

MINNOVA

January 23rd, 1991

824490

Minnova Inc.
Mining Innovation
3rd. Floor
311 Water Street
Vancouver, British Columbia
V6B 1B8
Telephone (604) 681-3771
Telecopier (604) 681-3360

Rea Gold Corporation
999 Canada Place
Suite 536
Vancouver, B.C.
V6C 3E1

Attention: Larry Reaugh

Dear Larry:

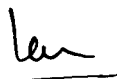
Re: Work Done in 1990 on Cana/Blom

Attached is a copy of the summary report prepared for Shamrock to fulfill the requirements of the Cana/Blom option agreement for your records. We reviewed this work with you at our October meeting.

Some work remains to be done on Cana to follow up the intersection in hole #6 last year. In addition we are committed to drilling at least one hole on Blom and some ground work is required to develop that target. If no additional targets are indicated by that drilling I can't see us spending more than \$100,000 this year. However, a proper budget is in prep and will be presented to you in due course.

Please call if I can provide you with any further information.

Yours truly,



Ian D. Pirie
District Geologist

MINNOVA

January 23rd, 1991

Shamrock Resources Inc.
405-470 Granville Street
Vancouver, B.C.
V6C 1V5

Minnova Inc.
Mining Innovation
3rd. Floor
311 Water Street
Vancouver, British Columbia
V6B 1B8
Telephone (604) 681-3771
Telecopier (604) 681-3360

Attn. Ulli Rath

Dear Ulli:

Re: Cana and Blom properties; Update to Dec 31,1990

Minnova is pleased to bring you up to date on work completed on the Cana and Blom properties, under option from Shamrock since late July, 1990.

1990 PROGRAM

| | | |
|------------------|---|--|
| Diamond Drilling | - | 1715.6 metres, all on Cana |
| Geology | - | Re-logging of Esso/Homestake drill core, with data entered into existing Sam database. |

RESULTS

A total of six diamond drill holes were completed in 1990, three on the Rea Horizon and three on the Sam Horizon. Since stepout drilling on the favourable horizons on the Sam Mine property had recently been completed to the southern Cana property boundary, identification of the Rea Horizon was possible. It was determined that previous drill holes had stopped short of the target and some 350 m of strike length remained untested. The three holes drilled on the Rea Horizon in 1990, at 100m spacings, intersected the target stratigraphy but unfortunately discovered only minor disseminated pyrite.

Prior to drilling on the Sam Horizon core previously drilled was examined and was found to have intersected highly contorted and fault brecciated Sam Sediments containing at least two repetitions of the favourable horizon. The previous operators had left a 500m x 500m x 500m triangular portion of ground untested adjacent to the southern property border. Three holes were drilled here, which revealed the presence of a major, wide, NE trending fault zone, responsible for intense brecciation and clay alteration of the surrounding rocks. The best mineralization encountered was from a thin tetrahedrite/sphalerite-bearing quartz veinlet hosted by a wide pyritic chert clast conglomerate. The veinlet returned an assay of 348 g/T Ag over 10 cm. Similar mineralization has also been encountered 600 m to the southeast on the mine property. The shape of this mineralized quartz stringer system remains to be determined, as does its depth extent, so additional drilling is planned for 1991.

Work on Blom was restricted to evaluation of existing data and ground checking of anomalies. Severe reservations exist concerning the validity of previously defined geophysical anomalies. As a result, an extension of 6 months was sought and granted on the commitment to drill the property. This will allow Minnova to carry out further geophysics and/or geochemistry to define valid targets.

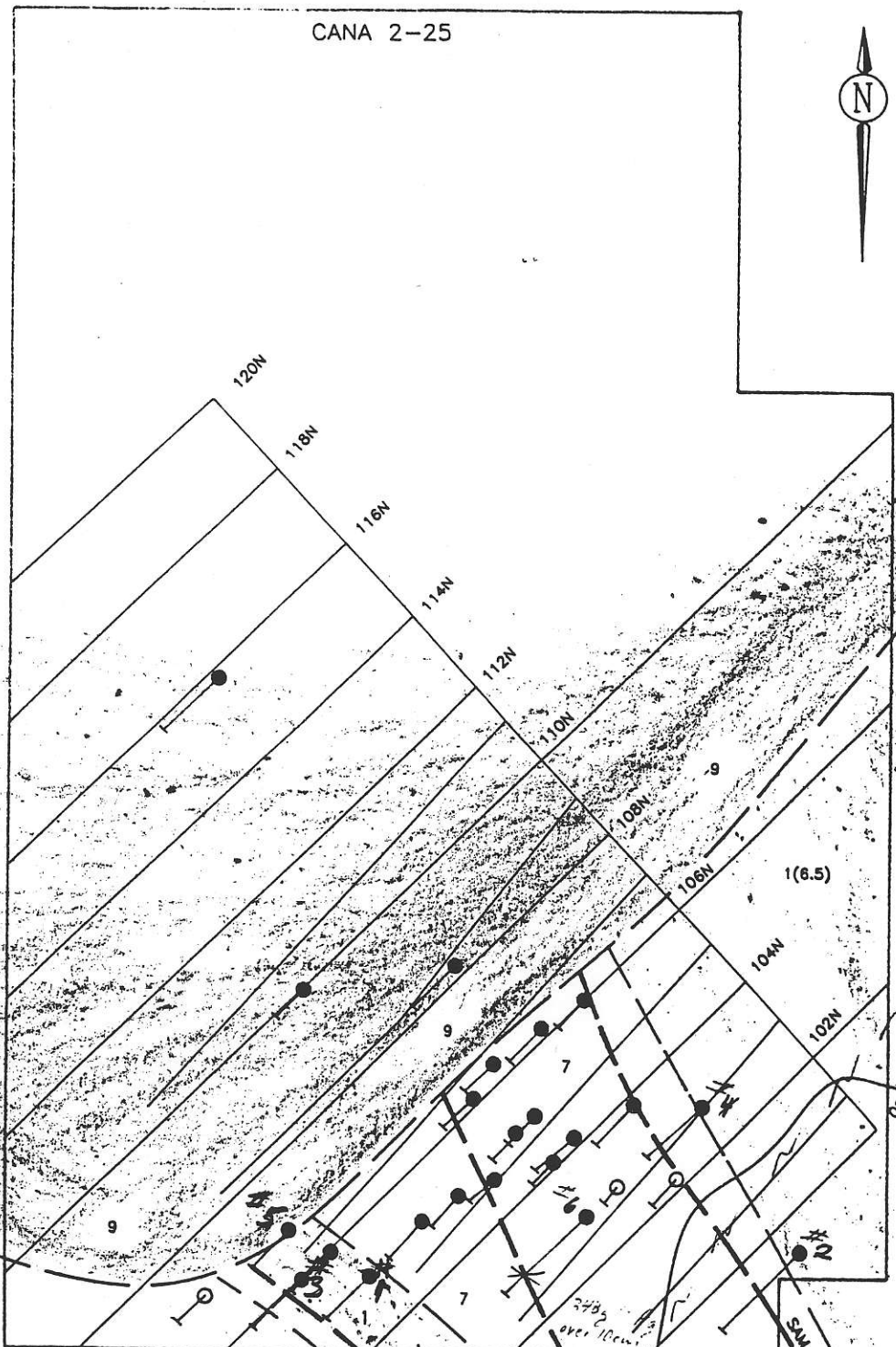
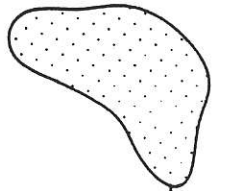
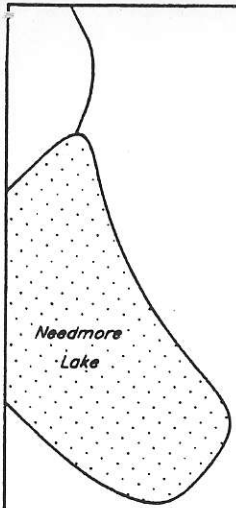
Attached are copies of logs for the holes drilled in 1990 along with a Figure showing the hole locations. If you wish further details we would be happy to set up a meeting here in our offices to review the data.



I have also attached a project expenditure summary showing our expenditures to date on the property. Please call if you have any queries.




Yours truly,

Ian D. Pirie
District Geologist

CANA 2-25



-  Mafic Pyroclastics
-  Argillite/Phyllite
-  Sam Sediments: Chert, Argillite, Sericite Schist
-  Tertiary Basalt

-  1990 Drill Hole Location
-  Previous Drill Hole Location
-  Previous Drill Hole Location (Lost in OB)



CANA PROPERTY GEOLOGY & DRILLING

PROJECT EXPENDITURE SUMMARY

1990

PROJECT NAME: **CANA/BLOM**

PROJECT NO. **247**

GEOLOGY

| | | | |
|-------------------|---------|---------|----|
| Salaries | \$6,542 | | |
| Travel Expenses | \$0 | | |
| Contract Payments | \$0 | | |
| Field Expenses | \$56 | | |
| Analyses | \$0 | \$6,597 | 5% |

GEOPHYSICS

| | | | |
|-------------------|-----|-----|----|
| Salaries | \$0 | | |
| Travel Expenses | \$0 | | |
| Contract Payments | \$0 | | |
| Field Expenses | \$0 | \$0 | 0% |

GEOCHEMISTRY

| | | | |
|-------------------|-----|-----|----|
| Salaries | \$0 | | |
| Travel Expenses | \$0 | | |
| Contract Payments | \$0 | | |
| Field Expenses | \$0 | | |
| Analyses | \$0 | \$0 | 0% |

DRILLING

| | | | |
|-------------------|-----------|-----------|-----|
| Salaries | \$8,429 | | |
| Travel Expenses | \$0 | | |
| Contract Payments | \$109,303 | | |
| Field Expenses | \$5,522 | | |
| Analyses | \$4,422 | \$127,676 | 88% |

| | | | |
|-----------------------------|--|----------|----|
| <i>Line Cutting</i> | | \$0 | 0% |
| <i>Trenching</i> | | \$0 | 0% |
| <i>Hotels and Meals</i> | | \$75 | 0% |
| <i>Option Payments</i> | | \$10,000 | 7% |
| <i>Property Maintenance</i> | | \$0 | 0% |
| <i>Other</i> | | \$0 | 0% |

| | | | |
|------------------------------------|--|-----------|--|
| TOTAL EXPENDITURES | | \$144,349 | |
| ADMIN (12% of direct expenditures) | | \$16,122 | |

| | | | |
|-------|--|-----------|--|
| TOTAL | | \$160,470 | |
|-------|--|-----------|--|