
* GIANT YELLOWKNIFE MINES LTD *

CAPITAL EXPENDITURES APPROPRIATION

Appropriation # :

Company : Giant Yellowknife Mines Ltd

Originating Office : Tech. Proj. Date : 08/17/86

Period of Expenditure : 2nd quarter '87 - 3rd quarter '87

Amount : \$ -474,375

DFC ROR : 26.00 %

Net Present Value (20 %) : \$ 56746.5

Payback Period : 32.05304 mon

Replacing Appropriation # :

Description : ARSENIC TRIOXIDE TRANSFER FACILITY

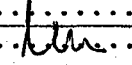
Purpose : Cost Saving

Importance to Operations : Medium

Assessment of Risk : Low

Submitted By : 

Date : Aug 19 '86

Reviewed By : 

Date : 20 Aug 86

Authorization

Manager :

Date :

Controller :

Date :

President :

Date :

Board Member :

Date :

Post Audit

Actual Capital Expenditure : \$

Actual DFC ROR : %

Auditor :

Date :

Incremental Earnings

	Ave Per Year	Total
Gross Revenue	\$0	\$0
Less:Distribution Costs	\$0	\$0
Less:Selling Expenses	\$0	\$0
Net Revenue	\$0	\$0
Less:Production Costs(Savings)	\$240,000	\$1,200,000
Operating Profit	\$240,000	\$1,200,000
Less:Depreciation	-\$94,875	-\$474,375
Less:Depletion	\$0	\$0
Earnings Before Taxes	\$145,125	\$725,625
Less:Tax Provision	-\$62,404	-\$312,019
Net Earnings	\$82,721	\$413,606

Accounting Return on Investment:

Additional Information

Economic Life : 5 years

Period of Expenditure : 2nd quarter '87 - 3rd quarter '87

Sustaining Capital : \$ 0 /year

Production:Quantities : 2000 st/year

Production:Costs : \$ 0 /year

Selling Prices : 00

Distribution Costs : Bldg & services \$375000 Eng. \$37500 Cont. \$61875 Tot. \$474375

Contingencies : 15 %

Allowance for Inflation : 0 %

Detailed Description of AFE:

Rail shipment of As_2O_3 to southeastern USA has a cost advantage of \$0.04/lb over trucking rates. Assuming a shipping volume of 2000 mt/yr, a reduction in freight cost of \$240,000 can be expected. Given current As_2O_3 production rates, a 20 ton truckload would leave Lima every 2-3 days and transfer the load into jumpo hopper cars at Enterprise. These cars are capable of carrying 30 tons and would be shipped out every 10 days or so. Deird residue (200 tpy) would be returned in the railcars and be transferred to truck using the same Additional Information: equipment.

U.S. Currency Exchange Rate : 0

Salvage Value : \$ 0

Basis for Estimate :Engineering dealer & contractor quotes etc.

Financial Plan Information :save \$240000/yr on transportation costs.

Depreciation(Rates & Methods) :20%/yr. st.line

Depletion(Rates & Methods) :N/A

Taxes:

Classification : 10

Effective Tax Rate : 43

Tax Calculation Assumptions :None

Risk Factors :Market demand for the product fluctuates.

Sensitivities Examined :None

Other Alternatives Considered :None

Other Considerations :None

Incremental Cash Flow Profile:

Year	Capital Outlay	Net Revenue	Operational Profit/Savings	Tax Payments	Cash Flow	Cumulative Cash flow
0	-\$474,375	\$0	\$0	\$0	-\$474,375 \$0	-\$474,375
1	\$0	\$0	\$240,000	\$40,796	\$177,596 -\$103,200	-\$296,779
2	\$0	\$0	\$240,000	\$40,796	\$177,596 -\$103,200	-\$119,183
3	\$0	\$0	\$240,000	\$40,796	\$177,596 -\$103,200	\$58,414
4	\$0	\$0	\$240,000	\$40,796	\$177,596 -\$103,200	\$236,010
5	\$0	\$0	\$240,000	\$40,796	\$177,596 -\$103,200	\$413,606
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TOTAL	-\$474,375	\$0	\$1,200,000	-\$312,019	\$413,606	\$413,606