falls as well as advancing a number of greenfield and brownfields exploration targets. This expenditure represents a substantial increase from past years and reflects both recent successes in target identification and a strategic effort to address past underinvestment in exploration of the Company’s assets.

Proven and Probable Reserves

	December 31, 2006						December 31, 2005					
	Tonnes (000's)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)	Tonnes (000's)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
Myra Falls	6,134	5.7	0.5	1.0	41	1.2	6,000	6.4	0.5	1.1	46	1.3
El Mochito	2,899	6.1	2.7	-	89	-	2,413	6.6	2.2	-	87	-
El Toqui	2,869	8.2	-	-	-	1.3	2,591	7.8	-	-	-	2.1
Langlois	3,658	10.1	-	0.8	49	0.1	3,323	10.8	-	0.8	52	0.1
Total	15,560	7.3	-	-	-	-	14,327	7.7	-	-	-	-

Measured and Indicated Resources*

	December 31, 2006						December 31, 2005					
	Tonnes (000's)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)	Tonnes (000's)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
Myra Falls	7,224	7.2	0.6	1.2	55	1.7	8,647	7.8	0.7	1.4	64	1.8
El Mochito	3,199	6.7	2.8	-	97	-	3,195	8.2	2.8	-	111	-
El Toqui	3,597	8.9	-	-	-	1.3	3,420	8.4	-	-	-	1.9
Langlois	5,699	10.7	-	0.8	51	0.1	4,981	11.1	-	0.8	54	0.1
Total	19,719	8.4	-	-	-	-	20,243	8.8	-	-	-	-

* Includes proven and probable reserves but excludes inferred resources

Inferred Resources

	December 31, 2006						December 31, 2005					
	Tonnes (000's)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)	Tonnes (000's)	Zn (%)	Pb (%)	Cu (%)	Ag (g/t)	Au (g/t)
Myra Falls	4,431	6.9	0.8	1.0	81	2.0	2,419	4.8	0.6	0.9	45	1.4
El Mochito	2,480	5.7	2.3	-	75	-	2,174	7.2	4.3	-	131	-
El Toqui	4,626	8.5	-	-	-	0.5	3,012	7.9	-	-	-	0.5
Langlois	1,808	8.8	-	0.5	39	0.1	1,255	9.7	-	0.5	40	0.1
Total	13,345	7.5	-	-	-	-	8,860	7.1	-	-	-	-

NOTES TO INVESTORS CONCERNING ESTIMATES

Cautionary note to investors concerning estimates of Measured and Indicated Resources.

This news release may use the terms “measured resources” and “indicated resources”. The Company advises investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission (the “SEC”) does not recognize them. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves.

Cautionary note to investors concerning estimates of Inferred Resources.

This news release may also use the term “inferred resources”. The Company advises investors that while this term is recognized and required by Canadian regulations, the SEC does not recognize it. “Inferred resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

Metal Price Assumptions

For the December 31, 2006 mineral reserves estimates, metal prices, including premiums, used to determine economic viability were US\$1.12/lb. zinc, C\$/US\$ exchange rate of 1.09, US\$600/oz. gold, US\$12.00/oz. silver, US\$2.55/lb. copper and US\$0.54/lb. lead. For Grevet B, the satellite deposit at Langlois, the metal prices used were US\$1.45/lb. zinc, C\$/US\$ exchange rate of 1.09, US\$12.00/oz. silver and US\$3.27/lb. copper. Higher prices were used on this deposit as it is expected that it will be mined over the next two years.

For the December 31, 2005 mineral reserves, the following metal price assumptions were used for the various mineral reserve/mineral resource estimates.

Mineral reserves and mineral resources at Myra Falls were based on an NSR cut-off of \$65/tonne for the HW deposit and \$70/tonne for all other deposits. Prices used for the mineral reserve/mineral resource estimates were US\$0.80/lb. zinc, US\$1.80/lb. copper, US\$7.50/oz. silver, US\$500.00/oz. gold and a C\$/US\$ exchange rate of \$1.18.

For both El Mochito and El Toqui, long term metal prices and exchange rates were first assigned in 1998. Prices used for the mineral reserve/mineral resource estimates were US\$0.55/lb. zinc, US\$0.25/lb. lead, US\$5.00/oz. silver, US\$275.00/oz. gold and a C\$/US\$ exchange rate of \$1.43. Prior to 2006, no modification of these prices had been made since that time. Both operations use a specific cut-off grade which has been applied annually since that time. Mineral resources at El Mochito are based on a grade cut-off of 3.0 to 5.0% zinc depending on the deposit. Mineral resources at El Toqui are based on a grade cut-off of 4.75% zinc for all deposits.

At Langlois, the NSR values used to outline mineral reserves were based on US\$0.50/lb. zinc US\$0.80/lb. copper, US\$5.00/oz. silver, US\$343.00/oz. gold and a C\$/US\$ exchange rate of \$1.43 for Zone 97 and US\$0.55/lb. zinc, US\$0.90/lb. copper, US\$5.00/oz. silver, US\$275.00/oz. gold and a C\$/US\$ exchange rate of \$1.55 for Zones 3 and 4.

Scientific and Technical Data

The Company is reporting mineral resource and reserve estimates in accordance with the CIM guidelines for the estimation, classification and reporting of resources and reserves.

The Canadian Securities Administrators' National Instrument 43-101 (“NI 43-101”) requires mining companies to disclose reserves and resources using the subcategories of “proven” reserves, “probable” reserves, “measured” resources, “indicated” resources and “inferred”

resources. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

A mineral reserve is the economically mineable part of a measured or indicated resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allows for losses that may occur when the material is mined. A proven mineral reserve is the economically mineable part of a measured resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. A probable mineral reserve is the economically mineable part of an indicated mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit.

A mineral resource is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. A measured mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape, physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity. An indicated mineral resource is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally mineable.

The effective date of the Company's mineral reserves and mineral resources estimate is December 31, 2006. The 2006 estimated measured and indicated mineral resource and the

estimated inferred mineral resource were prepared under the supervision of Torben Jensen, P.Eng., who is employed by the Company as VP, Engineering and who is a Qualified Person under NI 43-101. The Company advises investors that while the terms measured resources, indicated resources and inferred resources are recognized and required by Canadian Regulations, the SEC does not recognize them.

Myra Falls

The qualified person responsible for the Myra Falls mineral reserve and mineral resource estimates is Ken Atkin, P.Geo. (BC), Chief Geologist. The mineral resource and mineral reserve estimates for the Myra Falls mine are developed using Gemcom modelling software. Separate block models are maintained for the H-W, Battle-Gap, Extension, Lynx Level 6, Ridge, and Marshall zones. Historic models created with the Mine Sight modeling software are available for Lynx Below Level 6 and the Price Zones. The drill hole databases, from which these models were built, are constantly being updated, and intermediate resource models are calculated periodically.

The block model mineral resources are classified into measured, indicated and inferred categories based on the distance of a block from its nearest composite. Areas with lower levels of confidence in the geological interpretation are clearly identified as inferred resources by assigning a unique rock code to these areas.

Mineral resources comprise mineralized areas which:

- i) have been drilled and/or otherwise sampled to the knowledge level of measured or indicated mineral resources;
- ii) are considered accessible and extractable from currently-active mine workings and are included in the current mining plan; and
- iii) have an NSR value equal to or exceeding a predetermined cut-off value.

A separate extraction factor and dilution rate is applied to each mining area to estimate mineral reserve tonnages and grades. The result is regarded as a mineral reserve with proven and probable status.

Langlois

The qualified person responsible for the Langlois mineral reserve and mineral resource estimates for Zones 3 and 4 is Donald Gervais, member of l'Ordre des géologues du Québec, Chief Geologist. The mineral resources and mineral reserves at Langlois are estimated utilizing two-dimensional polygons on cross-section, using the information from core drilling and underground chip sampling across development faces. Two-dimensional kriging and polygons on longitudinal section have also been used to a lesser degree, typically in areas where there is less available data.

The qualified person responsible for the Langlois mineral reserve and mineral resource estimates for Zone 97 is Jean-Francois Couture, P.Geo. of SRK Consulting. From the borehole database coded by the Company, SRK extracted intercept data for three sulphide-bearing zones (North,

Main and South) comprised within Zone 97 and constructed solid bodies for each sulphide zone. Limits of each zone were determined visually on vertical sections based on geology, sulphide abundance and mineralogy and not based on an arbitrary lower zinc cut-off. Assay data for zinc, copper, silver and gold were density-weighted and composited over the true thickness of each zone. Variography analysis and kriging was completed on the product of the composited density-weighted grades and the true thickness. Grade for individual blocks in the model were derived by dividing the resulting interpolated grade/thickness by the true thickness of each block. In this way the true thickness and density variability are considered during grade interpolation, something that is not possible with polygonal sectional interpolation. Capping of the zinc grades was not deemed to be necessary because it is appropriately accounted for during kriging. Drill holes intersecting the mineralized zone at an angle less than 15 degrees were discarded, as well as those holes or underground samples that did not intersect the entire width of the mineralized zone.

The qualified person responsible for the Grevet B mineral resource estimate is Bernard Salmon, Eng. of Scott Wilson RPA. Scott Wilson RPA carried out mineral resource estimation for the Grevet B deposit using 3D block modeling. A total of six lenses were interpreted, namely #1, #2, #2 North, #3, #3 North and #3 South. The Grevet B mineralization contains significant values for three elements: zinc, copper and silver. An NSR value was determined by the Company for each metal unit. These metal units were then used to calculate the NSR value of each sample interval while defining the resource envelopes, and of each mineralized block while determining the resource estimates. Zn, Cu, and Ag grades of each sample have been converted into dollar values based on the smelter parameter. The minimum mining width used for interpretation of the lenses is 2.0 metres. The lenses were interpreted from drill holes projected on level plans at every 10 metres from Elevation 2980 metres to Elevation 2820 metres, over a strike length of about 300 metres. The 3D solid of each lens was created by adding tie lines to plan views in order to create 3D tins.

El Mochito

The qualified person responsible for the El Mochito mineral reserve and mineral resource estimates is Renaud Adams, P.Eng., General Manager, El Mochito Mine. The mineral resource and mineral reserve estimates for the El Mochito mine are developed using Gemcom modeling software. The method used in the December 31, 2006 mineral resource and mineral reserve estimation was different from the previous years in several aspects. This year the cut-off grade was changed to 5% zinc equivalent from a 5% zinc grade. Secondly, a true grade block model was created using an inverse distance (1/D²) interpolation method rather than the traditional polygonal method. And lastly, treatment of planned dilution in mining was modified. All other parameters, such as drill spacing, specific gravity, sampling method, geochemical analysis, and mining method and factors, are the same as preceding estimates.

Previous resource estimates were based on the traditional polygonal method. The grades of polygonal blocks of the model were estimated by averaging the composite zinc grades from drill hole data, which intersected a block. A 5% zinc cut-off grade was used to set the limits of the polygonal shapes. It was accepted that this approach over estimated the grade and under estimated tonnes of ore that would be actually mined from each polygonal cut. Two planned dilution factors were added to approximate the lower grade material that would be mined with



Tom Schueta
Oct. 21/03
Site visit

Myra Falls Operations Update #18 October 10, 2003

Safety Y.T.D.	First Aids	Med. Aids	Lost Times
To 09/30/03	194	60	14
To 09/30/02	169	40	12

Finances (000)	3 rd 1/4 Budget	3 rd 1/4 Actual
Revenues	19.8	16.2
Operating Costs	16.6	16.3
Capital Expenditure	4.7	3.4
Cash Flow	-1.5	-3.5
Cash Cost	31.2	36.9
EBIT	1.4	-1.6

Production	3 rd 1/4 Budget	3 rd 1/4 Actual
Milled Ktonnes	292.0	259.6
Zn Grade	7.29	5.73
Cu Grade	1.15	1.38
Emetal Tonnes	26,683	21,074

SAFETY

Our recent focus has been on the "Internal Responsibility System", or "IRS". The basic premise behind the IRS is that everyone in the workplace is responsible for safety. Regardless of our role at Myra Falls, we all have a responsibility to do our part in ensuring we maintain a safe working environment, we have safe work practices ourselves, and we promote safe work practices with our fellow employees.

If you missed the IRS presentation, please contact your supervisor or the Safety Department and they will review the information with you. Understanding and practicing the IRS can significantly reduce risks and injuries.

Through October you'll get a chance to see our "home video" on ergonomics. This film has been produced by the Timberline Media students in conjunction with our OHSC committee. Be kind to our "actors" as they have helped us out by demonstrating some of the do's and do not's of our everyday operating practices.

PRODUCTION / REVENUES / COSTS

The third quarter of 2003 started well and July's results showed a break even number (both cash and EBIT marginally positive). This trend was not sustained during August as we fell short on production and grades, and the U.S. dollar remained weak. The combination of these factors seriously affected our financial performance. September results showed an improvement in quality with grades and recoveries being close to plan. We under produced our milled tonnes, in large part due to constricted ore passes and related issues.

On the financial side the U.S. dollar continued to weaken and when combined with prices and terms accounted for a cash impact of minus \$1.2 million. Grades and recoveries impacted

cash by minus \$.4 million, but the biggest impact was our shortfall of tonnes which had a minus \$2 million result.

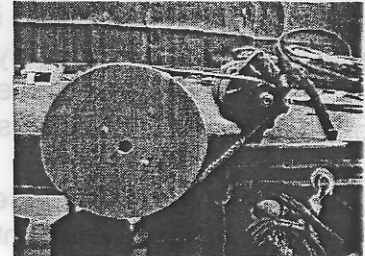
131 ORE PASS (Gap)

The 131 Ore Pass is located towards the Western end of our Battle Gap development. The need for this ore pass is the significant mining reserve tonnage available in this area and to the West. An ore pass here has to be part of our future. The decision to raise bore 131 ore pass was made fully understanding the poor to fair rock mass quality of the Battle Gap rocks (with their East/West and vertical in situ stresses) and our history with 163, 165 and 194 ore passes. Driving 131 ore pass with an alimak would have been twice the initial cost, probably three times given how it would have unraveled. At the time, this was a rational decision and the drastic unraveling of the upper part of 131 ore pass as we have experienced was considered a low risk.

The B20 diamond drill has been unsuccessful in opening up the ore pass from 18149 ramp, so the Hydracore 2000 diamond drill is being re-tooled to drill from 163 ramp and will complete this work. When the blockage is down and a camera inspection of the open ore pass has been run, an informed assessment of our options will be made. The options include the rehab of this upper portion of 131 ore pass, abandoning this upper part and breaking into the ore pass below the blockage, or driving a finger raise below the blockage.

A SHOW OF INITIATIVE AND THINKING "OUTSIDE THE BOX"

Recently, Dan Noga, Gene Titus and Terry Robinson have developed a charging system for the batteries in the trolleys on 24 level. In the past, changing batteries has been very labor intensive as they needed to be changed and charged each shift. Dan, Gene and Terry have developed and built an alternator mounting and drive system that eliminates the need for removing the battery from the loci. With this new system, the batteries get charged as the loci is traveling. Although the picture doesn't show the effort and thought that went into this project, it does show the unit that saves the Trammers and maintenance crew a lot of work, resulting in improved safety and cost savings for the operation. Great work guys.



FLU SHOTS

Once again, Myra Falls will be sponsoring Flu Shots for employees. Research has shown that although the Flu shot doesn't totally prevent getting the flu, it does lessen the severity and duration that you will suffer from flu symptoms. Shots will be available beginning mid October through the end of November at the Alder Medical Clinic (no appointment required). Notices are up around the property with details.

PASTE PLANT

Contech representatives have been back on site recently to finalize the commissioning of the Paste Plant. Although we need to work our way through the last few "start-up" modifications, by all accounts this has been a very successful and cost effective project. Once we take final possession of the Plant we'll produce a special edition of our "Update" dedicated to this new facility.

NEW EQUIPMENT

The ability to consistently move muck in our mine is key to meeting our monthly production quotas. The investments in our new Dux trucks and rental 12 tonne Atlas Copco scoop will help to secure those needed tonnes. Given the current situation with ore passes we must be able to reliably haul muck to ore passes that flow.

Over the last eight months rehab crews in the HW have been preparing main travel ways and loading areas to ensure safe and unencumbered haul routes throughout the levels. HW will be completed this month before the crews move on to Battle Gap to prepare for the next two trucks scheduled for delivery in December 2003. This prep work must continue in order to fully optimize the use of these trucks.

The high payload of the ET-33 Dux will reduce the number of haulage trips and lower our cost per tonne of ore mucked. Perhaps even more importantly, moving muck consistently will reduce current bottle necks in the development areas. We must send muck to the Mill consistently, with days that the Mill can have a surplus to use in the event of lower production days in the Mine.

We have also secured a rental agreement for an Atlas Copco 7 ½ yard scoop. Following a comprehensive tender process, this unit was chosen as it is fully refurbished, has attractive monthly rental costs and terms, and good access to spare parts. This unit will be in operation by the end of October in the Battle Gap area. Securing this scoop enables us to avoid the continued use and repairs on unit 501 Elphinstone (costs estimated at over \$200,000 for a partial rebuild). As we gain experience with the effectiveness of the new trucks, we can assess the need for continued use of the Copco scoop.

FROM THE MANAGER

As we look back to how our year has progressed so far it is clear that we have made some headway in some areas, but have not achieved some of our objectives. Some notables include:

On the "plus" side:

- General adherence to budgeted costs.
- Excellent progress on treatment of Gap Ore in terms of metallurgical recoveries (i.e. from 74% to 79/80%)
- Zinc Cleaner Bank project completed in the Mill on time and on budget.
- Activity Study completed for HW and Battle Gap areas – changes being implemented.
- Tonnes milled at least 95% of plan.
- The Paste Plant has been completed on budget. It produces an excellent product. Component manufacturer issues are currently being resolved.
- Scheduled Tailings Dam work completed (much work deferred for financial reasons).
- Improvements in Backfill Plant operation with more planned.
- First of three new underground haul trucks in operation and working very well.

On the "challenge" side:

- Our zinc head grades have been lower than plan for a variety of reasons centered around excessive dilution.
- Longhole production under budget by 10% because of excessive dilution, long haul distances, road conditions and waste restrictions.
- New trucks not in the mine as early in the year as planned putting pressure on our production plans and performance.
- Caving in existing and new ore passes.
- All of the above have resulted in significant shortfalls in zinc concentrate production.

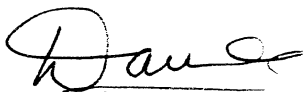
Looking forward:

- We will control our dilution through improved mining methods and adherence to plans, and tight filling of voids.
- We will continue to focus on and improve road conditions.
- Overtime has been excessive through high absenteeism, vacation periods (no students) and service level challenges (i.e. track maintenance and ore passes). We must reduce the trend now.
- We will complete our rehab work and see the arrival of our other two trucks by year end.
- We will complete modifications to our Backfill Plant to ensure high quality product delivery to the underground.

When we entered into our "New Beginning" a year and a half ago we implemented many changes, including those designed to protect the operation from the affects of poor metal prices and exchange rates. I am pleased to see some improvement in metal prices being forecast for next year, but this week the Canadian dollar reached a high level not seen for over 10 years. This poses a serious threat to all resource export businesses including our own. However, if we can survive into next year in these difficult conditions it is realistic to expect these trends to move more in our favor.

We continue to depend on our Boliden Parent to make all ends meet. What they ask in return is that we demonstrate that we are doing everything to help ourselves.

We are now in the process of providing Sweden with a 2004 budget, which will contain provision for exploration and the start of a surface ramp. If we demonstrate commitment and understanding of the conditions we currently face, and the huge financial pressure we are under, I believe Boliden will support our submission. I am confident that I can count on your continued support as we bridge this difficult period.



p.s. Good to see the rain after \$1 million in diesel costs through August and September. Thanks for the rain dances.

Vancouver Island Exploration (VIX) Group

Myra Falls Oct.21 Trip Participant/Contingency Lists

<u>Name</u>	<u>Affiliation</u>	<u>Phone</u>	<u>Boot/Coveralls</u>	<u>E-mail Address</u>
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	danjepsen@chamberofmines.bc.ca			
2. Tate, Leilah	geologist – BC&YCM	(604) 689-5271-103	own/m-short	ltate@chamberofmines.bc.ca
3. Newman, Jim	Van Isle Slate	(250) 755-1442	size8/medium	jimati@telus.net
4. Watt, Red	Van Isle Slate	(250) 245-3424	size9/medium	
5. Sigurgeirson, Helgi	president -Hardy Is.Quarry	(250) 629-3778	11.5/large	rocksandplants@gulfislands.com
6. Schroeter, Tom	geologist–Vancouver MDO	(604) 666-2812	size8/medium	Tom.Schroeter@gems6.gov.bc.ca
7. Snow, Christina	geologist	(250) 391-9722	size7/small	christinasnow58@hotmail.com
8. Snow, Richard	UVIC-ICP-MS lab mgr.	c/o Christina Snow	size10/medium	
9. McLelland, David	prospector	(250) 752-0149		rock-is@shaw.ca
10. Lord, Ken	prospector	(250) 752-4157	size9/medium	kenlord@shaw.ca
11. Birkeland, Arne	Arnex Resources Ltd.	(604) 904-0606	size9/medium	arnex@shaw.ca
12. Cathro, Mike	Regional Geol.-Kamloops	(250) 371-6069		Mike.Cathro@gems2.gov.bc.ca
13. Cathyl-Bickford, G.	Westwater Mining	(250) 336-2895		coalmine@island.net
14. Berkshire, Dan	pres. - Minland Res.	(250) 923-2725		dan-rina@telus.net
<u>Maximum 14 Participants Allowed – Remaining Contingency List:</u>				
15. Paquet, Joe	prospector - Minland Res.	(250) 923-8003		paq324@aol.com
16. Harris, Lee		c/o Dan Berkshire		
17. Schmidt, Rolf	geologist – MSRM Victoria	(250) 356-0656		Rolf.Schmitt@gems3.gov.bc.ca
18. Peer, Owen	geologist - Malaspina U.C.	(250) 716-0982	size11/xlarge	peero@mala.bc.ca
19. Dunlop, Dugald	consultant - Meridian	(250) 758-7127		Dugald@MeridianMapping.ca
20. Stewart, Shepherd	consultant - Meridian	(250) 758-7127		Shepherd@MeridianMapping.ca
21. Ferguson, Del	geologist	(250) 245-4746		dfergus@telus.net
22. Downes, Kieran	president - Marksman Res.	(250) 729-7946		kierandownes@shaw.ca
23. Audet, Andre	geologist	(250) 338-8809		rip_tide@telus.net
24. Brouwer, Doug	prospector	(250) 754-4396		brouwerd@island.net
25. Howie, Ian	sculptor/pro prospector	(250) 756-1457	size9/medium	ianhowie@shaw.ca
26. Krivensky, Richard	San Juan Slate	(250) 753-0855	size11/large	4895 Dunbar, Port Alberni, B.C.
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28. Patterson, Doug	prospector	(250) 723-7519	size8.5/medium	

VIX →
Myra Falls

TGS → My 09
Falks.

From: Boliden Limited [bmail@newswire.ca]
Sent: Friday, May 18, 2001 11:11 AM
To: Houle, Jacques EM:EX
Subject: Boliden Limited announces new equity and other refinancing initiatives

Boliden Limited announces new equity and other refinancing initiatives

(Unless otherwise noted, all dollar amounts are in United States dollars)

TORONTO, CANADA and STOCKHOLM, SWEDEN, May 18 /CNW/ - Boliden Limited (the "Company") today announced the following initiatives aimed at restoring its financial strength and operating flexibility:

- (a) a common share rights offering of SEK 1.14 billion (\$114 million) at SEK 2 per common share to the Company's existing shareholders secured by subscription commitments provided by certain shareholders (the "Committed Shareholders") and standby commitments provided by certain Committed Shareholders and Swedish financial institutions, companies, unions, associations and funds (the "Standby Consortium"), the proceeds of which will be used to finance the Company's operations (the "Rights Offering");
- (b) a common share offering of SEK 1.5 billion (\$150 million) at SEK 2 per common share, secured, as to SEK 0.5 billion (\$50 million), by purchase commitments provided by certain members of the Standby Consortium and certain Swedish financial institutions and funds (the "Guarantee Consortium") and directed, as to the balance, to certain of the Company's lenders (the "Lenders"), the proceeds of which will be used to reduce the Company's bank debt, including losses which will be incurred on the closing out of the Company's foreign currency hedge contracts (the "Directed Offering"); and
- (c) a proposal to the Company's lenders to refinance and reschedule the Company's remaining bank debt under a new credit facility on terms which will reflect the increased financial strength of the Company following the Rights Offering and the Directed Offering.

Completion of each initiative will be conditional upon the contemporaneous successful completion of the other initiatives. Shareholders who exercise all their rights under the Rights Offering will be entitled to purchase additional common shares at SEK 2 per common share. Additional purchase requests of shareholders that are not satisfied out of the Rights Offering will be satisfied, to a maximum of their initial purchases under the Rights Offering, out of that portion of the Directed Offering directed to the Lenders.

The Committed Shareholders, the Standby Consortium and the Guarantee Consortium include Aktiespararna, Alecta, Andra AP-fonden, Apotekets Pensionsstiftelse, Banco Fonder, Carl Bennet AB, Catella Capital, ForeningsSparbanken, Handelsbanken Fonder, LKAB, Osternjostiftelsen, Peab, SEB Fonder, Sjunde AP-fonden, Skandia, Skelleftea Kraft, Sparbanken Nord, Stena Metall, Svenska Metallindustriarbetareförbundet and Trelleborg.

Once the initiatives have been completed, the Company intends to restructure its board of directors to include members of the Swedish business and investment communities and to take steps to redomicile the Company back to Sweden. These steps will be taken in recognition of the fact that the overwhelming majority of the Company's shares are held in Sweden. The Company's board of directors also intends to appoint an advisory board (the

"Advisory Board") composed of members of the Swedish business and investment communities to assist it in carrying out the initiatives and redomiciling the Company back to Sweden. The Advisory Board will include Carl Bennet (Chairman of the Board of Elanders AB, Getinge Industrier AB and Sorb Industri), Goran Collert (Chairman of the Board of ForeningsSparbanken AB), Goran Lindahl (member of the Board of Ericsson, Sony and DuPont and former Managing Director and CEO of ABB), Kjell Nilsson (member of the Board of Munksjo and former Managing Director and CEO of Trelleborg and Boliden), Anders Sundstrom (Chairman of the Board of Sparbanken Nord and former Swedish Minister of Industry) and Bengt Lofkvist (former Managing Director and CEO of Boliden Mineral). It is anticipated that members of the Advisory Board will become directors of the Company.

Background

The initiatives are the culmination of the Company's capital management program begun in mid 2000 and will restore the Company's financial strength and operating flexibility. The Rights Offering and the Directed Offering have been priced and structured to encourage and permit existing shareholders to participate to the maximum extent possible. If they exercise their full entitlements under the offerings, existing shareholders will continue to own approximately 84% of the Company.

Rights Offering and Directed Offering

Rights Offering

The Rights Offering will be made to holders of common shares, Swedish depository receipts representing common shares ("SDRs") and convertible preferred shares. The Company currently has approximately 218.77 million outstanding common shares, approximately 82% of which are represented by SDRs. The Company currently has approximately 4.67 million outstanding convertible preferred shares. Each convertible preferred share is convertible into 14.3803 common shares. The common shares and the convertible preferred shares trade on the Toronto Stock Exchange and the SDRs trade on the Stockholm Exchange.

Holders of common shares will receive one right for each common share held by them. Holders of SDRs will receive one depository receipt representing a right ("RDR") for each SDR held by them. Holders of convertible preferred shares will receive 14.3803 rights for each convertible preferred share held by them. Each right will entitle the holder to purchase two common shares at a purchase price of C\$0.30 (the equivalent of SEK 2) per common share. Each RDR will entitle the holder to purchase two SDRs at a purchase price of SEK 2 per SDR. The rights and the RDRs will be fully transferable and will be listed on the Toronto Stock Exchange and the Stockholm Exchange, respectively. The rights and the RDRs will be convertible into one another.

Rightsholders who exercise all their rights will be entitled to purchase additional common shares at the same purchase price. RDR holders who exercise all their RDRs will be entitled to purchase additional SDRs at the same price. Additional purchase requests of rightsholders and RDR holders that are not satisfied out of the Rights Offering will be satisfied, to a maximum of their initial purchases under the Rights Offering, out of that portion of the Directed Offering directed to the Lenders.

The Company has received subscription commitments (the "Subscription Commitments") from the Committed Shareholders. Under the Subscription Commitments, the Committed Shareholders have agreed to exercise all or part of the rights and RDRs issued to them for a total purchase price of SEK 258 million (\$25.8 million). The Company has also received standby commitments (the "Standby Commitments") from the Standby Consortium. Under the Standby Commitments, the Standby Consortium has agreed to purchase that number of SDRs which is equal to the number of common shares and SDRs not purchased pursuant

to the Rights Offering at a purchase price of SEK 2 per common share to a maximum of SEK 885 million (\$88.5 million) (the "Maximum Standby Amount"). No fee is payable to the Committed Shareholders in respect of the Subscription Commitments. A fee of 3% of the Maximum Standby Amount is payable to the Standby Consortium in respect of the Standby Commitments.

Directed Offering

The Directed Offering will be directed as to SEK 1.0 billion (\$100 million), less the additional purchase requests of rightsholders and RDR holders that are not satisfied out of the Rights Offering, to the Lenders. The remaining SEK 0.5 billion (\$50 million) will be directed to the Guarantee Consortium. The purchase price of the SDRs to be issued pursuant to the Directed Offering will be SEK 2 per SDR.

The Company has received purchase commitments (the "Purchase Commitments") from the Guarantee Consortium for the full amount of that portion of the Directed Offering directed to them. The Company will request similar purchase commitments from the Lenders for the full amount of that portion of the Directed Offering directed to them (the "Lenders Commitments"). No fee will be payable to the Lenders in respect of the Lenders Commitments. A fee of 3% of the Purchase Commitments is payable to the Guarantee Consortium in respect of the Purchase Commitments.

Conditions

The commitments of the Committed Shareholders, the Standby Consortium and the Guarantee Consortium are conditional upon the approval and implementation of the Refinancing Proposal (described below) on satisfactory terms, receipt of the Lenders Commitments and the Company retaining its interests in Compania Minera Lomas Bayas and Compania Minera Boliden Westmin Chile Limitada, the owners of the Lomas Bayas SX-EW copper project and adjacent Fortuna de Cobre copper deposit located in Chile (the "Chilean Assets").

Completion of each of the Rights Offering and the Directed Offering will be conditional upon the contemporaneous successful completion of the other and the approval and implementation of the Refinancing Proposal on satisfactory terms.

Use of Proceeds, etc.

The net proceeds of the Rights Offering will be used to finance the Company's operations. The net proceeds of the Directed Offering will be used to reduce the Company's bank debt, including losses which will be incurred on the closing out of the Company's foreign currency hedge contracts.

The Rights Offering and the Directed Offering will be made by way of prospectus in Canada and Sweden. The Company will formally launch the offerings following the clearance of the prospectus by the Canadian securities regulatory authorities and the Stockholm Exchange, which is expected to take approximately two to three weeks to complete. The Rights Offering will be open for a minimum of 21 days after the record date, which is expected to be in mid-June. By that time, the Company expects to have finalised the Refinancing Proposal. The Company intends to complete the offerings by mid-July.

Certificates representing rights will not be mailed to shareholders resident in the United States or in any other jurisdiction where, in the opinion of the Company, certificates representing rights may not be delivered or common shares may not be issued. RDRs will not be reflected in the VP accounts of SDR holders resident in the United States, Australia or Japan.

Refinancing Proposal

The Company will present a refinancing proposal to the counterparties to

its foreign currency hedge contracts and to the lenders under its principal credit facilities other than the Lomas Bayas project lenders (the "Refinancing Proposal"). Under the Refinancing Proposal, the counterparties will be asked to close out the hedge contracts and convert the losses incurred to debt and the counterparties and the lenders will be asked to refinance the debt outstanding under a new credit facility with debt maturities ranging from two to five years and terms reflecting the increased financial strength of the Company following the Rights Offering and the Directed Offering and the subsequent reduction of bank debt.

Chilean Assets

The Company also today announced that it was not able to reach agreement with Noranda Inc. and Falconbridge Limited with respect to the sale of the Chilean Assets on terms satisfactory to its board of directors as provided for under the letter of intent signed by the parties on February 28, 2001. As a result, the Company will retain the Chilean Assets. The Company will now implement a plan to refinance the Lomas Bayas project debt.

Boliden is engaged in mining, processing and selling metals and mineral products, principally copper and zinc, with operations in Europe, Chile and Canada.

-30-

For further information: contact: Thomas Cederborg, President and Chief Executive Officer, Boliden Limited, Kanalvagen 18, P.O. Box 5001, SE-194 61 Upplands Vasby, Sweden, Telephone: (08) 610-1602; Anders Haker, Senior Vice-President and Chief Financial Officer, Boliden Limited, 3300 Bloor Street West, Suite 1500, West Tower, Etobicoke, Canada, M8X 2X2, Telephone: (416) 216-2263

→ Myra Falls

1998 MYRA FALLS EXPLORATION

SUMMARY

1998 was one of the most active periods of exploration at Myra Falls Operations in recent years. A total of over 18,000 metres of core was drilled from 25 diamond drillholes both on surface and underground. 1998 also marked the completion of a 750 metre long exploration crosscut in the old Lynx Mine to provide better drill platforms as exploration expands to the western and northern parts of the property. The highlight of the year's efforts was the ongoing success of the Marshall Zone program with the discovery of new higher grade mineralization several hundreds of metres west of the original 1995 discovery intersections.

1998 DIAMOND DRILLING STATISTICS

Drill Program	Timing	# of drillholes	Total metres
	Feb.-April	4	3512
	April-June	2	2432
		6	5944
	May-Dec.	10	9160
	Jan., Oct.-Dec.	3	1916
	March-April	6	1528
		19	12604
		25	18548

DRILL PROGRAM DETAILS

SURFACE DRILLING

1) Construction Camp Program

- **Purpose:** To test the possible western extension of the "Trumpeter Trend" which hosts ore grade mineralization to the east; to follow up 1997 Myra Ridge drilling located several hundred metres to the east. This area is located north of the H-W North Lens below the existing mine road.
- **Results:** Trumpeter Trend lithologies were confirmed, but no mineralization was intersected.
- **1999 Followup Work:** No work planned.

2) Myra Ridge Program

- **Purpose:** To follow up 1997 helicopter-supported program in same location to assess the western extension of the Trumpeter Trend lithologies and mineralization north of the H-W Deposit.
- **Results:** Low grade, "clastic-style" sulphides were intersected within the host rhyolitic fragmental rocks of the H-W Horizon (see table below); lack of strong hydrothermal alteration or a strong EM3 anomaly was discouraging.
- **1999 Followup Work:** No work planned.

Myra Ridge Program									
Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Ba (%)
W213	1048.8	1055.1	6.3	0.8	14.1	0.4	0.2	1.0	N/A
including	1054.2	1055.1	0.9	1.6	27.7	0.7	0.6	3.9	N/A
1997 Results									
W201	1061.9	1068.8	6.9	0.4	6.7	0.2	0.1	1.1	N/A
including	1062.7	1063.8	1.1	0.8	11.8	0.4	0.2	2.9	N/A
W202	1054.5	1066.8	12.3	1.1	37.8	1.1	0.2	1.6	N/A
including	1064.5	1065.7	1.2	3.5	65.7	1.0	0.3	7.6	N/A

UNDERGROUND DRILLING

With the exception of the 18 Level drilling, all underground drilling was carried out from 10 Level of the old Lynx Mine, and as such drillholes are generally 700 to 1000 metres in length.

1) Ridge Zone/"Ridge Wedge" Program

- **Purpose:** To follow up on previous exploration in the 1980's and early 1990's that led to the discovery of the small Ridge Zone sulphide lenses and to test a previously undrilled block of ground to the west of the Battle deposit.
- **Results:** This work, plus that completed in 1997, outlined some wide zones of low grade disseminated and stringer mineralization as well as some higher grade clastic sulphide zones in the H-W Horizon rhyolites (see L10-2006 below) and confirmed the presence of "Ridge Zone" stratigraphy, but failed to delineate laterally continuous economic massive sulphide bodies.
- **1999 Followup Work:** 2 to 3 drillholes will be completed from Lynx 10 Level.

Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Ba (%)
L10-2006	606.5	625.9	19.4	0.1	7.3	0.3	0.1	1.3	N/A
including	620.0	625.9	5.9	0.2	13.3	0.6	0.2	2.9	N/A
L10-2006	644.3	646.5	2.2	1.0	18.7	0.8	1.3	15.1	N/A

2) 18-Level Footwall Test

- **Purpose:** To test to Footwall Andesite unit below the Battle Zone for deeper, undiscovered mineralized horizons and/or economic sulphide stringer zones.
- **Results:** This program was hampered by technical difficulties and very poor ground conditions which restricted the depth of the drillholes and was ultimately suspended.
- **1999 Followup Work:** A 2 to 4 drillhole program has been planned to test the Footwall Andesite below the H-W Deposit at depths of 700 to 900 metres below 24 Level.

3) Marshall Zone Program

- **Purpose:** To follow up on three zinc-rich intersections drilled in 1995 (see L15-502 and L10-503 in table below) by exploring the possible western extension of this zone, now termed the Marshall Zone.
- **Results:** Drill results were mixed, but were positive on the whole with some very good ore grade intersections. This drilling intersected comparable Myra Formation lithologies to the 1995 program

and thus extended the prospective Marshall Zone trend an additional 600 metres to the west of the original discovery. Of particular note are the higher grades of the mineralization in drillholes L10-2007, -2012 and -2020 compared with the earlier intersections which consisted essentially of zinc-rich sulphides (see table below). The 1998 intersections are notably rich in Au, Ag, Cu and Zn, but also have anomalously high Pb as well as Ba which can occur in massive barite zones at the upper parts of the mineralized intervals. This mineralization is also notably pyrite-poor compared with the major Bartle and H-W orebodies. All mineralization is hosted by quartz-sericite altered rhyolitic fragmental rocks in the lower portions of the H-W Horizon close to the contact with the Footwall (Price) Andesite. Massive sulphide zones are generally overlain by a massive to brecciated QFP rhyolite flow/dome. Several drillholes that did not intersect significant mineralization are interpreted to delineate the southern limit of the zone, but potential still exists to the north, west and possibly east.

- **1999 Followup Work:** Marshall Zone drilling will comprise the bulk of the 1999 exploration program at Myra Falls. 2 to 3 drills will be focussed on expanding the zone to the north and west from January to September when in the order of 14 to 16 additional drillholes are expected to be completed. Current drillholes are laid out to intersect the prospective H-W Horizon rhyolites at 75-metre spacings on north-south sections spaced 150 metres apart.

Marshall Zone Program									
Drillhole	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Ba (%)
L10-2007	790.8	811.8	21.0	5.6	184.5	0.3	0.5	5.1	23.4
including	790.8	797.5	6.7	11.1	314.7	0.1	0.9	1.3	52.2
and	801.6	811.8	10.2	2.6	131.5	0.6	0.4	10.2	5.5
L10-2012	784.6	810.2	25.6	3.7	240.9	1.3	1.9	10.4	20.6
including	786.0	800.1	14.1	3.3	247.0	1.3	2.1	7.2	26.2
and	800.1	806.7	6.6	5.1	363.1	2.0	2.8	22.6	15.2
L10-2020	663.2	671.9	8.7	8.4	220.6	2.0	1.4	33.5	7.6
L10-2021	666.9	676.9	10.0	0.5	43.5	0.2	0.2	2.2	N/A
including	669.2	674.3	5.1	0.5	40.3	0.2	0.2	3.0	N/A
including	669.2	670.2	1.0	0.8	117.4	0.5	0.2	6.7	N/A
1995 Results (previously released)									
L15-502	433.8	446.8	13.0	0.7	21.2	0.2	0.2	5.3	6.8
including	434.6	438.6	4.0	0.6	39.7	0.4	0.3	8.7	9.4
L15-502	462.5	482.1	19.6	0.7	45.9	0.8	0.3	11.7	2.2
including	463.9	475.2	11.3	0.7	50.5	1.1	0.3	17.2	1.6
L15-503	441.5	452.0	10.5	1.8	42.2	0.4	0.2	12.5	2.6
including	444.5	449.5	5.0	2.1	45.6	0.6	0.3	15.8	2.2
including	444.5	447.3	2.8	3.1	59.1	0.7	0.2	23.3	2.3
L15-503	464.0	472.1	8.1	1.9	64.2	0.3	1.0	3.4	1.5

NOTE: L10-2012 is located 350 metres north-northwest of L15-502; L10-2007 is 200 metres west of L10-2012; L10-2020 is 125 metres north of L10-2007.

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TGS → Myra Falls

BOLIDEN - 1997 Ann. Rpt.

Mining Areas

Development

Smelters

	Ore Reserves at 1 January 1998						Mineral Resources at 1 January 1998					1997 Operating Cash Costs, Net of By-products		
	Proven and probable tonnes 000	Average grades					Measured and indicated tonnes 000	Average grades						
		Zinc %	Copper %	Lead %	Gold gram/ tonne	Silver gram/ tonne		Zinc %	Copper %	Lead %	Gold gram/ tonne	Silver gram/ tonne		
BAO ¹	7,400	4.8	0.9	0.7	2.1	8.1	2,100†	2.4	1.4	0.2	5	45	US\$ per pound of zinc	0.31
Garpenberg ¹	6,000	4.2	0.1	2.0	0.2	128	3,600†	3.1		1.3		120	US\$ per pound of zinc	0.17
Laisvall	8,600	0.7		4.8		9	3,350†	1.2		2.0			US\$ per pound of lead	0.24
Artik	212,000		0.4		0.2	3	800,000†		0.3		0.2	2	US\$ per pound of copper	0.59
Los Frailes	44,600	3.8	0.3	2.2		60	30,000†	3.6	0.3	2.2		60	development	
SCPM ²	2,900				1.7		31,000†				0.9		US\$ per ounce of gold	162
Myra Falls	8,058	7.5	1.6		1.4	33.5	11,051*	8.51	1.79	0.49	1.81	46.4	US\$ per pound of zinc	0.43
Lomas Bayas							479,100*		0.332					
Heap Leach	146,518		0.510											
ROM Leach	172,783		0.211											
Rönnskär														
Bergsöe														
Norzink (100%)														

Boliden Area Operations and Garpenberg also have 1,100,000 tonnes each in sill pillars with grades similar to ore reserves grades. These quantities are of measured and indicated quality.

¹ Represents 100% of the ore reserves and mineral resources at SCPM. Boliden owns 50% of SCPM.

² Includes ore reserves. † Does not include ore reserves.

Boliden bases its definitions of ore reserves and mineral resources on two sets of standards. The definition of mineral resource is from the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves. The definitions of proven and probable ore reserves are from National Policy No. 2-A published by the Canadian Securities Administrators and correspond to the definitions of proved and probable ore reserves in the Australasian Code.

The following is an outline of those definitions.

Ore reserves are that part of mineral resources which can be mined legally and at a profit under economic conditions that are specified and are generally accepted as reasonable. Ore reserve estimates are established from mineral resource estimates only after consideration of the economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors relevant to mining the mineral resources.

Ore reserves are categorized into one of the following two categories:

- **proven:** material for which tonnage is computed from dimensions revealed in outcrops or trenches or under-

ground workings or drill holes and for which the grade is computed from the results of adequate sampling, and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established, and for which the computed tonnage and grade are judged to be accurate within stated limits.

- **probable:** material for which tonnage and grade are computed partly from specific measurements, samples or production data, and partly from projection for a reasonable distance on geological evidence, and for which

Recovery Rates					Milled 1997	Percentage of Contained Metal Contributed by Mining Area					Production for Major Products, Smelting and Refining (tonnes), 1997								
Zinc	Copper	Lead	Gold	Silver	000 tonnes	Zinc	Copper	Lead	Gold	Silver	Copper	Lead	Zinc clinker	Sulphuric acid	Zinc	Selenium	Aluminum fluoride	Tin	
82.9	84.9	29.6	65.7	66.0	1,534	35	14	2	46	25									
89.8	62.6	77.1	71.6	75.9	898	27	1	15	5	36									
69.2		88.7		85.2	1,879	5		70		6									
	89.0		50.0	75.0	17,014			84		30									
73.5	26.1	45.6			1,518	33	1	13		8									
			86.9		1,256					19									
	91.0	86.7	40	67	1,256														
											128,414	42,449	41,400	229,769		25.8			
												43,425							1,457
															142,249				27,084

sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout.

A **mineral resource** is an identified in situ mineral occurrence from which valuable or useful minerals may be recovered. Mineral resource categories, which are used for exploration projects, are as follows:

- **measured:** a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm

continuity and where geoscientific data are reliably known. A measured mineral resource is based on a substantial amount of reliable data, interpretation and evaluation of which allows a clear determination to be made of shapes, sizes, densities and grades.

- **indicated:** a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability. An indicated resource

estimate is based on more data, and therefore more reliable, than an inferred resource.

- **inferred:** a mineral resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data are not known with a reasonable level of reliability.

Mineral resources have not yet been evaluated for technical or economic viability.

108-7 Myra Falls

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Westmin Resources Limited
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CAMPBELL RIVER, BC V9W 5E2
Telephone: (250) 287-9271

FAX NO. Administration/Accounting: (250) 287-7123

FAX COVER SHEET

DATE: APRIL 2, 1998
TO: ROBERT PINSENT
COMPANY: MEI
FAX: 1-604-775-0313
FROM: CLIFF PEARSON
COMPANY: Myra Falls Operations, Westmin Resources Limited

TOTAL NO. OF PAGES (INCLUDING THIS COVER SHEET) 1

MESSAGE / SPECIAL INSTRUCTIONS

Robert:
Here are 1997 metal production
numbers -

Cu 36,311,000 lb.
Zn 135,106,000 lb.
Au 24,575 oz.
Ag 557,641 oz.

Regards, Cliff

multi-jurisdictional offer of 3.8 million Namco shares, raising gross proceeds of C\$20.8 million to finance the final production stage.

New Caledonia smelter study

The results of an independent study into the construction of a new nickel smelter in northern New Caledonia will be submitted to the French Government next week. The proposed smelter has been the focus of a bitter dispute between the government and Eramet because the latter would be required to relinquish part of its nickel reserves on the island to provide feed for the smelter. The smelter would be a joint venture between Canadian nickel producer Falconbridge, and local company Société Minière de Sud Pacifique.

The French Government is the majority owner of Eramet, with 55%, and the smelter project is seen as politically inspired, - a project between a non-French nickel producer, and the Karak indigenous people - ahead of next year's referendum on independence for the small Pacific territory.

Titan acquisition

Australia's Titan Resources has agreed with Resolute Ltd to acquire the Radio Hill nickel-copper project in Western Australia for A\$12 million. Titan will acquire the project and the surrounding tenements for A\$6 million in cash and 12.5 million new fully-paid shares at A\$0.20 each and A\$3.5 million in convertible shares. The project has a measured and indicated resource of 1.128 Mt of massive sulphides at a grade of 2.47% Ni, 1.71% Cu and 0.12% Co. Titan expects to bring the project into production by the middle of 1998. It is expected to produce 3,960 t/y of nickel, 2,680 t/y copper and 200 t/y of cobalt in concentrate.

The first phase of the project is expected to cost A\$5.5 million and will include the cost of upgrading the existing concentrator to treat 200,000 t/y. Radio Hill was originally commissioned by AGIP Australia in 1991 before being placed on care and maintenance in the following year because of the low nickel price.

Siberian gold tender

Fifteen gold deposits in Siberia are to be put up for tender. According to Russia's *Novaya Gazeta-Ponedelnik* newspaper, the hard-rock and placer deposits are in the Bodaybinsky and Mamsko-Chuyskiy districts of the Irkutsk region. The deposits are said to host significant gold reserves including those of the Bolshoy Chanchik deposit which contains 5.5 t of gold.

The successful bids will depend on a number of factors, including the size of the planned investment, environmental impact and participation in the region's social

development. Successful bidders will receive 20-year mining leases.

Moroccan sands

Spain's Agrupacion Minera de Investigaciones SA (AMINSA) has signed an accord with Morocco's state-owned miner, Bureau de Recherches et de Participations Minières (BRPM), to develop zircon-bearing mineral sands. Under the terms of the agreement, AMINSA will invest US\$9.2 million in the development of an operation near the city of Guelmin on Morocco's Atlantic coast.

Production

Trail's tribulations

Cominco is experiencing start-up problems with its new lead smelter at Trail in British Columbia. The company says that the problems are mechanical and that it expects to install new equipment by the end of September. A Cominco spokesman, Richard Fish, emphasised that there were no problems with the Kivcet smelting process which is working well. Currently the smelter is operating at 50% capacity and has not set a date by which it will operate at full capacity.

At Trail, Cominco operates an integrated lead smelter and zinc refining complex which produces zinc, lead, silver, gold and indium. Mr Fish said that the company's indium production has been adversely affected by the problems at Trail but said that it did not normally give an indium production figure. In recent weeks, the price of indium has risen (*MJ*, September 5, p.201) as demand from Japanese electronics manufacturers has risen and Chinese stocks have been reduced.

BHP redundancies

BHP plans to cut 800 jobs from its Illawarra coal mines in eastern Australia over the next three years. The company says that the job cuts are necessary to make the mines viable and to reach the productivity benchmark of 10,000 t of coal per worker per year.

Under the first stage of the programme, 160 jobs will be shed through a voluntary redundancy scheme. BHP is still negotiating with unions on how the remaining job cuts will be made, and says that it expects to achieve them through natural attrition, redeployment and further voluntary redundancies.

Georgian success for Glencore

Swiss metal trader Glencore International has won a tender for the right to invest in the Madneuli copper complex in Georgia. Shota

Rekhvishvili, an official at Georgia's State Property Ministry, said that under the terms of the agreement, Glencore will have the exclusive right to market the operation's output for five years. In addition, the company has agreed to invest a minimum of US\$10 million in the operation over three years.

Glencore is said to be planning to invest US\$4.5 million in 1998, US\$2.5 million in 1999 and US\$3 million in 2000. The investments are designed to increase the operation's annual ore throughput from 150,000 t in 1996, to 900,000 t in 1998 and 1 Mt in 2000. According to *Mining Annual Review*, Madneuli produced 6,000 t of copper concentrate in 1996.

UK coal producers call for review

UK coal producers have called for a government review of energy policy, because they claim that new gas-fired power stations are proving more expensive than the coal-fired ones they are replacing. A spokesman for the Confederation of United Kingdom Coal Producers (CUKCP) said that the UK coal industry is being treated unfairly. Since the former, Conservative government's decision to increase the use of gas in power generation, its market share has risen from zero in 1990 to one third at present. CUKCP claims that the increased use of gas has forced the closure of 50 coal mines and the loss of 30,000 jobs, and argues that unless there is a change of government policy there will be more job losses.

The decision to increase the use of gas in power generation was taken because the fuel was thought to provide cheaper electricity. However, using data from a recent report produced by the electricity regulator, CUKCP claims that coal is the cheaper fuel.

Westmin agreement

A brief two-day strike at Westmin Resources' Myra-Falls zinc mine on Vancouver Island was halted last week after miners agreed to accept a new three-year contract. According to the company, 89% of union members at the mine voted to accept the agreement which included an annual 1.5% wage increase together with pension improvements.

Westmin said that the two-day stoppage had a minimal impact on the mine which produces about 3,600 t/d of ore. In 1997, the operation is expected to produce about 130,000 t of zinc concentrate and 65,000 t of copper concentrate.

Call for government intervention

A delegation from the UK's last tin mine, at South Crofty, has met with officials from the Department of Trade and Industry in a bid to prevent the mine's closure (*MJ*,

August 15, p.135). The delegation, led by South Crofty's managing director, David Giddings, hopes to secure government help to keep the mine open in an area of high unemployment. One possibility may be a regional selective assistance grant which is designed to help small businesses in depressed areas of the UK.

If no rescue plan is agreed, it is likely that the mine will close with the loss of 270 jobs within six months.

South African agreement ratified

The South African National Union of Mineworkers and Chamber of Mines have formally signed the two-year productivity-linked wage agreement announced earlier in the year (*MJ*, July 18, p.41), following ratification of the basic terms at mine level. The agreement allows for wage increases of between 9 and 25% in return for changes in working practices that are designed to achieve a total increase in South African gold output of 90%. Some 70% of the affected workforce have so far agreed to the changes.

Tsumeb closed until end of year

Goldfields Namibia does not expect production at its Tsumeb lead smelter to restart until the end of the year. According to the financial manager, Jan du Plessis, the smelter has been shut for a month because of refractory failures. Since the smelter resumed operations in March it has experienced two such failures, and the company has therefore decided to investigate all possible causes before it rebuilds the smelter lining.

Mr du Plessis said that operations at the Tsumeb copper smelter were normal with operations at full capacity. In 1996 the smelting operations at Tsumeb produced 30,000 t of blister copper and 27,000 t of lead.

Cambior award

Cambior USA Inc. has received a Health of the Land Award from the US Bureau of Land Management. The award recognises individuals and groups that have made use of federally-managed lands, and then restored them to their natural state.

Cambior's restoration work was on the Valdez Creek gold placer in Alaska, which was operated by the company as an alluvial operation between 1987 and 1995. Valdez Creek produced a total of 386,000 oz of gold and, following its closure, became the target of a US\$2 million programme by Cambior.

The company reclaimed the 240 ha site by infilling, landscaping and reseeding the waste dump, flooding the open-pit mine to create a lake over 1 km long, and recontouring the creek bed to follow its original course.

Meet

The following recently-arrived meetings start in the next few months. The *Mining Journal* during September is and a fuller visiting the <http://www>

September International Salzburg, Development Weymouth 31.03.00, Fax: 493 11

September Africa's Eco London, U African Soc Street, Rus WC1H 0X 6253, Fax:

September international Janeiro, Br Diniz, EM1 Diego Mor Sao Paulo, 814 5022, F

October Kazakhstan Exhibition, Details: ITI Road, Lond +44 171 30 E-mail: mar Group.com

October 4 Prospects an Evaluating C Kingston, C Metier, Sem Donald Gore University, F 3N6, Canada Fax: 545 291

October 6 Metal Institut Denver, US Tiighman St 9137, US, Te Fax: 395 585 ipmi@bond.c

October 7-8 Diamond Con Australia, De Conference, L Ltd, PO Box 3 Western Aust Tel: (+61 9) 3

October 7-1 International Symposium, M Processing of M Technology, Et Russia, Detail Exhibition Di 199004, St Pet (+7 812) 355 7

E-mail root@r October 9-10 World Mining Conference, Va

MYRA FALLS OPERATIONS

Westmin
1997-First Qtr
Rpt.

At Myra Falls Operations, mill production improved to 327,536 tonnes of ore for an average of 3,680 tonnes per day (tpd) during the quarter, substantially better than last year's first quarter which was 287,284 (3,184 tpd). Unit operating costs were \$46.03 per tonne compared with \$49.90 for last year's first quarter - reflecting the benefits of the completed rail haulage system and increased production from the Battle Zone. With Battle Zone ore making up 28% of millfeed, head grades rose to 1.64% copper and 5.40% zinc compared with 1.54% and 3.55% respectively for the quarter last year. Combined with improved mill recoveries, these improved head grades resulted in increased production of 18,138 tonnes of copper concentrate and 30,569 tonnes of zinc concentrate compared with 15,059 tonnes and 17,375 tonnes, respectively, for first quarter of 1996. The quarterly output of payable metals totaled 9.9 million pounds of copper and 29.8 million pounds of zinc versus 8.2 and 16.6 million pounds respectively for the period in 1996.

Metal prices also improved on balance with a zinc price rise of US\$0.065/lb to US\$0.535/lb, more than offsetting a fall of similar magnitude in the copper price to US\$1.098/lb. The result was Myra Falls generated a net profit of \$4.9 million after mineral taxes for the first quarter of 1997 as against a loss of \$1.0 million for the quarter last year.

GIBRALTAR MINE

At the Gibraltar Mine, during the first quarter ore milled increased to 3,224,592 tonnes (35,829 tpd) compared with 3,130,770 tonnes (34,786 tpd) for the first quarter 1996. The grade of copper also improved to 0.273% versus 0.260% last year, resulting in a mill recovery increase to 80.3% from 78.1%. Because of these factors, copper concentrate production rose to 25,310 tonnes compared with 22,407 tonnes for the quarter last year. Payable copper in concentrate and in cathode in 1997 totalled 15.01 and 0.64 million pounds respectively compared with 13.54 and 0.27 million pounds for the period in 1996.

The Gibraltar Mine generated a net profit after mineral taxes of \$2.1 million for the first quarter 1997 as against a profit of \$0.3 million for last year's first quarter, when the Gibraltar Mine was not part of Westmin.

LOMAS BAYAS PROJECT

The project is on budget and on schedule for a June 1998 start-up. The construction of Lomas Bayas progressed well during the period. Excavation had begun for most of the key facilities and is complete for the primary crusher which is on the critical path. Detailed engineering of the plant facilities was 59% complete at the end of March and commitments had been made on 80% of the project equipment and material requirements. Fluor Daniel Wright has 380 engineering and construction personnel working on the project.

FINANCING ACTIVITIES

During the quarter the Company issued US\$120 million of Senior Secured Notes to repay an existing term loan and to provide the balance of funds required for Lomas Bayas.

EXPLORATION

The first phase of drilling at the Fin Del Mundo, Argentina joint venture encountered base metal sulphides and defined a continuation of copper-lead-zinc mineralization beneath the surface showings on the Arroyo Rojo prospect. Results of drilling on other prospects within this large property holding are still awaited.

Drilling and other exploration work are now under way on the Wolverine Joint Venture in the Yukon. Another 17,000 metres of drilling is planned to explore for other zones along the favourable stratigraphic sequence and to delineate the size of the Wolverine Deposit.

DIVIDEND

A dividend of \$0.530, 1997 to shareholders of record June 30, 1997 to share

PAUL MARSHAL

Sadly, Paul Marshall, longest serving director, has recently passed away. We have lost a great friend and colleague. We had the pleasure of working with Westmin.

OTHER

Further information for 1997 and other business from:

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TGS -> Myra Falls



MYRA FALLS OPERATIONS
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May 5th, 1997

Mr. Ron Smyth
Director
Geological Survey Branch
5th Floor, 1810 Blanshard Street
Box 9320, Stn. Prov. Govt.
VICTORIA, BC
V8W 9N3

*CC: [unclear] - Myra
Tom
Robert P.*

MAY 13 1997

Geological Survey Branch *File*
MEMPR

Dear Ron:

It was a pleasure to meet you again at the University of Victoria Faculty club lunch last Friday. Our Westmin group very much enjoyed visiting parts of the School of Earth and Ocean Sciences establishment and the hospitality extended by all involved.

We will attempt to organize another such visit this autumn and would like to include a tour of the BCGS offices in the itinerary, if that is possible. In the meantime, let me extend an open invitation for you and any other interested parties from the BCGS to visit our site. Either situation will perhaps provide the impetus to find the means of establishing a fruitful relationship aimed at advancing both science and the Myra Falls exploration program.

The geology group here will find itself very busy during May as we are delivering presentation on various aspects of mine and exploration geology to the upcoming CIM (Vancouver), SEG (Lisbon, Portugal), and GAC/MAC (Ottawa) conferences.

Hope to see you at one or more of these events.

Best regards,

MYRA FALLS OPERATIONS
WESTMIN RESOURCES LIMITED

Cliff Pearson
Chief Geologist

TBS → MYRA FALLS



News Release

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WESTMIN RESOURCES LIMITED MARSHALL ZONE EXTENDED

Vancouver, B.C. (July 11, 1995) - Westmin Resources Limited announces that a third hole drilled to follow up the Marshall Zone discovery, Northwest of the Battle Zone, has encountered ore-grade mineralization.

Hole No. 15-503, Inclined -45°, Azimuth 335°
Coordinates at collar 44+92N, 10+10E, elevation 3204m

Interval (from - to) (m)	Length (m)	GRADES			
		Gold (g/t)	Silver (g/t)	Copper (%)	Zinc (%)
444.4 - 450.8	6.4	1.9	51.2	0.5	13.2
464.0 - 472.1	8.1	1.9	64.8	0.3	3.4

This intersection extends the Marshall Zone 55 metres to the West. The hole continued on and encountered the H-W Rhyolite footwall at 620 metres. At that point there was a build up of several metres of massive pyrite containing sub-ore grade copper and zinc which could be indicative of another nearby ore zone.

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For further information please contact:

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TOS → Myra Falls

News Release

WESTMIN RESOURCES LIMITED SIGNIFICANT DISCOVERY AT MYRA FALLS

Vancouver, B.C. (May 1, 1995) - Westmin Resources Limited announces that a second hole drilled into the North Downdrop region from the Lynx Mine has encountered high-grade ore within H-W type stratigraphy. The hole has encountered multiple zones, two of which are detailed below and more are still being assayed.

Hole No. 15-502, Inclined -47°, Azimuth 346° Coordinates at collar 44+92N, 10+10E, elevation 3204m

<u>Interval</u> (from - to) (m)	<u>Length</u> (m)	<u>GRADES</u>			
		Gold (g/t)	Silver (g/t)	Copper (%)	Zinc (%)
434.6 - 438.6	4.0	0.6	39.5	0.4	8.8
463.9 - 475.2	11.3	0.7	50.3	1.1	17.0

The new discovery, which is in the North Downdrop region, has been named the "Marshall Zone" after Westmin's Chairman. It is located within H-W age stratigraphy, but is different geologically - more like the Ridge East Zone. The tonnage implications are significant because this is the first ore in this region found north of the North-Downdrop fault. It is also situated above the H-W haulage level about 900 metres northwest of the current Battle Zone development.

More assays will be released when available.

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For further information please contact:

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Prémier Gold Project

The Premier Hardrock Miner

LOG NO: NOV 26 1991 VAN 3
ACTION: NOVEMBER, 1991
FILE NO: Myra Falls / PREMIER

STEWART, B.C.

THE PRES SAYS:

On Thursday we issued a press release and interim shareholders' report that showed a truly devastating loss of \$10.7 million for the third quarter. The loss at Myra Falls was \$11.9 million so it is obvious that the focus of our current troubles is at that operation. There are many factors involved in the loss, but far and away the biggest one is the inability of the H-W Mine to feed the mill. Metal prices, head grades and the high value of the Canadian dollar all contributed, but tonnage was the big item.

Obviously, no mine or mining company can sustain those kinds of losses for any period of time, nor do we intend to. In fact, the major cause of the loss was the mining inflexibility caused by the conversion of the mine to long hole open stoping. That method, which is considerably more productive and lower cost than room and pillar, (together with a great many other opportunities for increased efficiency) is what will save us. It just wasn't ready in the summer. Looked at in that light then, the third quarter loss is an "investment" in the future arising from a deliberate long term decision. We didn't intend to make an "investment" of that magnitude, but that is, nevertheless, really what it is.

The current state of operations at Myra Falls is much brighter. October, even with tonnage still well below capacity, had a cash loss that was equivalent to June's when we processed 30% more muck. What transpired between June and October was that our cost base was reduced substantially - now when we get the additional tonnes they will add far more revenue than they do cost. Although we will still lose money in the fourth quarter, barring surprises, I am confident that by the end of the year we will at least be cash positive. We won't be paying our debts nor all of our interest and we certainly won't be making anything for shareholders, but at least we won't be costing them anything either.

That will then give us the base from which to build our way back to profitability. With the Knelson concentrator we'll try to recover some of the millions of dollars of gold that goes to tailings every year. With our Power Smart committee, we'll try to tap some of that huge flow of cash that now goes out to pay for diesel fuel. We'll continue to look at our benefits package which is the most generous in the industry to try to make it reflect more what is the norm. We're looking at replacement scoops that will be 40% more productive and cheaper to operate than our current fleet. We'll keep working away at getting to Gap and 43 Block and get a steady flow coming from Lynx to produce more, high value tonnes.

The list of opportunities is long - I've listed only some of the things Myra Falls people are working on and we need more - make sure your ideas get heard.

Getting back to the third quarter; although the significance was overwhelmed by what happened at Myra Falls. The people at Premier have quietly produced an outstanding result. In 1990, the drain at Premier was almost of the same magnitude as Myra Falls was this year. After hedging, Premier is now in the black and the profit sharing plan is starting to pay off for employees. Costs are way down. Grade is up and so is revenue per tonne, in spite of the falling gold price. As well, the SB has been a real success with the demanding schedule having been met and very close to 100% of the forecast gold having

Myra Falls

SILVER BUTTE
②

PREMIER

X
↑