

MAX

885295

Schroeder

June 20/05

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- \* Harty Two Metals Inc (wholly owned subsidiary of RAC Minerals)
- \* Private rpt. - "Development Proposal for Campaign Production Under a BC Small Mines Permit" (June, 2005)
- \* Existing  $4/6$  access, incl. existing rail
- \* ~ 3000m (~20-m centres) in 21 holes during ~~Apr-May~~ <sup>May-June</sup> 2005 - infill sampling & definition drilling of proposed mining area. Completed rehab of access adit + installation of new ventilation system &  $4/6$  electrical system (Genex Mining Services of Silverton).
- \* Permitting and equipment procurement underway
- \* Development/production schedule optimized to deliver the highest grade, as quickly as possible & at low devel. cost. (i.e. to benefit from high metal prices)
- \* Production schedule capped @ 72,000 tpy ('small mines permit') (uncertainty of commodity price). Total 'campaign' production ~ 1.7 M kg (3,758,000 lbs) Mo h concentrate over 2.5 years
- \* ~~Production~~
- \* Initial production as early as 4th mo. after development begins. Expansion may be warranted if commodity price sustained.
- \* Total capital cost of US\$10M est. for start up [C#12].
- \* Mo h concentrate begin initial delivery 5-6 mo. from security financing and subject to permitting applications.

- \* Previous Work:
  - 17,873 m surface diamond drilling
  - 1,276 m of primary u/g adit access
  - 724 m of secondary u/g devel. (4 x-cuts)
  - 22,151 m u/g diamond drilling (87 holes)
  - Bulk sampling through 960 m level of deposit
  - ~ \$15 M by Newmont/Esso, etc.; ~ \$1.5 M (in 2005, to date) by Roca.

\* Measured + Indicated (43-101) Resources: 42.94 Mt @ 0.2% MoS<sub>2</sub>, at a 0.1% MoS<sub>2</sub> cutoff. Further inferred 8.9 Mt @ 0.16% MoS<sub>2</sub>, <sup>at 0.1% cutoff</sup>

\* Measured + Indicated Resources: 280,000 t @ 1.95% MoS<sub>2</sub> (1.1% Mo)

\* 2005 Hatch 'scoping-level engineering' study examined 2 operating scenarios: i) 500 tpd, <sup>113.8 Mt @ 0.61% MoS<sub>2</sub></sup> ii) 2500 tpd, <sup>(11.35 Mt @ 3.0% MoS<sub>2</sub>)</sup> 0.5% MoS<sub>2</sub> and 0.2% MoS<sub>2</sub> cutoffs. → project is "very sensitive" to commodity prices.

\* Review of case A (500 tpd) indicates initial 'campaign' mining of ~ 184,000 tonnes of "high grade" ⇒ deliver high grade quickly (Note: small-scale mining of 'panel' will not impact / sig. reduce opp. to expand)

\* In general - excellent ground conditions; local water-bearing fracture zones

\* Proposed on-site concentrator + tailings storage (below portal - i.e. gravity)

\* Devel. incl. 4.5 x 4.5 m decline from 965 m main adit.

Mos1 - Scott Broughton @ Calgary  
mos - Apr. '65

① 200,000 t @ 1.8% MoS<sub>2</sub>  
~ 2000' ~ 4 levels (spiral ramp)  
below access adit 3.5 MoS<sub>2</sub>  
ie. small mine + permit  
[17,000 t/yr]

② 700,000 t @ 1.07% MoS<sub>2</sub>

③ ~ 49 Mt @ 0.19% MoS<sub>2</sub> (.114 Mo)

meas  
ind. 1.35 @ .36% MoS<sub>2</sub>  
@ .2% MoS<sub>2</sub> cut to  
[2500 tpd milline]

@ 500 tpd 1 Mt @ 1% MoS<sub>2</sub>  
550,000 t @ .9% MoS<sub>2</sub>  
[+ 6.1 M lbs Mo]  
+ 4 yr mine life  
Value @ US\$30/lb = \$324M

@ 2500 tpd = + 94.1 t  
30 M lbs Mo  
@ 30/lb → 115M

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