

680655

92F/5

1942 22T/3.25

SHERWOOD MINE1944 McDougal Assays

No 1 185' 1.09Au/2.44' (3.3'/.81Au)

No 3 260' 1.00/Au/1.12' (3.3'/.33Au)

.571941 SARGENT ASSAYS

No 1 2.16Au/1.9' (3.3'/.1.6)

"No 2(?) 1.17Au/1.7' (3.3'/.59)

.921941 PIONEER ASSAYS

- No 1 (Lipper) 1st 185' / 1.26Au/2.5' (3.3'/.96)

- No 3 (NEXT DOWN) 1st 254' / 1.36Au/1.25' (3.3'/.52)

.74RESERVES1944 McDougal 27,830T / .50 - 13,915oz1986 HEARD 50,000T / 1.50 - 75,000 oz1989¹ HEARD-CARTER MARCH 46,630T / .41 19,077 oz (1.5m)1989² HEARD-CARTER MARCH 10 49,500T / 1.48 73,260 oz1989³ HEARD-CARTER MARCH-19 47,620T / 1.02 48,572oz (1m.)1989⁴ HEARD-CARTER APRIL 56,914T / 1.374 78,200 oz (1m.)1989 T.G. SCHROETER BCDMA 50,000T / .20 10,000 oz ?1989⁵ HEARD-CARTER HEARD NOVEMBER 56,914T / 1.19 67,728 (1m)1989 McLAREN BCDMA DEC. 45,870 / .48 22,174 (1m)1990 BARR SEPT. 30 510 / .65 19,832 (1m)

ACCESS & TERRAINE

TRAIL FROM G CENTRAL L 14.5 Km

RELIEF 1250' to 4500' **ROUGH!**
Creek No 1

45 Km	WNW	Pt Alberni	100" per dip
15 Km	SSW	West min	
100 Km	SE	ZERULLO'S	

GEOLOG (HEARD-CARTER)

- ENE trending, steep N dipping structure
- known ext surf + ug 365 m. 1200' (McDougal 2150')

(Parallel veins noted)

- PDQ¹ vein 700 m long. 1 sample 2 g 1/2 m.
- PDQ² vein 100 m. 1 sample 1 g - 4 m.

*BRANCHING CURVED ON STRIKE & DOWN DIP.
(mentioned by Sargent.)

Valuation HEARD-CARTER

Price 18 mo forward.	\$564 ⁰⁰ CAN. / g Au.
Op Cost \$204 / tonne	Cost Range \$450 - \$700 Au.
Capital \$9.3 MM	
Reserves 56,413 Tm	30 gm Au
Prod rate 50 TPD	3 year life
Payback 2 years	39% DCFRR
Cash Flow \$7.43 MM	

HEARD ECT Valuation cont

"BAYESIAN PROBABILITY" PROJECTION

100,000 T 275,000 T RESERVES.

Highland Bell 90 years No Res.

Blackstone
ZEBALLOS 650 000 Tons.

- 175 000 Tons each Flow \$ 61.72 MM
Au price \$564 CAN.

APPENDUM recent visit

- PRIVATEER MINE 123,571 T 128,700 g
1938-43. recommends DD.

- Mr Douglas refers to additional potential

- strike length to level 650m (2145')

Glenville Valuation

* - Critique of Wrights
stock market value
* - good history of production
ROM etc

- market expectation of additional reserves. ROM - Shylin Strickland

- 6 year mine life discounted value \$ 15.7 MM

Au price \$504 CAN

Capital \$20 MM

Op cost \$125/T.

Grade .93 opt Au

Discont Rate 5%

3-year risk rate 50%

Risk for second 3 years 75%

200 Tm/day

optimistic
← * a little high
← * low
← * High

Wrights Value

\$10,000 based
ON VSE Deals.

3

Break even
analysis

Price \$400

200 TPD

Cap \$20 - \$28 MM. expd not incl (too high)

Op cost \$102/T. \$112/T. (too low)

Black done
Marginal *

Timberline

need 10000 T to build plant.

100 TPD plant

13.9 capital cost mill

\$144/T op cost

\$400 ev gold price

grade
-76

APR IMPRESSIONS

- More Exploration NEED TO BE DONE
BARR.
- Gold structurally controlled by
Flexure in anastomosing vein
system * Structural
trapping
- Coster Heard Valuation * DRILLING
Was ANY
Done.
Unreasonably optimistic
- Valuation criteria Value is not;
market is not value it is the
small price that someone
would pay for the opportunity
to explore and develop
the mine.
- Value is what the mine produces
or what a reasonable expectation
of production is
clearly profitable mines with
many years of proven reserves
are generally not for sale in
Canada. • a mine purchased
for "Value" is clearly a great risk
for the buyer. The buyer must
necessarily pay very little
or find the mine by exploration
to overcome the great risk
inherent in the mining business.

Advanced
* Property

Preference in Valuation

2

- Today's price past year
- Today's cost ✓ ✓
- No discounting
- Realistic "try hard" capital

* Is Fair market value the issue that is critical?

- Success is capital paid back and profit made.
- Dove Farris report gives the best logical outline of the facts but defers value to Wrights
- Wrights have never participated substantially in the development of a small mine

* Wrights recommended large programme (Bill Loper method)