

003273

To P. Taggart  
R. McCallum  
J. Carrington

From J. Purkis

Date September 24, 1982

Subject RE: EFFECTS OF REDUCED TONNAGE AND GRADE ON PHASES NA, OA, PA & 7D

The work done by R. Tolbert and J. Kier which has indicated that tonnage and grades could be much lower on Phases NA, OA, PA, and 7D than previously predicted would have significant negative impact on the results of plans presently being analysed to justify the mine start-up.

The concensus in Engineering which until now has been totally responsible for tonnage/grade predictions is that the above mentioned work of R. Tolbert and J. Kier is too conservative and in some cases incorrect. The result of the investigation that will take place next week (September 27 to October 1) will be a tonnage/grade estimate that can be considered correct and acceptable for future use in scheduling and financial analysis.

Since answers to the scheduling and financial impact are desired now one can only look at some examples that cover the range of possibilities that may occur.

The following examples will be analyzed as how they will affect plans 407-37D and 408-47D:

	PHASE	TONNAGE	GRADE		
			Pb	Zn	Ag
TEST CASE I	NA	-30%	-15%	-5%	-15%
	OA	-20%	-15%	-5%	-15%
	PA	-10%	-15%	-5%	-15%
	7D	- 5%	-10%	-5%	-10%
TEST CASE II	NA	-15%	-10%	-5%	-10%
	OA	- 5%	-10%	-5%	-10%
	PA	- 5%	-10%	5%	-10%
	7D	- 5%	-10%	-5%	-10%

Note: Normal Reductions used on Tonnage - -0%  
Grade - -5%

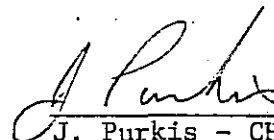
TEST CASE I - This case is a projection of R. Tolbert/J. Kier type numbers.

TEST CASE II - This is an Engineering estimate of what we feel is potentially a real eventuality. ie: Could happen within the accuracy of any tonnage/grade prediction using the data and methods we have used over the past 3 years.

Page 2 ....

To obtain real comparisons it is necessary to look at relative impact between cases in time. To do this one must compare cases that have been escalated and then discounted to present value. A 4 year analysis should cover the significant impact period.

Please advise if this is sufficient and or if other analysis is desired.



J. Purkis - CHIEF ENGINEER

JP/df