

Gold Letter

ALERT!

A Conservative Review of Gold, Silver & Other Contrarian Plays, Including Asia & China - by David Vaughn

SPECIAL SITUATIONS January 2005

by Gold Letter, Inc.

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VOS → Bralorne
Roundup '05

Bralorne Gold Mines

(BPM.V - TSX Venture Exchange)

Most of us, whether young or old, have some sense of varying emotion that arises related to things of the past. It may be nostalgia - a pleasant memory brought back to life - or contentedness with mountains climbed, lessons learned and successes won. Everything that has happened in the past has shaped us into what we are now.



I'm the type of person who really enjoys that feeling of history in the places I go, in the things I look at, and in the people I meet. I like to hear echoes of the past and immerse myself in what has already taken place, so that I can better understand where I am standing now.

There is a place in Canada, approximately 200 miles northeast of Vancouver, that rings with these echoes of the past. Over 100 years ago, in 1896, the first gold claims were staked on this land. It has since seen many changes, including an unbearably low gold price that forced a shutdown of its operations.

Today, however, the past is alive again and Bralorne Gold Mines is preparing to start full scale production.



BP BRALORNE GOLD MINES LTD.

www.bralorne.com



A Bralorne Time Line

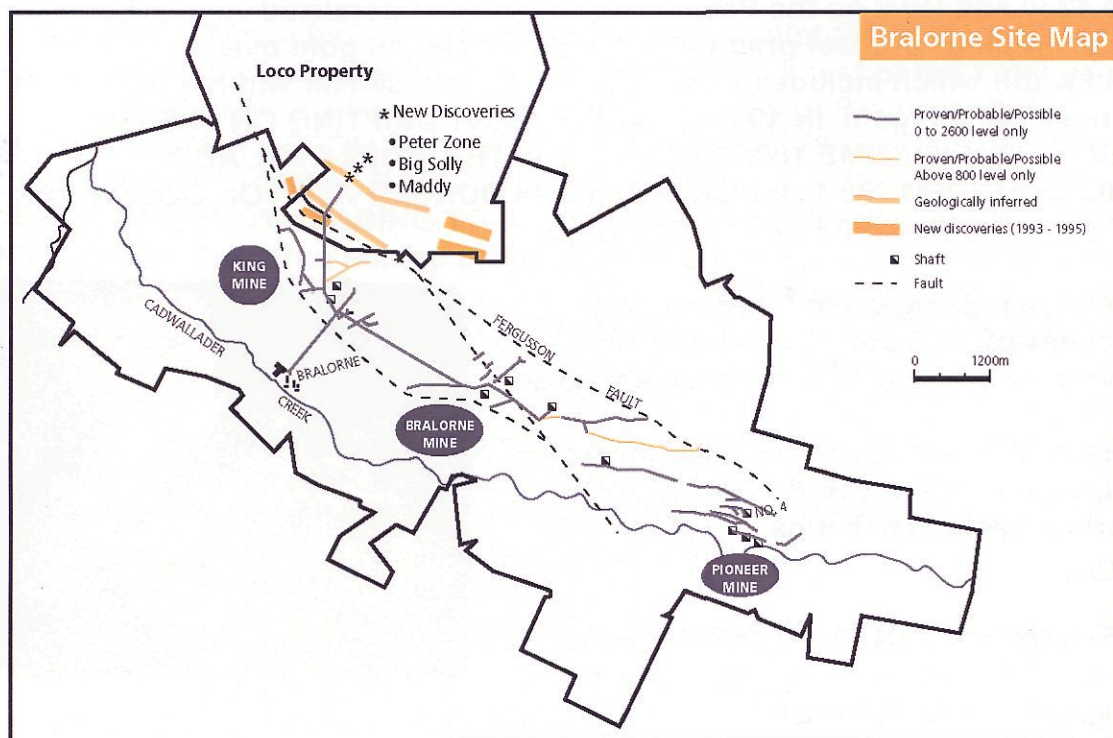
- **1896** - First claims of Bralorne mine staked downstream from where Pioneer mine eventually established.
- **1928** - New owners take over Pioneer Gold Mines, improved mill opens at 100 tons per day.
- **1931** - Mr. Austin Taylor and associates acquire Bralorne property and finance construction of a 100 tpd mill.
- **1932** - First gold brick, weighing 363 oz. (worth \$6,217 in 1932 dollars) poured at Lorne Mine.
- **1971** - Low gold prices force shutdown of entire operation.
- **1982** - E & B Exploration Inc. and Corona Corporation acquire Bralorne Mine.
- **1990** - Avino Mines & Resources discovers significant gold mineralization on adjoining Loco property.
- **1991** - Avino acquires 100% interest in entire Bralorne operation from Corona Corporation et al.
- **1993** - Avino continues to discover significant new gold zones in areas not previously explored along Fergusson fault.
- **1993** - Bralorne Gold Mines negotiated an option to earn a 50% interest in the entire Bralorne project.
- **1995** - Avino 50% and Bralorne Gold Mines 50% obtain Mine Development Certificate from British Columbia provincial government.
- **2002** - Bralorne acquire Avino's interest in the mine and now holds 100%.
- **2002** - Exploration trenching and surface drilling extends the Peter zone by 1,300 feet.
- **2003** - Raised over 5.4 million, retiring all debts up to date - Completed construction of Mill Upgrade
- **2004 – APRIL 8th – POURED FIRST GOLD BAR** (Since construction of mill was completed).



Bralorne Gold Mines Ltd. has a **solid foundation** on which it has built its current operations. The past success of this mine is integral to its current operations and provides much of the basis for why it is being developed again.


"Historically, Bralorne was the largest single producer of gold in Western Canada, producing a total of **4.1 million ounces of gold** (in today's market has a value of over \$1.5 billion averaged at \$385/oz.) from 8.1 million tons of ore averaging 0.52 ounces per ton during the period of 1930-1971." - [click here...](#)

"There are three important areas of new discoveries that have been explored by Property operators since the mines were closed in 1971."




“The first is the Bralorne 51B Footwall vein with a known developed strike length of 2,500 feet. The surface diamond drilling and underground work done on two levels have indicated that a significant mineral resource is available to be developed.”

“Surface diamond drilling completed during 1994 and 1995, intersected significant mineralized veins in the 2000 foot long area between the Bralorne and Pioneer properties which are now held by Bralorne Gold Mines Ltd. These gold bearing veins are accessible through existing underground mine workings on the south eastern portion of Bralorne property.”

“Third is the area northeast of the Fergusson fault on the Bralorne's Loco Property, which hosts the Peter, Millchuck and Big Solly veins. Drifting on the 4230 adit level on the Peter has exposed a mineralized vein structure for a length of 215 feet grading 0.38 ounces per ton gold over a 3.4 foot vein width which includes a 105 foot length with similar width grading 0.61 ounces per ton gold. **IN 1995, DEVELOPMENT DRIFTING ON THE 800 LEVEL PETER, SOME 1000 FEET BELOW THE 4230 LEVEL ADIT, ENCOUNTERED 100 FEET GRADING 0.46 OUNCES PER TON GOLD OVER A TRUE WIDTH OF 6 FEET.**” -  [click here...](#)

These **promising discoveries and the success of past operations** have been the driving force behind Bralorne's current vision.

“Bralorne was once the richest gold mine in Canada's history and is one of the world's deepest delvings...” -  [click here...](#)

In February of 2004, Bralorne released a Progress Report, which highlighted its recent progress as well as the direction for the coming year.



The company stated that it had made steady progress in spite of some weather-related delays, while also **keeping within their budget, operating debt-free.** Also among important news was the addition of Jasman Yee, a former superintendent of Metallurgy at Miramar's Con Mine at Yellowknife, as underground mining superintendent. At that time, they had just completed setup of a new assay lab to help expedite assaying and sampling with the pilot operation. **Overall the report was very positive and promised a good year.**

In accord with this positive outlook and proven past performance, **THIS YEAR HAS BEEN A VERY GOOD ONE FOR BRALORNE.** Within the last ten months things have progressed rapidly.

*"Old timers who worked at Bralorne during its heyday still talk excitedly about finding clumps of gold as big as a man's fist. **ORE GRADES, WHICH AVERAGED MORE THAN HALF AN OUNCE PER TON, WERE SOMETIMES MEASURED IN MULTI OUNCES PER TON.** Bralorne was considered one of the world's richest gold mines. In 1935, it operated at 550 tons per day with an average grade of one ounce per ton."*

In a News Release on October 12, 2004, Bralorne stated that they are **"...continuing to obtain excellent results in a ten hole surface drill program underway on a relatively unexplored portion of its property lying between the Bralorne and Pioneer mines. THE DRILL PROGRAM IS DESIGNED TO PROVIDE THE INFORMATION REQUIRED TO CONFIRM MINERALIZED EXTENSIONS TO SOME OF THE HISTORIC VEINS THAT WERE MINED YEARS AGO IN THE GENERAL AREA.** The results from the first two drill holes were reported in the September 20, 2004 news release."

"The second hole gave a high grade gold intersection of 5.92 ounces of gold per ton over a 3 foot core length with much visible gold evident. A METALLICS ASSAY WAS COMPLETED ON THIS INTERSECTION BECAUSE



OF THE EVIDENT COARSE GOLD AND THE ASSAY RESULTS SHOWED A CORRECTED GOLD CONTENT OF 12.19 OUNCES OF GOLD PER TON."

"Permission was recently obtained from the government officials to construct an access road to a planned new adit level on the 51B vein in the area beneath the current surface drill location. In the process of constructing the road, a strong mineralized quartz vein was exposed for a length of around 350 feet. Preliminary chip sampling of the vein material has returned erratic gold results as high as 1.01 ounces of gold per ton over a 4 foot sample width. A length of continuous mineralization showed 0.36 ounces per ton gold over an average width of 2.2 feet for a length of 60 feet." - [click here...](#)




In a more recent release from November 17, 2004, Bralorne announced that it had "completed an additional 7 holes on their surface drilling program...designed to test a relatively unexplored portion of the Bralorne Gold Mines Ltd. property located between the old Bralorne and Pioneer mines." These holes "were mainly step out holes along the southward strike



extension of veins that gave mineralized intersections in the first 5 holes (see news release dated October 12, 2004)." -  [click here...](#)

The complete results of these drill holes are available on the company's website.

"At least three more holes will be drilled in this general area of the property before moving the drill to other exploration targets on the Property." -  [click here...](#)

Bralorne also stated that it had sold 26 bags of flotation concentrate to Queenstake Resources USA Inc. and that they **"have been approached by several major mining companies who are interested in purchasing gold flotation concentrate."** -  [click here...](#)

"Although low gold prices and increasing costs forced the mining operations to close in 1971, considerable gold mineralization remained. Additionally, a number of gold bearing veins had terminated at fault lines or at property boundaries and these vein drifts required extensional work."

And on December 1, 2004 Bralorne announced that it had **"arranged a non-brokered placement of up to 500,000 units at a price of \$3.25 per unit (the "Flow-Through Offering"), each unit consisting of one flow-through share and one-half of a non-transferable non flow-through share purchase warrant."**

"The Company has also arranged a second non-brokered private



placement of up to 500,000 units at a price of \$3.25 per unit (the "Non Flow-Through Offering"), each unit consisting of one common share and one-half of a non-transferable share purchase warrant."

"THE NET PROCEEDS OF THE OFFERINGS WILL BE USED FOR ADDITIONAL EXPLORATION AND DEVELOPMENT WORK ON THE COMPANY'S MINING PROPERTIES AND FOR GENERAL WORKING CAPITAL REQUIREMENTS." -  [click here...](#)

The **steady advances** of last winter and this 2004 year have brought Bralorne to the point it is today – **ON THE VERGE OF FULL SCALE PRODUCTION.**

The driving force behind this progress has been Bralorne's excellent management team – **AN EXPERIENCED GROUP OF PROFESSIONALS.**

MANAGEMENT

Louis Wolfin, CEO

Mr. Wolfin's career in management and finance spans more than forty years and includes notable achievements in exploration and mine development. He managed funding and development of the Avino silver mine in Mexico, which operated continuously for over 30 years. He has directed development of the Bralorne mine since the company's inception in 1995.


William Kocken, President

Mr. Kocken brings over 40 years' experience in mine development to the company, and he plays a key role in bringing the Bralorne to start-up. Prior to joining Bralorne, Mr. Kocken built Inlet Metal and Machining Co. into one of Vancouver's largest mine and transport equipment fabrication companies. Serving as CEO for Terra Mines, Mr. Kocken was instrumental in completing a 250 ton-per-day facility for that company.





IN SUMMARY

“Bralorne Gold Mines has completed assembling a pilot test mill ancilliary facility and is now currently running a 10,000 ton bulk test of the Peter vein mineralization on their wholly owned mining property at Bralorne, B.C. POSITIVE RESULTS FROM THIS BULK SAMPLE WILL PROVIDE THE NECESSARY TECHNICAL BACKGROUND DATA TO ALLOW FOR A FEASIBILITY STUDY LEADING TO A DECISION ON FULL SCALE PRODUCTION. Bralorne mining property consists of the productive King, Bralorne and Pioneer mines that collectively produced 4.1 million ounces of gold during their operating lifespan between 1897 and 1971.” -  [click here...](#)

Once again, Bralorne's history of top-notch gold production, its newly constructed 100 tpd mill and significant underground development, its experienced management team, and the evidence of gold mineralization that remains, make Bralorne Gold Mines the attractive prospect that it is.

Gold Letter believes that Bralorne represents an excellent, relatively low risk speculation.

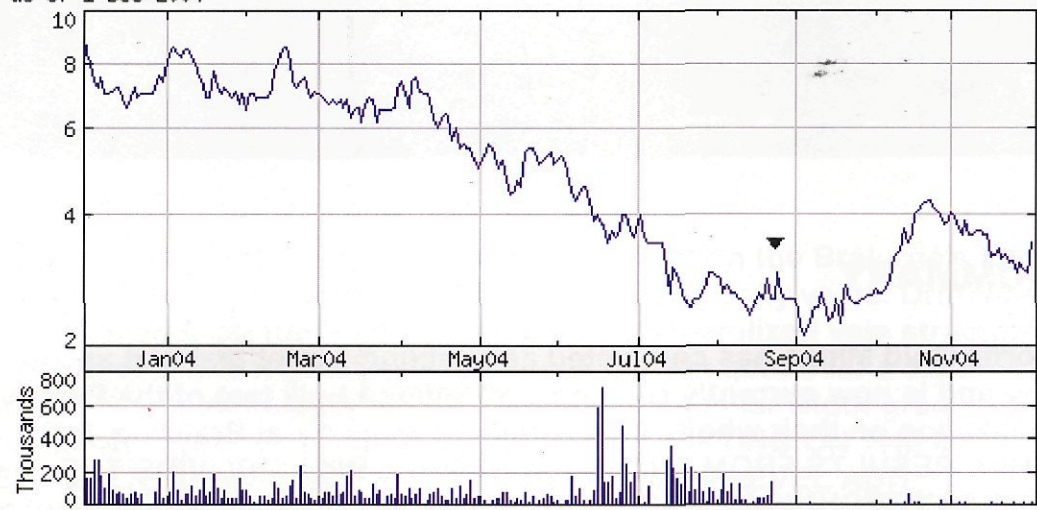


Bralorne Gold Mines

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BRALORNE GOLD MINES LTD
as of 1-Dec-2004

Splits: ▼



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