

CORPORATION FALCONBRIDGE COPPER

FILE
MEMORANDUM

824587

DATE: February 24, 1984
À TO: C. Carbonneau
COPIES À COPIES TO: M. J. Knuckey
DE FROM: D. H. Watkins
SUJET SUBJECT: REA GOLD

Larry Reaugh has requested CFC approval to make a public announcement describing work to date on the Rea property. A copy of his proposed release is enclosed. All the numbers have been checked and minor corrections are as indicated. Some minor editorial changes are also marked.

The strategic value in keeping such information confidential is germane to our negotiations to acquire properties from Austin/Apex and Kamad Silver. Little progress is being made with Kamad after 4 months of intensive effort. However, the format of the proposed release is not of major advantage to them. Austin and Apex should execute an agreement with us within the next 2 or 3 days.

Results of work to date are of significant material importance to Rea, particularly now that they are raising additional capital in the market through a rights issue. Under paragraph 18 of our letter agreement with Rea Au, consent to make public announcements is "not to be unreasonably withheld and ... time is an important factor."

The strategic importance of keeping this information confidential is now strongly outweighed by Rea Gold's obligation to its shareholders to provide information on important material developments. I recommend that, as soon as we have an agreement executed by Austin and Apex, we give approval to Rea to make the proposed release.



D. H. Watkins

DHW/ik

February 22 1984

**SIGNIFICANT GOLD-SILVER BASE METAL RESULTS ACHIEVED ON REA/CORPORATION
FALCONBRIDGE COPPER ADAMS LAKE PROPERTY**

Larry W. Reaugh, President of Rea Gold Corporation, is pleased to announce the following assay results have been received from Corporation Falconbridge Copper. Significant intersections only are reported for the 28 holes, as follows:

Hole #	Interval Metres	*True Width Metres	Au oz/ton	Ag oz/ton	Cu%	Zn%	Pb%
RG-1	52.5-52.7	*.2 (8")	.041	.23	.01	.13	.08
RG-2	23.9-29.6	*5.7 (17.0')	.038 .031	.70 .57	.03	.23 .27	.19 .21
	14.5-16.0	1.5 (5'-0")	.035 .013	.98	.17	.46	1.21
RG-3	33.7-35.7	2.0 (6.6")	.222	.47	.05	.17	.20
RG-4	37.0-37.5	*.5 (1'-8")	.021	.31	.12	1.88	.91
RG-5	70.5-72.2	*1.7 (5'-7")	.078	.42	.16	.75	.46
	72.8-73.2	.4 (1'-3")	.024	.36	.05	1.15	.56
RG-6	77.0-78.5	*1.5 (5'-0")	.270 .268	1.00	.26	3.74	2.08
RG-7	41.5-42.0	*.5 (1'-8")	.081	.30	.04	.62	.53
	49.3-49.8	*.5 (1'-8")	.198	.96	.06	.52	.35
RG-8	45.95-49.3	*3.35(11.0')	.500 .498	3.73	.59	2.47	1.49
RG-9	47.4-48.5	*1.1 (3'-6")	.018	.92	.36	1.80	1.78

Hole #	Interval Metres	*True Width Metres	Au oz/ton	Ag oz/ton	Cu%	Zn%	Pb%
RG-10	53.3-54.9	* 1.6 (5'-3")	.026		^{.593} .30	2.28	1.14
	58.7-60.7	* 2.0 (6'-6")	.059		^{.20} .01	.61	1.07
	(3 M of core lost between 54.9 and 58.7)						
RG-11	119.9-128.1	* 8.2 (26'-8")	.010	.21	.07	1.32	.70
incl.	119.9-121.45	* 1.55(5'-1")	.020	.65	.24	4.96	2.68
RG-15	45.0-45.3	.3 (1-0')	.012	.20	.16	.82	.59
	(40% core recovery)						
RG-16	14.7-16.15	1.45 (4'-9")	.219	6.13	.87	9.20	7.16
		* 1.00 (3'-3")					
RG-20	53.6-55.2	1.60 (5'-3")	.196	3.14	.59	4.70	3.92
		* 1.13 (3'-8")					
RG-21	14.8-24.8	10.00 (32'-6")	.314	3.61	.43	3.48	2.94
		* 7.11 (23'-3")					
RG-25	13.6-25.2	11.60 (37'-8")	.517	4.25	.82	4.93	3.89
		* 8.12 (26'-5")					

Significant widths have been encountered in several of the holes. Bore hole geophysical surveys are presently being conducted to determine the extensions of the known mineralized zones and locate other massive sulphide horizons. Drilling to date has been shallow and presently defined mineralization ^{could be} is amenable to open-pit mining. The known mineralized structure is open downdip and to the northwest. Exploration (and development) drilling has to date been confined to a small area of the property. The style of mineralization encountered to date has hitherto not been encountered in the Adams Lake area. Further developments will be released as they are received.

ON BEHALF OF THE BOARD

Larry Reaugh
President

The Vancouver Stock Exchange has neither approved nor disapproved the information contained.