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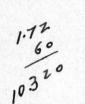
ECONOMICS OF APPROPRIATING B.C. MOLY

FROM KENNECOTT COPPER BY KERR ADDISON MINES LIMITED

- 32,000,000 tons of mineable ore is the premise as economical at this point; 1.18 to 1, waste-to-ore ratio; 0.16% M_0S_2 , as cut-off grade; 0.205% M_0S_2 , average grade provision to the mill.
- annual treatment, 3,200,000 tons (approx. 9,000 tons per day, 355 days per year)
- operating costs per ton milled:

Direct mining	0.97	(\$0.445	per	ton	of	removal)
Direct milling	0.95					
Depreciation of all mobile equipment	0.16					
All general supporting costs	1.00					
	\$3.08					
				A CONTRACTOR		

- 90% mill recovery with premium product
- M_0 S₂ sale price per 1b., \$1.05 Canadian dollars
- gross recovery per ton at 90%(90 x 4.1 x 1.05) = \$3.86
- operating profit per ton 3.86 3.08 = \$0.78
- -annual operating profit $3,200,000 \times 0.78 = $2,500,000$
- capital outlay at outset:
 \$3,700,000 for immediate improvements
 5,000,000 cash payment to Kennecott
 \$8,700,000
- 10-year mine life
- 8% interest on the loan
- payback period would be 4 years and 1 month
- P.V. on operating profit at 8% would be \$8,409,000 (approx. 96% of original outlay)



3.090

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To	Mr. J. H. Stovel	From	Peter Stym	
Subject	Appropriation of B.C. Moly from	m Kennecott by	Date	April 2, 1971
	Kerr Addison Mines Limited			

- At 8000 tons per day, 355 days per year, utilizing the same figures of mineable ore tonnage, waste-to-ore ratio, cut-off grade, mill-feed grade, operating costs, the annual tonnage treatment would be 2,840,000 tons and the annual operating profit \$2,217,000.
- Payback period with an original capital outlay of \$8,700,000 at 8% interest on the loan would be 4 years and 10 months.
- P.V. on operating profits at 8% discount (at end of 11th year + 3 months) would be \$7,724,000. The above P.V. on profits would amount to 88.7% of the original outlay.

(Note: An additional outlay of \$1,000,000 at the outset would extend payback into the 7th or 8th month of the 6th year for the 8000-ton daily treatment.)

KERR ADDISON MINES LIMITED

(FOR INTER-OFFICE USE ONLY)

To	Mr. J. H. Stovel	From	Peter Stym	
Subject	Appropriation of B.C. Moly fr	om Kennecott by	Data	April 2, 1971
240,000	Kerr Addison Mines Limited		Date	

- At 7000 tons per day, using the same parameters as the 8000-ton projection except the operating cost has been increased by \$0.25 per ton (\$0.07 for mining; \$0.07 for milling; \$0.11 for general supporting costs), the operating profit per ton would be \$0.53.
 - Annual operating profit would be \$1,317,000.
 - The payback period would be 9 years.
 - P.V. of profit would be \$2,044,000 for a mine life of 13 years.