

KILBORN

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August 6, 1982

Kamad Silver Company Ltd.
c/o D. M. Wilder
1066 West Hastings Street
Vancouver, B. C.

Attention: Mr. D. M. Wilder

Dear Sirs:

At the request of Mr. D. M. Wilder we have calculated cash flow projections for the Homestake Mine for a 24 month period. Basis of the calculation reflect a 7 day milling operation.

The ore reserves and operating costs are based on our Report entitled:

'KAMAD SILVER COMPANY LIMITED
REVIEW OF ORE RESERVES
PREPRODUCTION AND MINING PLAN
FOR HOMESTAKE PROPERTY'.

The mining schedule assumes that the 500 Zone will be mined prior to the 300 and 400 Zones. The operating costs have been adjusted to compensate for the higher production rate.

Using the current Cominco Open Contract for Lead Concentrates and the recoveries listed in the above mentioned Report, the Net Smelter Returns per ton of ore milled are as follows:

500 Zone	-	Bulk Sulfide Concentrate	-	\$ 34.95
		Barite Concentrate	-	\$ 62.04
300 and 400 Zones	-	Bulk Sulfide Concentrate	-	\$ 43.68
		Barite Concentrate	-	\$ 31.91

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Metal prices used, in Canadian funds, were:

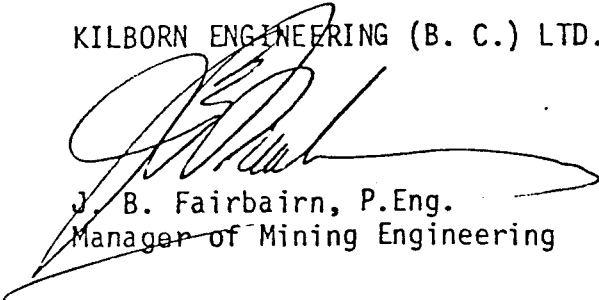
Gold	-	\$ 390.00 Per Ounce
Silver	-	7.50 Per Ounce
Copper	-	0.73 Per Pound
Lead	-	0.33 Per Pound
Zinc	-	0.45 Per Pound
Barite	-	160.00 Per Ton FOB Mill

These calculations have been undertaken to indicate the potential cash flow when purchasing and using the DeKalb Mill to treat the Homestake Property reserves.

If you have any questions regarding this information, I will be pleased to discuss them with you at your convenience.

Yours truly,

KILBORN ENGINEERING (B. C.) LTD.



J. B. Fairbairn, P.Eng.
Manager of Mining Engineering

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Enclosures