AFD DHQ Asbestos
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PACIFIC ASBESTOS - ORE RESERVES

Jeffrey engineering have designed a pit to the 400 elevation. Pacific and Jeffrey figures are compared below:

	(000 Omitted) Ore	Waste	W/O Ratio	$/ton
Pacific	15,000	17,300	1.15/1	8.10
Jeffrey	17,575	17,932	1.02/1	8.70

The Jeffrey pit design is just a simple pit with 45% wall slopes and no allowance for berms and roads. Throw these in and the W/O ratio should be about the same as the Pacific 1.15/1. I do not know how Pacific arrived at the $8.10/ton figure. Our $8.70 is an arithmetical average of all diamond drill intersections in the reserves. In general during recent years mill recovery has been 60% of the diamond drill evaluations and at times runs as high as 70%; on this basis our figure of ore reserves would be in the range of $5.22 to $6.09. Considering the relatively small amount of Group IV this looks high. However, a review of the last five years shows a fairly steady improvement. On the basis of 1972 list prices the $ value of ore mined has been:

1968	-	$3.69
1969	-	3.97
1970	-	4.62
1971	-	5.20
1972(est.)		4.86

In Pacific's ore evaluation report it is stated that in 1971 the mill recovered $4.47/ton of ore mined. This may be a clue to discounts given and on this basis 1972 ore would be worth $4.18 and the ore reserve values of $5.22-$6.09 would then become $4.48-$5.24. The next step is to have Conn's people evaluate the ore body and to estimate recovery and mine operating costs after the mill is put in shape.

Do you wish to proceed?

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