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M E M O R A N D U M

COMPANY: Teck Corporation DATE: March 23rd, 1987

TO: W. Meyer COPIES: C.V. Sibbald

FROM: T.M. Siew

PROSPERITY, PORTER IDAHO AND SILVERADO MINES
STEWART, B.C. (PACIFIC CASSIAR LTD.)

The 1985 drilling program has shown that the D vein zone indicated reserves of 59,325 tons grading 42.9 oz/T Ag, plus an additional geological potential of 89,900 tons grading 27.5 oz/T Ag, calculated by P.G. Folk. The known ore reserves for the property are relatively small, but the potential for more reserves around the area appears to be excellent.

A sensitivity analysis of the property to justify the possibility of building a mine access (road and tunnel) for further exploitationis shown as follows.

<u>Economic Analysis for Mining Potential</u>

This is a review to my memo dated January 29th, 1987, that assumes the mine will produce 500 tons of ore per day or 175,000 tons of ore per year, the mining method to be adopted is underground cut and fill mining with trackless haulage operation, and the concentrate will be trucked via tunnel road system to Stewart. The evaluation of the property is based on the following assumptions and expectations:

Ore reserves:	Assume 1,050,000 tons at 18 oz/T Ag (from further exploration), lead and other by-products credit will cover the cost of freight and treatment of concentrates.	
Assume silver recovery rate:	90%	
Production rate:	500 Tpd or 175,000 Tpy	
Operating cost:	Mining	$47/T milled
	Milling	18
	Plant & services	9
	Administrative, etc.	11
	Total	$85/T milled

Capital cost:	Mine access	$ 7,500,000
	Mine	3,000,000
	Mill	8,000,000
	Ancillary services	4,000,000
	Engineering/overhead	8,500,000
	Total	$31,000,000

Working capital: $1,000,000

Interest rate: 10%

Taxes (FST & PST): 48%

The property is evaluated for debt financing.

Sensitivity Analysis

1. Sensitivity on silver price (CAN$): $7.20/oz, +15% $8.28/oz and +30% $9.36/oz.

	Capital Cost Including Mine Access			Capital Cost Without Mine Access		
Silver price (CAN$/oz):	$7.20	$8.28	$9.36	$7.20	$8.28	$9.36
(CAN$000)						
Net cashflow	(24,071)	3,989	15,143	(2,967)	10,580	20,931
15% disc. NPV	(5,950)	1,725	7,288	(733)	5,020	10,788
Payback (years)	n/a	5.5	3.8	n/a	3.9	2.8

2. Sensitivity on ore grade: 18 oz/T Ag, +10% 19.8 oz/T Ag and +20% 21.6 oz/T Ag.

	Capital Cost Including Mine Access			Capital Cost Without Mine Access		
Ore grade (oz/ton Ag):	18.0	19.8	21.6	18.0	19.8	21.6
(CAN$000)						
Net cashflow	(24,071)	(307)	7,851	(2,967)	6,921	14,105
15% disc. NPV	(5,950)	(76)	3,545	(733)	3,152	6,921
Payback (years)	n/a	6.0	4.7	n/a	4.7	3.6

3. Sensitivity on operating cost: $85/T, -10% $76.50/T and -20% $68/T.

	Capital Cost Including Mine Access			Capital Cost Without Mine Access		
Operating cost:	0%	-10%	-20%	0%	-10%	-20%
(CAN$000)						
Net cashflow	(24,071)	(6,753)	3,641	(2,967)	4,875	10,280
15% disc. NPV	(5,950)	(1,669)	1,574	(733)	2,153	4,858
Payback (years)	n/a	n/a	5.6	n/a	4.9	3.9

4. Sensitivity on capital cost:

	Capital Cost Including Mine Access			Capital Cost Without Mine Access
	0%	-10%	-20%	
(CAN$000)				
Net cashflow	(24,071)	(15,348)	(6,625)	(2,967)
15% disc. NPV	(5,950)	(3,794)	(1,638)	(733)
Payback (years)	n/a	n/a	n/a	n/a

For more details see attached computer printout.

TMS-041/law
Attachment