

PRESENTATION TO THE C.I.M.M. VANCOUVEROCTOBER 29 & 30, 1987

ENDAKO MINES OPERATES A LARGE OPEN PIT MOLYBDENUM MINE AND CONCENTRATOR FACILITY, 200 KM WEST OF PRINCE GEORGE IN CENTRAL BRITISH COLUMBIA. THE MINE ORIGINALLY OPENED IN 1965 AND OPERATED CONTINUOUSLY, BARRING LABOUR DISPUTES, UNTIL JUNE OF 1982, WHEN IT CLOSED DUE TO EXCESSIVE INVENTORIES, HIGH OPERATING COSTS AND POOR INTERNATIONAL MARKETS FOR ITS PRODUCTS.

IN 1986 SEVERAL EVENTS OCCURRED WHICH CREATED AN ENVIRONMENT CONDUCIVE TO REOPENING THE MINE. EARLY IN MARCH, CAIMAW LOCAL 17, THE BARGAINING UNIT FOR THE MAJORITY OF MINE EMPLOYEES, APPLIED FOR AND RECEIVED DECERTIFICATION. IN LATE MAY, B.C. HYDRO AND ENDAKO MINES ENTERED INTO A FIVE YEAR AGREEMENT TO PROVIDE SURPLUS HYDROELECTRIC POWER AT DISCOUNTED RATES. ABOUT THE SAME TIME, EQUITY SILVER MINES COMMISSIONED A TREATMENT PLANT TO FURTHER PROCESS ENDAKO'S MOLYBDIC OXIDE INTO PURE MOLYBDIC OXIDE AND AMMONIUM DIMOLYBDATE PRODUCTS. THE DIVERSIFIED PRODUCT MIX, THE REDUCTION IN OPERATING COSTS AND THE FLEXIBILITY PROVIDED BY A LESS STRUCTURED WORK ENVIRONMENT WERE ALL CONSIDERED ESSENTIAL ELEMENTS IN RATIONALIZING A RESUMPTION OF OPERATIONS.

UNFORTUNATELY THE MOLYBDENUM MARKET HAD NOT IMPROVED DURING THE MINE'S CLOSURE. THERE WAS STILL EIGHT MONTHS OF MOLYBDENUM INVENTORY AVAILABLE AT CURRENT CONSUMPTIVE RATES AND SUFFICIENT INPLACE PRODUCTION CAPACITY TO ACCOMMODATE DEMAND EVEN IF IT

Endako

DOUBLED. IN RESPONSE TO THE SUPPLY DEMAND IMBALANCE, THE SALES PRICE OF MOLYBDENUM HAD DWINDLED FROM THE REALM OF \$5.00 U.S./LB. IN MID 1982 TO \$3.00 IN JUNE OF 1986. IN 1982, THE MINE'S OPERATING COST WAS JUST UNDER \$5.00 PER POUND. THE PROSPECTS FOR FUTURE METAL PRICE INCREASES WERE POOR. NO FUNDAMENTAL CHANGES IN THE MARKET WERE EXPECTED FOR THE NEXT FIVE YEARS. DURING THAT PERIOD, PRICES WERE ANTICIPATED TO RANGE FROM A LOW OF \$2.50 U.S. TO \$3.50 U.S. PER POUND. CLEARLY, FOR ENDAKO TO SURVIVE IN AN OVERSUPPLIED AND PRICE COMPETITIVE MARKET, IT WAS ESSENTIAL THAT IT BECOME VERY EFFICIENT AND PRODUCTIVE. THIS WAS A CONSIDERABLE CHALLENGE AS THE MINE COULD NOT OPERATE AT FULL CAPACITY DUE TO MARKETING CONSTRAINTS. ENDAKO'S MARKETING GROUP BELIEVED A "NICHE" COULD BE DEVELOPED IN THE MARKETPLACE FOR ABOUT 6 MILLION POUNDS. THIS REPRESENTED 40% OF ENDAKO'S FORMER FULL PRODUCTION.

IN ORDER FOR ENDAKO TO PROFITABLY OPERATE AT PARTIAL CAPACITY, MANY CHANGES WERE REQUIRED. IT WAS OBVIOUS THAT THE MINE WOULD HAVE TO OPERATE WITH A SMALL GROUP OF EMPLOYEES. THESE EMPLOYEES WOULD HAVE TO BE VERSATILE AND CAPABLE OF FULFILLING SEVERAL ROLES. TRADITIONAL JOB DEMARCATION HAD TO BE IGNORED. THIS KIND OF CHANGE AND FLEXIBILITY WAS ESSENTIAL TO ENSURE THE MINE'S VIABILITY. THE MINE ALSO COULD NOT AFFORD THE TRADITIONAL HIERARCHY OF SUPERVISION. THIS MEANT THE EMPLOYEES HAD TO BE OF THE SELF DIRECTED TYPE AND WILLING TO ACCEPT THE ADDITIONAL RESPONSIBILITY WHICH GOES WITH THIS SITUATION.

FOR ITS PART, MANAGEMENT HAD TO STREAMLINE THE ORGANIZATION STRUCTURE AND IMPROVE ITS COMMUNICATION NETWORK. ENDAKO'S SUCCESS ULTIMATELY RESTED ON ITS ABILITY TO RECRUIT AND MANAGE A SMALL BUT MOTIVATED GROUP OF EMPLOYEES.

RECRUITMENT

SHORTLY AFTER THE OPENING ANNOUNCEMENT, THE MINE RECEIVED MORE THAN 1800 APPLICATIONS. MANY OF THE APPLICANTS WERE LOCALS AND FORMER EMPLOYEES WHO WERE ANXIOUS TO RETURN TO WORK. AS THERE WERE ONLY 130 POSITIONS AVAILABLE, IT WAS IMPERATIVE THAT THE RECRUITING WAS, AND WAS PERCEIVED TO BE, OBJECTIVE, FAIR AND SENSITIVE TO LOCAL APPLICANTS. MORE IMPORTANTLY, THE COMPANY REQUIRED EMPLOYEES THAT WERE PHYSICALLY FIT, PRODUCTIVE, HONEST AND HARD WORKING TEAM PLAYERS.

A FIVE MAN PLACER RECRUITING TEAM AND AN INDEPENDENT MEDICAL FITNESS TEAM COMPRISED OF ONE DOCTOR, THREE KINESIOLOGISTS AND TWO LABORATORY ASSISTANTS SPENT TEN DAYS IN FRASER LAKE INTERVIEWING AND TESTING APPLICANTS.

FOUR WRITTEN TESTS WERE ADMINISTERED TO APPLICANTS TO ASSESS APTITUDE, ATTITUDE, TEAM PLAY AND HONESTY. APPLICANTS ALSO RECEIVED A PERSONNEL INTERVIEW AND DETAILED REFERENCE CHECKS.

THE BEST APPLICANTS WERE THEN INTERVIEWED INDIVIDUALLY BY AT LEAST THREE OPERATIONS PERSONNEL, THE MINE MANAGER, THE DEPARTMENT HEAD AND THE SUPERVISOR. THE TESTS, REFERENCES AND INTERVIEWS ALL PROVIDED A WEALTH OF INFORMATION UPON WHICH TO BASE A DECISION TO OFFER EMPLOYMENT.

OF THE MORE THAN 1800 APPLICANTS, ONLY 90 WERE EVENTUALLY RECRUITED. THE SAME RECRUITMENT FORMAT IS STILL FOLLOWED TODAY AND WITH ABOUT THE SAME RATIO OF SUCCESS - 5%. THE ONLY DIFFERENCE IS THAT APPLICANTS ARE ROUTED TO VANCOUVER FOR AN INDEPENDENT MEDICAL/FITNESS APPRAISAL.

THE 90 SUCCESSFUL APPLICANTS ADDED TO THE ORIGINAL NUCLEUS OF EMPLOYEES BROUGHT THE TOTAL MANNING TO 130. SEE NEW ORGANIZATIONAL CHART APPENDED. 33 EMPLOYEES WERE STAFF AND 97 WERE CATEGORIZED AS DAYWAGE. OVER 75% OF THE NEW HIRES WERE FORMER EMPLOYEES OR LOCALS.

REORGANIZATION & COMMUNICATION

HAVING ASSEMBLED THE TEAM, ATTENTION FOCUSED DIRECTLY ON MANAGING THIS GROUP TO ACHIEVE THE COMPANY'S STATED OBJECTIVES OF HIGH EFFICIENCY AND PRODUCTIVITY.

AS THE WORKFORCE WAS 20% OF ITS FORMER SIZE, THE COMPANY'S ORGANIZATIONAL STRUCTURE WAS SUBSTANTIALLY MODIFIED TO SUIT. IN ITS EARLY YEARS, ENDAKO HAD A TRADITIONAL ORGANIZATION CHART WITH 600 PLUS EMPLOYEES DISTRIBUTED AMONGST EIGHT DEPARTMENTS. BY MERGING CLOSELY ALLIED DEPARTMENTS SUCH AS ENGINEERING AND

MINING, ROASTING AND THE MILL, AND EMPLOYEES RELATIONS INTO THE ADMINISTRATION DEPARTMENT, THE TOTAL NUMBER OF DEPARTMENTS WAS REDUCED FROM EIGHT TO FIVE. THIS REDUCTION IMPROVED THE COHESION AND CONTINUITY BETWEEN DEPARTMENTS BY PROVIDING COMMON DIRECTION AND PRIORITIES. WITH FEWER DEPARTMENTS, THERE ARE FEWER "FIEFDOMS". IT'S ALSO MUCH FASTER AND EASIER TO MOBILIZE THE MINE'S RESOURCES TO RESPOND TO CHANGING CIRCUMSTANCES.

THE OLD ORGANIZATION CHART ALSO HAD UP TO EIGHT LEVELS IN ITS HIERARCHY. THIS IN ITSELF MADE IT DIFFICULT FOR MANAGEMENT TO DISSEMINATE INFORMATION AND IN TURN RESPOND TO THE CONCERNS OF EMPLOYEES. ASIDE FROM THE SHEER NUMBER OF EMPLOYEES, THERE WERE JUST TOO MANY "FILTERS" OR SUPERVISORY LEVELS WITH THIS KIND OF SITUATION. THE UNION REINFORCED ITS ROLE AS A CHAMPION OF WORKERS RIGHTS AND MANAGEMENT WAS OFTEN PORTRAYED AS BEING INDIFFERENT AND ALOOF.

TO ALLEVIATE THE COMMUNICATION PROBLEM A FLAT ORGANIZATION WAS CREATED, ALLOWING A MAXIMUM OF FOUR LEVELS; THOSE BEING THE MANAGER, DEPARTMENT HEAD, SUPERVISOR AND THE WORKER. IT WAS THOUGHT THAT THIS FLAT ORGANIZATIONAL STRUCTURE WOULD BE APPROPRIATE UP TO MANNING LEVELS OF 175. ABOVE THAT LEVEL, THE CREW-SUPERVISOR RATIO BECOMES MORE SIGNIFICANT AND BOTH COMMUNICATION AND EFFICIENCY SUFFER.

EVERY MONTH, THE DEPARTMENT HEAD AND THE SUPERVISOR CONDUCT CREW MEETINGS. TOPICS INCLUDE SAFETY ISSUES AND DISCUSSIONS ON CREW PERFORMANCE IN TERMS OF TONS PER MANSHIFT, TIRE LIFE, AVAILABILITIES, ETC.

THE MINE MANAGER ALSO MEETS ON A BIMONTHLY BASIS WITH SMALL GROUPS OF EMPLOYEES, USUALLY NUMBERING 15, TO DISCUSS PRIORITIES AND JOB CONCERNS. THE COMPANY'S PERFORMANCE, BOTH FINANCIALLY AND OPERATIONALLY, IS REVIEWED. CAPITAL PROJECTS AND OTHER PENDING DEVELOPMENTS ARE ALSO DISCUSSED. EMPLOYEES ARE ENCOURAGED TO AIR GRIPEs AND CONCERNS AS WELL AS CONTRIBUTE SUGGESTIONS. THESE MEETINGS GENERALLY LAST ONE HOUR AND ARE WELL RECEIVED.

THE WHOLE POINT OF THE MEETINGS IS TO ENSURE EMPLOYEES ARE WELL INFORMED. THEIR ACHIEVEMENTS MUST BE RECOGNIZED AS WELL AS IDENTIFYING AREAS WHERE IMPROVEMENT IS NEEDED. IT IS ABSOLUTELY ESSENTIAL IN A WELL MANAGED OPERATION THAT EVERY EMPLOYEE HAS PEACE OF MIND. ALL EMPLOYEES MUST KNOW THEY ARE MAKING A WORTHWHILE CONTRIBUTION TO THE COMPANY'S SUCCESS. THEY MUST BELIEVE THEY ARE HIGHLY VALUED, WHICH THEY ARE, AND THAT THE COMPANY NEEDS THEM TO ENSURE ITS CONTINUED VIABILITY. AS OBVIOUS AS THIS POINT IS, ALL TOO OFTEN MANAGEMENT TAKES GOOD WORK PERFORMANCE FOR GRANTED. TOO MUCH TIME AND EFFORT IS EXPENDED ON THE ONE PERCENT OF EMPLOYEES THAT MAY BE A PROBLEM.

IN AN ALL STAFF ENVIRONMENT, COLLABORATION AND TEAMWORK ARE EVERYTHING. THERE ARE NO ADVERSARIES. A NECESSARY PART OF MANAGEMENT'S ROLE IS TO CONVINCe EMPLOYEES THAT THEIR OBJECTIVES AND THE COMPANY'S ARE NOT MUTUALLY EXCLUSIVE. IN FACT, A FINANCIALLY SOUND AND EFFICIENTLY RUN COMPANY HAS THE ABILITY TO

PROVIDE EMPLOYEES WITH A BETTER COMPENSATION PACKAGE AND A MORE SECURE JOB ENVIRONMENT. THOSE OBJECTIVES ARE CERTAINLY HIGH PRIORITIES FOR ANY EMPLOYEE TODAY.

TO ACHIEVE ITS PRIORITIES, MANAGEMENT MUST COMMUNICATE. EVERY EMPLOYEE MUST KNOW WHAT IS EXPECTED OF HIM. MANAGEMENT MUST ALSO RECIPROCATE. IF THE COMPANY IS SUCCESSFUL, THE EMPLOYEES MUST BELIEVE THAT THEY WILL SHARE IN THAT SUCCESS. IN SHORT, REWARDS MUST BE INEXTRICABLY LINKED TO THE EMPLOYEES COLLECTIVE CONTRIBUTION AND NOT THIRD PARTY INTERVENTION. IT FOLLOWS THAT MANAGEMENT MUST BE HONEST, FAIR AND CANDID. WITHOUT THOSE ELEMENTS, AN ATMOSPHERE OF TRUST CANNOT PREVAIL AND A SUPPORTIVE, COOPERATIVE RELATIONSHIP WILL NOT ENDURE.

JOB RESTRUCTURING

ONE LEGACY OF THE MINE'S UNIONIZED ERA THAT HAD TO CHANGE WERE THE JOB TITLES AND CONTENT. ENDAKO HAD OVER 80 POSITION TITLES FOR ITS DAYWAGE WORKERS. THESE TITLES WERE OFTEN EQUIPMENT SPECIFIC, SUCH AS DRYER OPERATOR OR DRIVER PLUS 1 TON. OTHER TITLES SUCH AS HELPER OR LUBE TRUCK DRIVER HAD DEMEANING OVERTONES. SUCH JOB DEMARCATION WAS ANATHEMA TO THE NEW OPERATING STYLE. THE NEW SCALED DOWN ENDAKO OPERATION REQUIRED EMPLOYEES WHO WERE FLEXIBLE AND VERSATILE. TO QUOTE THE OLD ADAGE, "EMPLOYEES HAD TO WEAR MANY HATS". EMPLOYEES WERE ENCOURAGED AND GIVEN MORE LATITUDE IN TAKING ON ADDITIONAL RESPONSIBILITY. OBVIOUSLY NO ONE WAS GIVEN AN ASSIGNMENT FOR WHICH THEY WERE NOT TRAINED NOR ONE WHICH WOULD JEOPARDIZE THEIR SAFETY. MANY OPERATORS BECAME MORE INVOLVED IN THE MAINTENANCE

ACTIVITIES IN THEIR SPECIFIC AREA. TOOLS WERE PROVIDED FOR MINOR REPAIRS, FOR EXAMPLE. AS THE OPERATOR BECAME KNOWLEDGEABLE AS TO THE MAINTENANCE ASPECTS OF THEIR EQUIPMENT, THEY BECAME MORE VIGILANT AND AWARE OF PENDING PROBLEMS. THIS HAS PROVEN EXTREMELY BENEFICIAL ON MANY OCCASIONS. OPERATORS WERE ALSO URGED TO CONDUCT CLEAN UP CAMPAIGNS IN THEIR WORK AREAS. HISTORICALLY THIS WAS A CONTENTIOUS ISSUE WITH THE UNION AS THEY SUBSCRIBED TO THE DOCTRINE "OPERATORS OPERATE AND LABOURERS CLEAN UP". WITH THE NEW WORK ATTITUDES THAT PREVAIL, THIS ADDITIONAL WORK WAS ACCEPTED WILLINGLY. OTHER EMPLOYEES ROUTINELY OPERATED SEVERAL PIECES OF EQUIPMENT, WHERE IN THE PAST THEY MIGHT HAVE OPERATED ONLY ONE. IN SOME CASES, EMPLOYEES WITH DIVERSIFIED SKILLS WERE TEMPORARILY TRANSFERRED FROM ONE DEPARTMENT TO ANOTHER FOR SPECIFIC ASSIGNMENTS. THIS FLEXIBILITY IN TRANSFERRING EMPLOYEES TO MEET THE COMPANY'S NEEDS IS AN ESSENTIAL ELEMENT OF AN EFFICIENT OPERATION. FROM THE EMPLOYEES' PERSPECTIVE, THE JOB VARIETY WAS WELCOMED AS IT ALLEVIATED BOREDOM AND FATIGUE.

TO FACILITATE AND RECOGNIZE THE CHANGES IN JOB CONTENT, POSITION TITLES WERE GIVEN GENERIC NAMES. EXAMPLES INCLUDE EQUIPMENT OPERATOR LEVEL 1 TO 4 AND MAINTENANCE TECHNICIAN LEVEL 1 TO 6. EACH GENERIC JOB TITLE HAD AN APPROPRIATE POSITION DESCRIPTION WHICH DETAILED THE RESPONSIBILITIES AND GENERAL REQUIREMENTS. TO FURTHER REDUCE THE PAPERWORK AND DATA ENTRY, SEVERAL OF THE LOWER WAGE CLASSIFICATIONS WERE MERGED. FROM AN ORIGINAL TWELVE LEVEL PAY GRADE SYSTEM, EIGHT LEVELS RESULTED. TO AVOID DISADVANTAGING ANYONE, ALL EMPLOYEES RECEIVED A SIMULTANEOUS WAGE INCREASE.

THE NET RESULT OF THE RECRUITING AND REORGANIZATION EFFORTS WAS THAT THE MINE WAS ABLE TO OPERATE AT 40% OF ITS CAPACITY WITH 22% OF ITS FORMER MANPOWER. AS PRODUCTION INCREASED, THE ECONOMICS OF SCALE BECAME MORE FAVOURABLE. AT THE CURRENT PRODUCTION LEVEL OF 55% OF CAPACITY, THE TARGET MANPOWER IS 150.

ENDAKO'S SUCCESS

RIGHT FROM THE FIRST MONTH OF PRODUCTION, ALL BUDGET TARGETS WERE MET OR EXCEEDED. AFTER TEN MONTHS, A DECISION WAS MADE TO INCREASE PRODUCTION TO THE PRESENT LEVEL OF 55% OF CAPACITY. THE ONLY CONSTRAINT TO INCREASING PRODUCTION NOW IS THE MOLYBDENUM MARKET.

ENDAKO HAS NOW COMPLETED 14 MONTHS OF OPERATION. BY ANY YARD STICK, IT HAS BEEN A RESOUNDING SUCCESS. FROM A PRODUCTIVITY PERSPECTIVE, THE RESULTS TO DATE ARE IMPRESSIVE COMPARED TO HISTORICAL STANDARDS. IN 1980, THE LAST FULL YEAR OF NORMAL PRODUCTION, THE TONNES MINED PER TOTAL PROPERTY 8 HOUR MANSHIFT WAS JUST UNDER 160. YEAR-TO-DATE, THE TONNES MINED PER MANSHIFT HAS AVERAGED 220, A 38% INCREASE. SEE APPENDED GRAPH 1. PRODUCTIVITY SINCE REOPENING WOULD HAVE BEEN HIGHER, WERE IT NOT FOR THE ADVERSE HAULAGE CYCLES DUE TO THE DEEPENING PIT. ALSO THE STRIP RATIO WAS REDUCED FROM 1:1 TO .5:1, WHICH MEANT LESS WASTE MINED FOR WHICH THE HAULAGE IS FAVOURABLE. IN THE OPEN PIT THERE IS EVIDENCE OF IMPROVED PERFORMANCE IN TIRE AND BLASTHOLE BIT LIFE. THE AVERAGE LIFE OF A HAULAGE TRUCK TIRE HAS GONE FROM 2100 HOURS TO 3000 HOURS. LIKewise, BIT LIFE ON THE DRILLS HAS

INCREASED DRAMATICALLY FROM 10,400 FEET TO 16,200 FEET. ANOTHER INTERESTING OBSERVATION IS THE ABSENCE OF GRAFFITI AND VANDALISM ON BUILDINGS AND EQUIPMENT.

THE PLANT AND CONCENTRATOR HAVE ALSO EXPERIENCED THE SAME PHENOMENA OF GREATER EMPLOYEE EFFICIENCY AND PRODUCTIVITY. IN 1980 THE CONCENTRATOR THROUGHPUT WAS 75 TONNES PER PROPERTY 8 HOUR MANSHIFT. YEAR-TO-DATE THE MILL THROUGHPUT IS AVERAGING BETTER THAN 130 TONNES PER MANSHIFT. THIS IS AN INCREASE OF 75%. SEE APPENDED GRAPH 2. CONSIDERING THE PLANT IS OPERATING AT 55% OF CAPACITY, THAT IS QUITE AN ACHIEVEMENT. UNDOUBTEDLY PRODUCTIVITY WILL CONTINUE TO IMPROVE AS THE PLANT THROUGHPUT APPROACHES CAPACITY.

METAL PRODUCTION PER PROPERTY MANSHIFT HAS ALSO INCREASED DRAMATICALLY. IN 1980 IT AVERAGED 49 KG OF MO PER MANSHIFT. YEAR-TO-DATE IT IS AVERAGING 104. THIS IS AN INCREASE OF 112%, WHICH IS ASTOUNDING. SEE APPENDED GRAPH 3.

THE COMPANY HAS RECIPROCATED BY SUBSTANTIALLY IMPROVING THE COMPENSATION PACKAGE. IN THE LAST TEN MONTHS, EMPLOYEES HAVE RECEIVED TWO MAJOR ADJUSTMENTS TO THE WAGE PACKAGE AND A \$500 CASH BONUS. IN ADDITION, ALL EMPLOYEES ARE NOW ELIGIBLE TO SHARE IN THE GROWTH OF THE COMPANY WITH THE RECENT IMPLEMENTATION OF A STOCK PURCHASE PLAN. THE RESPONSE TO THIS PLAN HAS BEEN EXCELLENT, AS MORE THAN 80% ARE PARTICIPATING.

THE OVERALL IMPROVEMENT IN PRODUCTIVITY, WAGES AND THE CONTINUED SUCCESS OF THE MINE HAS RAISED THE LEVEL OF EMPLOYEE MORALE. EMPLOYEES FEEL GOOD ABOUT THEMSELVES. THEY HAVE RESURRECTED A MINE WHICH APPEARED TO BE HEADED FOR EXTINCTION. IN SO DOING, THEY HAVE REINFORCED THEIR OWN FEELING OF SELF WORTH AND PROVIDED A MEASURE OF PERSONAL FINANCIAL SECURITY.

PERHAPS THE MOST COMPELLING ASPECT OF THE ENDAKO SUCCESS STORY IS THAT THE MINE HAS MAINTAINED ITS ACCIDENT FREE RECORD. THERE HAVE BEEN NO LOST TIME INJURIES FOR FIVE YEARS. EARLIER THIS YEAR, ENDAKO RECEIVED A DEPT. OF ENERGY, MINES AND PETROLEUM RESOURCES AWARD IN RECOGNITION OF ITS SAFETY RECORD. YOU CAN HAVE YOUR CAKE AND EAT IT TOO.

THE BOTTOM LINE IS THAT THE MINE IS NOW QUITE PROFITABLE AND COMFORTABLY POSITIONED WITH A 20 YEAR OREBODY. ENDAKO IS PRODUCING MOLYBDENUM WELL BELOW \$2.00 U.S. PER LB IN OXIDE FORM. AT THAT LEVEL IT IS PROBABLY THE LOWEST COST PRIMARY PRODUCER IN THE FREE WORLD TODAY. THAT SUCCESS CAN BE ATTRIBUTED ENTIRELY TO ITS EMPLOYEES.

PERHAPS THE MOST IMPORTANT THING IS NOT THE GRAPHS OR PRODUCTIVITY, BUT THAT WORKING AT ENDAKO IS SATISFYING, CHALLENGING AND ENJOYABLE.

J.K. TAYLOR, MINE MANAGER

PLACER DOME INC. ENDAKO MINES DIVISION

OCTOBER 1987

ATTACHMENTS

ORGANIZATIONAL CHART - DECEMBER 1981

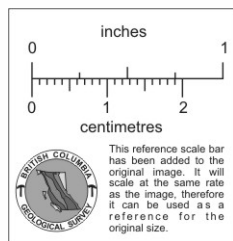
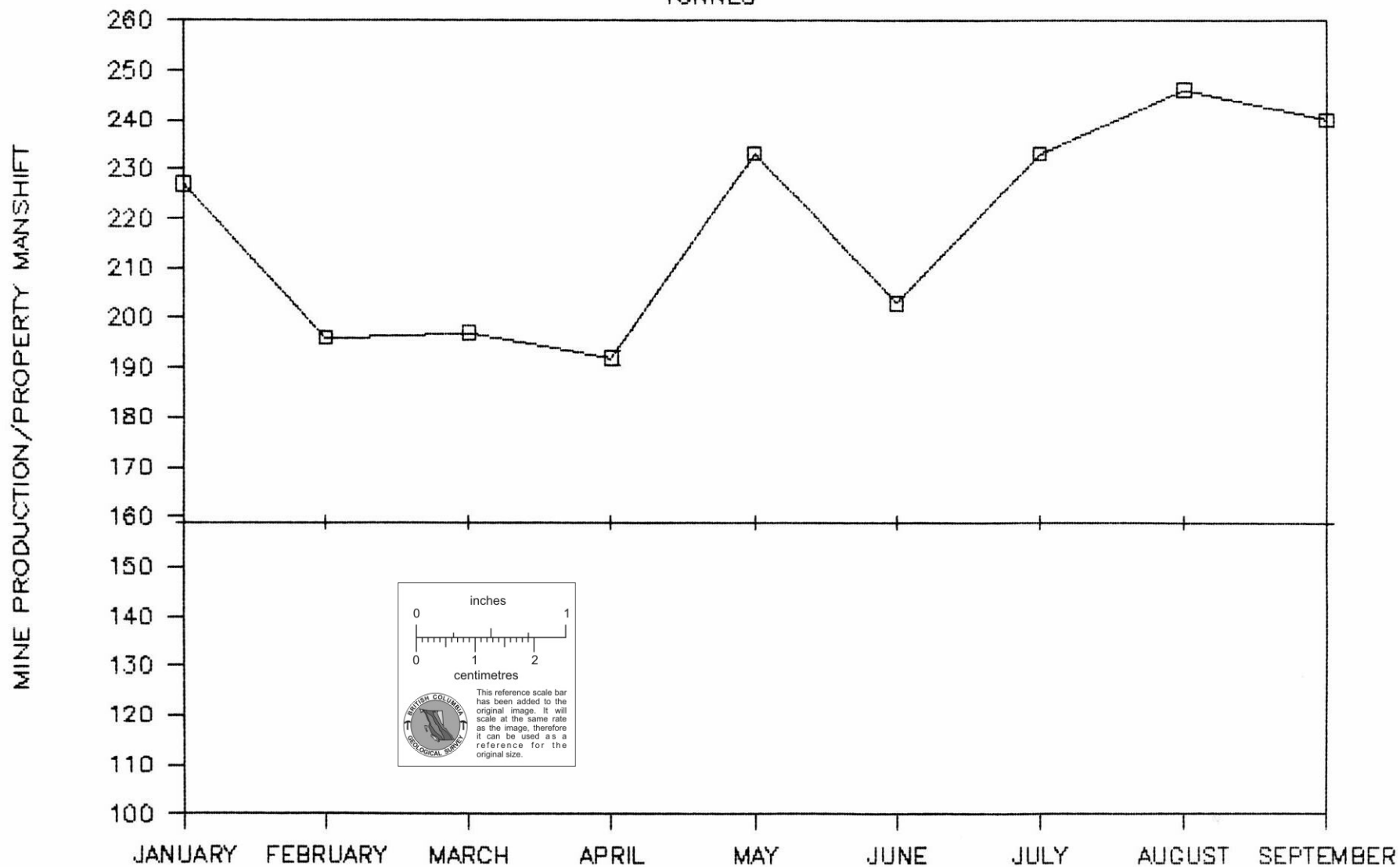
| <u>DEPARTMENT</u> | <u>STAFF</u> | <u>CREW</u> | <u>TOTAL</u> |
|--------------------|--------------|-------------|--------------|
| Accounting | 18 | 12 | 30 |
| Mine | 12 | 136 | 148 |
| Engineering | 21 | 3 | 24 |
| Mill | 20 | 64 | 84 |
| Roaster | 9 | 39 | 48 |
| Plant | 40 | 224 | 264 |
| Employee Relations | 10 | 4 | 14 |
| Administration | <u>2</u> | <u>0</u> | <u>2</u> |
| Total | <u>132</u> | <u>482</u> | <u>614</u> |

NEW ORGANIZATIONAL CHART - AUGUST 1987

| <u>DEPARTMENT</u> | <u>STAFF</u> | <u>CREW</u> | <u>TOTAL</u> |
|-------------------|--------------|-------------|--------------|
| Accounting | 8 | 2 | 10 |
| Mine/Engineering | 5 | 29 | 34 |
| Mill/Roaster | 7 | 30 | 37 |
| Plant | 8 | 40 | 48 |
| Administration | <u>3</u> | <u>0</u> | <u>3</u> |
| Total | <u>31</u> | <u>101</u> | <u>132</u> |

MINE PRODUCTION/PROPERTY MANSHIFT

TONNES

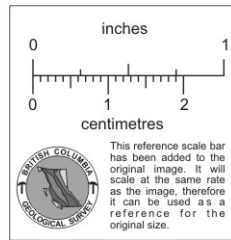
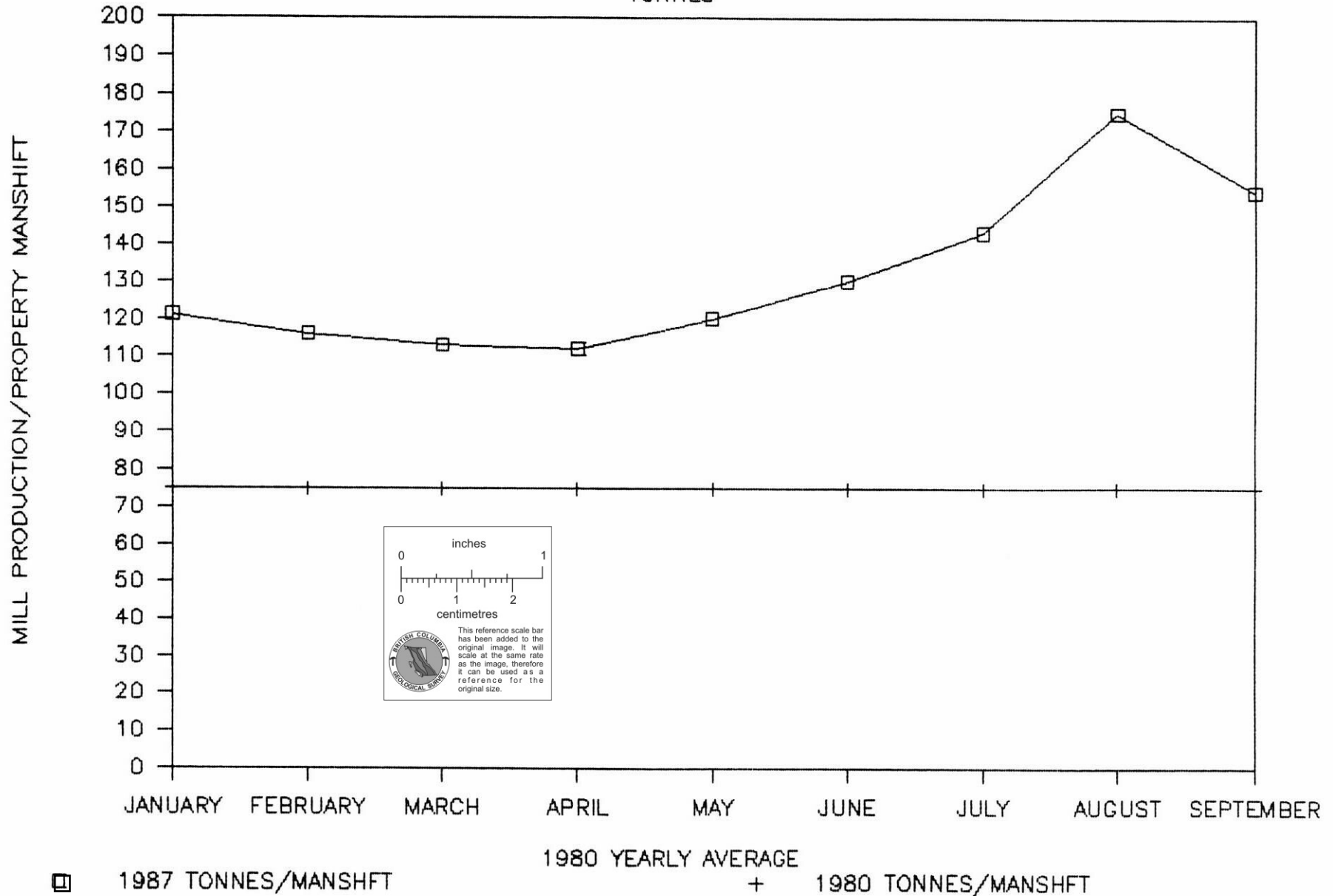


□ 1987 TONNES/MANSHFT 1980 YEARLY AVERAGE + 1980 TONNES/MANSHFT

GRAPH 1

MILL PRODUCTION/PROPERTY MANSHIFT

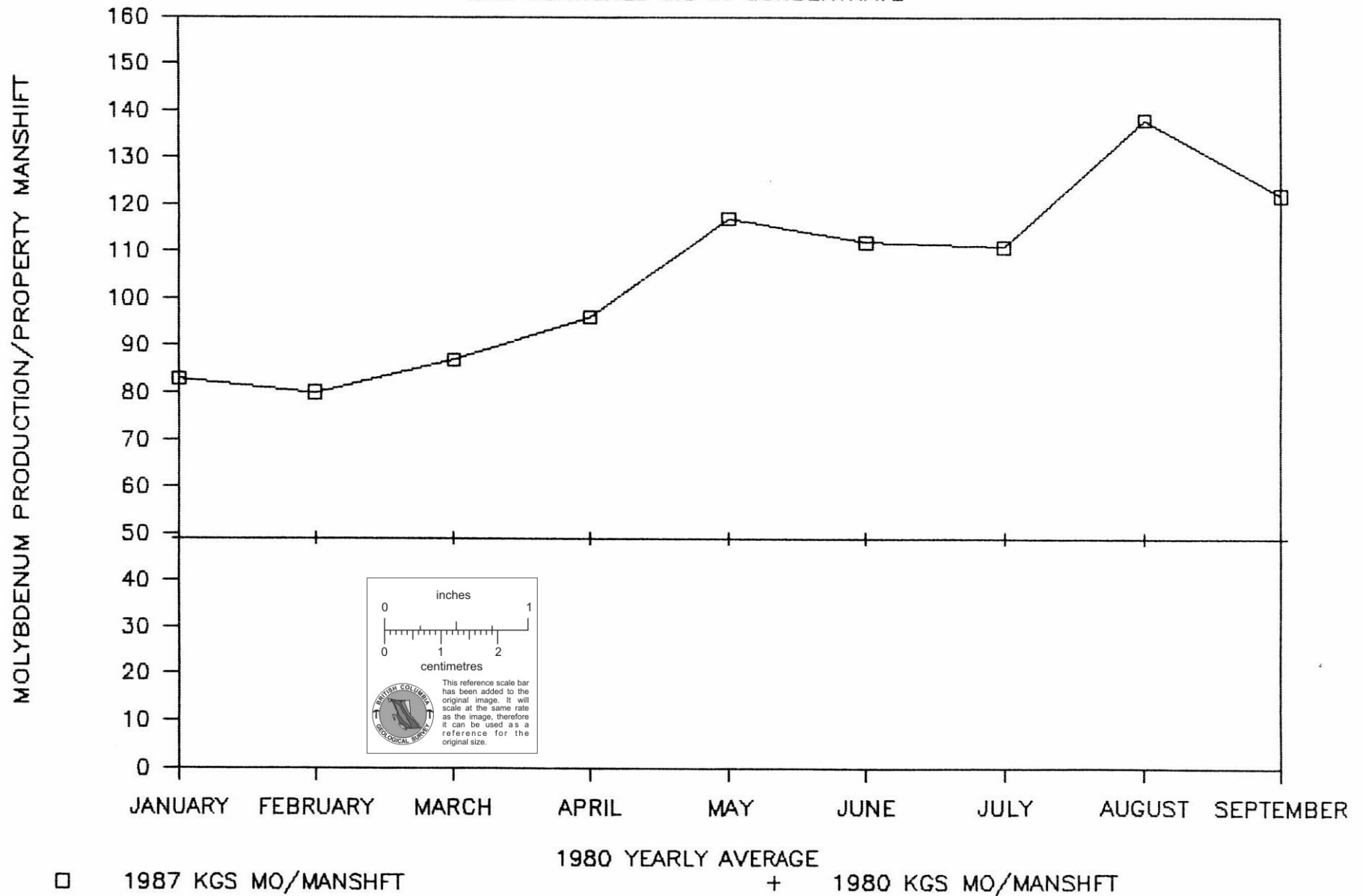
TONNES



GRAPH 2

MOLYBDENUM PRODUCTION/PROPERTY MANSHIFT

KGS CONTAINED MO IN CONCENTRATE



GRAPH 3