

PRESIDENT'S LETTER TO SHAREHOLDERS

Dear fellow shareholders,

In 2007, the Company took steps to advance the Montanore Project, illustrating our belief in the long term potential for the Project's underlying minerals, silver and copper, and our commitment to the pursuit of successful development of the Project.

During the year, the market for metals continued their growth trend as the prices of silver and copper grew by 13.5% from \$13.01 to \$14.76, and 6.3% from \$2.85 to \$3.03, respectively. The year's performance followed 2006's dramatic growth in the prices of silver and copper, which rose by approximately 42% and 31%, respectively.

We worked to advance the Montanore Project through the two primary activities that we believe will set the stage for a development decision: the ongoing process of re-permitting continued during the year, and we initiated an advanced exploration and underground evaluation drill program, the data from which would support completion of the feasibility study.

During the first half of 2007, we raised the capital necessary to complete a significant portion of the evaluation program, and deepened our relationships within both the U.S. and Canadian investment markets through the cross border transaction.

Having raised approximately \$32 million, we were able to expedite construction of site facilities at the Libby Adit, procure the heavy equipment necessary to rehabilitate and extend the Libby Adit, and install a water treatment facility, which will ensure that the water released back into the environment will remain in conformance with Montana's stringent water quality standards.

The re-permitting process also progressed during the year as the Company and governmental agencies worked together to complete environmental assessment and gathering of data necessary to complete a preliminary draft environmental impact statement, which was submitted in November 2007.

The completion of the preliminary draft environmental impact statement signals a major milestone in the permitting process, and sets the stage to completing a draft environmental impact statement. The draft EIS will be released for a brief period of public review, followed by development of a final environmental impact statement and the issuance by state and federal agencies of a record of decision.

We continue to be gratified with the high level of local and state support for development of the Project. We believe that the local community's desire to support the Project as a way to create high paying jobs will factor positively into the permitting process, including public review of the draft EIS.

In January 2008, the Montana DEQ confirmed the existence of our original 1993 operating permit, and requested withdrawal of the state application for a new permit. We believe this confirmation will streamline the process to gain approval to mine the deposit, and is also reflective of the state's support for advancement of the Project.



TO OUR SHAREHOLDERS *continued*



During the next year, and with the new water treatment plant in place, the 14,000 foot Libby adit will undergo dewatering and rehabilitation. Significant efforts will be made to ensure the safety of all workers, and to maintain the long term integrity of underground operations.

Following dewatering and rehabilitation, the adit will be advanced toward the deposit, drifts constructed and drill stations set to commence the diamond core drilling activities.

All of the operational activities completed to date, and planned in the future, are led by an excellent team of professionals who have experience working on large underground mining projects in many different countries.

Over the past year, we believe we have assembled the right ingredients needed to take the Montanore Project through the final steps necessary to commence development of the mine, and to unlock the underlying value of the Project, ultimately reflected in growth in the value of our shares.

We greatly appreciate the support and consideration from our excellent shareholder base, which has been enthusiastic during the successful times, and encouraging during the challenging times.

Thank you for your ongoing support, and as always, please feel free to contact us or stop in to our offices whenever you are in the neighborhood.

We look forward to seeing you at the annual shareholders' meeting.

On behalf of the board of directors,

Sincerely,

Glenn M. Dobbs
President & CEO, Chairman of the Board

