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3969 Sunnycrest Drive
North Vancouver, B.C.
V7R 3S2

February 6, 1988

Mr. Kurt A. Forgaard
President
Curragh Resources Inc.
95 Wellington St. W.
Suite 1900, Box 12
Toronto, Ont.
M5J 2N7

Dear Kurt:

The Red Bird lead-zinc-silver property was leased from Diem Mines Limited, a subsidiary of Hecla Mining Company, by Golden Eye Minerals Ltd. in 1985. To date Golden Eye has funded three programs totalling approximately 25,000 feet of diamond drilling with expenditures of nearly \$1,000,000 having been made.

Exploration to date was successful in discovering the down plunge extension of the Red Bird zone (hole 86-5), but still in mainly oxidized material and also finding Annex zone sulphides (holes 87-1 and 88-1). Unexpected ore grade and width mineralization was also found in a previously unproductive unit, the Prospect Dolomite.

I have enclosed a copy of a summary report of the project prepared by Gerald H. Klein, P.Eng., former mine geologist at the Reeves. The project was conceived by Gerald and he has personally followed it through, supervising the drilling, writing the reports and making recommendations. I have enclosed a copy of his latest summary report and recommendations for a proposed program and budget leading to confirmation of reserves. Although I feel his proposed budget is a little optimistic in that it will take more surface drilling than he has proposed, I am confident that an economic deposit can be defined on this claim group. The program of drilling made by Golden Eye has confirmed the presence of the Annex and Red Bird ore horizons. The next step is to confirm the grade and continuity of the ore horizons. The front end exploration risk of discovery has been substantially reduced by the work completed to date by Golden Eye. The project now requires a recognizably larger budgetary commitment to see it through to potential feasibility.

Gerald recognized the potential for sulphide ore at depth on the Red Bird property by reconstructing the normal faulting of the ore horizons. This is the key to predicting the continuation of

the potential ore zones on the west side of the Pend d'Oreille River. These are present and continuous as the K-Zone, Annex, Annex West and Red Bird on the west side of the River. Golden Eye's drilling has confirmed this to a large extent although there is certainly a lot of drilling to do before grades and potential tonnage can be confirmed. I have reviewed the project maps and sections on file with Golden Eye and have spoken with Gerald about his interpretation and recommendations for further work. I haven't had the benefit of familiarizing myself with the stratigraphic setting of the deposits which is second nature to Gerald having logged all the Golden Eye core and having worked at the Reeves.

The next step in the exploration program is to trace the newly discovered ore horizons down plunge using a systematic diamond drilling approach, much the same as used for the discovery. This next phase of drilling will provide a clear idea of the grade and depth continuity of these ore horizons. I believe a budget of two million dollars (\$2.0 m) to net 40,000 feet of drilling would provide the necessary confidence of grade and continuity prior to recommending an underground confirmation program.

An underground access development and confirmation of reserves program costing approximately \$4,000,000 could follow soon after the drilling is completed.

Total exploration costs to feasibility might reach \$6 million dollars, but it could be phased to reduce risk at the outset. The program could be fast tracked because as you know we could work all year round in the field. Report writing and budget approval would naturally slow the process on each phase of work.

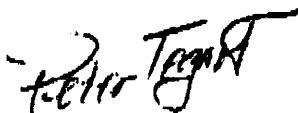
The underlying agreement which Golden Eye has with Diem Mines Ltd. (NPL) has an onerous 20% N.P.I. clause which will have to be addressed at or near the outset of any venture on the property. In addition, Gerald Klein owns the NOR claims west of the Red Bird. He staked these claims to cover a possible westerly up-throw of the potential ore horizon. A low front end option could be negotiated with Gerald on the NOR to cover the possible fault displacement of the mineralized zone onto the NOR.

As mentioned, Golden Eye has spent approximately \$1.0 m on the project to date. They are capitalized at 3.8 m shares currently trading at \$0.15 per share. The acquisition of the Red Bird property could be accomplished by funding work programs financed by private placement of Golden Eye shares coupled with a direct acquisition to earn 70% of property by spending \$3.0 m over 4 years in exploration and underground work. By privately funding Golden Eye, at least at the outset of the venture and carrying out the necessary exploration, Golden Eye would have some clout to re-negotiate the 20% NPI with Diem. In any case, Golden Eye must try to protect its share holders and the potential operator must try to acquire the Lion's share when reaching a positive feasibility.

In summary, the Red Bird project is likely one of the best lead-zinc-silver targets in Western Canada. The front end exploration risk is well quantified although high I must admit. The operational costs of this location are also well known from a historical perspective. You are likely better acquainted with the sale of product than I am but I can't help but think about Trail being only 25 miles away.

I have no personal monetary interest in this project except that I would like to give Salmo something in return for giving me my youth.

Yours truly,

A handwritten signature in black ink, appearing to read "Peter Taggart". The signature is stylized and written in a cursive-like font.

Peter Taggart

PT/ps

GOLDEN EYE MINERALS LTD.

RED BIRD PROJECT SUMMARY
AND RECOMMENDATIONS FOR WORK

by

G.H. Klein, P.Eng.

November 2, 1988

G. H. KLEIN, P.ENG.

SUMMARY: Since late 1985, exploration has been conducted on the Red Bird property, leased from Hecla Mining Company, at the southern end of the Salmo lead-zinc belt. The purpose of the exploration was to (1) discover the down plunge sulphide equivalent of the oxidized Red Bird mineralization (7% Pb, 18% Zn x 1200 tons per vertical foot) and (2) confirm the presence of the Reeves Annex orebody (1% Pb, 9% Zn, 2.5 oz Ag, 0.10% Cd x 1200 tons per vertical foot) displaced on to the Red Bird property by faulting.

Exploration to date was successful in discovering the down plunge extension of the Red Bird zone, but still in mainly oxidized material, and also in finding Annex zone sulphides. Unexpected ore grade and width mineralization was also found in a previously unproductive unit, the Prospect Dolomite.

Work should be directed at finding sulphides in the Red Bird zone and then to the west to determine whether shallower zones exist, perhaps upfaulted as evidenced on the Reeves property. Moderate expenditures could lead quickly to the development stage.

GEOLOGY: Cambrian Reeves Limestone is the host for the adjacent Reeves MacDonald and other mines in the area. On the Reeves property, dolomitic zones in the limestone contain the ore bodies which averaged 600 feet in length, 25 feet in width, with none of the zones mined or explored to mineralogical termination down plunge.

Cross faulting occurs at irregular intervals, bringing the zones closer to the surface than if not faulted. This has resulted in the main Reeves zone being broken into seven segments along a mined and explored 6500 foot plunge. The four distinct ore zones at the Reeves were stratigraphic in nature with little variation down plunge.

In the western portion of the Red Bird property, an overthrust of Ordovician Active Argillite conceals the Reeves Limestone along strike. The NOR mineral claims cover this hidden extension of Reeves Limestone from the Red Bird property to the U.S. border. This property should be acquired prior to further work.

POTENTIAL: Geological evidence from the Reeves mine and the Red Bird property indicates a combined potential in two zones of 2400 tons per vertical foot of well in excess of 10% zinc equivalent. If these zones are considered to have at least one half of the known plunge continuity of the main Reeves zone, (6500 feet) this potential can be considered to be a minimum of 7,800,000 tons.

Additional zones of lower grade were mined at the Reeves, and excellent potential exists in unexplored portions of Reeves Limestone to the west of the Red Bird property, perhaps at much shallower depths. The zones found in the Prospect dolomite show additional potential.

PROPOSED PROGRAM:

STAGE 1 One hole for Red Bird zone, three holes to west and acquire NOR property.

Property acquisition first year	\$ 25 000
Drilling, 10000 feet, 3 months, all in	<u>450 000</u>
	<u>\$ 475 000</u>

STAGE 2 Dependent upon stage 1 but probable further drilling, 10000 feet, 3 months, all in \$ 450 000

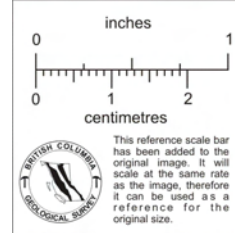
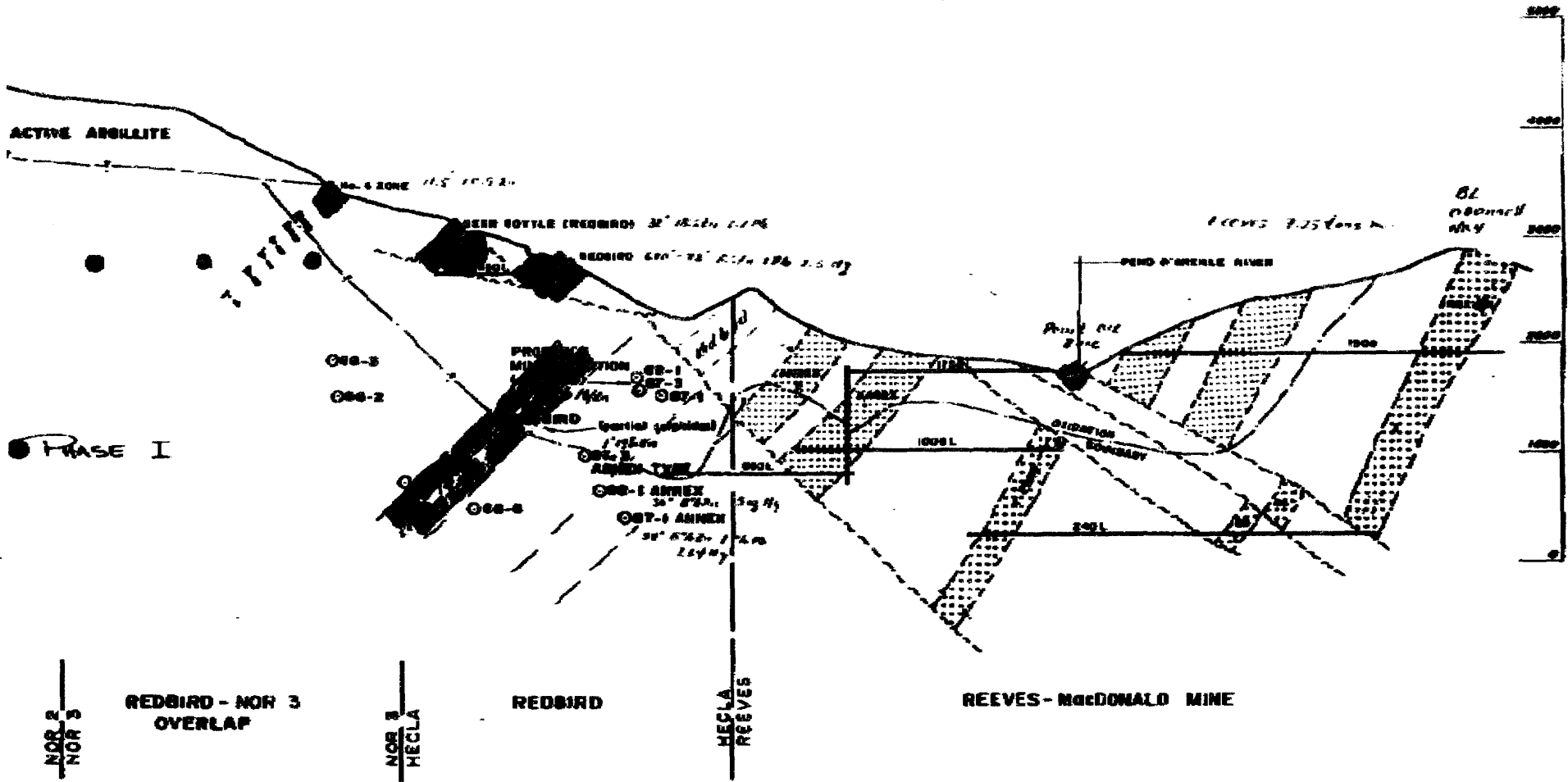
STAGE 3 Dependent upon above stages, but probable underground exploration and development.
\$1 500 000 best case to \$6 000 000 for most difficult to reach ore.

Signed,

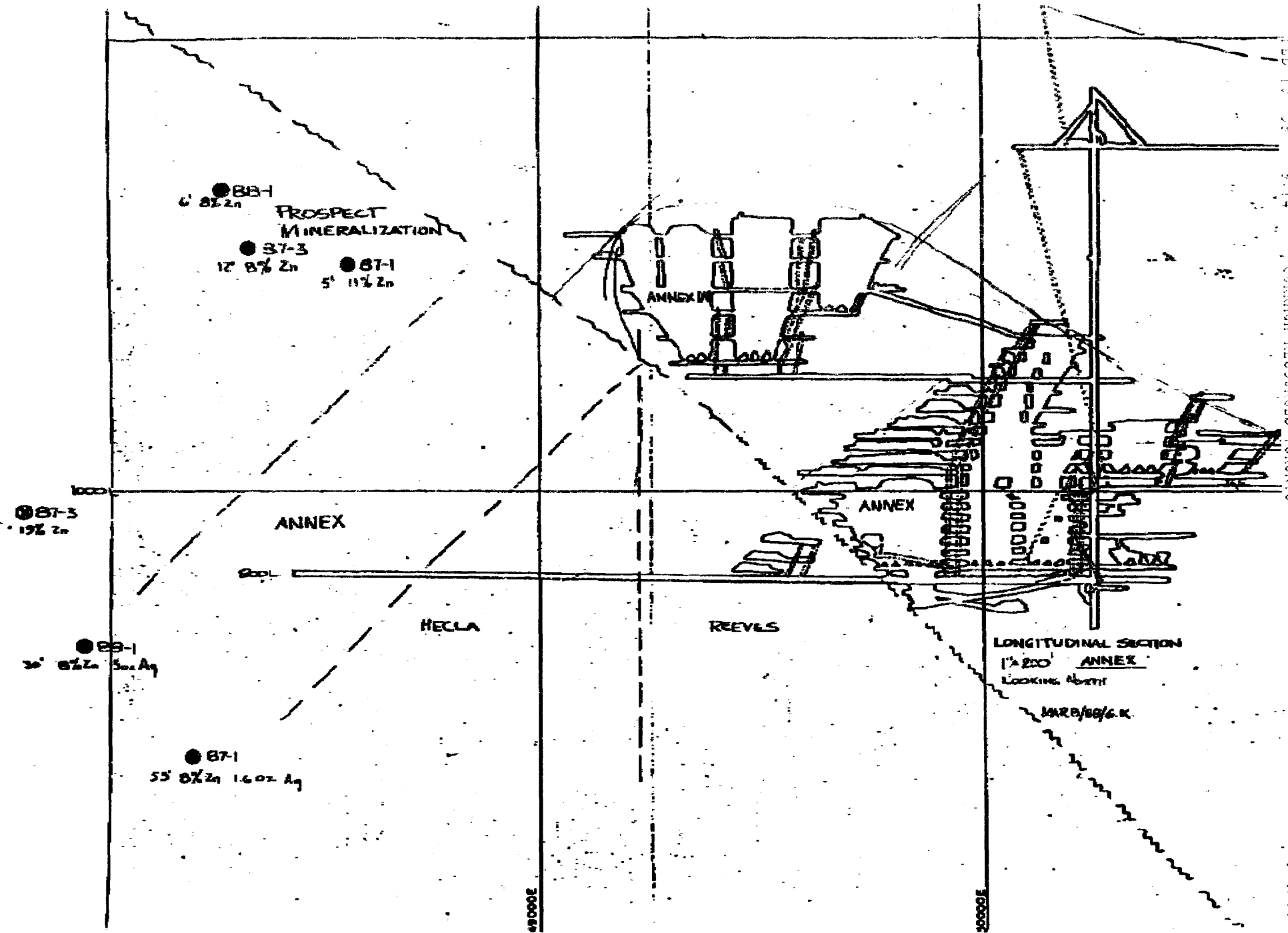
Gerald Klein

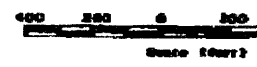
G.H. Klein, P.Eng.
November 2, 1988

GK/1k



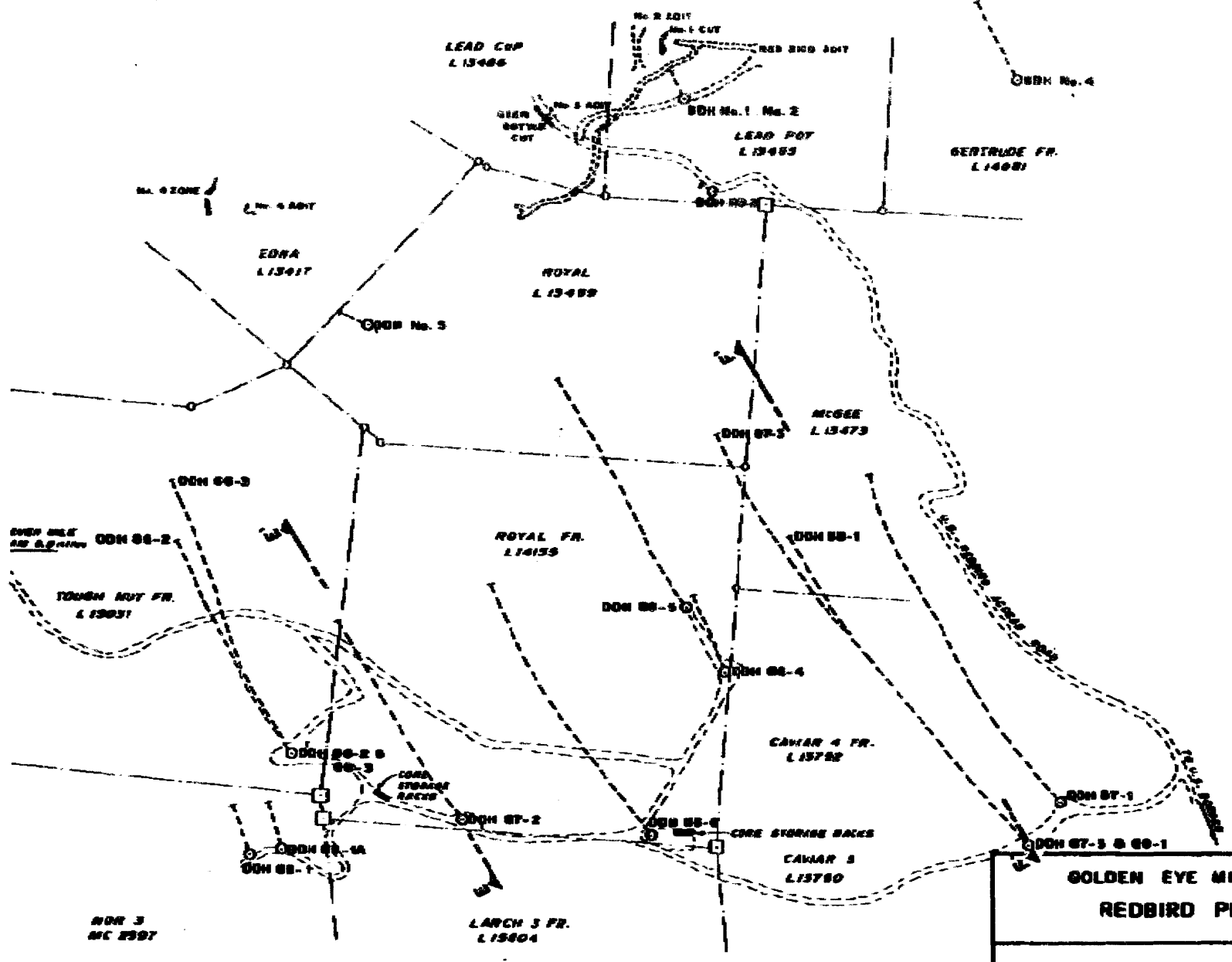
<p>LEGEND</p> <p>ANNEK</p> <p>REEVES</p> <p>REDBIRD</p>	<p>GOLDEN EYE MINERALS LTD.</p> <p>REDBIRD PROJECT</p>	<p>Scale: AS SHOWN</p> <p>Date: APRIL 1988</p> <p>By: CB</p>
	<p>LONGITUDINAL SECTION</p> <p>LOOKING NORTH</p>	<p>Drawn By:</p> <p>Approved By:</p> <p><i>G. Klein</i></p>





FIGURE

LEGEND -	
	Diamond drill hole
	Underground workings
	Surface workings
	Claim corner - (L.F.)
	Claim corner - (L.F.) claim survey corner
	Claim boundary
	Dirt road - survey traverse and town
	Drill hole section



GOLDEN EYE MINERALS LTD. REDBIRD PROJECT	
DRILL HOLE LOCATIONS	

Scale
Date:
Drawn:
Appr. P. 10/11
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