

003721

COPY

CURRAGH RESOURCES INC.
EXPENDITURE (AFE) PROPOSAL

AFE No. J84005

Division: WHITEHORSE
Department: EXPLORATION

Capital
Operating
Tax Classification

Nature and Purpose of Expenditure: Drilling of approximately 10 holes to confirm B-zone continuity and grade, and test upper horizon near proposed decline. Total footage about 28,300 feet (8.625 metres)

TYPE OF EXPENDITURE:
Development
Replacement
Expansion
Cost Reduction
Priority Code (see reverse) 1
Priority

ITEM OR ACTIVITY	NEW PROPOSAL <input checked="" type="checkbox"/>		CARRY-OVER <input type="checkbox"/>	
	PROPOSED SPENDING			
	Detail Schedule attached Y <input checked="" type="checkbox"/> N <input type="checkbox"/>			
	19 90	Subsequent Years 91	Total	Budgeted 19 90
Drilling 28,300 feet, geological support, coreboxes, supplies, room and board, test equipment, surveying, engineering support, drillhole equipment, sampling and assays.	\$1,565,400	\$12,000	\$1,577,400	\$0
Planned submission date <u>Nov 9/90</u> Approval required by <u>Nov 15/90</u> Timing of Spending <u>Nov/90-Jan/91</u>	\$1,565,400	\$12,000	\$1,577,400	\$0
Escalation included _____ % Lead Time _____ (months)	Attendant Expense \$ _____		Full <input type="checkbox"/>	Estimated <input type="checkbox"/>

Economic Justification: Improve confidence in reserves and provide detail for mine and mill planning.
(ROR, + Pay-Back, or Others) _____

Approval/Review	Date	Approval Required
Sponsor _____	_____	X
General Manager _____	_____	X
Controller _____	_____	X
Chief Financial Officer _____	_____	X
Executive VP. Mining _____	_____	X
President & C.O.O. _____	_____	X
Chairman & C.E.O. _____	_____	X

Job #: _____ Home Account: _____

PROPOSAL

Fill-in drilling in the zinc rich B-zone of the Dy deposit, and an upper ore horizon near the proposed decline. These holes will enhance certainty of reserves in areas slated for initial production. The drill density in these areas will be roughly doubled.

PROBLEM DEFINITION

Sparse drilling of the deposit raises questions on the reliability of reserve estimates in the early production area of Dy. It is unlikely that the deposit would not contain global reserves sufficient for production, however there is a greater risk that a small part of the deposit will contain the expected reserves. Thus increased information is needed as the decision becomes more focused.

BENEFITS

The additional drilling will improve confidence in reserves and provide further detail for early mine and mill planning as the decline advances. If the upper zone proves suitable for initial production, then the decline option is strengthened, and the certainty of 1991 ore from the Dy deposit is increased.

EFFECT OF NON-EXECUTION

There is a risk that the B-zone may not prove suitable for initial production either from a continuity or metallurgical viewpoint. The large investment to access this specific zone could be misdirected without further confirmation.

ALTERNATIVE SOLUTIONS

Proceed with available information and commit large expenditures with less certainty of local reserves. Multiple drill intersections from a common hole are being considered once feasibility has been established on the shaft pilot hole.

DETAILED COSTS

Drilling

- 10 holes totalling 28,300ft @\$30.00/ft	\$849,000
- 10% contingency	\$84,900
- cat for moves, roads and set-up(2 months @\$6,000/mo)	\$12,000
- water truck (2 months @\$12,500/mo)	\$25,000
- mobilization & demobilization	\$5,000
- fuel	\$45,000
- cementing @\$10,000/hole	\$100,000
- stabilization (core barrels)	\$35,000
- sperry-sun and water testing (5 days/hole)	\$125,000

Surveyors

- 10 days @\$1,200/day	\$12,000
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Drillhole deviation gyroscopic surveys (10 holes @\$5,500/hole)	\$55,000
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Hydrology Engineers	\$35,000
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Geologists (2)

- wages (3 months)	\$27,000
- room and board (3 months)	\$5,400
- truck rental (3 months)	\$3,600

Core storage for 40,000 ft.	\$25,000
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Sampling and Assays

- assays (500 samples @\$50/sample)	\$25,000
- sample freight	\$2,500
- supplies (bags,pails,core boxes)	\$15,000
- core technician (2 months)	\$6,000
- metallurgical testing	\$75,000

Electric power for core shack	\$10,000
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TOTAL	\$1,577,400
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PROJECT EXPENDITURE FLOW

ITEM	NOV/90	DEC/90	JAN/91	TOTAL
DRILLING	\$640,450	\$640,450	\$0	\$1,280,900
GYROSCOPE SURVEYS	\$27,500	\$27,500	\$0	\$55,000
SURVEYING	\$6,000	\$6,000	\$0	\$12,000
HYDROLOGY	\$17,500	\$17,500	\$0	\$35,000
GEOLOGISTS	\$12,000	\$12,000	\$12,000	\$36,000
SAMPLES/ASSAYS	\$50,500	\$73,000	\$0	\$123,500
CORE STORAGE	\$25,000	\$0	\$0	\$25,000
CORESHACK POWER	\$10,000	\$0	\$0	\$10,000
TOTAL	\$788,950	\$776,450	\$12,000	\$1,577,400

