

FALCONBRIDGE NICKEL MINES LIMITED

INTER-OFFICE MEMORANDUM

DATE: April 13, 1981

TO: P. J. Raleigh, D. N. Zeraldo

COPIES TO: J. O. Kachmar

FROM: J. G. Green

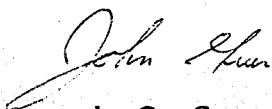
SUBJECT: GIANT YELLOWKNIFE As₂ O₃ PROJECT - Revised

1. Based on the data given in D. N. Zeraldo's memo (April 10/81), I have revised the pro-forma cashflows for the Giant Yellowknife As₂ O₃ project. The same computer model as used to prepare the data in my previous memo (March 30/81) was used. The after tax Net Present Values discounted at 17% are:

Case 1	\$ 1,788M
Case 2	\$ 2,859M
Case 3	\$ 7,240M

The cases are numbered as per D. N. Zeraldo's memo.

2. Cases 2 and 3 include a provision for an expenditure of \$370M in the first year which P. J. Raleigh indicated should be included.
3. If there are any questions, I can be reached at local 7157.



J. G. Green

JGG/sw

GIANT YELLOWKNIFE AS203 PROJECT-REVISED-CASE 1
 REPORT PRODUCED: 13 APR 1981
 START DATE: JAN 1981

ROW	DESCRIPTION	1 1981	2 1982	3 1983	4 1984	5 1985	6 1986	7 1987	8 1988	9 1989	TOTAL
170	IN	1.00	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	
180	REVENUE..										
200	REVENUE	0	0	0	1133	1221	1316	1419	1564	0	6652
350	OPERATING COSTS	0	0	0	0	0	0	0	0	0	0
430	OPERATING PROFIT	0	0	0	1133	1221	1316	1419	1564	0	6652
2410	CASH FLOW										
2490	CASH IN	0	0	0	849	1199	1292	1393	1528	391	6652
2470	OPERATING CST	0	0	0	0	0	0	0	0	0	0
2500	RESEARCH	0	0	0	0	0	0	0	0	0	0
2510	CONST CAPITAL	0	0	0	0	0	0	0	0	0	0
2380	FEDERAL TAXES	0	0	0	306	330	355	383	422	0	1796
2590	PROVINCIAL TAXES	0	0	0	85	92	99	106	117	0	489
2300	PROV MINING TAX	0	0	0	0	36	41	45	50	58	230
2310	CASH OUTFLOW	0	0	0	391	457	495	535	590	38	2523
2620	CASH FLOW	0	0	0	458	741	798	858	938	333	
2640	PRESENT VALUE, 17%	0	0	0	286	398	364	335	312	95	1788

GIANT YELLOWKNIFE AS203 PROJECT -CASE 2-INCLUDES RESEARCH-9% INFLATION
 REPORT PRODUCED: 13 APR 1981
 START DATE: JAN 1981

ROW	DESCRIPTION	1 1981	2 1982	3 1983	4 1984	5 1985	6 1986	7 1987	8 1988	9 1989	TOTAL
170	IN	1.00	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	
180	REVENUE..										
200	REVENUE	0	0	0	2792	2977	3209	3460	3813	0	16221
300	OPERATING COSTS	0	0	0	544	593	646	704	768	0	3253
400	OPERATING PROFIT	0	0	0	2218	2384	2563	2756	3045	0	12965
2110	CASH FLOW										
240	CASH IN	0	0	0	2071	2923	3151	3397	3723	953	16221
2470	OPERATING CST	0	0	0	544	593	646	704	768	0	3253
2510	RESEARCH	370	0	0	0	0	0	0	0	0	370
2510	CONST CAPITAL	0	490	535	0	0	0	0	0	0	1025
2580	FEDERAL TAXES	0	0	0	60	312	562	748	823	2	2538
2590	PROVINCIAL TAXES	0	0	0	38	178	184	208	229	1	847
2600	PROV MINING TAX	0	0	0	0	86	95	104	113	128	525
2610	CASH OUTFLOW	370	490	535	642	1169	1523	1764	1935	130	8558
2620	CASH FLOW	-370	-490	-535	1429	1754	1628	1633	1789	823	
2640	PRESENT VALUE, 17%	-370	-419	-391	893	936	743	637	566	234	2858

PAGE NO. 1

GIANT YELLOWKNIFE AS203 PROJECT-CASE 3-INCLUDES RESEARCH-9% INFLATION
 REPORT PRODUCED: 13 APR 1981
 START DATE: JAN 1981

ROW	DESCRIPTION	1 1981	2 1982	3 1983	4 1984	5 1985	6 1986	7 1987	8 1988	9 1989	TOTAL
170	IN	1.00	1.09	1.19	1.30	1.41	1.54	1.68	1.83	1.99	
190	REVENUE..										
200	REVENUE	0	0	0	6323	6816	7349	7923	8731	0	37142
330	OPERATING COSTS	0	0	0	1041	1135	1237	1348	1470	0	6231
400	OPERATING PROFIT	0	0	0	5282	5681	6112	6574	7261	0	30810
2410	CASH.FLOW										
2460	CASH.IN	0	0	0	4742	6693	7216	7779	8529	2183	37142
2470	OPERATING COST	0	0	0	1041	1135	1237	1348	1470	0	6231
2500	RESEARCH	370	0	0	0	0	0	0	0	0	370
2510	CONST CAPITAL	400	599	653	0	0	0	0	0	0	1653
2550	FEDERAL TAXES	0	0	0	384	1113	1655	1778	1963	2	6894
2550	PROVINCIAL TAXES	0	0	0	217	428	460	494	545	0	2145
2500	PROV MINING TAX	0	0	0	0	245	299	337	316	357	1544
2610	CASH OUTFLOW	770	599	653	1642	2921	3641	3957	4294	359	18837
2620	CASH FLOW	-770	-599	-653	3100	3772	3575	3822	4235	1824	
2640	PRESENT VALUE, 17%	-770	-512	-477	1536	2013	1630	1490	1411	519	7240