

SIMILCO (INGERBELLE EAST) [MI-92HSE004].

On May 7, 1996 I accompanied Gerry Ray, Trygve Hoy, Mike Cathro and Larry Jones on a tour of the Ingerbelle East pit. Steve Blower, mine geologist, provided a brief overview slide presentation in the office followed by a brief in-pit tour.

Surface mining of stockpiled ore at Similco was completed by the end of 1995; production since then is from the Ingerbelle East pit - an extension of the Ingerbelle zone mined during the early 1970s. The reserve for this phase of mining, which is expected to last until November '96, was approximately 12 million tonnes grading 0.43% Cu. Including the previously mined part of the Ingerbelle orebody, total reserves for Ingerbelle were 58.5 million tons grading 0.43% Cu, 0.171 g/t Au and 0.703 g/t Ag.

During the early 1990s, approximately 3.9 million tonnes grading 0.3% Cu, 0.226 g/t Au and 0.13 g/t Ag were processed from the Virginia zone. The Alabama zone, which remains a priority target, has resources estimated at 19.6 million tonnes grading 0.31% Cu and 0.16 g/t Au. [Geological resource potential for 30 million tons of ore]. The Oriole zone, the southwestern-most zone along the 'main trend' of mineralization, contains about 2 million tonnes of ore which will/could be mined quickly. Across the Similkameen River to the south, Pit 3 contains an estimated 60 million tons of mineralization; approximately 12 million tons (9 months) of waste would need to be stripped at an estimated capital cost of \$25 million.

Once mining is completed in November 1996, in the Ingerbelle East pit, (another 200 feet, or 5 benches left) mining equipment will be moved back (south) across the Similkameen River to 'rob' ore from existing pits over the next 2 years. If an infusion of capital is realized (i.e. Similco competing with Huckleberry for capital), a longer-term mining plan can be developed utilizing the Pit 3 scenario. The mine currently employs 270 persons.