



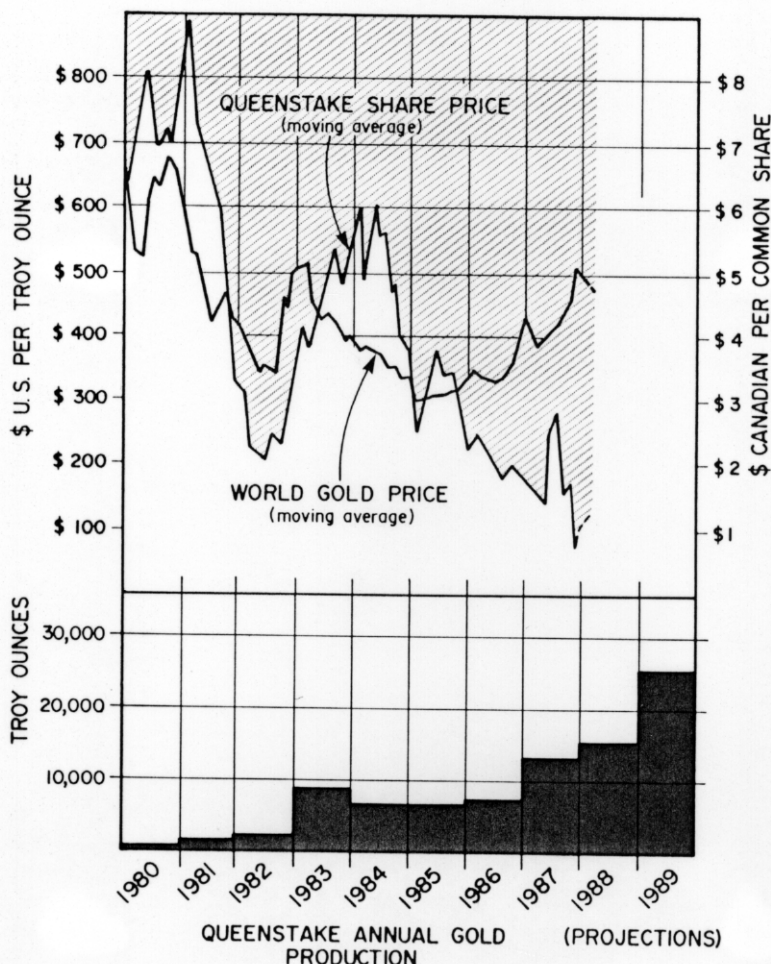
CORPORATE REVIEW

Queenstake Resources Ltd. was incorporated as Queenstake in 1977 after the acquisition of the Mar Tungsten property which subsequently was intensively explored indicating that it is one of the more significant tungsten deposits in North America. The Company next acquired a Yukon placer gold property at Clear Creek, Yukon and three large (350 to 450 ton) bucketline dredges, commencing dredge renovation and reserve preparation at Clear Creek in 1979.

A placer gold producer with hardrock reserves

Share Capital	-8,800,000 shares
Recent Price	-C\$1.10/Share
Market Capitalization	-C\$9.7MM (US\$7.5MM)
Market Cap/Oz. of Annual Production	-C\$740/Oz. (US\$572/Oz.)

Queenstake Share Price vs. Price of Gold vs. Queenstake Gold Production



Canada Tungsten Mining Corporation ("Cantung"), a subsidiary of Amax, Inc. and Dome Mines, acquired an equity position in Queenstake in 1979 and by the end of 1980 had invested \$10.4 million in the company for a controlling interest. Cantung also spent a further \$8 million on tungsten and placer gold properties it had optioned from Queenstake, the tungsten property being subsequently reacquired by Queenstake. In late 1987, Cantung sold the bulk of its Queenstake shareholding to Sandhurst Mining NL (an Australian Mining Company) for \$1.76 per share.

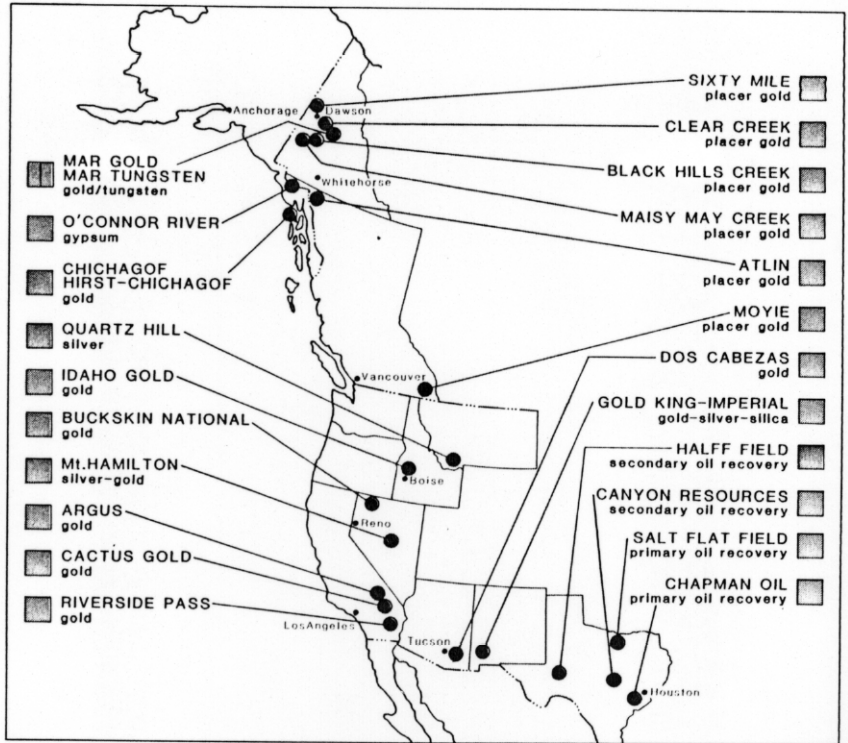
Over the next seven years, Queenstake has increased its asset base to \$16.0 million, with cumulative cash flow from operations of over \$8 million, and expanded its annual placer gold production from 1,400 ounces in 1981 to over 13,000 ounces in 1987. This growing cash flow has helped to fund the Company's intensive program to acquire and develop precious metals properties.

Queenstake geologists, from offices in the U.S. and Canada evaluated hundreds of properties and selected the dozen former producing mines or new mineral discoveries which have been further tested and developed by Queenstake over the past five years.

As these projects have become more advanced and costly to explore and develop, Queenstake has entered into joint ventures to obtain leverage on its initial investment, to share risk and to reduce equity dilution. From all sources, the Company has funded an annual average investment of \$3.5 million in resource projects for the past six years. This investment has yielded an extensive inventory of mineral reserves, which places Queenstake among the top North American companies in terms of combined rankings of mineral reserves and production per dollar of share Capital.

Several of the hardrock projects are now under consideration for production or are approaching production feasibility. Over the next several years, Queenstake should grow rapidly with new start-ups as the hardrock mining division picks up the growth begun by the placer group.

QUEENSTAKE PROPERTY LOCATIONS



PRESIDENT'S COMMENTS

In 1987, Queenstake achieved record gold production volumes and sale revenues in its placer division, while increasing placer reserves with the acquisition of the Pine Creek property. In the hardrock division the Dos Cabezas project was well advanced with possible 1988 production feasibility. In late 1987, \$3 million was raised to carry out exploration/feasibility on the Chichagof gold mine by transferring the project to a new company, Golden Sitka, and completing a primary public financing through the Vancouver Stock Exchange. Queenstake also increased its working capital during the year to a year-end cash balance of \$2.8 million.

Late in the year, effective control of the company passed from Canada Tungsten Mining Corporation to Sandhurst Mining NL of Sydney, Australia for a price of \$1.76 per share. Sandhurst's investment in Queenstake is very positive given their expertise in development of alluvial placer deposits and in international finance. Richard Tinsley, Managing Director of Sandhurst, and Lee Furlong, Deputy Chairman and Executive Director, have joined Queenstake's Board to take an active role in advancing Queenstake's growth.

The outlook for 1988 is good. The present gold price (including 4,500 ounces sold forward for 1988 at an average price of \$504 US/oz) combined with a forecast increase in placer production should again yield record revenues, and we anticipate bringing several hardrock properties forward to the feasibility stage.

January, 1988

GORDON C. GUTRATH

Trading Symbol
TSE- **QTR**

DIRECTORS AND MANAGEMENT

Senior Officer Directors:

John A. McLallen - Chairman

Over 50 years in the resource industries. Founder of Bethlehem Copper and Chairman for 25 years. Founding director of Westmin Resources and Queenstake.

Patrick M. Reynolds - Vice Chairman

Chartered Accountant with over 50 years in the mining industry. Founding member of Bethlehem Copper holding the offices of President and Chairman. Founding member of Westmin Resources and Queenstake.

Gordon C. Gutrath - President and CEO

Geologist, professional engineer with 25 years in the mining industry as an exploration geologist and consultant. Has managed geological, mining engineering and contracting on many hardrock and placer projects in Canada, the United States and Mexico. Founder of Queenstake - 1976.

Donald D. Sharp - Vice President, Finance

Chartered Accountant with 20 years in the mining industry, initially in exploration and latterly in financial administration with Whitehorse Copper Mines, Alberta Energy and B.C. Resources.

Non-officer Directors:

V.L.R. (Lee) Furlong - Director

A geophysicist, Australian exploration and project manager and London merchant banker, with 25 years of industry experience. Mr. Furlong is Deputy Chairman and Executive Director of Sandhurst Mining NL and Chairman of Challenger Mining Corporation NL.

Lauch F. Farris - Director

Mr. Farris has 25 years in resource company finance and administration and is currently President and Chief Executive Officer of Fargo Resources Limited and Caprock Energy Ltd.

Richard C. Atkinson - Director

Mining Engineer with 15 years in the industry. Mr. Atkinson is currently President of Getty Resources Limited and a director of Energex Minerals Ltd.

Richard Tinsley - Director

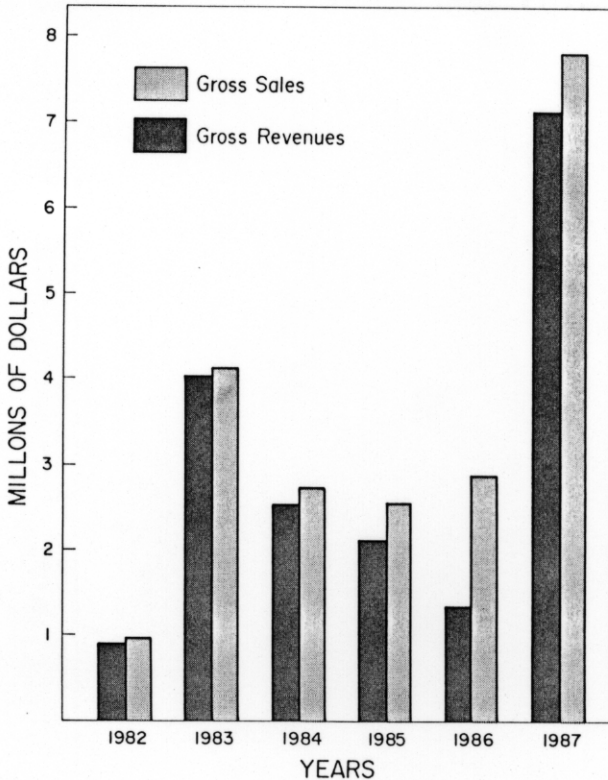
A mining engineer/minerals economist with 21 years of industry experience in minerals finance, industry analysis and exploration and mining projects. Mr. Tinsley is managing Director of Sandhurst Mining NL, a director of Cope Range NL and Chairman of the Quill Communications group of Perth, Western Australia.

Queenstake Mineral Reserves

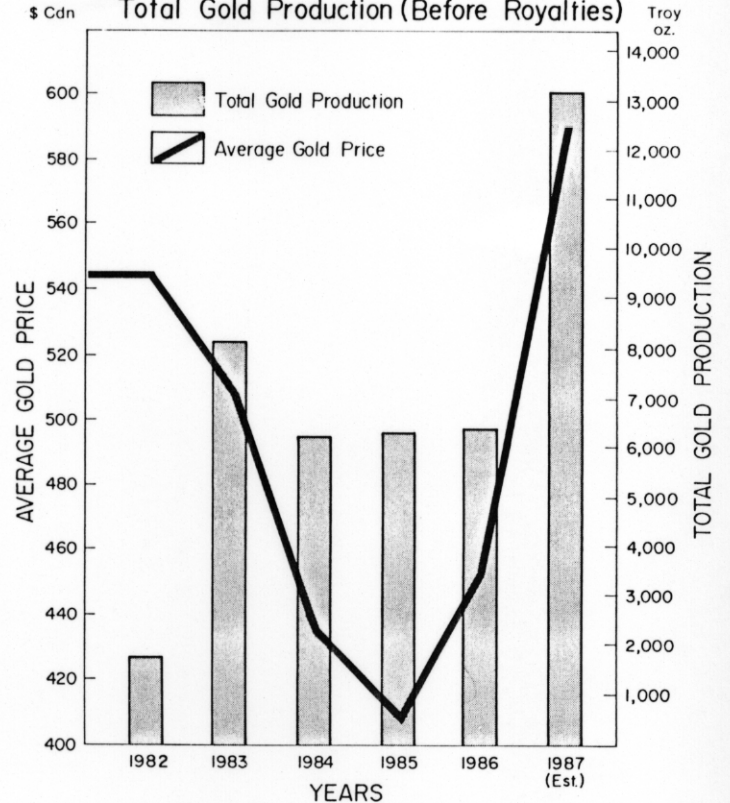
GOLD VARIOUS PROPERTIES 271,200 troy ounces 85,200 ounces: placer properties 186,000 ounces: hardrock properties
SILVER QUARTZ HILL and GOLD KING PROPERTIES 2 million troy ounces
GYPSUM O'CONNOR RIVER DEPOSIT 7 million tonnes
TUNGSTEN MAR DEPOSIT 4.8 million stu (96 million lbs)



Gross Revenues Vs. Gross Sales
(Before Royalties) (After Royalties)



Average Gold Price Received Vs. Total Gold Production (Before Royalties)

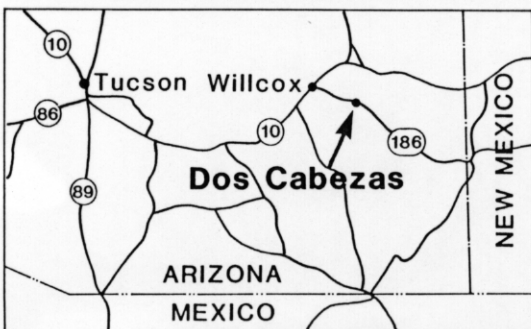
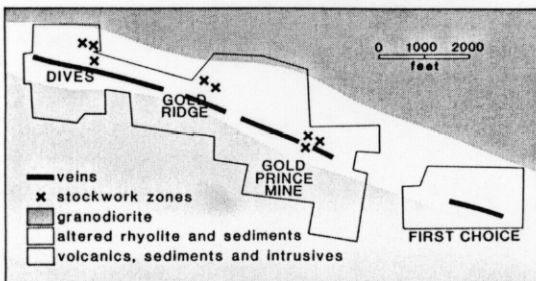


FINANCIAL SUMMARY (Dec. 31, 1987):

Assets - \$16 million
Cash - \$2.8 million
Debt - \$.35 million

Revenue - \$7 million (1987)
 \$10 million (1988 estimate)
Cash flow - \$1.0 million (1987 estimate)
 -\$4.0 million (1988 estimate)

(unaudited)



Dos Cabezas Mine, Arizona

The Dos Cabezas mine is of particular importance, since it not only has an ore reserve partially developed for mining but also has excellent exploration potential. With the Dos Cabezas project, Queenstake can progress from being a relatively small placer gold miner into a mid-sized hardrock/placer gold producer.

FOR ADDITIONAL INFORMATION ABOUT QUEENSTAKE PLEASE CONTACT DON SHARP AT (604) 684-1218.