

DATE: March 21, 1990
A TO: A. J. Davidson
COPIES A TO: D. H. Watkins
DE FROM: I. D. Pirie, D. Heberlein
SUJET SUBJECT: Cana Property Submittal

As anticipated, the Cana property has been submitted to us by Shamrock Resources Ltd., a subsidiary of Mingold. They have had it returned to them by Homestake who have no residual interest.

Dave and I reviewed the available data. There is little doubt that the southern portion of the claim group is underlain by Sam-type sediments complete with strong Sam-style sericitic alteration. The northern part is Tertiary covered. Drilling to date has left approximately 700 m of strike of completely untested favourable stratigraphy and has tested the shallow potential (<150 m) only of an additional 700 m. Some base metal values, abundant pyrite, but little precious metal joy has been obtained.

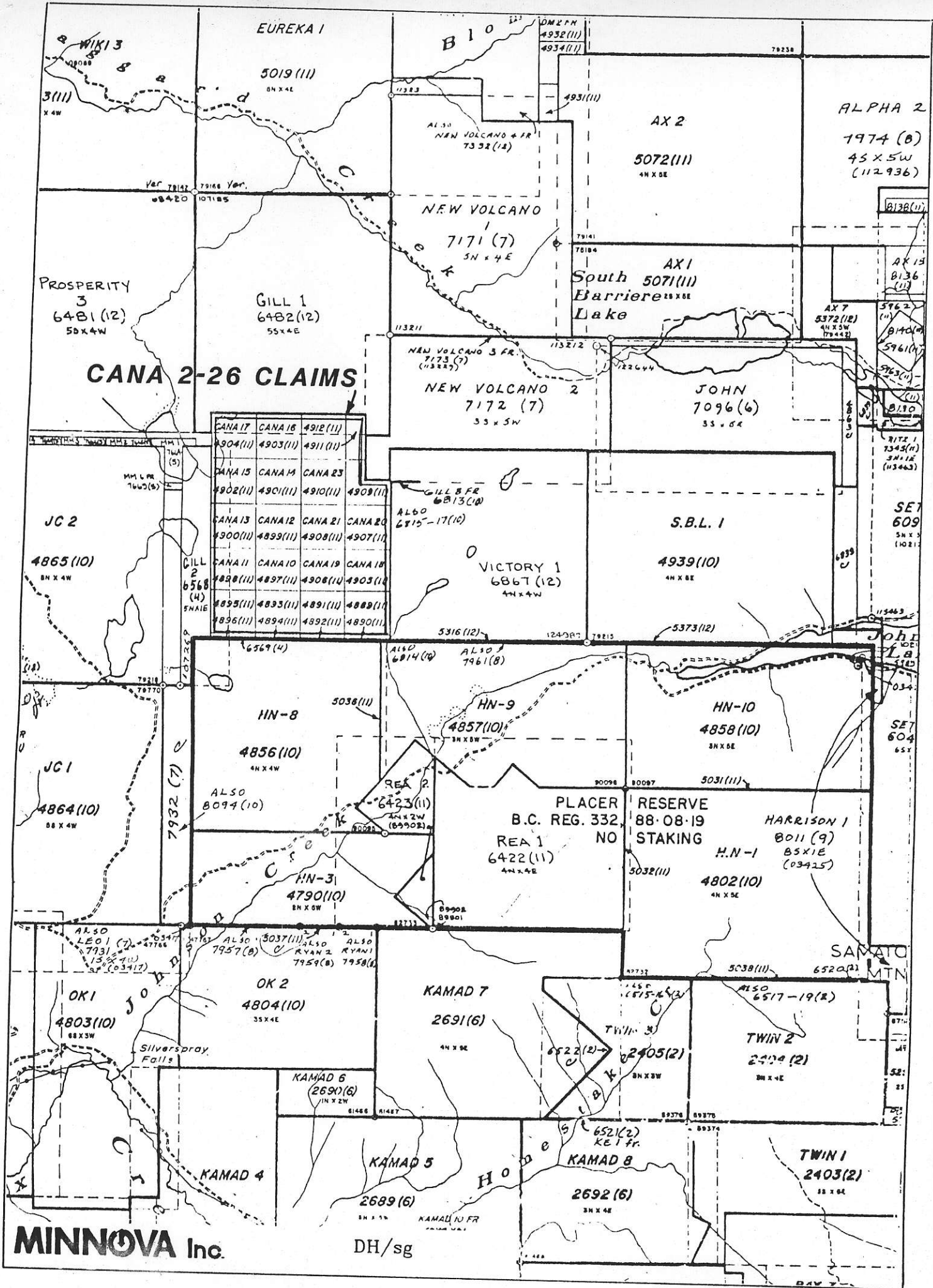
We estimate that about 3000 m of drilling could effectively test the remaining shallow potential and allow for 2 or 3 deeper tests (\approx 300 m).

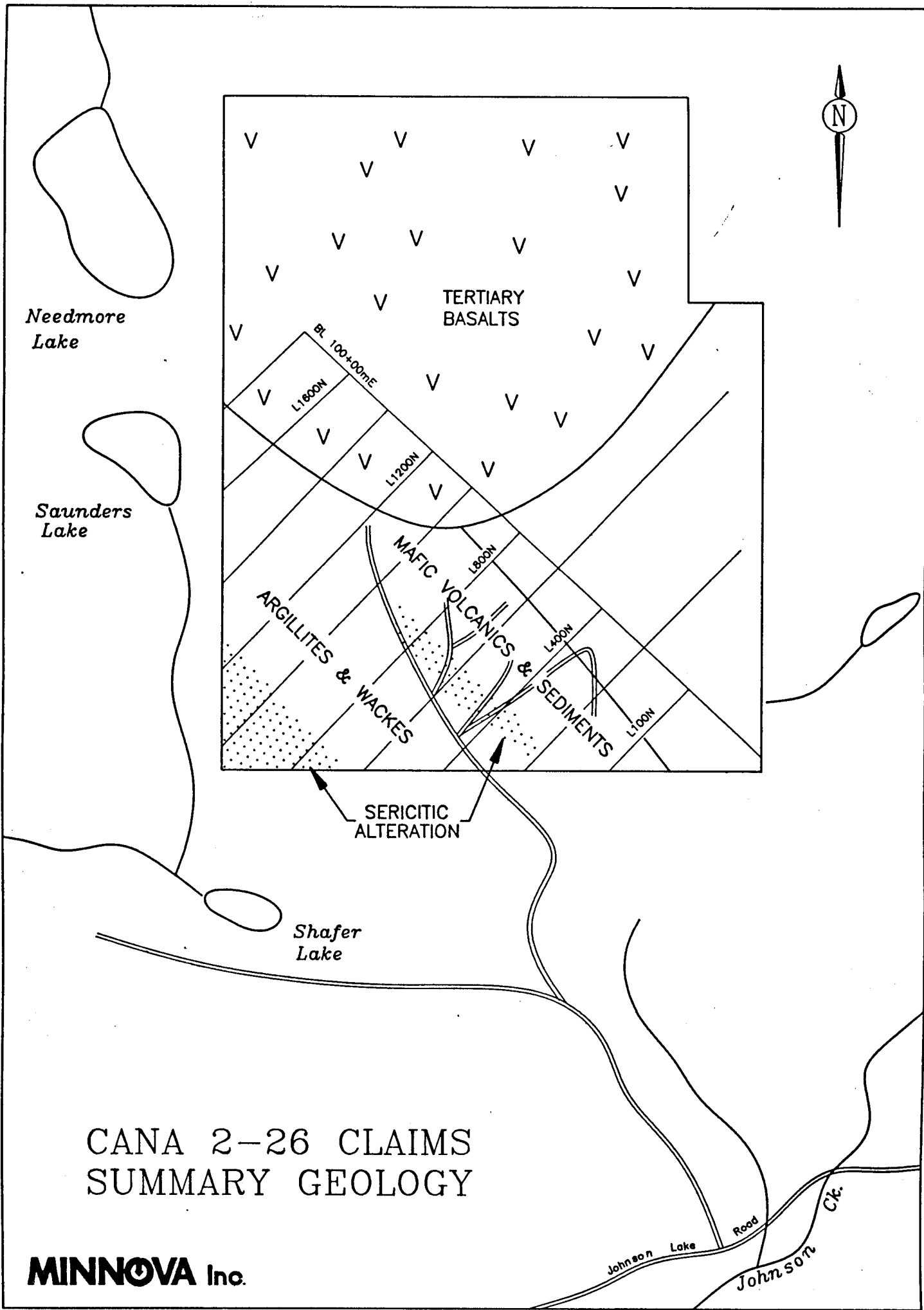
I strongly recommend that we pick up the property as part of the Samatosum Exploration JV. I feel that a fairly easy deal is possible and suggest an offer of \$500,000 over 3-4 years to earn 70%. Funding for this year can come from Victory and Sam without any extra required from Rea Gold, or we can use Algo, SBS etc. and request additional funds from Rea.

The timing is perfect for this deal. It will be a natural extension of 1990 work planned for Sam and will allow us to pick up the ground before the price goes up when we find a new orebody on the northern part of Sam this year.

CANA 2-26 CLAIMS

CANA 17 4904(11)	CANA 16 4903(11)	4912(11) 4911(11)
CANA 15 4902(11)	CANA 14 4901(11)	CANA 23 4910(11)
CANA 13 4900(11)	CANA 12 4899(11)	CANA 21 4908(11)
CANA 11 4898(11)	CANA 10 4897(11)	CANA 19 4908(11)
4895(11)	4893(11)	4891(11)
4896(11)	4894(11)	4892(11)





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SERICITIC
ALTERATION

CANA 2-26 CLAIMS
SUMMARY GEOLOGY

MINNOVA Inc.