

To
A. H. von Kursell

Date
July 20, 1979

From
J. F. Oik

Subject 1980 Profit Plan and Five Year Plan

As discussed with you in our telephone conversation of today, the date for completion of the subject Profit Plans has been advanced. Consequently, the Faro review of production, operating costs, and capital costs will be held during the period August 13 - 15.

For the purposes of this plan, the remaining five months of 1979 and the first six months of 1980 will be the same as that projected in the second quarter review, unless some reason has developed since the second quarter review for a substantive change in any of these figures. For the last six months of 1980, the information at hand will have to be used.

In the five year plan, 1980 is year one, and is detailed month by month. The remaining years, 1981 through 1989, are shown on an annual basis. The five year plan is to incorporate the production and capital parameters used in Case 22 in the Anvil District Acquisition feasibility, where Grum ore is scheduled to be milled starting in 1982. Although in the final analysis this may or may not be the ultimate development schedule, the purpose of including it in this plan is to include the maximum capital expenditure exposure.

Attached is a table of parameters used in Case 22 for guidance in preparing the production plan. Although bulk concentrate production was assumed in Case 22, for the purpose of this plan we should eliminate bulk production after the fine grinding capability is installed in the mill. In this case it would be from 1981 onward.

With regard to capital costs for Case 22, these are in the acquisition feasibility study, and are subject to a critical review for the five year plan.



J. F. Oik

JFO/rd

cc: R.E.G. Davis
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T.H. Biggs
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Attach.(1)

FARO AND GRUM COMBINED OREBODIES

CASE 22

<u>Year</u>	<u>Waste Cu. Yd. (000's)</u>			<u>Ore - Short Tons (000's)</u>				<u>Recoveries</u>		
	<u>Faro</u>	<u>Grum</u>	<u>Total</u>	<u>Source</u>	<u>Tons</u>	<u>Pb</u>	<u>Zn</u>	<u>Source</u>	<u>Pb</u>	<u>Zn</u>
1980	11,473	5,956 (1)	17,429	Faro	3,752	3.0	5.2	Faro	81.09	79.08
1981	11,298	3,141 (1)	14,439	Faro	3,741	2.8	4.9	Faro	87.5	85.0 (2)
1982	11,298	7,500	18,798	Faro	1,811	2.7	4.5	Faro	87.5	85.0
				Grum	<u>1,930</u>	<u>3.8</u>	<u>6.2</u>	Grum	80.0	80.0
					3,741	3.27	5.38			
1983	8,041	7,500	15,541	Faro	1,811	3.3	4.8	Faro	87.5	85.0
				Grum	<u>1,930</u>	<u>3.4</u>	<u>5.5</u>	Grum	80.0	84.0
					3,741	3.35	5.16			
1984	4,205	6,992	11,197	Faro	1,811	3.3	4.65	Faro	87.5	85.0
				Grum	<u>1,930</u>	<u>3.3</u>	<u>5.30</u>	Grum	80.0	84.0
					3,741	3.3	4.99			

Notes (1) Preproduction Stripping - Assumed contracted @ \$1.60/cu. yd.

(2) Assumed Fine Grinding installed.