

# REA GROUP OF COMPANIES

REA GOLD CORPORATION • MIDLAND ENERGY CORPORATION • VERDSTONE GOLD CORPORATION

## Development & Exploration Properties



### REA GOLD CORPORATION EXPLORATION

- 1) Red Hill - Poly-Metallic
- 2) Mount Roach - Gold
- 3) Silver Boss - Multi Mineral
- 4) Tillicum Mountain - Multi Mineral
- 5) Casa Berardi - Poly-Metallic

### DEVELOPMENT

- A) Adams Lake  
Gold, Silver, Zinc, Lead, Copper
- B) CK Property  
Zinc, Lead, Silver (50% Verdstone)
- C) Bellavista/Montezuma  
Gold/Silver (owns 20% of Midland)



### MIDLAND ENERGY CORPORATION EXPLORATION

- 7) Greenwood - Gold/Silver
- 8) Hedley - Gold/Silver

### DEVELOPMENT

- C) Bellavista/Montezuma

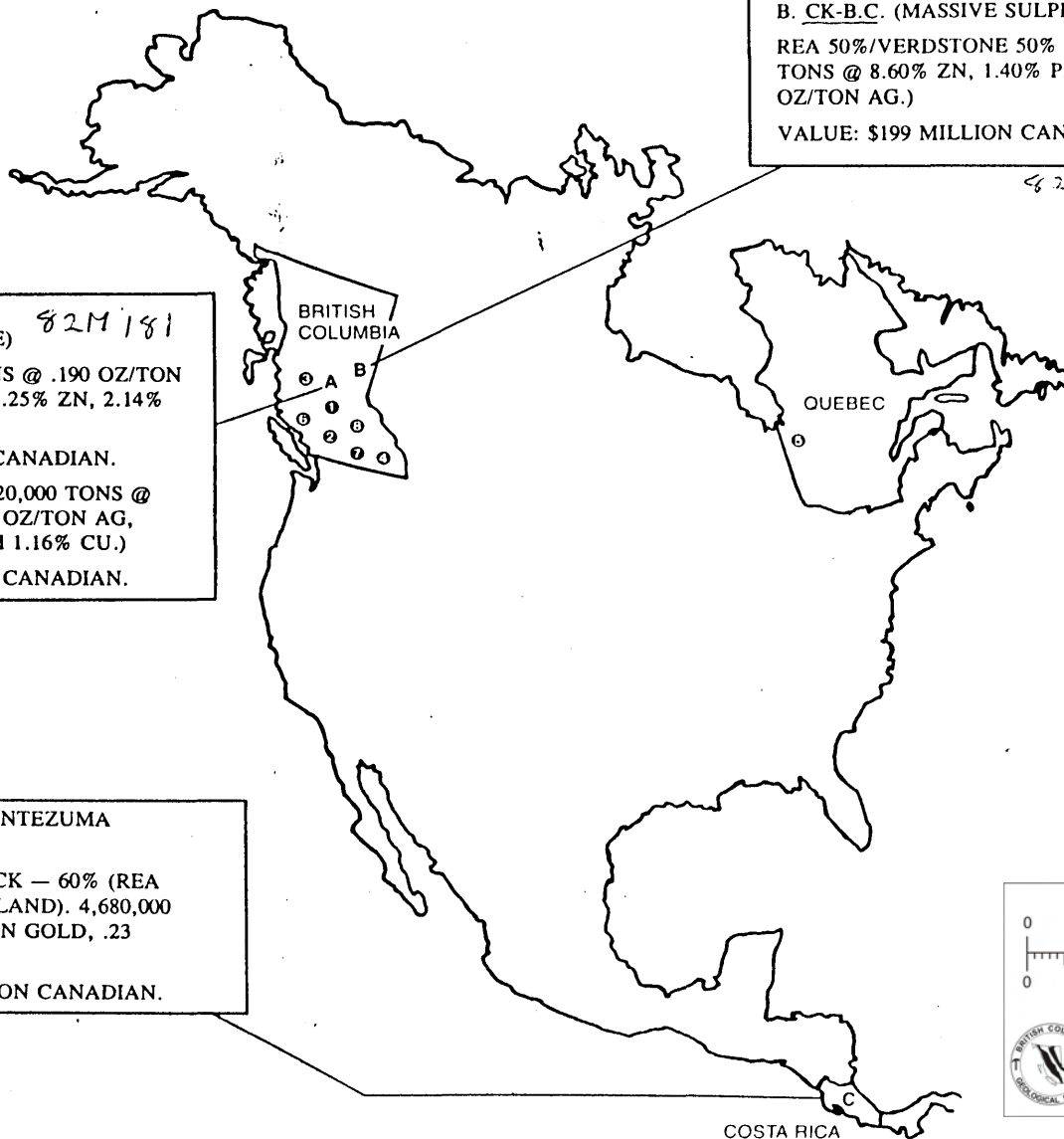


### VERDSTONE GOLD CORPORATION EXPLORATION

- 6) Bick Claims - Thurlow Island  
Gold/Silver

### DEVELOPMENT

- B) CK - Clearwater  
Zinc, Lead, Silver

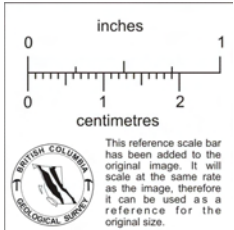


**A. ADAMS LAKE B.C. (MASSIVE SULPHIDE)** 82M 181  
 REA 100% (267,720 TONS @ .190 OZ/TON AU, 2.14 OZ/TON AG, 2.25% ZN, 2.14% PB and .57% CU.)  
 VALUE: \$46 MILLION CANADIAN.  
 REA 30%/CFC 70% (1,120,000 TONS @ .042 OZ/TON AU, 21.22 OZ/TON AG, 2.89% ZN, 3.20% PB and 1.16% CU.)  
 VALUE: \$284 MILLION CANADIAN.

**C. BELLAVISTA/MONTEZUMA COSTA RICA**  
 \*MIDLAND/RAYROCK — 60% (REA OWNS 20% OF MIDLAND). 4,680,000 TONS @ .145 OZ/TON GOLD, .23 OZ/TON AG.  
 VALUE: \$393 MILLION CANADIAN.

**B. CK-B.C. (MASSIVE SULPHIDE)**  
 REA 50%/VERDSTONE 50% (1,643,000 TONS @ 8.60% ZN, 1.40% PB, .25 OZ/TON AG.)  
 VALUE: \$199 MILLION CANADIAN.

82M 225  
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### Rea Gold Corporation

Issued Shares: 6,280,619  
 Ticker Symbols: REO.V, REO.T, NASDAQ-REOGF

**ADAMS LAKE** (6000 acre poly metallic property located 45 Km northeast of Kamloops, B.C.)  
 Rea has a 100% interest in the 20 acre discovery zone with Corporation Falconbridge Copper ("CFC") having a 10% carried interest after all paybacks to Rea. The discovery zone has drill proven reserves of 267,720 tons averaging:

Tons	Au oz./T	Ag oz./T	Zn%	Pb%	Cu%
267,720	.190	2.14	2.25	2.14	.57

Total metal value is in excess of \$46 million dollars Canadian.

The company has a 30% interest with CFC having a 70% interest in the balance of the property. Drilling over the past year has identified a significant body of mineralization known as the "Silver Zone" which has a strike length of 425 meters, a dip length of 200 meters and an average width of 3 meters. The deposit is open in all directions. Drill indicated potential ore reserves in the zone have been calculated by Rea to contain 1,120,000 tons averaging:

Tons	Au oz./T	Ag oz./T	Zn%	Pb%	Cu%
1,120,000	0.42	21.22	2.89	3.20	1.16

**CASA BERARDI, QUEBEC GOLD CAMP** (located 14 miles south of the Inca Golden Knight Ore body)  
 Rea has a 50/50 interest with Midland on the 1,100 acre Quebec Gold Property. The property contains a large electromagnetic high as well as two coincident 2 channel geophysical targets identified by aerial surveys.

**TILLICUM PROPERTY** (2,400 acre gold silver property located 13 miles south of Nakusp, B.C.)  
 Geophysical and geochemical work in 1984 identified scattered mineralization in several multi-metal anomalies.

### Verdstone Gold Corp.

Issued Shares: 1,603,500  
 Ticker Symbol: VGC.V

**CK PROPERTY** (50% Verdstone/50% Rea) Zinc, Lead and Silver property located 29 miles NE from Clearwater, B.C.

The 22,000 acre property contains 20 miles of mineralized strike length and is a stratabound Massive Sulphide property containing high grade zinc. Drill indicated reserves on the New Showing are:

Tons	Zn%	Pb%	Ag (oz/ton)
1,643,000	8.6	1.4	.25

Recent work on the property has identified three new zones along strike to the south with value ranging up to 25% zinc, 5% lead, and .50 oz./ton silver. Reserves as they are known have a metal value of \$199,000,000 Canadian at current prices.

**BICK CLAIMS - Thurlow Island** (This 100% owned Gold/Silver property is located at Shoal Bay, 40 miles northeast of Campbell River, B.C.)

The property is situated on a major shear zone which extends for a distance of 15 miles along which are located a large number of precious metal prospects and at least a potential for two producing mines, the Doratha Morton and Alexandra prospects. Banded quartz veins on the property range from a few inches to 35 feet wide and samples taken from the old dump have assayed from .06 to .90 oz./ton gold.

### Midland Energy Corporation

Issued Shares: 5,587,873  
 Ticker Symbol: MDY.V

**BELLAVISTA/MONTEZUMA** (Midland/Rayrock - 60%; Westlake - 40%)

This 19 square kilometer property is located approximately 80 miles northwest of Costa Rica's capital city of San Jose. Puntarenas, the country's major Pacific port, is 17 miles to the west by road. The property is named for its two separate deposits, Bellavista and Montezuma. Both are systems of gold-bearing quartz veins in altered andesite and andesite breccia. Ore reserves for the Bellavista/Montezuma have been calculated at 2,150,000 tons of drift-proven and probable ore grading .136 oz./ton gold and .23 oz./ton silver (80% of the reserves are in the open-pit category). Another 2,530,000 tons of .145 oz./ton ore has been inferred.

Total Tons	Au oz./T	Ag oz./T
4,680,000	.143	.23

Total metal content is 679,000 ozs of gold and 1,074,000 oz. of silver having a total value of \$393 million (Cdn) at current prices, ore value is \$60/U.S. per ton.

Feasibility studies have indicated proven recoveries of 96% in gold and 70% in silver.

For some time the property has been recognized as having considerable potential for the discovery of additional reserves and it is with this in mind that recent negotiations have been made with Rayrock Yellowknife Resources Inc. ("Rayrock") to enter into the existing joint-venture. An agreement between Rayrock & Midland has been reached whereby Rayrock can earn half of Midland's 60% interest by funding 100% of Midland's obligations at a cost of \$1.5 million.

In addition to Rayrock's earn-in rights, Rayrock has unconditionally agreed to purchase 530,303 shares of Midland at 66¢ per share by way of a private placement with a warrant to purchase an additional 530,303 shares at 76¢ per share for up to one year. This private placement is subject to a one year hold period.

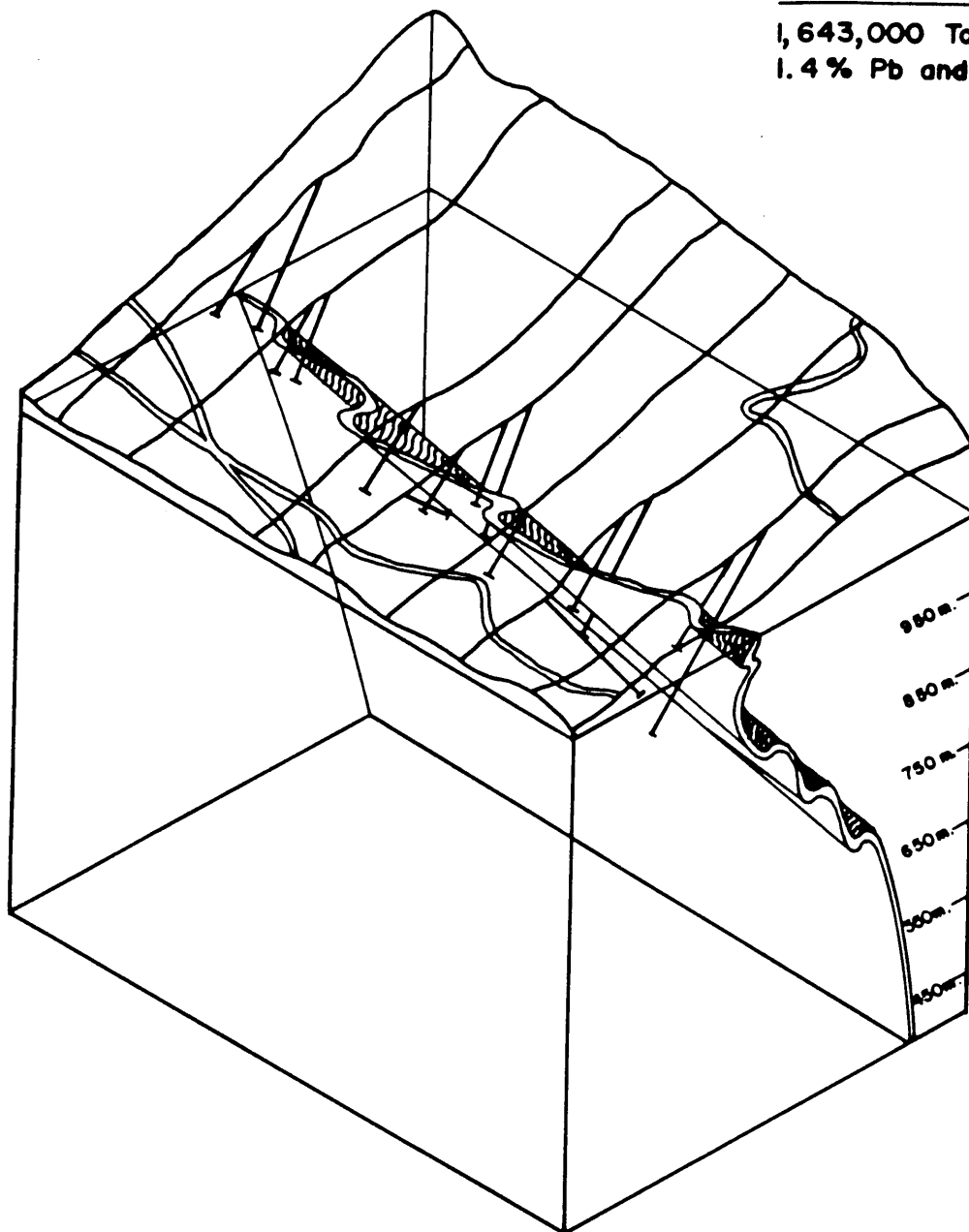
Rayrock has further option rights subject to regulatory and shareholders' approval to purchase Midland treasury shares at prices ranging from \$1.20 to \$1.70 per share over four years which, if exercised, will give Rayrock the majority interest in Midland for approximately \$9.5 million.

For further information please contact **LARRY W. REAUGH, President**  
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 Phone (604) 684-7527

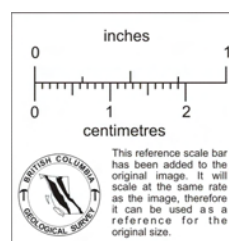
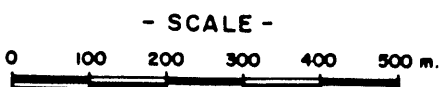
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**REA GOLD CORPORATION**  
**CK PROPERTY**

**REA 50% / VERDSTONE 50%**  
**1,643,000 Tons with 8.60% Zn**  
**1.4% Pb and 0.25 oz Ag/ton**



**Block Diagram Illustrating  
Massive Sulphide Layer**



VERDSTONE GOLD CORPORATION(VGC-V)

REA GOLD CORPORATION(REO-V,T;REOGF-Nadasq)

DRILL PROGRAM STARTED - J. Douglas Blanchflower, *GCNL*  
*82M137* consulting geologist and project manager, has reported that 14,000 feet of diamond drilling will start on the Rea Gold Corporation/Verdstone Gold Corporation (50%-50%) joint venture CK project, a massive sulphide property, some 27 miles NE of Clearwater, B.C., or 80 miles northeast of Kamloops and 30 miles north of the Rea Gold/Minnova discovery.

Eighty kilometers of linecutting, I.P. survey and soil geochemistry have now been completed and diamond drilling will follow up on the Main Boulder area, New Showing and Southern Extension previous drilled which assayed as follows:

Hole No.	Interval Meters	True Width Meters Feet	Assay Results		
			Zinc%	Lead%	OzSilver/T
87-6	78.4-86.2	7.80 (25'7")	16.10	2.80	N/A
87-10	69.4-77.0	7.60 (24'11")	12.21	2.49	.24

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The 22,000-acre property contains in excess of 30 kilometers of mineralized strike length with the massive sulphide exposed at surface in several locations.

The joint venture has estimated the property contains a drill indicated tonnage of 1,643,000 tons grading 8.6% zinc, 1.4% lead and 0.25 oz/ton silver and is open along strike and down dip.