Lac '93 Ann. Rpt.

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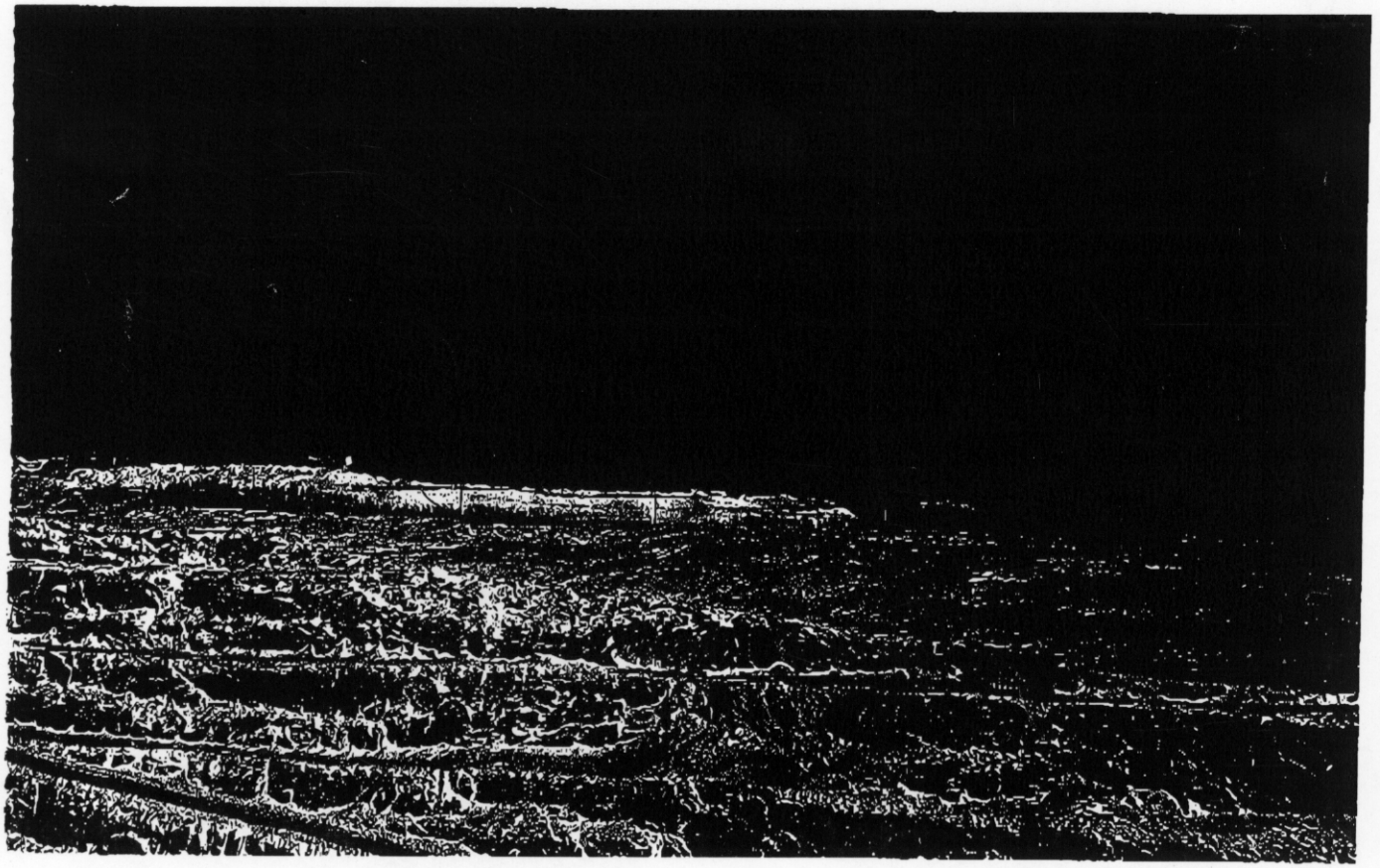
Red Mtn.

Tom Schoetz

underground program proved the size and continuity of the Marc Zone, and led to a much improved geological understanding of the area. The surface drill program intersected some interesting new targets both on strike and parallel to the known zones which indicate opportunities to continue to expand the resource. The geological resource potential at Red Mountain is currently 2 million ounces and prospects indicate that the resource could be even greater.

Prefeasibility evaluations of several development alternatives were carried out in 1993. These studies indicate that the minimum resource target is 2 million ounces with an annual production of 200,000 ounces. Detailed environmental background studies were done in 1993 as an important element of the mine development permit application. Regular meetings with regulatory agencies and First Nations have developed favourable relationships.

A $14.5 million exploration program is planned for 1994 including additional underground exploration and surface diamond drilling. Feasibility level engineering and detailed environmental planning will be completed in the first half of 1994 in order to submit the application for Mine Development Certificate in October. The final feasibility



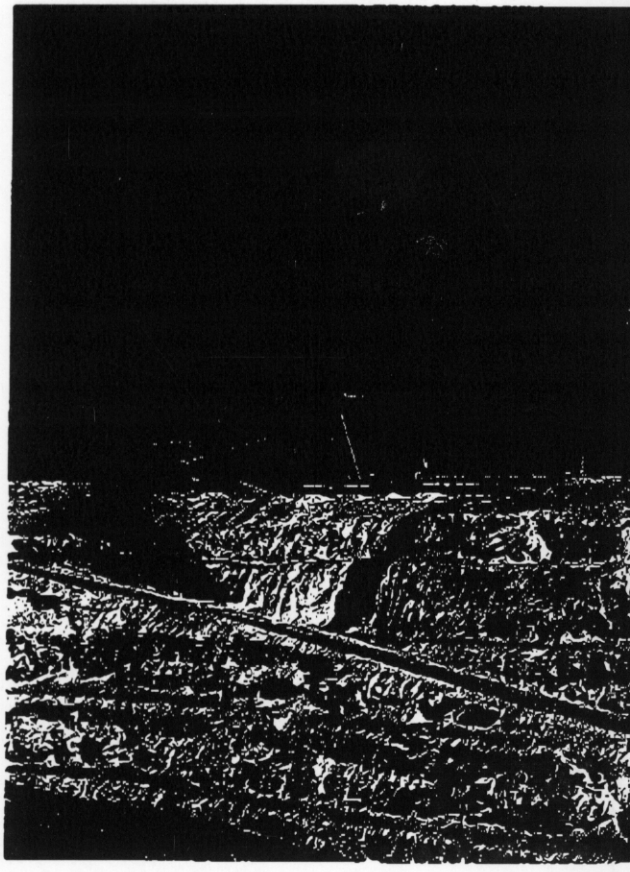
RICHMOND HILL	1993	1992	1991
Tons of ore leached (000's)		1,124	1,480
Average recovered grade (gold oz/ton)	–	0.027	0.028
Production of gold (ounces)	10,716	30,373	41,815
Production of silver (ounces)	15,745	36,453	49,884
Per ounce data			
Cash production cost	$291	$302	$277
Total mine site cost	$1,735	$510	$468

1994 production volumes and revenues are expected to be marginally lower.

At the Richmond Hill Mine leaching ceased prematurely in December 1993 after producing 10,716 ounces of gold for the year. The acid rock drainage was controlled during the year and the final mitigation plan was submitted and approved by the appropriate authorities from the State of South Dakota on February 16, 1994. This plan is comprehensive and provides the Company with the means of establishing a walk-away closure. Approximately 80 per cent of this plan is scheduled to be completed by the end of 1994 including a water treatment plant designed in 1993 and scheduled for commissioning in March 1994.

Neutralization of the leach solutions was started in late 1993. Although this caused a shortfall in production, the process allowed for the removal of the most highly reactive sulphide ore from the pads and thus ensured that this phase of the reclamation plan is completed on schedule.

LAC NORTH AMERICA EXPLORATION REVIEW The most advanced exploration project in Lac North America is in the western Canadian region at Red Mountain. The Red Mountain project is located 11 miles east of Stewart, B.C. During 1993, a $10 million exploration program of 2,600 feet of underground development and 30,000 feet of underground diamond drilling were carried out to test the previously outlined geologic resource contained in the Marc Zone. 121,000 feet of surface diamond drilling was also carried out to confirm the presence of the A.V. Zone extension and to search for additional parallel zones. The



The Doyon Mine completed the transition to underground mining in 1989. The plant headframe and offices are in the background.