

da's largest shareholder, boosting its stake to 23% from 2.3% by buying up to 77.3 million newly issued Anaconda shares at \$3.05

italized, the injection of capital confidence and overall resources- industry credibility by Anglo into See ANACONDA, Page 2

Homestake makes \$100,000

BY TED WORTHINGTON

DENVER — Higher production pushed **Homestake Mining** (HM-N) into the black during the second quarter of 1999, despite poor gold prices.

The company earned US\$100,000 in the 3-month period, compared with a loss of US\$43.1 million (19¢ per share) in the corresponding period last year.

For the first six months of 1999, Homestake incurred a loss of US\$800,000, compared with a year-ago loss of US\$50.8 million (22¢ per share).

Production hit 627,300 gold-equivalent ounces in the quarter, compared with 572,900 oz. a year earlier. The higher production helped offset falling gold prices, as the company realized a gold price of only US\$283 per oz. during the recent quarter, compared with US\$316 a year ago.

Leading the charge was the Eskey Creek mine in British Columbia, which has been posting higher production for the company ever since Homestake gained 100% ownership of the operation in December 1998.

For the second quarter, the mine contributed 90,300 oz. gold and 3.8 million oz. silver, compared with 70,000 oz. gold and 3.1 million oz. silver in the corresponding period of 1998. The increase was due to higher throughput from the gravity and flotation mill. For the past two quarters, Homestake has maintained mill throughput at 214 tons per day, compared with 166 tons per day during the first half of 1998.

Total cash costs were US\$135 per oz. during the recent quarter, and US\$129 per oz. in the first six months of the year.

Homestake also reports a strong performance at the Ruby Hill mine

See HOMESTAKE, Page 5

to realize an average price of US\$338 per oz. during the first six months of the year. This is US\$58 per oz. higher than the average London market price of US\$280 per oz. The company's hedge positions resulted in an increase in earnings of US\$25 million, compared with a loss of US\$24 million a year earlier.

Earnings during the first half of 1999 totalled US\$37 million (11¢ per share) on sales revenue

Production was up in Timmins, Ont. H

of US\$557 million (with US\$26 million on revenue Taking extraordinary account, the figure million (3¢ per share)

NA Palladium ups L

BY STUART McDOUGALL

The world's largest open-pit palladium deposit, and Canada's only primary producer of the metal, just got bigger.

The Lac des Îles mine of **North American Palladium** (PDL-T) is situated near Thunder Bay, Ont., and consists of a 2,400-tonne-per-day flotation mill fed from adjacent open pits. Concentrates are trucked to Sudbury for custom-smelting and then shipped to Norway for refining.

Measured and indicated resources now stand at 38.8 million tonnes grading 2.4 grams palladium per tonne, plus 0.21 gram platinum, 0.21 gram gold, 0.075% copper and 0.092% nickel. This includes material already blocked out for mining, and represents a nearly 200% increase over the estimate reported in early 1998.

G.F. Raymond, an independent consulting engineer, calculated the resource using a cutoff grade of 1.37 grams palladium and incorporating results from 393 core and 183 percussion holes completed since the Roby zone was discovered in 1974. Nearly 80% of the resource falls in the measured category, with the remainder classified as indicated. (Based on its operating experience, the company excludes inferred mineralization.)

Mineralization in the Roby zone

has been delineated to a length of 823 metres, with a maximum depth of 100 metres. The mine is 100 metres deep.

The increase is well in line with North American Palladium's plans to expand and improve the mine to three-fold in an effort to produce a more consistent output since advancing the mine's production in 1993. To improve the company added investment and implementing strategies, resulting in profit in each of the last three quarters. That was a more recent sinking of the stock price.

"This marks a significant improvement," says Ken Minty, president of North American Palladium. "We are turning the mine around."

He notes that the mine's 13,000 metres of resource not included in the current estimate that metallurgical studies show mining if a lower cutoff grade is milled. Current resource is 700,000 oz. to the end of the mine when the cutoff grade is lowered to 1 gram.

Minty adds that the study should begin next week. Another \$1 million is budgeted for the remainder of the year, adding to the total spent so far.

Three aluminum giants enter into merger

In the biggest consolidation move yet in the international aluminum industry, **Alcan** (AL-T) is taking the lead in a merger with two large European aluminum producers.

The Montreal-based company announced it had reached an agreement with French aluminum producer **Pechiney** (PY-N) and Swiss group **Alusuisse Lonza** (AL-group) to form a new company, tentatively called APA, which would be the largest aluminum

producer in the world by revenue, and the second-largest by market capitalization.

The new company, 44% of which would be owned by Alcan shareholders, would command sales of about US\$21.6 billion, dwarfing the US\$15.5 billion that industry leader **Alcoa** (AA-N) posted in 1998. Pechiney shareholders would control about 29% of APA, and Algroup shareholders

See ALCAN, Page 2

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off at Obuasi

more than a fifth of the mine's total workforce of more than 9,100, are not expected to hamper production. However, output will likely be 70,000 oz. lower as a result of a 13-day strike in June. The company ended the strike by signing a new wage agreement with the union.

The company also issued pink slips to 215 workers at the Iduapriem mine, southwest of Obuasi. Plans call for that open-pit operation to close by year-end.

for museum

shopping district.

The collection is expected to rival the best of Canada's mineral collections. The society also seeks to encourage the scientific study of minerals and mineral sciences.

The project is being funded through private, tax-deductible donations, including mineral specimens, office furniture and equipment. Major donors will be recognized in a permanent plaque in the museum.

For more information, contact The Pacific Mineral Museum at (604) 684-1175.

WS ROUNDUP

erals educators

tion Institute (MII) has received t for its efforts to educate U.S. nerals.

rd, given by the Bureau of Land rganization for donating "high-material to 27,000 public school founded in 1980, the group has oks; gathered and distributed in- Alaska, Arizona and Wyoming; ide for students considering a ca- ated kits to supplement existing

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Helicopters and based in Nor- ie Valley, in the western part of such that beneficiaries of T-11

Homestake

From Page 1

in central Nevada, where cash costs fell 13% to US\$109 per oz. during the first half of 1999. Second-quarter cash costs were US\$100 per oz.

The open-pit operation produced 33,100 oz. in the quarter and 58,300 oz. in the first half of the year.

In the Hemlo district, Homestake's 50% share in the Williams and David Bell gold mines was 73,200 oz., down from 73,800 oz. in the second quarter of 1998. Falling ore grades pulled production at David Bell down 15%; reduced dilution lifted ore grades at Williams, resulting a 6% increase in production there. In June, Homestake and its partner, Teck (TEK-T), suspended operations at the David Bell mill. The companies are now processing ore from both mines at the newly expanded Williams mill.

Farther afield, in Australia, Homestake saw quarterly production rise at the Plutonic and Lawlers gold mines. However, production was off 30% at the Kalgoorlie operations, where cracked gearing impeded throughput at the Fimiston mill.

During the second quarter, Homestake suspended operations at the Snip mine in British Columbia. Reclamation should be complete by the end of the year, with a small amount of residual production expected during final cleanup.

Earlier in the year, the company closed the Pinson mine in northern Nevada, though residual leaching amounted to 1,300 oz. at a cash cost of US\$241 per oz.

In all, cash operating costs for the

company averaged US\$191 per oz. during the second quarter, an improvement of US\$6 per oz. from the corresponding period of 1998.

Production generated US\$23.1 million in cashflow — a drop of 44% from the second quarter of 1998, primarily due to lower gold prices.

During the quarter, Homestake also completed its acquisition of Argentina Gold for 21 million shares valued at US\$190 million. Outstanding shares now stand at 260 million.

Drilling at the Veladero project has been suspended for the South American winter, though the company will continue with resource interpretation and metallurgical testing for the prefeasibility study. Barrick Gold (ABX-N) owns the remaining 40%.

The current resource stands at 80.6 million tons grading 0.072 oz. gold and 0.9 oz. silver per ton.

Along with the Argentina Gold acquisition, Homestake spent US\$11.7 million on exploration during the second quarter.

At the Pinson mine, Homestake and partner Barrick are spending US\$3 million during the year on exploration. To date, drilling has extended the recently discovered CX Deeps mineralization and tested for additional deep targets.

In South Dakota, Homestake has found additional resources in the upper levels of the Homestake mine.

At Eskay Creek, the company started drilling from the surface on the 21C resource. To date, the work has boosted the size of the HW, Mud and Rhyolite zones. Mineralization remains open to the west.

In Australia, Homestake acquired the remaining 20% interest in the Mt. Morgan joint venture for US\$1.6 million. Meanwhile, reverse-circulation drilling is under way at the nearby Just-in-Case resource.

While the company remains active on the exploration front, it has scaled back its budget to US\$25 million in 1999, closing field offices in Peru, Brazil and Eastern Europe.

Since the beginning of the year, the company has implemented a plan aimed at saving US\$30 million per year. As a result, Homestake has cut its workforce by 300.

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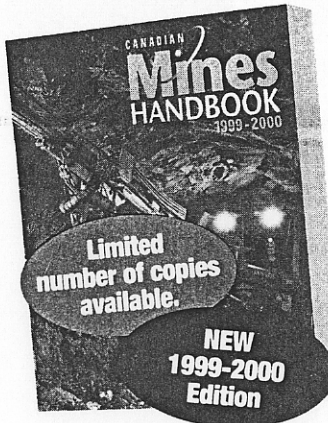
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NOTICE To the friends and colleagues of the late LESLIE KAYE. As was his wish, his ashes are to be taken North to be "scattered over the rocks of Northern Ontario" during the weekend of the 10th-12th September. Anyone wishing and able to join friends in Kenora, please contact either one of the undermentioned:

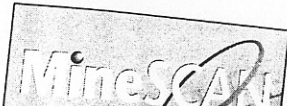
Dave Carson (905) 702-8106 • Charlie Blackburn (807) 548-4990 • Ruth Kaye (416) 782-7254. I would be happy to receive any personal remembrances of Les by Fax at (416) 782-5619.



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