

*George Cross*

*Reliable &*

NO.211(1990)  
OCTOBER 31, 1990

WESTERN CANADIA

<u>CHENI GOLD MINES INC. (CZG-V,T,M)</u>		
<u>THREE MONTHS ENDED SEPTEMBER 30</u>	<u>1990</u>	<u>1989</u>
Sales	\$7,592,000	\$8,743,000
Net Earnings	25,000	1,762,000
Earnings per Share	0¢	16¢
<u>NINE MONTHS ENDED SEPTEMBER 30</u>	<u>1990</u>	<u>1989</u>
Sales	\$23,890,000	\$18,124,000
Net Earnings	2,493,000	2,663,000
Earnings Per Share	23¢	24¢
<u>Production Statistics</u>		
<u>THREE MONTHS ENDED SEPTEMBER 30</u>	<u>1990</u>	<u>1989</u>
Ore Milled - Tons	51,975	50,514
Average Daily Tons	565	549
Average Mill Feed Grade (oz/t) - Gold	0.26	0.33
Silver	6.89	8.89
Production (oz) - Gold	12,827	14,472
Silver (oz)	290,855	308,651
Cash Operating Cost/Ton of Ore	C\$78.62	C\$90.25
Operating Cost/Oz Gold Equiv	US\$206.00	US\$195.70
<u>NINE MONTHS ENDED SEPTEMBER 30</u>		
Ore Milled - Tons	152,485	109,488
Average Daily Tons	559	512
Average Mill Feed (oz/t) - Gold	0.28	0.31
Silver	7.68	6.83
Production (oz) - Gold	40,639	30,699
Silver (oz)	883,287	562,729
Cash Operating Cost/Ton of Ore	C\$82.08	C\$94.14
Operating Cost/Oz Gold Equiv.	US\$199.20	US\$217.48

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INTERIM REPORT - Paul Savoy, president, reports third quarter results for Cheni Gold Mines Inc. for the period ended Sept.30/90. The low net earnings reflect Cheni's decision to expense \$800,000 relating to the summer surface drill program conducted on the Toodoggone, B.C. Lawyers property and the necessity for the mine to feed the mill with below average grade ore which caused a short-term drop in production levels. Production has now returned to target levels and the third quarter production shortfall is projected to be recovered by year-end. For the third quarter, revenues fell short of target levels by about \$1,300,000. Cheni has sold forward to the end of 1992, 15,400 ounces of gold and 345,000 ounces silver at average selling prices of US\$417.48 and US\$5.48 respectively, which represent about 20% of production for the related period. The summer exploration program on the Lawyers property led to a revision of ore reserves. As presently estimated, over four years of reserves are on hand. Also, two targets have been identified for further work next season. The Cliff Creek development program was directed toward establishing infrastructure for mining and opening up the vein structure on the 1650 and 1663 levels and starting the two access ramps to the upper and lower areas of the ore. Two sumps, ore and waste pass accesses and a 540-foot ventilation raise to the surface were completed. Several diamond drill stations were cut for detailed definition drilling. An access crosscut to the mineralized zone was begun on the 1663 horizon. (SEE GCNL No.192, OCT.3/90, P.2 FOR OTHER PROJECT INFORMATION)

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