Table 1

3680 0280

Mining & Stripping Costs

Mining cost $1.00/Ton of any rock mined and moved.

PROJECTED MINING and Milling RATE AND ANNUAL OUNCES RECOVERED FOR ROYALTY ANALYSIS

JUNE 27, 1980

10 lb Heap Leach

YEAR	1980 (1st)	1981 (2nd)	1982 (3rd)	1983 (4th)	1984 (5th)	1985 (6th)	1986 (7th)	1987 (8th)	1988 (9th)	1989 (10th)	1990 (11th)	TOTAL
Mining Rate (T/Yr)		177,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	236,000	3,245,000
(A Stage) 1 Strip ratio 8:1 5.1:1 = $6.10/Ton of ore		177,000 $1,079,700	324,000 1,976,400									$3,056,100 501,000@.176= 88,176
(A Ult.) 2 13.4:1 $14.40/Ton of ore			30,000 432,000	354,000 5,097,600	122,000 1,756,800							506,000@.174= 88,044 $7,286,400
(N&CENTRAL) B3 8:1 $9/Ton of ore					232,000 2,088,000	354,000 $3,186,000	345,000 $3,186,000	187,000 $1,683,000				1,127,000 @.08= 90,160 $10,143,000
(B CleanUp) 4 14.7:1 $15.70/Ton of ore								167,000 2,621,900	160,000 2,512,000			327,000@.062= 20,274 $5,133,900
(South B) 5 5.2:1 $6.20/Ton of ore									194,000 1,202,800	354,000 2,194,800	97,000 601,400	645,000@.100= 13,900 3,999,000
(C Zone) 6 13.2:1 $14.20/Ton of ore											139,000 1,973,800	139,000@.100= 13,900 $1,973,800
Cumulative Tonnage Millions Ore → Ore + Waste Stripping →	$	.177 1,079,700	.531 3,408,400	.885 5,097,600	1.239 3,844,800	1.593 3,186,000	1.947 3,186,000	2.301 4,304,900	2.655 3,714,800	3.009 2,194,800	3.245 2,575,200	3.245 $31,592,200
Diluted Mining Grades												
A Stage @.176		.176	.1611									
A Ult. @.174			.0147	.1740	.0600							
N & Central @.08	*				.0524	.0800	.0800	.0422				
B Clean Up @.062								.0292	.0280			
South B @.078									.0427	.0780	.0320	
C Zone @.100											.0590	
Weighed Average Grade		.176	.1758	.1740	.1124	.08	.08	.0714	.0707	.0780	.0910	
Mined Ounces		31,152	62,233	61,596	39,790	28,320	28,320	25,276	25,028	27,612	21,476	350,803
Recoverable Oz. @85%		26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183
Cumulative Recoverable Ounces		26,479	79,377	131,734	165,556	189,628	213,700	235,184	256,458	279,928	298,183	298,183

$9.74/Ton

*NOTE: Figures between the bracketed lines are not always mining grades. These figures were used in calculating the Weighted Average Grade.

TABLE II

PROJECTED NET SALES REVENUES
FOR ROYALTY ANALYSIS
JUNE 27, 1980

YEAR	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTALS
Annual Ounces Recovered From Mill	-0-	26,479	52,898	52,357	33,822	24,072	24,072	21,484	21,274	23,470	18,255	298,183
Ounces Paid @99.6%		26,373	52,686	52,148	33,687	23,976	23,976	21,398	21,189	23,376	18,182	296,991
Gross Sales @500.($Mill) @$600.		13.186 15.824	26.343 31.612	26.074 31.288	16.844 20.212	11.988 14.386	11.988 14.386	10.699 12.839	10.594 12.134	11.688 14.026	9.091 10.909	148.495 178.195
#3 Refining Charge @85¢/oz Recover ($Mill)		.023	.045	.045	.029	.020	.020	.018	.018	.020	.016	.254
Shipping Charges 2000 per 10 day 35.4 shipments per year ($Mill)		.035	.071	.071	.071	.071	.071	.071	.071	.071	.047	.650
Total Deductions →		.058	.116	.116	.100	.091	.091	.089	.089	.091	.063	.904
Net Sales After Deductions @$500 ($Million)	-0- →	13.128	26.227	25.958	16.744	11.897	11.897	10.610	10.505	11.597	9.028	147.501
#2 → @ $600	→	15.766	31.496	31.172	20.112	14.295	14.295	12.750	12.045	13.935	10.846	177.291 176.512
Royalty Payment ($Mill) @3% @2% #1	.0133	.3938	.7900	.3029 .3100	.3349	.2379	.2379	.2122	.2101	see sheet #3 .2319	.1806	1.5 1.9555
Net Sales after Royalty @ $500 →		12.734	25.437	25.346	16.410	11.660	11.660	10.398	10.295	11.366	8.848	144.15
Cumulative Royalty ($Mill) #1	.0133	.4071	1.1971	1.8100	2.1449	2.3828	2.6207	2.8329	3.0430	3.2749	3.4555	3.4555
Cum → Net sales after Royalty @ $500		12.734	38.161	63.507	79.917	91.577	103.237	113.635	123.930	135.296	144.144	144.144
Discount Factor @15%	1.0	.8696	.7561	.6575	.5718	.4972	.4323	.3759	.3269	.2843	.2472	
Discounted Royalty @15% ($Mill)	.0133	.3424	.60	.4030	.1938	.1183	.1028	.0797	.0687	.0659	.0446	2.0325
Cum. Disc. Royalty	.0133	.3557	.9557	1.3557	1.5525	1.6708	1.7736	1.8533	1.9220	1.9879	2.0325	2.0325

lb 650,000 ÷ $500/2 = 1300 oz per shipment

From R S Rignell Jr.

Wharton School.

10 year

available ~~stuges~~ Studies

Prof. Gerard Adams

Economics Dept.

University of Penn.

3718 Locust Walk

Philadelphia. 19104

213 - 243 - 7713

From Dean Wharton School of Business

may easily be received on credit payments as they arrive.

Mocatta Metals Corp

25 Broad St

NYC 10004

212 - 943 - 4141

called Nov 6. 1980 no results

prognostication on gold prices 10 year economic Forcast

as to the rate of inflation

client wishing your schedule for keeping a processing bulletin

UNIVERSITY of PENNSYLVANIA

PHILADELPHIA 19104

Faculty of
Arts and Sciences

ECONOMICS RESEARCH UNIT
F. GERARD ADAMS, *Director*

3718 LOCUST WALK CR
(215) 243-7725

November 4, 1980

Mr. J. McLaren Forbes
Consulting Geologist
2275 Mueller Dr.
Reno, Nevada 89509

Dear Mr. Forbes:

Unfortunately, we do not forecast the price of gold. I doubt that a good gold price forecast is possible over the long term since it has become a speculative commodity.

A good inflation forecast is at an annual rate of 10 percent for the next two years and then 7-8 percent thereafter.

Yours sincerely,

F. Gerard Adams
Prof. of Economics

FGA/lc

826 1545

October 31, 1980

Professor Gerard Adams
Economic Department
University of Pennslyvania
3718 Locust Walk
Philladelphia, Pennslyvania 19104

Dear Professor Adams:

I am in need of projections for the price of gold and the rate of inflation for the next ten years. Fully realizing that there are few people qualified to make such projections , I made inqueries of a knowledgable broker. He found, through the Dean of the Wharton School of Business, that you had recently completed such studies.

I need presumptions concerning the rate of inflation, to be used in projecting 1980 mine operation costs. Also I need presumptions for the price of gold during the next ten years.

If in fact you have made such studies, how would I go about obtaining copies of these studies, or simply the projections of the price of gold and the rate of inflation, which specific information is possibly all that I need? How much would this information cost me?

I will appreciate any information you can give me. Enclosed you will find a self-addressed stamped envelope for your reply.

Yours truly,

J. McLaren Forbes

J.McLaren Forbes

Frost Lane

209- 286- 1459 George Murphy

3% to 1st 1,500,000

2% thereafter son in law

Melbourne Hall

May 27th 1980

Advance Royalties

18 Pinson claims

$900.00

Sec 28. mill site

1000.00 / month

Murry

1/2 of total income

Wright Field Lane

Recently left 1st 2 story

John Whitney

Died:

Memorial Friday 1 October

United Methodist Paradise Valley

10-29-80 @ Don Duncans house

Heap leach probably run at mine

B zone more massive since a more massive zone, since larger than A zone

Less plant not in use (plant availability)

operating costs

C & B zones not designed

process rate Heap leach.
500,000 T/year (no grade dilution)

start Heap leach 2nd year

Depletion allowance
Tax credits on New Machinery

100% payback out of Cash Flow

Drawing rights from bank 15,250,000
15 750,000
100

If re-negotiation may be different

prime rate +

Bank may take care of taxes for individuals

Prime rate adjusted every 3 months

Bank Loan Information in Toronto

Royal Bank of Canada

Noranda Mint cost $1.25/oz Bullion
shipping 225% 1.65/oz Au

shipping Bricks $1.50/oz
to Mattias 1.50/16 = 0.60/g shipping
weight charge

· Return less than

Market price less
smelter charges

Royalty based on
smelter return

Deductions through
buyer.

TELEPHONE (702) 323-3050

WHITNEY & WHITNEY, INC.

MANAGEMENT CONSULTANTS FOR MINING INDUSTRY AND GOVERNMENT

P.O. BOX 11647
1755 E. PLUMB LN., SUITE 135
RENO, NEVADA 89510

MEMORANDUM

TO: Jim McClaren Forbes

FROM: Whitney & Whitney

DATE: June 27, 1980

RE: Pinson Mine Royalty Valuation

Per your request we have prepared a royalty valuation for the Pinson Deposit royalty holder. The royalty value analysis was prepared using technical data supplied by yourself as obtained from Don Duncan. A gold price of $500.00 in real terms was assumed. This is consistent with the forecasts now being used by the South African Gold Mining Industry. Constant dollars are used through-out. No attempt was made to forecast future inflation since that would be highly speculative.

The value of the royalty on the mineral interests was calculated using the discounted present value method of valuing a cash flow stream. This was done using a discount rate of 15% applied to the royalty payments before deducting any taxes. The discount rate of 15% is a real discount rate and does not include an adjustment for inflation. The royalty payments were calculated using constant dollars, therefore the discount rate does not include a factor for inflation. The discount rate of 15% is made up of a real required return of 8-10% for the individual investor plus a risk premium of 5-7% for this particular mining venture.

The present value of these royalty payments is $2.03 million.

10-29-80 ~~Not~~ by Don Duncan at his home

Non Direct Costs

1. Nevada N.P.M. ~~tax~~ tax.
2. Depreciation.
3. Royalty
4. Capital Additions

Taxes

1. Tax credits
2. Depletion.
3.

Capital Costs.

$17,500,000 w/o. interest

15,250,000 ?? bank loan.

15,750,000

Equity	2,500
~~Mar~~	~~[illegible]~~
Apr	3,000
May	2,500
June	2,000
July	1,500
Aug.	1,500
Sep.	1,500
Oct.	1,000
Nov	1,000 ~~[illegible]~~
Dec.	1,000 17,500,000

For loan data.

Walter Steurman - Sec. - Rayrock Resources

Toronto. phone # 416-487-2821

Melt Loss = $1.20/oz.

10-09-80 by Don Duncan at his home

① Plant Thruput - 1000 t.p.d. (grind index 18.3 kwh./ton)

~~② Heap Leach~~ Production ... 1st yr. @ 200,000 tons & thereafter @ 550,000 tons/year.

~~② Grade of ore~~ -

② Ore Reserves (mill) 3,200,000 tons @ (undiluted) grade .12 025/ton Au
(heap leach) 5,500,000 " @ " " .02 " "

③ Will mill "A" zone ore initially ... 1,450,000 tons @ .17 025/ton Au. (undiluted)

④ Recovery (mill) = 85%. Heap Leach = 50%.

⑤ Dilution - 15% on grade on "A" zone.
" 5% " " " "B" "

⑥ Assume some plant availability figure ??

354 days/year @ 1000 T/day
= 354,000 ÷ 12 = 29,500 T/month
say 30,000 T/month

⑦ yr. 1 - 1st month @ 50% of capacity → 15,000
2nd " " 75% " " " → 22,500
~~yr 2~~ thereafter @ 100% " for 10 months → 300,000

⑧ Gold Price - ???

OPERATING COSTS.

Mine Cost @ $1.00/ton (any rock).
Strip Ratio @ 9:1 for "A" zone
" " 5:1 " "B" "
10:1 C "

Total ~~Op~~ Cost. $20.00 (mine, mill & overhead) direct @ 1980 year end. for mill ore

Heap Leach Cost. = $1.00/ton. (direct).

Net Income from sales of bullion
less Royalty + selling expense

	1980	1st 81	2nd 82	3rd 83	4th 84	5th 85	6th 86	7th 87	8th 88	9th 89	10th 1990	11 19
Mill production												
Net sales after refining Deductions less Royalty Payments ($ Mill) based on oz Gold recovered to nearest thousand	(-.0133) 13.00	12.7342	25.4370	25.3451	16.4091	11.6591	11.6591	10.3978	10.2949	11.3651	8.8474	
Cumulative		12.7342	38.1712	63.5163	79.9254	91.8545	103.2436	113.6414	123.9363	135.3014	144.1486	
$600.00 Gold sales HEAP LEACH STARTS 1982												
AFTER DEDUCTIONS												
Net Mill production Sales for Mine Mill @ $600.00	0	15.766	31.496	31.172	20.112	14.295	14.295	12.750	12.045	13.935	10.846	
Net Heap Leach sales @ 600.00 Starters (1982)	0		1.190	3.274	3.274	3.274	3.274	3.274	3.274	3.274	3.274	
Total Sales		15.766	32.686	34.446	23.386	17.569	17.569	16.024	15.319	17.209	14.120	
Royalty @ 3% thru $1,500,000		0.473	0.981	.046	.704							
After $1,500,000 @ 2%			$1,500,000	.689 .658	.734 0.468	0.351	0.351	0.321	0.306	0.344	.282	
Cum. Totals	Royalty $	.473	1.454	2.188 2.158	2.626	2.977	3.328	3.649	3.955	4.299	4.581	
$600.00 Gold Sales less Royalty for Mine Mill + Heap Leach Monthly		15.293	31.705	32.742	22.918	17.218	17.218	15.703	15.013	16.865	13.838	
Cumulative 1982		15.293	46.998	80.740	103.658	120.876	138.094	153.167	168.180	185.045	198.883	
Heap Leach Starts 1981												
Net Sales Mine + Mill		15.766	31.496	31.172	20.112	14.295	14.295	12.750	12.045	13.935	10.846	
Net sales Heap Leach 1981		1.190	3.274	3.274	3.274	3.274	3.274	3.274	3.274	3.274	3.274	
Total Sales		16.956	34.770	34.446	23.386	17.569	17.569	16.024	15.319	17.209	14.120	
Royalty @ 3% thru 1,500,000		.508680	.991 .035									
after 1,500,000 Royalty 2%		.509	1.026	.689	.468	.351	.351	.321	.306	.344	.282	
Cumulative Totals		.509	1.535	2.224	2.692	3.043	3.394	3.715	4.021	4.365	4.647	
Sales less Royalty		16.447	33.234	33.757	22.918	17.218	17.218	15.703	15.013	16.865	13.838	
			0.035									

check this cumulative

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Mine Mill
+ Heap Leach

Calculation for Royalties
Heap starts 1981

1981	Net Sales	Mine + Mill	15.766
	" "	Heap	1.190
	Total Sales		16.956 X .03 = .509

$ 1.500 allowable royalties @ 3%
− .509
.991 = (1982)

.991 = $ X .03

$ = .991 / .03

33.033
.03
.99 099

34.770
− 33.033
1.737 remaining for 2% Royalty
.02
.03474 Royalty @ 2%

33.033
.03
1.747

.99099
.03474
1.02573

1982

Heap starts at 1982 — start Heap 1982

15.776
.03
.47.328 — 1981

32.686
.03
.98058

.473
.981
1.454

1.500
1.454
.046

33.712
33.472
.640

.046 = $ X .03

$ = $\frac{.046}{.03}$ = 1.5333

34.446
1.533
32.913
.02
.65826 Royalties at 2%

4.718
.704

.046
.658
.704

.734
.704
.030

4.718
.030
4.678

2.188
.03
2.158

1.66280.
100 | 16,678,000.

350,000 = 2.2003 X ?

? = 350,000 / 2.2003 = 15,906 9.–

1056000
799000
1855,000

29,500 + \ month

Tons/year 1st year 1981

1st month 14,750

5900

Calone

25¢
5
12.50

3 days - +

~~750~~. ~~00~~
500

To Winnemucca June 17th

~~Motel - 25.44~~

Scout 1 day $10.00 + 17 miles 74.00 → 74.00

Transportation (one way) @ 20¢ $ 34.00
16

Misc.

meals. $25.00

Motel 25.44

50.44 50.44

Whitney & Whitney $ 178.50

$ 728.94

~~$1012.94~~

discount present worth on projected average price also an additional discount for contingencies

	Initials	Date
Prepared by		
Approved by		

	Year & Mining Stage 354 days per year*	Tons @ 1000 Tons per day	Ounces Au Recovered per year @ 85% mining dilution, 85% Mill recovery	Yearly Payments after all deductions *
1 st	(A stage) 1	354000	53000	26257000
2 nd	(A stage) 1 (A alt.) 2	354000	53000	26108
3 rd	(A alt.) 2 (N + Central) B3	354000	48000	23863
4 th	(N + Central) B3	354000	24000	11897
5 th	(N + Central) B3	354000	24000	11897
6 th	(N + Central) B3	354000	24000	11897
7 th	(N + Central) B3 (B Cleanup) 4 (South B) 5	354000	19000	9354
8 th	(South B) 5	354000	24000	11597
9 th	(South B) 5 (C Zone) 6	354000	24000	11897
10 th	(C Zone) 6	59000	5000	2491
		3245000	298000	147258

$45.38

MADE IN USA
$100 MILLION COLUMN RULING
©WILSON JONES COMPANY G7706 COLUMN WRITE®

LEACH STARTS 1981

	1980	81	82	83	84	85	86	87	88	89	1990	91	
I Total Net Sales Less Royalty + deductions	OK	16.947	33.744	33.757	22.918	17.218	17.218	15.703	15.013	16.865	13.838	2.041	204.762
II Total Operational Costs Mine, Mill Heap Leach starts 1981		3.050	6.498	9.188	9.935	7.276	7.276	8.395	7.805	6.285	5.485	0.350	71.548. 204.762
III Net Operating Profit is total sales less deductions + royalties and Mine, Mill + Heap Leach Operating Costs	OK	13.397	27.246	24.569	12.983	9.942	9.942	7.308	7.208	10.580	8.353	1.691	133.214

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Sales

(2)

HEAP LEACH	10 year intervals 1980	1981	82	83	84	85	86	87	88	89	1990	91	Totals
Tons/year		200,000	550,000	550,000	550,000	550—	550—	550—	550—	550—	550—	350,000	
Cumulative undiluted grade 0.02 oz/Ton Ounces		200—	750—	1300—	1850—	2400—	2950—	3500—	4050—	4600—	5150—	5,500,000	5,500,000
		4000—	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	7,000	110,000
Cumulative ounces		4000	15000	26000	37000	48000	59000	70000	81000	92000	103000	110,000	110,000
Recovered ounces at 50% recovery		2000	5500	5500	5500	5500	5500	5500	5500	5500	5500	3500	55000
Cumulative Recovered ounces		2000	7500	13000	18500	24000	29500	35000	40500	46000	51500	55000	55000
Ounces paid for @ 99.6%		1992	5478	5478	5478	5478	5478	5478	5478	5478	5478	3486	54780
Gross Sales: $500/ounce to thousands		996000	2739000	2739000	2739000	2739000	2739000	2739000	2739000	2739000	2739000	1743000	27390,000
Gross Sales: $600/ounce		1195200	3286800	3286800	3286800	3286800	3286800	3286800	3286800	3286800	3286800	2091600	32868000
Deductions: Refining Charges @ $0.85/ounce recovered		$1700—	4675	4675	4675	4675	4675	4675	4675	4675	4675	2975	$ 46750
Shipping Charges ?? use same 1300 oz/shipment @ $200 each	number of shipments	1.53 $3060	4.21 8420	4.21 8420	4.21 8420	4.21 8420	4.21 8420	4.21 8420	4.21 8420	4.21 8420	4.21 8420	2.68 5360	42 8400
$650,000 ÷ $500 = 1300 oz; ∴ 54,780 oz ÷ 1300 oz = 42 shipments @ $2000 = $84,000													
Total Deductions		4760	13095	13095	13095	13095	13095	13095	13095	13095	13095	8335	130950
Net sales after all deductions for Heap Leach @ $500/oz		991240	2725905	2725905	2725905	2725905	2725905	2725905	2725905	2725905	2725905	1734665	27259050
Net sales after all deductions for Heap Leach @ 600/oz		1190440	3273705	3273705	3273705	3273705	3273705	3273705	3273705	3273705	3273705	2083265	32737050

COLUMN WRITE ®
© WILSON JONES COMPANY G7513 GREEN
979
MADE IN U.S.A.

Leach Starts 1982

Mine, Mill + Heap Leach

Leach Starts 1982

135.91

(A) Yearly Net Sales (Gross sales less marketing deductions, + Royalties) Millions

(B) - Total Operational Cost

(C) Net operating profit before all other costs - (Loan, Interests Tax Depreciation etc.

	0 1980	1st 1981	2nd 82	3rd 83	4th 84	5th 85	6th 86	7th 87	8th 88	9th 89	10th 1990	11th 91	12th 92	Total
(A) Total Net Sales (Million less deduction + Royalties)		$ 15.293	31.705	33.742	22.918	17.218	17.218	15.703	15.013	16.865	13.838	3.028	2.041	$ 204.582
(B) Total Operational costs Mine, Mill + Heap Leach starts 1982		$ 2.850	6.148	9.188	7.935	7.276	7.276	8.395	7.805	6.285	5.485	0.550	0.350	69.543 204.582
(C) Net - Operating Profit $s Sales less deductions + royalties and Mine, Mill + Heap Leach Operating costs		12.443	25.557	24.554	14.983	9.942	9.942	7.308	7.208	10.580	8.353	2.478	1.691	135.03
			old →	24.534								2.479		
		2.850	6.148	9.188	7.935	7.276	7.276	8.395	7.805	6.285	5.485	0.550	0.350	69.543

1982

Taxes

N P M (Nevada)

? Income ?

Depreciation

Plus Tax Credits

? Depletion ?

Capital Costs + Interest Repay-

© WILSON JONES COMPANY G7513 GREEN

MADE IN U.S.A.

979

December 15, 1980

Mr. Putman Livermore
care- Chickering & Gregory
23rd Floor
3. Embarcadero Center
San Francisco, CA 94111

Subject: ESTIMATED PRODUCTION from the PINSON MINE
1981 through 1990.

This estimate of production at the Pinson Mine, for the ten years of 1981 through 1990, is based on data furnished by Mr. Donald M. Duncan, Manager at the Pinson Mine. This information included a Pit Reserve Summary, as done by Computer Method, of June 5, 1980, the assumed mining and milling costs, as of June 5, 1980, as well as probable charges relating to the refining and sale of the doré bullion to be produced. Royalty payments were based on a 3% royalty for the first $1,55,000 of royalty and a continued royalty at the rate of 2% thereafter.

From the above data, which undoubtedly will change as mining progresses, the accompanying ESTIMATED PRODUCTION, PINSON MINE, 1981 through 1990, was produced. In my considered opinion, this is as good an estimation as can be made using the data at hand, at this point in time.

The Nevada Net Proceeds of Mines Tas, for the Golconda Mining District, in Humboldt County is 2.2003% per $100. Depletion was assumed to be 15% of net sales, after

MILLERS FALLS
EZERASE
COTTON CONTENT

Royalty payments. The discounted present value was calculated using tables given in Economic Evaluation and Investment Decision Methods, by Franklin J. Stermole of the Colorado School of Mines. No information was provided to me which could be used for depreciation.

The price of gold used in this estimate was $600 per ounce.. I contacted several authorities, including the Mocota Metals Corporation, as to their views regarding the future price of gold. None of them would make a prognostication.

As for the discounted present value, it seem that a discount rate of no less that 20% is justified. The risk factor of any mining venture is always high, in the best of times. It certainly increases under present day conditions with the unstable price of gold, high infaltion, and unpredictable environmental impacts which could increase costs and have a deterring effect on the operation as a whole.

Another factor which could conceivably change production rates will be operating capacity of the mill, after it has been well broken in. It often happens that mills designed for a given tonnage can, if metallurgy turns out to be more favorable than expected, increase their capacity by 50% or more. Conversely, should the ores

capacity by 50% or more. Conversely, should the ore not be as amenable to treatment as metallurgical tests have indicated, then the milling capacity might have to be reduced. I believe that this project was well reaearched and designed, but unexpected changes in ore type and/or metallurgical problems as well as fluctuations of the price of gold could well cause management to alter the daily rate of productiion.

J.McLaren Forbes

Registered Geologist State of Californis #2336
Registered Professional Engineer and Land Surveyor
State of Newo Mexior #991

E.G. Thompson

PROJECTIONS FOR LACANA MINING, INC.

October, 1980

KAFOURY, ARMSTRONG & CO.
CERTIFIED PUBLIC ACCOUNTANTS

KAFOURY, ARMSTRONG & CO.
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Lacana Mining, Company, Inc.

Attached are the following projections for the years ending December 31, 1981 through December 31, 1986:

Pinson Mining Company (A Partnership) - Schedule No. 1
Projection of Taxable Income and Cash Flow from Operations

Lacana Mining, Inc. - Schedule No. 2
Projection of After Tax Income from Operations and Cash Flow from Operations before Dividends and Repayment of Corporate Debt

At the request of the Board of Directors, we have prepared the above projections from data, estimates and assumptions furnished by management. Our participation did not include a review of the estimates and assumptions to determine whether they were reasonable. In addition, projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events, both internal and external to an enterprise. Accordingly, we are not in a position to and do not express an opinion on the reasonableness of the assumptions and estimates, the achievability of the projections or on the probability that the actual resutls for any period may or may not approximate the projections.

The terms of our engagement did not provide for reporting on events and transactions subsequent to the date of this report. Therefore, we accept no responsibility to update or revise this report.

The terms of our engagement did provide for a review of the general federal income tax treatment of the items included in these projections. However, since many of the items represented herein as being currently deductible are subject to challenge or change and reinterpretation of law by the various taxing authorities, no opinion is expressed on the ultimate tax treatment of the items included in these projections.

Kafoury, Armstrong & Co.

Reno, Nevada
October 24, 1980

LACANA MINING, INC.
PROJECTIONS OF TAXABLE INCOME AND CASH FLOW
FROM OPERATIONS FOR
PINSON MINING COMPANY (A PARTNERSHIP)
AND LACANA MINING, INC.
SUMMARY OF ESTIMATES AND ASSUMPTIONS
FOR THE YEARS ENDED DECEMBER 31, 1981 THROUGH 1986

ESTIMATES AND ASSUMPTIONS USED IN PROJECTIONS

The projections of taxable income and cash flow from operations for Pinson Mining Company (Schedule No. 1) for the years ending December 31, 1981 through 1986 are based upon the following data, estimates and assumptions provided by the management of Lacana Mining, Inc.:

1. The computation of ounces of gold recovered is based on a mill treatment rate of 1,000 tons of ore per day, with the mill operating 320 days in 1981 and 340 days in each year following. The anticipated grade of the ore treated and the mill recovery are 0.144 ounces of gold per ton of ore and 85%, respectively.
2. Revenue from gold sales is based upon a gold price of $600 per ounce.
3. Net smelter royalties are based upon mineral leases currently in force. The rate is 3 1/2% of revenue from gold sales until royalties in the amount of $1,500,000 are paid and then the rate decreases to 2 1/6%.
4. The amount of operating expenses, interest expense, repayments of principal payments on bank loans and additional capital investment required by operations were provided by management.
5. Nevada net proceeds of mines tax applies to operating mineral properties. The tax is in lieu of and at the same rate as, property taxes. The current property tax rate for the Golconda District of Humboldt County, Nevada is 2.2003% of computed net proceeds of mines. For purposes of this projection the rate is assumed to remain unchanged through December 31, 1986.

LACANA MINING, INC.
PROJECTIONS OF TAXABLE INCOME AND CASH FLOW
FROM OPERATIONS FOR
PINSON MINING COMPANY (A PARTNERSHIP)
AND LACANA MINING, INC.
SUMMARY OF ESTIMATES AND ASSUMPTIONS
FOR THE YEARS ENDED DECEMBER 31, 1981 THROUGH 1986

ESTIMATES AND ASSUMPTIONS USED IN PROJECTIONS (continued)

6. Property taxes are computed at the rate of $2.2003 per $100 of assessed valuation. Assessed valuation is 35% of market value.

7. Depreciation policy:

The cost basis of depreciable assets was based on information provided by the Pinson Mining Company.

Depreciation is computed as follows:

DESCRIPTION OF PROPERTY	COST BASIS	USEFUL LIFE	SALVAGE PERCENTAGE	METHOD OF DEPRECIATION
New plant equipment	$ 8,332,000	7 years	25%	200% declining balance
New mining equipment	3,500,000	7 years	15%	200% declining balance
Used plant equipment	750,000	7 years	25%	125% declining balance
Buildings	2,518,000	7 years	25%	150% declining balance
Total	$15,100,000			

The useful life of seven (7) years is based upon the assumption that sufficient low grade ore will be available for mining and processing for one (1) more year after the exhaustion of the Pinson ore body in six (6) years.

8. Depletion is computed at the statutory rate of 15% of revenue from metal sales, reduced by royalties and rents paid, or incurred, as specified in the U.S. Internal Revenue Code Section 613(a). Statutory depletion exceeds cost depletion for all years presented.

LACANA MINING, INC.
PROJECTIONS OF TAXABLE INCOME AND CASH FLOW
FROM OPERATIONS FOR
PINSON MINING COMPANY (A PARTNERSHIP)
AND LACANA MINING, INC.
SUMMARY OF ESTIMATES AND ASSUMPTIONS
FOR THE YEARS ENDED DECEMBER 31, 1981 THROUGH 1986

The projection of after tax income and cash flow from operations before dividends or corporate debt repayment for Lacana Mining, Inc. (Schedule No. 2) for the years ended December 31, 1981 through 1986 are based upon the following data, estimates and assumptions provided by management:

1. The Company owns a 26.25% partnership interest in the Pinson Mining Company. The amounts presented on Schedule No. 2 that relate to the partnership are 26.25% of the Schedule No. 1 amounts.
2. The Company will expend the amount of $500,000 per year in tax deductible exploration and development.
3. Development expenditures capitalized for federal income tax purposes in prior years are amortized ratably over the units of mineral production.
4. The Company has estimated a net operating loss carryforward in the amount of $2,365,000. The U.S. Internal Revenue Code allows corporations to carry these losses forward to offset taxable income in future years.
5. Federal income taxes are computed at rates currently in effect and are assumed to remain unchanged through December 31, 1986. A 15% minimum federal income tax applies to certain tax preference items during 1981 and 1982 to the extent normal income tax is not due.

PINSON MINING, INC.
(A PARTNERSHIP)
PROJECTION OF TAXABLE INCOME AND CASH FLOW FROM OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1981 THROUGH 1986
(See Accountant's Report)
(Amounts in 000's)

	1981	1982	1983	1984	1985	1986	TOTAL
Pinson Mining Company:							
Computation of Ounces of Gold Recovered:							
Tons of ore mined and milled	320	340	340	340	340	340	2,020
Ounces of gold per ton of ore	0.144	0.144	0.144	0.144	0.144	0.144	0.144
Percentage of gold recovered	85%	85%	85%	85%	85%	85%	85%
Ounces of Gold Recovered	39.168	41.616	41.616	41.616	41.616	41.616	247.248
Taxable Income from Operations:							
Revenue from Metal Sales	$23,501	$24,970	$24,970	$24,970	$24,970	$24,970	$148,351
Less: Net smelter return royalties	823	799	778	778	778	778	4,734
Operating expenses	6,000	6,000	6,000	6,000	6,000	6,000	36,000
Gross Operating Revenue	16,678	18,171	18,192	18,192	18,192	18,192	107,617
Other Expenses:							
Nevada net proceeds of mines tax	350	379	380	380	380	380	2,249
Property taxes	116	116	116	116	116	116	696
Depreciation	4,054	2,949	2,148	1,568	613	300	11,632
Depletion	3,416	3,664	3,664	3,664	3,664	3,664	21,736
Interest expense	1,600	550	-	-	-	-	2,150
Total Other Expenses	9,536	7,658	6,308	5,728	4,773	4,460	38,463
Taxable Income from	$ 7,142	$10,513	$11,884	$12,464	$13,419	$13,732	$ 69,154

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PINSON MINING, INC.
(A PARTNERSHIP)
PROJECTION OF TAXABLE INCOME AND CASH FLOW FROM OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1981 THROUGH 1986
(See Accountant's Report)
(Amounts in 000's)

	1981	1982	1983	1984	1985	1986	TOTAL
Cash Flow from Operations:							
Taxable income from operations	$ 7,142	$10,513	$11,884	$12,464	$13,419	$13,732	$ 69,154
Add back expenses not requiring the outlay of working capital:							
Depreciation	4,054	2,949	2,148	1,568	613	300	11,632
Depletion	3,416	3,664	3,664	3,664	3,664	3,664	21,736
	14,612	17,126	17,696	17,696	17,696	17,696	102,522
Less: Repayments of principal on bank loans	7,875	7,875	-	-	-	-	15,750
Additional capital investment required by operations	-	150	250	300	300	300	1,300
	7,875	8,025	250	300	300	300	17,050
Cash Flow from Operations	$ 6,737	$ 9,101	$17,446	$17,396	$17,396	$17,396	$ 85,472
other equities —	-2,500	-2,500					

20% discount

Risk due to repayment of equities

The accompanying summary of estimates and assumptions is an integral part of these projections.

26.25%

Schedule No. 2

LACANA MINING, INC.
PROJECTION OF AFTER TAX INCOME AND CASH FLOW FROM OPERATIONS
BEFORE DIVIDENDS AND CORPORATE DEBT REPAYMENT
FOR THE YEARS ENDED DECEMBER 31, 1981 THROUGH 1986
(See Accountant's Report)
(Amounts in 000's)

	1981	1982	1983	1984	1985	1986	TOTAL
After Tax Income from Operations:							
Projected taxable income from operations of Pinson Mining Company (Partnership)	$ 1,875	$ 2,760	$3,120	$3,271	$3,522	$3,605	$18,153
Projected operating income (loss) from Lacana Mining, Inc. before partnership income	(500)	(500)	(500)	(500)	(500)	(500)	(3,000)
Amortization of deferred development costs	(20)	(20)	(20)	(19)	(19)	(19)	(117)
Net operating loss carryforwards used to offset taxable income	(1,355)	(1,010)	-	-	-	-	(2,365)
Taxable Income	-	1,230	2,600	2,752	3,003	3,086	12,671
Less: U.S. Federal income tax	140	302	1,175	1,292	1,361	1,398	5,668
After Tax Income (Loss)	$ (140)	$ 928	$1,425	$1,460	$1,642	$1,688	$ 7,003
Cash Flow from Operations before Dividends and Corporate Debt Repayment:							
After tax income	$ (140)	$ 928	$1,425	$1,460	$1,642	$1,688	$ 7,003
Add: Depreciation from partnership	1,064	774	564	412	161	79	3,054
Depletion from partnership	896	962	962	962	962	962	5,706
Net operating losses	1,355	1,010	-	-	-	-	2,365
	3,175	3,674	2,951	2,834	2,765	2,729	18,128
Less: Repayment of bank loan principal paid through partnership	2,067	2,067	1,300,000 -	-	-	-	4,134
Capital investment required for partnership	-	39	65	79	79	79	341
	2,067	2,106	65	79	79	79	4,475
Cash Flow from Operations	$ 1,108	$ 1,568	$2,886	$2,755	$2,686	$2,650	$13,653

The accompanying summary of estimates and assumptions is an integral part of these projections.

MEMORANDUM

TO: DIRECTORS

FROM: MR. E. G. THOMPSON

SUBJECT: PINSON PROJECTIONS

DATE: APRIL 10, 1980

C. C.

C. C.

C. C.

For your information, I have prepared and attached three cash flow projections for the Pinson Project at gold prices of $300, $400 and $500 U.S. per ounce. A number of other new parameters have been incorporated, such as new interest rates at 22% for 1980. The main parameters are included with the cash flow statements.

At $300 gold, and assuming an investment by the partners of $3 million in 1979 and 1980, the project shows a rate of return of approximately 23%. Additional lower grade reserves will extend the life of the operation.

The project is moving along well, and essentially within the budget, except for the extra high interest charges. The bank loan is not yet in place, although we have started to draw down bridge financing. The Royal Bank's New York lawyers have performed terribly on this contract.

The pouring of foundations started the week of April 7th, slightly behind schedule, due to problems with obtaining the air quality control permit. All major permits have now been obtained.

All major pieces of equipment have been ordered and prices fixed.

The plant is still projected to turn over in December. I have assumed in the cash flow projections only 50% operating capacity for the first quarter of 1981.

PARAMETERS

TONS MILLED - 350,000 tpy for approximately 6 years (assume 50% capacity for first quarter of 1981).

GRADE - .152 ounces gold

RECOVERY - 85%

ANNUAL PRODUCTION - 45,000 ounces

STATE TAX AND ROYALTIES - estimated at 5% or N.S.R.

LAND TAX - in the order of $125,000 per year.

ANNUAL OPERATING COSTS - $17 per ton, or about $6 million per year.

Total expenditures on project from July 1, 1979 to start-up	$17,300,000
Interest during construction and commitment fee to Dec. 31,80	$ 1,473,000
TOTAL	$18,773,000
Bank Loan	$15,750,000
Equity - since July 1,79 (partners have in $2.25 million)	$ 3,023,000
Additional equity required (assume 22% interest throughout the construction period).	$ 773,000

Interest charges - assume 22% in 1980, 20% in 1981 and decreasing 2% per year.

FEDERAL INCOME TAX ASSUMPTIONS

1. Some minor costs, such as head office, are not allowed for purposes of determining net proceeds.

2. The Nevada Mines Tax, Lands Tax and Royalty are deductible.

3. Capital costs of $18.8 million (including pre-production interest) on working capital of $1.4 million or $17.4 million is written off over 6 years - $2.9 million per year.

4. Depletion is the lessor of 15% of the N.S.R. minus royalty or 50% of the taxable income.

5. Income Tax rate is 22% up to $50,000 and then 46%.

6. No calculation is done on Investment Credit.

275000
50,000 x 22% = 11,000
225000 x 46% = 103,500
114,500

7. No calculation was done on the Minimum Tax (15% of tax preferance items).

CASH FLOW PROJECTION - PINSON PROJECT (U.S. $300 Au)

	1981	1982	1983	1984	1985	1986	TOTAL	
Oz. Gold Produced	39,375	45,000	45,000	45,000	45,000	45,000	264,375	213,900
N.S.R.	11,810	13,500	13,500	13,500	13,500	13,500	79,310	
Operating Costs	6,000	6,000	6,000	6,000	6,000	6,000	36,000	
Royalty & State Tax (5%)	590	675	675	675	675	675	3,965	
Operating Profits	5,220	6,825	6,825	6,825	6,825	6,825	39,345	
Less Interest Expense	3,050	2,400	1,500	700	--	--	7,650	
Land Tax	125	125	125	125	125	125	750	
Depreciation	2,045	3,750	2,900	2,900	2,900	2,900	17,395	
Profit Before Depletion	0	550	2,300	3,100	3,800	3,800	13,550	
Depletion (.15 × 13500) = 2025 − 675 = 1350	0	275	1,150	1,550	1,900	1,900	6,775	
Profit Before Tax or 5504.50 = 275	0	275	1,150	1,550	1,900	1,900	6,775	
Federal Tax	0	120	530	710	870	870	3,100	
Net Profit	0	155	620	840	1,030	1,030	3,675	
Add. Deprec. & Depl.	2,045	4,025	4,050	4,450	4,800	4,800	24,170	
Cash Flow	2,045	4,180	4,670	5,290	5,830	5,830	27,845	
Bank Payment	2,045	4,030	4,420	4,990	265	--	15,750	
Capital Investment	--	150	250	300	300	300	1,300	
Avail. To Partners	--	--	--	--	5,265	5,530	10,795	

April 9,'80

CASH FLOW PROJECTION - PINSON PROJECT (U.S. $400 Au)

	1981	1982	1983	1984	1985	1986	TOTAL
Oz. Gold Produced	39,375	45,000	45,000	45,000	45,000	45,000	264,375
N.S.R. (x000)	15,750	18,000	18,000	18,000	18,000	18,000	105,750
Operating Costs	6,000	6,000	6,000	6,000	6,000	6,000	36,000
Royalty & State Tax (5%)	790	900	900	900	900	900	5,290
Operating Profits	8,960	11,100	11,100	11,100	11,100	11,100	64,460
Less Interest Expense	3,050	1,800	260	--	--	--	5,110
Land Tax	125	125	125	125	125	125	750
Depreciation	2,900	2,900	2,900	2,900	2,900	2,900	17,400
Profit Before Depletion	2,885	6,275	7,815	8,075	8,075	8,075	41,200
Depletion	1,440	2,700	2,700	2,700	2,700	2,700	14,940
Profit Before Tax	1,445	3,575	5,115	5,375	5,375	5,375	26,260
Federal Tax (46%)	660	1,640	2,350	2,470	2,470	2,470	12,060
Net Profit	785	1,935	2,765	2,905	2,905	2,905	14,200
Add. Deprec. & Depl.	4,340	5,600	5,600	5,600	5,600	5,600	32,340
Cash Flow	5,125	7,535	8,365	8,505	8,505	8,505	46,540
Bank Payment	5,125	7,385	3,240	--	--	--	15,750
Capital Investment	--	150	250	300	300	300	1,300
Avail. To Partners	--	--	4,875	8,205	8,205	8,205	29,490

April 9,'80

CASH FLOW PROJECTION - PINSON PROJECT (U.S. $500 Au)

	1981	1982	1983	1984	1985	1986	TOTAL
Oz. Gold Produced	39,375	45,000	45,000	45,000	45,000	45,000	264,375
N.S.R. (x000)	19,690	22,500	22,500	22,500	22,500	22,500	132,190
Operating Costs	6,000	6,000	6,000	6,000	6,000	6,000	36,000
Royalty & State Tax (5%)	985	1,125	1,125	1,125	1,125	1,125	6,610
Operating Profits	12,705	15,375	15,375	15,375	15,375	15,375	89,580
Less Interest Expense	2,950	1,300	--	--	--	--	4,250
Land Tax	125	125	125	125	125	125	750
Depreciation	2,900	2,900	2,900	2,900	2,900	2,900	17,400
Profit Before Depletion	6,730	11,050	12,350	12,350	12,350	12,350	67,180
Depletion	2,955	3,375	3,375	3,375	3,375	3,375	19,830
Profit Before Tax	3,775	7,675	8,975	8,975	8,975	8,975	47,350
Federal Tax	1,735	3,530	4,130	4,130	4,130	4,130	21,785
Net Profit	2,040	4,145	4,845	4,845	4,845	4,845	25,565
Add. Deprec. & Depl.	5,855	6,275	6,275	6,275	6,275	6,275	37,230
Cash Flow	7,895	10,420	11,120	11,120	11,120	11,120	62,795
Bank Payment	7,895	7,855	--	--	--	--	15,750
Capital Investment	--	150	250	300	300	300	1,300
Avail. To Partners	--	2,415	10,870	10,820	10,820	10,820	45,745

April 9,'80

June, 5, 1980

PIT RESERVES SUMMARY

As Done By Computer Method

	INCREMENTAL				CUMULATIVE			
Sequence	Ore *	Waste	S.R.	Diluted GRADE by Mine office	Ore *	Waste	S.R.	Grade
(A Stage) 1	501	2,550	5.1:1	0.176	501	2,550	5.1:1	0.20
(A Ult.) 2	506	6,764	13.4:1	0.174	1007	9,314	9.2:1	0.20
(N & Central) B3	1,127	9,035	8:1	0.080	2134	15,799	74:1	0.14
(B Cleanup) 4	327	4,801	14.7:1	0.062	2461	20,600	8.4:1	0.13
(South B) 5	645	3,306	5.2:1	0.078	3106	23,966	7.7:1	0.12
(C Zone) 6	139	1,836	13.2:1	0.100	3245	25,802	8.0:1	0.12
	3,245,000	28,292						0.15 undiluted
		31,546						

* Ore Cutoff + .05oz/ton

Tonnage Factor 14 ore
12 waste

(All in Thousands)

Deductions (data over phone from Don Duncan ± 7:45 AM 6-9-80

Engelhardt Minerals & Chemical Corp.

Refining - pay on 99.6 of assayed dore as the rest lost

Refining charge 85¢ / oz of 850 fine dore.

Shipping cost about $2000.00 / shipment, ? every 10 days

Engelhardt will probably negotiate sales and will pay ± $1.00 or $0.00 less per ounce than their days fixing.

Mill will go on stream first of 1981 (hopefully January)

1. Price of gold
2. Refining details - 99% $1.50/oz
   shipping $1500 / shipment every 10 days.
3. ~~Operating costs $1.50 / ton~~
4. Recovery - 85%
5. Processing rate - 1000 t.p.d @ 354 days/year
6. Ore reserves :- (a) Initial (staged) pit.
   (b) Ultimate pit.

7. No further potential for developing additional reserves on Pinson (Sec. 34) lease.
8. There may be an end price for royalty.
9. The royalty payments would be affected by treatment of ores from other than the "Pinson" lease

When will oreserves ?

Dilution factor			diluted grade
	A ore	15%	
	B ore	5%	
	C ore	20%	

26672000	14786000	14786000	14786000	12229000	14485000	15238000	5258000 ①	$176546000 ①	
							5.9 periodo	176548000 ②	
					③ = Suma totale		~5296000	175015000 ← ①	
211000	143000	143000	143000	129000	142000	146000	42000	1550000	
26461000	14643000	14643000	14643000	12100000	14343000	15092000	5216000 →	174998000 ③	
25932000	1493[illegible]000	14936000	1					175017000 ←	

$ 500 = 1 Ha

J. McLAREN FORBES
Consulting Geologist

2275 MUELLER DRIVE
RENO, NEVADA 8950. 9

TELEPHONE: AREA CODE 702 -826 1545

December 15, 1980

Mr. Putman Livermore
care- Chickering & Gregory
23rd Floor
3. Embarcadero Center
San Francisco, CA 94111

Subject: ESTIMATED PRODUCTION from the PINSON MINE
1981 through 1990.

This estimate of production at the Pinson Mine, for the ten years of 1981 through 1990, is based on data furnished by Mr. Donald M. Duncan, Manager at the Pinson Mine. This information included a Pit Reserve Summary, as done by Computer Method, of June 5, 1980, the assumed mining and milling costs, as of June 5, 1980, as well as probable charges relating to the refining and sale of the doré bullion to be produced. Royalty payments were based on a 3% royalty for the first $11,500,000 of royalty and a continued royalty at the rate of 2% thereafter.

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Royalty payments. The discounted present value was calculated using tables given in Economic Evaluation and Investment Decision Methods, by Franklin J. Stermole of the Colorado School of Mines. No information was provided to me which could be used for depreciation.

The price of gold used in this estimate was $600 per ounce.. I contacted several authorities, including the Mocota Metals Corporation, as to their views regarding the future price of gold. None of them would make a prognostication.

As for the discounted present value, it seem that a discount rate of no less that 20% is justified. The risk factor of any mining venture is always high, in the best of times. It certainly increases under present day conditions with the unstable price of gold, high infaltion, and unpredictable environmental impacts.which could increase costs and have a deterring effect on the operation as a whole.

Another factor which could conceivably change production rates will be the operating capacity of the mill, after it has been well broken in. It often happens that mills designed for a given tonnage can, if the metallurgy turns out to be more favorable than expected, increase their capacity by 50% or more. Conversely, should the ore not be as amenable to treatment as metallurgical tests have indicated, then the milling capacity might have to be reduced. I believe that this project was well researched and designed, but unexpected changes in ore type and/or metallurgical problems as well as fluctuations of the price of gold could well cause management to alter the daily rate of productiion.

J McLaren Forbes

J.McLaren Forbes

Registered Geologist State of Californis #2336
Registered Professional Engineer and Land Surveyor
State of Newe Mexicr #991

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January 13, 1981

Mr. J.McLaren Forbes
Consulting Geologist
2275 Mueller Drive
Reno, Nevada 89509

Dear Mr.Forbes:

Enclosed is your original schedule entitled "Estimated Production from the Pinson Mine 1981 through 1990", together with a copy of your letter to me dated December 15, 1980.

I will telephone you within the next week or so regarding this appraisal.

Sincerely,

Put Livermore

Putnam Livermore

$600 ≈ Au

	1981	82	83	84	85	86	87	88	89	1990	Total	
Gross Revenue less NPM Tax and repayment of loans and other equities	(before payment) (26914) OK 16539	(25253) OK 14878	21747	9774	9729	9729	4707	10354	10169	4050	$ 132426000	
Depletion 15% of Net sales after Royalties	5065	5068	4669	2583	2583	2583	2134	2530	2662	912	28206	104220000 − 15633000 (15%) = 88587000
Gross Revenue before BR repayment	(21849)	(20185)									0	
Less Depletion after AR repayment	11474	9810	17078	7191	7146	7146	2573	7824	7507	3138	~~101637~~ 80889 20750	~~before repayment~~ after repayment
Present Value	OK (18979)	Refer (15261)									~~62673~~	~~Before repayment~~
discounted @ 15% Cash Flow	OK 9977	OK 9417	11228	4111	3552	3089	967	2557	2134	775	45807 16866	After repayment
(Gross Revenue less depletion)	100	94	112	41	36	31	10	26	21	8	458000	
19% to partners	20% (18206)	Refer (14016)	11228								~~55406~~	~~Before~~
	9561	6812	9883	3468	2871	2393	718	1819	1454	506	39557 15849	After
	96	68	99	35	29	24	7	18	15	5	396	
25%	(17479)	Refer (12918)									~~48453~~	~~Before~~
	9179	6278	8743	2945	2341	1872	539	1312	1007	337	~~34553~~ 14940	~~After~~
	92	63	87	30	23	19	5	13	10	3	345	

4750000

3680 0280

Weighted Average Dil. Grade

359
354
708

assume 354 days per year

$600.00 Au

weighted, average diluted mining grade, for each year, ~~to~~ ounces per ton

3245,000
3186 000

1

Mining Cost for Tons mined Per Year Grades are diluted mining grades

		1981	82	83.	84	85	86	87	88	89	1990	Totals
Mining cost per ton of any rock mined	@ $1.00											Totals
Mining Rate	Tons/year	354,000	354,000	354,000	354,000	354000	354000	354000	354000	354,000	59,000	3,245,000
(A Stage) Strip ratio 5.1:1 Diluted grade 501,000 Tons 0.176	$1 ton of ore @ diluted grade @ $6.10	354,000 $2159000	147000 Tons $897,000 $									$ 3056
(2) A (Ultimate) 13.4:1 506,000 Tons 0.174	@ $14.40		207000 Tons $2981000 $	299000 Tons 4306000 $								7287
(3) B (A+Central) 8:1 1,127,000 Tons 0.080	$ 9.00			55000 Tons $495000 $	354000 Tons $3140000 $	354000 Tons $3,186,000 $	354,000 Tons $ 3,186000 $	10,000 Tons $ 90,000 $				10097
(4) B-Cleanup 14.7:1 327,000 0.062	$ 15.7							327,000 $5,134000				5134
(5) (South B) 5.2:1 645,000 Tons 0.078	$ 6.20							17000 $ 105000	354000 Tons $2195000 $	274000 Tons 1,699000 $		3999
(6) C Zone 13.2:1 139,000 0.100	$ 13.20									80000 $ 1056000 $	59000 $ 799000 $	$ 31428000 = 31428
Total tonnage each year		354	354	354	354	354	354	354	354	354	59	= 3245000
Weighted average grade mined each year		0.176	0.175	0.159	0.080	0.080	0.080	0.063	0.078	0.083	0.100	
Weighted average grade each year		0.176	0.175	0.159	0.080	0.080	0.080	0.063	0.078	0.083	0.100	
Mining Costs per year	$	2159	3878	4801	3140	3186	3186	5329	2195	2755	799	$ 31428
Milling and all other operational costs @ $10.00/Ton		3540	3540	3540	3540	3540	3540	3540	3540	3540	590	32450
Heap Leach tonnage equals cost @ 1.00 per ton		550	550	550	550	550	550	550	550	550	350	5500000
Total Operating Mine, Mill, Heap Leach		6249	7968	8891	7230	7276	7276	9419	6285	6845	1939	69378 ok
Mined ounces @ Weighted Ave. Grade		62304	61950	56286	28320	28320	28320	22302	27612	29382	5900	350,696 Mined oz
												350696 oz ÷ 3,245,000 Tons = 0.108
$ @ $ 600.00 / Ton		37,382,400	37,170,000	33,771,600	16,992,000	16,992000	16,992000	13,381200	16,567200	17,629200	3,540000	$ 210,417600 $ $/Ton
Mined Recoverable oz @ 85% recovery		52958.4	52657.5	47843.1	24072	24072	24072	18956.7	23470.2	24974.7	5015	298091.6 × $600 = 178854960
" $ @ $600.00		$ 31775040	31595	28706	14443200	14,443200	14443200	11374	14082	14985	3009	178,855000 $
Heap leach grade = 0.02 oz/Ton Recoverable ounces @ 50% recovery		5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500 0 * → 33000000
Heap Leach $ @ $600.00		3,300	3300	3300	3300	3300	3300	3300	3300	3300	3300	33000000 * $ 211,854960
												353091.6
Recoverable ounces Mine and Heap leach		58458	58158	53343	29572	29572	29572	24457	28970	30425	10515	353092 × $600 = $ 211855200
$ @ $600.00		35 074800	34894800	32005800	17743200	17743200	17743200	14674200	17382000	18 285000	6309000	211855200

3080 0280

$600.00 Au

weighted average diluted Grade

		1981	82	83	84	85	86	87	88	89	1990	Total
1	Mining rate at tons of ore to mill per year. This figure does not include waste stripping	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	59,000	3 245,000 Total
2	Heap Leach tonnage per year	550000										550000
	Mining costs per year ~~include~~ ore to mill plus waste stripping. ~~The~~ Stripping ratios (waste to ore) vary from 5.1 thru 14.7. Mining	55	55	55	55	55	55	55	55	55	5	8 745000 Total Tonnage of Ore moved
3	at $1.00 per ton for any rock moved.	$2159000 ✓	3878000									
	Milling and all other operational											
4	costs at $10.00 per ton of ore	3540000 ✓										
5	Heap Leach costs at $1.00 per ton.	550000 ✓										
	Total operating costs, Mine, Mill											
6	and Heap Leach	6249000 ✓										
7	Mined Recoverable ounces @ 85% recovery	52958 ✓										
8	Heap Leach Recoverable ounces @ 50% recovery	5500 ✓										
9	Total Recoverable ounces of Gold	58458 ✓										
10	$ at $600.00 Gold per ounce	35075000 ✓										
11	Deductions: pay for 99.6% of recoverable gold, Refining charge 85¢ per ounce, Shipping and insurance $2000.00 per 10 days	121000										
12	Net sales after deductions	34813000										
13	Net sales after Royalty Payments	33769000 ✓										
	Total operating cost	6249000 ✓										
	Gross Operating Revenue	27520000 ✓	25821000	22236000	9994000	9948000	9948	4813	10587	10904	4141	135912000
	Nevada Net Proceeds of Mines Tax (NPM) 2.2003% per $100.00	606000 ✓	568000	489000								
	Less repayment of Loans	7875000	7875000	21747000								
	Less repayment of other equities	250000	2500000									
	Net Operating Revenue less (NPM) & repayments	16539000	14878000	21747000								
	Discounted Present Value @ 15% Net Operating Revenue											
	20%											
	25%											

36800280

ESTIMATED PRODUCTION

PINSON MINE

1981...1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Weighted average diluted grade, mined each year, in ounces per ton of gold----------	0.176	0.175	0.159	0.08	0.080	0.080	0.063	0.078	0.083	0.100	0.108
Mining rate, tons of ore to mill per year, does not include waste. --	354000	354000	354000	354000	354000	354000	354000	354000	354000	59000	3245000
Heap Leaching tonnage per year-----	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	5500000
Total Mine & Heap Leaching per year										Total Tons--	8745000
Mining costs per year for ore to mill plus waste stripping. Strip ratio varies(5.1 thru 14.7 to1) waste to ore. Mining cost $1.00 per ton for ore or waste moved.--$	2159000	3878000	4801000	3140000	3186000	3186000	5329000	2195000	2755000	799000	$31428000
Milling and all other operational costs, $10.00 per ton ore milled--$	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	530000	$32450000
Heap Leaching at $1.00 per ton-----	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	$ 5500000
Total operating costs for Mine, Mill and Heap Leaching----------$	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	$ 69378000
Mined recoverable ounces at 85% recovery----------	52958	52698	47843	24072	24072	24072	18957	23470	24975	5015	298096
Heap Leaching recoverable ounces at 50% recovery----------	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	55000
Total recoverable ounces of gold--	58458	58158	53343	29572	29572	29572	24457	28970	30475	10515	353092
$ at $500.00 per ounce of gold----$ (to nearest thousand)	29229000	29079000	26672000	14786000	14786000	14786000	12229000	14485000	15238000	5258000	176548000
Deductions: Pay for 99.6% recovered gold, refining charge 85¢ per ounce. Shipping and insurance $2000.00 per 10 days----------$	226000	225000	211000	143000	143000	143000	129000	142000	146000	42000	1550000
Net sales after deductions---------$	29003000	28854000	26461000	14643000	14643000	14643000	12100000	14343000	15092000	15216000	174998000
Royalty payments at 3%----------$	870000	630000									
Royalty payments at @%----------$		157000	529000	293000	293000	293000	242000	297000	302000	104000	
Total Royalty payments----------$	870000	787000	529000	293000	293000	293000	242000	297000	302000	104000	4000000
Net sales after royalty payments--$	28133000	28067000	25932000	14350000	14350000	14350000	11858000	14056000	14790000	5112000	170998000
Total operating costs----------$	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	69378000
Gross operating revenue----------$	21884000	20099000	17041000	7120000	7074000	7074000	2439000	7771000	7945000	3173000	101620000
Nevada Net Proceeds of Mines tax 2.2003 % per $100.00----------$	482000	442000	375000	157000	156000	156000	54000	171000	175000	70000	2238000
Less repayment of loans----------$	7875000	7875000									
Less other equeties----------$	2500000	2500000									
Net Operating Revenue----------$	11027000	9282000	16666000	6963000	6918000	6918000	2385000	7600000	7770000	3103000	78632000
Depletion, 15% of net sales after royalty payments----------$	4220000	4221000	3890000	2153000	2153000	2153000	1779000	2108000	2219000	767000	25652000
Net Operating revenue less depletion----------$	6807000	5072000	12776000	4810000	4765000	4765000	606000	5492000	5551000	2336000	52980000
Discounted Present Value of the Net Operating Revenue less depletion At a discount rate of % ----$											
15%---$	5919000	3835000	8400000	2781000	2369000	2060000	228000	1795000	1578000	577000	29542000
Partners-- 1%---$	59000	38000	84000	27000	23000	21000	2000	18000	16000	6000	296000
20%---$	5672000	3522000	7394000	2320000	1915000	1596000	1696000	1277000	1076000	377000	26218000
Partners-- 1%---$	57000	35000	74000	23000	19000	16000	2000	13000	11000	4000	262000
25%---$	5446000	3246000	6541000	1978000	1562000	1249000	127000	921000	745000	251000	22076000
Partners-- 1%---$	55000	33000	65000	20000	16000	13000	1000	1000	8000	3000	221000

J.McLaren Forbes

April, 11, 1981

36800280

ESTIMATED PRODUCTION

PINSON-MINE

1981-1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Weighted average diluted grade, mined each year, in ounces per ton of gold----------	0.176	0.175	0.159	0.08	0.080	0.080	0.063	0.078	0.083	0.100	0.108
Mining rate, tons of ore to mill per year, does not include waste. --	354000	354000	354000	354000	354000	354000	354000	354000	354000	59000	3245000
Heap Leaching tonnage per year-----	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	5500000
Total Mine & Heap Leaching per year										Total Tons--	8745000
Mining costs per year for ore to mill plus waste stripping. Strip ratio varies(5.1 thru 14.7 to1) waste to ore. Mining cost $1.00 per ton for ore or waste moved.--$	2159000	3878000	4801000	3140000	3186000	3186000	5329000	2195000	2755000	799000	$31428000
Milling and all other operational costs, $10.00 per ton ore milled--$	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	530000	$32450000
Heap Leaching at $1.00 per ton----$	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	$ 5500000
Total operating costs for Mine, Mill and Heap Leaching----------$	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	$ 69378000
Mined recoverable ounces at 85% recovery----------	52958	52698	47843	24072	24072	24072	18957	23470	24975	5015	298096
Heap Leaching recoverable ounces at 50% recovery----------	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	55000
Total recoverable ounces of gold--	58458	58158	53343	29572	29572	29572	24457	28970	30475	10515	353092
$ at $500.00 per ounce of gold----$ (to nearest thousand)	29229000	29079000	26672000	14786000	14786000	14786000	12229000	14485000	15238000	5258000	176548000
Deductions: Pay for 99.6% recovered gold, refining charge 85¢ per ounce. Shipping and insurance $2000.00 per 10 days----------$	226000	225000	211000	143000	143000	143000	129000	142000	146000	42000	1550000
Net sales after deductions--------$	29003000	28854000	26461000	14643000	14643000	14643000	12100000	14343000	15092000	15216000	17498000
Royalty payments at 3%----------$	870000	630000									
Royalty payments at @%----------$		157000	529000	293000	293000	293000	242000	287000	302000	104000	
Total Royalty payments----------$	870000	787000	529000	293000	293000	293000	242000	287000	302000	104000	4000000
Net sales after royalty payments--$	28133000	28067000	25932000	14350000	14350000	14350000	11858000	14056000	14790000	5112000	170398000
Total operating costs----------$	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	69378000
Gross operating revenue----------$	21884000	20099000	17041000	7120000	7074000	7074000	2439000	7771000	7945000	3173000	101020000
~~Nevada Net Proceeds of Mines tax~~ 2.2003 % per $100.00----------$	482000	442000	375000	157000	186000	156000	54000	171000	175000	70000	2238000
Less repayment of loans----------$	7875000	7875000									
Less other equeties----------$	2500000	2500000									
Net Operating Revenue----------$	11027000	9282000	16666000	6963000	6918000	6918000	2385000	7600000	7770000	3103000	78632000
Depletion, 15% of net sales after royalty payments----------$	4220000	4221000	3890000	2153000	2153000	2153000	1779000	2108000	2219000	767000	25652000
Net Operating revenue less depletion----------$	6807000	5072000	12776000	4810000	4765000	4765000	606000	5492000	5551000	2336000	52980000
Discounted Present Value of the Net Operating Revenue less depletion At a discount rate of % ----$											
15%---$	5919000	3835000	8400000	2781000	2369000	2060000	228000	1795000	1578000	577000	29542000
Partners-- 1%---$	59000	38000	84000	27000	23000	21000	2000	18000	16000	6000	296000
20%---$	5672000	3522000	7394000	2320000	1915000	1596000	1696000	1277000	1076000	377000	26218000
Partners-- 1%---$	57000	35000	74000	23000	19000	16000	2000	13000	11000	4000	262000
25%---$	5446000	3246000	6541000	1978000	1562000	1249000	127000	921000	745000	251000	22076000
Partners-- 1%---$	55000	33000	65000	20000	16000	13000	1000	1000	8000	3000	221000

J.McLaren Forbes

April, 11, 1981

3680 0280

ESTIMATED PRODUCTION

PINSON MINE

1981 ---- 1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	TOTAL
Weighted average diluted grade, mined each year, in ounces per ton of gold----------	0.176	0.175	0.159	0.080	0.080	0.080	0.063	0.078	0.083	0.100	0.108
Mining rate, tons of ore to mill per year, does not include waste. --	354000	354000	354000	354000	354000	354000	354000	354000	354000	59000	3245000
Heap Leaching tonnage per year------	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	5500000
Total Mine & Heap Leaching per year										Total Tons--	8745000
Mining costs per year for ore to mill plus waste stripping. Strip ratio varies(5.1 thru 14.7 to1) waste to ore. Mining cost $1.00 per ton for ore or waste moved.--$	2159000	3878000	4801000	3140000	3186000	3186000	5329000	2195000	2755000	799000	$31428000
Milling and all other operational costs, $10.00 per ton ore milled--$	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	3540000	530000	$32450000
Heap Leaching at $1.00 per ton----$	550000	550000	550000	550000	550000	550000	550000	550000	550000	550000	$ 5500000
Total operating costs for Mine, Mill and Heap Leaching----------$	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	$ 69378000
Mined recoverable ounces at 85% recovery----------	52958	52698	47843	24072	24072	24072	18957	23470	24975	5015	298096
Heap Leaching recoverable ounces at 50% recovery----------	5500	5500	5500	5500	5500	5500	5500	5500	5500	5500	55000
Total recoverable ounces of gold---	58458	58158	53343	29572	29572	29572	24457	28970	30475	10515	353092
$ at $600.00 per ounce of gold---$	35075000	34895000	32006000	17743000	17743000	17743000	14674000	17382000	18285000	6309000	$211855000
Deductions: Pay for 99.6% recovered gold, refining charge 85¢ per ounce. Shipping and insurance $2000.00 per 10 days----------$	121000	121000	116000	96000	96000	96000	96000	96000	101000	80000	$ 1019000
Net sales after ddeductions------$	34813000	34634000	31762000	17576000	17576000	17576000	14523000	17216000	18111000	6204000	$209991000
Net sales after royalty payments-$	33769000	33789000	31127000	17224000	17224000	17224000	14232000	16872000	17749000	6080000	$205290000
Total Operating Cost----------$	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	$ 69378000
Gross operating Revenue----------$	27520000	25821000	22236000	9994000	9948000	9948000	4813000	10587000	10904000	4141000	$135912000
Nevada Net Proceeds of Mines tax-$ 2.2003 % per $100.00----------$	606000	568000	489000	220000	219000	219000	106000	233000	240000	91000	$ 2991000
Less repayment of loans----------$	7875000	7875000									
Less other equities----------$	2500000	2500000									
Net Operating Revenue----------$	16539000	14878000	21747000	9774000	9729000	9729000	4707000	10354000	10169000	4050000	$ 111676000
Depletion, 15% of net sales after royalty payments.----------$	5065000	5068000	4669000	2583000	2583000	2583000	2134000	2530000	2662000	912000	$ 30789000
Net Operating Revenue less depletion----------$	11474000	9810000	17078000	7191000	7146000	7146000	2573000	7824000	7507000	3138000	$ 80887000
Discounted Present Value of the Net Net Operation Revenue less depletion:											
Atta discount rate of %											
15%--$	9977000	7417000	11228000	4111000	3552000	3089000	967000	2557000	2134000	775000	$ 45807000
Partners 1%--$	100000	74000	112000	41000	36000	31000	10000	26000	21000	8000	$ 458000
20%--$	9561000	6812000	9883000	3468000	2871000	2393000	718000	1819000	1454000	506000	$ 39557000
Partners 1%--$	96000	68000	99000	35000	29000	24000	7000	18000	15000	5000	$ 396000
25%--$	9179000	6278000	8743000	2945000	2341000	1872000	539000	1312000	1007000	337000	$ 34553000
Partners 1%--$	92000	63000	87000	30000	23000	19000	5000	13000	10000	3000	$ 345000

36800280

MINING COSTS

(1)

	1980 (0 yr)	1981 (1st)	1982 (2nd)	1983 (3rd)	1984 (4th)	1985 (5th)	1986 (6th)	1987 (7th)	1988 (8th)	1989 (9th)	1990 (10th)	1991 (11th)	1992 (12th)	Totals
Tons of ore mined per year. These figures do not include waste stripping	—	177,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	354,000	236,000			3,245,000
Cost of ore mined per year at $1.00 per ton for any rock moved. These figures include ore to mill and waste to dump and are based on the Computer Reserve Stripping ratio (June 5, 1980) Inflation not included		$ 1,079,700	2,408,400	5,097,600	3,844,800	3,186,000	3,186,000	4,304,900	3,714,800	2,194,800	2,575,200		$	31,592,200
Milling and all other operating costs $10.00 per ton Inflation not considered		$ 1,770,000	3,540,000	3,540,000	3,540,000	3,540,000	3,540,000	3,540,000	3,540,000	3,540,000	2,360,000		$	32,450,000
Total Stripping, Mining + Milling Costs		$ 2,849,700	5,948,400	8,637,600	7,384,800	6,726,000	6,726,000	7,844,900	7,254,800	5,734,800	4,935,200		$	64,042,200
Heap Leaching Tons per year Operation of starting (1981)		→ 200,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	350,000		5,500,000
Heap Leaching Costs $1.00/ton inflation not considered		$ 200,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	350,000	$	5,500,000
														69,542,200
Total Stripping Mining, Milling + Heap Leaching + Operational costs		3,049,700	6,498,400	9,187,600	7,934,800	7,276,000	7,276,000	8,394,900	7,804,800	6,284,800	5,485,200	350,000		69,542,200
(11) Inflation not considered Heap Leach starting (1981)		→ 3.050	6.498	9.188	9.935	7.276	7.276	8.395	7.805	6.285	5.485	0.350		71.543

	1980	1981	1982	83	84	85	86	87	88	89	1990	91	92	Totals
Total Stripping, Mining + Milling Costs		2,849,700	5,948,400	8,637,600	7,384,800	6,726,000	6,726,000	7,844,900	7,254,800	5,734,800	4,935,200			

(1)

Heap Leaching Tons per year Operational starting (1982)			→ 200,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	350,000	5,500,000
Heap Leaching Costs			$ 200,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	350,000	$ 5,500,000
(B) Total Stripping, Mining, Milling + Heap Leaching costs (inflation not considered)		$ 2,849,700	6,148,400	9,187,600	7,934,800	7,276,000	7,276,000	8,394,900	7,804,800	6,284,800	5,485,200	550,000	350,000	69,542,200
Heap Leach starting 1982		→ 2.850	6.148	9.188	7.935	7.276	7.276	8.395	7.805	6.285	5.485	.550	.350	69.542

1981

1982

3680280

© WILSON JONES COMPANY G7513 GREEN

979 MADE IN U.S.A.

Prepared By		
Approved By		

a = Initial stage of pit
b = final " " "

Dilution factor used
A ore 15%
B-ore 5%
Cert 20%

35.4

To Thousands

Tonnage and Grade from Pit Reserve Summary (by computer) of #6-5-80

Ounces to be refined

Ounces to be paid for

Dollars Paid, less Deductions

Total payments for EACH YEAR after

Year and Mining Stage	(1) Tons @ 1000 T per day	(2) Cum Tonnage 1000 T/day for 354 days	(3) Diluted Mining Grades to Mill as calculated by Pinson	(4) Average Grade	(5) Mined ounces per year	(6) Ounces Recovered @ 85% recovery	(7) Cum. Ounces Recovered	Engelhard Pays on 99.6% of recovered Au	(8) (Engelhard's Price $582 use $500)	(9) Negotiated Gdn (below fixing) Cumulative	(10) Refining charge @ 85¢/oz to be refined (# 6 ounces recovered)	(11) Shipping charge $2000 each 10 days (354 days/yr @ 35.4 shipments per year)	(12) Total Deductions	(13) Cum. Deduction	(14) (3) Deductions	(15) Cum. Pay after Deduct	(16) Royalty @ 3%	(17) Cum. Royal
									$	$	$							
1st (A Stage) 1	354000	354000	0.176	0.176	62304	52958	52958	52746	26373000	26373000	45014	70800	115814	115814	26257186	26257186	787716	787716
2nd (A Stage) 1	147000		0.176															
(A Ult.) 2	207000	708000	0.174	0.175	61950	52658	105616	52447	26223500	52596500	44759	70800	115559	231373	26107941	52365127	783238	1570954
3rd (A Ult) 2	299000	1062000	0.174															
(N + Central) B3	55000		0.080	0.160	56640	48144	153760	47951	23975000	76571500	40922	70800	111722	343095	23863278	76228405		
4th (N + Central) B3	354000	1416000	0.080	0.080	28320	24072	177832	23976	11988000	88559500	20461	70800	91261	434916	11896739	88125144		
5th (N + Central) B3	354000	1770000	0.08	0.080	28320	24072	201904	23976	11988000	100547500	20461	70800	91261	525977	11896739	100021883		
6th (N + Central) B3	354000	2124000	0.07	0.080	28320	24072	225976	23976	11988000	112535500	20461	70800	91261	617238	11896739	111918622		
7th (N + Central) B3	10000		0.08															
(B Clean up) 4	327000	2478000	0.062															
(South B) 5	17000		0.078	0.063	22302	18957	224933	18881	9440500	121976000	16113	70800	86913	704151	9353587	121272209		
8th (South B) 5	354000	2832000	0.078	0.078	27612	23470	268403	23376	11688000	133664000	19950	70800	90750	794901	11597250	132869459		
9th (South B) 5	274000	3186000	0.078															
(C Zone) 6	80000		0.100	0.080	28320	24072	292475	23976	11988000	145652000	20461	70800	91261	795412	11896739	144766198		
10th (C Zone) 6	159000	3245000	0.100	0.100	5900	5015	297490	4995	2497500	148149500	4263	12000	6263	801675	2491237	147257435		
	3245000				349988	297490		296300			252865	639200	801675	147257435	147257435	x .015		
		3245000						148150000								2208862		

Recalculated 4-9-81
4-10-81
4-11-81

.022003 X = 606000
X = 606000 / 0.022003

$ 500 ea Au

	1981	1982									
Net Sales after Deductions	29,003000	28854000	26461000	14643000	14643000	14643000	12100000	14343000	15092000	5216000	174998000
	57,857,000										
Royalty Payment											
3% through $1,500,000 Royalty	870090 —	629910 —									
.03 X 29,003000 = 870090											
.03 X 20997000 = 629910	57857000										
	-50000000										
50000000 1,500,000	7857000 remainder										
2% Past $1500,000 Royalty	0.02 X 7,857000 =	157140 —									
Total Royalty	870090 —	787050 —	529220	292860	292860	292860	242000	286860	301840	104320	3999960
Royalty Payments @ 3%	870000	630000									1500000
Royalty Payments @ 2%		157000	529000	293000	293000	293000	242000	287000	302000	104000	2500000
Total Royalty Payments	870000	787000	529000	293000	293000	293000	242000	287000	302000	104000	4000000
Total Royalty to nearest thousand	870000	787000	529000	293000	293000	293000	242000	287000	302000	104000	4000000
Net Sales after Royalty Payments	28133000	28067000	25932000	14350000	14350000	14350000	11858000	14056000	14790000	5112000	170998000
Total Operating Costs	6249000	7968000	8891000	7230000	7276000	7276000	9419000	6285000	6845000	1939000	69378000
Gross Operating Revenue	21884000	20099000	17041000	7120000	7074000	7074000	2439000	7771000	7945000	3173000	101620000
Nevada Net Proceeds of Mines Tax	482000	442000	375000	157000	156000	156000	54000	171000	175000	70000	2238000
Less Repayment of Loans	7875000	7875000									15750000
Less other equities	2500000	2500000									15000000
Net Operating Revenue	11027000	9282000	16666000	6963000	6918000	6918000	2385000	7600000	7770000	3103000	78632000
Depletion 15% of Net Sales after royalty Payment (Net oper. Revenue)	4220000	4210000	3890000	2153000	2153000	2153000	1779000	2108000	2219000	767000	25652000
Net operating Rev. after Dep.	6807000	5072000	12776000	4810000	4765000	4765000	606000	5492000	5551000	2336000	52980000
Discounted Present Value → 15%	5919000	3835000	8400000	2781000	2369000	2060000	228000	1795000	1578000	577000	29542000
Partners 1%	59000	38000	84000	27000	23000	21000	2000	18000	16000	6000	296000
single Payment Present Worth → 20%	5672000	3522000	7394000	2320000	1915000	1596000	169000	1277000	1076000	397000	26218000
pages, 411, 412, 423 P/Fin Partners 1%	57000	35000	74000	23000	19000	16000	2000	13000	11000	4000	262000
Economic Evaluation Investment Decision Methods 1974 → 25%	5446000	3246000	6541000	1970000	1562000	1249000	127000	921000	745000	251000	22076000
Partners 1%	55000	33000	65000	20000	16000	13000	1000	1000	8000	3000	221000

36800280

$600 = AU

Refining charge based on recoverable ounces
85¢ per recoverom ounce

Should Royalty payment be calculated before or after NPM Tax?
NPM after
also K.

	1981	82	83	84	85	86	87	88	89	1990	Total	
Recoverable Ounces from Mill and Heap Leach	58458	58158	53343	29572	29572	29572	29457	28970	30475	10515	353092	
$ @ 600.00/oz	$ 35075000	34895000	32006	17743	17743	17743	14674	17382	18285	6309	$ 211855000	× 99.6% = 211007580
Deduction calculations												
Ounces paid for 99.6%	58224	57925	53130	29454	29454	29454	24359	28854	30353	10473	351680	× 600 = 211008000
Gross sales @ 600.00/oz	34934	34755	31878	17672	17672	17672	14615	17312	18212	6284	211006000	
Refining charge @ 85¢/oz	50	50	45	25	25	25	21	25	30	9		
Shipping charge ($2000 per 10 days) 35.4 per year	71	71	71	71	71	71	71	71	71	71		check
Total Deduct	121	121	116	96	96	96	96	96	101	80	1019000	1019000
Net sales after Deductions	34813	34634	31762	17576	17576	17576	14523	17216	18111	6204	209991	
Royalty Payment												
3% through $1,500,000	1044	456										
2% after $1,500,000		389 (845)	635	352	352	352	291	344	362	124	4701,000 205290	
Net sales after Royalty	$ 33769	33789	31127	17224	17224	17224	14232	16872	17749	6080	$ 205290	
Total operating cost												
Mining, Milling & Heap Leach	$ 6249	7968	8091	7230	7276	7276	9419	6285	6845	1939	$ 69378	
Gross Operating Profit (Revenue)	$ 27520	25821	22236	9994	9948	9948	4813	10587	10904	4141	$ 135912	o/k 3
Nevada net Proceeds of Mines Tax 2.2003%/$1000	606	568	489	220	219	219	106	233	240	91	2991	o/k (2)
Gross revenue Less NPM Tax Nevada proceeds of mines 2.2003%	26914	25253	21747	9774	9729	9729	4707	10354	10169	4050	~~132426000~~ 111676000	? 2 OK (0)
Less Repayment of Loans	7875	7875										
Less Other equities	2500	2500										
→ 10375												
Cash Flow	16539	14878										
Present Value Discounted Cash Flow @ 15%	23404	19093	14298	5588	4837	4205	1769	3384	2891	1001	80470	
* = 10375 Less Loans & other	10375 13029	10375 8718										
20%	22419	17535	12584	4714	3910	3258	1313	2408	1970	654	70765	
* = 10375 Less loans & other	10375 12044	10375 7160										
25%	21531	16161	11134	4003	3188	2549	987	1737	1364	424	63078	
* = 10375 Less loans & other	10375 11156	10375 5786										
Depletion = (Net sales after Royalty) × 15%	5065	5068	4669	2583	2583	2583	2134	2530	2662	912	28206	

36800 0280

1982

OK

0•	*
0•	*
135•01	+
24•524	−
24•554	+
2•479	−
2•478	+
135•039	◊
69•543	+
204•582	T

1982

	*
12•443	+
25•557	+
24•524	+
14•983	+
9•942	+
9•942	+
7•308	+
7•208	+
10•58	+
8•353	+
2•479	+
1•691	+
135•01	T
135•01	+
69•5443	+
204•5543	T
0•	*
0•	*

0•	*
16539000•	+
14878000•	+
21747000•	+
9774000•	+
9729000•	+
9729000•	+
4707000•	+
10354000•	+
10169000•	+
4050000•	+
111,676,000•	◊

5065000•	+
5068000•	+
4669000•	+
2583000•	+
2583000•	+
2583000•	+
2134000•	+
2530000•	+
2662000•	+
912000•	+
30,789,000•	◊
30789000•	M +

1982

0•	*
2•85	+
6•148	+
9•188	+
7•935	+
7•276	+
7•276	+
8•	+
0•395	+
7•805	+
6•285	+
5•485	+
0•55	+
0•55	+
0•55	−
0•35	+
69•543	T

A 1982

OK

15•293	+
31•705	+
33•742	+
22•918	+
17•218	+
17•218	+
15•703	+
15•013	+
16•865	+
13•838	+
3•025	+
2•041	+
0•003	+
204•582	

0•	*
11474000•	+
9810000•	+
17078000•	+
7191000•	+
7146000•	+
7146000•	+
2573000•	+
7824000•	+
7507000•	+
3138000•	+
80887000•	◊
30789000•	+
111,676,000•	T

1982

0•	*
15•293	+
31•705	+
+.040 33•712	+
22•918	+
17•218	+
17•218	+
15•703	+
15•013	+
16•865	+
13•838	+
−.001 3•029	+
202•512	T
2.041	
204.553	

0•	*
17224•	×
0•15	=
2583•	*
	*
21747•	−
−21747•	◊
0•	*
21747•	+
4669•	−
0•	*
9729•	+
2583•	−
0•	*
0•	+
0•	*
11474•	+
9810•	+
17078•	+
7191•	+
7146•	+
7246•	+
2573•	+
7824•	+
7507•	+
3183•	+
81032•	T

Gross Revenue
Less Depletion

0•	*
30787000•	+
80887000•	+
111674000•	T

0.85	×
58458.	=
49689.3	*
	M
49689.3	+
58158.	=
49434.3	*
	M
49434.3	+
53343.	=
45341.55	*
	M
45341.55	+
29576.	=
25139.6	*
	M
25139.6	+
29572.	=
25136.2	*
	M
25136.2	+
29572.	=
25136.2	*
	M
25136.2	+
24457.	=
20788.45	*
	M
20788.45	+
28970.	=
24624.5	*
	M
24624.5	+
30475.	=
25903.75	*
	M
~~25903.75~~	~~+~~
~~6309.~~	~~=~~
~~5362.65~~	~~*~~
	~~M~~
~~5362.65~~	~~+~~
10515.	=
8937.75	*
	M
~~8937.75~~	~~+~~
	~~M~~
~~8937.75~~	~~+~~
	~~M~~
~~314432.~~	~~T~~
~~314432.~~	~~+~~
~~536265.~~	~~−~~
~~−221833.~~	~~T~~
	M
0.	T
314432.	+
5362.65	−
309069.35	T

24572

0.	*
	#
	*
34934.	+
34772.	+
31878.	+
17672.	+
17672.	+
17672.	+
14615.	+
17312.	+
18212.	+
6284.	+
211023.	T
351680.	×
600.	=
211008000.	*
211026	
~~211~~	
	*
600.	×
58224.	=
34934400.	*
57925.	=
34755000.	*
0.	*
600.	×
57925.	=
34755000.	*
53130.	=
31878000.	*
29454.	=
17672400.	*
14615.	=
8769000.	*
24359.	=
14615400.	*
28854.	=
17312400.	*
30353.	=
18211800.	*
30353.	=
18211800.	*
10473.	=
6283800.	*
0.	*
0.	*

Reference Deduction

Charge

Reference based on remedies @ .85 & 1/3

	0.85	×
	58458.	=
(50)	49689.3	*
	58158.	=
(50)	49434.3	*
	53343.	=
(45)	341.55	*
	29572.	=
(25)	136.2	*
	29572.	=
(25)	136.2	*
	29572.	=
(25)	136.2	*
	24457.	=
(21)	20788.45	*
	28970.	=
(25)	24624.5	*
	30475.	=
	25903.75	*
	10515.	=
(9)	8937.75	*
	0.	*

Shipping charge

	0.	*
per year	$ 2000.	×
× 354/10 =	35.4	=
	70800.	*

(1 shipment every 10 days)

0.	*

0.	*
0.	*
1044000.	+
456000.	+
1500000.	◊
	#
0.	*
0.	*
1044.	+
456.	+
389.	+
635.	+
352.	+
352.	+
352.	+
291.	+
344.	+
362.	+
124.	+
4701.	T

Royalty

63

845

0.	*
	#
0.	*
58224.	+
57925.	+
53130.	+
29454.	+
29454.	+
29454.	+
24359.	+
28854.	+
30353.	+
10473.	+
351680.	T
	*
353092.	×
600.	=
211855200.	*
0.	*

Owner pay for

(2)

Omnes paid for @ 99.6%

0•996	×
58458•	=
58224•168	*
	M
58224•168	+
58158•	=
57925•368	*
	M
57925•368	+
53343•	=
53129•628	*
30	
	M
53129•628	+
29572•	=
29453•712	*
4	
	M
29453•712	+
29572•	=
29453•712	*
4	
	M
29453•712	+
29572•	=
29453•712	*
4	
	M
29453•712	+
24457•	=
24359•172	*
	M
24359•172	+
28970•	=
28854•12	*
	M
28854•12	+
30475•	=
30353•1	*
	M
30353•1	+
10515•	=
10472•94	*
	M
10472•94	+
	M
351679•632	T
0•	*
353092•	×
0•	*
0•996	×
353092•	=
351679•632	*

	*
350696•	÷
3245000•	=
0•108072727	*
0•108072727	×
600•	=
64•8436362	*
0•	*
0•1080727	×
600•	=
64•84362	*
0•	*
0•108072727	×
600•	=
64•8436362	*
0•	*
350696•	÷
32245000•	=
0•01087598	*
0•	*
350696•	÷
3245000•	=
0•108072727	*
0•108072727	×
350696•	=
37900•67306	*

Gross sales for 1981 — Royalty

	*
34813000•	×
0•03	=
1044390•	*

1044

0•	T
1,500,000•	+
1044390•	−
455610•	T
455610•	÷
0•03	=
15187000•	*
0•	*
455610•	÷
0•03	=
15187000•	*
0•	*
0•	*
15187000•	×
0•03	=
455610•	*

allowed at 3%

3% of (1981)

Remaining royalty at 3%

455610 = .03x

x = 455610 / .03

456,000

15 187000 = Part of Gross sales 1982 to produce 3% royalty of 455610

~~34634000•~~	+
0•	*

Net sales 1982

Less net sales at 3%

34634000•	+
15187000•	−
19447000•	◊

Remainder net sales for 2%

19447000•	×
0•02	=
388940•	*
0•	*

Royalty 2%

389,000

31762000•	×
0•02	=
635240•	*

635,000

17576000•	×
0•02	=
351520•	*

352,000

14523000•	×
0•02	=
290460•	*

291,000

17216000•	×
0•02	=
344320•	*

344,000

18111000•	×
0•02	=
362220•	*

362000

6204000•	×
0•02	=
124080•	*

124,000

0. *

0. *

34772. −
34772. +
34775. +
34775. T

0. *

19640880. +
0. *

211023. +
34772. −
34775. +
211026. T

*
211855. ×
0.996 =
211007.58 *

0. *

211855000. ×
0.996 =
211007580. *
0. *

351680. ×
600. =
211008000. *
0. *

57925. ×
600. =
34755000. *
0. *

34934. +
34776. +
31780. +
17672. +
17672. +
17672. +
14615. +
17312. +
18212. +
6284. +
210929. T

0. *

600. ×
583224. =
349934400. *
0. *

24359. ×
600. =
14615400. *
0. *

34934 +
50. −
71. −
34813. T

M
34813. +
34755 +
50. −
71. −
34634. T

M
34634. +
31878 +
45. −
71. −
31762. T

M
31762. +
17672 +
25. −
71. −
17576. T

M
17576. +
17672 +
25. −
71. −
17576. T

M
17576. +
17672 +
25. −
71. −
17576. T

M
17576. +
14615 +
21. −

Sales after Deductions

Sales — Per Deductions

0. *
34813. +
34634. +
31762. +
17576. +
17576. +
17576. +
14523. +
17216. +
18111. +

0. *
0. *

Gross Sales @ 600

34934. +
34755. +
31878. +
17672. +
17672. +
17672. +
14615. +
17312. +
18212. +
6284. +
211006. T

0. *

52958. +
5500. +
58458. T

M
58458. +
52658 +
5500 +
58158. T

M
58158. +
47843. +
5500. +
53343. T

M
53343. +
24702. +
5500. +
30202. T

M
30202. +
24702. +
5500. +
30202. T

M
30202. +
24702. +
5500. +
30202. T

M
30202. +
18957. +
5500. +
24457. T

M
24457. +
23470. +
5500. +
28970. T

M
28970. +
24975. +
5500. +
30475. T

M
30475. +
5051. +
5500. +
10551. T

M
10551. +

M
355018. T

0. *

Receivable owner
Mine + Hoop Lake

0. *

62673. +
18999. −
15261. −
9977. +
7417. +
45807. T

0•	*
600•	×
58224	=
34,934,400•	*
	M
34934400•	+
57952	=
34771200•	*
	M
34771200•	+
53130	=
31878000•	*
	M
31878000•	+
29454•	=
17672400•	*
	M
17672400•	+
29454•	=
17672400•	*
	M
17672400•	+
29454•	=
17672400•	*
	M
17672400•	+
24359•	=
14615400•	*
0•	T
28854•	=
17312400•	*
	M
17312400•	+
30353•	=
18211800•	*
	M
18211800•	+
10473•	=
6283800•	*
	M
6283800•	+
	M
196408800•	T

0•	*
35807•	+
1228•	−
11228•	+
45807•	◊
9977•	−
7417•	−
28413•	◊
1899•	+
15216•	+
45528•	T

Semi Total recoverable ounces

35074800•	+
34894800•	+
32005800•	+
17743200•	+
17743200•	+
17743200•	+
14674200•	+
17382000•	+
18285000•	+
6330600•	+
211876800•	T
0•	*

Mixed recoverable oz 20.85%

OK

52958•	+
52658•	+
47843•	+
24072•	+
24072•	+
24072•	+
18957•	+
23470•	+
24975•	+
5051•	+
298128•	T
298128•	+
55000•	+
353128•	T

	*
600•	×
351680•	=
211008000•	*
0•	*
0•	*
	M
0•	T
	M
17672400•	+
600•	×
24359•	=
14615400•	*
	M
14615400•	+
28854•	=
17312400•	*
	M
17312400•	+
30353•	=
18211800•	*
	M
18211800•	+
10473•	=
6283800•	*
	M
6283800•	+
	M
74095800•	T
	#

0•	*
0•85	×
62304•	=
52958•4	*
61950•	=
52657•5	*
56286•	=
47843•1	*
28320•	=
24072•	*
28320	=
24072•	*
28320	=
24072•	*
22302	=
18956•7	*
27612	=
23470•2	*
29382	=
24974•7	*
5900	=
5015•	*
0•	*

600•	×
58458•	=
35074800•	*
58158•	=
34894800•	*
53343•	=
32005800•	*
29572•	=
17743200•	*
29572•	=
17743200•	*
29572•	=
17743200•	*
24457•	=
14674200•	*
28970•	=
17382000•	*
30475•	=
18285000•	*
0•	T

\$ Recoverable total ounces

0•	*
52958•4	+
52657•5	+
47843•1	+
24072•	+
24072•	+
24072•	+
18956•7	+
23470•2	+
24974•7	+
5015•	+
298091•6	T
0•	*
Mixed Recov. oz 298091•6	+
Hr. " oz 55000•	+
Total oz recoverable 353091•6	T

0.	*
52958.	+
5500.	+
58458.	T
52658.	+
5500.	+
58158.	T
47843.	+
5500.	+
53343.	T
24072.	+
5500.	+
29572.	T
24072.	+
5500.	+
29572.	T
24072.	+
5500.	+
29572.	T
18957.	+
5500.	+
24457.	T
23470.	+
5500.	+
28970.	T
24975.	+
5500.	+
30475.	T
5051.	+
5500.	+
10551.	T

Recoverable oz Heap Leach

	*
58458.	+
58158.	+
53343.	+
30202.	+
30202.	+
30202.	+
24457.	+
28970.	+
30475.	+
10515.	+
354982.	T

0.	*
353092.	×
600.	=
211855200.	*
0.	*
29572.	×
600.	=
17,743,200.	*

Recoverable oz Heap Leach

0.	*
35074800.	+
34894800.	+
32005800.	+
17743200.	+
17743200.	+
17743200.	+
14674200.	+
17382000.	+
18285000.	+
6330600.	+
211876800.	T
0.	*

Mined Recoverable Ounces

0.	*
52958.	+
52658.	+
47843.	+
~~24702.~~	+
~~24702.~~	+
~~24702.~~	+
18957.	+
23470.	+
24975.	+
5051.	+
300018.	T
18.	+
55000.	+
0.	*
300018.	+
55000.	+
355018.	T

Recoverable oz Heap Leach

0.	*
58458.	+
58158.	+
53343.	+
29572.	+
29572.	+
29572.	+
24457.	+
28970.	+
30475.	+
10515.	+
353092.	◊

*	0.
+	6309000.
−	6330600.
+	211876800.
*	0.
*	6309000.
=	600.
×	10515.
*	6309000.
=	10515.
×	600.
*	0.
=	10515.
×	0.
×	600.
*	0.
*	6303000.
=	600.
×	10505.
*	6309000.
=	10515.
×	600.
*	0.

	#
	#
298128.	×
600.	=
178876800.	*
33000000.	+
33000000.	T
0.	*
178878800.	+
33000000.	+
0.	*
28320.	×
0.85	=
24072.	*

0•	*
178555000•	+
330000•	+
178885000•	T
0•	*
178855000•	+
33000000•	+
0•	*
5500•	×
6000•	=
33000000•	*
0•	*
5500•	+
0•	*
5500•	×
600•	=
3300000•	*
0•	*
33000000•	+
213010800•	+
− 35074800	*
177,936,000	

31428•	+
36929•	+
5500•	+
73857•	T
32 950	
73857•	+
69378•	−
4479•	T
0•	*
3540•	×
9•	=
31860•	*
0•	*
69378•	+
590•	−
590•	+
0•	*
69378•	+
590•	−
68788•	◊
	#

0•	+
58458• ✓	×
600•	=
35074800•	*
	M
35074800•	+
58158• ✓	×
600•	=
34894800•	*
	M
34894800•	+
53343• ✓	×
600•	=
32005800•	*
	M
32005800•	+
30202• ✓	×
600•	=
18121200•	*
	M
18121200•	+
30202• ✓	×
600•	=
18121200•	*
	M
18121200•	+
30202• ✓	×
600•	=
18121200•	*
	M
18121200•	+
24457• ✓	×
600•	=
14674200•	*
	M
14674200•	+
28970• ✓	×
600•	=
17382000•	*
	M
17382000•	+
30475• ✓	×
600•	=
18285000•	*
	M
18285000•	+
10551 ✓	×
600•	=
6330600•	*
	M
6330600•	+
	M
213010800•	T

All Receivable @ $600.00

0•	*
31428000•	+
5500000•	+
	#
3540•	×
9•	+
590•	+
36928599•	◊
5500000•	+

0•	*
0•	*
Time 3245000•	×
Calculation of T 0•108	=
350460•	*
0•10807	=
350687•15	*
0•1080727	=
Missed of 350695•9115	*

0•	*
31428•	+
36929•	+
5500•	+
73857•	T
0•	*
31764•	+
7276•	+
7230•	+
8891•	+
7968•	+
6249•	+
69378•	T

0•	*
0•	*
Total Costs 6249• ✓	+
7968• ✓	+
8891• ✓	+
7230• ✓	+
7276• ✓	+
7276• ✓	+
9419• ✓	+
6285• ✓	+
6845• ✓	+
1939• ✓	+
69378•	T

62304•	×
0•85	=
52958•4	*
0•	*
210418•	×
0•85	=
# 178855•3	*
0•	*
# 210,417600•	×
0•85	=
# 178854960•	*

@ 0.85 Total Receivable

21301080•	+
35074800•	−
-13773720•	◊
0•	*
213010800•	+
35074800•	−
0•	*
178855000•	+
55000•	+
0•	*
33000000•	+
178855000•	+
211855000•	T
0•	*
52958•	+
5500•	+
58458•	T
0•	*
178855000•	+
33000000•	+
355018•	×
600•	=
213010800•	*
0•	*
0•	*
62304•	×
0•85	=
52958•4	*
52958•4	×
600•	=
31775040•	*
0•	*
52958•4	×
600•	=
31775040•	*
0•	*
28320•	×
0•85	=
24072•	*
24072•	×
0•85	=
20461•2	*
0•	*
28320•	×
0•85	=
24072•	*
24072•	×
600•	=
14443200•	*
0•	*

Recorded

600•	×
62304•	=
37,382,400•	*
	M
37382400•	+
61950•	=
37,170,000•	*
	M
37170000•	+
56286•	=
33,771,600•	*
	M
33771600•	+
28320•	=
16,992,000•	*
	M
16992000•	+
28320•	=
16,992,000•	*
	M
16992000•	+
28320•	=
16,992,000•	*
	M
16992000•	+
22302•	=
13,381,200•	*
	M
13381200•	+
27612•	=
16,567,200•	*
	M
16567200•	+
29382•	=
17,629,200•	*
	M
17629200•	+
5900•	=
3,540,000•	*
	M
3540000•	+
	M
210,417,600•	T
0•	T
~~350696•~~	×
~~0•108~~	=
~~37875•168~~	*
0•	*
350696•	×
600•	=
210,417,600•	*
0•	*
3245000•	×
0•108	=
350460•	*
350460•	×
600•	=
210,276,000•	*
0•	*

$1600 → $33,771,600

@ $600/02

0•	*
2159•	+
3540•	+
550•	+
6249•	T
	M
6249•	+
3878•	+
3540•	+
550•	+
7968•	T
	M
7968•	+
4801•	+
3540•	+
550•	+
8891•	T
	M
8891•	+
3140•	+
3540•	+
550•	+
7230•	T
	M
7230•	+
3186•	+
3540•	+
550•	+
7276•	T
	M
7276•	+
3186•	+
3540•	+
550•	+
7276•	T
	M
7276•	+
5329•	+
3540•	+
550•	+
9419•	T
	M
9419•	+
	M
16695•	◊
2195•	+
3540•	+
550•	+
6285•	T
	M
6285•	+
2755•	+
3540•	+
550•	+
6845•	T
	M
6845•	+
799•	+
590•	+
550•	+
1939•	T
	M
1939•	+
	M
[illegible]•	T

Table each year all numbers

1981

	*
133•281	+
69•542	+
202•823	T
0•	*
16•865	+
6•285	−
10•58	T
10•58	+
8•353	+
18•933	◊
0•	*
10•58	+
8•353	−
2•227	◊
0•	*
16•865	+
	M
16•865	+
0•	*
7•028	+
	M
7•028	+
16•865	+
0•	*
	M
23•893	T

	M
7•208	+
16•865	+
6•285	−
10•58	T
	M
10•58	+
13•838	+
5•485	−
8•353	T
	M
8•353	+
2•041	+
0•35	−
1•691	T
	M
1•691	+
	M
27•832	T
7•308	+
7•308	◊
0•	*
27•832	+
7•308	+
9•942	+
9•942	+
12•983	+
24•569	+
27•246	+
13•	+
0•397	+
133•219	T
133•218	+
71•543	+
204•761	T
0•	*

Nevada Production of Mines Tax

0•	*
0•022003	×
275200•	=
6055•2256	*
258210•	=
5681•39463	*
222360•	=
4892•58708	*
99940•	=
2198•97982	*
99480•	=
2188•85844	*
48130•	=
1059•00439	*
105870•	=
2329•45761	*
109040•	=
2399•20712	*
41410•	=
911•14423	*
1359120•	=
29904•71736	*
~~29904•71736~~	+
~~21798•97982~~	+
~~32703•69718~~	T
0•	*
0•	*
606•	+
568•	+
489•	+
~~226•~~ 220	+
219•	+
219•	+
106•	+
233•	+
240•	+
91•	+
2997•	T
− 226	
2771	
+ 220	
2991	

0•	*
18206•	+
14016•	+
9883•	+
3468•	+
2871•	+
2393•	+
718•	+
1891•	+
1454•	+
506•	+
55406•	◊
18206•	−
14016•	−
9561•	+
6812•	+
39557•	T

1987

	*
10•	×
0•080	=
0•8	*
0•8	+
0•8	◊
327•	×
0•062	=
20•274	*
20•274	+
21•074	◊
17•	×
0•078	=
1•326	*
1•326	+
22•4	◊
22•4	÷
354•	=
0•063276836	*
22•4	T
0•	T
0•	*
274•	×
0•078	=
21•372	*
21•372	+
21•372	◊
80•	×
0•100	=
8•	*
8•	+
29•372	◊
29•372	÷
354•	=
0•082971751	*
29•372	T

wt. avg 1990

0•	*
0•	*
147•	×
0•176	=
25•872	*
25•872	+
25•872	◊
207•	×
0•174	=
36•018	*
36•018	+
61•89	◊
~~61•89~~	÷
~~708•~~	=
~~0•087415254~~	*

25.872
36.018
61.890
÷ 354
= 0.1748
or 1/Ton

weighted average 1982

1981

	*
16•447	+
3•05	−
13•397	T
	M
13•397	+
33•744	+
6•498	−
27•246	T
	M
27•246	+
33•757	+
9•188	−
24•569	T
	M
24•569	+
22•918	+
9•935	−
12•983	T
	M
12•983	+
17•218	+
7•276	−
9•942	T
	M
9•942	+
17•218	+
7•276	−
9•942	T
	M
9•942	+
15•703	+
8•395	−
7•308	T
	M
7•308	+
15•013	+
7•805	−
7•208	T
	M
7•208	+
16•865	+
6•285	−
10•58	T
	M
10•58	+
13•838	+
5•485	−
8•353	T
	M
8•353	+
2•041	+
~~0•35~~	~~+~~
~~0•35~~	~~−~~
0•35	−
1•691	T
	M
1•691	+

1981

	*
16•447	+
33•744	+
33•757	+
22•918	+
17•218	+
17•218	+
15•703	+
15•013	+
16•865	+
13•838	+
2•041	+
204•762	T
0•	*
3•	+
0•	*
3•05	+
6•498	+
9•188	+
9•935	+
7•276	+
7•276	+
8•395	+
7•805	+
6•285	+
5•485	+
0•35	+
71•543	T
71•543	+
133•218	+
204•761	T

	*
21849•	+
20185•	+
17078•	+
7191•	+
7146•	+
7146•	+
2573•	+
7824•	+
7507•	+
3138•	+
101637•	◊
21849•	−
20185•	−
11474•	+
9810•	+
80887•	◊
80887•	T

	*
299•	×
0•174	=
52•026	*
52•026	+
52•026	◊
55•	×
0•080	=
4•4	*
4•4	+
56•426	◊
56•426	÷
354•	=
0•15939548	*
	*

Weisbler
Aneroid
1983

0•	*
101637•	+
80887•	−
0•	*
132426000•	+
28206000•	−
104220000•	×
0•15	=
15633000•	*
0•	*
104220000•	+
15633000•	−
0•	*
0•	*
18999•	+
15261•	+
11228•	+
4111•	+
3552•	+
3089•	+
967•	+
2557•	+
2134•	+
775•	+
62673•	◊
~~18999•~~	~~−~~
~~15261•~~	~~−~~
~~9777•~~	~~+~~
~~7417•~~	~~+~~
62907•	T
25773•	×
0•2097	=
5404•	*
0•	*
2573•	×
0•2097	=
539•	*
0•	*

Gross Revenue less N.P.S.M. Tax

0.	*
27520.	+
606.	−
26914.	T
	M
26914.	+
25821.	+
568.	−
25253.	T
	M
25253.	+
22236.	+
489.	−
21747.	T
	M
21747.	+
9994.	+
220.	−
9774.	T
	M
9774.	+
9948.	+
219.	−
9729.	T
	M
9729.	+
9948.	+
219.	−
9729.	T
	M
9729.	+
4813.	+
106.	−
4707.	T
	M
4707.	+
10587.	+
233.	−
10354.	T
	M
10354.	+
10409.	+
240.	−
10169.	T
	M
10169.	+
4141.	+
91.	−
4050.	T
	M
4050.	+
	M
4050.	+
	M
136476.	T
136476.	+
4050.	−
132426.	T

OK

	*
23404.	+
19093.	+
14298.	+
5588.	+
4837.	+
4205.	+
1769.	+
3384.	+
2891.	+
1001.	+
80470.	T
0.	*
22419.	+
17535.	+
12584.	+
4714.	+
3910.	+
3258.	+
1313.	+
2408.	+
1970.	+
654.	+
0.	*
0.	T
22419.	+
17535.	+
12584.	+
4714.	+
3910.	+
3258.	+
1313.	+
2408.	+
1970.	+
654.	+
70765.	T
0.	*
21531 → ~~2153.~~	+
16161.	+
11134.	+
4003.	+
3188.	+
2549.	+
987.	+
1737.	+
1364.	+
424.	+
~~43700.~~	T
0.	*

43700
− 2153
41547
+ 21531
63078

Depletion

15% gross sales after Royalty

0.15	×
33769.	=
5065.	*
	M
× 5065.	+
33789.	=
5068.	*
	M
× 5068.	+
31127.	=
4669.	*
	M
× 4669.	+
17224.	=
× 2583.	*
0.	T
17224.	=
2583.	*
	M
2583.	+
17224.	=
2583.	*
	M
2583.	+
14232.	=
2134.	*
	M
2134.	+
16872.	=
2530.	*
	M
2530.	+
17749.	=
2662.	*
	M
2662.	+
6080.	=
912.	*
	M
912.	+
	M
28206.	T
0.	*

0.	*
0.	*
2159.	+
3878.	+
4801.	+
3140.	+
3186.	+
3186.	+
5329.	+
2195.	+
2755.	+
799.	+
31428.	T

Mining Cost

$314,428,000

Mined OZ

62304.	+
61950.	+
56286.	+
28320.	+
28320.	+
28320.	+
22302.	+
27612.	+
29382.	+
5900.	+
350696.	◊
350696.	T

@ .85 Revenue

0•	*
62304•	×
0•85	=
52958•4	*
0•	*
600•	×
52958•	=
31774800•	*
0•	*
61950•	×
0•85	=
52657•5	*
52657•5	×
600•	=
31594500•	*
0•	*
31775 ✓	+
31595 ✓	+
28706 ✓	+
14443 ✓	+
14443 ✓	+
14443 ✓	+
11374 ✓	+
14082 ✓	+
14985 ✓	+
3009 ✓	+
178855•	T
0•	*

	*
52958•4	+
52657•5	+
47843•1	+
24072•	+
24072•	+
24072•	+
18956•7	+
23470•2	+
24974•7	+
5015•	+
5015•	+
5015•	−
5015•	+
5016•	−
0•	*

1981

9256•	+
	*
	M
2159• ✓	+
	M
3878• ✓	+
0•	*
4306•	+
495•	+
4801• ✓	T
	M
4801•	+
0•	T
	M
3140•	+
0•	*
	M
3186•	+
0•	*
	M
3186• ✓	+
0•	*
90•	+
5134•	+
105•	+
5329•	T
	M
5329• ✓	+
	M
2195• ✓	+
0•	*
1699•	+
1056•	+
2755• ✓	T
	M
2755• ✓	+
	M
66• ✓	+
	M
30695•	T
0•	T

Minus cost per year 1990

Leach Starts 1981
Mine, Mill + Heap Leach

Leach Starts 1981

	1	2	3	4	5	6	7	8	9	10	11	12	13
	1980	81	82	83	84	85	86	87	88	89	1990	91	Totals
1 Total Net Sales, Mine, Mill + Heap Leach less deductions.		16.956	34.770	34.446	23.386	17.569	17.569	16.024	15.319	17.209	14.120	2.083	209.451
3 Royalty @ 3% to $1,500,000		.509	1.026 {.991										
4 Royalty @ 2% after $1,500,000			.035	.689	.468	.351	.351	.321	.306	.344	.282	.042	4.689

Dec 1 of page

0•	*
0•8696	×
21849•	=
18999•	*
11474•	=
9977•	*
0•	*
0•7561	×
20185•	=
15261•	*
9810•	=
7417•	*
0•6575	×
17078•	=
11228•	*
0•	*
0•833	×
21849•	=
18200•	*
11474•	=
9557•	*
0•	*
0•8333	×
21849•	=
18206•	*
11474•	=
9561•	*
0•	*
0•6944	×
21849•	=
15171•	*
20185•	=
14016•	*
9810•	=
6812•	*
0•	*
0•644	×
0•	*
0•8000	×
21849•	=
17479•	*
11474•	=
9179•	*
0•	*
0•64	×
20185•	=
12918•	*
9810•	=
6278•	*
	#
0•	*
0•5787	×
17078•	=
9883•	*
0•	*
0•4823	×
4111•	=
1982•	*
2583•	=
1245•	*
7191•	=
3468•	*
0•4019	×
7146•	=
2871•	*
0•3349	×
7146•	=
2393•	*
0•	*
0•2791	×
2573•	=
718•	*
0•	*
0•2326	×
7824•	=
1819•	*
0•1938	×
2134•	=
413•	*
0•1938	×
7507•	=
1454•	*
0•16153138	=
0•	*
0•	*
0•1615	×
3138•	=
506•	*
0•	*
0•8000	×
21849•	=
17479•	*
11474•	=
9179•	*
0•	*
0•6400	×
20185•	=
12918•	*
9810•	=
6278•	*
0•5120	×
17078•	=
8743•	*
0•4096	×
7191•	=
2945•	*
0•3277	×
7146•	=
2341•	*
0•2621	×
7146•	=
1872•	*
0•	*
0•	*
0•2621	×
7146•	=
1872•	*
0•2097	×
2573•	=
539•	*
0•1678	×
7824•	=
1312•	*
0•1342	×
7507•	=
1007•	*
0•	*
0•	+
0•	*
0•1074	×
3138•	=
337•	*
	#
0•	*
9977•	+
7417•	+
1228•	+
4111•	+
3552•	+
3089•	+
967•	+
2557•	+
2134•	+
775•	+
~~35807~~•	◊
11474•	−
9810•	−
21849•	+
20185•	+
56557•	◊
56557•	T
0•	*

11 228 → 1228

35807
− 1228
34579
11228
45807

0•	*
600•	×
52958•	=
31774800•	*
52658•	=
31594800•	*
47843•	=
28705800•	*
24072•	=
14443200•	*
24072•	
14443200•	*
24072•	=
14443200•	*
18957•	=
11374200•	*
23470•	=
14082000•	*
24975•	=
14985000•	*
5051•	=
3030600•	*
178855•	+
300900•	−
3030600•	+
2908555•	T
0•	T
178855000•	+
3009000•	−
3030600•	+
0•	*
59000•	×
0•85	=
50150•	*
0•	*
5900•	×
0•85	=
5015•	*
5015•	×
600•	=
3009000•	*
0•	*
0•	*
5900•	×
0•85	=
5015•	*
0•	*
600•	×
5015•	=
3009000•	*
0•	*
5015•	+
5500•	+
	*
298218•	+
55000•	+
	*
52958•	+
52658•	+
47843•	+
24072•	+
24072•	+
24072•	+
18957•	+
23470•	+
24975•	+
5051•	+
298128•	T
0•	*
58458•	+
58158 ~~588158~~•	+
53343•	+
30202•	+
30202•	+
30202•	+
24457•	+
28970•	+
30475•	+
10515•	+
	M
10515•	+
884982•	T
	M
10515•	T

529 5x 4 600
3118504 00

0.	*
62304.	×
0.85	=
52958.4	*
52958.4	×
600.	=
31775040.	*
	M
31775040.	+
61950	×
0.85	=
52657.5	*
52657.5	×
600.	=
31594500.	*
0.	T
	M
0.	+
56286.	×
0.85	=
47843.1	*
47843.1	×
600.	=
28705860.	*
0.	T
	M
0.	+
28320	×
0.85	=
24072.	*
24072.	×
600.	=
14443200.	*
0.	T
	M
0.	+
28320	×
0.85	=
24072.	*
24072.	×
600.	=
14443200.	*
0.	T
	M
0.	+
28320	×
0.85	=
24072.	*
24072.	×
600.	=
14443200.	*
0.	T
	M
0.	+
22302	×
0.85	=
18956.7	*
18956.7	×
600.	=
11374020.	*
0.	T
	M
0.	+
27612	×
0.85	=
23470.2	*
23470.2	×
600.	=
14082120.	*
0.	T
	M
0.	+
29382	×
0.85	=
24974.7	*
24974.7	×
600.	=
14984820.	*
0.	T
	M
0.	+
5900	×
0.85	=
5015	*
5015.	×
600.	=
3009000.	*
0.	T
	M
0.	+
	M
31775040.	T
	M
0.	T

Recorded 9 at, 85
@ .500

0• ÷

0•8696 ×
~~21894~~ 21849 • =
~~19039~~ 18999 • *
11474 • =
9977 • *
0 • *

0•833 ×
21894 • =
18237 • *
11474 • =
9557 • *
0 • *

0•8000 ×
~~21894~~ • =
17515 • *
11474 • =
9179 • *
0 • *

0•7561 ×
20184 • =
15261 • *
9810 • =
7417 • *
0 • *

0•6944 ×
21894 • =
15203 • *
0 • *

0•6944 ×
20184 • =
14015 • *
9810 • =
6812 • *
0 • *

0•6400 ×
20184 • =
12917 • *
9810 • =
6278 • *
0 • *

17078 • ×
0•6575 =
11228 • *
0•5787 =
9883 • *
0•5120 =
8743 • *
0 • *

7191 • ×
0•5718 =
4111 • *
0•4823 =
3468 • *
0•4096 =
2945 • *
0 • *

7146 • ×
0•4972 =
3552 • *
0•4019 =
2871 • *
0•3277 =
2341 • *
0 • *

7246 • ×
0•4323 =
3132 • *
0•3349 =
2426 • *
0•2621 =
1899 • *
0 • *

2573 • ×
0•3759 =
967 • *
0•2791 =
718 • *
0•2097 =
539 • *
0 • *

7824 • ×
0•3269 =
2557 • *
0•2326 =
1819 • *
0•1678 =
1312 • *
0 • *

7507 • ×
0•2843 =
2134 • *
0•1938 =
1454 • *
0•1342 =
1007 • *
0 • *

3138 • ×
0•2472 =
775 • *
0•1615 =
506 • *
0•1074 =
337 • *
0 • *