

Steve – here is a summary of my findings re mineralized material remaining within and adjacent to previously mined areas within the Prosperity Vein between surface and a point midway between the 201 and 305 levels.

I stress that these are “conceptual estimates” only and some boilerplate will be necessary to qualify them. I plan to provide you with a more detailed memo prior to my going away for several days starting Monday.

A base case, making no allowance for previous mining and development and incorporating the Premier sampling results for 600 drift and raise samples, is as follows:

73,000 tonnes grading 950 grams/tonne Ag (27.5 oz/ton)
Contained 2.2 million ounces Ag
Average width = 0.87 metre

Case 1 – width is expanded from the base case 0.87 metres to 2.0 metres at an assumed average grade of 343 g/t (10 oz/ton) and combined with the base case totals –

170,000 tonnes @ 604 g/t (17.5 oz/ton)
Less an estimated 43,000 tonnes removed during previous mining and development = 127,000 tonnes @ 604 g/t (17.5 oz/ton)
Contained 2.4 million ounces Ag
Average width = 2.0 metres

Case 2 – width is further expanded from Case 1 2.0 metres to 5.0 metres at an assumed average grade of 170 g/t (5 oz/ton) and combined with Case 1 totals –

427,000 tonnes @ 350 g/t (10.2 oz/ton)
Less 43,000 tonnes previously removed by mining = 384,000 tonnes @ 350 g/t (10.2 oz/ton)
Contained 4.3 million ounces Ag
Average width = 5.0 metres

Conceptual estimates are to be reported as a range of rounded values which would look like the following –

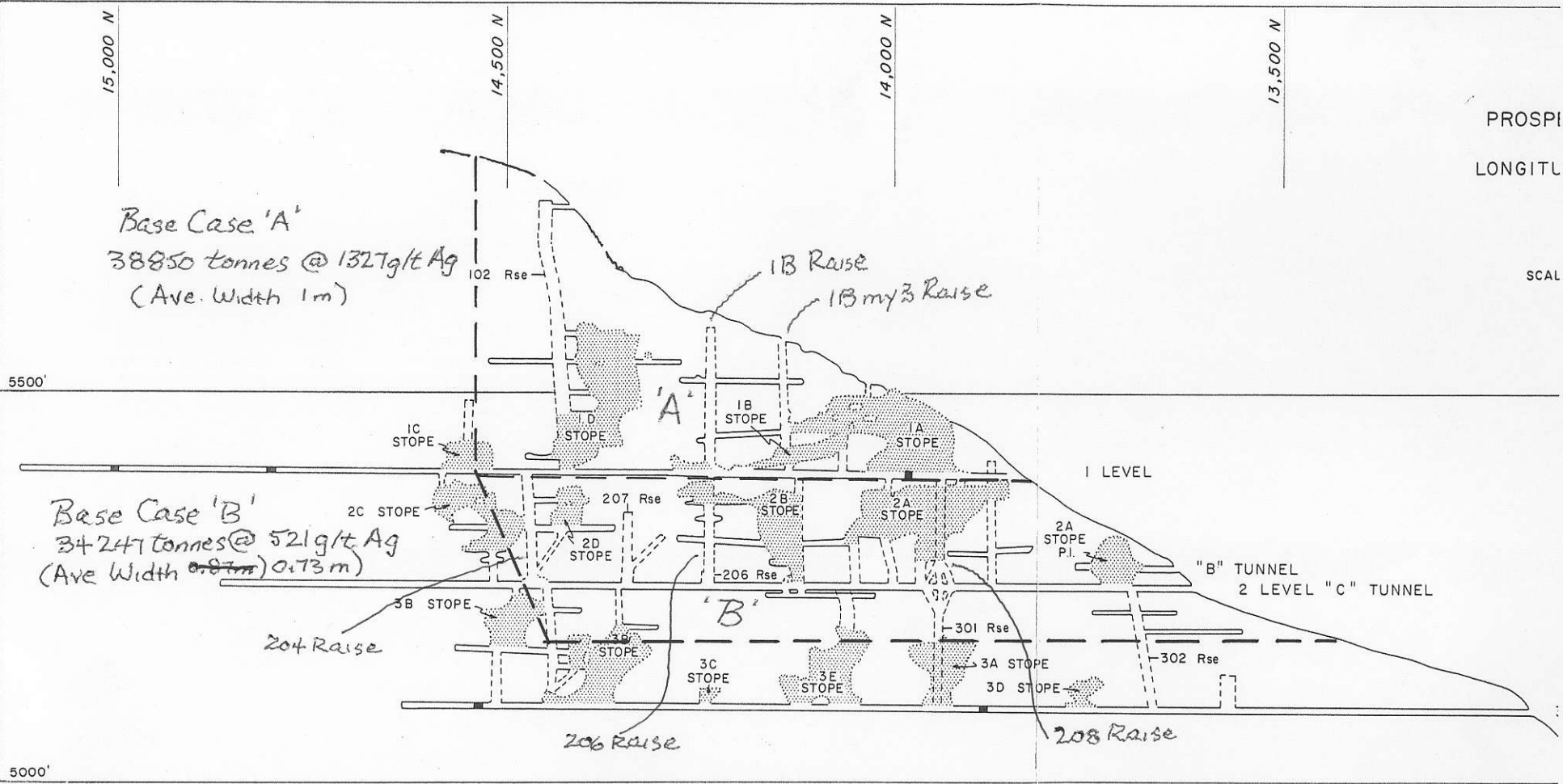
“Between 127,000 tonnes grading 600 g/t Ag and 384,000 tonnes grading 350 g/t Ag and over widths of between 2 and 5 metres for a contained 2.4 to 4.3 million ounces silver”

I consider these to be conservative estimates of the remaining material which might be exploited by way of a salvage mining operation.

Nick Carter

PROSPI
LONGITL

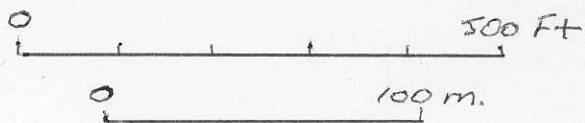
SCAL



Base Case 'A'
38850 tonnes @ 1327 g/t Ag
(Ave. Width 1m)

Base Case 'B'
34247 tonnes @ 521 g/t Ag
(Ave Width ~~0.87m~~ 0.73m)

- Base Case 'A'+ 'B' - 73000 tonnes @ 950 g/t Ag
(2.2 m oz contained Ag - Average Width 0.87m)
- Case 1 - 127000 tonnes @ 604 g/t Ag (Areas 'A'+ 'B')
(2.4 m oz contained Ag - Average Width 2.0m)
- Case 2 - 427,000 tonnes @ 350 g/t Ag (Areas 'A'+ 'B')
(4.3 m oz contained Ag - Average Width 5.0m)

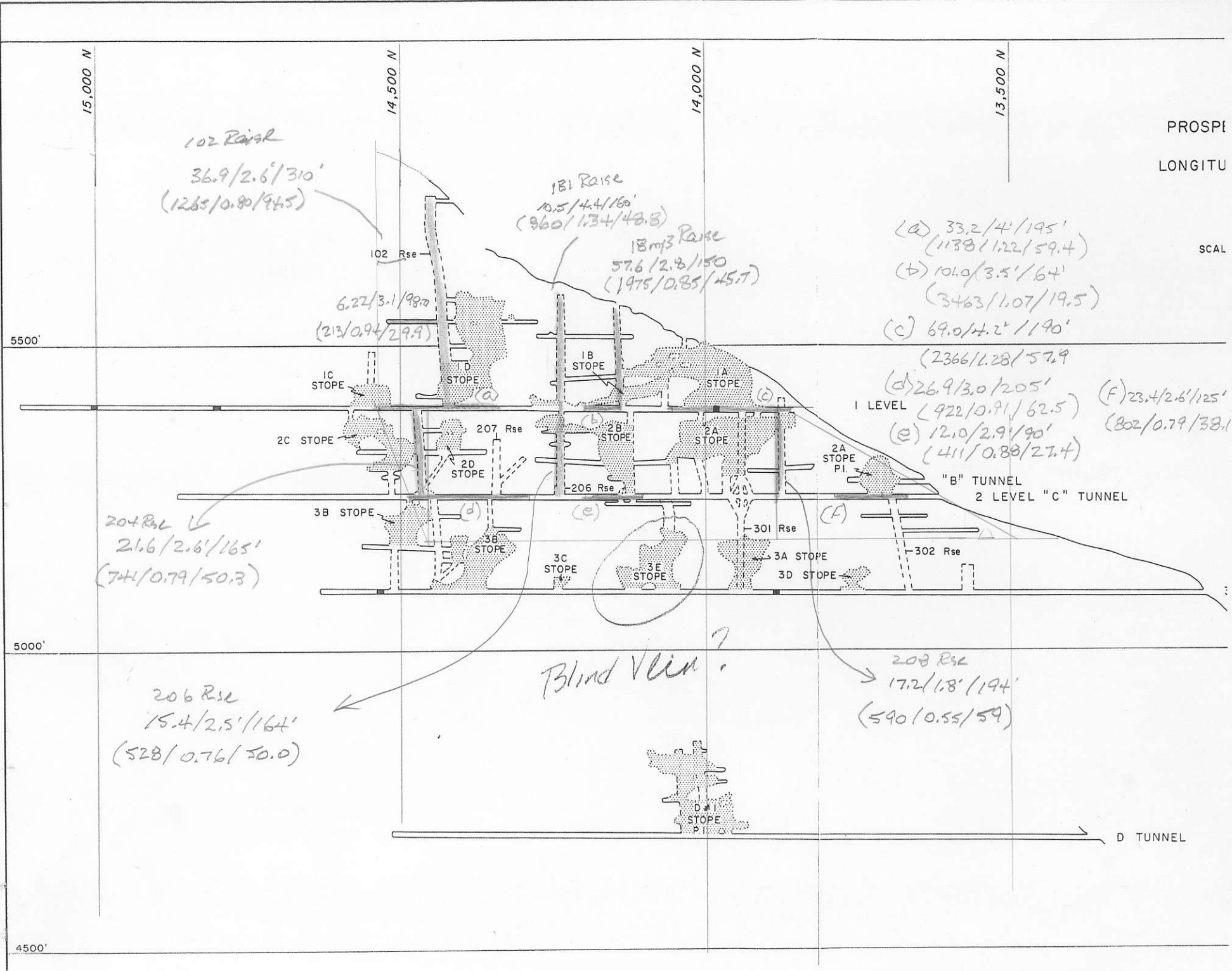


PROSPERITY VEIN - LONGITUDINAL PROJECTION
CONCEPTUAL RESOURCE WITHIN PREVIOUSLY MINED AREAS

4500'

PROSPE
LONGITU

SCAL



102 Rise
36.9/2.6/310'
(1265/0.80/965)

181 Rise
10.5/4.4/169'
(360/1.34/48.8)

18m3 Rise
57.6/2.8/150'
(1975/0.85/45.7)

(a) 33.2/4/195'
(1138/1.22/59.4)

(b) 101.0/3.5/64'
(3463/1.07/19.5)

(c) 69.0/4.2/190'
(2366/1.28/57.9)

(d) 26.9/3.0/205'
(922/0.91/62.5)

(e) 12.0/2.9/90'
(411/0.88/27.4)

(f) 23.4/2.6/125'
(802/0.79/38.1)

204 Rise
21.6/2.6/165'
(741/0.79/50.3)

206 Rise
15.4/2.5/164'
(528/0.76/50.0)

208 Rise
17.2/1.8/194'
(590/0.55/59)

Blind vein?

5500'

5000'

4500'

D TUNNEL