

82M
Rexspar
823804

Ore Reserves

Company Engineers
1,711,121 t @ 1.86# U₃O₈/t

Manning (Prospectus)

Open pit	1,505,175 t
Underground	<u>126,593 t</u>
	1,631,768 t @ 1.619# t @ 10 ft. ³ /t
=	1,793,152 t @ 1.619# t @ 9.1 ft. ³ /t
Open pit deluted 5%	- 1,580,434 t @ 1.55#/t
Underground " 10%	- 139,252 t @ 1.63#/t
	all @ 10 ft. ³ /t

- 86% mill recovery estimate used.
- would guarantee authenticity of data.
- could hold money in escrow

REXSPAR MINERALS & CHEMICALS LIMITED

Capitalization after re-organization

Authorized - 5,000,000 shares
Issued - 1,180,000 shares

Expenditures to December 31st, 1965

Development and Surface Expenditures	\$ 677,946.17
Field Administration	519,007.60
General and Administration	456,001.48
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	\$1,652,955.25

Current Position (December 31st, 1965)

Current Liabilities	\$48,457.45*
Fixed Liabilities	50,000.00
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	\$98,457.45

*Includes \$36,663.02 checks held by Dr. Joseph and other Directors.

PROPOSAL

The following proposal should be considered a final line of retreat with negotiation to begin well above this point.

1. Kerr to pay \$100,000 into Rexspar treasury to be recovered at 6% compounded interest out of earnings.
2. Kerr to pay a minimum of \$50,000 per year for three years to be recovered at 6% compounded interest out of earnings.
3. Kerr to finance property into production at existing bank rate with expenses to be recovered out of earnings. The decision to proceed with production to rest with Kerr.
4. Debt retirement to be out of 100% of earnings with following priorities:
 - 1st Item 3. above (including working capital)
 - 2nd Item 2. above
 - 3rd Item 1. above
 - 4th The existing Rexspar preproduction expenditures of \$1,552,955.
5. After debt retirement earnings to be shared on a 75% - 25% basis, Kerr to own 75%.

Cash Flow Forecast - U₃O₈ @ \$10.00/#

	<u>Kerr Cash Outlay</u>	<u>Interest @ 6%</u>	<u>Operating Profit</u>	<u>Cumulative Debt</u>	<u>Cash After Debt Retired</u>	<u>Tons Milled</u>	<u>Operating Costs</u>
	\$	\$	\$	\$	\$		\$/t
1966	150,000	----	----	150,000	----	----	----
1967	50,000	10,500	----	210,500	----	----	----
1968	50,000	14,100	----	274,600	----	----	----
1969	5,000	16,600	----	296,200	----	----	----
1970	5,000	17,900	----	319,100	----	----	----
1971	5,000	19,400	----	343,500	----	----	----
1972	4,000,000	141,000	----	4,484,500	----	----	----
1973	1,400,000	312,000	795,000	5,401,500	----	150,000	8.00**
1974	----	276,000	1,590,000	4,087,500	----	300,000	7.28
1975	----	198,000	1,590,000	2,695,500	----	300,000	7.28
1976	----	113,500	1,590,000	1,219,000	----	300,000	7.28
1977	----	25,000	1,590,000	----	346,000	300,000	7.28
1978	----	----	1,290,000	----	1,290,000	300,000	8.28*
	<u>5,665,000</u>	<u>1,144,000</u>	<u>8,445,000</u>		<u>1,636,000</u>	<u>1,650,000</u>	

*includes 150,000 tons from underground.

**Estimated operating costs x 110% for first 150,000 tons mined.

- Note:
1. Capital costs of prospectus for a 1,235 t.p.d. operation accepted for this 900 t.p.d. operation.
 2. Operating cost multiplied by 120%.

8,445,000
 6,809,000
 1,636,000

CASH FLOW FORECAST - U₃O₈ @ \$8.00/#

	<u>Kerr Cash Outlay</u>	<u>Interest @ 6%</u>	<u>Operating Profit</u>	<u>Cumulative Debt</u>	<u>Cash After Debt Retired</u>	<u>Tons Milled</u>	<u>Operating Costs</u>
	\$	\$	\$	\$	\$		\$/t
1966	150,000	----	----	150,000	----	----	----
1967	50,000	10,500	----	210,500	----	----	----
1968	50,000	14,100	----	274,600	----	----	----
1969	5,000	16,600	----	296,200	----	----	----
1970	5,000	17,900	----	319,100	----	----	----
1971	5,000	19,400	----	343,500	----	----	----
1972	4,000,000	141,000	----	4,484,500	----	----	----
1973	1,400,000	312,000	395,000	5,801,500	----	150,000	8.00**
1974	----	318,000	1,010,000	5,109,500	----	300,000	7.28
1975	----	276,000	1,010,000	4,375,500	----	300,000	7.28
1976	----	232,000	1,010,000	3,597,500	----	300,000	7.28
1977	----	185,500	1,010,000	2,773,000	----	300,000	7.28
1978	----	136,000	710,000	2,199,000	----	300,000	8.28*
	<u>5,665,000</u>	<u>1,679,000</u>	<u>5,145,000</u>			<u>1,650,000</u>	

*Includes 150,000 tons from underground.

**Estimated operating costs x 110% for first 150,000 tons mined.

- Note:
1. Capital costs of prospectus for a 1,235 t.p.d. operation accepted for this 900 t.p.d. operation.
 2. Operating cost multiplied by 120%.