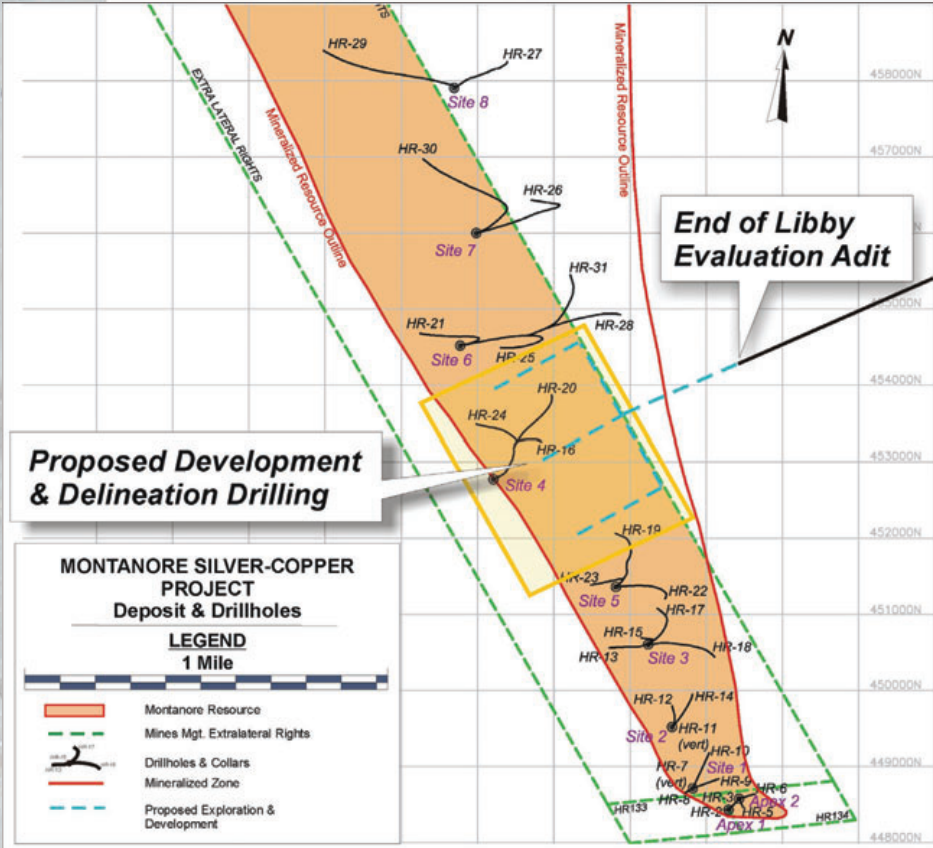


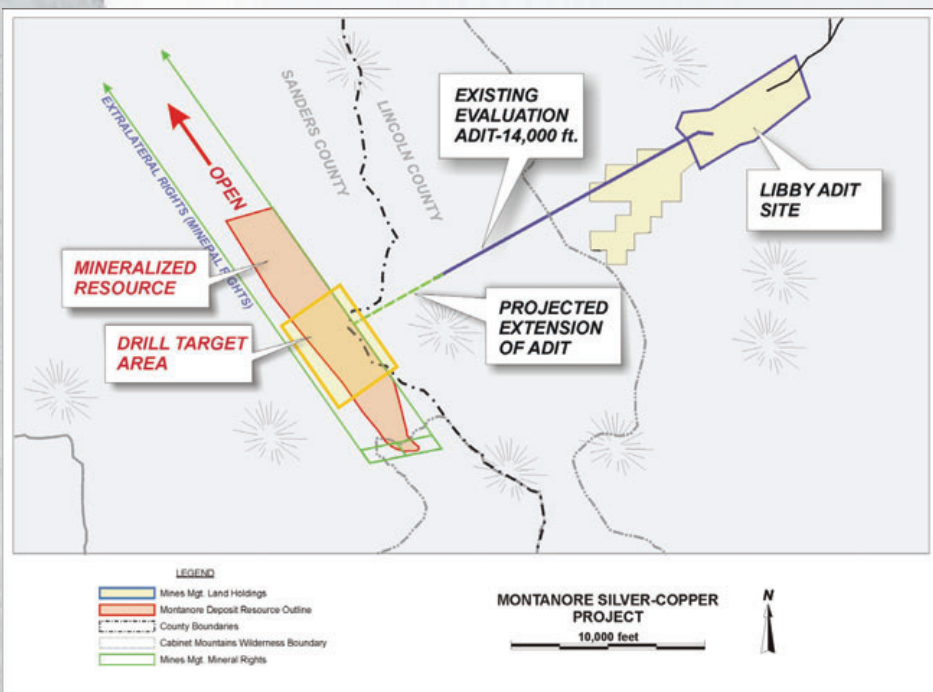
# GEOLOGY

The Montanore Project contains a strata-bound silver-copper deposit occurring in the Revett Formation, which is part of an extensive series of Precambrian-aged metasedimentary rocks belonging to the Belt Supergroup. The Revett Formation has been subdivided into three members (upper, middle and lower) based on the contained amounts of quartzite, silty quartzite and siltite. The lower Revett, which hosts the mineralized horizons, is composed primarily of quartzite with lesser interbeds of silty quartzite and siltite.



The silver-copper mineralization at Montanore is strata-bound in the upper portions of the lower Revett Formation. Copper and silver values are carried predominately in the minerals bornite, chalcocite, chalcopyrite and native silver in variable proportions and concentrations. Sulfide content of the mineralized rock rarely exceeds 3% to 4% and is commonly 1% to 2%.

The mineralized zone crops out at the surface and extends down dip at least 12,000 ft to the north-northwest. The mineralization is open ended in the down dip direction. Mineralization occurs in at least two sub-parallel horizons. The two horizons are identified as the B1 for the upper zone and the B for the lower and more extensive zone. Both zones dip to the northwest between 15 degrees and 30 degrees, with an average of just over 15 degrees.



The width of the main (B) horizon, in plan view, is defined by a fault on one side and a fold axis on the other, varies from 800 feet to 3,540 feet. The property boundaries, however, limit the controlled portion of the deposit to a maximum of 2,000 feet. The average thickness for each of the two horizons is 35 feet, depending upon cutoff.

# MINERAL RESOURCE

## **Non-Reserves—Mineralized Material; Measured, Indicated and Inferred Resources**

**Non-Reserves Reported in the United States.** The estimate of mineralized material set forth above was prepared by Mine Development Associates, referred to as MDA. The estimate was prepared in accordance with SEC Industry Guide 7.

### **Mineralized Material Estimate in accordance with U.S. SEC Industry Guide 7**

	<b>Tons</b>	<b>Silver Grade (Oz per ton)</b>	<b>Copper Grade</b>	<b>Cutoff Grade (Oz per ton)</b>
<b>Mineralized Material</b> .....	81,506,000	2.04	0.75%	1.0

**Non-Reserves Reported in Canada.** In accordance with Canada’s National Instrument 43-101, the estimate of resources at Montanore as set forth below was prepared by MDA. Steve Ristorcelli, R.P. Geo., C.P.G., and David C. Fitch, C.P.G., acting on behalf of MDA, are the qualified persons under Canada’s National Instrument 43-101 for this resource estimate.

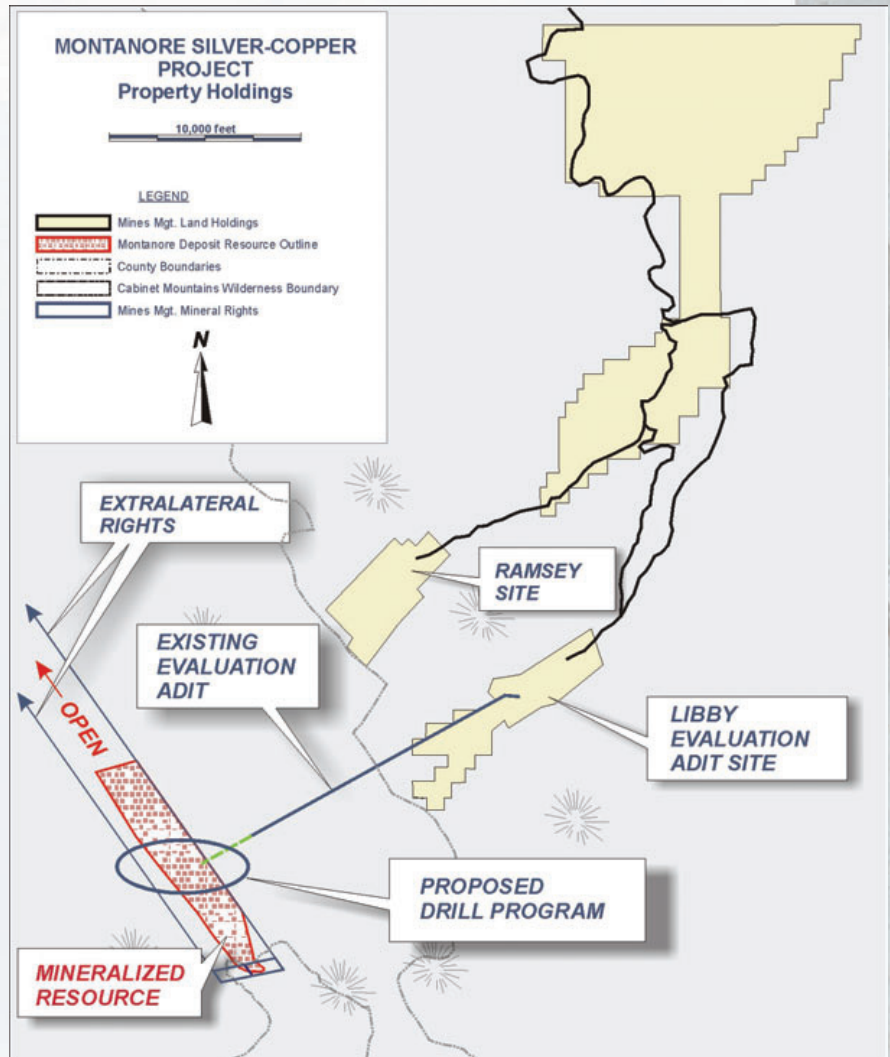
### **Cautionary Note to U.S. Investors concerning estimates of Measured and Indicated Mineral Resources**

This section uses the terms “measured mineral resources” and “indicated mineral resources.” We advise U.S. investors that while these terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. Investors are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into mineral reserves.

### **Cautionary Note to U.S. Investors concerning estimates of Inferred Mineral Resources**

This section uses the term “inferred mineral resources.” We advise U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and

Exchange Commission does not recognize it. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. In accordance with Canadian rules, estimates of inferred mineral resources cannot form the basis of feasibility or other economic studies



### **Resource Estimate as presented in accordance with Canada’s National Instrument 43-101**

	<b>Tons</b>	<b>Silver Grade (Oz per ton)</b>	<b>Copper Grade</b>	<b>Cutoff Grade (Oz per ton)</b>
<b>Measured</b> .....	4,026,000	1.85	0.74%	1.0
<b>Indicated</b> .....	77,480,000	2.05	0.75%	1.0
<b>Inferred</b> .....	35,080,000	1.85	0.71%	1.0

## MONTANORE PLAN OF OPERATIONS

In order to advance the Montanore Project past the exploration stage, we must obtain project approval from the U.S. Forest Service (USFS) and the State of Montana Department of Environmental Quality (DEQ) and final permits. The USFS and the State of Montana are undertaking a joint review of the Montanore Project and related permits, a process that typically takes several years.

To initiate the joint review process, in 2004 we submitted a proposed plan of operations to the USFS and a hard rock mining program application to the State of Montana, which included baseline environmental data, certain technical documents and other pertinent information about the Montanore Project.

We have benefited from the work completed by previous holders of the Montanore Project, who obtained final Project permits in 1993. Rather than being required to develop all of the initial data, we were able to update the environmental baseline and other environmental and technical data developed by the prior holders. This allowed us to submit applications and technical information approximately 12 months earlier than otherwise would have been the case.

Additionally, in early January 2008, we received a clarification letter from the Montana DEQ confirming that Hard Rock Operating Permit 150 issued in 1993 was transferred with the acquisition of Noranda Mineral Corporation in May 2006 to the Company. The DEQ asked that the Company withdraw the plan of operations and permit application submitted in 2004 and instead submit proposal amendments and update the existing permit. The revised plan is expected to be submitted in March 2008.

We are committed to protecting the environment, and we endeavor to minimize our project's environmental impact in a manner that exceeds the public's expectations and current regulatory requirements.



# ADVANCED UNDERGROUND EVALUATION DRILL PROGRAM

In 2007, as part of the advanced exploration and delineation drilling program at Montanore, we completed the construction on and startup of a water treatment facility. We plan to dewater and rehabilitate the Libby adit in early 2008 and then advance the adit towards the middle of the deposit. Additional drifting will be necessary to provide drill access. Once the drifting is underway, we plan to undertake diamond core drilling of approximately 50 holes totaling approximately 45,000 feet. The objectives of our underground evaluation program are to:

- Expand the known higher grade intercepts of the Montanore deposit;
- Develop additional information about the deposit;
- Further assess and define the mineralized zone; and
- Provide additional geotechnical, hydrological and other data.

There are four primary stages to the advanced exploration and delineation drilling program.

## *Stage 1 – Dewatering and Adit Rehabilitation*

With the exception of the first 600 feet, the length of the Libby adit contains water. During the first stage of the evaluation drilling program, we plan to dewater and rehabilitate the adit, which we anticipate to involve, among other activities, scaling the walls, installing new roof bolts and extending electricity, ventilation and dewatering infrastructure as dewatering progresses.

## *Stage 2 – Advancement of Adit, Drifting and Establishment of Drill Stations*

Once rehabilitation is complete, we plan to advance the adit approximately 3,000 feet towards the middle of the deposit. Approximately 10,000 feet of development drifting would follow to provide drill access.

## *Stage 3 – Phase I Delineation Drilling*

Approximately 20,000 feet of delineation diamond core drilling is planned in the first stage.

## *Stage 4 – Phase II Drilling and Bankable Feasibility Study*

An additional 25,000 feet of diamond core drilling is planned in the second stage, in addition to metallurgical and geotechnical testing and analysis, and if the results of our exploration are successful, would assist us in preparing for and completing a bankable feasibility study.

