

**CROW FLIGHT RESOURCES**

**PRELIMINARY ASSESSMENT STUDY  
OF THE  
BUCKO DEPOSIT**

**October 22, 2004**

*Cautionary Statement: This preliminary assessment study prepared by Micon International, is not adequate to definitively confirm the economics of the Bucko deposit. A Pre-feasibility or Feasibility study as defined under NI-43-101 is required for this purpose. Micon cautions that the results presented in the study are preliminary in nature. The Inferred mineral resources cannot be converted to mineral reserves due to the low confidence level of the resource. Also, there is no guarantee that further exploration will be successful in adding to the confidence level of the resource.*

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## 1.0 SUMMARY AND CONCLUSIONS

### 1.1 INTRODUCTION

Crowflight Minerals Inc. (Crowflight) is a mineral exploration and development company with its head office located in Toronto, Canada. Falconbridge Ltd (Falconbridge) has agreed to grant to Crowflight the exclusive right to enter upon the property and to conduct mining operations, and a right to acquire an initial 50% undivided interest in the Bucko deposit, with the option to increase such interest to a 100% undivided interest. Crowflight expects to incur expenditures of approximately \$7,500,000 to dewater the mine for further exploration and complete a Bankable Feasibility Study on the Bucko deposit on or before December 31, 2006. The completion of the bankable feasibility study will allow Crowflight to acquire the initial 50% interest in the Bucko deposit.

In order to earn the additional 50% undivided interest Crowflight will be:

- Required to give written notice to Falconbridge, within 6 months of the completion of the bankable feasibility study, of a decision to put the Bucko deposit into commercial production
- Once the written notice has been given, Crowflight will vest with a 100% interest in the Bucko resource block, subject to completing financing within 9 months of the written notice and begin construction, and having the mine in commercial production within 12 months of the scheduled completion of construction, unless the metal prices are below those used in the bankable feasibility study.

In addition to its interest in the Bucko deposit, Crowflight has the option to earn an undivided 50% interest in the surrounding 190 square kilometers of the Thompson nickel belt owned by Falconbridge which includes the Bowden, Resting Lake and the Halfway Lake properties by spending approximately \$3,000,000 per year over 5 years. Falconbridge will manage the exploration program on these properties on behalf of Crowflight.

In order for Crowflight to maintain the working right, initial earn-in right and option in good standing, the Company shall also issue shares and warrants to Falconbridge:

- Warrants to purchase 5,000,000 shares in two tranches for a two year period once the agreement is executed - warrants to purchase 2,500,000 shares at \$0.35, and warrants to purchase 2,500,000 shares at \$0.75 – transaction done on August 18, 2004
- 2,000,000 shares after Crowflight receives the executed agreement – transaction done on August 18, 2004
- 1,000,000 shares on or before June 1, 2005
- 1,000,000 shares on or before June 1, 2006

At the request of Crowflight, Micon International Limited (Micon) has undertaken a preliminary review of the scope and potential of bringing the Bucko deposit into production. It is understood that

Crowflight requires this review as a basis to make a decision for the continued development of the project. The results of Micon's review are discussed within the body of this report, and are summarized below. The current study is a preliminary economic evaluation using the Indicated Resources that have been defined at the Bucko deposit. A second analysis has been performed on the combined Indicated and Inferred Resources. Inferred Mineral Resources are considered too speculative geologically to have economic considerations applied to them that would enable these resources to be categorized as Mineral Reserves.

Mineralization was first identified at the Bucko deposit in the early 1960's. The Bucko deposit was partially explored with an underground shaft and lateral drift in the early 1970's. Subsequent surface drilling by Falconbridge in the 1990's and by Nuinsco Resources Limited (Nuinsco) in 2000 and 2001 resulted in the definition of a significant nickel resource located below surface.

## **1.2 MINERAL RESOURCES**

### **1.2.1 Mineral Resource Estimate**

Micon has not performed any estimation or confirmation of resources on any of the mineralized zones contained at the Bucko Lake project. However, Crowflight and its retained consultants have provided Micon with their estimates of the currently defined mineral resources at the project.

Geologica Groupe-Conseil Inc. (Geologica) prepared a report entitled, "43-101 Technical Evaluation Report of the Bucko Lake Property, Northern Manitoba", September 24, 2004 (the Geologica Report). This report was authored by Alain-Jean Beauregard P.Geo. and Daniel Gaudreault P.Eng., of Geologica. In this report, the authors state that the most complete and recent resource calculation for the Bucko deposit was completed by Roscoe Postle Associates Inc. (RPA) in 2000. Micon provided a review of this estimate in their report entitled "Review of the Mineral Resource, Infrastructure and Operating Plans of the BuckoLake Nickel Project", dated March 2001 (the Micon March 2001 Report).

Geologica confirmed that the resource estimate prepared by RPA in 2000 conformed to NI 43-101 standards and were reportable in the Indicated and Inferred Resource categories.

The current Mineral Resource estimate at the Bucko deposit is provided in Table 1.1.

**Table 1.1**  
**Mineral Resource Estimate, September 2004**

Level (depth below surface)	Horizontal thickness (m)	Indicated Resources		Inferred Resources	
		Tonnes	% Ni	Tonnes	% Ni
400 to 600 (surface to -150 meters)	4.7	57,000	2.16	35,000	2.06
600 to 1000 (-150 to -375 meters)	5.8	554,000	2.96	151,000	2.05
1000 to 1600 (-375 to -750 meters)	6.5	439,000	2.51	140,000	2.34
Below 1600 (below -750 meters)	7.3	169,000	2.62	129,000	2.37
Total		1,218,000	2.71	455,000	2.23

Geologica states that Nuinsco drilled seven (7) new diamond drill holes in October, 2000. This program was designed to improve the confidence level of the resources planned for extraction as a bulk sample. Nuinsco has reported that the drilling indicated that the strike length of one of the zones targeted for bulk sampling would increase. Geologica has not reviewed the results of this program. The resources listed in Table 1.1 do not include any material identified by these additional holes.

### 1.2.2 Exploration Potential

Geologica confirmed “that there is excellent potential to increase the mineral resource and to convert Inferred Resource to the Indicated category.” It was suggested that drilling on plunge and dip projections of known resource blocks should increase the amount of Indicated Resource and fill-in drilling in the vicinity of the Inferred blocks should allow classification of some of these blocks as Indicated Resources.

For this reason, Crowflight intends to undertake an initial phase of underground drilling and exploration to further define and expand the known resource.

### 1.2.3 Conceptual Reserve Used for This Review

For the purpose of estimating the potential of the project, Micon used the Indicated Resources described by Geologica as the basis for a conceptual reserve. Micon has added 20% waste rock dilution at the reported grade of the rock adjacent to the mineralization (0.6% Ni) and a mining recovery factor of 90%. These factors will need to be confirmed by further analysis. Micon has used this conceptual reserve (Table 1.2) as the basis for determining the potential for the project.

**Table 1.2**  
**Conceptual Reserve Estimate**

Description	Quantity (tonnes)	Nickel Grade (%)
Indicated Resources	1,218,000	2.71
Dilution: 20% at wall rock grade	243,600	0.60
Diluted resource	1,461,600	2.36
Recovered diluted resource @ 90% recovery	1,315,400	2.36

A secondary analysis has also been performed using the combined Indicated and Inferred Resources at the Bucko deposit. The results of this study are presented in Section 1.7.

### **1.3 MINE DEVELOPMENT AND EXPLORATION**

An underground exploration program was carried out at the Bucko Lake property by previous owners in the early 1970's. Underground access was accomplished by sinking a 356-m, vertical timbered shaft, and by driving an access drift to the resource on the 305 m level. These excavations are currently flooded with water and all of the related surface facilities are gone.

Crowflight plans to initially explore the deposit with a program of underground diamond drilling. Mining and diamond drilling contractors have provided prices for the dewatering and rehabilitation of the existing shaft and the 305 m level, to support a program of some 7,650 m of diamond drilling designed to upgrade some of the Indicated and Inferred Resources to higher confidence categories, as well as to identify possible extensions to the mineralization.

This work will involve constructing a temporary, portable headframe over the existing shaft, together with a skid mounted, temporary hoist. The shaft and 305 m level will be dewatered and refurbished, to provide access to locations along the main drift for definition and exploratory drilling. If required, a small bulk sample can be extracted and hoisted to surface in mine cars, for metallurgical testing.

Should this exploration program and subsequent analyses confirm the existence of a mineable ore reserve, the shaft facility will be upgraded to a production/service shaft. The shaft will be deepened somewhat to allow the installation of an adequate loading pocket and shaft spill handling arrangement. This work will include the installation of a permanent hoist and headframe. Support services will be installed to provide for a mine production rate in the order of between 750 and 1,000 tonnes per day. The order-of-magnitude estimate of the capital cost of bringing the mine and associated infrastructure into production as estimated by Micon, is Cdn\$15,000,000 (US\$12,000,000). This amount includes approximately Cdn\$1,000,000 (US\$800,000) spent in the initial exploration phase, to dewater and rehabilitate the mine.

Micon has reviewed the previously calculated operating cost estimates for the mine, and has adjusted them to account for additional costs deemed necessary by Micon. The mine operating cost estimate for the Bucko deposit is approximately Cdn\$57.09/t (US\$45.67) mined. This cost is based on Micon's current understanding of the conditions that are likely to be encountered in mining and on the assumption that the entire resource will be confirmed to a mineable category.

### **1.4 ORE PROCESSING**

A significant amount of metallurgical testing was completed under Falconbridge guidance in the 1970's, culminating in the 1974 feasibility study. Falconbridge found the mineralization to be typical of the Thompson Nickel Belt and could have treated Bucko Lake ore in the Manibridge concentrator. Inco has conducted tests on recent core samples in 2000 but Micon has not seen the report of this

testing.

Micon based its estimate of the processing capital and operating costs on building and operating a flotation concentrator on site. The flotation concentrate would be shipped to Sudbury for processing at Falconbridge's smelter.

For the purposes of this conceptual study, it is assumed that a new 1,000 tonnes per day (tpd) capacity metallurgical plant will be built on site and that this mill will be designed to the particular requirements of the Bucko Lake mineralization. The metallurgical recoveries assumed are 87.5% for all valuable metals.

The assumed mill feed and concentrate grades are shown in Table 1.3.

**Table 1.3**  
**Bucko Lake Assumed Mill Feed and Flotation Concentrate Grades**

	Wt (%)	Ni (%)	Cu (%)	Co(%)	Pt(g/t)	Pd(g/t)	Rh(g/t)
Feed	100	2.26	0.16	0.0316	0.1031	0.2765	0.0469
Concentrate		15	1.1	0.21	0.68	1.83	0.31
Recovery	13	87.5	87.5	87.5	87.5	87.5	87.5

The feed grades for cobalt, platinum, palladium and rhodium were estimated from typical concentrate grades reported in the Micon March, 2001 report. These grades were taken from metallurgical test work conducted in 2000 by Lakefield and Inco.

The order-of-magnitude estimate of the capital cost of constructing the ore processing facility and all related surface infrastructure as estimated by Micon, is Cdn\$20,100,000 (US\$16,080,000).

Ore processing costs are estimated to be in the order of Cdn\$21.00 (US\$16.80) per tonne milled. This cost is estimated by comparing the Bucko deposit with other similar operations.

Concentrate transport charges from the on-site processing plant to the Falconbridge treatment facilities in Sudbury, Ontario have been estimated to be in the order of Cdn\$75.00/t (US\$60.00) of wet concentrate. This is based on transport by rail car at a rate of Cdn\$0.03/t.km (US\$0.024).

Treatment charges and metal accountabilities have been provided by Crowflight. These terms are summarized in Table 1.4. These terms will need to be confirmed in the next stage of feasibility analysis.

**Table 1.4**  
**Smelting and Refining Charges**

<b>Item</b>	<b>Units</b>	<b>Value</b>
Treatment charge	US\$/dt concentrate	125
Payable Ni	%	90
Payable Cu	%	85
Payable Co	%	50
Payable Pt	%	80
Payable Pd	%	80
Payable Rh	%	80
Ni refining charge	US\$/ payable lb	0.60
Cu refining charge	US\$/ payable lb	0.30
Co refining charge	US\$/ payable lb	2.30
Pt refining charge	US\$/ payable oz	15
Pd refining charge	US\$/ payable oz	15
Rh refining charge	US\$/ payable oz	15
Penalties		None

## **1.5 ENVIRONMENTAL ISSUES**

The environmental aspects of ore mining and processing at the Bucko deposit are not addressed in this report. However, Crowflight at this stage expects that the risk of significant environmental impacts and/or schedule delays arising from environmental or socio-economic concerns, either during operation, or following closure, to be low. Additional studies and analyses at a higher level of detail will be conducted in subsequent stages of development to confirm these conclusions.

## **1.6 FINANCIAL ANALYSIS**

Future annual cash flows have been estimated based on production, ore grade and mining cost estimates calculated previously by Nuinsco and adjusted, where deemed necessary, by Micon. The cost estimates assume processing of the mined ore at an on-site mill. Cost estimates for the construction and operation of this mill were developed by comparison with other similar operations where costs are known. Flotation concentrate would be shipped to Falconbridge's treatment facilities in Sudbury, Ontario. The treatment terms have been estimated from information provided by Falconbridge, including custom feed treatment charges and metal accountabilities. Recoveries used in the cash flow estimates will require confirmation through additional test work.

A preliminary base case cash flow schedule has been prepared, using the metal prices listed in Table 1.5.

**Table 1.5**  
**Bucko Lake Summary of Estimated Metal Prices**

Item	Price (US\$)
Nickel	4.50/lb
Copper	1.00/lb
Cobalt	20.00/lb
Platinum	750.00/oz
Palladium	300.00/oz
Rhodium	1,200.00/oz

No provision has been included for definition or exploration diamond drilling of the resource.

The conceptual project would generate a Net Present Value (NPV) of US\$34,221,000, using a discount rate of 15%. The conceptual project has an Internal Rate of Return (IRR) of 67%. These estimates are presented on a pre-tax basis.

The summary of the projected cash flow for the project, based on a conceptual reserve that might result from further exploration and study, is presented in Table 1.6. The mining rate is set at 750 tpd.

**Table 1.6**  
**Executive Summary**

Description	Unit Prices/Costs	Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
Ore Mined and Milled		000s of t	0	274	274	274	274	220	0	1,315
Diluted Grade, Nickel		%		2.36	0.00	2.36	2.36	2.36		
Diluted Grade, Copper		%		0.16	0.00	0.16	0.16	0.16		
Diluted Grade, Cobalt		%		0.03	0.00	0.03	0.03	0.03		
Diluted Grade, Platinum		gms/t		0.10	0.00	0.10	0.10	0.10		
Diluted Grade, Palladium		gms/t		0.28	0.00	0.28	0.28	0.28		
Diluted Grade, Rhodium		gms/t		0.05	0.00	0.05	0.05	0.05		
Nickel Recovery		%		87.5	0.0	87.5	87.5	87.5		
Copper Recovery		%		87.5	0.0	87.5	87.5	87.5		
Cobalt Recovery		%		87.5	0.0	87.5	87.5	87.5		
Platinum Recovery		%		87.5	0.0	87.5	87.5	87.5		
Palladium Recovery		%		87.5	0.0	87.5	87.5	87.5		
Rhodium Recovery		%		87.5	0.0	87.5	87.5	87.5		
Nickel Metal Produced		000s of lbs		11,218	11,218	11,218	11,218	9,032		53,905
Copper Metal Produced		000s of lbs		718	718	718	718	578		3,452
Cobalt Metal Produced		000s of lbs		84	84	84	84	67		401
Platinum Metal Produced		oz		635	635	635	635	511		3,052
Palladium Metal Produced		oz		1,703	1,703	1,703	1,703	1,371		8,185
Rhodium Metal Produced		oz		289	289	289	289	232		1,387
Revenue from Nickel	US\$4.50 per lb	US\$ 000s	0	50,482	50,482	50,482	50,482	40,644	0	242,572
Revenue from Copper	US\$1.00 per lb	US\$ 000s	0	718	718	718	718	578	0	3,452
Revenue from Cobalt	US\$20.00 per lb	US\$ 000s	0	1,671	1,671	1,671	1,671	1,345	0	8,030
Revenue from Platinum	US\$750.00 per oz	US\$ 000s	0	476	476	476	476	384	0	2,289
Revenue from Palladium	US\$300.00 per oz	US\$ 000s	0	511	511	511	511	411	0	2,456
Revenue from Rhodium	US\$1,200.00 per oz	US\$ 000s	0	346	346	346	346	279	0	1,665
Total Revenue		US\$ 000s	0	54,205	54,205	54,205	54,205	43,642	0	260,463
Mining Cost	US\$45.67 per tonne	US\$ 000s	0	12,503	12,503	12,503	12,503	10,066	0	60,077
Milling Cost	US\$16.80 per tonne	US\$ 000s	0	4,599	4,599	4,599	4,599	3,703	0	22,099
G&A Cost	US\$5.00 per tonne	US\$ 000s	0	1,369	1,369	1,369	1,369	1,102	0	6,577
Concentrate Transport	US\$60.00/T Conc	US\$ 000s	0	2,209	2,209	2,209	2,209	1,778	0	10,613
Treatment and Refining	(see Table 1.3)	US\$ 000s	0	11,689	11,689	11,689	11,689	9,411	0	56,168
Royalties	2.50%	US\$ 000s	0	806	806	806	806	649	0	3,874
Total Production Cost		US\$ 000s	0	33,174	33,174	33,174	33,174	26,709	0	159,407
Preproduction Capital Cost		US\$ 000s	28,080							28,080
Sustaining Capital Cost				400	400	400	200	0	0	1,400
Total Capital Cost		US\$ 000s	28,080	400	400	400	200	0	0	29,480
Total Cash Cost		US\$ 000s		33,574	33,574	33,574	33,374	26,709	0	160,807
Cash Cost per Lb Ni (Net of Other Metal credits)		US\$		2.66	2.66	2.66	2.64	2.63	0	2.65
Total Cost including Fully Amortized Preproduction Capital cost		US\$ 000s		39,418	39,418	39,418	39,218	31,414		188,887
		US\$/lb Ni		3.51	3.51	3.51	3.50	3.48		
Pretax Cashflow		US\$ 000s	-28,080	20,631	20,631	20,631	20,831	16,932	0	71,576
			NPV @ 15%		34,221					
			IRR: 67%							
			Exchange rate used: Cdn\$1.25 = US\$1.00							

Table 1.7 demonstrates the effect of varying the nickel price in this projected cash flow up or down by US\$0.50.

**Table 1.7**  
**Nickel Price Sensitivity**

Nickel Price (US\$/lb)	NPV @ 15% Discount Rate	Internal Rate of Return
US\$5.00	US\$49,780,000	89%
US\$4.50	US\$34,221,000	67%.
US\$4.00	US\$18,660,000	45%

Micon notes that the nickel price at the time of writing was in the order of US\$6.15 per pound.

Table 1.8 shows the sensitivity of NPV to different discount rates. The NPV for the project is shown for 10% and 15% discount rates.

**Table 1.8**  
**Discount Rate Sensitivity**

Discount Rate	NPV
10%	US\$43,606,000
15%	US\$34,221,000

## 1.7 COMBINED INDICATED AND INFERRED RESOURCES

Micon has performed a preliminary assessment of the effect on the viability of the Bucko deposit, should the currently defined Inferred Resources be upgraded by further exploration to the Indicated category. In this case, these Inferred Resources would be included with the Indicated Resources that were considered with the previous study.

Micon notes that this preliminary assessment is preliminary in nature. It includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment will be realized.

All operating and capital costs have been kept the same as was used in Table 1.6, however, Micon notes that under closer analysis, it is likely that these costs will change due to an increased scale of operations with the smaller resource. Generally, the unit operating costs of production would decrease while the capital costs would increase.

The revised conceptual reserve in this case would be as shown in Table 1.9.

**Table 1.9**  
**Revised Conceptual Reserve Estimate**  
**Including Indicated and Inferred\* Resources**

Description	Quantity (tonnes)	Nickel Grade (%)
Indicated Resources	1,218,000	2.71
Inferred Resources	455,000	2.23
Combined Indicated and Inferred Resources	1,673,000	2.58
Dilution: 20% at wall rock grade	334,600	0.60
Diluted resource	2,007,600	2.25
Recovered diluted resource @ 90% recovery	1,806,800	2.25

\*Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as ore reserves

A cash flow projection of the conceptual project including the Indicated and Inferred Resources is provided in Table 1.9. The larger size of the Conceptual Reserve in this case warrants a higher

production rate of 1,000 tpd. Using a discount rate of 15%, the Bucko deposit has a NPV of US\$49,168,000. The cash flow projection indicates that the Bucko deposit will have an IRR of some 86%. These estimates are presented on a pre-tax basis.

**Table 1.10**  
**Executive Summary**  
**Using Indicated and Inferred Resources\***

Description	Unit Prices/Costs	Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
Ore Mined and Milled		000s of t	0	365	365	365	365	347	0	1,807
Diluted Grade, Nickel		%		2.25	0.00	2.25	2.25	2.25		
Diluted Grade, Copper		%		0.16	0.00	0.16	0.16	0.16		
Diluted Grade, Cobalt		%		0.03	0.00	0.03	0.03	0.03		
Diluted Grade, Platinum		gms/t		0.10	0.00	0.10	0.10	0.10		
Diluted Grade, Palladium		gms/t		0.28	0.00	0.28	0.28	0.28		
Diluted Grade, Rhodium		gms/t		0.05	0.00	0.05	0.05	0.05		
Nickel Recovery		%		87.5	0.0	87.5	87.5	87.5		
Copper Recovery		%		87.5	0.0	87.5	87.5	87.5		
Cobalt Recovery		%		87.5	0.0	87.5	87.5	87.5		
Platinum Recovery		%		87.5	0.0	87.5	87.5	87.5		
Palladium Recovery		%		87.5	0.0	87.5	87.5	87.5		
Rhodium Recovery		%		87.5	0.0	87.5	87.5	87.5		
Nickel Metal Produced		000s of lbs		14,260	14,260	14,260	14,260	13,549		70,591
Copper Metal Produced		000s of lbs		958	958	958	958	910		4,741
Cobalt Metal Produced		000s of lbs		111	111	111	111	106		551
Platinum Metal Produced		oz		847	847	847	847	805		4,192
Palladium Metal Produced		oz		2,271	2,271	2,271	2,271	2,158		11,243
Rhodium Metal Produced		oz		365	365	365	365	366		1,906
Revenue from Nickel	US\$4.50 per lb	US\$ 000s	0	64,172	64,172	64,172	64,172	60,972	0	317,661
Revenue from Copper	US\$1.00 per lb	US\$ 000s	0	958	958	958	958	910	0	4,741
Revenue from Cobalt	US\$20.00 per lb	US\$ 000s	0	2,228	2,228	2,228	2,228	2,117	0	11,030
Revenue from Platinum	US\$750.00 per oz	US\$ 000s	0	635	635	635	635	604	0	3,144
Revenue from Palladium	US\$300.00 per oz	US\$ 000s	0	681	681	681	681	647	0	3,373
Revenue from Rhodium	US\$1,200.00 per oz	US\$ 000s	0	462	462	462	462	439	0	2,287
Total Revenue		US\$ 000s	0	69,137	69,137	69,137	69,137	65,689	0	342,236
Mining Cost	US\$45.67 per tonne	US\$ 000s	0	16,670	16,670	16,670	16,670	15,839	0	82,520
Milling Cost	US\$16.80 per tonne	US\$ 000s	0	6,132	6,132	6,132	6,132	5,826	0	30,354
G&A Cost	US\$4.00 per tonne	US\$ 000s	0	1,460	1,460	1,460	1,460	1,387	0	7,227
Concentrate Transport	US\$60.00/T Conc	US\$ 000s	0	2,945	2,945	2,945	2,945	2,798	0	14,578
Treatment and Refining	(see Table 1.3)	US\$ 000s	0	15,167	15,167	15,167	15,167	14,411	0	75,080
Royalties	2.50%	US\$ 000s	0	1,020	1,020	1,020	1,020	970	0	5,052
Total Production Cost		US\$ 000s	0	43,395	43,395	43,395	43,395	41,231	0	214,811
Preproduction Capital Cost		US\$ 000s	28,080							28,080
Sustaining Capital Cost				400	400	400	200	0	0	1,400
Total Capital Cost		US\$ 000s	28,080	400	400	400	200	0	0	29,480
Total Cash Cost		US\$ 000s		43,795	43,795	43,795	43,595	41,231	0	216,211
Cash Cost per Lb Ni (Net of Other Metal credits)		US\$		2.72	2.72	2.72	2.71	2.69	0	2.71
Total Cost including Fully Amortized Preproduction Capital cost		US\$ 000s		49,468	49,468	49,468	49,268	46,621		244,291
		US\$/lb Ni		3.47	3.47	3.47	3.45	3.44		
Pretax Cashflow		US\$ 000s	-28,080	25,342	25,342	25,342	25,542	24,458	0	97,945
			NPV @ 15%		49,169					
			IRR: 86%							
			Exchange rate used: Cdn\$1.25 = US\$1.00							

\*Micon notes that this preliminary assessment is preliminary in nature. It includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment will be realized.

Table 1.11 demonstrates the effect of varying the nickel price in this projected cash flow up or down by US\$0.50.

**Table 1.11**  
**Nickel Price Sensitivity for Combined Indicated and Inferred Resources**

Nickel Price (US\$/lb)	NPV @ 15% Discount Rate	Internal Rate of Return
US\$5.00	US\$69,386,000	112%
US\$4.50	US\$49,168,000	86%
US\$4.00	US\$28,951,000	59%

Micon notes that the nickel price at the time of writing was in the order of US\$6.15 per pound.

**Table 1.12**  
**Discount Rate Sensitivity for Combined Indicated and Inferred Resources**

Discount Rate	NPV
10%	US\$61,429,000
15%	US\$49,168,000

## 2.0 INTRODUCTION

Crowflight Minerals Inc. (Crowflight) is a mineral exploration and development company with its head office located in Toronto, Canada. Falconbridge Ltd (Falconbridge) has agreed to grant to Crowflight the exclusive right to enter upon the property and to conduct mining operations, and a right to acquire an initial 50% undivided interest in the Bucko deposit, with the option to increase such interest to a 100% undivided interest. Crowflight expects to incur expenditures of approximately \$7,500,000 to complete a Bankable Feasibility Study on the Bucko deposit on or before December 31, 2006. The completion of the bankable feasibility study will allow Crowflight to acquire the initial 50% interest in the Bucko deposit.

In order to earn the additional 50% undivided interest Crowflight will be:

- Required to give written notice to Falconbridge, within 6 months of the completion of the bankable feasibility study, of a decision to put the Bucko deposit into commercial production
- Once the written notice has been given, Crowflight will vest with a 100% interest in the Bucko resource block, subject to completing financing within 9 months of the written notice and begin construction, and having the mine in commercial production within 12 months of the scheduled completion of construction, unless the metal prices are below those used in the bankable feasibility study.

In addition to its interest in the Bucko deposit, Crowflight has the option to earn an undivided 50% interest in the surrounding 190 square kilometers of the Thompson nickel belt owned by Falconbridge which includes Bowden, Resting lake and the Halfway Lake properties by spending approximately \$3,000,000 per year over 5 years. Falconbridge will manage the exploration program on these properties on behalf of Crowflight.

In order for Crowflight to maintain the working right, initial earn-in right and option in good standing, the Company shall also issue shares and warrants to Falconbridge:

- Warrants to purchase 5,000,000 shares in two tranches for a two year period once the agreement is executed - warrants to purchase 2,500,000 shares at \$0.35, and warrants to purchase 2,500,000 shares at \$0.75 – transaction done on August 18, 2004
- 2,000,000 shares after Crowflight receives the executed agreement – transaction done on August 18, 2004
- 1,000,000 shares on or before June 1, 2005
- 1,000,000 shares on or before June 1, 2006

Crowflight now wishes to advance the property towards full-scale production, by confirming the existence of an adequately sized ore reserve in the Bucko deposit. To achieve this goal, Crowflight intends to carry out an underground exploration program, which will re-establish access to the

underground workings in order to allow for further exploration drilling, confirmation of continuity of the mineral resources and the collection of geotechnical and other data for future mine planning.

At the request of Crowflight, Micon International Limited (Micon) has undertaken a preliminary review of the scope and potential of bringing the Bucko deposit into production, should sufficient mineral resources be identified on the property. It is understood that Crowflight requires this review as a basis to make a decision for the continued development of the project. The current study is a preliminary economic evaluation using the Indicated Resources that have been defined at the Bucko deposit. A secondary analysis has been performed (Section 10.4) on the combined Indicated and Inferred Resources. Inferred Mineral Resources are considered too speculative geologically to have economic considerations applied to them that would enable these resources to be categorized as Mineral Reserves.

Micon previously carried out an independent review of the Bucko deposit in 2000/2001 for Nuinsco Resources Limited (Nuinsco), entitled “Review of the Mineral Resources, Infrastructure and Operating Plans of the Bucko Lake Nickel Project, dated March, 2001 (Micon March 2001 Report). During the course of that evaluation, B. Terrence Hennessey P. Geo, Senior Geologist with Micon visited the site on October 21 and 22, 2000.

Micon has based its review in part on conversations with Crowflight staff and also on data provided by Crowflight and their retained consultants. Micon has not carried out any independent exploration work, drilled any holes or performed any independent sampling at the Bucko Lake project. In addition, Micon has not performed any estimation of resources on any of the mineralized zones. Geological and property descriptions presented herein are drawn primarily from a report prepared by Geologica Groupe-Conseil Inc. (Geologica) entitled, “43-101 Technical Evaluation Report of the Bucko Lake Property, Northern Manitoba”, September 24, 2004 (the Geologica Report).

The metallurgical section was prepared by Richard Gowans, P.Eng., Senior Metallurgist with Micon. All other sections were prepared by Kirk Rodgers, P.Eng., Senior Mining Engineer at Micon. Kirk Rodgers provided overall project management and coordination. Illustrations were provided by Crowflight.

The conclusions and recommendations presented in this report prepared by Micon are based, in part, on certain information provided by Crowflight. Where it has not been possible to provide independent verification of the accuracy of all of the information provided, Micon has evaluated and accepted its accuracy for use in this report.

The description of the property and ownership thereof provided in this report is for general information purposes only. Micon has not researched, and offers no opinion on, the security of title to any property referred to in this report.

In this report, currency values are expressed in United States (US\$), unless otherwise noted. Units of measurement are stated using the metric system, except when necessary to refer to older mine levels

in feet, and to prices for metals in dollars per pound (lb) or per troy ounce (oz). An exchange rate of Cdn\$1.25 to US\$1.00 was used for currency conversions.

The illustrations provided in this report were provided by Crowflight and are for general information purposes only.

### 3.0 GENERAL PROJECT OVERVIEW

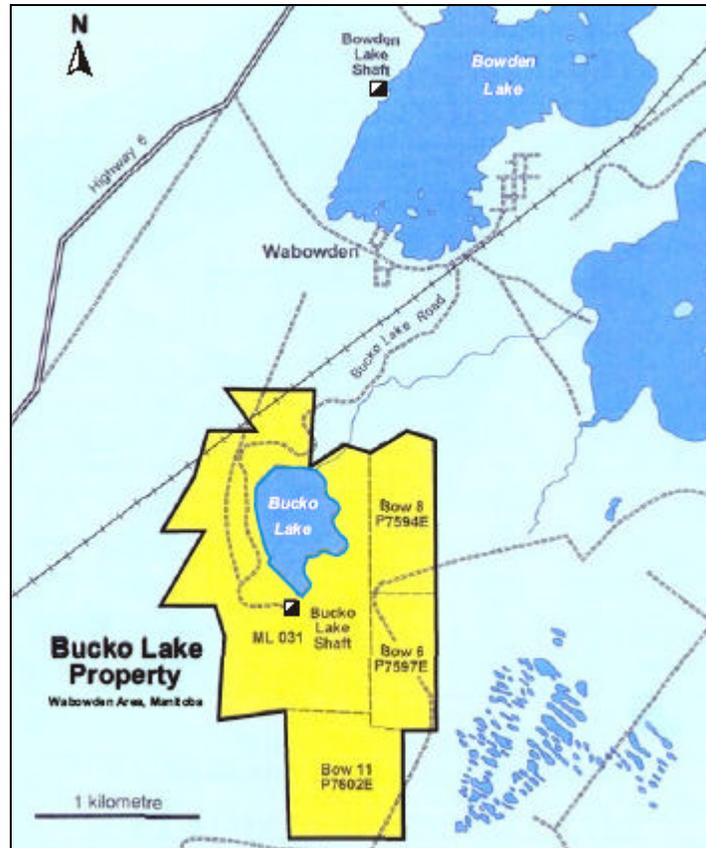
The Bucko deposit is located near the town of Wabowden, Manitoba, approximately 106 km south-southwest of Thompson (Figure 3.1). Wabowden is a small town of about 400 persons with electrical and telephone service, a post office and a single gas station. There is also a small motel and attached restaurant.

Figure 3.1  
Detailed Location Map



The Bucko deposit is presently accessed by a 1.5 kilometre long all-weather gravel road from Provincial Highway 6, one of two main, north-south highways in the province. It is understood that the property is connected to hydro and telephone services, and that the Canadian National Railway line passes within 1.5 kilometres to the west of the Bucko deposit site (Figure 3.2).

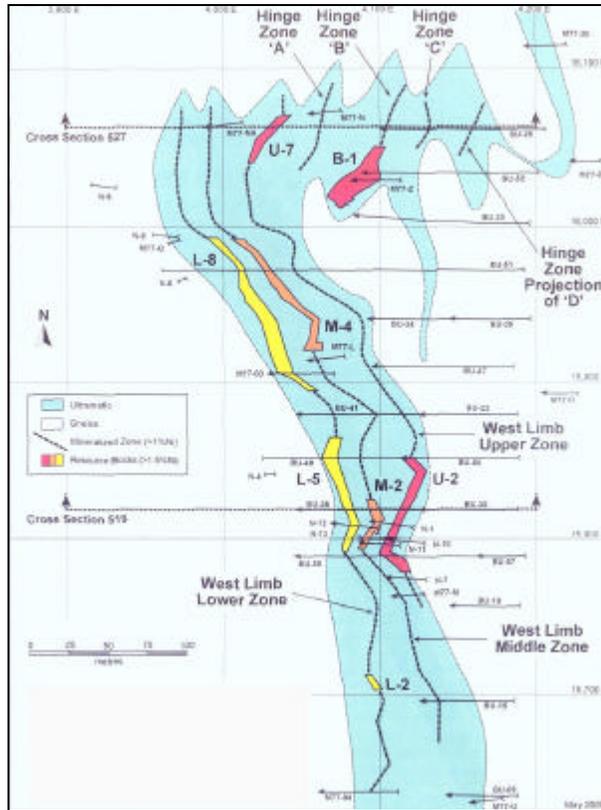
**Figure 3.2**  
**Claims and Mining Lease**



For the purpose of mineral exploration, this property was diamond drilled from surface in 1964, and 1968 to 1970, and developed in 1971 and 1972 by a shaft and a lateral drift on the 1,000 ft level. Since the completion of this work, the mining facility has been idle. Additional surface diamond drilling was carried out by Falconbridge in 1990 and 1994 and by Nuinsco in 2000 and 2001.

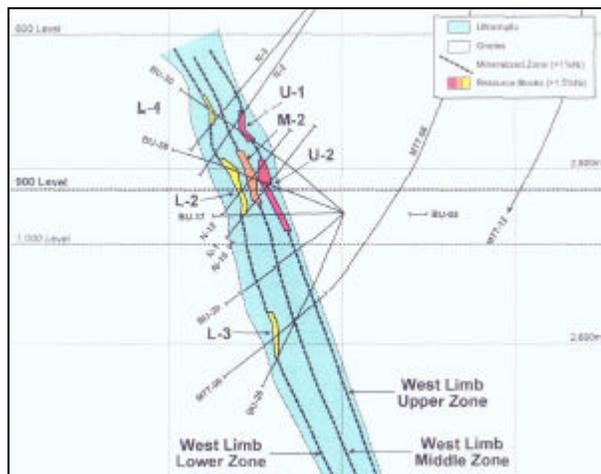
The mineral resources appear to be contained in a series of parallel zones extending over a strike length of some 200 to 300 metres (Figure 3.3). The mineralized zones appear to have a variable width of between 5.7 metres (in the upper areas) and 8.8 metres (at depth).

**Figure 3.3**  
**Level Plan at 260 Metres Below Surface**

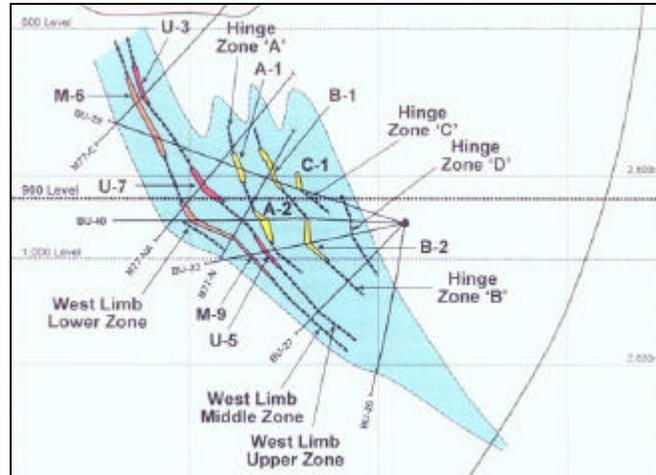


The mineralized structures appear to dip steeply to the west, as demonstrated in Figures 3.4 and 3.5.

**Figure 3.4**  
**Cross Section 519N**



**Figure 3.5**  
**Cross Section 527N**



In the Nuinsco core, Rock Quality Designations (RQD's) in the footwall and hanging wall gneisses were very high, typically varying between 85 and 100 and rarely dropping below 75. Surface exposures of the hanging wall and footwall gneisses showed similarly competent rock. In some areas difficult ground conditions are expected during the mining. However, Crowflight expects that conventional ground support will likely be sufficient to secure the ground in most of the stopes and accesses.

According to Micon and Geologica, any stope or development opening, which exposes a pegmatite dike along one wall, may tend to unravel and fall into the heading. This may become a factor in the mining of the Middle Zone, which is partly within a pegmatite dike. The extent to which this will add to dilution is not currently known but the problem is mitigated in part by a portion of the dike being in the mineral resource. Further data collection will be required in this regard.

#### 4.0 MINERAL RESOURCES

Micon has not performed any estimation or confirmation of resources on any of the mineralized zones contained at the Bucko Lake project. However, Crowflight and its retained consultants have provided Micon with their estimates of the currently defined mineral resources at the project.

Geologica Groupe-Conseil Inc. (Geologica) prepared a report entitled, “43-101 Technical Evaluation Report of the Bucko Lake Property, Northern Manitoba”, September 24, 2004 (the Geologica Report). This report was authored by Mr. Alain-Jean Beauregard P.Geo. and Mr. Daniel Gaudreault P.Eng., of Geologica. In this report, the authors state that the most complete and recent resource calculation for the Bucko deposit was completed by Roscoe Postle Associates Inc. (RPA) in 2000. Micon provided a review of this estimate in their report entitled “Review of the Mineral Resource, Infrastructure and Operating Plans of the Bucko Lake Nickel Project”, dated March 2001 (the Micon March 2001 Report).

Geologica confirmed that the resource estimate prepared by RPA in 2000 conformed to NI 43-101 standards and were reportable in the Indicated and Inferred Resource categories.

The current Mineral Resource estimate at the Bucko deposit is provided in Table 4.1.

**Table 4.1  
Mineral Resource Estimate, September 2004**

Level (depth below surface)	Horizontal thickness (m)	Indicated Resources		Inferred Resources	
		Tonnes	% Ni	Tonnes	% Ni
400 to 600 (surface to -150 meters)	4.7	57,000	2.16	35,000	2.06
600 to 1000 (-150 to - 375 meters)	5.8	554,000	2.96	151,000	2.05
1000 to 1600 (-375 to -750 meters)	6.5	439,000	2.51	140,000	2.34
Below 1600 (below -750 meters)	7.3	169,000	2.62	129,000	2.37
Total		1,218,000	2.71	455,000	2.23

For the purpose of estimating the potential of the project, Micon used the Indicated Resources described by Geologica as the basis for a conceptual reserve. Micon has added 20% waste rock dilution at the reported grade of the rock adjacent to the mineralization (0.6% Ni) and a mining recovery factor of 90%. These factors will need to be confirmed by further analysis. Micon has used this conceptual reserve (Table 4.2) as the basis for determining the potential for the project.

**Table 4.2  
Conceptual Reserve Estimate**

Description	Quantity (tonnes)	Nickel Grade (%)
Indicated Resources	1,218,000	2.71
Dilution: 20% at wall rock grade	243,600	0.60
Diluted resource	1,461,600	2.36
Recovered diluted resource @ 90% recovery	1,315,400	2.36

A secondary analysis has been performed in Section 10.4 of this report on the combined Indicated and Inferred Resources. Inferred Resources are considered too speculative geologically to have economic considerations applied to them that would enable these resources to be categorized as Mineral Reserves.

## 5.0 MINING PLAN

The Bucko Lake mineralized zones are located between 100 m and more than 450 m below surface. A 5.4-m by 1.8-m, three-compartment exploration shaft was sunk previously to about a 356 m depth (the 1,000 ft level) and an 850-m long cross-cut and drift was driven at the 305 m level to provide diamond drill access.

At the present time, the drift and shaft are flooded to surface and the shaft is capped.

The initial phase of the work will involve re-establishing underground access to the 1000 level through the existing shaft. The shaft will be dewatered and equipped with a temporary, skid mounted hoist and portable headframe. This facility will provide underground access for diamond drilling from the 1000 level and the potential for limited bulk sampling, if required.

Should this exploration program, in combination with subsequent economic analyses, identify sufficient ore reserves, then a facility will be constructed to support a mining rate of up between 750 and 1,000 tpd. The shaft will be deepened to allow for loading and spill pockets to be installed. Adequate electrical, compressed air and other support facilities will be provided. Footwall ground conditions are expected to be less than ideal and mechanized cut-and-fill has been selected as the most suitable method to manage these conditions and to prevent major dilution. With the expected poor footwall conditions, captive cut-and-fill methods, incorporating 'tight' waste and sand fill, will be utilized in the initial stopes. It is envisaged that ten operating stopes will be required to achieve the planned production rate. Should ground conditions prove better than expected, then either a non-captive method or even some form of long-hole open stoping, could be introduced to improve the overall economics.

The previously described conceptual reserve of 1,218,000 tonnes would provide approximately 5 years of continuous ore production, at the design mining rate of 750 tpd.

### 5.1 GEOTECHNICAL CONSIDERATIONS

All of Nuinsco's drill core from the winter 2000 drill program had RQD measurements collected during geological logging. In addition, RQD data are available electronically for most of the earlier drilling by Falconbridge and others.

While difficult ground conditions are expected to be encountered during the mining of the ultramafic unit, conventional ground control techniques will likely be sufficient to secure the ground in the stopes or accesses. This conclusion is based on the rock types and RQDs present in the Nuinsco core logs. RQDs of the footwall and hanging wall gneisses were very high, typically varying between 85 and 100 and rarely dropping below 75. Surface exposures of the hanging wall and footwall gneisses showed similarly competent rock. No ground problems are anticipated in these areas.

Any stope or development opening which exposes a pegmatite dike along one wall, may tend to unravel and fall into the heading. This may become a factor in the mining of the Middle Zone, which is partly within a pegmatite dike. The extent to which this will add to dilution is not presently known but the problem is mitigated in part by a portion of the dike being in the mineral resource. Further data collection will be required in this regard.

## **5.2 EXISTING MINE INFRASTRUCTURE**

A three-compartment rectangular shaft was sunk to about 356 m depth in the early 1970's. The shaft is timbered and each compartment measures 1.8 m by 1.8 m. Two of the compartments are equipped with 150-mm by 200-mm timber guides. Shaft stations were excavated at the 122 m, 183 m, 244 m and 305 m levels.

At the 1000 level, the shaft station was extended to a cross-cut and hanging wall drift to provide diamond drill access to the mineralized zone. This development was driven 3.0 m in size. Diamond drill cutouts were excavated at approximately 60 m centers. The cross-cut was some 300 m long and the drift a further 550 m long.

Ground conditions were generally good with only 27 m of the cross-cut requiring bolting. Water make was generally low throughout with just one drill hole making approximately 12 cubic meters (m<sup>3</sup>) per hour.

The development was abandoned on completion of the drilling program in 1972 and has been allowed to flood. Water is now four meters below the shaft collar. The shaft has been capped. The current state of the stations, cross-cut and drift is not known. However, it is expected that they will be in relatively good condition, given the ground conditions encountered and given that the shaft timbers have been kept totally submerged for almost 30 years. The shaft timbers will need detailed inspection and re-blocking and all service pipes and cables will need to be removed and replaced. The shaft sump will need to be cleaned out but this will become performed later.

## **5.3 INITIAL EXPLORATION WORK**

Crowflight plans to carry out an initial exploration program that will include dewatering and rehabilitating the existing underground workings and carrying out approximately 7,650 meters of underground diamond drilling. This will be followed by the preparation of a feasibility study.

## **5.4 PRODUCTION**

If a production decision is warranted, the facilities used for the initial exploration program will be upgraded to support a 750 tpd mining operation.

A used hoist and headframe adequate for the purpose will need to be located, transported to site, overhauled and installed. A small sinking arrangement will be installed for a minor amount of shaft

deepening that will be required to facilitate construction of loading and spill pockets and provide for an appropriate conveyance under-run allowance. The 1000 level will be slashed out to 4.5 m by 4.0 m and ore and waste dumps will be constructed and connected by short passes to the loading pockets. Settling bays and permanent pumping arrangements will also be installed on the 1000 level.

Captive cut-and-fill has been selected as the most likely mining method. The footwall conditions within the stoping blocks are expected to be weak and the likelihood of being able to use any form of open stoping is not considered high, at least until further information is available. At the Bucko Lake property, the footwall ground conditions are expected to be inadequate to sustain the extent of openings in the footwall that non-captive stoping methods require.

All major mining equipment will be kept within the stope and carried from level to level as the stope advances. Ore passes and man and equipment accesses will be cribbed up through the stope fill during the normal development cycle. Typically a raise will be driven to the full height of the stoping block prior to stope preparation, in order to provide additional man and materials access and also to serve as a return ventilation raise.

Initially, a sill drive will be driven along the full length of each stoping block and this will then be slashed out to the full width of the orebody. One, and preferably two, raises will be driven on the stoping block up to the next level. Trackless equipment will be hoisted part way up the raises and from these raises a further drive the full length of the block will be driven. Between these two drives, a sill pillar some 1.2 times the block width will be left. This second drive will also be slashed to the full width of the block and will become the first lift in the stope. Fill will be introduced into this void. The trackless equipment will then be located on top of the fill and stoping proper will commence.

Excavation will proceed with flat breasts some 2.4 m high for the full stope width. These will be drilled with longtoms. Blasted material will be loaded by 2.0-m<sup>3</sup> underground loaders and discharged into millholes connected to the lower sill drive. At the end of each pass down the length of the stope, fill will again be introduced and the process repeated until the stope breaks out into the sill drive on the level above. Eventually the upper sill pillar will be excavated by long-hole stoping.

Ore that is excavated in the stopes and dropped into the stope millholes will be picked up on the sill drive in 4.5-m<sup>3</sup> underground loaders and transported to the shaft.

The difficulties of operating these small stopes and the requirement for the stope to be 'off-line' while it is being prepared and filled will require that a significant number of stoping blocks be active at any one time to meet the planned production requirements. Present indications are that approximately ten stopes will need to be active (i.e. either in production or filling) at any one time. Given the relatively small size of the stope blocks, an active program of new stope development will need to be maintained. Mine planning and scheduling will be a critical activity in ensuring the continuity of production.



## 6.0 ORE PROCESSING AND METAL RECOVERY

Metallurgical investigations, mostly carried out by Falconbridge within a period of 1970-74, showed that the Bucko Lake mineralization is typically fine grained and associated with a significant content of gangue minerals, including serpentine, biotite and chlorite. Nickel mineralization is present as pentlandite and viorite and the main sulphide mineral is pyrrhotite.

Bench scale flotation tests producing a bulk concentrate indicated that concentrate grades in the range of 12 to 17% nickel could be achieved with recoveries of around 85 to 90%. The recovery of copper, cobalt and platinum group elements (PGEs) tended to follow that of nickel. The test-work program indicated that there is a significant feed grade to recovery relationship, with nickel feed grades of less than 1.5% resulting in relatively low recoveries.

The Falconbridge 1994 feasibility study stated that the grind size would likely be a significant factor in achieving acceptable metallurgical results due to the finely disseminated grain structure of the Bucko Lake ultramafic rock. The study indicated a very high work index for the material (20 to 24 kWh/t) and that a grind size of around 85% passing 200 mesh would be required for the flotation feed, with additional concentrate regrinding in the flotation circuit to 85% passing 325 mesh.

The Falconbridge 1994 feasibility study also recommended that the concentrate should be dried to 2% moisture due to the potential for spontaneous combustion of pyrrhotitic concentrates containing 5 to 20% water.

For the purposes of this conceptual study, it is assumed that a new 1,000 tonne per day (tpd) capacity metallurgical plant will be built on site and that this mill will be designed to the particular requirements of the Bucko Lake mineralization. The metallurgical recoveries assumed are 87.5% for all valuable metals. The assumed mill feed and concentrate grades are shown in Table 6.1

**Table 6.1**  
**Bucko Lake Assumed Mill Feed and Flotation Concentrate Grades**

	Wt (%)	Ni (%)	Cu (%)	Co(%)	Pt(g/t)	Pd(g/t)	Rh(g/t)
Feed	100	2.26	0.16	0.0316	0.1031	0.2765	0.0469
Concentrate		15	1.1	0.21	0.68	1.83	0.31
Recovery	13	87.5	87.5	87.5	87.5	87.5	87.5

The feed grades for cobalt, platinum, palladium and rhodium were calculated from typical concentrate grades reported in the Micon March, 2001 report. These grades were taken from metallurgical test work conducted in 2000 by Lakefield and Inco.

## 7.0 ENVIRONMENTAL ISSUES

The environmental aspects of ore mining and processing at the Bucko deposit are not addressed in this report. However, Crowflight at this stage expects that the risk of significant environmental impacts and/or schedule delays arising from environmental or socio-economic concerns, either during operation, or following closure, to be low. Additional studies and analyses at a higher level of detail will be conducted in subsequent stages of development to confirm these conclusions.

## **8.0 CAPITAL COST ESTIMATES**

The initial exploration work is expected to commence in the fourth quarter of 2004 and will continue into the second quarter of 2005. During this phase, the temporary surface infrastructure will be installed and access to the 305 m level will be established through the existing shaft. The scope of the first phase was kept to a minimum in order to limit the amount of capital expenditures before a production decision is considered. This decision is expected to be made after the results from the exploration program and feasibility study have confirmed the economics of mining. If the decision is positive, construction of the mining and processing facilities will commence immediately.

The mine would then be converted to support full production with the installation of a permanent production/service hoist arrangement at the existing shaft location. This will include headframe erection, shaft rehabilitation and deepening, and the excavation and installation of underground shaft loading facilities. This work will allow for efficient ore handling and mine servicing from the 305 m level during future mining operations. Underground development and associated infrastructure will be completed such that ore production in the range of 750 to 1,000 tpd can be accommodated.

These development plans and estimated costs are based on previous plans and plans prepared by Nuinsco, subject to certain adjustments for changes in scope and inflation. Where necessary, certain costs were developed from first principles, or in consideration of costs at other similar mining and milling operations.

### **8.1 INITIAL EXPLORATION PROGRAM**

Crowflight intends to carry out an initial exploration program which will involve some rehabilitation of the mine and construction. Micon has included Cdn\$1,000,000 (US\$800,000) for the cost of this initial work in the capital cost of bringing the conceptual Bucko deposit into production. No provision has been included for definition or exploration diamond drilling of the resource.

### **8.2 CONSTRUCTION AND OPERATION OF PRODUCTION FACILITY**

The capital cost estimate for the construction of the mine and ore processing facility is provided in Tables 8.1 and 8.2. These costs estimates are of “order-of-magnitude” accuracy.

**Table 8.1**  
**Order-of-Magnitude Mine Capital Cost Estimate**

Description	Cdn\$
Engineering	800,000
Permitting	400,000
Preproduction development, fill raise	1,200,000
Mine site preparation	1,300,000
Mine site services	400,000
Hoisting plant	1,000,000*
Headframe	500,000
Shaft conveyances, pocket hardware	200,000
Ventilation system, mine air heaters	150,000
Mine sumps, pumps, electrics	300,000
Manway raise; second means of egress	500,000
Trackless mining equipment	6,500,000
Contingency at 15%	1,850,000
<b>Subtotal, Mine Production</b>	<b>Cdn\$15,000,000</b> <b>(US\$12,000,000)</b>

\* This amount includes approximately Cdn\$1,000,000 (US\$800,000) spent in the initial exploration phase, to dewater and rehabilitate the mine.

This estimate is based on plans developed by Nuinsco in 2000 and reviewed by Micon in 2001. Adjustments have been made for changes in the scope of the Bucko deposit and for escalation in unit prices for labour and materials.

**Table 8.2**  
**Order-of-Magnitude Process and Infrastructure Capital Cost Estimate**

Description	Cdn\$
Mechanical (inc. installation)	6,650,000
Piping	1,150,000
Civils (steel, concrete, earthworks)	2,300,000
Electrical	1,150,000
Instrumentation	230,000
Road, powerline, telecom allowance.	800,000
Site buildings (lab, office, workshop) allowance.	1,000,000
Tailings dam allowance	1,000,000
Construction indirects	1,150,000
Consumables first fills	370,000
EPCM contract	1,700,000
Contingency at 15%	2,600,000
<b>Subtotal, Processing and Infrastructure</b>	<b>Cdn\$20,100,000</b> <b>(US\$16,080,000)</b>

The process plant direct cost estimate is factorized from an estimated cost of installed mechanical equipment. It has been assumed that the mechanical equipment includes some used items.

This estimate includes allowances for roads, power, site buildings and tailings dam. Also included are construction indirects, an allowance for first fill consumables, EPCM contract and contingency.

### **8.3 SUSTAINING CAPITAL**

Sustaining capital, required during the projected operating life of the Bucko Lake mine, has been estimated at Cdn\$500,000 (US\$400,000) per year excluding the last two years of operation. No provision is included in the capital cost estimates for closure nor is any credit included for salvage value.

## 9.0 OPERATING COST ESTIMATE

Micon has based its estimates of operating costs on previous plans and cost estimates prepared by Nuinsco, subject to certain adjustments for changes in scope and inflation. Where necessary, certain costs were developed from first principles, or in consideration of costs at other similar mining and mill operations.

### 9.1 MINING

Mine ore production is scheduled to come from the following sources:

- Captive cut-and-fill stoping (85%)
- Stope development (15%)

Captive cut-and-fill stoping is one of the most expensive methods of mining, due to its low productivity and difficulties with access and servicing. Micon expects that the stoping method selection will be re-evaluated once more detailed information becomes available. If conditions are better than expected, then a more cost effective mining method can be used instead, such as long-hole or ramp access cut-and-fill. Micon believes that this is a reasonable expectation and, hence, that it is likely that the average stoping cost can be significantly reduced.

**Table 9.1**  
**Estimated Operating Costs – Mine General Expenses**

Description	Cdn\$/tonne
Supervision	1.38
Mine rescue	0.02
General mine services	1.29
Ventilation	0.19
Underground sumps and pumps	0.05
Construction	1.15
Utilities	2.40
Engineering	1.17
Geology	1.32
Diamond Drilling	0.49
Backfill System	0.53
<b>Subtotal, Mine General</b>	<b>Cdn\$9.99</b>

**Table 9.2**  
**Estimated Operating Costs – Mine Production**

Description	Cdn\$/tonne
Cut-and-Fill stoping (85% of total ore production)	28.73
Stope ore development (15% of total ore production)	5.13
Waste development (32,400 t @ \$34.31/t)	0.44
Mucking	1.64
Tramming, hoisting	1.25
<b>Subtotal, Mine Production</b>	<b>Cdn\$37.19</b>

**Table 9.3**  
**Estimated Operating Costs – Mine Maintenance**

Description	Cdn\$/tonne
General mine maintenance	0.45
Fan maintenance	0.05
Pump maintenance	0.07
LHD maintenance	7.10
Hoist maintenance	0.50
Underground service vehicle maintenance	1.25
Electrical maintenance	0.24
Drill maintenance	0.25
<b>Subtotal, mine maintenance</b>	<b>Cdn\$9.91</b>

The total estimated mine operating cost is Cdn\$57.09 (US\$47.26) per tonne mined.

## 9.2 PROCESSING COSTS

Table 9.4 presents an order of magnitude summary estimate of the process operating costs for a 750 tpd operation. The average estimated unit process operating cost is Cdn\$21.00 (US\$16.80) per tonne milled.

**Table 9.4**  
**Bucko Lake Summary of Estimated Process Costs**

Item	Annual Cost (000's Cdn\$/year)	Unit Cost (Cdn\$/t milled)	%
Consumables	1,685	6.15	35.2
Power	1,017	3.71	16.4
Maintenance supplies	555	2.03	8.3
Labour	2,496	9.11	40.2
<b>Total</b>	<b>5,752</b>	<b>Cdn\$21.00</b> <b>(US\$16.80)</b>	<b>100.0</b>

The consumption of flotation reagents included in consumables is based on the 1994 Falconbridge study. The consumables also include provision for mill and crusher liners, steel grinding balls and

concentrate dryer fuel.

The power cost is based on installed process equipment power and assumes a unit power cost of Cdn\$0.045/kWh. The calculated average power usage for the process plant is 62 kWh/t.

The estimated annual plant maintenance supplies cost is based on a percentage of the direct capital cost.

The labour cost is based on 40 employees and an average total annual labour cost of Cdn\$62,400, including burdens.

### 9.3 GENERAL AND ADMINISTRATION COSTS

Micon has estimated a cost for general mine and administration, of Cdn\$5.00 (US\$4.00) per tonne mined.

### 9.4 CONCENTRATE TRANSPORTATION, SMELTING AND REFINING

The estimated average annual concentrate production is approximately 47,000 dry tonnes. This concentrate will contain 2% moisture by weight.

Micon has assumed that concentrate transportation to Sudbury will be by rail, at a rate of Cdn\$0.03/t.km. This equates to Cdn\$75.00/t (US\$60.00) of wet concentrate.

The smelting and refining charges used in the off-site cost calculations are provided by Crowflight. These terms are summarized in Table 9.5.

**Table 9.5**  
**Smelting and Refining Charges**

Item	Units	Value
Treatment charge	US\$/tonne concentrate	125
Payable Ni	%	90
Payable Cu	%	85
Payable Co	%	50
Payable Pt	%	80
Payable Pd	%	80
Payable Rh	%	80
Ni refining charge	US\$/ payable lb	0.60
Cu refining charge	US\$/ payable lb	0.30
Co refining charge	US\$/ payable lb	2.30
Pt refining charge	US\$/ payable oz	15
Pd refining charge	US\$/ payable oz	15
Rh refining charge	US\$/ payable oz	15
Penalties		None

## 10.0 FINANCIAL EVALUATION

A preliminary assessment of future annual cash flows has been estimated based on mining and processing the Indicated Resources at the Bucko deposit. A secondary study was also performed on the combined Indicated and Inferred Resources. Inferred Resources are considered too speculative geologically to have economic considerations applied to them that would enable these resources to be categorized as Mineral Reserves. The discounted cash flow technique has been applied to these cash flows in order to evaluate the potential economics of the project.

Each of the parameters that form the elements of the estimated future annual cash flows have been presented in previous sections or are discussed hereunder.

### 10.1 METAL PRICES

The metal prices assumed in the cash flow projections are listed in Table 10.1

**Table 10.1**  
**Bucko Lake Summary of Estimated Metal Costs**

Item	Price (US\$)
Nickel	4.50/lb
Copper	1.00/lb
Cobalt	20.00/lb
Platinum	750.00/oz
Palladium	300.00/oz
Rhodium	1,200.00/oz

An exchange rate of Cdn\$1.25 = US\$1.00 has been used in converting these prices to Canadian dollars.

### 10.2 CASH FLOW PROJECTION

A cash flow projection of the conceptual project is provided in Table 10.2. Using a discount rate of 15%, the Bucko deposit has a Net Present Value (NPV) of US\$34,221,000. The cash flow projection indicates that the Bucko deposit will have an Internal Rate of Return of some 67%. These estimates are presented on a pre-tax basis.

**Table 10.2**  
**Cash Flow Projection**

Description	Terms	Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
<b>Ore Production</b>										
Ore mined and milled		000s of t	0	274	274	274	274	220	0	1,315
Ore grade Ni		%		2.36	2.36	2.36	2.36	2.36	2.36	
Ore grade Cu		%		0.16	0.16	0.16	0.16	0.16	0.16	
Ore grade Co		%		0.03	0.03	0.03	0.03	0.03	0.03	
Ore grade Pt		g/t		0.10	0.10	0.10	0.10	0.10	0.10	
Ore grade Pd		g/t		0.28	0.28	0.28	0.28	0.28	0.28	
Ore grade Rh		g/t		0.05	0.05	0.05	0.05	0.05	0.05	
Ore grade Au		g/t		0.00	0.00	0.00	0.00	0.00	0.00	
<b>Flotation Concentrate</b>										
weight recovery		%	0	13.18	13.18	13.18	13.18	13.18	13.18	
weight of conc produced		000s of t	0	36,089	36,089	36,089	36,089	29,056	0	173,414
Nickel recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Copper recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Cobalt recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Platinum recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Palladium recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Rhodium recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Gold recovery		%		87.5	87.5	87.5	87.5	87.5	87.5	
Concentrate grade Nickel		%		15.66	15.66	15.66	15.66	15.66	0.00	
Concentrate grade Copper		%		1.06	1.06	1.06	1.06	1.06	0.00	
Concentrate grade Cobalt		%		0.21	0.21	0.21	0.21	0.21	0.00	
Concentrate grade Platinum		g/t		0.68	0.68	0.68	0.68	0.68	0.00	
Concentrate grade Palladium		g/t		1.83	1.83	1.83	1.83	1.83	0.00	
Concentrate grade Rhodium		g/t		0.31	0.31	0.31	0.31	0.31	0.00	
Concentrate grade Gold		g/t		0.00	0.00	0.00	0.00	0.00	0.00	
Nickel produced		000s of lbs	12,465	12,465	12,465	12,465	10,036	0	0	59,894
Copper produced		000s of lbs	845	845	845	845	680	0	0	4,061
Cobalt produced		000s of lbs	167	167	167	167	135	0	0	803
Platinum produced		oz	794	794	794	794	639	0	0	3,815
Palladium produced		oz	2,129	2,129	2,129	2,129	1,714	0	0	10,231
Rhodium produced		oz	361	361	361	361	291	0	0	1,734
Gold produced		oz	0	0	0	0	0	0	0	0
Payable nickel	90 %	000s of lbs	11,218	11,218	11,218	11,218	9,032	0	0	53,905
Payable copper	85 %	000s of lbs	718	718	718	718	578	0	0	3,452
Payable cobalt	50 %	000s of lbs	84	84	84	84	67	0	0	401
Payable platinum	80 %	oz	635	635	635	635	511	0	0	3,052
Payable palladium	80 %	oz	1,703	1,703	1,703	1,703	1,371	0	0	8,185
Payable rhodium	80 %	oz	289	289	289	289	232	0	0	1,387
Revenue from nickel	4.50 US\$/lb	US\$ '000s	50,482	50,482	50,482	50,482	40,644	0	0	242,572
Revenue from copper	1.00 US\$/lb	US\$ '000s	718	718	718	718	578	0	0	3,452
Revenue from cobalt	20.00 US\$/lb	US\$ '000s	1,671	1,671	1,671	1,671	1,345	0	0	8,030
Revenue from platinum	750.00 US\$/oz	US\$ '000s	476	476	476	476	384	0	0	2,289
Revenue from palladium	300.00 US\$/oz	US\$ '000s	511	511	511	511	411	0	0	2,456
Revenue from rhodium	1200.00 US\$/oz	US\$ '000s	346	346	346	346	279	0	0	1,665
Total Revenue before Charges		US\$ '000s	54,205	54,205	54,205	54,205	43,642	0	0	260,463
<b>Offsite Costs</b>										
Treatment charge	125.00 US\$/t conc.	US\$ '000s	4,511	4,511	4,511	4,511	3,632	0	0	21,677
Refining charge for nickel	0.60 US\$/lb	US\$ '000s	6,731	6,731	6,731	6,731	5,419	0	0	32,343
Refining charge for copper	0.30 US\$/lb	US\$ '000s	215	215	215	215	173	0	0	1,035
Refining charge for cobalt	2.30 US\$/lb	US\$ '000s	192	192	192	192	155	0	0	923
Refining charge for platinum	15.00 US\$/oz	US\$ '000s	10	10	10	10	8	0	0	46
Refining charge for palladium	15.00 US\$/oz	US\$ '000s	26	26	26	26	21	0	0	123
Refining charge for rhodium	15.00 US\$/oz	US\$ '000s	4	4	4	4	3	0	0	21
Refining charge for gold	15.00 US\$/oz	US\$ '000s	0	0	0	0	0	0	0	0
Concentrate moisture content		%	2	2	2	2	2	0	0	
Concentrate transport costs	60.00 US\$/t conc	US\$ '000s	2,209	2,209	2,209	2,209	1,776	0	0	10,613
Total offsite costs		US\$ '000s	13,898	13,898	13,898	13,898	11,189	0	0	66,781
<b>Operating Costs</b>										
Mining	57.09 Cdn\$/t	US\$ '000s	0	12,503	12,503	12,503	12,503	10,066	0	60,077
Milling	21.00 Cdn\$/t	US\$ '000s	0	4,599	4,599	4,599	4,599	3,703	0	22,099
General and administration	6.25 Cdn\$/t	US\$ '000s	0	1,369	1,369	1,369	1,369	1,102	0	6,577
Mining royalty (NSR)	2.50 %	US\$ '000s	0	806	806	806	806	649	0	3,874
Total operating costs		US\$ '000s	0	19,277	19,277	19,277	19,277	15,520	0	92,626
<b>Capital Costs</b>										
Mine		US\$ '000s	12,000	400	400	400	200	0	0	13,400
Mill		US\$ '000s	16,080	0	0	0	0	0	0	16,080
Total capital costs			28,080	400	400	400	200	0	0	29,480
<b>Cashflow</b>										
		US\$ '000s	-28,080	20,631	20,631	20,631	20,831	16,932	0	71,576
	NPV @ 10%	43,607	US\$ '000s	Exchange rate used: Cdn\$1.25 = US\$1.00						
	NPV @ 15%	34,221	US\$ '000s							
	Project IRR	67%								

### 10.3 SENSITIVITY ANALYSIS

Micon has performed a sensitivity analysis on the effect of higher and lower nickel prices than that used in the table 10.2. As instructed by Crowflight, a nickel price of US\$4.50 per lb was used for the base case. The effect of varying this price upwards and downwards by US\$0.50 per lb is presented in Table 10.3. Micon notes that the nickel price as of the time of writing was in the order of US\$6.15 per lb.

**Table 10.3**  
**Nickel Price Sensitivity**

Nickel Price (US\$/lb)	NPV @ 15% Discount Rate	Internal Rate of Return
US\$5.00	US\$49,780,000	89%
US\$4.50	US\$34,221,000	67%.
US\$4.00	US\$18,660,000	45%

Table 10.4 shows the sensitivity of NPV to different discount rates. The NPV for the project is shown for 10% and 15% discount rates.

**Table 10.4**  
**Discount Rate Sensitivity**

Discount Rate	NPV
10%	US\$43,606,000
15%	US\$34,221,000

### 10.4 COMBINED INDICATED AND INFERRED RESOURCES

Micon has performed a preliminary assessment of the effect on the viability of the Bucko deposit, should the currently defined Inferred Resources be upgraded by further exploration to the Indicated category. In this case, these Inferred Resources would be included with the Indicated Resources that were considered with the previous study.

Micon notes that this preliminary assessment is preliminary in nature. It includes Inferred Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment will be realized.

All operating and capital costs have been kept the same as was used in Table 10.2, however, Micon notes that under closer analysis, it is likely that these costs will change due to an increased scale of operations with the smaller resource. Generally, the unit operating costs of production would decrease while the capital costs would increase.

The revised conceptual reserve in this case would be as shown in Table 10.5.

**Table 10.5**  
**Revised Conceptual reserve Estimate**  
**Including Indicated and Inferred\* Resources**

Description	Quantity (tonnes)	Nickel Grade (%)
Indicated Resources	1,218,000	2.71
Inferred Resources	455,000	2.23
Combined Indicated and Inferred Resources	1,673,000	2.58
Dilution: 20% at wall rock grade	334,600	0.60
Diluted resource	2,007,600	2.25
Recovered diluted resource @ 90% Recovery	1,806,800	2.25

\*Inferred Resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as ore reserves

A cash flow projection of the conceptual project including the Indicated and Inferred Resources is provided in Table 10.6. The larger Conceptual Reserve in this case warrants a higher production rate of 1000 tpd. Using a discount rate of 15%, the Bucko deposit has a NPV of US\$49,168,000. The cash flow projection indicates that the Bucko deposit will have an IRR of some 86%. These estimates are presented on a pre-tax basis.

**Table 10.6**  
**Cash Flow Projection**  
**Using Indicated and Inferred Resources\***

Description	Unit Prices/Costs	Units	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	TOTAL
Ore Mined and Milled		000s of t	0	365	365	365	365	347	0	1,807
Diluted Grade, Nickel		%		2.25	0.00	2.25	2.25	2.25		
Diluted Grade, Copper		%		0.16	0.00	0.16	0.16	0.16		
Diluted Grade, Cobalt		%		0.03	0.00	0.03	0.03	0.03		
Diluted Grade, Platinum		gms/t		0.10	0.00	0.10	0.10	0.10		
Diluted Grade, Palladium		gms/t		0.28	0.00	0.28	0.28	0.28		
Diluted Grade, Rhodium		gms/t		0.05	0.00	0.05	0.05	0.05		
Nickel Recovery		%		87.5	0.0	87.5	87.5	87.5		
Copper Recovery		%		87.5	0.0	87.5	87.5	87.5		
Cobalt Recovery		%		87.5	0.0	87.5	87.5	87.5		
Platinum Recovery		%		87.5	0.0	87.5	87.5	87.5		
Palladium Recovery		%		87.5	0.0	87.5	87.5	87.5		
Rhodium Recovery		%		87.5	0.0	87.5	87.5	87.5		
Nickel Metal Produced		000s of lbs		14,260	14,260	14,260	14,260	13,549		70,591
Copper Metal Produced		000s of lbs		958	958	958	958	910		4,741
Cobalt Metal Produced		000s of lbs		111	111	111	111	106		551
Platinum Metal Produced		oz		847	847	847	847	805		4,192
Palladium Metal Produced		oz		2,271	2,271	2,271	2,271	2,158		11,243
Rhodium Metal Produced		oz		385	385	385	385	366		1,906
Revenue from Nickel	US\$4.50 per lb	US\$ 000s	0	64,172	64,172	64,172	64,172	60,972	0	317,661
Revenue from Copper	US\$1.00 per lb	US\$ 000s	0	958	958	958	958	910	0	4,741
Revenue from Cobalt	US\$20.00 per lb	US\$ 000s	0	2,228	2,228	2,228	2,228	2,117	0	11,030
Revenue from Platinum	US\$750.00 per oz	US\$ 000s	0	635	635	635	635	604	0	3,144
Revenue from Palladium	US\$300.00 per oz	US\$ 000s	0	681	681	681	681	647	0	3,373
Revenue from Rhodium	US\$1,200.00 per oz	US\$ 000s	0	462	462	462	462	439	0	2,267
<b>Total Revenue</b>		US\$ 000s	0	69,137	69,137	69,137	69,137	65,689	0	342,236
Mining Cost	US\$45.67 per tonne	US\$ 000s	0	16,670	16,670	16,670	16,670	15,839	0	82,520
Milling Cost	US\$16.80 per tonne	US\$ 000s	0	6,132	6,132	6,132	6,132	5,826	0	30,354
G&A Cost	US\$4.00 per tonne	US\$ 000s	0	1,460	1,460	1,460	1,460	1,387	0	7,227
Concentrate Transport	US\$60.00/T Conc	US\$ 000s	0	2,945	2,945	2,945	2,945	2,798	0	14,578
Treatment and Refining	(see Table 1.3)	US\$ 000s	0	15,167	15,167	15,167	15,167	14,411	0	75,060
Royalties	2.50%	US\$ 000s	0	1,020	1,020	1,020	1,020	970	0	5,052
<b>Total Production Cost</b>		US\$ 000s	0	43,395	43,395	43,395	43,395	41,231	0	214,811
Preproduction Capital Cost		US\$ 000s	28,080							28,080
Sustaining Capital Cost		US\$ 000s		400	400	400	200	0	0	1,400
<b>Total Capital Cost</b>		US\$ 000s	28,080	400	400	400	200	0	0	29,480
<b>Total Cash Cost</b>		US\$ 000s		43,795	43,795	43,795	43,595	41,231	0	216,211
Cash Cost per Lb Ni (Net of Other Metal credits)		US\$		2.72	2.72	2.72	2.71	2.69	0	2.71
<b>Total Cost including Fully Amortized Preproduction Capital cost</b>		US\$ 000s		49,468	49,468	49,468	49,268	46,621		244,291
		US\$/lb Ni		3.47	3.47	3.47	3.45	3.44		
<b>Pretax Cashflow</b>		US\$ 000s	-28,080	25,342	25,342	25,342	25,542	24,458	0	97,945
				NPV @ 15%	49,169					
				IRR: 86%						
				Exchange rate used: Cdn\$1.25 = US\$1.00						

\*Micon notes that this preliminary assessment is preliminary in nature. It includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary assessment will be realized.

Micon has performed a sensitivity analysis on the effect of higher and lower nickel prices than that used in the table 10.6. As instructed by Crowflight, a nickel price of US\$4.50 per lb was used for the base case. The effect of varying this price upwards and downwards by US\$0.50 per lb is presented in Table 10.7.

**Table 10.7**  
**Nickel Price Sensitivity for Combined Indicated and Inferred Resources**

Nickel Price (US\$/lb)	NPV @ 15% Discount Rate	Internal Rate of Return
US\$5.00	US\$69,386,000	112%
US\$4.50	US\$49,168,000	86%
US\$4.00	US\$28,951,000	59%

Micon notes that the nickel price at the time of writing was in the order of US\$6.15 per pound.

Table 10.8 shows the sensitivity of NPV to different discount rates. The NPV for the project is shown for 10% and 15% discount rates.

**Table 10.8**  
**Discount Rate Sensitivity for Combined Indicated and Inferred Resources**

Discount Rate	NPV
10%	US\$61,429,000
15%	US\$49,168,000

## AUTHORS

## CERTIFICATE OF KIRK H. RODGERS

As principal author of this report entitled “Preliminary Assessment Study of the Bucko Deposit”, dated October 22, 2004, I hereby make the following statements:

1. My name is Kirk Rodgers and I hold the position of Senior Mining Engineer and Project Manager at Micon International Limited, Mineral Industry Consultants. My office address is Suite 900, 390 Bay Street, Toronto, Ontario M5H 2Y2.
2. (a) I hold the following registrations and memberships:
  - Registered Professional Engineer in Ontario
  - Member of the Canadian Institute of Mining and Metallurgy
  - Member of the Society for Mining, Metallurgy and Petroleum Engineers, of the AIME(b) I have been practicing as a registered professional engineer for 18 years.
3. By reason of experience and education, I fulfill the requirements of a Qualified Person as set out in National Instrument 43-101.
4. I have read National Instrument 43-101 and Form 43-101F1. This report has been prepared in accordance with generally accepted Canadian mining industry practice and is in compliance with National Instrument 43-101
5. As of the date of this Certificate, I am not aware of any changes in fact or circumstance as regards the subject matter of this report, which materially affects the content of the report or the conclusions reached.
6. I have neither received, nor do I expect to receive any interest, direct or indirect, in the Bucko Deposit or Crowflight Resources. I am independent of Crowflight Resources, as set out in Part 1.5 of NI 43-101.

Kirk H. Rodgers

October 22, 2004: Toronto, Ontario

Original signed by Kirk Rodgers, P.Eng

### CERTIFICATE OF RICHARD M. GOWANS

As an author of the report entitled “Preliminary Assessment Study of the Bucko Deposit”, dated October 22, 2004, I hereby make the following statements

1. My name is Richard Gowans and I hold the position of Senior Metallurgist at Micon International Limited, Mineral Industry Consultants. My office address is Suite 900, 390 Bay Street, Toronto, Ontario, M5H 2Y2.
2. (a) I hold the following registrations and memberships:
  - Registered Professional Engineer in Ontario
  - Member of the Canadian Institute of Mining and Metallurgy(b) I obtained a B.Sc. (Hons.) degree in Minerals Engineering from Birmingham University, England, in 1980 and I have over 23 years of experience in the mineral industry.
3. I am primarily responsible for the metallurgical aspects of the report and by reason of experience and education, I fulfill the requirements of a Qualified Person as set out in National Instrument 43-101.
4. I have read National Instrument 43-101 and Form 43-101F1. This report has been prepared in accordance with generally accepted Canadian mining industry practice and is in compliance with National Instrument 43-101
5. As of the date of this Certificate, I am not aware of any changes in fact or circumstance as regards the subject matter of this report, which materially affects the content of the report or the conclusions reached.
6. I have neither received, nor do I expect to receive any interest, direct or indirect, in the Bucko Deposit or Crowflight Resources. I am independent of Crowflight Resources, as set out in Part 1.5 of NI 43-101.

Richard M. Gowans

October 22, 2004: Toronto, Ontario

Original signed by Richard M. Gowans, P.Eng