

## Scottie, Taurus, not equal situations

I am trying to determine the relative worth of Scottie Gold Mines and Taurus Resources, both trading on the VSE. On the basis of the information I have, they appear to be of equal worth, but the market price is very much different.

Your comparison and evaluation would help me in making future comparisons.

After a comparison examination of both companies you will see that in fact **Scottie Gold Mines** and **Taurus Resources** are not similar situations.

Scottie's main asset is its gold mine near Stewart, B.C., which went into production in 1981 at a cost of approximately \$17 million.

In the 1982 annual report, the company said that the mine operated consistently near its 200-ton-per-day rated capacity with recovery rates near 90%.

The mine produced 25,000 of gold during the fiscal year ended Sept.

A.G., Mile House, B.C.

30, 1982, from 49,000 tons of ore at a cost of \$404 per oz. of gold. Scottie expects to produce 50,000 oz. of gold this year. As of Mar. 31, 1982, Scottie had reserves of 175,000 tons with an average grade of 0.75 oz. gold per ton.

Taurus has a 100% interest in a gold mine near Cassiar, B.C., which went into production on Aug. 14, 1981. Up to Sept. 4, 1982, that mine produced 36,297 tons of ore grading 0.22 oz. gold per ton and as of Dec. 31, 1981, reserves totalled 61,100 tons grading 0.31 oz. gold per ton. In 1983, Taurus began a mill expansion program which will see the mill capacity increase from 150 to 300 tpd.

As you can see, there is a marked difference between reserves and grade at each mine. We can also try to estimate the gross revenue from gold production using our figures. If Scottie produces 50,000 oz. gold in 1983 as the company estimates, this would generate about \$25,000,000 in revenues assuming \$500 per oz. for gold. This is a lot higher than the \$5,500,000 in revenues which the Taurus mine would produce from sale of approximately 11,000 oz. of gold at \$500 per oz.

As of Aug. 25, Scottie traded in the \$7 area and Taurus around \$1.80 per share and this difference in share price probably reflects the difference in reserves, grade, and future earning potential for each company.

There are many other factors which determine a company's share price, such as the debt situation, amount of shares issued, working capital, and of course, the price of gold.

By the way, did you note a recent news item in our columns disclosing that the powerful **Goldcorp Investments** is acquiring a position in Scottie, taking down 200,000 units at a price of \$6.75 per unit "to finance exploration and development of additional ore reserves at the Summit Lake gold mine."

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