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NO. 209(1989)  
OCTOBER 31, 1989

WESTERN

**CHENI GOLD MINES INC. (CZG-V,T,M)**

NINE MONTHS ENDED SEPTEMBER 30, 1989		Paul Girard,
Revenue	\$18,124,000	'president of
Mining operations	10,304,000	'Cheni Gold Mines
General & Administrative	1,008,000	'Inc. has reported
Interest	697,000	'during the third
Operating Cash Flow	6,115,000	'quarter, net
Depreciation & Amortization	3,452,000	'earnings were
Income Taxes	1,332,000	'\$1,762,000 or 16¢
Income Tax Credit	1,332,000	'p/share. The
Net Earnings	2,663,000	'Lawyers mine is
Earnings Per Share*	24¢	'in the Toodoggone
Diluted Earnings Per Share*	20¢	'River area, 250

\* After Income Tax Credit.  
 The statement includes operations for the 7 months ended 30Sept89. No Comparative figures have been presented since commercial production started 1Mar89. Since 1Mar89, a total of

109,488 tons containing 0.31 oz.gold and 6.83 oz.silver/t were processed, for a daily average of 512 tons; total metal production amounted to 31,185 oz.gold and 585,357 oz. silver, of which 14,901 oz.gold and 323,536 oz.silver were produced during the third quarter.

The cash operating cost per ounce of gold equivalent was US \$207 during the third quarter, as compared to US \$217 for the seven month period ended 30Sept89.

The mine operations are now running smoothly; the mill is operating at full capacity since June and metal recoveries are currently at 95% for gold and 79% for silver. At the end of the period, the underground broken ore inventory amounted to 64,000 tons of which 40% is readily available for mill feed. In addition, the development work on the Cliff Creek zone has started.

At the end of September, the gold-silver loan has been reduced to \$5,070,000 from \$7,240,000. The loan will be repaid in full by 28Feb90. Working captial stands at \$1,500,000 and will continue to improve.

At this current pace, Cheni expects to produce 45,000 oz.gold and 900,000 oz.silver in 1989. The company is currently examining proposals of potential near-term mining properties both in Canada and U.S.A.

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