

005070

Financing:

The Company recently raised \$4,750,000 (net) through a private placement of 1,000,000 units consisting of one common share plus one share purchase warrant. The funds from this private placement together with exercise of the warrants will be more than sufficient to cover Rea Gold's share of the capital costs required to place the mine into production.

In addition, the Company recently raised an additional \$2.8 million by the issue of 284,000 flow through shares. These funds will be used for exploration on some of the Company's other mining properties.

Exploration Properties:

As indicated above, Rea Gold has recently raised approximately \$2.8 million from the sale of flow through shares. Some of this money will be spent on the Samatosum (Adam Lake) property in an attempt to find additional zones of secondary enrichment and the balance will be spent on the following exploration properties:

CK Claims

Rea Gold owns a 50% interest in this zinc-lead-silver property located 29 miles northeast of Clearwater, B.C. Exploration work by previous owners had indicated 1,643,000 tons averaging 8.6% zinc, 1.4% lead and 0.25 ounces silver per ton. Two holes drilled earlier this year intersected 25 feet averaging 16.1% zinc and 2.8% lead and 12 feet averaging 12.2% zinc and 2.5% lead. A fourteen thousand foot diamond drilling program has commenced on this property.

DMW Platinum Claims:

Rea owns a 50% interest in nine mineral claims located in the Similkamean area of British Columbia. The area is known for its platinum occurrences. A program of mapping and geological surveying is underway. If warranted a follow-up program of trenching and diamond drilling will be done.

East Thurlow Island Claims:

Rea Gold can earn a 50% interest in its nine claims gold property, located in the Vancouver Mining Division, B.C. by spending \$200,000 on exploration before December 31, 1988. Previous exploration during the 1930's had indicated the existence of a quartz-pyrite vein with gold values, varying in width from a few centimetres to 6 metres.

Rea Gold Corporation

Recommendation:	BUY
Current Price:	\$ 7.00
Price Target:	\$12.00
TSE Symbol:	REO

Highlights:

- The shares of this emerging silver producer are significantly undervalued relative to other TSE listed silver producers.
- Rea Gold's Samatosum mine will be the lowest cost silver producer in North America when production begins in late 1988 or early 1989.
- The Company is well financed and has sufficient funds on hand to cover its share of capital costs and also to carry on with aggressive exploration programs.
- Our upside price target over the next twelve months is \$12.00.

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