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I N T E R O F F I C E M E M O R A N D U M

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Subject: Lane Weekly Report for October 20- 26, 1996.

OPERATING MINES

Gibraltar. During the 3rd quarter of 1996 the McLeese Lake operation produced 8974 tonnes of copper to bring the 1996 nine-month total to 23,344 tonnes. The molybdenum circuit produced 45.4 tonnes in the third quarter for a total of 137 tonnes after the first nine months of operation in 1996. Copper averaged a price of 1.06 US\$/lb. for the first nine months of the year and the mines total production costs averaged 1.03 US\$/lb. over the same period.

The company has a strong hedge position--it sold forward 48 million pounds of copper at a price of 1.05 US\$/lb. for 1997 and an additional 36 million pounds at a price of 0.98 US\$/lb. for 1998. Gibraltar Mines Limited reports net revenues of \$1.19 million for the first nine months of 1996. The combination of processing higher grade ore (0.29% Cu vs 0.27% Cu) and enhanced recovery (80.5% vs 75.7%) resulted in lower operating costs for the 3rd quarter and first nine months of 1996 vs the same periods for 1995.