

FARGO RESOURCES LIMITED (FR-V)

KAOLIN CLAY EXPLORATION REVIEWED - Fargo Resources

Limited president

Launch F. Farris has reported on work at the Lang Bay project 35 miles north of Vancouver, B.C. Recently completed work includes: resistivity and magnetometer surveys; preliminary beneficiation analysis of kaolin clays; whole-rock analysis for the various kaolin clay horizons evaluated by a major cement company and the next stage of exploration drilling arranged.

The resistivity and magnetometer surveys were positive and delineated. A very large conductive zone about 1 km. to the south-east of the previous drilling area with potential for the discovery of further kaolin reserves. Core drilling will be carried out through the conductive zones to prove the correlation with resistivity and seismic data. Should the results meet expectations, the selection of future drilling targets will be delineated by resistivity surveys.

The processing consultant, Frank Sutton of Cornwall, England, has completed the initial stage of beneficiation testing and established that the abrasiveness and particle size distribution, is very suitable. While the raw brightness is on the low side at 70, it is felt that this material would still be an acceptable substitute for wood fibre in newsprint. It is planned to carry out a test on a pilot-scale high-gradient magnetic separator to determine if this will increase the brightness.

Mr. Sutton feels the Lang Bay clays could be used for the production of ceramic sanitary-wares. It was noted that magnetic separation would probably improve the fired brightness of the clays, which would increase the number of ceramic applications.

A major cement company has recently performed whole-rock analysis. From a preliminary discussion, it looks as though the Brown Bed material would definitely interest them and possibly the overburden as well.

The next stage of drilling is planned as 3000 feet in 9 holes to provide a correlation between the geophysics and geological strata.

REA GOLD CORPORATION (REO-V,T,REOGF-Nasdaq)

| HOLE | INTERVAL | WIDTH | SILVER | GOLD | ZINC | LEAD | COPPER | |
|------|-------------|---------|--------|--------|-------|------|--------|------|
| | Meters | M. -FT. | OZ/T | OZ/T | % | % | % | |
| 182 | 54.5- 57.5 | 3.0 | 9.8 | 8.87 | 0.026 | 0.78 | 0.89 | 0.33 |
| | 62.0- 63.5 | 1.5 | 4.9 | 97.42 | .099 | .56 | .07 | 3.37 |
| 185 | 86.5- 89.5 | 3.0 | 9.8 | 43.45 | .070 | 4.52 | 2.49 | 1.50 |
| 186 | 48.5- 55.7 | 7.2 | 23.6 | 25.56 | .030 | 1.41 | 2.63 | 1.01 |
| | 57.2- 59.8 | 2.6 | 8.5 | 7.14 | .019 | 1.15 | .96 | .42 |
| 187 | 101.9-106.9 | 5.0 | 16.4 | 15.23 | .158 | 1.78 | 1.00 | .52 |
| 190 | 103.2-107.7 | 4.5 | 14.8 | 12.16 | .034 | 7.11 | 4.94 | .71 |
| 212* | 62.5- 79.0 | 17.5 | 57.4 | 37.18 | .062 | 2.96 | 1.35 | 1.46 |
| 213 | 50.8- 51.8 | 1.0 | 3.3 | 106.45 | .211 | 4.95 | 2.49 | 3.75 |
| | 66.5- 68.0 | 1.5 | 4.9 | 5.89 | .014 | 5.86 | 3.95 | .92 |

*Reported previously GCNL No.242 1987

MORE SAMATOSUM RESULTS - Larry W. Reaugh, president of & PRELIMINARY ESTIMATES Rea Gold reports that Minnova Inc. has released drill results from the Samatosum deposit 35 miles NE Kamloops, B.C. The holes were drilled between September and November 1987 to provide samples for metallurgical testing.

Minnova has presented a preliminary estimate of costs totalling \$1,259,000 to complete the feasibility. The mine is expected to be in production by mid- 1989. Costs to develop the open pit mine and build the mill, including service facilities, are projected to be \$18,500,000. Open pit ore will feed the mill for the initial two years at a rate of 400-500 tons per day.

Minnova have identified additional drill targets and are expected to begin a \$365,000 further diamond drilling by mid-March. Rea must pay 30% of this program. For early results see GCNL No.242 and 226 1987.

Rea has granted options to purchase 645,000 shares at \$2.75 per share for a three year period.

INTER-PACIFIC RESOURCE CORP. (IPA-V)

| <u>HOLE</u> | <u>INTERVAL FT.</u> | <u>TRUE WIDTH FT.</u> | <u>OZ. GOLD/TON</u> |
|-------------|---------------------|-----------------------|---------------------|
| 86-12 | 42.90- 44.84 | 0.58 | 3.32 |
| | 70.52- 71.77 | .37 | .62 |
| 86-13 | 51.89- 54.55 | 2.00 | 4.43 |
| | 87.15- 87.67 | .45 | .10 |
| 86-14 | 32.80- 37.10 | 4.23 | .27 |
| 86-16 | 49.89- 53.33 | 3.41 | 3.13 |
| 86-18 | 52.81- 56.22 | 3.35 | .32 |
| 86-19 | 63.66- 66.58 | 2.16 | .93 |
| 86-20 | 67.33- 70.29 | 2.53 | .39 |
| 86-23 | 135.63-136.58 | .95 | .37 |
| 87-1 | 75.69- 75.82 | .10 | .26 |
| 87-4 | 201.47-202.00 | .46 | .10 |
| 87-9 | 101.25-102.00 | .75 | .15 |
| 87-13 | 29.76- 30.54 | .79 | .60 |
| | 56.00- 57.61 | 1.51 | .59 |
| 87-17 | 44.42- 44.72 | .30 | 1.70 |
| | 154.76-155.41 | .66 | .06 |
| 87-19 | 502.98-504.85 | 1.87 | .14 |
| 87-22 | 58.82- 59.45 | .62 | .25 |

FOURTH DRILL PROGRAM ADVANCES PROPERTY - Inter-Pacific
president, T.J.

Ryan reports that 24 trenches totalling 1,650 feet and 24 drill holes totalling 6,148 feet were completed in December on the Bonaparte discovery zone, 35 miles due north of Kamloops, B.C.. The results indicate at least three near-parallel and connected veins having a length of 625 feet and extending at least 470 feet in depth.

Over half the vein length exposed by trenching exceeds 0.25 oz. gold/t over 4 feet. Results from the three veins in the Crow Vein system follow: the Crow has a trench indicated length of 476 feet and of the 129 feet sampled 66 feet averaged 0.464 oz. gold/t; the Grey Jack has a trench indicated length of 184 feet and of the 178 feet sampled 114 feet averaged 1.073 oz gold/t; the Nutcracker has a trench indicated length of 358 feet and of the 111 feet sampled 49 feet averaged 0.444 oz/t.

Drilling intersected a number of quartz veins including those of the Crow Vein System identified at surface. Two of the holes were drilled to test for the vein system at depth. Both intersected veins similar to those seen at surface and are thought to belong to the Crow Vein System. Drilling also intersected two of the other three previously identified gold bearing systems.

The 1986-87 program suggests the Crow Vein System alone has the potential for at least a quarter of the tonnage required for feasibility purposes. Other veins await exploration and only 10% of the 10,000 foot long belt has been covered. A fifth drill program and underground exploration are being considered.

Hughes Lang Corp may earn a 50% interest in the property by spending \$2,300,000 and providing a positive independent feasibility study.