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CURRAGH RESOURCES INC.

Inter-Office Memorandum

TO: C.K. Benner
President, Operations
Toronto Office

FROM: Gregg A. Jilson
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RE: Dy Mineral Inventory



DATE: 03 27 1992

Enclosed you will find a report documenting a new mineral inventory calculation for the Dy deposit. This inventory takes into account all drilling in the deposit from 1989 to 1991. The inventory is broken down into several portions which correspond to 1) three areas of the main ore layer (the AB zone) with varying certainty of drill definition and 2) mineralization above and below the main ore layer. The inventory was completed using three different lead plus zinc cutoff grades over a minimum 3.5m width. The total undiluted, in situ inventory, classified into probable and possible, is given below:

	Tonnes	Pb+Zn(%)	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)
9% Pb+Zn Cutoff						
Probable	13,133,000	12.58	5.71	6.87	83.1	0.86
Possible	<u>8,223,000</u>	<u>13.33</u>	<u>5.27</u>	<u>8.06</u>	<u>78.0</u>	<u>0.87</u>
Total	21,356,000	12.87	5.54	7.33	81.1	0.87
8% Pb+Zn Cutoff						
Probable	14,985,000	12.06	5.43	6.63	80.0	0.87
Possible	<u>9,962,000</u>	<u>12.47</u>	<u>4.89</u>	<u>7.58</u>	<u>73.6</u>	<u>0.82</u>
Total	24,947,000	12.22	5.21	7.01	77.4	0.85
6% Pb+Zn Cutoff						
Probable	24,949,000	12.70 7	4.21	5.49	63.0	0.67
Possible	<u>16,606,000</u>	<u>10.05</u>	<u>3.98</u>	<u>6.07</u>	<u>60.2</u>	<u>0.59</u>
Total	41,555,000	9.84	4.12	5.72	61.9	0.65

I have modified this report to conform to the SEC definition of reserve. What was formerly referred to as a "geological reserve" is now termed a "mineral inventory". This has been done to avoid inadvertent quotation of reserve figures out of the proper context.

The 9% Pb+Zn cutoff result is not materially different from the previous calculation by Cyprus Anvil upon which the official reserve quoted in 10K's and the prospectus is based.

Since there is no mine plan developed from this mineral inventory it will not be possible to replace the previous official reserve and still adhere to SEC definitions and usage. I have attached tables of the mineral inventory in excess of the reserve at a 8 and 9% Pb+Zn cutoff grade.

Once this project becomes active again a new mine plan should be developed in conjunction with a geologist from exploration to ensure that structures are not oversimplified. Cutoffs lower than 9% should be examined for viability as the deposit tonnage is quite sensitive to lower cutoff grades.

The Dy project invites comparison to the Faro underground however there are many important differences - Dy is more like Grum. Mining conditions at Dy will only locally be similar to the Faro underground. At Dy this will occur on fold limbs, however in fold noses more steeply dipping zones will be encountered. Probably only half the ore will be on fold limbs. In the nose areas however, thicker, more massive, high grade ore can be expected compared to the experience at Faro underground. Faulting will be as important at Dy as it was at Faro underground. Phyllites at Dy will not likely be as competent as the schists at Faro but will be more like the phyllites at Grum (CMD has experience there). Traction on these phyllites will be poor and road surfacing will be required for the steep proposed decline.

Other recommendations outlined in the report include:

- Required fill-in drilling in the B Zone should be outlined in detail.
- The underground workings will be intermittently wet as faults are encountered. The decline schedule and water control provisions should take cognizance of this. At half the decline length inflows of 150 gpm may well be routine. The current proposal is based on approximately one-tenth this inflow (68 l/m = 14 igpm).
- Due to the weakness of the shallowly dipping metamorphic foliation (fissility or parting) large horizontal openings may prove to be problematic especially near faults.
- If a shaft is proposed near the centre of the deposit then it is strongly recommended that a cross cut be driven from the B Zone workings to the shaft site and sufficient drifting and drilling be done to thoroughly

understand the structure and geomechanics of the proposed site.

- Dy is in a very sensitive environmental position in that the decline portal overlooks an important salmon spawning stream (Blind Creek) - it will be necessary to have good interaction between the mining contractor and Curragh's environmental staff. Simple water treatment may be required once the B Zone is encountered. Rock waste management and surface facility runoff will have to be effectively managed. Permitting requirements for Dy, by the time the project is ready to go, may be far more stringent than they are today. This may impact the project schedule if ground work on environmental issues is not implemented early.
- Metallurgical work at Dy has been encouraging but very preliminary. If more test work on drill core is planned than the core should be sampled and frozen as the latest core has already experienced one or two summers of weathering.
- Pelly River Mines, a company 71.4% owned by Curragh, has a small interest in part of the Dy reserves. In the past, Pelly River Mines has contributed to Cyprus Anvil's costs of exploring Dy. Appropriate notice will have to be given if we expect to recover their portion of costs. The particulars of notice, and PRM's share of costs, should be worked out in advance of the reactivation of the project. Ian Shaw will bring up at Pelly River Mines annual meeting on April 20th.
- Nothing seen in the drilling has changed the notion that the B Zone is high grade and zinc rich and represents an appropriate target for early development.

Curragh Resources Inc.-Mineral Inventory-Dy Deposit-Jan. 1,1992

27-Mar-92

zone	class	tons	tonnes	Pb+Zn (wt %)	Pb (wt %)	Zn (wt %)	Ag (oz/t)	Au (oz/t)	Ag (g/t)	Au (g/t)
At a 8% cutoff overall but 9% for mine reserve										
Mine in-situ - A & B sub-zones	probable	12,456,000	11,300,000	12.66	5.82	6.84	2.42	0.027	83.0	0.94
Additional inventory, AB Zone	probable	4,062,000	3,685,000	10.22	4.23	5.99	2.07	0.019	70.8	0.66
Additional inventory, AB Zone	possible	7,408,000	6,720,000	12.59	4.84	7.75	2.14	0.023	73.4	0.80
AB extension	possible	2,308,000	2,094,000	13.39	5.28	8.11	2.32	0.027	79.4	0.94
Above AB	possible	669,000	606,500	10.27	4.96	5.31	1.90	0.022	65.2	0.74
Below AB	possible	597,000	541,900	9.78	3.91	5.88	1.83	0.018	62.9	0.63
Total additional inventory		15,044,000	13,647,400	11.86	4.71	7.15	2.12	0.023	72.8	0.77
Total Mineral Inventory		27,500,000	24,947,400	12.22	5.21	7.01	2.26	0.025	77.4	0.85
At a 9% cutoff										
Mine in-situ - A & B sub-zones	probable	12,456,000	11,300,000	12.66	5.82	6.84	2.42	0.027	83.0	0.94
Additional inventory, AB Zone	probable	2,021,000	1,833,000	12.09	5.03	7.05	2.42	0.011	83.0	0.37
Additional inventory, AB Zone	possible	5,940,000	5,389,000	13.62	5.26	8.36	2.28	0.025	78.0	0.85
AB extension	possible	2,099,000	1,904,000	13.92	5.52	8.40	2.39	0.029	82.0	0.98
Above AB	possible	669,000	607,000	10.27	4.96	5.31	1.90	0.022	65.0	0.74
Below AB	possible	356,000	323,000	10.79	4.50	6.29	2.19	0.026	75.0	0.89
Total additional inventory		11,085,000	10,056,000	13.10	5.23	7.88	2.30	0.023	78.8	0.78
Total Mineral Inventory		23,541,000	21,356,000	12.87	5.54	7.33	2.36	0.025	81.0	0.87