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To Rashid Irani

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From Peter Clarke

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Subject

Vangorda Development

From discussion with you, I understand that in order to keep some projects related to the Vangorda development on schedule, we presently need a preliminary ultimate pit design. This would allow work on the diversion ditch to progress on the best data now available, realising of course that it would be a preliminary design that would change to some degree.

For the ultimate wall to be located the following data is required:

1. Product Economics

- a) \$ value/MT of Pb concentrate with accompanying specification of % Pb and expected average Ag and Au contents in troy oz/MT of concentrate.
- b) \$ value/MT of Pb concentrate change with \pm % Pb variation.
- c) \$ value/MT of Pb concentrate change with \pm troy oz Ag/MT Pb concentrate variation.
- d) \$ Value/MT of Pb concentrate change with \pm troy oz Au/MT Pb concentrate variation.
- e) \$ value/MT of Zn concentrate with accompanying specification of % Zn.
- f) \$ value/MT of Zn concentrate change with \pm % Zn variation.

2. Production Economics

- a) Base \$ cost/m³ mining. (Base = top bench)
- b) \$ cost/m³/bench addition to base mining cost for each bench down to the pit floor. (Earlier preliminary design can be used to help estimate this)
- c) \$ cost/MT transportation from Vangorda to Faro.
- d) \$ cost/MT milling.
- e) \$ cost/MT processed or \$ cost/year general and administration. (Some costs to be shared with the Faro operation, probably in the proportion of respective tonnages milled per year.)

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3. Production Parameters

- a) Cut-off grade.
- b) the following table to be filled out with simplifications and best estimates where necessary if data not currently available:

Ore Type	Pb		Zn		Ag		Au	
	Rec. %	Con. Grade %	Rec. %	Con. Grade %	Rec. %	Amt Con. oz/MT Pb	Rec. %	Amt Con. oz/MT Pb
4G								
4GE								
4E/F/H/K/J								
4CE								
4C/D/B								
4A								

- c) Pit slope angles. (From preliminary geotechnical report.)

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PC/mw