Red-Chris
886923

Canaccord Capital Corporation

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RESEARCH

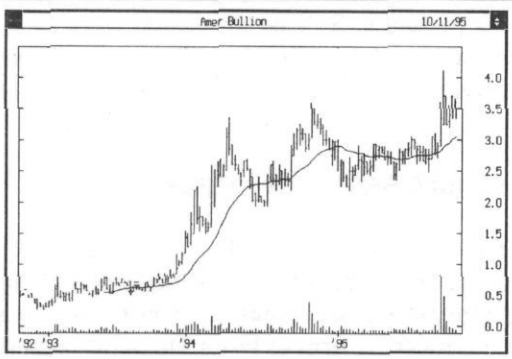
American Bullion Minerals Ltd.

(ABP : VSE : $3.40)

Advanced exploration of the Red Chris copper-gold project

Recommendation: Speculative Buy

Company Statistics	
52 Week Range:	$4.10-2.20
Shares O/S:	10.2 million
Fully Diluted:	13.2 million
Major Shareholders:	
Management	18%
Market Capitalization:	$34 million
Weekly Trading Vol. (VSE):	200,000 shares
Working Capital (30/08/95):	$2.4 million



HIGHLIGHTS

- American Bullion is entering the prefeasibility stage on its 80% owned, Red Chris, porphyry copper-gold project in northwestern British Columbia. Upon completion of this study, its partner, Teck Corporation, has the option to increase its interest in the project from the current 20% to 55% by providing all funding to bring the property into production. The capital cost of a 50,000 tonne per day mine has been estimated at C$352 million.

- At year end 1994, mineable reserves stood at 157 million tonnes (0.3% copper cutoff) grading 0.48% copper and 0.37 gram per tonne gold with a 2-to-1 strip ratio. Recently, Royal Oak Mines announced plans to acquire the Kemess South deposit for the equivalent of approximately $170 million: mineable reserves there stand at 200.4 million tonnes grading 0.224% copper and 0.6 gram per tonne gold. As of September, the 157 million tonne Red Chris mining reserve had been increased to a 220 million tonne geologic reserve.

- Ongoing exploration has outlined new zones of mineralization to the immediate west of the main Red Chris deposit. Known as the Yellow Chris, the target here is in the 80 to 100 million tonne area of a similar grade material. An additional 30,000 feet of exploration drilling has been proposed for a fall drill program, and the Company has recently completed a $3 million financing for this project.

- Our discounted (15% rate) cash flow, pre-tax, present value estimates for American Bullion's 45% interest in the project is $8 per share (assumed diluted to 14 million shares) at US$1.05 per pound copper and $380 gold, and rises to over $12 per share at $1.25 per pound copper.

- In view of the imminent prefeasibility work and attractive net present value to current price relationship, we rate American Bullion a "speculative buy".

David James, P.Eng. (204) 988-9602

October 10, 1995

CANACCORD

RED CHRIS - PROPERTY BACKGROUND

American Bullion's 80% owned, Red Chris copper-gold property is located 12 kilometres east of the Stewart-Cassiar highway and about 60 kilometres south of Dease Lake, British Columbia. The Red Chris deposit was discovered in the late 1960s and was explored by Silver Standard Mines (a Teck Corp. subsidiary), Texasgulf (now part of Falconbridge), and Great Plains Exploration (now part of Norcen Energy). A combination of unfavourable perceptions of mining in British Columbia and unfavourable metal prices allowed American Bullion to acquire an 80% interest in the project from Falconbridge and Norcen in January 1994 for $268,000 in cash and shares and warrants valued at $965,700. Falconbridge retains a 1.8% NSR royalty on the property (that can be bought down to 1%). Teck Corporation currently holds a 20% interest in the form of a 10% participating interest and a 10% carried net profits interest.

Early in 1996, American Bullion expects to present a prefeasibility study on Red Chris to Teck Corporation. Teck then has a 90 day option to complete a final feasibility study and increase its interest in the project to 55% by providing 100% of all future expenditures required to bring the property into commercial production. By exercising this option, Teck would become the operator and American Bullion would retain a 45% carried and non-assessable interest.

MINEABLE RESERVES - CURRENT WORK

At the time American Bullion acquired Red Chris, the mineral resource was in the order of 40 million tonnes. Through expenditures of $3.8 million in 1994 and $3.3 million so far in 1995, present geologic reserves, estimated by the Company subject to a mining reserve calculation by the consulting engineering firm of Fluor Daniel Wright (FDW), can be summarized as follows:

Million Tonnes	Copper %	Gold gram/tonne	Cut-off Grade % copper	Waste-to-Ore Ratio
220	0.48%	0.370	0.3%	2.0

During the 1995 100,000 foot drilling program (still in progress), activity has focused on defining the main deposit laterally and increasing drill hole density, as well as exploring the potential of the more recently discovered Yellow Chris deposit(s) lying in an area 500-1,000 metres west and southwest of the Red Chris main reserve. Additional drilling is in progress at this time to attempt to extend the Yellow Chris mineralization laterally, along strike to the west and to determine if the mineralization extends back to the east towards the Red Chris. The target resource for the Gully zone at Yellow Chris is in the order of 80 to 100 million tonnes grading 0.5% copper and 0.5 gram/tonne gold. Two other zones at Yellow Chris also are being developed.

Assuming the project is advanced from the completion of the prefeasibility by FDW in early 1996 to final feasibility and production decision later in 1996, initial production could be seen two years subsequent or by 1999.

MINE MODELLING - FINANCIAL MODELLING

The Red Chris project scoping study by FDW has looked at two base mill throughput rates, 25,000 tonnes per day (t.p.d.) and 50,000 t.p.d., and has studied a variety of optimal pit designs at various cutoff grades, taking into account higher grade tonnages for starter pits in the central and eastern portions of the main Red Chris deposit. The geological resource of these two, high grade stockwork zones consists of an estimated 100 million tonnes grading 0.58% copper and 0.46 grams per tonne gold. Higher than average grade mineralization is also being outlined in the Yellow Chris with early indication of starter pit tonnage.

In view of the exploration results to date in 1995, the 220 to 300 million tonne geologic reserve at a 0.3% copper cutoff is being favoured as the mine model base as it would deliver a 12.2 year mine life at a constant 50,000 tonne per day, 18 million tonne per year operating rate. Under this base case, the mine would produce 81,000 tonnes of copper and 144,000 ounces of gold in concentrate. Metallurgical testing indicates copper recoveries of 88% and gold at 70%.

Capital costs are estimated at C$352 million, working capital at C$26 million, and life of mine sustaining capital at C$39 million. Operating costs per tonne of ore are estimated at C$2.17 for mining, C$3.40 for processing, and C$0.60 for administration etc., for a total of C$6.17 per tonne.

The FDW study derives a pre-tax rate of return for the project (100%) of 24.5% or after tax return of 18% at US$1.00/lb copper and US$375 per ounce gold. Payback is under three years with higher grade starter pits. This assumes 100% equity financing which, from American Bullion's perspective, would essentially be the case if Teck does opt to back in. The FDW net present value (NPV) of the project (100%) is summarized as follows:

(Fluor Daniel Wright Scoping Study)		1995 OBJECTIVE	
		Base Case (US$)	**Current Prices** (US$)
Metal Prices		1.00/lb Cu 375/oz Au	1.30/lb Cu 380/oz Au
Project Net Cash Flow	(Million)		
	Pre-Tax	692	1,287
	After Tax	377	673

Our modelling has been based on the 50,000 tonne per day, 12 year mine life (1999-2013), inputting the average reserve grades (0.48% Cu and 0.37 g/t gold), and generates the following discounted cash flow, pre-tax, net present values per American Bullion share (assumed diluted to 14 million shares outstanding).

Metal Prices (Cu/Au)		**US$1.05/$380**	**US$1.25/$380**
Discount Rate:	5%	C$24.96	C$34.34
	10%	14.20	20.37
	15%	8.07	12.31

Note: exchange @ C$1/US $0.74

MANAGEMENT PROFILE

American Bullion's management team is well known in mining industry and mining investment circles and each member has an average of 25 years experience with public resource companies. The officers and directors have participated in numerous North American mineral discoveries including the Faro and Cirque (lead-zinc-silver) deposits, the Golden Bear, Crowfoot, and Marigold (gold) deposits, and the Kemess copper-gold porphyry some 130 kilometres to the southeast.

Canaccord Capital Corporation

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RESEARCH

October 25, 1995

Ron Coll (416) 682-8134

AMERICAN BULLION MINERALS (V – ABP $3.85)

Growing reserves of copper and gold: Speculative buy

American Bullion Minerals, a junior resource company, is rapidly expanding reserves at its 80%-owned Red Chris copper/gold project in northwestern British Columbia. To date, more than 220 holes have defined two major zones of mineralization, the **Red Chris**, the **Yellow Chris**, from which mineable reserves of +225 million tonnes averaging 0.48% copper and 0.4 grams of gold per tonne are expected by year-end. The two deposits — well-located with good infrastructure available — are amenable to low-cost, open-pit mining methods, indicate high metallurgical recoveries of copper and gold, and show excellent potential to significantly expand reserves. Preliminary scoping studies suggest a discounted net present value of $140 million ($112 million net to American Bullion) using uninflated costs and conservative commodity prices of US $1.00 for copper and US $375 for gold. Joint- venture partner **Teck Corp.** has a back-in right to acquire a 55% interest in the Red Chris project by providing all funding necessary for a final feasibility study and arranging and providing all capital costs to full production.

We strongly recommend purchase for exposure to a new, high-quality, large and expanding copper/gold reserve in British Columbia.

Deutsche Bank Securities

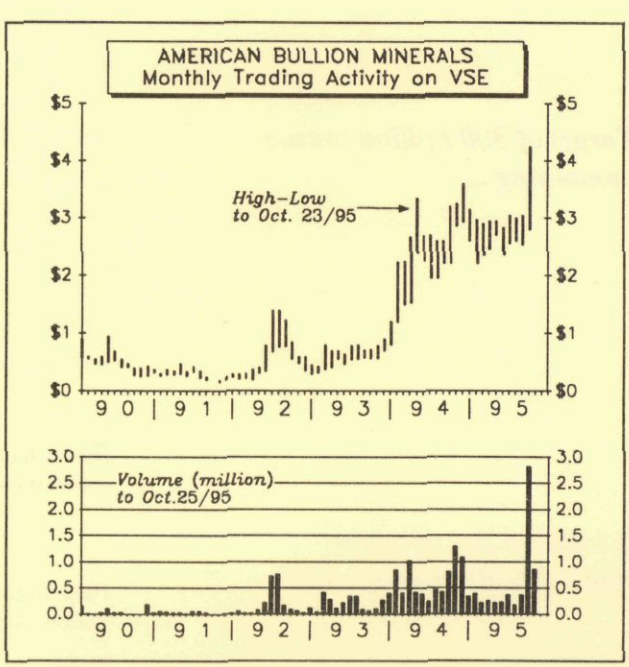
Canada Limited

Trading Data

Listed	Vancouver
Symbol	ABP
Recent Price	$3.85
52-week High	$4.25
52-week Low	$2.20
Shares Outstanding	10.3 million
Fully Diluted	13.3 million
Major Shareholder	Management 16%

Balance Sheet Data (at Sept. 30, 1995)

Working Capital	$4.6 million
Cash	$2.6 million
Debt	None



American Bullion's 80%-owned, 100 square kilometre, Red Chris property is located 12 km east of the Stewart-Cassiar highway in northwestern B.C., approximately 300 km by all-weather road from Stewart, a deep water seaport.

American Bullion purchased an 80% interest in the property from **Norcen** and **Falconbridge** (subject to a 1.8% NSR) during late-1993, with the remaining 20% held by **Teck Corp.**

Upon completion of a pre-feasibility study, scheduled for February, 1996 and funded by the joint-venture, Teck has the right to increase its interest in the project to 55% by providing 100% of all further project expenditures including final feasibility, production financing and bringing the property to commercial production. Teck would, at that time, be operator while American Bullion would retain a 45% carried and non-assessable direct interest.

Drilling has defined good mineralization grades

Exploration drilling by American Bullion in 1994 totalled 21,000 metres in 58 holes and defined a zone of good grade mineralization along a strike length of 1,300 metres, a width of 150 to 400 metres to an average depth of 300 metres. Based on the 1994 drilling, plus 74 holes drilled by Falconbridge et al before 1981, a preliminary ore reserve was calculated by **Fluor Daniel Wright** to be 157 million tonnes grading 0.48% copper and 0.37 grams of gold per tonne, using a 0.3% copper cut-off.

Mineralization at Red Chris occurs as fracture-controlled and disseminated chalcopyrite, bornite and pyrite within an intrusive diorite porphyry called "Red Stock". Better grades appear to be spacially related to a central quartz stockwork. Alteration is typical of porphyry copper-gold systems, an elongate core of potassic alteration is surrounded by haloes of phyllic and propylitic alteration zones.

Target of 300 million tonnes containing ...

The 1995 drilling programme was designed to increase the reserves at the **Red Chris zone** to +200 million tonnes, to establish a reserve at **Yellow Chris** of 50 to 100 million tonnes, and to complete a pre-feasibility study. Drilling continues with two rigs, and management is confident of meeting the 1995 objective of 300 million tonnes averaging 0.48% copper and 0.4 grams of gold for a contained **+3 billion lbs. of copper and 3.5 million oz. of gold.**

Resource (Year-end 1995 Estimate)

3.1 billion lbs. of copper and 3.7 million oz. of gold!

	Tonnes	Copper		Gold	
	(million)	(%)	(billion lbs)	(grams)	(million oz)
Red Chris	220	0.48%	2.3	0.4	2.7
Yellow Chris	80	0.48%	0.8	0.4	1.0
Total	**300**	**0.48%**	**3.1**	**0.4**	**3.7**

Drilling for 1995 will be completed by early November and **Fluor Daniel Wright** has been engaged to provide a pre-feasibility study by the end of February, 1996. Preliminary economic analysis based on the above reserves suggests an open-pit mine with a mill capacity of 40,000 t.p.d. to produce approximately 135 million lbs. of copper and 125,000 oz. of gold per year for 14 years. Capital costs are expected to be in the US $275 million area while cash operating cost is projected to be approximately 60¢/lb. net of gold credits.

Preliminary metallurgical testwork indicates that the ore can be easily processed by standard flotation, with recoveries of 88% for copper and 70% for gold resulting in concentrates grading 27–28% copper and 15.6 grams of gold/tonne.

American Bullion is undervalued

Based on our discounted net present value model and reserves of 300 million tonnes averaging 0.48% copper and 0.4 grams of gold per tonne, American Bullion's 80% interest in the Red Chris project indicates a value of $108 million or $8 per share at US $1.00 copper and US $375 gold. Teck's right to increase its interest from 20% to 55% by carrying ABP to production (Teck's obligation to fund ABP's share of the project) is not expected to reduce the valuation.

Based on a transaction value of similar-sized porphyry copper/gold deposits using US $15/oz. gold plus US 2¢/lb. copper in reserves, American Bullion's 80% interest in the Red Chris project would be valued at $120 million or $9 per share.

Valuing the property purely on its copper content 4.5¢/lb. and ignoring the gold credit, ABP would be worth $108 million or $8 per share.

Clearly, **American Bullion is undervalued** by all currently available valuation methods. Using current metal prices, valuations would be significantly higher.

Comparative Values of World-class Copper-Gold Projects

Property	Location	Tonnes (million)	Grade		Copper Equiv.	US $/tonne	
			Copper	Gold		Gross Value*	NSR*
Bajo de la Alumbrera	Argentina	700	0.51	0.65	0.90	$17.75	$11.50
Red Chris	**B.C.**	**300**	**0.48**	**0.40**	**0.71**	**$13.75**	**$9.00**
Petaquilla	Panama	800	0.53	0.12	0.60	$12.25	$8.00
Kemess	B.C.	210	0.22	0.63	0.59	$12.00	$7.80
Fish Lake	B.C.	675	0.24	0.43	0.50	$11.00	$7.20

** At US $1.00/lb. copper and US $375/oz. gold*

Balance Sheet

American Bullion has $4.6 million in working capital (and no debt), sufficient to complete the required drilling programme on the Red Chris property, to complete the Fluor Daniel Wright pre-feasibility study, and ample additional working capital. No further funding is expected as the Company plans its exit strategy during 1996.

Conclusion

American Bullion has rapidly advanced the Red Chris project to a major copper/gold project. The Company has planned its exit from the project through a competitive bid process to be initiated during the second quarter of 1996. **Valuations are well in excess of current share price and we are strongly recommending purchase at current levels ($3.85).**

95-20

NEWS RELEASE

October 18, 1995

Vancouver Stock Exchange

Symbol.....ABP

RED CHRIS DRILLING PROGRAM EXTENDED AGAIN

Diamond drilling continues at American Bullion's Red Chris copper-gold project south of Dease Lake, in northwestern British Columbia. To date, 226 holes have been drilled within the Red Chris and adjacent Yellow Chris deposits with ultimate resource potential yet to be fully defined, but expected to be in the range of 300 million tonnes. The 1995 drilling program, which was to be completed in October, is being extended into November.

At the main Red Chris deposit, drill holes 206 and 210 have intersected significant copper and gold mineralization thereby warranting an expansion of open-pit design beyond previously contemplated limits to the west and to depth. Drill hole 206 will add reserves to depth and hole 210 has added another 100 metres of resource potential along strike to the west. Assays are reported below.

RED CHRIS DEPOSIT

SECTION	DRILL HOLE	INTERVAL (m)	INTERCEPT (m)	INTERCEPT (ft)	COPPER GRADE (%)	GOLD GRADE (g/T)
49,800	206	239.9 - 367.9	128.0	420	0.49	0.46
	(including)	319.1 - 343.5	24.4	80	0.78	1.02
49,550	210	358.8 - 444.6	85.8	281	0.71	0.69

Over the next month, in-fill drilling is planned within the western portion of the main Red Chris zone in order to bring recently intersected mineralization into mining reserve calculations for preliminary feasibility study purposes. The study has been commissioned, and is expected to be completed early in 1996.

At the Yellow Chris, immediately adjacent and west of the main Red Chris, drilling over the last few weeks has been directed to the Far West deposit which occupies the northern portion of the Yellow Chris sector.

The Far West deposit, on which 19 holes have been drilled to date, contains the highest gold-to-copper ratio of mineralization yet outlined at the Red Chris project. It is anticipated that drilling in progress will add higher-than-average gold grades to overall near surface project mining reserves. The Far West copper-gold mineralization has been drill inferred over a 700 metre length with widths varying from 150 to 250 metres to a depth of 250 metres. Assays from drill holes 200, 201, 205 and 208 at Far West are reported below.

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FAR WEST DEPOSIT

SECTION	DRILL HOLE	INTERVAL (m)	INTERCEPT (m)	INTERCEPT (ft)	COPPER GRADE (%)	GOLD GRADE (g/T)
48,500	201	41.5 - 215.5	173.7	570	0.24	0.50
48,600	205	3.7 - 123.4	119.8	393	0.33	0.65
	(and)	145.4 - 203.3	57.9	190	0.30	0.69
48,600	208	6.1 - 182.0	175.9	577	0.14	0.51
49,100	200	18.3 - 96.6	78.3	257	0.42	0.36
	(including)	18.3 - 41.8	23.5	77	0.73	0.59

Work also continues on the Gully Zone, lying within the southern part of the Yellow Chris, where a program of in-fill drilling also should bring additional tonnage into the preliminary feasibility study reserve calculations.

With continued drilling extending the original 1995 work plan by six weeks, it is now anticipated that the preliminary feasibility study will be completed in February.

-30-

John S. Brock
President

American Bullion Minerals Ltd.	Symbol: ABP (VSE senior board)
Shares Outstanding	10.2 million
Fully Diluted	13.2 million
Trading Range (October)	CDN$ 3.25 - 4.25

95-19

NEWS RELEASE

October 02, 1995
Vancouver Stock Exchange
Symbol.....ABP

PRELIMINARY FEASIBILITY CONSULTANT RETAINED, DRILL RESULTS CONTINUE TO EXPAND RESERVES

American Bullion Minerals Ltd. reported today that it has retained the mining engineering consulting firm of Fluor Daniel Wright Ltd. to complete a preliminary feasibility study on the Red Chris copper gold project, which is located 60 kilometres south of Dease Lake and within 12 kilometres of the Stewart Cassiar highway in north-central British Columbia. The preliminary feasibility study will assess the economic viability of a mineral resource approaching 300 million tonnes containing over 2.5 billion pounds of copper and 3.6 million ounces of gold.

To date, 60,000 metres (197,000 feet) of drilling has been completed in more than 200 holes. It is presently anticipated that drilling will continue for another month with an emphasis on further definition of copper-gold potential within the Yellow Chris zone, located immediately adjacent and to the west of the main Red Chris deposit.

In the southern portion of the Yellow Chris, the Gully deposit with an average grade of 0.43 percent copper and 0.40 grams per tonne gold, has been drill-inferred with 11 holes over a length of 450 metres and a width of 200 metres to an average depth of 300 metres. The Gully deposit remains open for expansion as indicated by recently completed drill hole 195, a 100 metre step-out to the northwest, which reported values of 0.31% copper and 0.31 grams/T gold, over a 180.5 metre interval (592 feet) from 185.0 to 365.5 metres in the hole.

In the northern portion of the Yellow Chris zone, the Far West deposit is being defined over a length of 700 metres, a width up to 250 metres and depth to 300 metres, based on 12 holes drilled to date. Previously reported drill hole 162 (0.33 percent copper and 0.75 grams per tonne gold over 70 metres or 230 feet) and recently completed hole 194, tabled below, are confirming high gold to copper ratios as well as a higher grade central stockwork zone within this deposit.

FAR WEST DEPOSIT

SECTION	DRILL HOLE	INTERVAL (m)	INTERCEPT (m)	INTERCEPT (ft)	COPPER GRADE (%)	GOLD GRADE (g/T)
48,500	194	75.3 - 325.2	249.9	820	0.28	0.55
	(including)	233.8 - 325.2	91.4	300	0.46	0.84
	(including)	261.2 - 319.1	57.9	190	0.56	1.01

15th Floor, 675 West Hastings Street, Vancouver, British Columbia, Canada V6B 1N2
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In addition to reserve definition drilling, eleven holes have recently been drilled for open-pit design geotechnical engineering purposes beyond the limits of known mineralization.

When current exploration is completed in November, more than 230 holes will have been drilled at Red Chris. At this stage in the program, with approximately $10.0 million then expended, the company is confident of meeting its objective of establishing a 220 million tonne mining reserve grading approximately 0.5 percent copper and 0.4 grams per tonne gold within the main Red Chris deposit. A further 50 to 100 million tonne geologic resource of similar grade will likely be established within the adjacent Yellow Chris zone. A potential 300 million tonne reserve will then be assessed by the preliminary feasibility study now in progress and scheduled for completion within the next four months.

John S. Brock
President

American Bullion Minerals Ltd.	Symbol: ABP (VSE senior board)
Shares Outstanding	10.2 million
Fully Diluted	13.2 million
Trading Range (September)	CDN$ 3.25 - 4.10

National Securities Corporation

1001 FOURTH AVENUE, SUITE 2200 • SEATTLE, WASHINGTON 98154 • TELEPHONE (206) 622-7200

BUY RECOMMENDATION - SEPTEMBER 29, 1995 ***Sam Parks***
AMERICAN BULLION (ABP-VSE) C$3.40 ***800 426 9993***

American Bullion is developing an enormous copper/gold deposit in northern BC Canada. The stated intention of the company is to be the subject of a takeover by a large base metal producer within the next nine to twelve months.

Red Chris

American Bullion acquired its interest in the Red Chris deposit on excellent terms in late 1993. At that time the copper price was well under $1.00 per pound. The company currently has an 80% interest in the deposit, is the operator, and by year end 1995 will have expended C$12 million on acquisition and development.

The engineering firm Fluor Daniel Wright completed a scoping study on the Red Chris in 1994. They concluded that the deposit contains 157 million tons of mineable material grading 0.37 grams per ton gold and 0.48% copper. Since the scoping study American Bullion has drilled an additional 90 holes in Red Chris - bringing the total to 230 holes.

The 1995 drill program which will be completed in early November, has been very encouraging and the company believes that the deposit could be expanded to 220 million tons. A preliminary feasibility study is planned to be completed in January 1996. The company believes the study will conclude that *a 220 million ton deposit could contain approximately 2.7 million ounces of gold and 1.8 billion pounds of copper.*

Teck Corp

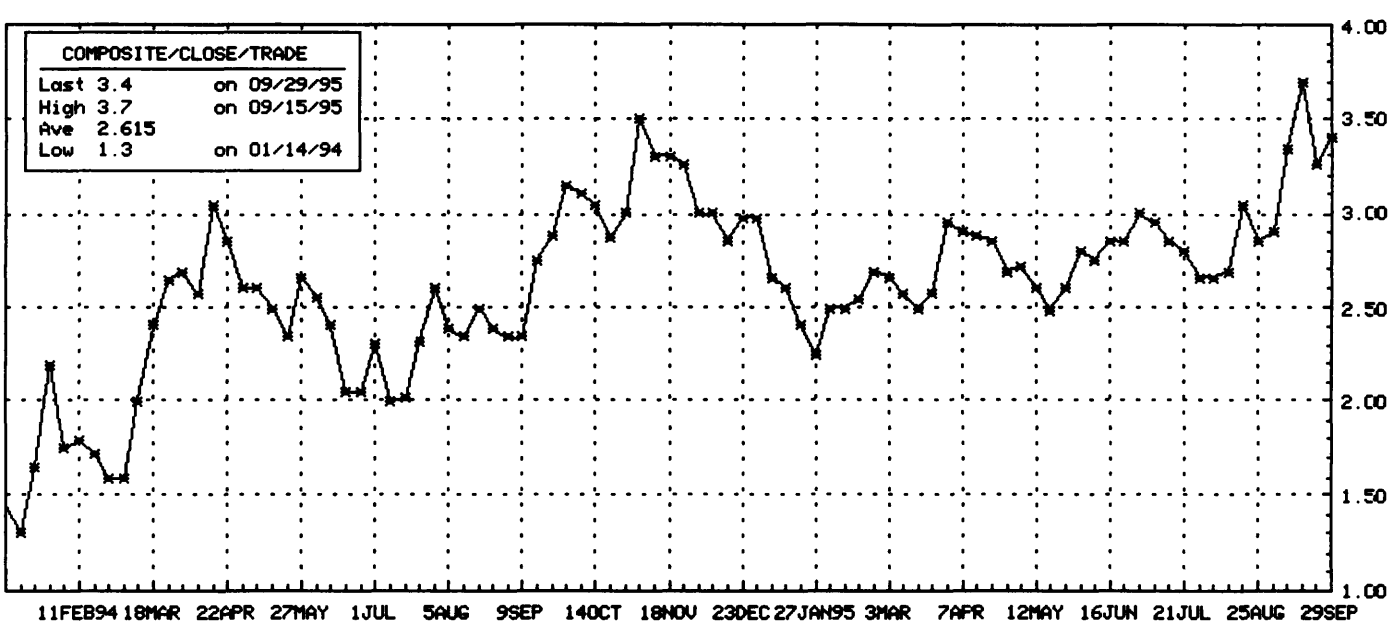
Teck Corp, a large Canadian-based metal producer, currently has a 10% participating interest, and a 10% net profits interest in the Red Chris deposit. Teck has the option to increase its interest in Red Chris to 55% and become the operator. In order to do so Teck must, within 90 days of receipt of the preliminary feasibility study, agree to advance the project through final feasibility and then be responsible for 100% of the financing of the project (C$380 million). A decision of this magnitude by Teck would have significant ramifications for American Bullion. The company is hopeful that at this time or shortly thereafter, Teck Corp or perhaps another major base metal mining company will make an offer to American Bullion shareholders. My logic is this - if Red Chris is a good enough project for Teck, why wouldn't it want to own the whole thing rather than 55% - remember Teck is responsible for 100% of the financing anyway.

Conclusion And Recommendation

In recent months, two junior companies that have developed similar deposits, have been acquired by senior or major companies. Royal Oak bought out El Condor, and Rio Algom and Australia's North Mining bought out Musto. If American Bullion is acquired at a price similar to El Condor and Musto, it could command C$8.00 - C$10.00 per share.

The risk in this project is the metal price. A significant decline in the copper price would make the Red Chris project uneconomical and, therefore, under that scenario, it would not go into production. In our view, the permitting risk is minimal. There is always the possibility that Teck will elect not to proceed for reasons other than the merits of the project - too many other projects for instance. We see that scenario as being no worse than neutral for American Bullion because in that event American Bullion's interest would increase to 90% which should cause American Bullion to be even more valuable to another mining company. According to American Bullion, there are several lookers.

I have discussed the merits of the Red Chris project with several people who are knowledgeable on BC copper/gold deposits and I have visited the project. I am comfortable with the risk/reward ratio on this stock play and I believe we could see C$ 6.00 by August 1996.



American Bullion Minerals Ltd

RED CHRIS PROJECT SCOPING STUDY

Project 2360 May 1995

FLUOR DANIEL WRIGHT

2.0 EXECUTIVE SUMMARY

Below is an outline of the scoping study work and conclusions. More detailed descriptions of this work can be found in the report sections noted. Note that all cash flow analysis in this study is on a real (constant dollar), 100% equity basis, and includes a 1% NSR royalty payable on the Red Chris production.

2.1 Estimation of Net Smelter Value for Pit Optimization (see Section 3)

Equations for Net Smelter Value (NSV) as a function of copper and gold grade were developed for use in pit optimization. These equations were based on preliminary estimates of metallurgical recoveries, concentrate grades, concentrate transport costs, smelter terms, metal prices of $US1.00/lb for copper, $US375/lb for gold, and an exchange rate of $US 0.73/$CDN 1.00. The equation used for estimating NSV was:

NSV ($/CDN/tonne) = 16.96 * (% Cu) + 10.18 * (grams/tonne Au)

2.2 Preliminary Operating Cost Estimate (see Section 4)

Preliminary estimates of mining, processing, and general and administration (G&A) costs were made for throughput rates of 25,000 tonnes/day and 50,000 tonnes/day by factoring costs from comparable projects. A mining cost of $0.90/tonne of material was used for all cases. While there would be slight economies of scale at higher production rates, in FDW's opinion the cost curve is fairly flat over the mining rates examined. Processing costs of $3.80/tonne and $3.40/tonne and G&A costs of $0.90/tonne and $0.60/tonne were used for the 25,000 and 50,000 tonne/day cases respectively.

2.3 Pit Optimization (see Section 5)

Using the MCL block model, a floating cone routine was used to generate economic pits for the 25,000 tonne/day and 50,000 tonne/day scenarios. Tonnes and grade of ore, and tonnes of waste in these pits were reported for cutoff grades from 0.1% to 0.5% copper. Various intermediate pits were generated by specifying minimum cone profits, for example $0.50/tonne. These intermediate pits were used in developing the detailed production schedules described in Section 2.6 below. Reserves tonnages and grades by level for the

two main pits (Pits 3 and 11) used in the subsequent study work are included in Appendix 1. A plan and section of Pit 11 are shown in Drawings 03235000-100-01 and 03236000-100-02 (see Section 5).

2.4 Preliminary Capital Cost Estimate (see Section 6)

Preliminary estimates of capital cost were made by factoring costs from comparable projects, and adjusting these costs based on limited available project specific information.

2.5 Cash Flow Analysis Based on Average Grades and Strip Ratios (see Section 7)

Cash flows were run for cutoff grades of 0.1%, 0.2%, 0.3%, 0.4%, and 0.5% copper, for both 25,000 and 50,000 tonne/day scenarios, using average grades and strip ratios for all project years. The estimated pre-tax and after-tax IRR's for these cutoff grades, for both 25,000 and 50,000 tonne/day scenarios, are shown in Table 2.5.1. The detailed cash flow schedules for these cases are included in Appendices 2 and 3.

This analysis indicates that the optimum cutoff grade is in the 0.2% to 0.3% Cu range. Although a cutoff grade of 0.3% Cu yields slightly better IRR's than 0.2% Cu, the mine lives using a 0.3 cutoff are in the 9 to 12 year range, which is too short (risky) for a large copper project. The detailed scheduling alternatives were therefore based on an overall cutoff grade of 0.2% Cu.

2.6 Detailed Production Scheduling (see Section 8)

While cash flow analyses based on average grades and strip ratios roughly indicate the overall economics, significant differences may arise when practical mining schedules are developed. In general, early cash flow can be maximized and project economics can be enhanced by scheduling higher grade material in the early project years. Exploration to date at Red Chris indicates that the higher grade material tends to be deeper in the pit, and any benefits gained by maximizing grades in the early years tends to be offset by the delay in the bulk of the higher grade material until later in the mine life.

Detailed production schedules were developed for the following three scenarios, at overall cutoff grades of 0.2% Cu:

Table 2.5.1 Pit tonnes, average grades, strip ratios, and after–tax IRR's for various copper cut–off grades

Note: IRR's for cases in this table have been calculated using average grades and strip ratios

Pit Number	Total Material (million tonnes)	COG	Total Ore (million tonnes)	Total Waste (million tonnes)	Strip Ratio	Average Copper Grade (%)	Average Gold Grade (g/t)	Annual Production (million tonnes)	Mine Life (years)	Pre–Tax IRR (%)	After–Tax IRR (%)
Ultimate Pit for 25,000 tpd cases											
Starter pit for 50,000 tpd cases											
Pit 3	360	0.1	229	131	0.57	0.331%	0.254	9.00	25.4	7.6%	5.5%
Pit 3	360	0.2	167	193	1.16	0.397%	0.303	9.00	18.6	11.4%	8.4%
Pit 3	360	0.3	104	256	2.47	0.490%	0.375	9.00	11.5	13.8%	9.9%
Pit 3	360	0.4	61	299	4.90	0.593%	0.469	9.00	6.8	10.3%	6.6%
Pit 3	360	0.5	38	322	8.50	0.682%	0.556	9.00	4.2	–4.5%	–5.1%
Ultimate pit for 50,000 tpd cases											
Milling + G&A = $4.00/tonne, Mining = $0.90/tonne											
Pit 11	662	0.1	361	301	0.83	0.323%	0.253	18.00	20.1	12.7%	9.5%
Pit 11	662	0.2	263	399	1.52	0.387%	0.301	18.00	14.6	17.2%	12.7%
Pit 11	662	0.3	157	505	3.22	0.482%	0.370	18.00	8.7	18.5%	13.1%
Pit 11	662	0.4	88	574	6.54	0.590%	0.465	18.00	4.9	8.5%	5.1%
Pit 11	662	0.5	55	607	11.09	0.676%	0.552	18.00	3.0	–17.3%	–17.9%

- Alternative A: 25,000 tonnes/day, stepping up to 50,000 tonnes/day after three years.
- Alternative B: 50,000 tonnes/day for all project years.
- Alternative C: 25,000 tonnes/day for all project years.

Cutoff grades of 0.4% were used in the initial project years to maximize the early cash flow, with 0.2% to 0.4% material stockpiled in these years and processed at the end of the mine life.

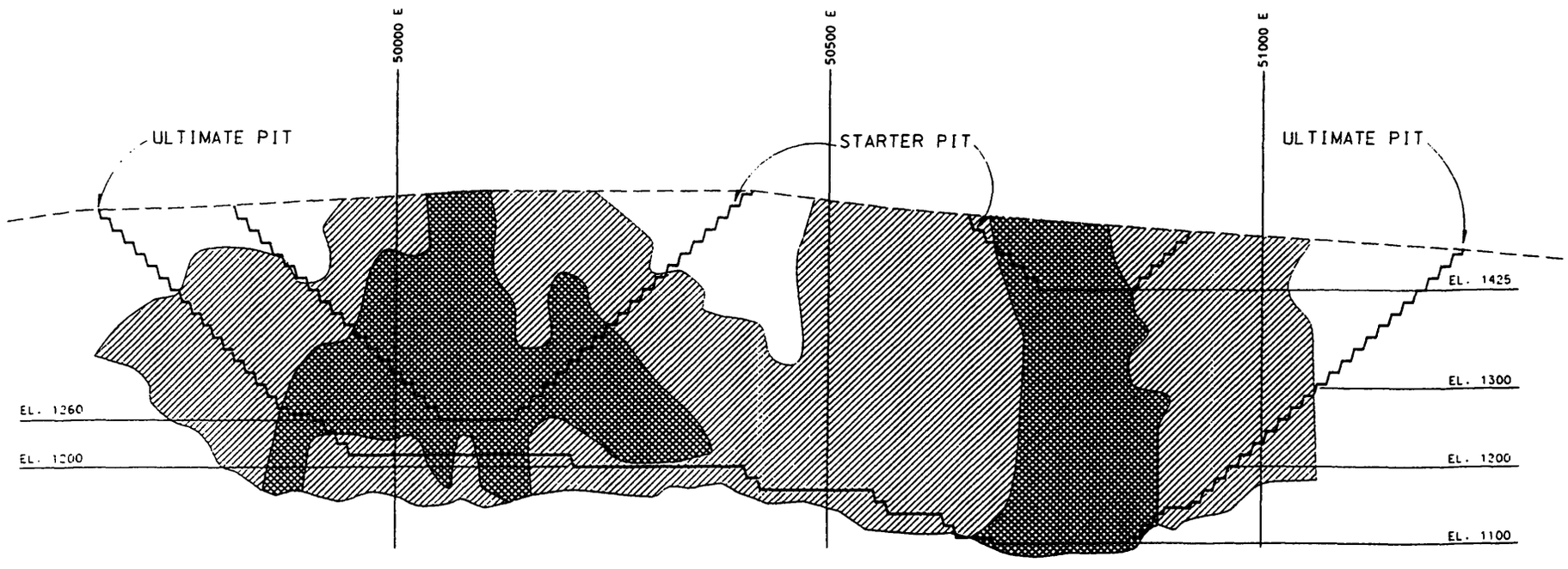
2.7 Cash Flow Analysis Based on Detailed Production Schedules (see Section 9)

Estimated IRR's for the detailed scheduling scenarios, Alternatives A, B, and C, are summarized in Table 2.7.1. Detailed cash flow schedules for these scenarios are included in Appendix 4.

IRR's for these same scenarios using average grades and strip ratios are also included in this table, and do not differ significantly from those based on detailed scheduling.

2.8 Base Case and Sensitivity Analysis of Alternative B (see Section 10)

The estimated IRR's for Alternative B (50,000 tonnes/day for all years) are significantly better than those for A and C, and Alternative B was therefore selected as the base case for a series of sensitivity cases. Table 2.8.1 is a summary of the main Alternative B base case inputs and parameters, and Table 2.8.2 and Figures 2.8.1 through 2.8.6 summarize the sensitivity analysis of this case. Backup cash flow schedules for these cases are included in Appendix 5.



LONGITUDINAL-SECTION THROUGH PIT

LEGEND

ORE GRADE +0.4%

ORE GRADE 0.2%-0.4%

50 0 250 500

METRES

REV.	DATE	REVISION DESCRIPTION	DES. CHK.	APPROVED

REV.	DATE	REVISION DESCRIPTION	DES. CHK.	APPROVED

ISSUED	REFERENCE DRAWINGS

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LOGITUDINAL SECTION THROUGH PIT

AMERICAN BULLION MINERALS LTD.
RED CHRIS PROJECT

DRAWING NUMBER	REV.
03236000-100-02	A

<DATE+TIME> ORIGINAL DRAWING SIZE - ISO A1 A0 A0 SIZE/FILE UPDATED - ISO A1 A0 A0 MODEL UPDATED - ISO A1 A0 A0

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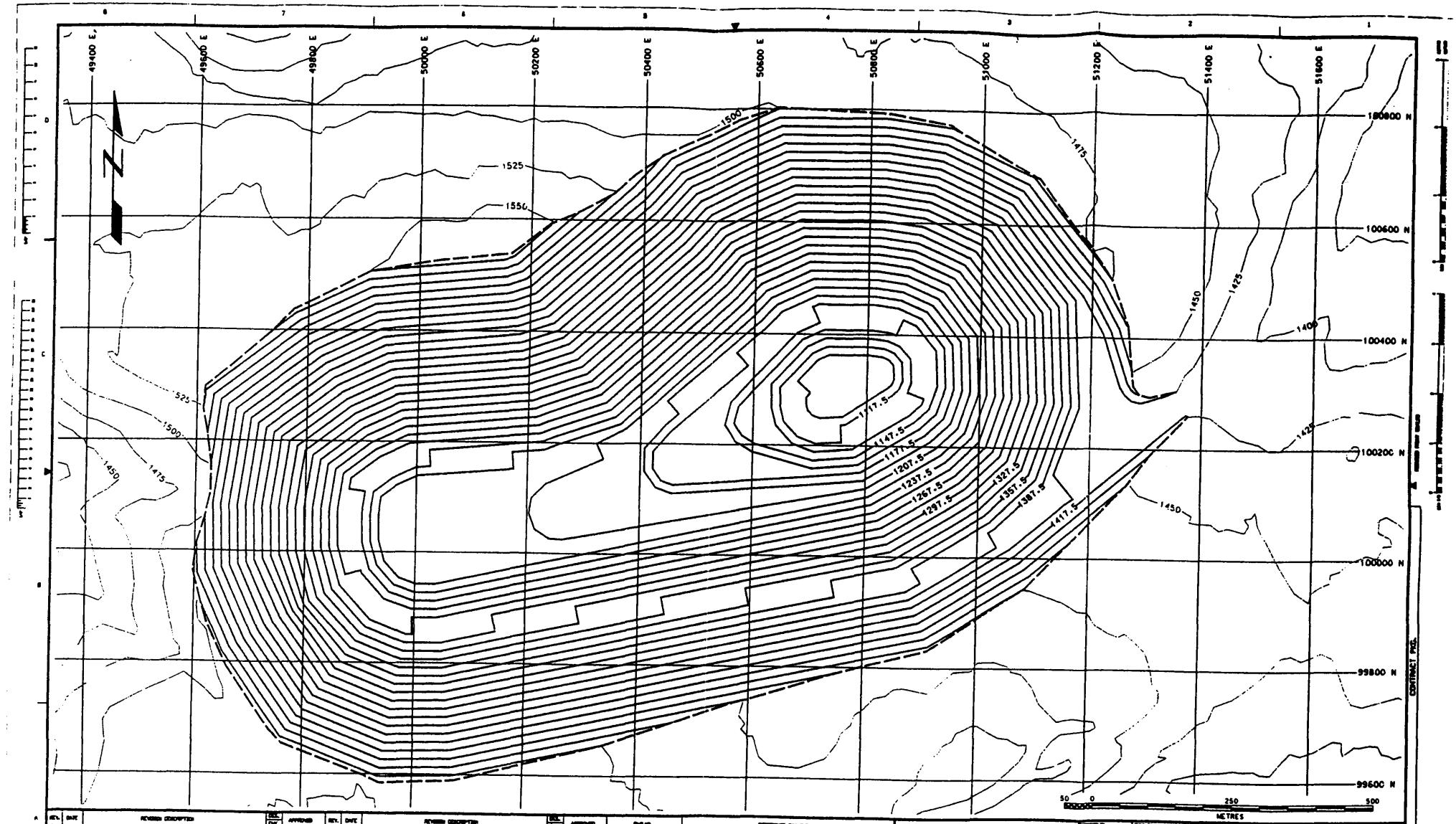

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PLAN OF ULTIMATE PIT

AMERICAN BULLION MINERALS LTD.
RED CHRIS PROJECT

03236000-100-01 A

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Table 2.7.1 Summary of cash flow analysis results for Alternatives A, B, and C

Note: estimated IRR's for same cases based on average grades and stripping ratios are included for comparison

Case Description	Pit No.	Schedule Type	COG (% Cu)	Total Ore in Pit (million tonnes)	Total Waste in Pit (million tonnes)	Total Material in Pit (million tonnes)	Strip Ratio	Average Copper Grade (%)	Average Gold Grade (g/t)	Pre-Tax IRR (%)	After-Tax IRR (%)
Alternative A (25,000 tpd stepping up to 50,000 t	11	Detailed production schedule	0.20%	263	399	662	1.52	0.387%	0.301	12.2%	9.0%
Alternative A (25,000 tpd stepping up to 50,000 tpd)	11	Scheduled at average grades and SR	0.20%	263	399	662	1.52	0.387%	0.301	13.4%	10.0%
Alternative B (50,000 tpd all years)	11	Detailed production schedule	0.20%	263	399	662	1.52	0.387%	0.301	16.9%	12.6%
Alternative B (50,000 tpd all years)	11	Scheduled at average grades and SR	0.20%	263	399	662	1.52	0.387%	0.301	17.2%	12.7%
Alternative C (25,000 tpd all years)	3	Detailed production schedule	0.20%	167	193	360	1.16	0.397%	0.303	10.4%	7.7%
Alternative C (25,000 tpd all years)	3	Scheduled at average grades and SR	0.20%	167	193	360	1.16	0.397%	0.303	11.4%	8.4%

Table 2.8.1 Summary of Base Case (Alternative B) input parameters and results

Mineable reserves

- 263 million tonnes @ 0.2% copper cut-off
- 0.387% copper, 2.2 billion lbs contained copper
- 0.301 grams/tonne gold, 2.5 million oz contained gold
- 1.52:1 overall stripping ratio

Production rate and mine life

- 50,000 tpd concentrator
- 18 mtpy ore
- 14.6 year mine life

Concentrate and Metal Production

- 221,000 tpy copper concentrate production
- 28% copper concentrate grade @ 88% recovery
- 17.3 grams/tonne Au @ 70% recovery
- 132 million lbs/year copper
- 119,000 oz/year gold

Capital Cost ($CDN)

• Initial capital	$352 million
• Working capital	$26 million
• Two year construction period	
• Sustaining capital	$39 million

Operating Cost ($CDN)

• Mining	$2.17/tonne ore
• Processing	$3.40/tonne ore
• G&A	$0.60/tonne ore
• Total	$6.17/tonne ore

Metal Prices ($US)

- $1.00/lb Cu
- $375/oz Au

Operating Margins ($CDN)

• NSR	$10.42/tonne ore
• Operating cost	$6.17/tonne ore
• Royalties (1% NSR)	$0.10/tonne ore
• Margin	$4.15/tonne ore

Cash Flows ($CDN)

• Pre-tax, years 1-5 average	$67.4 million/year
• Pre-tax, years 6-15 average	$71.4 million/year
• Pre-tax, life of mine average	$70.1 million/year
• After-tax, years 1-5 average	$65.1 million/year
• After-tax, years 6-15 average	$43.5 million/year

- After-tax, life of mine average $50.7 million/year

Rate of Return and Payback

- Pre-tax: 16.9% DCFROR, payback 5.2 years after startup
- After-tax: 12.6% DCFROR, payback 5.7 years after startup

Net Present Value ($CDN)

- Pre-tax: $340.0 million @ 5% discount
  $143.3 million @ 10% discount

- After-tax: $174.5 million @ 5% discount
  $44.3 million @ 10% discount

Table 2.8.2
Summa., of base case and sensitivity financia, alysis

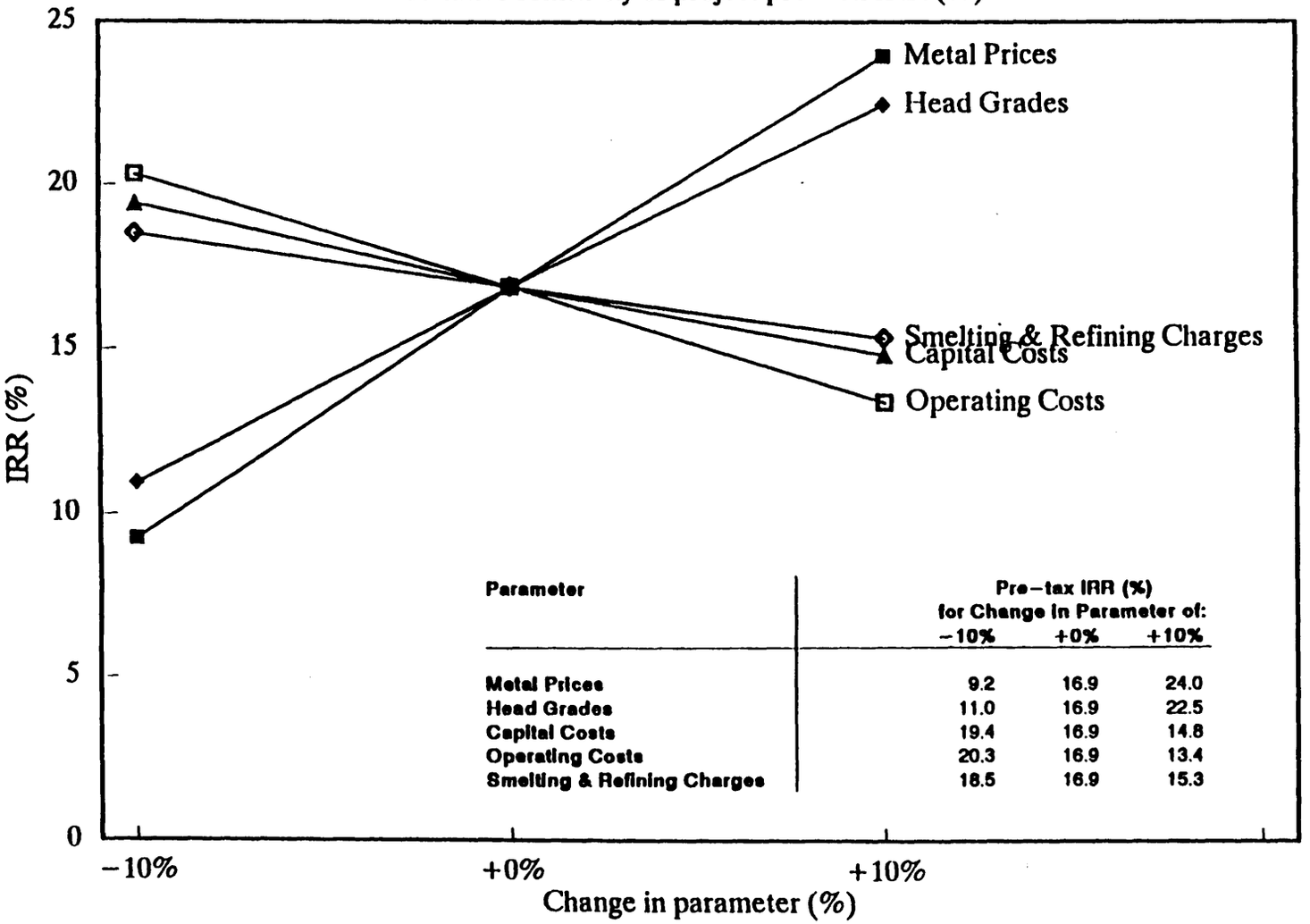
All cases except reserve sensitivities based on detailed production scheduling

(Alt B, 50,000 TPD, COG=0.2% Cu, 263 MMT ore @ .387% Cu & .301 g/t Au, overall strip ratio = 1.52 including pre-stripping)

Case		Pre-Tax IRR (%)	After-Tax IRR (%)	After-tax NPV's ($CDN millions) at discount rates of: 0%	5%	10%
Base Case	$1.00/lb Cu, $375/oz Au	16.9	12.6	$409.0	$174.5	$44.3
Current Metal Prices	$1.25/lb Cu, $390/oz Au	30.5	22.8	$733.5	$402.6	$214.1
Metal Prices Combined						
-10%	$0.90/lb Cu, $338/oz Au	9.2	6.5	$208.1	$34.4	($59.2)
+10%	$1.10/lb Cu, $413/oz Au	24.0	17.8	$569.2	$289.8	$131.5
Copper Price						
$0.70/lb	$375/oz Au	-2.3	-2.5	($82.6)	($174.4)	($215.4)
$0.80/lb	$375/oz Au	5.0	3.2	$102.3	($41.6)	($116.5)
$0.90/lb	$375/oz Au	11.2	8.1	$260.5	$70.8	($32.3)
$1.00/lb	$375/oz Au	16.9	12.6	$409.0	$174.5	$44.3
$1.10/lb	$375/oz Au	22.3	16.6	$527.5	$260.8	$110.1
$1.20/lb	$375/oz Au	27.4	20.4	$652.6	$347.6	$174.2
$1.30/lb	$375/oz Au	32.3	24.1	$760.3	$434.3	$237.0
$1.40/lb	$375/oz Au	37.2	27.6	$909.3	$520.7	$298.6
Gold Price						
$325/oz	$1.00/lb Cu	14.5	10.7	$346.1	$130.1	$11.5
$350/oz	$1.00/lb Cu	15.7	11.7	$381.0	$153.9	$28.7
$375/oz	$1.00/lb Cu	16.9	12.6	$409.0	$174.5	$44.3
$400/oz	$1.00/lb Cu	18.1	13.5	$434.9	$193.7	$59.0
$425/oz	$1.00/lb Cu	19.3	14.4	$461.2	$213.0	$73.7
Capital Costs (incl 25 million tonnes pre-stripping)						
-10%	Initial = $339.8 million	19.4	14.4	$417.0	$192.9	$67.4
+10%	Initial = $415.4 million	14.8	11.0	$392.0	$151.0	$18.2
Capital cost -$50 million	Initial = $327.6 million	20.4	15.1	$419.4	$198.1	$74.4
Capital cost +$0 million	Initial = $377.6 million	16.9	12.6	$409.0	$174.5	$44.3
Capital cost +$50 million	Initial = $427.6 million	14.2	10.5	$385.0	$143.3	$9.8
Capital cost +$100 million	Initial = $477.6 million	12.1	8.8	$354.1	$108.6	($26.8)
Capital cost +$150 million	Initial = $527.6 million	10.2	7.3	$323.1	$73.5	($64.0)
Capital cost +$200 million	Initial = $577.6 million	8.7	6.1	$292.2	$37.8	($101.8)
Operating Costs (excl 25 million tonnes pre-stripping)						
-10%	$5.56/tonne ore	20.3	15.1	$482.6	$229.0	$86.1
+10%	$6.79/tonne ore	13.4	9.8	$318.2	$110.6	($3.0)
Operating cost -$0.50/tonne ore	$5.67/tonne ore	19.5	14.5	$468.7	$217.7	$76.8
Operating cost +$0.00/tonne ore	$6.17/tonne ore	16.9	12.6	$409.0	$174.5	$44.3
Operating cost +$0.50/tonne ore	$6.67/tonne ore	14.2	10.5	$336.8	$124.5	$7.8
Operating cost +$1.00/tonne ore	$7.17/tonne ore	11.3	8.2	$257.6	$70.9	($30.9)
Operating cost +$1.50/tonne ore	$7.67/tonne ore	8.3	5.7	$178.8	$16.6	($70.6)
Smelting & Refining Charges						
-10%		18.5	13.7	$442.1	$199.1	$63.3
+10%		15.3	11.4	$371.4	$147.2	$23.7
Head Grades						
-10%	.348% Cu, .271 g/t Au	11.0	7.9	$252.6	$65.6	($36.0)
+10%	.426% Cu, .331 g/t Au	22.5	16.7	$533.8	$265.0	$113.1
Reserve Sensitivities (average grades and strip ratios)						
Ore tonnage +0% at base case head grades & 1.52 strip ratio		17.2	12.7	$405.4	$174.7	$45.2
Ore tonnage +50% at base case head grades & 1.52 strip ratio		18.4	13.9	$661.6	$266.6	$80.0
Ore tonnage +100% at base case head grades & 1.52 strip ratio		18.7	14.2	$886.9	$324.3	$95.8

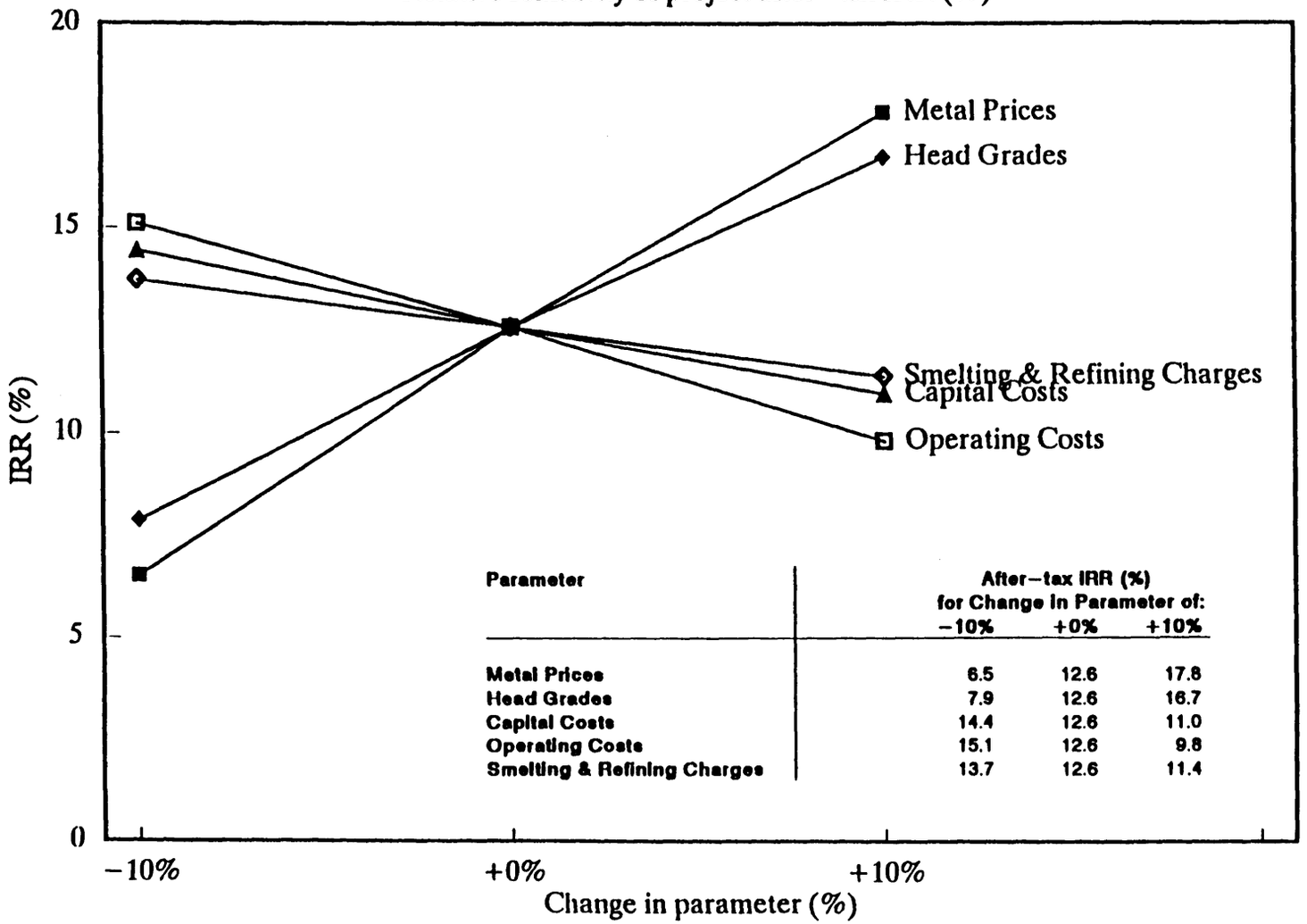
Figure 2.8.1

Relative sensitivity of project pre–tax IRR (%)



Parameter	Pre–tax IRR (%) for Change in Parameter of:		
	–10%	+0%	+10%
Metal Prices	9.2	16.9	24.0
Head Grades	11.0	16.9	22.5
Capital Costs	19.4	16.9	14.8
Operating Costs	20.3	16.9	13.4
Smelting & Refining Charges	18.5	16.9	15.3

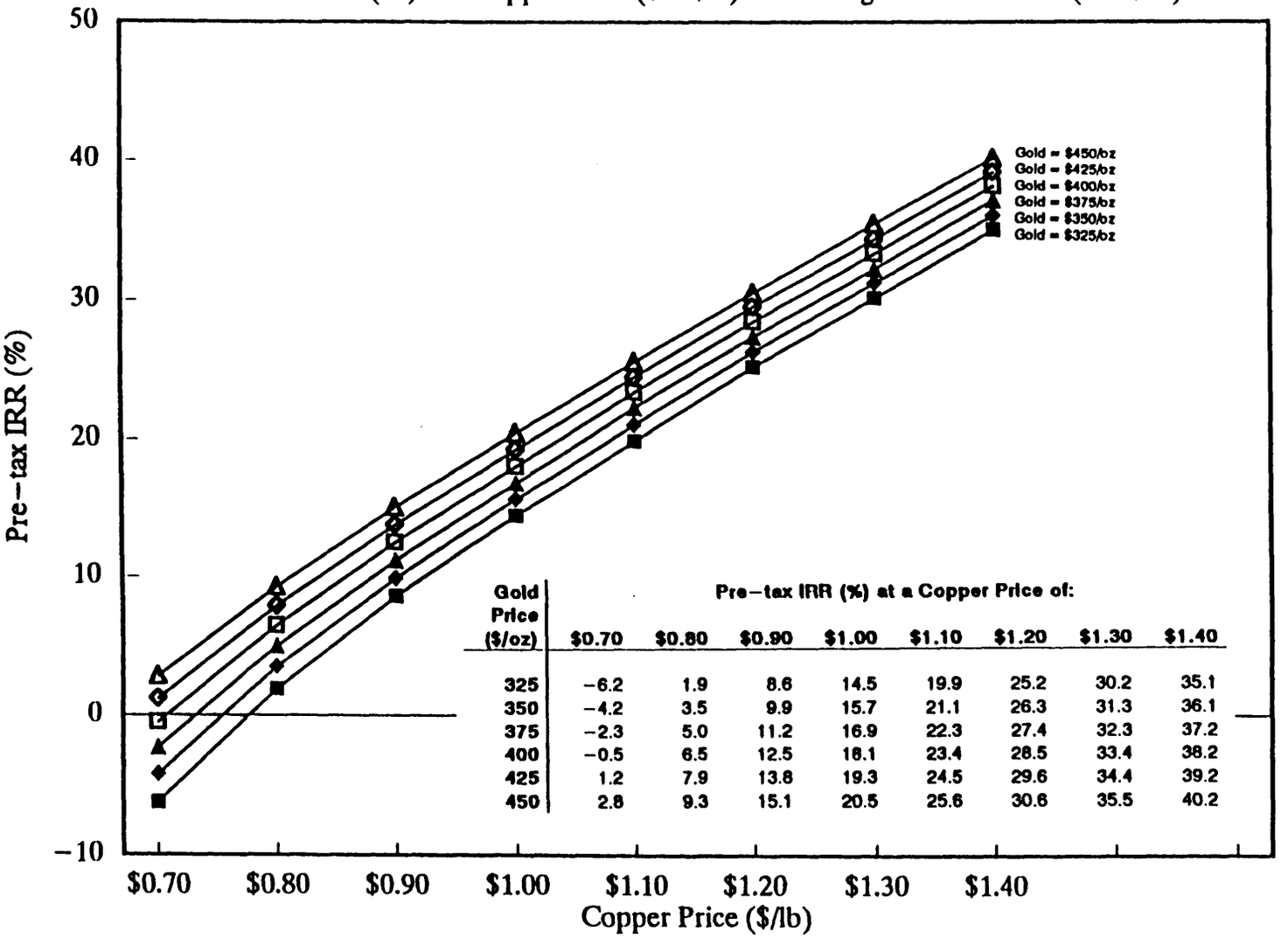
Figure 2.8.2
Relative sensitivity of project after–tax IRR (%)



Parameter	After–tax IRR (%) for Change in Parameter of:		
	−10%	+0%	+10%
Metal Prices	6.5	12.6	17.8
Head Grades	7.9	12.6	16.7
Capital Costs	14.4	12.6	11.0
Operating Costs	15.1	12.6	9.8
Smelting & Refining Charges	13.7	12.6	11.4

Figure 2.8.3

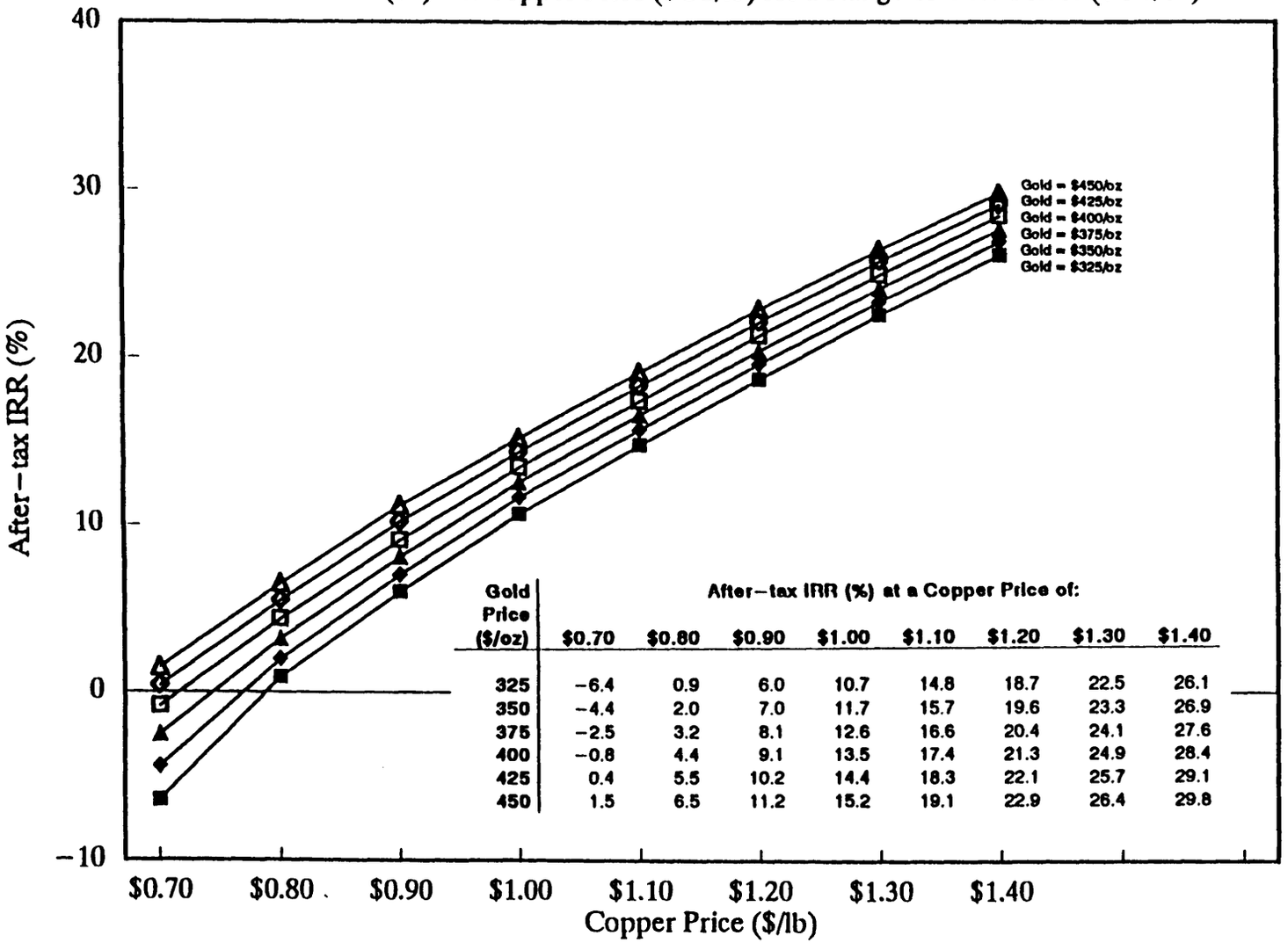
Pre-tax IRR (%) Vs. Copper Price ($US/lb) for a Range of Gold Prices ($US/oz)



Gold Price ($/oz)	Pre-tax IRR (%) at a Copper Price of:							
	$0.70	$0.80	$0.90	$1.00	$1.10	$1.20	$1.30	$1.40
325	-6.2	1.9	8.6	14.5	19.9	25.2	30.2	35.1
350	-4.2	3.5	9.9	15.7	21.1	26.3	31.3	36.1
375	-2.3	5.0	11.2	16.9	22.3	27.4	32.3	37.2
400	-0.5	6.5	12.5	18.1	23.4	28.5	33.4	38.2
425	1.2	7.9	13.8	19.3	24.5	29.6	34.4	39.2
450	2.8	9.3	15.1	20.5	25.6	30.6	35.5	40.2

Figure 2.8.4

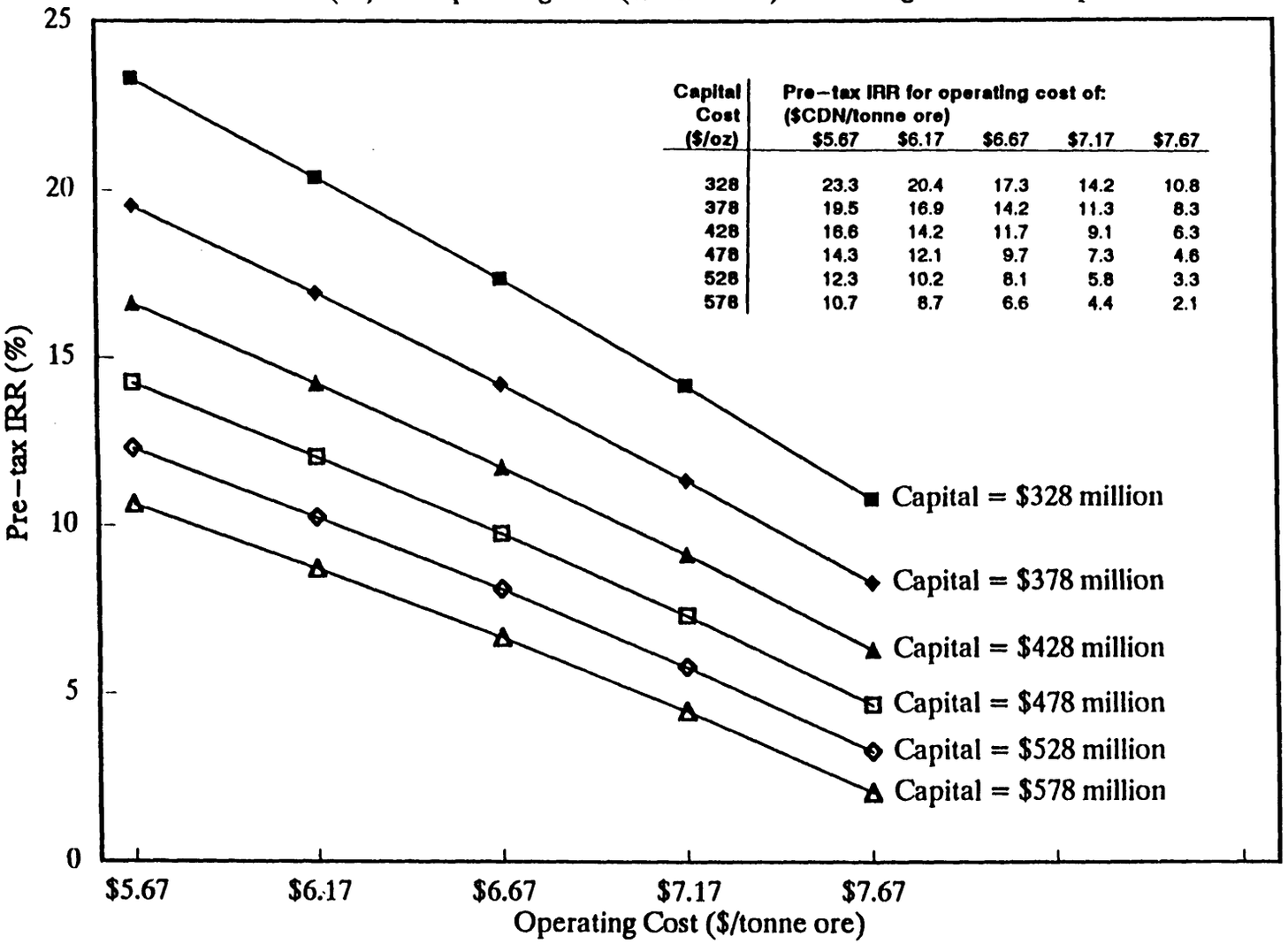
After–tax IRR (%) Vs. Copper Price ($US/lb) for a Range of Gold Prices ($US/oz)



Gold Price ($/oz)	After–tax IRR (%) at a Copper Price of: $0.70	$0.80	$0.90	$1.00	$1.10	$1.20	$1.30	$1.40
325	–6.4	0.9	6.0	10.7	14.8	18.7	22.5	26.1
350	–4.4	2.0	7.0	11.7	15.7	19.6	23.3	26.9
375	–2.5	3.2	8.1	12.6	16.6	20.4	24.1	27.6
400	–0.8	4.4	9.1	13.5	17.4	21.3	24.9	28.4
425	0.4	5.5	10.2	14.4	18.3	22.1	25.7	29.1
450	1.5	6.5	11.2	15.2	19.1	22.9	26.4	29.8

Figure 2.8.5

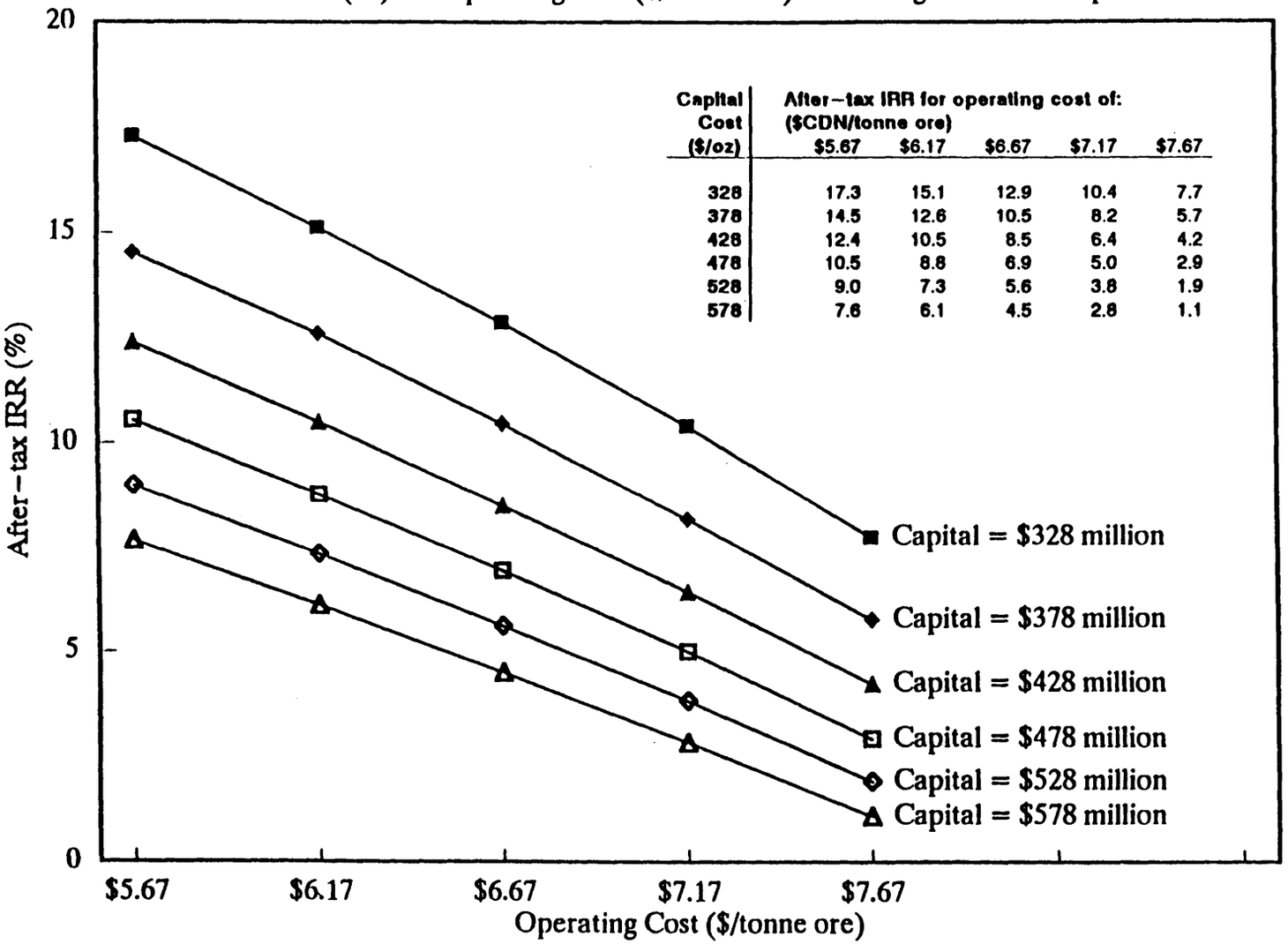
Pre–tax IRR (%) Vs. Operating Cost ($/tonne ore) for a Range of Initial Capital Costs



Capital Cost ($/oz)	Pre–tax IRR for operating cost of: ($CDN/tonne ore) $5.67	$6.17	$6.67	$7.17	$7.67
328	23.3	20.4	17.3	14.2	10.8
378	19.5	16.9	14.2	11.3	8.3
428	16.6	14.2	11.7	9.1	6.3
478	14.3	12.1	9.7	7.3	4.6
528	12.3	10.2	8.1	5.8	3.3
578	10.7	8.7	6.6	4.4	2.1

Figure 2.8.6

After–tax IRR (%) Vs. Operating Cost ($/tonne ore) for a Range of Initial Capital Costs



Capital Cost ($/oz)	After–tax IRR for operating cost of: ($CDN/tonne ore) $5.67	$6.17	$6.67	$7.17	$7.67
328	17.3	15.1	12.9	10.4	7.7
378	14.5	12.6	10.5	8.2	5.7
428	12.4	10.5	8.5	6.4	4.2
478	10.5	8.8	6.9	5.0	2.9
528	9.0	7.3	5.6	3.8	1.9
578	7.6	6.1	4.5	2.8	1.1

2.9 Ore Reserve Sensitivity and Breakeven Analysis (see Section 11)

2.9.1 Reserve sensitivities at 0.3% Cu cutoff grade

The cases in Table 2.5.1 include sensitivities to ore reserve increases from the Alternative B (50,000 tpd, 0.2% Cu cutoff grade) base case 263 million tonnes to 395 million tonnes (+50%), and to 526 million tonnes (+100%). These cases each assume the base case average grades (0.387% Cu and 0.301 grams/tonne Au) and strip ratios (1.52:1), which are based on an overall cutoff grade of 0.2% Cu in Pit 11. As can be seen from Table 2.8.2, adding reserves at the same grade and strip ratio to the end of the mine life increases the project's NPV's but does not significantly increase the IRR's.

ABM requested additional reserve sensitivities, based on mining Pit 11 at 50,000 tonnes/day, using 0.3% Cu cutoff grade. At a 0.3% cutoff grade, Pit 11 contains 157 million tonnes ore at grades of 0.482% Cu and 0.370 grams/tonne Au (see Table 2.5.1). Total waste is 505 million tonnes, for an overall strip ratio of 3.22:1.

The sensitivity cases in Table 2.9.1 assume increases in ore reserves from 157 million tonnes to 236 million tonnes (+50%), and to 314 million tonnes (+100%) at the same grades, with the strip ratio dropping from 3.22 to 2.50 and 2.00. These increased ore tonnages and reductions in strip ratios increase the after-tax IRR's from 13.1% to 18.0% and 20.5% respectively. The after-tax NPV's (discounted at 10%) increase from $CDN 39 million to $129 million to $200 million.

2.9.2 Breakeven analysis

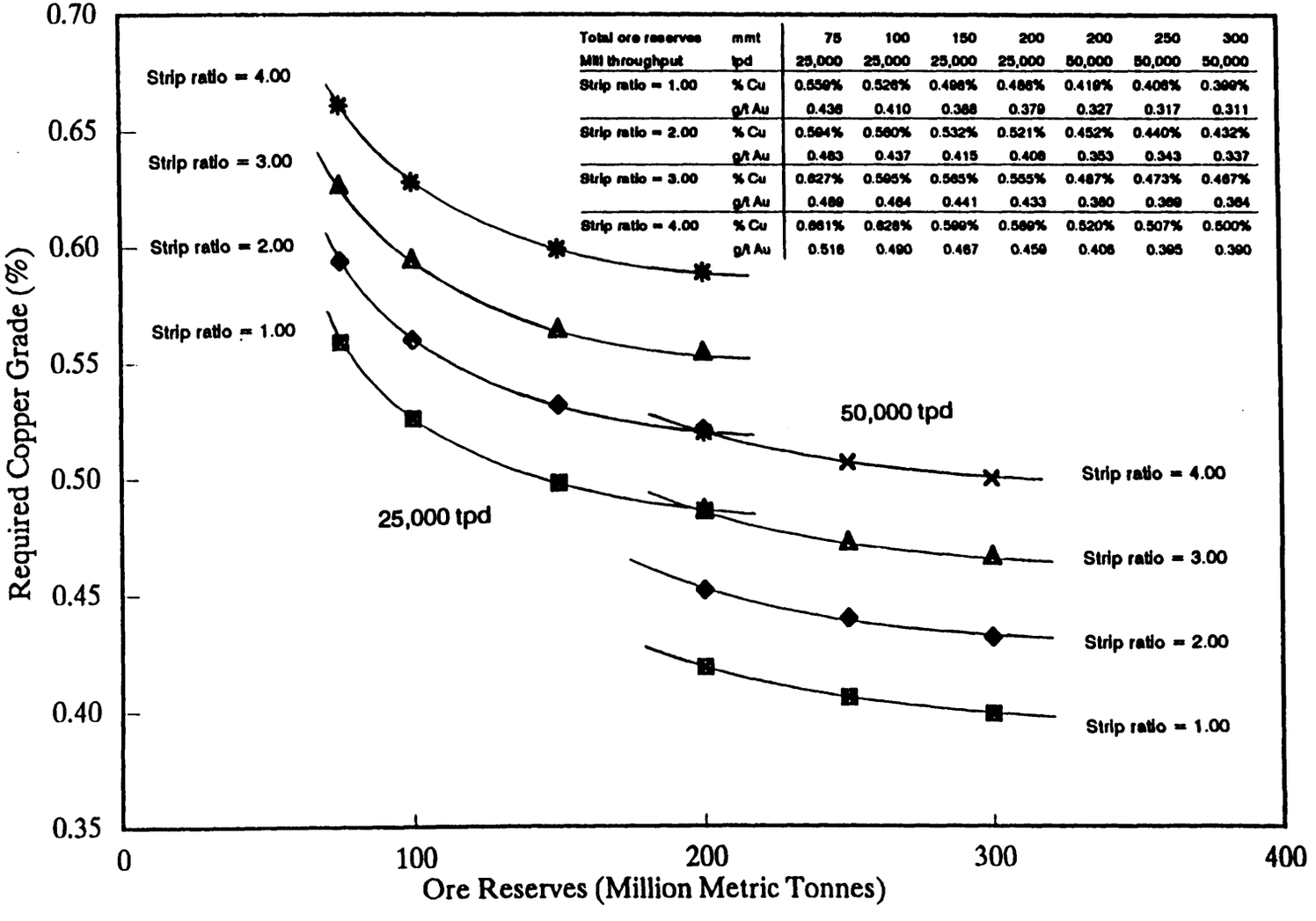
FDW also completed a breakeven analysis of the Red Chris Project. Using the 25,000 and 50,000 tonne/day scenarios developed in the study work (capital costs, operating costs, recoveries, concentrate grades, metal prices, smelting terms, concentrate transportation costs, etc.), cash flow cases were run to determine what head grade combinations were required for an after-tax IRR of 15%, which generally equates to a pre-tax IRR of slightly greater than 20%. In FDW's opinion, a real after-tax rate of return of approximately 15% at copper and gold prices of $1.00/lb and $375/oz is required for strong project viability. Table 2.9.2 and Figure 2.9.1 summarize the results of this analysis.

For this exercise, the following relationship between copper and gold grades was assumed:

Au (grams/tonne) = .78 * Cu (%)

While this appears to be a reasonable assumption based on the reserve data in Table 2.5.1, it is important to note that the results in Table 2.9.2 and Figure 2.9.1 do not depend on this relationship: this analysis really indicates the NSV (of the combined copper and gold grades) that is required for a pre-tax IRR of 15%. Any combination of copper and gold grades that yields an NSV equal to the combinations shown in Table 2.9.2 and Figure 2.9.1 will result in an after-tax IRR of approximately 15%.

Figure 2.9.1
Head grade combinations required for an after–tax IRR of 15%
(Approximately equivalent to a pre–tax IRR of 20%)
Au (grams/tonne) = 0.78 * Cu (%)



Total ore reserves	mmt	75	100	150	200	200	250	300
Mill throughput	tpd	25,000	25,000	25,000	25,000	50,000	50,000	50,000
Strip ratio = 1.00	% Cu	0.559%	0.526%	0.496%	0.486%	0.419%	0.406%	0.399%
	g/t Au	0.436	0.410	0.388	0.379	0.327	0.317	0.311
Strip ratio = 2.00	% Cu	0.594%	0.560%	0.532%	0.521%	0.452%	0.440%	0.432%
	g/t Au	0.463	0.437	0.415	0.406	0.353	0.343	0.337
Strip ratio = 3.00	% Cu	0.627%	0.595%	0.565%	0.555%	0.487%	0.473%	0.467%
	g/t Au	0.489	0.464	0.441	0.433	0.380	0.369	0.364
Strip ratio = 4.00	% Cu	0.661%	0.628%	0.599%	0.589%	0.520%	0.507%	0.500%
	g/t Au	0.516	0.490	0.467	0.459	0.406	0.395	0.390

Table 2.9.1
Reserve sensitivities for Alt B at 0.3% Cu COG

All cases based on average grades and strip ratios

(Alt B, 50,000 TPD, COG=0.3% Cu, 157 MMT ore @ .482% Cu & .370 g/t Au, overall strip ratio = 3.22)

Case	Pre–Tax IRR (%)	After–Tax IRR (%)	After–tax NPV's ($CDN millions) at discount rates of: 0%	5%	10%
Reserve Sensitivities					
Ore tonnage +0% at base case head grades & 3.22 strip ratio	18.5	13.1	$261.3	$127.2	$39.3
Ore tonnage +50% at base case head grades & 2.50 strip ratio	24.6	18.0	$522.7	$275.6	$129.1
Ore tonnage +100% at base case head grades & 2.00 strip ratio	27.5	20.5	$812.5	$412.2	$200.0

Table 2.9.2
Red Chris Project breakeven analysis

Case		Head grade combinations required for an after–tax IRR of 15% (Approximately equivalent to a pre–tax IRR of 20%)						
Total ore reserves	mmt	75	100	150	200	200	250	300
Mill throughput	tpd	25,000	25,000	25,000	25,000	50,000	50,000	50,000
Strip ratio = 1.00	% Cu	0.559%	0.526%	0.498%	0.486%	0.419%	0.406%	0.399%
	g/t Au	0.436	0.410	0.388	0.379	0.327	0.317	0.311
Strip ratio = 2.00	% Cu	0.594%	0.560%	0.532%	0.521%	0.452%	0.440%	0.432%
	g/t Au	0.463	0.437	0.415	0.406	0.353	0.343	0.337
Strip ratio = 3.00	% Cu	0.627%	0.595%	0.565%	0.555%	0.487%	0.473%	0.467%
	g/t Au	0.489	0.464	0.441	0.433	0.380	0.369	0.364
Strip ratio = 4.00	% Cu	0.661%	0.628%	0.599%	0.589%	0.520%	0.507%	0.500%
	g/t Au	0.516	0.490	0.467	0.459	0.406	0.395	0.390

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Reserve potential grows for Red Chris

VANCOUVER — Pleased by the success of drilling to date at the Red Chris copper-gold porphyry project in northwestern British Columbia, **American Bullion** (VSE) and **Teck** (TSE) have decided to step up their efforts.

The joint-venture partners will expand the current program to at least 100,000 ft. from the previously planned 70,000 ft.

American Bullion holds an 80% interest in Red Chris, while Teck holds a 10% participating interest and a 10% carried interest. Upon delivery of a prefeasibility study, which is expected in January, 1996, Teck can exercise its right to earn a 55% interest by funding the project through to production, leaving American Bullion with a 45% carried interest.

Prior to this year's program, a preliminary scoping study, undertaken on the main Red Chris deposit by consultant Fluor Daniel Wright, outlined a potentially open-pit resource of 157 million tonnes grading 0.48% copper and 0.37 grams gold per tonne, using a copper cutoff of 0.3%.

The deposit has a mine life of nine years based on a 50,000-tonne-per-day operation. American Bullion is targeting at least 220 million tonnes of reserves, sufficient to sustain a 14-to-15-year mine life.

The company's vice-president, Wayne Roberts, says drilling to date has expanded the zone to more than 200 million tonnes, while maintaining a grade of 0.5% copper and 0.4 gram gold at a 0.3% copper cutoff. Stepout drilling west of the proposed open pit encountered 240.8 metres of 0.55% copper and 0.34 gram gold (including an interval grading 1.01% copper and 0.63 gram gold over 64 metres) beginning at a drilled depth of 154.5 metres for hole 175.

The addition of a third rig will be directed toward infilling the Red Chris deposit, particularly along the southern boundary. Two other rigs will concentrate primarily on the Yellow Chris area, further delineating the Gulley zone and a second area of stockwork mineralization to the north. Exploratory holes will also be drilled to test for continuity between the Yellow Chris and Red Chris zones.

American Bullion believes the Gulley zone represents a target in the range of 80 million tonnes averaging 0.5% copper and 0.5 gram gold. Recent drill results include: 150.3 metres of 0.51% copper and 0.35 gram gold (including 67.1 metres of 0.63% copper and 0.41 gram gold) for hole 176, drilled on section 48,800; 301.8 metres of 0.32% copper and 0.43 gram gold (including 149.4 metres of 0.48% copper and 0.72 gram gold and 21.3 metres of 1.37% copper and 2.9 grams gold) for hole 168, drilled on section 48,900; and 204.5 metres of 0.51% copper and 0.44 gram gold (including 73.2 metres of 0.81% copper and 0.74 gram gold) for hole 170, drilled on section 49,000.

The company expects to raise additional funding by way of a private placement of 1 million special warrants at a price of about $3 per warrant. Each warrant can be exchanged for one common share upon receipt of a prospectus filing. American Bullion has 10.2 million shares outstanding.