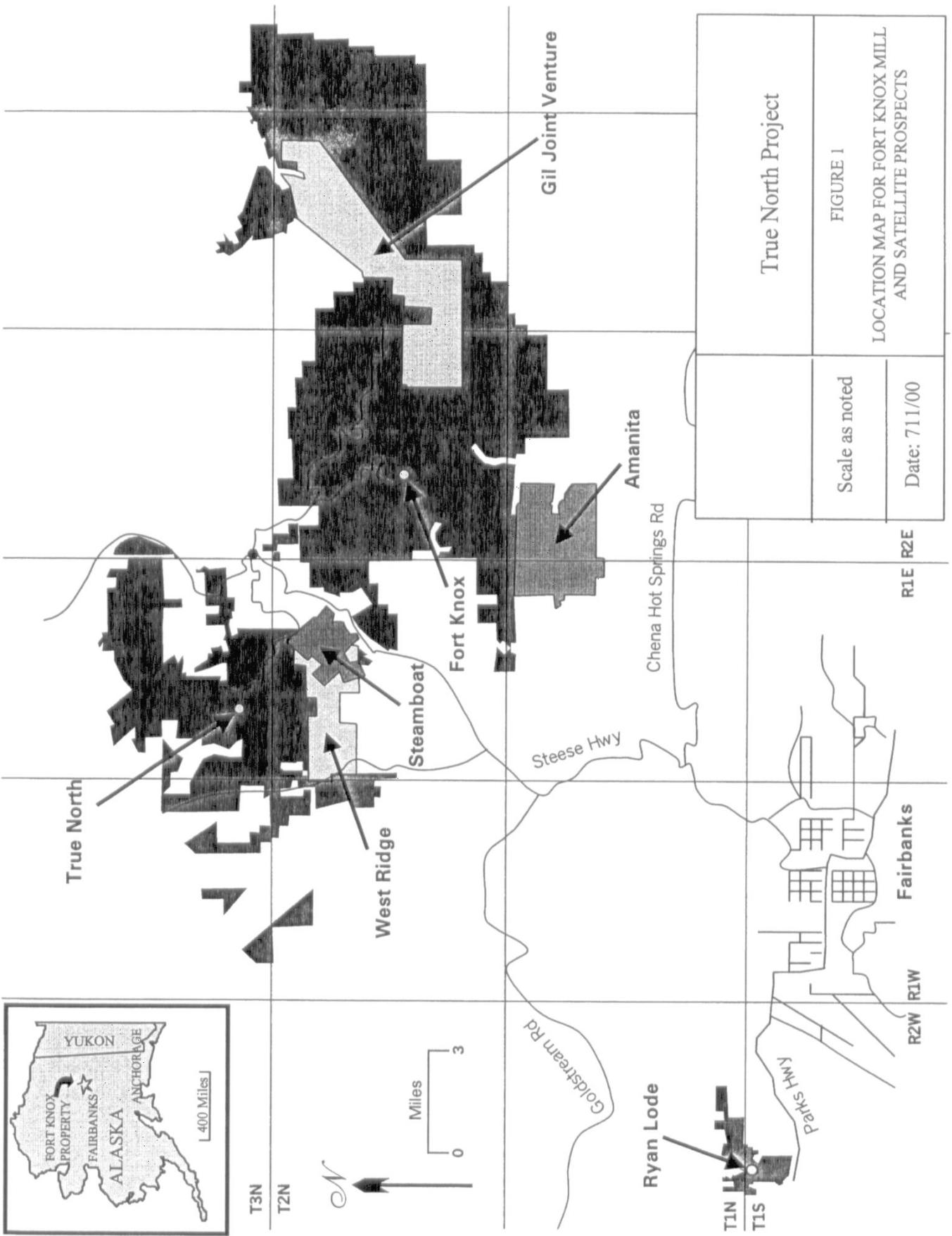




T3N

T2N



True North Project	
FIGURE 1	
LOCATION MAP FOR FORT KNOX MILL AND SATELLITE PROSPECTS	
Scale as noted	Date: 7/11/00

R1E R2E

Fairbanks

R2W R1W

T1N T1S

True North Phase 2 and Phase 3, (Central, Zeppelin, and Sheppard) are advanced stage exploration projects and are likely to extend the duration of the True North project as currently planned. Exploration on the Gil project is continuing with results to date indicating that further exploration is warranted. The Westridge/Steamboat and Aminita projects are still in the early stages of exploration and likely would take several years to develop if they proved to be economic. If continued exploration determined that one or more of these projects were economic to develop as a satellite to the Fort Knox Mill, as is likely at True North, they likely would be developed sequentially.

The concept of custom milling also must be considered. FGMI could process ore from other companies' mines at the Fort Knox Mill as has Westmin Resources, Ltd. at its mine in Stewart, B.C. Like the other FGMI prospects discussed immediately above, however, such a scenario would be speculative at best and clearly not reasonably foreseeable at this time.

Regional Mill Life

Determining the length of time a Fort Knox regional mill might operate is difficult. It of course would depend on the unpredictable price of gold, but also on the volumes, grades, and distances from the mill of ore deposits yet to be proved on various satellite prospects as well as the economics at Fort Knox itself. Ignoring the very important gold price factor, one method of estimating how long a Fort Knox regional mill might function would be to determine the unused capacity of the already permitted Fort Knox tailings impoundment. The impoundment's original design capacity was approximately 200 million tons. Because operational experience has shown better than expected compaction of the tailings in the impoundment, the present capacity is estimated at approximately 210 million tons. During the first three and a half years of operation, approximately 13 million tons of tailings per year have been deposited in the impoundment. Thus, the impoundment currently contains approximately 46 million tons of tailings. This means approximately 164 million tons of capacity are available now without enlarging the impoundment's footprint.

An estimate of the cumulative remaining Fort Knox tailings impoundment capacity under a regional mill concept can be calculated for the current gold price and operating conditions. If Fort Knox were to process an average 41,000 tpd for the remainder of the mill's useful life, that would translate into approximately 15 million tpy. Assuming for this discussion that the current capacity of the permitted impoundment is 164 million tons, then the remaining life of the impoundment would be approximately 10.9 years. Of this capacity, Fort Knox with a proven and probable reserve of 123 million tons, would account for 8.2 years. The remaining approximately 41 million tons, or 2.7 years, of tailings capacity would be available for ore from satellite deposits.

Table 1 presents hypothetical values for several characteristics of potential Fort Knox satellite projects. While these values represent good faith, reasonable hypothetical scenarios, it must be understood that they are just that, hypothetical. They have been included at agency request.