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*Red Chris*



**AMERICAN BULLION MINERALS LTD.**

*\* Prepared for PMA 2000  
(Barker → TGS)*

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The Red Chris project is a large porphyry copper deposit located in northern British Columbia. The ore zone is within a geological resource of one billion tonnes grading 0.29% copper and 0.26 g/tonne gold.

Two prefeasibilities done in 1996 and 1998 captured up to 500 million tonnes of open pit ore and suggested milling rates at 90,000 tpd and 30,000 tpd respectively.

Recent ore reserve and engineering work have identified two high grade zones within the larger orebody that have the following characteristics:

		<u>% Cu</u>	<u>Au g/tonne</u>
East Zone	18,000,000 tonnes	.86%	.80
Maine zone	40,000,000 tonnes	.58	.41

A mine plan is being developed to draw the high grade ore through ore passes, starting with a milling capacity of 8,000 tpd and expanding to 24,000 tpd on a staged basis over eight years. It is anticipated that the initial capital cost will be \$75 - \$100 million and the final asset value will be about \$225 million with a life of mine in excess of 50 years. Highlights of the project are as follows:

- The ore zone is large and zoned into discrete, high grade areas that can follow a planned expansion strategy based on preferential high grade.
- The location of the ore zone with respect to topography is such that it can be drawn down through ore passes on a selective grade basis and transported to the surface using a conveyor or a train system for processing.
- The mining technique allows for very low capital and operating costs. The majority of the capital cost is expended in Canadian funds.
- Based on capitalizing on the high grade of firstly the East Zone and then the Main Zone as part of the expansion strategy, the project is economical and debt repaid systematically within three to four years of initial investment and expansion. This is based on a copper price of \$0.65 U.S. per lb. and a gold price of \$275.00/oz. Cash costs based on the first phase are copper at U.S. \$0.40/lb. and gold at \$150.00/oz.

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- The location of the project in terms of weather and access to local infrastructure is very good. Temperatures are cold in the winter and moderate in the other seasons. It is generally dry. The property is 10 km east of highway 37, the major highway and transportation route through northern B. C. The communities of Iskut and Dease Lake are close by.
- The discrete, high grade and zoned nature of the ore zone allows the staged development on the basis of prudent commodity prices and ultimately defines a mine of very long life. It is a low risk project.
- The ore zone geometries and mining style are compatible with the staged development. There are many possibilities for improvement including dump leaching, use of hydrometallurgical processing, and mining alternatives.
- The Red Chris project is potentially a company builder.

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