

NO.110(1992)
JUNE 8, 1992

LANG BAY RESOURCES LTD. (LNB-V)

KAOLIN ORE SUCCESSFULLY MINED

ORE UP GRADED TO A NEWSPRINT QUALITY PRODUCT
PRODUCT PROCESSED INTO 40 TONNES OF NEWSPRINT

40 TONS OF NEWSPRINT USED IN PRINTING 16 PAGES
OF THE VANCOUVER SUN ON MAY 27, 1992, WITH GOOD RESULTS

In several recent long interviews Lauch F. Farris, president and John A. McLallen, recently retired chairman of Lang Bay Resources, reviewed the trail of detail research and laboratory testing which led to the recent Kaolin product successes.

Kaolin or China clay, is a hydrous aluminum, clay used in paper making and porcelain as well as a huge diversified product market. Kaolin is environmentally friendly and may be used to replace up to 5% of the woodfibre in newsprint at a cost saving between \$10 and \$20 per ton and improve newsprint quality.

The highlight of the successes was the use of 40 tonnes of newsprint containing 2.6% Lang Bay Kaolin in the publication of 16 pages of the Vancouver Sun on May 27, 1992. The pages printed were the centre two pages, four sides, in each of four sections. The ink absorption was fine, there was no diminuation in clarity, no apparent increase in smear or bleed and no mechanical problems.

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The process started in 1985 when the president staked 100% interest in 11 claims, 3,000 hectares, at Lang Bay, 60 miles north of Vancouver, near Powell River, B.C. Since then some \$2,000,000 has been spent on the project, much of the funds in the research laboratories, to bring it to the point of the current \$300,000 newsprint making test. The Western Diversification Fund provided 50% or \$150,000 of the current tests and has indicated the Fund, with success of Phase I testing, will provided up to 40% of the next Phase II of testing estimated at \$1,000,000, or \$400,000 from the Fund.

Drilling has indicated reserves of 6,000,000 tonnes of ore averaging 62% brightness, satisfactory for filler in newsprint. This is the largest known deposit of kaolin clay on the west coast of North America. These reserves are sufficient for 25 years production at the initial projected rate of 240,000 tons of ore per year, 60,000 tons of product per year which would produce net income of \$60.00 per product tonne or \$3,600,000 per year. In addition there are several tens of millions of tonnes of lower grade material which testing has shown can be up-graded to commercial quality.

Late in 1991 the company drilled two 36 inch diameter auger holes to recover 47 tonnes of kaolin ore. Of this 35 tonnes were shipped to Aquafine Corporation of Brunswick, Georgia, where it was washed, scrubbed, screened, centrifuged and dried to recover 6 tonnes of product.

This bulk sample was delivered to Fletcher Challenge's Elk Falls pulp and paper division at Campbell River, B.C. where 40 tonnes of newsprint containing 2.6% kaolin was produced. The newsprint production demonstrated the high quality of Elk Falls newsprint both with regard to strength and optical properties was maintained.

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CONTINUED FROM PAGE ONE - The Lang Bay Resources goal is to construct an initial plant to feed 7 tonnes per hour, at Lang Bay with an output rate of 60,000 tons of product per year at a capital cost of \$7,000,000 to \$10,000,000. If all things go as scheduled this plant will achieve operation in 1994.

Mr. Farris pointed out there are 14 worldclass newsprint machines in the Pacific northwest each with capacity of 200,000 to 220,000 tonnes per year. Forecasts suggests each of these machines could realize up to a \$3,500,000 per year cost savings by substituting 5% of the woodfibre with Lang Bay kaolin. The proposed selling price of Lang Bay kaolin is \$180 per tonne, 15% below current kaolin prices. This represents a \$20 per tonne of newsprint potential savings. All current kaolin used in the Pacific Northwest is shipped in from Georgia, U.S.A. He also pointed certain specific high grades of kaolin sell for over \$700 per ton. These high quality markets will be pursued as soon as stable production is achieved in the newsprint market.

The next immediate steps will be the receipt of final reports on the quality of the newsprint and the results of the printing by the Sun Publishing. These reports are expected in the next month. With these reports the company will firm up the Western Diversification Fund's commitment to fund \$400,000 on the next phase of testing. At the same time Lang Bay Resources will raise the balance of \$600,000 from shareholders or by way of a private placement. The objective is to have the the pilot plant up and running in Sept. 1992 at Powell River with the production runs of kaolin product and newsprint production by year end. With satisfactory results in this Phase II the company plans to operate the pilot plant continuously while construction, on a modular basis, of the full scale production plant is underway. Full production is forecast for late 1993, subject to achieving to the present schedule.

Mr. McLallen, made two important points in support of kaolin development. First, is the forest conservation by use of 60,000 tons of kaolin 400,000 trees per year will be saved. Second, there are 300 uses for kaolin but over 70% of the world's production goes into papermaking. In magazines such as Time and Newsweek, 25% of their weight is kaolin clay which is used as both filler and a coater.

Lang Bay currently has 3,359,709 shares issued, and oil revenue of about \$120,000 per year.

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