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AURORA
FEBRUARY 1989 MONTHLY REPORT

FEBRUARY 1989 AURORA MONTHLY REPORT

1. Summary

	Month		YTD	
	<u>Actual</u>	<u>Plan</u>	<u>Actual</u>	<u>Plan</u>
Ore mined	3,100	33,690	3,100	33,690
Waste mined	227,430	280,486	227,430	404,280
Strip ratio	-	8.3	-	-
Ore crushed to heap	-	12,000	-	12,000
Grade	-	0.132	-	0.132
Oz. Au recovered	752	1,475	2,350	2,895
Stockpile		18,950 tons	- plus 2,400 stockpiled in the upper pit	
Manpower		23		

2. Mining

Mining finally got under way the week of February 13th. Commencement of mining on the upper benches was delayed due to negotiations with Nevada Goldfields to construct a ramp across the Victor to the Belle Weather claim for dumping. The Lease Agreement with Nevada Goldfields for the Victor did not allow for any activity on the Victor, other than access, until their microwave station was moved. This has now been done. Mining was further hampered by below seasonal temperatures and by the uncovering of old underground workings.

Mining for the month was conducted on the 7140, 7160, 7400, 7420, 7440 and 7460 benches. The hydraulic shovel and two trucks worked on the upper benches. The 7160 bench was completed and mining started on the ramp to the 7140. The 7400 bench is being mined in a 40' lift and includes the 7420 bench. Mining on the upper portion of the Humboldt East started on the 7400 bench and the 7460 as the ramp to the upper benches is being mined. Old underground workings were encountered on the 7460 level and they are being filled in as they are uncovered.

Mining production for March has been adjusted with the contractor to make up for the shortfalls in January and February. The contractor will work 7 days a week and plans a daily production of 19,000 tons until they are caught up.

	YTD				
	<u>Actual</u>	<u>Plan</u>	<u>Shortfall</u>	<u>March Plan</u>	<u>Total</u>
Ore mined	3,100	33,690	(30,590)	37,859	61,180
Waste mined	227,430	404,280	(176,850)	269,469	446,319
					507,499
March daily production required (basis 28 days)					18,125

As of March 18th, ore mined was 46,350 tons and 207,400 tons of waste; total 253,750 tons.

An amended plan of operations is in the process of being approved. The amendment was delayed until the revised archaeological study of the area was expanded. The areas for review are:

- the proposed Frisco Belle dump area
- the Belle Weather dump area
- the proposed new power line right of way
- the route of the proposed road realignment

The review of these claims was delayed until the end of February due to excessive snow cover. The work is now completed and there were no archaeological finds on these claims.

The BLM have requested that the dump slopes on the Frisco Belle be limited to 2 to 1. Approval of the amended plan of operations is expected by April 1st.

An application for a water discharge permit is also being processed. The State requested that we examine the possibility of using the water in the processing facilities instead of discharging down the canyon. This, however, is not feasible since our usage of water is minimal during the winter and spring months, but high during the summer. This is being explained to the State.

A reconciliation of ore reserves and blasthole production based on crushing results from September 9, 1987 to December 22, 1988 has been completed; see attachment "4". (Crushing stopped December 22, 1988 for the winter and change of contractor.)

The current mine plan is currently under review in an attempt to reduce the 1989 stripping ratio. Design work on the revised pit plan is now complete and work on the scheduling of the various phases is still in progress. Initial indications are that the 1989 stripping ratio cannot be significantly improved, but it may be possible to improve the ore mining sequence to gain some economies.

The design retains the configuration of the current ultimate pit with the bottom at the 6980 elevation. Phase 3 has been split into phases 2A and 3A. Phase 2A allows the current phase 2 to go deeper and extract more ore in 1989. Phase 2A also allows for the re-establishment of interior pit highwalls which are considered unsatisfactory following Target's work. Phase 3A has reduced stripping which will permit the removal of low grade material on the upper benches which can be balanced against the higher grade benches in phase 2A. The work on sequencing should be finished by the end of March.

3. Crushing

The new crusher set-up was not completed in February due to delays in equipment delivery and set-up time. The crusher did crush 3,100 tons of waste for pads 5 and 6 base material. As the rolls were not in the circuit at the time, crushing was not delayed.

Crusher production for March has been set at 47,000 tons to make up for February's lost production. (Actual production to March 18th is 17,936 tons.)

4. Heaps

Grade off the heap was again hampered by extremely cold temperatures. By using the boiler, the main lines were kept from freezing, however the drippers did freeze such that solution failed to get to the heaps. Heap activity for the month was as follows:

Section Under Leach Sections Off Leach

3E on 2/16/87
3D on 2/20/87
2C on 2/26/87

1A to D; 2A to C
3F off - 2/16/89
2D off - 2/20/89
4A off - 2/20/89

Pad Leach Sequencing

D	D	F	
		E	E
C	C	D	D
B	B	C	C
		B	B
A	A	A	A

Pads

1 2 3 4

5. Plant

Carbon efficiency in the plant was at 78% for the month. The lower efficiency was due in part to the lower grade being fed into the plant. Average solution flow through the plant for the month was 202 GPM. With an average grade of 0.027, flow through the plant was down due to the freezing conditions causing flow problems to the heap.

6. Column Tests

The preliminary results from the 6 column tests, which are composites of the different ore types mined to date are:

<u>Composite</u>	<u>Date Mined</u>	<u>% Recovery</u>
1	Sept./Dec. '87	74%
2	Dec./June '88	67%
3	June/Aug. '88	88%

4	Aug./Sept. '88	57%
5	Sept./Nov. '88	65%
6	Nov./Dec. '88	95%

The above numbers are based on recoveries after 6 weeks of leaching and will be adjusted up or down based on final assay upon completion of the tests.

7. Drilling

The remaining condemnation holes of the Frisco Belle and 4 infill holes were completed. Assay results from the first 5 holes on the Frisco Belle indicated no ore grade mineralization. However, on 2 of the last 5 holes, assay results showed a grade intercept of 0.200 oz/ton Au over 20'. These results will be discussed with Nevada Goldfields and Siskon Corporation and it may necessitate further condemnation drilling. Preliminary results from the infill drilling confirm the continuity of the ore body.

A summary of the costs to date are as follows:

	<u>Budget</u>	<u>Actually Spent</u>	<u>Savings Over Budget</u>
Humboldt West	61,000	43,834.13	17,165.87
Frisco Belle	67,000	60,642.48	6,357.00
Deep	29,500	13,215.72	16,284.28
Infill	<u>17,000</u>	<u>19,157.99</u>	<u>(2,157.99)</u>
	174,500	136,850.32	37,649.68

Note: Infill includes one hole that also went through onto the Hilton property.

The first phase of 1989 drilling has now been completed other than any follow-up condemnation drilling on the Frisco Belle.

A detailed breakdown is provided; see attachment "5".

8. Financial

	<u>December</u>	<u>January</u>	<u>February</u>
Gold sales	725,445	700,710	314,331
Net income	104,016	57,586	(227,693)*
Ounces of gold produced	1,735	1,598	752
Cash operating cost per ounce	\$266	\$275	433

See attachment "2" for details.

*includes inter partner interest adjustments to February 28, 1989.

An updated weekly cash flow for the period March to May is attached; see attachment "3".

A summary of costs for the month are:

	February Costs	
	<u>Actual</u>	<u>Budget</u>
Mining ore	3,718	48,177
Mining waste	234,386	314,065
Mob./force	13,498	17,500
Crushing	0	59,400
Power/Cement	7,406	8,832
Milling	80,716	91,437
Equipment/leases	13,714	15,322
Eng. & geol.	22,124	26,266
Administration	55,409	45,667
Overhead	<u>3,510</u>	<u>6,807</u>
Total costs:	<u>434,481</u> =====	<u>633,473</u> =====

For a detailed breakdown of costs - see attachment "6".

9. Other

Target Construction completed demobilization of all of their equipment on February 25th. The arbitration process is moving forward slowly and the selection of arbitrators is now in progress. Agreement was reached that the arbitration panel would consist of 1 lawyer, 1 contractor and 1 mining engineer.

A meeting was held with Nevada Goldfields on site in which a mutual exchange of information on the respective properties took place. The Nevada Goldfields data will now be reviewed for a follow-up session.

Discussions continued with Electra regarding a new Joint Venture Agreement. A closing of the gap on key points is evolving and it is hoped that the outline for a new agreement can be reached over the next 30 days.

Rodney N. Duncan
March 20, 1989

Attachments

Attachment "1"	Financial Analysis - February, 1989
Attachment "2"	Forward Weekly Cash Flow Analysis to May, 1989
Attachment "3"	Daily Metallurgical Balance Summary
Attachment "4"	Reconciliation of Ore Reserves and Blasthole Production from September 9, 1987 to December 22, 1988
Attachment "5"	1989 Drill Progress and Costs Report to Date
Attachment "6"	Detailed February 1989 Cost Report

The Aurora Partnership
Balance Sheet
As At February 28, 1989

Attachment "1"

A S S E T S

CURRENT

\$

Cash	715,763
Accounts Receivable and Advances	186,549
Inventory-In-Process	731,104
Supplies Inventory	75,530
Prepaid Expenses and Deposits	77,750

1,786,696

MINERAL PROPERTIES, NET	983,727
FIXED, net	1,399,365
DEFERRED FINANCE CHARGES, net	347,810
DEFERRED EXPENDITURES, net	3,689,016
POWER LINE EXTENSION, net	56,013
DEFERRED STRIPPING COSTS	1,115,274

7,591,205

9,377,901
=====

L I A B I L I T I E S

CURRENT

Accounts Payable and Accruals	437,779
Royalties Payable	193,281
Capital Leases	8,284

639,344

DUE TO MINEREX

Montagu Loan	2,000,000
Humboldt East Purchase	1,124,262
Victor Settlement	150,000
Other Advances	228,730

3,502,992

DUE TO PACIFIC

48,783

3,551,775

P A R T N E R S ' E Q U I T Y :

BALANCE , CLOSING

Minerex Resources	3,803,468
Pacific Northwest	1,383,314

5,186,782

9,377,901

THE AURORA PARTNERSHIP
Statement of Partners' Equity
As At February 28, 1989

	1 9 8 8		1 9 8 7	
	<u>Minerex</u>	<u>Pacific</u>	<u>Minerex</u>	<u>Pacific</u>
	\$	\$	\$	\$
BALANCE, OPENING	1,765,947	1,100,000	-	-
CONTRIBUTIONS/ALLOCATIONS	1,173,342	283,314	-	-
NET INCOME/(LOSS)	864,179		-	
	-----	-----	-----	-----
	3,803,468	1,383,314	-	-
DRAWINGS	-	-	-	-
	-----	-----	-----	-----
BALANCE, CLOSING	3,803,468	1,383,314	-	-
	=====	=====	=====	=====

The Aurora Partnership
Statement of Earnings
For the NINE Month Period Ended February 28, 1989

	CURRENT MONTH	YEAR TO DATE
REVENUE	\$	\$
Gold Sales	329,863	6,424,010
Silver Sales	23,640	110,471
Selling Costs	(7,895)	(78,300)
	-----	-----
Royalties	345,608	6,456,181
	(31,277)	(413,004)
	-----	-----
NET OPERATING REVENUE	314,331	6,043,177
	-----	-----
OPERATING COSTS		
Mining (Schedule A)	251,602	2,140,774
Crushing (Schedule A)	7,406	883,826
Milling (Schedule B)	24,364	212,015
Payroll (Schedule B)	79,722	758,204
Maintenance (Schedule B)	16,358	159,370
General and Administrative (Schedule C)	38,796	331,369
Depreciation and Amortization (Schedule D)	105,670	955,016
	-----	-----
Operating Costs Before Adjustment	523,918	5,440,574
Inventory-In-Process Adjustment	79,108	(191,279)
Deferred Stripping Adjustment	(217,382)	(541,785)
	-----	-----
Total Operating Costs	385,644	4,707,510
	-----	-----
OPERATING MARGIN	(71,313)	1,335,667
	-----	-----
INTEREST INCOME	(2,865)	(10,058)
INTEREST ON FINANCING (Schedule C)	142,581	339,234
MANAGEMENT FEES	16,664	150,000
	-----	-----
	156,380	479,176
	-----	-----
NET INCOME/(LOSS) BEFORE EXTRAORDINARY ITEMS	(227,693)	856,491
	-----	-----
EXTRAORDINARY ITEMS		
Gain/(Loss) on Sale of Assets	-	7,688
	-----	-----
NET INCOME/(LOSS)	(227,693)	864,179
	=====	=====
OUNCES OF GOLD PRODUCED	752	14,467
	=====	=====
OPERATING COSTS PER OUNCE	573	329
	=====	=====
CASH OPERATING COSTS PER OUNCE	433	263
	=====	=====

The Aurora Partnership
Schedule A - Mining and Crushing Expenses
For the NINE Month Period Ended February 28, 1989

	<u>201,988 t agglom.</u>	CURRENT MONTH \$	YEAR TO DATE \$
MINING EXPENSES			
<u>CONTRACTED</u>			
Ore	373 676	3,718	288,546
Waste	2 307 807	234,386	1,782,047
Mobilization		13,000	37,231
Force Account		498	5,229
Reclamation	82 517	-	-
Dewatering		-	13,521
Miscellaneous		-	7,737
		-----	-----
	2,764,000	251,602	2,134,311
		-----	-----
<u>OTHER</u>		-	6,463
		-----	-----
Total Mining Expenses		251,602	2,140,774
		-----	-----
CRUSHING EXPENSES			
<u>CONTRACTED</u>			
Ore		-	454,917
Fines		-	9,419
Agglomeration		-	111,096
Stacking		-	121,168
Mobilization		-	28,386
Generator		-	23,765
		-----	-----
		-	748,751
		-----	-----
<u>OTHER</u>			
Cement	767.810 t	2,342	72,670
Power		5,064	62,405
		-----	-----
		7,406	135,075
		-----	-----
Total Crushing Expenses		7,406	883,826
		-----	-----
TOTAL MINING AND CRUSHING EXPENSES		259,008	3,024,600
		=====	=====

Note:

Total CONTRACTED Mining and Crushing Expenses	\$ 251,602	\$ 2,883,062
	=====	=====

The Aurora Partnership
Schedule B - Milling, Payroll and Maintenance Expenses
For the NINE Month Period Ended February 28, 1989

MILLING EXPENSES

201,988 + agglom

	CURRENT MONTH \$	YEAR TO DATE \$
Supplies	1,192	15,314 ✓
Cyanide ——— 91,510 lb	7,869	74,956
Carbon	8	11,598 ✓
Chemicals	95	10,699 ✓
Miscellaneous Reagents	7,962	45,263 ✓
Power	3,643	27,409 x
Assaying	87	23,268 x
Boiler Fuel	3,508	3,508 x
	-----	-----
	24,364	212,015
	-----	-----

Total power - 27,409
62,405 mine
(10,233) ↑
79,581
Depreciation

PAYROLL EXPENSES

Mine Site	14,990	282,899
Mill Site	37,593	263,715
Office Site	8,601	60,443
Employer FICA Tax	4,595	49,419
Federal Unemployment	461	2,846
State Unemployment	5,162	14,879
SIIS/Workmans Compensation	3,117	41,778
Personnel Insurance	5,095	46,402
Casual Labor	-	1,142
Payroll charges	108	373
	-----	-----
	79,722	758,204
	-----	-----

MAINTENANCE EXPENSES

Automobile Fuel	1,395	21,678
Automobile Leases	8,542	27,109
Automobile Repair and Maintenance	961	26,647
Equipment Fuel	231	11,512
Equipment Leases	78	1,070
Equipment Repair and Maintenance	4,863	53,559
Maintenance Supplies	288	17,795
Other	-	-
	-----	-----
	16,358	159,370
	-----	-----

TOTAL MILLING, PAYROLL AND MAINTENANCE EXPENSES

120,444	1,129,589
=====	=====

THE AURORA PARTNERSHIP
Schedule C - General and Administrative Expenses
For the NINE Month Period Ended February 28, 1989

	CURRENT MONTH \$	YEAR TO DATE \$
OPERATING		
Advertising	799	14,332
Bank Charges and Interest	2,012	28,700
Claims/Land Leases	3,000	26,000 ←
Computer Supplies	195	1,911
Communication	-	587
Consulting Service	5,330	97,596
Donations	50	1,500
Dues and Subscriptions	-	1,524
Education and Training	50	110
Engineering Supplies	1,043	5,761
Fines and Penalties	-	662
House Rent	1,800	6,048
Insurance	-	20,747
Late Charges	-	282
Legal and Accounting	9,000	39,607
Licenses and Permits	774	2,768
Miscellaneous	-	420
Office Supplies	167	12,694
Postage	-	325
Promotion and Entertainment	-	1,553
Property and County Taxes	141	424 ✓
Safety Supplies	372	8,609
Sanitation	540	4,682
Shipping and Freight	-	3,391
Telephone	1,193	12,194
Training Supplies	-	1,680
Travel	13,291	33,419
Utilities	(571)	3,843
	-----	-----
TOTAL OPERATING	38,796	331,369
	-----	-----
INTEREST ON FINANCING		
Interest - Humboldt East	78,167	137,983
Interest - Montagu	19,020	155,857
Interest - Other	45,394	45,394
	-----	-----
TOTAL INTEREST ON FINANCING	142,581	339,234
	-----	-----
MANAGEMENT FEES	16,664	150,000
	-----	-----
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	198,041	820,603
	=====	=====

THE AURORA PARTNERSHIP
Schedule D - Depreciation and Amortization
For the NINE Month Period Ended February 28, 1989

	CURRENT MONTH \$	YEAR TO DATE \$
Depreciation	24,445	221,163
Amortization of Deferred Costs	64,112	577,006
Amortization of Mineral Properties	15,615	140,535
Amortization of Leased Equipment	1,498	16,312
	-----	-----
TOTAL DEPRECIATION AND AMORTIZATION	105,670 =====	955,016 =====

The Aurora Partnership
 Automobile and Equipment Maintenance Analysis
 For the NINE Month Period Ended February 28, 1989

	CURRENT MONTH \$	YEAR TO DATE \$
AUTOMOBILES		
Fuel	1,395	21,678
Leases	8,542	27,109
Repair and Maintenance	961	26,647
	-----	-----
	10,898	75,434
	-----	-----
EQUIPMENT		
Fuel	231	11,512
Leases	78	1,070
Repairs and Maintenance	4,863	53,559
	-----	-----
	5,172	66,141
	-----	-----
OTHER		
Maintenance Supplies	288	17,795
Maintenance Other	-	-
	-----	-----
	288	17,795
	-----	-----
TOTAL AUTOMOBILE AND EQUIPMENT MAINTENANCE	16,358	159,370
	=====	=====

THE AURORA PARTNERSHIP
Pads Analysis
For the NINE Month Period Ended February 28, 1989

	CURRENT MONTH \$	YEAR TO DATE \$
PADS AND LINERS		
CAPITAL COSTS - PADS AND LINERS	-	9,068
Labor	-	59,090
Materials	9,944	335,716
Equipment Rentals	19,618	95,826
Consulting	-	19,801
	-----	-----
	29,562	519,501
	=====	=====

The Aurora Partnership
Ponds Analysis
For the NINE Month Period Ended February 28, 1989

	CURRENT MONTH \$	YEAR TO DATE \$
PONDS AND LINERS		
Labor	-	5,419
Material	-	25,319
Equipment Rentals	-	25,711
Consulting	3,334	3,334
	-----	-----
	3,334	59,783
	=====	=====

The Aurora Partnership
Statement of Earnings
For the NINE Month Period Ended February 28, 1989

	Actual Current Month	Budget Current Month	Variance	% Variance	Actual Y-T-D	Budget Y-T-D	Variance	% Variance
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$
Gold Sales	329,863	431,500	101,637	-23.6	6,424,010	7,107,976	683,966	10.6
Silver Sales	23,640	-	(23,640)	0.0	110,471	-	(110,471)	-100.0
Selling Costs	(7,895)	(9,350)	(1,455)	-15.6	(78,300)	(18,700)	59,600	-76.1
	345,608	422,150	76,542	-18.1	6,456,181	7,089,276	633,095	9.8
Royalties	31,277	37,019	5,742	-15.5	413,004	513,365	100,361	24.3
NET OPERATING REVENUE	314,331	385,131	70,800	-18.4	6,043,177	6,575,911	532,734	8.8
OPERATING COSTS								
Mining (Schedule A)	251,602	252,753	1,151	-0.5	2,140,774	2,225,097	84,323	3.9
Crushing (Schedule A)	7,406	68,232	60,826	-89.1	883,826	1,335,027	451,201	51.1
Milling (Schedule B)	24,364	42,656	18,292	-42.9	212,015	225,312	13,297	6.3
Payroll (Schedule B)	79,722	73,160	(6,562)	9.0	758,204	785,020	27,416	3.6
Maintenance (Schedule B)	16,358	15,007	(1,351)	9.0	159,370	139,214	(20,156)	-12.6
General and Administrative (Schedule C)	84,190	32,897	(51,293)	155.9	376,763	265,732	(111,031)	-29.5
Depreciation and Amortization (Schedule D)	105,670	105,625	(45)	0.0	955,016	1,036,956	81,940	8.6
Operating Costs Before Adjustment	569,312	590,330	143,043	-20.1	5,485,968	6,012,958	629,323	11.7
Inventory-In-Process Adjustment	79,108	-	(79,108)	0.0	(191,279)	-	191,279	-100.0
Deferred Stripping Adjustment	(217,382)	-	217,382	0.0	(541,785)	-	541,785	-100.0
Total Operating Costs	431,038	590,330	281,317	-39.5	4,752,964	6,012,958	1,362,387	29.3
OPERATING MARGIN	(116,707)	(205,199)	(88,492)	-43.1	1,290,273	562,953	(727,320)	-56.4
INTEREST INCOME	(2,865)	-	2,865	0.0	(10,058)	-	10,058	-100.0
INTEREST ON FINANCING (Schedule C)	97,187	26,497	(70,690)	266.8	293,840	220,595	(73,245)	-24.9
MANAGEMENT FEES	16,664	16,667	3	0.0	150,000	150,003	3	0.0
	110,986	43,164	(67,822)	157.1	433,782	370,598	(63,184)	-14.6
NET INCOME/(LOSS) BEFORE EXTRAORDINARY ITEMS	(227,693)	(248,363)	(20,670)	-8.3	856,491	192,355	(664,136)	-77.5
EXTRAORDINARY ITEMS								
Gain/(Loss) on Sale of Assets	-	-	-	0.0	7,688	-	(7,688)	-100.0
NET INCOME/(LOSS)	(227,693)	(248,363)	(20,670)	-8.3	864,179	192,355	(671,824)	-77.7

The Aurora Partnership
Schedule A - Mining and Crushing Expenses
For the NINE Month Period Ended February 28, 1989

	Actual Current Month \$	Budget Current Month -\$	Variance \$	% Variance	Actual Y-T-D \$	Budget Y-T-D \$	Variance \$	% Variance
MINING EXPENSES								
<u>CONTRACTED</u>								
Ore	3,718	48,177	44,459	-92.3	288,546	408,822	120,276	-29.4
Waste	234,386	187,076	47,310	25.3	1,782,047	1,749,199	32,848	1.9
Mobilization	13,000	13,000	-	0.0	37,231	58,076	20,845	-35.9
Force Account	498	2,500	2,002	-80.1	5,229	5,000	229	4.6
Reclamation	-	2,000	2,000	-100.0	-	4,000	4,000	-100.0
Dewatering	-	-	-	0.0	13,521	-	13,521	0.0
Miscellaneous	-	-	-	0.0	7,737	-	7,737	0.0
	251,602	252,753	1,151	-0.5	2,134,311	2,225,097	90,786	-4.1
<u>OTHER</u>								
	-	-	-	0.0	6,463	-	6,463	0.0
Total Mining Expenses	251,602	252,753	1,151	-0.5	2,140,774	2,225,097	84,323	-3.8
CRUSHING EXPENSES								
<u>CONTRACTED</u>								
Ore	-	45,000	45,000	-100.0	454,917	678,696	223,779	-33.0
Fines	-	-	-	0.0	9,419	98,280	88,861	-90.4
Agglomeration	-	6,600	6,600	-100.0	111,096	171,624	60,528	-35.3
Stacking	-	7,800	7,800	-100.0	121,168	187,824	66,656	-35.5
Mobilization	-	-	-	0.0	28,386	54,006	25,620	-47.4
Generator	-	-	-	0.0	23,765	23,765	-	0.0
	-	59,400	59,400	-100.0	748,751	1,214,195	465,444	-38.3
<u>OTHER</u>								
Cement	2,342	5,760	3,418	-59.3	72,670	75,760	3,090	-4.1
Power	5,064	3,072	1,992	64.8	62,405	45,072	17,333	38.5
	7,406	8,832	1,426	-16.1	135,075	120,832	14,243	11.8
Total Crushing Expenses	7,406	68,232	60,826	-89.1	883,826	1,335,027	451,201	-33.8
TOTAL MINING AND CRUSHING EXPENSES	259,008	320,985	61,977	-19.3	3,024,600	3,560,124	535,524	-15.0
<u>Note:</u>								
Total CONTRACTED Mining and Crushing Expenses	251,602	312,153	61,977	-19.8	2,883,062	3,439,292	535,524	-15.7

Schedule B - Milling, Payroll and Maintenance Expenses
For the NINE Month Period Ended February 28, 1989

	Actual Current Month \$	Budget Current Month -\$	Variance \$	% Variance	Actual Y-T-D \$	Budget Y-T-D \$	Variance \$	% Variance
MILLING EXPENSES								
Supplies	1,192	1,886	694	-36.8	15,314	14,272	1,042	7.3
Cyanide	7,869	21,705	13,836	-63.7	74,956	106,410	31,454	-29.6
Carbon	8	4,701	4,693	-99.8	11,598	23,402	11,804	-50.4
Chemicals	95	534	439	-82.2	10,699	8,068	2,631	32.6
Miscellaneous Reagents	7,962	6,244	1,718	27.5	45,263	26,488	18,775	70.9
Power	3,643	3,406	237	7.0	27,409	24,312	3,097	12.7
Assaying	87	3,060	2,973	-97.2	23,268	20,120	1,268	15.6
Boiler Fuel	3,508	1,120	2,388	213.2	3,508	2,240	1,268	56.6
	24,364	42,656	18,292	-42.9	212,015	225,312	13,297	-5.9
PAYROLL EXPENSES								
Mine Site	14,990	15,399	409	-2.7	282,899	345,798	62,899	-27.6
Mill Site	37,593	34,636	2,957	8.5	263,715	258,272	5,443	2.1
Office Site	8,601	8,316	285	3.4	60,443	48,132	12,311	25.6
Employer FICA Tax	4,595	5,331	736	-13.8	49,419	35,162	14,257	40.5
Federal Unemployment	461	1,279	818	-64.0	2,846	25,658	22,812	-11.1
State Unemployment	5,162	1,040	4,122	396.3	14,879	9,780	5,099	52.1
SIIS/Workmans Compensation	3,117	4,196	1,079	-25.7	41,778	25,892	15,886	61.4
Personnel Insurance	5,095	2,963	2,132	72.0	46,402	36,926	9,476	25.7
Casual Labor	-	-	-	0.0	1,142	-	1,142	0.0
Payroll Charges	108	-	108	0.0	373	-	373	0.0
	79,722	73,160	6,562	9.0	758,204	785,620	27,416	-3.5
MAINTENANCE EXPENSES								
Automobile Fuel	1,395	2,180	785	-36.0	21,678	16,960	4,718	27.8
Automobile Leases	8,542	6,035	2,507	41.5	27,109	28,170	1,061	-3.8
Automobile Repair and Maint.	961	2,160	1,199	-55.5	28,647	37,920	9,273	-29.7
Equipment Fuel	231	510	279	-54.7	11,512	11,520	8	-0.1
Equipment Leases	78	917	839	-91.5	1,070	3,234	2,164	-66.9
Equipment Repair and Maint.	4,863	400	4,463	1,115.8	53,559	21,800	31,759	145.7
Maintenance Supplies	288	2,805	2,517	-89.7	17,795	19,610	1,815	-9.3
Other	-	-	-	0.0	-	-	-	0.0
	16,358	15,007	1,351	9.0	159,370	139,214	20,156	14.5
TOTAL MILLING, PAYROLL AND MAINTENANCE EXPENSES	120,444	130,823	10,379	-7.9	1,120,589	1,150,146	29,557	-1.8

ING ARMY AIR FORCE
Schedule C - General and Administrative Expenses
For the NINE Month Period Ended February 28, 1989

	Actual Current Month \$	Budget Current Month -\$	Variance \$	% Variance	Actual Y-T-D \$	Budget Y-T-D \$	Variance \$	% Variance
OPERATING								
Advertising	799	1,033	234	-22.7	14,332	2,066	12,266	593.7
Bank Charges and Interest	2,012	200	1,812	906.0	28,700	6,538	22,162	339.0
Claims/Land Leases	3,000	2,000	1,000	50.0	26,000	24,000	2,000	8.3
Computer Supplies	195	603	798	-132.3	1,911	1,206	705	58.5
Communication	-	-	-	0.0	587	-	587	0.0
Consulting Service	5,330	12,116	6,786	-56.0	97,596	94,232	3,364	3.6
Donations	50	100	50	-50.0	1,500	200	1,300	650.0
Dues and Subscriptions	-	570	570	-100.0	1,524	1,140	384	33.7
Education and Training	50	800	750	-93.7	110	1,800	1,490	-93.1
Engineering Supplies	1,043	350	693	198.0	5,761	700	5,061	723.0
Fines and Penalties	-	-	-	0.0	662	-	662	0.0
House Rent	1,800	700	1,100	157.1	6,048	9,100	3,052	-33.5
Insurance	-	2,167	2,167	-100.0	20,747	32,334	11,587	-35.8
Late Charges	-	-	-	0.0	282	-	282	0.0
Legal and Accounting	9,000	5,167	3,833	74.2	39,607	45,334	5,727	-12.6
Licenses and Permits	774	1,001	227	-22.7	2,768	2,002	766	38.3
Miscellaneous	-	-	-	0.0	420	-	420	0.0
Office Supplies	167	400	233	-58.2	12,694	800	11,894	1,486.8
Postage	-	50	50	-100.0	325	100	225	225.0
Promotion and Entertainment	-	-	-	0.0	1,553	-	1,553	0.0
Property and County Taxes	141	40	101	252.5	424	80	344	430.0
Safety Supplies	372	1,200	828	-69.0	8,609	9,600	991	-10.3
Sanitation	540	500	40	8.0	4,682	1,000	3,682	368.2
Shipping and Freight	-	600	600	-100.0	3,391	1,200	2,191	182.6
Telephone	1,193	1,300	107	-8.2	12,194	11,000	1,194	10.9
Training Supplies	-	200	200	-100.0	1,680	400	1,280	320.0
Travel	13,291	1,600	11,691	730.7	33,419	20,700	12,719	61.4
Utilities	571	200	771	-385.5	3,843	400	3,443	860.8
TOTAL OPERATING	84,190	32,897	5,899	17.9	331,369	265,732	65,637	24.7
INTEREST ON FINANCING								
Interest - Humboldt East	78,167	7,477	70,690	945.4	137,983	67,293	70,690	105.0
Interest - Montagu	19,020	19,020	-	0.0	155,857	153,302	2,555	1.7
Interest - Other	45,394	-	45,394	0.0	45,394	-	45,394	0.0
TOTAL INTEREST ON FINANCING	97,187	26,497	116,684	438.1	339,234	220,595	118,639	53.8
MANAGEMENT FEES	16,664	16,667	3	0.0	150,000	150,003	3	0.0
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	198,041	76,061	121,980	160.4	820,603	636,330	184,273	29.0

[illegible]

The Aurora Partnership
Automobile and Equipment Maintenance Analysis
For the NINE Month Period Ended February 28, 1989

	Actual Current Month \$	Budget Current Month \$	Variance \$	% Variance	Actual Y-T-D \$	Budget Y-T-D \$	Variance \$	% Variance
AUTOMOBILES								
Fuel	1,395	2,180	785	-36.0	21,678	16,960	4,718	27.8
Leases	8,542	6,035	2,507	41.5	27,109	28,170	1,061	-3.8
Repair and Maintenance	961	2,160	1,199	-55.5	26,647	37,920	11,273	-29.7
	10,898	10,375	523	5.0	75,434	83,050	7,616	-9.2
EQUIPMENT								
Fuel	231	510	279	-54.7	11,512	11,520	8	-0.1
Leases	78	917	839	-91.5	1,070	3,234	2,164	-66.9
Repairs and Maintenance	4,863	400	4,463	1,115.8	53,559	21,800	31,759	145.7
	5,172	1,827	3,345	183.1	66,141	36,554	29,587	80.9
OTHER								
Maintenance Supplies	288	2,805	2,517	-89.7	17,795	19,610	1,815	-9.3
Maintenance Other	-	-	-	0.0	-	-	-	0.0
	288	2,805	2,517	-89.7	17,795	19,610	1,815	-9.3
TOTAL AUTOMOBILE AND EQUIPMENT MAINTENANCE	16,358	15,007	1,351	9.0	159,370	139,214	20,156	14.5

The Aurora Partnership
Production Budget
For the Month Ended February 28, 1989

	UNIT OF MEASURE	ACTUAL COST \$	ACTUAL UNITS	ACTUAL UNIT COST \$	BUDGET COST \$	BUDGET UNITS	BUDGET UNIT COST \$	UNIT VARIANCE	UNIT VARIANCE --\$--
MINING									
Ore - Drilling	Wet Ton	732	3,150	0.23	10,275	33,690	.305	30,540	3,150
Ore - Blasting	Wet Ton	348	3,150	0.11	4,885	33,690	.145	30,540	3,150
Ore - Loading	Wet Ton	756	3,150	0.24	8,086	33,690	.240	30,540	3,150
Ore - Hauling	Wet Ton	1,220	3,150	0.39	17,856	33,690	.530	30,540	3,150
Ore - Roads/Dumps	Wet Ton	662	3,150	0.21	7,075	33,690	.210	30,540	3,150
Waste - Drilling	Wet Ton	35,684	227,430	0.16	33,406	167,032	.200	60,398	227,430
Waste - Blasting	Wet Ton	29,440	227,430	0.13	27,560	167,032	.165	60,398	227,430
Waste - Loading	Wet Ton	40,937	227,430	0.18	30,066	167,032	.180	60,398	227,430
Waste - Hauling	Wet Ton	79,538	227,430	0.35	60,967	167,032	.365	60,398	227,430
Waste - Roads/Dumps	Wet Ton	47,760	227,430	0.21	35,077	167,032	.210	60,398	227,430
Mobilization		13,000			13,000				
Force Account		498			2,500				
Reclamation		-			2,000				
Miscellaneous (contracted)		-			-				
		251,602			252,753				
CRUSHING									
Ore 3/8"	Dry Ton	-	-	-	45,000	12,000	3.750	12,000	-
Agglomeration	Dry Ton	-	-	-	6,600	12,000	.550	12,000	-
Stacking	Dry Ton	-	-	-	7,800	12,000	.650	12,000	-
Cement		2,342			5,760				
Power		5,064			3,072				
		7,406			51,432				
TOTAL MINING AND CRUSHING									
		259,008							

THE AURORA PARTNERSHIP
WEEKLY CASH FLOW ANALYSIS
March 1989 to May 1989

Week Ending	Mar. 25	Apr. 1	Apr. 8	Apr. 15	Apr. 22	Apr. 29	May 6	May 13	May 20	May 27	June 3	12 Week Totals
Cash - opening	717,873	476,079	546,888	576,129	636,116	733,093	26,549	181,773	317,860	453,763	23,146	
Cash Receipts												
- gold sales	78,660	126,730	124,735	128,510	149,975	184,960	185,725	174,800	217,100	196,650	183,330	1,751,175
Cash Disbursements												
- mining/crushing	268,700	-	-	-	-	768,650	-	-	-	702,060	-	1,739,410
- payroll	-	37,050	-	37,050	-	36,000	-	-	36,000	-	36,000	182,100
- milling/maintenance	10,000	-	10,000	10,000	10,000	-	5,000	10,000	10,000	-	5,000	70,000
- interest payments	22,248	-	36,763	7,477	-	-	-	7,477	-	-	-	87,872
- general and admin/consulting	4,000	10,000	15,000	5,000	9,000	10,000	12,500	9,000	5,000	4,000	5,000	88,500
- royalties (7%)	5,506	8,871	8,731	8,996	10,498	12,947	13,001	12,236	15,197	13,766	12,833	122,582
- drilling	-	-	15,000	-	17,000	-	23,900	9,600	15,000	-	-	47,000
- pad and pond construction	10,000	-	10,000	-	6,500	50,000	-	-	-	15,000	-	91,500
	(320,454)	(55,921)	(95,494)	(68,523)	(52,998)	(891,504)	(30,501)	(38,713)	(81,197)	(734,826)	(58,833)	(2,428,964)
Cash - closing	476,079	546,888	576,129	636,116	733,093	26,549	181,773	317,860	453,763	(84,413)	147,643	
Deferral of Canada Tungsten fees and 5% of royalties										107,552		
										23,146		

ASSUMPTIONS:

1. Mining activity restarted on Feb. 9/89 and crushing on Mar. 4/89.
2. Estimated gold recoveries in ounces are: Mar. '89 - 950; Apr. '89 - 1,500; May '89 - 2,300. (Reduction in March due to weather conditions and delay in restarting crushing ore.)
3. Prices used for proceeds on gold sold are: Mar. '89 - 210 oz. @ \$427.50 and 740 oz. @ \$437; Apr. '89 - 700 oz. @ \$428.50 and 800 oz. @ \$437; May '89 - 200 oz. @ \$430, 1,200 oz. @ \$437 and 900 oz. @ \$400 (note that March to May '89 prices have been fixed through forward sales).
4. \$33,000 of the drilling costs are on Frisco Belle (for waste dumps only).
5. The analysis assumes payments for Canada Tungsten management fees of \$20,000 over this period.
6. By the end of May '89, projected mining and crushing costs for the month total \$593,183, payable by June 25/89.
7. Add'l legal fees for Target dispute provided as to \$5,000 in Mar. '89 and \$5,000 in Apr. '89.
8. The analysis includes \$14,000 of drilling costs as partners' capital requirements, being \$7,000 each required of both Minerex and Pacific during April/May. (From January to mid-March, \$48,000 of partners' capital required drilling costs were incurred and paid, being \$24,000 required by each partner.)

Note that at Feb. 28, 1989, management fees owed to Minerex and Pacific are \$125,000 and \$75,000 respectively and NSR payable to Pacific (offsettable against other amounts due by Pacific to Aurora) is \$167,316. None of these amounts have been provided for in this analysis.

DATE	HET TONS TO HEAP	MOISTURE PERCENT	DRY TONS	Grade Ru. Grade Ry oz./ton oz./ton	Oz Ru to Heap	Oz Ry to Heap	Flow to pond (tons)
01-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	272
02-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	149
03-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	155
04-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	135
05-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	121
06-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	90
07-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	84
08-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	73
09-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	121
10-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	150
11-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	292
12-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	292
13-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	252
14-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	272
15-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	272
16-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	200
17-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	240
18-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	262
19-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	336
20-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	292
21-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	252
22-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	220
23-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	149
24-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	149
25-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	121
26-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	108
27-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	135
28-Feb-89	0.0	0.0	0.0	0.000	0.000	0.00	810

TOTALS:

0.0

ERR

0.0

ERR

ERR

0.00

0.00

TOTALS TO DATE:
TONS (dry):
OUNCES PLACED
ON PADS:

Grade Ru oz./ton	Grade Rg oz./ton	oz Ru to pond	oz Rg to pond	Flow to plant (q.s.s.)	Grade Ru oz./ton	Grade Rg oz./ton	Grade Ru from plant	Grade Rg from plant	Grade Ru oz./ton	Grade Rg oz./ton
0.040	0.111	65.28	181.15	304400	0.040	0.109	0.008	0.062	40.59	
0.039	0.107	34.87	95.66	437800	0.041	0.108	0.008	0.068	60.20	
0.036	0.103	33.48	95.79	212800	0.037	0.105	0.006	0.059	27.49	
0.032	0.096	25.92	77.76	527400	0.036	0.101	0.008	0.060	61.53	
0.029	0.090	21.05	65.34	79400	0.032	0.096	0.003	0.014	9.64	
0.030	0.093	16.20	50.22	302100	0.031	0.092	0.003	0.019	35.25	
0.034	0.092	17.14	46.37	166400	0.034	0.092	0.006	0.027	19.47	
0.032	0.084	14.02	36.79	175700	0.034	0.087	0.005	0.029	21.23	
0.028	0.088	20.33	63.89	144300	0.026	0.082	0.002	0.032	14.43	
0.021	0.079	18.90	71.10	139400	0.023	0.070	0.004	0.032	11.04	
0.022	0.073	38.54	127.90	229100	0.021	0.071	0.005	0.034	15.27	
0.022	0.059	38.54	103.37	260300	0.024	0.062	0.005	0.034	20.61	
0.018	0.058	27.22	87.70	288900	0.021	0.059	0.003	0.027	21.67	
0.018	0.055	29.38	89.76	282600	0.020	0.057	0.004	0.031	18.84	
0.018	0.057	29.38	93.02	342900	0.018	0.061	0.004	0.039	20.00	
0.017	0.060	20.40	72.00	327800	0.017	0.061	0.004	0.044	17.76	
0.015	0.059	21.60	84.96	336100	0.015	0.059	0.005	0.044	14.00	
0.024	0.072	37.73	113.18	341700	0.017	0.059	0.006	0.046	15.66	
0.031	0.085	62.50	171.36	341400	0.024	0.068	0.010	0.053	19.92	
0.033	0.096	57.82	168.19	352100	0.026	0.078	0.011	0.062	22.00	
0.041	0.118	61.99	178.42	324400	0.031	0.094	0.002	0.027	39.20	
0.040	0.110	52.80	145.20	327400	0.034	0.097	0.006	0.049	38.26	
0.036	0.106	32.18	94.76	434700	0.032	0.096	0.008	0.058	46.98	
0.030	0.097	26.82	86.72	230400	0.031	0.091	0.005	0.053	25.92	
0.030	0.091	21.78	21.78	343200	0.029	0.091	0.007	0.057	34.32	
0.028	0.092	20.33	66.79	323100	0.028	0.093	0.005	0.050	25.05	
0.029	0.102	18.79	66.10	261400	0.028	0.112	0.007	0.072	24.81	
0.032	0.131	25.92	106.11	263800						

0.029	0.088	890.89	2661.384	246036	0.028	0.084	0.006	0.044	750.74
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OZ. Rg. TO PLANT	OZ. RU IN HEMP	OZ. Rg IN HEMP	OZ. RU In Pond	OZ. Rg In Pond	OZ. RU IN PLANT	OZ. Rg IN PLANT	OZ. RU RECOVERED	OZ. Rg RECOVERED
59.61	6168.29	6086.71	246.33	736.49	36.77	231.53	0.00	0.00
72.97	6113.16	5984.19	260.88	779.39	77.36	291.14	0.00	0.00
40.79	6092.88	6012.58	220.95	678.04	137.55	364.11	0.00	0.00
90.10	6064.72	5969.10	221.63	680.73	165.04	404.90	0.00	0.00
27.27	6056.38	6023.19	168.44	536.54	226.57	494.99	0.00	0.00
91.89	6036.33	5962.51	178.85	569.96	236.21	522.26	0.00	0.00
45.20	6023.90	5936.20	156.03	504.38	271.46	614.15	0.00	0.00
42.46	6010.94	5908.61	149.52	486.77	41.93	314.35	0.00	0.00
30.06	6000.58	5893.05	138.64	459.87	63.16	356.81	0.00	0.00
22.07	5981.46	5848.40	143.34	474.46	77.59	386.87	0.00	0.00
35.32	5964.88	5795.89	148.88	504.90	88.63	408.94	0.00	0.00
30.37	5931.11	5700.45	167.38	565.02	103.90	444.26	0.00	0.00
38.52	5897.99	5633.96	179.89	601.14	124.51	474.63	0.00	0.00
30.62	5874.39	5578.76	181.83	617.82	146.17	513.15	0.00	0.00
31.43	5849.72	5525.51	187.66	640.46	-60.99	98.77	226.00	445.00
23.22	5826.06	5488.20	191.31	646.33	-40.98	130.20	0.00	0.00
21.01	5811.12	5476.30	188.50	636.01	-23.23	153.42	0.00	0.00
18.51	5796.52	5452.96	189.09	637.35	-9.22	174.42	0.00	0.00
21.34	5767.34	5405.27	202.61	666.53	6.44	192.93	0.00	0.00
23.47	5719.07	5309.38	230.97	741.16	26.35	214.27	0.00	0.00
90.56	5677.38	5232.04	250.65	794.95	48.35	237.74	0.00	0.00
65.58	5618.10	5090.12	270.74	646.31	87.55	328.30	0.00	0.00
70.48	5573.49	5011.87	277.09	658.99	125.81	393.88	0.00	0.00
41.28	5555.77	5021.91	243.83	778.46	172.79	464.36	0.00	0.00
48.62	5533.75	4986.07	243.93	773.02	198.71	505.64	0.00	0.00
40.39	5521.98	5045.80	221.38	664.67	233.03	554.26	0.00	0.00
46.83	5511.07	5061.13	202.67	608.95	262.65	594.64	0.00	0.00
47.25	5497.73	5049.50	190.97	573.76	287.70	641.48	0.00	0.00
	5480.07	5028.44	183.81	547.57	2.51	238.73	310.00	450.00

1247.20

785.00 1240.00

AURORA PARTNERSHIP

RECONCILIATION OF ORE RESERVES AND BLASTHOLE
PRODUCTION BASED ON CRUSHING RESULTS
FROM SEPTEMBER 9, 1987 TO DECEMBER 22, 1988

COMPILED BY

EDWARD J. C. ORBOCK III
MINE GEOLOGIST

RECONCILIATION SUMMARY

A reconciliation of the tons and ounces of gold produced from crushing and blasthole production, as compared to ore reserves, has been completed from September 9, 1987 to December 22, 1988.

The ore stockpile has been depleted four times since initial start-up. The table below lists the crushing and blasthole results as compared with expected ore reserves at the end of each period.

PERIOD	CRUSHING		BLASTHOLES		ORE RESERVES	
	TONS	OZ. AU	TONS	OZ. AU	TONS	OZ. AU
9/9/87 TO 6/16/88	157,372	15,692	169,920	20,540	179,951	17,908
6/20/88 TO 9/30/88	99,256	9,310	98,882	9,469	111,480	9,575
10/1/88 TO 11/17/88	36,960	5,388	37,230	5,047	43,035	4,661
11/17/88 TO 12/22/88	55,740	8,239	54,017	7,627	49,994	6,154
TOTAL	349,328	38,629	360,049	42,683	384,460	38,298

Crushing totals from startup to December 22, 1988 is 91% of expected ore reserves and contained ounces of gold is 1% above ore reserve expectations.

A study was conducted on where the crushing shortfalls may be occurring, based on blasthole and ore reserves information. The mine has been divided into two distinct areas, the TOP and BOTTOM portion. The TOP portion is generally the benches which had previous mining activity prior to Minerex, Inc. and the BOTTOM portion includes areas with no previous mining activity. The TOP includes the benches from the 7380 to 7220 and the BOTTOM includes the benches from the 7220 to 7040. The table below lists the percentages of blasthole tons and contained gold with respect to ore reserves.

AREA	TONS	BLASTHOLE		% OF RESERVES	ORE RESERVES	
		% OF RESERVES	OZ. AU		TONS	OZ. AU
TOP	53,375	73.6%	3,338	82.8%	72,514	4,032
BOTTOM	306,670	98.3%	39,345	114.9%	311,956	34,239

The TOP portion represents 14.8% of blasthole tons and 7.8% of the blasthole contained gold. The BOTTOM portion contains 85.2% of the blasthole tons and 92.2% of the blasthole gold. As the mine progresses downward, the tons and ounces projected from the ore reserves should be met or exceeded.

Mineable reserves remaining:

Tons	1,121,673
oz. AU	121,352
grade	
opt	0.108

EXPLANATION OF PROCEDURE

The following is a reconciliation of the tons and ounces of gold produced from crushing and blasthole production, as compared to ore reserves from September 9, 1987 to December 22, 1988.

Crushing feed is sampled every twenty minutes to form a complete sample at four hour intervals and tonnage is recorded. Each sample is weighed, dried and reweighed to determine percentage of moisture, and four splits are sent to GD Resources for fire assay. Ounces of gold are calculated by multiplying the mean of the fire assay by the dry tons. A list of daily crushing tons and contained ounces of gold are in Appendix A. Of the total material crushed, 36,731 tons were from old leach, with an average grade of .030 opt for a total of 1110 contained ounces of gold.

Blasthole ore zones are initially determined from using CN soluble assays. These areas are multiplied by the mean depth of the ore zone and the resulting volume is divided by the tonnage factor of 13.5 cu.ft/ton. From fire assays of selected blastholes, the mean fire equivalent grade is calculated for each ore zone, and multiplied by the tons to obtain contained ounces of gold. Bench maps of blasthole ore zone are in Appendix B.

Using monthly pit and bench progress surveys, the toe and crest of each bench are used to bracket the mined out ore polygons. Where the polygons are intersected by the crest and toe, the polygons are cut to match the midpoint, between the toe and crest. Tonnage is calculated by multiplying the area of the polygon by twenty feet and then divided by 13.5 cu.ft/ton. Contained ounces of gold for each polygon is determined by multiplying its respective tons by assigned grade. Bench maps of ore reserve polygons are in Appendix B.

The ore stockpile has been depleted four times since initial start of Sept. 9, 1987 to Dec. 22, 1988. The reconciliation is divided into four time periods which are:

September 9, 1987 to June 16, 1988
June 20, 1988 to September 30, 1988
October 1, 1988 to November 17, 1988
November 17, to December 22, 1988

The reconciliation for these time periods are listed in Table 1, ORE ZONE COMPARISON. The table is divided into four parts;

- 1) Truck counts.
- 2) Crushing.
- 3) Blasthole.
- 4) Ore reserves

The table lists the tonnages and contained ounces of gold for each category. Percentages of the tons and ounces of gold, from crushing and blastholes, are given in relation to ore reserves.

SEPTEMBER 9, 1987 to JUNE 16, 1988

During the mining of the P and Q bench, the A.A. was not working and blasthole samples were shipped to an outside lab and the benches were mined before assays were received. P-7220 bench was mined while 93 assays (53%) were outstanding. The difference between the blasthole results and the ore reserves, indicates a possible loss of 8,356 tons and 312 ounces of gold.

Q-7200 bench was mined using a 0.030 oz/ton Au cutoff and blasthole assays were sent to an outside lab. By the time assay results were received, the bench had been mined. In recalculating the ore zone for the Q bench, and using 0.018 oz/ton Au for the cutoff, a larger ore zone was present. The blasthole tonnage should have been 12,823 tons at 0.059 oz/ton Au with 757 ounces of contained gold. A difference of 7325 tons and 389 ounces of gold. The P, Q, R, and S benches were mined with a 0.030 oz/tons Au cutoff instead of the current cutoff of 0.020 oz/tons Au.

The other benches mined within this time frame are the R-7180, S-7160, T-7140, U-7120, V-7100, and W-7080. The percentage of blasthole ore tons versus ore reserves tons range from 83% to 143% while contained gold range from 97% to 132%.

Overall, during this time period, blasthole tonnage was 6% less than ore reserves and gold content was 15% higher than ore reserves. Crushing tonnage was 7% less than expected from blasthole and 13% less than expected from ore reserves. Contained gold from crushing showed 24% less than expected from blastholes and 12% less than expected from ore reserves.

JUNE 20, 1988 to SEPTEMBER 30, 1988

Bench H, I, J, K, all show lower blasthole tonnage (21% to 63%) than expected from ore reserves. However, H and K bench blastholes contained 93% of the expected ounces of gold from ore reserves. The opposite has occurred in the L, M, N, and O benches where the blasthole tonnage exceeds ore reserves from 125% to 376%. The gold mineralization within the hanging wall is very erratic and difficult to predict. It does not have the same dependability and consistency of the main ore zone. The truck count listed for the J bench represent the truck count for H, I, and J benches, which was mine as a 60 ft lift.

Overall, the final results are close to the expected ore reserve numbers. Crushing tons reached 89% of ore reserves and exceeded blasthole projections. Contained gold from crushing was 98% of blasthole and 97% of ore reserves.

OCTOBER 1, 1988 to NOVEMBER 17, 1988

The Q and P benches were mined during this period. The P-7220 bench blasthole tons reached 90% of ore reserves and contained gold exceeded ore reserves by 13%. The Q-7220 bench crushed tons reached 83% of ore reserves and contained gold was 3% above ore reserves.

NOVEMBER 17, 1988 to DECEMBER 22, 1988

The S and R benches were mined during this period. Total crushed material is 37,540 tons and 18,200 tons is on the ore stockpile for a total of 55,740 tons of ore. The average grade for the 37,540 tons of crushed ore is .156 oz/ton Au. and the grade used for the ore stockpile is .132 oz/ton Au.

Summary

Total crushing tons, minus old leach, is 349,328 tons which is 91% of mined ore reserves and gold content for crushing is 38,629 ounces or 1% above mined ore reserves.

Mineable reserves remaining:

Tons	1,121,637
oz Au.	121,352
grade	
oz/ton	0.108

ORE ZONE COMPARISON BY BENCH
BASED ON TRUCK COUNT, CRUSHING, BLASTHOLE AND ORE RESERVES

BENCH	TRUCK COUNT TONS	CRUSHING DRY TONS	MEAN oz Au	TONS CRUSHED/ ORE RE	BLASTHOLE Tonnage	MEAN oz Au	TONS BLASTED/ ORE RE	Ore Reserves
S-BENCH 7160		28,386	4,196	103%	25,981	3,715	94%	27,503
R-BENCH 7180	24,100	27,354	4,043	122%	28,036	3,912	125%	22,491
Q-BENCH 7200	19,800	13,839	2,840	83%	20,187	2,884	84%	24,002
P-BENCH 7220	16,760	17,121	2,548	90%	17,043	2,163	90%	19,033
H-BENCH 7380					1,837	181	50%	3,690
I-BENCH 7360					3,074	302	29%	10,621
J-BENCH 7340	12,220				3,536	333	21%	17,092
K-BENCH 7320	15,108				11,172	774	63%	17,835
L-BENCH 7300	7,512				9,773	721	125%	7,020
M-BENCH 7280	6,720				8,895	321	37%	2,367
N-BENCH 7260	11,940				5,693	205		0
O-BENCH 7240	6,720				8,705	401	21%	4,040
X-BENCH 7060	30,244				32,508	4,232	93%	34,978
Y-BENCH 7040	16,476				13,688	1,999	105%	13,037
6/20/88 TO 10/1/88 TOTALS	106,940	109,489	9,617		98,882	9,463	89%	111,480
6/20/88 TO 10/1/88 TOTALS	106,940	99,256	9,310	89%	98,882	9,463	89%	111,480
MINUS LEACH:								9,575

<- CRUSHER INTERVAL FROM 11/17/88 TO 12/22/88 <->

<- CRUSHER INTERVAL FROM 10/1/88 TO 11/17/88 <->

<- CRUSHER INTERVAL FROM 6/20/88 TO 9/30/88 <->

TABLE 1.

ORE ZONE COMPARISON BY BENCH
BASED ON TRUCK COUNT, CRUSHING, BLASTHOLE AND ORE RESERVES

BENCH	TRUCK COUNT	CRUSHING DRY TONS	CRUSHING HEAN oz Au	PERCENTAGE		BLASTHOLE TONNAGE	BLASTHOLE HEAN oz Au	PERCENTAGE		ORE RESERVES TONNAGE	ORE RESERVES HEAN oz Au
				TONS CRUSHED/ ORE RE	AU CRUSHED/ ORE RE			TONS BLASTED/ ORE RE	AU BLASTED/ ORE RE		
6/20/88 TO 12/22/88 TOTALS	167,600	191,956	22,937	94%	112%	190,129	22,143	93%	109%	204,509	20,390
MINUS LENCH:											
P-BENCH 7220						693	100	8%	24%	9,049	412
Q-BENCH 7200						5,498	368	74%	56%	7,452	661
R-BENCH 7180						16,800	840	143%	124%	11,743	680
S-BENCH 7160						15,635	1,107	83%	97%	18,751	1,449
T-BENCH 7140						29,942	4,071	94%	128%	31,944	3,185
U-BENCH 7120						32,157	3,658	96%	97%	33,355	3,737
V-BENCH 7100						35,007	4,550	112%	128%	31,135	3,548
W-BENCH 7080						34,188	5,546	94%	132%	36,522	4,186
9/9-87 TO 6/16/88 TOTALS		183,870	16,487			169,920	20,540	94%	115%	179,951	17,908
9/9-87 TO 6/16/88 TOTALS		157,372	15,692	87%	88%	169,920	20,540	94%	115%	179,951	17,908
MINUS LENCH:											

CRUSHER INTERVAL
FROM 9/9/87 TO
6/16/87

ORE ZONE COMPARISON BY BENCH
BASED ON TRUCK COUNT, CRUSHING, BLASTHOLE AND ORE RESERVES

DEC 22, 1988 DRE RESERVES

1,121,673 121,352

ADDENDUM

A restudy of the Aurora Partnership reconciliation report has been completed. A closer inspection was conducted of the daily crushing reports and the initial reported 335,442 tons crushed was incomplete. During the reconciliation period, 36,731 tons of old leach material was crushed and subtracted from the total crushed ore. However, 13,657 tons of the old leach material was not included in the daily crushing reports and therefore not included in the total tons crushed. The revised total crushed tons, minus old leach, is 349,330 tons and contains 38,629 ounces of gold. The total tons of ore crushed is 91% of ore reserves and contained ounces of gold are 101% of ore reserves.

A study was conducted on where the crushing shortfalls may be occurring, based on blasthole and ore reserves. Crushing results were not used, due to incomplete bench by bench records. During this reconciliation period, 18 benches were mined and several were mined more than once. There are two distinct areas, the TOP and BOTTOM portion of the mine. The TOP section of the mine includes those areas which were partially mined prior to Minerex Inc and benches that were cut by surface topography. The BOTTOM portion includes areas with no previous mining activity or those not cut by surface topography. The TOP and BOTTOM portion includes the following benches:

TOP BENCHES

H 7380
I 7360
J 7340
K 7320
L 7300
M 7280
N 7260
O 7240
P 7220

BOTTOM BENCHES

P 7220
Q 7200
R 7180
S 7160
T 7140
U 7120
V 7100
W 7080
X 7060
Y 7040

The total tons of ore and contained ounces of gold were calculated for the TOP and BOTTOM portion and are presented in Table 2.

Comparing the TOP and BOTTOM portions independently, the percentage from blasthole results to ore reserves indicates that the TOP portion is lower than expected ore reserves and the BOTTOM portion meets or exceeds ore reserves. The TOP portion blasthole tonnage is 73.6% of ore reserves and the contained ounces of gold is 82.8% of ore reserves. Problems encountered with the TOP portion of the mine were:

- 1). The projection of the ore zone up to the surface did not meet expectations.
Example "H-7380" bench.
- 2). Irregular, lower than expected grade or non-existing hanging wall ore zone.
Example "K-7320" bench.

- 3). Previous operators have extracted the high grade portion of benches and left a lower grade portion remaining from which the remaining ore reserve polygons were not adjusted.
Example "O-7240" bench.
- 4). While the in-house AA was down, mining was based on geology.
Example "P-7220" bench.

The BOTTOM portion blasthole tonnage is 98.3% of ore reserves and the contained ounces of gold is 114.9% of ore reserves.

Based on total blasthole results, the TOP portion represents 14.8% of blasthole tons and 7.8% of the blasthole contained ounces of gold to date. Blasthole results for the BOTTOM portion shows it to contain 85.2% of the blasthole tons and 92.2% of the blasthole contained ounces of gold.

Conclusion

The TOP benches, due to the problems stated above, has lowered the the overall performance of the mine. As mining continues, the confidence level of the ore reserves expectation should increase based on the results from the BOTTOM portion, and mining results will meet or exceed ore reserves expectation.

TABLE 2

COMPARISON OF BLASTHOLE VS ORE RESERVE TONNAGES AND
CONTAINED OUNCES OF PREVIOUSLY MINED AREA (TOP)
AND AREAS WITH NO PAST PRODUCTION (BOTTOM)

TOP BENCHES: H-7380 THRU P-7220
(H,I,J,K,L,M,N,O,P)

TOTAL BLASTHOLE TONS	ORE RESERVES TONS	TOTAL BLASTHOLE OZ AU	ORE RESERVES OZ AU
53378	72514	3338	4032

PERCENTAGE BH/OR	73.6%	82.8%
------------------	-------	-------

BOTTOM BENCHES: P-7220 THRU Y-7040
(P,Q,R,S,T,U,V,W,X,Y)

TOTAL BLASTHOLE TONS	ORE RESERVES TONS	TOTAL BLASTHOLE OZ AU	ORE RESERVES OZ AU
306670	311946	39345	34239

PERCENTAGE BH/OR	98.3%	114.9%
------------------	-------	--------

TOTAL: TOP AND BOTTOM

TOTAL BLASTHOLE TONS	ORE RESERVES TONS	TOTAL BLASTHOLE OZ AU	ORE RESERVES OZ AU
360048	384460	42683	38271

PERCENTAGE BH/OR	93.7%	111.5%
------------------	-------	--------

TOP BENCHES/TOTAL

BLASTHOLE % TONS	ORE RESERVES % TONS	BLASTHOLE %OZ AU	ORE RESERVES %OZ AU
14.8%	18.9%	7.8%	10.5%

BOTTOM BENCHES/TOTAL

BLASTHOLE % TONS	ORE RESERVES % TONS	BLASTHOLE %OZ AU	ORE RESERVES %OZ AU
85.2%	81.1%	92.2%	89.5%

TABLE 2

COMPARISON OF BLASTHOLE VS ORE RESERVE TONNAGES AND
CONTAINED OUNCES OF PREVIOUSLY MINED AREA (TOP)
AND AREAS WITH NO PAST PRODUCTION (BOTTOM)

TOP BENCHES: H-7380 THRU P-7220
(H, I, J, K, L, M, N, O, P)

TOTAL BLASTHOLE TONS	ORE RESERVES TONS	TOTAL BLASTHOLE OZ AU	ORE RESERVES OZ AU
53378	72514	3338	4032
PERCENTAGE BH/OR	73.6%		82.8%

BOTTOM BENCHES: P-7220 THRU Y-7040
(P, Q, R, S, T, U, V, W, X, Y)

TOTAL BLASTHOLE TONS	ORE RESERVES TONS	TOTAL BLASTHOLE OZ AU	ORE RESERVES OZ AU
306670	311946	39345	34239
PERCENTAGE BH/OR	98.3%		114.9%

TOTAL: TOP AND BOTTOM

TOTAL BLASTHOLE TONS	ORE RESERVES TONS	TOTAL BLASTHOLE OZ AU	ORE RESERVES OZ AU
360048	384460	42683	38271
PERCENTAGE BH/OR	93.7%		111.5%

TOP BENCHES/TOTAL

BLASTHOLE % TONS	ORE RESERVES % TONS	BLASTHOLE %OZ AU	ORE RESERVES %OZ AU
14.8%	18.9%	7.8%	10.5%

BOTTOM BENCHES/TOTAL

BLASTHOLE % TONS	ORE RESERVES % TONS	BLASTHOLE %OZ AU	ORE RESERVES %OZ AU
85.2%	81.1%	92.2%	89.5%

AURORA PARTNERSHIP
1989 DRILL PROGRAM
PROGRESS TO DATE

15 MARCH 1989

FRISCO BELLE:

Condemnation drill program is complete
Mineralized intercepts in holes FB8908, FB8909
Total estimated commitment = \$60,642.48
Budget = \$67,000.00
Balance Remaining = \$6,357.00
Actual bills to Feb month end = \$42,853.04

A detailed plan for infill drilling to satisfy contractual obligations has not yet been formulated. For budgetary calculations it was estimated that 2 500 foot holes would be required. At \$15.00/ft a further \$15,000.00 is required. The extra drilling should commence before month end

The vein encountered here is very narrow (1 -2 feet) but dipping in the same direction as the drill holes yielding exaggerated intercepts. Potential for ore is very low.

HUMBOLDT WEST:

1989 drilling complete
Total estimated commitment = \$43,834.13
Budget = \$61,000.00
Balance remaining = \$17,165.88
Actual bills to Feb month end = \$31,870.65
Results for 8932 to 8935 are pending

Drilling around the area of the old glory holes found shallow ore with good grades. This material may be mined with a low stripping ratio from a mini pit.

INFILL:

Drilling complete
Mineralized intercepts in all holes confirms the vein's continuity where it was previously interpolated. Details of tonnage and grade and how it changes scheduled reserve has yet to be calculated.
Total estimated commitment = \$14,309.96
Budget = \$17,000.00
Balance remaining = \$2,690.04
Actual bills to Feb month end = \$13,895.50

DEEP:

2 holes drilled

Mineralized intercepts prove ore to 6750 and 6800

Total estimated commitment to date = \$13,215.72

Budget = \$29,500.00

Balance remaining = \$16,284.28

Actual bills to Feb month end= \$12,775.82

These holes establish that mineralization continues to depth with increasing grade. Deep mineralization is an excellent target for future drilling as finances permit having a priority secondary to Hilton.

HILTON:

1 hole drilled within Silver Lining boundary

Total estimated commitment = \$4,848.03

Budget = \$24,000.00

Balance remaining = \$19,151.97

Actual bills to Feb month end = \$3,959.86

Detailed drill plan has yet to be designed

This area poses an excellent target for development drilling pending an agreement with Hilton. I am certain we will be able to substantially increase mine reserves in this direction.

TOTAL ESTIMATED COMMITMENTS TO DATE

\$136,850.32

(Includes drilling, on site assay and sample prep, outside assaying force account and supplies)

TOTAL ACTUAL EXPENDITURES TO FEB MONTH END

\$105,354.87

(includes drilling, assay, force account and supplies)

TOTAL BUDGET TO DATE

\$198,500.00

PROJECT	HOLE #	TD	SECTION	COST
HUMBOLDT WEST AND WAMPUS CAT	8904	185	2175	2476.71
	8905	248	2175	3222.71
	8906	175	2250	2119.21
	8907	95	2300	1584.25
	8908	245	2300	2713.95
	8909	135	2300	1744.96
	8910	245	2350	2842.7
	8911	150	2450	1771.26
	8912	150	2575	1652.06
	8917	60	1675	148.40
	8918	60	1675	148.40
	8919	60	1675	148.40
	8920	60	1675	148.40
	8921	60	1675	148.40
	8922	60	1725	148.40
	8923	10	1725	123.77
	8924	60	1725	148.40
	8925	60	1725	148.40
	8926	60	1725	148.40
	8927	60	1775	148.40
	8928	60	1775	148.40
	8929	60	1775	148.40
	8930	175	2400	2455.48
	8931	395	2400	4491.21
	8932	290	2500	3812.47
	8933	200	2500	3151.22
	8934	355	2100	4460.71
	8935	250	2575	3430.72
		=====		=====
	TOTAL	4023		\$43,834.19
FRISCO BELLE	FB8901	500		6,224.37
	FB8902	500		6,244.12
	FB8903	500		5,990.37
	FB8904	500		5,877.87
	FB8905	500		6,420.62
	FB8906	495		6,854.79
	FB8907	500		6,414.37
	FB8908	360		4,407.93
	FB8909	500		6,709.37
	FB8910	460		5,498.67
		=====		=====
	TOTAL	4815		\$60,642.48
INFILL	8913	185	340	2083.07
	8914	300	540	2013.49
	8915	285	600	3635.49
	8916	495	900	6577.91
		=====		=====
	TOTAL	1265		\$14,309.96

DEEP

8901 465
8902 416
=====

881

100 7,205.00
50 6,010.72
=====

\$13,215.72

HILTON

8903 320

225 4,848.03

To: Jack Devitt

March 13, 1989

From: Jim Burt

Subject: February 1989 Cost Report - Aurora Partnership

FEBRUARY PRODUCTION				
DESCRIPTION	ACTUAL	BUDGET	VARIANCE	% of BUDGET
TONS ORE MINED	3,150	33,690	30,540	9%
ORE GRADE	0.000	0.089	0	0%
TONS WASTE MINED	227,430	280,486	53,056	81%
TONS ORE CRUSHED	0	12,000	12,000	0%
HEAP FEED GRADE	0.000	0.132	0	0%
GOLD RECOVERED	785	1,475	690	53%

FEBRUARY COSTS				
	ACTUAL	BUDGET	VARIANCE	% of BUDGET
MINING ORE	\$3,718	\$48,177	44,459	8%
MINING WASTE	\$234,386	\$314,065	79,680	75%
MOB/FORCE	\$13,498	\$17,500	4,002	77%
CRUSHING	\$0	\$59,400	59,400	0%
POWER/CEMENT	\$7,406	\$8,832	1,426	84%
MILLING	\$80,716	\$91,437	10,721	88%
EQUIP & LEASES	\$13,714	\$15,322	1,608	90%
ENG & GEOL	\$22,124	\$26,266	4,142	84%
ADMINISTRATION	\$55,409	\$45,667	(9,742)	121%
OVERHEAD	\$3,510	\$6,807	3,297	52%
TOTAL COST	\$434,480	\$633,473	\$198,992	69%

Summary

February costs were \$198,992 under budget for the month, with \$194,000 of the favorable variance due to the lower than planned mining activity and lack of crusher production, which also resulted in lower than budgeted cyanide consumption.

The negative variance in Administration was due to charges of \$13,291 in travel expense and \$4,000 for the year-end audit.

Costs for March will be over budget as production has been increased to make up for deficiencies in February.

MINING ORE

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
MINING ORE						
DRILLING	732	10,275	9,543	732	10,275	9,543
BLASTING	348	4,885	4,537	348	4,885	4,537
LOADING	756	8,086	7,330	756	8,086	7,330
HAULING	1,220	17,856	16,636	1,220	17,856	16,636
ROADS/DUMPS	662	7,075	6,413	662	7,075	6,413
SUBTOTAL	3,718	48,177	44,459	3,718	48,177	44,459

The positive variance in mining ore was due to ore production being only 9% of plan for the month.

MINING WASTE

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
MINING WASTE						
DRILLING	35,684	53,837	18,153	35,684	77,599	41,915
BLASTING	29,440	44,416	14,976	29,440	64,019	34,579
LOADING	40,937	50,487	9,550	40,937	72,770	31,833
HAULING long	43,618	75,464	31,846	43,618	108,770	65,152
HAULING short	35,919	28,247	(7,672)	35,919	40,714	4,795
DOZE/RIP	1,027	2,712	1,685	1,027	3,909	2,881
ROADS/DUMPS	47,760	58,902	11,142	47,760	84,899	37,139
SUBTOTAL	234,386	314,065	79,680	234,386	452,679	218,294

The positive variance in mining of waste was again due to not meeting budgeted production rates. Waste production for the month was 81% of plan.

MOBILIZATION AND FORCE ACCOUNT

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
MOBILIZATION	13,000	13,000	0	13,000	13,000	0
FORCE ACCOUNT MINING	498	2,500	2,002	498	5,000	4,502
MINE RECLAMATION	0	2,000	2,000	0	4,000	4,000
SUBTOTAL	13,498	17,500	4,002	13,498	22,000	8,502

The majority of the Force account work for the month was charged against pad construction and exploration drilling. No mine reclamation was done this month.

CRUSHING

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
CRUSH, STACK, AGGLO						
CRUSHING	0	45,000	45,000	0	45,000	45,000
AGGLOMERATING	0	6,600	6,600	0	6,600	6,600
STACKING	0	7,800	7,800	0	7,800	7,800
SUBTOTAL	0	59,400	59,400	0	59,400	59,400

Do to the delays in crusher start-up there were no crushing charges for the month.

POWER/CEMENT

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
CEMENT	2,342	5,760	3,418	2,585	5,760	3,175
POWER	5,064	3,072	(1,992)	10,717	3,072	(7,645)
SUBTOTAL	7,406	8,832	1,426	13,302	8,832	(4,470)

One load of cement was ordered in preparation of the start-up of crushing next month.

Although there was no power used during the month the demand charge for the line was \$4,857. We are investigating to see if we can get this charge lowered.

MILLING

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
MILLING						
SALARIES	9,786	9,035	(751)	9,786	18,070	8,284
OP. LABOUR	32,558	27,908	(4,650)	84,506	55,816	(28,690)
MTCE LABOUR	6,228	6,500	272	6,228	13,000	6,772
CYANIDE	7,869	21,705	13,836	14,271	43,410	29,139
CARBON new	0	501	501	0	1,002	1,002
CARBON regen	8	4,200	4,192	2,351	8,400	6,049
REAGENTS	7,962	6,244	(1,718)	15,132	12,489	(2,643)
LAB CHEMICALS	95	534	439	617	1,069	452
POWER	3,643	3,406	(237)	6,824	6,812	(12)
CONSULTANTS	3,771	2,533	(1,238)	3,771	5,066	1,295
ASSAYING	87	3,060	2,973	921	6,120	5,199
BOILER FUEL	1,405	1,120	(285)	1,405	2,240	835
PIPES & SPRINKLE	0	267	267	0	534	534
OPERATNG SUPPLIE	1,192	1,619	427	4,107	3,237	(870)
MTCE PARTS	6,112	2,805	(3,307)	6,674	5,610	(1,064)
SUBTOTAL	80,716	91,437	10,721	156,593	182,874	26,281

The positive variance for Milling is due to lower than planned cyanide consumption, no carbon regeneration for the month and lower then planed outside assaying. All of the above are a direct result of the lower than planned mining and crushing activity.

The negative variance in Operator Labor was due to higher than planned overtime hours necessitated by the freezing conditions during the month.

The negative variance in Reagents was due to the purchase of \$1,500 worth of additional supplies from a mine that was shutting down and selling its inventory at approximately 50% of actual cost.

The negative variance in maintenance parts was due to renewal of the maintenance contract on the assay machine \$2,500 and renewal of the copier maintenance contract \$944.

EQUIPMENT AND LEASES

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
PROPANE	1,406	300	(1,106)	1,982	600	(1,382)
DIESEL FUEL	231	210	(21)	391	420	29
GASOLINE	1,395	2,180	785	2,953	4,360	1,407
SUBTOTAL	3032.48	2690	(342)	5,326	5,380	54
MICHIGAN 125						
PARTS	0	400	400	1,059	800	(259)
OTHER		0	0	0	0	0
VEHICLE LEASE	0	0	0	101	0	(101)
LEASES H.E. OLD	1,876	2,200	324	9,478	4,400	(5,078)
LEASES P.U. OLD	2,010	3,147	1,137	2,010	6,294	4,284
SUBTOTAL	3,886	5,747	1,861	12,648	11,494	(1,154)

Propane usage is over budget due to the higher consumption during the winter months.

EQUIPMENT AND LEASES

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
PICK UP #1 SUBURBAN						
PARTS	0	170	170	1,317	340	(977)
TIRES		100	100	0	200	200
VEHICLE LEASE	686	650	(36)	3,405	1,301	(2,104)
PICK UP #2 Ford 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE	1,359	648	(711)	1,359	1,296	(62)
PICK UP #3 Ford 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE	1,186	571	(615)	1,186	1,142	(44)
PICK UP #4 Ford 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE	1,186	571	(615)	1,186	1,142	(44)
PICK UP #5 Ford 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE	1,189	571	(618)	1,189	1,142	(47)
PICK UP #6 Ford 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE	1,189	571	(618)	1,189	1,142	(47)
PICK UP #7 Ford 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE		571	571	0	1,142	1,142
PICK UP #8 FORD 4x4						
PARTS		170	170	0	340	340
TIRES		100	100	0	200	200
VEHICLE LEASE		571	571	0	1,142	1,142
SUBTOTAL	6,796	6,885	89	10,832	13,770	2,938
EQUIP & LEASES TOTAL	13,714	15,322	1,608	28,907	30,644	1,737

The lease payments shown for the new trucks represent two months of invoices. Lease payments overall are above plan due to the rise in the interest rates. Invoices have not been received for the last two trucks. The overall positive variance is due to no maintenance or tires being required on the new vehicles.

ENGINEERING & GEOLOGY

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
ENGINEERING & GEOLO						
SALARIES	15,858	16,283	425	34,367	32,566	(1,801)
WAGES	3,534	3,027	(507)	3,534	6,054	2,520
CONSULTANTS	1,317	4,583	3,266	1,317	9,166	7,849
MEMBERSHIPS	0	20	20	0	40	40
GEOLOGY SUPPLIES	0	250	250	0	500	500
ENGINEERING SUPP	1,043	350	(693)	1,331	700	(631)
SAFETY SUPPLIES	372	1,200	828	1,511	2,400	889
TRAINING SUPPLIE	0	200	200	375	400	25
COMPUTER SERVICE	0	353	353	1,566	706	(860)
SUBTOTAL	22,124	26,266	4,142	44,001	52,532	8,531

Engineering & Geology again had a favorable variance for the month. Engineering supplies was over budget as a result of the purchase of a 4 month supply of lath. Wages were over budget as a result of more overtime than planned.

Consultants fees were low this month as the archaeological study has not been completed at this time.

ADMINISTRATION

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
ADMINISTRATION						
SALARIES	11,135	11,000	(135)	24,985	22,000	(2,985)
HOUSE RENT	1,800	700	(1,100)	1,000	1,400	400
CONSULTANTS GENE	242	5,000	4,758	1,522	10,000	8,478
MNGMNT DEVELOPMN	50	800	750	50	1,600	1,550
DONATIONS	50	100	50	1,500	200	(1,300)
SUBSCRIPTIONS	0	550	550	0	1,100	1,100
TRAVEL & ENTERTA	13,291	1,000	(12,291)	19,951	2,000	(17,951)
FREIGHT GENERAL	0	600	600	(501)	1,200	1,701
ADVERTISING	799	1,033	234	1,170	2,066	896
LICENCES	264	271	7	1,827	542	(1,285)
PERMITS	0	130	130	0	260	260
OFFICE SUPPLIES	167	400	233	487	800	313
TELEPHONE, FAX	1,193	1,300	107	3,727	2,600	(1,127)
POSTAGE	0	50	50	50	100	50
LEGAL FEES- GENE	5,000	4,167	(833)	19,567	8,334	(11,233)
ACCNING SERVICE	4,000	1,000	(3,000)	4,265	2,000	(2,265)
UTILITIES/SANITA	540	700	160	1,080	1,400	320
BANK CHARGES&INT	214	200	(14)	344	400	56
MANAGEMENT FEES	16,664	16,666	2	33,331	33,332	1
FINES/PENALTIES	0		0	423	0	(423)
LATE CHARGES	0		0	4,981	0	(4,981)
SUBTOTAL	55,409	45,667	(9,742)	119,759	91,334	(28,425)

The negative variance in Administration was the result of \$13,291 in backlogged travel expenses for 1988, \$4,000 for Coopers and Lybrand year end audit, \$5,000 in attorneys fees. These cost overruns were offset somewhat by lower than budgeted consultants fees.

OVERHEAD

FEBRUARY 1989 DESCRIPTION	MONTH ACTUAL	MONTH BUDGET	MONTH VARIANCE	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
PROPERTY OVERHEAD						
PROPERTY TAXES	510	40	(470)	510	80	(430)
INSURANCE	0	2,167	2,167	3,290	4,334	1,044
OPTION PAYMENTS	3,000	4,000	1,000	6,000	8,000	2,000
GVRMNT CLAIM FEE		600	600	0	1,200	1,200
SUBTOTAL	3,510	6,807	3,297	9,800	13,614	3,814
TOTAL	461,693	666,294	204,602	666,268	1,014,730	348,462

The absence of any insurance charges and lower than budgeted option payments made for a positive variance in overhead this month.

CAPITAL COSTS

PADS & LINERS

PADS 5 & 6	COSTS MONTHLY	1989 TO DATE	1989 BUDGET	PROJECT TO DATE
MATERIALS	\$9,971	\$11,531	\$54,843	\$10,392
LABOR			\$20,000	\$236,467
EQUIP RENTAL	\$11,750	\$16,664	\$36,708	\$45,004
CONSULTING	\$0		\$6,489	\$511
TOTAL	\$21,721	\$28,195	\$118,039	\$292,374

Pads 5&6 are scheduled to be completed by the end of March full payment for the work will probably not be complete until April.

POND 3

POND 3	COSTS MONTHLY	1989 TO DATE	1989 BUDGET	PROJECT TO DATE
MATERIALS	\$0	\$0	\$13,230	\$23,070
LABOR	0	0	\$5,000	\$5,419
EQUIP RENTAL	\$0	\$0	\$44,288	\$27,763
CONSULTING	\$3,334	\$3,334	\$9,000	\$3,334
TOTAL	\$3,334	\$3,334	\$71,517	\$59,586

Start up for construction of Pond #3 is scheduled for April.

EXPLORATION DRILLING

89 DRILLING	COSTS MONTHLY	1989 TO DATE	1989 BUDGET
HUMBOLDT W. WAMPUS	\$19,328	\$19,328	\$61,000
FRISCO BELLE	\$23,655	\$42,853	\$67,000
INFILL PIT	\$13,896	\$13,896	\$17,000
DEEP	\$0	\$12,776	\$29,500
HILTON	\$0	\$3,960	\$24,000
ASSAYING	\$7,592	\$16,563	
SITE PREPARATION	\$4,600	\$4,600	
TOTAL	\$69,070	\$113,976	\$198,500

All drilling that can be done with the current drilling contractor has been completed. The remainder of the bills will show up in the March cost report. For the drilling that remains to be done (Hilton and Deep drilling) a second drilling contractor will have to be brought in.

EQUIPMENT AND PROJECTS

	COSTS	PROJECT	1989
	MONTHLY	TO DATE	BUDGET
MOVE POWER LINE	\$0		\$69,200
HDPE FUSION UNIT	\$4,932	\$4,932	\$4,000
CULVERT FOR ROAD	\$0		\$1,500
SAMPLE OVEN	\$0		\$2,000
SAMPLE PULVERIZER	\$0		\$1,000
LEACH FIELD	\$0		\$1,500
TOTAL	\$4,932	\$4,932	\$79,200

The fusion unit purchased during the month was \$932 over budget.

The power company is working on the permitting of the right of way for the power line and construction is scheduled for some time in June or July.