

~ \$140 m cap' al cost
 value of ore ~ \$1 billion
 VA 2485

Ruby Creek
 007200

October, 1979

5.2

Mineable Reserves and Ore Grade

The additional exploration and drilling program carried out in 1979, molybdenum selling prices, capital costs and operating costs will all affect the eventual mineable ore reserve. The mineable reserve based on the most recent pit design is tabulated below.

<u>MINEABLE RESERVE</u>				
(10 ³ Tonnes)				
<u>Pit</u>	<u>Ore</u>	<u>Waste*</u>	<u>Total</u>	<u>Grade</u> <u>% MoS₂</u>
Initial	30 142	19 943	50 085	0.156
Ultimate	<u>37 942</u>	<u>37 161</u>	<u>75 103</u>	<u>0.104</u>
TOTAL:	<u>68 084</u>	57 104	125 188	<u>0.122</u>

* Includes overburden and waste rock.

The potential for expanding the reserves at Ruby Creek must be considered good as molybdenite mineralization is known to occur over a broad area. The drilling program carried out during the summer of 1979 was planned to better define expected ore grades and total reserves and to investigate the possibilities of by-product production.

On the basis of current reserve and grade estimates, a mining schedule has been developed to mine 14 000 metric tonnes of ore per day 350 days per year. During the initial mining stage, ore grading 0.10% MoS₂ or better would be milled directly and ore grading between 0.10 and 0.06% MoS₂ would be stockpiled for later milling.

The mill feed grade is expected to average 0.18% MoS₂ in production year one, 0.17% MoS₂ in years two and three and to decrease thereafter during the 14-year life of the operation, based on the currently defined reserves. The stripping ratio will be 2:1 for the first few years and decrease thereafter. The waste-to-ore ratio is expected to average 0.84:1.