

CURRAGH RESOURCES INC.

Inter-Office Memorandum

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TO: Bill Weymark, Faro
Kim Barrowman, Faro
Kresho Galovitch, Faro
Ed Blackslan, Faro
Kevin Atherton, Toronto

FROM: Gregg Jilson
Vice-President, Exploration

RE: Year End Reserve Reconciliation
for Faro and Other Projects

Date: January 23/89

Attached you will find 3 pages of reconciliations completed by Cam Reed. As you will see the ore mined during 1988 compares very well with that predicted.

In this regard it is significant to keep in mind that 1/2 of this mine reserve benefits from blast hole information on the geometry of the ore in the model. However, the grade was predicted entirely from exploration diamond drill data.

You will also note on page 3 of the reconciliation that the waste moved calculated by the difference between surfaces and reported by the Engineering department is significantly different. We will have to find out why this difference exists.

To that end Cam has prepared plots of the year end surfaces for 1987 and 1988 plus a plot of the elevation differences between those surfaces.

Detailed inspection of those plots may determine where the differences are coming from.

Also enclosed are 4 pages summarizing the beginning of 1989 reserves.

Please get back to me as soon as possible with comments or discrepancies you may find in these figures so they can be released as our official 1989 mine reserves

PRELIMINARY

CURRAGH RESOURCES INC.
 FARO MINED RESERVE RECONCILIATION
 JAN 1 1988 to DEC 31 1988

Jan 23 1989

PERIOD: JAN 1 1988 to DEC 31 1988

	TONNES	Pb+Zn %	Pb %	Zn %	Ag g/tn	Au g/tn	tonnes combined	tonnes lead	tonnes zinc	kg silver
<u>Ore blocked out in pit by blastholes and mined:</u>										
+4% Pb+Zn cutoff	4,579,256	8.91	3.85	5.06	52.75	NA	408,012	176,301	231,710	241,556
4-5% Pb+Zn	295,098	4.96	2.13	2.83	39.85	NA	14,637	6,286	8,351	11,760
+5% Pb+Zn cutoff	4,284,158	9.18	3.97	5.21	53.64	NA	393,286	170,081	223,205	229,802

Crusher Feed reconciliation:

From Geology records	4,197,670	8.83	3.83	5.00	53.24	NA	370,654	160,771	209,884	223,484
From Mill records	4,125,874	8.45	3.62	4.83	51.88	NA	348,636	149,357	199,280	214,050

< > Beginning + ending stockpile ~~value~~ shown to -

Addition to +4% Stockpiles

+4% by BH - Cr Feed *	381,586	9.79	4.07	5.72	47.36	NA	37,357	15,531	21,827	18,072
Actual (geology records)	251,524	6.70	2.88	3.82	41.36	NA	16,852	7,244	9,608	10,403

* Total +4% ore production by blasthole minus total crusher feed from all sources as reported by geology

Crusher feed variance

(Geology - Mill)	71,796	0.38	0.21	0.17	1.36	NA	22,018	11,414	10,604	9,434
ZVar (BH-Mill)/Mill*100	1.7	4.5	5.8	3.5	2.6	NA	6.3	7.6	- 5.3	4.4

Calculated stockpile variance

Calculated - Actual	130,062	3.09	1.19	1.90	6.00	NA	4,019	1,548	2,471	780
% Var (Calc-Act)/Act*100	51.71	46.12	41.32	49.74	14.51	NA	121.68	114.40	127.17	73.72

PRELIMINARY

MODEL RECONCILIATION

page 2 of 3

PERIOD: JAN 1 1988 to DEC 31 1988

	TONNES	Pb+Zn %	Pb %	Zn %	Ag g/tn	Au g/tn	tonnes combined	tonnes lead	tonnes zinc	kg silver	g
Ore blocked out in pit by blastholes and mined:											
+4% Pb+Zn cutoff	4,579,256	8.91	3.85	5.06	52.75	NA	408,012	176,301	231,710	241,556	
4-5% Pb+Zn	295,098	4.96	2.13	2.83	39.85	NA	14,637	6,286	8,351	11,760	
+5% Pb+Zn cutoff	4,284,158	9.18	3.97	5.21	53.64	NA	393,286	170,081	223,205	229,802	

Predicted reserves within mined volumes:

Model Undiluted:

WASTE

F8805 Phyllite Waste	14,168,160										
F8805 0.1-4%	1,085,570	1.91	0.87	1.04	14.38	0.05	20,775	9,488	11,287	15,610	
F8805 total -4%	15,253,730										

DRE

F8805 +4% Pb+Zn	4,442,930	9.73	4.17	5.56	55.10	0.10	432,342	185,226	247,116	244,788	4
F8805 4-5%	260,950	4.44	1.76	2.68	28.66	0.06	11,573	4,593	6,980	7,478	
F8805 +5%	4,181,980	10.06	4.32	5.74	56.75	0.11	420,624	180,787	239,837	237,306	4

Model diluted: (10% at 0 grade, 95% mining recovery) *

WASTE (Adjusted)

F8805 Phyllite Waste	13,746,082										
F8805 0.1-4%	1,307,717										
F8805 total -4%	15,053,798										

DRE (Diluted)

F8805 +4% Pb+Zn	4,642,862	8.85	3.79	5.06	50.09	0.09	410,724	175,964	234,760	232,548	4
F8805 4-5%	272,693	4.03	1.60	2.43	26.05	0.05	10,994	4,363	6,631	7,104	1
F8805 +5%	4,370,169	9.14	3.93	5.21	51.59	0.10	399,592	171,748	227,845	225,441	4

* 10% Dilutant is non sulphide, 5% mining loss is sulphide waste.

Ore reserve variance (bh = blasthole)

Variance in +4% Pb+Zn ore (blasthole-diluted model)	(63,606)	0.06	0.06	0.00	2.66	NA	(2,713)	337	(3,050)	9,007	N
% Variance +4% Pb+Zn ore (bh-model)/model=100	-1.37	0.72	1.58	0.07	5.32	NA	-0.66	0.19	-1.30	3.87	N
Variance in +5% Pb+Zn ore (blasthole-diluted model)	(86,011)	0.04	0.04	-0.00	2.05	NA	(6,307)	(1,667)	(4,640)	4,361	N
% Variance +5% Pb+Zn ore (bh-model)/model=100	-1.97	0.40	1.02	-0.07	3.98	NA	-1.58	-0.97	-2.04	1.93	N

PRELIMINARY

WASTE RECONCILIATION

page 3 of 3

Waste Removed: (total <4% Pb+Zn)

From engineering records	18,816,461
F8805 Model Unadjusted	15,253,730
F8805 Model Adjusted *	15,053,798

Stripping Ratios

UNDILUTED F8805 model stripping ratio (Total Waste <4% / +4%)	3.43
DILUTED F8805 model stripping ratio (Total Waste <4% / +4%)	3.24

Waste variance

(F8805 ADJ - Eng)	(3,762,663)
(F8805 UNADJ - Eng)	(3,562,731)
% Var: (F8805 ADJ - Eng)/Eng	-20.0
% Var: (F8805-Eng)/Eng	-18.9

*Waste tonnes adjusted for 95% recovery of ore and 10% (by weight) dilution of ore :
Phyllite waste tonnes = Undiluted phyllite waste - (0.1 * .95 * +4% ore tonnes)
Sulphide Waste = Total undiluted sulphide waste + (.05 * undiluted +4% ore tonnes)
Dilutant is assumed to be phyllite, mining loss is sulphide waste
Total waste is sum of above two equations

PRELIMINARY

CURRAGH RESOURCES INC. MINING RESERVES - AS OF DECEMBER 31 1988

DISTRICT/DEPOSIT CLASS	CUT-OFF %Pb+Zn	TONNES ORE	Pb+Zn %	Pb %	Zn %	Ag g/tn	A g/tn	
<u>ANVIL DISTRICT</u>								
FARO								
Zone 3 Pit *	Proven	4.0	13,615,000	7.67	2.92	4.75	32.2	0.12
SW Underground	Probable	9.0	2,014,000	11.59	4.59	7.00	61.3	NA
Total deposit	NA	NA	15,629,000	8.17	3.13	5.04	35.9	NA
GRUM PIT								
Main Zone Pit (61W-87W)	Proven	4.0	25,161,000	7.97	2.96	5.01	50.4	0.81
VANGORDA PIT								
Total Deposit	Proven	4.0	6,935,000	8.00	3.49	4.51	49.7	0.65
DY UNDERGROUND								
Total Deposit	Probable	9.0	11,404,000	13.94	6.47	7.47	95.1	1.02
SWIM PIT								
Total Deposit	Probable	4.0	3,910,000	7.13	3.22	3.91	42.0	NA
TOTAL ANVIL DISTRICT:								
	NA	NA	63,039,000	9.05	3.71	5.34	54.3	NA
<u>AKIE DISTRICT</u>								
CIRQUE								
Main Cirque	Probable	8.0	22,170,000	11.99	2.74	9.25	57.0	NA
<u>TOTAL COMPANY:</u>								
	NA		85,209,000	9.82	3.46	6.36	55.0	NA

* F8805 model mining loss = 5%, Diluted 10% at 0% Pb+Zn

PRELIM

Tables MR-01
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CANADIAN RESOURCES INC. MINING RESERVE - AS OF DECEMBER 31, 1988

DISTRICT/DEPOSIT	CLASS	CUT-OFF GRADE	TONNES ORE	Pb+Zn %	Pb %	Zn %	Ag g/tn	Au g/tn	TONNES PHYL WASTE	TONNES SULPH WASTE	TONNES OVERBD WASTE	STRIP RATIO	Method	Model Name	Model Date	Completed By:	% Mining Dilution	% Grade Diluted
		2Pb+Zn	tns#1000						tns#1000	tns#1000	tns#1000	tn/tn						
ANVIL DISTRICT																		
FARGO																		
*Zone 3 Pit	Proven	4.00	13,615	7.67	2.92	4.75	32.16	0.118	20,000	6,745	0	1.96	3D Block (1/82)	F8805	May/88	CRI (1)	10 %	0 %
SW Underground	Probable	9.00	2,014	11.59	4.59	7.00	61.29	NA	NA	NA	NA	NA	Polygonal	NA	March/87	Kilborn (2)	10 %	0 %
Total deposit	NA	NA	15,629	8.17	3.13	5.04	35.91	NA										
GRUN																		
Main Zone Pit (61W-87W)	Proven	4.00	25,161	7.97	2.96	5.01	50.36	0.810	143,423	4,219	27,588	5.87	MAXPLAN	68705	May/87	CRI (3)	15 %	0 %
VANGORDA PIT																		
Total Deposit	Proven	4.00	6,935	8.00	3.49	4.51	49.73	0.654	5,457	2,576	7,401	1.16	MAXPLAN	V8803	March/88	CRI (3)	15 %	0 %
BY UNDERGROUND																		
Total Deposit	Probable	9.00	11,404	13.94	6.47	7.47	95.10	1.020	NA	NA	NA	NA	Polygonal	NA	May/88	CHD/CAMC (4)	NA	NA
SWIN PIT																		
Total Deposit	Probable	4.00	3,910	7.13	3.22	3.91	42.00	N.A.	19,865	0.00	4,400	6.21	Polygonal	NA	March/88	Vintila (5)	15 %	0 %
OKIE DISTRICT																		
CIRQUE																		
Main Cirque Zone	Probable	8.00	22,170	11.99	2.74	9.25	57.00	NA	NA	NA	NA	NA	Polygonal	NA	1986	CAMC/Kilborn (6)	10 %	0 %

* Reserves diluted 10% at 0 Pb+Zn grade. Mining loss is 5 %.
 Uninterpolated ore blocks and 5% mining loss included in sulphide waste tonnage.
 Total remaining uninterpolated ore rock type tonnage within ultimate pit limits is 666,900 tonnes of which 30% - 40% is likely of ore grade.

REFERENCES

- (1) C. Reed, From PCNINE F8805 calculation - diluted reserve calculation between Dec 1988 and Ultimate Pit Surfaces, Jan. 1989
- (2) Kilborn "Fargo Underground Mining", page 4-3, Feb 1987
- (3) Vintila & Atherton, (from MAXPLAN calculation) Dec. 1988
- (4) Canadian Mine Development; "BY Deposit Exploration and Mining Cost Estimate", May 1988, page 9
- (5) I. Vintila; "Preliminary Open Pit Reserve Evaluation For The Swin Deposit", March 1988, page 5
- (6) Kilborn / CAMC; "Cirque Project Development Plan", page 2-13, 1986

PRELIMINARY

CURRAGH RESOURCES INC. GEOLOGICAL RESERVES - As OF DECEMBER 31 1988

DISTRICT/DEPOSIT	CLASS	CUT-OFF %Pb+Zn	TONNES ORE	Pb+Zn %	Pb %	Zn %	Ag g/tn	Au g/tn

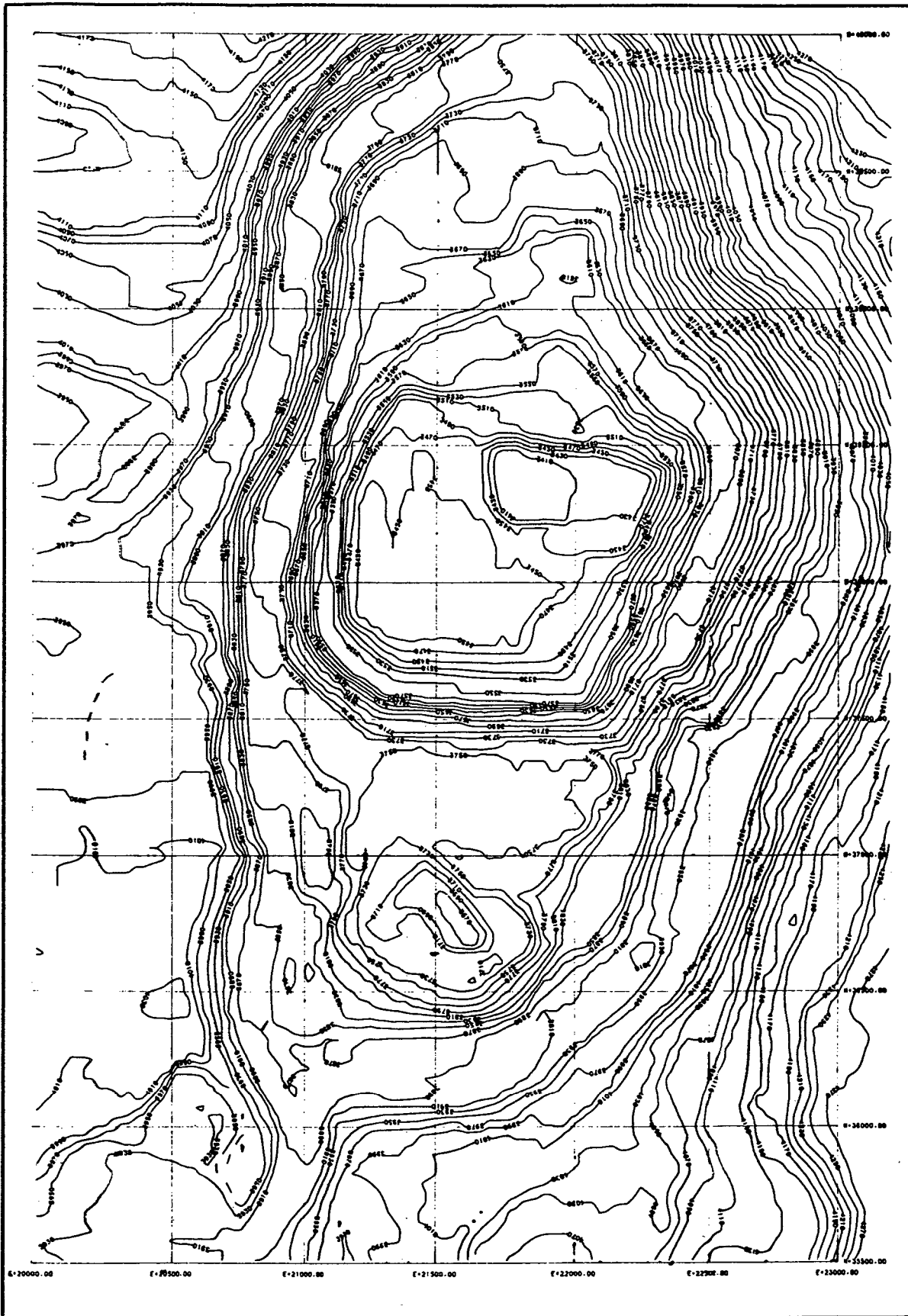
<u>ANVIL DISTRICT:</u>								
FARO								
Zone 3 Only *	Proven	4.0	16,320,000	8.26	3.09	5.18	35.2	0.13
SW Underground	Probable	9.0	2,630,000	12.68	5.01	7.67	67.8	NA
Total deposit		NA	18,950,000	8.88	3.35	5.52	39.8	NA
GRUM								
Main Zone (61W-87W)	Proven	4.0	32,181,000	8.98	3.40	5.58	57.2	0.95
Champ Zone (51W-61)	Probable	4.0	1,700,000	7.80	3.50	4.30	46.0	NA
NW Extension (87W-100W)	Possible	NA	8,000,000	10.00	NA	NA	NA	NA
Total Deposit (51W-100W)		NA	41,881,000	9.14	NA	NA	NA	NA
VANGORDA								
Total Deposit	Proven	4.0	8,161,000	8.67	3.79	4.88	54.0	0.76
DY								
Total Deposit	Probable	9.0	21,059,000	12.20	5.54	6.74	83.8	0.95
SWIM								
Total Deposit	Probable	4.0	5,130,000	7.90	3.50	4.40	47.0	NA
TOTAL ANVIL DISTRICT:		NA	95,181,000	9.66	NA	NA	NA	NA
* Undiluted F8805 Model								
<u>AKIE DISTRICT</u>								
CIRQUE								
Main Cirque	Probable	0.0	34,549,000	9.97	2.15	7.82	47.0	NA
South Cirque	Possible	0.0	15,453,000	8.26	1.40	6.87	31.3	NA
TOTAL AKIE DISTRICT:		NA	50,002,000	9.44	1.92	7.53	42.1	NA
TOTAL COMPANY		NA	145,183,000	9.58	NA	NA	NA	NA

PRELIMINARY

Tables CR-01
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CORRUM RESOURCE INC. GEOLOGICAL RESERVE - AS OF DEC. 31 1988

	CLASS	CUT-OFF ZPb+Zn	VOLUME bcm#1000	DENSITY tas/bcm	TONNES tas#1000	Pb+Zn %	Pb %	Zn %	Ag g/tn	Au g/tn	Method	Model Name	Model Date	Completed By:	SG Reduction	Top Surface	Dr Su
ANVIL DISTRICT																	
FARO																	
Zone 3 Only	Proven	4.00	4,256	3.835	16,320	8.26	3.09	5.18	35.25	0.130	3D Block (1/d2)	F8805	May/88	CRI	NO	Dec 31/88 Pit	Mod
SW Underground	Probable	9.00	675	3.900	2,630	12.68	5.01	7.67	67.84	NA	Polygonal	NA	Feb/87	CRI/Kilborn	NO	NA	NA
Total deposit		NA	4,931	3.843	18,950	8.88	3.35	5.52	39.77	NA							
GRUM																	
Main Zone (61W-87W)	Proven	4.00	9024	3.570	32,181	8.98	3.40	5.58	57.20	0.950	3D Block (1/d2)	68606	May/87	CRI/CANC	NO	Topo 1979	Mod
Champ Zone (51W-61)	Probable	4.00			1,700	7.80	3.50	4.30	46.00	N.A.							
NW Extension (87W-100W)	Possible	NA			8,000	10.00	N.A	N.A	N.A	N.A.							
Total Deposit (51W-100W)	NA	NA			41,881	9.14	N.A	N.A	N.A	N.A.							
WAMBORSA																	
Total Deposit	Proven	4.00	2,122	3.847	8,161	8.67	3.79	4.88	53.98	0.759	3D Block (1/d2)	V8803	March/88	CRI	NO	Topo 1979	Mod
BY																	
Total Deposit	Probable	9.00	5,297	3.976	21,059	12.20	5.54	6.74	83.77	0.950	Polygonal	NA	May/88	CANC/CND			
SWIN																	
Total Deposit	Probable	4.00	1,353	3.793	5,130	7.90	3.50	4.40	47.00	NA	Polygonal	NA	March/88	I. Vintila	NO	NA	N.A
OKIE DISTRICT																	
CIRQUE																	
Main Cirque Zone	Probable	0.00	NA	NA	34,549	9.97	2.15	7.82	47.00	NA	Polygonal	NA	1986	CANC/CRI	NO	NA	N.A
South Cirque	Possible	0.00	NA	NA	15,453	8.26	1.40	6.87	31.25	NA	Polygonal	NA	1986	CANC/Kilborn	NO	NA	N.A
Total Deposit	NA	NA	NA	NA	50,002	9.44	1.92	7.53	42.10	NA							



December 1989 Cut Surface

CURRAGE

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PLOTTED BY P

FARD DEI

DATE : 20/ 1/1



December 1987 - Cut Surface

CURRAGH

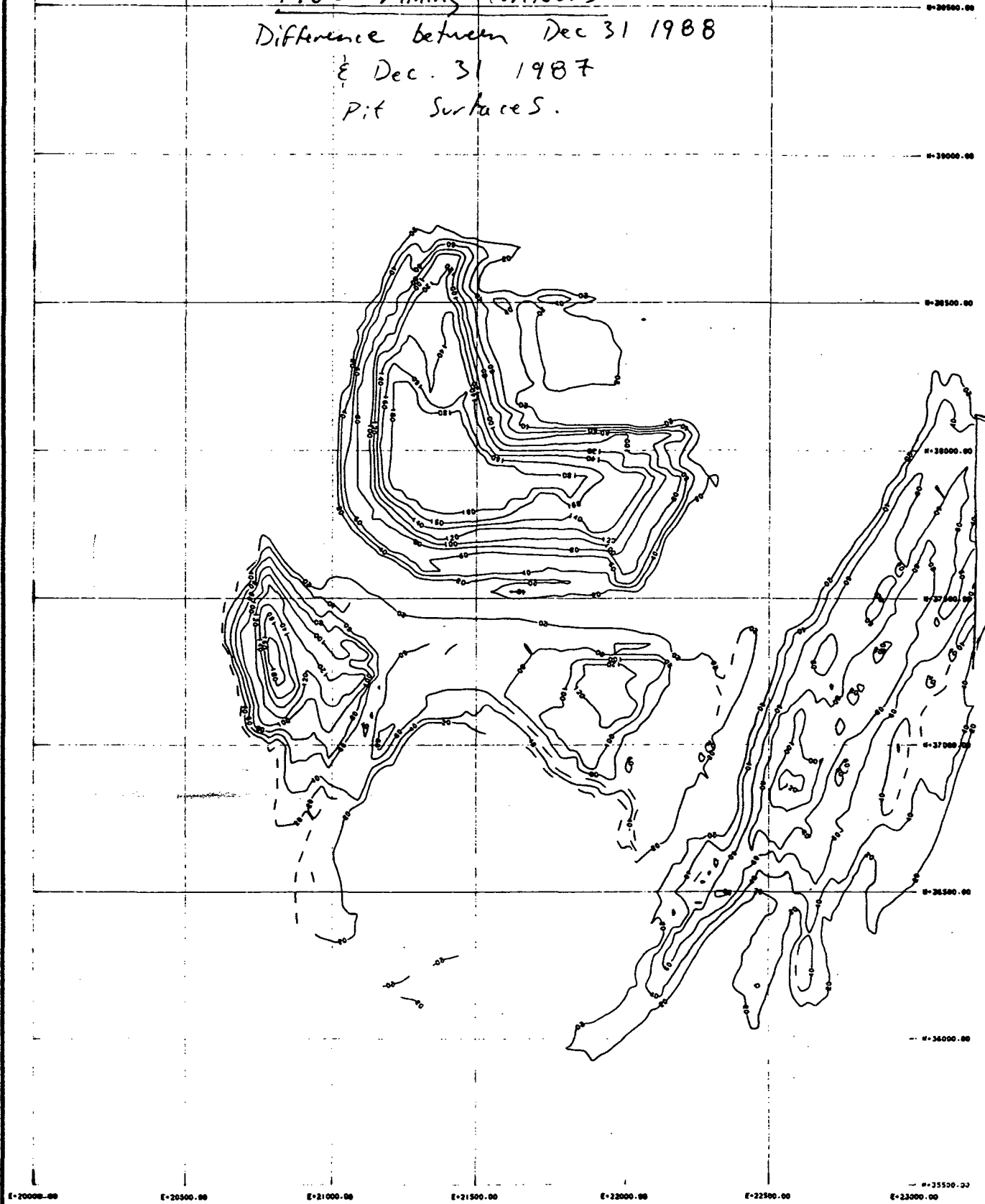
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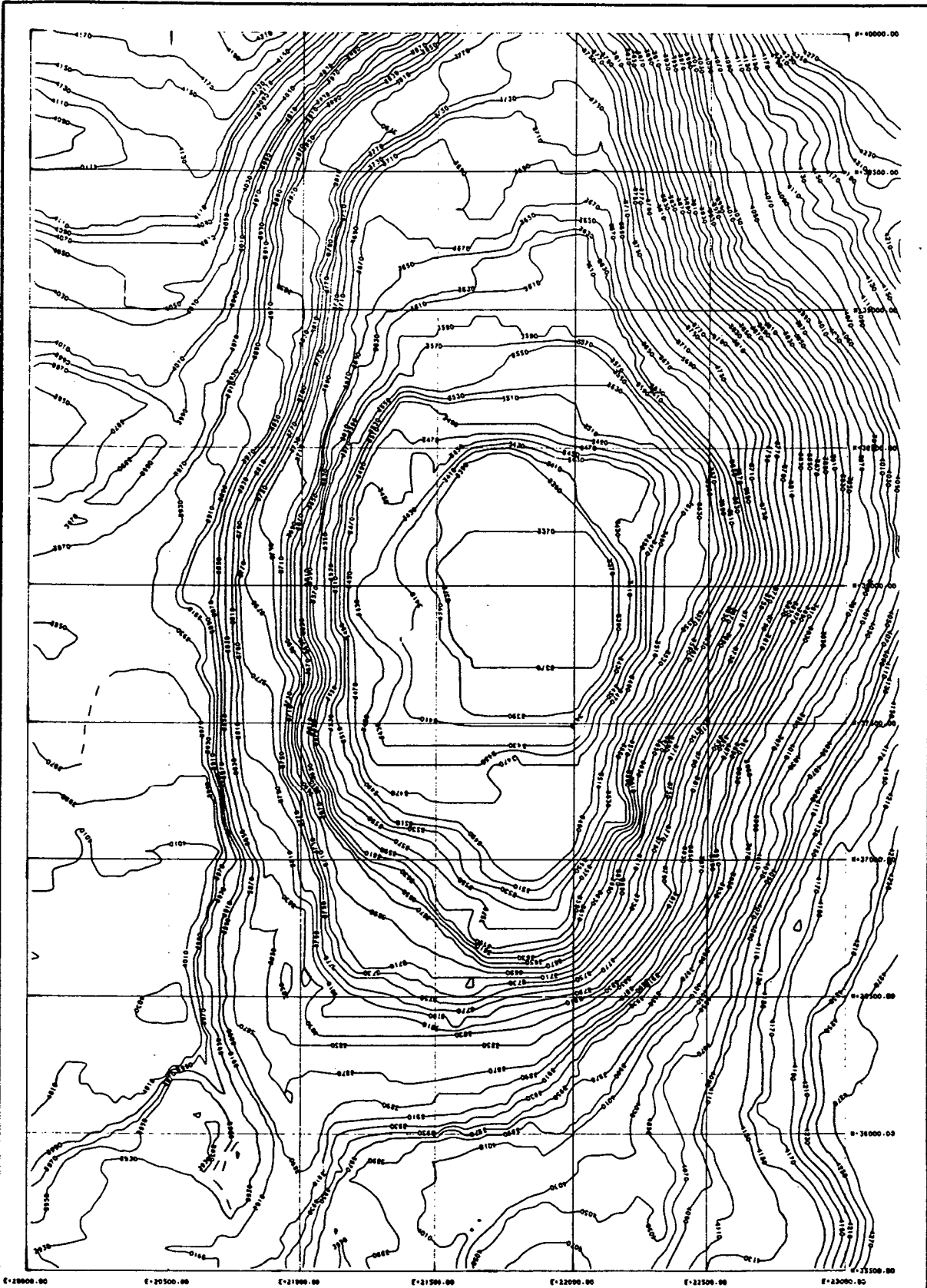
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FARO DEPOSIT

DATE : 20/ 1/1989

1988 Mining Contours
Difference between Dec 31 1988
& Dec. 31 1987
Pit Surfaces.





Cloutier's Revised Ultimate Pit

CJPRAGH

Cloutier
Ultimate
Surface
Merged to De

PLOTTED BY PC

FARO DEPO

DATE : 22/ 1/19



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FAX COVER SHEET

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DATE: Jan 23 / ~~20~~ 89.

TO: Please distribute as per list.

FROM: G. Jilson

Number of Pages 13 including Cover Page.

Circulation and/or Comments:

Note for tresho:

I am sending via motorcycle plots of
year end surfaces at 1:1200 scale. Please
outline any discrepancies from pit survey and
get back to me.

Thank
GJM

If all pages were not received, please contact: _____