1710 - 609 GRANVILLE ST
PO BOX 10363
VANCOUVER BC
CANADA V7Y 1G5
(604) 683-7265 FAX 683-5306

George Cross News Letter
"Reliable Reporting"
WESTERN CANADIAN INVESTMENTS

PUBLISHED DAILY
SUBSCRIPTION RATE
$315.00 PER YEAR

NO. 92 (1993)
MAY 13, 1993

NO. 92 (1993)
MAY 13, 1993

REDFERN RESOURCES LTD. [RFR-T]

TULSEQUAH CHIEF GETS POSITIVE PRE-FEASIBILITY - John Greig, president, reports a pre-feasibility study of the Tulsequah Chief deposit, 60 miles south of Atlin, B.C., has recently been completed by Tonto Mining with contributions independent consulting engineers, metallurgists and geologists. The study determined the deposit can become a viable mine based on drill indicated reserves as of year-end 1992. Geological reserves are 8,500,000 tonnes grading 1.48% copper, 1.17% lead, 6.85% zinc, 2.56 grams gold/tonne and 103.42 grams silver/tonne. Mineable reserves, with 18% dilution, were estimated at 7,000,000 tonnes grading 1.40% copper, 1.07% copper, 1.07% lead, 6.42% zinc, 2.40 grams gold/tonneand 93.37 grams silver/tonne.

The study envisages mining the deposit by initial decline access and haulage followed by sinking of an internal shaft. The production rate is 2,250 tonn/day using blasthole and subordinate shrinkage methods. Capital costs, with an estimation variance of +/- 20%, included provision of all road and barge access to the site and construction of a deep water loading facility for shipment of concentrates. Total capital investment, exclusive of permitting, is forecast at $138,000,000 pre-production with an additional $22,000,000 over the nine-year life of the mine. These cost figures include a 20% contingency allowance. Operating costs totalled $45.89 per tonne. Except where otherwise noted, dollars are Canadian.

The study used forecast long term average metal prices in US dollars of 60¢/lb zinc, $1/lb copper, 35¢/lb lead, $375/oz gold and $4/oz. silver. The NSR with these prices is predicted to be $115.32/tonne of ore. Capital payback is three years with an exceptional pre-tax Internal Rate of Return (IRR) of 31% and net present value (NPV-at 10% discount rate) of $103,000,000. On a project basis and assuming no existing tax pools, the after tax rate of return is estimated at 22%. Although present base and precious metal prices are not considered indicative of long-term market conditions, a financial assessment at current depressed metal prices was also positive-generating a pre-tax IRR of 18%. Sensitivity studies show the deposit is more sensitive to zinc price and operating cost than capital costs. The company is planning to incorporate specific recommendations of the study in the upcoming 1993 exploration program. Emphasis is placed on surface drilling of new targets to define more deposits on the property (eg. Big Bull). The pre-feasibility study examined the effects of locating a separate deposit of 4,000,000 tonnes at identical grade and increasing production rate to 3,500 tonnes per day. This potential resource would generate a superb pre-tax IRR of 42% and a NPV (at 10% discount) of $204,000,000. Considering the reserve expansion characteristics of similar VMS systems and the presence of at least four additional priority targets on the property, Redfern believes the probability of defining additional deposits of this size is high. (SEE GCNL NO.50, 12Mar93, P.1 FOR PREVIOUS PROJECT INFORMATION)

104K 2