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MINVEN GOLD  
CORPORATION

QUARTERLY  
REPORT  
TO SHAREHOLDERS  
For the six months ended June 30, 1990



MinVen Gold Corporation



## MINVEN GOLD CORPORATION

MinVen Gold Corporation is a Denver-based mining company which is positioned to become a major North American gold producer.

The Company was formed through the amalgamation of Brohm Resources Inc. and MFC Mining Finance Corporation on August 2, 1988.

MinVen now has interests in five producing gold mines:

- ◆ 100% of the Blackdome Mine, a gold-silver underground mine in British Columbia;
- ◆ 100% of the Gilt Edge Mine, a seasonal open pit, heap leach gold mine in South Dakota;
- ◆ 50% joint venture interest in the Stibnite Mine, a seasonal open pit, heap leach gold mine in Idaho;
- ◆ 33 1/3% joint venture interest in the Golden Reward Mine, a seasonal open pit, heap leach gold mine in South Dakota; and
- ◆ 25% joint venture interest in the Cactus Gold Mines Co., which operates two open pit, heap leach gold mines in California.

## YEAR SHAREHOLDER:

MinVen Gold Corporation recorded a second quarter consolidated loss of \$1,476,790 or \$0.05 per share, compared with a loss of \$291,285 or \$0.01 per share for the second quarter of 1989. The results have been adversely affected by the lower gold prices, lower gold production at the Blackdome Mine and the slow startup of the Golden Reward Mine.

## OPERATIONS

### Blackdome

During the first half of 1990, 41,397 tons of ore grading 0.43 ounces of gold and 2.7 ounces of silver per ton were milled. This compares with 37,792 tons of ore grading 0.81 ounces of gold and 1.96 ounces of silver per ton in the corresponding period of 1989. As a result of processing lower grade ore, gold production was down 42% compared to a year earlier.

During the second quarter, Blackdome developed and began mining a high-grade ore zone on the No. 18 Vein which was discovered late in the first quarter of 1990. Ore drawn from this new ore zone contributed 42% of ore mill feed at an average grade of 0.77 ounces of gold per ton. At current rates of mining, it is expected that this high-grade shoot will be mined out by November, 1990 and the ore processed by late December, 1990.

Blackdome has not been successful in replacing sufficient high-grade ore reserves to maintain continuous operations beyond December, 1990. MinVen, therefore, has announced that mining operations at the Blackdome Mine will cease late in the fourth quarter of 1990 and the mine will be placed on a care-and-maintenance basis until the Company has assessed the full potential of the property. Operations will recommence in the event Blackdome develops additional ore reserves.

### **Cactus**

Gold production during the first half of the year was 23% greater than the first half of 1989 and during the second quarter of 1990 was 7% less than the similar period of 1989. The second quarter variation in production reflects expected lower grade ore mined from the upper levels of the Shumake open pit operation. The grade of ore moved to the leach pad is expected to increase during the balance of the year as ore is mined from the lower levels of the Shumake pit. Although mining has been discontinued at the Middle Buttes operation, gold continues to be recovered through leaching of crushed ore on the leach pad.

### **Gilt Edge**

The onset of warm weather has resulted in Gilt Edge achieving record gold production levels during the second quarter. Production during the comparable 1989 period was affected by delays caused by repairs to the leach pad.

Gilt Edge continues to prepare an environmental impact statement on its expansion project for submission to the State of South Dakota. Work on the engineering aspects of bringing the expansion to the production stage continued during the quarter.

### **Golden Reward**

On March 23, 1990, MinVen announced that it would be prepared to sell its one-third interest in the Golden Reward Mine located near Lead, South Dakota. After due consideration of all of the tenders to purchase MinVen's interest in the mine, MinVen has decided to retain its interest in the open pit, heap leach mine. The Board of Directors concluded that shareholder value will be maximized by keeping rather than selling MinVen's interest in Golden Reward. The Board reached its decision to retain the interest in

Golden Reward based on the belief that the mine has significant value to the Company given its relatively low estimated costs of production.

The mine is nearing completion of the start-up phase and is expected to enter commercial production during the third quarter of 1990.

### **Stibnite**

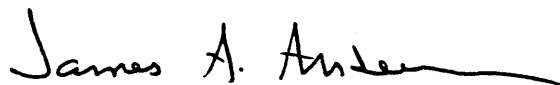
Mining of ore commenced in May 1990 at this seasonal operation; however, exceptionally wet weather resulted in fewer-than-anticipated tons being subjected to leach. In addition, the 1990 mine plan anticipates low grade ore being delivered to the pad during the start of leach season, with higher grade ore being delivered to the pad late in the season.

A creditor of Pioneer Metals Corp., MinVen's 50% joint venture partner in Stibnite, has impounded Pioneer's share of gold production from Stibnite. MinVen is prepared to take all reasonable efforts as necessary to ensure continued operation of the Stibnite Mine.

### **Corporate Financing**

On May 4, 1990, the Company's primary lender, Citibank, N.A., agreed to increase the revolving bank line of credit from U.S. \$12.0 million to U.S. \$14.5 million. At June 30, 1990, MinVen had drawn U.S. \$14.0 million of the amount available under the bank line, all of which has been recorded as current debt.

Under the terms of the bank line, U.S. \$14.5 million is available to MinVen until October 31, 1990 and U.S. \$12.0 million is available until January 31, 1991 at which time the full amount of the bank line becomes due and payable. MinVen is negotiating with Citibank and holding discussions with other potential lenders in expectation of extending the loan maturity dates.



**JAMES A. ANDERSON**

**President and Chief Executive Officer**

**August 13, 1990**

## CONSOLIDATED BALANCE SHEET

Canadian dollars (unaudited)

	June 30 1990	December 31 1989
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,232,750	\$ 821,198
Marketable securities	—	977,993
Receivables	1,619,014	1,472,171
Inventories	6,510,510	6,003,148
Taxes recoverable	1,351,614	1,280,669
Other current assets	761,781	523,497
Total current assets	11,475,669	11,078,676
<b>Property, Plant and Equipment</b>	79,341,165	76,432,047
<b>Other Assets</b>	3,408,980	3,349,396
	\$ 94,225,814	\$ 90,860,119
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 6,484,363	\$ 6,654,499
Taxes payable	—	3,646
Current portion of long-term debt	18,697,714	2,635,096
Other current liabilities	236,507	—
Total current liabilities	25,418,584	9,293,241
<b>Long-term Debt</b>	3,177,423	12,609,214
<b>Convertible Note</b>	5,205,994	4,965,419
<b>Deferred Taxes</b>	104,975	103,880
<b>Other Long-Term Liabilities</b>	1,397,768	1,335,901
	35,304,744	28,307,655
<b>Shareholders' Equity</b>		
Share capital	82,857,960	82,857,960
Accumulated deficit	(18,299,603)	(14,196,939)
Cumulative translation adjustment	(5,637,287)	(6,108,557)
Total shareholders' equity	58,921,070	62,552,464
	\$ 94,225,814	\$ 90,860,119

## CONSOLIDATED STATEMENTS OF OPERATIONS

Canadian dollars (unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	1990	1989	1990	1989
<b>Revenues</b>				
Gold	\$ 10,505,019	\$ 10,820,256	\$ 17,746,768	\$ 19,264,780
Silver	490,415	378,192	881,888	603,123
	10,995,434	11,198,448	18,628,656	19,867,903
<b>Operating Costs</b>				
Production costs	9,873,571	7,650,369	18,132,656	13,812,608
Exploration	467,429	287,478	1,087,855	1,207,087
Depreciation	1,503,024	1,898,638	2,611,122	3,392,247
General corporate costs	597,305	969,591	1,176,260	1,793,169
	12,441,329	10,806,076	23,007,893	20,205,111
<b>Operating Income (Loss)</b>	(1,445,895)	392,372	(4,379,237)	(337,208)
Investment income	69,849	530,720	133,427	857,757
Sale of investment	—	—	361,589	—
Foreign exchange gain (loss)	(4,327)	(2,177)	3,720	(4,973)
Loss before taxes and minority interest	(1,380,373)	920,915	(3,880,501)	515,576
Income and resource taxes	(96,417)	(646,828)	(222,163)	(750,660)
Minority interest	—	(565,372)	—	(682,537)
<b>Net Loss</b>	\$ (1,476,790)	\$ (291,285)	\$ (4,102,664)	\$ (917,621)
<b>Net Loss per Share</b>	\$ (0.05)	\$ (0.01)	\$ (0.14)	\$ (0.04)
Weighted average number of shares outstanding	28,900,555	24,735,015	28,900,555	24,730,068
<b>OPERATING STATISTICS</b>				
<b>Gold production (ounces)</b>				
Blackdome	9,650	14,393	16,901	29,125
Cactus	3,451	3,700	7,436	6,025
Gilt Edge	10,268	4,852	14,543	7,873
Golden Reward	3,698	—	4,624	—
Stibnite	868	791	868	791
<b>Total</b>	27,935	23,736	44,372	43,814
Ounces of gold sold	27,279	23,186	42,606	40,765
Cash cost per ounce produced (US\$)	\$ 349	\$ 318	\$ 404	\$ 317
Price per ounce sold (US\$)	\$ 369	\$ 391	\$ 382	\$ 396

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Canadian dollars (unaudited)

	Six Months Ended June 30	
	1990	1989
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net loss	\$ (4,102,664)	\$ (917,621)
Add deduct non-cash items:		
Depreciation	2,641,870	3,397,616
Deferred taxes	—	(365,127)
Gain on asset disposals	(361,589)	—
Minority interest	—	682,537
Foreign exchange	—	(2,453)
	(1,822,383)	2,794,952
Net change in non-cash working capital items related to operations	507,218	(115,775)
	(1,315,165)	2,679,177
<b>Investment Activities</b>		
Plant and equipment	(5,798,861)	(8,871,070)
Reclamation bonds	(36,661)	(39,784)
Proceeds on sale of investment	1,351,035	—
Accounts payable and accrued liabilities	(465,698)	(136,712)
	(4,950,185)	(9,047,566)
<b>Financing Activities</b>		
Issue of Common Shares	—	63,908
Share redemption costs	—	(11,978)
Dividends paid to minority interests	—	(413,554)
Net increase in long term debt	6,778,530	8,207,018
	6,778,530	7,845,394
<b>Effect of exchange rate changes on cash</b>	(101,628)	12,236
<b>Net change in cash</b>	411,552	1,489,241
<b>Cash, beginning of period</b>	821,198	12,063,875
<b>Cash, end of period</b>	\$ 1,232,750	\$ 13,553,116

**CORPORATE INFORMATION****Directors and Officers**

James A. Anderson,  
President, Chief Executive  
Officer and Director

Paul A. Bailly, Chairman  
of the Board and Director

Patrick J. Mars, Director

Wayne D. McClay, Director

Giles R. Peatfield, Director

Albert F. Reeve, Director

David S. Robertson, Director

Christopher M.T.  
Thompson, Director

Landon T. Clay, Director

George R. Ireland,  
Senior Vice President,  
Chief Financial Officer  
and Treasurer

David J. Layman, Vice  
President, Administration,  
Controller and Secretary

Michael J. Korenberg,  
Assistant Secretary

**Corporate Offices**

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Telephone: (303) 980-5615  
Telecopier: (303) 980-5302

**Registered Office**

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Commerce Court West  
Suite 2600  
Toronto, Ontario  
Canada MSL 1A9

**Shares Listed**

American Stock Exchange  
Toronto Stock Exchange  
Vancouver Stock Exchange  
Trading Symbol: **MVG**

**Principal Transfer Agent  
and Registrar**

Montreal Trust Company  
of Canada  
Stock and Bond  
Transfer Dept.  
510 Burrard Street  
Vancouver, B.C. V6C 3B9

**Co-transfer Agent and  
Co-registrar**

Bank of Montreal Trust  
Company  
Corporate Trust Dept.  
77 Water Street  
New York, NY 10005

**Capitalization**

50,000,000  
Common Shares  
20,000,000  
Preferred Shares

**Issued:**

28,900,555  
Common Shares at  
August 10, 1990