

677010  
QR  
093A 121

I N T E R O F F I C E M E M O R A N D U M

Date: 25-Nov-1994 02:18pm PST  
From: Tom Schroeter  
TSCHROETER  
Dept: Energy, Mines & Petroleum Res.  
Tel No: 660-2812

TO: Gib McArthur ( GMCARTHUR )

CC: David Lefebure ( DLEFEBURE )

CC: Bill McMillan ( WCMILLAN )

CC: Paul Matysek ( PMATYSEK )

CC: Ron Smyth - Min. of EMPR ( RSMYTH )

Subject: QR Project

CIM (Van. Br.) Highlights:

- constr. began July 1, 1994. Prod. scheduled for April '95.
- Est. capital cost= \$14M. Est. NET profit (after 5-yr. mine life= \$12M; ie. very 'tight'!
- QR consists of 3 zones containing 1.3 million tonnes grading 4.78 g/t Au. Ore will be recovered by a combination of open pitting and underground. Milling will use conventional CIP technology.
- Permitting began in 1989. Kinross stated it " has overcome several challenges to allow development of the mine to proceed". It particularly cited the lack of 'consistency' from various individuals involved.
- Kinross is now 'entrenched' in Quesnel and locals are slowly but surely realizing that a new mine will come into production in their own backyard!
- Kinross estimates the 'delay' in receiving their reclamation permit (Sept. '94) has resulted in pushing construction into the winter months at an added cost of about \$1M to the project.
- in-situ value of ore= \$94M.
- recovery of gold= 94% (incl. gravity circuit).
- Operating costs= \$21.73 (mining) + \$15.65 (milling+plant) + \$0.46 (reclamation) for a TOTAL of \$40.37/tonne OR CDN \$279/oz Au.
- Approx. 60,000m of drilling
- Purchased used equipment for project, principally from Nevada.
- 80-100 jobs.

Tom