

VALLEY COPPER MINES LIMITED

GCNL #110 06-06-79

+ All Facts, Studies, Evaluation To Be Available For A Production Decision By Year End

While the June 6, 1979, annual meeting of Valley Copper Mines Limited heard the same story of studies, evaluations, negotiations and discussions it has heard for the past many years the difference this year was a tone of real progress and enthusiastic optimism S.M. Rothman, president, told the meeting that, "Preliminary internal studies by Cominco Engineering personnel indicated that Valley is well placed to be a competitive new producer." The Lake ore body is estimated at 600,000,000 tons of about 0.45% copper and open to extension. It is located in the Highland Valley of B.C. close to the operations of Bethlehem Copper and Lornex.

To confirm that the orebody will make a mine, a more definitive cost estimate and project analysis is now underway. This work is being done by Bechtel on the basis of a production rate in the order of 55,000 to 60,000 tons per day. This study plus market projections should enable a decision to be made before the end of 1979 on whether or not the overall economics warrant a production decision.

The president said, "A production decision by Valley will require a concurrent production decision by Bethlehem as the Valley-Lake Zone orebody owned jointly by the two companies in the ratio of 80% Valley, 20% Bethlehem, can only be mined as one orebody. This question is under discussion with the Bethlehem management. Both companies are optimistic that matters of mutual interest can be resolved in a way that will meet the objectives of each."

About copper prices, the president said the demand-supply balance has shifted to the point where copper will have to be priced at a level to support new production. On the supply side, some of the major world producers have not been able to maintain production or flow of production to market. Also, projected major new productions are behind schedule while consumption in the western world in 1978 was the highest on record. These changes in the current supply-demand balance have been reflected in the price of copper even though world copper stocks are still not critical, except in certain specifications.

In reply to questions, the president said that the old studies showed a capital cost of \$350,000,000 and a price minimum of 90¢ to \$1.00 per pound in constant dollars.

TDR

092ISW012