

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

Consulting Geologist

1410 Wende Road
Victoria, B.C. V8P 3T5
(604) 477-0419

August 13, 1996

TO: BERNHARD ZINKHOFER
Lang Michener Lawrence and Shaw Fax: 685-7084 (2 pages)

RE: FORAN MINING CORPORATION - E-D 1 PROPERTY

During an on-site inspection of the property yesterday, two drill sites were selected in the area of the sulphide zone on the northern claims. A sketch map showing site locations and initial plan of drilling is attached.

This preliminary phase (four holes from two set-ups) should involve about 2,300 ft. of drilling. Depending on results, we may wish to drill another hole or two in this area to satisfy the 3,000 ft. minimum as per the drilling contract or we may want to consider testing one of the EM conductors in the southwestern part of the E-D 1 claim.

Construction of an access road for the initial drilling is in progress - this is taking a bit longer than anticipated but the drill should be on site by this weekend. I plan to keep in contact with Wayne as to drilling progress and plan to go back to the site when the second hole is nearing completion in order to log and sample the core. I have given Wayne the estimated footages for the first two holes - the 20 ft. thick limestone bed immediately above the sulphide zone should provide a good marker horizon. Results from these first two holes will give us a better feel for the depths of holes 3 and 4.

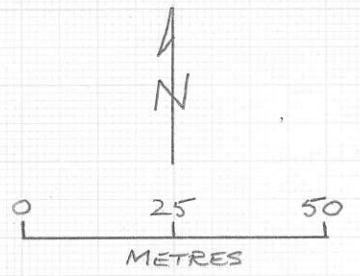
I have preliminary results for the VLF-EM and magnetometer survey completed over 5.5 km of grid in the area of the sulphide zone. Results indicate two parallel northerly trending conductors, each several hundred metres in length, which are partially coincident with magnetic highs. The easternmost conductor is crudely coincident with the sulphide zone; the westernmost conductor (100 metres west) roughly parallels the thrust fault contact between Fennell Formation volcanic rocks and Eagle Bay Assemblage sedimentary rocks to the east.

Yesterday was my first opportunity to examine this part of the property - my feeling is that all this is a good geological environment for massive sulphide deposits - the known zone is near the thrust fault contact between Eagle Bay sediments and Fennell Formation volcanics which include pillow basalts, cherty horizons and apparent rhyolite fragmental rocks. While the showing appears to be of limited extent, it may be the limited surface expression of a "blind" deposit. Drilling will tell.

NCC

⊙ →
 96-3 (-50°)
 96-4 (-65°)
 El. 2097 m.

⊙ →
 96-1 (-50°)
 96-2 (-65°)
 El. 2088 m.



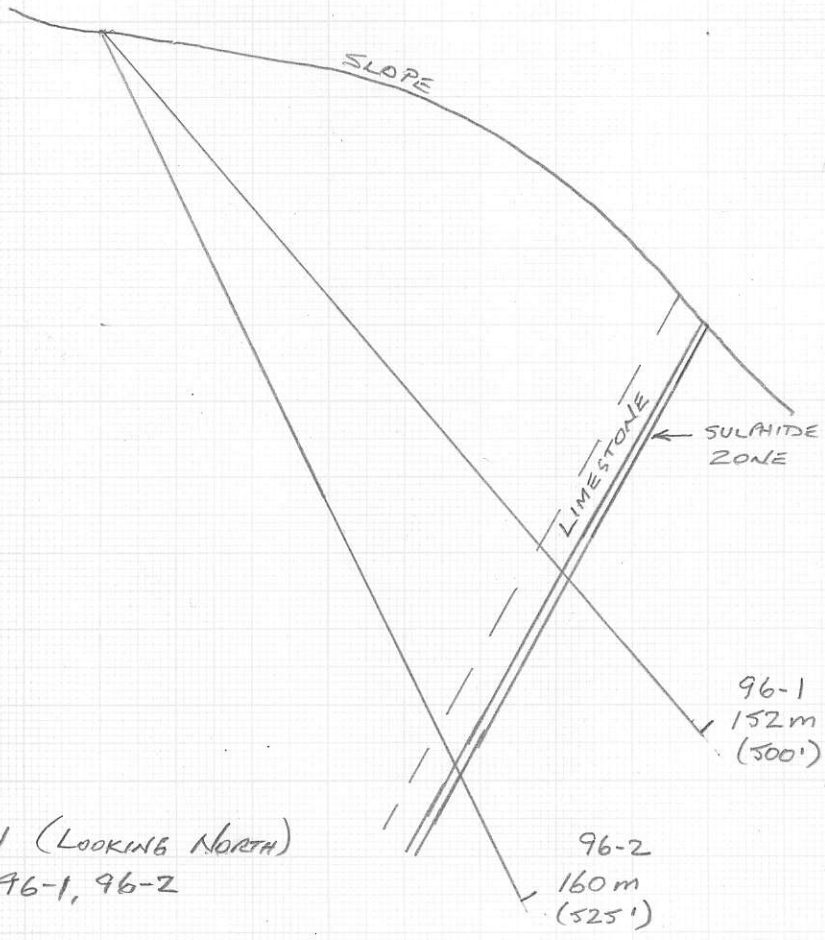
Trend of Zone
 VLF CONDUCTOR

SULPHIDE (py-po-cp)
 ZONE
 El. 2040 m.

PLAN VIEW - SULPHIDE ZONE DRILLING

WEST

2100 — EAST



2050 —

2000 —

1950 —

SECTION (LOOKING NORTH)
HOLES 96-1, 96-2

