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MIRAMAR'S HOPE BAY

"MAYBE THE BEST UNDERDEVELOPED GOLD PROJECT IN NORTH AMERICA"

Tony Walsh, CEO and President, Miramar Mining Corporation

Interview by Lawrence Stephenson

Amore aggressive approach to the exploration of the Hope Bay belt is planned", Tony Walsh, Miramar President & CEO said. "Rather than waiting until 2001 to resume drilling, we now plan to accelerate our exploration activities. This move is warranted by the excellent exploration results received in the recently completed 40,000 metre drill program. The results from that drill program confirm our belief that Hope Bay is the best undeveloped gold project in Canada and has tremendous potential for the discovery of additional high grade resources."

A newly announced \$4 million proposal financing for the expansion of exploration activity for the remainder of this year by Miramar Mining Corporation's wholly owned subsidiary, Miramar Hope Bay Ltd., and Hope Bay Gold Corporation, formerly Cambiex, at their jointly owned Nunavut property has been sparked by recent drilling confirming the Boston deposit at Hope Bay is the centre of a major mineralized system. Drilling to date has also resulted in definition of the highgrade, significantly thickened Hinge Zone, plus the definition of the very high grade, near surface, Central Vein at Doris North.

The expanded program brings drilling investment at Hope Bay to a total of \$17 million for this year.

The new drill results support a statement made by Tony Walsh at Miramar's Annual General Meeting earlier in the year, "We believe that this is the best undeveloped gold project in North America and our plan is to make it the best developed gold project in North America."



Photo courtesy of Miramar Mining Corporation

he Hope Bay property, approximately 700 kilometers north east of Yellowknife, was initially owned by BHP Diamonds Inc., a subsidiary of Australian giant BHP. Mr. Walsh recalls that, "they spent about \$85 million on it

recalls that, "they spent about \$85 million on it between 1992 and 1997. Then, BHP ran into some initiation corporate issues, they had some big write-offs, changed their senior management and re-focused. One of the decisions they made was to exit the gold industry worldwide.

They sold all their gold assets and put the Hope Bay project up for bids. They initially asked for quite a high price, but with the gold price coming down in 1997 and 1998 it was a price considered too high by major mining companies.

Hope Bay Gold Corporation, at that time Cambiex Explorations, recognized the value at Hope Bay and they stayed in the process. They were backed by a company called Cambior. Cambior provided the financial backing for Cambiexto to acquire Hope Bay, but Cambior had over hedged and had to withdraw their backing. So Cambiex needed someone to come in and that's when they contacted Miramar last December.

"We were focusing on gold and the North. We were somewhat familiar with this project, we really liked it, we did our due diligence and acquired half of it."

Looked at as a gold exploration development project, what attracted Miramar to Hope Bay, Walsh says, "that BHP had identified a resource of about 4.28 million ounces of gold in 12.8 million tonnes for the Boston, Doris and lower grade Madrid deposit. The grade of that resource was high, the one deposit, Doris, was about 18 grams, the larger one, Boston, about 13 grams, so it's very high grade. The grade clearly drives your cost.

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"A lot of work was done by BHP. They spent \$85 million and did a tremendous amount of drilling. They had gone underground at Boston and had built a decline, going down about 200 metres. They had done a lot of underground work, sampling and underground drilling, and that increased our confidence level. The deposits seem to be relatively shallow."

Brian Labadie, Miramar Senior Vice-President,

Brian Labadie, Miramar Senior Vice-President, Operations, says, "there's significant mineralization from surface to 300 metres."

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All of that, Walsh says, "is what attracted us in December 1999. If you look at what's happened

since then, we've had a series of positive surprises. Our grade would appear to be on average higher than what BHP had. We understand the ore body better now, as you would expect from all the drilling we've done. We've identified new zones.

"It's been an extremely positive program this year. We've had objectives we wanted to achieve and we just had great results."

Walsh joined Miramar in 1995 as chief financial officer and was named interim President in March 1999 and President in August. After the change of management, the company strategy focused on maintaining a solid balance sheet, maximizing existing assets, and to do creative corporate transactions.

"What we looked at," Walsh says, "was what type of organization we felt was necessary, so we came at it from that basis and essentially, based on the company and the fact that gold markets have been extremely difficult, we felt we had to cut back to build the most efficient organization we could. We had to cut employees, it's a very difficult process, an unfortunate process because we had to cut back on people. It also puts more pressure on our exist-

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ing employees, but the gold markets are very tough 7ht now.

Ne also felt that we should piggyback on existing strength which we perceived to be mining operating in the North.

Based on that, we've done a couple of transactions, one was to acquire half of the Hope Bay project, and the second was to look at ways to maximize the return to our shareholders from our existing assets like the Con mine."

Miramar acquired the Con Mine at Yellowknife in 1993. It's a very old mine, having been in operation since 1938 and mining is conducted in remnant areas from previous operations. It was a high cost mine which had been on strike for eleven months when Walsh became Miramar interim President.

Brian Labadie describes the technical portion of the Con mine turn-around.

"The mine was on strike for about an eleven month period and during that time we re-looked at a lot of the ways we were operating the mine. One of the big changes when we came back up is that we reintegrated refractory ore and the autoclave operation back into the mine plant to supplement what we call free milling production. We had very high fixed costs here, so just through the volume increase in ounces we've been able to successfully re-integrate the refractories and autoclave circuits, that's boosted production, that's lowered the total cash cost per

"As well, there were a number of things we looked at in improving our productivity, different mining techniques that we've employed, re-evaluated the economics of individual stopes and dropped out those that weren't carrying their weight. So it was a total re-engineering. We're running with fewer peo-

, we're mining as much or more tonnes, it's orked well, a whole host of things. I think the single largest element was re-integrating the refractory circuit back into the operation.

"We've announced results for the last two quarters last year and the first quarter this year. They have been on target, our costs have been better that what we said they would be. I'd say it's been successful. We have got our costs down and our production is going up.

Miramar searched for other opportunities to benefit the Con mine and one of those was to acquire the adjacent Giant Mine when it went into receivership.

"It was in keeping with the acquisition of the Giant

which is an additional source of refractory ore."

On the environmental front, even though Miramar has no responsibility for environmental problems left behind when the Giant Mine went into receiver-ship, Tony Walsh says, "We are not treating the arsenic trioxide from Giant Mine, but we are working with the federal government on the arsenic remediation plan and the abandonment plan for the Giant Mine

At Hope Bay a comprehensive environmental process is underway.

Brian Labadie notes, "As part of this entire



Photo courtesy of Miramar Mining Corpora

process, not only are we there trying to define the reserve that will lead to feasibility, a critical part of this whole process as it is with all new mines now, is that you have an environmental plan in place prior to even turning a stone to construct the site.

"BHP did a lot of work, a phenomenal job on col-lecting all sorts of environmental information and we're finishing that off. All of this goes into creating a document outlining where the sensitive environ-mental areas are and incorporating those into the design and the ultimate clean-up plan for the site. The environmental aspect is going to be a key consideration in the feasibility and the ultimate design and operation of the project. They go hand in hand."

Tony Walsh says, "there's a well documented envi-ronmental review process in Nunavut. From that will come recommendations for changes to the design

of the process, so that all comes together next year."

Miramar has what Walsh describes as, "a very active community relations program in Nunavut. The local Inuit organization is called the KIA, they had their board meeting a few months ago when the president of Hope Bay Gold Corp. and myself went to talk with them. They're interested. They're very supportive. Nunavut has made it clear that they look on mining as one of their major development areas.

"In Nunavut the land claims have been resolved, the land belongs to Nunavut. They get the royalties, so they are very much involved in the process. They are very much interested in employment, and cur-rently do a lot of the contracting for the camps.

"Wherever we can we will give them the opportunity for the contracting business and employ-ment. We're making it a priority to provide to the local communities and organizations the opportunity to participate, that's clearly our policy and I'd say they were very complimentary about what we've done.

Miramar Mining and Hope Bay Gold control

approximately 101,000 hectares covering virtually the entire Hope Bay greenstone gold belt in Nunavut. In addition to their holdings in the Hope Bay belt, the joint venture controls approximately 25,500 hectares in the nearby Elu greenstone belt, which lies approximately 40 kilometers to the northeast of Hope Bay.

The Elu belt may be the folded extension of Hope Bay, having similar geology. It has yet to be systematically evaluated for its gold potential.

Tony Walsh says, "Greenstones have been the big engines of gold production, in Canada, there are nine large ones that were found in the 20th century. Timmins was found in 1909, going up to Hemlo in 1982. The smallest of the nine, the Cadillac Malarctic belt contained 12.4 M ounces.

The Timmins belt, which is still going, has total contained ounces of 75 million, the average of these Greenstone belts is probably 20/25 million ounces. In Canada, these belts have traditionally been, very, very prolific. That's the potential we see in Hope

There are 14 other targets in the Hope Bay belt which stretches 85 kilometers north and south and about 20 wide.

Eventual workforce at the mine could be as many as 300, Brian Labadie says. Operating life, before the recent drilling indicated the potential discovery of addi-

tional deposits, was estimated at ten years or more.

"To conclude," Tony Walsh says "a company is only as good as its management team. Our management's ultimate goal and continuing mission is to generate attractive returns for our shareholders. Good proactive habits, solid and successful practices in dealing with local communities and government agencies, good well trained and people: that's what knowledgeable Miramar is all about, and what we believe,



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