

Many deposits have been identified on the property. Bechtel's estimates only considered three of them: Churrumata, Tres Perlas and Socorro Norte. No explorations were carried out at Natalia, Tres Perlas Oeste, Socorro (Sur), Toro, Cabañas, Veneros and Chisperos. All of them would be exploited together in one open pit.

In April, 1991 Dayton completed the purchase of 2% royalties from Chevron and paid US\$ 1.1 million.

The feasibility study indicates that more than 3,400 kilos of gold can be produced annually during the first five years of the operation at a cost of US\$ 182 per ounce. Projected recovery is 73%.

II.3.13.6.- Fachinal - Freeport Chilean Exploration Co.

Freeport Chilean Exploration Company explored three promising auriferous deposits in the XI Region near Chile Chico. They are the Fachinal project, which includes the Laguna Verde and Bahía Jara deposits with total reserves of 15 to 20 million tons of ore and 1.5 g/t gold grade, and the Los Mallines project. The investment made was US\$ 2 million. Freeport sold these assets to the Coeur d'Alene company.

Coeur d'Alene is about to complete prospecting of these deposits.

US\$ 40 to US\$ 50 million are estimated for their materialization.

In order to carry out this work, the North American company formed the CDE Chilean Mining Corp. in Chile. To date 17 mineralized areas have been identified in this sector. Eight of them have been drilled, and seven of them have intersected mineralizations with commercial value. The exploration budget for 1990 is US\$ 1 million.

Total investment in Fachinal is estimated at US\$30 million for an open pit exploitation capacity of 5,000 tpd and heap leaching processing.

II.4 Iron

Iron mining in Chile is made up of only open pit operations, and it is completely in the hands of the Compañía Minera del Pacífico S.A. (CMP), a subsidiary of CAP S.A. de Inversiones, which also owns the Huachipato Siderurgy and the Huasco Pellet Plant.

Compañía de Acero del Pacífico Inc. de Inversiones (CAP) is a group of companies, formerly State owned, that have recently been transferred to the private sector. The three major shareholders are Cía. de Inversiones Suizandina S.A. (29.3%), Cía. Explotadora de Minas S.C.M. (6.69%) and M.C. Inversiones Ltda. (6.21%) which invested in 1989 when it bought the shares of Sociedad Química y Minera de Chile (3.95%) and other shareholders. Together with Sociedad Manufacturera de Papeles y Cartones and the COPEC Group, CAP is one of the largest private companies in Chile with capital of 745 million dollars and assets of 1.3 (1.253) billion dollars. Production of finished steel was 550,900 tons in 1991; 1,1% less than 1990 (557.369).

In 1959 CAP bought the Algarrobo mine located in the III Region near the city of Vallenar. In 1971 it acquired the El Romeral and El Tofo mines located in the IV Region north of La Serena, and in 1973, under the name of Minas Santa Fe, the contracts of some 30 iron deposits were incorporated.

In 1991 it started up the Los Colorados deposits, processing its production at the Pellet Plant and the reactivated El Laco mine, in the II Region.

Other deposits are Cerro Imán, Cerro Negro, Cerro Negro Norte, Mina Carmen, Cristales, Pleito and Alcaparra.

CMP's current production capacity is 8.5 million tpy of different iron mineral products: pellets for blast furnace and direct reduction, pellet feed and high grade concentrates as gravel and fine for sintering.

In 1991 iron production was 8,554 MTL, 10% more than 1990. The respective sales were 11.1 million more than sales the previous year. Manganese increased production to 16,830 tons of fine manganese, compared to 14,117 tons the previous year.

Investments Being Developed.

Investments of CAP companies that are being developed for the 1989-1994 period amount to US\$ 850 million, including projects already under construction and others under study, in the mining, siderurgical and lumber sectors.