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November 6, 1991

Project Number 60619

Curragh Resources Ltd.

Box 1000

Faro, Yukon

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Attention: Leo Hwozdyk

Dear Leo:

RE: OCTOBER 23, 1991 SITE VISIT

This letter is a record of the site visit conducted by J. Mathis of SRK on October 23, 1991 to your underground mining operation at Faro. It has been almost eight months since the last site visit (March 5, 1991) which is too long. Site visits should be conducted on a quarterly basis, at the minimum, if any continuity is to be kept between the site visit reports.

This report will cover:

- general comments on the underground walk-through
- pillar inspection

Underground Visit

A walk-through of the underground workings was conducted during this visit. No changes in overall stability were noted since the last site visit. In general, openings appear quite stable, even in areas where pillars have been cut, such as the South B area. Large pieces of loose rock have, however, developed in the ribs of openings which have not been mined for some time. These may be dangerous if the areas are mined on retreat. Therefore, areas should be inspected, scaled, and reinforced if necessary, before renewed mining takes place. Bolting appears to be more systematic in the newer headings than was noted previously.



Pillars have not been supported as recommended as per letter report June 27, 1990. It was there stated that "where pillar walls become inaccessible, due to orebody thickness, they must be supported." This may well cause problems if pillars are to be slashed on the retreat as no support is available to restrain blocks above the mining cut. In addition, the lack of support reduces the overall strength of the pillar, dictating a corresponding increase in pillar diameter.

At least one pillar was noted with a crosscutting fault. Such pillars tolerate only a fraction of the design load before failure. This means that pillars which have such crosscutting features must be increased in thickness to correspond to their lower strength. In addition, if pillars are cut smaller than planned, then adjacent pillars must be increased in size (cut bigger) in order to carry the expected overburden load at that designated safety factor.

According to a discussion with Fox Geological personnel, the southernmost reaches of the South orebody differ significantly from much of the remainder of the South area in that the hanging wall is not composed of graphitic quartzite. It is, instead, white mica schist. This material is very weak and will not allow a large mining span. It is recommended that, in these areas, a minimum thickness of competent sulphide ore should be left in the back (say 4 to 6 feet, reference SRK letter October 1, 1990). This is especially critical if the ore thickness allows benching as the back cannot be accessed for supplementary reinforcement. Support procedures must correspond to the conditions encountered in the immediate back. If a 5-6 foot thickness of sulphides is left in the back, a pattern support system consisting of grouted rockbolts (minimum 10 foot length) should be installed (reference SRK letter June 27, 1990). Faults and jointing should be considered when laying out the support system. Room width can also be modified to take into account unfavorable structure.

Possible stress fracturing (onion-skinning) was noted around one of the drifts in the North orebody. This, if it exists, is evidence of relatively high vertical stresses. The condition cannot be noted from inside an opening as the fracturing is concentric with the opening's surface. In such a situation, slabs may develop above an opening without being apparent to the miner below.

Pillar Inspection

According to discussions with Fox Geological personnel, pillar inspections have only been done on a random, sporadic basis, with none being conducted as of late. The need for pillar and back inspections has been stated and reiterated in most, if not all, of the letters concerning the Faro underground operation. For example, in SRK letter report date October 1, 1990, the statement made is, "In the absence of an

accurate pillar design relationship there must be a regular inspection program and a set of carefully considered responses should pillar failure be indicated." This statement is even more relevant now than then as a greater area has been excavated by mining and retreat mining is being contemplated. If a regular monitoring program is not implemented for both the pillars and the open rooms, no baseline data will be available for retreat mining. This has the simple implication that we will not know if stability conditions are deteriorating in the mining areas.

An example of what should be noted during pillar inspection is indicated in Plates 1 and 2. Both photographs were taken during the current site visit. Plate 1 is a photograph of a pillar in the North B ramp. Several items may be noted from examining this picture:

- diagonal fault through pillar. Pillar is likely only supporting itself
- lack of bolting. Two split-sets are visible in the pillar, with both being ineffective.
- lack of monitoring. No paintlines or other methods to indicate possibly dangerous pillar movement.
- breasting conducted adjacent to pillar without proper pillar support or pillar monitoring.

Plate 2 shows the pillar adjacent to that shown in Plate 1. Note that:

- pillar is curved in the vertical plane. Load line falls near one edge, decreasing stability.
- no pillar or back monitoring
- no pillar support
- active breast face (note trunklines) adjacent to pillar which cannot be scaled (too high) and is not monitored for stability.

Conclusions

A pillar and back monitoring program was suggested in the October 1, 1991 SRK letter. This program should be implemented immediately. This should be summarized in a written record with associated maps. Monitoring will be necessary on retreat mining in order to insure safe mining conditions exist in the mining areas.

In addition, it is recommended that several drillholes be placed in the large spans between pillars in, for example, the South B area. These holes can then be examined with a borescope to confirm if stress fracturing/delamination is occurring in the rock above the open rooms. They can also be monitored

Curragh Resources Ltd.
November 6, 1991
Page 4

periodically for changes denoting a change in the stress field around the openings. Assistance can be provided for locating the holes and determining the lengths of the holes, if required.

Yours truly,

STEFFEN, ROBERTSON AND KIRSTEN (B.C.) INC.

A handwritten signature in cursive script, reading "James I. Mathis". The signature is written in dark ink and is positioned above the printed name.

James I. Mathis

JIM/065

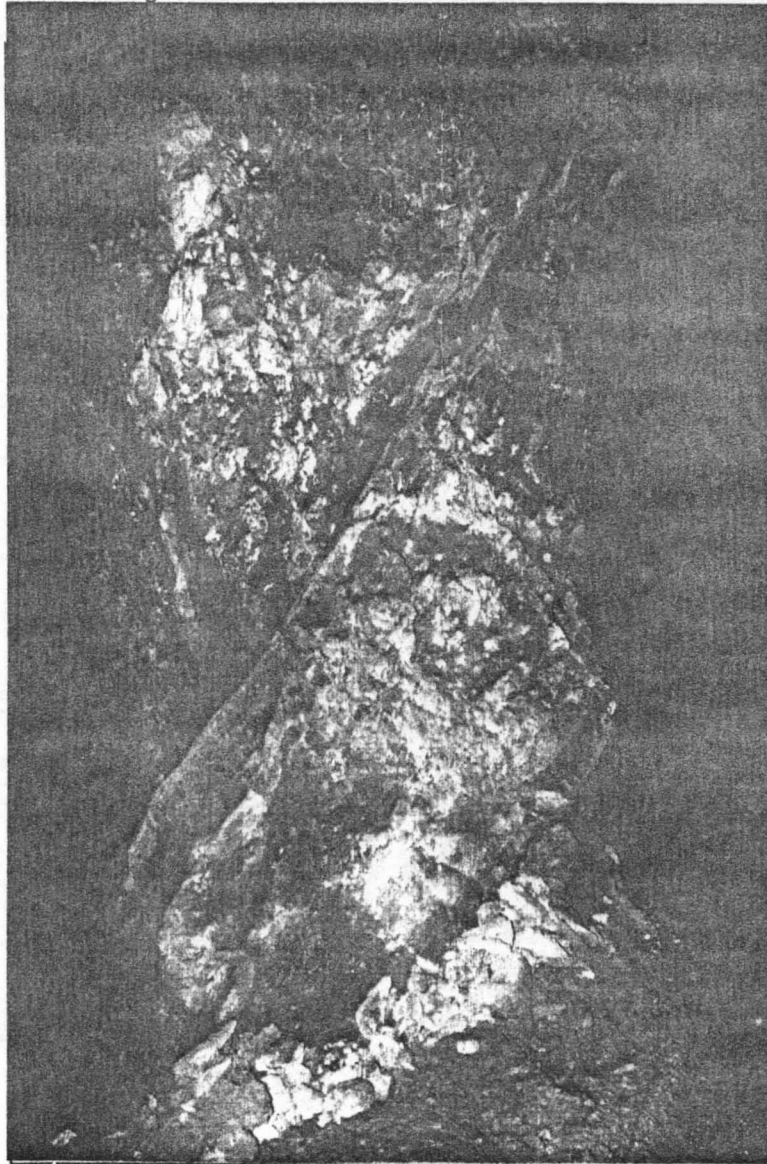


Plate 1

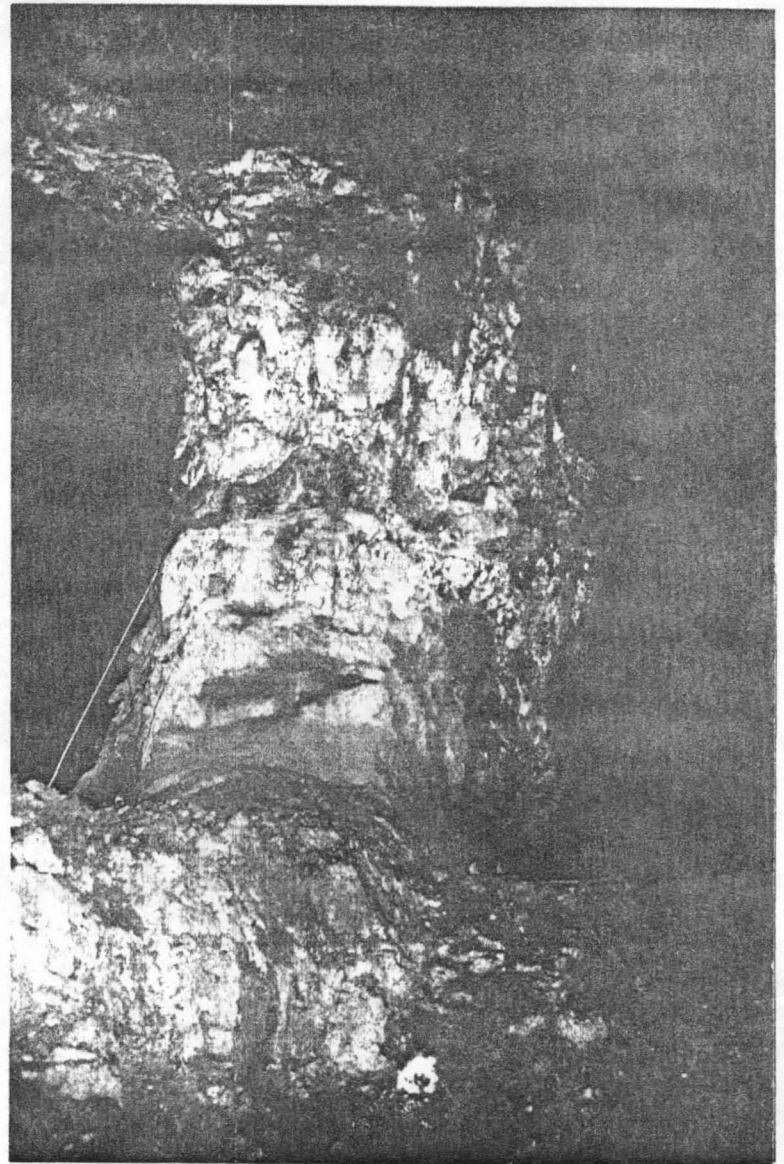


Plate 2