LEXINGTON PROPERTY 82E-2E. 823195

12 June/86

GOLD @ $325/oz U.S., Rec. 90%, Pay Say 100%

COPPER @ 60¢/lb U.S., Rec. 90%, Pay Say 70%

Geological Res. = 326,340 tons.

TONS RES. (Tuck) (Minable ore by blasthole open stoping) = 245,000 Tons @ 1.02% Cu, 0.16 oz/ton + 0.17 oz/t.

Alan Reed July 31/81.

Recoverable Metals: Cu = 245,000 T × 1.02% Cu × 90% Rec. = 4,498,200 lbs Cu

Au = 245,000 × 0.16 × 90% Rec = 35,280 oz Au.

~~Recoverable~~ Value of ore body: Cu ÷ 4,498,200 lbs × .60 U.S. × 70% = $ 1,889,244

Au ÷ 35,280 oz × $325 U.S. = $ 11,466,000

TOTAL REC. VAL. = $13,355,244 U.S.
18,430,236 CAN.

OR $54.51 U.S./ton of ore.

equiv. to 54.51 × 1.38 = $75.22 CAN.

MINING + MILLING ($40/t + $10/t) Costs (excl. financing/capital) = $50 CAN/ton (= $36.23 U.S./ton)

OPERATING PROFIT = 75 − 50 = $25 CAN/ton

TOTAL OP. PROFIT = 245,000 T × $25/t = $6,125,000 CAN.

If all geological reserves could be minable ore then, O. Profit = 326,340 tons × $25/ton = $8,158,500 CAN.

CAPITAL COST FOR PLANT $50,000/ton cap. × 200 TPD = $10,000,000 CAN.

∴ INSUFFICIENT RESERVES TO PAY BACK CAPITAL COSTS. N.G. PROPERTY BOUNDARY. POSSIBLE ADD. ORE DOWN PLUNGE, COSTLY D. DRILLING - DEEP, TONS LIMITED - OR ORE ENDS, MAYBE OFFSET.

For Cut-Off Grade: Cut-off Value = $50 CAN or $36.23 U.S./T. recovered. (approx 5%/ton ore in place)

Say Cut-off 1% Cu: 20 × $0.60 × 70% × 90% = $7.56 U.S. $8.40 recovered + paid

then the value in ore would have to be ~~27.83~~ 28.67 ~~41.60~~ U.S. " " "

and Au ore assay grade " " " " ~~41.60~~ 28.67 ~~27.83~~ ÷ $325 ÷ 90% = 0.098 oz/T.

The Equiv. of Cu is $\frac{7.56\ U.S.}{325} = 0.0233$ oz Au. per 1% Cu in ore.

1% Cu @ 60¢ U.S. = 12.00 U.S.

1.69 oz Au @ $325 U.S. = 29.25 U.S.

$41.25 U.S.

× 1.4

$57.75 CAN

per 1% Cu: 20 lbs × 70% = 14 lbs paid

× 60¢

$8.40 U.S.

× 90% Rec.

7.56 U.S.

per oz Au = $325/oz × 90%

= $292.5 paid.