



CONTACT INFORMATION
Mining Records Curator
Arizona Geological Survey
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Tucson, Arizona 85701
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BACKGROUND & STATUS REPORT OF GEMMER-HENDRY COPPER VENTURE

Approximately five years ago a group of Houston investors, consisting of Richard B. Gemmer, E. P. Gemmer, Jr., Donald C. Gemmer, John M. Pennington, Doug F. Postle, and Don R. Mullins was contacted by Howard G. Schoenike, a noted Houston consulting mining geologist. Mr. Schoenike had done consulting for members of our group previously and indicated that a client of his, Haygood L. Hendry of Oklahoma City, had begun exploration on certain leases in West Texas which contained copper ore. Mr. Schoenike felt that the project merited further development, but indicated that it had become too large for Mr. Hendry to handle alone, and recommended that we form a partnership arrangement to do further exploration.

We agreed specifically at that time - and have not deviated - that our target and objective would be limited to the proving of an ore body of sufficient size and quality to enable the creation of a profitable venture. We agreed that our group would not undertake the construction of a plant, as we lacked technical skills required; rather, we would at the point of having confirmed sufficient ore reserves, undertake a joint venture with a competent partner. To date, we have spent over \$200,000 in the endeavor, and our objective has been achieved.

It should be understood that there is great potential for multiplying the size of this venture several times over by further geological investigation in the area. While substantial copper reserves have been found, we have likely only scratched the surface.

DATA ON PRINCIPALS

The background of the Gemmer-Hendry group may be of interest. The three Gemmer brothers, John M. Pennington, and Don R. Mullins are investors and developers of apartments, shopping centers, etc. Mr. Pennington is also an attorney. Phil Gemmer is an insurance specialist.

As mentioned previously, Mr. Schoenike is an outstanding consulting mining geologist and has a distinguished list of clients. His professional opinion is highly regarded.

Mr. Hendry, who originated the project, was formerly with the land department of a major oil company. He is now devoting full time to this project and to surveying other possible mineral ventures.

Mr. Postle is a partner in a sand and gravel producing company. He is a Registered Professional Engineer and has had 25 years experience in nonmetallic mineral production, involving stripping, hauling, and processing.

Richard B. Gemmer was formerly president of Texas Construction Material Company of Houston, which company was a leading producer of sand, gravel, limestone, granite, and blasting sand in the United States. The company was sold to Lone Star Cement Corporation, (now Lone Star Industries), in 1965.

GENERAL INFORMATION ON THE PROJECT

At present, we have leased approximately 6,500 acres in Foard and Hardeman Counties, Texas. Our leases are approximately 30 miles from an existing copper producing plant owned by Eagle Picher Company near Olustee, Oklahoma. Our leases have been thoroughly researched by competent attorneys. We are aware that at present, additional leases in the area should be taken, but feel that this is outside the original objective - establishing one single "Economic Beachead". In addition to present reserves of copper on our lease proper, we feel certain that there are substantial additional reserves available in the area which should be leased and processed through one central plant facility.

GEOLOGICAL

The deposit held occurs in the lowest part of the Blaine Formation of the Double Mountain Group of Permian Age. Broadly speaking, all copper deposits in the area, and particularly those in a 4-county area of particular interest, lie in the "Permian Red Beds". Stratigraphically there are four distinct copper ore horizons on the present lease. The ore bodies are consistent within themselves, but vary over the lease from those having a high ratio of sulfide copper to oxide copper to those where the oxide copper predominates. It is our observation that the high sulfide ore amounts to approximately three-fourths of all the ore.

The copper occurs as very fine grained chalcocite with its oxidation products, azurite and malachite disseminated throughout a mudstone. The mudstone is soft and consists principally of clayish material and quartz with minor amounts of pyrite and iron oxide. There is little or no locking of sulfides with the rock gangue. The rock is very soft and slakes readily upon exposure to the atmosphere or if immersed in liquids. This latter property materially decreases the need for secondary crushing and grinding in preparing the ore for concentrating. In addition to the mudstone ore, a relatively small amount of high grade, weakly-cemented sandstone ore exists as well as some dense nodules of very high copper content.

Exploration to date shows approximately 1,228,860 net tons of Proven, Probable and Highly Possible copper ore with a grade of .94% copper. We have strong indications of mineralization within contiguous, relatively unexplored areas which should yield at least 558,915 net tons with a similar grade and stripping ratio. Beyond this are other highly prospective areas with scattered indications which we have not had time or resources to thoroughly explore. These could yield many times this tonnage.

During most of the exploration, we were only aware of a surface sandstone orebody and two mineralized shale horizons. In the latter stages of exploration, a third mineralized shale was discovered below the other two. As a result, many of the initial trenches (approximately 350 of the 470) did not go deeply enough to tap the lower-lower bed. Therefore, we expect that there will be more ore than estimated over much of the initially-explored area.

Beyond the above, there are also neighboring smaller mineralized areas which could possibly be exploited and hauled to a central mill. Our geologists have checked these possibilities and can substantiate their existence.

METALLURGICAL DATA

A great deal of metallurgical testing and evaluation work has been done. Most of it was accomplished on samples taken in the early stages of exploration when ore samples contained high oxide-to-sulfide ratios. These early studies indicated a leach-precipitate-float (L-P-F) process to be best suited for recovery of the copper.

Later exploration proved that the high sulfide ores predominate, indicating a need for further metallurgical work to evaluate straight flotation without the relatively costly prior leaching and precipitating. To date, straight flotation tests have produced a 38% copper concentrate with an 81.9% recovery using a head sample of .82% copper. This was without returning the cleaner cell's middlings to the original head material. It is felt that had the middlings been combined with the raw head pulp, and a typical (.94%) grade used, recovery would have been higher. Further metallurgical work will be done. To be conservative, 81% recovery has been used in developing the "Economic" section.

ECONOMICS

The following capital investment will be required to process 1,000 tons of raw ore per day.

	<u>Flotation Only</u>
Field (Mining) Equipment (Good Used)	\$ 350,000
Concentrating Plant (Good Used)	400,000
Repayment of Gemmer-Hendry Investment	200,000
Miscellaneous Costs	<u>50,000</u>
T O T A L	\$1,000,000

Evaluation Factors

Gross Investment	=	\$1,000,000
Total Indicated Ore to Date	=	1,788,000 tons
Economic Analysis Based On	=	1,400,000 tons
95% Field Recovery	=	1,330,000 tons
Average Grade	=	0.94%
Metallurgical Recovery	=	81%
Concentrate Grade	=	38%
Copper Price	=	52 $\frac{3}{4}$ ¢/Lb.
Effective Net Return	=	36 ¢/Lb.
Total Production Cost	=	\$3.17/T
Depletion Allowance	=	15%
Mine Life (<u>Present</u> Reserves Only)	=	5 $\frac{1}{3}$ Yrs.
Annual Gross Profit	=	\$ 557,000
Tax (After Depletion)	=	167,000
Annual Net Profit	=	390,000
Annual Cash Flow	=	503,000
* Life Cash Flow	=	2,680,000
<u>Discounted Cash Flow</u>	=	<u>37%</u>

* Only Present Reserves Considered

POSSIBLE STRUCTURE OF A CO-VENTURE

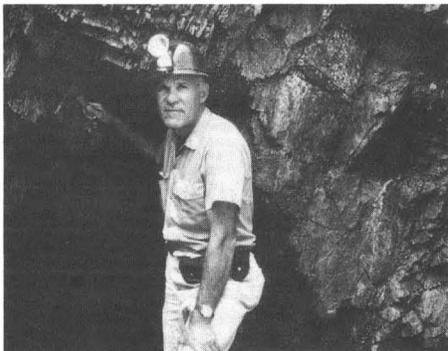
Our investors wish to recover \$200,000 of the high-risk investment which they have made to date. Naturally, this payment would follow a reasonable investigation of the potential in the project by a co-venture partner. Thereafter, the type of business organization and other matters would be structured in such a way as to afford maximum benefit both to our group and the co-venture partner.

CONCLUSION

Our group is prepared to begin immediate negotiations on a co-venture arrangement. All information contained in the report is subject to review and we will have our geologist, CPA and any necessary principals available for discussions. There is a 2,100 foot landing strip near the center of the lease which will accommodate small aircraft, thereby greatly reducing the time and effort required for lease inspection.

Richard B. Gemmer
** 2400 West Loop South Suite 412
Houston, Texas 77027
Phone: 621-3003

** New Address: 6223 Richmond Avenue, Suite 103
Houston, Texas 77027



OUR CLIENTS HAVE INCLUDED:

Bradco Oil and Gas Corporation
 Business Funds, Inc.
 Esso Standard
 J. S. Michaels
 Gulf Resources
 Gulf Land Company
 Alaska Interstate Company
 Boise Southern
 Kirby Industries
 Paul F. Barnhart
 John W. Mecom
 Tenneco
 Associated Oil and Gas Corporation
 Associated Minerals and Chemical Corporation
 Dresser Industries
 Bank of the Southwest
 Texas Construction Materials
 Lone Star Cement
 Brown and Root, Inc.
 Harding S. Frankel
 Inter American Development Company
 P. O. M. Corporation
 Zinn Petroleum
 U. S. Government-State Department
 General Crude Oil Company
 Butler, Miller, Lentz, Ltd.
 Dixie Chemical Company
 Walter Maguire Company
 Scurry-Rainbow Ltd.
 Southern Natural Gas

REFERENCES

CHEMICAL BANK & TRUST
 Houston, Texas
 KENNER, DODSON & WHEATON
 Certified Public Accountants
 Houston, Texas
 QUASHA, ASPERILLA, ZAFRA, TAYAG, & ANCHETA
 MANILA, PHILIPPINES

Most of the firm's assignments consist of short duration examination and evaluation of mineral deposits and mines. When warranted, programs are extended to include additional exploration. Our clients consist of mining companies, petroleum companies in the "hard" mineral business, banks, investment companies, attorneys, chemical companies, governments, and private investors.

SCHOENIKE, WOLFE & ASSOCIATES

5133 Richmond Ave. Suite 1
 Houston, Texas 77027
 Tel. (713) 621-6621
 Cable: MINRECON

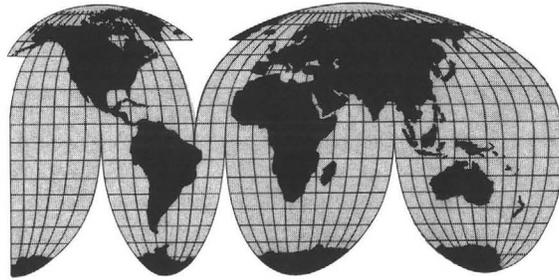
504 Manila Banking Building
 Ayala Avenue Makati, Rizal D-708
 Philippines
 Tel. 87-38-51
 Cable: LOBOMINES, Manila

**File
 Mining Geologists
 Mining Engineers**



A qualified Professional Consultant is necessary to provide the client with information to make a decision. It either adds to the potential revenue to be derived from a sound mining project, or it saves time and expense by early elimination of uneconomic mining ventures.

Schoenike, Wolfe & Associates
 Consulting Mining Geologists & Engineers



SERVICES OFFERED INTERNATIONALLY

Since 1957 world-wide geological services for discovery, examination, evaluation, exploration and development of metallic and industrial minerals and mines:

Mineral Appraisals
Reconnaissance Geology
Production Geology
Mapping (Surface and Underground)
Mineral Commodity Searches
Photo Geology
Chemical Raw Material Studies
Ceramic Raw Material Studies
Sampling
Drill Supervision and Planning
Geochemical Prospecting
Geophysical Reconnaissance
Model Construction
Report Writing
Marine Mineral Exploration
Geothermal Resources
Mineral Audits
Mine Optimization
Geostatistics

Gold - Iron - Copper - Lead - Coal - Zinc - Manganese - Mercury - Tin - Uranium - Thorium - Nickel - Mica - Fluorite - Chromite - Vermiculite - Tungsten - Barite - Lignite - Quartz - Bentonite - Phosphate - Gilsontite - Titanium - Clays - Sand and Gravel - Kaolinite - Bauxite - Placer Gold - Gypsum - Tripoli - Silver - Pegmatite Minerals - Asbestos - Sulphur - Potash - Magnesium - Salt - Rare and Heavy Minerals - Beryllium - Gem Minerals

HOWARD G. SCHOENIKE

Mr. Schoenike is an Economic Mining Geologist with a PhB and MS degree in mining geology from the University of Wisconsin. He has had 23 years of domestic and international experience in examination, evaluation and exploration of metallic and nonmetallic mineral deposits. He was first engaged as a Geologist for the Butler Brothers Iron Mining Company of St. Paul, Minnesota. Then in 1948 he joined the geological department of the M. A. Hanna Company of Cleveland, Ohio as Exploration Geologist. In 1951 he was Geologist-in-Charge of Hanna's nickel exploration program at Riddle, Oregon. In 1952 he joined the Baroid Division of the National Lead Company as Production geologist. For this organization he did examination, evaluation, and exploration throughout the United States, Canada, Mexico, Europe and Africa. In June 1957 he became an independent consulting mining geologist. Since that time he has examined and evaluated mines and mineral deposits throughout much of the world. He has a working knowledge of Spanish and German and a basic knowledge of French. He holds a commercial pilot's license for land and sea aircraft and is experienced in photo interpretation. In April 1970 he was joined by John A. Wolfe, and the organization of Schoenike, Wolfe and Associates was founded.

Age: 53

Service: 4 years - Naval Aviator

Professional Affiliation: American Institute of Professional Geologists
Society of Mining Engineers - AIMME
Society of Economic Geologists
Houston Geological Society
Society of Independent Professional Earth Scientists

Languages: English, Spanish, German, Basic French

JOHN A. WOLFE

Mr. Wolfe graduated from Colorado School of Mines with degrees of Geological Engineer and Engineer of Mines, followed by a Master of Science in Geology. Upon leaving graduate school, he joined Ideal Basic, Inc. (Ideal Cement et al) as exploration geologist. While with Ideal, he was principally engaged in the evaluation and exploration of industrial minerals. He was soon made director of exploration and remained so until 1965, when he left to join a consulting group in Golden, Colorado. He did numerous sulphur and porphyry copper examinations for the organization in the central United States and the Far East. In 1967, he came to Houston, Texas, to form a consulting company known as Mineral Resource Consultants. He returned to the Far East to arrange for copper concessions and did extensive work in South America. In April, 1970, he joined H. G. Schoenike & Associates as a Senior Partner, and Schoenike, Wolfe & Associates was formed. For the past year, he has been directing an extensive copper exploration in the Philippines. He has lectured throughout the United States and the Orient on Mineral Economics.

Age: 52

Professional Affiliation: American Institute of Professional Geologists
Society of Mining Engineers - AIMME
Society of Economic Geologists
Mining & Metallurgical Society of America
Geological Society of America

Languages: English, Spanish

Licenses: Certified Professional Engineer (Colorado, U.S.A.)
Certified Professional Geologist (A.I.P.G. #239)

Raul A. Zeballos

Born:

La Rioja, Argentina - 1940

Education:

University of Cordoba, Argentina -
B.S. Geology 1961

University of Cordoba, Argentina -
Doctor of Science 1963

University of Buenos Aires
Petroleum Institute - 1963

University of Texas (Sedimentation) - 1966

Licenses:

Commercial Pilot

Languages:

English and Spanish

Societies:

American Institute of Mining and
Metallurgical Engineers
Argentine Geological Society
Cordoba Geological Society

Professional Background:

Mr. Zeballos specializes in the geology and economic evaluation of sedimentary mineral deposits, i.e. bedded basemetal deposits, gold and platinum placers, potash, phosphates, laterites, gravels, clays, salts, limestone, and water.

Stewart H. Folk

Education:

Baylor University - B.A. Geology 1936

University of Iowa - M.S. Geology 1938

University of Iowa 1938 - 1939

Graduate study and research-igneous and metamorphic petrology

Service:

U.S. Navy, Office of Naval Petro. Reserve

Societies:

American Assoc. of Petroleum Geologists
American Institute of Mining and Metallurgical Engineers

American Institute of Professional Geologists

Geological Society of America (Fellow)

Geological Society of Mexico

Houston Geological Society

Professional background:

Mr. Folk is a specialist in geothermal energy, exploration, evaluation, and development of mineral resources. His professional experiences has been mainly in petroleum, sulphur, subsurface water, and geothermal resources. He has conducted exploration or examinations of mineral prospects throughout the world. Previous employers and clients have included Mobil Oil Co., Office of Naval Petroleum Reserves, DeGoyler & MacNaughton, Texas Gulf Sulphur Co., Allied Chemical Corp., Petroleos Mexicanos, Jefferson Lake Sulphur Co., and Gulf Resources & Chemical Corp.

DOMESTIC - FOREIGN

METALLIC DEPOSITS

INDUSTRIAL MINERALS

SCHOENIKE, WOLFE & ASSOCIATES

CONSULTING MINING GEOLOGISTS & ENGINEERS

A. I. M. E. - A. I. P. G. - S. I. P. E. S. - S. E. G.

5133 RICHMOND AVE. SUITE 1

HOUSTON, TEXAS 77027

May 11, 1973

TEL. (713) 621-6621

EXAMINATION

EVALUATION

EXPLORATION

CABLE: MINRECON

SXM

MAY 14 1973

RECEIVED

Mr. Paul I. Eimon
Manager of Exploration
Essex International, Inc.
1704 West Grant Road
Tucson, Arizona 85705

RE: Gulf Land Company's Copper Prospect

Dear Mr. Eimon:

As per Mr. R. B. Gemmer's request, I am pleased to answer the letter you addressed to him on May 8, 1973.

Our consulting firm did the geological work on said property and is in charge of the information developed. This information being bulky and the accompanying maps rather large, I now enclose with this letter a copy of a "Background and Status Report" on the Prospect.

We would be glad to make available to you all of the results of our geological work in our Houston office and to visit with you or your representatives and discuss the project at length.

I would like to take this opportunity to emphasize that the tonnage indicated on the report represents the mineral reserves explored to date, with the funds and time limitations set forth by our client for this project. This tonnage does not represent the total extent of the mineralization. Reserves could be largely increased by additional exploration.

A final word to commend Mr. Gemmer and his group, as they are very fine people and solid businessmen.

Mr. Paul Eimon

Page 2

We will welcome the opportunity of being of assistance to you in this or any other matters.

Sincerely,



Raul Zeballos
Schoenike, Wolfe & Assoc.

RZ:cw
Enclosure

August 5, 1974

Mr. Richard B. Gemmer
Managing Partner
Gulf Land Company
6223 Richmond Avenue - Suite 103
Houston, Texas 77027

Dear Mr. Gemmer:

As per our telephone conversation last week, I am forwarding under separate cover the reports you requested. I am sorry that we do not have the time to make a more careful consideration of your properties.

Very truly yours,

Paul I. Eimon
Manager of Exploration

ESSEX INTERNATIONAL, INC.

PIE:td

GULF *Land Company*

.....

6223 RICHMOND AVE. • SUITE 103
HOUSTON, TEXAS 77027
AREA CODE 713 • 783-2800

RICHARD B. GEMMER
MANAGING PARTNER

July 8, 1974

SXM
JUL 11 1974
RECEIVED

Mr. Ken Jones
Essex International, In.
1704 West Grant Road
Tucson, Arizona 85705

Dear Mr. Jones:

At the request of Mr. Eimon, on May 20, 1974, I forwarded to you the revised geological report and economic projection for our West Texas Copper Reserve.

I would appreciate your advising the status of your review of this project. If your organization has had an ample opportunity to review the report, please return it to me at the above address.

I will look forward to your response.

Very sincerely,


Richard B. Gemmer

RBG/jh

GULF *Land Company*

.....

6223 RICHMOND AVE. • SUITE 103
HOUSTON, TEXAS 77027
AREA CODE 713 • 783 - 2800

RICHARD B. GEMMER
MANAGING PARTNER

SXM

MAY 24 1974

May 20, 1974

RECEIVED

Mr. Ken Jones
Essex International, Inc.
1704 West Grant Road
Tucson, Arizona 85705

Dear Mr. Jones:

On May 9, 1974, our geologist, Mr. Howard Schoenike, talked by telephone to Mr. Eimon. At Mr. Eimon's request, I am including a complete, revised geological report regarding our West Texas copper lease.

As a result of correspondence with Mr. Eimon, this report is being sent for your review as to possible participation by Essex in this copper lease. Upon completion of your need for this report, please return it to me at the above address.

Mr. Schoenike will be in the Tucson area in the next two weeks and would be happy to meet with you to discuss the above.

Very sincerely,

Richard B. Gemmer

Richard B. Gemmer

(H)

RBG/jh
Enclosure

cc: Mr. Howard Schoenike

May 7, 1974

Mr. Richard B. Gemmer
Gulf Land Company
6223 Richmond Avenue - Suite 103
Houston, Texas 77027

Dear Mr. Gemmer:

This will acknowledge your letter of May 3, 1974.

We continue to be interested in your West Texas copper deposit. It was my understanding that you were going to forward us property maps and geologic information to justify our sending a geologist to examine the property.

Since last corresponding with you Essex International has been acquired by United Aircraft Corporation, but this merger in no way changes our desire to participate in the development of new copper deposits.

Very truly yours,

Paul I. Eimon
Manager of Exploration

ESSEX INTERNATIONAL, INC.

PIE:td

GULF *Land Company*

.....

6223 RICHMOND AVE. • SUITE 103
HOUSTON, TEXAS 77027
AREA CODE 713 • 783-2800

RICHARD B. GEMMER
MANAGING PARTNER

May 3, 1974

EXM
MAY 6 1974
RECEIVED

Mr. Paul I. Eimon
Manager of Exploration
Essex International, Inc.
1704 West Grant Road
Tucson, Arizona 85705

Dear Mr. Eimon:

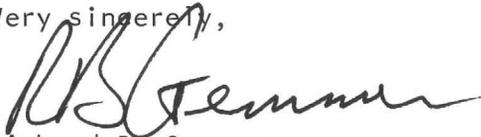
As you will recall, we corresponded some time ago concerning a West Texas copper deposit.

As indicated by the enclosures, and upon the expiration of federal price controls, the domestic copper price has increased from \$0.68 per pound to \$0.80 per pound. Also, the world copper price is generally pegged at \$1.48 per pound, and the international demand of copper continues to grow.

With this in mind, I am wondering whether Essex International might have renewed interest in joining us in the development of this deposit.

I will be looking forward to your response.

Very sincerely,



Richard B. Gemmer

RBG/jh
Enc.

Phelps Dodge Posts 18% Boost In Copper Prices

[REDACTED]

justify anything over \$1."



File
Gulf Land
Co.,
Texas.

May 8, 1973

Mr. Richard B. Gemmer
Gulf Land Company
6223 Richmond Ave. - Suite 103
Houston, Texas 77022

Dear Mr. Gemmer:

This will acknowledge your letter of April 13, 1973 to the Mineral Exploration Department of Essex International.

We would very much appreciate receiving further information on your property in West Texas so that we can make a trip to Houston to review possible joint venture work with you. Could you send us a map showing the geology and outlines of the property you have leased.

I enclose a copy of the Essex International 1972 annual report for your information.

Very truly yours,

Paul I. Eimon
Manager of Exploration

ESSEX INTERNATIONAL, INC.

PIE:td
enclosure

*Letters
Paul Gemmer*

GULF Land Company

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6223 RICHMOND AVE. • SUITE 103
HOUSTON, TEXAS 77027
AREA CODE 713 • 783-2800
April 13, 1973

RICHARD B. GEMMER
MANAGING PARTNER

Mineral Exploration Department
Essex International
1601 Wall Street
Ft. Wayne, Indiana 46804

RECEIVED
M &
APR 16 1973

Dear Sirs:

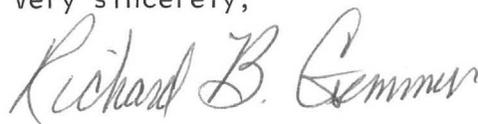
I represent a group of Houston investors which has a lease on 6500 acres in West Texas. This property is underlain by a copper deposit.

Our objective was to establish a copper reserve sufficient to warrant the economically feasible establishment of a plant. This has been done, and at this point we seek a co-venture partner who will do additional geological exploration and fund the construction of a plant. We would form some type of co-venture or royalty arrangement.

For your convenience a brief statement of economics from our general report is enclosed. We have additional reports and geological data available for immediate inspection in Houston.

I will look forward to hearing from you in the near future.

Very sincerely,



Richard B. Gemmer

RBG:tw

Enclosure

ECONOMICS

The following is an economic projection based upon a plant capable of processing 1,000 tons/day of raw ore.

	<u>Flotation Only</u>
Field (Mining) Equipment (Good Used)	\$ 350,000
Concentrating Plant (Good Used)	400,000
Repayment of Dollar Investment to Date	200,000
Miscellaneous Costs	50,000
T O T A L	\$1,000,000

Evaluation Factors

Gross Investment	=	\$1,000,000	
Total Indicated Ore to Date	=	1,788,000 tons	/
Economic Analysis Based on	=	1,400,000 tons	/
95% Field Recovery	=	1,330,000 tons	/
Average Grade	=	0.94%	
Metallurgical Recovery	=	81% —?	
Concentrate Grade	=	38% —	
Copper Price	=	60.25 ¢/lb.	
Effective Net Return	=	43.7 ¢/lb.	
Total Production Cost	=	\$3.17/T	
Depletion Allowance	=	15%	
Mine Life (<u>Present Reserves Only</u>)	=	5.33 Years	

1,330,000

	=	\$ 870,000
Annual Gross Profit	=	284,000
Tax (After Depletion)	=	586,000
Annual Net Profit	=	699,000
Annual Cash Flow	=	3,725,000
* Life Cash Flow	=	65%
<u>Discounted Cash Flow</u>	=	

* Only Present Reserves Considered