

Mineral Resource Assessment versus Economic Assessment

Mineral Resource Assessments do not take economic factors into consideration. In these assessments, a large part of the metal resource estimated for an area consists of undiscovered deposits. There is no certainty that all or even parts of the metal will be discovered, or what the prevailing economic conditions will be at the time of discoveries. It is therefore problematic for educated individuals engaged in long-term planning decisions to incorporate economic factors such as current metal prices, expectations for future prices, expectations for future advances in mining technology, proximity to a development corridor (roads, landing strips, power plants), into Mineral Resource Assessments. Similarly, social values such as value of jobs created and resulting payments and taxes collected by governments should not be incorporated into Mineral Resource Assessments.

Since we do not know the size and value of future mineral discoveries, we cannot predict to what extent economic factors may become interdependent. Given appropriate market a mining project may drive the construction of roads and power plants, and research and development of new mining or ore refinement techniques. For instance the at the time of initial production, the Faro Mine had resources estimated at \$????..... which justified the construction of access roads and other development. Furthermore, economic factors are important in advanced stages of mining (see attached Stages of Mining Flowchart), but do not play a significant role in exploration programs. Most exploration projects do not reach the advanced stages in which economic factors are important.yet are significant contributors to the economy.

The Mineral Resource Assessments carried out at YTG follow the methodology used by the B.C. Government (for regional assessments) and the federal MERA methodology (for detailed assessments). For the reasons outlined above, social and economic values are not incorporated into their Mineral Resource Assessments. Social and economic values, mineral potential, and other values are taken into account during the Multiple Accounts Analysis.

High Mineral Potential - ranking

Mineral potential ranking is done on the basis of a variety of metal suites, and not of a specific commodity. The deposit models that apply to the geology of each tract determine which metal suites are ~~simulated~~ estimated for the tract. Regional Mineral Potential Maps have an accompanying report that lists the deposit models used for each tract. From the deposit models, it is possible to infer which metals were accounted in the simulation. Easy to list the metals in table.

For instance, VMS-type deposits have lead, zinc, copper, gold, and silver; SEDEX-type deposits have lead, zinc, and silver; Carlin-type deposits have gold only. In a tract with geology favourable to all three types of deposits, the simulated volume of gold from Carlin-type would be added to the simulated gold volume from VMS-type, the simulated lead volume from VMS-type would be added to the simulated lead volume from SEDEX-type, etc. Then, a ten-year average metal price is applied to each metal volume, and the dollar values are added up, and weighed according the confidence level (90%, 50%, 10%, 5%, and 1% confidence level).

STAGES OF MINING - FLOWCHART

