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REA GOLD CORPORATION

August 20 1984

NEWS RELEASE

POSITIVE RESULTS FROM INITIAL METALLURGICAL TESTS OF B.V.O. PROPERTY

Mr. Larry W. Reaugh, President of Rea Gold Corporation, is pleased to announce that the next phase of development is currently underway on the B.V.O. property following last season's successful drilling program.

The B.V.O. (Bronco-Verdstone-Oakland) property is located in Yuma County, Arizona, approximately 90 miles ~~south~~ ^{west} of Phoenix. Present drill indicated reserves are 267,250 tons averaging 0.15 oz/ton gold and 1.95 oz/ton silver.

The property is jointly held by Rea Gold Corporation (49%) and Lincoln Resources Inc. (51%).

Initial work this season is focusing on metallurgical tests, step-out drilling and feasibility study prior to a production decision.

First stage metallurgy to evaluate the amenability of the ore to heap leaching entailed shake-leach tests and has proven very successful. Some 66 tests were run with an average grade of .135 oz/ton gold and the average recovery was 88% by leaching.

Column leach tests are now being conducted and the results of these tests will be announced when available.

Bulk sampling and step-out drilling are planned to commence in October.

ON BEHALF OF THE BOARD


Larry W. Reaugh
President

The Toronto Stock Exchange nor the Vancouver Stock Exchange have neither approved nor disapproved the information contained herein.

GOLD & SILVER EXPLORATION & MINING DEVELOPMENT
P.O. Box 12137, Nelson Square, 501 - 808 Nelson Street
Vancouver, British Columbia V6Z 2H2, Canada (604) 684-7527
Ticker Symbol: REO Telex: 04-352848VCR



August 15 1984

REA GOLD CORPORATION

N E W S R E L E A S E

REA GOLD OPTIONS 45% OF CORPORATION FALCONBRIDGE COPPER 27,000 ACRE ADAMS LAKE PROPERTY

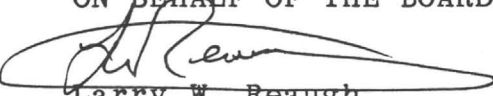
Larry W. Reaugh, President of Rea Gold Corporation is pleased to announce that it has reached an agreement with Corporation Falconbridge Copper wherein Rea Gold will earn a 45% equity interest in Corporation Falconbridge Copper's Bar project in the Adams Lake area about 50 miles N.E. of Kamloops, British Columbia.

The Bar property consists of 409 units and 4 two post claims totalling 27,000 acres. The claims cover a 27 kilometer strike length of volcanic rocks that are stratigraphically equivalent to those rocks that host the high grade Au, Ag, Zn, Pb, Cu stratabound massive sulphide deposits recently discovered on the nearby Rea Gold/Falconbridge Copper property.

Falconbridge Copper has done geological mapping, geochemical surveys and covered the property with airborne geophysical surveys during the last year. Approximately 600 medium to high priority bedrock conductive responses are interpreted from the Dighem airborne geophysical data. Preliminary geochemical results indicate at least nine streams anomalous in gold (up to 1100 ppb) in the same area as the encouraging geology and geophysics.

Ground-follow-up in key areas is now in progress. Rea Gold will earn its 45% interest in the property by providing \$1,000,000 for further exploration to be carried out by Falconbridge Copper before January 1 1987.

ON BEHALF OF THE BOARD


Larry W. Reaugh
President

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REA GOLD CORPORATION

August 14 1984

NEWS RELEASE

EXCELLENT GEOPHYSICAL RESULTS OBTAINED ON REA GOLD'S
BRUNSWICK LODGE PROPERTY (SUTRO TUNNEL) LOCATED 1-1/2 MILES
EAST OF VIRGINIA CITY, NEVADA.

Larry W. Reaugh, President of Rea Gold Corporation, is pleased to announce the completion of the stage I exploration program on the Brunswick Lode property. Work included 20 miles of linecutting, geochemistry and VLF geophysical surveys.

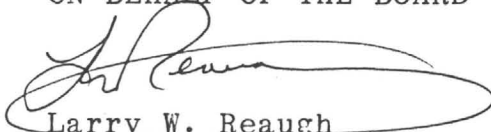
Results from the VLF survey outlined the "Brunswick Lode", a N.E. trending quartz vein with over 4,000 feet of strike length, along with three parallel structures (the longest being over 3,700 feet and still open to the S.W.) and four N.W. trending anomalies with the longest anomaly at over 2,000 feet.

Geochemical results will be reported when they are obtained.

Diamond drilling consisting of 7,500' of HQ will commence in early September.

The company has completed its land package on the "Brunswick Lode" with the option to purchase the Chollar and Potosi patented mineral claims granted to Rea Gold by the University of Nevada.

ON BEHALF OF THE BOARD


Larry W. Reaugh
President

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REA GOLD CORPORATION

August 2 1984

N E W S R E L E A S E

TRENCH AND GEOPHYSICAL ANOMALIES RECEIVED ON REA GOLD/CORPORATION FALCONBRIDGE COPPER ADAMS LAKE, B.C. PROPERTY

Corporation Falconbridge Copper (CFC) have informed Rea Gold of trench and geophysical results obtained by them on the Adams Lake Discovery Property over the past two months, as follows:

Approximately 20% of the property has been explored by linecutting, geophysics, geological mapping and geochemical surveys. Coincident geophysical and geological anomalies appear to be repeating themselves to the east. The largest anomaly is in excess of 6,000' and is located approximately 1,200' northeast of massive sulphide orebodies. In excess of ten anomalies have been located. Geochemical results have only just begun to be received and therefore, are unavailable at this time. Trenching was conducted on 25 metre centers over the existing drilled massive sulphides where 150,000 tons are indicated. These results are, as follows:

---- 2



June 13 1984

REA GOLD CORPORATION

N E W S R E L E A S E

\$400,000 DIAMOND DRILL PROGRAM TO COMMENCE ON REA GOLD'S SUTRO TUNNEL (COMSTOCK), VIRGINIA CITY, NEVADA, PROPERTY

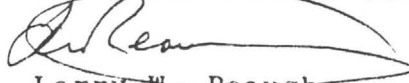
Larry W. Reaugh, President of Rea Gold Corporation, is pleased to announce a diamond drilling program is scheduled to commence in early July consisting of 7,500 feet of HQ drilling on the Brunswick Lode, Sutro Tunnel property.

Rea Gold has purchased its own diamond drill, a Longyear Super 38, at a substantial savings (approximately 30¢ on the dollar) to perform the work. The company is confident that greater control of the projects and cost of drilling will be a significant advantage to the company as well as a major reduction in expenditures.

The Sutro Tunnel claims contain a 4,000 foot strike length of the Brunswick lode vein with a minimum 100 foot width of low PH and Brunswick vein material. The Occidental Mining Company mined the Brunswick vein up to Rea Gold's south boundary and the Comstock-Phoenix and Monte Christo Mines produced gold and silver on the north boundary. The Brunswick property is an historic producer in a world class lode district and in comparison Rea Gold's property has been relatively unexplored due to its location in the Sutro Tunnel Minerals Grant.

Work carried out by Rea in 1983 located significant mineralization from .010 oz/ton Au and 1.82 oz/ton Ag to .656 oz/ton Au and 6.62 oz/ton Ag over good widths.

ON BEHALF OF THE BOARD


Larry W. Reaugh
President

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REA GOLD CORPORATION

August 23 1984

DMEA Ltd.
Suite F
4203 North Brown Avenue
Scottsdale, Arizona
U.S.A. 85251

RECEIVED SEP 8 1984

Attention: Mr. Ben F. Dickerson

Dear Sirs:

We are responding to your advertisement placed in the August 9 1984 issue of the "Northern Miner". We are interested in the possibility of obtaining a financial partner to bring our B.V.O., Yuma County, Arizona property into production.

The B.V.O. property contains drill indicated reserves of 267,250 tons averaging 0.15 oz/ton gold and 1.95 oz/ton silver. This season we are concentrating on metallurgical tests, step-out drilling and a feasibility study which is to be completed prior to a production decision.

We are enclosing herewith a 1983 Annual Report, Corporate Profile and recent news releases for your review. If, upon reviewing the enclosed information, you wish to proceed further, please give us a call.

We look forward to hearing from you.

Sincerely

REA GOLD CORPORATION

per: *R. Kramer*

Robert Kramer, C.A.
RK/dld
encls.

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CORPORATE PROFILE



REA GOLD CORPORATION

PREPARED BY

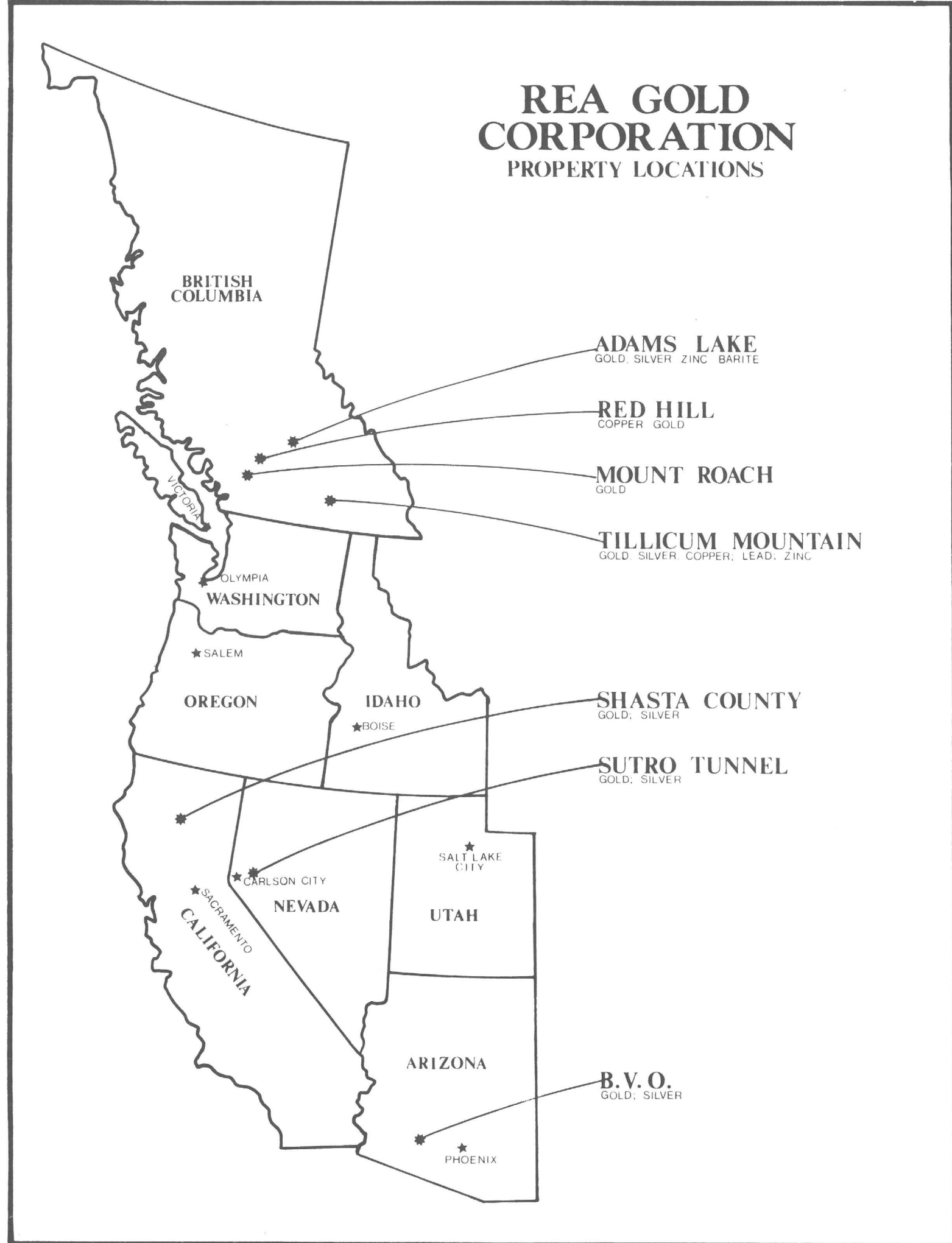
G.R. HJORLEIFSON B.A., M.A.
CONSULTANT
RESOURCE ECONOMIST—MINERALS

MARCH 1984

501 NELSON SQUARE
808 NELSON STREET
VANCOUVER, B.C., CANADA
V6Z 2H2
(604)-684-7527 TELEX 04-352848 VCR

REA GOLD CORPORATION

PROPERTY LOCATIONS



CORPORATE PROFILE
REA GOLD CORPORATION

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CERTIFICATE OF QUALIFICATIONS

I, G.R. HJORLEIFSON, DO HEREBY CERTIFY THAT:

I have been involved in the Canadian mining industry since 1948. After W.W. II, I undertook Mining Engineering studies at the University of Toronto. My career in mining has included positions as mine project engineer, mine construction foreman and underground and mine superintendant. By 1962 I was the mine manager of a producing base metal operation for which I also undertook the pre production feasibility studies.

Thereafter (1966) I attended the University of Manitoba where I received B.A. (Honours) in Economics. Further studies led to an M.A. (Honours) in Resource Economics.

In 1970 I accepted a position with the Department of Energy and Mines, Province of Manitoba as Director of Economic Research. My area of investigation and related public policy was in federal and provincial taxation relationships and their impact on the Manitoba industry.

In 1974 I joined the Department of Energy, Mines and Resources (Canada) as a Senior Advisor. Principal areas of investigation were mineral taxation and international trade with an advisory role to the minister concerning these areas of specialization. Additionally, I was directly responsible to the Minister (and Treasury Board) for the complicated private - public sector negotiations leading to the development of the multi-billion dollar Syncrude project. I was also responsible for the development of a comprehensive profile of the Canadian Mining Industry, as a part of the federal government's mineral policy.

I retired from the Federal service during 1978 and have since resided in British Columbia where I have undertaken consultant assignments related to mining taxation and project evaluation. In summary I am an experienced Resource Economist fully qualified to conduct the necessary research and documentation upon which to base my concluding evaluation and recommendations.

This report is based on extensive interviewing and documentation at Rea Gold's Corporate offices. The utmost co-operation was present at all times.

I have no direct or indirect interest in Rea Gold Corporation. The documents herein attached based on my best knowledge and experience, are a fair and unbiased analysis of Rea Gold Corporation.


G.R. HJORLEIFSON, B.A., M.A.
Resource Economist - Minerals

Dated at Vancouver, British Columbia this 24th day of February, 1984.

REA GOLD CORPORATION

EXECUTIVE SUMMARY

THE COMPANY:

Rea Gold Corporation was originally incorporated as a specially limited company Rea Petro Corporation (N.P.L.) No. 193553, Vancouver, B.C., Canada, July 5 1979. At its first Annual General Meeting, February 2 1981 the Company was converted to a limited liability company the name was changed to Rea Petro Corporation and the Company shares were changed to common shares without par value. At the same meeting authorized capitalization was increased from 5,000,000 shares to 25,000,000 shares. The company's name was subsequently changed to Rea Gold Corporation on April 21 1983.

BUSINESS:

Rea Gold is a "junior", in the mineral resource industry, seeking participation in viable mineral exploration and development projects at an early stage in their evolution. The natural extension of their activities is the development of the resource to maturity. This can only be achieved by the intelligent assessment of the project utilizing the necessary executive, professional and technical skills. A review of the qualifications of the Board of Directors, staff, and consultants of Rea Gold verifies the presence of those qualifications. This has markedly assisted Rea Gold in fulfilling its objectives, i.e., exploration and development and rewarding its shareholders.

To illustrate - Rea Gold's current holdings exceed 26,700 acres consisting of some 8,000 acres in three properties in the U.S.A. and approximately 18,000 acres in four properties in B.C., Canada. This was achieved notwithstanding the extremely depressed markets of the past two years. Additionally, the

quality of these holdings is excellent, viz-a-viz the Adams Lake Joint Venture with Corporation Falconbridge Copper, the gratifying results at the B.V.O. property in Arizona, and the joint venture with SELCO at the Red Hill property.

PRINCIPAL PROPERTIES:

Bronco, Verdstone, Oakland Properties, (B.V.O.)	Sheep Tank Mining Division Yuma County, Arizona, U.S.A.
Brunswick Property (Comstock)	Comstock Mining Division, Storey County, Nevada, U.S.A.
Tillicum Property, (SAM SKYE, and AFTA Claims)	Slocan Mining Division, B.C. Canada
Mount Roach Property (Lytton)	Kamloops Mining Division, B.C. Canada
Red Hill Property (ADD and MOLY Claims)	Kamloops Mining Division, B.C.
Adams Lake Property Hilton Discovery (AR and HR Claims)	Kamloops Mining Division, B.C. Canada.

BIBLIOGRAPHY

Blanchflower, J.D., (Geologist) - Report on the AR & HN claims, Kamloops Mining Division, British Columbia, for Rea Gold Corporation, Vancouver, British Columbia, prepared by Minorex Consulting Ltd., Kamloops, British Columbia, November 1, 1983.

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Preto, V.A. (1979) - Barriere Lakes - Adams Plateau Area, B.C. Ministry of Energy, Mines & Pet. Res., Geological Fieldwork, 1978, Paper 1980-1 pp. 28-36.

..... et al (1980) - Barriere Lakes - Adams Plateau Area, B.C. Ministry of Energy, Mines & Pet. Res., Geological Fieldwork, 1979, Paper 1980-1, pp. 28-36

..... (1981) - Barriere Lakes - Adams Plateau Area, B.C. Ministry of Energy, Mines & Pet. Res., Geological Fieldwork, 1980, Paper 1981-1, pp. 15-23.

B.C. Ministry of Energy, Mines & Pet. Res. - Minfile, 082M, 025.

In conclusion, both parties can live with a good agreement.
As a junior mining development company Rea Gold did well.

REA GOLD CORPORATION
(Formerly Rea Petro Corporation)
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1983

8. BUDGET

The necessary funds are forthcoming from Corporation Falconbridge Copper. A Rea Gold budget of One Hundred Thousand (\$100,000.00) Dollars is required for 1984.

	1983 \$	1982 \$
SOURCE OF WORKING CAPITAL		
Issue of capital stock for		
- Cash	\$1,396,364	\$ 103,500
- Mineral properties & development costs	30,000	66,500
- Settlement of debts	-	217,390
	<u>\$1,426,364</u>	<u>\$ 387,240</u>
Items not regarding an outlay of working capital		
- Depreciation	218	-
Interest Income	13,470	7,708
	<u>\$1,440,052</u>	<u>\$ 394,948</u>
USE OF WORKING CAPITAL		
- Deferred costs	578,621	335,259
- Mineral claims acquired	515,193	408,311
- Fixed assets	-	272
	<u>\$1,093,814</u>	<u>\$743,842</u>
DECREASE IN WORKING CAPITAL	346,238	348,894
WORKING CAPITAL - (DEFICIENCY) BEG. OF YEAR	(52,076)	296,818
WORKING CAPITAL- (DEFICIENCY) END OF YEAR	<u>294,162</u>	<u>(52,076)</u>
REPRESENTED BY:		
- Current assets	337,823	61,398
- Current liabilities	43,661	113,474
WORKING CAPITAL (DEFICIENCY) END OF YEAR	<u>\$ 294,162</u>	<u>\$ (52,076)</u>

(PREPARED BY MANAGEMENT WITHOUT AUDIT)

BOARD OF
DIRECTORS:

LARRY REAUGH, President & Director

Mr. Reaugh, 39, has devoted his entire 20-year career to the exploration of mineral properties mainly in B.C. and the Yukon Territories. He also is president and director of L. & L. Drilling and Explorations, Ltd., Vancouver, B.C. He serves as a director and officer of numerous resource companies, including Lincoln Resources, Inc., Player Petroleum, Inc. and Lear Oil & Gas Ltd., all based in British Columbia. In addition, he is an advisor on corporate structuring and financing to numerous Canadian companies.

JOHN M. ASHTON, P. Eng., Director

Mr. Ashton, 44, is an electrical engineer and principal of J.M. Ashton and Associates Ltd., consulting engineers, Vancouver, B.C. He also is a director of Eaglet Mines Ltd., and is president of Serrana Resources Ltd. Active in the mining industry the past twenty years, he has played a key role in a number of mining and oil and gas companies in British Columbia and Canada.

ROBERT G. HUNTER, Director

Mr. Hunter, 56, is president of Lincoln Resources Inc. and Breakwater Resources Ltd., both based in Vancouver, B.C. He has been involved in mining resources for the past twelve years and became a director of Rea Gold at its April 1983 Annual Meeting of stockholders.

HUGH E. MACKENZIE, Director

Mr. MacKenzie, 61, has been an independent marketing consultant based in Newport Beach, California since 1975. He is former president of Montcalm Vinters, a California wine maker. He also has held executive posts in the areas of finance, marketing and public relations for nine other U.S. companies.

royalty on the Net Proceeds of Production. Terms of Net Proceeds are clearly defined in Schedule B of the Agreement.

If, however Rea gold participates in the Joint Venture (up to 49% but not necessarily 49%) then CFC is prepared to bear Rea Gold's costs and reclaim same from production proceeds.

The usual termination notice applies.

Rea Gold has granted CFC the option to purchase 4.4 million shares of Rea Gold at prices ranging from Three (\$3.00) Dollars to Ten (\$10.00) Dollars. This option ends November 4, 1986. Under this option CFC may also purchase such additional Rea Gold shares as are necessary to maintain the proportionate interest of CFC in the issued and outstanding shares of Rea Gold.

The first Three Million (\$3,000,000.00) Dollars realized by Rea Gold as a result of CFC exercising the share option arrangement may be used by Rea Gold as it so chooses. Any funds thereafter available must be utilized by Rea Gold in the joint venture.

The agreement in effect causes CFC to become the guarantor of Rea Golds debt obligation if Rea Gold participates in the "production decisions". CFC however has first call on Rea Gold's share of Net Proceeds of Production to retire the said debt on an agreed schedule of payment.

Thus, although the agreement is very standard in most respects it is unique in that Rea Gold can choose not to participate and yet receive 12-1/2% of the net proceeds of production plus the proceeds from the share option agreement. Conversely it can participate and receive up to 49% of the net proceeds of production and have all its required debt financing carried by CFC. It must of course refund CFC. It could additionally receive Three Million (\$3,000,000.00) Dollars under the stock option arrangement.

TABLE I

SAMPLE DESCRIPTION AND ASSAY SUMMARIES

<u>SAMPLE NO.</u>	<u>DESCRIPTION</u>	<u>ASSAY VALUE</u>				
		Au oz./T	Ag oz./T	Pb %	Zn %	Cu %
AR83-1	Chip sample across 1.5 m. of massive sulphite mineralization (Py, Cp, Ga and Sp) within oxidized zone.	1.32	7.42	6.08	.62	1.81
AR83-2	Chip sample across 1 m. of siliceous lapilli and lithic tuff in the hanging wall section.	.056	.52	.17	.03	.02
AR83-3	Chip sample across 1 m. of freshly exposed massive sulphide mineralization (Py, Cp, Ga and Sp). Sample cut from western, footwall east for 1 m.	1.20	11.50	11.01	4.57	2.24
AR83-4	Chip sample across 1m. of freshly exposed massive sulphide mineralization (Py, Cp, Ga and Sp). Sample cut 1 to 2 m. east of footwall fault.	1.08	5.54	6.70	2.72	3.65
AR83-5	Chip sample across 1m. freshly exposed massive mineralization (Py, Cp, Ga and Sp). Sample cut 2 to 3 m. east of foot wall fault.	.96	5.80	5.25	4.00	2.00
AR83-6	Chip sample across 1 m. of freshly exposed massive sulphide mineralization (Py, Cp, Ga and Sp). Sample cut 3 to 4 m. east of footwall fault immediately west of hangingwall fault. Some sampled material is fractured and oxidized.	.76	3.05	6.30	3.30	1.00
	Average of AR83-3, 4, 5 and 6 across 4 m. or a true width of 3.745 m.	1.00	6.47	7.31	3.85	2.22

RALPH MONROE, C.P.A., M.B.A., Director
Mr. Monroe, 61, is currently an independent financial consultant based in Los Angeles, California. From 1972-1981, he had been chief financial officer for various U.S. companies.

ELIZABETH J. MacLEAN, Director
Ms. MacLean, 39, joined Rea Gold as its corporate secretary in April 1983 and is now a Director of Rea Gold as of December 1983. For the past fifteen years she has been a legal assistant in securities and mining law for several Canadian law firms and is familiar with all phases of securities law.

WALTER CRUTTENDEN, JR., Outside Consultant
Mr. Cruttenden, 60, is an investment banker with Alexander Securities in Newport Beach, California. He has been responsible for the underwriting of more than 100 companies, including Revlon, Trane Co. and ARA Services.

CORPORATE INFORMATION

HEAD OFFICE: Rea Gold Corporation until March 31 1984, Suite 15, 817 Granville Street, Vancouver, B.C., V6Z 1K8, Canada, (604) 684-7527. After March 31 1984, Rea Gold will be located at 501 Nelson Square, 808 Nelson Street, Vancouver, B.C., V6Z 2H2, (604) 684-7527.

REGISTRAR & TRANSFER AGENT: Canada Permanent Trust Co.
701 W. Georgia Street
Vancouver, B.C.

REGISTERED & RECORDS OFFICE: 999 W. Hastings Street
Vancouver, B.C.

SOLICITORS: Graham H. Scott
Hanna, Forth & Scott
999 W. Hastings Street
Vancouver, B.C.

AUDITORS: Lohn & Company
650 W. Georgia
Vancouver, B.C.

BANKERS: Canadian Imperial Bank of Commerce
586 Granville Street
Vancouver, B.C.

SUBSIDIARIES: Rea Petro Energy, Inc.

principal components at this time appear to be pyrite, chalcopyrite, galena and minor sphalerite. A second type of mineralization, rich in barite has also been found to carry gold values.

Four one metre chips samples (Ar 83 - 3, 4, 5, & 6), across freshly exposed bedrock yield 1.00 ounces per ton Au, 6.47 ounces per ton Ag, 7.31 Pb, 3.85 Zn and 2.22 Cu. Sample AR 83-1 is from the oxidized zone and AR 83-2 is from the siliceous lithic tuff overlying the sulphide mineralization. (Table 1.).

5. EVALUATION

The exploration potential for this group of claims is excellent. At this time it appears to be a multi-mineral disposition.

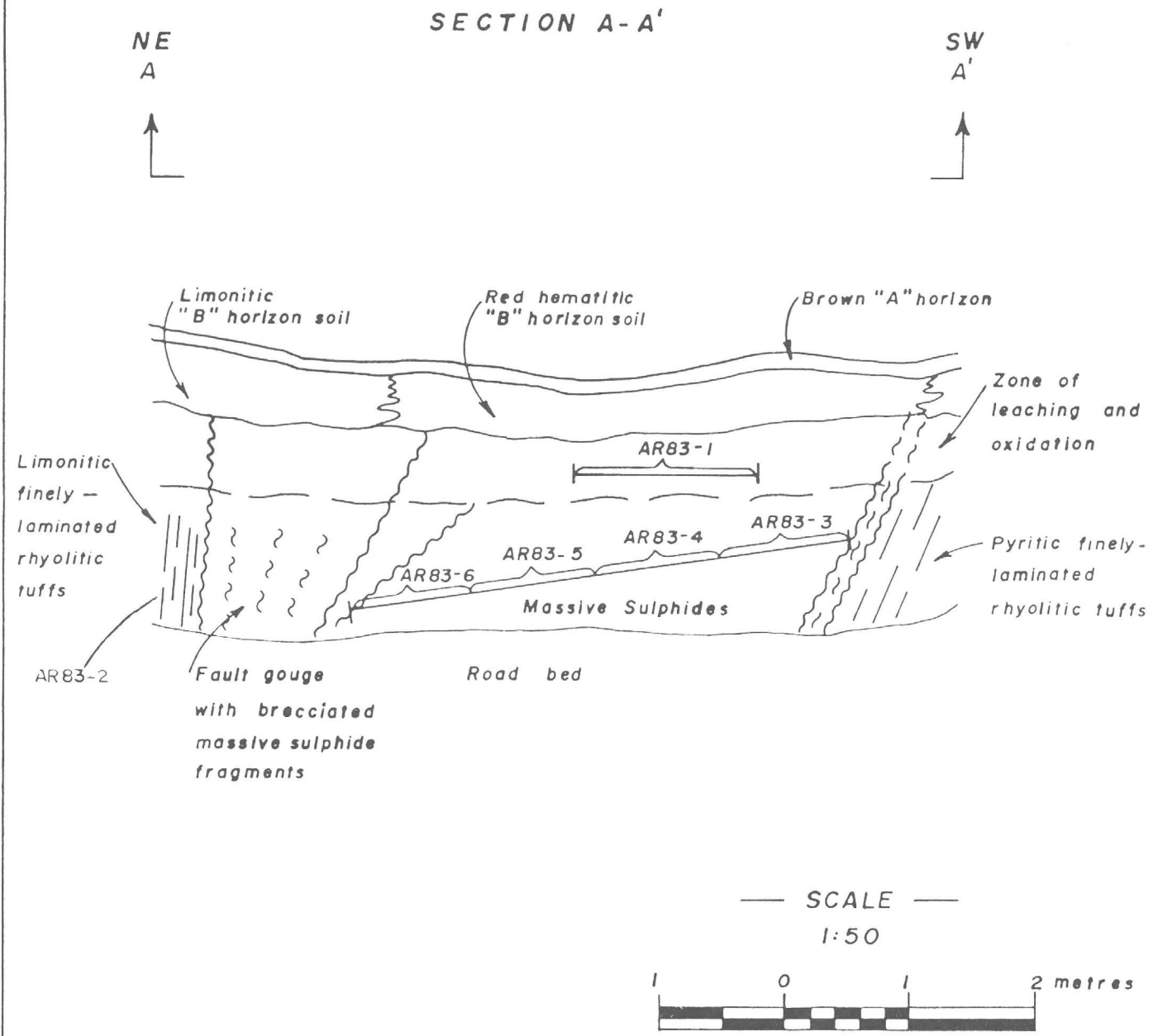
6. RECOMMENDATIONS

The required exploration will be conducted by Corporation Falconbridge Copper (CFC) under the terms and conditions of the Agreement between Corporation Falconbridge Copper and Rea Gold Corporation.

7. JOINT VENTURE

Agreements of this nature can be viewed as a typical agreement or a unique agreement given the requirements of the parties to the agreement. This agreement is very standard in terms of CFC's commitment to carry out exploration, development and if warranted production. The schedule of payments during the working option period (prior to a production decision) are constant in amount. Providing CFC incurs expenses of Two Million (\$2,000,000.00) Dollars during the exploration period (May 4 1986) it will earn an undivided 51% interest in the Adams Lake property.

When the "production decision" is made Rea Gold may choose not to participate. In which case CFC becomes the 100% owner of the property and Rea Gold will receive a 12-1/2%



REA GOLD CORPORATION VANCOUVER, BRITISH COLUMBIA	
CHIP SAMPLING PLAN AR and HN CLAIMS Kamloops Mining Division, B.C.	
Tech Work by: J.D.B	Date: November 1, 1983
Drawn by: P.J.M	Figure No.: 4

To accompany report by J D Blanchflower

CURRENT
ACTIVITIES: (i)

1.) BRONCO, VERDSTONE OAKLAND PROPERTY (B.V.O.)-

This property consists of some 7,000 acres. It is located about 95 miles west of Phoenix, Arizona and is accessible by interstate highway 10 (I-10) and the Hovatter Road. The property was discovered during 1931. During 1940 a 28 ton select bulk sample was treated at the ASARCO, Hayden, Arizona smelter. It assayed 0.46 ounces per ton Au and 4.7 ounces per ton Ag.

*Oatman district?
is 100 miles
distant!*

The dispositions are epithermal in nature with free - milling gold in the quartz veins and the mineralized brecciated wall rocks. Shipments from within the district from "similiar type" epithermal deposits range from 40,000 tons from the Northstar property (1.40 ounces per ton Au and 0.60 ounces per ton Ag) to 3.8 million tons from the Oatman properties (0.58 ounces per ton Ag and 0.17 ounces per ton Au). It is reasonable to believe that the B.V.O. property mimics the epithermal systems knowingly present in the district.

The B.V.O. joint venture with Lincoln Resources has developed 150,000 tons of reserves at 0.239 ounces per ton Au and 1.91 ounces per ton Ag. Induced polarization surveys and geological mapping are being conducted. A report from Charlton International is expected shortly. The partners to the joint venture wish to acquire the participation of a major mining company as it is felt the property is now at a stage requiring advanced development and production expertise. The property has excellent potential and deserves a vigorous effort.

(i) For a more detailed description of the following properties please refer to the evaluation section of this report.

2.) BRUNSWICK PROPERTY (COMSTOCK) -

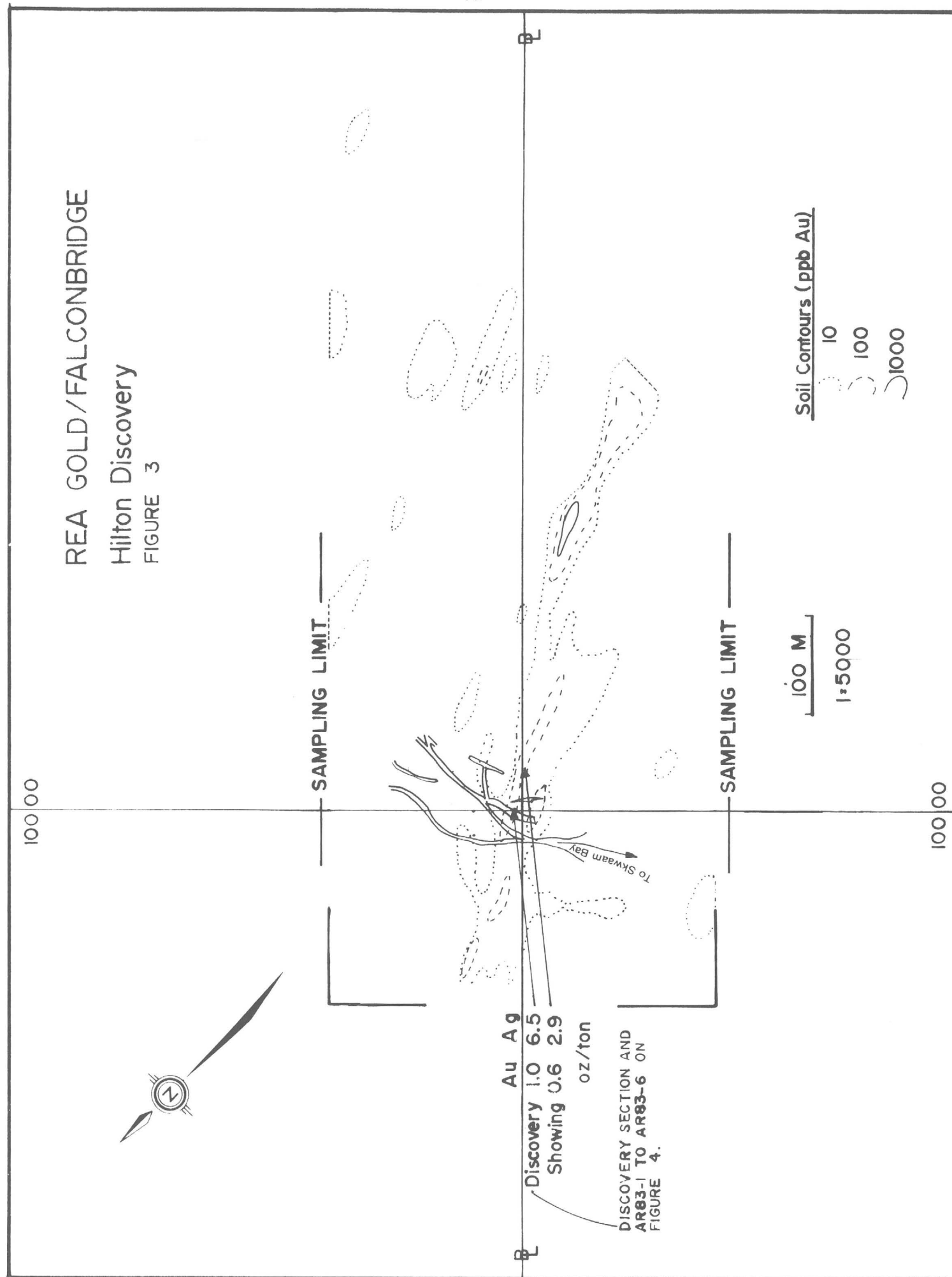
The claim group straddles the Occidental fault which lies 1-1/2 miles east of the famous Comstock Lode. Some 4,000 feet of the Occidental fault lies within the Rea Gold holdings. Charlton International, Rea Gold's consulting geologist, concludes that the Occidental fault system mimics the regional fault patterns. Charlton has identified five principal veins on the property all with potential mineralization. The vein disposition is epithermal in nature as was the Comstock Lode. "Bonanza" could thus be found to the 1,000 foot horizon and precious metal (P.M.) mineralization to the 2,000 foot horizon. These findings imply that the Rea Gold claim group is an excellent area for P.M. exploration.

Work to date, carried out by Rea Gold consists of detailed geological and geochemical surveys. Several drilling targets have been identified. Assay values have ranged from .01 to .65 ounces per ton Au and .08 to 6.62 ounces per ton Ag.

Rea Gold is seeking a joint venture partner with P.M. mining experience, to undertake Phase II of the development program recommended by Charlton International. This will consist of drilling, mapping, sampling and further land acquisitions.

3.) TILLICUM PROPERTIES (SAM, SKYE & AFTA CLAIM GROUP)

The property is in the Slocan Mining Division, B.C., Canada. It is being evaluated under a 50/50 joint venture with Hudson Petroleum who have agreed to finance the first Seventy Thousand (\$70,000,.00) Dollars of exploration expenditures. The claim group is located near the Tillicum Mountain discovery to the southeast. The Mar Gold property, the CAM



There are numerous base metal occurrences commonly associated with barite and P.M. values particularly in the Birk Creek - North Barriere Lake - Johnson Lake - Sinmax Creek and Adams Lake Plateau areas.

The assemblage of rocks indicates an island arc geological setting at the time of ore deposition. The brecciated, zinc rich massive sulphides and presence of massive barite indicate the discovery may be the top layer in a kuroko style deposit. Since the sequence appears to be overturned and is located on the limb of an early syncline, large massive sulphide bodies may occur to the north-east and also at depth.

Within the area of discovery (Figure 2.), logging roadcuts have exposed a sequence of volcanic and sedimentary rocks indicating repetitive mafic to felsic volcanism with submarine sedimentation between the volcanic periods. Just west of the area shown in Figure 2, andesitic flows, breccia and tuffs are interbedded with a quartz-feldspar porphyry flow. Eastward and upsection the andesitic volcanics become thinly bedded and often separated by metamorphosed argillite, siltstone and chert-pebbles, conglomerate units. These types of sequences indicate episodes of volcanism followed by periods of quiet with seafloor sedimentation.

Lithic and lapilli tuffs dominate the section 20 metres east of the massive sulphide showing, and they are pyrite rich within 5 metres of the showing.

Approximately 120 metres northeast of the massive sulphide showing the felsic tuffs are overlain by andesitic flows and lapilli tuffs. These relationships could suggest several periods of mafic to felsic volcanism.

Bulldozing of the oxidized outcrop revealed fresh massive sulphide mineralization over 3.75 metres from the hanging wall to the footwall, (Figures 3 & 4). This mineralization is dark grey to black in color and fine grained. Its

group and the old H.J. Mine are all active and in close proximity of the Rea Gold/Hudson property.

During late 1982 an airborne geophysical survey was completed. This was followed, during late 1983 by ground geochemical sampling and geological mapping. These two activities have mutually established "anomalies" or "areas of interest". These have been identified, by both Rea Gold's consulting geologist and Western Geophysical Aero Data Ltd., who conducted the airborne exploration survey.

The property is in a most favourable geological setting and warrants further activities regarding land survey closure, detail geochemical survey, more detail geological mapping and trenching and diamond drilling with particular attention to the "areas of interest".

4.) MOUNT ROACH -

The property is located 8 miles west of Lytton, B.C., Canada in rugged country accessible only by back packing or helicopter. During 1981 an exploration program identified a strike length of 1,700 metres with a vertical distance of 400 metres. That represents a very persistent geological structure. Sampling identified a zone of some 135 metres averaging 0.113 ounces per ton Au over 1.2 metres with a particular 80 metre interval assaying 0.136 ounces per ton Au.

Further sampling and trenching during the 1984 exploration season is recommended and warranted.

5.) ADD & MOLY CLAIM GROUP (RED HILL PROPERTY)-

This property is located in the Kamloops Mining Division of B.C., Canada. It partially straddles the Trans-Canada Highway about 14 km south of the Ashcroft turn-off. The claim group is readily accessible to most of the required infrastructures needed in the event of a production decision. The main rocks are the Cache Creek group which, within the claim group, is some 8 miles wide. This group is in contact with the Guichon batholith which is the source and host rock of the great copper deposits of the Highland Valley district. The claim group, geologically speaking, is thus well located.

During November 1983, Rea Gold entered into an option agreement with SELCO (Minerals division of B.P. Exploration Ltd.) to explore and develop the property. SELCO can earn a 51% interest in the property by expending a minimum of \$1.5 Million (\$1,500,000.00) Dollars over the 5 year period following the signing of the agreement. Previous work on the claim group has identified several anomalies one of which measures 7,500 feet x 2,600 feet. It is anticipated that SELCO will commence work on the claim group by early spring of 1984.

6.) ADAMS LAKE B.C., (Hilton Discovery) -

This precious and base metal massive sulphide property was optioned from J. Allan Hilton in October 1983. The discovery showing assayed 1.32 ounces per ton Au, 7.30 ounces per ton Ag, 2.60% Cu, 7.80% Pb, 3.20% Zn over 10'4". Immediately thereafter geophysical and geochemical surveys were performed. These defined a 2,000 foot anomaly open to the northwest. Almost immediately thereafter the property was optioned to Corporation Falconbridge Copper, (CFC). They can earn a 51% interest in the property providing they expend Two Million (\$2,000,000.00) Dollars on

Bay (Pb, An, Cu, Ag). Only the Homestake reported resource estimates (1974). They were of an "indicated" classification - 796,280 tonnes grading 7 oz per ton Ag., 28% barite, 4% Zn, 2.5% Pb and 0.55% Cu.

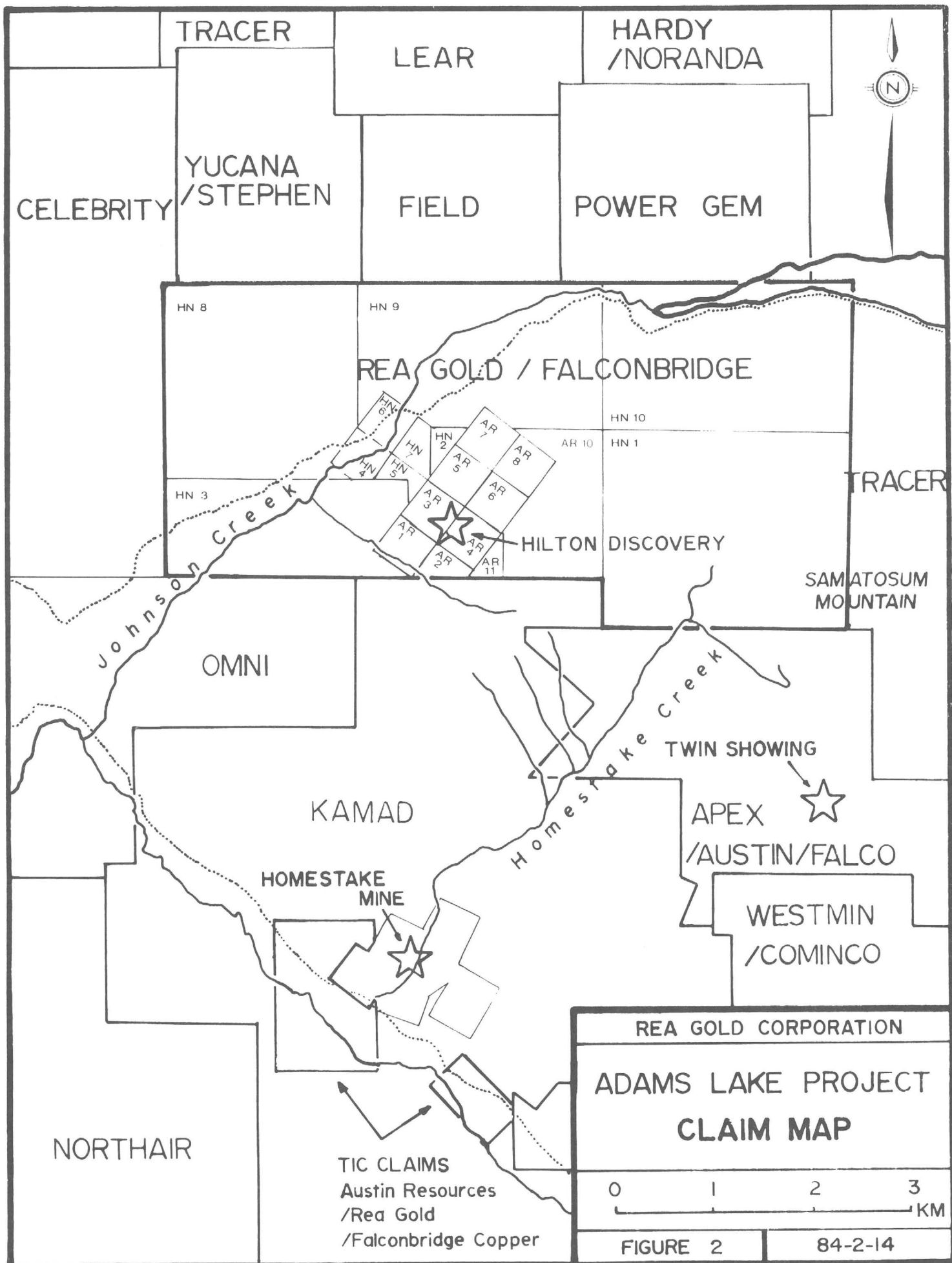
The massive sulphide mineralization on the subject claim group was discovered by Mr. A. Hilton in late August, 1983. The initial discovery is in a logging road cut and was only uncovered after hand trenching through bright red hematitic soil and the exposure of oxidized massive pyrite-chalcopyrite-galena mineralization, over a 3 metre width. The first chip samples, each over 1.5 metres returned values of 0.294 and 1.21 ounces per ton Au, 4.94 and 4.74 ounces per ton Ag 0.99% and 1.29% Cu 12.7% and 5.37% Pb and 6.76% and 0.82% Zn. This discovery lead to the staking previously described.

4. GEOLOGY

The Barriere Lake - Adams Plateau region including Samatosum Mountain and the adjacent area has been geologically mapped by both the federal and provincial geological survey departments (see partial bibliography). The following geological description of the area under consideration is primarily based on those works.

The region is mostly underlain by a weakly to moderately metamorphosed assemblage of sedimentary and volcanic rocks belonging to late Devonian to early Mississippian age Eagle Bay Formation, which appears to stratigraphically overlie the volcanics of the late Devonian Fennell Formation. Both these formations are intruded by granodiorite orthogneiss to biotite quartz monzonite which ranges in age from late Devonian to Cretaceous. Locally both the metamorphosed strata and the intrusions are overlain by olivine basalt flows of Pleistocene to Recent Age.

The region has at least two periods of folding and faulting. The early period was west to northwest trending with the axis plunging north to northwest. This deformed the volcanic and sedimentary strata prior to later folding with the axis plunging gently north.



exploration and any required feasibility studies by May 4, 1986. During this same period CFC can obtain a 50.6% interest in Rea Gold at stock option prices from Three (\$3.00) Dollars to Ten (\$10.00) Dollars.

Drilling results to date indicate that the initial discovery represents a high grade zone in a planar sulphide/sulphate unit that lies at the contact of felsic and mafic volcanics. The drill intersections show thickness and grade up to 10 feet and 0.50 ounces per ton Au. To date CFC has completed 10,000 feet of N.Q. diamond drilling.

SUMMARY & RECOMMENDATION:

It is observable that Rea Gold in its relatively short history has assembled an excellent group of exploration properties. A very major portion of this success is due to the diligent efforts of the Rea Gold Board of Directors and its professional and technical staff. However, all these efforts will meet with only marginal success unless a responsive market place is present. This we believe will be the case during 1984. It will not be a booming market place rather it will be steady and slowly rising over time. The U.S. deficit problems coupled with the do-nothing malaise of an election year and the lack of consumer confidence will result in drifting and rising interest rates. This will bring forth some decline in the U.S. dollar and a corresponding rise in the price of gold. This too will not be a spectacular rise but rather a steady and slowly rising price over time. We should be able to anticipate Four Hundred and Thirty (\$430.00) Dollars (U.S.) gold (1) by year end.

(1) A recent analysis by the Shearson American Express, London, predicts gold trading from Three Hundred and Forty (\$340.00) Dollars to Four Hundred and Twenty (\$420.00) Dollars (U.S.) for 1984. The same article suggests

Try another witch doctor!

FIGURE 2 84-2-14

Zinc should continue to be bouyant and copper may start a recovery by year end.(2).

In such an economic scenario Rea Gold has much to offer.

1. The Adams Lake - CFC joint venture is on the threshold of major decisions.
2. Brunswick and B.V.O. are ready for renewed and higher levels of activity. Joint venture with a major should be sought.
3. Tillicum and Mount Roach both warrant further exploration.
4. Red Hill has an excellent joint venture with SELCO.

In conclusion, the six properties in alliance with a fair and slowly rising market place for 1984-85, warrant further exploration in the coming season. Further aquisitions and joint venture/options are also warranted.

that the South African world dominate position in gold production could be challenged by Canada (Hemlo) in combination with Third World Nations.

(2) Teck. Corp. at the company's Annual Meeting stated that it anticipated improved financial performance in the coming year. One reason was some improvements in copper prices by year end.

3. In the event of production a 5% royalty based on net smelter returns.

2. LOCATION

The noted claim group lies immediately south of Johnson Lake (Figure 2.), covering the north western slopes of Samatosum Mountain and the upper drainages of Johnson and Homestake Creeks. Stated otherwise the claims are 23 km east of the town of Barriere or 60 km NE of the City of Kamloops in south central British Columbia. The geographic coordinates of the claim group are 50° 08' N latitude by 119° 50' W longitude.

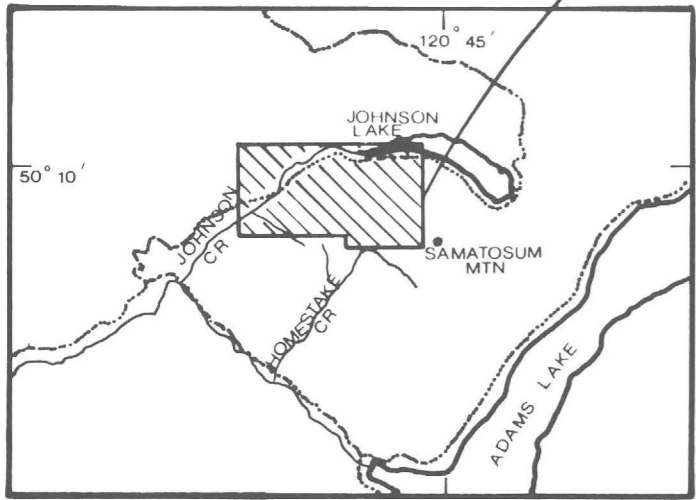
The claim group is readily accessible from Kamloops via either Highway 5 north to Louis Creek, thence east to Skwaam Bay on Adams Lake, or east on Highway 1 to Squilax then north to Skwaam Bay. From Skwaam Bay access is available via a well maintained system of gravel logging roads leading north westerly up the western slopes of Samatosum Mountain and the claim group.

The claims straddle the Johnson Creek valley and cover the northwestern slopes of Samatosum Mountain. Elevations range from 3,000 to 6,000 feet. Climate is moderate with temperatures from - 25° & + 30° C. Precipitation is moderate to heavy. The exploration season is from approximately May to November. There is a moderate to thick growth of pine, fir, cedar and aspen except in a portion of the south central claim which has been clear - cut logged. Outcropping is scarce except at logging road cuts or areas of high relief.

3. HISTORY

The region between Johnson Lake, Johnson Creek, Sinmax Creek and Adams Lake has been exposed to exploraton since the 1920's. Prior to the current discovery there were three known occurrences; the Twin (Ag, Pb, Zn, Cu, Au, and barite), the Homestake (Ag, Pb, Zn, Cu, Au, barite) and the

total
G.S.!



REA GOLD CORPORATION
ADAMS LAKE PROJECT
(FALCONBRIDGE J.V.)
LOCATION MAP

KILOMETERS
 0 100 200 300

FIGURE 1

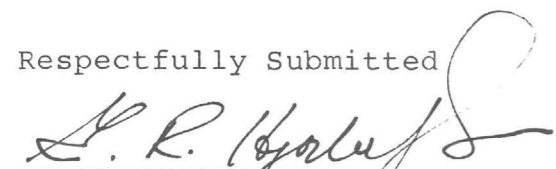
SCALE 1:8,000,000 DATE FEBRUARY 1984

The Following budget is recommended:

1. <u>Adams Lake</u> - funding is available through the joint venture with CFC (Head Office budget is required) -	\$100,000.00
2. <u>Tillicum Group</u> - requires land survey closure, geochemical and geophysical programs, trenching and diamond drilling and a (Head Office budget is required) -	\$150,000.00
3. <u>Brunswick Property</u> - requires drilling, mapping, sampling and land acquisitions. Also a joint venture with a major is recommended. (Head Office budget is required) -	\$300,000.00
4. <u>Mount Roach</u> - requires sampling, trenching and mapping, (Head Office budget is required)-	\$150,000.00
5. <u>B.V.O. Property</u> - requires new levels of exploration and development and a joint venture with a major (Head Office budget is required) -	\$500,000.00
6. <u>Red Hill Property</u> - funding is available through a joint venture with SELCO (Head Office budget is required) -	\$100,000.00
SUB - TOTAL	\$1,300,000.00
7. New Acquisition -	\$400,000.00
8. Outside Joint Venture -	\$500,000.00
9. Operating Costs to 7 & 8 -	<u>100,000.00</u>
SUB - TOTAL	\$1,000,000.00
TOTAL -	\$2,300,000.00

A budget of \$2.3 million (\$2,300,000.00) Dollars for fiscal year 1984-85 is recommended. Rea Gold Corporation has the expertise and diligence to effectively utilize such funding.

Respectfully Submitted



G.R. Hjørleifson, B.A., M.A.
Resource Economist - Minerals

ADAMS LAKE PROPERTY HILTON DISCOVERY
(AR & HN CLAIMS), KAMLOOPS MINING DIVISION
BRITISH COLUMBIA, CANADA

1. OWNERSHIP

The claim group consists of twenty contiguous mineral claims located in the Kamloops Mining Division of south central British Columbia, Canada. (Figure 1.). The AR 1 to 8, 10 and 11 FR claims were originally staked by Mr. R.N. Nicholl of Kamloops, British Columbia, who on Oct. 21 1983 sold a 100% interest in these claims to Mr. A. Hilton of Kamloops, British Columbia. The HN 1, 3, 4, 5, 6, & 7 mineral claims were staked and owned by the same Mr. A. Hilton. By means of a Letter of Intent dated Oct. 7 1983, Rea Gold obtained by options all the above mentioned claims.

The HN 2, 8, 9, 10, mineral claims were staked by Mr. R. Shearing of Vancouver, British Columbia. Rea Gold, by a purchase of 100% interest, is the registered owner of these claims. Bill of sale receipts 184758E and 184770E verify all the above sales. Title search has been conducted at the Mining Recorder's Office in Kamloops and all claims are in good standing until their 1984 anniversary date.

In respect of the holdings of Mr. A. Hilton (AR 1 to 8, 10 & 11 FR and HN 1, 3, 4, 5, 6, 7,) within the Adams Lake claims group - a Letter of Intent assigning 100% interest to Rea Gold was signed by both parties Oct. 7 1983. The compensation to be paid by Rea Gold for the said 100% interest is:

- 1.) Ten Thousand (\$10,000.00) Dollars and Twenty Thousand shares of Rea Gold at time of signing.
- 2.) A repeat cash payment and share assignment on April 25 1984, October 25 1984, April 25 1984 and finally October 25, 1985, for a total of Fifty Thousand (\$50,000.00) Dollars and One Hundred Thousand shares.

SECTION F.

ADAMS LAKE PROPERTY HILTON DISCOVERY
(AR AND HN CLAIMS) KAMLOOPS MINING DIVISION
BRITISH COLUMBIA, CANADA

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7. JOINT VENTURE	9F
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SECTION A.

BRONCO, VERDSTONE, OAKLAND PROPERTIES (B.V.O.)
YUMA COUNTY, ARIZONA, U.S.A.

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BRONCO, VERDSTONE, OAKLAND PROPERTIES, (B.V.O.)
YUMA COUNTY, ARIZONA, U.S.A

BIBLIOGRAPHY

1. OWNERSHIP

Information supplied by Rea Gold Corporation verifies that it originally acquired a 90% interest in the mining rights, the owner having retained 10%. Since then Rea Gold has sold 51% of its interest to Lincoln Resources to finance further exploraton.

2. LOCATION

The property is located about 95 miles due west of Phoenix, Arizona (Figure 1.) and consists of some 7,000 acres (Figure 2.). The area, known as Little Horn Mountain, Yuma County, Arizona (Township 15, Range 14 W, Sections 3 and 10), has access via Interstate 10 (I 10) at the Hovatter Road turnoff (94 miles west of Phoenix), then 24 miles south by dirt road to the Oakland property. Local trails supply access to the Bronco-Verdstone property. The nearest centers are Yuma and Goodyear. There is, however, no direct road to Yuma. Food, water and fuel are available at the ARCO gas station on I-10 at the Vicksburg turn off approximately 7-1/2 miles west of the Hovatter Road turnoff.

Other services required during exploration development and even for production are readily available. Trailer campsites operate close by. A major electric power transmission line and a gas pipeline are located about 15 miles from the property. Railhead is about 35 miles north of the property at Salome (Atcheson-Topeka and Santa Fe).

7. Arizona Mining regulations allow a mine operator to appropriate water for mining purposes without actually possessing the water rights. This is not the case for exploration and development. Water would have to be trucked in but is not an excessive cost item.

The area is remote so there will be little, if any, environmental conflict. There are, however, to the southwest, substantial areas of Federal Reserve (U.S.

x 9/27/82 old!

Kelly, Sherwin F., P. Eng. - A Report on Assessment work by Magnetometer Survey on MOLY claim for Rea Gold Corp., May 21 1981.

Kelly, Sherwin, F., P. Eng. - A Report on Assessment work by Magnetometer and Geochemical Surveys on ADD and MOLY group for Rea Gold Corp., August 5 1982.

Kelly, Sherwin, F., P. Eng. - A Report on Geochemical Gold Tests on ADD and MOLY group for Rea Gold Corp., November 24 1981.

Rea Petro (now Rea Gold) Corporation - Prospectus, Province of British Columbia, March 4 1981.

in a "production decision". A budget of One Hundred Thousand (\$100,000.00) Dollars is recommended for 1984. For this property this is a minimal sum.

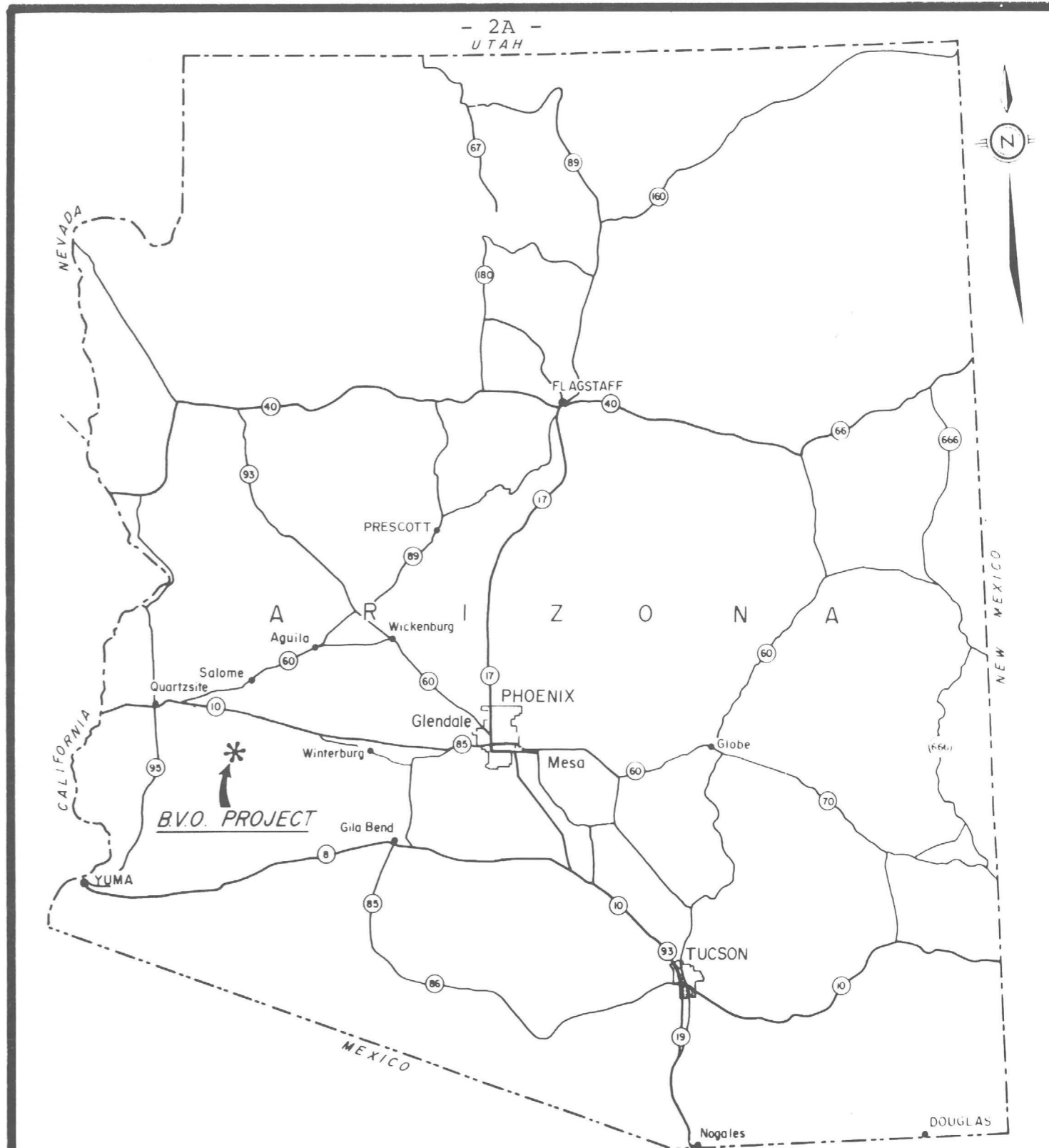
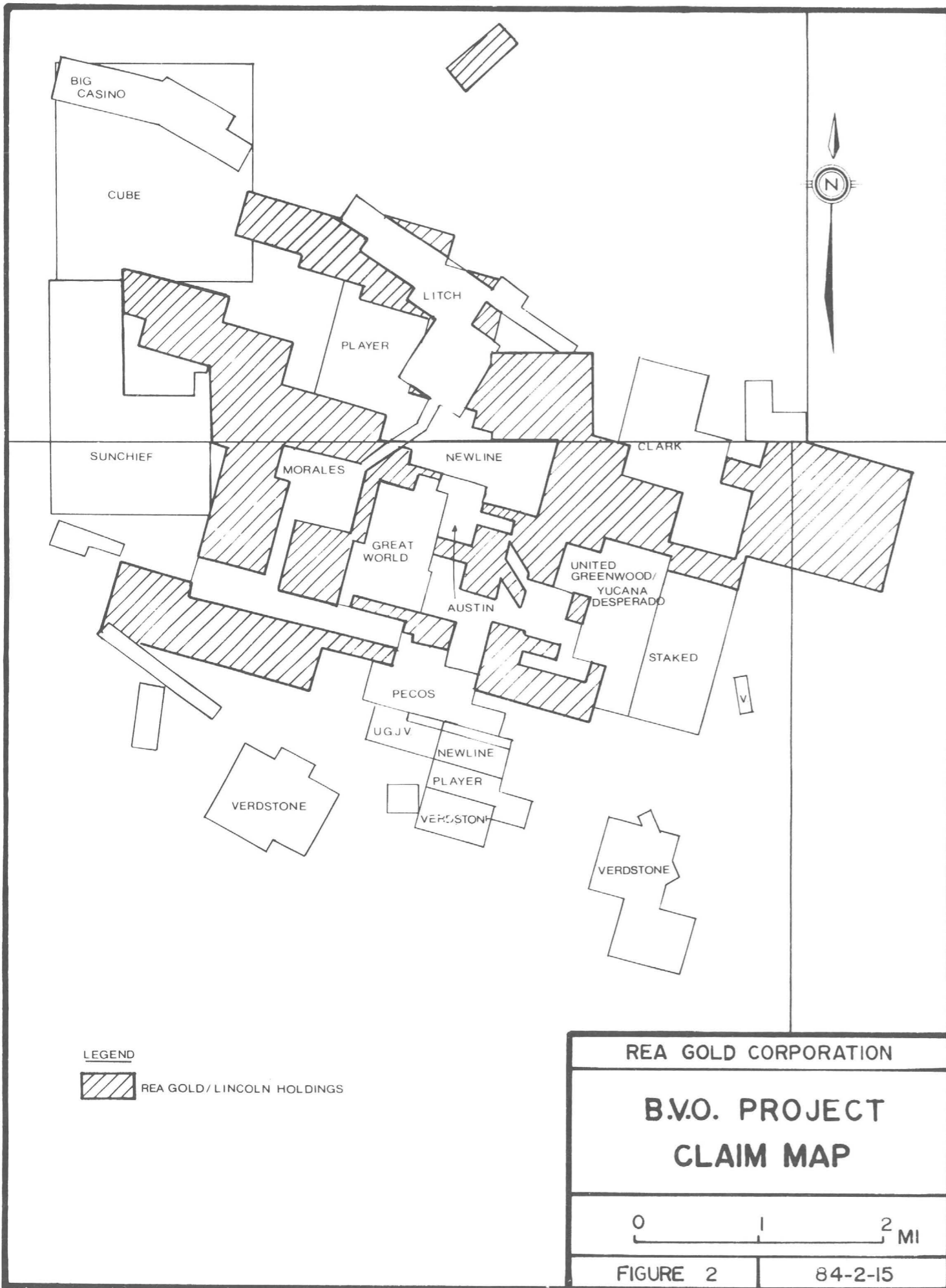


FIGURE I

REA PETRO CORPORATION		
B.V.O. PROJECT		
VERDSTONE CLAIM		
YUMA COUNTY, ARIZONA		
<i>LOCATION MAP</i>		
Miles 50 0 50 Miles		
SCALE: 1" = 50 miles	DATE March, 1984	DRWG No. R 82 - 01



The foregoing cursory geological review coupled with the detailed geochemical and geophysical program of 1981 permits the conclusion that there are two categories of mineral disposition on the ADD and MOLY holdings of Rea Gold Corporation:

1. Fracture filled hydrothermal vein formations carrying nickel and possibly silver values.
2. Copper-molybdenum deposits in and near the contact zone of intrusive diorite plugs with the invaded Cache Creek greenstones, predominantly quartz-sericite schists.

On the Rea Gold holdings there are two centers of mineralization associated with diorite intrusives, one close to the MOLY claim the other on the ADD 8 claim.

Promising anomalies are also identified on MOLY 2, ADD 8, ADD 6 plus ADD 2,4 and 5. The principal metals appear to be copper, silver, nickel and molybdenum with zinc in a minor role. Future exploration should recognize the possible presence of gold.

5. EVALUATION

Extensive geological, geophysical, geochemical work is warranted on the Rea Gold holdings. The joint venture with SELCO is an excellent vehicle for such an undertaking.

6. RECOMMENDATIONS

Rea Gold Corporation must make every effort to assist SELCO in achieving its exploration targets as set out in the joint venture agreement, which document is a fair and equitable contract for both partners.

7. BUDGET

Rea Gold Corporation may well have a major expenditure, i.e. to respond to 8 (d) of the joint venture - to participate

andesitic greenstone outcropping. Other formations in the area consist of tuffs, agglomerates, cherts, argillites and limestone in minor amounts.

There are three main intrusive stocks within the area:

1. A large oval stock nearly 1-1/2 miles long lies just east of the highway approximately opposite the north end of MOLY 2.
2. A large stock, 1-1/2 miles in diameter occurs approximately 4 miles NW of the MOLY and ADD claims.
3. A smaller stock, 1/2 mile in diameter is less than 1 mile west of the north end of the ADD IV claim.

As a result of Noranda's mapping we can note in the southern part of the area the presence of various outcrops of basaltic flows, some felsitic volcanics and a quartz porphyry sill 50 feet wide. Copper showings are present.

These observations imply that both hydrothermal and igneous intrusive action occurred.

Bethlehem Copper Co. conducted a geological survey in 1977 under the code name "Guichon Project". Geophysical and geochemical surveys were at that time also conducted. Many outcrops in ADD and MOLY were mapped but only identified as undifferentiated Cache Creek group.

Two intrusive bodies were mapped, one of which is the large stock underlying the south end of Red Hill. Four hundred meters SW, a large gossan area is present with 2 smaller ones 1,000 metres to the NW. This stock is quite obviously an offshoot of the great Guichon batholith as previously noted so critically associated to the Highland Valley operations. This lends special interest to the MOLY claim.

Military Proving Grounds), which have restricted access and are excluded from development.

The topography varies from gently sloping to mountainous. The climate is arid with hot summers, very low humidity, moderate winters, no snow and limited rain. Vegetation is sparse.

3. HISTORY

The property was discovered in 1931 by Robert Davis, the grandfather of a partner, R.L. Fancher, and had been owned by the partners and members of their families until more recently obtained by the Ramacore Corporation, Dallas, Texas. A considerable amount of exploration and development work has been done. Four shallow shafts have been sunk on the Oakland and two on each of the Bronco and Verdstone.

During 1940 some 28 tons of selected ores from a small area of the Verdstone were shipped to the ASARCO smelter at Hayden Arizona. It assayed 0.46 ounces per ton Au and 4.7 ounces per ton Ag. Some large chunks of high grade ore from the Oakland property have assayed over 24 ounces per ton Au.

4. GEOLOGY

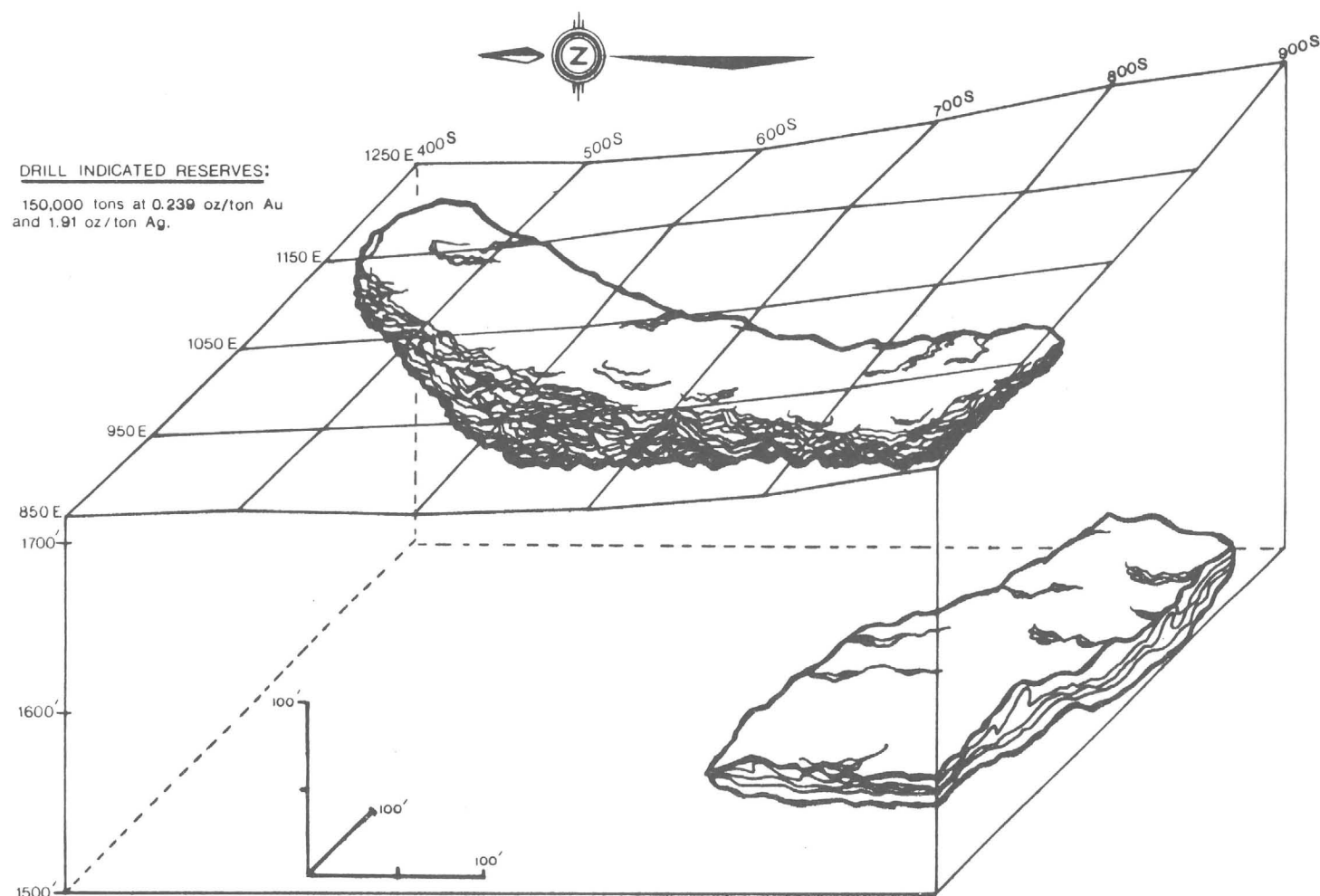
The ridges in the area are capped by 3 to 7 feet of Quaternary basalt flows. The slopes are strewn with a cover of remnant and wind eroded boulders of basalt over top the less resistant Kofa Volcanics.

The Cretaceous Kofa Formation is composed of felsic to intermediate breccias and tuffs. Numerous volcanic necks form prominent landmarks throughout the region. These vents are apparently the source of the Kofa Volcanics.

Within the property area the volcanic-sedimentary stratigraphy consists of a complex of tuffs, mud flows, ash flows, agglomerates, pumaceous tuffs, and diabase dykes. The bedrock exposures are restricted mainly to the higher slopes while the lower slopes are predominantly covered by calcareous cemented bedrock fragments. The composition of

the Kofa volcanics is predominantly andesite with some rhyolite intrusions. The northern section of the property tends to dip at 30° north whereas the southern part tends to be flat to southerly dipping. Several quartz-carbonate filled breccia zones cross the mineral claims in a NNW direction.

i) The Verdstone Property (Figure 3.) is located in the Cretaceous Kofa Volcanics and contains a volcanic neck of reddish-brown rhyolite breccia which has undergone strong hydrothermal alteration. Assay results indicate this type of rock carries the best gold values. The volcanic neck is located about 250 feet west of the mine workings. Volcanics adjacent to the neck also carry gold and silver values.



ORTHOGRAPHIC VIEW
OF MINERALIZED SECTION OF
VERDSTONE VEIN

FIGURE 3

2. Copper, molybdenum, zinc and silver are represented by strong soil anomalies.
3. An suitable geophysical survey should be undertaken to define the stronger sulphide mineralization areas prior to spotting drill holes.

The results of the activities on MOLY 2 and ADD 1-7 and the Fraction are:

1. A large part of ADD 6 shows a number of nickel anomalies associated with strong silver, molybdenum and zinc reactions, but insignificant copper.
2. High anomalous values lie at the south end of ADD 2 and ADD 4 and across ADD 5 and ADD 1.

The results of magnetic and geochemical work on ADD 8 show the presence of copper and zinc in soil samples.

In conclusion the geophysical (magnetic) and geochemical (soil sampling for copper, molybdenum, zinc, silver and nickel) on the ADD and MOLY group demonstrate a high probability for valuable deposits.

4. GEOLOGY

The area under discussion (ADD and MOLY) lies within a NS band of the Cache Creek group of rocks - likely of Permian age. In the claim group area it is some 8 miles wide. On the east side of the Thompson River it is in contact with the Guichon batholith of Jurassic age. The latter is both the source and host rock of the great copper deposits of the Highland Valley district.

The Cache Creek group is probably 20,000 feet thick consisting of cherts, argillites, limestones, quartzites, andesite flows, agglomerates, tuffs, along with their metamorphic derivatives. In the claim area, between the Cornwall Hills and the Thompson River, there is substantial

earliest known exploration work was on claims staked by G.C. Krause during September 1970. Some of this work covered the present Rea Gold ADD and MOLY holdings but most of the work was concentrated in an area about 4-5 km NW of the ADD VI claim. Test drilling at that time indicated the presence of copper mineralization on the then JEFF 3 claim (now the northwest part of MOLY 2). Later percussion holes, drilled dry, only confirmed the presence of copper and zinc. No precious metal assays were taken at that time.

Noranda carried out an extensive geological, geochemical and geophysical program and discovered a very impressive copper-zinc-molybdenum anomaly on claim ADD 8. It measured about 2,400 ft. by 2,400 ft. Subsequent work by Bethlehem Copper extended the anomaly some 1,700 feet into what is now the ADD I claim. The Noranda survey also identified interesting copper-molybdenum-zinc anomalies in what is now ADD I. Further work by Noranda and then Bethlehem indicated groups of anomalies particularly an MOLY, MOLY 2, ADD I, IV, V, and VI claims.

The adverse circumstances under which the drill programs were carried out, particularly in that they were laid out on a widely spaced geochemical and geophysical program, indicates the lack of a rational detailed investigative program. The area is conducive to mineralization and warrants a planned program.

As a result of Sherwin F. Kelly's determined efforts, probably the first well structured program of geochemical soil surveys on the entire group as well as a magnetometer survey on ADD 8 and part of the MOLY claim was carried out between August 1 and December 31 1981 by Pacific Northwest Geotech Ltd., of Kamloops, B.C. A magnetic survey was also carried out on the MOLY claim during 1982. Over 104 km of grid lines were utilized.

The results of these activities on the MOLY claim are:

1. Nickel reactions on the designated areas of the MOLY claim were negligible.

The mineralized zone is hypothesized to occur within a thrust fault that strikes roughly east-west and dips shallowly to the south. The brecciated thrust zone has been subsequently kaolinized, mineralized and faulted. The later faults are normal, steeply dipping and also strike east-west. There may be later north-south striking normal faults as well.

Free-milling gold in the quartz veins and their mineralized brecciated wall rocks runs from 0.03 to 3.52 ounces per ton. Silver occurring as chlorides and sulphides runs from 0.12 to 53.8 ounces per ton. Surface assays surrounding the orebody for distances up to 275 feet run 0.02 ounces in Au and 0.32 ounces in Ag per ton.

Two vertical shafts, 80 and 100 feet in depth carry good gold and silver mineralization from top to bottom with the ores present in the shaft bottoms.

ii) The Oakland Property- is located on the Cretaceous Kofa Volcanics about 5,000 feet SSE from the Verdstone property and contains a volcanic neck about 150 feet west of the mine shaft. On the property the volcanics consist of rhyolite and andesite breccias. In general, the rock types and structures are similar at the Verdstone and Oakland properties; the rock units may be continuous between them. The mineralized fault zones are characterized by the presence of grey calcite on the Oakland property in contrast to the overlying kaolin at Verdstone. Two silicified quartz vein systems, each 12 to 18 inches wide accompanied by shear zones intersect near the southern perimeter of the mine workings. One vein strikes NE to SW and dips at 45° to the NW. The other vein strikes NE to SW and dips at 63° to the NW. Both veins are highly metalized with gold and silver. Additionally the mineralized brecciated wall rocks, extending some 10 feet on each side of the quartz veins, 20' have undergone strong hydrothermal alteration, and carry good gold and silver values.

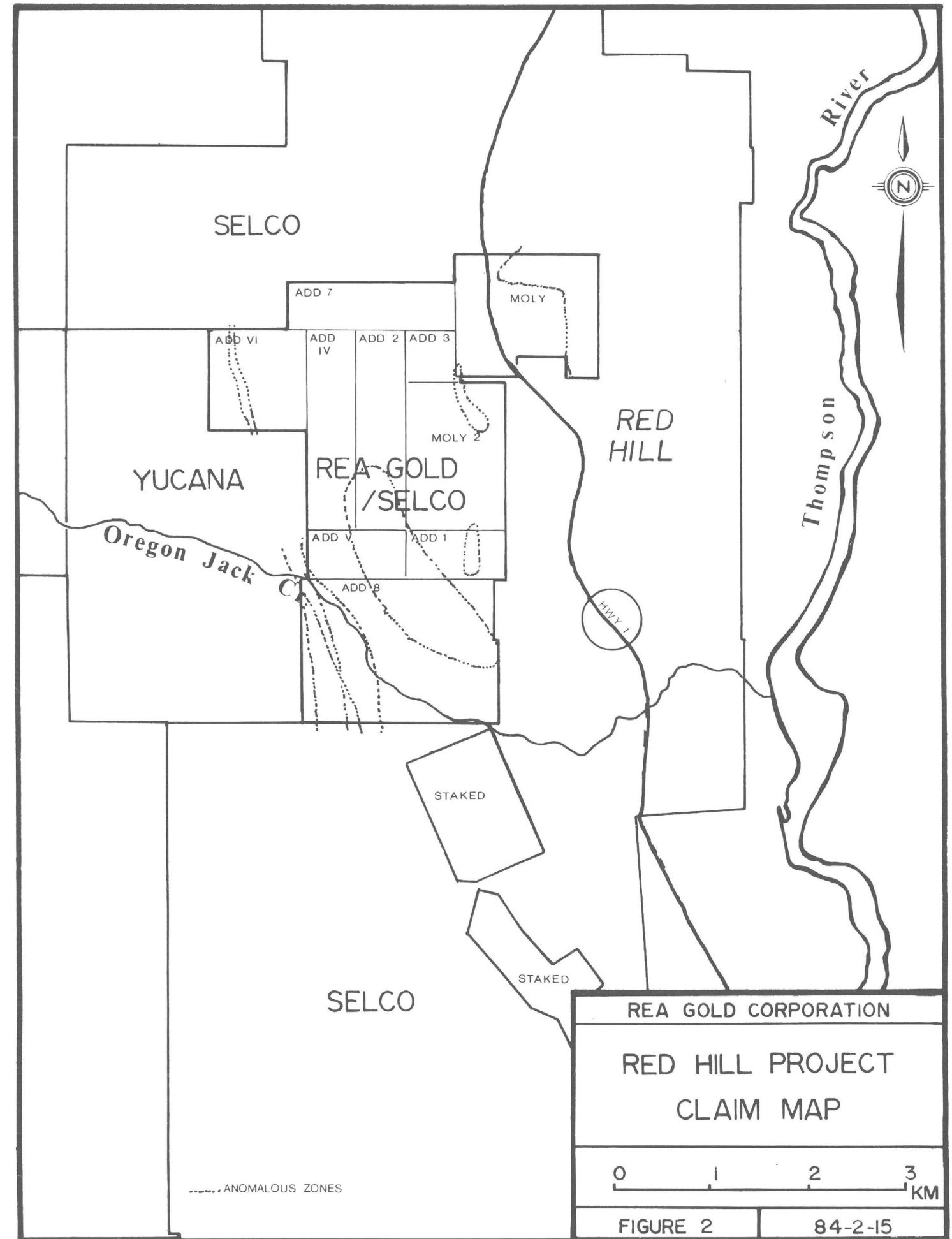
The heaviest concentration of free - milling gold and silver occurs in the two quartz vein intersections. The richest and best gold and silver values are on the north side of the intersection of the two quartz veins, and in the shear zone

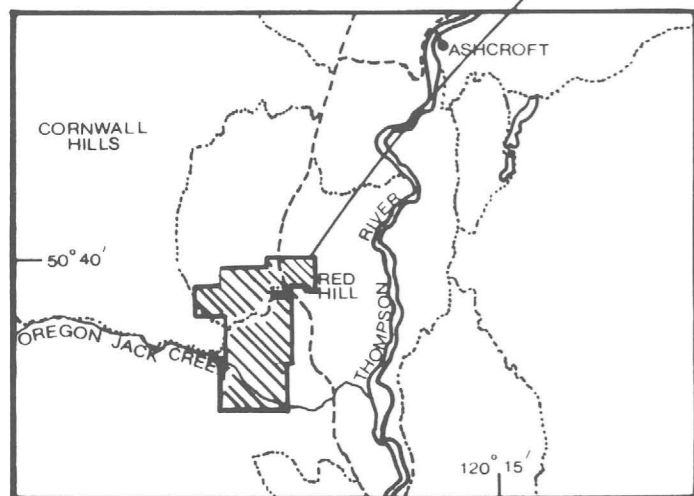
and mineralized brecciated wall rocks. Unaltered rocks in the orebody carry fair values in gold and silver. The free - milling gold assays from 0.02 to 2.42 ounces per ton. Silver which occurs as chlorides and sulphides runs from 0.16 to 9.43 ounces per ton. Areas surrounding the ore body also carry values. Samples taken just below the surface crust assay 0.02 ounces per ton Au and 0.80 ounces per ton Ag. Some areas of the shaft are very high grade in both gold and silver.

iii) Bronco property - is located on the Cretaceous Kofa Volcanics and lies about 600 feet NE of the neck of the Verdstone property. The volcanics consist of rhyolite, rhyolite breccias, andesite, andesite breccias and tuffs. All the rock types carry gold and silver values. The brecciated rhyolite and andesite rocks are silicified and have undergone strong hydrothermal alteration in areas in and adjacent to the ore deposit. The 200 foot wide ore zone lies between two 80 foot shafts which are 750 apart and are located on the long axis (east-west) center - line of the claim. The ore zone consists of many highly silicified rhyolite and andesite brecciated areas that were highly altered by mineralized hydrothermal solutions.

These brecciated areas contain numerous gold and silver mineralized quartz veins and stringers that vary in width from 1 to 6 inches. General strike is east and west, dipping north at 80°. Good gold and silver mineralization is observable for 300 feet beyond the eastern shaft and for 450 feet beyond the western shaft. Limited assays indicate good values.

The broken, angular and shattered mineralized rhyolite and andesite host rock material with its silicified quartz veins constitutes the bulk of the ore zone. It is easily mined, crushed and milled. Gold and silver values start on surface and continue to the shaft bottom and possibly below. The heaviest gold and silver mineralization occurs in the quartz veins and their associated rhyolite and andesite breccias. High grade gold and silver occurs in short drifts driven northward from both shaft bottoms. Free milling gold assays from 0.06 to 1.19 ounces per ton. Silver occurring as chlorides and sulphides runs from 0.03 to 4.0 ounces per ton. Unaltered rocks in the ore body and in the areas





REA GOLD CORPORATION

RED HILL PROJECT
(SELCO JOINT VENTURE)

LOCATION MAP

KILOMETERS
0 100 200 300

FIGURE 1

SCALE 1:8,000,000 DATE FEBRUARY 1984

surrounding the ore zone carry gold values up to 0.03 ounces per ton with silver ranging from 0.04 to 0.80 ounces per ton. Geophysical survey indicates that strong mineralization is present over the entire principal claim area to depths of up to 200 to 250 feet. This finding could substantially increase the ore tonnages and the mineralization value of the property.

4. EVALUATION

There is little doubt that the deposits on all three claim systems are epithermal in nature. Shipments from within the district from similar type deposits range from 40,000 tons from the Northstar property at 1.40 ounces per ton Au and 0.60 ounces of Ag per ton to 3.8 million tons from the Oatman properties, with values of 0.58 Au and 0.17 Ag ounces per ton. Extrapolating regional epithermal history and geology one can say that the epithermal character present on the Bronco, Verdstone and Oakland claims mimics the epithermal systems known to be present in the district.

?!?!

A careful analysis of sampling and drilling programs and property mapping indicates that the B.V.O. property is an excellent exploration site. As a result of diamond drilling (8,000 feet) ore reserves in the order of 150,000 tons at 0.23 ounces per ton Au and 1.97 ounces per ton Ag are indicated. It is felt that 500,000 tons of similar grade material is available. *thickness?*

The report by Charlton International (August 1983) concurs that the Verdstone-Oakland properties are excellent exploration target areas.

Charlton also noted that the lack of production in the B.V.O. district as compared to the Oatman district is due to the degree of erosion in the former, i.e., the lack of major surface deposits in the B.V.O. district restricted exploration for buried deposits therein.

5. RECOMMENDATIONS

We believe this property warrants extensive exploration, mapping and geophysical programs, complemented by diamond drilling. In order to achieve early production decisions the Verdstone and then Oakland properties should be given

priority.

The existing joint venture should seek participation with a Major company with the following characteristics:

- a) financial and corporate stability
- b) experience in epithermal mining
- c) proven small scale (gold) operating expertise.

The property warrants enthusiasm and should be explored and developed towards a production decision.

6. BUDGET

Given the types of decisions being sought a joint venture budget of Five Hundred Thousand (\$500,000.00) Dollars for 1984-85 fiscal year is not excessive.

- vi) If Rea Gold elects to participate then its production royalty would be 1/10 of SELCO'S interest in the property in addition to Rea Gold's working interest.
- vii) A schedule "B" to the joint venture agreement sets out the method by which "Net Proceeds" is calculated. The methodology is rather standard for such undertakings.
- viii) The property consists of ADD 1 to 8, MOLY 2, HIKE FR & MOLY FR.

2. LOCATION

The ADD and MOLY claims are at co-ordinates 50° 39' N latitude and 121° 22' W longitude. The area is easily accessible from the Trans Canada Highway some 14 km. south of the Ashcroft turnoff at a point where the Upper Hat Creek Road Turns off to the west. (Figure 1.). The larger part of the claim group lies on rolling grasslands which characterize the west bank of the Thompson River in this area (Figure 2.). The ADD claims, the MOLY 2 claim and a portion of the MOLY claim, lie west of the Trans Canada Highway. The larger part of the MOLY claim (which lies at the north east end of the Group) extends well east of the Trans Canada Highway, up the slope of Red Hill, which in turn lies between the Highway and the Thompson River.

An obvious feature of this location is its ready access to the necessary services if a production decision is forthcoming. Water, hydro, schools, roads, built-up communities and other services are all close at hand. This would be of substantial savings to the production decision.

3. HISTORY

Staking of the claim group by L.W. Reaugh started during March 1979 (MOLY CLAIM) and continued on through to August 1981 (ADD FR). The HIKE FR was added during September 1982. The first work on the property by L.W. Reaugh took place prior to February 1 1980 when drilling and trenching for One Thousand Five Hundred (\$1,500.00) Dollars was recorded with the Sub-Mining Recorder in Ashcroft, B.C. However, the

RED HILL PROPERTY, (ADD AND MOLY CLAIMS)
KAMLOOPS MINING DIVISION, B.C., CANADA

1. OWNERSHIP

Information supplied by Rea Gold Corporation verifies that it is the owner of the ADD and MOLY group of claims in the Kamloops Mining Division of B.C., Canada except as such ownership is subject to a joint venture between SELCO and Rea Gold Corporation. The major features of the joint venture agreement are:

- i) SELCO undertakes to spend Seven Hundred and Fifty Thousand (\$750,000.00) Dollars on the property within five years of November 22 1983. Expenditures escalate from Fifty Thousand (\$50,000.00) Dollars the first year to Two Hundred and Fifty Thousand (\$250,000.00) Dollars in the fifth year in order to have "sole and exclusive possession".
- ii) SELCO'S expenditures in the first five years must total \$1.5 Million (\$1,500,000.00) Dollars (including the above noted (\$750,00.00) for SELCO to earn a 51% undivided interest in the property.
- iii) If SELCO brings the property into production it may acquire a further 19% undivided interest by paying Rea Gold a further Two Million (\$2,000,000.00) Dollars.
- iv) Rea Gold has the right to participate with SELCO in bringing the property into production. Rea Gold's maximum share would be a 30% undivided interest in the undertaking.
- v) If Rea Gold does not elect to participate then it forfeits all rights in the property except for a production royalty of 10% based on Net Proceeds.

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SECTION B.

BRUNSWICK PROPERTY - COMSTOCK
MINING DISTRICT, STOREY CREEK
NEVADA, U.S.A.

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SECTION E.

RED HILL PROPERTY, (ADD AND MOLY CLAIMS)
KAMLOOPS MINING DIVISION, B.C., CANADA

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7. BUDGET	8E

BRUNSWICK PROPERTY - COMSTOCK
MINING DISTRICT, STOREY CREEK
NEVADA, U.S.A.

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W.G. Smitheringale, P. Eng. - Summary of 1981 Exploration
Program on Mount Roach Gold Property for Rea Petro
Corporation - Nov. 28 1981.

1. OWNERSHIP

Information supplied by Rea Gold Corporation verifies that it holds a 100% interest in the Brunswick property, Comstock Mining District, Nevada, U.S.A. (Subject to a production royalty of 5-8% depending on the price of gold).

2. LOCATION

The Brunswick property comprises approximately 350 acres in the form of a parallelogram of adjoining claims. The property overlays the Sutro Tunnel Mineral Grants and is centered just east of the No. 3 air shaft of the Sutro Tunnel. (Figure 1.). The property straddles the Occidental fault which is approximately 1-1/2 miles east of the famous Comstock fault. The property is thus in a most favourable precious metal producing district. In any future decisions infra-structure costs would be minimal in that the area is well serviced with roads, schools, hydro power, etc.

The Occidental lode vein has some 4,000 feet of strike length within the Brunswick property with a minimum width of approximately 100 feet with low pH values and an abundance of Brunswick vein material. The vein has a northerly strike and dips to the east at 45°. The dip length to the point of intersection with the Sutro Tunnel is some 2,000 feet (vertical distance surface to the Sutro Tunnel is approximately 1,400 feet).

3. HISTORY

The Comstock Lode was discovered during the 1850's and by 1863 had already produced about Ten Million (\$10,000,000.00) Dollars of gold and silver from near surface ores using very crude mining and milling methods. During the late 1860's a number of large mining companies established operations on the lode. The 1870's saw the discovery of a large high grade orebody on the Crown Point mine and the discovery of the famous "Big Bonanza" on the Consolidated Virginia property.

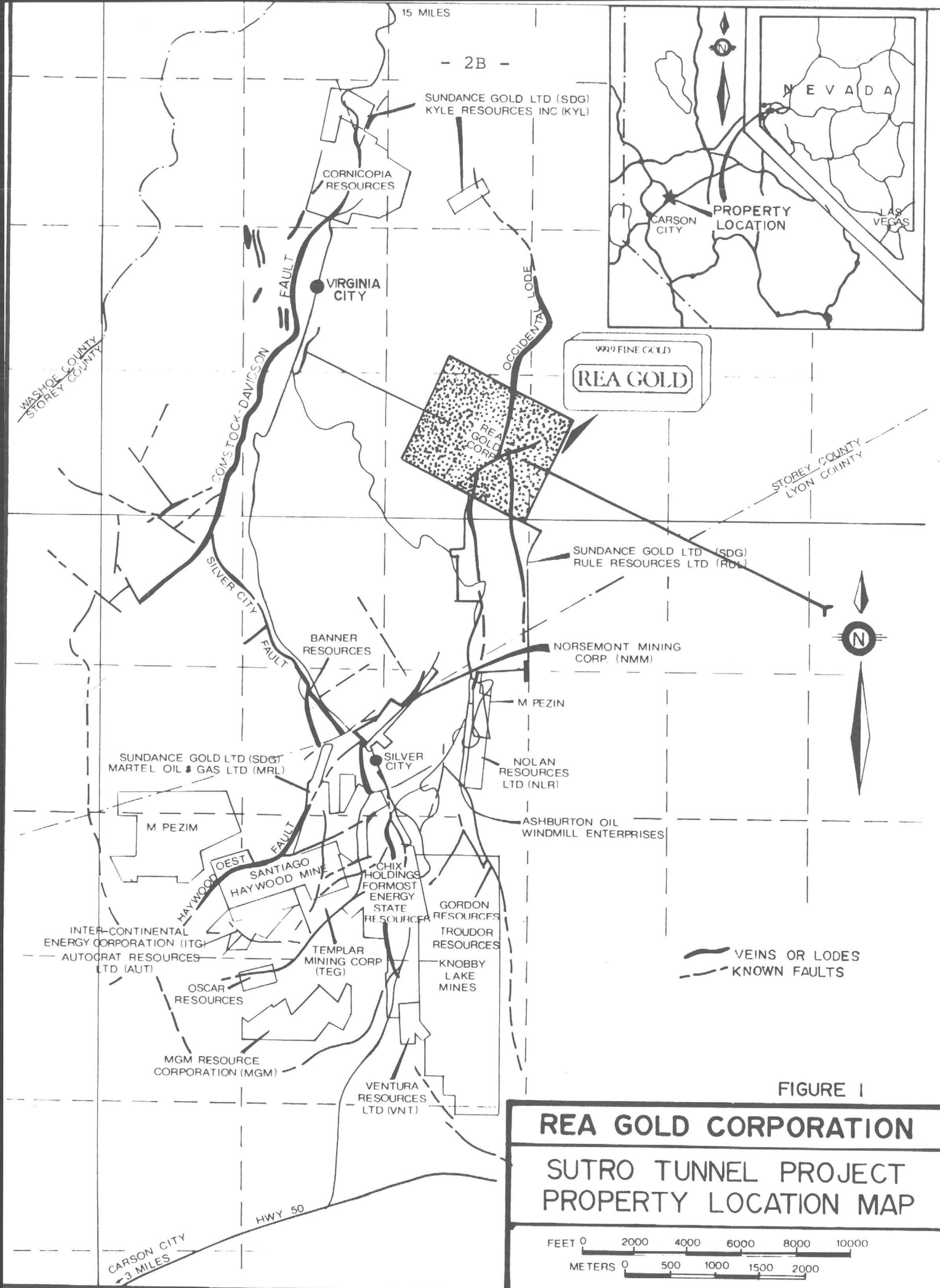


FIGURE 1
REA GOLD CORPORATION
SUTRO TUNNEL PROJECT
PROPERTY LOCATION MAP

FEET 0 2000 4000 6000 8000 10000
 METERS 0 500 1000 1500 2000

funds are being allocated across the broader spectrum of Rea Gold's total exploration and development programs.

6. RECOMMENDATIONS

During the 1984 exploration season further sampling and trenching should be undertaken, particularly on the 135 metre long zone that averaged .113 ounces per ton Au over 1.2 metres.

7. BUDGET

An expenditure of One Hundred and Fifty Thousand (\$150,000.00) Dollars during 1982 is certainly warranted.

vertical distance of 400 meters. The veins occupy shear fractures and range in thickness from a few centimeters to 1.7 meters and can pinch out or swell rapidly.

The vein filling is mostly milky quartz. In places a carbonate is present (always less than 20% of the vein), and less commonly a few dark green blebs of chlorite or serpentine are present. Sericite and black tourmaline may also be present. Sulphide minerals are rare even in the gold bearing portions.

Alteration adjacent to the veins consists of sericitization and weak pyritization. It is usually moderate and extends for less than a metre from any one vein, except when footwall and hangingwall veins are present with subsidiary veins. Then the alteration and quartz vein zone may be 10 or more metres wide.

The sampling defined a zone on the western slope of Mt. Roach at least 135 metres long and averaging 0.113 ounces per ton Au over 1.2 metres, with an 80 metre interval assaying 0.136 ounces per ton Au. The sampling confirmed the presence of gold mineralization in the vein system. Follow up sampling is required particularly in the old exploration "cut" area.

Soil geochemistry identified two anomalous areas both of which should be thoroughly investigated with follow up sampling.

The test I.P. survey established its usefulness as an exploration tool on the Gold 1 Group.

5. EVALUATION

The strike length of 1,700 metres and vertical distance of 400 metres indicates a very persistent geological structure. Coupled with a 135 metre zone of 0.133 ounces per ton Au it becomes apparent that the area requires more detail work. However, the cost of transportation i.e., 59 hrs. of helicopter at Twenty-six Thousand (\$26,000.00) Dollars causes one to realize that any program in the area will have a very high service component. This should be borne in mind when

From 1871 to 1880 over four million tons of ore was mined with an average value of Fifty (\$50.00) Dollars per ton quoted in that period's currency values. Truly a Bonanza!

As mining on the lode went deeper water became a major problem. This led to the driving of the Sutro Tunnel. The Sutro Tunnelling Company, to pay for the undertaking, was granted the proprietary rights to any veins it intersected, both up and down dip. These rights applied to all land 2,004 feet on either side of the tunnel.

During the early 1900's attempts were made to mine below the Sutro Tunnel. Excessive pumping costs forced the abandonment of the project. Thereafter mining on the Comstock Lode became more a salvage operation with mining virtually ceasing by the 1950's.

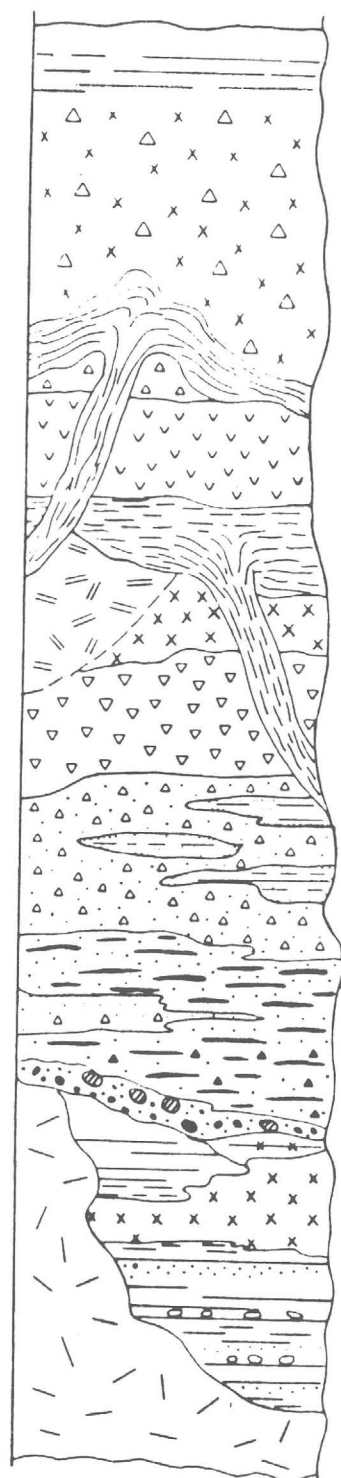
It should be noted that during the 1800's the Brunswick vein was mined to the south boundary of the current Rea Gold holdings by Occidental Mining and that near the north boundary of the property mining was carried on by both Comstock Phoenix and Monte Christo companies.

4. GEOLOGY

The district and regional geology of the Comstock Lode has been well documented by Granella (1936), Carkins (1944), et. al., (see bibliography). A brief description of the district geology is however felt to be necessary as essential information relating to epithermal modelling. This latter activity is required in order to understand mineral disposition on the Brunswick property.

The host rocks of the Comstock mineralization are chiefly andesitic to rhyolitic lava flows, domes, subjacent feeder intrusives, flow breccias, tuffs, pyroclastic breccias and fine grained epiclastic rocks. The stratigraphy of the principal rock units is graphically presented in figure 2.

The major structures in the area are the ten mile long Comstock-Lousetown fault which includes the Silver City Splay



TRUCKEE and Younger Formations

KATE PEAK ANDESITE Latitic to andesitic Agglomerate lava flows, flow breccias and tuff breccias Rhyodacite dome, protrusion breccia, flow breccia and border zone hornblende ± plagioclase ± biotite andesite. Minor dome pyroclastic rocks Basal vitrophyre (1000-2000')

(DAVIDSON GRANODIORITE) Two pyroxene diorite to granodiorite

AMERICAN RAVINE ANDESITE PORPHYRY Plagioclase-hornblende intrusive and extrusive andesite

ALTA ANDESITE
Upper Member (Intrusive?) hornblende-pyroxene andesite
Pyroxene Andesite Member: Very dark grey-black pyroxene ± hornblende-plagioclase andesite

Sutro Tuff Member Volcanic sandstone, shale and rare pebble conglomerate
Lower Member Red-green andesitic tuff breccia.

HARTFORD HILL RHYOLITE
Chiefly rhyolitic tuffs, tuff breccias and other pyroclastic rocks.
Basal conglomerate.

MESOZOIC VOLCANICS Andesitic flows, flow breccias, and pyroclastic rocks

MESOZOIC (META) SEDIMENTS Argillite, shale, sandstone, conglomerate and limestone

LARAMIDE GRANODIORITE

FIGURE 2

COMPLIMENTS OF
CHARLTON INTERNATIONAL

The program consisted of:

1. Geological mapping of some 2 square kilometers at a scale of 1:2,000.
2. Rock sampling - mostly on the quartz veins for gold values.
3. Soil chemistry.
4. Test I.P. Survey on (DJ 7 and 9).
5. Topographical survey of all claims using photogrammetry methodology.
6. Helicopter pad construction.

Evaluation of 1981 program; The Gold 1 Group is overlain mainly by a medium to coarse grained, biotite porphyritic granodiorite mostly light grey in colour. Large flat pseudo hexagonal biotite phenocrysts give the rock a spotted appearance.

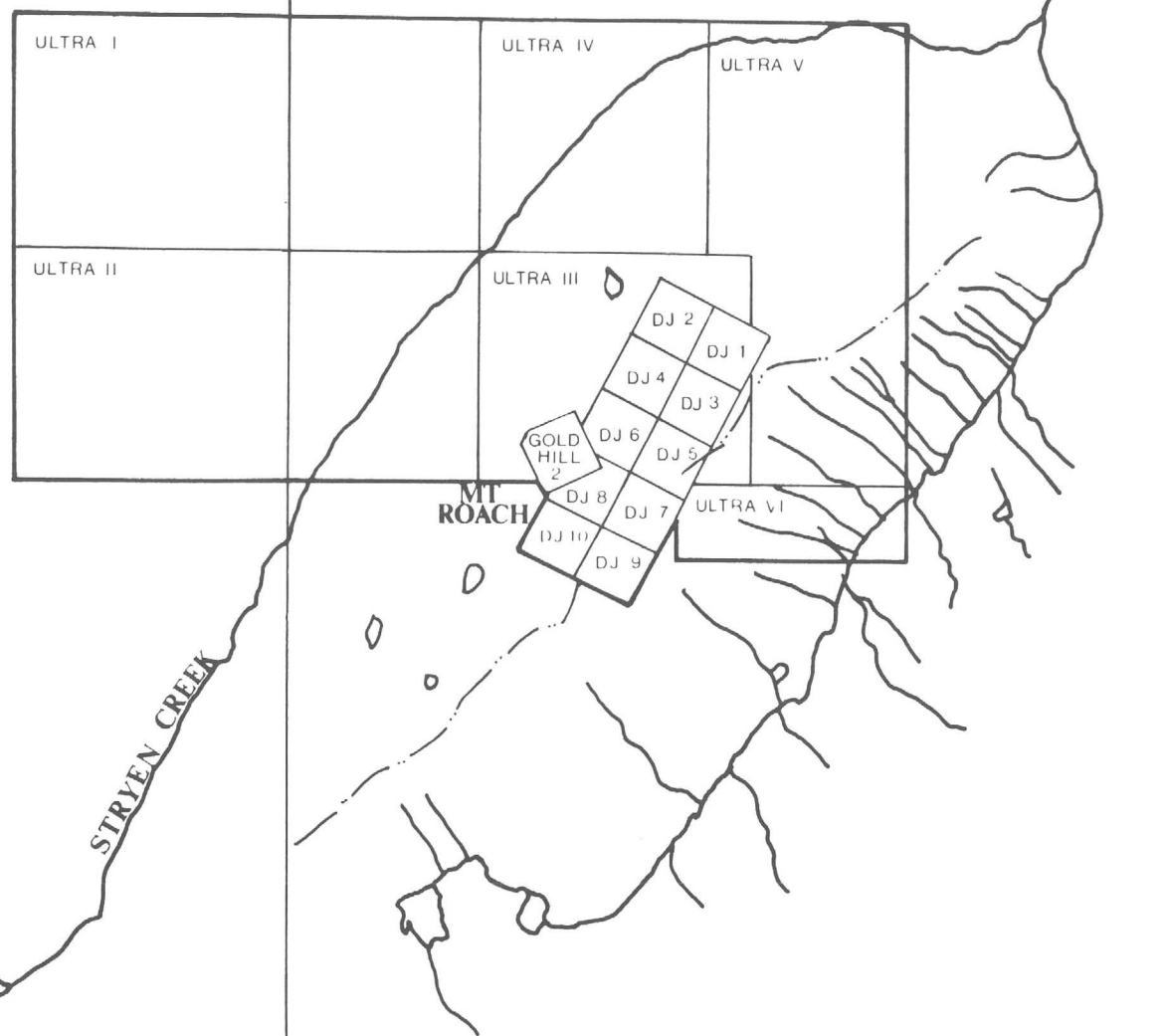
Dykes and pods of aplite and quartz-aplite are common but form < 2% of bedrock. The aplite is fine to medium grained and beige to pink in color and < 5% mafics. Aplite dykes are commonly 2 cm to 30 cm in width, strike about 160° and dip vertically. Rusty weathering is present and is due to disseminated pyrite. Vein structures tend to strike at N 36° E and dip 65° SE. Mafic dykes occur sporadically throughout the map area.

The granodiorite is moderately well jointed with the joints striking 35° NW and dipping vertically. Shear fractures that strike 90° to 160° NE and dip 25° to 90° NE contain most of the mineralized quartz veins. Numerous cross faults offset the quartz veins.

A persistent band of quartz veins was traced through intermittent outcrops for some 1,700 meters and through a



50 15' 45"



REA GOLD CORPORATION	
MT ROACH PROJECT CLAIM MAP	
0 1 2 3 KM	
FIGURE 2	84-2-15

and to the east about 1-1/2 miles the parallel Occidental fault (Figure 1.). Both are normal faults striking in a northerly direction and dipping east at 30° to 50°.

The ores comprise sphalerite, galena, chalcopyrite, pyrite, silver sulphides, silver sulfosalts, gold and electrum in quartz vein breccias along the Comstock and Occidental faults. Quartz, calcite and andularia are the principal vein gangue minerals.

The ores occur chiefly as discontinuous shoots and lens shaped bonanzas. On the Comstock many ore shoots extend from surface to the 2,000 foot horizon, with bonanzas around the 1,000 foot horizon. Metal sulphides are more dominant below the 2,000 horizon. The vein structures and the Comstock that are intersected by the Sutro Tunnel are planar and constant in width.

The mapping carried out by Charlton International during 1983 disclosed:

1. Faults on the Brunswick property mimic the regional fault patterns.
2. Four generations of faults crosscut the property thus making vein reconstruction most complicated.
3. Near surface the mineralized faults tend to flatten out and splay into complicated fault systems. These areas are loci of mineralization alteration.
4. An asymmetric protrusive dome east of the Brunswick mine presents special geometric alternatives which are important to ore deposits. The area requires testing by drilling because depending on faulting at depth the dome may be mineralized to 2,000 feet or more.
5. The main mineralized and strongly altered veins are coextensive with north trending, moderately dipping faults.
6. The veins are exclusively in the Alta andesite.
7. There are five principal veins on the property:

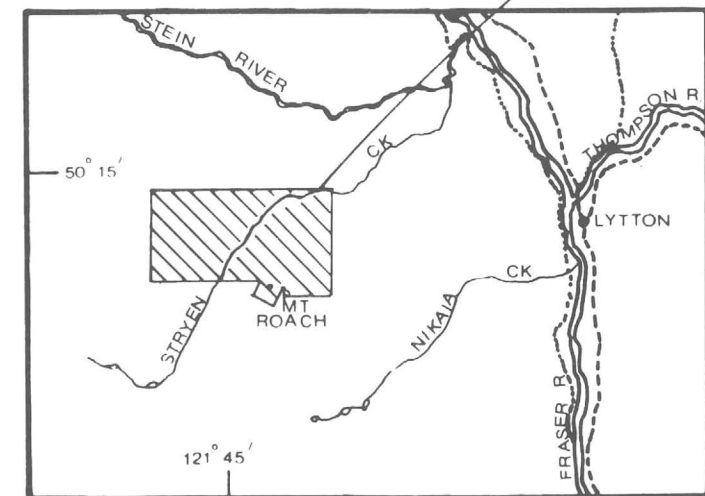
- a) the Occidental extension
- b) the Brunswick vein
- c) five north trending veins in the hanging wall of the Brunswick- Occidental vein
- d) a large north west trending vein in the southern part of the property, and
- e) a strongly silicified, east trending vein roughly 1,200 feet west of the property.

All of these veins are potential mineralization structures. During 1983, 297 samples were analyzed from the Brunswick area encompassing the surface and underground area of the Brunswick and North Brunswick mines, as well as the Brunswick dump, three bulldozer trenches and the Occidental mine area. (See Table 1.).

In the Charlton International report considerable detail is offered regarding epithermal modelling as related to the Brunswick vein. It stated:

"The geology of the Brunswick vein fits most of the criteria of epithermal mineral deposits. Specifically, the vein is a precious metal deposit characterized by features of "closed cell" and deep level "hot springs" deposits. By using the Comstock Lode as a model, the Brunswick should be characterized by:

- 1) Mineralization in multiple shoots along strike and down dip in the main vein and in pipes in the hanging wall.
- 2) Low silver/gold ratios in ore rock.
- 3) Mineralization to comparable depth; ie., bonanzas possible at approximately 1,000' below surface and precious metal mineralization extending to approximately 2,000'.



REA GOLD CORPORATION
MOUNT ROACH PROJECT
(YUCANA JOINT VENTURE)
LOCATION MAP
KILOMETERS
0 100 200 300
FIGURE 1
SCALE 1:8,000,000 DATE FEBRUARY, 1984

MOUNT ROACH PROPERTY
KAMLOOPS MINING DIVISION
BRITISH COLUMBIA, CANADA

1. OWNERSHIP

Information supplied by Rea Gold Corporation verifies that co-operators of the property are Rea Gold with a 60% interest and Yucana Resources Inc., with a 40% interest.

2. LOCATION

The Mount Roach property is located 8 miles west of Lytton, B.C. at an elevation of 2,644 metres (Figure 1). It is in rugged country and accessible only by back packing or helicopter. It consists of six claims (Ultra I, II, III, IV, V, and VI), and two post claims (DJ 1-10 and Gold Hill No.2, and Akas IV and V,). See figure 2. The claims are known collectively as the Gold 1 Group.

3. HISTORY

M.Y. Williams examined the property during 1934 for the Lytton Gold Mines Limited. In Williams' report he refers to a Mr. E.F. Roach and the old Independence Group who "shipped one ton of ore to a smelter about 20 years ago". So the history of this property has roots at least in the 1910-1920 period. However the area first received meaningful evaluation during 1972 when it was examined by Conwest Exploration. Gold Hill No. 2 was recorded in 1969 by R.E. Hurley, the DJ claims in 1979 by J.M. Ashton and J.D. Graham, the Ultra I to V in 1980 also by Ashton and Graham, the Akas IV to V in 1981 by L.W. Reaugh and J.M. Ashton and the Ultra VI and Ultra Fraction in 1981 by Rea Petro Corporation (now Rea Gold Corporation). Rea Petro optioned the property in January, 1981.

4. GEOLOGY

During 1981 (August 10th to August 16th) an exploration program was carried out on the Gold 1 Group. Base camp was at Lytton, British Columbia, with daily transportation to the property by helicopter. Main target areas were Gold Hill No. 2, DJ 5, 7, 8, 9, and Ultra II, III, V, VI claims.

TABLE 1 : Phase I geochemistry results, Brunswick property

Area	#Samples	Au(ppm)	Ag(ppm)	No. Samples		Au/Ag*	Comments:
				Au \geq 1 ppm	Au \geq 17 ppm		
1. North Brunswick underground	70	0.05-28.3	0.5-120	48 \geq 1 ppm	16 \geq 17 ppm	0.1-2.6 Avg: 0.66 Mean: 0.3	Most mineralized are frothy quartz vein, rubble breccia and silicified vein F.W.
				19 \geq 3.4 ppm	6 \geq 34 ppm		
				12 \geq 5.0 ppm	1 \geq 100 ppm		
				4 \geq 10.0 ppm			
2. Brunswick underground	29	0.05- 6.3	0.09-221	2	4	0.01-0.21 Avg: 0.06 Mean: 0.04	Only rubble breccias and MnO ₂ -clay stock-work veins are strongly anomalous.
					(2 \geq 174 ppm)		
3. North Brunswick vein (surface)	35	0.02- 5.4	nil-50.0	5	1	Groupings at 0.10, 0.42 & 1	Gold enriched. Samples over good vein have low precious metals.
4. Vein between Brunswick and Occidental mines	8	0.05-3.98	nil-337	1	1	*Generally can't be calculated and Ag.	Only one sample with significant Au
5. Occidental Mine	24	0.04-9.32	<0.5-79.7	4	2	0.02-0.03	Gold enriched and silver depleted. Best values in coarse calcite vein.
6. Trenches	125	<0.02-1.56	<0.05-44.2	1	1	*Generally can't be calculated	Low As; high Hg (1-12.8 ppm) also.
7. Brunswick dump	6	0.03-2.6	nil-34.0	2	1	0.01-0.07; 1.68	Dump fines and rock grab.

* For only samples with measurable Au and Ag. Averages and means are approximate.

Source: Rea Gold Corporation, Phase I Completion Report, Brunswick Property Charlton International, October 1983, p.16.

Note: To convert ppm to ounces per long ton multiple ppm by 0.0292.

Additionally, Charlton International states:

"Using Comstock Lode as a model, the Sutro Tunnel level corresponds to the 1,700' level of the Comstock Lode - implying 300 feet of potentially precious metal enriched Brunswick vein below the tunnel.

In summary it can be said that the Brunswick vein is an excellent precious metal exploration target area. The elements essential to epithermal precious metal ore bodies are well indicated. There is also a substantial potential for blind ore shoots but in these cases the exploration expenditure risk should be recognized at the outset.

5. EVALUATION

The property is an excellent exploration target. The geology is very typical of epithermal precious metal deposits; ie., there are favourable host rocks and the structures, alterations and mineralization are highly associated to the district.

6. RECOMMENDATIONS

1. The property should be retained.
2. The property at present does not warrant production consideration. This is due, in the past, to the lack of a controlled exploration and drilling program.
3. The property does contain high quality exploration target both for near surface (open-pit) and underground operations.

Therefore, Rea Gold should seek a joint venture with a company with the expertise and finances and a precious metal mining background.

The next phase of activity should consist of:

1. Drilling and exploration of the Brunswick structure.

SECTION D.

MOUNT ROACH PROPERTY
KAMLOOPS MINING DIVISION
BRITISH COLUMBIA, CANADA

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7. BUDGET	6D

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2. Epithermal precious metal modelling.

3. Further land acquisiton.

7. BUDGET

A 1984 budget of Three Hundred Thousand (\$300,000.000) Dollars is recommended. This will permit the recommended field work to be undertaken and also allow funds for land acquisition.

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6. RECOMMENDATIONS

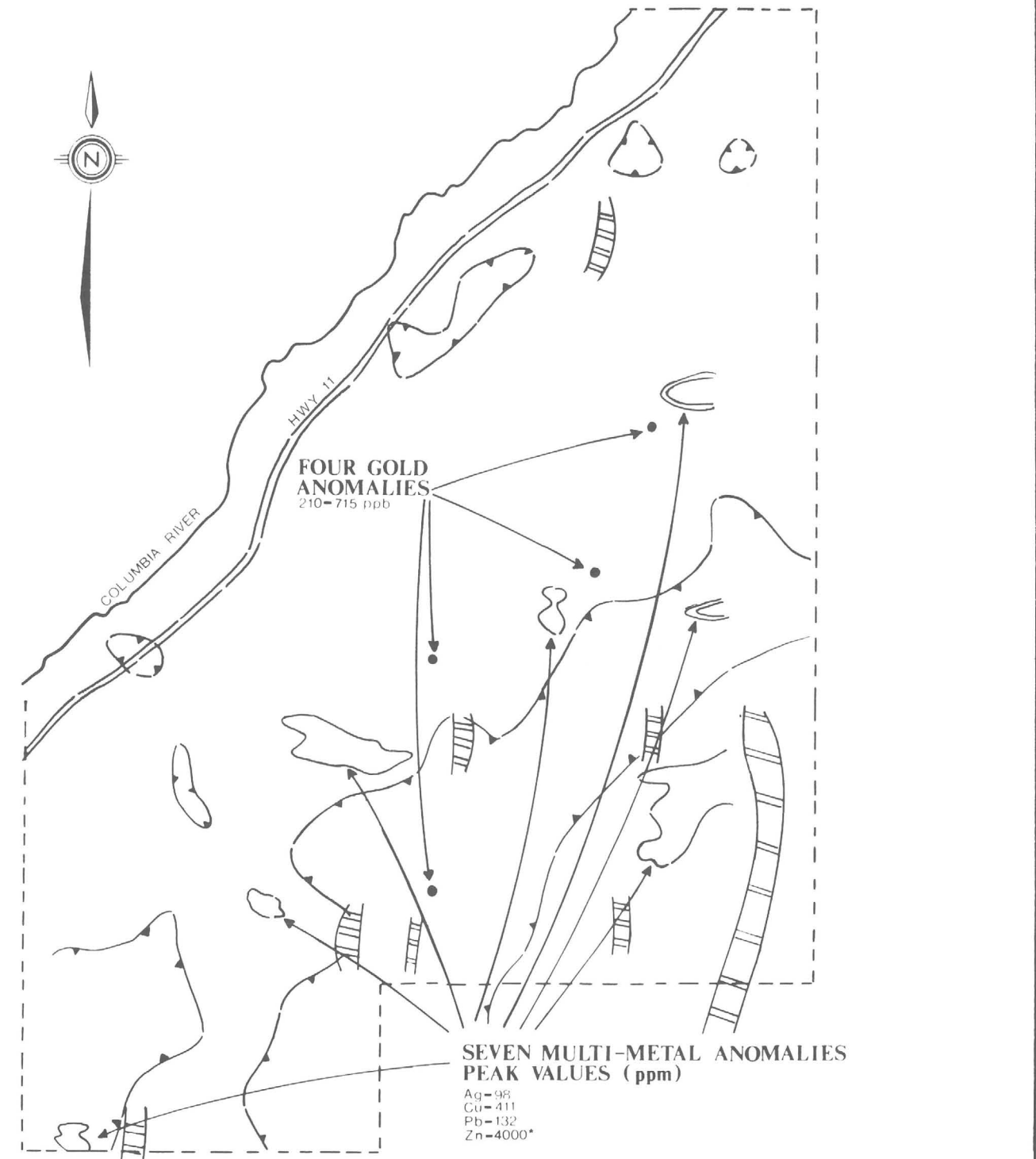
The results of the airborne geochemical and to some degree the geological surveys call for further exploration, particularly:

1. Land survey of the property to verify the location of some of the anomalous areas relative to the claim limits.
2. Detail soil geochemical survey.
3. Follow up geophysical surveys particularly magnetometer and VLF-EM surveys over the anomalous areas.
4. Detailed geological mapping on a scale 1:1,000 and associated sampling.
5. Trenching and diamond drilling on the anomalous areas.

The property warrants this program during the 1984 exploration season.

8. BUDGET

An expenditure of One Hundred and Fifty Thousand (\$150,000.00) Dollars during the 1984 exploration year is warranted.



SECTION C.
TILLICUM PROPERTY, (SAM, SKYE & AFTA CLAIMS)
SLOCAN MINING DIVISION,
BRITISH COLUMBIA, CANADA

<u>Contents</u>	<u>Page No.</u>
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7. BUDGET	8C

TILLICUM PROPERTY, (SAM, SKYE & AFTA CLAIMS)
SLOCAN MINING DIVISION
BRITISH COLUMBIA, CANADA

1. OWNERSHIP

Information supplied by Rea Gold Corporation verifies that it owns three contiguous mineral claims in the Slocan Mining Division, B.C., Canada. During November 1982 a joint venture was entered into with Hudson Petroleum by which it may earn a 50% interest in the property by financing the first Seventy Thousand (\$70,000.00) Dollars of exploration costs.

2. LOCATION

The property is located on the east side of the Columbia River, 13 miles south of Nakusp, B.C. Canada, in the Slocan Mining Division at co-ordinates 50° 07' N. latitude by 117° 48' W. longitude. (Figure 1.). It consists of three contiguous mineral blocks, totalling 45 units, (Figure 2.).

Vehicular access to the northern portion of the claim group is available via Highway 6 south from Nakusp a distance of 10 miles. The extreme southern portion of the SAM & SKYE claims are accessible via several seasonal gravel logging roads east and north of Burton, B.C.

The claims cover a steep hillside between the flooded Columbia River and a plateau between Scalping Knife Mountain and Mountain Meadow. Elevations range from 1,450 feet to 4,500 feet.

The climate is typical of the southern Selkirk region. Temperatures range from -20°C to +25°C. Total annual precipitation is usually at least 600 mm. Annual snowfall is from 200 cm to 300 cm. The effective exploration season is from May to November.

Despite a favourable geological setting little significant base or precious metal mineralization was discovered. However, the results of the geochemical survey were considerably more encouraging. Gold values seem to be spread erratically within the property. However, on close inspection there are seven specific areas of three element (Cu, Pb, Zn) anomalies. In order of priority there are:

- 86 N by 110 E
- 85 N by 97 E
- 99 N by 110 E
- 91+50 N by 110 E
- 91 N by 94 E
- 73 N by 87 E
- 91 N by 104 E

These along with four gold sites warrant further investigation. (Figure 3.).

During the month of November and December 1982 an airborne magnetometer and electromagnetometer survey was flown by Western Geophysical Aero Data Ltd., over the Tillicum Mountain Gold prospect. The results obtained, as they apply to the SAM, SKYE, AFTA claim group, were processed on behalf of Hudson Petroleum. The activities disclosed a number of "Areas of Interest" which are highly correlated in location to the specific areas previously listed. Western Geophysical Aero Data states:

- 1. "These claims warrant further exploration".
- 2. "The areas of interest should be investigated with normal ground exploration techniques".

4. GEOLOGY

The region is underlain by several successions of late Paleozoic to Lower Jurassic age sedimentary and volcanic rocks joining the Slocan Synclinorium. They are moderately to intensely folded and metamorphosed.

The Shuswap Metamorphic Complex forms the basement rocks of the region and outcrops north and west of the property. It is composed of calc-silicate gneiss, amphibolite, marble, schist and quartzite.

The Milford Group of pelitic schist, quartz, metasandstone and paragneiss overlies the Shuswap Metamorphic Complex. In turn the Milford Group is overlaid by the Kaslo Group consisting of meta-andesite flows, tuffs and breccia.

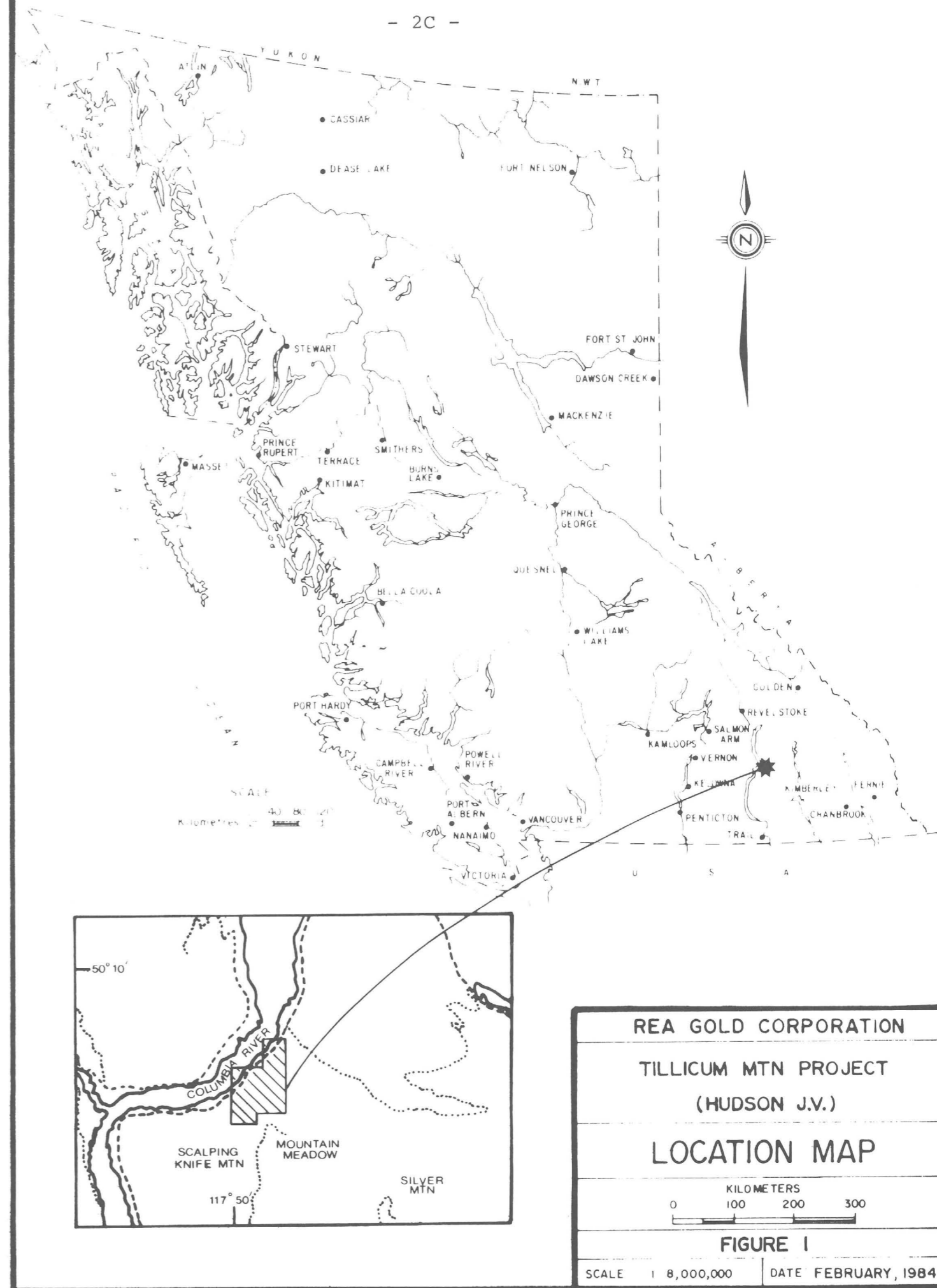
An argillite unit considered the youngest member of the Milford Group immediately underlies the Kaslo Group volcanics on Tillicum Mountain and hosts the known gold-silver-sulphide mineralization. The Kaslo group is in turn overlaid by the Slocan and Rossland Groups.

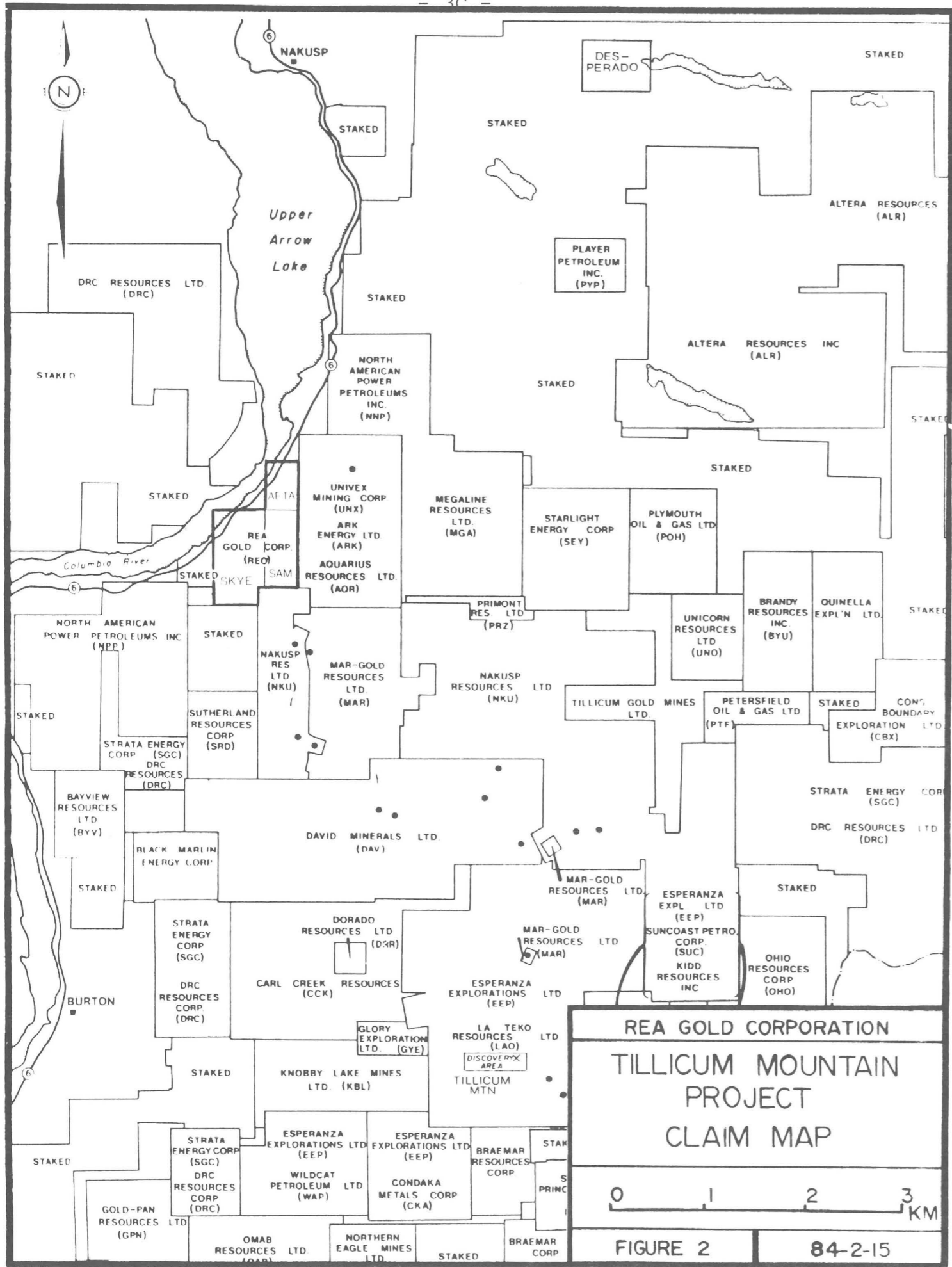
There are a variety of alkaline and calc-alkaline intrusives in the above described strata. The more notable are the Kushanax Batholith and the Ruby Range Stock which occurs west and south of the Rea Gold property.

5. EVALUATIONS

During August and September of 1983 a preliminary exploraton program was undertaken. This consisted of:

1. Establishment of a ground control survey grid of N-S lines at 200 metre centers with 50 metre intervals along the grid lines
2. The claims were geologically surveyed on a 1:5,000 scale.





The area is heavily forested with cedar, hemlock, fir and jackpine. The lower portions of the claims have mature cedar and minimal under growth.

Although the claims are relatively well exposed accessibility is hampered by very steep cliff faces. Most accesses are via northerly trending, natural drainage valleys and gully systems.

3. HISTORY

The region was first prospected during the late 1880's. From these activities small shipments of precious metal bearing sulphide ores were shipped to Rossland for milling. These activities ended during the late 1920's.

In recent years several mining companies have explored the region for copper, molybdenum and tungsten, with little success. With the discovery, by the Gustafson brothers during 1980, of visible gold near Tillicum Mountain the region became identified as a high-grade precious metal area.

The Gustafsons optioned the Tillicum property to Welcome North Mines and Esperanza Resources Ltd., who conducted an extensive exploration program during 1981. A twenty-one ton bulk sample from Tillicum assayed 3.887 ounces per ton Au, 2.30 ounces per ton Ag and 1.9% Zn. During 1982 La Teko Resources joint ventured with Esperanza in development of the property.

Southeast of the Rea Gold claim group, Mar Gold, during late 1983, completed a drilling program on their Meadow Mountain property with encouraging results. The old H.J. Mine on the Gold Valley claims, to the east of the Rea Gold claim group, has been joint ventured. Results from earlier work indicate ore across 2.44 feet grading 0.33 ounces per ton Au and 61.7 ounces per ton Ag. The CAM claims immediately to the south of SKYE & SAM claims are held by Nakusp Resources.



REA GOLD CORPORATION

ANNUAL REPORT 1983

Corporate Structure

Directors and Officers

Larry W. Reaugh
President and Director

Elizabeth J. MacLean
Director and Secretary

Hugh E. Mackenzie
Director

John M. Ashton
Director

Robert G. Hunter
Director

Ralph Monroe
Director

Head Office

P.O. Box 12137
Nelson Square
808 Nelson Street
Suite 501
Vancouver, B.C.
V6Z 2H2

Registered & Record Office

720 - 999 W. Hastings Street
Vancouver, B.C.
V6C 2W2

Solicitors

Hanna, Forth & Scott
720 - 999 W. Hastings Street
Vancouver, B.C.
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Auditors

Lohn & Company
2200 - 650 West Georgia Street
Vancouver, B.C.
46B 4N9

Registrar & Transfer Agent

Canada Permanent Trust Company
701 West Georgia Street
Vancouver, B.C.
V7Y 1E2

Bank

Royal Bank of Canada
Howe & Nelson
Vancouver, B.C.
V6Z 1N9

Shares Listed

Vancouver Stock Exchange
Toronto Stock Exchange, Listing Application Pending
OTC Pink Sheets, New York

Capitalization

Authorized: 25,000,000 shares without par value
Issued: 3,741,488 common shares at December 31, 1983.

Consultants

Minorex Consulting Ltd.
J.D. (Doug) Blanchflower, F.G.A.C.

Spirex Geoservices Ltd.
Ralph Shearing, B.Sc. Geology

Charlton International
Douglas W. Charlton, Senior Geologist

Richard S. Taylor, P.Eng.

G. Hjørleifsen, B.A., M.A.

President's Report

I am pleased to report that Rea Gold Corporation was extremely successful in acquisition, development and exploration of precious metals properties in Western Canada and the United States during 1983. In British Columbia the company acquired the exciting Adams Lake massive sulphide property where drilling to date has indicated a possible 150,000 tons, averaging .430 oz/ton Gold, 3.50 oz/ton Silver, 70% Copper, 3.6% Zinc and 3.10% Lead, amenable to open-pit mining. In the Western United States the company acquired two additional precious metals prospects, more particularly, the Brunswick Lode (Sutro Tunnel) near Virginia City, Nevada and, two grass roots properties in Shasta County, California.

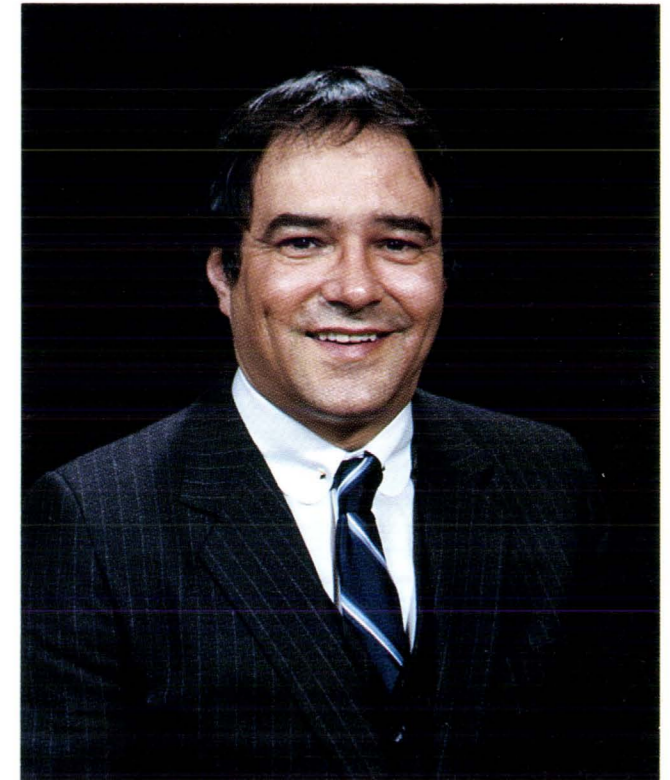
On November 5 1983 the company entered into a joint venture project with Corporation Falconbridge Copper on the Adams Lake B.C. property wherein Corporation Falconbridge Copper, in order to earn a 51% interest in the property, must expend a total of \$2,000,000. on exploration. Also, on November 22 1983 the company entered into a joint venture project with Selco-BP (the minerals division of BP Exploration Canada Ltd.) on the Red Hill, B.C. property wherein Selco-BP, in order to earn their 51% interest in the property, must expend a total of \$1,500,000 on exploration.

Exploration and drilling continued on the B.V.O. claims in Yuma County, Arizona which is joint ventured with Lincoln Resources Inc. of Vancouver, B.C. Drill indicated tonnage to date on the property is approximately 267,500 tons averaging .15 oz/ton Gold and 1.95 oz/ton Silver.

The Brunswick Lode (Sutro Tunnel) property in Storey County, Nevada was explored during the year and several drill targets have been identified to date. Negotiations are in progress at this time with several mining companies with a view to joint venturing this property.

In the early part of the year the company completed a 400,000 unit offering at \$1.05 per unit through Mr. David Rae of Canarim Investment Corporation Ltd. and Mr. Nash Jiwa of Brink, Hudson & LeFever Ltd. In addition, a total of 509,750 Series "A" and Series "B" warrants were exercised.

On April 12 1984 the company successfully completed a Rights Offering to Shareholders of 1,262,830 shares for a total of \$2,525,660. The Rights Offering consisted of three Rights and \$2.00 for the purchase of one common share. The Offering was to British Columbia residents only and was over-subscribed.



During 1983 the company's stock traded 9,587,100 shares at prices ranging from 70¢ to \$5.37 per share. In this respect Rea Gold Corporation has proven itself to be an extremely successful junior resource company and has attracted considerable attention from the investing and mining communities. We now look forward to a greater degree of progress and success in 1984 for the company.

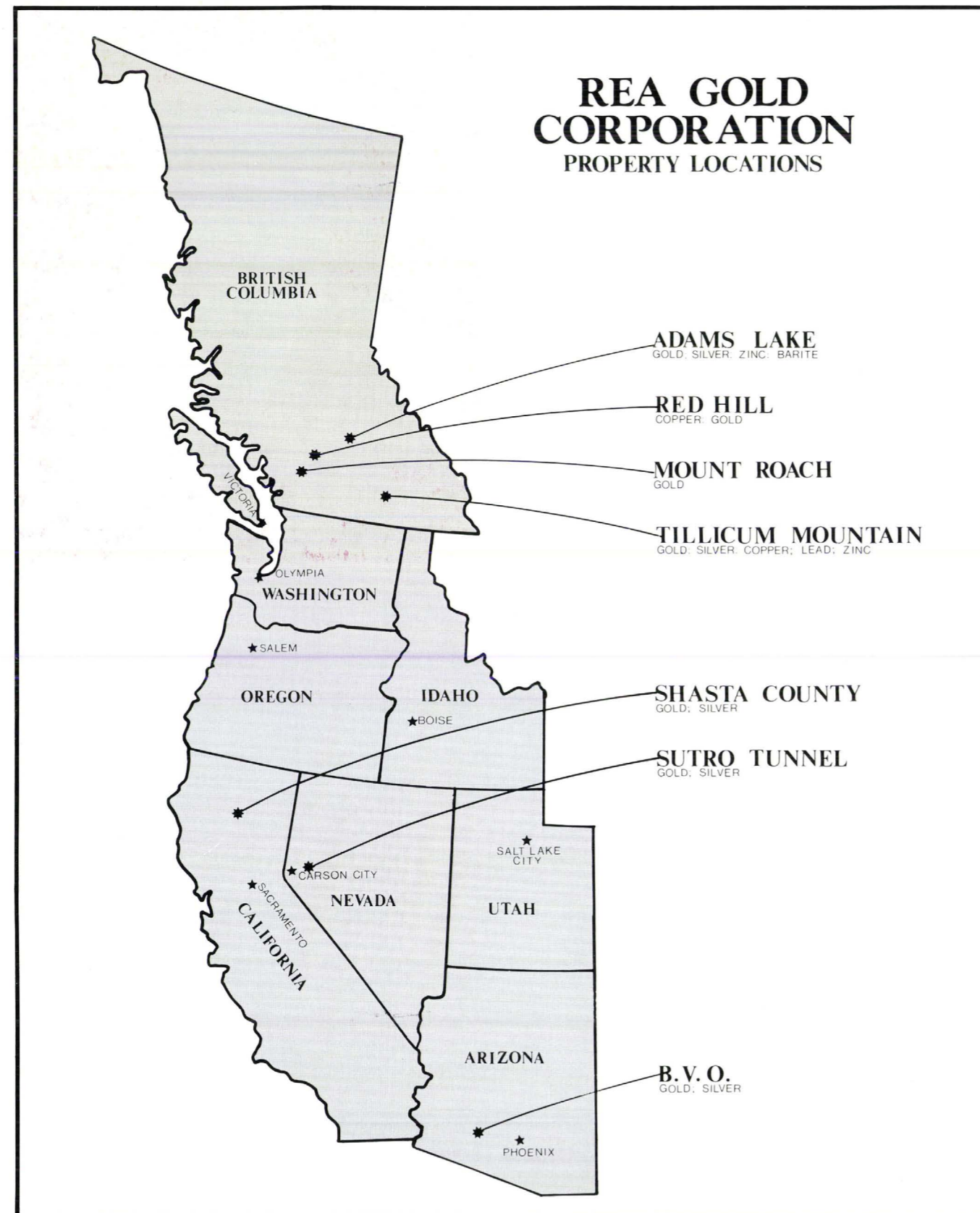
I wish to take this opportunity to thank my fellow directors, staff and shareholders for their support and assistance in creating the successful company Rea Gold Corporation is today.

I also wish to welcome Ms. Elizabeth J. MacLean, Mr. John M. Ashton and Mr. Robert G. Hunter to the Board of Directors. Their combined expertise will greatly enhance the management of the company.

Larry W. Reaugh
President and Chief Executive Officer

March 15, 1984

Property Locations



Notes to the Consolidated Financial Statements (continued)

shares at \$10 per share prior to November 4, 1986. Falconbridge has a continuing option to acquire additional shares of the company, at the terms and prices stated above, should the company issue any shares other than pursuant to these options and as stated in note 3(f), in order for Falconbridge to maintain its proportionate 50.6% equity interest in the company.

(e) By agreement dated November 8, 1983, Corporation Falconbridge Copper (Falconbridge) has been granted an option to purchase 30,000 shares at a price of \$1.00 per share for each 20,000 shares not issued under note 3(f) up to a maximum of 150,000 shares. This option is reduced by 30,000 shares for each 20,000 shares issued under note 3(f). This option indemnifies Falconbridge if the company fails to issue the shares required to acquire the Adams Lake property and Falconbridge steps in to satisfy the company's obligations under that agreement in order to protect its interest.

(f) Of the company's issued share capital, 510,000 shares are held in escrow and may not be traded prior to receiving regulatory approval.

(g) Refer to note 8 for subsequent share capital offering.

Of the subscriptions receivable, the company received \$10,000 after the statement date and commenced legal action to recover the balance of \$12,000 outstanding.

5. Advances Receivable

These advances are unsecured, non-interest bearing and are to be repaid by Yucana Resources Inc., (Yucana) issuing 118,417 shares of its capital stock to the company. This debt was incurred by Yucana in respect of development work done on its behalf on the Mt. Roach claims by the company (note 3(a)). Yucana has two directors and officers in common with the company.

6. Related Party Transactions

Related party transactions are disclosed elsewhere within the financial statements.

7. Change of Name

The company changed its name from Rea Petro Corporation on April 5, 1983.

8. Subsequent Events

The company has offered shareholders resident in British Columbia one right for each share held. Three rights enables each shareholder to purchase an additional share of the company's capital stock prior to April 12, 1984 at a price of \$2.00 per share.

Notes to the Consolidated Financial Statements (continued)

minimum advance royalties of U.S. \$5,000 due every three months or paid a production royalty of 5 - 8% of gross production prior to June 30, 1988. To renew the lease the company must have paid royalties totalling U.S. \$500,000 as of the date of renewal. The purchase price of the property prior to June 30, 1988 is U.S. \$5,000,000 with a retained 2½% production royalty to the vendors. The company may renew the lease for a second and third term at rates which are double those of the preceding terms.

(f) Adams Lake
Kamloops Mining Division
B.C., Canada

By letter agreement dated October 7, 1983, the company acquired a 100% interest in 20 mineral claims subject to a 5% net smelter royalty, in consideration for the payment of \$10,000 and the issuance of 20,000 shares of the company's stock. The company must also pay an additional \$40,000 and issue an additional 80,000 shares in instalments prior to October 25, 1985. On November 8, 1983, the company granted a working option to Corporation Falconbridge Copper (Falconbridge) to acquire a 51% interest in the claims or a 100% interest, subject to a 12½% net production royalty, if the company chooses not to joint venture the property with Falconbridge. Falconbridge acquired the working option for \$100,000 and the requirement to make semi-annual payments of \$30,000 and spend \$2,000,000 on exploration work prior to May 4, 1986. At that time Falconbridge may acquire an undivided 51% interest in the claims upon a final payment of \$30,000. Should the company joint venture these claims with Falconbridge and at the same time be unable to meet its share of the financial obligations of the joint venture, Falconbridge will finance or guarantee the company's financial obligations and repay itself from commercial production, or have the first right of refusal on additional equity financing by the company (see notes 4(d) and 4(e) for related stock purchase options).

(g) Shasta County
Redding, California
U.S.A.

Acquired by staking the Yellow Boy, Nos. 1 - 17 and Sister Chamis, Nos. 1 - 12.

4. Capital Stock

(a) Authorized - 25,000,000 common shares, no par value

(b) Issued and outstanding

	Number of Shares	\$
Issued and outstanding at December 31, 1982	2,188,238	1,059,153

Issued during the year ended

For cash, statement of material facts	309,750	300,725
For cash, warrants exercised	600,000	608,064
For cash, shares purchase (note 3(b))	250,000	250,000
Finders fee for BVO (note 3(b))	100,000	100,000
Loan guarantee fee	6,000	6,900
For mineral properties		
(I) Brunswick Lode (note 3(e))	120,000	230,400
(II) Adams Lake (note 3(f))	20,000	100,000
(III) Mt. Roach (note 3(a))	30,000	30,000
Employees, officers and directors stock options exercised	117,500	130,675
	1,553,250	1,756,764

Issued and outstanding at December 31, 1983	3,741,488	2,815,917
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(c) Stock options are outstanding to employees and directors of the company as follows; 82,350 shares at \$1.66 per share prior to April 4, 1984, 74,662 shares at \$1.44 per share prior to April 19, 1984, 10,000 shares at \$.75 per share prior to October 6, 1984 and 40,000 shares at \$1.25 per share prior to December 28, 1984. A share purchase warrant is outstanding to a director of the company, entitling him to purchase 100,000 shares at \$1.50 per share prior to September 3, 1984.

(d) Pursuant to the terms of the option agreement (note 3(f)), the company has granted Corporation Falconbridge Copper (Falconbridge) an option to purchase shares in the company as follows; 200,000 shares prior to May 4, 1984 and 1,200,000 shares prior to September 4, 1984 at a price of \$3 per share; 1,000,000 shares at \$5 per share prior to July 4, 1985; 1,000,000 shares at \$8 per share prior to May 4, 1986 and 1,000,000

Adams Lake Property



REA GOLD/CFC JOINT VENTURE SIGNING

**Adams Lake Property
South Central British Columbia, Canada**

The Adams Lake claim group consists of twenty contiguous mineral claims in the Kamloops Mining Division, B.C., Canada. The claim group is readily accessible from Kamloops via Highway 5, north to Louis Creek then easterly via a system of good all weather secondary roads. Total road distance from Kamloops to the discovery zone is approximately 55 miles.

The general area has been exposed to exploration since the early 1900's. The nearby Bay project in 1974 calculated indicated resources of 796,280 tons grading 7 ounces per ton Ag, 28% barite, 4% Zn, 2.5% PB, and 0.55% Cu. By comparison the freshly exposed oxidized massive pyrite-chalcocopyrite-galena mineralization in the Rea Gold (Hilton) discovery zone has yield assay results over 3.0 metres of (1.32 ounces per ton Au, 7.30 ounces per ton Ag, 2.60% Cu, 7.80% Pb, and 3.20% Zn.)

The original discovery was made by Mr. Alan Hilton during the 1983 exploration year, where upon he staked most of the HN group and bought a 100% interest in the AR group. During late 1983 Rea Gold Corporation obtained a 100% option subject to a 5% net smelter on all the Hilton holdings as well as further options on additional HN claims, to complete the total claim group holdings.

Since October 7 1983, when the options were signed, Rea Gold has conducted an accelerated program of exploration and development. Both geophysical and geochemical surveys were carried out during late 1983 under the supervision of Rea Gold's consulting geologist, J.D. Blanchflower, F.G.A.C. These activities defined a 2,000' anomaly open to the northwest.

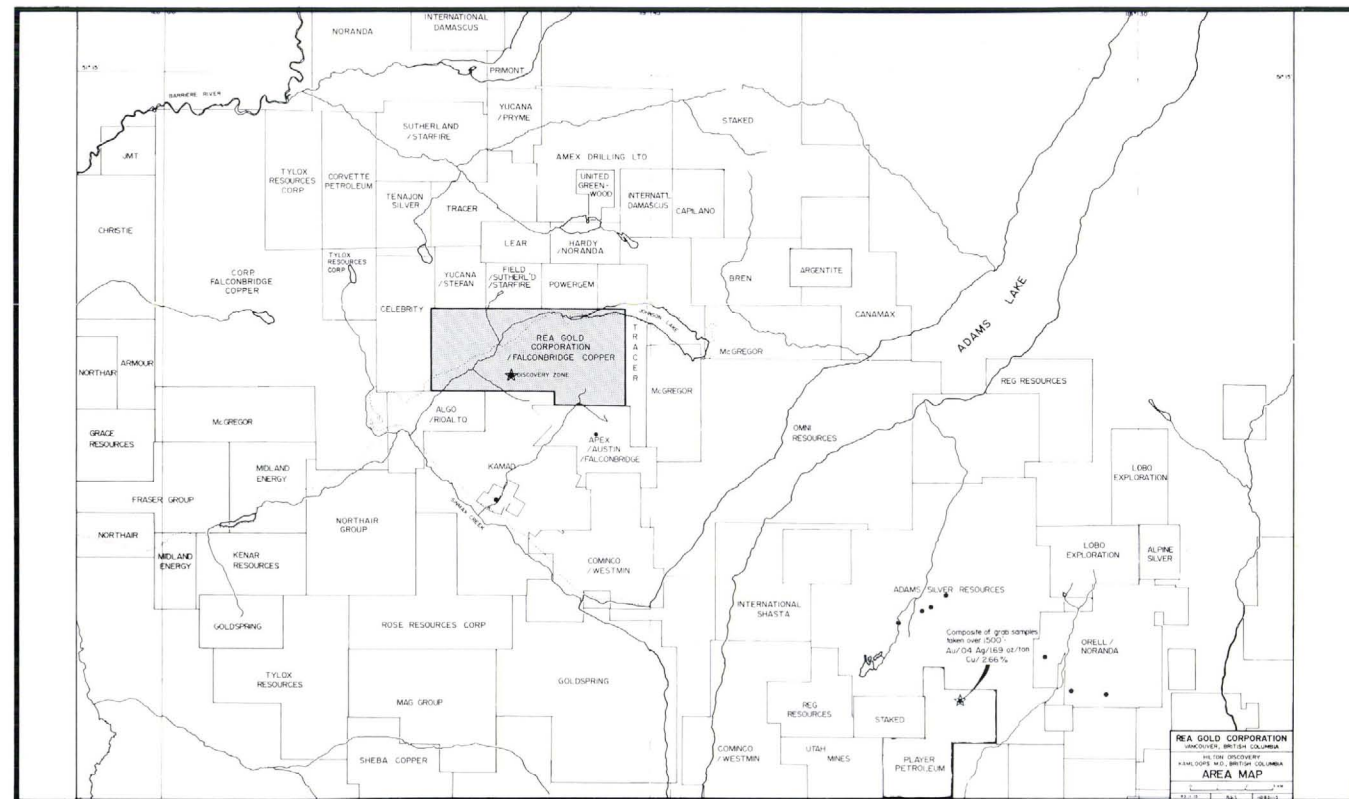
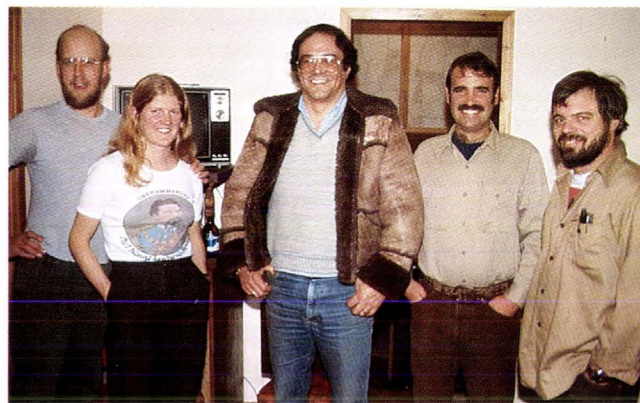
Immediately thereafter the property was optioned to

Adams Lake Property

Corporation Falconbridge Copper (CFC) who may earn a 51% interest in the property providing they expend a minimum of \$2,000,000. on exploration and any required feasibility studies before May 4 1986. If production is forthcoming Rea Gold can choose not to participate in which case CFC becomes the sole owner of the property and Rea Gold will receive an annual 12½% royalty based on a Net Proceeds of Production. If, however, Rea Gold should choose to participate in the production decision, at up to 49%, CFC is prepared to fund Rea Gold's costs and to reclaim such costs from Rea Gold's share of Net Proceeds of Production.

Rea Gold has granted CFC the option to purchase 4.4 million shares of Rea Gold at prices ranging from \$3.00 to \$10.00. CFC may also purchase such additional shares as are necessary to maintain the proportional interest of CFC in the issued and outstanding shares of Rea Gold. This additional option must be exercised on the same dates as the CFC right of purchase to the aforesaid 4.4 million shares of Rea Gold.

The first \$3,000,000. realized by Rea Gold, as a result of the CFC share option, may be used by Rea Gold as it so desires. Any funds thereafter generated must be utilized within the joint venture.



Notes to the Consolidated Financial Statements (continued)

(a) Mt. Roach
Kamloops Mining Division
B.C., Canada

A 60% interest in eighteen mineral claims, Akas V, Ultra I - VI, D.J. 1 - 10 and Gold Hill #2, acquired for \$2,400 and the issue of 150,000 shares in installments (note 5).

(b) Bronco-Verdstone-Oakland
Sheep Tanks Mining Division
Yuma County, Arizona, U.S.A.

(i) Bronco-Verdstone-Oakland
By mining lease and option to purchase a 90% interest in 3½ unpatented lode mining claims (Bronco, Bronco III, Oakland and Verdstone No. 1) comprising of approximately 6,600 acres. The balance of the purchase price of U.S. \$1,575,000 is payable as follows; U.S. \$80,000 prior to March 10, 1984 and U.S. \$1,200,000 on or before May 31, 1984 or on commencement of commercial production, whichever occurs first. Advance royalties of U.S. \$3,000 per month or 10% of net smelter returns are payable monthly.

Subsequent to the statement date, the vendors of these claims agreed to reduce the U.S. \$1,200,000 final payment due on May 31, 1984 to U.S. \$377,000 in consideration for increasing the advance royalty payments to U.S. \$5,000 per month and fixing the cost to the company for the acquisition of this royalty interest at U.S. \$3,500,000 should the company elect to purchase it. The company also agreed to perform U.S. \$1,500,000 of exploration work on the property prior to December 31, 1985.

(ii) Big Deal Claims
An option to purchase 7 unpatented lode mining claims for U.S. \$350,000, payable at 10% of net smelter returns or by an advance royalty of U.S. \$2,500 per month.

(iii) Surrounding Claims
A 100% interest in 320 unpatented lode mining claims surrounding the Bronco-Verdstone-Oakland and Big Deal claims. Approximately 70% of these claims are subject to a 10% net profits royalty.

On July 4, 1983, the company entered into a joint venture agreement with Lincoln Resources Inc. (Lincoln), in which Lincoln acquired a 51% interest in these properties by funding \$400,000 for exploration and development work and purchasing 250,000 shares of the company's common shares at a price of \$1 per share.

(c) Tillicum Property
Slocan Mining Division
B.C., Canada

The Sam, Skye and Alta mining claims. A joint venture agreement has been entered into with Hudson Petroleum Ltd. (Hudson), who must spend \$70,000 on development work on the claims prior to July 31, 1984 to earn a 50% interest in the property. Hudson received an extension of the work commitment date in consideration for Hudson issuing to the company 20,000 shares of its capital stock, subject to regulatory approval.

(d) Red Hill
Kamloops Mining Division
B.C., Canada

Eleven mineral claims known as the Add 1 - 3, Add IV - VI, Add 7, Add 8, Add Fr., Moly and Moly 2. On November 18, 1983, the company entered into an agreement with Selco Inc. (Selco - the minerals division of BP Exploration Ltd.) under which Selco will pay to the company \$125,000 in option payments and spend \$1,500,000 on exploration over the next five years for Selco to earn a 51% interest in these properties. Should Selco decide to put the property into production, Selco may acquire an additional 19% interest in the property by paying to the company an additional \$2,000,000. After Selco has spent the required \$1,500,000. on the exploration program, all subsequent expenditures that Selco incurs up to the time that Selco makes a decision to put the property into production, are the sole responsibility of Selco. The company has reserved for itself a net production royalty based on 10% of Selco's interest in these properties.

(e) Brunswick Lode
Comstock Mining Division
Storey County, Nevada, U.S.A.

By agreement dated September 14, 1983, a five year mining lease and an option to purchase eight unpatented mining claims, HOM # 8 - 12 and ERA # 1 - 3, in consideration for a payment of U.S. \$17,000, payment of an advance royalty of U.S. \$10,000 and the issuance of 60,000 common shares and a further issuance of 180,000 common shares in three equal instalments prior to June 11, 1984. The issue of the 180,000 shares is subject to the acceptance by the company of satisfactory engineering progress reports.

A condition of this lease is that the company must have spent a total of U.S. \$260,000 on exploration work on the property and have paid

Notes to the Consolidated Financial Statements

December 31, 1983

1. Nature of Operations

The company, directly and through joint ventures, is in the process of exploring its interest in mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of amounts shown for these properties and their related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain the necessary financing to complete their development, and upon future profitable production.

2. Significant Accounting Policies

(a) Deferred Costs

The company capitalizes development costs and defers administration costs related to its mineral properties. These costs will continue to be capitalized and deferred until resource production commences, at which time they will be amortized over the minimum estimated production life of the property. Should the properties be sold or deemed uneconomic, these costs will be written off at that time.

(b) Option Agreements

Properties acquired under option agreements, whereby acquisition payments are made at the sole discretion of the company, are only recorded in the accounts at such time as the payments are

made. Option payments received on account of options granted on the company's properties are credited to deferred costs at the time of receipt.

(c) Translation of Foreign Currency

The accounts of foreign operations are translated into Canadian dollars as follows; monetary items at the rates of exchange prevailing at the balance sheet date, non-monetary item at the historical exchange rate, and revenues and expenses at average rates for the year. Gains and losses arising on currency translations, except those arising on long-term monetary items with a fixed maturity date, are credited or charged to earnings.

(d) Loss Per Share

Basic loss per share has not been calculated as it is not meaningful at this stage of the company's operations.

(e) Income Taxes

The company has non-capital loss carry-forwards and allowances in respect of resource development costs which are available to be offset against future taxable income. No future benefit for these losses and allowances has been recognized in these financial statements.

(f) Basis of Consolidation

These financial statements include the accounts of the company's wholly owned subsidiary, Rea Petro Energy, Inc. of the State of Colorado, U.S.A.

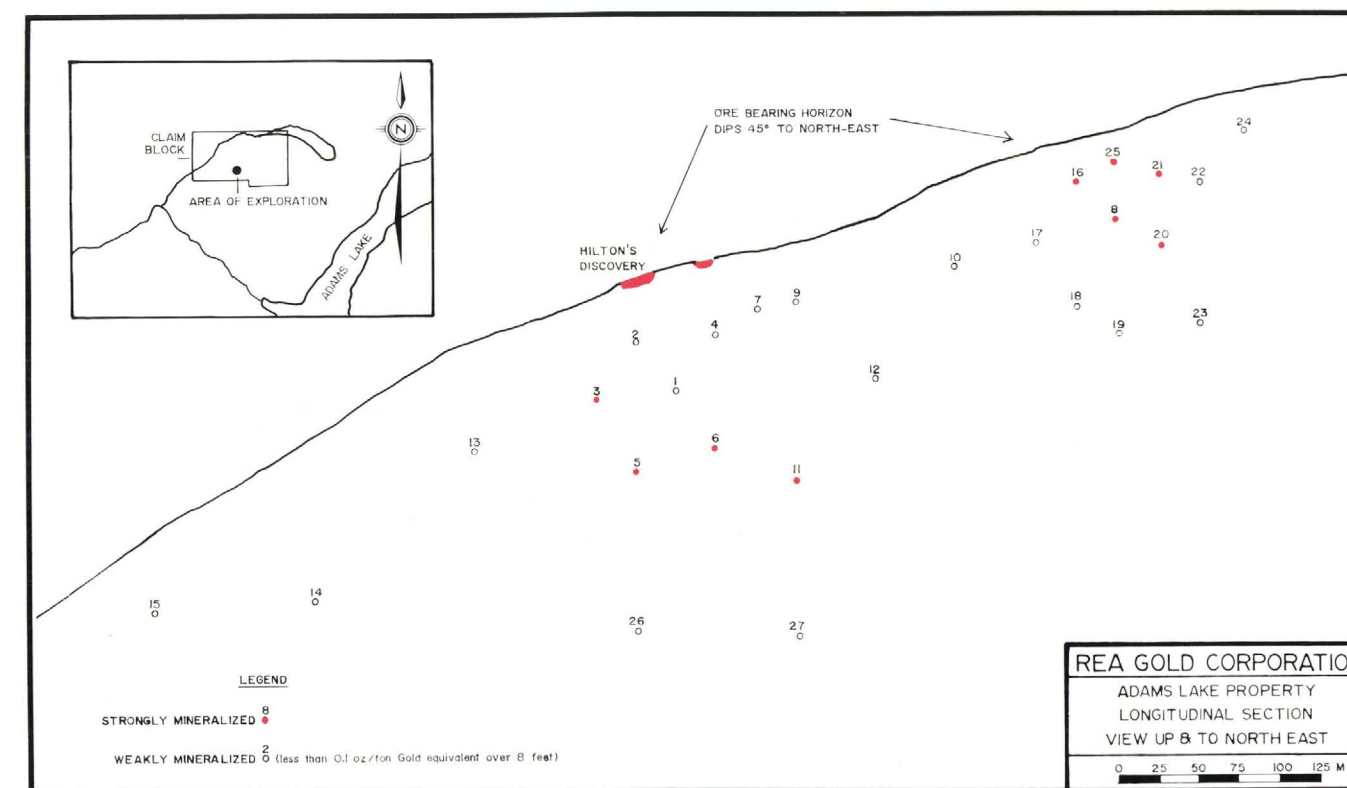
3. Mineral Properties and Development Costs

	1983		1982	
	Mineral Property	Deferred Costs	Total	Total
Mt. Roach	\$ 152,400	\$ 56,333	\$ 208,733	\$ 208,733
Bronco-Verdstone-Oakland	319,335	624,156	943,491	463,786
Tillicum	73,310	-	73,310	73,310
Red Hill	-	66,557	66,557	80,044
Brunswick Lode	260,382	49,008	309,390	-
Adams Lake	10,000	30,282	40,282	-
Shasta County	8,107	-	8,107	-
	823,534	826,336	1,649,870	825,873

Adams Lake Property

While the Rea Gold/CFC option document is very standard in most respects it has some very unique features, e.g., the 12½ percent royalty rate is higher than usual as is the \$3,000,000. payable to Rea Gold. Conversely CFC can become the majority shareholder of Rea Gold.

The diamond drill program completed by CFC was conducted in a very satisfactory and professional manner with gratifying results. By mid March, 28 diamond drill holes had been completed. They show that the zone on which the Hilton discovery was made is continuous over the area drilled (some 230 feet by 330 feet). The zone is planar and dips north west at 45°. The thickness of the massive sulphides and sulphate in the zone is as much as 26 feet. Two particular areas in the zone have returned gold assays greater than 0.5 ounces per ton over 10 feet. Completed drilling indicates reserves in the order of 150,000 tons grading .43 ounces per ton Au, 3.5 ounces per ton Ag, 0.7% Cu, .6% Zn, 3.1% Pb, which are amenable to open pit-mining. Certainly it is most reasonable to have high expectations for this excellent property.



B.V.O. Property

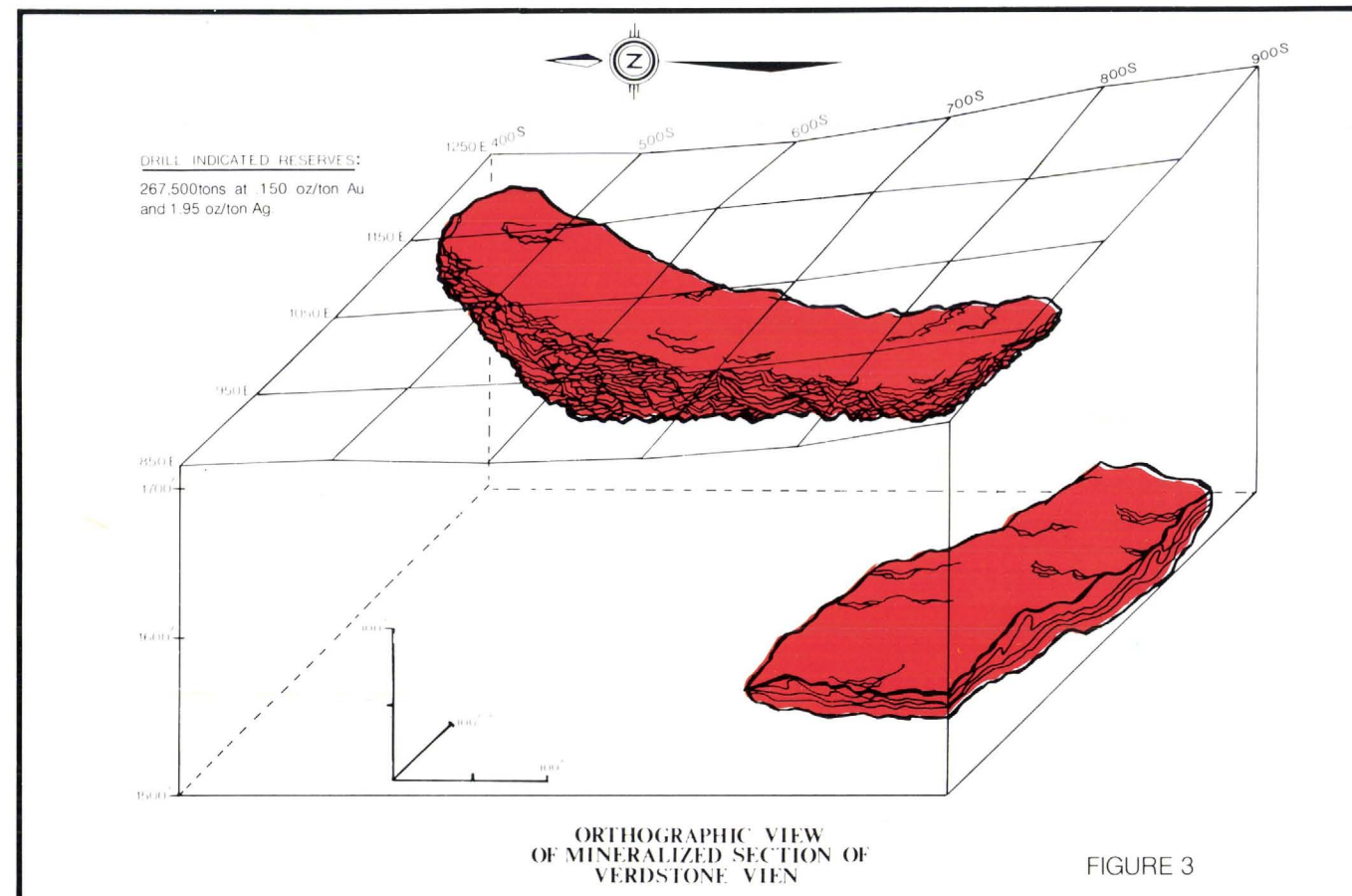


Exploration on the property commenced in 1931. In the intervening years it was family held until recently being obtained by Holland Petroleum Corporation, Dallas, Texas. A considerable amount of work had been done, four shallow depth shafts were sunk on the Oakland and two each on the Bronco and Verdstone. A 28 ton select sample was shipped to ASARCO smelter at Hayden, Arizona during 1940. It assayed 0.46 ounces per ton Au, and 4.7 ounces per ton Ag.



**Bronco, Verdstone, Oakland Properties
Yuma County, Arizona, U.S.A.**

The B.V.O. claim groups comprising some 7,000 acres are located about 95 miles west of Phoenix, Arizona. The area is known as Little Horn Mountain, Yuma County, Arizona. Access is via I-10 and the Hovatter Road turnoff and then 24 miles south by dirt road to the Oakland property.



Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1983

	1983	1982
	\$	\$
Source of Working Capital		
Issue of capital stock for		
Cash	1,296,364	103,350
Mineral properties and development costs	460,400	66,500
Settlement of debts	-	217,390
	1,756,764	387,240
Interest income	13,470	7,708
	1,770,234	394,948
Use of Working Capital		
Deferred administration costs	562,452	335,259
Less items not requiring an outlay of working capital	688	-
	561,764	335,259
Mineral properties and development costs	823,997	408,311
Fixed asset acquired	470	272
Retirement of liability to issue capital stock	30,000	-
	1,416,231	743,842
Increase (Decrease) in Working Capital	354,003	(348,894)
Working Capital (Deficiency) - Beginning of Year	(52,076)	296,818
Working Capital (Deficiency) - End of Year	301,927	(52,076)
Represented by:		
Current assets	337,825	61,398
Current liabilities	35,898	113,474
Working Capital (Deficiency) - End of Year	301,927	(52,076)

REA GOLD CORPORATION

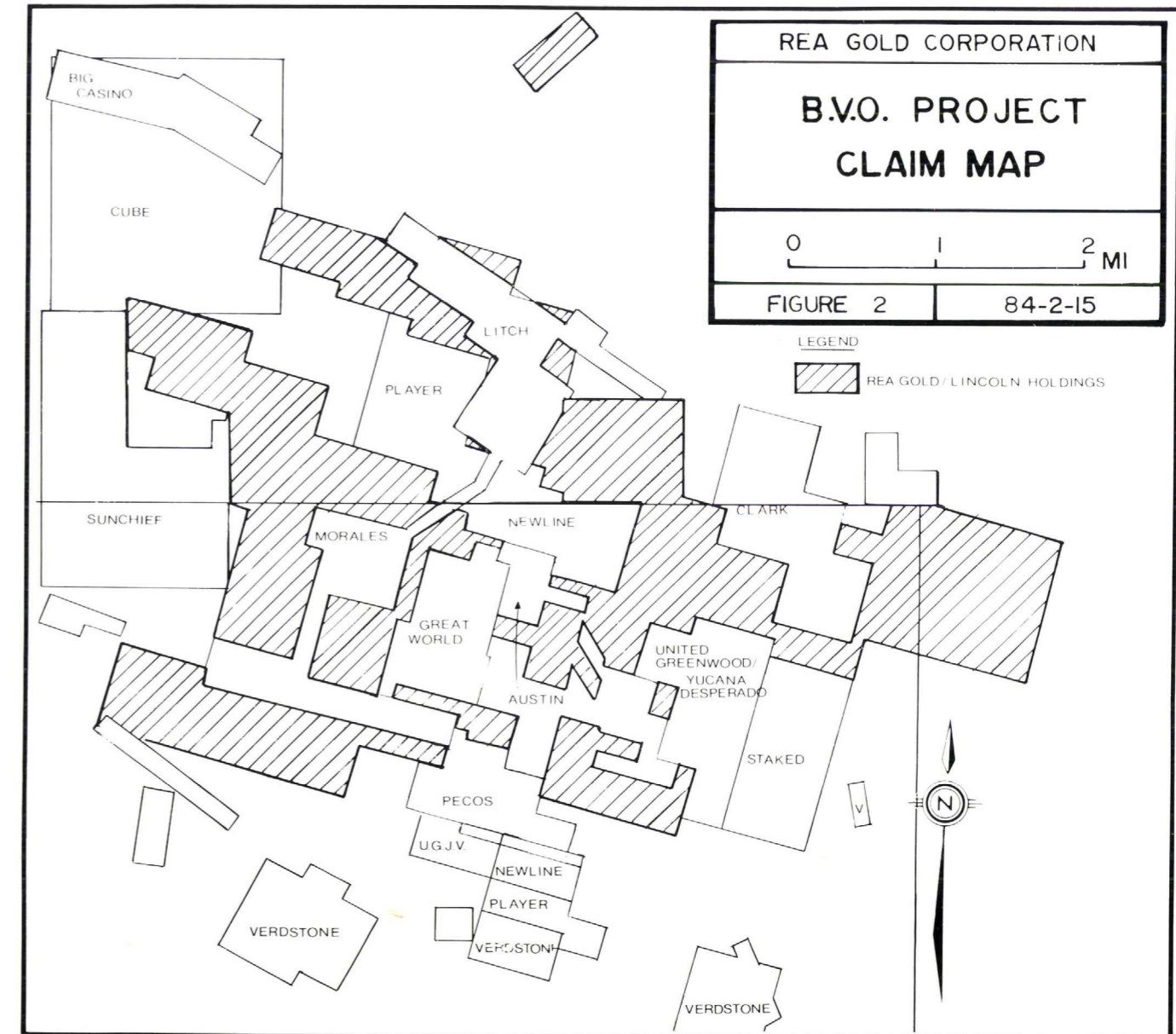
Consolidated Statement of Deferred Administration Costs

For the year ended December 31, 1983

	Expenditures beginning of year	Expenditures during the year	Expenditures end of year
	\$	\$	\$
Telephone	-	33,960	33,960
Depreciation	-	688	688
Consulting fees	33,527	80,116	113,643
Interest and bank charges	2,360	5,997	8,357
Legal and audit	65,083	71,661	136,744
Management fees	42,808	30,848	73,656
Office and miscellaneous	44,466	54,773	99,239
Public information costs	93,476	105,552	199,028
Rent	13,210	5,288	18,498
Salaries and wages	27,587	91,179	188,766
Travel and public relations	30,869	58,778	89,647
Trust and stock exchange fees	17,395	23,612	41,007
	370,781	562,452	933,233
Interest income	(56,516)	(13,470)	(69,986)
	314,265	548,982	863,247

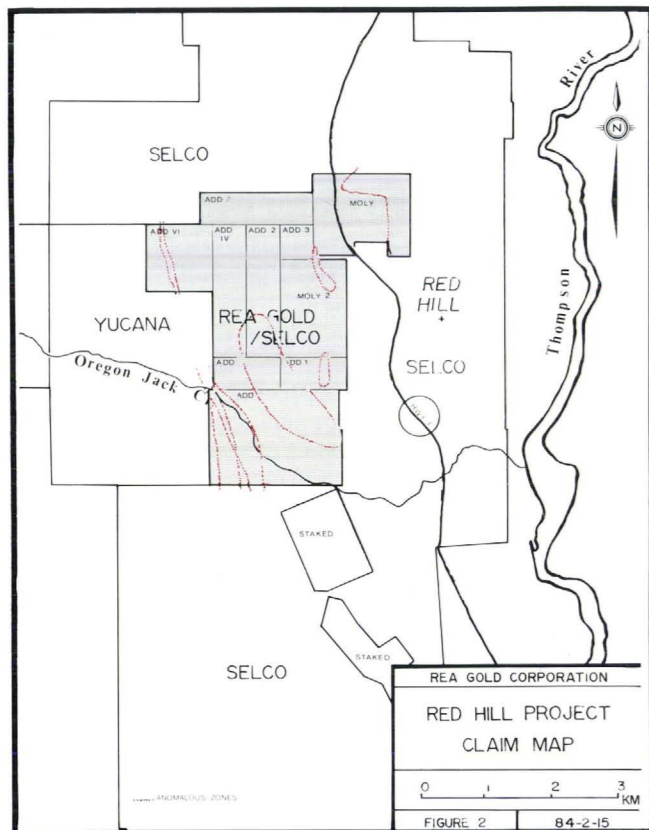
REA GOLD CORPORATION

B.V.O. Property



During July 1983, Lincoln Resources entered into a joint venture with Rea Gold Corporation whereby Lincoln earned a 51% interest in the B.V.O. property for the expenditure of \$400,000. (plus 250,000 shares of Rea Gold at \$1.00 per share) on exploration and development. The results are such that geological analysis has advanced to the point where we now possess a high degree of accuracy in predicting the location of major structures and mineralized zones within the Verdstone vein system. Drilling to date indicates ore reserves for the Verdstone area of 267,500 tons with an average grade of .150 ounces per ton Au, and 1.95 ounces per ton Ag.

Red Hill Property



**Red Hill Property
South Central British Columbia**

The Red Hill property (ADD and MOLY Claims) are easily accessible from the Trans Canada Highway some 14 kilometers south of the Ashcroft turnoff at a point where the Upper Hat Creek Road turns off to the west.

The entire claim group was staked by L.W. Reaugh (President of Rea Gold Corporation) during the period March 1979 to September 1982. Earlier work was performed by G.G. Krause (1970), Noranda (1971) and Bethlehem Copper (1977). The Noranda activity identified a copper, zinc, molybdenum anomaly on what is now the ADD 8 claim. It measured some 2,400 feet by 2,400 feet. The Bethlehem work extended the anomaly some 1,700 feet into what is now the ADD 1 claim. The Noranda and Bethlehem activities also indicates similar type anomalies particularly on MOLY, MOLY 2, ADD I, IV, V, and VI claims.

Rea Gold, to ensure itself that it will obtain excellent geological planning and evaluation, has retained the services of Consulting Geologist, Sherwin F. Kelly, P.Eng. A well structured program of geochemical soil

survey of the entire claim group has been concluded. Additionally, a magnetometer survey of ADD 8 and part of the MOLY claim was conducted during late 1981.

The magnetic survey and the geochemical soil sampling for copper, molybdenum, zinc, silver and nickel on the MOLY and ADD claim group demonstrate a high probability for valuable deposits.


Mr. Kelly has recommended an extensive program of geological, geophysical and geochemical work with the associated diamond drilling and sampling. To further these several activities Rea Gold, on November 22 1983, entered into a joint venture with Selco-BP (the minerals division of B.P. Exploration Ltd.). Under the terms of the joint venture Selco-BP undertakes to spend \$750,000. by November 22 1988. An additional \$750,000. of expenditures, in the same time frame, can earn Selco-BP a 51% interest. It can earn an additional 19% interest by taking the property into production and paying Rea Gold an additional \$2,000,000. At the time of a production decision Rea Gold may participate, and thus retain its 30% interest, or choose not to participate, wherein it will assign all its interests in the property to Selco-BP and receive a 10% royalty based on Net Proceeds. The joint venture is a reasonable document to both parties and Rea Gold has a well funded, most reliable partner. We can expect Selco-BP to become active on the ADD and MOLY claim group in early 1984 and should await the results with a sense of anticipation.

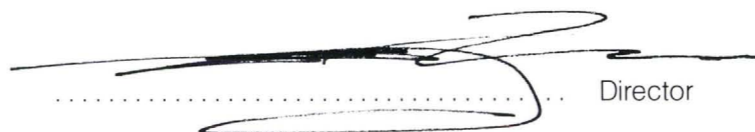
Consolidated Balance Sheet

December 31, 1983

ASSETS		
	1983	1982
Current		
Cash and short term deposits	\$ 280,957	\$ 7,542
Prepaid expenses	-	6,531
Advances receivable (note 5)	34,868	35,325
Subscriptions receivable (note 8)	22,000	12,000
	337,825	61,398
Deferred Administration Costs (note 2(a))	863,247	314,265
Mineral Properties and Development Costs (note 3)	1,649,870	825,873
Fixed Assets	873	1,091
	\$2,851,815	\$1,202,627
LIABILITIES		
Current		
Accounts payable	\$ 31,898	\$ 17,974
Loans repayable	4,000	95,500
	35,898	113,474
Liability To Issue Capital Stock	-	30,000
	35,898	143,474
SHAREHOLDERS' EQUITY		
Capital Stock (note 4)	2,815,917	1,059,153
	\$2,851,815	\$1,202,627

Approved by the Directors


..... Director


..... Director

Auditor's Report to the Shareholders

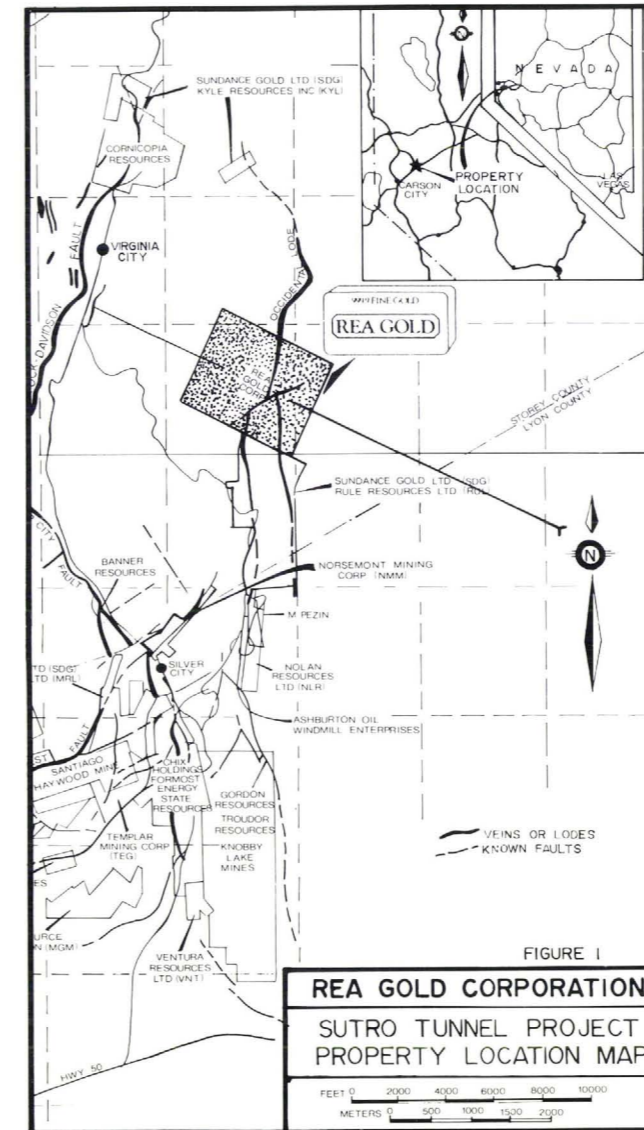
We have examined the consolidated balance sheet of Rea Gold Corporation (formerly Rea Petro Corporation) as at December 31, 1983 and the consolidated statements of deferred administration costs and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations, and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Roberts & Company

Vancouver, B.C.
February 27, 1984

Sutro Tunnel Property



**Brunswick Property (Comstock)
Sutro Tunnel
Storey Creek, Nevada, U.S.A.**

The Brunswick property comprises approximately 350 acres. It overlays the Sutro Tunnel Mineral Grant and also straddles the Occidental-Brunswick Fault which is approximately 1½ miles east of the famous Comstock Lode Fault.

The Occidental-Brunswick vein has been traced across the Rea Gold holdings for some 4,000 feet with a minimum width of approximately 100 feet. It has a northerly strike and dips east at 45°. The down dip length to the point of intersection with the Sutro Tunnel is some 2,000 feet, through a vertical distance of 1,400 feet.

The Comstock Lode has an enviable history. Prior to the 1860's it has already produced \$10,000,000. of gold and silver using primitive mining and extraction methods. In the 10 year period 1870-1880 over four million tons of ore was mined with an average value of \$50.00 per ton (quoted in currency values of that period). It truly was a Bonanza!

As the mining deepened, water became a major problem. The Sutro Tunnel was driven as an attempt to control it. The undertaking was not successful and by the early 1900's the Comstock glory-days were over. During the 1800's the Brunswick vein, on the Rea Gold holdings, was mined to the current south boundary. Also, in the same period, mining was conducted near the north boundary.

The principal minerals are sphalerite, galena, chalcopryite, pyrite, silver sulphides, silver sulfo salts, and gold in quartz vein breccias. The ores occur chiefly as discontinuous shoots and lens shaped bonanzas. The Comstock experience indicates that the shoots exist from surface to the 2,000 foot horizon. Metal sulphides are more dominant below the 2,000 foot horizon.

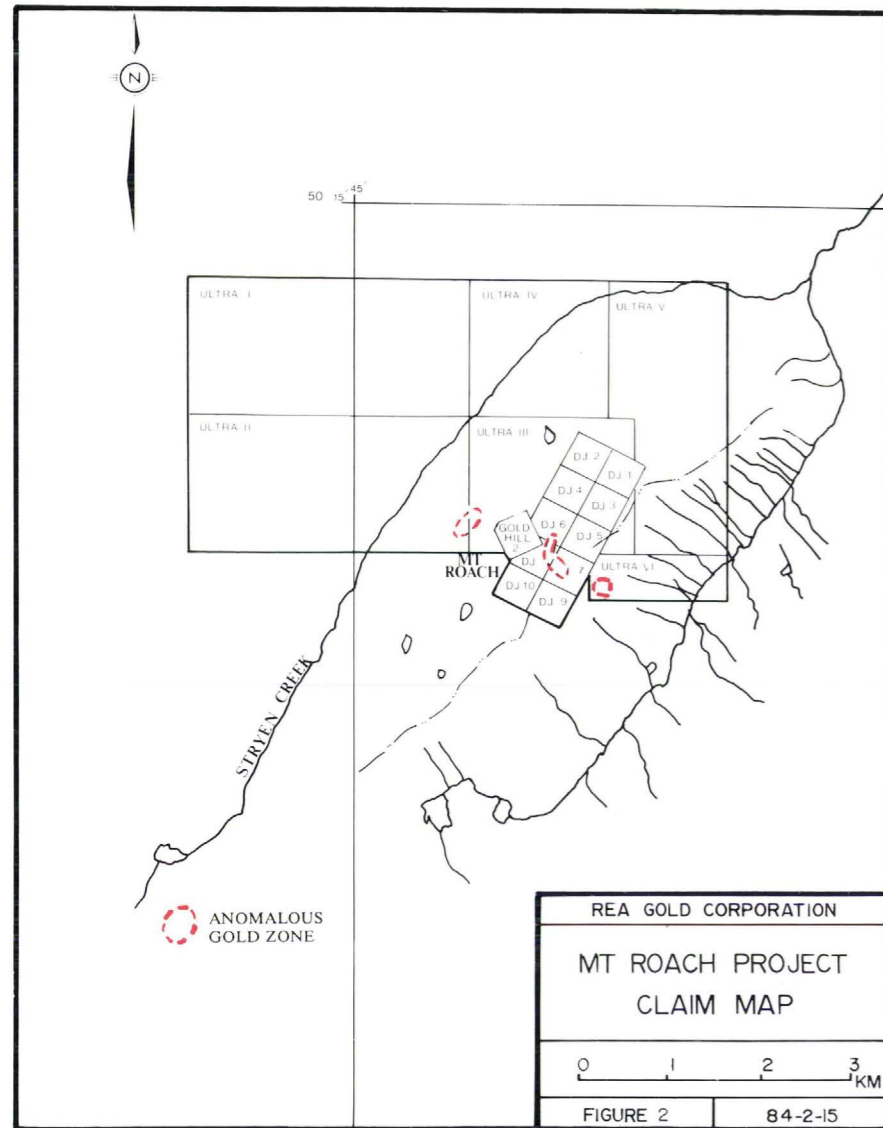
The geological mapping undertaken by Rea Gold's consultant during 1983 shows that the fault systems on Rea Gold's holdings mimic the regional fault patterns. Four generations of faults cross the property and near surface they tend to flatten out and splay into complicated fault systems. These areas are loci of mineralization and alteration.

The consulting geologist has also identified an asymmetric protrusive dome on the property which requires testing by drilling. The dome may be mineralized to 2,000 feet or more.

These several findings by Charlton International have caused them to observe that the geology of the Brunswick property fits most of the criteria of epithermal mineral deposits in the Comstock district. They also feel that mineralization to comparable depths is possible, i.e., bonanzas at the 1,000 foot horizon precious metal shoots extending to the 2,000 foot horizon and metal sulphides below the 2,000 foot horizon. This hypothesis infers that some 300 vertical feet of precious metal enriched Brunswick vein may lie below the Sutro Tunnel and that the previously noted asymmetric protrusive dome may have bonanza potential.

Rea Gold's Brunswick property is an excellent precious metal exploration area. The elements of epithermal disposition are well indicated and there is a substantial potential for ore shoots.

Mount Roach Property



**Mount Roach Property
Lytton (Kamloops Mining Division)
British Columbia, Canada**

The Mount Roach property consisting of 21 claims, known as the Gold 1 Group, is located in mountainous country 8 miles west of Lytton, B.C., Canada, at an elevation of 8,500 feet. Rea Gold has a 60% interest in the property with the remaining 40% held by Yucana Resources Inc. of Vancouver, B.C.

The early history of this property dates back to at least 1910-1915. However, the first meaningful evaluation was performed during 1972 by Conwest Exploration. The first recording of claims of the Gold 1 Group (as it is currently known), was during 1969. Rea Gold optioned the property in January 1981.

During August 1981 a substantive exploration program was carried out consisting of mapping, rock sampling, soil chemistry, an experimental I.P. survey and topographical survey using photogrammetry methodology. These activities identified a strike length of 5,200 feet through a vertical depth of 1,200 feet which represents a very persistent geological feature. Within this structure a zone of at least 450 feet assayed 0.113 ounces per ton Au, over almost 4 feet. An internal 245 foot interval assayed 0.136 ounces per ton Au. The field work to date has clearly identified the presence of gold in the vein system.

Tillicum Property

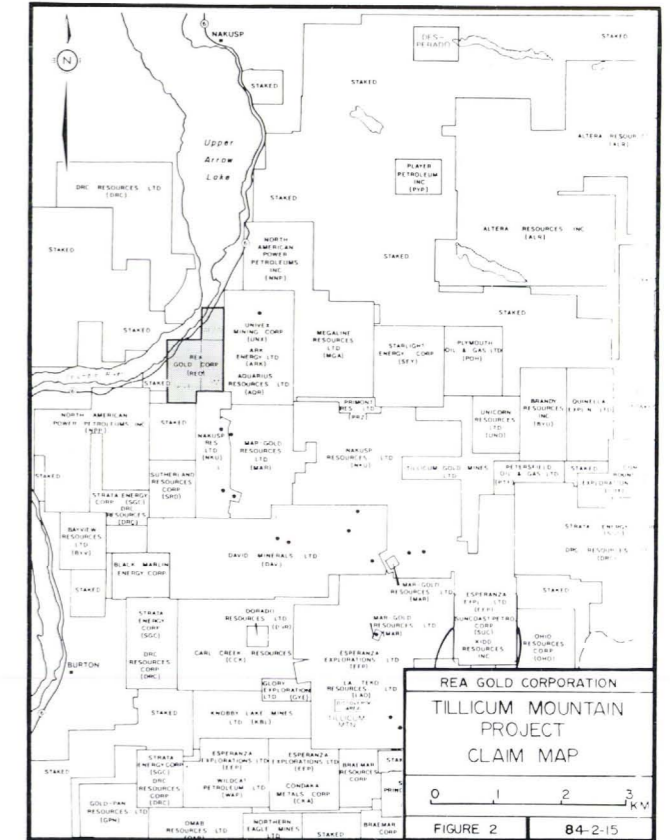
**Tillicum Property
Slocan Mining Division
British Columbia, Canada**

The Tillicum property (SAM, SKYE & AFTA Claims, 45 Units) is situated on the east side of the Columbia River, 13 miles south of Nakusp, B.C., Canada in the Slocan Mining Division. Vehicular access to the northern portion of the claim group is via provincial Highway #6.

The area was prospected in the late 1800's but most activity had ceased by the late 1920's. There was some activity during the 1970's but primarily it was the 1980 discovery by the Gustafson brothers which identified the area as having a high grade precious metal potential.

A 21 ton bulk sample from the Gustafson Tillicum Mountain property returned 3.887 ounces per ton Au, 2.30 ounces per ton Ag, and 1.9% Zn. Rea Gold's holdings lie a short distance to the NE. Mar Gold during 1983 completed a drilling program on their Meadow Mountain Property which is south east of Rea Gold's holdings. The old H.J. Mine to the east of Rea Gold has been joint ventured. A sample on this property across 2.4 feet assayed 0.33 ounces per ton Au and 61.7 ounces per ton Ag. Rea Gold's holdings are thus geologically well located.

During November 1982 a joint venture was entered into with Hudson Petroleum by which they can earn a 50% interest in the property by financing the first \$70,000. of exploration costs. As a result, exploration was conducted during the fall of 1983 and the results of airborne magnetometer and electromagnetic surveys from 1982 were further reinforced and further exploration recommended. Eleven geochemical and geophysical anomalies were located.





REA GOLD CORPORATION

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