

R.O.I. Calculations (based on 2 year period)

Case 1: At Current Asarco Price

| | | <u>Year 0</u> | <u>Year 1</u> | <u>Year 2</u> | <u>Project Total</u> |
|--------------------------------|---------|--------------------------|--------------------------|--------------------------|--------------------------|
| Quantity Sold | ST | - | 6,000 | 6,000 | 12,000 |
| Mine Netback | \$US/ST | - | 260 | 260 | 260 |
| Mine Revenue | \$US | - | 1,560,000 | 1,560,000 | 3,120,000 |
| Giant Investment | \$US | (900,000) | 0 | 0 | (900,000) |
| Operating Cost | \$US | - | 204,000 | 204,000 | 408,000 |
| | | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| Before Tax Cash Flow | \$US | (900,000) | 1,356,000 | 1,356,000 | 1,812,000 |
| Less: Depreciation | \$US | - | (450,000) | (450,000) | (900,000) |
| Less: Taxes @ 50% | \$US | - | (453,000) | (453,000) | (453,000) |
| Plus: Depreciation | \$US | - | 450,000 | 450,000 | 900,000 |
| | | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| Project After Tax Cash Flow | \$US | (900,000) | 903,000 | 903,000 | 906,000 |

- | | | | | | | | |
|----|--|------|-----------|---------|---------|---------|-----|
| 1. | Project After Tax Discounted Cash Flow (i=12%) | \$US | (900,000) | 806,250 | 719,870 | 626,120 | NPV |
| 2. | Project After Tax Internal Rate of Return | = | 63% | | | | |
| 3. | Payback Period | = | 12 months | | | | |

Case 2: At 5¢/lb below Current Asarco Price

| | | <u>Year 0</u> | <u>Year 1</u> | <u>Year 2</u> | <u>Project Total</u> |
|--------------------------------|---------|---------------|---------------|---------------|--------------------------|
| Quantity Sold | ST | - | 6,000 | 6,000 | 12,000 |
| Mine Netback | \$US/ST | - | 160 | 160 | 160 |
| Mine Revenue | \$US | - | 960,000 | 960,000 | 1,920,000 |
| Giant Investment | \$US | (900,000) | 0 | 0 | (900,000) |
| Operating Cost | \$US | - | 204,000 | 204,000 | 408,000 |
| | | <u></u> | <u></u> | <u></u> | <u></u> |
| Before Tax Cash Flow | \$US | (900,000) | 756,000 | 756,000 | 612,000 |
| Less: Depreciation | \$US | - | (450,000) | (450,000) | (900,000) |
| Less: Taxes @ 50% | \$US | - | (153,000) | (153,000) | (306,000) |
| Plus: Depreciation | \$US | - | 450,000 | 450,000 | 900,000 |
| | | <u></u> | <u></u> | <u></u> | <u></u> |
| Project After Tax Cash Flow | \$US | (900,000) | 603,000 | 603,000 | 306,000 |

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|---|------|-----------|---------|---------|---------|-----|
| 1. Project After Tax Discounted Cash Flow (i=12%) | \$US | (900,000) | 538,390 | 480,710 | 119,100 | NPV |
| 2. Project After Tax Internal Rate of Return | = | 22% | | | | |
| 3. Payback Period | = | 18 months | | | | |

Case 3: At 10¢/lb below Current Asarco Price

| | | <u>Year 0</u> | <u>Year 1</u> | <u>Year 2</u> | <u>Project Total</u> |
|--------------------------------|---------|--------------------------|--------------------------|--------------------------|--------------------------|
| Quantity Sold | ST | - | 6,000 | 6,000 | 12,000 |
| Mine Netback | \$US/ST | - | 60 | 60 | 60 |
| Mine Revenue | \$US | - | 360,000 | 360,000 | 720,000 |
| Giant Investment | \$US | (900,000) | 0 | 0 | (900,000) |
| Operating Cost | \$US | - | 204,000 | 204,000 | 408,000 |
| | | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| Before Tax Cash Flow | \$US | (900,000) | 156,000 | 156,000 | (588,000) |
| Less: Depreciation | \$US | - | (450,000) | (450,000) | (500,000) |
| Less: Taxes @ 50% | \$US | - | 0 | 0 | 0 |
| Plus: Depreciation | \$US | - | 450,000 | 450,000 | 900,000 |
| | | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| Project After Tax Cash Flow | \$US | (900,000) | 156,000 | 156,000 | (588,000) |

1. Project After Tax Discounted Cash Flow (i=12%) \$US (900,000) 139,290 124,360 (636,350) NPV
2. Project After Tax Internal Rate of Return = NIL (loss)
3. Payback Period = 6 years