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October 28, 1987

Mr. Y.S. Nikhanj  
Faraway Gold Mines Ltd.  
1700 Aquitaine Tower  
540 Fifth Avenue SW  
Calgary, Alberta  
T2P 0M2

Dear Mr. Nikhanj:

Re: SAM Mineral Claim Drilling Project  
Omineca Mining Division  
British Columbia

The writer, accompanied by yourself, visited the Sam claim exploration project October 26 and 27, 1987.

The drilling program was well underway with 7 holes totalling approximately 3600 feet completed by October 27. Both the East and West Zones have been further tested by recent drilling and general comments regarding the status of the project are as follows:

#### East Zone

Three 500 ft. -45° holes have been drilled at 180° azimuths on 50 metre spacings in the area of the 1986 diamond and percussion drilling.

These holes confirm a crudely east-west trending silver-bearing zone of apparently significant width. The first hole intersected a 26.3 metre core length with a weighted average grade of 10.3 g/t (0.30 oz/ton) silver. Higher grade silver values (up to 66 g/t) occur in four sample intervals within the larger zone; all of these are within zones of 15-70% pyrite with some sphalerite.

One 0.4 metre interval with 70% pyrite content assayed 34 g/t silver and 17.2 g/t (0.499 oz/ton) gold which is being check assayed. This apparently significant gold value is the first encountered in the East Zone.

The last 13.6 metres of the broader silver zone also contains a weighted average 2.42% zinc. This section includes 1.3 and 1.1 metre sample intervals grading 8.82 and 9.50% zinc.

For further details on assay results of the first hole, see attached summary previously faxed to Calgary.

This first hole was drilled 10 metres west of the collars of 1986 holes -3 and -6. Holes 87-9 and -10, drilled on the same 180° azimuth and at 50 metre spacings to the east, intersected the broad zone of clay alteration with 4% disseminated pyrite, but zones of near massive sulfides do not appear to be as prevalent as in the first hole.

Additional drilling scheduled for this zone includes two holes above and below the first hole (87-8) intercept and one on a reciprocal azimuth to hole 87-10 to confirm a postulated dip of the zone to the north. Two step-out holes are also planned at 50 metre spacings west of the first hole.

#### West Zone

Drilling at the time of the visit included 5 holes of 500 ft. each (sixth hole underway) to test a projected northeast trending quartz-sericite alteration zone with locally abundant pyrite and sphalerite as indicated by percussion drilling in 1985.

Results to date are inconclusive as to the geometry and extent of this zone. Of possible significance is a 2 metre section of massive pyrite with sphalerite at 62 metres in hole 87-14. This zone occurs in relatively unaltered volcanic tuff.

While no assays are available from holes drilled in the West Zone, it would appear to rate a lower order of priority than the East Zone.

#### General Comments

Paul Donkersloot is doing a competent job and is coping with an average 350-400 feet of core per drill shift. Field drill logs are being prepared prior to more complete logs and it has been recommended that obvious altered/mineralized sections of all holes be submitted for assay prior to the completion of detailed drill logs.

Rob Pease has an excellent grasp of the project and Equity's lab should be able to provide good service once all the core from the recent Equity drilling project has been processed.

Depending on the results in the next several days, additional drill targets may be required. To this end, it will be necessary to locate 1986 percussion drill holes with anomalous values (see my letter of October 12, 1987) as soon as possible. It is now known that Paul Chun did not survey these in 1986.

Of interest and possible significance is the fact that volcanic lithologies differ from Equity mine which is perhaps not surprising

considering that the property is a considerable distance to the west.

Lorne Warren Claims

Lorne Warren of Smithers has 2 Modified Grid claims known as the Don and Sen claims and comprising 24 units which are available for a possible option agreement.

These claims are partly contiguous with, and lie south of the SAM claim, covering an area south of the east end of Goosly Lake.

Skyrocket Explorations previously held ground in this area and drilled one hole in 1985 immediately south of Goosly Lake which intersected 50 feet of pyritized sediments below 150 feet of Tertiary cover rocks. Verbal reports suggest an area of heavy pyrite mineralization in the southwestern part of the claims which has yet to be verified.

Warren is asking for a \$5,000 down payment with escalating annual payments totalling \$250,000 plus a 2.5% NSR (with a buy-out clause).

This property may be interesting to Faraway in view of the opportunity to pick up additional ground contiguous to the present property and the reported sulfide mineralization on the claims.

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Assay results for the first hole (87-8) drilled on the SAM claim East Zone indicate a 26.3 metre (86.3 ft.) core length averaging 10.3 g/t (0.30 oz/ton) silver.

This section, between 56.0 and 82.3 metres (183.7 - 270 ft) includes higher grade silver values plus significant gold and zinc grades associated with zones of massive sulfides as follows:

<u>Sample No.</u>	<u>Interval (m)</u>	<u>Length (m)</u>	<u>Ag (g/t)</u>	<u>Ag (oz/ton)</u>	<u>Au (g/t)</u>	<u>Au (oz/ton)</u>	<u>Zn (%)</u>
4535	57.1-58.5	1.4	66	1.91	0.03	0.001	0.66
4539	63.4-63.8	0.4	34	1.00	17.2	0.499	0.93
4545	73.7-75.0	1.3	25	0.73	0.03	0.001	8.82
4549	81.2-82.3	1.1	31	0.90	0.03	0.001	9.50

Anomalous gold values in the 0.16 to 0.25 g/t range were obtained from samples deeper in the hole. The lower part of the silver zone, between 68.7 and 82.3 metres, carries zinc values with an overall average of 2.42%.

The first of two holes to test the zone above and below this intersection was scheduled to begin Wednesday, October 26.

Equity Silver Mines Limited is acting as program manager of the current drilling on the SAM claim which is situated 2.5 miles southwest of the Equity mine.