

CASH FLOW CALCULATION

A detailed cash flow calculation is pointless because the \$3 million annual operating profit would be insufficient over the life of the mine, 10 years, to repay the capital costs.

Each year

Op. profit \$3.0 million, less royalty of 5%, gives \$2.85 million, minus depreciation \$3.6 million means negative taxable income. Net profit after tax is therefore \$2.85 million, less annual capital expenditures \$2 million gives cash flow of only 0.85 million.

An operating profit exceeding 14 million per year would be necessary to generate a satisfactory cash flow exceeding \$6 million per year and a DCF of near 15%.

CONCLUSION

The Moina wriggilite deposit is presently subeconomic.