

MINNOVA INC. / REA GOLD CORP.

825413

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.