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**TELEFAX TRANSMISSION**

**TO:** Colin Benner

**FROM:** Gregg A. Jilson, Vice-President, Exploration

WHITEHORSE OFFICE

**DATE:** 4/3/92 **TIME:** \_\_\_\_\_

**ORIGINAL TO FOLLOW:** YES  NO

**SUBJECT:** Faro division table for 10K

Note that due to various adjustments to  
stockpiles, millfeed from each deposit  
was not tabulated, instead I have tabulated  
what was mined from the deposit and  
the net removal from the stockpiles - I  
am still trying to sort out the actual  
mill feed for each deposit. The total ~~mill~~ (4,547ktous)  
is millfeed. Actual feed from stockpiles was considerably  
higher than 318 ktous

If all pages are not received, please contact Bette at 668-8034  
**THIS TRANSMISSION CONSISTS OF 3 PAGE(S)**  
**(including cover page)**

**Diluted Ore Reserves  
Faro Division - Company Estimates**

Preliminary  
March 4, 92

	Ton <sup>s</sup> MINED			Average Grade				
	Dec. 31 1990	Mill Feed <small>or Remined</small>	Adjust- ments	Dec. 31 1991	Zinc (Percentage)	Lead (Percentage)	Silver (ounces per ton. )	Gold (ounces per ton. )
	a	b	c	a-b+c				
<b>Proven Reserves: (1) (2)</b>								
Faro open pit..... and underground	4,838	1795	(1841) <sup>③</sup>	1202	4.53	2.47	0.55	0.003
Stockpiles.....	3,393	318	(152) <sup>④</sup>	2923	2.85	1.89	[0.44]	[0.003]
Grum open pit.....	27,735	0	0	27,735	5.01	2.96	1.46	0.024
<b>Probable Reserves: (1) (2)</b>								
Faro underground....	697	668	248 <sup>⑤</sup>	277	6.95	4.67	1.81	[0.004]
Vangorda open pit...*	6,935	1766	(536) <sup>⑥</sup>	4633	4.20	3.34	1.23	0.020
Dy underground.....	12,456	0	0	12,456	6.84	5.82	2.42	0.027
	56,054	4,547	(2,281)	49,226	5.27	3.65	1.60	0.022

(1) The combined cut-off grade of zinc plus lead is 4% for open pit and stockpile reserves and 9% for underground reserves. Combined grade means the combined amount of zinc and lead metals in the ore. Thus, ore with the same combined grade may contain various combinations of zinc and lead grades.

(2) In 1991, the average mill recovery was 76.74% for zinc, 76.35% for lead and 48.05% for silver. The percentages and amounts set forth in the table do not reflect these mill recovery rates.

Currently, the Company's mining operations at the Faro mine are conducted primarily by open pit techniques, which involve the drilling, blasting, loading and hauling of a large enough horizontal slice of the ore deposit to allow the mining equipment to operate in a cost-efficient and effective manner. In order to gain access to the ore in an open pit, the waste or uneconomic material is first removed. After blasting, the waste material is loaded and hauled for permanent disposal to waste dumps outside and, to a lesser extent, in the mined out area of the Faro pit. The ore is loaded and hauled to the primary crusher at the concentrator. Open pit mining techniques will also be used for the Grum deposit. Underground mining methods are also in use to obtain residual ore out of the Faro open pit. This work will be completed in April 1992. Underground mining methods are also contemplated for the Dy deposit. In respect of the 1991 capital expenditure program, reference is made to page 103 of the Annual Report.

Sulphide zinc and lead ores from the open pit are transported by conveyor belt to the primary crusher.

Opening Stockpiles	3735
Closing Stockpiles	<u>2967</u>
Gross Change in Stockpiles	768
Survey adjustments	87
Oxidized fines adjustment	<u>363</u>
Net Change in Stockpiles	318
Mined in 1991	<u>4229</u>
Removed from inventory	4547
milled in 1991	4547

## Notes

[x.xx] means that this number is not based on actual measurements but is estimated from the general tenor of the orebody or comparable ores in the area.

\* Vanguard upgraded to proven due to additional drilling

3) This adjustment reflects the completion of 117 additional drillholes and improved geological interpretation. Changes were made to ore reserve calculation methodology to better predict mill feed. The pit was redesigned to reflect the improved understanding of the orebody. Allowance also made for a safety berm on northeast wall in response to stability concerns.

4) The adjustment includes additions to stockpiles due to surplus ore and low grade material mined. Negative adjustment made for screening of fine material from stockpiled oxidized Vanguard cap rock.

5) Adjustment reflects additions from the geological inventory

6) Adjustment reflects 183 additional drillholes, reinterpretation of the geology and revised ore reserve calculation methods. The pit was redesigned to reflect the improved understanding of the orebody.