

General Notes re. Property Valuation Assgt.

Considerations of cut-off grades re. inclusion of sub-margin material produced by slope development or in maintaining continuity of slope through leachly mineralized sections of the ore body:

① In general incorporation of this material is acceptable (assuming that going around it may increase general stoping costs by 25%) if the value of the material is approximately equivalent to the cost of stoping; also, if much of this material is included, then proportionately more attention should be given to breaking the waste (wall mat'l) as coarsely and precisely as possible and sorting it out at the ore bin. ~~Note: waste breaks too fine for sorting by hand. Sink float only optional alter.~~

② General dilution (%) may be best calculated from the total tons mined from the ore block vs. the initially calculated tonnage of the ore block - if the initial data were sufficient for an accurate calculation.

③ Rate of production: In a small mine this should be such as to fit both the capacity of the local milling facility and the capacity of the ore body pattern to absorb the costs of maintaining ore reserves by general lateral & vertical development.
* In this regard may be able to develop some figures re. ore reserves to footage of relevant development.

801187

Silmonac
Valuation -
Burden
Invest. Serv.
Nov. 1971

SILVERHILL

G.C.N.L. # 229 - Nov. 12/70

Production - 1st month (Sept/70)

2689 Tons @ 15.7% Ag; 4.71% Pb; 8.44% Zn

Net value after smelting, refining & shipping 119,498

Total mine costs 62,000

@ 90 T/day "Net Gain" 57,498

Recovery Ag, 91.6%; Pb, 94.8%; Zn 85.0%

October - First Half:

1853 Tons @ 17.84% Ag; 4.63% Pb; 8.09% Zn

@ 135 T/day. Net Value return 80,000

Proposed to step up to 175 tons/day.

Ore reserves return @ 330,000 tons total: ^{Incl. geol.?} inferred?
Probable = 230,000 tons @ Ag. 15.0%; Pb, 5.0%; Zn, 8.0%
Possible = 100,000 tons @ " " "

Equities & Silver Standard & Perita = 22%
Ham Keltia = 49%
Oil Partnership etc. = 29% 100%

WMS Report "Indicated Ore"

26,780 tons @ Ag, 16.7; Pb, 7.6; Zn, 10.4

R. K. B. Burden Invest.

Oct 18/71

541,000 - total pay - but to joint-venture

361,000 - rem. to pay back @ Oct 15/71

5 480,000 paid back over 14 mos.

Total operating cost @ 22-24/Ton.

Diary: Oct. 18/71 - Review mine geology & development w. Messrs. Hagg, Buller plan. Dickson Start, gen. 20-scale. deposits - Office - 1

For Estimating will require:

A) Summary of Stope Production by mo. & year to date.

Mine Production by mo & year to date.
(Note: mill production is governing figure)

B) Summary

Net operating profit per mo & year to date (- to correspond with mine production data)
Factors are net smelter returns after freight (current) Gross operating costs.

C) Detail - Exploration development costs.

Drs & X-cuts
Raises

Check if wage rates still the same as per Bill's prev memo.

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Oct. 21. Re phone call to Roy Figueroa by Art Buller w. W.M.A. expl. of irrelevance of Valuation assgt. w re. to present ore reserve situation.

R. Figueroa (at this moment!) suggests that

I might be better advised to substitute orig. angt. by a report w recommends for future exploration development. This would include assessment of the capability of mine profits in re to supporting an accelerated program.

W.M.A. should also point out that the lack of minerals in the developed East Ore blocks together with the proposed suspension of the scheduled lateral development (due to the second

also
right
re
offer
develop
miners

split largely responsible for current situation. Both Art & I felt that a more comfortable ore reserve situation will result from the recommended changes in the op'n.

Need to "rate" mine production & various levels of output and possibly point out product develop. break even points.