

826043
Kutcho Creek
104 I/01

DCF ANALYSIS: KUTCHO HIGH GRADE

Oct 10, 1986

MINERAL INVENTORY	TONNAGE 1.500 MILLION TONS				
	COPPER	LEAD	ZINC	GOLD	SILVER
GRADE	2.94		4.90	0.015	1.74
	%	%	%	Oz/T	Oz/T
RECOVERY %	90.0		80.0	90.0	80.0
COMMODITY UNIT	lb.	lb.	lb.	Oz.	Oz.
PRICE \$US	\$0.620	\$0.235	\$0.470	\$400	\$5.700
EXCHANGE RATE	1.400	1.400	1.400	1.400	1.400
PRICE \$CAN	\$0.868	\$0.329	\$0.658	\$560	\$7.980
TREATMENT CHARGES \$CAN	\$0.423	\$0.300	\$0.336	\$19.41	\$1.257
CONTRIBUTION TO NSR/TON	\$23.5	\$0.0	\$25.2	\$7.2	\$9.4
% TOTAL NSR	36%	0%	39%	11%	14%

PRODUCTION

DCF RESULTS

1000 MINING RATE TONS/DAY	10.0 % COST OF CAPITAL
\$30.0 OPERATING COST \$/TON	NPV
4.1 YEARS PRODUCTION	IRR
	(\$17.5) -3.9%

% OF YEAR IN PRODUCTION	PREPRODUCTION			PRODUCTION			
	0%	0%	100%	100%	100%	100%	11%
YEARS IN PRODUCTION	0.0	0.0	1.0	2.0	3.0	4.0	4.1
YEAR	1	2	3	4	5	6	7

CASH FLOW: BEFORE TAX AND FOR 100 % OF PROJECT

CAPITAL	\$30.0	\$30.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TONS PRODUCED	0.0	0.0	0.4	0.4	0.4	0.4	0.0
GROSS INCOME	\$0.0	\$0.0	\$23.9	\$23.9	\$23.9	\$23.9	\$2.6
OPERATING COST	\$0.0	\$0.0	\$11.0	\$11.0	\$11.0	\$11.0	\$1.2
PROJECT NET INCOME	\$0.0	\$0.0	\$12.9	\$12.9	\$12.9	\$12.9	\$1.4
PROJECT CASH FLOW	(\$30.0)	(\$30.0)	\$12.9	\$12.9	\$12.9	\$12.9	\$1.4

BCF ANALYSIS:KUTCHD OPEN PIT

Oct 10,1986

MINERAL INVENTORY		TONNAGE 14.000 MILLION TONS						
	COPPER	LEAD	ZINC	GOLD	SILVER			
GRADE	1.75		2.47	0.010	0.84			
	%	%	%	Oz/T	Oz/T			
RECOVERY %	90.0		80.0	90.0	80.0			
COMMODITY UNIT	lb.	lb.	lb.	Oz.	Oz.			
PRICE \$US	\$0.620	\$0.235	\$0.470	\$400	\$5.700			
EXCHANGE RATE	1.400	1.400	1.400	1.400	1.400			
PRICE \$CAN	\$0.868	\$0.329	\$0.658	\$560	\$7.980	NSR		
TREATMENT CHARGES \$CAN	\$0.423	\$0.300	\$0.336	\$19.41	\$1.257	TOTAL		
CONTRIBUTION TO NSR/TON	\$14.0	\$0.0	\$12.7	\$4.8	\$4.5	\$36.1		
% TOTAL NSR	39%	0%	35%	13%	13%	100%		
PRODUCTION	BCF RESULTS							
8000 MINING RATE TONS/DAY	10.0 % COST OF CAPITAL							
\$20.0 OPERATING COST \$/TON	NPV IRR							
4.8 YEARS PRODUCTION	\$29.9 18.0%							
	PREPRODUCTION			PRODUCTION				
% OF YEAR IN PRODUCTION	0%	0%	0%	100%	100%	100%	100%	79%
YEARS IN PRODUCTION	0.0	0.0	0.0	1.0	2.0	3.0	4.0	4.8
YEAR	1	2	3	4	5	6	7	8
CASH FLOW: BEFORE TAX AND FOR 100 % OF PROJECT								
CAPITAL	\$40.0	\$40.0	\$40.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
TONS PRODUCED	0.0	0.0	0.0	2.9	2.9	2.9	2.9	2.3
GROSS INCOME	\$0.0	\$0.0	\$0.0	\$105.4	\$105.4	\$105.4	\$105.4	\$83.8
OPERATING COST	\$0.0	\$0.0	\$0.0	\$58.4	\$58.4	\$58.4	\$58.4	\$46.4
PROJECT NET INCOME	\$0.0	\$0.0	\$0.0	\$47.0	\$47.0	\$47.0	\$47.0	\$37.4
PROJECT CASH FLOW	(\$40.0)	(\$40.0)	(\$40.0)	\$47.0	\$47.0	\$47.0	\$47.0	\$37.4