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ANVIL DISTRICT ACQUISITION PROGRAM

Prepared by Cyprus Anvil Mining Corporation  
December, 1978

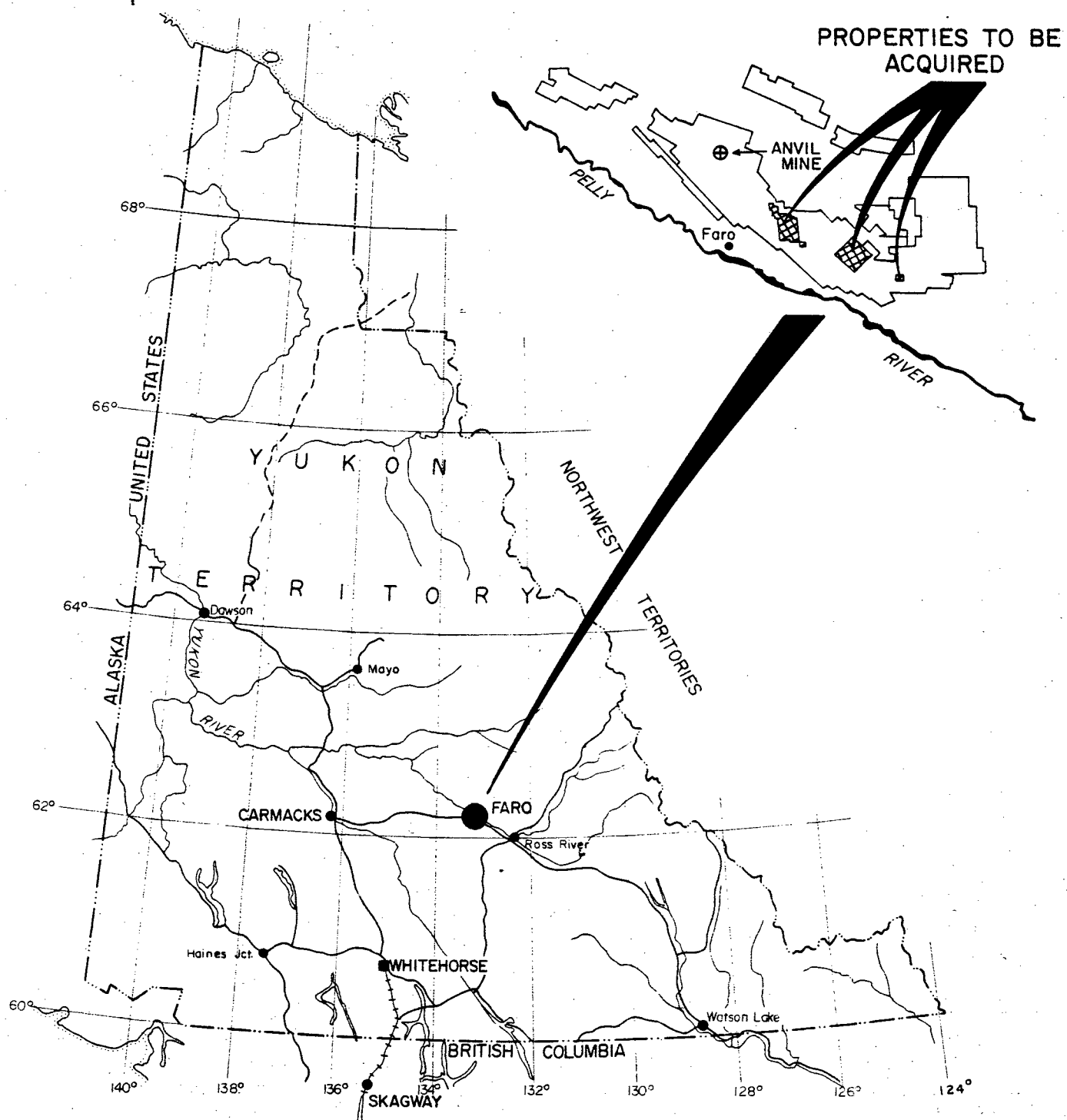
## ANVIL DISTRICT ACQUISITION PROGRAM

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PROGRAM

The acquisition by Cyprus Anvil Mining Corporation of all the mineral property interests within the Anvil District of Kerr Addison Mines Ltd., Canadian Natural Resources Ltd., and Vangorda Mines Ltd., a subsidiary of Kerr Addison.



**CYPRUS ANVIL MINING CORPORATION**  
**CLAIM HOLDINGS**  
**ANVIL DISTRICT**

YUKON  
SCALE: 1" = 100 MILES

SUMMARY

Cyprus Anvil Mining Corporation has reached agreement in principle with Kerr Addison Mines Ltd. and Canadian Natural Resources Ltd. to acquire all of the mineral property interests of the respective companies in the Anvil District which include those of Kerr Addison's subsidiary, Vangorda Mines Ltd. The principal properties involved cover 12 square miles in the heart of the known mineralized section of the District and include the Grum, Vangorda and Swim deposits which have total proven and indicated reserves of 46 million tons containing 8-10% combined lead and zinc, with 1½-2 oz. per ton of silver. The most significant deposit is the Grum, with a proven reserve of 30 million tons of which 15 million tons can be mined by open pit methods. The Vangorda deposit contains approximately 9 million tons, of which at least 7 million tons can be mined by open pit methods. Both these deposits are within feasible truck haulage distance of the Anvil concentrator. The Grum and Swim properties have significant indicated additional underground tonnage potential and exploration value.

Kerr Addison Mines, Canadian Natural Resources and Vangorda Mines have expended approximately \$16 million over the last twenty-four years in exploration, both surface and underground, metallurgical testing and engineering feasibility studies. Of this total, \$13 million has been spent between 1973 and 1978 on the Grum deposit where studies have progressed as far as a preliminary computer mining plan for the open pit portion of the reserves.

The total cost of these acquisitions will be \$21.7 million cash, of which approximately \$18.5 million will be directly for properties and the balance for the shares of Vangorda Mines. In addition, most of the

properties will be subject to a 5% net profits interest which will be calculated after recovery of all acquisition, development, capital and exploration costs, plus an interest factor of bank prime rate plus 1½%. The definition of the net profits interest is a complicated one but will reflect a fair allocation of all costs.

Agreements to finalize this transaction are being prepared and all other necessary steps concerning acquisition of 100% of the shares of Vangorda Mines Ltd. and whatever approvals may be required from regulatory agencies are also in progress. It is anticipated that a feasible date for closing of this transaction is probably in mid to late February, 1979.

The acquisition of these properties from Kerr Addison, Canadian Natural Resources and Vangorda Mines will add substantial lead-zinc reserves to Cyprus Anvil holdings in the Anvil District. The current mining plan for the Faro ore bodies provides ore at the rate of 10,000 tons per day until 1988 and although additional reserves are indicated outside the ultimate pit limits, such reserves will not provide the basis for continuing operations at the current rate of production. The proven and drill indicated reserves on the properties to be acquired should add a total of eight to ten years to the life of Cyprus Anvil operations in the District. In addition, there are indications of additional underground reserves at Grum as well as significant exploration potential, particularly on the Swim Lake property.

These acquisitions will provide a number of alternatives to optimize the economic phasing in time and blending of ores from a number of deposits. The technical and engineering feasibility has been studied with respect to the open pit portion of the Grum reserves and estimates have been made

concerning capital costs, mining operations and metallurgical performance.

The financial analysis has been based on the incremental benefit of milling concurrently Faro ore and the open pit portion of the Grum deposit. The analysis indicates that combining Grum ore on a fifty-fifty basis with Faro ore starting in 1984 (Case #23) yields a net present value of \$5.7 million at a 14% discount rate after charging the project with the total acquisition cost for all properties. This substantial financial advantage is largely a result of higher lead-zinc grade in Grum ore relative to Faro ore and increased silver and gold content in lead concentrate derived from Grum ore.

As noted, the financial analysis is based on the open pit Grum ore only. It does not include the additional substantial but unquantifiable values related to the balance of ore reserves and to the exploration potential for the properties.

The overall strong reserve position that results from this acquisition will enable Cyprus Anvil to study the feasibility of expansion of the existing concentrating facilities. The added life and operational flexibility that these deposits provide will enable consistent levels of concentrate to be produced as well as providing flexibility in concentrate output in response to changing market conditions. The rationalization of Anvil District development will enable the Company to maintain a strong competitive position relative to other lead-zinc mines.

The added life that is indicated for Cyprus Anvil operations as a result of this acquisition program will further enhance the Company's reputation as a reliable long-term supplier of lead and zinc concentrates. The

Company has already had an enthusiastic response from its principal customers in Japan.

The current loan facility with the Toronto Dominion Bank is sufficient to provide the funds required for this acquisition. The financial outlook for Cyprus Anvil will be substantially enhanced by this acquisition and will permit examination of a number of long-term financing options for the capital expenditures that will be required to develop the deposits.

The extended life of operations at Faro, which is clearly demonstrated by this acquisition, has a number of other significant benefits to the Company. Employees will look forward to a more secure future and greater opportunity with Cyprus Anvil. The Town of Faro will face the future with much greater confidence and, as a result, attract improved government services, other businesses and improved housing facilities. The relationship of Cyprus Anvil with the Federal and Yukon Governments will be strengthened and should result in long-term improvements, particularly in the areas of transportation and power supply. The added financial strength of the Company and a significantly longer assured life will result in increased development opportunities and will add significantly to the investment quality of Cyprus Anvil shares.

## ORE RESERVES

Contained within the properties to be acquired are four proven and indicated lead-zinc mineral deposits. Following is a summary of the mineral reserves, both proven and indicated, of each of these deposits based on current information.

### Grum

The Grum ore body is the largest of the deposits within the acquisition properties, and is the most developed from an exploration and ore reserve evaluation standpoint. From the initial discovery drill hole in 1973 until the conclusion of the exploration program in 1977, a total of 41,000 meters of surface diamond drilling and 15,000 meters of underground diamond drilling was carried out by Canadian Natural Resources and Kerr Addison Mines Limited. Additionally, 2,900 meters of underground development work was done through an incline driven from the surface. The majority of the surface diamond drilling and all of the underground work was done in the upper portion of the mineralized zone, and contained within an area of approximately 2,400 meters by 2,000 meters. The drilling sections for both surface and underground holes were spaced 60 meters apart, although a few intermediate holes were also drilled. Within this area, the ore reserve estimate is considered in the proven category. The sulfide mineralization in this deposit has been definitely established as mineralogically similar to the Faro deposit.

Two estimates of the ore reserves in the Grum deposit within the area of concentrated drilling and underground work were prepared by Kerr Addison. The first was a manual estimate based on certain minimum depth

parameters of ore zones, and did not include any factor for dilution. This estimate, based on a 4% combined lead-zinc cut-off grade was:

<u>Metric Tons</u>	<u>%</u> <u>Pb</u>	<u>%</u> <u>Zn</u>	<u>%</u> <u>Combined</u>	<u>Ag(Gms/M.T.)</u>
26,100,000	4.1	6.4	10.5	62

A second estimate was then prepared using the Noranda computer system to compute a Mineral Inventory File, preparatory to designing an open pit mine. This estimate was based on 9 meter vertical intervals, and produced this result.

<u>Metric Tons</u>	<u>%</u> <u>Pb</u>	<u>%</u> <u>Zn</u>	<u>%</u> <u>Combined</u>	<u>Ag(Gms/M.T.)</u>
27,800,000	3.1	4.9	8.0	48

The substantial dilution in the grade between the manual estimate and the computer estimate is due to the complexity of the ore body, and the fact that the manual estimate was done strictly on mineralized material over the cut-off grade and the computer estimate used a 9 meter depth, which would include any low grade or waste contained within that interval. For purposes of the evaluation of the acquisition, the diluted, or computer estimate was used on the basis of being more realistic from an operating standpoint.

### Champ

The Champ deposit is an up-plunge continuation of the Grum deposit, and could be considered as part of the Grum. An estimate has been made of the Champ deposit based on more widely spaced drilling than the Grum. The ore reserves in this estimate can be considered as indicated, or probable, at this time. Further drilling would be required to place the Champ ore reserves in the proven category. The indicated ore

reserves in the Champ are:

	%	%	%	
<u>Metric Tons</u>	<u>Pb</u>	<u>Zn</u>	<u>Combined</u>	<u>Ag(Gms/M.T.)</u>
1,692,000	4.3	3.5	7.8	46

#### Vangorda

This deposit was the first discovery of a mineralized zone in the Anvil district, and was extensively drilled by Prospector's Airways, a subsidiary of Kerr Addison, in the early 1950's. The drilling definitely established a mineralized tonnage, but due to poor core recoveries in some sulfide sections, the reliability of the assay data is uncertain. The reserve estimate based on Prospector's Airways data and geological interpretation is:

	%	%	%	
<u>Metric Tons</u>	<u>Pb</u>	<u>Zn</u>	<u>Combined</u>	<u>Ag(Gms/M.T.)</u>
8,528,000	3.16	4.96	8.18	55

#### Swim

A preliminary estimate of the Swim deposit based on limited diamond drilling is:

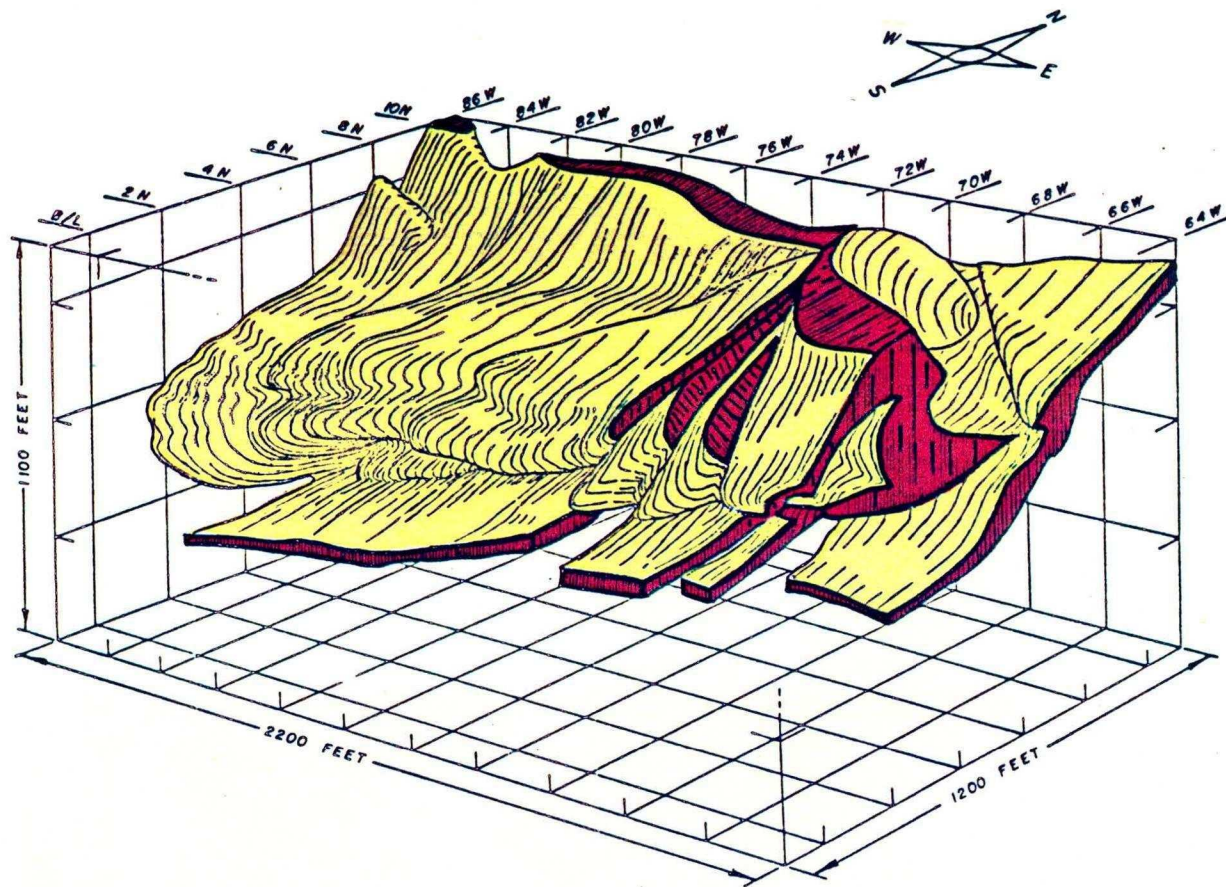
	%	%	%	
<u>Metric Tons</u>	<u>Pb</u>	<u>Zn</u>	<u>Combined</u>	<u>Ag(Gms/M.T.)</u>
4,309,000	3.8	4.7	8.5	47

#### Summary

In summary, the total tonnage of proven and indicated geological ore reserves contained within the acquisition properties is:

	<u>Metric Tons</u>	<u>Short Tons</u>
Grum	27,800,000	30,600,000
Champ	1,692,000	1,866,000
Vangorda	8,528,000	9,400,000
Swim	<u>4,309,000</u>	<u>4,750,000</u>
	42,329,000	46,616,000

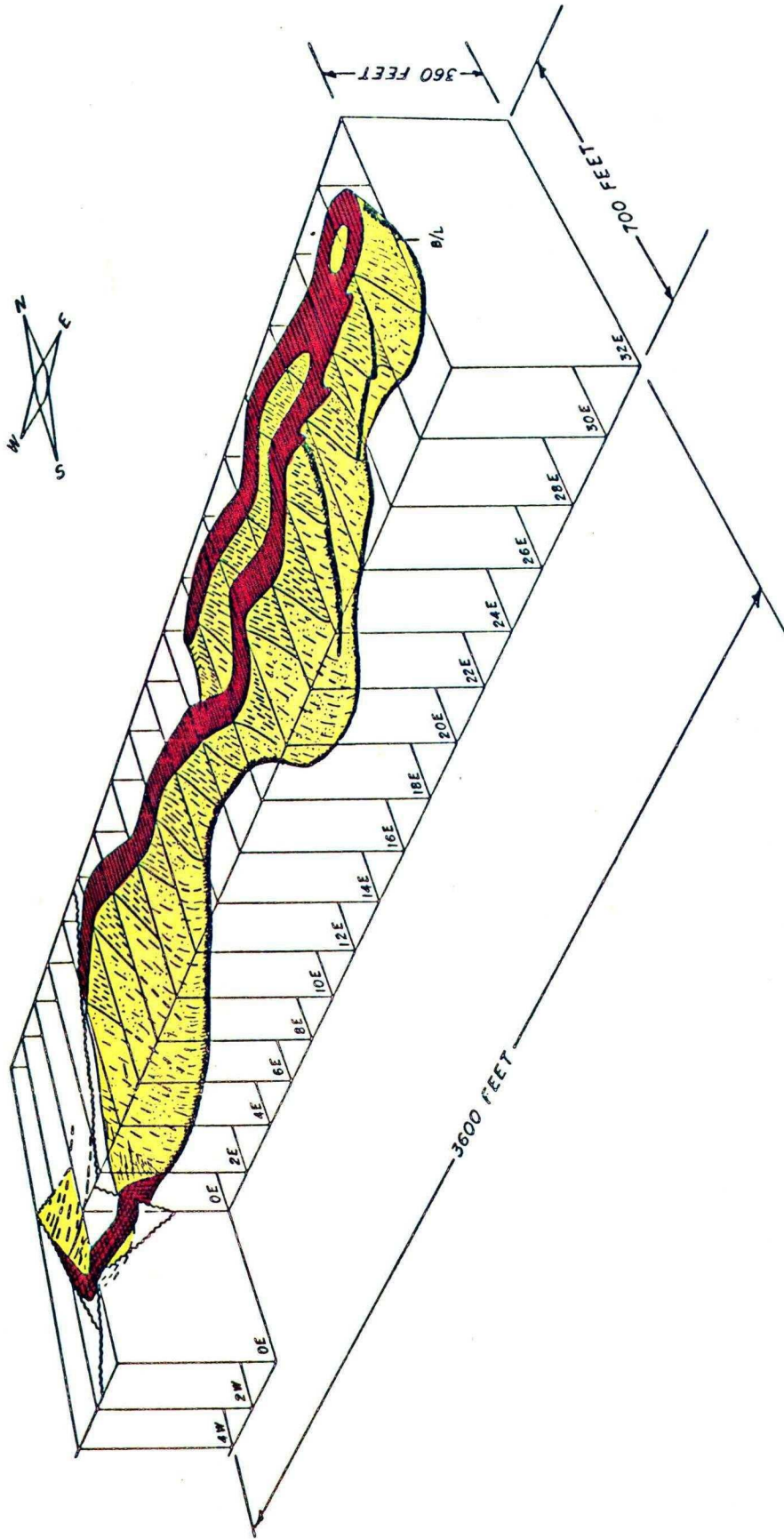
An independent check on the Grum deposit ore reserve using the same basis as the Kerr Addison Mineral Inventory File was done by an outside Geological Consultant. The results of this indicated substantive agreement with the Kerr Addison estimate in the areas that were checked.



GRUM DEPOSIT  
 MAIN SULPHIDE ZONE

Produced from data supplied by Kerr Addison Mines

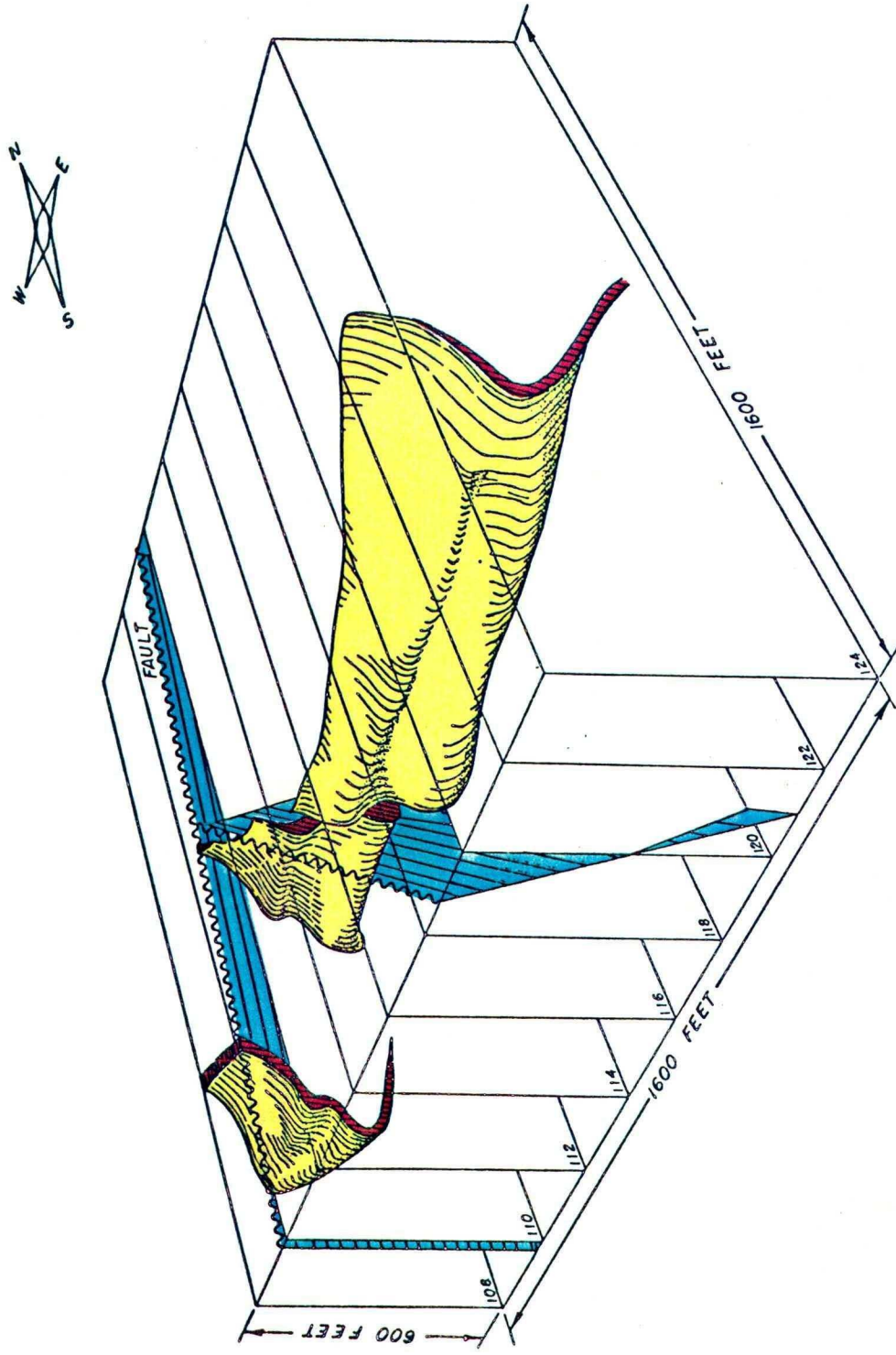




VANGORDA DEPOSIT  
MAIN SULPHIDE ZONE

Produced from data supplied by Kerr Addison Mines

SWIM LAKE DEPOSIT  
MAIN SULPHIDE ZONE



Produced from data supplied by Kerr Addison Mines

## EXPLORATION POTENTIAL

### Introduction

All known deposits in the Anvil lead-zinc belt are confined to a narrow, twenty-mile long zone, from just west of the Faro orebodies easterly to the Sea deposit. This zone contains between 120 million and 150 million tons of proven and indicated lead-zinc-silver mineralization within a much greater tonnage of massive and banded pyritic sulphides. The exploration potential of the immediate area could double the known reserves.

The main sulphide deposit zone is defined by the superposition of three major parameters, which are:

- (a) proximity of deposits to a depositional hinge-line, probably representing a long-lived, near-vertical fault system, tapping a continuous heat source and volcanic fluids serving as both transport mechanism and potential source of sulphide-bearing solutions;
- (b) presence, at a number of geologic time intervals, of suitable reduced basins indicated by the deposition of carbonaceous shales, now seen as graphitic host rocks, in which the sulphides are fixed;
- (c) subsequent deformation and metamorphism, combined with a fortuitous level of erosion, exposing some of the sulphide horizons at or near the present surface.

Except for a short distance between the Faro orebody and the Firth deposit, where both the favourable host rock and hinge-line have probably been removed by erosion, all three elements are present for much of the

twenty-mile strike length and establish the primary exploration parameters within the Anvil lead-zinc belt.

The location of the known deposits, along a single continuous arcuate linear, is perhaps the best indicator of the hinge-line concept. The properties to be acquired occupy 30% of the established strike length of this zone, or slightly more if the eroded section between Faro and Firth is not included, and contain five of the eight known lead-zinc-silver deposits. The balance of this twenty-mile long zone is within properties either wholly owned or controlled by Cyprus Anvil. The relatively untested lateral and down-dip extent and possible major fold repetitions of the five deposits, namely Firth, Grum, Vangorda, Swim and Sea, provide the most obvious and immediate exploration potential. Additional areas of primary exploration potential between the various deposits and northwest of Faro are indicated on the accompanying map.

#### Grum Extension

Diamond drilling northwest of the proven reserve section of the Grum deposit indicates a continuation of the deposit which is open to the northwest and southwest. Detailed mapping suggests the Firth deposit is probably part of the Grum deposit. The open pattern of drilling in this area does not permit meaningful tonnage and grade estimates; however, potential for significant additional underground reserves is indicated.

#### Vangorda Deposit Area

The structure of the Vangorda deposit is poorly understood. By analogy to the complex geometry of the Grum deposit, it is conceivable that

additional reserves may be concealed by fold interference patterns south of the deposit. There has been inadequate deep drilling in the vicinity of the deposit to evaluate this possibility. Because of the near-surface location of the Vangorda deposit, delineation of additional, potential, open pit reserves is of prime importance. A clear geological understanding of this deposit should be generated as soon as possible to allow effective exploration and evaluation of this high priority area.

#### Swim Deposit Area

Detailed geological investigation of part of the Swim deposit by Cyprus Anvil geologists has led to a new interpretation of folding and faulting superimposed on the deposit. This interpretation suggests the deposit is truncated at its base by a nearly horizontal thrust fault. The implication of fault-offset sulphides beneath the thrust is compelling and constitutes the highest exploration potential on the Swim claim block. Coincident magnetic and geochemical responses associated with the Grum-Vangorda-DY-Swim host unit east of the Swim deposit should be evaluated concurrently.

#### BS/Sea Deposit Area

A nearly continuous "blanket" of variably mineralized pyritic quartzites, stratigraphically equivalent to the Swim deposit horizon, extends beneath Swim Lake to the Sea deposit. Drill testing on the BS claims between this deposit and Swim Lake should be completed in the search for other Swim deposit equivalents in this horizon.

### Other Potential








Extension of the Grum-Vangorda-DY-Swim host unit between the DY and Swim deposits is a high exploration priority area, as lateral distance between deposits along the hinge-line suggests sufficient separation between DY and Swim to conceal another deposit. A portion of this area is on the Swim property and exploration on adjoining Cyprus Anvil claims will be enhanced by drill data obtainable from Swim.

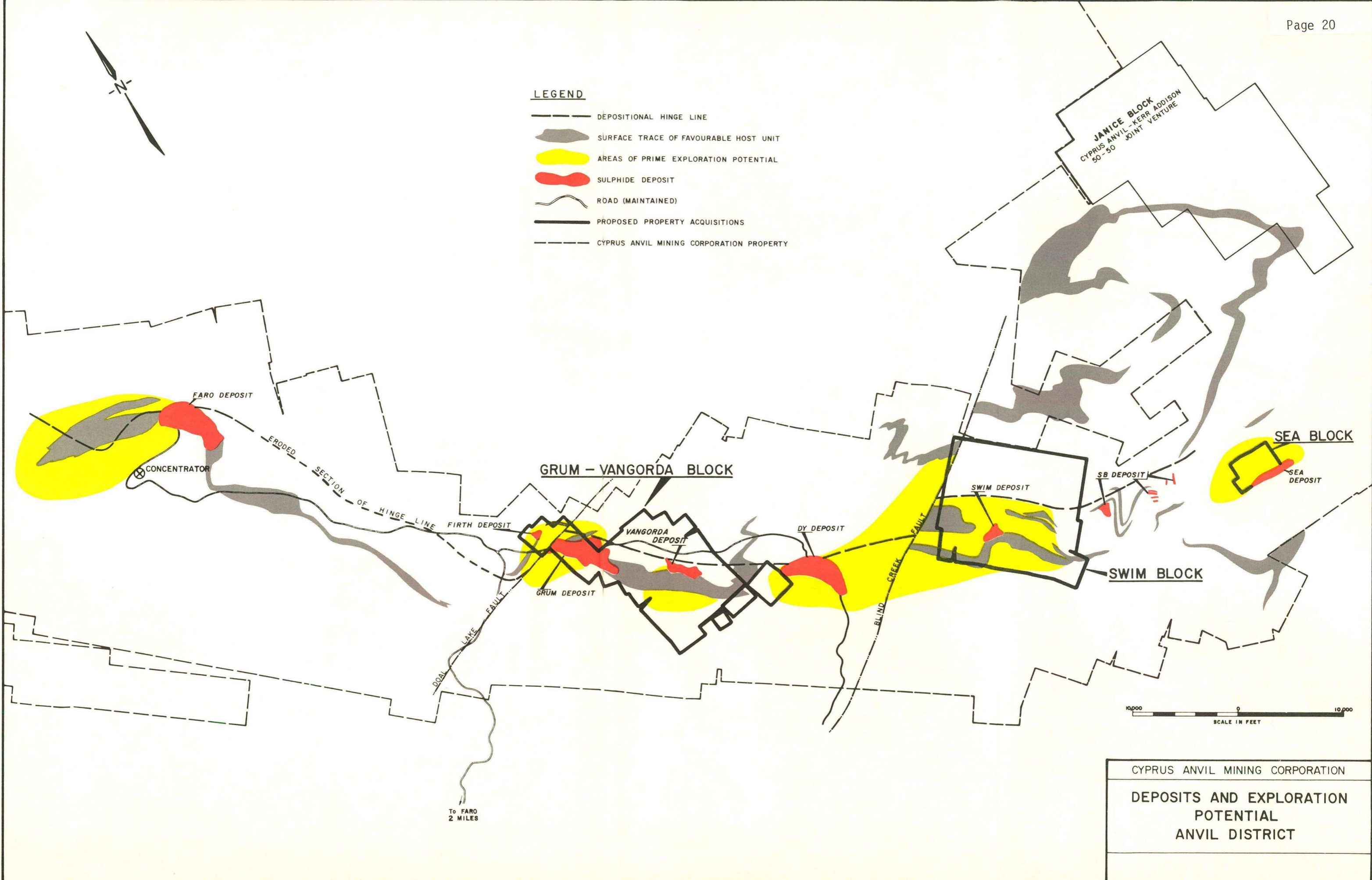
### Summary

In addition to the proven and indicated reserves in the Grum, Vangorda and Swim deposits, the properties have significant exploration potential. The types of mineralization indicated are similar to each other and should be reasonably compatible within the present and modified concentrator facility. Most of the additional exploration potential area is within feasible trucking distance of the existing mill. Given the existing infrastructure, this exploration potential must be regarded as extremely favourable and presents a definite addition to the value of the acquisition over and above the current proven and indicated ore reserves.



**LEGEND**

-  DEPOSITIONAL HINGE LINE
-  SURFACE TRACE OF FAVOURABLE HOST UNIT
-  AREAS OF PRIME EXPLORATION POTENTIAL
-  SULPHIDE DEPOSIT
-  ROAD (MAINTAINED)
-  PROPOSED PROPERTY ACQUISITIONS
-  CYPRUS ANVIL MINING CORPORATION PROPERTY



To FARO  
2 MILES

CYPRUS ANVIL MINING CORPORATION  
DEPOSITS AND EXPLORATION  
POTENTIAL  
ANVIL DISTRICT

### METALLURGY

The metallurgical parameters used for Grum ore in the acquisition case studies are based on the extensive test work that was done by Lakefield Research and Noranda Mines Ltd.

The test work that was done on the Grum ore was performed on bulk samples obtained from the underground development. A composite sample was blended on the advice of the Kerr Addison and Noranda Mines Limited geologists and mineralogists from twelve bulk samples which represented different ore types. This composite sample was used for pilot plant testing in the facilities of Lakefield Research Limited. After extensive testing, the final report on the pilot plant work was reviewed by the Noranda Mines Limited Milling Committee, a very highly regarded group in the industry, and the conclusions as to the metallurgical performance that should be attainable in an operating mill were:

	<u>Concentrate Assays</u>				%
	<u>% Lead</u>	<u>% Zinc</u>	<u>Silver</u>	<u>Gold</u>	<u>Recoveries</u>
Lead Concentrate	62	8	28	0.15	80
Zinc Concentrate	2	56	-	-	84

Note: Silver and Gold are in ounces/metric tons.

The Grum ores vary in hardness, and the work index ranges from 6 to 15 KWH/T. The design work index would be 15 KWH/T. For the highly sulphidic ores, which are soft, this produces a primary grind of 90% passing 200 mesh. For the harder ore, a somewhat coarser grind can be accepted since they are generally coarser grained.

For Faro ore, the finer grinding necessary to treat the Grum ore would have beneficial effects on recoveries and concentrate grades. A number of bench scale tests were run by Cyprus Anvil metallurgical personnel and some research was also done on Faro ore by a recognized expert on grinding to evaluate the effect of finer grinding from the present 60%-200 mesh to 90%-200 mesh. The conclusions, based on improvement in rougher flotation, are as follows:

- Lead concentrate grade remains at 61.0% Pb with an increase in recovery from 85% to 87.5%.
- Zinc concentrate grade will increase from 50.8% to 51.7%, while zinc recovery will increase from 82% to 85%.

These improvements in Faro ore metallurgy were incorporated into Cases 22 and 23.

The modifications that are necessary to the present Cyprus Anvil concentrator in order to accommodate the Grum ores which at the same time would accomplish the improvements in metallurgy through finer grinding of the Faro ores would be:

- The grinding circuit would be modified by the addition of more grinding capacity. Two 13.5 foot by 22 foot ball mills would be installed, and the grinding circuits will be provided with particle size monitor control.
- Lead rougher capacity must be increased by the addition of one bank of flotation cells.
- The existing cleaner flotation cells would be replaced by Denver 200 cells, thus doubling the cleaner capacity.
- With a finer grind, additional filtering and drying capacity must be supplied. One disc filter and a dryer would be necessary.

The reagent pattern for both Faro and Grum ores is almost identical, so no problems should be experienced in that regard.

No tests have yet been performed on a blended Faro-Grum ore. This work remains to be done, so that possible ore blending in varying proportions could be carried out in the operation, thereby providing more flexibility in ore deliveries. The parameters used in the Case Studies were that ore from Faro and Grum would be treated separately. Grum ore would be delivered to a crusher stockpile while Faro ore was being treated, and then fed to the mill separately.

## MARKETING

The following is an overview of the lead and zinc markets including a commentary on metal prices, as well as a current review of the Company's relationship with its major Japanese customers.

### Lead

At the present time lead is enjoying an unprecedented boom. Producer and consumer stocks are at very low levels and, in terms of U.S. dollars, the Spot LME price at around 38¢ U.S. is very good. Forecasts developed by the Lead Zinc Study Group for 1979 indicate a small increase in consumption, a substantial increase in metal production with a resultant statistical surplus of metal (134,000 MT). There are good reasons to conclude that the statistical surplus will not occur. These reasons are:

1. Traditionally mine supply falls short of forecast.
2. Even if there is no shortfall in mine production it is doubtful that a record 1,400,000 metric tons of scrap would be available for metal production to make up the shortfall between mine and metal production. Scrap supplies are currently very tight.
3. The continuing reduction in the use of lead as a gasoline additive, primarily in the United States, has been and will continue to be offset by increased world battery consumption and a general growth in less developed countries.

In summary, the current buoyant market for lead should continue through 1980.

## Zinc

There are some signs that the world zinc industry has recovered slightly from its recent depression and that some cautious optimism is warranted. Statistics developed by the Lead Zinc Study Group indicate that in 1978 consumption has exceeded metal production with a resultant drop in metal inventories. The Groups' forecast for 1979 indicates a 2% growth in consumption which, when coupled with an 8.6% increase in metal production, produces a statistical surplus of about 154,000 metric tons of metal. It is unlikely that this surplus will be achieved, primarily because there will not be enough zinc concentrates available to meet the production goals. This conclusion is based on the following factors:

1. Historically, actual mine production has been consistently overstated by approximately 7%.
2. Mine production figures must be reduced to provide for metal losses during smelting.

It can be argued that the above deficiencies will be made up from excess concentrate inventories built up during the last few years, but this is questionable since the excessive concentrate inventories do not exist. Apparently, exports to Socialist countries have substantially exceeded the amounts calculated by the Study Group. This conclusion is further supported by current market conditions in which some smelters and traders are actively seeking zinc concentrates for up to three years at terms which are more favorable to the mines than was the case six months ago.

Provided anticipated production restraints are maintained and there are no significant down turns in economic activity it is likely that the market will support steady price increases through the next two years until prices reach a level in local currencies that will make smelting operations profitable. It has been estimated that this will require the Deutsche Mark equivalent of \$800 plus and the Yen equivalent of \$900 plus. Such prices, however, are unlikely to attract major new investment in the industry.

#### Outlook for Lead

There are many factors which affect lead and, though difficult to quantify, should be recognized.

1. Continuing reduction of lead in gasoline, particularly in the developed nations. This could be offset by increases in the Socialist countries and less developed countries as they pay less attention to air quality in their efforts to increase industrial activity and living standards.
2. Substantial funds are being expended on research into alternatives to the lead acid battery as a medium for storing energy. Much progress has been made, but as yet the unique quality and low cost of the lead acid battery have more than offset the disadvantages of greater weight. To date, electric powered vehicles depend primarily on the lead acid battery.
3. In 1978 and 1979 imports by Socialist countries are increasing substantially. It is expected that they will continue to absorb increasing quantities of lead concentrate and metal.

4. The use of very large lead acid batteries to store power for subsequent release during peak consumption periods is being considered. If this is proven to be viable a major new use of lead may develop.

The factors affecting lead consumption have not changed much during the last ten to twelve years. However, it can be said that lead has outperformed most non-ferrous metals and will maintain a steady growth rate in the future.

#### Outlook for Zinc

Zinc consumption is apparently undergoing structural changes, primarily in developed countries. This is most apparent in the automobile industry in the United States where zinc content per automobile has been cut by more than half in the last few years. These fairly rapid structural changes, coupled with the recent low level of economic activity, have created feelings of despair in the industry which we believe to be unwarranted for the following reasons:

1. Automobile rust proofing measures, for which zinc is ideally suited, should reverse the trend of less zinc per unit.
2. Traditional uses of zinc (galvanizing) are growing rapidly in less developed countries. The Lead Zinc Study Group estimates that consumption of zinc in Asia (excluding Japan) increased 12% in 1978 and will increase by another 8% in 1979.
3. As the Socialist countries and less developed countries pursue their announced intentions of increasing the standard of living of their citizens it is likely that more zinc will be consumed. It is of

interest that the USSR is now exporting a Lada (Russian built Fiat) to Canada. This car is very competitively priced and its grill is die cast zinc.

4. Over the past few years zinc has suffered due to substitution mainly of aluminium and plastics. This substitution has been significantly slowed down due primarily to cost competitiveness as aluminium requires more energy per pound to produce and plastics are derived mainly from petroleum.

The future of zinc will be one of slow but steady growth until the mid 1980's at which time shortages could occur due to the unlikelihood of increases in production during the next few years.

#### Customer Relationships

The acquisition of the Kerr Addison/Canadian Natural Resources properties will further enhance the reputation Cyprus Anvil has developed over the years as a major reputable and reliable supplier of concentrate, primarily to the Japanese market.

Discussions were recently held with both Toho Zinc Company Limited and Mitsui Mining and Smelting Company Limited during which the following salient points were covered.

1. Both companies had been approached during the last two years by Noranda Sales who were attempting to find markets for the Grum production. Noranda's presentation included concentrate specifications which showed the relatively high levels of mercury. During these talks the customers emphasized their technical ability and their willingness to handle the higher levels of mercury.

2. Cyprus Anvil's customers were enthusiastic about the extension of the mine life at Anvil and stated their willingness to participate in any viable project involving further processing of concentrates.
3. The Company indicated that it was possible that ore from the Grum might be processed as early as 1982. Toho increased its quantities and made a point of the fact that our agreement extended through 1983. Mitsui Mining and Smelting agreed to extend the contract through 1983 and also increased quantities. Both customers expect their relationship with Cyprus Anvil to extend well beyond 1983.

#### Metal Prices

In any analysis future metal prices are the most significant components and probably the most controversial. It is possible to find in recent publications forecasts that would be acceptable to any one as they cover such a wide range.

Prices used in this analysis are below what is generally thought to be the prices necessary to attract new investment into the industry. Consequently future shortages with attendant higher prices are likely.

#### Conclusion

The Company is optimistic about the future for lead and zinc and is confident that there is a market for Cyprus Anvil's concentrates including those from undeveloped deposits in the Anvil District at current or expanded rates of output.

### DEVELOPMENT PLAN

The Case Studies in this acquisition report envisaged developing the Grum ore body for ore delivery to the Faro mill either in 1982 or 1984. Since the initial years of ore from Grum would be higher grade than the Faro ore body, a significant increase in mill feed grade for several years would be achieved by milling Grum ore concurrently with Faro ore. The earliest time that Grum ore could be available would be in 1982, and a Case Study was made on this premise since it had the advantage of not only increasing the mill feed grade but also deferring the milling of the oxide stockpile at Faro from 1982 to the end of the ore body with its attendant metallurgical problems and higher cost. Development of Grum ore for 1984 has the advantage that the present mine equipment, with some small additions, would be adequate for Grum development along with some contracted volumes.

The development concept utilized the present mine life plan and schedule for the Faro ore body and the mine plan prepared by Kerr Addison. This Kerr Addison plan is a preliminary mining plan and yearly schedule done on the Noranda computer utilizing the Noranda General Pit System program. The ore blocks utilized in this study were from the diluted computer mineral inventory file ore reserve. Work on mine design was terminated by Kerr Addison when the preliminary "First Try" mine plan and schedule was done, so that pit optimization and detailed access plans had not been developed, and this work remains to be done. For the purpose of the Case Studies in this report, the preliminary plan was used, with some small modifications in annual waste movements. This mine plan, at a 4% combined lead-zinc cut-off grade, included the following tonnages:

<u>Ore</u>		%	%	<u>Ag</u>		<u>Waste and Low Grade Ore</u>	
<u>Short Tons</u>	<u>Metric Tons</u>	<u>Pb</u>	<u>Zn</u>	<u>Gms/MT</u>	<u>Oz/S.T.</u>	<u>Cubic Yds.</u>	<u>Metric Tons</u>
15,500,000	14,100,000	3.2	5.2	51	1.5	42,600,000	97,200,000

The stripping ratio in this pit is 6.9 Metric Tons/Metric Ton, or 2.75 Cubic Yards/Short Ton.

The preproduction stripping requirement for this pit is estimated at 20,000,000 metric tons, of which 12,000,000 metric tons is estimated to be overburden, which is largely glacial till material.

The question of the dilution factor to be applied to the Grum ore is still to be resolved. The dilution resulting from the computer ore blocks at 9 meter bench heights amounted to about 25%, due to the complexity of the ore body. It is felt that this dilution can be cut down by re-evaluating the mining reserve at 6 meter bench heights. This may or may not compensate for operational dilution so that the feed grade assays in the Grum preliminary pit could be used as indicated. For the purposes of the Case Studies, this was assumed to be so, and further study remains to be done on this question.

Basically, the development plans for the various Case Studies are:

Case 21 - This is the current five year plan and mine life plan of the Faro ore body. Some changes were made in the capital expenditures to eliminate mill modifications, since it is uncertain at this time if the metallurgical improvements resulting from these expenditures would justify them.

Case 22 - Grum ore is made available in 1982 to replace the planned oxide stockpile milling and to obtain the benefits of a high feed grade as early as feasible. In order to do this, considerable additional mine equipment must be purchased as the stripping requirements at Faro and Grum are beyond the capacity of the existing mine equipment at Faro. The initial overburden is contracted, based on the experience of contract stripping of this material by scrapers in the Faro pit during the past two months. The mill grinding capacity is increased and other necessary modifications are included in order to accommodate Grum ore, and additional housing capacity in the town of Faro is required.

Case 23 - The existing mine equipment is released from the Faro pit as requirements permit, and along with contract stripping of the overburden on the Grum, ore is delivered from the Grum in 1984. However, the mill modifications are started early in order to obtain the benefits for Faro ore until Grum ore is available.

Grum ore would be trucked to the Faro concentrator over a 9.6 mile haul road. Provision for the construction of this road and the required haulage trucks and road maintenance equipment have been included in both Cases 22 and 23. These cases also envisage mining the Grum ore using a rubber-tired loader, since it is felt that such a unit could better cope with the complex ore control that will be required in the Grum pit.

These development plans were based on the Grum open pit plan, which entails only about 14 million tons of the potential total of some 42 million tons of ore in the acquisition properties. This is the only reliable and detailed information available for financial analysis

purposes at this time.

As more information is developed through exploration work and detailed engineering studies, other development plans may be more attractive.

Included in these are:

- The early development of the Vangorda deposit, which has a low stripping ratio and could be developed more quickly and at less initial cost to provide ore of higher grade which would improve the mill feed grade during the period of the Grum ore body development.
- Possible development of underground ore from the Grum or Dy deposits to increase mill feed grades during some period in the schedules of the Case Studies.
- The possibility of increasing the capacity of the present concentrator might be feasible with the increased ore reserve. This possibility would be studied.
- The increased ore reserves, while not a major factor in improving the viability of a smelter, might be conducive to Government assistance in order to make a smelter feasible due to the desire for further processing in Canada.

FINANCING

The current revolving credit with the Toronto-Dominion Bank and Citicorp Limited provides a line of credit of U.S. \$35,000,000. The banks have a very positive attitude to this acquisition and have given a verbal commitment to increase this line to U.S. \$50,000,000. The Toronto-Dominion Bank has subsequently indicated that Cyprus Anvil's credit availability should be well over \$100,000,000.

The increased revolving credit of U.S. \$50,000,000 provides the funds to meet the requirements of Case 23 (peak borrowings of about CDN \$37,000,000) and to maintain a level of uncommitted credit that should give protection to cover contingencies.

When the development plans have been finalized it is intended to review the financing alternatives to ensure that the most advantageous option available is being utilized. The alternatives include long-term debt, convertible debentures and equity.

### OTHER FACTORS

In addition to the aspects of the acquisition evaluated in other sections of this report, there are a number of positive factors that result from this acquisition that cannot be quantified or measured, at least at this time, but none the less are important.

The additional life of Cyprus Anvil operations at Faro provides continuity to the dominant commercial activity in the Yukon Territory. The impact on the population of the Yukon and its government, as well as the Federal Government, is significant and should strengthen the Company's relationship socially and politically. As the Company formulates its development plans over the next few years it should encounter a more favourable response from governments in light of its clear commitment to the future and as a result should enjoy long-term improvements in a number of areas, particularly transportation and power supply.

The Town of Faro, which is completely dependent on the profitability and life of Cyprus Anvil operations, will be in a better position to attract increased government support for schools and other facilities, improved housing development and additional local business activity. Pride in the community, which has been nurtured over past years by the Company, should find new meaning, particularly to the young people in the Town who may now look to Faro as a permanent rather than a temporary home.

All employees of the Company can now look forward to greater opportunities and a more secure future which should result in a more productive and stable work force.

The effect of this acquisition on Cyprus Anvil shareholders, particularly those who are long term investors, will be similar to the effect on other groups either involved with or part of the Company. The long term positive effect is significant and is recognized already by a number of shareholders.

The Anvil District acquisition program assures the continued existence of Cyprus Anvil as a viable and profitable company that will attract other development opportunities as a result of its increased financial strength and longer life.

SUMMARY OF AGREEMENTS TO BE MADE WITH  
KERR ADDISON MINES LIMITED ("KERR") AND WITH  
CANADIAN NATURAL RESOURCES LIMITED ("CNR")

1. Kerr, its 70%-owned subsidiary Vangorda Mines Limited ("Vangorda") and CNR hold the following interests in the Anvil District:
  - (i) Kerr and CNR hold, on a 60 - 40 basis, leases of 17 claims and 73 recorded mineral claims, the whole constituting the "Grum" joint venture properties;
  - (ii) Kerr holds 100% interest in 9 (BS) claims;
  - (iii) Kerr holds 100% interest in 11 (Swim Lakes) claims;
  - (iv) Kerr and Cyprus Anvil Mining Corporation ("CAMC") hold on a 50 - 50 basis 142 (Janice) claims;
  - (v) Vangorda holds 100% interest in 11 (Vangorda Reserved) mineral claims under lease; and
  - (vi) Vangorda and CNR hold, on a 60 - 40 basis, leases of 13 claims and 33 recorded claims, the whole constituting the "Vangorda" joint venture properties.
  
2. Kerr holds 1,418,686 (out of 2,022,488) shares of Vangorda, or 70.15% of those outstanding, and Vangorda is indebted to Kerr to the extent of \$132,000 plus accrued general corporate expenses incurred since October 31, 1978. Noranda Mines Limited and Phelps Dodge Limited, through a subsidiary, each own approximately 11% - 12% of Vangorda.

3. Financial terms of the acquisition are as follows:

- (i) CAMC has agreed to pay to Kerr:
  - \$11,511,000 for all Anvil District property interests and interests under the Grum Joint Venture,
  - \$ 2,128,029 for the Vangorda shares held by Kerr, at a price of \$1.50 per share,
  - \$ 132,170 for the assignment to CAMC of Vangorda's indebtedness in that amount to Kerr,
  - \$13,771,199 plus general corporate expenses of Vangorda incurred after October 31, 1978 to the date of closing (with a maximum figure still to be negotiated);
- (ii) CAMC has agreed to pay to CNR \$7,000,000 for all CNR's interests in Anvil District properties and in the Grum and Vangorda joint ventures.
- (iii) CAMC will, by take-over bid made under the Canada Business Corporations Act, purchase the remaining Vangorda shares (603,802) at a price of \$1.50 per share, or a total of \$905,703.
- (iv) Total cash consideration to be paid under the agreements by CAMC will be \$21,676,902 plus a nominal amount in respect of general corporate expenses of Vangorda referred to above.
- (v) A 5% Net Profits Interest has been reserved by Kerr (which will be shared pro rata with CNR with respect to production

from Grum joint venture properties), except with respect to production from the Janice properties, where Kerr's interest is two and one-half percent. CNR will have reserved a 2% Net Profits Interest in production from Vangorda joint venture properties.

4. The Net Profits Interest payable to Kerr and/or CNR will be determined in accordance with an intricate formula that provides for allocation of revenues and expenses among the various orebodies, notwithstanding that production from more than one orebody (including orebodies not subject to any Net Profits Interest) will be processed concurrently in the Anvil Mill (or in any other mill which CAMC may establish in the area). All expenses that can be directly referred to operations on, or related to, a specific property will be allocated to that property. General milling expenses will be allocated to the properties in proportion to the quantities of ore delivered to the mill in specified periods. Revenues will be allocated to the properties in proportion to the lead and zinc values in ores delivered to the mill from the various properties. No attempt will be made to account for variances in metallurgical recoveries from ores mined from the varying properties at the mill, except that the cost of any mill facilities established to treat production from a specific orebody will be charged directly to that orebody.

All outlays from the closing date, including the cost of purchase of the mineral claims, will be charged to the Net Profits Accounts for Kerr and CNR to the extent that the outlays relate to properties

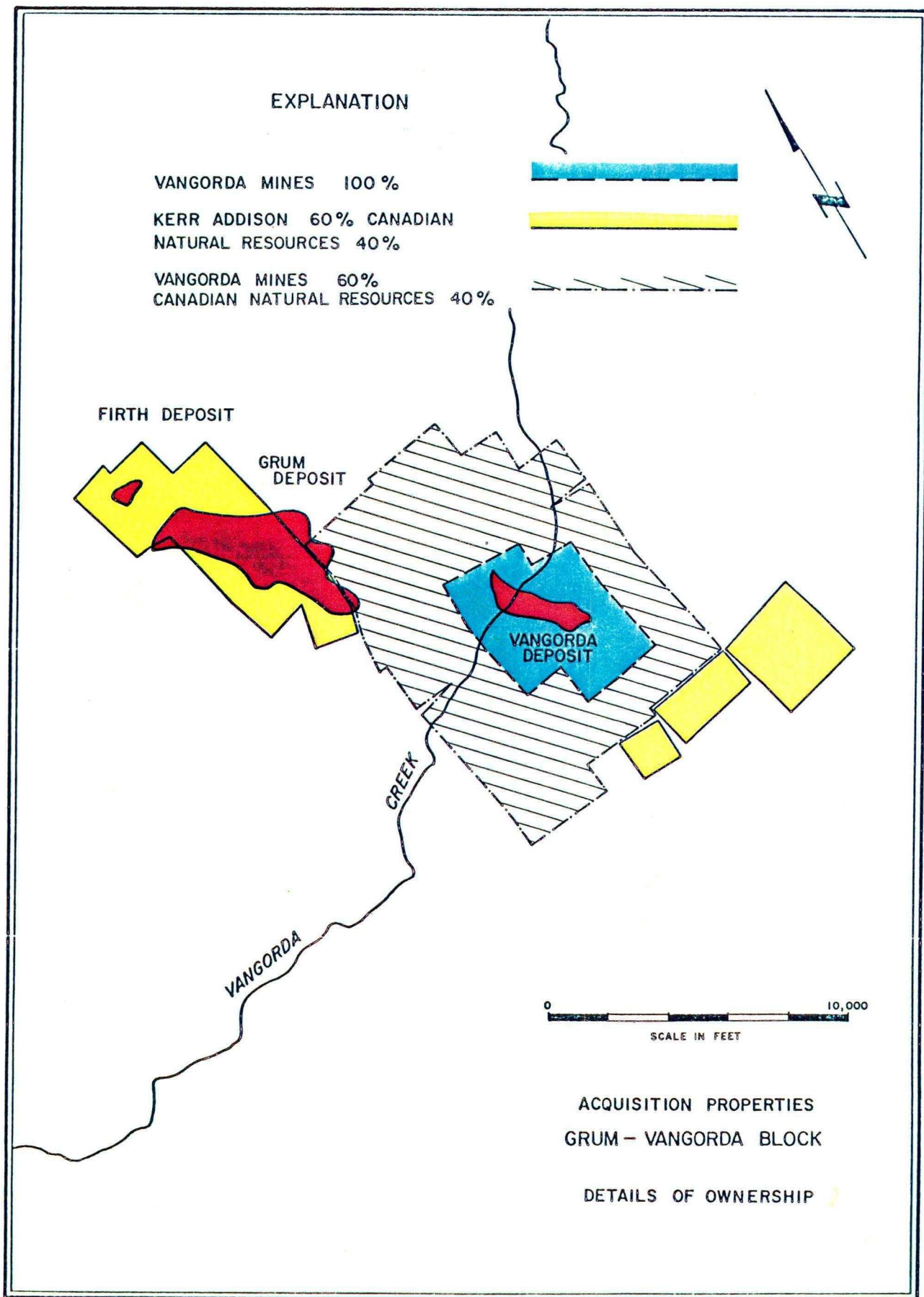
subject to the Net Profits Interests. All fixed asset additions to the mill and related facilities from the closing date will be recorded and depreciated at prevailing rates, and the undepreciated balance (the "Pre-production Depreciated Capital Pool") will be allocated among the various properties (in accordance with the then-current five year plan) at the time that production from one of the properties subject to the Net Profits Interest first commences. Until a Net Profits Account achieves a credit balance, that is until Net Profits from operations on any property exceed the related costs, including the proportionate share of the "Pre-production Depreciated Capital Pool" described above, plus interest on the amount of all such outlays at Canadian prime rate plus  $1\frac{1}{2}\%$ , no amount will be payable in respect of Kerr's or CNR's Net Profits Interests.

5. If CAMC should sell any of the properties referred to in paragraph 1 within ten years from the date of closing, Kerr and/or CNR (pro rata to their interests) will be entitled to receive one-half of the profits derived from any such sale, after deduction of the related cost of acquisition by CAMC, interest thereon and all other expenses incurred on the property by CAMC. Amounts expended on the property by others in order to earn an interest in the property will not constitute profits for the purpose of CAMC's obligations to Kerr and CNR.
6. The agreements will contain a number of representations and warranties, including the conventional warranties as to title to the claims and absence of liens thereon, but there will be no warranty as to ore reserves.

7. Forthwith after authorization and execution of the agreements CAMC will make a take-over bid for all of the shares of Vangorda. Kerr will agree not to tender its shareholdings in Vangorda prior to closing, but to do so at closing. It will be a condition of closing, for the benefit of CAMC, that the holders of not less than 20% of the outstanding Vangorda shares tender their shares prior to closing, so that at closing CAMC will have, by virtue of the acquisition of shares tendered prior to closing plus the shares held by Kerr to be tendered at closing, not less than 90% of the outstanding Vangorda shares. CAMC will then be able to use the "forcing in" provisions of the Canada Business Corporations Act to acquire the remaining outstanding Vangorda shares, whether or not voluntarily tendered.
8. In addition to the condition to closing referred to in paragraph 7 above, the agreements will contain the usual conditions to closing, including the condition that CAMC obtain satisfactory title opinions from its Yukon solicitors. Other conditions will include:
  - (i) delivery of an opinion acceptable to CAMC board from Farris & Co. respecting FIRA consequences,
  - (ii) in the case of CNR, completion of the transaction with Kerr. Subject to fulfillment of all other conditions, CAMC will be obliged to complete its agreement with Kerr, whether or not the CNR transaction is completed. If CAMC does not acquire the CNR interests, CAMC will become operator under the Grum and Vangorda joint ventures,
  - (iii) approval of the transaction by special resolution (three-

quarters of those voting) of the shareholders of CNR. It is anticipated that the CNR shareholders' meeting will be held in January, 1979.

9. Provided that the transaction is not subjected to FIRA review processes, the closing date could be as early as February 15, 1979.

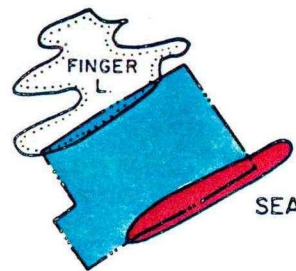
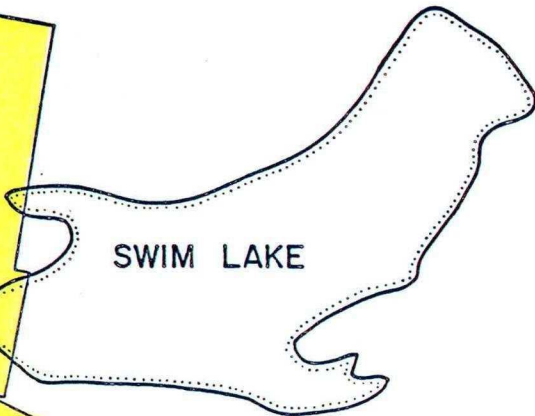
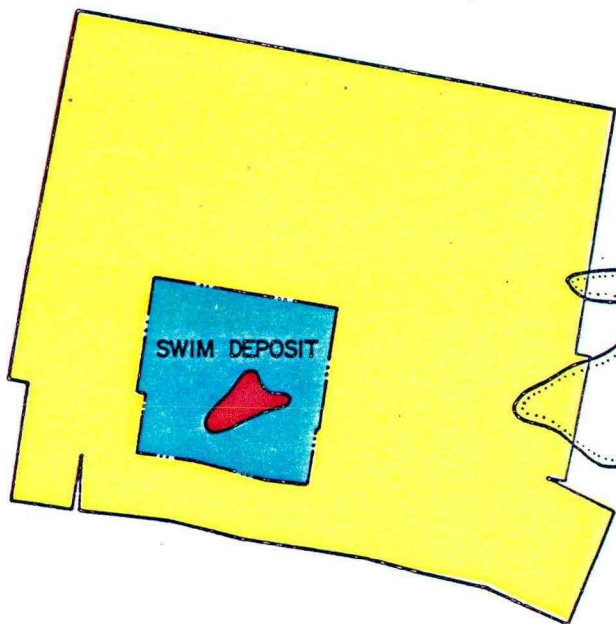


EXPLANATION

KERR ADDISON 100%  
KERR ADDISON 60% CANADIAN  
NATURAL RESOURCES 40%



BLIND CREEK



SEA DEPOSIT



SCALE IN FEET

ACQUISITION PROPERTIES  
SWIM BLOCK  
&  
SEA BLOCK  
DETAILS OF OWNERSHIP



### FINANCIAL ANALYSIS

The financial analysis is based on a comparison of future cash flows of Cyprus Anvil generated by processing the reserves outlined in the current Anvil pit plan with those generated by processing the proven open pit reserves of the Grum deposit in conjunction with the Faro open pit ore. The cash comparison is made after providing for continuing capital replacements and exploration and dividends from 1979 to 1987. This analysis does not reflect the total value of the acquisition but is based solely on the open pit portion of the Grum orebody. The additional cash generated by incorporating this ore indicates a DCF ROI in excess of 14% on the purchase price for all properties.

Net cash flows from three basic cases are compared on page 50, the case references being as follows:

1. Case 21. This model is based on the most recent Anvil five year plan adjusted to reflect recent sales contract changes, reduced capital expenditure and revised price forecasts.
2. Case 22. This case contemplates additional capital and operating costs as well as additional revenue by starting milling of Grum ore in 1982.
3. Case 23. This assumes start up of milling Grum ore in 1984, with associated capital and operating cost modifications.

Basic assumptions are:

1. Open pit ore reserves of Grum would yield 15,500,000 dry short tons averaging lead 3.2% zinc 5.2%. This is after 25% dilution during mining.

2. Capital additions are as outlined on pages 48 and 49.
3. Anvil and Grum ore would be treated individually and the metallurgical balance is based on a weighted average.
4. Grum mining costs would be similar to projected Anvil mining costs.
5. Average milling costs would increase from \$4.10/dry short ton to \$5.04/dry short ton average for Faro and Grum ores mainly for additional grinding steel, and power costs have been increased for combined ore by \$0.47/dry short ton.
6. There are no residual values in any property at the end of open pit mining.
7. Prices and exchange will vary and thus have been adjusted over two years to reflect an equilibrium level in relation to 1979 costs.

	<u>Current</u> <u>20/12/78</u>	<u>1979</u>	<u>1980</u>	<u>1981</u> <u>Onwards</u>
Lead ¢/lb. U.S.	37.80	30.00	32.00	32.00
Zinc ¢/lb. U.S.	32.65	32.65	34.02	40.00
Silver U.S. \$/oz.	6.00	5.50	6.00	6.00
Gold U.S. \$/oz.	210.00	175.00	175.00	175.00
Exchange U.S./Cdn. \$	84.40	87.00	90.00	95.00

Case 22 is included in the comparisons as it was considered a way to maintain Anvil concentrate production at current levels and avoid the additional costs of treating oxidized ore. Further investigation is necessary to overcome the additional capital expenditure required for an eighteen month peak in stripping rates.

Case 23 indicates a DCF ROI of 14.5% considering the purchase price of Cdn. \$21.7 million and development costs as equity investment. As it is

planned to finance the acquisition through debt financing, the resultant cash flows have been discounted at a 14% rate. This case, under debt financing of the acquisition cost and repayment within 2½ years, shows a Cdn. \$5,732 million increase in net present value and an increase in undiscounted future cash flows after repayment of all acquisition and capital costs of Cdn. \$92.0 million.

Also, comparisons have been made using prices and exchange rates on 20th December 1978. This shows an increase in the net present values. Case 22 indicates an increase of net present value to Cdn. \$7.011 million and under Case 23 an increase to Cdn. \$9.996 million.

Analyses have been prepared at various prices and exchange, which show the following sensitivities.

	<u>Impact on Difference in Net Present Value of Cash Flow Discounted at 14%</u>	
	<u>Case 22</u> <u>Cdn. \$000</u>	<u>Case 23</u> <u>Cdn. \$000</u>
5¢ U.S. Change in Lead Price from 1979 Onward	3,700	3,900
5¢ U.S. Change in Zinc Price from 1979 Onward	5,400	5,500
5¢ U.S. Change in U.S. \$/Cdn.\$ Relationship from 1981 Onward	4,100	4,100

ADDITIONAL CAPITAL EXPENDITURESCDN. \$000Case 22

<u>Item</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Preproduction Stripping		9,827	4,705
Mine Equipment		9,436	
Ore Haulage			
Trucks			2,160
Haul Road			2,800
Stockpile Shovel			250
Repair Shop, Offices, etc.		1,200	
Electrical Substation		500	
Housing - Married		1,400	
- Single		600	
Mill Modifications	<u>1,000</u>	<u>9,930</u>	<u>2,500</u>
Sub Total	1,000	23,066	7,710
Total	1,000	32,893	12,415

The Acquisition Cost is included in December 1978 year end balances in the financial schedules.

ADDITIONAL CAPITAL EXPENDITURESCDN. \$000Case 23

<u>Item</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>
Preproduction Stripping				9,827	4,705
<hr/>					
Ore Haulage					
Loader					605
Trucks					2,160
Haul Road					2,800
Stockpile Shovel					250
Road Maintenance Equipment					635
Repair Shop, Office, etc.				1,200	
Electrical Substation				500	
Mill Modifications	<u>1,000</u>	<u>9,930</u>	<u>        </u>	<u>        </u>	<u>2,500</u>
Sub Total	1,000	9,930	-	1,700	8,950
<hr/>					
Totals	1,000	9,930	-	11,527	13,655
<hr/>					
Acquisition Cost	21,768				

CYPRUS ANVIL MINING CORPORATION

GRUM OPEN PIT STUDY

NET CASH FLOWS

CDN. \$000

	Debt Financing Acquisition Cost					Equity Financing				
	Anvil Alone Case 21	Anvil Plus Grum Case 22	Difference in Cash Flow	Anvil Plus Grum Case 23	Difference in Cash Flow	Anvil Alone Case 21	Anvil Plus Grum Case 22E	Difference in Cash Flow	Anvil Plus Grum Case 23E	Difference in Cash Flow
								21,768		21,768
1979	-	-	-	-	-	-	-	-	-	-
1980	10,954	-	(10,954)	-	(10,954)	10,954	-	(10,954)	1,683	(9,271)
1981	10,104	-	(10,104)	-	(10,104)	10,104	-	(10,104)	18,921	8,817
1982	7,591	-	(7,591)	-	(7,591)	7,591	7,374	(217)	-	(7,591)
1983	20,827	7,449	(13,378)	5,097	(15,730)	20,827	32,422	11,595	11,649	(9,178)
1984	7,552	28,036	20,484	32,864	25,312	7,552	21,816	14,264	32,054	24,502
1985	24,092	17,536	(6,556)	15,776	(8,316)	24,092	21,222	(2,870)	16,212	(7,880)
1986	10,738	21,127	10,389	22,988	12,250	10,738	21,132	10,394	22,991	12,253
1987	23,392	19,761	(3,631)	24,974	1,582	23,392	19,767	(3,625)	24,976	1,584
1988	25,247	27,463	2,216	29,270	4,023	25,247	27,465	2,218	27,968	2,721
1989	-	30,945	30,945	17,874	17,874	-	28,694	28,694	18,564	18,564
1990	-	16,676	16,676	27,341	27,341	-	17,863	17,863	27,342	27,342
1991	-	22,966	22,966	30,005	30,005	-	22,968	22,968	30,005	30,005
1992	-	28,518	28,518	26,317	26,317	-	27,597	27,597	25,391	25,391
<b>TOTAL</b>	<b>140,497</b>	<b>220,477</b>	<b>79,980</b>	<b>232,506</b>	<b>92,009</b>	<b>140,497</b>	<b>248,320</b>	<b>107,823</b>	<b>257,756</b>	<b>117,259</b>
<u>Net Present Value</u>										
10%	76,050	88,586	12,536	93,010	16,960	76,050	106,872	30,822	111,949	35,890
12%	68,191	75,139	6,948	78,810	10,619	68,191	91,986	23,795	96,716	28,525
14%	61,396	64,060	2,664	67,128	5,732	61,396	79,606	18,210	84,069	22,673
<u>Balance After Initial Investment</u>										
10%			-		-			9,054		14,122
12%			-		-			2,027		6,757
14%			-		-			(3,558)		905

CASE 21

This is the current five year plan and mine life plan of the Faro orebody. Some changes were made in the capital expenditures to eliminate mill modifications, since it is uncertain at this time if the metallurgical improvements resulting from these expenditures would justify them.

CASE 21 PART I OK 4/2/78

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CASE 21 ALONE DEC 78  
\*\*\*\*\* 16/12/78  
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PRODUCTION STATISTICS  
MINE LIFE FORECAST

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
FEED GRADE (PERCENT)										
1. LEAD	3.27	3.03	2.80	2.80	3.30	2.80	3.00	2.50	2.60	2.62
2. ZINC	5.07	5.20	4.90	4.69	4.70	4.30	4.60	4.40	4.30	4.62
3. TOTAL CURRIC YDS MOVED (000S)	8.34	8.23	7.70	7.49	8.00	7.10	7.60	6.90	6.90	7.24
4. WASTE AND LOW GRADE	11297	11473	11298	11298	11298	11530	3498	3183	541	86
5. ORE	1068	1072	1068	1068	1068	1068	1068	1068	1068	534
6. TOTAL	12365	12545	12366	12366	12366	12598	4566	4251	1609	620
7. TONS MILLED (000S)	3741	3752	3741	3741	3741	3741	3741	3741	3741	1669
MILL FEED (000 LBS)										
8. LEAD	244661	227371	209496	209496	246906	209496	224460	187050	194532	97936
9. ZINC	379337	390208	366618	350906	351654	321726	344172	329208	321726	172696
METAL RECOVERED (000 LBS)										
10. LEAD - SELECT	191529	170487	164183	149518	197216	164183	176902	145104	151463	76306
11. - BULK	13889	13889	13889	13889	13889	13889	13889	13889	13889	6939
12. - TOTAL	205418	184376	178072	163407	211105	178072	190791	158993	165352	83245
13. ZINC - SELECT	288025	285583	277633	251344	265363	240822	259227	246957	240822	130122
14. - BULK	22994	22994	22994	22994	22994	22994	22994	22994	22994	11488
15. - TOTAL	311019	308576	300627	274338	288356	263815	282221	269951	263815	141610
RECOVERIES (PERCENT)										
16. LEAD - SELECT	78.28	74.98	78.37	71.37	79.87	78.37	78.81	77.57	77.86	77.91
17. - BULK	5.68	6.11	6.63	6.63	5.63	6.63	6.19	7.43	7.14	7.09
18. - TOTAL	83.96	81.09	85.00	78.00	85.50	85.00	85.00	85.00	85.00	85.00
19. ZINC - SELECT	75.93	73.19	75.73	71.63	75.46	74.85	75.32	75.02	74.85	75.35
20. - BULK	6.06	5.89	6.27	6.55	6.54	7.15	6.68	6.98	7.15	6.65
21. - TOTAL	81.99	79.08	82.00	78.18	82.00	82.00	82.00	82.00	82.00	82.00
CONCENTRATE GRADES (PERCENT)										
22. SELECT LEAD	63.39	60.30	61.00	61.00	61.00	61.00	61.00	61.00	61.00	61.00
23. SELECT ZINC	51.10	51.31	50.80	51.10	50.80	50.80	50.80	50.80	50.80	50.80
24. BULK LEAD	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
25. BULK ZINC	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80
26. AG IN SEL. PB (OZ/DMT)	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
27. AG IN BULK PB (OZ/DMT)	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41
28. FE IN SEL. ZN	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
29. FE IN BULK ZN	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
CONCENTRATE PRODUCED (DST)										
30. LEAD	151072	141365	134576	122556	161652	134576	145002	118937	124150	62546
31. ZINC	261825	270292	273261	245934	261184	237029	255145	243068	237029	128073
32. BULK	38580	38580	38580	38580	38580	38580	38580	38580	38580	19275
33. TOTAL DST CONCENTRATE PRODUCED (DMT)	471477	450237	446417	407070	461416	410185	438727	400585	399760	209894
34. LEAD	137051	128246	122087	111182	146650	122087	131545	107899	112628	56741
35. ZINC	255670	252464	247901	223110	236944	215031	231466	220510	215031	116187
36. BULK	35000	35000	35000	35000	35000	35000	35000	35000	35000	17486
37. TOTAL DMT	427721	415710	404987	369291	418594	372118	398010	363409	362659	190415

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PRODUCTION AND GENERAL ADMINISTRATION COSTS  
MINE LIFE FORECAST

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
<b>PRODUCTION COSTS</b>										
1. MINE DEPARTMENT	11872	11872	11872	11872	11872	12095	4384	4081	1545	595
2. MECH. DEPT. + UTILITY	7558	6985	6825	7495	6985	7116	4384	4081	1545	595
3. SUBTOTAL	19430	18857	18697	19367	18857	19211	8768	8162	3090	1190
4. COST/CU. YD. MOVED (\$)	1.57	1.50	1.51	1.57	1.52	1.52	1.92	1.92	1.92	1.92
5. MILL DEPARTMENT	15958	17254	15328	17722	15328	15328	15328	15328	15328	7664
6. COST/DST (\$)	4.27	4.60	4.10	4.74	4.10	4.10	4.10	4.10	4.10	4.10
7. ELECTRICAL DEPT.	5922	5922	5922	5922	5922	5922	5922	5922	5922	2961
8. COAL DEPARTMENT	488	488	488	488	488	488	488	488	488	244
9. ENVIRONMENTAL CONTROL	124	159	159	159	159	159	159	159	159	130
10. SUBTOTAL	41922	42680	40594	43658	40754	41108	30665	30059	24987	12189
11. TRANS. TO TIDEWATER	15469	15804	15173	13682	15500	13782	14741	13464	13434	7223
12. SKAGWAY TERMINAL	1776	1776	1776	1776	1776	1776	1776	1776	1776	1200
13. TOTAL PRODUCTION COSTS	59167	60260	57543	59116	58030	56666	47182	45299	40197	20612
<b>GENERAL + ADMINISTRATIVE</b>										
14. PERSONNEL	623	623	623	623	623	623	623	623	623	310
15. SAFETY + SECURITY	315	315	315	315	315	315	315	315	315	160
16. PURCHASING	538	538	538	538	538	538	538	538	538	270
17. ACCOUNTING	480	480	480	480	480	480	480	480	480	300
18. ENGINEERING	491	491	491	491	491	491	491	491	491	200
19. TOWNSITE	2977	2955	2799	2799	2799	2799	2700	2500	2500	1600
20. GENERAL MANAGER + STAFF	1969	1969	1969	1969	1969	1969	1969	1969	1969	1200
21. VANCOUVER OFFICE	1879	1979	1979	1979	1979	1979	1979	1979	1979	1500
22. TOTAL GEN. + ADMIN.	9272	9350	9194	9194	9194	9194	9095	8895	8895	5540
<b>TRANSPORT TO TIDEWATER DETAILS</b>										
<b>TRANS. TO TIDEWATER (SWT)</b>										
23. LEAD - FCST AT 5. PCT	159023	148806	141659	129006	170160	141659	152633	125197	130685	65638
24. ZINC	0.	296055	290703	261632	277855	252159	271431	258583	252159	136248
25. BULK	40955	40955	40955	40955	40955	40955	40955	40955	40955	20462
26. TOTAL	499792	485816	473318	431593	468971	434773	465020	424736	423799	222548
27. COST RATE (\$/S.W.T.)	30.95	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70
28. COSTS (\$000)	15469	15400	15004	13682	15500	13782	14741	13464	13434	7055
29. LOADOUT MOVEMENT	0	404	169	0	0	0	0	0	0	168
30. TOTAL TRANS. TO TIDEWATER	15469	15804	15173	13682	15500	13782	14741	13464	13434	7223

CASE 21 ALONE DEC 78

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CASHFLOW REPORT

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. SALES LESS CONVERSION	100.460	100.534	95.262	94.084	102.303	91.269	95.037	89.461	89.461	50.397
2. + LOAN DRAWDOWN	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. - LOAN REPAYMENTS	12.624	2.868	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. + BUYERS RECD. ADJUSTMENTS	0.000	0.000	0.000	2.000	-2.000	2.000	.500	0.000	0.000	11.330
5. + OPENING CASH ON HAND	0.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.000
6. CASH AVAILABLE	87.835	97.666	97.262	98.084	102.303	95.269	97.537	91.461	91.461	61.727
USE OF CASH										
7. PRODUCTION COSTS	59.167	60.260	57.543	59.116	58.030	56.666	47.182	45.299	40.197	20.612
8. ORE BODY ROYALTY	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. GENERAL AND ADMN. COSTS	9.272	9.350	9.194	9.194	9.194	9.194	9.095	8.895	8.895	5.540
10. INTEREST - TERM DEBT	1.056	.143	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11. - HOUSING	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000
12. PRINCIPAL HOUSING MORTGAGES	.100	.100	.100	4.700	0.000	0.000	0.000	0.000	0.000	0.000
13. CAPITAL EXPEND. - A	6.285	3.375	3.521	1.474	1.000	1.000	1.000	1.000	1.000	0.000
14. - OTHER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15. EXPLORATION	2.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000
16. DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17. TOKRENS SHARES	.626	.626	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
18. YUKON ROYALTY	.586	1.413	.961	1.250	.629	1.727	1.006	2.103	1.511	2.790
19. FED. INCOME TAX	3.000	1.901	6.295	5.216	3.553	10.062	6.093	14.358	9.397	7.038
20. DIVIDENDS	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	0.000
21. PREPAID EXPENSES	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-5.000
22. FLOAT ADJUSTMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
23. TOTAL	87.835	84.713	85.158	88.493	79.476	85.718	71.446	78.723	68.069	36.480
24. CLOSING CASH ON HAND	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.000	0.000
25. CASH AVAIL. FOR DISTRIB.	0.000	10.954	10.104	7.591	20.827	7.552	24.092	10.738	23.392	25.247
DISCOUNTED NCF										
26. 10 PERCENT	0.000	9.052	7.591	5.185	12.932	4.263	12.363	5.009	9.921	9.734
27. 12 PERCENT	0.000	8.732	7.191	4.824	11.818	3.826	10.898	4.337	8.435	8.129
28. 14 PERCENT	0.000	8.428	6.820	4.495	10.817	3.440	9.628	3.764	7.193	6.810
CUMULATIVE NPV										
29. 10 PERCENT	0.000	9.052	16.643	21.828	34.760	39.023	51.386	56.395	66.316	76.050
30. 12 PERCENT	0.000	8.732	15.924	20.748	32.566	36.392	47.289	51.626	60.062	68.191
31. 14 PERCENT	0.000	8.428	15.248	19.743	30.560	34.000	43.628	47.392	54.585	61.396
32. PRICES - LEAD (US C/LB)	30.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000
33. ZINC (US C/LB)	32.650	34.020	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
34. SILVER (US \$/OZ)	5.500	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
35. GOLD (US \$/OZ)	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000
36. CND. DOLLAR PER U.S. DOLLAR	1.150	1.110	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052

LOAN AND INTEREST EXPENSE STATEMENT  
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1979 1980 1981 1982 1983 1984 1985 1986 1987 1988  
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BANK LOAN STATEMENT  
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1. OPENING BALANCE	15.492	2.868	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2. +BANK LOAN DRAW	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. SUBTOTAL	15.492	2.868	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. -SCHEDULED REPAYMENTS	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5. -OPTIONAL REPAYMENTS	12.624	2.868	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6. CLOSING BALANCE	2.868	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

INTEREST EXPENSE STATEMENT  
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7. PRIMARY BANK LOAN	1.056	.143	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8. HOUSING	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000
9. TOTAL INTEREST EXPENSE	1.531	.618	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000

INCOME STATEMENT (CND\$M.)

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
1. SALES - LEAD	66.895	63.502	55.272	53.266	66.074	55.400	57.535	53.266	53.266	29.457
2. - ZINC	101.054	103.898	102.640	103.288	98.647	94.675	98.647	94.675	94.675	55.191
3. - SILVER	11.925	12.144	10.444	10.037	12.385	10.429	10.820	10.037	10.037	5.528
4. - GOLD	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5. PRIOR YEAR ADJUSTMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6. TOTAL SALES	179.874	179.544	168.356	166.591	177.105	160.504	167.002	157.978	157.978	90.176
7. COSTS - PRODUCTION	59.167	60.260	57.543	59.116	58.030	56.666	47.182	45.299	40.197	20.612
8. - ORE BODY ROYALTY	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. - CONVERSION	79.414	79.010	73.095	72.507	74.802	69.234	71.964	68.516	68.516	39.779
10. - GENERAL AND ADMIN	9.272	9.350	9.194	9.194	9.194	9.194	9.095	8.895	8.895	5.540
11. - TOTAL	147.853	148.621	139.832	140.616	142.027	135.095	128.242	122.710	117.609	65.931
12. SALES LESS OP. CASH COSTS	32.021	30.923	28.525	25.775	35.079	25.409	38.760	35.267	40.369	24.244
13. DEFERRED DEVELOP. COSTS	-5.268	-5.259	-5.070	-5.252	-5.114	-5.468	8.538	9.142	14.218	7.459
14. + DEPRECIATION CHARGES	6.820	6.947	7.262	7.181	7.975	6.102	6.493	5.922	5.710	3.158
15. + AMORT. CHARGES	2.525	2.404	2.331	2.131	2.448	2.158	2.312	2.086	2.091	1.074
16. + INVENTORY CHANGE	2.851	3.002	-2.045	3.201	-9.19	-0.081	-5.73	1.097	1.532	2.888
17. NONCASH PROD. CHARGES	6.928	7.093	2.476	7.261	4.390	2.712	16.770	18.248	23.552	14.599
18. OPERATING PROFIT	25.093	23.830	26.049	18.514	30.689	22.697	21.991	17.020	16.817	9.646
19. - INTEREST	1.531	.618	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000
20. - EXPLORATION W/O	.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000
21. + EXCHANGE GAIN/LOSS(-)	0.000	-540	-750	0.000	0.000	0.000	0.000	0.000	0.000	0.000
22. NET PROFIT BEFORE TAX	22.863	20.172	22.324	15.539	28.189	20.197	19.491	14.520	14.317	9.646
23. YUKON MINING ROYALTY	1.413	.961	1.250	.629	1.727	1.006	2.103	1.511	1.916	.874
24. FEDERAL INCOME TAX	.950	3.623	5.285	3.553	7.522	6.093	11.054	9.397	11.109	5.325
25. DEFERRED TAXES	3.169	1.145	.130	.155	.931	.000	-5.205	-5.269	-7.039	-2.027
26. TOTAL TAXES	5.533	5.729	6.665	4.338	10.179	7.100	7.952	5.639	5.986	4.171
27. NET PROFIT AFTER TAX	17.330	14.443	15.658	11.201	18.009	13.097	11.539	8.881	8.331	5.474
28. FEED GRADE (PERCENT)	8.34	8.23	7.70	7.49	8.00	7.10	7.60	6.90	6.90	7.24
29. CONCENTRATE PROD. - LEAD	137.051	128.246	122.087	111.182	146.650	122.087	131.545	107.899	112.628	56.741
30. (000 DMT) - ZINC	255.670	252.464	247.901	223.110	236.944	215.031	231.466	220.510	215.031	116.187
31. - BULK	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	17.486
32. - TOTAL	427.721	415.710	404.987	369.291	418.594	372.118	398.010	363.409	362.659	190.415
33. SALES (000 DMT) - LEAD	138.000	133.000	120.000	115.000	145.000	120.000	125.000	115.000	115.000	62.124
34. - ZINC	265.000	270.000	240.000	240.000	230.000	220.000	230.000	220.000	220.000	126.306
35. - BULK	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	24.184
36. - TOTAL	438.000	438.000	395.000	390.000	410.000	375.000	390.000	370.000	370.000	212.614

CASE 22

Grum ore is made available in 1982 to replace the planned oxide stockpile milling and to obtain the benefits of a high feed grade as early as feasible. In order to do this, considerable extra mine equipment must be purchased as the stripping requirements at Faro and Grum are beyond the capacity of the existing mine equipment at Faro. The initial overburden is contracted, based on the experience of contract stripping of this material by scrapers in the Faro pit during the past two months. The mill grinding capacity is increased and other necessary modifications are included in order to accommodate Grum ore, and additional housing capacity in the town of Faro is required.

Grum ore would be trucked to the Faro concentrator over a 9.6 mile haul road. Provision for the construction of this road and the required haulage trucks and road maintenance equipment have been included in this case. This case also envisages mining the Grum ore using a rubber-tired loader, since it is felt that such a unit could better cope with the more complex ore control that will be required in the Grum pit.

PRODUCTION STATISTICS  
MINE LIFE FORECAST

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
FREED GRADE (PERCENT)														
1. LEAD	3.27	3.03	2.80	3.27	3.35	3.30	3.10	2.85	3.03	2.60	3.00	2.60	2.50	2.62
2. ZINC	5.07	5.20	4.90	5.38	5.16	4.99	4.72	4.41	4.57	4.45	4.81	4.20	4.50	4.52
3. TOTAL	8.34	8.23	7.70	8.64	8.51	8.29	7.82	7.26	7.60	7.05	7.81	6.80	7.00	7.24
CUBIC YDS MOVED (000S)														
4. WASTE AND LOW GRADE	11297	11472	11298	16797	15541	11197	8751	7676	6670	3908	2319	651	808	610
5. ORE	1068	1072	1068	1068	1068	1068	1068	1068	1068	1068	1068	1068	1068	670
6. TOTAL	12365	12544	12366	19865	16609	12265	9819	8744	7738	4976	3387	1719	1876	1280
7. TONS MILLED (000S)	3741	3752	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	2345
MILL FEED (000 LBS)														
8. LEAD	244661	227371	209496	244474	250767	246906	232166	213357	226869	194771	224684	194532	187050	122878
9. ZINC	379337	390208	366618	402307	386154	373000	352844	329919	341740	333069	359615	314244	336690	216678
METAL RECOVERED (000 LBS)														
10. LEAD - SELECT	191529	170487	169420	189025	195689	192601	179993	164403	175647	148720	173736	156327	149780	92668
11. - BULK	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	5706
12. - TOTAL	205418	184376	183309	202914	209578	206490	193882	178292	189536	162609	187625	170215	163669	101374
13. ZINC - SELECT	288025	285583	288632	316574	303113	292012	274916	255623	265517	258379	280751	244114	253193	165429
14. - BULK	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	14414
15. - TOTAL	311019	308576	311625	339567	326107	315006	297909	278616	288511	281373	303745	267107	286187	179843
RECOVERIES (PERCENT)														
16. LEAD - SELECT	78.28	74.98	80.87	77.32	78.04	78.01	77.53	77.06	77.42	76.36	77.32	80.36	80.07	75.41
17. - BULK	5.68	6.11	6.63	5.68	5.54	5.63	5.98	6.51	6.12	7.13	6.18	7.14	7.43	7.09
18. - TOTAL	83.96	81.09	87.50	83.00	83.57	83.63	83.51	83.56	83.54	83.49	83.51	87.50	87.50	82.50
19. ZINC - SELECT	75.93	73.19	78.73	78.69	78.50	78.29	77.91	77.48	77.70	77.58	78.07	77.69	78.17	76.35
20. - BULK	6.06	5.89	6.27	5.72	5.95	6.16	6.52	6.97	6.73	6.90	6.39	7.32	6.83	6.65
21. - TOTAL	81.99	79.08	85.00	84.40	84.45	84.45	84.43	84.45	84.42	84.48	84.46	85.00	85.00	83.00
CONCENTRATE GRADES (PERCENT)														
22. SELECT LEAD	63.39	60.30	61.00	61.62	61.53	61.52	61.54	61.54	61.54	61.54	61.55	61.00	61.00	61.00
23. SELECT ZINC	51.10	51.31	51.70	54.35	54.15	54.15	54.25	54.18	54.30	54.04	54.10	51.70	51.70	51.70
24. BULK LEAD	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
25. BULK ZINC	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80
26. AS IN SEL. PB (OZ/DMT)	14.00	14.00	14.00	22.64	21.46	21.35	21.63	21.56	21.57	21.79	21.65	14.00	14.00	14.00
27. AS IN BULK PB (OZ/DMT)	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41
28. FE IN SEL. ZN	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
29. FE IN BULK ZN	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
CONCENTRATE PRODUCED (DMT)														
30. LEAD	151072	141365	138869	153387	159014	156523	146229	133574	142707	120801	141141	128137	122770	75757
31. ZINC	281825	278292	279141	291236	279903	269648	253355	235901	244509	239045	259479	236087	254539	159589
32. BULK	38580	38580	38580	38580	38580	38580	38580	38580	38580	38580	38580	38580	38580	24184
33. TOTAL DMT	471477	458237	456590	483203	477498	464750	438164	408055	425796	398426	439200	402803	415839	280131
CONCENTRATE PRODUCED (DMT)														
34. LEAD	137651	128246	125981	139152	144257	141996	132658	121177	129463	109590	128042	118245	111377	68908
35. ZINC	255670	252464	253235	264208	253927	244623	229842	214008	221817	218861	235398	214777	230916	145141
36. BULK	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000	21940
37. TOTAL DMT	427721	415710	414216	438359	433183	421619	397500	370185	386280	361450	398440	365421	377292	235989

PRODUCTION AND GENERAL ADMINISTRATION COSTS  
MINE LIFE FORECAST

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>PRODUCTION COSTS</b>														
1. MINE DEPARTMENT	11872	11872	11872	20271	17150	12975	10627	9595	8629	5977	4452	1650	1801	1229
2. MECH. DEPT. + UTILITY	7558	6985	6825	11387	9210	7031	6330	6022	5329	4376	3252	1650	1601	1229
3. SUBTOTAL	19430	18857	18697	31658	26360	20006	16957	15617	13958	10353	7704	3300	3602	2458
4. COST/CU. YD. MOVED (\$)	1.57	1.50	1.51	1.59	1.59	1.63	1.73	1.79	1.80	2.08	2.27	1.92	1.92	1.92
5. MILL DEPARTMENT	15958	17254	18293	18854	18854	18854	18854	18854	18854	18854	18854	18854	18854	14178
6. COST/CST (\$)	4.27	4.60	4.89	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	6.05
7. ELECTRICAL DEPT.	5922	5922	7156	7680	7680	7680	7680	7680	7680	7680	7680	7680	7680	4503
8. COAL DEPARTMENT	488	488	488	488	488	488	488	488	488	488	488	488	488	305
9. ENVIRONMENTAL CONTROL	124	159	159	159	159	159	159	159	159	159	159	159	159	150
10. SUBTOTAL	41922	42680	44793	58839	53541	47187	44138	42798	41139	37534	34885	30481	30783	21901
11. TRANS. TO TIDEWATER	15469	15604	15514	16238	16044	15615	14722	13711	14306	13391	14758	13536	13579	8912
12. SKAGWAY TERMINAL	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1200
13. TOTAL PRODUCTION COSTS	59167	60260	62083	76853	71361	64578	60636	58285	57221	52701	51419	45793	46536	32013
<b>GENERAL • ADMINISTRATIVE</b>														
14. PERSONNEL	623	623	623	623	623	623	623	623	623	623	623	623	623	390
15. SAFETY + SECURITY	315	315	315	315	315	315	315	315	315	315	315	315	315	209
16. PURCHASING	538	538	538	538	538	538	538	538	538	538	538	538	538	340
17. ACCOUNTING	480	480	480	480	480	480	480	480	480	480	480	480	480	360
18. ENGINEERING	491	491	491	491	491	491	491	491	491	491	491	491	491	250
19. TOWNSITE	2977	2955	2799	2799	2799	2799	2799	2799	2799	2799	2799	2500	2500	1600
20. GENERAL MANAGER + STAFF	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1408
21. VANCOUVER OFFICE	1879	1979	1979	1979	1979	1979	1979	1979	1979	1979	1979	1979	1979	1700
22. TOTAL GEN. + ADMIN.	9272	9350	9194	9194	9194	9194	9194	9194	9194	9194	9194	8695	8695	6440
<b>TRANSPORT TO TIDEWATER DETAILS</b>														
<b>TRANS. TO TIDEWATER (SWT)</b>														
23. LEAD - FCST AT 5. PCT	159023	148800	146178	161460	167384	164761	153925	140604	150218	127159	148570	134681	129232	79555
24. ZINC	299814	296055	296958	309826	297770	288859	269527	250959	260116	254304	276042	251150	270786	170202
25. BULK	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	25573
26. TOTAL	499762	485816	484092	512241	506109	492576	464408	432518	451289	422418	465567	426992	440973	275830
27. COST RATE (\$/S.W.T.)	30.35	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70
28. COSTS (\$000)	15469	15400	15340	16238	16044	15615	14722	13711	14306	13391	14758	13536	13979	8744
29. LOADOUT MOVEMENT	0	404	169	0	0	0	0	0	0	0	0	0	0	168
30. TOTAL TRANS. TO TIDEWATER	15469	15604	15514	16238	16044	15615	14722	13711	14306	13391	14758	13536	13979	8912

CASHFLOW REPORT

	39	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1. SALES LESS CONVERSION	130	100.460	100.534	105.719	122.829	125.012	120.687	112.112	106.365	104.472	103.278	107.606	92.591	92.817	61.169
2. • LOAN DRAWDOWN	15	0.000	18.883	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. - LOAN REPAYMENTS	135	8.918	0.000	3.821	18.260	25.053	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. • BUYERS RECD. ADJUSTMENI	102	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	0.000	0.000	2.000	0.000	0.000	11.338
5. • OPENING CASH ON HAND	103	0.000	0.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
6. CASH AVAILABLE	117	91.541	119.416	101.898	106.569	101.959	123.687	115.112	109.365	106.472	105.278	109.106	94.591	94.817	74.519
USE OF CASH															
7. PRODUCTION COSTS	104	59.167	60.260	62.083	76.853	71.361	64.578	60.636	58.285	57.221	52.701	51.419	45.793	46.538	32.013
8. GME BODY ROYALTY	119	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. GENERAL AND ADMN. COSTS	105	9.272	9.350	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	8.895	8.895	8.440
10. INTEREST - TERM DEBT	31	3.762	3.769	4.522	3.418	1.253	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11. - HOUSING	222	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12. PRINCIPAL HOUSING MORTGAI	108	.100	.100	.100	4.700	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
13. CAPITAL EXPEND. - A	391	6.285	3.375	3.521	1.474	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.000
14. - OTHER	389	1.000	23.006	7.710	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15. EXPLORATION	207	2.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000	0.000	0.000	0.000
16. DEVELOPMENT	225	0.000	9.627	4.705	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17. TORRENS SHARES	110	.626	.626	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
18. YUKON ROYALTY	221	.566	1.499	.518	1.366	2.634	2.636	2.660	2.442	1.979	2.591	2.032	2.871	1.543	2.526
19. FEU. INCOME TAX	99	3.000	0.000	0.000	0.000	0.000	9.175	15.017	8.248	8.248	10.329	12.516	17.346	11.575	4.427
20. DIVIDENDS	111	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	0.000	0.000	0.000	0.000	0.000
21. PREPAID EXPENSES	113	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-530
22. FLUAT ADJUSTMENT	257	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
23. TOTAL	114	91.541	119.416	99.898	104.569	92.510	93.651	95.575	86.238	84.711	75.815	76.161	75.905	69.650	46.001
24. CLOSING CASH ON HAND	115	0.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.000
25. CASH AVAIL. FOR DISTRIB.	116	0.000	0.000	0.000	0.000	7.449	28.036	17.536	21.127	19.761	27.463	30.945	16.676	22.966	28.518
DISCOUNTED NPV															
26. 10 PERCENT	49	0.000	0.000	0.000	0.000	4.625	15.826	8.999	9.856	8.381	10.588	10.846	5.313	6.653	7.510
27. 12 PERCENT	42	0.000	0.000	0.000	0.000	4.227	14.204	7.933	8.533	7.126	8.842	8.496	4.280	5.253	5.835
28. 14 PERCENT	38	0.000	0.000	0.000	0.000	3.869	12.773	7.008	7.406	6.077	7.408	7.322	3.461	4.181	4.555
CUMULATIVE NPV															
29. 10 PERCENT	321	0.000	0.000	0.000	0.000	4.625	20.451	29.450	39.306	47.686	58.274	69.120	74.434	81.086	88.595
30. 12 PERCENT	324	0.000	0.000	0.000	0.000	4.227	18.431	26.363	34.896	42.022	50.864	59.760	64.041	69.304	75.139
31. 14 PERCENT	320	0.000	0.000	0.000	0.000	3.869	16.642	23.650	31.056	37.133	44.541	51.863	55.324	59.505	64.060
32. PRICES - LEAD (US C/LB)	418	30.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000
33. ZINC (US C/LB)	419	32.650	34.020	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
34. SILVER (US \$/OZ420)	5.500	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
35. GOLD (US \$/OZ421)	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000
36. CND. DOLLAR PER U.S. DOL422	1.150	1.110	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052

LOAN AND INTEREST EXPENSE STATEMENT

	39	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>BANK LOAN STATEMENT</b>															
1. OPENING BALANCE	242	37.170	28.252	47.134	43.314	25.053	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2. +BANK LOAN DRAW	239	0.000	18.883	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. SUBTOTAL	237	37.170	47.134	47.134	43.314	25.053	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. -SCHEDULED REPAYMENTS 12		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5. -OPTIONAL REPAYMENTS 135		8.918	0.000	3.821	18.260	25.053	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6. CLOSING BALANCE	238	28.252	47.134	43.314	25.053	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>INTEREST EXPENSE STATEMENT</b>															
7. PRIMARY BANK LOAN	31	3.762	3.769	4.522	3.418	1.253	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8. HOUSING	222	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. TOTAL INTEREST EXPENSE	272	4.237	4.244	4.997	3.893	1.253	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

INCOME STATEMENT (CND\$M.)

	39	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1. SALES - LEAD	401	66,895	63,502	59,575	60,138	68,673	64,360	60,598	58,570	56,417	54,276	56,422	55,956	53,821	34,886
2. - ZINC	402	101,054	103,898	112,757	123,072	114,094	114,096	105,727	99,159	99,356	101,060	105,423	96,491	100,547	68,564
3. - SILVER	403	11,925	12,144	11,267	18,229	19,813	18,466	17,528	16,846	16,224	15,747	16,282	10,491	10,100	6,498
4. - GOLD	404	0,000	0,000	0,000	2,178	2,095	1,977	1,967	1,892	1,851	1,852	1,873	0,000	0,000	0,000
5. PRIOR YEAR ADJUSTMENT	405	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
6. TOTAL SALES	406	179,874	179,544	183,599	203,617	204,674	198,899	185,820	176,466	173,847	172,935	180,000	162,938	164,669	132,658
7. COSTS - PRODUCTION	104	59,167	60,260	62,083	76,853	71,361	64,578	60,636	58,285	57,221	52,701	51,419	45,793	46,538	32,013
8. - ORE BODY ROYALTY	119	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
9. - CONVERSION	407	79,414	79,010	77,881	80,787	79,662	78,211	73,709	70,101	69,376	69,657	72,395	70,358	71,652	49,499
10. - GENERAL AND ADMINS		9,272	9,350	9,194	9,194	9,194	9,194	9,194	9,194	9,194	9,194	9,194	8,895	8,895	6,440
11. - TOTAL	408	147,853	148,621	149,158	166,834	160,217	151,983	143,538	137,580	135,791	131,552	133,008	125,045	127,085	89,922
12. SALES LESS OP. CASH COST	30	32,021	30,923	34,441	36,782	44,457	46,916	42,282	38,886	38,057	41,383	46,992	37,893	37,384	22,736
13. DEFERRED DEVELOP. COSTS	303	-4,959	-4,961	-4,773	-16,982	-11,744	-4,985	-1,053	831	2,654	8,807	13,243	14,379	14,080	8,635
14. - DEPRECIATION CHARGES	301	5,706	7,289	8,249	9,125	9,185	7,723	7,390	6,835	6,822	5,632	6,395	5,815	6,145	3,640
15. - AMORT. CHARGES	302	1,897	2,418	2,742	4,347	4,299	4,187	3,946	3,662	3,836	3,547	3,936	3,457	3,577	2,235
16. - INVENTORY CHANGE	88	3,066	2,760	1,594	-2,042	1,204	701	-415	1,332	-3,112	2,153	-1,997	2,008	854	2,642
17. NONCASH PROD. CHARGES	304	5,709	7,506	7,812	-5,551	2,945	7,625	9,867	12,659	10,199	20,140	21,577	25,089	24,657	17,553
18. OPERATING PROFIT	306	26,312	23,418	26,630	42,334	41,513	39,290	32,415	26,227	27,858	21,244	25,415	12,204	12,727	5,162
19. - INTEREST	212	4,237	4,244	4,997	3,893	1,253	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
20. - EXPLORATION W/O	208	700	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	0,000	0,000	0,000	0,000
21. - EXCHANGE GAIN/LOSS(-)	200	0,000	-340	-750	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000
22. NET PROFIT BEFORE TAX	307	21,375	16,134	18,382	35,940	37,760	36,790	29,915	23,727	25,358	21,244	25,415	12,204	12,727	5,162
23. MINING ROYALTY	220	1,499	916	1,386	2,634	2,636	2,660	2,442	1,979	2,591	2,032	2,271	1,243	1,710	910
24. FEDERAL INCOME TAX	96	0,000	0,000	0,000	0,000	4,587	10,157	9,446	8,248	9,288	10,902	16,373	11,075	12,148	4,154
25. DEFERRED TAXES	289	3,501	3,412	4,005	8,721	4,816	-687	-1,802	-929	-1,393	-3,634	-7,643	-7,724	-7,796	-2,375
26. TOTAL TAXES	308	5,000	3,931	5,391	11,355	12,040	11,930	10,087	9,298	10,487	9,300	11,601	5,694	6,083	2,666
27. NET PROFIT AFTER TAX	311	16,375	12,203	12,991	24,586	25,721	24,860	19,828	14,429	14,870	11,944	13,814	6,510	6,644	2,514
28. FEED GRADE (PERCENT)	409	8.34	8.23	7.70	8.64	8.51	8.29	7.82	7.26	7.60	7.05	7.81	6.80	7.00	7.24
29. CONCENTRATE PROD. - LEAD	410	137,051	126,246	125,961	139,152	144,257	141,996	132,658	121,177	129,463	109,590	128,042	116,245	111,377	68,908
30. (000 DMT) - ZINC	411	255,670	252,464	253,235	264,208	253,927	244,623	229,842	214,008	221,817	216,861	235,398	214,177	230,916	145,141
31. - BULK	412	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	21,928
32. - TOTAL	413	427,721	415,710	414,216	438,359	433,183	421,619	397,500	370,185	386,280	361,450	398,440	365,421	377,292	239,969
33. SALES (000 DMT) - LEAD	414	138,000	133,000	130,000	130,000	150,000	140,000	131,000	126,000	121,000	116,000	121,000	121,000	116,000	73,152
34. - ZINC	415	265,000	270,000	260,000	270,000	250,000	250,000	230,000	215,000	215,000	220,000	230,000	220,000	230,000	154,279
35. - BULK	416	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	28,582
36. - TOTAL	417	438,000	438,000	425,000	435,000	435,000	425,000	396,000	376,000	371,000	371,000	366,000	376,000	381,000	226,013

CASHFLOW REPORT

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1. SALES LESS CONVERSION	100.460	100.534	105.719	122.829	125.012	120.687	112.112	106.365	104.472	103.278	107.606	92.581	92.817	61.189
2. + LOAN DRAWDOWN	0.000	16.343	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. - LOAN REPAYMENTS	11.563	0.000	6.648	13.624	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. + BUYERS RECD. ADJUSTMENTS	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	0.000	0.000	-1.500	0.000	0.000	11.330
5. + OPENING CASH ON HAND	0.000	0.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
6. CASH AVAILABLE	88.896	116.877	99.071	111.206	127.012	123.687	115.112	109.365	106.472	103.278	109.106	94.581	94.817	72.519
USE OF CASH														
7. PRODUCTION COSTS	59.167	60.260	62.083	76.853	71.361	64.578	60.636	58.285	57.221	52.701	51.419	45.793	46.538	32.013
8. ORE BODY ROYALTY	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. GENERAL AND ADMN. COSTS	9.272	9.350	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	8.895	8.895	6.440
10. INTEREST - TERM DEBT	1.117	1.210	1.695	.681	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11. - HOUSING	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12. PRINCIPAL HOUSING MORTGAGES	.100	.100	.100	4.700	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
13. CAPITAL EXPEND. - A	6.285	3.375	3.521	1.474	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.000
14. - OTHER	1.000	23.066	7.710	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15. EXPLORATION	2.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000	0.000	0.000	0.000	0.000
16. DEVELOPMENT	0.000	9.627	4.705	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17. TORRENS SHARES	.626	.626	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
18. YUKON ROYALTY	.586	1.497	.518	1.386	2.556	2.233	2.661	2.443	1.979	2.592	1.914	2.671	1.543	2.547
19. FED. INCOME TAX	3.000	.022	0.000	0.000	1.410	15.797	11.330	8.242	8.242	10.326	14.685	16.159	11.673	5.422
20. DIVIDENDS	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	0.000	0.000	0.000	0.000	0.000
21. PREPAID EXPENSES	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-1.500
22. FLOAT ADJUSTMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
23. TOTAL	88.896	116.877	97.071	101.832	92.590	99.871	91.890	86.233	84.705	75.813	78.412	74.718	69.848	46.922
24. CLOSING CASH ON HAND	0.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.000
25. CASH AVAIL. FOR DISTRIB.	0.000	0.000	0.000	7.374	32.422	21.816	21.222	21.132	19.767	27.465	28.694	17.683	22.968	27.597
DISCOUNTED NPV														
26. 10 PERCENT	0.000	0.000	0.000	5.036	20.131	12.315	10.890	9.858	8.383	10.589	10.057	5.692	6.653	7.267
27. 12 PERCENT	0.000	0.000	0.000	4.686	18.397	11.053	9.600	8.535	7.128	8.843	8.249	4.585	5.284	5.547
28. 14 PERCENT	0.000	0.000	0.000	4.366	16.639	9.939	8.481	7.408	6.078	7.409	6.789	3.768	4.162	4.407
CUMULATIVE NPV														
29. 10 PERCENT	0.000	0.000	0.000	5.036	25.168	37.482	48.372	58.231	66.614	77.203	87.260	92.952	99.605	106.872
30. 12 PERCENT	0.000	0.000	0.000	4.686	23.083	34.136	43.735	52.270	59.399	68.242	76.490	81.075	86.339	91.906
31. 14 PERCENT	0.000	0.000	0.000	4.366	21.205	31.144	39.625	47.033	53.111	60.520	67.309	71.017	75.199	79.606
PRICES - LEAD (US C/LB)														
32. PRICES - LEAD (US C/LB)	30.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000
PRICES - ZINC (US C/LB)														
33. PRICES - ZINC (US C/LB)	32.650	34.020	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
PRICES - SILVER (US \$/OZ)														
34. PRICES - SILVER (US \$/OZ)	5.500	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
PRICES - GOLD (US \$/OZ)														
35. PRICES - GOLD (US \$/OZ)	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000
CND. DOLLAR PER U.S. DOLLAR														
36. CND. DOLLAR PER U.S. DOLLAR	1.150	1.110	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052

CASE 23

The existing mine equipment is released from the Faro pit as requirements permit, and along with contract stripping of the overburden on the Grum, ore is delivered from the Grum in 1984. However, the mill modifications are started early in order to obtain the benefits for Faro ore until Grum ore is available.

Grum ore would be trucked to the Faro concentrator over a 9.6 mile haul road. Provision for the construction of this road and the required haulage trucks and road maintenance equipment have been included in this case. This case also envisages mining the Grum ore using a rubber-tired loader, since it is felt that such a unit could better cope with the more complex ore control that will be required in the Grum pit.

PRODUCTION STATISTICS  
MINE LIFE FORECAST

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
FLEET GRADE (PERCENT)														
1. LEAD	3.27	3.03	2.80	2.80	3.30	3.44	3.18	3.07	2.94	2.87	2.72	2.81	2.88	2.36
2. ZINC	5.07	5.20	4.90	4.69	4.70	5.26	4.85	4.63	4.86	4.73	4.43	4.57	4.69	4.57
3. TOTAL	8.34	8.23	7.70	7.49	8.00	8.70	8.02	7.69	7.80	7.60	7.15	7.38	7.58	6.93
COMB TONS MOVED (000S)											4329	2023	942	262
4. WASTE AND LOW GRADE	11297	11473	11298	11298	8992	12920	13607	11298	6796	4460	1068	1068	1068	670
5. WRT	1068	1072	1068	1068	1068	1068	1068	1068	1068	1068				
6. TOTAL	12365	12545	12366	12366	10060	13988	14675	12366	7864	5528	5397	3091	2010	732
7. TONS MILLED (000S)	3741	3752	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	3741	2345
MILL FEED (000 LBS)											203690	210349	215646	110854
8. LEAD	244661	227371	209496	209496	246906	257149	237726	229518	219859	214808	331236	341763	351220	214333
9. ZINC	379337	390208	366516	350906	351654	393617	362615	346200	363708	353824				
METAL RECOVERED (000 LBS)											155365	162350	165826	68142
10. LEAD - SELECT	191529	170487	169420	158945	202154	200116	184277	177387	169225	165674	13889	13889	13889	8705
11. - BULK	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	13889	8705
12. - TOTAL	205418	184376	183309	172834	216043	214004	198166	191276	183114	179562	169234	176239	179715	95848
13. ZINC - SELECT	288025	285583	288632	288258	275912	309187	283108	269230	284150	275941	256589	265709	273556	167769
14. - BULK	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	22994	14414
15. - TOTAL	311019	308576	311625	291252	298906	332181	306102	292224	307144	298935	279583	288762	296550	182183
RECOVERIES (PERCENT)														
16. LEAD - SELECT	78.28	74.98	80.87	75.87	81.87	77.82	77.52	77.29	76.97	77.13	76.26	77.18	76.90	79.63
17. - BULK	5.68	6.11	6.63	6.63	5.63	5.40	5.84	6.05	6.32	6.47	6.02	6.60	6.44	7.67
18. - TOTAL	83.96	81.09	87.50	82.50	87.50	83.22	83.36	83.34	83.29	83.59	83.09	83.78	83.34	87.30
19. ZINC - SELECT	75.93	73.19	78.73	76.45	78.46	78.55	78.07	77.77	78.13	77.99	77.45	77.75	77.31	78.22
20. - BULK	6.06	5.89	6.27	6.55	6.54	5.84	6.34	6.64	6.32	6.50	6.94	6.73	6.55	6.72
21. - TOTAL	81.99	79.08	85.00	83.00	85.00	84.39	84.41	84.41	84.45	84.49	84.41	84.49	84.45	85.00
CONCENTRATE GRADES (PERCENT)														
22. SELECT LEAD	63.39	60.30	61.00	61.00	61.00	61.58	61.57	61.57	61.58	61.54	61.61	61.51	61.57	61.00
23. SELECT ZINC	51.10	51.31	51.70	51.70	51.70	54.42	54.33	54.36	54.17	53.99	54.39	53.97	54.16	51.70
24. BULK LEAD	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
25. BULK ZINC	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80	29.80
26. AG IN SEL. Pb (OZ/DMT)	14.00	14.00	14.00	14.00	14.00	14.00	22.16	21.92	21.98	22.12	21.50	22.57	21.13	22.03
27. AG IN BULK Pb (OZ/DMT)	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41	4.41
28. FE IN SEL. ZN	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
29. FE IN BULK ZN	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
CONCENTRATE PRODUCED (DMT)											126004	131973	134658	72248
30. LEAD	151072	141365	138869	130283	165700	162479	149658	144051	137402	134613	235870	246196	252627	162253
31. ZINC	281825	276292	279141	259437	266640	284091	260554	247618	262286	255549	38580	38580	38580	24184
32. BULK	38580	38580	38580	38580	38580	38580	38580	38580	38580	38580				
33. TOTAL DMT	471477	458237	456590	428300	471120	485150	448792	430248	438268	428742	400534	416748	428855	258885
CONCENTRATE PRODUCED (DMT)											114382	119725	122161	65543
34. LEAD	137051	128240	125951	118192	150322	147400	135769	130682	124651	122120	213980	223348	229182	147195
35. ZINC	255670	252464	253235	235360	242075	257725	236373	224637	237944	231832	35000	35000	35000	21948
36. BULK	35000	35000	35000	35000	35000	35000	35000	35000	35000	35000				
37. TOTAL DMT	427721	415710	414216	388552	427397	440125	407142	390319	397594	388952	363362	378072	380342	234677

PRODUCTION AND GENERAL ADMINISTRATION COSTS  
MINE LIFE FORECAST

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>PRODUCTION COSTS</b>														
1. MINE DEPARTMENT	11872	11872	11872	11872	9660	14790	15649	13071	8749	6507	6381	4167	3130	1200
2. RECH. DEPT. + UTILITY	7558	6985	6825	6825	5550	6825	6825	6825	5580	4310	4310	4167	3130	1200
3. SUBTOTAL	19430	18857	18697	18697	15210	21615	22474	19896	14329	10817	10691	8334	6260	2400
4. COST/CU. YD. MOVED (3)	1.57	1.50	1.51	1.51	1.51	1.55	1.53	1.61	1.82	1.96	1.98	2.70	3.11	2.58
5. MILL DEPARTMENT	15958	17254	18293	20687	18293	16854	18854	18854	18854	18854	18854	18854	18854	14175
6. COST/TON (4)	4.27	4.60	4.89	5.53	4.89	5.04	5.04	5.04	5.04	5.04	5.04	5.04	5.04	6.05
7. ELECTRICAL DEPT.	5922	5922	7156	7156	7156	7680	7680	7680	7680	7680	7680	7680	7680	4000
8. COAL DEPARTMENT	488	488	488	488	488	488	488	488	488	488	488	488	488	305
9. ENVIRONMENTAL CONTROL	124	159	159	159	159	159	159	159	159	159	159	159	159	160
10. SUBTOTAL	41922	42680	44793	47187	41306	48796	49655	47077	41510	37998	37872	35515	33441	21443
11. TRANS. TO TIDEWATER	15489	15804	15514	14395	15826	16300	15079	14456	14728	14408	13400	14005	14311	8555
12. SKAGWAY TERMINAL	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1776	1200
13. TOTAL PRODUCTION COSTS	59167	60260	62003	63358	58908	66872	66510	63309	58014	54182	53100	51290	49520	31908

GENERAL + ADMINISTRATIVE

14. PERSONNEL	623	623	623	623	623	623	623	623	623	623	623	623	623	390
15. SAFETY + SECURITY	315	315	315	315	315	315	315	315	315	315	315	315	315	200
16. PURCHASING	538	538	538	538	538	538	538	538	538	538	538	538	538	300
17. ACCOUNTING	480	480	480	480	480	480	480	480	480	480	480	480	480	360
18. ENGINEERING	491	491	491	491	491	491	491	491	491	491	491	491	491	250
19. TOWN SITE	2977	2955	2799	2799	2799	2799	2799	2799	2799	2799	2799	2799	2799	1800
20. GENERAL MANAGER + STAFF	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1969	1400
21. VANCOUVER OFFICE	1879	1979	1979	1979	1979	1979	1979	1979	1979	1979	1979	1979	1979	1700
22. TOTAL GEN. + ADMIN.	9272	9350	9194	9194	9194	9194	9194	9194	9194	9194	9194	9194	9194	6440

TRANSPORT TO TIDEWATER DETAILS

TRANS. TO TIDEWATER (SWT)														
23. LOAD - FCST AT S. PCT	159023	148800	146178	137140	174421	171031	157535	151632	144634	141698	132720	138910	141745	78650
24. ZINC O.	299814	296055	296958	275997	283872	302224	277185	263423	279028	271800	250926	261911	268752	172509
25. BULK S.O	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	40955	20073
26. TOTAL	499792	485810	484092	454093	499248	514210	475676	458011	464617	454514	424601	441784	451453	274333
27. COST RATE (\$/S.W.T.)	30.75	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70	31.70
28. COSTS (\$000)	15409	15400	15346	14395	15826	16300	15079	14456	14728	14408	13400	14005	14311	8555
29. LOADOUT MOVEMENT	0	404	169	0	0	0	0	0	0	0	0	0	0	165
30. TOTAL TRANS. TO TIDEWATER	15489	15804	15514	14395	15826	16300	15079	14456	14728	14408	13400	14005	14311	8555

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CASH 23 ANVIL + GRUM (1984) DEC 78

CASHFLOW REPORT

	39	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1. SALES LESS CONVERSION	130	100.460	100.534	103.162	98.288	108.306	124.498	118.676	113.415	111.066	108.030	101.933	104.223	106.815	60.942
2. + LOAN DRAWDOWN	15	0.000	0.000	0.000	1.382	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. - LOAN REPAYMENTS	135	8.918	3.184	17.854	0.000	8.595	0.000	0.000	0.000	0.000	0.000	-4.500	0.000	0.000	11.330
4. + BUYERS RECD. ADJUSTMENT	102	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	0.000	0.000	2.000	2.000	2.000	2.000
5. + OPENING CASH ON HAND	103	0.000	0.000	2.000	2.000	0.000	2.000	2.000	2.000	2.000	2.000	103.433	106.223	110.815	74.272
6. CASH AVAILABLE	117	91.541	97.350	87.307	101.670	97.711	127.498	121.676	116.415	113.066	110.030	103.433	106.223	110.815	74.272
USE OF CASH															
7. PRODUCTION COSTS	104	59.167	60.260	62.083	63.358	58.908	66.872	66.510	63.309	58.014	54.182	53.108	51.296	49.528	31.908
8. GME BODY ROYALTY	119	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. GENERAL AND ADMN. COSTS	105	9.272	9.350	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	8.445
10. INTEREST - TERM DEBT	31	3.762	2.666	1.614	.790	.430	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11. - HOUSING	222	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12. PRINCIPAL HOUSING MORTGAGE	108	.100	.100	.100	4.700	0.000	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	0.000
13. CAPITAL EXPEND. - A	391	6.285	3.375	3.521	1.474	1.000	1.000	1.000	1.000	1.000	1.000	0.000	0.000	0.000	0.000
14. - OTHER	389	1.000	9.930	0.000	1.700	8.950	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15. EXPLORATION	207	2.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000	0.000	0.000	0.000
16. DEVELOPMENT	225	0.000	0.000	0.000	9.827	4.705	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17. TORRENS SHARES	110	.626	.626	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
18. TORON ROYALTY	221	.588	1.499	1.251	1.602	.358	2.033	3.081	2.197	2.156	2.626	17.923	13.364	16.015	5.660
19. FED. INCOME TAX	99	3.000	0.000	0.000	1.481	0.000	6.465	17.046	8.659	8.659	11.758	0.000	0.000	0.000	0.000
20. DIVIDENDS	111	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	0.000	0.000	0.000	-5.500
21. PREPAID EXPENSES	113	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
22. FLOAT ADJUSTMENT	257	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
23. TOTAL	114	91.541	95.350	85.307	101.670	90.614	92.633	103.900	91.427	86.092	78.761	83.558	76.882	78.810	47.955
24. CLOSING CASH ON HAND	115	0.000	2.000	2.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.000
25. CASH AVAIL. FOR DISTRIB.	116	0.000	0.000	0.000	0.000	5.097	32.864	15.776	22.988	24.974	29.270	17.874	27.341	30.005	26.317
DISCOUNTED NPV															
26. 10 PERCENT	49	0.000	0.000	0.000	0.000	3.165	18.551	8.095	10.724	10.591	11.285	6.265	8.712	8.691	6.730
27. 12 PERCENT	42	0.000	0.000	0.000	0.000	2.892	16.650	7.136	9.285	9.006	9.424	5.136	7.018	6.875	5.305
28. 14 PERCENT	38	0.000	0.000	0.000	0.000	2.647	14.973	6.305	8.059	7.680	7.895	4.229	5.675	5.463	4.203
CUMULATIVE NPV															
29. 10 PERCENT	321	0.000	0.000	0.000	0.000	3.165	21.716	29.811	40.536	51.127	62.412	68.677	77.388	86.079	93.810
30. 12 PERCENT	324	0.000	0.000	0.000	0.000	2.892	19.542	26.678	35.963	44.969	54.393	59.531	66.349	73.425	78.810
31. 14 PERCENT	320	0.000	0.000	0.000	0.000	2.647	17.620	23.924	31.983	39.663	47.558	51.787	57.462	62.925	67.128
32. PRICES - LFAD (US C/LB)	418	30.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000
33. ZINC (US C/LB)	419	32.650	34.020	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
34. SILVER (US \$/OZ420)		5.500	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
35. GOLD (US \$/OZ421)	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000
36. CND. DOLLAR PER U.S. DOL422		1.150	1.110	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052

LOAN AND INTEREST EXPENSE STATEMENT

	39	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
<b>BANK LOAN STATEMENT</b>															
1. OPENING BALANCE	242	37.170	28.252	25.068	7.213	8.595	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2. +BANK LOAN DRAW	239	0.000	0.000	0.000	1.382	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. SUBTOTAL	237	37.170	28.252	25.068	8.595	8.595	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. -SCHEDULED REPAYMENTS	12	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
5. -OPTIONAL REPAYMENTS	135	8.918	3.184	17.854	0.000	8.595	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6. CLOSING BALANCE	238	28.252	25.068	7.213	8.595	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>INTEREST EXPENSE STATEMENT</b>															
7. PRIMARY BANK LOAN	31	3.762	2.866	1.614	.790	.430	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8. HOUSING	222	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. TOTAL INTEREST EXPENSE	272	4.237	3.341	2.089	1.265	.430	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

INCOME STATEMENT (CND\$M.)

	39	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1. SALES - LEAD	401	66.895	63.502	57.407	55.272	65.945	68.692	64.366	60.062	57.915	55.724	53.690	55.959	56.613	34.733
2. - ZINC	402	101.054	103.898	112.757	106.673	104.645	112.482	110.167	108.090	107.727	107.397	97.373	100.740	107.618	67.991
3. - SILVER	403	11.925	12.144	10.835	10.444	12.400	20.406	18.907	17.675	17.131	16.043	16.162	15.780	16.430	6.516
4. - GOLD	404	0.000	0.000	0.000	0.000	0.000	0.000	2.270	2.128	2.039	2.017	2.008	1.779	1.950	0.000
5. PRIOR YEAR ADJUSTMENT	405	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
6. TOTAL SALES	406	179.874	179.544	180.999	172.389	182.991	203.849	195.567	187.866	184.791	181.029	169.434	174.458	182.672	109.241
7. COSTS - PRODUCTION	104	59.167	60.260	62.083	63.358	58.908	66.872	66.510	63.309	58.014	54.182	53.108	51.296	49.228	31.998
8. - ORE BODY ROYALTY	119	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. - CONVERSION	407	79.414	79.010	77.837	74.101	76.685	79.351	76.891	74.451	73.725	72.999	67.501	70.236	73.257	48.360
10. - GENERAL AND ADM	105	9.272	9.350	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	6.440
11. - TOTAL	408	147.653	148.621	149.115	146.653	144.787	155.417	152.595	146.953	140.934	136.375	129.603	130.725	132.759	66.647
12. SALES LESS OP. CASH COST	30	32.021	30.923	31.884	25.736	38.203	48.431	42.972	40.913	43.857	44.654	39.631	43.733	49.313	22.594
13. DEFERRED DEVELOP. COSTS	303	-4.959	-4.962	-4.773	-4.773	-1.286	-7.385	-8.371	-5.079	2.451	7.203	7.552	16.496	22.421	12.477
14. + DEPRECIATION CHARGES	301	5.706	6.471	6.912	7.047	8.360	7.427	6.995	6.643	6.426	5.559	5.349	5.696	6.030	3.531
15. + AMORT. CHARGES	302	1.897	1.805	1.813	2.359	3.012	4.757	4.389	4.208	4.255	4.152	3.826	4.035	4.135	2.431
16. + INVENTORY CHANGE	88	3.066	2.868	3.89	1.782	-1.136	-1.663	1.418	1.682	-1.186	.126	-0.637	-0.201	0.350	3.148
17. NONCASH PROD. CHARGES	304	5.709	6.182	4.341	6.415	8.969	2.936	4.431	7.454	12.946	17.041	16.159	25.967	33.137	21.528
18. OPERATING PROFIT	306	26.312	24.742	27.543	19.321	29.235	45.496	38.541	33.459	30.911	27.613	23.472	17.766	16.175	1.056
19. - INTEREST	272	4.237	3.141	2.089	1.265	.430	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
20. - EXPLORATION W/O	208	.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000	0.000	0.000	0.000
21. + EXCHANGE GAIN/LOSS(-)	200	0.000	-0.540	-0.750	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
22. NET PROFIT BEFORE TAX	307	21.375	18.561	22.204	15.556	26.305	42.996	36.041	30.959	28.411	27.613	23.472	17.766	16.175	1.056
23. YUKON MINING ROYALTY	220	1.499	1.251	1.602	.358	2.033	3.081	2.197	2.156	2.626	2.334	2.028	2.293	2.622	.825
24. FEDERAL INCOME TAX	96	0.000	0.000	1.481	0.000	3.233	11.175	9.104	8.659	10.209	14.767	13.304	14.690	16.364	3.985
25. DEFERRED TAXES	289	3.501	4.135	3.765	3.664	3.299	-0.296	.742	1.152	-1.259	-5.271	-5.296	-8.596	-10.822	-3.650
26. TOTAL TAXES	308	5.000	5.386	6.848	4.022	8.564	13.959	12.043	11.966	11.575	11.830	10.076	8.367	8.164	1.160
27. NET PROFIT AFTER TAX	311	16.375	13.174	15.356	11.534	17.741	29.036	23.997	18.992	16.836	15.783	13.375	9.379	8.011	-0.094
28. FEED GRADE (PERCENT)	409	8.34	8.23	7.70	7.49	8.00	8.70	8.02	7.69	7.80	7.60	7.15	7.36	7.58	6.93
29. CONCENTRATE PROD. - LEAD	410	137.051	126.246	125.981	118.192	150.322	147.400	135.769	130.682	124.651	122.120	114.382	119.725	122.161	65.543
30. - ZINC	411	255.670	252.464	253.235	235.360	242.075	257.725	236.373	224.637	237.944	231.832	213.980	223.348	229.182	147.195
31. - BULK	412	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	21.940
32. - TOTAL	413	427.721	415.710	414.216	388.552	427.397	440.125	407.142	390.319	397.594	388.952	363.362	378.072	386.342	234.577
33. SALES (000 DMT)	- LEAD	414	138.000	133.000	125.000	120.000	145.000	150.000	140.000	130.000	125.000	120.000	115.000	120.000	73.233
34. - ZINC	415	265.000	270.000	260.000	245.000	240.000	245.000	240.000	235.000	235.000	235.000	210.000	220.000	235.000	153.014
35. - BULK	416	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	35.000	23.582
36. - TOTAL	417	438.000	438.000	420.000	400.000	420.000	430.000	415.000	400.000	395.000	390.000	360.000	375.000	390.000	254.829

CASHFLOW REPORT

	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
1. SALES LESS CONVERSION	100.450	100.534	103.162	98.288	106.306	124.498	118.676	113.415	111.066	108.030	101.433	104.223	108.815	80.942
2. + LOAN DRAWDOWN	0.000	0.000	0.000	2.355	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3. - LOAN REPAYMENTS	11.564	3.928	0.000	0.000	2.355	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
4. + BUYERS RECD. ADJUSTMENTS	0.000	0.000	0.000	0.000	0.000	1.000	1.000	1.000	0.000	0.000	-5.000	0.000	0.000	11.330
5. + OPENING CASH ON HAND	0.000	0.000	2.000	2.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000
6. CASH AVAILABLE	88.886	96.606	105.162	102.643	103.951	127.498	121.676	116.415	113.066	110.030	103.433	106.223	110.815	74.272
USE OF CASH														
7. PRODUCTION COSTS	59.167	60.260	62.083	63.358	58.908	66.872	66.510	63.309	58.014	54.182	53.108	51.296	49.528	31.966
8. URE ROY. ROYALTY	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.780	0.000
9. GENERAL AND ADMN. COSTS	9.272	9.350	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	9.194	8.440
10. INTEREST - TERM DEBT	1.117	.196	0.000	.118	.118	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
11. - HOUSING	.475	.475	.475	.475	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
12. PRINCIPAL HOUSING MORTGAGES	.100	.100	.100	4.700	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
13. CAPITAL EXPEND. - A	6.285	3.375	3.521	1.474	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	0.000
14. - OTHER	1.000	9.930	0.000	1.700	8.950	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
15. EXPLORATION	2.700	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	0.000	0.000	0.000	0.000	0.000
16. DEVELOPMENT	0.000	0.000	0.000	9.827	4.705	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
17. TORRENS SHARES	.626	.626	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
18. YUKON ROYALTY	.586	1.497	1.227	1.410	.358	1.990	3.081	2.197	2.156	2.531	2.334	2.228	2.293	3.377
19. FED. INCOME TAX	3.000	.043	.571	3.319	0.000	7.319	16.610	8.656	8.656	13.136	17.233	13.363	16.015	6.656
20. DIVIDENDS	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	4.569	0.000	0.000	0.000	0.000	0.000
21. PREPAID EXPENSES	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-5.000
22. FLOAT ADJUSTMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000
23. TOTAL	88.886	92.922	84.241	102.643	90.302	93.444	103.464	91.424	86.089	80.062	82.868	76.881	78.810	48.881
24. CLOSING CASH ON HAND	0.000	2.000	2.000	0.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	2.000	0.000
25. CASH AVAIL. FOR DISTRIB.	0.000	1.663	18.921	0.000	11.649	42.054	16.212	22.991	24.976	27.968	18.564	27.342	30.005	25.391
DISCOUNTED NPV														
26. 10 PERCENT	0.000	1.391	14.216	0.000	7.233	18.093	8.319	10.725	10.392	10.783	6.507	8.712	8.691	6.686
27. 12 PERCENT	0.000	1.342	13.468	0.000	6.610	16.239	7.333	9.286	9.007	9.005	5.337	7.018	6.876	5.195
28. 14 PERCENT	0.000	1.295	12.771	0.000	6.050	14.603	6.479	8.060	7.680	7.544	4.393	5.675	5.463	4.055
COMPLATIVE NPV														
29. 10 PERCENT	0.000	1.391	15.607	15.607	22.840	40.933	49.252	59.978	70.570	81.353	87.860	96.572	105.263	111.949
30. 12 PERCENT	0.000	1.342	14.810	14.810	21.419	37.659	44.992	54.278	63.284	72.289	77.626	84.844	91.521	95.716
31. 14 PERCENT	0.000	1.295	14.066	14.066	20.117	34.720	41.198	49.258	56.938	64.483	68.875	74.350	80.013	84.669
32. PRICES - LEAD (US C/LB)	30.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000	32.000
33. ZINC (US C/LB)	32.650	34.020	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000	40.000
34. SILVER (US 3/0Z)	5.500	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000	6.000
35. GOLD (US 3/0Z)	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000	175.000
36. CND. DOLLAR PER U.S. DOLLAR	1.150	1.110	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052	1.052