

HULDRA SILVER INC. (HDA-V)

PROGRESS REPORT ON THE - Economic viability of the TREASURE MOUNTAIN PROPERTY Treasure Mountain silver lead, zinc property has been established. Net operating profit of \$12,950,000 has been projected from the present ore reserves of 146,600 tons proven and probable grading 25.37 ounces silver, 4.53% lead and 5.29% zinc per ton.

A evaluation of the 100% owned Treasure Mountain property of 3,000 acres, located at the headwaters of the Tulameen River, 27 km. due east of Hope, B.C. has been completed by Orocon Inc. with input by consultants Jim Smith, P.Eng. mining engineer, Bacon, Donaldson & Associates Ltd., metallurgists, Entech Environmental Consultants and E. Livgard, P.Eng. geologist. The mine has been opened by four adits with 7,200 feet of drift and crosscut, over a vertical distance of 970 feet, plus 1,800 feet of raises. The fault controlled mineralization is within a tertiary intrusion between Dewdney Creek volcanics and Pasayten conglomerates.

A net operating profit of \$12,950,000 is projected on the basis of the following factors: ore recovery of 135,700 tons (mainly shrinkage stoping), mill recoveries of 90.7% silver, 85.3% zinc and 92.4% lead, a milling rate of 200 tons per day (300 tons capacity), a mine life of 2 years, a capital investment of \$9,017,000, operating costs of \$92.25 per ton, an operating profit of \$95.38 per ton, a net smelter return less freight of \$187.63 per ton, metal prices of (U.S. dollars) \$5.50 per ounces of silver, zinc, 75¢, lead 33¢, at an exchange rate of Can.\$1.21.

The study shows 25% ore dilution by waste reduces operating profit to \$11,700,000. However, subject to developing additional reserves of 73,000 tons at present ore grades, a mine life of 3 years would produce a net operating profit of \$19,847,000.

The study recommends continued exploration to define additional reserves. Since the veins are open to depth and along strike on both ends, the potential for substantial additional tonnages is excellent.

At the present, percussion drilling is underway with holes planned for all 4 underground mine levels to test the largely unexplored parallel footwall vein. A program of surface exploration is also planned. Ore grade mineralization across 10-13 foot widths, located on strike 2,500 feet to the east of the mine workings, will be one of several targets.

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