

RFC RESOURCE FINANCE CORPORATION (RFC-V,T)

DEFINITION DRILLING FOR - Douglas H. Nicholson, president states in the report
FEASIBILITY STUDY UNDERWAY for the six months ended

Nov.30,1988, RFC Resource has acquired an option to buy an unencumbered 100% interest in the formerly producing Pend Oreille lead-zinc mine. The option is from Gulf Resources and Chemicals Corp. and cost \$150,000 US for a 12 year option, extendable for a further 6 months by the payment of a further \$50,000 US and exercisable by the full purchase payment of \$1,250,000 US. The mine is located on the Pend Oreille River, in Washington State, 50 miles south of the Cominco smelter at Trail, B.C.

The mine closed in 1977 having produced 14,000,000 tons with an in-situ grade of 7.3% zinc, 1.8% lead and is classified as a Mississippi Valley type deposit. This stratiform type of deposit is characterized by large size and good metallurgy. A series of widely spaced drill holes over a 6,000 foot strike length from the end of the existing working contains a drill indicated 6,000,000 tons grading 9% zinc, 1.5% lead in the lower of the two mineralized horizons. Only 10% of the 13,000 acre, 12 mile long mineralized belt has been explored to date.

The assets at Pend Oreille include a 2,400 ton per day mill, tailings pond, and infrastructure.

The RFC budget to Sept.30,1989 has been increased from \$1,000,000 to \$3,000,000. Fill in drilling to more closely examine the tonnage and grade as well as the disposition of established drill indicated reserves is now underway. Metallurgical testing to determine the amenability of this mineralization to preconcentration is also underway. Dewatering of the mine working is scheduled to begin by April 1,1989 followed by development of a new mine plan and mill refurbishing.

EXPEDITOR RESOURCES GROUP LTD.(EXD-V) has reported completion of a private placement sale of 312,500 shares at 40¢ each for proceeds of \$125,000 to MINGOLD RESOURCES INC. The proceeds are to be used to explore the Songbird property near Parksville, Vancouver Island, B.C. Mingold Resources also received options to acquire a 70% interest in the property and additional shares of Expeditor at prices yet to be determined and subject to encouraging exploration results from the property. The shares sale is subject to shareholder approval at the Feb.28,1989 annual meeting of Expeditor. Upon completion of the purchase of the 312,500 shares, Mingold will hold 912,000 shares or 14.6% of Expeditor's issued shares.

CANOVA RESOURCES LTD.(CVD-V)

CHINA CREEK GOLD CLAIMS ACQUIRED - James H. Hirst, ADJOINING WESTMIN/NEXUS DEBBI PROJECT president reported that Canova has

acquired 3 claims, 44 units adjoining to the northwest of the Debbie property now under exploration by Westmin/Nexus, and located near China Creek, 20 miles east of Port Alberni, Vancouver Island, B.C. Canova will issue 100,000 shares and make cash payments of \$5,000 for 3 years and conduct \$100,000 worth of exploration over 3 years to earn a 100% interest, subject to a 2% net smelter return royalty.