

SIMILCO COPPER OPERATION - Cassiar bought the Similco copper mine and concentrator in June 1988 for approximately \$18,000,000, virtually all of which has been paid. The mine and plant had an operating capacity of 19,000 tonnes per day when purchased and currently is operating at 25,000 tonnes per day. Among the new equipment purchased to provide the higher mining rate are: an 11 cu.yd. electric shovels; a 12.5 cu.yd. front end loader, bulldozers, graders, plus 4 trucks of 120 ton capacity and 3 trucks with 150 ton capacity.

Ore reserves are estimated at 64,000,000 tons grading 0.55% copper equivalent available to a 1:1 stripping ratio. In addition there are 112,000,000 tons at the same 0.55% copper equivalent grade in the No.2 and No.3 pits at a higher stripping ratio. As well there are a number of geophysical targets currently being drill tested with large tonnage potentials. Total drilled mineral reserves are 170,000,000 tons with a cutoff grade of 0.2% copper which are presently being evaluated to design a 10 year mine life. There are large tonnages of copper mineralization which could be ore depending upon the price of copper at the time of mining. What the current drilling is seeking is slightly higher copper grades in low strip ratio area which will add to mineable tonnages at current or lower copper prices.

Mr.O'Rourke said that because the mine had been scheduled to shut down in 1990, maintenance of equipment and mill facilities had been reduced over the past few years. Consequently, catch up-work in both the concentrator and mine have been underway for over a year. The bull gears on the three 32 foot semi-autogenous mills have been changed, two in 1989 and one in 1986. A ring gear requires a forward order of 12 to 18 months to replace and one is normally carried in inventory. There are further mill modifications under design and engineering which could provide an additional 10% to 15% increase in daily plant throughput and may improve on current recoveries which average 78% to 80% of the copper. The timing of these capital expenditures on the plant will be conditioned by the near and longer term out look for the price of copper.

One of the company's profit centers which gets overlooked is the deep sea dock, bulk loading and fuel tank farm facilities at Stewart, B.C. and the

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