

Eskay Creek

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The Company's wholly owned Homestake mine continued to improve its productivity during the third quarter. This historic operation is now exclusively an underground mine. During the third quarter of 1999, it produced 55,503 ounces of gold at an average cash cost of \$250 per ounce compared to 64,470 ounces produced at an average cash cost of \$256 per ounce during the third quarter of 1998. The reduction in cash cost is particularly remarkable since lower cost open-pit mining was completed in 1998 and only declining quantities of stockpiled material were processed in the quarter. During the nine months ended September 30, 1999, the mine produced 158,266 ounces at an average cash cost of \$257 per ounce, compared to 210,865 ounces produced at an average cash cost of \$252 per ounce during the same period last year.

During the third quarter, Homestake's other US based operations contributed 72,667 ounces of gold at an average cash cost of \$211 per ounce. Of that amount, 37,188 ounces came from the 25% owned Round Mountain operation in south central Nevada. Cash cost there averaged \$198 per ounce. During the third quarter of 1998, Round Mountain contributed 34,571 ounces of gold at an average cash cost of \$200 per ounce. During the first nine months of this year, this large heap leach and mill operation contributed to Homestake 102,435 ounces of gold compared to 104,114 ounces last year. The average cash cost was unchanged at \$200 per ounce.

Canada

In the third quarter of 1999, gold equivalent production from the Eskay Creek mine in northern British Columbia increased by over 25% compared to the corresponding period in 1998. Production was 80,342 ounces of gold and 3.57 million ounces of silver, which corresponds to 153,239 ounces of gold equivalent. The cash cost of production averaged \$126 per ounce of gold equivalent, \$12 per ounce less than in the same period last year. During the same period in 1998, Eskay Creek produced 70,888 ounces of gold and 2.82 million ounces of silver, resulting in 121,966 gold equivalent ounces. The increase in production and the corresponding reduction in cash costs were accomplished as a result of increased tonnage of ore shipped to smelters and continued improvement in throughput and recovery at the gravity and flotation mill. During July, the mill, originally designed with a capacity of 150 tons of ore per day, processed 260 tons of ore per day on a sustained basis. During the first nine months of 1999, Eskay Creek produced 439,617 gold equivalent ounces compared to 393,049 in the corresponding 1998 period. Cash cost in the first nine months of 1999 averaged \$128 per ounce of gold equivalent, \$2 per ounce lower than in the corresponding 1998 period.

Homestake's 50% owned Hemlo operation in northwestern Ontario consists of the David Bell and Williams underground mines and the Williams mill, which commenced treating ores from David Bell as well as Williams in June of this year. As a result of this change and other operating initiatives, operating costs at the Hemlo operation continued to improve. During the third quarter, Homestake's share of gold production from Hemlo was 75,818 ounces, 2,408 ounces more than last year. During the same period, cash cost decreased from \$199 to \$183 per ounce. In the first nine months of 1999, Homestake's share of production from the combined David Bell and Williams mines was 225,231 ounces, 9,532 ounces more than during the same period last year. Average cash cost also dropped, from \$211 to \$200 per ounce.

Australia

The third quarter of 1999 represented an important period of change at Homestake's 50% owned Kalgoorlie operation in Western Australia as its open-pit mine converted from contract mining to a new owner-operated fleet. This change, coupled with full resolution of earlier problems associated with the Fimiston SAG mill, resulted in a marked improvement in production as well as cash operating costs. In the third quarter of 1999, Homestake's share of Kalgoorlie production amounted to 98,092 ounces of gold, 5,625 ounces more than in the same 1998 period. Cash cost averaged \$231 per ounce compared to \$215 per ounce a year earlier. The increase in cash cost was largely attributed to the strengthening of the Australian dollar, which rose in value from an average of US\$0.599 in the third quarter of 1998 to US\$0.651 in the third quarter of 1999. Unfortunately, the improvements achieved in the third quarter did not fully compensate for production shortfalls earlier in the year. During the first nine months, Homestake's share of Kalgoorlie production amounted to 254,016 ounces of gold, 37,377 ounces less than during the corresponding period last year. Cash cost averaged \$237 per ounce, \$5 per ounce higher than last year.