

PRESENTATION TO MR. C. H. FRAME

AUGUST 29, 1989 - FARO, YUKON

GEOLOGY AND RESERVES

1) WHAT HAS HAPPENED TO THE PREDICTABILITY OF THE RESERVES
IN THE LAST YEAR ?

- PLUS 5% IS ABOUT THE SAME, GOOD

- PLUS 7% IS VERY POOR

2) WHY HAS THE PREDICTABILITY CHANGED LIKE THIS ?

-DISTRIBUTION OF CALCULATED GRADES NOT THE SAME
AS THE BLASTHOLE DISTRIBUTION

3) WHAT CAN BE DONE ABOUT IT ?

- CHANGE DILUTION PRACTICE

- RECALCULATE RESERVES

4) WHAT IS THE EFFECT ON THE REMAINING RESERVES AT FARO ?

- SLIGHT DECREASE IN TOTAL CONTAINED METAL

5) WHAT IS THE IMPLICATION FOR GRUM AND VANGORDA ?

- NONE AS LONG AS LOW CUTOFF GRADES ARE USED

VANGORDA OPEN PIT
(at a 4% cutoff)

	ORE (tonnes)	LEAD (%)	ZINC (%)	Pb + Zn (%)	TOTAL METAL (tonnes)
CURRAGH *	6,935,000	3.49	4.51	8.00	554,800
KILBORN **	6,327,000	3.59	4.45	8.04	508,691
difference	(608,000)	0.10	-0.06	0.04	(46,109)
% difference	-10%	3%	-1%	0%	-9%

note:

- * = 15% dilution at 0% grade, 95% mining recovery
- ** = 12.5% cut to grade, no change to tonnes

GRUM OPEN PIT
(at a 4% cutoff)

	ORE (tonnes)	LEAD (%)	ZINC (%)	Pb + Zn (%)	TOTAL METAL (tonnes)
CURRAGH *	25,161,000	2.96	5.10	8.06	2,027,977
KILBORN **	24,110,000	3.08	5.15	8.23	1,984,253
difference	(1,051,000)	0.12	0.05	0.17	(43,724)
% difference	-4%	4%	1%	2%	-2%

note:

- * = 15% dilution at 0% grade, 95% mining recovery
- ** = 12.5% cut to grade, no change to tonnes

TABLE I

CURRAGH RESOURCES INC. - FARO MINE 07-Aug-89

COMPARISON OF MAXIPLAN AND PCMINE CALCULATION OF JULY 1 TO SEPT 30
1989 MINING RESERVES

FOR COMPARISON
IN JULY 1989

ALL BUT BLASTHOLES DILUTED BY 10% AT ZERO GRADE WITH 95% MINING RECOVERY

	TONNES	LEAD	ZINC	Pb METAL	Zn METAL	TOTAL METAL	
	5% TO 7%	8,888	1.74	3.66	155	325	480
	PLUS 7%	163,967	3.43	5.74	5,624	9,412	15,036
MAXIPLAN	PLUS 5%	172,855	3.34	5.63	5,779	9,737	15,516
PCMINE	PLUS 5%	178,229	3.20	5.40	5,709	9,623	15,332
HAND CALC OF HI GRADE		180,917	2.44	5.27	4,414	9,534	13,949
BLASTHOLES		<i>178,616</i>	<i>3.77</i>	<i>5.66</i>	<i>6,734</i>	<i>10,110</i>	<i>16,843</i>

FOR COMPARISON
IN AUGUST 1989

	5% TO 7%	5,503	1.87	3.68	103	203	305
	PLUS 7%	360,150	3.84	5.75	13,830	20,709	34,538
MAXIPLAN	PLUS 5%	365,653	3.81	5.72	13,933	20,911	34,844
PCMINE	PLUS 5%	361,514	3.84	5.74	13,874	20,739	34,613
HAND CALC OF HI GRADE		336,736	3.77	6.06	12,695	20,406	33,101

FOR COMPARISON
IN SEPTEMBER 1989

	5% TO 7%	42,558	2.10	3.74	894	1,592	2,485
	PLUS 7%	332,951	4.78	6.23	15,915	20,743	36,658
MAXIPLAN	PLUS 5%	375,509	4.48	5.95	16,809	22,335	39,143
PCMINE	PLUS 5%	NA	NA	NA	NA	NA	NA
HAND CALC OF HI GRADE		360,981	4.33	6.13	15,622	22,145	37,767

F8908 at 95% mining recovery

	Aug	Sept	Oct	Nov	Dec
+7% HG t Hg PbZn		286,000 10.6 ?	151,000 9.14	231,000 9.09 ?	126,000 8.86
5-7% Mg t Mg PbZn		89,000 6.43	171,000 6.13	76,000 6.17	157,000 5.80
4-5% Lg t Lg PbZn		42,000 4.53	48,000 4.62	57,000 4.36	96,000 4.65
Mill Feed	390,000 6.85	375,000 7.91	387,500 7.84	375,000 7.88	387,500 6.86