

FALCONBRIDGE NICKEL MINES LIMITED

INTER-OFFICE MEMORANDUM

DATE: March 30, 1981

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

COPIES TO: J.O. Kachmar

FROM: J.G. Green

SUBJECT: GIANT YELLOWKNIFE - AS₂O₃ PROJECT

- The pro forma cash flow statements as reported in my memorandum of December 23, 1980 have been re-run. D.N. Zeraldo supplied revised sales estimates based on the following prices:

- pure AS₂O₃ , U.S. \$0.3275/lb..
- crude AS₂O₃, U.S. \$0.108 /lb.
- gold, U.S. \$500/oz.

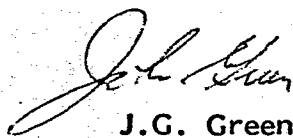
D.N.Z. also revised some of the recovery figures in coming up with the sales estimates.

The results were:

<u>CASE</u>	<u>PERIOD</u>	<u>INVESTMENT NOMINAL \$000's</u>	<u>NET PRESENT (DISCOUNTED AT 17%) \$000's</u>
1	3	-	1,464
1	7	-	2,944
1A	8	400	3,951
2	10	1,596	9,273
2A	10	1,596	11,428
3	13	2,137	12,648
4	13	2,537	14,406

- It should be noted that the above net present values are overstated. The N.W.T. mining tax rate increases as taxable income increases. As this evaluation is on a project basis, the lowest marginal tax rates are being charged against income. However, if higher tax rates were charged, the results would not change materially in amount or ranking.

JGG/jf


J.G. Green