

# NORTHWEST INVESTMENT REVIEW

Monitoring the Publicly Traded Securities  
of the Great Northwest/Intermountain/Pacific Basin Area

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## Island Mining & Explorations

Recent Price . . . . . \$4.00  
VSE Symbol . . . . . IMX  
52-Wk. Range . . . . . \$6.25-0.45

Shares Outs (12/80) . . . 2,312,223  
Est. Float . . . . . 1,230,000  
No. Shareholders . . . . . 300

Vancouver-based Island Mining and Exploration Co. is continuing to aggressively acquire gold and silver properties. The latest development is an agreement with Anglo Canadian Mining Corp. to explore and develop the latter's Ericksen-Ashby gold-silver prospect 40 miles east of Juneau, Alaska.

Details of the agreement include a cash payment to Anglo of C\$50,000 plus a commitment to spend C\$350,000 on exploration and development work (or complete 3,000 feet of diamond drilling), as recommended by a consultant. Completion of this program by Island will earn the company a 60% interest, at which time Anglo can elect to participate within 90 days for 40% of the costs of production or to be reduced to a 20% earned interest. Island will also have a 2% net smelter return interest.

Totalling 12 claims (720 acres), the property overlooks the Tulsequah-Taku River valley and is located midway between the company's "Spring" and "Zohini" claims, which are nine miles apart. The property is part of the same belt mined by Cominco's Big Bull and Tulsequah Chief operations, which produced over 3.4 million ounces of silver, 94,000 ounces of gold and significant amounts of lead, copper, zinc and cadmium in the 1950's.

Work on one of 12 showings by Cominco in the 1950's had reserves estimated at 300,000 tons grading 0.06 oz. gold, 10.3 oz. silver, 1.9% lead and 1.8% zinc. Subsequent programs of drilling, trenching surface and underground sampling on the property have indicated reserves of at least 1.0 million tons grading 6.27 oz. silver, 2.23% lead and 3.79% zinc, plus recoverable amounts of gold and cadmium.

Based on its interpretation of work previously carried out and the geology of the area, Island's management estimates that the property could contain an additional 4.0 million tons of minable reserves. Also, since all the zones are steeply dipping within the ridge, they believe the property could be mined by gravity, that is, blasting the ore within the mountain and allowing it to drop to the mine floor.

Island has completed the following preliminary economic evaluation based on a potential tonnage of 5.0 million tons in which they estimate operating profit, before interest, amortization and taxes, at over US\$480 million. The calculation is based on a mill capacity of 1,500 tons daily constructed at an estimated capital cost of US\$45 million. The ore would be totally recovered in just over 11 years.

It must be stressed that these estimates are preliminary and subject to change. Particularly speculative is the reserve tonnage, since extensive diamond drilling will be needed to prove up additional reserves. However, the fact remains that

there are one million tons of indicated reserves. As the following table shows, using the same prices and recovery factors as the company's estimates, indicated reserves would have a net smelter return value of US\$129.48 per ton. Assuming US\$48 per ton operating costs and a minimum 60% interest, Island's share of potential operating profits from the indicated reserves would be approximately US\$48.9 million, or US\$24.30 per share before interest, amortization and taxes.

J.C.

### ERIKSEN-ASHBY PROJECT ESTIMATES (Based on Estimated Reserves)

Assumptions:  
Reserves-5.0 million tons averaging Silver 6.5 oz./ton, Gold 0.04 oz./ton, Lead 3.2%, Zinc 3.0%.  
Operating Costs-US\$48 per ton.  
Net Smelter Return-85% of recoverable value of ore.

Recovery & Value of Ore per Ton:			
	Avg. Grade	Metallurgical Recovery	Metal Prices US \$
Silver	6.5 oz./ton	90%	\$19.00
Gold	0.04 oz./ton	60	62.00
Lead	3.2%	85	0.45
Zinc	3.0%	80	0.40
Recoverable Value of Ore Per Ton			\$169.71
Total Operating Profit Potential of the Project (Before interest, amortization and taxes)			
Net Smelter Return (.85 x \$169.71)			\$144.25
Less: Operating Costs			48.00
Per Ton			96.25
Times Million Tons			5.0
Total Project Operating Profit (US \$)			\$481,250,000
Times			0.6
Island's 60% Interest			\$288,750,000

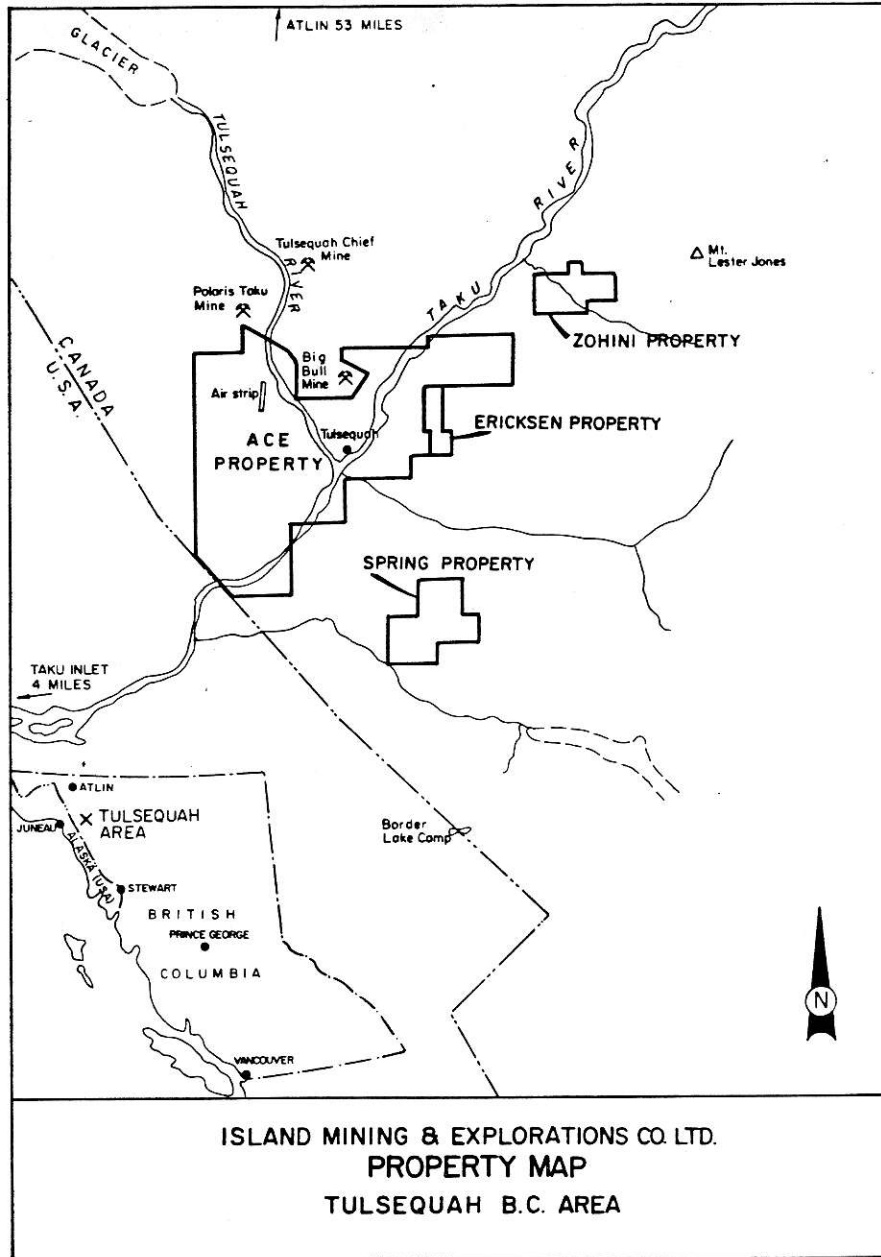
### ERIKSEN-ASHBY PROJECT ESTIMATES (Based on Drill-Indicated Reserves)

Assumptions:  
Indicated Reserves-1.0 million tons averaging Silver 6.27 oz./ton, Lead 2.23%, Zinc 3.79%.  
Operating Costs-US\$48 per ton.  
Net Smelter Return-85% of recoverable value of ore.

Recovery & Value of Ore per Ton:			
	Avg. Grade	Metallurgical Recovery	Metal Prices US \$
Silver	6.27 oz./ton	90%	\$19.00
Lead	2.23%	85	0.45
Zinc	3.79%	80	0.40
Recoverable Value of Ore Per Ton			\$169.71
Total Operating Profit Potential of the Project (Before interest, amortization and taxes)			
Net Smelter Return (.85 x \$152.33)			\$129.48
Less: Operating Costs			48.00
Per Ton			81.48
Times Million Tons			1.0
Total Project Operating Profit (US \$)			\$ 81,480,000
Times			0.6
Island's 60% Interest			\$ 48,888,000

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ISLAND MINING & EXPLORATIONS CO. LTD.  
 PROPERTY MAP  
 TULSEQUAH B.C. AREA