SAVE THE SCENIC
SANTA RITAS
ASSOCIATION

April 17, 2017

Mr. Kerwin Dewberry, Forest Supervisor
Coronado National Forest
300 W. Congress St.
Tucson, AZ 85701

Dear Mr. Dewberry:

We are writing to bring an urgent matter to your attention. The Coronado National Forest has said that subsequent to the U.S. Army Corps of Engineers' issuing its decision on the pending Clean Water Act 404 permit for the proposed Rosemont mine, the Forest Service will issue a Record of Decision (ROD) regarding the Mine Plan of Operations for the project in the Santa Rita Mountains of the Nogales Ranger District. Recently, Hudbay Minerals publicly released information that indicates that the potential environmental impacts of this project could be much greater than those already analyzed and discussed in the Final Environment Impact Statement (FEIS). Consequently, it is our view that the Forest Service must analyze this additional information from Hudbay and prepare a supplemental EIS for this project prior to issuing a final ROD.

Canadian securities law requires mining companies to periodically prepare a feasibility study called the NI 43-101 Technical Report. The report provides regulators, investors and the general public detailed information on the mineral resources believed to be present at prospective mining sites. Augusta Resource, the prior owner of the Rosemont claims, submitted the last feasibility study for the Rosemont project in 2012.

Hudbay Minerals released its first NI 43-101 technical report for the Rosemont mine on March 30, 2017. For the first time, Hudbay is disclosing that an additional 591 million tons of rock-bearing copper with economic value is adjacent to the proposed Rosemont open pit that could be economically mined in future.

The report also raises the estimated construction cost of the mine to $1.9 billion. This is a significant increase in cost from Hudbay's previous 2105 estimate of $1.5 billion. The increased cost, along with Hudbay raising for the first time the possibility of additional economic ore that could be mined, raises fundamental questions about Hudbay's long term mining plan in the Santa Rita Mountains and its impacts on the CNF, adjacent public lands and nearby communities.

These new facts have only come to light now as the the U.S. Army Corps of Engineers nears a decision on the 404 permit, following which the Forest Service will issue a Record of Decision.

The Hudbay feasibility study describes the additional mineral resources beginning at the bottom of page 15-11 and continuing to the next page where Table 15-7 provides a detailed analysis:

TABLE 15-7: ROSEMONT MINERAL EXCLUSIVE RESOURCE ESTIMATES

Measured	TONS	NSR Cut Off	CuEq (%)	Cu (%)	Mo (%)	Ag (opt)
Oxide	54,000,000	> = $5.70	0.41	0.41		
Mix	5,000,000	> = $5.70	0.45	0.41	0.008	0.047
Hypogene	118,700,000	> = $5.70	0.44	0.36	0.014	0.117
Summary	**177,700,000**		**0.43**	**0.38**	**0.009**	**0.079**
Indicated	**TONS**	**NSR Cut Off**	**CuEq (%)**	**Cu (%)**	**Mo (%)**	**Ag (opt)**
Oxide	18,600,000	> = $5.70	0.27	0.27		
Mix	2,600,000	> = $5.70	0.36	0.34	0.005	0.037
Hypogene	392,000,000	> = $5.70	0.31	0.25	0.012	0.080
Summary	**413,200,000**		**0.31**	**0.25**	**0.011**	**0.076**
Measured + Indicated	**TONS**	**NSR Cut Off**	**CuEq (%)**	**Cu (%)**	**Mo (%)**	**Ag (opt)**
Oxide	72,700,000	> = $5.70	0.38	0.38		
Mix	7,600,000	> = $5.70	0.42	0.38	0.007	0.044
Hypogene	510,700,000	> = $5.70	0.34	0.27	0.012	0.088
Summary	**591,000,000**		**0.35**	**0.29**	**0.011**	**0.077**
Inferred	**TONS**	**NSR Cut Off**	**CuEq (%)**	**Cu (%)**	**Mo (%)**	**Ag (opt)**
Oxide	3,500,000	> = $5.70	0.33	0.33		
Mix	1,300,000	> = $5.70	0.47	0.45	0.004	0.019
Hypogene	63,900,000	> = $5.70	0.35	0.29	0.011	0.049
Summary	**68,700,000**		**0.35**	**0.30**	**0.010**	**0.046**

Notes:

1. Domains were modelled in 3D to separate mineralized rock types from surrounding waste rock. The domains were based on core logging, structural and geochemical data.
2. Raw drill hole assays were composited to 25-foot lengths broken at lithology boundaries.
3. Capping of high grades was considered necessary and was completed for each domain on assays prior to compositing.
4. Block grades for copper, molybdenum and silver were estimated from the composites using OK interpolation into 50 ft x 50 ft x 50 ft blocks coded by domain.
5. Tonnage factors were interpolated by lithology and mineralized zone. Tonnage factors are based on 2,066 measurements collected by Hudbay and previous operators.
6. Blocks were classified as Measured, Indicated or Inferred in accordance with CIM Definition Standards 2014.
7. Mineral resources are constrained within a computer generated pit using the LG algorithm. Metal prices of $3.15/lb copper, $11.00/lb molybdenum and $18.00/troy oz silver. Metallurgical recoveries of 85% copper, 60% molybdenum and 75% silver were applied to sulfide material. Metallurgical recoveries of 40% copper, 30% molybdenum and 40% silver were applied to mixed material. A metallurgical recovery of 65% for copper was applied to oxide material. NSR was calculated for every model block and is an estimate of recovered economic value of copper, molybdenum, and silver combined. Cut-off grades were set in terms of NSR based on current estimates of process recoveries, total process and G&A operating costs of $5.70/ton for oxide, mixed and sulfide material.
8. The oxide resource will be processed in the mill via flotation.
9. Totals may not add up correctly due to rounding.

It is important to note that Hudbay has a "high level of confidence" about the economic potential of at least 177.7 million tons of the additional minerals it classifies as "measured resources."

The Canadian Institute of Mining, Metallurgy and Petroleum's Standing Committee on Reserve Definitions provides the definitions of the various categories of mineral resources and mineral reserves used in the feasibility study. (Attachment 1) The CIM defines "measured resources" as follows:

> Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate

> would not significantly affect potential economic viability of the deposit. **This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit. (Emphasis added)**

The balance of the newly identified mineral resources with potential for economic extraction is classified as "indicated resources." CIM states "an Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

Clearly, Hudbay has gathered substantial information from extensive drilling at the site since it purchased the Rosemont property in 2014. This new information needs to be carefully analyzed and considered and a supplemental EIS must be prepared and made available for public comment prior to the issuance of Final ROD.

Thank you in advance for your consideration and your response.

Sincerely,

Gayle Hartmann, President
Save the Scenic Santa Ritas
8987 E. Tanque Verde #309-157
Tucson, Arizona 85749

Randy Serraglio
Southwest Conservation Advocate
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Enc.

CIM DEFINITION STANDARDS - For Mineral Resources and Mineral Reserves

Prepared by the *CIM Standing Committee on Reserve Definitions*
Adopted by CIM Council on May 10, 2014

FOREWORD

The CIM Definition Standards on Mineral Resources and Reserves (CIM Definition Standards) establish definitions and guidance on the definitions for mineral resources, mineral reserves, and mining studies used in Canada. The Mineral Resource, Mineral Reserve, and Mining Study definitions are incorporated, by reference, into National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (NI 43-101). The CIM Definition Standards can be viewed on the CIM website at www.cim.org.

Readers should be aware that reports written by persons issuing technical reports that disclose information about exploration or other mining properties to the public in Canada are governed by a number of securities regulations.

CIM DEFINITION STANDARDS

The CIM Definition Standards presented herein provide definitions and guidance on those definitions for Mineral Resource and Mineral Reserve and their confidence categories. The category to which a mineral resource or mineral reserve estimate is assigned depends on the level of confidence in the geological information available on the mineral deposit; the quality and quantity of data available on the deposit; the level of detail of the technical and economic information which has been generated about the deposit, and the interpretation of the data and information. In the document the definitions are in bold type and the guidance is in italics. Defined terms referenced to other CIM Definitions are underlined and defined terms referenced to NI 43-101 are double underlined.

Throughout the CIM Definition Standards, where appropriate, "quality" may be substituted for "grade" and "volume" may be substituted for "tonnage". Technical Reports dealing with estimates of Mineral Resources and Mineral Reserves, or summarizing the results of Mining Studies (Preliminary Feasibility or Feasibility Studies), must use only the terms and definitions contained herein.

DEFINITIONS

Qualified Person

Mineral Resource and Mineral Reserve estimates and any supporting Technical Reports must be prepared by or under the direction of a Qualified Person, as that term is defined in NI 43-101.

The Qualified Person(s) should be clearly satisfied that they could face their peers and demonstrate competence and relevant experience in the commodity, type of deposit and situation under consideration. If doubt

exists, the person must either seek or obtain opinions from other colleagues or demonstrate that he or she has obtained assistance from experts in areas where he or she lacked the necessary expertise.

Determination of what constitutes relevant experience can be a difficult area and common sense has to be exercised. For example, in estimating Mineral Resources for vein gold mineralization, experience in a high-nugget, vein-type mineralization such as tin, uranium etc. should be relevant whereas experience in massive base metal deposits may not be. As a second example, for a person to qualify as a Qualified Person in the estimation of Mineral Reserves for alluvial gold deposits, he or she would need to have relevant experience in the evaluation and extraction of such deposits. Experience with placer deposits containing minerals other than gold, may not necessarily provide appropriate relevant experience for gold.

In addition to experience in the style of mineralization, a Qualified Person preparing or taking responsibility for Mineral Resource estimates must have sufficient experience in the sampling, assaying, or other property testing techniques that are relevant to the deposit under consideration in order to be aware of problems that could affect the reliability of the data. Some appreciation of extraction and processing techniques applicable to that deposit type might also be important.

Estimation of Mineral Resources is often a team effort, for example, involving one person or team collecting the data and another person or team preparing the Mineral Resource estimate. Within this team, geologists usually occupy the pivotal role. Estimation of Mineral Reserves is almost always a team effort involving a number of technical disciplines, and within this team mining engineers have an important role. Documentation for a Mineral Resource and Mineral Reserve estimate must be compiled by, or under the supervision of, a Qualified Person(s), whether a geologist, mining engineer or member of another discipline. It is recommended that, where there is a clear division of responsibilities within a team, each Qualified Person should accept responsibility for his or her particular contribution. For example, one Qualified Person could accept responsibility for the collection of Mineral Resource data, another for the Mineral Reserve estimation process, another for the mining study, and the project leader could accept responsibility for the overall document. It is important that the Qualified Person accepting overall responsibility for a Mineral Resource and/or Mineral Reserve estimate and supporting documentation, which has been prepared in whole or in part by others, is satisfied that the other contributors are Qualified Persons with respect to the work for which they are taking responsibility and that such persons are provided adequate documentation.

Pre-Feasibility Study (Preliminary Feasibility Study)

The CIM Definition Standards requires the completion of a Pre-Feasibility Study as the minimum prerequisite for the conversion of Mineral Resources to Mineral Reserves.

A Pre-Feasibility Study is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be converted to a Mineral Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Feasibility Study

A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.

The term proponent captures issuers who may finance a project without using traditional financial institutions. In these cases, the technical and economic confidence of the Feasibility Study is equivalent to that required by a financial institution.

Mineral Resource

Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource.

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or onthe Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction.

The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

Material of economic interest refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

The term Mineral Resource covers mineralization and natural material of intrinsic economic interest which has been identified and estimated through exploration and sampling and within which Mineral Reserves may subsequently be defined by the consideration and application of Modifying Factors. The phrase 'reasonable prospects for eventual economic extraction' implies a judgment by the Qualified Person in respect of the technical and economic factors likely to influence the prospect of economic extraction. The Qualified Person should consider and clearly state the basis for determining that the material has reasonable prospects for eventual economic extraction. Assumptions should include estimates of cutoff grade and geological continuity at the selected cut-off, metallurgical recovery, smelter payments, commodity price or product value, mining and processing method and mining, processing and general and administrative costs. The Qualified Person should state if the assessment is based on any direct evidence and testing.

Interpretation of the word 'eventual' in this context may vary depending on the commodity or mineral involved. For example, for some coal, iron, potash deposits and other bulk minerals or commodities, it may be reasonable to envisage 'eventual economic extraction' as covering time periods in excess of 50 years. However, for many gold deposits, application of the concept would normally be restricted to perhaps 10 to 15 years, and frequently to much shorter periods of time.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

An Inferred Mineral Resource is based on limited information and sampling gathered through appropriate sampling techniques from locations such as outcrops, trenches, pits, workings and drill holes. Inferred Mineral Resources must not be included in the economic analysis, production schedules, or estimated mine life in publicly disclosed Pre-Feasibility or Feasibility Studies, or in the Life of Mine plans and cash flow models of developed mines. Inferred Mineral Resources can only be used in economic studies as provided under NI 43-101.

There may be circumstances, where appropriate sampling, testing, and other measurements are sufficient to demonstrate data integrity, geological and grade/quality continuity of a Measured or Indicated Mineral Resource, however, quality assurance and quality control, or other information may not meet all industry norms for the disclosure of an Indicated or Measured Mineral Resource. Under these circumstances, it may be reasonable for the Qualified Person to report an Inferred Mineral Resource if the Qualified Person has taken steps to verify the information meets the requirements of an Inferred Mineral Resource.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit.

Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Mineralization may be classified as an Indicated Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and to reasonably assume the continuity of mineralization. The Qualified Person must recognize the importance of the Indicated Mineral Resource category to the advancement of the feasibility of the project. An Indicated Mineral Resource estimate is of sufficient quality to support a Pre-Feasibility Study which can serve as the basis for major development decisions.

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit.

Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Mineralization or other natural material of economic interest may be classified as a Measured Mineral Resource by the Qualified Person when the nature, quality, quantity and distribution of data are such that the tonnage and grade or quality of the mineralization can be estimated to within close limits and that variation from the estimate would not significantly affect potential economic viability of the deposit. This category requires a high level of confidence in, and understanding of, the geology and controls of the mineral deposit.

Modifying Factors

Modifying Factors are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

Mineral Reserve

Mineral Reserves are sub-divided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

A Mineral Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified.

The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

The public disclosure of a Mineral Reserve must be demonstrated by a Pre-Feasibility Study or Feasibility Study.

Mineral Reserves are those parts of Mineral Resources which, after the application of all mining factors, result in an estimated tonnage and grade which, in the opinion of the Qualified Person(s) making the estimates, is the basis of an economically viable project after taking account of all relevant Modifying Factors. Mineral Reserves are inclusive of diluting material that will be mined in conjunction with the Mineral Reserves and delivered to the treatment plant or equivalent facility. The term 'Mineral Reserve' need not necessarily signify that extraction facilities are in place or operative or that all governmental approvals have been received. It does signify that there are reasonable expectations of such approvals.

'Reference point' refers to the mining or process point at which the Qualified Person prepares a Mineral Reserve. For example, most metal deposits disclose mineral reserves with a "mill feed" reference point. In these cases, reserves are reported as mined ore delivered to the plant and do not include reductions attributed to anticipated plant losses. In contrast, coal reserves have traditionally been reported as tonnes of "clean coal". In this coal example, reserves are reported as a "saleable product" reference point and include reductions for plant yield (recovery). The Qualified Person must clearly state the 'reference point' used in the Mineral Reserve estimate.

Probable Mineral Reserve

A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

The Qualified Person(s) may elect, to convert Measured Mineral Resources to Probable Mineral Reserves if the confidence in the Modifying Factors is lower than that applied to a Proven Mineral Reserve. Probable Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study.

Proven Mineral Reserve (Proved Mineral Reserve)

A Proven Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

Application of the Proven Mineral Reserve category implies that the Qualified Person has the highest degree of confidence in the estimate with the consequent expectation in the minds of the readers of the report. The term should be restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect the potential economic viability of the deposit. Proven Mineral Reserve estimates must be demonstrated to be economic, at the time of reporting, by at least a Pre-Feasibility Study. Within the CIM Definition standards the term Proved Mineral Reserve is an equivalent term to a Proven Mineral Reserve.

MINERAL RESOURCE AND MINERAL RESERVE CLASSIFICATION

The CIM Definition Standards provide for a direct relationship between Indicated Mineral Resources and Probable Mineral Reserves and between Measured Mineral Resources and Proven Mineral Reserves. In other words, the level of geoscientific confidence for Probable Mineral Reserves is the same as that required for the in situ determination of Indicated Mineral Resources and for Proven Mineral Reserves is the same as that required for the in situ determination of Measured Mineral Resources. Figure 1, displays the relationship between the Mineral Resource and Mineral Reserve categories.

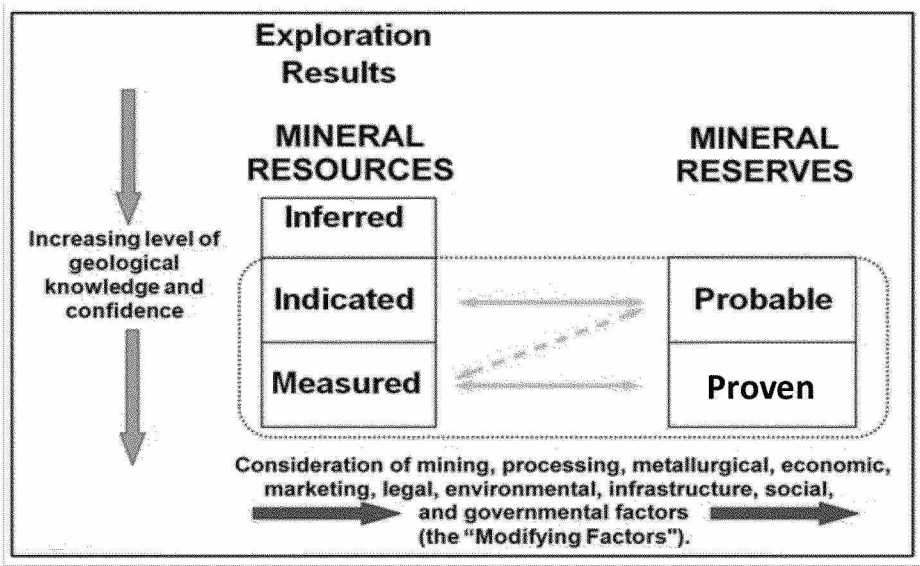

Figure 1, Relationship between Mineral Reserves and Mineral Resources

Figure 1 sets out the framework for classifying tonnage and grade/quality estimates so as to reflect different levels of geological confidence and different degrees of technical and economic evaluation. Mineral Resources can be estimated by a Qualified Person, with input from persons in other disciplines, as necessary, on the basis of geoscientific information and reasonable assumptions of technical and economic factors likely to influence the eventual prospect of economic extraction. Mineral Reserves, which are a modified sub-set of the Indicated and Measured Mineral Resources (shown within the dashed outline in Figure 1), require consideration of modifying factors affecting profitable extraction, including mining, processing, metallurgical, economic, marketing, legal, environmental, infrastructure, social and governmental factors, and should be estimated with input from a range of disciplines. Additional test work, e.g. metallurgy, mining, environmental is required to reclassify a resource as a reserve.

In certain situations, Measured Mineral Resources could convert to Probable Mineral Reserves because of uncertainties associated with the modifying factors that are taken into account in the conversion from Mineral Resources to Mineral Reserves. This relationship is shown by the dashed arrow in Figure 1 (although the trend of the dashed arrow includes a vertical component, it does not, in this instance, imply a reduction in the level of geological knowledge or confidence). In such a situation these modifying factors should be fully explained. Under no circumstances can Indicated Resources convert directly to Proven Reserves.

In certain situations previously reported Mineral Reserves could revert to Mineral Resources. It is not intended that re-classification from Mineral Reserves to Mineral Resources should be applied as a result of changes expected to be of a short term or temporary nature, or where company management has made a deliberate decision to operate in the short term on a non-economic basis. Examples of such situations might be a commodity price drop expected to be of short duration, mine emergency of a non-permanent nature, transport strike etc.

GUIDANCE FOR REPORTING MINERAL RESOURCE AND MINERAL RESERVE INFORMATION

Qualified Persons preparing public Mineral Resource and Mineral Reserve reports in Canada must follow the requirements in Form 43-101F1 of National Instrument 43-101, available on the following websites: www.osc.gov.ca; www.bcsc.bc.ca; www.albertasecurities.com and www.cvmq.com.

The following discussion is included for additional guidance when preparing a Technical Report.

Qualified Persons are encouraged to provide information that is as comprehensive as possible in their Technical Reports on Exploration Information, Mineral Resources and Mineral Reserves. The Mineral Exploration Best Practices Guidelines, the Estimation of Mineral Resource and Mineral Reserve Best Practice Guidelines provide, in a summary form, a list of the main criteria which should be considered when reporting Mineral Resources and Mineral Reserve estimates. These guidelines are available on the CIM website, www.cim.org.

These Guidelines are not prescriptive and it may not be necessary to comment on each item in the guidelines, however, the need for comment on each item should be considered. It is essential to discuss any matters that might materially affect the reader's understanding of the estimates being reported. Problems encountered in the collection of data or with the sufficiency of data must be clearly disclosed at all times, particularly when they affect directly the reliability of, or confidence in, an estimate of Mineral Resources and Mineral Reserves; for example, poor sample recovery, poor reproducibility of assay or laboratory results, limited information on tonnage factors, etc. Mineral Resources and Mineral Reserves must be reported on a site by site basis.

When reporting both Mineral Resources and Mineral Reserves, a clarifying statement must be included that clearly indicates whether Mineral Reserves are part of the Mineral Resource or that they have been removed from the Mineral Resource. A single form of reporting should be used in a report. Appropriate forms of clarifying statements may be:

- *"The Measured and Indicated Mineral Resources are inclusive of those Mineral Resources modified to produce the Mineral Reserves", or*
- *"The Measured and Indicated Mineral Resources are additional to the Mineral Reserves".*

Inferred Mineral Resources are, by definition, always additional to Mineral Reserves.

REPORTING OF COAL RESERVES

For consistency in public reporting of Mineral Resources and Mineral Reserves for coal, it is recommended that all issuers use the Mineral Resource and Mineral Reserve categories set out in the CIM Definition Standards. Qualified Person(s) should be guided by the Estimation of Mineral Resources and Mineral Reserve Best Practices Guidelines for Coal and by GSC Paper 88-21: A Standardized coal Resource/Reserve Reporting System for Canada. It is acceptable to use the GSC Paper 88-21 as a framework for the development and categorization of coal estimates, but the GSC 88-21 categories should be converted to the equivalent CIM Definition Standard categories for public reporting.

REPORTING OF INDUSTRIAL MINERALS

*When reporting Mineral Resource and Mineral Reserve estimates relating to an industrial mineral site, the Qualified Person(s) should be guided by the Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines for Industrial Minera*ls.

REPORTING OF DIAMONDS AND GEMSTONES

When reporting diamond Exploration Information and Mineral Resources and Mineral Reserves the Qualified Person is expected to comply with the CIM Guidelines for the Reporting of Diamond Exploration Results and the Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines for Rock Hosted Diamonds.