Knight Piésold
CONSULTING

Our Reference: VA101-329/3-A.01
Continuity Nbr.: VA08-00390

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February 29, 2008

Mr. Cam Grundstrom
VP Operations
Copper Fox Metals Inc. (Calgary)
650-340 12 Ave. S. W.
Calgary, Alberta T2R 1L5

Dear Cam,

Re: Schaft Creek – Conceptual TSF Site Options Study

Further to our recent discussions we present herein, the details of the conceptual level options study carried out for the previously identified tailings storage facilities for the Schaft Creek project.

1. Introduction

During the scoping stage of the project, undertaken by others, three potential tailings storage facility (TSF) sites referred to as Options A, B and C, were identified, as shown on Figure 1.

In late 2007 a study comprising a pre-feasibility level geotechnical assessment of the three sites was undertaken by DST Consulting Engineers (DST). The results of this work were presented in a draft report entitled, *Pre-Feasibility of Tailings Dam Options, Schaft Creek Project, British Columbia, DST, January 22, 2008*. The conclusion of this work was that from a geotechnical point of view, at the pre-feasibility stage of assessment, Option A was the preferred TSF site with Option B a close second.

In early 2008 a geo-hazards assessment of the three sites was undertaken by BGC Engineering Inc. with the aim of identifying the most favourable TSF with respect to geo-hazards. This report concluded that from the point of view of geo-hazards the Option A site was preferred.

As part of the pre-feasibility design of the tailings management components of the project, Knight Piésold undertook a conceptual level assessment of the three previously identified options and in the process developed a number of other alternatives. Details and results of this work are presented in the following sections.

2. Design Parameters and Assumptions

Design parameters and assumptions for the options study were as follows:

- Total storage – 1,000,000,000 tonnes;
- Daily throughput – 100,000 tonnes;
- Starter facility sized for two years tailings production;
- Average tailings in-situ dry density – 1.4 t/m^3; and
- Stage storage/filling curves based on horizontal filling with no allowance for freeboard and/or storm water storage.

3. Methodology

The options study was based on a conceptual level comparison of the various sites, with respect to the following criteria:

- Capital cost of starter facility – the costs of major capital items associated with the starter facility for each option were estimated using global unit rates for embankment construction, tailings delivery and water reclaim pipelines systems, surface water drainage diversions, access and haul roads;
- Ongoing construction costs – the cost of ongoing embankment raising, road construction and pipeline installation were assessed and compared;
- Water management considerations – the options were compared on the basis of catchment area and topography;
- Operational considerations – these included elevation of the facility relative to the mill, distance to the facility from the mill, ease of operation; and
- Geo-hazard potential.

Cost estimates were developed by estimating quantities for major components of the facilities such as embankment fill, tailings delivery and water reclaim pipelines systems, surface water drainage diversions, access and haul and applying global unit rates to these quantities. It is important to note that the comparative cost estimates are meant only to provide a basis for comparison of the various options and are not intended to represent actual development costs as they omit a number of important items that are common to all options (eg. seepage control systems, foundation treatment, electrical systems, EPCM costs, etc.).

4. Selected Options

Original Options

The original three options identified in the scoping study and shown on Figure 1 are as follows:

Option A – Option A is located in the Skeeter Lake valley, immediately to the east of Mt LaCasse. The TSF would comprise a cross valley type impoundment, with a main northern embankment located some 12 km north of the open pit and a smaller southern embankment located seven km north of the pit. A large saddle dam would also be required to the southwest of the main embankment.

Option B – Option B is located in the Hickman Creek valley, immediately to the south of the open pit. The TSF would comprise a cross valley type impoundment, formed by the construction of an embankment across the valley, some two km south of the pit.

Option C – Option C is located in the Mt. Houle valley some ten km north west of the pit. The TSF would comprise a cross valley type impoundment, formed by the construction of an embankment across the valley, upstream of its confluence with Schaft Creek.

Alternatives

The geotechnical investigations undertaken by DST in 2007 indicate that the three sites are underlain by bedrock and dense sand and gravel deposits of varying thickness. Limited low permeability material was

encountered during the investigation. For the purposes of this option study, it has therefore been assumed, that confining embankments will be constructed primarily from run of mine waste.

Option B is located close to the open pit and waste for embankment construction at this site can be provided relatively inexpensively. Option A however, is located much further from the pit, in particular the northern embankment, which is some 12 km from the pit on a direct line. The northern embankment contains the greatest volume of fill; consequently unit haulage costs for this option are considerably greater than for Option B. An alternative arrangement was therefore developed for the Option A valley site. This Option referred to as **Option A1** comprises a cross valley impoundment translated some two to three km southwards, closer the pit. The facility still comprises northern and southern dams, however, the southern embankment is the largest embankment for this option thus resulting in significant cost savings.

A second variation on the Option A site was considered, referred to **Option Aa.** For this option an initial starter embankment is constructed upstream of the Option A southern embankment location. Being some five km closer to the pit than the original Option A starter embankment (north embankment) the cost of constructing this starter is considerably lower. In addition, a much shorter length of tailings delivery and water reclaim pipeline is required for the starter facility and haul road construction is reduced. These changes significantly reduce the cost of this option relative to the original Option A. Thereafter, embankments are constructed at the same locations as for the original Option A and thus the overall cost of development is relatively unchanged although significant costs associated with the development of the starter facility are deferred until later years once the mine is operational.

The initial comparison study for Options A, B and C indicated that Option C was the least preferred option on almost all points of comparison and therefore no variations to Option C were considered.

5. Options Assessment

Option A

For Option A the total embankment volume required to store 1,000 Mt of tailings is small when compared with the other options, indicating good storage efficiency for the site. However, as discussed the long haul distance to the northern embankments results in relatively high construction costs using waste rock.

Surface water management would be easier for this valley relative to Options B and C, as it has the smallest contributing catchment area and lies entirely within one watershed. It also has the smallest glacier fraction. In addition the more gentle topography of the valley makes it more amenable to the construction of effective water diversion and water management structures.

Long tailings delivery pipelines would be required to reach the northern embankments. Reclaim water pipelines servicing the initial start-up pond, located at the north of the facility, and would also be relatively long at approximately 14 km. A tailings booster pump station would also likely be required to transport approximately 65% of the bulk tailings to the northern portion of the facility. However, the ultimate facility crest elevation would be some 200 m below the mill.

The BGC work concludes that geo-hazards potentially affecting Option A pose a lower risk than for Options B and C. The most significant observed hazard is evidence of deep-seated slumping on the east side of the impoundment above Skeeter Lake. BGC states that failure of this block corresponds with a return period in excess of 1/1000 years. The BGC report also suggests that sinkholes and karst terrain may underlie some areas of the impoundment basin and recommend further investigation of this. This aspect would need to be carefully addressed in the next design phase of the facility. For the purposes of

this study a contingency of USD 20 million has been made to allow for treatment of karst feature that might be encountered within the impoundment area.

The Option A layout is shown in Figure 2.

Option A1

For Option A1 the total embankment volume required to store 1,000 Mt of tailings is similar to that of Option A and considerably less than that required for the other options, indicating good storage efficiency for the site. Haul distances for the southern embankment are small making construction of this embankment cost effective, although the long haul distance to the northern embankment make the construction of this embankment expensive.

Surface water management at Option A1 would be similar to Option A, and relatively straightforward compared to Options B and C. The contributing catchment is relatively small, and the valley side slopes are reasonably gentle making diversions easier to construct and maintain.

Tailings and reclaim water pipeline lengths would be significantly shorter than for Option A, especially in the initial years. Assuming a plant site elevation of 1150 m, some 200 m above the ultimate facility level, tailings delivery would be by gravity to a large portion of the facility, with a booster pump station needed for approximately 35% of the tailings to reach the north embankment.

Geo-hazards are the same as Option A.

The Option A1 layout is shown in Figure 3.

Option Aa

Option A1 poses an environmental permitting challenge, which it is understood from Copper Fox Limited, the other options do not. This is related to the reach of the creek between the Option A south embankment and the Option A1 south embankment which is understood to be fish bearing. Shifting the facility southwards, results in the incorporation of this area into the TSF (i.e. the area is included in the Option A1 TSF area but not in the Option A TSF area). It is not known at this stage how significant this factor may be in the permitting process. In the event that this factor results in significant permitting issues or delays, an alternative TSF arrangement was developed around the original Option A. This option, referred to as Option Aa, ultimately occupies the same footprint as Option A. However a temporary starter embankment would be constructed within the basin area of the ultimate facility, between the site of the northern and southern embankments. This temporary starter embankment would be similar in size to that for the Option A starter but would be much closer the pit and therefore significantly less costly. The tailings and reclaim water pipeline lengths required for the starter facility would also be considerably less than those required for Option A. These changes would result in significant cost savings for the development of the starter facility, although ultimately the total costs for the development of the entire facility would be similar to those for Option A.

The Option Aa layout is shown in Figure 4.

Option B

This option requires the largest and highest embankment of the options considered. However, the proximity of the embankment to the pit results in relatively low fill placement costs and cost-effective embankment construction.

From a water management perspective, the Option B site has the largest catchment area – which includes a significant glacier fraction – and would therefore require the most significant water management structures of the three principal sites. In addition the valley side slopes are very steep making the construction and maintenance of effective surface water diversions above the impoundment very difficult and expensive. An emergency spillway would be required during operations for the safe discharge of the Probable Maximum Flood. This could substantially add to the initial and ongoing costs, as well as pose a significant environmental control challenge.

Although the distance from the potential plant site is relatively short, the ultimate tailings facility crest level would be some 200 m above that of the proposed plant, necessitating a large tailings pump station and high-pressure tailings delivery pipe-works, resulting in increased operating costs.

The BGC work indicates that the Option B site is susceptible to a number of geo-hazards - due to the steep slopes and large glacier fraction above the facility - including snow avalanches, rock falls, debris flows, and proglacial lake outbreak flooding. These geo-hazards could negatively impact diversion works, tailings delivery and reclaim pipelines, and freeboard requirements. In terms of geo-hazard terms, BGC considers that the site is less favourable that Option A and similar to Option C.

The Option B layout is shown in Figure 5.

Option C

The embankment required for this option is similar to that required for Option B in terms of height and fill volume, although the considerable haul distance from the pit results in relatively high fill placement costs and expensive embankment construction. Of particular note is the fact that Option C is located on the western side of the Schaft Creek main strem and would therefore require the construction of a major river crossing, the cost of which has not been included in this comparison.

From a water management perspective, the Option C site has a catchment area between that of the other two principal options. Like the Option B site, the catchment area includes a significant glacier fraction and valley side slopes that are typically very steep. The construction and maintenance of water management structures would therefore be difficult and expensive.

The distance to the mill is significant at around 13 km and the ultimate tailings facility crest level would be some 200 m above that of the proposed plant, necessitating a large tailings pump station and high-pressure tailings delivery pipe-works, and resulting in increased operating costs.

The BGC work indicates that the Option C site is susceptible to a number of geo-hazards - due to the steep slopes and large glacier fraction above the facility - including snow avalanches, rock falls, debris flows. These geo-hazards could negatively impact diversion works, tailings delivery and reclaim pipelines, and freeboard requirements. In terms of geo-hazards, BGC considers that the site is less favourable that Option A and similar to Option B.

6. Comparison

Principal quantities were estimated for each of the options considered and using global unit rates for embankment construction, comparative cost estimates for each option were determined. These costs which are intended to allow a relative comparison of the options only are presented in Tables 1 to 8 and summarised in Table 9 and on Figure 6. For potentially favourable options entailing construction of embankments at some distance from the pit (Options A, A1 and Aa), alternative cost estimates were developed assuming that these remote embankments were constructed with cycloned sand rather than mine waste rock. This resulted in significant comparative cost advantages for those options as seen from Table 9.

The other major criteria adopted for the options study are summarised in Table 10.

7. Conclusion

From the foregoing comparison it is evident that Option C is the least preferred Option on almost all points of comparison.

Option B has the advantage of being located close to the pit and thus having the lowest embankment construction costs. However, the site has the largest external catchment area of all site considered and water management at the site would pose very significant technical and operating challenges. The design of a water management system for this facility lie outside the scope of this report and the costs included in the cost comparison for this component of the works are considered to be a lower bound estimate which has the potential to increase significantly. In addition it is likely that the maintenance of such a system would entail significant ongoing maintenance costs throughout the life of the mine. The water management issues associated with Option B should not be underestimated and these together with the higher geo-hazard rating of the site pose a considerable technical risk for this site.

Option A has the smallest catchment area, the least geo-hazards and overall the lowest development cost over the design life of the mine. Although the issue of karst terrain beneath part of the impoundment still needs to be investigated, at this stage, Option A is considered to the offer the preferred option for the location of a 1,000 million tonne TSF at Schaft Creek.

Option A1 offers significant cost savings over Option A. Although the issue of fish habitat at the southern end of the facility may pose some permitting issues, it is considered that the savings associated with this option would be considerably more than costs incurred in compensating for the loss of this habitat.

Option Aa is broadly similar to Option A in all respects other than the starter facility arrangement, which allows for a significant reduction in the initial capital cost for development.

On the basis of this options study and using the data currently available, it is our opinion that Option A1 is the preferred option, followed by Option Aa, then Option A and then Option B.

We trust that this conceptual exercise provides some direction on how to move forward with future studies, and welcome your feedback. We are looking forward to continuing to work with Copper Fox and the other supporting consultants to develop a successful pre-feasibility project design. Please let us know if you have any questions or comments.

Yours sincerely,

KNIGHT PIÉSOLD LTD.

Daniel Friedman
Project Engineer

Dermot Claffey, CP.Eng
Specialist Engineer

Ken Brouwer, P.Eng.
Managing Director

Enclosed:

Table 1	Rev 0	Comparative Capital Cost Estimate – Option A (Mine Waste)
Table 2	Rev 0	Comparative Capital Cost Estimate – Option B (Mine Waste)
Table 3	Rev 0	Comparative Capital Cost Estimate – Option C (Mine Waste)
Table 4	Rev 0	Comparative Capital Cost Estimate – Option A1 (Mine Waste)
Table 5	Rev 0	Comparative Capital Cost Estimate – Option Aa (Mine Waste)
Table 6	Rev 0	Comparative Capital Cost Estimate – Option A (Cyclone Sand)
Table 7	Rev 0	Comparative Capital Cost Estimate – Option A1 (Cyclone Sand)
Table 8	Rev 0	Comparative Capital Cost Estimate – Option Aa (Cyclone Sand)
Table 9	Rev 0	Comparative Capital Cost Estimates – Summary
Table 10	Rev 0	Preliminary Options Comparison
Figure 1	Rev 0	Tailings Storage Facility Options – General Arrangement
Figure 2	Rev B	Tailings Storage Facility Option A
Figure 3	Rev A	Tailings Storage Facility Option A1
Figure 4	Rev B	Tailings Storage Facility Option Aa
Figure 5	Rev B	Tailings Storage Facility Option B
Figure 6	Rev 0	Comparative Capital Cost Estimates - Summary

cc: Shane Uren (shane.uren@copperfoxmetals.com)

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TABLE 1

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION A (MINE WASTE)

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Rev'd Feb/19/2008

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	450	$ 1,800,000	470	$ 1,880,000
1.2	Topsoil Stripping	m^3	$ 3.00	675,000	$ 2,025,000	705,000	$ 2,115,000
1.3	Allowance for Treatment of Karstic Terrain	LS	$ 20,000,000	1	$ 20,000,000		$ -
1.4	Embankment Construction						
a	Starter - North Embankment: Local Borrow	m^3	$ 6.00	2,150,000	$ 12,900,000		$ -
b	Ongoing - North Embankment: Mine Waste	m^3	$ 6.80		$ -	21,525,000	$ 146,370,000
c	Ongoing - South Embankment: Mine Waste	m^3	$ 3.44		$ -	2,450,000	$ 8,428,000
1.5	Haul Roads	m	$ 1,000	8,600	$ 8,600,000	8,400	$ 8,400,000
				Subtotal	**$ 45,325,000**	**Subtotal**	**$ 167,193,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 100	13,700	$ 1,370,000		$ -
2.2	Diversion Structure	LS	$ 1,500,000		$ -		$ -
				Subtotal	**$ 1,370,000**	**Subtotal**	**$ -**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	18,800	$ 37,600,000		$ -
b	High Pressure Tailings Pipeline	m	$ 3,000	200	$ 600,000		$ -
c	Tailings Pump Station	LS	$ 10,000,000	1	$ 10,000,000		$ -
3.3	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	13,500	$ 10,125,000		$ -
b	High Pressure Reclaim System	m	$ 1,500	400	$ 600,000		$ -
				Subtotal	**$ 58,925,000**	**Subtotal**	**$ -**
	TOTAL including 50% Contingency				**$ 158,430,000**		**$ 250,789,500**

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TABLE 2

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION B (MINE WASTE)

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	270	$ 1,080,000	730	$ 2,920,000
1.2	Topsoil Stripping	m^3	$ 3.00	405,000	$ 1,215,000	1,095,000	$ 3,285,000
1.3	Embankment Construction						
a	Starter: Mine Waste	m^3	$ 1.60	4,429,000	$ 7,086,000		$ -
b	Ongoing: Mine Waste	m^3	$ 1.60		$ -	42,000,000	$ 67,200,000
1.4	Haul Roads	m	$ 1,000	5,000	$ 5,000,000		$ -
				Subtotal	**$ 14,381,000**	**Subtotal**	**$ 73,405,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 750	25,000	$ 18,750,000		$ -
2.2	Diversion Structure	LS	$ 2,000,000	1	$ 2,000,000		$ -
2.4	Emergency Spillway	LS	$ 500,000	1	$ 500,000	5	$ 2,500,000
				Subtotal	**$ 21,250,000**	**Subtotal**	**$ 2,500,000**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	500	$ 1,000,000	3,000	$ 6,000,000
b	High Pressure Tailings Pipeline	m	$ 3,000	3,000	$ 9,000,000		$ -
c	Tailings Pump Station	LS	$ 12,500,000	1	$ 12,500,000		$ -
3.2	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	6,300	$ 4,725,000		$ -
b	High Pressure Reclaim System	m	$ 1,500	0	$ -		$ -
				Subtotal	**$ 27,225,000**	**Subtotal**	**$ 6,000,000**
	TOTAL including 50% Contingency				**$ 94,284,000**		**$ 122,857,500**

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TABLE 3

COPPER FOX METALS INC.
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TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION C (MINE WASTE)

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	200	$ 800,000	715	$ 2,860,000
1.2	Topsoil Stripping	m^3	$ 3.00	300,000	$ 900,000	1,072,500	$ 3,218,000
1.3	Embankment Construction						
a	Starter: Mine Waste	m^3	$ 4.80	4,562,000	$ 21,898,000		$ -
b	Ongoing: Mine Waste	m^3	$ 4.80		$ -	36,643,000	$ 175,886,000
1.4	Haul Roads	m	$ 1,000	12,000	$ 12,000,000		$ -
				Subtotal	**$ 35,598,000**	**Subtotal**	**$ 181,964,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 750	10,700	$ 8,025,000		$ -
2.3	Diversion Structure	LS	$ 1,500,000	1	$ 1,500,000		$ -
				Subtotal	**$ 9,525,000**	**Subtotal**	**$ -**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System	km					
a	Low Pressure Tailings Pipeline	m	$ 2,000	15,000	$ 30,000,000		$ -
b	High Pressure Tailings Pipeline	m	$ 3,000	1,000	$ 3,000,000		$ -
c	Tailings Pump Station	LS	$ 12,500,000	1	$ 12,500,000		$ -
3.2	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	16,000	$ 12,000,000		$ -
b	High Pressure Reclaim System	m	$ 1,500	0	$ -		$ -
				Subtotal	**$ 57,500,000**	**Subtotal**	**$ -**
	TOTAL including 50% Contingency				**$ 153,934,500**		**$ 272,946,000**

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TABLE 4

COPPER FOX METALS INC.
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TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION A1 (MINE WASTE)

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	300	$ 1,200,000	980	$ 3,920,000
1.2	Topsoil Stripping	m^3	$ 3.00	450,000	$ 1,350,000	1,470,000	$ 4,410,000
1.3	Allowance for Treatment of Karstic Terrain	LS	$ 20,000,000	1	$ 20,000,000	0	$ -
1.4	Embankment Construction						
a	Starter - South Embankment: Mine Waste	m^3	$ 2.12	2,458,000	$ 5,211,000		$ -
b	Ongoing - North Embankment: Mine Waste	m^3	$ 5.32		$ -	16,754,000	$ 89,131,000
c	Ongoing - South Embankment: Mine Waste	m^3	$ 2.12		$ -	10,371,000	$ 21,987,000
1.5	Haul Roads	m	$ 1,000	5,300	$ 5,300,000	8,000	$ 8,000,000
				Subtotal	**$ 33,061,000**	**Subtotal**	**$ 127,448,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 100	7,500	$ 750,000	10,600	$ 1,060,000
2.2	Diversion Structure	LS	$ 1,500,000		$ -		$ -
				Subtotal	**$ 750,000**	**Subtotal**	**$ 1,060,000**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	5,700	$ 11,400,000	9,600	$ 19,200,000
b	High Pressure Tailings Pipeline	m	$ 3,000	0	$ -	150	$ 450,000
c	Tailings Pump Station	LS	$ 5,000,000		$ -	1	$ 5,000,000
3.2	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	6,000	$ 4,500,000		$ -
b	High Pressure Reclaim System	m	$ 1,500	500	$ 750,000		$ -
				Subtotal	**$ 16,650,000**	**Subtotal**	**$ 24,650,000**
	TOTAL including 50% Contingency				**$ 75,691,500**		**$ 229,737,000**

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TABLE 5

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TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION Aa (MINE WASTE)

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	300	$ 1,200,000	620	$ 2,480,000
1.2	Topsoil Stripping	m^3	$ 3.00	450,000	$ 1,350,000	930,000	$ 2,790,000
1.3	Allowance for Treatment of Karstic Terrain	LS	$ 20,000,000	1	$ 20,000,000		$ -
1.4	Embankment Construction						
a	Starter - Central Embankment: Mine Waste	m^3	$ 4.40	3,500,000	$ 15,400,000		$ -
b	Starter - North Embankment: Local Borrow	m^3	$ 6.00		$ -	2,150,000	$ 12,900,000
c	Ongoing - North Embankment: Mine Waste	m^3	$ 6.80		$ -	21,525,000	$ 146,370,000
d	Ongoing - South Embankment: Mine Waste	m^3	$ 3.44		$ -	2,450,000	$ 8,428,000
1.5	Haul Roads	m	$ 1,000	8,600	$ 8,600,000	8,400	$ 8,400,000
				Subtotal	**$ 46,550,000**	**Subtotal**	**$ 181,368,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 100	3,200	$ 320,000	10,500	$ 1,050,000
2.2	Diversion Structure	LS	$ 1,500,000		$ -		$ -
				Subtotal	**$ 320,000**	**Subtotal**	**$ 1,050,000**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	11,500	$ 23,000,000	9,400	$ 18,800,000
b	High Pressure Tailings Pipeline	m	$ 3,000		$ -	200	$ 600,000
c	Tailings Pump Station	LS	$ 10,000,000		$ -	1	$ 10,000,000
3.3	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	10,000	$ 7,500,000	2,000	$ 1,500,000
b	High Pressure Reclaim System	m	$ 1,500	400	$ 600,000		$ -
				Subtotal	**$ 31,100,000**	**Subtotal**	**$ 30,900,000**
	TOTAL including 50% Contingency				**$ 116,955,000**		**$ 319,977,000**

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TABLE 6

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION A (CYCLONE SAND)

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Rev'd Feb/19/2008

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	450	$ 1,800,000	470	$ 1,880,000
1.2	Topsoil Stripping	m^3	$ 3.00	675,000	$ 2,025,000	705,000	$ 2,115,000
1.3	Allowance for Treatment of Karstic Terrain	LS	$ 20,000,000	1	$ 20,000,000		$ -
1.4	Embankment Construction						
a	Starter - North Embankment: Local Borrow	m^3	$ 6.00	2,150,000	$ 12,900,000		$ -
b	Ongoing - North Embankment: Cyclone Sand	m^3	$ 1.00		$ -	21,525,000	$ 21,525,000
c	Ongoing - South Embankment: Mine Waste	m^3	$ 3.44		$ -	2,450,000	$ 8,428,000
1.5	Haul Roads	m	$ 1,000	8,600	$ 8,600,000	8,400	$ 8,400,000
				Subtotal	**$ 45,325,000**	**Subtotal**	**$ 42,348,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 100	13,700	$ 1,370,000		$ -
2.2	Diversion Structure	LS	$ 1,500,000		$ -		$ -
				Subtotal	**$ 1,370,000**	**Subtotal**	**$ -**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	18,800	$ 37,600,000		$ -
b	High Pressure Tailings Pipeline	m	$ 3,000	200	$ 600,000		$ -
c	Tailings Pump Station	LS	$ 10,000,000	1	$ 10,000,000		$ -
3.2	Cyclone Sand Plant and Discharge Works	LS	$ 5,000,000	1	$ 5,000,000		$ -
3.3	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	13,500	$ 10,125,000		$ -
b	High Pressure Reclaim System	m	$ 1,500	400	$ 600,000		$ -
				Subtotal	**$ 63,925,000**	**Subtotal**	**$ -**
	TOTAL including 50% Contingency				**$ 165,030,000**		**$ 63,522,000**

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TABLE 7

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION A1 (CYCLONE SAND)

Print Feb/29/08 11:42:47
Rev'd Feb/19/2008

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	300	$ 1,200,000	980	$ 3,920,000
1.2	Topsoil Stripping	m^3	$ 3.00	450,000	$ 1,350,000	1,470,000	$ 4,410,000
1.3	Allowance for Treatment of Karstic Terrain	LS	$ 20,000,000	1	$ 20,000,000		$ -
1.4	Embankment Construction						
a	Starter - South Embankment: Mine Waste	m^3	$ 2.12	2,458,000	$ 5,211,000		$ -
b	Starter - North Embankment: Local Borrow	m^3	$ 6.00		$ -	750,000	$ 4,500,000
c	Ongoing - North Embankment: Cyclone Sand	m^3	$ 1.00		$ -	16,004,000	$ 16,004,000
d	Ongoing - South Embankment: Mine Waste	m^3	$ 2.12		$ -	10,371,000	$ 21,987,000
1.5	Haul Roads	m	$ 1,000	5,300	$ 5,300,000	8,000	$ 8,000,000
				Subtotal	**$ 33,061,000**	**Subtotal**	**$ 58,821,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 100	7,500	$ 750,000	10,600	$ 1,060,000
2.2	Diversion Structure	LS	$ 1,500,000		$ -		$ -
				Subtotal	**$ 750,000**	**Subtotal**	**$ 1,060,000**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	5,700	$ 11,400,000	9,600	$ 19,200,000
b	High Pressure Tailings Pipeline	m	$ 3,000		$ -	150	$ 450,000
c	Tailings Pump Station	LS	$ 5,000,000		$ -	1	$ 5,000,000
3.2	Cyclone Sand Plant and Discharge Works	LS	$ 5,000,000	1	$ 5,000,000		$ -
3.3	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	6,000	$ 4,500,000		$ -
b	High Pressure Reclaim System	m	$ 1,500	500	$ 750,000		$ -
				Subtotal	**$ 21,650,000**	**Subtotal**	**$ 24,650,000**

TOTAL including 50% Contingency					**$ 83,191,500**		**$ 126,796,500**

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TABLE 8

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - OPTION Aa (CYCLONE SAND)

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Rev'd Feb/19/2008

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Item Number	Description	Unit	Rate	Starter Quantity	Starter Cost	Ongoing Quantity	Ongoing Cost
1	**EARTHWORKS**						
1.1	Clearing and Grubbing	ha	$ 4,000	300	$ 1,200,000	620	$ 2,480,000
1.2	Topsoil Stripping	m^3	$ 3.00	450,000	$ 1,350,000	930,000	$ 2,790,000
1.3	Allowance for Treatment of Karstic Terrain	LS	$ 20,000,000	1	$ 20,000,000		$ -
1.3	Embankment Construction						
a	Starter - Central Embankment: Mine Waste	m^3	$ 4.40	3,500,000	$ 15,400,000		$ -
b	Starter - North Embankment: Local Borrow	m^3	$ 6.00		$ -	2,150,000	$ 12,900,000
c	Ongoing - North Embankment: Cyclone Sand	m^3	$ 1.00		$ -	21,525,000	$ 21,525,000
d	Ongoing - South Embankment: Mine Waste	m^3	$ 3.44		$ -	2,450,000	$ 8,428,000
1.4	Haul Roads	m	$ 1,000	8,600	$ 8,600,000	8,400	$ 8,400,000
				Subtotal	**$ 46,550,000**	**Subtotal**	**$ 56,523,000**
2	**SURFACE WATER DIVERSIONS**						
2.1	Surface Water Management Structures	m	$ 100	3,200	$ 320,000	10,500	$ 1,050,000
2.2	Diversion Structure	LS	$ 1,500,000		$ -		$ -
				Subtotal	**$ 320,000**	**Subtotal**	**$ 1,050,000**
3	**TAILINGS DISTRIBUTION AND RECLAIM WATER SYSTEMS**						
3.1	Tailings System						
a	Low Pressure Tailings Pipeline	m	$ 2,000	11,500	$ 23,000,000	9,400	$ 18,800,000
b	High Pressure Tailings Pipeline	m	$ 3,000		$ -	200	$ 600,000
c	Tailings Pump Station	LS	$ 10,000,000		$ -	1	$ 10,000,000
3.2	Cyclone Sand Plant and Discharge Works	LS	$ 5,000,000	1	$ 5,000,000		$ -
3.3	Reclaim Water System						
a	Low Pressure Reclaim System	m	$ 750	10,000	$ 7,500,000	2,000	$ 1,500,000
b	High Pressure Reclaim System	m	$ 1,500	400	$ 600,000		$ -
				Subtotal	**$ 36,100,000**	**Subtotal**	**$ 30,900,000**
	TOTAL including 50% Contingency				**$ 124,455,000**		**$ 132,709,500**

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TABLE 9

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES - SUMMARY

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Rev'd Feb/19/2008

	Item	Option A (Cyclone Sand)		Option Aa (Cyclone Sand)		Option A1 (Cyclone Sand)	
		Starter	Ongoing	Starter	Ongoing	Starter	Ongoing
1	Earthworks[2]	$ 45,325,000	$ 42,348,000	$ 46,550,000	$ 56,523,000	$ 33,061,000	$ 58,821,000
2	Surface Water Diversions	$ 1,370,000	$ -	$ 320,000	$ 1,050,000	$ 750,000	$ 1,060,000
3	Tailings Distribution and Reclaim Water Systems[3]	$ 63,925,000	$ -	$ 36,100,000	$ 30,900,000	$ 21,650,000	$ 24,650,000
	TOTAL including 50% Contingency	$ 165,930,000	$ 63,522,000	$ 124,455,000	$ 132,709,500	$ 83,191,500	$ 126,796,500
	Grand Total for Life of Mine		**$ 229,452,000**		**$ 257,164,500**		**$ 209,988,000**

	Item	Option A (Mine Waste)		Option Aa (Mine Waste)		Option A1 (Mine Waste)	
		Starter	Ongoing	Starter	Ongoing	Starter	Ongoing
1	Earthworks[2]	$ 45,325,000	$ 167,193,000	$ 46,550,000	$ 181,368,000	$ 33,061,000	$ 127,448,000
2	Surface Water Diversions	$ 1,370,000	$ -	$ 320,000	$ 1,050,000	$ 750,000	$ 1,060,000
3	Tailings Distribution and Reclaim Water Systems[3]	$ 58,925,000	$ -	$ 31,100,000	$ 30,900,000	$ 16,650,000	$ 24,650,000
	TOTAL including 50% Contingency	$ 158,430,000	$ 250,789,500	$ 116,955,000	$ 319,977,000	$ 75,691,500	$ 229,737,000
	Grand Total for Life of Mine		**$ 409,219,500**		**$ 436,932,000**		**$ 305,428,500**

	Item	Option B (Mine Waste)		Option C (Mine Waste)	
		Starter	Ongoing	Starter	Ongoing
1	Earthworks[2]	$ 14,381,000	$ 73,405,000	$ 35,598,000	$ 181,964,000
2	Surface Water Diversions	$ 21,250,000	$ 2,500,000	$ 9,525,000	$ -
3	Tailings Distribution and Reclaim Water Systems[3]	$ 27,225,000	$ 6,000,000	$ 57,500,000	$ -
	TOTAL including 50% Contingency	$ 94,284,000	$ 122,857,500	$ 153,934,500	$ 272,946,000
	Grand Total for Life of Mine		**$ 217,141,500**		**$ 426,880,500**

Notes:

1. These cost estimates are comparative only and are not meant to represent actual project costs.

2. Mine waste haul costs assume a 2.5 km free-haul, $0.40 per m^3 per km haul cost, and a $1.00 per m^3 placement cost. Local borrow is at $6.00 per m^3, and cyclone sand placement and compaction is estimated at $1.00 per m^3.

3. Tailings delivery pipeline costs are estimated at $ 2000 per metre and reclaim pipelines at $750 per metre.

4. Detailed cost breakdowns, including unit rates, are available upon request.

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TABLE 10

COPPER FOX METALS INC.
SCHAFT CREEK

TAILINGS STORAGE FACILITIES
PRELIMINARY OPTIONS COMPARISON

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Rev'd Feb/28/2008

		TSF Option				
		A	**Aa**	**A1**	**B**	**C**
Starter Embankment (2 Years)	Dam Crest Elevation for 74 Mt (masl)	835	890	890	1015	900
	Maximum Dam Height (m)	35	60	55	75	80
	Starter Dam Volume (Mm^3)[1]	2.2	3.5	2.5	4.4	4.562
	Storage Efficiency[3]	25:1	15:1	22:1	12:1	12:1
Ultimate Embankment	Dam Crest Elevation for 1000 Mt (masl)	930	930	940	1145	1015
	Maximum Dam Height (m)	130	130	120	205	195
	Final Dam Volume (Mm^3)[2]	24.0	26.1	24.0	42.0	36.6
	Storage Efficiency[3]	27:1	24:1	27:1	15:1	17:1
Comparative Initial Capital Expenditure (Millions)		$166	$124	$83	$94	$154
Comparative Ongoing Capital Expenditure (Millions)		$64	$133	$127	$123	$273
Water Management		Total Catchment Area = 36 km^2 **Good** - relatively small catchment with relatively gentle side slopes. Efficient diversion is possible.	Total Catchment Area = 36 km^2 **Good** - relatively small catchment with relatively gentle side slopes. Efficient diversion is possible.	Total Catchment Area = 47 km^2 **Good** - relatively small catchment with relatively gentle side slopes. Efficient diversion is possible.	Total Catchment Area = 86 km^2 **Very Poor** - relatively large catchment with steep side slopes and large glacier fraction. Efficient diversion would be difficult to achieve and maintain. River diversion works required.	Total Catchment Area = 58 km^2 **Poor** - relatively large catchment with steep side slopes and large glacier fraction. Efficient diversion would be difficult to achieve and maintain.
Operational Considerations		Far from mill and mine. Long haul distances for embankment construction with mine waste and long tailings delivery and reclaim water pipelines. Tailings booster pump station required at start of operations. Gravity drainage of tailings pipeline to TSF possible in an emergency.	Far from mill and mine. Long haul distances for embankment construction with mine waste and long tailings delivery and reclaim water pipelines. Tailings booster pump station not required at start of operations. Starter embankment is closer to mine than A. Gravity drainage of tailings pipeline to TSF possible in an emergency.	Far from mill and mine, but closer than A and Aa. Long haul distances for north embankment construction with mine waste. Some tailings delivery and reclaim water pipelines can be deferred to after start-up. Tailings booster pump station not required at start of operations. Starter embankment is closer to mine than A and Aa. Gravity drainage of tailings pipeline to TSF possible in an emergency.	Close to mill and mine. Short haul distance for embankment construction with mine waste. Long, high-pressure tailings pipeline. Gravity return of reclaim water. Large, high-head tailings pump station required at start of operations. Gravity drainage of tailings pipeline back to mill in an emergency, requires a large dump pond.	Far from mill and mine. long haul distance across Schaft Creek for embankment construction with mine waste. Long, high-pressure tailings pipeline across Schaft Creek. Large, high-head tailings pump station required at start of operations. Gravity drainage of tailings pipeline requires a large dump pond at low point of pipeline. Bridge crossing of Schaft Creek necessary.
Geo-Hazards		Moderate	Moderate	Moderate	Very High	High
Other		Possibility of Karst formations underlying southeast portion of facility	Possibility of Karst formations underlying southeast portion of facility	Possibility of Karst formations underlying southeast portion of facility	-	-

Notes:

1. *Starter embankment constructed as a full section water retaining dam with upstream and downstream slopes at 2:1.*
2. *Ultimate embankment built using centreline construction with downstream slope at 2.5:1, excludes starter embankment.*
3. *Storage Efficiency is the ratio of stored tailings to the required embankment fill volume.*
4. *Distance along a haul road from the rim of the pit to the centroid of the main embankment.*
5. *Costs quoted for each option assume embankment construction undertaken with the most cost effective materials, i.e. A, A1, and Aa northern embankments with cyclone sand.*

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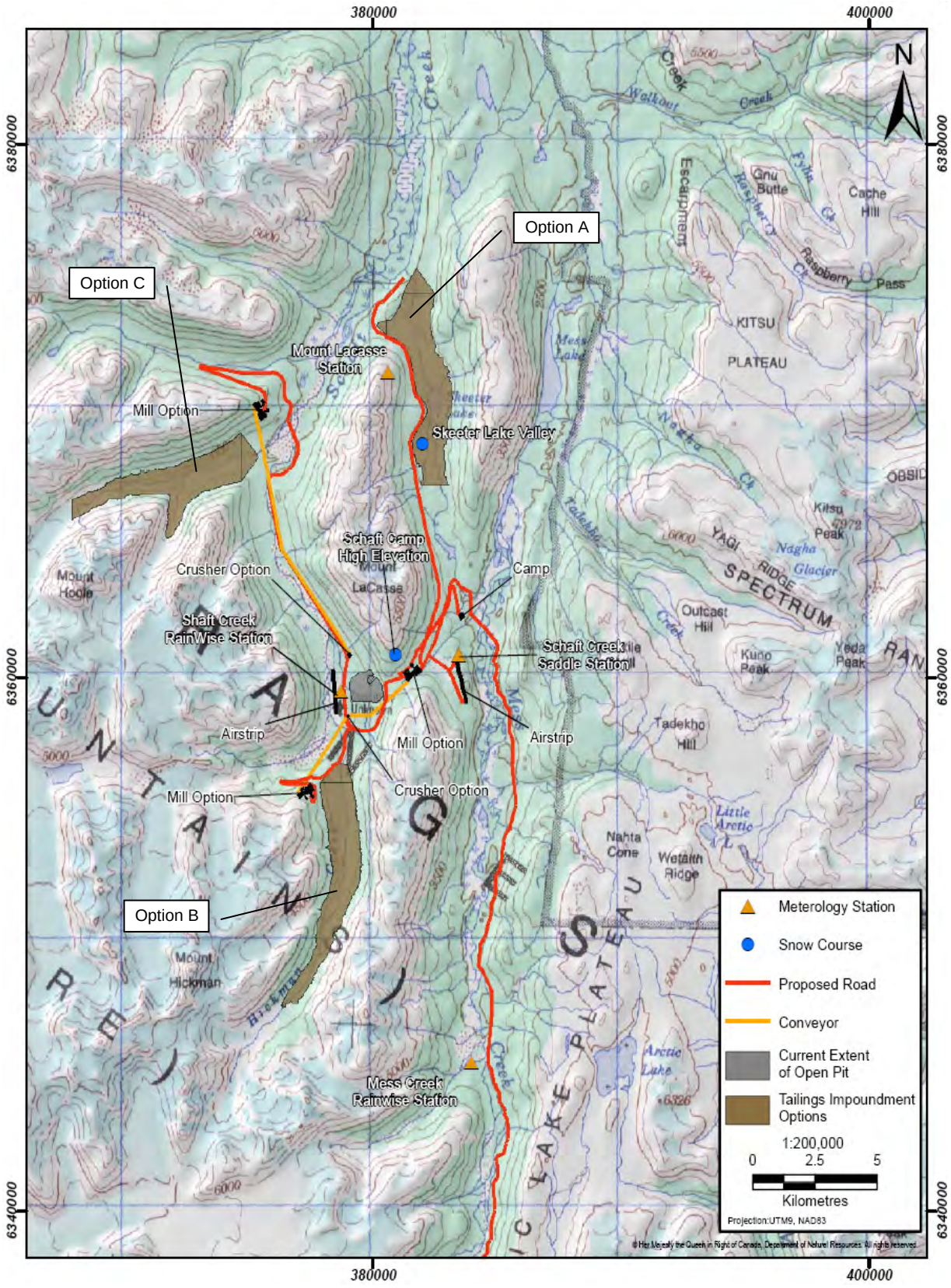

Note:

1. Figure taken from 'Schaft Creek Project 2006 Hydrology Baseline Report', prepared by Rescan Tahltan Environmental Consultants for Copper Fox Metals Inc. in March 2007.

COPPER FOX METALS INC.		
SCHAFT CREEK PROJECT		
TAILINGS STORAGE FACILITY GENERAL OPTIONS		
Knight Piésold CONSULTING	PROJECT / ASSIGNMENT NO. VA101-00329/03	REF NO. VA08-00390
	FIGURE 1	REV. 0

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377 500
382 500
385 000
390 000
6 360 000
6 362 500
6 365 000
6 367 500
6 370 000
6 372 500
N

Non-Reactive Waste Rock Storage Area

1000 Mt Pit

Plant Site El. 1150

Non-Reactive Waste Rock Storage Area

Reclaim Water Pipeline

Tailings Delivery Pipeline

Seepage Collection Ponds, typ.

South Embankment Final El. 930

Catchment Boundary, typ. Area = 36km²

Diversion Ditch, 0.5%

Tailings Booster Pump Station

Tailings Head Tank

Tailings Discharge, typ.

West Embankment Final El. 930

North Embankment Final El. 930

Initial Reclaim Barge

Reclaim Barge

Beach

Starter Embankment El. 835

Potentially Reactive Waste Rock Storage Area

Pond

2 Year Storage for 74 Mt

Final Storage for 1000 Mt

Diversion Ditch, 0.5%

Scale 1:40,000

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COPPER FOX METALS INC.

SCHAFT CREEK

TAILINGS STORAGE FACILITY OPTION A

Knight Piésold CONSULTING

PROJECT/ASSIGNMENT NO. VA101-00329/03

REF. NO. VA08-00390

FIGURE FIGURE 2

REV. B

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N

377 500

382 500

385 000

380 000

6 360 000

6 362 500

6 365 000

6 367 500

6 370 000

6 372 500

Non-Reactive Waste Rock Storage Area

1000 Mt Pit

Plant Site El. 1150

Non-Reactive Waste Rock Storage Area

Reclaim Water Pipeline

Tailings Delivery Pipeline

Catchment Boundary, typ. Area = 36 km²

Diversion Ditch, 0.5%

Tailings Booster Pump Station

Tailings Head Tank

Tailings Discharge, typ.

West Embankment Final El. 930

North Embankment Final El. 930

Seepage Collection Ponds, typ.

Reclaim Barge

Initial Tailings Discharge Line

Beach

South Embankment El. 930

Potentially Reactive Waste Rock Storage Area

Starter Embankment El. 890

2 year Storage for 74 Mt

Final Storage for 1000 Mt

scale 1:40,000

COPPER FOX METALS INC.

SCHAFT CREEK

TAILINGS STORAGE FACILITY
OPTION Aa

Knight Piésold CONSULTING

PROJECT/ASSIGNMENT NO. VA101-00329/03

REF. NO. VA08-00390

FIGURE FIGURE 3

REV. A

REV. A | 20Feb'08 | ISSUED FOR INFORMATION ONLY

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VANCOUVER B.C.

377 500

6 360 000

6 362 500

6 365 000

6 367 500

6 370 000

6 372 500

N

380 000

382 500

385 000

Potentially Reactive Waste Rock Storage Area

1000 Mt Pit

Catchment Boundary, typ.
Area = 47 km²

Plant Site
El. 1150

Reclaim Water Pipeline

Initial Tailings Delivery Pipeline Limit

Diversion Ditch, 0.5%

Tailings Discharge, typ.

Tailings Booster Pump Station

Tailings Head Tank

North Embankment
Final El. 940

Seepage Collection Ponds, typ.

Tailings Delivery Pipeline

2 year Storage for 74 Mt

Non-Reactive Waste Rock Storage Area

Reclaim Barge

Starter Embankment El. 890

Seepage Collection Pond, typ.

South Embankment Final El. 940

Pond

Final Storage for 1000 Mt

Beach

Diversion Ditch, 0.5%

Potentially Reactive Waste Rock Storage Area

scale 1:40,000

REV. B | 20Feb'08 | ISSUED FOR INFORMATION ONLY

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COPPER FOX METALS INC.

SCHAFT CREEK

TAILINGS STORAGE FACILITY OPTION A1

Knight Piésold CONSULTING

PROJECT/ASSIGNMENT NO. VA101-00329/03 | REF. NO. VA08-00390

FIGURE **FIGURE 4** | REV. B

375 000
6 347 500
6 350 000
6 352 500
6 355 000
6 357 500
6 360 000
377 500
380 000
382 500
N
Diversion Structure Required Upstream
Catchment Boundary, typ. Area = 86km²
Pond
Diversion Ditch or Pipeline, 0.5%
Final Storage for 1000 Mt
Reclaim Water Pipeline
Beach
Starter Embankment El. 1015
Potentially Reactive Waste Rock Storage Area
Reclaim Water Head Tank
Reclaim Barge
Seepage collection Pond, typ.
Non-Reactive Waste Rock Storage Area
Diversion Ditch or Pipeline, 0.5%
Final Embankment El. 1145
Plant Site El. 950
2 year Storage for 74 Mt
Tailings Head Tank
Tailings Discharge, typ.
Tailings Delivery Pipeline
Tailings Pump Station
1000 Mt Pit
Non-Reactive Waste Rock Storage Area
1800
1700
1600
1500
1400
1300
1200
1100
1000
900

scale 1:40,000

REV. B 20Feb'08 ISSUED FOR INFORMATION ONLY

COPPER FOX METALS INC.

SCHAFT CREEK

TAILINGS STORAGE FACILITY OPTION B

Knight Piésold CONSULTING

PROJECT/ASSIGNMENT NO. VA101-00329/03 | REF. NO. VA08-00390

FIGURE FIGURE 5 | REV. B

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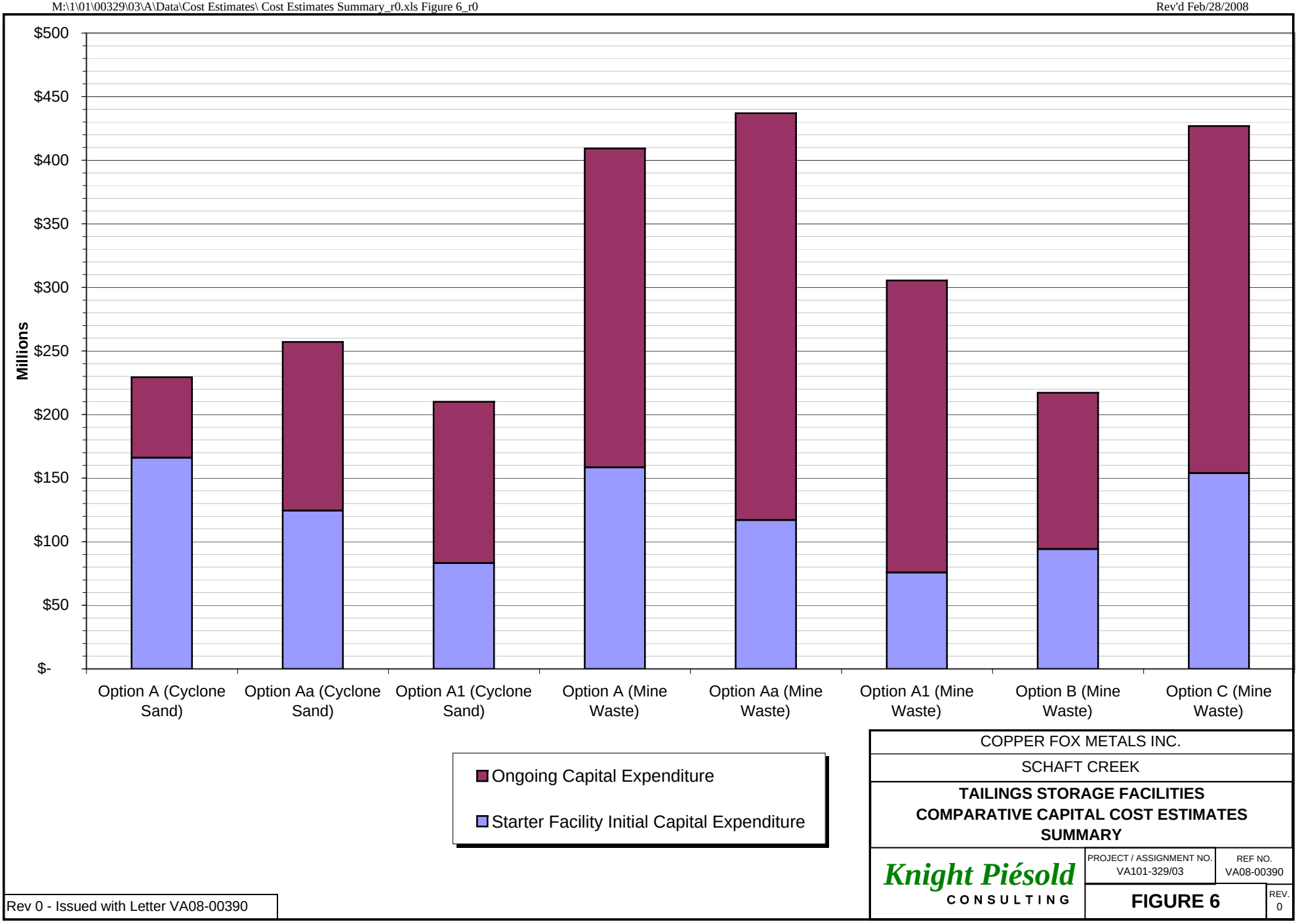

COPPER FOX METALS INC.

SCHAFT CREEK

TAILINGS STORAGE FACILITIES
COMPARATIVE CAPITAL COST ESTIMATES
SUMMARY

Knight Piésold CONSULTING

PROJECT / ASSIGNMENT NO. VA101-329/03

REF NO. VA08-00390

FIGURE 6

REV. 0

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