

CURRAGH RESOURCES
FARO MINE START-UP

006762

MONTHLY PROGRESS REPORT NO. 9
(period ending August 31, 1986)

CURRAGH RESOURCES
MONTHLY PROGRESS REPORT

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1.0 EXECUTIVE SUMMARY

1.0 EXECUTIVE SUMMARY1.1 General

A strong improvement in mill performance and the successful loading of the second shipload of Curragh concentrates were the highlight of the month. Furthermore, in spite of extremely adverse weather conditions with record-breaking rainfalls during August, mining operations continued with great consistency throughout the month. Concentrate production increased from 20,000 tonnes in July to almost 32,000 tonnes in August.

The 1986 production and shipping schedule is shown on the following table.

1986 PRODUCTION AND SHIPPING SCHEDULE

(Updated September 1, 1986)

(000's DMT)

	<u>Waste</u> (Incl. L.G.)	<u>Ore</u> (H.G.)	<u>Oxide</u> <u>Stockpile</u>	<u>Mill</u> <u>Feed</u>	<u>Production</u>	<u>Shipments</u>
<u>To Date</u>	13,928	698	-	604	59.9	48.3
September	2,474	96	264	360	36.0	30.5
October	2,524	403	-	403	41.3	33.7
November	2,598	390	-	390	45.6	56.0
December	2,604	317	86	403	43.8	56.0
<u>Total</u>	<u>24,128</u>	<u>1,904</u>	<u>350</u>	<u>2,160</u>	<u>226.6</u>	<u>224.5</u>
Previous						
<u>Total</u>	<u>24,658</u>	<u>1,964</u>	<u>323</u>	<u>2,159</u>	<u>229.4</u>	<u>223.0</u>
Net						
Change	(530)	(60)	27	1	(2.8)	1.5

1.1 General cont'd...

The 1986 waste forecast has been decreased by the amount of the shortfall in August. Although the high grade ore target for August was achieved, there will be a shortfall in the remaining months of 1986. This shortfall will partially be compensated by an increased usage of the oxide stockpile.

Mill feed tonnage has remained unchanged for 1986, but due to drops in the head grade and projected recoveries, the total concentrate production has been decreased by 1.2%, or 2,800 DMT. However, concentrate shipments are up slightly due to additional sales to Australian customers and closing the margin between production and sales.

1.2 Mine Operations

During the month, 1,783,725 tonnes of waste, 263,290 tonnes of ore and 14,460 tonnes of low grade stockpile ore totalling 2,061,475 tonnes were moved from the mine., A further 42,000 tonnes of waste was dumped back, into the pit for road building purposes. Year-to-date the mine has moved 13,770,144 tonnes of waste compared to the plan of 14,919,970 tonnes and recovered 721,973 tonnes of combined ore versus 1,049,844 tonnes planned.

Mine production was severely affected by wet pit conditions, low equipment availabilities and a shortage of skilled trades. Rainfall was four times higher than normal for the month of August, resulting in extremely muddy and rough road conditions. Mechanical availability on shovels was 66.3 percent, while that for trucks was 68.6 percent.

Contract maintenance trades are being brought in to assist the Mine Maintenance staff in running repairs. Equipment availabilities of 82 percent for shovels and 75 percent for trucks are required to meet the mine plan. Since truck availability has generally been the limiting factor an additional two Wabco trucks are also being activated.

1.3 Mill Operations

During August, 287,654 tonnes of ore were processed to produce 10,270 tonnes of lead concentrate grading 54.4 percent lead and 21,292 tonnes of zinc concentrate grading 50.6 percent zinc. Year-to-date production is 22,160 tonnes of lead concentrate and 37,714 tonnes of zinc concentrate which is 13.0 percent below the January 1986 plan. Throughput on a year-to-date basis is 604,000 DMT versus 490,000 DMT in the January plan.

Although the mill performance was much improved over July, lead grades and recoveries are still lower than forecast. Changes in ore types, mechanical reliability and inexperienced operation personnel are the most evident problem areas. Consulting metallurgists were on site to assist the mill staff in sorting out the grade-recovery problems. Every effort is being made to obtain the required maintenance personnel to improve the mill mechanical reliability.

1.4 General

At month's end there were 406 persons on site as compared to 439 at the end of July. The decrease in personnel was associated with the closure of the Jomini camp and the reduction in support staff. Approximately 20-25 persons quit for personal reasons when the camp closed. Now that the camp is closed, it is expected that those hired will adopt a more permanent attitude and turnover will decrease in the months ahead.

There were three lost time accidents during the month resulting in a frequency rate of 32.8 for the month and 47.0 year-to-date. Eye injuries are the most frequent type of injury and more effort is being put on this area.

1.4 General cont'd...

The materials and accounting systems have not performed up to requirements due to lack of skilled manpower and computer system inadequacies. A decision has been made to upgrade the computer hardware and purchase a new M.I.S. software package. New hardware will be on site by mid-September. B.B.J., an experienced vendor will be on site in early September to begin the new system implementation. Additional accounting staff will soon be on site to assist in getting this important function back on track.

1.5 Concentrate and Backhaul Transport

During the month of August, 33,303 WMT of concentrate were transported by 699 B-train trips at a cost of \$37.34 per WMT. At present, the B-train fleet has a capacity of 1150-1300 WMT per day. Ultimately, as the return trip cycle time is reduced to about 22 hours with no shuttle point, the fleet capacity should increase to 1500-1700 WMT per day.

Only minor modifications to the Faro loadout facility relating to winterization and performance improvements, remain to be done at this time. The lime and soda ash unloading system modifications should be installed and operating by mid-September. The new air compressor and related piping changes should alleviate the unloading problems with these bulk reagents.

Changes to the concentrate containers and lids have been completed for those units still in the process of manufacture. Retrofit of 33 containers delivered prior to the design changes, is scheduled for October. At present, there are 30 complete B-train units in operation. The remaining 10 units will be in service by the end of September.

Negotiations between Yukon Alaska Transport and the State of Alaska for the use of 160,000 lbs. GVW vehicles on the Alaska portion of the Klondike Highway, have once again been completed. The shuttle point will be moved from Fraser, B.C., to a temporary location 10 miles outside Skagway, for a period of 3-4 months. After the road and bridge construction upgrade has been completed in January 1987, the shuttle point will be eliminated.

1.6 Geology and Engineering

A new Faro model was made during August. Due to time constraints the model is not as refined as possible, but will provide more reliable local estimation of reserves once interpolation procedures are established. Preliminary reserves will be ready by the first week in September.

Pit mapping and logging 2700 feet of new drill core for the Faro pit was completed during August. A final report on this work has been written. Although not analysed in detail yet, the drill results do not indicate major revisions are needed to the deposit geology or grade.

Mine modeling software installation at Faro is complete and scheduling of mine production has started in cooperation with Faro engineering. Adjusted in-situ geological and mine reserves were completed during August. The adjustments reduce the undiluted tonnage by 7% in the case of Faro and 5% for Grum and Vangorda but since dilution will now be handled differently the diluted tonnage will be closely comparable.

1.7 Monthly Forecast Comparison

In comparison to the July forecast of costs to the end of 1986, the current forecast represents an increase of \$2,760,000. An allowance of \$1,400,000, mainly for additional temporary labour in the mine and mill, has been added to provide contract maintenance on the shovels and to better implement the mill preventative maintenance program. Additional staff in the accounting and metallurgical areas will help solve short term problems in these areas.

Removal of a previously forecast inventory credit (\$1,000,000) for a parts consignment program has been necessary due to delays in finalizing such a plan with suppliers. Computer hardware and software improvements at the plant site account for the majority of the \$373,000 increase to the Faro general and administration.

1.7 Monthly Forecast Comparison cont'd...

A summary reconciliation of the major variances is provided later in this section of the report, and a detailed version in each of the capital and operating cost sections.

1.8 Revenue Development

The cumulative cash flow net of revenue and before financing to December 1986 is \$45.29 million. This amount is only slightly higher than last months forecast of \$44.39 million, and is the result of increases to the planned expenditure for 1986 as well as revised concentrate production and shipping schedules, and assumed metal prices. The pre-financing peak cash flow has remained constant at \$50.19 million but is now delayed to November 1986.

FORECAST TO COMPLETE REPORT (\$Cdn.000's)

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		JANUARY BUDGET UPDATE	EXPENDED TO-DATE	FORECAST TO COMPLETE	FORECAST TOTAL DEC/86
CAPITAL PROJECTS		-----	-----	-----	-----
110	Mine Equipment Rehabilitation	2,640	2,631	195	2,826
120,130	Other Mine Projects	1,283	633	452	1,085
150,160	Mill Projects	2,870	2,198	249	2,447
180,190	Services & Indirects	4,488	4,460	928	5,388
		-----	-----	-----	-----
	Total Capital Projects	11,281	9,922	1,824	11,746
OPERATING COSTS		-----	-----	-----	-----
200	Mine	26,628	16,368	11,172	27,540
300	Mill	16,521	5,906	8,501	14,407
400	Services	5,122	2,914	2,993	5,907
500	General & Administration	10,241	9,965	3,941	13,906
600	Road Transport	11,200	5,989	7,881	13,870
700	Port Site	2,370	702	2,215	2,917
800	Ocean Transport	5,603	1,042	4,090	5,132
900	Marketing / Finance	3,984	4,461	1,462	5,923
		-----	-----	-----	-----
	Total Operating Cost	81,669	47,347	42,255	89,602
	TOTAL CAPITAL & OPERATIONS	92,950	57,269	44,079	101,348
		-----	-----	-----	-----

BUDGET / FORECAST COMPARISON (\$Cdn.000's)

		JANUARY BUDGET UPDATE	FORECAST TOTAL to DEC/1986	CURRENT MONTH VARIANCE	VARIANCE TO DATE
<u>CAPITAL PROJECTS</u>					
110	Mine Equipment Rehabilitation	2,640	2,826	102	186
120,130	Other Mine Projects	1,283	1,085	82	(198)
150,160	Mill Projects	2,870	2,447	(89)	(423)
180,190	Services & Indirects	4,488	5,388	(118)	900
	Total Capital Projects	11,281	11,746	(23)	465
<u>OPERATING COSTS</u>					
200	Mine	26,628	27,540	1,988	912
300	Mill	16,521	14,407	383	(2,114)
400	Services	5,122	5,907	13	785
500	General & Administration	10,241	13,906	508	3,665
600	Road Transport	11,200	13,870	150	2,670
700	Port Site	2,370	2,917	(112)	547
800	Ocean Transport	5,603	5,132	(215)	(471)
900	Marketing / Finance	3,984	5,923	68	1,939
	Total Operating Cost	81,669	89,602	2,783	7,933
TOTAL CAPITAL & OPERATIONS		92,950	101,348	2,760	8,398

CURRAGH RESOURCES

MONTHLY FORECAST RECONCILIATION

(\$ 000's)

SUMMARY

	<u>AMOUNT</u>
A. Current Forecast to December 31, 1986.	101,348
B. July Forecast to December 31, 1986.	<u>98,588</u>
Variance	2,760

Summary of Major Variances

1. Production Improvements 1,400

In order to achieve production targets for the remainder of 1986, funds have been included in the forecast for the following activities in the September/October period.

- a) In order to improve shovel availability, arrange for a maintenance contract and allow for the material cost of a track replacement on one shovel, (\$870,000).

- b) Provide funds for additional qualified personnel in the mill to effectively implement the preventative maintenance program, (\$395,000).
- c) Supplement the accounting and mill metallurgical functions with additional temporary personnel in order to improve the cost control and reporting, and the mill metallurgical performance respectively, (\$135,000).

2. Inventory Credit

1,000

In anticipation of an early implementation of a consignment program for major mine equipment replacement parts, an inventory credit of \$1,000,000 was previously reflected in the forecast for 1986.

Due to delays in completing agreements with suppliers, this forecast credit has been deleted for 1986.

3. General and Administration

373

The majority of the forecast increase to G & A (\$217,000) is attributable to higher computer costs for hardware and software changes related to the new accounting, payroll and materials control system. Improvements to the outside materials storage facilities (+\$56,000) and an overrun in light vehicle costs to date (\$70,000), account for the remainder of the forecast increase.

4. Other Forecast Adjustments

(13)

Current forecast adjustments for mine and mill operations including electrical power and coal supply (+\$119,000), concentrate transport and backhaul costs (-\$109,000) and completion of capital projects (-\$23,000), result in a net forecast decrease of \$13,000.

Total Capital and Operations

2,760

2.0 PRODUCTION STATISTICS

2.0 PRODUCTION STATISTICS

Ore and waste production for the month of August have been summarized in the following table and expressed in terms of average daily production. Continued wet conditions in the pit combined with limited access space have contributed to the production shortfall in August. Although high grade ore production exceeded the forecast, the shortfall in waste and low grade ore were the predominant statistics.

While oxide stockpile usage compensates somewhat for expected shortfalls in high grade production in the next few months, the combined low grade and waste have been reforecast downward by 530,000 tonnes for the remainder of 1986 (see table in Section 5.1).

	August <u>Actual</u> (tonnes)	Average <u>Rate</u> (tonnes/day)	August Excess or <u>(Shortfall)</u> (tonnes)	Excess or <u>(Shortfall)</u> (prod. days)
high grade ore	340,464	10,983	60,464	5.5
low grade ore	7,560	244	(70,140)	(287.5)
waste	<u>1,846,908</u>	<u>59,578</u>	<u>(461,392)</u>	<u>(7.7)</u>
Total	2,194,932	70,804	(471,068)	(6.7)

FLEET PERFORMANCEProduction Drills

(waste)

	<u>Drill</u> <u>01-004</u>	<u>Drill</u> <u>01-006</u>	<u>Total</u>
Tonnes drilled - August	485,268	1,608,614	2,093,882
Drilled and Broken			
Inventory @ Monthend (tonnes)	-	-	N/A
Tonnes/operating hour	2,489	3,503	3,200
Mechanical Availability	42.2	79.3	60.7
Utilization	62.2	77.9	72.4

Shovels

(waste)

	<u>Shovel</u> <u>02-005</u>	<u>Shovel</u> <u>02-006</u>	<u>Shovel</u> <u>02-007</u>	<u>Shovel</u> <u>02-008</u>	<u>Loaders</u> <u>9 & 12</u>
Monthly Production (tonnes)	232,241	739,032	502,368	242,285	130,982
Tonnes/Operating Hour	1,003	1,443	1,421	1,123	305
Mechanical Availability	56.0	79.6	54.7	74.9	47.9
Utilization	76.5	86.6	86.8	75.7	72.8

Trucks

(Waste)

	<u>Euclids</u>	<u>Wabcos</u>	<u>Total</u>
Tonnes/Operating Hour	323	203	255
Mechanical Availability	74.2	65.2	68.6
Utilization	83.8	76.1	79.2
Tonnes Hauled	1,182,003	664,905	1,846,908

MINE STATISTICAL SUMMARY

1986

MONTH	TONNES WASTE	TONNES H.G. ORE	TONNES L.G. ORE	ORE&WASTE TOTAL (TONNES)	SHOVEL PRODUCTIVITY (TONNES/OpHr)	TRUCK PRODUCTIVITY (TONNES/OpHr)	DRILL PRODUCTION (TONNES)	MANHOURS WORKED	TONNES PER MANHOUR	ACCIDENT FREQUENCY RATE	ACCIDENT SEVERITY RATE
JANUARY	431,718	0	0	431,718	1,092	440	768,087	17,251	25.03	0.00	0.00
FEBRUARY	1,385,472	1,500	0	1,386,972	1,463	296	1,640,799	31,043	44.68	96.64	161.07
MARCH	1,771,099	17,112	0	1,788,211	1,623	389	2,210,083	52,954	33.77	56.65	547.65
1ST QTR.	3,588,289	18,612	0	3,606,901	1,475	351	4,618,969	101,248	35.62	59.26	335.81
APRIL	2,068,646	17,112	7,668	2,093,426	1,419	362	1,650,356	55,318	37.84	36.15	108.46
MAY	2,088,879	20,220	5,844	2,114,943	1,278	341	2,140,886	73,633	28.72	13.58	40.74
JUNE	2,166,020	94,103	41,688	2,301,811	1,238	327	2,290,208	76,710	31.88	117.32	378.05
2ND QTR.	6,323,545	131,435	55,200	6,510,180	1,325	342	6,081,451	205,661	31.65	58.35	184.77
JULY	2,074,585	207,236	31,740	2,313,561	1,125	272	2,341,770	90,988	25.43	43.96	307.73
AUGUST	1,846,908	340,464	7,560	2,194,932	1,267	255	2,094,472	91,418	24.01	32.81	N.Y.D.
SEPTEMBER											
3RD QTR.	3,921,493	547,700	39,300	4,508,493	1,190	263	4,436,242	182,406	24.72	38.39	N.Y.D.
OCTOBER											
NOVEMBER											
DECEMBER											
4TH QTR.											
Y.T.D.	13,833,327	697,747	94,500	14,625,574	1,312	315	15,136,662	489,315	29.89	47.00	N.Y.D.

The mill production statistics are summarized in the following table.

Comparison of August Plan vs Actual

	<u>Plan</u>	<u>Actual</u>	<u>Excess or (Shortfall)</u>
Feed Tonnage	294,000	287,654	(6,346)
Average Daily Rate:			
(a) Mill Feed	9,484	9,279	(205)
(b) Concentrate	1,224	1,022	(202)

The mill feed tonnage in August came very close to target with only a 2% shortfall. Continuing problems however, with low head grades and recoveries, have produced a 17% shortfall in concentrate production. Although this represents an improvement over July's performance, additional steps are being taken to improve recoveries and decrease downtime due to mechanical breakdowns.

Complete mill statistics are shown on the following table.

MILL STATISTICAL SUMMARY

MONTH	FEED TONNES	FEED GRADE			CONCENTRATE TONNES		RECOVERY %			Pb CONCENTRATE				Zn CONCENTRATE					
		Pb %	Zn %	Ag(g/t)	Pb	Zn	Pb to Pb conc	Zn to Zn conc	Ag to Pb conc	Pb %	Zn %	Ag(g/t)	% MOIST	Pb %	Zn %	Ag(g/t)	Fe %	% MOIST %	
JANUARY																			
FEBRUARY																			
MARCH																			
1ST QTR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
APRIL																			
MAY																			
JUNE	98,299	2.83	4.76	43.23	3,896	4,342	69.84	45.89	48.95	49.81	8.53	533.3	7.71	2.04	49.48	56.3	10.34	9.99	
2ND QTR	98,299	2.83	4.76	43.23	3,896	4,342	69.84	45.89	48.95	49.81	8.53	533.3	7.71	2.04	49.48	56.3	10.34	9.99	
JULY	217,676	3.62	4.75	57.92	7,994	12,080	50.06	56.37	32.27	49.36	11.25	1508.92	6.50	2.81	48.27	58.60	11.38	6.93	
AUGUST	287,654	3.08	5.08	39.22	10,432	21,236	64.03	73.49	42.71	54.38	7.67	461.85	5.50	2.75	50.57	53.80	11.32	6.72	
SEPTEMBER																			
3RD QTR	505,330	3.31	4.94	47.28	18,426	33,316	58.01	66.12	38.21	52.20	9.22	482.27	5.93	2.77	49.73	55.54	11.34	6.80	
OCTOBER																			
NOVEMBER																			
DECEMBER																			
4TH QTR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
YTD	603,629	3.23	4.91	46.62	22,322	37,658	59.94	62.82	39.96	51.78	9.10	491.17	6.24	2.69	49.70	55.63	11.23	7.16	

CONCENTRATE TRANSPORT

The objective in fully utilizing the B-Train units is to transport 50 WMT of concentrate per trip except when transporting an empty ISO container. The maximum concentrate load is then limited to 47.5 WMT.

In July, the combined usage of A-Train and B-Train units produced the following statistics:

<u>Truck</u>	<u>No. of Trips</u>	<u>Total Concentrate</u> (WMT)	<u>Avg. Per Trip</u> (WMT)
A-Train	88	2,376	27.00
B-Train	568	24,931	36.45

By the end of July, the usage of A-Train units had been discontinued and only B-Train units were used in August. The resulting statistics for August based on delivered loads to Skagway, indicate 699 trucks with 33,303 WMT of concentrate, or an average of 47.6 WMT per trip.

With August being the first month for concentrate departures from Skagway, the following shipping statistics were recorded.

<u>Ship Name</u>	<u>Destination</u>	<u>Zinc Conc.</u>		<u>Lead Conc.</u>		<u>Silver</u> (g/DMT)
		<u>Qty</u> (WMT)	<u>Grade</u> (%)	<u>Qty</u> (WMT)	<u>Grade</u> (%)	
Seven Arrows	Asia	18,687	47.81	12,974	46.94	491.9
Sunny Island	Europe	14,838	50.35	5,120	54.78	490.0

INVENTORY AND SALES ANALYSIS

MONTH	PRODUCTION		TRUCK SHIPMENTS		MINE INVENTORY		SALES		PORT INVENTORY	
	Pb Conc Tonnes	Zn Conc. Tonnes	Pb Conc Tonnes	Zn Conc Tonnes	Pb Conc Tonnes	Zn Conc Tonnes	Pb Conc Tonnes	Zn Conc Tonnes	Pb Conc Tonnes	Zn Conc Tonnes
OPENING BAL.					0	0			0	0
JANUARY	0	0							0	0
FEBRUARY	0	0							0	0
MARCH	0	0							0	0
1ST QTR.	0	0	0	0	0	0	0	0	0	0
APRIL	0	0	0	0	0	0			0	0
MAY	0	0	0	0	0	0			0	0
JUNE	3,896	4,342	1,675	2,239	2,221	2,103	0	0	1,675	2,239
2ND QTR.	3,896	4,342	1,675	2,239	2,221	2,103	0	0	1,675	2,239
JULY	7,994	12,080	9,698	13,304	517	879	0	0	11,373	15,543
AUGUST	10,432	21,236	10,414	20,965	535	1,150	17,117	31,203	4,670	5,305
SEPTEMBER	0	0							0	0
3RD QTR.	18,426	33,316	20,112	34,269	535	1,150	17,117	31,203	4,670	5,305
OCTOBER	0	0							0	0
NOVEMBER	0	0							0	0
DECEMBER	0	0							0	0
4TH QTR.	0	0	0	0	0	0	0	0	0	0
Y.T.O.	22,322	37,658	21,787	36,508	535	1,150	17,117	31,203	4,670	5,305

3.0 REVENUE DEVELOPMENT

3.0 REVENUE DEVELOPMENT

3.1 Introduction

Sections 4.0 and 5.0 of this report deal with expenditure flows for the capital and operating cost accounts. The application of lag factors to the expenditure flows combined with projections of net smelter returns, results in a projection of cash requirements before financing. The data contained in this section of the progress report is a snap-shot of cash requirements before financing as of the end of August, 1986.

As shown on the cash summary report, the cumulative cash flow net of revenue and before financing to December 1986 is \$45.29 million. This amount represents an increase of \$0.90 million from last month's report. The increase is due to revised concentrate production and shipment scheduling, and assumed metal prices. The pre-financing peak cash flow of \$50.19 million has remained constant, but moved from September to November 1986.

 CURRAGH RESOURCES CORPORATION - SUMMARY REPORT RUN: 86.9.3 10-SEP-86

TO DATE	1985 SEP.	1986 OCT.	1986 NOV.	1986 DEC.	OF 1986
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 CASH BEFORE FINANCES

CASH BEFORE FINANCES

	1985 SEP.	1986 OCT.	1986 NOV.	1986 DEC.	OF 1986	
CAPITAL PROJECTS	9922	384	228	639	397	11570
MINE	16368	1142	1535	2734	2623	24402
MILL	5906	713	739	2342	1855	11565
SERVICES	2914	100	846	722	705	5237
GEN. & ADMIN.	9965	565	1183	980	926	13619
ROAD TRANSPORTATION	5989	1725	1939	2072	2035	13809
PORT SITE	702	510	547	587	571	2916
OCEAN TRANSPORT	1042	0	962	714	1346	4064
REVENUES & FINANCIAL	-1051	4458	-8545	-8700	-15418	-29256
PAYABLES 4441 1 MONTH LAG						
PAYABLES 4441 2 MONTHS LAG						
PAYABLES 3807 3 MONTHS LAG						
TOTAL	39068	9596	-566	2099	-4901	45287
CUMULATIVE (\$ MM)	39.07	48.66	48.10	50.19	45.29	45.29

 CURRAGH RESOURCES CORPORATION - SUMMARY REPORT RUN: 86.8.3 10-SEP-86

	TO DATE	1986 SEP.	1986 OCT.	1986 NOV.	1986 DEC.	OF 1986	
***** EXPENDITURES *****							
CAPITAL PROJECTS		9922	960	571	157	136	11746
MINE		16368	3020	3016	2563	2573	27540
MILL		5906	2554	2090	1818	2039	14407
SERVICES		2914	844	722	705	722	5907
GEN. & ADMIN.		9965	1240	989	816	896	13906
ROAD TRANSPORTATION		5989	1780	1941	2076	2033	13869
PORT SITE		702	510	547	587	571	2916
OCEAN TRANSPORT		1042	962	714	1346	1058	5131
REVENUES & FINANCIAL		-6280	-7496	-8596	-14638	-14746	-51806 *
PAYABLES 4441 1 MONTH LAG							
PAYABLES 4441 2 MONTHS LAG							
PAYABLES 3807 3 MONTHS LAG							
TOTAL		46528	4374	1994	-4620	-4658	43617
CUMULATIVE (\$ MM)		46.53	50.90	52.90	48.28	43.62	43.62

* INCLUDES NET SMELTER RETURN CALCULATIONS.

 CURRAGH RESOURCES CORPORATION - SUMMARY REPORT RUN: 86.8.3 10-SEP-86

TO DATE	1985 SEP.	1985 OCT.	1985 NOV.	1985 DEC.	OF 1986
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 PRODUCTION

CONCENTRATE SUMMARY

ZINC CONC. PRODUCED DMT	37714	23250	27312	30917	29191	147384
ZINC CONC. SHIPPED DMT	31203	20500	14800	43500	36000	146003
LEAD CONC. PRODUCED DMT	22150	12757	14014	14707	15613	79251
LEAD CONC. SHIPPED DMT	17117	10000	18900	12500	20000	78517

NET SMELTER RETURN (\$'000)

ZINC CONC. TO EUROPE	0	5304	0	5684	0	10988
ZINC CONC. TO JAPAN	0	0	4096	6272	10172	20541
LEAD CONC. TO EUROPE	0	2478	0	2342	0	4821
LEAD CONC. TO JAPAN	0	0	4759	874	5003	10636
ADD TOTAL TO-DATE (10741)						
TOTAL \$'000	10741	7782	8855	15172	15176	57726

 CURRAGH RESOURCES CORPORATION - SUMMARY REPORT RUN: 86.8.3

 10-SEP-86

	1987 JAN.	1987 FEB.	1987 MAR.	1987 APR.	1987 MAY	1987 JUNE	1987 JULY	1987 AUG.	1987 SEPT	1987 4TH Q	TO END OF 1987
***** CASH BEFORE FINANCIALS *****											
CASH BEFORE FINANCIALS											
CAPITAL PROJECTS	96	84	5	167	251	374	443	325	107	262	13684
MINE	2664	2490	2462	2334	2490	2464	2496	2420	2317	6902	53432
MILL	1925	2007	2023	2013	2027	2014	2027	2026	2018	6059	35624
SERVICES	722	1020	896	736	828	830	909	913	914	2408	15453
GEN. & ADMIN.	775	767	725	757	727	826	789	898	751	2355	23009
ROAD TRANSPORTATION	2052	2047	2156	2197	2170	2169	2478	1934	1913	6044	39090
PORT SITE	550	572	535	533	594	535	617	557	549	1649	9828
OCEAN TRANSPORT	1068	836	1573	1295	558	1753	837	1295	1235	3394	17968
REVENUES & FINANCIAL	-7069	-2745	-11319	-13736	-20606	-1785	-13052	-13029	-13497	-39497	-170591
PAYABLES 4441 1 MONTH LAG											
PAYABLES 4441 2 MONTHS LAG											
PAYABLES 3807 3 MONTHS LAG											
TOTAL	2644	7128	-893	-8593	-10970	9241	-2456	-2611	-3604	-10364	24808
CUMULATIVE (TMM)	47.92	55.06	54.17	45.57	34.50	43.84	41.39	38.78	35.17	24.81	24.31

 CUARAGH RESOURCES CORPORATION - SUMMARY REPORT RUN: 86.8.3

 10-SEP-86

	1987 JAN.	1987 FEB.	1987 MAR.	1987 APR.	1987 MAY	1987 JUNE	1987 JULY	1987 AUG.	1987 SEPT	1987 4TH Q	TO END OF 1987
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 EXPENDITURES

CAPITAL PROJECTS	5	5	5	411	621	318	175	336	5	95	13722
MINE	2463	2347	2479	2464	2496	2396	2339	2339	2317	6718	55898
MILL	2023	1990	2027	2014	2027	2013	2031	2030	2018	6070	38650
SERVICES	1020	836	736	828	830	909	913	914	913	2242	16098
GEN. & ADMIN.	773	769	737	739	724	852	903	757	755	2334	23279
ROAD TRANSPORTATION	2052	2039	2158	2138	2172	2172	2476	1977	1532	5046	33151
PORT SITE	560	572	535	583	594	595	617	557	549	1699	9828
OCEAN TRANSPORT	836	1573	1295	558	1753	837	1295	1295	1295	3149	19018
REVENUES & FINANCIAL	-5763	-14217	-13718	-6320	-19980	-7320	-13605	-13637	-13319	-34827	-195513
PAYABLES 4441 1 MONTH LAG											
PAYABLES 4441 1 MONTHS LAG											
PAYABLES 3807 3 MONTHS LAG											
TOTAL	2970	-3976	-3697	3475	-8763	2773	-2857	-3432	-3526	-6453	20131
CUMULATIVE (\$ MM)	46.69	42.61	38.91	42.39	33.63	36.40	33.54	30.11	26.58	20.13	20.13

 CURPAGH RESOURCES CORPORATION - SUMMARY REPORT RUN: 36.8.3 10-SEP-85

	1987 JAN.	1987 FEB.	1987 MAR.	1987 APP.	1987 MAY	1987 JUNE	1987 JULY	1987 AUG.	1987 SEPT	1987 4TH Q	TO END OF 1987
***** PRODUCTION *****											
CONCENTRATE SUMMARY											
ZINC CONC. PRODUCED DMT	30616	29699	29577	29794	30667	30540	30845	27766	26914	81833	495625
ZINC CONC. SHIPPED DMT	19477	37536	32922	14577	47022	17611	31991	32445	32436	77218	489339
LEAD CONC. PRODUCED DMT	12350	15369	16939	17699	18084	18103	19929	15976	15753	52018	281471
LEAD CONC. SHIPPED DMT	8573	18564	18503	8698	27778	10439	19434	18930	18939	49007	277491
NET SMELTER RETURN (\$'000)											
ZINC CONC. TO EUROPE	5141	9906	4919	0	4830	4851	4793	4871	4841	9414	64554
ZINC CONC. TO JAPAN	0	0	4260	4167	8366	0	4150	4218	4132	12228	62122
LEAD CONC. TO EUROPE	1882	4832	3708	0	2758	2743	2772	3711	2554	6321	34113
LEAD CONC. TO JAPAN	0	0	2284	2345	4653	0	2339	2287	2155	7935	34695
TOTAL \$'000	7024	14738	14171	6512	20607	7595	14055	14087	13752	35948	206225

4.0 CAPITAL PROJECTS

4.0 CAPITAL PROJECTS

4.1 Introduction

This section of the progress report deals mainly with the mine equipment reactivation, pit dewatering and drainage, and capital projects for the mine, mill and service areas. In relation to the expenditure flow forecasts, the following work covers Area 100.

4.2 Pit Dewatering and Drainage

The original scope of work for pit stabilization and drainage has been expanded and modified as the results of on-going testing are received. In addition, routine programs for pit water control have been consolidated with the special capital projects. The following sections pertain to capital and operation programs for pit dewatering and drainage.

Dewatering - General

Analysis of precipitation in the Faro area reveals the following:

<u>Month</u>	<u>Mine Site</u>	<u>Faro Airport Actual/Mean</u>	<u>Vancouver Mean</u>
July	101.8	76.3 / 28.7	32.0
August	104.2	78.7 / 25.2	41.1

Note that the rain in July and August is almost three times the mean for the area, and greatly exceeds the Vancouver area mean.

JB Pit

Significant problems were encountered in pump operation due to the confined area and inexperience of pump crews. Pumping averaged 200 to 250 Imperial gallons per minute.

4.2 Pit Dewatering and Drainage

Power was re-established across the ramp zone to allow a more efficient installation of pumps on the 3910 berm and the South wall. It has not been possible to re-establish the deep well in the Northeast corner of the pit.

Zone 1 Dewatering

The pumps operated 70% of the time. Three days were lost due to a barge move. Over nine days were lost due to power problems and a shortage of electricians to make repairs. Drawdown was 17 feet to the 3659 elevation.

Zone II Dewatering

Problems were encountered with high pressures, collapsed lines, line blockages and pump availability, thus operating time was approximately 30%. At month end the Flygt 2400B had failed due to a seal failure. A replacement pump is not available until September 9th.

Ditching

The ditches on the East wall above JB and "A" were surveyed and plotted. Existing ditches will be rehabilitated and new ones constructed as necessary to control the water coming down the wall. The ditches are to be lined.

This work will negate the necessity to line the Faro Creek diversion. Advice from Piteau Associates is:-

1. Leakage from the diversion is not the sole source of water on the wall.
2. Costs of remedial work on the diversion, either lining or culverting, would approach \$500,000 due to material costs and large volume of earth work necessary.

Ditching cont'd...

3. Large volume of spring run-off would put any work in the diversion at significant risk; for example, integrity of liner or culvert cannot be guaranteed.

Faro Valley

Results from the seismic refraction survey indicate that interception wells would not be effective in diverting the water flowing in the till. The existing sump is to be upgraded, and a sump on the 4030 elevation is to be installed.

4.3 Fresh Water Wells

Two production wells drilled and installed by International Water Supply, are not capable of producing significant volumes. Greater flows were achieved in smaller test wells drilled by Midnight Sun Drilling. International Water Supply believes the larger wells failed due to the technique used, (cable tools) and has retained MSD to return to the project. No extra cost to Curragh is anticipated.

CAPITAL COST REPORT (\$Cdn.000's)

		JANUARY					
		BUDGET	COMMITTED	EXPENDED	TOTAL TO	CURRENT	VARIANCE
		UPDATE	TO DATE	TO DATE	DEC/1986	VARIANCE	TO DATE
<hr/>							
MINE PROJECTS							
<hr/>							
111,112	Truck Rehabilitation	1,288	1,156	1,156	1,351	1	63
113-115	Other Equipment Rehabilitation	1,352	1,475	1,475	1,475	101	123
121	Pit Stabilization	689	598	598	955	81	266
122	Gravel Crusher	220	1	1	1	0	(219)
123,124	Other Mine Projects	218	34	34	129	1	(89)
130	Mine Indirects	156	0	0	0	0	(156)
<hr/>							
Total Mine Projects		3,923	3,264	3,264	3,911	184	(12)
<hr/>							
MILL PROJECTS							
<hr/>							
150	Process Areas	2,446	1,657	1,657	1,901	(65)	(545)
160	Other Mill Projects	424	541	541	546	(24)	122
<hr/>							
Total Mill Projects		2,870	2,198	2,198	2,447	(89)	(423)
<hr/>							
SERVICES PROJECTS							
<hr/>							
181	Tailings Impoundment	1,200	7	7	147	(24)	(1,053)
182	Water Reservoir	875	816	816	1,303	3	428
183	Coal Handling	36	0	0	0	0	(36)
184	Bulk Reagent Station	100	3	3	100	0	0
185	Sustaining Capital	147	0	0	0	0	(147)
<hr/>							
Total Services Projects		2,358	826	826	1,550	(21)	(808)
<hr/>							
OTHER CAPITAL COSTS							
<hr/>							
191	Port Site Unloading	450	560	560	666	0	216
192	Camp Facilities	160	850	850	870	(64)	710
193	Travel & Subsistence	1,067	1,483	1,483	1,517	3	450
194	Other Contractor Indirects	453	441	441	485	(36)	32
195	Whitehorse Truck Terminal	0	300	300	300	0	300
<hr/>							
Total Capital Indirects		2,130	3,634	3,634	3,838	(97)	1,708
<hr/>							
TOTAL CAPITAL PROJECTS		11,281	9,922	9,922	11,746	(23)	465
<hr/>							

BUDGET/FORECAST RECONCILIATION

CAPITAL PROJECTS - DETAILS

(\$000's)

	<u>Amount</u>
Current Forecast to December 31, 1986	11,746
July Progress Report Forecast of Capital Projects to December 31, 1986	<u>11,769</u>
Variance	(23)
<u>Variance Analysis</u>	
<u>General</u>	
An increase to the mine equipment account of \$102,000 has been reflected this month in recognition that previous estimates of inventory credits for drill and shovel parts were too high.	102
An overrun of \$82,000 in the cost to date for pit dewatering has been incurred during August.	82
Mill capital projects, including tailings disposal, continue to reflect an underrun in actual costs. The net decrease this month was \$110,000.	(110)
A forecast savings of \$64,000 in camp facilities has been shown as a result of the closing of the Chateau Jomini. A net savings in travel and subsistence costs, as well as other contractor indirects, totals \$33,000 for the month.	(97)
Total Capital Projects	<u>(23)</u>

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug. /86
100	CAPITAL PROJECTS									
110	Mine Equipment Reactivation									
111	Trucks - Euclid									
001	Reactivate trucks	100	100					100	100	0
002	Euclid box rebuilds	8	8					8	8	0
	Total for Account 111	108	108	0	0	0	0	108	108	0
112	Trucks - Wabco									
001	Reactivate Wabco trucks	550	550					550	550	0
002	Wabco engine rebuild & upgrade	435	435	65			130	630	629	1
003	Wabco tires (initial purchase)	0	0					0	0	0
004	Technical assistance	63	63					63	63	0
	Total for Account 112	1,048	1,048	65	0	0	130	1,243	1,242	1
113	Drills									
001	Marion diesel rebuild	464	464					464	400	64
002	Marion electric overhaul	187	187					187	187	0
003	Marion boom extension	0	0					0	0	0
004	Technical assistance	25	25					25	25	0
	Total for Account 113	676	676	0	0	0	0	676	612	64
114	Shovels									
001	Reactivate (3) P&H 2100's	230	230					230	230	0
002	Reactivate (1) Marion	370	370					370	333	37
003	Bucket normalizing	28	28					28	28	0
004	Technical assistance	0	0					0	0	0
005	Boom extensions	0	0					0	0	0
006	Load controls	0	0					0	0	0
	Total for Account 114	628	628	0	0	0	0	628	591	37
115	Other Equipment									
001	Activate LB80 loader	17	17					17	17	0
002	Activate dozers (D355A & D9)	104	104					104	104	0
003	Activate grader	20	20					20	20	0
004	Light vehicle inventory	13	13					13	13	0
005	Other small equipment	17	17					17	17	0
006	Warehouse forklift battery	0	0					0	0	0
	Total for Account 115	171	171	0	0	0	0	171	171	0
	TOTAL ACCT 110 - MINE EQUIPMENT	2,631	2,631	65	0	0	130	2,826	2,724	102
120	Mine Start-up Projects									

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec-1986	Previous Dec-86 Total	Variance July to Aug./86
121	Pit Stabilization									
001	Pit Stabilization Studies	29	29	10				39	33	6
002	Pit Water Diversion & Ditch	0	0	75	75			150	150	0
003	Pit Dewatering	565	565	26	20	11		622	547	75
004	Pit Scaling	4	4					4	4	0
005	Faro Valley Dewatering	0	0	20	20			40	40	0
006	Dewatering Wells	0	0	65	35			100	100	0
Total for Account 121		598	598	196	150	11	0	955	874	81
122 001	Gravel Crusher	1	1	0	0	0	0	1	1	0
123 001	Power Line Relocation	34	34	0	0	0	0	34	33	1
124	Miscellaneous Projects									
001	Vehicle Plug-ins	0	0	45	50			95	95	0
002	Computer systems	0	0					0	0	0
Total for Account 124		0	0	45	50	0	0	95	95	0
TOTAL ACCT 120 - MINE START-UP PROJECTS		633	633	241	200	11	0	1,085	1,003	82
130	Mine Start-up Indirects									
131 001	Fuels Inventory (Equipment)	0	0	0	0	0	0	0	0	0
132 001	Contingency on Reactivation Work	0	0	0	0	0	0	0	0	0
TOTAL ACCT 130 - MINE START-UP INDIRECTS		0	0	0	0	0	0	0	0	0
150	Mill Start-up Projects									
151	Crushing									
001	Primary Screen Modifications	62	62					62	62	0
002	Chute Modifications & Repairs	12	12					12	12	0
003	Conveyor Speed-up Mods.	50	50					50	42	8
004	Hydraulic Rock Breaker	99	99	11				110	134	(24)
005	Coarse Ore Bin Feeders	200	200	33				233	193	40
006	Secondary Screen Modifications	0	0					0	0	0
007	Tertiary Screen Installation	99	99					99	123	(24)
Total for Account 151		522	522	44	0	0	0	566	566	0
152	Grinding									
001	Mill Alignment	80	80					80	80	0
002	Slot Feeder Chutes	1	1	58	57			116	116	0
003	Conveyor Belt Maintenance	136	136					136	130	6
004	Install 20" Cyclones	0	0					0	4	(4)

Account Number	Description	Commit. To-Date	Expend. To-Date	1986				Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
				Sep-86	Oct-86	Nov-86	Dec-86			
	Total for Account 152	217	217	58	57	0	0	332	330	2
153	Flotation									
001	Regrind cyclone modifications	58	58					58	65	(7)
002	Zn Rougher Feed Conds & Pumps	65	65					65	54	11
003	Onstream Analyzer Maint. & Upgrade	23	23	27				50	50	0
004	Increase Weir Height	0	0					0	0	0
	Total for Account 153	146	146	27	0	0	0	173	169	4
154	Reagent Handling									
001	Lime system	20	20					20	12	8
002	Soda ash system	32	32					32	42	(10)
	Total for Account 154	52	52	0	0	0	0	52	54	(2)
155	Dewatering, Drying, and Loadout									
001	Thickener Overhaul	11	11					11	11	0
002	Conveyor belt maintenance	2	2					2	2	0
003	Coal & ash systems overhaul	1	1					1	1	0
004	Piping & Pump Modifications	56	56	4				60	60	0
005	Dryer Modifications	128	128					128	128	0
006	Control System	34	34	47				81	150	(69)
007	Concentrate Loadout Changes	488	488	7				495	495	0
	Total for Account 155	720	720	58	0	0	0	778	847	(69)
TOTAL ACCT 150 - MILL START-UP PROJECTS		1,657	1,657	187	57	0	0	1,901	1,966	(65)
160	Mill Start-up Projects - General									
161	Water Distribution									
001	Pumping & Piping Changes	184	184	5				189	189	0
	Total for Account 161	184	184	5	0	0	0	189	189	0
162	Fire Protection									
001	Smoke detection in Control Centres	19	19					19	19	0
002	Mechanics room insulation	3	3					3	3	0
003	Replace oil heaters	2	2					2	2	0
004	Auto sprinkler protection	333	333					333	357	(24)
	Total for Account 162	357	357	0	0	0	0	357	381	(24)
TOTAL ACCT 160 - MILL START-UP PROJECTS - GEN'L		541	541	5	0	0	0	546	570	(24)
180	Services Capital Projects									

Account Number	Description	Commit.	Expend.					Total	Previous	Variance
		To-Date	To-Date	Sep-86	Oct-86	Nov-86	Dec-86	to Dec-1986	Dec-86 Total	July to Aug./86
181	Tailings Impoundment									
001	Roads , Dam (Overhaul Costs)	7	7					7	7	0
002	Pipeline	0	0			140		140	164	(24)
Total for Account 181		7	7	0	0	140	0	147	171	(24)
182	001 Water Reservoir									
001	Roads , Dam (Overhaul Costs)	0	0					0	0	0
002	Spillway , Dam (Local Borrow)	39	39					39	36	3
003	Fresh Water Wells	277	277	255	232			764	764	0
004	Security Deposit - Water Board	500	500					500	500	0
Total for Account 182		816	816	255	232	0	0	1,303	1,300	3
183	001 Coal Handling	0	0	0	0	0	0	0	0	0
184	001 Bulk Reagent Station	3	3	52	45	0	0	100	100	0
185	Sustaining Capital - Mill									
001	Mill sustaining capital	0	0					0	0	0
002	Contingency on reactivation work	0	0					0	0	0
Total for Account 185		0	0	0	0	0	0	0	0	0
TOTAL ACCT 180 - SERVICES CAPITAL PROJECTS		826	826	307	277	140	0	1,550	1,571	(21)
190	Capital Projects - Other									
191	001 Port Site Unloading	560	560	106	0	0	0	666	666	0
192	001 Camp Facilities	850	850	5	5	5	5	870	934	(64)
193	Travel & Subsistence									
001	Subsistence	1,229	1,229					1,229	1,234	(5)
002	Housing	67	67	1	1	1	1	71	63	8
003	Travel	138	138	9	5			152	152	0
004	Relocation Expense	49	49	12	4			65	65	0
Total for Account 193		1,483	1,483	22	10	1	1	1,517	1,514	3
194	Other Contractor Indirects									
001	Recruiting Costs (Watson Lake)	58	58					58	67	(9)
002	Fixed Overheads & Profits	361	361	20	20			401	431	(30)
003	Contractor Insurances	22	22	2	2			26	23	3
004	Legal Fees	0	0					0	0	0
Total for Account 194		441	441	22	22	0	0	485	521	(36)
195	001 Whitehorse Truck Terminal	300	300	0	0	0	0	300	300	0

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
TOTAL for ACCOUNT 190 - CAPITAL PROJECTS		3,634	3,634	155	37	6	6	3,838	3,935	(97)
- OTHER										
TOTAL ACCT 100 - CAPITAL PROJECTS		9,922	9,922	960	571	157	136	11,746	11,769	(23)

5.0 MINE AND MILL OPERATIONS

5.0 MINE AND MILL OPERATIONS

5.1 Introduction

The mine and mill operations accounts relate to cost code areas 200-900 inclusive. All activities not related to capital projects are covered in this section of the report.

The production and shipping schedule shown on the following page incorporates the progress to the end of August for all aspects of the operation from mining and milling through to concentrate loadout and shipping at Skagway. Although mine and mill performance for August showed an improvement over July, shortfalls in production were evident in most areas.

The mine waste and low grade material forecast has decreased by 530,000 tonnes which is the shortfall for August. High grade and oxide stockpile usage forecasts were offsetting to a certain extent, although a net reduction of 33,000 tonnes has been shown.

Mill feed quantities for 1986 remain constant at 2,160,000 tonnes, with net changes in head grades and recoveries resulting in a slight drop in concentrate production of 2,800 tonnes.

By closing the margin between concentrate production and shipments, and, adding 5000 tonnes to planned Australian shipments, there was a net increase to the concentrate shipment volume for 1986 of 1,700 tonnes.

PRODUCTION AND SHIPPING SCHEDULE

(September - December, 1986)

	<u>TO DATE</u>	<u>SEPTEMBER</u>	<u>OCTOBER</u>	<u>NOVEMBER</u>	<u>DECEMBER</u>	<u>TOTAL</u>
<u>MINING</u>						
Tonnes Oxide	-	264,000	-	-	86,000	350,000
Tonnes Ore	697,747	96,000	403,000	390,000	317,000	1,903,747
Tonnes Low Grade	94,500	88,000	17,000	128,000	138,000	465,500
Tonnes Waste	13,833,327	2,386,000	2,507,000	2,470,000	2,466,000	23,662,327
Total Tonnes	14,625,574	2,834,000	2,927,000	2,988,000	3,007,000	26,381,574
<u>Milling</u>						
Feed Tonnes	603,629	360,000	403,000	390,000	403,000	2,159,629
Grade % Zn	4.91	4.60	4.37	5.03	4.51	
% Pb	3.23	3.02	2.75	2.95	2.98	
Silver G/DMT	46.62	38.25	36.25	35.77	36.41	
<u>Production</u>						
Zinc-Production (DMT)	37,714	23,250	27,312	30,917	28,191	147,384
-Grade	49.70	48.6	50.0	50.0	50.3	
-Recovery	62.91	68.5	77.5	78.9	78.4	
Lead-Production (DMT)	22,160	12,757	14,014	14,707	15,613	79,251
-Grade	51.77	57.8	59.3	59.2	59.2	
-Recovery	59.48	67.8	74.9	75.7	77.0	
Silver-(G/DMT)	491.47	528	563	517	522	
Total Conc. Prodn. (DMT)	59,874	36,007	41,326	45,624	43,804	226,635
<u>Shipping</u>						
Zinc-To Asia (DMT)	17,433	-	14,800	21,000	36,000	89,233
-To Europe (DMT)	13,770	20,500	-	22,500	-	56,700
-To Australia (DMT)	-	-	-	-	-	-
Lead-To Asia (DMT)	12,267	-	8,900	3,500	10,000	34,667
-To Europe (DMT)	4,850	10,000	-	9,000	-	23,850
-To Australia (DMT)	-	-	10,000	-	10,000	20,000
Silver-(G/DMT)	490	549	576	520	500	

5.1 Introduction cont'd...

The following table compares the forecast of key 1986 mining and milling production elements since last month.

<u>Production</u>	<u>Previous Forecast</u>	<u>Current Forecast</u>	<u>Net Change</u>
Oxide Stockpile	283,000	350,000	67,000
High Grade Ore	1,963,783	1,903,747	(60,036)
Low Grade Ore	535,440	465,500	(69,940)
Waste	<u>24,122,819</u>	<u>23,662,327</u>	<u>(460,492)</u>
 Total Mine	 26,905,042	 26,381,574	 (523,468)
 Mill Feed	 2,158,975	 2,159,629	 654
 Zinc Concentrate (DMT)	 148,736	 147,384	 (1,352)
Lead Concentrate (DMT)	80,673	79,251	(1,422)
	<hr/>	<hr/>	<hr/>
Total Concentrate (DMT)	229,409	226,635	(2,774)

5.2 Mine Operations

Considerable operating problems were experienced during the month. The main factors were high rain fall and shovel downtime.

With more than three times the average rain fall for the area being experienced during the month and a shortage of tractors with #19 in for repairs all month, production crews had difficulty maintaining benches, haul roads and dumping areas. A total of 42,000 tonnes of material was dumped back in the pit in order to maintain acceptable hauling conditions together with considerable repair work on the dumps.

5.2 Mine Operations cont'd...

Shovel availability at 66.32% also contributed to a significant reduction in production. Shortage of continuous spare requirements continues to effect overall availability.

Production for the month was as follows:

	Actual	Plan	Variance	%
<u>Material</u>	<u>(Tonnes)</u>	<u>Curragh 06/86</u>	<u>(Tonnes)</u>	<u>Variance</u>
Ore High Grade	263,300	411,000	(147,700)	(35.9)
Low Grade	<u>14,500</u>	<u>122,100</u>	<u>(107,600)</u>	<u>(88.1)</u>
Sub-Total Ore	277,800	533,100	(255,300)	(47.9)
Waste	<u>1,783,700</u>	<u>2,699,200</u>	<u>(915,500)</u>	<u>(33.9)</u>
Total Mined	2,061,500	3,232,300	(1,170,800)	(36.2)
Crusher Feed:	287,700	280,000	7,700	2.8

The above targets are based on Curragh Resources schedule taking June 1, 1986 as the start date.

Drilling

Drill No. 4 was down from August 3rd - 16th to be converted from diesel/electric to electric power and by month end an availability of 60.72% was achieved. Although this was low, by month end both drills were running out of drilling room as no hard Calc' Silicate ground has been drilled during the month.

Blasting

The ratio of ANFO to slurry improved from 1:2.25 to 1:0.72 from July to August respectively. With the reduction in slurry consumption blasting costs were reduced to \$0.11 per tonne.

Elimination almost totally of aluminized ANFO and Powergel "C" contributed to the cost reduction. No reduction in the digibility of the ground is evident along these reductions.

Loading

Major shovel downtime has been experienced during the month. With heavy mud conditions in J.B., damage to steering clutches occurred. This shovel was moved out of the J.B. to the "A" cut at the end of the month, where better operating conditions should be experienced.

Shovel #7 had final drives completely rebuilt. A contributing factor to the failure being the previous months spent in the water and mud in J.B. cut. As a result, all shovel drives will be inspected closely on a regular basis.

Abuse due to inexperience of some of the operators has contributed to shovel downtime particularly in shovel #5's propel system and repairs required to boom foot points where cracks are occurring.

Shovel productivity has been reduced by dumping into the pit and access delays are due to road repairs. Numerous shovel moves resulting from the breakdowns of shovels served to reduce productivity further. Shovel productively for the month was 1267 tonnes per hour versus a target of 1450 tonnes per hour.

Haulage

Truck availabilities at 68.57% were caused mainly by poor road conditions and the shortage of spares. A high fuel consumption of 744,027 liters was directly affected by excessive mud conditions for trucks and high rolling resistance. This was most pronounced in dump areas where pick-ups found conditions inaccessible at times. Over trucking of operating shovels by inexperienced dispatchers and hold-ups due to road repairs and trucks being stuck reduced truck productivity to 225 tonnes per hour.

MINE PLANNING

Short Term Schedule

The JB pit has been rescheduled to reflect the lower productivities realized - 18,000 tonnes per day per shovel. Productivities in Phase A remain at 25,000 tonnes per day per shovel.

Mining in JB will continue to late November, necessitating a change in the schedules of Phases A and B, as equipment will not be available as per the original schedule.

Oxide Ore

Alternate mill feed is required to meet concentrate schedules. Ore from the oxide stock pile will be milled during the second week of September. The anticipated amount is 264,000 tonnes; this will be subject to revision as experience is gained with the material.

Model

A new model of the Faro deposit is in progress and is expected to be completed in early September. The new model places greater emphasis on fault control of ore as opposed to the current fold controlled model. Modelling will be staged North to South to generate reserves by priority; for example AT, BY, CY, DY. Once the model is completed and approved, the phase schedules will be adjusted as necessary.

PC Mine

The computer package for modelling and scheduling, PC Mine, has been installed. Some problems were encountered with the digitizer and plotter interfaces, but are now resolved. The current Faro model is installed, pending the new model completion. Scheduling routines must be further developed to meet requirements.

Vangorda Plateau

Golder Associates were retained for technical assistance on the access to the Vangorda Plateau. The first segment of the access is a crossing of the North Fork of Rose Creek. It is proposed to make the crossing by building a causeway incorporating a rock drain to allow passage of water, thus preventing pooling of water and minimizing stability problems. A submission to the Department of Fisheries and Oceans will be made in the second or third week of September. This is required as the North Fork is a fish bearing stream.

Diamond Drilling

The six hole drill program was completed and assays are pending. Structurally, there are no surprises.

Geology

Ore was from the 3790 and 3770 benches in JB and the crusher stock pile. Blast holes indicated 280,000 tonnes @ 3.22% Pb, 4.79% Zn versus 253,000 @ 3.75 Pb, 6.39% Zn in the model. A sampling test program is in progress to determine the cause of the zinc deficiency.

5.3 Mine Maintenance

Manpower is now at an acceptable level, although skill levels of the manpower will have to be improved. Transportation of manpower through out the mine, via small vehicles, was a problem during August.

Lack of parts inventory continues to be a problem in the maintenance department.

Drills

- 01 - 04 This drill was converted from diesel/electric to electric. This should serve to improve availability and will reduce maintenance costs. The main compressor was changed on this machine.
- 01 - 06 This drill ran well most of the month. Downtime was mainly due to hydraulic problems.

Shovels

- 01 - 05 A steering clutch had to be repaired on this shovel. This came about as a result of the mechanism being covered in hard packed mud and not being able to move freely. The MG set was realigned. Near month end a number of electrical control problems gave poor availability. The crowd motor armature had to be changed due to loose bolts causing damage to rotating parts.
- 02 - 06 A swing pinion shaft failed on this shovel. Repairs took longer than usual as the housing had to be welded and line bored. Also, parts were not available from the warehouse and had to be rushed in.
- 02 - 07 A boom foot was repaired on this shovel. The final drives on this machine had to be completely rebuilt. There was also downtime on this shovel due to no stock of light bulbs.
- 02 - 08 The magnatorque failed on this shovel. When the spare was put in it also failed due to poor rebuild by an outside contractor. A magnatorque was then borrowed from another mine.

Haulage Fleet

Wabco - Four wheel motors were changed out during the month. A lot of problems were hydraulic. Frame welding also contributed to poor availability.

Euclid- Most problems associated with downtime were suspensions and hoist cylinders.

Truck - Downtime included 1056 hours waiting parts and 240 hours due to equipment abuse.

SUPPORT EQUIPMENT

Dozer - One D8L was out of service all month due to an accident that happened in July. The D8K was down half the month with overhaul of final drives and under carriage. A torque converter was changed on the 824B.

L800's- Both loaders had downtime associated with boom arms. One loader has a generator failure. Some downtime was also due to waiting for parts.

ELECTRICAL

Electrical power outages were dramatically reduced this month. However, ongoing electrical problems in the pit contributed significantly to downtime. The unit cost for power decreased again this month to 4.4 cents per Kwhr.

General

Fuel consumption was 744,027 liters.

ELECTRICAL COSTS

1986

MONTH	PEAK DEMAND (KVA)	DEMAND CHARGE (16.75/KVA)	ENERGY USAGE (KWHR)	ENERGY CHARGE (\$0.0129/KWHR)	FIXED CHARGE	OTHER CHARGES	TOTAL COST	COST (C/KWHR)
JANUARY								
FEBRUARY								
MARCH								
1ST. QUARTER								
APRIL	5360	89672.80	2381900	30726.51	21446.00	0	141845.31	5.955
MAY	8200	137166.00	2642900	34093.41	21446.00	0	192725.41	7.290
JUNE	16200	271026.00	7496300	96702.27	21446.00	0	389174.27	5.192
2ND. QUARTER	29,760	497,864.80	12,521,100	161,522.19	64338.00	0	723,744.99	5.790
JULY	19360	323,892.00	10,339,600	133,380.84	21448.00	0	478,719.64	4.630
AUGUST	22480	376,090.40	12,802,200	165,148.38	21,446.00	0	562,684.78	4.395
SEPTEMBER								
3RD. QUARTER								
OCTOBER								
NOVEMBER								
DECEMBER								
Y.T.D.	71,600.00	1,197,868.00	35,662,900	460,051.41	107,230.00	0	1,765,149.41	4.950

5.4 Mill Operations

General

The attached metal balance production report shows indicated monthly figures, as well as the year to date data. Losses experienced this month were associated with concentrate thickener plug-ups, reagent shortages and tailings line sanding.

The many ore changes experienced during August caused circuit unbalancing, which always results in lower grade products. Operator training and the influence of consultants caused a lot of confusion and operator indecision during the period.

The fourth grinding circuit was put on stream August 25th. This now gives the capacity to operate at 12,000 tonnes per day. The two restriction areas are the thickening and dewatering section which includes the dryers and the tailings line. The tailings line was the source of a lot of trouble at month end when it would not take the waste tonnage to the pond. This was not resolved at the end of August.

Work has started again on the installation of the water wells on site. The first well has been drilled but does not give the water flow expected. Drilling of the second well is now underway.

Several circuit up-sets were caused by changes of ore types and/or oil in the ore. These in turn contributed to poor metallurgy and housekeeping problems. Basic cleanup fell behind during the period above but some headway was becoming evident at month end.

Following is a comparison of scheduled versus actual production for the month of August.

<u>Material</u>	Actual (Tonnes)	Plan (Tonnes)	Variance (Tonnes)	% Variance
Mill Feed	287,654	294,000	(6,346)	(2.2)
Zinc Concentrate	21,236	25,270	(4,034)	(16.0)
Lead Concentrate	10,432	12,666	(2,234)	(17.6)
	_____	_____	_____	_____
Total Concentrate	31,668	37,936	(6,268)	(16.5)

Crushing Circuits

Again in August several plugups were experienced and problems were experienced with interlock systems. The rock breaker installation was completed and all that remains is the commissioning of the unit. The oil filters were rebuilt, tank drained and general repairs were performed on the crusher lubrication system.

The mechanical areas of concern were the apron feeder, the carmen feeders and the conveyors. The tail pulley of No. 1 conveyor was welded to reinforce the hub which was cracked. Most of the ongoing maintenance was carried out during the scheduled downtime.

The secondary crushing plant worked well but chute repairs are becoming necessary on routine maintenance. We are getting behind in the preventative maintenance in this area even though there is sufficient downtime to do the work.

The tripper conveyor had to be respliced and new belting ordered for replacement. The dust skirting has still not been received to cover the top of the fine ore bins.

Grinding

The third small grinding circuit came on line in August which put the entire grinding circuit in operation. There are still repairs to be made to the slot feeders on bins No. 2 and 3, however, these can be done without loss of tonnage if properly scheduled. We processed 287,654 tonnes of ore, which was 96.7% of the revised throughput and 97.8% of the planned throughput. The final grind of 81.3% - 200 mesh was 0.7% short of the target 82%. Several problems with flow through the tailings line near month end resulted in reduced throughput.

Some electrical interlocks and instrumentation loops caused problems in this area. They all were functioning properly at month end. Since Northern Canada Power Commission have reduced the voltage we have not had any power outages, however, the amount of power consumed has increased.

Flotation

The circuit pH control has improved continuously all month and the circuits were performing quite steadily during the second half. The indicated grades were 57.26% Pb and 51.04% Zn with the respective recoveries indicated at 75% and 75.29%.

The independent 24 hour composite samplers have been received on site and are being overhauled prior to installation. We are expecting this system to resolve the discrepancies between the production and loadout grades.

The flotation cells were examined during the month and repairs made to the OK cells on several occasions. Some of the cells were speeded up again to check their efficiency at the various speeds. Sheaves have been ordered to replace the worn out units on the Denver cleaner cells.

Flotation cont'd...

The reagent lines worked better during August, with fewer plug-ups due to scale in lines, as they have flushed themselves out. The metering pumps have been received and are being used and tested now on the liquid reagents, such as frothers, filter aids and collectors.

Operation of the on stream analysis is still not satisfactory, although improvements are continuously being made. There are still some streams that just do not work properly. These are now being reexamined and different equipment will be tried.

Dewatering

The thickeners gave some problems during August. The zinc thickener plugged twice and the lead thickener once. The flocculant additions have been cut back and spray systems activated on the thickeners. This appears to have the problem under control. More work on settling tests is being evaluated.

The filters worked quite well during the month, however, operator training in this area was ongoing as our highest operator turnover is in the filter-dryer crew. The instrumentation is working at 90% plus availability. There are still a few loops that are not working, however, these are not required at this time.

The dryers have required constant attention during this period. Feed chutes have been modified, dryer seals replaced, transition pieces clean out, and product moistures monitored. The control of fire boxes has been much better, however, there are still problems with exhaust valves and coal ash grates wearing out. There does not appear to be a way to work around these problems at this tonnage.

The dryer side ash chain conveyor gave some problems during the month. This unit has now changed and is working well.

Energy Consumption

	Fuel Consumption Month	Year to Date
Generator # 1 Coal	38 tonnes	54 tonnes
# 3 Coal	Down for Rebuilding	25 tonnes
Dryer # 1 Coal	151.5 tonnes	290 tonnes
# 2 Coal	156.9 tonnes	263.5 tonnes
# 3 Coal	47.3 tonnes	47.3 tonnes
# 4 Coal	134.5 tonnes	193.5 tonnes
Generator # 2 Oil	Down for Repairs	17,271 litres
Dryer # 5 Oil	63,070.9 liters	117,694.9 liters

Heating Plant

This area will now see more work as the temperature drops. The crusher itself was serviced and repaired in August. Some work remains to be done in this area before winter sets in. Operator training is being conducted in this area.

ServicesWater Supply

The initial wells drilled for the winter supply have not produced the volumes of water expected. We are assured by the contractor that the water is in fact there and that the problem is the way in which these new wells were drilled. Work is progressing to confirm the above as soon as possible.

Fire Protection Systems

All of the stated requirements have been completed. The factory mutual inspector has been on site and tested the systems. A report on his findings is being prepared. All systems are functioning.

Reagent Unloading

At this point lime is being received by truck from Prince George. This will continue through the oxide ore runs. The blower required by the Swedes as specified for air volume and pressure is on order for the unloading system. When this is received it will be installed and tried. If the system does not work as designed it will be modified or redesigned.

Ventilation and Heating

The heaters in the Northland Fleet service building are being overhauled, as well as the units throughout the plant area. There are repairs to be made to the ventilation system, however, these will have to be postponed until the heating system are all activated.

Compressed Air

The air compressors are all in working order and a P.M. system exists for these units.

General

Turnover has been high in the labourer and mill helper classifications for August. Most of these people are single and they are the lower paying jobs. Several left at about the time the camp facilities were closed. Turnover in the other mill classifications has been normal with few surprises.

CURRASH RESOURCES

Fero Concentrator **Aug** Production Report - **INDICATED**

Date: 03-Sep-86

Crushing

	Primary Feed (trucks)	F.O.B. Feed (tonnes)	R.M.F. +3/4" (%)
Daily	NA	NA	11.45
MTD	NA	NA	10.27

Grinding

	MTD	YTD
RMF Moisture (%)	2.20	2.65
% Operating	93.75%	77.94
Flot Feed +100# (%)	3.62	4.39
Flot Feed -200# (%)	81.30	80.46

Metallurgical Balance - MTD

Stream	tonnes	ASSAYS				DISTRIBUTION (%)			
		% Pb	% Zn	% Fe	Ag g/t	Pb	Zn	Fe	Ag
Flotation Feed	297,653.62	3.08	5.08	30.31	59.22	100.00	100.00	100.00	100.00
Lead Concentrate	11,590.49	57.26	6.22	8.01	480.11	74.91	4.93	1.05	49.32
Lead Tailings	276,053.13	0.81	5.03	31.77	20.71	25.09	95.07	98.95	50.48
Zinc Concentrate	21,593.57	2.40	51.04	11.42	NA	5.85	75.39	2.78	NA
Zinc Tailings	254,479.56	0.67	1.13	33.49	NA	19.24	19.68	96.17	NA

Metallurgical Balance - YTD

Stream	tonnes	ASSAYS				DISTRIBUTION (%)			
		% Pb	% Zn	% Fe	Ag g/t	Pb	Zn	Fe	Ag
Flotation Feed	603,628.81	3.23	4.91	26.51	46.62	100.00	100.00	100.00	100.00
Lead Concentrate	26,361.32	52.91	8.58	8.19	500.35	71.45	7.63	1.35	46.87
Lead Tailings	577,267.49	0.97	4.74	27.35	25.90	28.55	92.37	92.65	53.13
Zinc Concentrate	42,725.94	2.48	49.86	11.23	NA	5.43	71.90	3.00	NA
Zinc Tailings	534,541.54	0.84	1.13	25.64	NA	23.12	20.47	95.65	NA

Concentrate Handling

	Monthly		YTD	
	Lead	Zinc	Lead	Zinc
Dryer Output - WMT	17,472.10	22,715.30	28,327.77	43,555.50
- BMT	14,533.24	21,198.11	25,737.77	40,357.34
Loaded Out - WMT	10,994.55	22,474.85	23,309.55	39,450.66
- BMT	10,401.66	21,024.18	21,944.63	36,257.39
Moisture (%)	5.36	7.16	5.95	7.32

5.5 Materials Control

Salvage Operations

The salvage operation in the yard continued with emphasis put on moving material down to the storage yard and relocated prior to cold weather setting in. The scrap yard above the pit is nearing completion and the crew expects to be cleaning the area behind the mill shortly. All roads and ditches have been cleared of materials and refuse. Wet weather has hampered progress and equipment has been stuck on several occasions.

Purchasing

Work is progressing in re-instituting the recommended purchasing report (automatic stock re-order) At month end all old outstanding items were purged from the report and the program modified to make it operational. A Seattle trade directory has been ordered to facilitate ordering of supplies from U.S. sources.

Warehouse

Two vacancies occurred near month end leaving an accute shortage of trained counter personnel. Existing personnel are being trained in the interim and recruiting is on-going to fill the vacancies. Three people had been interviewed by month end and one job offer made but declined. With the amount of material being returned to the warehouse from the salvage operation some congestion is occurring. This will be dealt with once the cold weather sets in and the salvage crew can no longer work outside due to heavy snow conditions.

Statistics

Opening Inventory	\$8,567,516
Receipts	\$ 757,724
Issues	\$ 796,979
Adjustments	\$ 49,293
Closing Inventory	\$8,478,968
No. of Purchase Orders	470
No. of Warehouse Issues	1,458

5.6 AccountingComputer Systems

Highline was selected as the vendor for the new hourly payroll system. Implementation, with on-site Highline personnel is to commence on September 2nd, with completion scheduled for the September 29th-October 12th pay period.

B.B.J. Computer Systems has been chosen as the vendor for the costing General Ledger, Materials System and Accounts Payable System. A preliminary implementation program for the three systems has been prepared and schedule for September 8th-December 10th, based on five phases.

Financial Area

Presently, 80 percent of the cheque requisitions are in the system. The completion date for entering cheque requisitions is scheduled for October 1st, 1986.

Work is being done on the vendor listing to consolidate duplicate vendors. This is required for the present system, plus conversion to the new B.B.J. Accounts Payable system.

Due to past problems with direction of work orders, opening of work orders is now centralized in the Accounting Department.

5.7 Human Resources

At month end there were 406 persons on site including contract personnel. The manpower breakdown is as follows:-

	<u>JULY</u>	<u>AUGUST</u>		<u>JULY</u>	<u>AUGUST</u>
Curragh	42	40	Mine	220	224
Kilborn	4	6	Mill	136	121
Altus	359	350	Administration	48	43
Kam	4	0	Contract	<u>35</u>	<u>18</u>
Other	<u>30</u>	<u>10</u>			
Total	439	406		439	406

Year-to-date there are 133 housing contracts signed. In addition, there are 44 - 1 bedroom apartments, 31 - 2 bedroom apartments and 18 houses rented.

Chateau Jomini was shut-down effective August 15th, 1986. The closure was very orderly and one person has been retained at the camp as a caretaker.

As of August 31st there were 40 Curragh staff on roll at Faro.

The response to the job advertisements run in the Toronto Globe and Mail and the Vancouver Province was disappointing in terms of both the number of applications and the quality of the applications received.

	<u>APPLICATIONS RECEIVED</u>	
	<u>GLOBE</u>	<u>PROVINCE</u>
Mine Supervisor	4	1
Mill Maintenance Supervisor	12	6
Mill General Foreman Operations	5	2
Mine Maintenance Supervisor	2	2
	—	—
TOTAL	23	11

Further, there were 19 applications received for the above jobs where the source of job vacancy awareness was not mentioned.

As of August 31st, we have not received any suitable applications.

Dave Wilcox, a consultant in the Human Resource field, provided seminars dealing with interpersonal communications and leadership skills, for Curragh management staff. Almost all Curragh employees attended a seminar and the general feedback was that the material presented was very worthwhile. There will be additional seminars in September for new Curragh employees and for those who missed the August sessions.

C U R R A G H . . . R E S O U R C E S

MONTHLY MANPOWER REPORT - AUGUST 1986

DEPT.	MONTH		YEAR TO DATE		ON ROLL BUDGET	ON ROLL ACTUAL	TURNOVER	
	HIRES/TERM		HIRES/TERM				MONTH/YEAR	TODATE
Mine Ops.	0	0	3	0	5	3	0	0
Mine Eng.	0	0	6	0	7	6	0	0
Mine Maint.	1	0	6	0	7	6	0	0
Mill Ops.	0	0	8	0	13	8	0	0
Mill Maint.	0	1	2	1	1	1	50%	50%
Controller	0	0	5	0	5	5	0	0
Materials Control	0	0	3	0	4	3	0	0
Human Resources	1	1	4	1	3	3	33%	33%
Adminis- tration	0	2	7	2	7	5	28%	28%
TOTAL	2	4	44	4	55	40	1%	1%

NEW HIRES:

<u>Name</u>	<u>Department</u>	<u>Position</u>	<u>Date of Hire</u>
Gay MacDonald	Human Resources	H.R. Secretary	August 11, 1986
Toivo Paananen	Mine Maintenance	Superintendent	August 25, 1986

TERMINATIONS:

Jill Doyle	Human Resources	H.R. Secretary	August 14, 1986
Cheryl Sheppard	Administration	Secretary	August 8, 1986
Adolf Perno	Administration	Controller	August 31, 1986
Neil Shannon	Mill	G.F. Mill Maint.	August 27, 1986

MONTHLY MANPOWER REPORT

August 1986

Altus Construction

DEPARTMENT Y.T. RES.	HIRES		TERMS		AUG 30 ON ROLL	TURNOVER	
	MONTH	YEAR	MONTH	YEAR		MONTH /	YEAR TO DATE
Maintenance	18	155	16	78	75	21.3%	104.0%
Operations	18	159	19	77	80	23.7%	96.0%
Short Term	0	7	0	7	0	—	—
SUB-TOTAL	36	321	35	162	155	22.5%	104.0%
NON - RES.							
Maintenance	12	193	20	102	89	22.4%	114.0%
Operations	24	185	16	77	106	15.0%	72.6%
SUB-TOTAL	36	378	36	179	195	18.0%	91.7%
TOTAL ALL EMPLOYEES	62	699	71	341	350	20.2%	97.4%

Yukon Residents hired year to date: 321 = 45.9%

Yukon Residents on roll August 30: 155 = 44.2%

We continue to experience difficulty in recruiting qualified Electricians and Millwrights. Advertisements have been placed in the Whitehorse Star, Yukon News and newspapers in South-Eastern British Columbia.

5.8 Transportation

Faro Concentrate Loadout

Only minor modifications to the loadout facility relating to winterization and performance optimization remain to be done. These changes will be done as time permits, by on-site operating crews using primarily salvaged materials.

Backhaul Offloading System

The delivery by Sea Containers Ltd. of one-half of the required bulk commodity containers is behind schedule by approximately 8 weeks. Meetings have been held with the supplier and the remaining containers should be in service by the end of September. The piping required at Faro to offload the lime and soda ash is in place although some minor modifications may be required. After several unsuccessful attempts to use the existing air compressor, it was decided to purchase a new unit designed for the purpose. This should be in place and functioning by mid-September.

Tractors and Trailers

The manufacture of all 40 trailers and the container/lids has been completed as per specifications. Changes were made to the trailers, containers and lid designs as a result of operating experience as manufacturing proceeded. Retrofits in Whitehorse of approximately 33 containers (delivered prior to design changes) will be completed during October, 1986. Yukon Alaska Transport has acquired 30 of the required 40 tractors. The remaining 10 will be in service by the end of September. At present, there are 30 complete B-train units in service.

Field modifications have been made by Yukon Alaska Transport to the container lid locking devices. The design of the final solution will come as a result of operating experience. Eight extra containers (for a total of 168) will be acquired as spares.

Whitehorse Trucking Terminal

Construction of the terminal continues and occupation/use of the facility by Yukon Alaska Transport will occur by mid-September 1986.

Skagway Ore Terminal

The terminal continues to function with very few problems. Installation/erection of the 2 hopper/stackers will be completed during September/October, 1986. Ongoing modifications to the terminal, including a container cleaning device, a container heating/thawing system, and the sealing of existing doorways to prevent heat loss and dust problems, will be completed as required by the existing terminal work force.

Alaska Road

Yukon Alaska Transport (through its parent U.S. company, Alaska West Express Inc.) successfully completed its negotiations during August, 1986, with the State of Alaska regarding the use of the Alaskan portion of the Klondike Highway to transport the 160,000 lb. GWV B-trains into Skagway. Curragh Resources, as part of the arrangement, provided 50% of the capital costs of the required road and bridge upgrades. The payback, on this cost will be via savings of Yukon Alaska Transport operating contract cost and will be less than one year.

Construction of the upgrade has commenced and will be completed by January 1, 1987.

Fraser Shuttle Point

The shuttle point will be moved by Yukon Alaska Transport from Fraser, B.C. to a temporary location in Alaska approximately 10 miles from the ore terminal during September for a period of 3-4 months. By January 1, 1987 the requirement for the shuttle will be eliminated.

Operations - General

At present, the B-train fleet has a capacity of 1150 - 1300 WMT per day. Each unit averages a 40.0 WMT payload with no empty backhaul container and a 45.6 WMT payload with an empty backhaul container. Average cycle time is 24 hours per round trip. Ultimately, with 40 B-train units and no shuttle, the cycle time should average 21-23 hours and the fleet capacity would be 1500-1700 WMT per day.

Wet weather and highway construction work by the Yukon Territorial Government have caused some delays to date. However, with the co-operation of the road contractors, these problems were minimized. Construction for this year will be completed by October 3rd but similar construction programs will be ongoing for several years.

Some problems were encountered and solved with respect to lid locking devices, the Faro loadout scales and computer system and truck overloads (as per road). During start-up, when these problems occurred, three extra people were temporarily hired during mid-June as scale operation helpers at the Faro loadout. These positions were eliminated on August 15.

During the month of August, 33,303 WMT were transported by 699 B-train trips. Actual cost by Y.A.T. including profit was \$37.34 per WMT. These costs reflect Y.A.T. startup and should decrease in the future. Y.A.T. has at present 137 employees of which 110 are drivers.

Governmental and public reaction to the road transportation system has been very positive. Ongoing efforts to ensure and build on this will be continued.

5.9 Engineering and Geology

a) Geology

General

Most geological work this month was directed at construction of a new sectional geological model of the northwest portion (AY:BY phases) of zone 3 of the Faro deposit. One temporary geologist was employed for the full month on this project.

Faro Model "F8608"

Cross sections spaced 141 feet apart from section 117 to 124 were simplified into 5 sulphide rock types. Considerable difficulty was encountered during this process because of mixing of pyrrhotitic ores with other ore types. It was decided to make the pyrrhotitic ore type large enough to encompass most occurrences and to qualify other ore types with the possibility that some pyrrhotitic will be present. In general if an intersection of pyrrhotitic was 10 feet or thicker a separate unit was established. To address the problem of prediction of 2H Mill Feed we will probably set up a new model file with soluble iron and schedule soluble iron the same as lead and zinc.

Intermediate cross sections were constructed between the simplified 141 foot spaced cross sections giving an overall spacing of 70 feet. This has not produced very acceptable looking bench plan representations of the geology and it will eventually be necessary to add the additional fill in sections so that each 35 foot block has a cross section to provide geologic control. The effect on reserves of using 70 foot spaced versus 35 foot spaced cross sections would not be appreciable since each section in the part of the deposit modelled thus far tends to have a similar cross section area hence will account for similar tonnages.

Faro Model "F8608"

The most significant shortcut taken in this modeling process was to use the composite assay files set up for the FI model rather than setting up new composite files compatible with the new geology. This can have unpredictable results on grade interpolation and will be remedied as soon as possible. It is a time consuming job, probably one week would be required.

Statistics were calculated for specific gravity of each ore type both on a composited assay and borehole assay basis. A density model was constructed using the average density by ore type derived from the statistics. A second density model was constructed by interpolating density. The comparison shows significant local differences due to the regional variation of sulphide content by ore type through the orebody and particularly the relationship of SG to grade of mineralization. The interpolated density model is felt to give a better estimate of density of ore blocks and will be used for this model. In general the density is higher in the interpolated model for ore grade sulphides and lower for waste sulphides than the average density model. Corrections for porosity were applied to the density model thus it is totally comparable to the newly adjusted "FI" model.

Twenty-five test interpolations were done to check the effect of variations in the size and shape of the search volume, weighting anisotropy, and number of required composites. The best results were achieved with a search volume 800 feet long, 80 feet high and 400 feet wide elongated in the direction of the deposit. This closely reflects the shape of the deposit and is elongated in what is clearly the direction of greatest consistency of grade in the deposit, but was felt to be too large. A smaller volume 560 feet long, 140 feet high and 280 feet wide was used. This volume may tend to average grade vertically within the deposit excessively. Smaller, flatter, volumes tended to fail to find composites to interpolate a large number of blocks resulting in a large tonnage of zero grade sulphides.

While the F8608 model is superior to the FI model in geologic control more work will be needed before a good model for all of zone 3 will be available. It is estimated that 2 months will be required to produce a suitable product that does not "cut the corners". Preliminary reserves will be ready for AY phase in the first week of September.

New assay information from 1986 drillholes will not be available for inclusion in the model for about one month.

Faro Geological Work

Lee Pigage worked at Faro all month mapping the pit, helping with blasthole logging and supervising the diamond drilling. Mapping has covered all new faces excavated by Curragh since January and has significantly enhanced our understanding of the faulting picture in the JB phase. Much of the JB geology in the FI model has been confirmed and some new wrinkles discovered. This type of mapping can significantly help out grade control in the pit when integrated with the blast hole results. Unfortunately, this degree of integration has not yet been achieved. This is largely due to the fact that time spent by the two geologists at Faro is completely taken up by blasthole sampling, tonnage and grade calculations and reconciliations, and grade control. Once the blasthole sampler to be hired is in place, the geologists will become involved in the mapping.

Six diamond drill holes were put down in the phase AY area during August. Total footage was 2673 feet (814.7m). All holes are logged and marked for sampling and entered in to the Diamond Drillhole database at Faro. These new holes do not appear to require major changes to the geology of the deposit.

b) EngineeringFaro Planning

Most of the month was spent on Faro Planning. PC Mine Software and related hardware is completely installed. This required writing special interface programs for the digitizer.

Following discussions of the density question at the Engineering Review Meeting it was agreed with Faro Engineering that it would be most appropriate to make a reduction to the interpolated densities to reflect porosity in the in-situ rock. A program reducing 2A and 2BCD densities by 5% and all other types by 10% was written and run. The net result was a reduction of tonnage before dilution of about 7%. It is important to note that a larger dilution will be used now so that the total final diluted tonnage will be close to the one that would have resulted before the density adjustment.

Scheduling of Faro reserves were started during the month. At monthend, one preliminary schedule to the end of mine life was finished.

Vangorda Plateau Planning

Only minor work on Vangorda and Grum was carried out during August.

SG reductions of 5% were applied to all ore types during August. A memo explaining this reduction and the reasons for it was also written.

Some preliminary work on planning Vangorda and Grum was done. With accelerated mining rates at Faro it now looks as though stripping may have to commence in Mid'88 to provide ore in mid'89. If this is so then a drilling program will be required for the Vangorda Plateau in 1987.

5.10 Environmental

Amended Water Use Licence was signed by the Minister of Indian and Northern Affairs on August 6th. The amendment allows for increased water use by the mill necessary to meet increased production rates. The Water Board has been notified of Curragh's intent to install groundwater wells to supplement the existing water reservoir up to the allowable water use rate. The wells will be installed during the month of September.

Another application to amend Curragh's water use licence was submitted to the Yukon Territory Water Board. The purpose of the application is to eliminate a 1000 gallon winter spill requirement currently in the water licence. It is not certain that this amendment is required until the actual water requirements and existing supply potential has been established.

A preliminary report on final abandonment options was reviewed with the consultant on August 18-19. The report outlines significant information gaps that may take 2-3 years to fill. Water Board will be advised of the findings todate along with a proposal for a joint Government/Curragh investigative program. It will be proposed that no specific abandonment plan be developed at this point until better information is available.

A proposal for the construction of a flow-through waste rock crossing of the north fork of Rose Creek is being prepared by Golder & Associates of Vancouver. This structure is the first step on the Vangorda Plateau development. A crossing will be constructed with waste rock from the Faro pit. The proposal will be presented to the Department of Fisheries & Oceans for its review and comments. Construction is slated for late 1986.

OPERATING COST REPORT (\$Cdn.000's)

=====		JANUARY			FORECAST	FORECAST		
=====		BUDGET	COMMITTED	EXPENDED	TO	TOTAL TO	CURRENT	VARIANCE
		UPDATE	TO DATE	TO DATE	COMPLETE	DEC/1986	VARIANCE	TO DATE

MINE		-----						
210	Stripping & Ore Mining	3,893	2,798	2,798	1,582	4,380	160	487
240	Operations - Supplies	5,786	4,319	4,319	2,902	7,221	(58)	1,435
260	Maintenance - Labour	4,018	2,177	2,177	1,875	4,052	811	34
270	Maintenance - Supplies	6,260	3,458	3,458	3,004	6,462	1,098	202
280	Mine Staff	1,720	558	558	644	1,202	(113)	(518)
290	Fuels & Lubricants	4,951	3,058	3,058	1,165	4,223	90	(728)

	Total Mine	26,628	16,368	16,368	11,172	27,540	1,988	912
MILL		-----						
310	Operations - Process	1,126	513	513	421	934	166	(192)
320	Operations - General	1,014	159	159	399	558	(127)	(456)
330	Operations - Supplies	8,966	1,819	1,819	5,274	7,093	(163)	(1,873)
340	Maintenance - Labour	2,385	1,696	1,696	1,227	2,923	447	538
350	Maintenance - Supplies	1,740	1,346	1,346	760	2,106	69	366
360	Mill Staff	1,290	373	373	420	793	(9)	(497)
370	Concentrate Loadout Contract	0	0	0	0	0	0	0

	Total Mill	16,521	5,906	5,906	8,501	14,407	383	(2,114)
SERVICES		-----						
410	Power Supply	4,242	2,210	2,210	2,429	4,639	119	397
412	Inventory Clearing Account	0	0	0	0	0	0	0
416	Concentrate Loadout Contract	0	200	200	406	606	(105)	606
420	Fuel Supply	880	504	504	158	662	(1)	(218)

	Total Services	5,122	2,914	2,914	2,993	5,907	13	785
GENERAL & ADMINISTRATION		-----						
510	Toronto	2,510	2,795	2,795	1,086	3,881	103	1,371
520	Whitehorse	2,406	747	747	450	1,197	3	(1,209)
530	Faro	5,103	5,683	5,683	2,182	7,865	470	2,762
550	Town & Housing Expense	222	740	740	223	963	(68)	741

	Total G & A	10,241	9,965	9,965	3,941	13,906	508	3,665

BUDGET/FORECAST RECONCILIATION

MINE AND MILL OPERATIONS - DETAILS (\$000's)

	<u>Amount</u>
Current Forecast to December 31, 1986	89,602
July Progress Report Forecast of Mine and Mill Costs to December 31, 1986	86,819
Variance	<u>2,783</u>

Variance Analysis

1. Production Improvements 1,400

In reviewing mine and mill production to the end of August, it has been decided that an improved maintenance effort would have to be applied in the September/October period in order to achieve production targets. In the mine, provision has been made to contract the shovel maintenance in order to improve equipment availability. In addition, funds have been allocated for a track replacement on one of the shovels. The forecast cost to the end of 1986 has been increased by \$870,000 for these changes.

In the mill, additional funds (\$395,000) have been provided in the mill maintenance labour account to improve the mill preventative maintenance program in the short term.

Finally, support personnel have been added to the accounting and mill metallurgical functions until short term problems are resolved in these areas. The estimated cost of this additional support is \$135,000.

The net effect of all of the foregoing remedial steps is a forecast increase of \$1,400,000.

2. Inventory Credit 1,000

Earlier this year, discussions with suppliers of replacement parts for major pieces of mine equipment indicated that a consignment program would be feasible at the Faro operation. Accordingly, a credit to the mine maintenance supply forecast of \$1,000,000 for the September-December 1986 period was reflected in the June progress report.

In attempting to finalize these negotiations, the estimate appears to have been overly optimistic and would probably be closer to \$400,000. In order to properly reflect this short term decrease to mine inventory levels, the \$1,000,000 credit has been removed from the expenditure flow and any reduction to inventory levels as a result of supplier consignment programs will be reflected in the cash position as a balance sheet item.

3. Current Mine Operations 118

The net change in the forecast cost for the mine operations and maintenance accounts for labour and supplies exclusive of items 1 and 2 above, is an increase of \$118,000. This includes an increase in the fuels and lubricants forecast of \$90,000, based on actual costs to the end of August.

4. Current Mill Operations (12)

The current month's variance to the mill operations and maintenance accounts for labour and materials, exclusive of the production improvement costs included in item 1 above, is a net decrease of \$12,000.

5. Mine and Mill Services 13

An overrun in the actual power supply cost for August (\$ + 119,000) was partially offset as a result of reallocating the component costs of the Northland Fleet Services contract. The decrease in the services account for the concentrate loadout portion was \$105,000.

6. General and Administration 373

Excluding the impact of the additional support personnel included in item 1 above, the general and administration accounts show a forecast increase of \$373,000 this month. The majority of this increase (\$217,000) has resulted from higher computer costs for the hardware and software changes related to the new accounting, payroll and materials control systems. Smaller forecast adjustments relate to additional warehouse labour and supplies (\$ + 56,000) and an overrun in light vehicle costs to date (+ \$70,000).

7. Concentrate and Backhaul Transport

(109)

The operating accounts 600 through 900 pertain to the movement of concentrate and backhaul commodities. The net forecast variance for these accounts is a decrease of \$109,000. The main component of this decrease is a \$200,000 backhaul freight reduction for costs which are being accumulated in the mill reagent supplies account.

A smaller offsetting increase of about \$94,000 has been incorporated to more accurately reflect the costs to date of concentrate haulage costs. The invoiced rate of \$37.35/WMT is \$0.55/WMT higher than the \$36.80/WMT forecast. The rate of \$37.35/WMT has been extended to year end in the forecast.

Total Operating Costs

2,783

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
200	MINE									
210	Waste Stripping & Ore Mining									
211 001	Drilling	216	216	27	27	26	27	323	338	(15)
212 001	Blasting	177	177	25	25	24	25	276	291	(15)
213 001	Loading	439	439	54	53	52	53	651	627	24
214 001	Hauling	1,074	1,074	184	188	182	188	1,816	1,860	(44)
215 001	Dump Maintenance	151	151	26	27	26	27	257	256	1
216 001	Road Maintenance	242	242	26	27	26	27	348	345	3
217 001	Stockpile Maintenance	0	0	13	13	13	13	52	65	(13)
218 001	General Service Labour	499	499	39	40	39	40	657	438	219
TOTAL ACCT 210 - MINE OPERATIONS		2,798	2,798	394	400	388	400	4,380	4,220	160
240	Mine Operating Supplies									
241 001	Drill Bits & Steel	407	407	56	63	73	68	667	717	(50)
242 001	Explosives	2,883	2,883	455	474	442	430	4,684	4,619	65
243 001	Tire Contract	556	556	134	155	155	155	1,155	1,152	3
244 001	Wear Parts	70	70	25	26	25	26	172	179	(7)
245 001	Electric Service Supplies	120	120	5	5	5	5	140	142	(2)
246 001	Training Supplies	6	6	1	1	1	1	10	5	5
247 001	Engineering Supplies	22	22	8	8	8	8	54	61	(7)
248 001	Miscellaneous	255	255	20	21	22	21	339	404	(65)
002	Light Vehicle Operation	0	0					0	0	0
003	Cranes, Forklifts, etc.	0	0					0	0	0
004	Mine Support Equipment	0	0					0	0	0
005	General Mine Freight	0	0					0	0	0
TOTAL ACCT 240 - MINE OPERATING SUPPLIES		4,319	4,319	704	753	731	714	7,221	7,279	(58)

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
260	Mine Maintenance Labour									
261 001	Maintenance Labour - General	2,053	2,053	559	664	265	274	3,815	2,985	830
002		0	0					0	0	0
003	Maintenance Labour - Drills	0	0					0	0	0
004	Maintenance Labour - Trucks	0	0					0	0	0
005	Maintenance Labour - Shovels	0	0					0	0	0
006	Maintenance Labour - Dozers	0	0					0	0	0
007	Maintenance Labour - Graders	0	0					0	0	0
008	Maintenance Labour - Loaders	0	0					0	0	0
009	Pumps & Piping	0	0					0	0	0
010	Electrical Distribution	0	0					0	0	0
Total for Account 261		2,053	2,053	559	664	265	274	3,815	2,985	830
262 001	Yards & Service - Labour	124	124	27	29	28	29	237	256	(19)
TOTAL ACCT 260 - MINE MAINTENANCE - GENERAL		2,177	2,177	586	693	293	303	4,052	3,241	811
270	Mine Maintenance Supplies									
270 001	Maintenance Supplies - General	3,356	3,356	861	682	666	659	6,224	6,160	64
002	Dozer Lease Contract	102	102	34	34	34	34	238	204	34
003	Maintenance Supplies - Drills	0	0					0	0	0
004	Maintenance Supplies - Trucks	0	0					0	0	0
005	Maintenance Supplies - Shovels	0	0					0	0	0
006	Maintenance Supplies - Dozers	0	0					0	0	0
007	Maintenance Supplies - Graders	0	0					0	0	0
008	Maintenance Supplies - Loaders	0	0					0	0	0
009	Pumps & Piping	0	0					0	0	0
010	Electrical Distribution	0	0					0	0	0
099	Inventory Credit	0	0					0	(1,000)	1,000
TOTAL ACCT 270 - MINE MAINTENANCE SUPPLIES		3,458	3,458	895	716	700	693	6,462	5,364	1,098
280	Mine Staff									
281 001	Spare	0	0	0	0	0	0	0	0	0
282 001	Operations Staff	170	170	51	51	51	51	374	432	(58)
283 001	Maintenance/Service Staff	167	167	58	58	58	58	399	444	(45)
284	Engineering									
001	Engineering/Geology Staff	104	104	25	25	25	25	204	207	(3)
002	Engineering Hourly	103	103	23	23	23	23	195	194	1

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
	Total for Account 284	207	207	48	48	48	48	399	401	(2)
285 001	Yard & Services Staff	14	14	4	4	4	4	30	38	(8)
TOTAL ACCT 280 - MINE STAFF		558	558	161	161	161	161	1,202	1,315	(113)
290	Fuels & Lubricants									
291 001	Diesel (incl. Heating Oil)	2,305	2,305	183	191	191	191	3,061	3,015	46
292 001	Gasoline	241	241	40	45	42	54	422	417	5
293 001	Lubricants	512	512	57	57	57	57	740	701	39
TOTAL for ACCOUNT 290 - FUELS & LUBRICANTS		3,058	3,058	280	293	290	302	4,223	4,133	90
TOTAL ACCT 200 - MINE		16,368	16,368	3,020	3,016	2,563	2,573	27,540	25,552	1,988
300	MILL									
310	Mill Operating Labour									
311 001	Crushing & Screening	160	160	24	25	24	25	258	239	19
312 001	Grinding	82	82	13	13	13	13	134	98	36
313 001	Flotation	92	92	26	28	27	28	201	182	19
314 001	Reagent Handling	21	21	8	8	8	8	53	41	12
315 001	Dewatering & Drying	106	106	28	29	28	29	220	188	32
316 001	Loadout	6	6	0	0	0	0	6	0	6
317 001	Tailings	3	3	4	4	4	4	19	20	(1)
318 001	Control Room	43	43	0	0	0	0	43	0	43
TOTAL ACCT 310 - MILL OPERATIONS - PROCESS		513	513	103	107	104	107	934	768	166
320	Mill Operations - General									
321 001	General Service Labour	44	44	56	58	57	58	273	394	(121)
322 001	Coal Handling	114	114	3	3	3	3	126	47	79
323 001	Office & Technical	1	1	40	40	38	40	159	244	(85)

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
TOTAL ACCT 320 - MILL OPERATIONS -GENERAL		159	159	99	101	98	101	558	685	(127)
330	Mill Operating Supplies									
331 001	Crushing & Screening	30	30	25	26	25	26	132	141	(9)
332 001	Grinding	460	460	466	481	466	481	2,354	2,624	(270)
333 001	Flotation & Reagents	1,138	1,138	1,064	554	536	726	4,018	3,872	146
334 001	Dewatering & Drying	24	24	39	43	41	43	190	224	(34)
335 001	Loadout(incl.in acct. 416.001)	0	0	0	0	0	0	0	0	0
336 001	Tailings	10	10	1	1	2	2	16	14	2
337 001	Miscellaneous	157	157	56	56	57	57	383	381	2
TOTAL ACCT 330 - MILL OPERATING SUPPLIES		1,819	1,819	1,651	1,161	1,127	1,335	7,093	7,256	(163)
340	Mill Maintenance - Labour									
341 001	Maintenance Labour	1,360	1,360	355	408	177	183	2,483	2,036	447
342 001	Heating Plant Labour	336	336	21	18	17	18	410	410	0
002	Boiler Fire Box Rebuild	0	0	30				30	30	0
Total for Account 342		336	336	51	18	17	18	440	440	0
TOTAL ACCT 340 - MILL MAINTENANCE -LABOUR		1,696	1,696	406	426	194	201	2,923	2,476	447
350	Mill Maintenance Supplies	1,346	1,346	190	190	190	190	2,106	2,037	69
351 001	Crushing & Screening	0	0	0	0	0	0	0	0	0
352 001	Grinding	0	0	0	0	0	0	0	0	0
353 001	Flotation & Reagents	0	0	0	0	0	0	0	0	0
354 001	Dewatering & Drying	0	0	0	0	0	0	0	0	0
355 001	Loadout	0	0	0	0	0	0	0	0	0
356 001	Tailings	0	0	0	0	0	0	0	0	0
357 001	Miscellaneous	0	0	0	0	0	0	0	0	0

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
TOTAL ACCT 350 MILL MAINTENANCE SUPPLIES		1,346	1,346	190	190	190	190	2,106	2,037	69
360	Mill Staff									
361 001	Spare	0	0	0	0	0	0	0	0	0
362 001	Operations Staff	91	91	36	36	36	36	235	269	(34)
363 001	Maintenance Staff	69	69	41	41	41	41	233	298	(65)
364 001	Engineering & Metallurgy	213	213	28	28	28	28	325	235	90
TOTAL ACCT 360 - MILL STAFF		373	373	105	105	105	105	793	802	(9)
370	L/O CONTRACT LABOUR in acct. 416.001	0	0	0	0	0	0	0	0	0
TOTAL ACCT 300 - MILL		5,906	5,906	2,554	2,090	1,818	2,039	14,407	14,024	383
400	SERVICES									
410	Power Supply									
411 001	NCPC Power Supply	2,210	2,210	586	620	603	620	4,639	4,520	119
TOTAL ACCT 410 - POWER SUPPLY		2,210	2,210	586	620	603	620	4,639	4,520	119
412 001	Inventory Clearing Account	0	0	0	0	0	0	0	0	0
416 001	Concentrate Loadout Contract	200	200	100	102	102	102	606	711	(105)
420	Fuel Supply - Heating									
421 001	Coal	504	504	158	0	0	0	662	663	(1)
422 001	Fuel Oil (incl. in 291.001)	0	0	0	0	0	0	0	0	0
TOTAL ACCT 420 - FUEL SUPPLY		504	504	158	0	0	0	662	663	(1)
TOTAL ACCT 400 - SERVICES		2,914	2,914	844	722	705	722	5,907	5,894	13
500	GENERAL & ADMINISTRATION									
510	G & A Toronto									

Account Number	Description	Commit. To-Date	Expend. To-Date					Total to Dec. 1986	Previous Dec-86 Total	Variance July to Aug./86
				Sep-86	Oct-86	Nov-86	Dec-86			
511	Human Resources									
001	Salaries	689	689	95	95	95	95	1,069	1,018	51
002	Employee Relations & Other	2	2					2	2	0
003	Payroll Benefits	45	45	6	6	6	6	69	71	(2)
004	Part-Time Employment	9	9					9	11	(2)
	Total for Account 511	745	745	101	101	101	101	1,149	1,102	47
512	Office Expense									
001	Office Supplies & Stationery	135	135	3	3	3	3	147	147	0
002	Reproduction & Xerox	2	2	4	2	2	2	12	14	(2)
003	Computer Service	61	61	6	6	7	6	86	72	14
004	Other Equipment Rental	10	10	1	1	1	1	14	12	2
005	Moving Expenses	11	11	19			5	35	35	0
006	Office Rent,Utilities	46	46	20	10	10	10	96	96	0
007	Renovations & Repairs	189	189	1	1	1	1	193	181	12
	Total for Account 512	454	454	54	23	24	28	583	557	26
513	Communications									
001	Postage,Telex,Courier	15	15	3	3	3	3	27	28	(1)
002	Telephone & Telecopier	41	41	10	10	10	10	81	85	(4)
	Total for Account 513	56	56	13	13	13	13	108	113	(5)
514	Travel & Business Development									
001	Travel & Entertainment	253	253	20	20	20	20	333	326	7
002	Corporate Promotion,P/R & Donations	1	1		1		1	3	4	(1)
003	Dues,Subscriptions & Trade Assoc's	14	14	2	2	2	2	22	23	(1)
004	Lease Vehicles	12	12	2	2	2	2	20	20	0
005	Board Meeting Expenses	2	2	3			2	7	7	0
	Total for Account 514	282	282	27	25	24	27	385	380	5
515	Professional Services									
001	Management Services & Contracts	0	0					0	0	0
002	Legal Services	364	364	15	15	15	15	424	388	36
003	Accounting & Auditing Services	20	20				40	60	56	4
004	Engineering Services Purchased	16	16					16	16	0
005	Enviromental Services & Supplies	17	17					17	17	0
006	Consultants & Recruiters	379	379	20	20	20	20	459	472	(13)
	Total for Account 515	796	796	35	35	35	75	976	949	27
516	Insurance & Taxes									
001	Insurance	458	458	42	42	42	92	676	676	0
002	Taxes	0	0					0	0	0
	Total for Account 516	458	458	42	42	42	92	676	676	0
517	Other Toronto Expense									

Account Number	Description	Commitment				Expenditure				Total to Dec-86 1986	Previous Dec-86 Total	Variance July to Aug./86
		To-Date	To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Sep-86	Oct-86			
001	Gas, Repairs, etc.	3	3							3	0	3
002	Auto Insurance	1	1							1	1	0
Total for Account 517		4	4	0	0	0	0	0	0	4	1	3
TOTAL ACCT 510 - G & A TORONTO		2,795	2,795	272	239	239	336	3,881		3,778		103
520	G & A Whitehorse											
521	Human Resources							0		0		0
001	Salaries: Eng'ing & Transportation	183	183	47	47	47	47	371		371		0
002	Salaries: Other	4	4					4		4		0
003	Payroll Benefits	27	27	7	7	7	7	55		57		(2)
004	Part-Time Employment	2	2	1				3		3		0
Total for Account 521		216	216	55	54	54	54	433		435		(2)
522	Office Expense											
001	Office Supplies & Stationery	8	8	1	1	1	1	12		12		0
002	Reproduction & Xerox	3	3	1	1	1	1	7		7		0
003	Computer Service	132	132	5	5	5	5	152		152		0
004	Other Equipment Rental	0	0					0		0		0
005	Moving & Relocation Expenses	79	79					79		79		0
006	Office Rent,Utilities	43	43	5	5	5	5	63		63		0
007	Renovations & Repairs	0	0					0		0		0
Total for Account 522		265	265	12	12	12	12	313		313		0
523	Communications											
001	Postage,Telex,Courier	4	4	1	1	1	1	8		8		0
002	Telephone & Telecopier	25	25	7	7	7	7	53		53		0
Total for Account 523		29	29	8	8	8	8	61		61		0
524	Travel & Business Development											
001	Travel & Entertainment	27	27	6	6	6	6	51		51		0
002	Corporate Promotion,P/R & Donations	4	4	1	1	1	1	8		8		0
003	Dues,Subscriptions & Trade Assoc's	2	2		1			3		3		0
Total for Account 524		33	33	7	8	7	7	62		62		0
525	Professional Services											
001	Management Services & Contracts	11	11	1	1	1	1	15		15		0
002	Legal Services	2	2	1	1	1	1	6		6		0
003	Accounting & Auditing Services	0	0					0		0		0
004	Engineering Services Purchased	24	24	3				27		27		0
005	Recruiting Costs	9	9					9		9		0
006	Bank Consultant	13	13	13	2	1	13	42		42		0
007	)	0	0					0		0		0
008	) Spare	0	0					0		0		0

Account Number	Description	Commit.	Expend.					Total	Previous	Variance
		To-Date	To-Date	Sep-86	Oct-86	Nov-86	Dec-86	to Dec-1986	Dec-86 Total	July to Aug./86
009	)	0	0					0	0	0
010	Environmental Services - Dome	7	7	1	1	1	1	11	11	0
011	Environmental Studies	68	68	9	4	4	4	89	89	0
012	Environmental Fund	16	16	13	10	11	11	61	61	0
013	Environmental Presentations	2	2	1	1	1	1	6	6	0
Total for Account 525		152	152	42	20	20	32	266	266	0
526	Insurance & Taxes									
001	Insurance	6	6					6	6	0
002	Taxes	0	0					0	0	0
003	Land Holdings Licences & Fees Paid	39	39					39	34	5
004	Royalties & Land Holdings Payments	0	0					0	0	0
Total for Account 526		45	45	0	0	0	0	45	40	5
527	Other Whitehorse Expense									
001	Vehicles	6	6	2	3	2	3	16	16	0
002	Other	1	1					1	1	0
Total for Account 527		7	7	2	3	2	3	17	17	0
TOTAL ACCT 520 - G & A WHITEHORSE		747	747	126	105	103	116	1,197	1,194	3
530	G & A Faro									
531	Human Resources									
001	Salaries: Staff	315	315	87	87	87	87	663	679	(16)
002	Salaries: Hourly (in 538.003)	0	0	0	0	0	0	0	0	0
003	Payroll Benefits	47	47	13	13	13	13	99	102	(3)
004	Altus	349	349	20				369	372	(3)
Total for Account 531		711	711	120	100	100	100	1,131	1,153	(22)
532	Office Expense									
001	Office Supplies & Stationary	40	40	2	2	2	2	48	40	8
002	Reproduction & Xerox	31	31	3	3	3	3	43	40	3
003	Computer Service	144	144	75	75	75	75	444	227	217
004	Other Equipment Rental	17	17	3	3	3	3	29	32	(3)
005	Moving & Relocation Expenses	157	157	98	40	30	10	335	335	0
006	Office Rent,Utilities	2	2					2	0	2
007	Renovations & Repairs	32	32	2	2	2	2	40	43	(3)
Total for Account 532		423	423	183	125	115	95	941	717	224
533	Communications									
001	Postage,Telex,Courier	9	9	2	2	2	2	17	16	1
002	Telephone & Telecopier	195	195	25	25	25	25	295	298	(3)
Total for Account 533		204	204	27	27	27	27	312	314	(2)

Account Number	Description	Commit. / Expend.				Total				Previous Variance	
		To-Date	To-Date	Sep-86	Oct-86	Nov-86	Dec-86	to Dec-1986	Dec-86 Total	July to Aug./86	
534	Travel & Business Development										
001	Travel & Entertainment	46	46	4	4	4	4	62	61	1	
002	Corporate Promotion, P/R & Donations	8	8	2	3	3	4	20	20	0	
003	Dues, Subscriptions & Trade Assoc's	0	0					0	0	0	
Total for Account 534		54	54	6	7	7	8	82	81	1	
535	Professional Services										
001	Management Services & Contracts	0	0					0	0	0	
002	Legal Services	0	0					0	0	0	
003	Accounting & Auditing Services	1	1					1	0	1	
004	Engineering Services Purchased	3	3					3	0	3	
005	Environmental Services & Supplies	0	0					0	0	0	
006	Consultants & Recruiters	156	156	25	49	4	4	238	166	72	
Total for Account 535		160	160	25	49	4	4	242	166	76	
536	Insurance & Taxes										
001	Insurance	9	9	25				34	34	0	
002	Taxes	76	76	12	12	12	12	124	137	(13)	
003	Land Holdings Licences & Fees Paid	0	0	4	4	4	4	16	20	(4)	
004	Royalties & Land Holdings Payments	0	0					0	0	0	
Total for Account 536		85	85	41	16	16	16	174	191	(17)	
537	Consultants										
001	Kilborn Pre-Closing Costs	0	0					0	0	0	
002	Water Licence	40	40	20				60	60	0	
003	Tailings Studies	0	0					0	0	0	
004	Accounting System Design	0	0					0	0	0	
005	Geotechnical - Pit	30	30					30	30	0	
006	Mine Modelling	100	100					100	100	0	
007	Tailings - Geochemical	65	65					65	65	0	
008	(Spare	0	0					0	0	0	
009	(	0	0					0	0	0
010	Kilborn Toronto Fees - General	247	247	35	40	20	20	362	327	35	
011	Kilborn Toronto Fees - Cap. Projects	93	93	6	6	6	6	117	117	0	
012	Kilborn Toronto Expenses	82	82	6	6	6	6	106	106	0	
013	Kilborn Vancouver Fees - General	453	453	24	20			497	462	35	
014	Kilborn Vancouver - Cap. Projects	274	274					274	274	0	
015	Kilborn Vancouver Expenses	105	105	4				109	109	0	
016	Kilborn Site Fees - General	303	303					303	303	0	
017	Kilborn Site Fees - Mine	541	541					541	541	0	
018	Kilborn Site Fees - Mill	438	438	24	12	11		485	485	0	
019	Kilborn Site Fee - Whitehorse	62	62					62	62	0	
020	Kilborn Site Expenses	146	146	10	4			160	160	0	
Total for Account 537		2,979	2,979	129	88	43	32	3,271	3,201	70	
538	Warehouse & Maintenance										
001	Road Maintenance	203	203	25	22	15	15	280	268	12	

Account Number	Description	Commit.	Expend.					Total	Previous	Variance
		To-Date	To-Date	Sep-86	Oct-86	Nov-86	Dec-86	to Dec-1986	Dec-86 Total	July to Aug./86
002	Security Contract & 1st Aid	275	275	33	33	33	33	407	398	9
003	Warehouse Labour & Supplies	223	223	20	20	20	20	303	247	56
004	Janitorial Services	98	98	22	22	22	22	186	188	(2)
005	Light Vehicle Contract(see 539.003)	0	0	0	0	0	0	0	0	0
006	Crane Rental	0	0	5	5	5	5	20	25	(5)
Total for Account 538		799	799	105	102	95	95	1,196	1,126	70
539	Other Faro Expense									
001	Vehicles	44	44	2	2	2	2	52	19	33
002	Other	15	15					15	15	0
003	Light Vehicle Contract	209	209	60	60	60	60	449	412	37
Total for Account 539		268	268	62	62	62	62	516	446	70
TOTAL ACCT 530 - G & A FARO		5,683	5,683	698	576	469	439	7,865	7,395	470
550	Faro Town & Housing Expense									
551	Town Costs									
001	Municipal & School Taxes	18	18	4	3	3	3	31	31	0
002	Property Management Fees	0	0					0	0	0
003	Other Town Costs	8	8	2	2	2	2	16	13	3
Total for Account 551		26	26	6	5	5	5	47	44	3
552	Housing Expenses									
001	Mortgage Expense	354	354	50				404	404	0
002	Insurance on Housing Units	0	0					0	0	0
003	Utilities	16	16	4	3	4	4	31	31	0
004	Repairs	14	14	1	1	1	1	18	21	(3)
005	Receipts from Housing	11	11					11	11	0
006	Other Housing Expenses	105	105					105	105	0
007	FREL Deficiency Payments	32	32	38	30			100	100	0
008	Employee Housing Loans	131	131	30	20	(15)	(15)	151	219	(68)
009	Mortgage - Mgt. & Guest House	12	12	2	2	2	2	20	20	0
010	Payments - Arena/Recreation Hall	24	24	8	8	8	8	56	56	0
011	Payments - Commercial Shops	15	15	5				20	20	0
Total for Account 552		714	714	138	64	0	0	916	987	(71)
TOTAL ACCT 550 - TOWN & HOUSING EXP.		740	740	144	69	5	5	963	1,031	(68)
TOTAL ACCT 500 - GENERAL & ADMIN.		9,965	9,965	1,240	989	816	896	13,906	13,398	508
600	ROAD TRANSPORTATION									
610	Concentrate Transport									

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec-1986	Previous Dec-86 Total	Variance July to Aug./86
611 001	Transport Studies	407	407					407	401	6
002	Technical Assistance - Boliden	45	45	12	13	15	13	98	93	5
Total for Account 611		452	452	12	13	15	13	505	494	11
612 001	Trailers & Containers	610	610	53	53	53	53	822	767	55
002	Pot Modifications	77	77	2	53	2	84	218	167	51
Total for Account 612		687	687	55	106	55	137	1,040	934	106
613	Whitehorse Truck Terminal									
001	Building Lease Costs	18	18	15	13	13	13	72	72	0
002	Tools, Furniture & Vehicles	0	0					0	0	0
003	Taxes & Land Lease	2	2					2	2	0
Total for Account 613		20	20	15	13	13	13	74	74	0
614 001	Concentrate Haulage Cost	2,584	2,584	1,506	1,651	1,823	1,750	9,314	9,220	94
002	Start-up Cost	150	150					150	150	0
003	Road Investment	696	696					696	696	0
004	Interim Trucking Cost	251	251					251	251	0
Total for Account 614		3,681	3,681	1,506	1,651	1,823	1,750	10,411	10,317	94
615 001	Trailer Break Station	0	0	0	0	0	0	0	0	0
TOTAL ACCT 610 - CONCENTRATE TRANS.		4,840	4,840	1,588	1,783	1,906	1,913	12,030	11,819	211
620 001	Backhaul Transport(9.00/tb)	972	972	19	19	19	19	1,048	972	76
002	Backhaul Unloading - Plantsite	117	117	30	0	0	0	147	194	(47)
003	Bulk Commodities, Truck To Faro	0	0	58	50	58	59	225	264	(39)
004	General Freight, Truck To Faro	0	0	45	45	45	45	180	225	(45)
TOTAL ACCT 620 - BACKHAUL COSTS		1,089	1,089	152	114	122	123	1,600	1,655	(55)
630	Miscellaneous Transport Costs									
631 001	Road Usage Fee(1.00/tc)	60	60	40	44	49	47	240	246	(6)
002	U.S. Customs,Alaska (see 720.004)	0	0	0	0	0	0	0	0	0
TOTAL ACCT 630 - MISC TRANS. COSTS		60	60	40	44	49	47	240	246	(6)
TOTAL ACCT 600 - ROAD TRANS.		5,989	5,989	1,780	1,941	2,077	2,083	13,870	13,720	150
700	PORT SITE									
710 001	Terminal Charges - Conc.(9.00/tc)	632	632	363	398	439	422	2,254	2,255	(1)

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec-1986	Previous Dec-86 Total	Variance July to Aug./86
002	Terminal Start-up	35	35					35	35	0
Total for Account 710		667	667	363	398	439	422	2,289	2,290	(1)
720 001	Backhaul Container Lease	0	0	5	6	6	6	23	28	(5)
002	Freight Consolidation at Seattle	0	0	36	37	36	37	146	176	(30)
003	Port Brokerage Charges B/H Only	9	9	3	3	3	3	21	21	0
004	U.S. Customs - Alaska	25	25	11	10	11	10	67	67	0
005	U.S. Customs Bond Costs - Port	1	1					1	1	0
006	Rail Costs To Seattle	0	0	92	93	92	93	370	446	(76)
007	Truck Costs To Seattle	0	0					0	0	0
008	Shipping Costs, U.K. To Seattle	0	0					0	0	0
009	Shipping Costs, Japan To Seattle	0	0					0	0	0
Total for Account 720		35	35	147	149	148	149	628	739	(111)
TOTAL ACCT 700 - PORT SITE		702	702	510	547	587	571	2,917	3,029	(112)
800	OCEAN TRANSPORT									
810 001	Concentrate Shipments	1,032	1,032	866	615	1,250	972	4,735	4,874	(139)
002	Marine Insurance	10	10					10	5	5
Total for Account 810		1,042	1,042	866	615	1,250	972	4,745	4,879	(134)
820 001	Backhaul Barging, Seattle To Skagway	0	0	96	99	96	96	387	468	(81)
TOTAL ACCT 800 - OCEAN TRANSPORT		1,042	1,042	962	714	1,346	1,068	5,132	5,347	(215)
900	MARKETING & FINANCIAL									
910	Marketing Expense									
911 001	Sales Expense	263	263	176	201	344	343	1,327	1,256	71
002	Sampling - Skagway	24	24	15	17	28	28	112	112	0
003	Sampling & Discharge Costs	72	72	78	25	97	42	314	316	(2)
Total for Account 911		359	359	269	243	469	413	1,753	1,684	69
912	European Office									
001	Fees	0	0					0	0	0
002	Expenses	231	231	17	17	17	17	299	300	(1)
Total for Account 912		231	231	17	17	17	17	299	300	(1)
913	Commissions									
001	Boliden	0	0					0	0	0
002	Mitsui	0	0					0	0	0

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec-1986	Previous Dec-86 Total	Variance July to Aug./86
Total for Account 913		0	0	0	0	0	0	0	0	0
914	Sales & Promotion Expense									
001	Conventions, Meetings & Conferences	0	0					0	0	0
002	Advertising & Sales Promotion	0	0					0	0	0
003	Entertainment	0	0					0	0	0
004	Other	0	0					0	0	0
Total for Account 914		0	0	0	0	0	0	0	0	0
TOTAL ACCT 910 - MARKETING EXPENSE		590	590	286	260	486	430	2,052	1,984	68
920 001	Smelter Charges - Zinc	0	0					0	0	0
930 001	Revenues - Zinc	0	0					0	0	0
940 001	Smelter Charges - Lead	0	0					0	0	0
950 001	Revenues - Lead	0	0					0	0	0
960	Financial Expense	0	0					0	0	0
961	Interest Expense									
001	Banks	0	0					0	0	0
002	Dome/CAMC	0	0					0	0	0
003	Government	0	0					0	0	0
Total for Account 961		0	0	0	0	0	0	0	0	0
962	Lenders Fees									
001	Engineering	0	0					0	0	0
002	Legal	0	0					0	0	0
003	Other	0	0					0	0	0
Total for Account 962		0	0	0	0	0	0	0	0	0
963 001	Commitment & Standby Charges	0	0					0	0	0
964 001	Banking Charges	0	0					0	0	0
965 001	Income Tax	0	0					0	0	0
966 001	Interest Income	0	0					0	0	0
967 001	Other Financial Expense	3,871	3,871					3,871	3,871	0
TOTAL ACCT 960 - FINANCIAL EXPENSE		3,871	3,871	0	0	0	0	3,871	3,871	0
980	Capital Transactions									

Account Number	Description	Commit. To-Date	Expend. To-Date	Sep-86	Oct-86	Nov-86	Dec-86	Total to Dec-1986	Previous Dec-86 Total	Variance July to Aug./86
981 001	Shareholder Contributions	0	0					0	0	0
982	Drawdown & Repayments									
001	Credit Facilities - Banks	0	0					0	0	0
002	Credit Facilities - Dome/CAMC	0	0					0	0	0
003	Credit Facilities - Government	0	0					0	0	0
004	Credit Facilities - Other	0	0					0	0	0
Total for Account 982		0	0	0	0	0	0	0	0	0
983 001	Dividends Paid	0	0					0	0	0
984 001	Royalties Paid	0	0					0	0	0
985 001	Other Capital Transactions	0	0					0	0	0
TOTAL ACCT 980 - CAPITAL TRANSACTIONS		0	0	0	0	0	0	0	0	0
TOTAL ACCT 900 - MARKET. & FINANC.		4,461	4,461	286	260	486	430	5,923	5,855	68
*****TOTAL OPERATING COSTS*****		47,347	47,347	11,196	10,279	10,398	10,382	189,602	86,819	2,783