

NO.147(1991)
JULY 31, 1991

George Cross News
Reliable Reporting

REA GOLD CORP. (REO-V,T; REOGF-Nasdaq)
MINNOVA INC. (MVA-T,M)

UNDERGROUND MINING PLANNED FOR SAMATOSUM MINE

Rea Gold Corp. and Minnova Inc. plan to place the underground portion of the Samatosum mine, located near

Barriere, north of Kamloops, B.C., into production. Minnova has a 70% interest; Rea Gold holds 30%, with a 5% net smelter return royalty. The underground mine feasibility study, started in Aug/90, identified 80,300 tonnes of mineable reserves grading 1,022 grams silver/tonne (29.8 oz/ton), 1.7 grams gold/tonne (0.05 oz/ton), 1.2% copper, 2.9% zinc and 1.7% lead.

Underground mine development is scheduled to begin August 1 and proceed simultaneously with current open pit production until both pit and underground reserves are depleted on Oct/92. It is expected at least 2,400,000 ounces of silver and 3,400 ounces of gold will be recovered from underground. The underground mine is the strike extension of the open pit reserve and extends 200 meters beyond the pit wall to a point where the orebody is structurally terminated. A combination of drift cut-and-fill and longwall panel mining methods will be used. The mine will be developed from a portal access on the 1290 berm of the open pit wall. As development will be in the hanging wall of the deposit, this will lead to low costs for the drill testing of the gold zone located structurally below the silver zone. The gold zone was discovered during drilling for feasibility. Smelter agreements have been concluded with DOWA for copper, Cominco for zinc and ASARCO for lead. (SEE GCNL No.127, 3Jul91, P.2 FOR PREVIOUS SAMATOSUM PROJECT INFORMATION)

82M 244