ALTERNATE PROPOSAL FOR
ANVIL RANGE MINING CORPORATION

GRIZZLY PROJECT • PHASE I

Faro, Yukon

August 23, 1996

Prepared By:

PROCON MINING AND TUNNELLING LTD.
#205 - 3920 Norland Avenue
Burnaby, British Columbia V5G 4K7

PMTL FILE #: P96/08-127-96-23B

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COVERING LETTER

Procon Mining and Tunnelling Ltd.

August 23, 1996

ANVIL RANGE MINING CORPORATION
117 Industrial Road
WHITEHORSE, Yukon
Y1A 2T8

ATTENTION: **Mr. Fritz F. Prugger, P.Eng.**
Project Manager

Dear Sir:

Enclosed please find our 'Alternate Proposal' for Phase I of the Grizzly Project near Faro.

This proposal which we call Option III, is a follow up to our August 15, 1996 submission which included Options I and II. Option III is a double ramp access with conveyor haulage. All other aspects of the work would be the same as outlined in our August 15th proposal.

We trust you will find Option III of particular interest when considering the next phase of development, and look forward to discussing this further with you.

If there are any questions, please do not hesitate to call.

Yours very truly,

PROCON MINING AND TUNNELLING LTD.

E.A. (Ed) Yurkowski, P.Eng.
President

EAY:tld

#205 - 3920 Norland Avenue, Burnaby, British Columbia V5G 4K7
Phone: (604) 291-8292 • Fax: (604) 291-8082

3.0 OPTION III

3.1

3.1 DESCRIPTION OF WORK AND METHODOLOGY • OPTION III

Option III consists of driving a 3.4m high x 3.5m wide fully arched access decline, and a 3.0m high x 2.5m wide conveyor decline (refer to sketches). The conveyor decline would be parallel to the access decline, separated by a 7m pillar.

1. Labour and Work Schedule:

2 - 11 hour shifts per day, 7 days a week

Crew Size:

	Dayshift	Nightshift
Project Superintendent	1	
Night Captain		1
Surveyor	1	
Labourer/Expeditor	1	
Surface Equipment Operator	1	
Lead Mechanic	1	
Mechanic	1	2
Electrician	1	
Development Miners	4 - 6	4 - 6
Total	11-13	7 - 9

Average 18 to 22 Men

2. Equipment:

Access Decline:
- Drilling - 2 boom electric/hydraulic jumbo
- Muck Back to Conveyor Loadout - 3½ cu.yard scooptram
- Muck to Surface - 36" conveyor belt

Conveyor Decline:
- Drilling - 2 boom MJM20B air jumbo
- Muck Back to Conveyor Loadout - 2 cu.yard scooptram
- Muck to Surface - 36" conveyor belt

Exploration Headings:
- Drilling - 2 boom electric/hydraulic jumbo or 2 boom air jumbo
- Muck Back to Decline Remuck - 3½ cu.yard scooptrams

F/W Access Drift:
- JDT415 - 15 ton truck will muck back to conveyor loadout

3. Services:

Access and Conveyor Declines:

- 6" air line, 4" discharge line, 2" water line in access decline, and 4" air, 3" discharge, and 2" water line in conveyor decline
- 12 gauge firing line for initiating blast
- a 100 hp electric fan mounted in a bulkhead at the top of the conveyor decline will exhaust 60,000 cfm; a similar amount of heated fresh air will downcast the access decline to feed the secondary ventilation systems
- 30" dia. ventilation duct and 1 - 10 hp electric fan will deliver 10,000 cfm to the face of the access decline and 1 - 10 hp electric fan using 24" duct will deliver 7,500 cfm to the face of the conveyor decline
- wall sumps will be established at 800' intervals with 13 hp Flygt pumps for handling water to surface while driving - air operated face pump will pump back to nearest wall sump as face advances
- 4160 volt electrical system will be carried down the access ramp with transformers and substations established as required

Exploration Headings:

- ventilation will be by 36" bag line in the exploration headings and 48" bag line in the footwall access drift
- other services will be similar to the main ramp with the exception that the compressed air line will be reduced to 4" dia. in the two exploration drives

4. Surface Support Plant:

- layout will be as per sketch provided
- shop will be 40' x 60' foldaway, fully equipped
- compressors - 3 - 800 cfm Gardner Denver diesel units to allow spare for backup and shotcreting
- generators - 2 - 545 kw Cat diesel units c/w synchronizing gear to allow parallel operation
- 5 million BTU/HR propane fueled direct fired mine air heater will heat the downcast air in winter as required
- Cat D5H dozer for road maintenance and pushing dump
- Cat 966 front end loader with forks for loading / offloading and general surface servicing
- boom truck c/w tank for servicing and hauling water
- 20 ton tandem rock truck for hauling waste as required to pit
- vaporizers and tanner gas delivery system will be in place for cold weather operation of propane and compressed air systems

5. Benefits of Option III:

- Elimination of the need for a ventilation / escapeway raise for the next phase of preproduction development. The conveyor decline, when sealed off by bulkheads from the access ramp, will serve as an exhaust airway and second means of egress (estimate $1.5 million saving).
- Twin declines allow smaller heading development in both cases, thereby minimizing ground control problems.
- Lower cost per ton of material moved to surface from all future development work. Estimate $3 to $4 per tonne saving over hoisting and ± $10 per tonne saving over trucking.
- Access decline will allow movement of all production equipment between surface and underground work areas without dismantling and will serve to move men and materials on an unrestricted basis. Conveyor is isolated and protected in its own heading.
- A shaft at a later date could be sized and equipped for hoisting ore only, much quicker and cheaper than a multi-purpose production shaft.

3.2

3.2 SUMMARY OF TARGET PRICES • OPTION III

1. Mob / Demob & Surface Setup	**$ 807,008**
2. Access Decline	
(i) Excavation	**2,667,775**
(ii) Ground Support	**779,225**
Conveyor Decline	
(iii) Excavation	**1,764,623**
(iv) Ground Support	**463,205**
3. Exploration Development	
(i) H/W Exploration Drift	**794,448**
(ii) F/W Access Drift	**882,903**
(iii) Ore Access Drift	**236,996**
(iv) F/W Exploration Drift	**775,901**
(v) Ground Support	**560,794**
4. Support Items	**4,590,400**
5. Diamond Drilling	**607,500**
Total Estimated Target Price	**$14,930,778**
Fee for Profit	**967,736**
Total Price	**$15,898,514**

3.2 TARGET PRICES • OPTION III

ITEM	*QUANTITY*	*UNIT*	*TARGET PRICE*	*TOTAL*
1. Mob / Demob & Surface Setup				
Mobilization	1	Lump Sum	$ 211,400.00	$ 211,400
Setup & Establish Services	1	Lump Sum	374,900.00	374,900
Surface Slashing for Extra Portal	672	Cu.Metre	76.50	51,408
Establish Portal - Access Decline	1 (10 metres)	Lump Sum	32,400.00	32,400
Establish Portal - Conveyor Decline	1 (10 metres)	Lump Sum	26,900.00	26,900
Demobilize	1	Lump Sum	110,000.00	110,000
			Sub Total 1	**$ 807,008**
2(i)Access Decline				
Decline 3.4 x 3.5m @ -18%	1,600	Lin.Metre	$ 1,371.00	$ 2,193,600
Explosives Magazines (2)	90	Cu.Metre	110.00	9,900
Transformer Cutouts (3)	135	Cu.Metre	114.00	15,390
Remuck Bays (10)	1,060	Cu.Metre	114.00	120,840
X-Cuts to Conveyor Decline	160	Lin.Metre	1,221.00	195,360
Sumps (7)	945	Cu.Metre	114.00	107,730
Safety Stations (35)	35	Each	713.00	24,955
			Sub Total 2(i)	**$ 2,667,775**

ITEM	QUANTITY	UNIT	TARGET PRICE	TOTAL
2(ii)Access Decline Ground Support				
No Delay to Heading				
2.1m Resin grouted rebar	1,086	Each	$ 85.00	$ 92,310
Straps	321	Each	22.70	7,287
Screen	--	Sq.Metre	19.95	--
Heading Delay				
2.1m Resin grouted rebar	3,634	Each	101.60	369,214
Straps	2,029	Each	31.25	63,406
Screen	1,872	Sq.Metre	26.50	49,608
Other				
Shotcrete (thru the pot)	150	Cu.Metre	1,316.00	197,400
			Sub Total 2(ii)	**$ 779,225**
2(iii)Conveyor Decline				
Decline 3.0 x 2.5m @ -18%	1,600	Lin.Metre	$ 1,070.00	$ 1,712,000
Sumps	80	Cu.Metre	138.50	11,080
Safety Stations (35)	35	Each	645.00	22,575
Conveyor Loading Stations	135	Cu.Metre	140.50	18,968
			Sub Total 2(iii)	**$ 1,764,623**
2(iv)Conveyor Decline Ground Support				
No Delay to Heading				
2.1m Resin grouted rebar	1,840	Each	$ 76.00	$ 139,840
Straps	--	Each	22.70	--
Screen	--	Sq.Metre	19.95	--
Heading Delay				
2.1m Resin grouted rebar	1,840	Each	97.25	178,940
Straps	--	Each	31.25	--
Screen	--	Sq.Metre	26.50	--
Other				
Shotcrete (thru the pot)	109	Cu.Metre	1,325.00	144,425
			Sub Total 2(iv)	**$ 463,205**

3.2 TARGET PRICES • OPTION III (Cont'd)

ITEM	QUANTITY	UNIT	TARGET PRICE	TOTAL
3. Exploration Development				
(i) H/W Exploration Drift	470	Lin.Metre	$ 1,533.00	$ 720,510
Remuck Bays (2)	212	Cu.Metre	127.00	26,924
Sumps (1)	81	Cu.Metre	130.00	10,530
Safety Bays (7)	7	Each	712.00	4,984
Diamond Drill Cutouts (7)	252	Cu.Metre	125.00	31,500
			Sub Total 3(i)	**$ 794,448**
(ii) F/W Access Drift	485	Lin.Metre	$ 1,604.00	$ 777,940
Sumps (2)	162	Cu.Metre	101.50	16,443
Remuck Bays (3)	382	Cu.Metre	103.00	39,346
Truck Turnarounds (3)	311	Cu.Metre	102.00	31,722
Safety Bays (8)	8	Each	764.00	6,112
Diamond Drill Cutouts (3)	108	Cu.Metre	105.00	11,340
			Sub Total 3(ii)	**$ 882,903**
(iii) Ore Access Drift	152	Lin.Metre	$ 1,466.00	$ 222,832
Remuck Bays (1)	106	Cu.Metre	127.00	13,462
Safety Bays (1)	1	Each	702.00	702
			Sub Total 3(iii)	**$ 236,996**
(iv) F/W Exploration Drift	417	Lin.Metre	$ 1,676.00	$ 698,892
Remuck Bays (2)	212	Cu.Metre	140.00	29,680
Sumps (1)	81	Cu.Metre	147.00	11,907
Safety Bays (7)	7	Each	802.00	5,614
Diamond Drill Cutouts (6)	216	Cu.Metre	138.00	29,808
			Sub Total 3(iv)	**$ 775,901**

ITEM	*QUANTITY*	*UNIT*	*TARGET PRICE*	*TOTAL*
(v) Ground Support				
No Delay to Heading				
1.8m Splitset bolts	2,764	Each	$ 46.90	$ 129,632
Straps	1,331	Each	24.95	33,208
Screen	--	Sq.Metre	19.95	--
Heading Delayed				
1.8m Splitset bolts	3,785	Each	53.70	203,255
Straps	1,447	Each	30.30	43,844
Screen	--	Sq.Metre	26.50	--
Other				
Shotcrete (thru the pot)	113	Cu.Metre	1,335.00	150,855
			Sub Total 3(v)	**$ 560,794**
4. Support Items				
Muck Disposal - surface	16	Months	$ 21,400.00	$ 342,400
Servicing & Road Maintenance	16	Months	18,600.00	297,600
Indirect Labour and Support Plant	480	Days	8,230.00	3,950,400
			Sub Total 4	**$ 4,590,400**
5. Diamond Drilling				
Drilling BQTK Core	13,000	Metre	$ 45.90	$ 596,700
Mob / Demob	1	Each	10,800.00	10,800
			Sub Total 5	**$ 607,500**
			Total Estimated Target Price	**$ 14,930,778**
			Fee for Profit	**967,736**
			Total Price	**$ 15,898,514**

ITEM	*UNIT*	*TARGET PRICE*
Miscellaneous Prices (if required)		
Supply & Install Portal Culvert	Lin.Metre	$ 3,000.00
Extra Explosives Cost (if anfo cannot be used)	Lin.Metre	105.00
Miscellaneous Slashing	Cu.Metre	85% of applicable heading equivalent
Extra Shotcrete Cost (if fiber required)	Cu.Metre	78.00

Note: ***Target Prices all include 8% General and Administrative Cost (G & A)***
G.S.T. is extra and added to each invoice as applicable

3.3

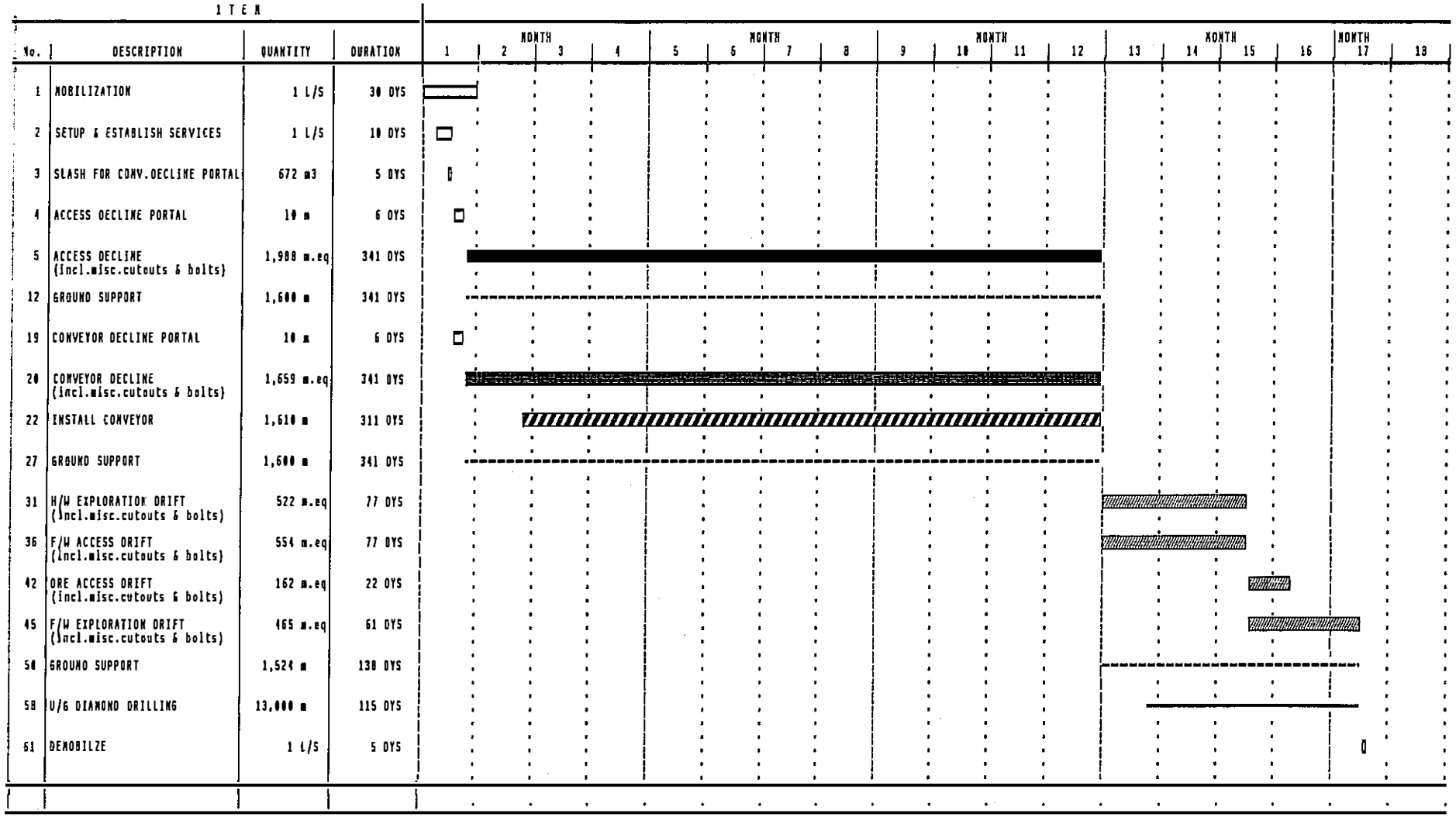
CLIENT..... ANVIL RANGE MINING CORPORATION
PROJECT.....(56238)..... GRIZZLY DEPOSIT--OPTION 3
LOCATION..... FARO,YT.
DURATION..... 510 DAYS

REVISION NO..... 1
EST'D BY.....DLL EB & DJP
DATE EST'D...AUG 19,1996
22-AUG-96 at 02:00 PM

PROCON MINING & TUNNELLING LTD.

PROJECT DEVELOPMENT SCHEDULE

No.	ITEM DESCRIPTION	QUANTITY	DURATION
1	MOBILIZATION	1 L/S	30 DYS
2	SETUP & ESTABLISH SERVICES	1 L/S	10 DYS
3	SLASH FOR CONV.DECLINE PORTAL	672 m3	5 DYS
4	ACCESS DECLINE PORTAL	10 m	6 DYS
5	ACCESS DECLINE (incl.misc.cutouts & bolts)	1,988 m.eq	341 DYS
12	GROUND SUPPORT	1,600 m	341 DYS
19	CONVEYOR DECLINE PORTAL	10 m	6 DYS
20	CONVEYOR DECLINE (incl.misc.cutouts & bolts)	1,659 m.eq	341 DYS
22	INSTALL CONVEYOR	1,610 m	311 DYS
27	GROUND SUPPORT	1,600 m	341 DYS
31	H/W EXPLORATION DRIFT (incl.misc.cutouts & bolts)	522 m.eq	77 DYS
36	F/W ACCESS DRIFT (incl.misc.cutouts & bolts)	554 m.eq	77 DYS
42	ORE ACCESS DRIFT (incl.misc.cutouts & bolts)	162 m.eq	22 DYS
45	F/W EXPLORATION DRIFT (incl.misc.cutouts & bolts)	465 m.eq	61 DYS
50	GROUND SUPPORT	1,524 m	138 DYS
58	U/G DIAMOND DRILLING	13,000 m	115 DYS
61	DEMOBILIZE	1 L/S	5 DYS



PROJECT.....(96238)..... ANVIL RANGE--GRIZZLY DEPOSIT--OPTION 3
LOCATION..... FARO,YT.
DURATION..... 510 DAYS
WORKING DAYS PER WEEK ..... 7 DAYS

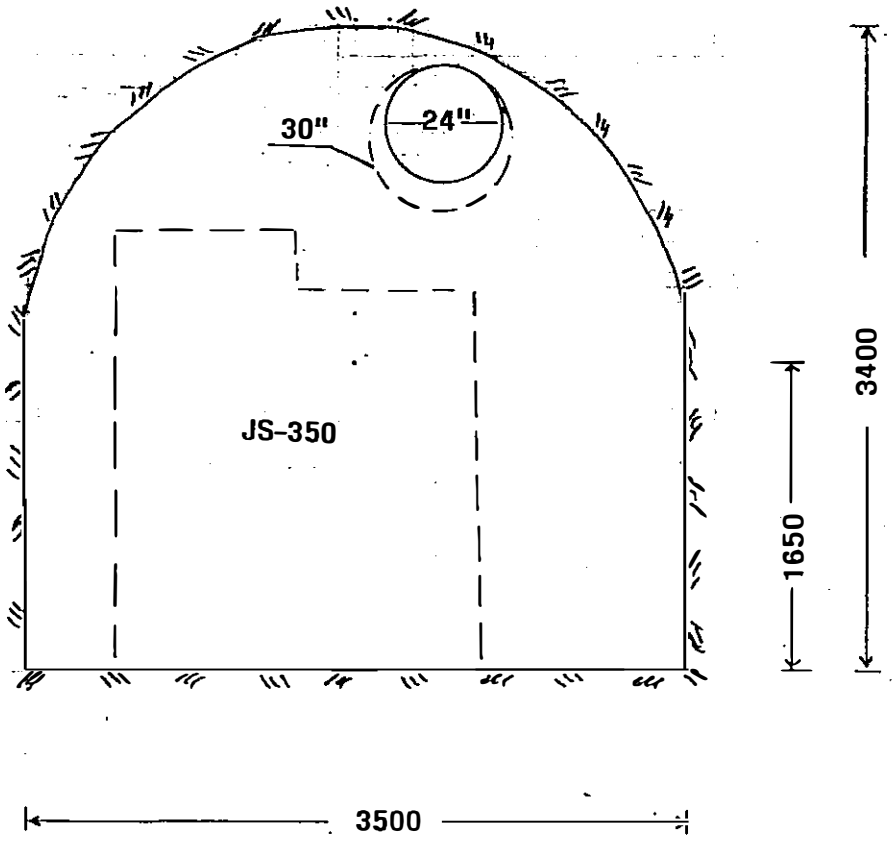
PROCON MINING & TUNNELLING LTD.

PROJECT MANPOWER SCHEDULE

THIS REPORT : 22-AUG-96 at 14:43

ITEM				MONTH																	
No.	DESCRIPTION	AVE. MANPOWER	MAN-DAYS	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
101	PROJECT SUPERINTENDENT	1.0	515	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
102	NIGHT CAPTAIN	0.9	480		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
103	SURVEYOR	0.9	480		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
104	LABOURER/EXPEDITOR	0.9	480		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
105	ROTATION SUPERVISOR	0.3	144																		
106	LEAD MECHANIC	1.0	510	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
107	MECHANIC	2.8	1470	1	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	2	
108	ELECTRICIAN	1.0	510	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
109	MINER	8.5	4397	3	7	8	8	8	8	8	8	8	8	8	8	12	13	13	10	6	
110	SURFACE EQP'T OPERATOR	1.0	500	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
	TOTALS	18.6	9486	9	18	18	18	18	18	18	18	18	18	18	18	23	23	23	20	15	0
	PERIOD MANDAYS		9486	288	541	561	561	561	561	561	561	561	561	561	561	693	697	711	610	341	0
	WORKING DAYS IN PERIOD		510	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	23	0

3.4



The Procon Group

ANVIL RANGE MINING CORP.
GRIZZLY PROJECT

DECLINE ACCESS PARALLEL TO COV. RAMP

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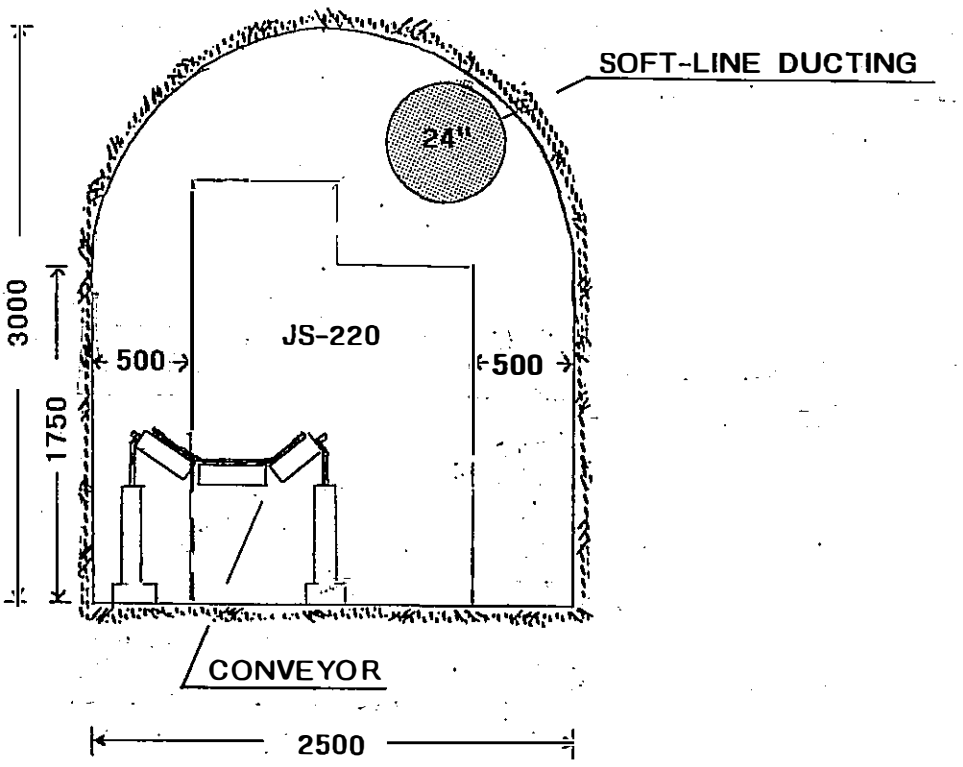
DATE:	APP'D BY:	



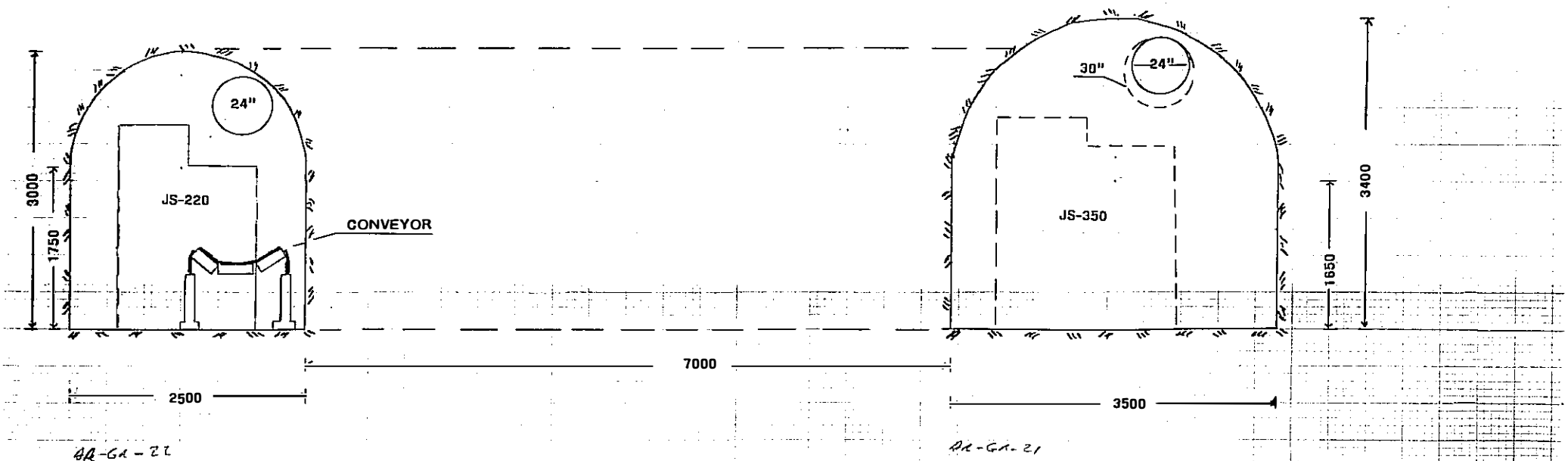
AREA 6.8 SQ.M.

The Procon Group

ANVIL RANGE MINING CORP.
GRIZZLY PROJECT

CONVEYOR DECLINE

SCALE: 1:40	DRAWN BY: E. B.	DWG. NO: AR-GR-22
DATE:	APP'D BY:	



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ANVIL RANGE MINING CORP.
GRIZZLY PROJECT

DUEL DRIFTING

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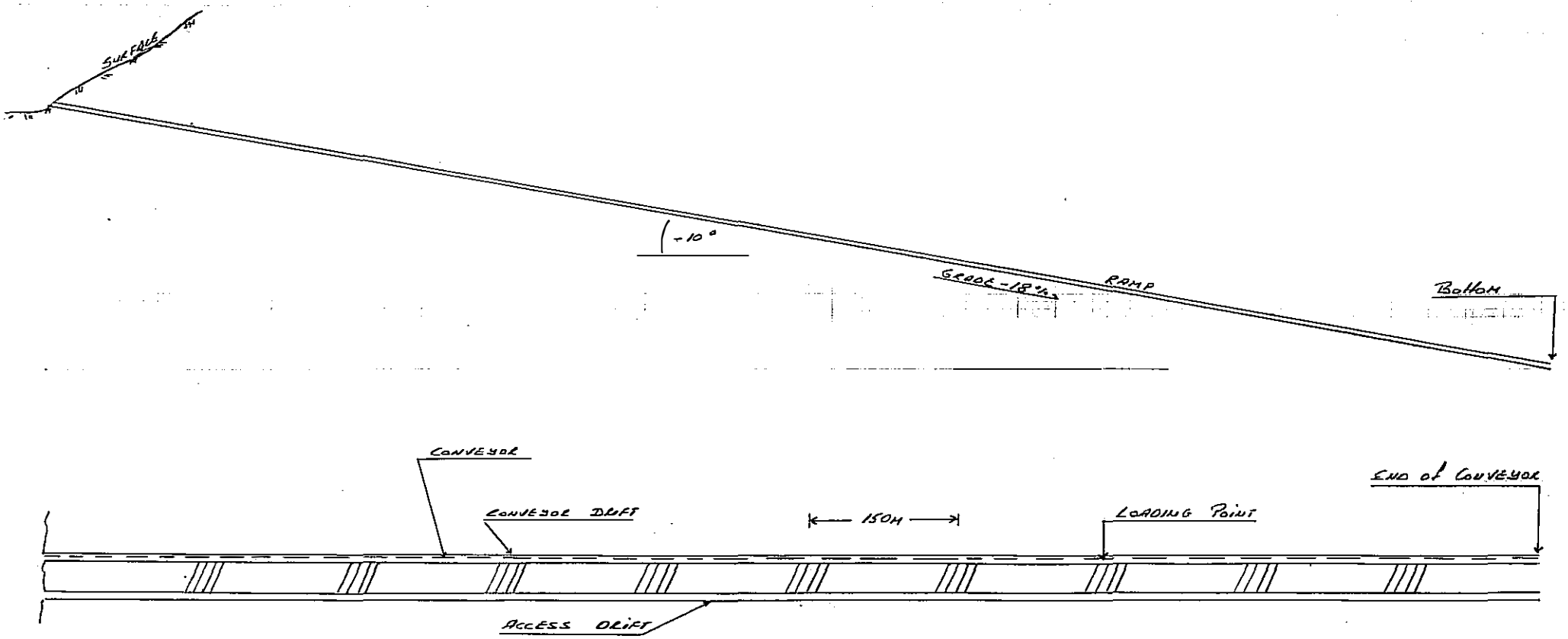


NOTE: CONVEYOR WOULD BE EXTENDED IN 150 M SECTIONS (INTERVALS)

TOTAL DISTANCE 1600 M

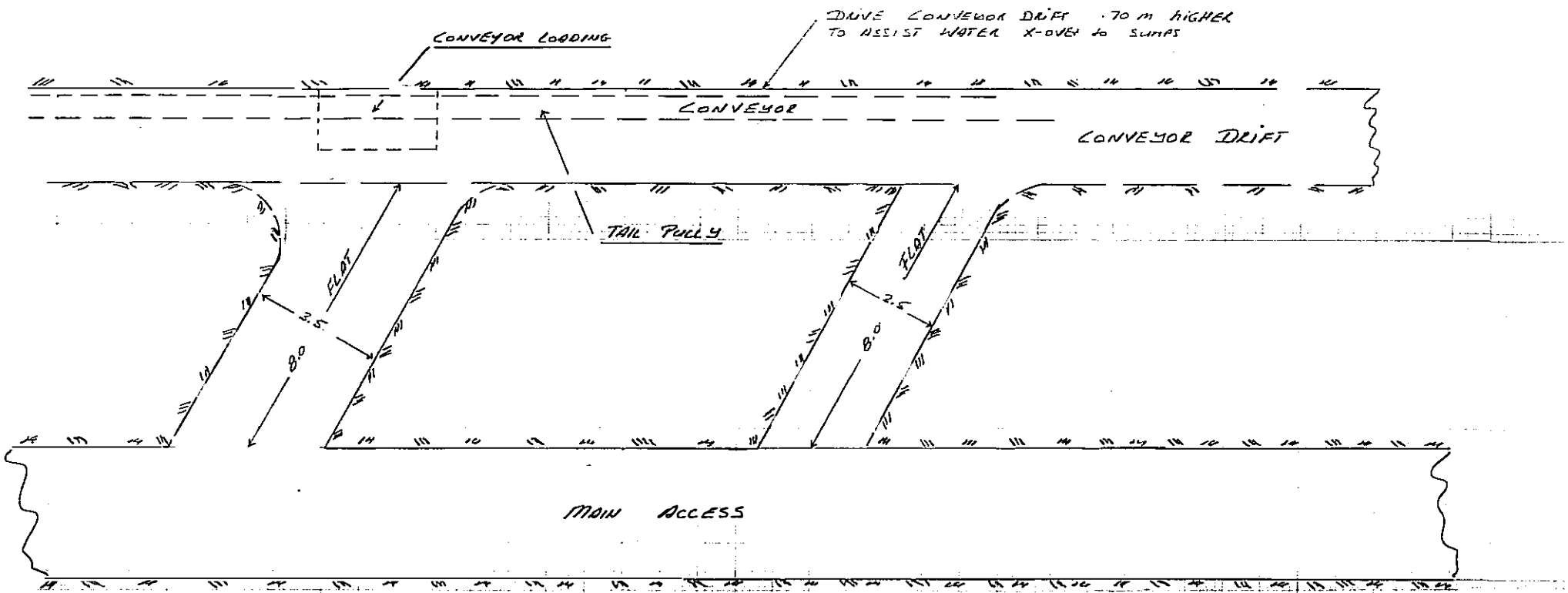
VERTICAL LIFT 281 m

The Procon Group

ANVIL RANGE MINING CORP.
GRIZZLY PROJECT

GENERAL ARRANGEMENT

SCALE: 1:4000	DRAWN BY: E.R.	DWG.
DATE:	APP'D BY:	NO:

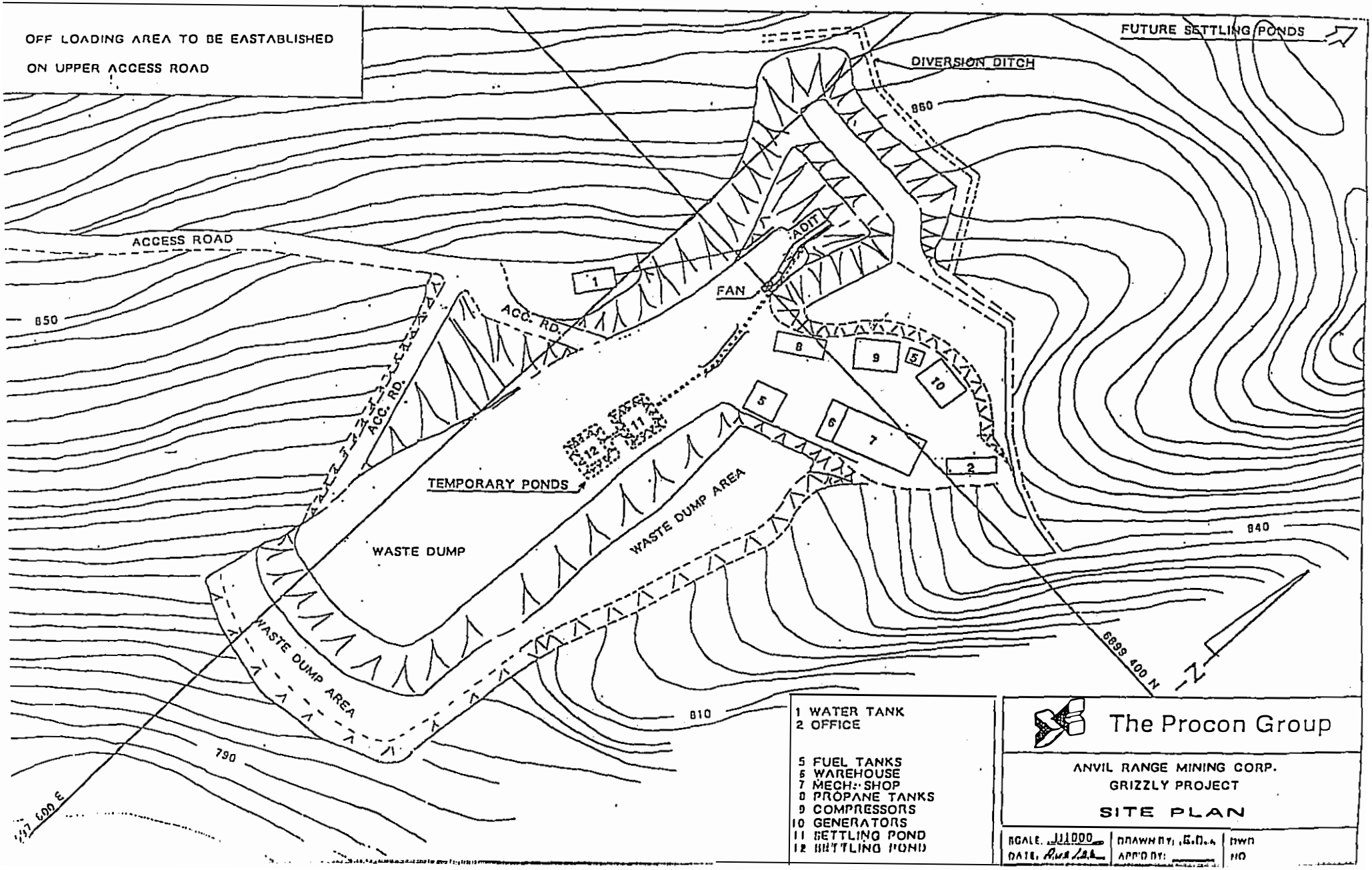


The Procon Group

CONVEYOR ACCESS X-CUTS

SCALE: 1:100	DRAWN BY: E.B	DWG.
DATE:	APP'D BY:	NO:

NOTE: PLAN REDUCED TO 64%



3.5

3.5 SUMMARY - GROUND SUPPORT QUANTITIES

ACCESS DECLINE		NO DELAY		DELAY		NO DELAY		DELAY		DELAY		DELAY		DELAY	
DIST. FROM COLLAR	GROUND SUPPORT	REBAR		REBAR		STRAPS		STRAPS		SCREEN/ MESH		SHOTCRETE 50 MM		SHOTCRETE 25 MM	
0 - 200	Bolt, Strap, Mesh,Shotcrete			586	12.5%			86	3.7%	960m²	51.3%	44.1m³	51.3%	32.8m³	51.3%
200 - 300	Bolt	302	6.3%												
300 - 910	Bolt, Strap, Shotcrete and Screen as req'd	302	6.3%	1,465	31.3%	214	9.1%	937	39.9%	432m²	23.1%	22.0m³	25.6%	13.2m³	20.6%
910 - 960	Bolt	151	3.0%												
960 - 1280	Bolt, Strap, Shotcrete and Screen as req'd	60	1.2%	879	18.8%	43	1.8%	556	23.6%	240m²	12.8%	11.0m³	12.7%	8.2m³	12.9%
1280 - 1340	Bolt	181	3.7%												
1340 - 1610	Bolt, Strap, Shotcrete and Screen as req'd	90	1.9%	704	15.0%	64	2.7%	450	19.2%	240m²	12.8%	8.9m³	10.4%	9.8m³	15.2%
TOTAL		1,086	22.4%	3,634	77.6%	321	13.6%	2,029	86.4%	1,872m²	100%	86m³	100%	64m³	100%

3.5 SUMMARY - GROUND SUPPORT QUANTITIES (Cont'd)

CONVEYOR DECLINE		NO DELAY		DELAY		DELAY		DELAY	
DIST. FROM COLLAR	GROUND SUPPORT	REBAR		REBAR		SHOTCRETE 50 MM		SHOTCRETE 25 MM	
0 - 200	Bolt, Shotcrete			298	8.1%	32.0m³	51.3%	24.0m³	51.3%
200 - 300	Bolt	518	14.1%						
300 - 910	Bolt, Shotcrete	518	14.1%	743	20.2%	16.0m³	25.6%	10.0m³	20.6%
910 - 960	Bolt	246	6.7%						
960 - 1280	Bolt, Shotcrete	100	2.7%	445	12.1%	8.0m³	12.7%	6.0m³	12.9%
1280 - 1340	Bolt	306	8.3%						
1340 - 1610	Bolt, Shotcrete	152	4.1%	354	9.6%	6.0m³	10.4%	7.0m³	15.2%
TOTAL		1,840	50.0%	1,840	50.0%	62m³	100%	47m³	100%

3.5 SUMMARY - GROUND SUPPORT QUANTITIES (Cont'd)

H.W. EXPL.DRIFT		NO DELAY	NO DELAY		DELAY		NO DELAY		DELAY	
DIST. FROM COLLAR	GROUND SUPPORT	REBAR	SPLIT SETS		SPLIT SETS		STRAPS		STRAPS	
0 - 300	Bolt and Strap				1,290	63%			642	63%
300 - 470	Bolt and Strap		731	37%			364	37%		
TOTAL			731	37%	1,290	63%	364	37%	642	63%

F.W. ACCESS		NO DELAY		DELAY		NO DELAY		DELAY		DELAY		DELAY	
DIST. FROM COLLAR	GROUND SUPPORT	SPLIT SETS		SPLIT SETS		STRAPS		STRAPS		SHOTCRETE 50 MM		SHOTCRETE 25 MM	
0 - 200	Bolt, Strap, Shotcrete as required			860	41.1%			257	32.9%	11.8 m³	32.8%	27 m³	100.0%
200 - 350	Bolt and Strap	645	30.9%			321	41.1%						
350 - 440	Bolt, Strap, Shotcrete as required			387	18.5%			105	13.5%	24.2 m³	67.2%		
440 - 485	Bolt and Strap	198	9.5%			98	12.5%						
TOTAL		843	40.4%	1,247	59.6%	419	53.6%	362	46.4%	36 m³	100.0%	27 m³	100.0%

3.5 SUMMARY - GROUND SUPPORT QUANTITIES (Cont'd)

ORE ACCESS DRIFT		NO DELAY	NO DELAY		DELAY		NO DELAY		DELAY	
DIST. FROM COLLAR	GROUND SUPPORT	REBAR	SPLIT SETS		SPLIT SETS		STRAPS		STRAPS	
0 - 90	Bolt and Strap		287	44.5%	100	15.5%	142	44.2%	51	15.9%
90 - 150	Bolt and Strap		258	40.0%			128	39.9%		
TOTAL			545	84.5%	100	15.5%	270	84.1%	51	15.9

F.W. EXPL. DRIFT		NO DELAY	DELAY	NO DELAY	DELAY	DELAY	DELAY
DIST. FROM COLLAR	GROUND SUPPORT	SPLIT SETS	SPLIT SETS	STRAPS	STRAPS	SHOTCRETE 50 MM	SHOTCRETE 25 MM
0 - 50	Bolt and Strap	215 12.0%		107 16.0%			
50 - 150	Bolt, Strap, Shotcrete as required	430 24.0%		171 25.5%		11.1 m^3 38.3%	
150 - 417	Bolt, Strap, Shotcrete as required		1,148 64.0%		392 58.5%	17.9 m^3 61.7%	21 m^3 100.0%
TOTAL		645 36.0%	1,148 64.0%	278 41.5%	392 58.5%	29 m^3 100.0%	21 m^3 100.0%