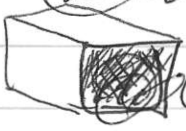
DUSTY MAC

825249

by: James R. Glass

[illegible]

 Cominco would penalize us for material over 12". We would therefore have to put in a ~~[illegible]~~ crusher. A small crusher with low unit cost would rise our cost per ton, or a large ~~bin~~ storage bin would have to be erected

Only work 4 days / month.

~~[illegible]~~ — Uneconomic —

Profit as projected would be

1000 X $13.24 = $13,240.00 / month

NET PROFIT FROM DIRECT SHIPPING – $1,099,000.00

TIME – ~~77.5~~ 100.5 months or ~~[illegible]~~ 8.25 yrs

My ~~guess~~ projection is we would only net ~~$1,023,000~~ at best ~~over 6.5 years~~

70,000 tons @ 13.24 = $926,800 over 6.33 years.

Lower grade material to the north is not included in this projection. It is assumed that the Alumina content is too high

(a) During the last year we have given serious considerations to the option of (a) direct shipping the ore as a siliceous ore

(b) Milling the ore on site.

We went to Cominco to talk to their ore buyer in person, so that no possible misunderstandings could arise over semantics

1.

(a) Cominco have ~~indicated~~ stated that they are not particularly interested in our ore. The silica content, by our calculations is 5.9% Al_2O_3. Cominco penalize material over 6%. One of our sections has 10% alumina.

Crusher!!

Material from near surface is hazardous - it may have clay minerals in it. ∴ higher alumina

Dilution could put us out of business.

Cominco would only take 1000 tons / month at the best of times. Wouldn't guarantee us a contract. Our unit costs would go up.

- One of our shipments lost money -

- ore reserves would be vastly diminished -