

B.D.



Curragh
Resources Inc.

005039

P.O. Box 1000
Faro, Yukon
Y0B 1K0
Tel: (403) 994-2600
FAX: Admin: (403) 994-2664
Purch: (403) 994-3184

January 24, 1991

Dr. Michel Dagbert
Geostat International Inc.
4384 rue St. Hubert, Suite 1,
Montreal, Quebec
H2J 2X1

Dear Sir:

We are planning to do some ore definition drilling on our Grum orebody shortly. Before new ore reserves are calculated we would like some geostatistical information about the ore zone, primarily to determine which grade interpolation method to use. Can you tell us:

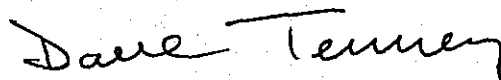
1. What error range could be expected from grade predictions based on the current drill hole spacing (200' x 50'). As for the Faro pit these should be calculated for tonnages equivalent to one months production (say 400,000 tonnes), a quarters production, and one years production.
2. What difference would a drill hole spacing of 100' x 50' make to the above error estimates.
3. What diamond drill hole density would be required to give +/- 2% error for annual grade estimates.
4. Is there a distance weighting technique we could use to calculate reserves for the Grum orebody which would give equivalent results to Kriging? (You should remember that we are very interested in the accuracy of quite local grade estimates - say 20,000 tonnes - and that if Kriging gives better results for these local grade estimates then we should use Kriging in preference to a distance weighing method).
5. If we krige the ore reserve, could a bias created by data clustered around the underground workings be avoided?

Data Available:

- 1) PC-XPLOR Database for drill holes.
- 2) 6m (bench) composites for grade.

There is, of course, no blasthole database, as stripping, although started, is not significantly advanced. Could you give me an estimated cost for this project, and the time you think it will take to complete.

Yours truly,
CURRAGH RESOURCES INC.



Dave Tenney
Chief Geologist

DT:cc