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May 3, 1997

CONFIDENTIAL

Mr. David Walsh
President and Chief Executive Officer
Bre-X Minerals Ltd.
119 - 114 Street NW
Calgary, AB T2N 1Z6

Dear Mr. Walsh:

Busang Technical Audit - Interim Report

Enclosed is our report covering that portion of the technical audit of work on the Busang property that we have completed to date including the very conclusive assay results from 175 core samples. We very much regret having to express the firm opinion that an economic gold deposit has not been identified in the Southeast Zone of the Busang property, and is unlikely to be.

We realize that the conclusions reached in this interim report will be a great disappointment to the many investors, employees, suppliers and the joint-venture partners associated with Bre-X, to the Government of Indonesia, and to the mining industry everywhere. However, the magnitude of the tampering with core samples that we believe has occurred and resulting falsification of assay values at Busang, is of a scale and over a period of time and with a precision that, to our knowledge, is without precedent in the history of mining anywhere in the world.

Yours sincerely,

Graham Farquharson

G. Farquharson

GF/ejh