

CURRAGH RESOURCES INC.

Inter-Office Memorandum

TO: Dave Tenney, Chief Geologist
 Faro Minesite
 Cam Reed, Geologist
 Whitehorse Office
 Callum Grant, Consultant
 William Hill Consultants Ltd.
 Toronto, Ontario

FROM: Gregg A. Jilson
 Vice-President, Exploration
 Whitehorse Office

RE: FARO RECALCULATION

DATE: 03 14 1990

After consultation with Callum Grant of William Hill Consultants we agreed on the following procedures and parameters for recalculation of the reserves for the Faro Mine. This is based partly on Variogram analysis of 3580-3570 benches of S and R phases.

COMPOSITES

Assay Composite Type:

Bench composites with assays cut to 95th percentile for each major rock type.

INTERPOLATION

1. Geological Matching During Interpolation:

"Loose" i.e. quartzose, disseminated, rock types (units 20 and 30) are lumped together and massive rock types are lumped together (units 40 to 70). After considerable discussion it was agreed not to separate Unit 40.

2. Interpolation:

- a) to be done in two passes;
- b) to use $1/d$ rather than $1/d^2$ (since there is concern that this may lead to excessive averaging $1/d^2$ will be tried later);
- c) interpolation search distance to be a maximum of 120' along trend of deposit, and 70' across in first pass and 240' along and 140' across in second pass. In both passes vertical search will be a maximum of 19 feet or less than one full bench;

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- d) minimum number of composites to interpolate a block = 2;
maximum number of composites in a block = 6;
- e) trace blocks are to be used and will focus on previously identified trouble spots as well as blocks with known drill hole control and mined grade;
- f) structural sectors to be reviewed with special reference to area of S phase where modifications to ellipsoid orientation may be needed.

Geological Revisions

Bench plans to be plotted showing F8910 mine model blocks and all new composites. Discrepancy between two data sets to be looked for and corrections to blocks in model to be made using block model editor.

Density

Ore: Use pulp densities but reduce by 2% for porosity allowance.
Same reduction for all ores.

Waste: Use 0.076 tonnes/cu.ft. as is current practice.

Sulphide Waste: as for ore

RESERVE REPORTING

The first pass model will be kept separate so that the more confidently projected ore can be identified in the schedule in proportion to the overall ore interpolated after second pass.

The schedule for this activity is:

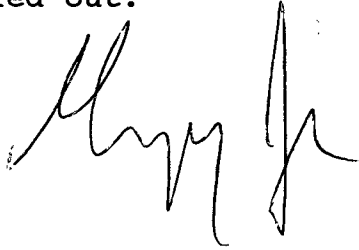
<u>Activity</u>	<u>Date</u>
1. Clip gold assays	Tuesday, March 13, 1990
2. Check all assay data from new drilling	Tuesday, March 13, 1990
3. Recomposite on benches	Evening of Tuesday March 13, 1990
4. Set-up geological domains	Wednesday, March 14, 1990
5. Resolve ellipsoid orientation, H & V factors and angles	Wednesday, March 14, 1990
6. Plot Bench plans with composites	A.M. of Wednesday, March 14, 1990
7. Check and mark blocks for editing	P.M. of Wednesday, March 14, 1990

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| 8. Edit model | A.M. Thursday, March 15, 1990 |
| 9. Set-up batch files for interpolation | Friday, March 16, 1990 |
| 10. Set-up extraction files | Friday, March 16, 1990 |
| 11. Run interpolation | Over Weekend |
| 12. Compute reserves | A.M. Monday, March 19, 1990 |
| 13. Compare to production | A.M. Monday, March 19, 1990 |
| 14. Run "mix-up" in horizontal plane | Monday, March 19, 1990 through
A.M. Wednesday, March 21, 1990 |
| 15. Check reserves of mix-up | A.M. Wednesday, March 21, 1990 |
| 16. Run MIX-UP on 8910 block model; check to see if useable in short term | Tuesday, March 13 - Wednesday, March 14, 1990 |

This model must be supplied to Faro Wednesday for mine planning to be carried out.

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