

WMC INTERNATIONAL LIMITED

1998 Status Report For The Meliadine West Gold Project

INTRODUCTION

The Meliadine West Gold Project is located in Nunavut on Inuit owned land approximately 35 km north of Rankin Inlet. The Meliadine West Project is a joint venture between the operator, WMC International Limited, and our partners Comaplex Minerals Corporation of Calgary, Alberta and Cumberland Resources Limited of Richmond, B.C. WMC has earned a 56% interest in the project by undertaking exploration expenditures and cash payments to Comaplex and Cumberland totalling \$12.5 million.

WMC International Limited is part of the WMC Group of companies wholly owned by Western Mining Corporation of Melbourne, Australia. The WMC Group is involved in mineral exploration and production around the world. WMC International Limited is the subsidiary that manages operations in Canada. The Meliadine West Gold Project is managed out of Nepean, Ontario. The map included in this status report shows the overall lands in the Rankin Inlet area where the mineral exploration rights are held by WMC and identifies those lands that are included in the Meliadine West Gold Project.

PROJECT HISTORY

The first 26 claims (23,420 ha) of the Meliadine West Project were staked in 1990 and 1991 by Asamera Minerals Inc. A prospecting and mapping camp was established by Asamera in 1990. Rio Algom held an option and conducted airborne and ground geophysics, mapping, prospecting and diamond drilling in 1991 with 7 holes drilled on the Meliadine West ground. At this time a significant mineralized zone known as the Pump Zone was discovered. In 1992 Rio Algom drilled 21 holes in a search for other prospective targets for intensive drilling. Rio Algom dropped its option and in 1993/94 Comaplex took over exploration of the

Meliadine West Project and together with detailed geophysical surveys drilled 84 holes which located more gold-bearing structures and defined the F-zone as a potential ore source. In 1995 the Cumberland / Comaplex partnership was joined by WMC who took over as operator of the Meliadine West Project. In the summer of 1995 WMC drilled 33 holes for 7172 metres. The mineralization of previous drilling was confirmed and two new targets, the Fox and the Wolf zones were discovered.

In 1996 WMC drilled 77 holes for 18,200 metres. All previous gold bearing zones were confirmed. Also, more mineral claims were staked in 1996. The exploration area was enlarged by adding approximately 8000 ha of federal ground and 40,000 ha of Inuit owned ground.

The 1997 exploration effort concentrated on the Fox, F, Wolf, and Pump gold bearing zones with a lesser effort put into finding new sources of gold mineralization. 103 holes were drilled in these zones for 28,992 metres while 19 holes were drilled in the outlying lands for 3828 metres.

The overall exploration area was enlarged again in 1997 by adding approximately 12,137 ha of Federal land in the Peter Lake area and 30,990 ha of Federal land north of Meliadine Lake. The total area in the WMC International Ltd. Meliadine exploration program is 63,420 ha of Inuit Owned Land and 51,127 ha of Federal land.

In February 1998 the core area around Meliadine West was selected for a prefeasibility study to assess the profitability of establishing a gold mine. Ore resource estimates were completed on the basis of the 1995, 1996, and 1997 drilling results. The combined resource in the Fox and F Zones is estimated to be 3.29 million ounces of gold. While

the conclusions of this study were encouraging, it showed that more gold must be found to assure an ongoing profit in today's global gold market.

1998 FIELD PROGRAM

The 1998 exploration program added 144 diamond drill holes and 36,268 m to that completed between 1995 and 1997. Drilling focussed on the Fox, Wolf, Pump and F Zones, all of which hold mineable grades of gold mineralization. Selected assays from each zone taken from 1998 core are shown in Table 1.

Table 1 Gold assays from selected 1998 diamond drill holes at the Meliadine West Gold Project.

Zone	Drill hole #	Width of vein and gold content
Fox	98-311	5.99 m - 22.35 grams/tonne
Wolf	98-234	22.08 m - 16.48 grams/tonne
F	98-250	4.72 m - 21.18 grams/tonne
Pump	98-211	4.00 m - 10.00 grams/tonne

The 1998 exploration program included over 2,000 line km of geophysics, and extensive geochemical sampling and prospecting. This work confirmed additional targets for the ongoing diamond drilling that is required to outline more gold for the Meliadine West Gold Project.

Environmental baseline studies

Environmental studies continued in 1998 and focussed on water, fish, wildlife and plants. Baseline data were collected for water quality and fish populations. The Meliadine charr population was again studied by setting a fish fence in the Meliadine River during the fall migration. Charr returning from the ocean were captured and tagged. In total 1616 charr have been tagged in 1997 and 1998; 256 tags have been returned by Rankin Inlet harvesters as of November 10, 1998. One tag was returned from a capture in Corbett Inlet. Wildlife studies continue and include surveys for caribou. Also, five caribou cows have been fitted with collars that send signals to a satellite which sends the signal back to earth and so shows where the caribou travels. Three of the caribou tagged near Rankin Inlet went to the Qamanirjuaq

calving ground in June 1998, while two were north of Chesterfield Inlet for the calving period. The caribou collaring work is done in cooperation with the Department of Resources, Wildlife and Economic Development in Arviat. A monthly map showing the distribution of collared caribou is mailed to interested parties including the HTO's in the Kivalliq Region by Arviat DRWED. A study on the distribution of plant communities in the gold exploration area was made. The report will include a map showing the information gathered in the summer of 1998.

The ongoing exploration program will include an advanced exploration phase that requires significant terrain disturbance over several hectares of land in the area. To prepare for this a survey for archeological features was completed in August and October. The survey was done with the assistance of elder Moses Aliyak with interpreter Theresie Tungilik. Several features indicating temporary use were identified. The results of the survey were reported in a summary report translated into Inuktitut and reviewed with the elder's committee. A copy of the report was filed with KIA. All baseline study data reports are filed with KIA as they are completed.

Environmental Protection

Major expenditures were made on environmental protection for the land and waters in the exploration area. Twelve 50,000 litre double walled fuel tanks were purchased to reduce the need for fuel barrels. This reduces the area of the tundra that is covered by a fuel cache as well as the number of fuel containers that need to be monitored for leaks. Also, training courses on transporting dangerous goods and emergency response to fuel spills on the land were arranged for local transport contractors. This training is required by Federal and Territorial Government regulations. WMC also conducts a drill site reclamation program that mixes peat and fertiliser into the mud and drill cuttings at all land based drill sites. This practice improves plant growth and seed production and so accelerates natural

revegetation of the drill site. This practice will continue and be monitored throughout the exploration drilling phase of the project. In winter some holes are drilled from the ice over lakes. All the cuttings from drilling on the ice over lakes are collected and taken to the Rankin Inlet dump and so are prevented from entering waters that may be fish habitat.

LOCAL PARTICIPATION AND ECONOMIC BENEFITS

The Meliadine West exploration program has enjoyed excellent cooperation with the community of Rankin Inlet from the beginning. WMC feels very fortunate to find an acceptable level of service available in the Rankin Inlet business community, with good skills and healthy attitudes in the local labour force. A total of 45 different local workers participated in the 1998 exploration work either in employment with WMC or as drillers' helpers with the drilling contractor. This is 15 more than in

1997. WMC participated in two separate training initiatives during the 1997 - 98 winter season. The WMC Meliadine West camp hosted a Driller's Helper training course for six local men with hands on experience at an operating drill. Four of these men were hired to work at Meliadine West. WMC also participated in the Kivalliq community mobilisation program and hired seven graduates of that mineral exploration pre-employment training program. It is expected that both programs will continue in the winter of 1998-99 and that WMC will participate. WMC camps follow a policy of zero tolerance for use of alcohol and non-prescription drugs by all persons while at the camp, either working there or visiting.

The expenditures by the Meliadine West Gold Project in the Kivalliq regional economy from 1995 to the present are summarised by Table 2.

Table 2. Expenditures in the Kivalliq Region by the Meliadine West Gold Project: 1995 to 1998¹

Activity	1998	1997	1996	1995
Local persons employed	45	30	21	6
Wages	386,265	205,000	80,000	40,000
Expediting and transport ²	722,608	545,822	338,858	42,000
Fuel ²	1,175,444	27,000	120,000	80,000
Equipment	77,484	150,000	10,000	10,000
Food and accommodation	280,366	263,000	100,000	43,000
Construction	31,250	0	57,000	10,000
Drilling ³	150,836	160,000	no data	no data
Aircraft	0	0	0	0
Community	229,948	42,000	0	0
Environment	16,650	0	0	0
Other	30,680	0	0	0
Total (Kivalliq)	3,101,531	1,392,822	705,858	225,000
Total (Program)	11,856,846	9,251,950	3,500,000	1,400,000
Cumulative (Kivalliq)	5,425,211	2,323,680	930,858	225,000
Cumulative (Program)	26,008,796	14,151,950	4,900,000	1,400,000

¹ recent examination of the historic costs of the Meliadine West Gold Project have resulted in a revision of the costs and cost categories and so the values above may vary from those reported in previous annual project status reports.

² includes barge services and fuel purchased from NTCL; 1998 costs include fuel purchased for 1999.

³ wages paid to local employees of the drilling contractor.

Table 2 shows that of the \$25.9 million that WMC has spent at Meliadine West to date, \$5.4 million or 20.9% has been spent directly on wages, services and supplies from within the Kivalliq Region or in the case of services from NTCL, to an Inuit Owned Company.

WMC International Limited invites all local businesses with services for exploration activities to advise us of the goods and services they can provide. WMC has a preference for local services and purchases provided they are competitive in price and quality. WMC International Limited has incentive to see a competitive mineral exploration service and supply sector become established in Nunavut and will work with the entrepreneurs in the communities where we operate.

ADVANCED EXPLORATION

The study into the overall profitability of a gold mine at Meliadine West also showed the need to improve the information on the shape and consistency of the gold deposit in the Fox Zone. Initially it was believed that this could best be done by advanced exploration with an underground test mine. An application to undertake an underground test mine was prepared and submitted to KIA in June, 1998 and reviewed in a meeting with KIA and the CLARCs of both Rankin Inlet and Chesterfield Inlet. The diamond drilling exploration program continued as preparations for the test mine progressed. A combination of circumstances led WMC to withdraw the application. The costs of an underground test mine were greater than the funds available and, the diamond drilling in 1998 showed significant shallow gold deposits near the bedrock surface. More drilling will be done in 1999. The usefulness of an exploration test pit will be studied as well. The information from a test mine is required to determine the feasibility of a profitable gold mine at Meliadine West.

COMMUNITY CONSULTATIONS

WMC policies require that the company keep the communities in the area of its exploration work informed and involved in the program. Also, the

Nunavut Land Claim Agreement of 1993 conferred surface ownership to most of the lands on which the Meliadine West Exploration Program is operating. WMC is grateful for the hospitality it has received from the community in working on KIA lands and wishes to emphasise that residents are always welcome at the camp. Also, the company's staff and equipment are always available for community emergencies like search and rescue missions requiring helicopters. The first consultations with KIA were initiated in April 1995 before WMC began field work at Meliadine West. The status of the Project has since been reviewed annually at public meetings in both Rankin Inlet and Chesterfield Inlet. In addition to the annual project status meetings, meetings with Hunters and Trappers have also been held to review environmental studies. An elder's committee has been working to advise WMC and its consultant, Nanuk Enterprises Ltd. of Rankin Inlet, on traditional knowledge of the exploration area and surrounding lands.

These consultations have shown concerns of the public, and strong support for the success of the exploration program. A recurring concern is the disturbance caused by helicopter traffic over camps and the community. WMC continues to encourage helicopter pilots to use routes that avoid camps and the community. Employment training is another concern and a challenge. It would be premature for WMC to undertake a major training program in advance of the demonstrated feasibility of a profitable gold mine but it remains important that basic upgrading courses for mine related skills be initiated before that time. WMC will work with agencies in the region to examine how these can be enhanced during the intervening period.

1999 PROGRAM

The current review of 1998 assay results along with the overall funds available will determine the shape and extent of the 1999 program at Meliadine West. Filling gaps in the known gold bearing zones will be a priority including some drilling on Inuit Owned subsurface and the geology that is

accessible only by drilling from lake ice in late winter. Drilling in the summer of 1999 will concentrate on the Fox, F, and Wolf Zones with additional drilling done in search of new gold bearing zones in the core area.

ACKNOWLEDGEMENTS

WMC International Ltd. has the good fortune to be a partner in a dynamic and cooperative joint venture. We compliment both Cumberland Resources Ltd. and Comaplex Minerals Corp. on their pioneering exploration program in the Kivalliq Region generally and at Meliadine in particular. WMC also appreciates the good working relationship with the communities of Rankin Inlet

and Chesterfield Inlet. The successes of the exploration program to date are due in no small measure to the hard work of our employees from these communities and the goods and services from the Rankin Inlet business community. Finally, the work of the exploration program could not be conducted on Inuit Owned Land without the excellent cooperation that WMC has received from the Kivalliq Inuit Association Land Administration staff.

Thank you.

December 1998



WMC International Limited
Group Projects - Wesmeq

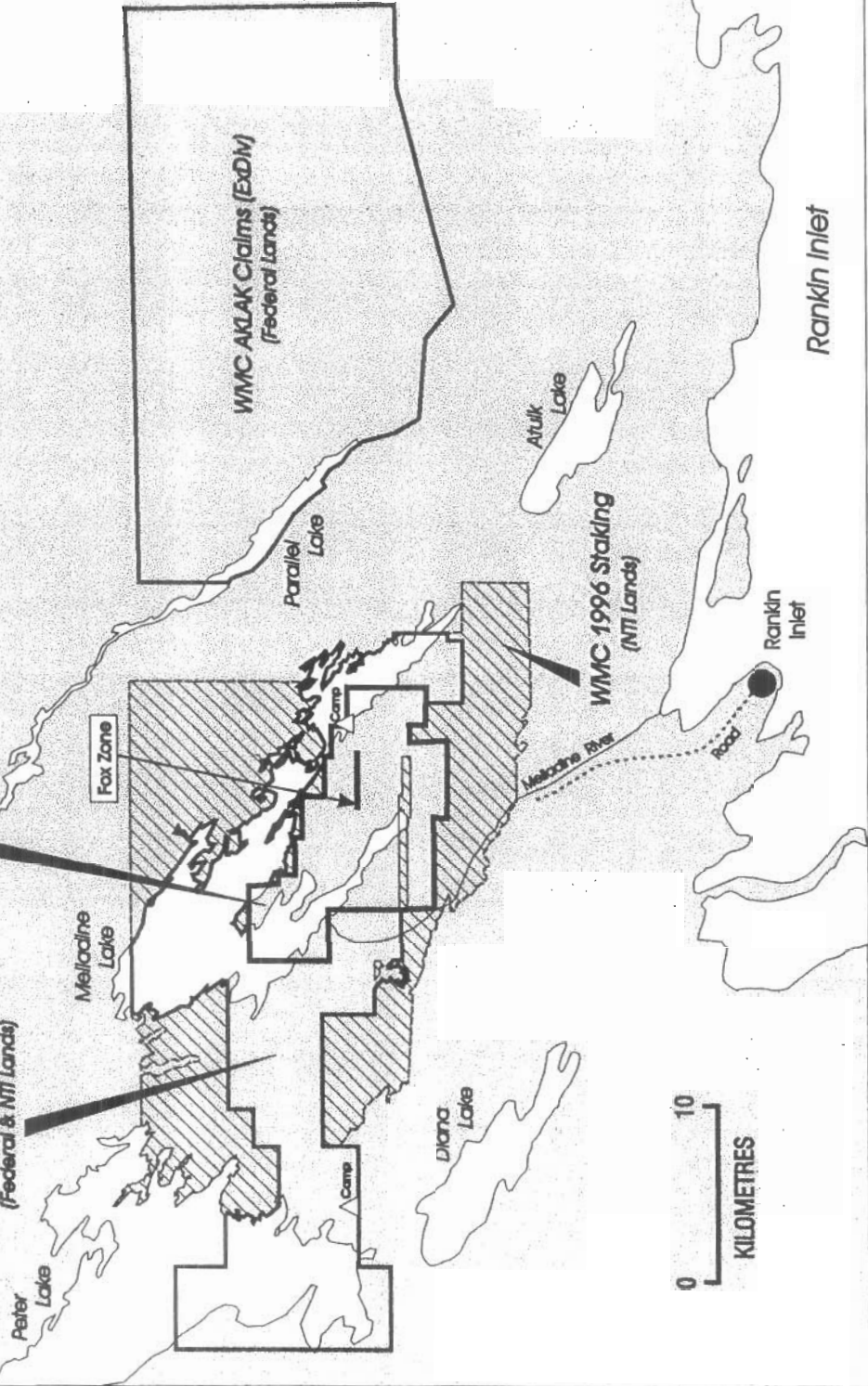
MELIADINE PROJECT

WMC Claim Groups

Rankin Inlet, N.W.T.

Melladine West Project Area
(Federal & NTL Lands)

WMC ExDNV Project Area
(Federal & NTL Lands)



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ፍጥነት	98-311	5.99 ሰከንድ	22.35 ሰከንድ
ፍጥነት	98-234	22.08 ሰከንድ	16.48 ሰከንድ
F	98-250	4.72 ሰከንድ	21.18 ሰከንድ
ፍጥነት	98-211	4.00 ሰከንድ	10.00 ሰከንድ

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