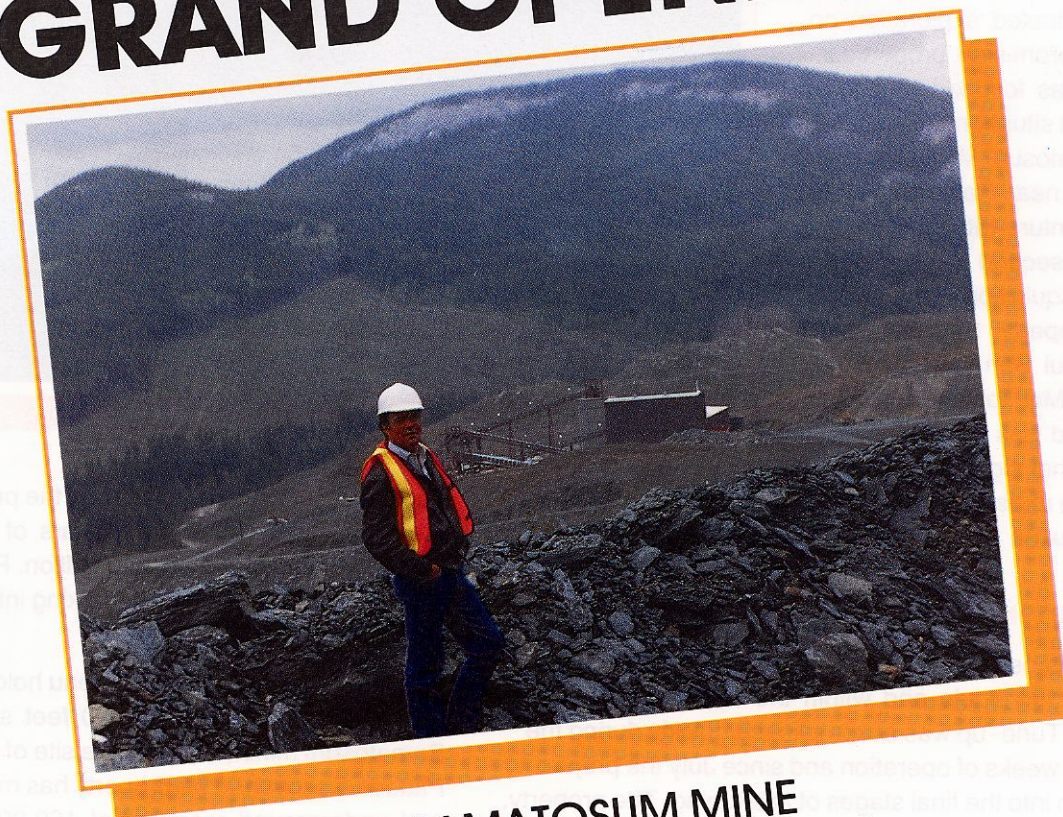


SAMATOSUM

# REA GOLD CORPORATION

887353

## OCTOBER 89 GRAND OPENING



THE SAMATOSUM MINE  
AT ADAMS LAKE, B.C., CANADA

THE COMPANY TRADES ON  
THE FOLLOWING EXCHANGES

TORONTO

VANCOUVER

NASDAQ



# REA GOLD CORPORATION

**JOINS**  
"MINNOVA

## STRIPPING SAM OPEN PIT

### INTRODUCTION

Two years ago Rea Gold Corporation made the transition to an active mining development company from the ranks of the junior exploration sector. Over the years Rea Gold has examined numerous situations and conducted exploration on several promising properties. Now it has focused on two important situations. The first is the Samatosum Mine at Adams Plateau, near Kamloops, B.C., a joint venture with Minnova Inc., and the second is Rea Gold's recent acquisition of the Bissett Gold Property, (the former successful San Antonio Gold Mine in Manitoba). In addition Rea Gold has varying interests in four other significant precious and base metals properties, two in British Columbia, one in the Yukon and one in Nevada.



### PRODUCTION

The Samatosum Mine started up in May 1989, a month ahead of schedule and within the forecasted estimate of costs. Tune-up was accomplished quickly during the initial six weeks of operation and since July the project has been into the final stages of fine tuning. The property, which is near Kamloops, B.C., is a high grade silver and base metals deposit with drill indicated ore reserves of 774,000 tonnes grading an average of 26.8 ounces of silver per tonne, 0.052 ounces of gold per tonne, 2.9% zinc, 1.4% lead and 1% copper. It contains recoverable metals with present day potential values of approximately \$230 million dollars. With Minnova as operator, the mine will produce at the rate of 450 tonnes a day for a gross of approximately \$40 million for the first full year of operation. Half of the known reserves will be mined from an open pit, accounting for the first three years of production.

The capital cost required to bring the project to production amounted to \$32.2 million dollars of which Rea Gold's share was approximately \$10 million. Rea Gold's interest in the joint venture is a 30% working interest and a 5% net smelter royalty.

Part of Rea Gold's Adams Plateau holdings is the 100% owned Discovery Zone, 3,000 feet southeast of the Samatosum mine. This was the site of the original Adams Plateau discovery. The property has mineable open pit and underground reserves of 160,000 tons averaging 0.247 ounces per ton of gold, 3.49 ounces per ton of silver, 4.99% zinc, 3.72% lead and 1.06% copper. The ore is refractory but bio-oxidation tests have shown encouraging results.

### MORE PRODUCTION POTENTIAL

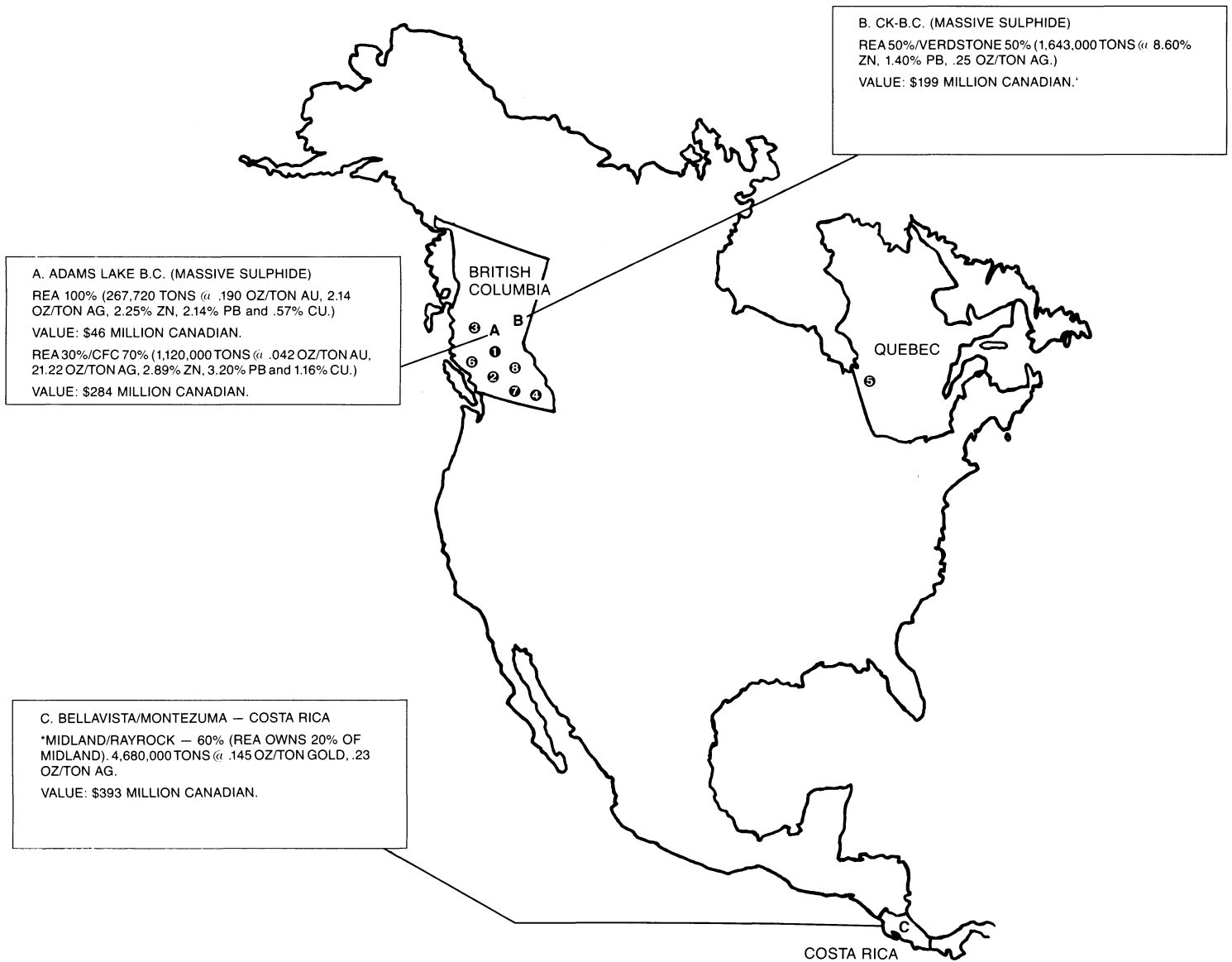
Considerable market attention was drawn to the recent acquisition from San Antonio Gold Ltd. (a wholly-owned subsidiary of Cassiar Mining Corporation) of the Bissett Gold Property in Manitoba, host to the San Antonio mine. The San Antonio mine (Bissett Gold Property) started



# REA GROUP OF COMPANIES

REA GOLD CORPORATION • MIDLAND ENERGY CORPORATION • VERDSTONE GOLD CORPORATION

## Development & Exploration Properties



### REA GOLD CORPORATION EXPLORATION

- 1) Red Hill — Poly-Metallic
- 2) Mount Roach — Gold
- 3) Silver Boss — Multi Mineral
- 4) Tillicum Mountain — Multi Mineral
- 5) Casa Berardi — Poly-Metallic

### DEVELOPMENT

- A) Adams Lake — Gold, Silver, Zinc, Lead, Copper

B) CK Property — Zinc, Lead, Silver (50% Verdstone)

C) Bellavista/Montezuma — Gold/Silver (owns 20% of Midland)

### MIDLAND ENERGY CORPORATION EXPLORATION

- 7) Greenwood — Gold/Silver
- 8) Hedley — Gold/Silver

### DEVELOPMENT

- C) Bellavista/Montezuma

### VERDSTONE GOLD CORPORATION EXPLORATION

6) Bick Claims — Thurlow Island — Gold/Silver

### DEVELOPMENT

B) CK — Clearwater — Zinc, Lead, Silver

# Rea Group of Companies

The Rea Gold Group of Companies are publicly traded companies sharing some of the same interests, management and resource based goals.

Currently Rea Gold Corporation ("Rea") owns 20% of Midland Energy Corporation ("Midland") which is developing a world class gold mine in Costa Rica.

Rea has a 50/50 joint-venture with Verdstone Gold Corporation ("Verdstone") on a high grade zinc/lead property in south central British Columbia.



## Rea Gold Corporation

Issued Shares: 6,280,619  
 Ticker Symbols: REO.V, REO.T, NASDAQ-REOGF

**ADAMS LAKE** (6000 acre poly metallic property located 45 Km northeast of Kamloops, B.C.)

Rea has a 100% interest in the 20 acre discovery zone with Corporation Falconbridge Copper ("CFC") having a 10% carried interest after all paybacks to Rea. The discovery zone has drill proven reserves of 267,720 tons averaging:

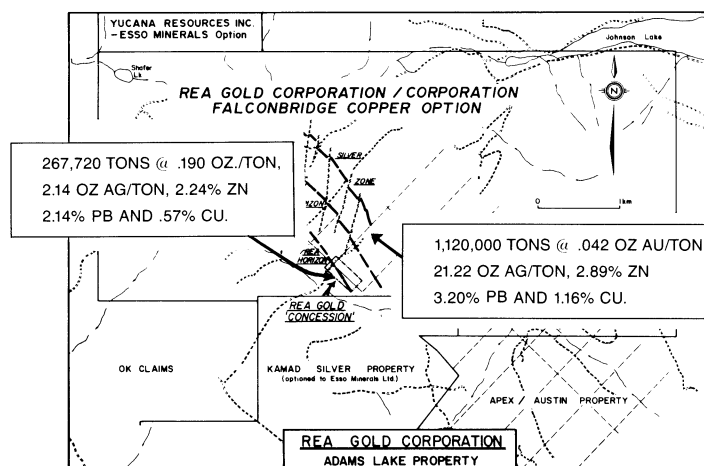
Tons	Au oz./T	Ag oz./T	Zn%	Pb%	Cu%
267,720	.190	2.14	2.25	2.14	.57

Total metal value is in excess of \$46 million dollars Canadian.

The company has a 30% interest with CFC having a 70% interest in the balance of the property. Drilling over the past year has identified a significant body of mineralization known as the "Silver Zone" which has a strike length of 425 meters, a dip length of 200 meters and an average width of 3 meters. The deposit is open in all directions. Drill indicated potential ore reserves in the zone have been calculated by Rea to contain 1,120,000 tons averaging:

Tons	Au oz./T	Ag oz./T	Zn%	Pb%	Cu%
1,120,000	.042	21.22	2.89	3.20	1.16

Grades were calculated by cutting the high silver, lead values in the trenches by 50%. This valuable mineralization has a U.S. value of \$181.00 per ton as of October 31 1986. The value of the metals contained has been estimated at 284 million dollars Canadian. CFC are obligated to make all expenditures up to feasibility and production decision. At that time Rea will have to contribute its proportional share of the costs for construction and development of the Mine/Mill operation. To date approximately 60,000 feet of diamond drilling has been completed on the property of which Rea has carried out 10,000 feet on its 100% owned Discovery Zone.



**CK PROPERTY** (22,000 acres high grade Zinc property located 43 Km east of Clearwater, British Columbia)

Tons	Zn%	Pb%	Ag (oz/ton)
1,643,000	8.6	1.4	.25

Rea has a 50% interest with associated company Verdstone Gold Corporation ("Verdstone") having the remaining 50% interest on this exciting Massive Sulphide property.

The property contains drill indicated reserves of 1,643,000 tons averaging 8.60% Zn, 1.40% Pb and approximately .25 oz/ton Ag. The gross metal value based on \$0.65 for zinc and \$0.33 for lead is 199 million dollars Canadian. (See Verdstone for additional information.)

**MOUNT ROACH PROPERTY** (3,000 acres gold property located 8 miles west of Lytton, B.C.)

The property contains a mineralized structure with a strike length of 5,200 feet through a vertical depth of 1,200 feet. Within this structure a zone measuring 450 feet assayed .113 oz/ton gold over a width of 4 feet.

**RED HILL PROPERTY** (3,000 acre polymetallic property located 15 miles south of Kamloops, B.C.)

Diamond drilling has identified Massive Sulphide on the property with the best intersection measuring:

Width	Au oz./T	Ag oz./T	Zn%	Cu%
8' - 5"	.012	.056	1.60	.590

**CASA BERARDI, QUEBEC GOLD CAMP** (located 14 miles south of the Inca Golden Knight Ore body)

Rea has a 50/50 interest with Midland on the 1,100 acre Quebec Gold Property. The property contains a large electromagnetic high as well as two coincident 2 channel geophysical targets identified by aerial surveys.

**TILlicum PROPERTY** (2,400 acre gold silver property located 13 miles south of Nakusp, B.C.)

Geophysical and geochemical work in 1984 identified scattered mineralization in several multi-metal anomalies.

## Verdstone Gold Corp.

Issued shares: 1,603,500  
Ticker Symbol: VGC.V

**CK PROPERTY** (50% Verdstone/50% Rea) Zinc, Lead and Silver property located 29 miles NE from Clearwater, B.C.

The 22,000 acre property contains 20 miles of mineralized strike length and is a stratabound Massive Sulphide property containing high grade zinc. Drill indicated reserves on the New Showing are:

Tons	Zn%	Pb%	Ag (oz/ton)
1,643,000	8.6	1.4	.25

Recent work on the property has identified three new zones along strike to the south with value ranging up to 25% zinc, 5% lead and .50 oz/ton silver.

Reserves as they are known have a metal value of \$199,000,000 Canadian at current prices.

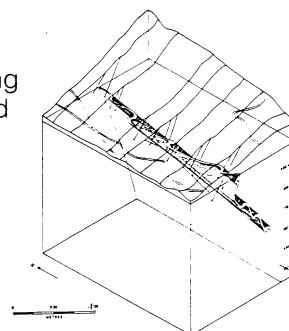
**BICK CLAIMS** — Thurlow Island (This 100% owned

Gold/Silver property is located at Shoal Bay, 40 miles northeast of Campbell River, B.C.)

The property is situated on a major shear zone which extends for a distance of 15 miles along which are located a large number of precious metal prospects and at least a potential for two producing mines, the Doratha Morton and Alexandra prospects. Banded quartz veins on the property range from a few inches to 35 feet wide and samples taken from the old dump have assayed from .06 to .90 oz/ton gold.

### CK NEW SHOWING BLOCK DIAGRAM:

1,643,000 Tons averaging  
8.60% Zn, 1.40% Pb and  
.25 oz/ton Ag.

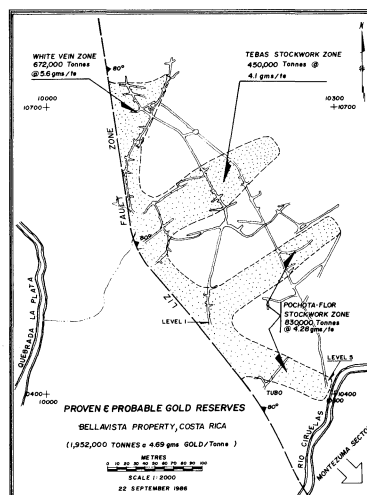


## Midland Energy Corporation

Issued Shares: 5,587,873  
Ticker Symbol: MDY.V

**BELLAVISTA/MONTEZUMA**  
(Midland/Rayrock — 60%, Westlake — 40%)

This 19 square kilometer property is located approximately 80 miles northwest of Costa Rica's capital city of San Jose. Puntarenas, the country's major Pacific port, is 17 miles to the west by road. The property is named for its two separate deposits, Bellavista and Montezuma. Both are systems of gold-bearing quartz veins in altered andesite and andesite breccia. Ore reserves for the Bellavista/Montezuma have been calculated at 2,150,000 tons of drift-proven and probable ore grading .136 oz/ton gold and .23 oz/ton silver (80% of the reserves are in the open-pit category). Another 2,530,000 tons of .145 oz/ton ore has been inferred.



Total Tons	Au oz./T	Ag oz./T
4,680,000	.143	.23

Total metal content is 679,000 ozs of gold and 1,074,000 oz of silver having a total value of \$393 million (Cdn) at current prices, ore value is \$60/U.S. per ton.

Feasibility studies have indicated proven recoveries of 96% in gold and 70% in silver.

For some time the property has been recognised as having considerable potential for the discovery of additional reserves and it is with this in mind that recent negotiations have been made with Rayrock Yellowknife Resources Inc. ("Rayrock") to enter into the existing joint-venture. An agreement between Rayrock & Midland has been reached whereby Rayrock can earn half of Midland's 60% interest by funding 100% of Midland's obligations at a cost of \$1.5 million.

In addition to Rayrock's earn-in rights, Rayrock has unconditionally agreed to purchase 530,303 shares of Midland at 66¢ per share by way of a private placement with a warrant to purchase an additional 530,303 shares at 76¢ per share for up to one year. This private placement is subject to a one year hold period.

Rayrock has further option rights subject to regulatory and shareholder's approval to purchase Midland treasury shares at prices ranging from \$1.20 to \$1.70 per share over four years which, if exercised, will give Rayrock the majority interest in Midland for approximately \$9.5 million.

## ADAMS LAKE, B.C., PROPERTY

The company has a well located holding in the exciting Adams Lake area where Rea Gold Corporation has made a significant Gold/Silver-bearing Massive Sulphide discovery. Rea is currently in a joint-venture on this discovery with Corporation Falconbridge Copper. (See Rea Gold.)

## GOLDEN ZONE (Hedley, B.C.)

Midland has well located ground in the Hedley area 3 miles north of the Mascot Mines. Mascot Mines has announced proven reserves of approximately 7,000,000 tons, averaging .15 oz/ton gold.

Drill results from Midland's ground are as follows:

Hole #	Footage	Width	Au oz/ton	Ag oz/ton
2	30-32.5	2.5'	.126	—
	40-45	5.0'	.100	2.10
	44-76	32.0'	.133	3.74
3	32-37	5.0'	.131	.33
4	131.4-135.8	4.4'	.042	1.05
5	186.5-194.0	7.5'	.139	1.20

The Golden Zone has the potential for containing large tonnage open-pittable reserves.

## YANKEE GIRL (Greenwood, B.C.)

These claims are situated in a famous mining camp and have known economic values of gold and silver. Ministry of Mines reports (1924) reported 6 assays averaging .30 to 3.24 oz/ton gold and .30 to 2.00 oz/ton silver over a strike length of 200 feet.

## CASA BERARDI GOLD PROPERTY

50/50 Joint-venture with Rea Gold (see Rea Gold write-up)

## Corporate Data

### Head Office

P.O. Box 12137  
Nelson Square  
808 Nelson Street  
Suite 501  
Vancouver, B.C.  
V6Z 2H2

### Registered & Records Office

720 - 999 W. Hastings Street  
Vancouver, B.C. V6C 2W2

### Solicitors

Hanna, Forth & Scott  
720 - 999 W. Hastings Street  
Vancouver, B.C.  
V6C 2W2

### Auditors

Lohn & Company  
200 - 837 Homer Street,  
Vancouver, B.C.  
V6B 2W2

### Registrar & Transfer Agent

The Canada Trust Company  
1055 Dunsmuir Street  
Vancouver, B.C.  
V7X 1P3

### Bank

Royal Bank of Canada  
Howe & Nelson  
Vancouver, B.C.  
V6Z 1N9

### Consultants

J.D. (Doug) Blanchflower, F.G.A.C. of  
Minorex Consulting Ltd.  
Senior Consultant to Rea Gold Corporation  
John W. Fisher  
Metallurgical Consultant  
Maurice E. (Tim) Coates  
M.Sc. Geology, M.B.A.  
Marston & Marston  
U.M.A. Group

### For further information please contact:

Larry W. Reaugh  
President  
P.O. Box 12137, Nelson Square  
501-808 Nelson Street  
Vancouver, B.C. V6Z 2H2  
Phone (604) 684-7527