

ECONOMIC EVALUATION OF PLATA - UPDATED

The PLATA GROUP, which includes 200 PLATA Claims and 44 INCA Claims, is located in the Bostock Range between the Rogue and Hess Rivers in northeast Yukon. Thirty-two claims are due December 1980, 26 claims due in December, 1981, and the remaining 186 key claims are in good standing to December, 1984/85. This remote property is located 115 miles east of Mayo, 108 miles NNE of Faro, 110 miles north of Ross River, and 65 miles northwest of the Canol Road at Jeff Lake. Access has been by a combination of fixed wing to a nearby airstrip then by helicopter the remaining 6 miles to the property.

Two distinct types of vein mineralization were evaluated by diamond drilling and cat trenching on the PLATA Group during the period September 1972 - September 1974 for a total expenditure of \$500,000.

Low grade silver-gold mineralization, discovered in a major thrust zone, was outlined through diamond drilling and cat trenching semi-continuously over a strike length of 2,000 feet in what we term PLATA Zones 3 and 4. Visible mineralization in the 0.5 to 5 feet thick quartz vein averages 20 ounces per ton silver and 0.06 ounces per ton gold. A geological reserve of 60,000 tons is estimated for a depth extension of 100 feet of which only 30,000 tons is probably available for open pit mining methods. Using metal prices of \$500 Au and \$25 Ag, the calculated gross metal value of this mineralization, approximately \$400 per ton, is well below the associated mining and transportation cost of \$800 per ton.

Small high grade galena-tetrahedrite veins occurring in northeast and northwest fault structures hold the best potential for economic mineralization on the property. These structures are often narrow, generally averaging less than 2 feet thick, and seldom exceeding a thickness of 5 feet. Zones 1, 2, and 6 on the PLATA Claims and Zones 7 and 12 on the INCA host all presently known potential reserves.

PLATA

Zone 1 located 2,000 feet north of Zone 2, consists of a galena-tetrahedrite lens with a length of 50 feet, width of 20 feet and thickness of 2 to 4 feet. The entire lens (60 tons) was removed by the bulk sampling program.

Zone 2 located near the crest of a 6,000 foot peak near the centre of the property contains 180 feet of mineralization over a width of 2 to 5 feet grading 35 percent lead and 84 ounces per ton silver. As the vein dips 45 degrees into the hill, evaluation of reserves by diamond drilling would be extremely expensive and difficult. Roughly 25 tons grading 160 ounces per ton silver and 70 percent lead were removed by open cut techniques during our bulk sampling program in 1976.

Reserves to 200 feet are estimated at 48,000 tons of which possibly 10,000 tons are available by open pit.

Zone 6 located in a saddle 3,000 feet north of Zone 2, consists of high grade blocks of galena-tetrahedrite float in a graphitic fault zone. To date, 20 - 30 tons of float material has been hand-cobbed from the fault structure averaging 80 percent lead and 200 ounces per ton silver. Additional reserves cannot be estimated.

#### INCA

Zone 7 consists of a massive galena lens between 2 and 4 feet thick traced for 70 feet horizontally and 37 feet vertically within a strong fault zone in black chert. Estimated tonnage for the lens is 10,000 tons with an average grade of 27 percent lead and 70 ounces per ton for silver of which approximately 3,000 tons may be available by a 50 foot open cut into the hillside.

Zone 12 consists of a 1 to 3 foot thick lens of massive cubiform galena with blebs of tetrahedrite traced over 95 feet vertically and 130 feet horizontally. Preliminary estimates indicate 50 tons per horizontal foot grading 30 percent lead and 47 ounces per ton silver over a 5 foot mining width. Tonnage potential is roughly 5,000 tons to a depth of 100 feet of which could be available by an open cut.

SUMMARY

<u>VEIN ZONE</u>	<u>Estimated Reserves to 100'</u>	<u>Reserves Recoverable by Open Cut</u>	<u>Grade</u>		<u>Gross Value For Open Cut Reserves @ 75% Recovery (M\$)</u>
			<u>Pb%</u>	<u>Ag(oz/T)</u>	
PLATA 2	24,000 T	10,000 T	35	84	18.5
INCA 7	10,000 T	3,000 T	27	70	4.5
INCA 12	5,000 T	5,000 T	30	47	5.3
TOTAL	39,000 T	18,000 T			28.3

Gross value calculated with assumed metal prices of \$25/oz Ag and 40¢/lb lead.

Gross Value of Open Cut Reserves \$1,570/Ton

LESS Costs of:

Open Cut Trenching \$ 350/Ton  
 Crushing and bagging 150/Ton  
 Camp and Maintenance 100/Ton  
 Transportation 400/Ton  
 Smelting Costs 100/Ton

Total Operational Costs \$1,100/Ton

Net profit per ton before taxes \$ 470/Ton

Revenue before taxes \$470/Ton x 18,000 Tons \$ 8.5 M

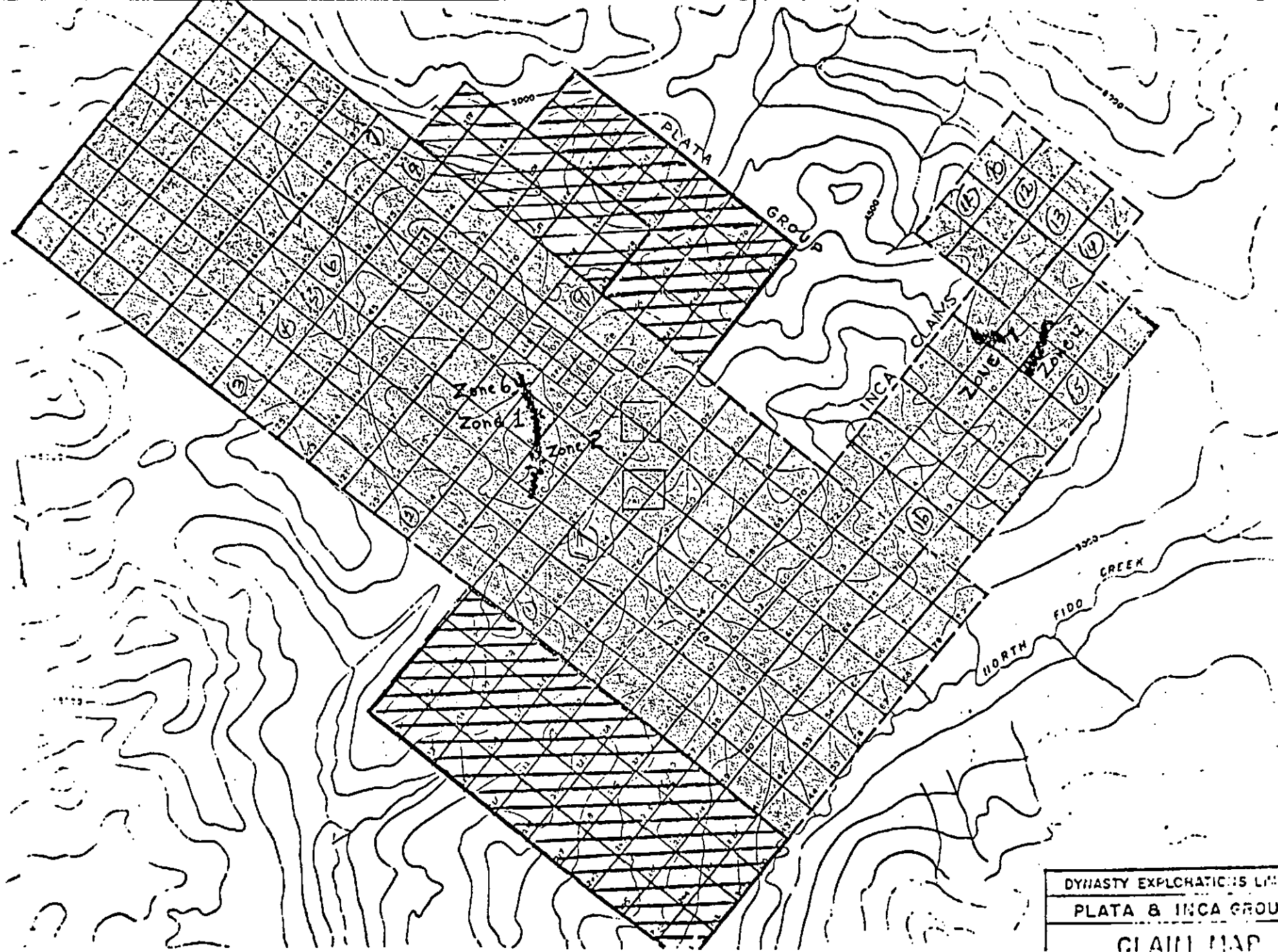
Although evaluation optimistically indicates a profitable operation, the following points should be considered:

- 1) costs of establishing reserves will be extremely expensive and difficult -- a 2-3 million dollar drilling program will be required.
- 2) our estimate of reserves available to open cut mining techniques may be in error by as much as 50 percent. INCA Zone 7 is perpendicular to a steep face, thus it would not be practical to remove vein mineralization by an open cut.
- 3) considering the present position of surface mineralization in rugged topography combined with a short summer season the risks involved of setting up and managing a small scale mining operation that could effectively only mine and transport 1,000 to 2,000 tons per year is easily overshadowed by the present silver price.
- 4) In all, we recommend little to no additional expenditures by Cyprus Anvil prior to expiry date in 1985 and securing of respectable joint venture money to develop mining reserves without giving up control of this high risk property.

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W. J. Roberts

March 24, 1980.



DYNASTY EXPLORATIONS LIMITED  
PLATA & INCA GROUPS  
CLAIM MAP