

## VANCOUVER ISLAND

## The Pot Begins To Boil

Prospectors, geologists, junior mining companies and several majors have turned Vancouver Island into one of Western Canada's busiest exploration sites. A number of fall/winter programs are currently underway...reaching levels of exploration activity rarely seen on this quiet picturesque island just a short ferry ride from Vancouver, B.C.

The primary focus of current exploration activity is a banana-shaped zone running through the mountains from Duncan to Port Alberni called the Sicker Volcanic Belt. The search is for volcanogenic polymetallic massive sulphides - simply put - mineral deposits containing several metals - gold, silver, zinc, lead and copper.

The mineralization of the Sicker Volcanic Belt is very similar to the mineralization found at Buttle Lake, near Campbell River - the area which hosts Westmin Resources' Lynx and Myra Mines that have been producing for over 20 years. Activity in this general area heated up since the announcement in 1979 of Westmin's new H-W deposit with reserves of 15,232,000 tons grading 5.3% Zn, 2.2% Cu, 0.07 oz Au/ton, 1.1 oz. Ag/ton, 0.3% Pb. After discovering the H-W orebody, Westmin spent \$250 million developing the mine and installing a 3,000 tpd milling complex.

Recent activity was spurred by the December 1984 discovery of a new massive sulphide zone by Abermin Resources on their Lara Property. The zone, known as the Coronation, has been traced for more than 1,300 feet and has an average width of 6.4 metres and grades of 1.71 g./tonne Au, 38.4 g./tonne Ag, 1.98% Zn, 0.44% Cu and 0.36% Pb.

Currently a few majors and a whole host of juniors are active in the area. Falconbridge has been working steadily since 1983 and is currently finishing a drill program. The company is "encouraged" by results to date and expects to be back in the area in 1987.

## LARAMIDE RESOURCES LTD

Laramide Resources Ltd. operated for five years as a private British Columbia mineral exploration company before completing its first public financing during 1986. The company, now listed on the Vancouver Stock Exchange, has interests in five active mineral exploration projects with an emphasis on precious metals. The star asset in the company's holdings is a 35% interest in the Lara project - a gold-rich base metal deposit located near the town of Duncan on southern Vancouver Island.

Laramide acquired the Lara property by staking in 1981 based on the recommendation of geologist Gary Belik. At this time there were no known mineral occurrences in the area; however, it was underlain by a favourable rhyolite formation of the Sicker volcanic group which was largely covered by glacial drift. After carrying out some preliminary geological work, Laramide entered into an exploration agreement with Abermin Corporation in 1982. In late 1984, after spending \$5 million on exploration work, Abermin (the project operator) discovered, by drilling, important gold and silver-rich copper-lead-zinc mineralization.

Since that time more than 46,000 feet of diamond drilling has been completed indicating steadily improving economic potential for a commercial ore reserve.

In 1985, after Abermin had spent \$900,000 on the Lara property, Laramide elected to participate in the project by funding a 35% interest in on-going costs. Laramide made this election rather than choosing a 20% interest carried to a production decision because of the exceptional

geological potential for developing large tonnages of gold and silver-rich base metal ore. This potential is enhanced by the location of the property which will allow for low cost mining operations.

The first phase of the 1986 drill program concentrated on exploring in reconnaissance fashion along strike and in parallel zones rather than detailing the limits of known mineralized zones. Twenty-two drill intersections defined several potential ore bodies. The average grade of the 22 intersections is .75% Cu, 1.0% Pb, 4.5% Zn, 2.8 opt Ag and .12 opt Au. But what really generated the excitement was the fact that high-grade material was exposed in a pit at surface for the first time in August, 1986. The pit is located on the Coronation Zone where massive sulphides in the bottom of the pit average 3.04% Cu, 8.30% Pb, 43.01 Zn, 14.98 opt Ag, .72 Au across a width of 11.5 feet....significantly higher grade than any drill holes.

Laramide is currently underway with the Phase II program which has 15,000 feet planned. Work will be concentrated on the Coronation and Coronation Extension Zones with some exploratory drilling directed towards new geophysical and geological targets on the property. Laramide's trading symbol on the Vancouver Stock Exchange is LAM.

## NEXUS/WESTMIN DRILL PROGRAM UNDERWAY

Nexus Resources Corporation has been granted an option to earn a 50% participating interest in Westmin Resources Limited's Debbie Property by funding \$950,000 in exploration expenses by February 1988. The 1986 program, which will cost \$461,000 is now in progress and will include 5000 feet of diamond drilling.

The Debbie Property is comprised of 232 claim units located 10 km east of Port Alberni, B.C. The property covers a favourable belt of Myra Formation volcanic rocks of the Sicker Group, the formation which hosts Westmin's mines at Buttle Lake 80 km to the northwest.

Five target areas which warrant drilling are being explored in the current program: The upper Mineral Creek zone - 150 m north of, and on strike with, the old Vancouver Island Gold Mine, the BIF - located 1300 m southwest, The China Creek anomaly located 1900 m south of the upper Mineral Creek zone, The Regina working - 500 m south of the China Creek anomaly and the Yellow Creek zone located 1600 m north of the upper Mineral Creek zone.

Nexus Resources Corporation trades on the Vancouver Stock Exchange; trading symbol NXS.

## Mascot On Target



Mascot's Nickel Plate Mine, expending an estimated \$68 million, is due for completion in the summer of 1987.

Mascot Gold Mines Limited, the exploration arm of the International Corona Resources group of companies and a subsidiary of Royex Gold Mining, is progressing on schedule for the July 1987 start-up of its Nickel Plate open pit gold project near Hedley, B.C.

It's an important project for British Columbia where the traditional base metal industry had been especially hard hit. In recent years, the province's exploration and mining industry has been revived by Gold Fever. The production decision of Mascot Gold Mines, along with others in the province has been fueled by the availability of flow through share financing and strong and steady precious metals prices.

Mascot will be expending an estimated \$68 million to bring the project to full production. These funds were provided through a \$70 million loan agreement with the Canadian Imperial Bank of Commerce to be repaid during the years of the mine's operation. A portion of this financing has recently been converted into a gold loan.

In full production, the new mine will employ up to 150 persons on a permanent basis bringing economic renewal to the Similkameen and Okanagan regions of British Columbia. The mine project is located near the top of a mountain at elevations from 5,100 to 6,000 feet, some two and a half miles north of Hedley.

Mascot acquired the Nickel Plate property in 1971 and conducted exploration as funds became available. In the 1984-85 seasons, when exploration was stimulated by the use of flow-through funds, the widespread nature of the mineralization became apparent. With impressive results in hand, Mascot sought and received approval to develop a surface mine at a daily rate of 2,700 short tons in a continuous year round operation.

Initial gold output at Nickel Plate is estimated to be in the order of 130,000 ounces. Open pit reserves stand at 7.1 million tons at an average grade of 0.15 oz. gold per ton...enough for eight years production at full capacity. Those known reserves will yield about 900,000 oz. of gold at an estimated average cost over the 8-year period of about \$120 (U.S.) per ounce.

Site work began in April of 1986 and logging, clearing and grubbing of the tailings storage and millsite areas were rapidly completed. Improvements were made to the access roads and Mascot recently reported the tailings dam on the project is complete and the new power supply is in place on the property.

Mascot Gold Mines is listed on the Toronto and Vancouver Stock Exchanges. The company also has other significant interests in Canada and the United States.

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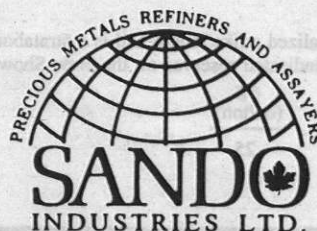
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# REA GROUP OF COMPANIES

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

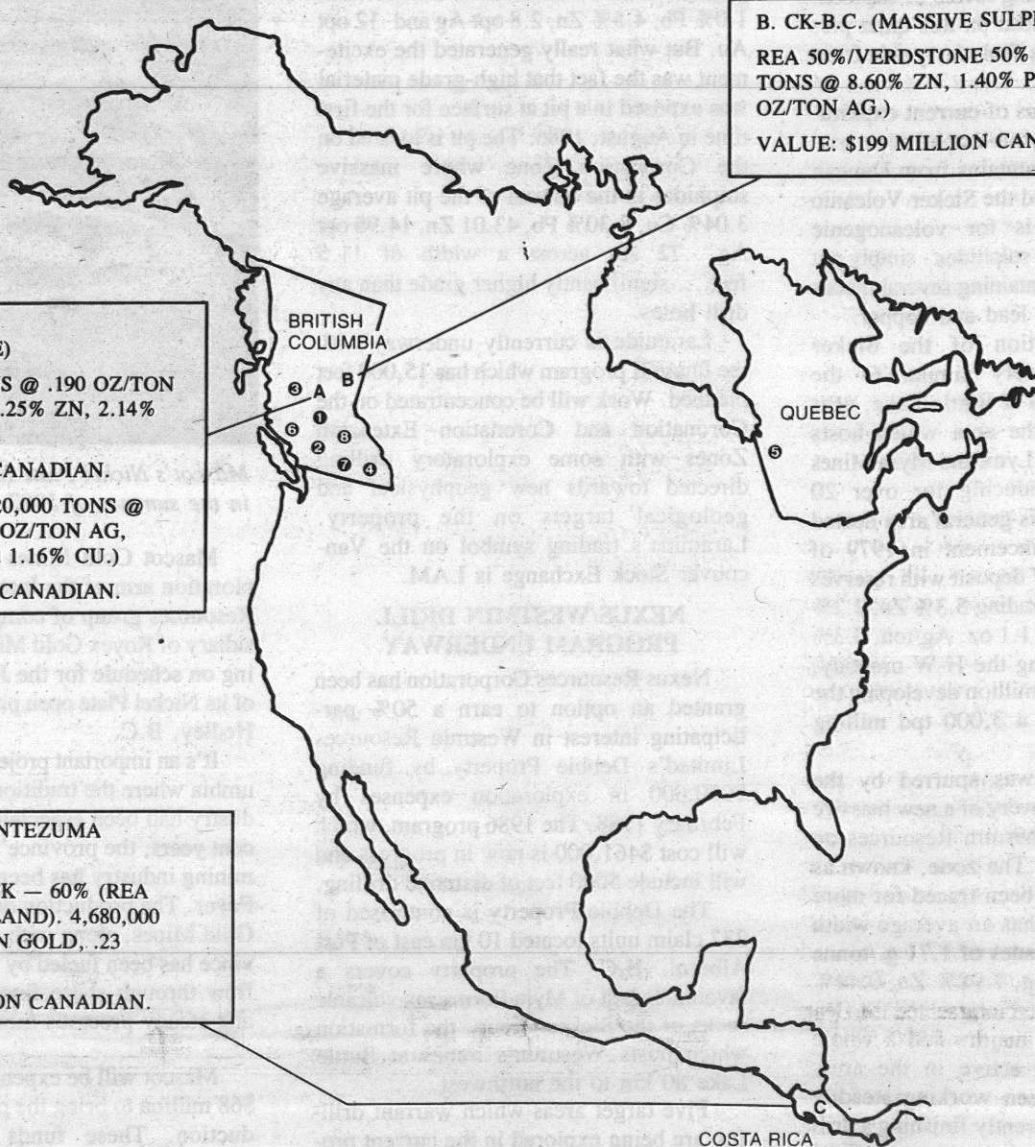


### VERDSTONE GOLD CORPORATION EXPLORATION

- 6) Bick Claims - Thurlow Island  
Gold/Silver

### DEVELOPMENT

- B) CK - Clearwater  
Zinc, Lead, Silver



**A. ADAMS LAKE B.C. (MASSIVE SULPHIDE)**  
 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.

**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.

**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.

### 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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