North-Central & Northeast Regions, British Columbia

2004 Mining and Exploration Review

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Prince George
Exploration Trends... Spending

<table>
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<tr>
<th>Year</th>
<th>Exploration Expenditures (millions of dollars)</th>
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Exploration Trends...  Drilling

Exploration Drilling (Thousands of metres)

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<th>Year</th>
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Exploration Trends... Staking

- **Mineral Claims:** Quesnel Terrane from south of Horsefly to the Omineca Mountains
- **Multiple junior exploration companies**
- **Driven by much improved commodity prices, and**
- **Success at Mount Polley (Northeast zone discovery), ‘big hole’ at Woodjam & by new airborne geophysical survey data provided by the 2003 Rocks to Riches program**

- **Coal Licenses:** 33,106 hectares -- a 4-fold increase over area claimed in calendar 2003
Mines & Major Exploration Projects

North-Central & Northeast Regions
Kemess Mine  Northgate Minerals

- 50,000 tpd open pit gold-copper mine 430 km NW of Prince George
- Production (2004): 9439 kg Au & 35,513 t Cu
- Reserves (Dec. 31/04): 86.6 Mt @ 0.67 g/t Au & 0.22% Cu
- Exploration and infill drilling added 11.8 Mt to the reserve base of the Kemess South deposit
- Company focused on bringing the Kemess North bulk tonnage Au-Cu porphyry deposit into production
- Would extend mine life to 2020
Gibraltar Mine  

- Taseko Mines Ltd & Ledcor Mining Ltd

- 36,000 tpd open pit copper-molybdenum mine near McLeese Lake
- Re-commenced full operations in October after ~6 year hiatus;
- Workforce of ~270
- Production (1972-98): 1933 M lbs Cu (876,712 t) & 19.9 M lbs Mo (9,026 t)
- Reserves at re-start: 163.5 M t @ 0.313% Cu & 0.01% Mo
- Forecast annual production of 31,100 t Cu & 426 t Mo
- 12-year mine plan includes processing of sulphide & oxide ore
- Moly circuit to start up by end of 2005; SX-EW in 05/06
Mount Polley Mine

Imperial Metals

- 20,000 tpd open pit gold-copper mine near Likely
- Closed in September, 2001 after operating for 4 years
- Restart in Q105 with ore reserves of 44 M tonnes @ 0.45% Cu & 0.30 g/t Au
- Northeast zone discovered in August, 2003
- Intense K-feldspar altered crackle & hydrothermal breccia, part of an Early Jurassic alkaline porphyry system
- NW-trending tabular body traced for ~ 500 metres by trenching and diamond drilling > 200 holes
- Northeast zone reserve: 9.1 M tonnes @ 0.88% Cu, 0.29 g/t Au & 6.4 g/t Ag
- Successful deep drilling beneath Springer & Bell deposits
Dormant gold mine located 70 km SE of Quesnel
Purchased from Kinross in ‘04 who operated the mine from 1995-98 producing 116,651 oz Au
Resource: ~900,000 tonnes @ 3.1 g/t Au
Ongoing exploration drilling to expand resource
U/G North zone key to future?
Plans to re-open mine in 2005
Major Exploration Projects

North-Central Region

Toodoggone/N. Omineca
Mtns: Atty, Brenda, Ingenika-Swannell, Kemess area, Pil North, Lawyers, Shasta/Baker, Sickle Creek, Star

Central/Southern Omineca
Mtns: Bear, Chona, Fran, Kal, Kaza-Northstar, Lorraine, Lusdust, Mt Milligan, Osilinka, QCM, Red, Tsil, Witch
Sickle Creek  Stealth Minerals

- Major drilling campaign on Sickle-Griz epithermal Au-Ag vein system
- 23 drill holes, 3870 metres covering North Ridge to Sickle discovery trenches
- Two new porphyries Sofia & Alexandra
- ‘Sister’ company Cascadero Copper taking over Pine porphyries

Hole SG04-04 cut 4.1 metres grading 6.38 g/t Au & 55 g/t Ag
**Atty & Pil North**

- Copper-gold porphyry properties located immediately N & 30 km NW, respectively, of Kemess North

- Atty: 7-hole, 1653 metre drill program cut mgt-healed breccia
  Pil North: 26 hole, 6100 metre drill program tested NW-trending coincident IP & Cu-Au geochem anomaly over a 3.7 km strike length

- NE, NW & Central zones, NW Extension, WG & WG Gold zones (qz-ba stwk/brx)

- Mixed results: hole (PN-04-09: 57.95 m @ 0.128% Cu), but extensive area not adequately tested
Alkalic porphyry copper-gold system in the Hogem Intrusive Suite covering an area of approx. 15 km by 4 km

24-hole, 4400-metre drill program; connected zones previously thought to be separate deposits; intersected a series of ‘stacked’ inclined panels of disseminated cpy-bo mineralization

Hole 2004-74 (South Main) cut 19 metres @ 0.55% Cu & 0.27 g/t Au
Lustdust  Alpha Gold Corp

- Precious-metal enriched skarn, manto & vein system W of Pinchi Fault
- Related to Eocene monzonite stock & dyke swarm
- Large soil geochem program & 21-hole, 6010-metre drill program; extended the Canyon skarn zone ~1000 metres northward (Canyon Extension)
- Receptive limy tuff well mineralized near FW of skarn front
- Limited testing of #3 manto

Massive sulphide skarn mineralization – 9.7m @ 36.7 g/t Au, 182 g/t Ag & 2.89% Cu.
Mt Milligan  Placer Dome Inc

- Bulk tonnage porphyry copper-gold deposit west of Mackenzie
- Revised Meas. & Ind. Resource: 408 million tonnes @ 0.4 g/t Au & 0.18% Cu
- 12 HQ drillholes recovered ore for met. testing
- Full pre-feasibility underway
Major Exploration Projects

North-Central Region

Nechako Plateau: 3Ts

Cariboo: Bonanza Ledge, Copper Ace, Grouse Creek, Hook, Mosquito Creek Gold, Mount Polley, Myrtle, QR, Spanish Mountain, Woodjam
**3Ts Southern Rio Resources**

Gold-silver vein prospect located 120 km S of Vanderhoof; added Tim claims, now must refer to property as 4Ts!

Set of discrete epithermal veins with excellent width & strike length; cut by a Cretaceous flat-lying microdiorite intrusion.

Mineral Resources for two veins (4 g/t Au equiv. cutoff):

- **Tommy**: 470,000 tonnes @ 7.4 g/t Au & 65.22 g/t Ag
- **Ted**: 273,800 tonnes @ 2.0 g/t Au & 133 g/t Ag

Sub-sill intersection on Tommy vein:

- Hole TS-04-90 cut 11.3 m @ 8.83 g/t Au & 62.6 g/t Ag

Hidden & H-East veins discovered up-ice from Ringer zone;

Currently drilling deep holes to intersect Tommy & Ted veins below the microdiorite.

**LEGEND**

- Cretaceous Diorite
- Epiclastic Sediments
- Basalt to Andesite
- Augite Porphyry
- Felsic Volcanics
- Veins
- Mineralized Float

**Banded quartz-sulphide mineralization (Ted)**
Bonanza Ledge

- In Wells near historic CGQ mine
- 150m decline & mining of 10,000 t bulk sample completed; head grades reported to be ~ 23 g/t Au
- Ore processed at Mount Polley mill (concentrate)
- > 10,000 m of detailed u/g & surface drilling
- Open pit development of the deposit has been proposed
**Spanish Mountain (CPW)**

**Wildrose Resources & Skygold Ventures**

- Bulk tonnage gold prospect with known high-grade mineralization, located east of Likely
- Pyrite & quartz-pyrite veins, veinlets & stockworks in black shale and siltstone at base of Quesnel Terrane
- Large trenching & reverse circulating drilling campaign over ~ 1.5 km easterly trend
- TR-30: 7.5 metres @ 8.16 g/t Au
- Hole 228: 60.1 m @ 2.47 g/t Au
Woodjam  Fjordland Exploration & Wildrose Resources

- Gold-copper porphyry property south of Horsefly (includes the Megabucks prospect)
- First hole of season (hole 32) intersected 361.2 m @ 0.84 g/t Au & 0.12% Cu
- Led to a series of 50m step-outs
- Hole 33 cut 202m @ 0.71 g/t Au & 0.1% Cu
- Expanded program planned for 2005
Northeast Region

New Mines:
Willow Creek;
Dillon (Burnt River)

Advanced Projects:
Brule (Burnt River);
Trend; Wolverine

Major Exploration Projects:
Goodrich; Hermann;
Lossan; Wapiti
New mine located 45 km west of Chetwynd

Commercial production commenced July 30, 2004

Permitted for 0.9 Mtpa; will amend to 2.2 Mtpa in 2005

Reserve: 15.2 M tonnes; strip ratio of 3.6:1 BCM:t ROM

Low-volatile bituminous coal suitable for PCI markets

Capital Cost: ~ C$24 M

Exploration of Pine Pass, Crassier & Fisher areas in 2005
Dillon Mine located 57 km south of Chetwynd

240,000 tpa operation permitted in September, 2004

Production & rail shipments began in December

Plans to increase production to 800,000 tpa

Reserve: 1.56 M tonnes; strip ratio 2.2:1 BCM: t ROM

Low-volatile coal measures in Cretaceous Gething Fm

PCI coal product trucked to Bullmoose loadout (94 km)

Deposit appraisal drilling, coal quality testing & pre-feasibility studies on adjacent Brule deposit (~30 Mt reserve); would increase production to > 1.5 Mtpa

Application for an EA Certificate expected in Q2/Q3 2005
Wolverine Western Canadian Coal

- Perry Creek & EB deposits comprise the proposed 1.6 Mtpa open pit mine located 23 km west of Tumbler Ridge
- Received EA Certificate in January, 2005 & Mines Act permit on March 31, 2005
- Site clearing underway!
- Multiple seams of metallurgical coal in Cretaceous Gates Formation
- Surface coal reserves: 25.1 Mt @ strip ~ 5.5:1
- Metallurgical coal property SE of dormant Quintette mine
- Major rotary and large-diameter coring program; coal quality testing; pre-feasibility; environmental base line work
- Sub-EA Mines Act permit application for 240,000 tpa coal mine received in March
- ~ 25 Mt resource in the Extension & South blocks
- Some existing infrastructure, but need 16 km of rail & loadout
Outlook for 2005

On the Whole

- Mine openings and re-openings to continue
- More than 1000 ‘new’ direct mining jobs (04-05)
- High level of exploration activity to continue with many advanced / deposit appraisal projects, particularly in the Quesnel & Stikine Terranes and in the Peace River Coal Fields
- Many happy explorationists!
Outlook for 2005
Northeast BC

- Companies exploring and developing new mines in the Peace River Coal Fields are juniors:
  - Pine Valley Mining Corporation
  - Western Canadian Coal Corporation
  - NEMI Northern Energy & Mining Inc
  - Cline Mining Corporation
  - Hillsborough Resources (through its purchase of Aurora Coal & Minerals, Murray River Coal, etc)

- International (Asian, European, South American countries) investment in these companies and their projects;

- Coal supply contracts are in place for production from the new mines at excellent prices (i.e. US$125 tonne for metallurgical coal)

- Exploration expected to increase substantially over 2004

- Coal BOOM to continue!
Outlook for 2005
North-Central Region

- Reopening of the Mount Polley mine and the QR mine
- Full year of production from the Gibraltar mine
- Continued strong output from Kemess South; year for critical EA certification decision on Kemess North project
- Sub-EA Mines Act permit application: Bonanza Ledge
- High levels of exploration activity: gold-enriched porphyry Cu-Au+/-Mo systems & high-grade Au-Ag vein and/or replacement deposits particularly in Quesnel Terrane
- Release of airborne geophysical survey data (Mt. Sylvestor and Horsefly Extension), plus additional surveys in 2005, are expected to generate more staking & exploration
Outlook for 2005
On the Whole

- Mine openings and re-openings to continue
- More than 1000 ‘new’ direct mining jobs (04-05)
- Hundreds of temporary construction jobs
- Significant benefits to mining suppliers, truckers, rail companies, port facilities and northern communities
- High level of exploration activity to continue with many advanced / deposit appraisal projects
- Very busy regional office!
Kemess North  Northgate Minerals

- **Mineable Resource:** 424 Mt @ 0.30 g/t Au & 0.16% Cu
- **Projected capital cost:** $190 million
- **Full feasibility completed; project in harmonized provincial / federal EA process with critical decision coming in 2005**—will have regional & provincial implications (re: investment)
- **Follow-up drilling at Nugget just SW of deposit and at several other targets** (Duncan Ridge, Hilda, K Centre)

Looking south at drill rig on ridge above Kemess North deposit.
2004 Summary North-Central Region

Major Mine
- Kemess South gold-copper mine; est 2004 production: 9439 kg Au & 35,513 t Cu; 11.8 M t added to reserve base

Mines Reopened / Reopening in 2005
- Gibraltar Cu-Mo mine: re-commenced operations in October
- Mount Polley Cu-Au mine: permitted to reopen in Q105; more excellent results for Northeast zone (Wight pit)
- QR Au mine: anticipated to reopen in 2005

Development & Exploration
- Kemess North Au-Cu project: in CEAA/EA review
- Bonanza Ledge 10,000 tonnes u/g bulk sample completed
- Encouraging results from bulk tonnage Cu+/Au+/Mo prospects (Bear Lake, Woodjam) prospects and high-grade gold prospects (Sickle Creek, 3Ts)
- Two-fold increase in exploration spending to an est. $33 million
- Big increase in exploration drilling to about 150,000 m
2004 Summary  Northeast Region

Two New Coal Mines
- Willow Creek: opened July, 2004; produces PCI coal at a permitted 0.9 Mtpa
- Dillon: 0.24 Mtpa mine opened in December; part of Burnt River property (incl ~30 M tonnes Brule deposit)

Development & Advanced Exploration Projects
- Wolverine coal: EA Certificate issued in January 2005 for a 1.6 Mtpa metallurgical coal mine; construction in early-mid 2005
- Trend coal: largest exploration project in region; Sub-EA Mines Act permit application for a 0.24 Mtpa ‘starter pit’ under review

Exploration
- Goodrich, Hermann, Lossan & Wapiti
- Jump in exploration spending to an est. $4 million
- Big increase in exploration drilling to about 15,000 m
**Cariboo**

- **Mount Polley:** discovery & delineation of Northeast zone high-grade Cu-Au alkalic porphyry mineralization by Imperial Metals; put southern Quesnel Terrane on the map
- **QR:** re-evaluation of property’s resources and exploration of gold-skarn environment by Cross Lake Minerals
- **Bonanza Ledge:** 10,000 tonne u/g bulk sample completed by International Wayside Gold Mines; proposal for Sub-EA open pit mine is imminent
- **Spanish Mountain:** trenching and RC drilling program by Wildrose Resources and Skygold Ventures on bulk tonnage gold target hosted by Late Triassic ‘basal black clastics’ siltstones and shales; early results
- **Woodjam:** drilling of gold-copper porphyry mineralization (Megabucks zone) by Fjordland Exploration and Wildrose Resources produced exciting results
Northeast

**Other 2004 Projects of Note**

- **Hermann**: Western Canadian Coal; major drilling program set for winter
- **Goodrich**: Kennecott Canada Exploration Pty Ltd; rotary drilling & coal seam coring program
- **Lossan**: Cline Mining Corp; project deferred to 2005
- **Wapiti**: Aurora Coal & Minerals; rotary drilling & coring of seams; carbonization test; 1 Mtpa thermal coal mine contemplated
- **Belcourt, Saxon**: Alliance formed between NEMI & Western Canadian Coal to explore & develop properties

**More to come:** coal licenses acquired in 2004 (up to Oct. 31) covered 33,106 hectares representing a 4-fold increase over area claimed in calendar 2003
**Red**  
*Gitennes Exploration*

- Porphyry copper-gold prospect 40 km S-SE of Kemess: in Takla Group volcanics & E. Jurassic diorite (Fleet Peak)
- Soil sampling outlined a 450m X 2400m geochem anomaly (>200 ppm Cu); drilled by Cominco in 1969 & by BP Resources in 1984 (81-m @ 0.22% Cu & 0.11 g/t Au)
- Completed ~20 km of IP & drilled a strong chargeability zone

**QCM**  
*Canadian Gold Hunter*

- Bulk tonnage gold prospect near Manson Creek
- Disseminated cubic pyrite and quartz-stockworks in iron-carbonate altered wackes of the Takla Croup
- Three holes intersected long intervals of low grade mineralization including 141 metres averaging 0.8 g/t Au
Porphyry molybdenum-copper system 160 km north of Smithers & 3 km west of Bear Lake

Pyrite-chalcopyrite-molybdenite in quartz veins & stockworks in potassically altered quartz monzonite porphyry of the Eocene Kastberg Intrusions

5-hole, 1704-metre heli-supported drill program confirmed earlier results by Canico/Inco (1972) & Int’l Skyline (1996)

Hole BD04-18 cut 295.9 metres @ 0.059% Mo & 0.27% Cu

Grades compare favourably to other moly-copper deposits

Close to hydro (65 km), rail (5 km) and road (<10 km); near proposed SORR route

Major drill program planned for 2005