

**MOSQUITO CONSOLIDATED GOLD MINES LIMITED(MQO-V)
LYON LAKE MINES LTD.(LLL-M)**

**INITIAL SUCCESS ACHIEVED IN UNDERGROUND GOLD SEARCH
PROGRAM AT ISLAND MOUNTAIN MINE, WELLS, B.C.**

A 38 man crew has a 5-month, \$3,000,000 ore search program underway on the 4,000 foot level of the old Island Mountain gold mine adjoining Mosquito Consolidated Gold Mine at Wells, 85 km east of Quesnel, B.C. Recent results show some considerable early success.

The objective of the program is to establish ore reserves of 30,000 to 40,000 tons at a mine average grade of 0.5 oz.gold/t, which would permit operating the mine and existing gold recovery mill at 150 tons per day. Such an operation would produce 21,375 ounces of gold per year at an estimated operating cost of \$130 Cnd. per ton or US \$201 per recovered ounce of gold, and show an annual operating profit of \$5,045,000 Canadian assuming a \$375 US per ounce gold price. At 31Jan89 there were 5,485,468 shares of Mosquito Consolidated Gold Mines issued.

To complete the program it is planned to drift about 450 feet per month and to complete 3,500 feet of test hole drilling per month. The drilling program started in Feb. with 3 percussion drills scheduled to complete 2,500 feet per month and one underground diamond drill scheduled to complete 1,000 feet per month.

To give underground access to the two gold hosting limestone horizons in the Mosquito Creek mine a 3,200 foot long adit level was driven at 4,000 feet elevation during the last 14 months. The portal was selected close to the 100 ton per day gold recovery plant built on the property in 1979 and to give access to the mine 100 feet below the previous producing levels in the Mosquito Creek Mine.

This level, called the Jukes Adit, after a former company president, provided first time access to over 3,000 feet of unexplored stratigraphy. The drive indicated one prime target area and several subsidiary targets where follow up exploration is recommended. The level is currently being driven to the east to provide access to the formerly producing Island Mountain mine and west to open new favourable limestone horizon. It is interesting to note that by surveying out of the old workings, around the mountain two miles and in the 3,200 feet of the Jukes adit, the old mine working was intersected within one foot of where projected.

In the area of the intersection of the Jukes level and the old Island Mountain workings a series of percussion holes have been drilled to intersect ore grade gold. (See Table) Each of these intersections will be followed up by drifting and drilling.

HOLE NO.	LENGTH OF INTERSECTION	OZ. GOLD/T
No. 1	4 feet	.38
No. 2	4	.50
No. 3	4	.26
No.22	4	.90
No.25	8	1.13
No.31	4	.3
No.63	4	1.02
No.64	8	1.00
No.66	4	.28
No.67	8	.91
No.69	4	1.37
Channel Sample	2	1.5

-CONTINUED ON PAGE TWO-

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CONTINUED FROM PAGE ONE - The limestone replacement gold pyrite ore is stratigraphically controlled and occurs in association with two limestone units called the Aurum limestone unit and the Main Band limestone unit in the Mosquito Creek mine. The Main Band limestone unit has yielded 7 ounces of gold per foot of development. The limestone units have been located over 4 miles of prospective strike length. The grade of the ore is directly proportional to the amount of pyrite and inversely proportional to the size of the crystals. The more pyrite the more gold and the finer the grains of pyrite the more gold.

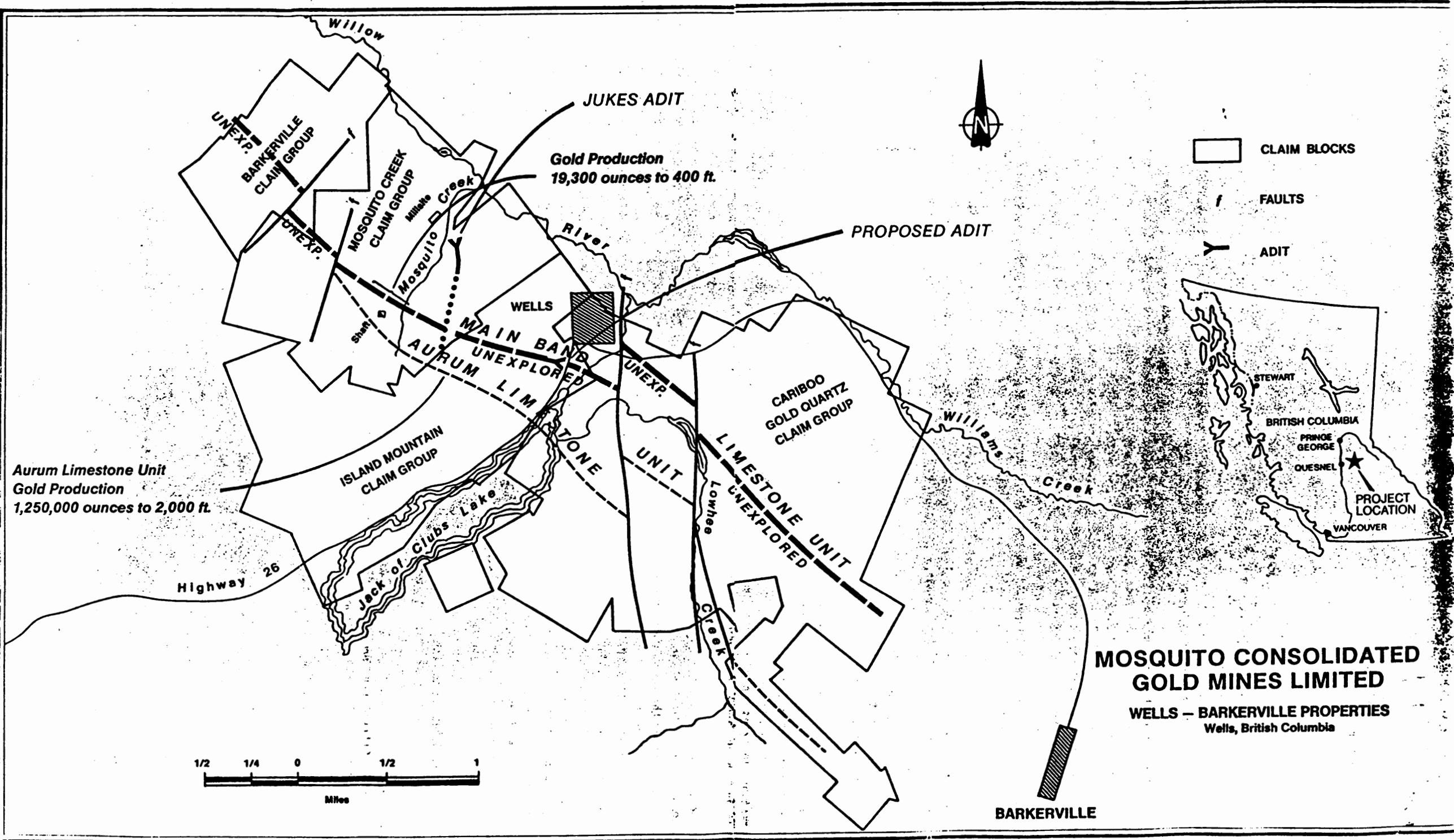
Self potential geophysical surveys work well to indicate areas where gold concentrations are increasing. The survey is used continuously both on surface and underground in down the hole probes.

Recent test stopes near the western end of the explored Mosquito Creek mine clearly show the ore grade to the west to be the same as the mine average in the Island Mountain mine that produced 483,649 tons of limestone replacement ore grading 0.67 oz.gold per ton. (The total recovered gold from the three mines on the property was 1,228,683 ounces from 3,013,647 tons grading 0.408 oz.gold/ton.) The test stope production from the No.2 level of the Mosquito Creek mine was 1,500 tons with an average grade of 0.83 oz. gold per ton.

A second adit level has been driven from the Island Mountain side of the mountain in the last year. It is also at the 4,000 foot elevation and is about 2,000 feet long to provide access to unexplored areas of the Main Band limestone horizon. Exploration drilling from this level is also continuing.

Mosquito Creek has been active in the Wells, B.C. area since 1971 and through a series of agreements over that time acquired 100% working interests in 142 claims covering 4,826 acres containing three formerly producing underground mines and numerous former prolific placer gold creeks. Lyon Lake Mines earned a 50% interest in the Mosquito-Island Mountain project by spending \$6,000,000 on exploration during 1988. A total of \$7,487,000 was available for the 1988 program which was completed in early 1989. Since then an additional \$3,000,000 ore search program has been planned, initiated and partially funded.

The Cariboo Gold Quartz claim group is located adjoining to the southeast of the Island Mountain claim group. (See property location map overleaf) On the Cariboo claims the company has negotiated an agreement with Pan-Orvana Resources Inc. to search for reserves to support a large bulk tonnage operation.



MOSQUITO CONSOLIDATED GOLD MINES LIMITED
WELLS - BARKERVILLE PROPERTIES
 Wells, British Columbia

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

PHASE ONE WINTER PROGRAM - Larry W.Reaugh, president of COMPLETED ON FLAP PROPERTY Rea Gold Corporation reports

the conclusion of the winter diamond drilling program on the 100% owned, 29,500 acre Flap property, 30 miles west of Vernon in south central B.C. Over 9,000 feet of NQ core has outlined a mineralized quartz stockwork zone associated with Tertiary alkalic stocks, measuring 650 feet by 800 feet with a depth of over 700 feet. The deposit remains open on three sides and down dip. While the highest assay consisted of three feet of 2.25 oz.gold/ton (containing visible gold) and 8.7 oz.silver/t, many longer sections in the 15 holes reported an average grade of 0.05 oz.gold/t. A test assay program of total metallic particles in the drill core samples has increased the gold values significantly. This suggests that drill core assays may not present an accurate picture and that a bulk sampling program will be required to produce a satisfactory estimate of grade. Regional soil sampling was conducted over half the property. Fifteen anomalous areas were delineated, with only two partially investigated to date. As well as the auriferous quartz stockwork, stratabound gold exhalative horizons within large inliers of sulphide-rich mixed volcanic, limestone and argillite units were identified.

Rea Gold is evaluating the results to determine the ongoing program later this year.

Rea Gold has granted 3 year options on 160,000 to shares to directors and employees at \$3.30 per share, subject to the approval of the regulatory authorities and shareholders.

FOR THE RECORD

APEX ENERGY CORP.(APG-V) has staked 80 units called the Flood claims in the Galore Creek gold camp immediately north of Flood Lake to the west of the Stikine River in northwestern B.C. Joint venture partners are being sought. For the 3rd quarter ended Jan.31,1989 the company reported revenue of \$19,830, expenses of \$60,752 and working capital of \$19,019.

PACIFIC HOUSTON RESOURCES, INC.,

The funds are to be spent on an underground and surface diamond drilling program at Pacific Houston's Silver Queen mine property southwest of Houston, B.C. The \$350,000 to be provided by CMP will be for the first phase of a three phase \$1,600,000 program to lead to a production decision.

GOLD POWER RESOURCES CORP.(GPW-V) (formerly Tugold Resources) has signed an option agreement to earn a 100% interest in the McKinney gold mine property, 35 miles northeast of Osoyoos, B.C., by spending \$400,000 on exploration and a cash payment of \$225,000 to **ARK ENERGY LTD.(ARK-V)** by June 27, 1990. The McKinney gold mine produced 82,882 oz. gold from 136,794 tons averaging 0.606 oz.gold/ton.

SWIFT MINERALS LTD.(SWS-V) rec'd.VSE approval for filing a 24Feb89 agreement to acquire the Deer 1 & 2 claims in Alberni M.D., B.C., for \$5,000, issue of 100,000 shs. & completion of a \$35,000 exploration program. The property is also subject to a 1-1/2% net smelter return royalty.