

5/2/75

Reeves MacDonald - Hecla Proposals

1. The mine will likely shut down if no relief is forthcoming. One hundred jobs are on the line by way of direct employment.
2. Chances of continued ore discovery on the Reeves-Hecla ground are very good. At current prices, there is about 3 years indicated reserves and another 3 years possible. Beyond that there is good exploration ground. *without royalty*
3. Reeves and Hecla should join forces.
4. 60% of Reeves Equity is held by Bunker Hill Company. About 28% of Authorized Reeves shares are not issued. Price per share currently about 30 cents.
5. Barring the unforeseen, mining on the Hecla-Reeves will be marginal.
6. During discussions it was suggested that royalty relief was impractical and that some other relief would have to be acceptable. It would.
7. Bunker Hill Co. profits from and need for Reeves concentrates are speculative. It is suggested that Bunker has room for and a willingness to make important concessions.
8. Royalty calculations made by Reeves appear to be high, reducing the cash requirements.
9. Metal price forecasts are very important and very difficult.
10. Once closed, the Reeves-Hecla ground will be expensive to reopen. To further explore this ground, access to the Reeves workings are needed. Surface exploration of Hecla is not feasible.
11. One hundred jobs are on the line, but Hydro is starting up a project on the Pend d'Oreille which would absorb these men for the time being.
12. To make the Hecla-Reeves more attractive cost-wise, some 10 years reserves should be demonstrated and a new access/mining scheme developed. Currently, ore is being handled many times - adding to costs. On a short term basis, a major capital expenditure cannot be justified.
13. A director's meeting (Reeves) is scheduled for February 11, 1975.

*\$ 800,000 deficit  
over 3 years  
maximum should be \$500,000*

*250,000 working capital  
20¢/share*