

END JUNE 87

WESTERN CANADIAN INVESTMENTS

OMNI RESOURCES INC. (ORI-V) SEE MAP

BERGLYNN RESOURCES INC. (BGN-V) NEXT PAGE

ISLAND MINING & EXPLORATIONS CO. LTD. (IMX-V)

ADAMS LAKE PROPERTY HOLDINGS MAP OVERLEAF - For the last three years in the Adams Lake area, 30 miles northeast of Kamloops, B.C., three companies under the direction of Ernest Bergvinson, president, and Glen White, P.Eng., geophysicist, have been acquiring, by staking and purchase, a large block of claims. The 3 companies are: Omni Resources, Berglynn Resources and Island Mining & Explorations. The maps OVERLEAF PAGE ONE AND TWO of this GCNL show the approximate locations of the current land holdings and some of the mineral showings located to date. Most of the claims are held as to 100% working interest with small groups subject to royalties of between 1.5% and 10% of net profits or of net smelter returns.

The claim groups are east of the REA GOLD CORPORATION-MINNOVA INC. high grade silver discovery. The Omni annual report, Oct.3,1986, states the property is located in the same geological belt as the Rea Gold massive sulphide discovery. Geological mapping with some geophysics and geochem work was conducted in the fall of 1986. In 1985 a ground vector pulse horizontal loop electromagnetic survey located 2 high priority diamond drill targets. The possibility of massive sulfide mineralization with the size and magnitude to develop significant tonnages is good since a typical volcano-genic massive sulphide deposit occurs as several orebodies scattered over a large area. The companies have been approached by a number of major companies interested in participation in the exploration. Further exploration is planned for the 1987 field season.

NEWHAWK GOLD MINES LTD. (NHG-V)

NORTHAIR MINES LTD. (NRM-V)

EARLY START TO EXTENSIVE - D.A.McLeod, president of EXPLORATION PROGRAM REPORTED Newhawk Gold Mines and Northair Mines Ltd. has reported that the companies plan an early start on an extensive geological mapping, prospecting, geochemical and geophysical program on the two claim blocks held in the area of the Rea Gold discovery, Adams Lake area. (SEE LOCATION MAP OVERLEAF) The claim groups have been held by the companies for several years and are located about 3 miles southwest of the Rea Gold discovery, about 30 miles northeast of Kamloops. Mr.McLeod stated the programs are being initiated because of the importance of the Rea Gold discovery and because the claims are known to cover similar favourable geological environment. Each company is well funded for the programs.

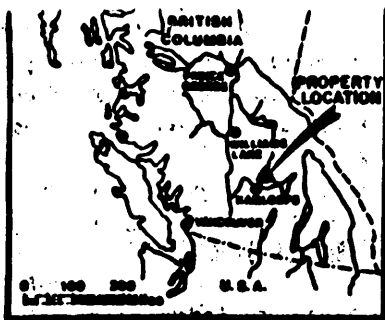
WELCOME NORTH MINES LTD. (WLN-V)

\*WORK STARTS ON A PROMISING - An exploration program of CENTRAL B.C. GOLD PROSPECT soil and rock sampling and geological mapping followed by trenching and percussion drilling is underway on the Trout gold property of Welcome North Mines Ltd. 60km SW of Vanderhoof in central B.C. President John S. Brock says the work program will evaluate the potential of the Trout property for gold reserves amenable to open-pit mining and heap leach extraction techniques.

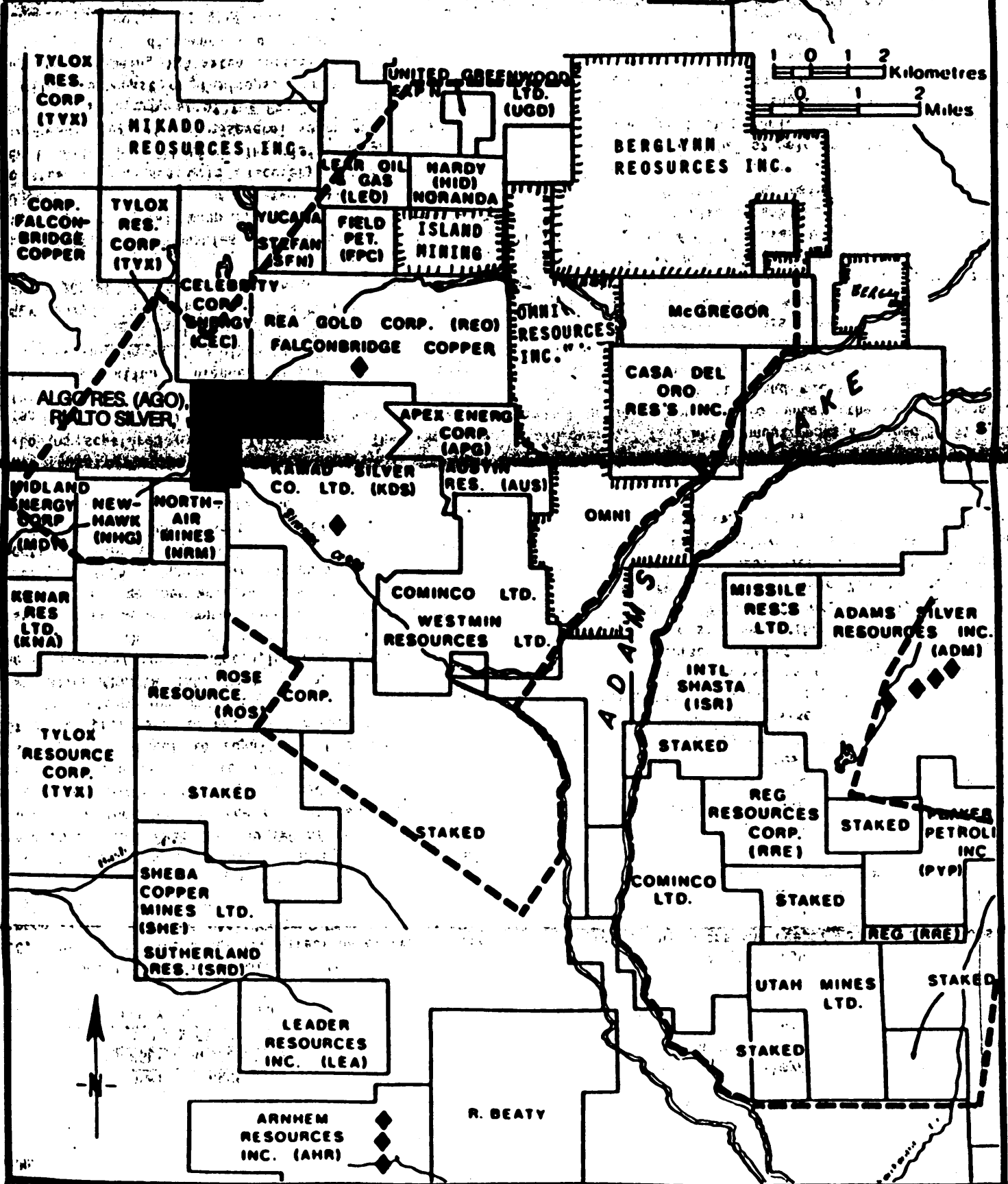
The initial phase of geological mapping and rock and soil sampling has confirmed the presence of a 1,600 by 1,000 foot zone of quartz breccia and silicified volcanic rocks assaying up to 0.58 ounce gold per ton across 16 feet. Drilling of a small portion of this silicified zone by Kerr Addison Mines in 1985 yielded gold assays to 0.1 oz gold/t over a 19-foot interval.

Excavator trenching designed to evaluate surface gold occurrences will start this week. Reverse circulation percussion drilling of 8,400 feet is scheduled for mid-July.

By a joint venture agreement with Kerr Addison, Welcome North can earn 50% interest in the Trout property by spending \$300,000 on it before 31Dec89.



# ADAMS LAKE AREA CLAIMS MAP



**CASAU EXPLORATION LTD. (SEC-V)**

ROCK	WIDTH	OZ. GOLD/T	OZ. SILVER/T	LEADZ	ZINCE
Main Vein	90cm	0.489	0.64	0.72	0.74
Shear Zone	100cm	0.016	0.07	0.05	0.05
Vein	15cm	0.208	0.52	0.52	0.52
Shear Zone	100cm	0.010	0.06	0.03	0.04
Vein	20cm	0.858	1.09	0.62	1.49

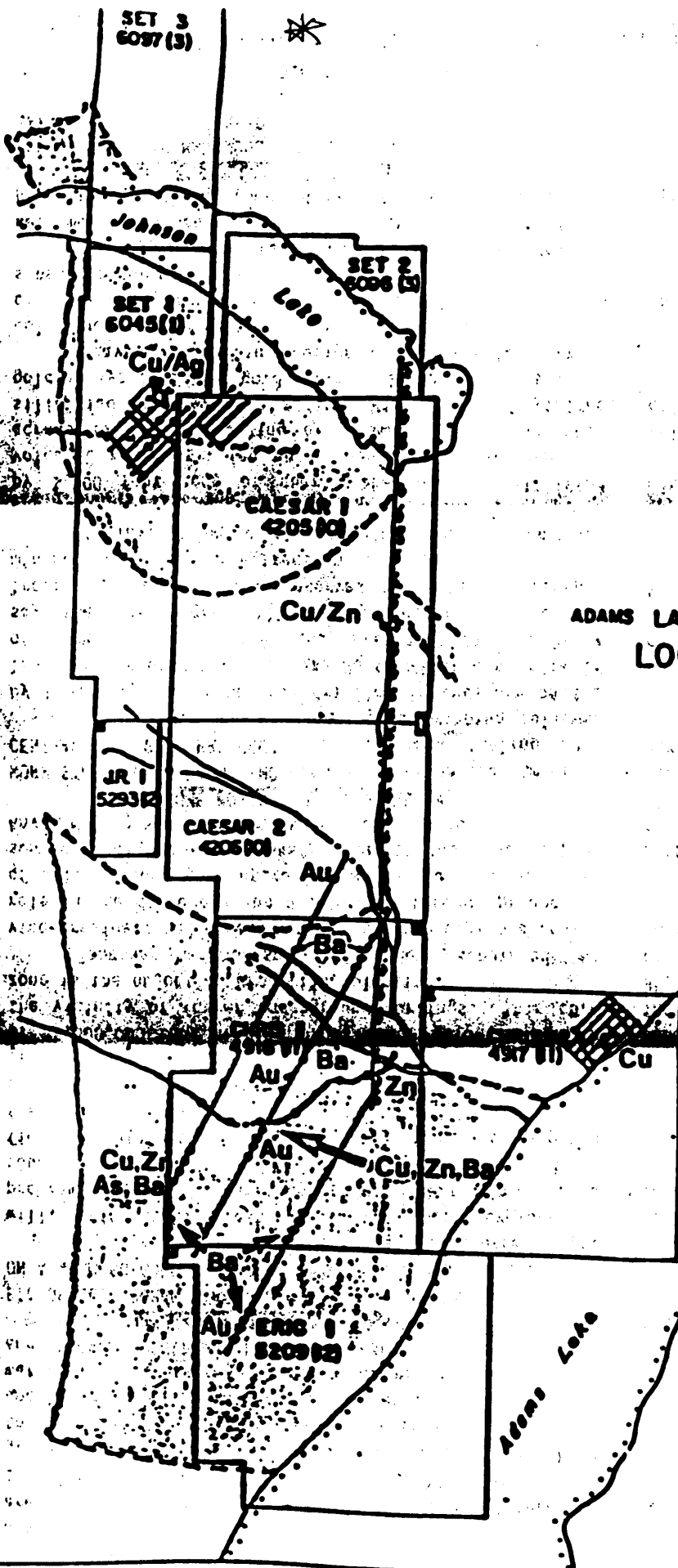
Casau Exploration Ltd. management announce the signing of a letter of intent to obtain an option to earn 49% interest in the Snow 1,2, and White 1,2 mineral claims in Alberni mining division on Vancouver Island, B.C., subject to regulatory approval. Area Exploration Ltd., a private firm, intends to maintain it's 51% interest. Casau president J.C. Stephen says work will proceed on a joint venture basis.

Gold bearing quartz veins were encountered during construction of new logging roads and the showings were staked by the principals of Area Exploration. Assays obtained by the prospectors range as high as 4.22 ounces gold per ton. Check sampling by Casau staff resulted in consecutive assays across the main zone as shown in the table. The weighted average of those samples is 0.206 oz. gold/ton across 3.25 metres (10.66 feet).

Under the terms of the interest in the property, Casau will conduct 3 phases of work to total \$350,000 and, in instalments, will pay a total of \$75,000 and issue 95,000 shares by 30July89. An additional work program of \$250,000, payment of \$50,000 and issue of 65,000 shares will bring the interest to 49% by 30July90. During the same period, Area will contribute \$624,490 to the work programs to maintain it's 51% interest in the property. Casau will act as operator. The terms of the option agreement are subject to regulatory approval.


**PELHAM GOLD MINES LIMITED (PNG-Alberta)**

ADAMS LAKE AREA - Calgary-based Pelham Gold Mines Ltd. has **CLAIMS ACQUIRED** signed a letter of intent to acquire from Trans Oceanic Resources Ltd. of Vancouver a 50% working interest in the Russ/Ebar group of 46 claim units located immediately north of the Rea Gold Corp. claims in the Adams Lake, NW of Kamloops, B.C. (See Rea Gold's rich assays in GCNL 111 & 108(87)p.1) Subject to regulatory approval, the acquisition terms will include cash payments and issue of up to 200,000 shares. The Ebar claims have undergone much exploration by the vendors in past seasons, who identified a mineralized zone of native gold and associated sulfides. An engineer's report is being prepared recommending a diamond drill program which Pelham will undertake after final contracts are completed.

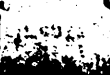



**OMNI RESOURCES INC.**  
**ADAMS LAKE PROPERTY — KAMLOOPS MINING DIVISION, B.C.**  
**LOCATION AND CLAIMS MAP**

**LEGEND**

 **EBG: EAGLE BAY FORMATION (FELSIC VOLCANICS AS MOST REA GOLD SHOWING TO WEST).**


 **OBSERVED FAULT**

 **STRIKE-SLIP FAULT, PREVIOUSLY MAPPED**

 **THRUST - FAULT, PREVIOUSLY MAPPED**

 **CLAIM NAME/NUMBER, GRANT #**

 **GEOCHEM & GEOPHYSICS SURVEY WITH GEOPHYSICS ANOMALY**

 **Cu, Ba, Au GEOCHEM SURVEY W/ SAMPLE ANOMALIES**

**FIGURE NO. 1**

4

**MINE FEASIBILITY STUDY NEXT PROBABLE STEP ON  
ADAMS LAKE HIGH GRADE SILVER DISCOVERY**

Since drilling started April 27, 1987, on hole No. 89 in the Silver zone on the Rea Gold Corp. Adams Lake property, a total of 48 holes, for a total of about 21,000 feet, have been completed in this phase of exploration. Hole No. 136 and No. 137 are scheduled to be completed June 16, 1987. It is currently taking between two and four weeks to receive final assays.

Assays have been reported for 25 of the holes drilled this season and assays for a further 22 are awaited. The highest grade hole reported in this drilling was No. 108 which returned 10 feet, 3 inches assaying 407.18 oz. silver per ton. Included within this is a 4.3 foot section assaying 940 oz. silver/t plus 0.73 oz. gold/t. The silver values are sufficiently high to be reported at 3.4%. Larry Reaugh, president of Rea Gold, noted that it is seldom precious metal values can be reported in percentage. SEE TABLE OF ALL REPORTED 1987 ASSAYS OVERLEAF and LONGITUDINAL SECTION OVERLEAF PAGE 2.

The 1987 holes have confirmed a high grade silver discovery of major importance containing between 800,000 and 1,000,000 tons with an average silver content in excess of 45 oz. per ton. That is between 40,000,000 and 50,000,000 oz. silver at \$6.00 per oz. valued in the ground at \$240,000,000 to \$300,000,000. This silver polymetallic zone strikes 160 degrees southeast/northwest and dips at between 40 and 45 degrees to the east. The 48 holes have established the zone to be 1,600 feet along strike, 820 feet down dip and to range from 3 to 35 feet wide, averaging 15 feet wide. In addition to the silver content, the massive sulphide carries about 0.07 oz. gold/t, 5% combined lead-zinc, 1% copper. Of almost equal importance to the discovery of this new Silver zone is the fact that the fault zone within which it is hosted has been found to be anomalous over a 3-mile length. At several points along this 3 miles of fault, drill holes have located barite and massive pyrite, both of which are considered strong indicators of good areas for further exploration.

The Adams Lake property is between 4,500 and 5350 feet in elevation, 30 miles northeast of Kamloops, B.C. Rea acquired the original property in late October 1983 because high grade values were discovered in outcrop and, later, in a bulldozer trench in an area of a 40,000 parts per billion gold geochemical sample. Regional stream silt sampling attracted property vendor Allan Hilton to the area. These first 1983 and 1984 programs were on what is called the Discovery zone, about 3,000 feet south west of the Silver zone's current drilling. Reserves in the Discovery zone have been calculated at 267,720 tons averaging 0.19 oz. gold/t, 2.14 oz. silver/t, 2.25% zinc, 2.14% lead, 0.57% copper. A small area including and surrounding the Discovery zone has been made subject to a separate agreement with Rea holding a 100% interest in this area. This concession area is subject to a 5% net smelter return royalty payable to Allan Hilton, vendor. On June 16, 1987, Rea Gold announced an agreement to buy this 5% royalty for 50,000 treasury shares plus \$1.50 per ton of ore milled, subject to regulatory approvals. GLITTER GOLD MINES LTD. (GGM-V) is in default under an agreement whereby Glitter could earn a 50% interest in the Discovery zone concession area by placing it into production at about 200 tons per day. Glitter has mined some 1,500 tons of material from the discovery zone.

material was processed through the Danko concentrating plant, with reportedly good metal recoveries and the concentrates have been shipped to Cominco's smelter at Trail for processing. Results of the mining, concentrating and smelting are yet to be received by Rea Gold.

Rea has a 30% carried interest in the property to completion of a feasibility study and then 30% working interest plus a 5% net smelter return royalty. Minnova, Inc. is operator and can acquire a 70% property interest by completing a feasibility study. On April 16, 1987, Rea Gold reported an agreement to buy a 5% net smelter return royalty on the property from J. Allan Hilton of Kamloops, for 100,000 shares, \$150,000 cash and a \$1.50 per milled ton royalty. This acquisition is still subject to regulatory approval. This acquisition has the same effect as Rea Gold having a 10% to 15% carried interest in the property over and above its 30% working interest.

Minnova has reported that the results of initial metallurgical tests suggest the ore will require a fine grind before differential flotation for recovery of the silver. No significant amounts of arsenopyrite are present. Minnova has indicated it will likely start a mine feasibility study following the present drilling.

Larry M. Reaugh, president of Rea Gold Corp. has reported a proposed private placement of 1,000,000 units at \$6.75 each with several financial institutions. Each unit is to consist of 1 share and 1 warrant exercisable through 1990. In 1987 the prices on this proposed private placement were reduced to \$5.00 per unit and \$5.50 per share on the warrants. A finder's fee of 5% of the gross is proposed to be paid to Dean Hitter Reynolds of Canada Inc. At Dec. 31, 1986 Rea had 6,086,013 shares issued and 986,000 reserved for exercise of options, flow-through funding. Also, the company expects to complete an underwriting agreement for a further 1,000,000 shares shortly.

Rea Gold also holds several other interesting mineral properties and 1,286,705 shares of MIDLAND ENERGY CORP. trading at \$2.40 per share, \$3,000,000, June 15, 1987, and 244,500 shares of Rea Gold valued at \$6.00 June 15, 1987, or \$1,463,000.

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