

GRIZZLY PROJECT

PRE-FEASIBILITY STUDY

November 1996

004930

Appendix #19 Economic Analysis

19. Economic Analysis

19.1 Assumptions

The following assumptions were used in the economic analysis;

- Mine production, capital expenditures and mining costs are summarized in sections ---, --, and---
- The cost of trucking the ore from Grizzly to the mill site is \$3.50 per tonne.
- Environmental abandonment is covered by an initial bond of \$2,000,000 and then \$2,000,000 amortized over the life of mine.
- Mill costs are summarized in 16.3. The operating costs include \$.50 per tonne for mill capital replacement.
- Initial recruiting and training costs are \$1,000,000. Annual site G&A costs total \$6,624,000.
- Environmental costs are \$.25 per tonne.
- Land transportation, port and shipping costs are summarized in 17.1, 17.2 and 17.3.
- Annual head office and marketing costs total \$3,500,000 annually.
- Concentrate terms are summarized in 18.3 and prices are summarized in 18.4.

19.2 Economics

The base case economics and the sensitivities to change are summarized in the following table;

Base Case Economics (000)	Before Tax		After Tax	
	Cashflow	NPV@10%	Cashflow	NPV@10%
Base Case	\$178,369	\$23,855	\$134,086	\$11,646
Sensitivity Analysis				
Zinc + \$.01/lb	\$16,886	\$5,726	\$12,290	\$4,310
Lead + \$.01/lb	\$15,912	\$5,159	\$11,583	\$3,848
Silver + \$.50/oz	\$18,328	\$5,946	\$13,383	\$4,424
Zinc Rec +1%	\$7,047	\$2,393	\$5,139	\$1,798
Zinc Con +1%	\$11,670	\$3,955	\$8,513	\$2,984
Exchange Rate + .01	(\$15,492)	(\$5,121)	(\$11,521)	(\$3,921)
Site Costs + 1%	(\$7,155)	(\$2,387)	(\$5,213)	(\$1,801)
Zinc TC + \$10	(\$2,049)	(\$695)	(\$1,495)	(\$521)
Lead TC + \$10	(\$1,438)	(\$466)	(\$1,052)	(\$347)

Summary Of Economics

05-Nov-96

Case : Grizzley Development – Case B – 1,500,000 Tonnes Annually

	---- Before Tax ----		---- After Tax ----	
	<u>Cashflow</u>	<u>NPV@10%</u>	<u>Cashflow</u>	<u>NPV@10%</u>
1. Base Case	\$178,369	\$23,855	\$134,086	\$11,646
2 Sensitivity Analysis				
Zinc +\$.01	16,886	5,726	12,290	4,310
Lead +\$.01	15,912	5,159	11,583	3,848
Silver +\$.50	\$18,328	\$5,946	\$13,383	\$4,424
Zinc Rec +1%	\$7,047	\$2,393	\$5,139	\$1,798
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Site Costs +1%	(\$7,155)	(\$2,387)	(\$5,213)	(\$1,801)
Zinc TC +\$10	(\$2,049)	(\$695)	(\$1,495)	(\$521)
Lead TC +\$10	(\$1,438)	(\$466)	(\$1,052)	(\$347)

Cashflows After Tax - US\$0.55 /lb Zinc & \$ 0.32 /lb Lead

05-Nov-96

Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually
Cdn Dollar

			1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
A.	Prices (US)														
	Zn	/lb	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
	Pb	/lb	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32
	Cu	/lb	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
	Ag	/oz	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50
	Au	/oz	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00
	Exchange Rate	US/Cdn	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.74
B.	Smelter Revenue	(Cdn 000)						\$77,982	\$179,125	\$228,002	\$203,815	\$192,874	\$64,459		\$2,289,858
	Less Treatment Charges							(\$27,920)	(\$62,808)	(\$80,452)	(\$70,156)	(\$65,955)	(\$22,435)		(\$781,719)
	Less Transportation							(\$12,408)	(\$26,726)	(\$31,634)	(\$28,866)	(\$28,147)	(\$10,118)		(\$329,991)
	Less Operating							(\$29,477)	(\$65,694)	(\$71,154)	(\$71,154)	(\$71,154)	(\$30,510)		(\$837,221)
C.	Operating Cash Flow							\$8,177	\$23,896	\$44,761	\$33,639	\$27,418	\$1,397		\$320,727
	Less Capital		(\$8,800)	(\$15,950)	(\$2,530)	(\$17,178)	(\$36,002)	(\$20,198)	(\$3,097)	(\$891)	(\$891)	(\$3,549)	(\$69)		(\$128,657)
	Less Working Capital							(\$7,808)	(\$8,517)	(\$5,627)	\$2,724	\$957	\$10,227	\$6,197	
	Less Acquisition Cost														
	Less Interest														
	Less Financing														
	Less Income Taxes														
	Less Yukon Royalties								(\$658)	(\$2,540)	(\$1,420)	(\$8,897)	(\$990)		(\$48,363)
D.	Net Cashflow After Income Tax		(\$8,800)	(\$15,950)	(\$2,530)	(\$17,178)	(\$36,002)	(\$19,829)	\$11,625	\$35,703	\$34,052	\$16,938	\$11,555	\$6,197	\$134,086
E.	Cumulative Cashflow		(\$8,800)	(\$24,750)	(\$27,280)	(\$44,458)	(\$80,460)	(\$100,289)	(\$88,664)	(\$52,961)	(\$18,910)	\$75,067	\$127,888	\$134,086	
	Payback	4 years													
	Present Values														
		10.00%	(\$8,000)	(\$21,182)	(\$23,083)	(\$34,815)	(\$57,170)	(\$68,363)	(\$62,397)	(\$45,742)	(\$31,301)	(\$472)	\$10,633	\$11,846	
		12.00%	(\$7,857)	(\$20,572)	(\$22,373)	(\$33,290)	(\$53,719)	(\$63,765)	(\$58,506)	(\$44,086)	(\$31,807)	(\$6,783)	\$1,497	\$2,216	
		15.00%	(\$7,652)	(\$19,713)	(\$21,376)	(\$31,198)	(\$49,097)	(\$57,870)	(\$53,300)	(\$41,828)	(\$31,949)	(\$13,500)	(\$8,114)	(\$7,879)	
	IRR at	12.57%													

Summary Page — US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-86Case : Grizzly Development — Case B — 1,500,000 Tonnes Annually
US Dollars

			1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years	
A.	Prices															
	Zn	/lb	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	
	Pb	/lb	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	
	Cu	/lb	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	
	Ag	/oz	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	\$5.50	
	Au	/oz	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	\$400.00	
	Exchange Rate	US/Cdn	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	0.740	\$0.74	
B.	Annual Ore Production (000 t)							500	1,200	1,500	1,500	1,500	540		17,240	
	Ore Grades							8.71%	8.16%	8.41%	7.05%	5.38%	5.78%	5.78%	6.39%	
	Zn							4.87%	4.57%	4.62%	4.40%	5.77%	4.54%		4.85%	
	Pb															
	Cu															
	Ag	g/t						68.3	72.9	69.7	71.3	78.3	55.0		72.6	
	Au	g/t						0.4	0.6	0.6	0.8	0.9	0.8		0.8	
C.	Total Concentrate	(000 t)						101.4	228.1	291.9	255.9	246.5	82.7		2,876	
	Zinc	(000 t)						66.9	150.4	193.7	162.4	123.9	47.9		1,691	
	Lead	(000 t)						34.5	77.7	98.2	93.5	122.6	34.7		1,185	
	Copper	(000 t)														
D.	Contained Metal															
	Zinc	(000 t)						37.5	84.2	108.5	90.9	89.4	26.8		947	
	Lead	(000 t)						20.7	46.6	58.9	56.1	73.6	20.8		711	
	Copper	(000 t)														
	Silver	(000 oz)						976	2,500	2,987	3,056	3,354	849		35,777	
	Gold	(oz)						4,056	13,297	16,324	22,260	25,525	8,655		257,220	
E.	Payable Metal															
	Zinc	(000 lbs)						70,184	157,804	203,299	170,423	130,053	50,300		1,774,382	
	Lead	(000 lbs)						43,348	97,627	123,369	117,494	154,078	43,644		1,489,338	
	Copper	(000 lbs)														
	Silver	(000 oz)						823	2,107	2,519	2,576	2,828	714		30,162	
	Gold In Base Conc In Gold Conc	(oz)						2,288	8,639	10,515	14,915	17,249	5,799		171,742	
F.	Smelter Revenue	(000)						\$57,707	\$132,552	\$168,721	\$150,823	\$142,579	\$47,699		\$1,679,547	
	Less Treatment Charges							(\$20,661)	(\$46,478)	(\$59,535)	(\$51,915)	(\$48,807)	(\$16,602)		(\$578,472)	
	Less Transportation							(\$9,182)	(\$19,777)	(\$23,410)	(\$21,361)	(\$20,829)	(\$7,487)		(\$244,193)	
	Less Operating							(\$21,813)	(\$48,814)	(\$52,654)	(\$52,654)	(\$52,654)	(\$22,577)		(\$619,543)	
	Less Capital		(\$6,512)	(\$11,803)	(\$1,872)	(\$12,712)	(\$26,642)	(\$14,946)	(\$2,291)	(\$659)	(\$659)	(\$2,827)	(\$51)		(\$93,734)	
	Less Yukon Royalties								(\$658)	(\$2,540)	(\$1,420)	(\$990)			(\$11,611)	
	Less Working Capital Change								(\$5,778)	(\$6,302)	(\$4,164)	\$2,016	\$708	\$7,568	\$4,586	\$0
G.	Cashflow before Income Tax	(000)	(\$6,512)	(\$11,803)	(\$1,872)	(\$12,712)	(\$26,642)	(\$14,673)	\$8,431	\$25,760	\$24,829	\$17,381	\$8,550	\$4,586	\$131,993	
H.	Cumulative		(\$6,512)	(\$18,315)	(\$20,187)	(\$32,899)	(\$59,541)	(\$74,214)	(\$65,783)	(\$40,023)	(\$15,194)	\$77,563	\$127,407	\$131,993	\$131,993	
	Payback	4 years														
	NPV @															
	10.00%		(\$5,920)	(\$15,675)	(\$17,081)	(\$25,763)	(\$42,306)	(\$50,589)	(\$46,262)	(\$34,245)	(\$23,715)	\$6,357	\$16,903	\$17,653	\$17,653	
	12.00%		(\$5,814)	(\$15,224)	(\$16,556)	(\$24,635)	(\$39,752)	(\$47,186)	(\$43,372)	(\$32,968)	(\$24,014)	\$339	\$8,210	\$8,743	\$8,743	
	15.00%		(\$5,663)	(\$14,587)	(\$15,818)	(\$23,086)	(\$36,332)	(\$42,676)	(\$39,506)	(\$31,085)	(\$24,027)	(\$6,134)	(\$1,006)	(\$684)	(\$684)	
	IRR bi															
	14.73%															
	Site value	/ cre						\$55.73	\$55.25	\$57.18	\$51.70	\$48.63	\$43.72		\$49.70	
	Op Cost	/ cre						(\$43.63)	(\$40.51)	(\$35.10)	(\$35.10)	(\$35.10)	(\$41.81)		(\$35.94)	
	Return	/ cre						\$12.10	\$14.74	\$22.08	\$16.60	\$13.53	\$1.91		\$13.77	

Financing Plan BT -- US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-96

Case : Grizzly Development -- Case B -- 1,500,000 Tonnes Annually
Cdn Dollar

			1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
A.	Prices (US)														
	Zn	/lb	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55	\$0.55
	Pb	/lb	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$0.32
	Cu	/lb	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15
	Exchange Rate	US/Cdn	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
B.	Cashflow	(Cdn 000)						\$8,177	\$23,007	\$41,329	\$31,720	\$26,080	\$1,397		\$305,036
	Net Smelter Revenue														
	Base Metals							\$70,631	\$158,792	\$203,598	\$176,803	\$162,334	\$56,017		\$1,952,646
	Precious Metals							\$7,351	\$20,333	\$24,404	\$27,211	\$30,340	\$8,442		\$317,012
	Less Treatment Charges							(\$27,920)	(\$82,808)	(\$80,452)	(\$70,155)	(\$65,955)	(\$22,435)		(\$781,719)
	Less Transportation							(\$12,408)	(\$26,726)	(\$31,634)	(\$28,866)	(\$28,147)	(\$10,118)		(\$329,991)
	Less Operating							(\$29,477)	(\$65,694)	(\$71,154)	(\$71,154)	(\$71,154)	(\$30,510)		(\$837,221)
	Less Yukon Royalties								(\$889)	(\$3,432)	(\$1,919)	(\$1,338)			(\$15,691)
C.	Capital Requirement	(Cdn 000)	\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$28,006	\$11,613	\$6,518	(\$1,833)	\$2,592	(\$10,158)	(\$6,197)	\$126,667
	Working Capital							\$7,808	\$8,517	\$5,627	(\$2,724)	(\$957)	(\$10,227)	(\$6,197)	
	Capital		\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$20,198	\$3,097	\$891	\$891	\$3,549	\$69		\$126,667
	CCA			\$550	\$550	\$3,285	\$7,727	\$10,173	\$2,870	\$891	\$891	\$3,549	\$69		\$48,047
	CDE		\$8,800	\$15,400	\$1,980	\$13,913	\$28,276	\$10,025	\$227						\$78,620
	CEE														
D.	Cash Required	(Cdn 000)	(\$8,800)	(\$15,950)	(\$2,530)	(\$17,178)	(\$36,002)	(\$19,829)	\$11,394	\$34,811	\$33,553	\$23,487	\$11,555	\$6,197	\$178,369
	Op. Contribution							\$8,177	\$23,007	\$41,329	\$31,720	\$26,080	\$1,397		\$305,036
	Capital		(\$8,800)	(\$15,950)	(\$2,530)	(\$17,178)	(\$36,002)	(\$28,006)	(\$11,613)	(\$6,518)	\$1,833	(\$2,592)	\$10,158	\$6,197	(\$126,667)
	Acquisition														
E.	Base Metal Operations	(Cdn 000)													\$0
	Concentrate Loan @														
	Corporate Loan														
	Development Loan														
	Transport Equipment														
	Other Equipment														
	Finance Interest @	9.50%													\$0
F.	Net Cashflow	(Cdn 000)	(\$8,800)	(\$15,950)	(\$2,530)	(\$17,178)	(\$36,002)	(\$19,829)	\$11,394	\$34,811	\$33,553	\$23,487	\$11,555	\$6,197	\$178,369
	Cumulative		(\$8,800)	(\$24,750)	(\$27,280)	(\$44,458)	(\$80,460)	(\$100,289)	(\$88,895)	(\$54,085)	(\$20,532)	\$104,814	\$172,172	\$178,369	
	Payback	4 years													
	NPV @	10.00%	(\$8,000)	(\$21,182)	(\$23,083)	(\$34,815)	(\$57,170)	(\$68,363)	(\$62,516)	(\$46,277)	(\$32,047)	\$8,561	\$22,842	\$23,855	
		12.00%	(\$7,857)	(\$20,572)	(\$22,373)	(\$33,290)	(\$53,719)	(\$63,765)	(\$58,611)	(\$44,551)	(\$32,452)	\$458	\$11,095	\$11,815	
		15.00%	(\$7,652)	(\$19,713)	(\$21,376)	(\$31,198)	(\$49,097)	(\$57,870)	(\$53,386)	(\$42,007)	(\$32,469)	(\$8,289)	(\$1,359)	(\$924)	
	IRR bt	14.73%													

Statistics — US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-96

Case : Grizzly Development — Case B — 1,500,000 Tonnes Annually
US Dollar

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
1. Financial														
Revenue	(Cdn 000)						\$37,654	\$89,591	\$115,915	\$104,793	\$98,572	\$31,906		\$1,157,948
Cashflow before Tax	(Cdn 000)	(\$8,800)	(\$15,950)	(\$2,530)	(\$17,178)	(\$36,002)	(\$19,829)	\$11,394	\$34,811	\$33,553	\$23,487	\$11,555	\$6,197	\$178,369
Cumulative cashflow bl	(Cdn 000)	(\$8,800)	(\$24,750)	(\$27,280)	(\$44,458)	(\$80,460)	(\$100,289)	(\$88,895)	(\$54,085)	(\$20,532)	\$104,814	\$133,972	\$149,212	
PVbl	10.00%	(\$8,000)	(\$21,182)	(\$23,083)	(\$34,815)	(\$57,170)	(\$68,363)	(\$62,516)	(\$46,277)	(\$32,047)	\$8,591	\$22,842	\$23,855	
	12.00%	(\$7,857)	(\$20,572)	(\$22,373)	(\$33,290)	(\$53,719)	(\$63,765)	(\$58,611)	(\$44,551)	(\$32,452)	\$458	\$11,095	\$11,815	
	15.00%	(\$7,652)	(\$19,713)	(\$21,376)	(\$31,198)	(\$49,097)	(\$57,670)	(\$53,386)	(\$42,007)	(\$32,469)	(\$8,289)	(\$1,359)	(\$924)	
2. Values														
Site Net Back	US/\$						\$55.73	\$55.25	\$57.18	\$51.70	\$48.63	\$43.72		\$49.70
Operating Costs	US/\$						(\$43.63)	(\$40.51)	(\$35.10)	(\$35.10)	(\$35.10)	(\$41.81)		(\$35.94)
Ore Value	US/\$						\$12.10	\$14.74	\$22.08	\$18.60	\$13.53	\$1.91		\$13.77
Concentrate Value	US/\$						\$274.86	\$290.69	\$293.85	\$303.03	\$295.86	\$285.62		\$297.94
Contained Metal in Ore	(000 t)						500	1,200	1,500	1,500	1,500	540		17,240
Ore Grade	(000 t)						44	98	125	106	81	31		1,101
	(000 t)						24	55	69	66	87	25		837
	(000 t)													
	(000 oz)						1,098	2,813	3,361	3,439	3,774	955		40,256
	(000 oz)						7	22	27	36	41	14		418
Paid							73.10%	73.10%	73.10%	73.10%	73.10%	73.10%		73.10%
							80.75%	80.75%	80.75%	80.75%	80.75%	80.75%		80.75%
							74.93%	74.93%	74.93%	74.93%	74.93%	74.78%		74.93%
							34.72%	39.98%	39.64%	41.24%	41.59%	41.24%		41.09%
C. Simple Cost Comparison														
1. Byproducts														
Revenue	(US 000)						\$19,106	\$45,760	\$56,907	\$57,090	\$71,049	\$20,034		\$703,637
Treatment Charges	(US 000)						(\$6,184)	(\$13,927)	(\$17,599)	(\$16,761)	(\$21,980)	(\$6,226)		(\$212,461)
Transportation	(US 000)						(\$3,124)	(\$6,737)	(\$7,873)	(\$7,805)	(\$10,359)	(\$3,146)		(\$100,649)
Net Revenue	(US 000)						\$9,798	\$25,096	\$31,435	\$32,525	\$38,711	\$10,663		\$390,526
2. Costs to Zinc														
Treatment Charges	(US 000)						\$14,477	\$32,551	\$41,935	\$35,154	\$26,827	\$10,376		\$368,011
Transportation	(US 000)						\$6,058	\$13,040	\$15,536	\$13,558	\$10,470	\$4,341		\$143,544
Operating Costs	(US 000)						\$21,813	\$48,614	\$52,654	\$52,654	\$52,654	\$22,577		\$619,543
Royalties	(US 000)							\$658	\$2,540	\$1,420	\$990			\$11,811
Capital	(US 000)	\$6,512	\$11,803	\$1,872	\$12,712	\$26,642	\$14,946	\$2,291	\$659	\$659	\$2,627	\$51		\$93,734
3. Payable Zinc	(000 lbs)						70,184	157,804	203,299	170,423	130,053	50,300		1,774,382
4. Payable Zinc Cost	US/lb zn						\$0.464	\$0.442	\$0.400	\$0.412	\$0.402	\$0.529		\$0.423
Treatment Charges	US/lb zn						\$0.206	\$0.206	\$0.206	\$0.206	\$0.206	\$0.206		\$0.206
Transportation	US/lb zn						\$0.086	\$0.083	\$0.076	\$0.080	\$0.081	\$0.086		\$0.081
Operating Costs	US/lb zn						\$0.311	\$0.308	\$0.259	\$0.309	\$0.405	\$0.449		\$0.349
Royalties	US/lb zn							\$0.004	\$0.012	\$0.008	\$0.008			\$0.007
By Product Credit	US/lb zn						(\$0.140)	(\$0.159)	(\$0.155)	(\$0.191)	(\$0.298)	(\$0.212)		(\$0.220)
Capital	US/lb zn						\$0.213	\$0.015	\$0.003	\$0.004	\$0.020	\$0.001		\$0.053
5. Total Cost	US/lb zn						\$0.677	\$0.457	\$0.403	\$0.416	\$0.422	\$0.530		\$0.478

Yukon Royalties — US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-96

Case : Grizzly Development — Case B — 1,500,000 Tonnes Annually
Cdn Dollars

A.	1997		1998		1999		2000		2001		2002		2003		2004		2005		2010		2014		2015		All Years
	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	
B. Yukon Royalties Payable																									
Minesite Revenue											\$37,654	\$89,591	\$115,915	\$104,793	\$98,572	\$31,906								\$1,157,948	
Less Operating Costs											(\$29,477)	(\$65,694)	(\$71,154)	(\$71,154)	(\$71,154)	(\$30,510)								(\$837,221)	
Operating Profit											\$8,177	\$23,896	\$44,761	\$33,639	\$27,418	\$1,397								\$320,727	
Taxable Operating Profit											\$8,177	\$23,896	\$44,761	\$33,639	\$27,418	\$1,397								\$320,727	
Less Depreciation											(3,323)	(3,751)	(3,884)	(4,017)	(2,971)	(2,082)								(\$44,981)	
Preproduction Allowance											(\$10,025)	(\$227)												(\$78,620)	
Exploration																									
Net Profit before PA											(\$8,800)	(\$15,400)	(\$1,980)	(\$13,913)	(\$28,276)	(\$5,171)	\$19,918	\$40,877	\$29,622	\$24,447	(\$686)			\$197,125	
Processing Allowance																	(8,000)	(8,000)	(8,000)	(8,000)				(\$88,000)	
Taxable Profit											(\$8,800)	(\$15,400)	(\$1,980)	(\$13,913)	(\$28,276)	(\$5,171)	11,918	32,877	21,622	16,447	(686)			\$109,125	
Rate of Taxation																	5.52%	7.73%	6.57%	6.02%				10.64%	
Total Tax Payable																	\$658	\$2,540	\$1,420	\$990				\$11,611	
C. Predevelopment											8,800	15,400	1,980	13,913	28,276	10,025	227							\$78,620	
D. Exploration and Development																									
E. Processing Allowance																									
Initial Mill Processing Base											\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$1,900,000	
Additions																									
Final Processing Base											\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$2,116,000	
Processing Rate											8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
Allowance											\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$29,852	

Yukon Royalty Deductions — US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
 05-Nov-96 Case : Grizzly Development — Case B —1,500,000 Tonnes Annually
 Cdn Dollars

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
A. Depreciation						(\$3,323)	(\$3,751)	(\$3,884)	(\$4,017)	(\$2,971)	(\$2,082)		(\$44,981)
* 1997 Additions													
Allowable													
Claimed													
* 1998 Additions		\$550	\$550	\$550	\$550	\$550	\$468	\$386	\$304				
Allowable		\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82				
Claimed						(\$82)	(\$82)	(\$82)	(\$82)				(\$550)
* 1999 Additions			\$550	\$550	\$550	\$550	\$468	\$386	\$304				
Allowable			\$82	\$82	\$82	\$82	\$82	\$82	\$82				
Claimed						(\$82)	(\$82)	(\$82)	(\$82)				(\$550)
* 2000 Additions				\$3,265	\$3,265	\$3,265	\$2,778	\$2,290	\$1,803				
Allowable				\$487	\$487	\$487	\$487	\$487	\$487				
Claimed						(\$487)	(\$487)	(\$487)	(\$487)				(\$3,265)
* 2001 Additions					\$7,727	\$7,727	\$6,574	\$5,420	\$4,267				
Allowable					\$1,153	\$1,153	\$1,153	\$1,153	\$1,153				
Claimed						(\$1,153)	(\$1,153)	(\$1,153)	(\$1,153)				(\$7,727)
* 2002 Additions						\$10,173	\$8,655	\$7,136	\$5,618				
Allowable						\$1,518	\$1,518	\$1,518	\$1,518				
Claimed						(\$1,518)	(\$1,518)	(\$1,518)	(\$1,518)				(\$10,173)
* 2003 Additions							\$2,870	\$2,442	\$2,013				
Allowable							\$428	\$428	\$428				
Claimed							(\$428)	(\$428)	(\$428)				(\$2,870)
* 2004 Additions								\$891	\$758	\$93			
Allowable								\$133	\$133	\$93			
Claimed								(\$133)	(\$133)	(\$93)			(\$891)
* 2005 Additions									\$891	\$225			
Allowable									\$133	\$133			
Claimed									(\$133)	(\$133)			(\$891)
* 2006 Additions										\$1,224			
Allowable										\$453			
Claimed										(\$453)			(\$3,036)
* 2007 Additions										\$1,342			
Allowable										\$363			
Claimed										(\$363)			(\$2,430)
* 2008 Additions										\$2,842	\$423		
Allowable										\$605	\$423		
Claimed										(\$605)	(\$423)		(\$4,051)
* 2009 Additions										\$4,528	\$1,350	\$556	
Allowable										\$794	\$794	\$556	
Claimed										(\$794)	(\$794)		(\$4,766)
* 2010 Additions										\$3,549	\$1,430	\$901	
Allowable										\$530	\$530	\$530	
Claimed										(\$530)	(\$530)		(\$2,549)
* 2011 Additions										\$492	\$359	\$359	
Allowable										\$133	\$133	\$133	
Claimed										(\$133)	(\$133)		(\$532)
* 2012 Additions										\$625	\$492	\$492	
Allowable										\$133	\$133	\$133	
Claimed										(\$133)	(\$133)		(\$399)
* 2013 Additions										\$69	\$69	\$69	
Allowable											\$69	\$69	
Claimed											(\$69)		(\$202)
* 2017 Additions													
Allowable													
Claimed													

Income Tax Calculations — US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
 05-Nov-96 Case : Grizzly Development — Case B — 1,500,000 Tonnes Annually
 Cdn Dollars

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2010</u>	<u>2014</u>	<u>2015</u>	<u>All Years</u>
A. Operating Profit before Tax						\$8,177	\$23,007	\$41,329	\$31,720	\$26,080	\$1,397		\$305,036
CCA 41 (b)						(\$3,203)	(\$4,033)	(\$3,495)	(\$2,844)	(\$3,562)	(\$1,397)		(\$37,951)
CCA Other													
CCA 41 (a)						(\$4,365)							(\$4,365)
Resource Profits						\$609	\$18,974	\$37,834	\$28,876	\$22,518			\$262,721
Resource Allowance						(\$152)	(\$4,744)	(\$9,458)	(\$7,219)	(\$5,629)			(\$65,680)
Cdn Exploration Expense						(\$457)	(\$14,231)	(\$28,375)	(\$21,657)				(\$78,820)
Cdn Development Expense													
Interest Expense													
Net Income										\$16,888			\$118,420
Prior Year Losses													
Taxable Income										\$16,888			\$118,420
Federal Tax before ITC													
ITC										\$4,871			\$34,152
Net Federal Income Tax										\$4,871			\$34,152
Provincial Income Tax										\$2,027			\$14,210
Total Income Tax										\$6,897			\$48,363
B. Breakdown of Capital Expenditures													
1. Income Tax Categories	\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$20,198	\$3,097	\$891	\$891	\$3,549	\$69		\$125,667
CCA41a		\$550	\$550	\$3,265							\$69		\$4,434
CCA41b					\$7,727	\$10,173	\$2,870	\$891	\$891	\$3,549			\$43,813
CCA—Other													
CEE	\$8,800	\$15,400	\$1,980	\$13,913	\$28,276	\$10,025	\$227						\$78,820
ODE													

CCA, CCE, CDE, and Loss Carryforwards - US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
 05-Nov-96 Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually
 Cdn Dollars

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2010</u>	<u>2014</u>	<u>2015</u>	All Years
1. Opening UCC41b						3,863	9,610	12,099	10,484	9,811	6,614	5,663	
Additions					7,727	10,173	2,870	891	891	3,549			\$43,613
Usable CCA Pool					3,863	12,813	16,131	13,979	11,375	14,247	7,059	5,663	
Available CCA	25.00%				966	3,203	4,033	3,495	2,844	3,562	1,765	1,416	
CCA claimed						(3,203)	(4,033)	(3,495)	(2,844)	(3,562)	(1,397)		(\$37,951)
Closing balance					3,863	9,610	12,099	10,484	8,531	10,685	5,663	5,663	
Accumulated CCA						(3,203)	(7,236)	(10,731)	(13,575)	(28,480)	(37,951)	(37,951)	
2. Opening balance CCA-other													
Additions													
Usable CCA Pool													
Available CCA													
CCA claimed													
Closing balance													
Accumulated CCA													
3. Opening balance CCA41a			275	825	2,732	4,365						34	
Additions		550	550	3,265							69		\$4,434
Usable CCA Pool		275	825	2,732	4,365	4,365					34	69	
Available CCA	100.00%	275	825	2,732	4,365	4,365					34	69	
CCA claimed						(4,365)							(\$4,365)
Closing balance		275	825	2,732	4,365						34	69	
Accumulated CCA						(4,365)	(4,365)	(4,365)	(4,365)	(4,365)	(4,365)	(4,365)	
4. Opening balance CDE													
Additions to pool													
Usable CDE Pool													
Available CDE	30.00%												
CDE claimed													
Closing balance													
Accumulated CDE													
5. Opening Balance CEE		8,800	24,200	26,180	40,093	68,369	77,937	63,933	35,557				
Additions to Pool	8,800	15,400	1,980	13,913	28,276	10,025	227						\$78,620
Usable CEE Pool	8,800	24,200	26,180	40,093	68,369	78,394	78,163	63,933	35,557				
Available CEE	100.00%	8,800	24,200	26,180	40,093	68,369	78,394	78,163	63,933	35,557			
CEE claimed						(457)	(14,231)	(28,375)	(21,657)				(\$78,620)
Closing balance	8,800	24,200	26,180	40,093	68,369	77,937	63,933	35,557	13,900				
Accumulated CEE						(457)	(14,687)	(43,063)	(64,720)	(78,620)	(78,620)	(78,620)	
6. Opening Balance Loss Carried Forward													
Additions to Pool													
Available LCF													
LCF claimed													
Expre'd Non Capital Losses													
Closing balance													
Accumulated LCF													

Note
 Initial tax pools will have to be determined.

Grizzly Mining Plan

Production Page -- US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
 05-Nov-96 Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years	
A. Mining Rate (tpd)	Working Days						1,370	3,288	4,110	4,110	4,110	1,479	365	3,633	
	Ore Production (000)						365	365	365	365	365	540	365	4,745	
	Ore Grade						500	1,200	1,500	1,500	1,500	540	540	17,240	
	-Zn						8.7%	8.2%	8.4%	7.1%	5.4%	5.8%	5.8%	5.4%	
	-Pb						4.9%	4.8%	4.6%	4.4%	5.8%	4.9%	4.9%	4.9%	
	-Cu														
	-Ag	g						68.3	72.9	69.7	71.3	78.3	55.0		72.6
-Au	g						0.4	0.6	0.6	0.8	0.9	0.8		0.8	
B. Contained Metal	-Zn (000 t)						44	98	126	106	81	31		1,101	
	-Pb (000 t)						24	55	69	66	87	25		837	
	-Cu (000 t)														
	-Ag (000 oz)						1,098	2,813	3,361	3,439	3,774	955		40,256	
	-Au oz						6,591	21,605	26,524	36,170	41,474	14,063		417,940	
C. Recovery	Zn	Zn Cons					86.0%	86.0%	86.0%	86.0%	86.0%	86.0%	86.0%	86.0%	
		Pb Cons					4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
		Cu Cons													
		Overall					90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
	Pb	Zn Cons					7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
		Pb Cons					85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
		Cu Cons													
		Overall					92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
	Cu	Zn Cons													
		Pb Cons													
		Cu Cons													
		Overall													
	Ag	Zn Cons					10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
		Pb Cons					78.9%	78.9%	78.9%	78.9%	78.9%	78.9%	78.9%	78.9%	78.9%
		Cu Cons													
		Overall					88.9%	88.9%	88.9%	88.9%	88.9%	88.9%	88.9%	88.9%	88.9%
Au	Zn Cons					10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	
	Pb Cons					51.5%	51.5%	51.5%	51.5%	51.5%	51.5%	51.5%	51.5%	51.5%	
	Cu Cons														
	Overall					61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	61.5%	
D. Tailings Metal In tails	-Zn	100.0%	100.0%	100.0%	100.0%	100.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	100.0%	10.0%	
	-Pb	100.0%	100.0%	100.0%	100.0%	100.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	100.0%	8.0%	
	-Cu	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	-Ag	100.0%	100.0%	100.0%	100.0%	100.0%	11.1%	11.1%	11.1%	11.1%	11.1%	11.1%	100.0%	11.1%	
	-Au	100.0%	100.0%	100.0%	100.0%	100.0%	38.5%	38.5%	38.5%	38.5%	38.5%	38.5%	100.0%	38.5%	

Concentrates — US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
 05-Nov-96 Case : Grizzly Development — Case B — 1,500,000 Tonnes Annually

			1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
1 Zn Concentrates		(000 t)						87	150	194	162	124	48		1,691
	Zn							58.0%	56.0%	56.0%	56.0%	56.0%	56.0%		56.00%
	Pb							2.5%	2.6%	2.5%	2.6%	4.9%	3.6%		3.46%
	Cu														
	Ag	g						51.06	58.17	53.97	65.86	94.71	61.96		74.05
	Au	g						0.31	0.45	0.43	0.69	1.04	0.91		0.77
Metal	Zn	(000 t)						37	84	108	91	69	27		647
	Pb	(000 t)						2	4	5	5	6	2		59
	Cu	(000 t)													
	Ag	(000 oz)						110	281	336	344	377	95		4,026
	Au	(000 oz)						0.7	2.2	2.7	3.6	4.1	1.4		42
2 Pb Concentrate		(000 t)						34	76	98	94	123	35		1,185
	Pb							60.0%	60.0%	60.0%	60.0%	60.0%	60.0%		60.00%
	Zn							5.0%	5.0%	5.1%	4.8%	2.6%	3.6%		3.72%
	Cu														
	Ag	g						780.82	888.12	839.95	902.19	755.04	674.48		833
	Au	g						3.06	4.46	4.33	6.20	5.42	6.49		5.65
Metal	Pb	(000 t)						21	47	59	56	74	21		711
	Zn	(000 t)						2	4	5	4	3	1		44
	Cu	(000 t)													
	Ag	(000 oz)						866	2,218	2,651	2,712	2,978	753		31,751
	Au	(000 oz)						3.4	11.1	13.7	18.6	21.4	7.2		215
3 Cu Concentrate		(000 t)													
	Cu														
	Zn														
	Pb														
	Ag	g													
	Au	g													
Metal	Cu	(000 t)													
	Zn	(000 t)													
	Pb	(000 t)													
	Ag	(000 oz)													
	Au	(000 oz)													
4 Tailings Metal in tails	-Zn	(000 t)						4	10	13	11	8	3		110
	-Pb	(000 t)						2	4	6	5	7	2		67
	-Cu	(000 t)													
	-Ag	(000 oz)						122	313	374	383	420	106		4,479
	-Au	oz						2,535	8,308	10,200	13,909	15,949	5,408		160,720
Value in tails	Total	(US 000)						\$8,341	\$20,013	\$25,344	\$24,215	\$23,359	\$7,916		\$269,644
	-Zn	(US 000)						\$5,281	\$11,873	\$15,296	\$12,823	\$9,785	\$3,785		\$133,503
	-Pb	(US 000)						\$1,374	\$3,095	\$3,911	\$3,725	\$4,885	\$1,384		\$47,216
	-Cu	(US 000)													
	-Ag	(US 000)						\$672	\$1,721	\$2,057	\$2,104	\$2,309	\$584		\$24,836
	-Au	(US 000)						\$1,014	\$3,323	\$4,080	\$5,564	\$6,380	\$2,163		\$64,288

Transportation - US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-96

Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually
US Dollars

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
A. Transportation							101	228	292	256	247	83		2,878
Volume	(000 dmt)						\$90.57	\$86.72	\$80.20	\$83.47	\$84.48	\$90.57		\$84.91
Transport Cost	\$/dmt						\$9,182	\$19,777	\$23,410	\$21,361	\$20,829	\$7,487		\$244,193
Total Cost	(000)						\$6,058	\$13,040	\$15,536	\$13,556	\$10,470	\$4,341		\$143,544
Concentrates	- zn - Pb - Cu						\$3,124	\$6,737	\$7,873	\$7,805	\$10,359	\$3,146		\$100,649
Trans Shipping	(000)													
B. Transportation Costs														
Loading Costs	\$/wmt						\$1.48	\$1.37	\$1.27	\$1.32	\$1.34	\$1.48		
Cost to port	\$/wmt						\$33.30	\$30.17	\$28.87	\$29.53	\$29.73	\$33.30		
Port Costs	\$/wmt						\$16.00	\$15.70	\$13.03	\$14.37	\$14.78	\$16.00		
Ocean Freight	\$/wmt						\$30.00	\$29.97	\$28.01	\$29.00	\$29.30	\$30.00		
IAS	\$/wmt						\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00		
2 Zinc Concentrates	(000 dmt)						67	150	194	162	124	48		1,691
Land Handling	\$/wmt						\$1.48	\$1.37	\$1.27	\$1.32	\$1.34	\$1.48		\$1.35
Land Transportation	\$/wmt						\$33.30	\$30.17	\$28.87	\$29.53	\$29.73	\$33.30		\$30.00
Port	\$/wmt						\$16.00	\$15.70	\$13.03	\$14.37	\$14.78	\$16.00		\$14.88
Ocean Freight	\$/wmt						\$30.00	\$29.97	\$28.01	\$29.00	\$29.30	\$30.00		\$29.32
IAA	\$/wmt						\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00		\$3.00
Transport Cost	\$/wmt						\$83.78	\$80.21	\$74.18	\$77.21	\$78.15	\$83.78		\$78.53
Moisture							7.50%	7.50%	7.50%	7.50%	7.50%	7.50%		7.50%
Transport Cost	/dmt						\$90.57	\$86.72	\$80.20	\$83.47	\$84.48	\$90.57		\$84.89
3 Lead Concentrates	(000 dmt)						34	78	98	94	123	35		1,185
Land Handling	\$/wmt						\$1.48	\$1.37	\$1.27	\$1.32	\$1.34	\$1.48		\$1.35
Land Transportation	\$/wmt						\$33.30	\$30.17	\$28.87	\$29.53	\$29.73	\$33.30		\$29.98
Port	\$/wmt						\$16.00	\$15.70	\$13.03	\$14.37	\$14.78	\$16.00		\$14.88
Ocean Freight	\$/wmt						\$30.00	\$29.97	\$28.01	\$29.00	\$29.30	\$30.00		\$29.34
IAA	\$/wmt						\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00		\$3.00
Transport Cost	\$/wmt						\$83.78	\$80.21	\$74.18	\$77.21	\$78.15	\$83.78		\$78.55
Moisture							7.50%	7.50%	7.50%	7.50%	7.50%	7.50%		7.50%
Transport Cost	/dmt						\$90.57	\$86.72	\$80.20	\$83.47	\$84.48	\$90.57		\$84.82
Copper Concentrates	(000 dmt)													
Land Handling	\$/wmt						\$1.48	\$1.37	\$1.27	\$1.32	\$1.34	\$1.48		
Land Transportation	\$/wmt						\$33.30	\$30.17	\$28.87	\$29.53	\$29.73	\$33.30		
Port	\$/wmt						\$16.00	\$15.70	\$13.03	\$14.37	\$14.78	\$16.00		
Ocean Freight	\$/wmt						\$30.00	\$29.97	\$28.01	\$29.00	\$29.30	\$30.00		
IAA	\$/wmt						\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00		
Transport Cost	\$/wmt						\$83.78	\$80.21	\$74.18	\$77.21	\$78.15	\$83.78		
Moisture														
Transport Cost	/dmt						\$83.78	\$80.21	\$74.18	\$77.21	\$78.15	\$83.78		

Grizzly Mining Plan

Cash Costs - US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-96

Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually
Cdn Dollars

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
							500	1,200	1,500	1,500	1,500	540		17,240
A.	Production	Ore (000 t)												
		Tailing (000 t)												
		Waste (000 t)												
B.	Site Costs	Cdn/t					\$56.37	\$52.68	\$44.85	\$44.85	\$44.85	\$55.50		\$45.94
	Mining	Cdn/t					\$31.87	\$29.50	\$23.60	\$23.60	\$23.60	\$31.00		\$24.48
	Milling	Cdn/t					\$15.00	\$14.17	\$13.33	\$13.33	\$13.33	\$15.00		\$13.49
	Surface Transportation	Cdn/t					\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50		\$3.50
	Administration	Cdn/t					\$6.00	\$5.52	\$4.42	\$4.42	\$4.42	\$6.00		\$4.46
C.	Annual Charges													
	Mining	(000 Cdn)					\$15,935	\$35,395	\$35,405	\$35,405	\$35,405	\$16,740		422,120
	Milling	(000 Cdn)					\$7,500	\$17,000	\$20,000	\$20,000	\$20,000	\$8,100		232,600
	Surface Transportation	(000 Cdn)					\$1,750	\$4,200	\$5,250	\$5,250	\$5,250	\$1,890		60,340
	Administration	(000 Cdn)					\$3,000	\$5,299	\$6,624	\$6,624	\$6,624	\$2,385		76,924
	Site Costs	(000 Cdn)					\$28,185	\$61,894	\$67,279	\$67,279	\$67,279	\$29,115		\$791,984
	Environmental	(000 Cdn)					\$125	\$300	\$375	\$375	\$375	\$135		\$4,310
	Head Office & Marketing	(000 Cdn)					\$1,167	\$3,500	\$3,500	\$3,500	\$3,500	\$1,260		\$40,927
	Capital	(000 Cdn)	\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$20,198	\$3,097	\$891	\$891	\$3,549	\$69	\$128,667
	Other	(000 Cdn)												
	Total Costs	(000 Cdn)	\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$49,674	\$68,791	\$72,045	\$72,045	\$74,703	\$30,579	\$963,888
	Exchange Rate	US/Cdn	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74	0.74
	Total Cost	(000 \$)	\$6,512	\$11,803	\$1,872	\$12,712	\$26,642	\$36,759	\$50,905	\$53,313	\$53,313	\$55,281	\$22,628	\$713,277
D.	Total Cost	US\$/t					\$73.52	\$42.42	\$35.54	\$35.54	\$36.85	\$41.90		\$41.37
E.	Capital Costs Breakdown	(000 Cdn)	\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$20,198	\$3,097	\$891	\$891	\$3,549	\$69	\$128,667
1.	Existing Operation		\$8,800	\$15,950	\$2,530	\$17,178	\$36,002	\$20,198	\$3,097	\$891	\$891	\$3,549	\$69	\$128,667
	Mine Equipment	CCA41				\$3,265	\$5,527	\$10,109	\$2,717	\$700	\$700	\$3,358		\$42,547
	Bond	CCA41		\$550	\$550		\$2,200	\$64	\$153	\$191	\$191	\$191	\$69	\$5,500
	Pipeline	CCA41												
	Mill Equipment	CCA41												
	Development	CEE	\$8,800	\$15,400	\$1,980	\$13,913	\$22,776	\$10,025	\$227					\$73,120
	Drivage	CEE					\$5,500							\$5,500
2.	Reserve Extended	(000 Cdn)												
	Mine Equipment	CCA41												
	Bond	CCA41												
	Pipeline	CCA41												
	Mill Equipment	CCA41												
	Development	CEE												
	Drivage	CEE												

Smelter Page - US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
05-Nov-98

Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually
US Dollars

			<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2010</u>	<u>2014</u>	<u>2015</u>	All Years
A.	Zinc Concentrates	(000 t)						67	150	194	162	124	48		1,691
	Base TC	∧	\$180.00	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76	\$83.76
	Price Level	∧ Zn	\$1,000.00												
	Up Scale	/\$/	\$0.125	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.104	\$0.10
	Down Scale	/\$/	\$0.080												
	Penalty	∧						\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60
	NSR Zinc Concentrate														
	Paid	Zn lb/∧						1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049
		Ag g/∧										0.0			0.0
		Au g/∧													
	Revenue	Zn By-prod ∧						\$577.16	\$577.16	\$577.16	\$577.16	\$577.16	\$577.16	\$577.16	\$577.16
		∧										\$0.47			\$0.12
	Less TC	∧						\$216.46	\$216.46	\$216.46	\$216.46	\$216.46	\$216.46	\$216.46	\$216.46
	Zn NSR	∧						\$360.70	\$360.70	\$360.70	\$360.70	\$361.17	\$360.70	\$360.70	\$360.83
	Per T pay zn							\$454.75	\$454.75	\$454.75	\$454.75	\$454.75	\$454.75	\$454.75	\$454.75
	TC/lb zn							\$0.206	\$0.206	\$0.206	\$0.206	\$0.206	\$0.206	\$0.206	\$0.206
	Zn	K Lbs						70,184	157,804	203,299	170,423	130,053	50,300		1,774,382
B.	Lead Concentrates	(000 t)						34	78	98	94	123	35		1,185
	Base TC	∧	\$170.00	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88	\$129.88
	Price Level	∧ Pb	\$617												
	Up Scale	/\$/	\$0.125	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	\$0.070	0.070
	Penalty	∧													
	NSR Lead Concentrate														
	Paid	Pb lb/∧						1,257	1,257	1,257	1,257	1,257	1,257	1,257	1,257
		Ag g/∧						742	844	798	857	717	639	702	702
		Au g/∧						2.1	3.5	3.3	5.0	4.3	5.2	4.5	4.5
	Revenue	Pb By-prod ∧						\$402.12	\$402.12	\$402.12	\$402.12	\$402.12	\$402.12	\$402.12	\$402.12
		∧						\$151.74	\$186.89	\$177.53	\$208.47	\$176.88	\$174.72	\$174.72	\$191.39
	Less TC	∧						\$179.26	\$179.26	\$179.26	\$179.26	\$179.26	\$179.26	\$179.26	\$179.26
	Pb NSR	∧						\$374.60	\$409.74	\$400.39	\$431.33	\$399.72	\$397.58	\$397.58	\$414.25
	Pb TC	∧						\$314.50	\$314.50	\$314.50	\$314.50	\$314.50	\$314.50	\$314.50	\$314.50
	Pb TC	/lb						\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14	\$0.14
	Pb	K Lbs						43,348	97,627	123,369	117,494	154,078	43,644		1,489,338

Smelter Revenue - US\$0.55 /lb Zinc & \$ 0.32 /lb Lead
 05-Nov-06 Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually
 US Dollars

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2010	2014	2015	All Years
A. Net Smelter Return														
Total Revenue							\$57,707	\$132,552	\$168,721	\$150,823	\$142,579	\$47,699		\$1,679,547
Zinc							\$38,601	\$86,792	\$111,814	\$93,733	\$71,529	\$27,665		\$975,910
Lead							\$13,871	\$31,241	\$39,478	\$37,598	\$49,305	\$13,966		\$476,588
Copper														
Precious Metals							\$5,234	\$14,519	\$17,429	\$19,492	\$21,744	\$6,068		\$227,048
Smelter Costs							\$20,661	\$46,478	\$59,535	\$51,915	\$48,807	\$16,602		\$578,472
Zinc							\$14,477	\$32,551	\$41,935	\$35,154	\$26,827	\$10,376		\$366,011
Lead							\$6,184	\$13,927	\$17,599	\$16,761	\$21,980	\$6,226		\$212,461
Copper														
Net Smelter Revenue							\$37,046	\$85,074	\$109,187	\$98,908	\$93,772	\$31,098		\$1,101,074
B. Penalty Calculations														
1. Zinc Concentrate														
Mercury		\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60
Actual	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%	0.038%
Allowable	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
\$2.00/100 ppm	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60	\$6.60
Iron		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Actual	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Allowable	\$1.5/1%													
2. Lead Concentrate														
Mercury														
Actual	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%
Allowable	\$2.00/100 ppm													
Arsenic														
Actual	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%	0.21%
Allowable	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
\$20/1%														
Antimony														
Actual	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Allowable	\$30/1%													
Bismuth														
Actual	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Allowable	\$20/1%													

Grizzly Mining Plan

Capital Investment Plan

05-Nov-98 (COO)		Case : Grizzly Development - Case B - 1,500,000 Tonnes Annually										All Years		
		-3 1997	-2 1998	-1 1999	1 2000	2 2001	3 2002 500	4 2003 1,200	5 2004 1,500	6 2005 1,500	11 2010 1,500	15 2014 540	16 2015	All Years 17,240
A.	Production													\$125,287
B.	Total Capital Cost	\$8,000	\$14,500	\$2,300	\$17,178	\$36,552	\$20,748	\$3,097	\$891	\$891	\$3,549	\$69		\$66,473
	Development	\$8,000	\$14,000	\$1,800	\$12,648	\$20,705	\$9,113	\$206						\$5,000
	Development Drivage				\$2,968	\$5,024	\$9,190	\$2,470	\$636	\$636	\$3,053			\$38,679
	Equipment					\$500	\$500							\$1,000
	Recruitment					\$2,000	\$58	\$139	\$174	\$174	\$174	\$63		\$5,000
	Licencing & Water Bond		\$500	\$500										
	Contingency @ 10.00%				\$1,562	\$3,323	\$1,866	\$282	\$81	\$81	\$323	\$6		\$9,135
	Cumulative Capital Costs	\$8,000	\$22,500	\$24,800	\$41,978	\$78,530	\$99,278	\$102,375	\$103,266	\$104,157	\$122,545	\$125,287	\$125,287	
C.	Development	\$8,000	\$14,000	\$1,800	\$12,648	\$20,705	\$9,113	\$206						66,473
	1. Feasibility Study Etc			\$1,800										1,800
	2 Drilling													22,000
	Pump and UG Explore : Separate Drilling	\$8,000	\$14,000		\$11,500	\$12,000								23,500
	Shall & Orebody				\$80	\$260								340
	Fan & crebln					\$500								500
	Truck Load				\$200									200
	Shall DH													2,300
	Storage Shall & TM					\$2,300								6,000
	East Return Airshall, rock removed in mine shall				\$500	\$3,000	\$3,000							500
	3. Power from Grum					\$400	\$102							502
	P. Equipment					\$542	\$1,000							1,542
	P. Equipment UG						\$1,200							1,200
	4 Upgrade haul Rd.						\$800							800
	P. Equipment Installed					\$400	\$600							1,000
	P. Equipment UG													
	5 Sump UG					\$300	\$336							636
	Main Pump & Range						\$660							660
	Pump & Shall Sump					\$200	\$50							250
	6. Air Healing						\$400	\$200						800
	UG Workshops, etc						\$100							100
	UG Warehouse					\$200	\$600							800
	Conveyor, Pump to UG bin.				\$368	\$603	\$265	\$6						1,243
	Use 3% Freight													
D.	Development Drivage					\$5,000								5,000
	Pump Conv (airway)					\$5,000								5,000
	Intake B2													
	False													
	B3-1													
	B3-2													
	B3-3													
	Ramps to HW													
	Main Mine Conveyor													
	Main Access													
	NW4 - 1 Conv													
	NW4 - 2 FW													
	NW4 - 3 HW													
	A4 raise Airway													
	False Airway													
	Access Palsing													
	Access Palsing													
	Backfill Drill													

Grizzly Mining Plan

Capital Investment Plan (Continued)
05-Nov-98

Cdn Dollars		-3	-2	-1	1	2	3	2003	2004	2005	2010	2014	2015	All
		1997	1998	1999	2000	2001	2002	1,200	1,500	1,500	1,500	540	2015	Years
														17,240
Production														
E.	Equipment				<u>\$2,988</u>	<u>\$5,024</u>	<u>\$9,190</u>	<u>\$2,470</u>	<u>\$636</u>	<u>\$636</u>	<u>\$3,053</u>			<u>\$38,879</u>
	Twin drills Jumbo	6			\$600	\$600	\$600	\$600			\$600			\$5,400
	Prod. Loader	6			\$630	\$630	\$1,260	\$630			\$630			\$8,300
	Boller Electric	6			\$520	\$520	\$1,040				\$520			\$4,160
	Bench Drill	3			\$430	\$430	\$1,040				\$430			\$2,940
	26 l Truck for Mill	2			\$320						\$430			\$1,180
	Small Scoop	3					\$320	\$320			\$320			\$1,600
	Ore Trucks 40 l	4				\$640	\$1,260							\$3,180
	An Loader	2					\$360	\$360						\$1,120
	Man Carrier	2					\$200							\$400
	Slitters LIII	2					\$380							\$380
	Mech late truck	1					\$230				\$230			\$460
	Supervisor Vehicles	6					\$150	\$150						\$600
	Crusher/Rock breaker	5				\$1,500								\$2,000
	Road Grader	1					\$350							\$550
	UG Core Drill	2				\$120	\$120							\$480
	Stoppers, Jack etc	1					\$250							\$250
	Compressor, portable	2					\$120							\$220
	Mechanics Truck	2					\$300							\$360
	FF pipe-valve						\$250							\$250
	Cable replacement							\$120	\$50	\$50	\$50			\$520
	Fans & vaal tube	10					\$60	\$70						\$130
	Face Pumps & pipe	4					\$50	\$80						\$130
	Explosive, Meg	1					\$30							\$30
	Backfill UG Silo						\$300				\$100			\$400
	Misc.				\$300	\$300			\$550	\$550				\$3,450
	Freight @ 6.00%				\$168	\$284	\$520	\$140	\$36	\$36	\$173			\$2,189

* Value of spares is included in the inventory estimate of working capital.