

## Facilities

Although the operations at the Faro Properties were suspended in April, 1993, all structures and facilities were reasonably intact at the closing of the purchase of the Faro Properties in November 1994, had been reasonably well maintained and were capable of being re-started on relatively short notice. Anvil Range dewatered the Vangorda open pit in the late summer/early fall of 1995 following the pre-stripping of the Grum ore body between November, 1994 and July, 1995. Processing of ore from the Grum ore body commenced in August, 1995. Mobilization steps included the take-over of site security; the re-opening of offices and shops at Faro; establishing the Whitehorse and Toronto head offices with staff recruitment and the leasing of office space; recruiting operating management and staff; deployment of an initial contractor workforce; establishing accounting and financial control systems; ordering key equipment and re-establishing relationships with key suppliers. Anvil Range entered into agreements with Alaska Industrial Development and Export Authority ("AIDEA") in August, 1995 and various other suppliers of goods and services for facilities to transport its products to the port at Skagway, Alaska.

The mine plan contemplates the production of more than 3,700,000 tonnes of zinc and lead concentrate over the next 10 years. Ore reserves in each of the three ore bodies of the Faro Properties consist of both zinc and lead sulphide ores. The Grum ore body will provide the majority of the mill feed to the Faro Concentrator through the year 2002.

## Mineral Inventory and Exploration

At Anvil Range's planned rate of production, the Faro Properties' proven and probable reserves have an estimated life of more than 10 years.

Access has recommended in the Access Report a four-year, exploration program for Anvil Range's mineral properties adjacent to the Faro Mine (the "Anvil District Mining Properties") and the MM and JJ claims south of Ross River. This program is designed to discover new mineral deposits for exploitation by open pit or underground methods. The cost of the entire program is estimated at \$6.95 million (of which \$.955 million has been included in the operating budget of Anvil Range for fiscal 1996). The potential for discovery on the Anvil District Mining Properties exists for a number of reasons, including:

- (a) The occurrence of five lead and zinc bearing deposits on the Anvil District Mining Properties along a favorable trend shows that the geological environment of such Anvil District Mining Properties is suitable to host additional, similar deposits.
- (b) An exploration model has been developed and successfully applied through a long history of property exploration and exploitation, of the three deposits on the Anvil District Mining Properties.
- (c) Despite a long history of exploration there is a general paucity of information regarding the Anvil District Mining Properties in the subsurface at depth and in overburden covered areas, particularly in areas off the favorable trend.
- (d) The absence of any known reason that ore could not occur off the favorable trend.
- (e) Improved geophysical techniques available to supplement earlier geophysical surveys.
- (f) Potential for development, by geological research, of new guides to ore for the Anvil District Mining Properties or to enhance the interpretation of existing geophysical and geochemical survey data.
- (g) The existence of untested geologically favorable targets on the Anvil District Mining Properties.
- (h) Infrastructure on the Anvil District Mining Properties is well established and exploration logistics well understood.

The exploration program consists of an integrated geological and geophysical reassessment of the Anvil District Mining Properties including research to develop new exploration concepts together with drilling and geophysical programs. The major expenditure will be for diamond drilling. There are three major components of the program as follows:

- (a) exploration (\$1.96 million) to compile and reassess the geology and exploratory surveys of the Anvil District Mining Properties. This phase will include a detailed airborne magnetic and electromagnetic survey of the Anvil District Mining Properties and tests of various ground geophysical methods. Provision has been made for geochemical, isotopic and/or mineralogical research to develop new exploration tools to guide deep drilling.
- (b) There will be intensive work done in the following four geographic sub-divisions of the Anvil District Mining Properties:
- (i) Vangorda Plateau (\$1.76 million), containing the Grum, Vangorda and Dy mineral deposits, which will consist principally of deep diamond drilling (12,500 m.) in the areas between and around the known deposits.
  - (ii) Swim Basin (\$1.22 million), containing the Swim mineral deposit, which will consist principally of bedrock diamond drilling (5,700 m.) and lesser overburden drilling with some geophysical fill-in work surveys.
  - (iii) Faro Southeast (\$0.64 million), containing the mined out Faro mineral deposit, which will consist principally of deep diamond drilling (4,200 m.) in the area between Faro and Grum mineral deposits and also including a geophysical program with follow-up drilling.
  - (iv) Faro Northwest (\$1.05 million) which will consist principally of deep diamond drilling (approximately 7,500 m.) in an area where favorable stratigraphy is deeply buried.
- (c) An additional component of the program will take place on the MM and JJ claims (\$0.32 million) located 75 km south of Ross River which will include diamond drilling (approx. 2,000 m.) and related exploratory surveys. The claims have a potential to host volcanogenic copper, lead, zinc and silver mineralization.

Anvil Range will allocate \$5 million raised by the issue of the Debentures to the foregoing program which will fund the program until December 31, 1998. The balance of the foregoing program will be funded from cash flow of Anvil Range.

In addition to the ore reserves scheduled for extraction in the mine plan, Anvil Range also holds leases or claims in respect of mineralized materials located in or near the Faro Properties which are not currently scheduled for development. Anvil Range has also entered into an arrangement with the Ross River Dena which affords Anvil Range certain privileges in the event the Ross River Dena determine to assess the mineral potential of their lands in the Faro region. See "Ross River Dena Arrangement".

## **Mining**

Mining at the Grum ore body is being conducted by open pit techniques, which involve the drilling, blasting, loading and hauling of what could be broadly conceived of as a large horizontal slice of the ore body sufficient to allow the mining equipment to operate in a cost-efficient manner. In order to access the ore in an open pit, the waste or uneconomic material is first removed. After blasting, the waste material is loaded and hauled for permanent disposal to nearby waste dumps. The ore which is thereby made accessible is loaded and hauled to the primary crusher at the Faro Concentrator.

The intended approach to the Dy ore body is based upon underground mining using trackless room and pillar methods with diesel and electric equipment. This method uses drilling and blasting to drive tunnels to and through the ore and construct rooms or stopes from which ore may be extracted. The underground mining methods Anvil Range plans to use are ones commonly used in the underground mining industry.

## **Concentrate Production**

Zinc and lead sulphide ores from the open pit are transported by large off-highway trucks from the Vangorda open pit and Grum open pit to the primary crusher at the Faro Concentrator. The Faro Concentrator crushes, grinds and upgrades the ores by standard flotation methods to produce a zinc concentrate with a planned zinc metal content of approximately 50%-53% and a lead concentrate with a planned lead metal content of approximately 60%-64%, containing silver and gold payable metal.