

CAB MINERAL CLAIMS

PRELIMINARY EVALUATION

A. Tonnage and Grade Estimates

No. 1 zone (lower zone) Tonnage =  $\frac{\text{width} \times \text{strike length}}{\text{tonnage factor}}$

Tonnage factor =  $\frac{2000}{62.4 \times \text{SG}}$  SG = 3.5  $\frac{10}{3.1 \text{ or } 3.2} = 3.2 \text{ ft}^3/\text{ton}$   
DIOPHIDE SKIN

Tonnage =  $\frac{20 \times 1500}{10} = 3,000 \text{ tons/ft. vert.}$

assume down dip extension 1/3 x strike = 1,500,000 tons

Grade using continuous chip assays

Av grade =  $\frac{\text{ftg (grade)}}{\text{tlt. ftg.}}$   
 south 1/3 = .45% WO<sub>3</sub>  
 central 1/3 = .68% Average grade = .57%  
 north 1/3 = .58%

No. 2 zone (upper zone) Tonnage =  $\frac{15 \times 1000}{10} = 1,500 \text{ tons/vert foot}$   
 = 150,000 tons

Grade using grab samples

south 1/3 = 1.13  
 central 1/3 = .61 Average grade =  $\frac{2.10}{3} = .70$   
 north 1/3 = .36

TOTAL TONNAGE = 2,220,000 tons

AVERAGE GRADE = .60% WO<sub>3</sub>

Add 20% for finer grind = .72% WO<sub>3</sub>

B. Evaluation

Ore reserves  $\frac{1,950,000}{2,220,000}$  tons  
 Grade .72% WO<sub>3</sub>

Metallurgy WO<sub>3</sub> 80% recovery  
 65% conc. grade  
 Millrate 750/tpd = 270,000 tons/yr.  
 Mine life = ~~8~~ years 7  
 Metal price = \$ 35 US = \$ 38 Can /stu WO<sub>3</sub> contained in  
 65% WO<sub>3</sub> concentrate  
 Transport cost = \$25/ton to Skagway  
 Operating cost Mining \$4.00/ton - prob. more  
 Milling 2.50/ton  
 General 1.00/ton

total = 7.50/ton  
 Capital cost = \$5,000,000  
 Value of conc. FOB Mine..... lbs. WO<sub>3</sub> in 65% x 80% contained  
 short ton value

x \$ Can - ocean freight - freight to Skagway = value/ton

( (  $\frac{1300}{20}$  ) .8 (38-5) ) - 25 = \$1695/ton

concentrate ratio =  $\frac{\text{concentrate grade}}{\text{recovery} \times \text{ore grade}} = \frac{.65}{(.8)(.72)} = 112$

TABLE

$$\text{VALUE/TON OF ORE} = 15.10$$

$$\begin{array}{r} \text{NET/TON OF ORE} = 15.10 \\ - 7.50 \\ \hline 7.60/\text{TON} \end{array}$$

NET OPERATING PROFIT/YR

$$\begin{aligned} &= \$ 7.60 \times 270,000 \text{ TONS/YR.} \\ &= \$ 2,052,000/\text{YR.} \end{aligned}$$