

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

1990 STARTED WITH HIGHER GRADES - Silver production into  
AND CONCENTRATE RECOVERIES concentrates at the  
Samatosum mine in the

first three weeks of January 1990 was 383,000 troy ounces, a substantial increase over recoveries during the tune-up period. The increased production has resulted from improved metal recoveries and higher throughputs in the concentrating plant and slightly higher head grades of the ore feed.

The 500-tonne daily capacity mine, located on Adams Plateau, 28 miles northeast of Kamloops, B.C., started commercial production on July 1989 at a capital cost of \$32,200,000. Rea Gold holds a 5% net smelter return royalty and a 30% working interest with Minnova Inc., operator, holding a 70% working interest.

Ore grades during the first 3 weeks of January have been: copper 1.3%, lead 3.8%, zinc 5.7% and silver 36.5 troy oz. per short ton. Concentrator overall recoveries were: 89 % copper; 79% lead; 90% zinc and 90% silver. The concentrate grades have shown substantial increases because the mine development has progressed to the point that ore feed to the plant can be blended from several stockpiles to establish a more consistent head grade. A number of reagent changes have been made which have increased recoveries and reduced chemical costs. In the early months of production some of the near-surface ores carried above average oxide content. A small tonnage of higher lead oxide ore has been stockpiled for later processing.

The average concentrate grade during the first three weeks of January 1990, were:  
Copper concentrates: 27% copper, 710 oz. troy oz. silver per short ton, 16% lead, 5% zinc;  
Lead concentrate: 29% lead, 160 oz. troy oz. silver per short ton, 5% copper, 18% zinc;  
Zinc concentrate: 51% zinc, 30 oz. troy oz. silver per short ton, 5% lead, 1% copper. Revenues from the operation are 55% to 60% from silver, 20% from zinc, 10% from gold and the balance from copper and lead.

Mining from the open pit has resumed after having been suspended over the holiday season.

Exploration of a number of favourable geological targets located in previous programs has resume this month with plans for drill testing, including some deep exploratory holes, later in the season. The objective is to expand ore reserves which were calculated at start-up at to be 774,000 tonnes containing 831 grams per tonne, 26.7 oz.silver per ton, 1.6 grams gold per tonne 2.9% zinc. 1.4% lead, 1% copper.

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