

RED-CHRIS

Location: 12 km SE Eddon.

History: Disc. 1969 (Great Pls.) + TGS (1978) + Silver Std. (1970)

Age: 210 my?

Geology: Large hydrothermally altd pyritic zone containing Cu + Au
- Quartz stockworks developed in a composite fsp. por. QM intrusive along north side of a major E-NE trending fault zone. On surface intr. measures 1350 metres wide x 4 km long.

- emplaced in Mid. Jur. or older volcs + sedts.

- dykes of hbl fsp por + minor QFP.

- western contact offset + dist'd by faults + intr. may be sheet-like

Mineralization: (1975) - 2 small zones of better grade min. located 0.8 km apart

- E-NE zone or series of zones at least 3.2 km long in fsp por. intr.

- py widespread in rx. north of major fault zone but rx. min. with Cu + Au are confined to qtz. stkwk. + frac. system containing cpy, pp, + bn

Western Zone: - 900 metres from main fault zone - qtz veins pyritic, minor cpy, gyp

Main Zone: - min. lies adj. to faulted rx. - 450 m from major E-NE fault

W. Zone Au. Grade: 0.03% Cu ; 0.013 g/ton Au

East Zone: - qtz. stkwk appears to coalesce with major fault zone

East Zone Au. Grade: 1.10% Cu ; 0.025 g/ton Au

Alteration: pervasive propylitic (western); pervasive phyllic (main)

- most intensely min. rx. - highly silic. with "sheeted" appearance (east)

Reserves: ?

Don Barker ~~Sept 5/00~~

Re: Red-Chris

CONFIDENTIAL

- Talking with Mitsubishi (site visit - Sep. 21-23/00)
(+ Norm Anderson, David Johnson, Hal Halverson)

Don Barker Aug. 24/98

Re: RED-CHRIS - CONFIDENTIAL

'Interested' companies:

- ① Cominco
- ② Freeport
- ③ Noranda
- ④ Newmont "No"
- ⑤ Imperial Metals
- ⑥ Rio Algom

No answer from others Jan. 13/00

ROCK TALK IX (Smithers) ^{ar. 3/96}

~~ASO~~ CHRIS - Wayne Roberts

- 80 Megawatts req'd - power line
from Terrace

\$100M - thermal plant - e.g. Klappan

- 70,000 tpd

87-90% Cu recov.

65-70% Au recov.

Geological Resource: 25'-28% Cu - con. grade
; > 1 Billion tonnes @

(cut-off) #6 NSR @ 37% Cu

33 g/t Au [8.6 B lbs Cu
11.2 Moz Au]

ie Cu equiv = 0.5% Cu

OR 28 Moz Au equiv ;

11 B lbs Cu equiv.

Pre-Feasibility: late-March,

→ increase ^(up to 33%) Au grade due to increased
Core Size (ie H&A) and angle holes

Work Index ~ 18 (fairly high)

1996: est. \$3.5M feasibility-related
studies (bulk sa., etc.) plus \$1M Envir.

Doug Blanchflower (mar. 7/96)

BHP/Dia Met - looking at data.

RED CHRIS

Oct. 27/97

- talk with Don Barker (Amer. Bullion Minerals)
(rep. - Pincock, Allen & Holt, Denver)
- re-scope study to start & be completed in Nov. prior to conducting another pre-feasibility study.
- looking at 30,000 TPD + ability to expand
- "very excited" about a (new) "alternative" mining plan to access the highest grade early - namely: bulldozer ripping/pushing of ore down (i.e. using gravity) thru ore passes developed underground & all ore taken out at a common level.
- [Don recognizes this may cause some permitting problems - eg. higher pit walls, equipment, & men working above a dump point, other than below]
- > [See GENK - Sept. 8/97]
- Don Barker to contact TGS in Nov. to give presentation

KED CHRIS

Feb. 26/98

- meet with Dan Barker + Darin Berry (CEO) ~~James?~~
(in Amer. Bullion office)

- "update": spent last month looking at ore reserves (trying to 'increase' the grade)

Results = downsize tonnage to
~ 125 M tonnes @ grade
of ~ 0.6% Cu + ~ 0.5 g/t Au

- BUT - high-grade is vertical (i.e. 'tight')
for traditional mining, it does not
incorporate or push back walls into
lower-grade material

- Co. has NOT yet made contact with Numa
(TS suggested they set up meeting this spring)

- Amer. Bull. will have exhibit at PDA
(to 'learn' how to 'sell' project)

- keen on Cominco's new hydromet. proj.
- adit (~3 km?) will now be entirely within
volcs. (vs. argillites) for better stability
→ Need to drill more 'in-fill' holes in high-grade
- Perhaps mill @ 15,000 to 20,000 TPD?

RED CHRIS

Sep. 3rd

- chat with Don Barker
- emphatic about "using" GRAVITY
in mining.
- looking at possibly having bench floors
at angles up to 15% (26% grade?)
- dozer push ± slusher system?
- likes Cominco right area
(also likes Galore Cr.)

RFED CHRIS

Jan. 8/99

- chat with Don Barker

→ American Bullion has 'folded' - he^(Don) has moved in with Norm Anderson, @
Ste. 502 - 455 Granville St.

→ still working on Hydrometallurgical Project

- Don has recently 're-done' the ore resources!

→ 18 Mt (vertical) @ 0.86% Cu + 0.89% Au

→ 10,000 TPD (\$260/oz Au; \$0.60/lb Cu)
= \$85 to \$100 M capital cost

payback ~ 2.5 yrs.
\$150M profit in 5 yrs.

→ trying to do similar scenario as at Granisle (Harvey Parliament)

Don - 'moral' chat

Jan. 14/99

→ still very keen on above

→ Amer. Bullion 'kids' need moral (gov't) support.

RED CHRIS UPDATE

Mar 2/99

- Don Barker

→ Don has completed (yet) another study (p.p.)
(~65p.)

→ Looking at high-grade core (East zone)
of ~18 Mt @ ~.8% Cu and 0.65 g/t Au.

- Payback in ~3 yrs - then time to look
after much larger tonnage scenario, using
gravity + mill at same, lower elevation.

- Need to determine metallurgy - esp.
where the gold is tied to.

- '99 - Don hopes to re-sample NQ
(+BQ?) core from within the 18 Mt
'interval' (i.e. currently identified as "drill-indicator"
cf. proven or measured).

→ Don still very keen/interested in CEX
(hydromet.) process.

RED - CHRIS

Aug. 25/99

- 768 chat with Don Barker
 - talk with Placer Dome (Sandy Laird) - very soon (i.e. 'strategy' change by PD?)
 - talk with Frank Nelson - Freeport Copper (next Van. visit)
 - 3rd party 'due diligence' (Giles Ventfield) by Clifford Frame
-
- * Barker still convinced/committed to smaller-scale (eg. Granite-type) operation to start with.

CONFIDENTIAL

RED - CHRIS

Sept 7/00

- office/land [502~~2~~ - 455 Granville St] meeting with Norm Anderson, David Maynard + Don Barker
 - i) Geology/models ; ii) Infrastructure
iii) Mineral Potential ; iv) Gov't 'attitude'
 - Mitsubishi doing "due diligence"
- formal meeting scheduled in Van. - Fri. Sept. 22nd, followed by (charter aircraft) property visit on Mon. Sept. 25th
 - TGS invited/requested to participate in both (unable to 'acomodate' 25th)
-
- Start with low tonnage, high grade
(i.e. ~18 MT @ .8% Cu + 0.869 g/t Au)
 - Mitsubishi's 'proposal' is to put up \$1.3B next yr. for infill (confirmation) drilling plus American Bullion put up an additional \$500M
 - Discussed regional 'porphyry' pot. - esp. Rok + GJ (Groat) prospects to N and WSW, resp.

A. ED CHAIS

Nov. 6/00

- field trip with Mitsubishi - 'ok'
(no stop in Smithers/Iskut)
- Mitsubishi - "no expl'n yet."
- CESL 'deal' - good news (for Gibraltar)

* ~ Nov. 15th - 'Bad' news from
Norm Anderson/Dan Barker
→ Mitsubishi did Not 'proceed'
(don't know why)

- thanked TGS for input/assistance.

RED CHRIS

May 13/02

- chat with John Chapman ('behind the scenes' - Gold City)

→ Gold City (via Fred Sveinson) has been 'negotiating' 'behind the scenes' with American Bullion.

- A large (well-funded/successful) oil company based in Calgary is interested in putting up \$ (via Gold City) to purchase the Red Chris project (i.e. American Bullion). 'attractiveness' is the tax loss/write-offs incl. some existing 'debt' to AB shareholders.

[Note: This is all happening 'behind the scenes' e.g. recent announcements in the Stockwatch refer to deals/\$ being raised by Gold City, with no reference to where \$ coming from or for what proj.]

⇒ John Chapman & Don Barker do NOT see eye-to-eye (i.e. clash) on Red Chris.

- Don likes "dozer-pushing", gravity concept
- John likes u/G block caving (or large-scale open pit)

Tel. 604-683-0140
(bcMetals)

RED CHRIS

Sept. 29/03

- Carl Zuber, (bcMetals) called TBS to request help in setting up a meeting with "the most Senior environmental" people in our gov't wrt. to assisting the project along (i.e. fast tracking)
- Peter Campbell - Contract Senior Environment Eng.

Ⓐ TBS tel. John Errington, Deputy Chief Insp. of Mines, Permitting & Reclamation (tel. 250-952-0470; fax. 250-952-0481) [Frad Hermann in Victoria, NS CMM Cont.]
(NW Mine Dev. Review Process - still active, under legislation, but ~~is~~ inactive due to cuts)

- Discussed issue/scenario - 'OK' for Carl Zuber to contact JE directly to set up meeting.

Ⓑ TBS tel. Ann Currie, Sr. Proj. Mgr. (Mining), Environmental Assessment Office (ex - BC Min. of Mines)
(tel. 250-387-1032, fax 250-356-7440)

- Ann has met earlier this summer with a rep. from bcmetals
- 'OK' for Carl Zuber to contact AC directly to set up meeting.

→ i) General and specific (submission) 'Guides' on EAO website (www.eao.gov.bc.ca)
(i.e. 'specific' guide is 'tailored' to individual projects.

ii) CZ agreed to FAX "10-point" environmental list of questions to 'Victoria', prior to meeting.

iii) Probably best to 'abandon' previous EAO submission & start under 'new' process (better streamlined) (OVER)

W
 V Horn - \$1.15M in '04 ✓
 QC ~ 0.1% Bob CK. ~ 0.2 ✓
 Kalum \$1.4M in '04 ✓

Red Chris (Jan Smith) Min. North (Smithers) Apr. 15/04
 - presentation on bcmetals website.

0.35% 1.5B lbs Cu; 2.2M oz Au
 (Equiv Au @ 11Moz)

Prody = 72k Au; 100M lbs Cu

Target
 Cap Cost ~ \$150M +
 Oper. Cost ~~~ \$30M~~ ~ \$30M

2004: \$3.8M (Red Chris + Fire mtn)
 - 5000m ddh @ KC.

Fire mtn: 1 km deep ddh in '04
 (Henderson, Col. Target)

Red Chris Development Corp. - subsidiary
 of bcmetals

Sature Ck. (Doug Brown) Min. North (Smithers) Apr. 16/04
 - NovaGold to take over 'spectral' in June '04

Cap. Cost ~ \$400 - \$550M
 250 - 400 employees (+contractors) out-scoping study
 Access: i) due east via tunnels
 ii) ~150 km via strike then east

APPNW - Fortune Mtn. (Red Chris) @ Min. North (Smithers) Apr. 16/04
 2002 - \$3.3M purchase (+ \$1/tonne royalty)
 \$65M prev. spent by Gulf of Honduras

51.46 MT - "Prov. + Prob."
 (Mining reserves)

2.8 BT 'total' resource
 Pulverized Coal Injection (PCI) - 'new' interest

→ ANTRACITE
 \$85M - Cap. Cost 1.757M tonnes

- potential for coal-fired power generation
 [BC req. 400MW by 2012]
 - new studies in progress.

2004 - update prev. 1991 Feas. Study
 Prod. ~ 2006 → late '04
 - marketing study "Expl'n" ~ \$500k!

TULSEQUAH CHIEF - Terry Chandler (Red Chris) @ Min. North (Smithers) Apr. 16/04

- extend 60m level ~ 160m to North
 - 30,000m ddh [\$5.5M]
 - New resource est. [43-101] Cap. Cost ~ \$150M
 - update Feas. study - end-04
 - spent 35% of 2003 exp. in Atlin (via NY-Tech drilling)

SMITHERS TRADE SHOW TO FOLLOW: APRIL 16 - 18, 2004

MINERALS NORTH CONFERENCE APRIL 14 - 16, 2004
 Sim Munitzer - lead geol. + S&E

MINERALS NORTH CONFERENCE APRIL 14 - 16, 2004

2004: 20,000m ddh ~ \$8M Pre-Feas. '05

- 2004 - Tom Schuett

Minerals North



Conference

"DEVELOPING OPPORTUNITIES"

April 14 - 16, 2004

'AT A GLANCE'

MORAINES 200-250 employees
 10 yr. mine life
 20-25,000 tpd
 2005 - completed Feas. Study
 2006 - Cons. Plan
 32007 (300t) - prod.
 14.5% IRR
 \$98M cap. cost
 Beaton Hill Assets
 385 Au
 Smithers B.C.

Kemess (Hard Rock) ^{180/102 Au}
 1.5 B lbs Cu 4.1 Moz Au @ 1.1 Cu → 2019
 Cash cost/oz 45/36/02 KS
 \$31M profit Life: mid-2009
 2005 Forecast: 34,500 t Cu 150,000 t conc.
 290,600 oz Au

HUCKLEBERRY - Peter Ogrzylo 230 people
 6.3M lbs Cu + 450M lbs Mo
 + 250K Ag + 10,000 oz Au

Ann. Ex = \$48M - local \$13M
 13.9M-BC
 Employ ~ 215
 Res. 19 Mt Cu, 53% Cu, 2.015% Mo
 End of Life: late 2007
 - Mgt. focused on exp. (i) NE Target - Cu-Au target
 (ii) NW Target (Cu-Mo) 9 dth (2007)
 - up to 0.042% Mo
 2005 6000 mg/gwt

REDACTED (Trans. Sp. Ph.) 30,000 t
 Res. 1.18 Moz Au Conc. 272
 1.85 B lbs Cu + 12 g/t Au
 → ship out of Stewart Fly in/fly out
 \$220M Cap Cost Provincial Revenues
 138 kV on 275 kV line
 (ie. when upgrade for Galore Ck.
 rep'd in 2010)
 2005: Construct 23 km access rd.
 - power line const. start

@ Minerals North 2005
 (Stewart)
 Apr. 27-29/05

END. 110 (Gard Clark)
 Mine Super. Sojite
 Head off. Denver, Co Refinery in Pennsylvania - steel prod.
 Denak Ftw - new Res (combined now!) Main Endok. P.V. (1600m X 800m X 500m deep)
 June 8/1965 - opened (ie. 40 yrs!) - \$22M cap cost
 1962-1965 - disc. dth → open!
 Mo. roaster on site! (only 9 in world)
 1982-1985 - roasted only; no moly (low metal prices)
 Prod. (total) mined 550 Mt (inc waste)
 - 380 Mt miller
 ~ 450 M lbs molyb oxide
 employ: av. 330 > 15,000 person yr
 > \$350M wages & benefits (actual)

1965: mo = 45/175/lb / \$400,000 annually to Fraser Lk. municipal tax revenue

Mill: Grades
 1985: 21.0% MoS₂
 2005: 0.11% MoS₂
 Capacity 1965-16,000 tpd
 2005-28,000 tpd

2005 Prod. 180 → 260 people
 27,000 tpd @ .11% MoS₂ grade
 78% recovery
 → 10M lbs/yr

- stabilize North wall (Leder)
 150 ft wide at bottom of pit
 - South Wall - strip to access higher grade at bottom of pit (e us \$2.10/lb)
 - in-pit crusher
 Uses - incl. lightbulbs (2 prongs - Sylvanica from Endok!)

Exp! - 2004 only
 Res. - 8 yrs (3-Endok. P.V.)
 - Low grade stockpiles
 - Denak (combined)