

Settlement Agreement

This Agreement entered into this 22nd day of May, 2006

Between:

Foran Mining Corporation
1926 Alberta Avenue North,
Saskatoon SK
(hereinafter called "Foran")

Of the First Part

-and-

Copper Reef Mines (1973) Limited
Box 306
Flin Flon MB
(hereinafter called "Copper Reef")

Of the Second Part

-and-

M'Ore Exploration Services Ltd.
Box 306
Flin Flon MB
(hereinafter called "M'Ore")

Of the Third Part

-and-

B.B.S. Aircraft Inc.
Hangar 10, Saskatoon Airport
Saskatoon Saskatchewan
(hereinafter called "B.B.S")

Of the Fourth Part

-and-

Terry Summach.
Saskatoon Saskatchewan

Of the Fifth Part

-and-

Stephen L. Masson

Box 306
Flin Flon MB

Of the Sixth Part

WHEREAS Foran and Copper Reef are currently parties to a certain Arbitration proceeding brought pursuant to the provisions of a certain Assignment Agreement entered into between them dated January 17, 2005 (the "Assignment Agreement") to assign to Copper Reef all of the rights acquired by Foran under a certain Property Option Agreement entered into between it and Cameco Corporation ("Cameco") and Billiton Metals Canada Inc. ("BIIP Billiton"), dated January 24, 2005 (the "Option Agreement");

AND WHEREAS the arbitration is intended to determine whether the assignment agreement is enforceable or rescinded.

AND WHEREAS the parties hereto wish to take the decision making with respect to these matters out of the hands of the arbitrators and to determine the issues on a basis acceptable to each of them and to determine finally between the parties by mutual consent their relative ownership of certain mining properties located in the Province of Saskatchewan more particularly described in Schedule "A" hereto (the "Property") in which the so called McIlvenna Bay deposit is located;

AND WHEREAS M'Ore, B.B.S., Terry Summach and Stephen L. Masson join in the making of this agreement for the purpose of the provisions under section 6 concerning the termination of litigation and release of claims and causes of actions by any of the parties against the other;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration now paid by each party hereto to the other (the receipt and adequacy of which is hereby acknowledge) the parties hereto have agreed and do hereby covenant and agree as follows, namely:

ARBITRATION

1. Foran and Copper Reef shall each take such steps as are necessary or desirable to forthwith suspend and upon the signing of this agreement to discontinue the arbitration proceedings intended to recommence in Winnipeg, Manitoba on Tuesday, May 23, 2006.

OPTION PAYMENT

2. Foran shall at once but in any event prior to May 31, 2006, pay the aggregate sum of Two Million Dollars (\$2,000,000.00) being the balance owing under the Property Option Agreement as follows: to Cameco the sum of One million three hundred forty-two thousand dollars (\$1,342,000) and to BHP Billiton the sum

of Six hundred fifty-eight thousand dollars (\$658,000) as full and final payment for the acquisition of the Property pursuant to the Property Option Agreement.

COPPER REEF INTEREST

3. Concurrently with its payment to Cameco and BHP pursuant to paragraph 2 above, Foran shall confirm that Copper Reef is the holder of an undivided twenty-five percent (25%) interest in and to the Property free and clear of any and all liens, claims, charges and/ or interests of others save and except only the one percent (1%) NSR Royalty reserved to Cameco and BHP Billiton pursuant to the Property Option Agreement and subject to the terms and conditions contained in the attached Joint Venture Agreement attached hereto as Schedule "B". For greater clarity, ownership in the Property is an undivided interest held by each party as follows:

Foran	-	75%
Copper Reef	-	25%.

Title to the Property shall remain registered in Foran's name and be dealt with in accordance with the said Joint Venture Agreement. Foran will file this agreement and the attached Joint Venture concurrently with the payment to Cameco and Billiton with the Department of Saskatchewan Industry and Resources.

RETENTION OF SHARES

4. Foran shall retain the five million seven hundred and fifty thousand (5,750,000) shares in the capital stock of Copper Reef currently recorded in its name and represented by share certificates no 85 for 5,500,000 common shares. Foran will return share certificate no. 81 for cancellation and Copper Reef shall issue a new certificate for 250,000 common shares in the capital stock of Copper Reef. Foran and the respective successors and assigns of the company agree either to not vote its shares at any regular meeting of shareholders of Copper Reef or to vote their shares in support of management's slate at annual general meetings so long as Copper Reef is not in default of this agreement. For greater clarity the sale of Copper Reef shares by Foran to a third party transferee shall not cause the transferee to be considered a successor or assign of Foran. Foran shall be entitled to all notices which any shareholder of Copper Reef would be entitled to receive.

Foran agrees to not to sell or assign their shares before Copper Reef becomes a publically traded company on a Canadian Stock exchange or one year, whichever is earlier. Foran agrees not to sell its shares as a control block and to give one month's notice to Copper Reef of its intention to sell any number of shares in excess of 100,000 or any number of shares to any known entity or group in the aggregate of 1,000,000 shares by individual trades.

Foran will not sell more than one half of its shares in the first year from the date of this agreement.

Foran agrees in any notice to Copper Reef to sell in excess of 100,000 shares to offer Copper Reef the option to place such shares in friendly hands at the market price as of the date of notice.

Foran or its assignees will be entitled to maintain a maximum 25% equity interest in Copper Reef in any subsequent financing of Copper Reef or in the market if they so desire. For greater clarity Copper Reef represents that it has approximately 24,367,681 common shares fully diluted and that Foran's ownership of five million seven hundred and fifty thousand shares represents approximately 24.4 % of the fully diluted common shares.

CHANGE OF ARTICLES OF COPPER REEF

5. Copper Reef will call an Annual General Meeting of Shareholders as soon as practicable in order, among other things, to change the Articles of the Company to eliminate the clause requiring 75% shareholder approval to issue shares, and to remove the unilateral option Copper Reef has to buy back any of its outstanding shares. In the meantime until it is changed, this option to buy back shares will not be acted upon by Copper Reef.

TERMINATION OF LITIGATION

6. Each party agrees that it shall and does hereby terminate any and all litigation, arbitration or other suits or proceedings of whatsoever nature or kind actual or threatened instituted by it which affects or may affect the other party hereto or any of its subsidiaries, affiliates or associates or any officer or director of any of them and covenants and agrees not to reinstitute the same or similar, actual or threatened, proceedings of whatsoever nature or kind for any action (or lack thereof) cause, deed or series thereof existing on or before the date hereof. Where any proceedings covered by the provisions hereof is an actual proceeding each party thereto shall file such documentation as is necessary or desirable to terminate the same and to absolve the affected party or parties from any effect therefore including both damages and /or costs. This will include the return of the Otter Lake Gold Property to the Otter Lake Gold Syndicate (as the dispute involves allegations by Foran concerning Stephen Masson) upon receipt of appropriate releases by Foran from each of the members of the Otter Lake Gold Syndicate.

For greater certainty this Agreement finally settles:

- a) The Saskatchewan Action commenced against Stephen Masson;
- b) The two Manitoba Arbitrations commenced by Copper Reef and Foran against each other which are set out to be heard June 14, 2006;
- c) The claim for arbitration filed by Stephen Masson and/or M'Ore Exploration Services Limited (M'Ore) against Foran;
- d) Any existing claim or cause of action by Stephen Masson and/or M'Ore against

- Foran in connection with the M'Ore Exploration contract and any claim by Stephen Masson, M'Ore, or Copper Reef in connection with the provision of any services, rented space of any kind provided to Foran, and any counter claims by Foran against the aforementioned parties in respect to same;
- e) Any existing claim or cause of action for defamation, slander or similar actions by Copper Reef or Stephen Masson against Terry Summach, or any officer, director employee contractor or agent of Foran and any existing claim or cause of action and any existing claim or cause of action for defamation, slander or similar actions by Copper Reef against Stephen Masson, or any officer, director employee contractor or agent of Copper Reef or M'Ore;
 - f) Any claim or cause of action existing now which Foran or Foran's Directors or B.B.S. Aircraft Inc. have or may have against Stephen Masson, Copper Reef M'Ore or M'Ore or their directors or employees;
 - g) Any claim or cause of action existing now which Copper Reef, M'Ore or their directors or Stephen Masson, or any one or more of them, have or may have against Foran or their Directors or employees;
 - h) Notwithstanding any provision herein, Foran shall not be deemed to have released and shall be entitled to pursue any litigation, claims or causes of action against Chris Theodoropoulos or his law firm.
 - i) Any claim or cause of action existing now which Foran's legal counsel has or may have against Copper Reef or their directors or employees (Foran shall attempt to obtain a letter from its legal counsel undertaking not to commence such action or claim for any claim or action now existing.)

JOINT VENTURE

7. The parties agree to establish a Joint Venture between them with respect to their respective interests in the Property. Such Joint Venture shall be governed by a Joint Venture Agreement between the parties attached hereto as Schedule "B". Foran shall commit its seventy-five percent (75%) interest in the Property to the Joint Venture and Copper Reef shall commit its twenty-five percent (25%) interest in the Property to the Joint Venture.

Notwithstanding the provisions of the Joint Venture Agreement requiring Copper Reef to fund its pro-rata share of future Programs or Mining Operations, provided that Copper Reef gives its notice to fund its pro-rata share of any Program or Mining Operations, Copper Reef's obligation to make payments to Foran within the time frame stated in the Joint Venture Agreement shall be deferred for a period of 8 months from the signing of this agreement after which if payment is not made, the provisions in the event of non payment or non participation in the Joint Venture Agreement shall apply. This will give Copper Reef time to reorganize its affairs, become a public company, find a willing financing agent to sell its securities so that Copper Reef can meet its portion of proposed expenditures.

Foran will not call upon Copper Reef for a cash contribution of more than \$750,000.00 dollars in the first year from the signing of this agreement.

Notwithstanding any other provision herein or in the Joint Venture neither party shall have a right of first refusal if the other party desires to sell or dispose of its interest to a third party, provided that sale or disposition is subject to the third party acquiring the interest or an interest in any part thereof acknowledging it is a party to and bound by the provisions and terms of the Joint Venture Agreement.

EXPLORATION PROPERTIES

8. In consideration of the fact that Foran will retain 5.75 million shares of Copper Reef and that Copper Reef is surrendering 75% of the exploration potential of the large Hanson Lake Property, Foran shall forthwith transfer to Copper Reef all of its right, title and interest in and to the mining claims or leases forming a project group over six (6) project groups held by Foran in Manitoba. No payment shall be required from Copper Reef to Foran for these transfers and Copper Reef will apply any and all credits it has available to keep the claims involved in good standing. These properties shall include:
- a) The North Star Deposit Claims (excluding Jupiter and Gold Rock which Foran is not able to transfer without consent of the claim owners); but will assign if Copper Reef obtains the consent of the holders of those claims and undertakes to pay all monies owing thereunder and perform all obligations of Foran under its agreements with respect to same);
 - b) The East Big Island Group; (Milk Claims) and the Bartley Claims;
 - c) West Big Island group: includes Big Island, Steeves Lake and Bib claims;
 - d) Leo Lake Claims Group including Alberts Lake, Amulet, Murr Claims, Mike, and Lew;
 - e) Morgon Lake and both Kississing claims
 - f) Gold Button.

Foran makes no representations or warranties with respect to its interest, right or title to the above properties and claims and shall only be obligated to transfer whatever, if any, title, right or interest it may hold in the above claims or properties. Copper Reef accepts any defects in Foran's rights, interests or claims in the above properties and shall be obligated to comply with, and shall indemnify and hold harmless Foran from all causes of actions, claims and demands in respect to, all of Foran's obligations under any agreement, law, rule, regulation, direction or order with respect to all or any of the properties or claims being transferred or assigned to Copper Reef, including but not limited to any work, payment, filing of assessment reports or environmental matter. Copper Reef shall be responsible for obtaining the consent or approval of any third party which might be required in respect of the transfer or assignment of any of the above claims or assignments and to pay any fees, penalties, costs or monies associated therewith. Copper Reef shall be responsible for and pay the cost of any registration of title, right or interest in the name of Copper Reef.

TRANSFER OF DOCUMENTS AND CORE ETC.

9. Copper Reef shall transfer to Foran all core, maps, data, records, reports, assessments, assay information, financial information, legal information, computer files and all such like material and documents related to the Property. Since Copper Reef is also an owner it will be entitled to keep a copy of all reports. M'Ore's copies and rough notes will remain the property of M'Ore and M'Ore and Stephen Masson shall respond in a diligent manner to questions concerning the location of files, records, information and data. Foran will receive all the originals. Foran will cover any associated costs.

Foran will transfer all core, maps, data, records, reports, assessments, assay information, financial information, legal information, and computer files and like material and documents related to the Foran Properties transferred to Copper Reef. Copper Reef will make a copy for Foran, if they so wish. Copper Reef will cover these costs. Foran shall respond in a diligent fashion to questions concerning the Foran Properties in their knowledge.

All records, data and documents will be transferred within 30 days of the signing of this Agreement.

All core will be transferred by September 2006 or as the parties may otherwise agree.

MISCELLANEOUS

10. Each of Foran and Copper Reef covenants and agrees that it shall execute and deliver to the other party hereto such further deeds, documents, agreements and/or instruments as may be reasonably requested by the other party in order to carry out the true intent and meaning of this Agreement. This Agreement is binding and shall not be disputed in the future by any signatory hereto.
11. Time shall be of the essence hereof.
12. This Agreement shall be governed by the laws of Saskatchewan.
13. Subject to the right of either party to tax or assess the quantum of all or part of the costs of any or all of the arbitration proceedings in so far as the arbitrators accounts are concerned, each party shall be responsible to pay one half the cost of the arbitration proceedings. Each party will cover their respective legal costs.
14. The parties represent and warrant to each other that the individuals whose signature appear below are duly authorized to bind their respective corporations to this Agreement.
15. This agreement shall enure to the benefit of and be binding on the parties and their

respective heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FORAN MINING CORPORATION

By: _____ and _____
Director Director

COPPER REEF MINES (1973) LIMITED.

By: *S. L. Masson* and *Marguerite Masson*
Stephen L. Masson – Director Marguerite Masson –
Director

M'ORE EXPLORATION SERVICES LTD.

S. L. Masson
Stephen L. Masson – President and Director

S. L. Masson
STEPHEN L. MASSON

B.B.S. AIRCRAFT INC

BRAD SUMMACH – President and Director

TERRY SUMMACH

MAY-23-2006 TUE 10:21 AM MAYER DEARMAN PELLIZZARO

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15. This agreement shall enure to the benefit of and be binding on the parties and their respective heirs, executors, administrators, successors and permitted assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FORAN MINING CORPORATION

By: _____ and _____
Director Director

COPPER REEF MINES (1973) LIMITED.

By: _____ and _____
Stephen L. Masson - Director Marguerite Masson -
Director

MORE EXPLORATION SERVICES LTD.

Stephen L. Masson - President and Director

STEPHEN L. MASSON

B.I.S. AIRCRAFT INC

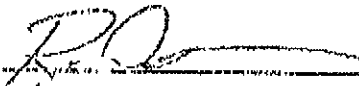


TERRY SUMMACH - President and Director



TERRY SUMMACH

FORAN MINING CORPORATION

By:  and _____
Director Director

COPPER REEF MINES (1973) LIMITED.

By: _____ and _____
Stephen L. Masson - Director Marguerite Masson - Director

MORE EXPLORATION SERVICES LTD.

Stephen L. Masson - President and Director

STEPHEN L. MASSON

B.I.S. AIRCRAFT INC

BRAD SUMMACH - President and Director

TERRY SUMMACH

**SCHEDULE "A"
THE PROPERTY**

Hanson Lake Project

<u>Property Number</u>	<u>Area (ha)</u>	<u>Date Recorded</u>
CBS 3692	350	20-Jun-89
CBS 3693	115	22-Feb-88
CBS 4900	1,773	14-Apr-77
CBS 6130	1,279	01-Dec-76
CBS 8160	250	14-Mar-88
CBS 9314	595	01-Dec-76
CBS 9315	1,170	01-Dec-76
CBS 9317	670	01-Dec-76
CBS 9318	500	01-Dec-76
S-95713	16	01-May-78
S-95714	16	01-May-78
S-95715	16	01-May-78
S-95716	16	01-May-78
S-95717	16	01-May-78
S-95718	16	01-May-78
S-95719	16	01-May-78
S-95720	16	01-May-78
S-95721	16	01-May-78
S-95722	16	01-May-78
S-95723	16	01-May-78
S-95724	16	01-May-78
S-95725	16	01-May-78
S-95726	16	01-May-78
S-95727	16	01-May-78
S-95728	16	01-May-78
S-95729	16	01-May-78
S-95730	16	01-May-78
S-95731	16	01-May-78
S-95732	16	01-May-78
S-95733	16	01-May-78
S-95734	16	01-May-78
S-95735	16	01-May-78
S-95736	16	01-May-78
S-95737	16	01-May-78
S-95738	16	01-May-78
S-95739	16	01-May-78
S-95740	16	01-May-78
S-95741	16	01-May-78
S-95742	16	01-May-78
S-95743	16	01-May-78
S-95744	16	01-May-78
S-95745	16	01-May-78
S-97903	16	12-Jun-90
S-98827	16	07-Apr-86
S-98878	16	07-Apr-86
S-100669	608	24-Apr-89
S-100671	100	19-Oct-89
S-101727	5,316	08-Jan-91

Effective.

18-Jan-05

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Schedule "B"