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Date June 26, 1979  
Subject 1980 Concentrate Production

The latest projection of concentrate production for 1980 shows a significant drop in quantities from previous forecasts, with the resulting shortfall in sales commitments. Attached is a summary of the anticipated concentrate situation in 1980.

As we discussed during the Second Quarter Review meetings in Faro, there are a number of things that might be done to improve the concentrate production next year, and these must be investigated as soon as feasible. These are:-

- Higher tonnage rate - Due to the lower feed grade, there should not be restrictions on tonnage due to dewatering capacity. The limiting factors would be grindability of the ore and plant availability, of which the latter is more controllable. Continuing emphasis of this subject should be made to the mill people.
- Improved metallurgy - The recoveries and concentrate grades shown for much of the Zone 2 ore are unacceptable. Continuing efforts must be made to improve this, and test work should be an ongoing effort. I would like to be constantly informed on programs, progress, and results on Zone 2 metallurgical testwork. I should receive copies of all reports on this subject.
- Oxide stockpile - The possibility of getting some higher grade material from the oxide stockpile was discussed at the meetings, where the thought was that the increase in feed grade might more than compensate for the inferior metallurgy of oxide material. Since details of grades within the stockpiled material are non-existent, a systematic sampling program by trenching was proposed. Please keep me informed on progress and results of this program.
- Phase VI - The possibility of accelerating the development of Phase VI for possible higher grade ore for the latter part of 1980 is to be investigated by the Engineering Department.
- Vangorda - This deposit might be a source of some easily accessible high grade material for 1980. After completion of the present drilling and re-evaluation of ore reserves and grade, the potential of the Vangorda for 1980 high grade is to be investigated. I would assume that the Engineering Department will keep a close liaison with the Feasibility and Development Group on the investigation of this possibility.

By the time of the Third Quarter Review, we should have had the information to form the basis of a decision as to which of the above possibilities could be incorporated into the production plan.

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