

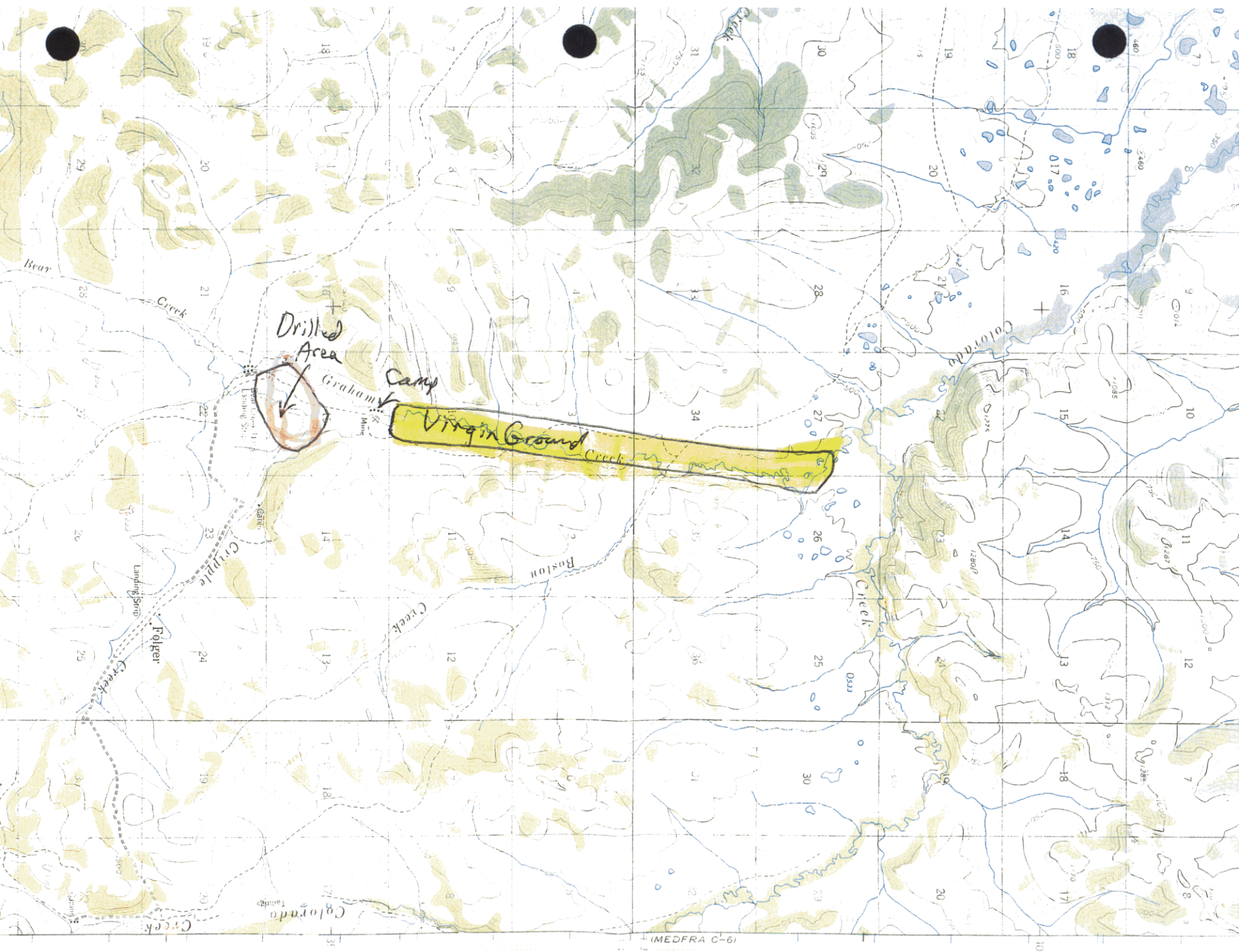


Alamin Mining Property

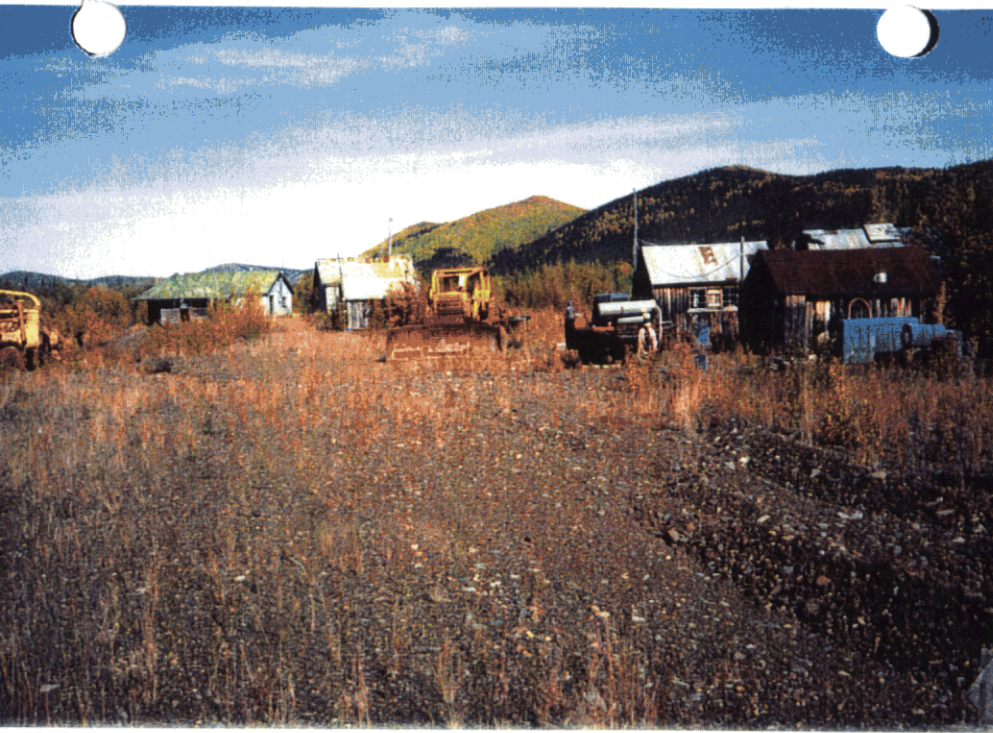
ALASKA

APPROACHES









EDWARD O. STRANDBERG, JR., P.E.**MINING ENGINEER****P.O. BOX 82283 • FAIRBANKS, ALASKA 99708 • PHONE (907) ~~474-0952~~ • FAX (907) ~~474-8884~~**

October 31, 1996

Mr. Ron Anderson, Realtor
Polar Realty
1101 E. 76th Avenue
Anchorage, Alaska 99518

Re: Alamin Mining Corporation, Bear Creek, Alaska Placer Gold Project

Dear Ron:

The following items pertaining to Bear Creek are forwarded to you:

1. Project summary, October 14, 1996
2. Exhibit A., Production, Profits, & Rate of Return
3. Exhibit B, estimated past production in the Bear Creek Project area
4. Bear Creek Project Budget Proposal, July 16, 1996

Exhibit A reflects the costs and returns, if an existing 150 CYPH processing plant is reconditioned and used. The plant is located in the Project area.

Item 4 details the estimated refurbishment costs of the existing Alamin plant and facilities. The production rate with this set-up would be approximately 2/3 that shown in Exhibit A. The rate of return would be the same or slightly lower than the return shown in Exhibit A.

The estimates shown in Exhibit A and item 4 are preliminary. More detailed analysis would be needed in order to develop a business plan for the Project.

Sincerely,

Edward O. Strandberg, Jr.

Edward O. Strandberg, Jr.

**BEAR CREEK PROJECT
KUSKOKWIM MINING DISTRICT, ALASKA**

ALAMIN MINING CORPORATION

LOCATION AND ACCESS

The Project is located as follows: 48 air miles NNW of McGrath; 36 road miles + 52 winter trail miles from Sterling Landing (on the Kuskokwim River); 41.5 road miles + 63.7 winter trail miles from Ruby (on the Yukon River). A 2,500 foot airfield is located on the Claims, and a 4,000 foot airfield is located 1.9 miles SE of the Claims. The 4,000 foot airfield can be repaired for use by heavy aircraft at modest expense.

PROPERTY DESCRIPTION

The mineral land consists of 64 State mining claims owned or leased by Alamin Mining Corporation. The main portion of the Reserves is estimated to be located on the Alamin -owned claims. The Claims are situated along six miles of the combined Cripple Creek, Bear Creek, and Graham Creek drainage. Additional land with exploration potential is located adjacent to Alamin's claims.

PERMITTING

Alamin holds current Corps of Engineers and EPA permits for the Bear Creek Project. The Corps of Engineers permit expires December 31, 1996, but application for an administrative extension will be made. The Company expects to receive the extension. The EPA NPDES permit expires June 30, 1999. A State of Alaska operating and reclamation permit and reclamation bonding would be needed for the operation. The State permit normally takes 30 to 60 days to process. No inordinate permitting constraints are expected for the Project. The Mine has been fully permitted in previous years.

RESERVES

Proven + probable reserves total 1,217,587 bank cubic yards (BCY) mining section, which contain an estimated 32,513 fine ounces of gold. The grade of the mining section is 0.0267 fine ounces per BCY.

There is potential to expand this reserve through exploration drilling.

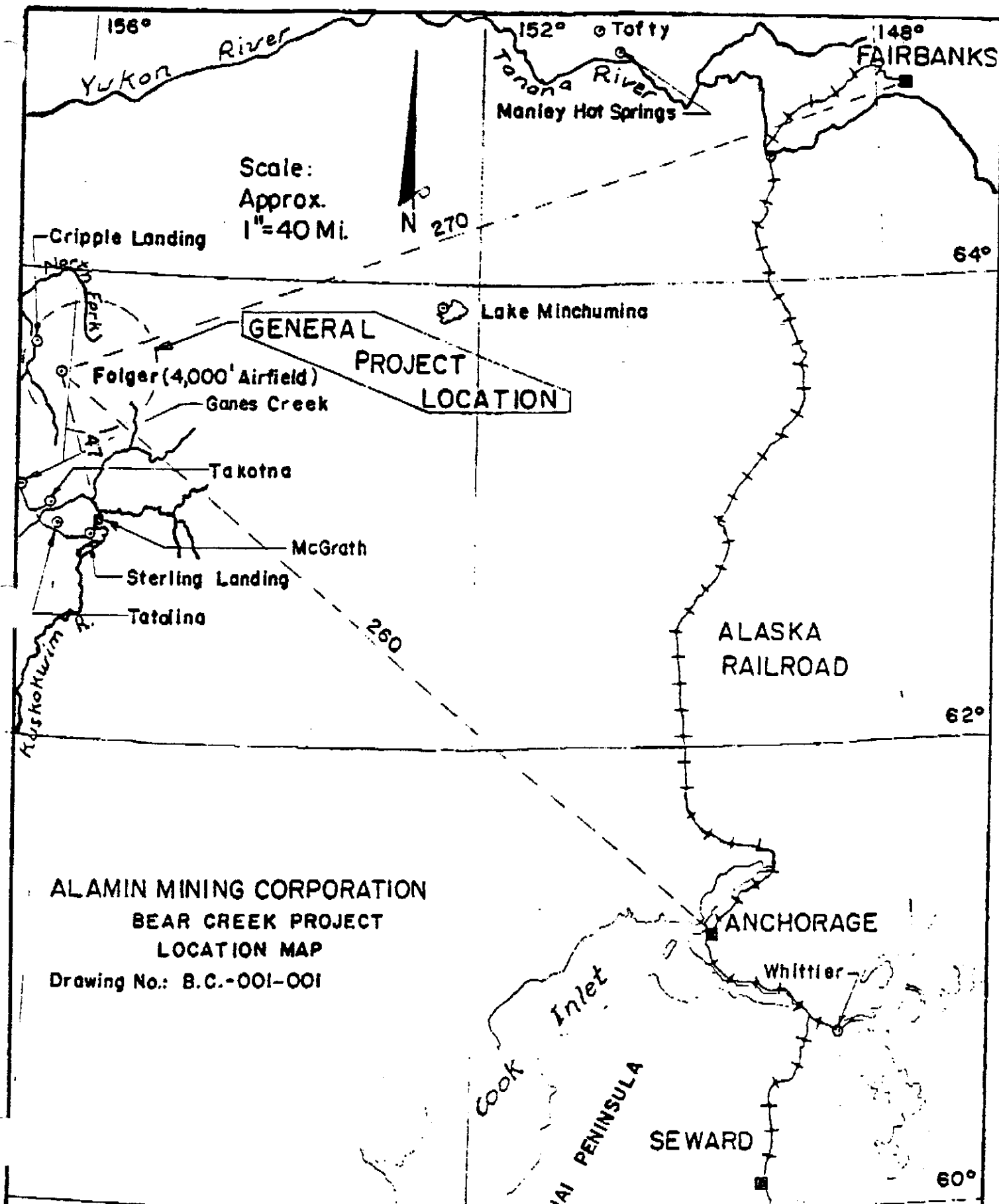
The reserves are overlaid by an estimated 2,325,382 BCY frozen muck and an estimated 899,517 BCY barren gravel.

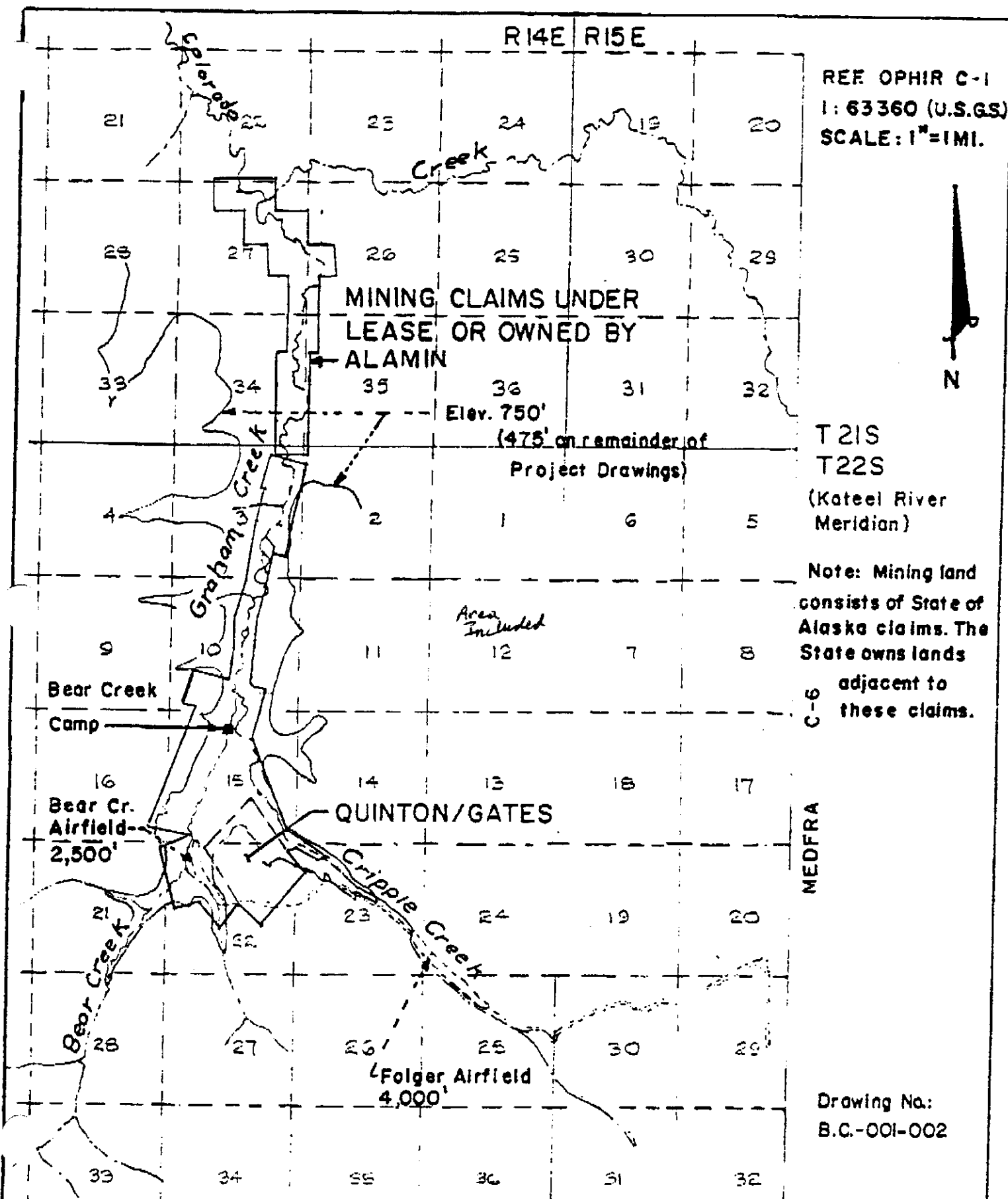
Bear Creek Project
Page 2 of 2

The reserves were estimated primarily from churn drilling results obtained during Alamin's 1986 - 1987 74-hole exploration program. A five inch Fairbanks drill was used for the work, which was done in frozen and thawed ground. Thawed holes were cased. The drill hole depths varied from 12 feet to 44.5 feet. Previous production and exploration information was integrated with the 1986 - 1987 drilling data in a portion of the reserve estimate.



October 14, 1996





**BEAR CREEK PROJECT
ALAMIN MINING CORPORATION**

**EXHIBIT A. PRODUCTION, PROFITS, & RATE OF RETURN
(PRELIMINARY)**

Gold reserve, fine ounces	32,513.37
Mine life, years	6.62
Average annual gold production, fine ounces	4,913.61 (1)
Total production cost, current reserve	\$5,617,482
Production cost per reserve ounce	\$172.77
Net ounces, at 10 percent NSR royalty (2) and 1.5 percent smelter charge (1.00-0.115) 32,513.37 =	28,774.33
Annual net fine ounces produced (1.00 - 0.115) 4,913.61 =	4,348.54
Production cost per net ounce	\$195.23
Gold price per ounce	\$375.00
Operating profit per net ounce	\$179.77
Annual cash operating profit 4,348.54 oz. X \$179.77/oz. =	\$781,737
Annual net cash flow \$781,737 X 0.70 (tax factor) =	\$547,216
Capital investment	\$1,500,000 (3)
ROI	36.48%
Payback period, years	2.74

Notes

- (1) Year 1 activities would include equipment freighting by air to the mine and by river and road to the winter trail head, and preproduction stripping. Year 2 would include freighting over the winter trail to the mine and the start of production.
- (2) Or the equivalent in property purchase payments.
- (3) The Capital does not include exploration drilling equipment to expand reserves. The estimate is subject to the availability of specific used machinery.

**BEAR CREEK PROJECT
ALAMIN MINING CORPORATION**

**EXHIBIT B. ESTIMATED PAST PRODUCTION
REF. DRAWING NO. B.C.-001-002**

<u>Stream</u>	<u>Production Year</u>	<u>Fine Ounces</u> <u>Gold</u>
Graham Creek	1917-1963	65
Bear Creek	1917-1986	21,100
Cripple Creek	1917-1986	100,167
Colorado Creek	1917-1986	<u>74,267</u>
Total		195,599

Alamin Mining Corporation produced approximately 1,100 ounces of gold from 30,000 cubic yards of pay material on the Claims between 1982 and 1987. Alamin and two other groups, in intermittent operations, produced a limited amount of gold from the Claims during the 1988 and 1989 seasons. The combined amount of gold produced over 1988 to 1989 is not available at this office.

Colorado Creek has been a steady gold producer through 1996.

**BEAR CREEK PROJECT
BUDGET PROPOSAL**

July 16, 1996

Tasks

1. Repair camp, plant, and equipment
2. Establish survey control and tie in drill holes
3. Stake additional mining claims
4. Replace Fairbanks drill with 22-W drill

Duration:

Approximately 70 days

Budget Summary

<u>Description</u>	<u>Cost</u>
A. Camp repairs and replacements	\$ 8,200
B. Camp power plant	7,584
C. D-8H ripper cat	6,366
D. D-8H winch cat	18,972
E. 966-C front end loader	4,212
F. Transportation equipment	8,845
G. IRD washing plant, allowance	50,000
H. Pump and pump repair	31,880
I. Claim staking	2,948
J. Labor (where not identified in items A-I & P)	30,220
K. Operating supplies	17,702
L. Groceries	3,675
M. Aircraft charter	35,666
N. Maintenance equipment & tools	20,229
O. Communications equipment	5,000
P. Rebuilt 22-W cable tool exploration drill	100,377
Q. Hydraulic monitors	<u>10,360</u>
Total	\$362,236
Contingency @ 10 %	<u>36,224</u>
Total	\$398,460

Bear Creek Project Budget Proposal, July 16, 1996**Page 2 of 6**

<u>Description</u>	<u>Cost</u>
<u>A. Camp repairs and replacements</u>	
Building materials	3,500
Equipment	
Refrigerator/freezer, Amana 25 cubic foot	1,200
Dishes and utensils	<u>1,000</u>
Total	2,200
Labor	<u>2,500</u>
Total	8,200
<u>B. Camp power plant</u>	
1. <u>Existing 30 KW Onan unit</u>	
Parts	250
Labor	250
Battery	114
Fuel filter	<u>20</u>
Total	634
2. <u>Optional 5 KW Lister-Petter unit (new)⁽¹⁾</u>	
Generator unit	5,950
Meters, circuit breaker, 115/220 V outlets, allowance	<u>1,000</u>
Total	<u>6,950</u>
Total	7,584
<u>C. D-8H ripper cat repair</u>	
Batteries, 2 ea. 8D @ \$253	506
Leads	100
Sprocket segments	500
Ripper cylinders	2,000
N.C. Machinery Labor, 40 H @ \$81.50/H	<u>3,260</u>
Total	6,366
<u>D. D-8H winch cat repair</u>	
Batteries, 2 ea. 8D @ \$253	506
Other electrical, allowance	250
Engine, dyno-tested used transplant ⁽²⁾	11,641
Other parts, allowance	2,500
N.C. Machinery labor, 50H @ \$81.50/H	<u>4,075</u>
Total	18,972

Bear Creek Project Budget Proposal, July 16, 1996**Page 3 of 6****E. 966 C front end loader repair**

Batteries 2 ea. 4D	410
Alternator	672
Tire repair	500
Miscellaneous	1,000
N.C. Machinery labor, 20 H @ \$81.50/H	<u>1,630</u>
Total	4,212

F. Transportation equipment**1. Pickup truck**

Battery	150
Repair parts	1,000
Labor, 4 days @ \$300/day	<u>1,200</u>
Total	2,350

2. All terrain vehicle + trailer

Total	<u>6,495</u> 8,845
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G. I.R.D. processing plant repair (allowance)

Materials and parts	25,160
Labor	<u>24,840</u>
Total	50,000

H. Pump and pump repair

Repair allowance on existing pumps	5,880
Used 3304 pump, for hydraulic stripping slurry return(3)	<u>26,000</u>
Total	31,880

I. Claim staking

Tools	2,308
Supplies	300
Filing and recording	<u>340</u>
Total	2,948

Bear Creek Project Budget Proposal, July 16, 1996**Page 4 of 6****K. Operating supplies**

Fuel oil, 2,770 gallons(4)	11,110
Gasoline, 4 drums @ \$81.50	326
Delo 400, SAE 15/40, 5 ea. drums @ \$284.05	1,420
Delo 400, SAE 30, 5 ea. drums @ \$278	1,390
Filters	1,000
Propane	400
Oxygen	500
Acetylene	800
Welding rod, 200 #	256
Other lubricants, including grease cartridges	<u>500</u>
Total	17,702

M. Aircraft Charter

Mobilization, 5 Caribou loads, Anchorage-Bear Creek	22,450
Personnel in, C-206, 2 trips @ \$943/trip	1,886
Supply during course of work, C-206, 9 trips	
@ \$943/trip	8,487
Demobilization, C-208, 1 trip @ \$1,900	1,900
" , C-206, 1 trip @ \$943	<u>943</u>
Total	35,666

N. Maintenance equipment & tools(5)

Battery charger	400
Welder, SAE-400(6)	12,041
Leads + stinger and clamp	532
Complete torch and gauge kit	452
Multi-meter	117
Battery tester	88
Compressor, 3 H.P., 60 gallon, 2 stage	1,599
Tools, allowance	<u>5,000</u>
Total	20,229

O. Communications equipment

5,000

Bear Creek Project Budget Proposal, July 16, 1996**Page 5 of 6****P. Rebuilt 22-W cable tool exploration drilling outfit****Drill and tools**

Drill and existing tools	5,000
Freight, helicopter to Talkeetna	10,600
Drill engine (old one has been removed)	9,500
Engine installation labor	1,500
Engine installation material	1,500
Skid	4,500
Initial inspection trip for drill	1,500
Tools and casing	<u>22,892</u>
Total	56,992

Sample processing equipment

Drill and test plant water system	9,546
Test plant	<u>4,341</u>
Total	13,887

Other equipment and tools

Welder, Miller Bobcat 225D	\$ 4,941
Oxy-acetylene journeyman kit	558
Welding leads	176
Stinger, clamp	60
Tool box, 24" X 24" X 60"	349
No. 2 shovel (2)	62
Pick (2)	44
Axe, single bit (2)	47
Chain saw	380
Brush tool	35
Mini oxygen/acetylene bottles	320
Tool allowance	3,000
Volume bucket	150
Dump trough	800
Cable	2,576
Sample balance	<u>2,500</u>
Total	15,998

Freight

Talkeetna-Fairbanks-Anchorage	2,500
Anchorage-Bear Creek	<u>11,000</u>
Total	<u>13,500</u>

Total	100,377
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Freight, helicopter to Talkeetna	10,360
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Bear Creek Project Budget Proposal, July 16, 1996**Page 6 of 6****Explanatory Notes**

1. Existing Onan generator is oversized for general camp requirements. Standby unit is needed. Operating generator is needed to get camp started up, i.e., battery charging, etc..
2. The winch cat engine was said to be in need of major repairs at the close of activities in the fall of 1988. A used replacement engine was located after an extensive search. D-8H engines are out of manufacture. A block, without heads, costs approximately \$20,000. Purchase of this engine is recommended as soon as possible.
3. A GMC diesel-powered slurry pump of unknown condition is on site. The used 3304 pump would be used during hydraulic stripping.
4. 14 55-gallon drums via Caribou to Bear Creek; one 2,000 gallon shipment via C-46 to Colorado Creek.
5. Basic tools to repair and maintain existing plant and equipment.
6. Replaces existing welder, which was in marginal condition in 1990.

General

The budget includes proposed expenditures to bring the existing camp, plant, and equipment back to full operating condition. Working capital for large scale runway repairs, hydraulic stripping, other operating expenses, and exploration drilling is not included. Expenditures in the latter areas would consist of labor, transportation, and consumables, once the facility is renovated as described above.