

## Gross Value of Proven Ore Reserves, Blackstone Mine, Elmore County, Idaho May 16, 1996

Richard E. Kucera, PhD, FGAA, FGAC  
Vancouver, British Columbia

### Introduction

This report, prepared at the request of Mr. James Hawley III, will calculate the gross value of proven ore reserves at the Blackstone Mine, located in Elmore County, Idaho. These reserves are polymetallic ore containing commercial quantities of gold, silver, copper, manganese, and zinc.

### Previous work

The author has drawn upon information from James Zarubica, consulting geologist of Ketchum, Idaho. In his report of December 1987, Zarubica summarized the results of the 1987 drilling program, and he calculated proven and probable ore reserves.

The present writer visited the property in 1986 to review the geology in the field, study the work progress, and make certain recommendations, resulting in two reports, dated July 21, 1986 and August 11, 1988. In addition, the writer summarized the development work taking place at the Blackstone Mine and discussed the processing metallurgy and mill operations located at Gooding, Idaho, March 14, 1990.

### Estimated proven ore reserves

Based on the results of the development work, Zarubica has calculated that a high-grade ore zone (mill-grade) has been proven to contain 35,500 tons of .106 ounces gold, 23.58 ounces silver, 4.94 percent copper, 1.5 percent manganese, and 8.5 percent zinc. He has estimated that the low-grade (leach-grade) deposits contain 700,000 tons of leachable reserves having an average yield of .078 ounces gold, 2.11 ounces silver, 0.2 percent copper, 2 percent manganese, 0.25 percent lead, and 0.5 percent zinc.

To calculate the gross value of ore reserves at the Blackstone Mine, I have referred to current commodity prices published in the *Wall Street Journal*, May 7, 1996.

ESTIMATED PROVEN RESERVES – BLACKSTONE MINE				
High-grade ore (mill-grade) (35,500 tons)	Assay/ton	Price (5/7/96)	Value/ton	Total value
Gold	0.106	\$ 394.10	\$ 41.77	1,482,998
Silver	23.530	5.44	128.00	4,544,114
Copper	4.94%	1.25	123.01	4,366,713
Manganese	1.15%	1.16	26.68	947,140
Zinc	8.50%	0.50	85.34	3,029,570
<b>Total</b>				<b>\$ 14,370,535</b>
<b>Leach-grade ore (700,000 tons)</b>				
Gold	0.078	\$ 394.10	\$ 30.74	21,511,860
Silver	2.110	5.44	11.48	8,029,000
Copper	0.20%	1.25	4.98	3,486,000
Manganese	2.00%	1.16	46.40	32,480,000
Lead	0.25%	0.50	25.35	17,745,000
Zinc	0.50%	0.50	5.02	3,514,000
<b>Total</b>				<b>\$ 86,765,000</b>

In addition to proven reserves, drilling results suggest to Zarubica that as much as 3 million tons of probable leach-grade ore and an additional 186,000 tons of high-grade ore may be proven by further development of the Blackstone property. Therefore, additional drilling and computer modeling of the area surround the pit is recommended to expand the tonnage of proven reserves. All figures in this report are subject to fluctuations in metal prices.