

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

<u>SIX MONTHS ENDED JUNE 30, 1990</u>	<u>1989</u>
REVENUE	\$15,975,000 \$ 9,204,000
EXPENSES	13,445,000 8,303,000
NET EARNINGS	2,468,000 901,000
EARNINGS PER SHARE	22¢ 8¢
OPERATING CASH FLOW	5,956,000 2,811,000
TONS MILLED	100,510 58,974
AVERAGE TONS PER DAY	555 483
Average Gold Grade Oz/t	0.29 0.30
Average Silver Grade Oz/t	8.08 5.80
Gold Production Oz.	27,404 16,227
Silver Production Oz.	592,432 254,078
Operating Cost Per Ton	\$83.87 \$94.20
Cost/Oz. Gold Equivalent	\$196.07 \$231.59

Cheni Gold Mines has reported results for the six months ended June 30, 1990. The 1989 results are for four months as commercial production started March 1, 1989. Although revenues increased during the second quarter to \$8,400,000, earnings were adversely affected by the falling metal prices and strengthening Canadian dollar. After forward hedges the company realized an average selling price of US\$385 per oz. gold and US\$5.05 per oz. silver. These compare to spot average selling prices of US\$366 per oz. and US\$5.01 per oz. Cheni has outstanding forward sales contracts for 4,900 oz. gold and 150,000 oz. silver at average selling prices of US\$414.70 per oz. and US\$5.65 per oz. to end of 1990.

Operating costs continued to decline during the second quarter averaging US\$193.00 per oz. gold equivalent as a result of increased production and ongoing cost reduction measures. The average operating cost for the six months ended June 30, 1990, was US\$196.00 per oz. gold equivalent which represents a reduction of 9% over the 1989 average of US\$215 per oz.

The Cliff Creek North zone access ramp has been completed and the ore body intersected. Initial assays indicate the grade to be consistent with previous surface drilling results. The first of two surface drills which will carry out a \$1,000,000 exploration program was mobilized to the Lawyer mine in June with the second drill due to arrive in July. The drill program will test other targets.

Paul Savoy, graduate of the French School of Mines, has been appointed president and chief executive officer and John S. Vincent, P.Eng., has been appointed vice-president, exploration. (SEE GCNL No.95, 16May90, FOR DETAIL MINE REVIEW and OTHER INFORMATION)

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