

Cyprus Anvil Mining Corporation

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28 March 1985

Mr. Peter I. Clarke  
2675 Eton Street  
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Dear Peter:

A clearer picture of what needs to be done for the G-2 model is slowly emerging as I delve into the reams of paper that has accumulated on Grum. Robin has found the sections at Faro and is shipping them down post haste. I expect them to arrive some time next week. Lee and I should examine them closely and do some thinking on the coding scheme after which it would be logical to have you come in to make sure what we think is happening really is happening. We will doubtless have many questions accumulated by that time and a day could probably be profitably spent. The earliest I could see this coming together would be Monday April 8.

The next foreseeable requirement would be some time around April 15-23 when Dick Hogan is down to work with the Mintec people. At that time the needed intermediate files will have to be indicated. You will have a better idea than I of the time needed for that exercise.

The major need for your consultation seems to me to be at the stage of developing and using the interpolation routine after the editing is in hand. This will not come to pass for probably eight weeks so its tough to get precise now on the timing. I am expecting perhaps five days of your time to be needed then and the locale is still uncertain. Since we can't run the interpolation on the Vancouver machine it seems to me that this will be done in Faro.

During the editing stage I'm sure there will be further need for your time on a whole or part day basis. The amount and timing are rather imponderable but I would expect the need to be in the first couple of weeks as we struggle up the learning curve.

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I'm enclosing a copy of a letter to Scott Zimmer on the methodology for the G-2 model, it summarized my current understanding of the process and may be helpful at our first meeting to clear up any mis-conceptions and fill in the major gaps.

I hope this helps clarify the scheduling to this exercise. I will expect to see to at 9 A.M. on April 8 if that is satisfactory with you and some major change of plan hasn't intervened.

Until then, take care!

Yours very truly,  
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Gregg Jilson

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28 March 1985

Mr. G. Scott Zimmer  
Manager of Projects  
Pincock, Allen & Holt Inc.  
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Tucson, Arizona 85714-1798

Dear Mr. Zimmer:

Re: Methodology to be used for the G-2 model of the Grum deposit,  
Anvil District, Yukon

The G-2 model of the Grum deposit is intended to rectify major shortcomings perceived in previous computer block models. These are mainly: a) block sizes that are too large or block shapes that are wrongly oriented in cross-sectional aspect and b) inadequate geologic control in the process of grade interpolation. The new model will also incorporate all existing relevant drill hole and assay data for the deposit as well as any revisions to survey control up to the end of 1982. This will be the first model for Grum that will be referenced to the current elevation datum for the Vangorda Plateau. The geologic interpretation to be used is the same as that used for the latest (1982) sectional hand calculation of tonnage and grade. This is the most recent complete interpretation, it uses the most complete information base and is in accord with current nomenclature for the Anvil District.

The model extends from section 62W to 86W which is the limit of most concentrated drilling and the volume for which most reserve figures for Grum are quoted. It does not include the Champ zone (48W to 60W) although this could perhaps be added at a later date since reinterpretation of that area is nearing completion at this time. At this point there is some uncertainty concerning the vertical limit of the model. There are blocks coded to level 91 (of 100 levels) on section 86W, the most north-westerly and deepest part of the deposit. The model may not

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as presently setup consider levels deeper than level 70 at 1000 m elevation (about 300 m below the surface). At any rate the model certainly includes all levels at which open pit mining would be practical.

Geologic control for the G-2 model will be based on the geology interpreted on vertical cross-sections oriented NE-SW and spaced 60.5 m (200 feet) through the deposit. There will be no longitudinal section or bench plan representations of the geology used in this model. Block size used will be 4.5 m high x 8.0 m across the section (NE-SW) x 15.0 m perpendicular to the section (NW-SE). This shape reflects the nature of the deposit well since the deposit is elongate northwesterly perpendicular to the sections following fold plunge and lithologic projection is most reliable in that direction. Geological codes have been assigned to the blocks manually using a gridded overlay on the original section. The geology is assumed to be continuous from a section half way to the adjacent sections. The same codes are applied to four blocks, two sets on each side of the section. This scheme does not account for the 11° northwest plunge of the deposit but this should not create a major error.

Topography has been digitized and elevations assigned to blocks by machine. Overburden likewise has been machine coded from a digitized map of the bedrock surface elevation.

Assays are composited on a 4.5 m bench basis using the same overall limits of the mineralized interval as the existing 1982 sectional calculation. There are many non-vertical drill holes at Grum, these holes are composited on the basis of the intersection with an imaginary 4.5m x 4.5m x 4.5m grid. As a result it is possible to have composites longer than 4.5m with the longest possible being 7.8m; for most holes at Grum the maximum possible is 6.4m. Geological codes are assigned to the composited interval by machine using a transposition of the logging codes stored in the assay subfile of Cyprus Anvil's Diamond Drill Hole Data Base. This coding follows the same scheme as the coding of blocks but the logic of machine coding is slightly different from manual block coding consequently all codes will be manually checked by a geologist and edited as required. Assay data available is Cu, Pb, Zn, Ag for nearly all samples and pulp S.G., soluble Fe, insoluble Fe and Au for many.

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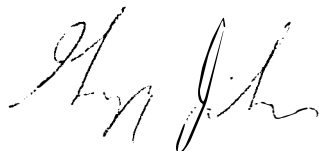
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The exact method to be used for grade interpolation/extension has not yet been worked out in detail. We anticipate an orientation that takes the fold plunge into account and to make use of geologic coding to restrict the possible source composites. As with models used at Faro we will probalby use inverse square weighting at Grum.

The result of this process is expected to be an interim block model that will be comparable to the Faro F-3 and be adequate for long range planning purposes.

Should you require further information please do not hesitate to contact the undersigned.

Yours very truly,  
CYPRUS ANVIL MINING CORPORATION



Gregg Jilson  
Senior Geologist

GJ/sm

c.c. R. Visagie  
P. Clarke

**CYPRUS**