

PROSPECTUS

DATED: JANUARY 26, 1996  
EFFECTIVE DATE: JANUARY 31, 1996

*This Prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.*

## FORAN MINING CORPORATION

2741 - East 8th Avenue  
Vancouver, British Columbia V5M 1W7  
Phone number (604) 253-5717

(hereinafter the "Issuer")

### NEW ISSUE:

- (i) **750,000 Common Shares**  
(hereinafter the "Shares")  
**PRICE: \$0.40 per Share**
- (ii) **600,000 Flow-Through Common Shares**  
(hereinafter the "Flow-Through Shares")  
**PRICE: \$0.50 per Flow-Through Share**

	Price to Public(1)	Agent's Commission(2)	Net Proceeds to be Received by the Issuer(3)
Per Share	\$0.40	\$0.03	\$0.37
Per Flow- Through Share	\$0.50	\$0.0375	\$0.4625
750,000 Shares	\$300,000	\$22,500	\$277,500
600,000 Flow Through Shares	\$300,000	\$22,500	\$300,000 <sup>(2)</sup>
Total	\$600,000	\$45,000	\$555,000

- (1) The offering price of the Shares and the Flow-Through Shares was determined by the Issuer in negotiation with the below noted agent.  
(2) The Agent will also receive warrants to purchase up to 125,000 shares of the Issuer (the "Agent's Warrants"). Refer to the heading "Plan of Distribution" for further details. Agent's commission on Flow-Through Shares will be paid out of proceeds of the Shares.  
(3) Before deduction of the remaining expenses of this offering estimated not to exceed \$40,000.

The Vancouver Stock Exchange (the "Exchange") has conditionally listed the securities being offered pursuant to this Prospectus. Listing is subject to the Issuer fulfilling all the listing requirements of the Exchange on or before ninety days from the Effective Date, including prescribed distribution and financial requirements.

This Prospectus is being filed in connection with the distribution of 750,000 Shares and 600,000 Flow-Through Shares of the Issuer pursuant to its initial public offering through the facilities of the Exchange.

Shares and Flow-Through Shares are identical except that certain Canadian exploration expenses will be renounced by the Issuer to the original subscriber of the Flow-Through Shares which in certain circumstances will be deductible by such subscribers from taxable income in Canada. See "Canadian Federal Income Tax Considerations" herein. The Flow-Through shares will be distributed by the Issuer pursuant to Flow-Through share purchase agreements (the "FT Share Purchase Agreements") the form of which forms part of this Prospectus. See "Plan of Distribution".

**There is currently no market through which these securities may be sold.**

A purchase of the Shares or Flow-Through Shares offered by this Prospectus must be considered highly speculative and should be made only by persons who can afford the entire loss of their investment. An investment in natural resource issuers involves a significant degree of risk. The degree of risk increases substantially because the Issuer's property is in the exploration as opposed to the development stage. The property in which the Issuer has an interest is without a known body of commercial ore. (See also "Risk Factors" herein for further details.)

The Agent has agreed to purchase any of the Shares or Flow-Through Shares offered under this Prospectus which have not been subscribed for at the conclusion of this offering (the "Guarantee") and, as consideration for the Guarantee has been granted the Agent's Warrants. Any Shares or Flow-Through Shares acquired by the Agent under the Guarantee will be distributed under this Prospectus through the facilities of the Exchange at the market price at the time of sale. This Prospectus also qualifies the issuance of the Agent's Warrants to the Agent. Refer to "Plan of Distribution".

No person is authorized by the Issuer to give any information or to make any representation other than those contained in this Prospectus in connection with the issue and sale of the Flow-Through Shares.

Upon completion of this offering this issue will represent 39% of the common shares of the Issuer then outstanding as compared to 44% that will then be owned by the controlling persons, promoters, directors and officers of the Issuer and associates of the Agent. Refer to "Principal Holders of Securities" herein for details of the holdings of such shareholders.

The offering price of each Flow-Through Share exceeds the net tangible book value attributable to each common share of the Issuer by \$0.29 and accordingly after giving effect to this offering, represents dilution from such book value to persons purchasing hereunder of 58% (excluding any tax benefits attributable to the purchase of Flow-Through Shares). The Offering price of such Shares exceeds the net tangible book value attributable to each common share of the Issuer by \$0.19 and accordingly after giving effect to this offering, represents dilution from such book value to persons purchasing hereunder of 48%. Refer to "Risk Factors" herein for further details.

We, as the Agent, conditionally offer the Shares and Flow-Through Shares subject to prior sale, if, as and when issued by the Issuer and accepted by us, in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution".

Agent:

Canaccord Capital Corporation  
P.O. Box 10337, Pacific Centre  
2200 - 609 Granville Street  
Vancouver, British Columbia V7Y 1H2  
(604) 643-7300 Attn: Bud Malette

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## PROSPECTUS SUMMARY

*The following is a summary of the Prospectus and is qualified by the more detailed information appearing elsewhere herein. Reference is made to the body of this Prospectus for the complete text of the initial public offering of Foran Mining Corporation (the "Issuer").*

**The Issuer**                    The Issuer, Foran Mining Corporation, was incorporated under the *Company Act* of British Columbia on June 21, 1989 as 368061 B.C. Ltd. and changed its name to Foran Mining Corporation on September 8, 1989. The Issuer has been engaged since incorporation in the business of exploring certain mineral claims in the Barriere Lakes area of south central British Columbia.

**The Offering**                600,000 Flow Through Shares at a price of \$0.50 per Flow-Through Share and 750,000 Shares at a price of \$0.40 per Share. Except for certain Canadian income tax incentives available to initial subscribers of Flow-Through Shares, they are identical to Shares (being ordinary common shares of the Issuer).

Refer to "Plan of Distribution" for further details.

**Proceeds to the Issuer:**                The Issuer will receive net proceeds of \$555,000 after deduction of \$45,000 of agent's commissions.

**The Property:**              The Issuer has an exclusive option to purchase the E-D 1 mineral claim consisting of 20 mineral claim units and has purchased or staked an additional 58 mineral claim units (four of which are fractional) immediately surrounding the E-D 1 claim. The claims cover an area which has demonstrated the existence of quartz-sulphide veins and reported disseminated to massive pyrite lenses containing anomolous (3 gm/tonne) gold showings. The claims cover an aggregate of approximately 1,755 hectares (see "Property of the Issuer").

**Use of Proceeds:**        The use of proceeds will be used to complete a recommended work program, as amended, to test a newly discovered massive pyrite vein (or bed) exposed on the Property and to conduct further geophysical mapping and excavator trenching. The proceeds will be used to pay the following approximate amounts: remaining costs of this prospectus (\$40,000), to discharge loans and payables which permitted the summer work program (\$90,000), to conduct the diamond drilling of the mineralized vein (\$150,000), to complete the balance of the recommended work program (\$170,000) and to provide working capital (\$100,000).

**Management:**            The Issuer's management all have prior experience in resource company management. Mr. McMeekin was a resource accountant, Mr. Tyner has worked as a mine millwright, prospector and president of a public resource company, Mr. Zinkhofer's law practice has an emphasis on mining issues and Mr. Addison is a mining engineer with 40 years' experience in mining operations in Canada and elsewhere.

James Donald McMeekin - President, Chief Executive and Chief Financial Officer and Director

Wayne Joseph Tyner - Director

Bernhard Zinkhofer - Director and Corporate Secretary

Richard Addison - Director

**Risk Factors:**

The securities offered hereunder are speculative. There is no market for the Issuer's Shares or the Flow-Through Shares. There is no known body of commercial ore on the Issuer's mineral property and there is no assurance that the expenditures to be made by the Issuer from the proceeds hereof will result in the discovery of any commercial quantities of mineable ore. In the event that quantities of ore are discovered the feasibility of production of such ores will be affected by numerous factors beyond the control of the Issuer. There has been no survey of the mineral claims in which the Issuer holds an interest and therefore their precise area and location is uncertain. Mining operations involve a high degree of risk and give rise to liabilities that may have a materially adverse effect on the Issuer's financial condition. Purchasers of securities offered hereunder will experience an immediate and significant dilution to the tangible book value of their investment.

**Income Tax Aspects:**

Subject to certain assumptions more particularly described under the heading "Certain Federal Income Tax Considerations" herein, it is intended that investors in Flow-Through Shares will have renounced in their favour by the Issuer Canadian Exploration Expenses ("CEE") in an amount equal to 100% of their total subscription price. An investor may deduct from his taxable income (subject to certain limitations) up to 100% of such investors' cumulative CEE at the end of a taxation year. Generally, a disposition of a Flow-Through Share by an investor will result in a taxable capital gain (or an allowable capital loss) equal to three-quarters of the amount by which the proceeds of disposition exceed (or are exceeded by) the adjusted cost base to the investor of the share. The *Income Tax Act* (Canada) deems the adjusted cost base of each flow-through share acquired by an investor to be nil. However, the adjusted cost base of each common share of the issuer, including Flow-Through Shares, held by an investor at any particular time is the average of the adjusted cost base to the investor of all such shares owned by the investor at that time. Except for the Canadian Federal income tax aspects an Flow-Through Share of the Issuer is identical to an ordinary common share (also referred to as "Shares").

**This information is a summary only and is qualified by the more detailed information appearing elsewhere in this Prospectus.**

## THE ISSUER

### Name and Incorporation

Foran Mining Corporation (herein, the "Issuer"), was incorporated by registration of its Articles and Memorandum pursuant to the Company Act of the province British Columbia under the name 368061 B.C. Ltd. on June 21, 1989 and changed its name to Foran Mining Corporation on September 8, 1989. The Issuer's registered office is located at Suite 2500, 595 Burrard Street, Vancouver, B.C., V7X 1L1 and its business office is located at 2741 East 8th Avenue, Vancouver, B.C., V5M 1W7, (telephone: (604) 253-5717).

### Intercorporate Relationships

The Issuer has no subsidiaries or other corporate affiliates.

## BUSINESS OF THE ISSUER

### Description and General Development

The Issuer is a natural resource exploration company which has since its incorporation, concentrated its exploration activities on the E-D 1 and surrounding mineral claims located in south central B.C. more particularly described below. The Issuer intends to pursue further exploration of this property (hereinafter the "Foran Property") and does not currently intend to explore or acquire mineral claims except in the immediate vicinity of the Foran Property.

The Issuer commenced business in the summer of 1989 when Wayne Tyner, a director, obtained private financing from his Calgary partner (whose widow and son-in-law own Entures Holdings Ltd., a principal shareholder of the Issuer) in order to obtain an option on the E-D 1 claim and to stake surrounding ground which Mr. Tyner was aware had become open to staking. The 1989 program consisted of establishing 27 kilometres of grid (3.1 km of cut baseline; 24 km flagged cross-lines) as well as the collection and analysis of 950 soil samples and VLF-EM and magnetometer surveys over 21.3 km of grid. In the following summer of 1990, a horizontal loop electromagnetic survey was conducted over 12 km of grid in the southwestern part of the claim group. The results of this work are more particularly described in the accompanying report of N.C. Carter, Ph.D. P.Eng. dated April 18, 1995 which forms part of this prospectus. In 1991 and 1992, limited work was conducted due to the death of Mr. Tyner's partner, however, additional prospecting as well as claim staking were conducted. In 1993 a core shack and temporary work shelter were built on the claims to enable further prospecting to be conducted. In 1994 work consisted of clearing baselines, re-establishing flagged cross-lines, sampling and prospecting. The 1995 summer program consisted of establishing a grid over newly acquired claims, soil sampling, excavating, prospecting and exposing and sampling a newly discovered heavily mineralized vein or pyritic bed occurrence located in newly-staked claims adjoining the Foran Property.

### Summary and analysis of financial operations

	Year Ending September 30, 1995	Year Ending September 30, 1994	Year Ending September 30, 1993	3 Years Ending September 30, 1992
	(audited)	(audited)	(audited)	(audited)
Exploration and Development Costs (excluding acquisition costs)	106,734	7,300	29,700	53,491
General and Administrative Expenses	35,010	37,633	4,330	34,000

	Year Ending September 30, 1995	Year Ending September 30, 1994	Year Ending September 30, 1993	3 Years Ending September 30, 1992
	(audited)	(audited)	(audited)	(audited)
(all other expenses)				
Net Income (Loss)	(35,010)	(37,633)	(4,330)	(34,000)
Working Capital	(123,744)	19,000	15,663	1,813

	Year Ending September 30, 1995	Year Ending September 30, 1994	Year Ending September 30, 1993
	(audited)	(audited)	(audited)
Properties			
Mineral Properties	262,225	120,491	98,191
Other Assets	nil	nil	nil
Long Term Liabilities	nil	nil	nil
Shareholders' Equity			
Dollar Amount	138,481	139,491	114,624
Number of Securities	1,717,600	1,569,600	1,339,600

There are 1,756,850 issued and outstanding as of the date of this prospectus, of which 750,000 are escrowed shares that will be released from escrow only upon obtaining the consent of the appropriate regulatory authority. Upon the completion of this offering, a total of 3,156,850 will be issued and outstanding including the initial 50,000 shares to be issued on the Issuer's Foran Property.

## PROPERTY OF THE ISSUER

### Glossary

**Flow-Through Shares** are common shares of the Issuer respecting which a subscription of Flow-Through Shares will entitle the original subscriber to certain deductions for Canadian income taxes (see "Certain Federal Income Tax Considerations"). Except for the tax aspects Flow-Through Shares are identical to Shares.

**Galena** is an ore of lead.

**Paleozoic** is one of the earlier eras of geologic time and is generally supposed to mark the approximate appearance of life on earth.

**Shares** means the ordinary common shares of the Issuer.

**Sphalerite** is a sulphide mineral of zinc, being a common zinc ore.

**VLF-EM Survey, Magnetometer and Induced Polarization Surveys** are various geophysical techniques to estimate conductivity and magnetic susceptibility of underlying ground in order to evaluate the possibility of mineralization.



## **Ownership**

The Issuer's "Foran Property" is comprised of its option in the E-D 1 mineral claim consisting of 20 claim units as well as 58 other claims staked or purchased by it in the immediate vicinity comprising an additional 58 claim units. The Issuer has an option to purchase the E-D 1 claim and owns all the rest of the claims outright, but subject to a royalty on all claims staked within one mile of the E-D 1 applicable by virtue of an amendment to the E-D 1 option agreement more particularly described below.

## **E-D 1 Option Agreement**

The E-D 1 claim is optioned by the Issuer pursuant to an agreement made July 31, 1991, as amended November 3, 1994 (herein the "Option Agreement") which replaces an agreement originally made in July, 1989. The optionor of the E-D 1 claim is 356584 B.C. Ltd. (the "Optionor") a private company owned by the estate of Mr. Ed Foran who staked the E-D 1 claim in the early 1980's and whose surname has been adopted by the Issuer. Mr. Foran and the Optionor were at complete arm's-length to the Issuer.

The Option Agreement provides that the Issuer may purchase a 100% interest in the E-D 1 claim subject to a 3% net smelter royalty in consideration of the Issuance of an aggregate of 200,000 shares in the capital of the Issuer with 50,000 shares being due on the date the Issuer commences trading on a stock exchange providing this occurs by a certain date which may be extended and which is currently December 31, 1995. Previously, the option was extended on November 19, 1993 for the payment of \$5,000 and, on November 3, 1994 and July 31, 1995, an additional \$5,000 was paid to extend the due date. If the Issuer is not listed on a stock exchange by January 31, 1996 it may extend the Option Agreement by paying \$5,000 to the Optionor every 6 months thereafter until the Issuer achieves a listing. The additional 150,000 shares are due as follows: 50,000 six months after commencement of trading on a stock exchange and 50,000 shares of each of the first and second anniversary dates of the listing date subject to applicable stock exchange approvals which will require the filing of an acceptable engineering report summarizing work programs conducted on the property and recommending further work.

Pursuant to the November 3, 1994 Amending Agreement the Issuer acquired the right to purchase 2 of the 3 percentage points of net smelter royalty (or 2/3 of the original 3 percent net smelter royalty reserved by the Optionor) by paying the Optionor \$500,000 or equivalent in shares of the Issuer at market price, at the Optionor's election). The net smelter royalty applies not only to the E-D 1 claim but certain of the Issuer's adjacent claims by virtue of a provision in the Option Agreement that provides that all claims acquired by either party within a one mile radius of the outside boundary of the E-D 1 claim will become subject to the net smelter royalty. The net smelter royalty is calculated as 3% of the gross revenues received from any smelter as a result of production of ores or minerals from the property.

By agreement dated January 27, 1995 the Issuer purchased from WJM Mining Corp., as bare trustee, ("WJM") 28 claim units in consideration of the issuance to its shareholders of 100,000 shares valued at \$0.25 per share. These claims are the MF 1 to 8, the JW 1 to 6, the John 1 to 4 and the WJ 1 to 8 claims (collectively, the "WJM Claims"). Of these 100,000 shares, 50,000 were issued to Wayne Tyner, who previously held a one-third, then one-half interest in WJM. The \$25,000 deemed value for the WJM Claims was based on the estimated replacement costs over two years were the Issuer to retain persons to effect staking, recording, prospecting, payment or conduct of assessment work and like costs associated with obtaining and delivering good title to the WJM claims and prospecting them. In 1994 the Issuer caused to be staked the Sow 1 to 4, Tat 1 to 5, TS 1 to 7 and JS mineral claims (collectively the "Staked Claims") immediately adjacent or in the immediate vicinity of the E-D 1 claim and in summer 1995 the Issuer staked the But I to But X, But XII, Joy 1, and Sam 1 claims

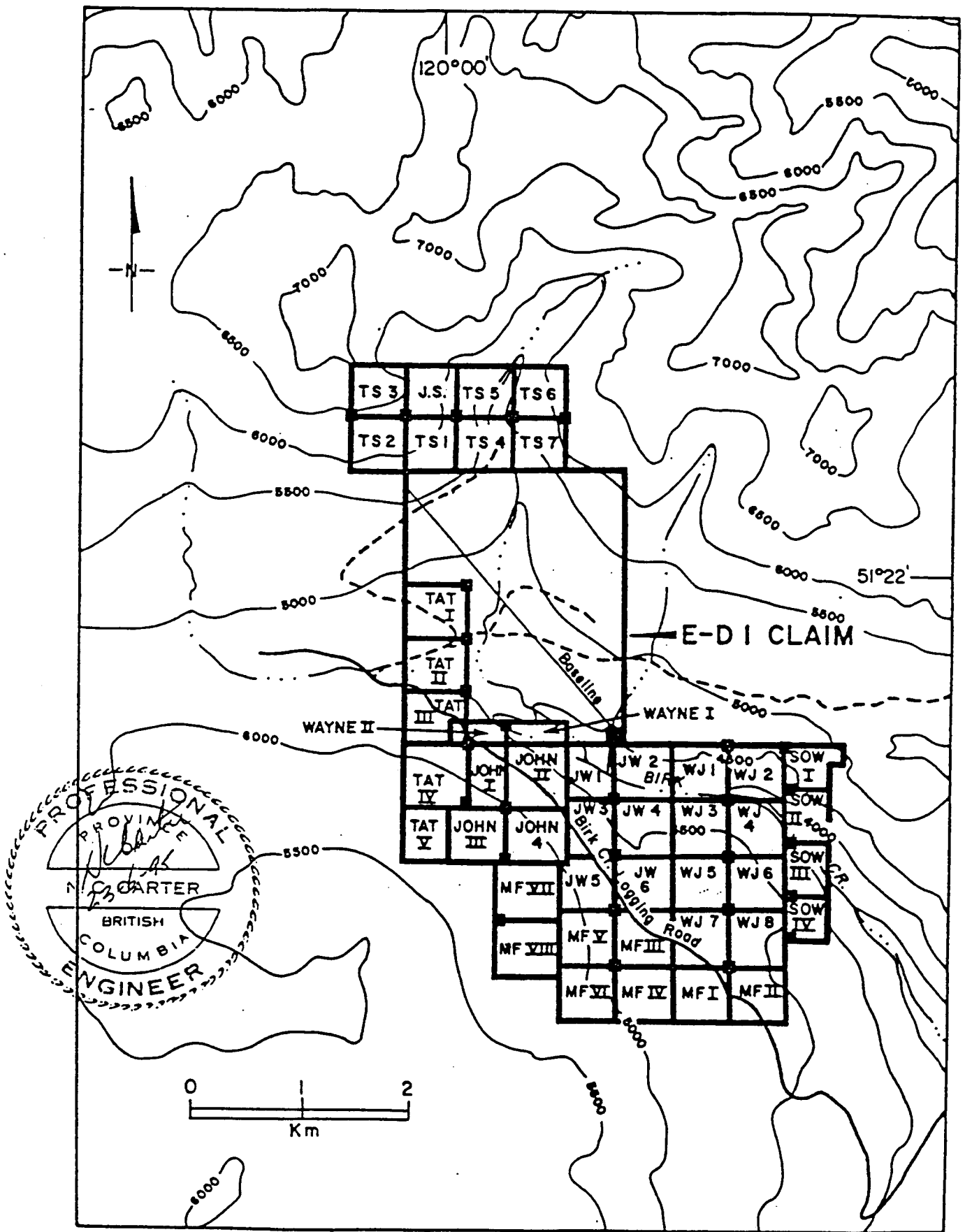
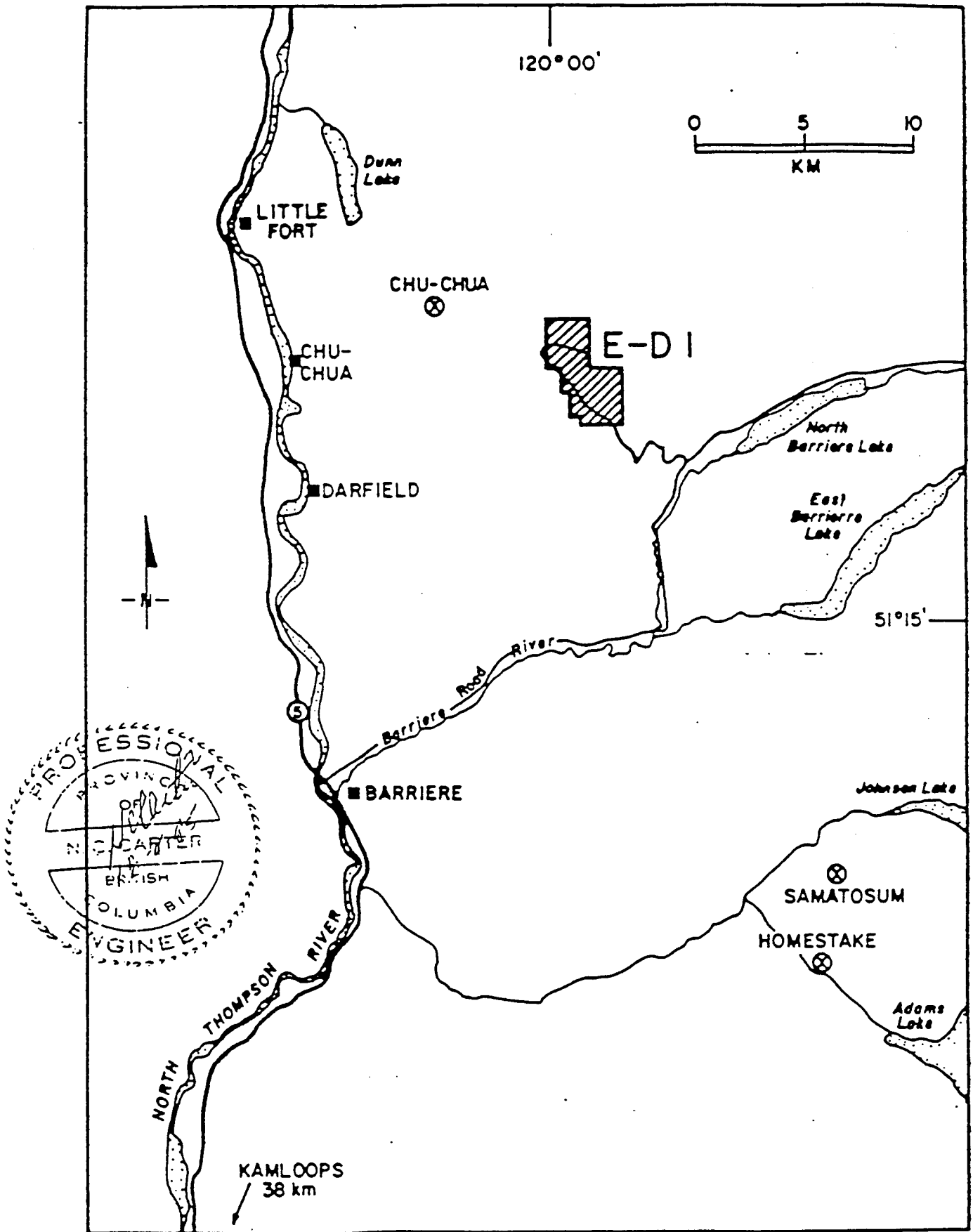


FIGURE - E-D 1 MINERAL CLAIMS



**FIGURE - LOCATION - E-D 1 PROPERTY**

(two of which are fractional claims as they overstate existing claims). (See Figure 2). All the Issuer's claims are in good standing until at least June 19, 1996.

### **Location and Access**

The Foran Property is situated 80 km northeast of the City of Kamloops in south central British Columbia approximately 10 km northwest of North Barriere Lake at the headwaters of Birk Creek. Access to the Foran Property is from the town of Barriere on B.C. provincial highway No. 5. The road distance from Barriere is approximately 35 km and several logging and various tote roads provide road access to most parts of the Foran Property. (See Figure 1).

### **Past History of Exploration in the Area**

Prospecting in the Barriere Lakes area dates back to the early 1900's and there were a number of prospects east of Birk Lake explored in the 1920's by way of tunnelling and trenching as well as geophysical and geochemical surveys. The area has been subjected to more intense explorations since 1978 with the discovery of the Chu Chua massive sulphide deposit in 1978 and the Rea/Samatosum polymetallic deposit discovered in 1983. Exploration has been conducted in the immediate vicinity of the Foran Property by Noranda Exploration Co. in the mid 1980's as well as by Minnova Inc. Small shipments of sorted ore material were reported to have been made from the Foran Property in 1954 and 1972. Exploration work consisting of geochemical sampling and magnetometer surveys over 21 km of cut grid in 1981 was conducted on the Foran Property by Kam Creed Mines Limited (in 1981) and geochemical sampling and magnetometer surveys were carried out by Craigmont Mines (in 1973). Kam Creed also completed 5 shallow diamond drill holes totalling 381 metres in 1984. Craigmont Mines conducted reconnaissance soil geochemical and magnetometer surveys in 1973 in the area of the Foran Property.

Work done by predecessors in title to the Issuer included some mechanical trenching in the extreme southwest corner of the Foran Property. In 1989 the Issuer established 27 km of grid (3.1 km of cut base line; 24 km of flagged cross-lines principally at 200 metre spacings) and the collection and analysis of 950 soil samples. The field work to achieve the foregoing cost approximately \$19,000 and the sample analysis cost \$11,600. The Issuer also has conducted a VLF-EM and magnetometer surveys over 21.3 km of the grid. A horizontal loop electromagnetic survey was conducted over 12 km of grid in the southwestern part of the property in June 1990 at a cost of \$13,800. In 1993 and 1994 the Issuer did not have significant funds available and the only work conducted was construction of a permanent structure (128 sq.ft.) to temporarily house work crews, claim prospecting, grab sampling, cleaning up the baselines and reflagging cross-lines all of which activities were conducted by Mr. Tyner with some assistance of casual labour crews. The 1993 and 1994 work was sufficient to satisfy mining regulation assessment requirements to keep all the claims comprised in the Foran Property in good standing and was conducted at a cost of approximately \$47,000 of which \$25,000 was settled by issuance of 100,000 shares at \$0.25 (50,000 of which were issued to Mr. Tyner).

### **Regional and Local Geology**

The Foran Property is underlain by Palaeozoic sedimentary and lesser volcanic rocks which are known to host nearby polymetallic vein and volcanogenic massive sulphide deposits throughout the Adams Lake/Barriere Lakes area. The two principal Palaeozoic sequences of this area, the Fennell Formation and Eagle Bay Assemblage are separated by a regional fault zone which extends through the western property area and provides the locus for exposed gold-silver-lead-zinc vein mineralization within and south of the Foran Property. Some of the stronger VLF-EM conductive zones and semi-coincident anomalous base metals and silver values in soils on the Foran Property are also proximal to the trace of this regional fault. Two styles of mineralization predominate the property namely a number of quartz veins and lenses containing galena and sphalerite which locally yield some

significant silver, lead and zinc values. A second style of mineralization is evidenced by the reported gold values from Kam Creed's better 1984 drill holes (7.65 g/t/0.94 metre and 5.49 g/t/1.5 metre) which are associated with disseminated to massive pyrite lenses.

The Issuer's 1989 VLF-EM survey indicated a number of northwest to north trending conductive zones. The subsequent horizontal loop EM survey further defined and prioritized four conductive zones southwest of the baseline. Two of these conductive zones may indicate lithologic boundaries and/or fault zones. One of these, in the central part of the ED-1 claim is partly coincident with areas of anomalous gold and silver values in the soils. The two strongest conductors are coincident with higher magnetic susceptibilities and with anomalous base metal and silver values in soils. The geochemical soil sampling conducted in 1989 identified a number of areas with anomalous gold, silver, copper, lead and zinc values. Coincident and/or contiguous areas with anomalous base metal and silver values on parts of the Foran Property correlate well with stronger VLF-EM conductors. These anomalous areas are believed to be best developed within and west of the fault contact between the principal Palaeozoic sequences.

Areas with anomalous gold values are either adjacent to northwest trending multi-element anomalous areas or normal to them as is the case for two stronger gold and soil anomalies which trend northeasterly. The presence of nearby northeast striking gold-bearing polymetallic vein structures lends some credence to the aforementioned anomalies on the E-D 1 claim.

Results obtained from geophysical and geochemical surveys on the E-D 1 claim and records of previous work on surrounding claims confirm the potential for both stratiform polymetallic massive sulphides and gold bearing discordant veins on the Foran Property. The Issuer believes additional exploration work is warranted to further assess this potential especially in light of the discovery in summer 1995 of a sulphide or pyritic mineralized zone (see below).

#### **Summer 1995 Work Program and Revised Recommendations**

The April 18, 1995 Carter Report recommends a Phase 1 work program consisting in summary of the following:

(a)	grid construction, geological mapping, bedrock sampling and soil sampling	\$ 73,150
(b)	VLF-EM, magnetometer and induced polarization surveys	\$ 27,600
(c)	excavator trenching and overburden drilling	\$ 60,000
(d)	diamond drilling	\$150,000
(e)	sample analyses	\$ 25,000
(f)	supervision and reporting	\$ 25,000
(g)	contingencies	\$ 39,250
	<b>SUBTOTAL</b>	<b><u>\$400,000</u></b>

This program included work on the more recently acquired claims to the south of the E-D 1 property comprising primarily the Tat, John, JW, WJ and MF claims. The work also contemplated efforts to more accurately locate two showing areas relative to the claim boundaries and detailed mapping and sampling of old trenches, underground workings and bedrock exposures. An IP survey was recommended to assist in detecting sulphide mineralization within already detected conductive zones

delineated by previous horizontal loop EM surveys. Contingent on the evidence yielded by the sampling and surveying work, excavator trenching and some reverse circulation overburden and diamond drilling was recommended.

During June of 1995 the Issuer commenced the recommended work program using funds lent to the Company by some of its shareholders and by the Agent. Given Mr. Carter's absence from British Columbia for significant periods during September and October, Mr. Carter recommended that Mr. Robert G. Friesen, B.Sc., P.Geol. of Kamloops visit the site and make recommendations respecting the work program. Mr. Friesen's report dated October 23, 1995 is attached to this Prospectus.

As of October 31, 1995 the Issuer's summer program had resulted in the following approximate expenditures:

(a)	establishment of grid over 35 kilometres (27 kilometres of the WJM and 8 kilometres of the TS claims)	\$ 18,725
(b)	soil sampling:	\$ 21,250
	WJM claims      1,000 samples	
	TS claims <u>250 samples</u>	
	Total:          1,250 samples	
(c)	core shack maintenance	\$ 2,000
(d)	road clearing, culvert repair, trail cutting	\$ 2,500
(e)	excavating, overburden removal, prospecting and sampling	\$ 12,500
(f)	staking 13 additional claim units	\$ 5,000
(g)	prospecting, sampling, percussion drilling, blasting, sampling and reporting and analysis of new vein exposure	\$ 9,500
(h)	supervision, equipment costs and rental	\$ 12,700
		<u>\$ 84,175</u>
	SUBTOTAL	<u>\$ 84,175</u>

As of the date of this Prospectus the Issuer is still awaiting the results of approximately one-half of the soil samples which, when received, will require further analysis. Soil sample analyses received to date have not yielded any significant new information returning only slightly anomalous gold values in certain areas. The Issuer intends to adopt the recommendations of Mr. Friesen consisting in summary of the immediate diamond drilling of the mineralized exposure to ascertain whether it in fact steeply dips back into the mountainside and whether it extends into the gossan zone to the west where some rock staining was observed.

## ADMINISTRATION

The estimated aggregate average monthly administration costs that are anticipated to be incurred by the Issuer over the 12 months from listing are as follows:

	<u>Per Month</u>	<u>Per Annum</u>
Professional fees	\$ 800	\$ 9,600
Transfer agent fees	125	1,500
Management fees	1,500	18,000
Rent	nil	—
Travel	400	4,800
Shareholder Communications	200	2,400
Other administrative costs	500	6,000
	<u>\$ 3,525</u>	<u>\$ 42,300</u>

## USE OF PROCEEDS

### Funds Available

Net proceeds to be derived from the sale of the securities: \$555,000.

Estimated working capital available to the Issuer as of January 17, 1996: (\$134,000). This working capital deficit relates primarily to the costs of conducting summer 1995 work program and unpaid professional fees related to this prospectus offering.

Amounts and sources of other funds that will be available to the Issuer prior to or concurrently with the completion of the Offering: Nil.

### Principal Purposes for use of Funds Available

The net proceeds to the Issuer of \$515,000 (after deduction of agent's commission (\$45,000) and remaining costs of issue (\$40,000)), will be expended as follows:

(a)	Diamond drilling on the Issuer's principal property of newly discovered sulphide vein or pyritic bed discovery (1,000 metres plus sampling, analysis, supervision, reporting, contingencies) pursuant to recommendations of R.G. Friesen	\$ 150,000
(b)	Discharge shareholder loans and payables related to the summer 1995 exploration program	90,000
(c)	Pay Canaccord Capital Corp. sponsorship fee for Exchange listing	15,000
(d)	Conduct balance of original recommended exploration program of Nick Carter consisting in summary of VLF-EM and I.P. surveys, trenching, over-burden drilling and, if warranted, diamond drilling,	160,000
(e)	working capital to fund ongoing operations	100,000
	Total funds available	<u>\$ 515,000</u>

The Issuer will spend the funds available on the completion of this offering to carry out its proposed exploration and development programs set out in "Property of the Issuer". The Issuer anticipates conducting the Friesen recommendations in June, 1996 with Mr. Carter's recommended program to

commence thereafter and be somewhat contingent on the results of drilling the exposed sulphide vein. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary but only in the context of exploration of the Foran Property. The Issuer will only redirect a material amount of funds on the basis of a written recommendation from an independent, professional geologist or engineer and after filing notice of the change with the requisite regulatory authorities. In any event, subscription proceeds from this offering with respect to flow-through shares will be expended only on expenses which qualify as CEE.

### **Conflicts of Interest**

Of the Issuer's directors, only Mr. Addison serves as an officer or director of other natural resource issuers. It is possible that desirable mining opportunities which come to the attention of Mr. Addison will not be offered to the Issuer in view of Mr. Addison's involvement with other natural resource issues and dependent on his view of the relevant requirements and abilities of the various issuer's on whose boards he serves. The Issuer does not consider this a significant conflict of interest as the Issuer intends to devote its resources for the foreseeable future to the exploration of the Foran Property. Mr. Zinkhofer, a director and secretary of the Issuer, is a partner of the law firm which provides legal services to the Issuer. It is conceivable that conflicts of interest may arise out of this relationship however the board has resolved to retain outside legal counsel in the event that any circumstance giving rise to a possible or perceived conflict of interest should occur.

### **RISK FACTORS**

The Issuer's shares must be considered highly speculative primarily because of the lack of liquidity respecting such securities and the nature and stage of the Issuer's business. In particular, investors should be mindful that:

1. There is no known body of commercial ore on the Issuer's Foran Property. The purpose of the present Offering is to raise funds to carry out further exploration with the objective of establishing the likelihood of such an economic body of ore. If the Issuer's exploration programs are successful, significant additional funds will be required for the development of an economic ore body and to place it into commercial production. The only sources of future property development funds available to the Issuer would be the sale of further equity capital or the offering by the Issuer of an interest in its property to another party willing to expend exploration funds which in either case will result in dilution to the Issuer's shareholders.
2. There is no established market for the Issuer's Shares or Flow-Through Shares and there is no assurance that a market will develop.
3. Exploration for minerals is a speculative venture necessarily involving some substantial risk. There is no certainty that the expenditures to be made by the Issuer in the acquisition of the interests described in this Prospectus will result in discoveries of commercial quantities of ore.
4. Resource exploration and development is a speculative business and involves a high degree of risk. The marketability of any natural resources which may be acquired or discovered by the Issuer will be affected by numerous factors beyond the control of the Issuer. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Issuer's not receiving an adequate return on invested capital.



5. Mining operations generally involve a high degree of risk. Hazards such as unusual or unexpected formations or other conditions are involved. The Issuer may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Issuer's financial position.
6. While the Issuer has obtained the usual industry standard title report with respect to its property, this should not be construed as a guarantee of title. The property may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.
7. The Issuer's property consists of recorded mineral claims which have not been surveyed, and therefore, the precise area and location of such claims may be in doubt.
8. After the issuance of the securities offered by this Prospectus and prior the exercise of any outstanding share purchase options or warrants, the Issuer will have a book value per common share of approximately \$0.21 and accordingly purchasers of securities offered hereunder will experience an immediate and substantial dilution of \$0.19 per Share (or 48%) in the net tangible book value of their investment in Shares and \$0.29 or 58% in their investment in Flow-Through Shares (excluding the nominal effect of any Income Tax benefits receivable by a subscriber).
9. Reference is made to the section headed "Directors, Officers, Promoters and other Management" concerning possible conflicts of interest involving directors and officers of the Issuer.
10. The securities offered under this Prospectus (excluding any securities acquired by underwriters, directors or employees from the exercise of share purchase options or warrants) will represent 39% of the outstanding shares of the Issuer on completion of the offering, as compared to 44% issued to promoters, directors, officers, substantial security holders (as defined in the *Securities Act* (British Columbia)) and underwriters for cash, property and services (assuming no further purchases by such persons under the Offering).
11. The Issuer may use hazardous chemicals in future mining operations and must operate in accordance with governmentally regulated environmental standards. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Issuer, the extent of which cannot be predicted. Before production can commence on any properties, the Issuer must obtain mining regulatory approvals and there is no assurance that such approvals will be obtained.

## **DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT**

### **Name, Address, Occupation and Security Holding**

The names, municipality of residents, principal occupations in which each of the directors and officers of the Issuer have been engaged during the immediately preceding five years are as follows:

Name, Office Held and Municipality of Residence	Principal Occupation	Security Holdings
James Donald McMeekin Calgary, Alberta President, Chief Executive and Chief Financial Officer, Director and Promoter	Mr. McMeekin, age 33, is a self-employed businessman and General Manager of Entures Holdings Ltd. ("Entures"), a private Calgary-based holding and investment company. Mr. McMeekin was formerly employed with Imperial Oil Limited as a Property Evaluator in the Divestment Group. Upon leaving Imperial Oil he has been employed with Entures and has also worked as an independent consultant. He holds a business accounting certificate and land practices certificate and is a member of the Canadian Association of Petroleum Producing Accountants.	420,000 free-trading (pooled) Shares; 300,000 escrowed Shares under ownership or control (includes Entures shares), total 720,000
Wayne Joseph Tyner Vancouver, British Columbia Director and Promoter	Mr. Tyner, age 50, is a self-employed mining prospector and promoter. He holds a British Columbia millwright's certificate and received a technical education in the fields of mechanical and power engineering and welding. After 25 years' employment as a millwright at various mining operations in British Columbia, Mr. Tyner became a self-employed prospector. He also served as President of Alberta Stock Exchange listed Tyner Mines Limited.	300,000 escrow Shares, 196,600 free-trading (pooled) Shares, total 496,600
Bernhard Josef Zinkhofer Vancouver, British Columbia Secretary and Director	For the last three years Mr. Zinkhofer, age 40, has been a self-employed lawyer practicing mainly in the field of mining and securities law matters in partnership with the Vancouver law firm of Lang Michener Lawrence & Shaw. For the two years previous to that he was a partner with another Vancouver law firm. He previously served as the corporate secretary of Taseko Mines Limited and is currently a director of Vancouver Stock Exchange listed Strategic Technologies Inc., which is in the electronic monitoring business and W.M. Helijet Airways Inc., a regional helicopter carrier providing service to the Vancouver-Victoria area.	8,000 free-trading (pooled), 150,000 escrow Shares, total 158,000
Richard Addison Vancouver, British Columbia Director	Mr. Addison, age 61, is a self-employed professional consulting geologist who holds a Bachelor of Science degree from the University of British Columbia. For the last ten years Mr. Addison has served on the boards of numerous natural resource companies listed on the Vancouver Stock Exchange including in the last five years Alpha Gold Corp., International Pacific Cypress Minerals Ltd., Jarvis Resources Ltd., Kyber Resources Inc., Maxwell Energy Corp., Maxwell Resources, Nepheline Resources, Peter Rabbit Energy Corp., Quantum Resource Corp., Stralak Resources Inc.	Nil

## Aggregate Ownership of Securities

The holders of record and beneficially of shares aggregating 10% or more of the Issuer's shares are as follows:

<u>Name &amp; Municipality of Residence</u>	<u>Class of Shares</u>	<u>Type of Ownership</u>	<u>No. of Shares</u>	<u>Percent of Class</u>
James McMeekin Calgary, Alberta	common	direct and beneficial	125,000	7.1%
		indirect and	<u>595,000</u>	<u>33.9%</u>
		controlled but only partially owned through Entures	720,000	41.0%
Wayne Joseph Tyner Vancouver, B.C.	common	direct and beneficial	496,600	28%

Mr. Tyner borrowed certain funds from Entures which funds were used to purchase securities of the Issuer. Pursuant to an agreement between Entures and Mr. Tyner, Mr. Tyner has pledged his shares of the Issuer to Entures as security for the loan of approximately \$35,000 which is due December 31, 1996. Accordingly, Entures may become entitled to Mr. Tyner's shares in the event of a default under the loan agreement. Entures is a private company in which James McMeekin and his mother-in-law, Ramona Strembitsky, of Calgary, Alberta, have a controlling interest.

The percentage of shares of the Issuer beneficially owned by all directors and senior officers of the Issuer as a group (including Entures Holdings' shares with those of Mr. McMeekin) as of the date of this Prospectus is 1,499,600 or 85% of the 1,756,850 outstanding shares.

### Corporate Cease Trade Orders or Bankruptcies

No director, officer, promoter or other member of management of the Issuer is, or within the past five years has been, a director, officer or promoter of any reporting issuer in British Columbia that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order the denied the reporting issuer access to any statutory exemptions for a period of more than 30 consecutive days except that in 1991-1992 Mr. Zinkhofer served as legal counsel and corporate secretary for Insecta Research Corp. (1986) Inc. ("Insecta") while it unsuccessfully endeavoured to reorganize its affairs. Insecta was permanently cease traded for failure to prepare and file requisite financial statements and subsequently ceased operations.

No director, officer, promoter or other member of management of the Issuer is, or within the past five years has been, a director, officer or promoter of any reporting issuer in British Columbia that, while that person was acting in that capacity, was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

### Penalties or Sanctions

No director, officer, promoter or other member of management of the Issuer has, within the past ten years, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer, or theft or fraud.

## **Individual Bankruptcies**

No director, officer, promoter or other member of management of the Issuer has, within the past five years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

## **INDEBTEDNESS OF DIRECTORS, OFFICERS, PROMOTERS AND OTHER MANAGEMENT**

No director, senior officer, proposed nominee for election as director of the Issuer or associate or affiliate of any such director, senior officer or proposed nominee is or has been indebted to the Issuer since the date of incorporation.

## **PAYMENTS TO INSIDERS AND PROMOTERS**

Except for 50,000 shares valued at \$12,500 for 50% of the title to the WJM Claims and the conducting of exploration work valued at \$12,500 (paid by the issuance of an aggregate of 50,000 shares of the Issuer, both of which share issuances were paid to Mr. Tyner) the directors, officers, insiders and promoters of the Issuer do not have any interest, direct or indirect, by way of beneficial ownership of shares or otherwise in any material transactions which have affected or are likely to affect the Issuer. They have no interest in any material transactions whereby they might receive any extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Issuer. The directors, officers and promoters of the Issuer may purchase a portion of the securities offered hereunder. Mr. Zinkhofer, the Secretary and a director of the Issuer, is a partner of the law firm which provides legal services to the Issuer, however such services are provided on an arm's length basis.

## **Executive Compensation**

The Issuer has two executive officers, James McMeekin, Chief Executive and Chief Financial Officer and Bernhard Zinkhofer, Secretary. The Issuer does not pay either executive officer any compensation for services rendered in their capacities as such nor does it have any current plans to do so. Wayne Tyner, a Director of the Issuer, will supervise and assist with exploration work on the Foran Property and will receive a salary of \$2,000 per month for the services during months when exploration is occurring and \$500 a month when it is not for an estimated average of \$1,000 per month. From 1989 to 1994 Mr. Tyner did not receive any remuneration from the Issuer for his annual prospecting and assessment work efforts, his only compensation being the receipt of 100,000 shares valued at \$0.25 each, one-half of which was received for selling the WJM Claims and the other half for conducting the 1989-1993 prospecting and assessment work on the Foran Property. From the proceeds hereof, Mr. Tyner will receive \$8,000 for supervising the 1995 program. Effective January 2, 1995, each of the directors of the Issuer were granted an option to acquire 30,000 shares at a price of \$0.50 per share for a five-year period.

## **Related Party Transactions**

Mr. Tyner borrowed certain funds from Entures which funds were used to purchase securities of the Issuer. Pursuant to an agreement between Entures and Mr. Tyner, Mr. Tyner has pledged his shares of the Issuer to Entures as security for the loan. Accordingly, Entures may become entitled to Mr.

Tyner's shares in the event of a default under the loan agreement, however this will not effect a change of control of the Issuer.

### Proposed Compensation

No compensation to management or employees other than that described under "Executive Compensation" is contemplated.

## SHARE CAPITAL

### Existing and Proposed Share and Long-Term Debt Capital

	<u>Number of issued securities</u>	<u>Price Per Security</u>	<u>Total Consideration</u>
Prior issuances of securities (to October 31, 1995)	750,000	.01	\$ 7,500 (escrowed shares)
	975,600	.25	\$243,900
	31,250	.40	\$ 12,500
Offering	1,350,000	600,000 @ \$0.50	\$300,000
		750,000 @ \$0.40	\$300,000
To be issued if all securities being offered are sold (and before 50,000 shares are issued pursuant to Foran Property agreements)	3,106,850	N/A	\$863,900

## OPTIONS AND OTHER RIGHTS TO PURCHASE SHARES

The Issuer has granted options to the following persons to purchase up to an aggregate of 120,000 shares of the Issuer at a price of \$0.50 per share, exercisable until 5 years from the effective of this prospectus:

<u>Name of Optionee</u>	<u>Number of Common Shares Under Option</u>
James Donald McMeekin	30,000
Wayne Joseph Tyner	30,000
Bernhard Zinkhofer	30,000
Richard Addison	30,000

There are no assurances that the options, warrants or other rights described above will be exercised in whole or in part.

## Fully Diluted Share Capital

	<u>Number of Securities</u>	<u>Percentage of Total</u>
Issued as of October 31, 1995	1,756,850	53%
Offered under this prospectus	1,350,000	38%
Securities reserved for future issued as of October 31, 1995		
(i)    incentive options	120,000	
(ii)   Foran Property	<u>200,000</u>	9%
Total	3,426,850	100%

## Principal Holders of Voting Securities

Name and Municipality of Residence	Number of Securities	Percentage of Class Prior to the Offering	Percentage of Class After the Offering
James McMeekin (includes Entures)	720,000	41%	21.0%
Wayne Tyner	496,600	28%	14.5%

## Performance Shares or Escrow Securities

The following are particulars of shares of the Issuer held in escrow as of the date of this Prospectus:

<u>Designation of Class</u>	<u>Number of Shares held in Escrow</u>	<u>Percentage of Class Before Offer</u>	<u>Percentage of Class After Offering</u>
Common	750,000	21.8%	22%

## Pooled Shares

The holders of 1,006,850 Shares of the Issuer which were issued prior to the date of this Prospectus have agreed among themselves and with Pacific Corporate Trust Company to certain pooling arrangements. Pursuant to an agreement dated March 1, 1995 (the "Voluntary Pooling Agreement") the holders of the pooled shares have agreed that the pooled shares shall be released at the rate of 12.5% of the original number of shares deposited in pool every 90 days commencing 90 days after the Issuer's shares are listed and called for trading on the Vancouver Stock Exchange. Until release, pooled shares may not be sold or transferred except within the pool.

## Performance Shares

The Escrowed Shares mentioned above have been issued as Performance Shares at a price of \$0.01 per share and have been escrowed with Pacific Corporate Trust Company pursuant to an escrow agreement dated the 31st day of May, 1995 (the "Escrow Agreement"). The owners of the Performance Shares are:

<u>Name of Shareholder</u>	<u>No. of Shares</u>
James D. McMeekin	125,000*
Bernhard Zinkhofer	150,000
Wayne J. Tyner	300,000
Entures Holdings Ltd.	<u>175,000*</u>
	750,000
(the "Principals")	

(Entures is under the control of Mr. McMeekin and a relative.)

The Performance Shares may not be traded in or dealt with in any manner whatsoever or released, nor may the Issuer, its registrar and transfer agent or any holder of the escrowed shares make any transfer or record any trading of such shares without the consent of the Superintendent or the Exchange. The Escrow Agreement also provides that a portion of the consideration for the issuance of the escrowed shares is to encourage the holders thereof to act in the best interests of the Issuer. If the Issuer becomes successful, due in part to the efforts of the holders of the escrowed shares, the agreement provides that the holders of the shares will be entitled to maintain ownership of the shares and to have the shares released from escrow in accordance with the general policies of the Superintendent or the Exchange. Any shares not released from escrow before the expiration of ten (10) years from the date of the receipt issued by the Superintendent for this Prospectus will be cancelled. The complete text of the Escrow Agreement will be available for inspection at the Issuer's registered office, Suite 2500, 595 Burrard Street, Vancouver, British Columbia, V7X 1L1, for a period of sixty (60) days following completion of the Offering.

#### DIVIDEND RECORD

The Issuer has not paid any dividend on any of its shares since incorporation and is not likely to do so in the foreseeable future. All of the Issuer's available funds expected to be required for exploration and development activities.

#### PRIOR SALES AND TRADING INFORMATION

The number and price of previously issued shares of the Issuer is as follows:

<u>Number of Shares</u>	<u>Price per Share</u>	<u>Consideration Received</u>	<u>Commission Paid</u>
31,250	\$0.40	\$12,500 <sup>(3)</sup>	Nil
975,600	\$0.25	\$243,900 <sup>(2)</sup>	Nil
750,000 <sup>(1)</sup>	\$0.01	\$7,500	Nil
<u>1,756,850</u>		<u>\$261,900</u>	

(1) The 750,000 shares issued for and in consideration of the sum of \$0.01 per share have been issued as "Performance Shares" subject to escrow restrictions more particularly described under the heading "Escrowed Shares" listed above.

- (2) All consideration received in cash except for 100,000 shares (\$25,000 deemed value) issued for WJM Claims and 100,000 shares valued at \$0.25 per share issued for exploration services in 1993. (See "Past History of Exploration".) 50,000 of these shares were issued to Mr. Tyner.
- (3) Represents a settlement of legal fees of \$12,500 in October, 1995.

## **PLAN OF DISTRIBUTION**

### **Offering**

This Prospectus is being filed in connection with the distribution of 750,000 Shares of the Issuer at a price of \$0.40 each and is also being filed in connection with the distribution of 600,000 Flow-Through Shares of the Issuer at a price of \$0.50 each. Certain Canadian exploration related income tax Canadian Exploration Expenses will be renounced by the Issuer to the original subscribers of the Flow-Through Shares however they are in all other respects, ordinary Shares. See "Canadian Federal Income Tax Considerations" herein. Investors who participate in the Offering of Flow-Through Shares will be deemed to have appointed the Agent as their agent to sign the required Flow-Through Share Subscription Agreement in the form as attached hereto.

### **Terms of the Distribution Agreement**

By an agreement dated January 17, 1996 (the "Agency Agreement"), Canaccord Capital Corporation was appointed to act as the Issuer's agent in selling the Shares and Flow-Through Shares of the Issuer through the facilities of the Exchange. The Agent will receive a commission of \$0.0375 per Flow-Through Share (being 7.5% of the Offering price) and a commission of \$0.03 per Share (being 7.5% of the Offering Price).

Except as disclosed in this Prospectus, there are no payments in cash, securities or other consideration being made, or to be made, to a promoter, finder or any other person or company in connection with this Offering.

The Agent reserves the right to offer selling group participation, in the normal course of the brokerage business, to selling groups of other licensed broker-dealers, brokers and investment dealers, who may or may not be offered part of the commission derived from this Offering. In accordance with the policies of the Vancouver Stock Exchange, all of the Offering will be offered to clients of the Agent before the Agent or its associates may participate for its own account.

The Agent has been granted a right of first refusal to provide any brokered financings carried out by the Issuer within a 12 month period from the date on which the final receipt for the Prospectus is issued by the Superintendent (the "Effective Date").

The obligations of the Agent under the Agency Agreement may be terminated prior to the completion of the Offering at the Agent's discretion on the basis of its assessments of the state of the financial markets and may also be terminated at any time prior to the date the shares are posted and called for trading on the Exchange.

The directors, officers and other insiders of the Issuer may purchase Shares or Flow-Through Shares from this Offering.

The Agent has been granted a warrant to purchase 125,000 common shares in the capital of the Issuer (the "Agent's Warrant") in consideration for agreeing to purchase any Shares or Flow-Through Shares that remain unsubscribed for at the conclusion of the Offering. The Agent's Warrants may be exercised at any time prior to the second anniversary of the Offering. The exercise price of the Agent's Warrants is \$0.50 during the first year and \$0.575 during the second year.



## DESCRIPTION OF SECURITIES OFFERED

The authorized capital of the Issuer comprises one class of shares only, being common shares without par value of which 20,000,000 are authorized and 1,756,850 have been allotted and issued as fully paid and non-assessable as of the date hereof. All of such authorized and issued shares of the Issuer rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment and there are no pre-emptive rights or conversion rights and no provision for redemption, purchase or cancellation, surrender or sinking fund or purchase funds. Provisions as to the modifications, amendments or variations of the foregoing rights are contained in the Articles of the Issuer and pursuant to the *Company Act* (British Columbia). Except for the Canadian Income Tax Canadian Exploration Expenses which will be renounced by the Issuer to the original subscribers of Flow-Through Shares hereunder Flow-Through Shares are identical to all other Common shares of the Issuer.

## CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Lang Michener Lawrence & Shaw, legal counsel to the Issuer, the following is a summary of the principal Canadian federal income tax considerations generally applicable to investors described in this summary who acquire Flow-Through Shares pursuant to this Offering. This summary is based on the current provisions of the *Income Tax Act* (Canada) (the "ITA"), the regulations thereunder, all specific proposals to amend the ITA and the regulations publicly announced by the Minister of Finance before the date hereof. This summary does not take into account or anticipate changes in the law, assumes amendments will be enacted as proposed, and does not take into account provincial, territorial, or foreign tax considerations. The summary is applicable only to investors who are individuals resident in Canada and who acquire Flow-Through Shares and hold them as capital property and who deal at arm's length with the Issuer as contemplated by the ITA. Such persons are herein referred to as "the Investors". **The summary is of a general nature only and is not exhaustive of all possible income tax considerations and is not intended to be nor should it be construed to be legal or tax advice to any particular Investor. Investors must consult their own independent tax and legal advisors with respect to their own particular tax and legal consideration.** The comments herein assume that Investors are not corporations whose principal business is related to the exploitation of natural resources (i.e., "principal-business corporations" as defined in subsection 66(15) of the ITA), traders or dealers in resource properties (i.e., persons described in subsection 66(5) of the ITA), agents acting on behalf of a company in respect of this Offering, partnerships or trusts. The comments herein assume that the Issuer will make all necessary filings in respect of the issue of the Flow-Through Shares and the renunciation of the Canadian Exploration Expense ("CEE") in the manner and within the time required by the ITA and that the Issuer will by exploration of the Foran Property, incur sufficient qualifying CEE to enable the Issuer to renounce to Investors all CEE agreed to be renounced by it pursuant to the Flow-Through Share Subscription Agreement in accordance with the dates set out therein. No assurance can be given that the ITA will not be amended in a manner that would prevent or restrict any ability of the Issuer to renounce CEE to Investors.

CEE incurred by the Issuer after the execution of the Flow-Through Share Subscription and up to 24 months after the end of the month in which the Flow-Through Share Agreement attached hereto is executed by the Issuer and the Agent on behalf of each Investor will be renounced by the Issuer to the Investor in an amount not exceeding the consideration paid by the Investor effective on a date after which such CEE is incurred. Certain qualifying CEE incurred by the Issuer during the first sixty days of 1997 may be renounced effective December 31, 1996 providing that the Investors through the Agent have entered into the Flow-Through Share Subscription Agreement and have fully paid the subscription price therein. In computing an Investors income for tax purposes from all sources for a taxation year an Investor may deduct up to 100% of the Investor's cumulative CEE at the end of that taxation year. Any balance in an Investor's cumulative CEE account at the end of a taxation year can

be carried forward indefinitely and the Investor can make deductions from his income in respect thereof from all sources in subsequent taxation years. An Investor's cumulative CEE is reduced by the amount of CEE deducted by the Investor in prior years and any related amount of assistance or benefits that the Investor has received or is entitled to receive (no such assistance to Investors is contemplated by the Issuer). The Issuer must subtract from the amount of CEE it renounces to an Investor all expenses that are prescribed in the regulations to the ITA as "Canadian exploration and development overhead expenses". If at the end of a taxation year of an Investor the reductions in calculating the Investor's cumulative CEE exceed the additions thereto the excess must be included in computing the Investor's income for tax year and the Investor's cumulative CEE will then have a Nil balance.

The adjusted cost base to an Investor for each Flow-Through Share acquired by the Investor pursuant to the Flow-Through Share Subscription Agreement is deemed by the ITA to be nil. However, generally, when an Investor disposes of common shares of the Issuer including the Flow-Through Shares, the adjusted cost base of such common shares will be determined by reference to the average cost of all the common shares of the Issuer held by such Investor (inclusive of the Flow-Through Shares) which are held by such Investor immediately prior to the disposition. Upon the disposition or deemed disposition under the ITA by an Investor of common shares of the Issuer including Flow-Through Shares, a capital gain (or capital loss) will be realized to the extent that the proceeds of disposition of such common shares net of any costs of disposition, exceed (or are less than) the adjusted cost base of such common shares to such Investor immediately before the disposition. Any disposition by an Investor of a Flow-Through Share does not affect the Investor's cumulative CEE account. Specifically, any balance in such account cannot be transferred to a person acquiring the Flow-Through Share from the Investor which, pursuant to the ITA, remains in the cumulative CEE account of the Investor. The ITA provides that tax payable by individuals is the greater of the tax otherwise determined and the "alternative minimum tax". Investors should be aware in calculating adjusted taxable income certain deductions and credits otherwise available are disallowed or restricted and certain amounts not otherwise included may be included where the provisions of the alternative minimum tax apply to such Investor.

#### **SPONSORSHIP AND FISCAL AGENCY AGREEMENTS**

The Issuer's application for listing on the Exchange is being sponsored by the Agent for a fee of \$15,000 which will be paid from the Offering. No other fiscal agency or investor relations agreements are in existence or contemplated. No person connected with the Agent holds any securities of the Issuer. The Agent will also assist the Issuer in investor relations, considering sources of future financing and general overview of its affairs.

#### **RELATIONSHIP BETWEEN ISSUER AND PROFESSIONAL PERSONS**

As noted elsewhere in this prospectus one of the Issuer's directors, Mr. Zinkhofer, is a lawyer in partnership with the Issuer's solicitors Lang Michener Lawrence & Shaw which provides legal services on an arm's length basis to the Issuer. Mr. Zinkhofer has purchased 8,000 shares of the Issuer, acquired 150,000 escrowed shares and the foregoing law firm has settled \$12,500 in past fees owed by the Issuer for 31,250 shares valued at \$0.40 each.

#### **LEGAL PROCEEDINGS**

There are no pending legal proceedings to which the Issuer is a party nor are any such proceedings anticipated.

## **AUDITOR**

The auditors of this Issuer are Kopec Mills Chartered Accountants of Suite 1100 - 900 West Hastings Street, Vancouver, B.C., V6C 1E6.

## **REGISTRAR AND TRANSFER AGENT**

The Issuer's registrar and transfer agent is Pacific Corporate Trust Company, Suite 830 - 625 Howe Street, Vancouver, British Columbia, V6C 3B8.

## **MATERIAL CONTRACTS**

### **Particulars of Material Contracts**

The only material contracts entered into by the Issuer within the past two years, or contemplated to be entered into prior to the closing of this offering, other than contracts entered into in the ordinary course of business are as follows:

- (a) the Option Agreement respecting the Foran Property described under the heading "Property of the Issuer" herein;
- (b) the Stock Option Agreements referred to under the heading "Options and Other Rights to Purchase Shares" herein;
- (c) the Agency Agreement with Canaccord Capital Corporation described under the heading "Plan of Distribution";
- (d) the Flow-Through Share Subscription Agreements, when executed, and which form an appendix to this Prospectus;
- (e) an Escrow Agreement as required under British Columbia regulatory policy whereby 750,000 shares issued at \$0.01 per share will be escrowed and released only with the consent of British securities regulatory authorities described under the heading "Options and Other Rights to Purchase Shares";
- (f) a Voluntary Pooling Agreement between the seed shareholders of the Issuer and Pacific Corporate Trust Company described under the heading "Options and Other Rights to Purchase Shares".

### **Inspection of Contracts and Reports**

All material contracts and reports referred to in this prospectus may be inspected during normal business hours at the offices of Lang Michener Lawrence & Shaw, Barristers and Solicitors, 2500 - 595 Burrard Street, Vancouver, British Columbia, during the period of distribution of the securities offered hereby and for a period of 30 days thereafter.

## **OTHER MATERIAL FACTS**

There are no material facts respecting the Issuer's affairs not herein disclosed. The Issuer has not entered into any promotional or investor relations agreements nor does it intend to.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed under the headings "Executive Compensation and Related Matters", "Principal Holders of Voting Securities" and "Options to Purchase Securities", the directors, officers, insiders and promoters of the Issuer do not have any interest, direct or indirect, by way of beneficial ownership of shares or otherwise in material transactions except for any interest arising from the ownership of shares of the Issuer where the shareholder will receive no extra or special benefit or advantage not shares on a pro rata basis by all holders of shares in the capital of the Issuer.

## **PROMOTERS**

Wayne Tyner and Entures Holdings Ltd., a principal shareholder of the Issuer (and the family holding company of Jim McMeekin, the Issuer's president and chief executive officer) the promoters of the Issuer in accordance with the definition contained in Section 1 of the *Securities Act* of British Columbia. Entures Holdings Ltd. has purchased 175,000 performance shares of the Issuer at a price of \$0.01 per share and 420,000 seed shares of the Issuer at a price of \$0.25 per share. Mr. McMeekin has personally purchased 125,000 escrowed shares. Mr. Tyner has purchased 300,000 performance shares at a price of \$0.01 per share and 46,600 seed shares at a price of \$0.25 per share. Mr. Tyner in his capacity as a shareholder of WJM Mining Corp. received 50,000 shares in consideration for the transfer of certain claims owned by WJM mining to the Issuer (see the heading "Property of the Issuer") and received 100,000 shares for conducting exploration work on the Foran Property including erecting the core shack on the claim and conducting line cutting, flagging, base line clean up and sampling. See also the headings "Executive Compensation" and "Options and Other Rights to Purchase Shares".

## **FINANCIAL STATEMENTS**

Attached to and forming part of this Prospectus are the Issuer's audited financial statements, including balance sheets as at September 30, 1995, 1994 and 1993 and the statements of loss, deficit and changes in financial position for each of the years in the five year period ended September 30, 1995.

## **FLOW THROUGH SHARE SUBSCRIPTION AGREEMENT**

Attached hereto is the form of Flow-Through Share Subscription Agreement to be executed by each investor in Flow-Through Shares. The Agent will sign this Agreement on behalf of each Subscriber of Flow-Through Shares.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

The *Securities Act* provides purchasers with a right to withdraw from an agreement to purchase securities within two (2) business days after receipt or deemed receipt of a Prospectus and further provides a purchaser with remedies for rescission or damages where this Prospectus and any amendment contains a material misrepresentation or is not delivered to the purchaser prior to delivery of the written confirmation of sale or prior to midnight on the second business day after entering into the agreement, but such remedies must be exercised by the purchaser within the time limits prescribed. For further information concerning these rights and the time limits within which they must be exercised the purchaser should refer to sections 66, 114, 118 and 124 of the *Securities Act* or consult a lawyer.

Financial Statements of

**FORAN MINING  
CORPORATION**

Years ended September 30, 1995,  
1994, 1993, 1992 and 1991

**Auditors' Report**

To the Directors of

**FORAN MINING CORPORATION**

We have audited the balance sheet of **Foran Mining Corporation** as at September 30, 1995 and 1994 and the statements of loss, deficit and changes in financial position for each of the years in the five years ended September 30, 1995. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 1995 and 1994 and the result of its operations and changes in financial position for the for each of the years in the five year period ended September 30, 1995 in accordance with generally accepted accounting principles.

Vancouver, Canada  
November 3, 1995

*Kopec Mills*  
Chartered Accountants

# FORAN MINING CORPORATION

Balance Sheet  
As at September 30, 1995

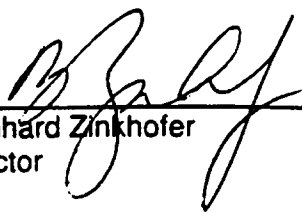
	1995	1994
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 12,593	\$ 21,088
GST Receivable	3,878	412
	<u>16,471</u>	<u>21,500</u>
Mineral properties (Note 3)	262,225	120,491
	<u>\$ 278,696</u>	<u>\$ 141,991</u>

## LIABILITIES AND SHAREHOLDERS' EQUITY

<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 85,215	\$ 2,500
Loans payable (Note 4)	35,000	-
Promissory note (Note 5)	20,000	-
	<u>140,215</u>	<u>2,500</u>
<b>Shareholders' Equity:</b>		
Capital Stock (Note 6)	249,400	212,400
Capital Stock Subscribed	2,000	5,000
Deficit	(112,919)	(77,909)
	<u>138,481</u>	<u>139,491</u>
	<u>\$ 278,696</u>	<u>\$ 141,991</u>

The accompanying notes form an integral part of these financial statements.

Approved by the Board:

  
Bernhard Zinkhofer  
Director

  
Wayne Tyner  
Director

# FORAN MINING CORPORATION

## Statement of Loss and Deficit

For the years ended September 30, 1995, 1994, 1993, 1992 and 1991

	1995	1994	1993	1992	1991
<b>Expenses</b>					
Auto expense	\$ -	\$ -	\$ -	\$ 1,410	\$ 1,319
Depreciation	-	770	330	471	673
Interest and bank charges	1,148	32	9	-	-
Management fees (Note 6)	-	25,145	2,675	-	-
Office	-	3,446	25	-	412
Professional fees	26,163	8,240	1,291	5,811	8,784
Prospectus filing fees	7,699	-	-	-	-
Travel	-	-	-	191	1,583
	<b>35,010</b>	<b>37,633</b>	<b>4,330</b>	<b>7,883</b>	<b>12,771</b>
<b>Loss for the period</b>	<b>35,010</b>	<b>37,633</b>	<b>4,330</b>	<b>7,883</b>	<b>12,771</b>
<b>Deficit - beginning of period</b>	<b>77,909</b>	<b>40,276</b>	<b>35,946</b>	<b>28,063</b>	<b>15,292</b>
<b>Deficit - end of period</b>	<b>\$ 112,919</b>	<b>\$ 77,909</b>	<b>\$ 40,276</b>	<b>\$ 35,946</b>	<b>\$ 28,063</b>

The accompanying notes form an integral part of these financial statements.



# FORAN MINING CORPORATION

## Statement of Changes in Financial Position

For the years ended September 30, 1995, 1994, 1993, 1992 and 1991

	1995	1994	1993	1992	1991
<b>Cash provided by (used in):</b>					
<b>Operations</b>					
Net loss	\$ (35,010)	\$ (37,633)	\$ (4,330)	\$ (7,883)	\$ (12,771)
Items not involving cash:					
Depreciation	-	770	330	471	673
Change in non-cash working capital items	134,249	1,888	(3,250)	-	(2,000)
	<u>99,239</u>	<u>(34,975)</u>	<u>(7,250)</u>	<u>(7,423)</u>	<u>(14,098)</u>
<b>Financing</b>					
Issue of Capital Stock	37,000	57,500	61,000	11,900	10,000
Capital Stock Subscription	(3,000)	5,000	-	-	-
	<u>34,000</u>	<u>62,500</u>	<u>61,000</u>	<u>11,900</u>	<u>10,000</u>
<b>Investing</b>					
Mineral properties	(141,734)	(22,300)	(39,700)	(5,000)	(102)
	<u>(141,734)</u>	<u>(22,300)</u>	<u>(39,700)</u>	<u>(5,000)</u>	<u>(102)</u>
Increase (decrease) in cash	(8,495)	5,225	14,050	(512)	(4,200)
Cash, beginning of period	21,088	15,863	1,813	2,325	6,525
Cash, end of period	<u>\$ 12,593</u>	<u>\$ 21,088</u>	<u>\$ 15,863</u>	<u>\$ 1,813</u>	<u>\$ 2,325</u>

The accompanying notes form an integral part of these financial statements.

# FORAN MINING CORPORATION

Notes to Financial Statements

For the years ended September 30, 1995, 1994, 1993, 1992 and 1991

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## 1. NATURE OF OPERATIONS

The Company is in the process of exploring and developing its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred costs, if applicable, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Mineral properties

The Company capitalizes the costs of acquisition of mineral properties as well as all costs of exploration, including direct overhead costs. These costs will be amortized over the estimated productive lives of the properties upon commencement of production using the unit-of-production method. Costs related to abandoned properties are written off to operations in the year such properties are abandoned.

### (b) Loss per share

Loss per share has not been disclosed as this information is not considered meaningful to this stage of the Company's development.

## 3. MINERAL PROPERTIES

### Barriere Lake ED-1

- (a) The Company has expended amounts to develop the ED-1 mineral property in the Barriere Lake area near Kamloops, British Columbia. The ED-1 mineral property is comprised of the main ED-1 (comprised of 20 units) and 58 smaller claims (comprising a total of 58 claim units).

The Company has entered into an option agreement to purchase the interest in the main ED-1 claim. The agreement gives the Company the option to purchase an undivided 100% interest in the main ED-1 claim. In consideration for this option, the Company will issue 200,000 common shares in the capital of the Company. The first instalment of 50,000 shares will be due on the date the company commences trading on a stock exchange providing this has occurred by December 31, 1995. If the company is not listed on a stock exchange by the above date, it may extend the option agreement by paying \$5,000 every six months until the company achieves a listing.

# FORAN MINING CORPORATION

Notes to Financial Statements

For the years ended September 30, 1995, 1994, 1993, 1992 and 1991

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## 6. CAPITAL STOCK

(a) Authorized - 20,000,000 common shares without par value

(b) Details of common shares issued are as follows:

	<u>Number of Shares</u>	<u>Amount</u>
Balance at September 30, 1989	80,000	\$ 20,000
Year ended September 30, 1990 For cash at \$0.25 per share	<u>208,000</u>	<u>52,000</u>
Balance at September 30, 1990	288,000	72,000
Year ended September 30, 1991 For cash at \$0.25 per share	<u>40,000</u>	<u>10,000</u>
Balance at September 30, 1991	328,000	82,000
Year ended September 30, 1992 For cash at \$0.25	<u>47,600</u>	<u>11,900</u>
Balance at September 30, 1992	375,600	93,900
Year ended September 30, 1993 For cash at \$0.01 per share - escrow shares	750,000	7,500
For cash at \$0.25 per share	114,000	28,500
For services performed at \$0.25 per share	<u>100,000</u>	<u>25,000</u>
Balance at September 30, 1993	1,339,600	154,900
Year ended September 30, 1994 For cash at \$0.25 per share	<u>230,000</u>	<u>57,500</u>
Balance at September 30, 1994	1,569,600	212,400
Period ended September 30, 1995 For cash at \$0.25 per share	48,000	12,000
For acquisition of property	<u>100,000</u>	<u>25,000</u>
Balance at September 30, 1995	<u>1,717,600</u>	<u>\$ 249,400</u>

Of the issued and outstanding common shares, 750,000 are intended to be escrowed and when escrowed, cannot be traded prior to regulatory approval.

# FORAN MINING CORPORATION

Notes to Financial Statements

For the years ended September 30, 1995, 1994, 1993, 1992 and 1991

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## 6. CAPITAL STOCK (continued)

As at September 30, 1995 the company has outstanding stock options with the right to purchase 120,000 shares at a price of \$0.50 per share. These options are exercisable by the directors and expire on various dates in the year 2000.

## 7. RELATED PARTIES

- (a) A former director was paid \$ nil (1994 - \$25,145) in management fees.
- (b) A law firm which a director is a partner was charged \$31,507 (1994 - nil ) in legal fees.
- (c) A former director was paid \$ nil (1994 - \$2,140) as reimbursement of travel expenses.
- (d) A director is owed \$8,000 (1994 - nil ) in field work costs.

## 8. SUBSEQUENT EVENTS

### (a) Prospectus

Subsequent to the year end, the Company intends to issue by way of prospectus 600,000 flow-through common shares priced at \$0.50 each and 750,000 common shares priced at \$0.40 each.

### (b) Debt Settlement

The company intends to settle \$12,500 of accounts payable by issuing 31,250 shares at a deemed price of \$0.40 per share. A director of the company is related to the debtor.

The above are subject to regulatory approval.

**THIS IS THE FLOW-THROUGH SHARE SUBSCRIPTION AGREEMENT FORMING  
PART OF THE PROSPECTUS OF FORAN MINING CORPORATION**

**FACE PAGE**

**FLOW-THROUGH SHARE SUBSCRIPTION AGREEMENT FACE PAGE**

**PARTICULARS OF SUBSCRIPTION  
FOR FLOW-THROUGH SHARES OF  
FORAN MINING CORPORATION  
(the "Company")**

1. Subscription Price per Share: \$0.50 per Share.
2. Subscribed Number of Shares: \_\_\_\_\_
3. Total Subscription Price: \_\_\_\_\_
4. Name and Address of Subscriber:  
(a) If an individual:

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Residential Address including Postal Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telecopier

\_\_\_\_\_  
Social Insurance Number\*

- (b) If a company:

\_\_\_\_\_  
Full Name

\_\_\_\_\_  
Head Office Address including Postal Code

\_\_\_\_\_  
Attention

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Telecopier

\_\_\_\_\_  
Revenue Canada Corporation Account Number\*

\* *Required for Revenue Canada Form T101A Supplementary*

NOTE: CANACCORD CAPITAL CORPORATION WILL FILL OUT AND SIGN THIS AGREEMENT ON BEHALF OF EACH SUBSCRIBER.

**FLOW-THROUGH SHARE SUBSCRIPTION AGREEMENT**

**BETWEEN:**

**FORAN MINING CORPORATION**, a company subsisting under the laws of British Columbia, having registered office at 2500 - 595 Burrard Street, Vancouver, British Columbia, V7X 1L1

(the "Company")

**AND:**

**THE PARTY DESCRIBED ON THE FACE PAGE HEREBY SUBSCRIBING FOR FLOW-THROUGH SHARES OF THE COMPANY**

(the "Subscriber")

**WHEREAS:**

(A) The Company carries on the business of acquiring, exploring for and developing Canadian mineral resource properties;

(B) The Company wishes to carry out a program of mineral exploration on certain Canadian mineral resource properties; and

(C) The Subscriber wishes to subscribe for the Subscribed Number of Flow-Through Shares at the Subscription Price per Share, on the terms and subject to the conditions set out in this Agreement;

**NOW THEREFORE THE PARTIES MUTUALLY AGREE AS FOLLOWS:**

**PART 1**  
**CONSTRUCTION**

**Definitions**

1.1 In this Agreement, except as otherwise expressly provided or unless the context otherwise requires,

(a) "Agent" means Canaccord Capital Corp.,

(b) "Agency Agreement" means the agreement between the Agent and the Company described in the Prospectus whereby the Agent is assisting the Company in selling the Shares,

- (c) "Assistance" means assistance as defined in subsection 66(15) of the Tax Act,
- (d) "Canadian Exploration Expense" or "CEE" means Canadian exploration expense as defined in subsection 66.1(6) of the Tax Act,
- (e) "Closing Date" means the date this Agreement is executed by the Agent on behalf of the Subscriber and by the Company,
- (f) "Face Page" means the page identified as such and forming part of this Agreement,
- (g) "Flow-Through Share" means a common share without par value in the capital of the Company which is a "flow-through share" as that expression is defined in subsection 66(15) of the Tax Act,
- (h) "Principal Business Corporation" has the meaning defined in s.66(15) of the Act,
- (i) "Offering" means the Company's offering of 600,000 Flow-Through Shares at \$0.50 pursuant to the Prospectus,
- (j) "Prospectus" means the disclosure document of the Company dated November 21, 1995 or as updated to which this Agreement is attached,
- (k) "Program" means the Company's program of mineral exploration on which the total subscription price will be expended,
- (l) "Qualified Expenditure" means an expense, incurred by the Company in carrying out any part of the Program after the Closing Date, that is a Canadian Exploration Expense,
- (m) "Share" means a Common share in the capital of the Company which is a Flow-Through Share,
- (n) "Subscribed Number of Shares" means the number of Flow-Through Shares specified as such in the Face Page,
- (o) "Subscription Price per Share" means the amount specified as such in the Face Page,
- (p) "Tax Act" means the *Income Tax Act* (Canada), as the same may be hereafter amended or replaced from time to time,
- (q) "Termination Date" means the earliest date on which an event described in §3.2 occurs, and
- (r) "Total Subscription Price" means the amount specified as such in the Face Page.

## **Interpretation**

1.2 In this Agreement, except as otherwise expressly provided or unless the context otherwise requires,

- (a) "this Agreement" means this agreement as from time to time supplemented or amended by one or more agreements entered into pursuant to the applicable provisions of this Agreement,
- (b) the headings are for convenience only and are not intended as a guide to interpretation of this Agreement or any portion thereof,
- (c) all references to currency mean Canadian currency,
- (d) a reference to a statute includes all regulations made thereunder from time to time, all amendments to the statute or regulations in force from time to time, and any statute or regulation that is intended to supplement or supersede such statute or regulations,
- (e) words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa, and
- (f) a reference to "deemed" means deemed under applicable legislation.

## **PART 2 SUBSCRIPTION**

### **Subscription**

2.1 The Subscriber hereby subscribes for and agrees to take up and pay for the Subscribed Number of Shares at the Subscription Price per Share and hereby agrees to tender to the Agent on behalf of the Company on or before the Closing Date the Total Subscription Price in full payment therefor, on the terms and subject to the conditions set out in this Agreement.

### **Certificates**

2.2 On receipt by the Company from the Agent on behalf of the Subscriber of this Agreement executed, dated and subject to timely receipt of the Total Subscription Price and on the terms and subject to the conditions set out in this Agreement agrees to issue and deliver to the Subscriber certificates representing the Flow-Through Shares subscribed for pursuant to §2.1.



**PART 3**  
**PROGRAM, RENUNCIATION AND FLOW-THROUGH**

**Qualified Expenditures**

3.1 The Company will:

(a) after the Closing Date and within 24 months of the end of the month that includes the Closing Date, in carrying out the Program incur Qualified Expenditures of such aggregate amount not less than the subscription price applicable to Flow-Through Shares and of such nature that, after taking into account

(i) all Assistance that the Company has received, is entitled to receive, or may reasonably be expected to receive at any time, and that may reasonably be related to those expenses or to Canadian exploration activities to which those expenses relate,

(ii) any of those expenses that are "Canadian exploration and development overhead expenses" as defined in the regulations to the Tax Act,

(iii) any other renunciations with the same or earlier effective date made or to be made by the Company, and

(iv) the amount of the cumulative Canadian exploration expense of the Company at each relevant effective date,

the Company will be able to renounce to the Subscriber, with effective date or effective dates after the Closing Date, Canadian Exploration Expenses in an amount equal to the subscription price applicable to Flow-Through Shares, not subject to any reduction under subsection 66(12.73) of the Tax Act, and

(b) not later than by the time permitted under the Tax Act, renounce to the Subscriber pursuant to the Tax Act, with effective date or effective dates after the Closing Date, Canadian Exploration Expenses in an amount equal to the subscription price applicable to Flow-Through Shares, not subject to any reduction under subsection 66(12.73) of the Tax Act.

**Termination**

3.2 This Agreement will terminate on the occurrence of the earliest of

(a) the date on which it becomes unlawful for the Company to carry out all or substantially all of the Program,

(b) the date after which any applicable statute or regulation provides that all or substantially all of the expenditures to be made or incurred pursuant to this Agreement are

prevented from being Qualified Expenditures or the Company is prevented from renouncing Qualified Expenditures to the Subscriber, and

(c) the appointment of a trustee, receiver or liquidator on the bankruptcy, insolvency, liquidation or winding-up of the Company or the occurrence of any other event that would permit a trustee or receiver to administer the affairs of the Company, or when the Company takes advantage of any legislation or statute for the benefit of bankrupt or insolvent debtors,

but the occurrence of such an event will have no effect on any action taken or performed by the Company before the occurrence and will not avoid the obligation of the Company to renounce to the Subscriber the amount of Canadian Exploration Expense that it is entitled to renounce to the Subscriber in respect of Qualified Expenditures incurred pursuant to this Agreement before the occurrence.

#### **Assistance**

3.3 Any Assistance in respect of expenses incurred by or on behalf of the Company pursuant to this Agreement will be to the sole benefit of the Company.

### **PART 4** **REPRESENTATIONS, WARRANTIES AND COVENANTS**

#### **Representations and Warranties of the Company**

4.1 The Company hereby represents and warrants to the Subscriber (which representations and warranties shall survive closing) that:

- (a) it is a duly incorporated and validly subsisting corporation under the laws of British Columbia and has full corporate power and authority to enter into this Agreement and to carry out its obligations hereunder; and
- (b) it is a Principal Business Corporation.

#### **Covenants of the Company**

4.2 The Company covenants with the Subscriber that:

- (a) the Company will comply with the requirements of subsection 66(12.68) of the Tax Act in respect of this Agreement,
- (b) all expenses incurred by the Company, and all expenses renounced to the Subscriber, pursuant to this Agreement will be Qualified Expenditures,
- (c) the Shares for which certificates are delivered to the Subscriber pursuant to this Agreement will, at the time of delivery, be duly authorized, validly issued, fully paid and non-assessable,

- (d) the Shares issued to the Subscriber pursuant to this Agreement will, at the time of issuance, be Flow-Through Shares,
- (e) the Company will, on the effective date of each renunciation of Canadian Exploration Expense to the Subscriber pursuant to this Agreement, have cumulative Canadian exploration expense in an amount sufficient to make the renunciation,
- (f) the Company will comply with the requirements of subsection 66(12.7) of the Tax Act in respect of each renunciation made by the Company pursuant to this Agreement,
- (g) the Company will not claim as a Canadian Exploration Expense under the Tax Act or under any provincial income tax legislation any amount in respect of Qualified Expenditures incurred by it whereby its ability to make the renunciations provided in this Agreement is impaired in whole or in part,
- (h) the Company will not make any renunciation other than pursuant to this Agreement whereby it is incapable of making any renunciation provided for in this Agreement or whereby any renunciation made pursuant to this Agreement is rendered ineffective in whole or in part,
- (i) the Company will, at all relevant times be, a Principal Business Corporation,
- (j) the Company will not take any step that, under subsection 66(12.73) of the Tax Act, results in a reduction of Canadian Exploration Expense renounced to the Subscriber pursuant to this Agreement, and
- (k) the Company will use reasonable efforts to obtain a receipt for a prospectus in the Province in which the Subscriber is resident qualifying the distribution of the Flow-Through Shares issued pursuant to the terms hereof.

#### **Representations, Warranties and Covenants of Subscriber**

4.3           The Subscriber hereby represents and warrants to, and covenants with, the Company that

- (a) the Subscriber is a resident of Canada,
- (b) the Subscriber is purchasing the Shares subscribed for pursuant to this Agreement as principal for his own account and not for the benefit of any other person,
- (c) the Subscriber has attained the age of majority and has legal capacity and competence to execute this Agreement and, if a corporation, the Subscriber has the legal capacity and competence to execute this Agreement and all necessary approvals by directors and shareholders of the Subscriber have been given to authorize the execution and delivery of this Agreement by the Subscriber,

(d) the Subscriber is not purchasing the Shares as a result of having any material information about the Company's affairs that has not been generally disclosed and the Subscriber acknowledges he has received a copy of the Prospectus,

(e) the Subscriber acknowledges that he will not acquire any interest in any minerals discovered by the Company as a consequence of carrying out the Program or other similar benefits that may result from expenditures made by the Company's use of the subscription price paid by the Subscriber pursuant to this Agreement, and

(f) the Subscriber is not a partnership.

## **PART 5** **CLOSING**

5.1 The Shares will be issued immediately after the Closing Date subject to payment therefore and the attainment of the closing conditions in the Agency Agreement.

## **PART 6** **GENERAL**

### **Entire Agreement**

6.1 This Agreement constitutes the entire agreement between the parties and supersedes every previous agreement, communication, expectation, negotiation, representation or understanding, whether oral or written, express or implied, statutory or otherwise, between the parties with respect to the subject matter of this Agreement.

6.2 No director, officer, employee or agent of the Company has any authority to make any representation or promise not contained in this Agreement, and the Subscriber agrees that he has executed this Agreement without reliance upon any such representation or promise.

### **Waiver and Consent**

6.3 No consent or waiver, express or implied, by either party to or of any breach or default by the other of any or all of its obligations under this Agreement will

- (a) be valid unless it is in writing and stated to be a consent or waiver pursuant to this section,
- (b) be relied on as a consent to or waiver of any other breach or default of the same or any other obligation,
- (c) constitute a general waiver under this Agreement, or

(d) eliminate or modify the need for a specific consent or waiver pursuant to this section in any other or subsequent instance.

#### **Amendments**

6.4 This Agreement may not be amended except in writing signed by the parties.

#### **Assignment**

6.5 Neither of the parties may assign any right, benefit or interest in this Agreement without the written consent of the other, such consent to be promptly considered and not unreasonably withheld. Any purported assignment without such consent will be void.

#### **Governing Law**

6.6 This Agreement is and will be deemed to have been made in British Columbia, for all purposes will be governed exclusively by and construed and enforced in accordance with the laws prevailing in British Columbia, and the rights and remedies of the parties will be determined in accordance with those laws.

#### **Attornment**

6.7 Except for a dispute not lawfully subject to arbitration or in the event of any appeal therefrom, each of the parties irrevocably attorns to the jurisdiction of the Courts of British Columbia and all Courts having appellate jurisdiction thereover, and agrees that any proceeding commenced or maintained in respect of this Agreement will be commenced or maintained only in such of those Courts as is appropriate.

#### **Rescission Rights**

6.8 The Subscriber is hereby granted the statutory and other rights of rescission disclosed in the Prospectus.

#### **Notice**

6.9 Every notice, request, demand, direction or payment (each, for the purposes of this section, a "notice") to be given pursuant to this Agreement by either party to the other will be in writing and will be telecopied, delivered or sent by registered or certified mail postage prepaid and mailed in any government post office in British Columbia, addressed as applicable as follows:

- (a) if to the Company, at the address first above set out in this Agreement; and
- (b) if to the Subscriber, at his address set out in the Face Page,

or to such other address as is specified by the other by notice to the particular party.

6.10 Any notice delivered or sent in accordance with §6.9 will be deemed to have been given and received

- (a) if delivered or telecopied, on the day of delivery, or
- (b) subject to §6.11, if mailed, on the earlier of the day of receipt and the second business day after the day of mailing.

6.11 If a notice is sent by mail and mail service between the point of mailing and the destination is interrupted by strike, slowdown, force majeure or other cause within seven days before or after the time of mailing, the notice will not be deemed to be received until actually received, and the party sending the notice will deliver the notice in order to ensure prompt receipt.

#### **Binding Effect**

6.12 This Agreement will enure to the benefit of and be binding upon the respective legal representatives, successors and permitted assigns of the parties.

#### **Time of Essence**

6.13 Time is of the essence in the performance of each obligation under this Agreement.

#### **Further Assurances**

6.14 Each party will, at its own expense and without expense to the other, execute and deliver such further agreements and other documents and do such further acts and things as the other reasonably requests to evidence, carry out and give full force and effect to the intent of this Agreement.

#### **Survival**

6.15 The representations, warranties and covenants of the Subscriber will survive the termination of this Agreement.

#### **Execution in Counterpart and by Fax**

6.16 This Agreement may be executed in any number of counterparts with the same effect as if all the parties to this agreement had signed the same document and all counterparts will be considered together and will constitute one and the same agreement. A faxed signature shall be accepted as an original.

IN WITNESS WHEREOF this Agreement was accepted by the Company on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_ and executed by Canaccord Capital Corporation on behalf of the Subscriber on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

The Common Seal of )  
FORAN MINING CORPORATION )  
was affixed in the presence of: )  
)  
)  
)

C/S

\_\_\_\_\_  
Authorized Signatory

IN WITNESS WHEREOF this Agreement was executed on behalf of the Subscriber on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_.

CANACCORD CAPITAL CORPORATION

\_\_\_\_\_  
Authorized Signatory

**GEOLOGICAL REPORT**

**ON THE**

**E-D 1 PROPERTY**

**Barriere Lakes - Birk Creek Area  
Kamloops Mining Division  
British Columbia**

**Latitude 51°21' North  
Longitude 119°59' West  
NTS 82M/5W, 92P/8E**

**FOR**

**FORAN MINING CORPORATION**

**BY**

**M.C. CARTER, PH.D. P.ENG.  
April 18, 1995**

**N.C. CARTER, Ph.D., P.Eng.  
CONSULTING GEOLOGIST**



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**SUMMARY**

Foran Mining Corporation holds title to the E-D #1 Modified Grid (4-post) mineral claim and 45 contiguous 2-post mineral claims, all of which comprise the E-D 1 property which is situated in the Barriere Lakes area of south-central British Columbia.

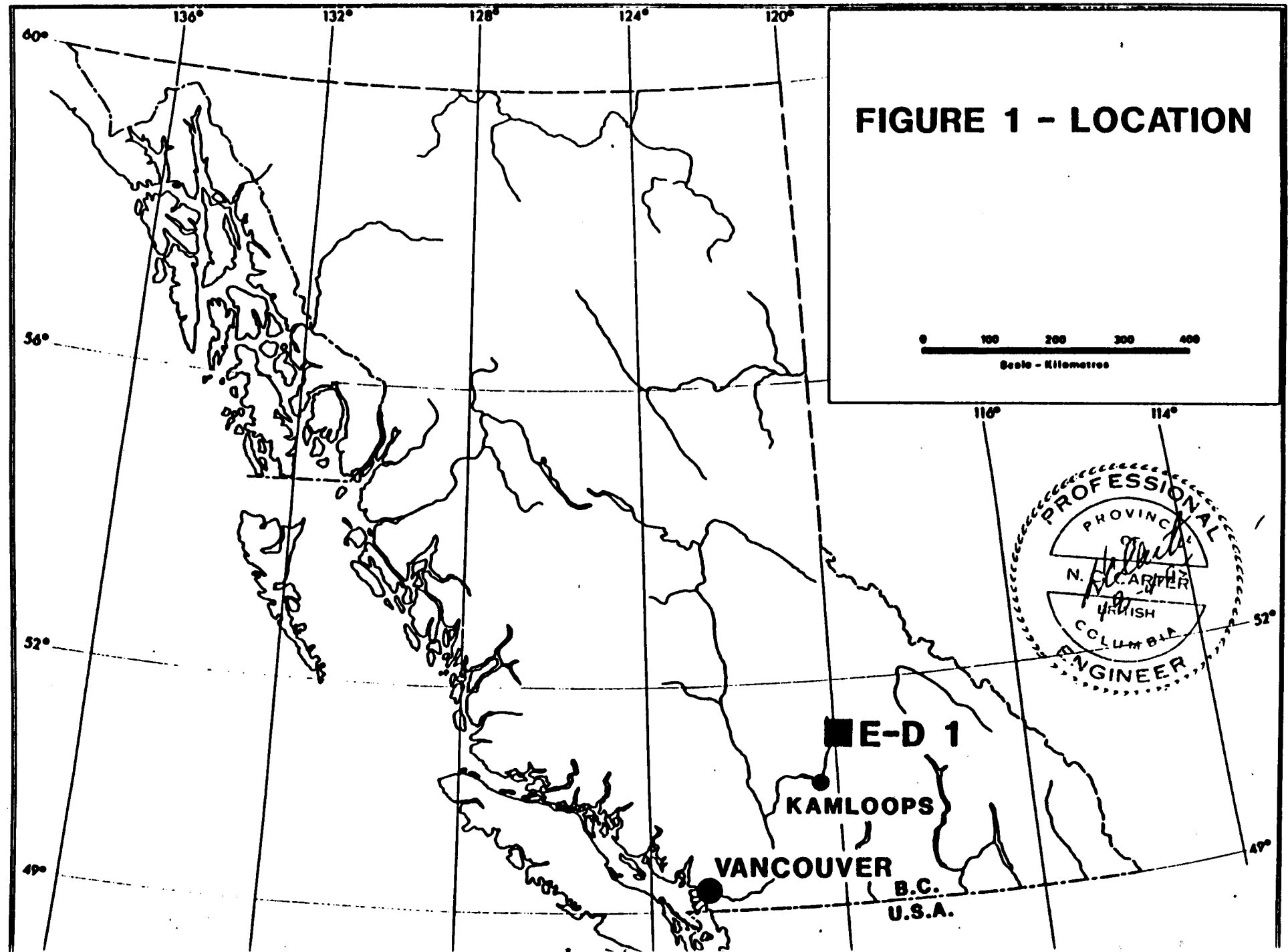
The E-D 1 property covers a fault contact between Paleozoic Fennell Formation and Eagle Bay Assemblage sedimentary and volcanic rocks, a geological terrane known to be prospective for both volcanogenic massive sulphides and polymetallic vein deposits.

Both styles of mineralization, including interesting gold values, have been identified by limited previous work by other parties on the 2-post claims now held by the Company. Quartz-sulphide veins and lenses developed along the fault contact between Fennell Formation volcanic rocks and Eagle Bay Assemblage sediments are known to contain variable gold and silver values in addition to lead and zinc. A second area of mineralization on the 2-post claims includes both quartz-sulphide veins and reported disseminated to massive pyrite lenses containing locally significant gold values and hosted by Eagle Bay Assemblage graphitic siltstones and cherty horizons.

Geophysical and geochemical surveys, carried out by the

Company on the E-D #1 claim, indicate that anomalous values in soils for copper, lead, zinc and silver are coincident with conductive zones defined by electromagnetic surveys in the area of the fault contact separating Fennell Formation and Eagle Bay Assemblage rocks. Anomalous gold values in soils appear to be related to transverse structures which are normal to the northwest structural grain of the area.

Additional exploratory work is warranted and a Phase I program is recommended to include geological mapping, geochemical and geophysical surveys, excavator trenching and overburden and diamond drilling at an estimated cost of \$400,000.00.

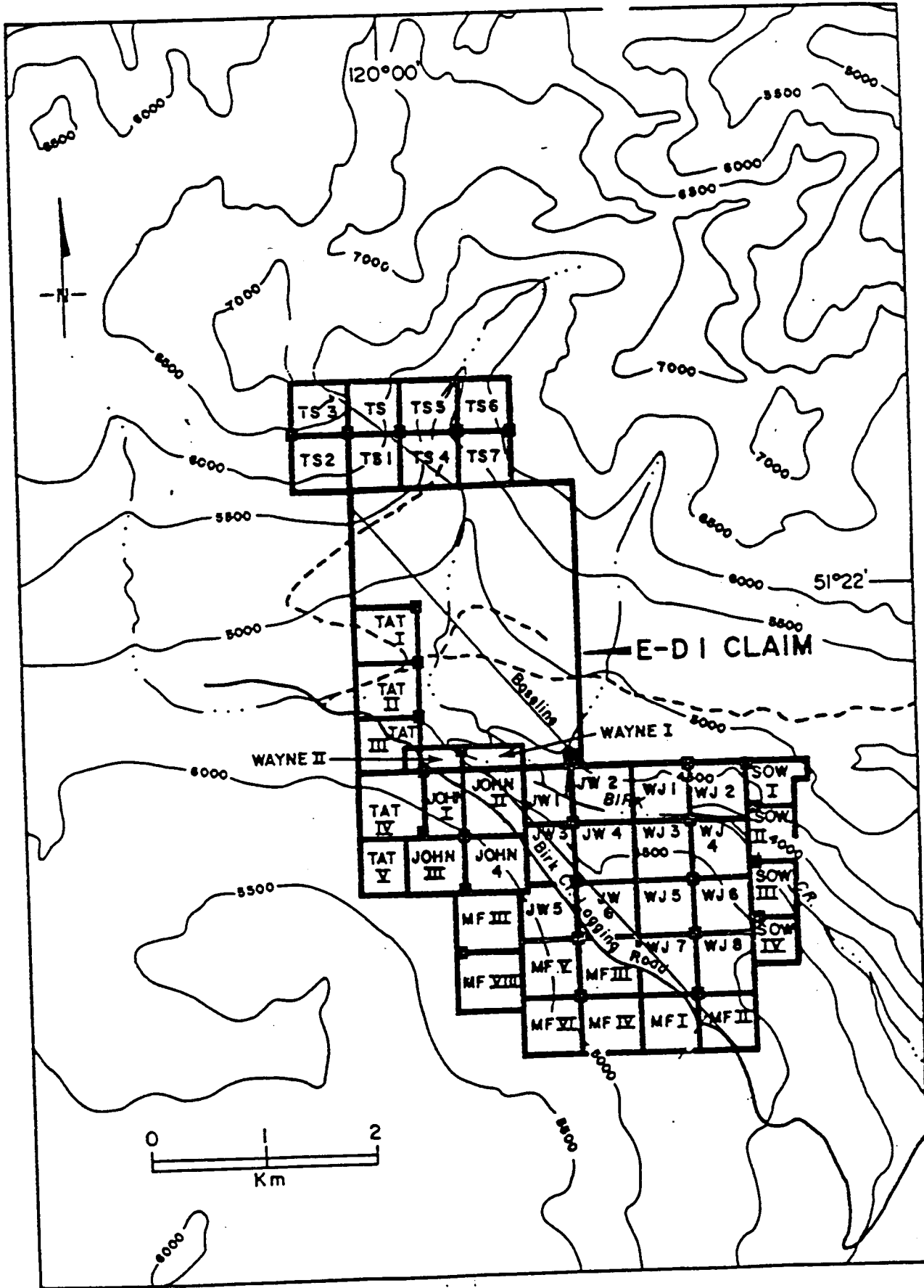


## INTRODUCTION

Foran Mining Corporation holds title to the E-D #1 Modified Grid and 45 2-post mineral claims which comprise the the E-D 1 property situated west of North Barriere Lake in south-central British Columbia.

This report, prepared at the request of Foran Mining Corporation, is a revision of two earlier reports dated August 27, 1990 and January 24, 1994. These were based principally on results of exploration programs proposed by the writer for the ED #1 mineral claim in 1989 and 1990. A thorough review was also undertaken at that time of published and unpublished reports and maps pertaining to the geological setting of the property and results of exploration work conducted on other properties in the vicinity of the E-D #1 claim. The writer visited the property on four occasions between July 14 and October 4, 1989 while the initial exploration program was in progress.

The Company subsequently entered into agreements for the acquisition of a number of 2-post mineral claims contiguous to the original ED #1 claim. These claims include the Energite and North Star mineral showings which have undergone sporadic investigation since the 1920's. This revised report provides a description of these additional claims based mainly on available records of previous work. The writer



**FIGURE - E-D 1 MINERAL CLAIMS**

briefly examined the Energite showings in 1989.

#### LOCATION AND ACCESS

The E-D 1 property is situated 80 km north-northeast of Kamloops in south-central British Columbia (Figure 1). The mineral claims comprising the property are located between 6 and 10 km northwest of North Barriere Lake at the headwaters of Birk Creek (Figure 2) and straddle the boundary of NTS map-areas 82M/5W and 92P/8E. The geographic centre of the property is at latitude 51°21' North and longitude 119° 59' West.

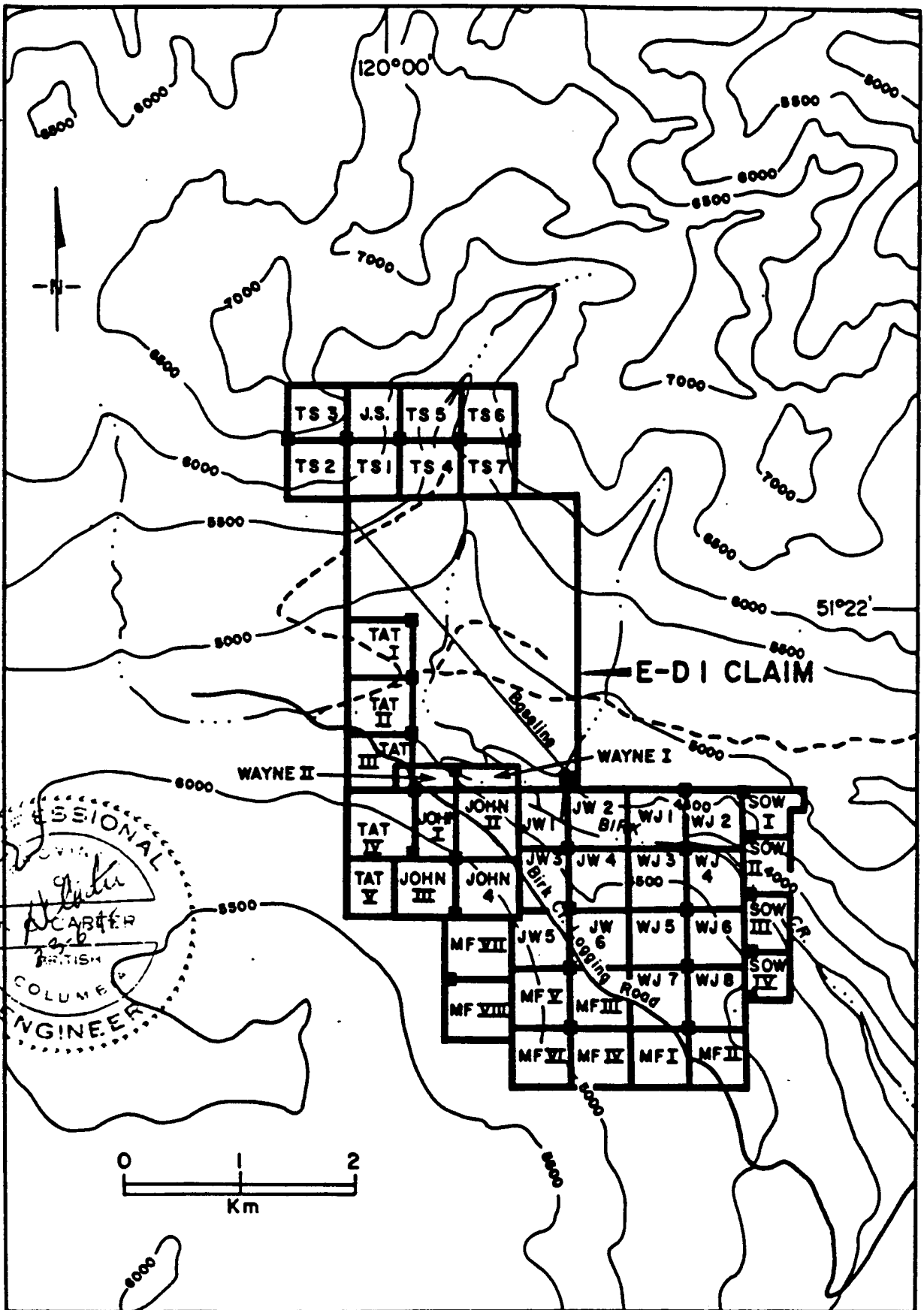
Access is from Barriere on provincial highway 5 via the paved Barriere Lakes road and secondary logging roads (Figure 2). Road distance from Barriere is 35 km.

Several logging and various tote roads provide access to most parts of the property.

#### MINERAL PROPERTY

The E-D 1 property consists of one Modified Grid (4-post) and 45 contiguous 2-post mineral claims located in the Kamloops Mining Division.

The ED #1 Modified Grid claim, located by E.J. Foran and recorded September 16, 1983, was transferred by Bill of Sale in 1989 to 356584 B.C. Ltd. which company subsequently



**FIGURE 3 - E-D 1 MINERAL CLAIMS**



-negotiated an option agreement with Foran Mining Corporation. Part of the east boundary and the Legal Corner Post of this claim was examined by the writer on August 3, 1989.

Twenty-eight of the 2-post claims, located in 1992, were purchased by the Company in 1994 and an additional seventeen 2-post claims were located the same year. These and the ED #1 claim are believed to have been located in accordance with procedures as specified by the Mineral Tenure Act Regulations of the Province of British Columbia.

The configuration of the mineral claims making up the E-D 1 property is shown on Figure 3 and details are as follows:

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiry Date</u>
E-D #1	217131	20	September 16, 1995 <sup>7</sup>
Wayne I	311605	1	July 28, 1995 <sup>7</sup>
Wayne II	311606	1	" " " " <sup>7</sup>
John I	311391	1	July 22, 1995 <sup>7</sup>
John II	311392	1	" " " " <sup>7</sup>
John III	311393	1	" " " " <sup>7</sup>
John 4	311394	1	" " " " <sup>7</sup>
WJ 1	318441	1	June 19, 1995 <sup>7</sup>
WJ 2	318442	1	" " " " <sup>7</sup>
WJ 3	318443	1	" " " " <sup>7</sup>
WJ 4	318444	1	" " " " <sup>7</sup>
WJ 5	318445	1	" " " " <sup>7</sup>
WJ 6	318446	1	" " " " <sup>7</sup>
WJ 7	318447	1	" " " " <sup>7</sup>
WJ 8	318448	1	" " " " <sup>7</sup>
JW 1	318449	1	" " " " <sup>7</sup>
JW 2	318450	1	" " " " <sup>7</sup>
JW 3	318451	1	" " " " <sup>7</sup>
JW 4	318452	1	" " " " <sup>7</sup>
JW 5	318453	1	June 19, 1995 <sup>7</sup>
JW 6	318454	1	" " " " <sup>7</sup>

<u>Claim Name</u>	<u>Record Number</u>	<u>Units</u>	<u>Expiry Date</u>
MF I	319390	1	July 17, 1995 <sup>7</sup>
MF II	319391	1	" "
MF III	319392	1	" "
MF IV	319393	1	" "
MF V	319394	1	" "
MF VI	319395	1	" "
MF VII	319396	1	" "
MF VIII	319397	1	" "
J.S.	321471	1	October 12, 1995 <sup>7</sup>
TS 1	321472	1	" "
TS 2	321473-321583	1	October 14, 1995 <sup>x</sup>
TS 3	321474-321584	1	" "
TS 4	321475-321585	1	" "
TS 5	321476-321586	1	" "
TS 6	321477	1	" "
TS 7	321478	1	" "
TAT I	329703	1	August 8, 1995 <sup>7</sup>
TAT II	329704	1	" "
TAT III	329705	1	" "
TAT IV	329706	1	" "
TAT V	329707	1	" "
SOW I	329708	1	August 6, 1995 <sup>7</sup>
SOW II	329709	1	" "
SOW III	329710	1	" "
SOW IV	329711	1	" "

#### PHYSICAL FEATURES

The E-D 1 property covers an area of predominantly moderate relief near the headwaters of Birk Creek (Figure 3). Steeper sections are present near the north and northeast property boundaries and within and adjacent to the deeply incised canyon of Birk Creek in the eastern claims area. Elevations range from 1160 metres (3,800 feet) in Birk Creek to slightly more than 1800 metres (6,000 feet) in the northeastern part of the ED #1 claim (Figure 3).

A forest cover of spruce and balsam extends over much of the property with the exception of clear-cut logged areas and the area underlain by granitic rocks in the northeast part of the ED #1 claim.

Overburden cover is locally extensive. Bedrock exposures are restricted to the steeper slopes south of Birk Creek and the northeastern property area which features near continuous exposures of granitic rocks. Isolated exposures are present along logging roads in the northwestern part of the ED #1 claim, in drainages tributary to Birk Creek and in a few trenches in the southwestern part of the ED #1 claim and in the vicinity of the Energite and North Star zones.

#### HISTORY

The earliest documented prospecting in the Birk Creek area dates back to the early 1900's. A number of prospects east of Birk Creek were explored in the 1920's by way of tunnelling and trenching and by geophysical and geochemical surveys between 1950 and 1970.

The area between Adams Lake and the North Thompson River, including the Barriere Lakes area, has been subjected to considerable exploration activity since the discovery of the Chu Chua massive sulphide deposit in 1978 and the Rea - Samatosum polymetallic deposits in 1983 (Figure 2).

Noranda Exploration Company Limited conducted a major exploration program immediately east of the E-D 1 property between 1984 and 1987. This work included airborne and surface geophysics, soil geochemistry, mechanical trenching and 14 diamond drill holes. Minnova Inc. has carried out geological, geochemical and geophysical surveys on claims adjoining the E-D 1 property on the west.

The Energite and North Star silver-lead-zinc prospects, now covered by the recently acquired claims, were initially investigated in the 1920's. Work completed through the 1930's included 175 metres of underground development in 3 adits and the excavation of a number of hand trenches. Small shipments of sorted material were made in 1954 and 1972 and some road construction, grid work and mechanical trenching were completed between 1974 and 1978.

Kem Creed Mines Limited undertook soil geochemical sampling and a vertical loop electromagnetic survey over 21 km of cut grid in 1981 (Pasioka, 1981) and completed 5 diamond drill holes totalling 381 metres in 1984 (Pasioka, 1984; Cardinal, 1984).

Initial work within the area of the present ED #1 claim reportedly included some investigation for placer gold potential but there are no records of this work. A reconnaissance soil geochemical and magnetometer survey

carried out by Craigmont Mines in 1973 covered the area of this claim (Vollo,1973).

Since the original staking of the E-D #1 claim in 1983, work done has included some mechanical trenching in the extreme southwest corner of the claim. A 1989 program, carried out by Foran Mining Corporation, consisted of establishing 27 km of grid (3.1 km of cut baseline; 24 km of flagged cross-lines, principally at 200 metre spacings with several fill-in lines at 50 and 100 metre spacings), the collection and analyses of 950 soil samples and VLF-EM and magnetometer surveys over 21.3 km of grid. A horizontal loop electromagnetic survey was conducted over 12 km of grid in the southwestern part of the claim in late June of 1990.

The Company has maintained the original ED #1 claim in good standing by way of cash payments and by limited assessment work in 1994 which consisted of clearing the baseline and re-establishing flagged cross-lines. Some limited chip sampling (Friesen,1994) was done in the area of the Energite showings.

#### **REGIONAL GEOLOGY AND MINERALIZATION**

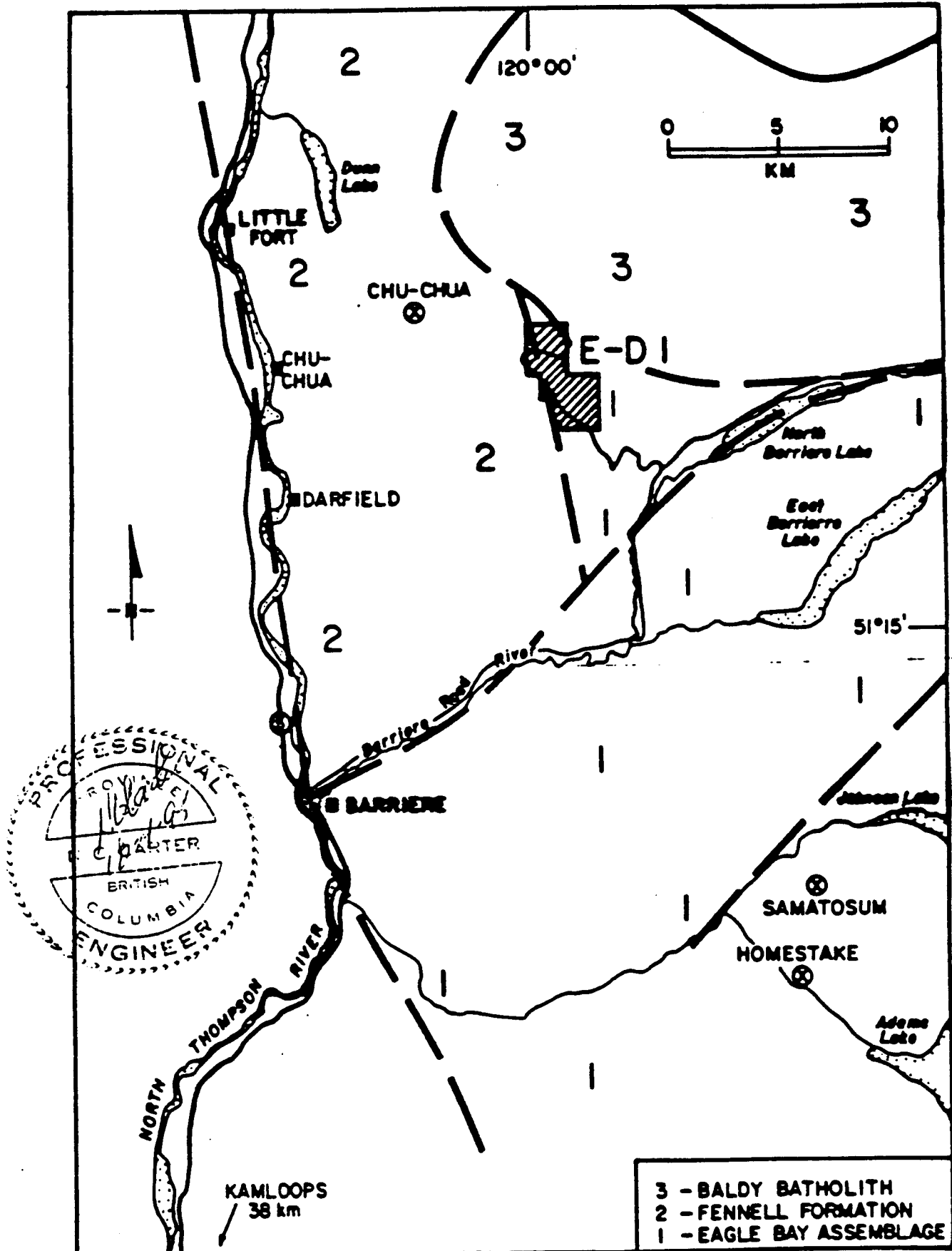
The Adams Lake - Barriere Lakes - North Thompson River area, near the western fault-bounded margin of the Omineca Crystalline Belt (Figure 4), is underlain principally by

Paleozoic volcanic and sedimentary rocks. These include Cambrian to Mississippian Eagle Bay Assemblage metasedimentary and metavolcanic rocks and Devonian to Permian Fennell Formation sediments and volcanics. Both are intruded by mid-Cretaceous granitic rocks of the Baldy batholith and by younger felsic and basic dykes. Erosional remnants of Tertiary volcanic and sedimentary rocks locally overlie older rocks.

The Paleozoic sequences are contained in four structural packages separated by northwest striking, southwesterly directed thrust faults (Schiarizza and Preto, 1987). The upper three fault slices contain rocks of the Eagle Bay Assemblage while the lowest (and westernmost) includes Fennell Formation rocks which were tectonically emplaced over slightly younger units of the upper Eagle Bay Assemblage along a zone of north-striking, easterly directed thrust faults.

The predominantly northwest trending structural and stratigraphic grain of the area is offset by northeast faults, the largest of which extends up Barriere River and through North Barriere Lake (Figure 4).

A variety of mineral deposits and occurrences are hosted in Paleozoic rocks throughout the Adams Lake - Barriere Lakes - North Thompson River area. The most significant of these are volcanogenic massive sulphide deposits including



**FIGURE 4 - REGIONAL GEOLOGIC SETTING**

polymetallic precious and base metals deposits in metavolcanic rocks of the Eagle Bay Assemblage and copper-zinc deposits in Fennell Formation volcanic rocks.

Examples of polymetallic massive sulphide deposits include showings east of Birk Creek and the Homestake, Rea and Samatosum deposits near Adams Lake (Figures 2 and 4).

The Homestake and Rea volcanogenic sulphide - barite deposits occur on opposite limbs of an overturned syncline developed in younger units of the Eagle Bay Assemblage (Hoy and Goutier, 1986). The Homestake polymetallic base and precious metal zones are contained in barite lenses in deformed quartz-sericite schists derived from felsic volcanic rocks within a thick succession of mafic volcanic tuffs and flows. The Rea deposit, in slightly younger units of the Eagle Bay Assemblage, consists of two massive sulphide lenses near the top of a felsic tuff and chert sequence which overlies a thicker sequence of mafic volcanic rocks. One of the massive sulphide lenses is capped by massive barite (Hoy and Goutier, 1986).

Both the Homestake and Rea deposits feature extensive silicification, sericitization and pyritization in footwall alteration zones. Metallic minerals within the massive sulphide zones include pyrite, arsenopyrite, sphalerite, galena, chalcopyrite, tetrahedrite and native silver and



-gold. The Samatosum deposit, recently mined under a joint venture including Minnova Inc. and Rea Gold Corporation, is adjacent to the Rea deposit. Reported reserves prior to mine start-up in mid-1989 were 670,800 tonnes grading 834 g/t silver (24.3 oz/ton), 1.6 g/t gold (0.046 oz/ton), 1% copper, 3% zinc and 1% lead. Mining operations between 1989 and 1992 included the milling of 565173 tonnes and the recovery of 639118 grams gold, 429356776 grams silver, 3678016 kg copper, 5069127 kg lead and 9538263 kg zinc.

Mineralization at Samatosum, consisting of tetrahedrite, sphalerite, galena and chalcopyrite within a larger body of pyritic material (Pirie, 1989), is best developed along a contact between mafic pyroclastic volcanics and clastic sedimentary rocks which include graphitic horizons. Three styles of mineralization include massive sulphide bands with quartz, quartz veinlets with sulphide minerals and finely disseminated tetrahedrite in clastic sedimentary rocks. Sericite alteration is well developed in the mafic volcanics which form the structural hangingwall within the overturned sequence.

The association of most of the tetrahedrite (and most of the economic values) with areas of silicification and quartz veins which cut lower grade massive sulphide mineralization suggests that better mineralized sections at Samatosum were

products of remobilization (Pirie,1989).

Several occurrences east of Birk Creek and north of North Barriere Lake are stratiform lenses of massive to disseminated sulphides hosted by cherty horizons within Eagle Bay Assemblage quartz-sericite schists (Schiarizza and Preto,1987) near the south margin of the Baldy batholith. Mineralization includes pyrite, pyrrhotite, galena, sphalerite, chalcopyrite and magnetite.

The second style of volcanogenic massive sulphide mineralization in the area is represented by the Chu Chua or CC deposit near the summit of Chu Chua Mountain (Figures 2 and 4). Upper Fennell Formation pillow and massive basalts host two major and several minor stratiform massive sulphide lenses associated with a chert horizon and lenses of magnetite. Massive basalts on the east side of the near vertical closely spaced main sulphide lenses are variably altered to talc, carbonate and chlorite and are interpreted as being part of the footwall (Schiarizza and Preto,1987).

The massive sulphide lenses consist of pyrite with chalcopyrite and minor sphalerite. Open pit reserves are reported as being 1,049,000 tonnes grading 3% copper, 0.3% zinc, 10 g/t silver(0.29 oz/ton) and 0.58 g/t gold(0.017 oz/ton) (Heberlein and Pirie,1990).

The BC-1 claim, adjoining the E-D 1 property on the

east, includes pods of stratiform massive and stringer sulphides with silver lead and zinc values and associated barite (Miller,1989). Work by Noranda Exploration Company Limited in 1984 and 1985 defined coincident EM conductors and magnetic highs in the south-central part of the claim 1 km east of the mutual boundary with the E-D #1 claim. Trenching and subsequent drilling (Wilson,1986) disclosed the presence of a felsic fragmental volcanic sequence with intercalated graphitic argillite horizons containing disseminated and stringer pyrrhotite, pyrite and sphalerite. A 0.25 metre massive sulphide stringer exposed in a trench contained 33% zinc, 4.3% lead, 29.2 oz/ton silver and 0.011 oz/ton gold.

Soil sampling in the southwestern part of the SC-1 claim, owned by Minnova Inc. and situated immediately west of the E-D #1 claim, defined a coincident copper-zinc-silver anomaly with zinc values of up to 231 ppm and silver in the 1.6 - 2.7 ppm range (Pirie,1988). Where exposed, bedrock in this area consists of graphitic argillaceous sediments, part of the Lower Fennell Formation. Elsewhere on this claim block, drilling intersected a felsic dome with gold values of 4.45 g/t (0.13 oz/ton) over 2.52 metres (Evans,1987).

The Joe claim covers the thrust fault contact between the Lower Fennell formation and the Eagle Bay Assemblage, a geological setting similar to that of the E-D 1 property 3 km

-northeast. A quartz vein near the fault contact contains sections of massive galena which yielded up to 2 g/t (0.06 oz/ton) gold (Moraal,1986). Values of 610-920 ppb gold in soils occur near the vein (Ovington and Elliott,1987).

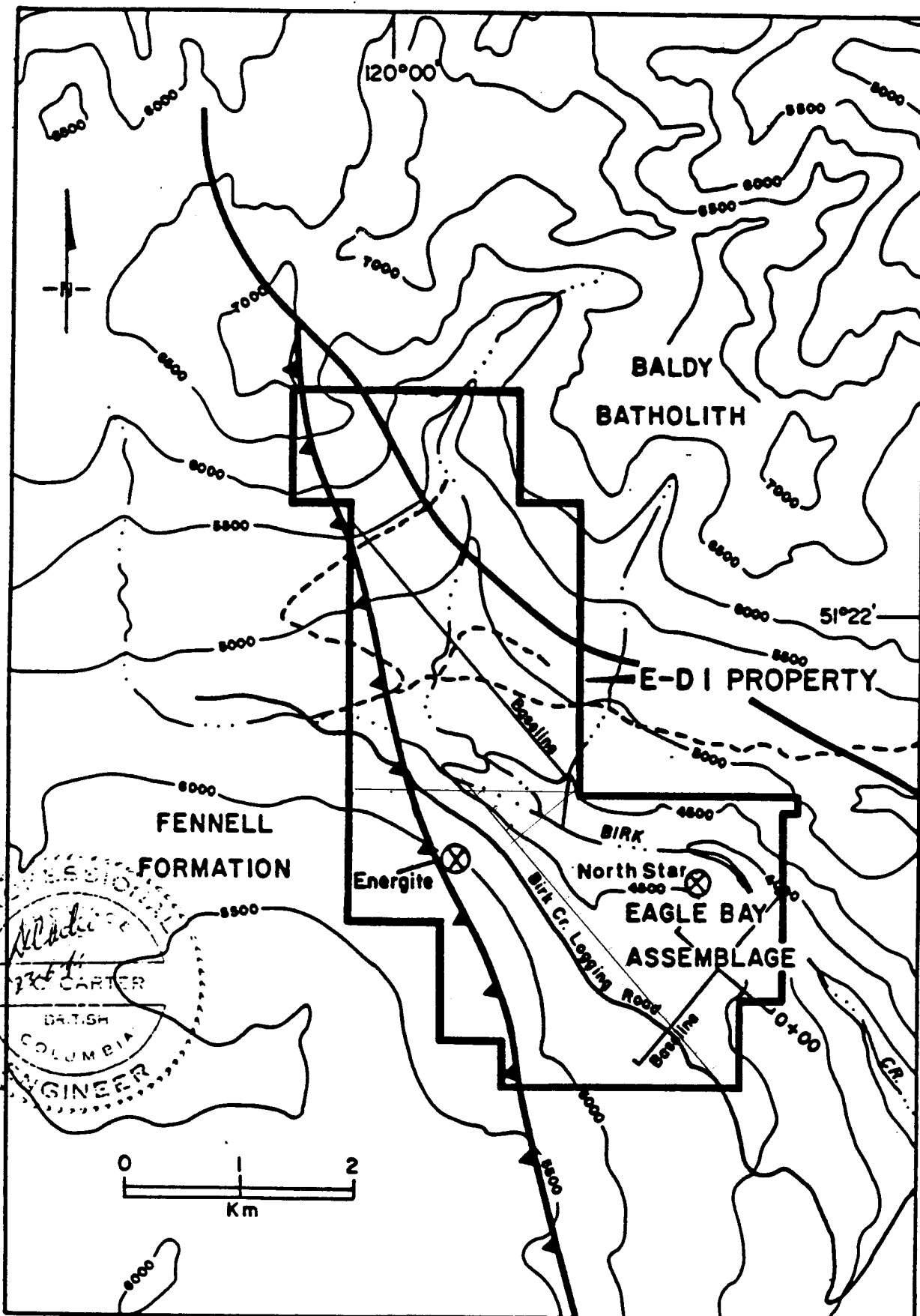
## PROPERTY GEOLOGY, GEOPHYSICS AND GEOCHEMISTRY

### *General Statement*

The E-D 1 property is underlain by metasediments and lesser metavolcanics of the upper part of the Eagle Bay Assemblage which are in fault contact with Fennell Formation sediments in the western claim area. The Eagle Bay Assemblage is intruded by granitic rocks of the Baldy batholith in the northeast part of the claim (Figure 5).

Dark grey to black phyllites and graphitic siltstones which underlie much of the E-D 1 property are part of the youngest unit of the Eagle Bay Assemblage, considered to be of Mississippian age. These occupy the west limb of the Slate Creek recumbent anticline, the axis of which trends north-northwest through the southeastern claims area (Schiarizza and Preto,1987).

Eagle Bay rocks are in reverse or thrust fault contact with older Fennell Formation sequences in the western part of the property. These are believed to be part of the lower structural division of the Fennell Formation (Schiarizza and



**FIGURE 5 - GEOLOGIC SETTING -  
E-D 1 PROPERTY**

Preto,1987) and are lithologically similar to Eagle Bay sequences.

The thrust fault separating the two sequences is well exposed in the vicinity of the Energite showings (Schiarizza and Preto,1987 - Figure 5). Here, the zone is marked by brecciated rock with fragments of chert and siltstone. Several trenches near the southwest corner of the E-D #1 claim are on or adjacent to this fault zone. Buff to dark grey, rusty phyllites exhibit strong, north-northwest, steeply dipping schistosity and these rocks may be part of the Pennell Formation.

Granitic rocks of the Baldy batholith are well exposed in the northeastern property area where they are leucocratic, medium to coarse grained biotite quartz monzonites. Muscovite coats fractures in the quartz monzonite and Eagle Bay phyllites adjacent to the contact have been converted to biotite hornfels.

#### **ED #1 Claim**

##### *Geology*

Bedrock was observed in only a few localities and one of the best exposures is in the major drainage in the central part of the claim. Here, thinly bedded black shale strikes northeast and dips moderately northwest.

While most of the Eagle Bay Assemblage phyllites and

graphitic siltstones seen in the claim area contain minor pyrite and some iron oxide staining, best evidence of mineralization in the limited exposures available is in trenches near the southwestern corner of the claim (Figure 13). Most rocks here display weak to intense iron oxide staining and some 4 mm pyrite cubes were noted. Most trenches expose one or more quartz veins which may be a metre or more wide and are irregular along strike. Several samples were collected from the trenches including three grab samples of rusty phyllite (TR3-1,TR1-2,TR2-1) and two samples of quartz vein material (TR2-2,TR1-1). Four showed slightly elevated copper, lead and zinc values, but the best result was from TR1-2, rusty, sheared phyllite, which yielded 80 ppb gold, 1.2 ppm silver, 54 ppm lead, 112 ppm zinc and 16 ppm copper (Appendix I).

#### *Geophysics*

An airborne electromagnetic and magnetometer survey, carried out on behalf of Noranda Exploration Company Limited in 1985, covered a large area centred on Birk Creek including the E-D #1 claim. These data, compiled by Miller(1989), show a number of northwest trending EM conductors within an area of relatively low magnetic susceptibility in that part of the claim underlain by Eagle Bay Assemblage rocks. Strongest EM conductors are along the western claim boundary in the area

believed to be underlain by rocks of the Fennell Formation.

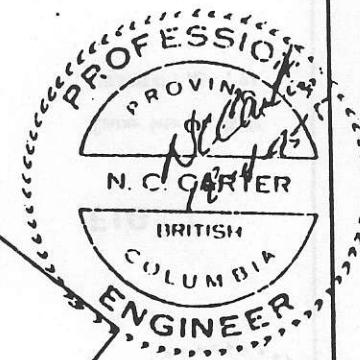
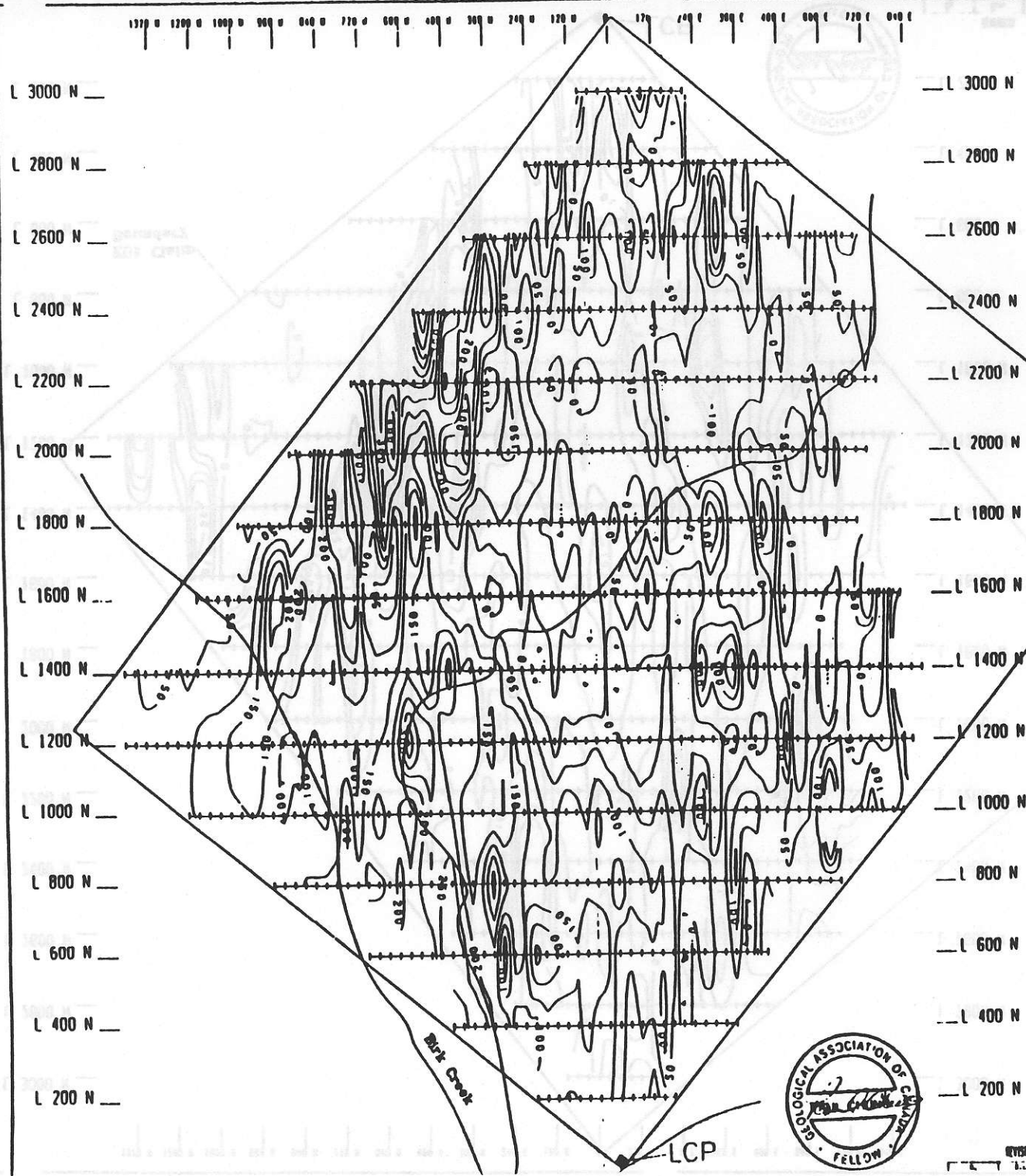
A surface VLF-EM and magnetometer survey, utilising an Integrated Geophysical System (IGS-2) and conducted on behalf of Foran Mining Corporation by Quest Canada Exploration Services Inc. in October of 1989 (Chung, 1989), essentially confirmed the results of the airborne survey and provided better definition of some of the conductive zones. The magnetometer survey (Figure 6) showed higher magnetic susceptibilities along the western claim boundary, probably reflecting Fennell Formation rocks in this area.

Northwest trending VLF-EM conductors were best defined by the Annapolis transmitter station (Chung, 1989) and are mainly west of the baseline (Figure 7) where they are coincident with magnetic highs. Strongest conductors are in the southwest part of the claim.

A horizontal loop electromagnetic (HLEM) survey was undertaken by Quest Canada Exploration Services Inc. in late June of 1990 to further define the conductors indicated southwest of the baseline by the previous VLF-EM survey.

A total of 12 km of survey was completed along existing 200 metre spaced flagged lines using a Scintrex SE88 Genie instrument. Readings were taken at 25 metre stations along the lines. Coil spacing was maintained at 100 metres and data were recorded for three frequencies (Chung, 1990).



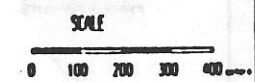


**FIG. 6**

Plotted Val. - Corr. Val. - 5/800

Contour Interval : 50, 100ft.

INSTRUMENT : 165 - 2 mg



E - DI CLAIM
RESIDUAL MAG
CONTOUR MAP



REVISED

In preparing a report by  
Project No. \_\_\_\_\_

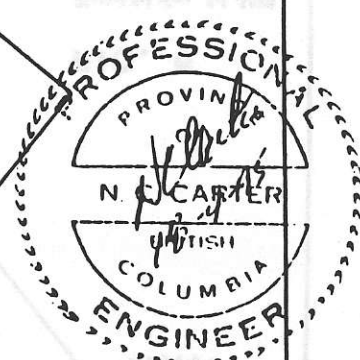
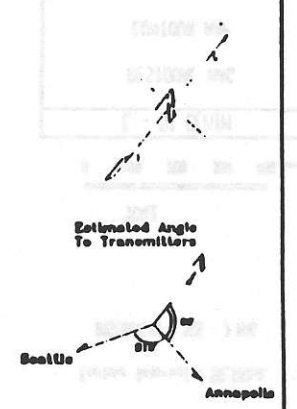
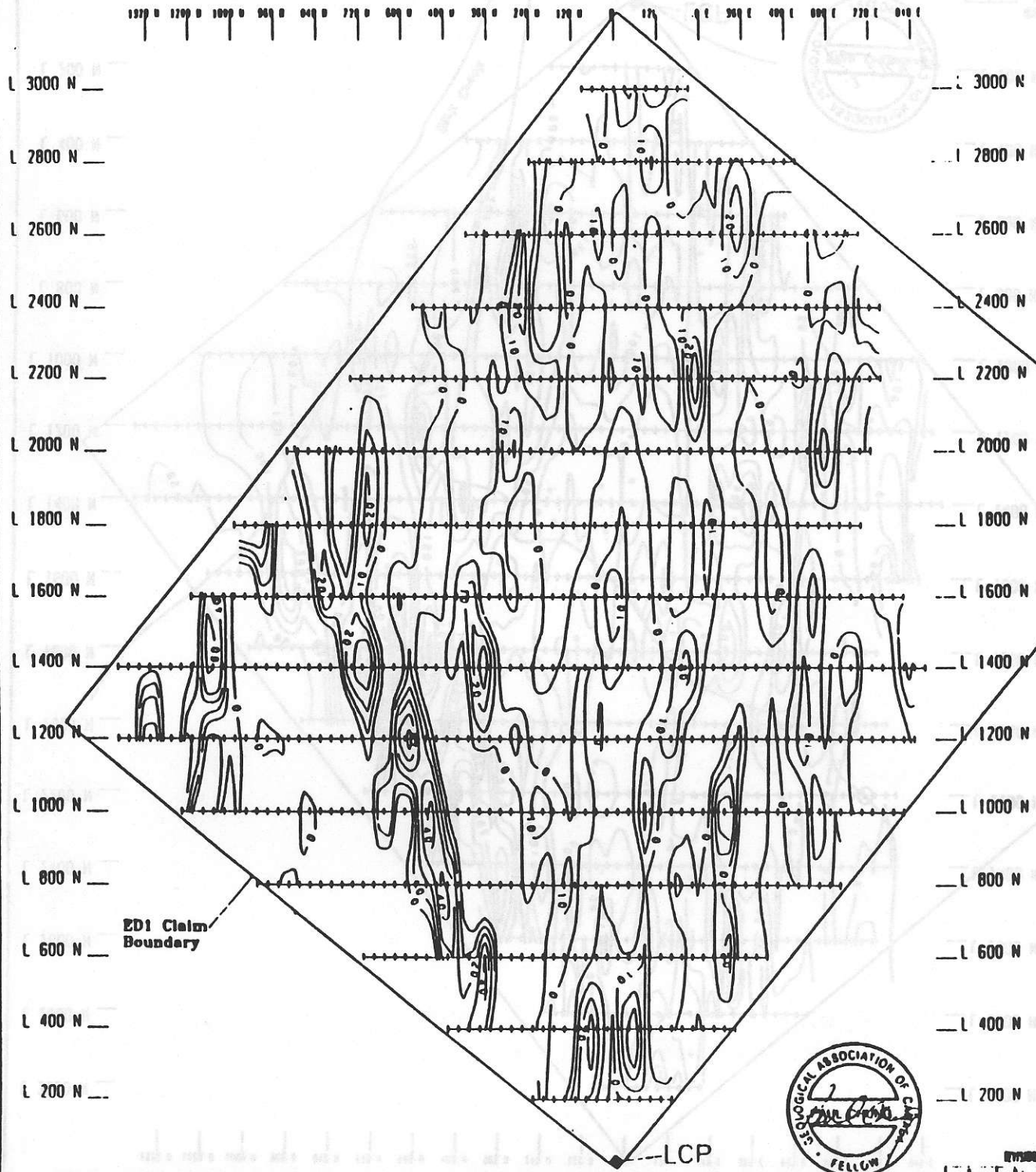
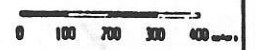


FIG. 7

Contour Interval : 10, 20'

INSTRUMENT : ICS - 2 P.P.

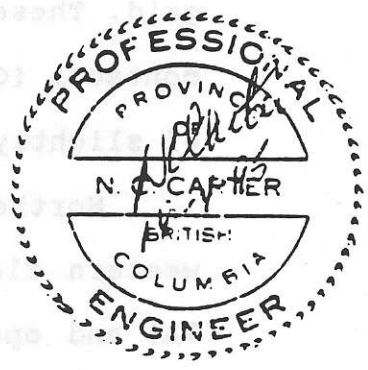
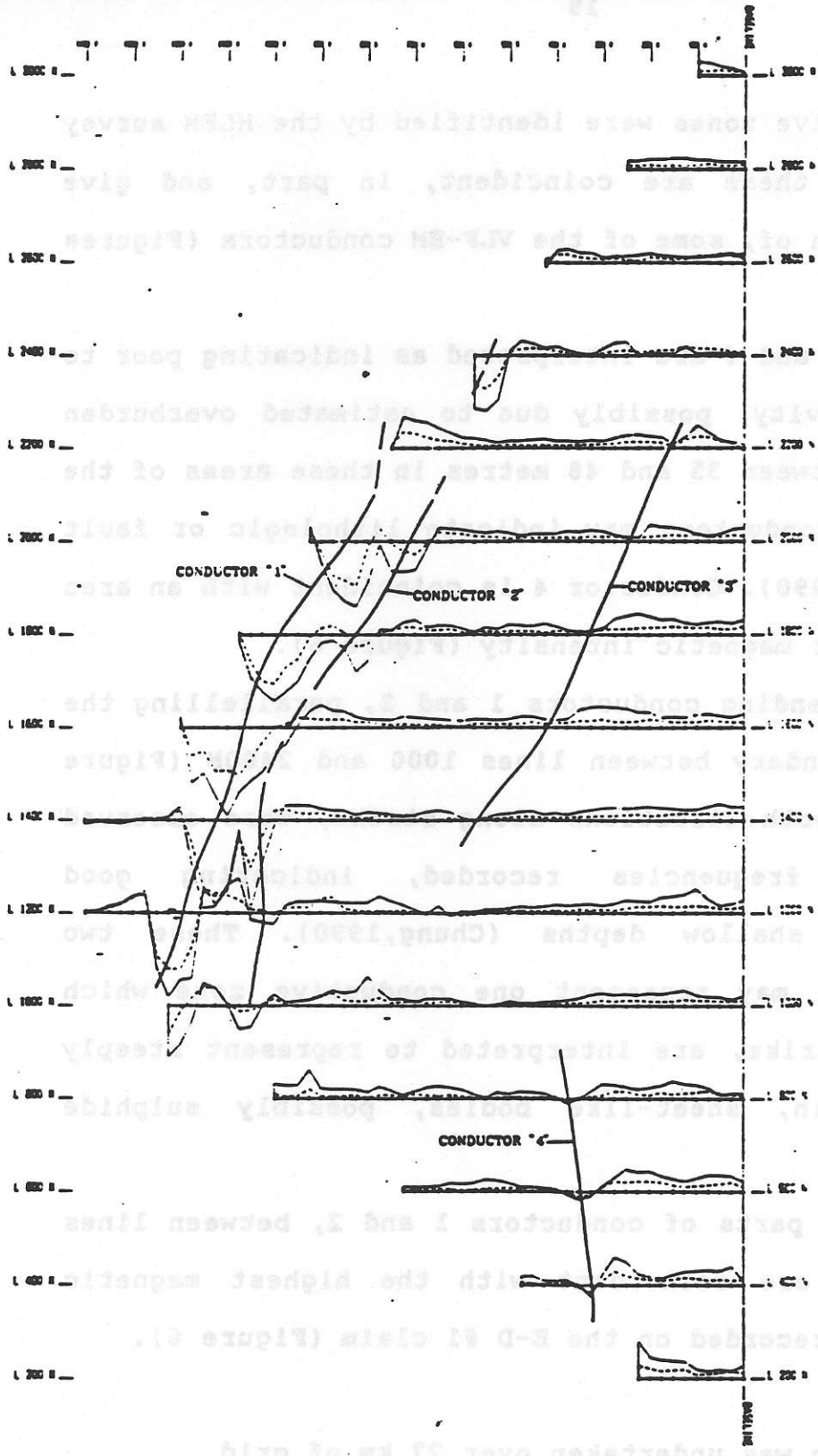
SCALE



E - DI CLAIM	
ANNAPOLIS V.L. - (N)	
FRASER FILTERED CONTOUR MAP	
Prepared by	Checked by
Date	Date
Scale	Sheet No.
Proj. No.	Proj. No.

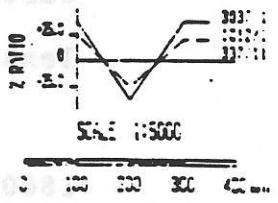


1	2	3	4
1	2	3	4



**FIGURE 7A**

INSTRUMENT: SCINTREX 52-22



By	Date	Approved

<b>E - D1 CLAIM</b>	
GENIE MLEM	
PROFILE MAP	
In accordance with report by	
Project No.	Report No.
Drawing No.	Estimate No.
Date: 07-16-75	By: [Signature]
GUES' CANADA EXPLORATION SERVICES INC.	

Four conductive zones were identified by the HLEM survey (Figure 7A) and these are coincident, in part, and give further definition of, some of the VLF-EM conductors (Figures 7 and 13).

Conductors 3 and 4 are interpreted as indicating poor to moderate conductivity, possibly due to estimated overburden thicknesses of between 35 and 48 metres in these areas of the grid. These two conductors may indicate lithologic or fault contacts (Chung, 1990). Conductor 4 is coincident with an area of slightly higher magnetic intensity (Figure 6).

Northerly trending conductors 1 and 2, parallelling the western claim boundary between lines 1000 and 2400N (Figure 7A) and open in both directions along strike, were observed on all three frequencies recorded, indicating good conductivity at shallow depths (Chung, 1990). These two conductors, which may represent one conductive zone which diverges along strike, are interpreted to represent steeply east-dipping, thin, sheet-like bodies, possibly sulphide lenses.

The northern parts of conductors 1 and 2, between lines 1800 and 2400N, are coincident with the highest magnetic susceptibilities recorded on the E-D #1 claim (Figure 6).

### *Geochemistry*

Soil sampling was undertaken over 27 km of grid

established on the E-D #1 claim. A cut baseline was initiated at the Legal Corner Post in the southeast part of the claim and extended northwest across the claim. Flagged northeast-southwest cross-lines at 200 metre intervals were extended to the south and west claim boundaries and to the granite contact in the northeast part of the claim.

Soil samples were collected at 30 metre intervals along the flagged lines and subsequent fill-in cross-lines at 50 and 100 metre spacings which were established for follow-up sampling. Overburden on the property consists of glacial till featuring a variably well developed soil profile. Samples were collected from the 'B' horizon at depths of between 20 and 30 cm.

Some 950 samples were analyzed for gold, silver, copper, lead and zinc by geochemical methods at Kamloops Research and Assay Laboratory Ltd. Results are contained in Appendix I and anomalous values for the 5 elements are shown on Figures 8-12 and described as follows:

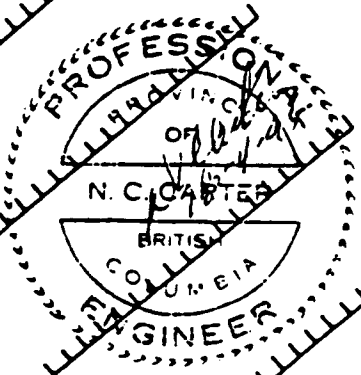
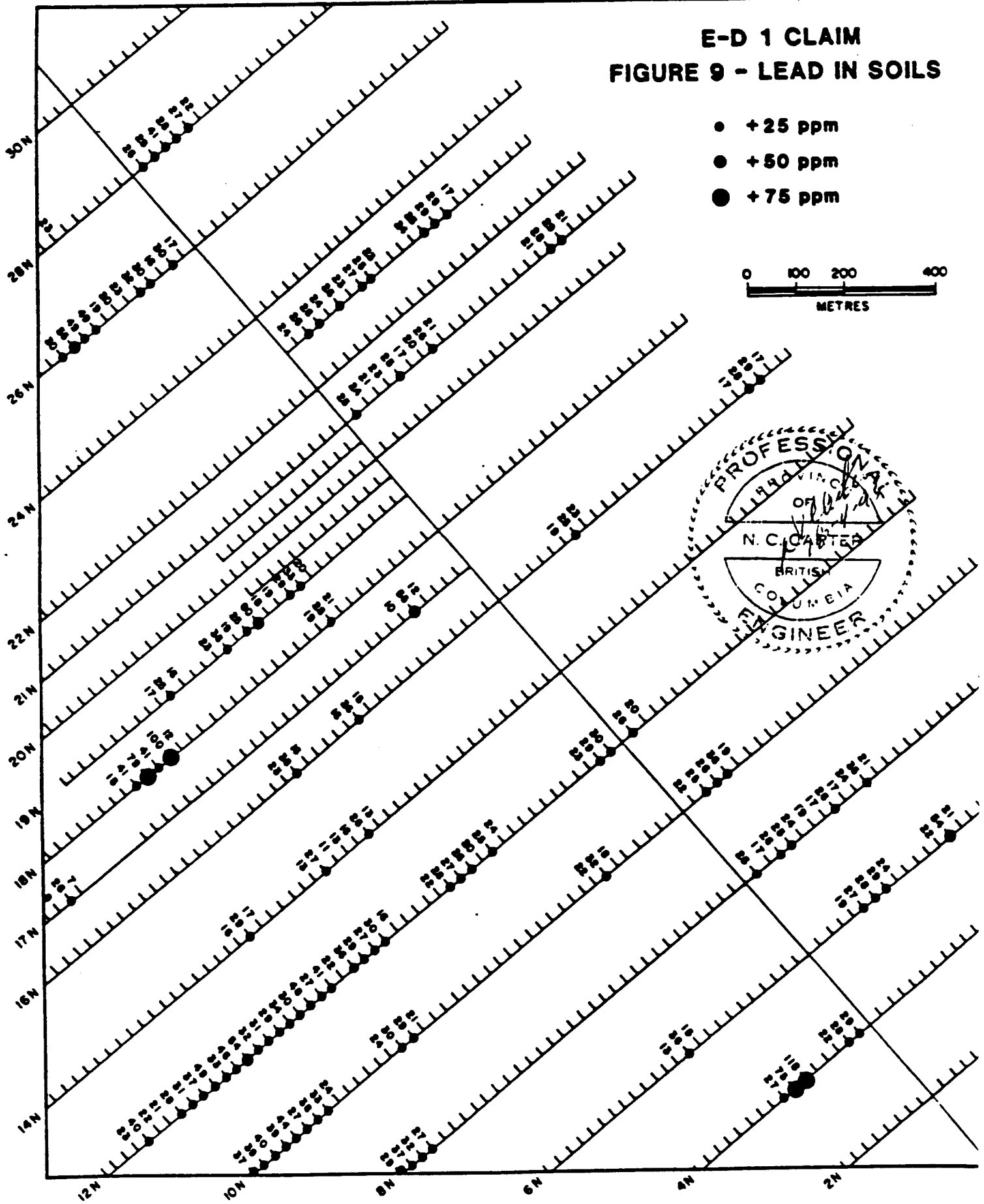
Copper

Range: 3-95 ppm  
Median: 17 ppm  
Mean: 23 ppm  
95th %ile: 42 ppm

As noted on Figure 8, contour intervals of 35, 50 and 75 ppm were selected. Higher values (+75 ppm) are west of the baseline, in the southwest part of the claim. Weakly

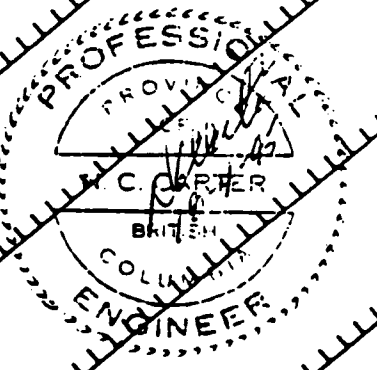
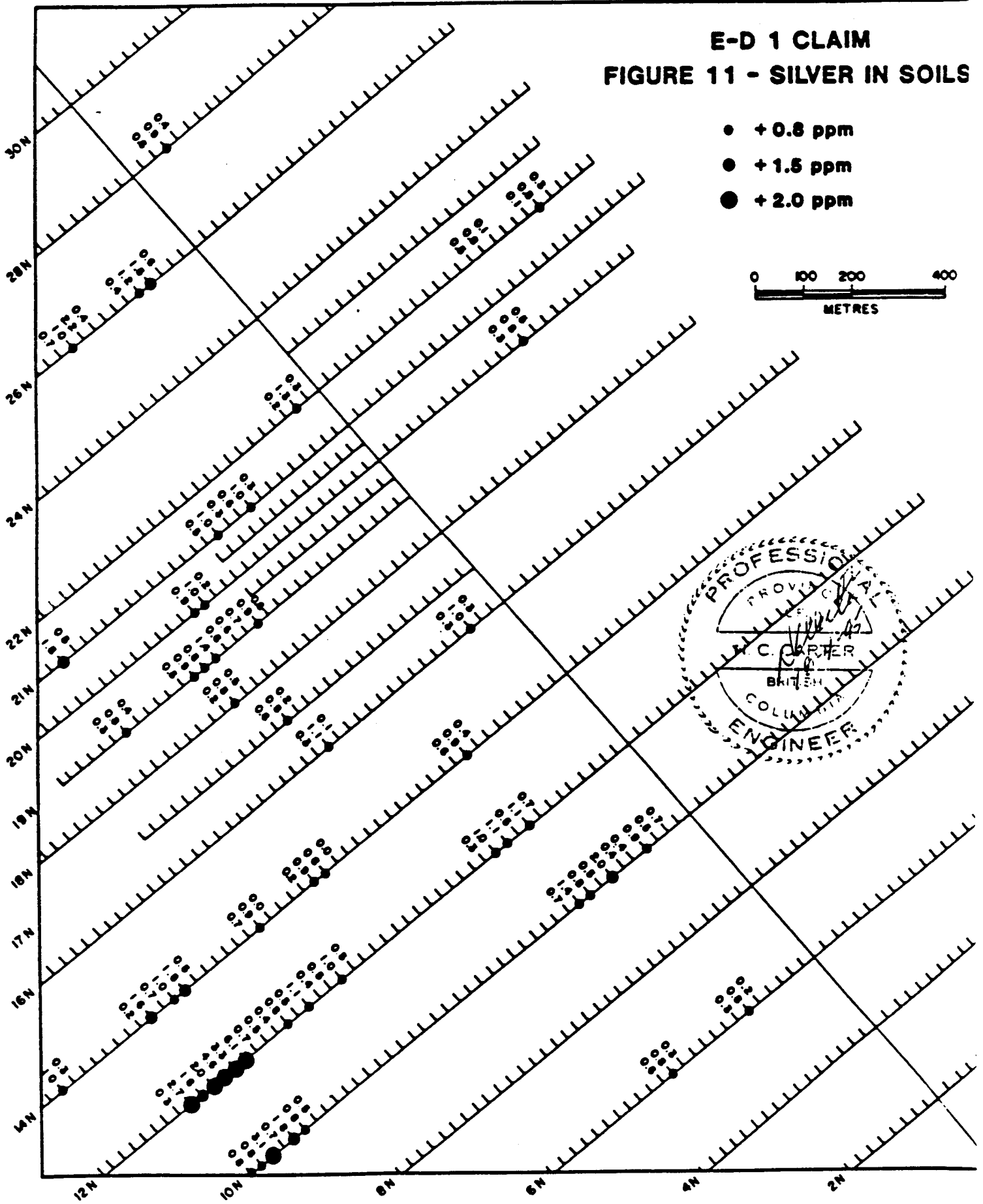
**E-D 1 CLAIM**  
**FIGURE 9 - LEAD IN SOILS**

- +25 ppm
- +50 ppm
- +75 ppm



**E-D 1 CLAIM**  
**FIGURE 11 - SILVER IN SOILS**

- + 0.8 ppm
- + 1.5 ppm
- + 2.0 ppm



anomalous values (+50 ppm) are widespread in the northern claim area.

#### Lead

Range: 4 - 100 ppm  
Median: 13 ppm  
Mean: 18 ppm  
95th %ile: 25 ppm

Lead values were found to be fairly uniform throughout the claim area. Values of 50 ppm and above are moderately to strongly anomalous and these are contained in three areas west of the baseline in the southern claim area (Figure 9).

#### Zinc

Range: 14 - 436 ppm  
Median: 74 ppm  
Mean: 93 ppm  
95th %ile: 176 ppm

Values in excess of 175 ppm are considered anomalous and are coincident with anomalous copper and lead values in the southwest and northwest parts of the claim (Figure 10). Higher values are also present on line 6N northeast of the baseline.

#### Silver

Range: 0.0 - 6.1 ppm  
Median: 0.17 ppm  
Mean: 0.33 ppm  
95th %ile: 0.70 ppm

Values of more than 1 ppm are considered definitely anomalous and highest values are along line 12N in the southwest claim area (Figure 11) where they are coincident with anomalous



collecting 8 additional samples at 15 metre intervals around the perimeter of a 30 metre square centred on the original sample site. Anomalous results were confirmed for those sites on lines 6N and 8N (Appendix I).






Pulps of 99 samples within and adjacent to areas with anomalous gold values were submitted for multielement analysis by inductively coupled argon plasma (ICP) techniques and these data are contained in Appendix II.

The levels of concentration of copper, lead, zinc and silver, originally determined by geochemical analysis, were generally confirmed by the ICP method. Note that the detection limit for gold by ICP is 3 ppm which explains the ND (not detected) signature for this element.

Anomalous gold values between lines 18 and 20N are locally accompanied by elevated arsenic (18-26 ppm) and barium (163-209 ppm). The 360 ppb gold result on line 26N at the western claim boundary (Figure 12) also contains 260 ppm arsenic, and 315 ppm barium. The sample result is also supported by nearby anomalous silver, lead and zinc values.

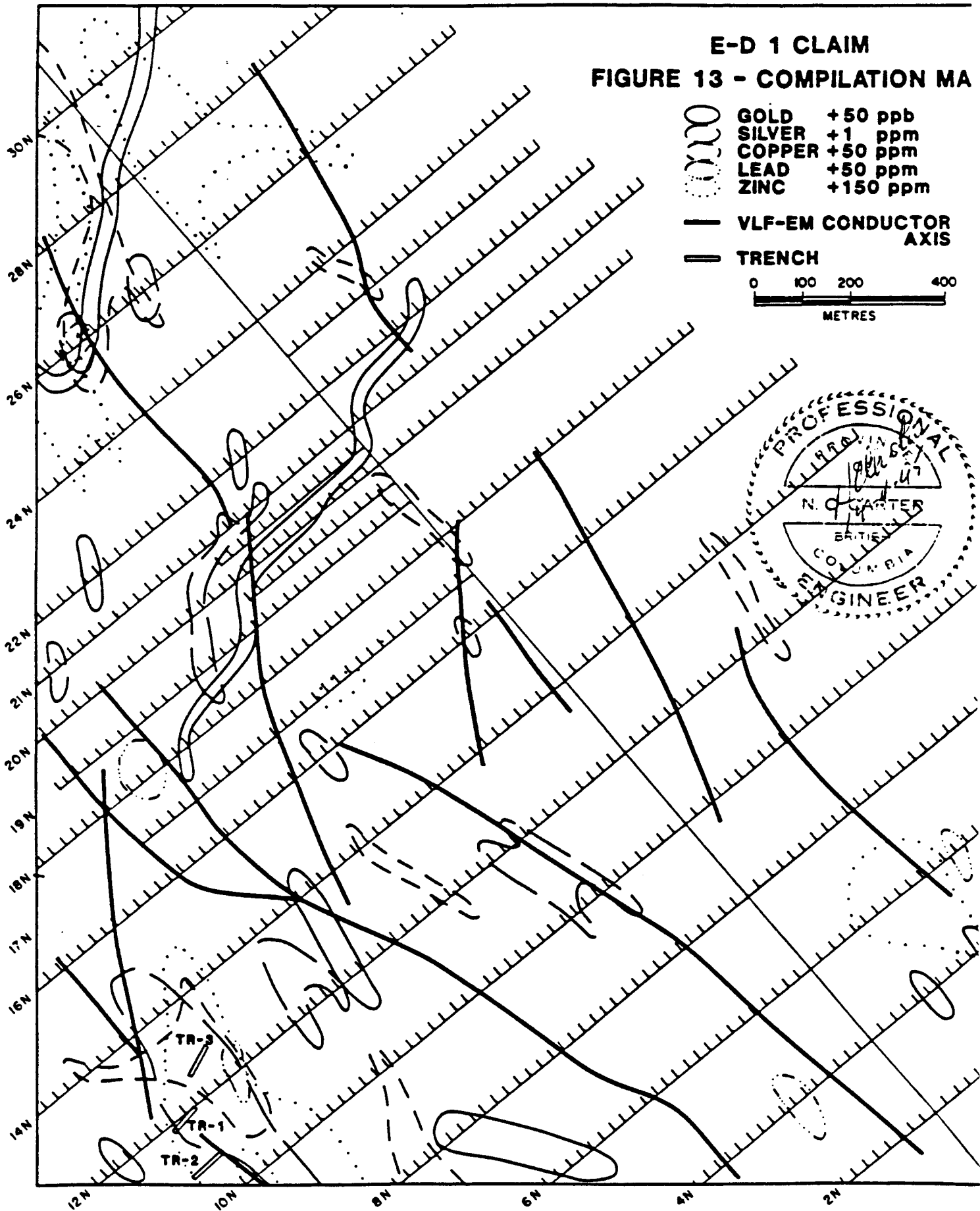
Elevated arsenic values (21-26 ppm) correspond to higher gold values on line 21N northeast of the baseline and the 530 ppb gold result near the southwest of line 12N (Figure 12) is accompanied by 22 ppm arsenic and 270 ppm barium.

**E-D 1 CLAIM**  
**FIGURE 13 - COMPILATION MA**

 GOLD +50 ppb  
 SILVER +1 ppm  
 COPPER +50 ppm  
 LEAD +50 ppm  
 ZINC +150 ppm

 VLF-EM CONDUCTOR  
 AXIS

 TRENCH



respectively, are believed to be wholly or mainly within the boundaries of the recently acquired 28 2-post claims. Approximate locations of the showings are illustrated on Figure 14.

The Energite or "South" showings consist of sulphide-bearing quartz veins and lenses developed along the regional fault contact between Fennell Formation rocks and those of the Eagle Bay Assemblage (Schiarizza and Preto, 1987). In detail, a system of quartz veins and disconnected lenses containing pods of coarse-grained galena and pyrite, sphalerite and chalcopyrite are exposed in a number of open cuts, trenches and three short (5 to 20 metres) adits within a northerly trending 200 x 100 metre zone. Individual veins and lenses have widths ranging from less than 10 cm to 1 metre and the greatest reported strike length for any one vein system is about 25 metres (Minister of Mines Annual Report, 1936). Most veins and lenses strike slightly west of north, or parallel to the major fault, and dip moderately east. Some veins near the known southern limits of the showings area are clearly discordant, striking northeasterly and dipping moderately to the southeast.

Six chip samples, collected in 1935 from a several veins and lenses throughout the showings area and over widths ranging from 30 cm to 1.8 metres, returned values ranging

from trace to 12.3 g/t gold, trace to 1707 g/t silver, 9 to 63% lead and trace to 8% zinc. Two samples of sorted material assayed 18.5 - 21.9 g/t gold, 1392 - 1830 g/t silver and 62 - 74% lead (Minister of Mines Annual Report, 1935). A more recent channel sample, collected from a 0.6 metre width of vein material, reportedly contained 6.17 g/t gold, 1056 g/t silver, 19.83% lead and 8.29% zinc (George Cross Newsletter #2, Jan. 5, 1983).

Three chip samples, collected in 1994 from 1 metre wide or less quartz veins exposed near the portals of the three adits, returned the following values (Friesen, 1994):

	<u>Copper(ppm)</u>	<u>Lead</u>	<u>Zinc</u>	<u>Gold(ppb)</u>	<u>Silver(ppm)</u>
Adit 1	1009	9.54%	15.16%	625	261.3
Adit 2	6	212 ppm	212 ppm	10	<0.1
Adit 3	8	545 ppm	942 ppm	10	0.3

A sample from a small dump adjacent to the portal of Adit 3 and consisting of massive pyrite mineralization in quartz, returned values of 53 ppm copper, 0.86% lead, 350 ppm zinc, 14.79 grams/tonne gold and 23 grams/tonne silver (Friesen, 1994).

Host rocks are north-northwest trending, steeply dipping cherts and sericite schists of the Fennell Formation and Eagle Bay Assemblage variably sheared and brecciated phyllites and clastic sediments (Schiarizza and Preto, 1987).

The North Star or "North" showings, situated 2 km east of the Energite or "South" showings, are exposed in one short

Some 2.3 metres below this interval, a 1.5 metre length of pale green quartzite (chert?) containing disseminated sulphides yielded 5.49 g/t gold and 1.03 g/t silver.

Hole 84-2 was apparently terminated short of its objective to test quartz veins noted on surface (Pasiaka, 1984). Drill holes 84-3, -4, and -5 are reasonably well located relative to the grid (Cardinal, 1984) but there is no indication as to the azimuths or inclinations of these holes nor is there any confirmation that they may be vertical holes.

Hole 84-3, drilled to test the principal EM conductor (Figure 14), intersected graphitic siltstone, phyllite and minor limestone throughout much of its length. Disseminated pyrite was noted and the best reported result was a 0.9 metre section grading 1.99 g/t gold (Cardinal, 1984). Holes 84-4 and -5, drilled in the vicinity of the short adit to test quartz-sulphide shear zones, yielded only low gold values.

There are records of two ore shipments from the Energite - North Star zones although there is little information as to which zone(s) were the source of the material shipped. Results reported in B.C. Ministry of Energy Mines and Petroleum Resources Minfile are as follows:

<u>Year</u>	<u>Tonnes</u>	<u>Silver(grams)</u>	<u>Copper(kg)</u>	<u>Lead(kg)</u>	<u>Zinc(kg)</u>
1954	31	280	158	-	-
1972	5	3452	-	1341	143

regional north-northwest structural trend of this area and consequently there must be some doubt as to the significance of the defined EM conductor axis.

#### *Geochemistry*

Soil samples were collected at 30 metre (100 ft.) stations along the northwest-southeast cross-lines in 1981 and analyzed for silver, lead and zinc (Pasioka, 1981).

A cursory examination of the results of this survey by the writer indicates that lead and zinc values have ranges and means roughly similar to those determined by a soil geochemical survey of the ED #1 claim immediately north. Lead values from the 1981 survey range from 15 to 96 ppm, have a mean of approximately 20 ppm and a threshold of about 30 ppm. A greater spread of zinc values was noted with a range of between 14 and 940 ppm, an approximate mean of 40 ppm and a threshold around 100 ppm.

The average silver value of 1 ppm is higher than that determined for the ED #1 claim and, as noted by Pasioka(1981), spot highs were common. Coincident anomalous values for silver, lead and zinc appear to be concentrated northwest of the baseline and southwest of line 0+00 (Figure 14) and crudely flank the EM conductor axis.

massive pyrite lenses.

On the E-D #1 claim, a 1989 VLF-EM survey indicated a number of northwest to north trending conductive zones. A subsequent horizontal loop EM survey further defined and prioritized four conductive zones southwest of the baseline. Two of these conductive zones are interpreted as indicating lithologic boundaries and/or faults. One of these, in the central part of the claim, is partly coincident with with areas of anomalous gold and silver values in soils.

The two strongest conductors parallel the western claim boundary and are coincident with higher magnetic susceptibilities and with anomalous base metal and silver values in soils.

Geochemical soil sampling in 1989 identified a number of areas with anomalous gold, silver, copper, lead and zinc values. Coincident and/or contiguous areas with anomalous base metal and silver values in the southwest and northwest parts of the claim correlate well with stronger VLF-EM conductors (Figure 13). These anomalous areas are best developed within and west of the fault contact between the two principal Paleozoic sequences.

Areas with anomalous gold values are either adjacent to northwest trending multi-element anomalous areas or normal to them as is the case for two of the stronger gold in soils

immediate area of these zones. An attempt should be made to locate the 1984 drill sites; drill cores were reportedly stored on the property and may be available for re-sampling.

It is further recommended that soil samples be collected at 25 metre intervals along the grid and subjected to multi-element analyses plus gold. Results of previous soil sampling can provide a useful guide in planning additional work but these were analyzed for only three elements. VLF-EM and magnetometer surveys over the grid area will assist in defining targets for diamond drilling.

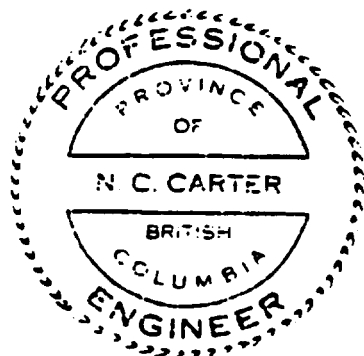
Additional surface work is also recommended as part of a Phase I program on the E-D #1 claim. An Induced Polarization survey will assist in detecting possible sulphide mineralization within the conductive zones delineated by the Horizontal Loop EM survey and will also give a better estimate of possible overburden thicknesses. A properly cut grid, with cross-lines at 100 metre spacings within the area southwest of the present baseline, will be required prior to the IP survey.

Detailed soil sampling should be undertaken within and adjacent to the area with the highest gold values in the central part of the E-D #1 claim along lines which are normal to the apparent northeast trend of this zone. Excavator trenching and reverse circulation overburden drilling are



**COST ESTIMATE****Phase I**

Grid Construction - 40km @ \$535/km	\$21,400.00
Geological mapping, bedrock sampling	\$25,000.00
Soil sampling - collection and analyses	\$26,750.00
VLF-EM and Magnetometer surveys - 30 km @ \$400/km	\$12,000.00
Induced Polarization Survey - 12 km @ \$1300/km	\$15,600.00
Excavator Trenching - 40 hours @ \$250/hour	\$10,000.00
Overburden Drilling - 1000 metres @ \$50/metre	\$50,000.00
Diamond Drilling - 1500 metres @ \$100/metre	\$150,000.00
Sample Analyses (drilling)	\$25,000.00
Supervision, reporting, etc.	\$25,000.00
Contingencies	<u>\$39,250.00</u>
<b>Total</b>	<b>\$400,000.00</b>



*N.C. Carter Ph.D. P.Eng.*

**N.C. Carter, Ph.D. P.Eng.**

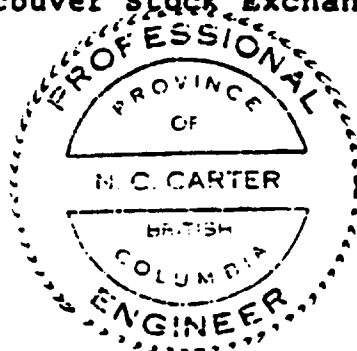
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**-CERTIFICATE**

I, **NICHOLAS C. CARTER**, of 1410 Wende Road, Victoria, British Columbia, do hereby certify that:

1. I am a Consulting Geologist, registered with the Association of Professional Engineers and Geoscientists of British Columbia since 1966.
2. I am a graduate of the University of New Brunswick with B.Sc.(1960), Michigan Technological University with M.S.(1962) and the University of British Columbia with Ph.D.(1974).
3. I have practised my profession in eastern and western Canada and in parts of the United States for more than 25 years.
4. The foregoing report on the E-D 1 Property is based on several visits to the E-D #1 claim in 1989, on results of geochemical and geophysical programs carried out on the claim in 1989 and 1990 and on a review of published and unpublished reports pertaining to the Energite and North Star zones and the geological setting and geochemical and geophysical signatures of the Barriere Lakes-Birk Creek area.
5. I hold no interest, directly or indirectly, in the mineral claims comprising the E-D 1 property, in 356584 B.C. Ltd. or in Foran Mining Corporation nor do I expect to receive any such interest.
6. Permission is hereby granted to Foran Mining Corporation to use the foregoing report in support of a Prospectus to be filed with the British Columbia Securities Commission and the Vancouver Stock Exchange.

Victoria, B.C.  
April 18, 1995



*N.C. Carter Ph.D. P.Eng.*  
N.C. Carter, Ph.D. P.Eng.

N.C. CARTER, Ph.D., P.Eng.  
CONSULTING GEOLOGIST

**GEOLOGICAL EXAMINATION OF THE "SULPHIDE VEIN"  
SHOWING ON CLAIM TS 3 (#321584) AND AN ASSOCIATED  
GOSSAN SHOWING - BIRK CREEK AREA**

**Kamloops Mining Division  
British Columbia**

**for**

**FORAN MINING INC.**

**by**

**R.G. FRIESEN, B.SC., P. GEO.**

**October 10, 1995**

## INTRODUCTION

Arrangements were made on 29th September, 1995 with Messrs. Bernard Zinkhofer and Wayne Tyner, of Foran Mining Inc. to visit their mineral property in the Birk Creek area, about 25km northeast of Barriere, primarily for the purpose of reporting on a newly discovered sulphide rich vein (the "Sulphide Vein") and nearby gossan zone, which would be used to supplement an earlier property report by Mr. Nick Carter in support of a Prospectus filing.

The property visit took place on Wednesday, October 4th, 1995. I was accompanied by Mr. Wayne Tyner.

*Note that due to the brevity of the visit and limited exposure in difficult terrain, no confirmation was made of the showings with respect to their position relative to claim locations. All maps and drawings, and assays used were supplied by Mr. Tyner.*

For a more detailed description of the Foran property, please refer to Mr. Carter's report referenced at the end of this report.

## RESULTS AND DISCUSSION

The "Sulphide Vein" showing is located above the headwater of a western tributary of Birk Creek and is exposed on a small ledge of a steep, easterly facing cliff at an elevation of about 2000 meters. The showing is probably located in Unit EBPI on the map by Schiarizza and Preto - a predominately limestone component within the youngest (Mississippian) unit of the Eagle Bay Assemblage, very near the contact of the Fennell Formation. The showing was discovered while a grid was being established over the newly staked TS claim group -- a group of 8 claims (named TS, and TS 1 - TS 7) adjoining the northern boundary of Foran's E-D1 claim group. Prior to the visit, Wayne Tyner had blasted several plugger holes into the vein to expose it better.

The "Sulphide Vein" is located at the northeast corner of TS 3 at about B.L./750mN. It is a heavily oxidized, massive, medium to coarse grained pyritic "vein", about 2 meters thick over an exposed strike length of about 5 meters. It strikes 125°/60°SW and is concordant to the enclosing rocks which appear to be a limey, possibly flattened breccia with quartz in-filling. The concordant nature of the showing, and lack of associated quartz vein material raise the possibility it may not be a vein at all, but rather a pyrite rich bed. Wayne Tyner reports several grab samples of this vein average 0.15% copper and 3.75g/t gold, which must be considered significant. The copper grade would be expected to improve below the oxidized zone.

Wayne Tyner also reports about 300 soil samples have been taken over the entire T.S. claim group grid; however at the time of writing this report, results have not yet been received.

Following examination of the "Sulphide Vein" showing, there was also a brief examination of a relatively thin, gossanous boulder zone about 200-300 meters to the northwest, in the head wall above the upper reaches of the western tributary of Birk Creek mentioned earlier. This showing is contained in either the Joy I or Butt I claim - part of a very recently staked 3 claim group adjoining the north boundary of the TS claim group. These claims were designed to cover the remaining favourable ground between the Foran property and the granitic rocks of the Baldy Batholith. I agree with Wayne Tyner's suggestion it could represent the strike extension of the "Sulphide Vein"; thus it is a significant occurrence even though no sulphide-bearing boulders or outcrop was seen. The discovery of a strike extension to the vein would add significantly to the tonnage potential of the "Sulphide Vein".

## **RECOMMENDATIONS**

Follow-up work is recommended for both the "Sulphide Vein" showing and the gossanous boulder zone as follows:

### **"Sulphide Vein"**

Exposure is very limited due to the difficult and precipitous location of this zone. It would therefore be impractical to attempt to continue delineating the vein by additional blasting. Fortunately, the zone dips steeply into the cliff face and would therefore lend itself favourably to a short diamond drill program to test the strike and dip continuity of the vein below the oxidized zone. Such a program would have to be done from the rolling south slope and relatively flat mountain top immediately west of the showing. Prior to finalizing the drill program, the showing should be tied into the grid with a survey so the drill hole locations and orientations can be optimized.

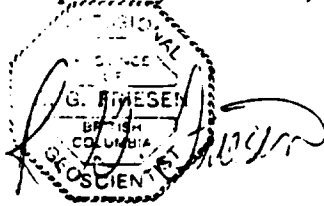
### **Gossanous Boulder Zone**

The gossanous boulder zone in the head wall above Birk Creek and along strike of the "Sulphide Vein" should be prospected further with a view to locating a possible strike extension of the vein and/or locating additional "veins". Initially, I recommend running a few ground VLF-EM lines across the head wall area to locate possible sulphide conductors. This could be followed by grubhoe prospecting and backhoe trenching to expose and examine the bedrock source of any resulting anomalies.

## Miscellaneous

Results from the soil sample program over the T.S. grid should be evaluated over the winter and a plan developed for follow-up examination. I recommend any new anomalies be trenched, sampled, screened and microscopically examined to determine the cause of the anomalous values prior to embarking on a more aggressive exploration program such as drilling.

Respectfully submitted,



R.G. Friesen, B.Sc., P. Geo.  
October 10, 1995

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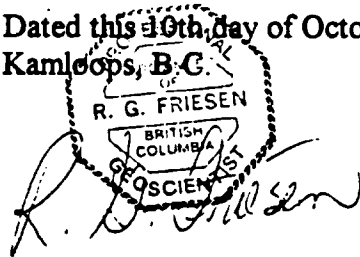


# CERTIFICATE

I, Robert George Friesen, of 455 Laurier Drive, Kamloops, British Columbia, do hereby certify that:

- ▶ I am a Professional Geoscientist, registered with the Association of Professional Engineers and Geoscientists of British Columbia.
- ▶ I am a 1967 graduate of the University of British Columbia with a B.Sc. Degree (Geology major).
- ▶ I have practiced my profession as a mine/exploration geologist in Canada, Australia, and Fiji since 1967.
- ▶ The foregoing report on the "Sulphide Vein" occurrence and associated gossan showing is based on a one day visit to the property (primarily the TS 3 claim - #321584) on October 4, 1995; and a review of BCMEMPR Paper 1987 - 2, Geology of the Adams Plateau - Clearwater - Vavenby Area, by Sciarizza, P. And Preto, V.A., and Geological Report on the E-D 1 Property for Foran Mining Corp., by N. C. Carter, January, 1994.
- ▶ I have no interest, directly or indirectly in the mineral claims comprising the TS group of claims; nor any adjoining claim group belonging to Foran Mining Inc.; nor do I expect to receive any interest in the future.

Dated this 10th day of October, 1995  
Kamloops, B.C.



Robert George Friesen, B. Sc., P. Geo.

**CERTIFICATE OF DIRECTORS AND PROMOTERS**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act (British Columbia) and its regulations.

"JAMES DONALD MCMEEKIN"  
JAMES DONALD MCMEEKIN  
President, Chief Executive Officer  
and Chief Financial Officer

"BERNHARD ZINKHOFER"  
BERNHARD ZINKHOFER  
Secretary

On behalf of the directors of the Company

"WAYNE J. TYNER"  
WAYNE J. TYNER, Director

"RICHARD ADDISON"  
RICHARD ADDISON, Director

By the Promoters of the Company

ENTURES HOLDINGS LTD.

By: "RAMONA V. STREMBITSKY"  
Ramona V. Strembitsky  
President

"WAYNE J. TYNER"  
WAYNE J. TYNER

"JAMES DONALD MCMEEKIN"  
James Donald McMeekin  
General Manager

DATED: January 30, 1996.

## CERTIFICATE OF AGENTS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus as required by the Securities Act (British Columbia) and its regulations.

Dated: January 30, 1996.

CANACCORD CAPITAL CORPORATION

Per: "PETER M. BROWN"  
PETER M. BROWN  
Chairman