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MEMORANDUM

TO: Rik Visagie

FROM: Gregg Jilson

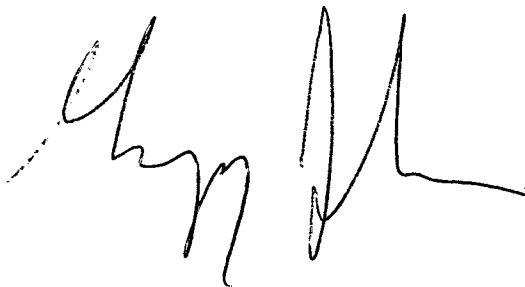
RE: Reserves below and NE of the Faro Pit Northeast Wall

At your request I calculated the presently modeled reserves northeast of the toe of the Northeast wall of the ultimate pit at Faro. The results are:

Cutoff	Volume (bcy)	Tonnage (tonnes)	Pb & Zn (%)	Pb (%)	Zn (%)	Ag(g/+)	Au(g/+)
+9	79,630	200,400	11.36	3.72	7.65	29.6	0.13
+6	220,370	533,300	8.94	3.01	5.93	31.1	0.12
+5	300,000	722,200	8.02	2.73	5.29	33.8	0.11
+4	416,667	994,600	7.06	2.44	4.63	32.7	0.12

Most of this material is 2BCD and 2CE with a fair bit of 2A.

It is likely that more drilling could prove up small additional amounts of ore. This problem will be evaluated in the coming months when the new Faro model is extended through the rest of the deposit. At that time it will be possible to quantify the tonnage that is in compact ore shoots and the amount of additional drilling needed, if any.



IN-SITU ORE RESERVE EVALUATION

DESCRIPTION : reserves in ne wall of ultimate pit

TOTAL FOR ALL BENCHES

TOP ELEVATION : 4270.00 [ft]
 BOTTOM ELEVATION : 3290.00 [ft]

SURFACE GRID RECORD : 2 \$5/MT ECONOMIC PIT LIMITS (N/R) / JAN '86 EVALUATION
 RESERVE INSIDE POLYGON RECORD : 741 ne wall

INCREMENTAL RESULTS

CUT-OFF GRADES FROM	GRADES TO	ROCK-TYPE CODE	VOLUME [bcf x1000]	DENSITY [tn/bcf]	TONNAGE [TONS x1000]	A V E R A G E G R A D E S				
						[%Pb+Zn]	[%Pb]	[%Zn]	[Ag g/t]	[Au g/t]
9.000	100.000	2	150.00	.009	1.30	10.420	3.652	6.768	5.139	.112
9.000	100.000	3	850.00	.009	7.72	11.256	3.852	7.404	3.898	.210
9.000	100.000	4	900.00	.009	8.52	10.508	3.072	7.436	1.875	.077
9.000	100.000	5	250.00	.010	2.49	15.099	5.527	9.573	2.648	.039
6.000	9.000	2	450.00	.009	4.11	7.131	2.347	4.784	3.967	.023
6.000	9.000	3	2500.00	.009	21.33	7.459	2.731	4.729	3.504	.143
6.000	9.000	4	750.00	.009	6.97	7.647	2.186	5.463	1.578	.128
6.000	9.000	5	100.00	.009	.87	8.180	3.230	4.950	5.400	.100
5.000	6.000	2	250.00	.008	2.08	5.361	1.638	3.723	2.353	.076
5.000	6.000	3	1050.00	.008	8.76	5.520	1.951	3.568	6.104	.028
5.000	6.000	4	600.00	.010	5.73	5.404	1.992	3.412	2.273	.146
5.000	6.000	5	250.00	.009	2.34	5.276	1.993	3.283	2.836	.038
4.000	5.000	2	400.00	.008	3.30	4.515	1.561	2.955	2.670	.163
4.000	5.000	3	1950.00	.008	16.09	4.534	1.820	2.715	3.752	.119
4.000	5.000	4	450.00	.010	4.36	4.557	1.465	3.093	1.540	.158
4.000	5.000	5	350.00	.010	3.48	4.461	1.367	3.099	1.373	.126
.010	4.000	2	1300.00	.008	10.34	2.539	.852	1.688	2.035	.203
.010	4.000	3	2650.00	.008	21.08	2.814	.982	1.833	2.754	.128
.010	4.000	4	2500.00	.010	24.74	2.882	.906	1.976	1.346	.134
.010	4.000	5	500.00	.011	5.47	3.041	1.286	1.755	1.726	.083
.000	.010	1	50.00	.008	.38	.000	.000	.000	.000	.000
.000	.010	5	50.00	.007	.35	.000	.000	.000	.000	.000
.000	9999.000	10	1984400.00	.008	15081.44	.000	.000	.000	.000	.000
.000	9999.000	****	500.00	.008	3.80	.000	.000	.000	.000	.000
TOTAL			2003200.00	.008	15247.05	.057	.020	.038	.029	.001

IN-SITU ORE RESERVE EVALUATION

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 RESERVE INSIDE POLYGON RECORD : 741 ne wall

CUMULATIVE RESULTS

CUT-OFF GRADES FROM	TO	ROCK-TYPE CODE	VOLUME		DENSITY [tn/bcf]	TONNAGE [TONS x1000]	A V E R A G E G R A D E S				
			[bcf	x1000]			[%Pb+Zn]	[%Pb]	[%Zn]	[Ag g/t]	[Au g/t]
9.000	100.000	2	150.00		.009	1.30	10.420	3.652	6.768	5.139	.112
9.000	100.000	3	1000.00		.009	9.02	11.135	3.823	7.312	4.078	.196
9.000	100.000	4	1900.00		.009	17.55	10.830	3.459	7.372	3.008	.138
9.000	100.000	5	2150.00		.009	20.04	11.362	3.716	7.646	2.963	.126
9.000	100.000	6	2150.00		.009	20.04	11.362	3.716	7.646	2.963	.126
9.000	100.000	7	2150.00		.009	20.04	11.362	3.716	7.646	2.963	.126
6.000	9.000	1	2150.00		.009	20.04	11.362	3.716	7.646	2.963	.126
6.000	9.000	2	2600.00		.009	24.15	10.642	3.483	7.159	3.134	.108
6.000	9.000	3	5100.00		.009	45.48	9.149	3.130	6.019	3.308	.125
6.000	9.000	4	5850.00		.009	52.46	8.949	3.005	5.945	3.077	.125
6.000	9.000	5	5950.00		.009	53.33	8.937	3.008	5.929	3.115	.125
6.000	9.000	6	5950.00		.009	53.33	8.937	3.008	5.929	3.115	.125
6.000	9.000	7	5950.00		.009	53.33	8.937	3.008	5.929	3.115	.125
5.000	6.000	1	5950.00		.009	53.33	8.937	3.008	5.929	3.115	.125
5.000	6.000	2	6200.00		.009	55.40	8.802	2.957	5.846	3.087	.123
5.000	6.000	3	7250.00		.009	64.16	8.354	2.820	5.535	3.499	.110
5.000	6.000	4	7850.00		.009	69.89	8.113	2.752	5.361	3.398	.113
5.000	6.000	5	8100.00		.009	72.22	8.021	2.727	5.294	3.380	.110
5.000	6.000	6	8100.00		.009	72.22	8.021	2.727	5.294	3.380	.110
5.000	6.000	7	8100.00		.009	72.22	8.021	2.727	5.294	3.380	.110
4.000	5.000	1	8100.00		.009	72.22	8.021	2.727	5.294	3.380	.110
4.000	5.000	2	8500.00		.009	75.52	7.868	2.676	5.192	3.349	.113
4.000	5.000	3	10450.00		.009	91.61	7.282	2.526	4.757	3.420	.114
4.000	5.000	4	10900.00		.009	95.98	7.158	2.478	4.681	3.334	.116
4.000	5.000	5	11250.00		.009	99.46	7.064	2.439	4.626	3.266	.116
4.000	5.000	6	11250.00		.009	99.46	7.064	2.439	4.626	3.266	.116
4.000	5.000	7	11250.00		.009	99.46	7.064	2.439	4.626	3.266	.116
.010	4.000	1	11250.00		.009	99.46	7.064	2.439	4.626	3.266	.116
.010	4.000	2	12550.00		.009	109.79	6.638	2.289	4.349	3.150	.124
.010	4.000	3	15200.00		.009	130.88	6.077	2.078	3.944	3.084	.125

.010	4.000	4	17700.00	.009	155.62	5.523	1.892	3.631	2.810	.126
.010	4.000	5	18200.00	.009	161.08	5.439	1.872	3.567	2.773	.125
.010	4.000	6	18200.00	.009	161.08	5.439	1.872	3.567	2.773	.125
.010	4.000	7	18200.00	.009	161.08	5.439	1.872	3.567	2.773	.125
.000	.010	1	18250.00	.009	161.46	5.426	1.867	3.559	2.766	.125
.000	.010	2	18250.00	.009	161.46	5.426	1.867	3.559	2.766	.125
.000	.010	3	18250.00	.009	161.46	5.426	1.867	3.559	2.766	.125
.000	.010	4	18250.00	.009	161.46	5.426	1.867	3.559	2.766	.125
.000	.010	5	18300.00	.009	161.81	5.414	1.863	3.551	2.760	.124
.000	.010	6	18300.00	.009	161.81	5.414	1.863	3.551	2.760	.124
.000	.010	7	18300.00	.009	161.81	5.414	1.863	3.551	2.760	.124
.000	9999.000	10	2002700.00	.008	15243.25	.057	.020	.038	.029	.001
.000	9999.000	****	2003200.00	.008	15247.05	.057	.020	.038	.029	.001

TOTAL			2003200.00	.008	15247.05	.057	.020	.038	.029	.001
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