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RAWHIDE GOLD MINE

DISCOVERY AND GEOLOGY

Gold was first discovered at Rawhide (120 miles SE of Reno) in 1906, and it soon developed into one of Nevada's most legendary mining camps. During the two-year boom period in 1907-08, six hundred miners worked in the mines and produced most of the camps recorded 50,000 ounces of gold. They drove 50,000 feet of underground workings and at one time 95 headframes stood over shafts as deep as 500 feet. Production and the town's population quickly declined after 1908 and all mining activity ceased in 1943.

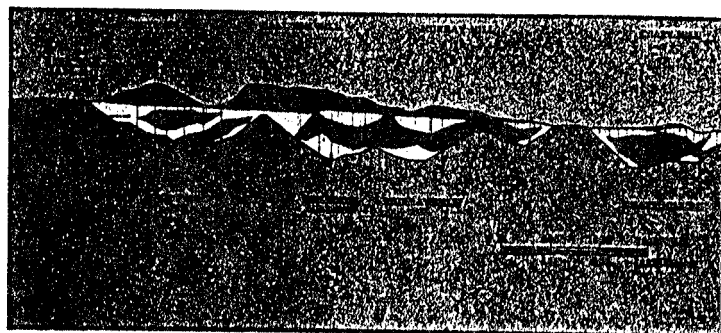
Interest in the Rawhide area was revived in the early 1970's when restrictions on gold price and ownership were lifted by the U.S. government. A Getty Mines Ltd. and Homestake Mining Company joint venture drilled 74 widely spaced holes from 1973-75. In 1982 a subsidiary of Kennecott Corporation began work on the property. During their program from 1982-85, Kennecott drilled an additional 300 holes and did extensive geologic and metallurgical work.

When Plexus and its partner, Kiewit Mining Group Inc., were invited to review the project in mid-1985, the amount and quality of the available work made evaluation relatively fast. A joint venture between Plexus, Kiewit, and Kennecott was formed in March 1986 for development of the Rawhide mine. Engineering, permitting, and equipment procurement are in progress. Construction is scheduled to begin in July 1986 and first bullion production is planned during the first half of 1987.

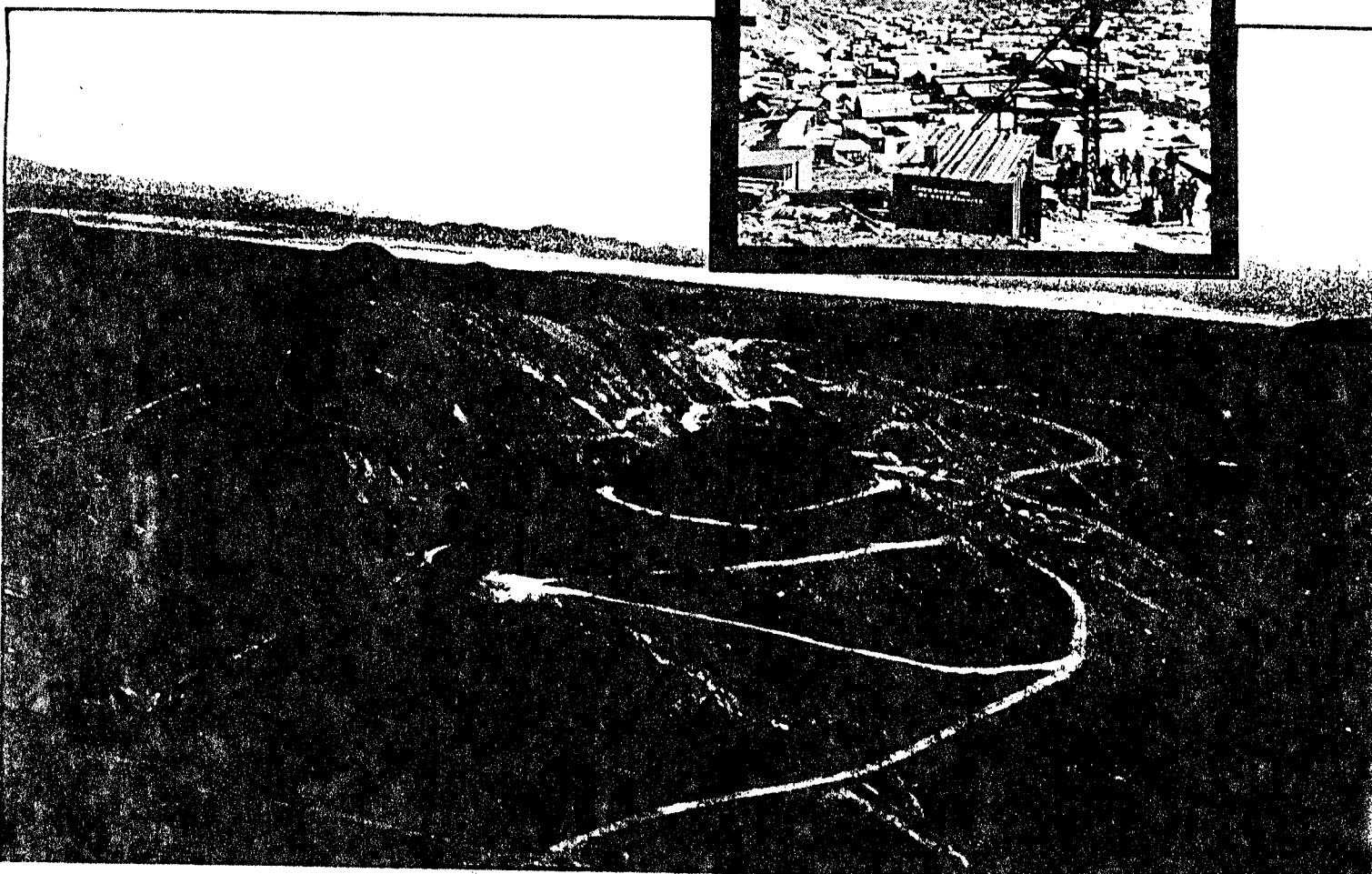
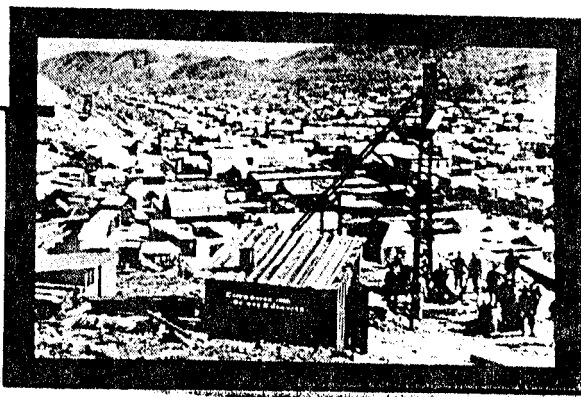
In the Rawhide area, gold-silver mineralization is hosted within altered tertiary volcanics which cover several square miles in a large caldera system. The Rawhide caldera is situated along an intersection between the northwest trending Walker Lane structural zone and northeast trending Basin and Range structures. The intersection of these two major structural

elements was fundamental in localizing mineralization. The topography is such that the ore is located in and below five adjacent hills. Gold occurs chiefly as native gold, ranging in size from visible particles to submicron particles. Silver occurs predominantly as secondary halides in the oxidized zone. The ore is underlain by a sulfide zone. The lack of sulfide near the surface is thought to be due to more than a supergene effect. A late-stage hydrothermal event may have been responsible for the sulfide destruction to depths of a few hundred feet in the vent zones.

Ore reserves are calculated to be 24, 100,000 tons, grading 0.045 oz/ton gold and 0.47 oz/ton silver. In addition, 15,000,000 tons of lean ore grading 0.014 oz/ton gold are identified. The Hooligan Hill area may contain additional reserves, but will require more drilling.



RAWHIDE ORE ZONE AND ULTIMATE PIT LIMITS



MINING AND PROCESSING

The Rawhide mining plan features a very modest waste prestrip of less than 1,000,000 tons, and a mining program which progresses from the Crazy Hill zone on to the Balloon Hill, Murray Hill, and Grutt Hill zones. This approach provides a great amount of flexibility for grade control, expansion, and efficient use of human and equipment resources. The current plan calls for annually mining 2,000,000 tons of ore, which will be crushed and heaped, and slightly more than 1,000,000 tons of lean ore which will be treated on the heaps as mine-run material. An average of 3,800,000 tons of waste will also be moved. Mining conditions are considered to be excellent.

The major components of the mining fleet will consist of 85-ton trucks, 12-cubic-yard front-end loaders, and rotary blasthole drills.

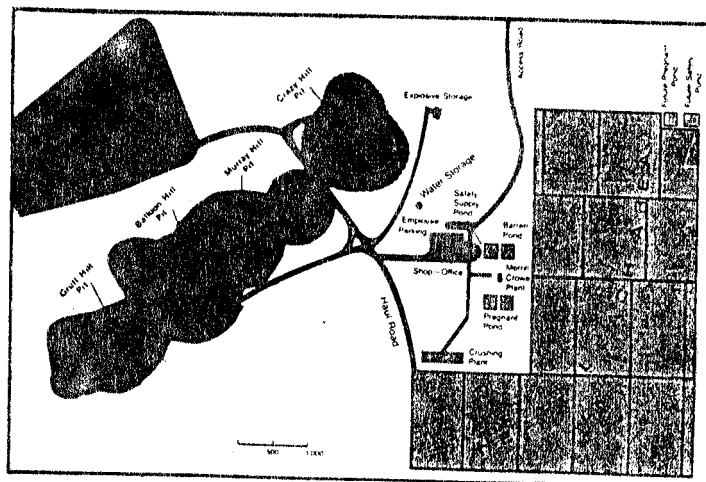
After mining, ore will be hauled to a centrally located crushing facility where it will be reduced to one inch in size. Because of ore characteristics, in later years crushing size will be decreased to 3/8-inch by addition of more screening and a third crushing stage.

Crushed ore will be transported to the leach pads by conveyor. Heaps will be constructed as permanent features on previously prepared pad areas. Ultimately the leaching site will occupy an area one mile long and 3/4 of a mile wide and contain in excess of 40,000,000 tons of material.

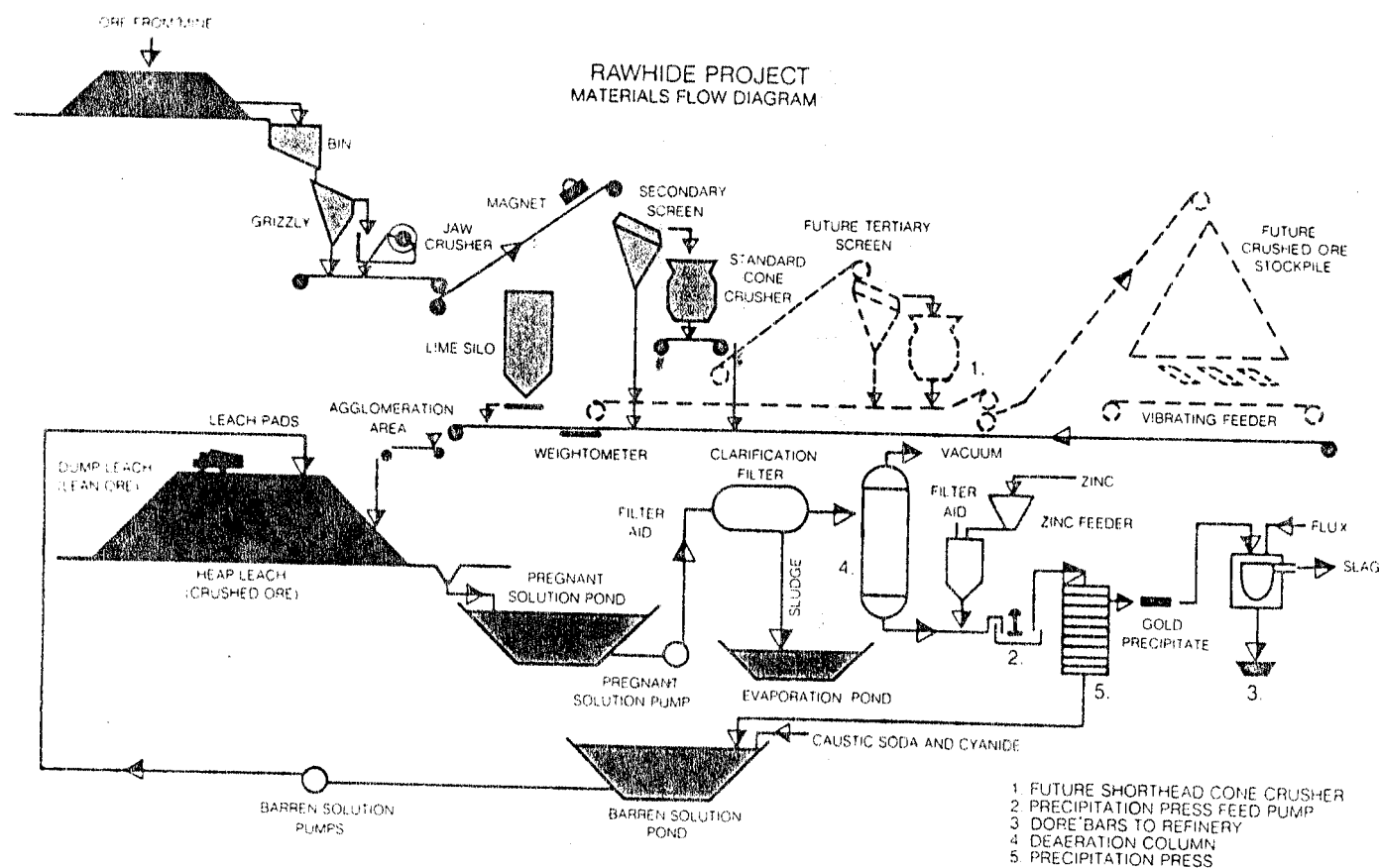
Leach solutions will be sprayed over the heaps at a rate of 2,500 gallons per minute, 24 hours per day and 12 months per year. Each heap will be treated for approximately 60 days to complete gold and silver recovery which will average 76% and 37%, respectively, for the anticipated 12-year operating span. Additional gold and silver will also be recovered from the lean ore.

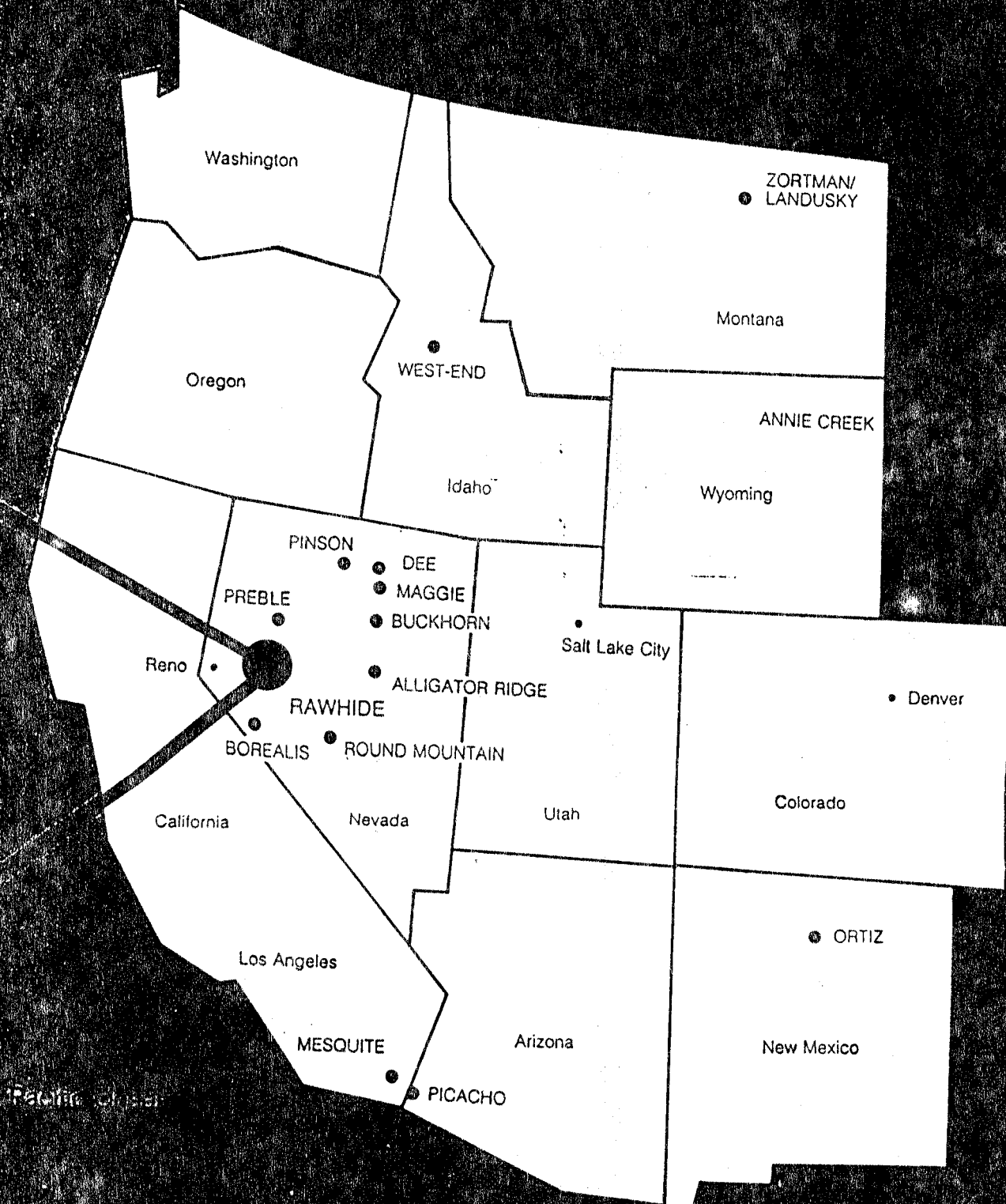
Solutions coming off the heaps will be collected in large (2,500,000 gallon) ponds before being pumped to the Merri Crowe gold-silver recovery facility. The process involves removing all suspended solids from the solutions (clarification), removing most free oxygen from the solution (deaeration), and then adding zinc dust to precipitate gold and silver. After precipitation, the recovered gold and silver is smelted and poured into doré bars for shipment to a refinery.

It should be noted that Rawhide is one of the largest heap-leach reserves in the U.S., and it will be among the nation's largest heap-leach gold producers.



RAWHIDE PROJECT SITE PLAN





HEAP LEACH GOLD OPERATIONS

THE COMPANY

Plexus Resources is a solid growth company. Only six years ago the corporation was dormant with little in the way of assets. Now it has more than \$6 million in assets, oil and gas revenues of \$1 million per year, cash and temporary investments of approximately \$1.5 million, and interest in several mineral properties with substantial reserves.

On the oil front, Plexus holds working interests in 77 oil and gas wells in seven states. Proven reserves at June 30, 1985, were 3,194,000 mcf of gas and 112,000 barrels of oil. These reserves had an estimated undiscounted future net cash flow of \$7 million, or about \$1.84 per share at that date.

Plexus has plans to grow into an important mining company in the medium term. It currently holds interests in four properties in addition to Rawhide, all of which contain substantial reserves. The Lyon copper-silver-gold property in Nevada has 8.3 million tons of reserves containing 3.1% copper, 0.29 oz/ton silver and 0.015 oz/ton gold. The Silver Star copper-silver-molybdenum property in Washington has 2.9 million tons of reserves grading 1.81% copper, 0.25 oz/ton silver and 0.035% molybdenum. The New World gold-silver-copper property in south-central Montana has an open-pit reserve of 412,000 tons grading 0.136 oz/ton gold and 0.65 oz/ton silver, with a credit of 0.92% copper. This reserve is part of a larger stratigraphically controlled mineralized zone which has produced 100,000 ounces of gold in the past. Plexus also holds a royalty interest (up to \$620,000) in the Reymert silver mine near Phoenix, Arizona, which Inspiration Mines currently has in production.

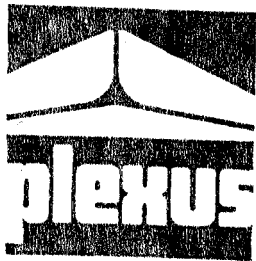
Plexus has an unusually high degree of mining expertise. President Art Ditto spent 21 years in mine development with companies such as Bechtel Corp. and Anaconda, in both North and South America. He has been responsible for single project capital expenditures of more than \$200 million. Vice-president David Rovig has spent more than two decades in engineering capacities, operating several small U.S. mining companies, acting as vice-president, mining for National Bulk Carriers, and working for Morrison-Knudsen, Anaconda and Ingersoll-Rand. Wayne Lenton, Plexus' secretary, is currently president of Amax Canada. Director Charles E. Michener was formerly vice-president of Inco and is currently a partner in the prestigious consulting firm of Derry, Michener, Booth & Wahl.



A. H. Ditto, President



David Rovig, Vice-President



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Toronto Stock Exchange
Symbol: PXS

NASDAQ—OTC
Symbol: PLUSF

ECONOMICS

The Rawhide reserve is sizable in tonnage and contained gold, as compared to virtually any other heap-leach deposit. Only one other leaching operation in the U.S. produces more gold annually than is anticipated at Rawhide. Similarly, the modest stripping ratio (1.9:1), better than average grade, and moderate mine-site climate are important positive factors to the project's economics.

Preproduction investment of \$18,200,000 in relation to annual gold production, in excess of 80,000 ounces, is a very favorable ratio compared with other gold projects, and ongoing capital requirements are modest, reflecting mostly equipment replacement during the planned 12-year life of the mine.

The table below shows operating cost estimates for the Rawhide mine:

	Estimated Direct Operating Costs (Life of Mine)	
	U.S. \$/Ton	U.S. \$/Ounce
Mining	\$ 3.61	\$ 89.07
Processing	2.49	61.28
General expenses	1.15	28.40
Total	<u>\$ 7.25</u>	<u>\$178.75</u>

Comparative Income Statements and Statistics — Proforma Plexus vs. Other Heap - Leach Operations
(Thousands of Canadian dollars, where applicable)

Income Statement	Glamis Gold (1)	Rayrock Resources (2)	Lacana Mining (2)	Plexus Resources (3)
Revenues				
Mining operations	\$10,397	\$ 8,874	\$ 8,151	\$10,052
Oil and gas	—	3,258	11,505	1,560
Interest income and other	—	672	4,464	336
Total revenues	<u>10,397</u>	<u>12,804</u>	<u>24,120</u>	<u>11,948</u>
Expenses				
Mining operations				
Production	3,210	4,490	4,756	4,460
Depletion and amortization	1,607	1,225	—	747
Royalties	1,051	—	—	688
Exploration	127	1,833	—	—
Interest expense	112	75	—	347
	<u>6,107</u>	<u>8,073</u>	<u>4,756</u>	<u>6,242</u>
Oil and gas operations				
Production	—	1,206	1,456	215
Depletion and amortization	—	333	—	408
Interest	—	—	1,220	—
Write-down of oil and gas properties	—	—	1,492	—
	<u>—</u>	<u>1,539</u>	<u>4,168</u>	<u>623</u>
General				
Selling, general and administrative	512	378	852	597
Depletion and depreciation	—	53	3,487	—
Other	—	(134)	633	—
	<u>512</u>	<u>297</u>	<u>4,972</u>	<u>597</u>
Income before income taxes	3,778	2,895	10,224	4,486
Income taxes	1,607	899	5,415	—
Net Income	<u>\$ 2,171</u>	<u>\$ 1,996</u>	<u>\$ 4,809</u>	<u>\$ 4,486</u>
Earnings per share	\$.54	\$.39	\$.43	\$.63
Price/earnings ratio	16.7	19.2	30.2	—
Common stock outstanding — end of reported period (000)	4,059	5,399	11,327	7,114
Stock price after end of reported period (Approx.)	\$ 9.00	\$ 7.50	\$ 13.00	\$ —
Current stock price 4/3/86 — TSE (Approx.)	\$ 9.38	\$ 6.25	\$ 8.50	\$ 3.30
Annual Production Statistics				
Net ounces of gold produced	24,776	19,187	33,000	21,615
Production cost per ounce (U.S.)	\$129.54	\$177.85	\$230.00	\$155.00
Sales price per ounce of gold (U.S.)	\$ 324	\$ 353	\$ 358	\$ 330

(1) Per Annual Stockholders' Report for year ended 6/30/85.

(2) Per Annual Stockholders' Report for year ended 12/31/84.

(3) Proforma for first full year of Rawhide operations. Production estimated to commence in first half of 1987.

Footnotes

The data above is the latest available full-year financial statements and related statistics for three comparable Canadian mining companies, which also employ heap-leach processing, compared with Plexus' projected first full year of operating the Rawhide mine.

Lacana Mining uses the equity method to account for its interest in non-controlled companies and partnerships. Direct and allocated costs for viable projects are deferred and amortized over the estimated life of the applicable mines. The other companies, including Plexus, are presented on a proportional consolidation basis.

Stock prices and price/earnings ratios for the Canadian companies are based on approximate price levels shortly after the end of the period presented. Current prices are shown, but are based on later earnings information, not presently available.

Plexus' proforma income statement assumes break-even status of its non-Rawhide

operations at their approximate current operating levels. Plexus is stated in Canadian dollars, the same as the other companies presented.

Financing of the Rawhide mine by Plexus is assumed to be approximately 50% common stock (\$5/share) and 50% debt (5% gold loan). It is further assumed that the currently outstanding debentures of the Company will have been converted to common stock as of the beginning of the first year of Rawhide operations, (1,111,603 shares) and the warrants issued in connection with interim financing also exercised as of that date for issuance of 769,230 additional shares.

Income taxes will not be payable or affect net income until 1989, based upon projected taxable income which will be offset by existing net operating loss and percentage depletion carryforwards and tax credits.