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CAN AMERICA PRECIOUS METALS INC.

SUITE 2100, FIRST CANADIAN CENTRE
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(STOCK SYMBOL "CVM", ALBERTA (CALGARY) STOCK EXCHANGE)

NEWS RELEASE

Dear Shareholder:

March 9, 1987

KECHIKA RIVER RARE EARTHS PROJECT

CanAmerica Precious Metals Inc. has optioned a 50% interest in a rare earths property in northern British Columbia from an independent, Vancouver-based prospecting syndicate. The agreement calls for payments of \$85,000 over five years plus the release, in stages, of 400,000 CanAmerica shares, subject to regulatory authority approval. The other 50% of the property is owned by Golden Rule Resources Ltd. CanAmerica and Golden Rule have agreed, in principle, to explore the property on a joint venture basis, with CanAmerica issuing 200,000 shares to Golden Rule in lieu of "catch-up" funding, subject to regulatory authority approval. CanAmerica will operate the project, with equal funding provided by the joint venture participants.

The property consists of 351 claim units, totalling approximately 21,700 acres (8775 hectares) located in the Kechika River area of northern British Columbia (see attached map). Large rare earth-bearing carbonatite masses, alkalic intrusives, and related diatreme breccias outcrop along a 15 mile long mineralized trend. To date, reconnaissance mapping and sampling have been carried out over approximately one-third of the claim block, with more detailed, grid-controlled work done in four selected areas along the mineralized trend. The largest rare earth-enriched carbonatite mass so far identified is a sill-like body more than 5 kilometres long, several hundred metres in thickness, and open along strike in both directions.

High rare earth metals values ranging up to \$2,400.00 per ton occur in one section of the carbonatite body which has been mapped and sampled in some detail over a zone 300 metres wide by 1,000 metres long. The values occur in shears, fluorite stringer zones and stockworks, and disseminated as accessory minerals in the carbonatite. The average value of "high grade" samples collected during 1986 is approximately \$1,006.00 per ton (Molycorp prices for rare earth oxides, January, 1987, converted to Canadian dollars). "Low grade" samples run in the \$17/ton to \$50/ton range. Elsewhere on the property, rare earths values range up to several hundred dollars per ton in fluorite-bearing shears, stockworks, and diatreme breccias.

The gross chemistry of the Kechika River carbonatite bodies is similar to that of Molycorp's Mountain Pass mine in San Bernardino County, southern California, which contains the largest known reserves of any rare earths deposit in the western world. The Mountain Pass deposit contains values primarily in the Cerium or "light" subgroup of rare earth elements; the Kechika River carbonatites contain values in both the Cerium and Yttrium or "heavy" subgroups of rare earths elements. Europium values of up to

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\$336/ton are present, as well as Terbium values of up to \$163/ton, Thulium values of up to \$136/ton, and Yttrium values of up to \$901/ton, illustrating the relative enrichment of the Kechika River carbonatites in "heavy" rare earth metals.

Although it is only possible to speculate about tonnage potential with the limited data in hand, this data suggests that there are two areas presently known on the property, which could have open pit potential. Considerably more work will be required to substantiate this. Notwithstanding the early stage of exploration at the property, the Kechika River carbonatites constitute the best rare earths prospect in British Columbia known to the company's management, in terms of size, grades, values in both light and heavy rare earths elements, the extent of exposure, and relative ease of exploration. A number of other documented rare earths occurrences are smaller in size or more difficult to explore owing to complex structure or extensive overburden, or have dimensions which would probably rule out economic mining. (Cominco's large zoned carbonatite body, known as the Aley deposit, has values mainly in niobium and tantalum.)

The acquisition of the Kechika River rare earths property is the company's first major diversification from precious metals. Steadily expanding rare earth metals markets, projected at a 3% annual increase, and increasing numbers of applications for these metals, particularly in exotic alloys, electronics, and "high tech" uses, indicates an excellent long term economic potential for the project.

During 1987, CanAmerica will complete first pass mapping and sampling of the balance of the property. Zones of high rare earths values already identified will be trenched and bulk sampled to define targets for a drilling program which could be scheduled for the latter part of the season. The company will report on further developments as exploration progresses.



MICHAEL FOX,
President

