

REA GOLD CORP. (REO-V,T; REOGF-Nasdaq)

	THREE MONTHS	SIX MONTHS	
	ENDED JUNE 30	ENDED JUNE 30	
	1990	1990	1989
Revenue	\$3,201,083	\$8,169,854	\$199,400
Expenses	2,998,832	6,601,963	417,903
Net Earnings (Loss)	201,251	1,567,450	(218,503)
Earnings (Loss) Per Share	1¢	11¢	(1¢)
Cash at End of Period	\$792,437	\$792,437	\$3,745,522
Production - Silver	1,416,000 (8.7% below forecast)		
Gold (Oz)	2,371 (18.9% below forecast)		
Mill Throughput	45,224 (17.6% above forecast)		

**NOTE:** Comparative figures have not been presented for the three months ended June 30/89 since commercial production at the Samatosum mine began July 1/89.

INTERIM REPORT - Larry W. Reaugh, president, Rea Gold Corp., reports second quarter revenues for the Rea Gold 30%/MINNOVA INC. 70% joint venture at the Samatosum mine near Kamloops, B.C. were 18% less than forecast. Rea Gold also has a 5% net smelter return royalty. Year to date revenues were \$23,146,000 or 5% less than plan. Lower revenues were due to lower feed grades, lower metal prices, the high Canadian dollar and increased stripping costs from a slide in the pit wall. Operating costs were \$114 per tonne compared to forecast of \$123 per tonne and year to date operating costs were less than forecast at \$124 per tonne, or -7%. Operating costs/oz. of silver for the quarter were US\$3.12 and year to date costs were US\$2.47 compared to the planned US\$2.52/oz. and US\$2.48/oz. respectively. Operating costs per equivalent ounce of silver including gold and base metals were US\$211 for the quarter and US\$1.69 year to date.

Year to date production was 3,617,000 ounces of silver and 6,401 ounces of gold, above forecast by 6.8% and 2.1% respectively. Feed grades were lower due to over-extrapolation of high grade intersections resulting in less reserves and higher dilution on the lower grade benches. More waste was moved in the pit, mainly to compensate for higher milled tonnage and slide material caused by a cross fault in the pit wall. Mill throughput at 45,224 tonnes was again over plan for the quarter by 17.6% and year to date throughput was over plan by 10.7%. Recoveries for all metals year to date are above forecasts except for zinc which was off by 9.2%.

Rea Gold's 30% share of operating profits was \$920,000 and the 5% NSR was \$447,000 with year to date 30% share at \$3,291,000 and 5% NSR at \$1,157,000. Cash flow for the quarter was \$905,472 with non-cash depreciation and amortization charges of \$704,221 added to net earnings. (SEE GCNL No.90, 9May90, P.1 FOR PREVIOUS FINANCIALS)

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