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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

Date: 08-Oct-1993 01:13pm PDT  
From: Vic Preto  
VPRETO  
Dept: Energy, Mines & Petroleum Res.  
Tel No: 356-2833

TO: Ron Smyth - Min. of EMPR ( RSMYTH )  
Subject: Copper Mountain

The trip to Copper Mountain was successful. Unfortunately the mine is scraping the bottom of the barrell. At current prices, closure is planned for November, unless the union approves the Job Preservation Committee proposal which would see operations continue to the end of March '94 with a 25% deferral in Hydro costs and a 4% rollback in wages across the board. 357 jobs are at stake. Voting by union members was on Wednesday.

In the meantime, Peter Holbek has been working very hard for some months to find more ore. He has been doing very good work but does not have a complete set of records due to the fact that the mine (Similco) has not employed a geologist for several years and the last exploration geologist (Princeton) left very poor records.

In this regard I have several surface geology & trench maps, and drill plans, some with detailed assays, dating back to 1968-69 and earlier. Some of these are my own work, others were donated by Granby, Cumont Mines and Newmont while I was working there. At the time Cumont and Newmont were in competition, but Newmont acquired all of Cumont's ground several years before selling the whole thing to Princeton who now owns it all.

These plans would be very valuable to Peter/Princeton in their search for new ore, and would save them precious dollars that could be spent for badly needed drilling. With your consent, I would like to send the whole package to Peter at the Vancouver office of Princeton Mining. He could copy or otherwise extract what he needs and return the originals to me when finished.

Perhaps, for a change, the work that one of the Survey's geologists did 25 years ago, his knowledge and experience will be of practical and immediate use in the effort to keep a mine alive and some 350 people employed.

Your earliest response would be appreciated. Vic

TGS -> SIMILKO

INTEROFFICE MEMORANDUM

Date: 30-Jun-1994 02:07pm PDT
From: Duane Anderson
DANDERSON
Dept: Energy, Mines & Petroleum Res.
Tel No: 952-0516

TO: Bruce McRae ( BMCRAE )
CC: Doug Stangeland ( DSTANGELAND )
CC: Jacob Mathew ( JMATHEW )
CC: Ron Smyth - Min. of EMPR ( RSMYTH )
Subject: Re-opening of Similko Mine in Summver '94

Mr. Ken Lowe, Pres of Similko Mines Limited, a wholly-owned sub of Princeton Mining Corporation, wrote to Mr. Doug Kerley Commissioner of the Job Protection Commission on Jun 28/94. Mr. Lowe's letter discussed the need for the liens and Security Agreements that the province has to be modified so as to exempt the production and sale of Similko concentrates to Mitsubishi. The province's charges result from Similko's failure to pay the Mineral Taxes that have been assessed.

On Jun 29/94, Greg McK, Doug S, Jacob M, and Duane A met to discuss the matter. A subsequent meeting on Jun 30/94 was attended by Anne Wood of the A/G.

Current Situation

- 1) the province's legal position is an automatic result of legislation which cannot be affected without specific legislation to do so. However, signing the form that Similko-Mitsubishi drafted may improve their position.
2) It is not absolutely clear why Mits wants what is requested. Anne W will discuss the matter with their counsel to clarify.
3) Similko's request begs numerous questions regarding how the re-opening ill be financed and the impacts on the province's position. A presentatio by company reps, with the materials being sent over ahead of time, is very desirable. Doug S. to contact Doug K. re: availability of cash flow forecasts, assumptions, mine plan, supporting materials, etc.

Feasibility and success of proposed exploration program underlies everything.

Of concern is request to delay payment of unpaid provincial mineral tax, if the province is successful in court, until the end of 1995. In the meantime, cash flow would be distributed 25% to trade creditors and 75% to Mits "until their loans or advances are repaid". We need to clarify if this request applies to existing payables or those that come about as result of the mine's re-opening. If the former, it could be difficult to rationalize why the province's unpaid taxes should not also participate. If the former, an aged listing of Simlko receivables would be desirable.

- 4) A letter is being sent to Minister Edwards.
5) Subsequent to discussion with Mits counsel, and if appropriate, Anne W will draft a letter for Doug S's signature and the EMPR's prior review and consideration.

INTEROFFICE MEMORANDUM

VBS → RG  
-Kam logs

Created: 09-Aug-1996 03:45pm PDT  
Sent: 09-Aug-1996 04:49pm PDT  
From: Mike Cathro of EI  
MCATHRO  
Title: Regional Geologist  
Dept: Employment & Investment  
Tel No: 828-4566

TO: Rick Meyers of EI ( RMEYERS )  
CC: Jim Britton of EI ( JBRITTON )  
CC: Bruce Madu of EI ( BMADU )  
CC: Tom Schroeter of EI ( TSCHROETER )  
CC: Eric Beresford of EI ( EBERESFORD )

Subject: Weekly Report

- 1) Afton announced it will begin downsizing its workforce in Nov with full shutdown planned for April '97.
- 2) Teck Exploration is reviewing the potential economics of underground bulk mining at Rainbow, adjacent to Afton. A decision on whether to proceed on a \$1m deep drilling program to define deep, higher grade reserves will be made in the fall (confidential from Jim Gillis, President of Getchell Resources). The deep high grade mineralization (1 to 5% Cu with Au, Pd, Mo in a breccia) may be the best hope there is for new, long term ore reserves to keep Afton going. Other new zones (e.g. near Pothook pit) may be drilled in the fall also.
- 3) Similco announced it will stop mining on Nov 10 and stop milling in mid-Dec. Drilling at Alabama will proceed this summer. That makes it Nickel Plate, Goldstream, Afton, Similco and the Hedley Tailings operation all going down in about an 18 month period.
- 4) Fairfield has discovered a new vein (WD Vein) 200 m north of the Siwash North vein. Grade and width appear similar. It is interesting that the new Fairfield management is also beginning to report some wider intercepts such as 69.5 ft grading .039 opt Au and 29.3 ft grading .117 opt Au. This suggests to me that they are evaluating the idea of bulk mining zones where there are multiple, parallel narrow quartz veins - a good thing to try.
- 5) Stirrup Creek Gold reported two more decent holes from the Watson Bar project. The best, #96-08, hit nearly 68 ft grading .042 opt Au - another good bulk tonnage type result. I understand the project will soon shut down to allow the results to be evaluated.
- 6) John Bissett of Canquest was in and indicated that financing is nearly complete. Approx. \$250K will be spent on drilling at each of Microgold and Cottonbelt. IP will be done at Microgold first.
- 7) Kingfisher Marble. The Co. has purchased a 64 inch saw allowing them to produce about 20 tonnes/day of ashlar. Saw is in Enderby. Margranite is taking some samples of their leucogranite (pegmatite) for testing. If suitable, it would be cut into slabs for tables and counters (high-end products).
- 8) Truck work done for about \$1000. New tires to go on next week.

INTEROFFICE MEMORANDUM

VOS → RC  
-Kamb

Created: 06-Sep-1996 09:55am PDT  
Sent: 06-Sep-1996 11:13am PDT  
From: Mike Cathro of EI  
MCATHRO  
Title: Regional Geologist  
Dept: Employment & Investment  
Tel No: 828-4566

TO: See Below

Subject: Monthly Report to Sept 6/96

HIGHLIGHTS:

Interest is high for the upcoming Eagle Bay field trip being led by Vic Preto, Peter Bobrowsky, Steve Sibbick, Trygve Hoy and myself. So far 55 people have signed up for 40 spots. We will try to accomodate everyone by splitting into two groups.

Lac La Hache porphyry Cu-Au project. The recent takeover of Regional Resources by Imperial Metals should benefit this project due to Imperial's experience with Mt. Polley.

DOT claims, Highland Valley. Prospector Larry Ovington tells me that optionee Alhambra Resources has intersected some interesting (new?) bornite-rich hypogene porphyry mineralization in a recently completed drill program. Larry spotted several successful holes for them by witching! The property was previously known to host a small resource of oxide mineralization.

Pellaire (Int. Jaguar Equities). E. Mehr visited the property and reports that mining is underway and that the bridge work on the access road is nearing completion. The contractor is VERY frustrated with the hassles provided by Forests with regard to the road. It is planned that 1000 to 1200 tonnes of high grade gold ore will be trucked out before the snow starts to pile up. *Mini - NCI exp*

Ajax mine to close in June '97 with layoffs beginning in December. Mine geologist Scott Smith told me that, so far, they have backfilled the Ajax East pit with 7 million tonnes of waste from the West pit. This could be a good reclamation story to promote.

Similco mine to shut in December due to low copper prices. A 40K ft drill program is underway on the Alabama zone to locate new millfeed that can be produced at \$0.80 per pound copper.

Elk (Siwash North Mine). Aurizon Mines comleted their due diligence on this gold project and announced they will NOT proceed with furthur work. Andy Smith, VP of Exploration advised us that Fairfield's ore reserve estimate was fine; the problem was the ground conditions. Fairfield announced the discovery of a new vein similar to the North vein.

Sapphires at Taseko Lake? Westpine Metals consultant Ellen Lambert says GSB geologists George Simandl and Kirk Hancock were beside themselves over the bluish black corundum on Westpine's Taseko property during a recent visit. I'm looking forward to hearing more from George and Kirk.

FIELDWORK:

Visited Mariko and Golden Eagle properties north of Shuswap Lake with L. and M. Lutjen, PAP grantees. Soil sampling and prospecting are underway.

OTHER ACTIVITIES:

INTEROFFICE MEMORANDUM

YCS → RG  
- Kam/loops

Created: 24-Oct-1996 04:10pm PDT  
Sent: 24-Oct-1996 04:44pm PDT  
From: Mike Cathro of EI  
MCATHRO  
Title: Regional Geologist  
Dept: Employment & Investment  
Tel No: 828-4566

TO: See Below

Subject: Weekly Report to 10/24/96

1) \*Pellaire - W. Ash reported to EWB that the project is closed down until next year due to heavy snow. 3 loads (est 50-100 tons?) of ore were trucked down to Falls R. bridge. An estimated 1300 to 1500 tonnes remain at the portal.

2) \*Copper Mountain - A press release from Princeton mining gives the results of drilling so far in the current 40,000 ft, \$1 m program. Results from the Alabama and Oronoco targets have been middling. Encouraging results have come from the "SP" zone which is the area between and around Pits 2 & 3. The target is to define a minable reserve here of >100 mt grading 0.45% Cu. (Current resources in Pit 2 are 39 mt grading 0.33% Cu at a strip ratio of 1.78:1 and Pit 3 has 59 mt grading 0.48% Cu at a strip ratio of 2.32:1).

\*Flap - Veto/Verdstone/Molycor have started 500 m of trenching on this gold property near Brett.

3) \*Dot - Larry Ovington/Alhambra Resources. Larry says they have discovered a new zone of bornite-rich porphyry mineralization on this Guichon Cr. batholith property. 9 holes totalling 1378 m have been drilled so far. Best results are 26 m grading 1.23 % Cu and 39 m grading 0.61% Cu. (No assaying for Au or Mo yet). It is open in several directions but has been hit by 6 holes spaced on 50 m fences over 200 m of strike length. Another 20 holes are planned for this fall. Arguments ongoing between operators, owner and consulting geologist about payments etc. Hard to tell if geological control, core logging etc are adequate/legitimate. I will try to visit when drilling starts again.

\*KEG Prospecting course - still on track for Jan-April/97. Cost will be about \$65.

\*Notice of completion forms and letters to go out Fri. Working on year end compilation using Joe's Access database.

\*Prepared 1st draft of Afton Closure "Infoback" for ADM.

I remain your obedient servant,

Mike

Distribution:

TO: Rick Meyers of EI ( RMEYERS )  
CC: Eric Beresford of EI ( EBERESFORD )  
CC: Joe Seguin of EI ( JSEGUIN )  
CC: Jim Britton of EI ( JBRITTON )  
CC: Bruce Madu of EI ( BMADU )