

DATE: March 26, 1991

TO: A.J. Davidson

825106

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FROM: A.R. HillSUJET
SUBJECT: REVISED BUDGET FORECAST AND EXPLORATION DRILL PROPOSAL -
SAMATOSUM J.V.

Samatosum Property

The integration of all existing data on the Samatosum property has revealed that only a few favourable drill targets of sufficient size remain. These targets can be evaluated by a first phase of surface drilling totalling 4750 metres (see attached list and budget forecast). Based on the results of this program, and a thorough evaluation of recent underground drilling, further holes may or may not be warranted. A second phase of drilling (2000-3000⁺ m) will be entirely success contingent. Phase 1 is scheduled to run from May 1 to mid-July.

Geological modelling in conjunction with statistical vectoring of drill data has shown that as a general rule the mineralizing system at Sam weakens with depth. One notable exception to this is in DDH RG376, drilled in the fall of 1990, which intersected a wide zone of silicification and related quartz stringers containing tetrahedrite and minor base metal sulphides. Analyses revealed two significant, wide anomalous silver zones (21.3g/9.8m, and 24.5g/10.5m) separated by about 20 metres of barren rock. This anomaly is located 80m downdip and 100m downstrike of the southeast end of the orebody, and occupies an untested corridor 200-300m wide and open to depth. Four holes totalling 2200m have been designed to test the area around this anomaly from surface. The existing underground workings are not favourably located for drill testing.

Also in this first phase of drilling, five short holes (150m each) have been included to test the remaining strike length of the Rea Horizon, where it straddles Johnson Creek. Two infill holes (650m) are also planned near the northern property boundary, where drilling last year revealed the presence of thin quartz-tetrahedrite-sphalerite veinlets hosted by highly deformed and silicified "266 style" sediments. The remaining two holes (1000m) will probe below the Creek and Barite zones.

The intent of this phase 1 program is to provide sufficient information to conclude if further exploration drilling on the property is warranted.

Cana Property

Five holes totalling 1750 m are proposed to test the Sam Horizon and its structural repetitions where they extend onto the Cana property. Hole C90-6, drilled last fall, intersected a 10 cm tetrahedrite-bearing quartz veinlet that assayed 348 g/t silver. The significance of this intersection is as yet uncertain, but the proposed infill drilling will follow it up at 100 m spacings both downdip and along strike. This is the only target that remains to be tested on the Cana property.

A. Hill
Project Geologist

SAMATOSUM J.V. --- 1991 PROPOSED DRILLING (PHASE 1)

Cana Property

Hole	Co-ords	Dip/Depth	Target	Remarks
P-1	13000W/900N	-55/400m	SAM (Cana)	Follow-up 348g/t Ag over 10cm tetrahedrite intersection 100m along strike.
P-2	12900W/920N	-89/400m	SAM (Cana)	Follow-up 348g/t Ag hit 100m downdip.
P-3	12700W/1035N	-55/300m	SAM (Cana)	Test uppermost Sam horizon adjacent to major NE trending structure.
P-4	12700W/900N	-55/300m	SAM (Cana)	Test lower Sam and "266-style" sediments on same section as P-3.
P-5	12600W/900N	-55/350m	SAM (Cana)	Fill-in on lower Sam horizon.
TOTAL: 1750m				

Samatosum Property

Hole	Co-ords	Dip/Depth	Target	Remarks
P-6	12600W/700N	-55/300m	SAM	Fill-in updip of P-5 and "266-style" seds.
P-7	12000W/800N	-55/350m	SAM	Follow-up thin 55g and 69g silver hits in RG393, 100m along strike.
P-8	11600W/270N	-55/150m	REA	Fill-in on previously untested 500m wide gap of Rea horizon straddling Johnson Creek.
P-9	11600W/270N	-89/150m	REA	Fill-in 75m downdip of P-8, to test deepest portions of Rea horizon in valley floor.
P-10	11350W/300N	-55/150m	REA	Fill-in on the Rea horizon gap.
P-11	11150W/300N	-55/150m	REA	Fill-in on the Rea horizon gap.
P-12	11042W/364N	-89/300m	REA	Test 100m downdip of RG290, which contained 1 metre of "muddy tuff".
P-13	11400W/980N	-55/500m	SAM/266	Retest "Creek Zone" and test "266-style" Sam sediments in previously untested area.
P-14	10250W/1200N	-82/500m	SAM	Test below barite zone, 150m down dip of last pierce point with intense silic'n.
P-15	9300W/600N	-75/400m	SAM	Test southeast of pit at same elev. as ore.
P-16	9400W/950N	-80/600m	SAM	Follow-up 150m downdip of RG376 intersection of 21.3g/t Ag over 9.8m and 24.5 g/t Ag over 10.5m open to depth. A wide silicified zone intensifying with depth.
P-17	9300W/920N	-75/600m	SAM	Follow-up 100m downstrike of RG376.
P-18	9550W/900N	-82/600m	SAM	Follow-up 150... upstrike of RG376.
TOTAL: 4750 metres				

PROJECT BUDGET FORECAST

(REVISED MARCH 26/91)

PROJECT NAME: **CANA**

PROJECT # **247**

GEOLOGY

data evaluation, target	Salaries	\$7,500	
generation, research and	Travel Expenses	\$0	
general salaries.	Contract Payments	\$0	
	Field Expenses	\$2,000	
	Analyses	\$0	\$9,500

GEOPHYSICS

	Salaries	\$0	
	Travel expenses	\$0	
	Contract Payments	\$0	
	Field Expenses	\$0	\$0

GEOCHEMISTRY

	Salaries	\$0	
	Travel Expenses	\$0	
	Contract Payments	\$0	
	Field Expenses	\$0	
	Analyses	\$0	\$0

DRILLING

1750m @ \$73	Salaries	\$20,000	
	Travel Expenses	\$2000	
	Contract Payments	\$114,000	
	Field Expenses	\$3,000	
	Analyses	\$4,500	\$143,500

<i>Line cutting</i>		\$0	
<i>Trenching</i>		\$0	
<i>Hotels and Meals</i>		\$6,000	
<i>Option Payments</i>		\$10,000	
<i>Property Maintenance</i>		\$0	
<i>Other</i>		\$0	

TOTAL DIRECT EXPENDITURES	\$169,000
MINNOVA SHARE (70%)	\$118,300
REA GOLD SHARE (30%)	\$50,700

PROJECT BUDGET FORECAST

(REVISED MARCH 26/91)

PROJECT NAME: **SAMATOSUM**

PROJECT # **240**

GEOLOGY

data evaluation, target	Salaries	\$50,000	
generation, research and	Travel Expenses	\$3,000	
general salaries.	Contract Payments	\$10,000	
	Field Expenses	\$15,000	
	Analyses	\$2,000	\$80,000

GEOPHYSICS

downhole PEM on	Salaries	\$0	
three holes	Travel expenses	\$8,000	
	Contract Payments	\$0	
	Field Expenses	\$0	\$8,000

GEOCHEMISTRY

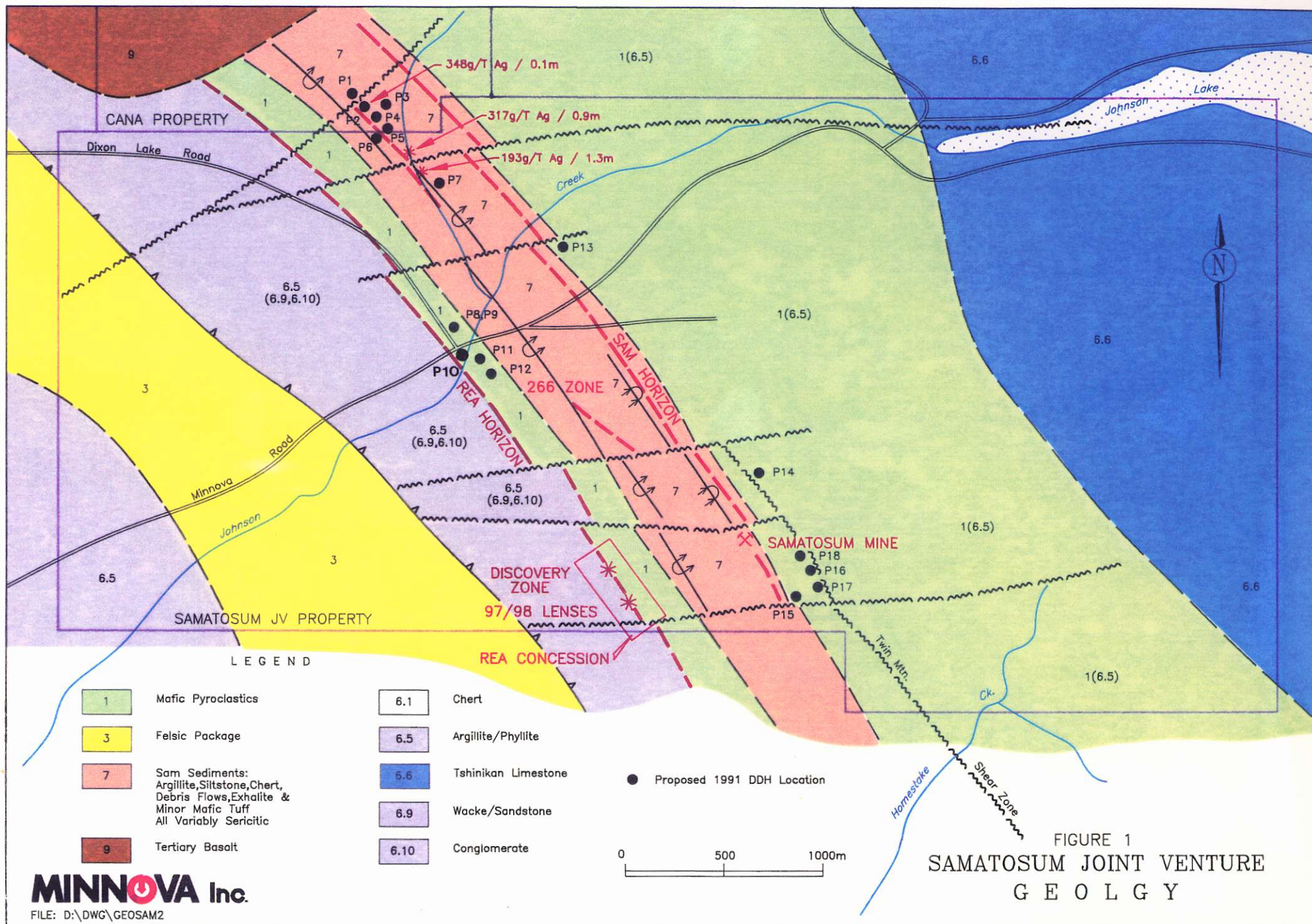
limited sampling to	Salaries	\$1,000	
augment existing database	Travel Expenses	\$0	
	Contract Payments	\$0	
	Field Expenses	\$250	
	Analyses	\$1,750	\$3,000

DRILLING

4750m @ \$73	Salaries	\$35,000	
	Travel Expenses	\$500	
	Contract Payments	\$285,000	
	Field Expenses	\$13,000	
	Analyses	\$15,000	\$348500

<i>Line cutting</i>	\$0
<i>Trenching</i>	\$0
<i>Hotels and Meals</i>	\$15,000
<i>Option Payments</i>	\$0
<i>Property Maintenance</i>	\$0
<i>Other</i>	\$0

TOTAL DIRECT EXPENDITURES	\$454,500
ADMIN	\$30,500
TOTAL EXPENDITURES	\$485,000
MINNOVA SHARE (70%)	\$339,500
REA GOLD SHARE (30%)	\$145,500



MINNOVA Inc.

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