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MINNOVA Inc.
SAMATOSUM JOINT VENTURE
1990 BUDGET PROPOSAL
VICTORY OPTION

MINNOVA INC. / REA GOLD CORP.
SAMATOSUM JOINT VENTURE
1990 EXPLORATION PROGRAM ON
THE VICTORY OPTION
REVISED PROPOSAL

BUDGET: \$110,000 (Minnova 70%, Rea Gold 30%)

OBJECTIVES:

To continue to explore the northwest strike continuation of the Sam stratigraphy across the Victory property.

1989 EXPLORATION SUMMARY:

Exploration in 1989 included drilling (942m), trenching, mapping and sampling in the area adjacent to the Samatosum property boundary. This work was continually hampered by thick overburden and, as a result, much reliance was put on the drilling of geophysical conductors established in 1988.

Overall, the results were rather disappointing. The south west corner of the Victory claim is underlain by sediments, often limey, with a minor volcanic component. This is probably correlative with stratigraphy found north of the Samatosum deposit, closer to the Tshinikan limestone. Alternatively, a considerable facies change takes place near the Sam/Victory claim boundary. Either way, no significant mineralization or alteration was intersected and the likelihood of another Sam in the immediate area of the 1989 work seems slim.

Never-the-less, the Victory property remains of considerable strategic value because of its proximity to mill and mine. Before it can be comfortably dropped it is essential that the remaining 80% or so of the property be explored. With this in mind a reconnaissance mapping and sampling program was started in the fall of 1989. This program led to the discovery of an area of sericite-carbonate alteration towards the north end of the property. A 22 kilometre grid was established to cover the altered area, at which point snow terminated exploration for the year.

PROPOSED 1990 PROGRAM:

The commitments on the property in 1990 include having to have spent a total of at least \$200,000 on exploration (ie. excluding option payments) by December 2nd, 1990 (to November 30th, 1989 direct expenditures total \$111,000). In addition, an option payment of \$20,000 is due by May 1st, 1990 and any notice of termination must be given by June 1st, 1990 in order that Pacific Minesearch may have time to complete commitments of an underlying agreement.

In light of the above, the following program is proposed:

PHASE 1

January - March

- continued compilation of 1989 data
- filing of required assessment reports

April - May

- mapping, litho and soil sampling of newly established grid
- mag/VLF or Max Min II survey depending on evaluation of overburden thickness
- make May 1st option payment

May 30th

- decision on continuation or termination

PHASE 2

June - September (assuming continuation)

- drill testing of targets generated

October - December

- assessment filing
- results evaluation

The cost of the above phase 1 is estimated to be \$35,000 plus the \$20,000 option payment. Phase 2, if necessary, will be a further \$55,000. Details are attached.

Should the decision be made to drop our option on the Victory property after Phase 1 I would recommend that the balance of the budget be used by the JV to acquire and begin to explore the adjacent Cana property. If our interpretation of the Victory stratigraphy is correct (that it is structurally higher than Sam) then the Sam equivalents should underlie Cana.

PROJECT BUDGET FORECAST

1990

PROJECT NAME: **Victory**

PROJECT NO. **241**

GEOLOGY

Salaries	\$12,000		
Travel Expenses	\$1,000		
Contract Payments	\$0		
Field Expenses	\$1,000		
Analyses	\$500	\$14,500	13%

GEOPHYSICS

Mag/VLF or MaxMin
22km @ \$200

Salaries	\$0		
Travel Expenses	\$0		
Contract Payments	\$4,400		
Field Expenses	\$0	\$4,400	4%

GEOCHEMISTRY

880 soils @ \$11
150 lithos @ \$24

Salaries	\$4,000		
Travel Expenses	\$250		
Contract Payments	\$0		
Field Expenses	\$1,500		
Analyses	\$12,400	\$18,150	17%

DRILLING

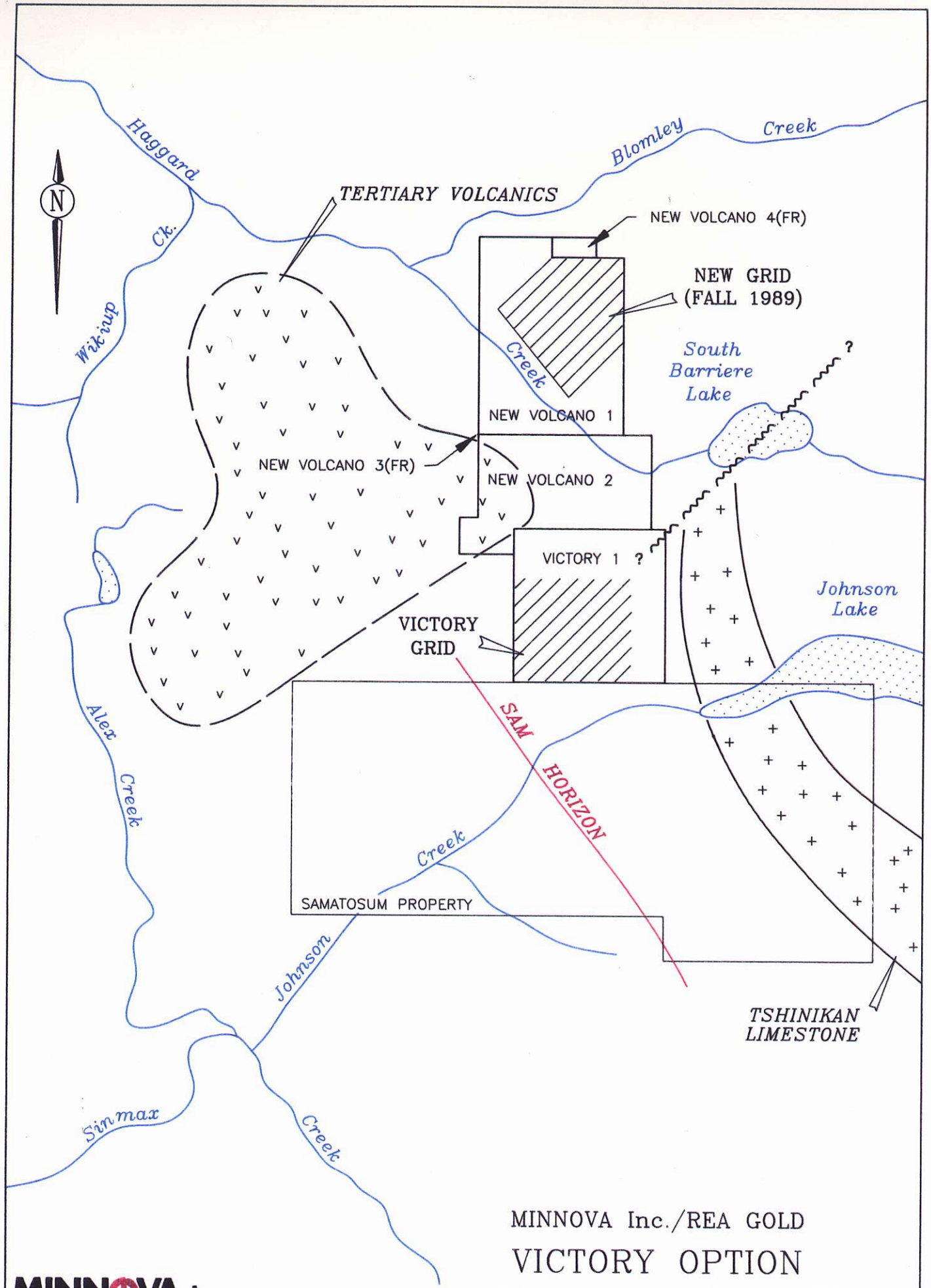
600m @ \$60

Salaries	\$6,500		
Travel Expenses	\$250		
Contract Payments	\$36,000		
Field Expenses	\$700		
Analyses	\$1,500	\$44,950	41%

<i>Line Cutting</i>	\$0		0%
<i>Trenching</i>	\$5,000		5%
<i>Hotels and Meals</i>	\$3,000		3%
<i>Option Payments</i>	\$20,000		18%
<i>Property Maintenance</i>	\$0		0%
<i>Other</i>	\$0		0%

TOTAL EXPENDITURES	\$110,000		
ADMINISTRATION (10%)	\$11,000		
GRAND TOTAL	<u>\$121,000</u>		
*REA GOLD SHARE (30%)	<u>\$36,300</u>		

*Phase 1 share = \$18150



MINNOVA Inc./REA GOLD
VICTORY OPTION

IDP/sg

DECEMBER 1989

MINNOVA INC.

DATE: April 19, 1990
TO: I. Pirie, D. Heberlein
COPIES TO:
FROM: T. Clarke
SUBJECT: Victory - New Volcano Work Proposal for
April/May, 1990

Phase 1 work on the Victory - New Volcano property must be completed and evaluated before May 31, 1990. Proposed fieldwork on the property will focus on the 22km grid cut on the New Volcano claims in December of 1989; details are as follows:

Geological mapping - The entire grid should be mapped at a scale of 1:2500, paying particular attention to the area of sericite-carbonate alteration identified during reconnaissance mapping. Grid geology should also be plotted on a more regional scale (eg. 1:20,000) to evaluate its position with respect to Sam stratigraphy.

Lithogeochemical sampling - This will serve to better define rock and alteration types. Sampling should be more detailed across altered zones.

Soil sampling - The entire grid should be soil sampled at 25m intervals. A 30 element ICP analysis (does not include Au) is recommended for all samples.

Max-Min survey - The entire grid should be Max-Min surveyed.

As some recent logging over the grid area has been reported, parts of the grid may be absent. For this reason, the proposed Max-Min survey should commence at least 10 days after the start of mapping and soil sampling, in case lines or parts of lines require re-flagging.

All results of the proposed work should be available no later than May 24; a decision on the continuation or termination of the option is due on May 30, 1990.

**BUDGET FOR PROPOSED VICTORY - NEW VOLCANO
PHASE 1 WORK
APRIL/MAY, 1990**

Wages:

Geologist - 15 days mapping @ \$300/day	\$4500
- 5 days interp. @ \$300/day	\$1500
Assistant - 15 days @ \$150/day	\$2250
Soil samplers - 18 man-days @ \$150/day	\$2700

Sample analysis:

Soil - 880 samples @ \$13.00 per sample	\$11440
Litho - 150 samples @ \$25.00 per sample	\$3600

Geophysics: (Max-Min survey)

22km @ \$200 per km	\$4400
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Food & Accomodation:

35 man-days @ \$30.00 per day	\$1050
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Truck rental:

20 days @ \$50.00/day	\$1000
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**Miscellaneous: (sample bags, telephone/fax
potential rush orders, etc.)**

	\$3000
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TOTAL = \$35,440