

Vital Resources Limited

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KLIYUL AREA

HIGH MAGNETITE ZONES

Apart from the possible occurrence of very large mineralized zones susceptible to mass mining (10-20 million t.p.y.), the Kliyul area offers good possibilities for medium scale (1-2 million t.p.y.) mining of the more massive magnetite zones.

Thus, on the SOUP claims, distinguished geologists White, McTaggart and Sinclair estimated 27,000 tons per vertical foot of this material, or 27 million tons to a depth of 1,000 feet. Apart from the deposit already drilled, the KLI claims also offer good potential for additional ore of this type.

A senior engineer of a major company made a financial analysis of mining this material using the following parameters:

- Tonnage - 25 million
- Grade - Au, 0.08; Ag 0.2; Cu 0.46
- Price - Au \$600 Cn; Ag \$15; Cu 0.90¢/lb.

Open pit to 300 feet, 2.8:1 stripping ratio; width 70 feet; rate of production 2.5 million s.t.p.y.

This study showed a rate of return of 29% and a present value, discounted at 15% of \$83 million.

Although narrower zones may not be susceptible to open pit mining, these estimates show that the SOUP AND KLI claims may well contain very valuable gold-copper deposits, even if the larger zones prove uneconomic.

C. J. Sullivan
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President

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