

Intro: Mike Gray (Rubicon)
Thanks: Tom Schroeder (MEM)

MEG LUNCHEON

~ 72

July '98 - Boliden Exp'n Forum (Campbell River) ~ 24 At The Hyatt Regency

EXPLORATION STRATEGY AT MYRA FALLS OPERATIONS, UPDATING A PROVEN FORMULA

rel. poor slides

Dean Crick, Boliden-Westmin Canada Ltd., Campbell River, Vancouver Island

After over thirty years of production at Myra Falls, the result of continued exploration success, the current exploration team is tinkering with a proven exploration strategy to ensure new discoveries into the next millennium. Standing on the shoulders of previous explorationists at Myra Falls, most notably Cliff Pearson, Richard Walker, Steve Juras and others we have inherited a geological model of exceptional quality. We have incorporated their strengths in understanding the stratigraphic and structural controls on mineralization, into an updated, 3-D computer based, multi-faceted, pragmatic approach.

Although, I strongly believe that new, objective exploration "eyes" from outside the company must be routinely rotated into a mature minesite exploration setting, the continuity with past exploration efforts must be maintained to avoid beginning at the bottom of the learning curve with each new exploration foray. The discovery of the HW orebody in 1979 and the Battle-Gap orebody in 1991 was the result of stratigraphic drilling, but required a paradigm shift in the exploration thinking. The known orebodies, the Lynx and Myra were exposed up the slope of the Phillip's and Myra ridges mantling Myra valley. No one had attempted to drill in the glacially carved out valley floor, footwall to the known mineralized horizon. It was lateral thinking to test for deeper mineralized horizons that created a quantum leap in understanding leading to several new discoveries. Continually testing the parameters of the exploration model is the key to future discoveries at Myra Falls.

Successful exploration at Myra Falls is the result of a synergy between exploration and production geologists. By working in concert, the explorationists can temper their creative license with the reality of rigorous mining constraints and schedules and gain valuable insight from observations made at development headings and in definition drilling, especially along the fringes of orebodies. In addition, Myra Falls has developed strategic alliances and funded geologic research with several academic centers, MRDU at UBC, CODES at Tasmania, and provincial and federal geologic surveys to remain on the leading edge of VHMS research and understanding.

The philosophy of the current exploration team was to establish a long term vision driven by the operating strategic mine plan, developed through 2012, the current mining lease. Exploration tools such as geophysics (Boliden's strength) and litho geochemistry have been integrated into the existing geological model for vectoring and optimizing drill grid spacing for minimum target sizes. Prioritization of target areas is based to a large degree on mine scheduling requirements established in the strategic production forecast, budgetary constraints and a sensitivity analysis of all exploration target areas. Project areas are divided into three main categories, based upon proximity to infrastructure, short, medium and long-term targets. For each category, the project areas are ranked using a scoring system of 1-3, for each of three basic criteria; geologic permissiveness, probability of discovery and potential size of discovery. The ideal exploration portfolio is comprised of a balance of short, medium and long-term project areas, which would provide a sequential maturation of projects to production decision. The key in the past at Myra Falls has been the discovery and development of smaller, short-term ore lenses to buy time for development to access the larger, long-term orebodies. The critical factor is to quickly establish early in the exploratory drilling whether or not your long-term project is of sufficient size and grade to warrant initiating access development, prior to any feasibility study.

Wednesday, January 5, 2000 at the Hyatt Regency- Plaza Room
12 noon

RESERVATIONS ARE REQUIRED

Please fax your reservation to the MEG reservation committee at 775-0313 no later than Friday, December 31, 1999. Reservations are not available through the Hotel. Include your name, company, phone and fax numbers with your request.

Pepperite - unconsol. seds.

- up to 49ft Au grades

Paleontographic low
= accumulation of sulphides
(eq. barite - rich H-W)

2012 - Mine Lease Good To

600m below base
to target (to 240)

1967-1998
19.3 Mt = 23 000 kg Au (0.74 Moz)
78 217 kg Ag
322 670 t Cu + Pb/Zn

MEG Vancouver Mining Exploration Group

Total Inventory = 33 210 kg Au (1.1 Moz)

100 - 1000 - 1.5 11.1. 27. 2.2. 1500. 0.5% Pb 7957

- OVER -

- ① Located in a Park "B"
- ② Prec.-metals-rich VMS in BC!
- ③ Perseverance - since turn of Century.
→ in 1979 - dis. of HW

34 yrs of prod.
↓

40 km x 9 km 'baseport' (Sider.)
Belt.

- ④ Largest expl'n proj. in 1999
(i.e. committed)
- ⑤ Combination of rel. small (1-15mt) ore lenses

to 2000 Prod.
19.8 Mt
2.1 Ag
48 Ag
1.8% Pb

Repl. (Acid dil)
Jan. 1/99
- replenished in '99!
6.785 Mt

Total = 20 Mt prod.
to date
+ 5.3 Mt in 198.

- ⑥ Reent (Update)
- ⑦ Challenges of drilling (topography)
Continuity of staff!

"Expl'n Theatre"

Share expl'n strategies - drilling
- 9 exp. yrs.

2000
US \$2M budget
(~15,000 m ddt)

Rob Cameron
- good PD budget
for VMS yr!

Custom-milling oppor. at MT. (competit. with Doublestar)

TBS → Myra Falls

Schroeter, Tom EM:EX

From: Schroeter, Tom EM:EX
Sent: Friday, January 07, 2000 9:40 AM
To: Hermann, Fred EM:EX
Cc: Smyth, Ron EM:EX; Hesketh, Joan EM:EX
Subject: FW: Custom Feed

Fred, two separate comments (issues) here:

- 1) **Class "B" park mining lease boundaries** - to facilitate future exploration: Basically, the 'favourable' mineralized trend appears to be heading off Boliden's mining lease to the NW [CONFIDENTIAL]. [This could have a major impact for longer-term planning/feasibility - to the company and the gov't].
- 2) Boliden is looking at the possibility/feasibility of "custom milling" of 'ore' at its mill facility at the **Myra Falls** operation - i.e to make better use of **mill capacity** and/or to sweeten (mix) some grades. It has started with a **pilot/test project** involving a small amount of mineralized skarn material from a property (Pilgrim?) in the **Port Alice** area. Potential mill feed could come from any property on Vancouver Island, or along the coast, for that matter. The key is access and transportation. Ron and I have had discussions with Alan Savage, **Doublestar Res.**, who has also proposed a "custom milling" scenario for Vancouver Island. I understand that Boliden has had preliminary discussions with Alan, but there **doesn't** appear to be any possibility of 'meshing' the two proposals. So, for the time being, I would treat them **separately**.

Request: Fred, could you provide some preliminary comments to the questions raised by Dean, along with suggestions for followup? Specifically, can you provide me with the names of '**key**' contacts which I can forward on to Dean. Although the project proposal is being treated by management as a 'pilot' one for the time being, I suspect that in reality, if potential mill feed were identified, Boliden would like to start "custom milling" very soon. In my brief discussion with Dean, he mentioned that because of some of these lurking questions (this e-mail), management is reluctant (i.e. not yet prepared) to 'advertise' this concept (i.e. opportunity). In fact, Dean was hoping that Boliden could announce this concept at Roundup. Wouldn't that be a 'positive'! In any event, I hope we can continue this discussion and perhaps even create a "**good news**" story. Tom.

From: Dean Crick[SMTP:dcrick@boliden-westmin.com]
Reply To: Dean Crick
Sent: Friday, January 07, 2000 8:14 AM
To: Schroeter, Tom EM:EX
Subject: Custom Feed

Tom,

Thanks again for inviting me to talk about Myra Falls at the MEG. Our discussion about the idea of changing the Class 'B' park mining lease boundaries sparked another more immediate concern, the custom feed issue. The biggest road block identified to date is whether or not we can transport sulfide ores through the park to the mill concentrator. Additionally, the question of supplementary truck traffic along highway 28, the mine road, and whether our tailings disposal permit covers "foreign" ore-types must be resolved. We would appreciate any assistance you might be able to provide concerning this matter. A list of the appropriate contacts within government would be extremely helpful. It would be advantageous to know who our allies and/or enemies might be. I would appreciate any advise you might have concerning this matter. Thankyou in advance.

Regards,
Dean Crick

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Schroeter, Tom EM:EX

From: Schroeter, Tom EM:EX
Sent: Friday, January 07, 2000 9:43 AM
To: 'Dean Crick'
Subject: RE: Custom Feed

Dean, thank you for your great talk! I will work with 'Victoria' to get you some 'key' contact names. See you at Roundup. Tom.

From: Dean Crick[SMTP:dcrick@boliden-westmin.com]
Reply To: Dean Crick
Sent: Friday, January 07, 2000 8:14 AM
To: Schroeter, Tom EM:EX
Subject: Custom Feed

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Regards,
Dean Crick

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