

CHENI GOLD MINES INC. (CZG-Y,V,H)

FIRST MONTH RESULTS REPORTED FROM B.C.'S NEWEST GOLD MINE

Paul Girard, president of Cheni told the annual meeting that production at the mine and concentrating plant had operated at full capacity from day one of commercial production which started March 1, 1989. The Lawyer mine is located in the Toodoggone River area, north-central B.C., 600 miles north of Vancouver, B.C.

The plant has a designed capacity of 480 tonnes per day but operated 30% over designed capacity at 510 tonnes or 560 short tons in March. In March there were 15,000

tons grading 0.3 oz.gold/t, 5.29 oz.silver/t processed to recover 4,700 oz.gold, 65,000 oz.silver at a cash cost estimated at \$89.00 per ton or \$260 U.S. per equivalent gold ounce.

On May 17, 1989 the mine was on strike. Contract negotiations have been scheduled for May 21 and May 23, 1989. (See GCBL NO.96, P.2 for some detail.)

The meeting was told the capital cost over run from \$43,000,000 to \$57,400,000 as at Dec.31, 1988 has been met through additional funding from Cheni SA of \$5,325,000. A further \$1,000,000 was added to the capital cost between Jan.1, 1989 and the start of production 1Mar89.

The directors have authorized a six year \$7,000,000 program to start gold ore production from the Cliff Creek zone where reserves of 750,000 tons grading 0.198 oz.gold/t. 6.8 oz.silver/t have been established including 50,000 tons grading 0.3 oz.gold equivalent which will be mined in the next two years from an open pit with a stripping ratio of 6 tons waste to one ton ore. The 2.5 mile road from the mill to the open pit is all but ready for operation.

The main mine haul road to McKenzie has been plowed of snow and is expected to be in operation in a few days. (SEE ALSO GCNI No. 63 April 2, 1989)

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