

CURRAGH RESOURCES INC.

Inter-Office Memorandum

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President, Base Metals
Toronto Office

FROM: Gregg A. Jilson
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RE: **Start of 1992 Reserves**

DATE: 02 05 1992

The enclosed sheets are our recommendation for the best reserves for the various deposits of Faro Division.

This is still in draft form. It varies from previous released in that Faro is no longer done by subtraction of production (except Faro UG) from out of date reserves.

Dy is the new reserve - a report describing this is available in draft form.

Grum and Vangorda are unchanged except for production losses.

Swim is unchanged.

The last report, at end of third quarter 1991, is provided for comparison.

Note that Faro insitu geological reserves are largely an illusion since not much of the material is mineable as it is in pillars or in areas that open pit mining can't touch due to slope stability or stripping ratio. This will have to be written off soon.

We will finalize once we have your comments.



CURRAGH RESOURCES INC.

FARO DIVISION – SEPT 30, 1991

preliminary

(stated as in-situ geological reserves)

	TONNES	TONS	ZINC (percentage)	LEAD (percentage)	SILVER (grams per tonne)	GOLD	SILVER (troy oz. per ton)	GOLD
PROVEN RESERVES								
FARO OPEN PIT AND....	6,945,000	7,655,000	4.42	2.55	30	0.11	0.88	0.003
UNDERGROUND								
STOCKPILES.....	2,631,000	2,900,000	2.98	2.00	24	0.15	0.70	0.004
GRUM OPEN PIT.....	33,881,000	37,347,000	5.52	3.41	56	0.80	1.63	0.023
VANGORDA OPEN PIT.....	5,528,000	6,093,000	4.90	3.79	45	0.77	1.33	0.022
PROBABLE RESERVES								
FARO UNDERGROUND....	1,658,000	1,828,000	7.77	5.08	67	0.15	1.97	0.004
SWIM PIT.....	5,130,000	5,655,000	4.40	3.50	47	0.75	1.37	0.022
DY UNDERGROUND.....	21,060,000	23,214,000	6.74	5.54	84	0.95	2.45	0.028
TOTAL	76,833,000	84,692,000	5.60	3.94	59	0.74	1.72	0.021

TABLE 1
CURRAGH RESOURCES INC. – FARO DIVISION
IN-SITU GEOLOGICAL RESERVES AS OF JANUARY 1, 1992

DEPOSIT	CLASS	CUT- OFF%	ORE TONNES	LEAD+ ZINC	% LEAD	% ZINC	g/mt SILVER	g/mt GOLD	SOURCE
FARO									
Zone 3 Only	Proven	+6%	2,166,000	8.54	3.04	5.50	29	0.10	92-5
Zone 3 Only	Proven	+5%	3,037,000	7.66	2.72	4.94	27	0.11	92-5
Zone 3 Only	Proven	+4%	4,168,000	6.80	2.41	4.39	25	0.11	92-5
Zone 3 Only	Proven	+3%	5,270,000	6.12	2.17	3.95	24	0.12	92-5
SW Underground	Probable	+9%	1,458,000	12.80	5.04	7.76	67	NA	92-6
Total Deposit	All	4%,9%	5,626,000	8.35	3.09	5.26	36	NA	
	All	3%,9%	6,728,000	7.56	2.79	4.77	33	NA	
GRUM									
Main Zone (61W-87W)	Proven	+6%	28,963,000	10.36	3.90	6.46	66	1.00	89-8
Main Zone (61W-87W)	Proven	+5%	27,855,000	9.68	3.66	6.02	61	0.98	89-8
Main Zone (61W-87W)	Proven	+4%	32,181,000	8.98	3.40	5.58	57	0.95	89-8
Main Zone (61W-87W)	Proven	+3%	35,723,000	8.45	3.22	5.23	54	0.93	89-8
Champ Zone (51W-61W)	Probable	+4%	1,700,000	7.80	3.50	4.30	46	NA	89-16
Subtotal	Proven+Probable	+4%	33,881,000	8.92	3.41	5.52	56	NA	
NW Zone (87W-100W)	Possible	NA	8,000,000	10.00	NA	NA	NA	NA	89-17
Total Deposit	Proven+Probable	+4%	33,881,000	8.92	3.41	5.52	56	NA	
Total Deposit	Prov.+Prob.+Poss.	+3%	37,423,000	8.42	3.23	5.19	54	NA	
VANGORDA									
Total Deposit	Proven	+6%	3,843,000	9.69	4.30	5.39	54	0.84	92-7
Total Deposit	Proven	+5%	4,337,000	9.20	4.07	5.13	51	0.81	92-7
Total Deposit	Proven	+4%	4,905,000	8.67	3.82	4.85	48	0.78	92-7
Total Deposit	Proven	+3%	5,629,000	7.99	3.51	4.48	44	0.76	92-7
DY									
AB Zone	Probable	+9%	13,133,000	12.58	5.71	6.87	83	0.86	92-8
AB Zone	Possible	+9%	5,389,000	13.62	5.26	8.36	78	0.85	92-8
AB Extension Zone	Possible	+9%	1,904,000	13.92	5.52	8.40	82	0.98	92-8
Above AB Zone	Possible	+9%	607,000	10.27	4.96	5.31	65	0.74	92-8
Below AB Zone	Possible	+9%	323,000	10.79	4.50	6.29	75	0.89	92-8
Total Deposit	Probable+Possible	+9%	21,356,000	12.87	5.54	7.33	81	0.87	
SWIM									
Total Deposit	Probable	+4%	5,130,000	7.90	3.50	4.40	47	NA	89-15
TOTAL FARO DIVISION*									
	Proven		41,254,000	8.72	3.35	5.37	53	0.85	
	Probable		21,421,000	11.09	4.96	6.14	70	NA	
	Possible		16,223,000	11.69					
ALL CATAGORIES									
			78,898,000	9.98	NA	NA	NA	NA	

* Reserve cutoff is 4% Pb+Zn for reserves which may possibly be mined by open pit methods.
Reserve cutoff is 9% Pb+Zn for reserves which may possibly be mined by underground methods.

TABLE OF SOURCES

92-5 C.R.I. (Dec 1991); F9005 in-situ reserve calculation below Dec 28/91 survey surface (no adjustments).
92-6 C.R.I. (Sept 1989); S89 Alpha II Mine Plan. 1,161,000 tonnes ore mined start-up Jan 1990 to Dec 31, 1991 subtracted from original Alpha II mine plan in-situ reserve.
89-8 C.R.I. (June 1986); G8705 in-situ (5% SG reduction removed) reserve calculation, in-house report.
89-16 Kerr Addison Mines (1978); Sectional Calc. by A.Y. Po in Sirola (1977) Grum Joint Venture Mineral Inventory.
89-17 C.A.M.C (1984); Estimate of reserve based on extrapolation of sections NW of Main Zone.
92-7 C.R.I. (Dec 1991); V9009 in-situ (no adjustments) reserve calculation, remaining geological reserves below December 1991 survey pit surface, in-house report.
92-8 C.R.I. (Dec 1991); Dy Polygonal Reserve Estimate, Whitehorse Report # 9103.
89-15 Vintila I. (March 1988); Preliminary Open pit Reserve Evaluation For The Swim Deposit, page 5.

**TABLE 2
CURRAGH RESOURCES INC. - FARO DIVISION
MINING RESERVES AS OF JANUARY 1, 1992**

DEPOSIT	CLASS	CUT - OFF%	WASTE TONNES	ORE TONNES	LEAD+ ZINC	% LEAD	% ZINC	g/mt SILVER	g/mt GOLD	STRIP RATIO	SOURCE
FARO											
Zone 3 Pit	Proven	+6%		610,000	8.58	2.94	5.64	21	0.09		92-1
Zone 3 Pit	Proven	+5%		851,000	7.69	2.67	5.02	20	0.10		92-1
Zone 3 Pit	Proven	+4%	923,000	1,091,000	7.00	2.47	4.53	19	0.11	0.85	92-1
Zone 3 Pit	Proven	+3%	714,000	1,300,000	6.44	2.28	4.16	18	0.11	0.55	92-1
SW Underground	Probable	+9%		<u>251,000</u>	<u>11.62</u>	<u>4.67</u>	<u>6.95</u>	<u>62</u>	<u>NA</u>	<u>NA</u>	92-2
Total Deposit	All	4%,9%		1,342,000	7.86	2.88	4.99	27	NA	NA	
	All	3%,9%		1,551,000	7.28	2.67	4.61	25	NA	NA	
FARO STOCKPILES											
Low Grade	Proven	3-5%	NA	2,320,000	4.38	1.69	2.69	NA	NA	NA	92-3
High Grade	Proven	+5%	NA	20,000	10.87	4.04	6.63	NA	NA	NA	92-3
Total Stockpiles				2,340,000	4.43	1.71	2.72	NA	NA		
GRUM PIT											
Total GIV88 pit	Proven	+6%		19,062,000	9.13	3.40	5.73	57	0.86		91-4
Total GIV88 pit	Proven	+5%		21,892,000	8.58	3.19	5.39	53	0.84		91-4
Total GIV88 pit	Proven	+4%	166,401,000	25,161,000	7.97	2.96	5.01	50	0.81	6.61	91-4
Total GIV88 pit	Proven	+3%	164,263,000	27,299,000	7.59	2.83	4.76	47	0.79	6.02	91-4
VANGORDA PIT **											
Total VWEST pit	Proven	+6%		3,568,000	8.14	3.62	4.51	45	0.70		92-4
Total VWEST pit	Proven	+5%		3,883,000	7.85	3.49	4.36	44	0.69		92-4
Total VWEST pit	Proven	+4%	11,279,000	4,204,000	7.54	3.34	4.20	42	0.67	2.68	92-4
Total VWEST pit	Proven	+3%	10,959,000	4,524,000	7.21	3.19	4.01	40	0.66	2.42	92-4
VANGORDA STOCKPILE											
				316,000	7.05	3.20	3.85	NA	NA		92-3
<i>3892250 (= same one incl'd)</i>											
DY UNDERGROUND											
Stope + Pillar	Probable	+9%	NA	11,300,000	12.66	5.82	6.84	83	0.94	NA	89-3
SWIM PIT											
Total Pit	Probable	+4%	24,265,000	<u>3,910,000</u>	<u>7.13</u>	<u>3.22</u>	<u>3.91</u>	<u>42</u>	<u>NA</u>	<u>6.21</u>	89-15
TOTAL FARO DIVISION*											
SP's, Faro, Grum and Vangorda Pits	Proven			33,112,000	7.62	2.91	4.72	NA	NA		
Faro and Dy Underground, Swim Pit	Probable			<u>15,461,000</u>	<u>11.24</u>	<u>5.14</u>	<u>6.10</u>	<u>72</u>	<u>NA</u>		
ALL CATAGORIES											
			Total	48,573,000	8.78	3.62	5.16	NA	NA		

* Ore cutoff is 4% Pb+Zn for open pits, 9% Pb+Zn for underground reserves.

Faro 3-4% Pb+Zn material is stockpiled in the low grade stockpile.

** up to 10% of the Vangorda stockpile and mining reserve may be refractory

TABLE OF SOURCES

92-1 C.R.I. (Mar 1990); F9008 mining reserve calculation, remaining reserve below Dec 28/91 survey surface within east phase revised (Jul. 91) ultimate Pit. 95% mining recovery.

92-2 C.R.I. 1992 Faro Operating Plan. 52,000 tonnes classified as possible removed from mining reserve.

92-3 C.R.I. (Dec 1991); Dec. 1991 General Manager's Month End Report.

91-4 C.R.I. (Dec 1990); G8705 3D computer block model, 95% mining recovery. Remaining mining reserves below Dec. 28, 1990 survey surface within GIV Stage 3 Ultimate Pit. (Note - no change since 1990 year end)

92-4 C.R.I. (Dec 1991); V9009 calculation, geology composites, 20% dilution at "0" grade. 90% mining recovery, remaining mining reserves below Dec/91 survey surface within VWEST Ultimate Pit.

89-3 C.R.I (1989); S89 Alpha 2 mine plan.

89-15 Vintila I. (March 1988); Preliminary Open Pit Reserve Evaluation For The Swim Deposit, page 5. *15% dil. to 95% rec'd*