

# FALCONBRIDGE NICKEL MINES LIMITED

INTER-OFFICE MEMORANDUM

DATE: December 23, 1980

TO: P.J. Raleigh

COPIES TO: J.O. Kachmar

FROM: J.G. Green

SUBJECT: GIANT YELLOWKNIFE - AS<sub>2</sub> O<sub>3</sub> PROJECT

1. Pro forma cash flow statements have been prepared for the various scenarios outlined in your memo of Nov. 28/80. The results are summarized on the attached page.
2. Several assumptions have been made of which you should be aware when evaluating the results:
  - the data was assumed to be in constant 1981 dollars and was inflated at 9% per annum starting in 1982
  - all capital expenditures were assumed to be Class 10 (30% write-off) for calculating Capital Cost Allowance.
  - all capital was assumed to qualify for depletion and the investment tax credit.
  - a 50% rate (as compared to the usual 10% rate in the NWT) was used to calculate the investment tax credit as provided for in the latest Federal budget (there is still some uncertainty concerning the validity of this assumption and this may change.)
  - all assets purchased will qualify for the N.W.T. processing allowance.
  - revenue is lagged 3 months.
3. If there are any questions I can be reached at local 7157.

  
J.G. Green

JGG/jf  
Attach.

GIANT YELLOWKNIFE - AS<sub>2</sub> O<sub>3</sub> PROJECT

CASE	PERIOD (YRS.)	INVESTMENT (NOMINAL \$000's)	NET PRESENT VALUE (DISCOUNTED AT 17%) \$000's
1	3	-	1,809
1	7	-	3,636
1A	8	400	5,092
2	10	1,596	5,805
2A	10	1,596	8,253
3	13	2,137	7,797
4	13	2,537	10,051